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CR No. 726975

CONTRACT

349635

BETWEEN

PROGRESS ENERGY SERVICE COMPANY, LLC

AND

CH2M Hill

COM _____
ECR / _____
GCL _____
OPC _____
RCP _____
SSC _____
SGA _____
ADM _____
CLK _____

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TABLE OF CONTENTS

<u>SECTION</u>	<u>TITLE</u>
1	Description of Work
2	Schedule of Work
3	Performance
4	Commencement of Work
5	Owner's Designated Representative
6	Compensation
	A. Rates
	B. Invoices and Payments
	C. Overtime and Portal-to-Portal Pay
	D. Overbillings/Offsets/Credits/Refunds
7	Changes
8	Financial Audits
9	Intellectual Property
10	Publication of Research
11	Not used
12	Termination and Suspension
13	Patents and Copyrights
14	Status of Consultant
15	Subletting or Assigning Contract
16	Reports
17	Consultant Personnel Matters
18	Insurance
19	Indemnity
20	Security
21	Fitness-for-Duty Policy
22	Laws and Project Rules
	A. General
	B. Employment Taxes and Contributions
	C. Drawings and Specifications
	D. Federal Subcontracting Requirements

CONTRACT NO. _____

This Contract (hereinafter "Contract"), effective November 12, 2007, by and between PROGRESS ENERGY SERVICE COMPANY, LLC, whose address is 410 South Wilmington Street, Raleigh, NC 27601, (hereinafter referred to as "Owner"), and CH2M Hill, a corporation, whose place of incorporation is Florida, and whose office is located at 9311 San Pedro Avenue, Suite 800, San Antonio, TX, 78216, (hereinafter referred to as "Consultant").

This Contract is based on an understanding between Consultant and Owner that Consultant has represented itself as and is qualified, equipped, and available to provide consulting services associated with an entity-wide comprehensive Greenhouse Gas Inventory.

THEREFORE, in consideration of the work to be done by Consultant, the payments to be made by Owner, and the other promises set forth below, the parties agree as follows:

Consultant shall furnish all services, supplies, tools, equipment, and transportation necessary to provide the following -

A detailed analysis of GHG emissions will be conducted for all of the six major GHGs (CO₂, CH₄, N₂O, PFCs, HFCs, and SF₆) and will include direct and indirect emissions from each of the following owned or controlled functional areas of the organization:

- Stationary sources (e.g., boilers, turbines, internal combustion engines)
- Electricity transmission and distribution (e.g., transmission and distribution losses from purchased or wheeled electricity)
- Fugitive sources (e.g., air conditioning, fire suppression equipment, SF₆)
- Mobile sources (e.g., road, air, rail)
- Process sources (e.g., sorbent use for flue gas desulfurization systems)
- Facilities (e.g., office buildings)

Sources of Scope 3 emissions (as defined in the WBCSD/WRI GHG Protocol - such as employee commuting and transportation of waste materials) will be identified, but not quantified in this scope of work.

Owner will form a GHG Inventory Core Team to lead the project. The Core Team will: (1) generate and execute a Owner GHG Inventory Plan, (2) direct all project activities and (3) prepare project communications for management reviews.

Development of the GHG inventory will require the following distinct tasks:

- Task 1. Develop GHG Inventory Plan.** The GHG Inventory Plan will define the scope of work, roles and responsibilities, project timeline, resource needs for data collection and deliverables. It will also capture key decisions that will be required early in the project, such as operational boundaries; identification of sources that will be included and excluded in the inventory; years to be included for data collection; and the inventory protocol.
- Task 2. Collect Data.** Identified field resources will develop a comprehensive list of GHG emissions sources and will collect operational data required to support the emissions calculations.
- Task 3. Calculate GHG Emissions.** GHG emissions will be calculated and documented on an Excel spreadsheet for each year selected in the GHG Inventory Plan. Benefits from completed or

O-T Consultant - Non-Nuclear
Revision 12/01/06
#5410

ongoing emissions reductions projects will also be calculated. Once the inventory has been generated, potential de minimis sources will be identified and a baseline will be established. For each source, the spreadsheet will indicate the quality of the calculation or estimation methodology used and an explanation of why this approach was chosen.

- Task 4. Establish Ongoing Implementation Strategy.** The GHG Inventory Core Team will develop the ongoing strategy for collecting, calculating and documenting the annual GHG emissions inventory and carbon offsets. The recommended strategy will be documented for internal management review.

The Scope of Work shall herein after be referred to as "Work".

The Work is to be undertaken at different Owner sites and at Consultants place of business.

All Work shall be performed as directed by Owner's Designated Representative.

SECTION 2. SCHEDULE OF WORK

The Work shall start on or about November 15, 2007 and shall be completed no later than May 1, 2008. Time is of the essence. Actual dates of Work performance shall be coordinated by Owner's Designated Representative.

Consultant recognizes that in the electric utility industry it is frequently necessary for outage-related work to be rescheduled. Therefore, in accepting this Work, Consultant recognizes that the Work may be rescheduled within a reasonable time of the specified dates and agrees to comply with any reasonable rescheduling of Work without additional cost to Owner.

Consultant shall, within ten (10) days after signing this Contract, submit a detailed schedule indicating the sequence, method, and other specific details of how the Work will be completed.

SECTION 3. PERFORMANCE

All Work shall be undertaken in a professional manner and to the satisfaction of Owner. In performance of the Work, Consultant shall exercise the degree of skill and care required by the generally accepted level of professional standards. Work not completed to the satisfaction of Owner or which does not meet the above standards shall be immediately corrected or revised by Consultant at no cost to Owner. If it is impractical for Consultant to re-perform the Work, Consultant shall either reimburse Owner for any costs it may incur as a result of the defects or, at Owner's option, an equitable portion of the price for the Work shall be refunded to Owner.

SECTION 4. COMMENCEMENT OF WORK

Consultant shall not commence the Work awarded under the Contract and Owner will not be obligated to pay Consultant for Work commenced prior to Consultant's having properly executed the Contract and returned it to Owner.

Except as necessary to comply with the specific pre-conditions set out below, Consultant shall not commence the Work awarded under this Contract, oral or written, and Owner will not be obligated to pay Consultant for Work commenced prior to Consultant satisfying the insurance requirements and providing Owner with an acceptable Certificate of Insurance as set forth in Section 18. Insurance.

O-T Consultant - Non-Nuclear
Revision 12/01/06
#5410

SECTION 5. OWNER'S DESIGNATED REPRESENTATIVE

As used in this Contract, "Owner's Designated Representative" means Kristin Beck, 410 S Wilmington Street, PEB 1505, Raleigh, NC, 27601, who is the liaison between Owner and Consultant during performance of the Work. No agreement with Owner's Designated Representative shall affect or modify any of the terms or obligations contained in this Contract except as provided in Section 7, Changes. A copy of all correspondence concerning the authorized Work shall be sent to Owner's Designated Representative specified in the Contract. Owner reserves the right to change its Designated Representative at any time.

