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FOUNDED 1666

March 10, 2009

By Email and First-Class Mail

Kristin Linsley Myles, Special Master
Munger, Tolles & Olson LLP
560 Mission Street, Twenty-Seventh Floor
San Francisco, California 94105-2907

Re: State of South Carolina v. State of North Carolina, No. 138, Original

Dear Special Master Myles:

We hereby set forth Joint Progress Report No. 12 from intervenors City of Charlotte, North Carolina (Charlotte), Catawba River Water Supply Project (CRWSP) and Duke Energy Carolinas, LLC (Duke) (collectively, Intervenors).

On January 9, 2009, the Supreme Court granted South Carolina's motion for leave to file exceptions to the First Interim Report of the Special Master. Exceptions were filed by South Carolina on February 13, 2009. CRWSP and Duke each submitted a letter to the Court preserving their rights to make alternative arguments in support of the Special Master's decision. All three intervenors filed reply briefs on March 9, 2009, asking the Court to accept the Special Master's recommendation to grant the motions to intervene. South Carolina's sur-reply is due March 23, 2009.

Document discovery in accordance with Case Management Order No.7 is continuing among the parties without any pending disputes requiring judicial assistance. Duke made another production to South Carolina on February 20, 2009. Charlotte made its third production to South Carolina on February 12, 2009, and continues to collect and review documents in response to South Carolina's document requests. CRWSP made its initial production on February 3, 2009 and is currently in the process of reviewing and gathering responsive electronic documents to be produced.

South Carolina has been providing Intervenors with copies of South Carolina's documents obtained pursuant to third-party subpoenas.

FERC has issued its draft Environmental Impact Statement for the Catawba-Wateree Project. See <http://www.ferc.gov/industries/hydropower/enviro/eis/2009/03-06-09.asp>.



Kristin Linsley Myles, Special Master
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Sincerely,

Virginia A. Seitz / *IME*
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cc: All Counsel of Record