

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by
Progress Energy Florida, Inc.

Docket No. 050078-EI

Submitted for filing:
April 29, 2005

**DIRECT TESTIMONY OF
ROBERT H. BAZEMORE, JR.**

ON BEHALF OF PROGRESS ENERGY FLORIDA

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**DIRECT TESTIMONY OF
ROBERT H. BAZEMORE, JR.**

Introduction and Summary.

Q. Please state your name and business address.

A. My name is Robert H. Bazemore, Jr. My business address is Accounting Department, Progress Energy Service Company, LLC, P.O. Box 1551, PEB 18A1, Raleigh, North Carolina 27602.

Q. By whom are you employed and in what capacity?

A. I am the Vice President and Controller for Progress Energy, Inc. ("Progress Energy") and Progress Energy Florida, Inc. ("Progress Energy Florida") and Vice President in charge of Accounting for Progress Energy Service Company, LLC ("Service Company").

Q. What are the duties and responsibilities of your positions with respect to Progress Energy Florida?

A. As Vice President and Controller of Progress Energy and Progress Energy Florida, I am responsible for all accounting and financial reporting functions (both internal and external) for Progress Energy and its subsidiaries, including Progress Energy Florida. I oversee accounting policies and procedures, accounting business controls, and accounting records. Apart from Progress Energy Florida, Progress Energy's subsidiaries include Progress Energy Carolinas ("PEC") and Progress Energy's other regulated and non-regulated businesses.

1
2 **Q. Please describe your educational background and professional experience.**

3 A. I earned my Bachelor's Degree in Accounting in 1976 at the University of South Florida.
4 From 1976-1978, I worked as a Staff Accountant for Smoak, Davis & Nixon in
5 Jacksonville, Florida. From 1978-1980, I worked as a Senior Accountant with Main
6 Hurdman in Jacksonville. From 1980-1983, I was a Supervisor for Ernst & Whinney in
7 Roanoke, Virginia. I was promoted to Senior Manager in 1984 and served in that
8 capacity until 1986. I moved to Carolina Power & Light ("CP&L") in 1986 as Manager
9 of Financial and Contract Auditing in the Audit Services Department until 1991. From
10 1991-1995, I worked as the Controller for CP&L's Harris nuclear power plant. From
11 1995-1998, I served as Manager of Financial and Regulatory Accounting in CP&L's
12 Accounting Department. I became Director of the Operations and Environmental
13 Support Department of CP&L in 1998, and served in that position until 2000, when I
14 took my current position as Vice President and Controller of Progress Energy. I am a
15 Certified Public Accountant ("CPA") licensed in Florida and North Carolina and a
16 Certified Internal Auditor. I am also a member of the American Institute of CPA's and of
17 the North Carolina Institute of CPA's.

18
19 **Q. What is the purpose of your direct testimony?**

20 A. The purpose of my direct testimony is to support the reasonableness of the
21 Administrative and General ("A&G") portion of the Company's Operation and
22 Maintenance ("O&M") expenses as well as depreciation and asset retirement obligations.
23

1
2 **Q. Do you have any exhibits to your testimony?**

3 A. Yes, I have supervised the preparation of the following exhibits to my direct testimony:

- 4 • Exhibit No. ____ (RHB-1), a list of the Minimum Filing Requirements (MFRs) schedules
5 I sponsor or co-sponsor.
- 6 • Exhibit No. ____ (RHB-2), the SEC Order approving the Service Company's
7 organizational structure and cost allocation methodologies, dated November 27, 2000.
- 8 • Exhibit No. ____ (RHB-3), the Service Company's Cost Allocation Manual.
- 9 • Exhibit No. ____ (RHB-4), the May 8, 2003 SEC Audit Letter.
- 10 • Exhibit No. ____ (RHB-5), the Service Company's Organizational Chart.
- 11 • Exhibit No. ____ (RHB-6), the Actuarial Study supporting the Pension Credit.
- 12 • Exhibit No. ____ (RHB-7), the AUS Consultants' 2005 Depreciation Study.

13 All of these exhibits are true and accurate.
14

15 **Q. Do you sponsor any schedules of the Company's Minimum Filing Requirements**
16 **(MFRs)?**

17 A. Yes, I sponsor the MFR schedules identified in Exhibit No. ____ (RHB-1), and they are
18 true and accurate, subject to their being updated in the course of this proceeding. For
19 example, as I explain in more detail below, the Company continues to look for ways to
20 control costs and operate more efficiently. The Company has undertaken an enterprise-
21 wide review of its organization to identify areas where further operational efficiencies
22 can be achieved to produce additional cost savings. This initiative is being implemented
23 throughout 2005 and into 2006 and includes employee incentives for voluntary early

1 retirement as positions are eliminated under the reorganization. The reorganization
2 initiative, including the initial estimate of cost savings net of reorganization expenses
3 from the initiatives that were not available when the 2005 and 2006 budgets were
4 prepared, is explained in more detail in the testimony of Javier Portuondo.

5
6 **2. Please summarize your testimony.**

7 A. The A&G functions for Progress Energy Florida are performed primarily through the
8 Service Company. The Service Company was formed and approved under the Public
9 Utility Holding Company Act of 1935 ("PUHCA"). The Securities and Exchange
10 Commission ("SEC"), as directed in the PUHCA, reviewed and approved the creation,
11 policies, and cost allocation methodologies of the Service Company. The Service
12 Company complies with the SEC rules regarding the operation of a subsidiary service
13 company. In particular, the SEC rules require the Service Company to provide services
14 efficiently and economically "at a cost fairly and equitably allocated among" operating
15 subsidiaries. Progress Energy's cost-allocation program is designed to ensure that all
16 costs are allocated fairly and equitably and that one company will not subsidize another.

17 Administrative and General Expenses consist primarily of corporate benefit costs,
18 human resources, finance, corporate communications, legal, regulatory affairs, corporate
19 services (e.g. facilities, procurement), information technology ("IT"), and
20 telecommunications. In order to effectively benchmark from Progress Energy Florida's
21 last base rate proceeding, we believe it is appropriate to exclude "Pension & Benefits"
22 and the Storm Damage Reserve from the benchmark. The Pension and Benefit expenses
23 are subject to market forces beyond the Company's control since health care costs are

1 rising rapidly and far exceed the Consumer Price Index ("CPI"). Pension expense is
2 subject to fluctuations due to pension investment returns based upon the portfolio of
3 investments. Changes to the Storm Damage Reserve are also beyond the Company's
4 control and heavily influenced by the 2004 hurricane season. Progress Energy Florida
5 has forecasted that its A&G O&M expenses for 2006 are within the Florida Public
6 Service Commission ("Commission") benchmark from the last base rate proceeding,
7 excluding Pension and Benefit expenses and the Storm Damage Reserve. Progress
8 Energy Florida has managed and controlled A&G expenses without sacrificing customer
9 service or reliability. In fact, the Company has achieved Company-wide improvements
10 in the quality of customer service and in reliability.

11 Additionally, the Company has filed its 2005 Depreciation Study with the
12 Commission. This Study is a fair representation of the Company's efforts to recover its
13 plant costs. The net effect is an annual depreciation decrease of \$46.6 million across all
14 property functions.

15
16 **I. Overview of the Service Company.**

17 **Q. Who administers A&G functions for Progress Energy Florida?**

18 **A.** Progress Energy provides A&G functions for all of its subsidiaries in a centralized
19 manner through Progress Energy Service Company. Progress Energy formed and
20 operates the Service Company in strict compliance with the PUHCA and the rules and
21 regulations of the SEC with the oversight by the SEC. Under the PUHCA, the SEC is
22 charged with the responsibility for regulating subsidiary service companies of utilities
23 subject to PUHCA, like our Service Company.

1
2 **Q. How does SEC regulation of the Service Company under PUHCA affect Progress**
3 **Energy Florida?**

4 A. Under PUHCA, a registered holding company may not sell services or goods to its
5 subsidiaries directly, but only through an authorized mutual or subsidiary service
6 company. The SEC must, therefore, approve the organization of subsidiary service
7 companies, like Progress Energy Service Company, that are formed to centralize various
8 management and administrative functions. In its order attached as Exhibit No. ____
9 (RHB-2) to my testimony, the SEC approved the Service Company's organization and
10 structure.

11 Section 13(b) of PUHCA also limits the amount that a subsidiary of a registered
12 holding company may charge when it renders services or sells goods to any other
13 company in the holding company system (i.e., any associate company) to such
14 subsidiary's "cost," fairly and equitably allocated among all associate companies.
15 Likewise, the SEC's rules require, among other things, that the Service Company provide
16 services efficiently and economically "at a cost fairly and equitably allocated among"
17 operating subsidiaries. Rule 88(b), 17 C.F.R. § 250.88(b). To implement this rule, the
18 SEC has prescribed a uniform system of accounts for service companies modeled on
19 those prescribed by the Federal Energy Regulatory Commission ("FERC") for electric
20 utilities. All service company charges must be limited to its "cost" of performing such
21 services. The categories of services that a service company may perform and all cost
22 allocation methods must be pre-approved by the SEC. Any modification in the categories

1 of services provided or methods of allocation used by a service company must also be
2 approved by the SEC.

3 Progress Energy's cost-allocation program is designed to ensure that all costs are
4 allocated fairly and equitably and that one company will not subsidize another. Progress
5 Energy's policies, procedures, methodologies, and metrics are described in detail in
6 Exhibit No. ____ (RHB-3), the Cost Allocation Manual for Progress Energy Service
7 Company. This Manual was prepared by the Progress Energy Service Company for its
8 use when supplying various administrative, management, and corporate support services
9 to the regulated and non-regulated associate companies within the Progress Energy
10 holding company system. The Manual includes the description of services and allocation
11 methods used by Progress Energy Service Company. As described in Exhibit No. ____
12 (RHB-2), the SEC has approved the Service Company's cost allocation methodologies.

13 After a service company is established, and its organizational structure and cost
14 allocation methodologies are approved, the SEC continues to monitor all financing
15 activities, intercompany cost allocations, and affiliate transactions to ensure that all
16 processes, methodologies, and policies support the full and equitable allocation of service
17 company costs to all associate companies (including the holding company), both
18 regulated and non-regulated. For example, Progress Energy Service Company must file
19 an annual report (on Form U-13-60), providing significant detail about its operations and
20 cost allocations. Progress Energy Service Company filed its first annual report for the
21 year 2001 on May 1, 2002, and has subsequently filed annual reports each May for 2002
22 and 2003, and will file its annual report in May for the year 2004. The SEC also
23 conducts periodic audits of our Service Company. The SEC audited Progress Energy

1 Service Company with the resulting closure of the examination indicated in Exhibit No.
2 ____ (RHB-4). In connection with the SEC audit, the Staff of the Florida Public Service
3 Commission (the "Commission") was invited to participate and did in fact participate in
4 the audit. Finally, the SEC requires Progress Energy to maintain an active role in
5 evaluating the Service Company's compliance with PUHCA through its internal audit
6 functions.

7
8 **Q. How is the Service Company organized?**

9 A. Please see Exhibit No. ____ (RHB-5). This is an organization chart for Progress Energy
10 Service Company that identifies the Service Company's functions.

11
12 **Q. Please give a brief overview of the products and services provided by Progress**
13 **Energy Service.**

14 A. The Service Company provides processing, reporting, and management oversight for a
15 variety of areas, including finance, insurance, IT, real estate and facility services,
16 procurement, corporate communications, human resources, audit services, environmental,
17 legal, and regulatory. Exhibit No. ____ (RHB-5), the Service Company organizational
18 chart, provides a listing of all Service Company departments and Exhibit No. ____ (RHB-
19 3), the Cost Allocation Manual, provides a detailed listing of all Service Company
20 products and services.

21
22 **Q. How do Progress Energy Florida's customers benefit from the Service Company?**

A. The Service Company consolidates various corporate functions and eliminates duplicative resources, thus, reducing the cost of utility operation to the utility's customer. The Service Company provides centralized management of finance, insurance, IT, real estate and facility services, procurement, corporate communications, human resources, audit services, environmental, legal, and regulatory. This integration has allowed the combined companies to reduce the number of redundant functions where staffing levels are relatively fixed and do not vary directly with an increase or decrease in the number of employees or customers. Progress Energy Service Company is also able to lower costs by integrating many previously separate programs, including employee benefits, investor services, fleet systems, travel programs, purchasing practices, facilities management, security, and insurance. The centralization of management further improves the quality of operations through, among other things, the incorporation of common work practices and shared best practices among the companies. All of these attributes of the Service Company inure to the benefit of Progress Energy Florida's customers by providing greater efficiency in utility operations and, thus, lower costs than would otherwise be the case.

Q. Please describe the cost allocation methodologies employed by Progress Energy Service Company.

A. The costs of the Service Company are classified into various products. Each functional area has several products within it. Prior to allocating costs, the Service Company will assign or charge directly to an affiliate those costs associated with a product that specifically benefits a particular affiliate or that a particular affiliate causes the Service

1 Company to incur. For example, if Progress Energy Service Company performs an IT
2 project for Progress Energy Florida or incurs costs to improve Progress Energy Florida's
3 vehicle fleet, Progress Energy Service Company will assign the costs of these projects (or
4 "products") directly to Progress Energy Florida.

5 Any costs that are not directly attributable to a particular affiliate are allocated to
6 the various affiliates that use the service or product based on SEC-approved metrics.
7 These metrics are basically objective formulas for allocating costs per customer, per
8 square foot, per invoice, or on such other basis as may be appropriate to the kind of cost,
9 service, or product involved. Progress Energy Service Company evaluates and updates
10 its metrics at least once every year.

11 In addition to allocating costs of products and services that Progress Energy
12 Service Company itself provides to various affiliates, including Progress Energy Florida,
13 the Service Company provides direction and oversight to ensure that each Progress
14 Energy subsidiary fairly and equitably allocates costs among the appropriate affiliates,
15 using uniform cost-allocation principles. Regardless whether shared functions and
16 services are managed directly by Progress Energy Service Company or are operated
17 through other Progress Energy subsidiaries with cost allocation oversight by the Service
18 Company, Progress Energy's entire cost-allocation program has been designed to guard
19 against the subsidization of one entity at the expense of others.

20 The policies, procedures, methodologies, and metrics are described in detail in
21 Exhibit No. (RHB-3), the Cost Allocation Manual for the Service Company.
22
23

1 **II. Administrative and General ("A&G") Expenses.**

2 **Q. As the sponsor of Progress Energy Florida's MFRs detailing the A&G O&M**
3 **justification schedule, please provide an overview of Progress Energy Florida's**
4 **performance in this area.**

5 A. We believe that Progress Energy Florida continues to perform well in the area of A&G
6 O&M expenses, taking into account and separately considering those A&G O&M items
7 that are primarily driven by market forces beyond the Company's reasonable control,
8 such as the Pension Credit, the substantial increases in the costs of health care benefits for
9 employees, and the increase in the Storm Damage Reserve. The 2002 test year was a
10 transition year for the Service Company with implementation of many new systems and
11 processes. The transition to a merged company with a fully functional service company
12 was on-going. Using this test year as the Commission benchmark, and adjusting for
13 customer growth and inflation, the Company's 2006 A&G budget is within the
14 Commission benchmark, excluding Pension & Benefits and the adjustment to the Storm
15 Damage Reserve, i.e. \$137.1 million budget versus \$140.7 million benchmark. This
16 demonstrates that the Company has successfully held the line on A&G O&M costs
17 except for certain expenses, most notably, pension costs, and employee health care costs
18 that are rapidly increasing at a rate in excess of the consumer price index ("CPI") used by
19 the Commission in its benchmark, and the Storm Damage Reserve, due to the impact of
20 significant weather events.

21
22 **Q. Why are there significant variances within the A&G FERC accounts compared to**
23 **the benchmark?**

1 A. We have applied the benchmark to each A&G O&M FERC account consistent with prior
2 Commission practice of applying it to the 2002 actual results in MFR Schedule C-6. The
3 total A&G O&M expenses are within the Commission benchmark for total A&G O&M
4 costs, excluding Pension & Benefits and the Storm Damage Reserve as noted above. The
5 Commission benchmarks are a tool to assist the Commission to understand what factors
6 affect the Company's O&M expenses and to evaluate the appropriate level of the
7 Company's O&M expenses. They are not, without consideration of the reasons for any
8 reported variance, determinative of the reasonableness of any particular A&G O&M
9 expense. In our case, the benchmark of total A&G O&M expenses against the
10 Company's total A&G O&M expenses in the 2006 test year, excluding "Pension &
11 Benefits" and the Storm Damage Reserve for reasons more fully developed below, is the
12 most appropriate benchmark to understand the Company's A&G O&M expenses.

13 To explain, the MFRs in the last rate proceeding were based on a 2002 test year.
14 Calendar year 2002 was a key year for integration of the merged companies. It was the
15 first year that new Florida financial systems went into service, that Service Company
16 allocations were fully automated, and consistent practices were implemented. Calendar
17 year 2002 was, therefore, a transition year as the Company and the Service Company
18 continued to learn the systems and develop consistent practices across FERC accounts.
19 We have determined that in a number of instances costs charged to one FERC account in
the 2002 MFRs should have been charged to different FERC accounts to be consistent
with the 2006 MFRs. The result is that a number of variances in the comparison of the
individual A&G expenses by FERC account in the current MFRs to the Commission
benchmark are the result of reallocating costs among the FERC accounts. This

1 reallocation of cost issue is mitigated when you look at the total A&G expenses for all of
2 the FERC A&G accounts. Therefore, the comparison of the total A&G O&M expenses
3 in the current MFRs to the Commission benchmark at the total A&G O&M expense level
4 gives a clearer picture of the Company's A&G O&M expenses, (taking into account the
5 effects of customer growth and inflation, as intended by the Commission benchmark).
6

7 **Q. What is the Storm Damage Reserve?**

8 A. The Storm Damage Reserve is an unfunded reserve for all direct costs not covered by
9 insurance for certain storms. Since Hurricane Andrew in 1992, the Company has been
10 self-insured for storm damage to its transmission and distribution system. Pursuant to
11 Commission Order No. PSC-94-0852-FOF-EI in Docket No. 940621-EI, the Company is
12 accruing \$6 million annually in base rates to the Storm Damage Reserve based on a study
13 the Commission requested from the Company and approved.
14

15 **Q. Why is there a variance in the MFRs for the Storm Damage Reserve?**

16 A. The Storm Damage Reserve was fully depleted by the 2004 hurricane season. The costs
17 to the Company to prepare for and respond to four hurricanes far exceed the balance in
18 the Storm Damage Reserve. The Company commissioned an updated study in 2004 to
19 determine what the annual accrual to the Storm Damage Reserve should be. Based on
20 that Study, the Company has determined that the annual accrual should be an additional
21 \$44 million, or a total of \$50 million a year. The \$44 million additional annual accrual
22 represents the variance in the MFRs compared to the Company's last base rate

1 proceeding. A copy of the Company's updated study is an exhibit to the testimony of
2 Javier Portuondo.

3
4 **Q. Turning to the line items in the A&G justification schedule, please explain the**
5 **variance projected for the "Pension Credit" and why you believe this cost item**
6 **should be considered separately from other A&G costs.**

7 **A.** There is an unfavorable benchmark variance reported in the MFRs for the Pension Credit
8 of approximately \$20.8 million. This item, along with other expenses associated with
9 employee benefits and the Storm Damage Reserve, represents the majority of the
10 unfavorable variance reported in the MFRs.

11 The Pension Credit is determined using actuarial studies prepared by a third party
12 actuarial firm. A copy of the most recent actuarial study is attached to my testimony as
13 Exhibit No. ____ (RHB-6). As discussed more fully below, the Pension Credit is
14 determined pursuant to the provisions of the Financial Accounting Standards Board,
15 Statement No. 87 Employers' Accounting for Pensions. The Commission approved the
16 use of FAS 87 for ratemaking purposes in Docket No. 910890-EI, Order No. PSC-92-
17 1197-FOF-EI (October 22, 1992). Under these guidelines, a credit may be reflected
18 when the expected return on plan assets exceeds our service cost and other components of
19 pension expense. The Pension Credit can fluctuate due to several factors, the most
20 significant of which are the market performance of the investments held in the pension
21 plan and the discount rate. Customer growth and the CPI have no impact on the
22 calculation of the Pension Credit. As a result, the Commission benchmark, which adjusts

1 all O&M expenses in the MFRs by the same factors of customer growth and inflation, is
2 not reflective of the factors that cause increases or decreases in the Pension Credit.

3 For example, in the Company's last base rate proceeding we reported a favorable
4 benchmark variance of \$42.6 million in the Company's MFRs, which with the agreement
5 of the Commission, were filed before the testimony. That was subsequently updated by
6 the time I filed my testimony to a favorable benchmark variance of \$19.5 million due to
7 market performance of the underlying pension investments. The \$23 million change in
8 the variance represented updated actuarial forecast results reflecting the decline in the
9 stock market in 2001. To judge changes in the Pension Credit by customer growth and
10 the CPI, as the Commission benchmark does, in no way captures those forces affecting
11 changes in the value of the Pension Credit. The Commission benchmark, then, is not an
12 appropriate mechanism to evaluate changes in the Pension Credit.

13
14 **Q. Please discuss the unfavorable variance described as Health Benefits Costs.**

15 **A.** Another driver behind the unfavorable benchmark variance is the cost of health benefits
16 for the Company's employees. Applying the Commission O&M benchmark and
17 adjusting only for growth and the CPI, the unfavorable variance between the 2006 MFRs
18 and the O&M benchmark is approximately \$7.1 million. Coupled with the unfavorable
19 benchmark variance for the Pension Credit explained above, the total unfavorable
20 variance of the Pension Credit and Health Benefits costs is approximately \$28 million.

21
22 **Q. Do you believe that the O&M benchmark accurately reflects the experience with**
23 **health care costs?**

1 A. No, I do not. The O&M benchmark uses the CPI to escalate costs and therefore assumes
2 that all O&M costs will increase at the same rate. This may be a reasonable assumption
3 for some O&M costs but it is not appropriate for health care costs, which are escalating at
4 a rate that far exceeds the CPI. This is true not only for Progress Energy but for all
5 businesses and individuals.

6 It is well documented in publications, national news, and the subject of political
7 forums, that health care costs are escalating at double digit rates. Progress Energy's
8 health care costs have increased at an average growth rate of 12% since 2002.

9 The Company is always looking for opportunities to manage and contain the
10 growth in health care costs while also maintaining competitive health care benefits.
11 Since 2002, the Company has taken aggressive cost management actions that include
12 adding a three-tiered co-pay to our prescription drug plan to encourage generic
13 utilization; annually adjusting employee contributions; eliminating two high-cost HMOs;
14 introducing income-based medical premiums; and increasing the level of
15 communications to employees to educate them on how to improve their health and
16 concurrently mitigate health care cost. We have also implemented a disease management
17 program to facilitate the effective medical treatment of plan participants with specific
18 diseases that, if not properly managed, can generate expensive claim costs.

19 Progress Energy's health care costs are also consistent with the national trends.
20 For example, the overall cost of health care per plan member for a Progress Energy
21 employee and their covered dependents is \$2,998 compared to \$3,330 for other
22 companies based on a recent national survey of health care plan costs by Mercer.

1 The Company has done a very good job controlling health care costs in a climate
2 where all businesses are struggling to balance increasing benefit costs with offering
3 competitive, value-added employee benefit plans.

4
5 **Q. Can you please explain the unfavorable benchmark variance involving the shift of**
6 **IT costs from FERC functions outside of A&G?**

7 A. Yes, I can. This variance is an example where the reallocation of costs among FERC
8 accounts skews the results of the Commission O&M benchmark test. From 2002 to
9 2006, the methodology used to charge telephone circuit costs was modified to achieve
10 more accurate cost allocation and to facilitate better management of actual circuit usage,
11 and the addition of new circuits. This resulted in a movement of costs from functional
12 FERC accounts to A&G FERC accounts. Within A&G, this created a \$7.4 million
13 unfavorable variance compared to the Commission benchmark. There is a favorable
14 variance in other FERC functions (outside of A&G) as a result of this change of \$6.6
15 million. The net result is a \$0.8 million unfavorable variance primarily due to Progress
16 Energy Florida's telephone circuit costs. However, IT costs overall to Progress Energy
17 Florida, considering all FERC functions, is favorable by \$4.6 million.

18
19 **Q. Why do you show an unfavorable benchmark variance of about \$6 million in FERC**
20 **account 925, "Injuries and Damages," in the A&G justification schedule?**

21 A. The increase in FERC account 925, which contains insurance expenses, is primarily due
22 to an increase in nuclear, liability, and workers' compensation insurance. In the nuclear
23 insurance area, nuclear property is insured through Nuclear Electric Insurance Limited

1 ("NEIL"). NEIL is a mutual insurance company whereby the member's cost is typically
2 reduced by distributions as a result of excellent industry performance and investment
3 returns in underlying assets. The test year budget for nuclear insurance is unfavorable by
4 \$4 million compared to the benchmark due to a decrease in distributions from NEIL. The
5 NEIL distributions are lower because of fluctuations in its investment market
6 performance.

7 Executive liability insurance is unfavorable compared to the benchmark by \$1.5
8 million due primarily to market conditions and the reaction of the Directors' and
9 Officers' liability insurance industry to corporate scandals such as Enron. Other liability
10 and workers' compensation insurance also increased compared to the benchmark based
11 on market conditions affecting the price of insurance and continuing impacts from 9/11
12 events.

13
14 **Q. Let's turn now to the favorable variances in the A&G justification, please discuss**
15 **the efficiencies represented by the Service Company cost changes outlined in the**
16 **MFRs.**

17 **A.** Comparing the MFRs in 2002 to the MFRs in 2006, we have achieved approximately \$16
18 million of A&G cost efficiencies and reductions in work scope before offsets compared
19 to the Commission benchmark. These savings are from many different areas of the
20 Service Company. For example, the separate combination of disparate Corporate
21 Communications and Finance groups among the companies resulted in significant
22 efficiencies in the operations with a lower overall cost to the customer.

1 The savings are partially offset by increases in depreciation expense and incentive
2 charges. The higher depreciation expense is due to the growth in the Service Company's
3 technology assets as a result of the integration of the Florida system. This integration of
4 technology has been a significant enabler to the Service Company in achieving cost
5 efficiencies in other areas. There is an unfavorable variance to the benchmark of \$5.9
6 million related to incentives. This is driven by differences in payout level between 2002
7 actuals (on which the benchmark is based) and the test year, as well as accounting
8 adjustments in 2002. These variances are partially offset by the reclass of some
9 incentives from A&G to other FERC functions between the benchmark and the test year.
10 The increase in incentive payouts in 2006 compared to 2002 relates to company
11 performance. The incentive payouts are tied to the number of goals achieved in a given
12 year. Goal achievement was at a lower level in 2002, but, with the Company-wide
13 improvements in all areas of service quality and our plan to maintain those advancements
14 in service quality, we expect higher achievement levels in the 2006 budget. Other
15 witnesses for the Company will explain in detail our movement to the top quartile in our
16 industry in customer service, reliability, and safety, among other improvements. The
17 incentive payments are a critical part of our continued commitment to excellence. To
18 maintain the commitment, and provide quality service, we must reward our employees
19 for doing a great job.

20 Even with these offsets, we still achieved significant efficiencies and cost
21 reductions in A&G compared to the Commission's benchmark.
22

1 **Q. Are Progress Energy Florida's total projected A&G O&M expenses for 2006**
2 **reasonable?**

3 A. Yes. In an era of rapidly escalating health care costs we have otherwise held the line on
4 our costs at the level we committed to as a result of the merger. Excluding "Pension &
5 Benefits" and the resulting impact of market forces outside of our control and rising
6 health care costs, and the uncontrollable severe weather impacts on the Storm Damage
7 Reserve, our total A&G expenses are representative of the Commission benchmark. We
8 believe this demonstrates that we have operated efficiently and in a cost-effective
9 manner.

10 Moreover, all costs are allocated on a fair and equitable manner to Progress
11 Energy Florida in compliance with PUHCA and under the ongoing oversight of the SEC.
12 The Service Company engages in rigorous cost control, subjecting proposed expenditures
13 to close scrutiny, internal challenge, and active management oversight. The Company
14 has taken and continues to take appropriate steps to control A&G costs while providing
15 competitive compensation and benefits to employees.

16
17 **Q. Are there any other changes in the 2006 test year that will have an impact on the**
18 **Company's capital and maintenance expenses?**

19 A. Yes, there is. The Company has reviewed its capitalization policies for its Energy
20 Delivery business units. That financial consistency review indicated that in the areas of
21 outage and emergency ("O&E") work not associated with major storms and the allocation
22 of indirect costs, PEF should revise the way that it estimates the amount of capital costs
23 associated with such work. The Company has implemented such changes effective

1 January 1, 2005, that include more detailed classification of outage and emergency work.
2 As a result of the changes in accounting estimates for the outage and emergency work
3 and indirect costs, a lower proportion of PEF's costs will be capitalized on a prospective
4 basis. This change in accounting methodology is also explained in the testimony of
5 Javier Portuondo.

6
7 **Q. What is the impact on the 2006 test year due to the change in accounting**
8 **methodology?**

9 A. The Company estimates that the combined effect of the change in the character of the
10 costs in the O&E account will result in approximately \$34 million of additional O&M
11 costs being expensed in the test year.

12
13 **IV. Depreciation and Asset Retirement Obligations.**

14 **Q. Please describe the Company's implementation of the FASB Statement No. 143.**

15 A. Effective January 1, 2003, the Company adopted SFAS No. 143, "Accounting for Asset
16 Retirement Obligations ("AROs")," to account for legal obligations associated with the
17 retirement of certain tangible long-lived assets. The present value of retirement costs for
18 which the Company has a legal obligation are recorded as liabilities with an equivalent
19 amount added to the asset cost and depreciated over an appropriate period. The liability
20 is then accreted over time by applying an interest method of allocation to the liability.

21 The Company recognized an asset retirement obligation for the nuclear
22 decommissioning of irradiated plant at Crystal River 3 ("CR3"). The asset retirement
23 costs related to CR3, net of accumulated depreciation, totaled \$36 million with an

1 associated obligation of \$337 million at December 31, 2004. The Company also
2 identified but did not recognize AROs related to electric transmission and distribution
3 and telecommunications assets as the result of easements over property not owned by the
4 Company. These easements are generally perpetual and only require retirement action
5 upon abandonment or cessation of use of the property for the specified purpose. The
6 ARO liability is not estimable for such easements because the Company intends to utilize
7 these properties indefinitely. In the event the Company decides to abandon or cease the
8 use of a particular easement, an ARO liability would be recorded at that time.

9 The adoption of this statement had no impact on the income of the Company, as
10 the Commission issued an order to authorize deferral of all effects, initial and
11 prospective, related to SFAS No. 143. Therefore, SFAS No. 143 has no impact on the
12 income or expense of the Company.

13 The Company also recognizes certain removal, decommissioning, and
14 dismantlement costs. These amounts are components of depreciation expense, recorded
15 as accumulated depreciation for regulatory purposes, and are supported by Commission
16 approved studies. For financial reporting purposes these amounts are classified as
17 regulatory liabilities in accordance with SFAS No. 143 and SFAS No. 71. At December
18 31, 2004, these costs consist of removal costs of \$1,005 million, removal costs for non-
19 irradiated areas at nuclear facilities of \$61 million, and amounts previously collected for
20 dismantlement of fossil generation plants of \$144 million.

21 Additionally, in April 2003, the FERC issued Order No. 631 (Docket No. RM02-
22 7-000), "Accounting, Financial Reporting and Rate Filing Requirements for Asset
23 Retirement Obligations." In the Order the FERC added new balance sheet accounts to

1 record the liability and the related asset, new income statement accounts to record
2 accretion of the liability and the depreciation of the related asset, and updated as
3 necessary the definitions, general, and plant instructions contained in the Uniform
4 Systems of Accounts. The FERC also revised certain schedules in its Annual report
5 (FERC Form No. 1). The Company has complied with these requirements.
6

7 **Q. Has the Company filed a new Depreciation Study with the Commission?**

8 A. Yes, it has.
9

10 **Q. Who prepared the new Depreciation Study and on what principle is it based?**

11 A. Progress Energy Florida engaged the services of Earl Robinson, Certified Depreciation
12 Professional of AUS Consultants, a Division of Weber Fick & Wilson, to perform the
13 2005 Depreciation Study. The Study was prepared in accordance with Commission Rule
14 25-6.0436, F.A.C. The Study contains the results of the depreciation analysis of its actual
15 depreciable plant as of December 31, 2003. Depreciable plant balances were estimated
16 as of December 31, 2005. These estimates are based upon PEF's 2005 forecasted plant
17 balances. The estimated plant balances were used to compute the change in depreciation
18 expense between this Study and PEF's 1997 approved depreciation study. Exhibit No.
19 (RHB-7) to my testimony is a true and accurate copy of the 2005 Depreciation Study.
20

21 **Q. Please summarize the depreciation impact by functional area in the Study.**

22 A. Applying the proposed depreciation parameters to the Company's estimated plant in
23 service balances at December 31, 2005 compared to the 1997 approved rates, and

1 allocating the retail depreciation credit, the Study produces annual depreciation
2 decreases of \$ 46.2 million. A summary of the property functions with decreases are:
3 Steam (\$ 24.4 million); Nuclear (\$ 16.5 million); Other Production (\$ 1.1 million);
4 Transmission (\$ 12.1 million); and General Plant (\$.2 million); offset by an increase in
5 Distribution of \$ 8.1 million.

6
7 **Q. Please describe the factors by function that result in the change in depreciation**
8 **expense in the 2005 Depreciation Study.**

9 A. The factors that influence depreciation expense are different by function. The decrease in
10 Steam is primarily driven by lower net book values in the 2005 Depreciation Study as
11 compared to the 1997 Study, being depreciated over generally similar average remaining
12 lives. Additionally the total amount estimated for cost of removal decreased resulting in
13 lower annual cost of removal expense.

14 The decrease in Nuclear is primarily driven by assuming a 20-year life extension
15 at the Crystal River 3 plant ("CR3"), resulting in a decrease in the overall annual
16 depreciation expense.

17 The decrease in Other Production is primarily driven by the addition of the Hines
18 3 plant offset by the extension of the depreciable life at the Hines 1 plant from 20 years to
19 30 years, which results in a slight decrease in overall annual depreciation expense.

20 The decrease in Transmission is primarily driven by longer depreciable lives
21 primarily for Account 353.20 – Station Equipment, Account 355 – Poles and Fixtures and
22 Account 356 – Overhead Conductor and Devices. Additionally, Account 353.20 is
23 forecasted to have a significantly lower net book value in the 2005 Depreciation Study.

1 The increase in Distribution is primarily driven by an increase in the total amount
2 estimated for cost of removal for Account 364 – Poles and Fixtures. This is partially
3 offset by longer lives and lower total estimated cost of removal for Account 365 –
4 Overhead Conductor and Account 368 – Line Transformers and longer lives for Account
5 373 – Street Lighting and Signal Systems, which is partially offset by increases in
6 removal costs for this type of property.
7

8 **Q. Are there any major plant additions that will impact the 2006 test year and**
9 **ultimately the depreciation expense to the Company?**

10 A. Yes, there are. As noted above, the Company plans for an extension of its operating
11 license for the Company's nuclear generation unit, CR3. This will extend the life of CR3
12 to 2036, yielding an expected decrease in the annual depreciation expense. Also, the
13 Company will be extending the life of its Hines 1 combined cycle generating unit from
14 20 to 30 years, and expects a resulting decrease in the annual depreciation expense for the
15 unit.

16 In addition, the Company will be adding to rate base the addition of the Hines 2
17 combined cycle generation unit, which achieved commercial operation in December
18 2003. The Company will also be adding the Hines 3 combined cycle generation unit to
19 its generation system in December 2005. This additional generation unit is also reflected
20 in the 2006 test year, along with all generation additions to that point in time. The result
21 is an increase in the depreciation expense to account for this new generation.
22

1 **Q. Does the 2005 Depreciation Study take into account the termination of the**
2 **depreciation credit described in the settlement of the last rate proceeding in Docket**
3 **No. 000824-EI?**

4 A. Yes, it does. As outlined in Order No. PSC-02-0655-AS-EI, approving the settlement in
5 the Company's last rate proceeding, the Company suspended accruals for nuclear
6 decommissioning and fossil dismantlement. For each calendar year during the period of
7 the rate settlement, the Company recorded \$62.5 million as a credit to depreciation
8 expense and a debit to the depreciation reserve. At its option, the Company could record
9 up to an equal annual amount as an offsetting accelerated depreciation expense and a
10 credit to the depreciation reserve. The Company did not elect this option and as a result
11 will have accumulated a debit to the depreciation reserve of \$250 million as of December
12 31, 2005.

13 The Order states that any such reserve amount will be applied first to reduce any
14 reserve excesses by account, as determined in the 2005 Depreciation Study. Table 5F –
15 Future (Pro Forma) of the Study compares the theoretical reserve to the estimated book
16 reserve at December 31, 2005. As shown on Table 5F – Future (Pro Forma) of the Study,
17 the Company proposes to allocate the \$250 million to reserves where the December 31,
18 2005 book reserve exceeds the theoretical reserve using the percent of the excess over the
19 total reserves with excesses multiplied by the reserve balance. This amount was then
20 further allocated to the December 31, 2005 plant, salvage, and cost of removal reserves.
21 The impact of this allocation was to increase estimated annual depreciation expense
22 going forward by approximately \$13 million. This increase is factored into the functional
23 increases and decreases discussed above and the proposed depreciation rates in the Study.

MINIMUM FILING REQUIREMENT SCHEDULES

Sponsored, All or In Part, by Bob Bazemore

<u>Schedule #</u>	<u>Schedule Title</u>
B-7	* Plant Balances by Account and Sub-Account
B-8	* Monthly Plant Balances Test Year - 13 Months
B-9	* Depreciation Reserve Balances by Account and Sub-Account
B-10	* Monthly Reserve Balances Test Year - 13 Months
B-11	* Capital Additions and Retirements
B-12	* Net Production Plant Additions
C-6	** Budgeted Versus Actual Operating Revenues and Expenses
C-7	** Operation and Maintenance Expenses - Test Year
C-8	** Detail of Changes in Expenses
C-9	** Five Year Analysis - Change in Cost
C-12	** Administrative Expenses
C-13	** Miscellaneous General Expenses
C-14	Advertising Expenses
C-15	Industry Association Dues
C-16	Outside Professional Services
C-17	Pension Cost
C-18	Lobbying Expenses, Other Political Expenses and Civic / Charitable Contributions
C-19	* Amortization / Recovery Schedule - 12 Months
C-30	Transactions with Affiliated Companies
C-31	Affiliated Company Relationships
C-35	Payroll and Fringe Benefit Increases Compared to CPI
C-36	** Non-Fuel Operation and Maintenance Expense Compared to CPI
C-37	** O & M Benchmark Comparison by Function

MINIMUM FILING REQUIREMENT SCHEDULES

Sponsored, All or In Part, by Bob Bazemore

<u>Schedule #</u>	<u>Schedule Title</u>
C-38	** O & M Adjustments by Function
C-39	** Benchmark Year Recoverable O & M Expenses by Function
C-41	** O & M Benchmark Variance by Function
F-1	Annual and Quarterly Report to Shareholders
F-2	SEC Reports
F-3	Business Contracts with Officers or Directors
	* Witness sponsors as it pertains to Depreciation Expense, Depreciation Study and Asset Retirement Obligations
	** Witness sponsors as it pertains to Administrative and General Expenses

1 of 1 DOCUMENT

CP&L Energy, Inc.

SECURITIES AND EXCHANGE COMMISSION

Release Nos. **35-27284, 70-9643**

2000 SEC LEXIS 2570; 54 S.E.C. 996

November 27, 2000

ACTION:

[*1] Order Authorizing Acquisition of Exempt Holding Company by Exempt Holding Company and Related Transactions; Approving Organization of Service Company; Granting Exemption from Registration; and Denying Request for Hearing

TEXT: [**996]

CP&L Energy, Inc. ("CP&L Energy"), Raleigh, North Carolina, a North Carolina public-utility holding company exempt from registration under section 3(a)(1) of the Public Utility Holding Company Act of 1935, as amended ("Act"), by rule 2, and Florida Progress Corporation ("Florida Progress"), St. Petersburg, Florida, a Florida public-utility holding company exempt from registration under section 3(a)(1) of the Act by rule 2, (together, "Applicants"), have filed an application-declaration ("Application") with the Securities and Exchange Commission ("Commission") under sections 3(a)(1), 6(a), 7, 9(a)(2), 10, and 13(b) of the Act and rules 80 through 91 in connection with a proposed acquisition of Florida Progress by CP&L Energy. Following the acquisition, CP&L Energy will register as a holding company under section 5 of the Act.

The Commission issued a notice of the Application on August 4, 2000 (Holding Co. Act Release No. 27208). The Commission received a request for [*2] a hearing from an individual.

[**997]

I. Background

A. Summary of Proposals

As discussed further below, Applicants request authority for CP&L Energy to acquire all of the issued and outstanding shares of Florida Progress ("Merger"). Following the consummation of the Merger, CP&L Energy will register as a holding company under section 5 of the Act. CP&L Energy proposes to retain ownership of its and Florida Progress' nonutility businesses and requests that investments in nonutility businesses made prior to the effective date of the Merger not be counted in the calculation of the 15% investment limitation of rule 58. CP&L Energy also proposes to retain Florida Progress as an intermediate holding company for an interim period and seeks an order exempting Florida Progress from registration under section 3(a)(1) of the Act following the Merger.

Applicants further request the Commission to approve the organization of a company that will serve as the CP&L system service company and to approve the continuation and extension of two long-term coal supply agreements under which a nonutility associate company sells coal to Florida Power for use at its Crystal River nuclear generating facility [*3] in Citrus County, Florida.

B. Parties

1. CP&L Energy

CP&L Energy has two utility subsidiaries, Carolina Power & Light Company ("CP&L") and North Carolina Natural Gas Corporation ("NCNG"). n1 CP&L, the predominant subsidiary of CP&L Energy, is primarily engaged in the business of generating, purchasing, transmitting and distributing electricity in a 33,667 square mile area of North Carolina and South Carolina (the "Eastern Area"). The principal load centers within this region include Raleigh and Wilmington, North Carolina. CP&L also serves customers in a seven-county area in and around Asheville in western North Carolina [**998] (the "Western Area"). At December 31, 1999, CP&L furnished electric service to approximately 1.2 million customers.

n1 See *CP&L Energy, Inc.*, Holding Co. Act Release No. 27188 (June 15, 2000) (approving reorganization of CP&L into a holding company structure).

The Eastern and Western Areas are separated by and interconnected with the transmission system of Duke Power Company ("Duke Power"). [*4] Both are also interconnected with the transmission facilities of American Electric Power Company, Inc. ("AEP"). CP&L operates the Eastern and Western Areas as separate control areas within the Virginia-Carolinas Subregion ("VACAR") of the Southeastern Electric Reliability Council ("SERC"), a regional electric reliability and planning organization of which CP&L is a member.

As of December 31, 1999, CP&L owned or controlled 10,128 MW of installed generating capacity, 5,585 pole miles of transmission lines, over 44,294 pole miles of overhead distribution lines and nearly 13,842 miles of underground distribution lines. In 1999, CP&L's total system energy supply was 61,151 million kilowatt hours ("kWh"), of which 56,019 million kWh was generated by units owned or controlled by CP&L and 5,132 million kWh purchased from third parties.

CP&L is subject to regulation by the North Carolina Utilities Commission (the "North Carolina Commission") and the South Carolina Public Service Commission (the "South Carolina Commission") with respect to retail electric rates, securities issuances, affiliate transactions and other matters, and by the Federal Energy Regulatory Commission (the "FERC") with [*5] respect to wholesale electric and electric transmission rates.

CP&L's subsidiary, NCNG, supplies gas or gas transportation service to approximately 178,000 customers in 110 communities in eastern and south central North Carolina and to four municipal gas distribution systems. n2 NCNG purchases gas from a variety of out-of-state sources (chiefly in the Gulf Coast and Southwest producing areas), most of which is delivered to NCNG under long-term contracts with Transcontinental Gas Pipe Line Corporation and Columbia Gas Transmission Corporation. There is substantial overlap between CP&L's electric service area and NCNG's gas [**999] service area. Approximately 29% of NCNG's retail and wholesale gas customers are also electric customers of CP&L.

n2 CP&L, which acquired NCNG on July 15, 1999, became a public-utility holding company by reason of the acquisition. CP&L claims exemption from registration under section 3(a)(2) of the Act by rule 2.

NCNG's natural gas system consists of approximately 1,128 miles of transmission pipeline [*6] and 2,865 miles of distribution mains. n3 NCNG purchases gas for its bundled retail sales (which account for approximately half of the total gas throughput on the NCNG system) under a variety of long-term, short-term and spot market purchase agreements. NCNG is subject to regulation by the North Carolina Commission with respect to rates, securities issuances, affiliate transactions and other matters.

n3 NCNG recently sold its propane distribution business in North Carolina to an unaffiliated third party.

As of June 30, 2000, CP&L Energy had issued and outstanding 159,608,055 shares of common stock, without par value. For the twelve months ended June 30, 2000, CP&L's consolidated operating revenues were \$ 3,601,300,000 (of which \$ 3,224,700,000 (89.6%) were derived from electric utility operations, \$ 246,300,000 (6.8%) from regulated natural gas operations, and \$ 130,300,000 (3.6%) from diversified nonutility activities); operating income of \$

883,999,000; and net income of \$ 418,100,000. At June 30, 2000, CP&L had consolidated [*7] assets of \$ 9,771,600,000, including net utility plant of \$ 6,870,500,000. n4

n4 The nonutility businesses of CP&L Energy are described in Appendix A to the order.

2. Florida Progress

Florida Progress owns all of the issued and outstanding common stock of Florida Power, an electric utility that serves approximately 1.4 million customers in a 20,000 square mile area of central and northern Florida, including St. Petersburg, Clearwater and the areas around Orlando.

The Florida Power electric system, as of December 31, 1999, had 9,567 MW of total generating capacity. This amount includes total net winter dependable generating capacity of 8,267 MW and total purchased power of 1,300 MW. In 1999, Florida Power's total system energy supply was 40,304 million kWh, of which 32,261 kWh was generated by units owned or controlled by Florida Power [**1000] and 8,043 million kWh was purchased from third parties. As of December 31, 1999, Florida Power owned 4,687 circuit miles of high voltage transmission lines and 25,409 circuit miles [*8] of distribution lines.

In addition, Florida Power, together with other utilities and municipalities, owns 13 transmission lines that interconnect peninsular Florida with The Southern Company ("Southern"). These ties have a limited transfer capability relative to the total load in peninsular Florida. The owners operate the lines as a single interface with Southern (the "Interface"). They have allocated and assigned the total transfer capability over the Interface among themselves pursuant to the Florida-Southern Transmission Allocation Agreement ("Interface Agreement"), dated May 14, 1990. n5 Florida Power is currently allocated 438 MW of the 3,600 MW import capability over the Interface. Florida Power uses most of this capability in connection with its purchases of approximately 400 MW from the Southern operating companies under a unit power sales agreement (the "Southern UPS Agreement"). Florida Power is allocated 231 MW and 304 MW, respectively, of the Southern Interface's 1,900 MW summer export capacity and 2,500 MW winter export capacity.

n5 The FERC has approved the Interface Agreement. *See Florida Power & Light Co.*, 52 FERC P 61,105 (July 30, 1990).

[*9]

Florida Power is a member of the Florida Reliability Coordinating Council, which is responsible for ensuring the reliability of the bulk power electric system in peninsular Florida. Florida Power is subject to regulation by the Florida Public Service Commission (the "Florida Commission") regarding rates, securities issuances, affiliate transactions, and other matters and by the FERC with respect to wholesale electric and electric transmission rates and other matters.

As of June 29, 2000, Florida Progress had issued and outstanding 98,614,831 shares of common stock, without par value. n6 For the twelve months ended June 30, 2000, Florida Progress reported consolidated operating revenues of \$ 4,092,000,000, of which \$ 2,713,500,000 (66.3%) were derived from electric utility operations and \$ 1,378,500,000 (33.7%) were derived from nonutility activities. [**1001] As of June 30, 2000, Florida Progress had total assets of \$ 6,646,400,000, including net utility plant of \$ 3,581,400,000. n7

n6 Florida Progress has not issued any preferred stock or debt securities.

n7 A complete list of the nonutility businesses in which Florida Progress has an interest is contained in Appendix A to this order.

[*10]

C. Merger and Post-Merger Corporate Structure

Under an Amended and Restated Agreement and Plan of Exchange, dated August 22, 1999, as amended March 3, 2000, each share of Florida Progress common stock will automatically be exchanged for the right to receive \$ 54 in cash, CP&L Energy common stock, or a combination of cash and CP&L Energy common stock (the "Share Exchange"). In the Share Exchange, Florida Progress shareholders may elect to receive in exchange for each share of Florida Progress common stock either (1) \$ 54 in cash, or (2) a number of shares of CP&L Energy common stock equal to the exchange ratio, which is designed to provide Florida Progress shareholders with CP&L Energy common stock having a market value of \$ 54, subject to certain limitations. n8

n8 The exchange ratio will be determined by dividing \$ 54.00 by the average of the closing sale price per share of CP&L Energy common stock as reported on the New York Stock Exchange Composite Tape on each of the twenty consecutive trading days ending with the fifth trading day immediately preceding the closing date (the "Average Closing Price"). If, however, the Average Closing Price is greater than \$ 45.39, the exchange ratio will be fixed at 1.1897, and if the Average Closing Price is less than \$ 37.13, the exchange ratio will be fixed at 1.4543. The actual value of stock consideration received for each Florida Progress share will depend on the market value of CP&L Energy common stock at the completion of the Share Exchange. Therefore, if the Average Closing Price is less than \$ 37.13, then each share of Florida Progress common stock exchanged for stock consideration will be valued in the Share Exchange at less than \$ 54.00, and if the Average Closing Price is more than \$ 45.39, then each share of Florida Progress common stock exchanged for stock consideration will be valued in the Share Exchange at more than \$ 54.00.

[*11]

Initially, CP&L Energy will finance the cash portion of the Share Exchange, which is estimated not to exceed \$ 3.5 billion, and other costs of the transaction, with a \$ 3.75 billion bank facility with a maturity of 364 days. The bank facility will serve as a backstop for the issuance of commercial paper. CP&L Energy may extend one-half of the facility for an additional year. It is anticipated that the bank facility/commercial paper will be refinanced with long-term debt within twelve months of the closing.

[**1002]

In addition to the consideration described above, shareholders of Florida Progress will receive one contingent value obligation ("CVO") for each share of Florida Progress common stock that they hold. Each CVO will represent the assignable and transferable right to receive a *pro rata* portion of certain contingent payments that are based upon the net after-tax cash flow to CP&L Energy generated by four synthetic fuels plants (referred to as the "EARTHCO plants") that Florida Progress purchased in October 1999. The CVOs are intended to provide Florida Progress shareholders with the opportunity to receive additional cash consideration in the Share Exchange linked specifically to [*12] the future performance of the EARTHCO plants.

As a result of the Share Exchange, Florida Progress will become a direct wholly owned subsidiary of CP&L Energy. CP&L Energy will own, directly, all of the common stock of CP&L, NCNG and Florida Power. In addition to its existing nonutility subsidiaries, CP&L will own all of the nonutility subsidiaries of Florida Progress.

D. Other Proposals

1. Service Company

CP&L Energy has organized CP&L Service Company LLC ("CP&L Service") as a system service company. Applicants request the Commission to find under rule 88(b) that CP&L Service "is so organized and conducted, or to be so conducted, as to meet the requirements of Section 13(b) of the Act with respect to reasonable assurance of efficient and economical performance of services or construction or sale of goods for the benefit of associate companies, at cost fairly and equitably allocated among them (or as permitted by [rule] 90)."

CP&L Service will enter into a Utility Service Agreement with each of its associate public-utility companies and a Nonutility Service Agreement with each of its associate nonutility companies. The Service Agreements provide that CP&L Service may provide [*13] its associate companies with certain administrative and corporate support services, such as strategic planning, treasury, tax, accounting, legal, human resources, information systems, investor relations and public relations. For any service provided, CP&L Service will be reimbursed for its cost of providing the service, determined in accordance [**1003] with rules 90 and 91. To the extent possible, CP&L Service will identify and

assign all of its direct costs incurred in providing any service to a client company, including labor overheads (e.g., payroll taxes, employee benefits, etc.) Other costs that cannot be identified to a particular client company, or that benefit all clients, will be allocated to all client companies in accordance with the methods of allocation included in the Service Agreement. An internal audit group will, among other things, audit the assignment of service company charges to client companies.

Following the Share Exchange, CP&L Service will evaluate and consider changes to the methods of allocation described in Appendix A to the Service Agreements in order to assure a fair and equitable allocation of costs of CP&L Service to all associate companies, including CP&L [*14] Energy. Among other possible changes, CP&L Service will review its experience in applying the "modified Massachusetts formula ratio," as defined in Appendix A, to categories of services that typically benefit all associate companies, and will propose such changes or alternative methods of allocation as may be necessary to assure that CP&L Energy bears an appropriate share of CP&L Service's costs. CP&L Service will propose such changes, if required, in accordance with the 60-day letter procedure described below, on a timetable that will allow for full implementation of such changes not later than March 31, 2002.

CP&L Service will maintain its accounts, cost-accounting procedures and other records in accordance with the requirements of the Commission's Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, utilizing, however, the chart of accounts specified in the FERC Uniform System of Accounts for Public Utilities and Licensees (18 C.F.R. Part 101). CP&L Service will prepare and submit a policies and procedures manual to the Commission staff by June 30, 2001. CP&L Service will file an annual report on Form U-13-60 in accordance with rule 94, commencing [*15] with the report for calendar year 2001.

The Utility and Nonutility Agreements provide that no material change in the organization of CP&L Service, the type and character of the companies to be served, the methods of allocating costs to associate companies, or in the scope or character of the services to be rendered subject to section 13 of the Act, or any rule, regulation or order thereunder, shall be made unless and until CP&L Service [**1004] shall first have given the Commission written notice of the proposed change not less than sixty days prior to the proposed effectiveness of any such change. If, upon the receipt of any such notice, the Commission shall notify CP&L Service within the sixty-day period that a question exists as to whether the proposed change is consistent with the provisions of section 13 of the Act, or any rule, regulation or order thereunder, then the proposed change shall not become effective unless and until CP&L Services shall have filed an appropriate declaration regarding such proposed change and the Commission shall have permitted the declaration to become effective.

2. Provision of Goods and Services by the Operating Companies

CP&L, NCNG and Florida Power [*16] may provide services, upon request, to CP&L Service or to other associate companies utilizing personnel who will not be transferred to CP&L Service, and other resources and capabilities developed in the conduct of public utility operations. These services will include transmission and distribution support, customer service support, telecommunications support, nuclear support, power operations support, gas and energy services support, and information technology support, among others. In addition, Florida Power employees may, if requested, provide certain corporate support services (e.g., legal, internal audit, financial and risk management, cash management, etc.) to CP&L Service and/or Electric Fuels Corporation, the predominant nonutility subsidiary of Florida Progress, on an interim basis, pending the transfer of such employees to CP&L Service. It is anticipated that Florida Power employees who would provide these types of services will be transferred to CP&L Service effective January 1, 2002, at which point all corporate support service functions will be conducted through CP&L Service.

Services will be provided to associate companies in accordance with rules 87, 90 and 91 under [*17] the Act. Moreover, in accordance with these rules, certain goods may be provided through a leasing arrangement or otherwise by one utility operating company to one or more associate companies, and certain assets may be used by one utility operating company for the benefit of one or more other associate companies.

[**1005] 3. Coal Sales by Electric Fuels to Florida Power

Applicants also propose to continue and extend two long-term coal supply agreements under which Electric Fuels Corporation ("Electric Fuels"), an energy and transportation company and an indirect subsidiary of Florida Progress, sells coal to Florida Power for use at Florida Power's Crystal River nuclear generating facility, located at Crystal River in Citrus County, Florida. Most of the coal delivered by Electric Fuels to Florida Power comes from unaffiliated mines. Coal purchased by Electric Fuels from affiliate suppliers under long-term contracts is priced at market rates in

accordance with a Florida Commission order, and coal purchases from affiliate suppliers under spot contracts are at market prices that are subject to review by the Florida Commission. The price charged by Electric Fuels to Florida Power is equal to [*18] the sum of the costs incurred by Electric Fuels for coal, which includes: (i) Electric Fuel's cost of coal, (ii) the cost of transportation to the Crystal River station by rail or water, (iii) Electric Fuel's other expenses relating to procurement and transportation, and (iv) a return on Electric Fuels' equity investment associated with assets dedicated to regulated businesses, at the rate of return on equity authorized by the Florida Commission for Florida Power.

The price that Electric Fuels charges Florida Power under the two contracts for rail-delivered coal from Electric Fuels' mines is equal to the sum of the costs incurred by Electric Fuels for coal, which includes (i) Electric Fuels' cost of coal, (ii) the cost of transportation to the Crystal River station by rail, (iii) Electric Fuels' other expenses relating to procurement and transportation (including quality analysis, laboratory and laboratory-related expenses, railcar and locomotive expenses, depreciation, amortization, general and administrative expenses, interest, and a provision for income taxes), and (iv) a return on Electric Fuels' equity investment associated with assets dedicated to regulated businesses, primarily [*19] the railcars and locomotives, at the rate of return on equity authorized by the Florida Commission for Florida Power (currently 12%). The price Electric Fuels charges Florida Power under the two contracts for water-delivered coal is equal to the sum of Electric Fuels' cost of coal; Electric Fuels' expenses, as described in clauses (i) and (ii) of this [**1006] paragraph; and a market-based component for water-borne transportation under a methodology approved by the Florida Commission.

Applicants believe that the pricing terms under the two coal supply agreements are permitted by rules 81, 90(d)(2) and 92(b), as applicable.

4. Exemption of Florida Progress

CP&L Energy proposes that Florida Progress will remain a direct, wholly owned subsidiary for up to eight years following the Merger. During this period, Florida Progress would continue to own, among other interests, all of the issued and outstanding common stock of Florida Power. Applicants state that it is desirable to retain Florida Progress as a holding company subsidiary of CP&L Energy in order to avoid repayment of debt and preferred securities issued by Florida Progress subsidiaries and guaranteed by Florida Progress. Applicants [*20] request an order under section 3(a)(1) of the Act granting Florida Progress an exemption from all provisions of the Act except section 9(a)(2). n9

n9 Applicants acknowledge that the grant of exemption will have no effect upon the status of Florida Progress and its subsidiaries as direct and indirect subsidiaries of a registered holding company.

Section 3(a)(1) of the Act makes an exemption available where:

[the] holding company, and every subsidiary company thereof which is a public-utility company from which such holding company derives, directly or indirectly any material part of its income, are predominantly intrastate in character and carry on their business substantially in a single State in which such holding company and every subsidiary company thereof are organized.

Applicants state that these requirements are satisfied. Both Florida Progress and Florida Power are incorporated in Florida, and all of Florida Power's operations are in Florida. Our order grants the requested intrastate exemption to Florida Progress. [*21]

[**1007] E. Other Approvals

The shareholders of CP&L Energy and Florida Progress approved the proposed transaction on August 16 and 17, 2000, respectively.

1. Federal Approvals

The FERC issued its order approving the Merger on July 12, 2000. n10 The Nuclear Regulatory Commission (the "NRC") approved the transfer through the Merger of indirect control over the operating license for the Crystal River nuclear generating facility from Florida Progress to CP&L Energy on May 22, 2000. On various dates between May 24 and July 18, 2000, the Federal Communications Commission (the "FCC") granted authority to transfer licenses held by Florida Power and Progress Telecommunications Corporation, an exempt telecommunications within the meaning of

section 34 of the Act. Finally, Applicants filed notification and report forms under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act"), with the Federal Trade Commission (the "FTC") and the Department of Justice (the "DOJ"). On July 12, 2000, the DOJ notified Applicants of the early termination of the applicable waiting period.

n10 *CP&L Holdings, Inc. and Florida Progress Corp.*, Order Authorizing Merger and Accepting for Filing Proposed Joint Open Access Transmission Tariff and System Integration Agreement, Subject to Modification, Dkt. Nos. EC00-55-000 and ER00-1520-000 (July 12, 2000) (the "*FERC Order*").

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2. State Approvals

The North Carolina Commission approved CP&L Energy's proposed acquisition of Florida Progress and issuance of common stock without par value on August 22, 2000. Applicants state that the Merger does not require the prior approval of either the South Carolina Commission or the Florida Commission. n11

n11 Applicants state that they have been meeting with the Florida Commission regarding its ongoing jurisdiction over Florida Power. Applicants further state that the South Carolina Commission, through the conditions that it established in approving CP&L's reorganization as a holding company, *see RE: Carolina Power & Light Co., et al.*, Dkt Bo. 1999-434-E/C-Order No. 2000-0229, Order Approving Transfer of Ownership to a Holding Company and Approving Stipulation (Mar. 6, 2000), and the exercise of its powers to regulate electric utilities, will continue to have comprehensive regulatory oversight over CP&L's operations.

[**1008]

Applicants further state that Mid-Continent Life Insurance Company ("Mid-Continent"), [*23] an indirect subsidiary of Florida Progress domiciled in Oklahoma that provides life insurance services in numerous states, has obtained an exemption from the insurance regulatory authority in Oklahoma with respect to the indirect change of control of Mid-Continent caused by the Share Exchange.

II. Discussion

The acquisition of Florida Progress by CP&L Energy requires our prior approval under sections 9(a) and 10 of the Act. The request for an order granting Florida Progress an exemption from registration following the Merger is subject to section 3(a)(1) of the Act. The organization of the CP&L Energy system service company is subject to section 13 of the Act and rule 88(b). The proposed continuation of coal sale agreements between Electric Fuels and Florida Power is subject to section 13(b) of the Act and rules 81 and 90 through 92.

We have reviewed the proposed transactions and find that the requirements of the Act are satisfied. Our application of the integration standards of the Act is central to our approval of the Merger and, accordingly, is discussed below.

A. The Utility Operations in General

Section 10(c)(1) of the Act requires us not to approve an acquisition that [*24] "would be detrimental to the carrying out of the provisions of section 11." n12 Section 11(b)(1) of the Act, in turn, generally limits [**1009] the utility properties of a registered holding company to a "single integrated public-utility system," either gas or electric. An exception to this requirement is provided in section 11(b)(1)(A) -- (C) (the "ABC clauses"). A registered holding company may own more than one integrated system, gas or electric, if each additional system meets the criteria of these clauses. n13

n12 Section 10(c)(1) further prohibits approval of an acquisition that "is unlawful under the provisions of section 8." Section 8 prohibits an acquisition by a registered holding company of an interest in an electric utility and a gas utility serving the same area without the express approval of the state commission when that state's law prohibits or requires approval of the acquisition.

The Merger will not create any new situation of common ownership of combination systems within a given state. Following the Merger, CP&L will continue to provide electric service, and NCNG gas utility services, in North Carolina. Because North Carolina law does not prohibit combination gas and electric utilities serving the same area, the Merger does not raise any issue under section 8 or the first clause of section 10(c)(1). [*25]

n13 Specifically, the Commission must find that (A) the additional system "cannot be operated as an independent system without the loss of substantial economics which can be secured by the retention of control by such holding company of such system," (B) the additional system is located in one state or in adjoining states, and (C) the combination of systems under the control of a single holding company is "not so large . . . as to impair the advantages of localized management, efficient operation, or the effectiveness of regulation." The standards of each clause must be satisfied. *See New Century Energies, Inc., Holding Co.* Act Release No. 26748 (Aug. 1, 1997) (the "1997 NCE Order") (authorizing NCE's ownership of both gas and electric systems under the ABC clauses) (citations omitted).

Section 10(c)(2) of the Act further requires the Commission to find that a proposed acquisition "will serve the public interest by tending towards the economical and efficient development of an integrated public-utility system."

Section 2(a)(29)(A) of the Act defines an integrated public-utility system, as [*26] applied to electric utility properties, to mean:

a system consisting of one or more units of generating plants and/or transmission lines and/or distributing facilities, whose utility assets, whether owned by one or more electric utility companies, are physically interconnected or capable of physical interconnection and which under normal conditions may be economically operated as a single interconnected and coordinated system confined in its operations to a single area or region, in one or more States, not so large as to impair (considering the state of the art and the area or region affected) the advantages of localized management, efficient operation, and the effectiveness of regulation.

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We read each standard of section 2(a)(29)(A) in conjunction with the other provisions of the Act, and in light of the facts under consideration and the other objectives of the Act. n14

n14 *See generally American Electric Power Co.*, 46 S.E.C. 1299 (1978). *See also Sempra Energy, Holding Co.* Act Release No. 26971 (Feb. 1, 1999), citing *North American Co.*, 18 S.E.C. 459,463 (1945) (in applying the integration standards for gas utility systems, the Commission has "read each standard of section 2(a)(29)(B) in connection with the other provisions of the section").

[*27]

Section 2(a)(29)(B) of the Act defines an integrated public-utility system, as applied to gas utility properties, to mean:

a system consisting of one or more gas utility companies which are so located and related that substantial economies may be effectuated by being operated as a single coordinated system confined in its operation to a single area or region, in one or more States, not so large as to impair (considering the state of the art and the area or region affected) the advantages of localized management, efficient operation, and the effectiveness of regulation: Provided, That gas utility companies deriving natural gas from a common source of supply may be deemed to be included in a single area or region.

In view of the separate definitions and their differing criteria, the Commission has long held that gas and electric properties do not together constitute an integrated system. n15

n15 *Id.* (citations omitted).

Following the Merger, CP&L Energy will own an electric system consisting of the combined electric [*28] operations of CP&L and Florida Power (the "CP&L Energy Electric System"), and a gas system consisting of the gas operations of NCNG (the "CP&L Energy Gas System"). The issues to be decided are whether the CP&L Energy Electric System will constitute an electric integrated system and whether CP&L Energy may own the CP&L Energy Gas System as an additional system. As a preliminary matter, it is necessary to determine whether the existing electric operations of CP&L constitute an integrated system. n16

n16 Because we find below that the Western and Eastern Areas constitute an electric integrated system, we do not address Applicants' proposal in the alternative that CP&L Energy retain the Western Area as an additional system.