SECTION 6. COMPENSATION

██████████
Upon completion of performance by Consultant of the Work described above and acceptance by Owner, Owner will pay to Consultant, as full compensation for the Work performed under this Contract, an amount determined to be ██████████ the tasks of Greenhouse Gas Inventory Plan Development and Greenhouse Gas Inventory Development. Invoices shall be submitted to the Designated Representative on a monthly basis in order to receive payment.

B. Invoices and Payments

All payments, including the final payment, are subject to adjustment during, after completion, or after termination of the Work on the basis of any final accounting which may be made by Owner. Owner may withhold from any payment, including the final payment: (1) any amount incorrectly invoiced; (2) any amount in dispute; (3) or an amount sufficient to completely protect Owner from any loss, damage or expense arising out of assertions by other parties of any claim or lien against Owner because of Consultant's performance of this Contract, (4) any amount due under the indemnity provisions of this agreement. The undisputed portion of any invoice shall be paid by Owner as hereinafter provided.

Invoices for Work performed under this Contract should be sent to: Kristin Beck, c/o Progress Energy Service Company, LLC, 410 S Wilmington Street, PEB 1505, Raleigh, NC 27601. Each invoice must show the Contract number. Unless the compensation is firm price under this Contract, the following information shall apply:

The invoice shall include a statement or be accompanied by a billing transaction register showing each employee's name, classification, hours worked, and applicable rate of compensation to Consultant. If any special equipment has been used, the invoice must also specify the equipment used, hours of usage and rate of reimbursement for use. On-site labor, off-site labor, material and any equipment costs must appear separately on the invoice.

Consultant assumes exclusive liability for all sales or use taxes applicable to any materials, supplies, equipment or tools which Consultant buys, rents or leases and uses or consumes in conjunction with the performance of the Work.

Copies of supplier invoices shall be submitted with Consultant's invoice for (a) the cost of tools, equipment or other property used by Consultant in performance of the Work; and (b) materials, parts or other property that Consultant installs, incorporates, furnishes or otherwise supplies for Owner's use or consumption that becomes the property of Owner; and a note on these copies of invoices that states "property transferred to Owner."

Consultant is responsible for paying the lowest allowable sales or usage tax rate under applicable law for materials supplied under this Contract. Invoices submitted which include payment of tax at higher than the statutorily allowed rate shall be reduced to reflect only the amount Consultant was legally required to pay. Any excess amount paid by Consultant shall not be reimbursed to Consultant.

Prior to final payment, Consultant shall furnish to Owner a signed notarized tax affidavit certifying that all sales or use tax with respect to this property has been paid. The required affidavit is included in this Contract as an attachment titled "N. C. Sales/Use Tax Affidavit."

Subject to the above conditions, final payment will be made not later than thirty (30) days after all of the following have been completed:

- (1) All Work has been completed and accepted, including outstanding punch list items, final cleanup, testing, demobilization, and receipt of all required documentation by Owner.
- (2) A correct invoice covering the Work has been presented to Owner.

C. Overtime and Portal-to-Portal Pay

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D. Overbillings/Offsets/Credits/Refunds

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SECTION 7. CHANGES

Owner's Designated Representative may, at anytime, provide Consultant with a written field directive to make changes in, additions to and omissions from the Work or the schedule, and Consultant shall promptly proceed with the performance of this Contract as so changed. If Consultant becomes aware of a change in the Work or the schedule that it feels is necessary, it shall provide a written request to the Owner Designated Representative, for a change to be issued. Any claim for equitable adjustment of the compensation as a result of the change, addition or omission must be submitted to Owner within ten (10) calendar days from the date the directive is issued. These claims must be itemized and supported with adequate documentation. Work performed outside the scope or schedule set forth in this Contract which is not requested by a written field directive may not form the basis of a claim for additional compensation. If an omission is made from the Work, a decrease in compensation shall be agreed to by both parties. Any

O-T Consultant - Non-Nuclear
Revision 12/01/06
#5410

increase or decrease in compensation to be paid under this Contract for changes in Work shall not be binding on Owner unless and until a Contract Amendment setting forth the compensation change is signed by both parties.

SECTION 8. FINANCIAL AUDITS

Consultant shall maintain accurate and detailed records, in accordance with generally accepted accounting principles consistently applied, of all expenditures or costs relating to any Work performed under this Contract and of any performance statistics relevant to this Contract. If the Work is being performed other than on a fixed price basis and/or includes incentive provisions, Owner shall have the right to inspect, examine and make copies of any or all books, accounts, records and other writings of Consultant relating to the performance or cost of the Work. If the Work is being performed on a fixed-price basis only, Owner shall have the above-specified rights only upon termination or suspension of the Work. Such audit rights shall be extended to Owner or to any representative designated by Owner. Audits shall take place at times and locations mutually agreed upon by both parties, although Consultant must make the materials to be audited available within one (1) week of the request for them. Costs incurred in undertaking the audit will be borne by Owner but costs incurred by Consultant as a result of Owner's exercising its right to audit will be borne by Consultant.

SECTION 9. INTELLECTUAL PROPERTY

Consultant agrees that it will promptly notify Owner of any discovery or invention that relates to or arises out of the Work paid for under this Contract. Consultant further agrees to assign all rights Consultant has or may assert to such invention or discovery, including patent, copyright, and trade secret rights. Where such rights are assigned to Owner, the application for patent or copyright shall be made at the discretion and expense of Owner and through attorneys named by Owner.

Any copyrightable material in any form shall be deemed to be a "work for hire" under the Copyright Act. Consultant hereby assigns any copyright in any copyrightable material produced hereunder to Owner, and agrees to execute assignment documents that may be deemed necessary or appropriate by Owner to protect its ownership of any such copyright.

SECTION 10. PUBLICATION OF RESEARCH

Consultant agrees not to publish, release, disclose, or disseminate to anyone other than Owner designated employees with a need to know, whether in writing or orally, the results of any Work performed or any information obtained as a result of Work, without express prior written consent by Owner.

SECTION 11. NOT USED

SECTION 12. TERMINATION AND SUSPENSION

Each party has the absolute right to cancel this Contract at any time for its convenience, but both agree to give five (5) days notice (commencing after receipt of a written notice) to the other party of its election to terminate. In the event of termination Consultant shall use its best efforts to immediately curtail all charges and commitments made under this Contract. If Owner requests the termination, it will pay Consultant for the work actually performed and all Work related expenses he/she has incurred or become obligated for prior to the date of termination. In the event this Contract is based upon a firm fixed price, Consultant understands that Owner will not pay Consultant more than the fixed price agreed upon. If Consultant terminates, he/she shall be responsible for all costs and expenses incurred by Owner in hiring another Consultant to complete the Work beyond those agreed to in the above compensation section.

O-T Consultant - Non-Nuclear
Revision 12/01/06
#5410

Consultant shall also cooperate with Owner and the new Consultant in explaining the Work which was done prior to Consultant's withdrawal and assisting the new Consultant in getting fully acquainted with the Work as quickly as possible.

