

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION

NO. _____

UNITED STATES OF AMERICA)	
)	
v.)	MEMORANDUM OF PLEA AGREEMENT
)	
DUKE ENERGY BUSINESS SERVICES LLC)	

Pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure, the United States of America, by and through the United States Attorneys for the Eastern District of North Carolina, the Middle District of North Carolina, and the Western District of North Carolina as well as the Environmental Crimes Section of the United States Department of Justice (collectively referred to herein as "the United States" or "the Government"), and the Defendant, DUKE ENERGY BUSINESS SERVICES LLC (referred to herein as "the Defendant" or "DUKE ENERGY BUSINESS SERVICES,") with the advice and concurrence of the Defendant's counsel, Julia S. Janson (Executive Vice-President, Secretary, and Chief Legal Officer, Duke Energy Carolinas, LLC) and James P. Cooney, III (Womble Carlyle Sandridge & Rice LLP) have agreed that the above-captioned case should be concluded in accordance with this Memorandum of Plea Agreement as follows:

- This Memorandum constitutes the full and complete record of the Plea Agreement for criminal conduct in each of the prosecuting districts, that is, the Eastern District, Middle District, and Western District of North Carolina and as alleged in the following charging documents (hereinafter referred to collectively as the "Criminal Informations"):

United States v. Duke Energy Business Services LLC, and Duke Energy Progress, Inc., insert case no. (EDNC);

United States v. Duke Energy Business Services LLC, Duke Energy Carolinas, LLC, and Duke Energy Progress, Inc., insert case no. (MDNC); and

United States v. Duke Energy Business Services LLC, Duke Energy Carolinas, LLC, and Duke Energy Progress, Inc., insert case no. (WDNC).

There are no other agreements between the parties in addition to or different from the terms herein.

- The United States and the Defendant agree:
 - That this Plea Agreement ("Agreement") is made pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure ("Fed. R. Crim. P.") and that the sentence set forth herein is the appropriate disposition of this case. If the Court rejects this Agreement, it is further agreed that the Defendant may withdraw its plea and all of the parties may withdraw from this Agreement.
 - The parties further acknowledge that based upon the Joint Factual Statement, attached hereto as Exhibit A, the Court has sufficient information in the record to enable it to meaningfully exercise its sentencing authority. Accordingly, if acceptable to the Court, the parties agree to waive the presentence investigation and report pursuant to Fed. R. Crim. P. 32(c), and to request that the Defendant be sentenced at the time the guilty plea is entered.
 - The parties further agree and acknowledge that the Defendant's parent corporation, Duke Energy Corporation, shall guarantee all monetary penalties (criminal fine, restitution, community service, and mitigation) imposed upon the Defendant and the funding and performance due from the Defendant in connection with the nationwide and statewide environmental compliance plans under this Agreement as more fully set forth in the Guaranty Agreement, a copy of which attached hereto at Exhibit B (without attachments) and fully incorporated herein by reference. The parties further agree and acknowledge that Duke Energy Corporation shall consent to the jurisdiction of the United States District Court for the Eastern District of North Carolina for the purpose of enforcing the Guaranty Agreement.
 - Pursuant to Fed. R. Crim. P. 11(c)(1)(C), the parties agree that the following sentence is warranted in this case:
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- Criminal Fines: At the time of imposition of sentencing, in light of the total \$68 million (\$68,000,000) in criminal fines being paid by co-defendants Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, Inc. ("DEP") and in light of the overall corporate structure and the function of the Defendant as described more fully in the Joint Factual Statement, no additional fines will be imposed upon the Defendant.

- Probation: A statutory-maximum term of five (5) years of probation is warranted. 18 U.S.C. § 3561(c)(2). Probation shall include the standard conditions of probation and the following special conditions, pursuant to 18 U.S.C. § 3563(a) and (b):
 - Compliance with the Law: The Defendant shall not commit another federal, state, or local crime during the term of probation.

 - Cooperation with Probation Office: The Defendant shall fully cooperate with the United States Probation Office. The Defendant shall answer truthfully all inquiries by the Probation Officer; shall provide full access to any of the Defendant's operating locations; shall give ten (10) days' prior notice of any intended change in principal business or mail address; and shall provide notice of any material change in the Defendant's economic circumstances that might affect the Defendant's ability to pay the fines and other financial obligations set forth herein.

 - Nationwide Environmental Compliance Plan: Under the terms of its plea agreement, the Defendant is required to develop, adopt, implement, and fund a comprehensive nationwide environmental compliance plan ("NECP") during its term of probation, consistent with sentencing policies set forth in USSG §8D1.4 and which incorporates all of the agreed-upon obligations set forth in Paragraph 3(p)(v) of this Agreement.

- Statewide Environmental Compliance Plan: The Defendant, along with its co-defendants DEC and DEP, shall develop, adopt, implement, and fund a comprehensive statewide environmental compliance plan ("ECP-NC") during its term of probation, consistent with sentencing policies set forth in USSG §8D1.4 and which incorporates all of the agreed-upon obligations set forth in Paragraph 3(p)(vi) of this Agreement.
- Notice to Employees and Shareholders: Upon approval by the Court of the NECP and ECP-NC, the Defendant shall notify its employees of its criminal behavior, the NECP, and the ECP-NC. In addition, the Defendant shall cause a notice containing the same information to be sent to the shareholders of Duke Energy Corporation. Such notice shall be in a form prescribed by the Court-Appointed Monitor ("CAM") and at a time designated by the CAM.
- Payment Liability/Financial Assurances: The Defendant shall be liable for the performance of and the funding of the NECP and ECP-NC, all as set forth herein.
- Restitution for Counts of Conviction: Pursuant to 18 U.S.C. §§ 3663, 3663A, and 3563(b)(2), the Defendant shall make restitution to any victim in whatever amount the Court may order. Said restitution shall be due and payable immediately.
- Special Assessment: The Defendant shall pay special assessments, totaling \$1125.00, before or at the time of sentencing, and shall provide a receipt from the Clerk of Court for the Eastern District of North Carolina to the United States as proof of payment.
- Public Apology: Consistent with USSG §8D1.4(a), the Defendant and co-defendants DEC and DEP shall place a full page public apology in at least two national newspapers and three major North Carolina newspapers (one in Raleigh, one in

Greensboro, and one in Charlotte) and on its publicly accessible company website.

- The Defendant agrees:
 - Consent to Transfer: To consent to Rule 20 transfers for purposes of the entry of guilty pleas to the charges in the following matters:
 - United States v. Duke Energy Business Services LLC, Duke Energy Carolinas, LLC, and Duke Energy Progress, Inc., No. _____ (MDNC); and
 - United States v. Duke Energy Business Services LLC, Duke Energy Carolinas, LLC, and Duke Energy Progress, Inc., No. _____ (WDNC).
 - Restitution for Counts of Conviction: Pursuant to 18 U.S.C. §§ 3663, 3663A, and 3563(b)(2), to make restitution as ordered by the Court and as set forth in this Agreement. Said restitution shall be due and payable immediately.
 - Crime Victims' Rights Act: Except as provided herein, at the time of the execution of this Agreement, the parties are not aware of any other victim as that term is defined by 18 U.S.C. §§ 3663, 3663A, and 3771. The Defendant understands that the United States intends to fully comply with all obligations under 18 U.S.C. § 3771, including victim notification and restitution provisions.
 - Appeal Waiver: To waive knowingly and expressly the right to appeal the conviction and whatever sentence is imposed on any ground, including any appeal pursuant to 18 U.S.C. § 3742, and further to waive any right to contest the conviction or the sentence in any post-conviction proceeding, including any proceeding under 28 U.S.C. § 2255, excepting an appeal or motion based upon grounds of ineffective assistance of counsel or prosecutorial misconduct not known to the Defendant at the time of the Defendant's guilty plea. The foregoing appeal waiver does not constitute or trigger a waiver by the United States of any of its rights to appeal provided by law.