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B. Existing Electric Operations of CP&L

The Western Area has been part of CP&L since 1926, when CP&L acquired Asheville Power & Light Company. As noted above, the Western Area is separated from the much larger Eastern Area by a portion of the Duke Power system. The Eastern and Western Areas are interconnected [*29] by the transmission facilities of both Duke Power and AEP, and both operate as parts of the VACAR subregion of SERC. Applicants state that power supply, dispatch and planning of new generation for both areas have long been coordinated on a single system basis. Transfers of electricity between the Eastern and Western Areas for both reliability and economy purposes have been frequent and substantial. n17

n17 For example, in 1997, 1998 and 1999, transfers from the Eastern to the Western Area totaled 365,000 megawatt hours ("MWh"), 890,000 MWh and 542 MWh, respectively. The 1999 transfers from east to west represented about 16% of the electricity purchased by the Western Area's customers in that year (3.4 million MWh).

Following the statutory definition of section 2(a)(29)(A), we have recognized four standards that must be met before we will find that a proposed combination of utility properties will result in an integrated system. Of significance here is the requirement that the combined utility assets be physically interconnected [*30] or capable of physical interconnection (the "interconnection requirement"). n18

n18 The other requirements are:

the combined utility assets, under normal conditions, must be economically operated as a single interconnected and coordinated system (the "economic and coordinated operation requirement");

the system must be confined in its operations to a single area or region (the "single area or region requirement"); and

the system must not be so large as to impair (considering the state of the art and the area or region affected) the advantages of localized management, efficient operation, and the effectiveness of regulation (the "no impairment requirement").

See, e.g., Environmental Action, Inc. v. SEC, 895 F.2d 1255, 1263 (9th Cir. 1990), citing *Electric Energy Inc.*, 38 SEC 658, 668 (1958).

An issue arises with respect to interconnection as the result of a change in the operations of the Eastern and Western Areas in 1999. [*1012] Applicants state that, historically, [*31] the Western Area did not generate enough electricity internally to meet its peak service loads. As a result, CP&L would transfer power from the Eastern to the Western Area using a contract path for up to 275 MW of firm transmission capacity over the Duke Power system.

CP&L also purchased up to 400 MW of electricity from Duke Power for delivery to either the Eastern or the Western Area under a long-term power purchase agreement.

Applicants state that CP&L recently built new generation to serve the Western Area. As a result, it became uneconomical to maintain the 275 MW contract path. CP&L determined that the transmission requirements between the Eastern and Western Areas could be met under the open access tariffs ("OATTs") of Duke Power and/or AEP. Accordingly, CP&L terminated its firm transmission agreement with Duke Power in June 1999, when the power purchase agreement was allowed to expire at the end of its term.

In recent mergers, we have found interconnection to be established largely on the basis of a contractual arrangement with one or more third parties that would enable the combining utility companies to move power from one part of the resulting electric system to another. [*32] These contractual arrangements provided for transmission of power on a firm annual basis, although the companies also planned to achieve interconnection by utilizing non-firm shorter-term transmission. n19 A similar finding would be possible in this matter if the 275 MW contract path with Duke Power were still in place.

n19 Applicants undertook to seek approval of an alternative means of interconnection, if the contract path were not renewed. *See, e.g., Exelon Corp., Holding Co. Act Release No. 27256 (Oct. 19, 2000), citing Energy East Corp., Holding Co. Act Release No. 27224 (Aug. 31, 2000) (citations omitted).*

The absence of this contract path, however, does not preclude a finding that the Eastern and Western Areas are physically interconnected, because CP&L can obtain adequate transmission service through open access under the OATTs of Duke Power and other transmission arrangements with Duke Power and AEP to establish physical interconnection of the two areas.

"Open access" is the requirement that all utilities [*33] subject to FERC jurisdiction open their transmission systems and allow any qualified entity to use their system to deliver electricity at a fair and non-discriminatory [**1013] rate. n20 Open access transmission makes it possible now for the Eastern and Western Areas to coordinate their operations through the use of OATTs and OASIS. Applicants state that open access transmission offers a better, more flexible and more economical way to achieve significant interchange capability than the more traditional firm contract path. They explain that reliance on numerous transmission service reservations increases the number of potential interconnection options and allows utilities to use less expensive non-firm products where appropriate, while providing a high level of assurance that transmission capacity will be available when needed. Utilities can obtain a portfolio of transmission capacity over multiple paths, with various degrees of firmness, providing for various amounts of capacity that can be selected to achieve optimal integrated operations. Today, interchange capacity can be achieved via a portfolio of short-term firm and non-firm transmission at a lower comprehensive cost than the more limited, [*34] rigid, single firm contract path.

n20 Open access came about in 1996 in FERC's Order No. 888 and its progeny. *See Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Service by Public Utilities; Recovery of Stranded Costs by Public Utility and Transmitting Utilities*, FERC Stats. & Regs., Regulations Preambles, P 31,036 (1996) ("Order No. 888"), *order on rehearing*, FERC Stats. & Regs., Regulations Preambles, P 31,048 (1997) ("Order No. 888-A"), *order on rehearing*, 81 FERC P 61,248 (1997) ("Order No. 888-B"), *order on rehearing*, 82 FERC P 61,046 (1998) ("Order No. 888-C").

Order No. 888's key provision was the requirement that utilities file standard OATTs under which a transmission provider must offer service to any qualified user. OATTs provided utilities, other generation owners and power marketers for the first time with a generally available right to use the transmission systems of others to move power at tariffed rates. Open access is available to all on minimal notice and at standard terms. In the past, inter-company transmission required complex, separately negotiated agreements.

In Order No. 889, FERC also mandated that transmission owners establish a comprehensive information system regarding the availability and price of their transmission service on an Internet site called Open Access Same-Time Information System ("OASIS"). The OASIS is an electronic bulletin board on which transmission

operators post the amount of transmission capacity that is available to potential purchasers. The OASIS provides an easy-to-use means for utilities to use the interstate transmission grid to coordinate their operations day to day.

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We have recognized in previous orders that open access transmission can contribute to interconnection and coordination. n21 Applicants state in this matter that the availability of transmission capacity on an as-needed basis under the OATTs of Duke Power, together with other transmission arrangements on the Duke Power and AEP systems that allow for the delivery of power to either the Eastern or the Western Area demonstrate that the two areas are "physically interconnected or capable of physical interconnection," as required by section 2(a)(29)(A) of the Act.

n21 See, e.g., *American Electric Power Co., Inc.*, Holding Co. Act Release No. 27186 (June 14, 2000) (the "2000 AEP Order") (in addition to the use of a 250 Contract Path, quantities in excess of 250 MW could be moved within the New AEP System in any given hour by using non-firm transmission rights); *New Century Energies, Inc.*, Holding Co. Act Release No. 27212 (Aug. 16, 2000) (the "2000 NCE Order") (although completion of tie-line under construction between two system utilities would facilitate coordinated dispatch, coordination of dispatch and power exchanges could be achieved prior to completion of the line by service company's obtaining both firm and non-firm transmission needed for the utilities to engage in transactions); and *Energy East Corp.*, *supra* note 19.

[*36]

Although CP&L does not currently contract for long-term firm transmission service from either company specifically for the purpose of wheeling power between the Eastern and Western Areas, CP&L does utilize the Duke Power transmission system to facilitate transfers of power to the two areas. n22

n22 In December 1998, CP&L entered into an agreement to purchase all of the output of a 500 MW gas-fired independent power project that is located in Duke Power's service area in South Carolina. In July 2000, CP&L entered into an agreement for the entire output of two additional gas-fired units at the same site, which increased to total purchase commitment to approximately 800 MW. The first three of five units of that project went into service in the summer of 2000, and the fourth and fifth units are expected to go into service in July 2001 and June 2002, respectively. Both purchase agreements have an initial term of 20 years and provide CP&L with control over the scheduling of the units. CP&L has reserved long-term transmission rights on the Duke Power system that will enable it to schedule delivery of the output to either the Eastern or Western Area. Deliveries to the Eastern Area are based on a firm reservation of 460 MW; for delivery to the Western Area, CP&L relies on the availability of non-firm transmission capacity under Duke Power's OATTs.

[*37]

CP&L also relies, in part, on the availability of relatively large amounts of monthly firm and non-firm east-to-west transmission capacity over the AEP system. For example, AEP's OASIS postings show monthly non-firm available transmission capacity ("ATC") values for transfers from the Eastern to the Western Area varying [**1015] from 780 MW to 920 MW for the period from October 2000 through October 2001. In addition to this currently posted non-firm ATC, CP&L has reserved 303 MW of firm yearly point-to-point transmission service over the Duke Power system between the Eastern and the Western Area through December 2002. Although this reservation was made to support wholesale sales to the Tennessee Valley Authority ("TVA"), which is directly interconnected with the Western Area, the 303 MW contract path can be used on a non-firm basis to wheel power from the Eastern to the Western Area. Thus, the path provides an alternative means of moving power across the Duke Power transmission system.

Applicants further note that additional long-term firm transmission capacity is currently available for 2001 and 2002 (and, presumably, later years) across both the Duke Power and AEP systems. This availability [*38] could allow for additional power deliveries, east to west or west to east, of several hundred MW. Moreover, the relatively large amount of transmission capacity posted as available on a short-term basis over the next 12-month period suggests that

transmission service to interconnect the Eastern and Western Areas will be available most of the time during 2001 and later years, even if CP&L elects not to reserve any additional capacity on a long-term basis.

In addition to the transmission arrangements on the Duke Power and AEP systems described above, CP&L also has interconnection agreements with the TVA, Virginia Electric and Power Company ("Virginia Power"), South Carolina Electric & Gas Company ("SCE&G") and the South Carolina Public Service Authority (referred to as "Santee Cooper").

Finally, CP&L has entered into interchange agreements with other utilities in VACAR that provide for the purchase and sale of power for hourly, daily, weekly, monthly or longer periods. In addition, CP&L is currently purchasing 250 MW of generating capacity and associated energy from AEP's Rockport Unit No. 2 in southern Indiana under an agreement that runs through 2009. CP&L can schedule the power purchased [*39] under this agreement for delivery to either its Eastern or Western Area via existing transmission interconnections with AEP in both areas.

Applicants note that the feasibility of transmitting power from the Eastern to the Western Areas is demonstrated by the actual recent operations of CP&L. As noted above, CP&L transferred power [**1016] from the Eastern to the Western Area via the 255 MW contract path until recently. n23

n23 See *supra* note 17

We believe that the transmission arrangements available to CP&L to transfer power between the Eastern and Western Areas are adequate to establish physical interconnection of the CP&L electric system for purposes of section 2(a)(29)(A) of the Act and enable the CP&L system to coordinate its operations. The requirements of section 2(a)(29)(A) are also satisfied in every other respect. Accordingly, we find that the CP&L electric system is an integrated public-utility system.

C. Combined Electric Operations of CP&L and Florida Power

We next examine whether the combination of the [*40] existing electric operations of CP&L with those of Florida Power would constitute an integrated public-utility system. For the reasons discussed below, we find that the four requirements of section 2(a)(29)(A) of the Act are satisfied

1. Section 2(a)(2)(A): Interconnection

Following the Merger, CP&L and Florida Power will be interconnected via the 50 MW Contract Path, which will extend about 350 miles from the Southern Interface to the interface between Duke Power and the CP&L Eastern Area. The Contract Path will utilize a portion of the transfer capability of the Southern and Duke Power systems to enable 50 MW of electricity to be transferred on a firm basis from Florida Power to the CP&L Eastern Area. n24

n24 The Contract Path is comprised of multiple transmission lines (tielines) connecting the transmission facilities. In *Energy East Corp.*, *supra* note 19, we determined that the interconnection requirement was satisfied on the basis of a 50 MW firm transmission path that would allow New York State Electric & Gas Corp. and Central Maine Power to transfer electric energy over six of the eight transmission lines that comprise the interties between the two power pools in which those utilities operate.

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To reserve the Contract Path, CP&L has reserved firm transmission service on the Southern and Duke Power transmission systems from south to north for an initial one-year period, commencing [**1017] January 1, 2001. CP&L has the right to extend the reservation for additional one-year terms. CP&L Energy commits to exercise its right to extend the term of the Contract Path for a period of at least two additional one-year terms, unless, at the time of such renewal, it is no longer necessary to extend the term in order to satisfy the physical interconnection requirement under the Act.

Applicants expect to use the Contract Path to serve native load within CP&L's service territory by providing energy from Florida Power when it is economical to do so, as well as to market capacity and energy of Florida Power to third parties. Applicants state that the Contract Path may also provide a source of reserve capacity for CP&L. The Contract Path, coupled with the availability of significant non-firm transmission capacity between the two companies, as

described below, will enable Applicants to substitute more economic power from generation resources located in one control area for generation resources in another [*42] control area when the substitute generation resources are less expensive to run.

Applicants state that the capacity of the Contract Path is relatively modest in part because opportunities for power exchanges between CP&L and Florida Power will likely be limited in the near term. Each utility is currently obligated to provide service to its respective native load customers, including its full requirements wholesale customers. The amount of generating capacity available to each utility after serving its native load is relatively small, particularly during peak load conditions on its system. Consequently, it is expected that energy exchanges between CP&L and Florida Power will tend to occur initially over periods of relatively short duration, *e.g.*, a few hours or days at a time. Applicants state that, for such short-term and intermittent exchanges, a purchase of a larger block of firm, year-round transmission service would be uneconomical and, in fact, would run counter to FERC's vision of the short-term wholesale market under Order No. 888. n25 Applicants have concluded [**1018] that the Contract Path, which will provide 50 MW of firm transmission capacity at all times, is adequate in the [*43] near term to support anticipated levels of energy flows from Florida Power to CP&L.

n25 Large long-term reservations of firm transmission could constrain parts of the grid, to the detriment of other potential transmission users. As discussed above, under Order 888, *supra* note 20, transmission users no longer need to build their own transmission lines or lease them from third parties in order to secure reliable transmission capacity. Indeed, the primary purpose and effect of Order No. 888 is to give transmission users rights of access to third party facilities that are on a par with the rights of the transmission owners. Consequently, transmission users do not need to buy more transmission than they need to support specific transactions.

At times when the utilities want to exchange more than 50 MW for economy reasons, they will rely on transmission service generally available from intervening utilities on an as-needed basis. Applicants state that there are numerous transmission paths over which electricity can be [*44] moved from Florida Power to CP&L. Power can be exported from Florida through the transmission system of Southern, the Municipal Electric Authority of Georgia ("MEAG") or the Georgia Transmission Company ("GTC"). From any one of these three systems, the power can be transmitted to CP&L through the transmission systems of Duke Power, SCE&G or Santee Cooper. n26

n26 An additional transmission path is available through Southern and TVA into CP&L's Western Area.

Applicants state that the total transmission capacity of these paths is significant. For example, the OASIS postings of the relevant transmission providers as of February 24, 2000 suggest that relatively large amounts of monthly non-firm transmission will be available over the next 12 months, which could be used by CP&L and Florida Power to transmit power in a northerly direction. n27 Applicants state that the amount of transmission capacity as derived from OASIS in all examined months (other than June, July and August of 2000, when only 263 MW was available) is [*45] significant, ranging from at least 1,286 MW to 1,921 MW. More importantly, the OASIS postings indicate that a significant amount of transmission is available over an entire 12-month period, which suggests that CP&L and Florida Power will be able to obtain additional non-firm transmission capacity under the OATTs of the intervening utilities on an as-needed basis, as contemplated by Order No. 888.

n27 Because of the limitations on OASIS postings, information concerning the availability of short-term service for 2001 and beyond is not available.

The foregoing indicates that non-firm transmission capacity will be available (*i.e.*, remaining) for the next 12 months, even after consideration of the confirmed reservations by CP&L and Florida Power and other parties. Applicants emphasize that, although there [**1019] can be no assurance that capacity posted as available today will be fully available at all times in the future, additional long-term transmission capacity (over and above the 50 MW Contract Path) is currently available [*46] for 2001, and presumably later years, across several of the intervening

transmission providers. This available capacity could allow for additional power deliveries by Florida Power to CP&L of several hundred MW. Moreover, the relatively large amount of capacity posted as available on a short-term basis over the next 12-month period suggests that transmission service to interconnect CP&L and Florida Power in a south-to-north direction will be available most of the time during 2001 and later years, even if the Applicants elect not to reserve any additional capacity on a long-term basis.

Applicants state that they also considered obtaining a north-to-south transmission path into Florida from the CP&L system. However, the import capability into Florida over the Southern Interface is currently fully subscribed on a firm basis. Applicants do not think it necessary in any event to reserve additional firm transmission capacity into Florida solely to facilitate energy transfers by CP&L to Florida Power. Applicants note that, as previously indicated, Florida Power already holds 438 MW of transfer capacity into Florida as its allocated share under the Interface Agreement. Although Florida Power [*47] is currently using substantially all of that allocated capacity to support its purchases under the Southern UPS Agreement, Florida Power will have the right to use its allocated share of transfer capacity to purchase power from other sources outside Florida, including CP&L, when the Southern UPS Agreement terminates.

In addition, while the 3,600 MW total transfer capacity on the Southern Interface is fully subscribed on a firm basis, the actual net flows in the southbound direction exceed 3,000 MW in only 7.7% of the hours and exceed 2000 MW in only 41.4% of the hours, based on available data. In other words, southbound flows across the Interface are less than 2000 MW almost 58% of the time. Thus, even without the ability to reserve a firm north-to-south contract path from CP&L to Florida Power, it appears that the utilities will be able to obtain non-firm transmission capacity when and as needed during most hours.

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We find that the proposed 50 MW Contract Path, together with Applicants' reliance upon the intervening transmission providers, are adequate to satisfy the physical interconnection requirement of section 2(a)(29)(A) of the Act.

2. Section 2(a)(29)(A): "Economic and Coordinated [*48] Operation"

Applicants do not intend to engage in joint economic dispatch of the combined CP&L and Florida Power facilities in a manner similar to registered systems that effectively operate as tight power pools. Rather, they intend to coordinate power supply through FERC-approved "umbrella" agreements, similar to those created to effectuate the recent mergers of AEP and Central and South West Corporation, and New Century Energies, Inc. and Northern States Power Company.
n28

n28 See 2000 AEP Order and 2000 NCE Order, respectively, *supra* note 21.

Under a system integration agreement ("Integration Agreement"), CP&L and Florida Power will coordinate the planning, operation and maintenance of generating capacity resources and the dispatch of electricity throughout the combined system. The Integration Agreement provides for coordinated dispatch. Under this arrangement, system dispatchers will arrange for economy energy sales where such sales will lower the operating costs of the purchasing company. n29 The Integration [*49] Agreement also provides for short-term capacity and associated energy sales, subject to the same limitations.

n29 To allay any concerns of the state commissions and the FERC, sales will not be made if the purchaser has a better purchase opportunity, or the seller has a better sales opportunity.

In addition, the Integration Agreement also provides for joint generation planning and the common procurement of resources. n30 The Integration Agreement vests in CP&L, as agent, the responsibility to arrange joint sales and purchases of electricity, as described below, and provides for the allocation of associated costs and revenues.

n30 Again, the agreement addresses potential state concerns by making explicit that any resource additions will comply with applicable state procurement requirements.

Applicants state that CP&L and Florida Power will also coordinate [*50] through joint marketing and trading of electricity in wholesale markets, both as a buyer and seller. System dispatchers will [**1021] continually monitor the generation needs and capacity of the CP&L Energy Electric System. CP&L and Florida Power already have the ability to reach common suppliers, purchasers and trading hubs, in various combinations. There will thus be opportunities for CP&L and Florida Power to operate their generation assets in a coordinated fashion by buying and selling power in the wholesale market to decrease the overall production costs of the two utilities.

The diversity of weather, generator outages, fuel supply and localized economic conditions will create opportunities to allocate resources more efficiently. This result can be accomplished without the need to move power from one utility to the other on a regular or sustained basis. For example, Florida Power's 400 MW of capacity and associated energy under the Southern UPS Agreement could be used from time to time to support CP&L's long-term firm sales of power to MEAG (up to 160 MW), Santee Cooper (200 MW of peaking capacity after 2001) or the North Carolina Electric Membership Corporation (800 of peaking capacity, [*51] 450 MW of which is located in Duke Power's control area). Similarly, CP&L's wholly owned subsidiary, Monroe Power Company, which owns and operates a 160 MW simple-cycle in central Georgia and is planning to add an additional 160 MW unit in 2001, could, subject to the availability of transmission, support Florida Power's wholesale sales. Further, the combined resources of CP&L and Florida Power can be used to make opportunity sales in common trading hubs, such as the Entergy Corporation and TVA markets.

In order to take advantage of the opportunities presented by coordinated operation, CP&L will run a system dispatch model of the utilities' combined resources on a day-ahead basis. The model will identify opportunities for CP&L and Florida Power to exchange power on an economy basis and to make short-term off-system sales.

The operating histories of CP&L and Florida Power demonstrate that each utility has power to supply to the other from time to time. Both have the generating capability to export bulk power at various times and at certain times, both need to import power to meet their native load requirements. More important, the systems' relative periods of surplus and deficit are [*52] different. For example, during April, May and October, which are relatively mild months in the Carolinas, CP&L had significantly more sales than purchases; whereas, during that period, Florida Power had little excess or a [**1022] deficit of power supply, resulting in relatively high purchases. Conversely, during the peak winter months of January, February and December, CP&L had a greater need for purchased power, while Florida Power was in an excess power position. One goal of coordinating these operations on a day-ahead basis (as well as coordinating marketing efforts and planning) will be to maximize the use of excess power.

The operations of CP&L and Florida Power and their respective affiliates will be coordinated in various other ways. Among other things, CP&L Service will provide virtually all management, administrative and corporate support services to its associate companies. All accounting functions will be consolidated into a single system, managed by a single team.

3. Section 2(a)(29)(A): Single Area or Region; No Impairment

The retail service area of the CP&L Energy Electric System will be confined to three states, North Carolina, South Carolina and Florida, in the Southeastern [*53] United States. Further, while neither CP&L nor Florida Power has any retail customer base in Georgia, both make wholesales to Georgia customers; and CP&L, through a subsidiary, has already constructed and is planning future construction of generating assets located in Georgia. Similarly, Florida Power controls approximately 400 MW of generating capacity located in Georgia and Alabama under the Southern UPS Agreement. Moreover, Georgia Power jointly owns with Florida Power a 150 MW combustion turbine unit located at Intercession City in Osceola County, Florida. Georgia Power uses a portion of the output from this unit to serve loads in Georgia.

As discussed above, the CP&L electric system will be interconnected and susceptible of economic and coordinated operation. Further, we do not find that any adverse finding on anticompetitive grounds is necessary under section 10(b)(1) of the Act. The FERC fully considered the competitive impact of the Merger under section 203 of the Federal Power Act and approved the transaction. Specifically, the FERC considered the effects of combining CP&L's and Florida Power's generation (horizontal market power), the effects of combining generation and [*54] transmission (one aspect of vertical market power), and the effects of combining electric and natural gas assets. [**1023] The FERC determined that the Merger "will not adversely affect competition as a result of combining generation" and "will not enhance the Applicants' ability to adversely affect prices or output in electricity markets through the use of generation and transmission." n31 Finally, the FERC concluded that, because of NCNG's small size, the Merger "will not adversely

affect competition as a result of combining control over delivered gas and electricity facilities." n32 In addition, Applicants made the requisite HSR filings with the FTC and the DOJ and were notified of the early termination of the waiting period. We have found, and the courts have agreed, that we may watchfully defer to the findings of other regulators in concluding that no adverse finding is required under section 10(b)(1) of the Act. n33

n31 *FERC Order*, *supra* note 10 at 10, 13. In order to address possible concerns about the effects of the Merger on competition, Applicants voluntarily committed to divest 135 MW of generation resources (85 MW by CP&L and 50 MW by Florida Power) for a six-year period. The FERC also found that CP&L's and Florida Power's respective commitments to file for approval to join regional transmission organizations by October 16, 2000, addressed any potential vertical market power issues associated with ownership of electric transmission and generation. *Id.* [*55]

n32 *Id.* at 14.

n33 *See, e.g., National Grid Group plc*, Holding Co. Act Release No. 27154 (Mar. 15, 2000), *citing Madison Gas and Electric Co. v. SEC*, 168 F.2d 1337, 1341-42 (D.C. Cir. 1999) (citations omitted).

The record in this matter supports a finding that the size of the CP&L Energy Electric System will not impair efficient operation, localized management or effective regulation, and that the Merger will result in economies and efficiencies under section 10(c)(2) of the Act. As discussed below, Applicants estimate the nominal dollar value of synergies from the Merger to be approximately \$ 1 billion (net of costs to achieve) over ten years. CP&L and Florida Power will continue to be managed on a day-to-day basis at a local level, particularly in areas that must be responsive to local needs. The Florida Commission will continue to regulate Florida Power and the North and South Carolina Commissions will continue to regulate CP&L, as before. n34 At the federal level, CP&L Energy will be regulated as a registered holding company. Its electric utility subsidiaries [*56] will continue to be regulated by the FERC with respect [**1024] to interstate electric sales for resale and transmission services, by the NRC with respect to the operation of nuclear facilities, and by the FCC with respect to certain communications matters.

n34 In a letter dated August 29, 2000, the Chair of the South Carolina Commission assured the Commission that it will have "adequate authority and resources to protect ratepayers served by CP&L, including, in particular, matters such as rates and financial integrity."

For the reasons discussed above, we find that the CP&L Energy Electric System will be an integrated public-utility system within the meaning of section 2(a)(29)(A) of the Act.

D. Section 10(c)(2): Economies and Efficiencies

Applicants estimate the nominal dollar value of synergies from the Merger to be at least \$ 1 billion (net of costs to achieve) over ten years. Specifically, Applicants state that these quantified benefits and savings will be achieved by reducing redundant staff, integrating corporate [*57] and administrative programs (which will result in reducing certain labor costs), reducing future information systems operational expenditures, centralizing and integrating purchasing functions, and implementing best practice initiatives. In addition, Applicants state that other benefits that are more difficult to quantify will be achieved through the Merger. Applicants state that, after the Merger, CP&L Energy will be better able to meet the challenges of the increasingly competitive environment in the utility industry. The Merger will create the opportunity for more stable rates over the long term and will afford the combined company improved access to capital markets and financial flexibility. Applicants also state that the larger and more diverse service territory of CP&L Energy will mitigate the risk of changes in economic, competitive and climatic conditions in any given sector.

E. Ownership of the Gas Operations of NCNG

We turn next to the question of whether ownership of the CP&L Energy Gas System (*i.e.*, the NCNG gas operations), which is an integrated gas system within the meaning of section 2(a)(29)(B) of the Act, satisfies the

requirements of the ABC clauses of section [*58] 11(b)(1) of the Act. As explained above, those clauses require a showing that a proposed additional system of a registered holding company (A) "cannot be operated as an independent system without the loss of substantial economies which can be secured by the retention of control" by the registered holding company, (B) is "located in one [**1025] State, or in adjoining States,", and (C) is not, when considered together with other systems owned by the registered holding company, "so large...as to impair the advantages of localized management, efficient operation, or the effectiveness of regulation."

We address first the requirements of clauses B and C. NCNG is located and operates exclusively in North Carolina, a state in which CP&L operates. Accordingly, the requirement of clause B is satisfied. We have previously determined that the CP&L Energy Electric System would not be "so large as to impair the advantages of localized management, efficient operation or effectiveness of regulation." We do not believe that the ownership of the two systems by CP&L Energy requires a different conclusion. n35 In view of the proposed management system, the economies and efficiencies anticipated from the [*59] affiliation of the two systems, discussed above, and the effectiveness of regulation by the states, we find that clause C is satisfied.

n35 Based on data through September 30, 1999 (*pro forma* to include the results of operations of NCNG for 12 months), and giving effect to the Merger, NCNG's gas operations will represent only 2.4% of net utility plant of CP&L Energy; operating revenues for the natural gas operations will represent only 3.1% of total utility revenues; and natural gas customers will constitute only 4.2% of all utility customers, while electric operations will represent 95.8%.

To meet their burden under clause A, Applicants prepared and submitted a study concerning the gas operations ("Additional System Study"). n36 The analysis focuses upon the increases in operating costs that would result from divestment. As set forth in the Additional System Study, annual operating costs will increase by approximately \$ 12.5 million. These increased costs would result primarily from additional capital costs and [*60] annual operating and maintenance costs in several categories, including one-time transition costs associated with establishing NCNG as a separate company.

n36 The Additional System Study is attached to the Application as Exhibit K-1.

As explained most recently in the 1997 NCE Order, registered holding companies have often submitted studies purporting to demonstrate that if an additional utility system were divested, there would be substantial increases in operating costs. In assessing an estimated loss of economies, we have considered the size of the estimated loss in relation to the separate system's total revenues, [**1026] expenses and income. n37 Specifically, we have examined the estimated loss of economies, expressed in terms of the ratio of increased expenses to the system's total operating revenues, operating revenue deductions (excluding federal income taxes), gross income and net income before federal income taxes. n38

n37 See 1997 NCE Order *supra* note 13 at n.52, citing *New England Electric System*, 41 S.E.C., 888, 898-99 (1964), *rev'd*, *SEC v. New England Electric System*, 346 F.2d 399 (1st Cir. 1966), *rev'd and remanded*, 384 U.S. 176 (1965) ("*NEES I*"), *on remand*, 376 F.2d 107 (1st Cir. 1967), *rev'd*, 390 U.S. 207 (1968) ("*NEES II*"). In *NEES I*, the U.S. Supreme Court approved the Commission's use of such ratios. 384 U.S. at 213-14. The Commission compared the ratios thus obtained to those it had found in previous cases not to prove a substantial loss of economies within the meaning of clause A. In *NEES II*, the Supreme Court accepted the Commission's use of such ratios in previous cases. 390 U.S. at 216. [*61]

n38 See 1997 NCE Order, *supra* note 13 at n.52 and related text.

In this matter, the projected \$ 12.5 million increase in annual costs represents, on a percentage basis, a 5.65% loss of gas operating revenues, a 6.17% increase in gas operating revenue deductions, a 66.90% loss of gross gas income, and a 308.34% loss of net gas income. In addition, the Additional System Study indicates that divestment would result in \$ 17.4 million in one-time costs.

These ratios depart in some respects, though not significantly, from the historical guidelines established in *Engineers Public Service Co.* n39 We believe that we could find clause A to be satisfied on this basis.

n39 In *Engineers Public Service Co.*, the Commission suggested that cost increases from divestment of a gas system resulting in a 6.78% loss of operating revenues, a 9.72% increase in operating revenue deductions, a 25.44% loss of gross income and a 42.46% loss of net income would afford an "impressive basis for finding a loss of substantial economies." *Engineers Public Service Co.*, 12 S.E.C. 41, 59 (1942), *rev'd on other grounds and remanded*, 138 F.2d 936 (D.C. Cir. 1943), *vacated as moot*, 332 U.S. 788 (1947).

[*62]

We have suggested in previous decisions, however, beginning with the *1997 NCE Order*, that the historical ratios do not provide an adequate indication of the substantial loss of economies that may occur if an additional utility system must be divested. n40 Our use of [**1027] the historical ratios reflects the assumptions that underlie our earlier precedent interpreting clause A. We stated in the *NCE Order* that this precedent rests on an outdated assumption that a combination of electric operations is typically disadvantageous to the gas operations, and the assumption, conversely, that the public interest and the interests of investors and consumers (the protected interests under the Act) are promoted by a separation of gas and electric operations. n41 In our earlier precedent, for example, we sometimes concluded that an estimated loss of economies, while significant, was insufficient to satisfy clause A because the competitive benefits that could be anticipated from divestment would offset the increase in rates to customers of the divested utility. n42

n40 We think it appropriate to analyze the ownership of an additional system under clause A in the light of all of the facts and circumstances of a particular matter, and, in particular, the considerations discussed below. In future matters, we will not require a comparison of loss ratios to those of earlier precedent. We emphasize, however, that applicants retain the burden to demonstrate affirmatively that divestment of an additional system would result in a loss of substantial economies within the meaning of clause A. [*63]

n41 *1997 NCE Order*, *supra* note 13. We took administrative notice of the rapid erosion of the empirical basis for these assumptions, due to increasing competition in the gas and electric industry.

n42 In *New England Electric System*, we considered an estimated loss of economies equal to 4.83% of the gas system's operating revenues, 6.03% of operating revenue deductions (excluding federal income taxes), 23.28% of gross income and 29.94% of net income before federal income taxes. We found that, "These ratios are lower or not significantly higher than corresponding ratios of gas systems whose divestment we have required on the ground that the estimated loss of economies was not substantial within the meaning of clause A." *New England Electric System*, *supra* note 37 at 897-98. We rejected arguments, among others, that an increase in operating costs would have an exceptionally adverse impact on the gas system because of the highly competitive position of gas in relation to fuel oil in the area; that an increase in the cost of gas operations as a result of severance would force an increase in gas rates to customers that would impair the slight competitive advantage held by gas; and that there would be no advantage arising from separation of the management of the gas system from the primary electric system because the benefits that flow from centralized and separation operation of the gas business had already been achieved. *Id.* at 898-900.

[*64]

Although some recent combinations of gas and electric operations have readily satisfied the historical guidelines, we have emphasized in recent matters, beginning with the *1997 NCE Order*, that in today's gas and electric industries, increased expenses of separate operation may be compounded by a loss of competitive benefits that would flow from

the ownership of combined gas and electric [**1028] properties. n43 The Court of Appeals for the District of Columbia Circuit has sustained our reappraisal of our earlier assumptions. n44

n43 See, e.g., *1997 NCE Order*, *supra* note 13; *SCANA Corp.*, Holding Co. Act Release No. 27133 (Feb. 9, 2000); *Northeast Utilities*, Holding Co. Act Release No. 27127 (Jan. 31, 2000); and *NiSource Inc.*, *supra* note 39.

As examples of matters in which the historical guidelines were satisfied, see *1997 NCE Order*; *supra* note 13; *Ameren Corp.*, Holding Co. Act Release No. 26809 (Dec. 30, 1997); and *WPL Holdings, Inc.*, Holding Co. Act Release No. 26856 (Apr. 14, 1998), *aff'd*, *Madison Gas and Electric Co. v. SEC*, *supra* note 33.

n44 See *Madison Gas and Electric Co. v. SEC*, *supra* note 33 at 1344 n.9.

[*65]

Thus, we have determined that a combined company's competitive position in the market would suffer if it were unable to own combined electric and gas operations because, as the utility industry moves toward a complete energy services business, energy suppliers must be able to offer customers a total range of energy options to meet their energy needs. Our orders have thus recognized that significant economies and competitive advantages inhere in the ownership of both gas and electric operations. n45 We have further noted that revenue enhancement opportunities and other benefits expected to result over time from proposed "convergence" mergers would be diminished or lost if an additional system had to be divested. n46

n45 See, e.g., *Exelon Corp.*, *supra* note 19, citing *WPL Holdings, Inc.*, Holding Co. Act Release No. 26856 (Apr. 14, 1998), *aff'd*, *Madison Gas and Electric Co. v. SEC*, *supra* note 33; *TUC Holding Co.*, Holding Co. Act Release No. 26749 (Aug. 1, 1997); and *1997 NCE Order*, *supra* note 13.

n46 See *SCANA Corp.*, *supra* note 43.

[*66]

In this matter, Applicants state that certain non-quantifiable economies would be lost if divestment were required. For example, the access to greater financial and other resources that NCNG would have as a subsidiary of CP&L Energy would no longer be available. At the same time, CP&L's competitive position would suffer. Applicants state that the acquisition of NCNG gave CP&L an opportunity to evolve into a total energy services provider and achieve the other strategic goals it sought to obtain through the acquisition. Applicants note, among other things, that the North Carolina Commission, in approving the combination of CP&L and NCNG, found that it would help to ensure an adequate, reliable and cost-effective supply of natural gas for CP&L's gas-fired electric generating assets; promote the expansion of intrastate natural gas [**1029] transmission lines in North Carolina (in that the overall economies of expansion plans would improve when CP&L's need for gas as a fuel combines with NCNG's need for gas transportation); and make it more likely that natural gas service would be extended into unserved parts of the state as and when CP&L gas-fired units become the "anchor tenant" that provides [*67] the economic justification for expansion of gas service into the nearby local communities. n47

n47 Re: *Carolina Power & Light Co., et al.*, 194 P.U.R. 4th 258, 262-64 (July 13, 1999)

We have also noted previously that, to the extent that competition between sources of energy remains a concern, section 10(b)(1) of the Act requires us to consider the potential anticompetitive effects of an acquisition. n48 In addition, the FERC and the DOJ typically have concomitant jurisdiction over merger transactions and consider potential anticompetitive consequences. n49 In several recent matters, the FERC examined the vertical aspects of the Merger (associated with combining delivered gas and electric assets) and found that they did not raise competitive concerns. n50 In addition, mergers are typically subject to the notification and report procedures under the HSR Act. In this matter, as previously discussed, the FERC fully considered the competitive impact of the Merger and determined, with respect [*68] to NCNG that, as a result of its small size, the Merger "will not adversely affect competition as a result of

combining control over delivered gas and electricity facilities." n51 The DOJ also notified Applicants on July 12, 2000 of the early termination of the applicable waiting period under the HSR Act.

n48 *See, e.g., 1997 NCE Order, supra* note 13; and *NiSource, Inc., supra* note 39.

n49 *See id.*

n50 *See, e.g., NiSource, Inc., supra* note 39.

n51 *See FERC Order, supra* note 10 at 14.

Finally, we have taken account of a historical association of gas and electric operations and the views of the interested state commissions. n52 In this matter, unlike several previous matters, the gas and electric operations of CP&L Energy have not been under common control for any extended period of time. As in previous matters, however, the continued ownership of these properties by CP&L Energy will not alter the *status quo* with respect to the utility operations. Further, as discussed above, the North [*69] Carolina [**1030] Commission has endorsed CP&L Energy's ownership of NCNG. In light of the increased expenses and the potential loss of competitive advantages that could result from separation from CP&L Energy and the other factors noted above, we find that the requirements of clause A are satisfied with respect to the gas operations of NCNG. Accordingly, CP&L Energy may retain the gas operations as an additional system.

n52 *See 1997 NCE Order, supra* note 13. *Accord: NiSource, Inc., supra* note 39.

F. Ownership of Nonutility Subsidiaries

Section 11(b)(1) of the Act, referenced in section 10(c)(1), limits the nonutility interests of a registered holding company to those that are "reasonably incidental, or economically necessary or appropriate to the operations of" the integrated system, based on a Commission finding that the nonutility businesses are "necessary or appropriate in the public interest or for the protection of investors or consumers and not detrimental to the proper function of" the registered system. [*70] The Commission has interpreted section 11(b)(1) to require the existence of a functional relationship between the utility business of the registered holding company and its nonutility activities. n53

n53 *See generally Michigan Consolidated Gas Co. v. SEC*, 444 F.2d 913 (D.C. Cir. 1971).

CP&L Energy and Florida Progress are engaged through subsidiaries in various nonutility activities. Many of these businesses are retainable under our rules and/or prior cases. A description of each of these nonutility activities and indication of the legal basis for retention are provided in Appendix A to this order.

Applicants request that we exclude nonutility investments made by CP&L Energy and Florida Progress prior to the effective date of the Share Exchange, for purposes of calculating the 15% investment limitation of rule 58. It is appropriate to grant this request in view of the fact that, at the time of the investments, the Merger partners were not subject to the restrictions that section 11(b)(1) [*71] of the Act and relevant precedent place upon the nonutility investments of registered system companies. n54

n54 *See, e.g., 1997 NCE Order, supra* note 13; and *SCANA Corp., supra* note 43.

Applicants commit to divest certain nonutility interests and request that we reserve jurisdiction over CP&L Energy's ownership of [**1031] certain other nonutility businesses pending completion of the record.

Specifically, Applicants acknowledge that Florida Progress' interest in Mid-Continent, a life insurance subsidiary company, is not retainable under the standards of section 11(b)(1) of the Act. Applicants commit to divest this interest upon court approval of a rehabilitation for Mid-Continent and settlement of litigation against Florida Progress. n55

Applicants state that any divestment of Mid-Continent will comply with all applicable state laws. We find that the disposition of Mid-Continent is necessary and appropriate to integrate and simplify the holding company system of which CP&L Energy is a member and to effectuate the provisions [*72] of section 11(b)(1) of the Act.

n55 Under a plan of rehabilitation filed in May 2000 and recommended by the Oklahoma insurance commissioner as the receiver, American Fidelity Assurance Company ("American Fidelity") would acquire Mid-Continent's policies. On September 26, 2000, the Oklahoma County District Court approved the acquisition of Mid-Continent's policies by American Fidelity. At the same time, Florida Progress entered into a settlement that would resolve all current policyholder litigation against Florida Progress. A proposed agreement would also settle litigation against Florida Progress that was filed in December 1997 by the receiver. Under the terms of the agreement, Florida Progress would make certain payments totaling \$ 17.5 million that would be held in a fund and used to offset future increases in policy premiums. In addition, Florida Progress would contribute the common stock of Mid-Continent to the receiver. The rehabilitation plan and the settlement agreements are subject to approval by the Oklahoma County District Court. The court has scheduled a fairness hearing on February 21, 2001 on both the plan and the settlement agreements. If the plan and settlement agreements are approved, Florida Progress would relinquish its interest in Mid-Continent.

[*73]

Applicants further acknowledge that Florida Progress' limited partnership interest in the Tampa Bay Devil Rays, Ltd. ("Devil Rays"), the owner of a Major League Baseball franchise, is not retainable under the standards of section 11(b)(1) of the Act. Florida Progress holds a 5.8% interest in the Devil Rays as a class B limited partner. Under the terms of the partnership agreement, the transfer of a limited partner's interest to a third party is subject to various limitations and restrictions. The agreement obligates the partnership to repurchase each class B limited partner's interest in cash on the eighth anniversary of the date on which the team commenced play, which will occur in March 2006, unless such class B limited partner exercises its right to convert its interest to that of a class A limited partner. Florida Progress will endeavor to sell its interest in the Devil Rays following the Share Exchange but, in any event, commits to sell its interest in the [**1032] Devil Rays back to the partnership in accordance with the provisions of the partnership agreement. Florida Progress will not exercise its right to convert its class B limited partnership interest to that of a class A limited [*74] partner. We find that the disposition of the interest in the Devil Rays is necessary and appropriate to integrate and simplify the holding company system of which CP&L Energy is a member and to effectuate the provisions of section 11(b)(1) of the Act.

Our order will further require that all of the net proceeds from the disposition of the interest (for this purpose, a party selling the interest pursuant to the order shall be referred to as a "Transferor") must be contributed to the capital of Progress Capital by the Transferor within ninety days of receipt of cash in connection with such sale. We find that such capital contribution is necessary and appropriate to integrate and simplify the holding company system of which CP&L Energy is a member and to effectuate the provisions of section 11(b)(1) of the Act.

CP&L, directly and through subsidiaries, holds interests in a total of 53 entities that own or develop affordable housing projects that qualify for affordable housing credits under the provisions of the Low Income Housing Tax Credit Program under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code") and in historic building renovation properties that qualify [*75] for historic building rehabilitation credits under Section 47 of the Code. Five of these investments are in syndicated national funds. n56 The remaining 48 are direct investments in limited partnerships or limited liability companies that own or are developing individual tax-credit properties in North and South Carolina. All but two of these (Enston Home LP and Willow Run, LLC) are located within the combined CP&L and NCNG service territory.

n56 These investments in syndicated national affordable housing funds satisfy the criteria for retention set forth in *Exelon Corp.*, Holding Co. Act Release No. 27256 (Oct. 19, 2000), citing *WPL Holdings, Inc.*, Holding Co. Act Release No. 26856 (Apr. 14, 1998). Accordingly, CP&L Energy may retain them.

CaroFund, a subsidiary of CP&L, is co-developing and, under the organizational documents, will act as co-manager of five of the 48 project entities: Grove Arcade Restoration LLC, HGA Development, [**1033] LLC and Historic

Property Management, LLC, which are involved in an historic building [*76] restoration project in Asheville, North Carolina; and Raleigh-CarolHome/WCK, LLC and Trinity Ridge, LLC, which are developing affordable housing projects in the Raleigh, North Carolina area.

Applicants request the Commission to reserve jurisdiction over Enston Home LP and Willow Run, LLC. CP&L Energy will file a post-effective amendment in this proceeding not later than November 30, 2001, in which CP&L Energy will either set forth the legal basis upon which it is entitled to retain these investments or its plan to dispose of them. In addition, CP&L Energy requests the Commission to reserve jurisdiction over its retention of the five projects in which it has an "active" investment interest (the "Specified Building Projects"). CP&L Energy undertakes to either sell the Specified Building Projects or to take steps to have the ownership interest in each entity converted into that of a passive investor prior to November 30, 2003.

Applicants further request the Commission to reserve jurisdiction over CP&L Energy's retention of various subsidiaries of Electric Fuels, the predominant nonutility subsidiary of Florida Progress. n57 Applicants acknowledge that there is an issue as to whether certain [*77] of Electric Fuels' subsidiaries qualify as energy-related companies under rule 58 or are otherwise retainable under the standards of section 11(b)(1) of the Act. Applicants have not completed the record with respect to these interests and therefore request the Commission to reserve jurisdiction over CP&L Energy's retention of the following subsidiaries of Electric Fuels (the "Specified EFC Subsidiaries").

n57 Electric Fuels is engaged through numerous direct and indirect subsidiaries in various domestic energy businesses, including coal mining and synthetic fuel production. Electric Fuels is also engaged in extensive river and ocean barging and rail transportation operations, and in various businesses that are related to those operations, including operating bulk storage, drydocking and railcar repair facilities, and marketing and selling railcar parts, among others.

Dixie Fuels Limited, a Texas partnership, was formed to operate an ocean-going barge system for the transportation of coal from the New Orleans area [*78] to Florida Power's Crystal River plant and other bulk commodities. Dixie Fuels also backhauls limestone from a quarry at Crystal River to a cement plant near Mobile Alabama that [**1034] is owned by a third party. Electric Fuels owns a 65% interest in the partnership. An unrelated company holds the remaining interest.

Dixie Fuels II, Limited is an inactive Texas partnership that formerly owned and operated one tug/barge unit used primarily for hauling bulk cargo for unaffiliated companies. The vessel has been sold and the partnership is in the process of being liquidated. Electric Fuels owns a 50% partnership interest.

Cincinnati Bulk Terminals, Inc. is a Delaware corporation that serves as a transloading and distribution point for coal and other bulk materials in the greater Cincinnati, Ohio area.

Kanawha River Terminals, Inc. is a Florida corporation that sells and terminals coal and other bulk materials in West Virginia and Kentucky. It is also an intermediate holding company with interests in synthetic fuel plant entities.

MEMCO Barge Line, Inc. ("*MEMCO*"), a Delaware corporation, is Electric Fuels' inland marine transportation unit. It hauls coal, petroleum coke, synthetic [*79] coal fuel, wood chips, limestone, steel products, lime, salt, fertilizer, grain and grain products and other bulk commodities. MEMCO operates primarily on the Illinois, Ohio and Mississippi rivers and the Gulf Intracoastal Canal. The following are subsidiaries of MEMCO:

Elmwood Marine Services, Inc., a Louisiana corporation, engages in the fleeting, washing and repair of barges in Louisiana and maintains a 33-1/3% ownership interest in International Marine Terminals Partnership.

Conlease, Inc., is a Louisiana corporation that owns batture leases in Louisiana. (Batture is the right to use a river bank area to fleet barges).

International Marine Terminals Partnership ("*IMT*") was formed to develop and operate a bulk commodities terminal facility on the Mississippi River south of New Orleans. IMT transloads coal from barges to Dixie Fuels vessels. It also stores and blends coal destined for Crystal River. IMT is the receiving point for import coal destined for Crystal River, since the Crystal River channel is too shallow to handle import ships directly. IMT's subsidiary *I.M.T. Land Corp.* owns terminal land in Louisiana that it leases to IMT.

Progress Metal Reclamation [*80] Company, a Kentucky corporation, has a railcar scrapping and general metal recycling facility in Kentucky. It also has an ownership interest in *West Virginia Auto* [**1035] *Shredding*, a West Virginia corporation. *Progress Rail Services Corporation* ("*Progress Rail*") is an Alabama corporation that provides rail and track material, new and reconditioned car parts, car repair and car leasing services in the United States, Mexico and Canada. It has ownership interests in the following companies:

Chemetron-Railway Products, Inc. is a Delaware corporation that sells and leases rail welding and handling equipment and provides rail welding services through the United States and in Canada.

FM Industries, Inc. is a Texas corporation that manufactures railcar parts in Texas.

Kentuckiana Railcar Repair and Storage Facility, L.L.C. is an Indiana limited liability company that operates a railcar repair facility in Indiana.

PRS International Sales Company, Inc., a Virgin Islands corporation, is a foreign sales corporation agent for Progress Rail.

Progress Rail Services de Mexico, S.A. de C.V. is a Mexican company that markets, leases and sells railcars and railcar parts in Mexico. [*81]

Progress Rail Canada Corporation is a Canadian company that supplies rail and railcar parts and maintenance-of-way equipment. It also repairs and leases railcars and locomotives.

Progress Rail Holdings, Inc. is an Alabama intermediate holding company. It owns *Progress Rail Transcanada Corporation*, a Nova Scotia company that owns and operates a facility that repairs, manufactures and supplies railway equipment.

Progress Vanguard Corporation is a Delaware corporation that repairs and leases railcar and supplies new and reconditioned rail and new and reconditioned railcar parts and maintenance-of-way equipment in several states.

Railcar, Ltd. is a Georgia corporation that leases and sells railcars and manages railcar rolling stock. It has an ownership interest in *Servicios Administrativos Progress, S. de R.L. de C.V.*, a Mexican limited liability company that provides personnel and administrative services for *Servicios Ferroviarios Progress S. de R.L. de C.V.*, a Mexican holding and operating company limited liability company that performs railcar repair services in Mexico in which Railcar, Ltd. also has an ownership interest.

Southern Machine and Tool Company [*82] is a Georgia corporation that operates a design and fabrication machine shop in Georgia. [**1036]

United Industries, Inc. is a Kentucky corporation that operates a railcar repair facility in Kentucky.

DAPCO Rail Services, L.L.C. is an Alabama limited liability company that engages in ultrasonic scanning, inspection and testing of railway rails.

Marigold Dock, Inc., an Alabama corporation, owns a coal loading facility in Kentucky.

The following coal mining subsidiaries of Electric Fuels: Awayland Coal Company, Inc.; Diamond May Coal Company; Diamond May Mining Company; Dulcimer Land Company; Homeland Coal Company, Inc.; Kentucky May Coal Company, Inc.; Kentucky May Mining Company; Little Black Mountain Coal Reserves, Inc.; Little Black Mountain Land Company; Murphy Land Company, Inc.; PMCC, Inc.; Powell Mountain Coal Company, Inc.; Powell Mountain, Inc.; Powell Mountain Joint Venture; and Progress Land Corporation.

CP&L holds interests ranging between 3.1% and 15.79% in eight different venture capital funds. Two of the eight funds invest in new and existing companies that are engaged in the development and commercialization of electrotechnologies related to energy conservation, [*83] storage and conversion, energy efficiency and greenhouse gas reduction; and two funds make investments in new business ventures in North and South Carolina in order to attract business and create jobs. CP&L Energy requests the Commission to reserve jurisdiction over the retention of passive investments in the remaining four funds: Carousel Capital Partners, LP, South Atlantic Private Equity Fund IV, Utility Competitive Advantage Fund, LLC and Utility Competitive Advantage Fund II, LLC (collectively, the "Specified Funds").

CP&L Energy will file a post-effective amendment in this filing not later than November 30, 2001, in which it will either set forth the legal basis upon which it is entitled to retain any or all of the Specified EFC Subsidiaries and the

Specified Funds, or, alternatively, will commit to divest some or all of the Specified EFC Subsidiaries and Specified Funds. CP&L Energy requests that any order of the Commission that requires CP&L Energy to divest any of these interests pursuant to section 11(b)(1) of the Act permit CP&L Energy to take the appropriate actions to complete the disposition not later than November 30, 2003 in order to satisfy the requirements of section [*84] 1081 of the Code. This measure will enable [**1037] CP&L Energy to obtain the tax treatment for any such disposition provided for in section 1081.

Several nonutility subsidiaries of CP&L Energy and Florida Progress that are listed and described in Appendix A are currently inactive. In the event that CP&L Energy seeks to reactivate any of these companies after its registration, it commits to file a post-effective amendment in which it will request authority to engage in the proposed activities, if authorization is required.

III. Request for Hearing

Mr. Edwin Dove, who identifies himself as an investor and customer of CP&L Energy in Asheville, North Carolina, filed a request for a hearing on August 21, 2000 objecting to the Merger and requesting a hearing on the Application (the "*Request*"). n58 Applicants filed a response on September 8, 2000 (the "*Response*").

n58 Mr. Dove did not provide a telephone number or address or indicate any other means of communicating with him. Applicants describe various measures through which they have tried, without success, to identify and locate Mr. Dove. The lack of an address obviously makes it impossible for us to provide Mr. Dove with a copy of this order.

[*85]

Mr. Dove raises various objections to the Merger. First, he asserts that: "Florida Progress appears to be a risky investment; there [sic] bond ratings are not as good as those of CP&L; maybe because FPC [Florida Power] is involved in investments that appear to have no relevance in the utility business." As examples, Mr. Dove cites a barge business on the Mississippi River, an interest in a baseball team (the Tampa Bay Devil Rays) and low-income housing. He suggests that Florida Progress' nonutility activities generally contravene the requirements of the Act.

Prior to November 20, 2000, the ratings for the long-term debt, preferred stock and commercial paper of Florida Power, Progress Capital Holdings, Inc. (the holding company for substantially all of Florida Progress' nonutility subsidiaries) and FPC Capital (a special purpose financing vehicle of Florida Power) were comparable to or higher than those of CP&L. n59

n59 Prior to November 20, 2000, Standard & Poor's rated the securities of Florida Power as follows: senior secured debt, AA-; senior unsecured debt, A+; preferred stock A and commercial paper A-1+. These ratings were all higher than those of CP&L securities, which were rated: senior secured debt, A; senior unsecured debt, A-; preferred stock, BBB+; and commercial paper, A-1. The senior unsecured debt and commercial paper ratings of Progress Capital Holdings, Inc., which finances Florida Progress's nonutility operations, were rated A and A-1, respectively. Neither Florida Progress nor CP&L has any outstanding debt or preferred stock. *Response* at 7.

[*86] [**1038]

On November 20, 2000, Standard & Poor's lowered its ratings on securities of CP&L, Florida Power, Florida Progress and Progress Capital and removed the ratings from Credit Watch with negative implications, where they were placed on August 23, 1999. For all four companies, the new rating for senior secured debt was BBB+, for senior unsecured debt, BBB+, for preferred stock, BBB-, and for commercial paper, A-2. In addition, Standard & Poor's assigned to CP&L Energy its BBB+ long-term corporate credit rating and it's A-2 short-term corporate credit and commercial paper ratings for a new \$ 3.75 billion commercial paper program. The rating actions were in anticipation of the Merger, which, as noted above, will require a substantial amount of debt financing (approximately \$ 3.5 billion), initially funded through commercial paper at the CP&L Energy level. n60 As a consequence of these actions, the ratings of the securities of the merging companies are now comparable. As discussed below, we do not believe that these rating actions require any adverse finding under section 10(b)(3) of the Act.

n60 The rating agency stated that the outlook for all entities is stable. It explained that the stable outlook reflects the expectation of quick assimilation of the Florida Power assets and the realization of projected cost synergies, and added that, "Combined with management's stated commitment to credit quality, the potential for reduced debt leverage and stronger credit protection measures is high." Dow Jones Newswires Press Release: S&P Rates CP&L Energy; Units Cut, Off Watch, <http://199.97.97.79/IMDS/>.

[*87]

Applicants respond that Mr. Dove is mistaken in asserting that the bond ratings of Florida Progress are inferior to those of CP&L. Applicants state that, in fact, the current ratings for the long-term debt, preferred stock and commercial paper of Florida Power, Progress Capital Holdings, Inc. and FPC Capital are all comparable to or higher than those of CP&L. n61

n61 Florida Power's securities are currently rated as follows by Standard & Poor's: senior secured debt "AA-"; senior unsecured debt "A+"; preferred stock "A" and commercial paper "A-1+". These ratings are all higher than those of CP&L, which are rated by Standard & Poor's as follows: senior secured debt, A; senior unsecured debt, A-; preferred stock, BBB+; and commercial paper, A-1. The senior unsecured debt and commercial paper ratings of Progress Capital Holdings, Inc., which finances Florida Progress's nonutility operations, are rated "A" and "A-1", respectively. Neither Florida Progress nor CP&L has any outstanding debt or preferred stock. *Response at 7.*

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Applicants state that the risks of the proposed business combination were disclosed in the companies' combined proxy statement, and that shareholders overwhelmingly approved the Merger based on the disclosure in the proxy statement. n62 We further note that, although the Act does not require an assessment of the risks of a proposed acquisition, it does require the Commission not to approve an acquisition if we find that the consideration is "not reasonable or does not bear a fair relation to the sums invested in or the earning capacity of the utility assets" to be acquired. n63 As discussed above, Florida Progress shareholders will elect to receive either \$ 54.00 in cash for each outstanding share of Florida Progress common stock or a number of shares of CP&L Energy common stock as calculated in accordance with the exchange ratio. The purchase price represents a 30% premium to Florida Progress's shareholders based on the 20-day average closing price ended August 20, 1999 of Florida Progress' stock. Under the Exchange Agreement, Florida Progress shareholders will also receive CVOs, which will entitle them to receive payments based on the net after-tax cash flow generated by the EARTHCO [*89] plants.

n62 *Id.*, n.2.

n63 Section 10(b)(2) of the Act.

Based upon our review, we are satisfied that the purchase price is not unfair or unreasonable or does not bear a fair relation to the earning capacity of the utility assets to be acquired within the meaning of section 10(b)(2) of the Act. The price is the result of arm's-length negotiations between CP&L Energy's predecessor and Florida Progress. Applicants state that these negotiations were preceded by months of due diligence, analysis and evaluation of the assets, liabilities and business prospects of the respective companies, which were described in detail in the Applicants' joint proxy statement seeking shareholder approval of the Merger.

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Section 10(b)(2) of the Act also requires consideration of the overall fees, commissions and expenses to be incurred in connection with the Merger. Applicants estimate that they will incur a combined total of approximately \$ 41.4 million in fees, commissions and expenses in connection with the Merger. These fees are [*90] consistent with, and are generally lower than, percentages previously approved by the Commission. n64

n64 See e.g., *Entergy Corp., Holding Co.* Act Release No. 25952 (Dec. 17, 1993) at n.63 (fees and expenses of \$ 38 million, representing approximately 2% of the value of the consideration paid to the shareholders of Gulf States Utilities; *Dominion Resources, Holding Co.* Act Release No. 27113 (Dec. 15, 1999) (fees and expenses totaling \$ 55.5 million, representing approximately 0.87% of the estimated total consideration to be paid to shareholders of Consolidated Natural Gas Co.); and *2000 AEP Order, supra* note 21 at n.40 (total fees, commissions and expenses of approximately \$ 72.7 million, representing 1.1% of the value of the total consideration paid by AEP to the shareholders of Central and South West Corporation).

Further, the Act further directs us not to approve an acquisition that "will unduly complicate the capital structure of the holding-company system of the applicant or will be detrimental to the [*91] public interest or the interest of investors or consumers or the proper functioning of [the] holding-company system." n65 We make no negative findings under these provisions. The record indicates that, as of June 30, 2000, the *pro forma* consolidated capital structure of CP&L Energy after the Merger would be 34% common equity, above the 30% common equity ration that we have generally viewed as adequate for registered holding companies. n66 This ratio includes the acquisition financing. The record further indicates that within two years of the Merger, the *pro forma* consolidated capital structure of CP&L Energy would be 39% common equity. These financial projections suggest that the recent downgrades of the merging companies' securities are likely to be temporary.

n65 Section 10(b)(3) of the Act.

n66 See, e.g., *Entergy Corp., supra* note 62, citing *Northeast Utilities, Holding Co.* Act Release No. 25221 (Dec. 21, 1990), n.47, *supplemented*, *Holding Co.* Act Release No. 25273 (Mar. 15, 1991), *aff'd sub nom. City of Holyoke v. SEC*, 972 F.2d 358 (D.C. Cir. 1992).

[*92]

In addition, the record in this matter offers no basis for a finding that the Merger would be detrimental to the public interest, the interests of investors or consumers, or the proper functioning of the holding company system. The shareholders of the combining [**1041] companies approved the Merger. As discussed above, we do not find that any adverse finding on anticompetitive grounds is necessary under section 10(b)(2) of the Act. Further, the Merger is expected to result in economies and efficiencies, as required by section 10(c)(2) of the Act. As discussed previously, Applicants estimate the nominal dollar value of synergies from the Merger to be at least \$ 1 billion (net of costs to achieve) over ten years. The transaction will have no adverse effect on the rights of holders of the outstanding stock and debt securities of CP&L Energy. In view of these considerations, we do not find that the Merger would be detrimental to the protected interests or the proper functioning of CP&L Energy. We reject Mr. Dove's assertion that the Merger should be disapproved because it will produce "nothing but big paydays for management."

With respect to Mr. Dove's suggestion that the nonutility businesses [*93] of Florida Progress contravene the requirements of the Act, our order requires CP&L Energy to divest its interests in Mid-Continent and the Tampa Bay Devil Rays, Ltd. Other nonutility interests not approved by this order will be subject to further scrutiny when CP&L files a post-effective amendment in this filing, as required by the order.

Mr. Dove further objects that the 50 MW Contract Path is inadequate, particularly in view of the 250 MW contract path in the *2000 AEP Order*. In this regard, he cites a statement in footnote 10 of the notice published in the *Federal Register* to the effect that power exchanges between the two utilities will be "small, infrequent and intermittent." Mr. Dove concludes that the Commission is "allowing two big companies to come together under the guise that they will be interconnected -- but in reality they won't be really interconnected." n67

n67 Request at 1

It appears, on the contrary, that the Contract Path is a reasonable and cost-effective means of interconnecting the [*94] CP&L and Florida Power systems that will contribute to the coordination of the combined system. Applicants

state that "opportunities for power exchanges between CP&L and Florida Power will likely be limited in the near term" and that "energy exchanges between CP&L and Florida Power will tend to occur initially over periods of relatively [**1042] short duration, e.g., a few hours or days at a time." Applicants have concluded that the Contract Path is adequate in the near term to support anticipated levels of energy flows from Florida Power to CP&L. n68 For intermittent transactions, the companies will rely on transmission service generally available from intervening utilities on an as-needed basis. It appears that a significant amount of south-to-north, non-firm transmission capacity will be available. It further appears that even without the ability to reserve a firm north-to-south contract path from CP&L to Florida Power, the companies will be able to obtain non-firm transmission capacity when and as needed during most hours. In the 2000 AEP Order and the 2000 NCE Order, we considered the availability of shorter-term non-firm transmission service in conjunction with an annual [*95] firm contract path in determining whether the interconnection requirement was met. n69 On the basis of all the facts and circumstances in this matter, we find that the statutory interconnection requirement is satisfied.

n68 Applicants correctly state that we have not established any minimum size requirement for a contract path. *Response* at 9, n.4. *See, e.g., Energy East Corp., supra* note 16.

n69 *See supra* note 21.

In the context of interconnection, Mr. Dove asks if the Commission is "recreating what the SEC broke up in the 1930s and 1940s." We note that the Act was not intended to preclude a holding company from expanding its utility system by acquisition or otherwise. Indeed, the Act expressly permits a holding company that meets the standards of the Act to function and develop as a regional system. n70 We have found that the proposed Merger and related transactions satisfy the statutory requirements.

n70 *See The Regulation of Public-Utility Holding Companies*, Division of Investment Management, SEC (June 1995) at 56, citing S. Rep. 621, 74th Cong., 1st Sess. (1935) (Report of Sen. Wheeler from the Committee on Interstate Commerce at 30; H.R. Rep. No. 1318, 74th Cong., 1st Sess. (1935) at 15.

[*96]

It is well settled that an evidentiary hearing is required only when an intervenor establishes that a genuine issue of material fact exists. n71 The proponent of a hearing must make a minimal showing that material facts are in dispute; bald and conclusory allegations that [**1043] such a dispute exists are not sufficient. n72 In this case, Mr. Dove has not identified any material fact that is in dispute. We therefore conclude that he has failed to make the necessary showing and that no evidentiary hearing is required. Accordingly, the request for hearing is denied.

n71 *See City of New Orleans v. SEC*, 969 F.2d at 1167 n.6, quoting *Wisconsin's Environmental Decade, Inc. v. SEC*, 882 F.2d 523, 526 (D.C. Cir. 1989).

n72 *See City of New Orleans v. SEC, supra* note 53, citing *Connecticut Bankers Ass'n v. Board of Governors of Fed. Reserve Sys.*, 627 F.2d 245, 251 (D.C. Cir. 1980).

IV. Conclusion

We have [*97] carefully examined the Application under the applicable standards of the Act and have concluded, based on the record before us, that the proposed transactions are consistent with those standards.

No federal or state commission other than this Commission has jurisdiction over the proposed transactions, other than as discussed above. As noted above, Applicants state that fees and expenses in connection with the Merger will be approximately \$ 41.4 million. Due notice of the filing of the Application has been given in the manner prescribed in rule 23 under the Act.

Upon the basis of the facts in the record, it is hereby found that the applicable standards of the Act and rules under the Act are satisfied, and that no adverse findings are necessary:

IT IS ORDERED, under the applicable provisions of the Act and rules under the Act, that the Application, as amended, is granted and allowed to take effect immediately, subject to the terms and conditions prescribed in rule 24 under the Act.

IT IS FURTHER ORDERED, that, pending completion of the record, jurisdiction is reserved over Enston Home LP and Willow Run, LLC, the Specified EFC Subsidiaries, the Specified Building Projects and the Specified [*98] Funds.

IT IS FURTHER ORDERED, that Florida Progress' interests in Mid-Continent and the Devil Rays be divested.

IT IS FURTHER ORDERED, that the request for hearing is denied.

By the Commission.