SECTION 13. PATENTS AND COPYRIGHTS

Consultant agrees that in performing this Contract it will not use or provide to Owner any process, program, document, data, design, device or material which infringes on any patent, copyright, trade secrets, or other proprietary right of any third party. Consultant agrees to indemnify and defend Owner, at Consultant's expense, against any suit or proceeding brought against Owner for any infringement arising out of Consultant's Work under this Contract. Owner will promptly notify Consultant in writing of any such suit or proceeding and will assist Consultant in defending the action by providing any necessary information at Consultant's expense. If use of the Work is enjoined, then Consultant shall obtain a license for Owner to continue using the Work, or modify the Work so that it no longer infringes, without degrading its function or performance.

SECTION 14. STATUS OF CONSULTANT

It is the intent of the parties to create between them the relationship of owner and independent Consultant. It is agreed that nothing shall operate to change or alter such relationship, except a further agreement in writing between them.

SECTION 15. SUBLETTING OR ASSIGNING CONTRACT

Consultant shall not sublet any portion of any Work or assign the Contract without first submitting the proposed subcontract or assignment to Owner's Designated Representative and receiving written consent from Owner's Designated Representative to subcontract or assign. Any assignment without the consent of Owner shall be void. A request to sublet or to assign must contain the name and location of individuals or firms to whom Work will be sublet or to whom the Contract is to be assigned, information on the qualifications and experience of those individuals or firms to perform the Work, and an estimate of the cost of the Work to be performed by the subcontractor or assignee. The general terms and conditions of this Contract and any Contract Amendment regarding the Work to be performed must be incorporated into and attached to any subcontract or assignment. Consent to subletting or assignment will not relieve Consultant of responsibility for the performance of Work in accordance with the terms and conditions of this Contract and any Amendments executed by both parties.

SECTION 16. REPORTS

Consultant shall furnish to Owner a work progress report in letter form at the end of each month of the Contract term in which authorized Work is being undertaken. The report will include a description of the Work undertaken, in progress, and completed during the period covered and statements indicating whether the schedule of various tasks is being met.

SECTION 17. CONSULTANT PERSONNEL MATTERS

Personnel provided by Consultant under this Contract shall at all times remain the sole responsibility of said Consultant for purposes of personal and professional liability.

Consultant is solely responsible for all aspects of the labor relations of its personnel, including but not limited to, wages, benefits, discipline, hiring, firing, promotions, pay raises, overtime and job and shift

O-T Consultant - Non-Nuclear
Revision 12/01/06
#5410

assignments. Owner shall have no responsibility for or power over these areas. Such personnel shall be and remain the employees of Consultant at all times.

All personnel to be provided by Consultant under this Contract shall be employees of Consultant and shall not be independent contractors. Consultant shall withhold from each employee's pay sufficient funds for federal, state, and local income taxes as required by applicable law, funds required by the Federal Insurance Contributions Act, and as may otherwise be required by applicable law. Consultant further agrees to defend, indemnify, and hold Owner harmless from any claims, fines, and penalties based on any allegations that such withholdings were not made, or that such withholdings were inadequate.

Consultant shall comply with the Fair Labor Standards Act, and shall pay overtime to its employees as required by all applicable federal, state and local laws, rules, regulations, and ordinances. In the event that Consultant fails to comply with this requirement, Consultant shall be required to indemnify, defend and hold Owner harmless from all claims, actions, fines, penalties, and liabilities resulting from any such failure.

In selecting employees to undertake any Work authorized under this Contract, Consultant shall select only those persons who are qualified by the necessary education, training and experience to provide a high quality performance of the Work. If Owner determines, in its sole discretion, that any personnel supplied by Consultant are unsuitable for the Work, Owner shall so advise Consultant and Consultant shall remove that employee from performing Work under this Contract and assign other individuals to perform the Work. If Owner determines, in its sole discretion, that the presence on Owner's premises of any employee of Consultant is not consistent with the best interest of Owner, Owner may direct Consultant to remove that employee from the premises and assign another employee to work in place of the unacceptable employee. Replacement of employees under either of the above circumstances shall be at no cost to Owner. Consultant shall absorb any travel costs or travel time to the site for the replacement employee and from the site for the replaced employee. Consultant shall give Owner advance notice prior to removing Consultant's supervisory or professional personnel from the job.

Consultant's employees shall be properly dressed to Owner's standards at all times while on Owner's property. Employees not properly dressed will be refused entry to or will be subject to discharge from the Work Site.

Code of Ethics

Consultant, Consultant's employees, and employees of Consultant's subcontractor(s) performing Work under this Contract shall comply with Owner's Code of Ethics. Owner will make the Code of Ethics available to Consultant in order for Consultant to provide a copy to any employee with (i) a presence for a single period of 15 working days or more upon property owned or leased by Owner or any of Owner's subsidiaries or affiliates and/or (ii) access to Owner's business critical infrastructure. Each such employee shall sign an Acknowledgment Form in substantially the form set forth by Owner. Consultant shall retain the signed forms for Owner audit purposes for the term of the Contract plus one (1) year. The audit right provided herein shall not be restricted by any other audit provisions of the Contract. Consultant shall not be required to obtain signatures on Acknowledgement Forms for those employees assigned to Owner sites exclusively to provide storm support.

Consultant, Consultant's employees, and employees of Consultant's subcontractor(s) performing Work under this Contract are obligated to comply with all applicable laws and regulations and with all applicable health, safety and security rules, programs and procedures. The Owner Code of Ethics identifies principles concerning lawful and ethical conduct that must be followed by Consultant's employees in the performance of Work. The Code of Ethics also provides for an AlertLine reporting

O-T Consultant - Non-Nuclear
Revision 12/01/06
#5410

Kyeshia Woods-Cosby
Progress Energy Service Company
P. O. Box 1551 (PEB 2C3)
Raleigh, NC 27602

a copy of certificate of insurance completed by his insurance carrier or agent certifying that minimum insurance coverages as required above are in effect and that the coverage will not be canceled or changed until thirty (30) days after written notice is given Owner. Consultant shall maintain, update, and renew the Certificate for the duration of the Contract. No payment will be made to Consultant prior to receipt by Owner of an acceptable Certificate of Insurance. In the event an acceptable Certificate of Insurance becomes outdated, Owner may elect to withhold payment of invoices, suspend Work or take other appropriate action until an acceptable and properly dated Certificate is received by Owner.

SECTION 19. INDEMNITY

To the maximum extent permitted by applicable law, Consultant shall indemnify and defend Owner (including its parent, subsidiary and affiliate companies), its officers, employees, agents, and any other party with an ownership interest in the premises, from and against all liability, loss, costs, claims, damages, expenses, judgments, and awards, whether or not covered by insurance, arising or claimed to have arisen:

- (a) wholly or in part from acts or omissions of, or as a result of Work done or omitted from being done, or as a result of negligence by Consultant, subcontractors or assignees and their agents or employees, or Owner's negligence (including its parent, subsidiary and affiliate companies) which resulted in:
 - (1) injury to (including mental or emotional) or death of any person, including employees of Owner (including its parent, subsidiary and affiliate companies), or
 - (2) damage to or destruction of any property, real or personal, including without limitation property of Owner (including its parent, subsidiary and affiliate companies) and its other contractors, Owner's (including its parent, subsidiary and affiliate companies) employees, and fellow employees;
- (b) out of injuries sustained and/or occupational diseases contracted by Consultant's, subcontractor's, or assignee's employees, if any, of such a nature and arising under such circumstances as to create liability by Owner (or its parent, subsidiary or affiliate companies) or Consultant under the Workers' Compensation Act, and all amendments thereto, of the state having jurisdiction, including all claims and causes of action of any character against Owner (and its parent, subsidiary and affiliate companies) by any employee of Consultant, its subcontractors or assignees, or the employer of such employees, or any person or concern claiming by, under or through them resulting from or in any manner growing out of such injuries or occupational diseases; and
- (c) from demands, actions or disputes asserted by any subcontractors, employees or suppliers of Consultant.