- Waiver of Rights to Records: To waive all rights, whether asserted directly or through a representative, to request or receive from the United States any records pertaining to the investigation or prosecution of this matter, except as provided in the Fed. R. Crim. P. This waiver includes, but is not limited to, rights conferred by the Freedom of Information Act and the Privacy Act of 1974.
- Special Assessment: To pay a special assessment of \$125.00 for each misdemeanor count pursuant to the provisions of 18 U.S.C. § 3013. The assessment shall be paid by the Defendant at sentencing. The Defendant or Defendant's counsel shall provide a check in payment of the said assessment directly to the Clerk of Court, U.S. District Court-EDNC.
- Financial Statement: To complete and submit a financial statement under oath to the United States no later than two weeks prior to the entry of the guilty plea. The Defendant can satisfy this condition by submitting the most recent consolidated financial statement filed with the Securities and Exchange Commission by its parent corporation, Duke Energy Corporation.
- Cooperation: To continue to cooperate fully with the United States, and with all other authorities and agencies designated by the United States, and shall truthfully disclose all information with respect to the activities of the Defendant and its present and former directors, officers, employees, agents, consultants, contractors, and subcontractors thereof, regarding the conduct underlying the Criminal Informations about which the Defendant has any knowledge or about which the United States shall inquire. This obligation of truthful disclosure includes the obligation of the Defendant to provide to the United States, upon request, any document, record, or other tangible evidence regarding the conduct underlying the Criminal Informations about which the United States shall inquire of the Defendant. Compliance with such cooperation requirements shall not be construed as requiring or effecting a waiver of the attorney-client privilege or work product protections.

- Such cooperation set forth in Paragraph (h) above shall include but not be limited to: (a) promptly disclosing any and all related criminal or potentially criminal conduct of which the Defendant is currently aware; (b) promptly producing all documents requested by the federal government or by grand jury subpoena; (c) promptly making employees available to the investigation team upon request for interview or for testimony in any proceeding, subject to those employees' own legal rights; and (d) making reasonable efforts to ensure its employees provide full and truthful information.

- If the Defendant, through its employees acting within the scope of their employment, provides false, incomplete, or misleading information or testimony, or fails to abide by any term of cooperation set forth in Paragraphs (h) and (i) above, this would constitute a material breach of this Agreement by the Defendant, and the Defendant shall be subject to prosecution for any federal criminal violation not barred by the applicable statute of limitations (or as waived pursuant to Paragraph 3(aa)) or other legal prohibition. Any information provided by the Defendant may be used against the Defendant in that prosecution.

- Additionally, the Defendant agrees that in the event of the Defendant's material breach of this Agreement the following are admissible against the Defendant in any prosecution of or action against the Defendant: (i) any statements made by the Defendant, under oath, at the guilty plea hearing (before either a Magistrate Judge or a District Judge); (ii) the Joint Factual Statement supporting this Agreement; and (iii) any evidence derived from such statements. This includes the prosecution of the charges that are the subject of this Agreement or any charges that the United States agreed to dismiss or not file as part of this Agreement, but later pursues because of a material breach by the Defendant. Additionally, the Defendant knowingly and voluntarily waives any argument under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, Fed. R. Crim. P. 11(f), and/or any other federal rule, that the statements or any evidence derived

from any statements should be suppressed or are inadmissible.

- Compliance with the Law: Except as provided otherwise herein and in Paragraph (m) below, the Defendant agrees that it shall commit no new violations of federal, state, or local law, including those laws and regulations for which primary enforcement has been delegated to state authorities, and shall conduct its operations in accordance with the environmental laws of the United States and the State of North Carolina. If the Defendant learns of any such violations committed by its agents or employees during the term of probation, the Defendant shall notify the United States of the violations in accordance with the terms of the environmental compliance plans.
 - The Defendant understands that the Government shall not consider there to be a violation of the conditions of probation if the Defendant complies with federal environmental laws when there is a direct conflict between the state and federal environmental laws.
- The Defendant shall comply with all federal, state, and other regulations relating to coal ash, and will have no new notices of violation, notices of deficiency, or other criminal, civil, or administrative enforcement actions based on conduct (including the failure to act) occurring after entry of the guilty plea.
 - The Defendant understands that it shall be considered a violation of the conditions of probation if the Defendant engages in the above conduct and such conduct or condition results in a final assessment (after conclusion of any appeals) in an amount greater than \$5,000 and imposed after the entry of the guilty plea and which the CAM deems material. Any conduct or conditions resulting in a final assessment in an amount greater than \$15,000 shall be presumed to be material.
 - It shall not be considered a violation of probation if the enforcement action is based upon

information disclosed by DEC or DEP in their 2014 Topographic Map and Discharge Assessment Plan(s) and/or their 2014 ND PES permit renewal application(s) for their facilities in North Carolina.

- The Defendant shall ensure that DEC and DEP comply with all legislative and regulatory mandates concerning closure of the coal ash impoundments which they operate, and shall ensure complete full excavation and closure of all of the coal ash impoundments at the Dan River, Riverbend, Sutton, and Asheville facilities in accordance with federal and state laws, including the United States Environmental Protection Agency's ("EPA") 2014 final rule governing the disposal of coal combustion residuals from electric utilities ("CCR Rule") and North Carolina's Coal Ash Management Act of 2014, by the dates dictated in those laws, currently the calendar year 2019. In so doing, the Defendant shall act diligently and in good faith to provide DEC and DEP with shared services to help DEC and DEP meet projected critical milestones in the closure plans for each site as set forth in the following documents: Duke Energy's Dan River Steam Station Coal Ash Excavation Plan dated November 13, 2014; Duke Energy's Riverbend Steam Station Coal Ash Excavation Plan dated November 13, 2014; Duke Energy's L.V. Sutton Electric Plant Coal Ash Excavation Plan dated November 13, 2014; and Duke Energy's Asheville Steam Electric Generating Plant Coal Ash Excavation Plan dated November 13, 2014 (collectively referred to as "Excavation Plans"), as may be amended with the approval of the North Carolina Department of Environment and Natural Resources ("DENR").
- With respect to excavated coal ash, the removed ash shall be stored in a lined CCR landfill space or lined impoundment meeting all requirements established by applicable statute, law, and regulation, including but not limited to 40 CFR Part 258 (Subtitle D of RCRA). Nothing in this Paragraph shall prohibit the Defendant from the disposition of ash through beneficial reuse as contemplated by the CCR Rule.

- Every six months, or on a more frequent basis as determined by the CAM, the Defendant shall provide the CAM with a detailed description of its efforts to facilitate the excavation of coal ash and the closure of all of the coal ash impoundments at Dan River, Riverbend, Sutton, and Asheville and whether the Defendants have met the critical milestones set forth in the Excavation Plans in the time period since the last report. The Defendant shall also include the status of all permits and permit applications with any regulatory body, including but not limited to DENR. The Defendant shall also make such reports publicly available on its website. The Defendant may provide a consolidated report with the co-defendant/owner and operator of the facility.

- If the CAM has any concerns regarding whether the Defendant acted diligently or in good faith to meet its obligations under this provision, including facilitating DEC and DEP to meet the critical milestones set forth in the Excavation Plans, the CAM shall immediately notify the Court and the parties.

