BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request of Florida Power Corporation for confidential classification of portions of its 1998 Annual Report.	Docket No. 990697 Submitted for filing: June 1, 1999

REQUEST FOR CONFIDENTIAL CLASSIFICATION

Florida Power Corporation (Florida Power or the Company), pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., hereby requests confidential classification of designated portions of its 1998 annual report, Form PSC/AFA 19, filed in accordance with Rule 25-6.135, F.A.C.; its 1998 diversification report, Schedules 1 - 6 of Form PSC/AFA 16, included with the Annual Report in accordance with Rule 25-6.1351(4), F.A.C., and its 1998 depreciation status report included with the Annual Report in accordance with Rule 25-6.0436(9), F.A.C. (collectively, the Annual Report). In support of its request, Florida Power states as follows:

Introduction

1. The increasingly competitive wholesale power market in which Florida Power operates has caused certain information required by the Annual Report to become commercially sensitive and justifies its protection from disclosure to the Company's competitors. Subsection 366.093(1) provides that any records "found by the commission to be propriety confidential business information shall be kept confidential and shall be exempt from s. 119.07(1) [requiring disclosure under the Public Records Act]." Subsection 366.093(3) states that "Propriety confidential

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business information includes, but is not limited to: *** (e) information relating to competitive interests, the disclosure of which would the competitive business of the provider of the information." As explained below, the designated portions of Florida Power's Annual Report fall within this statutory category and, thus, constitute propriety confidential business information entitled to protection under Section 366.093 and Rule 25-22.006.

2. Attachment A to this request contains a justification "matrix" supporting Florida Power's request for Confidential Classification of the highlighted information in Attachment B, identified on a line-by-line, column-by-column basis. Attachment B contains Florida Power's 1998 Annual Report, with the confidential information subject to this request highlighted in transparent ink. This document has been placed in a separate, attached envelope marked "Confidential" and should be given confidential treatment pending a decision on this request.

The Effect of the Competitive Wholesale Power Market

3. In any competitive market, the availability of information about competitors can provide market participants a competitive advantage. This is increasingly true in the wholesale market for electricity. Florida Power, like other public utilities, is facing competition from wholesale power marketers and other non-traditional utilities. Consequently, commercial sensitivity of information about the Company has increased in recent years. Florida Power currently sells power in the wholesale market at cost-based rates within the State of Florida, and at market-based rates outside the state. The public availability of information about Florida Power's costs and operations gives competing power suppliers a significant advantage in

developing marketing strategies that target the Company's existing and potential power sales customers.

4. The public availability of information about Florida Power's costs and operations would be less objectionable if all market participants were subject to the same reporting and disclosure requirements. However, most of the Company's competitors are non-traditional utilities that are not subject to the detailed reporting requirements that apply to Florida Power and other public utilities. Consequently, Florida Power is operating in an environment in which its competitors have detailed commercial and financial information about the Company, but the Company has little or no such information about most of its competitors. The disparity in information makes it virtually impossible for the Company to compete as effectively as other market participants.

5. The designated information in the Annual Report is directly relevant to the ability of Florida Power to compete effectively in the commercial marketplace for power sales. If customers know the details of the Company's incremental costs and fully allocated costs, they will be able to develop offers to purchase power from the Company that minimize the Company's ability to obtain a contribution to its fixed costs. Competitors in the power sales market will be able to develop competing offers that undercut the Company's offers because they will have superior market information. Such unfair competition will adversely affect the public interest because it will allow competitors to raise their prices to just below the Company's cost-based prices, which would increase the prices that power purchasers must pay.

Consistency Considerations

6. The filing of the Commission's annual report form by other public utilities without requests for confidentiality does not justify denying Florida Power's request for such treatment. Each public utility must make its own determination about whether the information provided in its annual report is commercially sensitive or could otherwise cause it competitive harm. The decision of a public utility to not seek confidential classification for its annual report affects only the utility that made that decision. Therefore, Florida Power cannot, and should not be required to, point to any special circumstances that justify treating its annual report differently from those of other public utilities. The Commission should evaluate the request for confidential classification of the annual report form for each public utility that makes such a request rather than basing its decision on what other public utilities have done. This is far more fair than holding Florida Power captive to the decisions of other public utilities, as would be the case if the Commission were to deny confidential treatment for Florida Power on the ground that other public utilities had not made similar requests.

7. The availability in other forums of information that is similar to the Commission's annual report data also should not affect Florida Power's request for confidential classification of annual report data. As explained above, the need for confidential treatment has increased as the electric industry has become more competitive. Florida Power has filed a nearly identical request with the Federal Energy Regulatory Commission for confidential treatment of its FERC Form 1 data. If Florida Power were required to defer its request for confidential treatment from any regulatory agency until all regulatory agencies agreed on the scope of

confidential treatment and the date on which such treatment would begin, no information would ever receive confidential treatment. The appropriate approach is for each regulatory agency to make its own determination as to what information is confidential without regard to the actions of other agencies. Florida Power recognizes and will accept the risk that there will be differences in the timing of decisions on confidentiality.

WHEREFORE, Florida Power respectfully requests that the highlighted information in Attachment B be classified as confidential for the reasons set forth above and in Attachment A.

Respectfully submitted,

OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION

By _____

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Attachment A

FLORIDA POWER CORPORATION
1998 FERC FORM 1
PAGES FOR WHICH CONFIDENTIAL TREATMENT IS REQUESTED

Page	Title	Column	Line	Comments
204-207	Electric Plant in Service	b-g	2-88	Discloses detailed cost information by plant account and also provides plant refurbishment history. Discloses business plans to competitors as additions and retirements to electric plant in service are made.
214	Electric Plant Held for Future Use	a-d	2-46	Reveals business expansion plans to competitors and strategy for future plant locations. Can affect cost of adjacent real estate purchases.
216	Construction Work in Progress - Electric	a-b	1-42	Discloses the cost to build specific types of facilities and is a window to strategic planning by disclosing new capital investments.
219	Accumulated Provision for Depreciation of Electric Utility Plant	b-e	2-16, 18-26	Contains provision balances by plant function and account which aids competitors by disclosing, in conjunction with the data on pages 204-207, net plant investment by function.
228-229	Allowances	b-m b-l	2-28, 30-35, 37-39, 41-46 1,29,36,40	Discloses emission allowances strategy to competitors. Contracts between buyers/sellers of emission allowances are confidential.
304	Sales of Electricity by Rate Schedules	a-f	1-42	Aids competitors by providing competitive level of detail. Discloses sales quantities and prices by customer class and rate schedule.
310-311	Sales for Resale	a-k	1-14	Provides highly competitive information by listing names of customer (column a), actual demand (columns e and f), megawatt hours sold (column g), and revenue (columns h, i, and j). Knowledge of this data can be used by competitors to calculate a utility's average rate for sales for resale. Competitors can develop marketing strategies to invade the public utilities' markets since buyers' names are provided on these pages. Utilities that must file this data are put at a competitive disadvantage in the wholesale electricity markets since not all electricity providers are required to make this information public.

Page	Title	Column	Line	Comments
320-323	Electric Operation and Maintenance Expenses	b-c	4-168	Detailed cost data by account and functions, particularly production, reveal sensitive data to competitors. Using the data provided on these pages, it is possible to determine the efficiency of a company's generation, transmission and distribution operations, maintenance activities, and administrative activities. This data puts reporting companies at a competitive disadvantage with companies that are not required to report such data. This data can also be used to a reporting company's disadvantage in the case of an organized labor movement or a hostile takeover attempt.
326-327	Purchased Power	a-m	1-14	Reveals sensitive contract and pricing information. The information includes the vendors (column a), megawatt hours purchased (columns g and h), and the costs (columns j, k, l and m). Knowledge of this data reveals sensitive contract and pricing information for the power purchased which may impact future negotiating strategies. This data should be viewed as proprietary information since knowledge of the data can be used by competitors, especially the electricity providers that are not required to make public this same detailed level of information, to gain a competitive advantage.
328-330	Transmission of Electricity for Others	a-n	1-17	Extremely detailed data by customer and rate. The information provided includes the energy provider (column b), energy receiver (column c), megawatt hours transported, (columns i and j), and the revenues received (columns k, l, m, and n). Such information supplies competitors with the data needed, along with purchased power costs, to calculate delivered cost to gain a competitive advantage.

Page	Title	Column	Line	Comments
332	Transmission of Electricity by Others	a-g	1-16, TOTAL	Supplies competitors with rate information by provider, which may impact negotiation of future agreements. The information on this page includes the name of the company providing the transmission service (column a), megawatt hours received (column b) and delivered (column c), and the cost paid (columns d, e, f and g). Such information supplies competitors with the data needed, along with purchased power costs, to calculate a delivered cost of power to gain a competitive advantage.
336-337	Depreciation and Authorization of Electric Plant	pg. 336 b-e pg.337 a-g	Pg. 336 (A)1-11, (B) ALL 1-50	Provides insights on depreciation practices not provided by non-filing companies and contains extremely detailed information about individual power plants and accounts.
352-353	Research, Development and Demonstration Activities	a-g	1-38	Provides insight into future strategic plans and current problem areas. This information could be used against a reporting company when competing against non-reporting companies in a situation that requires expertise and investment in new technologies or equipment.
354-355	Distribution of Salaries and Wages	pg. 354 b c & d pg.355 b-d	Pg. 354 3-25 25 Pg.355 62-96	Salaries and wages by function provides details on a cost component to competitors. With the data found on these pages, it is possible to determine the average salary of the company's work force, by function and in total. Data such as this puts reporting companies at a severe competitive disadvantage in competing against companies that are not required to report such information.

Page	Title	Column	Line	Comments
401	Electric Energy Account and Monthly Peaks and Outputs	pg. 401a b pg. 401b a-e	1-28 29-41	Discloses monthly operating data and sources and disposition of energy. Provides sensitive information regarding efficiency of generating plants.
402-403	Steam-Electric Generating Plant Statistics (Large Plants)	b-f	1-34, 37-43	Extremely sensitive and detailed operating cost and operating statistics by plant. Very useful to competitors in determining how plants operate at the margin. Fuel and other costs give competitors a clear picture of operations and efficiencies.
422-423	Transmission Line Statistics	a-p	1-36	Discloses capacities and locations of individual transmission lines. Provides insight into transmission capabilities.
424-425	Transmission Lines Added During Year	a-o	1-44	Reveals current expansion plans and costs to build individual transmission lines. Provides insight into transmission capabilities.
426-427	Substations	a-k	1-40	Reveals capacities and locations of individual substations to competition. Reveals business plans to competitors by disclosing the location and capacity of new substations and increases in the capacity of existing substations.
430	Environmental Protection Facilities	b-f	1-9	Discloses amounts invested in pollution control equipment and plans for pollution control. Discloses business plans to competitors as additions and retirements to environmental facilities are made.
431	Environmental Protection Expenses	b-c	1-11	These production costs should be confidential. Lines 6 and 7 require disclosure of fuel related costs, particularly the cost of environmentally clean fuels and replacement power costs.

FLORIDA POWER CORPORATION
1998 FPSC ANNUAL REPORTS
PAGES FOR WHICH CONFIDENTIAL TREATMENT IS REQUESTED

Page	Title	Column	Line	Comments
PSC / AFA 16 Schedule 1	Changes in Corporate Structure	Entire Schedule	Entire Schedule	Discloses extremely detailed organization charts of Florida Progress Corporation and Subsidiaries.
PSC / AFA 16 Schedule 2	New or Amended Contracts with Affiliated Companies	Entire Schedule	Entire Schedule	Contains detailed propriety information on contracts with affiliated companies.
PSC / AFA 16 Schedule 3	Individual Affiliated Transactions in Excess of $500,000	Entire Schedule	Entire Schedule	Discloses detailed financial data and operating costs.
PSC / AFA 16 Schedule 4	Summary of Affiliated Transfers And Cost Allocations	Entire Schedule	Entire Schedule	Discloses extremely detailed financial data and operating costs.
PSC / AFA 16 Schedule 5	Assets or Rights Purchased from or Sold to Affiliates	Entire Schedule	Entire Schedule	Discloses book value and market value of specific Company assets.
PSC / AFA 16 Schedule 6	Employee Transfers	Entire Schedule	Entire Schedule	Reveals strategic plans.
FPSC ANNUAL DEPRECIATION STATUS REPORT	Plant in Service and Accumulated Provision for Depreciation / Amortization	Entire Schedule	Entire Schedule	Contains Extremely detailed information about individual power plants and accounts.

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OF COUNSEL

GEORGE F. BRUDER
RETIRED 1997

May 24, 1999

The Honorable David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Florida Power Corporation
Request for Confidential Treatment of FERC Form 1

Dear Secretary Boergers:

Enclosed please find the 1998 FERC Form 1 of Florida Power Corporation ("Florida Power" or "the Company"). Florida Power hereby requests that the Commission treat designated portions of its 1998 Annual Report, FERC Form 1, as confidential pursuant to 18 C.F.R. § 388.112. The increasingly competitive environment in which electric utilities operate has made some of the information that is required in the Form 1 commercially sensitive and justifies its treatment on a confidential basis under the Commission's regulations.

JUSTIFICATION FOR REQUEST FOR CONFIDENTIAL TREATMENT

The Nature of the Competitive Wholesale Power Sales Market

In any competitive market, the availability of information about competitors can provide market participants a competitive advantage. This is increasingly true for the electricity market. Florida Power, like other public utilities, is facing competition from wholesale power marketers and other non-traditional utilities. Consequently, the commercial sensitivity of information about the Company has increased in recent years. Although Florida Power does not have market-based rate authority within the State of Florida, it sells power at market-based rates outside the state. The public availability of information about Florida Power's costs and operations gives competing power

suppliers a significant advantage in developing marketing strategies that target the Company's existing and potential power sales customers.

The public availability of information about Florida Power's costs and operations would be less objectionable if all market participants were subject to the same reporting and disclosure requirements. However, most of the Company's competitors are non-traditional utilities that are not subject to the detailed reporting requirements that apply to Florida Power and other public utilities. Consequently, Florida Power is operating in an environment in which its competitors have detailed commercial and financial information about the Company, but the Company has little or no such information about most of its competitors. The disparity in information makes it virtually impossible for the Company to compete as effectively as other wholesale market participants.

Consistency of Request with Commission Regulations

The Commission's regulations, 18 C.F.R. § 388.112, provide that a party may seek confidential treatment of any document filed with the Commission by claiming that some or all of the information contained in a particular document is exempt from the mandatory public disclosure requirements of the Freedom of Information Act, 5 U.S.C. § 552, and should otherwise be withheld from public disclosure. Both the Commission's regulations and the Freedom of Information Act recognize an exemption from public disclosure for "trade secrets and commercial and financial information that is privileged or confidential.[1]

There can be no dispute that the information for which Florida Power is seeking confidential treatment is "commercial and financial information." The Commission has interpreted the term "commercial and financial information" as "anything 'pertaining to or dealing with commerce' .... including such items as profit and loss data, overhead and operating costs, and information on financial condition." *Central Maine Power Company*, 72 FERC ¶ 61,118, 61,680 (1995). The data contained in the Form 1 unquestionably constitutes commercial and financial information since it includes the reporting company's operating costs and information on its financial condition.

The information also is privileged or confidential because it is directly relevant to the ability of Florida Power to compete effectively in the wholesale marketplace for power sales. If wholesale customers know the details of the Company's costs, they will be able to develop offers to purchase power from the Company that minimize the Company's ability to obtain a contribution to its fixed costs. Competitors in the wholesale power sales market will be able to develop competing offers that undercut the Company's offers because they will have superior market information. Such unfair competition will adversely affect the public interest because it will allow competitors to

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1/ 5 U.S.C. '552(b)(4); 18 C.F.R. ' 388.107(d).

raise their prices to just below the Company's cost-based prices, which would increase the prices that power purchasers must pay.

Consistency of Request with the Public Interest

The public interest does not compel the Commission to continue to make commercially sensitive Form 1 data publicly available. If Florida Power makes a cost-based rate filing that requires Commission review of the Form 1 data, the Commission Staff will have easy access to that information since the Company is filing an unexpurgated version of the Form 1 in compliance with Commission regulations. Customers that demonstrate a need to review the confidential portions of the Form 1, either in conjunction with matters the Commission has set for hearing or in the course of evaluating whether to make a filing under Section 206 of the Federal Power Act concerning the reasonableness of the Company's filed rates, can obtain that information if they sign the model confidentiality agreement that the Commission adopted last year. Consequently, granting Florida Power's request for confidential treatment will not adversely affect the ability of the Commission to fulfill its regulatory obligations or the ability of the Company's customers to obtain the information they need to protect their interests.

Florida Power recognizes that the Commission has previously held that granting of a request for confidentiality for the Form 1 of one public utility would provide it a competitive advantage because the Form 1s of other public utilities are publicly available. *See, e.g., Consolidated Edison Company of New York, Inc. and Central Hudson Gas & Electric Corp.*, 72 FERC ¶ 61,184 (1995). The Commission's conclusion in that proceeding, rather than justifying denial of the request for confidential treatment, actually demonstrates why such treatment is necessary. The Commission's order includes the justification that the availability of Form 1 data for some utilities and not for others would provide a competitive advantage to the utilities that have access to their competitors' commercial information but have not provided their own commercial information. As explained above, Florida Power is seeking to forestall its non-public utility competitors from obtaining that same competitive advantage — an advantage that the Commission has acknowledged results from disclosure of Form 1 data. The logic that supports the Commission's order thus justifies granting the Company's request for confidential treatment.

The filing of FERC Form 1 by other public utilities without requests for confidentiality does not justify denying Florida Power's request for such treatment. Each public utility must make its own determination about whether the information it provides in the Form 1 is commercially sensitive or could otherwise cause it competitive harm. The decision of a public utility to not seek confidential treatment for its Form 1 affects only the utility that made that decision. The Commission should evaluate the request for confidential treatment of the Form 1 for each public utility that makes such a request rather than basing its decision on what other public utilities have done.

Therefore, Florida Power cannot — and should not be required to — point to any special circumstances that justify treating its Form 1 differently from those of other public utilities. This is far more fair than holding Florida Power captive to the decisions of other public utilities, as would be the case if the Commission were to deny confidential treatment for Florida Power on the ground that other public utilities had not made similar requests.

The availability in other forums of information that is similar to the Form 1 data also should not affect Florida Power's request for confidential treatment of the Form 1 data. As explained above, the need for confidential treatment has increased as the electric industry has become more competitive. Florida Power is requesting from the Florida Public Service Commission confidential treatment of its proprietary, confidential business information. If Florida Power were required to defer its request for confidential treatment from any regulatory agency until all regulatory agencies agreed on the scope of confidential treatment and the date on which such treatment would begin, no information would ever receive confidential treatment. The appropriate approach is for each regulatory agency to make its own determination as to what information is confidential without regard to the actions of other agencies. Florida Power recognizes and will accept the risk that there will be differences in the timing of decisions on confidentiality.

The filing of quarterly reports of transactions by power marketers does not justify the denial of this request for confidential treatment. The Company's quarterly reports provide information only on the identity of the purchasers of power and aggregated monthly data on sales prices and volumes. That information is not at all comparable in detail or commercial sensitivity to the detailed cost data that public utilities must file.

Nor is it necessary to keep the Form 1 data public in order to allow the Commission or the Department of Energy's Energy Information Administration ("EIA") to prepare its reports on the industry. The EIA reports present aggregated data that do not identify individual utilities. Consequently, EIA reports that are based on the Form 1s of individual utilities would not disclose commercially sensitive information about Florida Power or other public utilities. Moreover, the EIA does not make use of many of the most sensitive types of information that are included in the Form 1, such as plant generating statistics, monthly peak loads and generator output and wages and salaries. If it is necessary to obtain confidential status for the Form 1, Florida Power does not object to providing to the EIA the unexpurgated version of the Form 1 subject to the same confidentiality protections that are provided by 18 C.F.R. § 388.112.

EXPLANATION OF SPECIFIC REQUESTS FOR CONFIDENTIAL TREATMENT

Attachment A to this filing is a chart that sets out the page, column and line numbers for the Form 1 entries for which Florida Power is requesting confidential treatment, together with explanations as to why confidential treatment is required.

MISCELLANEOUS

Consistent with the Commission's regulations, the following materials are enclosed:

1. One complete paper copy of Florida Power's FERC Form 1, containing the statement, on the front page, "Contains Privileged Information — Do Not Release" and marked to show the information for which confidential treatment is sought.

2. Fourteen paper copies of the FERC Form 1, each containing the statement on the front page "Privileged Material Has Been Deleted", and from which such material has been removed.

Florida Power also has submitted an electronic copy of the FERC Form 1 with a request for confidential treatment that is consistent with the Commission's instructions for confidential treatment of electronic versions of Form 1.

Please contact the following persons concerning this request for privileged treatment:

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Very truly yours,

Thomas L. Blackburn
Counsel for Florida Power Corporation

Attachment 1

FLORIDA POWER CORPORATION
1998 FERC FORM 1
PAGES FOR WHICH CONFIDENTIAL TREATMENT IS REQUESTED

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310-311	Sales for Resale	a-k	1-14	Provides highly competitive information by listing names of customer (column a), actual demand (columns e and f), megawatt hours sold (column g), and revenue (columns h, i, and j). Knowledge of this data can be used by competitors to calculate a utility's average rate for sales for resale. Competitors can develop marketing strategies to invade the public utilities' markets since buyers' names are provided on these pages. Utilities that must file this data are put at a competitive disadvantage in the wholesale electricity markets since not all electricity providers are required to make this information public.

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328-330	Transmission of Electricity for Others	a-n	1-17	Extremely detailed data by customer and rate. The information provided includes the energy provider (column b), energy receiver (column c), megawatt hours transported, (columns i and j), and the revenues received (columns k, l, m, and n). Such information supplies competitors with the data needed, along with purchased power costs, to calculate delivered cost to gain a competitive advantage.

Page	Title	Column	Line	Comments
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431	Environmental Protection Expenses	b-c	1-11	These production costs should be confidential. Lines 6 and 7 require disclosure of fuel related costs, particularly the cost of environmentally clean fuels and replacement power costs.

Florida Power
CORPORATION

JAMES A. McGEE
SENIOR COUNSEL

May 28, 1999

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

990697-EI

Re: 1998 Annual Report; Request for Specified Confidential Treatment.

Dear Ms. Bayo:

Enclosed for filing is Florida Power Corporation's Request for Confidential Classification of portions of its 1998 Annual Report and related schedules. Attachment B to the Request is an unredacted copy of the forms which highlights in transparent ink the confidential information subject to this Request and is contained in a separate envelope labeled "Confidential." **This document should receive confidential treatment pending a decision on this Request.** Redacted copies of the Annual Report which may be made public have been separately submitted for filing this date pursuant to Commission Rule 25-6.135, F.A.C.

Please acknowledge your receipt and filing of the above on the enclosed copy of this letter and return same to me.

Very truly yours,

James A. McGee

JAM:ams
Enclosures

1998 Annual Rpt Book
"Count On Us" &
Form 10-K SEC

DOCUMENT NUMBER-DATE
06780 JUN-1 99
FPSC-RECORDS/REPORTING

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Phone: (727) 820-5184 • Fax: (727) 820-5519 • Email: james.a.mcgee@fpc.com
A Florida Progress Company

w/1 Attachments Part I to

THIS FILING IS (CHECK ONE BOX FOR EACH ITEM)	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____
Item 2: [ ] An Original Signed Form	OR [ ] Conformed Copy

259

Form Approved
OMB No. 1902-0021
(Expires 11/30/2001)

FERC Form No. 1:
ANNUAL REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHERS

PRIVILEGED MATERIAL HAS BEEN DELETED

This report is mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

DN 06782-99
6/1/99
Part 3 of 3

Exact Legal Name of Respondent (Company)	Year of Report
Florida Power Corporation	Dec. 31, 1998

P.O. Box 31002
St. Petersburg, FL 33731-8902

P.O. Box 1439
Tampa, FL 33601-1439

Independent Auditors' Report

The Board of Directors
Florida Power Corporation:

We have audited the balance sheets - regulatory basis of Florida Power Corporation (the "Company") as of December 31, 1998 and 1997, and the related statements of income - regulatory basis for the years ended December 31, 1998 and 1997 and retained earnings and cash flows - regulatory basis for the year ended December 31, 1998, included on pages 110 through 121 of the accompanying Federal Energy Regulatory Commission Form 1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

These financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published Accounting Releases, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and proprietary capital of Florida Power Corporation as of December 31, 1998 and 1997, and the results of its operations for the years then ended and the results of its cash flows for the year ended December 31, 1998, in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published Accounting Releases.

This report is intended solely for the information and use of the board of directors and management of Florida Power Corporation and for filing with the Federal Energy Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

KPMG LLP

St. Petersburg, Florida
January 25, 1999

KPMG LLP. KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.

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FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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INSTRUCTIONS FOR FILING THE FERC FORM NO. 1

GENERAL INFORMATION

I. Purpose

This form is a regulatory support requirement (18 CFR 141.1). It is designed to collect financial and operational information from major electric utilities, Licensees and others subject to the jurisdiction of the Federal Energy Regulatory Commission. This report is also secondarily considered to be a nonconfidential public use form supporting a statistical publication (Financial Statistics of Selected Electric Utilities), published by the Energy Information Administration.

II. Who Must Submit

Each Major electric utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject To the Provisions of The Federal Power Act (18 CFR 101), must submit this form.

Note: Major means having, in each of the three previous calendar years, sales or transmission service that exceeds one of the following:

(1) One million megawatt hours of total annual sales,
(2) 100 megawatt hours of annual sales for resale,
(3) 500 megawatt hours of annual power exchanges delivered, or
(4) 500 megawatt hours of annual wheeling for others (deliveries plus Losses)

III. What and Where to Submit

(a) Submit this form on electronic media consisting of two (2) duplicate data diskettes and an original and six (6) conformed paper copies, properly filed in and attested, to:

Office of the Secretary
Federal Energy Regulatory Commission
888 First Street, NE.
Room 1A-21
Washington, DC 20426

Retain one copy of this report for your files.

Include with the original and each conformed paper copy of this form the subscription statement required by 18 C.F.R. 385.2011(c)(5). Paragraph (c)(5) of 18 C.F.R. 385.2011 requires each respondent submitting data electronically to file a subscription stating that the paper copies contain the same information as contained on the electronic media, that the signer knows the contents of the paper copies and electronic media, and that the contents as stated in the copies and on the electronic media are true to the-best knowledge and belief of the signer.

(b) Submit, immediately upon publication, four (4) copies of the Latest annual report to stockholders and any annual financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. (Do not include monthly and quarterly reports. Indicate by checking the appropriate box on Page 4, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared.) Mail these reports to:

Chief Accountant
Federal Energy Regulatory Commission
888 First Street, NE.
Room 1A-21 Washington, DC 20426

(c) For the CPA certification, submit with the original submission, or within 30 days after the filing date for this form, a Letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984):

(i) Attesting to the conformity, in all material aspects, of the below Listed (schedules and) pages with the Commission's applicable Uniform Systems of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

(ii) Signed by independent certified public accountants or an independent Licensed public accountant certified or Licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 CFR 41.'10-41.12 for specific qualifications).

III. What and Where to Submit (Continued)

(c) Continued

Schedules	Reference Pages
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Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

When accompanying this form, insert the Letter or report immediately following the cover sheet. When submitting after the filing date for this form, send the letter or report to the office of the Secretary at th address indicated at III (a).

Use the following form for the Letter or report unless unusual circumstances or conditions, explained in t Letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

In connection with our regular examination of the financial statements of for the year on which we have reported separately under date of We have also reviewed schedules of FERC Form No. 1 for the year filed with the Federal Energy Regulatory Commission, for conformity in all mat respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Unif System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (excep noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

State in the letter or report, which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

(d) Federal, State and Local Governments and other authorized users may obtain additional blank copies to m their requirements free of charge from:

Public Reference and Files Maintenance Branch
Federal Energy Regulatory Commission
888 First Street, NE. Room 2A-1 ED-12.2
Washington, DC 20426
(202) 208-2474

IV. When to Submit

Submit this report form on or before April 30th of the year following the year covered by this report.

V. Where to Send Comments on Public Reporting Burden

The public reporting burden for this collection of information is estimated to average 1,217 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the da needed, and completing and reviewing the collection of information. Send comments regarding this burden estimat or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, 888 First Street ME., Washington, DC 20426 (Attention: Mr. Michael Hitter, ED-12.3); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

GENERAL INSTRUCTIONS

I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 101) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.

II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required). The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.

III Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.

IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2, 3, and 4.

V. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" included in the header of each page is to be completed only for resubmissions (see VII. below). The date of the resubmission must be reported in the header for all form pages, whether or not they are changed from the previous filing.

VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.

VII. For any resubmissions, two (2) new data diskettes and an original and six (6) conformed paper copies of the entire form, as well as the appropriate number of copies of the subscription statement indicated at instruction III (a) must be filed. Resubmissions must be numbered sequentially both on the diskettes and on the cover page of the paper copies of the form. In addition, the cover page of each paper copy must indicate that the filing is a resubmission. Send the resubmissions to the address indicated at instruction III (a).

VIII. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.

IX. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.

Definitions

I. Commission Authorization (Comm. Auth.) -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.

II. Respondent -- The person, corporation, licensee, agency, authority, or other Legal entity or instrumentality in whose behalf the report is made.

EXCERPTS FROM THE LAW

Federal Power Act, 16 U.S.C. 791a-825r)

"Sec. 3. The words defined in this section shall have the following meanings for purposes of this Act, to w:
...(3) "Corporation" means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of ar the foregoing. It shalt not include 'municipalities, as hereinafter defined;

(4) "Person" means an individual or a corporation;

(5) "Licensee" means any person, State, or municipality Licensed under the provisions of section 4 of this A and any assignee or successor in interest thereof;

(7) "Municipality" means a city, county, irrigation district, drainage district, or other political subdivis or agency of a State competent under the Laws thereof to carry an the business of developing, transmitting, unitizing, or distributing power;..."

(11) "Project" means a complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of unit, and all storage, diverting, or forebay reservoirs directly connected therewith, the primary line or Line transmitting power therefrom to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, Lands, or interest in Lands the use a occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"Sec. 4. The Commission is hereby authorized and empowered:

(a) To make investigations and to collect and record data concerning the utilization of the water 'resources any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development costs, and relation to markets of power s. ... to the extent the Commission may deem necessary or useful for the purposes of this Act."

"Sec. 304. (a) Every Licensee and every public utility shall file with the Commission such annual and other periodic or special reports as the Commission may be rules and regulations or other prescribe as necessary or appropriate to assist the Commission in the proper administration of this Act. The Commission my prescribe the manner and form in which such reports shalt be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and Liabilities, capitalization, net investment, anc reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provis for currently determining such costs and other facts. Such reports shall be made under oath unless the Commiss otherwise specifies."

"Sec. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, and res such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of this Among other things, such rules and regulations may define accounting, technical, and trade terms used in this A and may prescribe the form or forms of all statements, declarations, applications, and reports to be filed with Commission, the information which they shall contain, and the time within which they shall be filed..."

General Penalties

"Sec. 315. (a) Any licensee or public utility which willfully fails, within the time prescribed by the Commissic to comply with any order of the Commission, to file any report required under this Act or any rule or regulatior the Commission thereunder, to submit any information of document required by the Commission in the course of an investigation conducted under this Act ... shall forfeit to the United States an amount not exceeding $1,000 to fixed by the Commission after notice and opportunity for hearing..."

FERC FORM NO. 1:
ANNUAL REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION	
01 Exact Legal Name of Respondent Florida Power Corporation	02 Year of Report Dec. 31, 1998
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Year *(Street, City, State, Zip Code)* 100 CENTRAL AVENUE ST. PETERSBURG, FL 33701-3324	
05 Name of Contact Person JAVIER PORTUONDO	06 Title of Contact Person Mgr, Regulatory Accounting
07 Address of Contact Person *(Street, City, State, Zip Code)* 100 CENTRAL AVENUE ST. PETERSBURG, FL 33701-3324	
08 Telephone of Contact Person *Including Area Code* (727) 820-5835	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission
	10 Date of Report *(Mo, Da, Yr)* / /

ATTESTATION

The undersigned officer certifies that he/she has examined the accompanying report: that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.

01 Name	03 Signature	04 Date Signed *(Mo, Da, Yr)*
JOHN SCARDINO, JR.		5/26/99
02 Title VICE PRESIDENT & CONTROLLER		

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
1	General Information	101	
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12	Notes to Financial Statements	122-123	
13	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
14	Nuclear Fuel Materials	202-203	
15	Electric Plant in Service	204-207	
16	Electric Plant Leased to Others	213	NONE
17	Electric Plant Held for Future Use	214	
18	Construction Work in Progress-Electric	216	
19	Construction Overheads-Electric	217	
20	General Description of Construction Overhead Procedure	218	
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
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46	Sales of Electricity by Rate Schedules	304	
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52	Transmission of Electricity by Others	332	NONE
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55	Particulars Concerning Certain Income Deduction and Int Charges Accnts	340	
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58	Distribution of Salaries and Wages	354-355	
59	Common Utility Plant and Expenses	356	NONE
60	Electric Energy Account	401	
61	Monthly Peaks and Output	401	
62	Steam Electric Generating Plant Statistics (Large Plants)	402-403	
63	Hydroelectric Generating Plant Statistics (Large Plants)	406-407	NONE
64	Pumped Storage Generating Plant Statistics (Large Plants)	408-409	NONE
65	Generating Plant Statistics (Small Plants)	410-411	NONE
66	Transmission Line Statistics	422-423	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reportec for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
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68	Substations	426-427	
69	Electric Distribution Meters and Line Transformers	429	
70	Environmental Protection Facilities	430	
71	Environmental Protection Expenses	431	
72	Footnote Data	450	
	Stockholders' Reports Check appropriate box: [X] Four copies will be submitted [ ] No annual report to stockholders is prepared		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Mr. John Scardino, Jr.
Vice President & Controller
100 Central Avenue
St. Petersburg, FL 33701-3324

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

State of Florida July 18, 1899

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

State of Florida - Electric Service

5. Have you engaged as the principle accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

Name of Respondent Florida Power Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report *(Mo, Da, Yr)* / /	Year of Report Dec. 31, 1998

CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the repondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiearies for whom trust was maintained, and purpose of the trust.

Pursuant to an agreement and plan of merger approved by the stockholders of Florida Power Corporation in March, 1982, Florida Progress Corporation is the owner of all the outstanding common stock of Florida Power Corporation.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Definitions
1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1	Energy Solutions Inc.	Sales of telephone services	100%	
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is $50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	PRESIDENT & CHIEF EXECUTIVE OFFICER	J. H. RICHARDSON	423,
2	SR VICE PRESIDENT, ENERGY SUPPLY	R. A. ANDERSON	362,
3	SR VICE PRESIDENT, ENERGY SOLUTIONS	J. B. CASE	201,
4	SR VICE PRESIDENT, ENERGY DELIVERY	M. B. FOLEY, JR	202,
5	SR VICE PRESIDENT, FINANCIAL SERVICES & CFO	J.R. HEINICKA	295,
6	VICE PRESIDENT, CORPORATE SERVICES	D.L. MILLER (Retired 05/01/98)	234,
7	VICE PRESIDENT, GENERAL COUNSEL	K.E. ARMSTRONG	241,
8	VICE PRESIDENT, HUMAN RESOURCES	W.G. KELLEY	183,
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27	(c) TOTAL SALARY INCLUDES THE AMOUNT EARNED UNDER THE		
28	MANAGEMENT INCENTIVE COMPENSATION PLAN.		
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	(Mo, Da, Yr) / /	Dec. 31, 1998

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	Willard D. Frederick	Orlando, Florida
2	Michael P. Graney ***	Columbus, Ohio
3	Clarence V. McKee	Tampa, Florida
4	Vincent J. Naimoli ***	Tampa, Florida
5	Richard A. Nunis ***	Lake Buena Vista, Florida
6	Joan D. Ruffier	Orlando, Florida
7	Robert T. Stuart, Jr.	Caddo, Oklahoma
8	Jean Giles Wittner ***	St. Petersburg, Florida
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of the trust(whether voting trust, etc.) duration of trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a List of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.
2. If any security other than stock carries voting rights, explain in a footnote the circumstances whereby such security became vested with voting rights give other important particulars (details) concerning voting rights of such security. State whether voting right are actual or contingent; if contingent, describe the contingency.
3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method explain briefly in a footnote.
4. Furnish particulars (details) concerning any options warrants, or rights outstanding at the end of the year others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or right the amount of such securities or assets so entitled to purchased by any officer, director, associated company, or of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the public where the options, warrants, or rights were issued prorata basis.

1. Give the date of the latest closing of the stock book prior to end of year, and state the purpose of such closing:	2. State the total number of votes cast at the latest general meeting prior to end of year for election of directors of the respondent and number of such votes cast by proxy	3. Give the date and place of such meeting
Stock books not closed in 1998.	Total: 100 By Proxy: 100	

Line No.	Name (Title) and Address of Security Holder	VOTING SECURITIES Number of Votes as of (date): 12/31/1998			
		Total Votes	Common Stock	Preferred Stock	Other
	(a)	(b)	(c)	(d)	(e)
4	TOTAL votes of all voting securities	100	100		
5	TOTAL number of security holders	1	1		
6	TOTAL votes of security holders listed below	100	100		
7	Florida Progress Corporation	100	100		
8	* See Page 102				
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

IMPORTANT CHANGES DURING THE YEAR (continued)

1. CHANGES IN AND IMPORTANT ADDITIONS TO FRANCHISE RIGHTS:

In 1998, the cities of Umatilla, Orange City and Tavares executed new, standard, 30-year franchise agreements. The franchise fee rate under these agreements is 6% of all residential, commercial, industrial, and municipal street lighting revenues.

2. ACQUISITION OF OWNERSHIP IN OTHER COMPANIES

None

3. PURCHASE OR SALE OF AN OPERATING UNIT OR SYSTEM

Sale of the Port St. Joe Peaking Unit, an 18 MW combustion turbine located in Gulf County, Florida to the Bahamas Electric Company.

Original Cost	$2,049,144.00
Accumulated Provisionn for Depreciation	1,292,153.31
Net Book Value	756,990.69
Net Sales Price	1,694,209.48
Gain on Disposition of Property	$ 937,218.79

This transaction was approved by Federal Energy Regulatory Commission (FERC) order issued April 28, 1998 Docket No. AC98-35-000. Related journal entries were submitted to the FERC by letter dated February 17, 1998.

Sale of distribution facilities to the Orlando Utilities Commission.

Original Cost	$ 774,575
Accumulated Provision for Depreciation	292,916
Net Book Value	481,659
Net Sales Price	3,686,370
Gain on Disposition of Property	$3,204,711

This transaction was approved by FERC in a letter dated December 23, 1998, Docket No. AC99-3-000. Related journal entries were submitted to the FERC by letter dated October 15, 1998.

4. IMPORTANT LEASEHOLDS

None

5. IMPORTANT EXTENSION OR REDUCTION OF TRANSMISSION OR DISTRIBUTION SYSTEM

None other than the addition of normal transmission and distribution facilities to serve new customers.

6. OBLIGATIONS INCURRED AS A RESULT OF ISSUANCE OF SECURITIES OR ASSUMPTION OF LIABILITIEWS OR GUARANTEES

IMPORTANT CHANGES DURING THE YEAR (continued)

During 1998, Florida Power Corporation issued a total of $3,368,600,000 of commercial paper, and redeemed a total of $3,501,100,000. The average daily weighted interest rate during the period was 5.45%. The company sold $150 million of medium term notes in February 1998. The proceeds were used to fund the redemption of all of its 8-5/8% First Mortgage Bond series, due November 2021.

Authorization for items under note 6 was received from the Florida Public Service Commission under Order No. PSC-97-1539-FOF-EI.

7. CHANGES IN ARTICLES OF INCORPORATION OR AMENDMENTS TO CHARTER

None

8. STATE THE ESTIMATED ANNUAL EFFECT AND NATURE OF ANY IMPORTANT WAGE SCALE CHANGES DURING THE YEAR

None

9. LEGAL PROCEEDINGS

See Item 3. Legal Proceedings in FPC's 1998 Form 10-K which is filed with this report.

10. DESCRIBE BRIEFLY ANY MATERIALLY IMPORTANT TRANSACTIONS OF THE RESPONDENT NOT DISCLOSED ELSEWHERE IN THIS REPORT

None

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) ☒ An Original (2) ☐ A Resubmission	/ /	Dec. 31, 1998

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	6,166,780,311	6,307,777,
3	Construction Work in Progress (107)	200-201	279,371,425	378,329,
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		6,446,151,736	6,686,106,
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	200-201	2,863,081,569	3,101,443,
6	Net Utility Plant (Enter Total of line 4 less 5)		3,583,070,167	3,584,663,
7	Nuclear Fuel (120.1-120.4, 120.6)	202-203	423,182,614	423,090,
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	356,720,677	377,200,
9	Net Nuclear Fuel (Enter Total of line 7 less 8)		66,461,937	45,890,
10	Net Utility Plant (Enter Total of lines 6 and 9)		3,649,532,104	3,630,553,
11	Utility Plant Adjustments (116)	122	0	
12	Gas Stored Underground - Noncurrent (117)		0	
13	**OTHER PROPERTY AND INVESTMENTS**			
14	Nonutility Property (121)	221	26,593,684	6,050,
15	(Less) Accum. Prov. for Depr. and Amort. (122)		820,622	728,
16	Investments in Associated Companies (123)		0	
17	Investment in Subsidiary Companies (123.1)	224-225	0	541,9
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
19	Noncurrent Portion of Allowances	228-229	0	
20	Other Investments (124)		5,874	13,6
21	Special Funds (125-128)		205,589,838	277,602,9
22	TOTAL Other Property and Investments (Total of lines 14-17,19-21)		231,368,774	283,479,9
23	**CURRENT AND ACCRUED ASSETS**			
24	Cash (131)		-9,590,112	-7,959,2
25	Special Deposits (132-134)		994,584	795,7
26	Working Fund (135)		421,103	277,1
27	Temporary Cash Investments (136)		0	
28	Notes Receivable (141)		74,619	251,2
29	Customer Accounts Receivable (142)		8,351	
30	Other Accounts Receivable (143)		1,936,856	11,9
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		0	
32	Notes Receivable from Associated Companies (145)		153,794,299	141,154,6
33	Accounts Receivable from Assoc. Companies (146)		269,213	639,7
34	Fuel Stock (151)	227	43,991,963	48,346,1
35	Fuel Stock Expenses Undistributed (152)	227	0	
36	Residuals (Elec) and Extracted Products (153)	227	0	
37	Plant Materials and Operating Supplies (154)	227	92,321,836	83,957,5
38	Merchandise (155)	227	0	347,4
39	Other Materials and Supplies (156)	227	0	
40	Nuclear Materials Held for Sale (157)	202-203/227	0	
41	Allowances (158.1 and 158.2)	228-229	0	
42	(Less) Noncurrent Portion of Allowances		0	
43	Stores Expense Undistributed (163)	227	-448,607	-977,1
44	Gas Stored Underground - Current (164.1)		0	
45	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	
46	Prepayments (165)		32,207,814	52,145,6
47	Advances for Gas (166-167)		0	
48	Interest and Dividends Receivable (171)		0	
49	Rents Receivable (172)		0	
50	Accrued Utility Revenues (173)		65,919,492	63,953,9
51	Miscellaneous Current and Accrued Assets (174)		0	
52	TOTAL Current and Accrued Assets (Enter Total of lines 24 thru 51)		381,901,411	382,944,8

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) ☒ An Original (2) ☐ A Resubmission	12/31/1998	Dec. 31, 1998

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
53	**DEFERRED DEBITS**			
54	Unamortized Debt Expenses (181)		8,207,291	11,393,416
55	Extraordinary Property Losses (182.1)	230	0	0
56	Unrecovered Plant and Regulatory Study Costs (182.2)	230	2,795,563	647,412
57	Other Regulatory Assets (182.3)	232	681,315,202	580,437,894
58	Prelim. Survey and Investigation Charges (Electric) (183)		0	2,466
59	Prelim. Sur. and Invest. Charges (Gas) (183.1, 183.2)		0	0
60	Clearing Accounts (184)		-440,840	1,258,624
61	Temporary Facilities (185)		0	0
62	Miscellaneous Deferred Debits (186)	233	8,138,384	5,814,163
63	Def. Losses from Disposition of Utility Plt. (187)		0	0
64	Research, Devel. and Demonstration Expend. (188)	352-353	101,705	102,791
65	Unamortized Loss on Reaquired Debt (189)		16,785,345	25,221,107
66	Accumulated Deferred Income Taxes (190)	234	194,993,000	200,853,474
67	Unrecovered Purchased Gas Costs (191)		0	0
68	TOTAL Deferred Debits (Enter Total of lines 54 thru 67)		911,895,650	825,731,347
69	TOTAL Assets and Other Debits (Enter Total of lines 10,11,12,22,52,68)		5,174,697,939	5,122,709,443

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	12/31/1998	Dec. 31, 1998

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250-251	354,405,315	354,405,315
3	Preferred Stock Issued (204)	250-251	33,496,700	33,496,700
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	31,115	31,115
7	Other Paid-In Capital (208-211)	253	649,977,263	649,977,263
8	Instaliments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	763,090,335	815,982,043
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	-298,042
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	TOTAL Proprietary Capital (Enter Total of lines 2 thru 13)		1,801,000,728	1,853,594,394
15	**LONG-TERM DEBT**			
16	Bonds (221)	256-257	1,075,865,000	825,865,000
17	(Less) Reaquired Bonds (222)	256-257	0	0
18	Advances from Associated Companies (223)	256-257	0	0
19	Other Long-Term Debt (224)	256-257	676,000,005	824,500,003
20	Unamortized Premium on Long-Term Debt (225)		192,618	0
21	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		5,180,901	3,644,351
22	TOTAL Long-Term Debt (Enter Total of lines 16 thru 21)		1,746,876,722	1,646,720,652
23	**OTHER NONCURRENT LIABILITIES**			
24	Obligations Under Capital Leases - Noncurrent (227)		0	0
25	Accumulated Provision for Property Insurance (228.1)		18,135,183	24,135,183
26	Accumulated Provision for Injuries and Damages (228.2)		17,626,437	27,151,687
27	Accumulated Provision for Pensions and Benefits (228.3)		115,985,969	124,030,677
28	Accumulated Miscellaneous Operating Provisions (228.4)		34,351,544	30,792,379
29	Accumulated Provision for Rate Refunds (229)		8,831,488	10,770,353
30	TOTAL OTHER Noncurrent Liabilities (Enter Total of lines 24 thru 29)		194,930,621	216,880,279
31	**CURRENT AND ACCRUED LIABILITIES**			
32	Notes Payable (231)		179,800,000	47,300,000
33	Accounts Payable (232)		141,644,476	152,077,664
34	Notes Payable to Associated Companies (233)		0	0
35	Accounts Payable to Associated Companies (234)		26,517,153	27,257,035
36	Customer Deposits (235)		97,083,426	104,131,769
37	Taxes Accrued (236)	262-263	-5,585,766	-9,786,538
38	Interest Accrued (237)		45,709,873	55,781,591
39	Dividends Declared (238)		0	0
40	Matured Long-Term Debt (239)		0	0
41	Matured Interest (240)		0	0
42	Tax Collections Payable (241)		8,856,297	9,715,700
43	Miscellaneous Current and Accrued Liabilities (242)		32,086,226	38,001,490
44	Obligations Under Capital Leases-Current (243)		1,069,241	0
45	TOTAL Current & Accrued Liabilities (Enter Total of lines 32 thru 44)		527,180,926	424,478,711

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
46	DEFERRED CREDITS			
47	Customer Advances for Construction (252)		5,913	5,913
48	Accumulated Deferred Investment Tax Credits (255)	266-267	85,093,508	77,236,508
49	Deferred Gains from Disposition of Utility Plant (256)		0	0
50	Other Deferred Credits (253)	269	20,159,738	33,174,044
51	Other Regulatory Liabilities (254)	278	173,943,785	184,562,942
52	Unamortized Gain on Reaquired Debt (257)		0	0
53	Accumulated Deferred Income Taxes (281-283)	272-277	625,506,000	686,056,000
54	TOTAL Deferred Credits (Enter Total of lines 47 thru 53)		904,708,944	981,035,407
55			0	0
56			0	0
57			0	0
58			0	0
59			0	0
60			0	0
61			0	0
62			0	0
63			0	0
64			0	0
65			0	0
66			0	0
67			0	0
68	TOTAL Liab and Other Credits (Enter Total of lines 14,22,30,45,54)		5,174,697,941	5,122,709,443

FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
112	37	c

Page 112 Line 37 Column C and Page 112 Line 37 Column D

The difference between the taxes accrued amount on Page 112, Line 37 and taxes accrued on page 262-263, columns (b) and (g), are for exclusions of sales taxes per instruction #1 on Page 262.

	Beginning Balance	Ending Balance
Taxes Accrued, Page 112, Line 37	(5,585,766)	(9,786,537)
State Sales Tax on Purchases	(135,955)	(237,314)a
County Sales Tax on Purchases	(2,546)	(1,144)a
Rounding	1	
Total, Page 262, Line 41	(5,447,266)	(10,024,995)

a - State and County Sales Tax charged to Accounts to which the taxed material was charged.

112	37	d

Page 112 Line 37 Column C and Page 112 Line 37 Column D

The difference between the taxes accrued amount on Page 112, Line 37 and taxes accrued on page 262-263, columns (b) and (g), are for exclusions of sales taxes per instruction #1 on Page 262.

	Beginning Balance	Ending Balance
Taxes Accrued, Page 112, Line 37	(5,585,766)	(9,786,537)
State Sales Tax on Purchases	(135,955)	(237,314)a
County Sales Tax on Purchases	(2,546)	(1,144)a
Rounding	1	
Total, Page 262, Line 41	(5,447,266)	(10,024,995)

a - State and County Sales Tax charged to Accounts to which the taxed material was charged.

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another Utility column (k, m, o) in a similar manner to a utility department. Spread the amount(s) over Lines 02 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.
2. Report amounts in account 414, Other Utility Operating income, in the same manner as accounts 412 and 413 above.
3. Report data for lines 7,9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
4. Use pages 122-123 for important notes regarding the statement of income or any account thereof.
5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects togethe with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.
6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	2,648,232,260	2,448,435,6
3	Operating Expenses			
4	Operation Expenses (401)	320-323	1,406,890,689	1,447,388,7
5	Maintenance Expenses (402)	320-323	148,430,696	195,529,8
6	Depreciation Expense (403)	336-337	278,787,228	275,848,0
7	Amort. & Depl. of Utility Plant (404-405)	336-337	16,278,914	14,338,1
8	Amort. of Utility Plant Acq. Adj. (406)	336-337	5,245,594	1,149,8
9	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)		51,928,915	107,892,5
10	Amort. of Conversion Expenses (407)			
11	Regulatory Debits (407.3)		99,072,855	83,396,7
12	(Less) Regulatory Credits (407.4)		72,743,416	185,658,5
13	Taxes Other Than Income Taxes (408.1)	262-263	203,553,899	193,604,1
14	Income Taxes - Federal (409.1)	262-263	87,956,911	73,555,1
15	- Other (409.1)	262-263	14,911,594	11,591,1
16	Provision for Deferred Income Taxes (410.1)	234, 272-277	164,312,000	66,431,0
17	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	119,063,474	73,856,0
18	Investment Tax Credit Adj. - Net (411.4)	266	-7,857,000	-7,786,3
19	(Less) Gains from Disp. of Utility Plant (411.6)		25,214	
20	Losses from Disp. of Utility Plant (411.7)			
21	(Less) Gains from Disposition of Allowances (411.8)			
22	Losses from Disposition of Allowances (411.9)			
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)		2,277,680,191	2,203,424,3
24	Net Util Oper Inc (Enter Tot line 2 less 23) Carry fwd to P117,line 25		370,552,069	245,011,2

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

STATEMENT OF INCOME FOR THE YEAR (Continued)

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be included on pages 122-123.

B. Enter on pages 122-123 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on pages.122-123 or in a footnote.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
2,648,232,260	2,448,435,644					2
						3
1,406,890,688	1,447,388,737					4
148,430,696	195,529,806					5
278,787,228	275,848,012					6
16,278,914	14,338,156					7
5,245,594	1,149,873					8
51,928,915	107,892,563					9
						10
99,072,855	83,396,759					11
72,743,416	185,658,556					12
203,553,899	193,604,133					13
87,956,911	73,555,120					14
14,911,594	11,591,165					15
164,312,000	66,431,000					16
119,063,474	73,856,000					17
-7,857,000	-7,786,374					18
25,214						19
						20
						21
						22
2,277,680,190	2,203,424,394					23
370,552,070	245,011,250					24

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

STATEMENT OF INCOME FOR THE YEAR (Continued)

Line No.	OTHER UTILITY		OTHER UTILITY		OTHER UTILITY	
	Current Year (k)	Previous Year (l)	Current Year (m)	Previous Year (n)	Current Year (o)	Previous Year (p)
1						
2						
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Name of Respondent Florida Power Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year of Report Dec. 31, 1998

STATEMENT OF INCOME FOR THE YEAR (Continued)

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 114)		370,552,069	245,011,250
26	Other Income and Deductions			
27	Other Income			
28	Nonutilty Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)			
30	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)			
31	Revenues From Nonutility Operations (417)		18,056,916	5,147,118
32	(Less) Expenses of Nonutility Operations (417.1)		22,853,681	7,017,911
33	Nonoperating Rental Income (418)		-157,043	-22,696
34	Equity in Earnings of Subsidiary Companies (418.1)	119	-298,042	
35	Interest and Dividend Income (419)		1,862,095	359,357
36	Allowance for Other Funds Used During Construction (419.1)		7,474,405	5,376,038
37	Miscellaneous Nonoperating Income (421)		-1,156	211,259
38	Gain on Disposition of Property (421.1)		11,437,187	1,880,041
39	TOTAL Other Income (Enter Total of lines 29 thru 38)		15,520,681	5,933,206
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)		-53,011	418,908
42	Miscellaneous Amortization (425)	340	47,372	
43	Miscellaneous Income Deductions (426.1-426.5)	340	8,647,809	4,152,095
44	TOTAL Other Income Deductions (Total of lines 41 thru 43)		8,642,170	4,571,003
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	262-263	447,357	149,974
47	Income Taxes-Federal (409.2)	262-263	1,298,882	-36,915
48	Income Taxes-Other (409.2)	262-263	361,000	-5,941
49	Provision for Deferred Inc. Taxes (410.2)	234, 272-277		
50	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	920,000	
51	Investment Tax Credit Adj.-Net (411.5)			
52	(Less) Investment Tax Credits (420)			
53	TOTAL Taxes on Other Income and Deduct. (Total of 46 thru 52)		1,187,239	107,118
54	Net Other Income and Deductions (Enter Total lines 39, 44, 53)		5,691,272	1,255,085
55	Interest Charges			
56	Interest on Long-Term Debt (427)		115,617,485	102,366,440
57	Amort. of Debt Disc. and Expense (428)		2,565,545	1,515,251
58	Amortization of Loss on Reaquired Debt (428.1)		1,963,704	1,653,626
59	(Less) Amort. of Premium on Debt-Credit (429)		192,618	42,036
60	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)			
61	Interest on Debt to Assoc. Companies (430)	340		
62	Other Interest Expense (431)	340	15,594,197	9,151,086
63	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		9,397,841	4,275,735
64	Net Interest Charges (Enter Total of lines 56 thru 63)		126,150,472	110,368,632
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		250,092,869	135,897,703
66	Extraordinary Items			
67	Extraordinary Income (434)			
68	(Less) Extraordinary Deductions (435)			
69	Net Extraordinary Items (Enter Total of line 67 less line 68)			
70	Income Taxes-Federal and Other (409.3)	262-263		
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)			
72	Net Income (Enter Total of lines 65 and 71)		250,092,869	135,897,703

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
114	4	c

As a result of the latest FERC compliance audit, all expenses associated with deferred fuel expense have been reclassed from accounts 55799 and 55798 to either regulatory debits or regulatory credits.

The interest associated with the deferred fuel has been reclassed to other income in FERC accounts 431xx.

Page Number (a)	Item (row) Number (b)	Column Number (c)
114	4	d

As a result of the latest FERC compliance audit, all expenses associated with deferred fuel expense have been reclassed from accounts 55799 and 55798 to either regulatory debits or regulatory credits.

The interest associated with the deferred fuel has been reclassed to other income in FERC accounts 431xx.

Page Number (a)	Item (row) Number (b)	Column Number (c)
114	11	c

As a result of the latest FERC compliance audit, all debits to FERC accounts 55798 and 55799 have been reclasse to FERC account 407.3 as regulatory debits.

Page Number (a)	Item (row) Number (b)	Column Number (c)
114	11	d

As a result of the latest FERC compliance audit, all debits to FERC accounts 55798 and 55799 have been reclasse to FERC account 407.3 as regulatory debits.

Page Number (a)	Item (row) Number (b)	Column Number (c)
114	12	c

As a result of the latest FERC compliance audit, all credits to accounts 55799 and 55798 other than interest ha been reclassed to FERC account 407.4.

Page Number (a)	Item (row) Number (b)	Column Number (c)
114	12	d

As a result of the latest FERC compliance audit, all credits to accounts 55799 and 55798 other than interest ha been reclassed to FERC account 407.4.

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
3. State the purpose and amount of each reservation or appropriation of retained earnings.
4. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
5. Show dividends for each class and series of capital stock.
6. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
8. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance-Beginning of Year		763,090,3
2	Changes		
3	Adjustments to Retained Earnings (Account 439)		
4			
5			
6			
7			
8			
9	TOTAL Credits to Retained Earnings (Acct. 439)		
10			
11			
12			
13			
14			
15	TOTAL Debits to Retained Earnings (Acct. 439)		
16	Balance Transferred from Income (Account 433 less Account 418.1)		250,390,9
17	Appropriations of Retained Earnings (Acct. 436)		
18			
19			
20			
21			
22	TOTAL Appropriations of Retained Earnings (Acct. 436)		
23	Dividends Declared-Preferred Stock (Account 437)		
24	4.00% - $159,926		
25	4.60% - $183,999		
26	4.75% - $380,010		
27	4.40% - $329,987		
28	4.58% - $457,948		-1,511,87
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)		-1,511,87
30	Dividends Declared-Common Stock (Account 438)		
31			-195,987,33
32			
33			
34			
35			
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-195,987,33
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings		-298,04
38	Balance - End of Year (Total 1,9,15,16,22,29,36,37)		815,684,00

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	12/31/1998	Dec. 31, 1998

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
3. State the purpose and amount of each reservation or appropriation of retained earnings.
4. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
5. Show dividends for each class and series of capital stock.
6. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
8. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	APPROPRIATED RETAINED EARNINGS (Account 215)		
39			
40			
41			
42			
43			
44			
45	TOTAL Appropriated Retained Earnings (Account 215)		
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)		
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)		
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)		
48	TOTAL Retained Earnings (Account 215, 215.1, 216) (Total 38, 47)		815,982,043
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)		
49	Balance-Beginning of Year (Debit or Credit)		
50	Equity in Earnings for Year (Credit) (Account 418.1)		-298,042
51	(Less) Dividends Received (Debit)		
52			
53	Balance-End of Year (Total lines 49 thru 52)		-298,042

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	12/31/1998	Dec. 31, 1998

STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondents annual stockholders report are applicable to this statement, such notes should be included in page 122-123. Information about non-cash investing and financing activities should be provided on Page 122-123. Provide also on pages 122-123 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.
2. Under "Other" specify significant amounts and group others.
3. Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on Page 122-123 the amount of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	Description (See Instruction No. 5 for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow from Operating Activities:	
2	Net Income	250,092,870
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	282,273,430
5	Amortization of Limited & Electric Plant, Nuclear Fuel, Load Mgmtt	45,058,304
6	Amortization of Debt premium, expense and loss on reacquisition	55,369,285
7		
8	Deferred Income Taxes (Net)	44,328,526
9	Investment Tax Credit Adjustment (Net)	-7,857,000
10	Net (Increase) Decrease in Receivables	37,829,851
11	Net (Increase) Decrease in Inventory	4,191,128
12	Net (Increase) Decrease in Allowances Inventory	
13	Net Increase (Decrease) in Payables and Accrued Expenses	29,797,785
14	Net (Increase) Decrease in Other Regulatory Assets	100,877,308
15	Net Increase (Decrease) in Other Regulatory Liabilities	10,619,157
16	(Less) Allowance for Other Funds Used During Construction	7,474,405
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other: Change in net current assets - other	-21,261,312
19	Change in Other - Net	-42,019,558
20		
21		
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	781,825,369
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	-327,190,303
27	Gross Additions to Nuclear Fuel	92,240
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	-4,588,436
30	(Less) Allowance for Other Funds Used During Construction	-7,474,405
31	Other:	
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-324,212,094
35		
36	Acquisition of Other Noncurrent Assets (d)	-1,786,450
37	Proceeds from Disposal of Noncurrent Assets (d)	12,166,327
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

STATEMENT OF CASH FLOWS

4. Investing Activities include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on pages 122-123. Do not include on this statement the dollar amount of Leases capitalized per US of A General Instruction 20; instead provide a reconciliation of the dollar amount of Leases capitalized with the plant cost on pages 122-123.

5. Codes used:

(a) Net proceeds or payments. (c) Include commercial paper.

(b) Bonds, debentures and other long-term debt. (d) Identify separately such items as investments, fixed assets, intangibles, etc.

6. Enter on pages 122-123 clarifications and explanations.

Line No.	Description (See Instruction No. 5 for Explanation of Codes) (a)	Amounts (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in Allowances Held for Speculation	
52	Net Increase (Decrease) in Payables and Accrued Expenses	
53	Other: Nuclear Decommissionong Funds	-20,309,207
54	Other investments	-42,293,884
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	Total of lines 34 thru 55)	-376,435,308
58		
59	Cash Flows from Financing Activities:	
60	Proceeds from Issuance of:	
61	Long-Term Debt (b)	144,079,139
62	Preferred Stock	
63	Common Stock	
64	Other:	
65		
66	Net Increase in Short-Term Debt (c)	
67	Other: Increase in commercial paper	-132,500,000
68		
69		
70	Cash Provided by Outside Sources (Total 61 thru 69)	11,579,139
71		
72	Payments for Retirement of:	
73	Long-term Debt (b)	-259,255,002
74	Preferred Stock	
75	Common Stock	
76	Other:	
77		
78	Net Decrease in Short-Term Debt (c)	
79		
80	Dividends on Preferred Stock	-1,511,871
81	Dividends on Common Stock	-154,914,287
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 thru 81)	-404,102,021
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22,57 and 83)	1,288,040
87		
88	Cash and Cash Equivalents at Beginning of Year	-8,174,425
89		
90	Cash and Cash Equivalents at End of Year	-6,886,385

Name of Respondent	This Report Is:	Date of Report	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanatio of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commmission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

FLORIDA PROGRESS CORPORATION AND FLORIDA POWER CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - Florida Progress is an exempt holding company under the Public Utility Holding Company Act of 1935. Its two primary subsidiaries are Florida Power and Electric Fuels. Florida Power is a public utility engaged in the generation, purchase, transmission, distribution and sale of electricity primarily within Florida. Electric Fuels' operations include the mining, processing and procurement of coal, marine and rail transportation, transfer and storage of coal and other bulk commodities, railcar leasing and railcar maintenance and repair.

Electric Fuels reports the results of its Rail Services, Inland Marine Transportation, and the non-Florida Power portion of its Energy and Related Services operations one month in arrears.

The consolidated financial statements include the financial results of Florida Progress and its majority-owned operations. All significant intercompany balances and transactions have been eliminated. Investments in 20%- to 50%-owned joint ventures are accounted for using the equity method.

Effective December 31, 1997, Florida Progress deconsolidated the financial statements of Mid-Continent, and the investment in Mid-Continent is accounted for under the cost method. The deconsolidation has not been reflected in the financial statements of prior periods.

Certain reclassifications have been made to prior-year amounts to conform to the current year's presentation.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This could affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. These estimates involve judgments with respect to various items including future economic factors that are difficult to predict and are beyond the control of Florida Progress. Therefore actual results could differ from these estimates.

Regulation - Florida Power is regulated by the FPSC and the FERC. The utility follows the accounting practices set forth in Financial Accounting Standard (FAS) No. 71, "Accounting for the Effects of Certain Types of Regulation." This standard allows utilities to capitalize or defer certain costs or revenues based on regulatory approval and management's ongoing assessment that it is probable these items will be recovered through the ratemaking process.

NOTES TO FINANCIAL STATEMENTS (continued)

Florida Power has total regulatory assets (liabilities) at December 31, 1998 and 1997 as detailed below:

	1998	1997
	(In millions)	
Deferred purchased power contract termination costs	$321.0	$ 348.2
Replacement fuel (extended nuclear outage)	39.3	55.0
Underrecovered/(overrecovered) utility fuel costs	(22.2)	34.5
Revenue decoupling	-	21.8
Unamortized loss on reacquired debt	25.2	16.8
Other regulatory assets, net	27.7	25.2
Net regulatory assets	$391.0	$501.5

Florida Power expects to fully recover these assets and refund the liabilities through customer rates under current regulatory practice.

If Florida Power no longer applied FAS No. 71 due to competition, regulatory changes or other reasons, the utility would make certain adjustments. These adjustments could includ the write-off of all or a portion of its regulatory assets and liabilities, the evaluatio of utility plant, contracts and commitments and the recognition, if necessary, of any losses to reflect market conditions.

PROPERTY, PLANT AND EQUIPMENT

Electric Utility Plant - Utility plant is stated at the original cost of construction, which includes payroll and related costs such as taxes, pensions and other fringe benefits, general and administrative costs, and an allowance for funds used during construction. Substantially all of the utility plant is pledged as collateral for Florida Power's first mortgage bonds.

The allowance for funds used during construction represents the estimated cost of equity and debt for utility plant under construction. Florida Power is permitted to earn a retur on these costs and recover them in the rates charged for utility services while the plant is in service. The average rate used in computing the allowance for funds was 7.8%.

The cost of nuclear fuel is amortized to expense based on the quantity of heat produced for the generation of electric energy in relation to the quantity of heat expected to be produced over the life of the nuclear fuel core.

Florida Power's annual provision for depreciation, including a provision for nuclear plan decommissioning costs and fossil plant dismantlement costs, expressed as a percentage of the average balances of depreciable utility plant, was 4.7% for 1998, 4.8% for 1997 and 4.9% for 1996.

NOTES TO FINANCIAL STATEMENTS (continued)

The fossil plant dismantlement accrual has been suspended for a period of four years, effective July 1, 1997. (See Note 9 contained herein.)

Florida Power charges maintenance expense with the cost of repairs and minor renewals of property. The plant accounts are charged with the cost of renewals and replacements of property units. Accumulated depreciation is charged with the cost, less the net salvage, of property units retired.

Florida Power accrues a reserve for maintenance and refueling expenses anticipated to be incurred during scheduled nuclear plant outages.

Other Property - Other property consists primarily of railcar and recycling equipment, barges, towboats, land, mineral rights and telecommunications equipment.

Depreciation on other property is calculated principally on the straight-line method over the estimated useful lives of assets. Depletion is provided on the units-of-production method based upon the estimates of recoverable tons of clean coal.

Utility Revenues, Fuel and Purchased Power Expenses - Revenues include amounts resulting from fuel, purchased power and energy conservation cost recovery clauses, which generally are designed to permit full recovery of these costs. The adjustment factors are based on projected costs for a 12-month period. The cumulative difference between actual and billed costs is included on the balance sheet as a current regulatory asset or liability. Any difference is billed or refunded to customers during the subsequent period.

In December 1997, Florida Power ended the three-year test period for residential revenue decoupling, which was ordered by the FPSC and began in January 1995. Revenue decoupling eliminated the effect of abnormal weather from revenues and earnings. The difference between target revenues and actual revenues is included as a current asset on the balance sheet for the period ended December 31, 1997. The regulatory asset of $21.8 million at December 31, 1997, is currently being recovered from customers over a two-year period, ending in the year 2000, through the energy conservation cost recovery clause as directed by the FPSC decoupling order.

Florida Power accrues the non-fuel portion of base revenues for services rendered but unbilled.

Diversified Revenues - Revenues are recognized at the time products are shipped or as services are rendered. Leasing activities are accounted for in accordance with FAS No. 13, "Accounting for Leases."

Income Taxes - Deferred income taxes are provided on all significant temporary differences between the financial and tax basis of assets and liabilities using presently enacted tax rates.

Deferred investment tax credits, subject to regulatory accounting practices, are amortized to income over the lives of the related properties.

Accounting for Certain Investments - Florida Progress considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS (continued)

Florida Progress' investments in debt and equity securities are classified and accounted for as follows:

Type of Security	Accounting Treatment
Debt securities held to maturity	Amortized cost
Trading securities	Fair value with unrealized gains and losses included in earnings
Securities available for sale	Fair value with unrealized gains and losses, net of taxes, reported separately in comprehensive income

Florida Progress held only securities classified as available for sale at both December 31, 1998 and 1997. A decline in the market value of any security available for sale below cost results in a reduction in carrying amount to fair value if the decline is not considered temporary. The impairment is charged to earnings and a new cost basis for the security is established. (See Note 2 contained herein.) Dividend and interest income are recognized when earned.

Accounting for Long-Lived Assets - Long-lived assets and certain identifiable intangibles subject to the provisions of FAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. FAS No. 121 also amends FAS No. 71, "Accounting for the Effects of Certai Types of Regulation," to require that regulatory assets, which include certain deferred charges, be charged to earnings if such assets are no longer considered probable of recovery. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generate by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Acquisitions - During 1998 and 1997, subsidiaries of Electric Fuels acquired 13 and three businesses, respectively, in separate transactions. The cash paid for the 1998 and 1997 acquisitions was $206.6 million and $32.7 million, respectively. The excess of the aggregate purchase price over the fair value of net assets acquired was approximately $87.8 million and $15.6 million in 1998 and 1997, respectively. The acquisitions were accounted for under the purchase method of accounting and, accordingly, the operating results of the acquired businesses have been included in Florida Progress' consolidated financial statements since the date of acquisition. Each of the acquired companies conducted operations similar to those of the subsidiaries and has been integrated into their operations. The pro forma results of consolidated operations for 1998 and 1997, assuming the 1998 acquisitions were made at the beginning of each year, would not differ

significantly from the historical results.