Indemnification shall include all costs including attorney's fees reasonably incurred in pursuing indemnity claims under or enforcement of this Contract.

O-T Consultant - Non-Nuclear
Revision 12/01/06
#5410

SECTION 20. SECURITY

Consultant and Consultant's employees who perform Work at any Owner property, shall comply with the security practices and procedures prescribed by Owner to cover that Property. Consultant shall advise its employees of these practices and procedures and secure their consent in a form satisfactory to Owner to abide by the procedures. Owner will make a copy of these practices and procedures available to Consultant upon request.

SECTION 21. FITNESS-FOR-DUTY POLICY

1. Consultant acknowledges its awareness of Owner's contract personnel Fitness-For-Duty Program (FFDP) Drug and Alcohol Abuse Policy, which is as follows:

The use, possession, or sale of narcotics, hallucinogens, depressants, stimulants, marijuana, or other controlled substances on Owner Property or while in pursuit of Owner business is prohibited. (This does not apply to medication prescribed by a licensed physician and taken in accordance with such prescription.) Unauthorized consumption of alcohol on Owner Property is also prohibited. The use of the above substances or alcohol on or away from Owner Property which adversely affects the employee's job performance, or may reflect unfavorably on public or governmental confidence in the manner in which Owner carries out its responsibilities, as determined by Owner, is also prohibited.

The term "Owner Property" includes any property or facility owned, leased, or under control of Progress Energy, Inc. or any of its subsidiaries wherever located, including land, buildings, structures, installations, boats, planes, helicopters, and other vehicles.

SECTION 22. LAWS AND PROJECT RULES

A. General

Consultant and its subcontractors, if any, shall observe and abide by all applicable laws, federal, state and local, and the rules and regulations of any lawful regulatory body acting thereunder in connection with the Work. Without limiting the foregoing, Consultant agrees to comply with applicable provisions of the Americans with Disabilities Act, Fair Labor Standards Act of 1938, Executive Order No. 11246, the Rehabilitation Act of 1973, the Vietnam Veterans Readjustment Act of 1974, as amended, and their respective implementing regulations, which are made a part hereof as if set out herein. Consultant warrants that it will meet the legal requirements of the Immigration Reform and Control Act of 1986, including, but not limited to, verifying workers' eligibility for U.S. employment through the completion of an I-9 form. Consultant and its subcontractors, if any, shall also comply with all applicable Owner health, safety and security rules, programs or procedures.

To the extent applicable, during the performance of this Contract, the Consultant agrees as follows:

(1) The Consultant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Consultant will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including

O-T Consultant - Non-Nuclear
Revision 12/01/06
#5410

apprenticeship. Consultant agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

(2) Consultant will, in all solicitations or advertisements for employees placed by or on behalf of Consultant, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) Consultant will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of Consultant's commitments under section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) Consultant will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) Consultant will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of Consultant's non-compliance with the nondiscrimination clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be canceled, terminated or suspended in whole or in part and Consultant may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) Consultant will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. Consultant will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event Consultant becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, Consultant may request the United States to enter into such litigation to protect the interests of the United States.

Consultant shall indemnify and hold Owner (or its parent, subsidiary or affiliate companies) and its plant co-owners harmless with respect to any claims, expenses (including attorney's fees), liability or damages arising out of Consultant's failure to comply with any applicable laws, rules, or regulations, or any Owner rules, programs, or procedures.

Work performed and materials and equipment provided by Consultant shall conform to and comply with all the applicable federal, state, and municipal laws, rules, and regulations concerning occupational health and safety, including, but not limited to, the Occupational Safety and Health act of 1970 and the regulations and standards issued thereunder (hereinafter "OSHA requirements"). Consultant warrants that any work performed in a location partially or entirely under Consultant's control shall be performed in accordance with "OSHA Requirements". Consultant further warrants that all materials and equipment furnished by Consultant shall conform to and comply with all applicable provisions of "OSHA requirements" and the regulations and standards issued thereunder, specifically those (designed to accept a lockout device, machine guards in place, etc.). Consultant shall require these warranties of adherence to "OSHA requirements" from each subcontractor and supplier it employs. Consultant shall indemnify and

G-T Consultant - Non-Nuclear
Revision 12/01/96
#5410

hold harmless Owner (including its parent, subsidiary and affiliate companies) from all damages suffered by Owner (including its parent, subsidiary and affiliate companies) (including damages to third parties) as a result if the failure of Consultant or any of its subcontractors or suppliers to comply with "OSHA requirements" and for the failure of any of the materials or equipment.

Consultant shall fully comply with all export and import control laws and regulations with regard to any Work performed by Consultant or with regard to information supplied by Owner to Consultant under this Agreement. In particular, Consultant shall not directly or indirectly use, export, re-export, distribute, transfer or transmit any such Work or information in whole or in part, in any form without all required United States and foreign government licenses and authorizations, including but not limited to any applicable export controls of the U.S. Nuclear Regulatory Commission, the U.S. Department of Energy or the U.S. Department of Commerce. In no event shall Owner be obligated under this Contract or any other agreement to provide access to or furnish any Work or information except in compliance with applicable United States export control laws, regulations, policies, licenses and approvals.

Notices

All notices or official communications required to be given hereunder shall be in writing by either party and shall be deemed sufficient when mailed by United States certified mail, return receipt requested, or hand delivered to Owner's Designated Representative (if to Owner) at the addresses set forth herein or by recognized overnight delivery service, to the address initially set forth in the Contract. All notices shall be deemed delivered on the day they are hand-delivered to the other party or, if sent by overnight delivery service, two (2) days after tendered to such service.

Either party may change its address for the receipt of notices, requests or other communications hereunder by written notice duly given to the other party. This change shall be made by Amendment.

The parties' obligation to provide written notice to each other may not be waived. Electronic or computerized mail is not an acceptable form of delivery of notices required by this Contract. The Parties expressly and unequivocally waive any claim against the other Party based upon actual, verbal, or constructive notices. All written notice requirements are to be strictly construed and are a nonwaivable condition precedent to pursuing any claims, rights, or remedies by Consultant under this Contract.

B. Employment Taxes and Contributions

Consultant assumes exclusive liability for all contributions, taxes or payments required to be made under the applicable federal and state Unemployment Compensation Act, Social Security Acts and all amendments, and by all other current or future acts, federal or state, requiring payment by the Consultant on account of the person hired, employed or paid by Consultant for Work performed under this Contract. When Work is to be performed in South Carolina, Consultant shall submit to Owner, prior to commencement of Work, a properly completed State of South Carolina, Department of Revenue, Nonresident Taxpayer Registration Affidavit Income Tax Withholding form which will be included as an attachment.

