

Duke Energy, United States reach proposed agreement on Dan River

- If approved, agreement would close federal grand jury inquiry of Duke Energy



New Duke Energy logo.

CHARLOTTE, N.C., Feb. 20, 2015 /PRNewswire/ -- Duke Energy today said it has reached a proposed agreement with the U.S. government that, if approved, would close a federal investigation of its subsidiaries, Duke Energy Carolinas, Duke Energy Progress and Duke Energy Business Services, related to the Dan River coal ash spill and ash basin operations at other North Carolina coal plants.

The agreement is subject to review and approval by the U.S. District Court for the Eastern District of North Carolina.

On Feb. 2, 2014, a storm water pipe under a coal ash basin at the retired Dan River Steam Station broke, releasing ash into the Dan River in Rockingham County, N.C.

The company took effective action to stop the leak, care for the river and reform operations to help prevent similar events.

"We are accountable for what happened at Dan River and have learned from this event," said Lynn Good, president and CEO. "We are setting a new standard for coal ash management and implementing smart, sustainable solutions for all of our ash basins. Our highest priorities are safe operations and the well-being of the people and communities we serve."

The agreement identifies nine misdemeanor violations of the Clean Water Act in connection with the spill and unauthorized discharges at Dan River Steam Station, Eden; maintenance issues at Cape Fear Steam Electric Plant, Moncure; and unauthorized discharges at Riverbend Steam Station in Mt. Holly, H.F. Lee Steam Electric Plant in Goldsboro, and the Asheville Steam Electric Generating Plant.

The company is addressing each of the issues through facility improvements or new permitting.

The agreement would also require Duke Energy Carolinas and Duke Energy Progress to pay a total of \$68.2 million in fines and restitution and \$34 million for community service and mitigation. These payments will be borne by shareholders, not customers.

The agreement includes a five-year probationary period with a court-appointed monitor to ensure compliance with all provisions.

Duke Energy would be required to submit environmental compliance plans to the court, including additional training, audits, reporting and other measures related to ash basins.

The company also would create an evaluation and claims process to help towns modernize their water treatment systems if they have been impacted by increased bromides from environmental equipment installed at certain coal plants.

Duke Energy Corporation would guarantee the payment of the penalties and the performance of the environmental compliance plans. The full agreement will be made public if it is accepted by the court.

If approved, the agreement would end the grand jury investigation of the company's practices at its North Carolina coal ash basins.

Strengthening coal ash operations

"We have a long history of running our electric system safely and with great care for our customers, communities and the environment. We've used the Dan River incident as an opportunity to continually improve our operations," said Good. "We are a different — and better — company today as a result."

The company's actions include:

- **Revamping the organization** to strengthen coal ash management, creating new teams exclusively devoted to this important work. Today, there is a higher level of expertise and accountability, and direct reporting to the company's most senior managers. These changes include adding dedicated environmental services support for coal ash work.
- **Comprehensive engineering reviews by outside experts**, including video inspections of pipes at each basin, to ensure the system continues to operate safely.
- **A more robust monitoring and reporting process for water seeps** at ash basins, sharing detailed data with state regulators so they can make informed permitting decisions. Closing ash basins will reduce or eliminate seeps all together.
- **Developing industry-leading solutions** to safely close ash basins with guidance from some of the nation's top experts in ash management, engineering and the environment. This work also includes collaboration with local communities to include their perspective in planning.
- **Moving to close all of the company's coal ash basins, including the 32 basins in North Carolina.** The company is complying with strict new state policy and government mandates for the management of coal ash and is ready to begin work at several plants as soon as states issue permits and other approvals.
- **Recycling nearly half of the coal ash** produced today and aggressively looking for innovative new options to safely reuse even more of the material.
- **Beyond coal ash management**, the company is redoubling efforts to focus on operational excellence in all aspects of the business to help ensure electricity is produced and delivered to customers in a safe manner.

Caring for the Dan River

Duke Energy has a longstanding appreciation for the importance of protecting its shared natural resources. The company remains committed to the health of the Dan River and the well-being of the communities surrounding this important resource. Public drinking water supplies always remained safe, and the water quality in the river returned to normal within just a few days of the incident. Ongoing activities to care for the Dan River include:

- **Learning from independent research**, which demonstrates the Dan River ecosystem is thriving, safe for recreation and agriculture, according to state and university scientists.
- **Long-term monitoring of the river**, including sediment, fish tissue and other biological sampling. The company has also commissioned several studies to examine any long-term impacts of the spill on agriculture and aquatic life, and to better evaluate how sediment is transported in the river.
- **Removing ash deposits** below the Dan River plant and continuing to take direction from the U.S. Environmental Protection Agency regarding any future ash removal needs.
- **Identifying and funding restoration projects** to help the Dan River communities recover from any impacts of the coal ash spill. The company is working cooperatively with regulators from North Carolina, Virginia and the U.S. Fish and Wildlife Service on the comprehensive Natural Resource Damage Assessment and Restoration.
- **Creating a \$10 million Water Resources Fund** to support projects that benefit waterways in the Carolinas and rivers and lakes downstream of the company's Carolinas operations that flow into Virginia, Tennessee and Georgia. The fund includes a \$1.5 million designation for projects in the Dan River Basin that benefit waterways and help develop the economic and community vitality of the region.

"We are sorry for the Dan River spill, and remain grateful to our friends and neighbors for your support," said Good. "We are committed to moving forward in a safe and responsible way."

Editor's Note – Video sound bites of Duke Energy CEO Lynn Good and Duke Energy North Carolina President Paul Newton are available at www.duke-energy.com/ash-management/. (Click "Videos & Images," then "Lynn Good discusses coal ash management" and "Paul Newton discusses commitment to Dan River.") Link also contains additional b-roll video, graphics and other ash-related information.

About Duke Energy

Headquartered in Charlotte, N.C., Duke Energy is a Fortune 250 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available at www.duke-energy.com.

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