Goodwill - Goodwill is being amortized on a straight-line basis over the expected periods to be benefited, generally 40 years. The Company assesses the recoverability of this intangible asset by determining whether the amortization of the goodwill balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired operation. The amount of goodwill impairment, if any, is measured based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds. The assessment of the recoverability of goodwill will be impacted if estimated future operating cash flows are not achieved.

Stock-Based Compensation - Florida Progress' Long-Term Incentive Plan ("LTIP") authorizes the granting of up to 2,250,000 shares of common stock to certain executives in various forms, including stock options, stock appreciation rights, restricted stock and performance shares. Currently, the Company has only granted performance shares, which upon achievement of performance criteria for a three-year performance cycle, can result in the award of shares of common stock of Florida Progress or cash if certain stock ownership requirements are met. Florida Progress accounts for its LTIP in accordance with the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," as allowed under FAS No. 123, "Accounting for Stock Based Compensation." Compensation costs for performance shares have been recognized at the fair market value of the Company's stock and are recognized over the performance cycle.

Environmental - Florida Progress accrues environmental remediation liabilities when the criteria of FAS No. 5, "Accounting for Contingencies," have been met. Environmental expenditures are expensed as incurred or capitalized depending on their future economic benefit. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefits are expensed.

Liabilities for expenditures of a noncapital nature are recorded when environmental assessment and/or remediation is probable, and the costs can be reasonably estimated.

New Accounting Standards - Florida Progress adopted FAS No. 130, "Reporting Comprehensive Income," on January 1, 1998. The standard defines comprehensive income as all changes in equity of an enterprise during a period except those resulting from shareholder transactions. As the standard addresses reporting and presentation issues only, there was no impact on earnings from the adoption of this standard. Comprehensive income is included for Florida Progress in the accompanying Consolidated Statements of Common Equity and Comprehensive Income. Prior-year financial statements have been reclassified to conform to the requirements of FAS No. 130.

Florida Progress adopted FAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" for the year ended December 31, 1998. The standard requires financial and descriptive information be disclosed for segments meeting certain materiality criteria whose operating results are reviewed for decisions on resource allocation and for which discrete financial information is available. It also establishes standards for related disclosures about products and services, geographic areas and major customers. As the standard addresses reporting and disclosure issues only, there was no impact on earnings. (See Note 8 contained herein.)

Florida Progress adopted FAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" for the year ended December 31, 1998. As the standard addresses reporting and disclosure issues only, there was no impact on earnings. (See Note 7 contained herein.)

In June 1998, the Financial Accounting Standards Board issued FAS No. 133, "Accounting fc Derivative Instruments and Hedging Activities," which establishes accounting and reportir standards for derivative instruments and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities on the balance sheet anc measure those instruments at fair values. Florida Progress will be required to adopt this standard for financial statements issued beginning the first quarter of fiscal year 2000. Florida Progress is currently evaluating the effect the standard will have on its financial statements.

NOTE 2: FINANCIAL INSTRUMENTS

Estimated fair value amounts have been determined by Florida Progress using available market information and discounted cash-flow analysis. Judgment is required in interpretin market data to develop the estimates of fair value.

Accordingly, the estimates may be different than the amounts that Florida Progress could realize in a current market exchange.

Florida Progress' exposure to market risk for changes in interest rates relates primarily to Florida Progress' marketable securities and long-term debt obligations.

At December 31, 1998 and 1997, Florida Progress had the following financial instruments with estimated fair values and carrying amounts:

	1998		1997	
(In millions)	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
ASSETS:				
Investments for nonqualified retirement plans	$80.4	$80.4	$5.0	$5.0
Nuclear decommissioning fund	332.1	332.1	266.7	266.7
CAPITAL AND LIABILITIES:				
Long-term debt:				
Florida Power Corporation	$1,646.7	$1,740.4	$1,746.9	$1,801.1
Progress Capital Holdings	749.6	763.9	646.1	656.5

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 3: INCOME TAXES

FLORIDA PROGRESS

(In millions)	1998	1997	1996
Components of income tax expense:			
Payable currently:			
Federal	$ 85.8	$ 86.6	$179.7
State	15.3	10.5	23.0
	101.1	97.1	202.7
Deferred, net:			
Federal	47.2	(22.4)	(41.9)
State	8.2	(.5)	(6.9)
	55.4	(22.9)	(48.8)
Amortization of investment tax credits, net	(7.9)	(7.8)	(8.0)
	$ 148.6	$ 66.4	$ 145.9

FLORIDA POWER

(In millions)	1998	1997	1996
Components of income tax expense:			
Payable currently:			
Federal	$ 89.2	$ 73.5	$143.6
State	15.3	11.6	24.9
	104.5	85.1	168.5
Deferred, net:			
Federal	37.7	(7.6)	(20.9)
State	6.6	.2	(4.0)
	44.3	(7.4)	(24.9)
Amortization of investment tax credits, net	(7.9)	(7.8)	(7.9)
Total income tax expense	140.9	69.9	135.7
Less: Amounts charged or (credited) to non-operating income	.7	--	(.1)
Amounts charged to operating income	$ 140.2	$ 69.9	$ 135.8

NOTES TO FINANCIAL STATEMENTS (continued)

The primary differences between the statutory rates and the effective income tax rates are detailed below:

FLORIDA PROGRESS	1998	1997	1996
Federal statutory income tax rate	35.0%	35.0%	35.0%
State income tax, net of federal income tax benefits	3.5	5.4	2.6
Amortization of investment tax credits	(1.8)	(6.4)	(2.0)
Other income tax credits	(1.9)	(2.7)	-
Provision for loss on investment in life insurance subsidiary	-	24.9	-
Preferred dividends	.1	-	-
Other	(.4)	(1.8)	.6
Effective income tax rates	34.5%	54.4%	36.2%

FLORIDA POWER	1998	1997	1996
Federal statutory income tax rate	35.0%	35.0%	35.0%
State income tax, net of federal income tax benefits	3.6	3.7	3.6
Amortization of investment tax credits	(2.0)	(3.8)	(2.2)
Other	(.4)	(.9)	-
Effective income tax rates	36.2%	34.0%	36.4%

The following summarizes the components of deferred tax liabilities and assets at December 31, 1998 and 1997:

FLORIDA PROGRESS (In millions)	1998	1997
Deferred tax liabilities:		
Difference in tax basis of property, plant and equipment	$624.5	$539.0
Investment in partnerships	19.2	19.7
Deferred book expenses	23.4	34.1
Other	47.2	29.7
Total deferred tax liabilities	$ 714.3	$ 622.5
Deferred tax assets:		
Loss reserves not currently deductible	$ 18.0	$ 17.0
Accrued book expenses	108.7	110.8
Unbilled revenues	17.6	17.6
Other	30.5	11.7
Total deferred tax assets	$ 174.8	$ 157.1

NOTES TO FINANCIAL STATEMENTS (continued)

At December 31, 1998 and 1997, Florida Progress had net noncurrent deferred tax liabilities of $595.4 million and $471.2 million and net current deferred tax assets of $55.9 million and $5.8 million, respectively. Florida Progress believes it is more likely than not that the results of future operations will generate sufficient taxable income to allow for the utilization of deferred tax assets.

FLORIDA POWER

(In millions)	1998	1997
Deferred tax liabilities:		
Difference in tax basis of property, plant and equipment	$ 575.1	$ 506.3
Deferred book expenses	23.3	34.1
Under recovery of fuel	3.8	2.8
Carrying value of securities over cost	22.0	15.0
Other	10.5	1.5
Total deferred tax liabilities	$ 634.7	$ 559.7
Deferred tax assets:		
Accrued book expenses	$ 90.2	$ 95.0
Unbilled revenues	17.6	17.6
Regulatory liability for deferred income taxes	-	1.6
Other	19.7	-
Total deferred tax assets	$ 127.5	$ 114.2

At December 31, 1998 and 1997, Florida Power had net noncurrent deferred tax liabilities of $563.1 million and $451.3 million and net current deferred tax assets of $55.9 million and $5.8 million, respectively. Florida Power expects the results of future operations will generate sufficient taxable income to allow the utilization of deferred tax assets.

NOTE 4: NUCLEAR OPERATIONS

Florida Power's Crystal River nuclear plant began an extended outage in September 1996, which caused Florida Power to incur $100 million in additional operation and maintenance expenses in 1997. The plant was placed on the NRC's "Watch List," as a plant whose operations will be closely monitored until the plant demonstrates a period of improved performance. In January 1998, the NRC granted Florida Power permission to restart the plant. On February 15, 1998, the plant returned to service. On July 29, 1998, the NRC removed CR3 from the "Watch List." Earlier in July 1998, the NRC gave CR3 an overall report of good performance and improvements in all areas assessed for the agency's Systematic Assessment of Licensee Performance (SALP) ratings. CR3 has produced more than 100% of its rated capacity since its restart in February 1998. (See Note 9 contained herein.)

NOTES TO FINANCIAL STATEMENTS (continued)

Jointly Owned Plant - The following information relates to Florida Power's 90.4% proportionate share of the nuclear plant at December 31, 1998 and 1997:

(In millions)	1998	1997
Utility plant in service	$708.9	$673.8
Construction work in progress	44.2	49.3
Unamortized nuclear fuel	45.9	66.5
Accumulated depreciation	368.7	341.0
Accumulated decommissioning	254.8	223.7

Net capital additions for Florida Power were $30.0 million in 1998 and $64.7 million in 1997. Depreciation expense, exclusive of nuclear decommissioning, was $32.8 million in 1998 and $29 million in 1997. Each co-owner provides for its own financing of their investment. Florida Power's share of the asset balances and operating costs is included i the appropriate consolidated financial statements. Amounts exclude any allocation of cost related to common facilities.

Decommissioning Costs - Florida Power's nuclear plant depreciation expenses include a provision for future decommissioning costs, which are recoverable through rates charged t customers. Florida Power is placing amounts collected in an externally managed trust fund The recovery from customers, plus income earned on the trust fund, is intended to be sufficient to cover Florida Power's share of the future dismantlement, removal and land restoration costs. Florida Power has a license to operate the nuclear unit through December 3, 2016, and contemplates decommissioning beginning at that time.

In November 1995, the FPSC approved the current site-specific study that estimates total future decommissioning costs at approximately $2 billion, which corresponds to $464.8 million in 1998 dollars. Florida Power's share of the total annual decommissioning expens is $21.7 million.

Florida Power is required to file a new site-specific study with the FPSC at least every five years, which will incorporate current cost factors, technology and radiological criteria.

Fuel Disposal Costs - Florida Power has entered into a contract with the U.S. Department of Energy for the transportation and disposal of SNF. Disposal costs for nuclear fuel consumed are being collected from customers through the fuel adjustment clause at a rate of $.001 per net nuclear kilowatt-hour sold and are paid to the DOE quarterly. Florida Power currently is storing SNF on-site and has sufficient storage capacity in place for fuel consumed through the year 2011.

NOTE 5 PREFERRED AND PREFERENCE STOCK AND SHAREHOLDER RIGHTS

The authorized capital stock of Florida Progress includes 10 million shares of preferred stock, without par value, including 2 million shares designated as Series A Junior Participating Preferred Stock. No shares of Florida Progress' preferred stock are issued and outstanding. However, under Florida Progress' Shareholder Rights Agreement, each share of common stock has associated with it approximately two-thirds of one right to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock, subject to

adjustment, which is exercisable in the event of certain attempted business combinations. If exercised, the rights would cause substantial dilution of ownership, thus adversely affecting any attempt to acquire the Company on terms not approved by the Company's Board of Directors. The rights have no voting or dividend rights and expire in December 2001, unless redeemed earlier by the Company.

The authorized capital stock of Florida Power includes three classes of preferred stock: 4 million shares of Cumulative Preferred Stock, $100 par value; 5 million shares of Cumulative Preferred Stock, without par value; and 1 million shares of Preference Stock, $100 par value. No shares of Florida Power's Cumulative Preferred Stock, without par value, or Preference Stock are issued and outstanding. A total of 334,967 shares of Cumulative Preferred Stock, $100 par value, were issued and outstanding at December 31, 1998 and 1997.

Florida Power redeemed 1,050,000 shares of its Cumulative Preferred Stock in 1996 for $106.4 million

Cumulative Preferred Stock for Florida Power is detailed below:

Dividend Rate	Current Redemption Price	Shares Outstanding	Outstanding at December 31, 1998 & 1997 (In millions)
4.00%	$104.25	39,980	$ 4.0
4.40%	$102.00	75,000	7.5
4.58%	$101.00	99,990	10.0
4.60%	$103.25	39,997	4.0
4.75%	$102.00	80,000	8.0
		334,967	$33.5

All Cumulative Preferred Stock series are without sinking funds and are not subject to mandatory redemption.

NOTE 6 DEBT

Florida Progress' long-term debt at December 31, 1998 and 1997, is scheduled to mature as follows:

	Interest Rate(a)	1998	1997
Florida Power Corporation			
(In millions)			
First mortgage bonds, maturing 1999-2023	6.88%	$585.0	$835.0
Pollution control revenue bonds, maturing 2014-2027	6.59%	240.9	240.9
Medium-term notes, maturing 1999-2028	6.63%	624.5	476.0
Commercial paper, supported by revolver maturing November 30, 2003	5.25%	200.0	200.0
Discount, net of premium, being amortized over term of bonds		(3.7)	(5.0)
		1,646.7	1,746.9

NOTES TO FINANCIAL STATEMENTS (continued)

Progress Capital Holdings:			
Medium-term notes,maturing 1999-2008	6.63%	444.0	339
Commercial paper, supported by revolver maturing November 30, 2003	5.38%	300.0	300
Other debt, maturing 1999-2006	6.13%	5.6	7
		2,396.3	2393
Less: Current portion of long-term debt		145.9	15
		$2,250.4	$2,377

(a)Weighted average interest rate at December 31, 1998.

Florida Progress' consolidated subsidiaries have lines of credit totaling $800 million, which are used to support commercial paper. The lines of credit were not drawn on as of December 31, 1998. Interest rate options under the lines of credit arrangements vary fror subprime or money market rates to the prime rate. Banks providing lines of credit are compensated through fees. Commitment fees on lines of credit vary between .06 and .10 of 1%.

The lines of credit consist of four revolving bank credit facilities, two each for Floric Power and Progress Capital. The Florida Power facilities consist of $200 million with a 364-day term and $200 million with a five-year term. The Progress Capital facilities consist of $100 million with a 364-day term and $300 million with a five-year term. In 1998, both 364-day facilities were extended to November 1999. In addition, both five-yea facilities were extended to November 2003. Based on the duration of the underlying backu credit facilities, $500 million of outstanding commercial paper at December 31, 1998, anc December 31, 1997, are classified as long-term debt. Additionally, as of December 31, 1998, Florida Power and Progress Capital had an additional $47.3 million and $38.9 million, respectively, of outstanding commercial paper classified as short-term debt.

Progress Capital has uncommitted bank bid facilities authorizing it to borrow and re-borrow, and have outstanding at any time, up to $300 million. As of December 31, 1998, $150 million was outstanding under these bid facilities.

Florida Power has a public medium-term note program providing for the issuance of either fixed or floating interest rate notes. These notes have maturities ranging from nine months to 30 years. A balance of $250 million is available for issuance.

In March 1998, Florida Power redeemed all of its $150 million principal amount of first mortgage bonds, 8 5/8% series due November 2021 at a redemption price of 105.17% of the principal amount thereof. Substantially all of this redemption was funded from the net proceeds of $150 million of medium-term notes issued in February 1998, which bear an interest rate of 6 ¾% and mature in February 2028. Florida Power also redeemed in Novembe 1998, an additional $100 million of first mortgage bonds. The entire $50 million principa of the 7 3/8% series was redeemed at a price of 100.93%, and the entire $50 million principal of the 7 ⅛% series was redeemed at a price of 100.86%. Both issues were due in 2002. The redemption was funded from internally generated funds and commercial paper.

Florida Power has registered $370 million of first mortgage bonds, which are unissued anc

available for issuance.

Progress Capital has a private medium-term note program providing for the issuance of either fixed or floating interest rate notes, with maturities ranging from nine months to 30 years. A balance of $185 million is available for issuance under this program.

The combined aggregate maturities of long-term debt for 1999 through 2003 are $145.9 million, $147.6 million, $183 million, $32.2 million and $775.4 million, respectively.

Florida Progress and Progress Capital entered into an amended guaranty and support agreement in 1996, pursuant to which Florida Progress has unconditionally guaranteed the payment of Progress Capital's debt.

NOTE 7 RETIREMENT BENEFIT PLANS

Pension Benefits - Florida Progress and some of its subsidiaries have a noncontributory defined benefit pension plan (Retirement Plan) covering most employees. Florida Progress also has two supplementary defined benefit pension plans that provide benefits to higher-level employees. Effective January 1, 1998, the Retirement Plan was split into two separate plans, one covering eligible bargaining unit employees and the other covering all other eligible employees. Plan assets were allocated to each plan in accordance with applicable law.

Other Postretirement Benefits - Florida Progress and some of its subsidiaries also provide certain health care and life insurance benefits for retired employees when they reach retirement age while working for Florida Progress.

Shown below are the components of the net pension expense and net postretirement benefit expense calculations for 1998, 1997 and 1996:

	Pension Benefits			Other Postretirement Benefits		
(In millions)	1998	1997	1996	1998	1997	1996
Service cost	$ 22.3	$ 18.7	$ 18.3	$ 3.5	$ 3.2	$ 5.3
Interest cost	37.7	34.9	32.3	10.5	10.4	12.4
Expected return on plan assets	(68.5)	(58.4)	(52.0)	(.3)	(.4)	(.3)
Net amortization and deferral	(12.5)	(6.5)	(6.5)	3.2	3.4	6.1
Net cost/(benefit) recognized	$(21.0)	$(11.3)	$ (7.9)	$16.9	$16.6	$23.5

NOTES TO FINANCIAL STATEMENTS (continued)

The following weighted average actuarial assumptions at December 31 were used in the calculation of the year-end funded status:

	Pension Benefits			Other Postretirement Benefits		
	1998	1997	1996	1998	1997	1996
Discount rate	7.00%	7.25%	7.50%	7.00%	7.25%	7.50%
Expected long-term rate of return	9.00%	9.00%	9.00%	5.00%	5.00%	5.00%
Rate of compensation increase:						
Bargaining unit employees	3.50%	4.50%	4.50%	3.50%	4.50%	4.50%
Nonbargaining unit employees	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Nonqualified plans	4.00%	4.00%	4.00%	N/A	N/A	N/A

The following summarizes the change in the benefit obligation and plan assets for both th pension plan and postretirement benefit plan for 1998 and 1997:

	Pension Benefits		Other Benefits	
(In millions)	1998	1997	1998	1997
Change in benefit obligation				
Benefit obligation at beginning of year	$523.9	$472.0	$153.2	$182.6
Service cost	22.3	18.7	3.5	3.2
Interest cost	37.7	34.9	10.5	10.4
Plan amendment	-	9.5	-	(36.1)
Actuarial (gain)/loss	16.1	12.6	1.2	(.3)
Benefits paid	(25.8)	(23.8)	(6.9)	(6.6)
Benefit obligation at end of year	574.2	523.9	161.5	153.2
Change in plan assets				
Fair value of plan assets at beginning of year	769.0	655.0	6.4	4.7
Return on plan assets (net of expenses)	140.2	136.6	.4	.4
Employer contributions	-	-	1.3	1.3
Benefits paid	(24.2)	(22.6	-	-
Fair value of plan assets at end of year	885.0	769.0	8.1	6.4
Funded status	310.8	245.1	(153.4)	(146.8)
Unrecognized transition (asset) obligation	(20.5)	(25.4)	51.4	55.0
Unrecognized prior service cost	13.3	14.5	-	-
Unrecognized net actuarial (gain)/loss	(283.5)	(236.6)	(14.1)	(15.6)
Prepaid (accrued) benefit cost	$20.1	$(2.4)	$(116.1)	$(107.4)

Between 1996 and 1998, Florida Progress set assets aside in a rabbi trust for the purpose of providing benefits to the participants in the supplementary retirement plans. The assets of the rabbi trust are not reflected as plan assets because the assets could be subject to creditors' claims. The assets and liabilities of the supplementary defined benefit retirement plans are included in Other Assets and Other Liabilities on the accompanying Consolidated Balance Sheets.

A one-percentage point increase or decrease in the assumed health care cost trend rate would change the total service and interest cost by approximately $1 million and the postretirement benefit obligation by approximately $10 million.

Due to different retail and wholesale regulatory rate requirements, Florida Power began

making quarterly contributions for the postretirement benefit plan in 1995 to an irrevocable external trust fund for wholesale ratemaking, while continuing to accrue postretirement benefit costs to an unfunded reserve for retail ratemaking. Florida Power contributed approximately $1.3 million annually in both 1998 and 1997 to the trust fund.

NOTE 8 BUSINESS SEGMENTS

Florida Progress' principal business segment is Florida Power, an electric utility engaged in the generation, purchase, transmission, distribution and sale of electricity. The other reportable business segments are Electric Fuels' Energy and Related Services, Rail Services and Inland Marine Transportation units. Energy and Related Services includes coal operations, river terminal services and off-shore marine transportation. Rail Services' operations include railcar repair, rail parts reconditioning and sales, railcar leasing and sales, providing rail and track material, and metal recycling. Inland Marine provides transportation of coal, agricultural and other dry-bulk commodities as well as fleet management services. The other category includes the parent holding company Florida Progress, which allocates a portion of its operating expenses to business segments. This category also includes segments below the quantitative threshold required for separate disclosure.

Florida Progress' business segment information for 1998, 1997 and 1996 is summarized below. Florida Progress' significant operations are geographically located in the United States. Florida Progess' segments are based on differences in products and services, and therefore no additional disclosures are presented. Intersegment sales and transfers consist of coal sales from Electric Fuels to Florida Power. The price Electric Fuels charges Florida Power is based on market rates for coal procurement and for water borne transportation under a methodology approved by the FPSC. Rail transportation is also based on market rates plus a return allowed by the FPSC on equity utilized in transporting coal to Florida Power. The allowed rate of return is currently 12%. No single customer accounted for 10% or more of unaffiliated revenues.

(In millions)	Utility Consol.	Energy and Related Serv.	Rail Serv.	Inland Marine Trans.	Other	Eliminations	Total
1998							
Revenues	$2,648.2	$173.8	$658.5	$124.6	$ 10.9	$ 4.3	$3,620.3
Intersegment revenues	-	273.9	1.3	14.0	-	(289.2)	-
Depreciation and amortization	382.7	14.4	19.4	4.5	3.6	-	424.6
Interest expense	136.5	5.8	21.3	4.4	20.8	(1.7)	187.1
Income taxes	141.0	6.3	12.3	6.3	(17.3)	-	148.6
Segment net income (loss)	248.6	20.4	15.9	10.3	(13.5)	-	281.7
Total assets	4,928.1	316.5	680.0	99.5	334.0	(197.3)	6,160.8
Property additions	326.0	32.0	91.0	93.6	.7	-	543.3

NOTES TO FINANCIAL STATEMENTS (continued)

1997							
Revenues	$2,448.4	$165.6	$477.1	$105.5	$115.7	$ 4.1	$3,316.4
Intersegment revenues	-	286.0	1.3	14.2	-	(301.5)	-
Depreciation and amortization	333.8	11.7	11.2	4.3	3.2	-	364.2
Interest expense	117.3	6.5	13.9	2.5	19.1	(.6)	158.7
Income taxes	69.9	8.4	9.8	3.3	(25.0)	-	66.4
Segment net income (loss)	134.4	16.8	13.3	5.9	(116.1)	-	54.3
Total assets	4,900.8	299.2	385.3	138.9	210.4	(174.6)	5,760.0
Property additions	395.0	16.8	41.6	59.0	1.2	-	513.6
1996							
Revenues	2,393.6	$165.6	$353.7	$ 86.4	$155.2	$ 3.4	$3,157.9
Intersegment revenues	-	273.2	.8	13.7	-	(287.7)	-
Depreciation and amortization	341.1	11.4	7.4	4.5	2.3	-	366.7
Interest expense	98.4	6.3	9.9	1.9	20.5	(1.1)	135.9
Income taxes	135.7	(9.3)	6.9	4.4	8.2	-	145.9
Segment net income (loss)	232.6	(12.5)	9.7	7.1	(12.5)	-	224.4
Total assets	4,264.0	272.4	294.2	79.0	577.2	(138.4)	5,348.4
Property additions	222.9	11.7	16.1	12.7	.6	-	264.0

In December 1996, the Energy and Related Services segment of Electric Fuels revised its assessment that low-sulfur coal market prices were depressed temporarily. Electric Fuels decided to close and dispose of its unprofitable coal operations and recorded a provision for loss of $40.9 million.

NOTE 9 RATES

Florida Power's retail rates are set by the FPSC, while its wholesale rates are governed by the FERC. Florida Power's last general rate case was approved in 1992 and allowed a 12% regulatory return on equity with an allowed range between 11% and 13%.

Tiger Bay Buy-Out - In 1997, Florida Power bought out the Tiger Bay purchased power contracts for $370 million and acquired the cogeneration facility for $75 million, for a total of $445 million. Of the $370 million of contract termination costs, $350 million was recorded as a regulatory asset and the remaining $20 million was written off. Florida Power recorded $75 million as electric plant.

The regulatory asset is being recovered pursuant to an agreement between Florida Power and several intervening parties, which was approved by the FPSC in June 1997. The amortization of the regulatory asset is calculated using revenues collected under the fuel adjustment clause as if the purchased power agreements related to the facility were still in effect, less the actual fuel costs and the related debt interest expense. This will continue until the regulatory asset is fully amortized. Florida Power has the option to accelerate the

amortization. Approximately $27.2 million and $4.4 million of amortization expense was recorded in 1998 and 1997, respectively.

In December 1998, Florida Power received approval from the FPSC to defer non-fuel revenues towards the development of a plan that would allow customers to realize the benefits earlier than if they are used to accelerate the amortization of the Tiger Bay regulatory asset. If this plan is not submitted by May 1, 1999, or not approved by the FPSC, then deferred revenues of $10.1 million plus interest will be applied towards the amortization of Tiger Bay.

Extended Nuclear Outage - In June 1997, a settlement agreement between Florida Power and all parties who intervened in Florida Power's request to recover replacement fuel and purchased power costs resulting from the extended outage of its nuclear plant was approved by the FPSC. The plant was taken off-line in September 1996 to address certain design issues related to its safety systems. In late January 1998, Florida Power notified the NRC that it had completed all of the requirements and was subsequently granted permission to restart the plant. The plant returned to service in February 1998.

Florida Power incurred approximately $174 million in 1997 and an additional $5 million in 1998 in total system replacement power costs. In accordance with the settlement agreement, Florida Power recorded a charge of approximately $73 million in 1997 and $5 million in 1998 for retail replacement power costs incurred that will not be recovered through its fuel cost recovery clause. Florida Power is currently recovering approximately $38 million through its fuel cost recovery clause, and approximately $63 million of replacement power costs were recorded as a regulatory asset in 1997. The regulatory asset is being amortized for a period of up to four years. The amortization is being recovered by the suspension of fossil plant dismantlement accruals during the amortization period.

The parties to the settlement agreement agreed not to seek or support any increase or reduction in Florida Power's base rates or the authorized range of its return on equity during the four-year amortization period. The settlement agreement also provided that for purposes of monitoring Florida Power's future earnings, the FPSC will exclude the nuclear outage costs when assessing Florida Power's regulatory return on equity. The agreement resolved all present and future disputed issues between the parties regarding the extended outage of the nuclear plant.

NOTE 10 DISCONTINUED OPERATIONS

On November 21, 1996, Florida Progress' Board of Directors declared a spin-off distribution to common shareholders of record on December 5, 1996, of the common shares of Echelon, which comprised the Company's lending, leasing and real estate operations. Common shares were distributed on the basis of one share of Echelon common stock for every 15 shares of Florida Progress' common stock.

In connection with the spin-off in 1996, Florida Progress has presented Echelon as a discontinued operation in the accompanying Consolidated Statements of Income.

Summarized income statement information relating to Echelon's results of operations (as reported in discontinued operations) for the year ended December 31 is as follows:

NOTES TO FINANCIAL STATEMENTS (continued)

(In millions)	1996
Sales and revenues	$ 63.2
Loss from operations (net of income tax)	-
Provision for loss on disposition of assets (net of income tax benefits of $11.3)	(18.0)
Spin-off transaction costs (net of income tax benefits of $1.8)	(8.3)
Total discontinued operations	$(26.3)

NOTE 11 COMMITMENTS AND CONTINGENCIES

Fuel, Coal and Purchased Power Commitments - Florida Power has entered into various long-term contracts to provide the fossil and nuclear fuel requirements of its generating plants and to reserve pipeline capacity for natural gas. In most cases, such contracts contain provisions for price escalation, minimum purchase levels and other financial commitments. Estimated annual payments, based on current market prices, for Florida Power's firm commitments for fuel purchases and transportation costs, excluding delivered coal and purchased power, are $56 million, $56 million, $62 million, $63 million and $64 million for 1999 through 2003, respectively, and $499 million in total thereafter. Additional commitments will be required in the future to supply Florida Power's fuel needs.

Electric Fuels has two coal supply contracts with Florida Power, the provisions of which require Florida Power to buy and Electric Fuels to supply substantially all of the coal requirements of four of Florida Power's power plants, two through 2002 and two through 2004. In connection with these contracts, Electric Fuels has entered into several contracts with outside parties for the purchase of coal. The annual obligations for coal purchases and transportation under these contracts are $107.1 million, $61 million, $48.9 million and $22.7 million for 1999 through 2002, respectively, with no further obligation thereafter. The total cost incurred for these commitments was $117.7 million in 1998, $156.8 million in 1997 and $161.5 million in 1996.

Florida Power has long-term contracts for about 460 MW of purchased power with other utilities, including a contract with The Southern Company for approximately 400 MW of purchased power annually through 2010. This represents 4.5% of Florida Power's total current system capacity. Florida Power has an option to lower these Southern purchases to approximately 200 MW annually with a three-year notice. The purchased power from Southern is supplied by generating units with a capacity of approximately 3,500 MW and is guaranteed by Southern's entire system, totaling more than 30,000 MW.

As of December 31, 1998, Florida Power had entered into purchased power contracts with certain qualifying facilities for 871 MW of capacity with expiration dates ranging from 2002 to 2025. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments are subject to the qualifying facilities meeting certain contract performance obligations. In most cases, these contracts account for 100% of the generating capacity o

each of the facilities. Of the 871 MW under contract, approximately 831 MW currently are available to Florida Power. All commitments have been approved by the FPSC.

The FPSC allows the capacity payments to be recovered through a capacity cost recovery clause, which is similar to, and works in conjunction with, energy payments recovered through the fuel cost recovery clause.

In 1997, through the buy-out of the Tiger Bay purchased power contracts, Florida Power reduced its long-term purchased power commitments by 20 percent.
Florida Power incurred purchased power capacity costs totaling $260.1 million in 1998, $292.3 million in 1997 and $284 million in 1996. The following table shows minimum expected future capacity payments for purchased power commitments. Because the purchased power commitments have relatively long durations, the total present value of these payments using a 10% discount rate also is presented. These amounts assume that all units are brought into service as contracted and meet contract performance requirements:

Purchased Power Capacity Payments

(In millions)	Utilities	Cogenerators	Total
1999	58	215	273
2000	59	223	282
2001	58	230	288
2002	32	236	268
2003	32	244	276
2004-2025	212	5,555	5,767
Total	$451	$6,703	$ 7,154
Total net present value			$ 2,577

Leases - Electric Fuels has several noncancelable operating leases, primarily for transportation equipment, with varying terms extending to 2015, and generally require Electric Fuels to pay all executory costs such as maintenance and insurance. Some rental payments include minimum rentals plus contingent rentals based on mileage. Contingent rentals were not significant. The minimum future lease payments under noncancelable operating leases, including the synthetic lease described below, are $38.7 million, $31.7 million, $27.7 million, $23.4 million and $23.4 million for 1999 through 2003, respectively, with a $227 million total obligation thereafter. The total costs incurred under these commitments were $30.9 million, $34.8 million and $33.3 million during 1998, 1997 and 1996, respectively.

On August 6, 1998, MEMCO, a wholly owned subsidiary of Electric Fuels, entered into a synthetic lease financing, accomplished via a sale and leaseback, for an aggregate of approximately $175 million in inland river barges and $25 million in towboats (vessels). As of December 31, 1998, MEMCO had sold and leased back $153 million of vessels. Acquisition and subsequent sale and leaseback of the remaining $47 million of vessels are expected to occur by June 30, 1999. The lease (charter) is an operating lease for financial reporting purposes and a secured financing for tax purposes.

The term of the noncancelable charter expires on December 30, 2012, and provides MEMCO or 18-month renewal option on the same terms and conditions. MEMCO is responsible for all executory costs, including insurance, maintenance and taxes,

in addition to the charter payments. MEMCO has options to purchase the vessels throughout the term of the charter, as well as an option to purchase at the termination of the charter. Assuming MEMCO exercises no purchase options during the term of the charter, the purchase price for all vessels aggregates $141.8 million at June 30, 2014. In the event that MEMCO does not exercise its purchase option for all vessels, it will be obligated tc remarket the vessels, and, at the expiration of the charter, pay a maximum residual guarantee amount of $89.3 million.

The minimum future charter payments as of December 31, 1998 are $14.4 million, $15.3 million, $15.4 million, $15.4 million and $15.8 million for 1999 through 2003 and $172.2 million thereafter (excluding the purchase option payment). All MEMCO payment obligations under the transaction documents are unconditionally guaranteed by Progress Capital; those obligations in turn are guaranteed by Florida Progress.

Construction Program - Substantial commitments have been made in connection with the Company's construction program. In 1999, Florida Power has projected construction expenditures of $323 million, primarily for electric plant and nuclear fuel. Diversified operations have projected capital additions of $155 million in 1999, primarily for barges and equipment.

Off-Balance Sheet Risk - Several of Florida Progress' subsidiaries are general partners i unconsolidated partnerships and joint ventures. Florida Progress or subsidiaries have agreed to support certain loan agreements of the partnerships and joint ventures. These credit risks are not material to the financial statements and Florida Progress considers these credit risks to be minimal, based upon the asset values supporting the partnership liabilities.

Insurance - Florida Progress and its subsidiaries utilize various risk management techniques to protect assets from risk of loss, including the purchase of insurance. Risk avoidance, risk transfer and self-insurance techniques are utilized depending on Florida Progress' ability to assume risk, the relative cost and availability of methods for transferring risk to third parties, and the requirements of applicable regulatory bodies.

Florida Power self-insures its transmission and distribution lines against loss due to storm damage and other natural disasters. Pursuant to a regulatory order, Florida Power i accruing $6 million annually to a storm damage reserve and may defer any losses in excess of the reserve. The reserve balance at December 31, 1998 and 1997 was $24.1 million and $18.1 million, respectively.

Under the provisions of the Price Anderson Act, which limits liability for accidents at nuclear power plants, Florida Power, as an owner of a nuclear plant, can be assessed for portion of any third-party liability claims arising from an accident at any commercial nuclear power plant in the United States. If total third-party claims relating to a singl nuclear incident exceed $200 million (the amount of currently available commercial liability insurance), Florida Power could be assessed up to $88.1 million per incident, with a maximum assessment of $10 million per year.

NOTES TO FINANCIAL STATEMENTS (continued)

Florida Power is a member of the Nuclear Electric Insurance, Ltd. ("NEIL"), an industry mutual insurer, which provides business interruption and extra expense coverage in the event of a major accidental outage at a covered nuclear power plant. Florida Power is subject to a retroactive premium assessment by NEIL under this policy in the event loss experience exceeds NEIL's available surplus. Florida Power's present maximum share of any such retroactive assessment is $2.7 million per policy year.

Florida Power also maintains nuclear property damage insurance and decontamination and decommissioning liability insurance totaling $2.1 billion. The first layer of $500 million is purchased in the commercial insurance market with the remaining excess coverage purchased from NEIL. Florida Power is self-insured for any losses that are in excess of this coverage. Under the terms of the NEIL policy, Florida Power could be assessed up to a maximum of $9.5 million in any policy year if losses in excess of NEIL's available surplus are incurred.

Florida Power has never been assessed under these nuclear indemnities or insurance policies.

Contaminated Site Cleanup - The Company is subject to regulation with respect to the environmental impact of its operations. The Company's disposal of hazardous waste through third-party vendors can result in costs to clean up facilities found to be contaminated. Federal and state statutes authorize governmental agencies to compel responsible parties to pay for cleanup of these hazardous waste sites.

Florida Power and former subsidiaries of Florida Progress, whose properties were sold in prior years, have been identified by the U.S. EPA as PRPs at certain sites, including the Sanford, Florida that Florida Power previously owned and operated. There are five parties, including Florida Power, that have been identified as PRPs at the Sanford site. Liability for the cleanup costs of these sites is joint and several.

An agreement has been reached among the PRPs to spend up to $1.5 million to perform the Risk Investigation and Feasibility Study (RI/FS). Florida Power is liable for 39.7% of those costs. On September 25, 1998, the EPA formally approved the PRP RI/FS Work Plan. The RI/FS field work was completed in January 1999. The EPA is expected to review the final Treatability Study report and provide further guidance to the PRPs by August 1999.

The discussions and resolution of liability for cleanup costs could cause Florida Power to increase its estimate of its liability for those costs. Although estimates of any additional costs are not currently available, the outcome is not expected to have a material effect on Florida Progress' financial position, results of operations or liquidity.

In addition to these designated sites, there are other sites where affiliates may be responsible for additional environmental cleanup.

Florida Progress believes that its subsidiaries will not be required to pay a disproportionate share of the costs for cleanup of any of these designated sites. Florida Progress' best estimates indicate that its proportionate share of liability for cleaning up all designated sites ranges from $2.5 million to $7.5 million. It has accrued $4.4

million against these potential costs.

LEGAL MATTERS

Age Discrimination Suit - Florida Power and Florida Progress have been named defendants i an age discrimination lawsuit. The number of plaintiffs remains at 116, however, four of those plaintiffs have had their federal claims dismissed and five others have had their state age claims dismissed. While no dollar amount was requested, each plaintiff seeks back pay, reinstatement or front pay through their projected dates of normal retirement, costs and attorneys' fees. In October 1996, the court approved an agreement between parties to provisionally certify this case as a class action suit under the Age Discrimination in Employment Act. On August 10, 1998, Florida Power filed a motion to decertify the class, and the plaintiffs filed their response in opposition on September 30, 1998. A hearing date for the motion has not yet been set. Florida Power has entered into settlement discussions with the plaintiffs. In December 1998, plaintiffs alleged damages of $100 million. Company management, while not believing plaintiffs' claim to hav merit, offered $5 million in an attempted settlement of all claims. Plaintiffs rejected that offer. As a result, management has identified a probable range of $5 million to $100 million with no amount within that range a better estimate of probable loss than any othe amount; accordingly, Florida Power has accrued $5 million. There can be no assurance that this litigation will be settled, or if settled, that the settlement will not exceed $5 million. Additionally, the ultimate outcome, if litigated, cannot presently be determined

Advanced Separation Technologies, Inc. - In 1996, Florida Progress sold its 80%-interest in AST to Calgon for $56 million in cash. Calgon filed a lawsuit in January 1998, and amended it in April 1998, alleging misstatement of AST's 1996 revenues, assets and liabilities, seeking damages and granting Calgon the right to rescind the sale. The lawsuit also accuses Florida Progress of failing to disclose flaws in AST's manufacturing process and a lack of quality control. No projection of an outcome or estimate of a potential liability, if any, can be determined at the date of issuance of these financial statements. Florida Progress believes the lawsuit is without merit and intends to vigorously defend itself. Accordingly, Florida Progress has not made provision for any loss for this matter.

Qualifying Facilities Contracts - The purchased power contracts with qualifying facilitie employ separate pricing methodologies for capacity payments and energy payments. Florida Power has interpreted the pricing provision in these contracts to allow it to pay an as-available energy price rather than a higher firm energy price when the avoided unit upon which the applicable contract is based would not have been operated.

Owners of four qualifying facilities filed suit against Florida Power in state court over the contract payment terms, one of which also filed in federal court. Two of the suits have been settled, and the federal case was dismissed, although the plaintiff has appealed. Of the two remaining suits, one trial concluded in December 1998. The other remaining suit remains with no date presently set for trial. Management does not expect that the results of these legal actions will have a material impact on Florida Power's financial position, operations or liquidity. Florida Power anticipates that all fuel and capacity expenses will be recovered from its customers.

Mid-Continent Life Insurance Company - A series of events in 1997 as discussed below,

significantly jeopardized the ability of Mid-Continent to implement a plan to eliminate a projected reserve deficiency resulting in the impairment of Florida Progress' investment in Mid-Continent.

Therefore, the Company recorded a provision for loss on investment of $86.9 million in 1997. In addition, tax benefits of approximately $11 million related to the excess of the tax basis over the book value in the investment in Mid-Continent as of December 31, 1997, were not recorded because of uncertainties associated with the timing of a tax deduction. Florida Progress also recorded an accrual at December 31, 1997, for legal fees associated with defending its position in current Mid-Continent legal proceedings.

In the spring of 1997, the Commissioner received court approval to seize control of the operations of Mid-Continent. The Commissioner had alleged that Mid-Continent's reserves were understated by more than $125 million, thus causing Mid-Continent to be statutorily impaired. The Commissioner further alleged that Mid-Continent had violated Oklahoma law relating to deceptive trade practices in connection with the sale of its "Extra Life" insurance policies and was not entitled to raise premiums, a key element to Mid-Continent's plan to address the projected reserve deficiency. While sustaining the receivership, the court also ruled that premiums could be raised. Although both sides appealed the decision to the Oklahoma Supreme Court, those appeals were withdrawn in early 1999.

In December 1997, the Commissioner filed a lawsuit against Florida Progress, certain of its directors and officers, and certain former Mid-Continent officers, making a number of allegations and seeking access to Florida Progress' assets to satisfy policyholder and creditor claims. On April 17, 1998, the court granted motions to dismiss the individual defendants, leaving Florida Progress as the sole remaining defendant in the lawsuit.

A new Commissioner was elected in November 1998 and has stated his intention to work with Florida Progress and others to develop a plan to rehabilitate Mid-Continent rather than pursue litigation against Florida Progress. Although Florida Progress hasn't had access to recent Mid-Continent data, its estimate of the present value of the projected deficiency, after applying Mid-Continent's statutory surplus, is in the range of $100 million, rather than the $348 million alleged by the former Commissioner. Florida Progress believes that the former Commissioner's estimate is untenable and not based on sound actuarial principles. Florida Progress is working with the new Commissioner to develop a viable plan to rehabilitate Mid-Continent, which would include the sale of that company.

In January 1999, five Mid-Continent policyholders filed a purported class action against Mid-Continent and the same defendants named in the case filed by the former Commissioner. The complaint contains substantially the same factual allegations as those made by the Commissioner. The suit asserts "Extra Life" policyholders have been injured as a result of representations made in connection with the sale of that policy. The suit seeks unspecified actual and punitive damages.

Although Florida Progress hopes to reach a negotiated resolution of these matters, it would continue to vigorously defend itself against the two lawsuits should negotiations fail, since it believes they are without merit. Because neither the outcome of the litigation nor the ultimate effects of any rehabilitation plan, including the possible sale of Mid-Continent, can be estimated, Florida Progress has not made provision for any

NOTES TO FINANCIAL STATEMENTS (continued)

additional losses that might result.

Other Legal Matters - Florida Progress is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect upon Floric Progress' consolidated financial position, results of operations or liquidity.

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Line No.	Classification (a)	Total (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	6,167,734,918	6,164,847,(
4	Property Under Capital Leases		
5	Plant Purchased or Sold	361,574	361,5
6	Completed Construction not Classified	132,061,481	132,061,4
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	6,300,157,973	6,297,270,(
9	Leased to Others		
10	Held for Future Use	7,619,031	7,619,(
11	Construction Work in Progress	378,329,154	378,329,1
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	6,686,106,158	6,683,218,2
14	Accum Prov for Depr, Amort, & Depl	3,101,443,055	3,101,376,8
15	Net Utility Plant (13 less 14)	3,584,663,103	3,581,841,4
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	3,058,219,240	3,058,219,2
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	43,223,815	43,157,5
22	Total In Service (18 thru 21)	3,101,443,055	3,101,376,8
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	3,101,443,055	3,101,376,8

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
	2,887,908				3
					4
					5
					6
					7
	2,887,908				8
					9
					10
					11
					12
	2,887,908				13
	66,249				14
	2,821,659				15
					16
					17
					18
					19
					20
	66,249				21
	66,249				22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
	66,249				33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)

1. Report below the costs incurred for nuclear fuel materials in process of fabrication, on hand, in reactor, and in cooling; owned by the respondent.
2. If the nuclear fuel stock is obtained under leasing arrangements, attach a statement showing the amount of nuclear fuel leased, th quantity used and quantity on hand, and the costs incurred under such leasing arrangements.

Line No.	Description of item (a)	Balance Beginning of Year (b)	Changes during Year Additions (c)
1	Nuclear Fuel in process of Refinement, Conv, Enrichment & Fab (120.1)		
2	Fabrication	6,543,735	10,96
3	Nuclear Materials		
4	Allowance for Funds Used during Construction		
5	(Other Overhead Construction Costs)		
6	SUBTOTAL (Total 2 thru 5)	6,543,735	
7	Nuclear Fuel Materials and Assemblies		
8	In Stock (120.2)	5,705,306	
9	In Reactor (120.3)	99,665,818	
10	SUBTOTAL (Total 8 & 9)	105,371,124	
11	Spent Nuclear Fuel (120.4)	311,267,755	
12	Nuclear Fuel Under Capital Leases (120.6)		
13	(Less) Accum Prov for Amortization of Nuclear Fuel Assem (120.5)	356,720,677	
14	TOTAL Nuclear Fuel Stock (Total 6, 10, 11, 12, less 13)	66,461,937	
15	Estimated net Salvage Value of Nuclear Materials in line 9		
16	Estimated net Salvage Value of Nuclear Materials in line 11		
17	Est Net Salvage Value of Nuclear Materials in Chemical Processing		
18	Nuclear Materials held for Sale (157)		
19	Uranium		
20	Plutonium		
21	Other		
22	TOTAL Nuclear Materials held for Sale (Total 19, 20, and 21)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)

Changes during Year		Balance End of Year	Line No.
Amortization (d)	Other Reductions (Explain in a footnote) (e)	(f)	
			1
	103,205	6,451,495	2
			3
			4
			5
		6,451,495	6
			7
		5,705,306	8
		99,665,818	9
		105,371,124	10
		311,267,755	11
			12
-20,479,540		377,200,217	13
		45,890,157	14
			15
			16
			17
			18
			19
			20
			21
			22

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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FOOTNOTE DATA

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PARTICIPANTS BILLED PORTION OF NUCLEAR FUEL IN PROCESS PURCHASED DURING 1998.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 1 Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements. Show in a footnote the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)		
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	TOTAL Steam Production Plant (Enter Total of lines 8 thru 14)		
16	B. Nuclear Production Plant		
17	(320) Land and Land Rights		
18	(321) Structures and Improvements		
19	(322) Reactor Plant Equipment		
20	(323) Turbogenerator Units		
21	(324) Accessory Electric Equipment		
22	(325) Misc. Power Plant Equipment		
23	TOTAL Nuclear Production Plant (Enter Total of lines 17 thru 22)		
24	C. Hydraulic Production Plant		
25	(330) Land and Land Rights		
26	(331) Structures and Improvements		
27	(332) Reservoirs, Dams, and Waterways		
28	(333) Water Wheels, Turbines, and Generators		
29	(334) Accessory Electric Equipment		
30	(335) Misc. Power Plant Equipment		
31	(336) Roads, Railroads, and Bridges		
32	TOTAL Hydraulic Production Plant (Enter Total of lines 25 thru 31)		
33	D. Other Production Plant		
34	(340) Land and Land Rights		
35	(341) Structures and Improvements		
36	(342) Fuel Holders, Products, and Accessories		
37	Prime Movers		
38	Generators		
39	(345) Accessory Electric Equipment		

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.
6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.
7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.
8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
					3
[redacted]			[redacted]		4
[redacted]			[redacted]		5
					6
					7
			[redacted]		8
[redacted]			[redacted]		9
[redacted]			[redacted]		10
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[redacted]			[redacted]		12
[redacted]			[redacted]		13
[redacted]			[redacted]		14
[redacted]			[redacted]		15
					16
			[redacted]		17
[redacted]		[redacted]	[redacted]		18
[redacted]			[redacted]		19
[redacted]			[redacted]		20
[redacted]			[redacted]		21
[redacted]		[redacted]	[redacted]		22
[redacted]			[redacted]		23
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			[redacted]		34
			[redacted]		35
[redacted]			[redacted]		36
[redacted]		[redacted]	[redacted]		37
[redacted]		[redacted]	[redacted]		38
[redacted]			[redacted]		39

Name of Respondent Florida Power Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year of Report Dec. 31, 1998

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
40	(346) Misc. Power Plant Equipment	[redacted]	[redacted]
41	TOTAL Other Prod. Plant (Enter Total of lines 34 thru 40)	[redacted]	[redacted]
42	TOTAL Prod. Plant (Enter Total of lines 15, 23, 32, and 41)	[redacted]	[redacted]
43	3. TRANSMISSION PLANT		
44	(350) Land and Land Rights	[redacted]	[redacted]
45	(352) Structures and Improvements	[redacted]	[redacted]
46	(353) Station Equipment	[redacted]	[redacted]
47	(354) Towers and Fixtures	[redacted]	
48	(355) Poles and Fixtures	[redacted]	[redacted]
49	(356) Overhead Conductors and Devices	[redacted]	[redacted]
50	(357) Underground Conduit	[redacted]	
51	(358) Underground Conductors and Devices	[redacted]	[redacted]
52	(359) Roads and Trails	[redacted]	
53	TOTAL Transmission Plant (Enter Total of lines 44 thru 52)	[redacted]	[redacted]
54	4. DISTRIBUTION PLANT		
55	(360) Land and Land Rights	[redacted]	[redacted]
56	(361) Structures and Improvements	[redacted]	[redacted]
57	(362) Station Equipment	[redacted]	[redacted]
58	(363) Storage Battery Equipment		
59	(364) Poles, Towers, and Fixtures	[redacted]	[redacted]
60	(365) Overhead Conductors and Devices	[redacted]	[redacted]
61	(366) Underground Conduit	[redacted]	[redacted]
62	(367) Underground Conductors and Devices	[redacted]	[redacted]
63	(368) Line Transformers	[redacted]	[redacted]
64	(369) Services	[redacted]	[redacted]
65	(370) Meters	[redacted]	[redacted]
66	(371) Installations on Customer Premises	[redacted]	
67	(372) Leased Property on Customer Premises		
68	(373) Street Lighting and Signal Systems	[redacted]	[redacted]
69	TOTAL Distribution Plant (Enter Total of lines 55 thru 68)	[redacted]	[redacted]
70	5. GENERAL PLANT		
71	(389) Land and Land Rights	[redacted]	[redacted]
72	(390) Structures and Improvements	[redacted]	[redacted]
73	(391) Office Furniture and Equipment	[redacted]	[redacted]
74	(392) Transportation Equipment	[redacted]	[redacted]
75	(393) Stores Equipment	[redacted]	[redacted]
76	(394) Tools, Shop and Garage Equipment	[redacted]	[redacted]
77	(395) Laboratory Equipment	[redacted]	[redacted]
78	(396) Power Operated Equipment	[redacted]	[redacted]
79	(397) Communication Equipment	[redacted]	[redacted]
80	(398) Miscellaneous Equipment	[redacted]	[redacted]
81	SUBTOTAL (Enter Total of lines 71 thru 80)	[redacted]	[redacted]
82	(399) Other Tangible Property		
83	TOTAL General Plant (Enter Total of lines 81 and 82)	[redacted]	[redacted]
84	TOTAL (Accounts 101 and 106)	[redacted]	[redacted]
85	(102) Electric Plant Purchased (See Instr. 8)	[redacted]	
86	(Less) (102) Electric Plant Sold (See Instr. 8)	[redacted]	
87	(103) Experimental Plant Unclassified		
88	TOTAL Electric Plant in Service (Enter Total of lines 84 thru 87)	[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					40
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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ELECTRIC PLANT HELD FOR FUTURE USE (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of $250,000 or more. Group other items of property held for future use.

2. For property having an original cost of $250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to othe required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location Of Property (a)	Date Originally Included in This Account (b)	Date Expected to be used in Utility Service (c)	Balance at End of Year (d)
1	[redacted]			
2	[redacted]	[redacted]	[redacted]	[redacted]
3	[redacted]	[redacted]	[redacted]	[redacted]
4	[redacted]	[redacted]	[redacted]	[redacted]
5	[redacted]	[redacted]	[redacted]	[redacted]
6				
7	[redacted]			[redacted]
8				
9				
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21	Other Property:			
22	[redacted]	[redacted]	[redacted]	[redacted]
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47	Total			7,619,03

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or $100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	[redacted]	[redacted]
2	[redacted]	[redacted]
3	[redacted]	[redacted]
4	[redacted]	[redacted]
5	[redacted]	[redacted]
6	[redacted]	[redacted]
7	[redacted]	[redacted]
8	[redacted]	[redacted]
9	[redacted]	[redacted]
10	[redacted]	[redacted]
11	[redacted]	[redacted]
12	[redacted]	[redacted]
13	[redacted]	[redacted]
14	[redacted]	[redacted]
15	[redacted]	[redacted]
16	[redacted]	[redacted]
17	[redacted]	[redacted]
18	[redacted]	[redacted]
19	[redacted]	[redacted]
20	[redacted]	[redacted]
21	[redacted]	[redacted]
22	[redacted]	[redacted]
23	[redacted]	[redacted]
24	[redacted]	[redacted]
25	[redacted]	[redacted]
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43	TOTAL	378,329,154

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CONSTRUCTION OVERHEADS - ELECTRIC

1. List in column (a) to kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervisio fees capitalized should be shown as separate items. 2. On Page 218 furnish information concerning construction overheads. 3. A respondent should not report "none" to the page if n overhead apportionments are made, but rather should explain on Page 218 the accounting procedures, employed and the amounts of engineering, supervision and administrative costs, etc which are directly charged to construction. 4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction etc., which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of overhead (a)	Total amount charged for the year (b)
1	GENERAL ADMINISTRATIVE CAPITALIZED	2,237,18
2	ENGINEERING AND SUPERVISION	19,381,79
3	ENGINEERING SERVICES	14,564,80
4	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION	16,872,24
5		
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46	TOTAL	53,056,020

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GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc. the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.
2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Electric Plant instructions 3(17) of the U.S. of A.
3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

ENGINEERING AND SUPERVISION

THE EXPENDITURES REPORTED UNDER THE ABOVE CAPTION INCLUDE PAYROLL, AUTO, EXPENSE ACCOUNTS AND MISCELLANEOUS EXPENSES OF EMPLOYEES ENGAGED ON SPECIFIC PROJECTS, AND ARE CHARGED DIRECTLY TO THE WORK ORDERS INVOLVED, EXCEPT DISTRIBUTION LINES. COSTS FOR DISTRIBUTION LINES ARE CHARGED DIRECTLY TO A SEPERATE WORK ORDER IN CONSTRUCTION WORK IN PROGRESS, ACCOUNT 107, AND ALLOCATED MONTHLY TO OPEN CONSTRUCTION WORK ORDERS. THE ALLOCATION TO OPEN PROJECTS IS DETERMINED BY THE PERCENTAGE OF DISTRIBUTION, ENGINEERING AND SUPERVISION MONTHLY CHARGES TO THE RELATED CONSTRUCTION WORK IN PROGRESS MONTHLY DIRECT CHARGES.

AMOUNT CAPITALIZED $21,494,091

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

For line 1(5), column (d) below, enter the rate granted in the last rate proceeding. If such is not available, use the average rate earned during the preceding three years.

1. Components of Formula (Derived from actual book balances and actual cost rates):

Line No.	Title (a)	Amount (b)	Capitalization Ratio(Percent) (c)	Cost Rate Percentage (d)
1	Average Short-Term Debt & Computation of Allowance text	S 134,230		
2	Short-term Interest			s 5.77
3	Long-Term Debt	D 1,721,884	48.88	d 7.00
4	Preferred Stock	P 33,497	0.95	p 4.60
5	Common Equity	C 1,767,504	50.17	c 12.00
6	Total Capitalization	3,522,885	100.00 100%	
7	Average Construction Work in Progress Balance	W 336,072		

2. Gross Rate for Borrowed Funds $s(\frac{S}{W}) + d(\frac{D}{D+P+C})(1 - \frac{S}{W})$ 4.35

3. Rate for Other Funds $[1 - \frac{S}{W}][p(\frac{P}{D+P+C}) + c(\frac{C}{D+P+C})]$ 3.65

4. Weighted Average Rate Actually Used for the Year:
   a. Rate for Borrowed Funds - 4.35
   b. Rate for Other Funds - 3.46

FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
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GENERAL ADMINISTRATIVE CAPITALIZED

GENERAL ADMINISTRATIVE CAPITALIZED REPRESENTS THE INCREMENTAL SALARIES AND EXPENSES OF GENERAL OFFICE EMPLOYEES WHOSE DUTIES ARE DIRECTLY ATTRIBUTABLE TO CONSTRUCTION. THE COSTS ARE CHARGED DIRECTLY TO SEPARATE WORK ORDERS, CONSTRUCTION WORK IN PROGRESS, ACCOUNT 107, AND ALLOCATED MONTHLY TO OPEN CONSTRUCTION WORK ORDERS. THE ALLOCATION TO OPEN PROJECTS IS DETERMINED BY THE PERCENTAGE OF GENERAL ADMINISTRATIVE CAPITALIZED MONTHLY CHARGES TO THE MONTHLY CONSTRUCTION WORK IN PROGRESS CHARGES.

AMOUNT CAPITALIZED $2,978,659

ENGINEERING SERVICES

INCLUDES AMOUNTS PAID TO OTHER COMPANIES, FIRMS, OR INDIVIDUALS FOR SPECIALIZED ENGINEERING SERVICES AND ASSISTANCE, WHICH ARE CHARGED DIRECTLY TO RELATED CONSTRUCTION WORK ORDERS.

AMOUNT CAPITALIZED $10,068,846

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

THE AFUDC RATE APPROVED BY THE FLORIDA PUBLIC SERVICE COMMISSION AT THE END OF 1998 WAS 7.81%. RATE ORDER 16371 ALLOWED SIMPLE COMPOUNDING OF AFUDC EFFECTIVE JANUARY 1, 1986. THE MONTHLY COMPOUND FACTOR IS COMPUTED USING THE FOLLOWING FORMULA:

(1+R/12) 12-1=R= ANNUAL AFUDC RATE

THE MONTHLY RATE (ANNUAL RATE / 12) IS APPLIED TO THE BEGINNING MONTH'S BALANCE PLUS ONE HALF OF THE PRIOR MONTH'S CHARGES - ADJUSTED FOR AFUDC AND CONTRACT RETAINAGE. THE COMPOUNDING OF AFUDC IS COMPUTED BY MULTIPLYING THE MONTHLY AFUDC BALANCE BY THE MONTHLY COMPOUND FACTOR. WORK ORDERS REQUIRING LESS THAN ONE YEAR TO COMPLETE AND THE ESTIMATED WORK ORDER COST IS LESS THAN .5% OF THE GROSS INVESTMENT OF ELECTRIC PLANT (ACCOUNT 101) AND COMPLETED CONSTRUCTION (ACCOUNT 106) , AND BLANKETS ARE NOT SUBJECT TO AFUDC. THE IN-SERVICE DATE IS ASSUMED TO BE THE 15TH DAY OF THE MONTH FOR THOSE PROJECTS LESS THAN $20,000,000. PROJECTS GREATER THAN $20,000,000 USE THE ACTUAL IN-SERVICE DATE

AFUDC, CALCULATED ON NUCLEAR FUEL IN PROCESS BALANCES, IS COMPUTED USING THE ANNUAL RATE DIVIDED BY TWELVE. NUCLEAR FUEL IS CONSIDERED IN-SERVICE WHEN RECEIVED ON SITE.

AMOUNT CAPITALIZED $631,151

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	[redacted]	[redacted]		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	[redacted]	[redacted]		
4	(413) Exp. of Elec. Plt. Leas. to Others				
5	Transportation Expenses-Clearing	[redacted]	[redacted]		
6	Other Clearing Accounts				
7	Other Accounts (Specify):				
8	A/C 151 Fuel Stock - Oil	[redacted]	[redacted]		
9	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 8)	[redacted]	[redacted]		
10	Net Charges for Plant Retired:				
11	Book Cost of Plant Retired	[redacted]	[redacted]		
12	Cost of Removal	[redacted]	[redacted]		
13	Salvage (Credit)	[redacted]	[redacted]		
14	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	[redacted]	[redacted]		
15	Other Debit or Cr. Items (Describe):				
16	See footnote	[redacted]	[redacted]		
17	Balance End of Year (Enter Totals of lines 1, 9, 14, 15, and 16)	[redacted]	[redacted]		
	Section B. Balances at End of Year According to Functional Classification				
18	Steam Production	[redacted]	[redacted]		
19	Nuclear Production	[redacted]	[redacted]		
20	Hydraulic Production-Conventional				
21	Hydraulic Production-Pumped Storage				
22	Other Production	[redacted]	[redacted]		
23	Transmission	[redacted]	[redacted]		
24	Distribution	[redacted]	[redacted]		
25	General	[redacted]	[redacted]		
26	TOTAL (Enter Total of lines 18 thru 25)	[redacted]	[redacted]		

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FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
219	16	b

RECONCILIATION OF PAGES 207 AND 219 PER INSTRUCTION #2 PAGE 219

PAGE 207 LINE 88 COLUMN D	86,464,424
PAGE 219 LINE 11 COLUMN C	80,765,526
DIFFERENCE	5,698,898
NON-DEPRECIABLE PROPERTY RETIREMENTS	-176,965
DEPRECIABLE PROPERTY RETIREMENTS	5,521,933

DESCRIPTION OF DEPRECIABLE PROPERTY RETIRED AND NOT CLOSED TO ACCOUNT 108:

RETIREMENT TO ACCOUNT 111 LIMITED-TERM ELECTRIC PLANT	4,830,459
SALE OF DISTRIBUTION FACILITIES CLOSED TO A/C 102	691,474
DEPRECIABLE PROPERTY RETIREMENTS	5,521,933

OTHER DEBIT AND CREDIT ITEMS - LINE 16 PAGE 219

TO RECORD INTEREST INCOME ON THE NUCLEAR PLANT DECOMMISSIONING FUND	9,410,063
TO ADJUST ACCUMULATED PROVISION FOR DEPRECIATION FOR THE CORRECTION OF THE ACCOUNTING FOR THE SALE OF THE PORT ST. JOE PEAKER	-1,292,153
TO ADJUST ACCUMULATED PROVISION FOR DEPRECIATION FOR THE SALE OF SEVEN DISTRIBUTION SYSTEMS	-382,109
TO ADJUST ACCUMULATED PROVISION FOR DEPRECIATION FOR THE PURCHASE OF THREE DISTRIBUTION SYSTEMS	41,527
TOTAL OTHER ITEMS	7,777,328

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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NONUTILITY PROPERTY (Account 121)

1. Give a brief description and state the location of Nonutility property included in Account 121.
2. Designate with a double asterisk any property which is Leased to another company. State name of Lessee and whether Lessee is an associated company.
3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.
4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property.
5. Minor Items (5% of the Balance at the End of the Year), for Account 121 or $100,000, whichever is Less) may be-grouped by (1) previously devoted to public service (Line 44), or (2) other Nonutility property (Line 45).

Line No.	Description and Location (a)	Balance of Begining of Year (b)	Purchases, Sales, Transfers, etc. (c)	Balance at End of Year (d)
1	PREVIOUSLY DEVOTED TO PUBLIC SERVICE			
2	LAND- HIGHLANDS DEC 1994	130,452		130,452
3	LAND- LAKE DEC 1994	115,759	-115,759	
4	STRUCTURES- LAKE DEC 1994	270,030	-270,030	
5	LAND- MARION MAR 1994	135,191		135,191
6	STRUCTURES- PINELLAS FEB 1992	177,011		177,011
7				
8	NOT PREVIOUSLY DEVOTED TO PUBLIC SERVICE			
9	LAND- JEFFERSON	105,439	-105,439	
10	LAND- VOLUSIA	2,752,511		2,752,511
11	EQUIP- METERS SYSTEM	275,989	380,228	656,217
12	EQUIP- FIBER SYSTEM	21,678,182	-21,678,182	
13	EQUIP- WALK OF FAME		1,380,193	1,380,193
14				
15	TRANSFERS FROM NON-UTILITY - 1998			
16	LAND- EUSTIS, LAKE 115,759			
17	STRUCTURES- EUSTIS, LAKE 321,962			
18	LAND- ALTAMONTE, SEMINOLE 2,974			
19				
20	TRANSFERS TO NON-UTILITY - 1998			
21	NONE			
22				
23	ADDITIONS TO NON-UTILITY - 1998			
24	EQUIP- METERS SYSTEM 380,228			
25	EQUIP- WALK OF FAME 1,380,193			
26	EQUIP- FIBER SYSTEM 2,136,470			
27	EQUIP- COMM. TOWERS 691,545			
28				
29	RETIREMENTS FROM NON-UTILITY - 1998			
30	EQUIP- FIBER SYSTEM 23,814,652			
31	EQUIP- COMM. TOWERS 689,539			
32	LAND- GADSEN 25,375			
33	LAND- HERNANDO 9,647			
34	LAND- JEFFERSON 105,439			
35	LAND- PINELLAS 46,552			
36				
37				
38				
39				
40				
41				
42				
43				
44	Minor Item Previously Devoted to Public Service	698,593	-79,982	618,611
45	Minor Items - Other Non-utility Property	254,527	-54,492	200,035
46	TOTAL	26,593,684	-20,543,463	6,050,221

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)

1. Report below investments in Accounts 123.1, investments in Subsidiary Companies.
2. Provide a subheading for each company and List there under the information called for below. Sub - TOTAL by company and give a TOTAL in columns (e),(f),(g) and (h)
(a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.
(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
3. Report separately the equity in undistributed subsidiary earnings since acquisition. The TOTAL in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date Of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	Energy Solutions Inc. a solely on subsidiary of Florida Power	6-19-98	N/A	
2	Corporation.			
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40				
41				
42	Total Cost of Account 123.1 $ 0		TOTAL	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report column (f) interest and dividend revenues form investments, including such revenues form securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if difference from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 42, column (a) the TOTAL cost of Account 123.1

Equity in Subsidiary Earnings of Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
-298,042		541,958		1
				2
				3
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				41
-298,042		541,958		42

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)	43,991,963	48,346,181	
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)			
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)	71,620,669	66,157,030	
8	Transmission Plant (Estimated)	3,710,424	3,269,837	
9	Distribution Plant (Estimated)	14,841,694	13,079,348	
10	Assigned to - Other	2,149,049	1,451,375	
11	TOTAL Account 154 (Enter Total of lines 5 thru 10)	92,321,836	83,957,590	
12	Merchandise (Account 155)		347,427	
13	Other Materials and Supplies (Account 156)			
14	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)			
15	Stores Expense Undistributed (Account 163)	-448,607	-977,134	
16				
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	135,865,192	131,674,064	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
227	5	b

Plant material and operating supplies (account 154) are not segregated by construction, operations and maintenance functions. Most stock items considered by the company as retirement units are issued to construction projects only. Stock items, other than retirement units, are issued as required for construction, operations and maintenance purposes.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	Allowances Inventory (Account 158.1) (a)	Current Year		1999	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance-Beginning of Year				
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)				
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9					
10					
11					
12					
13					
14					
15	Total				
16					
17	Relinguished During Year:				
18	Charges to Account 509				
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year				
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2000		2001		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
[redacted]		[redacted]		[redacted]		[redacted]		1
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[redacted]		[redacted]		[redacted]		[redacted]		29
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[redacted]		[redacted]		[redacted]		[redacted]		36
								37
								38
								39
[redacted]		[redacted]		[redacted]		[redacted]		40
								41
								42
								43
					[redacted]		[redacted]	44
								45
								46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

Line No.	Description of Extraordinary Loss [Include in the description the date of Commission Authorization to use Acc 182.1 and period of amortization (mo, yr to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognised During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1						
2						
3						
4						
5						
6						
7						
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9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20	TOTAL					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission Authorization to use Acc 182.2 and period of amortization (mo, yr to mo, yr)] (a)	Total Amount of Charges (b)	Costs Recognised During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
21	Small Steam Unrecovered Plant					
22	is being amortized over 6 years					
23	as a result of the settlement					
24	agreement reached in FERC					
25	Docket No. ER94-961-000 on					
26	March 1, 1994.					
27						
28	Higgins Steam Plant	4,151,318		407	877,855	507,546
29	Turner Steam Plant	5,647,044		407	1,270,296	139,866
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49	TOTAL	9,798,362			2,148,151	647,412

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets which are created through the rate making actions of regulatory agencies (and not includable in other accounts)
2. For regulatory assets being amortized, show period of amortization in column (a)
3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than $50,000, whichever is less) may be groupe by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Debits (b)	CREDITS Account Charged (c)	CREDITS Amount (d)	Balance at End of Year (e)
1	Accumulated Deferred Taxes - FAS 109		410.10	3,520,000	156,899,0(
2	Period of Amortization - Amortization occurs				
3	as temporary differences occur				
4					
5	Reg Asset - Replacement Fuel - Retail	15,945,874	407.57	31,664,794	39,297,3(
6					
7	Nuc. Decom/Deconamination - Retail	383,489	228.19	1,703,782	12,328,1(
8	amortization period - 12 months.		228.49		
9			242.25		
10			518.11		
11			518.13		
12	Nuc. Decom/Deconamination - Wholesale	60,144	518.11	56,831	50,12
13	amortization period - 12 months.		518.13		
14	Revenue Decoupling Underrecovery	304,965	456.95	22,143,540	
15	Regulatory Asset - Tiger Bay - Retail		407.17	27,161,866	320,998,63
16	Load Control Switches - Invest	1,796,066	186.21	7,629,670	12,786,64
17	Load Control Switches - Amort	7,620,054	908.8	3,054,255	-6,620,65
18	Carrying Charges - Cold Standby		406.00	5,245,594	
19			421.50		
20	Sebring - Transition Rider	18,707	186.65	1,500,002	24,334,03
21	Sebring - Over(Under) Rec	3,184,178	405.65	3,364,725	-1,404,47
22	Interest on Tax Deficiency	9,916,719	431.50	5,376,856	11,789,37
23					
24					
25	Def Cap Exp 04/97 - 09/97		407.30	9,720,498	
26	Def Energy Conservation Exp	23,947,957	908.99	8,473,175	1,323,52
27	Def GPIF Rev 04/97 - 09/97	121,147	456.98	1,172,147	
28	Def Fuel Exp - Wholesale - Other	2,635,588	407.30	2,777,225	501,87
29					
30	Def Fuel Exp - Retail 10/96 - 03/97	311,212	407.30	14,107,314	8,346,28
31	Def Fuel Exp - Retail 04/97 - 09/97	247,827	407.30	4,666,098	
32	Def Fuel Exp - Retail 04/96 - 09/96	173,553	407.30	12,610,184	
33	Def Fuel Exp - Wholesale 10/95 - 03/96	908,236	407.30	2,504,468	-191,96
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44	TOTAL	67,575,716		168,453,024	580,437,89

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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MISCELLANEOUS DEFFERED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than $50,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deffered Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS Account Charged (d)	CREDITS Amount (e)	Balance at End of Year (f)
1	J.O. #186.09 - 80804					
2	TRAINING AT KISSIMMEE UTILITY					
3	(1/19/96 -)	-87,158		---		-87,158
4						
5	J.O. #186.09 - 90063					
6	WRITE-OFF OBSOLETE MATER					
7	(9/26/87 -)	10,046	45,958	---		56,004
8						
9	J.O. #186.10 - 80108					
10	CONSTRUCTION CHARGES FOR					
11	CR #3 PARTICIPANTS					
12	(3/25/77 -)	1,538,043	3,525,342	143.10	3,068,089	1,995,296
13						
14	J.O. #186.10 - 80714					
15	CONTAM SOIL-INTER CITY					
16	(12/15/92 -)	74,806		---	5,188	69,618
17						
18	J.O. #186.10 - 80794					
19	BARGE INCIDENT					
20	(4/22/96 -)	-164,756	9,665	---		-155,091
21						
22	J.O. #186.10 - 80803					
23	OUTSIDE WORK - TRANS/SUB					
24	(1/5/96 -)	-1,580,304	517,667	143.10	734,232	-1,796,869
25						
26	J.O. #186.10 - 80808					
27	ATTACHMENT TO FPC TOWER					
28	(2/16/96 -)	-126,686		143.10		-126,686
29						
30	J.O. #186.10 - 80815					
31	ACC CHRGS BIDDING EXTERNAL					
32	(4/29/96 -)	-61,120	-11,049	143.10	71,500	-143,669
33						
34	J.O. #186.10 - 80835					
35	ERGY SUPPLY PLANT PERFORM					
36	SERVICES(10/29/96 -)	647,568	-613,318	143.10	-238,171	272,421
37						
38	JO. #186.10 - 80836					
39	ENGY SUPPLY SYS MTCE CREWS					
40	(10/29/96 -)	685,360	-1,333,602	143.10	-883,100	234,858
41						
42	J.O. #186.10 - 80849					
43	DESIGN & CONSTRUCT SUB					
44	(3/26/97 -)	95,694	82,380	143.10	298,962	-120,888
45						
46						
47	Misc. Work in Progress	1,926,578				342,320
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	8,138,384				5,814,163

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

MISCELLANEOUS DEFFERED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than $50,000, whichever is less) may be grouped b classes.