C. Drawings and Specifications

It is the intent of Owner to have all drawings and specifications for the Work comply with all applicable statutes, regulations, and ordinances. If Consultant discovers any discrepancy or conflict between the drawings and specifications and applicable legal requirements, Consultant shall immediately report the discrepancy in writing to Owner's Designated Representative.

D. Federal Subcontracting Requirements:

This section is applicable only to a contract which is in excess of \$500,000 (\$1,000,000 for constructions of any public facility). The federal subcontracting requirements do not apply to contracts with small disadvantaged business concerns, women-owned business concerns, hubzone small business concerns, veteran-owned small business concerns, and small business concerns. The language applies to contracts with larges business concerns only.

1. The provisions of the following Laws, Executive Orders, and any rules and regulations issued thereunder, are incorporated herein by reference as part of this Contract.
 - Provisions of the Utilization of Small Business Concerns clause set forth at Section 52.219-8 of the Federal Acquisition Regulations, Title 48 of the Code of Federal Regulations
 - Provisions of the Small Business Subcontracting Plan clause set forth at Section 52.219-9 of the Federal Acquisition Regulations, Title 48 of the Code of Federal Regulations.
2. The Consultant agrees to fully comply with such provisions and any amendments thereof. In addition, all subcontracts and agreements that the Consultant enters into to accomplish the Work under the terms of this Contract shall obligate such subcontractors to comply with such provisions.
3. Compliance with the above provisions involve the development of a subcontracting plan, as prescribed in 19.704 of the Federal Acquisition Regulations, herein incorporated by reference. The attached Supplier Diversity and Business Development Subcontracting Report shall be used to report awards to small business concerns under the subcontracting plan.

SECTION 23. SEVERABILITY

If any term or provision of this Contract is held illegal or unenforceable by a court with jurisdiction over the Contract, all other terms in this Contract will remain in full force, and the illegal or unenforceable provision shall be deemed struck. In the event that the stricken provision materially affects the rights, obligations or duties of either party, Owner and Consultant shall substitute a provision by mutual agreement that preserves the original intent of the parties as closely as possible under applicable law.

SECTION 24. AMENDMENT OF CONTRACT

The terms and conditions of this Contract may be changed or modified only by execution of a written Contract Amendment executed by both parties. Oral amendments to this Contract or to any Amendment issued under it shall have no effect.

SECTION 25. GOVERNING LAW

This Contract shall be governed by the laws of the State of North Carolina, except that the North Carolina conflict-of-law provisions shall not be invoked in order to apply the laws of any other state or jurisdiction. Owner and Consultant expressly waive their rights to a trial by jury in any action brought hereunder.

O-T Consultant - Non-Nuclear
Revision 12/01/06
#5410

SECTION 26. CONFIDENTIALITY; USE OF INFORMATION

The terms of this Contract and all Amendments to it are to remain confidential and shall not be provided in any form to any other party except upon order of a regulatory body or a court of competent jurisdiction. Consultant will not make any public statements or publish any information related to the Work performed or to be performed under this Contract without the prior written consent of Owner.

Materials which are reviewed by Consultant in the course of this Contract may contain trade secrets which are the property of Owner or which have been loaned, licensed, purchased or leased for Owner's use. Consultant agrees not to reveal any trade secret material to any person in any form and further agrees not to use the material for itself for any purpose not connected with this Contract.

Consultant agrees that if access is granted to Owner's computer network or a segment thereof, that this access is solely for the business purpose(s) described in Section 1 of this Contract. Consultant agrees that access for any other purpose or the use of Owner's computer network to access other networks, is strictly forbidden and that Consultant is responsible and liable for all damages or unauthorized access resulting from these actions. This activity will result in the discontinuation of any and all network connections, and Consultant understands that it may be subject to civil and/or criminal prosecution. Consultant further agrees that any information that it obtains from Owner's computer network is subject to all of the terms and conditions of this Contract.

Any program, document, data or information supplied by Consultant to Owner may be used, copied or disclosed by Owner as necessary in the normal course of its business, notwithstanding any copyright of Consultant in such materials and notwithstanding any notices or legends appearing thereon.

All reports, correspondence, documents, data, and other information relating to the Work are exclusively Owner's property and are to be considered as proprietary and confidential. All copies of all materials which are provided to Consultant by Owner must be returned to Owner upon completion of each assignment and before final payment for the completed Work will be made.

Consultant shall obtain a statement from every employee who will work under this Contract that he/she understands and agrees with the terms of the Contract.

SECTION 27. PUBLIC COMMUNICATION

Consultant agrees to cooperate with Owner in maintaining good community relations. Owner will issue all public statements, press releases, and similar publicity concerning the Work, its progress, completion, and characteristics. Consultant shall not make or assist anyone to make any such statements, releases, photographs, or publicity without prior written approval of Owner.

SECTION 28. NONWAIVER

Owner's failure to insist on performance of any of the terms and conditions herein or to exercise any right or privilege or Owner's waiver of any breach hereunder shall not thereafter waive any of Owner's rights or privileges under this Contract or at law. Any waiver of any specific breach shall be effective only if given expressly by Owner in writing.

SECTION 29. MERGER

This Contract embodies the entire agreement between Owner and Consultant. The parties shall not

O-T Consultant - Non-Nuclear
Revision 12/01/06
#5410

be bound by or liable for any statement, writing, representation, promise, inducement or understanding not set forth above. No changes, modifications or amendments of any terms and conditions of this Contract are valid or binding unless agreed to by the parties in writing and signed by their authorized agents.

Each party to this agreement and its counsel have participated in the creation of this agreement. The normal rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this agreement or of any amendments or exhibits to this agreement.

SECTION 30. BACKGROUND INVESTIGATION AND DRUG SCREEN

Consultant shall conduct background investigations (BI) as described below for all Consultant's or sub-contractor's employees where the scope of work to be performed will require: (i) a presence for a single period of 15 working days or more upon property owned or leased by Owner or any of Owner's subsidiaries or affiliates and/or (ii) access to Owner's business critical infrastructure. In addition, BI requirements may be applied to other personnel at the sole discretion of Owner's Designated Representative. Owner shall reimburse Consultant a reasonable and customary amount for performing such full or updated background investigations unless Work is performed on a firm fixed price basis. Owner shall not be obligated to reimburse Consultant for any BI expense for individuals who fail to meet the minimum acceptable qualifications. Owner has the right to require proof of such investigation and satisfactory compliance with the minimum criteria, which shall be readily available for Owner's inspection. Owner requires that Consultant maintain records of investigations for a minimum of five (5) years after the Work is completed.