[**1044]

Appendix A

Legal Basis for Retention of Nonutility

Businesses of CP&L Energy and Florida Progress

I. Nonutility Businesses of CP&L Energy:

CP&L Energy, Inc. ("CP&L Energy," incorporated in North Carolina) engages indirectly through its subsidiaries in various nonutility businesses. CP&L Energy owns directly all of the voting securities of two utility companies, Carolina Power & Light Company ("CP&L") and North Carolina Natural Gas Corporation ("NCNG") and of four nonutility subsidiary companies: Strategic Resource Solutions Corp. ("SRS"), which directly and through subsidiaries of its own designs, develops, installs, and provides facilities and energy management software systems and other services for educational, commercial, industrial and governmental markets nationwide, and designs, engineers, installs and maintains building automation systems that control heating, ventilation, air conditioning and lighting; Monroe Power Company ("Monroe Power"), an "exempt wholesale generator;" [*99] CPL Energy Ventures, Inc. ("Energy Ventures"), an intermediate holding company that indirectly holds interests in synthetic fuel production facilities located in Virginia, West Virginia, and Kentucky; and CP&L Service Company LLC ("CP&L Service"), a subsidiary service company.

CP&L directly provides fleet vehicle repair and servicing, transformer maintenance services, and data processing services to unaffiliated third parties utilizing resources and personnel who perform these same functions for CP&L. CP&L also sells standing timber on lands that it holds for utility purposes in North and South Carolina. In addition, CP&L owns all of the voting securities of five direct nonutility subsidiaries: Caronet, Inc. ("Caronet"), an "exempt telecommunications company;" Capitan Corporation ("Capitan"), which holds certain land and water rights in Tennessee that are used in CP&L's utility operations; CaroFund, Inc. ("CaroFund") and CaroHome, LLC ("CaroHome"), which are investors in housing projects that qualify for low-income housing tax credits and in historic building renovation projects that also qualify for income tax [*1045] credits; and CaroFinancial, Inc. ("CaroFinancial"), an inactive company [*100] whose only remaining asset is a receivable evidencing debt incurred by a CP&L employee stock ownership plan. CP&L also holds a 50% membership interest in Eastern North Carolina Natural Gas, LLC ("Eastern NCNG"), which has undertaken the development and construction of a gas pipeline and distribution system in 14 eastern North Carolina counties that are not currently served. In addition to its direct and indirect subsidiaries, CP&L holds passive or small minority investments in several venture capital funds, local economic development ventures and in an "exempt telecommunications company."

NCNG holds all of the outstanding voting securities of four nonutility subsidiaries: Cape Fear Energy Corporation ("Cape Fear"), an inactive company that was previously engaged in marketing natural gas and providing energy management services; NCNG Cardinal Pipeline Investment Corporation ("Cardinal Investment"), which was formed to acquire and hold a 5% membership interest in an intrastate gas pipeline; NCNG Pine Needle Investment Corporation ("Pine Needle Investment"), which was formed to acquire and hold a 5% interest in a liquefied natural gas project in North Carolina; and NCNG Energy Corporation [*101] ("NCNG Energy"), an inactive subsidiary.

Set forth below is a description of the nonutility businesses of CP&L Energy's direct and indirect subsidiaries, along with a citation of authority that justifies retention of such businesses, where applicable.

A. Direct Nonutility Activities of CP&L

1. *Fleet Vehicle Repair and Servicing*: CP&L provides a full range of fleet services (preventive and corrective maintenance, recertification, hydraulic system repairs, etc.) associated with the maintenance, repair and management of governmental and commercial vehicle fleets. CP&L provides and will continue to provide these [**1046] services to nonassociates after the merger using personnel and facilities that are required for public utility operations. n1

n1 The Commission has authorized subsidiaries of registered holding companies to offer services to nonassociates utilizing equipment and facilities acquired for their own purposes during periods of nonutilization. *See Indiana & Michigan Electric Co., Holding Co. Act Release 24039 (Mar. 4, 1986) (use of coal transportation equipment); Ohio Power Company, Holding Co. Act Release No. 25427 (Dec. 11, 1991) (railcar repair services).*

[*102]

2. *Transformer Maintenance Services*: CP&L provides transformer repair services, primarily to other utilities and municipalities, including single-phase polemount and padmount, three-phase padmount, and small power transformers. Work includes both shop and field service and sale of refurbished transformers. CP&L provides and will continue to provide these services to nonassociates after the merger using personnel and facilities that are required for public utility operations. n2

n2 *Id.*

3. *Data Processing Services*: CP&L operates a division called *statusgo.com*, an application services provider that provides, supports and manages a broad range of specialized facilities management software and information systems designed to help businesses and organizations manage and maintain facilities and equipment more efficiently. The division provides information technology infrastructure, application software, and business process and program management to nonassociates. CP&L provides and will continue to provide [*103] these services to nonassociates after the merger using personnel and data processing equipment that are required for public utility operations. n3

n3 The Commission has authorized subsidiaries of registered holding companies to sell data processing services. *See e.g., Cinergy Corp., Holding Co. Act Release No. 26662 (Feb. 7, 1997).*

4. *Sales of Timber*: CP&L makes sales of standing timber on land held for utility uses. n4

n4 *See National Fuel Gas Company, et al., Holding Co. Act Release No. 19088 (July 15, 1975).*

5. *Other Services*: CP&L sells products and services providing for protection from electrical surges resulting from lightning strikes and other surge anomalies (principally to residential and commercial customers), and transmission and distribution system services (principally to industrial and municipal customers, *e.g.*, system [*104] [**1047] operations and maintenance services, substation construction and maintenance, reconductoring, etc.). n5

n5 *See New Century Energies, Inc., Holding Co. Act Release No. 26748 (Aug. 1, 1997) (permitting Public Service Company of Colorado to retain business of marketing various electrotechnology products and services, including surge protection equipment); and Rule 58(b)(vii).*

B. Nonutility Subsidiaries of CP&L Energy

1. *SRS* n6 directly and through four wholly-owned subsidiaries designs, develops, installs, and provides facilities and energy management software systems and other services for educational, commercial, industrial and governmental markets nationwide, and designs, engineers, installs and maintains building automation systems that control heating,

ventilation, air conditioning and lighting. SRS's subsidiaries are: (i) *Applied Computer Technologies Corp.*, which develops and sells energy and facilities management systems for educational institutions; (ii) *ACT Controls, Inc.*, which also develops [*105] and sells energy and facilities management systems for educational institutions; (iii) *Spectrum Controls, Inc.*, which develops, installs and services energy and facilities management systems for educational institutions as well as for commercial and industrial customers; and (iv) *SRS Engineering Corp.*, an inactive subsidiary whose sole purpose is to hold a professional engineering license in the State of North Carolina.

n6 Rule 58(b)(1)(i); the Commission has authorized registered holding companies to engage in substantially identical businesses in *Cinergy Corp.*, *supra n. 3*, and *Conectiv, Inc.*, Holding Co. Act Release No. 26832 (Feb. 25, 1998).

2. *Monroe Power* n7 is an "exempt wholesale generator" ("EWG") within the meaning of Section 32 of the Act. It owns and operates a 160 MW simple-cycle combustion turbine unit located in Monroe, Georgia, the output of which is sold to the Municipal Electric Authority of Georgia under a 5-year contract that commenced in December 1999.

n7 See *Monroe Power Company*, 87 FERC P61,238 (May 28, 1999).

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3. *Energy Ventures*, an intermediate nonutility holding company, n8 is the sole member of *CPL Synfuels, LLC* ("*CPL Synfuels*"), a North Carolina limited liability company. CPL Synfuels, in turn, holds (i) a 90% interest in *Solid Fuel, LLC*, a Delaware limited liability company, which owns a facility located in Virginia that produces synthetic fuel from coal fines and other by-products of coal, (ii) a 90% interest in *Sandy River Synfuel, LLC*, a Delaware limited liability company, which owns a facility located in West Virginia that produces synthetic fuel from coal fines and other by-products of coal, and (iii) a 9% interest in *Colona Synfuel, LLLP*, a registered Delaware limited liability limited partnership, which owns a facility located in Kentucky that produces synthetic fuel from coal fines and other by-products of coal. Each of these facilities produces synthetic fuel from coal that is intended to qualify for federal income tax credits under Section 29 of the Internal Revenue Code of 1986, as amended. n9

n8 See, e.g., *New Century Energies, Inc.*, Holding Co. Act Release No. 27000 (Apr. 7, 1999) (authorizing organization and capitalization of one or more "intermediate" nonutility subsidiaries to act as holding companies over other nonutility subsidiaries). [*107]

n9 Rule 58(b)(vi) (production and sale of alternative fuels); also Rule 58(b)(x) (processes for utilization of coal waste by-products).

4. *CP&L Service* has been formed as a subsidiary service company to provide management, administrative and other corporate support services to its associate companies in the CP&L Energy system. The Commission has been asked to approve its organization as such pursuant to Section 13(b) of the Act and Rule 88.

C. Nonutility Subsidiaries of CP&L

1. *Caronet*, n10 an "exempt telecommunications company" ("ETC") within the meaning of Section 34 of the Act, was organized to hold CP&L's interests in other companies that own and operate fiber optic telecommunications facilities and provide Internet-based services. Caronet holds (i) a 20% interest in *CFN FiberNet, LLC*, a North Carolina limited liability company that is engaged in marketing [*1049] wholesale capacity on an asynchronous transfer mode network to network carriers for its five members (which include Caronet) in Virginia, North Carolina, and South Carolina, and (ii) a 35% interest in *Interpath Communications, Inc.* ("*Interpath*"), a Delaware corporation that offers a full range of managed application services, Internet-protocol based applications and Internet consulting services

to businesses. Interpath in turn holds a 33-1/3% interest in *Autonomous Networks, LLC*, a Delaware limited liability company, which owns and operates a national Internet-protocol network with points of presence in four major cities of the United States connected by a full mesh ATM (asynchronous transfer mode) network implemented on leased circuits.

n10 Section 34. Caronet filed an application with the Federal Communications Commission ("FCC") requesting a determination of ETC status, which was deemed granted following expiration of the 60-day notice period.

2. *Capitan*, n11 a Tennessee corporation, was organized in the 1920s to acquire and hold certain land and water rights in Tennessee that are used to assure the supply of water for the production of hydroelectric power in CP&L's hydroelectric operations on the Pigeon River. It does not conduct [*109] any active business operations.

n11 See *WPL Holdings, Inc.*, Holding Co. Act Release No. 26856 (Apr. 14, 1998); *New Century Energies, Inc., et al. ("Xcel")*, Holding Co. Act Release No. 27212 (Aug. 16, 2000).

3. *CaroFund* holds a 1% membership interest in *CaroHome* n12 and participates with *CaroHome* and other ventures in which *CaroHome* has invested in affordable housing projects that qualify for affordable housing credits under the provisions of the Low Income Housing Tax Credit Program ("LIHTC") under Section 42 of the Internal Revenue Code of 1986, as amended ("Code"), and in historic building renovation projects that qualify for historic building rehabilitation credits under Section 47 of the Code. n13

n12 CP&L holds the remaining 99% membership interest in *CaroHome* directly.

n13 The Commission has permitted other new registered holding companies to retain similar passive interests in tax-credit affordable housing and historic building properties. See *WPL Holdings, Inc.*, *supra*, n. 11, and *Ameren Corporation*, Holding Co. Act Release No. 26809 (Dec. 30, 1997) (permitting retention of tax-credit properties located in the states in which those systems operate as utilities); and *Exelon Corporation*, Holding Co. Act Release No. 27256 (Oct. 19, 2000) (permitting retention of passive interests in funds holding national portfolios of tax-credit properties).

[*110]

CP&L, *CaroHome* and *CaroFund* together have investments in a total of 53 entities that own or are developing LIHTC properties or properties that qualify for historic building rehabilitation credits. [**1050] Five of these investments are in syndicated national funds; the remaining 48 are direct investments in limited partnerships or limited liability companies that own or are developing individual tax-credit properties in North and South Carolina. They are described in greater detail as follows:

(a) Syndicated National Affordable Housing Funds. CP&L directly holds a 99% limited partnership interest in *WNC Institutional Tax Credit Fund, LP*. *CaroHome* holds limited partnership interests in four syndicated funds, as follows (percentage interest indicated): *ARV Partners IV - Anaheim, LP* (19.8%), *Dominion ARV Villa, LP* (19.3%), *Cedar Tree Properties LP* (25%), and *First Partners II, LP* (15.8%). Each of these five funds holds interests in a geographically diversified portfolio of affordable housing projects that are located throughout the United States. The investments by CP&L and *CaroHome* were made exclusively for the purpose of obtaining the available income tax credits provided [*111] under the Code. CP&L's and *CaroHome*'s interests in these entities are passive in every case. They have no role in the management or operation of any of these entities. Further, the investments in all five funds are "self-liquidating," *i.e.*, the assets wind down as the tax-credits expire. n14

n14 CP&L's and *CaroHome*'s investments in these syndicated national affordable housing funds satisfy the criteria for retention set forth in *Exelon Corporation*, *supra* n. 13.

(b) Direct Investments in Individual Affordable Housing and Historic Rehabilitation Tax Credit Properties. CP&L has direct investments in four limited partnerships that own affordable housing properties that are located inside CP&L's service territory, as follows (percentage interest indicated): *Absolut Limited Partnership LP* (99%), *Better Homes for Garner LP* (99%), *Capital City Low Income Housing LP* (99%), and *Walnut Street LP* (99.9%). In addition, CP&L holds an interest in *Powerhouse Square, LLC* (99%), which owns an historic [*112] building renovation project, also located in CP&L's service territory. CP&L is a passive investor in all five of these entities.

CaroHome and CaroFund together hold a total of 43 direct investments in LIHTC and historic building rehabilitation tax credit projects, as follows (percentage interest indicated): *Affordable* [*1051] *Housing Developers, LLC* (51%), *Bradford Place of Fuquay-Varina LP* (99%), *Siler City- Cateland Place LLC* (99.99%), *Creston Commons, LLC* (99.99%), *Lumberton-Chestnut Place LLC* (99%), *Dillon Apartments of South Carolina* (99%), *Enston Home LP* (99%), *Excelsior Apartments LP* (99%), *Garden Spring Housing Association, LLC* (99%), *The Garner School Apartments LP* (99%), *Wilmington-Hooper School Apts. LLC* (99.99%), *Mountainside LLC* (99.99%), *Meadow Spring Housing Assoc. LLC* (99.99%), *Hartsville Apartments LP* (99%), *Manor Associates LP* (99%), *Asheboro-North Forest LLC* (99%), *Northgate II LLC* (99.99%), *Knightdale Development LLC* (99.99%), *Parkview Housing Associates LP* (99%), *Prairie Limited Liability Company* (99.99%), *Ridgewood Housing Assoc LLC* (99%), *Arden-River Glen LLC* (99%), *Rockwood North* [*113] *LLC* (99.99%), *Rockwood AH-I LP* (99%), *Marion Apartments LP* (99%), *Spring Forest Housing Assoc, LLC* (99.99%), *Bishopville Apartments LP* (99%), *Havelock-Tyler Place Apartments LLC* (99%), *West Cary Apartments LLC* (99.99%), *Westridge Woods LLC* (99%), *Wilrik Hotel Apartments LLC* (99.9%), *Asheville-Woodridge LP* (99.99%), *Knightdale Apts. LLC* (99%), *Savannah Place Apartments, LLC* (99.99%), *Willow Run, LLC* (99.99%), *Wind Ridge, LLC* (99.99%), *Baker House Apartments LLC* (99.99%), *Mount Olive School Apartments LLC* (99.99%), *HGA Development, LLC* (99.99%), *Grove Arcade Restoration, LLC* (99.99%), *Historic Property Management LLC* (51%), *Raleigh -- CaroHome/WCK, LLC* (99.99%), and *Trinity Ridge LLC* (99.99%).

CaroHome is co-developing and, under the organizational documents, will act as co-manager of five of the projects listed in the preceding paragraph: *Grove Arcade Restoration LLC*, *HGA Development, LLC*, and *Historic Property Management, LLC*, which are involved in an historic building restoration project in Asheville, North Carolina; and *Raleigh-CaroHome/WCK, LLC* and *Trinity Ridge LLC*, which are developing [*114] affordable housing projects in the Raleigh area. n15 On or before November 1, 2003, CP&L Energy will either cause CaroHome and CaroFund to sell these investments or convert their ownership interests into passive [*1052] interests. In every other case, CaroHome and CaroFund are passive investors.

n15 Jurisdiction reserved.

With two exceptions, all of the projects listed above are located in CP&L's and NCNG's combined service territory. The exceptions are *Enston Home LP* and *Willow Run, LLC*. n16 *Enston Home LP* owns an historic building rehabilitation property in Charleston, South Carolina. *Willow Run, LLC* is building a low-income housing project in Morganton, North Carolina, which is in western North Carolina but is not in CP&L's retail service territory.

n16 Jurisdiction reserved.

The principal objectives of CP&L, CaroHome and CaroFund in investing [*115] in individual LIHTC and historic building renovation projects that are located in North and South Carolina are to (i) assist the residents in CP&L's and NCNG's service areas by providing funds for sound and affordable housing for income qualifying individuals and families; (ii) assist in efforts to preserve architecturally significant and historic structures; (iii) realize income tax credits provided under the Code as well as under state law; and (iv) achieve possible long-term gains through the appreciation and future sale of these investments. Although they are passive investors in these ventures (with the five exceptions already noted), they exercise investment oversight, which includes reviewing and analyzing financial statements generated by third-party property management firms against the approved budgets for the investments and conducting due diligence assessments to determine whether properties remain in compliance with the provisions of the Code and state tax laws. Investment management also includes on-site inspections to determine that the physical structure and grounds are properly maintained. The term of the LIHTC investments is generally 15 years and the term of the [*116] historic building restoration projects is generally five years.

At June 30, 2000, CP&L's direct and indirect investments in all of the entities listed above totaled approximately \$ 83.2 million.

4. *CaroFinancial* n17 holds a receivable evidencing debt incurred by a CP&L employee stock ownership plan. It does not conduct any active business operations.

n17 Inactive.

[**1053]

5. *Eastern NCNG*, n18 a North Carolina limited liability company, is 50% owned by CP&L and 50% owned by Albermarle Pamlico Economic Development Corporation, a North Carolina non-member, non-profit, tax-exempt corporation created to encourage infrastructure and economic development in eastern North Carolina. Eastern NCNG was recently awarded a certificate of public convenience and necessity to serve 14 counties in eastern North Carolina that are not now served with natural gas. When Eastern NCNG commences delivery of natural gas at retail in 2001, it will become a "gas utility company" within the meaning of Section 2(a)(4) of the Act. CP&L Energy intends [*117] to file a separate application with the Commission pursuant to Sections 9(a)(1) and 10 of the Act to acquire and retain Eastern NCNG as an additional public utility subsidiary.

n18 *See Joint Application of Albemarle Pamlico Economic Development Corporation et al.*, Order Granting Certificate, NCUC Docket No. G-44, Sub 0 (June 15, 2000). Eastern NCNG will become a "gas utility company" at such time as its distribution system is placed in service. CP&L Energy intends to file a separate application under Sections 9(a) and 10 of the Act with respect to the acquisition and retention of Eastern NCNG.

D. Other Passive Investments of CP&L

CP&L holds passive investments in the following nonutility companies (percentage interest indicated):

1. *Utech Venture Capital Corporation* (9.76%), n19 a Delaware corporation in which CP&L holds a 9.76% interest, is a venture capital fund that provides capital for the development and commercialization of new technologies intended to benefit electric utilities, augment research and [*118] development, provide investors with a window on technical developments, and provide partnering opportunities to new start-up companies that offer new products and services to the utility industry. CP&L's investment in this entity is approximately \$ 4.5 million.

n19 Rule 58(b)(1)(ii). *See also General Public Utilities Corp.*, Holding Co. Act Release No. 26230 (Feb. 8, 1995); and *Exelon Corporation*, *supra* n. 13 (authorizing retention of 24.4% interest in UTECH Climate Challenge Fund, L.P.).

2. *Utech Climate Challenge Fund, LP* (9.8%), n20 a Delaware limited partnership in which CP&L holds a 9.8% limited partnership interest, invests in existing and start-up companies that offer products [*1054] or services that will generate greenhouse gas emission reductions for submission to the Department of Energy as "Climate Challenge" credits pursuant to Title XVI of the Energy Policy Act of 1992. CP&L's investment in this entity is approximately \$ 2.2 million.

n20 *Id.*

[*119]

3. *Utility Competitive Advantage Fund, LLC* (11.1%), n21 a Delaware limited liability company, makes venture capital investments in companies that assist utilities in retaining and building their customer base, improving cost efficiencies, and/or generating new revenue opportunities. CP&L's investment in this entity is approximately \$ 8.1 million.

n21 Jurisdiction reserved.

4. *Utility Competitive Advantage Fund II, LLC* (15.79%), n22 a Delaware limited liability company, makes venture capital investments in companies that assist utilities in retaining and building their customer base, improving cost efficiencies, and/or generating new revenue opportunities. CP&L's investment in this entity is approximately \$ 3.0 million.

n22 Jurisdiction reserved

5. *Carousel Capital Partners, LP* (3.1%), n23 a North Carolina limited partnership in which CP&L [*120] holds a 3.1% limited partnership interest, for uses on investments in established, strategically positioned, mid-sized companies located in the Southeast. CP&L's investment in this entity is approximately \$ 3.2 million.

n23 Jurisdiction reserved

6. *South Atlantic Private Equity Fund IV, LP* (8.9%), n24 a Florida limited partnership in which CP&L holds an 8.9% limited partnership interest, provides equity funds to emerging growth companies in both technology and non-technology related markets, with an emphasis on investments located in Florida, the southeastern United States and Texas. CP&L's investment in this entity is approximately \$ 3.0 million.

n24 Jurisdiction reserved

[**1055]

7. *NC Enterprise Fund, LP* (5%), n25 a North Carolina limited partnership in which CP&L holds a 5% limited partnership interest, was established to assist new business ventures [*121] in North Carolina by investing in start-ups who commit to operating businesses that will provide employment opportunities in North Carolina. NCNG also holds a .25% limited partnership interest in this entity. CP&L's and NCNG's combined investment in this entity is approximately \$ 1.4 million.

n25 The Commission has authorized registered holding companies to retain passive and/or *de minimis* interests in industrial and other nonutility enterprises located in the service territory of the registered holding company that were formed to promote local economic development by creating new job opportunities, expanding the local tax base, attracting new industries, and retaining existing industries. *See WPL Holdings, supra n. 11* (retention of 54.55% interest in company organized to promote economic development in downtown Cedar Rapids, Iowa); and *Exelon Corporation, supra n. 13*. The Commission has also authorized registered holding companies to make such investments. *See e.g., Union Electric Co., Holding Co.* Act Release No. 14608 (Mar. 22, 1962). *See also* Rule 40(a)(5), which permits such investments without approval, subject to specified investment limitations. In addition, the Commission has approved investments in limited partnerships formed to make venture capital investments within the utility service area. *See e.g., Georgia Power Company, Holding Co.* Act Release No. 25949 (Dec. 15, 1993) (limited partnership formed to provide venture capital to high-technology companies with primary operations in the State of Georgia), *Hope Gas, Inc., Holding Co.* Act Release No. 25739 (Jan. 26, 1993) (venture capital partnership designed to provide venture capital to local businesses), and *The Potomac Edison Co., Holding Co.* Act Release No. 25312 (May 14, 1991) (for-profit, economic development corporation created to stimulate and promote growth and retain jobs).

[*122]

8. *I-40 Enterprises, LLC* (49%), n26 a North Carolina limited liability company in which CP&L holds a 49% interest, was organized to build and to sell or lease an industrial building on Interstate 40 in New Hanover County, North Carolina, which is in CP&L's service territory, for economic development purposes. CP&L's investment in this entity is approximately \$ 500,000.

n26 *Id.*

9. *Southeast Regional Park Development Company, LLC* (33.33%), n27 a North Carolina limited liability company in which CP&L holds a 33.33% interest, was organized to build and sell or lease an industrial building in Columbus County, North Carolina, which is in CP&L's service territory, for economic development [**1056] purposes. CP&L's investment in this entity is approximately \$ 400,000.

n27 *Id.*

10. *Palmetto Seed Capital Challenge Fund LP* (3.7%), n28 a South Carolina [*123] limited partnership in which CP&L holds a 3.7% limited partnership interest, was established to assist new business ventures in South Carolina. CP&L's investment in this entity is approximately \$ 800,000.

n28 *Id.*

11. *Maxey Flats, LLC* (3%), a Virginia limited liability company in which CP&L holds a 3% interest, was organized to handle environmental clean up at the Maxey Flats Superfund site in Fleming County, Kentucky. In the past, CP&L has shipped low level nuclear waste to this site. The contributions by CP&L and the other members to this entity are used for remediation of the site, to satisfy obligations to perform the Initial Remediation Phase under the De Maximus Consent Decree filed in the United States District Court for the Eastern District of Kentucky (Civil Action No. 95-58).

12. *Pantellos Corporation* (1%), n29 a Delaware corporation in which CP&L holds an approximate 1% interest, is an ETC. The company was recently organized to provide e-supply chain solutions to the electric utility, gas utility, [*124] natural gas pipeline and other energy sectors, by providing an open environment that enables participants to conduct supply chain activities and transactions through its secure Internet-based eMarketplace.

n29 Section 34. Pantellos Corporation filed an application with the FCC requesting a determination of ETC status, which was deemed granted following expiration of the 60-day notice period.

E. Subsidiaries of NCNG

1. *Cape Fear* n30 was previously engaged in purchasing natural gas for resale to large industrial and commercial users and the municipalities served by NCNG, as well as the business of providing energy management services.

n30 Inactive.

2. *Cardinal Investment* is an intermediate nonutility holding company whose sole asset is a 5% membership interest in *Cardinal [**1057] Pipeline Company, LLC* ("Cardinal Pipeline"). n31 Cardinal Pipeline [*125] was formed to acquire an existing intrastate pipeline in North Carolina and to extend it.

n31 *New Century Energies, Inc.*, *supra* n. 5; *SCANA Corporation*, Holding Co. Act Release No. 27133 (Feb. 9, 2000); and *Xcel*, *supra* n. 11.

3. *Pine Needle Investment* is an intermediate nonutility holding company whose sole asset is a 5% membership in *Pine Needle LNG Company, LLC* ("Pine Needle LNG"). n32 Pine Needle LNG owns and operates a liquefied natural gas project in North Carolina.

n32 *Id.*

4. *NCNG Energy* n33 previously held certain nonutility, energy-related investments of NCNG that have been transferred to Cardinal Investment and Pine Needle and sold natural gas to resellers.

n33 Inactive.

[*126]

II. Nonutility Businesses of Florida Progress:

Florida Progress Corporation ("Florida Progress," incorporated in Florida, owns directly all of the voting securities of one public utility company, Florida Power Corporation ("Florida Power"), and three nonutility subsidiaries: Progress Capital Holdings, Inc.; FPC Del, Inc.; and Florida Progress Funding Corporation.

Florida Power directly provides transmission and distribution facilities construction services and outage maintenance services to unaffiliated utilities and construction services for relay towers for mobile phones utilizing personnel and facilities required for public utility operations.

Progress Capital serves as the holding company for substantially all of Florida Progress's nonutility operations. Its principal subsidiary is Electric Fuels Corporation ("Electric Fuels"), an energy and transportation company with operations organized into three primary business units: energy and related services; inland marine transportation; and rail services. The energy and related services business unit of Electric Fuels mines and sells coal to Florida Power for use at its Crystal River generating plant and to other utility and [*127] industrial customers. This business unit also produces and sells natural gas and synthetic fuel, and provides marine terminal services and offshore marine transportation. The inland marine transportation business unit [**1058] transports coal and dry-bulk cargoes using a fleet of river barges and tow boats. The rail services business unit, conducted primarily through Progress Rail Services Corporation, is one of the largest integrated processors and suppliers of railroad materials in North America.

Other subsidiaries of Progress Capital are engaged in the wholesale telecommunications business and the insurance business. Progress Telecommunications Corporation sells wholesale fiber optic based capacity in Florida to long-distance carriers, Internet service providers and other telecommunications companies, as well as to large industrial, commercial and governmental entities. Progress Capital also holds all of the outstanding voting securities of Mid-Continent Life Insurance Company, a life insurance company that was placed in receivership in the spring of 1997 based on assertions that its policy reserves were understated.

Set forth below is a description of each of the nonutility activities [*128] of Florida Progress's direct and indirect subsidiaries, along with a citation of authority that justifies retention of the activity, where applicable.

A. Direct Nonutility Activities of Florida Power

1. *Construction of Transmission and Distribution Facilities:* Florida Power provides transmission and distribution construction services to unaffiliated utilities. Florida Power provides and will continue to provide these services after the merger using personnel and other resources that are required for public utility operations. n34

n34 *Indiana & Michigan Electric and Ohio Power*, *supra* n. 1. Also, Rule 58(b)(1)(vii).

2. *Outage Maintenance Services*: Florida Power provides outage maintenance services to unaffiliated utilities. Florida Power provides and will continue to provide these services after the merger using personnel and other resources of Florida Power that are required for public utility operations. n35

n35 *Id.*

[*129]

3. *Construction of Relay Towers for Mobile Phones*: Florida Power provides construction services to unaffiliated third parties for communications relay towers. Florida Power provides and will [**1059] continue to provide these services after the merger using personnel and other resources of Florida Power that are required for public utility operations. n36

n36 *Id.*

B. Direct Nonutility Subsidiaries of Florida Progress

1. *Progress Capital Holdings, Inc.* n37 is the holding company for substantially all of Florida Progress's nonutility subsidiary companies.

n37 *See New Century Energies, supra. n. 8.*

2. *FPC Del, Inc.*, a Delaware corporation, generates tax savings by temporarily holding accounts receivable for Florida Power Corporation and Progress Rail Services Corporation. n38

n38 *See Central and South West Corporation, Holding Co Act Release No. 23578 (Jan. 22, 1985).*

[*130]

3. *Florida Progress Funding Corporation* n39 is a special-purpose financing entity organized in early 1999 to facilitate a trust preferred stock financing transaction. It owns *FPC Capital I*, a Delaware business trust, n40 and *FPC Capital II*, which is currently inactive.

n39 *The Southern Company, Holding Co. Act Release No. 27134 (Feb. 9, 2000); New Century Energies, Inc., supra n. 5 (SEC approved a special purpose subsidiary of trust that was formed for the purpose of facilitating a financing transaction); and Exelon Corporation, supra n. 13 (authorizing retention of several existing special-purpose financing entities).*

n40 *Id.*

C. Subsidiaries of Progress Capital

1. *Mid-Continent Life Insurance Company*, n41 an Oklahoma corporation, provides life insurance services in numerous states. Florida Progress is in the process of divesting this company.

n41 Proposed divestiture.

[*131]

2. *PIH, Inc.* n42 is an intermediate holding company for passive investments in affordable housing projects that qualify for income tax credits under Section 42 of the Code.

n42 See *New Century Energies*, *supra* n. 8.

[**1060]

3. *Progress Reinsurance Company, Ltd.*, n43 a British West Indies Corporation, is a captive insurance company.

n43 *Conectiv*, Holding Co. Act Release No. 27135 (Feb. 10, 2000); *GPU, Inc.*, Holding Co. Act Release No. 27196 (July 6, 2000).

4. *Progress Telecommunications Corporation*, n44 a Florida corporation, is an ETC under Section 34 of the Act.

n44 Section 34. *Progress Telecommunications* filed an application with the FCC requesting a determination of ETC status, which was deemed granted following expiration of the 60-day notice period.

[*132]

5. *Progress Energy Corporation* n45 is a Florida corporation that was formed to develop independent and cogeneration power projects and is currently inactive. The corporation's sole investment is an indirect interest in the *Black River Limited Partnership*, a Delaware limited partnership.

n45 Inactive.

(a) *PEC Fort Drum, Inc.* n46 is an intermediate holding company that owns interests in: *Westmoreland-Ft. Drum, L.P.* n47 and *Westpower-Ft. Drum, L.L.P.*, n48 both intermediate holding companies that own interests in *Black River Limited Partnership*, a Delaware limited partnership that operates an EWG. n49

n46 See *New Century Energies*, *supra* n. 8.

n47 *Id.*

n48 *Id.*

n49 See *Black River Limited Partnership*, 91 FERC P62,038 (Apr. 18, 2000).

(b) *Progress Desal*, [*133] *Inc.* n50 is a Florida corporation that proposed to develop and operate a desalinization facility that would supply potable water for the Tampa Bay area but is now inactive since its proposal was not accepted.

n50 Inactive.

(c) *Progress Power Marketing, Inc.* n51 a Florida corporation that is currently inactive.

n51 Inactive.

6. *Progress Holdings, Inc.* n52 is a Florida corporation that is an ETC. It owns *Cadence Network, Inc.*, a Delaware corporation that is also an ETC. n53

n52 Section 34. Progress Holdings filed an application with the FCC requesting a determination of ETC status, which was deemed granted following expiration of the 60-day notice period.

n53 Section 34. Cadence Network filed an application with the FCC requesting a determination of ETC status, which was deemed granted following expiration of the 60-day notice period.

[*134]

[**1061]

7. *Progress Provisional Holdings, Inc.* n54 leases an apartment that is used for temporary lodging by senior management of Florida Progress and its subsidiaries in connection with company business in order to minimize lodging expenses.

n54 *UNITIL Corp*, Holding Co. Act Release No. 25524 (April 24, 1992); *WPL Holdings, Inc.*, *supra* n. 11; *Xcel*, *supra* n. 11.

8. *Electric Fuels Corporation*, n55 a Florida corporation, is an energy and transportation company with operations organized into three primary business units: energy and related services; inland marine transportation; and rail services. Electric Fuels engages directly in fuel procurement and owns railcars and locomotives that are used for coal transportation. Electric Fuels also owns a number of subsidiaries, which are described below. Electric Fuels was formed for the purpose of being an efficient coal purchasing arm of Florida Power that would provide Florida Power's Crystal River generating plant with all of its coal needs. As part of Electric [*135] Fuels' corporate plan to develop two modes of transporting coal to the Crystal River plant (rail and barge), additional coal mining operations, terminals, rail repair and transportation companies were acquired. Electric Fuels' energy and transportation subsidiaries have operations in numerous states, Canada and Mexico. The Commission is requested to reserve jurisdiction over CP&L Energy's retention of certain specified subsidiaries of Electric Fuels Corporation (as indicated in the footnotes hereto) for a period of three years following the Share Exchange and CP&L Energy's registration under the Act.

n55 Rule 58(b)(1)(ix).

D. Nonutility Subsidiaries of Electric Fuels Corporation

1. *Awayland Coal Company, Inc.* and *Homeland Coal Company Inc.*, both wholly owned by Electric Fuels, mine coal in Kentucky and Virginia through their partnership in *Powell Mountain Joint Venture*. n56

n56 Jurisdiction reserved.

[*136]

[**1062]

2. *Dixie Fuels Limited*. n57 a Texas partnership, was formed to operate an ocean-going barge system for the transportation of coal from the New Orleans area to Florida Power's Crystal River plant and other bulk commodities. Dixie Fuels also backhauls limestone from a quarry at Crystal River to a cement plant near Mobile, Alabama, owned by a third party. Electric Fuels owns a 65 percent interest in the partnership, and the remaining interest is held by an unrelated company.

n57 Jurisdiction reserved.

3. *Dixie Fuels II, Limited* n58 is an inactive Texas partnership that formerly owned and operated one tug/barge unit used primarily for hauling bulk cargo for unaffiliated companies. The vessel has been sold and the partnership is in the process of being liquidated. Electric Fuels owns a 50 percent partnership interest.

n58 Jurisdiction reserved.

4. [*137] *EFC Synfuel L.L.C.* n59 is an intermediate holding company of interests in the following synthetic fuel plant entities which own secondary coal recovery system facilities: *Ceredo Synfuel L.L.C.*; *Sandy River Synfuel L.L.C.*; *Solid Energy L.L.C.*; and *Solid Fuel L.L.C.* n60

n59 See *New Century Energies*, *supra* n. 8.

n60 Rule 58(b)(1)(vi); also Rule 58(b)(1)(x).

5. *Kentucky May Coal Company, Inc.*, n61 a Virginia corporation, owns coal mines and leases coal reserves in Kentucky. Kentucky May was purchased by Electric Fuels in 1985 in order to position Electric Fuels strategically in the coal market to mine coal competitively. Electric Fuels, through Kentucky May Coal Company, Inc. owns the following companies:

n61 Jurisdiction reserved.

(a) *Diamond May Coal Company* n62 is a Kentucky corporation that operates [*138] coal facilities and mines coal in Kentucky.

n62 Jurisdiction reserved.

(1) *Diamond May Mining Company* n63 is a Florida Corporation that mines coal in Kentucky.

n63 Jurisdiction reserved.

(b) *Cincinnati Bulk Terminals, Inc.* n64 is a Delaware corporation that serves as a transloading and distribution point for coal and other bulk materials in the greater Cincinnati, Ohio area.

n64 Jurisdiction reserved.

[**1063]

(1) *Kanawha River Terminals, Inc.* n65 is a Florida corporation that sells and terminals coal and other bulk materials in West Virginia and Kentucky. It is also an intermediate holding company with interests in the following synthetic fuel plant entities: *Colona Sub No. 2, L.L.C.* [*139] and *Colona Newco, L.L.C.*, both partners in *Colona Synfuel Limited Partnership, L.L.L.P.*, which sells and produces solid synthetic fuel; *Black Hawk Synfuel L.L.C.* has an ownership interest in *New River Synfuel L.L.C.*, which produces synthetic fuel and markets various services; *Coal Recovery V, L.L.C.* a Missouri corporation that conducts research and develops synthetic fuel; and *Ceredo Liquid Terminal, Inc.* a Florida corporation that operates a terminal for the storage, production and processing of an emulsion product that is the chemical change agent used with coal fines to produce the synthetic fuel. n66

n65 Jurisdiction reserved.

n66 Rule 58(b)(1)(vi).

(2) *Marigold Dock, Inc.*, n67 an Alabama corporation, owns a coal loading facility in Kentucky

n67 Jurisdiction reserved.

(c) *Kentucky May Mining Company* n68 is a Florida [*140] corporation that mines coal in Kentucky.

n68 Jurisdiction reserved.

6. *Murphy Land Company, Inc.*, a Virginia corporation owns a 20 percent partnership interest in *Dulcimer Land Company*. n69 *Dulcimer Land Company* leases 33,000 acres of coal-producing land in Kentucky and Virginia from the *Little Black Mountain Land Company* n70 and subleases the land to Powell Mountain Joint Venture. It also manages coal reserves in Kentucky and Virginia.

n69 Jurisdiction reserved.

n70 Jurisdiction reserved.

7. *Little Black Mountain Coal Reserves, Inc.*, n71 a Kentucky corporation, owns an 80 percent partnership interest in *Dulcimer Land Company*.

n71 Jurisdiction reserved.

8. *MEMCO* [*141] *Barge Line, Inc.* ("MEMCO"), n72 a Delaware corporation, is Electric Fuels' inland marine transportation unit. It hauls coal, petroleum coke, synthetic coal fuel, wood chips, [**1064] limestone, steel products, lime, salt, fertilizer, grain and grain products and other bulk commodities. MEMCO operates primarily on the Illinois, Ohio and Mississippi rivers and the Gulf Intracoastal Canal. The following are subsidiaries of MEMCO:

n72 Jurisdiction reserved.

(a) *Elmwood Marine Services, Inc.* n73 a Louisiana corporation, engages in the fleetling, washing and repair of barges in Louisiana and maintains a 33-1/3 percent ownership interest in International Marine Terminals Partnership.

n73 Jurisdiction reserved.

(1) *Conlease, Inc.* n74 is a Louisiana corporation that owns batture leases in Louisiana. (Batture is the right to use a river bank area to fleet barges). [*142]

n74 Jurisdiction reserved.

(2) *International Marine Terminals Partnership* ("IMT") n75 was formed to develop and operate a bulk commodities terminal facility on the Mississippi River south of New Orleans. IMT transloads coal from barges to Dixie Fuels vessels. It also stores and blends coal destined for Crystal River. IMT also is the receiving point for import coal destined for Crystal River, since the Crystal River channel is too shallow to handle import ships directly. IMT's subsidiary *I.M.T. Land Corp.* n76 owns terminal land in Louisiana that it leases to IMT.

n75 Jurisdiction reserved.

n76 Jurisdiction reserved.

9. *Mesa Hydrocarbons, Inc.* n77 is a Florida corporation that owns natural gas reserves and operates wells in Colorado and sells natural gas.

n77 See *WPL Holdings, supra n. 11* (authorizing retention of Whiting Petroleum Corporation, an oil and gas exploration and production subsidiary).

[*143]

10. *Powell Mountain, Inc.* is a holding company that owns interests in the following coal mining companies; *Powell Mountain Coal Company, Inc.* and *PMCC, Inc.*, both Virginia corporations. n78

n78 Jurisdiction reserved.

11. *Progress Land Corporation*, n79 a Florida corporation, owns and manages coal reserves in Kentucky.

n79 Jurisdiction reserved.

[**1065]

12. *Progress Materials, Inc.*, n80 a Florida corporation, commercializes and manufactures ash management technologies. Progress Materials owns the carbon burnout technology which combusts the excess carbon in fly ash, recovers the heat and generates useable fly ash for the cement industry.

n80 Rule 58(b)(1)(x).

13. *Progress Metal* [*144] *Reclamation Company*, n81 a Kentucky corporation has a railcar scrapping and general metal recycling facility in Kentucky. It also has an ownership interest in *West Virginia Auto Shredding*, a West Virginia corporation. n82

n81 Jurisdiction reserved.

n82 Jurisdiction reserved.

14. *Progress Rail Services Corporation* ("*Progress Rail*") n83 is an Alabama corporation that provides rail and track material, new and reconditioned car parts, car repair and car leasing services in the United States, Mexico and Canada. It has ownership interests in the following companies:

n83 Jurisdiction reserved.

(a) *Chemetron-Railway Products, Inc.* n84 is a Delaware corporation that sells and leases rail welding and handling equipment and provides rail welding services throughout the United States and in Canada.

n84 Jurisdiction reserved.

[*145]

(b) *FM Industries, Inc.* n85 is a Texas corporation that manufactures original railcar parts in Texas.

n85 Jurisdiction reserved.

(c) *Kentuckiana Railcar Repair and Storage Facility, L.L.C.* n86 is an Indiana limited liability company that operates a railcar repair facility in Indiana.

n86 Jurisdiction reserved.

(d) *PRS International Sales Company, Inc.*, n87 a Virgin Islands corporation, is a foreign sales corporation agent for Progress Rail.

n87 Jurisdiction reserved.

(e) *Progress Rail Services de Mexico, S.A. de C.V.* n88 is a Mexican company that markets, leases and sells railcars and railcar parts in Mexico.

n88 Jurisdiction reserved.

[*146]

[**1066]

(f) *Progress Rail Canada Corporation* n89 is a Canadian company that supplies rail and railcar parts and maintenance-of-way equipment. It also repairs and leases railcars and locomotives.

n89 Jurisdiction reserved.

(g) *Progress Rail Holdings, Inc.* n90 is an Alabama intermediate holding company. It owns *Progress Rail Transcanada Corporation* n91 a Nova Scotia company that owns and operates a facility that repairs, manufactures and supplies railway equipment.

n90 Jurisdiction reserved.

n91 Jurisdiction reserved.

(h) *Progress Vanguard Corporation* n92 is a Delaware corporation that repairs and leases railcar and supplies new and reconditioned rail and new and reconditioned railcar parts and maintenance-of-way equipment in several states.

n92 Jurisdiction reserved.

[*147]

(i) *Railcar, Ltd.* n93 is a Georgia corporation that leases and sells railcars and manages railcar rolling stock. It has an ownership interest in *Servicios Administrativos Progress, S. de R.L. de C.V.*, a Mexican limited liability company that provides personnel and administrative services for *Servicios Ferroviarios Progress S. de R.L. de C.V.*, a Mexican holding and operating limited liability company that performs railcar repair services in Mexico in which Railcar, Ltd. also has an ownership interest. n94

n93 Jurisdiction reserved.

n94 Jurisdiction reserved.

(j) *Southern Machine and Tool Company* n95 is a Georgia corporation that operates a design and fabrication machine shop in Georgia.

n95 Jurisdiction reserved.

(k) *United Industries, Inc.* n96 is a Kentucky corporation that operates a railcar repair facility in Kentucky

n96 Jurisdiction reserved.

[*148]

(l) *DAPCO Rail Services, L.L.C.* n97 is an Alabama limited liability company that engages in ultrasonic scanning, inspecting and testing of railway rails.

n97 Jurisdiction reserved.

[**1067]

15. *Progress Synfuel Holdings, Inc.* n98 is a Delaware intermediate holding company with interests in the following synthetic fuel plant entities that own secondary coal recovery system facilities: n99 *Ceredo Synfuel L.L.C.*; *Sandy River Synfuel L.L.C.*; *Solid Energy L.L.C.*; and *Solid Fuel L.L.C.* n100

n98 See *New Century Energies*, *supra* n. 8

n99 Rule 58(b)(1)(vi).

n100 Rule 58(b)(1)(vi).

E. Other Passive Investments of Florida Progress

1. *Tampa Bay Devil Rays, Ltd.* Florida Progress invested \$ 5 million for a limited partnership interest in the Tampa Bay Devil Rays, Ltd. ("Devil Rays"), a Florida limited partnership [*149] that in 1995 acquired a Major League Baseball franchise to play scheduled home baseball games at Tropicana Field in St. Petersburg, Florida. Florida Progress's rights as a class B limited partner are minimal, consisting primarily of rights relating to distributions in its capital account. n101

n101 Proposed divestiture.

2. *PIH, Inc.* holds interests in affordable housing projects that qualify for income tax credits under Section 42 of the Code through the following entities: *American Tax Credit Corporate Fund III, L.P.*, *Boston Capital Corporate Tax Credit Fund VII*, *Boston Capital Corporate Tax Credit Fund, VIII*; *KeyCorp Investment Limited Partnership II*, *Lehman Housing Tax Credit Fund, L.P.*, *McDonald Corporate Tax Credit Fund 1996 Limited Partnership*; and *National Corporate Tax Credit Fund VI*. Each of these funds holds a geographically diversified portfolio of properties in the United States. Florida Progress has no involvement, directly or through any affiliate, in the development or management of the properties [*150] but is solely a passive investor. Each investment is "self-liquidating," *i.e.*, the assets wind down as the tax credits expire. Florida Progress's total investment in these entities as of June 30, 2000 is approximately \$ 49.5 million. n102

n102 See *Exelon Corp.*, *supra* n. 13.

3. *Progress-Centrus, Inc.* is inactive.

4. *Energy Solutions, Inc.* marketed Centrus L.L.P.'s telecommunications products. This company is inactive during Centrus L.L.P.'s dissolution.

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COST ALLOCATION STUDY

Cost Allocation Manual



Progress Energy

Version 5

Progress Energy, Inc.
Cost Allocation Manual
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I. Introduction and Corporate Overview

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During 2000, regulatory approval was received from the NCUC, SCPSC, FERC and the SEC to establish a holding company, now known as Progress Energy, Inc. (Progress Energy). Regulatory approval was received to acquire Florida Progress Corporation located in St. Petersburg, Florida. The formation of a subsidiary service company was also a part of the regulatory approval process. Progress Energy Service Company, LLC (PESC) is so organized and conducted as to meet the requirements of Section 13(b) of the Public Utility Holding Company Act of 1935 with respect to reasonable assurance of efficient and economical performance of services or construction or sale of goods for the benefit of associate companies, at cost fairly and equitably allocated among them.

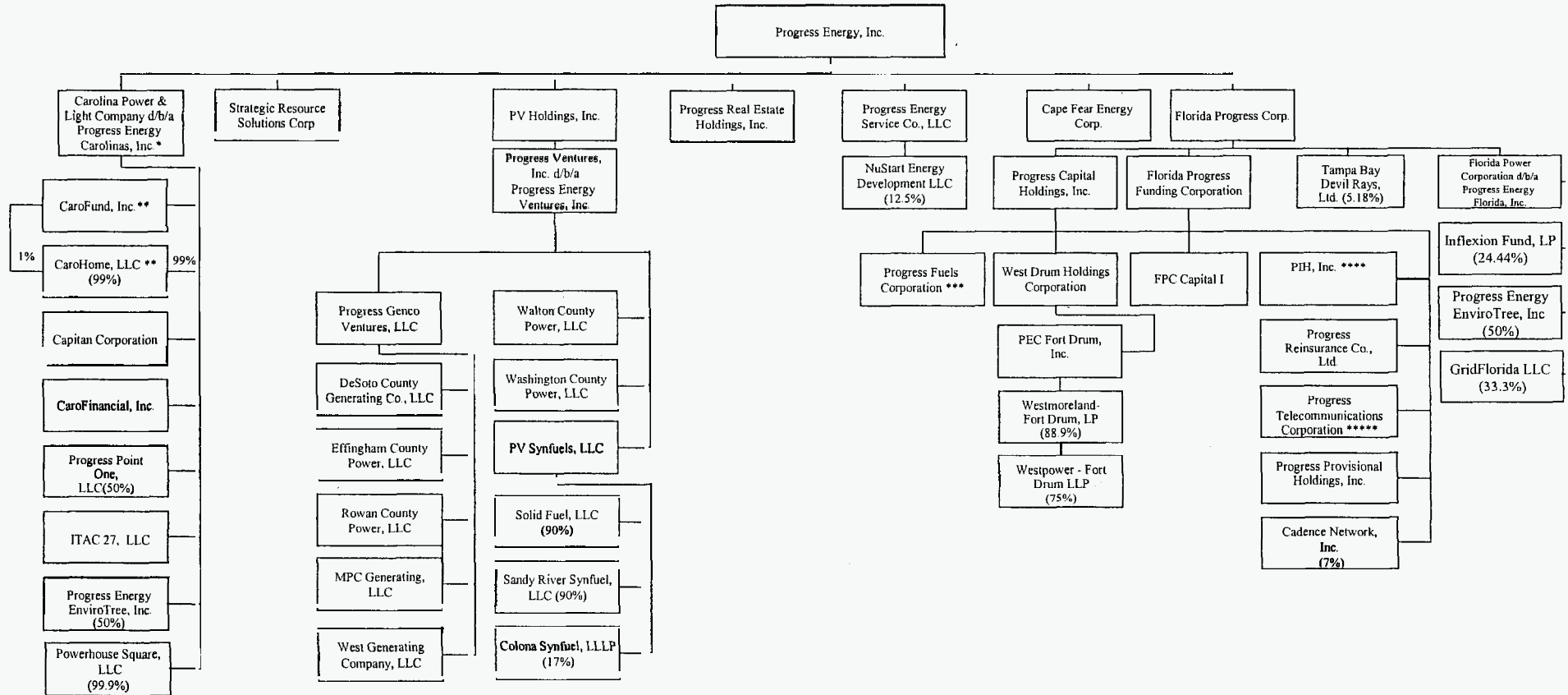
The purpose of this Cost Allocation Manual (CAM) is to provide guidelines to Company personnel involved with transactions among Progress Energy affiliates. It will help ensure these transactions are properly structured and accounted for in a way that complies with our regulatory commitments. Significant effort has been devoted to developing the processes and methodologies described herein. This makes clear Progress Energy's commitment to avoid preferential treatment for any subsidiary. More specifically, the entire cost allocation program has been designed to guard against subsidization of one entity at the expense of others.

This CAM has been prepared by PESC for use when supplying various administrative, management, and corporate support services to the regulated and non-regulated associate companies within Progress Energy's Holding Company system. This manual also provides descriptions of corporate allocations of common costs that are general in nature and corporate adders (e.g., benefits). It identifies the services provided by PESC and the allocation methods used for distributing costs to regulated and non-regulated associates for such services in accordance with the terms of Service Agreements. This manual also includes the description of services and the allocation methods used by Utility and Associate Companies within the Holding Company system for specific shared services in accordance with the terms of Service Agreements. PESC will provide the necessary accounting and procedural infrastructure to support the administration of the Service Agreements in accordance with the rules and regulations of the various regulatory authorities.

This CAM will be reviewed periodically and revised as required by changes in accounting methods, policies and procedures, services offered, and organizational structures. The cost allocation methodologies set forth herein have been designed to fairly assign costs to the appropriate users of the services provided.

II. Legal Entity Organization Chart

Progress Energy, Inc. Corporate Legal Entity Structure



* Excludes passive investments held by CP&L in low-income housing projects, venture capital projects, enterprise development projects, etc. – see page 7.

** CaroHome LLC and CaroFund, Inc. own various interests in low-income housing and historical properties-see page 8.

*** See Progress Fuels subsidiaries on pages 2, 3, and 4.

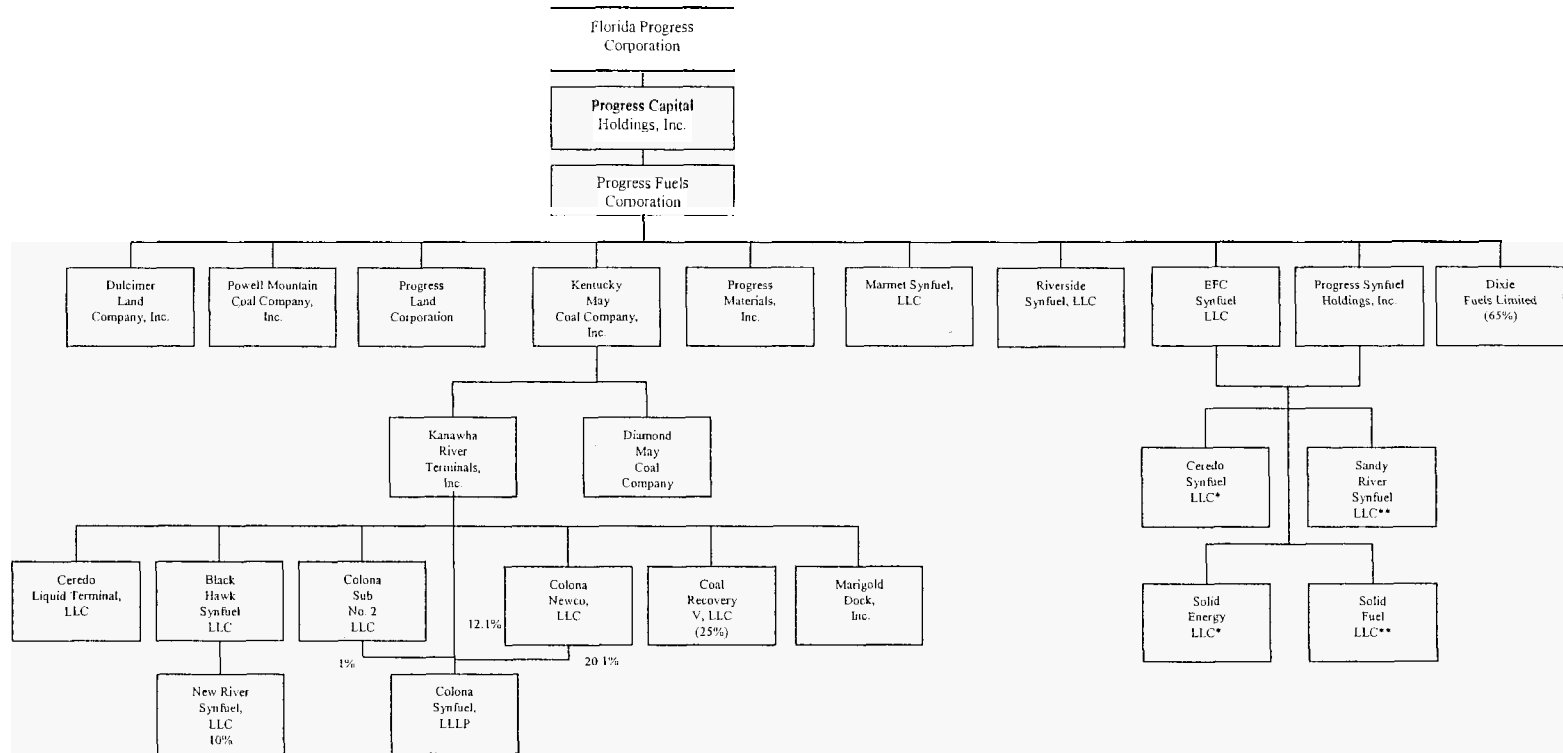
**** See PIH subsidiaries on page 5.

***** See Progress Telecommunications subsidiaries on page 6.

Note: Progress Energy or its subsidiaries own 100% of the voting securities of the subsidiaries or associate companies shown on the chart unless otherwise noted with other percentage interests.

Progress Fuels Corporation

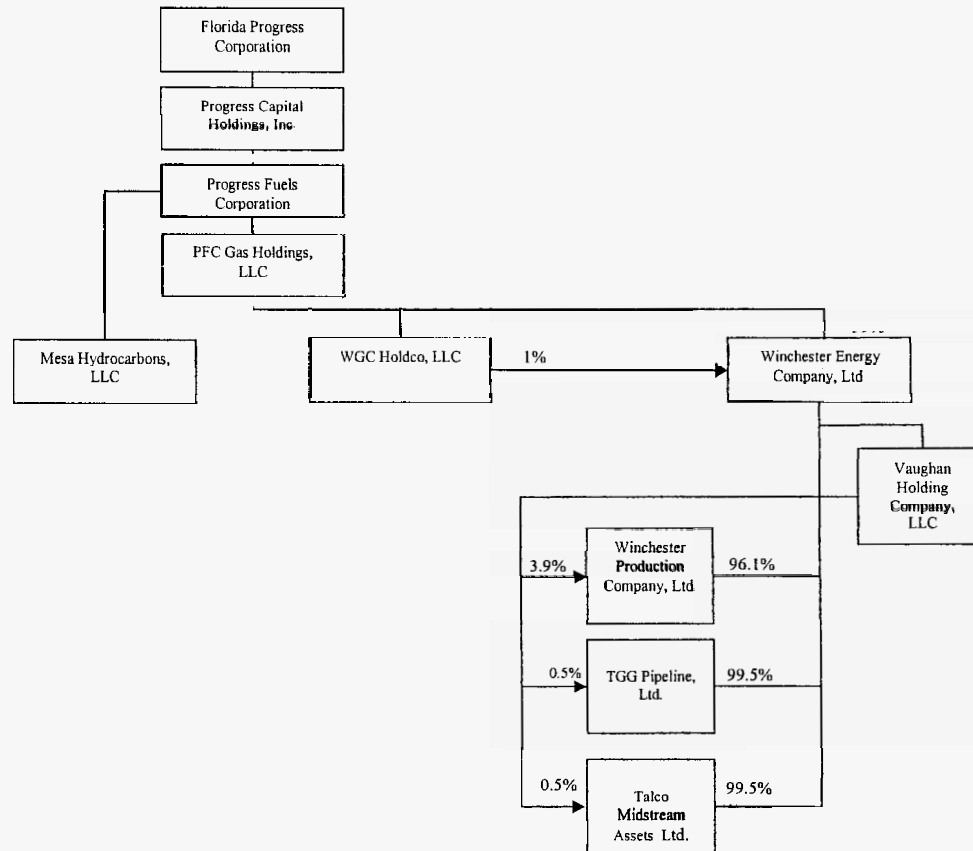
Energy & Related Services Group



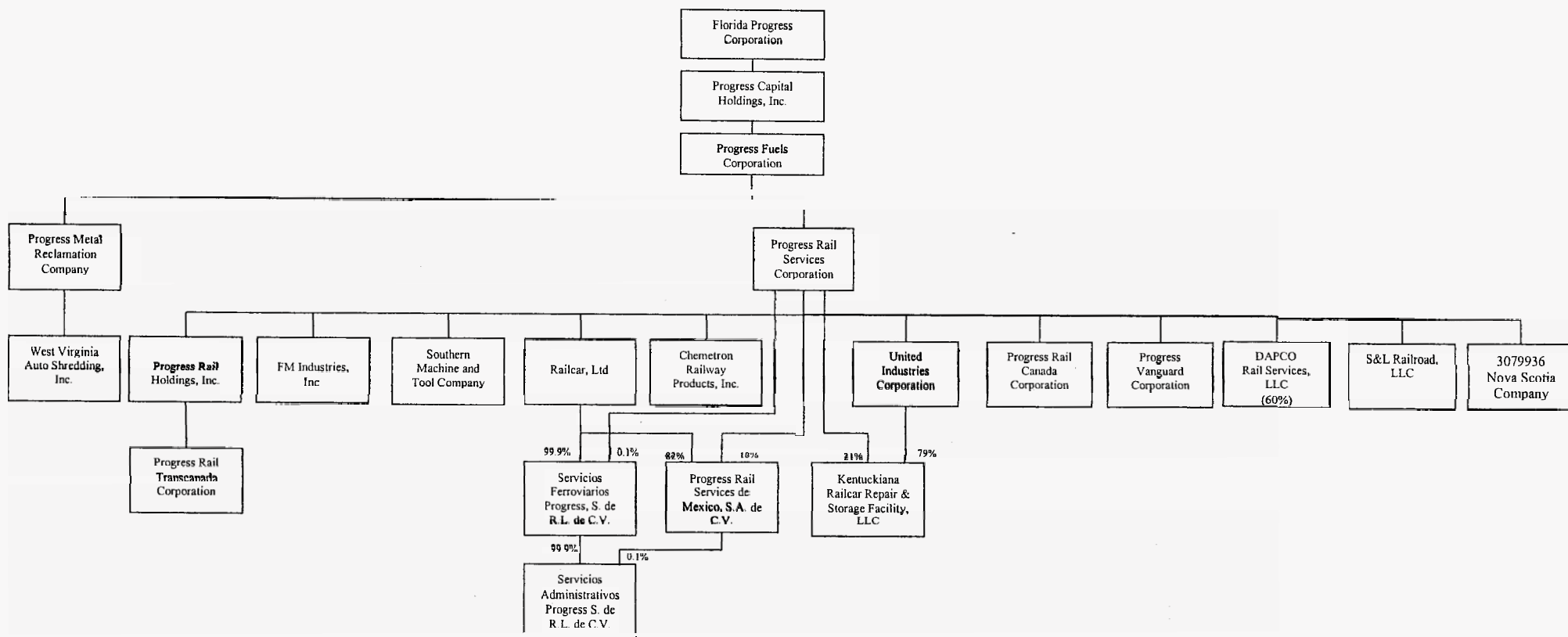
* EFC Synfuel LLC and Progress Synfuel Holdings, Inc. own 99% and 1%, respectively.
 ** EFC Synfuel LLC and Progress Synfuel Holdings, Inc. own 9% and 1%, respectively.

Progress Fuels Corporation

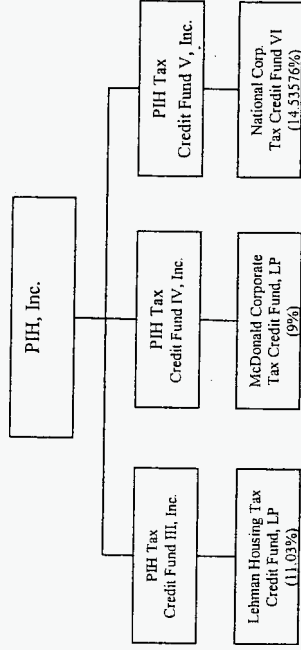
Gas Operations Group



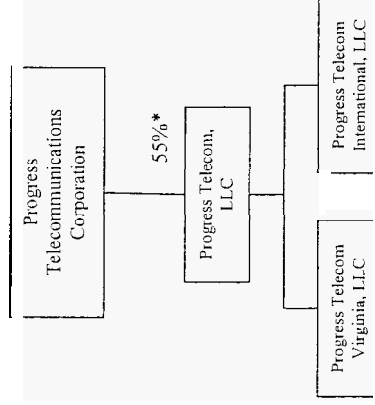
Progress Fuels Corporation Rail Services Group



PIH, Inc.