Line No.	Description of Miscellaneous Deffered Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS Account Charged (d)	CREDITS Amount (e)	Balance at End of Year (f)
1	J.O. #186.10 - 80862					
2	DESIGN & CONSTRUCT COMM					
3	(7/16/97 -)	-221,163	1,456,079	143.10	2,895,706	-1,660,79
4						
5	J.O. #186.10 - 80871					
6	BLANKET JOB ORDER - IT					
7	(8/26/97 -)	79,624	116,097	143.10	58,560	137,16
8						
9	J.O. #186.10 -80873					
10	INSTALL FACILITIES AT 40TH STRT					
11	(9/15/97 -)	-18,513	478,633	143.10	18,916	441,20
12						
13	J.O. #186.10 - 80883					
14	LAKELAND-BROADWAY PROJECT					
15	(11/10/97 -)	2,254	325,358	143.10	388,640	-61,02
16						
17	J.O. #186.10 - 80918					
18	FIBER STUDY FROM TALL					
19	(9/23/98 -)		110,460	143.10		110,46
20						
21	J.O. #186.10 - 80924					
22	PROGRESS TELECOMM					
23	(11/09/98 -)		1,231,252	146.92		1,231,25
24						
25	J.O. #186.10 - 99999					
26	PAYROLL ACCRUAL					
27	(1/1/76 -)	264,733	-87,359	---		177,37
28						
29	J.O. #186.13 - 82078					
30	EFC - INSURANCE					
31	(2/17/93 -)	6,305	770,277	146.10	281,444	495,13
32						
33	J.O. #186.13 - 94328					
34	FLA PROGRESS-RISK MGMT					
35	(6/25/86 -)		233,426	146.50	2,374	231,05
36						
37	J.O. #186.13 - 98000					
38	CENTRUS					
39	(6/30/98 -)		233,590	146.90	107,342	126,24
40						
41	J.O. #186.13 - 98001					
42	ENERGY SOLUTIONS, INC.					
43	(6/30/98 -)		198,572	146.91	1,739	196,83
44						
45	J.O. #186.80					
46	VACATION PAY ACCRUAL	5,067,073	-1,217,970	--		3,849,10
47	Misc. Work in Progress	1,926,578				342,32
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	8,138,384				5,814,16

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Begining of Year (b)	Balance at End of Year (c)
1	Electric		
2	UNBILLED REVENUE	17,554,000	17,596,000
3	LIFE/MEDICAL BENEFITS	45,053,000	48,119,000
4	UNAMORTIZED INVESTMENT TAX CREDIT	32,825,000	29,790,000
5	REGULATORY LIABILITY	60,737,000	55,383,000
6	NUCLEAR DECOMMISSIONING	15,194,000	18,375,000
7	Other	23,630,000	31,590,474
8	TOTAL Electric (Enter Total of lines 2 thru 7)	194,993,000	200,853,474
9	Gas		
10			
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15		
17	Other (Specify)		
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	194,993,000	200,853,474

Notes

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	COMMON STOCK	60,000,000		
2	TOTAL COMMON STOCK	60,000,000		
3	CUMULATIVE PREFERRED STOCK	4,000,000		
4	4.00% SERIES		100.00	104.25
5	4.60% SERIES		100.00	103.25
6	4.75% SERIES		100.00	102.00
7	4.40% SERIES		100.00	102.00
8	4.58% SERIES		100.00	101.00
9	CUMULATIVE PREFERRED STOCK	5,000,000		
10	PREFERENCE STOCK	1,000,000	100.00	
11	TOTAL PREFERRED STOCK	10,000,000		
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
100	354,405,315					1
100	354,405,315					2
						3
39,980	3,998,000					4
39,997	3,999,700					5
80,000	8,000,000					6
75,000	7,500,000					7
99,990	9,999,000					8
						9
						10
334,967	33,496,700					11
						12
						13
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	(Mo, Da, Yr) / /	Dec. 31, 1998

FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
250	1	b

*WITHOUT PAR VALUE

Page Number (a)	Item (row) Number (b)	Column Number (c)
250	9	b

*WITHOUT PAR VALUE

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION PREMIUM ON CAPITAL AND INSTALLMENTS RECEIVED ON CAPITAL STOCK (Accounts 202 and 205, 203 and 206, 207, 212)

1 Show for each of the above accounts the amounts applying to each class and series of capital stock.
2. For Account 202, Common stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.
3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of the year.
4. For Premium on Account 207, Capital Stock, designate with a double asterisk any amounts representing the excess of consideration received over stated values of stocks without par value.

Line No.	Name of Account and Description of Item (a)	Number of shares (b)	Amount (c)
1	ACCOUNT NO. 207		
2	PREMIUM ON CAPITAL STOCK-CUMULATIVE PREFERRED-4.00% SERIES		7,076
3	PREMIUM ON CAPTIAL STOCK-CUMULATIVE PREFERRED-4.60% SERIES		24,038
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45			
46	TOTAL		31,114

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.

(b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	ACCOUNT 208 - DONATIONS RECEIVED FROM STOCKHOLDERS	
2	Donations by General Gas & Electric Corporation (Former Parent)	419,213
3	SUBTOTAL DONATIONS RECEIVED FROM STOCKHOLDERS	419,213
4	ACCOUNT 209 - REDUCTION IN PAR VALUE OF COMMON STOCK	
5	Excess of Stated Value of 3,000,000 shares of Common Stock	
6	exchanged for 857,143 shares of $7.50 par value Common Stock	321,428
7	Miscellaneous adjustments applicable to exchange	4,604
8	SUBTOTAL REDUCTION IN PAR VALUE OF COMMON STOCK	326,032
9		
10	ACCOUNT 211 - MISCELLANEOUS PAID IN CAPITAL	
11	Excess of Net Worth of Assets at date of Merger (12/31/43)	
12	over stated value of Common Stock issued therefor	1,167,518
13	Florida Public Service 4% Series "C" Bonds with called premium	
14	and interest held by General Gas and Electric Corporation	65,210
15	Reversal of over accrual of Federal Income Tax applicable to	
16	period prior to January 1, 1944	262,837
17	Transfer from Earned Surplus amount equivalent to Preferred Stock	
18	Dividends prior to 12/31/43 which on an accrual basis were	
19	applicable to 1944	92,552
20	To write off unamortized debt discount, premium and expense	
21	applicable to Bonds refunded in prior years	-979,793
22	Adjustment of orginal cost of Florida Public Service Company	
23	resulting from examination by Federal Power Commission	-63,027
24	Adjustment in carrying value of Georgia Power & Light Company Common	
25	Stock occasioned by the subsidiary company's increase in capital	
26	surplus	33,505
27	Capital Contribution from Parent Company	648,608,005
28	Other miscellaneous adjustments	45,211
29	SUBTOTAL MISCELLANEOUS PAID IN CAPITAL	649,232,018
30		
31		
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40	TOTAL	649,977,263

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	FIRST MORTGAGE BONDS - 7 3/8%	50,000,000	561,786
2	(SEE FOOTNOTE)		-760,000
3	FIRST MORTGAGE BONDS - 7 1/4%	50,000,000	510,539
4	(SEE FOOTNOTE)		-500,000
5	FIRST MORTGAGE BONDS - 8 5/8%	150,000,000	1,298,547
6	(SEE FOOTNOTE)		1,875,000
7	FIRST MORTGAGE BONDS - 6 1/2%	75,000,000	521,968
8			1,125,000
9	FIRST MORTGAGE BONDS - 8%	150,000,000	1,086,382
10			750,000
11	FIRST MORTGAGE BONDS - 6 7/8%	80,000,000	393,275
12			916,800
13	FIRST MORTGAGE BONDS - 6 1/8%	70,000,000	449,626
14			756,700
15	FIRST MORTGAGE BONDS - 6%	110,000,000	766,710
16			1,021,900
17	FIRST MORTGAGE BONDS - 7%	100,000,000	820,972
18			625,000
19	POLLUTION CONTROL BONDS - 6 5/8%	108,550,000	741,699
20			541,242
21	POLLUTION CONTROL BONDS (CITRUS) - 6.35%	90,000,000	514,314
22			225,000
23	POLLUTION CONTROL BONDS (PASCO) - 6.35%	10,115,000	72,794
24			25,288
25	POLLUTION CONTROL BONDS - 7.20%	32,200,000	279,696
26			
27	COMMERCIAL PAPER (SEE NOTES 1 & 2)	200,000,000	
28			
29	MEDIUM TERM NOTE (SEBRING) - 6.67%	30,700,000	233,044
30			
31	MEDIUM TERM NOTE - 6.21%	15,000,000	37,500
32			
33	TOTAL	1,906,565,000	23,131,618

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
060172	060102	060172	060102		3,226,563	1
						2
110172	110102	110172	110102		3,171,875	3
						4
110191	110121	110191	110121		2,659,375	5
						6
120892	120199	120892	120199	75,000,000	4,875,000	7
						8
120892	120122	120892	120122	150,000,000	12,000,000	9
						10
020993	020108	020993	020108	80,000,000	5,500,000	11
						12
031093	030103	031093	030103	70,000,000	4,287,500	13
						14
072093	070103	072093	070103	110,000,000	6,600,000	15
						16
121593	120123	121593	120123	100,000,000	7,000,000	17
						18
013092	010127	013092	010127	108,550,000	7,191,438	19
						20
082692	020122	082692	020122	90,000,000	5,715,000	21
						22
082692	020122	082692	020122	10,115,000	642,302	23
						24
060191	120114	060191	120114	32,200,000	2,318,400	25
						26
				200,000,000	10,133,106	27
						28
042093	040108	042093	040108	24,500,003	1,684,176	29
						30
070197	070199	070197	070199	15,000,000	931,500	31
						32
				1,650,365,003	115,617,485	33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
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4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	MEDIUM TERM NOTE - 6.33%	75,000,000	262,500
2			
3	MEDIUM TERM NOTE - 6.47%	80,000,000	360,000
4			
5	MEDIUM TERM NOTE - 6.54%	30,000,000	150,000
6			
7	MEDIUM TERM NOTE - 6.62%	35,000,000	192,500
8			
9	MEDIUM TERM NOTE - 6.69%	40,000,000	240,000
10			
11	MEDIUM TERM NOTE - 6.72%	45,000,000	270,000
12			
13	MEDIUM TERM NOTE - 6.77%	45,000,000	270,000
14			
15	MEDIUM TERM NOTE - 6.81%	85,000,000	531,250
16			
17	MEDIUM TERM NOTE - 6.75% (SEE NOTE 2)	150,000,000	5,528,086
18			436,500
19	NOTE 1 - THE COMPANY CLASSIFIES $200 MILLION OF COMMERCIAL PAPER AS		
20	LONG-TERM DEBT.		
21	NOTE 2 - AUTHORIZED BY DOCKET NO. 971311-EI, ORDER NO.		
22	PSC-97-1539-FOF-EI, ISSUED 12-08-97.		
23			
24			
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31			
32			
33	TOTAL	1,906,565,000	23,131,618

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
070197	070100	070197	070100	75,000,000	4,747,500	1
						2
070197	070101	070197	070101	80,000,000	5,176,000	3
						4
070197	070102	070197	070102	30,000,000	1,962,000	5
						6
070197	070103	070197	070103	35,000,000	2,317,000	7
						8
070197	070104	070197	070104	40,000,000	2,676,000	9
						10
070197	070105	070197	070105	45,000,000	3,024,000	11
						12
070197	070106	070197	070106	45,000,000	3,046,500	13
						14
070197	070107	070197	070107	85,000,000	5,788,500	15
						16
021098	020128	021098	020128	150,000,000	8,943,750	17
						18
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						32
				1,650,365,003	115,617,485	33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
256	2	a

UNAMORTIZED PREMIUM ON $50,000,000 7 3/8% AND $50,000,000 7 1/4% FIRST MORTGAGE BONDS REDEEMED WAS RECORDED IN FERC ACCOUNT 429; UNAMORTIZED DEBT EXPENSE RELATED TO THESE ISSUES WAS RECORDED IN ACCOUNT 428.

UNAMORTIZED DEBT EXPENSE AND DISCOUNT ON $150,000,000 FIRST MORTGAGE BONDS 8 5/8% REDEEMED AND REACQUIRED WAS RECORDED IN FERC ACCOUNT 42800 AND 42810; RESPECTIVELY

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be field, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as Long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	250,092,869
2		
3		
4	Taxable Income Not Reported on Books	
5		
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10	Federal Income Tax Deducted Per Books	119,132,413
11		
12	Deductions Recorded on Books Not Deducted For Return	504,571,235
13		
14	Income Recorded on Books Not Included in Return	
15		
16		
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20	Deductions on Return Not Charged Against Book Income	-372,639,520
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	501,156,998
28	Show Computation of Tax:	
29	Provision for Federal Income Tax at 35%	175,404,000
30	True Up Entries	-86,148,207
31		
32	Total Federal Income Tax Provision (409.1 + 409.2)	89,255,793
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are know, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b)amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjust-ments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	FEDERAL TAXES					
2	FICA	-4,809		21,128,651	21,136,497	
3	Unemployment	-5,794		332,347	324,856	
4	Highway Use			64,496	4,950	
5	Superfund					
6	Income	-15,061,238		89,255,793	90,607,933	57,19
7	Income Tax Subsidiary	-1,624,352				
8	Excise					
9	SubTotal Federal Taxes	-16,696,193		110,781,287	112,074,236	57,19
10						
11	STATE TAXES					
12	Income	3,349,224		15,272,594	16,689,116	
13	Income Tax Subsidiary	-181,966			-181,966	
14	Gross Receipts	4,124,068		58,368,970	58,039,990	
15	Licenses-Vehicles		107,338	230,470	113,079	
16	Hauling Permit-Escrow		900			
17	Licenses-HP					
18	Documentary Stamps			1,866	1,866	
19	Unemployment	100,110		2,035,507	2,043,676	
20	Intangibles			84,544	84,544	
21	Filing Fee			150	150	
22	Regulatory Assessment	970,826		1,992,273	1,895,654	
23	Sales Tax-Telecomm	31,000		294,500	31,000	
24	Sales Tax-Duplicating					
25	Sales Tax Registration Fee			1,575	1,575	
26	Company Use	12,500		7,178	4,363	
27	Special Fuels			57	57	
28						
29	COUNTY & LOCAL TAXES					
30	Property-County			72,339,105	72,467,465	
31	Licenses-Occup-County			21,332	21,332	
32	Special Fuels-County	-629,390			2,890,956	
33	Sales Tax-County Telecom	50			50	
34	Sales Tax-County Duplicating					
35	Franchise-Local	3,472,505		54,953,231	54,665,481	
36	Property-Local					
37	Licenses-Occup/Misc.-Local					
38	Subtotal State, County & Locl	11,248,927	108,238	205,603,352	208,768,388	
39						
40	Adj-Use Tax on Purchases					
41	TOTAL	-5,447,266	108,238	316,384,639	320,842,624	57,1

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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
-12,655		14,764,011			6,364,639	2
1,697		231,264			101,083	3
59,546					64,496	4
						5
-16,415,731		87,956,911			1,298,882	6
-1,624,352						7
						8
-17,991,495		102,952,186			7,829,100	9
						10
						11
1,932,702		14,911,594			361,000	12
						13
4,453,048		58,368,970				14
	224,729				230,470	15
	900					16
						17
		1,866				18
91,941		1,358,593			676,913	19
		84,544				20
		150				21
1,067,445		1,992,273				22
294,500		294,500				23
						24
		1,575				25
15,315		7,178				26
		57				27
						28
						29
-128,360		71,474,353			864,752	30
		21,332				31
-3,520,346						32
						33
						34
3,760,255		54,953,231				35
						36
						37
7,966,500	225,629	203,470,216			2,133,135	38
						39
						40
-10,024,995	225,629	306,422,402			9,962,235	41

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FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
262	6	f

Excise tax on undyed fuel.

Page Number (a)	Item (row) Number (b)	Column Number (c)
262	40	b

Page 262 Line 40 Column B and Page 263 Line 40 Column G

The difference between the taxes accrued amount on Page 112, Line 37 and taxes accrued on page 262-263, columns (b) and (g), are for exclusions of sales taxes per instruction #1 on Page 262.

	Beginning Balance	Ending Balance
Taxes Accrued, Page 112, Line 37	(5,585,766)	(9,786,537)
State Sales Tax on Purchases	(135,955)	(237,314)a
County Sales Tax on Purchases	(2,546)	(1,144)a
Rounding	1	
	(5,447,266)	(10,024,995)

a - State and County Sales Tax charged to Accounts to which the taxed material was charged.

Page Number (a)	Item (row) Number (b)	Column Number (c)
262	40	g

Footnote Linked. See note on 262, Row: 40, col/item: b

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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g).Include in column (i the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Begining of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%						
3	4%	3,846,761			411.4	760,000	
4	7%						
5	10%	81,246,747			411.4	7,097,000	
6							
7							
8	TOTAL	85,093,508				7,857,000	
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)

Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION	Line No.
			1
			2
3,086,761	27 YEARS		3
			4
74,149,747	27 YEARS		5
			6
			7
77,236,508			8
			9
			10
			11
			12
			13
			14
			15
			16
			17
			18
			19
			20
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			45
			46
			47
			48

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FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
266	8	f

Adjustment Explanation

RECONCILIATION OF INVESTMENT TAX EXPENSE

ALLOCATION TO CURRENT YEAR INCOME	-7,857,000
PRIOR YEAR ADJUSTMENTS	0
TOTAL CHARGES TO ACCOUNT 255	-7,857,000

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OTHER DEFFERED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than $10,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deffered Credits (a)	Balance at Beginning of Year (b)	DEBITS Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1	FMPA	2,410,000	131.00	700,000		1,710,000
2	SECI	4,920,000				4,920,000
3	DEFERRED LTI PLAN	3,359,263			5,076,341	8,435,604
4	DEFERRED SERP - ACTIVE EMP	4,414,161			4,924,358	9,338,519
5	POWER MARKETING PREMIUMS				3,000,000	3,000,000
6	VARIOUS	5,056,314	VARIOUS	441,885	1,155,492	5,769,921
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
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40						
41						
42						
43						
44						
45						
46						
47	TOTAL	20,159,738		1,141,885	14,156,191	33,174,044

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ACCUMULATED DEFFERED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to amortizable property.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account	Balance at Beginning of Year	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1
	(a)	(b)	(c)	(d)
1	Accelerated Amortization (Account 281)			
2	Electric			
3	Defense Facilities			
4	Pollution Control Facilities	11,992,000	821,000	
5	Other			
6				
7				
8	TOTAL Electric (Enter Total of lines 3 thru 7)	11,992,000	821,000	
9	Gas			
10	Defense Facilities			
11	Pollution Control Facilities			
12	Other			
13				
14				
15	TOTAL Gas (Enter Total of lines 10 thru 14)			
16				
17	TOTAL (Acct 281) (Total of 8, 15 and 16)	11,992,000	821,000	
18	Classification of TOTAL			
19	Federal Income Tax	10,282,000	704,000	
20	State Income Tax	1,710,000	117,000	
21	Local Income Tax			

NOTES

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ACCUMULATED DEFERRED INCOME TAXES _ ACCELERATED AMORTIZATION PROPERTY (Account 281) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
							3
						12,813,000	4
							5
							6
							7
						12,813,000	8
							9
							10
							11
							12
							13
							14
							15
							16
						12,813,000	17
							18
						10,986,000	19
						1,827,000	20
							21

NOTES (Continued)

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ACCUMULATED DEFFERED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization
2. For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account	Balance at Beginning of Year	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1
	(a)	(b)	(c)	(d)
1	Account 282			
2	Electric	547,770,000	105,119,000	39,072,00
3	Gas			
4				
5	TOTAL (Enter Total of lines 2 thru 4)	547,770,000	105,119,000	39,072,00
6	Other	-97,000		870,00
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	547,673,000	105,119,000	39,942,00
10	Classification of TOTAL			
11	Federal Income Tax	475,915,000	90,242,000	33,872,00
12	State Income Tax	71,758,000	14,877,000	6,070,00
13	Local Income Tax			

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ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits			
		Account Credited	Amount	Account Debited	Amount		
(e)	(f)	(g)	(h)	(i)	(j)	(k)	
							1
						613,817,000	2
							3
							4
						613,817,000	5
						-967,000	6
							7
							8
						612,850,000	9
							10
						532,285,000	11
						80,565,000	12
							13

NOTES (Continued)

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ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information Called for below concerning the respondent's accounting for deferred income taxes rating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Regulatory Assets-FAS 109	61,882,000	2,272,000	3,630,000
4				
5				
6				
7				
8	Other	3,959,000	3,190,000	6,900,000
9	TOTAL Electric (Total of lines 3 thru 8)	65,841,000	5,462,000	10,530,000
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	65,841,000	5,462,000	10,530,000
20	Classification of TOTAL			
21	Federal Income Tax	56,463,000	4,315,000	6,046,000
22	State Income Tax	9,378,000	1,147,000	4,484,000
23	Local Income Tax			

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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
		Debits		Credits			
Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Account Credited	Amount	Account Debited	Amount		
(e)	(f)	(g)	(h)	(i)	(j)	(k)	
							1
							2
						60,524,000	3
							4
							5
							6
							7
				190.13	-380,000	-131,000	8
					-380,000	60,393,000	9
							10
							11
							12
							13
							14
							15
							16
							17
							18
					-380,000	60,393,000	19
							20
					-326,000	54,406,000	21
					-54,000	5,987,000	22
							23

NOTES (Continued)

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OTHER REGULATORY LIABILITIES (Account 254)

1. Reporting below the particulars (Details) called for concerning other regulatory liabilities which are created through the rate-making actions of regulatory agencies (and not includable in other amounts)
2. For regulatory Liabilities being amortized show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than $50,000, whichever is Less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	DEBITS		Credits (d)	Balance at End of Year (e)
		Account Credited (b)	Amount (c)		
1	Accumulated Deferred Taxes - FAS 109	411.1	13,881,000		143,572,000
2	Period of Amortization occurs as temporary				
3	differences occur.				
4					
5	Deferred Fuel - Retail 10/97 - 03/98	407.4	26,537,213	13,313,803	
6					
7	Deferred Fuel Revenue 4/98 - 12/98	407.4	3,185,242	33,837,652	30,652,411
8	Deferred Capacity Revenue 4/98 - 12/98	407.4	9,573,233	9,795,352	222,119
9	Deferred Capacity Revenue 10/97 - 03/98	456.97	11,888,870	8,880,721	
10					
11	1998 Deferred Earnings - Retail			10,106,105	10,106,105
12					
13	OPEBS Liability - Wholesale	926.31/926.4	525,584	404,496	10,307
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41	TOTAL		65,591,142	76,338,129	184,562,942

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ELECTRIC OPERATING REVENUES (Account 400)

1. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
2. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
3. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	Sales of Electricity		
2	(440) Residential Sales	1,424,577,534	1,293,654,559
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	608,889,126	568,343,872
5	Large (or Ind.) (See Instr. 4)	214,436,081	207,936,525
6	(444) Public Street and Highway Lighting	1,111,102	1,119,590
7	(445) Other Sales to Public Authorities	141,158,801	132,325,296
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	2,390,172,644	2,203,379,842
11	(447) Sales for Resale	207,920,719	154,272,679
12	TOTAL Sales of Electricity	2,598,093,363	2,357,652,521
13	(Less) (449.1) Provision for Rate Refunds	2,071,317	3,547,818
14	TOTAL Revenues Net of Prov. for Refunds	2,596,022,046	2,354,104,703
15	Other Operating Revenues		
16	(450) Forfeited Discounts	6,553,254	5,356,550
17	(451) Miscellaneous Service Revenues	10,451,997	10,421,168
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	43,517,507	39,551,491
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	-8,312,544	39,001,732
22			
23			
24			
25			
26	TOTAL Other Operating Revenues	52,210,214	94,330,941
27	TOTAL Electric Operating Revenues	2,648,232,260	2,448,435,644

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ELECTRIC OPERATING REVENUES (Account 400)

4. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
5. See pages 108-109, Important Changes During Year, for important new territory added and important rate increase or decreases.
6. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
7. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Amount for Year (d)	Amount for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
16,526,269	15,079,778	1,182,787	1,160,610	2
				3
9,999,348	9,257,316	136,345	132,504	4
4,375,390	4,187,786	2,707	2,830	5
26,876	26,882	2,127	2,216	6
2,458,729	2,298,506	16,870	16,331	7
				8
				9
33,386,612	30,850,268	1,340,836	1,314,491	10
3,864,465	2,439,605	17	17	11
37,251,077	33,289,873	1,340,853	1,314,508	12
				13
37,251,077	33,289,873	1,340,853	1,314,508	14

Line 12, column (b) includes $ 0 of unbilled revenues.

Line 12, column (d) includes 0 MWH relating to unbilled revenues

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per custom and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	RESIDENTITAL SERVICE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2						
3	COMMERCIAL AND INDUSTRIAL					
4	SERVICE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
5	PUBLIC STREET & HIGHWAY					
6	LIGHTING SERVICE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
7	OTHER SALES TO PUBLIC					
8	AUTHORITIES SERVICE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
9						
10	TOTAL SALES TO ULTIMATE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
42	Total Unbilled Rev.(See Instr. 6)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
43	TOTAL	33,386,612	2,390,172,642	1,340,836	24,899	0.07

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credit for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on tl Purchased Power schedule (Page 326-327).
2. Enter the name of the purchaser in column (a). Do note abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected toad for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
LF - for tong-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Les than five years.
SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service i one year or less.
LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliabilit of service, aside from transmission constraints, must match the availability and reliability of designated unit.
IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classifi-cation (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demai (f)
1	[redacted]					
2	[redacted]					
3	[redacted]					
4	[redacted]					
5	[redacted]					
6	[redacted]					
7	[redacted]					
8	[redacted]					
9	[redacted]					
10	[redacted]					
11	[redacted]					
12	[redacted]					
13	[redacted]					
14	[redacted]					
	Subtotal RQ			0	0	
	Subtotal non-RQ			0	0	
	Total			**0**	**0**	

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,iine 24.
10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total ($) (h+i+j) (k)	Line No.
	Demand Charges ($) (h)	Energy Charges ($) (i)	Other Charges ($) (j)		
					1
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	2
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	3
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	4
					5
[redacted]		[redacted]	[redacted]	[redacted]	6
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	7
		[redacted]		[redacted]	8
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	9
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	10
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	11
[redacted]		[redacted]	[redacted]	[redacted]	12
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	13
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	14
2,339,715	75,592,284	50,914,770	36,835,042	163,342,096	
1,524,750	83,475	44,599,398	-104,250	44,578,623	
3,864,465	**75,675,759**	**95,514,168**	**36,730,792**	**207,920,719**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credit for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on t Purchased Power schedule (Page 326-327).
2. Enter the name of the purchaser in column (a). Do note abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected toad for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
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IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Les than five years.
SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service i one year or less.
LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliabilit of service, aside from transmission constraints, must match the availability and reliability of designated unit.
IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classifi-cation (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demai (f)
1	[redacted]					
2	[redacted]					
3	[redacted]					
4	[redacted]					
5	[redacted]					
6	[redacted]					
7	[redacted]					
8						
9						
10						
11						
12						
13						
14						
	Subtotal RQ			0	0	
	Subtotal non-RQ			0	0	
	Total			**0**	**0**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
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4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
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7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
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MegaWatt Hours Sold (g)	REVENUE			Total ($) (h+i+j) (k)	Line No.
	Demand Charges ($) (h)	Energy Charges ($) (i)	Other Charges ($) (j)		
					1
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	2
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	3
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	4
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	5
[redacted]		[redacted]		[redacted]	6
[redacted]		[redacted]	[redacted]	[redacted]	7
					8
					9
					10
					11
					12
					13
					14
2,339,715	75,592,284	50,914,770	36,835,042	163,342,096	
1,524,750	83,475	44,599,398	-104,250	44,578,623	
3,864,465	**75,675,759**	**95,514,168**	**36,730,792**	**207,920,719**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and cred for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on Purchased Power schedule (Page 326-327).
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Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classifi-cation (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Dem (f)
1	[redacted]					
2	[redacted]					
3	[redacted]					
4	[redacted]					
5	[redacted]					
6	[redacted]					
7	[redacted]					
8	[redacted]					
9	[redacted]					
10	[redacted]					
11	[redacted]					
12	[redacted]					
13	[redacted]					
14	[redacted]					
	Subtotal RQ			0	0	
	Subtotal non-RQ			0	0	
	Total			**0**	**0**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
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7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
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10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE Demand Charges ($) (h)	REVENUE Energy Charges ($) (i)	REVENUE Other Charges ($) (j)	Total ($) (h+i+j) (k)	Line No.
					1
[redacted]		[redacted]		[redacted]	2
[redacted]		[redacted]		[redacted]	3
[redacted]		[redacted]		[redacted]	4
[redacted]		[redacted]		[redacted]	5
[redacted]		[redacted]		[redacted]	6
[redacted]		[redacted]		[redacted]	7
[redacted]		[redacted]		[redacted]	8
[redacted]		[redacted]		[redacted]	9
	[redacted]			[redacted]	10
					11
					12
[redacted]		[redacted]		[redacted]	13
					14
2,339,715	75,592,284	50,914,770	36,835,042	163,342,096	
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SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credit for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on tl Purchased Power schedule (Page 326-327).
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1	[redacted]					
2	[redacted]					
3	[redacted]					
4	[redacted]					
5	[redacted]					
6	[redacted]					
7	[redacted]					
8	[redacted]					
9	[redacted]					
10	[redacted]					
11	[redacted]					
12	[redacted]					
13	[redacted]					
14	[redacted]					
	Subtotal RQ			0	0	
	Subtotal non-RQ			0	0	
	Total			**0**	**0**	

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SALES FOR RESALE (Account 447) (Continued)

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4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,iine 24.
10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total ($) (h+i+j) (k)	Line No.
	Demand Charges ($) (h)	Energy Charges ($) (i)	Other Charges ($) (j)		
					1
[redacted]	[redacted]			[redacted]	2
					3
					4
					5
[redacted]		[redacted]		[redacted]	6
					7
					8
					9
[redacted]		[redacted]		[redacted]	10
[redacted]		[redacted]		[redacted]	11
[redacted]		[redacted]		[redacted]	12
[redacted]		[redacted]		[redacted]	13
[redacted]		[redacted]		[redacted]	14
2,339,715	75,592,284	50,914,770	36,835,042	163,342,096	
1,524,750	83,475	44,599,398	-104,250	44,578,623	
3,864,465	**75,675,759**	**95,514,168**	**36,730,792**	**207,920,719**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credi for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on t Purchased Power schedule (Page 326-327).
2. Enter the name of the purchaser in column (a). Do note abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected toad for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
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IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Les than five years.
SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service i one year or less.
LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliabilit of service, aside from transmission constraints, must match the availability and reliability of designated unit.
IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classifi-cation (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demar (f)
1	[redacted]					
2	[redacted]					
3	[redacted]					
4	[redacted]					
5	[redacted]					
6	[redacted]					
7	[redacted]					
8	[redacted]					
9	[redacted]					
10	[redacted]					
11	[redacted]					
12	[redacted]					
13	[redacted]					
14	[redacted]					
	Subtotal RQ			0	0	
	Subtotal non-RQ			0	0	
	Total			**0**	**0**	

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
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10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total ($) (h+i+j) (k)	Line No.
	Demand Charges ($) (h)	Energy Charges ($) (i)	Other Charges ($) (j)		
[redacted]					1
[redacted]		[redacted]		[redacted]	2
[redacted]		[redacted]		[redacted]	3
[redacted]		[redacted]		[redacted]	4
[redacted]		[redacted]		[redacted]	5
[redacted]		[redacted]		[redacted]	6
[redacted]		[redacted]		[redacted]	7
[redacted]		[redacted]		[redacted]	8
					9
[redacted]		[redacted]		[redacted]	10
[redacted]		[redacted]		[redacted]	11
[redacted]		[redacted]		[redacted]	12
[redacted]		[redacted]		[redacted]	13
[redacted]		[redacted]		[redacted]	14
2,339,715	75,592,284	50,914,770	36,835,042	163,342,096	
1,524,750	83,475	44,599,398	-104,250	44,578,623	
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credit for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on tl Purchased Power schedule (Page 326-327).
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Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classifi-cation (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Deman (f)
1	[redacted]					
2	[redacted]					
3	[redacted]					
4	[redacted]					
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			**0**	**0**	**0**

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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SALES FOR RESALE (Account 447) (Continued)

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5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
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7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
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MegaWatt Hours Sold (g)	REVENUE			Total ($) (h+i+j) (k)	Line No.
	Demand Charges ($) (h)	Energy Charges ($) (i)	Other Charges ($) (j)		
[redacted]		[redacted]		[redacted]	1
[redacted]		[redacted]		[redacted]	2
[redacted]		[redacted]		[redacted]	3
[redacted]		[redacted]		[redacted]	4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
2,339,715	75,592,284	50,914,770	36,835,042	163,342,096	
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3,864,465	**75,675,759**	**95,514,168**	**36,730,792**	**207,920,719**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SALES FOR RESALE (Account 447)

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1	[redacted]					
2	[redacted]					
3	[redacted]					
4	[redacted]					
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
	Subtotal RQ			0	0	
	Subtotal non-RQ			0	0	
	Total			**0**	**0**	

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SALES FOR RESALE (Account 447) (Continued)

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10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total ($) (h+i+j) (k)	Line No.
	Demand Charges ($) (h)	Energy Charges ($) (i)	Other Charges ($) (j)		
			[redacted]	[redacted]	1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
2,339,715	75,592,284	50,914,770	36,835,042	163,342,096	
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FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
310.1	7	c

FOOTNOTE 1 - SERVICE AGREEMENT UNDER FPC'S T-3, FERC ELECTRIC TARIFF FIRST REVISED VOL. NO. 8.

310.2	2	a

OS(1) - ECONOMY INTERCHANGE SALES.

310.2	5	a

OS (2) - ECONOMY AND EMERGENCY INTERCHANGE SALES.

310.2	10	a

OS (3) - REGULATION SERVICE.

310.4	4	c

FOOTNOTE 2 - FPC'S MARKET-BASED WHOLESALE POWER SALES TARIFF, FERC ELECTRIC TARIFF, ORIG. VOL. NO. 8.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)		
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures		
17	(512) Maintenance of Boiler Plant		
18	(513) Maintenance of Electric Plant		
19	(514) Maintenance of Miscellaneous Steam Plant		
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)		
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)		
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	[redacted]	[redacted]
63	(547) Fuel	[redacted]	[redacted]
64	(548) Generation Expenses	[redacted]	[redacted]
65	(549) Miscellaneous Other Power Generation Expenses	[redacted]	[redacted]
66	(550) Rents	[redacted]	[redacted]
67	TOTAL Operation (Enter Total of lines 62 thru 66)	[redacted]	[redacted]
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	[redacted]	[redacted]
70	(552) Maintenance of Structures	[redacted]	[redacted]
71	(553) Maintenance of Generating and Electric Plant	[redacted]	[redacted]
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	[redacted]	[redacted]
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	[redacted]	[redacted]
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	[redacted]	[redacted]
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	[redacted]	[redacted]
77	(556) System Control and Load Dispatching	[redacted]	[redacted]
78	(557) Other Expenses		
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	[redacted]	[redacted]
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	[redacted]	[redacted]
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	[redacted]	[redacted]
84	(561) Load Dispatching	[redacted]	[redacted]
85	(562) Station Expenses	[redacted]	[redacted]
86	(563) Overhead Lines Expenses		
87	(564) Underground Lines Expenses		
88	(565) Transmission of Electricity by Others		
89	(566) Miscellaneous Transmission Expenses	[redacted]	[redacted]
90	(567) Rents	[redacted]	[redacted]
91	TOTAL Operation (Enter Total of lines 83 thru 90)	[redacted]	[redacted]
92	Maintenance		
93	(568) Maintenance Supervision and Engineering	[redacted]	[redacted]
94	(569) Maintenance of Structures	[redacted]	[redacted]
95	(570) Maintenance of Station Equipment	[redacted]	[redacted]
96	(571) Maintenance of Overhead Lines	[redacted]	[redacted]
97	(572) Maintenance of Underground Lines	[redacted]	[redacted]
98	(573) Maintenance of Miscellaneous Transmission Plant	[redacted]	[redacted]
99	TOTAL Maintenance (Enter Total of lines 93 thru 98)	[redacted]	[redacted]
100	TOTAL Transmission Expenses (Enter Total of lines 91 and 99)	[redacted]	[redacted]
101	3. DISTRIBUTION EXPENSES		
102	Operation		
103	(580) Operation Supervision and Engineering	[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
104	3. DISTRIBUTION Expenses (Continued)		
105	(581) Load Dispatching		
106	(582) Station Expenses		
107	(583) Overhead Line Expenses		
108	(584) Underground Line Expenses		
109	(585) Street Lighting and Signal System Expenses		
110	(586) Meter Expenses		
111	(587) Customer Installations Expenses		
112	(588) Miscellaneous Expenses		
113	(589) Rents		
114	TOTAL Operation (Enter Total of lines 103 thru 113)		
115	Maintenance		
116	(590) Maintenance Supervision and Engineering		
117	(591) Maintenance of Structures		
118	(592) Maintenance of Station Equipment		
119	(593) Maintenance of Overhead Lines		
120	(594) Maintenance of Underground Lines		
121	(595) Maintenance of Line Transformers		
122	(596) Maintenance of Street Lighting and Signal Systems		
123	(597) Maintenance of Meters		
124	(598) Maintenance of Miscellaneous Distribution Plant		
125	TOTAL Maintenance (Enter Total of lines 116 thru 124)		
126	TOTAL Distribution Exp (Enter Total of lines 114 and 125)		
127	4. CUSTOMER ACCOUNTS EXPENSES		
128	Operation		
129	(901) Supervision		
130	(902) Meter Reading Expenses		
131	(903) Customer Records and Collection Expenses		
132	(904) Uncollectible Accounts		
133	(905) Miscellaneous Customer Accounts Expenses		
134	TOTAL Customer Accounts Expenses (Total of lines 129 thru 133)		
135	5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
136	Operation		
137	(907) Supervision		
138	(908) Customer Assistance Expenses		
139	(909) Informational and Instructional Expenses		
140	(910) Miscellaneous Customer Service and Informational Expenses		
141	TOTAL Cust. Service and Information. Exp. (Total lines 137 thru 140)		
142	6. SALES EXPENSES		
143	Operation		
144	(911) Supervision		
145	(912) Demonstrating and Selling Expenses		
146	(913) Advertising Expenses		
147	(916) Miscellaneous Sales Expenses		
148	TOTAL Sales Expenses (Enter Total of lines 144 thru 147)		
149	7. ADMINISTRATIVE AND GENERAL EXPENSES		
150	Operation		
151	(920) Administrative and General Salaries		
152	(921) Office Supplies and Expenses		
153	(Less) (922) Administrative Expenses Transferred-Credit		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
154	7. ADMINISTRATIVE AND GENERAL EXPENSES (Continued)		
155	(923) Outside Services Employed	[redacted]	[redacted]
156	(924) Property Insurance	[redacted]	[redacted]
157	(925) Injuries and Damages	[redacted]	[redacted]
158	(926) Employee Pensions and Benefits	[redacted]	[redacted]
159	(927) Franchise Requirements		
160	(928) Regulatory Commission Expenses	[redacted]	[redacted]
161	(929) (Less) Duplicate Charges-Cr.	[redacted]	[redacted]
162	(930.1) General Advertising Expenses	[redacted]	[redacted]
163	(930.2) Miscellaneous General Expenses	[redacted]	[redacted]
164	(931) Rents	[redacted]	[redacted]
165	TOTAL Operation (Enter Total of lines 151 thru 164)	[redacted]	[redacted]
166	Maintenance		
167	(935) Maintenance of General Plant	[redacted]	[redacted]
168	TOTAL Admin & General Expenses (Total of lines 165 thru 167)	[redacted]	[redacted]
169	TOTAL Elec Op and Maint Expn (Tot 80, 100, 126, 134, 141, 148, 168)	1,555,321,384	1,642,918,54

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.

2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employes on line 3, and show the number of such special construction employees in a footnote.

3. The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employe attributed to the electric department from joint functions.

1. Payroll Period Ended (Date)	12/25/1998
2. Total Regular Full-Time Employees	4,740
3. Total Part-Time and Temporary Employees	636
4. Total Employees	5,376

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or us acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.
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Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demand (f)
1	[redacted]					
2	[redacted]					
3	[redacted]					
4	[redacted]					
5	[redacted]					
6	[redacted]					
7	[redacted]					
8	[redacted]					
9	[redacted]					
10	[redacted]					
11	[redacted]					
12	[redacted]					
13	[redacted]					
14	[redacted]					
	Total					

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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					Average Monthly NCP Demand (e)	Average Monthly CP Deman (f)
1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
10						
11						
12						
13						
14						
	Total					

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

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Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demai (f)
1	INTERCHANGE POWER:					
2	[redacted]					
3	[redacted]					
4	[redacted]					
5	[redacted]					
6	[redacted]					
7	[redacted]					
8	[redacted]					
9	[redacted]					
10	[redacted]					
11	[redacted]					
12	[redacted]					
13	[redacted]					
14	[redacted]					
	Total					

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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					Average Monthly NCP Demand (e)	Average Monthly CP Dema (f)
1	[redacted]					
2	[redacted]					
3	[redacted]					
4	[redacted]					
5	[redacted]					
6	[redacted]					
7	[redacted]					
8	[redacted]					
9	[redacted]					
10	[redacted]					
11	[redacted]					
12	[redacted]					
13	[redacted]					
14	[redacted]					
	Total					

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

In column (c), identify the FERC Rate Schedule Number or tariffs, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
For requirements RQ purchases and any type of services involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column(d), the average monthly non- coincident peak (NCP) demanding in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in rendered to the respondent. Report in column (h), and (i) the megawatt hours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		REVENUE			Total (j+k+l) of Settlement ($) (m)	Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)		
[redacted]				[redacted]		[redacted]	1
							2
[redacted]				[redacted]		[redacted]	3
[redacted]				[redacted]		[redacted]	4
[redacted]				[redacted]		[redacted]	5
							6
[redacted]				[redacted]		[redacted]	7
[redacted]				[redacted]		[redacted]	8
							9
[redacted]				[redacted]		[redacted]	10
[redacted]				[redacted]		[redacted]	11
[redacted]				[redacted]		[redacted]	12
[redacted]				[redacted]		[redacted]	13
[redacted]				[redacted]		[redacted]	14
8,231,407			260,058,723	184,890,105	-31,080	444,917,748	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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(Including power exchanges)

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1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
10	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
11	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
13	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
14	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
	Total					

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

In column (c), identify the FERC Rate Schedule Number or tariffs, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
For requirements RQ purchases and any type of services involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column(d), the average monthly non- coincident peak (NCP) demanding in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in rendered to the respondent. Report in column (h), and (i) the megawatt hours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		REVENUE			Total (j+k+l) of Settlement ($) (m)	Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)		
[redacted]				[redacted]		[redacted]	1
				[redacted]		[redacted]	2
							3
							4
[redacted]				[redacted]		[redacted]	5
[redacted]				[redacted]		[redacted]	6
[redacted]				[redacted]		[redacted]	7
[redacted]				[redacted]	[redacted]	[redacted]	8
[redacted]				[redacted]		[redacted]	9
							10
[redacted]				[redacted]		[redacted]	11
[redacted]				[redacted]		[redacted]	12
				[redacted]		[redacted]	13
[redacted]				[redacted]		[redacted]	14
8,231,407			260,058,723	184,890,105	-31,080	444,917,748	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or us acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.
SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demand (f)
1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
6						
7						
8	[redacted]					
9						
10						
11						
12						
13						
14						
	Total					

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

In column (c), identify the FERC Rate Schedule Number or tariffs, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
For requirements RQ purchases and any type of services involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column(d), the average monthly non- coincident peak (NCP) demanding in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in rendered to the respondent. Report in column (h), and (i) the megawatt hours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		REVENUE			Total (j+k+l) of Settlement ($) (m)	Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)		
							1
[redacted]				[redacted]		[redacted]	2
[redacted]				[redacted]		[redacted]	3
[redacted]			[redacted]	[redacted]		[redacted]	4
[redacted]			[redacted]	[redacted]		[redacted]	5
[redacted]			[redacted]	[redacted]		[redacted]	6
[redacted]			[redacted]	[redacted]		[redacted]	7
[redacted]				[redacted]		[redacted]	8
[redacted]			[redacted]	[redacted]		[redacted]	9
[redacted]			[redacted]	[redacted]		[redacted]	10
[redacted]			[redacted]	[redacted]		[redacted]	11
[redacted]			[redacted]	[redacted]		[redacted]	12
[redacted]			[redacted]	[redacted]		[redacted]	13
[redacted]				[redacted]		[redacted]	14
8,231,407			260,058,723	184,890,105	-31,080	444,917,748	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i. e., wheeling, provided for other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column(d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: LF - for Long-term firm transmission service. "Long-term" means one year or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.
SF - for short-term firm transmission service. Use this category for all firm services, where the duration of each period of commitmen for service is less than one year.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classifi-cation (d)
1	[redacted]	[redacted]	[redacted]	[redacted]
2	[redacted]	[redacted]	[redacted]	[redacted]
3	[redacted]	[redacted]	[redacted]	[redacted]
4	[redacted]	[redacted]	[redacted]	[redacted]
5	[redacted]	[redacted]	[redacted]	[redacted]
6	[redacted]	[redacted]	[redacted]	[redacted]
7	[redacted]	[redacted]	[redacted]	[redacted]
8	[redacted]	[redacted]	[redacted]	[redacted]
9	[redacted]	[redacted]	[redacted]	[redacted]
10	[redacted]	[redacted]	[redacted]	[redacted]
11	[redacted]	[redacted]	[redacted]	[redacted]
12	[redacted]	[redacted]	[redacted]	[redacted]
13	[redacted]	[redacted]	[redacted]	[redacted]
14	[redacted]	[redacted]	[redacted]	[redacted]
15	[redacted]	[redacted]	[redacted]	[redacted]
16	[redacted]	[redacted]	[redacted]	[redacted]
17	[redacted]	[redacted]	[redacted]	[redacted]
	TOTAL			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

In column (c), identify the FERC Rate Schedule Number or tariffs, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
For requirements RQ purchases and any type of services involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column(d), the average monthly non- coincident peak (NCP) demanding in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in rendered to the respondent. Report in column (h), and (i) the megawatt hours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		REVENUE			Total (j+k+l) of Settlement ($) (m)	Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)		
[redacted]				[redacted]		[redacted]	1
							2
[redacted]			[redacted]	[redacted]		[redacted]	3
[redacted]			[redacted]	[redacted]		[redacted]	4
[redacted]			[redacted]	[redacted]		[redacted]	5
[redacted]			[redacted]	[redacted]		[redacted]	6
							7
[redacted]			[redacted]	[redacted]		[redacted]	8
[redacted]			[redacted]	[redacted]		[redacted]	9
							10
							11
							12
							13
							14
8,231,407			260,058,723	184,890,105	-31,080	444,917,748	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i. e., wheeling, provided for other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered tc Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column(d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows LF - for Long-term firm transmission service. "Long-term" means one year or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.
SF - for short-term firm transmission service. Use this category for all firm services, where the duration of each period of commitmer for service is less than one year.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistica Classifi cation (d)
1	[redacted]	[redacted]	[redacted]	[redacted]
2	[redacted]	[redacted]	[redacted]	[redacted]
3	[redacted]	[redacted]	[redacted]	[redacted]
4	[redacted]	[redacted]	[redacted]	[redacted]
5	[redacted]	[redacted]	[redacted]	[redacted]
6	[redacted]	[redacted]	[redacted]	[redacted]
7	[redacted]	[redacted]	[redacted]	[redacted]
8	[redacted]	[redacted]	[redacted]	[redacted]
9	[redacted]	[redacted]	[redacted]	[redacted]
10	[redacted]	[redacted]	[redacted]	[redacted]
11	[redacted]	[redacted]	[redacted]	[redacted]
12	[redacted]	[redacted]	[redacted]	[redacted]
13	[redacted]	[redacted]	[redacted]	[redacted]
14	[redacted]	[redacted]	[redacted]	[redacted]
15	[redacted]	[redacted]	[redacted]	[redacted]
16	[redacted]	[redacted]	[redacted]	[redacted]
17	[redacted]	[redacted]	[redacted]	[redacted]
	TOTAL			

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

In column (c), identify the FERC Rate Schedule Number or tariffs, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
For requirements RQ purchases and any type of services involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column(d), the average monthly non- coincident peak (NCP) demanding in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in rendered to the respondent. Report in column (h), and (i) the megawatt hours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		REVENUE			Total (j+k+l) of Settlement ($) (m)	Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)		
							1
[redacted]				[redacted]		[redacted]	2
							3
[redacted]			[redacted]	[redacted]		[redacted]	4
[redacted]				[redacted]		[redacted]	5
							6
[redacted]				[redacted]		[redacted]	7
[redacted]			[redacted]	[redacted]		[redacted]	8
[redacted]				[redacted]		[redacted]	9
[redacted]				[redacted]		[redacted]	10
							11
[redacted]				[redacted]		[redacted]	12
[redacted]				[redacted]		[redacted]	13
[redacted]				[redacted]		[redacted]	14
8,231,407			260,058,723	184,890,105	-31,080	444,917,748	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i. e., wheeling, provided for other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered tc Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column(d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows LF - for Long-term firm transmission service. "Long-term" means one year or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally ge out of the contract.
SF - for short-term firm transmission service. Use this category for all firm services, where the duration of each period of commitme for service is less than one year.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistic Classifi cation (d)
1	[redacted]	[redacted]	[redacted]	[redacted]
2	[redacted]	[redacted]	[redacted]	[redacted]
3	[redacted]	[redacted]	[redacted]	[redacted]
4	[redacted]	[redacted]	[redacted]	[redacted]
5	[redacted]	[redacted]	[redacted]	[redacted]
6	[redacted]	[redacted]	[redacted]	[redacted]
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
	TOTAL			

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

In column (c), identify the FERC Rate Schedule Number or tariffs, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
For requirements RQ purchases and any type of services involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column(d), the average monthly non- coincident peak (NCP) demanding in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in rendered to the respondent. Report in column (h), and (i) the megawatt hours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		REVENUE			Total (j+k+l) of Settlement ($) (m)	Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)		
[redacted]							1
[redacted]				[redacted]		[redacted]	2
							3
[redacted]				[redacted]		[redacted]	4
							5
							6
							7
[redacted]							8
							9
							10
							11
							12
							13
							14
8,231,407			260,058,723	184,890,105	-31,080	444,917,748	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
326	1	a

OS (1) - COGENERATION AND SMALL POWER PRODUCERS.

COG - FIRMED AND AS AVAILABLE. COGENERATION CONTRACTS FILED WITH AND APPROVED BY THE FLA. PUBLIC SERVICE COMMISSION.

* - GLADES ELECTRIC COOPERATIVE, INC. IS NOT REGULATED BY FERC OR THE FLA. PUBLIC SERVICE COMMISSION.

** - AVG. MONTHLY CP DEMAND IS NOT MAINTAINED AS A CORPORATE STATISTIC.

326	14	c

* - GLADES ELECTRIC COOPERATIVE INC. IS NOT REGULATED BY FERC OR THE FLA. PUBLIC SERVICE COMMISSION.

326.1	7	a

THE TIGER BAY COGENERATION FACILITY WAS PURCHASED JULY 15, 1997.

326.2	1	a

OS (2) - ECONOMY INTERCHANGE PURCHASES.

OS (3) - ECONOMY AND EMERGENCY INTERCHANGE PURCHASES.

326.2	3	a

SOUTHERN SERVICES INC. RATE SCHEDULE FERC NO. 70.

326.2	8	a

TAMPA ELECTRIC CO. RATE SCHEDULE FERC NO. 46. EARLIEST TERMINATION DATE IS 12/31/11.

326.5	8	a

INADVERTENT INTERCHANGE IS BEING REPORTED AS A NET TOTAL ADJUSTMENT PER FERC LETTER DATED 05/09/91.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all nonfirm service regardless of the length of the contract and service from, designated units of less than one year. Describe the nature of the service in a footnote for each adjustment.
AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	1
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	2
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	3
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	4
[redacted]	[redacted]	[redacted]				5
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	6
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	7
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	8
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	9
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	10
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	11
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	12
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	13
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	14
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	15
[redacted]	[redacted]	[redacted]				16
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	17
			0	1,089,311	1,065,022	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

8. Report in column (i) and (j) the total megawatthours received and delivered.
9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. Provide total amounts in column (i) through (n) as the last Line. Enter "TOTAL" in column (a) as the Last Line. The total amount in columns (i) and (j) must be reported as Transmission Received and Delivered on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No
[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]		[redacted]	1
[redacted]	[redacted]		[redacted]	1
[redacted]	[redacted]		[redacted]	1
[redacted]	[redacted]		[redacted]	1
[redacted]	[redacted]		[redacted]	1
[redacted]	[redacted]		[redacted]	1
[redacted]	[redacted]		[redacted]	1
[redacted]	[redacted]		[redacted]	1
0	18,463,184	0	18,463,184	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all nonfirm service regardless of the length of the contract and service from, designated units of less than one year. Describe the nature of the service in a footnote for each adjustment.
AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	1
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	2
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	3
[redacted]	[redacted]	[redacted]				4
[redacted]	[redacted]	[redacted]				5
[redacted]	[redacted]	[redacted]				6
[redacted]	[redacted]	[redacted]				7
[redacted]	[redacted]	[redacted]				8
[redacted]	[redacted]	[redacted]				9
[redacted]	[redacted]	[redacted]				10
[redacted]	[redacted]	[redacted]				11
[redacted]	[redacted]	[redacted]				12
[redacted]	[redacted]	[redacted]				13
[redacted]	[redacted]	[redacted]				14
[redacted]	[redacted]	[redacted]				15
[redacted]	[redacted]	[redacted]				16
[redacted]	[redacted]	[redacted]				17
			0	1,089,311	1,065,022	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

8. Report in column (i) and (j) the total megawatthours received and delivered.
9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related t the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) i column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
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11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Li N
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
0	18,463,184	0	18,463,184	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all nonfirm service regardless of the length of the contract and service from, designated units of less than one year. Describe the nature of the service in a footnote for each adjustment.
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5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	1
[redacted]	[redacted]	[redacted]				2
[redacted]	[redacted]	[redacted]				3
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	4
[redacted]	[redacted]	[redacted]				5
[redacted]	[redacted]	[redacted]				6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
			0	**1,089,311**	**1,065,022**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

8. Report in column (i) and (j) the total megawatthours received and delivered.
9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related tc the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) ir column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. Provide total amounts in column (i) through (n) as the last Line. Enter "TOTAL" in column (a) as the Last Line. The total amoun in columns (i) and (j) must be reported as Transmission Received and Delivered on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Lir N
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
	[redacted]		[redacted]	
0	18,463,184	0	18,463,184	

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Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	3,413,024
2	Nuclear Power Research Expenses	
3	Other Experimental and General Research Expenses	
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities	793,562
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < $5,000	
6		
7	Company Membership Due (930.21)	160,513
8	Director's Fees (930.21)	204,657
9	Other Expenses (930.30)	5,636,375
10	Management Development (930.32)	40,333
11		
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44		
45		
46	TOTAL	10,248,464

FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
335	7	b

Company Membership Dues - Account 930.21

Miscellaneous Dues

Capital Region Partnership	$5,000.00	
Central Florida Development Council	5,000.00	
Enterpise Florida	10,000.00	
Greater Clearwater Chamber of Commerce	5,342.00	
Home Builders Association	5,300.00	
Metro Orlando Economic Development Council	17,500.00	
Ocala / Marion County Economic Development Council	5,000.00	
Pasco Economic Development Council	5,000.00	
University of Florida	20,000.00	
Volusia County Business	5,000.00	

Various Miscellaneous Dues (137)	$40,153.40	$123,295.40

Miscellaneous Expenses

Expense Accounts & Travel (5)	587.00	
Various Miscellaneous Expenses (179)	36,630.19	

		37,217.19

Total Account 930.21		$160,512.59

Page Number (a)	Item (row) Number (b)	Column Number (c)
335	8	b

Corporate Expense - Account 930.23

Directors' Retainer Fees and Meeting Compensation

Willard Frederick	$22,000.00
Michael Graney	24,000.00
Frank Logan	26,250.00
Clarence V. McKee	21,000.00
Vincent Naimoli	20,000.00
Richard Nunis	21,000.00
Charles Reed	5,407.00
Joan D. Ruffier	23,000.00
R.T. Stuart, Jr.	20,000.00
Jean Giles Wittner	22,000.00

	$204,657.00

Page Number (a)	Item (row) Number (b)	Column Number (c)
335	9	b

Other Expenses - Account 930.30

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)

Computer Services Charges	$868,172.16
Equipment Maintenance	2,354,752.48
Expense Accounts & Travel (25)	931,987.01
Materials & Office Supplies	5,895.93
Payroll	621.27
Misc. Expenses/Journal Entry Adjustments (201)	1,451,785.55
Outside Service-related Charges - Various (57)	23,160.87
Total Account 930.30	$5,636,375.27

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of aquisition adjustments)

1. Report in Section A for the year the amounts for: (a) Depreciation Expense (Account 403); (b) Amortization of Limited-Term Electric Plant (Account 404); and (c) Amortization of Other Electric Plant (Account 405).
2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis use to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each ***pi ant s6baccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant sub-account, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected -as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of. the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization of Limited Term Electric Plant (Acc 404) (c)	Amortization of Other Electric Plant (Acc 405) (d)	Total (e)
1	[redacted]				
2	[redacted]				
3	[redacted]				
4	[redacted]				
5	[redacted]				
6	[redacted]				
7	[redacted]				
8	[redacted]				
9	[redacted]				
10	[redacted]				
11	[redacted]				

B. Basis for Amortization Charges

[redacted]

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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	[redacted]						
13	[redacted]						
14	[redacted]			[redacted]	[redacted]		[redacted]
15	[redacted]			[redacted]	[redacted]		[redacted]
16	[redacted]			[redacted]	[redacted]		[redacted]
17	[redacted]			[redacted]	[redacted]		[redacted]
18	[redacted]			[redacted]	[redacted]		[redacted]
19	[redacted]						
20	[redacted]			[redacted]	[redacted]		[redacted]
21	[redacted]			[redacted]	[redacted]		[redacted]
22	[redacted]			[redacted]	[redacted]		[redacted]
23	[redacted]			[redacted]	[redacted]		[redacted]
24	[redacted]			[redacted]	[redacted]		[redacted]
25	[redacted]						
26	[redacted]			[redacted]	[redacted]		[redacted]
27	[redacted]			[redacted]	[redacted]		[redacted]
28	[redacted]			[redacted]	[redacted]		[redacted]
29	[redacted]			[redacted]	[redacted]		[redacted]
30	[redacted]			[redacted]	[redacted]		[redacted]
31	[redacted]						
32	[redacted]			[redacted]	[redacted]		[redacted]
33	[redacted]			[redacted]	[redacted]		[redacted]
34	[redacted]			[redacted]	[redacted]		[redacted]
35	[redacted]			[redacted]	[redacted]		[redacted]
36	[redacted]			[redacted]	[redacted]		[redacted]
37	[redacted]						
38	[redacted]						
39	[redacted]			[redacted]	[redacted]		[redacted]
40	[redacted]			[redacted]	[redacted]		[redacted]
41	[redacted]			[redacted]	[redacted]		[redacted]
42	[redacted]			[redacted]	[redacted]		[redacted]
43	[redacted]			[redacted]	[redacted]		[redacted]
44	[redacted]						
45	[redacted]			[redacted]	[redacted]		[redacted]
46	[redacted]						
47	[redacted]			[redacted]	[redacted]		[redacted]
48	[redacted]			[redacted]	[redacted]		[redacted]
49	[redacted]			[redacted]	[redacted]		[redacted]
50	[redacted]			[redacted]	[redacted]		[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	[redacted]						
13	[redacted]			[redacted]	[redacted]		[redacted]
14	[redacted]			[redacted]	[redacted]		[redacted]
15	[redacted]			[redacted]	[redacted]		[redacted]
16	[redacted]			[redacted]	[redacted]		[redacted]
17	[redacted]			[redacted]	[redacted]		[redacted]
18	[redacted]			[redacted]	[redacted]		[redacted]
19	[redacted]			[redacted]	[redacted]		[redacted]
20	[redacted]			[redacted]	[redacted]		[redacted]
21	[redacted]				[redacted]		[redacted]
22	[redacted]			[redacted]	[redacted]		[redacted]
23	[redacted]			[redacted]	[redacted]		[redacted]
24	[redacted]			[redacted]	[redacted]		[redacted]
25	[redacted]						
26	[redacted]				[redacted]	[redacted]	[redacted]
27	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
28	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
29	[redacted]				[redacted]	[redacted]	[redacted]
30	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
31	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
32	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
33	[redacted]				[redacted]	[redacted]	[redacted]
34	[redacted]				[redacted]	[redacted]	[redacted]
35	[redacted]				[redacted]	[redacted]	[redacted]
36	[redacted]						
37	[redacted]				[redacted]	[redacted]	[redacted]
38	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
39	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
40	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
41	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
42	[redacted]				[redacted]	[redacted]	[redacted]
43	[redacted]				[redacted]	[redacted]	[redacted]
44	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
45	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
46	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
47	[redacted]			[redacted]	[redacted]	[redacted]	[redacted]
48	[redacted]				[redacted]		
49	[redacted]				[redacted]	[redacted]	[redacted]
50	[redacted]				[redacted]		[redacted]

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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	[redacted]						
13	[redacted]			[redacted]	[redacted]		
14	[redacted]						
15	[redacted]			[redacted]	[redacted]		
16	[redacted]				[redacted]		
17	[redacted]				[redacted]		
18	[redacted]				[redacted]		
19	[redacted]				[redacted]		
20	[redacted]				[redacted]		
21	[redacted]				[redacted]		
22	[redacted]				[redacted]		
23	[redacted]				[redacted]		
24	[redacted]				[redacted]		
25	[redacted]				[redacted]		
26	[redacted]			[redacted]	[redacted]		
27	[redacted]				[redacted]		
28	[redacted]				[redacted]		
29	[redacted]				[redacted]		
30	[redacted]				[redacted]		
31	[redacted]						
32	[redacted]			[redacted]	[redacted]		
33	[redacted]			[redacted]	[redacted]		
34	[redacted]			[redacted]	[redacted]		
35	[redacted]			[redacted]	[redacted]		
36	[redacted]			[redacted]	[redacted]		
37	[redacted]			[redacted]	[redacted]		
38	[redacted]						
39	[redacted]				[redacted]		
40	[redacted]				[redacted]		
41							
42	[redacted]						
43	[redacted]						
44	[redacted]						
45	[redacted]						
46	[redacted]						
47	[redacted]						
48							
49							
50							

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PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given, for the respective income deduction and interest charges account. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425): Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) Miscellaneous Income Deductions: Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than 5% of each account total for the year (or $1,000, whichever is greater) may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430) -- For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) -- Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	ACCOUNT 425 - MISCELLANEOUS AMORTIZATION	
2		
3	PURCHASE OF FACILITY - CONTRA ACCOUNT 114.00	47,372
4	- AMORTIZATION PERIOD - 1 MONTH	
5	TOTAL - 425	47,372
6		
7	ACCOUNT 426 - MISCELLANEOUS INCOME DEDUCTIONS	8,647,809
8	TOTAL - 426	8,647,809
9		
10	ACCOUNT 431 - OTHER INTEREST EXPENSE	
11		
12	CUSTOMER DEPOSITS - RATE 6.00 - 7.00% PER ANNUM	5,911,997
13	COMMERCIAL PAPER - RATE 5.66% WEIGHTED AVERAGE	5,206,556
14	INTEREST RELATED TO PROJECTED TAX DEFICIENCY ON	
15	VARIOUS AUDIT ISSUES FOR THE TAX YEARS 1986	
16	THROUGH 1996 - RATE 7.00% - 11.00%	4,465,429
17	CAPITAL LEASE - RATE 5.65% TERM - 60 MONTHS	25,329
18	INTEREST RELATED TO WHOLESALE RATE LIMITATION	
19	REFUND-RATE 8.25% - 8.75%	186,770
20	INTEREST RELATED TO WHOLESALE QUALIFYING FACILITY	
21	REFUND-RATE 8.25% - 8.75%	230,537
22	DEFERRED MICP - VARIOUS	107,555
23	MISCELLANEOUS OTHER INTEREST EXPENSE-RATE 3.19%-	
24	12.00%	362,189
25	DEFERRED INTEREST EXPENSE - ACCT 431xx	-902,165
26		
27	TOTAL - 431	15,594,197
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FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
340	8	b

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING-DECEMBER 31, 1998

ACCOUNT 426 - MISCELLANEOUS INCOME DEDUCTIONS

THE TRUST FOR PUBLIC LAND	579,434
UNITED WAY OF PINELLAS COUNTY	358,787
TAKE STOCK IN CHILDREN	220,000
HEART OF FLORIDA UNITED WAY	127,515
ORLANDO SCIENCE CENTER	100,000
FLORIDA PROGRESS FOUNDATION	95,000
ENTERPRISE FLORIDA	50,000
VARIOUS HEALTH & HUMAN SERVICES	161,987
EDUCATION RELATED CONTRIBUTIONS	116,447
MISCELLANEOUS CULTURAL ORGANIZATIONS	44,850
MISC. CIVIC & COMMUNITY ORGANIZATIONS	363,111
TOTAL CONTRIBUTIONS-SUBACCOUNTS 426.11 & 426.12	2,217,130
CIVIC & SOCIAL CLUB DUES & EXPENSES SUBACCOUNT-426.13	197,017
LIFE INSURANCE SUBACCOUNT-426.20	1,290,113
PENALTIES-SUBACCOUNT-426.30	0
CERTAIN CIVIC, POLITICAL & RELATED ACTIVITIES SUBACCOUNT-426.40	2,129,376
LEGISLATIVE ACTIVITIES-NONDEDUCTIBLE SUBACCOUNT-426.41	273,026
MIS| OTHER DEDUCTIONS-SUBACCOUNT-426.59	2,541,146
TOTAL MISC. INCOME DEDUCTIONS-ACCOUNT 426	8,647,809

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	MISCELLANEOUS EXPENSES RELATING TO:				
2	VARIOUS FPSC AND FERC DOCKETS		254,530	254,530	
3	NRC REGULATORY ACTIVITIES		282,623	282,623	
4	ENVIRONMENTAL REGULATORY ACTIVITIES		472,429	472,429	
5					
6					
7					
8					
9					
10					
11	FEDERAL ENERGY REGULATORY COMMISSION	76,605		76,605	
12	FEE FOR FISCAL YEAR 1998				
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45					
46	TOTAL	76,605	1,009,582	1,086,187	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than $25,000) may be grouped.

EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR			
CURRENTLY CHARGED TO			Deferred to Account 182.3	Contra Account	Amount	Deferred in Account 182.3 End of Year	Line No.
Department (f)	Account No. (g)	Amount (h)	(i)	(j)	(k)	(l)	
							1
ELECTRIC	928	254,530					2
ELECTRIC	928	282,623					3
ELECTRIC	928	472,429					4
							5
							6
							7
							8
							9
							10
ELECTRIC	928	76,605					11
							12
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		1,086,187					46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) project initiated, continued or concluded during the year. Report also support given to others during the year for jointly-sponsored projects.(Identify recipient regardless of affiliation.) For any R, D & D work carried with others, show separately the respondent's cost for the year and cost chargeable to others (See definition of research, development, and demonstration in Uniform System of Accounts).
2. Indicate in column (a) the applicable classification, as shown below:

Classifications:

A. Electric R, D & D Performed Internally:
- (1) Generation
  - a. hydroelectric
    - i. Recreation fish and wildlife
    - ii Other hydroelectric
  - b. Fossil-fuel steam
  - c. Internal combustion or gas turbine
  - d. Nuclear
  - e. Unconventional generation
  - f. Siting and heat rejection
- (3) Transmission
  - a. Overhead
  - b. Underground
- (4) Distribution
- (5) Environment (other than equipment)
- (6) Other (Classify and include items in excess of $5,000.)
- (7) Total Cost Incurred

B. Electric, R, D & D Performed Externally:
- (1) Research Support to the electrical Research Council or the Electric Power Research Institute

Line No.	Classification (a)	Description (b)
1	[redacted]	[redacted]
2	[redacted]	[redacted]
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)

(2) Research Support to Edison Electric Institute
(3) Research Support to Nuclear Power Groups
(4) Research Support to Others (Classify)
(5) Total Cost Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing $5,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under $5,000 by classifications and indicate the number of items grouped. Under Other, (A (6) and B (4)) classify items by type of R, D & D activity.
4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107, Construction Work in Progress, first. Show in column (f) the amounts related to the account charged in column (e)
5. Show in column (g) the total unamortized accumulating of costs of projects. This total must equal the balance in Account 188, Research, Development, and Demonstration Expenditures, Outstanding at the end of the year.
6. If costs have not been segregated for R, D &D activities or projects, submit estimates for columns (c), (d), and (f) with such amounts identified by "Est."
7. Report separately research and related testing facilities operated by the respondent.

Costs Incurred Internally Current Year (c)	Costs Incurred Externally Current Year (d)	AMOUNTS CHARGED IN CURRENT YEAR		Unamortized Accumulation (g)	Line No.
		Account (e)	Amount (f)		
		[redacted]		[redacted]	1
[redacted]		[redacted]		[redacted]	2
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission			
5	Distribution			
6	Customer Accounts			
7	Customer Service and Informational			
8	Sales			
9	Administrative and General			
10	TOTAL Operation (Enter Total of lines 3 thru 9)			
11	Maintenance			
12	Production			
13	Transmission			
14	Distribution			
15	Administrative and General			
16	TOTAL Maint. (Total of lines 12 thru 15)			
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)			
19	Transmission (Enter Total of lines 4 and 13)			
20	Distribution (Enter Total of lines 5 and 14)			
21	Customer Accounts (Transcribe from line 6)			
22	Customer Service and Informational (Transcribe from line 7)			
23	Sales (Transcribe from line 8)			
24	Administrative and General (Enter Total of lines 9 and 15)			
25	TOTAL Oper. and Maint. (Total of lines 18 thru 24)			
26	Gas			
27	Operation			
28	Production-Manufactured Gas			
29	Production-Nat. Gas (Including Expl. and Dev.)			
30	Other Gas Supply			
31	Storage, LNG Terminaling and Processing			
32	Transmission			
33	Distribution			
34	Customer Accounts			
35	Customer Service and Informational			
36	Sales			
37	Administrative and General			
38	TOTAL Operation (Enter Total of lines 28 thru 37)			
39	Maintenance			
40	Production-Manufactured Gas			
41	Production-Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminaling and Processing			
44	Transmission			
45	Distribution			
46	Administrative and General			
47	TOTAL Maint. (Enter Total of lines 40 thru 46)			

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DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Total Operation and Maintenance			
49	Production-Manufactured Gas (Enter Total of lines 28 and 40)			
50	Production-Natural Gas (Including Expl. and Dev.) (Total lines 29, 41)			
51	Other Gas Supply (Enter Total of lines 30 and 42)			
52	Storage, LNG Terminaling and Processing (Total of lines 31 thru 43)			
53	Transmission (Lines 32 and 44)			
54	Distribution (Lines 33 and 45)			
55	Customer Accounts (Line 34)			
56	Customer Service and Informational (Line 35)			
57	Sales (Line 36)			
58	Administrative and General (Lines 37 and 46)			
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)			
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	[redacted]	[redacted]	[redacted]
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	[redacted]	[redacted]	[redacted]
66	Gas Plant			
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	[redacted]	[redacted]	[redacted]
69	Plant Removal (By Utility Departments)			
70	Electric Plant	[redacted]	[redacted]	[redacted]
71	Gas Plant			
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	[redacted]	[redacted]	[redacted]
74	Other Accounts (Specify):			
75	Preliminary Survey and Investigation	[redacted]	[redacted]	[redacted]
76	Computer Service Charges	[redacted]	[redacted]	[redacted]
77	Other Work In Progress	[redacted]	[redacted]	[redacted]
78	Research and Development	[redacted]	[redacted]	[redacted]
79	Miscellaneous Operating Reserves	[redacted]	[redacted]	[redacted]
80	Current Liability	[redacted]	[redacted]	[redacted]
81	Deferred Credit	[redacted]	[redacted]	[redacted]
82	Other Operating Revenue	[redacted]	[redacted]	[redacted]
83				
84	Other Income	[redacted]	[redacted]	[redacted]
85	Other Income Deductions	[redacted]	[redacted]	[redacted]
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	[redacted]	[redacted]	[redacted]
96	TOTAL SALARIES AND WAGES	[redacted]	[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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ELECTRIC ENERGY ACCOUNT

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	[redacted]
3	Steam	[redacted]	23	Requirements Sales for Resale (See instruction 4, page 311.)	[redacted]
4	Nuclear	[redacted]	24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	[redacted]
5	Hydro-Conventional		25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	[redacted]
7	Other	[redacted]	27	Total Energy Losses	[redacted]
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	[redacted]
9	Net Generation (Enter Total of lines 3 through 8)	[redacted]			
10	Purchases	[redacted]			
11	Power Exchanges:				
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)	[redacted]			
15	Transmission For Other (Wheeling)				
16	Received	[redacted]			
17	Delivered	[redacted]			
18	Net Transmission for Other (Line 16 minus line 17)	[redacted]			
19	Transmission By Others Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	[redacted]			

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MONTHLY PEAKS AND OUTPUT

1. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
2. Report in column (b) the system's energy output for each month such that the total on Line 41 matches the total on Line 20.
3. Report in column (c) a monthly breakdown of the Non-Requirements Sales For Resale reported on Line 24. include in the monthly amounts any energy losses associated with the sales so that the total on Line 41 exceeds the amount on Line 24 by the amount of losses incurred (or estimated) in making the Non-Requirements Sales for Resale.
4. Report in column (d) the system's monthly maximum megawatt Load (60-minute integration) associated with the net energy for the system defined as the difference between columns (b) and (c)
5. Report in columns (e) and (f) the specified information for each monthly peak load reported in column (d).

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirments Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instr. 4) (d)	Day of Month (e)	Hour (f)
29	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	8-9a.m.
30	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	7-8a.m.
31	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	7-8a.m.
32	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	4-5p.m.
33	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	4-5p.m.
34	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	2-3p.m.
35	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	3-4p.m.
36	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	4-5p.m.
37	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	3-4p.m.
38	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	4-5p.m.
39	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	6-7p.m.
40	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	7-8a.m.
41	[redacted]	[redacted]	[redacted]			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this pa gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facilit 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu conten the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 37) and average cost per unit of fuel burned (Line 40) must be consistent with charges to expense accounts 501 and 547 (Line 41) as show on Line 19. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: *ANCLOTE* (b)	Plant Name: *BARTOW* (c)
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear		
2	Type of Constr (Conventional, Outdoor, Boiler, etc)		
3	Year Originally Constructed		
4	Year Last Unit was Installed		
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)		
6	Neat Peak Demand on Plant - MW (60 minutes)		
7	Plant Hours Connected to Load		
8	Net Continuous Plant Capability (Megawatts)		
9	When Not Limited by Condenser Water		
10	When Limited by Condenser Water		
11	Average Number of Employees		
12	Net Generation, Exclusive of Plant Use - KWh		
13	Cost of Plant: Land and Land Rights		
14	Structures and Improvements		
15	Equipment Costs		
16	Total Cost		
17	Cost per KW of Installed Capacity (line 5)		
18	Production Expenses: Oper, Supv, & Engr		
19	Fuel		
20	Coolants and Water (Nuclear Plants Only)		
21	Steam Expenses		
22	Steam From Other Sources		
23	Steam Transferred (Cr)		
24	Electric Expenses		
25	Misc Steam (or Nuclear) Power Expenses		
26	Rents		
27	Allowances		
28	Maintenance Supervision and Engineering		
29	Maintenance of Structures		
30	Maintenance of Boiler (or reactor) Plant		
31	Maintenance of Electric Plant		
32	Maintenance of Misc Steam (or Nuclear) Plant		
33	Total Production Expenses		
34	Expenses per Net KWh		
35	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	Oil	Gas / Oil
36	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	Bbl	MCF / Bbl
37	Quantity (units) of Fuel Burned		
38	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)		
39	Avg Cost of Fuel/unit, as Delvd f.o.b. during year		
40	Average Cost of Fuel per Unit Burned		
41	Average Cost of Fuel Burned per Million BTU		
42	Average Cost of Fuel Burned per KWh Net Gen		
43	Average BTU per KWh Net Generation		

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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 24 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 31, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: *CRYSTAL RIVER SOUTH* (d)	Plant Name: *CRYSTAL RIVER NORTH* (e)	Plant Name: *CRYSTAL RIVER* (f)	Line No.
[redacted]	[redacted]	[redacted]	1
[redacted]	[redacted]	[redacted]	2
[redacted]	[redacted]	[redacted]	3
[redacted]	[redacted]	[redacted]	4
[redacted]	[redacted]	[redacted]	5
[redacted]	[redacted]	[redacted]	6
[redacted]	[redacted]	[redacted]	7
[redacted]	[redacted]	[redacted]	8
[redacted]	[redacted]	[redacted]	9
[redacted]	[redacted]	[redacted]	10
[redacted]	[redacted]	[redacted]	11
[redacted]	[redacted]	[redacted]	12
[redacted]	[redacted]	[redacted]	13
[redacted]	[redacted]	[redacted]	14
[redacted]	[redacted]	[redacted]	15
[redacted]	[redacted]	[redacted]	16
[redacted]	[redacted]	[redacted]	17
[redacted]	[redacted]	[redacted]	18
[redacted]	[redacted]	[redacted]	19
[redacted]	[redacted]	[redacted]	20
[redacted]	[redacted]	[redacted]	21
[redacted]	[redacted]	[redacted]	22
[redacted]	[redacted]	[redacted]	23
[redacted]	[redacted]	[redacted]	24
[redacted]	[redacted]	[redacted]	25
[redacted]	[redacted]	[redacted]	26
[redacted]	[redacted]	[redacted]	27
[redacted]	[redacted]	[redacted]	28
[redacted]	[redacted]	[redacted]	29
[redacted]	[redacted]	[redacted]	30
[redacted]	[redacted]	[redacted]	31
[redacted]	[redacted]	[redacted]	32
[redacted]	[redacted]	[redacted]	33
[redacted]	[redacted]	[redacted]	34

Coal	Oil		Coal	Oil		Nuclear	Oil		Line No.
Tons	Bbl		Tons	Bbl		MMBTU	Bbl		35
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	36
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	37
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	38
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	39
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	40
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	41
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	42
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	43

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this pa gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 37) and average cost per unit of fuel burned (Line 40) must be consistent with charges to expense accounts 501 and 547 (Line 41) as show on Line 19. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: *Suwannee* (b)			Plant Name: *Bayboro* (c)		
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear)	[redacted]			[redacted]		
2	Type of Constr (Conventional, Outdoor, Boiler, etc)	[redacted]			[redacted]		
3	Year Originally Constructed	[redacted]			[redacted]		
4	Year Last Unit was Installed	[redacted]			[redacted]		
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	[redacted]			[redacted]		
6	Neat Peak Demand on Plant - MW (60 minutes)	[redacted]			[redacted]		
7	Plant Hours Connected to Load	[redacted]			[redacted]		
8	Net Continuous Plant Capability (Megawatts)	[redacted]			[redacted]		
9	When Not Limited by Condenser Water	[redacted]			[redacted]		
10	When Limited by Condenser Water	[redacted]			[redacted]		
11	Average Number of Employees	[redacted]			[redacted]		
12	Net Generation, Exclusive of Plant Use - KWh	[redacted]			[redacted]		
13	Cost of Plant: Land and Land Rights	[redacted]			[redacted]		
14	Structures and Improvements	[redacted]			[redacted]		
15	Equipment Costs	[redacted]			[redacted]		
16	Total Cost	[redacted]			[redacted]		
17	Cost per KW of Installed Capacity (line 5)	[redacted]			[redacted]		
18	Production Expenses: Oper, Supv, & Engr	[redacted]			[redacted]		
19	Fuel	[redacted]			[redacted]		
20	Coolants and Water (Nuclear Plants Only)	[redacted]			[redacted]		
21	Steam Expenses	[redacted]			[redacted]		
22	Steam From Other Sources	[redacted]			[redacted]		
23	Steam Transferred (Cr)	[redacted]			[redacted]		
24	Electric Expenses	[redacted]			[redacted]		
25	Misc Steam (or Nuclear) Power Expenses	[redacted]			[redacted]		
26	Rents	[redacted]			[redacted]		
27	Allowances	[redacted]			[redacted]		
28	Maintenance Supervision and Engineering	[redacted]			[redacted]		
29	Maintenance of Structures	[redacted]			[redacted]		
30	Maintenance of Boiler (or reactor) Plant	[redacted]			[redacted]		
31	Maintenance of Electric Plant	[redacted]			[redacted]		
32	Maintenance of Misc Steam (or Nuclear) Plant	[redacted]			[redacted]		
33	Total Production Expenses	[redacted]			[redacted]		
34	Expenses per Net KWh	[redacted]			[redacted]		
35	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	Gas	Oil		Oil		
36	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	MCF	Bbl		Bbl		
37	Quantity (units) of Fuel Burned	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
38	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
39	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
40	Average Cost of Fuel per Unit Burned	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
41	Average Cost of Fuel Burned per Million BTU	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
42	Average Cost of Fuel Burned per KWh Net Gen	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
43	Average BTU per KWh Net Generation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 24 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 31, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: *Debary* (d)	Plant Name: *Intercession City* (e)	Plant Name: *Suwannee* (f)	Line No.
[redacted]	[redacted]	[redacted]	1
[redacted]	[redacted]	[redacted]	2
[redacted]	[redacted]	[redacted]	3
[redacted]	[redacted]	[redacted]	4
[redacted]	[redacted]	[redacted]	5
[redacted]	[redacted]	[redacted]	6
[redacted]	[redacted]	[redacted]	7
[redacted]	[redacted]	[redacted]	8
[redacted]	[redacted]	[redacted]	9
[redacted]	[redacted]	[redacted]	10
[redacted]	[redacted]	[redacted]	11
[redacted]	[redacted]	[redacted]	12
[redacted]	[redacted]	[redacted]	13
[redacted]	[redacted]	[redacted]	14
[redacted]	[redacted]	[redacted]	15
[redacted]	[redacted]	[redacted]	16
[redacted]	[redacted]	[redacted]	17
[redacted]	[redacted]	[redacted]	18
[redacted]	[redacted]	[redacted]	19
[redacted]	[redacted]	[redacted]	20
[redacted]	[redacted]	[redacted]	21
[redacted]	[redacted]	[redacted]	22
[redacted]	[redacted]	[redacted]	23
[redacted]	[redacted]	[redacted]	24
[redacted]	[redacted]	[redacted]	25
[redacted]	[redacted]	[redacted]	26
[redacted]	[redacted]	[redacted]	27
[redacted]	[redacted]	[redacted]	28
[redacted]	[redacted]	[redacted]	29
[redacted]	[redacted]	[redacted]	30
[redacted]	[redacted]	[redacted]	31
[redacted]	[redacted]	[redacted]	32
[redacted]	[redacted]	[redacted]	33
[redacted]	[redacted]	[redacted]	34
Gas MCF / Oil Bbl	Gas MCF / Oil Bbl	Gas MCF / Oil Bbl	35
			36
[redacted]	[redacted]	[redacted]	37
[redacted]	[redacted]	[redacted]	38
[redacted]	[redacted]	[redacted]	39
[redacted]	[redacted]	[redacted]	40
[redacted]	[redacted]	[redacted]	41
[redacted]	[redacted]	[redacted]	42
[redacted]	[redacted]	[redacted]	43

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this pa gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 37) and average cost per unit of fuel burned (Line 40) must be consistent with charges to expense accounts 501 and 547 (Line 41) as show on Line 19. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: *Bartow* (b)			Plant Name: *Turner* (c)		
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear	[redacted]			[redacted]		
2	Type of Constr (Conventional, Outdoor, Boiler, etc)	[redacted]			[redacted]		
3	Year Originally Constructed	[redacted]			[redacted]		
4	Year Last Unit was Installed	[redacted]			[redacted]		
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	[redacted]			[redacted]		
6	Neat Peak Demand on Plant - MW (60 minutes)	[redacted]			[redacted]		
7	Plant Hours Connected to Load	[redacted]			[redacted]		
8	Net Continuous Plant Capability (Megawatts)	[redacted]			[redacted]		
9	When Not Limited by Condenser Water	[redacted]			[redacted]		
10	When Limited by Condenser Water	[redacted]			[redacted]		
11	Average Number of Employees	[redacted]			[redacted]		
12	Net Generation, Exclusive of Plant Use - KWh	[redacted]			[redacted]		
13	Cost of Plant: Land and Land Rights	[redacted]			[redacted]		
14	Structures and Improvements	[redacted]			[redacted]		
15	Equipment Costs	[redacted]			[redacted]		
16	Total Cost	[redacted]			[redacted]		
17	Cost per KW of Installed Capacity (line 5)	[redacted]			[redacted]		
18	Production Expenses: Oper, Supv, & Engr	[redacted]			[redacted]		
19	Fuel	[redacted]			[redacted]		
20	Coolants and Water (Nuclear Plants Only)	[redacted]			[redacted]		
21	Steam Expenses	[redacted]			[redacted]		
22	Steam From Other Sources	[redacted]			[redacted]		
23	Steam Transferred (Cr)	[redacted]			[redacted]		
24	Electric Expenses	[redacted]			[redacted]		
25	Misc Steam (or Nuclear) Power Expenses	[redacted]			[redacted]		
26	Rents	[redacted]			[redacted]		
27	Allowances	[redacted]			[redacted]		
28	Maintenance Supervision and Engineering	[redacted]			[redacted]		
29	Maintenance of Structures	[redacted]			[redacted]		
30	Maintenance of Boiler (or reactor) Plant	[redacted]			[redacted]		
31	Maintenance of Electric Plant	[redacted]			[redacted]		
32	Maintenance of Misc Steam (or Nuclear) Plant	[redacted]			[redacted]		
33	Total Production Expenses	[redacted]			[redacted]		
34	Expenses per Net KWh	[redacted]			[redacted]		
35	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	Gas	Oil		Oil		
36	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	MCF	Bbl		Bbl		
37	Quantity (units) of Fuel Burned	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
38	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
39	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
40	Average Cost of Fuel per Unit Burned	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
41	Average Cost of Fuel Burned per Million BTU	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
42	Average Cost of Fuel Burned per KWh Net Gen	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
43	Average BTU per KWh Net Generation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 24 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 31, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: *Avon Park* (d)	Plant Name: *Higgins* (e)	Plant Name: *Tiger Bay* (f)	Line No.
[redacted]	[redacted]	[redacted]	1
[redacted]	[redacted]	[redacted]	2
[redacted]	[redacted]	[redacted]	3
[redacted]	[redacted]	[redacted]	4
[redacted]	[redacted]	[redacted]	5
[redacted]	[redacted]	[redacted]	6
[redacted]	[redacted]	[redacted]	7
[redacted]	[redacted]	[redacted]	8
[redacted]	[redacted]	[redacted]	9
[redacted]	[redacted]	[redacted]	10
[redacted]	[redacted]	[redacted]	11
[redacted]	[redacted]	[redacted]	12
[redacted]	[redacted]	[redacted]	13
[redacted]	[redacted]	[redacted]	14
[redacted]	[redacted]	[redacted]	15
[redacted]	[redacted]	[redacted]	16
[redacted]	[redacted]	[redacted]	17
[redacted]	[redacted]	[redacted]	18
[redacted]	[redacted]	[redacted]	19
[redacted]	[redacted]	[redacted]	20
[redacted]	[redacted]	[redacted]	21
[redacted]	[redacted]	[redacted]	22
[redacted]	[redacted]	[redacted]	23
[redacted]	[redacted]	[redacted]	24
[redacted]	[redacted]	[redacted]	25
[redacted]	[redacted]	[redacted]	26
[redacted]	[redacted]	[redacted]	27
[redacted]	[redacted]	[redacted]	28
[redacted]	[redacted]	[redacted]	29
[redacted]	[redacted]	[redacted]	30
[redacted]	[redacted]	[redacted]	31
[redacted]	[redacted]	[redacted]	32
[redacted]	[redacted]	[redacted]	33
[redacted]	[redacted]	[redacted]	34
Gas MCF / Oil Bbl	Gas MCF / Oil Bbl	Gas MCF	35 / 36
[redacted]	[redacted]	[redacted]	37
[redacted]	[redacted]	[redacted]	38
[redacted]	[redacted]	[redacted]	39
[redacted]	[redacted]	[redacted]	40
[redacted]	[redacted]	[redacted]	41
[redacted]	[redacted]	[redacted]	42
[redacted]	[redacted]	[redacted]	43

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this pa gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facilit 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, repor on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu conten the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 37) and average cost per unit of fuel burned (Line 40) must be consistent with charges to expense accounts 501 and 547 (Line 41) as show on Line 19. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: *Rio Pinar* (b)	Plant Name: *Univ.of Florida* (c)
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear		
2	Type of Constr (Conventional, Outdoor, Boiler, etc)		
3	Year Originally Constructed		
4	Year Last Unit was Installed		
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)		
6	Neat Peak Demand on Plant - MW (60 minutes)		
7	Plant Hours Connected to Load		
8	Net Continuous Plant Capability (Megawatts)		
9	When Not Limited by Condenser Water		
10	When Limited by Condenser Water		
11	Average Number of Employees		
12	Net Generation, Exclusive of Plant Use - KWh		
13	Cost of Plant: Land and Land Rights		
14	Structures and Improvements		
15	Equipment Costs		
16	Total Cost		
17	Cost per KW of Installed Capacity (line 5)		
18	Production Expenses: Oper, Supv, & Engr		
19	Fuel		
20	Coolants and Water (Nuclear Plants Only)		
21	Steam Expenses		
22	Steam From Other Sources		
23	Steam Transferred (Cr)		
24	Electric Expenses		
25	Misc Steam (or Nuclear) Power Expenses		
26	Rents		
27	Allowances		
28	Maintenance Supervision and Engineering		
29	Maintenance of Structures		
30	Maintenance of Boiler (or reactor) Plant		
31	Maintenance of Electric Plant		
32	Maintenance of Misc Steam (or Nuclear) Plant		
33	Total Production Expenses		
34	Expenses per Net KWh		
35	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	Oil	Gas / Oil
36	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	Bbl	MCF / Bbl
37	Quantity (units) of Fuel Burned		
38	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)		
39	Avg Cost of Fuel/unit, as Delvd f.o.b. during year		
40	Average Cost of Fuel per Unit Burned		
41	Average Cost of Fuel Burned per Million BTU		
42	Average Cost of Fuel Burned per KWh Net Gen		
43	Average BTU per KWh Net Generation		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 37) and average cost per unit of fuel burned (Line 40) must be consistent with charges to expense accounts 501 and 547 (Line 41) as show on Line 19. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: (b)	Plant Name: (c)
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear		
2	Type of Constr (Conventional, Outdoor, Boiler, etc)		
3	Year Originally Constructed		
4	Year Last Unit was Installed		
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	[redacted]	[redacted]
6	Neat Peak Demand on Plant - MW (60 minutes)	[redacted]	[redacted]
7	Plant Hours Connected to Load	[redacted]	[redacted]
8	Net Continuous Plant Capability (Megawatts)	[redacted]	[redacted]
9	When Not Limited by Condenser Water	[redacted]	[redacted]
10	When Limited by Condenser Water	[redacted]	[redacted]
11	Average Number of Employees	[redacted]	[redacted]
12	Net Generation, Exclusive of Plant Use - KWh	[redacted]	[redacted]
13	Cost of Plant: Land and Land Rights	[redacted]	[redacted]
14	Structures and Improvements	[redacted]	[redacted]
15	Equipment Costs	[redacted]	[redacted]
16	Total Cost	[redacted]	[redacted]
17	Cost per KW of Installed Capacity (line 5)	[redacted]	[redacted]
18	Production Expenses: Oper, Supv, & Engr	[redacted]	[redacted]
19	Fuel	[redacted]	[redacted]
20	Coolants and Water (Nuclear Plants Only)	[redacted]	[redacted]
21	Steam Expenses	[redacted]	[redacted]
22	Steam From Other Sources	[redacted]	[redacted]
23	Steam Transferred (Cr)	[redacted]	[redacted]
24	Electric Expenses	[redacted]	[redacted]
25	Misc Steam (or Nuclear) Power Expenses	[redacted]	[redacted]
26	Rents	[redacted]	[redacted]
27	Allowances	[redacted]	[redacted]
28	Maintenance Supervision and Engineering	[redacted]	[redacted]
29	Maintenance of Structures	[redacted]	[redacted]
30	Maintenance of Boiler (or reactor) Plant	[redacted]	[redacted]
31	Maintenance of Electric Plant	[redacted]	[redacted]
32	Maintenance of Misc Steam (or Nuclear) Plant	[redacted]	[redacted]
33	Total Production Expenses	[redacted]	[redacted]
34	Expenses per Net KWh	[redacted]	[redacted]
35	Fuel: Kind (Coal, Gas, Oil, or Nuclear)		
36	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)		
37	Quantity (units) of Fuel Burned	[redacted]	[redacted]
38	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	[redacted]	[redacted]
39	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	[redacted]	[redacted]
40	Average Cost of Fuel per Unit Burned	[redacted]	[redacted]
41	Average Cost of Fuel Burned per Million BTU	[redacted]	[redacted]
42	Average Cost of Fuel Burned per KWh Net Gen	[redacted]	[redacted]
43	Average BTU per KWh Net Generation	[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this pa gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facilit 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, repor on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu conten the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 37) and average cost per unit of fuel burned (Line 40) must be consistent with charges to expense accounts 501 and 547 (Line 41) as show on Line 19. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: (b)	Plant Name: (c)
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear		
2	Type of Constr (Conventional, Outdoor, Boiler, etc)		
3	Year Originally Constructed		
4	Year Last Unit was Installed		
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)		
6	Neat Peak Demand on Plant - MW (60 minutes)		
7	Plant Hours Connected to Load		
8	Net Continuous Plant Capability (Megawatts)		
9	When Not Limited by Condenser Water		
10	When Limited by Condenser Water		
11	Average Number of Employees		
12	Net Generation, Exclusive of Plant Use - KWh		
13	Cost of Plant: Land and Land Rights		
14	Structures and Improvements		
15	Equipment Costs		
16	Total Cost		
17	Cost per KW of Installed Capacity (line 5)		
18	Production Expenses: Oper, Supv, & Engr		
19	Fuel		
20	Coolants and Water (Nuclear Plants Only)		
21	Steam Expenses		
22	Steam From Other Sources		
23	Steam Transferred (Cr)		
24	Electric Expenses		
25	Misc Steam (or Nuclear) Power Expenses		
26	Rents		
27	Allowances		
28	Maintenance Supervision and Engineering		
29	Maintenance of Structures		
30	Maintenance of Boiler (or reactor) Plant		
31	Maintenance of Electric Plant		
32	Maintenance of Misc Steam (or Nuclear) Plant		
33	Total Production Expenses		
34	Expenses per Net KWh		
35	Fuel: Kind (Coal, Gas, Oil, or Nuclear)		
36	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)		
37	Quantity (units) of Fuel Burned		
38	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)		
39	Avg Cost of Fuel/unit, as Delvd f.o.b. during year		
40	Average Cost of Fuel per Unit Burned		
41	Average Cost of Fuel Burned per Million BTU		
42	Average Cost of Fuel Burned per KWh Net Gen		
43	Average BTU per KWh Net Generation		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 37) and average cost per unit of fuel burned (Line 40) must be consistent with charges to expense accounts 501 and 547 (Line 41) as show on Line 19. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: (b)	Plant Name: (c)
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear		
2	Type of Constr (Conventional, Outdoor, Boiler, etc)		
3	Year Originally Constructed		
4	Year Last Unit was Installed		
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	[redacted]	[redacted]
6	Neat Peak Demand on Plant - MW (60 minutes)	[redacted]	[redacted]
7	Plant Hours Connected to Load	[redacted]	[redacted]
8	Net Continuous Plant Capability (Megawatts)	[redacted]	[redacted]
9	When Not Limited by Condenser Water	[redacted]	[redacted]
10	When Limited by Condenser Water	[redacted]	[redacted]
11	Average Number of Employees	[redacted]	[redacted]
12	Net Generation, Exclusive of Plant Use - KWh	[redacted]	[redacted]
13	Cost of Plant: Land and Land Rights	[redacted]	[redacted]
14	Structures and Improvements	[redacted]	[redacted]
15	Equipment Costs	[redacted]	[redacted]
16	Total Cost	[redacted]	[redacted]
17	Cost per KW of Installed Capacity (line 5)	[redacted]	[redacted]
18	Production Expenses: Oper, Supv, & Engr	[redacted]	[redacted]
19	Fuel	[redacted]	[redacted]
20	Coolants and Water (Nuclear Plants Only)	[redacted]	[redacted]
21	Steam Expenses	[redacted]	[redacted]
22	Steam From Other Sources	[redacted]	[redacted]
23	Steam Transferred (Cr)	[redacted]	[redacted]
24	Electric Expenses	[redacted]	[redacted]
25	Misc Steam (or Nuclear) Power Expenses	[redacted]	[redacted]
26	Rents	[redacted]	[redacted]
27	Allowances	[redacted]	[redacted]
28	Maintenance Supervision and Engineering	[redacted]	[redacted]
29	Maintenance of Structures	[redacted]	[redacted]
30	Maintenance of Boiler (or reactor) Plant	[redacted]	[redacted]
31	Maintenance of Electric Plant	[redacted]	[redacted]
32	Maintenance of Misc Steam (or Nuclear) Plant	[redacted]	[redacted]
33	Total Production Expenses	[redacted]	[redacted]
34	Expenses per Net KWh	[redacted]	[redacted]
35	Fuel: Kind (Coal, Gas, Oil, or Nuclear)		
36	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)		
37	Quantity (units) of Fuel Burned	[redacted]	[redacted]
38	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	[redacted]	[redacted]
39	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	[redacted]	[redacted]
40	Average Cost of Fuel per Unit Burned	[redacted]	[redacted]
41	Average Cost of Fuel Burned per Million BTU	[redacted]	[redacted]
42	Average Cost of Fuel Burned per KWh Net Gen	[redacted]	[redacted]
43	Average BTU per KWh Net Generation	[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts c greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect tc such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Numb Of Circuit
	From (a)	To (b)	Operating (c)	Designed (d)	Structure (e)	On Structure of Line Designated (f)	On Structures of Another Line (g)	(h)
1	[redacted]	[redacted]						
2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
6								
7	[redacted]	[redacted]						
8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
10								
11	[redacted]	[redacted]						
12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
13	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
14	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
15	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
16	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
17	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
18	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
19	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
21	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
22	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
23	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
24	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
25					[redacted]	[redacted]		
26					[redacted]	[redacted]		
27					[redacted]	[redacted]		
28					[redacted]		[redacted]	
29	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
30					[redacted]	[redacted]		
31					[redacted]	[redacted]		
32	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
33					[redacted]	[redacted]		
34	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]
35	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
36					TOTAL	[redacted]	[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
								1
[redacted]								2
								3
								4
								5
								6
								7
								8
								9
								10
								11
								12
								13
								14
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	(Mo, Da, Yr) / /	Dec. 31, 1998

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts o greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect tc such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Numb Of
	From (a)	To (b)	Operating (c)	Designed (d)	Structure (e)	On Structure of Line Designated (f)	On Structures of Another Line (g)	Circuit (h)
1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
2					[redacted]		[redacted]	
3					[redacted]	[redacted]		
4					[redacted]	[redacted]		
5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
10					[redacted]	[redacted]		
11	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
12					[redacted]	[redacted]		
13	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
14	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
15					[redacted]	[redacted]		
16	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
17					[redacted]	[redacted]		
18					[redacted]	[redacted]		
19	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	
20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
21					[redacted]	[redacted]		
22					[redacted]		[redacted]	
23					[redacted]	[redacted]	[redacted]	
24	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
25					[redacted]	[redacted]		
26					[redacted]	[redacted]		
27	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
28					[redacted]		[redacted]	
29					[redacted]	[redacted]		
30					[redacted]	[redacted]		
31					[redacted]	[redacted]		
32	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
33					[redacted]		[redacted]	
34	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
35					[redacted]	[redacted]		
36					TOTAL	[redacted]	[redacted]	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
[redacted]								1
								2
								3
								4
								5
								6
								7
								8
								9
								10
								11
								12
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								33
								34
								35
					804,038		804,038	36

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits
	From (a)	To (b)	Operating (c)	Designed (d)	Structure (e)	On Structure of Line Designated (f)	On Structures of Another Line (g)	(h)
1	[redacted]	[redacted]			[redacted]	[redacted]		
2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
3					[redacted]	[redacted]		
4					[redacted]	[redacted]		
5					[redacted]	[redacted]		
6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
7					[redacted]	[redacted]		
8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
9					[redacted]	[redacted]		
10					[redacted]	[redacted]		
11	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
12					[redacted]	[redacted]		
13	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
14					[redacted]	[redacted]		
15					[redacted]	[redacted]		
16	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
17	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
18	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
19					[redacted]	[redacted]		
20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
21					[redacted]	[redacted]		
22	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
23					[redacted]	[redacted]		
24	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
25	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
26					[redacted]	[redacted]		
27	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
28					[redacted]	[redacted]		
29	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
30	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
31					[redacted]	[redacted]		
32	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
33	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
34					[redacted]	[redacted]		
35	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
36					TOTAL	[redacted]	[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
[redacted]								1
[redacted]	[redacted]	[redacted]	[redacted]					2
[redacted]								3
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[redacted]								5
[redacted]	[redacted]	[redacted]	[redacted]					6
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[redacted]	[redacted]	[redacted]	[redacted]					8
[redacted]								9
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[redacted]								12
[redacted]	[redacted]	[redacted]	[redacted]					13
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[redacted]		[redacted]	[redacted]					16
[redacted]		[redacted]	[redacted]					17
[redacted]	[redacted]	[redacted]	[redacted]					18
[redacted]								19
[redacted]	[redacted]	[redacted]	[redacted]					20
[redacted]								21
[redacted]	[redacted]	[redacted]	[redacted]					22
[redacted]								23
[redacted]		[redacted]	[redacted]					24
[redacted]	[redacted]	[redacted]	[redacted]					25
[redacted]								26
[redacted]	[redacted]	[redacted]	[redacted]					27
[redacted]								28
[redacted]	[redacted]	[redacted]	[redacted]					29
[redacted]		[redacted]	[redacted]					30
[redacted]								31
[redacted]	[redacted]	[redacted]	[redacted]					32
[redacted]	[redacted]	[redacted]	[redacted]					33
[redacted]								34
[redacted]	[redacted]	[redacted]	[redacted]					35
	[redacted]	[redacted]	[redacted]		[redacted]		[redacted]	36

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits
	From (a)	To (b)	Operating (c)	Designed (d)	Structure (e)	On Structure of Line Designated (f)	On Structures of Another Line (g)	(h)
1	[redacted]	[redacted]			[redacted]	[redacted]		
2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
3					[redacted]	[redacted]		
4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
5					[redacted]	[redacted]		
6					[redacted]	[redacted]		
7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
8					[redacted]	[redacted]		
9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
10					[redacted]	[redacted]		
11					[redacted]	[redacted]		
12	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
13	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
14	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
15					[redacted]	[redacted]		
16	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
17					[redacted]	[redacted]		
18					[redacted]	[redacted]		
19	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
21					[redacted]	[redacted]		
22	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
23	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
24	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
25	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
26	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
27					[redacted]	[redacted]		
28	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
29					[redacted]	[redacted]		
30	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
31	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
32	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
33					[redacted]	[redacted]		
34					[redacted]	[redacted]		
35					[redacted]	[redacted]		
36					TOTAL	[redacted]	[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
[redacted]								1
[redacted]								2
[redacted]								3
[redacted]								4
[redacted]								5
[redacted]								6
[redacted]								7
[redacted]								8
[redacted]								9
[redacted]								10
[redacted]								11
[redacted]								12
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[redacted]								29
[redacted]								30
[redacted]								31
[redacted]								32
[redacted]								33
[redacted]								34
[redacted]								35
	[redacted]	[redacted]	[redacted]		[redacted]		[redacted]	36

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Numb Of Circuit
	From (a)	To (b)	Operating (c)	Designed (d)	Structure (e)	On Structure of Line Designated (f)	On Structures of Another Line (g)	(h)
1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
2								
3	[redacted]	[redacted]	[redacted]	[redacted]				
4								
5								
6	[redacted]	[redacted]	[redacted]	[redacted]				
7	[redacted]	[redacted]	[redacted]	[redacted]				
8	[redacted]	[redacted]	[redacted]	[redacted]				
9								
10								
11								
12								
13								
14	[redacted]	[redacted]				[redacted]	[redacted]	
15	[redacted]	[redacted]				[redacted]		
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32								
33								
34								
35								
36					TOTAL	[redacted]	[redacted]	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
[redacted]								1
[redacted]								2
[redacted]								3
[redacted]								4
[redacted]								5
[redacted]								6
[redacted]								7
[redacted]								8
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								35
	[redacted]	[redacted]	[redacted]		[redacted]		[redacted]	36

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION LINES ADDED DURING YEAR

1. Report below the information called for concerning Transmission lines added or altered during the year. It is not necessary to report minor revisions of lines.

2. Provide separate subheadings for overhead and under- ground construction and show each transmission line separately. If actua costs of competed construction are not readily available for reporting columns (l) to (o), it is permissible to report in these columns th

Line No.	LINE DESIGNATION		Line Length in Miles	SUPPORTING STURCTURE		CIRCUITS PER STURCTU	
	From	To		Type	Average Number per Miles	Present	Ultimate
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1							
2	[redacted]						
3							
4							
5							
6							
7							
8							
9							
10							
11							
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43							
44	TOTAL		[redacted]		[redacted]		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

TRANSMISSION LINES ADDED DURING YEAR (Continued)

costs. Designate, however, if estimated amounts are reported. Include costs of Clearing Land and Rights-of-Way, and Roads and Trails, in column (l) with appropriate footnote, and costs of Underground Conduit in column (m).

3. If design voltage differs from operating voltage, indicate such fact by footnote; also where line is other than 60 cycle, 3 phase, indicate such other characteristic.

CONDUCTORS			Voltage	LINE COST				Line
Size (h)	Specification (i)	Configuration and Spacing (j)	KV (Operating) (k)	Land and Land Rights (l)	Poles, Towers and Fixtures (m)	Conductors and Devices (n)	Total (o)	No.
								1
[redacted]								2
								3
								4
								5
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				[redacted]				44

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
424	4	o

AMOUNT INCLUDES LINES FOUR THROUGH EIGHT.

Page Number (a)	Item (row) Number (b)	Column Number (c)
424	9	o

AMOUNT INCLUDES LINES NINE AND TEN.

FLORIDA POWER CORPORATION
ORIGINAL REPORT
YEAR ENDING DECEMBER 31, 1998

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped accordin to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	[redacted]	[redacted]	[redacted]	[redacted]	
2	[redacted]	[redacted]	[redacted]	[redacted]	
3	[redacted]	[redacted]	[redacted]	[redacted]	
4	[redacted]	[redacted]	[redacted]	[redacted]	
5	[redacted]	[redacted]	[redacted]	[redacted]	
6	[redacted]	[redacted]	[redacted]	[redacted]	
7	[redacted]	[redacted]	[redacted]	[redacted]	
8	[redacted]	[redacted]	[redacted]	[redacted]	
9	[redacted]	[redacted]	[redacted]	[redacted]	
10	[redacted]	[redacted]	[redacted]	[redacted]	
11	[redacted]	[redacted]	[redacted]	[redacted]	
12	[redacted]	[redacted]	[redacted]	[redacted]	
13	[redacted]	[redacted]	[redacted]	[redacted]	
14	[redacted]	[redacted]	[redacted]	[redacted]	
15	[redacted]	[redacted]	[redacted]	[redacted]	
16			[redacted]	[redacted]	
17	[redacted]	[redacted]	[redacted]	[redacted]	
18	[redacted]	[redacted]	[redacted]	[redacted]	
19	[redacted]	[redacted]	[redacted]	[redacted]	
20	[redacted]	[redacted]	[redacted]	[redacted]	
21	[redacted]	[redacted]	[redacted]	[redacted]	
22	[redacted]	[redacted]	[redacted]	[redacted]	
23	[redacted]	[redacted]	[redacted]	[redacted]	
24	[redacted]	[redacted]	[redacted]	[redacted]	
25	[redacted]	[redacted]	[redacted]	[redacted]	
26	[redacted]	[redacted]	[redacted]	[redacted]	
27	[redacted]	[redacted]	[redacted]	[redacted]	
28			[redacted]	[redacted]	
29	[redacted]	[redacted]	[redacted]	[redacted]	
30	[redacted]	[redacted]	[redacted]	[redacted]	
31	[redacted]	[redacted]	[redacted]	[redacted]	
32	[redacted]	[redacted]	[redacted]	[redacted]	
33			[redacted]	[redacted]	
34	[redacted]	[redacted]	[redacted]	[redacted]	
35	[redacted]	[redacted]	[redacted]	[redacted]	
36	[redacted]	[redacted]	[redacted]	[redacted]	
37	[redacted]	[redacted]	[redacted]	[redacted]	
38	[redacted]	[redacted]	[redacted]	[redacted]	
39	[redacted]	[redacted]	[redacted]	[redacted]	
40	[redacted]	[redacted]	[redacted]	[redacted]	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
[redacted]	[redacted]					1
						2
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						6
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped accordir to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	[redacted]	[redacted]	[redacted]	[redacted]	
2	[redacted]	[redacted]	[redacted]	[redacted]	
3			[redacted]	[redacted]	
4	[redacted]	[redacted]	[redacted]	[redacted]	
5	[redacted]	[redacted]	[redacted]	[redacted]	
6	[redacted]	[redacted]	[redacted]	[redacted]	
7	[redacted]	[redacted]	[redacted]	[redacted]	
8	[redacted]	[redacted]	[redacted]	[redacted]	
9	[redacted]	[redacted]	[redacted]	[redacted]	
10	[redacted]	[redacted]	[redacted]	[redacted]	
11	[redacted]	[redacted]	[redacted]	[redacted]	
12	[redacted]	[redacted]	[redacted]	[redacted]	
13	[redacted]	[redacted]	[redacted]	[redacted]	
14	[redacted]	[redacted]	[redacted]	[redacted]	
15	[redacted]	[redacted]	[redacted]	[redacted]	
16	[redacted]	[redacted]	[redacted]	[redacted]	
17	[redacted]	[redacted]	[redacted]	[redacted]	
18	[redacted]	[redacted]	[redacted]	[redacted]	
19	[redacted]	[redacted]	[redacted]	[redacted]	
20	[redacted]	[redacted]	[redacted]	[redacted]	
21	[redacted]	[redacted]	[redacted]	[redacted]	
22	[redacted]	[redacted]	[redacted]	[redacted]	
23	[redacted]	[redacted]	[redacted]	[redacted]	
24	[redacted]	[redacted]	[redacted]	[redacted]	
25			[redacted]	[redacted]	
26	[redacted]	[redacted]	[redacted]	[redacted]	
27	[redacted]	[redacted]	[redacted]	[redacted]	
28	[redacted]	[redacted]	[redacted]	[redacted]	
29			[redacted]	[redacted]	
30			[redacted]	[redacted]	
31	[redacted]	[redacted]	[redacted]	[redacted]	
32	[redacted]	[redacted]	[redacted]	[redacted]	
33	[redacted]	[redacted]	[redacted]	[redacted]	
34	[redacted]	[redacted]	[redacted]	[redacted]	
35	[redacted]	[redacted]	[redacted]	[redacted]	
36	[redacted]	[redacted]	[redacted]	[redacted]	
37	[redacted]	[redacted]	[redacted]	[redacted]	
38			[redacted]	[redacted]	
39	[redacted]	[redacted]	[redacted]	[redacted]	
40	[redacted]	[redacted]	[redacted]	[redacted]	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
[redacted]	[redacted]					1
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SUBSTATIONS

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Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	[redacted]	[redacted]	[redacted]	[redacted]	
2	[redacted]	[redacted]	[redacted]	[redacted]	
3	[redacted]	[redacted]	[redacted]	[redacted]	
4	[redacted]	[redacted]	[redacted]	[redacted]	
5	[redacted]	[redacted]	[redacted]	[redacted]	
6	[redacted]	[redacted]	[redacted]	[redacted]	
7	[redacted]	[redacted]	[redacted]	[redacted]	
8	[redacted]	[redacted]	[redacted]	[redacted]	
9	[redacted]	[redacted]	[redacted]	[redacted]	
10	[redacted]	[redacted]	[redacted]	[redacted]	
11	[redacted]	[redacted]	[redacted]	[redacted]	
12	[redacted]	[redacted]	[redacted]	[redacted]	
13	[redacted]	[redacted]	[redacted]	[redacted]	
14	[redacted]	[redacted]	[redacted]	[redacted]	
15	[redacted]	[redacted]	[redacted]	[redacted]	
16	[redacted]	[redacted]	[redacted]	[redacted]	
17	[redacted]	[redacted]	[redacted]	[redacted]	
18	[redacted]	[redacted]	[redacted]	[redacted]	
19	[redacted]	[redacted]	[redacted]	[redacted]	
20	[redacted]	[redacted]	[redacted]	[redacted]	
21	[redacted]	[redacted]	[redacted]	[redacted]	
22	[redacted]	[redacted]	[redacted]	[redacted]	
23			[redacted]	[redacted]	
24	[redacted]	[redacted]	[redacted]	[redacted]	
25	[redacted]	[redacted]	[redacted]	[redacted]	
26	[redacted]	[redacted]	[redacted]	[redacted]	
27	[redacted]	[redacted]	[redacted]	[redacted]	
28	[redacted]	[redacted]	[redacted]	[redacted]	
29	[redacted]	[redacted]	[redacted]	[redacted]	
30	[redacted]	[redacted]	[redacted]	[redacted]	
31	[redacted]	[redacted]	[redacted]	[redacted]	
32	[redacted]	[redacted]	[redacted]	[redacted]	
33	[redacted]	[redacted]	[redacted]	[redacted]	
34	[redacted]	[redacted]	[redacted]	[redacted]	
35	[redacted]	[redacted]	[redacted]	[redacted]	
36	[redacted]	[redacted]	[redacted]	[redacted]	
37			[redacted]	[redacted]	
38	[redacted]	[redacted]	[redacted]	[redacted]	
39	[redacted]	[redacted]	[redacted]	[redacted]	
40	[redacted]	[redacted]	[redacted]	[redacted]	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS (Continued)

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Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS

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Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	[redacted]	[redacted]	[redacted]	[redacted]	
2	[redacted]	[redacted]	[redacted]	[redacted]	
3	[redacted]	[redacted]	[redacted]	[redacted]	
4	[redacted]	[redacted]	[redacted]	[redacted]	
5	[redacted]	[redacted]	[redacted]	[redacted]	
6	[redacted]	[redacted]	[redacted]	[redacted]	
7	[redacted]	[redacted]	[redacted]	[redacted]	
8	[redacted]		[redacted]	[redacted]	
9	[redacted]	[redacted]	[redacted]	[redacted]	
10	[redacted]	[redacted]	[redacted]	[redacted]	
11	[redacted]	[redacted]	[redacted]	[redacted]	
12	[redacted]	[redacted]	[redacted]	[redacted]	
13	[redacted]	[redacted]	[redacted]	[redacted]	
14	[redacted]	[redacted]	[redacted]	[redacted]	
15	[redacted]	[redacted]	[redacted]	[redacted]	
16	[redacted]	[redacted]	[redacted]	[redacted]	
17	[redacted]	[redacted]	[redacted]	[redacted]	
18	[redacted]	[redacted]	[redacted]	[redacted]	
19	[redacted]	[redacted]	[redacted]	[redacted]	
20	[redacted]	[redacted]	[redacted]	[redacted]	
21			[redacted]	[redacted]	
22	[redacted]	[redacted]	[redacted]	[redacted]	
23	[redacted]	[redacted]	[redacted]	[redacted]	
24	[redacted]	[redacted]	[redacted]	[redacted]	
25	[redacted]	[redacted]	[redacted]	[redacted]	
26	[redacted]	[redacted]	[redacted]	[redacted]	
27	[redacted]	[redacted]	[redacted]	[redacted]	
28	[redacted]	[redacted]	[redacted]	[redacted]	
29	[redacted]	[redacted]	[redacted]	[redacted]	
30	[redacted]	[redacted]	[redacted]	[redacted]	
31	[redacted]	[redacted]	[redacted]	[redacted]	
32	[redacted]	[redacted]	[redacted]	[redacted]	
33	[redacted]	[redacted]	[redacted]	[redacted]	
34	[redacted]	[redacted]	[redacted]	[redacted]	
35	[redacted]		[redacted]	[redacted]	
36	[redacted]	[redacted]	[redacted]	[redacted]	
37	[redacted]	[redacted]	[redacted]	[redacted]	
38	[redacted]	[redacted]	[redacted]	[redacted]	
39	[redacted]	[redacted]	[redacted]	[redacted]	
40	[redacted]	[redacted]	[redacted]	[redacted]	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
						1
						2
						3
						4
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped accordin to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	[redacted]	[redacted]	[redacted]	[redacted]	
2	[redacted]	[redacted]	[redacted]	[redacted]	
3			[redacted]	[redacted]	
4	[redacted]	[redacted]	[redacted]	[redacted]	
5	[redacted]	[redacted]	[redacted]	[redacted]	
6	[redacted]	[redacted]	[redacted]	[redacted]	
7	[redacted]	[redacted]	[redacted]	[redacted]	
8	[redacted]	[redacted]	[redacted]	[redacted]	
9	[redacted]	[redacted]	[redacted]	[redacted]	
10	[redacted]	[redacted]	[redacted]	[redacted]	
11	[redacted]	[redacted]	[redacted]	[redacted]	
12	[redacted]	[redacted]	[redacted]	[redacted]	
13	[redacted]	[redacted]	[redacted]	[redacted]	
14	[redacted]	[redacted]	[redacted]	[redacted]	
15	[redacted]	[redacted]	[redacted]	[redacted]	
16	[redacted]	[redacted]	[redacted]	[redacted]	
17			[redacted]	[redacted]	
18	[redacted]	[redacted]	[redacted]	[redacted]	
19	[redacted]	[redacted]	[redacted]	[redacted]	
20	[redacted]	[redacted]	[redacted]	[redacted]	
21	[redacted]	[redacted]	[redacted]	[redacted]	
22	[redacted]	[redacted]	[redacted]	[redacted]	
23	[redacted]	[redacted]	[redacted]	[redacted]	
24	[redacted]	[redacted]	[redacted]	[redacted]	
25	[redacted]	[redacted]	[redacted]	[redacted]	
26	[redacted]	[redacted]	[redacted]	[redacted]	
27	[redacted]	[redacted]	[redacted]	[redacted]	
28	[redacted]	[redacted]	[redacted]	[redacted]	
29	[redacted]	[redacted]	[redacted]	[redacted]	
30			[redacted]	[redacted]	
31	[redacted]	[redacted]	[redacted]	[redacted]	
32			[redacted]	[redacted]	
33	[redacted]	[redacted]	[redacted]	[redacted]	
34	[redacted]	[redacted]	[redacted]	[redacted]	
35	[redacted]	[redacted]	[redacted]	[redacted]	
36	[redacted]	[redacted]	[redacted]	[redacted]	
37	[redacted]	[redacted]	[redacted]	[redacted]	
38	[redacted]	[redacted]	[redacted]	[redacted]	
39	[redacted]	[redacted]	[redacted]	[redacted]	
40	[redacted]	[redacted]	[redacted]	[redacted]	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
[redacted]	[redacted]					1
						2
						3
						4
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						6
						7
						8
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	[redacted]	[redacted]	[redacted]	[redacted]	
2	[redacted]	[redacted]	[redacted]	[redacted]	
3	[redacted]	[redacted]	[redacted]	[redacted]	
4	[redacted]	[redacted]	[redacted]	[redacted]	
5	[redacted]	[redacted]	[redacted]	[redacted]	
6	[redacted]	[redacted]	[redacted]	[redacted]	
7			[redacted]	[redacted]	
8	[redacted]	[redacted]	[redacted]	[redacted]	
9	[redacted]	[redacted]	[redacted]	[redacted]	
10	[redacted]	[redacted]	[redacted]	[redacted]	
11			[redacted]	[redacted]	
12	[redacted]	[redacted]	[redacted]	[redacted]	
13			[redacted]	[redacted]	
14	[redacted]	[redacted]	[redacted]	[redacted]	
15	[redacted]	[redacted]			
16	[redacted]		[redacted]	[redacted]	
17					
18	[redacted]	[redacted]	[redacted]	[redacted]	
19			[redacted]	[redacted]	
20			[redacted]	[redacted]	
21			[redacted]	[redacted]	
22			[redacted]	[redacted]	
23			[redacted]	[redacted]	
24	[redacted]	[redacted]	[redacted]	[redacted]	
25			[redacted]	[redacted]	
26	[redacted]	[redacted]	[redacted]	[redacted]	
27	[redacted]	[redacted]	[redacted]	[redacted]	
28			[redacted]	[redacted]	
29			[redacted]	[redacted]	
30			[redacted]	[redacted]	
31	[redacted]	[redacted]	[redacted]	[redacted]	
32			[redacted]	[redacted]	
33	[redacted]	[redacted]	[redacted]	[redacted]	
34	[redacted]	[redacted]	[redacted]	[redacted]	
35			[redacted]	[redacted]	
36	[redacted]	[redacted]	[redacted]	[redacted]	
37			[redacted]	[redacted]	
38	[redacted]	[redacted]	[redacted]	[redacted]	
39			[redacted]	[redacted]	
40	[redacted]	[redacted]	[redacted]	[redacted]	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
[redacted]	[redacted]					1
[redacted]	[redacted]					2
[redacted]	[redacted]					3
[redacted]	[redacted]					4
[redacted]	[redacted]					5
[redacted]	[redacted]					6
[redacted]	[redacted]					7
[redacted]	[redacted]					8
[redacted]	[redacted]					9
[redacted]	[redacted]					10
[redacted]	[redacted]					11
[redacted]	[redacted]					12
[redacted]	[redacted]					13
[redacted]	[redacted]					14
[redacted]						15
[redacted]	[redacted]					16
						17
[redacted]	[redacted]					18
[redacted]	[redacted]					19
[redacted]	[redacted]					20
[redacted]	[redacted]					21
[redacted]	[redacted]					22
[redacted]	[redacted]					23
[redacted]	[redacted]					24
[redacted]	[redacted]					25
[redacted]	[redacted]					26
[redacted]	[redacted]					27
[redacted]	[redacted]					28
[redacted]	[redacted]					29
[redacted]	[redacted]					30
[redacted]	[redacted]					31
[redacted]	[redacted]					32
[redacted]	[redacted]					33
[redacted]	[redacted]					34
[redacted]	[redacted]					35
[redacted]	[redacted]					36
[redacted]	[redacted]					37
[redacted]	[redacted]					38
[redacted]	[redacted]					39
[redacted]	[redacted]					40

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
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Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	[redacted]	[redacted]	[redacted]	[redacted]	
2	[redacted]	[redacted]	[redacted]	[redacted]	
3			[redacted]	[redacted]	
4	[redacted]	[redacted]	[redacted]	[redacted]	
5			[redacted]	[redacted]	
6	[redacted]	[redacted]	[redacted]	[redacted]	
7			[redacted]	[redacted]	
8	[redacted]	[redacted]	[redacted]	[redacted]	
9			[redacted]	[redacted]	
10	[redacted]	[redacted]	[redacted]	[redacted]	
11			[redacted]	[redacted]	[redacted]
12	[redacted]	[redacted]	[redacted]	[redacted]	
13			[redacted]	[redacted]	
14	[redacted]	[redacted]	[redacted]	[redacted]	
15	[redacted]	[redacted]	[redacted]	[redacted]	
16			[redacted]	[redacted]	[redacted]
17	[redacted]	[redacted]	[redacted]	[redacted]	
18			[redacted]	[redacted]	
19	[redacted]	[redacted]	[redacted]	[redacted]	
20	[redacted]	[redacted]	[redacted]	[redacted]	
21			[redacted]	[redacted]	
22			[redacted]	[redacted]	
23	[redacted]	[redacted]	[redacted]	[redacted]	
24	[redacted]	[redacted]	[redacted]	[redacted]	
25			[redacted]	[redacted]	
26			[redacted]	[redacted]	
27	[redacted]	[redacted]	[redacted]	[redacted]	
28	[redacted]	[redacted]	[redacted]	[redacted]	
29	[redacted]	[redacted]	[redacted]	[redacted]	
30			[redacted]	[redacted]	
31			[redacted]	[redacted]	
32	[redacted]	[redacted]	[redacted]	[redacted]	
33	[redacted]	[redacted]	[redacted]	[redacted]	
34			[redacted]	[redacted]	
35	[redacted]	[redacted]	[redacted]	[redacted]	
36			[redacted]	[redacted]	
37	[redacted]	[redacted]	[redacted]	[redacted]	
38	[redacted]	[redacted]	[redacted]	[redacted]	
39			[redacted]	[redacted]	
40	[redacted]	[redacted]	[redacted]	[redacted]	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

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Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
[redacted]						1
						2
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS

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Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	[redacted]	[redacted]	[redacted]	[redacted]	
2	[redacted]	[redacted]	[redacted]	[redacted]	
3	[redacted]	[redacted]	[redacted]	[redacted]	
4			[redacted]	[redacted]	
5	[redacted]	[redacted]	[redacted]	[redacted]	
6			[redacted]	[redacted]	
7	[redacted]	[redacted]	[redacted]	[redacted]	
8	[redacted]	[redacted]	[redacted]	[redacted]	
9	[redacted]	[redacted]	[redacted]	[redacted]	
10	[redacted]	[redacted]	[redacted]	[redacted]	
11			[redacted]	[redacted]	
12	[redacted]	[redacted]	[redacted]	[redacted]	
13			[redacted]	[redacted]	
14			[redacted]	[redacted]	
15			[redacted]	[redacted]	
16	[redacted]	[redacted]	[redacted]	[redacted]	
17	[redacted]	[redacted]	[redacted]	[redacted]	
18	[redacted]	[redacted]	[redacted]	[redacted]	
19	[redacted]	[redacted]	[redacted]	[redacted]	
20	[redacted]	[redacted]	[redacted]	[redacted]	
21	[redacted]	[redacted]	[redacted]	[redacted]	
22			[redacted]	[redacted]	
23	[redacted]	[redacted]	[redacted]	[redacted]	
24			[redacted]	[redacted]	
25			[redacted]	[redacted]	
26			[redacted]	[redacted]	
27	[redacted]	[redacted]	[redacted]	[redacted]	
28	[redacted]	[redacted]	[redacted]	[redacted]	
29	[redacted]	[redacted]	[redacted]	[redacted]	
30	[redacted]	[redacted]	[redacted]	[redacted]	
31			[redacted]	[redacted]	
32			[redacted]	[redacted]	
33	[redacted]	[redacted]	[redacted]	[redacted]	
34	[redacted]	[redacted]	[redacted]	[redacted]	
35	[redacted]	[redacted]	[redacted]	[redacted]	
36			[redacted]	[redacted]	
37	[redacted]	[redacted]	[redacted]	[redacted]	
38	[redacted]	[redacted]	[redacted]	[redacted]	
39			[redacted]	[redacted]	
40			[redacted]	[redacted]	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS (Continued)

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			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
[redacted]	[redacted]					1
						2
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS

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Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	[redacted]	[redacted]	[redacted]	[redacted]	
2	[redacted]	[redacted]	[redacted]	[redacted]	
3			[redacted]	[redacted]	
4	[redacted]	[redacted]	[redacted]	[redacted]	
5			[redacted]	[redacted]	
6	[redacted]	[redacted]	[redacted]	[redacted]	
7	[redacted]	[redacted]	[redacted]	[redacted]	
8			[redacted]	[redacted]	
9			[redacted]	[redacted]	
10	[redacted]	[redacted]	[redacted]	[redacted]	
11	[redacted]	[redacted]	[redacted]	[redacted]	
12			[redacted]	[redacted]	
13	[redacted]	[redacted]	[redacted]	[redacted]	
14			[redacted]	[redacted]	
15			[redacted]	[redacted]	
16	[redacted]	[redacted]	[redacted]	[redacted]	
17			[redacted]	[redacted]	
18	[redacted]				
19					
20	[redacted]		[redacted]	[redacted]	[redacted]
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
[redacted]	[redacted]					1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

ELECTRIC DISTRIBUTION METERS AND LINE TRANSFORMERS

1. Report below the information called for concerning distribution watt-hour meters and line transformers.
2. Include watt-hour demand distribution meters, but not external demand meters.
3. Show in a footnote the number of distribution watt-hour meters or line transformers held by the respondent under lease from other jointly owned with others, or held otherwise than by reason of sole ownership by the respondent. If 500 or more meters or line transformers are held under a lease, give name of lessor, date and period of lease, and annual rent. If 500 or more meters or line transformers are held other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of accounting for expenses between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Line No.	Item (a)	Number of Watt-hour Meters (b)	LINE TRANSFORMERS	
			Number (c)	Total capacity (in (MVa) (d)
1	Number at Beginning of Year	1,420,068	322,213	15,04
2	Additions During Year			
3	Purchases	35,992	11,545	67
4	Associated with Utility Plant Acquired			
5	TOTAL Additions (Enter Total of lines 3 and 4)	35,992	11,545	67
6	Reductions During Year			
7	Retirements	24,273	6,735	29
8	Associated with Utility Plant Sold			
9	TOTAL Reductions (Enter Total of lines 7 and 8)	24,273	6,735	29
10	Number at End of Year (Lines 1 + 5 - 9)	1,431,787	327,023	15,42
11	In Stock	16,150	1,940	18
12	Locked Meters on Customers' Premises			
13	Inactive Transformers on System			
14	In Customers' Use	1,415,246	325,083	15,24
15	In Company's Use	391		
16	TOTAL End of Year (Total 11 to 15. This should equal line 10)	1,431,787	327,023	15,42

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

ENVIRONMENTAL PROTECTION FACILITIES

1. For purposes of this response, environmental protection facilities shall be defined as any building, structure, equipment, facility, or improvement designed and constructed solely for control, reduction, prevention or abatement of discharges or releases into the environment of gaseous, Liquid, or solid substances, heat, noise or for the control, reduction, prevention, or abatement of any other adverse impact of an activity on the environment.
2. Report the differences in cost of facilities installed for environmental considerations over the cost of alternative facilities which would otherwise be used without environmental considerations. Use the best engineering design achievable without environmental restrictions as the basis for determining costs without environmental considerations. It is not intended that special design studies be made for purposes of this response. Base the response on the best engineering judgment where direct comparisons are not available. Include in these differences in costs the costs or estimated costs of environmental protection facilities in service, constructed or modified in connection with the production, transmission, and distribution of electrical energy and shall be reported herein for all such environmental facilities placed in service on or after January 1, 1969, so long as it is readily determinable that such facilities were constructed or modified for environmental rather than operational purposes. Also report similar expenditures for environmental plant included in construction work in progress. Estimate the cost of facilities when the original cost is not available or facilities are jointly owned with another utility, provided the respondent explains the basis of such estimations. Examples of these costs would include a portion of the costs of tall smokestacks, underground Lines, and landscaped substations. Explain such costs in a footnote.
3. In the cost of facilities reported on this page, include an estimated portion of the cost of plant that is or will be used to provide power to operate associated environmental protection facilities. These costs may be estimations on a percentage of plant basis. Explain such estimations in a footnote.
4. Report all costs under the major classifications provided below and include, as a minimum, the items Listed-hereunder:

A. Air pollution control facilities:
(1) Scrubbers, precipitators, tall smokestacks, etc.
(2) Changes necessary to accommodate use of environmentally clean fuels such as Low ash or low sulfur fuels including storage and handling equipment
(3) Monitoring equipment
(4) Other.

B. Water pollution control facilities:
(1) Cooling towers, ponds, piping, pumps, etc.
(2) Waste water treatment equipment
(3) Sanitary waste disposal equipment
(4) Oil interceptors
(5) Sediment control facilities
(6) Monitoring equipment
(7) Other.

C. Solid waste disposal costs:
(1) Ash handling and disposal equipment
(2) Land
(3) Settling ponds
(4) Other.

D. Noise abatement equipment:
(1) Structures
(2) mufflers
(3) Sound proofing equipment
(4) Monitoring equipment
(5) Other.

E. Esthetic costs:
(1) Architectural costs
(2) Towers
(3) Underground lines
(4) Landscaping
(5) Other.

F. Additional plant capacity necessary due to restricted output from existing facilities, or addition of pollution control facilities.

G. Miscellaneous:
(1) Preparation of environmental reports
(2) Fish and wildlife plants included in Accounts 330, 331, 332, and 335.
(3) Parks and related facilities
(4) Other.

5. In those instances when costs are composites of both actual supportable costs and estimates of costs, specify in column (f) the actual costs that are included in column (e).
6. Report construction work in progress relating to environmental facilities at Line 9.

Line No.	Classification of Cost	CHANGES DURING YEAR			Balance at End of Year	Actual Cost
		Additions	Retirements	Adjustments		
	(a)	(b)	(c)	(d)	(e)	(f)
1	Air Pollution Control Facilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2	Water Pollution Control Facilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
3	Solid Waste Disposal Costs		[redacted]		[redacted]	[redacted]
4	Noise Abatement Equipment	[redacted]		[redacted]	[redacted]	[redacted]
5	Esthetic Costs			[redacted]	[redacted]	[redacted]
6	Additional Plant Capacity	[redacted]			[redacted]	
7	Miscellaneous (Identify significant)					
8	TOTAL (Total of lines 1 thru 7)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
9	Construction Work in Progress	[redacted]			[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

ENVIRONMENTAL PROTECTION EXPENSES

1. Show below expenses incurred in connection with the use of environmental protection facilities, the cost of which are reported on Page 430. Where it is necessary that allocations and/or estimates of costs be made, state the basis or method used.
2. Include below the costs incurred due to the operation of environmental protection equipment, facilities, and programs.
3. Report expenses under the subheadings listed below.
4. Under Item 6 report the difference in cost between environmentally clean fuels and the alternative fuels that would otherwise be used and are available for use.
5. Under Item 7 include the cost of replacement power, purchased or generated, to compensate for the deficiency in output from existing plants due to the addition of pollution control equipment, use of alternate environmentally preferable fuels or environmental regulations of governmental bodies. Base the price of replacement power purchased on the average system price of purchased powe if the actual cost of such replacement power is not known. Price internally generated replacement power at the system average cost c power generated if the actual cost of specific replacement generation is not known.
6. Under item 8 include ad valorem and other taxes assessed directly on or directly relatable to environmental facilities. Also include under Item 8 licensing and similar fees on such facilities.
7. In those instances where expenses are composed of both actual supportable data and estimates of costs, specify in column (c) the actual expenses that are included in column (b).

Line No.	Classification of Expenses (a)	Amount (b)	Actual Expenses (c)
1	Depreciation	[redacted]	[redacted]
2	Labor, Maint, Mtrls, & Supplies Cost Related to Env Fac & Programs	[redacted]	[redacted]
3	Fuel Related Costs		
4	Operation of Facilities	[redacted]	[redacted]
5	Fly Ash and Sulfur Sludge Removal		
6	Difference in Cost of Environmentally Clean Fuels	[redacted]	[redacted]
7	Replacement Power Costs	[redacted]	[redacted]
8	Taxes and Fees	[redacted]	[redacted]
9	Administrative and General	[redacted]	
10	Other (Identify significant)		
11	TOTAL	[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Florida Power Corporation	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec. 31, 1998

FOOTNOTE DATA

Page Number (a)	Item (row) Number (b)	Column Number (c)
431	1	b

Depreciation expense is determined by applying current depreciation rates to pollution control investment.

Page Number (a)	Item (row) Number (b)	Column Number (c)
431	6	b

Difference in cost of environmentally clean fuels was calculated based on average ton/barrel price differential between high and low sulfur coal/oil.

Page Number (a)	Item (row) Number (b)	Column Number (c)
431	9	b

Allocation of expenses based on plant investment.

Affiliation of Officers and Directors

Company: Florida Power Corporation

For the Year Ended December 31, 1998

For each of the officials named in Part 1 of the Executive Summary, list the principal occupation or business affiliation if other than listed in Part 1 of the Executive Summary and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, the official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person excercising similar functions.