Consultant is solely responsible for ensuring that its employees assigned to the Work meet or exceed the requirements of this section. Consultant must have all background investigations completed prior to the start of Work or in the case of emergencies, may be permitted to start Work while the investigations are being conducted. (If an emergent need requires delay in processing, all background investigations must be completed within 10 working days of the start date)

A. Responsibilities

Consultant shall be responsible to:

1. Initiate and ensure the completion of the appropriate background investigation. Employees should be required to complete a background questionnaire or employment application which includes history of residences, employment/unemployment periods, military history and criminal history. Consultant is the employer and makes decisions regarding assignments based on these guidelines.
2. Notify the worker of the terms and conditions of the background investigation and requirements of this Contract.
3. Furnish Owner with workers who meet or exceed the requirements of the BI and terms and conditions of the Contract.
4. Obtain written permission for the release of the worker's personal history information and information contained in the background investigation report and drug screen to Owner.
5. Require worker or subcontractor to report any arrest and evaluate under the rejection criteria to determine if worker meets Owner's criteria for rejection. (All workers who meet the criteria for rejection must be removed from Owner's Work immediately.)

B. Types and Components of Background Investigation

1. Full Background Investigation

a. Employment History

Except as noted below, employment history must be verified for a minimum of 3 years, or to age 18, with previous employers by obtaining the following information:

Verification of all claimed periods of employment including disciplinary history, reason for termination and eligibility for rehire, and any other information that would reflect adversely upon reliability and trustworthiness.

If the employment history cannot be verified for the entire 3-year period, the reason must be included in the background investigation report.

Verify periods of self-employment and/or unemployment exceeding one hundred eighty (180) days within the 3 year period. Where information is not available, it will be verified by a reference or other sources. If no other source is available a relative may verify unemployment periods.

b. Military Record

All full time military service within the 3-year period must be verified by using Form DD-214 (member 4 copy) or other means.

c. Criminal Record

Prior to the applicant beginning employment a criminal history record check covering the previous five years, or to age 18, shall be conducted in each state/locality where the applicant has resided and in areas where the applicant has worked or attended school for more than 90 days during past 5 years.

Record checks should be conducted by contacting the appropriate agency of record such as state law enforcement agency, state criminal record repositories, local law enforcement agencies, state and local courts. Consultant shall ensure record repositories hold complete criminal history information (pending cases, misdemeanor records, and felony records, etc).

Reported criminal records should include specific offense information, court and jurisdiction and disposition of charge.

2. Updated Background Investigation

An updated background investigation is acceptable for re-hired workers if the worker previously had a full background investigation completed that meets Owner's criteria and it was completed by the current Consultant within the past three years of current effective work start date. The following components shall be checked:

- Employment history which covers the period of separation from Consultant exceeding 90 days
- Criminal history check in the county or counties where worker has resided and in areas where the applicant has worked or attended school for more than 90 days since the last BI for Progress Energy was conducted

- Drug screen

C. Rejection Criteria to Disqualify Candidates for Assignment

The decision by Consultant to disqualify a candidate for assignment shall be based upon consideration of all relevant information, favorable and unfavorable, as to whether the assignment would be clearly consistent with the necessity to maintain an environment conducive to a safe work place.

To assist in making appropriate determinations, this matrix identifies several types of adverse information. These are not all-inclusive, but contain many of the factors, which may raise legitimate questions to a person's eligibility for assignment.

1. Criminal Charges

a. Criminal Charges Pending

"Pending" is defined as awaiting formal review by the court to determine the disposition of the arrest. All pending charges will be evaluated on a case by case basis; however pending charges which may meet Progress Energy's criteria for disqualification if convicted will normally preclude an acceptable recommendation.

Charges which result in a disposition of adjudication withheld, nolle pross, pre-trial intervention, prayer for judgment continued or are otherwise unadjudicated shall be evaluated on a case by case basis. This evaluation shall focus on the status of the charge, and the behavior or incident which resulted in the charge being made, and the effect on an applicant's trustworthiness and reliability.

b. Felony Convictions

CRITERIA FOR REJECTION	ACTIONS TO BE CONSIDERED
Any felony conviction with in the last five years	Not eligible for assignment for five years from the date of conviction.
Persons on active probation/parole or a work furlough program for a felony conviction or participating in court diversion program for charges which would meet rejection criteria. (Ex. Pre-trial intervention and deferred prosecution).	Not eligible for assignment until completion of probation or parole or court diversion program. Eligibility must also comply with criteria above. (As if convicted)
Failure to fulfill a court order (i.e. failure to appear) for any felony conviction.	Not eligible for assignment until disposition of court order is completed.

c. Misdemeanor Convictions

Multiple misdemeanor convictions demonstrate a pattern of continued disregard for the laws of the land. Such disregard without adequate evidence of rehabilitation raises doubt as to the person's reliability and trustworthiness.

CRITERIA FOR REJECTION	ACTIONS TO BE CONSIDERED
Any misdemeanor conviction within the last five years involving illegal drugs (includes individuals currently serving a court-ordered diversion program)	Not eligible for assignment for five years from date of last conviction.
Any misdemeanor conviction within the last year involving violence or theft.	Not eligible for assignment for one year from the date of conviction.
Two or more misdemeanor convictions (excluding infractions [i.e. speeding and non-moving violations]) within the last five years. For example, convictions in 11/2005, and 11/2006 not eligible until 11/2010	Not eligible for assignment for five years from the date of earliest conviction.
Persons on active probation/parole or a work furlough program for a misdemeanor conviction or participating in court diversion program for charges which would meet rejection criteria. (Ex. Pre-trial intervention and deferred prosecution).	Not eligible for assignment until completion of probation or parole or court diversion program. Eligibility must also comply with criteria above. (As if convicted)
Failure to fulfill a court order (i.e. failure to appear) for any misdemeanor conviction	Assignment may not be recommended based on the severity of the court order.

2. Other

CRITERIA FOR REJECTION	ACTIONS TO BE CONSIDERED
One drug test failure	Not eligible for assignment for 5 years.
Evidence or admission of use, possession or sale of illegal substances	Not eligible for assignment for 5 years from the most recent occurrence.
The refusal to participate in drug testing	Not eligible for assignment.
Attempted to subvert the testing process, or has shown in anyway to have altered a specimen provided for testing	Not eligible for assignment for 5 years.
Theft of company property from past employer	Not eligible for assignment for 3 years from the most recent occurrence.
Any other information that would adversely reflect upon the reliability and trustworthiness of the person as it relates to their assignment to Progress Energy	Not eligible for assignment – eligible to reapply determined on a case by case basis.

D. Drug Screen

All candidates who will require a BI will also be required to have a Pre-assignment Drug Screen. Consultant must have all drug screens completed prior to the start of Work or in the case of emergencies, may be permitted to start Work while the screens are being conducted. (All drug screens must be completed within 10 working days of starting work.)

A certified Health and Human Services Laboratory must perform all drug testing. Only workers whose test result is determined to be negative are eligible to work on Owner controlled property. In addition, individuals that refuse to participate in drug testing, attempt to subvert the testing process, or are shown in any way to have altered a specimen provided for drug testing are not eligible to work under this Contract.

Owner will reimburse Consultant a reasonable and customary amount for performing pre-assignment drug screens unless Work is performed on a firm fixed price basis. Owner shall not be obligated to reimburse Consultant for any Drug Screen expense for individuals who fail to meet the minimum acceptable qualifications.