- The Defendant shall contemporaneously provide an executive summary of the report in subparagraph (ii) above to the United States Attorneys' Offices for the Eastern, Middle, and Western Districts of North Carolina; the Department of Justice - Environmental Crimes Section; the United States Environmental Protection Agency - Criminal Investigation Division; and the United States Environmental Protection Agency - Legal Counsel Division. Upon request, the Defendant shall provide the full report for inspection and review by any of the governmental parties.

- If the Government has any concerns regarding whether the Defendant acted diligently or in good faith to meet its obligation under this provision, the Government may elect to notify either the CAM or the Court, and may seek additional penalties as may be appropriate.

- Six months prior to the end of the term of probation, the Defendant shall provide the Court, the CAM, and the Government with a full report of its efforts to facilitate the excavation of coal ash and closure of all of the coal ash impoundments at Dan River, Riverbend, Sutton, and Asheville and the anticipated completion date.
- The Government may seek additional fines and penalties should the Defendant and either DEC or DEP fail to comply with such legislative or regulatory mandates and closure requirements under this Paragraph unless the compliance is delayed by a "force majeure" as that term is defined herein. The parties recognize that a change in law making performance impossible may be raised under the "force majeure" clause herein, but final determination shall be made by the Court.
- The Defendant understands that the Government shall not consider there to be a violation of the conditions of probation if the Defendant complies with federal environmental laws when there is a direct conflict between the state and federal environmental laws. The Defendant, however, shall immediately notify the Court, the CAM, and the Government of the conflict of laws and the impact on any excavation and closure plans.
- Criminal Fine: In light of the total \$68,000,000 in criminal fines being paid by co-defendants DEC and DEP, and in light of the overall corporate structure and function of the Defendant as described more fully in the Joint Factual Statement, the Defendant shall not be responsible for a criminal fine in addition to the total \$68,000,000 fine being paid by DEC and DEP.
- Environmental Compliance Plans: As a special condition of probation, the Defendant shall cause, assist, and otherwise take all steps necessary to develop, adopt, implement, and fund the NECP designed to ensure compliance with applicable environmental laws and regulations at all of the coal ash impoundments owned and operated (whether active or inactive) by any wholly-owned subsidiary of Duke Energy Corporation. In addition to requirements to

be applied nationwide, the Defendant, along with co-defendants DEC and DEP, shall develop, implement, and enforce the ECP-NC that also incorporates all of the requirements of the NECP. Both the NECP and the ECP-NC shall be filed with the Court as separate documents. Components of the NECP and the ECP-NC include, but are not limited to, the following:

- Timing for Submission of NECP and ECP-NC: Defendant DUKE ENERGY BUSINESS SERVICES, along with its co-defendants DEC and DEP, shall develop and adopt the NECP and ECP-NC within seventy (70) days of the selection of the CAM. The final NECP and ECP-NC shall be submitted to the Court with copies to the United States Probation Office; the United States Attorneys' Offices for the Eastern, Middle, and Western Districts; the Department of Justice - Environmental Crimes Section; the Environmental Protection Agency - Criminal Investigation Division; and the United States Environmental Protection Agency - Legal Counsel Division. The Court must approve both the NECP and ECP-NC.

- The United States acknowledges that two (2) wholly-owned subsidiaries of Duke Energy Corporation, Duke Energy Commercial Enterprises, Inc. (an indirect wholly-owned subsidiary) and Duke Energy SAM, LLC (a direct wholly-owned subsidiary) have entered into a purchase and sale agreement with a subsidiary of Dynegy Inc. in which Dynegy Inc. will acquire Duke Energy Ohio's unregulated Midwest generation business (which has been classified as Discontinued Operations on the Condensed Consolidated Statement of Operations). Approval is pending before the Federal Energy Regulatory Commission. Both of the subsidiaries handle coal ash.

- If the sale above has not been closed at the time of the submission of the NECP to the Court for approval, it is expressly understood and agreed that these assets need not be included within the NECP with the following exception: if the sale is not

closed within ninety (90) days of the approval of the NECP by the Court, the CAM may, at his/her option, require the NECP to be amended to include these subsidiaries.

- Best Efforts: Defendant DUKE ENERGY BUSINESS SERVICES, along with its co-defendants DEC and DEP, shall use best efforts to comply with each and all of the obligations under both the NECP and ECP-NC.

- The requirement that the Defendant exercise "best efforts" to fulfill the obligation includes using commercially reasonable efforts to anticipate any potential "force majeure" event (as defined herein at Paragraph 3(t)) and to address the effects of any potential force majeure event: (a) as it is occurring, and (b) following the potential "force majeure" event, such that the delay is minimized to the greatest extent possible.
- If the CAM believes that the Defendant has not used "best efforts" to fulfill its obligations, the CAM shall provide written notice immediately to the Court and the parties.
- The final determination of whether the Defendant used "best efforts" shall be made by the Court with the advice of and recommendations from the CAM.
- If the Court concludes that the Defendant failed to exercise "best efforts" to fulfill an obligation of this Agreement, the Court may impose and the Government will be entitled to seek additional monetary penalties.

- Selection and Funding of CAM:

- Funding: As part of the NECP and the ECP-NC, Defendant DUKE ENERGY BUSINESS SERVICES, along with its co-defendants DEC and DEP, shall pay for a CAM who will be appointed by

and report to the Court during the full period of probation.

- Qualifications: The object of the selection process for the CAM is to select the most qualified candidate to oversee implementation of the NECP, the ECP-NC, and the bromide claims process. Therefore, the CAM must have staff, or be able to retain staff, with the following experience: (a) expertise and competence in the regulatory programs under the United States and State of North Carolina environmental laws; (b) sufficient expertise and competence to assess whether the Defendant, DEC, and DEP have adequate management systems in place to ensure regulatory compliance, document such noncompliance, and prevent future noncompliance; and (c) sufficient expertise and competence to review claims for reimbursement under the process for identifying, verifying, and providing restitution for claims relating to bromide discharges described herein.
- Nomination and Veto by Government: Within thirty (30) days of the entry of the Judgment, Defendant DUKE ENERGY BUSINESS SERVICES, along with its co-defendants DEC and DEP, shall submit a list of three qualified candidates for the position of CAM from which the Court will select and appoint one of the candidates. Any nomination will include a detailed curriculum vitae or similar documentation setting forth the qualifications of the candidate. The Government shall have fifteen (15) days from the receipt of the nominations to file any reasonable objection to any or all of the proposed candidates. If the Government lodges an objection, then Defendant DUKE ENERGY BUSINESS SERVICES, along with its co-defendants DEC and DEP, must nominate a replacement candidate(s). The Government again shall have the right to lodge any reasonable objection to any replacement candidate; and the Court may adjust the time

frame for the nominations of the CAM as necessary to ensure that the best possible candidates are nominated.

- Court Selection: Upon receipt of a final list of candidates, the Court shall select one candidate as CAM by written order. In the event that the Court does not find any of the candidates satisfactory or if, during any point in the term of probation, the Court does not find the work of the selected CAM satisfactory, the Court may request Defendant DUKE ENERGY BUSINESS SERVICES, along with its co-defendants DEC and DEP, to nominate additional candidates. The Court may adjust the time frame for the selection of the CAM as necessary to ensure that the best possible candidate is selected.

- Reporting by CAM: On an annual basis, or more often as the Court directs, the CAM shall provide reports in writing to the Court, through the United States Probation Office, demonstrating that compliance with the NECP and the ECP-NC by DUKE ENERGY BUSINESS SERVICES, DEC, and DEP. The report shall include, among other things, a detailed description of: (1) all excavation, closure, and/or proper remediation of the coal ash impoundments located in North Carolina and addressed in the ECP-NC; and (2) all three co-defendants' compliance with all appropriate environmental laws and regulations in connection with the management of their coal ash impoundments in North Carolina and elsewhere.

