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September 25, 2000

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Dear Ms. Bayó:

Pursuant to order No. PSC-93-1522-FOF-EI issued October 15, 1993, in Docket No. 930867-EI, Florida Power was directed to file an annual report providing updated information on four specific items related to its self-insured program for transmission and distribution line ("T&D") property damage.

An annual report was filed in October 1994, and letters serving as annual reports were filed in September 1995, 1996, 1997, 1998, and 1999. Following are the changes since our last report for the required items.

1. Update on Efforts to Obtain Traditional T&D Insurance – In the last year we have reviewed various options for obtaining T&D coverage such as traditional insurance and insurance-linked securitization. There has been no change in the availability of cost-effective traditional insurance since our last report. In May 2000 we retained an outside consultant to perform an assessment of the potential damage to our system from major storm activity. This assessment will be used to help evaluate the appropriate level of risk protection. Final action based on the results of this evaluation has been put on hold pending completion of the share exchange agreement between Carolina Power & Light and Florida Progress Corporation. The closing is scheduled for fall of 2000.
2. Status of the Proposed Industry-Wide T&D Program – There has been no change since our last report regarding a proposed industry-wide program for T&D insurance.
3. Update on the Evaluation of Florida Power Corporation's Exposure and the Adequacy of the Storm Damage Reserve – In May 2000 we retained an outside consultant to perform an assessment of the potential damage to our system from major storm activity. After reviewing the report and the Company's loss history for the past 25 years, it was determined that the current annual accrual of \$6 million is appropriate and should be continued for the foreseeable future.

In the fall of 1999, hurricanes Floyd, Harvey and Irene impacted portions of our service territory and their costs were charged against the storm damage reserve. No costs have been charged against the reserve so far in 2000. The balance of the reserve at August 31, 2000, was \$29.6 million.

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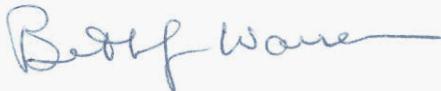
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4. Feasibility and Cost-Effectiveness of a Risk Sharing Plan Among Investor-Owned Electric Utilities in Florida – There continues to be no feasible basis for a shared T&D insurance program among the investor-owned utilities in Florida. However, we continue to meet periodically with the other major investor-owned utilities to discuss developments in the insurance industry and the potential for risk sharing options.

Florida Power hereby requests this letter to serve as its annual report for 2000. If a significant change should occur in the Company's exposure, the adequacy of the storm damage reserves, or the cost and availability of traditional insurance, updated information will be provided to the Commission.

Please acknowledge your receipt of this letter on one of the five enclosed copies of same and return it to the undersigned. Thank you for your cooperation.

Sincerely,



Beth J. Warren
Director, Corporate Risk Management

cc: Mr. Tim Devlin – FPSC
Mr. John Scardino, Florida Power Corporation
Mr. Vincent Dolan, Florida Power Corporation

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