The drug screening for the substances below and the testing levels generally follow the Department of Transportation Guidelines. Laboratories that use lower cut off levels for drugs or Metabolite than those listed below are acceptable by Owner.

1. Drug Testing Cut Off Concentrations for Screening and Confirmation Levels

Type of Drug or Metabolite	Initial Test	Confirmation Test
Marijuana Metabolites	50	15
Cocaine Metabolites (Benzoylecgonine)	300	150
Phencyclidine (PCP)	25	25
Amphetamines	1000	
Amphetamine		500
Methamphetamine		500 (specimen must also contain amphetamine at a concentration of greater than or equal to 200 ng/ml.)
Opiate metabolites	2000	
Codeine		2000
Morphine		2000
6-monacetylmorphine (6-MAM)		10 (Test for 6-MAM in the specimen. Conduct this test only when specimen contains morphine at a concentration greater than or equal to 2000 ng/ml.)

2. Specimen Collection

The specimen must be collected by trained and qualified collectors and collected under conditions that protect the integrity of the specimen. Laboratory patient service centers and Doctor's Urgent Care are suggested for collection purposes.

SECTION 31. WORKPLACE VIOLENCE PREVENTION

Owner strives to provide a workplace for a worker that is free from physical attack, threats of violence and menacing or harassing behaviors.

Owner will not tolerate any unwanted or hostile physical contact, including physical attack, threat of violence, harassment, or damage of property by or against any worker including Owner employees.

Any worker who experiences, witnesses, or has knowledge of acts, conduct, behavior, or communication (threat) that may constitute or may lead to a workplace violence event should immediately report the incident to any of the following:

- Consultant Supervisor or Owner supervisor or manager, **AND**
- Corporate Security 1-888-275-4357 or

- The Ethics Line at 1-866-8Ethics (1-866-838-4427)

SECTION 32. LIMITATION OF LIABILITY

Consultant's liability of Owner's damages will in the aggregate, not exceed \$2,000,000. This provision takes precedence over any conflicting provision of this Contract. This limitation of liability will apply whether Consultant's liability arises under breach of contract or warranty; tort, including negligence; strict liability; or any other causes of action, and shall include Consultant's officers, affiliated corporations, employees and subcontractors.

In no event shall CH2M HILL, its affiliated corporations, officers, employees, or any of its subcontractors be liable for any punitive, economic or consequential damages, including but not limited to loss of revenue or profits, suffered or incurred by the Client or any of its agents, including other contractors engaged at the project site, as a result of this Agreement or CH2M HILL's performance or non-performance of services pursuant to this Agreement. Limitations of liability provided in this paragraph apply whether the liability is claimed to arise in contract, tort (including negligence), strict liability, or otherwise. This limitation of liability does not apply to Sections 13, 19 or 22 of this contract.

The parties execute this Contract by their signature or the signature of their authorized agents.

CH2M Hill

PROGRESS ENERGY SERVICE COMPANY, LLC,

BY: Joan A. Giltner

BY: Leanne Borgen Sourcing Specialist

NAME (printed): Joan A. Giltner

NAME: Leanne Borgen

TITLE: Vice President

TITLE: Sourcing Specialist

DATE: November 19, 2007

DATE: 11/13/07

Should the person's title who is executing this document not indicate that he/she is a corporate officer, an affidavit signed by a corporate officer shall be provided stating that the person whose name appears above is duly authorized to execute Contracts on behalf of the firm.

Indicate your Social Security Number OR your Federal Tax Identification Number (FTIN). This number shall correspond with the Consultant name indicated above and shall be the same Federal Tax Identification Number under which you report income. COMPLETE ONLY ONE.

Federal Tax ID # <u>54-0918199</u>	Social Security # _____
------------------------------------	-------------------------

The Internal Revenue Service (IRS) requires us to obtain certain information from you to meet IRS Form 1099 reporting and filing requirements. If you do not provide your correct FTIN, your payments may be subject to 20% backup withholding. Under penalties of perjury, I certify that the FTIN shown above is correct for the Consultant named.

CH2M Hill, Inc

(Consultant to fill in name and title)

is appointed as the person to whom all official correspondence to Consultant concerning this Contract should be directed.

In accordance with the Federal Acquisition Regulation section 52.219, please check all that apply to your company. Please provide supporting documentation or certification to confirm the status for any categories checked under Small/Diverse Vendors.

- | | |
|---|---|
| <input type="checkbox"/> Certified small business* | <input type="checkbox"/> HUBZone, 8(a) or disadvantaged business* |
| <input type="checkbox"/> Veteran-owned business* | <input type="checkbox"/> Minority-owned business * • |
| <input type="checkbox"/> Service-disabled veteran-owned business* | <input type="checkbox"/> Women-owned small business • • |
| <input checked="" type="checkbox"/> Not a Small Business | |

* As defined by the Small Business Administration (SBA): www.sba.gov

• • Certified by Progress Energy and as defined by SBA.

Register online at www.progress-energy.com/supplierdiversity

**Contract Employee
Code of Ethics Acknowledgment Form**

Please go to the following website to review the Progress Energy Code of Ethics prior to signing this Acknowledgment Form. Hard copies are available upon request.

<http://www.progress-energy.com/investors/corpgov/codeofethics.asp>

I have read the Progress Energy Code of Ethics. I understand that the principles stated in the Code of Ethics represent those of Progress Energy as they relate to the work I perform as an independent contractor (or as an employee of an independent contractor of Progress Energy), and that violating those principles, or the legal and regulatory requirements applicable to my work may result in disciplinary action by my employer. I agree to abide by and support the legal and regulatory requirements applicable to my work. I understand that if I have questions concerning appropriate ethics or relevant legal and regulatory requirements, I should consult with my supervisor.

Signature of Contract Employee

Name of Contract Employee

Date

Social Security Number

Consultant Organization

Consultant shall maintain completed forms. Do not return completed forms unless they are specifically requested by Owner.

O-T Consultant - Non-Nuclear
Revision 12/01/06
#5410

PEF-POD3-NO3-025



CH2M HILL
727 N. First Street
Suite 400
St. Louis, MO 63102
Tel 314-421-0313
Fax 314-421-3927

June 19, 2008

Kristin Beck
Corporate Social Responsibility
Progress Energy Service Company, LLC
PO Box 1551
Raleigh, NC 27602

Subject: Progress Energy Greenhouse Gas (GHG) Inventory Assistance
Request No. CPS-0001LB; Contract #349635 – Change Notification

Dear Kristin,

Per your request, CH2M HILL is pleased to present Progress Energy Services Company, LLC (Progress Energy) with a change notification to request additional funding to complete a revised approach to the original scope of work under the above referenced Progress Energy Request and contract number.