- Public Access to Information: The CAM shall ensure, and the Defendant shall facilitate, the posting of copies of any environmental compliance audits, annual reports, and/or any other reports prepared pursuant to the NECP or ECP-NC on a company web page with public access.

- Subject to the approval of the CAM, the Defendant may redact confidential business information or any information it reasonably believes could impair the

security of its operations before such audits or reports are posted for public access.

- The CAM shall inspect such proposed redactions to determine the propriety of the redactions.
 - Notwithstanding the foregoing, unredacted copies shall be provided to the Court. The Defendant may seek to have the filings placed under seal to protect any information that the CAM has deemed to warrant redaction.
 - The CAM will contemporaneously provide copies of the reports (as posted) to the United States Attorneys' Offices for the Eastern, Middle, and Western Districts of North Carolina; the Department of Justice - Environmental Crimes Section; the United States Environmental Protection Agency - Criminal Investigation Division; and the United States Environmental Protection Agency - Legal Counsel Division. If the reports contain redactions, any of these parties may inspect the redactions and challenge the propriety of the redactions. The Court shall be the final arbiter of any challenge.
- Nationwide ECP: The NECP shall include, among other things:
- Organizational Funding: The Defendant shall maintain and fund the operation of all of the company compliance organizations created in the wake of the Dan River release, including: ABSAT, the Coal Combustion Products organization, and the National Ash Management Advisory Board. Subject to the approval of the CAM, DUKE ENERGY BUSINESS SERVICES may transfer operations and responsibilities between internal organizations or adjust funding of such organizations as appropriate, as long as the obligations of this Agreement are being met.

The Defendant understands that to the extent necessary or required, DEC and DEP have agreed to fund or otherwise pay for their proportionate share of the continued maintenance and operations of these compliance organizations. Failure to pay by either DEC or DEP, however, will not relieve the Defendant of its obligation under this provision.

- Compliance Officer ("CO"): The Defendant, and its co-defendants DEC and DEP, each shall identify or establish a position at the Vice President level or higher who will liaise directly with the CAM. The Defendant's designated CO shall have, among other duties, the primary responsibility for ensuring compliance with applicable environmental requirements and requirements of the NECP and ECP-NC.
- The COs shall submit detailed reports discussing the development, implementation, and enforcement of the NECP and ECP-NC at intervals deemed necessary by the CAM. The first report shall also include an explanation of the current corporate structure responsible for the operation and control of the coal ash impoundments and the names of the individuals filling the relevant positions. With the concurrence of the CAM, the COs may elect to submit a joint report detailing the required information for all three co-defendants. Any changes to the corporate coal ash oversight structure shall be immediately forwarded to the CAM and included in the next regular report.
- Subject to the approval of the CAM, the Defendant may redact confidential business information or any information it reasonably believes could impair the security of its operations before such reports are posted for public access.

- The CAM shall inspect such proposed redactions to determine the propriety of the redactions.
- Notwithstanding the foregoing, unredacted copies shall be provided to the Court. The Defendant may seek to have the filings placed under seal to protect any information that the CAM has deemed to warrant redaction.
- The CAM will contemporaneously provide copies of the reports (as posted) to the United States Attorneys' Offices for the Eastern, Middle, and Western Districts of North Carolina; the Department of Justice - Environmental Crimes Section; the United States Environmental Protection Agency - Criminal Investigation Division; and the United States Environmental Protection Agency - Legal Counsel Division. If the reports contain redactions, any of these parties may inspect the redactions and challenge the propriety of the redactions. The Court shall be the final arbiter of any challenge.
- Environmental Audits: Within the first ninety (90) days of his or her appointment, the CAM shall establish a schedule for conducting environmental audits of each of Duke Energy Corporation's and its affiliates' wholly-owned or operated domestic facilities with Duke Energy Corporation or affiliate-managed or affiliate-controlled coal ash impoundments outside North Carolina on an annual basis.
 - Each year the Defendant can request that the CAM accept any full environmental audit prepared by ABSAT or a similar organization in that same calendar year for facilities subject to the audits under the NECP.
 - The CAM can reject any such request by the Defendant if the CAM concludes that the

proposed environmental audit is not sufficiently comprehensive or not prepared by a competent organization.

- Copies of the environmental audit reports shall be posted on the Defendant's company webpage accessible to the public.
- Subject to the approval of the CAM, the Defendant may redact confidential business information or any information it reasonably believes could impair the security of its operations before such audits or reports are posted for public access.
- The CAM shall inspect such proposed redactions to determine the propriety of the redactions.
- Notwithstanding the foregoing, unredacted copies shall be provided to the Court and the United States Probation Officer. The Defendant may seek to have the filings placed under seal to protect any information that the CAM has deemed to warrant redaction.
- The CAM will contemporaneously provide copies of the reports (as posted) to the United States Attorneys' Offices for the Eastern, Middle, and Western Districts of North Carolina; the Department of Justice - Environmental Crimes Section; the United States Environmental Protection Agency - Criminal Investigation Division; and the United States Environmental Protection Agency - Legal Counsel Division. If the reports contain redactions, any of these parties may inspect the redactions to determine the propriety of the redactions. The Court shall be the final arbiter of any challenge.
- Toll-Free Hotline/Electronic Mail Inbox:
The Defendant, along with co-defendants DEC and DEP, will establish and maintain a toll-

free hotline that will be answered twenty-four (24) hours a day, seven (7) days a week, through which any person may report suspected violations of applicable environmental laws or regulations, or violations of the NECP or ECP-NC. The Defendant may utilize existing toll-free hotlines subject to approval by the CAM. In addition, the Defendant, along with co-defendants DEC and DEP, shall create an electronic mail inbox accessible from its webpages and accessible through a share link, through which any employee of Duke Energy Corporation, its subsidiaries, or its affiliates, or any other person may report suspected violations of applicable environmental laws or regulations or violations of the NECP or ECP-NC.

- The Defendant shall periodically apprise employees and the public of the availability of the toll-free hotline and electronic mail inbox by posting notices on the Internet, Intranet (known within Duke Energy Corporation as the "Portal"), by distributing notice via its electronic mail system, by providing notices in appropriate employee work areas, and by publication in community outlets.
- All reports to the toll-free hotline or electronic mail inbox of suspected violations of applicable environmental requirements, the NECP, or the ECP-NC shall promptly be provided to the appropriate CO for further action, and the appropriate CO shall maintain a record of the investigation and disposition of each such matter and disclose such matters in reports to the CAM.
- Environmental Training Program: The Defendant, along with co-defendants DEC and DEP, shall adopt, implement, and enforce a comprehensive training program to educate all domestic employees of Duke Energy Corporation and its wholly-owned or operated

affiliates on the environmental impact of coal ash impoundment operations and to be aware of the procedures and policies that form the basis of the NECP and ECP-NC.

- The goal of this training program is to ensure that every domestic employee of Duke Energy Corporation and its wholly-owned or operated affiliates understands applicable compliance policies and is able to integrate the compliance objectives in the performance of his/her job. The training shall include applicable notice and reporting requirements in the event of a release or discharge. Subject to the approval of the CAM, the Defendant may develop different training programs that are tailored to the employee's specific job description and responsibilities as long as the overall goal of the training requirement is met.
 - Additionally, the Defendant and co-defendants DEC and DEP shall provide training and written materials describing the safe and proper handling of pollutants, hazardous substances, and/or wastes.
 - Copies of all written materials and training curricula shall be provided to the CAM.
- Statewide ECP: The ECP-NC, in addition to incorporating all of the requirements of the NECP, shall include, among other things, the following conditions:
- Point of Contact ("POC"): With respect to each of the facilities with coal ash impoundments in North Carolina, the Defendant and co-defendants DEC and DEP shall identify or establish a POC for the CAM within each of the following three business services: (1) ABSAT; (2) Environmental, Health & Safety; and (3) Coal Combustion Products.

