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February 28, 2014

Mr. Pat McCrory
Governor of the State of North Carolina
NC State Capitol
1 East Edenton Street
Raleigh, NC 27601

Mr. John Skvarla
Secretary, Department of Environment and Natural Resources
NC State Capitol
1 East Edenton Street
Raleigh, NC 27601

Dear Governor McCrory and Secretary Skvarla:

We are in receipt of your February 25, 2014 letter regarding the Dan River coal ash matter and Duke Energy's coal ash basins in North Carolina. Duke Energy remains fully committed to the safe operation of our ash basins and shares the urgency that the State of North Carolina is placing on this matter. We have been actively working with and keeping local and state authorities fully apprised of our efforts at the Dan River site.

Our team is evaluating lessons learned from the Dan River coal ash incident and the implications to our operations, management and closure plans for our ash basins including the potential for accelerated action. We are developing recommendations for near-term and long-term actions and will provide this information to the North Carolina Department of Environment and Natural Resources (NCDENR) by March 15, 2014, as requested.

Our recommendations are being developed around guiding principles designed to prevent future events, identify opportunities to improve, and ensure all ash pond management activities are protective of public health and the environment. Following this submittal, work will continue to refine and complete the design, engineering and cost estimates associated with each of our recommended actions.

We look forward to working with you toward a permanent solution to these issues for the benefit of all of us who live and work in North Carolina.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Lynn J. Good".

Lynn J. Good
President and Chief Executive Officer