Progress Energy originally contracted with CH2M HILL in November 2007 to support development of an entity-wide greenhouse gas (GHG) inventory (Contract No. 349635). The Scope of Work provided in the original contract included development of a detailed analysis of direct and indirect GHG emissions for all of the six major GHGs (CO₂, CH₄, N₂O, PFCs, HFCs, and SF₆). The following tasks were specified:

- Task 1 Develop GHG Inventory Management Plan (IMP).** The GHG Inventory Plan will define the scope of work, roles and responsibilities, project timeline, resource needs for data collection and deliverables. It will also capture key decisions that will be required early in the project, such as operational boundaries; identification of sources that will be included and excluded in the inventory; years to be included for data collection; and the inventory protocol.
- Task 2 Collect Data.** Identified field resources will develop a comprehensive list of GHG emissions sources and will collect operational data required to support the emissions calculations.
- Task 3 Calculate GHG Emissions.** GHG emissions will be calculated and documented on an Excel spreadsheet for each year selected in the GHG Inventory Plan. Benefits from completed or ongoing emissions reductions projects will also be calculated. Once the inventory has been generated, potential de minimis sources will be identified and a baseline will be established. For each source, the spreadsheet will indicate the quality of the calculation or estimation methodology used and an explanation of why this approach was chosen.

Task 4 Establish Ongoing Implementation Strategy. The GHG Inventory Core Team will develop the ongoing strategy for collecting, calculating and documenting the annual GHG emissions inventory and carbon offsets. The recommended strategy will be documented for internal management review.

Specific deliverables to be completed under the four tasks were:


1. Conduct an Objectives Workshop/Kickoff Meeting (includes draft and final agenda and presentations)
2. Conduct an Inventory Development Planning Meeting (data gathering planning)
3. Conduct technical approach meetings (two)
4. Develop data collection plan and tool (includes draft and final tool)
5. Provide data gathering technical support
6. Conduct a data gap review (includes summary and review meeting)
7. Develop IMP (includes draft and final Plan)
8. Complete entity-wide GHG emissions inventory (includes draft and final quantification tool)
9. Assist with development of on-going strategy development

As of June 1, 2008, the current budget of \$78,900 has been expended with the completion of deliverables 1, 2, 3, 4, and 5 and the partial completion of deliverables 7 and 8. Due to the large amounts of data reviewed and processed for not only the generating facilities, but also the non-generating facilities and the level of technical support rendered deliverables 6 and 9 have not been initiated under the current budget.


To facilitate the completion of the project, additional funding is needed. This change notice serves to document a revised approach to completing the original scope of work (under either of two options provided by Progress Energy) and the additional funding required. We propose the following actions as outlined in the attached revised scope of work. The budget for these two options is also included.

If you have any questions, please feel free to contact me at 314.335.3015 or Jamiyo Mack at 703.376.5180.

Sincerely,
CH2M HILL



Dana French, P.E.
Project Manager



Lisa Drinkwater, P.E.
Vice-President

Enclosures

Revised Scope of Work

Option 1 - Limited Consultant Support Approach

Under this option, Progress Energy will bear the responsibility of performing the emissions calculations for the development of the corporate-wide inventory (deliverable 8) using the emissions quantification tool/template created by CH2M HILL.

Specifically, Progress Energy will provide CH2M HILL with several sets of spreadsheets (i.e. a model generating plant, a model set of non-generating facilities, and distribution and transmission sources) populated with source and operational data representative of that collected to-date from these entities. CH2M HILL will finalize the draft GHG emissions calculation template based upon the data provided in these spreadsheets. Progress Energy personnel will complete the development of the facility-based GHG emissions inventories by populating the template with the actual data collected from the generating plants, facilities, and other sources in the data collection forms developed under deliverable 5. Progress Energy personnel will also generate the corporate-wide roll-up of emissions. CH2M HILL will be available for periodic consultation and technical support on emission estimation methodology and the data aggregation approach as well as provide a QA/QC review of the populated emissions quantification spreadsheet.

For deliverable 6, Progress Energy will lead the effort to identify and address data gaps as needed to complete the corporate-wide inventory and finalize the IMP (deliverable 7). CH2M HILL will provide technical support and QA/QC review for the development of the final IMP.

For deliverable 9, Progress Energy will develop an ongoing strategy for annual inventory development. CH2M HILL will be consulted during the development of the strategy for the purpose of review and comment. CH2M HILL expects to spend no more than 10 hours of time on this task.

Assumptions:

- Deliverables will be submitted electronically

Deliverables:

- Final emissions quantification tool/template in Microsoft Excel

Option 2 - Full Consultant Services Approach

Under this option, CH2M HILL will finalize the draft GHG emissions calculation tool/template for developing the corporate-wide inventory (deliverable 8). Progress Energy will provide CH2M HILL with several sets of spreadsheets (i.e. a model generating plant, a model set of non-generating facilities, and distribution and transmission sources) populated with source and operational data representative of that collected to-date from these entities in order to complete the template.

Upon completion of the tool, CH2M HILL will review the emissions quantification tool with Progress Energy personnel for agreement on methodology. Progress Energy will provide CH2M HILL with the completed data collection sheets from the generating plants, non-generating facilities, and distribution and transmission sources. CH2M HILL will complete the facility-based emissions inventory by populating the calculation tool/template with the actual data from the generating plants, facilities, and other sources. CH2M HILL will generate the

entity-wide roll-up of emissions. CH2M HILL will complete a QA/QC review of the populated emissions quantification spreadsheet.

For deliverable 6, CH2M HILL will complete a data gaps analysis of the data and information received. Progress Energy will lead the effort to address the data gaps, if possible, and provide feedback to CH2M HILL. CH2M HILL will provide technical support during the period in which Progress Energy personnel are addressing the data gaps. After data gaps have been addressed, CH2M HILL will finalize the draft IMP developed under deliverable 7 based upon the information received from Progress Energy personnel.

Under deliverable 9, Progress Energy will develop an ongoing strategy for annual inventory development. CH2M HILL will provide technical support during the development of the strategy for the purpose of review and comment. CH2M HILL has estimated to spend no more than 10 hours of time on this activity.

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Deliverables:

- Final emissions quantification tool/template in Microsoft Excel
- Data gaps analysis summary in Microsoft Excel
- Final IMP in Microsoft Word
- Final corporate-wide GHG emissions inventory in Microsoft Excel

Schedule

CH2M HILL expects to proceed with the revised scope of work immediately upon being notified of the accepted option by Progress Energy. Option 1 would be completed four weeks after the notice to proceed. Option 2 is anticipated to conclude by August 31, 2008 if final facility-level data is submitted no later than June 30, 2008.

Option 1	Hours	Labor Category	Rate	Amount
Final Emissions Quantification Tool	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Technical Support	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Project Management	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total:				\$17,080.00
Option 2	Hours	Labor Category	Rate	Amount
Final Emissions Quantification Tool, Data Population, and Final Inventory	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Data Gaps Analysis	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Final IMP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Technical Support	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Project Management	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total:				\$41,638.00

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	A	B	C	D	E	F	G	H	I
	Option 1		Option 2		Option 3			Other Options	
	Time and Materials	Not to Exceed	Time and Materials	Not to Exceed	Time and Materials	Not to Exceed	Time and Materials	Not to Exceed	
	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]		
	\$ [REDACTED]		\$ [REDACTED]		\$ [REDACTED]				
	\$ [REDACTED]		\$ [REDACTED]		\$ [REDACTED]				
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