WHEREAS:

Coal-dependent electric utilities face numerous challenges and uncertainty from coal prices and volatility, competition from alternative generating sources, costs of environmental compliance, and construction risk for new coal plants.

Duke's merger with Progress creates a fleet of 57,000 MW generating capacity, 42% from coal. Duke will own and operate 89 coal-generating units: 56 units lack sulfur dioxide controls; none have mercury controls. Average age of its 74 unit regulated coal fleet is 50 years and 42 years for its 15 unit merchant coal fleet.

Combined, Duke and Progress sourced 64% of their coal from Central Appalachia (CAPP) and 35% from Illinois Basin (ILB) in 2010. Between December 2009 and October 2011, CAPP coal price increased 48% and ILB increased 20%. Analysts predict continued upward pressure on coal prices with more erratic price swings.

Deutsche Bank calculates it is more economical to burn natural gas than coal to generate electricity when natural gas costs $4-6/mmBtu. The Henry Hub price for natural gas through 2025 is under $6. Lazard Ltd. calculated the levelized cost of electricity for wind, in most cases, as less than that for coal; thin-film solar, biomass, and geothermal costs are, in many cases, less than that for coal.

Coal-dependent utilities face increased capital cost for coal plant emissions controls. While EPA has agreed to ease or delay some new power plant pollution regulations, it is moving, pursuant to court order, to adopt new rules that will keep 91% of coal's mercury emissions from the air. Analysts estimate that compliance costs for mercury regulations could cause retirement of 61-75 GW of U.S. coal-fired generation capacity.

Utility analysts agree that older, smaller, coal plants without control technology and much of the nation's merchant coal fleet are uneconomical and should be retired.

Progress will retire 13 coal units by 2014, while Duke has $5 billion slated for capital expenses for pollution controls over the next 10 years. Duke Carolina's economist testified in rate proceedings that its capital expenditure program is "significant" and "could materially dilute the Company's current earning and cash flows."

Although Duke is retiring coal units, it is investing in new coal at Cliffside, NC and Edwardsport, IN. The Edwardsport plant, originally estimated to cost $1.95 billion, is now projected to cost $2.88 billion; costs for Cliffside's Unit 6 have gone from $1.9 billion to $2.4 billion. Indiana's Governor has stated that Duke, not ratepayers, should be responsible for $920 million of Edwardsport's overruns.

THEREFORE BE IT RESOLVED:

Shareowners request that the Duke Board of Directors report to shareholders by November 2012, at reasonable cost and omitting proprietary information, on plans to reduce our company’s exposure to coal-related costs and risks, including progress toward achieving specific goals to minimize commodity risks, emissions other than greenhouse gases, costs of environmental compliance, and construction risks.