Name	Principal Occupation or Business Affiliation	Affiliation or Connection with any Other Business or Financial Organization Firm or Partnership	
		Affiliation or Connection	Name and Address
Roy A. Anderson	Senior Vice President Energy Supply Florida Power Corp.	None	
Kenneth E. Armstrong	Vice President General Counsel Florida Power Corp.	Advisory Board	Assets Team Management, Inc. 18952 MacArthur Blvd., Suite 330 Irvine, CA 92612
David H. Bonk	Vice President Mass Markets Energy Solutions Florida Power Corp.	None	
George L. Campbell	Vice President Public Affairs Florida Power Corp.	Partner	Shiloh Investments Club 1333 Indian Rocks Rd. Belleair, Fl 34616-1057
Janice B. Case	Senior Vice President Energy Solutions Florida Power Corp.	None	
Richard R. Champion	Vice President Corporate Relations & Planning Florida Power Corp.	None	
John P. Cowan	Vice President Nuclear Operations Florida Power Corp.	None	
Peter Dagostino	Vice President Bulk Power Delivery Florida Power Corp.	Director	Sun Trust Bank Central Florida, NA Administrtive Board of Directors 201 N. New York Ave. Winter Park,, FL 32789

Affiliation of Officers and Directors

Company: FLorida Power Corporation
For the Year Ended December 31, 1998

For each of the officials named in Part 1 of the Executive Summary, list the principal occupation or business affiliation if other than listed in Part 1 of the Executive Summary and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, the official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person excercising similar functions.

Name	Principal Occupation or Business Affiliation	Affiliation or Connection with any Other Business or Financial Organization Firm or Partnership	
		Affiliation or Connection	Name and Address
Michael B. Foley, Jr.	Senior Vice President Energy Delivery Florida Power Corp.	Director	United Way of Pinellas County 2639 9th St. N. St. Petersburg, FL 33704-2719
Wayne C. Forehand	Vice President Energy Distribution Florida Power Corp.	Director	Amsouth Bank Orlando Advisory Board P.O. Box 588001 Orlando, FL 32858
		Trustee	Orlando Science Center Board of Trustees 777 E. Princeton St. Orlando, FL 32803
		Director	Greater Orlando Chamber of Commerce 75 S. Ivanhoe Blvd. Orlando, FL 32802-1234
Willard D. Frederick	d/b/a Frederick Enterprise Group	None	
Rodney E. Gaddy	Assistant General Counsel Florida Power Corp.	Director	PARC 3190 Tyrone Blvd. N. St. Petersburg, Fl 33710
Kathy M. Haley	Corporate Secretary Florida Power Corp.	None	
Jeffrey R. Heinicka	Senior Vice President & Chief Financial Officer Florida Power Corp.	None	
William G. Kelley	Vice President Human Resources Florida Power Corp.	Director	Pinellas Workforce Development Board 13770 58th St. N., Suite 312 Clearwater, FL 33760
		Director	Goodwill Industries-Suncoast, Inc. 10596 Gandy Blvd. P.O. Box 14456 St. Petersburg, FL 33733

Affiliation of Officers and Directors

Company: Florida Power Corporation
For the Year Ended December 31, 1998

For each of the officials named in Part 1 of the Executive Summary, list the principal occupation or business affiliation if other than listed in Part 1 of the Executive Summary and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, the official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person excercising similar functions.

Name	Principal Occupation or Business Affiliation	Affiliation or Connection with any Other Business or Financial Organization Firm or Partnership	
		Affiliation or Connection	Name and Address
Richard Korpan	Director, Chairman of the Board Florida Progress Corp.	President	Florida Sheriff's Youth Ranch Board of Associates 3180 County Road 102 Safety Harbor, FL 34695
		Director	Florida Council of 100 6200 Courtney Campbell Cswy. Tampa, FL 33607
		Director	Take Stock in Children 50 North Laura St., #1238 Jacksonville, FL 32202
		Director	Sun Trust Bank Tampa Bay P.O. Box 3393 Tampa, FL 33601
		Member	The Business Roundtable 1615 L Street NW., Suite 1100 Washington, DC 20036
		Member	Tampa Bay Devil Rays, Ltd. One Tropicana Drive St. Petersburg, FL 33705
Frank C. Logan Deceased	Attorney	Chairman, Trustee	Morton Plant Mease Health Care 601 Main Street Dunedin, Fl 34695
		Trustee President	Performing Arts Center, Inc. 1111 McMullen Booth Road Clearwater, FL 34619
		Partner	SeminoleVenture Partnership P.O. Box 2951 Orlando, Fl 32802
K. E. McDonald	Assistant Treasurer Florida Power Corp.	None	

Affiliation of Officers and Directors

Company: Florida Power Corporation
For the Year Ended December 31, 1998

For each of the officials named in Part 1 of the Executive Summary, list the principal occupation or business affiliation if other than listed in Part 1 of the Executive Summary and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, the official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person excercising similar functions.

Name	Principal Occupation or Business Affiliation	Affiliation or Connection with any Other Business or Financial Organization Firm or Partnership	
		Affiliation or Connection	Name and Address
Clarence V. McKee	Chairman & CEO McKee Communications, Inc.	President	Communications, Consulting & Marketing 2701 N. Rocky Point Dr. Suite 630 Tampa, FL 33607
		President	McKee Acquisition Corp.
		President	McKee Communications Florida
		President	McKee Holdings, Inc.
		President	McKee Foundation 2701 N. Rocky Point Dr. Suite 630 Tampa, Fl 33607
		Director	American Heritage Life Insurance Co.
		Director	Checkers Drive-In Restaurants 600 Cleveland St. Clearwater, Fl
Vincent J. Naimoli	Chairman, President, CEO Anchor Industries Int'l, Inc.	Managing General Partner, CEO	Tampa Bay Devil Rays, Ltd. Major League Baseball Club St. Petersburg, FL
		Director	Russell Stanley Corp.
		Director	Players International Atlantic City, NJ

Affiliation of Officers and Directors

Company: Florida Power Corporation

For the Year Ended December 31, 1998

For each of the officials named in Part 1 of the Executive Summary, list the principal occupation or business affiliation if other than listed in Part 1 of the Executive Summary and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, the official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person excercising similar functions.

Name	Principal Occupation or Business Affiliation	Affiliation or Connection with any Other Business or Financial Organization Firm or Partnership	
		Affiliation or Connection	Name and Address
Richard A. Nunis	Chairman Walt Disney Attractions	Director	SunTrust Bank, Central Florida, N.A. P.O. Box 3833 Orlando, FL 32802
David W. Porter	Vice President Custom Markets Energy Solutions Florida Power Corp.	None	
Joseph H. Richardson	President & CEO Florida Power Corp.	Director	Echelon International Corp. NationsBank Tower One Progress Plaza St. Petersburg, Fl 33701
Charles B. Reed	Chancellor of the State University System or Florida		
Joan D. Ruffier	General Partner Sunshine Cafes - through 10/1/99 only	None	
	Human Services Technology	None	
John Scardino, Jr.	Vice President & Controller Florida Power Corp.	None	
Pamela A. Saari	Treasurer Florida Power Corp.	None	
Arthur D. Sciarrotta	Vice President Informaton Technology Florida Power Corp.	None	
Wade F. Sperry	Vice President Fossil Operations Florida Power Corp.	None	

Affiliation of Officers and Directors

Company: Florida Power Corporation
For the Year Ended December 31, 1998

For each of the officials named in Part 1 of the Executive Summary, list the principal occupation or business affiliation if other than listed in Part 1 of the Executive Summary and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, the official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person excercising similar functions.

Name	Principal Occupation or Business Affiliation	Affiliation or Connection with any Other Business or Financial Organization Firm or Partnership	
		Affiliation or Connection	Name and Address
Douglas E. Wentz	Assistant Secretary Florida Power Corp.	None	
Jean Giles Wittner	President Wittner & Co., Inc. & subsidiaries	President, Owner	Boulevard Properties of Seminole, Inc.
	President Wittner & Associates, Inc.	President Owner	Wittner Centres, Inc.
	President Wittner National, Inc.	Secretary Treasurer 44% Owner	Belleair Colony Property, Inc.
	President Benefit One of America	Director	Raymond James Bank, FSB, a wholly-owned subsidiary of Raymond James Financial Inc.
	President Wittner Insurance Network Inc.		

Business Contracts with Officers, Directors and Affiliates

Company: Florida Power Corporation

For the Year Ended December 31, 1998

List all contracts, agreements, or other business arrangements* entered into during the calendar year (other than compensation-related to position with respondent) between the respondent and each officer and director listed in Part 1 of the Executive Summary. In addition, provide the same information with respect to professional services for each firm, partnership, or organization with which the officer or director is affiliated.

Note * Business agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years.

Name of Officer or Director	Name and Address of Affiliated Entity	Amount	Identification of Product or Service
Peter Dagostino	Sun Trust Bank Central Florida	95,000,000.00	Line of Credit
Michael B. Foley, Jr.	United Way of Pinellas Co.	614,338.21	Pledges, Donations, etc.
Wayne C. Forehand	Orlando Science Center	109,800.25	Partnership Contribution for Energized Exhibit
	Greater Orlando Chamber of Commerce	85,639.85	Funding Trustee/Membership Investment
Rodney E. Gaddy	PARC	6,737.90	Donations, Misc. Supplies
William G. Kelley	Goodwill Industries	20,000.00	Contribution - Gandy Project
Richard Korpan	Take Stock in Children	220,000.00	Pledge/Donation
	Tampa Bay Devil Rays	324,934.76	Sponsorship, Tickets, etc.
	Sun Trust Bank - Tampa Bay	95,000,000.00	Line of Credit
Frank C. Logan (deceased)	Morton Plant Mease Health Care	11,778.03	Contributions/Donations
Richard A. Nunis	Sun Trust Bank - Central FL	95,000,000.00	Line of Credit
Joseph H. Richardson	Echelon International	6,533,161.08	Rents, Tenant Improvements

Reconciliation of Gross Operating Revenues
Annual Report versus Regulatory Assessment Fee Return

Company: Florida Power Corporation

For the Year Ended December 31, 1998

For the current year, reconcile the gross operating revenues as reported on Page 300 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (h).

Line No.	(a) Description	(b) Gross Operating Revenues per Page 300	(c) Interstate and Sales for Resale Adjustments	(d) Adjusted Intrastate Gross Operating Revenues	(e) Gross Operating Revenues per RAF Return	(f) Interstate and Sales for Resale Adjustments	(g) Adjusted Intrastate Gross Operating Revenues	(h) Difference (d) - (g)	
1	Total Sales to Ultimate Customers (440-446, 448)	$2,390,172,642	$	$2,390,172,642	$2,390,172,642	$	$2,390,172,642	$0	
2	Sales for Resale (447)	207,920,719	(207,920,719)	0	207,920,719	(207,920,719)	0	0	
3	Total Sales of Electricity	2,598,093,361		2,390,172,642	2,598,093,361		2,390,172,642	0	
4	Provision for Rate Refunds (449.1)	(2,071,317)	2,071,317	0	(2,071,316)	2,071,316	0	0	
5	Total Net Sales of Electricity	2,596,022,044		2,390,172,642	2,596,022,045		2,390,172,642	0	
6	Total Other Operating Revenues (450-456)	52,210,216		52,210,216	62,316,320		62,316,320	(10,106,104)	(B)
7	Other (Specify) Unbilled Revenue - Wholesale		1,612,085	1,612,085		1,612,085	1,612,085	0	
8	Wheeling Revenue - Wholesale		(18,974,357)	(18,974,357)		(18,974,357)	(18,974,357)	0	
9	Load Mgmt/Demand Capacity Credits (A)		(55,187,387)	(55,187,387)		(55,187,387)	(55,187,387)	0	
10	Total Gross Operating Revenues	$2,648,232,260	($278,399,061)	$2,369,833,199	$2,658,338,365	($278,399,062)	$2,379,939,303	($10,106,104)	

Notes: (A)
Included in the gross operating revenues are credits related to load management, interruptible services and curtailable services programs. These credits reduce the customers' bills. The revenues related to the credits are included in FPC's gross operating revenues for accounting purposes twice; once through the ECCR recovery collections and again through revenues which are recorded gross of the credits.

(B)
Total other operating revenues on Page 300 are $10,106,104 greater than total other operating revenues on RAF Return because an adjustment was made to defer $10,106,105 of 1998 earnings to 1999 for accounting purposes. This adjustment was appropriately omitted from the RAF Return.

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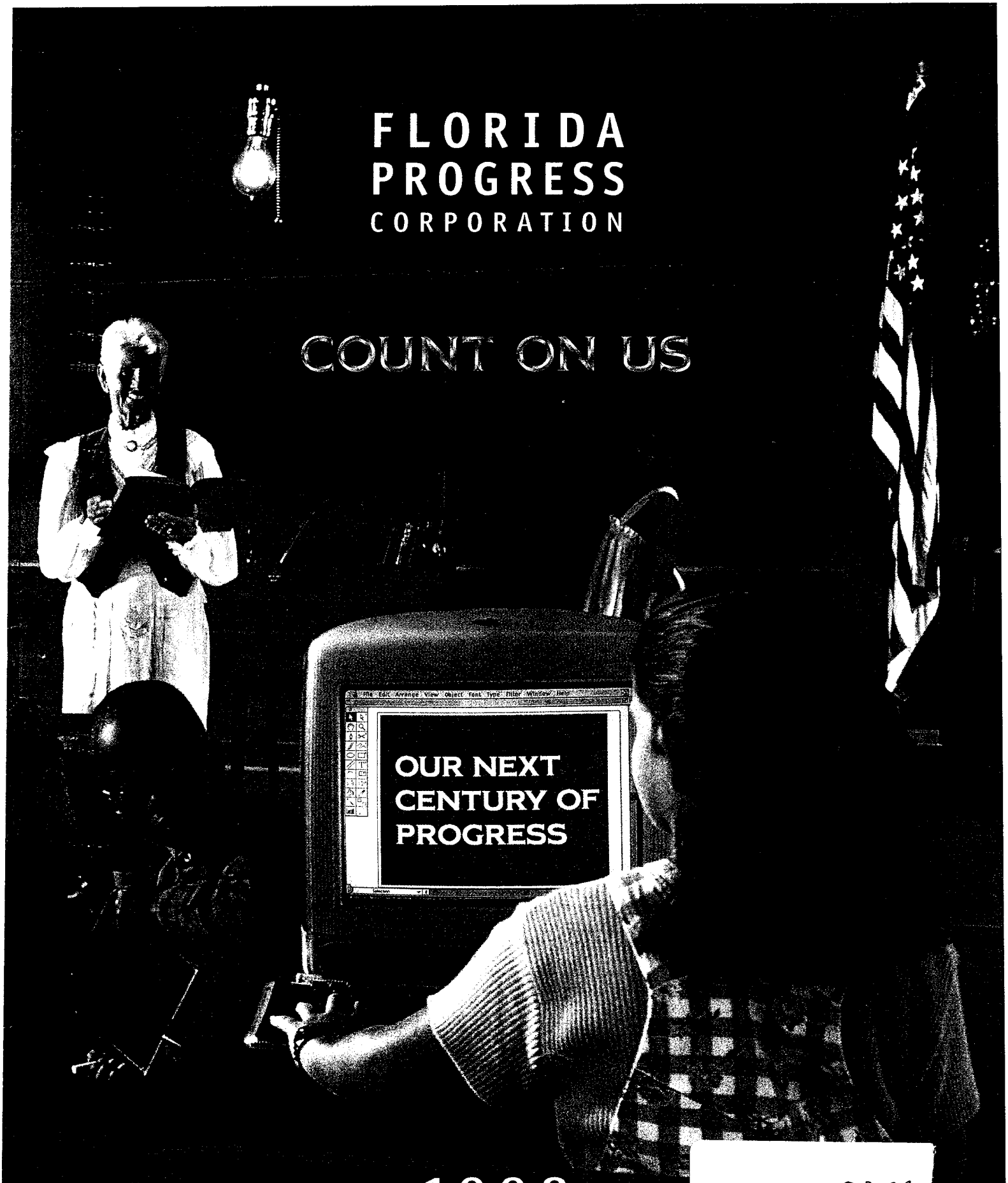
FLORIDA PROGRESS CORPORATION

COUNT ON US



1998 ANNUAL REPORT

DN 06780-99
6/1/99

Part 1 of 2

FLORIDA PROGRESS CORPORATION

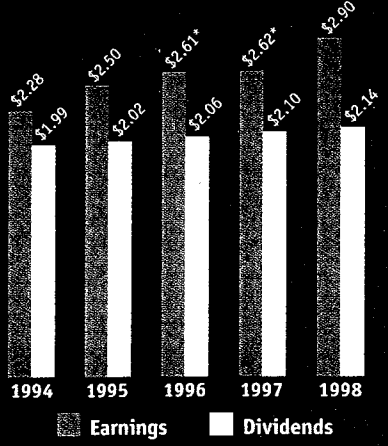
INVESTOR HIGHLIGHTS

(Dollars in millions, except per share amounts)

	1998	1997	Annual Growth Rates (in percent) 1997-1998	1993-1998
OPERATING RESULTS				
Utility revenues	$2,648.2	$2,448.4	8.2	6.2
Diversified revenues	972.1	868.0	12.0	17.7
Income from operations before nonrecurring items	281.7	254.3	10.8	7.5
Loss from nonrecurring items, net	–	(200.0)		
Net income	281.7	54.3	N/M	7.5
DATA PER SHARE				
Earnings:				
Utility before nonrecurring items	$2.56	$2.48	3.2	4.4
Diversified before nonrecurring items	.34	.14	142.9	16.3
Consolidated before nonrecurring items	2.90	2.62	10.7	5.5
Nonrecurring items, net	–	(2.06)		
Consolidated	2.90	.56	N/M	5.4
Dividends	2.14	2.10	1.9	1.9
Book value	19.13	18.30	4.5	(1.3)
Closing stock price	44 13/16	39 1/4	14.2	5.9
Stock price range	37 11/16 - 47 1/8	27 3/4 - 39 1/4		
FINANCIAL POSITION AT DECEMBER 31				
Assets	$6,160.8	$5,760.0	7.0	2.9
Total capitalization	4,528.0	4,417.3	2.5	2.5
Capitalization structure:				
Short-term debt, including current maturities	8.4%	5.2%		
Long-term debt	49.7	53.8		
Preferred stock	.8	.8		
Common stock equity	41.1	40.2		
OTHER STATISTICS				
Return on common equity	15.6%	2.9%		
Dividend yield (year end)	4.8%	5.4%		
Average common shares outstanding (in millions)	97.1	97.1	–	1.9
Employees	9,125	7,990	14.2	3.1
Registered shareholders	44,760	48,550		

See Note 8 to the Financial Statements for business segment information.
N/M = Not Meaningful

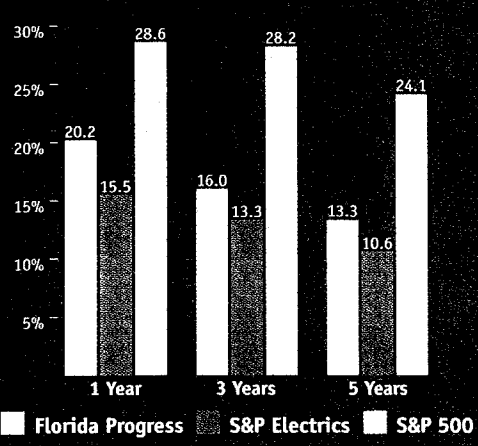
Earnings and Dividends Per Share



*For continuing operations before nonrecurring items

Average Annual Total Returns*

For the periods ended December 31, 1998



* Includes the reinvestment of dividends

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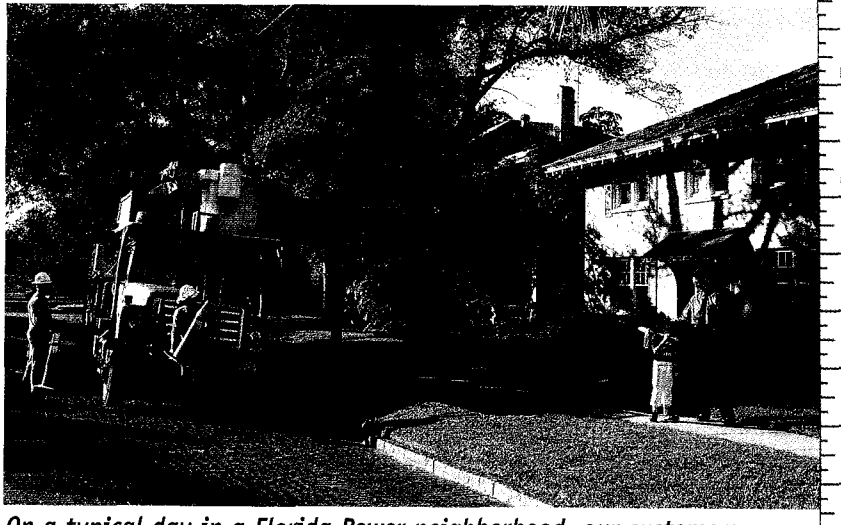
COUNT ON US

That's our pledge to shareholders, customers and employees as our principal subsidiary, Florida Power Corporation, enters its 100th year of service. This 1998 Florida Progress Annual Report honors our past by declaring our commitments for the future. Our commitments are based on the fact that our investors, employees, customers and communities have been able to count on us to deliver on our promises. And as we look ahead to 1999 and the new millennium, you can continue to "Count On Us."



On a typical day in a Florida Power neighborhood, our customers go about their business knowing we're taking care of ours.

Selection

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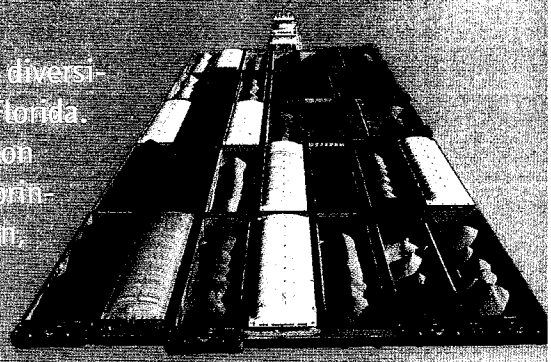
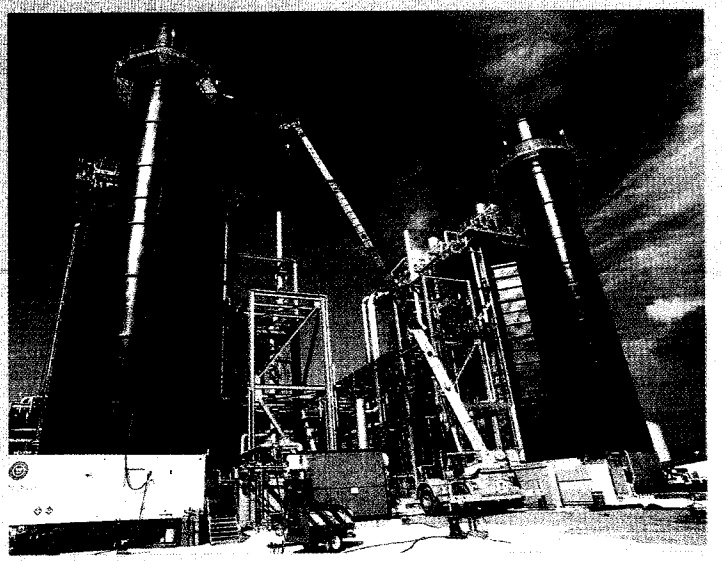
FLORIDA PROGRESS CORPORATION

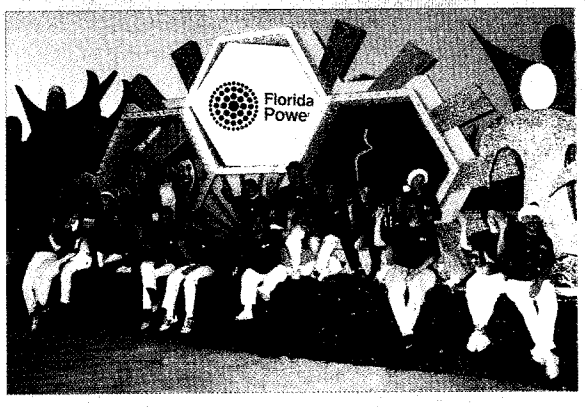


Florida Progress Corporation (NYSE: FPC) is a Fortune 500 diversified electric utility holding company based in St. Petersburg, Florida. In 1998, Florida Progress reported annual revenues of $3.6 billion and assets in excess of $5 billion. The company's principal holdings are Florida Power Corporation, an electric utility, and Electric Fuels Corporation, one of the country's largest coal transportation companies. Florida Progress Energy has been a Fortune 500 company.

Florida Power Corporation

In 1999, Florida Power celebrated its 100th year of service. For a century, the St. Petersburg-based utility has supplied Florida's growing population with reliable, low-cost electric service. Today, Florida Power serves more than 1.6 million customers in a 20,000-square-mile territory that includes the Orlando area, the Central Florida phosphate district, the Gulf Coast and the Suncoast.





LETTER TO OUR SHAREHOLDERS

Our Florida Progress companies achieved excellent performances in 1998, making significant advances toward our long-term objectives. Our 1998 accomplishments are solid proof that across the full range of our businesses, Florida Progress shareholders can indeed "**Count On Us.**"

That message — the Count On Us theme for our 1998 Annual Report to Shareholders — reflects more than a single year's work. Count On Us commemorates a proud history of performance by each Florida Progress company, beginning with the birth of Florida Power Corporation a century ago. Count On Us celebrates 100 years of business growth, 100 years of reliable service, 100 years of employee excellence, and 100 years of partnership with our communities. In that time, we're proud to have rewarded our shareholders with 46 consecutive years of dividend growth.

Earnings per share up 10.7 percent

It is gratifying to conclude our first 100 years on such a high note of success. In 1998, Florida Progress' revenues reached a record $3.6 billion, while our earnings per share grew to $2.90. This is a 10.7 percent increase over 1997, before nonrecurring charges. Our 1998 results were driven by the outstanding performance of Florida Power's utility business and by the substantial growth at Electric Fuels Corporation, which experienced improved results from all three of its primary business units. The strength of our results permitted us to make investments in strategic initiatives designed to improve our reliability, service and competitive position. These investments position us well to deliver solid customer benefits that will enhance our future potential. The year's exceptional results contributed to the increase in the company's share price, which closed 1998 at $44.81. Florida Progress' total annual return of 20.2 percent in 1998 outperformed the Standard & Poor's

Richard Korpan, Florida Progress Chairman, President & Chief Executive Officer.

Electrics Index. Contributing to this impressive performance was renewed investor confidence, brought on by the return to service of the Crystal River nuclear plant and the strong results reported by Florida Progress throughout 1998. Florida Power's revenues, which totaled $2.6 billion, benefited from a strong demand for electricity over the hot summer months. At Electric Fuels, revenues again exceeded $1 billion, making 1998 another significant year for our Energy and Transportation Group. But citing mere numbers and increased demand doesn't do justice to the underlying achievements that employees within our organization accomplished throughout the year. Our 1998 results were founded on solid improvements at both Florida Power and Electric Fuels — improvements that enabled us to reap the benefits of increased demand and customer growth. That attention to the details of our operations was critical in meeting the challenges and taking advantage of the opportunities that 1998 presented.

Maintaining a strategic focus

Even as we recount the successes of the present, and celebrate our past, our vision remains focused on our future. At Florida Progress, we intend to grow our businesses by concentrating on three strategic objectives:

- Maximize the advantages the Florida marketplace offers our core utility business.
- Build a national retail energy services business in the utilities sector.
- Continue to support the growth of Electric Fuels.

Our strategic focus recognizes the current realities of the utility industry. While increasing competition and eventual deregulation remain issues for the future, the experience of the last year has shown that across the nation, the road toward competition and industry consolidation is anything but straight and smooth.

I continue to believe that the next decade will see the formation of major generation and retail distribution companies operating on a

national basis. But the pace of consolidation, which had appeared to be moving forward briskly, has slowed somewhat recently. Until laws and regulatory policies governing expansion activities of utilities are repealed or modified, it will be difficult to achieve the kind of industry consolidation that could produce substantial benefits for utility shareholders and customers.

Positioning for the future was among the reasons we considered a merger with Scottish Power in the spring of 1998. That transaction with a non-U.S. company would have avoided market concentration concerns, while providing increased scale and scope for pursuing further operating efficiencies and access to additional resources for growth. At the same time, the combination would have preserved the benefits of our Florida market and established a leading position in the consolidation of the U.S. market. But ultimately, it was determined that moving forward with the transaction, as it was contemplated, would not have sufficiently recognized the shareholder value that has been built at Florida Progress.

Committed to growing the business

Florida Progress remains committed to growing our business for the benefit of our shareholders, and we will continue to explore varied opportunities for achieving growth, including mergers and acquisitions.

Given the current regulatory environment, we have concentrated our immediate preparations for a more competitive marketplace on joint ventures and alliances that can proceed swiftly and still enable us to spread marketing, information technology and other costs over a broader base. Our two joint ventures with Cinergy Corporation and New Century Energies are examples of that approach, as is Florida Power's power marketing alliance with Dynegy.

Florida Power and Electric Fuels are moving aggressively forward with their respective plans, detailed later in this report, to support our corporate growth objectives by focusing on a range of specific commitments — commitments to the shareholders of Florida Progress, to their customers and to their employees. These commitments stand as long-range objectives, guiding the strategic planning processes of the respective business units, and are supported by annual performance targets.

At the New York Stock Exchange, Richard Korpan rings the closing bell August 20, 1998, commemorating his first board of directors meeting as Florida Progress Chairman. He is joined by other Florida Progress board members, his wife, Pat, and Richard A. Grasso, Chairman & CEO of the NYSE.

Delivering on our commitments

Meeting these annual targets and the long-range customer and employee commitments will drive the business results that ultimately deliver earnings growth for our shareholders. Florida Power's customer commitments focus on price, reliability and service — precisely the kinds of commitments that will ensure Florida Power is positioned as the provider of choice in a competitive marketplace, and well-prepared to advance into the national retail energy services market. Investments that support these commitments by returning real benefits to customers are among the strategic uses for which Florida Power's 1998 revenues have been deployed.

At the corporate level, Florida Progress is making solid commitments as well. Chief among them is our commitment to an aggressive five-year objective — to deliver to our shareholders consistent annual earnings per share growth of 5 percent or better. That's a minimum target we are striving to achieve in order to remain an attractive investment for our shareholders.

As we begin to celebrate the 100th Anniversary of Florida Power, we can turn to our record of past success to demonstrate that the Florida Progress companies indeed deliver on the commitments we make — to show that all our constituencies can Count On Us to deliver on our promises now and in the future.

1998 milestones

Throughout 1998, we demonstrated our adherence to that principle again and again.

- As the year began, we returned our Crystal River nuclear plant to full service, thanks to the dedication and hard work of our employees at Florida Power. Restoring

the nuclear unit to our generation fleet was a commitment we made to our customers, to our shareholders and to industry regulators. This accomplishment remains one of our primary achievements of 1998.

- During a summer of extreme heat and unprecedented demand for electricity, Florida Power kept its system operating at high efficiency. Thanks to the efforts of our employees, we were able to meet all of our firm commitments to deliver the energy our customers needed.
- Electric Fuels exceeded its plans for growth, both through internal efforts to improve its businesses and through an impressive string of acquisitions. Particularly at Progress Rail, recent purchases increased the unit's reach and scope of its operations, and its ability to serve a growing customer base. Electric Fuels' growth strategy sets the stage for continued strong contributions to Florida Progress' earnings per share, without significantly changing the risk profile of the parent company.
- Florida Power pressed forward with the construction of Florida's newest and most efficient power plant — Unit 1 at the Hines Energy Complex. As companies within and outside Florida increasingly focus on the opportunities presented by Florida's growing demand for energy, Florida Power is committed to actively building new generation to meet that growing need.
- In line with our commitment to shareholders to explore new revenue opportunities in related fields, we announced in November the launch of Progress Telecommunications Corporation. This new subsidiary was created to take advantage of market opportunities in Florida's fast-growth fiber-optic telecommunications business. It plans to sell wholesale fiber-optic-based capacity service in Florida to long-distance carriers, Internet service providers and other telecommunications companies, as well as large industrial, commercial and government entities.

A significant change at our helm took place in 1998 — Dr. Jack Critchfield retired as Chairman of Florida Progress. I want to thank Jack personally for his many contributions to our company, and for giving me the great opportunities I've enjoyed over the past 10 years.

As we ended 1998, we had occasion to pause to mark the passing of a good friend and member of our company's Board of Directors, Frank Logan. Frank provided valuable years of service and guidance to Florida Progress, and his contributions will be missed.

In signing my first letter to you as Chairman of Florida Progress, I take personal pride in our record of meeting commitments, and in extending that record out into the future. It is a future that is bright with promise, in part because it is illuminated by the bright record of our past. And it is a future in which you will be able to continue to Count On Us.

Richard Korpan

Richard Korpan
Chairman, President &
Chief Executive Officer

February 5, 1999

Strategic Direction

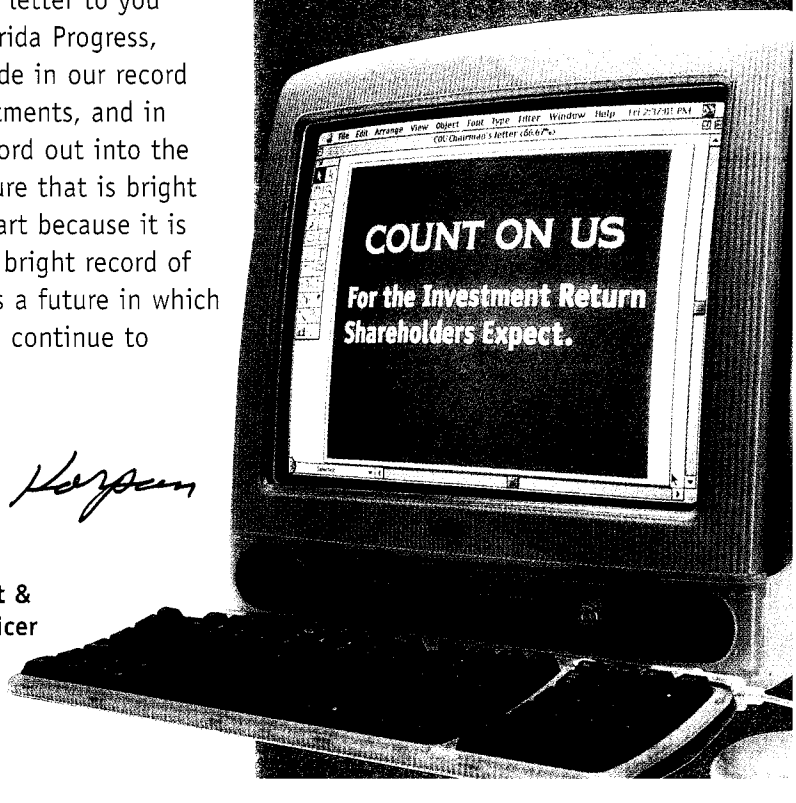
At Florida Progress, we intend to grow our businesses by concentrating on three clearly defined strategic objectives:

Maximize the advantages the Florida marketplace offers our core utility business.

Build a national retail energy services business in the utilities sector.

Continue to support the growth of Electric Fuels.

Shareholder Commitment:



POSTCARDS from the PAST

Dear Mom,

SAINT PETERSBURG SEPT 6 1946 FLA.

You should see this place! The Florida Theater was one of the first buildings to get air conditioning on the West Coast. We saw Bob Hope here last week! Outside you could fry an egg on the sidewalk, but inside it was Eskimo city.

Love, Alice and Manny

ffordable electric power has always been important for Florida's growth and development. In the early days of this century, electricity provided the essentials of light, fans and commercial icehouses — allowing Floridians to cool and store food in the near tropic heat. Soon, electric refrigerators for the home followed. In the 1940s, power for commercial air conditioning helped make Florida a summer playground. Then came residential air conditioning — which helped swell the state's population thanks to cooler, more livable homes. As power usage grew, and electricity could be generated more efficiently, Florida Power responded to its customers' needs, reducing our rates more than 29 percent between 1938 and 1948. Today, as never before, the prospect of increased competition in the utility industry focuses our attention on providing Florida with affordable, competitively priced energy. Count On Us — to continue to make Florida a comfortable paradise.

COUNT ON FLORIDA POWER

Day in, day out, more than 1.3 million Florida customers Count On Us — count on Florida Power and its 4,700 employees — to keep their lights on, their homes comfortable and their businesses humming.

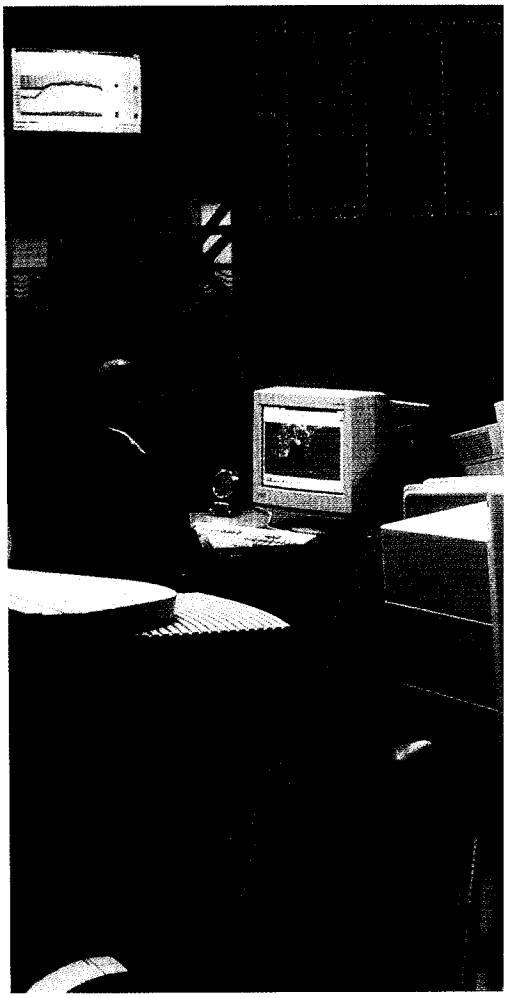
We're proud of the performance record that we've established over our first 100 years. We're proud that our customers and our communities could Count On Us as Florida grew, as it weathered storms, as it thrived in a climate that can be extreme, yet has proven so attractive to so many.

Our solid performance is detailed in the statistical measures of our success — with high customer satisfaction ratings and systemwide reliability that was an impressive 99.9 percent in 1998.

As we build on our strong past, Florida continues to be a great place to be in the energy business. But we also know that our industry is in a state of evolution, and that the measure of excellence is constantly advancing. As consumers seek more choice and greater options, and as competition increases, Florida Power needs to continuously demonstrate — today, tomorrow and into the next century — that the people we serve can continue to Count On Us.

To meet the challenges of the future, we intend to draw on the experiences and traditions of our past 100 years. To fulfill our key role in achieving Florida Progress' strategic growth objectives, we'll need to consistently exceed our customers' expectations.

That's why Florida Power is undertaking a bold series of business commitments — commitments to our customers, to our employees and to the shareholders of Florida Progress — commitments that stand as our objectives for the next five years. These pages explore the progress we have made in 1998, and how we are moving forward in our anniversary year to continue our progress toward achieving these commitments.



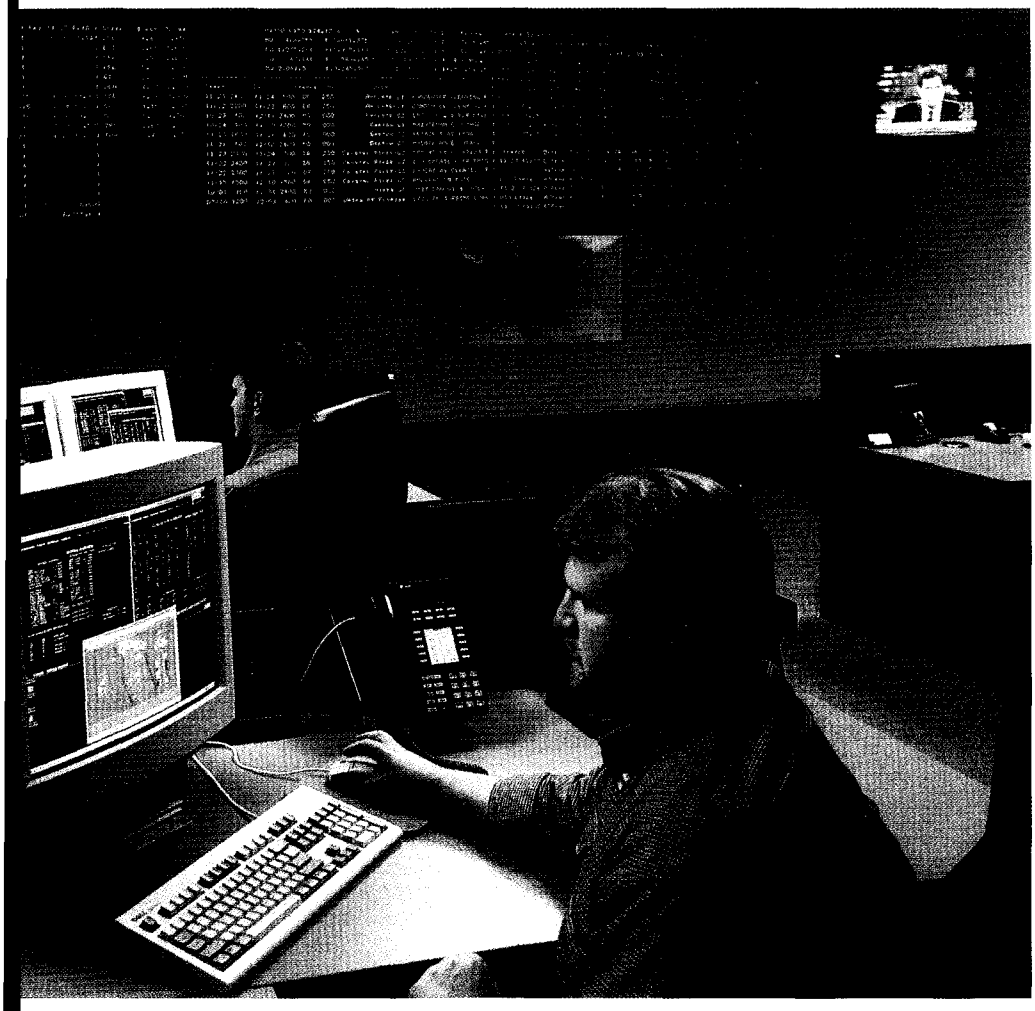
Offering competitive electricity prices

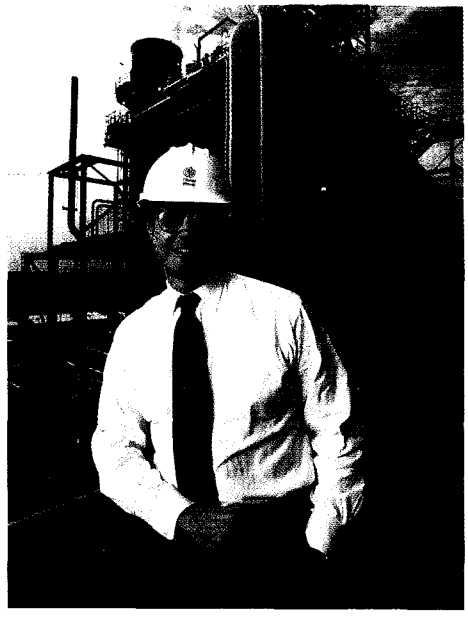
In a competitive environment, price is one of the main drivers for customer choice. Many customers will pay a premium for superior value and quality in products and service. But they still measure that value against the yardstick of a competitor's price.

Looking back through the years, affordable power is what made Florida livable — at first, power for the basics of lighting and refrigeration. Later, affordable power made "luxuries" like air conditioning possible, one-time luxuries that have become today's necessities.

Florida Power's commercial and industrial electric rates are among the lowest in the state, and have been for many years.

As we look forward to an era of increasing customer choice, we are committed to lowering residential electric prices and ensuring that they are truly competitive. Our





Florida Power President & CEO Joe Richardson at the company's newest power plant, Hines Unit 1 in Polk County, Fla.

Florida Power's Scott Quin (foreground), Adam Swanson, and J.R. McLelland (far left) track energy markets at the company's Energy Trading Center in St. Petersburg, Fla.

five-year target is to deliver compelling customer value while providing adequate resources for excellent reliability and service, and to offer residential prices that are within 5 percent of our lowest-priced peers in Florida. We believe that this combination is a value that customers will readily choose in a competitive environment.

Florida Power is already taking steps to be price-competitive in an open market. One step is power marketing. That means participating in the wholesale energy marketplace, utilizing sophisticated skills and technology to buy and sell electricity and energy fuels like natural gas. Being a power marketer requires substantial investment and expertise. Though only four years old, Florida Power's Power Marketing operation has already established a successful track record in the wholesale power market.

In 1998, we moved aggressively to maximize the benefits of Power Marketing by forming an alliance with one of the nation's leading power marketers — Houston-based Dynegy. This alliance leverages Florida Power's generating assets with Dynegy's position in the energy markets to form a potent trading and sales combination. Through Power Marketing's energy purchases and sales, Florida Power saved $20 million in fuel costs during 1998 — savings that were passed along to our customers.

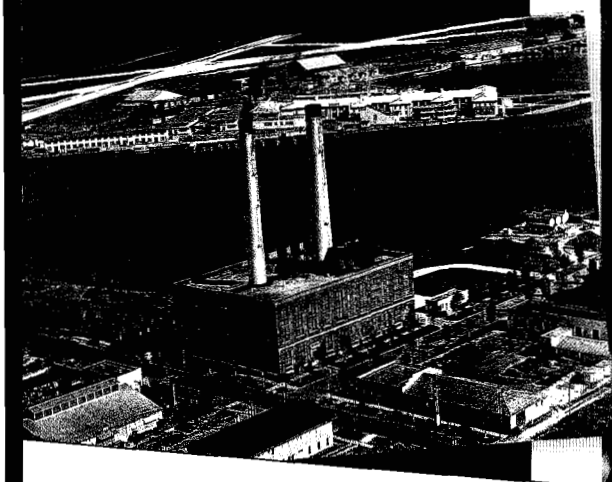
Controlling costs

Florida Power also is advancing on other fronts to control costs and prices. The first unit at our new Hines Energy Complex will deliver up to 500 megawatts of additional generating capacity. And as the most efficient power plant in Florida, we will be able to bring the unit into service without any increase in customer rates.

Other cost management efforts include converting power plants like our Anclote power plant to

Customer Commitment:

POSTCARDS from the PAST



Dear Robert,

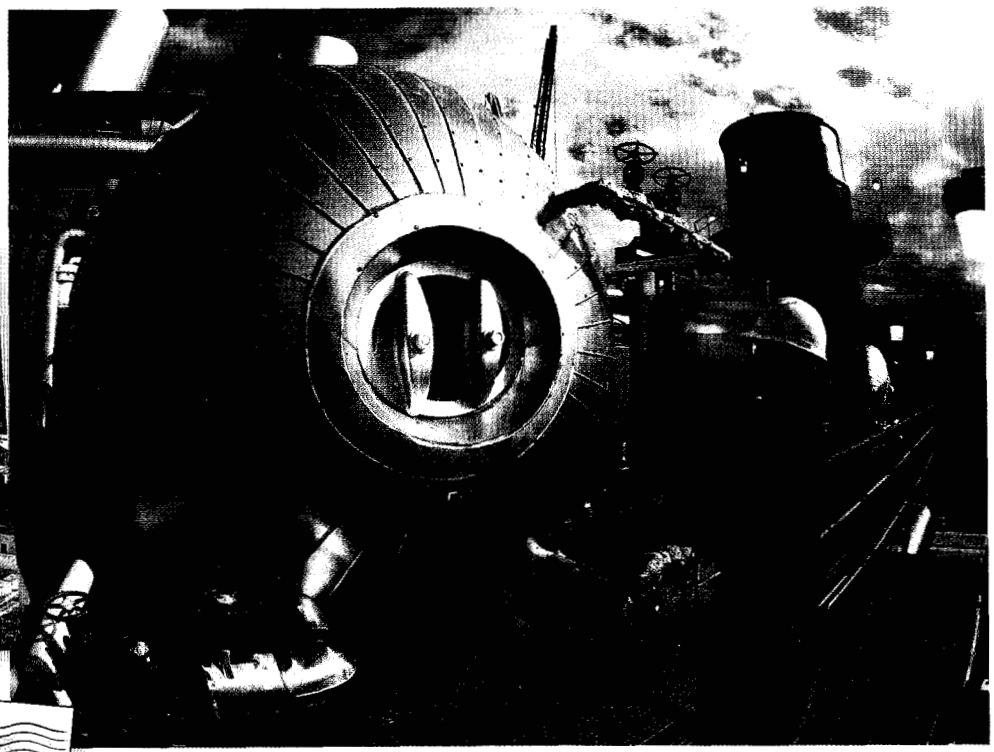
SAINT PETERSBURG MARCH 1925 FLA.

Just so you don't think I spend all my time at the beach... this is a picture of the town's power plant — 6,000 kilowatts! It's a good thing, too, because this town is hopping! You wouldn't believe all the people looking to buy land. Nearly as many as want to sell it! I'll write more, soon.

Your wandering brother, Jim

rowth has always been Florida's middle name. And across the decades as Florida's population swelled and its industry grew, the need for reliable power also increased. Florida Power has met the demand using power from oil, gas, hydro-electric, coal and nuclear energy. That's why we're proud to have built Hines Unit 1 in Polk County.

Once upon a time, we measured energy in horsepower. Now we measure it in kilowatts and customer satisfaction. Technology changes but our commitment remains the same: When Florida needs the power... Florida Power will provide it. Count On Us.



Engineer Chris White inspects the high-pressure steam drum on Unit 1's heat recovery steam generator at the Hines Energy Complex.

burn either oil or natural gas. This "dual fueling" allows us to use the most cost-advantaged fuel available at a given time.

Even as we implement these steps, which should produce savings for customers in 1999 and beyond, Florida Power also is considering other regulatory initiatives that would benefit residential customers.

Together, these immediate and long-term approaches should ensure that now and in the future, customers can Count On Us for competitively priced power.

Meeting our customers' energy needs

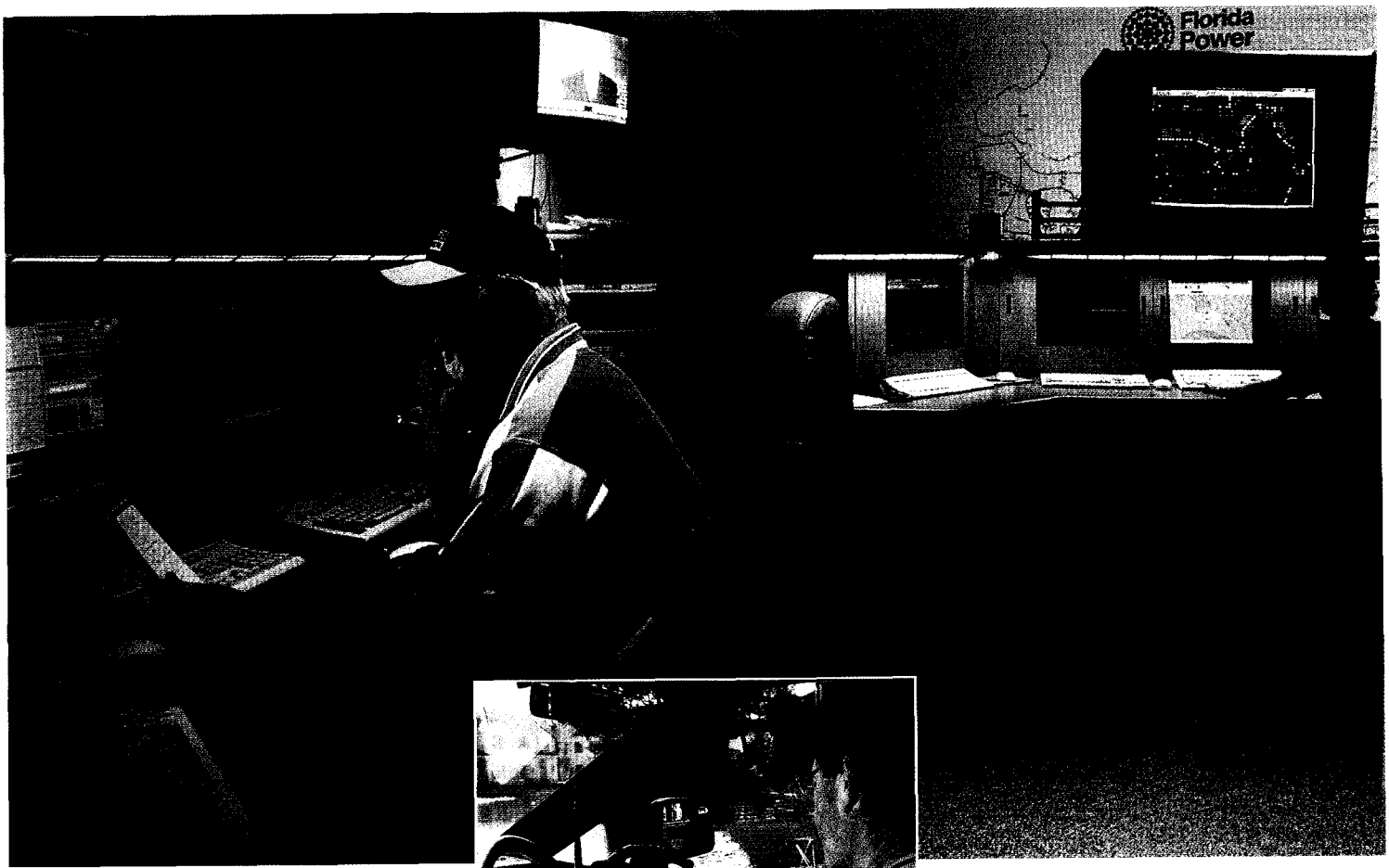
Florida has a growing need for power — as its population and its economy expand, and as the energy requirements of existing households and businesses increase. That growing demand makes Florida one of the most attractive states in which to operate a utility. But it also presents the challenge to keep pace with demand by ensuring adequate energy capacity. Meanwhile, the extremes of Florida's often stormy environment place additional pressure on maintaining a reliable delivery network. The customers of Florida Power know they can Count On Us to meet those challenges, as we have for 100 years.

Raising reliability to new levels

Florida Power has come a long way since commissioning its first power plant, which produced a mere 50 kilowatts of power. Florida Power's newest power plant — the 500,000-kilowatt Hines Unit 1 — dwarfs that original unit. The Hines unit is an advanced combined-cycle power plant, fueled by natural gas and capable of producing enough power for 100,000 homes. Hines Unit 1 represents a total investment of about $270 million in Florida's future and a continuation of Florida Power's commitment to meet the growing energy needs of customers.

That commitment to reliability was certainly tested in 1998. The year's long hot summer was truly exceptional — with record high temperatures that endured for days, and pushed demand for electricity to operate air conditioning and refrigeration well beyond any historical benchmark. At the same time, the extent of the heat wave across the nation meant that other usual sources of purchased power were not available.

With our generation resources fully engaged — thanks to the efforts of Florida Power's



From a Florida Power dispatch office in Central Florida, Dispatcher Chuck Wood routes line crews to problem areas and work locations. These dispatch offices — long the nerve center of the company's operations — will be revolutionized in 1999 as part of Florida Power's Delivery 2000 project.

(left) Florida Power's Bryan Williams operates a new software system that will facilitate outage restoration efforts at the company. The system, based on a public safety 911 dispatch program, will provide outage information in a visual, geographic format. From the company's vehicles, field personnel are linked to the dispatcher via a laptop computer.

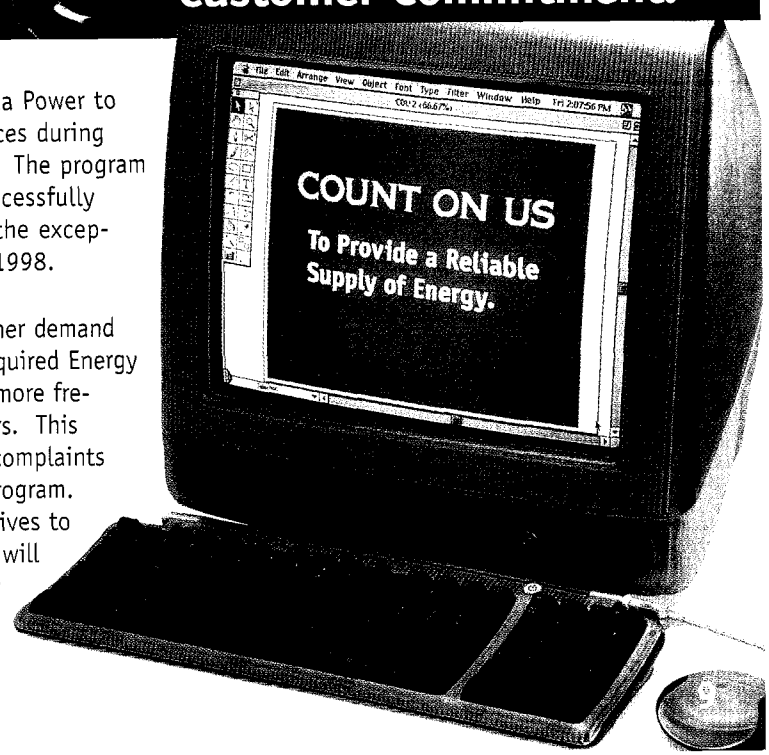
employees — we were able to meet our service agreements to deliver power. An example of this effort was the return of our nuclear plant at Crystal River to service, an accomplishment that led the Nuclear Regulatory Commission to remove the plant from its "Watch List" of nuclear units in July. Since the plant's restart in February 1998, it has produced more than 100 percent of its rated capacity.

Using innovative energy management

Another aspect of maintaining adequate capacity is ensuring sufficient power reserves to meet peak customer demand. Florida Power maintains its reserve margins through active demand-side management programs for all types of customers. One such program, called Energy Management, offers participating residential customers credits on their monthly electric bills in return for allowing Florida Power to cycle off certain appliances during periods of peak demand. The program helped Florida Power successfully meet the challenges of the exceptionally hot summer of 1998.

Continuously high customer demand last summer, however, required Energy Management to be used more frequently than in past years. This resulted in a number of complaints from customers on the program. We are exploring alternatives to add new generation that will provide greater flexibility in meeting the growing demand for electricity.

Customer Commitment:



POSTCARDS from the PAST

Dear Helen,

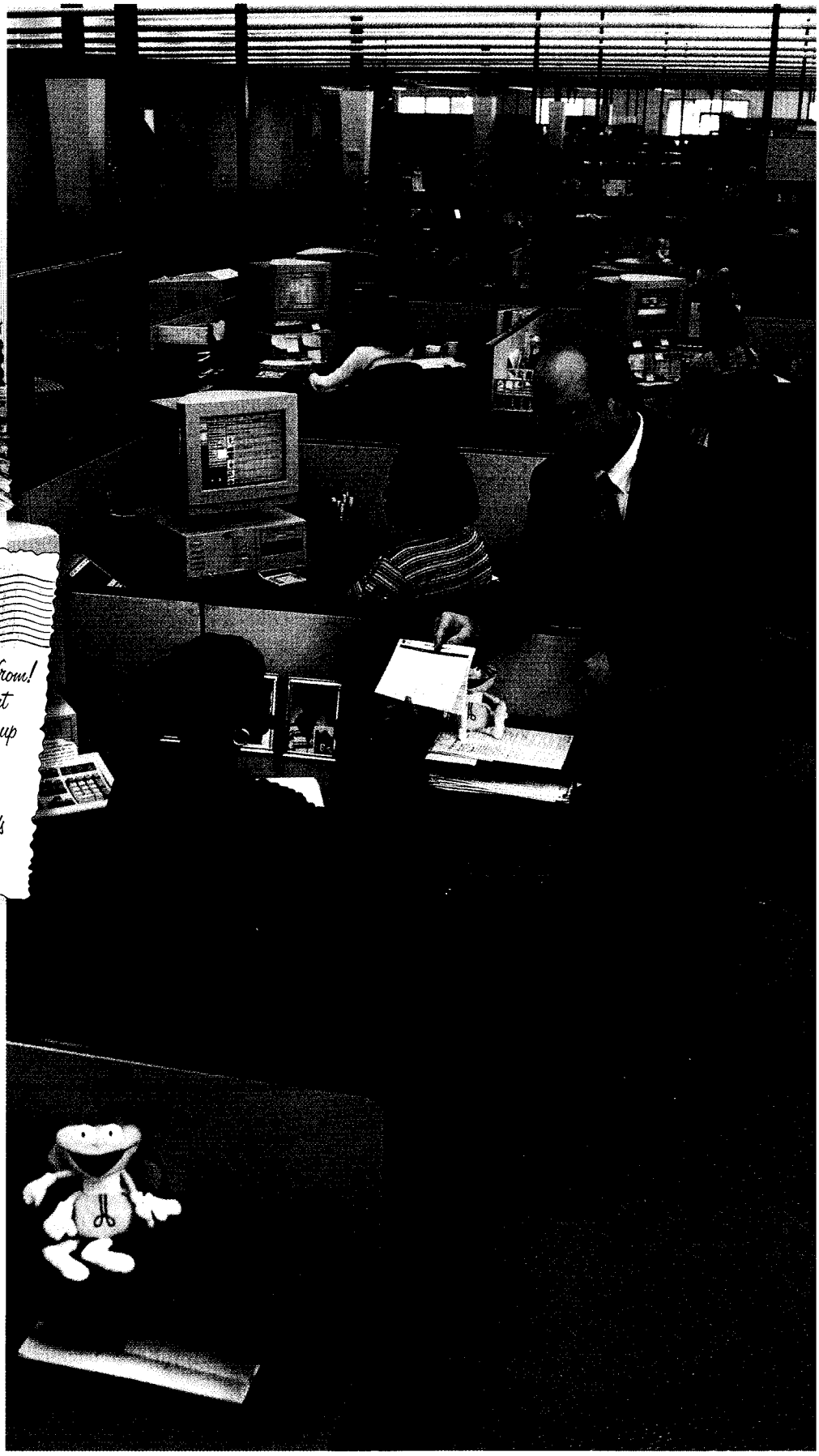
SAINT PETERSBURG OCT 20 1915 FLA.

Yesterday I rode on a trolley you can almost fish from! It takes you 3,000 feet out into the bay on what folks call the "Electric Pier." At night, it lights up better'n the night sky. Guess that's so the mackerel know where to jump so the fishermen can catch them.

I'll write more soon. Fondest regards

Bob

lorida Power has long been lighting up the night for our customers — and more than just the night. The "Electric Pier," built by our company founder F. A. Davis, proved to be a major tourist attraction and drew thousands to the area. The electric trolley service helped spur critical development between the bay and the beach. Excellent customer service has always required a combination of vision, technology and timing. In 1911, that combination increased St. Petersburg's electric service to 24 hours a day. Today, it has brought about 24-hour customer service at our new call center in Lake Mary. Whatever it takes for even better customer service — Count On Us to provide it.



At Florida Power's new Customer Solutions Center in Lake Mary, Fla., Manager Brian Burek and Customer Service Associate Cynthia Washington are among about 160 employees who work at the 45,000-square-foot facility. The 24-hour call center, which opened in October, was designed by and for employees.

While reliability starts with adequate energy resources, a key second step is making sure our power is delivered when and where customers want it. Florida Power's customers consistently give us high marks for providing reliable service — 90 percent of customers rank our reliability "Good" or "Excellent." While local circumstances and geography may affect an individual neighborhood's reliability statistics, our commitment for the future is to consistently deliver the high level of service our customers expect.

As we prepare for the future, Florida Power also is utilizing ever more advanced means to ensure ongoing system reliability. One new approach is Energy Delivery 2000, which places computerized information and communications links in Florida Power vehicles to speed dispatch, identify resources, and even provide field crews with detailed technical data about the work to be performed on the network. Florida Power is deploying such high-tech tools of the future to deliver on the same commitment to reliability that it has consistently demonstrated in its first 100 years. And to ensure that customers can continue to Count On Us.

The customer rules

In a truly competitive environment, excellence in customer service is what distinguishes the successful businesses from those that get left behind. As we embark on our next century of service, Florida Power is committed to deliver customer service that is second to none — to consistently exceed our customers' expectations.

One tangible proof of that commitment is our investment of $6 million in a new 45,000-square-foot Customer Solutions Center in Lake Mary, Fla. This state-of-the-art facility contains the latest in call-routing and information processing hardware and software, and is open around-the-clock — ready to respond to customer inquiries and calls 24 hours a day, seven days a week. It's all part of our "24 x 7" approach to delivering service on the customer's schedule, not ours. In 1998, our call centers handled 3.7 million calls, while our business offices processed 4.5 million customer transactions — solid demonstrations of how our customers Count On Us for service.

We'll measure our delivery on this service commitment against the benchmark of customer satisfaction surveys. And we'll only be satisfied with performance that ranks us "best in class" among our competitors. Of course, customer service doesn't end with a pleasant voice on the telephone or a friendly face behind a service counter — customers judge us on the results we deliver. That's why we try to carefully coordinate our varied customer activities, such as the dispatch of service crews to handle requests phoned into our call centers.

Another lesson we've learned is that customer service isn't merely a matter of being responsive, or just fixing things when they go amiss. Excellence in customer service, as it is practiced at Florida Power, involves anticipating customer needs and developing products and services to meet them.

Among the practical services we offer customers are home and business energy audits, which can help customers use power more efficiently. Florida Power doesn't simply help identify solutions. We help implement them — with programs that assist customers in replacing inefficient air conditioning or heating equipment, repairing leaky duct systems or adding insulation.

New and innovative payment options are another application of our creativity. Flexible electronic funds transfers allow customers to pay bills automatically from their bank accounts on a date they choose.

Innovative offerings

Another customer convenience is "Bill" — an ATM-style machine that accepts payments for electric bills. Currently, it is being tested at locations in St. Petersburg and the Orlando area.

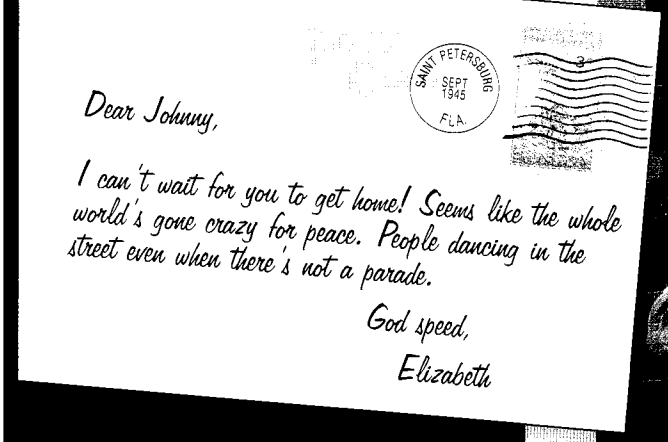
Anticipating a more competitive future, Florida Power also is exploring the potential to offer related utility services that can help enhance customer loyalty and retention. The Centrus alliance announced in October is one avenue for delivering additional services. Centrus' first offering is a highly competitive long-distance service, which is being piloted among employees and customers of Florida Power.

Excellent customer service isn't restricted to residential accounts. Florida Power offers tailored services for commercial customers as well. These include special "1-800" telephone service lines for small business customers. Customized surge protection products, infrared scanning of customer power equipment to detect potential trouble spots, and other power quality options are available to business and industrial customers.

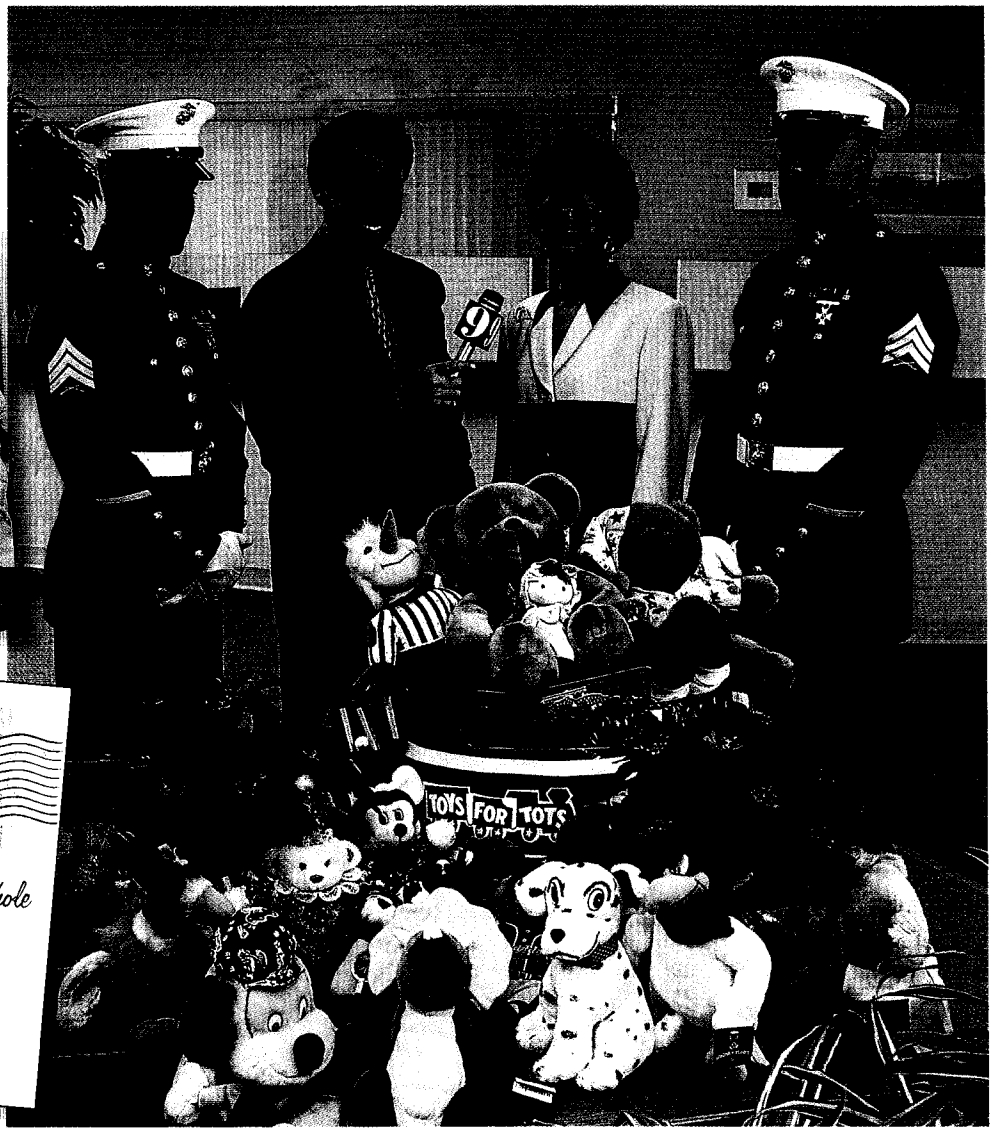
Such innovations in service are also at the heart of our Cadence joint venture, which meets the unique needs of national chain commercial customers — businesses with multiple locations, such as restaurants and supermarkets. Cadence provides them with a range of energy-related services that center on using information to reduce their utility costs. These services include an Internet-based cost-reduction and reporting system that consolidates data from multiple sites of a national chain. Cadence is building a growing base of major national customers like Service Merchandise, Winn-Dixie Stores and Storage USA, among others.