- Environmental Audits: Within the first ninety (90) days of his/her appointment, the CAM shall establish a schedule for conducting environmental audits of each of the co-defendants' facilities with coal ash impoundments in North Carolina on an annual basis.
- Each year the Defendant can request that the CAM accept any full environmental audit prepared by ABSAT or a similar organization in that same calendar year for two of the facilities subject to the audits. The Defendant cannot make the request for the same facilities in consecutive years.
- The CAM can reject any such request by the Defendant if the CAM concludes that the proposed environmental audit is not sufficiently comprehensive or not prepared by a competent organization.
- Copies of the environmental audit reports shall be posted on the Defendant's company webpage accessible to the public.
- Subject to the approval of the CAM, the Defendant may redact confidential business information or any information it reasonably believes could impair the security of its operations before such audits or reports are posted for public access.
- The CAM shall inspect such proposed redactions to determine the propriety of the redactions.
- Notwithstanding the foregoing, unredacted copies shall be provided to the Court and the United States Probation Officer. The Defendant may seek to have the filings placed under seal to protect any information that the CAM has deemed to warrant redaction.

- The CAM will contemporaneously provide copies of the reports (as posted) to the United States Attorneys' Offices for the Eastern, Middle, and Western Districts of North Carolina; the Department of Justice - Environmental Crimes Section; the United States Environmental Protection Agency - Criminal Investigation Division; and the United States Environmental Protection Agency - Legal Counsel Division. If the reports contain redactions, any of these parties may inspect the redactions to determine the propriety of the redactions. The Court shall be the final arbiter of any challenge.

- The Defendant shall coordinate with DEC and DEP to ensure that any new, expanded, or reopened coal ash or coal ash wastewater impoundments at any facilities owned and operated by DEC or DEP are lined and otherwise provide engineering services to ensure no unpermitted discharges of coal ash or coal ash wastewater to any water of the United States. This includes all engineered, channelized, or naturally occurring seeps.

- Recordkeeping of Coal Ash Impoundment Volumes: Every six months, the Defendant shall coordinate with and assist DEC and DEP, including providing any needed engineering services, to determine the volume of wastewater and coal ash in each of its co-defendants' wet-storage coal ash impoundments in North Carolina. Additional determinations shall be made following the conclusion of activities that significantly change the volumes of materials in the impoundments, including but not limited to temporary rerouting of waste streams other than sluiced coal ash to the ash impoundment, dredging, and dewatering. Written or electronic records of the volumes shall be maintained by the Defendant in a location(s) accessible to facility staff and to any of the Defendant's employees responsible for making environmental or emergency reports.

- Bromide Remediation Claims and Costs: The Defendant is aware of the bromide remediation claims process

that will be incorporated into the ECP-NC and will act to facilitate the process in any manner requested by the CAM.

- Force Majeure. For purposes of this Agreement, a "force majeure" is defined as any event arising from causes beyond the reasonable control of the Defendant, any entity controlled by the Defendant, or its contractors that delays or prevents performance of any obligation despite the best efforts to fulfill the obligation and includes but is not limited to war, terrorism, civil unrest, labor dispute, act of God, change in law making performance impossible, or act of a governmental or regulatory body delaying performance or making performance impossible, including, without limitation, any appeal or decision remanding, overturning, modifying, or otherwise acting (or failing to act) on a permit or similar permission or action that prevents or delays an action needed for the performance of any work such that it prevents or substantially interferes with the Defendant's ability to perform. Force majeure does not include financial inability to complete the work, increased cost of performance, or changes in business or economic circumstances.
 - If the Defendant seeks to rely on "force majeure" to excuse performance or timely performance with any term of this Agreement, the Defendant must apply to the CAM with copies of such application provided to the Government and the United States Probation Officer.
 - The final determination of "force majeure" shall be made by the Court with the advice and recommendation from the CAM.
 - If the Court concludes that the Defendant's failure to fulfill an obligation of this Agreement was not excused by a "force majeure," the Court may impose and the Government will be entitled to seek additional monetary penalties.
- Funding of NECP and ECP-NC: A failure to fund or implement the NECP or ECP-NC during its term of probation would constitute a breach of this Agreement by the Defendant, and the Defendant shall be subject

to prosecution for any federal criminal violation not barred by the applicable statute of limitations (or as waived pursuant to Paragraph 3(aa)) or other legal prohibition. Any information provided by the Defendant may be used against the Defendant in such a prosecution.

- No Credit in Civil or Administrative Proceedings: The Defendant shall not seek or take credit for any fine, restitution, community service payment, mitigation payment, or funding of the environmental compliance plan (including the costs associated with the hiring or payment of staff or consultants needed to assist the CAM) under this Agreement in any related civil or administrative proceeding, including, but not limited to, the Natural Resources Damages Assessment process.
- No Capitalization or Tax Deduction: The Defendant shall agree that: (1) it shall not capitalize into inventory or basis or take as a tax deduction, in the United States or elsewhere, any portion of the monetary payments (fine, restitution, community service, mitigation, or funding of the environmental compliance plans) made pursuant to this Agreement. Provided, however, that nothing in this Agreement shall bar or prevent the Defendant from appropriately capitalizing or seeking an appropriate tax deduction for restitution in connection with the remediation of bromide claims set forth in this Agreement or for costs which would have been incurred by the Defendant irrespective of the environmental compliance plans. Costs that would have been incurred irrespective of the environmental compliance plans include, by way of example only, costs for staffing and operating Central Engineering Services, ABSAT, Coal Combustion Products, or other similar organizations.
- No Rate Increase Based Upon Monetary Penalties: The Defendant shall not reference the burden of, or the cost associated with, compliance with the criminal fines, the restitution related to counts of conviction, the community service payments, the mitigation obligation, the costs of the clean-up in response to the February 2, 2014, release at Dan River Steam Station, and the funding of the environmental compliance plans, in any request or

application for a rate increase on customers. Provided, however, that nothing in this Agreement shall bar or prevent the Defendant from seeking appropriate recovery for restitution in connection with the remediation of bromide claims set forth in this Agreement or for costs which would have been incurred by the Defendant irrespective of the environmental compliance plans. Costs that would have been incurred irrespective of the environmental compliance plans include, by way of example only, costs for staffing and operating Central Engineering Services, ABSAT, Coal Combustion Products, or other similar organizations.

- Public Apology: Consistent with USSG §8D1.4(a), and in conjunction with its co-defendants DEC and DEP, the Defendant shall place a full page advertisement in at least two national newspapers and three major North Carolina newspapers (one in Raleigh, one in Greensboro, and one in Charlotte) and on its publicly accessible company website. The full page advertisement shall run within five (5) days of entry of the plea. The language of the public apology must be agreed upon by each of the federal districts and is appended to this Agreement as Exhibit C.
- The Defendant shall not reference this Agreement, any payments pursuant hereto, or other compliance herewith in any public relations, marketing, or advertising. The Defendant shall be permitted to make required disclosures under applicable securities laws.
- Tolling of Statute of Limitations: To ensure compliance with the terms of the Agreement, the Defendant waives any statute of limitations as of the date of this Agreement through the full term of Defendant's probation and until all of the Defendant's obligations under this Agreement have been satisfied with regard to any conduct relating to or arising out of the conduct set forth in the Criminal Informations.
- The Defendant waives any claim under the Hyde Amendment, 18 U.S.C. § 3006A (Statutory Note), for attorneys' fees and other litigation expenses arising

out of the investigation or prosecution of this matter.