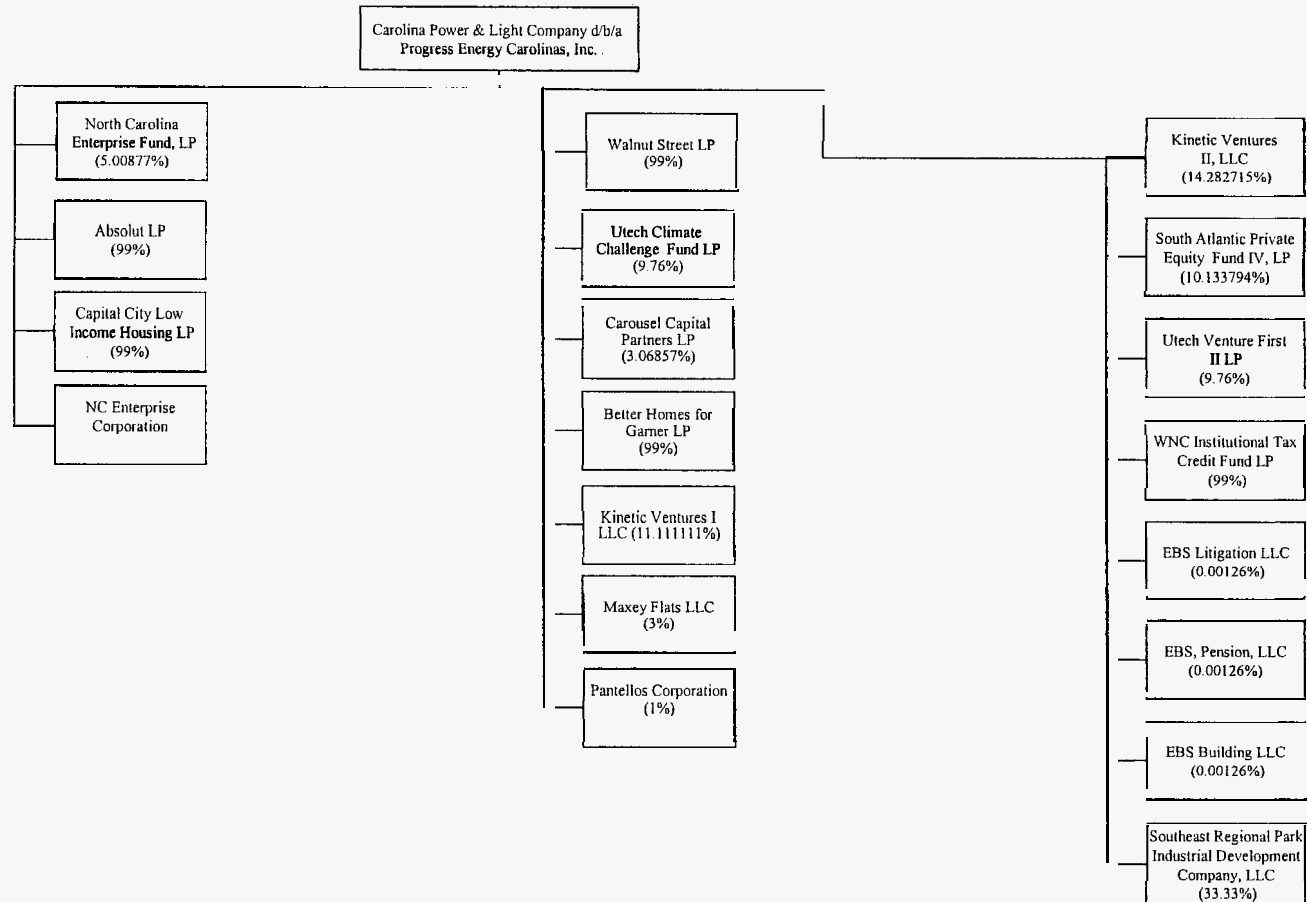


Telecommunications Group

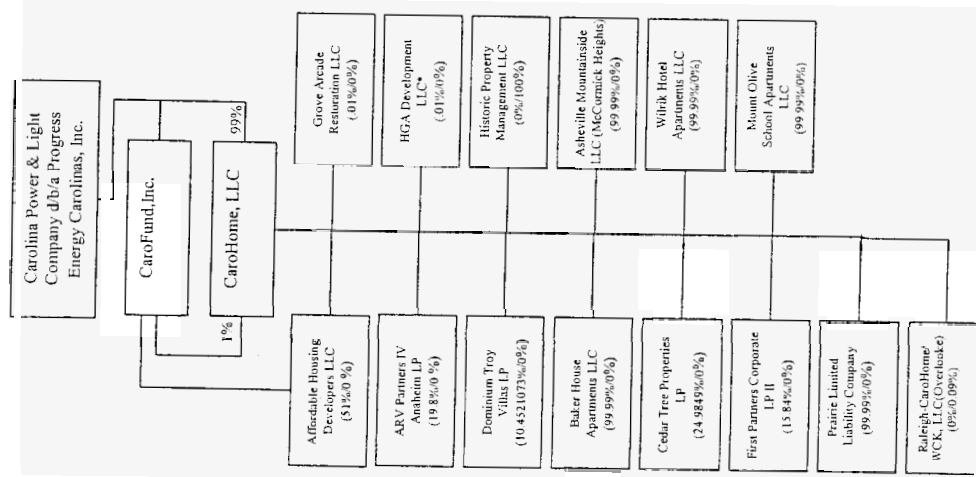


* Remaining 45% interest is owned by EPIK Communications, Inc., an unrelated third party

Progress Energy Carolinas (CP&L) Other Investments



CaroHome / CaroFund Investments



*: Also owned 0.01% by Historic Property Management LLC

III. Policies & Procedures Overview

III. Policies and Procedures Overview

This section describes the approach every Progress Energy entity should take in their dealings with associate companies. Progress Energy Service Company (PESC) will be the entity which will provide the direction and oversight to ensure these policies and procedures are followed.

Objective:

Expenses that are core to a business or service are directly assigned to that business or service. Expenses of a corporate nature are cost effectively provided from a centralized organization. The goal is to ensure that the business or service generating the corporate costs pays such costs. To accomplish this, PESC will comply with all applicable laws and regulations. Costs will be directly billed from the service provider to the receiving entity to the greatest extent practical. A fair and equitable allocation method will be used to distribute costs that are not directly billed. Processes and procedures will be in place to educate Progress Energy employees on how to accomplish this objective (e.g., policies and procedures posted on Progress Energy's Intranet site, systems training, information sharing meetings with budget coordinators and cost analysts, etc.).

Guiding Principles:

- Compliance with applicable rules and regulations of all regulatory agencies.
- Costs should be allocated to those who receive the benefits or cause the costs to be incurred.
- Costs should be directly billed when practical.
- Allocations should be fair, consistent, equitable and logical.
- The administrative cost to support the allocation methodology should not exceed the benefit received.

Company Reference Definitions:

- **Service Company** refers to Progress Energy Service Company (PESC) as the company *providing* services.
- **Utility Company** refers to Carolina Power and Light Company d.b.a. Progress Energy Carolinas, Inc. (herein after "Progress Energy Carolinas"), and/or Florida Power Corporation d.b.a. Progress Energy Florida, Inc. (herein after "Progress Energy Florida") as the company *providing* services.
- **Associate Company** refers to any company within the Progress Energy Holding Company system other than the Service Company or Utility Company as the company *providing* services.
- **Provider Company** refers to any company within the Progress Energy Holding Company system as the company *providing* services.
- **Client Company** refers to any company within the Progress Energy Holding Company system as the company *receiving* services.

Direct Costs:

Direct costs can be specifically identified with providing a particular service or product to a Client Company. Employee labor directly billed to Client Companies will include the cost of payroll tax, benefits, pensions, and exceptional hours overhead costs. Exceptional hours costs include hours spent on non-work related activities such as: vacation, holiday, sick, other hours excused, and occupational accident hours. All of the above “labor adders” on direct labor costs will be classified as direct costs. Direct costs will be charged whenever practical. For example, labor charges for a Service Company employee to perform legal services for a Client Company will be classified as a direct cost.

Indirect Costs:

Indirect costs cannot be specifically identified with providing a particular service or product to a Client Company. Employee labor allocated to Client Companies will include the cost of payroll tax, benefits, pensions, and exceptional hours overhead costs. All of the above “labor adders” on indirect labor costs will be classified as indirect costs. Indirect costs will be allocated using a fair and reasonable percentage basis. For example, labor charges for a Service Company employee to perform payroll services for Client Companies will be allocated based on headcount and classified as an indirect cost.

Infrastructure Services:

Infrastructure services are general and administrative functions that serve, and are distributed to, other Service Company departments in order to fully-load those departments with costs that support their services. These functions are dedicated to providing services that are fundamental to the operation of other functions, such as facilities expense for office space. Those Service Company departments then allocate the infrastructure costs as part of the overhead of their products and services. For example, affiliates billed for Accounting Management services would be picking up the Accounting Department’s rent expense. Generally, the effect of this “step-down” allocation process approximates the global ratio allocation method.

Service Agreements:

The Provider Company and each Client Company will enter into a Service Agreement that will set forth, in general terms, the services to be performed by each organization within the Provider Company directly for or on behalf of each Client Company. The Service Agreements will be reviewed periodically and updated as necessary. Authorized representatives of the Provider Company and the management of each Client Company approve the Service Agreements.

Service Agreements will typically contain the following information:

Article I – Services (type and scope)

Article II – Compensation (cost and cost assignment methodologies)

Article III – Term

Article IV – Miscellaneous (accounts and records)

A listing of services offered with a description of billing allocations and methods will be included in the appendix of each Service Agreement.

Accounting Systems:

PESC will maintain accounting systems that provide the ability to assign costs to the category of service to which they relate. The systems will also enable the costs of services to be charged directly to the Client Company for which they were performed or, when appropriate, accumulated in such a manner that they can be distributed or allocated to two or more Client Companies using an approved methodology. Supporting Client Company billing information will also be generated.

The systems are based on the use of codes to assign charges to the applicable activity, product, project, or functional basis ("Account Codes"). The account numbers conform to the Uniform System of Accounts prescribed for Public Utilities by the Federal Energy Regulatory Commission modified to include Service Company revenue accounts. The Account Codes facilitate the tracking of the cost of each service by its component costs, such as labor, materials, and outside services. The coding provides the ability to break the costs of services down by amounts directly billed to specific Client Companies (direct costs) and amounts allocated (indirect costs).

The account code segments are as follows:

- **Company** identifies a legal entity and represents the level for which a trial balance may be produced.
- **Line of Business** is a specific sub-division of the company's business such as Energy Supply and Energy Delivery.
- **Charge To** is an organization responsible for ensuring work is performed and paying for costs incurred.
- **Charge By** is an organization responsible for expending resources in the performance of work.
- **Account** identifies a subdivision of accounts established by FERC.
- **Project** is a management-defined grouping of capital, O&M, and/or other costed work. A project is composed of one or more activities.
- **Resource Type** is the type of cost or resource used to perform an activity. Examples include labor, materials, transportation costs, etc.
- **Activity** is a unit of work performed within the organization that is meaningful and measurable.
- **Location** is a physical location serving as a cost center (e.g., a plant or generating unit).
- **Product** captures the revenue and expenses associated with producing goods or delivering services.
- **Joint Owner Accounting** code identifies whether a charge is an allocation to a joint owner based upon their ownership interest in generating facilities operated by Progress Energy Carolinas or Progress Energy Florida, a direct charge to the joint owner, or a direct charge to Progress Energy Carolinas or Progress Energy Florida.

Labor and labor-related costs are likely to be the most significant costs related to shared services. Accordingly, Progress Energy will maintain time-entry subsystems that enable employees performing shared services to accurately assign hours worked to the appropriate Account Codes. Employees performing shared services will prepare standard timesheets or similar records that

indicate the purpose of each hour worked by entering this information directly into a time-entry subsystem no later than the last pay period to which it relates. The employees' supervisor will approve the time records. Charges for labor will be made at each employee's effective hourly rate and will include the cost of pensions, employee benefits, and payroll taxes. Labor for IT services, excluding Telecommunication services, may be charged at standard average hourly rates of all IT employees and IT contractors. IT residual labor will be allocated to Client Companies based on actual hours of service.

All accounting subsystems, including accounts payable processing, were designed to support the use of the necessary Account Codes. In all cases, PESC will retain the applicable underlying source documents that indicate the nature and purpose of the costs incurred.

To the extent practical, Progress Energy employees will assign costs directly to the Account Codes associated with the services rendered. The full cost of providing services also includes certain indirect costs, e.g., depreciation, interest, and taxes, which cannot be associated with specific services.

PESC and Other Provider Company (Non Service Company) costs will be directly billed, distributed or allocated to Client Companies in the manner prescribed below.

1. Costs accumulated in Account Codes for services specifically performed for a single Client Company will be directly billed to such Client Company.
2. Costs accumulated in Account Codes for services specifically performed for two or more Client Companies will be distributed to such Client Companies using methods determined on a case-by-case basis consistent with the nature of the work performed and based on one of the approved allocation methods.
3. Costs accumulated in Account Codes for services of a general nature which are applicable to all Client Companies or to a class or classes of Client Companies will be allocated to such Client Companies by application of one or more approved allocation methods.

Billing:

PESC or the Provider Company will prepare and submit a bill to each Client Company for services rendered by each Provider Company. At a minimum, the bill will itemize the cost of each service billed to the Client Company. Bills will be rendered on a monthly basis. Each Client Company approves the bill and remits payment to the Provider Company for all undisputed charges billed to it within 30 days of the invoice date. Interest will be charged for any unpaid charges outstanding for 90 days or more.

The management of each Client Company is responsible for reviewing the billing report from the Provider Company to determine the accuracy and appropriateness of the charges.

The accounting systems contain the detailed transactions supporting the services billed. Using the systems, the Provider Company will assist the Client Companies, as necessary, with the

review and validation of charges. Any adjustments required should be made in the subsequent month.

Accounting Department Responsibilities:

The Accounting Department within PESC will be responsible for administering, monitoring and maintaining the processes by which Provider Company costs are accumulated and billed to Client Companies. In connection with this responsibility, the Accounting Department will:

1. Coordinate the preparation of Service Agreements
2. Control the establishment and use of Progress Energy Account Codes
3. Assist Client Companies with the review and validation of charges

The Accounting Department will periodically review allocations used by Progress Energy affiliates and update as necessary while maintaining documentation supporting the calculations. The Accounting Department will ensure that the allocation methods are appropriate for the type of cost incurred, have been approved or submitted for approval by the SEC and are consistent with applicable orders of state utility commissions.

Dispute Resolution:

The service provider has 30 days to resolve the dispute after receiving notification by the customer. The service provider must provide the customer with evidence that the disputed charge is legitimate or issue a credit memo, using the "Intercompany Credit Memo Form - IC Invoice Dispute & Resolution Forms".

Customers and service providers are strongly encouraged to work towards a mutually agreeable solution. If, at the end of the 30-day dispute resolution period, service providers and customers cannot agree, the service provider will issue the customer a credit. Charges proven to be accurate after a credit memo has been issued may be re-billed by the service provider.

Internal Review:

The Audit Services Department will conduct periodic audits of PESC's administration and accounting processes. The audits will include examinations of Service Agreements, accounting systems, source documents, allocation methods and billings to determine if services are authorized and properly accounted for. In addition, Progress Energy's policies, operating procedures, and controls will be evaluated periodically, as necessary.

Evaluation and Measurement:

In order to encourage the efficient and cost competitive provision of services, PESC will establish appropriate benchmarking measures and a customer review process. The customer review process will allow for input from the Client Companies as to the volume and value of the products and services provided by PESC. This review may be part of the annual budget development process.



IV. Financial Systems & Business Model Overview

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The primary information systems for accumulating costs are Oracle General Ledger and Oracle Project Accounting. Subsystems include Payroll (time and expense reporting for labor), Oracle Accounts Payable (vendor invoices), Passport Supply Chain (material purchases), the Vehicle Management System (VMS), and the Information Technology Department's Device Billing system (REMAC) and a Circuit Database Interface.

Business Model Components

- **Cost Accumulation Method**
The Integrated Oracle Financial Systems, Project Accounting module is used to accumulate costs related to a work request (Project). This model will provide proof of cost accumulation for reimbursable work performed for the benefit of the Client Company. Provider Company costs will be collected and segregated by unique Product Codes, as part of the General Ledger Account Key. The Product Code becomes the key cost accumulator mechanism. Product Codes define the actual services provided. Allocation metrics are defined for most Product Codes.
- **Cost Distribution Methods**
The model of cost distribution is commonly referred to as 'Work Order Billing'. Two cost distribution methods are briefly described as follows:
 - 1) Direct Project Billed (DPB) costs will be directly *transferred from a Provider Company owned project to a Client Company project*. The DPB cost distribution method requires two projects to be defined, a sending project/task and a receiving project/task. A Client Company will typically own the receiving project/task. An example of this would be IT's "Application Maintenance"- Provide processes and functions that maintain and repair business software applications to Progress Energy Carolinas. IT will charge a Service Company project that is linked to a Progress Energy Carolinas project for the application that IT manages.
 - 2) Indirect Allocations costs will be *transferred from a Provider Company owned project to multiple receiving Client Companies*, because the total cost cannot be identified with a specific single receiving organization. An example of this would be "Payroll" – Provide payroll processing services. Payroll will charge a Service Company project that is allocated to all participating companies based on headcount of each company.

Business Model Applications

The new cost distribution methods will need to support two business processes: Shared Services of the Service Company (*as described above*) and Shared Services of the Utility Company or Associate Company. The differences are summarized as follows:

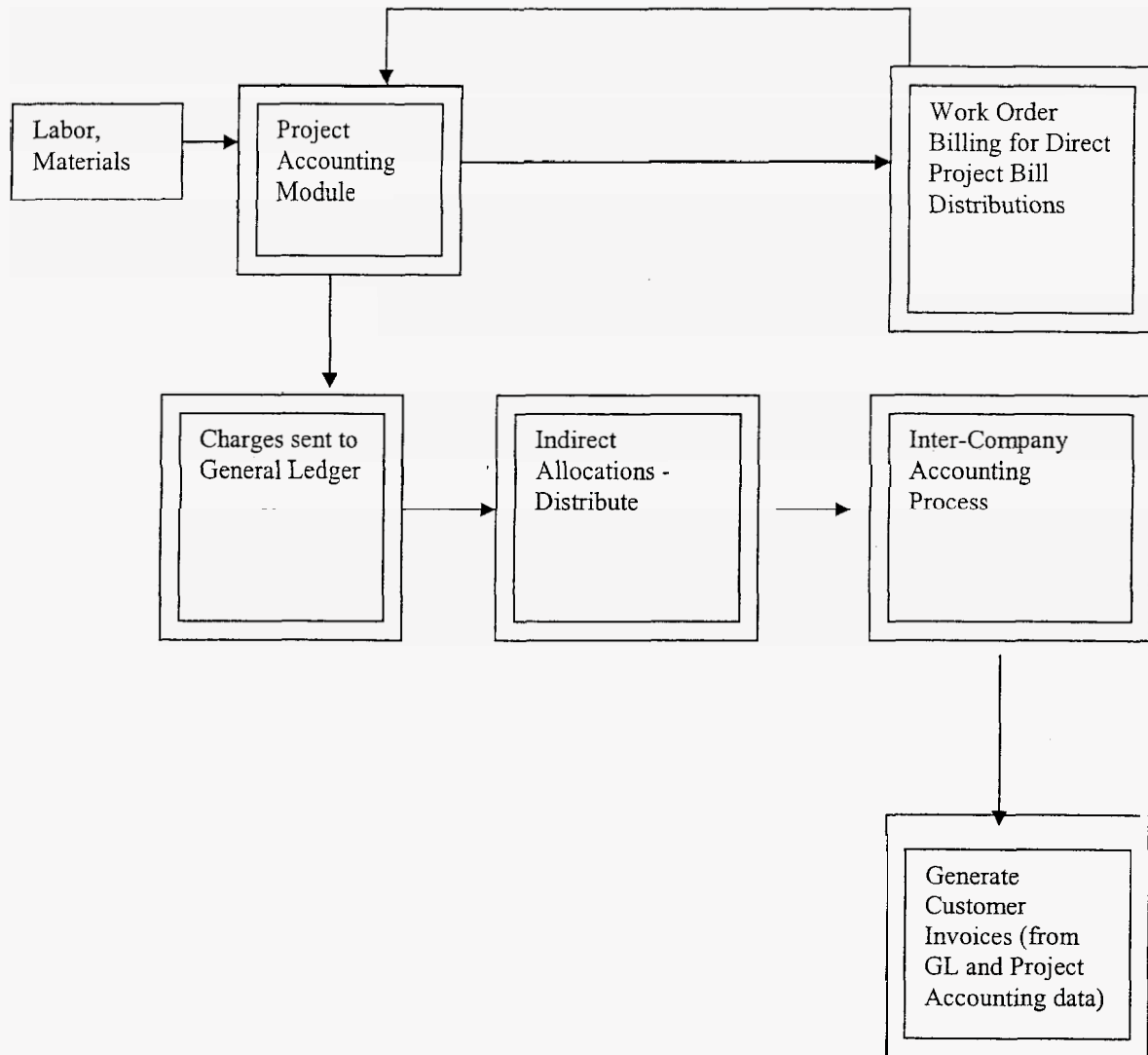
Shared Services of the Service Company:

- Business process focuses on transfer/reimbursement of Service Company costs to Client Companies.
- All Service Company costs must be 100% distributed.

Shared Services of the Utility Company or Associate Company:

- Business process focuses on the transfer/reimbursement of costs of shared services between Utility or Associate Companies and Client Companies where the provider of the services is not the Service Company.
- Only the costs *associated with the shared service* are required to be distributed at cost.

Work Order Billing Process (High Level)



V. Cost Allocation Methodologies

V. Cost Allocation Methodologies

A. Utility and Associate Companies Clearing Accounts

The following clearing accounts have been defined to accumulate various Non-Service Company related common costs that are general in nature and allocated to the appropriate organizations and/or companies on a monthly basis. Each allocation pool is split into 9 major resource types to identify Employee Labor, Outside Labor, Materials, Revenue, Fuel, Payroll Taxes, Benefits, Pensions and Other costs. Generally, each pool is allocated via a pre-determined percentage to each target organization and/or legal entity.

1. Fossil Fuel Administration

Account: 18400YD

Description: **This clearing** account accumulates all costs that involve the activity of coal supply and transportation that cannot be directly charged.

Activity: X0079

Method: **Costs are** allocated to Progress Energy Carolinas fossil plants via Level of Service Estimate.

2. Turbine Support Indirect

Account: 18400WV

Description: **Clearing** account 18400WV is used to accumulate all charges incurred by employees of the Progress Energy Carolinas Fossil Generation Department, Turbine Generator Services Section that do not charge their labor costs directly to other organizations.

Activity: X0052

Method: Costs are allocated to the Progress Energy Carolinas Fossil and Nuclear plants based on the estimated level of service provided and are determined by the POG Business and Finance group.

3. FGD Indirects for Progress Energy Carolinas Regional Managers

Account: 18400WE, 1840SWE

Description: **This account is used** to accumulate all charges incurred by Progress Energy Carolinas Regional Managers for administrative and business needs support for Progress Energy Carolinas Fossil and Hydro plants that are not charged directly.

Activity: X0057

Method: Costs are allocated to Progress Energy Carolinas Fossil and Hydro plants based on Maximum Dependable Capacity Ratio (MDC).

4. Combustion Turbine Indirect

Account: 18400CT, 1840SCT

Description: This account accumulates general administrative and management costs incurred in the Progress Energy Carolinas CT Operations group that cannot be directly charged to a specific location.

Activity: X0188

Method: Costs are allocated to Carolinas regulated CT plants based on Maximum Dependable Capacity Ratio (MDC).

5. Progress Energy Carolinas CT Combined Co Clearing

Account: 18400CC, 1840SCC

Description: This account accumulates general administrative and management costs incurred in the Progress Energy CT Operations group in support of the Florida and Carolinas regulated CT plants that cannot be directly charged to a specific location.

Activity: X0189

Method: Costs are allocated to Carolinas and Florida regulated CT plants based on Maximum Dependable Capacity Ratio (MDC).

6. FGD Department Staff Clearing

Account: 1840FGD, 184SFGD

Description: This account accumulates general administrative and management costs incurred in the Progress Energy Carolinas Fossil Generation Department group in support of the Carolina and Florida Fossil plants that cannot be directly charged to a specific location.

Activity: X0701

Method: Costs are allocated based on Maximum Dependable Capacity Ratio (MDC).

7. Progress Energy Carolinas Technical Services Department

Account: 1840TSD, 184STSD

Description: This account accumulates all charges incurred by Progress Energy Carolinas POG Technical Services Department for technical support for Progress Energy Carolinas and Progress Energy Florida Fossil, Hydro (Carolinas only) and CT plants that are not charged directly.

Activity: X0702

Method: Costs are allocated based on Maximum Dependable Capacity Ratio (MDC).

8. Gas Supply and Transportation-Plants

Account: 18400GS

Description: **Account** 18400GS accumulates all costs that involve the activity of gas supply and transportation that cannot be directly charged. These costs are allocated to the various Carolina and Florida locations that use gas with internal combustion turbines.

Activity: X0183

Method: **Costs** are allocated based on Level of Service Estimate.

9. Oil Trading

Account: 18400OL

Description: **This account** accumulates charges incurred in the management and oversight of oil supply, storage, transportation, and trading activities. These costs are allocated to the various Carolina and Florida locations that use oil.

Activity: X0210

Method: Costs are allocated to Progress Energy Carolinas and Progress Energy Florida Fossil generating plants based on Level of Service Estimate.

10. Energy Supply-Executive

Account: 1840CAA

Description: **This account** accumulates costs incurred for the management and oversight of the Energy Supply Business Unit.

Activity: X0016

Method: **Costs are** allocated to Progress Energy Carolinas and Progress Energy Florida Nuclear and Power Operations Groups based on Maximum Dependable Capacity Ratio (MDC).

11. Progress Energy Carolinas Power Operations Finance

Account: 18400WI, 1840SWI

Description: **This account** accumulates finance and administrative costs incurred in support of Carolina and Florida fossil plants by the Power Operations Finance organization.

Activity: X0054

Method: **Costs are allocated** to the Progress Energy Carolinas and Progress Energy Florida fossil units based on an estimate of the level of support.

12. NED Supervisor Indirect Costs

Account: 18400WG

Description: **This account** accumulates general supervisory costs incurred by the Nuclear Engineering Department head and staff in support of the Carolina and Florida nuclear plants.

Activity: X0056

Method: Costs are allocated to the Progress Energy Carolinas and Progress Energy Florida nuclear plants based on Maximum Dependable Capacity Ratio (MDC).

13. PERA Supervisor Indirect Costs

Account: 18400WF

Description: **This account** accumulates general supervisory costs incurred by the Performance Evaluation and Regulatory Affairs organization of the Nuclear Generation Group in support of the Carolina and Florida nuclear plants.

Activity: X0058

Method: Costs are allocated to the Progress Energy Carolinas and Progress Energy Florida nuclear plants based on Maximum Dependable Capacity Ratio (MDC).

14. NGG Finance & Administrative Services

Account: 18400WJ, 184SWJ

Description: **This account is used** to accumulate all costs incurred in the NGG Finance & Administrative Services group in support of the Carolina and Florida nuclear plants.

Activity: X0059

Method: Costs are allocated to the Progress Energy Carolinas and Progress Energy Florida nuclear plants based on Maximum Dependable Capacity Ratio (MDC).

15. NED-Nuclear Fuel Admin Costs

Account: 18400WM

Description: **This account** is used to accumulate all charges incurred for nuclear fuel labor and miscellaneous costs by the Administration organization of the Nuclear Engineering Department in support of the Carolina and Florida nuclear plants.

Activity: X0060

Method: Costs are allocated to the Progress Energy Carolinas and Progress Energy Florida nuclear plants based on Maximum Dependable Capacity Ratio (MDC).

16. NED-MDC 520

Account: 18400WD

Description: This account is used to accumulate probability and risk assessment costs incurred by the Fuels Section of the Nuclear Engineering Department in support of the Carolina and Florida nuclear plants.

Activity: X0061

Method: Costs are allocated to the Progress Energy Carolinas and Progress Energy Florida nuclear plants based on Maximum Dependable Capacity Ratio (MDC).

17. Nuclear Management

Account: 18400WK

Description: This account accumulates nuclear management costs incurred by the Chief Nuclear Officer that are not directly chargeable to other departments.

Activity: X0062

Method: Costs are allocated to the Progress Energy Carolinas and Progress Energy Florida nuclear plants based on Maximum Dependable Capacity Ratio..

18. NIT Supervisor Indirect Costs

Account: 18400WL

Description: This account accumulates general supervisory costs incurred by the Nuclear IT department in support of the Carolina and Florida nuclear plants, and PassPort maintenance for Energy Supply..

Activity: X0063

Method: Costs are allocated to the Progress Energy Carolinas and Progress Energy Florida Energy Supply organizations based on Maximum Dependable Capacity Ratio (MDC) or on Level of Service Estimate.

19. ES-Finance and Administrative Services

Account: 18400WO

Description: This account accumulates general finance and administrative costs incurred by the Progress Energy Carolinas Energy Supply Finance and Administration Services group.

Activity: X0065

Method: Costs are allocated to Progress Energy Carolinas and Progress Energy Florida Nuclear Generation Group and Power Operations Group based on Maximum Dependable Capacity Ratio (MDC).

20. NSD-Nuclear Material Control

Account: 18400WY

Description: This account is used to accumulate costs incurred by employees of the Nuclear Materials Services organization for administrative support of material controls for the Carolina and Florida nuclear plants.

Activity: X0064

Method: Costs are allocated to each Progress Energy Carolinas and Progress Energy Florida nuclear plants based on Maximum Dependable Capacity Ratio (MDC).

21. TS Environmental Services

Account: 18400XY

Description: This account accumulates indirect charges incurred by employees of the Environmental Services Section of the Technical Services Department that are not directly chargeable.

Activity: X0156

Method: Costs are allocated to Progress Energy Carolinas and Progress Energy Florida Energy Supply organizations based on an estimate of the level of service.

22. NES Radiological Services

Account: 18400YW

Description: This account is used to accumulate costs incurred by the Radiological Labs Unit of the Nuclear Services Department in support of the Carolina and Florida nuclear plants.

Activity: X0160

Method: Costs are allocated to each Progress Energy Carolinas and Progress Energy Florida nuclear plant based on MDC.

23. NSD Labs/Analytical Services

Account: 18400TJ

Description: This account accumulates costs incurred by the Materials Services Section, Chemistry and Metallurgy Unit

Activity: X0172

Method: Costs are allocated to Progress Energy Carolinas Energy Supply and Energy Delivery, as well as Progress Energy Florida Supply based on an estimate of the level of service.

24. POG Systems Planning

Account: 18400WH

Description: This account accumulates costs incurred by the Systems Planning organization of the Power Operations group that are not directly chargeable.

Activity: X0053

Method: Costs are allocated to the appropriate Progress Energy Carolinas and Progress Energy Florida Energy Supply department based on Maximum Dependable Capacity Ratio (MDC).

25. Timber-Regulated-Wholly Owned Utility Land

Account: 18400TB

Description: This account is used to accumulate costs incurred in conjunction with managing the company specific timber activities.

Activity: X0709 (Progress Energy Carolinas) /X0712 (Progress Energy Florida)

Method: Costs are allocated 100% to account 4560001 for each respective company to properly classify these charges.

26. Timber-Regulated-Joint Owned Utility Land

Account: 18400AD

Description: This account is used to accumulate costs incurred in conjunction with managing Progress Energy Carolinas joint-owned plant specific timber activities.

Activity: X0141/X0142/X0143

Method: Costs are allocated to each of the Progress Energy Carolinas plant specific timber projects and split between accounts 253720T and 4560001.

27. TDS Admin OH

Account: 18400PA

Description: This account accumulates administrative costs incurred by the Progress Energy Carolinas Transmission and Distribution Services group.

Activity: X0370

Method: Costs are allocated to the Progress Energy Carolinas T&D groups based on an estimate of the level of support.

28. FL CT Combined Clearing

Account: 1840FCC

Description: This account accumulates general and administrative management costs incurred in the Progress Energy CT Operations group in support of the Progress Energy Carolinas, Progress Energy Florida, and Progress Ventures Inc. CT plants that cannot be directly charged to a specific location.

Activity: X0198

Method: Costs are allocated to Progress Energy Carolinas, Progress Energy Florida, and Progress Ventures Inc. plants based on Maximum Dependable Capacity Ratio (MDC).

29. FL Fossil Steam Indirects

Account: 1840FST, 184SFST

Description: This account accumulates general and administrative costs of the Progress Energy Florida Fossil Operations group in support of the Florida fossil steam plants that cannot be charged directly.

Activity: X0193

Method: Costs are allocated to specific Progress Energy Florida plants based on Level of Service Estimate.

30. FL CT Indirects

Account: 1840FCT, 184SFCT

Description: This account accumulates general and administrative costs of the Progress Energy Florida CT Operations group that cannot be directly charged to a specific location.

Activity: X0194

Method: Costs are allocated to specific Progress Energy Florida plants based on Maximum Dependable Capacity Ratio (MDC).

31. Nuclear Security Indirects

Account: 1840SEC

Description: This account accumulates the costs incurred by the nuclear security section for administrative support for Carolinas and Florida nuclear plants..

Activity: X0706

Method: Costs are allocated to Progress Energy Carolinas and Progress Energy Florida nuclear plants based on estimated level of support.

32. Progress Ventures Support – Regulated Commercial Operations

Account: 1840PVS, 184SPVS

Description: This account accumulates charges from other Progress Energy organizations for their support of the regulated commercial operations organization.

Activity: X0714

Method: Costs are allocated to Progress Energy Carolinas and Progress Florida based on Level of Service Estimate.

33. Regulated Commercial Operations (RCO) Department

Account: 1840RCD

Description: This account accumulates general and administrative costs incurred by the RCO department.

Activity: X0715

Method: Costs are allocated to Progress Energy Carolinas and Progress Energy Florida based on Level of Service Estimate.

34. RCO Market Analysis and Evaluation

Account: 1840RCM

Description: This account accumulates charges for the Structuring and Analysis section within the RCO department.

Activity: X0716

Method: Costs are allocated to Progress Energy Carolinas and Progress Energy Florida based on level of service estimate.

35. RCO Power Trading

Account: 1840RCP, 184SRCP

Description: This account accumulates charges for the Power Trading Section within the RCO department.

Activity: X0717

Method: Costs are allocated to Progress Energy Carolinas and Progress Florida based on level of service estimate.

36. RCO Term Contracts

Account: 1840CPL

Description: This account accumulates charges for the Progress Energy Carolinas Term Contracts Section within the RCO department.

Activity: X0718

Method: Costs are allocated to Progress Energy Carolinas based on Level of Service Estimate.

37. RCO Florida Term Marketing

Account: 1840FPC

Description: This account accumulates charges for the Progress Energy Florida Term Marketing Section within the RCO department.

Activity: X0719

Method: Costs are allocated to Progress Energy Florida based on Level of Service Estimate.

38. RCO Gas Optimization

Account: 1840RCG

Description: This account accumulates general and administrative costs of the Gas and Oil section within the Regulated Fuels Department.

Activity: X0720

Method: Costs are allocated to the gas procurement (18400GS) and oil procurement (18400OL) clearing accounts based on Level of Service Estimate.

39. Shoreline Leases

Account: 18400TD

Description: This account accumulates charges for expenses associated with the maintenance of shoreline leases.

Activity: X0088

Method: Costs are allocated 100% to Progress Energy Carolinas account 4540001.

40. TSD Environmental Tech Support Services

Account: 1840ETS

Description: This account accumulates indirect charges incurred by employees in the Technical Support Services Section of the Environmental Department of the Technical Services Department.

Activity: X0729

Method: Costs are allocated to PEC and PEF Nuclear Plants, Fossil Plants, Hydro Plants and ICT Plants, based on Level of Service.

41. TS ESS Projects

Account: 1840EPS

Description: This account accumulates indirect charges incurred by employees in the Environmental Special Projects section of Environmental Department of the Technical Services Department.

Activity: X0728

Method: Costs are allocated to PEC and PEF Nuclear Plants, Fossil Plants, Hydro Plants and ICT Plants based on Level of Service.

42. TS ENV water permits / compliance

Account: 1840EWP

Description: This account accumulates indirect charges incurred by employees in the Water Permitting and compliance in the Environmental Services Department of the Technical Services Department.

Activity: X0727

Method: Costs are allocated to PEC and PEF Nuclear Plants, Fossil Plants, Hydro Plants and ICT Plants based on Level of Service.

43. TS ENV air permits / compliance

Account: 1840EAP

Description: This account accumulates indirect charges incurred by employees in the Air Permitting and Compliance in the Environmental Services Department of the Technical Services Department.

Activity: X0726

Method: Costs are allocated to PEC and PEF Nuclear Plants, Fossil Plants, Hydro Plants and ICT Plants based on Level of Service.

44. TS ENV CMS

Account: 1840CMS

Description: This account accumulates indirect charges incurred by employees in the Field Services/CEM's section in the Environmental Services Department of the Technical Services Department.

Activity: X0730

Method: Costs are allocated to PEC Nuclear Plants, Fossil Plants, Hydro Plants and ICT Plants based on Level of Service.

45. TSD TECH Engineering Services

Account: 1840TES

Description: This account accumulates indirect charges incurred by employees Engineering Services which includes NDE support and Drafting Improvement sections of the Technical Services Department.

Activity: X0735

Method: Costs are allocated to PEC and PEF Nuclear Plants, Fossil Plants, Hydro Plants, and to ICT Plants based on Level of Service.

46. TSD Technical Programs

Account: 1840TPS

Description: This account accumulates indirect charges incurred by employees in the Technical Programs Services section of the Technical Services Department.

Activity: X0734

Method: Costs are allocated to PEC and PEF Nuclear Plants, Fossil Plants, Hydro Plants, and to ICT Plants based on Level of Service.

47. TSD ENV TS Field Services

Account: 1840ETF

Description: This account accumulates indirect charges incurred by employees in the Environmental Field Services section of the Technical Services Department.

Activity: X0732

Method: Costs are allocated to PEC Fossil Plants, Hydro Plants, and to ICT Plants based on Level of Service.

48. TSD Training Services

Account: 1840TRG

Description: This account accumulates indirect charges incurred by employees in the Continuous Improvement section of the Technical Services Department.

Activity: X0736

Method: Costs are allocated to PEC and PEF Fossil Plants, Hydro Plants, and to ICT Plants, SPOD, and Fossil Fuel based on Level of Service.

49. TSD Continuous Improvement Services

Account: 1840CIS

Description: This account accumulates indirect charges incurred by employees in the Continuous Improvement section of the Technical Services Department.

Activity: X0737

Method: Costs are allocated to PEC and PEF Fossil Plants, Hydro Plants, and to ICT Plants, SPOD, PV, and Fossil Fuel based on Level of Service.

50. TSD Strategic Engineering

Account: 1840STE

Description: This account accumulates indirect charges incurred by employees in the Central Engineering section of the Technical Services Department.

Activity: X0733

Method: Costs are allocated to PEC and PEF Fossil Plants, Hydro Plants, and to ICT Plants based on Level of Service.

51. President & CEO of PE-Carolinas

Account: 1840PEC

Description: This account accumulates financial and administrative expenses incurred by the President & CEO of Progress Energy – Carolinas.

Activity: X0748

Method: Costs are allocated to PEC and PEF based on Level of Service.

52. President – Energy Delivery

Account: 1840EDP

Description: This account accumulates financial and administrative expenses incurred by the Group President of Energy Delivery.

Activity: X0747

Method: Costs are allocated to PEC and PEF based on Level of Service.

53. Plant Construction Department support costs

Account: 1840PCD, 184SPCD

Description: This account accumulates charges allocated in by other departments.

Activity: X0738

Method: Costs are allocated to PEC and PEF active construction projects based on Level of Service.

54. Regulated Fuels

Account: 1840RGF

Description: This account accumulates general and administrative expenses incurred by the Regulated Fuels Department.

Activity: X0756

Method: Costs are allocated to PEC and PEF based on Level of Service Estimate.

55. Regulated Fuels Support

Account: 1840RFS

Description: This account accumulates operational costs in support of Regulated Fuels.

Activity: X0757

Method: Costs are allocated within PEC based on Level of Service.

56. FGD East Region Indirects for East Region Managers

Account: 1840FER

Description: This account accumulates general administrative and management costs incurred in the Progress Energy Carolinas Fossil Generation Department group in support of the Eastern Region.

Activity: X0723

Method: Costs are allocated based on Maximum Dependable Capacity Ratio (MDC).

57. FGD West Region Indirects for West Region Managers

Account: 1840FWR

Description: This account accumulates general administrative and management costs incurred in the Progress Energy Carolinas Fossil Generation Department group in support of the Western Region.

Activity: X0722

Method: Costs are allocated based on Maximum Dependable Capacity Ratio (MDC).

58. TSD ENV TS Biology

Account: 1840ETB

Description: This account accumulates indirect charges incurred by employees in the Environmental Field Services section of the Technical Services Department.

Activity: X0731

Method: Costs are allocated to PEC Nuclear Plants, Fossil Plants, Hydro Plants, and to ICT Plants based on Level of Service.

59. TSD ENV FL Chem Lab

Account: 1840ECL

Description: This account accumulates indirect charges incurred by employees in the Environmental Field Services section of the Technical Services Department.

Activity: X0742

Method: Costs are allocated to PEF Nuclear Plants, Fossil Plants, and to ICT Plants based on Level of Service.

60. TSD ENV FL Field Services

Account: 1840EFS

Description: This account accumulates indirect charges incurred by employees in the Environmental Field Services section of the Technical Services Department.

Activity: X0740

Method: Costs are allocated to PEF Nuclear Plants, Fossil Plants, and to ICT Plants based on Level of Service.

Construction Work In Progress ("CWIP") Indirect Overhead Allocations:

The indirect costs of CWIP are construction-related costs not directly assignable to specific projects. These costs are accumulated in several pre-assigned projects for general construction overheads. These costs include, for example, salaries (secretarial, engineering and other), office supplies, meals and travel, telephone service, postage, computer services, consultants' charges, other outside services, employee educational benefits, rents, miscellaneous general expense, construction site security, construction site safety and medical, etc. In general, salaries are charged directly to expense and capital on the source transaction (time sheets) based on the functions performed by the employee or his organization unit. Still others (such as rents and telephone costs) generally follow the expense versus capital distribution of labor associated with the organizational unit. Other charges (such as charges by outside consultants) are charged between expense and capital accounts on the basis of case-by-case analysis. None of the indirect overhead projects accumulate AFUDC.

Overheads are allocated to projects with certain work order types. The allocation basis determines how the charges in the Overhead Project will be allocated. The overhead projects with company labor only use the labor charges to the projects to allocate the charges in the overhead project. The overhead projects with total additions use all charges to a given project to allocate the charges in the overhead project.

The following table is a listing of all Capital Indirect Overhead Projects:

Work Order	Description	Allocation Basis
Progress		
Energy		
Carolinas		
00100084	Asheville Fossil Tech Support	Company Labor
00100092	Blewett Hydroelectric Tech Support	Company Labor
00100085	Cape Fear Fossil Tech Support	Company Labor
00100095	Future Gen Tech Support	Company Labor
00100011	Harris Ind Eng & Gen	Company & Contr Labor
00100013	Brunswick Ind Eng & Gen	Company & Contr Labor
00100056	Distribution – Northern Region Ind	Company & Contr Labor
00100057	Distribution – Eastern Region Ind	Company & Contr Labor
00100059	Distribution – Western Region Ind	Company & Contr Labor
00100076	Transmission Ind Eng & Gen OH	Company & Contr Labor
00100077	Transmission Ind Eng & Gen OH	Company & Contr Labor
00100078	Transmission Ind Eng & Gen OH	Company & Contr Labor
00100081	Transmission Ind Eng & Gen OH	Company & Contr Labor
00100082	Transmission Ind Eng & Gen OH	Company & Contr Labor
00100083	Transmission Ind Eng & Gen OH	Company & Contr Labor
00100012	Nuclear – Robinson Ind Eng & Gen	Company & Contr Labor

00100058	Distribution – Southern Region Ind	Company & Contr Labor
00100086	Lee Fossil Tech Support	Company Labor
00100087	Mayo Fossil Tech Support	Company Labor
20010418	DE&O Eastern Region	Company & Contr Labor
20010419	DE&O Northern Region	Company & Contr Labor
20010420	DE&O Southern Region	Company & Contr Labor
20010421	DE&O Western Region	Company & Contr Labor
00100088	Robinson Fossil Tech Support	Company Labor
00100089	Roxboro Fossil Tech Support	Company Labor
00100090	Sutton Fossil Tech Support	Company Labor
00100093	Walters Hydroelectric Tech Support	Company Labor
00100091	Weatherspoon Fossil Tech Support	Company Labor
00100069	PPD&C Indirect	Company Labor
00100071	PPD&C Non-Reg Indirect	Company Labor
00128000	Transmission	Company & Contr Labor
00100094	Marshall Hydroelectric Tech Support	Company Labor
20045696	Combustion Turbine Indirect	Company Labor

**Progress
Energy
Florida**

20019706	Crystal River	Total Additions
20019717	E&S Mid-Fla Division	Total Additions
20023599	Indirect South Central Region	Total Additions
20024965	Indirect North Central Region	Total Additions
20019705	General Admin Exec/Plant	Total Additions
20018075	General Admin Trans Lines	Total Additions
20019710	General Admin Substation	Total Additions
20019708	General Admin Steam	Total Additions
20033950	S. Coastal Region Indirect	Total Additions
20033951	N. Coastal Region Indirect	Total Additions
20034288	Distribution Base Projects Indirect	Total Additions
20034289	Distribution CTE Indirect	Total Additions
20039175	Indirect Distr Planning	Total Additions
20046064	Plant Construction Department	Total Additions
20038967	Anclote Fossil Indirect	Total Additions
20038968	Bartow Fossil Indirect	Total Additions
20038969	Crystal River 1&2 Fossil Indirect	Total Additions
20038970	Crystal River 4&5 Fossil Indirect	Total Additions
20038971	Suwannee Fossil Indirect	Total Additions

B. Corporate Adders

Each Utility or Service Company will have its own pool of dollars for each of the following corporate adders for cost accumulation and distribution **within** each company. Therefore, the adder rate may vary by Company.

1. Exceptional Hours

Exceptional hours are employee labor hours that are not chargeable to productive projects. Examples of these include vacation, sick, excused time, jury duty, etc. These hours are not directly charged to real projects and represent additional costs of labor. The exceptional hours adder rate is an estimated amount based on budget and a history of unproductive time and is recorded as a percentage adder to base productive labor. The percentage adder is a ratio, the numerator of which is the estimated non-productive hours for each Utility or Service Company and the denominator of which is the estimated productive hours of each Utility or Service Company. Each Utility or Service Company will have its own exceptional hours pool to be distributed to that Company's total labor dollars. The exceptional hours adder rate is set at the beginning of each budget year and is reviewed periodically and adjusted as necessary. One adder rate is applied per Company and may vary by Company.

As actual exceptional hours are incurred, the cost is debited to a single exceptional hours project for each company, increasing the balance in the 18400EX clearing account. The exceptional hours adder is recorded as a labor expense to each company and is charged to the same account/project as the original base labor charge using the established adder rate. The offset is against the general exceptional hours clearing account (18400EX) recorded for each company, thus decreasing the balance in the 18400EX account. .

At year end, any residual balance that exists in the 18400EX clearing account is distributed back within each respective company to account 9200000.

2. Benefits

Company benefits costs are incurred on active and retired employees for health care, life insurance, long term disability, medical and salary continuance, and stock purchases. These costs are considered indirect costs that cannot be charged directly to others. The employee benefits adder rate is an estimated amount based on budget and is recorded as labor dollars are incurred as a percentage adder. The percentage adder is a ratio, the numerator of which is the employee benefit expense for each Utility and Service Company and the denominator of which is the productive labor dollars of each Utility and Service Company. Each Utility and Service Company will have its own benefits adder pool to be distributed to that Company's total labor dollars. The employee benefits adder percentage is set at the beginning of each budget year and is reviewed periodically and adjusted as necessary. One adder rate is applied per Company and may vary by Company.

The benefits adder is recorded as a benefits expense to each company and is debited based on the nature of the project to which the original labor is charged. For regulated O&M projects, the

benefits expense is recorded to account 926. For non-regulated O&M projects, the benefits expense is recorded to the same non-regulated O&M account as labor. For capital projects, the benefits expense is recorded to account 107. For stores projects, the benefits expense is recorded to account 163. For clearing account projects, the benefits expense is recorded to the appropriate 184 account. The offset is a general benefits clearing account (18400WA).

The actual expenses of each benefit program are captured in the following accounts:

18400YH	Employee Health Care
18400YK	Employee Life
18400YJ	Retiree Health Care
18400YV	Salary Continuation
18400YU	Health/Life Continuation
18400YN	Stock Purchases

Actual employee health and life costs are recorded to the 18400YH and 18400YK clearing accounts for each company based on headcount.

The general benefits clearing account (18400WA) discussed above as the offset account for the adder transactions is cleared at year-end against the various benefit program clearing accounts where actual expenses are recorded. Any residuals remaining in the clearing accounts are cleared to account 926 for each company at the end of the year.

Actuarial studies, combined with the budgeted amounts, are used to determine the dollar amounts redistributed for each company from the clearing accounts to the appropriate reserve account for retiree health/life, salary continuation, health/life continuation, and stock purchases. As actual costs are incurred, they are applied against the reserve accounts based on headcount.

3. Pensions

Company pension costs are incurred on active employees. These costs are considered indirect costs that cannot be charged directly to others. The pension adder rate is an estimated amount based on budget and is recorded as labor dollars are incurred as a percentage adder. The percentage adder is a ratio, the numerator of which is the employee pension expense for each Utility and Service Company and the denominator of which is the productive labor dollars of each Utility and Service Company. Each Utility and Service Company will have its own pension adder pool to be distributed to that Company's total labor dollars. The employee pension adder percentage is set at the beginning of each budget year and is reviewed periodically and adjusted as necessary. One adder rate is applied per Company and may vary by Company.

The pension adder is recorded as a pension expense to each company and is debited based on the nature of the project to which the original labor is charged. For regulated O&M projects, the pension expense is recorded to account 926. For non-regulated O&M projects, the pension expense is recorded to the same non-regulated O&M account as labor. For capital projects, the pension expense is recorded to account 107. For stores projects, the pension expense is recorded to account 163. For clearing account projects, the pension expense is recorded to the appropriate

184 account. The actual expense for the pension program is captured in account 184000YM. The burden offset is a pension cost clearing account (18400PN).

The pension cost clearing account (18400PN) discussed above as the offset account for the adder transactions is cleared at year-end against the pension program clearing account where actual expenses are recorded (18400YM). Any residual remaining in the clearing account is cleared to account 926 for each company at the end of the year.

Actuarial studies, combined with the budgeted amounts, are used to determine the dollar amounts redistributed for each company from the clearing accounts to the appropriate reserve account for pensions. As actual costs are incurred, they are applied against the reserve account based on headcount.

4. Payroll Taxes

Company payroll taxes are incurred for FICA and Unemployment taxes. A percentage adder is applied to all base and overtime labor to record the estimated tax costs. The payroll taxes adder percentage is set at the beginning of each budget year based on published tax rates and is adjusted as appropriate for changes in tax rates. One rate is applied for all companies.

The payroll taxes adder is recorded as an expense to each company and is debited based on the nature of the project to which the original labor is charged. For regulated O&M projects, the payroll tax expense is recorded to account 408.1. For non-regulated O&M projects, the payroll tax expense is recorded to the same non-regulated O&M account as labor. For capital projects, the payroll tax expense is recorded to account 107. For stores projects, the payroll tax expense is recorded to account 163. For clearing account projects, the payroll tax expense is recorded to the appropriate 184 account. The offset is a general payroll tax clearing account (18400WB).

As actual payroll taxes are incurred, the amounts are redistributed from the 18400WB clearing account to the appropriate tax liability account for each type of tax. Any residual amount in this clearing account at year-end is distributed back to account 408.1.

5. Stores Adders

Stores costs include the supervision, labor and other expenses incurred in the operation of general and location storerooms, including purchasing, storage, handling and distribution of materials and supplies. As materials are ordered and issued, a rate is applied as a percentage adder to the material cost to allocate these general storeroom costs. Adder rates are determined at the beginning of each budget cycle and can be changed throughout the year depending upon analysis of residual balances.

There are two different stores adders, corporate and locational. Corporate adders are calculated by dividing corporate common stores expenses by budgeted materials for Utility and Service

Companies and are applied to all such company material costs to account for the expenses incurred related to corporate materials services. A single rate is applied.

Locational adders are applied to material costs for expenses incurred related to specific locational storerooms and services. Rates vary for each specific location, are calculated based on dividing locational stores expenses by budgeted materials for a location and are applied based on the location performing the work.

As stores adders are applied, they are debited to the same account as the original material charge. The offset is to a 163 sub-account for corporate stores and for all locational stores. Differentiation between the locational stores pools is determined based on a separate resource type and activity.

As actual stores expenses are incurred for supervision, labor and other costs, they are debited to the applicable stores adder pool. Any residual balance in the stores adder pools at year-end is analyzed to ensure that the stores (163) balance is commensurate with the inventory (154) balance and is carried over into the following year. The balance in the account at the close of the year shall not exceed the amount of stores expenses reasonably attributable to the inventory of materials and supplies. Amounts in excess of a reasonable level are cleared to appropriate legal entities.

C. Service Company Allocation Metrics

The following ratios and allocation metrics shall be applied to allocate costs accumulated on work orders for identified products and services. Metrics will be reviewed periodically and revised as appropriate for changes in accounting methods, policies and procedures, services offered, and organizational structures.

Asset Ratio

A ratio, the numerator of which is the total assets, net of investment in subsidiaries and goodwill, of a Client Company and the denominator of which is the total assets, net of investment in subsidiaries and goodwill, of all Client Companies.

For NCUC reporting purposes only, the asset ratio will be modified to include goodwill.

Average Hourly Rate - Aircraft

A ratio, the numerator of which is the variable costs of aircraft expenses and the denominator of which is the total hourly usage of all Client Companies.

Circuit Count Ratio

A ratio, the numerator of which is the number of telecommunication circuits of a Client Company and the denominator of which is the number of telecommunication circuits of all the Client Companies. For each fiscal year,

- The ratio is calculated using counts estimated during the budget cycle for such year,
- Each Client Company is charged actual costs through work order billing as incurred,
- The ratio and associated monthly fees are adjusted when actual counts vary significantly from estimated counts,
- Residual costs, if any, are allocated in the same proportions as the actual monthly fees including adjustments, and
- Residual costs may be allocated at intervals during the fiscal year, but final allocations are made at the end of such year.

FTE's Assigned Ratio

A ratio, the numerator of which is the number of hours a full-time employee is assigned to a Client Company and the denominator of which is the number of hours full-time employees are assigned to all Client Companies.

Global Ratio

A ratio, the numerator of which is the actual expenses charged to a Client Company and the denominator of which is the budgeted expenses charged to all Client Companies participating in a group of related services.

For NCUC reporting purposes only, the global ratio will be recalculated as the percentage allocated to affiliates under the modified asset ratio, the modified three-factor method and all other ratios.

Headcount Ratio

A ratio, for infrastructure costs, the numerator of which is the headcount of the Service Company department and the denominator of which is the headcount of all the Service Company departments. A ratio, for non-infrastructure costs, the numerator of which is the headcount of a Client Company and the denominator of which is the headcount of all the Client Companies.

Historical Claims Ratio

A ratio, the numerator of which is the historical claims incurred by a Client Company and the denominator of which is the historical claims incurred by all Client Companies.

Information Technology Application Index Ratio

A ratio, the numerator of which is the index value of each business software application of a Service Company Department or a Client Company and the denominator of which is the index value of each business software application of all Service Company Departments and Client Companies. The index value for each business software application is derived from the application's resource and service requirements. For each fiscal year,

- The ratio is calculated using values estimated during the budget cycle for such year.
- Each Service Company Department and Client Company is charged a monthly actual amount determined by multiplying the monthly actual costs of the product by the ratio for such Company,
- The ratio is adjusted when actual index values vary significantly from estimated counts,

Information Technology Distributed Cost Ratio

A ratio, the numerator of which is the IT costs distributed to a Service Company Department or a Client Company and the denominator of, which is the IT costs excluding IT applications development and enhancement charges distributed to all Service Company Departments and Client Companies. For each fiscal year,

- The ratio is calculated using values estimated during the budget cycle for such year.
- Each Service Company Department and Client Company is charged a monthly actual amount determined by multiplying the actual costs by the ratio for such Company,
- The ratio is adjusted when actual distributed costs vary significantly from estimated,

Information Technology Standard Labor Rate

A rate, the numerator of which is the direct salary and associated adders (payroll taxes, benefits, exceptional hours) plus other employee related expenses, and the denominator of which is the hours worked for all Service Company Departments and Client Companies. For each fiscal year:

- The rate is calculated using costs and counts estimated during the budget cycle for such year,
- Each Service Company Department and Client Company is charged at the standard rate for each hour worked, or actual costs if the cost of the resources required to perform the work differs significantly from the cost of the resources included in the standard rate,
- Residual costs are allocated using a ratio, the numerator of which is the actual hours charged to a Service Company Department or Client Company and the denominator of which is the actual hours charged to all Service Company Departments and Client Companies.

- Residual costs may be allocated at intervals during the fiscal year but final allocations of residual costs are made at the end of such year.

Information Technology Standard Desktop Services Rate

A rate, the numerator of which is the direct salary and associated adders (payroll taxes, benefits, exceptional hours) plus other employee related expenses, and the denominator of which is the number of devices supported for all Service Company Departments and Client Companies. For each fiscal year:

- The rate is calculated using costs and counts estimated during the budget cycle for such year,
- Each Service Company Department and Client Company is charged at the standard rate for each device supported, or actual costs if the cost of the resources required to perform the work differs significantly from the cost of the resources included in the standard rate,
- Residual costs may be allocated at intervals during the fiscal year, but final allocations are made at the end of such year.

Information Technology Standard E-mail Ratio

A ratio, the numerator of which is the number of e-mail accounts for a Service Company Department or Client Company receiving the service and the denominator of which is the number of e-mail accounts of all Service Company Departments and Client Companies receiving the service. For each fiscal year,

- The ratio is calculated using counts estimated during the budget cycle for such year.
- Each Service Company Department and Client Company is charged a monthly actual amount determined by multiplying the actual costs by the ratio for such Company,
- The ratio and associated monthly fees are adjusted when actual counts vary significantly from estimated counts,

Information Technology Standard Personal Computer and Device Rates

The rates, the numerator of which is the cost of providing a service for a device and the denominator of which is the number of devices of all Service Company Departments and Client Companies. For each fiscal year,

- The rates are calculated using costs and counts estimated during the budget cycle for such year.
- Each Service Company Department and Client Company is charged a monthly actual amount determined by multiplying the rate and the actual device count for such Department or Company,
- Residual costs are allocated using a ratio, the numerator of which is the actual device count charged to a Service Company Department or Client Company and the denominator of which is the actual device count charged to all Service Company Departments and Client Companies.
- Residual costs may be allocated at intervals during the fiscal year, but final allocations are made at the end of such year.

Insurable Values

A ratio, the numerator of which is the insurable values of a Client Company and the denominator of which is the insurable values of all the Client Companies.

Invoice Ratio

A ratio, the numerator of which is the number of invoices of a Client Company and the denominator of which is the number of invoices of all the Client Companies.

Labor Dollars Ratio

A ratio, the numerator of which is the labor dollars of a Client Company and the denominator of which is the labor dollars of all the Client Companies.

Miles and Hours of Usage Allocation Metric

For fleet and transportation costs, all vehicles are tracked by vehicle number, vehicle class and ownership using a Vehicle Management System (“VMS”). Each vehicle class is assigned a usage factor (e.g. cost per mile or cost per hour). Miles driven and hours used are tracked for each vehicle driven. The VMS calculates the amount to charge the organization based on the usage entered, the usage factor for that class of vehicles and the owner of the vehicle.

Number of Vehicles Managed Ratio

A ratio, the numerator of which is the number of vehicles managed for a Client Company and the denominator of which is the number of vehicles managed for all the Client Companies.

Prior Year Usage Ratio

A ratio, the numerator of which is the actual prior year usage of a Client Company and the denominator of which is the actual prior year usage of all Client Companies.

Square Footage Ratio

A ratio, for infrastructure costs, the numerator of which is the square footage of the Service Company departments or a Client Company and the denominator of which is the square footage of all Service Company and Client Company departments. A ratio, for non-infrastructure costs, the numerator of which is the actual square footage of a Client Company and the denominator of which is the actual square footage of Client Companies benefiting from the service.

Two Factor Method

The Two Factor Method measures two equally weighted factors to arrive at an allocation percentage for each Client Company. The first factor is an Asset Ratio, the numerator of which is the total assets, net of investment in subsidiaries and goodwill, of a Client Company and the denominator of which is the total assets, net of investment in subsidiaries and goodwill, of all Client Companies. The second factor is Revenue, the numerator of which is the total operating revenue and dividend income of a Client Company and the denominator of which is the total operating revenue and dividend income of all Client Companies.

For NCUC reporting purposes only, the two-factor method will be replaced for corporate governance costs with a three-factor method that adds an expense ratio.

Undepreciated Assets Ratio

A ratio, the numerator of which is the undepreciated assets of a Client Company and the denominator of which is the undepreciated assets of all the Client Companies.

D. Utility and Associate Companies Allocation Metrics

The following ratios and allocation metrics shall be applied to allocate costs accumulated on work orders for identified products and services. Metrics will be reviewed periodically and rates revised as appropriate for changes in accounting methods, policies and procedures, and services offered.

Commercial, Industrial & Governmental (C/I/G) Customers Ratio

A ratio, the numerator of which is the number of commercial, industrial and governmental electric (or gas, as applicable) customers of a Client Company and the denominator of which is the number of such customers of all Client Companies.

Coal Volume Allocation

A ratio, the numerator of which is the projected tons of coal to be acquired for or on behalf of a Client Company by the Utility Company for the next calendar year, and the denominator of which is the sum of the number of tons of coal projected to be acquired for or on behalf of all Client Companies and the Utility Company.

Direct Cost Ratio

A ratio, the numerator of which is the cost of materials, supplies or other relevant direct cost incurred by the provider entity's functional area, directly related to providing a particular service, and the denominator of which is the total cost of materials, supplies or other relevant direct cost incurred by that functional area directly related to providing that service to all Client Companies.

Energy Delivery Services (EDS) Budget Revenue Rate

A ratio, the numerator of which is the relevant share of corporate, business unit and departmental indirect costs budgeted to EDS, and the denominator of which is the budgeted revenues for EDS. For each fiscal year, the rate is calculated using costs and revenues estimated during the budget cycle for such year.

Headcount Ratio

A ratio, the numerator of which is the headcount of the relevant organizational area of the Utility Company permanently situated at a Client Company's facilities or locations, and the denominator of which is total headcount of the relevant organizational area of the Utility Company.

Labor Dollar Adder

A ratio, the numerator of which is the total indirect expense related to providing a particular product or service, and the denominator of which is the cost of direct and contractor labor (in dollars) incurred by the Utility Company's relevant functional area directly related to providing that service to all Client Companies. For purposes of the calculation, labor dollars of a particular work type (e.g., distribution, transmission, etc.) will be used.

Labor Dollar Ratio

A ratio, the numerator of which is the cost of labor (in dollars) incurred by the provider entity's functional area, directly related to providing a particular service, and the denominator of which is the total cost of labor (in dollars) incurred by that functional area directly related to providing that service to all Client Companies. For purposes of the calculation, labor dollars of a particular work type (e.g., distribution, transmission, etc.) will be used.

Labor Hour Ratio

A ratio, the numerator of which is the cost of labor (in hours) incurred by the provider entity's functional area, directly related to providing a particular service, and the denominator of which is the total cost of labor (in hours) incurred by that functional area directly related to providing that service to all Client Companies.

Level of Service Estimate

A ratio, the numerator of which is the expected labor and non-labor direct costs of a specified service anticipated to be demanded by a Client Company, and the denominator of which is the aggregate anticipated demand (in direct cost dollars) from all Client Companies for such service.

Mass Market Customers Ratio

A ratio, the numerator of which is the number of residential electric (or gas, as applicable) customers of a Client Company and the denominator of which is the number of such customers of all Client Companies.

Maximum Dependable Capacity Ratio (MDC)

A ratio, the numerator of which is the Maximum Dependable Capacity of generation assets owned by a Client Company and the denominator of which is the Maximum Dependable Capacity of all Client Companies.

- For Nuclear Generation Group services, only nuclear generation assets owned by Client Companies are to be considered.
- For Power Operations services, fossil-fired and hydro assets (including combustion turbine units) are to be considered, except with respect to System Planning and Control Center services, where all generation assets will be included in such calculation.

MMBTU Transacted Ratio

A ratio, the numerator of which is the volume of wholesale gas and oil commodity transacted (purchased or sold) on behalf of a Client Company (in MMBTUs) and the denominator of which is the volume of commodity transacted on behalf of all Client Companies (in MMBTUs).

MWhs Transacted Ratio

A ratio, the numerator of which is the volume of wholesale power transacted (purchased or sold) on behalf of a Client Company in MWhs and the denominator of which is the volume of commodity transacted on behalf of all Client Companies.

Payroll Headcount Ratio

A ratio, the numerator of which is the number of regular, full-time active employees of a Client Company for whom paychecks are processed by the Utility Company, and the denominator of which is total number of regular, full-time active employees of all Client Companies for whom paychecks are processed.

Regional Customer Base Ratio

A ratio, the numerator of which is the total number of Client Company customers in a regional service territory, and the denominator of which is the total number of customers of the Utility Company and all Client Companies procuring the relevant service in the relevant service territory regions.

Screening Unit Rate

A ratio, the numerator of which is the Utility Company's cost of providing underground cable location screening services, and the denominator of which is the number of such screening services work units of all Client Companies. For each fiscal year:

- The rate is calculated using costs and work units estimated during the budget cycle for such year
- Each Client Company is charged for services by multiplying the rate and the work units actually performed by the Utility Company (the "direct charges")
- Residual costs are allocated in the same proportions as the direct charges, including adjustments, at the end of such year

Total Agent-Handled Call Ratio

A ratio, the numerator of which is the number of agent-handled customer care calls processed by the Utility Company on behalf of a Client Company, and the denominator of which is total number of after-hours, agent-handled customer care calls of the relevant organizational area of the Utility Company.

Total Customers Ratio

A ratio, the numerator of which is the number of total retail residential, commercial, industrial and governmental electric (or gas, as applicable) customers of a Client Company and the denominator of which is the number of such customers of all Client Companies.

Vehicle Cost Ratio

A ratio, the numerator of which are the hours of vehicle use and/or miles of usage directly related to providing a particular service by the provider entity's functional area, and the denominator of which is the total hours of vehicle use and/or miles of usage directly related to providing that service to all Client Companies by that functional area.

**VI. Listing of Services and Metrics Utilized by-Service
Provider**

VI. Listing of Services and Metrics Utilized by Service Provider

A. Progress Energy Service Company

A general description of each PESC department's services, which may be modified from time to time by the Service Company without notice, and method or methods of allocation to be used by the department for costs accumulated on work orders of a general nature, is documented below. No substitution or material change will be made in methods of allocation hereinafter specified unless a new method of allocation has been requested for approval with documented business justification. Notice of any change in the methods of allocation applicable to a work order shall be given to the Client Companies affected. It is assumed that direct cost will be used whenever possible and that only Client Companies benefiting from the service will receive allocations.

* The accounting systems will reflect the methods of allocations outlined below. For NCUC reporting purposes only, the asset ratio, global ratio and two-factor method metrics identified below will be modified as noted in Section V.

Section V. C. provides the definition of each method of allocation listed below.

Section VII. A. provides a table of the legal entities receiving the services listed below.