Customer Commitment:

POSTCARDS from the PAST



1998 was an exciting year for Florida Power. On December 1, Florida Power became an independent, publicly traded utility. It was the beginning of a new era for the company. But for employees, it was business as usual — business with one of the best companies around. When Johnny came marching home, 80 percent of Florida Power employees came back to their jobs. This was a company no one wanted to leave. It started in the economically bleak late 1930s. While 15 percent of the country's work force had no jobs at all, Florida Power employees had benefits that even included company-sponsored education. Our employees have been able to Count On Us for education, recognition and real benefits for a long, long time.



In 1998, Florida Power joined with WFTV-TV Channel 9 in Central Florida to sponsor a year-round series of family-themed events and TV specials, called 9 Family Connection. The Marine Corps' annual Toys For Tots campaign is one of the events in this community outreach program. Joined by Marine Sergeants Sean Cribben and Jose Luis Rodriguez, WFTV-TV's Greg Warmoth interviews Lynda Regan, Supervisor at Florida Power's Winter Park office, about the utility's successful campaign in Central Florida.

Giving back to our communities

Another aspect of Florida Power's 100-year history of service is our commitment to the Florida communities in which our employees and customers live. It is a record of partnership that has seen us, together with our communities, grow our business from a largely rural service area to a region today made up of fast-growing cities and more than 1.3 million customers. Florida Power continues to honor its community commitment today — and will continue to do so throughout its next 100 years. From the service-related functions of storm clean-up and power restoration, to the charitable gifts we make; from the individual volunteer efforts of Florida Power employees to our company support for local sports teams; all are examples of the leadership role Florida Power plays in the communities we serve, giving back to our communities some measure of the success they have enabled us to achieve.

Among the community activities of which we are most proud are Florida Power's participation in the 9 Family Connection, a Central Florida family services outreach program conducted with WFTV-TV Channel 9 in Orlando; our active role in the redevelopment of downtown St. Petersburg; our corporate support for the arts, Take

Florida Progress Chairman & CEO Richard Korpan and Joe Richardson, Florida Power President & CEO, answer questions from employees at a company Town Hall meeting in Orlando.

Stock In Children, The United Way, the Orlando Science Center and our Energy Neighbor Fund; and the range of sponsorship activities we conduct in conjunction with the Tampa Bay Devil Rays Major League Baseball organization — including the Sunsation Walkway — a unique outdoor entertainment experience in St. Petersburg.

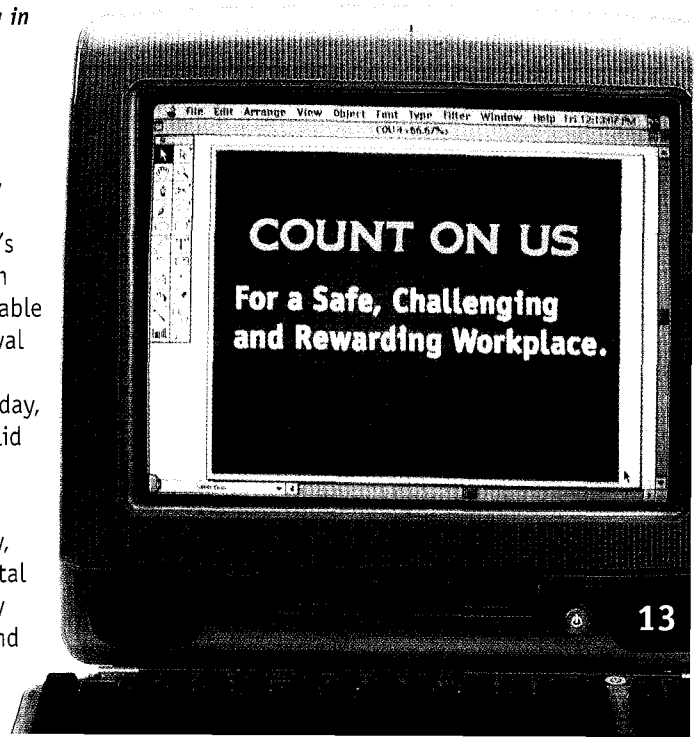
As 1998 drew to a close and the new year began, Florida Power was honored to take a lead role in holiday festivities throughout our service area, notably in our headquarters city, St. Petersburg, and at the Citrus Bowl in Central Florida. These events marked the official beginning of our 100th Anniversary celebrations, and the start of our next 100 years of service to our communities — another century in which our communities and our customers can Count On Us.

Employee power

The successes of Florida Power's first century of service all stem from the efforts of one remarkable group: our employees. Our loyal and dedicated work force has brought us to where we are today, and has provided us with a solid foundation for our future.

In the evolving utility industry, our employees are our most vital resource. They are our primary contact with our customers, and

Employee Commitment:



POSTCARDS from the PAST

Dear Dad,

Passed through here yesterday. You and Mom would love it! And it's actually WARM! We'll get to Ft. Lauderdale this afternoon and hook up with the guys from the fraternity. I think this is going to be the best spring break in the history of the world. I'll call before the week's end.

Love, Ted

In Florida, the sun always seems to shine, even when the economic outlook is overcast. In 1938, while many focused on bread lines, Florida Power President Albert Higgins set his sights on power lines. "To Hell with Recession!" he told employees. His secret? Florida — a unique market whose growth offered enormous potential. While the country still struggled to recover from the Great Depression, Florida Power sold 5,000 major appliances, making 1937 the biggest merchandising year in the history of the company. In more recent decades, Florida's growth has made a tradition of shareholder satisfaction. In the 1960s, many knew Florida as "Where the Boys Are." Company investors have always known Florida Power as "Where the Returns Are."

their dedication and enthusiasm distinguish us from our competitors.

Florida Progress understands the importance of the relationship between a company and its employees. We are working to establish an Employee Partnership — a set of shared commitments between employees and the company. We have promised our employees a safe work environment that:

- Respects individuals and encourages diversity.
- Enables personal growth.
- Values teamwork and personal initiative.
- Establishes and ensures accountability.
- Recognizes and rewards achievement.

These principles are brought to life through a range of employee-focused programs. The new Chairman's Award and President's Award Programs honor outstanding performance by individuals among the work force. An employee development program also is being instituted to establish clear paths for employee continuity and professional growth throughout the organization.

Florida Power recognizes the important role the workplace itself plays in enhancing employee satisfaction. We have devoted special attention to new work environments, like our new Lake Mary Customer Solutions Center and the modern office facilities in downtown St. Petersburg to which Florida Power's headquarters staff has recently relocated.

It's all part of creating an environment where employees can find respect, where they can be assured that illegal discrimination and harassment simply will not be tolerated, and where concern for employees' safety and enthusiasm goes hand in hand with ensuring opportunities for them to grow, professionally and personally.

Finally, we believe that supporting our employees' own desires to be informed and involved in helping the company get where it needs to go is an important part of delivering on our employee commitments. We have taken steps to enhance communications and professional interaction throughout the company.

Together, these programs demonstrate the very real value Florida Power places on its employees, and why employees can truly Count On Us.

(left) Florida Power's Nancy Peterpaul, a Senior Engineering Representative, and Lineman Darryl Gonzalez inspect switchgear located near the Orange County Convention Center along International Drive in Orlando. Providing enhanced service reliability to commercial customers is a top priority at Florida Power.

Meeting shareholder commitments

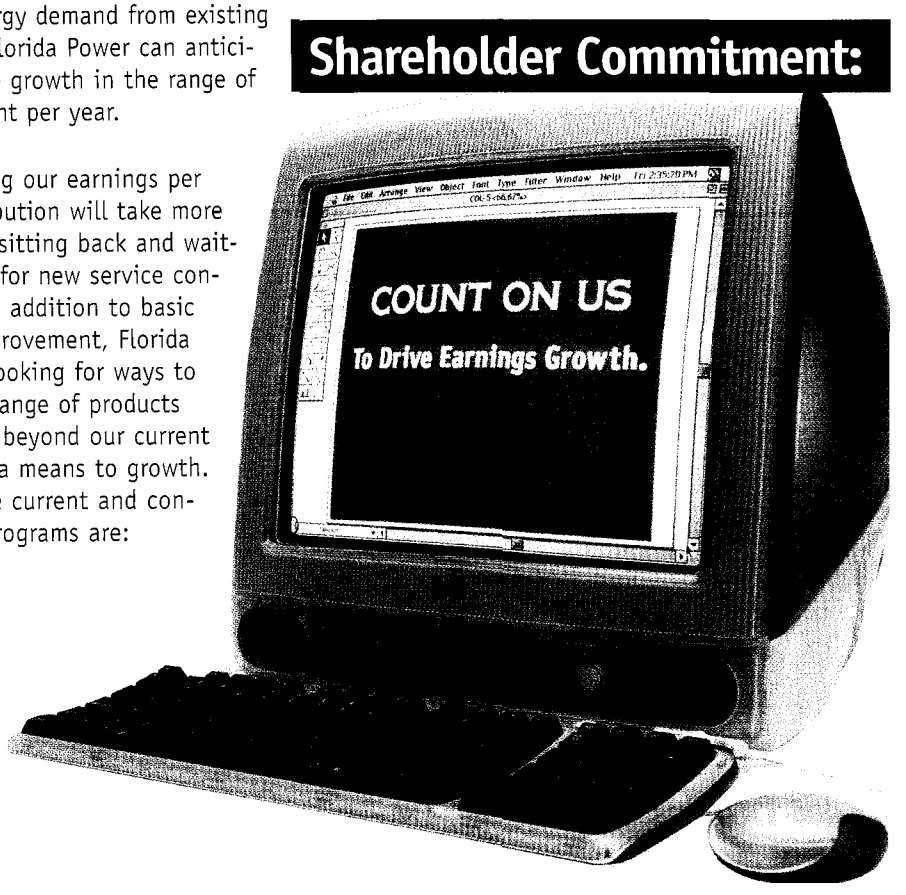
Throughout the past century, Florida Power has been the engine driving the performance of our entire corporation. Today, the superior growth prospects offered by our state form the basis for Florida Progress' corporate objective of "Maximizing the opportunities of the Florida market." Meeting the customer and employee commitments outlined earlier will be a key to successfully delivering on the Florida market's potential, and on this shareholder commitment.

Simply put, Florida remains one of the best areas in the country in which to operate an electric utility. With in-state economic growth of approximately 2 percent, and growing energy demand from existing customers, Florida Power can anticipate revenue growth in the range of 2 to 3 percent per year.

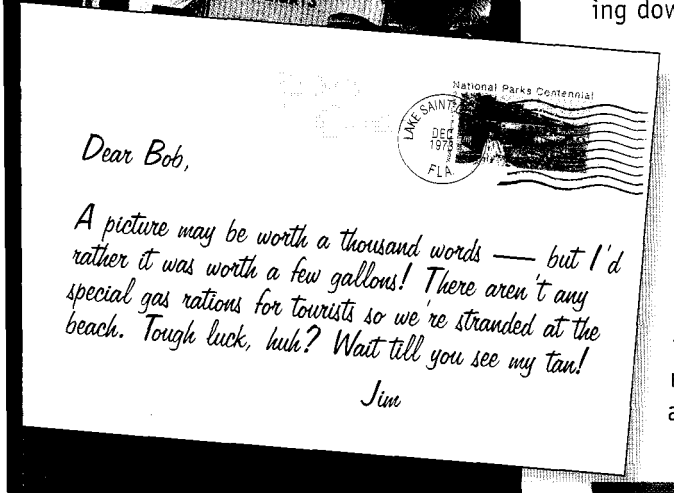
But delivering our earnings per share contribution will take more than simply sitting back and waiting for calls for new service connections. In addition to basic business improvement, Florida Progress is looking for ways to expand the range of products and services beyond our current offerings as a means to growth. Among these current and contemplated programs are:

- Progress Telecommunications — a new separate business established to leverage the capabilities of the company's existing fiber-optic network by selling high-speed communications capacity services within Florida's fast-growing telecommunications market.
- Inspection, Maintenance and Project Engineering — contracting with strategic industrial customers, municipalities and other outside entities to provide specialized services using Florida Power's skills in power generation and maintenance.
- Residential Surge Protection — protecting home appliances from lightning and other power surges.
- Commercial Power Quality and Power Conditioning — satisfying the needs of major commercial and industrial customers that require exacting technical specifications for electric service. Our offerings of utility-related services, though primarily designed to add value to our customer relationships, also hold real potential as supplemental revenue streams for the future.

Coupling these creative approaches to revenue enhancement with the strength of our core utility business, shareholders can be certain to Count On Us to drive earnings growth.



POSTCARDS from the PAST



With the gas shortages of the early 1970s, consumers learned to accept fuel on alternate days. But as a power company, we could not. Up to 1974, our per kilowatt-hour charge, adjusted for inflation, had declined steadily since the 1920s. Soaring fuel costs threatened our customers and shareholders. One response? We switched two power plants at Crystal River back to coal-fired power. Then, in 1976, Electric Fuels Corporation was formed to provide a reliable and economical source of coal. Subsequent diversification has further enabled Electric Fuels to deliver the fuel we need, to generate the power customers want. Electric Fuels? One more way customers can Count On Us.

COUNT ON ELECTRIC FUELS

Electric Fuels Corporation, a subsidiary of Florida Progress, operates three main businesses: Rail Services, Inland Marine Transportation, and Energy and Related Services. Despite that range of activity, these businesses all adhere to a single set of core commitments to their customers, as well as to the shareholders of Florida Progress. These commitments are built on excellent service, on solid customer relationships and on superior value. Formed in 1976, Electric Fuels embodies a sense of commitment similar to that displayed by its sister company, Florida Power.

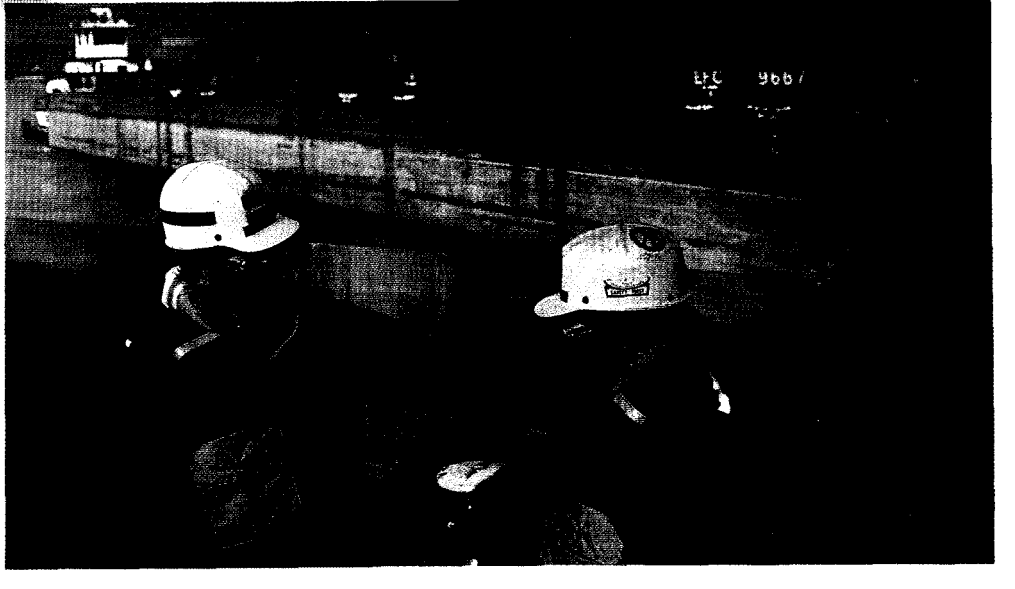
In some businesses, timing is everything. And missing a delivery schedule can drastically impact a customer's economic fortunes. Grain shipments traveling down the Mississippi River lose substantial value if they miss connections to freighters bound for foreign ports. Electric Fuels' Inland Marine Transportation unit is led by MEMCO Barge Line, Inc. At MEMCO, the importance of meeting customer schedules is of paramount concern. MEMCO can commit to on-time deliveries thanks to Electric Fuels' investments in new large-capacity barges and the towboats to push them.

Expanding the fleet

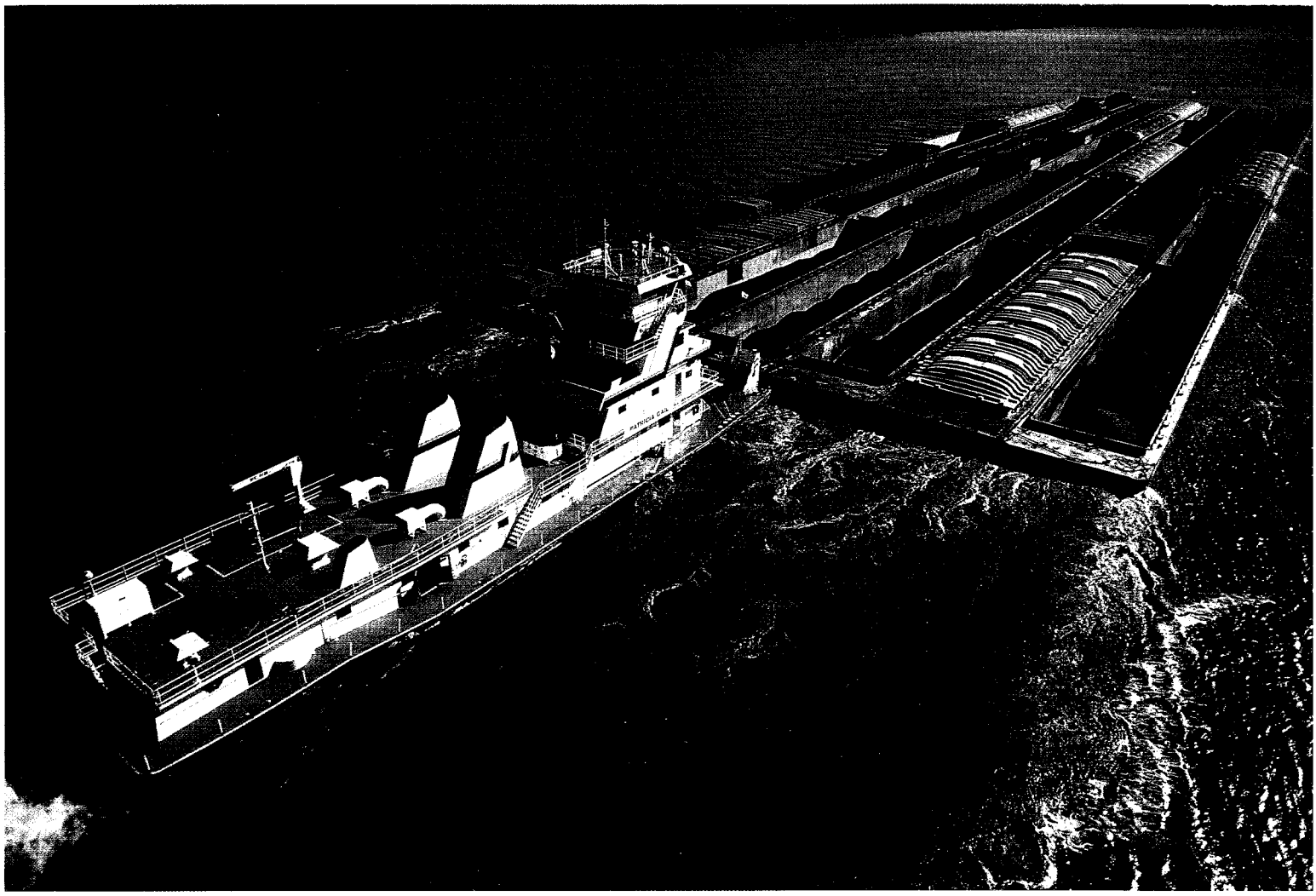
Over the past six years, 800 new barges have been added to the MEMCO fleet, 200 in 1998 alone. The average age of MEMCO's 1,100 barges is under seven years, making it the newest fleet on the Ohio/Mississippi waterway. Moving those barges are 27 MEMCO-owned and operated towboats, including some of the most powerful on the inland water system. The two newest additions to the MEMCO fleet are the *Patricia Gail,* named for Florida Progress Chairman and CEO Richard Korpan's wife, Pat, and the *Christopher M. Parsonage,* named for MEMCO's President. These 180-foot powerhouses can maneuver 1,000-foot-long "tows" through the unique twists and bends of the Mississippi River. Each vessel has 8,000 horsepower and is capable of handling 35 loaded barges on the lower Mississippi. These vessels, and a third one to be added in 1999, help maximize the efficient use of MEMCO's barge capacity and contribute to its continued record of on-time delivery.

Quality, complexity & customer satisfaction

For other customers, quality is the key. Superior quality drives customer choice among suppliers, even for a product like coal that might seem a perfectly indistinguishable commodity. But today, coal isn't



Electric Fuels' President & CEO Rich Keller and Fred Verardi, President of Kanawha River Terminals, at KRT's rail-to-barge facility in West Virginia.



Near Vicksburg, Miss., the **Patricia Gail** *— one of two MEMCO towboats christened in 1998 — heads south to New Orleans with a full complement of barges.*

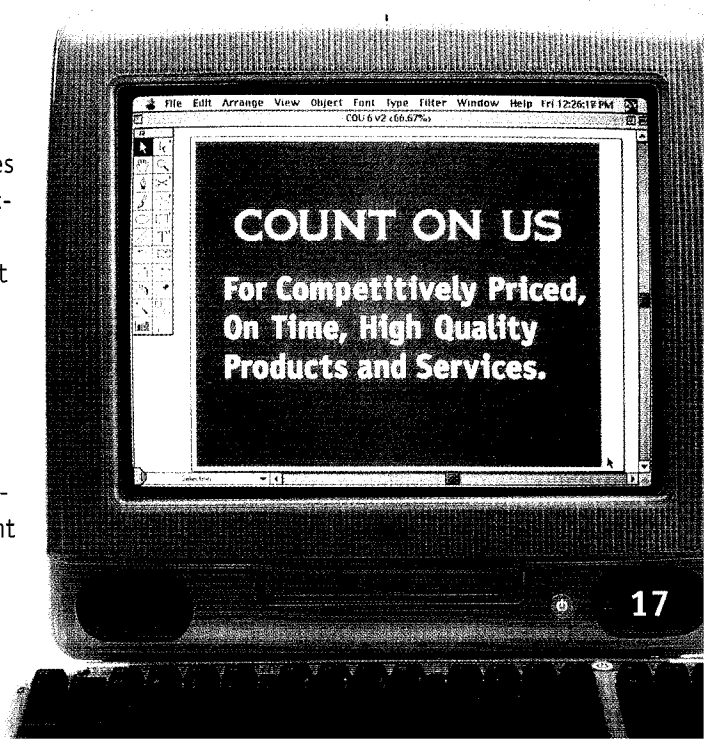
just coal anymore. Coal's variable and complex chemistry make it suitable for use as a raw material in industrial processes, such as metallurgy and the production of plastics. Meeting customer specifications for these types of coals, with uniquely blended chemical and physical properties, has positioned Electric Fuels' coal-mining operations to supply coal dependably to meet the needs of electric utilities, too.

To meet stringent quality control requirements, Electric Fuels has enhanced its relationship with two major customers — U.S. Steel and the A.T. Massey Coal Company — by building a custom blending facility at a terminal on the Ohio River. This computer-assisted blending operation analyzes and mixes different shipments of coal together as they are transferred from railcar to barges matching each customer's specifications for a particular application.

Providing dependable service at competitive prices

Different though their needs may be, one factor still unites all customers across the spectrum of Electric Fuels' business, a concern for cost. But that concern is both a challenge and an opportunity. Progress Rail Services Corporation, for example, is successfully growing its operations because of a hard-earned reputation for efficient operations and for delivering superior service at competitive prices.

EFC Commitment:



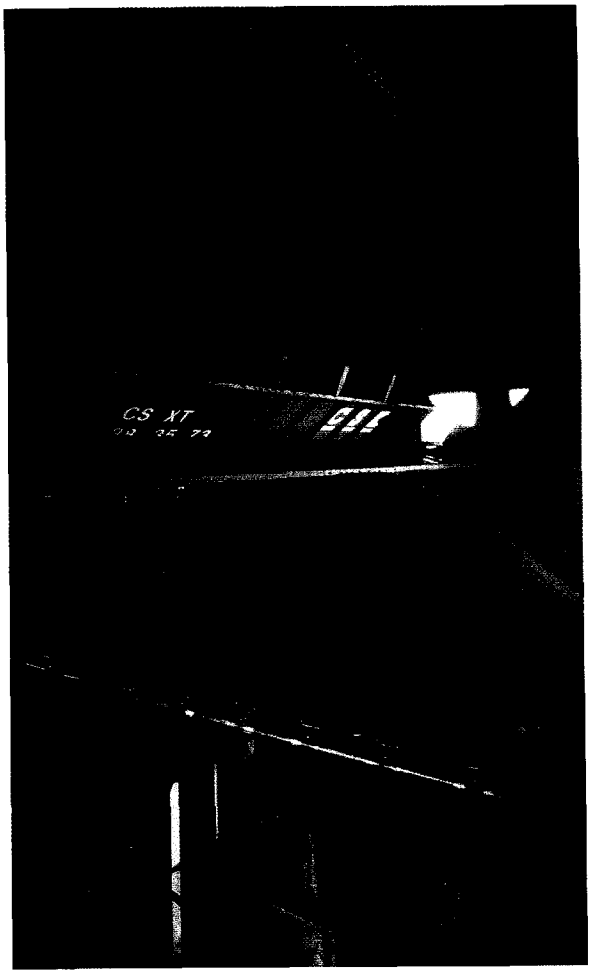
POSTCARDS from the PAST

close look at the track record of Electric Fuels reveals a company driven by strategic decisions and timely acquisitions. In 1985, Electric Fuels began making serious acquisitions of businesses synergistic to the company. By 1989, unregulated earnings exceeded earnings from regulated operations. Momentum was building. From 1993 to 1998, earnings grew at a compounded annual rate of more than 23 percent. By 1998, earnings had grown to $42 million — an increase of $27 million in just 5 years. On a roll? You bet. Electric Fuels now finds itself in a position of leadership built on a track record of success. What's ahead? Double-digit earnings growth — more business as usual.

The U.S. rail services industry has historically been fragmented, as small privately owned companies and captive operations of individual railroads each served relatively small geographic territories. As in other industries today, the major railroads in the United States are themselves consolidating and standardizing their operations. They are the primary customers for the trackwork and mechanical services that Progress Rail offers, and they are demanding similar efficiencies from the companies that serve them.

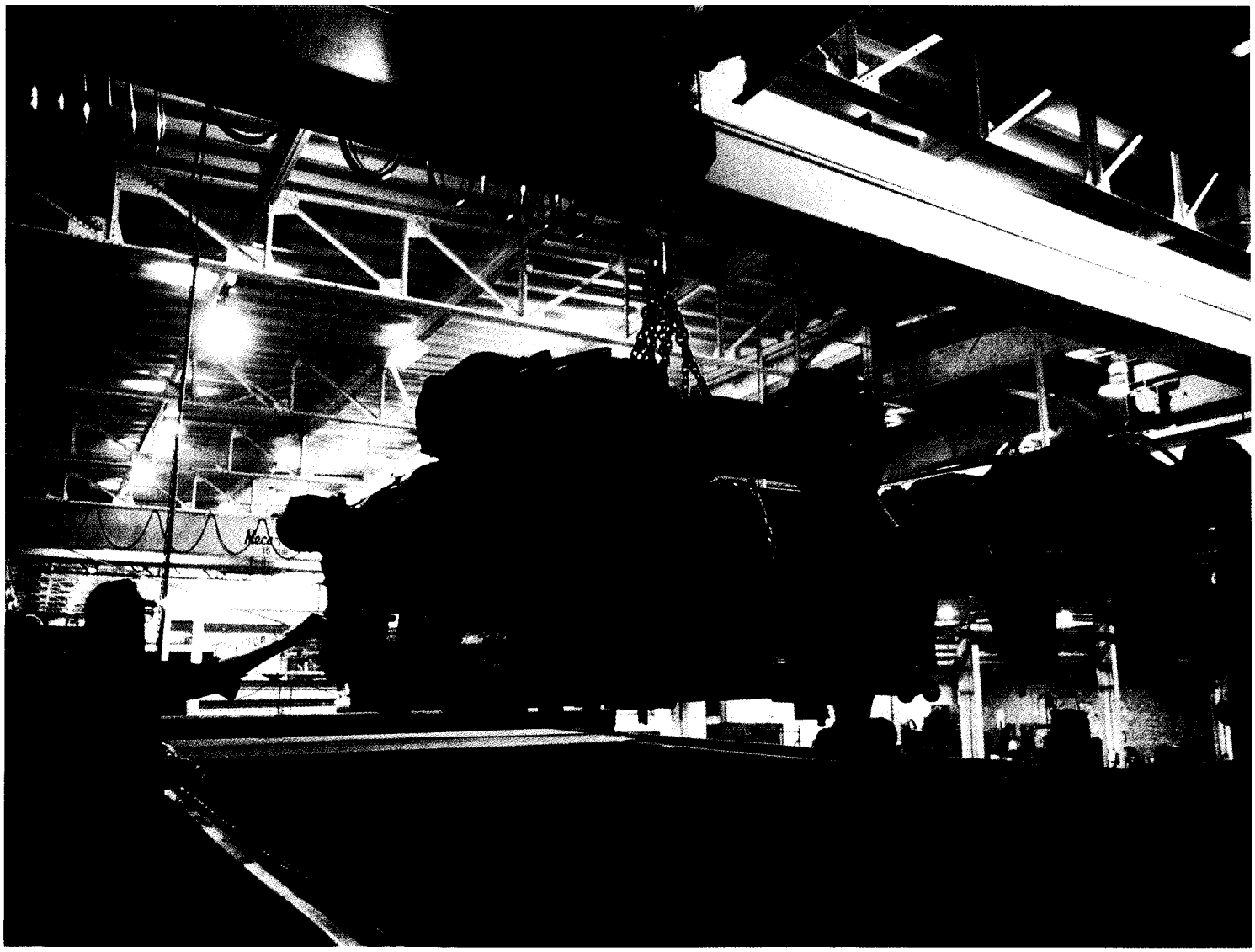
Progress Rail has approached the efficiency challenge from two directions. First, it has increased its size and scope across an expanded geographic reach, through the acquisition and consolidation of localized operations. In 1998, Progress Rail announced an impressive series of purchases — approximately $200 million in acquisitions, growing all segments of its operations. The businesses joining the Progress Rail family are located in the Southeast U.S. and in Texas, Nebraska, Illinois and Wyoming. Today, Progress Rail operates in 20 states stretching from the East to the West coasts of North America, as well as Canada and Mexico.

A second strategic approach has been to partner with customers to develop highly specialized facilities and operations that can most efficiently serve their special needs. Progress Rail's Decoursey Trackworks facility in Kentucky is an example of an investment originally suggested by CSX Transportation, a Class 1 railroad. CSXT was interested in working with Progress Rail to



At the Kanawha River Terminals' Ceredo Dock facility, key components of the coal-blending process are the plant's rotary dumps and weigh feeders. Railcars are turned upside down to unload the coal into hoppers and the coal is then blended to meet customer specifications.

From a "sky box" observation tower at Ceredo Dock, Electric Fuels' Matt Gaston can oversee the coal-blending process using the latest in computer technology.



At this Progress Rail plant in Chicago, Ill., locomotive truck frames and other related components are thoroughly cleaned before being reconditioned to exact customer standards. This plant, located in Chicago's historic Pullman District, was part of an acquisition Progress Rail completed in 1998 of Viking Engineering Company.

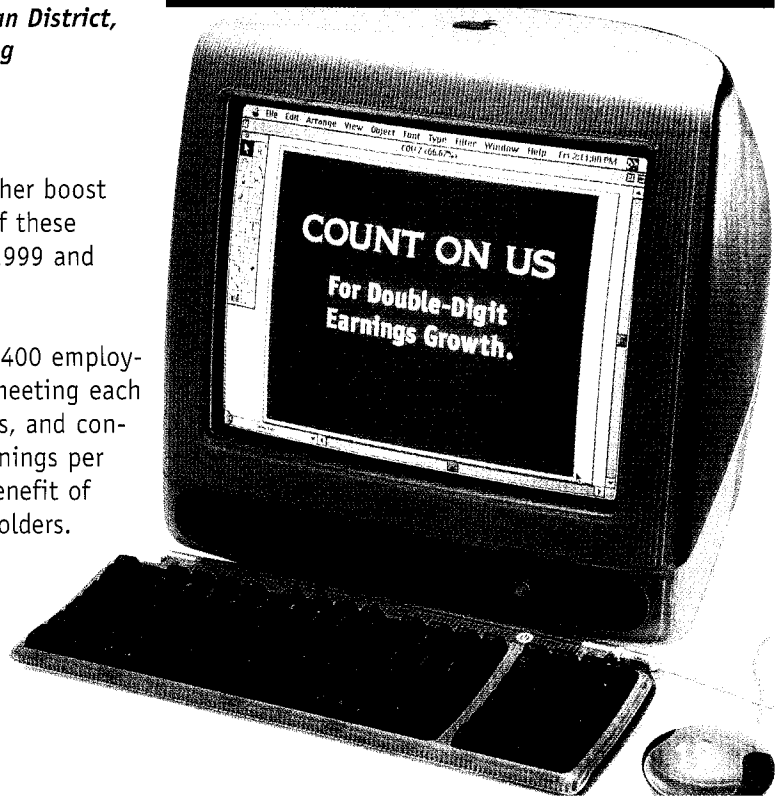
expand an existing relationship for refurbishing trackwork by creating a plant to supply new trackwork to fill CSXT's needs.

Electric Fuels reported strong results in 1998, with annual revenues of $1.2 billion, including sales to Florida Power. Earnings per share in 1998 were up 33 percent over the prior year.

Looking to the future, operations growth is expected to continue to fuel the contributions made by Electric Fuels. Progress Rail and MEMCO will lead the way thanks to the investments made in 1998. This should further boost results as the impact of these investments is felt in 1999 and beyond.

Electric Fuels and its 4,400 employees are committed to meeting each customer's requirements, and contributing to overall earnings per share growth for the benefit of Florida Progress shareholders.

EFC Commitment:



OPERATING RESULTS

Florida Progress' 1998 consolidated earnings from continuing operations were $281.7 million. This compared with $54.3 million in 1997 and $250.7 million in 1996.

Florida Progress' 1998 earnings per share of $2.90 increased 10.7 percent over 1997's earnings of $2.62 per share, before nonrecurring charges. The increase reflected the customer growth in the utility's service territory and the growth of its diversified operations.

Operating results for 1997 were negatively impacted by the extended outage of Florida Power's Crystal River nuclear plant and the provision for loss on the company's investment in Mid-Continent Life Insurance Company. These two events reduced Florida Progress' 1997 earnings by $200 million, or $2.06 per share.

In 1996, Florida Progress reported an after-tax charge of $25.2 million for a provision for loss on unprofitable coal properties owned by Electric Fuels, and an after-tax gain of $23.5 million for the sale of Advanced Separation Technologies.

Excluding the nonrecurring items, Florida Progress' 1997 and 1996 consolidated earnings from continuing operations were $254.3 million and $252.4 million, respectively.

Florida Power earned $248.6 million in 1998, compared with $240.9 million, before nuclear outage costs in 1997 and $232.6 million in 1996. Earnings from recurring diversified operations were $33.1 million in 1998, compared with $13.4 million in 1997 and $19.8 million in 1996.

EARNINGS PER SHARE

	1998	1997	1996
Florida Power Corporation	**$2.56**	$2.48	$2.40
Electric Fuels Corporation	**.44**	.33	.28
Mid-Continent Life Ins. Co.	**–**	–	.02
Other	**(.10)**	(.19)	(.09)
Diversified	**.34**	.14	.21
Continuing operations before nonrecurring items	**2.90**	2.62	2.61
Nuclear outage costs	**–**	(1.10)	–
Loss related to Mid-Continent Life Ins. Co.	**–**	(.96)	–
Provision for loss on coal properties	**–**	–	(.26)
Gain on sale of business	**–**	–	.24
Total continuing operations	**2.90**	.56	2.59
Discontinued operations	**–**	–	(.27)
Consolidated	**$2.90**	$ .56	$2.32

Florida Power's 1998 earnings per share were up 3.2 percent over 1997, before nuclear outage costs, primarily due to strong customer growth and usage growth. Demand for electricity during 1998 reached record levels as hotter-than-normal weather during much of the year resulted in record annual usage by residential and commercial customers. The benefit of the hotter-than-normal weather was offset by several items including the accelerated amortization of certain regulatory assets, additional spending for maintenance and reliability projects, and the deferral of revenues as allowed by state regulators.

Electric Fuels' earnings per share were up 33 percent over 1997. This increase was driven by improved results from all three of its business units, including an expanded barge fleet, increased coal deliveries and an increase in demand for railcar and track parts and services.

Florida Power's Crystal River nuclear plant was out of service during 1997 to address design issues related to the plant's safety systems. As a result of the outage, Florida Power's 1997 earnings were reduced by $1.10 per share. This resulted from $100 million in additional nuclear operations and maintenance expenses and $73 million of nonrecoverable replacement power costs. (See Extended Nuclear Outage Costs on page 23.)

In 1997, Florida Progress recorded a provision for the loss on its investment in Mid-Continent as well as an accrual for legal fees for pending litigation. This resulted in a $.96 per share after-tax charge to 1997 earnings. (See Mid-Continent Life Insurance Company on page 24.)

In 1996, Florida Progress divested Echelon International Corporation, formerly Progress Credit Corporation, through a tax-free stock dividend. This resulted in a $.27 per share charge to earnings for the write-down of certain assets of Echelon and other costs. Also in 1996, Florida Progress sold its 80-percent interest in Advanced Separation Technologies, Inc. for $56 million and realized an after-tax gain of $.24 per share.

In 1996, Electric Fuels recorded a $.26 per share after-tax charge to earnings to establish a provision for loss on its unprofitable coal properties. The provision was necessary because management did not consider the unfavorable market conditions for low-sulfur coal to be temporary.

Florida Progress' 1998 results reflected the strong fundamentals inherent in Florida Power's growing customer base and the expanding operations of Electric Fuels. This growth should help Florida Progress achieve its aggressive five-year objective of consistent annual earnings per share growth of 5 percent or better.

The financial return on Florida Power's common equity was 13.7 percent in 1998, compared with 13 percent in 1997, before considering nonrecurring items, and 12.9 percent in 1996. Florida Power expects its average annual customer growth rate of 2 percent to continue in the near future. When combined with good cost control, Florida Power should be able to maintain an earnings growth rate of about 3 percent. Return on equity for Electric Fuels was 19.6 percent in 1998, 17.3 percent in 1997 and 14 percent in 1996, before its provision for loss on coal properties.

INDUSTRY RESTRUCTURING

The electric utility industry is undergoing changes designed to increase competition in the wholesale and retail electricity markets. The wholesale power market includes sales of electricity to utilities from other utilities and nonutility generators. The wholesale market is regulated by the Federal Energy

Regulatory Commission (FERC). The retail electricity market includes sales of electricity to end-use customers, i.e., residential, commercial and industrial customers, and is regulated by state public utility commissions.

As a result of the Public Utilities Regulatory Policies Act of 1978 (PURPA) and the Energy Policy Act of 1992 (EPA of 1992), competition in the wholesale electricity market has greatly increased, especially from nonutility generators of electricity. In 1996, FERC issued new rules on transmission service to facilitate competition in the wholesale market on a nationwide basis. The rules give greater flexibility and more choices to wholesale power customers.

The effect of these changes on the wholesale market has been significant. From 1990 through 1997, nonutility generation capacity grew in the U.S. at a rate of 54 percent, compared with utility generation capacity, which grew at a rate of 2 percent. The development of merchant plants, which is a nonutility generating plant without the benefit of a long-term contract for the sale of most of the plant's generating capacity, has contributed to the growth of capacity in this market.

In a move the company believes is contrary to existing state law, Duke Energy filed a petition with the Florida Public Service Commission (FPSC) in August 1998 to build Florida's first merchant power plant. The FPSC is expected to rule on this issue by March 1999.

To date, several states have adopted legislation that would give retail customers the right to choose their electricity provider (retail choice) and essentially every other state has, in some form, considered the issue.

In 1998, Rhode Island, California and Massachusetts implemented retail competition while in a number of other states, either the legislature or the state commission developed a plan for retail competition.

In states where electricity rates are more competitive, such as in Florida, there has been less incentive to push forward legislative proposals concerning retail choice. During Florida's 1998 legislative session, a bill to restructure the industry was sponsored by one senator but was never considered by the legislative body. The FPSC monitors, through a staff committee, the restructuring activities in other states.

In addition to restructuring activity in various states, there have been several industry restructuring bills introduced in Congress. Several of the federal bills being considered would require states to implement retail choice sometime between 2000 and 2003.

In March 1998, the Department of Energy announced the Administration's "Comprehensive Electricity Competition Plan," which would require retail competition by 2003 but permit states to opt out under certain conditions.

Another issue encompassed by industry restructuring concerns franchise agreements. Most investor-owned utilities pay franchise fees to governments, including municipalities, for the right to install equipment to deliver electricity to retail customers. Industry restructuring (and other factors, such as reliability) could encourage municipalities to consider not renewing existing franchise agreements, and thus provide an opportunity for others to provide electric service to retail customers.

A major portion of Florida Power's retail business, representing approximately 40 percent of total 1998 utility revenues, is covered under the terms of 111 franchise agreements with various municipalities. Although no franchise agreements are due to expire in 1999, five are due to expire in 2000 (representing about 1 percent of total 1998 utility revenues), 23 are due to expire in 2001 (about 6.9 percent of total utility revenues), 14 are due to expire in 2002 (about 4.7 percent of total utility revenues), one is due to expire in 2003 (about .4 percent of total utility revenues) and four are due to expire in 2004 (about 1.9 percent of total utility revenues). All of the franchise agreements that expire by 2004 contain a clause that gives the municipality the right to purchase Florida Power's distribution system within the municipality at the expiration of the franchise. Although the exercise of that right would require complex financial arrangements and otherwise might be difficult, Florida Power believes that quality service and competitive rates will continue to be important factors as franchise agreements come up for renewal.

The issue of industry restructuring has caused many companies to develop new corporate strategies. Some of these strategies include alliances, mergers with or acquisitions of other electric or gas utilities, or other types of service providers, that can offer not only the commodity but other unregulated products and services.

Many electric utility analysts expect that, once existing regulatory barriers are removed, a significant amount of consolidation will occur among the nearly 100 investor-owned electric utilities that exist today. During the last five years, approximately 40 electric utilities have announced either mergers with or acquisitions of other electric or gas utilities. About half of these transactions have been completed; the others are either pending regulatory approval or have been withdrawn.

Industry Restructuring — Florida Progress' Strategic Initiatives

While it may be several years before retail choice exists in Florida, Florida Progress believes that retail choice will eventually exist in every state. Anticipating this change, Florida Progress has developed a corporate strategy to position itself for a more competitive marketplace.

Long term, Florida Progress is focused on establishing a national retail energy services business — which includes transportation of the commodity to the customer as well as offering nonregulated products and services.

To be successful in this market, a retail services company will likely need a sizable number of customers in order to realize the economies of scale necessary to keep its costs competitive. As such, part of Florida Progress' corporate strategy includes the possibility of mergers or acquisitions that would expand its customer base.

In addition to considering mergers and acquisitions, Florida Progress has entered into two joint ventures with two other utilities, Cinergy Corp. and New Century Energies. The first joint venture, formed in September 1997 and named Cadence, is a marketing alliance aimed at providing national chain account customers with energy management and energy information systems. The other joint venture, Centrus, began operating in July 1998 and was established to develop products and services for residential and small commercial customers.

In May 1998, Florida Power formed a power marketing alliance with Dynegy to capitalize on developing wholesale energy markets in Florida and in the Southeast U.S.

Forming joint ventures and alliances can be a quicker way to achieve many of the benefits sought through mergers and acquisitions including economies of scale, scope and new market presence and skills.

An important issue encompassed by industry restructuring is the recovery of "stranded costs." Stranded costs include the generation assets of utilities whose value in a competitive marketplace would be less than their current book value as well as above-market purchased power commitments to qualifying facilities (QFs). Thus far, all states that have passed restructuring legislation have provided for the opportunity to recover a substantial portion of stranded costs.

Assessing the amount of stranded costs for a utility requires various assumptions about future market conditions including the future price of electricity. For Florida Power, the single largest stranded cost exposure is its commitments to QFs.

Florida Power has taken a proactive approach to this industry issue. Since 1996, Florida Power has been seeking ways to address the impact of escalating payments from contracts it was obligated to sign under provisions of PURPA.

These efforts have resulted in Florida Power successfully mitigating, through buy-outs and buy-downs of these contracts, more than 20 percent of its purchased power commitments to QFs. (See Note 9 on page 42 and Note 11 on page 45.)

FLORIDA POWER CORPORATION

Florida Power's operating results and capital requirements are largely influenced by its customers' demand for electricity. That annual demand for electricity is based on the number of customers and their annual usage; usage is largely influenced by weather. During 1998, Florida Power, as well as other electric utilities in Florida and in the Southeast, experienced periods of extreme demand for electricity due to hotter-than-normal summer temperatures.

In planning for its future generation needs, Florida Power develops a forecast of annual demand for electricity, including a forecast of the level and duration of peak demands during the year.

Florida Power relies, in part, upon the use of its Energy Management program during peak demands. This program enables Florida Power to reduce the amount of demand for electricity by remotely reducing energy usage of residential customers who agree to participate in the program. Florida Power utilized Energy Management last summer to a much greater degree than in the past, which resulted in a number of complaints from customers on the program. Florida Power is exploring several alternatives to add new generation that will provide greater flexibility in meeting the electricity needs of its customers.

Utility Revenues and Sales

Florida Power's operating revenues were $2.6 billion in 1998, and $2.4 billion in 1997 and in 1996.

The utility's kilowatt-hour sales were up 11.9 percent in 1998 over 1997. The increase in sales was largely due to the hotter-than-normal weather experienced from May through October. As a result of the unusually hot weather, usage by residential customers — the single-largest customer class — increased approximately 9 percent over 1997. Kilowatt-hour sales in 1997 were essentially level with 1996. Mild weather in 1997, compared with 1996, offset the increase in kilowatt-hour sales that would have been realized from normal customer growth, which is around 2 percent or more than 20,000 new customers each year.

Florida Power's wholesale kilowatt-hour sales were up 57.2 percent in 1998, compared with 1997. The primary reason for the increase was, unlike 1997, that the company's nuclear power plant was in service for most of 1998. This enabled Florida Power to sell excess generating capacity in the short-term wholesale energy market, after meeting the needs of its customers. However, the impact on earnings of these short-term bulk sales was minimal because essentially all revenues and costs associated with this activity are passed through to retail customers whose rates are adjusted accordingly.

The increase in revenues resulting from the higher demand for electricity was offset by several actions taken in 1998, including steps taken to improve the utility's overall quality of service to its customers. (See Other Utility Expenses on page 23.) In addition to these costs, Florida Power deferred $10 million of nonfuel revenues for either future accelerated amortization of the Tiger Bay regulatory asset or other regulatory initiatives, as approved by the FPSC.

As indicated above, the impact of extreme weather on Florida Power's sales can be significant. However, the impact of weather on nonfuel revenues for 1997 and 1996 was minimized because of a ratemaking concept called residential revenue decoupling.

This concept was designed to eliminate the direct link between kilowatt-hour sales and nonfuel revenues. Under revenue decoupling, abnormal weather does not impact earnings from residential sales.

Over the three-year period, which ended December 31, 1997, the earnings impact of residential revenue decoupling was not material. The termination of residential revenue decoupling will likely result in Florida Power's earnings being subject to greater fluctuation due to changes in weather. (See Utility Revenues, Fuel and Purchased Power Expenses on page 35.)

Fuel and Purchased Power

Fuel and purchased power costs are recovered primarily through a fuel cost recovery clause established by state and federal regulators. Fluctuations in these costs have little impact year to year on net income, but might impact net income in a more competitive environment. (See Extended Nuclear Outage Costs on page 23 for discussion of replacement power costs not recovered through the fuel cost recovery clause.)

Factors influencing fuel and purchased power costs include demand for electricity, fuel prices, the availability of generating plants and the amount and price of electricity purchased from QFs and other utilities.

Total fuel and purchased power expenses were $1.03 billion in 1998, less than 1 percent higher than 1997's fuel and purchased power costs. The slight increase, despite an 11.9-percent increase in total kilowatt-hours sold, was due largely to the availability of Florida Power's Crystal River nuclear plant. The lack of nuclear generation throughout 1997 forced Florida Power to replace this generation with other, higher-cost replacement power.

As previously discussed, a key factor influencing Florida Power's purchased power costs are the prices paid to QFs for electricity. Currently, Florida Power receives 831 megawatts of total capacity from QFs.

In 1998, Florida Power spent $204.6 million for purchased power capacity payments under all QF contracts. This represented approximately 20 percent of system fuel and purchased power expenses for the year. Costs associated with these contracts raised Florida Power's system average cost for generation in 1998 and 1997, and this trend is expected to continue based on the contracts currently in place and the escalating payment schedules associated with each contract.

Florida Power will continue its effort to mitigate the impact of escalating payments from its QF contracts.

Other Utility Expenses

The increase in revenues in 1998, as previously discussed, enabled Florida Power to take several actions to better position itself for the future. The following items largely offset the increase in revenues attributable to the hotter-than-normal weather ($ in millions):

Accelerated amortization of regulatory assets and write-off of related taxes	$21
Accelerated 1999 expenditures to enhance reliability	$17
Accelerated 1999 lump-sum pay increase	$ 7

Utility operations and maintenance expenses increased by $49 million during 1998, compared with 1997. The increase was due to the acceleration of certain expenses noted above and additional operations and maintenance costs related to the Tiger Bay plant acquired in July 1997. In addition, Florida Power wrote off $7 million of inventory deemed obsolete.

In 1997, operations and maintenance expenses, before nuclear outage costs, increased by $8.9 million over 1996. The increase was due primarily to costs associated with planned fossil plant outages and expenditures designed to improve reliability and customer service.

Changes from year to year in the amount of energy conservation costs have no significant impact on earnings because Florida Power recovers substantially all of these costs through a clause in electric rates similar to the fuel recovery clause. Florida Power does not expect the level of energy conservation costs to vary materially in the future.

Depreciation of $347.1 million for 1998 included $19 million of accelerated amortization of regulatory assets, $14 million of which was related to contract termination costs for the Tiger Bay buy-out. (See Impact of Tiger Bay Buy-Out.) In 1997, Florida Power wrote off approximately $20 million related to these costs. In 1996, Florida Power amortized approximately $31 million related to two oil-fired power plants and a canceled transmission line. Excluding these and other write-offs, Florida Power's annual depreciation for 1998, 1997 and 1996 would have been $328.6 million, $305.9 million and $293.2 million, respectively.

Florida Power's interest expense in 1998 increased over 1997 primarily due to higher debt balances resulting from the July 1997 Tiger Bay transaction. The higher debt balances from the Tiger Bay transaction, as well as additional costs associated with the 1997 extended nuclear outage, also resulted in increased 1997 interest expense, compared with 1996.

Extended Nuclear Outage Costs

In September 1996, Florida Power's Crystal River nuclear plant was taken out of service to fix an oil pressure problem in the main turbine. When the repairs were completed in October 1996, Florida Power decided to keep the plant shut down to address certain backup safety system design issues.

The Nuclear Regulatory Commission (NRC) had been critical of the plant's overall performance in 1996, and in January 1997 placed the nuclear plant on its "Watch List" as a plant whose operations would be monitored closely until Florida Power demonstrated a period of improved performance.

The nuclear plant was returned to service in February 1998 after being out of service about 16 months. In July 1998, the NRC removed the plant from its "Watch List," citing the unit's improved physical condition, more effective management oversight and improved operator training.

Florida Power's operating results for 1997 were significantly impacted by the costs associated with the extended outage. These costs included $100 million in additional operations and maintenance expenses and approximately $173 million in replacement power costs. Capital expenditures related to the outage were $42 million in 1997. (See Note 9 on page 42.)

Impact of Tiger Bay Buy-Out

In July 1997, Florida Power bought out the purchased power contracts related to a 220-megawatt cogeneration facility (Tiger Bay). In addition to buying out the purchased power contracts, Florida Power acquired the facility. Costs associated with the termination of the purchased power contracts and the acquisition of the facility totaled $445 million.

The FPSC-approved purchase allowed Florida Power to record a regulatory asset of approximately $350 million for contract termination costs and add $75 million to its electric plant.

Florida Power continues to collect from customers an amount equal to what it would have been allowed to recover for capacity and energy payments made in accordance with the original Tiger Bay purchased power contract. Based on these payments, Florida Power is projected to recover enough revenues by the year 2008 to fully amortize the regulatory asset and related interest charges.

The regulatory asset balance as of December 31, 1998, was $321 million and reflected normal amortization of $13.2 million and $4.4 million in 1998 and 1997, respectively, and accelerated amortization of $14 million in 1998. (See Note 9 on page 42.)

DIVERSIFIED OPERATIONS

Overview

In 1998, Electric Fuels Corporation earned $42.3 million, or $.44 per share, compared with $32.1 million, or $.33 per share, in 1997 and $27.1 million, or $.28 per share, in 1996. Electric Fuels' operations include Rail Services, Inland Marine Transportation and Energy and Related Services.

In 1997, Florida Progress established a provision for loss on its $87 million investment in Mid-Continent Life Insurance Company and accrued for litigation costs. (See Mid-Continent Life Insurance Company on page 24.) In 1996, Florida Progress made two restructuring decisions that had a significant impact on earnings from diversified operations. The spin-

off of Echelon resulted in a $26.3 million after-tax charge to earnings while the sale of Advanced Separation Technologies contributed an after-tax gain of $23.5 million. Another item that affected 1996 diversified earnings was the provision for loss on unprofitable coal properties owned by Electric Fuels. This resulted in an after-tax charge of $25.2 million.

The diversified operations of Electric Fuels can be more volatile when compared to the operations of an electric utility. Factors that can influence its operating results include weather conditions that affect barge transportation along the Mississippi and Ohio rivers, and economic conditions that affect the supply and demand for the various products and services offered by the three business units.

Electric Fuels Corporation

The expansion of Electric Fuels is one of Florida Progress' key strategic objectives. Double-digit earnings growth of Electric Fuels would enable Florida Progress to achieve its five-year objective of consistent annual earnings per share growth of 5 percent or better.

Over the last five years, Electric Fuels has grown significantly:

	1998	1997	1996	1995	1994	Five-Year Growth Rate
			(In millions)			
Revenues	**$1,234**	$1,037	$881	$844	$784	16.3%
Earnings	**$42.3**	$32.1	$27.1*	$24.0	$22.6	23.2%

** Before provision for loss on coal properties*

The growth of Electric Fuels has come from growth in its Rail Services business unit, expansion of its Inland Marine Transportation fleet and improved operations in its Energy and Related Services group.

During 1998, Progress Rail Services Corporation completed approximately $200 million in acquisitions across its various business segments. This level of activity was substantially higher than previous years. During 1997 and 1996, Progress Rail's acquisitions totaled $71 million.

Today, Progress Rail is one of the largest integrated suppliers of rail services in the United States, with locations in 20 states, Mexico and Canada. Earnings from the Rail Services unit were $15.9 million, $13.3 million and $9.7 million in 1998, 1997 and 1996, respectively. The growth in earnings has come mostly from acquisitions and internal expansion.

In 1998, this group was negatively impacted by substantial declines in scrap steel prices during the second half of the year. However, the earnings improvement from increased demand for its railcar and track parts and services, sales of railcars from its lease portfolio and increases resulting from its 1997 acquisitions more than offset the effects of the lower scrap steel prices.

Expansion of MEMCO, Electric Fuels' Inland Marine Transportation unit, has been achieved primarily through the purchase of river barges. Since 1992, MEMCO's fleet of barges, which haul coal, agricultural products and other dry bulk products along the Ohio and lower Mississippi rivers, has nearly tripled. During 1998, MEMCO acquired approximately 200 new barges and two new towboats, raising its fleet to 1,100 barges and 27 towboats. During 1999, MEMCO plans to acquire approximately 100 more barges and one new towboat.

Further expansion of the barge fleet after 1999 depends largely on the future demand for barge capacity and MEMCO's ability to secure additional long-term contracts. MEMCO's objective is to achieve and maintain approximately 70 percent of its barge capacity under long-term contracts typically ranging from three to five years. The remaining capacity is used to take advantage of new market opportunities as they arise.

Earnings from the Inland Marine Transportation unit were $10.3 million in 1998, compared with $5.9 million in 1997. The increase was due to the expanded fleet and the negative impact high-water conditions in March 1997 had on 1997's results. The March floods temporarily disrupted barge traffic and terminal services and kept 1997 earnings below 1996 earnings of $7.1 million.

Electric Fuels' Energy and Related Services business unit includes coal mining, river terminal services and off-shore marine transportation. Annual sales of coal average about 12 million tons, of which 5 to 6 million tons are sold to Florida Power and the rest is sold to unaffiliated customers.

Earnings from this unit were $20.4 million in 1998, compared with $16.8 million in 1997. The increase was due to improved productivity, higher coal deliveries and an increase in river terminal services. In September 1997, Electric Fuels bought out its 50-percent partner in a coal mining joint venture and now recognizes 100 percent of the sales and earnings from that property. In the first half of 1998, Electric Fuels completed the expansion of its Ceredo river terminal in West Virginia, increasing its capacity by 33 percent.

In 1996, the earnings from this unit were $12.7 million, before a provision for loss on unprofitable coal properties. In December 1996, Electric Fuels established a provision for loss on certain coal properties after it determined that depressed market conditions for low-sulfur coal were not temporary. The impact of the write-down was a one-time after-tax charge to earnings of $25.2 million.

Mid-Continent Life Insurance Company

In 1997, Florida Progress recorded a provision for a loss on its investment in Mid-Continent and accrued for estimated legal expenses, reducing 1997 earnings by $.96 per share. This action was prompted by Mid-Continent being placed in receivership in the spring of 1997 and subsequent events in 1997. The receivership was based on Oklahoma Insurance Commissioner John Crawford's contention that Mid-Continent's policy reserves were understated and that it could not raise premiums to address the issue. Although the Oklahoma District Court granted the Commissioner's request to place Mid-Continent in receivership, the court ruled that premiums could be raised. Mid-Continent had planned to raise premiums and eliminate policyholder dividends in order to avoid a projected reserve shortfall in 2020. After placing the company in receivership, Commissioner Crawford's principal action towards rehabilitation was to file a lawsuit seeking to use the assets of Florida Progress for the benefit of policyholder and creditor claims. Commissioner Crawford was defeated in his bid for re-election in November 1998 and new Commissioner, Carroll Fisher, has stated his intention to work with Florida Progress and others to develop a plan to rehabilitate Mid-Continent rather than pursue litigation against Florida Progress.

Although Florida Progress hasn't had access to recent Mid-Continent data, its estimate of the present value of the projected deficiency, after applying Mid-Continent's statutory surplus, is in the range of $100 million, rather than the $348 million alleged by former Commissioner Crawford. Florida Progress is working with Commissioner Fisher to develop a viable plan to rehabilitate Mid-Continent, which would include the sale of that company. (See Mid-Continent Life Insurance Company on page 45.)

Year 2000 Readiness Disclosure

Florida Progress is in the process of addressing Year 2000 (Y2K) issues and establishing procedures to mitigate its risks. Y2K issues exist because, historically, many computer systems have used two digits to represent a year. With the change of the century, a two-digit year may present calculation or sequencing errors in computer software and embedded technology.

The Florida Progress Y2K effort is overseen by the Vice President, Information Technology of Florida Power, who provides status reports to Florida Progress' board of directors and outside regulatory agencies and other entities such as the FPSC, the NRC and the North American Electric Reliability Council (NERC).

Florida Progress has taken a comprehensive approach in developing its Y2K plans. Resources have been dedicated to reviewing systems throughout all areas of the company, with an emphasis on testing of systems, to the extent possible. Florida Progress expects that preparations for Y2K issues, including contingency plans, will be completed by the end of the third quarter of 1999 for Florida Power and during the fourth quarter of 1999 for Electric Fuels.

All areas of Florida Progress are involved in identifying and addressing software, infrastructure and embedded technology issues.

The Information Technology (IT) focus is on application and operating software, data storage capabilities and technology infrastructure (workstations, servers, voice and data networks, and communications equipment).

Embedded systems are internal components used to control, monitor or assist the operation of equipment, machinery and plants including process controls used for energy production and delivery. They are integral parts of systems, and in many cases their presence is not obvious.

Florida Progress' methodology for identification and remediation of Y2K issues is a five-step process, which includes:

1.) **Awareness** — The communication of Y2K issues and their importance throughout Florida Power and Electric Fuels.
2.) **Inventory** — The itemized tabulation of all Y2K-suspect software, infrastructure and embedded systems.
3.) **Assessment and prioritization** — Performing an evaluation of all technology components, obtaining compliance information through analysis and certifications from suppliers, product vendors, and other third parties, to the extent possible, with which Florida Progress conducts business, reviewing interfaces and categorizing whether identified issues are mission critical.
4.) **Remediation and verification** — Correcting or upgrading systems and components, and where possible, end-to-end integration testing.
5.) **Contingency planning** — Establishing contingency plans for all key operating functions.

The following chart represents an estimate of the current status of Florida Progress' Y2K progress and planned completion dates for each phase as of December 31, 1998:

	Florida Power		Electric Fuels	
	Percent Complete (12/31/98)	Planned Completion Date	Percent Complete (12/31/98)	Planned Completion Date
Awareness —	*	*	*	*
Inventory —	98%	Jan. 1999	70%	Mar. 1999
Assessment and prioritization —	75%	Mar. 1999	50%	Jun. 1999
Remediation and verification —	40%	Sep. 1999	30%	Sep. 1999
Contingency planning —	20%	Sep. 1999	10%	Dec. 1999

** To continue through duration of project*

Florida Progress has given the highest priority to addressing mission critical processes for Y2K readiness. At Florida Power, these include systems and processes that support the monitoring and control of the electric grid, maintain generating facility control, output and safety, facilitate security and telecommunications capabilities, and provide critical customer service functions.

While the diversified operations of Electric Fuels have some of the same technology-related issues as Florida Power, the risk is substantially less due to the fact that its operations are less reliant upon integrated technology-driven processes.

Florida Progress is in the process of developing corporate-wide contingency plans. The objective of contingency planning is to minimize the duration and extent of any material impacts resulting from a Y2K-induced problem.

Due to the speculative nature of contingency planning, Florida Progress cannot ensure the extent to which such plans will in fact mitigate the risk of material impacts on Florida Progress' operations due to Y2K issues.

Florida Progress is in the process of identifying and assessing third-party vulnerabilities. Highest vulnerabilities from third-party vendors for Florida Power exist in the fuel supply and telecommunications industries. Florida Power has begun a program of working with these vendors to try to determine potential risks and Y2K readiness. Also, Florida Power is working with industry groups such as the Florida Reliability Coordinating Council, Nuclear Energy Institute/Nuclear Utility Software Management Group, and Electric Power Research Institute to ensure the safety and reliability of power generation and the integrity of the transmission grid. In addition, Florida Power has initiated and participated in utility sharing strategy sessions to identify issues with third parties. Florida Power has also begun to request status information from significant vendors to determine potential third-party Y2K risks.

Florida Progress' current estimate of the total costs of addressing Y2K issues, including expenses to remedy both

embedded systems and computer information systems, is between $15 million and $25 million. No Florida Progress systems have been replaced on an accelerated basis due to the Y2K issue. As of December 31, 1998, Florida Progress has incurred a total of approximately $6 million of internal and external costs related to Y2K. Currently, the company does not separately track internal costs related to this issue. Florida Progress has expensed all Y2K costs as incurred.

In the electric utility industry, there are many computers and software programs that are susceptible to Y2K issues, as well as a multitude of individual computer chips within equipment that may have Y2K implications. Computers and computer chips are used in power plants that generate electricity, in systems that handle billing and customer information, and in many other common devices such as telephones, security systems and building elevators. While the potential effects could be widespread and the exact nature of those effects is unknown, Florida Progress does not expect the potential effect to be severe. Florida Progress is making every effort to remediate issues and provide contingency plans for the possibility of any disruption that could occur.

Nevertheless, achieving Y2K readiness is subject to various risks and uncertainties, many of which are described above. It is difficult to provide a detailed, meaningful description of the most reasonably likely worst case Y2K scenarios. Florida Progress is not able to predict all of the factors that could cause actual results to differ materially from its current expectations as to its Y2K readiness.

If Florida Progress, or third parties with whom it has significant business relationships, fail to achieve Y2K readiness with respect to critical systems, there could be a material adverse impact on Florida Progress' financial position, results of operations and cash flows. However, based on the milestones that have been achieved to date and the planned completion of the Y2K project, Florida Progress is confident that it is taking the necessary steps to minimize the impact of Y2K.

Other

Florida Progress adopted several new accounting standards during 1998. (See New Accounting Standards on page 36.)

Florida Power and a former subsidiary of Florida Progress have been notified by the U.S. Environmental Protection Agency that each is or may be a potentially responsible party for the cleanup costs of several contaminated sites. (See Contaminated Site Cleanup on page 44.)

Florida Progress has off-balance sheet risk related to debt of unconsolidated partnerships. (See Off-Balance Sheet Risk on page 43.)

Florida Progress is involved in other litigation. (See Legal Matters on page 44.)

Even though the inflation rate has been relatively low during the last three years, inflation continues to affect Florida Progress by reducing the purchasing power of the dollar and increasing the cost of replacing assets used in the business. This has a negative effect on Florida Power because regulators generally do not consider this economic loss when setting utility rates. However, such losses are partly offset by the economic gains that result from the repayment of long-term debt with inflated dollars.

LIQUIDITY AND CAPITAL RESOURCES

Cash from operations has been the primary source of capital for Florida Progress. Cash from operations in 1998 increased $435.3 million over 1997. The significant increase was due largely to the absence of costs associated with the 1997 extended nuclear outage and tax benefits received in 1998 related to the 1997 Tiger Bay transaction.

Other sources of capital over the last three years include debt financing, proceeds from the sale and leaseback of equipment, proceeds from the sale of properties and businesses, and the issuance of common stock.

Florida Progress' capital requirements are primarily influenced by Florida Power's construction program and the expansion activities of Electric Fuels. Florida Power's construction program is not expected to require any significant increase in equity or debt over the next several years.

The expansion activities of Electric Fuels will be financed with internally generated funds, debt and equity contributions.

In November 1998, the Progress Plus Stock Plan and Employee Savings Plan (the Plans) began issuing new shares of common stock instead of purchasing shares in the open market. Florida Progress expects to receive about $50 million of new equity annually through the Plans.

Florida Progress also is considering issuing other equity alternatives during 1999. The funds from these sources will be used primarily to reduce debt at Progress Capital Holdings, Inc. (Progress Capital), the holding company for the diversified operations.

Florida Progress' capital structure as of December 31, 1998, was 41.1 percent common equity, 58.1 percent debt and .8 percent preferred stock. Total debt at Florida Power was reduced by $233 million in 1998. This decrease was offset by an increase of $257 million at Progress Capital. Listed below are the credit ratings for Florida Power and Progress Capital as of December 31, 1998:

CREDIT RATINGS

	STANDARD & POOR'S	MOODY'S	DUFF & PHELPS
Florida Power Corporation			
First mortgage bonds	AA-	Aa3	AA-
Medium-term notes	A+	A1	A+
Commercial paper	A-1+	P-1	D-1+
Progress Capital Holdings, Inc.			
Medium-term notes	A	A2	
Commercial paper	A-1	P-1	

Florida Power Corporation

Florida Power's construction expenditures in 1998 totaled about $310 million. This was primarily for distribution lines related to the utility's growing customer base and the construction of a new 500-megawatt power plant that is planned for commercial operation in the first quarter of 1999. Florida Power's three-year construction program totals approximately $1 billion for the 1999-2001 forecast period. It includes planned expenditures of $323 million, $342 million and $300 million for 1999 through 2001. Florida Power expects these construction expenditures will be financed primarily with internally generated funds.

In 1998, Florida Power redeemed $250 million of first mortgage bonds. The redemption of these bonds was principally funded through the issuance of $150 million of 30-year medium-term notes bearing an interest rate of 6 3/4 percent and commercial paper.

In July 1997, Florida Power issued $450 million of medium-term notes primarily to finance the buy-out of purchased power contracts associated with the 220-megawatt Tiger Bay cogeneration facility. (See Impact of Tiger Bay Buy-Out on page 23.)

Amendments to the Clean Air Act in 1990 require electric utilities to reduce sulfur dioxide emissions. Florida Power is meeting these requirements with minimal capital expenditures.

In addition to funding its construction commitments with cash from operations, Florida Power accesses the capital markets through the issuance of commercial paper and medium-term notes.

Florida Power's interim financing needs are funded primarily through its commercial paper program. The utility has a $200-million, 364-day revolving bank credit facility and a $200-million, five-year facility, which are used to back up commercial paper. (See Note 6 on page 38.)

Florida Power's medium-term note program provides for the issuance of either fixed or floating interest rate notes, with maturities that may range from nine months to 30 years. Florida Power has available for issuance $250 million of medium-term notes.

In 1998, debt levels decreased at Florida Power largely due to the improved operating results stemming from hotter-than-normal weather, which increased funds from operations.

In 1997, debt levels increased over 1996 at Florida Power largely due to the costs associated with the extended nuclear outage and the buy-out of purchased power contracts with the Tiger Bay plant.

Florida Power's embedded cost of long-term debt was 6.8 percent as of December 31, 1998, and 7 percent as of December 31, 1997.

Diversified Operations

Progress Capital provides short- and long-term financing facilities for Florida Progress' diversified operations and, with the benefit of a guaranty and support agreement with Florida Progress, helps to lower the cost of capital of the diversified businesses. Progress Capital funds diversified operations primarily through the issuance of commercial paper and medium-term notes. (See Note 6 on page 38.)