- The Defendant agrees to withdraw from and not to participate in any joint defense agreement, informal or formal, in connection with the defense by any person designated as a "target" or "subject" of, or indicted for, any potential criminal charges relating to the Clean Water Act violations in North Carolina that are the subject of this Agreement and any allegations of violations of Title 18 of which the Defendant is aware or becomes aware. The Defendant agrees to submit a written statement, signed by counsel and the appropriate corporate officer, reflecting this commitment to the United States prior to entry of this Agreement.
- Term of Supervised Probation: The Defendant and the Government agree that the Defendant shall be placed on organizational supervised probation for a period of five (5) years from the date of sentencing pursuant to 18 U.S.C. § 3561(c)(2) and USSG §§8D1.1 and 8D1.2.
- The Defendant represents and/or acknowledges:
 - That the Defendant has had the assistance of an attorney in connection with the charges against it. That the attorney has carefully reviewed this Agreement with those persons designated by law and its bylaws to act on behalf of the Defendant (hereinafter referred to as "Designated Corporate Representative") and that this Agreement has been signed by a person authorized by law and the bylaws of the Defendant to execute agreements on behalf of the Defendant.
 - That its Designated Corporate Representative has reviewed and discussed the Criminal Informations filed in each of the federal districts involved in this matter with the Defendant's attorney and that the attorney has explained the Government's evidence to that Designated Corporate Representative.
 - That as a corporation, it is vicariously liable for the criminal acts of its employees acting within the

scope of their employment for the benefit of the corporation.

- That it understands that this Agreement does not provide or promise any waiver of any civil or administrative actions, sanctions, or penalties that may apply, including but not limited to fines; penalties; claims for damages to natural resources; suspension, debarment, listing to restrict rights and opportunities of the Defendant to contract with or receive assistance, loans, and benefits from United States agencies; licensing; injunctive relief; or remedial action to comply with any applicable regulatory requirement. The Defendant understands that this Agreement has no effect on any proceedings against any party not expressly mentioned herein, including the actual or potential criminal liability of any individuals.

- Guaranty: That it has sought and obtained a guarantee of its obligations under this Agreement from its parent holding company, Duke Energy Corporation, a copy of which is attached hereto as Exhibit B and incorporated herein by reference. Duke Energy Corporation further consents to the jurisdiction of the United States District Court for the Eastern District of North Carolina for the purpose of enforcing the Guaranty Agreement.

- Resolution: That it has filed with the Court prior to entry of this Agreement the original resolution from the board of directors (or equivalent written authorization as recognized by law) that gives the authority described in Paragraph 4(a) above to the Designated Corporate Representative and that authorizes such employee to execute this Agreement on behalf of the Defendant. A copy of the Resolution, attached hereto as Exhibit D, provides as follows:
 - The Defendant is a legally viable entity, authorized to plead guilty to the charges set forth in the Criminal Informations;

 - The Defendant shall be bound by the specific terms of this Agreement;

- The parent corporation, Duke Energy Corporation, is authorized to guarantee all payments (criminal fine, restitution, community service, and mitigation), and funding and performance due from the Defendant in connection with its obligations under the NECP and ECP-NC under this Agreement, as set forth in the Guaranty Agreement.
 - Any legal successor or assignee of Duke Energy Corporation shall remain liable, as the case may be, for the guarantee of the Defendant's payment obligations and the funding and performance of both the NECP and ECP-NC hereunder, and an agreement to so remain liable shall be included by Duke Energy Corporation in the terms of any sale, acquisition, or merger.
 - Any legal successor or assignee of the Defendant shall remain liable for the Defendant's obligations in this Agreement, and an agreement to so remain liable shall be included by the Defendant in the terms of any sale, acquisition, or merger of the Defendant with or by any other entity. Subject to the requirements of this subparagraph, nothing shall prevent the Defendant from undergoing a corporate reorganization or change in form. The Defendant shall record a copy of the Judgment with the Register of Deeds in each of the counties in North Carolina in which it owns and operates facilities with coal ash impoundments. Upon written request from the Defendant made only after fulfillment of all of the conditions of this Agreement and related Judgment, the Government shall take the necessary steps through the Register of Deeds to facilitate the removal of the notice of the Judgment.
- The Defendant understands, agrees, and admits:
 - That as to each Count of the Criminal Informations to which the Defendant is pleading guilty, the charge, code section, elements, and applicable penalties are as follows:

United States v. Duke Energy Business Services LLC,
Duke Energy Carolinas, LLC, and Duke Energy Progress, Inc.
No. _____ (MDNC)

Violations at Dan River Steam Station

COUNT ONE

- Clean Water Act violation for the unpermitted discharge through the 48-inch stormwater pipe at the Dan River Steam Station and aiding and abetting
- Code Sections violated: 33 U.S.C. §§ 1311, 1319(c)(1)(A), and 1342; and 18 U.S.C. § 2
- Offense date: No later than February 2, 2014, through February 8, 2014
- Elements of the Offense:
 - First: The Defendant did discharge a pollutant, to wit, coal ash and coal ash wastewater;
 - Second: from a point source;
 - Third: into a water of the United States;
 - Four: the Defendant did so without a permit;
 - Five: the Defendant acted negligently in so doing; and
 - Six: the Defendant aided and abetted another in so doing.
- Maximum term of probation for a corporation: 5 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Minimum term of probation for a corporation:
 - years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)

- Maximum fine: Pursuant to 18 U.S.C. § 3571(c) and (d), the greater of: not less than \$2,500 nor more than \$25,000 per day of violation (33 U.S.C. § 1319(c)(1)(A)); \$200,000.00; or twice the gross gain or loss.
- Restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3563(b)(2) as agreed to in Paragraphs 2(iv) and 3(b) above.
- Special assessment: \$ 125.00
- Other penalties: Public Notice of Violation; Development of a Compliance Program; Community Service; and Remediation

COUNT TWO

- Clean Water Act violation for the failure to maintain the 48-inch stormwater pipe at the Dan River Steam Station and aiding and abetting
- Code Sections violated: 33 U.S.C. §§ 1319(c)(1)(A) and 1342; and 18 U.S.C. § 2
- Offense date: No later than January 2012, through February 2, 2014
- Elements of the Offense:
 - First: The Defendant did violate a condition of its NDPES permit issued by the State of North Carolina pursuant to the Clean Water Act; to wit, the requirement to properly maintain its equipment as more fully described in the Criminal Information;
 - Second: the Defendant acted negligently in so doing; and
 - Third: the Defendant aided and abetted another in so doing.

- Maximum term of probation for a corporation:
5 years pursuant to 18 U.S.C. § 3561(c)(2) and
USSG §8D1.2(a)(2)
- Minimum term of probation for a corporation:
0 years pursuant to 18 U.S.C. § 3561(c)(2) and
USSG §8D1.2(a)(2)
- Maximum fine: Pursuant to 18 U.S.C. § 3571(c)
and (d), the greater of: not less than \$2,500 nor
more than \$25,000 per day of violation (33 U.S.C.
§ 1319(c)(1)(A)); \$200,000.00; or twice the gross
gain or loss
- Restitution pursuant to 18 U.S.C. §§ 3663, 3663A,
and 3563(b)(2) as agreed to in Paragraphs 2(iv)
and 3(b) above.
- Special assessment: \$ 125.00
- Other penalties: Public Notice of Violation;
Development of a Compliance Program; Community
Service; and Remediation

COUNT THREE

- Clean Water Act violation for the unpermitted
discharge through the 36-inch stormwater pipe at
the Dan River Steam Station and aiding and
abetting
- Code Sections
violated: 33 U.S.C. §§ 1311, 1319(c)(1)(A)
and 1342; and
18 U.S.C. § 2
- Offense date: No later than January 2012
through February 21, 2014
- Elements of the Offense:
 - First: The Defendant did discharge a pollutant,
to wit, coal ash and coal ash
wastewater;
 - Second: from a point source;

Third: into a water of the United States;

Four: the Defendant did so without a permit;

Five: the Defendant acted negligently in so doing; and

Six: the Defendant aided and abetted another in so doing.