- **Accounting and Progress Ventures Finance**
 - Accounting Management
 - Description - Provides management oversight across the entire Accounting function.
 - Method of Allocation - Two factor method. *
 - Budgeting, Cost Management and Reporting and Financial Systems
 - Description - Develops and distributes cost reports, and develops and coordinates materials presented to the Board of Directors and its committees. Includes budgeting and cost management reporting, property accounting and functional support for financial systems and corporate reporting tools.
 - Method of Allocation - Asset ratio. *
- **Controller Unit Accounting**
 - Description – Maintains general ledger, account keys and journal entries; manages the monthly and annual closing process; performs bank reconciliations; maintains certain customer accounting records; reconciles customer system to the general ledger; maintains non-electric service accounts receivable system and performs revenue analysis.
 - Method of Allocation – Direct Cost

- Disbursements
 - Description - Analyzes and processes invoices and payments; administers procurement and commercial credit card process.
 - Method of Allocation - Invoice ratio.
- Financial Reporting
 - Description - Develops internal and external financial reports.
 - Method of Allocation - Two factor method. *
- Progress Fuels Corporation Finance
 - Description – Provides accounting, analytical, budgeting, reporting and mid-office support for Progress Fuels Corporation.
 - Method of Allocation – Direct Cost.
- Progress Ventures Back Office
 - Description - Provides wholesale and trading billing, analytical support, and accounting and budgeting support for Progress Ventures businesses.
 - Method of Allocation - FTE's assigned ratio.
- Progress Ventures Controller / CCO Finance
 - Description – Provides **management** oversight over CCO mid and back-office functions.
 - Method of Allocation – FTE's assigned ratio.
- Progress Ventures Finance
 - Description - Provides financial reporting and analytical support for Progress Ventures consolidated entity, including accounting, budgeting and financial planning.
 - Method of Allocation – FTE's assigned ratio.
- Progress Ventures Finance Administration
 - Description – Distributes Service Company infrastructure corporate staff charges to affiliates.
 - Method of Allocation – FTE's assigned ratio.
- Progress Ventures Mid-Office Support
 - Description - Provides analytical support for Progress Ventures in controlling and reporting daily profitability associated with Progress Venture's speculative and asset-backed activities.
 - Method of Allocation – FTE's assigned ratio.

- Wholesale Power Support
 - Description – Accounting support, including system implementation activities, for both the regulated and non-regulated wholesale power business.
 - Method of Allocation – FTE’s assigned ratio.
- **Audit Services**
 - Internal Audit
 - Description - Provides an independent and objective appraisal of the adequacy of business controls and effectiveness as well as efficiency of company operations. Also includes administration of the Corporate Ethics Program and business controls education.
 - Method of Allocation - Asset ratio. *
- **Corporate Communications**
 - Corporate Communications
 - Description - Includes management oversight across the entire function. Develops and distributes key company messages to external media as primary corporate spokespersons; manages the company’s strategic philanthropy and brand position and directs the corporate image through advertising and public relations; coordinates support activities for special corporate events, sponsorship, and sports marketing; and provides communication planning and consulting services.
 - Method of Allocation -Asset ratio. *
 - Demand Side Management (DSM) / Customer Information Group (CIG) Support
 - Description – Provides support for the Demand Side Management and Customer Information Group in Florida.
 - Method of Allocation – Direct cost.
 - Donations
 - Description - Corporate donations.
 - Method of Allocation – Two factor method. *
 - Employee Communications
 - Description - Manages systems and creates tactical tools to keep employees informed and engaged about strategic business developments and their role in ensuring company success.
 - Method of Allocation – Headcount ratio.

- Corporate Advertising
 - Description - Manages the company's brand position and ensures consistency in brand messages for both internal and external audiences. Directs the corporate image through advertising.
 - Method of Allocation - Two factor method. *
- Generation Communications Management
 - Description – Includes generation communications management for corporate communication services.
 - Method of Allocation –FTE's assigned ratio.
- **Corporate Environmental**
 - Environmental Services
 - Description - Performs environmental services.
 - Method of Allocation – Asset ratio. *
- **Corporate Health & Safety**
 - Corporate Environment Health and Safety Management
 - Description - Provides management oversight across the entire function.
 - Method of Allocation - Asset ratio. *
 - Department of Transportation Motor Carrier Safety Services
 - **Description - Conducts driver (CDL) qualification; performs drug and alcohol testing and training; and conducts medical evaluations.**
 - Method of Allocation - Headcount ratio.
 - Energy Delivery Safety Services
 - Description - Implements health and safety policies and procedures, performs hazard analyses and compliance assessments, performs health and safety training, and performs accident investigation and analysis.
 - Method of Allocation - Direct cost.
 - Generation Safety Services
 - Description - Implements health and safety policies and procedures, performs hazard analyses and compliance assessments, performs health and safety training, and performs accident investigation and analysis.
 - Method of Allocation - Direct cost.

- Nuclear Security Physicals
 - Description – Performs health screening for security guards located at the nuclear facilities.
 - Method of Allocation – Direct cost.
- Occupational Health Services
 - Description - Implements occupational health policies and procedures; conducts medical evaluations; performs medical surveillance; conducts free climbing medical fitness tests; and evaluates ergonomics of work activities.
 - Method of Allocation – Headcount ratio.
- Public Safety
 - Description - Maintains electrical and gas safety information; provides school programs and ensures regulatory compliance.
 - Method of Allocation – Headcount ratio.
- Regulatory Affairs / Technical Support
 - Description - Develops programs and procedures, tracks regulatory issues, reviews events, investigates accidents and operating experiences, keeps records on compliance, tracks contractor safety, provides health and safety support and provides industrial hygiene support.
 - Method of Allocation - Asset ratio. *
- Workers' Compensation
 - Description - Performs claims management, case management, third party administrator (“TPA”) coordination and workers’ compensation oversight and reserve administration.
 - Method of Allocation –Asset Ratio. *
- **Corporate Planning**
 - Financial Forecasting, Budgeting & Business Planning
 - Description - Coordinates and develops plans and budgets for corporate and line organizations. Prepares and presents results of financial forecasts and provides financial and planning support for the regulatory and strategic planning process.
 - Method of Allocation – Asset ratio. *
 - Financial Planning and Regulatory Services
 - Description – Provides management oversight across the entire Financial Planning and Regulatory Services function.
 - Method of Allocation –Asset ratio. *

- Market Research - Global
 - Description - Provides market research services for the consolidated entity.
 - Method of Allocation – Two factor method. *
- Market Research - Utility
 - Description - Provides market research services to the electric utilities.
 - Method of Allocation – Asset ratio. *
- Regulatory Accounting & Rates
 - Description - Develops regulatory financial reports and consults on proper regulatory treatment of various accounting transactions. Also maintains records and reports on fuel-related transactions. Also develops and implements jurisdictional rates and competitive pricing options, provides embedded and marginal cost-of-service expertise and analyses in support of rate development and strategic business unit needs, and provides expertise and guidance in the application of state and FERC rate schedules, riders and service regulations.
 - Method of Allocation - Direct cost.
- Strategic Planning
 - Description - Maintains responsibility for corporate strategic planning.
 - Method of Allocation – Two factor method. *
- **Corporate Relations**
 - Corporate Relations Group Management
 - Description - Provides management oversight across the entire Corporate Relations and Administrative Services Group.
 - Method of Allocation- Two factor method. *
- **Corporate Security**
 - Employee Identification ("ID") Cards (Corporation)
 - Description - Produce and maintain employee security ID cards, including the database.
 - Method of Allocation - Headcount ratio.
 - Physical Security Investigations / Business Critical Infrastructure Program
 - Description - Provides executive and headquarters protection services; professional investigation; physical security services; drug testing and background investigation services; workplace violence prevention; and Business Continuity and Enterprise Crisis Management programs.
 - Method of Allocation - Headcount ratio.

Corporate Services

- ***Department Administration***
- Corporate Services Management
 - Description - Provides management oversight across the entire Corporate Services function.
 - Method of Allocation - Asset ratio. *
- ***Transportation / Fleet***
- Fleet Management
 - Description - Provides management oversight of fleet purchases, operations and maintenance services and DOT and DOE regulatory compliance activities.
 - Method of Allocation - Number of vehicles managed ratio.
- Fleet Operation & Maintenance
 - Description - Operate, maintain and replenish vehicle fleet in the Carolinas, including DOT and DOE regulatory compliance activities.
 - Method of Allocation - Miles and hours of usage ratio.
- ***Travel Center***
- Corporate Air Services (Fixed)
 - Description - Maintain and pilot corporate aircraft. Includes lease of aircraft, hangar fees, pilots' salaries and other fixed expenses.
 - Method of Allocation - Prior year usage ratio (infrastructure).
- Corporate Air Services (Variable)
 - Description - Operates corporate aircraft. Includes fuel, landing fees, inspections and other variable expenses.
 - Method of Allocation - Average hourly rate.
- ***Supply Chain Management***
- Contracts/ Leasing
 - Description – Identifies sources, prepares contracts for services, leasing and resource sharing.
 - Method of Allocation – FTE's assigned ratio.
- Strategic Sourcing and Analysis
 - Description - Evaluates material needs and manages inventory levels.
 - Method of Allocation - Corporate common stores adder.

- Supplier Diversity
 - Description – Manages the corporate effort to increase the diversity of suppliers.
 - Method of Allocation – Corporate common stores adder
- Purchasing
 - Description – Identifies sources and procures materials and equipment. Includes commodity and supplier management and coordinates corporate resource sharing program.
 - Method of Allocation – Corporate common stores adder.
- *Corporate Data and Support Services*
- Copy Services
 - Description - Manages program and contracts to provide copy equipment, maintenance, supplies and paper in user locations .
 - Method of Allocation - Direct cost.
- Investment Recovery
 - Description - Develops markets and sells surplus materials.
 - Method of Allocation - Corporate locational stores adder.
- Mail Services
 - Description - Manages labor, supplies, equipment postage, and contracts in support of corporate mail operations (excluding printing and mailing bills).
 - Method of Allocation - Headcount ratio.
- Oil-Filled Equipment Repairs
 - Description - Repairs transformers and other oil-filled equipment and tests rubber goods (lineman's safety equipment). Also includes PCB and oil handling.
 - Method of Allocation - Direct cost.
- Records and Procedures
 - Description - Provides governance services, common programs and standards, contract management for records and procedures and controlled document needs.
 - Method of Allocation - Headcount ratio.

- Research and Technical Data
 - Description - Conduct negotiations, management and application support for industry standards, technical documents, and common business research tools; direct research support for critical business decisions.
 - Method of Allocation - Prior year usage ratio.
- Supply Chain Data Services
 - Description - Provides end user support for computing systems, including corporate supply chain and other systems used in Corporate Services functions.
 - Method of Allocation - Corporate common stores adder.
- Transmission and Distribution (T&D) Materials Management
 - **Description – Provides material management services** for the Garner and Progress Energy Florida warehouses.
 - Method of Allocation – FTE’s assigned ratio.
- Warehousing
 - Description - Receives, sorts and distributes material.
 - Method of Allocation - Energy Delivery locational stores adder.
- ***Real Estate***
- Corporate Headquarters (Carolinas) Leasehold Improvements
 - Description – Amortization of leasehold improvement projects for corporate headquarters leased facilities.
 - Method of Allocation - Square footage ratio (infrastructure).
- Facilities Project Management
 - Description - Facility planning and programming from conceptual need identification to design construction and occupancy. Provides decommissioning or closing services of facilities for disposition by others.
 - Method of Allocation - FTE’s assigned ratio.
- Florida Corporate Headquarters
 - Description - Full service management of facilities for corporate headquarters buildings.
 - Method of Allocation - Square footage ratio.
- Property Management – Carolinas (Corporate Headquarters)
 - **Description - Full service management of facilities** for corporate headquarters buildings. Also manages corporate leases and facilities for future use.
 - Method of Allocation - Square footage ratio (infrastructure).

- Property Management (System)
 - Description - Same as “Property Management (Corporate Headquarters)” for administration, crew, shop, and other buildings throughout the consolidated entity.
 - Method of Allocation - FTE’s assigned ratio.
- Real Estate
 - Description - Buys, sells, leases and develops real estate. Provides lake, timber and land management.
 - Method of Allocation - Asset ratio. *
- Transmission Land and Right of Way
 - Description - Coordinates and supports right-of-way and other transmission activities in the Carolinas.
 - Method of Allocation - Direct cost.
- **Enterprise Risk Management**
 - Progress Ventures Risk Management Support
 - Description – Provides risk management and analytical support for Progress Ventures.
 - Method of Allocation – Direct Cost.
 - Progress Ventures Risk Control
 - Description - Provides risk management services for Progress Ventures by controlling and reporting risk associated with Progress Ventures speculative and asset-backed activities.
 - Method of Allocation – FTE’s assigned ratio
 - Risk Management
 - Description – Measures and reports corporate risk exposures. Provides risk management training, tools, controls and strategies.
 - Method of Allocation – Asset ratio. *
- **Executive Management**
 - Executive Management
 - Description - Provides management oversight across the Holding Company system.
 - Method of Allocation - Two factor method. *

- Resource Sharing
 - Description - Provides additional labor resources to client companies for special projects such as outage support.
 - Method of Allocation - Direct cost.
- Service Company Executive Benefits
 - Description – Service Company executive benefits.
 - Method of Allocation - Two factor method. *
- Service Company President
 - Description - Provides management oversight across the entire consolidated entity.
 - Method of Allocation - Two factor method. *
- Storm Support
 - Description - Provides storm support services.
 - Method of Allocation - Direct cost.
- **Federal Public Affairs**
 - Public Affairs - Federal
 - Description - Influences legislation and shapes public policy and opinion on major corporate issues; monitors and tracks legislation.
 - Method of Allocation - Two factor ratio. *
- **Financial Services Administration**
 - Financial Services Executive Management
 - Description - Provides management oversight across the entire Financial Services Group.
 - Method of Allocation- Two factor method. *
- **Florida Corporate Relations and Administrative Services**
 - Regulatory Affairs - Florida
 - Description – Manage retail regulatory issues and activities with the Florida utilities commission and provide support for federal and state legislative affairs regarding retail matters. Obtain state utilities commission’s approvals of all Company initiatives.
 - Method of Allocation – Direct cost.

- **Human Resources**

- ***Department Administration***

- Human Resources Management

- Description - Provides management oversight across the entire Human Resource function.
 - Method of Allocation - Headcount ratio.

- Labor Relations

- Description - Provides corporate support for labor-related issues.
 - Method of Allocation - Headcount ratio.

- ***Compensation & Benefits***

- Compensation and Benefit Program Management

- Description - Administers base compensation and other compensation programs. Administers health, welfare, qualified plans and executive benefits.
 - Method of Allocation - Headcount ratio.

- Executive Benefits Administration

- Description – Administers officer and director specific benefit plans.
 - Method of Allocation – Two factor method. *

- Policy / Pay / Benefit Administration

- Description - Provides the employee information line, benefits administration, compensation administration and policies / practices, and administers corporate relocations services and pre-retirement seminars.
 - Method of Allocation - Headcount ratio.

- ***Human Resources Business Services***

- Equal Employment Opportunity (“EEO”) / Affirmative Action (“AA”) / Diversity

- Description - Provides consultation and support on AA, EEO and diversity.
 - Method of Allocation - Headcount ratio.

- Human Resources Information System (HRIS)

- Description - Manages overall Human Resources information; administers the PeopleSoft HRIS; and provides benefits administration.
 - Method of Allocation - Headcount ratio.

- Staffing/Recruiting
 - Description - Recruits, screens, tests and interviews applicants and consults with managers on staffing plans and issues.
 - Method of Allocation - Headcount ratio.
- Training & Development - Executive and Personal
 - **Description - Provides executive and personal** developmental training and employee development programs.
 - Method of Allocation - Headcount ratio.
- ***HR Business Unit Support***
- HR – Business Unit Support
 - Description - Includes cost of the HR service manager and representatives who provide HR management. Provides consultation and support to managers and employees in the business units.
 - Method of Allocation - Direct cost.
- **Information Technology and Telecommunications (IT&T)**
 - Applications - Development and Enhancement
 - Description - Plan, design, implement and enhance business software applications
 - Method of Allocation – Direct cost using actual labor rate.
 - Applications - Maintenance
 - Description- Maintain and repair business software applications.
 - Method of Allocation – Direct cost using actual labor rate.
 - Application Operations – Client Server
 - Description- Provides client server computing, data storage, and printing for business software applications.
 - Method of Allocation - Information Technology application index ratio (infrastructure).
 - Application Operations – Mainframe
 - Description- Provides mainframe computing, data storage, and printing for business software applications.
 - Method of Allocation - Information Technology application index ratio (infrastructure).
 - IT Desktop Services
 - Description – Operational IT processes and functions that provide on-site desktop support to users. Includes negotiated premium support services.
 - Method of Allocation – Direct cost using Information Technology standard desktop services rate (infrastructure).

- IT Infrastructure
 - Description - Provides management oversight, relationship management, cost management, administrative support and organizational work point costs that are required to operate the IT departments..
 - Method of Allocation - Information Technology distributed cost ratio (infrastructure).
- Network Enabled Services
 - Description - E-mail, shared calendars, shared storage (i.e., file servers and associated data storage devices), print servers, shared printers, Internet/Intranet access, and access to application servers.
 - Method of Allocation - Information Technology standard e-mail ratio (infrastructure).
- Personal Computers
 - Description- Provide personal computer hardware and standard desktop software (including wireless).
 - Method of Allocation – Direct cost using Information Technology standard device rates (infrastructure).
- Telecom Client Projects
 - Description – Provide one time or infrequent services such as installation of infrastructure equipment in new facilities, removal of equipment from facilities, or improving telecommunication services.
 - Method of Allocation - Direct cost.
- Telecommunications Infrastructure and Maintenance
 - Description – O&M cost of operating and maintaining Progress Energy local and wide area data networks and the corporate voice network, 800 service, local and long distance telephone service, wired telephone, and dedicated data circuits, management oversight, relationship management, cost management, administrative support and organizational work point costs that are required to operate telecommunications infrastructure.
 - Method of Allocation - Circuit count ratio.
- Wireless Services
 - Description – Corporate telecommunications cost of cell phones, pagers, and air cards.
 - Method of Allocation - Direct cost.
- **Investor Relations**
 - Investor Relations
 - Description - Manages relations with the financial community.
 - Method of Allocation – Two factor ratio. *

- **Legal**
 - Claims
 - Description - Provides investigation and settlement support and payment of claims. Coordinates the collection of monies owed to the Company for damage to Company facilities and equipment as a result of third party negligence.
 - Method of Allocation - Direct Cost.
 - Contract Administration
 - Description - Provides contract administration services.
 - Method of Allocation – FTE’s assigned ratio.
 - Corporate Secretary
 - Description - Coordinates Board of Directors (“BOD”) activities and handles shareholder relations.
 - Method of Allocation - Direct cost.
 - Legal Services
 - Description - Includes all activities associated with providing legal services and support in all matters related to company operations. Also includes management oversight over the entire Legal function.
 - Method of Allocation - Two factor method. *
 - Regulatory Affairs
 - Description - Manages retail regulatory issues and activities with the utilities commissions in North and South Carolina and provides support for federal and state legislative affairs regarding retail matters. Obtains state utilities commissions’ approvals of all Company initiatives.
 - Method of Allocation -Asset ratio. *
- **Service Company Corporate**
 - Depreciation Expense
 - Description - Depreciation expense on PESC assets.
 - Method of Allocation –Global ratio. *
 - Interest Expense and Income
 - Description – PESC interest expense payments and interest income.
 - Method of Allocation - Global ratio. *
 - Operating Lease
 - Description - Non-capital lease payments.
 - Method of Allocation - Asset ratio. *

- Progress Energy Service Company Corporate Expenses
 - Description – General corporate expenses not budgeted at the department level.
 - Method of Allocation - Global ratio. *
- Property Tax
 - Description – PESC property tax payments.
 - Method of Allocation -Global ratio. *
- Service Company Employee Incentives
 - Description – Service Company Employee Incentives
 - Method of Allocation – Global Ratio. *
- Service Company Tax Expense
 - Description – PESC tax expenses.
 - Method of Allocation - Global ratio. *
- **State Public Affairs and Economic Development**
 - Economic Development
 - Description - Provide services associated with promoting economic development within our service territory.
 - Method of Allocation – Asset ratio. *
 - Public Affairs - Carolinas
 - Description - Influences legislation and shapes public policy and opinion on major corporate issues; monitors and tracks legislation; builds goodwill at the state level.
 - Method of Allocation - Asset ratio. *
 - Public Affairs - Florida
 - Description - Influences legislation and shapes public policy and opinion on major corporate issues; monitors and tracks legislation; builds goodwill at the state level.
 - Method of Allocation - Direct cost.
- **Tax**
 - Payroll
 - Description - Conducts time entry, maintains payroll system, runs payroll, produces payroll-related reports and processes employee expense reports.
 - Method of Allocation - Headcount ratio.

- Tax Services
 - Description - Conducts tax planning, audits and prepares.
 - Method of Allocation -Asset ratio. *
- Treasury
 - Business Case Analysis
 - Description - Provides analysis support for business case development for various initiatives.
 - Method of Allocation -Asset ratio. *
 - Cash Management
 - Description - Manages the efficient movement of company funds through the banking system and secures short-term debt financing and/or investments.
 - Method of Allocation – Asset ratio. *
 - Excess Workers' Compensation
 - Description – Provides excess workers' compensation insurance to utility employees only.
 - Method of Allocation – Headcount ratio.
 - Financial Administration Fees
 - Description - Includes financial administration fees, such as bank fees.
 - Method of Allocation - Direct cost.
 - Financing
 - Description - Manages external financing and investments, bank relationships and the cost of capital and ensures compliance with financing documents.
 - Method of Allocation -Asset ratio. *
 - Insurance Risk Management
 - Description - Manages the corporate insurance program.
 - Method of Allocation – Asset ratio. *
 - Liability and Workers' Compensation Insurance
 - Description - Liability and workers' compensation insurance premiums.
 - Method of Allocation - Headcount ratio.
 - Nuclear Premium and Credit
 - Description - Nuclear property and liability insurance premium and credit for good experience.
 - Method of Allocation - Direct cost.

- Other Insurance
 - Description - Crime, director and officer, aircraft, fiduciary and special insurance premiums.
 - Method of Allocation – Asset ratio. *
- Property Insurance
 - Description - Property insurance premiums.
 - Method of Allocation - Insurable values ratio.
- Treasury & Funds Management
 - Description - Provides management oversight across the entire Treasury function and manages the performance of external trust funds.
 - Method of Allocation - Two factor method. *

B. Utility and Associate Companies

A general description of each Utility Company department's services, which may be modified from time to time by the Utility Company without notice, and method or methods of allocation to be used by the department for costs accumulated on work orders of a general nature, is documented below. No substitution or material change will be made in methods of allocation hereinafter specified unless a new method of allocation has been approved by the various regulatory agencies. Notice of any change in the methods of allocation applicable to a work order shall be given to the Client Companies affected.

Section V. D. provides the definition of each method of allocation listed below.

Section VII. B. provides a table of the legal entities receiving the services listed below.

1. Transmission and Distribution

a. Transmission/Distribution Support

- (1) Description – Design new substations, transmission and distribution lines and improvements, maintains records and drawings, designs new distribution feeders and improvements, relocations of existing lines, system reliability monitoring and root cause failure analysis
- (2) Method of Allocation – Direct Cost, Labor Dollar Ratio, Labor Dollar Adder or Headcount Ratio

b. Distribution Design

- (1) Description – Underground cable location screening
- (2) Method of Allocation – Direct Cost, Labor Dollar Ratio, Labor Dollar Adder or Screening Unit Rate

c. Management and Oversight

- (1) Description – Executive management and benchmarking (key performance indicators) and craft and technical training management for T&D
- (2) Method of Allocation – Direct Cost or Headcount Ratio

d. Fiber Construction

- (1) Description – Lay fiber on electrical structures and underground for Progress Telecom
- (2) Method of Allocation – Direct Cost or Energy Delivery Services (EDS) Budget Revenue Rate

e. Metering Services

- (1) Description – Develop and implement meter technology strategy and marketing
- (2) Method of Allocation – Direct Cost or Headcount Ratio

- f. T&D Contract Services
 - (1) Description – Distribution support
 - (2) Method of Allocation – Direct Cost or Headcount ratio
- g. Field Payments
 - (1) Description – Provides paystation support in certain overlapping service territory regions.
 - (2) Method of allocation – Direct Cost or Regional Customer Base Ratio
- h. Community Relations
 - (1) Description – Provides community relations support through Chamber of Commerce and other activities in certain overlapping service territory regions.
 - (2) Method of allocation – Direct Cost or Regional Customer Base Ratio

2. Customer Service

- a. Management
 - (1) Description – Executive management for Customer Service
 - (2) Method of Allocation – Direct Cost or Total Customers Ratio
- b. Performance Solutions
 - (1) Description – Call management scheduling, forecasting and monitoring; customer service training and support; and performance improvement projects
 - (2) Method of Allocation – Direct Cost or Total Customers Ratio
- c. Customer Calls
 - (1) Description – Answer Progress Energy Carolinas customer calls after hours in the Florida Power Call Center
 - (2) Method of Allocation – Total Customers Ratio or Total Agent-Handled Call Ratio

3. Telecommunications

a. Field Telecommunications

- (1) Description – Provide installation and configuration assistance with communications facilities
- (2) Method of Allocation – Direct Cost, Labor Dollar Ratio, Labor Hour Ratio, Direct Cost Ratio or Vehicle Cost Ratio

b. Energy Delivery Engineering

- (1) Description – Maintain T&D-related communication system and construction of fiber on electrical structures and underground; engineering and construction of wireless attachments and new towers
- (2) Method of Allocation – Direct Cost, Labor Dollar Ratio, Labor Hour Ratio, Direct Cost Ratio or Vehicle Cost Ratio

c. Business Operations - Environmental Support

- (1) Description – Secure necessary permits for telecom projects
- (2) Method of Allocation – Direct Cost, Labor Dollar Ratio, Labor Hour Ratio, Direct Cost Ratio or Vehicle Cost Ratio

4. Energy Supply

a. Management and Finance

- (1) Description – Provide Energy Supply executive management and financial services/business operations oversight and financial and strategy support for Energy Supply functions; track key performance indicators and develop business plans
- (2) Method of Allocation – Direct Cost or Maximum Dependable Capacity Ratio

5. Nuclear

a. Management and Finance

- (1) Description – Provide Nuclear executive management and financial services/business operations oversight; provide financial strategy support for energy supply functions; track key performance indicators and develop business plans
- (2) Method of Allocation – Direct Cost or Maximum Dependable Capacity Ratio

b. Regulatory, Assessment and Oversight

- (1) Description – Provide regulatory and licensing, corrective action/operating experience, quality assurance and emergency preparedness support and oversight
- (2) Method of Allocation – Direct Cost or Maximum Dependable Capacity Ratio

c. Engineering and Programs

- (1) Description – Coordinate plant engineering to facilitate standardization and provide nuclear fuel related activities to support the stations
- (2) Method of Allocation – Direct Cost or Maximum Dependable Capacity Ratio

- d. Materials and Contracts Support
 - (1) Description – Provide central procurement, engineering, nuclear material acquisition, and purchasing and contracts oversight and support
 - (2) Method of Allocation – Direct Cost or Maximum Dependable Capacity Ratio
- e. Information Technology
 - (1) Description – Provide IT support and oversight for plant business applications
 - (2) Method of Allocation – Direct Cost, Maximum Dependable Capacity Ratio or Level of Service Estimate
- f. Nuclear Analytical Services
 - (1) Description – Provide radiological, metallurgical and analytical chemistry services
 - (2) Method of Allocation – Direct Cost, Maximum Dependable Capacity Ratio or Level of Service Estimate
- g. Nuclear Services Common
 - (1) Description – Provide oversight for plant material handling.
 - (2) Method of Allocation – Direct Cost, Maximum Dependable Capacity Ratio or Level of Service Estimate
- h. Nuclear Access Authorization
 - (1) Description - Provides access authorization, nuclear background investigations and “Fitness for Duty” programs.
 - (2) Method of Allocation – Maximum Dependable Capacity Ratio or Level of Service Estimate.

6. Progress Fuels Corporation

- a. Coal Procurement and Transportation
 - (1) Description – Purchase and transport coal, conduct all related analyses and administer associated contracts
 - (2) Method of Allocation – Direct Cost, Coal Volume Allocation (or other cost allocation mechanism(s) permitted by the relevant state and federal regulatory bodies)
- b. Fossil Fuel Quality Assurance Services
 - (1) Description – Provide coal analysis and quality assurance services.
 - (2) Method of Allocation - Direct Cost, with any residual charges being determined using Level of Service Estimate.

7. Power Operations

a. Management and Finance

- (1) Description – Provide executive and functional management across the following functional areas: Power trading and support, gas and oil supply and power plant development and construction, system operations and planning, energy control centers, engineering, fossil operations, CT operations and support and training; provide financial services/business operations oversight and financial and strategy support for Power Operations functions; track key performance indicators and develop business plans
- (2) Method of Allocation – Direct Cost, Level of Service Estimate or Maximum Dependable Capacity Ratio

b. System Planning

- (1) Description – Maintain product and resource planning models and database of generating units and load forecasts, perform valuation activities and perform costing analysis in support of outage scheduling and financial forecasting
- (2) Method of Allocation – Direct Cost or Maximum Dependable Capacity Ratio

c. Energy Control Center Training

- (1) Description – Develop and conduct Energy Control Center training
- (2) Method of Allocation – Direct Cost or Maximum Dependable Capacity Ratio

d. Plant Operations – Planning and Work Management

- (1) Description – Provide system expertise for plants, plan and develop work packages for various types of maintenance and schedule routine maintenance
- (2) Method of Allocation – Direct Cost, Level of Service Estimate or Maximum Dependable Capacity Ratio

e. Plant Operations – Fuel, Water and Facilities Monitoring and Management

- (1) Description – Monitor and maintain water quality in plants, conduct fuel analyses, manage inventory and materials levels, track burn rates, assess equipment performance and coordinate maintenance and manage fuel delivery and waste product removal
- (2) Method of Allocation – Direct Cost or Level of Service Estimate

f. Engineering

- (1) Description – Design and manage plant and equipment modifications, coordinate with original equipment manufacturers and monitor efficiency issues
- (2) Method of Allocation – Direct Cost, Level of Service Estimate or Maximum Dependable Capacity Ratio

g. Operations Support

- (1) Description – Provide equipment expertise, troubleshoot systemic problems, conduct all fly ash activities, process improvement, outage management, work scheduling, perform maintenance services and manage accounting and billing services
- (2) Method of Allocation – Direct Cost, Level of Service Estimate or Maximum Dependable Capacity Ratio

h. Technical Services Support

- (1) Description – Provide supervision, project management, training, environmental compliance/remediation, performance engineering, and non-destructive examination services
- (2) Method of Allocation – Direct Cost, Level of Service Estimate or Maximum Dependable Capacity Ratio

i. Core Environmental Services

- (1) Description – Manage air and water emissions, monitoring, testing and disposal of hazardous waste and environmental permitting, compliance and reporting and provide related management and oversight
- (2) Method of Allocation – Direct Cost or Level of Service Estimate

j. CT Operations/Maintenance

- (1) Description – Provide CT support and technical services
- (2) Method of Allocation – Direct Cost, Level of Service Estimate or Maximum Dependable Capacity Ratio

8. Gas and Energy Services

a. Management and Finance

- (1) Description – Provide executive management across the entire function and financial and strategy support for Gas and Energy Services functions; budget and track key performance indicators and develop business plans
- (2) Method of Allocation – Direct Cost or Level of Service Estimate

b. Commercial / Industrial / Governmental (C/I/G) Sales

- (1) Description – C/I/G Sales
- (2) Method of Allocation – Direct Cost or C/I/G Customers Ratio

c. Mass Sales

- (1) Description – Influence the distribution channel for the sale of electric and gas **products and maintain relationships with key segment decision-makers**
- (2) Method of Allocation – Direct Cost or Mass Market Customers Ratio

d. Sales

- (1) Description – Create customized sales proposals and communicate the value and **benefits of company products to mass customers**
- (2) Method of Allocation – Direct Cost or Total Customers Ratio

- e. Sales Tracking
 - (1) Description – Maintain the automated tracking system and train sales and marketing force in its use
 - (2) Method of Allocation – Direct Cost or Total Customers Ratio
- f. Commercial / Industrial / Governmental (C/I/G) Marketing
 - (1) Description – Identify innovative opportunities and product concepts for commercial, industrial and governmental customers and manage launched product lines for C/I/G market customers
 - (2) Method of Allocation – Direct Cost or C/I/G Customers Ratio
- g. Mass Marketing
 - (1) Description – Identify innovative opportunities and product concepts and manage launched product lines for mass market customers
 - (2) Method of Allocation – Direct Cost or Mass Market Customers Ratio
- h. Commercial / Industrial / Governmental (C/I/G) Product Support
 - (1) Description – Provide oversight of equipment installations, provide technical expertise in electrical and mechanical systems and develop cost estimates and pricing to support product sales and service
 - (2) Method of Allocation – Direct Cost or C/I/G Customers Ratio
- i. Mass Product Support
 - (1) Description – Develop cost estimates and pricing to support product sales and service
 - (2) Method of Allocation – Direct Cost or Mass Market Customers Ratio
- j. Pipeline Operations Support & Maintenance
 - (1) Description - Design and construct pipeline extensions, conduct hydraulic analysis, and design all pipeline apparatuses or regulating equipment. Perform testing and maintenance on all pipeline equipment, mains and valves. Ensure compliance with hazardous waste management and environmental permitting.
 - (2) Method of Allocation – Direct Cost or Level of Service Estimate
- k. Gas Control
 - (1) Description – Dispatch and control the supply of gas flowing through the system, collect line pressures and evaluate for irregularities, control system inputs to the pipeline system, maintain pressure log sheets, control mixture of gases to maintain line content.
 - (2) Method of Allocation – Direct Cost or MMBTU Transacted Ratio

9. Progress Ventures

- a. Energy Trading Management
 - (1) Provide management functions for power and gas trading as well as gas & oil supply
 - (2) Method of Allocation - Level of Service Estimate
- b. Account Management
 - (1) Manage long term wholesale power customer/supplier relationships
 - (2) Method of Allocation - Level of Service Estimate
- c. Term Marketing Management
 - (1) Develop long-term wholesale power market, structure and negotiate wholesale contracts and provide management functions for Term Marketing Organization
 - (2) Method of Allocation - Level of Service Estimate
- d. Risk and Reporting Support
 - (1) Provide Risk Analysis and Reporting Support for Progress Ventures
 - (2) Method of Allocation - Level of Service Estimate
- e. PV Finance Management
 - (1) Provide risk management, credit management, cash management for Progress Ventures.
 - (2) Method of Allocation - Level of Service Estimate
- f. PV Admin Management
 - (1) Provide financial reporting and analytical support for Progress Ventures, including accounting, budgeting and financial planning
 - (2) Method of Allocation - Level of Service Estimate
- g. Asset Optimization
 - (1) Coordinate short-term gas supply and pipeline scheduling, monitor market conditions **and track daily volumes**
 - (2) Method of Allocation - Level of Service Estimate
- h. Gas & Oil Supply Management
 - (1) Provide management functions for gas trading as well as gas & oil supply
 - (2) Method of Allocation - Level of Service Estimate
- i. Oil Supply (Short-Term)
 - (1) Coordinate oil supply and scheduling, monitor market conditions and track daily **volumes**
 - (2) Method of Allocation - Level of Service Estimate

j. Gas Supply (Short-Term)

- (1) Coordinate short-term trading activities with supply and pipeline scheduling, monitor **market conditions and track daily volumes**
- (2) Method of Allocation - Level of Service Estimate

k. Gas & Oil Supply (Long-Term)

- (1) Acquisition, development and negotiation of long-term supply and pipeline capacity **and monitoring market conditions**
- (2) Method of Allocation - Level of Service Estimate

l. Power Trading

- (1) Identify hourly, prescheduled and forward trading opportunities, coordinate with system operations, establish cost basis for trading, control trading risk and provide software support to trading operations
- (2) Method of Allocation - Level of Service Estimate

m. Billing or Back Office Support

- (1) Coordinate transactions with traders, analyze markets and provide simulations and pricing models, comply with regulatory filing requirements, reconcile accounts (and manage wholesale power contracts)
- (2) Method of Allocation - Level of Service Estimate

n. Generation Expansion

- (1) Negotiate with lenders and vendors for proposed projects, develop business cases to **support new projects and analyze infrastructure; manage construction process**
- (2) Method of Allocation - Level of Service Estimate

o. Progress Ventures Management

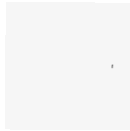
- (1) Provides executive and functional management across the entire group: **Power trading and support, gas and oil supply and power plant development and construction**
- (2) Method of Allocation - Level of Service Estimate

10. Miscellaneous Services

a. Controls Maintenance

- (1) Description – Provide energy controls maintenance services for Brunswick plant
- (2) Method of Allocation – Direct Cost

**VII. Table of Services Provided to Each Legal -
Entity by Service Provider**



VII. A. Table of Services Provided to Each Legal Entity by Progress Energy Service Company
January 2005

Refer back to Section VI.A. for a description and method of allocation for each service listed below.

Product/Shared Service	Progress Energy, Inc.	Progress Energy Carolinas	Progress Energy Ventures	Progress Real Estate Holdings	Progress Energy Florida	Progress Fuels	Progress Telecom	SRS
Accounting and Progress Ventures Finance								
Accounting Management	X	X	X	X	X	X	X	X
Budgeting, Cost Management Reporting and Financial Systems		X			X			
Controller Unit Accounting		X			X			
Disbursements	X	X			X			
Financial Reporting	X	X	X	X	X	X	X	X
Progress Fuels Corporation Finance						X		
Progress Ventures Back Office Support			X			X		
Progress Ventures Controller / Finance			X					
Progress Ventures Finance		X	X			X		
Progress Ventures Finance Admin		X	X			X		
Progress Ventures Mid-Office Support			X			X		
Wholesale Power Support		X				X		
Audit								
Internal Audit		X	X		X	X	X	X
Corporate Communications								
Corporate Communications		X	X		X	X	X	X
Demand Side Management / Customer Information Group Support					X			
Donations	X	X	X	X	X	X	X	X
Employee Communications		X	X		X	X		X
Corporate Advertising	X	X	X	X	X	X	X	X
Generation Communications Management		X	X		X			
Corporate Environmental								
Environmental Services		X	X		X	X	X	X
Corporate Health & Safety								
Corporate Environment, Health and Safety Management		X	X		X	X	X	
Department of Transportation Motor Carrier Safety Services		X			X			
Energy Delivery Safety Services		X			X			

VII. A. Table of Services Provided to Each Legal Entity by Progress Energy Service Company
January 2005

Refer back to Section VI.A. for a description and method of allocation for each service listed below.

Product/Shared Service	Progress Energy, Inc.	Progress Energy Carolinas	Progress Energy Ventures	Progress Real Estate Holdings	Progress Energy Florida	Progress Fuels	Progress Telecom	SRS
Generation Safety Services		X	X		X	X		
Nuclear Security Physicals		X			X			
Occupational Health Services		X	X		X			
Public Safety		X	X		X			
Regulatory Affairs/Technical Support		X	X		X	X	X	X
Workers' Compensation		X	X		X	X	X	
Corporate Planning								
Financial Forecasting, Budgeting and Business Planning	X	X	X	X	X	X	X	X
Financial Planning and Regulatory Services	X	X	X	X	X	X	X	X
Market Research - Global	X	X	X	X	X	X	X	X
Market Research - Utility		X			X			
Regulatory Accounting & Rates		X			X			
Strategic Planning	X	X	X	X	X	X	X	X
Corporate Relations								
Corporate Relations Group Management	X	X	X	X	X	X	X	X
Corporate Security								
Employee Identification Cards		X	X		X		X	X
Physical Security/ Investigations/ Business Critical Infrastructure Program		X	X		X	X	X	X
Corporate Services								
Department Administration								
Corporate Services Management		X			X			
Transportation/Fleet								
Fleet Management		X			X			
Travel Center								
Corporate Air Services (Fixed) (Infrastructure)	X	X	X		X	X	X	
Corporate Air Services (Variable)	X	X	X		X	X		
Supply Chain Management								

VII. A. Table of Services Provided to Each Legal Entity by Progress Energy Service Company
January 2005

Refer back to Section VI.A. for a description and method of allocation for each service listed below.

Product/Shared Service	Progress Energy, Inc.	Progress Energy Carolinas	Progress Energy Ventures	Progress Real Estate Holdings	Progress Energy Florida	Progress Fuels	Progress Telecom	SRS
Contracts / Leasing		X	X		X	X		
Strategic Sourcing and Analysis		X			X			
Supplier Diversity		X			X			
Purchasing		X			X			
Corporate Data & Support Services								
Copy Services		X	X		X	X	X	X
Investment Recovery		X			X			
Mail Services		X	X		X			
Oil-Filled Equipment Repairs		X			X			
Records and Procedures		X			X	X		
Research and Technical Data		X	X		X			
Supply Chain Data Services		X	X		X	X	X	
Transmission and Distribution Materials Management		X			X			
Warehousing		X			X			
Real Estate								
Corporate Headquarters (Carolinas) Leasehold Improvements (Infrastructure)		X	X			X		
Facilities Project Management		X			X			
Florida Corporate Headquarters					X		X	
Property Management - Corporate Headquarters - Carolinas (Infrastructure)		X	X			X		
Property Management - System		X			X	X		
Real Estate		X			X			
Transmission Land and Right of Way		X						
Enterprise Risk Management								
Progress Ventures Risk Management Support			X					
PV Risk Control			X			X		
Risk Management		X	X		X	X	X	X
Executive Management								
Executive Management	X	X	X	X	X	X	X	X

VII. A. Table of Services Provided to Each Legal Entity by Progress Energy Service Company
January 2005

Refer back to Section VI.A. for a description and method of allocation for each service listed below.

Product/Shared Service	Progress Energy, Inc.	Progress Energy Carolinas	Progress Energy Ventures	Progress Real Estate Holdings	Progress Energy Florida	Progress Fuels	Progress Telecom	SRS
Resource Sharing		X			X			
Service Company Executive Benefits	X	X	X	X	X	X	X	X
Service Company President	X	X	X	X	X	X	X	X
Storm Support		X			X			
Federal Public Affairs								
Public Affairs - Federal	X	X	X	X	X	X	X	X
Financial Services Administration								
Financial Services Executive Management	X	X	X	X	X	X	X	X
Florida Corporate Relations and Administrative Services								
Regulatory Affairs - Florida					X			
Human Resources								
Department Administration								
Human Resources Management		X	X		X	X		
Labor Relations		X	X		X	X	X	
Compensation & Benefits								
Compensation and Benefit Program Management		X	X		X	X		
Executive Benefits Administration	X	X	X	X	X	X	X	X
Policy/Pay/Benefit Administration		X	X		X	X		
Human Resources Business Services								
Equal Employment Opportunity / Affirmative Action / Diversity		X	X		X	X		X
Human Resources Information System		X	X		X	X	X	
Staffing/Recruiting		X	X		X	X		
Training and Development - Executive/Personal		X	X		X	X		
Human Resources Business Unit Support								
HR - Business Unit Support		X	X		X	X	X	X
Information Technology and Telecommunications								
Applications - Development and Enhancement		X	X		X	X		
Applications Maintenance		X	X		X	X		

VII. A. Table of Services Provided to Each Legal Entity by Progress Energy Service Company
January 2005

Refer back to Section VI.A. for a description and method of allocation for each service listed below.

Product/Shared Service	Progress Energy, Inc.	Progress Energy Carolinas	Progress Energy Ventures	Progress Real Estate Holdings	Progress Energy Florida	Progress Fuels	Progress Telecom	SRS
Application Operations - Client Server (Infrastructure)		X	X		X	X		
Application Operations - Mainframe (Infrastructure)		X	X		X			
IT Desktop Services (Infrastructure)		X	X		X	X		
IT Infrastructure (Infrastructure)		X	X		X	X		
Network Enabled Services (Infrastructure)		X	X		X	X		
Personal Computers (Infrastructure)		X	X		X	X		
Telecom Client Projects		X	X		X			
Telecommunications Infrastructure and Maintenance		X	X		X		X	
Wireless Services		X	X		X	X	X	
Investor Relations								
Investor Relations	X	X	X	X	X	X	X	X
Legal								
Claims		X			X			
Contract Administration		X	X		X	X		
Corporate Secretary	X							
Legal Services	X	X	X	X	X	X	X	X
Regulatory Affairs		X	X		X			
Service Company Corporate								
Depreciation Expense	X	X	X		X	X	X	X
Interest Expense and Income	X	X	X		X	X	X	X
Operating Lease			X		X	X	X	X
Progress Energy Service Company Corporate Expenses	X	X	X		X	X	X	X
Property Tax	X	X	X		X	X	X	X
Service Company Employee Incentives	X	X	X		X	X	X	X
Service Company Tax Expense	X	X	X		X	X	X	X
State Public Affairs and Economic Development								
Economic Development		X			X			
Public Affairs - Carolinas	X	X	X				X	X

VII. A. Table of Services Provided to Each Legal Entity by Progress Energy Service Company
January 2005

Refer back to Section VI.A. for a description and method of allocation for each service listed below.

Product/Shared Service	Progress Energy, Inc.	Progress Energy Carolinas	Progress Energy Ventures	Progress Real Estate Holdings	Progress Energy Florida	Progress Fuels	Progress Telecom	SRS
Public Affairs - Florida					X			
Tax								
Payroll		X	X		X	X	X	
Tax Services	X	X	X	X	X	X	X	X
Treasury								
Business Case Analysis		X	X		X			
Cash Management	X	X			X			
Excess Workers' Compensation		X			X			
Financial Administration Fees	X	X					X	
Financing	X	X	X		X	X	X	X
Insurance Risk Management	X	X	X		X	X	X	X
Liability and Workers' Compensation Insurance		X	X		X	X		X
Nuclear Premium & Credit		X			X			
Other Insurance	X	X	X		X	X	X	X
Property Insurance		X	X		X	X		
Treasury & Funds Management	X	X	X	X	X	X	X	X

VII. B. Table of Services Provided to Each Legal Entity by Utility and Associate Companies
January 2005

Services highlighted in gray are described in Section V. A. -Utility and Associate Company Clearing Accounts.
Refer back to Section VI.B. for a description and method of allocation for other services listed below.

Provider Company	Function	Product/Shared Service	Service Company	Progress Energy Carolinas	Progress Energy Florida	Progress Telecom	Progress Energy Solutions	Progress Energy Ventures	Progress GENCO Ventures	Progress Fuels
Progress Energy Carolinas	Fossil Fuels	Fossil Fuel Administration		X						
Progress Energy Carolinas	Fossil Generation	Turbine Support Indirect		X						
Progress Energy Carolinas	Fossil Generation	FGD Indirects for Progress Energy Carolinas Regional Managers		X						
Progress Energy Carolinas	Fossil Generation	Combustion Turbine Indirect		X						
Progress Energy Carolinas	Fossil Generation	Progress Energy Carolinas CT Combined Co Clearing		X	X					
Progress Energy Carolinas	Fossil Generation	FGD Department Staff Clearing		X	X					
Progress Energy Carolinas	Fossil Generation	Progress Energy Carolinas Technical Services Department		X	X					
Progress Energy Carolinas	Gas Supply	Gas Supply and Transportation-Plants		X	X					
Progress Energy Carolinas	Gas Supply	Oil Trading		X	X					
Progress Energy Carolinas	Fossil Generation	Energy Supply-Executive		X	X					
Progress Energy Carolinas	Nuclear Generation	Progress Energy Carolinas Power Operations Finance		X	X					
Progress Energy Carolinas	Nuclear Generation	NED Supervisor Indirect Costs		X	X					
Progress Energy Carolinas	Nuclear Generation	PERA Supervisor Indirect Costs		X	X					
Progress Energy Carolinas	Nuclear Generation	NGG Finance & Administrative Services		X	X					
Progress Energy Carolinas	Nuclear Generation	NED-Nuclear Fuel Admin Costs		X	X					
Progress Energy Carolinas	Nuclear Generation	NED-MDC 520		X	X					
Progress Energy Carolinas	Nuclear Generation	Nuclear Management		X	X					
Progress Energy Carolinas	Nuclear Generation	NIT Supervisor Indirect Costs		X	X					
Progress Energy Carolinas	Nuclear Generation	ES-Finance and Administrative Services		X	X					
Progress Energy Carolinas	Nuclear Generation	NSD-Nuclear Material Control		X	X					
Progress Energy Carolinas	Fossil Generation	TS Environmental Services		X	X					
Progress Energy Carolinas	Nuclear Generation	NES Radiological Services		X	X					
Progress Energy Carolinas	Nuclear Generation	NSD Labs/Analytical Services		X	X					
Progress Energy Carolinas	Fossil Generation	POG Systems Planning		X	X					

VII. B. Table of Services Provided to Each Legal Entity by Utility and Associate Companies
January 2005

Services highlighted in gray are described in Section V. A. -Utility and Associate Company Clearing Accounts.

Refer back to Section VI.B. for a description and method of allocation for other services listed below.

Provider Company	Function	Product/Shared Service	Service Company	Progress Energy Carolinas	Progress Energy Florida	Progress Telecom	Progress Energy Solutions	Progress Energy Ventures	Progress GENCO Ventures	Progress Fuels
Progress Energy Carolinas	Real Estate	Timber-Regulated-Wholly Owned Utility Land		X						
Progress Energy Carolinas	Real Estate	Timber-Regulated-Joint Owned Utility Land		X						
Progress Energy Carolinas	Transmission	TDS Admin OH		X						
Progress Energy Florida	Fossil Generation	FL CT Combined Clearing		X	X					
Progress Energy Florida	Fossil Generation	FL Fossil Steam Indirects			X					
Progress Energy Florida	Fossil Generation	FL CT Indirects			X					
Progress Energy Carolinas	Nuclear Generation	Nuclear Security Indirects		X	X					
Progress Energy Carolinas	Progress Ventures	Progress Ventures Support – Regulated Commercial Operations		X	X					
Progress Energy Carolinas	Progress Ventures	Regulated Commercial Operations (RCO) Department		X	X					
Progress Energy Carolinas	Progress Ventures	RCO Market Analysis and Evaluation		X	X					
Progress Energy Carolinas	Progress Ventures	RCO Power Trading		X	X					
Progress Energy Carolinas	Progress Ventures	RCO Term Contracts		X						
Progress Energy Florida	Progress Ventures	RCO Florida Term Marketing			X					
Progress Energy Carolinas	Progress Ventures	RCO Gas Optimization		X						
Progress Energy Carolinas	Real Estate	Shoreline Leases		X						
Progress Energy Carolinas	Fossil Generation	TSD Environmental Tech Support Services		X	X					
Progress Energy Carolinas	Fossil Generation	TS ESS Projects		X	X					
Progress Energy Carolinas	Fossil Generation	TS ENV water permits / compliance		X	X					
Progress Energy Carolinas	Fossil Generation	TS ENV air permits / compliance		X	X					
Progress Energy Carolinas	Fossil Generation	TS ENV CMS		X	X					
Progress Energy Carolinas	Fossil Generation	TSD TECH Engineering Services		X	X					
Progress Energy Carolinas	Fossil Generation	TSD Technical Programs		X	X					
Progress Energy Carolinas	Fossil Generation	TSD ENV TS Field Services		X	X					
Progress Energy Carolinas	Fossil Generation	TSD Training Services		X	X			X		

VII. B. Table of Services Provided to Each Legal Entity by Utility and Associate Companies
January 2005

Services highlighted in gray are described in Section V. A. -Utility and Associate Company Clearing Accounts.
Refer back to Section VI.B. for a description and method of allocation for other services listed below.

Provider Company	Function	Product/Shared Service	Service Company	Progress Energy Carolinas	Progress Energy Florida	Progress Telecom	Progress Energy Solutions	Progress Energy Ventures	Progress GENCO Ventures	Progress Fuels
Progress Energy Carolinas	Fossil Generation	TSD Continuous Improvement Services		X	X			X		
Progress Energy Carolinas	Fossil Generation	TSD Strategic Engineering		X	X					
Progress Energy Carolinas	Energy Delivery	President & CEO of PE-Carolinas		X	X					
Progress Energy Carolinas	Energy Delivery	President – Energy Delivery – Carolinas		X	X					
Progress Energy Carolinas	Progress Ventures	Plant Construction Department support costs		X	X					
Progress Energy Carolinas	Regulated Fuels	Regulated Fuels		X	X					
Progress Energy Carolinas	Regulated Fuels	Regulated Fuels Support		X						
Progress Energy Carolinas	Fossil Generation	FGD East Region Indirects for East Region Managers		X						
Progress Energy Carolinas	Fossil Generation	FGD West Region Indirects for West Region Managers		X						
Progress Energy Carolinas	Fossil Generation	TSD ENV TS Biology		X						
Progress Energy Florida	Fossil Generation	TSD ENV FL Chem Lab			X					
Progress Energy Florida	Fossil Generation	TSD ENV FL Field Services			X					
Progress Energy Carolinas	Transmission & Distribution	Trans/Dist Support			X					
Progress Energy Carolinas	Transmission & Distribution	Mgmt & Oversight			X					
Progress Energy Carolinas	Customer Service	Management (Customer Service)		X	X					
Progress Energy Florida	Customer Service	Management (Customer Service)		X	X					
Progress Energy Carolinas	Customer Service	Performance Solutions		X	X					
Progress Energy Florida	Customer Service	Performance Solutions		X	X					
Progress Energy Florida	Customer Service	Customer Calls		X	X					
Progress Energy Carolinas	Energy Supply	ES Mgmt & Finance			X					
Progress Energy Carolinas	Nuclear	Nuclear Mgmt & Finance			X					
Progress Energy Carolinas	Nuclear	Reg. Assessment & Oversight			X					
Progress Energy Carolinas	Nuclear	Engineering & Programs			X					
Progress Energy Carolinas	Nuclear	MtIs & Contract Suppt			X					

VII. B. Table of Services Provided to Each Legal Entity by Utility and Associate Companies
January 2005

Services highlighted in gray are described in Section V. A. -Utility and Associate Company Clearing Accounts.

Refer back to Section VI.B. for a description and method of allocation for other services listed below.

Provider Company	Function	Product/Shared Service	Service Company	Progress Energy Carolinas	Progress Energy Florida	Progress Telecom	Progress Energy Solutions	Progress Energy Ventures	Progress GENCO Ventures	Progress Fuels
Progress Energy Carolinas	Nuclear	Nuclear IT			X					
Progress Energy Carolinas	Nuclear	Nuclear Analytical Svcs			X					
Progress Energy Carolinas	Nuclear	Nuclear Services Common			X					
Progress Energy Florida	Nuclear	Nuclear Services Common		X						
Progress Energy Carolinas	Nuclear	Nuclear Access Authorization			X					
Progress Energy Carolinas	Power Operations	System Planning			X					
Progress Energy Carolinas	Power Operations	Plt Ops-Fuel Wtr & Facil Mon			X					
Progress Energy Carolinas	Power Operations	Technical Services Support			X					
Progress Energy Florida	Power Operations	Technical Services Support		X						
Progress Energy Carolinas	Power Operations	Core Env Svcs			X					
Progress Energy Florida	Power Operations	Core Env Svcs		X						
Progress Energy Carolinas	Power Operations	Ct Ops/Maint			X					
Progress Energy Florida	Power Operations	Ct Ops/Maint		X						

VIII. Service Company Project Listing

VIII. Service Company Project Listing as of April 11, 2005

Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20000131 - Financial Planning Routine	FINANCIAL FORECASTING	98GZ9S - CORPORATE PLANNING	Indirect Allocation	C57	Asset Ratio
20000133 - 98TRE FINANCIAL ANALYSIS	BUSINESS CASE ANALYSIS	98T01S - TREASURY&ENTERPRISE RISK DEPT	Indirect Allocation	S36	Asset Ratio
20000134 - 98TRE TREASURY DEPARTMENT	TREASURY MANAGEMENT	98T01S - TREASURY&ENTERPRISE RISK DEPT	Indirect Allocation	C51	Two Factor Method
20000135 - 98TRE INV REL & FUNDS MGMT	INVESTOR REL. / FUNDS MGMT.	98T11S - INVESTOR RELATIONS	Indirect Allocation	C68	Two Factor Method
20000137 - 98TRE FINANCIAL OPERATIONS	CASH MANAGEMENT	98T01S - TREASURY&ENTERPRISE RISK DEPT	Indirect Allocation	C54	Asset Ratio
20000138 - 98TRE INS-CORP INDIRECT	PROPERTY INSURANCE	98EC8S - CORP INSURANCE PREMIUMS	Indirect Allocation	C59	Insurable Values Ratio
20000143 - 98T61 ACCOUNTING DEPT DIRECT	ACCOUNTING MANAGEMENT	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C45	Two Factor Method
20000144 - 98BD1 FSG ROUTINE WORK	FSG EXECUTIVE MANAGEMENT	98BD1D - FINANCIAL SERVICES SR VP - CHG	Indirect Allocation	C44	Two Factor Method
20000193 - 98CSD CORP SVCS MGMT-ROUTINE	CORPORATE SERVICES MGMT.	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C08	Asset Ratio
20000195 - 98HRD HRD ADMIN - ROUTINE	HUMAN RESOURCES MGMT.	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C27	Headcount Ratio
20000197 - 98CSD MGMT CORP FLEET-ROUTINE	FLEET MANAGEMENT	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S01	Vehicles Assigned Ratio
20000198 - 98N40D RE-LAND MGNT ROUTINE	REAL ESTATE	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C11	Asset Ratio
20000200 - 98PAD-PUBLIC AFFAIRS ROUTINE	PUBLIC AFFAIRS	98X30S - PUBLIC AFFAIRS	Indirect Allocation	C21	Two Factor Method
20000205 - 98HRD HR BUS SERVICES ROUTIN	HUMAN RESOURCES MGMT.	98X61S - HR HUMAN RESOURCES	Indirect Allocation	C27	Headcount Ratio
20000207 - 98HRD HR BUS UNIT SUPP ROUTINE	HUMAN RESOURCES MGMT.	98X61S - HR HUMAN RESOURCES	Indirect Allocation	C27	Headcount Ratio
20000210 - 98OHS OH&S SUPT-ROUTINE	CORP. ENVIRON., H&S MGMT.	98X63S - OCCUPATIONAL HEALTH & SAFETY	Indirect Allocation	C33	Asset Ratio
20000211 - 98HRD BENEFITS MGT - ROUTINE	BENEFIT PROGRAM MANAGEMENT	98X61S - HR HUMAN RESOURCES	Indirect Allocation	C29	Headcount Ratio
20000212 - 98ASD AUDIT ADMIN-MGMT	INTERNAL AUDIT	98W80S - AUDIT SERVICES	Indirect Allocation	C07	Asset Ratio
20000213 - 98A13-SERV CO PRESIDENT	FSG EXECUTIVE MANAGEMENT	98A13D - PRESIDENT-SERVICE COMPANY	Indirect Allocation	C44	Two Factor Method
20000214 - 98ASD AUDIT ADMIN-STAFF	INTERNAL AUDIT	98W80S - AUDIT SERVICES	Indirect Allocation	C07	Asset Ratio
20000846 - EXECUTIVES PRESIDENT/CEO	EXECUTIVE MANAGEMENT	98A10D - CHAIRMAN & CEO	Indirect Allocation	S83	Two Factor Method
20001049 - 98CSD ITSD MANAGEMENT	PURCHASING	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S07	Corp Common Stores Adder
20010004 - STRATEGIC PLANNING - CHARGES	STRATEGIC PLANNING	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C64	Two Factor Method
20010005 - EXECUTIVES CHAIRMAN/CEO	SVC CO EXECUTIVE BENEFITS	98A01D - EXG CHAIRMAN/CEO	Indirect Allocation	C01	Two Factor Method
20010155 - 98CSD RECDs-PROCEDURE-ROUTINE	RECORDS AND PROCEDURES	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C16	Headcount Ratio
20010156 - 98CSD CONTR-LEASE-ROUTINE	CONTRACTS / LEASING	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S06	FTE's Assigned Ratio
20010157 - 98HRD ITSD-SCA - ROUTINE	HUMAN RESOURCES MGMT.	98X61S - HR HUMAN RESOURCES	Indirect Allocation	C27	Headcount Ratio
20010158 - 98HRD ITSD-DTA SUPPORT ROUTINE	HRIS	98X61S - HR HUMAN RESOURCES	Indirect Allocation	S19	Headcount Ratio
20010159 - 98DJ5 HR Phone	HRIS	98X61S - HR HUMAN RESOURCES	Indirect Allocation	S19	Headcount Ratio
20010160 - 98ASD ROUTINE ITSD-SCA	INTERNAL AUDIT	98W80S - AUDIT SERVICES	Indirect Allocation	C07	Asset Ratio
20010162 - 98ASD ROUTINE ITSD-TELEPHONE	INTERNAL AUDIT	98W80S - AUDIT SERVICES	Indirect Allocation	C07	Asset Ratio
20010163 - 98OHS ROUTINE ITSD-SCA	CORP. ENVIRON., H&S MGMT.	98X63S - OCCUPATIONAL HEALTH & SAFETY	Indirect Allocation	C33	Asset Ratio
20010165 - 98OHS ROUTINE ITSD-TELEPHONE	CORP. ENVIRON., H&S MGMT.	98GB4S - CORP ENVIRON HEALTH&SAFETY	Indirect Allocation	C33	Asset Ratio
20010175 - 98XPH-SECURITY ITSD DTA	PHYS. SECURITY INVEST./EAP	98XPHS - CS CORPORATE SECURITY	Indirect Allocation	C13	Headcount Ratio
20010176 - 98XPH-SECURITY ITSD SCA	PHYS. SECURITY INVEST./EAP	98XPHS - CS CORPORATE SECURITY	Indirect Allocation	C13	Headcount Ratio
20010199 - 98CV2 ROUTINE LEG ITSD-SCA	LEGAL SERVICES	98X10S - LD LEGAL	Indirect Allocation	C17	Two Factor Method
20010201 - 98CV3 ROUTINE PA ITSD-SCA	PUBLIC AFFAIRS	98X30S - PUBLIC AFFAIRS	Indirect Allocation	C21	Two Factor Method
20010206 - 98CV2 ROUTINE LEG ITSD-TELE	LEGAL SERVICES	98X10S - LD LEGAL	Indirect Allocation	C17	Two Factor Method
20010207 - 98CV3 ROUTINE PA ITSD-TELE	PUBLIC AFFAIRS	98X30S - PUBLIC AFFAIRS	Indirect Allocation	C21	Two Factor Method
20010216 - 98CR ROUTINE GROUP ADMIN	CORP RELS GROUP MANAGEMENT	98A14D - SR VP-CORP RELATIONS	Indirect Allocation	C06	Two Factor Method
20010289 - 98LEG-LEGAL SERVICES ROUTINE	LEGAL SERVICES	98X10S - LD LEGAL	Indirect Allocation	C17	Two Factor Method
20010297 - 98RA-REGULATORY AFFAIRS ROUT	REGULATORY AFFAIRS	98X10S - LD LEGAL	Indirect Allocation	C20	Asset Ratio
20010303 - 98FMS CORP. HDQTRS- FAC	PROPERTY MGMT. (CORP HDQ)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
20010304 - 98FMS REG. PROP. MGMT-ROUTINE	PROPERTY MGMT. (SYSTEM)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S03	FTE's Assigned Ratio
20010306 - 98FMS FAC. CONST./RENOV.	FACILITIES PROJ. MANAGEMENT	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S04	FTE's Assigned Ratio
20010316 - 98CSD PHYS SECURITY-ROUTINE	PHYS. SECURITY INVEST./EAP	98BP4D - BENEFIT PROGRAM PAYMENTS-CHG	Indirect Allocation	C13	Headcount Ratio
20010317 - 98CSD CORP AIR SRV(FIXED)-ROUT	CORP. AIR SERVICES (VARIABLE)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C14	Average Hourly Rate
20010325 - 98CSD RESRCH-TECH DATA-ROUTINE	RESEARCH AND TECHNICAL DATA	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S13	Prior Year Usage Ratio
20010326 - 98CSD MAIL SRVS-ROUTINE	MAIL SERVICES	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S14	Headcount Ratio
20010328 - 98OHS REG AFFAIRS-TECH-ROUTINE	REGULATORY AFFAIRS / TECH SUPP	98X63S - OCCUPATIONAL HEALTH & SAFETY	Indirect Allocation	C34	Asset Ratio
20010333 - 98OHS OCCUP HLTH-ROUTINE	OCC. HEALTH SERVICES	98X63S - OCCUPATIONAL HEALTH & SAFETY	Indirect Allocation	C39	Headcount Ratio
20010334 - 98OHS DOT SAFTY-ROUTINE	DOT MOTOR CARRIER SAFETY	98X63S - OCCUPATIONAL HEALTH & SAFETY	Indirect Allocation	C40	Headcount Ratio (CDL Licenses)
20010335 - 98OHS WORKERS COMP-ROUTINE	WORKERS' COMPENSATION	98X63S - OCCUPATIONAL HEALTH & SAFETY	Indirect Allocation	C41	Asset Ratio
20010336 - 98CSD DAT SPT ADM(BY5)-Routine	RECORDS AND PROCEDURES	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C16	Headcount Ratio
20010350 - 98HRD - HRIS ROUTINE	HRIS	98X61S - HR HUMAN RESOURCES	Indirect Allocation	S19	Headcount Ratio