Progress Capital has a medium-term note program for the issuance of either fixed or floating interest rate notes, with maturities that may range from nine months to 30 years.

In 1998 and 1997, Progress Capital issued $115 million and $35 million of medium-term notes, respectively, with maturities ranging from two to 10 years, leaving $185 million of medium-term notes available for issuance. The proceeds were primarily used to repay maturing medium-term notes and for other corporate purposes.

In 1998, MEMCO entered into a $200-million synthetic lease financing for approximately $175 million in barges and $25 million in towboats. The lease financing was accomplished through a sale and leaseback, and involved the issuance of $126 million of secured notes and $74 million in equipment trust certificates by a special purpose Delaware trust. The notes and certificates bear a weighted average interest rate of 6.8 percent with a final maturity in 2014. MEMCO's payment obligations under the operating lease are guaranteed by Progress Capital. (See Leases on page 43.)

Progress Capital has two revolving bank credit facilities: a 364-day, $100-million facility and a five-year, $300-million facility. These facilities are used to back up commercial paper. (See Note 6 on page 38.) Progress Capital also has uncommitted bank bid facilities that authorize it to borrow and re-borrow, and have outstanding at any time, up to $300 million. As of December 31, 1998, $150 million was outstanding. The facilities were established to temporarily supplement commercial paper borrowings.

In 1998, total diversified capital expenditures were $217 million, including approximately $92 million for the purchase of barges and towboats and $125 million for property additions at Electric Fuels' diversified operations.

In 1997, diversified capital expenditures were about $120 million, primarily for the purchase of barges.

In 1999, diversified capital expenditures are expected to be approximately $155 million, most of which is for Electric Fuels. The Inland Marine Transportation unit plans to add approximately 100 new barges and one towboat in 1999 as it continues to take advantage of market opportunities to expand its business.

Electric Fuels' Rail Services unit is expected to continue to grow by expanding geographically. These expenditures are expected to be funded through cash generated internally, through Progress Capital from outside financing sources, and through equity contributions from Florida Progress.

Dividend Policy and Earnings Outlook

Florida Progress evaluates its dividend policy on an annual basis to ensure that the dividend payout and dividend rate are appropriate given the business plan, projected earnings growth and outlook for the electric utility industry. Florida Progress' business plan forecasts sustained earnings per share growth, a key factor in determining dividend policy.

Forward-Looking Statements

In this report, Florida Progress has stated an aggressive five-year objective of consistent annual earnings per share growth of 5 percent or better, and established goals to build a national retail energy services business in the utilities sector, offer residential prices that are within 5 percent of Florida Power's lowest-priced peers in Florida, and continue to support the growth at Electric Fuels. Florida Progress has made various estimates regarding its Y2K preparedness, projected that retail choice eventually will exist in every state, and indicated its assessment that the lawsuits related to Mid-Continent are without merit.

These statements, and any other statements contained in this report that are not historical facts, are forward-looking statements that are based on a series of projections and estimates regarding the economy, the electric utility industry and the company's other businesses in general, actions of regulato-

ry bodies and courts, and on key factors which impact the company directly. The projections and estimates relate to the pricing of services, the actions of courts and regulatory bodies, the success of new products and services, and the effects of competition.

Key factors that have a direct bearing on the company's ability to attain these projections include continued annual growth in customers; economic and weather conditions affecting the demand for and supply of not only electricity but also Electric Fuels' barge, rail and other services; successful cost containment efforts; and the efficient operation and/or construction of Florida Power's existing and planned generating units. Also, in developing its forward-looking statements, the company has made certain assumptions relating to productivity improvements and the favorable outcome of various commercial, legal and regulatory proceedings, and the lack of disruption to its markets.

If the company's projections and estimates regarding the economy, the electric utility industry and key factors differ materially from what actually occurs, or if various proceedings have unfavorable outcomes, the company's actual results could vary significantly from the performance projected.

Market Risks

Interest rate risk

Florida Progress is exposed to changes in interest rates primarily as a result of its borrowing activities.

A hypothetical 54 basis point increase in interest rates (10 percent of Florida Progress' weighted average interest rate) affecting its variable rate debt ($739.7 million as of December 31, 1998) would have an immaterial effect on Florida Progress' pre-tax earnings over the next fiscal year. A hypothetical 10-percent decrease in interest rates would also have an immaterial effect on the estimated fair value of Florida Progress' long-term debt as of December 31, 1998.

Commodity price risk

Currently at Florida Power, commodity price risk due to changes in market conditions for fuel and purchased power are recovered through the fuel cost recovery clause, with no effect on earnings.

Electric Fuels is exposed to commodity price risk through coal sales, the scrap steel market and fuel for its marine transportation business. A 10-percent change in the market price of those commodities would have an immaterial effect on the earnings of Florida Progress.

QUARTERLY FINANCIAL DATA *(Unaudited)*

	Three Months Ended			
(In millions, except per share amounts)	March 31	June 30	September 30	December 31
1998				
OPERATING RESULTS				
Revenues	**$787.5**	**$903.1**	**$1,031.5**	**$898.2**
Income from operations	**118.2**	**167.7**	**228.1**	**86.3**
Net income	**50.5**	**77.8**	**117.3**	**36.1**
DATA PER SHARE				
Earnings per common share	**.52**	**.80**	**1.21**	**.37**
Dividends per common share	**.535**	**.535**	**.535**	**.535**
Common stock price per share:				
High	**42¼**	**42⅞**	**43 15/16**	**47⅛**
Low	**37 11/16**	**39**	**38 1/16**	**41**
1997				
OPERATING RESULTS				
Revenues	$747.5	$797.3	$ 922.5	$849.1
Income (loss) from operations	95.0	37.9	166.0	(25.2)
Net income (loss)	42.0	6.3	81.6	(75.6)
DATA PER SHARE				
Earnings (loss) per common share	.43	.07	.84	(.78)
Dividends per common share	.525	.525	.525	.525
Common stock price per share:				
High	32⅞	31⅝	33⅝	39¼
Low	29½	27¾	30 9/16	31⅛

The business of Florida Power is seasonal in nature and comparisons of earnings for the quarters do not give a true indication of overall trends and changes in the Company's operations. In June 1998, Florida Power restated its financial results for the second, third and fourth quarters of 1997 to reflect recognition of the extended nuclear outage as incurred. The change affected the financial results for the interim reporting periods but did not have any effect on results for the fiscal year ended 1997. Effective December 31, 1997, the Company deconsolidated the financial statements of Mid-Continent Life Insurance Company and established a provision for loss for the full amount of its investment. The deconsolidation has not been reflected in the consolidated financial statements of prior periods.

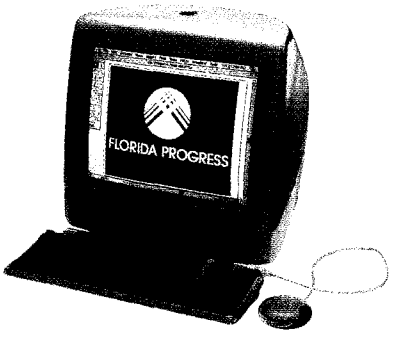
CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Income — Florida Progress Corporation

FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996 *(Dollars in millions, except per share amounts)*

	1998	1997	1996
REVENUES:			
Electric utility	**$2,648.2**	$2,448.4	$2,393.6
Diversified	**972.1**	868.0	764.3
	3,620.3	3,316.4	3,157.9
EXPENSES:			
Electric utility:			
Fuel	**595.7**	458.1	409.7
Purchased power	**433.8**	490.6	531.6
Energy conservation cost	**79.6**	67.0	62.6
Operation and maintenance	**471.6**	422.3	413.4
Extended nuclear outage —			
O&M and replacement power costs	**5.1**	173.3	–
Depreciation	**347.1**	325.9	324.2
Taxes other than income taxes	**203.6**	193.6	183.6
	2,136.5	2,130.8	1,925.1
Diversified:			
Cost of sales	**827.2**	753.9	642.9
Provision for loss on coal properties	**–**	–	40.9
Loss related to life insurance subsidiary	**–**	97.6	–
Other	**56.3**	60.4	66.6
	883.5	911.9	750.4
INCOME FROM OPERATIONS	**600.3**	273.7	482.4
INTEREST EXPENSE AND OTHER:			
Interest expense	**187.1**	158.7	135.9
Allowance for funds used during construction	**(16.9)**	(9.7)	(7.5)
(Gain) on sale of business	**–**	–	(44.2)
Other expense (income), net	**(.2)**	4.0	1.6
	170.0	153.0	85.8
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**430.3**	120.7	396.6
Income taxes	**148.6**	66.4	145.9
INCOME FROM CONTINUING OPERATIONS	**281.7**	54.3	250.7
DISCONTINUED OPERATIONS, NET OF INCOME TAXES	**–**	–	(26.3)
NET INCOME	**$ 281.7**	$ 54.3	$ 224.4
AVERAGE SHARES OF COMMON STOCK OUTSTANDING	**97.1**	97.1	96.8
EARNINGS PER AVERAGE COMMON SHARE (BASIC AND DILUTED):			
Continuing operations	**$ 2.90**	$ .56	$ 2.59
Discontinued operations	**–**	–	(.27)
	$ 2.90	$ .56	$ 2.32

The accompanying notes are an integral part of these consolidated financial statements.



Consolidated Balance Sheets

DECEMBER 31, 1998 AND 1997 *(Dollars in millions)*

	1998	1997
ASSETS		
PROPERTY, PLANT AND EQUIPMENT:		
Electric utility plant in service and held for future use	**$6,307.8**	$6,166.8
Less: Accumulated depreciation	**2,716.0**	2,511.0
Accumulated decommissioning for nuclear plant	**254.8**	223.7
Accumulated dismantlement for fossil plants	**130.7**	128.5
	3,206.3	3,303.6
Construction work in progress	**378.3**	279.4
Nuclear fuel, net of amortization of $377.2 in 1998 and $356.7 in 1997	**45.9**	66.5
Net electric utility plant	**3,630.5**	3,649.5
Other property, at cost, net of depreciation of $234.6 in 1998 and $219.3 in 1997	**560.1**	437.7
	4,190.6	4,087.2
CURRENT ASSETS:		
Cash and equivalents	**2.5**	3.1
Accounts receivable, net	**413.4**	373.7
Inventories, primarily at average cost:		
Fuel	**69.8**	77.6
Utility materials and supplies	**83.3**	91.9
Diversified operations	**137.0**	126.8
Underrecovered utility fuel costs	**–**	34.5
Income taxes receivable	**23.4**	16.8
Deferred income taxes	**55.9**	5.8
Prepayments and other	**68.8**	45.1
	854.1	775.3
DEFERRED CHARGES AND OTHER ASSETS:		
Costs deferred pursuant to regulation:		
Deferred purchase power contract termination costs	**321.0**	348.2
Other	**113.6**	126.4
Investments in nuclear decommissioning fund	**332.1**	266.7
Goodwill	**139.8**	55.2
Joint ventures and partnerships	**71.5**	54.6
Other	**138.1**	46.4
	1,116.1	897.5
	$6,160.8	$5,760.0

The accompanying notes are an integral part of these consolidated financial statements.

(Dollars in millions)

	1998	1997
CAPITAL AND LIABILITIES		
COMMON STOCK EQUITY:		
Common stock without par value, 250,000,000 shares authorized, 97,336,826 shares outstanding in 1998 and 97,062,954 in 1997	**$1,221.1**	$1,209.0
Retained earnings	**640.9**	567.0
	1,862.0	1,776.0
CUMULATIVE PREFERRED STOCK OF FLORIDA POWER:		
Without sinking funds	**33.5**	33.5
LONG-TERM DEBT	**2,250.4**	2,377.8
TOTAL CAPITAL	**4,145.9**	4,187.3
CURRENT LIABILITIES:		
Accounts payable	**297.9**	253.2
Customers' deposits	**104.1**	97.1
Taxes payable	**10.1**	12.0
Accrued interest	**70.4**	56.8
Overrecovered utility fuel costs	**22.2**	–
Other	**85.8**	74.8
	590.5	493.9
Notes payable	**236.2**	214.8
Current portion of long-term debt	**145.9**	15.2
	972.6	723.9
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	**595.4**	471.2
Unamortized investment tax credits	**77.8**	85.7
Other postretirement benefit costs	**116.1**	107.4
Other	**253.0**	184.5
	1,042.3	848.8
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
	$6,160.8	$5,760.0

The accompanying notes are an integral part of these consolidated financial statements.

FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996 *(Dollars in millions)*

	1998	1997	1996
OPERATING ACTIVITIES:			
Income from continuing operations	**$281.7**	$ 54.3	$250.7
Adjustments for noncash items:			
Depreciation and amortization	**424.6**	364.2	366.7
Extended nuclear outage — replacement power cost	**–**	73.3	–
Provision for loss on investment in life insurance subsidiary	**–**	86.9	–
(Gain) on sale of business	**–**	–	(44.2)
Provision for loss on coal properties	**–**	–	40.9
Deferred income taxes and investment tax credits, net	**44.8**	(30.7)	(56.6)
Increase in accrued post-employment benefit costs	**8.7**	8.6	15.5
Changes in working capital, net of effects from acquisition or sale of businesses:			
Accounts receivable	**(2.5)**	(108.3)	35.4
Inventories	**51.1**	2.2	(10.9)
Overrecovered (underrecovered) utility fuel costs	**51.7**	(33.1)	(82.3)
Accounts payable	**17.8**	58.3	21.6
Taxes payable	**(8.2)**	(47.1)	21.0
Other	**3.1**	1.2	(13.5)
Other operating activities	**5.1**	12.8	26.6
Cash provided by continuing operations	**877.9**	442.6	570.9
Cash used by discontinued operations	**–**	–	(8.9)
	877.9	442.6	562.0
INVESTING ACTIVITIES:			
Property additions (including allowance for borrowed funds used during construction)	**(543.3)**	(513.6)	(264.0)
Acquisition of businesses	**(206.6)**	(32.7)	(53.8)
Cogeneration facility acquisition and contract termination costs	**–**	(445.0)	–
Proceeds from sales of properties and businesses	**40.6**	24.3	61.1
Proceeds from sale and leaseback	**153.0**	–	–
Investing activities of discontinued operations	**–**	–	56.5
Other investing activities	**(129.3)**	(63.7)	(107.4)
	(685.6)	(1,030.7)	(307.6)
FINANCING ACTIVITIES:			
Issuance of long-term debt	**259.1**	482.8	178.0
Repayment of long-term debt	**(275.1)**	(34.9)	(190.4)
Increase (decrease) in commercial paper with long-term support	**–**	130.6	(15.3)
Redemption of preferred stock	**–**	–	(106.4)
Sale of common stock	**12.7**	–	18.5
Dividends paid on common stock	**(207.8)**	(203.8)	(199.5)
Increase in short-term debt	**21.4**	210.8	4.1
Financing activities of discontinued operations	**–**	–	61.5
Other financing activities	**(3.2)**	.5	(4.0)
	(192.9)	586.0	(253.5)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	**(.6)**	(2.1)	.9
Beginning cash and equivalents	**3.1**	5.2	4.3
ENDING CASH AND EQUIVALENTS	**$ 2.5**	$ 3.1	$ 5.2
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest (net of amount capitalized)	**$159.7**	$ 142.7	$128.7
Income taxes (net of refunds)	**$110.4**	$ 141.7	$189.3

The accompanying notes are an integral part of these consolidated financial statements.

FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996 *(Dollars in millions, except per share amounts)*

	Total	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income
Balance, December 31, 1995	$ 2,078.1	$ 1,187.6	$ 888.4	$ 2.1
Net income	224.4		224.4	
Common stock issued — 586,555 shares	20.7	20.7		
Echelon International stock dividend	(194.5)		(194.5)	
Cash dividends on common stock ($2.06 per share)	(199.5)		(199.5)	
Unrealized loss on marketable securities	(2.7)			(2.7)
Preferred stock redeemed — 1,050,000 shares	(2.3)		(2.3)	
Balance, December 31, 1996	1,924.2	1,208.3	716.5	(.6)
Net income	54.3		54.3	
Common stock issued — 55,772 shares	.7	.7		
Cash dividends on common stock ($2.10 per share)	(203.8)		(203.8)	
Reversal of unrealized loss on marketable securities due to deconsolidation	.6			.6
Balance, December 31, 1997	1,776.0	1,209.0	567.0	–
Net income	**281.7**		**281.7**	
Common stock issued — 273,872 shares	**12.1**	**12.1**		
Cash dividends on common stock ($2.14 per share)	**(207.8)**		**(207.8)**	
Balance, December 31, 1998	**$1,862.0**	**$1,221.1**	**$640.9**	**$–**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General — Florida Progress Corporation (the Company) is an exempt holding company under the Public Utility Holding Company Act of 1935. Its two primary subsidiaries are Florida Power Corporation (Florida Power) and Electric Fuels Corporation (Electric Fuels). Florida Power is a public utility engaged in the generation, purchase, transmission, distribution and sale of electricity primarily within Florida. Electric Fuels' operations include the mining, processing and procurement of coal, marine and rail transportation, transfer and storage of coal and other bulk commodities, railcar leasing and railcar maintenance and repair.

Electric Fuels reports the results of its Rail Services, Inland Marine Transportation, and the non-Florida Power portion of its Energy and Related Services operations one month in arrears.

The consolidated financial statements include the financial results of the Company and its majority-owned operations. All significant intercompany balances and transactions have been eliminated. Investments in 20%- to 50%-owned joint ventures are accounted for using the equity method.

Effective December 31, 1997, the Company deconsolidated the financial statements of Mid-Continent, and the investment in Mid-Continent is accounted for under the cost method. The deconsolidation has not been reflected in the financial statements of prior periods.

Certain reclassifications have been made to prior-year amounts to conform to the current year's presentation.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This could affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. These estimates involve judgments with respect to various items including future economic factors that are difficult to predict and are beyond the control of the Company. Therefore actual results could differ from these estimates.

Regulation — Florida Power is regulated by the Florida Public Service Commission (FPSC) and the Federal Energy Regulatory Commission (FERC). The utility follows the accounting practices set forth in Financial Accounting Standard (FAS) No. 71, "Accounting for the Effects of Certain Types of Regulation." This standard allows utilities to capitalize or defer certain costs or revenues based on regulatory approval and management's ongoing assessment that it is probable these items will be recovered through the ratemaking process.

Florida Power has total regulatory assets (liabilities) at December 31, 1998 and 1997 as detailed below:

	1998	1997
(In millions)		
Deferred purchased power contract termination costs	**$321.0**	$348.2
Replacement fuel (extended nuclear outage)	**39.3**	55.0
Underrecovered/(overrecovered) utility fuel costs	**(22.2)**	34.5
Revenue decoupling	**–**	21.8
Unamortized loss on reacquired debt	**25.2**	16.8
Other regulatory assets, net	**27.7**	25.2
Net regulatory assets	**$391.0**	$501.5

The utility expects to fully recover these assets and refund the liabilities through customer rates under current regulatory practice.

If Florida Power no longer applied FAS No. 71 due to competition, regulatory changes or other reasons, the utility would make certain adjustments. These adjustments could include the write-off of all or a portion of its regulatory assets and liabilities, the evaluation of utility plant, contracts and commitments and the recognition, if necessary, of any losses to reflect market conditions.

PROPERTY, PLANT AND EQUIPMENT

Electric Utility Plant — Utility plant is stated at the original cost of construction, which includes payroll and related costs such as taxes, pensions and other fringe benefits, general and administrative costs, and an allowance for funds used during construction. Substantially all of the utility plant is pledged as collateral for Florida Power's first mortgage bonds.

The allowance for funds used during construction represents the estimated cost of equity and debt for utility plant under construction. Florida Power is permitted to earn a return on these costs and recover them in the rates charged for utility services while the plant is in service. The average rate used in computing the allowance for funds was 7.8%.

The cost of nuclear fuel is amortized to expense based on the quantity of heat produced for the generation of electric energy in relation to the quantity of heat expected to be produced over the life of the nuclear fuel core.

Florida Power's annual provision for depreciation, including a provision for nuclear plant decommissioning costs and fossil plant dismantlement costs, expressed as a percentage of the average balances of depreciable utility plant, was 4.7% for 1998, 4.8% for 1997 and 4.9% for 1996.

The fossil plant dismantlement accrual has been suspended for a period of four years, effective July 1, 1997. (See Note 9 on page 42.)

Florida Power charges maintenance expense with the cost of repairs and minor renewals of property. The plant accounts are charged with the cost of renewals and replacements of property units. Accumulated depreciation is charged with the cost, less the net salvage, of property units retired.

Florida Power accrues a reserve for maintenance and refueling expenses anticipated to be incurred during scheduled nuclear plant outages.

Other Property — Other property consists primarily of railcar and recycling equipment, barges, towboats, land, mineral rights and telecommunications equipment.

Depreciation on other property is calculated principally on the straight-line method over the estimated useful lives of assets. Depletion is provided on the units-of-production method based upon the estimates of recoverable tons of clean coal.

Utility Revenues, Fuel and Purchased Power Expenses — Revenues include amounts resulting from fuel, purchased power and energy conservation cost recovery clauses, which generally are designed to permit full recovery of these costs. The adjustment factors are based on projected costs for a 12-month period. The cumulative difference between actual and billed costs is included on the balance sheet as a current regulatory asset or liability. Any difference is billed or refunded to customers during the subsequent period.

In December 1997, Florida Power ended the three-year test period for residential revenue decoupling, which was ordered by the FPSC and began in January 1995. Revenue decoupling eliminated the effect of abnormal weather from revenues and earnings. The difference between target revenues and actual revenues is included as a current asset on the balance sheet for the period ended December 31, 1997. The regulatory asset of $21.8 million at December 31, 1997, is currently being recovered from customers over a two-year period, ending in the year 2000, through the energy conservation cost recovery clause as directed by the FPSC decoupling order.

Florida Power accrues the nonfuel portion of base revenues for services rendered but unbilled.

Diversified Revenues — Revenues are recognized at the time products are shipped or as services are rendered. Leasing activities are accounted for in accordance with FAS No. 13, "Accounting for Leases."

Income Taxes — Deferred income taxes are provided on all significant temporary differences between the financial and tax basis of assets and liabilities using presently enacted tax rates.

Deferred investment tax credits, subject to regulatory accounting practices, are amortized to income over the lives of the related properties.

Accounting for Certain Investments — The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Company's investments in debt and equity securities are classified and accounted for as follows:

Type of Security	Accounting Treatment
Debt securities held to maturity	Amortized cost
Trading securities	Fair value with unrealized gains and losses included in earnings
Securities available for sale	Fair value with unrealized gains and losses, net of taxes, reported separately in comprehensive income

The Company held only securities classified as available for sale at both December 31, 1998 and 1997. A decline in the market value of any security available for sale below cost results in a reduction in carrying amount to fair value if the decline is not considered temporary. The impairment is charged to earnings and a new cost basis for the security is established. (See Note 2 on page 36.) Dividend and interest income are recognized when earned.

Accounting for Long-Lived Assets — Long-lived assets and certain identifiable intangibles subject to the provisions of FAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. FAS No. 121 also amends FAS No. 71, "Accounting for the Effects of Certain Types of Regulation," to require that regulatory assets, which include certain deferred charges, be charged to earnings if such assets are no longer considered probable of recovery. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Acquisitions — During 1998 and 1997, subsidiaries of Electric Fuels acquired 13 and three businesses, respectively, in separate transactions. The cash paid for the 1998 and 1997 acquisitions was $206.6 million and $32.7 million, respectively. The excess of the aggregate purchase price over the fair value of net assets acquired was approximately $87.8 million and $15.6 million in 1998 and 1997, respectively. The acquisitions were accounted for under the purchase method of accounting and, accordingly, the operating results of the acquired businesses have been included in the Company's consolidated financial statements since the date of acquisition. Each of the acquired companies conducted operations similar to those of the subsidiaries and has been integrated into their operations. The pro forma results of consolidated operations for 1998 and 1997, assuming the 1998 acquisitions were made at the beginning of each year, would not differ significantly from the historical results.

Goodwill — Goodwill is being amortized on a straight-line basis over the expected periods to be benefited, generally 40 years. The Company assesses the recoverability of this intangible asset by determining whether the amortization of the goodwill balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired operation. The amount of goodwill impairment, if any, is measured based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds. The assessment of the recoverability of goodwill will be impacted if estimated future operating cash flows are not achieved.

Stock-Based Compensation — The Company's Long-Term Incentive Plan (LTIP) authorizes the granting of up to 2,250,000 shares of common stock to certain executives in various forms, including stock options, stock appreciation

rights, restricted stock and performance shares. Currently, the Company has only granted performance shares, which upon achievement of performance criteria for a three-year performance cycle, can result in the award of shares of common stock of Florida Progress or cash if certain stock ownership requirements are met. The Company accounts for its LTIP in accordance with the provisions of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," as allowed under FAS No. 123, "Accounting for Stock Based Compensation." Compensation costs for performance shares have been recognized at the fair market value of the Company's stock and are recognized over the performance cycle.

Environmental — The Company accrues environmental remediation liabilities when the criteria of FAS No. 5, "Accounting for Contingencies," have been met. Environmental expenditures are expensed as incurred or capitalized depending on their future economic benefit. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefits are expensed.

Liabilities for expenditures of a noncapital nature are recorded when environmental assessment and/or remediation is probable, and the costs can be reasonably estimated.

New Accounting Standards — The Company adopted FAS No. 130, "Reporting Comprehensive Income," on January 1, 1998. The standard defines comprehensive income as all changes in equity of an enterprise during a period except those resulting from shareholder transactions. As the standard addresses reporting and presentation issues only, there was no impact on earnings from the adoption of this standard. Comprehensive income is included for Florida Progress in the accompanying Consolidated Statements of Common Equity and Comprehensive Income. Prior-year financial statements have been reclassified to conform to the requirements of FAS No. 130.

The Company adopted FAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" for the year ended December 31, 1998. The standard requires financial and descriptive information be disclosed for segments meeting certain materiality criteria whose operating results are reviewed for decisions on resource allocation and for which discrete financial information is available. It also establishes standards for related disclosures about products and services, geographic areas and major customers. As the standard addresses reporting and disclosure issues only, there was no impact on earnings. (See Note 8 on page 41.)

The Company adopted FAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" for the year ended December 31, 1998. As the standard addresses reporting and disclosure issues only, there was no impact on earnings. (See Note 7 on page 39.)

In June 1998, the FASB issued FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair values. Florida Progress will be required to adopt this standard for financial statements issued beginning the first quarter of fiscal year 2000. Florida Progress is currently evaluating the effect the standard will have on its financial statements.

NOTE 2: FINANCIAL INSTRUMENTS

Estimated fair value amounts have been determined by the Company using available market information and discounted cash-flow analysis. Judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates may be different than the amounts that the Company could realize in a current market exchange.

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's marketable securities and long-term debt obligations.

At December 31, 1998 and 1997, the Company had the following financial instruments with estimated fair values and carrying amounts:

	1998		1997	
(In millions)	**CARRYING AMOUNT**	**FAIR VALUE**	CARRYING AMOUNT	FAIR VALUE
ASSETS:				
Investments for nonqualified retirement plans	**$ 80.4**	**$ 80.4**	$ 5.0	$ 5.0
Nuclear decommissioning fund	**332.1**	**332.1**	266.7	266.7
CAPITAL AND LIABILITIES:				
Long-term debt:				
Florida Power Corporation	**$1,646.7**	**$1,740.4**	$1,746.9	$1,801.1
Progress Capital Holdings	**749.6**	**763.9**	646.1	656.5

(In millions)	1998	1997	1996
Components of income tax expense:			
Payable currently:			
Federal	$ 85.8	$86.6	$179.7
State	15.3	10.5	23.0
	101.1	97.1	202.7
Deferred, net:			
Federal	47.2	(22.4)	(41.9)
State	8.2	(.5)	(6.9)
	55.4	(22.9)	(48.8)
Amortization of investment tax credits, net	(7.9)	(7.8)	(8.0)
	$148.6	$66.4	$145.9

The primary differences between the statutory rates and the effective income tax rates are detailed below:

	1998	1997	1996
Federal statutory income tax rate	35.0%	35.0%	35.0%
State income tax, net of federal income tax benefits	3.5	5.4	2.6
Amortization of investment tax credits	(1.8)	(6.4)	(2.0)
Other income tax credits	(1.9)	(2.7)	–
Provision for loss on investment in life insurance subsidiary	–	24.9	–
Preferred dividends	.1	–	–
Other	(.4)	(1.8)	.6
Effective income tax rates	34.5%	54.4%	36.2%

The following summarizes the components of deferred tax liabilities and assets at December 31, 1998 and 1997:

(In millions)	1998	1997
Deferred tax liabilities:		
Difference in tax basis of property, plant and equipment	$624.5	$539.0
Investment in partnerships	19.2	19.7
Deferred book expenses	23.4	34.1
Other	47.2	29.7
Total deferred tax liabilities	$714.3	$622.5
Deferred tax assets:		
Loss reserves not currently deductible	$ 18.0	$ 17.0
Accrued book expenses	108.7	110.8
Unbilled revenues	17.6	17.6
Other	30.5	11.7
Total deferred tax assets	$174.8	$157.1

At December 31, 1998 and 1997, Florida Progress had net noncurrent deferred tax liabilities of $595.4 million and $471.2 million and net current deferred tax assets of $55.9 million and $5.8 million, respectively. The Company believes it is more likely than not that the results of future operations will generate sufficient taxable income to allow for the utilization of deferred tax assets.

Florida Power's Crystal River nuclear plant (CR3) began an extended outage in September 1996, which caused Florida Power to incur $100 million in additional operation and maintenance expenses in 1997. The plant was placed on the Nuclear Regulatory Commission's (NRC) "Watch List," as a plant whose operations will be closely monitored until the plant demonstrates a period of improved performance. In January 1998, the NRC granted Florida Power permission to restart the plant. On February 15, 1998, the plant returned to service. On July 29, 1998, the NRC removed CR3 from the "Watch List." Earlier in July 1998, the NRC gave CR3 an overall report of good performance and improvements in all areas assessed for the agency's Systematic Assessment of Licensee Performance (SALP) ratings. CR3 has produced more than 100% of its rated capacity since its restart in February 1998. (See Note 9 on page 42.)

Jointly Owned Plant — The following information relates to Florida Power's 90.4% proportionate share of the nuclear plant at December 31, 1998 and 1997:

(In millions)	1998	1997
Utility plant in service	$708.9	$673.8
Construction work in progress	44.2	49.3
Unamortized nuclear fuel	45.9	66.5
Accumulated depreciation	368.7	341.0
Accumulated decommissioning	254.8	223.7

Net capital additions for Florida Power were $30.0 million in 1998 and $64.7 million in 1997. Depreciation expense, exclusive of nuclear decommissioning, was $32.8 million in 1998 and $29 million in 1997. Each co-owner provides for its own financing of their investment. Florida Power's share of the asset balances and operating costs is included in the appropriate consolidated financial statements. Amounts exclude any allocation of costs related to common facilities.

Decommissioning Costs — Florida Power's nuclear plant depreciation expenses include a provision for future decommissioning costs, which are recoverable through rates charged to customers. Florida Power is placing amounts collected in an externally managed trust fund. The recovery from customers, plus income earned on the trust fund, is intended to be sufficient to cover Florida Power's share of the future dismantlement, removal and land restoration costs. Florida Power has a license to operate the nuclear unit through December 3, 2016, and contemplates decommissioning beginning at that time.

In November 1995, the FPSC approved the current site-specific study that estimates total future decommissioning costs at approximately $2 billion, which corresponds to $464.8 million in 1998 dollars. Florida Power's share of the total annual decommissioning expense is $21.7 million.

Florida Power is required to file a new site-specific study with the FPSC at least every five years, which will incorporate current cost factors, technology and radiological criteria.

Fuel Disposal Costs — Florida Power has entered into a contract with the U.S. Department of Energy (DOE) for the transportation and disposal of spent nuclear fuel. Disposal costs for nuclear fuel consumed are being collected from customers through the fuel adjustment clause at a rate of $.001 per net nuclear kilowatt-hour sold and are paid to the DOE quarterly. Florida Power currently is storing spent nuclear fuel on-site and has sufficient storage capacity in place for fuel consumed through the year 2011.

NOTE 5: PREFERRED AND PREFERENCE STOCK AND SHAREHOLDER RIGHTS

The authorized capital stock of the Company includes 10 million shares of preferred stock, without par value, including 2 million shares designated as Series A Junior Participating Preferred Stock. No shares of the Company's preferred stock are issued and outstanding. However, under the Company's Shareholder Rights Agreement, each share of common stock has associated with it approximately two-thirds of one right to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock, subject to adjustment, which is exercisable in the event of certain attempted business combinations. If exercised, the rights would cause substantial dilution of ownership, thus adversely affecting any attempt to acquire the Company on terms not approved by the Company's Board of Directors. The rights have no voting or dividend rights and expire in December 2001, unless redeemed earlier by the Company.

The authorized capital stock of Florida Power includes three classes of preferred stock: 4 million shares of Cumulative Preferred Stock, $100 par value; 5 million shares of Cumulative Preferred Stock, without par value; and 1 million shares of Preference Stock, $100 par value. No shares of Florida Power's Cumulative Preferred Stock, without par value, or Preference Stock are issued and outstanding. A total of 334,967 shares of Cumulative Preferred Stock, $100 par value, were issued and outstanding at December 31, 1998 and 1997.

Florida Power redeemed 1,050,000 shares of its Cumulative Preferred Stock in 1996 for $106.4 million.

Cumulative Preferred Stock for Florida Power is detailed below:

Dividend Rate	Current Redemption Price	Shares Outstanding	Outstanding at December 31, 1998 & 1997
			(In millions)
4.00%	$104.25	39,980	**$ 4.0**
4.40%	$102.00	75,000	**7.5**
4.58%	$101.00	99,990	**10.0**
4.60%	$103.25	39,997	**4.0**
4.75%	$102.00	80,000	**8.0**
		334,967	**$33.5**

All Cumulative Preferred Stock series are without sinking funds and are not subject to mandatory redemption.

NOTE 6: DEBT

The Company's long-term debt at December 31, 1998 and 1997 is scheduled to mature as follows:

	Interest Rate (a)	1998	1997
FLORIDA POWER CORPORATION:		*(In millions)*	
First mortgage bonds, maturing 1999-2023	6.88%	**$ 585.0**	$ 835.0
Pollution control revenue bonds, maturing 2014-2027	6.59%	**240.9**	240.9
Medium-term notes, maturing 1999-2028	6.63%	**624.5**	476.0
Commercial paper, supported by revolver maturing November 30, 2003	5.25%	**200.0**	200.0
Discount, net of premium, being amortized over term of bonds		**(3.7)**	(5.0)
		1,646.7	1,746.9
PROGRESS CAPITAL HOLDINGS:			
Medium-term notes, maturing 1999-2008	6.63%	**444.0**	339.0
Commercial paper, supported by revolver maturing November 30, 2003	5.38%	**300.0**	300.0
Other debt, maturing 1999-2006	6.13%	**5.6**	7.1
		2,396.3	2,393.0
Less: Current portion of long-term debt		**145.9**	15.2
		$2,250.4	$2,377.8

(a) Weighted average interest rate at December 31, 1998.

The Company's consolidated subsidiaries have lines of credit totaling $800 million, which are used to support commercial paper. The lines of credit were not drawn on as of December 31, 1998. Interest rate options under the lines of credit arrangements vary from subprime or money market rates to the prime rate. Banks providing lines of credit are compensated through fees. Commitment fees on lines of credit vary between .06 and .10 of 1%.

The lines of credit consist of four revolving bank credit facilities, two each for Florida Power and Progress Capital Holdings, Inc. The Florida Power facilities consist of $200 million with a 364-day term and $200 million with a five-year term. The Progress Capital facilities consist of $100 million with a 364-day term and $300 million with a five-year term. In 1998, both 364-day facilities were extended to November 1999. In addition, both five-year facilities were extended to November 2003. Based on the duration of the underlying backup credit facilities, $500 million of outstanding commercial paper at December 31, 1998, and December 31, 1997, are classified as long-term debt. Additionally, as of December 31, 1998, Florida Power and Progress Capital Holdings had an additional $47.3 million and $38.9 million, respectively, of outstanding commercial paper classified as short-term debt.

Progress Capital Holdings has uncommitted bank bid facilities authorizing it to borrow and re-borrow, and have outstanding at any time, up to $300 million. As of December 31, 1998, $150 million was outstanding under these bid facilities.

Florida Power has a public medium-term note program providing for the issuance of either fixed or floating interest rate notes. These notes have maturities ranging from nine months to 30 years. A balance of $250 million is available for issuance.

In March 1998, Florida Power redeemed all of its $150 million principal amount of first mortgage bonds, 8 5/8% series due November 2021 at a redemption price of 105.17% of the principal amount thereof. Substantially all of this redemption was funded from the net proceeds of $150 million of medium-term notes issued in February 1998, which bear an interest rate of 6 3/4% and mature in February 2028. Florida Power also redeemed in November 1998, an additional $100 million of first mortgage bonds. The entire $50 million principal of the 7 3/8% series was redeemed at a price of 100.93%, and the entire $50 million principal of the 7 1/4% series was redeemed at a price of 100.86%. Both issues were due in 2002. The redemption was funded from internally generated funds and commercial paper.

Florida Power has registered $370 million of first mortgage bonds, which are unissued and available for issuance.

Progress Capital has a private medium-term note program providing for the issuance of either fixed or floating interest rate notes, with maturities ranging from nine months to 30 years. A balance of $185 million is available for issuance under this program.

The combined aggregate maturities of long-term debt for 1999 through 2003 are $145.9 million, $147.6 million, $183 million, $32.2 million and $775.4 million, respectively.

Florida Progress and Progress Capital entered into an amended guaranty and support agreement in 1996, pursuant to which Florida Progress has unconditionally guaranteed the payment of Progress Capital's debt.

NOTE 7: RETIREMENT BENEFIT PLANS

Pension Benefits — The Company and some of its subsidiaries have a noncontributory defined benefit pension plan (Retirement Plan) covering most employees. The Company also has two supplementary defined benefit pension plans that provide benefits to higher-level employees. Effective January 1, 1998, the Retirement Plan was split into two separate plans, one covering eligible bargaining unit employees and the other covering all other eligible employees. Plan assets were allocated to each plan in accordance with applicable law.

Other Postretirement Benefits — The Company and some of its subsidiaries also provide certain health care and life insurance benefits for retired employees when they reach retirement age while working for the Company.

Shown below are the components of the net pension expense and net postretirement benefit expense calculations for 1998, 1997 and 1996:

	Pension Benefits			Other Postretirement Benefits		
(In millions)	**1998**	1997	1996	**1998**	1997	1996
Service cost	**$ 22.3**	$ 18.7	$ 18.3	**$ 3.5**	$ 3.2	$ 5.3
Interest cost	**37.7**	34.9	32.3	**10.5**	10.4	12.4
Expected return on plan assets	**(68.5)**	(58.4)	(52.0)	**(.3)**	(.4)	(.3)
Net amortization and deferral	**(12.5)**	(6.5)	(6.5)	**3.2**	3.4	6.1
Net cost/(benefit) recognized	**$(21.0)**	$(11.3)	$ (7.9)	**$16.9**	$16.6	$23.5

The following weighted average actuarial assumptions at December 31 were used in the calculation of the year-end funded status:

	Pension Benefits			Other Postretirement Benefits		
	1998	1997	1996	**1998**	1997	1996
Discount rate	**7.00%**	7.25%	7.50%	**7.00%**	7.25%	7.50%
Expected long-term rate of return	**9.00%**	9.00%	9.00%	**5.00%**	5.00%	5.00%
Rate of compensation increase:						
Bargaining unit employees	**3.50%**	4.50%	4.50%	**3.50%**	4.50%	4.50%
Nonbargaining unit employees	**4.50%**	4.50%	4.50%	**4.50%**	4.50%	4.50%
Nonqualified plans	**4.00%**	4.00%	4.00%	**N/A**	N/A	N/A

The following summarizes the change in the benefit obligation and plan assets for both the pension plan and postretirement benefit plan for 1998 and 1997:

	Pension Benefits		Other Benefits	
(In millions)	**1998**	1997	**1998**	1997
Change in benefit obligation				
Benefit obligation at beginning of year	**$523.9**	$472.0	**$ 153.2**	$ 182.6
Service cost	**22.3**	18.7	**3.5**	3.2
Interest cost	**37.7**	34.9	**10.5**	10.4
Plan amendment	**–**	9.5	**–**	(36.1)
Actuarial (gain)/loss	**16.1**	12.6	**1.2**	(.3)
Benefits paid	**(25.8)**	(23.8)	**(6.9)**	(6.6)
Benefit obligation at end of year	**574.2**	523.9	**161.5**	153.2
Change in plan assets				
Fair value of plan assets at beginning of year	**769.0**	655.0	**6.4**	4.7
Return on plan assets (net of expenses)	**140.2**	136.6	**.4**	.4
Employer contributions	**–**	–	**1.3**	1.3
Benefits paid	**(24.2)**	(22.6)	**–**	–
Fair value of plan assets at end of year	**885.0**	769.0	**8.1**	6.4
Funded status	**310.8**	245.1	**(153.4)**	(146.8)
Unrecognized transition (asset) obligation	**(20.5)**	(25.4)	**51.4**	55.0
Unrecognized prior service cost	**13.3**	14.5	**–**	–
Unrecognized net actuarial (gain)/loss	**(283.5)**	(236.6)	**(14.1)**	(15.6)
Prepaid (accrued) benefit cost	**$ 20.1**	$ (2.4)	**$(116.1)**	$(107.4)

Between 1996 and 1998, the Company set assets aside in a rabbi trust for the purpose of providing benefits to the participants in the supplementary retirement plans. The assets of the rabbi trust are not reflected as plan assets because the assets could be subject to creditors' claims. The assets and liabilities of the supplementary defined benefit retirement plans are included in Other Assets and Other Liabilities on the accompanying Consolidated Balance Sheets.

A one-percentage point increase or decrease in the assumed health care cost trend rate would change the total service and interest cost by approximately $1 million and the postretirement benefit obligation by approximately $10 million.

Due to different retail and wholesale regulatory rate requirements, Florida Power began making quarterly contributions for the postretirement benefit plan in 1995 to an irrevocable external trust fund for wholesale ratemaking, while continuing to accrue postretirement benefit costs to an unfunded reserve for retail ratemaking. Florida Power contributed approximately $1.3 million annually in both 1998 and 1997 to the trust fund.

NOTE 3: BUSINESS SEGMENTS

The Company's principal business segment is Florida Power, an electric utility engaged in the generation, purchase, transmission, distribution and sale of electricity. The other reportable business segments are Electric Fuels' Energy and Related Services, Rail Services and Inland Marine Transportation units. Energy and Related Services includes coal operations, river terminal services and off-shore marine transportation. Rail Services' operations include railcar repair, rail parts reconditioning and sales, railcar leasing and sales, providing rail and track material, and metal recycling. Inland Marine provides transportation of coal, agricultural and other dry-bulk commodities as well as fleet management services. The other category includes the parent holding company Florida Progress Corporation, which allocates a portion of its operating expenses to business segments. This category also includes segments below the quantitative threshold required for separate disclosure.

The Company's business segment information for 1998, 1997 and 1996 is summarized below. The Company's significant operations are geographically located in the United States. The Company's segments are based on differences in products and services, and therefore no additional disclosures are presented. Intersegment sales and transfers consist of coal sales from Electric Fuels to Florida Power. The price Electric Fuels charges Florida Power is based on market rates for coal procurement and for water borne transportation under a methodology approved by the FPSC. Rail transportation is also based on market rates plus a return allowed by the FPSC on equity utilized in transporting coal to Florida Power. The allowed rate of return is currently 12%. No single customer accounted for 10% or more of unaffiliated revenues.

(In millions)	Utility	Energy and Related Services	Rail Services	Inland Marine Transportation	Other	Eliminations	Consolidated
1998							
Revenues	$2,648.2	$173.8	$658.5	$124.6	$ 10.9	$ 4.3	$3,620.3
Intersegment revenues	–	273.9	1.3	14.0	–	(289.2)	–
Depreciation and amortization	382.7	14.4	19.4	4.5	3.6	–	424.6
Interest expense	136.5	5.8	21.3	4.4	20.8	(1.7)	187.1
Income taxes	141.0	6.3	12.3	6.3	(17.3)	–	148.6
Segment net income (loss)	248.6	20.4	15.9	10.3	(13.5)	–	281.7
Total assets	4,928.1	316.5	680.0	99.5	334.0	(197.3)	6,160.8
Property additions	326.0	32.0	91.0	93.6	.7	–	543.3
1997							
Revenues	$2,448.4	$165.6	$477.1	$105.5	$115.7	$ 4.1	$3,316.4
Intersegment revenues	–	286.0	1.3	14.2	–	(301.5)	–
Depreciation and amortization	333.8	11.7	11.2	4.3	3.2	–	364.2
Interest expense	117.3	6.5	13.9	2.5	19.1	(.6)	158.7
Income taxes	69.9	8.4	9.8	3.3	(25.0)	–	66.4
Segment net income (loss)	134.4	16.8	13.3	5.9	(116.1)	–	54.3
Total assets	4,900.8	299.2	385.3	138.9	210.4	(174.6)	5,760.0
Property additions	395.0	16.8	41.6	59.0	1.2	–	513.6
1996							
Revenues	$2,393.6	$165.6	$353.7	$ 86.4	$155.2	$ 3.4	$3,157.9
Intersegment revenues	–	273.2	.8	13.7	–	(287.7)	–
Depreciation and amortization	341.1	11.4	7.4	4.5	2.3	–	366.7
Interest expense	98.4	6.3	9.9	1.9	20.5	(1.1)	135.9
Income taxes	135.7	(9.3)	6.9	4.4	8.2	–	145.9
Segment net income (loss)	232.6	(12.5)	9.7	7.1	(12.5)	–	224.4
Total assets	4,264.0	272.4	294.2	79.0	577.2	(138.4)	5,348.4
Property additions	222.9	11.7	16.1	12.7	.6	–	264.0

In December 1996, the Energy and Related Services segment of Electric Fuels revised its assessment that low-sulfur coal market prices were depressed temporarily. Electric Fuels decided to close and dispose of its unprofitable coal operations and recorded a provision for loss of $40.9 million.

NOTE 9: RATES

Florida Power's retail rates are set by the FPSC, while its wholesale rates are governed by the FERC. Florida Power's last general rate case was approved in 1992 and allowed a 12% regulatory return on equity with an allowed range between 11% and 13%.

Tiger Bay Buy-Out — In 1997, Florida Power bought out the Tiger Bay purchased power contracts for $370 million and acquired the cogeneration facility for $75 million, for a total of $445 million. Of the $370 million of contract termination costs, $350 million was recorded as a regulatory asset and the remaining $20 million was written off. Florida Power recorded $75 million as electric plant.

The regulatory asset is being recovered pursuant to an agreement between Florida Power and several intervening parties, which was approved by the FPSC in June 1997. The amortization of the regulatory asset is calculated using revenues collected under the fuel adjustment clause as if the purchased power agreements related to the facility were still in effect, less the actual fuel costs and the related debt interest expense. This will continue until the regulatory asset is fully amortized. Florida Power has the option to accelerate the amortization. Approximately $27.2 million and $4.4 million of amortization expense was recorded in 1998 and 1997, respectively.

In December 1998, Florida Power received approval from the FPSC to defer nonfuel revenues towards the development of a plan that would allow customers to realize the benefits earlier than if they are used to accelerate the amortization of the Tiger Bay regulatory asset. If this plan is not submitted by May 1, 1999, or not approved by the FPSC, then deferred revenues of $10.1 million plus interest will be applied towards the amortization of Tiger Bay.

Extended Nuclear Outage — In June 1997, a settlement agreement between Florida Power and all parties who intervened in Florida Power's request to recover replacement fuel and purchased power costs resulting from the extended outage of its nuclear plant was approved by the FPSC. The plant was taken off-line in September 1996 to address certain design issues related to its safety systems. In late January 1998, Florida Power notified the NRC that it had completed all of the requirements and was subsequently granted permission to restart the plant. The plant returned to service in February 1998.

Florida Power incurred approximately $174 million in 1997 and an additional $5 million in 1998 in total system replacement power costs. In accordance with the settlement agreement, Florida Power recorded a charge of approximately $73 million in 1997 and $5 million in 1998 for retail replacement power costs incurred that will not be recovered through its fuel cost recovery clause. Florida Power is currently recovering approximately $38 million through its fuel cost recovery clause, and approximately $63 million of replacement power costs were recorded as a regulatory asset in 1997. The regulatory asset is being amortized for a period of up to four years. The amortization is being recovered by the suspension of fossil plant dismantlement accruals during the amortization period.

The parties to the settlement agreement agreed not to seek or support any increase or reduction in Florida Power's base rates or the authorized range of its return on equity during the four-year amortization period. The settlement agreement also provided that for purposes of monitoring Florida Power's future earnings, the FPSC will exclude the nuclear outage costs when assessing Florida Power's regulatory return on equity. The agreement resolved all present and future disputed issues between the parties regarding the extended outage of the nuclear plant.

NOTE 10: DISCONTINUED OPERATIONS

On November 21, 1996, the Company's Board of Directors declared a spin-off distribution to common shareholders of record on December 5, 1996, of the common shares of Echelon International Corporation (Echelon), which comprised the Company's lending, leasing and real estate operations. Common shares were distributed on the basis of one share of Echelon common stock for every 15 shares of the Company's common stock.

In connection with the spin-off in 1996, the Company has presented Echelon as a discontinued operation in the accompanying Consolidated Statements of Income.

Summarized income statement information relating to Echelon's results of operations (as reported in discontinued operations) for the year ended December 31 is as follows:

(In millions)	1996
Sales and revenues	$ 63.2
Loss from operations (net of income tax)	–
Provision for loss on disposition of assets (net of income tax benefits of $11.3)	(18.0)
Spin-off transaction costs (net of income tax benefits of $1.8)	(8.3)
Total discontinued operations	$(26.3)

NOTE 11: COMMITMENTS AND CONTINGENCIES

Fuel, Coal and Purchased Power Commitments — Florida Power has entered into various long-term contracts to provide the fossil and nuclear fuel requirements of its generating plants and to reserve pipeline capacity for natural gas. In most cases, such contracts contain provisions for price escalation, minimum purchase levels and other financial commitments. Estimated annual payments, based on current market prices, for Florida Power's firm commitments for fuel purchases and transportation costs, excluding delivered coal and purchased power, are $56 million, $56 million, $62 million, $63 million and $64 million for 1999 through 2003, respectively, and $499 million in total thereafter. Additional commitments will be required in the future to supply Florida Power's fuel needs.

Electric Fuels has two coal supply contracts with Florida Power, the provisions of which require Florida Power to buy and Electric Fuels to supply substantially all of the coal requirements of four of Florida Power's power plants, two through 2002 and two through 2004. In connection with these contracts, Electric Fuels has entered into several contracts with outside parties for the purchase of coal. The annual obligations for coal purchases and transportation under these contracts are $107.1 million, $61 million, $48.9 million and $22.7 million

for 1999 through 2002, respectively, with no further obligations thereafter. The total cost incurred for these commitments was $117.7 million in 1998, $156.8 million in 1997 and $161.5 million in 1996.

Florida Power has long-term contracts for about 460 megawatts of purchased power with other utilities, including a contract with The Southern Company for approximately 400 megawatts of purchased power annually through 2010. This represents 4.5% of Florida Power's total current system capacity. Florida Power has an option to lower these Southern purchases to approximately 200 megawatts annually with a three-year notice. The purchased power from Southern is supplied by generating units with a capacity of approximately 3,500 megawatts and is guaranteed by Southern's entire system, totaling more than 30,000 megawatts.

As of December 31, 1998, Florida Power had entered into purchased power contracts with certain qualifying facilities for 871 megawatts of capacity with expiration dates ranging from 2002 to 2025. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments are subject to the qualifying facilities meeting certain contract performance obligations. In most cases, these contracts account for 100% of the generating capacity of each of the facilities. Of the 871 megawatts under contract, 831 megawatts currently are available to Florida Power. All commitments have been approved by the FPSC.

The FPSC allows the capacity payments to be recovered through a capacity cost recovery clause, which is similar to, and works in conjunction with, energy payments recovered through the fuel cost recovery clause.

In 1997, through the buy-out of the Tiger Bay purchased power contracts, Florida Power reduced its long-term purchased power commitments by 20 percent.

Florida Power incurred purchased power capacity costs totaling $260.1 million in 1998, $292.3 million in 1997 and $284 million in 1996. The following table shows minimum expected future capacity payments for purchased power commitments. Because the purchased power commitments have relatively long durations, the total present value of these payments using a 10% discount rate also is presented. These amounts assume that all units are brought into service as contracted and meet contract performance requirements:

	Purchased Power Capacity Payments		
(In millions)	Utilities	Cogenerators	Total
1999	$ 58	$ 215	$ 273
2000	59	223	282
2001	58	230	288
2002	32	236	268
2003	32	244	276
2004-2025	212	5,555	5,767
Total	$451	$6,703	$7,154
Total net present value			$2,577

Leases — Electric Fuels has several noncancelable operating leases, primarily for transportation equipment, with varying terms extending to 2015, and generally require Electric Fuels to pay all executory costs such as maintenance and insurance. Some rental payments include minimum rentals plus contingent rentals based on mileage. Contingent rentals were not significant. The minimum future lease payments under noncancelable operating leases, including the synthetic lease described below, are $38.7 million, $31.7 million, $27.7 million, $23.4 million and $23.4 million for 1999 through 2003, respectively, with a $227 million total obligation thereafter. The total costs incurred under these commitments were $30.9 million, $34.8 million and $33.3 million during 1998, 1997 and 1996, respectively.

On August 6, 1998, MEMCO Barge Line, Inc. (MEMCO), a wholly owned subsidiary of Electric Fuels, entered into a synthetic lease financing, accomplished via a sale and leaseback, for an aggregate of approximately $175 million in inland river barges and $25 million in towboats (vessels). As of December 31, 1998, MEMCO had sold and leased back $153 million of vessels. Acquisition and subsequent sale and leaseback of the remaining $47 million of vessels are expected to occur by June 30, 1999. The lease (charter) is an operating lease for financial reporting purposes and a secured financing for tax purposes.

The term of the noncancelable charter expires on December 30, 2012, and provides MEMCO one 18-month renewal option on the same terms and conditions. MEMCO is responsible for all executory costs, including insurance, maintenance and taxes, in addition to the charter payments. MEMCO has options to purchase the vessels throughout the term of the charter, as well as an option to purchase at the termination of the charter. Assuming MEMCO exercises no purchase options during the term of the charter, the purchase price for all vessels aggregates $141.8 million at June 30, 2014. In the event that MEMCO does not exercise its purchase option for all vessels, it will be obligated to remarket the vessels, and, at the expiration of the charter, pay a maximum residual guarantee amount of $89.3 million.

The minimum future charter payments as of December 31, 1998, are $14.4 million, $15.3 million, $15.4 million, $15.4 million and $15.8 million for 1999 through 2003 and $172.2 million thereafter (excluding the purchase option payment). All MEMCO payment obligations under the transaction documents are unconditionally guaranteed by Progress Capital; those obligations in turn are guaranteed by Florida Progress.

Construction Program — Substantial commitments have been made in connection with the Company's construction program. In 1999, Florida Power has projected construction expenditures of $323 million, primarily for electric plant and nuclear fuel. Diversified operations have projected capital additions of $155 million in 1999, primarily for barges and equipment.

Off-Balance Sheet Risk — Several of the Company's subsidiaries are general partners in unconsolidated partnerships and joint ventures. The Company or subsidiaries have agreed to support certain loan agreements of the partnerships and joint ventures. These credit risks are not material to the financial statements and the Company considers these credit risks to be minimal, based upon the asset values supporting the partnership liabilities.

Insurance — Florida Progress and its subsidiaries utilize various risk management techniques to protect assets from risk of loss, including the purchase of insurance. Risk avoidance, risk transfer and self-insurance techniques are utilized depending

on the Company's ability to assume risk, the relative cost and availability of methods for transferring risk to third parties, and the requirements of applicable regulatory bodies.

Florida Power self-insures its transmission and distribution lines against loss due to storm damage and other natural disasters. Pursuant to a regulatory order, Florida Power is accruing $6 million annually to a storm damage reserve and may defer any losses in excess of the reserve. The reserve balance at December 31, 1998 and 1997 was $24.1 million and $18.1 million, respectively.

Under the provisions of the Price Anderson Act, which limits liability for accidents at nuclear power plants, Florida Power, as an owner of a nuclear plant, can be assessed for a portion of any third-party liability claims arising from an accident at any commercial nuclear power plant in the United States. If total third-party claims relating to a single nuclear incident exceed $200 million (the amount of currently available commercial liability insurance), Florida Power could be assessed up to $88.1 million per incident, with a maximum assessment of $10 million per year.

Florida Power is a member of the Nuclear Electric Insurance, Ltd. (NEIL), an industry mutual insurer, which provides business interruption and extra expense coverage in the event of a major accidental outage at a covered nuclear power plant. Florida Power is subject to a retroactive premium assessment by NEIL under this policy in the event loss experience exceeds NEIL's available surplus. Florida Power's present maximum share of any such retroactive assessment is $2.7 million per policy year.

Florida Power also maintains nuclear property damage insurance and decontamination and decommissioning liability insurance totaling $2.1 billion. The first layer of $500 million is purchased in the commercial insurance market with the remaining excess coverage purchased from NEIL. Florida Power is self-insured for any losses that are in excess of this coverage. Under the terms of the NEIL policy, Florida Power could be assessed up to a maximum of $9.5 million in any policy year if losses in excess of NEIL's available surplus are incurred.

Florida Power has never been assessed under these nuclear indemnities or insurance policies.

Contaminated Site Cleanup — The Company is subject to regulation with respect to the environmental impact of its operations. The Company's disposal of hazardous waste through third-party vendors can result in costs to clean up facilities found to be contaminated. Federal and state statutes authorize governmental agencies to compel responsible parties to pay for cleanup of these hazardous waste sites.

Florida Power and former subsidiaries of the Company, whose properties were sold in prior years, have been identified by the U.S. Environmental Protection Agency (EPA) as potentially responsible parties (PRPs) at certain sites, including a coal gasification plant site in Sanford, Florida (Sanford site) that Florida Power previously owned and operated. There are five parties, including Florida Power, that have been identified as PRPs at the Sanford site. Liability for the cleanup costs of these sites is joint and several.

An agreement has been reached among the PRPs to spend up to $1.5 million to perform the Risk Investigation and Feasibility Study (RI/FS). Florida Power is liable for 39.7% of those costs. On September 25, 1998, the EPA formally approved the PRP RI/FS Work Plan. The RI/FS field work was completed in January 1999. The EPA is expected to review the final Treatability Study report and provide further guidance to the PRPs by August 1999.

The discussions and resolution of liability for cleanup costs could cause Florida Power to increase its estimate of its liability for those costs. Although estimates of any additional costs are not currently available, the outcome is not expected to have a material effect on Florida Progress' financial position, results of operations or liquidity.

In addition to these designated sites, there are other sites where affiliates may be responsible for additional environmental cleanup.

The Company believes that its subsidiaries will not be required to pay a disproportionate share of the costs for cleanup of any of these designated sites. The Company's best estimates indicate that its proportionate share of liability for cleaning up all designated sites ranges from $2.5 million to $7.5 million. It has accrued $4.4 million against these potential costs.

LEGAL MATTERS

Age Discrimination Suit — Florida Power and Florida Progress have been named defendants in an age discrimination lawsuit. The number of plaintiffs remains at 116, however, four of those plaintiffs have had their federal claims dismissed and five others have had their state age claims dismissed. While no dollar amount was requested, each plaintiff seeks back pay, reinstatement or front pay through their projected dates of normal retirement, costs and attorneys' fees. In October 1996, the court approved an agreement between parties to provisionally certify this case as a class action suit under the Age Discrimination in Employment Act. On August 10, 1998, Florida Power filed a motion to decertify the class, and the plaintiffs filed their response in opposition on September 30, 1998. A hearing date for the motion has not yet been set. Florida Power has entered into settlement discussions with the plaintiffs. In December 1998, plaintiffs alleged damages of $100 million. Company management, while not believing plaintiffs' claim to have merit, offered $5 million in an attempted settlement of all claims. Plaintiffs rejected that offer. As a result, management has identified a probable range of $5 million to $100 million with no amount within that range a better estimate of probable loss than any other amount; accordingly, Florida Power has accrued $5 million. There can be no assurance that this litigation will be settled, or if settled, that the settlement will not exceed $5 million. Additionally, the ultimate outcome, if litigated, cannot presently be determined.

Advanced Separation Technologies (Advanced Separation) — In 1996, Florida Progress sold its 80%-interest in Advanced Separation Technologies to Calgon Carbon Corp. (Calgon) for $56 million in cash. Calgon filed a lawsuit in January 1998, and amended it in April 1998, alleging misstatement of Advanced Separation's 1996 revenues, assets and liabilities, seeking damages and granting Calgon the right to rescind the

sale. The lawsuit also accuses Florida Progress of failing to disclose flaws in Advanced Separation's manufacturing process and a lack of quality control. No projection of an outcome or estimate of a potential liability, if any, can be determined at the date of issuance of these financial statements. Florida Progress believes the lawsuit is without merit and intends to vigorously defend itself. Accordingly, Florida Progress has not made provision for any loss for this matter.

Qualifying Facilities Contracts — The purchased power contracts with qualifying facilities employ separate pricing methodologies for capacity payments and energy payments. Florida Power has interpreted the pricing provision in these contracts to allow it to pay an as-available energy price rather than a higher firm energy price when the avoided unit upon which the applicable contract is based would not have been operated.

Owners of four qualifying facilities filed suit against Florida Power in state court over the contract payment terms, one of which also filed in federal court. Two of the suits have been settled, and the federal case was dismissed, although the plaintiff has appealed. Of the two remaining suits, one trial concluded in December 1998. The other remaining suit remains with no date presently set for trial. Management does not expect that the results of these legal actions will have a material impact on Florida Power's financial position, operations or liquidity. Florida Power anticipates that all fuel and capacity expenses will be recovered from its customers.

Mid-Continent Life Insurance Company (Mid-Continent) — A series of events in 1997 as discussed below, significantly jeopardized the ability of Mid-Continent to implement a plan to eliminate a projected reserve deficiency resulting in the impairment of Florida Progress' investment in Mid-Continent.

Therefore, the Company recorded a provision for loss on investment of $86.9 million in 1997. In addition, tax benefits of approximately $11 million related to the excess of the tax basis over the book value in the investment in Mid-Continent as of December 31, 1997, were not recorded because of uncertainties associated with the timing of a tax deduction. Florida Progress also recorded an accrual at December 31, 1997, for legal fees associated with defending its position in current Mid-Continent legal proceedings.

In the spring of 1997, the Insurance Commissioner of the State of Oklahoma (Commissioner) received court approval to seize control of the operations of Mid-Continent. The Commissioner had alleged that Mid-Continent's reserves were understated by more than $125 million, thus causing Mid-Continent to be statutorily impaired. The insurance commissioner further alleged that Mid-Continent had violated Oklahoma law relating to deceptive trade practices in connection with the sale of its "Extra Life" insurance policies and was not entitled to raise premiums, a key element to Mid-Continent's plan to address the projected reserve deficiency. While sustaining the receivership, the court also ruled that premiums could be raised. Although both sides appealed the decision to the Oklahoma Supreme Court, those appeals were withdrawn in early 1999.

In December 1997, the Commissioner filed a lawsuit against Florida Progress, certain of its directors and officers, and certain former Mid-Continent officers, making a number of allegations and seeking access to Florida Progress' assets to satisfy policyholder and creditor claims. On April 17, 1998, the court granted motions to dismiss the individual defendants, leaving Florida Progress as the sole remaining defendant in the lawsuit.

A new Commissioner was elected in November 1998 and has stated his intention to work with Florida Progress and others to develop a plan to rehabilitate Mid-Continent rather than pursue litigation against Florida Progress. Although Florida Progress hasn't had access to recent Mid-Continent data, its estimate of the present value of the projected deficiency, after applying Mid-Continent's statutory surplus, is in the range of $100 million, rather than the $348 million alleged by the former Commissioner. Florida Progress believes that the former Commissioner's estimate is untenable and not based on sound actuarial principles. Florida Progress is working with the new Commissioner to develop a viable plan to rehabilitate Mid-Continent, which would include the sale of that company.

In January 1999, five Mid-Continent policyholders filed a purported class action against Mid-Continent and the same defendants named in the case filed by the former Commissioner. The complaint contains substantially the same factual allegations as those made by the Commissioner. The suit asserts "Extra Life" policyholders have been injured as a result of representations made in connection with the sale of that policy. The suit seeks unspecified actual and punitive damages.

Although Florida Progress hopes to reach a negotiated resolution of these matters, it would continue to vigorously defend itself against the two lawsuits should negotiations fail, since it believes they are without merit. Because neither the outcome of the litigation nor the ultimate effects of any rehabilitation plan, including the possible sale of Mid-Continent, can be estimated, Florida Progress has not made provision for any additional losses that might result.

Other Legal Matters — The Company is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect upon the Company's consolidated financial position, results of operations or liquidity.

REPORTS FROM MANAGEMENT AND AUDITORS

Management's Report

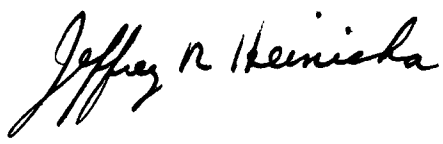
To Our Shareholders:

Management is responsible for the integrity and objectivity of the financial and operating information contained in the consolidated financial statements and other sections of this Annual Report. These statements were prepared in accordance with generally accepted accounting principles and necessarily include amounts that are based on judgments and estimates by management.

Florida Progress Corporation maintains internal control systems and related policies and procedures designed to provide reasonable assurance that assets are safe-guarded, that transactions are executed as authorized and are properly recorded, and that accounting records may be relied upon for the preparation of consolidated financial statements and other financial information. These policies and procedures include a Code of Conduct program intended to ensure employees adhere to the highest standards of personal and professional integrity. The design, monitoring and revision of internal control systems involve, among other things, management's judgment with respect to the relative cost and expected benefits of specific control measures. The company also maintains an internal auditing function that evaluates and formally reports on the adequacy and effectiveness of internal controls, policies and procedures.

In addition, the audit committee of the board of directors, consisting solely of outside directors, meets periodically with management, the internal auditors and the independent auditors to review matters related to internal controls, audit results, financial statements and financial reporting. Annually, the audit committee recommends to the board of directors the selection of independent auditors. Both the independent auditors and the internal auditors periodically meet alone with the audit committee and have free access to the committee at any time.

For Management,



Jeffrey R. Heinicka
Senior Vice President and Chief Financial Officer

Independent Auditors' Report

To the Shareholders of Florida Progress Corporation:

We have audited the accompanying consolidated balance sheets of Florida Progress Corporation and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income, cash flows, and common equity and comprehensive income for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of Florida Progress Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Progress Corporation and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

KPMG LLP

St. Petersburg, Florida
January 25, 1999

SELECTED DATA 1993 – 1998

	Annual Growth (in percent) 1993-1998	1998	1997	1996	1995	1994	1993
FLORIDA PROGRESS CORPORATION							
Summary of operations (in millions):							
Utility revenues	6.2	**$2,648.2**	$2,448.4	$2,393.6	$2,271.7	$2,080.5	$1,957.6
Diversified revenues (continuing)	17.7	**972.1**	868.0	764.3	736.1	644.8	430.3
Income from continuing operations before nonrecurring items	7.5	**281.7**	254.3	252.4	238.9	212.0	196.0
Income from continuing operations	7.5	**281.7**	54.3	250.7	238.9	212.0	196.0
Income (loss) from discontinued operations and change in accounting		**–**	–	(26.3)	–	–	.6
Net income	7.5	**281.7**	54.3	224.4	238.9	212.0	196.6
Balance sheet data (in millions):							
Total assets	2.9	**$6,160.8**	$5,760.0	$5,348.4	$5,550.4	$5,453.1	$5,338.0
Capitalization:							
Short-term capital	14.4	**$ 382.1**	$ 230.0	$ 39.0	$ 173.7	$ 99.9	$ 195.2
Long-term debt	4.1	**2,250.4**	2,377.8	1,776.9	1,662.3	1,835.2	1,840.5
Preferred stock	(25.8)	**33.5**	33.5	33.5	138.5	143.5	148.5
Common stock equity	.5	**1,862.0**	1,776.0	1,924.2	2,078.1	1,984.4	1,820.5
Total capitalization	2.5	**$4,528.0**	$4,417.3	$3,773.6	$4,052.6	$4,063.0	$4,004.7
Common stock data							
Average shares outstanding (in millions)	1.9	**97.1**	97.1	96.8	95.7	93.0	88.3
Earnings per share:							
Utility before nonrecurring item	4.4	**$2.56**	$2.48	$2.40	$2.27	$2.05	$2.06
Diversified continuing before nonrecurring items	16.3	**.34**	.14	.21	.23	.23	.16
Consolidated continuing before nonrecurring items	5.5	**2.90**	2.62	2.61	2.50	2.28	2.22
Consolidated continuing	5.5	**2.90**	.56	2.59	2.50	2.28	2.22
Discontinued operations and change in accounting		**–**	–	(.27)	–	–	.01
Consolidated	5.4	**2.90**	.56	2.32	2.50	2.28	2.23
Dividends per common share	1.9	**2.14**	2.10	2.06	2.02	1.99	1.95
Dividend payout		**73.8%**	375.3%	88.9%	81.0%	87.7%	87.6%
Dividend yield (year-end)		**4.8%**	5.4%	6.4%	5.7%	6.7%	5.9%
Book value per share of common stock	(1.3)	**$19.13**	$18.30	$19.84	$21.55	$20.85	$20.40
Return on common equity		**15.6%**	2.9%	10.9%	11.8%	11.1%	11.1%
Common stock price per share:							
High		**47 1/8**	39 1/4	36 1/2	35 3/4	33 5/8	36 3/8
Low		**37 11/16**	27 3/4	31 1/2	29 3/8	24 3/4	31 1/4
Close	5.9	**44 13/16**	39 1/4	32 1/4	35 3/8	30	33 5/8
Price earnings ratio (year-end)		**15.5**	70.1	13.9	14.2	13.2	15.1
FLORIDA POWER CORPORATION							
Electric sales billed (millions of KWH):							
Residential	4.3	**16,526.3**	15,079.8	15,481.4	14,938.0	13,863.4	13,372.6
Commercial	4.9	**9,999.3**	9,257.3	8,848.0	8,612.1	8,252.1	7,884.8
Industrial	5.3	**4,375.4**	4,187.8	4,223.7	3,864.4	3,579.6	3,380.8
Total retail sales	4.7	**33,386.6**	30,850.3	30,784.8	29,499.5	27,675.2	26,528.3
Total electric sales	5.4	**37,251.1**	33,289.9	33,492.5	32,402.6	30,014.6	28,647.8
Residential service (average annual):							
KWH sales per customer	2.4	**13,972**	12,993	13,560	13,282	12,597	12,420
Revenue per customer	4.1	**$1,204**	$1,115	$1,138	$1,114	$1,038	$983
Ratio of earnings to fixed charges (SEC method)		**3.87**	2.75	4.80	4.41	3.90	3.83
Embedded cost of long-term debt	–	**6.8%**	7.0%	7.2%	7.2%	7.1%	6.8%
Embedded cost of preferred stock	(7.5)	**4.6%**	4.6%	4.6%	6.8%	6.8%	6.8%
Operating data:							
Net system capability (MW)	.4	**7,727**	7,717	7,341	7,347	7,295	7,563
Net system peak load (MW)	3.5	**8,004**	8,066	8,807	7,722	6,955	6,729
Construction expenditures (in millions)	(6.2)	**$310.2**	$387.2	$217.3	$283.4	$319.5	$426.4
Net cash flow to capital expenditures	21.8	**169%**	76%	175%	125%	103%	63%
Average number of customers	2.0	**1,340,853**	1,314,508	1,292,075	1,271,784	1,243,891	1,214,653
Number of full-time employees	(4.0)	**4,740**	4,799	4,629	4,658	4,972	5,807

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

Richard Korpan, 57, is Chairman of the Board, President and Chief Executive Officer of Florida Progress and Chairman of the Board of Florida Power Corporation. He was appointed Florida Progress Chairman July 1, 1998. He joined the company in 1989 as Executive Vice President and Chief Financial Officer. He is a director of SunTrust Bank of Tampa Bay. A company director since 1989, he is chairman of the Executive Committee.