- Maximum term of probation for a corporation: 5 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Minimum term of probation for a corporation: 0 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Maximum fine: Pursuant to 18 U.S.C. § 3571(c) and (d), the greater of: not less than \$2,500 nor more than \$25,000 per day of violation (33 U.S.C. § 1319(c)(1)(A)); \$200,000.00; or twice the gross gain or loss.
- Restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3563(b)(2) as agreed to in Paragraphs 2(iv) and 3(b) above.
- Special assessment: \$ 125.00
- Other penalties: Public Notice of Violation; Development of a Compliance Program; Community Service; and Remediation

COUNT FOUR

- Clean Water Act violation for the failure to maintain the 36-inch stormwater pipe at the Dan River Steam Station and aiding and abetting
- Code Sections violated: 33 U.S.C. §§ 1319(c)(1)(A) and 1342; and 18 U.S.C. § 2
- Offense date: No later than January 2012, through February 6, 2014

- Elements of the Offense:
 - First: The Defendant did violate a condition of its NDPES permit issued by the State of North Carolina pursuant to the Clean Water Act; to wit, the requirement to properly maintain its equipment as more fully described in the Criminal Information;
 - Second: the Defendant acted negligently in so doing; and
 - Third: the Defendant aided and abetted another in so doing.
- Maximum term of probation for a corporation: 5 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Minimum term of probation for a corporation: 0 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Maximum fine: Pursuant to 18 U.S.C. § 3571(c) and (d), the greater of: not less than \$2,500 nor more than \$25,000 per day of violation (33 U.S.C. § 1319(c)(1)(A)); \$200,000.00; or twice the gross gain or loss.
- Restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3563(b)(2) as agreed to in Paragraphs 2(iv) and 3(b) above.
- Special assessment: \$ 125.00
- Other penalties: Public Notice of Violation; Development of a Compliance Program; Community Service; and Remediation

Violations at Cape Fear Steam Electric Plant

COUNT FIVE

- Clean Water Act violation for the failure to properly maintain the riser within the 1978 coal

ash impoundment at the Cape Fear Steam Electric Plant and aiding and abetting

- Code Sections violated: 33 U.S.C. §§ 1319(c)(1)(A) and 1342; and 18 U.S.C. § 2
- Offense date: No later than January 1, 2012, through January 24, 2014
- Elements of the Offense:
 - First: The Defendant did violate a condition of its NDPES permit issued by the State of North Carolina pursuant to the Clean Water Act; to wit, the requirement to properly maintain its equipment as more fully described in the Criminal Information;
 - Second: the Defendant acted negligently in so doing; and
 - Third: the Defendant aided and abetted another in so doing.
- Maximum term of probation for a corporation: 5 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Minimum term of probation for a corporation: 0 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Maximum fine: Pursuant to 18 U.S.C. § 3571(c) and (d), the greater of: not less than \$2,500 nor more than \$25,000 per day of violation (33 U.S.C. § 1319(c)(1)(A)); \$200,000.00; or twice the gross gain or loss.
- Restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3563(b)(2) as agreed to in Paragraphs 2(iv) and 3(b) above.
- Special assessment: \$ 125.00

- Other penalties: Public Notice of Violation; Development of a Compliance Program; Community Service; and Remediation

COUNT SIX

- Clean Water Act violation for the failure to properly maintain the riser within the 1985 coal ash impoundment at the Cape Fear Steam Electric Plant and aiding and abetting
- Code Sections violated: 33 U.S.C. §§ 1319(c)(1)(A) and 1342; and 18 U.S.C. § 2
- Offense date: No later than January 1, 2012, through January 24, 2014
- Elements of the Offense:
 - First: The Defendant did violate a condition of its NDPES permit issued by the State of North Carolina pursuant to the Clean Water Act; to wit, the requirement to properly maintain its equipment as more fully described in the Criminal Information;
 - Second: the Defendant acted negligently in so doing; and
 - Third: the Defendant aided and abetted another in so doing.
- Maximum term of probation for a corporation: 5 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Minimum term of probation for a corporation: 0 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Maximum fine: Pursuant to 18 U.S.C. § 3571(c) and (d), the greater of: not less than \$2,500 nor more than \$25,000 per day of violation (33 U.S.C.

§ 1319(c)(1)(A)); \$200,000.00; or twice the gross gain or loss.

- Restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3563(b)(2) as agreed to in Paragraphs 2(iv) and 3(b) above.
- Special assessment: \$ 125.00
- Other penalties: Public Notice of Violation; Development of a Compliance Program; Community Service; and Remediation

United States v. Duke Energy Business Services LLC, and
Duke Energy Progress, Inc.,
No. _____ (EDNC)

Violations at H.F. Lee Steam Electric Plant

COUNT ONE

- Clean Water Act violation for the unpermitted discharge from a drainage ditch at the coal ash impoundment at the H.F. Lee Steam Electric Plant and aiding and abetting
- Code Sections violated: 33 U.S.C. §§ 1311, 1319(c)(1)(A), and 1342; and 18 U.S.C. § 2
- Offense date: No later than October 1, 2010, through December 30, 2014
- Elements of the Offense:
 - First: The Defendant did discharge a pollutant, to wit, coal ash and coal ash wastewater;
 - Second: from a point source;
 - Third: into a water of the United States;
 - Four: the Defendant did so in violation of a permit;

Five: the Defendant acted negligently in so doing; and

Six: the Defendant aided and abetted another in so doing.

- Maximum term of probation for a corporation: 5 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Minimum term of probation for a corporation: 0 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Maximum fine: Pursuant to 18 U.S.C. § 3571(c) and (d), the greater of: not less than \$2,500 nor more than \$25,000 per day of violation (33 U.S.C. § 1319(c)(1)(A)); \$200,000.00; or twice the gross gain or loss.
- Restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3563(b)(2) as agreed to in Paragraphs 2(iv) and 3(b) above.
- Special assessment: \$ 125.00
- Other penalties: Public Notice of Violation; Development of a Compliance Program; Community Service; and Remediation

United States v. Duke Energy Business Services LLC,
Duke Energy Carolinas, LLC, and Duke Energy Progress, Inc.,
No. _____ (WDNC)

Violations at Riverbend Steam Station

COUNT ONE

- Clean Water Act violation for the unpermitted discharge from a toe drain at the ash impoundment at Riverbend Steam Station and aiding and abetting
- Code Sections violated: 33 U.S.C. §§ 1311, 1319(c)(1)(A), and 1342; and