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Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20010351 - 98HRD - ESC - ROUTINE	POLICY/PAY/BENEFIT ADMIN.	98X61S - HR HUMAN RESOURCES	Indirect Allocation	S20	Headcount Ratio
20010352 - 98HRD RECRUITING - ROUTINE	STAFFING / RECRUITING	98X61S - HR HUMAN RESOURCES	Indirect Allocation	S22	Headcount Ratio
20010354 - 98HRD TRAINING ROUTINE	TRAIN. & DVLPMT-EXEC./PERS.	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	S23	Headcount Ratio
20010367 - 98ED2D-C71-PTC	INFRASTRUCTURE	98X00D - SVC CO LEGAL ENTITY	Indirect Allocation	C71	Circuit Count Ratio
20010768 - SP Business Development	STRATEGIC PLANNING	98GZ9S - CORPORATE PLANNING	Indirect Allocation	C64	Two Factor Method
20011473 - 98HRD LABOR RELATIONS	LABOR RELATIONS	98X61S - HR HUMAN RESOURCES	Indirect Allocation	C28	Headcount Ratio
20011614 - 98ASG ROUTINE GROUP ADMIN	ADMIN SERVICE GROUP MANAGEMENT	98BE1D - ADMINISTRATIVE SERVICES	Indirect Allocation	C63	Asset Ratio
20011689 - 98BY3D TCC PROPERTY MGMT.	PROPERTY MGMT. (CORP HDQ)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
20011690 - FMS 333 BLDG. FAC. MAINT.	PROPERTY MGMT. (CORP HDQ)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
20011789 - 98GB5D Env Rist Mgt	ENVIRONMENTAL SERVICES	98GB4S - CORP ENVIRON HEALTH&SAFETY	Indirect Allocation	C42	Asset Ratio
20011790 - 98GB4D CORP ENV H&S ADM	CORP. ENVIRON. H&S MGMT.	98GB4S - CORP ENVIRON HEALTH&SAFETY	Indirect Allocation	C33	Asset Ratio
20011875 - 98CP7D ECON DEV ROUTINE	ECONOMIC DEVELOPMENT	98X30S - PUBLIC AFFAIRS	Indirect Allocation	C43	Asset Ratio
20011877 - 98A90D NC ECON DEV ROUTINE	ECONOMIC DEVELOPMENT	98X30S - PUBLIC AFFAIRS	Indirect Allocation	C43	Asset Ratio
20011878 - 98AA3D SC ECON DEV ROUTINE	ECONOMIC DEVELOPMENT	98X30S - PUBLIC AFFAIRS	Indirect Allocation	C43	Asset Ratio
20011916 - INSURANCE	INSURANCE RISK MANAGEMENT	98T01S - TREASURY&ENTERPRISE RISK DEPT	Indirect Allocation	C55	Asset Ratio
20011917 - CORPORATE CREDIT	RISK MANAGEMENT	98T01S - TREASURY&ENTERPRISE RISK DEPT	Indirect Allocation	C56	Asset Ratio
20011950 - 98BU1 SER CO GROUP MANG ACT	PESCO CORPORATE EXPENSES	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C72	Global Ratio
20011953 - SP MARKET RESEARCH	MARKET RESEARCH-UTILITY	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C79	Asset Ratio
20012499 - 98W30D-CS CORP DATA&SUPT SVCS	OIL-FILLED EQUIPMENT REPAIRS	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S11	Direct Charge
20012679 - DPB Cleanup project	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20012681 - 98WSDD C69 Benchmarking Proj	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20013472 - 98A13-SERV CO PRES-HR CONSULT	SERVICE COMPANY PRESIDENT	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C83	Two Factor Method
20013833 - 98HRD FINANCIAL SVCS HR SUPPT	HUMAN RESOURCES MGMT.	98X61S - HR HUMAN RESOURCES	Indirect Allocation	C27	Headcount Ratio
20014170 - 98PUBD SOURCE CUSTOMER-WHSE	WAREHOUSING	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S09	Direct Charge
20014238 - SVC CO RESOURCE SHARING	MGMT REPORT & FINANCIAL SYS	98BU1S - SERVICE CO MANAGED ACCOUNT	Direct Project Billing	C46	Direct Charge
20014254 - 98CSD OIL-FILL EQ REPR-ROUTINE	OIL-FILLED EQUIPMENT REPAIRS	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S11	Direct Charge
20014470 - 98ED2D-WF PROCUREMENT CD CHGS	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20014542 - 98ED2D-TP PROCUREMENT CHGS	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20014823 - FMS SMART START SELMA	PROPERTY MGMT. (SYSTEM)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S03	FTE's Assigned Ratio
20015968 - FP&RS Florida Work	REGULATORY ACCOUNTING	98GZ9S - CORPORATE PLANNING	Direct Project Billing	S34	Direct Charge
20015969 - 98141 FL PWR FIN SVCS ADMIN	FLORIDA FINANCE	98BU1S - SERVICE CO MANAGED ACCOUNT	Direct Project Billing	S39	Direct Charge
20016063 - 98221 PUBLIC AFFAIRS NON-REG	PUBLIC AFFAIRS-FL	98X30S - PUBLIC AFFAIRS	Direct Project Billing	S66	Direct Charge
20017033 - 98X19D CCD DEPT ADMINISTRATION	CORPORATE COMMUNICATIONS	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C22	Asset Ratio
20017042 - 98CV5D TXD DEPT ADMINISTRATION	TAX ADMINISTRATION	98CV5S - TX TAX DEPARTMENT	Indirect Allocation	C50	Asset Ratio
20017193 - 98X10-PEC LEGAL SUPPORT	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20017195 - 98X10-PEF LEGAL SUPPORT	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20017196 - 98HRD - ENERGY DEL HR SUPPORT	HR-BUSINESS UNIT SUPPORT	98X61S - HR HUMAN RESOURCES	Direct Project Billing	S61	Direct Charge
20017202 - 98LEG-PEC CLAIMS SUPPORT	CLAIMS	98X10S - LD LEGAL	Direct Project Billing	C19	Direct Charge
20017297 - 98HRD HR - ENERGY VENTURES	HR-BUSINESS UNIT SUPPORT	98X61S - HR HUMAN RESOURCES	Direct Project Billing	S61	Direct Charge
20017343 - 98HRD HR-ENERGY VENTURES	HR-BUSINESS UNIT SUPPORT	98X61S - HR HUMAN RESOURCES	Direct Project Billing	S61	Direct Charge
20017355 - 98HRD - POWER OPS HR SUPPORT	HR-BUSINESS UNIT SUPPORT	98X61S - HR HUMAN RESOURCES	Direct Project Billing	S61	Direct Charge
20017356 - 98 HRD ORG ASSESSMENT	EEO/AA/DIVERSITY	98X61S - HR HUMAN RESOURCES	Indirect Allocation	C31	Headcount Ratio
20017385 - 98HRD HNP HR SUPPORT	HR-BUSINESS UNIT SUPPORT	98X61S - HR HUMAN RESOURCES	Direct Project Billing	S61	Direct Charge
20017388 - 98HRD NGG HR SUPPORT	HR-BUSINESS UNIT SUPPORT	98X61S - HR HUMAN RESOURCES	Direct Project Billing	S61	Direct Charge
20017389 - 98HRD FPC ED SUPPORT	HR-BUSINESS UNIT SUPPORT	98X61S - HR HUMAN RESOURCES	Direct Project Billing	S61	Direct Charge
20017444 - 98LEG-PEF CLAIMS SUPPORT	CLAIMS	98X10S - LD LEGAL	Direct Project Billing	C19	Direct Charge
20017573 - 98HRD RNP HR SUPPORT	HR-BUSINESS UNIT SUPPORT	98X61S - HR HUMAN RESOURCES	Direct Project Billing	S61	Direct Charge
20017574 - 98HRD BNP HR SUPPORT	HR-BUSINESS UNIT SUPPORT	98X61S - HR HUMAN RESOURCES	Direct Project Billing	S61	Direct Charge
20017577 - 98HRD CR3 HR SUPPORT	HR-BUSINESS UNIT SUPPORT	98X61S - HR HUMAN RESOURCES	Direct Project Billing	S61	Direct Charge
20017579 - IT98T61D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017593 - IT98CV2D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017598 - IT98CV3D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017607 - IT98X19D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017627 - IT01AM6D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017799 - IT01BOBD-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge

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20017803 - IT98CP7D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017819 - IT98W80D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017833 - IT98WCBD-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017840 - IT98X63D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017848 - IT98XPHD-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017856 - 98BT8D EMPLOYEE COMMUNICATIONS	EMPLOYEE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	S17	Headcount Ratio
20017861 - 98BT8D ALL EMPLOYEE MEETINGS	EMPLOYEE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	S17	Headcount Ratio
20017870 - IT01CFBD-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017881 - 98BT8D PUBLICATIONS	EMPLOYEE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	S17	Headcount Ratio
20017882 - 98BT8D INTER/INTRA ENHANCE	EMPLOYEE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	S17	Headcount Ratio
20017887 - IT01J30D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017895 - IT01J50D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017899 - 98BT8D EIF MEETING EXPENSES	EMPLOYEE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	S17	Headcount Ratio
20017914 - IT01DB3D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017915 - 98EC9D Business unit Governanc	CORPORATE COMMUNICATIONS	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C22	Asset Ratio
20017919 - IT01ECAD-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017931 - IT98T01D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017933 - 98X54D PUBLIC RELATIONS	CORPORATE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C22	Asset Ratio
20017935 - IT01C28D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017952 - IT01P01D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017957 - IT01DVPD-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017967 - IT01BE5D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20017969 - 98GR6D REAL ESTATE ADMIN	REAL ESTATE	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C11	Asset Ratio
20018061 - IT01FQ8D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20018163 - IT98DW1D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20018182 - IT98CV5D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20018217 - IT98X61D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20019794 - 98CV5D ITS D ROUTINE	TAX ADMINISTRATION	98CV5S - TX TAX DEPARTMENT	Indirect Allocation	C50	Asset Ratio
20019795 - 98X19D ITS D ROUTINE	CORPORATE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C22	Asset Ratio
20019873 - 98T24D TXD ROUTINE	TAX ADMINISTRATION	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C50	Asset Ratio
20019874 - 98T24D TXD DPB TO CP&L	PEC TAX SERVICES	98CV5S - TX TAX DEPARTMENT	Direct Project Billing	C77	Direct Charge
20019875 - 98T24D TXD DPB TO FL	PEF TAX SERVICES	98CV5S - TX TAX DEPARTMENT	Direct Project Billing	C78	Direct Charge
20019876 - 98T68D PAYROLL ROUTINE	PAYROLL	98CV5S - TX TAX DEPARTMENT	Indirect Allocation	S59	Headcount Ratio
20019904 - IT60538D-S54-PC SVCS	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20019931 - IT60412D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20019934 - IT60425D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20019937 - IT60756D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20019946 - IT60747D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20019977 - 98X59D BRUNSWICK NUC PLT	GENERATIONS COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	S69	Direct Charge
20019982 - 98X33D HARRIS NUC PLT	GENERATIONS COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	S69	Direct Charge
20020000 - 98X37D ROBINSON NUC PLT	GENERATIONS COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	S69	Direct Charge
20020007 - 98AABD COMMUNITY RELATIONS	CORPORATE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C22	Asset Ratio
20020010 - 98AABD COMMUNITY SERVICES	CORPORATE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C22	Asset Ratio
20020011 - 98AABD CORP CONTRIBUTIONS	DONATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C23	Two Factor Method
20020014 - 98AABD Corporate Events	CORPORATE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C22	Asset Ratio
20020016 - 98AABD CCD SPONSORSHIPS	CORPORATE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C22	Asset Ratio
20020052 - IT01AM6D-S49-CPL CSC ENHANCE	APPL. DVLPM T & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20020054 - IT01BE5D-S49-CPL DE&O ENHANCE	APPL. DVLPM T & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20020089 - IT60FV6D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20020095 - IT60867D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20020132 - IT98GR6D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20020207 - 98X63D OHS CPL SUPPORT	ES SAFETY SERVICES	98X63S - OCCUPATIONAL HEALTH & SAFETY	Direct Project Billing	C36	Direct Charge
20020208 - 98X63D CP&I ED SUPPORT	ED SAFETY SERVICES	98X63S - OCCUPATIONAL HEALTH & SAFETY	Direct Project Billing	C37	Direct Charge
20020302 - IT01FR5D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20020308 - IT60380D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge

Project	Product Description	Charge To Organization	Type	Code	Method of Allocation
20020313 - IT60380D-C70-CSS CSC MAINT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20020317 - IT60034D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20020326 - IT60161D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20020345 - IT60501D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20020396 - IT60380D-S49-CSC ENHANCEMENTS	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20020514 - 98GP4D CCD FL OFFICE SUPPT	CORPORATE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	C22	Direct Charge
20020525 - 98GP4D CCD FL PR SUPPORT	CORPORATE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	C22	Direct Charge
20020527 - 98X30D PUBLIC AFFAIRS ROUTINE	CORPORATE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	C22	Direct Charge
20020533 - 98268D CCD FL CRYSTAL RIVER	GENERATIONS COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	S69	Direct Charge
20020539 - 98X38D BRAND & CUST COMM	CORPORATE ADVERTISING	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C94	Two Factor Method
20020543 - 98X38D CP&L IMAGE ADV	CORPORATE ADVERTISING	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	C94	Direct Charge
20020553 - 98X38D PROGRESS ENERGY ADV	CORPORATE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C22	Asset Ratio
20020555 - 98X38D FLORIDA POWER ADV	CORPORATE ADVERTISING	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	C94	Direct Charge
20020617 - 98X30D PUBLIC AFFAIRS ROUTINE	PUBLIC AFFAIRS-CAROLINAS	98X30S - PUBLIC AFFAIRS	Indirect Allocation	C91	Asset Ratio
20020708 - FPC - INV PLANNING & ANALYSIS	STRATEGIC SOURCING & ANALYSIS	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S10	Corp Common Stores Adder
20020895 - 98324D FL ECON DEV-ROUTINE	ECONOMIC DEVELOPMENT	98X30S - PUBLIC AFFAIRS	Indirect Allocation	C43	Asset Ratio
20020935 - 98W30D FL PROCESS MAIL	MAIL SERVICES	98X30S - CS CORPORATE SERVICES	Indirect Allocation	S14	Headcount Ratio
20021005 - 98TRE FIN ADMIN FEES - FPC	FINANCIAL ADMINISTRATION FEES	98T01S - TREASURY&ENTERPRISE RISK DEPT	Direct Project Billing	C76	Direct Charge
20021106 - 98ED1D SHORELINE/TIMBER	REAL ESTATE	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C11	Asset Ratio
20021200 - 98N40D TRANSMISSION SOURCE	TRANSMISSION LAND & ROW	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S62	Direct Charge
20021217 - 98N40D FLORIDA LAND MGN	REAL ESTATE	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C11	Asset Ratio
20021895 - 98XPHD PHYS SECURITY	PHYS. SECURITY INVEST./EAP	98XPHS - CS CORPORATE SECURITY	Indirect Allocation	C13	Headcount Ratio
20021896 - 98XPHD PHYS SECURITY NON NUCL	PHYS. SECURITY INVEST./EAP	98XPHS - CS CORPORATE SECURITY	Indirect Allocation	C13	Headcount Ratio
20022437 - 98A10D - SVCCO EXEC BENEFITS	SVC CO EXECUTIVE BENEFITS	98A10D - CHAIRMAN & CEO	Indirect Allocation	C01	Two Factor Method
20022609 - 98CP7D BAY HILL CLASSIC	ECONOMIC DEVELOPMENT	98X30S - PUBLIC AFFAIRS	Indirect Allocation	C43	Asset Ratio
20023029 - 98SPD - FIN ANALYSTS MEETING	INVESTOR REL. / FUNDS MGMT.	98T11S - INVESTOR RELATIONS	Indirect Allocation	C68	Two Factor Method
20023553 - 98PUBD RESOURCE SHARING	CONTRACTS / LEASING	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S06	FTE's Assigned Ratio
20023603 - 98G29D FP&RS Routine	FINANCIAL PLAN & REG SVCS	98G29S - CORPORATE PLANNING	Indirect Allocation	C96	Asset Ratio
20023700 - N-61KW FIXED, CORP AIRCRAFT	CORPORATE AIR (FIXED)	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C15	Prior Year Usage Ratio
20023701 - NEW EXCEL-FIXED CORP AIRCRAFT	CORPORATE AIR (FIXED)	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C15	Prior Year Usage Ratio
20024728 - 98CV5D TAX DH - CP&L WORK	PEC TAX SERVICES	98CV5S - TX TAX DEPARTMENT	Direct Project Billing	C77	Direct Charge
20024873 - 98FN8D-GL PROCUREMENT CARD	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20024875 - 98FN8D-DM PROCUREMENT CARD	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20024876 - 98FN8D-SP PROCUREMENT CARD	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20024877 - 98FN8D-PROCUREMENT CARD SCHELL	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20024917 - 98HRD LABOR RELATIONS - FL	LABOR RELATIONS	98X61S - HR HUMAN RESOURCES	Direct Project Billing	C28	Direct Charge
20025249 - CCO Back Office	PV BACK OFFICE SUPPT	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C98	FTE's Assigned Ratio
20025467 - 98X00 RTO START UP	FLORIDA FINANCE	98X00D - SVC CO LEGAL ENTITY	Direct Project Billing	S39	Direct Charge
20025620 - 98TRE FIN ADMIN FEES - PGN CAR	FINANCIAL ADMINISTRATION FEES	98T01S - TREASURY&ENTERPRISE RISK DEPT	Direct Project Billing	C76	Direct Charge
20025839 - 98X10-FPC HINES 2	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20026035 - 98CV5D TXD MGMT - PAYROLL	PAYROLL	98CV5S - TX TAX DEPARTMENT	Indirect Allocation	S59	Headcount Ratio
20027342 - 98HRD REC - CAND CHARGEBACK	STAFFING / RECRUITING	98X61S - HR HUMAN RESOURCES	Indirect Allocation	S22	Headcount Ratio
20027665 - 98X00D Corporate Expenses	PESCO CORPORATE EXPENSES	98X00D - SVC CO LEGAL ENTITY	Indirect Allocation	C72	Global Ratio
20027831 - 98HR6D ENTERPRISE RISK MANAGE	MGMT REPORT & FINANCIAL SYS	98T01S - TREASURY&ENTERPRISE RISK DEPT	Indirect Allocation	C46	Asset Ratio
20027845 - 98X63D OHS FLORIDA ESUPPLY SS	ES SAFETY SERVICES	98X63S - OCCUPATIONAL HEALTH & SAFETY	Direct Project Billing	C36	Direct Charge
20027846 - 98X63D FLORIDA EDS	ED SAFETY SERVICES	98X63S - OCCUPATIONAL HEALTH & SAFETY	Direct Project Billing	C37	Direct Charge
20028507 - FSG - LEADERSHIP DEVELOP PROG	FSG EXECUTIVE MANAGEMENT	98BD1D - FINANCIAL SERVICES SR VP - CHG	Indirect Allocation	C44	Two Factor Method
20028693 - 98X38D REBRANDING PROJECT	CORPORATE ADVERTISING	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C94	Two Factor Method
20029087 - PEF DOE Spent Fuel Litigation	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20029088 - PEC DOE Spent Fuel Litigation	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20029120 - IT01FS6D MAINT BUCKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20029121 - IT20FP9D E/D BUCKET-TRADING	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20029123 - IT01P50D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20029126 - IT01GT5D E/D REG BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20029128 - 98FQ8D-S56-TELECOM CLIENT	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge

Project	Product Description	Charge To Organization	Type	Code	Method of Allocation
20029130 - 60GZ7D - S56 - TELECOM CLIENT	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029131 - IT98GZ9D-S54-PCS	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20029132 - IT98HR6D-S54-PCS	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20029133 - 98X00D-S49-ENTERPRISE PORTAL	APPL. DVL PMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20029135 - IT98T61D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029136 - IT60HX6D - S54 - PC'S	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20029137 - IT98GZ9D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029138 - IT98HR6D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029139 - 01AAGD TELECOM CLIENT BUCKET	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029144 - IT60380D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029145 - IT01AM6D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029146 - IT01BE5D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029147 - IT60501D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029148 - IT01CF8D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029149 - IT01P01D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029150 - IT98WCB D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029151 - IT60034D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029152 - IT60425D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029153 - IT60747D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029154 - IT01BOBD-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029155 - IT60412D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029156 - IT01ECAD-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029157 - IT98X61D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029164 - IT60161D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029165 - IT01DVFD-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029166 - IT98X19D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029170 - IT60756D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029171 - IT98CV2D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029172 - IT98GR6D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029175 - IT98X63D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029176 - IT98W80D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029177 - IT98CV5D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029180 - IT98XPHD-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029184 - IT01J50D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029185 - IT98T01D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029187 - IT98CP7D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029190 - IT98DW1D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029191 - IT98CV3D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029193 - IT60538D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029194 - IT60322D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029195 - IT98FQ8D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029197 - IT60FV6D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029199 - IT01J30D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029200 - IT60867D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029202 - IT01FR5D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029271 - 98ED2D-FOSSIL GEN PHONES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029291 - 98A10 - EEI DUES	EEI DUES	98A11D - CHAIRMAN & CEO-PGN	Direct Project Billing	C82	Direct Charge
20029297 - 98HD6 NUCLEAR COMMUNICATION	CORPORATE COMMUNICATIONS	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C22	Asset Ratio
20029321 - 98CN3D CORP TRVL CNTR	CORPORATE AIR (FIXED)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C15	Prior Year Usage Ratio
20029396 - 98ED2D-AUDIT PHONE CHG	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029397 - 98ED2D-CORP COMM -PHONE CHGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029398 - 98ED2D -HR PHONE CHARGES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029400 - 98ED2D-LEGAL PHONE CHARGES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029404 - 98ED2D-CORP SERV PHONE CHRGES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029405 - 98ED2D-PUB AFF PHONE CHRGES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge

VIII. Service Company Project Listing as of April 11, 2005

Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20029407 - 98ED2D-CORP SEC PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029415 - 98ED2D-ECON DEV PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029416 - 98ED2D-DISTR ENG #1 PHNE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029417 - 98ED2D-EAST REG PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029419 - 98ED2D-NOR REG PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029421 - 98ED2D-SOUTH REG PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029422 - 98ED2D-TRANS PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029423 - 98ED2D- FL SPOD PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029424 - 98ED2D-T&D SVCS PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029425 - 98ED2D-WEST REG PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029427 - 98ED2D - CSC PHONE CHARGES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029428 - 98ED2D-ENV HEALTH/SAFETY PHNE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029430 - 98ED2D- SVC CO EXECS PHONE CHG	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029431 - 98ED2D-FL NORTH CENTRAL REG	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029433 - 98ED2D- ENERGY SVCS EXEC PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029437 - 98ED2D- REGULATORY SVCS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029439 - 98ED2D-ENRGY SUPP EXEC PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029441 - 98ED2D-ENER VEN FIN PHN CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029443 - 98ED2D-ACCTG PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029444 - 98ED2D-STRATEGC PLNG PHN CHGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029447 - 98ED2D-TREASURY PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029449 - 98ED2D- FL ED CIG/DSM PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029450 - 98ED2D -TAX PHONE CHARGES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029451 - 98ED2D- FL ED DISTR OPS PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029453 - 98ED2D-ES #2 PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029454 - 98ED2D- FL ED TRANS PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029456 - 98ED2D-BNP PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029457 - 98ED2D-HNP PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029458 - 98ED2D-RNP PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029461 - 98ED2D-COMB TUR PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029463 - 98ED2D-SPOD PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029471 - 98W30D ENVIRONMENTAL SUPPORT	OIL-FILLED EQUIPMENT REPAIRS	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S11	Direct Charge
20029477 - 98ED2D- FL ED COASTAL REGION	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029487 - TECHNOLOGY DELIVERY	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20029503 - IT-OPER MF 98WYA ROUTINE WORK	APPL OPERATION - MAINFRAME	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S50	IT Applications Index
20029505 - IT-OPER HP/UX 98WYA ROUTINE WK	APPL OPERATION-CLIENT SERVER	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S51	IT Applications Index
20029506 - IT-OPER NT 98WYA ROUTINE WORK	APPL OPERATION-CLIENT SERVER	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S51	IT Applications Index
20029507 - IT-OPER SUN 98WYA ROUTINE WORK	APPL OPERATION-CLIENT SERVER	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S51	IT Applications Index
20029508 - NES 98WYA ROUTINE WORK	NETWORK ENABLED SERVICES	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S55	IT Standard E-mail Ratio
20029511 - 98ED2D-TERM MKGT PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029517 - 98ED2D-REAL ESTATE PHONE CHRGS	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029518 - 98ED2D- CRYSTAL RVR 03 PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029522 - 98ED2D- FL CORP PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029524 - 98ED2D- FLORIDA CSC PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029532 - 98ED2D- CORP SVCS (FL)	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029538 - IT SDD ADMIN -(WSD)	IT INFRASTRUCTURE	98A13D - PRESIDENT-SERVICE COMPANY	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20029539 - IT SD CIC ADMIN -(GT8)	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20029565 - IT&T Infrastructure	IT INFRASTRUCTURE	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20029567 - IT/TEL Bus Suppt Svcs	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20029568 - ITBS - TELECOM BILLING	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20029596 - 67JV1D PTC LLC TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029609 - 60GB9D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029610 - 60B96D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029611 - 60B67D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029612 - 60756D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge

VIII. Service Company Project Listing as of April 11, 2005

Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20029613 - 60747D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029614 - 60501D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029615 - 60440D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029617 - 60380D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029620 - 60228D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029622 - 34HC4D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029623 - 25GV5D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029625 - 01P50D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029626 - 01KHAD TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029627 - 01J50D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029628 - 01IAAD TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029629 - 01H28D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029636 - 01GT5D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029638 - 01FS6D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029639 - 01F10D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029651 - 01FT4D TELECOM CLIENT BUCKET	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029661 - 01BE5D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029670 - 01AM6D TEL CLIENT BUC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20029692 - 98ED2D-FL SOUTH CENTRAL REG	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20029890 - IT OPERATIONS MF STORAGE	APPL OPERATION - MAINFRAME	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S50	IT Applications Index
20029891 - IT OPERATIONS C/S STORAGE	APPL OPERATION-CLIENT SERVER	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S51	IT Applications Index
20029917 - 98N40D TRANSMIS O&M SOURCE	TRANSMISSION LAND & ROW	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S62	Direct Charge
20029919 - IT01FR2D-S63-DESKTOP SERVICE	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029920 - ITF10D-S63-DESKTOP SERVICE	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029928 - IT60320D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20029930 - IT60320-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20029936 - IT01FR2D-S54-PC'S	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20029939 - IT01FT4D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20030191 - 98BY3D FMS CSC LABOR	PROPERTY MGMT. (SYSTEM)	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S03	Direct Charge
20030199 - 98BY3D FMS ECC - LABOR	PROPERTY MGMT. (SYSTEM)	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S03	Direct Charge
20030442 - 98TCBD BUSINESS OPERATIONS	MGMT REPORT & FINANCIAL SYS	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C46	Asset Ratio
20030445 - 98DV4D SERV CO FINANCE	MGMT REPORT & FINANCIAL SYS	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C46	Asset Ratio
20030450 - 98TFBD CORP ACCOUNTING	FINANCIAL REPORTING	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C47	Two Factor Method
20030487 - 98T80D CP&L CONTROLLER WORK	CONTROLLER UNIT ACCOUNTING	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	S30	Direct Charge
20030496 - 98T80D SERV CO CONTROLLER	FINANCIAL REPORTING	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C47	Two Factor Method
20030497 - 98T81D FINANCIAL REPORTING	FINANCIAL REPORTING	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C47	Two Factor Method
20030499 - ACCOUNTING POLICY/RESEARCH	FINANCIAL REPORTING	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C47	Two Factor Method
20030500 - 98FZ1D FINANCIAL OPERATIONS	MGMT REPORT & FINANCIAL SYS	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C46	Asset Ratio
20030502 - 98GF3D FIN SYS & RPTG SUPPT	MGMT REPORT & FINANCIAL SYS	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C46	Asset Ratio
20030503 - 98T83D Plant Accounting	MGMT REPORT & FINANCIAL SYS	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C46	Asset Ratio
20030505 - 98T95D DISBURSEMENT SERVICES	DISBURSEMENTS	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	S32	Invoice Ratio
20030517 - IT34HC4D - S54- PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20030718 - 98ED2-RADIO SYS NC TRANSMISSIO	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20030719 - 98ED2-RADIO SYS SC TRANSM	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20030731 - Risk Control Routine	PV RISK CONTROL	98T01S - TREASURY&ENTERPRISE RISK DEPT	Indirect Allocation	S73	FTE's Assigned Ratio
20030743 - 98ED2-RE 2003 DOWNTOWN PROJ	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20030749 - 01BE5D-RADIO SYSTEM DE&O SOUTH	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20030752 - 01BE5D-RADIO PROJ NC EASTERN	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20030755 - IT60CN8D-S49-Clearwater CC	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20030781 - 98ED2D- FL ENERGY DEL PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20030850 - 98X10-PEF FRANCHISE LIT-EXT	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20030854 - 98XPH CORPORATE SECURITY	PHYS. SECURITY INVEST./EAP	98XPHS - CS CORPORATE SECURITY	Indirect Allocation	C13	Headcount Ratio
20030858 - 98HW8D FL CONST. PROJ-ROUTINE	FACILITIES PROJ. MANAGEMENT	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	S04	FTE's Assigned Ratio
20030860 - 98HW8D FL REG. MAINT.-ROUTINE	PROPERTY MGMT. (SYSTEM)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S03	FTE's Assigned Ratio
20030870 - 98X63 FPC DE&O	ED SAFETY SERVICES	98X63S - OCCUPATIONAL HEALTH & SAFETY	Direct Project Billing	C37	Direct Charge

VIII. Service Company Project Listing as of April 11, 2005

Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20030897 - 98HW8D CX FAC. MAINT.	FLORIDA HEADQUARTERS	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C95	Square Footage Ratio
20030898 - 98HW8D BB FAC. MAINT.	FLORIDA HEADQUARTERS	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C95	Square Footage Ratio
20030941 - 98X10D-PEF FRANCHISE SUP-INT	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20031013 - C70-CC-CRI TERMINAL SRVR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20031036 - IT01F10D-S54-PC'S	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20031086 - PFC DISTRIBUTION MAINTENANCE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20031088 - IT60228D-C70-ECCR Maintenance	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20031100 - FPC TRANSMISSION MAINTENANCE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20031112 - ENERGY TRANSFORM SOL - PHASE 2	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20031155 - DISTRIBUTION ENHANCE - FPC	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20031228 - IT60228D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20031301 - IT60783D-S54-PC SERVICES	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20031303 - IT60783D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20031458 - FP&RS Carolina's Work	REGULATORY ACCOUNTING	98GZ9S - CORPORATE PLANNING	Direct Project Billing	S34	Direct Charge
20031539 - 98HW8D FMS FPC CAP LABOR	FACILITIES PROJ. MANAGEMENT	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S04	Direct Charge
20031541 - 98PUBD FGD EVALUATION EFFORT	CONTRACTS / LEASING	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S06	Direct Charge
20031806 - 98CP7D ED-HOLIDAY DINNERS	ECONOMIC DEVELOPMENT	98X30S - PUBLIC AFFAIRS	Indirect Allocation	C43	Asset Ratio
20031866 - 98X38D EFFICIENCY AD CAMPAIGNS	DSM/CIG SUPPORT	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	S60	Direct Charge
20031867 - 98X38D FOCUS GROUPS	DSM/CIG SUPPORT	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	S60	Direct Charge
20031868 - 98X38D HOME ENERGY IMPROVEMENT	DSM/CIG SUPPORT	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	S60	Direct Charge
20031870 - 98X38D BUSINESS ENERGY CHECK	DSM/CIG SUPPORT	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	S60	Direct Charge
20031872 - 98X38D RES ENERGY MGMT	DSM/CIG SUPPORT	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	S60	Direct Charge
20031874 - 98AABD FL CORP CONTRIBUTIONS	DONATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	C23	Direct Charge
20031912 - IT01A09D-POG ENHANCE/DEVELOP	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20031930 - 98HX4D ENVIRONMENTAL SUPPORT	ENVIRONMENTAL SERVICES	98GB4S - CORP ENVIRON HEALTH&SAFETY	Indirect Allocation	C42	Asset Ratio
20031932 - 98HX4D RISK MGT	ENVIRONMENTAL SERVICES	98GB4S - CORP ENVIRON HEALTH&SAFETY	Direct Project Billing	C42	Direct Charge
20031982 - IT20FP9D-C70-Maintenance Plant	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20031990 - IT60GB9D MAINT BUCKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20031992 - IT60747D MAINT BUCKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20031997 - IT20FP9D MAINT TRADING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20032000 - IT01KHAD MAINT BUCKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20032003 - IT01IAAD MAINT BUCKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20032004 - IT01HX8D MAINT BUCKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20032005 - IT01H28D MAINT BUCKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20032012 - IT61GB1D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20032015 - IT60501D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20032054 - 98142D FL CONTROLLER WORK	CONTROLLER UNIT ACCOUNTING	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	S30	Direct Charge
20032162 - UNDERGROUND TARIFF PROJECT	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20032248 - 98ED2D-FOSSIL FUELS DEPT PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20032252 - 98ED2D-FL CIG PHONE CHARGES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20032256 - 98ED2D-FL DSM PHONE CHARGES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20032267 - 98ED2D-CP&L CIRCUITS LEGAL ENT	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20032278 - 98ED2D-FPC LEGAL ENT	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20032282 - 98ED2D-CP&L TOWER LEASE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20032352 - 98WUE-FPC UPG FL SUBNET MONTS	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20032997 - FQ8 VP Finance Routine	PV FINANCE	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C97	FTE's Assigned Ratio
20033025 - HP3 ROUTINE PROJECT	RISK MANAGEMENT	98T01S - TREASURY&ENTERPRISE RISK DEPT	Indirect Allocation	C56	Asset Ratio
20033092 - IT OPER IBM/UX 98WYA RTN WK	APPL OPERATION-CLIENT SERVER	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S51	IT Applications Index
20033096 - IT OPER LINUX 98WYA RTN WK	APPL OPERATION-CLIENT SERVER	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S51	IT Applications Index
20033542 - ETS Implement Part B	APPL. DVLPMT & ENHANCEMENT	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	S49	Direct Cost
20033684 - PEC STANDARD OF CONDUCT-LEGAL	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20033685 - PEF STANDARD OF CONDUCT-LEGAL	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20033887 - IT NES IBM/UNIX 98WYA RTN WK	NETWORK ENABLED SERVICES	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S55	IT Standard E-mail Ratio
20033888 - IT NES HP/UNIX 98WYA RTN WK	NETWORK ENABLED SERVICES	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S55	IT Standard E-mail Ratio
20033889 - IT NES SUN/UNIX 98WYA RTN WK	NETWORK ENABLED SERVICES	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S55	IT Standard E-mail Ratio

VIII. Service Company Project Listing as of April 11, 2005

Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20033891 - IT NES INTEL 98WYA RTN WK	NETWORK ENABLED SERVICES	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S55	IT Standard E-mail Ratio
20033892 - IT NES C/S STORAGE	NETWORK ENABLED SERVICES	98WSDS - IT & TELECOM DEPT	Indirect Allocation	S55	IT Standard E-mail Ratio
20033956 - CONTRACT ADMIN-ROUTINE	CONTRACT ADMINISTRATION	98X10S - LD LEGAL	Indirect Allocation	S74	FTE's Assigned Ratio
20033957 - 98GX4-PEC CONTRACT ADMIN SVCS	CONTRACT ADMINISTRATION	98X10S - LD LEGAL	Direct Project Billing	S74	Direct Charge
20033960 - 98GX4-PEF CONTRACT ADMIN SVCS	CONTRACT ADMINISTRATION	98X10S - LD LEGAL	Direct Project Billing	S74	Direct Charge
20034004 - 98T80D CONTROLLER WORK - FL	CONTROLLER UNIT ACCOUNTING	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	S30	Direct Charge
20034141 - 98T61D CP&L SUPPORT	ACCOUNTING MANAGEMENT	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	C45	Direct Charge
20034149 - 98T61D FPC SUPPT	ACCOUNTING MANAGEMENT	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	C45	Direct Charge
20034253 - 98T61D ACD IT/TELECOM COSTS	MGMT REPORT & FINANCIAL SYS	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C46	Asset Ratio
20034293 - 98ER4D RED STD/CONT UNIT-ROUT.	REAL ESTATE	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C11	Asset Ratio
20034419 - 98BY3D RAL CORP FAC CHURN	PROPERTY MGMT. (CORP HDQ)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
20034420 - 98BY3D FMS SECTION -ROUTINE	REAL ESTATE	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C11	Asset Ratio
20034424 - 98HW8D FMS SECTION - ROUTINE	REAL ESTATE	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C11	Asset Ratio
20034440 - 98JE7D ENT RISK MANAGEMENT	RISK MANAGEMENT	98T01S - TREASURY&ENTERPRISE RISK DEPT	Indirect Allocation	C56	Asset Ratio
20035051 - 98WXPd FL WAREHOUSE MANAGE MAT	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20035216 - 98X38D RECOVERABLE ADV - PE	CORPORATE COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C22	Asset Ratio
20035217 - 98X38D PE CAROLINAS REC ADV	CORPORATE ADVERTISING	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	C94	Direct Charge
20035218 - 98X38D PE FLORIDA RECOV ADV	CORPORATE ADVERTISING	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	C94	Direct Charge
20035563 - 98XPHD C ACCESS C CENTER	EMPL. IDENT. CARDS-CORP.	98XPHS - CS CORPORATE SECURITY	Indirect Allocation	C09	Headcount Ratio
20035564 - 98XPHD	PHYS. SECURITY INVEST./EAP	98XPHS - CS CORPORATE SECURITY	Indirect Allocation	C13	Headcount Ratio
20035705 - 98XPHD FLGUARD	EMPL. IDENT. CARDS-CORP.	98XPHS - CS CORPORATE SECURITY	Direct Project Billing	C09	Direct Charge
20035796 - 98X10 OFFICE BLDG-DOWNTOWN RAL	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20035863 - 98X10 RESIDENT BLDG-DWNTWN RAL	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20035920 - IT98HT2D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20035921 - IT98HT2D-S54-PC'S	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20035975 - 98X10-SRS LEGAL SUPPORT	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20035976 - 98X10-PROGRESS FUELS LEG SUP	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20035977 - 98X10-PROGRESS TELECOM LEG SUP	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20035978 - 98X10-PROG VENTURES LEG SUP	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20035979 - 98X10-PROG ENERGY HOLDING CO	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20035980 - 98X10-FLA PROG HOLDING CO	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20035981 - 98X10-PROG RAIL LEG SUP	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20035990 - 98X20-CORP SECY/SH RELATIONS	CORPORATE SECRETARY	98X10S - LD LEGAL	Direct Project Billing	C18	Direct Charge
20036006 - 98GX4-PV CONTRACT ADMIN	CONTRACT ADMINISTRATION	98X10S - LD LEGAL	Direct Project Billing	S74	Direct Charge
20036007 - 98GX4-PF CONTRACT ADMIN	CONTRACT ADMINISTRATION	98X10S - LD LEGAL	Direct Project Billing	S74	Direct Charge
20036083 - IT61GB1D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036085 - IT32HC2D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036089 - IT24GV4D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036090 - IT25GV5D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036091 - IT26GV6D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036094 - IT32HC2D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036095 - IT24GV4D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036096 - IT25GV5D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036097 - IT26GV6D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036098 - 98ED2D-ELEC FUELS PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036099 - 98ED2D-ENERGY VENTURES PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036100 - 98ED2D-EFFINGHAM PLANT PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036101 - 98ED2D-DESOTO PLANT PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036102 - 98ED2D-ROWAN COUNTY PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036103 - 98ED2D-Washington Cty Phone	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036104 - 98ED2D-WALTON COUNTY PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036108 - 98ED2D-Prog Telecom LLC Phone	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036109 - 98ED2D-MPC GENERATING CO PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036239 - RCO ROUTINE	PV BACK OFFICE SUPPT	98BU1S - SERVICE CO MANAGED ACCOUNT	Direct Project Billing	C98	Direct Charge
20036240 - CCO PLANT ACCOUNTING ROUTINE	PV BACK OFFICE SUPPT	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C98	FTE's Assigned Ratio

VIII. Service Company Project Listing as of April 11, 2005

Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20036260 - IT98A13D-S54-PC SVC	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036261 - IT98141D-S54-PC SVC	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036262 - IT60197D-S54-PC SVC	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036271 - IT60185D-S54-PC SVC	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036272 - IT33HC3D-S54-PC Services	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036275 - IT98789D-S54-PC'S	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036286 - IT98X10D-S49-ENH/DEV BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036296 - IT98GB4D-S49-ENH/DEV BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036302 - IT98X30D-S49-ENH/DEV BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036303 - IT98DW1D-S49-ENH/DEV BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036305 - IT98GZ9D-S49-ENH/DEV BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036306 - IT98WSDD-S54 - PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036326 - IT98HR6D-S49-ENH/DEV BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036343 - IT98141D-S63-DESKTOP SVCS	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036344 - IT60197D-S63-DESKTOP SVCS	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036345 - IT60185D-S63-DESKTOP SVCS	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036349 - IT98WSDD-S63-DESKTOP SVCS	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036356 - IT98789D-S63-DESKTOP SVCS	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036369 - IT98A13D-S63-DESKTOP SVCS	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036390 - IT98ED2D-FL PWR FIN SVCS PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036391 - 98ED2D-RISK MANAGEMENT PHONES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036395 - 98ED2D-REG POLICY PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036397 - IT01F10D-C70-MAINTENANCE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20036398 - IT60756D-C70-MAINTENANCE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20036399 - 98ED2D-FPC Real Estate Phones	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036402 - 98X00D-S49-PASSPORT UPGRADE	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036403 - IT01FS6D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036404 - IT33HC3D-S63-DESKTOP SVCS	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036405 - IT01FT4D - S63 - Desktop Svcs	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036406 - IT01FT4D-S54-PC Services	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20036407 - IT34HC4D - S63- DESKTOP SVCS	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036409 - IT61GB1D - S63 - DESKTOP SVCS	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20036410 - 98ED2D-FL COMB TURB PHONES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036414 - 98ED2D-IT&T Phone Charges	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036417 - IT61GB1D - MAINTENANCE BUCKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20036418 - IT32HC2D TELECOM CLIENT BUCKET	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20036423 - IT60228D-S49-Enh/Dev ECCR	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036425 - 98ED2D-FPC ED Bus Ops Phone	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20036427 - IT98JK8D-S49-ENH/DEV BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036433 - IT98X19D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036434 - IT98X61D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036435 - IT98WCB D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036436 - IT98T61D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036437 - IT98FQ8D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036438 - IT98W80D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036439 - IT98XPHD E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036440 - IT98CP7D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036441 - IT98WSDD E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036442 - IT98CV5D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036443 - IT98T01D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036444 - IT98GR6D E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20036447 - IT98X61D-MAINT BUCKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20036448 - IT98WCB D-MAINT BUCKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20036450 - IT98CV5D-MAINT BUCKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20036455 - IT98FQ8D-MAINT BUCKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge

VIII. Service Company Project Listing as of April 11, 2005

Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20036545 - 98X00D PFC PAY AGENT	PAYROLL PAY AGENT	98X00D - SVC CO LEGAL ENTITY	Direct Project Billing	432	Direct Charge
20036547 - 98X00D PTC PAY AGENT	PAYROLL PAY AGENT	98X00D - SVC CO LEGAL ENTITY	Direct Project Billing	432	Direct Charge
20036552 - 98X00D PVI PAY AGENT	PAYROLL PAY AGENT	98X00D - SVC CO LEGAL ENTITY	Direct Project Billing	432	Direct Charge
20036926 - ITT 98WSDD C69 TECHNOLOGY	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20036945 - 98FU9D FIN REPORT, BUDGET ROUT	PV FINANCE	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C97	FTE's Assigned Ratio
20036947 - 98HA4D NON-REGULATED ROUTINE	PV MID OFFICE SUPPT	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	S72	Direct Charge
20036948 - 98HA4D MID OFFICE PFC COSTS	PV MID OFFICE SUPPT	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	S72	Direct Charge
20037034 - 98T63D PEC VALUATION WORK	FINANCIAL REPORTING	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	C47	Direct Charge
20037035 - 98T63D PEF VALUATION WORK	FINANCIAL REPORTING	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	C47	Direct Charge
20037080 - 98TRE INS-PGN CAR-NUCLEAR	NUCLEAR PREMIUMS & CREDITS	000000 - UNSPECIFIED	Direct Project Billing	C62	Direct Charge
20037081 - 98TRE INS-PGN FL-NUCLEAR	NUCLEAR PREMIUMS & CREDITS	98EC8S - CORP INSURANCE PREMIUMS	Direct Project Billing	C62	Direct Charge
20037082 - 98TRE INS-PGN FL-NN PROP	PROPERTY INSURANCE	98EC8S - CORP INSURANCE PREMIUMS	Direct Project Billing	C59	Direct Charge
20037083 - 98TRE INS-PGN CAR-NN PROP	PROPERTY INSURANCE	000000 - UNSPECIFIED	Direct Project Billing	C59	Direct Charge
20037145 - 98XPHD P VENTURES	PHYS. SECURITY INVEST./EAP	98XPHS - CS CORPORATE SECURITY	Direct Project Billing	C13	Direct Charge
20037169 - 98HW8D FL. CORP. FAC. ROUTINE	FLORIDA HEADQUARTERS	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C95	Square Footage Ratio
20037170 - 98HW8D NPIII FAC, MAINT.-PM	FLORIDA HEADQUARTERS	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C95	Square Footage Ratio
20037171 - 98HW8D MANGR. BAY FAC. MAINT.	FLORIDA HEADQUARTERS	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C95	Square Footage Ratio
20037173 - 98HW8D FL. CORP. CHURN	FLORIDA HEADQUARTERS	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C95	Square Footage Ratio
20037196 - 98XPHD NEW	PROPERTY MGMT. (CORP HDQ)	98XPHS - CS CORPORATE SECURITY	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
20037227 - 98JN3D RISK ANALYTICS	RISK MANAGEMENT	98T01S - TREASURY&ENTERPRISE RISK DEPT	Indirect Allocation	C56	Asset Ratio
20037228 - 98X63D ENERGY VENTURES	ES SAFETY SERVICES	98X63S - OCCUPATIONAL HEALTH & SAFETY	Direct Project Billing	C36	Direct Charge
20037247 - 98TRE FIN ADMIN FEES - PGN INC	FINANCIAL ADMINISTRATION FEES	98T01S - TREASURY&ENTERPRISE RISK DEPT	Direct Project Billing	C76	Direct Charge
20037248 - 98TRE FIN ADMIN FEES-FPH	FINANCIAL ADMINISTRATION FEES	98T01S - TREASURY&ENTERPRISE RISK DEPT	Direct Project Billing	C76	Direct Charge
20037256 - 98TRE INS-PFC WKRS COMP	LIABILITY & WC INSURANCE	98EC8S - CORP INSURANCE PREMIUMS	Direct Project Billing	C60	Direct Charge
20037257 - 98TRE INS-PGN FL-WKRS COMP	LIABILITY & WC INSURANCE	98EC8S - CORP INSURANCE PREMIUMS	Direct Project Billing	C60	Direct Charge
20037264 - 98TRE INS-CAR-POL LEGAL LIAB	OTHER INSURANCE	98EC8S - CORP INSURANCE PREMIUMS	Direct Project Billing	C61	Direct Charge
20037274 - 98TRE INS-EXCESS WC-PGN CAR	EXCESS WORKERS' COMPENSATION	98EC8S - CORP INSURANCE PREMIUMS	Indirect Allocation	S75	Headcount Ratio
20037275 - 98TRE INS-RUNOFF-PGN FL	OTHER INSURANCE	98EC8S - CORP INSURANCE PREMIUMS	Direct Project Billing	C61	Direct Charge
20037333 - 98BY3D TWO PROGRESS PLAZA-PM	PROPERTY MGMT. (CORP HDQ)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
20037356 - 98TRE BANK SVC FEES-PGN INC	CASH MANAGEMENT	98T01S - TREASURY&ENTERPRISE RISK DEPT	Direct Project Billing	C54	Direct Charge
20037357 - 98TRE BANK SVC FEES-PGN CAR	CASH MANAGEMENT	98T01S - TREASURY&ENTERPRISE RISK DEPT	Direct Project Billing	C54	Direct Charge
20037358 - 98TRE BANK SVC FEES-PGN FL	CASH MANAGEMENT	98T01S - TREASURY&ENTERPRISE RISK DEPT	Direct Project Billing	C54	Direct Charge
20037381 - 98GR6D PI-CONTROLS - PROPERTY	REAL ESTATE	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C11	Asset Ratio
20037385 - 98ER4D DATA & DOC SUPP. (C11)	REAL ESTATE	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C11	Asset Ratio
20037386 - 98ER4D CUST. SUPPORT -PROPERTY	PROPERTY MGMT. (SYSTEM)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S03	FTE's Assigned Ratio
20037387 - 98ER4D CUST. SUPPORT-S04	FACILITIES PROJ. MANAGEMENT	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	S04	FTE's Assigned Ratio
20037475 - IT20FP9D-S49-PLANTS	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20037543 - 98ED1D DPB TIMBER LABOR-421	TIMBER SALES-REGULATED NON-JO	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	421	Direct Charge
20037683 - 98N40D DPB PROPERTY DISP. 491	PROPERTY DISPO/ACQ REG NON JO	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	491	Direct Charge
20037691 - CO LABOR PROPERTY TRANS CAR	PROPERTY DISPO/ACQ REG NON JO	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	491	Direct Charge
20037692 - CO LABOR PROPERTY TRANS FL	PROPERTY DISPO/ACQ REG NON JO	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	491	Direct Charge
20038513 - 98X00D-ENTERPRISE PORTAL TECH	PESCO CORPORATE EXPENSES	98X00D - SVC CO LEGAL ENTITY	Indirect Allocation	C72	Global Ratio
20038691 - 98ER4D DPB RE HOLD (07)	FACILITIES PROJ. MANAGEMENT	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S04	Direct Charge
20038702 - 98X00D FAS146 OHS RENT	FAS146-CAROLINA	98X00D - SVC CO LEGAL ENTITY	Indirect Allocation	S79	Square Footage Ratio
20038703 - 98X00D FAS146 BLDG333 RENT	FAS146-CAROLINA	98X00D - SVC CO LEGAL ENTITY	Indirect Allocation	S79	Square Footage Ratio
20038704 - 98X00D FAS146 RFB RENT	FAS146-CAROLINA	98X00D - SVC CO LEGAL ENTITY	Indirect Allocation	S79	Square Footage Ratio
20039109 - IT01EQ7D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20039110 - IT01EQ7D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20039111 - 98ED2D-PPDC PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20039142 - PASSPORT V10 ITT	PESCO CORPORATE EXPENSES	98X00D - SVC CO LEGAL ENTITY	Indirect Allocation	C72	Global Ratio
20039186 - IT01GT5D-S54-PC SERVICES	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20039187 - IT60915D-S54-PC SERVICES	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20039188 - IT01GT5D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20039189 - IT60915D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20039190 - 98ED2D-FL ES-SALES & SERVICES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge

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Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20039191 - 98ED2D-ED SERVICES PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20039192 - IT01GT5D-E/D NON REG BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20039193 - IT60915D-E/D BUCKET	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20039195 - IT01FS1D-S54-PC SERVICES	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20039196 - IT01FS1D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20039197 - 98ED2D-TECH SERVICES PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20039198 - IT01FS1D-C70-MAINTENANCE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20039208 - 98JP7D GENERATION COMM - POG	GENERATIONS COMMUNICATIONS	98X19S - CC CORPORATE COMMUNICATIONS	Direct Project Billing	S69	Direct Charge
20039223 - 98789 FL REG & PUB AFF NON-REG	REGULATORY AFFAIRS - FLORIDA	98789S - FL REG & PUBLIC AFFAIRS	Direct Project Billing	C92	Direct Charge
20039225 - 98789 FL REG & PUB AFF - REG	REGULATORY AFFAIRS - FLORIDA	98789S - FL REG & PUBLIC AFFAIRS	Direct Project Billing	C92	Direct Charge
20039228 - 98136 REGULATORY AFFAIRS-FL	REGULATORY AFFAIRS	98X10S - LD LEGAL	Direct Project Billing	C20	Direct Charge
20039229 - 98HT1 FL STRATEGIC SUPPORT	REGULATORY AFFAIRS - FLORIDA	98789S - FL REG & PUBLIC AFFAIRS	Direct Project Billing	C92	Direct Charge
20039230 - 98109 FL REG AFFAIRS NON-REG	REGULATORY AFFAIRS - FLORIDA	98789S - FL REG & PUBLIC AFFAIRS	Direct Project Billing	C92	Direct Charge
20039231 - 98109 FL REG AFFAIRS - REG	REGULATORY AFFAIRS - FLORIDA	98789S - FL REG & PUBLIC AFFAIRS	Direct Project Billing	C92	Direct Charge
20039232 - 98461 FL PUBLIC POLICY - REG	REGULATORY AFFAIRS - FLORIDA	98789S - FL REG & PUBLIC AFFAIRS	Direct Project Billing	C92	Direct Charge
20039235 - 98789D REG & P/A-IT & TELECOM	REGULATORY AFFAIRS - FLORIDA	98789S - FL REG & PUBLIC AFFAIRS	Indirect Allocation	C92	Direct Cost
20039516 - IT98GB4D-C70-MAINTENANCE BUCKE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20039760 - IT01FS6D-S54-PC'S	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20039761 - 98ED2D-FL FOSSIL OPS PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20039763 - 98X00D-PP2 DEVELOPER REIM	FACILITIES PROJ. MANAGEMENT	98X00D - SVC CO LEGAL ENTITY	Direct Project Billing	S04	Direct Charge
20039927 - 98FW7D-DEV FUNDED DTOWN	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20039954 - 98761D SRS SUPPT DPB	ACCOUNTING MANAGEMENT	98761S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	C45	Direct Charge
20039998 - 98T11D-S54-PC'S	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20039999 - 98T11D-S63-DESKTOP SVCS	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20040000 - 98ED2D-Investor Relation Phone	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20040001 - 60896D-S56-RADIO O&M	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20040002 - 01BE5D-S56-RADIO O&M	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20040151 - 98T24D TAX EFC WORK	TAX ADMINISTRATION	98CV5S - TX TAX DEPARTMENT	Direct Project Billing	C50	Direct Charge
20040152 - 98T24 TAX PROG TELECOM	TAX ADMINISTRATION	98CV5S - TX TAX DEPARTMENT	Direct Project Billing	C50	Direct Charge
20040153 - 98T24D TAX PRG VENTURES	TAX ADMINISTRATION	98CV5S - TX TAX DEPARTMENT	Direct Project Billing	C50	Direct Charge
20040156 - 98T24D SYNFILE COSTS	TAX ADMINISTRATION	98CV5S - TX TAX DEPARTMENT	Direct Project Billing	C50	Direct Charge
20040275 - 01BE5D-S57-Tower Circuits	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20040276 - 60896D-S57-Tower Circuits	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20040537 - 98A13D-SC PRES-PE CAROLINAS	SERVICE COMPANY PRESIDENT	98A13D - PRESIDENT-SERVICE COMPANY	Direct Project Billing	C83	Direct Charge
20040545 - 98A13D-SC PRES-PE FLORIDA	SERVICE COMPANY PRESIDENT	98A13D - PRESIDENT-SERVICE COMPANY	Direct Project Billing	C83	Direct Charge
20040549 - 98A13D-SC PRES-PROGRESS RAIL	SERVICE COMPANY PRESIDENT	98A13D - PRESIDENT-SERVICE COMPANY	Direct Project Billing	C83	Direct Charge
20040757 - 98FN7D-JB PROCUREMENT CARD	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20040760 - 98FN7D-WR PROCUREMENT CARD	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20040761 - 98FN8D-HA PROCUREMENT CARD	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20040772 - 98X00D PTL PAY AGENT	PAYROLL PAY AGENT	98X00D - SVC CO LEGAL ENTITY	Direct Project Billing	432	Direct Charge
20040776 - PFC FINANCE ROUTINE	PFC FINANCE	98BU1S - SERVICE CO MANAGED ACCOUNT	Direct Project Billing	S82	Direct Charge
20040948 - MARITIME SECURITY ACT-SOURCE	PHYS. SECURITY INVEST /EAP	98XPHS - CS CORPORATE SECURITY	Direct Project Billing	C13	Direct Charge
20041020 - 98A11D PRES & CEO	EXECUTIVE MANAGEMENT	98A11D - CHAIRMAN & CEO-PGN	Indirect Allocation	S83	Two Factor Method
20041022 - 98A11D PEF SUPPT - PRES & COO	EXECUTIVE MANAGEMENT	98A11D - CHAIRMAN & CEO-PGN	Direct Project Billing	S83	Direct Charge
20041043 - 01GA4D-S49-CSC MASS NONREG CAR	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20041155 - 60501D-S56-69KV CRESCENT LAKE	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20041208 - 98HRD COMPENSATION-ROUTINE	BENEFIT PROGRAM MANAGEMENT	98X61S - HR HUMAN RESOURCES	Indirect Allocation	C29	Headcount Ratio
20041209 - 98HRD BENEFITS (FP5) - ROUTINE	BENEFIT PROGRAM MANAGEMENT	98X61S - HR HUMAN RESOURCES	Indirect Allocation	C29	Headcount Ratio
20041445 - 98HR6 PV SUPPORT NEW	RISK MANAGEMENT	98T01S - TREASURY&ENTERPRISE RISK DEPT	Direct Project Billing	C56	Direct Charge
20041523 - 98FN7D-RK PCARD	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20041524 - 98FN7D-DR PCARD	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20041579 - PV Cash Mgmt/Debt to PFC	PV FINANCE	98761S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	C97	Direct Charge
20041607 - 98X00 IIR COSTS - PTC (DPB)	PESCO CORPORATE EXPENSES	98X00D - SVC CO LEGAL ENTITY	Direct Project Billing	C72	Direct Charge
20041618 - 60898-S56-ODSSA SUBSTN-NEW SUB	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20041623 - 60677-S49-CSC MASS NONREG FL	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge

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Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20041802 - 98TFBD PE HOLDING CO	FINANCIAL REPORTING	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	C47	Direct Charge
20041803 - 98TFBD FL PROG HOLDING CO	FINANCIAL REPORTING	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	C47	Direct Charge
20041971 - 98X30D PV STATE LOBBYING	PUBLIC AFFAIRS	98X30S - PUBLIC AFFAIRS	Direct Project Billing	C21	Direct Charge
20041994 - 98X10-PROJECT TRACKS-INTERNAL	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20042048 - 98HW8D ST. PETE-OFFICE TOWER	REAL ESTATE	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C11	Asset Ratio
20042109 - 60568D-S56-GRAND LAKES RESORT	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20042176 - 60380-S56 CALL CTRS PRVD ACD	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20042278 - 98TRE INS-FL-POL LEGAL LIAB	OTHER INSURANCE	98EC8S - CORP INSURANCE PREMIUMS	Direct Project Billing	C61	Direct Charge
20042432 - 011AAD-S56-HARRIS EMS SIGNALS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20042516 - 98X10D-S49-LEGAL MGMNT SOFTWRE	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20042670 - 60380D-S56-CLRWTR MIGRTE CRI	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20042682 - 60731D-S56-CR SOUTH-BUS & LAN	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20042781 - 01F28D-S56-CAPE FEAR LAN	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20042874 - 98FN7D-REPLCE ROCKWELL DML3X50	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20042884 - 98CV3D-S54-WIRELESS	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20042990 - IT60Y6D-S54-PC SERVICE	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20042991 - IT60Y6D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20043008 - 98HR6D-S49-ERM PHASE 1	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20043136 - 98BY3D DPB ROBINSON	FACILITIES PROJ. MANAGEMENT	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S04	Direct Charge
20043175 - 60896-S56-FL SCADA FOR 9 SUBS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20043183 - CCO FINANCE ROUTINE	PV CONTROLLER/CCO FINANCE	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	S77	FTE's Assigned Ratio
20043412 - 67JV1D-S56-OC3 RING #209	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20043490 - 60501D-S49-PEF TRANSM TOOL	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20043496 - 98T01D-S49-TRSRY WKSN IM	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20043538 - 98FN7D-S38-REPL LENKURT MICRWW	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20043619 - 60501D-S56-CMP LKE RELAY CHNGS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20043655 - 60501D-S56-AVALON TRNSM ADD	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20043841 - 01P50D-S56-CARY REPL RTU	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20043854 - 01J50D-S56-ECC CONFIG FIREWALL	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20043926 - 01FR2D-S54-PCS	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20043927 - 01FR2D-S63-DESKTOP SERVICES	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20043928 - 01F64D-S54-PC'S	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20043945 - 98ED2D-NORTH COASTAL PHONE	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20043965 - 98HW8D DPB ED 2004-5 PROJECT	FACILITIES PROJ. MANAGEMENT	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S04	Direct Charge
20044028 - 98FN8D - FCC PCARD	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20044038 - C70-21ST CENTURY CROSS CO	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044039 - C70-911/CPC SERVICE TICKET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044040 - C70-360 FEEDBACK	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044041 - C70-NET INFRASTRUCTURE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044043 - C70-CC- ADAVI SILENT WATCH	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044044 - C70-ANALYTICS APPLICATIONS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044045 - C70-AP IMAGING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044046 - C70-ARCOS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044048 - C70-ARMS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044050 - C70-ARNIE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044051 - C70-ASPEN RELAY DATABASE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044055 - C70-ATW ECO ASSET MGR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044057 - C70-AUDIT COMMAND LANGUAGE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044058 - C70-ARTEMIS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044059 - C70-ASPEN RELAY	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044061 - C70-AUTOMATED DATA COLL SYS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044065 - C70-BANKRUPTCY TRACKING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044066 - C70-BADGE & KEY REQUEST	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044067 - C70-BILL FREQUENCY REPORT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044068 - C70-BILLING SUITE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge

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Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20044069 - C70-BUSINESS OBJECTS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044070 - C70 - CADOPS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044074 - C70-CIM MAILER'S CHOICE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044075 - C70-CIM BUI	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044076 - C70-COA-CCO	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044077 - C70-COA-RCO	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044078 - C70 - CAFM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044080 - C70-COMPANY STORE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044081 - C70-CORP SEC APPS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044082 - C70-CORP SERV APPS/INTERFACES	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044083 - C70-CORPORATE DATA WAREHOUSE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044084 - C70-CORP LIBRARY AUTO REQUEST	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044085 - C70-CIRCUIT DATABASE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044086 - C70-CREDIT REPORTING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044087 - C70-COAL MGMT SYSTEM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044088 - C70-CODE 1	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044089 - C70-COGEN	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044090 - C70-CALL OUT OT REPORTING SYS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044093 - C70-COMMERCIAL ENERGY AUDIT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044094 - C70-COMPUTER TELEPHONY CAR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044102 - C70-CFM UII EXT CONS MAINT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044103 - C70-CIM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044104 - C70-CIC WEB FORMS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044105 - C70-CHECKFREE RECONCILIATION	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044106 - C70-CAPACITOR CONTROL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044109 - C70-CONCUR EXPENSE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044110 - C70-CT OPS OSI/PI	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044112 - C70-DECOMMISSION APPS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044113 - C70-CORP SERVICES PORTAL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044115 - C70-DISTRIBUTION EASEMENT TOOL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044117 - C70-CRP CAROLINAS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044118 - C70-CC-CSC CONTACT MONITOR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044120 - C70-CC-CSC EMPLOYEE DIRECTORY	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044121 - C70-CC-CSC MAJOR EVENT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044122 - C70-CC-CSC ON CALL CAROLINA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044124 - C70-DOCS OPEN	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044125 - C70-DOMAIN NAME ADMIN	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044126 - C70-EESY+ MAINTENANCE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044127 - C70-ELECTRONIC BULLETIN BOARD	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044128 - C70-CSF	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044129 - C70-ELECTRONIC FILING CABINET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044130 - C70-ENHANCED METER INVENTORY	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044131 - C70-ENTERPRISE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044132 - C70-ERM TOOL SUPPORT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044133 - C70-EXECUTIVE REPORTING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044134 - C70-FAIM DATA REQUESTS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044135 - C70-FGD OSI/PI	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044136 - C70-FINANCIAL ODS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044137 - C70-FL ENERGY ACCOUNTING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044138 - C70-CSS REPORT WRITER	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044139 - C70-FL FINANCE CSS MTCE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044140 - C70-FLOOR SUPPORT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044141 - C70-FOSSIL FUELS WEBSITE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044142 - C70-CTC COMMITMENT TO CUST	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044143 - C70-FRX	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge

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20044144 - C70-DIS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044145 - C70-DSCADA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044146 - C70-FUEL MGMT SYSTEM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044147 - C70-FUEL PROCESS OPTIMIZER	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044148 - C70-GANDALF	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044149 - C70-EBILL CAROLINA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044150 - C70-EBILL FLORIDA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044151 - C70-ECON DEV INTRANET SITE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044152 - C70-GAS LOGISTICS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044153 - C70-CC-EGAIN	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044155 - C70-GENERATE REWARDS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044156 - C70-GENTRADER	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044157 - C70-HR-EDEVELOPMENT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044158 - C70-HR-DEV RESOURCE GUIDE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044159 - C70-HR-EMPLOYEE SELF SERVICE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044161 - C70-HR-ERECRUIT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044162 - C70-ENERGY ANALYSIS TOOL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044163 - C70-GOOGLE (INTERNET SEARCH)	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044164 - C70-ENERGY PROFILER ONLINE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044165 - C70-CC-ENTERPRISE ADMIN	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044166 - C70-CC-ENTERPRISE DATAMART SRV	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044167 - C70-CC-ENTERPRISE MONITOR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044168 - C70-CC-ENTERPRISE PLATFORM SRV	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044169 - C70-CC-ENTERPRISE REPORTS SRV	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044170 - C70-CC-ENTERPRISE SIMULATOR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044171 - C70-CC-ENTERPRISE WEB MONITOR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044172 - C70-HR-MANAGER SELF SERVICE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044173 - C70-HR-PDP	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044174 - C70-EQUIFAX CREDIT CHECK PICS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044176 - C70-CC-ESCALATED CALLS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044177 - C70-HR-PSOFT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044178 - C70-ESSBASE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044180 - C70-HR-SALARY MERIT PLANNING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044181 - C70-HR-WEB APPS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044182 - C70-CONFIRMATIONS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044183 - C70-HR-TOTAL REWARDS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044184 - C70-ET-CURVE MANAGER	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044185 - C70-HR-AUTHORIA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044186 - C70-INFRASTRUCTURE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044187 - C70-INTERNET REGISTRATION	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044188 - C70-GIMS SUITE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044189 - C70-IT ODS & WM REPTS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044190 - C70-LEARNING CENTER	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044192 - C70-MAINT-EXTERNAL APPS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044193 - C70-MAINT-INTERNAL APS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044229 - C70-OASIS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044231 - C70-PROPHETX	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044234 - C70-MICRO GADS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044241 - C70-WEBTRADER SUITE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044242 - C70 - MISC TRANS APPS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044244 - C70-MLINK	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044246 - C70-MOBILELINK	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044249 - C70-MRMS/ITRON	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044251 - C70-NCOA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044253 - C70-NETWORK	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge

