

NOTE TO EDITORS

June 14, 2012

Merger could hinge on secret Duke Energy study on broken Progress nuclear plant

From Jim Warren:

NC WARN today received information from an unnamed source claiming to represent Duke Energy shareholders who want out of the Duke-Progress merger. The person provided copious information that leads me to believe she or he is credible. I encourage the news media to put Duke Energy on record about this alleged study. If it exists, it will probably have to be reported later at the N.C. Utilities Commission, the U.S. Securities Exchange Commission, the U.S. Nuclear Regulatory Commission and possibly other agencies.

Here is a summary of the previously unreported information:

. Several months ago, Duke Energy's board of directors sanctioned a study of the costs and feasibility of repairing Progress' Crystal River nuclear plant, which has been off-line since 2009 due to cracking of the containment building (which some experts believe is beyond repair).

. That study will be made to the Duke board of directors in the next several days and has been completely withheld from Progress Energy.

. Progress knows the study is being performed – and fought to prevent it, to no avail. Progress was not allowed to see any element of the study.

. The study was led by an external technical firm funded by Duke; over 40 people

were involved. The source believes that, most likely, its recommendations will be inconsistent with Progress's assumptions on the viability, cost, and duration of repair.

. Indications are that some Duke shareholders – possibly including members of the board – are pushing to get out of the merger deal, or to force a change of terms.

AS PREVIOUSLY REPORTED:

Progress Energy is many months late in submitting an engineering plan for repair of Crystal River, although indications are that they will attempt an unprecedented replacement of containment walls and roof – with a nuclear power unit inside.

The insurance company stopped making payments for replacement power long ago. Repair and replacement power could total several billion dollars. The insurance company may reject all further claims because Progress was warned internally and externally not to attempt the cost-cutting measure that led to containment cracking.

VERBATIM FROM THE ANONYMOUS PARTY:

“This merger is a disaster for the state [NC], its customers, and the workers – it covers Progress Energy's reckless underspending on their core operations following the Florida purchase [in 2000] and further lines the wallets of their executives. ... Duke shareholders believe the cost of covering Progress's poor operational situation is not acceptable and that the basis for this merger has long been lost.”

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Trying to build nuclear plants is making climate change worse – by squandering many years and billions of dollars instead of ramping up energy efficiency and safe, clean generation.

Jim Warren, Executive Director

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