18 U.S.C. § 2

- Offense date: No later than November 8, 2012, through December 30, 2014
- Elements of the Offense:
 - First: The Defendant did discharge a pollutant, to wit, coal ash and coal ash wastewater;
 - Second: from a point source;
 - Third: into a water of the United States;
 - Four: the Defendant did so in violation of a permit;
 - Five: the Defendant acted negligently in so doing; and
 - Six: the Defendant aided and abetted another in so doing.
- Maximum term of probation for a corporation: 5 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Minimum term of probation for a corporation: 0 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Maximum fine: Pursuant to 18 U.S.C. § 3571(c) and (d), the greater of: not less than \$2,500 nor more than \$25,000 per day of violation (33 U.S.C. § 1319(c)(1)(A)); \$200,000.00; or twice the gross gain or loss.
- Restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3563(b)(2) as agreed to in Paragraphs 2(iv) and 3(b) above.
- Special assessment: \$ 125.00
- Other penalties: Public Notice of Violation; Development of a Compliance Program; Community Service; and Remediation

Violations at Asheville Steam Electric Generating Plant

COUNT TWO

- Clean Water Act violation for the unpermitted discharge from a toe drain at the coal ash impoundment at the Asheville Steam Electric Generating Plant and aiding and abetting
- Code Sections violated: 33 U.S.C. §§ 1311, 1319(c)(1)(A), and 1342; and 18 U.S.C. § 2
- Offense date: No later than May 31, 2011, through December 30, 2014
- Elements of the Offense:
 - First: The Defendant did discharge a pollutant, to wit, coal ash and coal ash wastewater;
 - Second: from a point source;
 - Third: into a water of the United States;
 - Four: the Defendant did so in violation of a permit;
 - Five: the Defendant acted negligently in so doing; and
 - Six: the Defendant aided and abetted another in so doing.
- Maximum term of probation for a corporation: 5 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Minimum term of probation for a corporation: 0 years pursuant to 18 U.S.C. § 3561(c)(2) and USSG §8D1.2(a)(2)
- Maximum fine: Pursuant to 18 U.S.C. § 3571(c) and (d), the greater of: not less than \$2,500 nor

more than \$25,000 per day of violation (33 U.S.C. § 1319(c)(1)(A)); \$200,000.00; or twice the gross gain or loss.

- Restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3563(b)(2) as agreed to in Paragraphs 2(iv) and 3(b) above.
- Special assessment: \$ 125.00
- Other penalties: Public Notice of Violation; Development of a Compliance Program; Community Service; and Remediation

Total Statutory Penalties: 5 years of probation; a minimum fine of \$56,590,000; a maximum fine of \$223,875,000; and \$1125.00 special assessment.

- The United States agrees:
 - That pursuant to Fed. R. Crim. P. 11(c)(1)(C), the sentence set forth in Paragraph 2 above is warranted.
 - That it reserves the right at sentencing to present any evidence and information pursuant to 18 U.S.C. § 3661, to offer argument or rebuttal, to recommend imposition of restitution, and to respond to any motions or objections filed by the Defendant.
 - That, subject to the reservations within this Agreement, the United States shall not further prosecute the Defendant, including all predecessors, successors, and assignees of the Defendant, for conduct constituting the basis for the Criminal Informations covered by this Agreement as set forth in the Joint Factual Statement or about which the United States Attorneys' Offices for the Eastern, Middle, and Western Districts and the Department of Justice - Environmental Crimes Section were otherwise aware of as of the date of this Agreement. This Agreement shall not apply to individuals. Should the Court determine that the Defendant has breached this Agreement, the Defendant will not be entitled to withdraw its plea of guilty, and the United States may prosecute the Defendant, and any predecessors, successors, and assignees of the Defendant for conduct constituting the basis for the Criminal

Informations covered by this Agreement, notwithstanding the expiration of any applicable statutes of limitations following the signing of this Agreement. In any such prosecution, the United States may use the Defendant's admissions of guilt as admissible evidence against the Defendant.

- That it will make known to the Court at sentencing the full extent of the Defendant's cooperation.
- Pursuant to USSG §1B1.8, that self-incriminating information provided by the Defendant pursuant to this Agreement shall not be used against the Defendant in determining the applicable advisory Guideline range, except as provided by USSG §1B1.8 and except as stated in this Agreement. The United States may provide to the United States Probation Office any evidence concerning relevant conduct.
- Notwithstanding the foregoing, the United States Attorneys' Offices for the Eastern, Middle, and Western Districts of North Carolina and the Department of Justice - Environmental Crimes Section further recognize that this Agreement does not provide or promise any waiver of any civil or administrative actions, sanctions, or penalties that may apply, including but not limited to: fines; penalties; claims for damages to natural resources; suspension, debarment, listing to restrict rights and opportunities of the Defendant to contract with or receive assistance, loans, and benefits from United States agencies; licensing; injunctive relief; or remedial action to comply with any applicable regulatory requirement.

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SO AGREED, THIS _____ DAY OF FEBRUARY, 2015.

THOMAS G. WALKER	JOHN C. CRUDEN
U.S. Attorney	Assistant Attorney General

Eastern District of North Carolina	Department of Justice
North Carolina	Environment and Natural Resources Division
JILL WESTMORELAND ROSE	CLIFTON T. BARRETT
Attorney for the United States	Attorney for the United States
Acting Under Authority	Acting Under Authority
Conferred by 28 USC §515	Conferred by 28 USC §515
Western District of North Carolina	Middle District of North Carolina

ON BEHALF OF EACH PROSECUTING OFFICE:

_____	_____
BANUMATHI RANGARAJAN	LANA N. PETTUS
Senior Litigation Counsel	Senior Trial Attorney
Criminal Division	Environmental Crimes Section
U.S. Attorney's Office - EDNC	U.S. Department of Justice
_____	_____
SETH M. WOOD	STEPHEN INMAN
Assistant U.S. Attorney	Deputy Chief
Appellate Division	Criminal Division
U.S. Attorney's Office - EDNC	U.S. Attorney's Office - MDNC
_____	_____
ERIN C. BLONDEL	JOANNA G. MCFADDEN
Assistant U.S. Attorney	Assistant U.S. Attorney
Criminal Division	Criminal Division
U.S. Attorney's Office - EDNC	U.S. Attorney's Office - MDNC

JODI MAZER	STEVEN R. KAUFMAN
Special Assistant U.S. Attorney	Assistant U.S. Attorney
Criminal Division	Criminal Division
U.S. Attorney's Office - EDNC	U.S. Attorney's Office - WDNC

SO AGREED, THIS _____ DAY OF FEBRUARY, 2015.

DUKE ENERGY BUSINESS SERVICES, LLC	
Defendant	
BY: _____	
JULIA S. JANSON	
President and Chief Legal Officer	
DUKE ENERGY BUSINESS SERVICES, LLC and	
Authorized Designated Official for	
DUKE ENERGY BUSINESS SERVICES, LLC	

JAMES C. COONEY, III	
Womble Carlyle Sandridge & Rice LLP	
Counsel for the Defendant	

The undersigned, Lynn J. Good, President and Chief Executive Officer of Duke Energy Corporation, the Guarantor, hereby acknowledges the terms and conditions of the foregoing Plea Agreement as they apply to the Guaranty set forth in Exhibit B.

SO ACKNOWLEDGED, THIS _____ DAY OF FEBRUARY, 2015.

DUKE ENERGY CORPORATION	
Guarantor	
BY: _____	
LYNN J. GOOD	
President and Chief Executive Officer	
DUKE ENERGY CORPORATION	

JAMES P. COONEY, III	
Womble Carlyle Sandridge & Rice LLP Counsel for the Gaurantor	

APPROVED, this _____ day of _____, 2015.

UNITED STATES DISTRICT JUDGE

EXHIBIT A
Joint Factual Statement

EXHIBIT B
A Copy of the Guaranty Agreement
(without attachments)

EXHIBIT C
Public Apology

EXHIBIT D
Duke Energy Business Services LLC
A Copy of Board of Directors' Resolution