VIII. Service Company Project Listing as of April 11, 2005

Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20044254 - C70-NGG APPS/INTERFACES	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044255 - C70-OATI WEB DATA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044257 - C70-OPS AIR & COMPLIANCE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044258 - C70-OPS WATER	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044259 - C70-ORACLE ACCOUNTS PAYABLE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044260 - C70-ORACLE APPS SYS ADMIN	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044261 - C70-OTHER PFC APPS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044264 - C70-PARSONS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044272 - C70-STORM CENTER PROGRAM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044276 - C70 OUTAGE MANAGEMENT SYSTEM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044277 - C70-PASSPORT-NGG	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044278 - C70-PASSPORT-POG	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044279 - C70-PASSPORT CORP SVCS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044280 - C70-PASSPORT ACCOUNTING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044281 - C70-OUTAGE REVIEW	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044282 - C70-PAY-CTE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044283 - C70-PAY-INTERFACES	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044284 - C70-CC-OVERHEAD DISPLAY	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044285 - C70-PAY-PSOFT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044286 - C70-PHONE PANEL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044288 - C70-CTI-FLORIDA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044290 - C70-OVERTURE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044294 - C70-BUILDER'S PORTAL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044296 - C70-PLANTIEW	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044297 - C70-WORK ORDERS ONLINE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044299 - C70-POG APPS/INTERFACES	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044300 - C70-POWERTAX	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044301 - C70-PRIMAVERA TO CTE I/E	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044302 - C70-PROJECTWISE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044303 - C70-CC-PAYSTATION COMPLAINTS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044305 - IT01A07D-S54-PC's	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20044306 - C70-CC-PAYSTATION RECEIPT VAL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044307 - C70-PROPERTY TAX	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044309 - C70-RCO BILLING SYSTEMS - JOA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044310 - C70-EMS SUITE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044311 - C70-CC-PAYSTATION SEARCH	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044312 - C70-WEB-EVENTURES INFO	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044314 - IT01A07D-S63-Desktop Services	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044315 - C70-WEB-FAYETTEVILLE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044317 - C70-RCO BILLING SYS-SEMINOLE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044319 - C70-REGULATORY REPORTING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044320 - 01AAGD-S56-CAR RADIO COVERAGE	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044321 - C70-REGULATORY SURY REPT MAINT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044322 - C70-REIS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044324 - 98GR6D-S56-Decom 333 Bldg	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044326 - 01AAGD-ED Comm Tech Strategy	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044327 - C70-PGNFLN-NOTIFICATION SUITE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044332 - C70-FEEDER MONITORING SYS FMS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044334 - C70-UPSTREAM WEBLINK	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044335 - C70-FEEDERS CAROLINA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044337 - C70-ACCTG DOCS OPEN	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044338 - IT01FT4D-S49-Gen Base/Portal	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20044340 - C70-FIELD ORDER PRINT FL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044341 - C70-FIELDNET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044343 - C70-FIFO/TMAS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge

Project	Product Description	Charge To Organization	Type	Code	Method of Allocation
20044344 - S49-FL TRANSM WRK MGT PROJ	APPL DVLPMNT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20044345 - C70-ONLINE CORRESPONDENCE FL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044350 - C70-FIRS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044352 - C70-FLEET SERVICES REPORTING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044353 - C70-FLEET SRVS WEBSITE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044354 - C70-FL FUEL ACCOUNTING SYS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044355 - C70-SARBOX	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044357 - C70-SENECA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044358 - C70-FMS FUEL MGMT SYS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044359 - C70-FMS REPORTS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044360 - C70-SIR WORKBENCH	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044361 - C70-FRAMME	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044362 - C70-SMART	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044363 - C70-TEAMSITE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044364 - C70-TEAMSITE WEB CONTENT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044365 - C70-TREAS WEBSITE MAINT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044366 - C70-TREASURY WORKSTATION	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044367 - C70-GEORGIA SCHEDULING SYSTEM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044368 - C70-TYMETRIX	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044369 - C70-ULTIPRO	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044370 - C70-VERITY INTERNET SEARCH	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044371 - C70-VISTA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044373 - C70-VMS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044374 - C70-VOICE RESPONSE UNIT - FL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044375 - C70-HIGH BILL PKG REQUEST CAR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044376 - C70-HORIZON-CGI	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044380 - C70-WEB ENERGY RESOURCE CTRCAR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044391 - 60GB9D-S56-CR3 GEN RELOCA	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044395 - C70-WEBENERGY RESOURCE CTRFL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044396 - C70-WEB SELF SERVICE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044397 - C70-CC-INSPECTIONS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044399 - C70-WEBEX	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044400 - C70-WEBSPHERE INFRASTRUCTURE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044401 - C70-IT&T 2CS APPLICATION	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044402 - C70-WEIGHT TICKET SYSTEM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044403 - C70-WORKTECH TIME	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044404 - C70-IT&T NEWS APP	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044405 - C70-IT&T PORTAL FRAMEWORK	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044406 - C70-IT&T PRODUCT CATALOG	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044407 - C70-CAROLINA ACT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044410 - C70 - COGNOS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044412 - C70-LEGISLATIVE BILL TRACKING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044413 - C70-LINE SERVICE ON CALL CAR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044415 - C70-CAR CSC MV90	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044416 - C70-FIN PLANNING MV90	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044417 - C70-LUMINAIRE INFO TRACKING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044418 - C70-MAIL IN AUDIT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044419 - C70-DO&S MV90	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044422 - C70-MAPBOARD	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044425 - C70-PV FINANCE POWER BILLING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044428 - C70-IPT CRUISER SUITE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044436 - C70-MAXIMO REAL ESTATE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044439 - 01BE5D-S56-Carolina MobileDat	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044440 - 01BE5D-S56-Carolina Metering	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044441 - 60440D-S56-St Pete N Ops	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge

VIII. Service Company Project Listing as of April 11, 2005

Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20044442 - 60440D-S56-St Pete S Ops	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044443 - C70-MV-COMM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044444 - 60440D-S56-Conway Ops	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044446 - C70-CC-NET STAFFING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044447 - 60440D-S56-Jameston Ops	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044453 - C70-CSF-FLORIDA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044454 - C70-PILLAR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044455 - C70-WEB OUTAGES FLORIDA	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044456 - S49-DIST CAPITAL ENH CAROLINA	APPL DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20044457 - S49-DIST CAPITAL ENH - FLORIDA	APPL DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20044458 - C70-POWER BILLING SYSTEM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044459 - C70-POWERPLANT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044460 - 98WCB-D-S56-St Pete Fleet	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044461 - C70-OMS STATUS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044462 - 98WCB-D-S56-Wildwood Fleet	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044464 - C70-PROACTIVE COMM LETTERS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044465 - 98GR6D-S56-EROC Relocations	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044466 - 98GR6D-S56-Decom Ral Federal	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044473 - C70-ONLINE CORRESPONDENCE CAR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044474 - C70-ONLINE OUTAGE REPORT CAR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044476 - 98GR6D-S56-St Pete Development	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044478 - 98GR6D-S56-25th Street Decom	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044480 - C70-ORACLE ACCTS RECEIVABLE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044482 - C70-ORACLE BUDGET ALLOCATIONS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044483 - C70-PROGRESS ENERGY.COM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044484 - C70-ORACLE GENERAL LEDGER	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044485 - C70-ORACLE PROJECT ALLOCATIONS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044486 - C70-PROGRESSNET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044490 - C70-PROJECT BILL OF MATERIALS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044493 - C70-PROJECTVIEW	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044496 - C70-CC-COMMSN COMPLAINT TRCKG	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044498 - C70-RAPID OUTAGE REPORTING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044499 - C70-RAPIDNET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044500 - C70-POLICIES AND PROCEDURES	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044501 - C70-CC-RDO SEARCH	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044502 - C70-UNDRGRND CABLE FAILURE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044503 - C70-REAL TIME PRICING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044504 - 98X63D-S49-WEBSTATS	APPL DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20044505 - C70-RECORDS SERVICES	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044506 - C70-REG AFF SEARCH (VERITY)	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044508 - C70-REMAC IT & PC BILLING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044509 - C70-REMEDY	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044510 - C70-REPORTING CENTRAL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044511 - C70-RESEARCH SVCS APPLICATION	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044512 - C70-RESIDENTIAL ENGY AUDIT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044517 - C70-CC-RMS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044518 - C70-CC-RTD MANAGER	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044521 - C70-CC-SCREEN SCRAPER	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044523 - C70-SELF SERVICE APPLICATIONS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044525 - C70-CC-SERVICE LEVEL	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044526 - C70-SITENET	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044527 - C70-CC-SMART CALL SUGGESTION	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044529 - C70-SOLOMON	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044533 - C70-SOXA ACCELERATOR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044536 - C70-STARS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge

VIII. Service Company Project Listing as of April 11, 2005

Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20044550 - C70-CC-STORM VOLUNTEER	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044551 - C70-STORMS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044563 - C70-SWARM CAROLINAS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044564 - C70-SYSTEM PERF OUTAGE TRACK	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044565 - C70-TAXWARE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044568 - C70-TCA MOBILINK INTERFACE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044576 - C70-TEAMPLAY	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044577 - C70-CC-TELECENTER SYSTEM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044579 - C70-THOR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044581 - C70-CC-CSC TRAINING	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044584 - C70-TRANSFORMER OIL ANALYST	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044586 - C70-CC-Utility Assistance	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044588 - C70-TROUBLE CALL ANALYSIS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044592 - C70-CC-GEOG MSSGNG	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044594 - C70-ZAINET SUITE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044604 - C70-WRAP	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044612 - 98ED1 DPB LAKE LEASE MGMT.	REAL ESTATE LAKE LEASES	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	431	Direct Charge
20044614 - C70-VEHICLE MANAGEMENT SYSTEM	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044615 - C70-VEHICLE/LABOR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044617 - 98ED1D DPB FOR TIMBER	REAL ESTATE LAKE LEASES	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	431	Direct Charge
20044623 - C70-WEBGIMS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044624 - C70-VOCUS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044626 - C70-VOICE RESPONSE UNIT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044627 - C70-VOICE RESPONSE UNIT CAR	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044631 - C70-WORK 2000	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044632 - C70-WORKTECH TIME DIST	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20044706 - 60501D-S56-INT CTY RELAY REPL	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044826 - 60501D-S56-W. WALES RELAY REPL	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044830 - 60501D-S56-DUNDEE TRANFRMR	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20044941 - 98X10-PEF ATWATER-LIBERTY-INT	LEGAL SERVICES	98X10S - LD LEGAL	Direct Project Billing	C17	Direct Charge
20044961 - 20FP9D-S49-CCO VISIONING	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20044982 - 60440D-S56-CRWFRDVLLE OFC TRLR	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20045001 - 20FP9D-S49-GSS 3.0	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20045021 - 01P50-S49-TRNSMSSN WRK TOOL	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20045022 - 98ED2D-S57-FL ED SVC UNREG	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20045095 - 98FW7D-S38-RXBOR REPL ANALOG	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20045097 - 01P50-S56-ZEB COMM FOR SUB	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20045098 - 98 FEDERAL AFFAIRS	PUBLIC AFFAIRS	98GK3S - FEDERAL PUBLIC AFFAIRS	Indirect Allocation	C21	Two Factor Method
20045101 - 98ED2D-FED AFFAIRS PHONES	WIRELESS SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S57	Direct Charge
20045102 - 98GK3D-S54-PC'S	PERSONAL COMPUTERS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S54	Direct Charge
20045103 - 98GK3D-S63-DESKTOP SVCS	IT DESKTOP SERVICES	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S63	Direct Charge
20045185 - 98BU1D FL STORM BONNIE	STORM SUPPORT	98BU1S - SERVICE CO MANAGED ACCOUNT	Direct Project Billing	C84	Direct Charge
20045192 - 98BU1D FL STORM-CHARLEY	STORM SUPPORT	000000 - UNSPECIFIED	Direct Project Billing	C84	Direct Charge
20045203 - 98BU1D CAR ED STORM SUPPORT	STORM SUPPORT	98BU1S - SERVICE CO MANAGED ACCOUNT	Direct Project Billing	C84	Direct Charge
20045258 - 98WC8D-TELECOM CLIENT BUCKET	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20045357 - 60867D-S56-ECC FL CRITL CIRCTS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20045649 - 98BU1D SRVCO FRANCIS STORM	STORM SUPPORT	000000 - UNSPECIFIED	Direct Project Billing	C84	Direct Charge
20045658 - 98FX2D-S49-PROP TAX SYST	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20045705 - 98HW8D DBP MISC. 60 PROJ.	FACILITIES PROJ. MANAGEMENT	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S04	Direct Charge
20045751 - 98X00D INTEREST	INTEREST EXPENSE/INCOME	98X00D - SVC CO LEGAL ENTITY	Indirect Allocation	C05	Global Ratio
20045978 - NET OPT - SANFRD REPLACE FRAME	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20045982 - NET OPT - SANFORD T1	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20045983 - NET OPT - CARY T1'S	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20045986 - NET OPT - GARNER CONVRT T1	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20045989 - NET OPT - FAYTTVLE CONVERT T1	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio

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Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20045990 - EFFINGHAM - T1 CIRCUIT COST	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20046013 - SERVO IVAN STORM SUPPORT	STORM SUPPORT	000000 - UNSPECIFIED	Direct Project Billing	C84	Direct Charge
20046015 - NET OPT-C71- SPRUCE PINES	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20046070 - 98X63S - OCCUPATIONAL SAFETY	OCC. HEALTH SERVICES	98X00D - SVC CO LEGAL ENTITY	Indirect Allocation	C39	Headcount Ratio
20046080 - 98X00D STORM PRINC	PESCO CORPORATE EXPENSES	98X00D - SVC CO LEGAL ENTITY	Indirect Allocation	C72	Global Ratio
20046130 - 98BU1D SC A/VIL-IVAN MAJ STORM	STORM SUPPORT	000000 - UNSPECIFIED	Direct Project Billing	C84	Direct Charge
20046149 - 98X00D-S56-WYCLIFF NTRWK RELOC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20046151 - 60GZ7D-S56-HINES PLANT EXPANS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20046190 - INTERNAL CONTROLS & COMPLIANCE	ACCOUNTING MANAGEMENT	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C45	Two Factor Method
20046286 - 98BU1D SRVCO JEANNE-FL MAJ STM	STORM SUPPORT	000000 - UNSPECIFIED	Direct Project Billing	C84	Direct Charge
20046321 - 98GR6D CORP. FURNITURE	PROPERTY MGMT. (CORP HDQ)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
20046382 - 98A13 - SERV CO	SERVICE COMPANY PRESIDENT	98A13D - PRESIDENT-SERVICE COMPANY	Indirect Allocation	C83	Two Factor Method
20046384 - 98A13D SERV CO	SERVICE COMPANY PRESIDENT	98A13D - PRESIDENT-SERVICE COMPANY	Indirect Allocation	C83	Two Factor Method
20046395 - BNP 98X63D Occupational Safety	DSM/CIG SUPPORT	98X63S - OCCUPATIONAL HEALTH & SAFETY	Direct Project Billing	S60	Direct Charge
20046396 - RNP 98X63D OCCUPATIONAL HEALTH	SVC CO SECURITY PHYSICALS	98X63S - OCCUPATIONAL HEALTH & SAFETY	Direct Project Billing	S86	Direct Charge
20046545 - CR3 98X63 OCCUPATIONAL HEALTH	SVC CO SECURITY PHYSICALS	98X63S - OCCUPATIONAL HEALTH & SAFETY	Direct Project Billing	S86	Direct Charge
20046570 - 01P50D-S56-WAKE 500 CAMRAS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20046625 - 60501D-S56-BRKRIDGE PRVD LAN	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20046633 - 60501D-S56-ZEPH PRVD LAN	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20046634 - 60501D-S56-LK BRYAN PRVDE LAN	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20046635 - 60501D-S56-WNDMRE PRVD LAN	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20046636 - 60501D-S56-INT CTY - PRVD LAN	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20046645 - 98W30D-WILDWOOD INV CT OCT 04	WAREHOUSING	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S09	Direct Charge
20046658 - 98BY3D DPB ED CAP. LABOR	FACILITIES PROJ. MANAGEMENT	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S04	Direct Charge
20046661 - 98FN7D-S38-NET OPT GARNER COMP	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20046690 - 01SYSD-S38-NET OPT SPRING HILL	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20046711 - 60X00D-S38-REPL FL MW BAT	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20046713 - 60X00D-38-REPL MW GEN	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20046716 - 60X00D-FL ECC TSCADA DR	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20046729 - 98A13 SERV CO	SERVICE COMPANY PRESIDENT	98A13D - PRESIDENT-SERVICE COMPANY	Indirect Allocation	C83	Two Factor Method
20046783 - 60X00D-S38-FL JMUX CNNCT NET	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20046857 - 98BY3D DPB EFFINGHAM BLDG. ADD	FACILITIES PROJ. MANAGEMENT	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	S04	Direct Charge
20046895 - 98ED2D-C71-CIRCUITS	INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C71	Circuit Count Ratio
20046917 - 01F78D-S56-RXBR UP LNK AMP	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20046919 - 25GV5D-S56-EFF PHN CHANGES	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047010 - 60440D-S56-LAKE WALES RENOV	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047064 - 98TRE INS-PE-FUELS-NN PROP	PROPERTY INSURANCE	98EC8S - CORP INSURANCE PREMIUMS	Direct Project Billing	C59	Direct Charge
20047070 - C70-PERSEUS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20047073 - C70-ONLINE ACCOUNT ACCESS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20047074 - C70-MULTIVIEW	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20047075 - 98HW8D-S56-BAY STATION DECOM	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047079 - 01J50D-S56-ECC WATEREE HY PLT	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047088 - 60898D-S56-ORANGE 20 MVA	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047089 - 01J50D-S56-ECC SCE&G SAN SUB	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047093 - 98T61D-S49-ONE CARD/CONCUR	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047109 - 60X00D-S56-MTSA BAYB CAMERAS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047122 - 60896D-S49-STORMS INTERFACE	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047130 - 98X38D EARLY RETIREMENT PROG	CORPORATE ADVERTISING	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C94	Two Factor Method
20047136 - 60380D-S49-SMARTWINDOWS FL	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047161 - 01AJ9D-S56-Rep Anal DLC CKTS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047177 - 60X00D-S38-NET OPT UNV OF FL	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20047189 - 60896D-S49-SAIDI80-ED	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047190 - 60380D-S49-CBUSINESS CREDIT	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047193 - 98FQ8D-S49-GAS LOGISTICS	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047198 - 20FP9D-S49-GSS DATA QLT Y VALID	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge

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Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20047200 - 20FP9D-S49-RTLINK UPGRADE	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047201 - 98FQ8D-S49-PASSPORT/SOL INT	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047202 - 60896D-S49-SVC RMTE DISC/REC	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047225 - 01P50D-S56-DARL CTY PLT 230KV	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047231 - C69-DECOM ORACLE GATEWAYS	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047232 - 98WSDS-S49-DECOM ORACLE	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047261 - 60445D-S56-INVNESS RADIO	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047275 - 60380D-S49-COLLECTNS BY OPS CTR	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047277 - 98WXR-D-C69-Automated Tape Lib	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047278 - 98WXR-D-C69-EMAIL MGNMT PROG	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047279 - 98WYAD-C69-LINUX CONVERSION	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047317 - 01AJ9D-S49-WRPII AREA LIGHT	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047324 - 60440D-S56-SVN SPRNGS PRV T1	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047325 - 98BY3D-S56-EFFNGHM ADMIN EXP	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047336 - C69-PRINTER COPIER CONVERG	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047337 - C69-MONITORING STRATEGY PROJ	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047338 - C69-SERVICE LEVEL MANAGEMENT	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047339 - 98FQ8D-S49-COMPLEX BILLING	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047340 - C69-CAPE REDESIGN	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047342 - C69-PRIMAVERA PROJECT SETUP	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047343 - C69-CONFIG MGT	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047344 - C69-TOWER INSPECTION PROJECT	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047346 - C69-CELL TRANSITION PROJECT	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047348 - C69-DB RVRSE PROXY	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047356 - 60380D-S49-RCPT VALIDATION	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047359 - 01P01D-C70-MISC TRANS APPS	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20047368 - 60896D-S49-QMS STATUS REWRITE	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047412 - 98FW7D-S38-PURCHASE VM SYSTEM	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20047413 - 98CN3D N-82KW EXCEL FIXED	CORPORATE AIR (FIXED)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C15	Prior Year Usage Ratio
20047419 - 61GB1D-C70-2FC HELP DESK	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20047423 - 60X00D-S38-OPT & RECON FL NET	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20047425 - 60X00D - STORM RECOGNITION	PESCO CORPORATE EXPENSES	98X00D - SVC CO LEGAL ENTITY	Direct Project Billing	C72	Direct Charge
20047428 - 98KD3 - COMPLEX BILLING O&M	WHOLESALE POWER SUPPORT	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	S88	FTE's Assigned Ratio
20047439 - C69-ITIL INC & PROB MGNT	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047441 - C69-PRIMAVERA 4 LDAP AUTH	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047448 - 98T61D-S49-ONE CARD/CONCUR 7	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047471 - C71-NET OPT - RALEIGH TO ERWIN	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047472 - C71-NET OPT - NSHVILLE METR RDR	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047473 - C71-NET OPT-FLORIDA T-1	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047474 - C71-NET OPT-W. RAL OPS T-1	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047475 - C71-NET OPT-MOREHEAD CIRCTS	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047476 - C71-NET OPT-FAY TSM REPL CKT	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047477 - C71-NET OPT-ASHVILLE REDUCT F/R	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047480 - C71-NET OPT RALEIGH DURANT RD	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047504 - 98BU1D SRVCO DEC 04 MAJOR STM	STORM SUPPORT	98BU1S - SERVICE CO MANAGED ACCOUNT	Direct Project Billing	C84	Direct Charge
20047505 - C69-DECOM ABERDEEN VCON	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047506 - KD3 VP CAPITAL PLAN & CONTROL	PV FINANCE	98T61S - AD ACCOUNTING DEPARTMENT	Indirect Allocation	C97	FTE's Assigned Ratio
20047517 - C69-ANTI SPAM FILTERING EVAL	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047518 - C69-ORACLE SECURITY COMPLIANCE	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047521 - 60X00D-S38-FL FIBER REP	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20047576 - 98T61D-S49-SOXA UPGRD TO 3.0	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047577 - 01BE5D-C70-SLICK MAINT	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20047578 - C69-SYSTEMS MGMTN TOOLS ASSESS	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047589 - 01SYSD-S38-WAKE 500-SECRTY CAM	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20047597 - 01AJ9D-S49-CADOPS	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge

VIII. Service Company Project Listing as of April 11, 2005

Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20047615 - C69-INTRANET WEB WINDOWS SVR	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047638 - C69-IT&T DIVERSITY COUNCIL	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047639 - 01AM6D-C70-CIMBUI HATS UPGRADE	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20047654 - 01BE5D-C70-EDODS Maint	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20047664 - 01AM6D-S49-EXPERIAN CONVERSION	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047665 - C71-Net Opt Washington DC	INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C71	Circuit Count Ratio
20047683 - 01AM6D-S49 CC-CSC ENHANCEMNT	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047711 - 60898D-S56-BARNUM CTY-CAP INCR	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047724 - 98FU5 - REGULATED COAL SUPPORT	PFC FINANCE	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	S82	Direct Charge
20047736 - 01H28D-S56-KNST DECISION LINE	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047747 - C69-REPLACE VERITAS NETBACKUP	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047750 - 01J50D-S56-ECC CHNG OUT RTU	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047751 - 60501D-S56-NW SUB DISNEY METER	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047790 - 60780D-S56-TRANS PLT DATA INFO	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047819 - 01AM6D-S49-MV90XI UPGRADE	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047856 - 98BU1D SC STORM - NC 01/05 ICE	STORM SUPPORT	98BU1S - SERVICE CO MANAGED ACCOUNT	Direct Project Billing	C84	Direct Charge
20047858 - 60896D-S49-OMS 7.9 UPGRADE	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047860 - 60896D-S49-WKTEC STRMS REQUEST	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047861 - 60228D-S49-HOME ADV WIZARD	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047862 - C69-MET CABLE DIGITAL TAS	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047865 - C69-OPERATIONAL EXCELLENCE	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047867 - 01AAD-S56-HNP MOVE JIC TO CSC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047871 - 60380D-S49-STORM ESTIMATES	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047872 - 60718D-S56-INTRCSSN CTY WAN	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047902 - 98BU1D SC HELP GA POWER JAN-05	STORM SUPPORT	98BU1S - SERVICE CO MANAGED ACCOUNT	Direct Project Billing	C84	Direct Charge
20047905 - 01AJ9D-S56-DARL PRVD COMM	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047906 - 01AJ9D-S56-YONKERS PROV COMM	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047908 - 60380D-S49-DESIGNER NOTICES	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20047917 - 60X00D-S38-REPL MICROWVE ELEC	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20047918 - 20FP9D-S56-CCO DISASTR RECOV	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047935 - 60501D-S56-LOWRY TAP MOS INSTL	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047936 - 98XPHD-S56-TPP/PEB DATA PORTS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047937 - C71-NET OPT SELMA RELAY MAINT	INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C71	Circuit Count Ratio
20047943 - 60X00D-S56-BRTW TERMINATE FIBR	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047969 - C69-STANDARD DESKTOP	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047989 - 98W30D-S56-CORP SVCS HUB	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047990 - C69-2005 TECHNOLOGY CONFERENCE	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20047991 - 98GX3 - REGULATED FUELS SPPT	PV BACK OFFICE SUPPT	98T61S - AD ACCOUNTING DEPARTMENT	Direct Project Billing	C98	Direct Charge
20047994 - 60547-S56-TWIN CNTY REPL RELAY	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20047997 - 01P31D-S56-FLORENCE REPL RTU	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048004 - 01AJ9D-S56-ENK SARDIS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048007 - 98X38D CCD SPONSORSHIPS	CORPORATE ADVERTISING	98X19S - CC CORPORATE COMMUNICATIONS	Indirect Allocation	C94	Two Factor Method
20048082 - 01AM6D-S49-SURGE	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20048088 - 60501-S56-FT MEAD UPGRDE SWTCH	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048095 - 60896D-S49-MOBL SUPPORT	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20048099 - 98T61D-C70-UPGRD ORACLE TO 9I	APPLICATION MAINTENANCE	98WSDS - IT & TELECOM DEPT	Direct Project Billing	C70	Direct Charge
20048127 - 60JH2D-S56-CR SR1 PHONE	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048149 - 20FP9D-S49-PJM/MISO TOOL	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20048150 - 60677D-S56-CSC ALLCNET TRNFR	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048151 - 01DF1D-S56-CSC ALLCNET TRNFR	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048154 - C69-BIGFIX IMPL-PLATFORM SVC	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20048167 - C69-ENTRPRSE IDM STRATGY PLAN	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20048169 - 32HC2D-S56-MONROE-RERTC CABLES	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048171 - 26GV6D-S56-DOSOTO CONNECT BUS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048172 - 32HC2D-S56-MONROE CONNECT BUS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge

VIII. Service Company Project Listing as of April 11, 2005

Project	Product Description	Charge To Organization	Project Billing Type	Product Code	Method of Allocation
20048183 - 60501-S56-WNTR PK SIDE METRNG	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048186 - 60228D-S56-LNGWD PILOT VEH	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048189 - 60X00D-S38-CNTRL ST RTE DS3	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20048192 - 60X00D-S38-REPL SR434 CABLE	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20048199 - 01H28D-S56-MVE NW HNVR EOC	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048200 - 60380D-S49-HOURS OF OPERATION	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20048211 - 98N40D-BUCKHORN PLT STABL.	REAL ESTATE	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C11	Asset Ratio
20048215 - 01AM6D-S56-ASHBRO RELO CRCTS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048216 - 01BE5D-S49-DE&O STORM ASSESS	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20048230 - 60896D-S56-APOPKA PORT RADIO	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048248 - 01AM6D-S49-GRIP CONVERSION	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20048255 - 01F78D-S56-RXBRO TWO SWITCHES	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048258 - C69-PACKAGING TECH & PROCESSES	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20048259 - 01F78D-S56-RXBRO OUTAGE SUPP	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048281 - 01KHAD-S56-RNP TMAP DIAL UP	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048286 - 34HC4D-S56-WSH CONNECT BUS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048350 - C69-CHORUS PREDIX PILOT	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
20048356 - 01SYSD-S38-NET OPT GLDSBORO	TELECOM INFRASTRUCTURE PROJECT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S38	Direct Charge
20048388 - 60501D-S56-LAKE BRANCH MINING	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048401 - 98XPK RECOGNITION PROJECT	BENEFIT PROGRAM MANAGEMENT	98X61S - HR HUMAN RESOURCES	Indirect Allocation	C29	Headcount Ratio
20048409 - 01AM6D-S49-EASYPAY/EBILL	APPL. DVLPMT & ENHANCEMENT	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S49	Direct Charge
20048459 - 01F64D-S56-ASHVLE PLANT STUDY	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048510 - 98KE7D - CAP PLAN & CONTROL	CAPITAL PLANNING & CONTROL	98KE7S - CAPITAL PLANNING & CONTROL	Indirect Allocation	S87	Asset Ratio
20048530 - 01FM8D-S56-CARY LAN PILOT	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048532 - 20FP9D-S56-PHONE AUTO MERCH	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048533 - 98N40D-DPB DEVELOPMENT FEE	REAL ESTATE	98WCBS - CS CORPORATE SERVICES	Direct Project Billing	C11	Direct Charge
20048611 - 60896D-S56-WINTER GARDENS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
20048628 - 60742D-S56-BARTOW V/D JACKS	TELECOM CLIENT PROJECTS	98WSDS - IT & TELECOM DEPT	Direct Project Billing	S56	Direct Charge
A0008655 - CDC FACILITY O&M	IT INFRASTRUCTURE	98WSDS - IT & TELECOM DEPT	Indirect Allocation	C69	Information Technology Distributed Cost Ratio
A0009121 - 98BY3D PEB PROPERTY MGMT.	PROPERTY MGMT. (CORP HDQ)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
A0009122 - 98BY3D OHS PROPERTY MGMT.	PROPERTY MGMT. (CORP HDQ)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
A0009123 - CARBARRUS STR. BLDG. O&M-1998	PROPERTY MGMT. (CORP HDQ)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
A0009323 - 98BY3D RFB PROPERTY MGMT.	PROPERTY MGMT. (CORP HDQ)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
A0009447 - RALEIGH AREA PARK. LOTS-1998	PROPERTY MGMT. (CORP HDQ)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
A0010476 - 98BY3D PEB ANNEX PROPERTY MGMT	PROPERTY MGMT. (CORP HDQ)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C74	Direct Cost and Square Footage Ratio
A0010946 - TRAVEL CTR. O&M COST	CORPORATE AIR (FIXED)	98WCBS - CS CORPORATE SERVICES	Indirect Allocation	C15	Prior Year Usage Ratio
A0011182 - RALEIGH OPT CTR. O&M COST (HR)	PROPERTY MGMT. (SYSTEM)	98X61S - HR HUMAN RESOURCES	Indirect Allocation	S03	FTE's Assigned Ratio
A0011585 - N-46MW, CORP AIRCRAFT-FIXED	CORPORATE AIR (FIXED)	98BU1S - SERVICE CO MANAGED ACCOUNT	Indirect Allocation	C15	Prior Year Usage Ratio
A0012000 - PINNACLE AWARDS --154	HUMAN RESOURCES MGMT.	98X61S - HR HUMAN RESOURCES	Indirect Allocation	C27	Headcount Ratio
A0013908 - MCI - HERITAGE CLASSIC - 2000	ECONOMIC DEVELOPMENT	98X30S - PUBLIC AFFAIRS	Indirect Allocation	C43	Asset Ratio



OFFICE OF
PUBLIC UTILITY REGULATION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DOCKET NO. 050078
PROGRESS ENERGY FLORIDA
EXHIBIT NO. ____ (RHB-4)
PAGE 1 OF 1

May 8, 2003

Ms. Sara Carmichael
Director, Executive Projects
Progress Energy Service Company, LLC
411 Fayetteville Street Mall
Raleigh, North Carolina 27601

Re: Examination of Progress Energy, Inc. ("Progress/ Parent Company") and Progress Energy Service Company, LLC ("Progress Services").

Dear Ms. Carmichael:

This letter is in response to your letter of April 8, 2003 that addressed our Findings and Actions Required letters dated September 18, 2002, December 4, 2002 and March 3, 2003.

As stated in our most recent letter dated March 3, 2003, our examination of the Progress System was essentially closed except for receiving a copy of the Progress Services' transmittal letter to associate companies verifying all reallocations resulting from our examination and receiving the Progress application under the Public Utility Holding Company Act of 1935 ("PUHCA") for extension of time related to the divestiture of Progress Rail assets.

On April 8, 2003, The Office of Public Utility Regulation ("Examination Staff") received the support verifying the reallocation of the Examination Staff Findings. It is also noted that on May 7, 2003, Progress filed its application under PUHCA for extension of time to divest its rail assets. This examination is officially closed.

Sincerely,

Robert P. Wason
Chief Financial Analyst,
Branch Chief, Auditing
and Financial Policy

RPW:s
Enclosure

cc: Bob Bazemore, Vice President & Controller
Jackie Clements, Director Accounting Business Operations

Service Company Organization Chart

Progress Energy Service Company

Financial Services

Accounting

Corporate Planning

Tax

Treasury & Enterprise Risk Management

Corporate Relations

Audit Services

Corporate Communications

Corporate Services

Legal

Regulatory & Customer Relations – Florida

State Public Affairs & Economic Development

Administrative Services

Human Resources

Information Technology & Telecommunications

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EXHIBIT NO. ____ (RHB-6)
ACTUARIAL VALUATION REPORT
46 PAGES

Progress Energy Pension Plan

Actuarial Valuation Report
as of
January 1, 2004



February 8, 2005

Retirement Board
Progress Energy Pension Plan
Post Office Box 1551
Raleigh, NC 27602

Ladies and Gentlemen:

Mellon is pleased to have been retained by Progress Energy to produce an actuarial valuation of the Progress Energy Pension Plan as of January 1, 2004. The purposes of this report are to provide a summary of the funded status of the plan as of January 1, 2004, to determine the minimum required and maximum tax deductible contribution amounts for the 2004 plan year under the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code (IRC), to provide expense information under Statement of Financial Accounting Standards No. 87 (SFAS 87) and to provide other plan accounting disclosure information required under Statement of Financial Accounting Standards No. 35 (SFAS 35). In addition, this report summarizes recent significant events affecting the plan and provides a record of any plan amendments or other plan changes affecting the financial status of the plan.

Summary of Valuation Results

For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized in the following table:

<u>Valuation Date:</u>	<u>January 1, 2003</u>	<u>January 1, 2004</u>
<u>Funding Results:</u>		
Interest rate	8.00%	8.00%
Actuarial accrued liability	\$1,205,119,018	\$1,243,773,466
Actuarial value of assets	<u>(1,430,403,116)</u>	<u>(1,386,777,796)</u>
Unfunded accrued liability	\$ (225,284,098)	\$ (143,004,330)
Minimum required contribution	\$ 23,949,524	\$ 0
Maximum deductible contribution	\$ 23,949,524	\$ 67,232,966

Accounting Results (Pooling)

Discount rate	6.60%	6.30%
SFAS 87 pension expense (income)	\$ 4,101,093	\$ (5,430,662)

Plan Provisions

The provisions of the Plan which were taken into account in the valuation are summarized in the Plan Provisions section of the report. There have been no changes in plan provisions since the previous valuation.

Valuation Assumptions

The assumptions used in the valuation are summarized in the Assumptions & Methods section of the report. The assumptions changed from the previous valuation. The method under which the SFAS 87 liabilities were calculated was changed from a Projected Benefit Obligation to an Accrued Benefit Obligation measure. The interest rates used to determine current liability have been changed as allowed under the Internal Revenue Code. Table XIV explains the changes in more detail.

Participant Data

The valuation was based on member data furnished by Progress Energy. The January 1, 2004 member data included 8,789 actively employed members with annual compensation (limited to \$205,000) of \$580,236,223 and 151 members reported on leave of absence or long term disability. The data also included 4,670 former active participants entitled to deferred benefits and 4,914 participants currently receiving annual benefits of \$63,632,139. The valuation data is summarized in the Data section of the report.

Asset Information

The asset information used in the valuation was furnished by Progress Energy and by the Plan's auditor. As of the valuation date, the market value of assets (net of Sec. 401(h) assets) was \$1,444,593,800 not including contributions receivable of \$23,949,524. The "actuarial value of assets" is used for funding purposes and is equal to the market value adjusted to reflect a five-year phase-in of the net investment gains and losses, both realized and unrealized. As of the valuation date, this amount was \$1,386,777,796. The "market-related value of assets" is used for purposes of SFAS 87 and is \$1,530,818,045 as of the valuation date, and is based on a five-year phase-in of the difference between market value and expected market value; however, assets associated with Florida Progress are valued at market value. A development of the actuarial value, along with historical asset information, is presented in Tables IX and X.

Observations

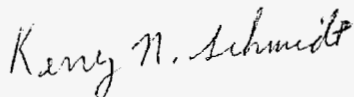
There is no required contribution for the plan year 2004. Due to a significant recovery in assets the plan is still in full funding. The plan had a settlement loss of \$13,679,108 and a curtailment loss of \$877,861 due to the spinoff of NCNG. The plan had favorable investment returns during 2003. However, since the actuarial value of assets phases in prior asset gains and losses, the full impact of recent gains are not recognized immediately.

Certification

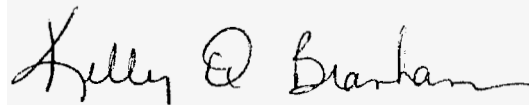
To the best of our knowledge, this report fairly and accurately represents the liabilities of the fund as of January 1, 2004 based on the membership data and asset information provided to us and the plan provisions and actuarial assumptions set forth herein. This report is intended for the sole use of the addressee and is intended only to supply sufficient information for the addressee to comply with the stated purposes of the report and may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other than the intended purposes puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methods, or limitations. Accordingly, no person or entity, including the addressee, should base any representations or warranties in any business agreement on any statement or conclusions contained in the report without the consent of Mellon.

All calculations set forth herein conform to generally accepted actuarial principles and practices and comply with our current understanding of the requirements of the IRC, ERISA, Internal Revenue Service (IRS) and Department of Labor (DOL) regulations, and SFAS 35. In our opinion, the actuarial assumptions are reasonable in the aggregate.

Respectfully submitted,



Kerry N. Schmidt, FSA, EA, MAAA
Principal, Consulting Actuary



Kelly Q. Branham, ASA, EA, MAAA
Director, Consulting Actuary

KNS/KQB:cj
Enc.

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Summary of Valuation Results

Table I

	As of January 1, 2003	As of January 1, 2004
1. Number of Participants		
a. Active Participants:		
i. Actively employed	9,243	8,789
ii. Leave of absence/LTD	183	151
iii. Sub-total	9,426	8,940
b. Terminated Vested Participants:	4,879	4,670
c. Retired Participants:		
i. Non-disabled	3,879	3,954
ii. Disabled	146	120
iii. Beneficiaries	853	840
iv. Sub-total	4,878	4,914
d. Total Participants	19,183	18,524
2. Annual Compensation (Limited) for year beginning on valuation date	\$577,652,798	\$580,236,223
3. Annual Retirement Benefits	\$61,838,074	\$63,632,139
4. Funding Results:		
a. Normal Cost, beginning of year	\$32,185,563	\$31,490,697
b. Unfunded Actuarial Accrued Liability:		
i. Actuarial accrued liability	\$1,205,119,018	\$1,243,773,466
ii. Actuarial value of assets	(\$1,430,403,116)	(\$1,386,777,796)
iii. Unfunded accrued liability/(surplus)	(\$225,284,098)	(\$143,004,330)
5. Plan Assets (excluding 401(h) account):		
a. Market Value (including contributions receivable)	\$1,215,129,096	\$1,468,543,324
b. Actuarial Value (including contributions receivable)	\$1,430,403,116	\$1,386,777,796
c. Market-related Value (SFAS 87)	\$1,458,722,600	\$1,530,818,045

	For the 2003 Plan Year	For the 2004 Plan Year
6. Contribution Range		
a. Minimum Required Contribution (EOY)	\$23,949,524	\$0
b. Maximum Deductible Contribution (EOY)	\$23,949,524	\$67,232,966
c. Actual Contribution (Page 13)	\$23,949,524	N/A
7. Net Periodic Pension (Income)/Cost (SFAS 87)		
a. Purchase Accounting	\$20,266,577	\$9,282,634
b. Pooling-of-Interest	\$4,101,093	(\$5,430,662)

A. Determination of Net Periodic Pension Cost

	For the 2003 Fiscal Year (Florida Progress on Pooling of Interest)*	For the 2004 Fiscal Year (Florida Progress on Purchase Accounting)	For the 2004 Fiscal Year (Florida Progress on Pooling of Interest)
1. Service Cost			
a. Amount due at beginning of year	\$40,720,944	\$41,079,487	\$41,079,487
b. Discount Rate	6.60%	6.30%	6.30%
c. Interest for full year	\$2,687,582	\$2,588,008	\$2,588,008
d. Adjustment for NCNG	(\$207,899)	N/A	N/A
e. Service cost	\$43,200,627	\$43,667,495	\$43,667,495
2. Interest Cost			
a. Projected Benefit Obligation at beginning of year	\$1,399,592,436	\$1,459,799,583	\$1,459,799,583
b. Expected distributions, weighted for timing	(\$42,722,213)	(\$49,410,526)	(\$49,410,526)
c. Weighted Projected Benefit Obligation	\$1,356,870,223	\$1,410,389,057	\$1,410,389,057
d. Discount Rate	6.60%	6.30%	6.30%
e. Adjustment for NCNG	(\$578,298)	N/A	N/A
f. Interest cost	\$88,975,137	\$88,854,511	\$88,854,511
3. Expected Return on Plan Assets			
a. Market-related value at beginning of year	\$1,458,722,600	\$1,530,818,045	\$1,530,818,045
b. Expected distributions, weighted for timing	(\$42,722,213)	(\$49,410,526)	(\$49,410,526)
c. Expected expenses, weighted for timing	\$0	\$0	\$0
d. Expected contributions, weighted for timing	\$0	\$6,985,278	\$6,985,278
e. Weighted market-related value	\$1,416,000,387	\$1,488,392,797	\$1,488,392,797
f. Long term rate of return	9.25%	9.25%	9.25%
g. Adjustment for NCNG	(\$677,052)		
h. Expected return on assets	\$130,302,983	\$137,676,334	\$137,676,334
4. Amortization			
a. Initial transition (asset) or obligation	(\$402,778)	\$99,097	\$99,097
b. Prior service costs	(\$1,727,531)	\$206,274	(\$1,820,164)
c. Recognized actuarial (gain) or loss	\$4,358,621	\$14,131,591	\$1,444,733
d. Total amortization payments	\$2,228,312	\$14,436,962	(\$276,334)
5. Net Periodic Pension Cost/(Income)	\$4,101,093	\$9,282,634	(\$5,430,662)

* Adjusted for September 30, 2003 spinoff of NCNG

6. Allocation of Net Periodic Pension Cost by Participating Company

	For the 2003 Fiscal Year (Florida Progress on Pooling of Interest)	For the 2004 Fiscal Year (Florida Progress on Purchase Accounting)	For the 2004 Fiscal Year (Florida Progress on Pooling of Interest)
a. Carolina Power & Light	\$1,759,403	\$4,512,468	\$4,512,468
b. Services	\$5,498,287	\$6,725,944	\$6,725,944
c. North Carolina Natural Gas	\$404,713	\$0	\$0
d. PVI	\$143,390	\$310,760	\$310,760
e. Florida Power	(\$4,397,960)	(\$2,487,799)	(\$15,998,035)
f. Florida Progress	(\$968,858)	(\$771,305)	(\$1,425,351)
g. Electric Fuels	\$471,613	\$617,215	\$293,163
h. Telecom	\$1,190,505	\$375,351	\$150,389
Total	\$4,101,093	\$9,282,634	(\$5,430,662)

B. Summary of Financial Status

	Actual as of January 1, 2003	Actual as of January 1, 2004	Actual as of January 1, 2004
1. Actuarial Present Value of Benefit Obligations			
Vested benefit obligation	(\$1,190,578,223)	(\$1,271,860,706)	(\$1,271,860,706)
Accumulated benefit obligation	(\$1,253,317,830)	(\$1,459,799,583)	(\$1,459,799,583)
Projected benefit obligation	(\$1,399,592,436)	(\$1,459,799,583)	(\$1,459,799,583)
2. Fair Value of Plan Assets *	\$1,215,129,096	\$1,444,593,800	\$1,444,593,800
3. Funded Status	(\$184,463,340)	(\$15,205,783)	(\$15,205,783)
4. Unrec. net transition oblig./(asset)	(\$244,140)	\$148,644	\$148,644
5. Unrec. prior service cost	(\$17,250,791)	\$3,873,245	(\$16,391,127)
6. Unrecognized net (gain)/loss	\$447,255,645	\$423,016,736	\$258,087,578
7. Net amount recognized	\$245,297,374	\$411,832,842	\$226,639,312

* Excluding both 401(h) assets and contributions receivable.

	Purchase Accounting	Pooling of Interest
C. (Accrued) or Prepaid Pension Expense as of January 1, 2004		
1. (Accrued)/prepaid at beginning of previous year	\$446,656,388	\$245,297,374
2. Net periodic pension cost for previous year	\$20,266,577	\$4,101,093
3. SFAS 88 recognized gain/(loss) for previous year	(\$14,556,969)	(\$14,556,969)
4. Actual contributions made during previous year	\$0	\$0
5. (Accrued)/prepaid at beginning of year (Total)	\$411,832,842	\$226,639,312
D. Additional Liability as of December 31, 2003		
1. Unfunded accumulated benefit obligation*	N/A	N/A
2. (Accrued)/prepaid at beginning of year (Total)	N/A	N/A
3. Additional liability	N/A	N/A
E. Amortization of the (Gain) or Loss for 2004		
1. Projected benefit obligation at beginning of year	\$1,459,799,583	\$1,459,799,583
2. Fair value of assets at beginning of year	(\$1,444,593,800)	(\$1,444,593,800)
3. Unrecognized net transition obligation	(\$148,644)	(\$148,644)
4. Unrecognized prior service cost	(\$3,873,245)	\$16,391,127
5. (Accrued) or prepaid pension cost	\$411,832,842	\$226,639,312
6. Unrecognized net (Gain) or Loss	\$423,016,736	\$258,087,578
7. (Gain) or Loss not reflected in Market Related Value		
a. Fair value of assets at beginning of year	\$1,444,593,800	\$1,444,593,800
b. Market related value of assets at beginning of year	\$1,530,818,045	\$1,530,818,045
c. Amt. not reflected in market related value = (7a) - (7b)	(\$86,224,245)	(\$86,224,245)
8. (Gain) or Loss subject to amortization = (6) + (7c)	\$336,792,491	\$171,863,333
9. Greater of (1) or (7b)	\$1,530,818,045	\$1,530,818,045
10. Corridor = 10% of (9)	\$153,081,805	\$153,081,805
11. Amount subject to amortization = Excess of (8) over (10)	\$183,710,686	\$18,781,528
12. Average future service	13.00	13.00
13. Amortization amount = (11) / (12)	\$14,131,591	\$1,444,733
F. Assumptions used in Determining Net Periodic Pension Cost		
	For the 2003 Fiscal Year	For the 2004 Fiscal Year
1. Discount rate	6.60%	6.30%
2. Expected rate of return on assets	9.25%	9.25%
3. Salary increase assumption	4.00%	4.00%
4. Expected benefit payments	\$85,444,426	\$98,821,052
5. Expected contribution	\$0	\$23,949,524
6. Weighted contribution	\$0	\$6,985,278
7. Average remaining service	13.10	13.00
8. Measurement date	January 1, 2003	January 1, 2004
9. Discount rate used for year end disclosure	6.30%	N/A

* Based on projected December 31, 2003 accumulated benefit obligation of \$1,444,287,610

F. Amortization Amounts

Purchase Accounting

<u>Date Adopted</u>	<u>Original Amount</u>	<u>Outstanding Balance as of January 1, 2004</u>	<u>Amortization Amount</u>	<u>Years Remaining ***</u>
Unrecognized net transition obligation/(asset)				
Progress Energy	\$1,956,541	\$148,644	\$99,097	1.5 years
Unrecognized prior service cost/(credit)				
October 15, 1987	\$1,262,175	\$144,596	\$63,099	2.3 years
January 1, 1988	\$963,531	\$107,721	\$48,963	2.2 years
November 1, 1988	\$1,709,848	\$263,554	\$86,888	3.0 years
January 1, 1989	\$3,079,575	\$526,290	\$154,790	3.4 years
January 1, 1992	\$4,719,902	\$1,371,916	\$249,441	5.5 years
January 1, 1993	\$3,703,194	\$1,234,555	\$199,123	6.2 years
January 1, 1994	(\$2,425,155)	(\$915,745)	(\$132,716)	6.9 years
January 1, 1997	\$3,860,075	\$1,998,296	\$224,528	8.9 years
August 1, 1998	(\$36,502,589)	(\$20,240,895)	(\$2,495,722)	8.1 years
January 1, 1999	\$5,916,872	\$3,695,527	\$355,339	10.4 years
January 1, 2002	\$20,882,000	\$15,687,430	\$1,452,541	10.8 years
	<u>\$7,169,428</u>	<u>\$3,873,245</u>	<u>\$206,274</u>	
Unrecognized net (gain)/loss				
		\$423,016,736	\$14,131,591	N/A

*** Years remaining as of January 1, 2004

F. Amortization Amounts (continued)

Pooling of Interest

<u>Date Adopted</u>	<u>Original Amount</u>	<u>Outstanding Balance as of January 1, 2004</u>	<u>Amortization Amount</u>	<u>Years Remaining ***</u>
Unrecognized net transition obligation/(asset)				
Progress Energy	\$1,956,541	\$148,644	\$99,097	1.5 years
Unrecognized prior service cost/(credit)				
October 15, 1987	\$1,262,175	\$144,596	\$63,099	2.3 years
January 1, 1988	\$963,531	\$107,721	\$48,963	2.2 years
November 1, 1988	\$1,709,848	\$263,554	\$86,888	3.0 years
January 1, 1989	\$3,079,575	\$526,290	\$154,790	3.4 years
January 1, 1992	\$4,719,902	\$1,371,916	\$249,441	5.5 years
January 1, 1993	\$3,703,194	\$1,234,555	\$199,123	6.2 years
January 1, 1994	(\$2,425,155)	(\$915,745)	(\$132,716)	6.9 years
January 1, 1997	\$3,860,075	\$1,998,296	\$224,528	8.9 years
August 1, 1998	(\$36,502,589)	(\$20,240,895)	(\$2,495,722)	8.1 years
January 1, 1999	\$5,916,872	\$3,695,527	\$355,339	10.4 years
January 1, 2001 **	(\$26,343,686)	(\$20,264,372)	(\$2,026,438)	10.0 years
January 1, 2002	\$20,882,000	\$15,687,430	\$1,452,541	10.8 years
	<u>(\$19,174,258)</u>	<u>(\$16,391,127)</u>	<u>(\$1,820,164)</u>	
Unrecognized net (gain)/loss				
		\$258,087,578	\$1,444,733	N/A

** Florida Progress

*** Years remaining as of January 1, 2004

SFAS 35 sets accounting standards for the Plan's books. This is distinguished from SFAS 87 which sets standards for recognition in the Company's books.

Statement of Present Value of Accumulated Plan Benefits
(Actuarial Present Values)

	<u>As of</u> <u>January 1, 2003</u>	<u>As of</u> <u>January 1, 2004</u>
a. Discount Rate for Measurement	8.00%	8.00%
b. Vested Benefits:		
i. Participants currently receiving benefits	\$510,378,087	\$531,327,604
ii. Other participants	\$533,354,453	\$560,204,082
iii. Sub-total	<u>\$1,043,732,540</u>	<u>\$1,091,531,686</u>
c. Non-vested Benefits	<u>\$40,181,174</u>	<u>\$142,832,002</u>
d. Total Present Value of Accumulated Plan Benefits	<u>\$1,083,913,714</u>	<u>\$1,234,363,688</u>
e. Market Value of Assets (including receivables and excluding Sec. 401(h) assets)	\$1,215,129,096	\$1,468,543,324
f. Funded Ratio	112.11%	118.97%

Statement of Change in Accumulated Plan Benefits

a. Actuarial Present Value as of January 1, 2003	\$1,083,913,714
b. Increase (Decrease) During 2003 Plan Year Due to:	
i. Interest	\$83,361,859
ii. Benefits accumulated *	\$24,513,581
iii. Benefits paid	(\$83,780,943)
iv. Plan amendments	\$0
v. Revision in actuarial programming	\$108,086,005
vi. Changes in actuarial assumptions or methods	<u>\$18,269,472</u>
vii Net increase (decrease)	\$150,449,974
c. Actuarial Present Value as of January 1, 2004	<u>\$1,234,363,688</u>

* Balancing item

Items Affecting Calculation of Accumulated Plan Benefits

- a. Plan provisions reflected in the accumulated plan benefits (see Table XV)
- b. Actuarial assumptions and methods used to determine present values (see Table XIII)

Fundina Standard Account - Minimum Contribution

Table IV

<u>Development of Credit Balance for Minimum Contribution Determination</u>	<u>For the 2003 Plan Year</u>	<u>For the 2004 Plan Year</u>
Credit Balance as of January 1	\$0	\$0
Normal Cost as of January 1	\$32,185,563	\$31,490,697
Amortization Payments as of January 1		
a. Charges	\$0	\$0
b. Credits	\$0	\$0
c. Sub-total	\$0	\$0
Interest		
a. Due to Credit Balance	\$0	\$0
b. Due to Normal Cost	\$2,574,845	\$2,519,256
c. Due to Amortization Charges	\$0	\$0
d. Due to Amortization Credits	\$0	\$0
e. Sub-total	\$2,574,845	\$2,519,256
Additional Funding Charge (IRC §412(l))	\$0	\$0
Add'l. Int. Chg. due to Late Quart. Cont.	\$0	\$0
Full Funding Credit		
a. Due to ERISA Full Funding Limit	(\$10,810,884)	(\$34,009,953)
b. Due to OBRA '87 Full Funding Limit	\$0	N/A
Minimum Required Contribution (Not less than zero)	\$23,949,524	\$0
Actual Contribution for the Plan Year	(\$23,949,524)	
Interest on the 2003 Contribution	\$0	
Credit Balance as of December 31	\$0	

Reconciliation Account:

a. Due to add'l. funding charge	\$0	\$0
b. Due to add'l. interest charge	\$0	\$0
c. Total as of January 1	\$0	\$0

Funding Standard Account - Minimum Contribution

Table IV
(continued)

	For the 2003 Plan Year	For the 2004 Plan Year
Equation of Balance as of January 1		
Outstanding balance of FSA charge bases	\$0	\$0
Outstanding balance of FSA credit bases	\$0	\$0
Funding standard account credit balance	\$0	\$0
Reconciliation account	\$0	\$0
Unfunded actuarial liability (not less than zero)	\$0	\$0
Actuarial accrued liability	\$1,205,119,018	\$1,243,773,466
Actuarial value of assets	(\$1,430,403,116)	(\$1,386,777,796)
Unfunded actuarial accrued liability (not less than zero)	\$0	\$0

Full Funding Limitation (IRC §412)

Table IVa

	For the 2003 Plan Year	For the 2004 Plan Year
1. Full Funding Limitation (IRC §412(c)(7)(A)(i)(II))		
a. Accrued Liability as of January 1	\$1,205,119,018	\$1,243,773,466
b. Normal Cost as of January 1	\$32,185,563	\$31,490,697
c. Applicable Assets* as of January 1	(\$1,215,129,096)	(\$1,386,777,796)
d. Interest to December 31	\$1,774,039	(\$8,921,091)
e. ERISA Full Funding Limitation	\$23,949,524	\$0
2. Full Funding Limitation (IRC §412(c)(7)(A)(i)(I)) (Using assumptions prescribed by OBRA '87)		
a. 170% of December 31 Current Liability	\$2,344,539,044	N/A
b. Applicable Assets* as of January 1	(\$1,215,129,096)	N/A
c. Change in Assets During Plan Year:		
i. Due to benefit pmts. during plan year	\$86,050,805	N/A
ii. Due to interest	(\$93,834,513)	N/A
d. Assets as of December 31	(\$1,222,912,804)	N/A
e. OBRA '87 Full Funding Limitation	\$1,121,626,240	N/A
3. Full Funding Limitation (IRC §412(c)(7)(E)) (Using assumptions prescribed by RPA '94)		
a. 90% of December 31 Current Liability	\$1,183,453,510	\$1,316,274,905
b. Actuarial Value of Assets as of January 1	(\$1,430,403,116)	(\$1,386,777,796)
c. Change in Assets During Plan Year:		
i. Due to benefit pmts. during plan year	\$86,050,805	\$98,558,804
ii. Due to interest	(\$111,056,435)	(\$107,075,714)
d. Assets as of December 31	(\$1,455,408,746)	(\$1,395,294,706)
e. RPA '94 Full Funding Limitation	\$0	\$0
4. Full Funding Limitation (FFL) (Lesser of items 1.e. and 2.e. above, but no less than item 3.e. above)	\$23,949,524	\$0
5. Minimum Contribution (w/o Credit Balance)	\$34,760,408	\$34,009,953
	\$10,810,884	\$34,009,953
7. OBRA '87 Full Funding Credit (Excess of item 5. above less item 6. above over greater of items 2.e. and 3.e. above)	\$0	N/A

* Lesser of market or actuarial value of assets, less the FSA credit balance

Fundina Standard Account Charge Bases**Table IVb**

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance as of January 1, 2004</u>	<u>Amortization Amount as of January 1, 2004</u>	<u>Years Remaining ***</u>
No Bases	Not Available	\$0	\$0	
Total		\$0	\$0	

*** Years remaining as of January 1, 2004

Funding Standard Account Credit Bases**Table IVc**

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance as of January 1, 2004</u>	<u>Amortization Payment as of January 1, 2004</u>	<u>Years Remaining ***</u>
No Bases	\$0	\$0	\$0	
Total		\$0	\$0	

*** Years remaining as of January 1, 2004

Summary of Scheduled Contributions

Table IVd

	<u>Date</u>	<u>Amount</u>	<u>Interest to December 31</u>
1. For the 2003 Plan Year:			
	April 15, 2003	\$0	\$0
	July 15, 2003	\$0	\$0
	October 15, 2003	\$0	\$0
	January 15, 2004	\$0	\$0
	September 15, 2004	\$23,949,524	\$0
	Total	<u>\$23,949,524</u>	<u>\$0</u>
2. For the 2004 Plan Year:			
	April 15, 2004	\$0	\$0
	July 15, 2004	\$0	\$0
	October 15, 2004	\$0	\$0
	January 15, 2005	\$0	\$0
	September 15, 2005	\$0	\$0
	Total	<u>\$0</u>	<u>\$0</u>
3. Preliminary Quarterly Contributions for the 2005 Plan Year:			
	April 15, 2005	\$0	\$0
	July 15, 2005	\$0	\$0
	October 15, 2005	\$0	\$0
	January 14, 2006	\$0	\$0
	Total	<u>\$0</u>	<u>\$0</u>

* Contributions are limited due to full funding limitations.

Maximum Deductible Contribution (IRC §404)

Table V

	For the 2003 Plan Year	For the 2004 Plan Year
1. Maximum Contribution Before FFL		
a. Normal Cost as of January 1	\$32,185,563	\$31,490,697
b. Amortization Payments as of January 1	\$0	\$0
c. Interest to December 31	\$2,574,845	\$2,519,256
d. Sum of items 1.a. through 1.c.	\$34,760,408	\$34,009,953
e. IRC §412 Minimum	\$23,949,524	\$0
f. Maximum Contribution Before FFL (greater of items 1.d. and 1.e.)	\$34,760,408	\$34,009,953
2. Full Funding Limitation (IRC §412(c)(7)(A)(i)(II))		
a. Accrued Liability as of January 1	\$1,205,119,018	\$1,243,773,466
b. Normal Cost as of January 1	\$32,185,563	\$31,490,697
c. Applicable Assets* as of January 1	(\$1,215,129,096)	(\$1,386,777,796)
d. Interest to December 31	\$1,774,039	(\$8,921,091)
e. Carryover	\$0	\$0
f. ERISA Full Funding Limitation	\$23,949,524	\$0
3. Full Funding Limitation (IRC §412(c)(7)(A)(i)(I)) (Using assumptions prescribed by OBRA '87)		
a. Current Liability as of January 1 (see Table VIII)	\$1,331,625,935	N/A
b. Change in Current Liability During Plan Year:		
i. Due to benefit accruals during plan year	\$51,890,837	N/A
ii. Due to benefit pmts. during plan year	(\$86,050,805)	N/A
iii. Due to interest	\$81,674,647	N/A
c. Total Current Liability as of December 31	\$1,379,140,614	N/A
d. 170% of December 31 Current Liability	\$2,344,539,044	N/A
e. Applicable Assets* as of January 1	(\$1,215,129,096)	N/A
f. Change in Assets During Plan Year:		
i. Due to benefit pmts./expenses during plan year	\$86,050,805	N/A
ii. Due to interest	(\$93,834,513)	N/A
g. Assets as of December 31	(\$1,222,912,804)	N/A
h. Carryover	\$0	N/A
i. OBRA '87 Full Funding Limitation	\$1,121,626,240	N/A

* Lesser of market or actuarial value of assets

Maximum Deductible Contribution (IRC §404)**Table V**
(continued)

	For the 2003 Plan Year	For the 2004 Plan Year
4. Full Funding Limitation (IRC §412(c)(7)(E)) (Using assumptions prescribed by RPA '94)		
a. Current Liability as of January 1 (see Table VIII)	\$1,267,570,820	\$1,428,680,827
b. Change in Current Liability During Plan Year:		
i. Due to benefit accruals during plan year	\$48,710,747	\$39,421,552
ii. Due to benefit pmts. during plan year	(\$86,050,805)	(\$98,558,804)
iii. Due to interest	\$84,717,583	\$92,984,097
c. Total Current Liability as of December 31	\$1,314,948,345	\$1,462,527,672
d. 90% of December 31 Current Liability	\$1,183,453,510	\$1,316,274,905
e. Actuarial Value of Assets as of January 1	(\$1,430,403,116)	(\$1,386,777,796)
f. Change in Assets During Plan Year:		
i. Due to benefit pmts. during plan year	\$86,050,805	\$98,558,804
ii. Due to interest	(\$111,056,435)	(\$107,075,714)
g. Actuarial Value of Assets as of December 31	(\$1,455,408,746)	(\$1,395,294,706)
h. Carryover	\$0	\$0
i. RPA '94 Full Funding Limitation	\$0	\$0
5. Full Funding Limitation (FFL)	\$23,949,524	\$0
(Lesser of items 2.f. and 3.i. above, but no less than item 4.i. above)		
6. Unfunded Current Liability		
a. Sum of items 4.c. and 4.g. above	(\$140,460,401)	\$67,232,966
b. Carryover	\$0	\$0
c. Unfunded Current Liability	\$0	\$67,232,966
d. Funded Current Liability Percentage (Item 4.e divided by item 4.a.)	112.85%	97.07%
7. Maximum Deductible Contribution	\$23,949,524	\$67,232,966
(Lesser of items 1.f. and 5. above, but no less than item 6.c. above)		

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance as of January 1, 2004</u>	<u>Limit Adjustment as of January 1, 2004</u>
1/1/2004 Fresh Start	\$0	\$0	\$0
Total		\$0	\$0
Fresh Start (Ten Year Amortization of Total Outstanding Balance)			\$0
Amortization (Greater of Fresh Start and Total Limit Adjustment)			\$0

Funding Gain and Loss Analysis

Table VI

Actual Unfunded Accrued Liability as of January 1, 2003	(\$225,284,098)
Expected Change in Unfunded Liability During the 2003 Plan Year	
a. Due to Normal Cost	\$32,185,563
b. Due to Interest on the Normal Cost and Unfunded Liability	(\$15,447,883)
c. Due to Employer Contributions	(\$23,949,524)
d. Due to Interest on Employer Contributions	\$0
e. Total Expected Change	(\$7,211,844)
Expected Unfunded Accrued Liability as of January 1, 2004	(\$232,495,942)
Actual Unfunded Accrued Liability as of January 1, 2004 (Before reflecting any method, assumption, plan changes and plan merger)	(\$161,499,366)
Experience Gain(Loss) for the 2003 Plan Year	(\$70,996,576)
Method Change Gain(Loss) as of January 1, 2004	\$0
Assumption Change Gain(Loss) as of January 1, 2004	(\$18,495,036)
Amendment Gain(Loss) as of January 1, 2004	\$0
Actual Unfunded Accrued Liability as of January 1, 2004 (After reflecting any method, assumption, or plan changes)	(\$143,004,330)

Actuarial Accrued Liability (determined under the plan's funding method and assumptions used for funding purposes)

	Final As of January 1, 2003	As of January 1, 2004			
		Old Plan Old Assumptions Old Method	Old Plan Old Assumptions New Method	Old Plan New Assumptions New Method	New Plan New Assumptions New Method
a. Active participants:					
Actively employed	\$540,441,779	\$549,644,698	\$549,644,698	\$555,368,427	\$555,368,427
LTD	<u>\$19,543,595</u>	<u>\$17,865,210</u>	<u>\$17,865,210</u>	<u>\$18,101,809</u>	<u>\$18,101,809</u>
Sub-total	\$559,985,374	\$567,509,908	\$567,509,908	\$573,470,236	\$573,470,236
b. Non-active, deferred:					
Formerly active	\$134,755,557	\$136,298,530	\$136,298,530	\$138,975,626	\$138,975,626
c. Non-active, retired:					
Non-disabled retirees	\$451,026,597	\$464,132,529	\$464,132,529	\$473,724,290	\$473,724,290
Disabled retirees	\$11,083,448	\$9,544,310	\$9,544,310	\$9,577,361	\$9,577,361
Beneficiaries	<u>\$48,268,042</u>	<u>\$47,793,153</u>	<u>\$47,793,153</u>	<u>\$48,025,953</u>	<u>\$48,025,953</u>
Sub-total	\$510,378,087	\$521,469,992	\$521,469,992	\$531,327,604	\$531,327,604
d. Total	\$1,205,119,018	\$1,225,278,430	\$1,225,278,430	\$1,243,773,466	\$1,243,773,466

Normal Cost at beginning of year (for funding purposes)

\$32,185,563	\$31,115,704	\$31,115,704	\$31,490,697	\$31,490,697
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Using actuarial assumptions and methods as specified in Table XIII on page 28.

Current Liability Measurements as of January 1, 2004

Table VIII

Using Assumptions Prescribed by OBRA '87 (see Table XIII)

Present Value of Benefits (for current liability purposes under IRC§412(c)(7)(B))

	As of January 1, 2003		As of January 1, 2004	
	Vested Benefits	Total Benefits	Vested Benefits	Total Benefits
a. Active participants:				
Actively employed	\$463,665,565	\$537,027,022		
LTD	<u>\$19,422,811</u>	<u>\$19,422,811</u>		
Sub-total	\$483,088,376	\$556,449,833		
b. Non-active, deferred:				
Formerly active	\$189,649,895	\$189,649,895		
c. Non-active, retired:				
Non-disabled retirees	\$517,389,520	\$517,389,520		
Disabled retirees	\$12,758,481	\$12,758,481		
Beneficiaries	<u>\$55,378,206</u>	<u>\$55,378,206</u>		
Sub-total	\$585,526,207	\$585,526,207		
d. Total	\$1,258,264,478	\$1,331,625,935	N/A	N/A

Normal Cost at beginning of year (for current liability purposes under IRC§412(c)(7)(B))

N/A	\$51,890,837	N/A	N/A
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Using Assumptions Prescribed by RPA '94 (see Table XIII on page 28)

Present Value of Benefits (for current liability purposes under IRC§412(c)(7)(E)(ii)(I))

a. Active participants:				
Actively employed	\$436,293,642	\$516,133,924	\$454,560,011	\$656,321,029
LTD	<u>\$18,828,765</u>	<u>\$18,828,765</u>	<u>\$20,221,949</u>	<u>\$20,221,949</u>
Sub-total	\$455,122,407	\$534,962,689	\$474,781,960	\$676,542,978
b. Non-active, deferred:				
Formerly active	\$170,006,939	\$170,006,939	\$173,248,675	\$173,248,675
c. Non-active, retired:				
Non-disabled retirees	\$494,320,985	\$494,320,985	\$512,418,292	\$512,418,292
Disabled retirees	\$15,128,183	\$15,128,183	\$13,585,878	\$13,585,878
Beneficiaries	<u>\$53,152,024</u>	<u>\$53,152,024</u>	<u>\$52,885,004</u>	<u>\$52,885,004</u>
Sub-total	\$562,601,192	\$562,601,192	\$578,889,174	\$578,889,174
d. Total	\$1,187,730,538	\$1,267,570,820	\$1,226,919,809	\$1,428,680,827

Normal Cost at beginning of year (for current liability purposes under IRC§412(c)(7)(E)(ii)(I))

N/A	\$48,710,747	N/A	\$39,421,552
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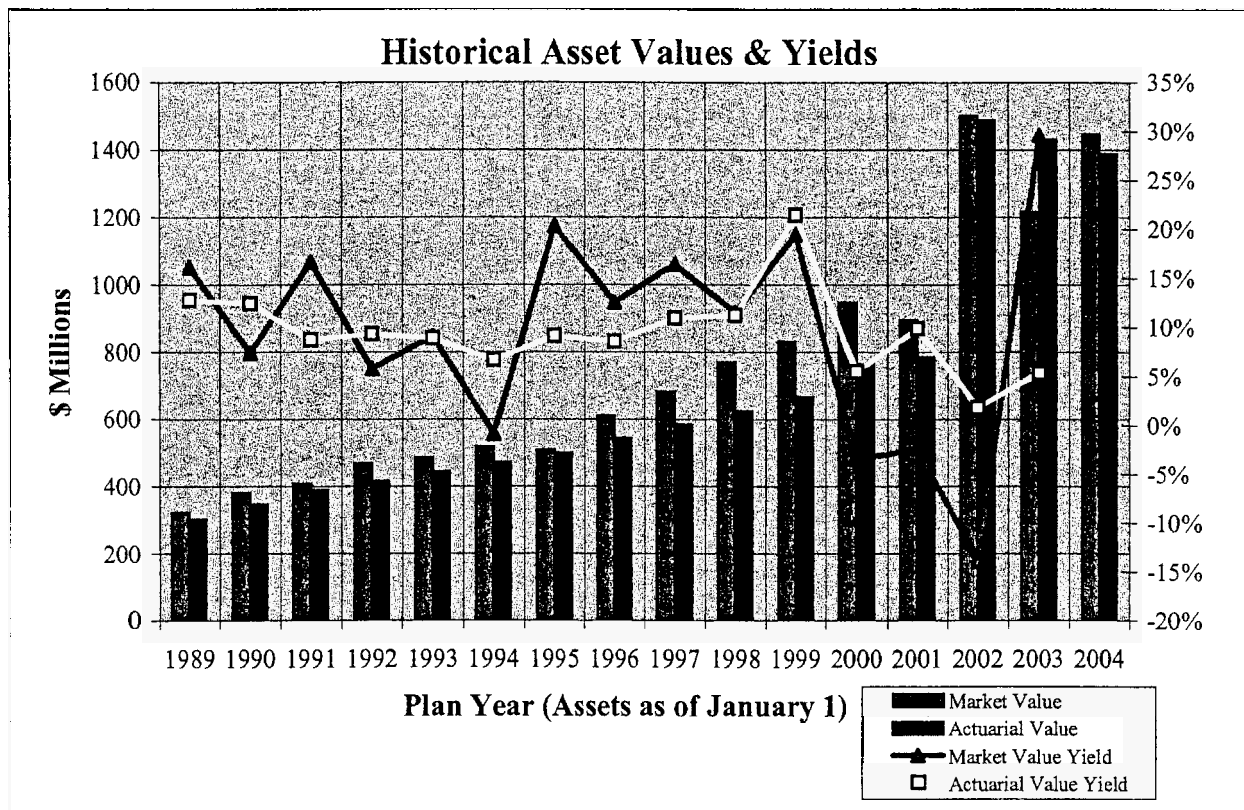
	As of January 1, 2003	As of January 1, 2004
1. Market Value of Assets		
a. Total investments	\$712,830,145	\$830,169,862
b. Accrued income and expenses	\$0	\$0
c. Employer contributions receivable	\$0	\$23,949,524
d. Cash	\$0	\$0
e. Accrued pension payments	\$0	\$0
f. Accrued trustee fees	\$0	\$0
g. Florida Progress Assets	\$538,555,337	\$661,474,546
h. Market value of assets	<u>\$1,251,385,482</u>	<u>\$1,515,593,932</u>
2. Value of Assets for FAS 87		
a. Market value of assets	\$1,251,385,482	\$1,515,593,932
b. Assets allocated to 401(h) account	<u>(\$36,256,386)</u>	<u>(\$47,050,608)</u>
c. Market value of assets for Retirement Plan*	\$1,215,129,096	\$1,468,543,324
i. Employer Contributions Receivable	\$0	\$23,949,524
ii. Adjusted Market Value (for SFAS 87)	\$1,215,129,096	\$1,444,593,800
3. Actuarial Value of Assets for Funding Purposes		
a. Adjusted Market Value of assets*	\$1,215,129,096	\$1,468,543,324
b. 5-year phase-in of net investment (appreciation)/depreciation:		
i. 1999	(\$258,200,373) x 1/5 = (\$51,640,075)	
ii. 2000	\$78,633,564 x 2/5 = \$31,453,426	\$15,726,713
iii. 2001	\$97,147,745 x 3/5 = \$58,288,647	\$38,859,098
iv. 2002	\$221,465,027 x 4/5 = \$177,172,022	\$132,879,016
v. 2003	(\$336,537,944) x 4/5 = (\$269,230,355)	
vi. Total unrecognized (gains)/losses	\$215,274,020	(\$81,765,528)
c. Actuarial Value of Assets (for funding purposes)	<u>\$1,430,403,116</u>	<u>\$1,386,777,796</u>
(Item 3.a. plus item 3.b., but within an 80-120% corridor of item 3.a.)		

* Excludes assets allocated for Code Sec 401(h) purposes.

	As of January 1, 2003	As of January 1, 2004
4. Market-Related Value of Assets for FAS 87 purposes		
a. Prior year's market related value of assets (Carolinas)	\$948,757,201 *	\$920,167,263
b. Expected net cash flow (Carolinas):		
i. Expected contributions	\$0	\$0
ii. Expected benefit payments	(\$51,108,510)	(\$51,882,049)
iii. Expected net cash flow	(\$51,108,510)	(\$51,882,049)
c. Expected investment return (Carolinas)	\$85,396,273	\$82,715,927
d. Expected market-related value of assets (Carolinas)	\$983,044,964	\$951,001,141
e. Transfer for NCNG spinoff	N/A	\$34,235,477
f. Actual investment return (Carolinas)	(\$113,864,672)	\$192,663,021
g. Progress Energy actual market value of assets excluding contributions receivable and 401(h) account assets	\$1,215,129,096	\$1,444,593,800
h. Gains (losses) on Progress Energy (Carolinas) assets	(\$199,260,945)	\$109,947,094
i. 5-year phase-in of gain/loss on expected market value (Carolinas):		
i. 1998	\$16,847,883 x 1/5 = \$3,369,577	
ii. 1999	\$53,158,902 x 1/5 = \$10,631,780	\$10,631,780
iii. 2000	(\$81,320,416) x 1/5 = (\$16,264,083)	(\$16,819,702) (1)
iv. 2001	(\$103,813,933) x 1/5 = (\$20,762,786)	(\$22,207,544) (2)
v. 2002	(\$199,260,945) x 1/5 = (\$39,852,189)	(\$43,847,258) (3)
vi. 2003	\$109,947,094 x 1/5 = \$21,989,419	\$24,820,559 (4)
vii. Total unrecognized gains/(losses)	(\$62,877,701)	(\$47,422,165)
j. Market-related Value of Assets (excluding Florida Progress) (Item 4.d. plus item 4.i.vii.)	\$920,167,263	\$869,343,499
k. Florida Progress Assets at Market Value	\$538,555,337	\$661,474,546
l. Market-related Value of Assets for SFAS 87 purposes	\$1,458,722,600	\$1,530,818,045

* Includes transfer of \$17,591,670 on 1/1/2003 from Florida to Services to account for transfer of employees.

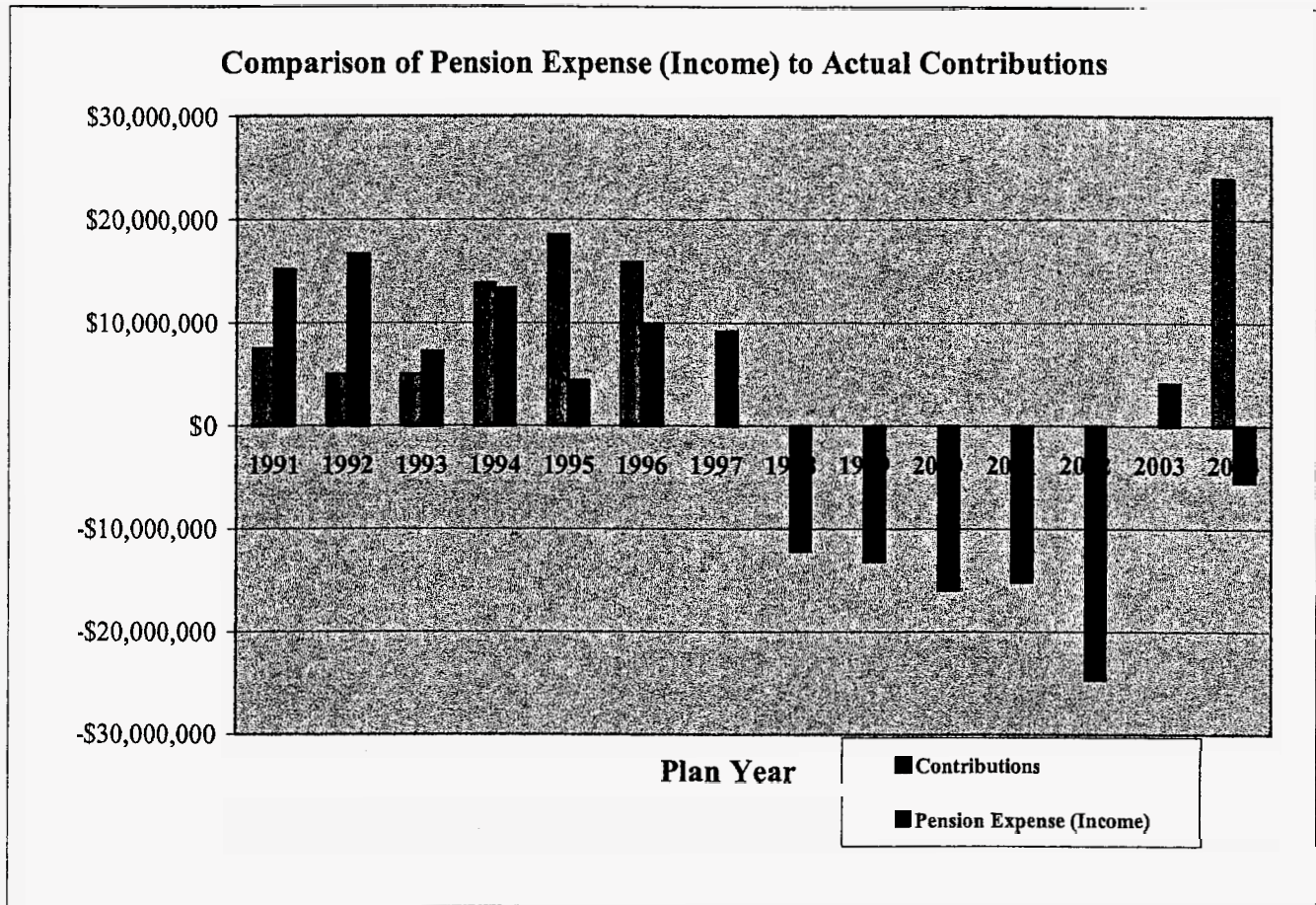
- (1) \$555,619 recognized immediately due to NCNG spinoff
 (2) \$1,444,757 recognized immediately due to NCNG spinoff
 (3) \$3,995,069 recognized immediately due to NCNG spinoff
 (4) \$2,831,140 recognized immediately due to NCNG spinoff



Plan Year	Market Value as of January 1	Actuarial Value as of January 1	Benefit Payments	Expenses	Contributions	Market Value Yield	Actuarial Value Yield
1989	\$320,016,933	\$300,158,863	\$13,646,769	\$1,264,145	\$20,326,091	16.17%	12.80%
1990	\$378,992,368	\$345,678,559	\$14,385,750	\$1,584,911	\$13,750,000	7.43%	12.44%
1991	\$406,490,858	\$387,995,217	\$14,581,909	\$1,664,704	\$7,500,000	16.69%	8.74%
1992	\$466,671,326	\$414,527,518	\$15,261,486	\$1,838,427	\$5,000,000	5.79%	9.36%
1993	\$483,132,747	\$442,567,056	\$16,308,646	\$1,883,771	\$5,000,000	9.13%	8.89%
1994	\$515,428,426	\$470,092,290	\$17,726,276	\$2,331,217	\$13,800,000	-0.87%	6.69%
1995	\$507,050,376	\$497,482,861	\$18,696,611	\$2,601,792	\$18,500,000	20.37%	9.13%
1996	\$610,118,825	\$542,675,715	\$21,193,108	\$3,957,891	\$15,821,962	12.59%	8.58%
1997	\$681,222,877	\$583,662,243	\$23,271,732	\$4,125,981	\$0	16.48%	10.95%
1998	\$768,331,202	\$623,051,244	\$25,466,235	\$4,590,559	\$0	11.56%	11.25%
1999	\$830,213,417	\$666,270,003	\$41,016,170	\$5,401,580	\$0	19.51%	21.48%
2000	\$947,142,957	\$763,941,527	\$51,551,288	\$4,603,865	\$0	-3.48%	5.48%
2001	\$894,628,913	\$783,994,671	\$49,755,702	\$6,094,849	\$0	-2.41%	9.89%
2002	\$1,499,974,079	\$1,485,322,664	\$81,147,630	\$9,697,035	\$0	-13.96%	1.82%
2003	\$1,215,129,096	\$1,430,403,116	\$83,780,943	\$9,274,306	\$0	29.62%	5.36%
2004	\$1,444,593,800*	\$1,386,777,796*					

*Transfer out of \$34,235,477 due to the NCNG spinoff

Progress Energy Pension Plan



**Plan
Year**

**Cash
Contribution ***

**Pension
Expense ***

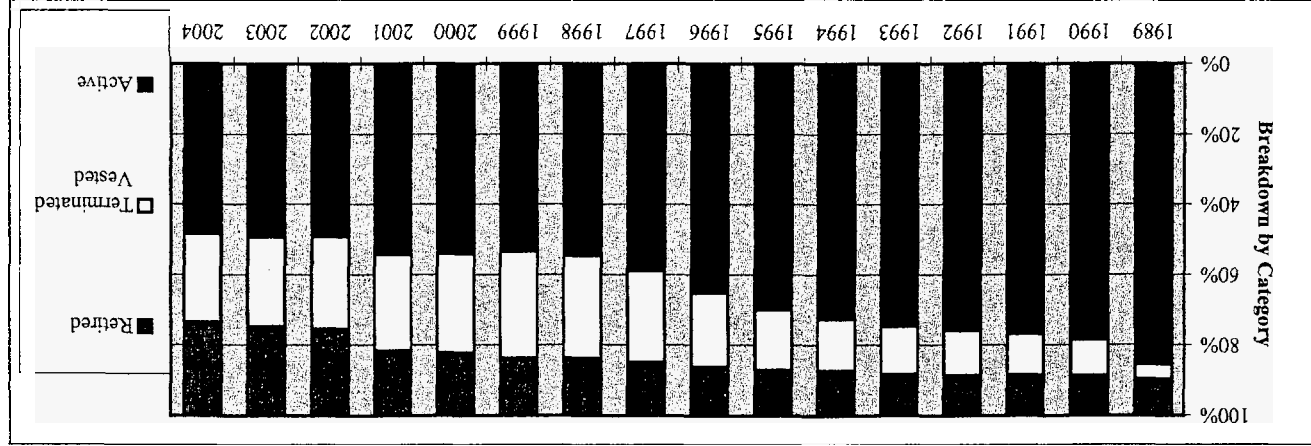
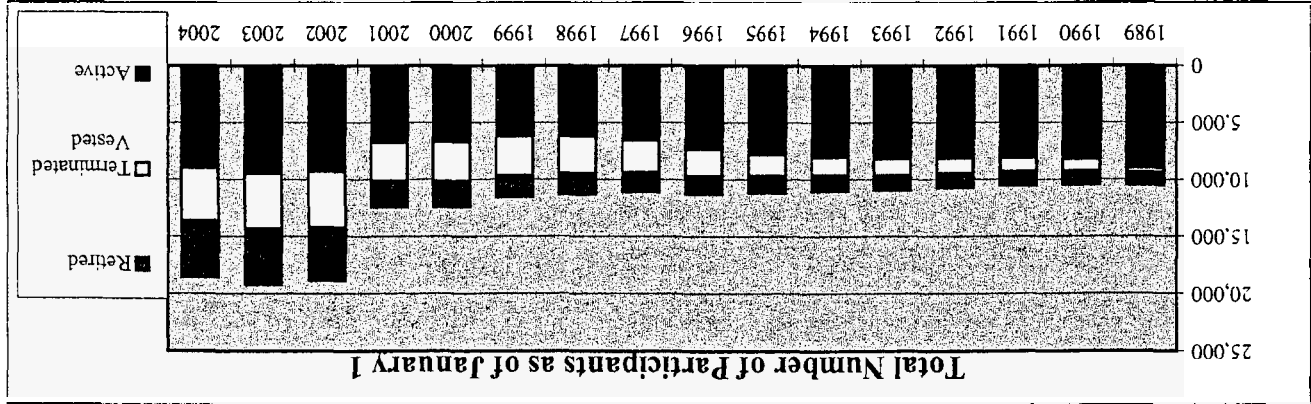
1991	\$7,500,000	\$15,160,622
1992	\$5,000,000	\$16,642,151
1993	\$5,000,000	\$7,199,944
1994	\$13,800,000	\$13,302,546
1995	\$18,500,000	\$4,399,808
1996	\$15,821,962	\$9,936,815
1997	\$0	\$9,170,355
1998	\$0	(\$12,178,000)
1999	\$0	(\$13,169,300)
2000	\$0	(\$15,974,458)
2001	\$0	(\$15,161,500)
2002	\$0	(\$24,667,539)
2003	\$0	\$4,101,093
2004	\$23,949,524	(\$5,430,662)

* Contributions paid in year shown (but some may be attributable to prior year)

* North Carolina Natural Gas values included for years 2000 through 2004.

* Florida Progress values included for years 2002 and later.

Summary of Participant Data Table XII



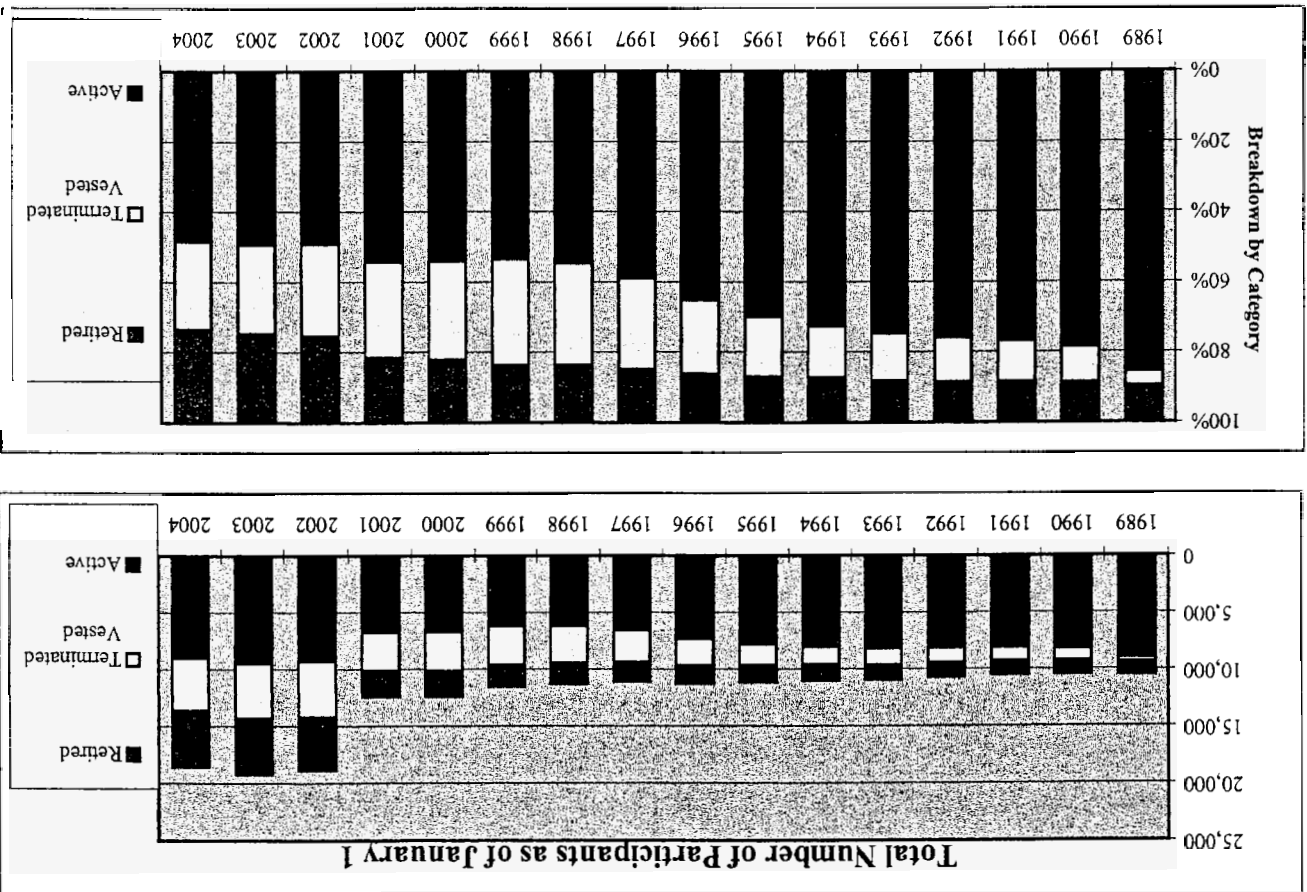
As of		As of	
January 1, 2003		January 1, 2004	
6,954	2,289	183	9,426
4,879	4,879		8,940
3,879	146	853	4,914
19,183	4,878	18,524	18,524
\$577,652,798		\$580,236,223	

1. Active Participants	
a.	Actively employed:
i.	Fully or partially vested
ii.	Non-vested
b.	Leave of absence/LTD
c.	Sub-total
2. Terminated Vested Participants	
3. Retired Participants	
a.	Non-disabled
b.	Disabled
c.	Beneficiaries
d.	Sub-total
4. Total Participants	

5. Annual Compensation for year beginning on valuation date	
\$577,652,798	

* Includes 130 Telecom employees who are no longer accruing service after December 31, 2003

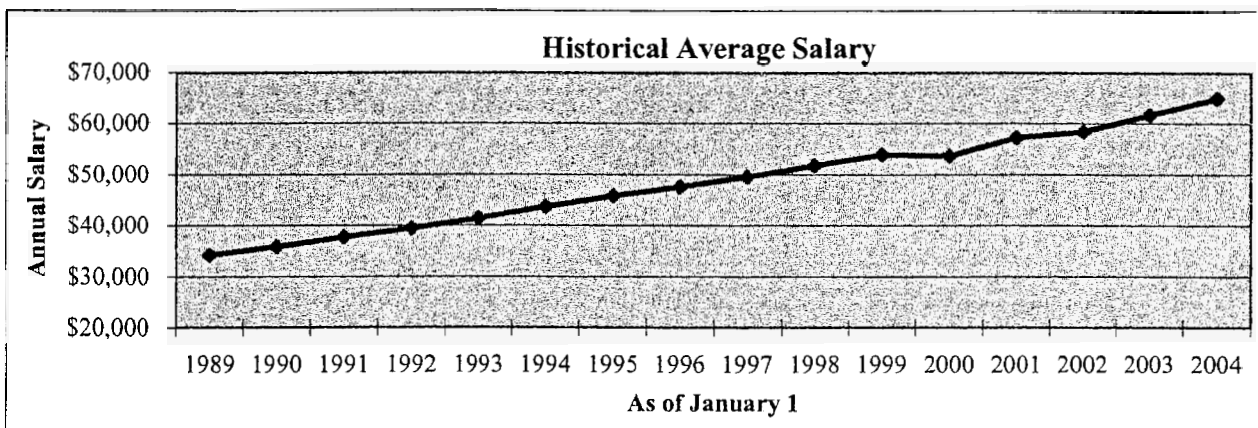
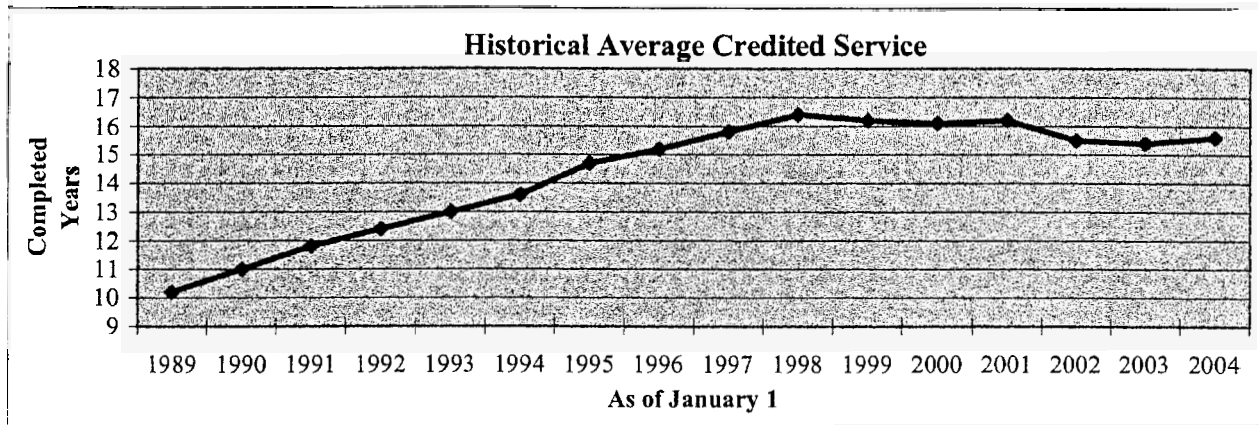
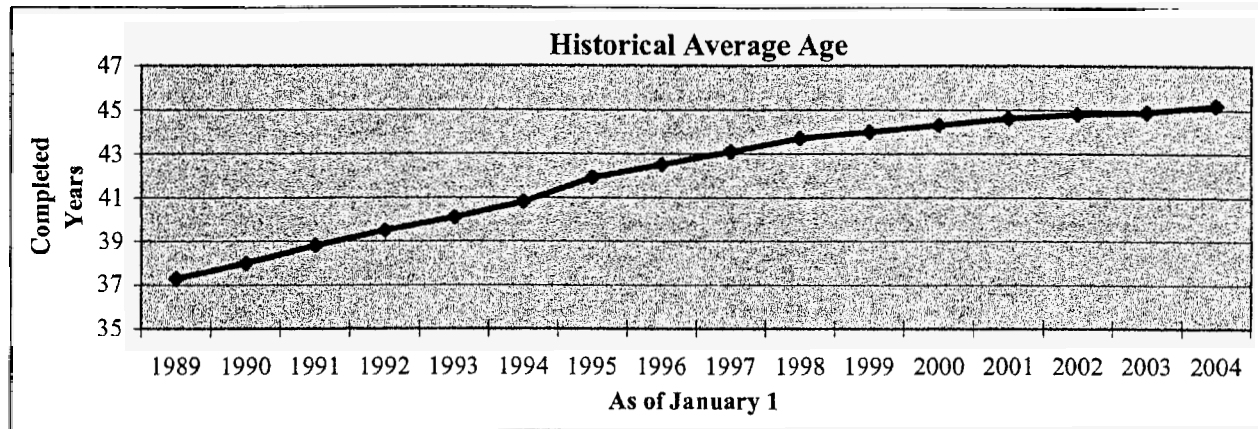
Table XII



As of	January 1, 2004	As of	January 1, 2003
6,678*	2,111	6,954	2,289
151	8,940	183	9,426
4,670	3,954	146	3,879
120	840	853	4,878
4,914	18,524	19,183	
\$580,236,223		\$577,652,798	

Page 24

* Includes 130 Telecom employees who are no longer accruing service after December 31, 2003



	<u>Active/ LTD/LOA</u>	<u>Non-active, Non-retired</u>	<u>Retireds, Beneficiaries</u>	<u>Total</u>
Number of participants as of January 1, 2003	9,426	4,879	4,878	19,183
Change in status during the plan year:				
a. Actives who became inactive	(157)	157		
b. Actives who retired	(158)		158	
c. Inactives who became active	3	(3)		
d. Inactives who retired		(93)	93	
e. Retirees who became active				
No longer participating due to:				
a. Death	(10)	(5)	(47)	(62)
b. Withdrawal (non-vested)	(242)			(242)
c. Receipt of lump sum payment	(134)	(153)	(71)	(358)
d. Expiration of certain period				
e. Included in error last year		(2)	(34)	(36)
f. Transfer to Bargaining Unit	(6)	(4)	(1)	(11)
g. Transfer to NCG	(434)	(160)	(134)	(728)
h. Excluded from count	(12)	(17)	(6)	(35)
New participant due to:				
a. Initial participation	664			664
b. Death of another participant			54	54
c. Omitted in error last year		71	24	95
Number of participants as of January 1, 2004	8,940	4,670	4,914	18,524

EIN: 56-0165465; PN: 001

Line 8c - Schedule of Active Participant Data

(Distribution of Active Participants as of January 1, 2004 by Age and Service Groups)

(Average Cash Balance Shown in Italics)

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	0	101 <i>38,552</i> <i>2,213</i>	4	0	0	0	0	0	0	0	105
25 to 29	0	352 <i>47,220</i> <i>3,252</i>	61 <i>47,815</i> <i>7,281</i>	1	0	0	0	0	0	0	414
30 to 34	0	466 <i>54,134</i> <i>4,267</i>	201 <i>57,448</i> <i>12,014</i>	53 <i>62,524</i> <i>16,091</i>	5	0	0	0	0	0	725
35 to 39	0	369 <i>61,722</i> <i>5,486</i>	237 <i>63,386</i> <i>16,658</i>	155 <i>65,807</i> <i>27,957</i>	171 <i>61,115</i> <i>38,385</i>	4	0	0	0	0	936
40 to 44	0	337 <i>67,469</i> <i>7,791</i>	222 <i>71,042</i> <i>26,553</i>	205 <i>69,652</i> <i>41,492</i>	430 <i>64,778</i> <i>61,785</i>	483 <i>66,019</i> <i>87,113</i>	24 <i>60,764</i> <i>102,774</i>	0	0	0	1,701
45 to 49	0	218 <i>67,230</i> <i>9,894</i>	184 <i>75,140</i> <i>34,494</i>	158 <i>74,576</i> <i>57,777</i>	305 <i>65,178</i> <i>71,870</i>	733 <i>69,446</i> <i>107,726</i>	319 <i>64,756</i> <i>130,069</i>	58 <i>61,205</i> <i>148,496</i>	0	0	1,975
50 to 54	0	125 <i>66,349</i> <i>10,572</i>	120 <i>74,064</i> <i>43,758</i>	101 <i>67,577</i> <i>62,515</i>	182 <i>61,750</i> <i>72,943</i>	452 <i>67,730</i> <i>116,566</i>	320 <i>68,142</i> <i>153,746</i>	385 <i>67,971</i> <i>174,361</i>	7	0	1,692
55 to 59	0	56 <i>66,628</i> <i>13,236</i>	66 <i>82,201</i> <i>55,756</i>	50 <i>73,392</i> <i>83,196</i>	74 <i>62,313</i> <i>65,203</i>	164 <i>67,122</i> <i>127,095</i>	126 <i>69,392</i> <i>167,474</i>	292 <i>71,362</i> <i>180,486</i>	53 <i>72,102</i> <i>233,442</i>	1	882
60 to 64	0	16 <i>67,837</i> <i>46,513</i>	22 <i>67,837</i> <i>46,513</i>	19	21 <i>67,228</i> <i>19,220</i>	47 <i>68,402</i> <i>123,286</i>	16 <i>68,819</i> <i>203,161</i>	27 <i>77,547</i> <i>309,224</i>	31	9	208
65 to 69	0	0	1	5	4	6	3	0	0	0	19
70 & up	0	0	2	0	0	0	0	0	0	0	2
Total	0	2,040	1,120	747	1,192	1,889	808	762	91	10	8,659

* Active Participants Only, excludes 130 Progress Telecom Employees who no longer accrue benefits

1. Actuarial Cost Method

The projected unit credit cost method was used to determine all liabilities, except:

- current liability was determined with no future salary increases or changes in Social Security benefits, wage base, or CPI beyond the end of the current plan year, and
- the present value of accrued and vested benefits was determined with no future salary increases or changes in Social Security benefits, wage base, or CPI after the valuation date.
- the present value of the SFAS 87 liabilities was measured using the traditional unit credit method.

2. Asset Valuation Method

Actuarial value of assets for funding purposes is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment gains and losses, both realized and unrealized. Market-related value of assets for purposes of SFAS87 was set to market value as of December 31, 1997. As of December 31, 1998 and for year end disclosure and expense thereafter, market-related value is equal to a five-year phase-in of the difference between market value and 20% of the difference between that market value and the expected market value except that SFAS87 assets for Florida Progress companies remain at market value.

3. Interest Rates

- Used for calculating funding liabilities
8.00% per annum
- Used for calculating current liability for RPA '94 full funding limit under IRC §412(c)(7)(E)(ii)(I)
6.55% per annum
- Used for calculating liabilities pursuant to SFAS 35
8.00% per annum
- Used for calculating liabilities pursuant to SFAS 87 and selected by Progress Energy
6.30% for 2004 expense; 6.30% for year-end disclosure
- Used for expected return on market-related value for SFAS 87 (net of expenses) and selected by Progress Energy
9.25% for 2004 expense; 9.25% for year-end disclosure
- Used for calculation of lump sum/annuity conversion at age 65

FAS87:	Discount rate less 75 basis points (5.55%)
Funding:	Interest rate less 200 basis points (6.00%)

(continued)

4. Decrements

- Post-Retirement Healthy Mortality
 - For RPA '94 current liability: 1983 Group Annuity Mortality Table (sex distinct)
 - For all other purposes: 1994 Group Annuity Mortality Table (sex distinct)
 - For lump sum/annuity conversions: 1994 Group Annuity Reserve Mortality Table (50/50 blend) projected to 2002
- Post-Retirement Disabled Mortality
 - For RPA '94 current liability: 1983 Group Annuity Mortality Table (sex distinct)
 - For all other purposes: Kwasha Disabled Mortality Table (sex distinct)
- Pre-Retirement Decrements and Assumed Salary Increase Rates

Representative values of the assumed annual rates of decrement and salary increase are shown in the tables below.

Age	Male Death	Female Death	Disability	Termination	Early Reduced Retirement	Unreduced Retirement	Salary Increase
21	.053 %	.029 %	.035 %	6.662 %			7.428 %
25	.066	.029	.040	5.440			6.292
30	.080	.035	.050	4.020			5.341
35	.085	.048	.065	2.960			4.674
40	.107	.071	.110	2.210			4.170
45	.158	.097	.170	1.600			3.765
50	.258	.143	.300	0.930	2.000 %		3.424
51	.287	.157	.350	0.780	2.000		3.361
52	.321	.173	.400	0.600	2.500		3.300
53	.358	.191	.450	0.450	3.000		3.240
54	.398	.208	.500	0.400	3.000		3.181
55	.442	.229	.580	0.350	10.000		3.123
56	.495	.256	.660	0.300	6.000		3.066
57	.558	.292	.740	0.250	6.000		3.010
58	.630	.336	.840	0.200	6.000		2.954
59	.709	.386	.970	0.150	10.000		2.900
60	.798	.444	1.130	0.050	25.000		2.846
61	.899	.509	1.310		33.000		2.792
62	1.015	.583	1.540		25.000	70.000 %	2.739
63	1.147	.668	1.800		10.000	30.000	2.686
64	1.294	.762	2.100		20.000	60.000	2.633
65	1.454	.864				80.000	2.580
66	1.624	.969				60.000	2.527
67	1.803	1.076				70.000	2.475
68	1.986	1.176				80.000	2.423
69	2.173	1.271				90.000	2.371
70						100.000	

5. Marriage Assumptions

- Percent Married
80% of active members are assumed to be married.
- Age Difference Between Spouses
Male spouses are assumed to be three years older than female spouses.

6. Percentage Electing Lump Sum of Cash Balance

- Normal Retirees---70%
- Early Retirees---70%
- Vested Terminations--- 100%
- Surviving Spouses---50%

7. Social Security Assumptions

- Annual Wage Base Increase
Used for funding and expense liabilities: 4.00%
- Annual Cost of Living Increase
Used for funding and expense liabilities: 3.50%

8. Expenses

The interest rate is assumed to be net of investment and administrative expenses.

The following is a summary of the actuarial assumptions and methods which have been changed during the last several plan years:

1. Effective January 1, 1986:
 - a) The interest rate used to determine funding liabilities was increased from 6.00% per annum to 7.00% per annum;
 - b) The interest rate used to determine SFAS 35 liabilities was decreased from 8.00% per annum to 7.00% per annum;
 - c) The pre- and post-retirement healthy mortality decrement was changed from the 1971 Group Annuity Mortality Table to the 1984 George B. Buck Mortality Table;
 - d) The expected rates of disablement, pre-retirement termination, and reduced and unreduced early retirement were modified;
 - e) The assumed rates of future salary increase were increased by 0.75% at each age; and
 - f) The assumed Social Security wage base and cost of living increase was increased from 3.00% per annum to 3.75% per annum.
2. Effective January 1, 1988:
 - a) The interest rate used to determine SFAS 35 and SFAS 87 liabilities was increased from 7.00% per annum to 8.00% per annum;
 - b) The assumed rates of future salary increase used to determine SFAS 87 liabilities were increased by 1.00% at each age; and
 - c) The assumed Social Security wage base and cost of living increase used to determine SFAS 87 liabilities was increased from 3.75% per annum to 4.75% per annum.
3. Effective January 1, 1989:
 - a) The interest rate used to determine current liability was decreased from 8.25% per annum to 8.00% per annum;
 - b) The interest rate used to determine SFAS 35 and SFAS 87 liabilities was decreased from 8.00% per annum to 7.50% per annum;
 - c) The assumed rates of future salary increase used to determine SFAS 87 liabilities were decreased by 0.50% at each age; and
 - d) The assumed Social Security wage base and cost of living increase used to determine SFAS 87 liabilities was decreased from 4.75% per annum to 4.25% per annum.
4. Effective January 1, 1990:
 - a) The interest rate used to determine current liability was decreased from 8.00% per annum to 7.75% per annum;
 - b) The interest rate used to determine SFAS 35 and SFAS 87 liabilities was decreased from 7.50% per annum to 7.00% per annum;
 - c) The assumed rates of future salary increase used to determine SFAS 87 liabilities were decreased by 0.50% at each age; and

(continued)

- d) The assumed Social Security wage base and cost of living increase used to determine SFAS 87 liabilities was decreased from 4.25% per annum to 3.75% per annum.
5. Effective January 1, 1991:
- a) The interest rate used to determine current liability was increased from 7.75% per annum to 8.00% per annum; and
 - b) The expected return on assets pursuant to SFAS 87 was increased from 7.00% per annum to 9.00% per annum.
6. Effective January 1, 1992, the interest rate used to determine current liability was increased from 8.00% per annum to 8.01% per annum.
7. Effective January 1, 1993:
- a) The interest rate used to determine current liability was increased from 8.01% per annum to 8.18% per annum; and
 - b) The interest rate used to determine SFAS 35 and SFAS 87 liabilities was increased from 7.00% per annum to 8.25% per annum.
8. Effective January 1, 1994:
- a) The interest rate used to determine current liability was decreased from 8.18% per annum to 8.17% per annum;
 - b) The interest rate used to determine SFAS 35 and SFAS 87 liabilities was decreased from 8.25% per annum to 7.50% per annum;
 - c) The pre- and post-retirement healthy mortality decrement was changed from the 1984 George B. Buck Mortality Table to the 1989 George B. Buck Mortality Table; and
 - d) The assumed rates of future salary increase were decreased by 0.75% at each age.
9. Effective January 1, 1995:
- a) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(B) was decreased from 8.17% per annum to 8.00% per annum;
 - b) The interest rate used to determine SFAS 35 and SFAS 87 liabilities was increased from 7.50% per annum to 8.50% per annum;
10. Effective January 1, 1996:
- a) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(B) was decreased from 8.00% per annum to 7.76% per annum;
 - b) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(E)(ii)(I) was decreased from 7.93% per annum to 7.62% per annum;
 - c) The interest rate used to determine SFAS 35 and SFAS 87 liabilities was decreased from 8.50% per annum to 7.75% per annum; and
 - d) The expected return on assets pursuant to SFAS 87 was increased from 9.00% per annum to 9.25% per annum.

(continued)

11. Effective January 1, 1997:
 - a) The interest rate used to determine funding liabilities was increased from 7.00% per annum to 8.00% per annum;
 - b) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(B) was decreased from 7.76% per annum to 7.57% per annum; and
 - c) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(E)(ii)(I) was decreased from 7.62% per annum to 7.36% per annum.
12. Effective January 1, 1998:
 - a) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(B) was decreased from 7.57% per annum to 7.44% per annum; and
 - b) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(E)(ii)(I) was decreased from 7.36% per annum to 7.17%.
13. Effective January 1, 1999:
 - a) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(B) was decreased from 7.44% per annum to 6.87% per annum; and
 - b) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(E)(ii)(I) was decreased from 7.17% per annum to 6.55%.
 - c) The interest rate used to determine SFAS87 liabilities was changed to 7.00% (August 1, 1998) and 7.50% (December 31, 1999).
 - d) Certain assumptions necessary for determining cash balance accounts values are included.
14. Effective January 1, 2000:
 - a) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(B) was decreased from 6.87% per annum to 6.61% per annum; and
 - b) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(E)(ii)(I) was decreased from 6.55% per annum to 6.31%.
 - c) Retirement assumptions were changed to reflect expected future demographics.
15. Effective January 1, 2001:
 - a) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(B) was decreased from 6.61% per annum to 6.50% per annum; and
 - b) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(E)(ii)(I) was decreased from 6.31% per annum to 6.21%.
 - c) The assumed rates of future salary increase were decreased by 0.42% at each age

16. Effective January 1, 2002:
- a) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(B) was decreased from 6.50% per annum to 6.28% per annum; and
 - b) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(E)(ii)(I) was increased from 6.21% per annum to 6.85%.
 - c) The assumed Social Security wage base and cost of living increases used to determine funding and SFAS 87 liabilities were increased from 3.75% per annum to 4.00% per annum, and decreased from 3.75% per annum to 3.50% per annum, respectively.
17. Effective January 1, 2003:
- a) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(B) was decreased from 6.28% per annum to 6.09% per annum; and
 - b) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(E)(ii)(I) was decreased from 6.85% per annum to 6.65%.
 - c) The discount rate used to determine SFAS87 liabilities was decreased from 7.50% to 6.60%.
 - d) The interest rate used to determine SFAS35 liabilities was increased from 7.50% to 8.00%.
18. Effective January 1, 2004:
- a) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(B) was decreased from 6.09% per annum to 5.89% per annum; and
 - b) The interest rate used to determine current liability pursuant to IRC §412(c)(7)(E)(ii)(I) was decreased from 6.65% per annum to 6.55%.
 - c) The discount rate used to determine SFAS87 liabilities was decreased from 6.60% to 6.30%.
 - d) The method used to determine SFAS87 liabilities was changed from projected unit credit to traditional unit credit.
 - e) The percentage of retirees electing lump sums was changed from a range of 20% - 60% to 70%.
 - f) The mortality table used to determine funding and SFAS87 liabilities for healthy lives was changed from 1983 Buck Mortality Table (sex distinct) to 1994 Group Annuity Mortality Table (sex distinct).
 - g) The mortality table used for the lump sum/annuity conversion was changed from 1983 Group Annuity Mortality Table (50/50 blend) to 1994 Group Annuity Reserve Mortality Table (50/50 blend) projected to 2002.
 - h) The interest rate used for the lump sum/annuity conversions at age 65 was changed from 6.00% to 5.55% for SFAS87 purposes.

1. Monthly Accrued Benefit

1.70% of Average Final Compensation multiplied by Benefit Service
(to a maximum of 60% of Average Final Compensation),

less

1.43% of Social Security Benefit multiplied by Benefit Service
(to a maximum of 50% of the Social Security Benefit)

After December 31, 2003, the above formula is frozen.

On or after January 1, 1999, the Monthly Accrued Benefit is defined as the actuarial equivalent of the Cash Balance Account based on the 1994 Group Annuity Mortality (50/50 blend) projected to 2002 and the 30-year Treasury rate for the month of August prior to the start of the Plan year. The Treasury rate is used for ages 65 and older, and that rate plus .5% is used at ages prior to 65, with a minimum rate of 6.5% prior to 2002. Factors at age 65 are also used for all ages after 65. The minimum benefit for employees other than former members of the Florida Progress Plan is \$150 per month.

Notes:

- a) For employees who were members immediately before January 1, 1981, the Monthly Accrued Benefit will not be less than the monthly accrued benefit to which the member would have been entitled at age 65 calculated under the terms of the plan as in effect on December 31, 1980, assuming for this purpose that the member's compensation as of January 1, 1981 remains unchanged until the later of age 65 or his actual retirement age. For married members, the minimum Monthly Accrued Benefit will be a 50% joint and contingent benefit which is the actuarial equivalent to the monthly accrued benefit developed by the preceding formula.
- b) In determining the Monthly Accrued Benefit prior to normal retirement date under the formula above, the Social Security offset is calculated by multiplying the potential Social Security offset at normal retirement age by the ratio of actual Benefit Service to projected Benefit Service at normal retirement (where all Benefit Service amounts are limited to 35 years).
- c) All pensions are reduced by the amount of the retirement annuity, if any, that is payable to the member from John Hancock Mutual Life Insurance Company under the terminated Tide Water Power Company retirement plan.

(continued)

- d) Employees of North Carolina Natural Gas who were involved in the acquisition by Progress Energy have their accrued benefit under the North Carolina Natural Gas pension plan frozen as of December 31, 1999. This benefit maintains the eligibility and benefit provisions of the prior plan. Effective January 1, 2000, these employees start accruing benefits under the Progress Energy Pension Plan.
- e) Employees of Florida Progress who were involved in the acquisition by Progress Energy have their accrued benefit under the Florida Progress pension plan frozen as of December 31, 2001. This benefit maintains the eligibility and benefit provisions of the prior plan. Effective January 1, 2002, these employees start accruing benefits under the Progress Energy Pension Plan.

Cash Balance Account is determined as follows:

■ Opening Account Balance

- Present Value of Accrued Benefit under the pre-1/1/99 Plan payable at age 65 =
Monthly Accrued Benefit at 1/1/99 x Factor x 12

<u>Age</u>	<u>Factor</u>	<u>Age</u>	<u>Factor</u>
21	1.00	45	7.05
25	1.40	50	7.30
30	2.80	55	8.50
35	4.30	60	9.00
40	5.80	65	10.60

■ Percentage of Pay Credits ("Deposited" At End Of Plan Year)

<u>Age at Beginning of Year</u>	<u>Basic Annual Credits</u>	<u>Additional Annual Credit*</u>
Less than 34	3.00%	3.00%
35-39	3.50%	3.50%
40-44	4.25%	4.25%
45-49	5.00%	5.00%
50-54	6.00%	6.00%
55 and Over	7.00%	7.00%

*Additional Credit for pay in excess of 80% of Social Security Taxable Wage Base

(continued)

■ Interest Credits

<u>Year Beginning 1/1</u>	<u>Annual Interest Rate on Entire "Account"</u>
1999	7.5%
2000-2004	6.0%
2002-2004	6.0% (Guaranteed Minimum)
2005 and later	4.0% (Guaranteed Minimum)

■ Transition Plan (for existing employees at 1/1/99 with one year of credited service)

- Part I: Greater Of Current Plan Or Cash Balance Plan Converted To Annuity For Termination/Retirement Over Next 5 Years (Through 12/31/2003)
- Part II: Transition Credits Added To Cash Balance Account For 10 Years ("Deposited" At End Of Plan Year)

<u>Completed Years Of Service At The Beginning Of Year</u>	<u>Transition Pay Credits For 10 Years</u>
1-4	2.50%
5-9	3.25%
10-14	4.00%
≥15	5.00%

■ Transition Plan (for North Carolina Natural Gas employees at 1/1/2000)

- Part I: Frozen Accrued Benefit as of 12/31/1999 Under the Pension Plan of North Carolina Natural Gas (maintaining all eligibility and benefit provisions of the prior plan)
- Part II: Transition Credits Added To Cash Balance Account ("Deposited" at End of Plan Year)

Attained age at beginning of year of Credit	NCNG Transition Credits Made at End of each Plan Year Commencing on or after January 1, 2000 Based on Age of Supplement A Participant on January 1, 2000			
	Less than 35	35-44	45-54	55-65
Less than 29	.5%			
29-33	1.0			
34-38	1.5	2.5%		
39-43	2.0	3.5		
44-48	2.5	4.5	6.0%	
49-53	3.0	5.5	8.0	
54	3.5	6.5	11.0	9.5%
55	3.5	6.5	11.0	10.5
56	3.5	6.5	11.0	11.5
57	3.5	6.5	11.0	12.5

(continued)

Attained age at beginning of year of Credit	NCNG Transition Credits Made at End of each Plan Year Commencing on or after January 1, 2000 Based on Age of Supplement A Participant on January 1, 2000			
	Less than 35	35-44	45-54	55-65
59	4.0	6.5	13.5	14.5
60	4.0	7.5	13.5	15.5
61	4.0	7.5	13.5	16.5
62	4.0	7.5	13.5	17.5
63	4.0	7.5	13.5	18.5
64 up to age 65	4.0	7.5	13.5	19.5

- Part III: Special Additional Credits Added To Cash Balance Account ("Deposited" at End of Plan Year) for Certain Named Individuals Ending Upon Attainment of Age 65

Name	Special Additional Contribution
Employee 1	14.0%
Employee 2	10.0
Employee 3	8.0
Employee 4	6.5
Employee 5	5.0
Employee 6	5.0
Employee 7	3.0
Employee 8	2.5
Employee 9	2.0
Employee 10	1.5
Employee 11	0.5

- Transition Plan (for Florida Progress employees at 1/1/2002)
 - Part I: Frozen Accrued Benefit as of 12/31/2001 Under the Pension Plan of Florida Progress (maintaining all eligibility and benefit provisions of the prior plan)

(continued)

- Part II: Transition Credits Added To Cash Balance Account (“Deposited” at End of Plan Year)

FPC Transition Credits Made at End of each Plan Year Commencing on or after January 1, 2002 Based on Age of Supplement B Participant on January 1, 2002				
Attained age at beginning of year of Credit	Less than 30	30-39	40-54*	55-64*
Less than 25	.25%			
25-29	1.00			
30-34	1.75	2.25%		
35-39	2.25	3.25		
40-44	2.75	4.00	5.00%	
45-49	3.50	5.75	6.25	
50-54	4.50	7.00	9.50	
55-59	7.25	8.75	11.50	14.00%
60-64	9.00	12.25	16.00	17.00

*Participants over age 40 with less than five years of vesting service as of December 31, 2001, receive 65% of the transition credit

2. Normal Retirement Age and Pension

- Age
Age 65 (employees who first become members on or after January 1, 1988 must also have attained their fifth anniversary of becoming a member)
- Amount
Monthly Accrued Benefit
- Form of Payment

For Plan formula in effect prior to January 1, 1999:

- Life annuity (normal form for single members);
- 50% joint and contingent annuity with spouse as beneficiary (normal form for married members);
- Actuarially reduced 10-year certain and life annuity (optional)¹;
- Actuarially reduced 75% joint and contingent annuity with spouse as beneficiary (optional for married members only)¹;
- Actuarially reduced 100% joint and contingent annuity with spouse as beneficiary (optional for married members only)¹;
- Actuarially reduced 75% joint and contingent annuity with “pop-up” feature² and with spouse as beneficiary (optional for married members only)¹;
- Actuarially reduced 100% joint and contingent annuity with “pop-up” feature² and with spouse as beneficiary (optional for married members only)¹;

(continued)

Actuarially equivalent lump sum payment (mandatory and only available if the present value of the monthly annuity at retirement is less than \$5,000)

For Plan formula in effect after December 31, 1998:

Life annuity (normal form for single members);

50% joint and contingent annuity with spouse as beneficiary (normal form for married members);

Refund of unpaid portion of cash balance upon death of retiree

Actuarially reduced 100% joint and contingent annuity with "pop-up" feature² and with spouse as beneficiary (optional for married members only)¹;

Actuarially equivalent lump sum payment

Partial Lump Sum (25%, 50%, 75%), if age 50 or older; Minimum Annuity of \$500 Per Month

3. Early Retirement Age and Pension

- Age

Later of age 55 and attainment of at least 15 years of Eligibility Service, or
Any age upon the attainment of at least 35 years of Eligibility Service

- Amount

Monthly Accrued Benefit reduced 2.5% per year by which the member's Early Retirement Date precedes his Normal Retirement Date, except that members who have attained age 62 with at least 20 years of Eligibility Service may receive their Monthly Accrued Benefit immediately and members who are less than age 55 with at least 35 years of Eligibility Service will receive 75% of their Monthly Accrued Benefit.*

- Form of Payment

Same as for Normal Retirement, plus, if annuity elected, actuarially reduced level income life annuity which, when combined with his estimated Social Security income, will provide an approximately level income for the life of the member (optional)

¹ The optional joint and survivor forms of payment for married members are actuarially reduced from the 50% joint and survivor form of payment; all other optional forms of payment are actuarially reduced from the life annuity form of payment.

² An annuity with a "pop-up" feature is one that increases to the amount of the unreduced accrued benefit upon the death of the contingent annuitant.

* North Carolina Natural Gas and Florida Progress frozen accrued benefits are reduced according to benefit provisions of the prior plan.

(continued)

4. Late Retirement Age and Pension

- Age
After Normal Retirement Age
- Amount
Monthly Accrued Benefit
- Form of Payment
Same as for Normal Retirement

5. Deferred Vested Pension

- Eligibility Requirement
In order to be eligible for a Deferred Vested Pension, the member must be 100% vested in his Monthly Accrued Benefit.
- Amount
Monthly Accrued Benefit (payable at Normal Retirement Age), or
Actuarial Equivalent to the Monthly Accrued Benefit payable at Normal Retirement Age
(payable at age 55 if member has earned at least 15 years of Vesting Service)
- Form of Payment
Same as for Normal Retirement

6. Qualified Pre-Retirement Spouse Annuity (QPSA)

- For Vested Members Who Die in Active Service or Who Have Retired with a Deferred Early Retirement Pension

Upon the death of the member while employed in active service, the member's spouse receives the greater of 50% of the Monthly Accrued Benefit or 50% of the pension that the deceased member would have received if, during the month before his death, he had retired on normal or early retirement, whichever is applicable. If the member has died in active service, then he must have been married to his spouse for at least one year prior to his death. The QPSA is payable to the spouse for life beginning on the first of the month following the member's death or, at the spouse's election, beginning as late as the member's Normal Retirement Date.

Alternatively, the spouse may elect to receive the amount of the Cash Balance Account.

(continued)

- For All Other Members Who Have Earned at Least Five Years of Vesting Service at the Time of Their Death

Upon the death of the member prior to retirement, the member's spouse receives 50% of the Monthly Accrued Benefit that would have been payable to the member in the form of a 50% joint and contingent annuity had the member survived to Normal Retirement Age. The member must have been married to his spouse for at least one year prior to his death. The QPSA is payable to the spouse beginning on the member's Normal Retirement Date or, at the spouse's election, an actuarially equivalent QPSA is payable beginning on the member's Early Retirement Date provided that the member had earned at least 15 years of Benefit Service at the time of his death.

Alternatively, the spouse may elect to receive the amount of the Cash Balance Account.

7. Disabled Members

Any member, while in receipt of disability payments under the Company's Long-Term Disability Group Insurance Plan, will be treated as a member in active service and will continue to accrue eligibility, vesting, and benefit service until his Normal Retirement Date or his Early Retirement Date and, upon retirement, his Monthly Accrued Benefit will be determined as if he had received compensation during the period when he received disability payments at his last rate of compensation that was in effect prior to the commencement of such payments.

8. Vesting Requirement

In order to become 100% vested in his Monthly Accrued Benefit, the member must earn at least five years of Vesting Service.

9. Eligibility Service

Eligibility service is the total period of service as an employee with the Company, its predecessor companies, and any affiliated company. Eligibility service does not include any service preceding the initial 12-month period in which an employee first works 1,000 hours.

10. Vesting Service

Vesting service is the member's period of employment with the Company or with an affiliated company. Vesting service begins on the member's employment commencement date and ends on the member's Severance from Service Date as that term is defined in the Plan. In addition, if a member is terminated and is later re-employed within 12 months, then the period between his Severance from Service Date and his re-employment date is included in his Vesting Service.

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11. Benefit Service

On and after January 1, 1981, benefit service is equal to all Vesting Service earned on or after that date while an employee is a member of the plan. Benefit service earned prior to that date is equal to creditable service determined in accordance with the terms of the plan as in effect on December 31, 1980. In addition, an employee's initial year of Eligibility Service and any subsequent year of Vesting Service while an employee but prior to becoming a member is included in the member's benefit service.

12. Average Final Compensation

Average final compensation is the average annual compensation of a member during the five consecutive years out of his last ten years of credited service affording the highest such average or during the entire period of his credited service if he has less than five years of credited service.

13. Compensation

Compensation considered under the plan includes base pay determined prior to any reduction pursuant to any 401(k) plan or any cafeteria plan of the Company and including deferred compensation within limits, but excluding commissions, overtime, special payments, fees, and allowances and including certain reactor operator supplements. Under the new EGTRRA provision, compensation is limited to \$205,000 as indexed on a prospective basis. Prior to January 1, 2002, compensation was limited to \$150,000 per year as indexed. Prior to January 1, 1994, compensation was limited to \$200,000 per year as indexed.

14. Social Security Benefit

Social Security Benefit means the annual primary insurance amount payable under Title II of the Social Security Act as in effect on a member's date of termination, provided that, in the case of early retirement, it is assumed that the member will have no income which would be treated as wages for purposes of the Social Security Act between his date of retirement and his 65th birthday and, in the case of a vested deferred retirement, it is assumed that the member will remain in service to age 65 at his last rate of compensation.

15. Membership Requirement

All employees of Progress Energy who have attained age 21 and who have completed one year of eligibility service (after December 31, 1998, requirement is one year of eligibility service only) are eligible to become members of the plan, except that no leased or temporary employee hired after December 31, 1994 is eligible for membership. Each North Carolina Natural Gas employee who was not a Member in the Plan as of December 31, 1999, shall automatically become a member in the Plan as of January 1, 2000. Each Florida Progress employee who was not a

(continued)

Member in the Plan as of December 31, 2001, shall automatically become a member in the Plan as of January 1, 2002.

16. Initial Plan Effective Date

September 1, 1944

17. Retirement Transition Support Program

Employees who are not eligible for retirement in 1995 and who have attained age 50 with at least 10 years of service as of December 31, 1995 or whose age plus years of service as of December 31, 1995 is 65 or more are eligible to receive additional service for benefit accrual and retirement eligibility purposes under the Retirement Transition Support Program. The amount of the additional service is equal to the service that the employee would have earned after his employment termination date and before the earliest date on which he would have been eligible to retire had he remained in active employment. This program was also offered in 1996 and 1997.

18. Benefit Increase for Retirees and Eligible Beneficiaries

- A one-time increase in benefits was granted effective January 1, 1996 to all retirees and eligible beneficiaries who began receiving benefits under the plan before January 1, 1993. The increase was equal to 3.00% subject to a minimum increase of \$20.00.
- A one-time increase in benefits was granted effective January 1, 1999 to all retirees and eligible beneficiaries who began receiving benefits under the plan before January 1, 1996. The increase was equal to 3.00% subject to a minimum monthly increase of \$25.00.
- A one-time increase in benefits was granted effective January 1, 2002 to all retirees and eligible beneficiaries who began receiving benefits under the plan before January 1, 1999. The increase was equal to 3.00% subject to a minimum monthly increase of \$30.00.

The following plan amendments have been adopted within the past several plan years:

1. Effective October 15, 1987, the service requirement for 100% vesting was decreased from 10 years of vesting service to five years of vesting service.
2. Effective January 1, 1988, the plan has been amended to provide benefit accruals for service earned after normal retirement age.
3. During the period August 29, 1988 through October 14, 1988, a special enhanced retirement program was offered to active members (and eligible retired members) who had at least 15 years of eligible service on or before December 31, 1988 and were eligible to retire under the plan during 1988.
4. Effective January 1, 1989:
 - a) Retirees who retired before 1988 were given a benefit increase; and
 - b) Compensation was limited to \$200,000 as indexed in accordance with IRC §401(a)(17).
5. Effective January 1, 1992, retirees who retired before 1990 were given a 4.00% benefit increase.
6. Effective January 1, 1993, retirees who retired before 1993 were given a \$35.00 per month benefit increase.
7. Effective January 1, 1994, compensation has been limited to \$150,000 as indexed in accordance with IRC §401(a)(17).
8. Effective January 1, 1995:
 - a) Leased and temporary employees hired after December 31, 1994 are no longer eligible for membership; and
 - b) A special Retirement Transition Support Program was offered to eligible employees as described in Table XI, item 17.
9. Effective January 1, 1996:
 - a) A special Retirement Transition Support Program was offered to eligible employees as described in Table XI, item 17; and
 - b) Retirees and eligible beneficiaries who began receiving benefits before January 1, 1993 were given a 3.00% benefit increase.
10. Effective January 1, 1999:
 - a) The plan formula was changed from Social Security offset to cash balance, as described in the Plan Provisions section.
 - b) Retirees and eligible beneficiaries who began receiving benefits before January 1, 1996 were given a 3.00% benefit increase, with a minimum monthly increase of \$25.

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11. Effective January 1, 2000, employees of North Carolina Natural Gas became members of the plan as a result of Progress Energy's acquisition of North Carolina Natural Gas. The calculation of benefits for these employees is described in the Plan Provisions section.
12. Effective January 1, 2002:
 - a) Employees of Florida Progress became members of the plan as a result of Progress Energy's acquisition of Florida Progress. The calculation of benefits for these employees is described in the Plan Provisions section.
 - b) Interest crediting rate for the year 2002 through 2004 was changed from 4% per year to 6% per year.
 - c) Retirees and eligible beneficiaries who began receiving benefits under the Progress Energy Pension Plan before January 1, 1999 were given a 3.00% benefit increase, with a minimum monthly increase of \$30.
 - d) Compensation was limited to \$200,000 as indexed in accordance with EGTRRA legislation.
 - e) Benefit limit was increased to \$160,000 as indexed in accordance with EGTRRA legislation.
13. Effective January 1, 2004:
 - a) Benefit accruals cease for Progress Telecom.
 - b) Compensation was limited to \$205,000 as indexed in accordance with EGTRRA legislation.
 - c) Benefit limit was increased to \$165,000 as indexed in accordance with EGTRRA legislation.

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PROGRESS ENERGY FLORIDA
EXHIBIT NO. ____ (RHB-7)

DUE TO VOLUME THIS EXHIBIT HAS BEEN
FILED SEPARATELY AS A THREE VOLUME
SET IDENTIFIED AS:

Exhibit No. ____ (RHB-7)
AUS Consultants' 2005 Depreciation Study,
Volumes I, II, and III