W.D. (Bill) Frederick, Jr., 64, is a citrus grower and investor. He served as mayor of the city of Orlando from 1980 to 1992. He retired as a partner from the law firm of Holland & Knight in 1995. He is a director of Blue Cross/ Blue Shield of Florida and SunTrust Bank, Central Florida, N.A. A company director since 1995, he is chairman of the Compliance Committee and a member of the Compensation, and Nominating and Board Governance Committees.

Michael P. Graney, 55, is a partner in the law firm of Simpson Thacher & Bartlett in Columbus, Ohio. Specializing in utilities law, litigation and antitrust, he is a member of the American, District of Columbia, Ohio and Columbus Bar Associations and the Federal Energy Bar Association. A company director since 1991, he is chairman of the Nominating and Board Governance Committee and a member of the Executive and Audit Committees.

Clarence V. McKee, 56, is Chairman and Chief Executive Officer of McKee Communications, Inc., a television and radio investment firm in Tampa, Florida. He is a director of American Heritage Life Insurance Company and Checkers Drive-In Restaurants, Inc. A company director since 1989, he is chairman of the Audit Committee and a member of the Compensation, and Nominating and Board Governance Committees.

Vincent J. Naimoli, 61, is Chairman, President and Chief Executive Officer of Anchor Industries International, Inc., an operating and holding company in Tampa, Florida. He is also Managing General Partner of the Tampa Bay Devil Rays, Ltd., a Major League Baseball Club. In conjunction with the business activities of Anchor Industries, he serves as a director of Russell Stanley Corp. and Players International, Inc. A company director since 1992, he is a member of the Executive, Finance and Budget, and Nominating and Board Governance Committees.

Richard A. Nunis, 66, is a retired Chairman of Walt Disney Attractions in Orlando, Florida. He is a director of The Walt Disney Company and SunTrust Bank, Central Florida, N.A. in Orlando. A company director since 1989, he is chairman of the Compensation Committee and a member of the Executive, and Finance and Budget Committees.

Joan D. Ruffier, 59, is Chairman of Human Services Technologies, Inc., a computer software products company in Orlando, Florida. A certified public accountant, she is a director of Cyprus Equity Fund and INVEST, Inc. She is also Chairman of the University of Florida Foundation. A company director since 1990, she is chairman of the Finance and Budget Committee and a member of the Audit and Compliance Committees.

Robert T. Stuart, Jr., 66, is a rancher and investor in Dallas, Texas. He is a retired Chairman and Chief Executive Officer of Mid-Continent Life Insurance Company in Oklahoma City, which Florida Progress acquired in 1986. A company director since 1986, he is a member of the Audit Committee.

Jean Giles Wittner, 64, is President of Wittner & Co. and Wittner & Associates, Inc., St. Petersburg firms involved in real estate management, insurance brokerage and consulting. She is a director of Raymond James Bank, F.S.B. A company director since 1982, she is a member of the Executive, Compensation, and Compliance Committees.

OFFICERS

Richard Korpan
Chairman of the Board, President and Chief Executive Officer

Joseph H. Richardson
President and Chief Executive Officer, Florida Power Corporation

Richard D. Keller
President and Chief Executive Officer, Electric Fuels Corporation

Jeffrey R. Heinicka
Senior Vice President and Chief Financial Officer

Kenneth E. Armstrong
Vice President and General Counsel

William G. Kelley
Vice President, Human Resources

John Scardino, Jr.
Vice President and Controller

James V. Smallwood
Vice President, Mergers and Acquisitions

Peter E. Toomey
Vice President, Corporate Development

Pamela A. Saari
Treasurer

Kathleen M. Haley
Corporate Secretary

INVESTOR INFORMATION

PROGRESS STOCK PLAN

The company offers the Progress Plus Stock Plan as an economical, convenient and flexible way to purchase shares of Florida Progress common stock. Plan participants can purchase stock directly from the company and reinvest all or a portion of their quarterly dividends without paying typical brokerage fees. Those eligible for the plan are:

- Registered shareholders of Florida Progress.
- Nonshareholders who are Florida residents.
- Employees of the company and its subsidiaries.

The plan is offered only by means of a prospectus, which can be obtained by contacting the company's transfer agent and registrar.

Correspondence and inquiries concerning the plan, dividend checks, address changes, financial publications and the transfer of common stock certificates of Florida Progress or preferred stock certificates of Florida Power should be directed to the company's transfer agent and registrar:

BankBoston, N.A.
c/o BostonEquiserve
Mail Stop 45-02-64
P. O. Box 8040
Boston, MA 02266-8040
(800) 352-1121

Common Stock Dividends

Record dates are normally on or about the fifth day of March, June, September and December. Quarterly dividend checks are mailed to reach shareholders on or about the 20th day of March, June, September and December.

Common Stock Listed

New York Stock Exchange
Pacific Stock Exchange
Ticker symbol: FPC
Newspaper listing: FlaPrg

1998 SEC Form 10-K

Copies of the company's 1998 SEC Form 10-K, without exhibits, will be supplied to shareholders without charge by directing requests to:

Investor Services
Florida Progress Corporation
P. O. Box 14042 (BT11B)
St. Petersburg, FL 33733
(800) 937-2640

Auditors

KPMG LLP
St. Petersburg, FL

Analysts' Contact

Greg Beuris
Investor Relations
(727) 820-5734
Fax (727) 820-5869

Corporate Offices

Florida Progress Corporation
One Progress Plaza
St. Petersburg, FL 33701

INTERNET Address: www.fpc.com

The Florida Progress home page on the Internet's World Wide Web has information about the holding company and its subsidiaries; the company stock price, which is updated every 15 minutes; SEC filings, including the 1998 Annual Report; news releases and market performance.

Florida Progress wishes to thank the Manatee Village Historical Park in Bradenton, Fla. for the use of the Bunker Hill School and historical costumes shown on the front and back covers. The Bunker Hill School, a one-room schoolhouse built in 1908, served residents of northeast Manatee County until 1929.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1998
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File No.	Exact name of each Registrant as specified in its charter, state of incorporation, address of principal executive offices, telephone	I.R.S. Employer Identification Number
1-8349	**FLORIDA PROGRESS CORPORATION** A Florida Corporation One Progress Plaza St. Petersburg, Florida 33701 Telephone (727) 824-6400	59-2147112
1-3274	**FLORIDA POWER CORPORATION** A Florida Corporation One Progress Plaza St. Petersburg, Florida 33701 Telephone (727) 820-5151	59-0247770

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Florida Progress Corporation:	
Common Stock without par value and Preferred Stock Purchase Rights	New York Stock Exchange Pacific Stock Exchange
Florida Power Corporation: None	

Securities registered pursuant to Section 12(g) of the Act:

Florida Progress Corporation: None

Florida Power Corporation: Cumulative Preferred Stock, par value $100 per share

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. YES X . NO .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of each registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ] (continued)

DN 06780-99
6/1/99

The aggregate market value of the voting stock held by non-affiliates of Florida Progress Corporation as of December 31, 1998 was $4,288,659,140 (determined by subtracting the number of shares held by directors and executive officers of Florida Progress Corporation from the total number of shares outstanding, then multiplying the difference times the closing sale price from the New York Stock Exchange Composite Transactions).

The aggregate market value of the voting stock held by non-affiliates of Florida Power Corporation as of February 28, 1999 was $-0-. As of February 28, 1999, there were issued and outstanding 100 shares of Florida Power Corporation's common stock, without par value, all of which were held, beneficially and of record, by Florida Progress Corporation.

The number of shares of Florida Progress Corporation common stock without par value outstanding as of December 31, 1998 was 97,336,826.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for Florida Progress Corporation dated March 11, 1999, relating to the 1999 Annual Meeting of Shareholders, are incorporated by reference in Part III hereof.

This combined Form 10-K represents separate filings by Florida Progress Corporation and Florida Power Corporation. Florida Power Corporation makes no representations as to the information relating to Florida Progress Corporation's diversified operations.

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GLOSSARY

When used herein, the following terms will have the meanings indicated:

TERM	MEANING
1935 Act	Public Utility Holding Company Act of 1935
ABC	ABC Rail Products Corporation
AOC	Administrative Order on Consent
AST	Advanced Separation Technologies, Incorporated
Btu	British thermal units
CAAA	Clean Air Act Amendments of 1990
Calgon	Calgon Carbon Corporation
CERCLA or Superfund	Comprehensive Environmental Response Compensation and Liability Act
Commissioner	Insurance Commissioner of the State of Oklahoma
CR3 or the nuclear plant	Florida Power's nuclear generating plant, Crystal River Unit No. 3
Dade	Metropolitan Dade County
DOE	United States Department of Energy
Echelon	Echelon International Corporation
Electric Fuels	Electric Fuels Corporation
EMF	electromagnetic fields, or electric and magnetic fields
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FDEP	Florida Department of Environmental Protection
FERC	Federal Energy Regulatory Commission
Financial Statements	Florida Progress' Consolidated Financial Statements and Florida Power's Financial Statements, for the year ended December 31, 1998 contained under Item 8 herein
Florida Power or the utility	Florida Power Corporation
Florida Progress	Florida Progress Corporation
FOCAS	FOCAS, Inc.
FPSC	Florida Public Service Commission
FRCC	Florida Reliability Coordinating Council
Georgia Power	Georgia Power Company
KV	kilovolts
KVA	kilovolt amperes
KWH	kilowatt hours
Lake	NCP Lake Power, Inc.
Louisville	Louisville Scrap Material Co., Inc.
LTIP	Florida Progress Long-Term Incentive Plan
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MEMCO	MEMCO Barge Line, Inc.
MICP	Management Incentive Compensation Plan
Mid-Continent	Mid-Continent Life Insurance Company
Montenay	Montenay Power Corporation
MW	megawatts
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Council
NRC	United States Nuclear Regulatory Commission
PCBs	polychlorinated biphenyls
Progress Capital	Progress Capital Holdings, Inc.
Progress Credit	Progress Credit Corporation
Progress Rail	Progress Rail Services Corporation

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Proxy Statement	The definitive proxy statement dated March 11, 1999, relating to Florida Progress' 1999 Annual Meeting of Shareholders
PRP	potentially responsible party, as defined in CERCLA
PURPA	Public Utility Regulatory Policies Act of 1978
QFs	qualifying facilities
Retirement Plan	Florida Progress Corporation Retirement Plan for Exempt and Nonexempt Employees
RI/FS	Remedial Investigation and Feasibility Study
Sanford site	gasification plant site, Sanford, Florida
SEC	United States Securities and Exchange Commission
Seminole	Seminole Electric Cooperative, Inc.
SERP	Florida Progress Corporation Supplemental Executive Retirement Plan
SNF	spent nuclear fuel
Title VI	Title VI, Acid Rain Control
TRI	Toxic Release Inventory

PART I

ITEM 1. BUSINESS

FLORIDA PROGRESS

Florida Progress Corporation ("Florida Progress", which term includes consolidated subsidiaries unless otherwise indicated), is a diversified electric utility holding company. Florida Progress' revenues for the year ended December 31, 1998, were $3.6 billion and assets at year-end were $6.2 billion. Its principal executive offices are located at One Progress Plaza, St. Petersburg, Florida 33701, telephone number (727) 824-6400. The Florida Progress home page on the Internet's World Wide Web is located at http://www.fpc.com. Florida Progress was incorporated in Florida on January 21, 1982.

Florida Progress defines its principal business segments as utility and diversified operations. Florida Power Corporation ("Florida Power" or "the utility"), Florida Progress' largest subsidiary, is the utility segment and encompasses all regulated public utility operations. (See Item 1 "Business - Utility Operations - Florida Power".) Progress Capital Holdings, Inc. ("Progress Capital") is the downstream holding company for Florida Progress' diversified subsidiaries which consolidates the financing of non-utility operations. The diversified operations segment includes Electric Fuels Corporation ("Electric Fuels"), an energy and transportation company. The primary segments of Electric Fuels are: Energy and Related Services, Rail Services, and Inland Marine Transportation. (See Item 1 "Business-Diversified Operations.") For information concerning the revenues, operating profit and assets attributable to Florida Progress' business segments, see Note 8 to Florida Progress' consolidated financial statements and Florida Power's financial statements for the year ended December 31, 1998, contained herein under Item 8 (the "Financial Statements"). Cash from operations has been the primary source of working capital for Florida Progress. (See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") under the heading "Liquidity and Capital Resources.")

Florida Progress is a public utility holding company under the Public Utility Holding Company Act of 1935 ("1935 Act"). Florida Progress is exempt from registration with the United States Securities and Exchange Commission ("SEC") under the 1935 Act and attendant regulation because its utility operations are primarily intrastate.

UTILITY OPERATIONS - FLORIDA POWER

Florida Power was incorporated in Florida in 1899, and is an operating public utility engaged in the generation, purchase, transmission, distribution and sale of electricity. Florida Power has a system generating capacity of 7,727 megawatts ("MW"). In 1998, the utility accounted for 73% of Florida Progress' consolidated revenues, 80% of its assets and 89% of its net income.

Florida Power provided electric service during 1998 to an average of 1.3 million customers in west central Florida. The service area covers approximately 20,000 square miles and includes the densely populated areas around Orlando, as well as the cities of St. Petersburg and Clearwater. Of Florida Power's 1998 electric revenues billed, approximately 55% were derived from residential sales, 23% from commercial sales, 8% from industrial sales, 8% from wholesale sales and 6% from

other retail sales. Important industries in the territory include phosphate and rock mining and processing, electronics design and manufacturing, and citrus and other food processing. Other important commercial activities are tourism, health care, construction and agriculture.

COMPETITION

For a general discussion of Florida Power and competition, see Item 7 "MD&A" under the headings "Industry Restructuring" and "Industry Restructuring - Florida Progress' Strategic Initiatives".

In March 1999, the Florida Public Service Commission ("FPSC") approved the petition by Duke Energy to build a merchant plant in New Smyrna Beach, Florida. The unit will have the capability to produce approximately 500 MW of power. The output will be sold in the wholesale power market. (See Item 3 "Legal Proceedings", paragraph 11.)

FUEL AND PURCHASED POWER

GENERAL: Florida Power's consumption of various types of fuel depends on several factors, the most important of which are the demand for electricity by Florida Power's customers, the availability of various generating units, the availability and cost of fuel, and the requirements of federal and state regulatory agencies. Florida Power's energy mix for the last three years is presented in the following table:

ENERGY MIX PERCENTAGES

Fuel Type	1998	1997	1996
Coal	38%	45%	43%
Oil	20%	18%	16%
Nuclear*	15%	0%	6%
Gas	6%	6%	3%
Purchased Power	21%	31%	32%

* See "NUCLEAR" below for information regarding an extended outage at Florida Power's nuclear generating plant beginning in September 1996 and continuing until February 1998.

Florida Power is generally permitted to pass the cost of recoverable fuel and purchased power to its customers through fuel adjustment clauses. In June 1997, Florida Power reached an agreement with all parties who intervened, which was approved by the FPSC, regarding costs related to its extended nuclear outage. This agreement resulted in charges to Florida Power's 1997 results. (See Note 9 to the Financial Statements.)

The future prices for and availability of various fuels discussed in this report cannot be predicted with complete certainty. However, Florida Power believes that its fuel supply contracts, as described below, will be adequate to meet its fuel supply needs.

Florida Power's average fuel costs per million British thermal units ("Btu") for each year of the five-year period ended December 31, 1998, were as follows:

AVERAGE FUEL COST
(per million Btu)

	1998	1997	1996	1995	1994
Coal	$1.89	$1.91	$1.91	$1.93	$1.96
Oil	2.18	2.75	2.80	2.70	2.39
Nuclear	.46	--	.50	.49	.55
Gas	3.22	2.87	2.78	1.98	2.46
Weighted Average	1.81	2.24	2.04	1.69	1.75

OIL AND GAS: Oil is purchased under contracts and in the spot market from several suppliers. The cost of Florida Power's oil is determined by world market conditions. Management believes that Florida Power has access to an adequate supply of oil for the reasonably foreseeable future. Florida Power's natural gas supply is purchased under firm contracts and in the spot market from numerous suppliers and is delivered under firm, released firm and interruptible transportation contracts. Florida Power believes that existing contracts for oil are sufficient to cover its requirements when natural gas transmission that is purchased on an interruptible basis is not available.

NUCLEAR: Florida Power has one nuclear generating plant, Crystal River Unit No. 3 ("CR3" or "the nuclear plant"). After completing a record performance in 1995 by achieving a capacity factor of 100%, CR3 was shut down for much of 1996 and all of 1997. Beginning in February 1996, the plant underwent a scheduled refueling outage that lasted until May 1996, when the plant returned to service. In September 1996, an oil pressure problem in the main turbine forced the plant to shut down until repairs could be made. After the repairs were completed in October, the plant remained down while certain backup safety system design issues were addressed. CR3 returned on-line in February 1998 and achieved a capacity factor of 100% for the remaining portion of 1998. For more information regarding the outage, see Item 7 "MD&A - Operating Results" and Note 9 to the Financial Statements.

Nuclear fuel is processed through four distinct stages. Stage I and Stage II involve the mining and milling of the natural uranium ore to produce a concentrate and the conversion of this uranium concentrate into uranium hexafluoride. Stage III and Stage IV entails the enrichment of the uranium hexafluoride, and the fabrication of the enriched uranium hexafluoride into usable fuel assemblies. Florida Power has contracts in place which provide for a supply of enriched uranium and fuel fabrication through 2004.

It will be necessary for Florida Power to enter into future fuel contracts to cover the differences between the total unit lifetime requirements of CR3 and the requirements covered by existing contracts. Although no assurances can be given as to the future availability or costs of such contracts, Florida Power expects that future contract commitments will be obtained at the appropriate time.

Spent nuclear fuel ("SNF") is stored at CR3 pending disposal under a contract with the United States Department of Energy ("DOE"). (See Note 4 to the Financial Statements.) At the present time, Florida Power has facilities on site for the temporary storage of SNF generated through the year 2011. Florida Power will expand the capacity of its facilities on site in 2000 to allow for the

temporary storage of SNF generated through the end of the license in 2016.

Florida Power and 15 other utilities are involved in litigation against the United States challenging certain retroactive assessments imposed by the federal government on domestic nuclear power companies to fund the decommissioning and decontamination of the government's uranium enrichment facilities. (See Item 5 "Legal Proceedings", paragraph 4.)

COAL: Florida Power anticipates a requirement of approximately 5.0 million to 5.5 million tons of coal in 1999. Most of the coal is expected to be supplied from the Appalachian coal fields of the United States. Approximately two-thirds of the coal is expected to be delivered by rail and the remainder by barge. The coal is supplied by Electric Fuels pursuant to contracts between Florida Power and Electric Fuels which expire in 2002 and 2004. (See Note 11 to the Financial Statements.)

For 1999, Electric Fuels has long-term contracts with various sources for approximately 40% of the coal requirements of Florida Power's coal units. These long-term contracts have price adjustment provisions. Electric Fuels expects to acquire the remainder in the spot market and under short-term contracts. Electric Fuels does not anticipate any problems obtaining the remaining Florida Power requirements for 1999 through short-term contracts and purchases in the spot market. (See Note 11 to the Financial Statements.)

PURCHASED POWER: Florida Power, along with other Florida utilities, buys and sells economy power through the Florida energy brokering system. In addition, Florida Power has long-term contracts for the purchase of approximately 460 MW of purchased power with other utilities, including a contract with The Southern Company for approximately 400 MW. Also, Florida Power has entered into purchased power contracts with certain qualifying facilities ("QFs") for approximately 871 MW of capacity. Facilities representing approximately 831 MW of the 871 MW have come on line and are currently operating. The capacity currently available from QFs represents about 9% of Florida Power's total system capacity. The purchased power component was reduced in 1997 primarily through the purchase of the Tiger Bay Cogeneration Facility. (See Item 2 "Properties - Utility Operations", Item 7 "MD&A - Fuel and Purchased Power" and Note 9 to the Financial Statements.)

REGULATORY MATTERS AND FRANCHISES

Florida Power is subject to the jurisdiction of the FPSC with respect to retail rates, customer service, planning, construction of facilities, accounting, issuance of securities and other matters. In addition, Florida Power is subject to regulation by the Federal Energy Regulatory Commission ("FERC") with respect to transmission and sales of wholesale power, accounting and certain other matters. The underlying concept of utility ratemaking is to set rates at a level that allows the utility to collect revenues equal to its cost of providing service plus a reasonable rate of return on its equity. Increased competition, as a result of industry restructuring, may affect the ratemaking process. (See Item 7 "MD&A - Industry Restructuring".)

The FPSC oversees the retail sales of the state's investor-owned utilities. The FPSC authorizes retail "base rates" that are designed to provide a utility with the opportunity to earn a specific rate of return on its "rate base", or average investment in utility plant. These rates are intended to cover all reasonable and prudent expenses of utility operations and to provide investors with a fair rate of return. The FPSC generally allows utilities to recover fuel, purchased power and conservation costs through an adjustment charge on monthly electric bills. In June 1997, a settlement agreement pertaining to the extended nuclear

outage, with all parties who intervened, was approved by the FPSC. The parties to the agreement agreed not to seek or support any increase or reduction in Florida Power's base rates or the authorized range of its return on equity during a four year period beginning in mid-1997. For additional information on this agreement, see Note 9 to the Financial Statements. In other regulatory matters, beginning in 1995, the FPSC ordered Florida Power to conduct a three-year test of revenue decoupling for its residential customers. This test ended December 31, 1997. (See Item 7 "MD&A - Utility Revenues and Sales" and Note 1 to the Financial Statements.) In December 1998, Florida Power received approval from the FPSC to defer non-fuel revenues towards the development of a plan that would allow customers to realize benefits earlier than if they are used to accelerate the amortization of the Tiger Bay regulatory asset. (See Note 9 to the Financial Statements.)

Florida Power is interconnected with 22 municipal and 9 rural electric cooperative systems. Major wholesale power sales customers include Seminole Electric Cooperative, Inc. ("Seminole"), Florida Municipal Power Agency and Reedy Creek Utilities District. During 1998, about 8% of Florida Power's electric revenues were from wholesale customers whose rates are subject to the jurisdiction of the FERC. For further information with respect to rates, see Note 9 to the Financial Statements.

Florida Power's CR3 nuclear plant is subject to regulation by the United States Nuclear Regulatory Commission ("NRC"). The NRC's jurisdiction encompasses broad supervisory and regulatory powers over the construction and operation of nuclear reactors, including matters of health and safety, antitrust considerations and environmental impact. Florida Power currently has a 90.4% ownership interest in CR3. The purchase of the ownership interest of the city of Tallahassee (1.3%) is currently awaiting regulatory approval from the FPSC, FERC, and NRC. It is anticipated the purchase will be complete in the third quarter of 1999. There is no capital expenditure related to this purchase. (See Note 4 to the Financial Statements.)

By virtue of state and municipal legislation, Florida Power holds franchises with varying expiration dates in nearly all municipalities in which it distributes electric energy. Approximately 40% of total utility revenues in 1998 is covered under the terms of 111 franchise agreements with various municipalities. The general effect of these franchises is to grant Florida Power the right to enter upon and use streets, alleys and other public places for erecting and maintaining poles, wires and other apparatus for the sale and distribution of electric energy. All but one of the existing franchises cover a 30-year period from the date granted, the maximum allowed by Florida law. The one exception is a franchise that covers a 10-year period from the date granted, and expires in 2005. Of the 111 franchises, 5 expire during 2000, 23 expire before December 31, 2001, 32 expire between January 1, 2002 and December 31, 2012, and 51 expire between January 1, 2013 and December 31, 2028. For additional information on franchises, see Item 7 "MD&A - Industry Restructuring".

ENVIRONMENTAL MATTERS

Florida Power is subject to federal, state and local regulations dealing with air and water quality and other environmental matters. Beginning July 1, 1999, seven new industries, including the electric utility industry, will submit for the first time, chemical release data to the United States Environmental Protection Agency ("EPA") as part of its Toxic Release Inventory ("TRI") reporting requirement. This process requires electric utilities that burn coal or oil for power generation to identify and report releases of more than 650 designated chemicals and chemical compounds, to the environment. Based on the

reporting criteria, Florida Power estimates that it will be required to report on approximately 18 to 20 compounds. Four facilities are currently subject to the reporting criteria. The total estimated cost to Florida Power of reporting under TRI rules is estimated to be approximately $350,000 in the first year and $250,000 each subsequent year.

AIR: All of Florida Power's air emission sources meet the air quality standards currently set by the Florida Department of Environmental Protection ("FDEP") and/or the EPA.

The Clean Air Act Amendments of 1990 ("CAAA"), under Title IV, Acid Rain Control ("Title IV"), set a permanent cap on emissions of sulfur dioxide. The cap is to be implemented in two phases. Phase I limitations became effective in 1995. Florida Power does not have any Phase I units and is not affected. Phase II, which begins in 2000 will impose an annual cap on sulfur dioxide emissions. Florida Power expects to be able to meet its emission limitations without significant capital investments. Florida Power will use a combination of lower emitting fuels, such as natural gas, low sulfur coal and oil, along with limited use of allowance credits to meet its annual emission obligations.

Also in Phase II, emissions of nitrogen oxides from coal fired power plants are limited. Florida Power is already meeting federal limits on three of its four coal units. To meet Phase II limitations on the fourth unit, Florida Power is planning to make burner modifications to lower emissions. The capital cost of this project is approximately $5 million, of which the majority of costs were incurred prior to 1999. The project is scheduled for completion in 1999.

Under Title III of the CAAA, the EPA is studying the emission of hazardous air pollutants and, where appropriate, promulgating emission limitations for specific source categories. Depending on the results of these studies and the EPA's determination of the need for additional limitations, Florida Power could be required to incur additional capital expenditures and operating expenses. Under Title V of the CAAA, Florida Power is required to pay annual operating fees based on the previous year's emissions. For 1998, these fees totaled approximately $790,000. It is anticipated that the costs for 1999 will be a similar amount.

In addition to the Title IV projects discussed above, Florida Power's construction program includes approximately $4 million of planned environmental expenditures for air quality improvement projects for the two-year period ending December 31, 2000.

WATER: To help meet the future electricity needs of its customers, Florida Power has built a new power plant complex in Polk County, Florida, named the Hines Energy Complex. (See Item 2, "Properties - Utility Operations - Planned Generation".) Approximately $28.4 million was spent through December 31, 1998 on environmental projects related to site development at the Hines Energy Complex, mainly for water resource related facilities. Florida Power's construction program includes approximately $1.4 million of environmental expenditures for water resource projects at other Florida Power facilities for the two-year period ending December 31, 2000.

WASTE MATERIALS: Florida Power is nearing completion of its program to reduce electrical equipment utilizing polychlorinated biphenyls ("PCB"). All regulatory compliance dates have been met. All PCB transformers (i.e. those having greater than 500 ppm PCB) have been removed from Florida Power's electric generating plants, except for one small plant. Removal of PCB transformers from this final

plant will be delayed until Florida Power decides whether and for how long the plant will remain in operation.

STORAGE TANK PROGRAM: The regulation of underground and aboveground storage tanks has expanded to affect virtually every Florida Power pollutant storage tank with a capacity of 100 gallons or greater, including vehicular fuel tanks, bulk fuel storage tanks, mineral acid tanks, hazardous material tanks and compression vessels. The FDEP's storage tank regulations require the replacement or upgrading of tanks that are not protected from corrosion, and the installation of release detection and secondary containment systems. These requirements must be met by the end of 1999. Florida Power expects the annual operating expense to be immaterial and construction expenditures through 1999 related to compliance with these regulations to be approximately $300,000.

As of January 1, 1999, there no longer exists any state funded petroleum cleanup programs for new contaminations. However, Florida Power believes that for the majority of past storage tank contamination cleanup expenditures it will qualify under one of two programs. Under one program, Florida Power is required to pay a deductible and the State of Florida will pay for the remaining portion of the cleanup. Under the second program, Florida Power would be responsible for a Contamination Assessment and 25% of the total remediation, with the state of Florida funding the remaining 75% of the cleanup.

ELECTROMAGNETIC FIELDS: The potential adverse effect of electromagnetic fields, or electric and magnetic fields ("EMF"), upon human health continues to be an important issue in the siting, construction and operation of electric transmission and distribution systems. EMF from a variety of sources, including transmission and distribution lines, has been the subject of many studies and much public discussion in recent years. The National EMF Research and Public Information Dissemination Program has completed an in depth research program.

This program was co-funded by federal and private utilities, including Florida Power. The findings, to be presented to the U.S. Congress in 1999, could have a major impact on the EMF issue.

Because of its exclusive jurisdiction to regulate EMF associated with electric transmission and distribution lines and substation facilities in Florida, the Florida Department of Environmental Protection ("FDEP") has adopted rules that establish certain EMF limits for new transmission lines and substations. The rules also require an annual review of the state of the scientific research into the potential adverse effects of EMF upon human health. The staff of the FDEP provides an annual progress report to the Environmental Regulation Commission. In February 1998, based on its review of the scientific research, the staff recommended that no revision of the current EMF standards be made at that time. The 1999 report has not yet been released. The Environmental Regulation Commission adopted the staff's recommendation and made no revision to EMF standards.

Florida Power believes that compliance with these EMF rules, which at present essentially maintain the status quo with respect to regulated EMF exposure levels, will not have a material adverse effect on the cost of constructing or maintaining new transmission lines or substations. However, there always is a potential for lawsuits brought by plaintiffs alleging damages caused by EMF.

Florida Power's management monitors developments in research concerning the potential health effects of EMF, EMF mitigation technologies and procedures, and significant actions by principal federal and Florida agencies related to EMF.

OTHER ENVIRONMENTAL MATTERS: Florida Power has received notices from the EPA that it is or could be a potentially responsible party ("PRP") under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA" or "Superfund") and the Superfund Amendment and Reauthorization Act ("SARA") and may be liable, together with others, for the costs of cleaning up several contaminated sites identified by the state and federal agencies. In addition to these designated sites, there are other sites where Florida Progress affiliates may be responsible for additional environmental cleanup. For further information concerning certain environmental matters relating to Florida Power, see paragraphs 5 and 7 under Item 3 "Legal Proceedings" and Note 11 to the Financial Statements.

EMPLOYEES

As of December 31, 1998, Florida Power had 4,740 full-time employees. The International Brotherhood of Electrical Workers represents approximately 2,016 of these full-time employees. The current union contract was ratified in May 1997 and expires in December 1999.

DIVERSIFIED OPERATIONS

Florida Progress' diversified operations are owned directly or indirectly through Progress Capital, a Florida corporation and wholly owned subsidiary of Florida Progress. Progress Capital holds the capital stock of, and provides funding for, Florida Progress' non-utility subsidiaries. Its primary subsidiary is Electric Fuels. Formed in 1976, Electric Fuels is an energy and transportation company with operations organized into three business units. Electric Fuels' energy and related services business unit supplies coal to Florida Power's Crystal River Energy Complex and other utility and industrial customers. Electric Fuels' inland marine transportation business unit, MEMCO Barge Line, Inc. ("MEMCO"), transports coal and dry-bulk cargoes primarily along the Mississippi and Ohio rivers. The rail services business unit, led by Progress Rail Services Corporation ("Progress Rail"), is one of the largest integrated processors and suppliers of railroad materials in the country. With operations in 20 states, Progress Rail offers a full range of railcar parts, maintenance-of-way equipment, rail and other track material, railcar repair facilities, railcar scrapping and metal recycling as well as railcar sales and leasing.

In November 1998, Florida Progress formed a new subsidiary, Progress Telecommunications Corporation. This subsidiary was formed to sell wholesale fiber-optic-based capacity service in Florida to long-distance carriers, Internet service providers, and other telecommunications companies, as well as large industrial, commercial and government entities. Progress Telecommunications will also sell wireless structure attachments to wireless communication companies and government entities.

As of December 31, 1998, Progress Capital and its subsidiaries had 4,385 full-time employees. (For additional information with respect to Progress Capital and its subsidiaries, see Item 7 "MD&A - Operating Results - Diversified Operations"), Note 8 to the Financial Statements and paragraph 10 of Item 3 "Legal Proceedings.")

COMPETITION

Florida Progress' non-utility subsidiaries compete in their respective marketplaces in terms of price, quality of service, location and other factors. Electric Fuels competes in several distinct markets: its coal operations compete

in the eastern United States utility and industrial coal markets; its marine transportation and barge operations compete in the coal, grain and bulk products transportation markets on the Ohio and lower Mississippi rivers; its marine equipment repair business competes in the inland river and gulf coast repair markets; and its rail operations compete in the railcar repair, parts and associated services markets in the eastern United States, in the midwest and west. Factors contributing to Electric Fuels' success in these markets include a competitive cost structure, strategic locations and, in the case of its marine transportation operations, a modern fleet. There are, however, numerous competitors in each of these markets, although no one competitor is dominant in any industry. The business of Electric Fuels and its subsidiaries, taken as a whole, is not subject to significant seasonal fluctuation. For further information with respect to Florida Progress' non-utility subsidiaries and competition, see Item 7 "MD&A - Diversified Operations".

ENVIRONMENTAL MATTERS

Electric Fuels is subject to federal, state and local regulations which govern air and water quality, waste disposal and other environmental matters. The coal mining business is affected primarily by the Clean Water Act, the Clean Air Act and the Surface Mining Control and Reclamation Act of 1977. The transportation and the railcar and marine repair businesses are primarily affected by the Resource Conservation and Recovery Act, the Emergency Planning and Community Right-To-Know Act and the Clean Water Act.

The Environmental Services Department of Electric Fuels reviews existing and emerging environmental regulations, disseminates applicable environmental information throughout the organization and conducts site specific environmental compliance audits. Transactional environmental assessments are performed on new acquisitions to determine the potential environmental liabilities associated with the facilities being considered. Compliance with environmental laws and regulations has not had a material effect on Electric Fuels' capital expenditures, earnings or competitive position, and Electric Fuels does not anticipate making any material capital expenditures for environmental facilities through the end of 2000.

For further information concerning certain environmental matters relating to Florida Progress' diversified operations, see Note 11 to the Financial Statements.

EXECUTIVE OFFICERS

Roy A. Anderson, Senior Vice President, Energy Supply of Florida Power, Age 50.

Mr. Anderson became Senior Vice President, Nuclear Operations, effective January 20, 1997, and now serves as the Senior Vice President of Energy Supply. From April 1, 1997 to April 17, 1998, he served as Chief Nuclear Officer. Prior to joining Florida Power, Mr. Anderson was employed by Carolina Power and Light, where he held numerous executive officer positions since 1993 in the areas of nuclear operations, fossil generation, and distribution and customer service. From 1987 to 1993, he was employed by Boston Edison Company, where he served as Plant Manager, Vice President and ultimately as Senior Vice President, Nuclear Operations.

Kenneth E. Armstrong, Vice President and General Counsel of Florida Progress and Florida Power, Age 51.

Mr. Armstrong has served as General Counsel of Florida Progress since July 1990 and as Vice President since April 1992. In April 1995, he became Vice President and General Counsel of Florida Power. In addition to these positions, Mr. Armstrong served as Assistant Secretary of Florida Progress from April 1992 to April 1993 and as Secretary from April 1993 to April 1996. He also served as Assistant Secretary of Florida Power from 1987 until April 1993 and as Secretary from April 1993 until April 1996.

Janice B. Case, Senior Vice President, Energy SolutionsSM of Florida Power, Age 46.

Mrs. Case was named Senior Vice President, Energy Solutions[SM] effective June 1, 1997, after serving as Vice President since 1996. From October 1990 until July 1996, she served as Vice President, Suncoast Florida Region of Florida Power.

Michael B. Foley, Jr., Senior Vice President, Energy Delivery of Florida Power, Age 55.

Since July 1996, Mr. Foley's principal occupation has been as shown above. Mr. Foley served as Vice President in that position since February 1995. From October 1988 until February 1995, Mr. Foley served as Director of System Planning of Florida Power.

Jeffrey R. Heinicka, Senior Vice President and Chief Financial Officer of Florida Power, Age 44.

Since March 15, 1999, Mr. Heinicka's principal occupation has been as shown above. From March 1994 to March 1999, Mr. Heinicka was Chief Financial Officer of both Florida Progress and Florida Power. From December 1990 to March 1994, Mr. Heinicka served as Vice President and Treasurer of Florida Progress. Mr. Heinicka also served as Vice President and Treasurer of Florida Power from April 1993 to March 1994, a position he held concurrently with his Vice President and Treasurer position at Florida Progress.

Richard D. Keller, Group Vice President, Energy and Transportation of Florida Progress, and President and Chief Executive Officer, Electric Fuels, Age 45.

Since May 1990, Mr. Keller's principal occupation has been as shown above. He has served as President and Chief Executive Officer of Electric Fuels since February 1988.

William G. Kelley, Vice President, Human Resources of Florida Progress and Florida Power, Age 51.

Mr. Kelley was appointed Vice President, Human Resources of Florida Progress and Florida Power, effective October 27, 1997. From 1992 to 1997, he was employed by Goulds Pumps,Inc., an international pump company, as Vice President of Human Resources. From 1989 to 1992 he served as Director of Human Resources for The Quaker Oats Company and headed the human resources function of the European Headquarters in the United Kingdom of its Fisher Price Division.

Richard Korpan, Chairman, President and Chief Executive Officer of Florida Progress, and Chairman of the Board of Florida Power, Age 57.

Mr. Korpan was appointed Chairman of the Board of Florida Progress, effective July 1, 1998. He has held the position of President since 1991, and became Chief Executive Officer of Florida Progress in June 1997. Since April 1996 he has also served as Chairman of the Board of Florida Power, and until June 1, 1997, as Chief Executive Officer of Florida Power. He joined Florida Progress in 1989 as Executive Vice President and Chief Financial Officer. He is a director of SunTrust Bank of Tampa Bay and a member of the Business Roundtable.

Edward W. Moneypenny, Senior Vice President and Chief Financial Officer of Florida Progress, Age 57.

Edward W. Moneypenny became Senior Vice President and Chief Financial Officer of Florida Progress, effective March 15, 1999. Prior to joining Florida Progress, Mr. Moneypenny was employed by Oryx Energy Company, an independent oil and natural gas exploration company, where he held numerous executive officer and chief financial positions since 1988. He served as a member of Oryx's board of directors from 1994 until February 1999.

Joseph H. Richardson, Group Vice President, Utility Group of Florida Progress and President and Chief Executive Officer of Florida Power, Age 49.

Since 1996, Mr. Richardson's principal occupation has been as shown above. Effective June 1, 1997, he was appointed Chief Executive Officer, in addition to President, of Florida Power. From April 1995 to April 1996, he served as Senior Vice President, Energy Distribution of Florida Power. From October 1993 to April 1995, he served as Senior Vice President, Legal and Administrative Services, and General Counsel of Florida Power. From August 1991 through April 1995, Mr. Richardson also held the position of Senior Vice President of Florida Progress. He is a director of Echelon.

Dr. Jack Critchfiled retired as Chairman of the Board of Florida Progress effective July 1, 1998.

There are no family relationships between any director or any executive officer of Florida Progress or Florida Power. The executive officers serve at the pleasure of their respective Boards of Directors. Each executive officer is appointed annually.

ITEM 2. PROPERTIES

Florida Progress believes that its physical properties and those of its subsidiaries are adequate to carry on its and their businesses as currently conducted. Florida Progress and its subsidiaries maintain property insurance against loss or damage by fire or other perils to the extent that such property

is usually insured. (See Note 11 to the Financial Statements.) Substantially all of Florida Power's utility plant is pledged as collateral for Florida Power's First Mortgage Bonds. Certain river barges and tug/barge units owned or operated by Electric Fuels are subject to liens in favor of certain lenders.

UTILITY OPERATIONS

GENERATION: As of December 31, 1998, the total net winter generating capacity of Florida Power's generating facilities, including CR3, was 7,727 MW. This capacity was generated by 13 steam units with a capacity of 4,661 MW and 45 combustion turbine units with a capacity of 3,066 MW. Florida Power's ability to use its generating units may be adversely impacted by various governmental regulations affecting nuclear operations and other aspects of Florida Power's business. (See "Regulatory Matters and Franchises" and "Environmental Matters" under Item 1 "Business - Utility Operations - Florida Power.") Operation of these generating units may also be substantially curtailed by unanticipated equipment failures or interruption of fuel supplies. Florida Power expects to have sufficient system capacity, access to purchased power and demand-side management capabilities to meet anticipated future demand. (See Item 2 "Planned Generation and Energy Sales" below.)

Florida Power's generating plants (all located in Florida) and their capacities at December 31, 1998, were as follows:

Plants	Primary/ Alternate Fuel	Location (County)	Steam MW	Combustion Turbine MW	Winter Net Maximum Dependable Capacity MW
Crystal River:		Citrus			
Unit #1	Coal		373	-	373
Unit #2	Coal		469	-	469
Unit #3	Uranium		755*	-	755
Unit #4	Coal		717	-	717
Unit #5	Coal		717	-	717
			3,031		3,031
Anclote:		Pasco			
Unit #1	Oil		517	-	517
Unit #2	Oil/Gas		517	-	517
Bartow	Oil/Gas	Pinellas	449	217	666
Turner	Oil	Volusia	-	200	200
Intercession City**	Oil/Gas	Osceola	-	912	912
DeBary	Oil/Gas	Volusia	-	786	786
Higgins	Gas	Pinellas	-	148	148
Bayboro	Oil	Pinellas	-	232	232
Avon Park	Oil/Gas	Highlands	-	64	64
Rio Pinar	Oil	Orange	-	18	18
Suwannee River	Gas/Oil	Suwannee	147	201	348
Tiger Bay	Gas	Polk	-	246	246
University of Fla.	Gas	Alachua	-	42	42
			4,661	3,066	7,727

* Represents 90.4% of total plant capacity. The remaining 9.6% of capacity is owned by other parties.

** Florida Power and Georgia Power Company ("Georgia Power") are co-owners of a 168-MW advanced combustion turbine located at Florida Power's Intercession City site. Georgia Power has the exclusive right to the output of this unit during the months of June through September. Florida Power has that right for the remainder of the year.

PLANNED GENERATION AND ENERGY SALES: Through a competitive bidding process, Florida Power signed a contract with the city of Bartow to supply wholesale power and energy-related services for another five years, beginning in November 1999. Current requirements for Bartow are 55 MW, which is expected to grow to over 70 MW over the life of the contract. In 1995, Florida Power agreed to sell 605 MW of year round capacity to Seminole from 1999 through 2001. While 150 MW of this transaction represents a continuation of existing business, 455 MW represents new sales to Seminole. In addition, Florida Power has agreed to sell from 150 to 300 MW to Seminole from 2000-2002. This contract was awarded to Florida Power as a result of a competitive bidding process initiated by Seminole. Additionally, Florida Power is in the final year of a three year contract to sell between 150 and 400 MW of summer-peaking capacity annually to Georgia Power. The committed capacity for 1999 is 200 MW.

In 1992, the FPSC granted Florida Power a certificate of need to build 470 MW of new generation using combined cycle technology. In September 1994, Florida Power purchased approximately 8,100 acres of mined-out phosphate land for the new power plant site. The site is located in Polk County, Florida, approximately 50 miles east of Tampa, and has been designated the Hines Energy Complex. Construction of the unit was completed in December 1998. The first power block is a nominal 500 MW combined cycle unit which is expected to be placed into commercial operation in the spring of 1999. Florida Power plans to use natural gas to fuel the unit.

Florida Power has obtained capacity on the Florida Gas Transmission Company's system for the transportation of natural gas to the Hines Energy Complex in Polk County. Florida Power began using the capacity in January 1998. This transportation will serve a portion of the plant's requirements. Florida Power also has contracted for natural gas supply and its transportation for the remaining portion of the plant's requirements.

Some of the capacity at the Hines Energy Complex will be used to meet the requirements of a wholesale contract signed in 1995, in which Florida Power agreed to sell an additional 455 MWs to Seminole, beginning in 1999(previously mentioned herein).

In February 1999, Florida Power announced that it plans to build three peaking power generation units at Florida Power's Intercession City site. The units are designed to provide electricity during periods of peak customer demand and are projected to provide a total of 300 MW of power beginning in December 2000. The new units are combustion turbine units capable of using either natural gas or oil, depending on cost and availability of those fuel sources.

In connection with the construction of new power plants in Florida, the FPSC requires each investor-owned electric utility to engage in a competitive bidding process for the construction of new generation, unless the utility demonstrates on a case-by-case basis that such a process is not in the best interests of the utility's ratepayers. See Item 3 "Legal Proceedings", Paragraph 12. The construction of peaking units does not fall under this requirement.

NUCLEAR PLANT AND NUCLEAR INSURANCE: Information regarding nuclear plant and nuclear insurance is contained in Note 4 and Note 11 to the Financial Statements.

TRANSMISSION AND DISTRIBUTION: As of December 31, 1998, Florida Power distributed electricity through 363 substations with an installed transformer capacity of 43,255,840 kilovolt amperes ("KVA"). Of this capacity, 29,399,250 KVA is located in transmission substations and 13,856,590 KVA in distribution substations. Florida Power has the second largest transmission network in Florida. Florida Power has 4,669 circuit miles of transmission lines, of which 2,646 circuit miles are operated at 500, 230, or 115 kilovolts ("KV") and the balance at 69 KV. Florida Power has 24,723 circuit miles of distribution lines which operate at various voltages ranging from 2.4 to 25 KV.

Florida Power along with 21 other in-state electric utilities and 14 non-utilities comprise the Florida Reliability Coordinating Council ("FRCC"), which was approved by the North American Electric Reliability Council ("NERC") as the tenth region of NERC. The FRCC is responsible for ensuring the reliability of the bulk power electric system in peninsular Florida.

Florida Power and five other FRCC transmission providers have established Florida Open Access Sametime Information System. This is an internet location where transmission customers may obtain transmission information and submit requests for service or resell service rights.

DIVERSIFIED OPERATIONS

Electric Fuels owns and/or operates approximately 5,000 railcars, 50 locomotives, 1,100 river barges and 27 river towboats that are used for the transportation and shipping of coal, steel and other bulk products. Through joint ventures, Electric Fuels has five oceangoing tug/barge units. An Electric Fuels subsidiary, through another joint venture, owns one third of a large bulk products terminal located on the Mississippi River south of New Orleans, which handles coal and other products. Electric Fuels provides drydocking and repair services to towboats, offshore supply vessels and barges through operations it owns near New Orleans, Louisiana.

Electric Fuels controls, either directly or through subsidiaries, coal reserves located in eastern Kentucky and southwestern Virginia. Electric Fuels owns, in fee, properties that contain estimated proven and probable coal reserves of approximately 185 million tons and controls, through mineral leases, additional estimated proven and probable coal reserves of approximately 30 million tons. The reserves controlled by Electric Fuels include substantial quantities of high quality, low sulfur coal that is appropriate for use at Florida Power's existing generating units. Electric Fuels' total production of coal during 1998 was approximately 3.0 million tons.

In connection with its coal operations, Electric Fuels subsidiaries own and operate an underground mining complex located in southeastern Kentucky and southwestern Virginia. Other Electric Fuels subsidiaries own and operate surface and underground mines, coal processing and loadout facilities and a river terminal facility in eastern Kentucky, a railcar-to-barge loading facility in West Virginia, and three bulk commodity terminals: one on the Ohio River in Cincinnati, Ohio, and two on the Kanawha River near Charleston, West Virginia. Electric Fuels and its subsidiaries employ both company and contract miners in their mining activities.

Another Electric Fuels subsidiary owns an interest in a partnership, located in eastern Kentucky, which produces synthetic fuels that qualify for Federal tax credits under Section 29 of the Internal Revenue Code.

A subsidiary of Electric Fuels has acquired oil and gas leases on 1,920 acres in Garfield County, Colorado, containing proven natural gas reserves of 37.6 billion cubic feet.

Progress Rail, an Electric Fuels subsidiary is one of the largest integrated processors of railroad materials in the United States, and is a leading supplier of new and reconditioned freight car parts, rail, rail welding and track work components, railcar repair facilities, railcar and locomotive leasing, maintenance-of-way equipment and scrap metal recycling. It has facilities in 20 states, Mexico and Canada.

Another subsidiary of Electric Fuels owns and operates a manufacturing facility at the Florida Power Energy Complex in Crystal River, Florida. The manufacturing process utilizes the fly ash generated by the burning of coal as the major raw material in the production of lightweight aggregate used in construction building blocks. Electric Fuels also operates an environmental testing laboratory in Tampa, Florida.

ITEM 3. LEGAL PROCEEDINGS

Purchased Power Contracts with Qualifying Facilities

Florida Power has interpreted the pricing provision in its QF contracts to allow it to pay an as-available energy price rather than a higher firm energy price when the avoided unit upon which the contract is based would not have been operated. Two QFs have suits pending against Florida Power over the level of payments made by Florida Power under the contracts, as discussed in paragraphs 1 and 2 below:

1. **Metropolitan Dade County and Montenay Power Corp. v. Florida Power Corporation, Circuit Court of the Eleventh Circuit for Dade County, Florida, Case No. 96-09598-CA-30**

   Metropolitan Dade County and Montenay Power Corp. v. Florida Power Corporation, U.S. District Court, Southern District, Miami Division, Case No. 96-0594-C.V.-LENNARD

   In re: Petition for Declaratory Statement That Energy Payments Are Limited to Analysis of Avoided Unit's Contractually Specified Characteristics, Florida Public Service Commission, Docket No. 980283-EQ.

On February 13, 1996, Metropolitan Dade County ("Dade") and Montenay Power Corp. ("Montenay") filed a complaint in the above-referenced state court seeking a declaratory judgment that their interpretation of the energy pricing provision in their QF contract is correct, and damages in excess of $1.3 million for breach of that contract. No trial date has as yet been set in the State Court action.

On May 14, 1996, Dade and Montenay filed suit against Florida Power in the above-referenced federal district court based on essentially the same facts as presented in the state court case, but alleging violations of federal antitrust laws and demanding unspecified treble damages. In March 1997, the plaintiffs

amended the federal court case to include Florida Progress and Electric Fuels. In June 1998, the judge granted the defendants' Motion for Summary Judgement and dismissed the case. Dade and Montenay filed a Notice of Appeal with the 11th Circuit Court of Appeals in October 1998.

On February 23, 1998, Florida Power filed a petition with the FPSC for a Declaratory Statement that the previous FPSC - approved negotiated contract between the parties limits energy payments thereunder to the avoided costs based upon an analysis of a hypothetical unit having the characteristics specified in the contract. In October 1998, the FPSC denied the Florida Power petition for declaratory statement. In January 1999, Florida Power filed a Notice of Appeal of the FPSC denial with the Florida Supreme Court. (See Note 11 to the Financial Statements.)

2. **NCP Lake Power, Inc. v. Florida Power Corporation, Florida Circuit Court, Fifth Judicial Circuit for Lake County, Case No. 94-2354-CA-01**

   In re: Petition for Declaratory Statement Regarding the Negotiated Contract for Purchase of Firm Capacity and Energy between Florida Power Corporation and Lake Cogen, LTD., Florida Public Service Commission, Docket No. 980509-EQ.

On October 21, 1994, NCP Lake Power, Inc. ("Lake"), a general partner of Lake Cogen, Ltd., filed the above-referenced suit against Florida Power asserting breach of its QF contract and requesting a declaratory judgment. A bench trial in the case concluded in December 1998, but the court has not yet ruled.

On April 9, 1998, Florida Power filed a petition with the FPSC for a Declaratory Statement that the contract between the parties limits energy payments thereunder to the avoided costs based upon an analysis of a hypothetical unit having the characteristics specified in the contract. In October 1998, the FPSC denied the petition. In January 1999, Florida Power filed a Notice of Appeal of this FPSC order with the Florida Supreme Court. (See Note 11 to the Financial Statements.)

3. **Wanda L. Adams, et al. v. Florida Power Corporation and Florida Progress Corporation, U.S. District Court, Middle District of Florida, Ocala Division, Case No. 95-123-C.V.-OC-10.**

On October 13, 1995, Florida Power and Florida Progress were served with a multi-party lawsuit involving 17 former Florida Power employees. The plaintiffs generally alleged discrimination in violation of the Age Discrimination and Employment Act and wrongful interference with pension rights in violation of the Employee Retirement Income Security Act as a result of their involuntary terminations during Florida Power's reduction in force. While no dollar amount is specified, each Plaintiff seeks back pay, reinstatement or front pay through their projected dates of normal retirement, costs and attorney's fees. The Plaintiffs subsequently filed motions adding 39 additional plaintiffs.

In November 1995, Florida Power filed its answer, a motion to dismiss Florida Progress, and a counterclaim against five of the plaintiffs who signed releases, promising, among other things, not to sue Florida Power with respect to matters involving their employment or termination. The counterclaim sought enforcement of the agreement, dismissal of plaintiffs' complaints, and an award of attorneys fees and costs of litigation.

In October 1996, a joint stipulation to provisionally certify the case as a class action pursuant to the Age Discrimination in Employment Act was approved.

By May 28, 1997, the final day for individuals to "opt into" this action, 61 additional former employees elected to do so, for a total of 117 plaintiffs.

In June 1998, the judge issued an order on several pending motions. The motion to dismiss Florida Progress was denied, but all the ERISA claims were dismissed and the state age claims of 5 plaintiffs were dismissed. The Motion to Dismiss 4 plaintiffs' federal age claims based on Statute of Limitations violations was granted.

In October 1998, Florida Power filed a motion for summary judgement on its counterclaim and on the state law claims of 69 plaintiffs, who are similarly situated to the 5 plaintiffs who have had their state claims dismissed. In December 1998, Florida Power and the plaintiff's engaged in informal settlement discussions, which were terminated on December 22, 1998. However, plaintiffs have filed a motion to enforce a purported $11 million settlement agreement. Florida Power denies that such an agreement exists and has filed responsive pleadings to that effect.(See Note 11 to the Financial Statements.)

4. Florida Power Corporation v. United States, U.S. Court of Federal Claims, Civil Action No. 96-702C. Consolidated Edison Co., et al v. United States, United States District Court, Southern District of New York, Case No. 98-CIV-4115

On November 1, 1996, Florida Power filed suit against the U.S. Government in the U.S. Federal Court of Claims alleging breach of contract and illegal taking of property without just compensation. The suit arises out of several contracts under which the government provided uranium enrichment services at fixed prices. After Florida Power paid for all services provided under the contracts, the government, through federal legislation enacted in 1992, imposed a retroactive price increase in order to fund the decontamination and decommissioning of the government's gaseous diffusion uranium enrichment facilities. The government is collecting this increase through an annual "special assessment" levied upon all utilities that had enrichment services contracts with the government. Collection of the special assessments began in 1992 and is scheduled to continue for a fifteen-year period.

To date, Florida Power has paid more than $11.0 million in special assessments, and if continued throughout the anticipated fifteen-year life, the special assessments would increase the cost of Florida Power's contracts by more than $23 million. Florida Power seeks an order declaring that all such special assessments are unlawful, and an injunction prohibiting the government from collecting future special assessments, and damages of approximately $11.0 million, plus interest.

In February 1999, the court granted Florida Power's motion to stay, pending resolution of the Consolidated Edison case, sited below.

In June 1998, Florida Power, Consolidated Edison Co. and 15 other utilities filed a declaratory judgement action against the United States in the Southern District Court of New York, challenging the constitutionality of the $2.25 billion retroactive assessment imposed by the federal government on domestic nuclear power companies to fund the decommissioning and decontamination of the government's uranium enrichment facilities.

5. Sanford Gasification Plant Site, Sanford, Florida ("Sanford Site")

The Sanford Site is a former manufactured gas site located in the city of Sanford, Florida. Sanford Gas Company, which merged into Florida Power in 1944, operated the plant until 1946 when it was sold to South Atlantic Gas Company (later Atlanta Gas Company). The plant was conveyed three more times, being purchased by the current owner, Florida Public Utilities, in 1965.

In June 1996, the EPA completed an Expanded Site Investigation/Remedial Investigation at the site. In July 1997, the EPA sent a general and special notice letter which advised Florida Power and other PRPs of their potential liability for cleanup. The investigation concluded that the release or threatened release of contaminants includes the site itself and down gradient contamination of an unnamed tributary used for storm water drainage. Water flows from the tributary into Cloud Branch Creek and ultimately Lake Monroe.

Florida Power, Florida Power and Light Company, Atlanta Gas Company, Florida Public Utilities Company and the City of Sanford executed an Administrative Order on Consent ("AOC") and a Site Participation Agreement with EPA. By signing the AOC, the PRPs agreed, jointly and severally, to perform the Remedial Investigation and Feasibility Study ("RI/FS") at the Sanford site. By executing the Site Participation Agreement, the PRPs agreed to an allocation of costs for a RI/FS for up to $1.5 million. Florida Power's share is approximately 39.7% of these costs.

In September 1998, the EPA formally approved the PRP RI/FS Work Plan. The RI field work was completed in January 1999. The EPA is expected to review the final Treatability Study report and provide further guidance to the PRPs by August 1999. Additional contributions for subsequent cleanup costs will be negotiated among the PRPs as the scope of clean-up efforts become more defined. (See Note 11 to the Financial Statements.)

6. State of Oklahoma, ex rel. John P. Crawford, Insurance Commissioner v. Mid-Continent Life Insurance Company, District Court of Oklahoma County, State of Oklahoma, Case No. CJ-97-2518-62

State of Oklahoma, ex rel, John P. Crawford, Insurance Commissioner as Receiver for Mid-Continent Life Insurance Company v. Florida Progress Corporation, a Florida corporation, Jack Barron Critchfield, George Ruppel, Thomas Steven Krzesinski, Richard Korpan, Richard Donald Keller, James Lacy Harlan, Gerald William McRae, Thomas Richard Dlouhy, Andrew Joseph Beal and Robert Terry Stuart, Jr., District Court of Oklahoma County, State of Oklahoma, Case No. CJ-97-2518-62 (part of the same case noted above).

Michael Farrimond, Pamela S. Farrimond, Angela Fry, Jowhna Hill, and Barbara Hodges, for themselves and all others similarly situated v. Florida Progress Corporation, a Florida corporation, Jack Barron Critchfield, George Ruppel, Thomas Steven Krzesinski, Richard Korpan, Richard Donald Keller, James Lacy Harlan, Gerald William McRae, Thomas Richard Dlouhy, Andrew Joseph Beal and Robert Terry Stuart, Jr., District Court of Oklahoma County, State of Oklahoma, Case No. CJ-99-130-65

On April 14, 1997, the Insurance Commissioner of the State of Oklahoma ("Commissioner") received approval from the Oklahoma County District Court to temporarily seize control of the operations of Mid-Continent Life Insurance Company ("Mid-Continent"). On May 23, 1997, the District Court of Oklahoma County granted the application of the Commissioner to place Mid-Continent into receivership and ordered the Commissioner to develop a plan of rehabilitation for Mid-Continent. Inconsistently, the court ruled that premiums could be raised

on Mid-Continent policies. Both parties appealed to the Oklahoma Supreme Court, but these appeals were withdrawn in February 1999.

On December 22, 1997, the Commissioner filed with the court a petition for damages against Florida Progress and certain former Mid-Continent directors and officers of Florida Progress, alleging alter ego, negligence, breach of fiduciary duty, misappropriation of funds, unjust enrichment, ultra vires, violation of Oklahoma statutory insurance law, violation of Oklahoma statutory corporate law, and seeking equitable relief. On April 17, 1998, the court granted motions to dismiss the individual defendants, leaving Florida Progress as the sole remaining defendant in the lawsuit. This lawsuit has been stayed by agreement of the parties and is expected to be resolved in the context of the rehabilitation plan.

A new Commissioner was elected in November 1998 and has stated his intention to work with Florida Progress and others to develop a plan to rehabilitate Mid-Continent rather than pursue litigation against Florida Progress. Florida Progress is working with the new Commissioner to develop a viable plan to rehabilitate Mid-Continent, which would include a sale of that company.

On January 19, 1999, five Mid-Continent policyholders filed a purported class action against Mid-Continent and the same defendants named in the former case filed by Commissioner Crawford. The complaint contains substantially the same factual allegations as the December 22, 1997 case. Defendants have filed a motion to transfer the case to the receivership court and will seek to have it resolved in the context of the rehabilitation plan.

Florida Progress intends to vigorously defend itself and other defendants against outstanding charges and cooperate with the receiver to gain the court's approval of a rehabilitation plan that serves its best interests and those of the policy holders. (See Item 7 MD&A, "Diversified Operations - Mid-Continent Life Insurance Company" and Note 11 to the Financial Statements.)

7. Peak Oil Company, Missouri Electric Works, 62nd Street, AKO Bayside, Bluff Electric and Holloway Superfund Sites.

Florida Power has been notified by the EPA that it is or could be a PRP with respect to each of the above Superfund sites. Based upon the information presently available, Florida Power has no reason to believe that its total liability for the cleanup of these sites will be material or that it will be required to pay a significantly disproportionate share of those costs. However, these matters are being reported because liability for cleanup of certain sites is technically joint and several, and because the extent to which Florida Power may ultimately have to participate in those cleanup costs is not presently determinable.

8. Calgon Carbon Corporation v. Potomac Capital Investment Corporation, Potomac Electric Power Company, Progress Capital Holdings, Inc., and Florida Progress Corporation, United States District Court for the Western District of Pennsylvania, Civil Action No. 98-0072.

Calgon Carbon Corporation ("Calgon") filed a complaint on January 12, 1998, asserting securities fraud, breach of contract and other claims in connection with the sale to it by two of the defendants in December 1996 of their interests in Advanced Separation Technologies, Incorporated ("AST"), a corporation engaged in the business of designing and assembling proprietary separation equipment. Prior to closing, Progress Capital, a wholly owned subsidiary of Florida Progress, owned 80 percent of the outstanding stock of AST and Potomac Capital Investment Corporation (an entity unaffiliated with PCH or Florida Progress)

owned 20 percent. Calgon paid PCH an aggregate of approximately $57.5 million (producing net proceeds of approximately $56 million after certain fees and expenses) in respect of PCH's share of AST's stock. Calgon claims that AST's assets and revenues were overstated and liabilities and expenses were understated for 1996. Calgon also alleges undisclosed facts relating to accounting methodology, poor products, manufacturing and quality control problems and undisclosed warranty claims. Calgon seeks damages, punitive damages and the right to rescind the purchase. The defendants have filed a motion to dismiss all claims, which is pending.

9. **FOCAS, Inc. v. Florida Power Corporation, U.S. District Court, Northern District of Georgia, Atlanta Division, Case No. CV-822-CC**

Florida Power entered into a contract with FOCAS, Inc. ("FOCAS") for the supply of fiberoptic cable. A portion of the cable was found to be defective, and was replaced. FOCAS invoiced Florida Power for the defective cable in the amount of approximately $2 million. While discussions proceeded regarding the matter, FOCAS sued Florida Power alleging breach of contract, unjust enrichment and fraudulent inducement, and requesting up to approximately $76 million in damages, representing, among other things, Florida Power's alleged profits over the estimated fifteen year life of the cable. Florida Power filed its Answer on December 12, 1998, generally denying the allegations.

10. **ABC Rail Products Corporation v. Progress Rail Services Corporation and Louisville Scrap Material Co., Inc., U.S. District Court, Northern District of Illinois, Eastern Division, Civ. Action No. 98C3663.**

On June 12, 1998, ABC Rail Products Corporation ("ABC") brought an action against Progress Rail and Louisville Scrap Material Co., Inc. ("Louisville") seeking injunctive and declaratory relief and treble damages based on alleged violations of federal and state antitrust statutes as well as damages under other state law claims. The complaint sought to enjoin Progress Rail's acquisition of certain assets and business of Louisville and several affiliated corporations known as the Blue Industrial Group. The parties subsequently agreed on the terms of settlement, and the case was dismissed. This concludes this matter for reporting purposes.

11. **In Re: Joint Petition for Determination of Need for an Electrical Power Plant in Volusia County by the Utilities Commission, City of New Smyrna Beach, and Duke Energy New Smyrna Beach Power Company Ltd., L.L.P. Public Service Commission, Docket No. 981042-EM.**

On August 28, 1998, Duke Energy New Smyrna Beach Power Company and the Utilities Commission of New Smyrna Beach filed a petition with the FPSC seeking a determination of need to build a 514 MW combined cycle electric power plant with an in-service date of November 1, 2001. In September 1998, Florida Power filed a Motion to Intervene and a Motion to Dismiss in that action. Florida Power believed that granting the petition would profoundly restructure Florida's statutorily mandated approach to planning and siting generating capacity by contradicting a long standing FPSC interpretation of the Florida Power Plant Siting Act that has been affirmed by the Florida Supreme Court. Florida Power also believed that granting the petition would raise a host of significant related policy issues that are beyond the scope of this proceeding. On March 4, 1999, the FPSC voted to grant the Duke petition. Florida Power intends to appeal this decision.

12. **In Re: Petition of Florida Power Corporation for Waiver of Rule 25-22.082 F.A.C. Selection of Generating Capacity, Florida Public Service Commission, Docket No. 98-1360-EI.**

On October 20, 1998, Florida Power filed a Petition with the FPSC seeking a waiver of the Commission rules which require an electric utility to solicit and evaluate bids for new generating capacity as a prerequisite to constructing a power plant with steam capacity in excess of 75 MW. This petition was filed to facilitate the start of construction of a second unit at the Hines Energy Complex in Polk County. On January 19, 1999, the FPSC voted to deny the Florida Power Petition. This report concludes this matter for reporting purposes.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANTS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

FLORIDA PROGRESS

Florida Progress' common stock is listed on the New York Stock Exchange and the Pacific Stock Exchange. The high and low price per share of Florida Progress' common stock for each quarterly period and the dividends per common share paid on shares of Florida Progress' common stock during the last two fiscal years appear in Item 8 on the "Quarterly Financial Data" table for Florida Progress at the end of the Notes to the Financial Statements, and is incorporated herein by reference.

In February 1999, Florida Progress' Board announced an increase of one cent per share in the common stock quarterly dividend, which on an annual basis would increase the dividend from $2.14 to $2.18 per share. This represents an annual dividend growth rate of 1.9%. In 1998, Florida Progress' dividend payout ratio was approximately 74% of earnings. Information concerning the Florida Progress dividend policy is set forth in Item 7 "MD&A - Liquidity and Capital Resources".

Florida Progress' Restated Articles of Incorporation do not limit the dividends that may be paid on its common stock. However, the primary source for payment of Florida Progress' dividends consists of dividends paid to it by Florida Power. Florida Power's Amended Articles of Incorporation and its Indenture dated as of January 1, 1944, under which it issues first mortgage bonds, contain provisions restricting dividends in certain circumstances. At December 31, 1998, Florida Power's ability to pay dividends was not limited by these restrictions.

Florida Progress and Progress Capital have entered into a Second Amended and Restated Guaranty and Support Agreement dated as of August 7, 1996, pursuant to which Florida Progress has unconditionally guaranteed the payment of Progress Capital's debt (as defined in the agreement).

Florida Progress did not issue any equity securities during 1998 that were not registered under the Securities Act. Progress Capital, however, has a privately-placed medium-term note program. (See Item 7 "Liquidity and Capital Resources -Diversified Operations", and Note 6 to the Financial Statements.)

The approximate number of equity security holders of Florida Progress is as follows:

Title of Class	Number of Registered Holders* as of December 31, 1998
Common Stock without par value	44,757

* The computation of registered holders includes record holders as well as individual positions in the Progress Plus Stock Plan.

FLORIDA POWER

All of Florida Power's common stock is owned by Florida Progress, and as a result there is no established public trading market for the stock. For the past three years, Florida Power has paid quarterly dividends to Florida Progress totaling the amounts shown in the Statements of Shareholder's Equity in the Financial Statements.

Florida Power's amended articles of incorporation, and its Indenture dated as of January 1, 1944, as supplemented, under which it issues first mortgage bonds, contain provisions restricting dividends in certain circumstances. At December 31, 1998, Florida Power's ability to pay dividends was not limited by these restrictions.

ITEM 6. SELECTED FINANCIAL DATA

	Annual Growth Rates (in percent) 1993-1998	1998	1997	1996	1995	1994	1993
FLORIDA PROGRESS CORPORATION							
Summary of operations (in millions)							
Utility revenues	6.2	$2,648.2	$2,448.4	$2,393.6	$2,271.7	$2,080.5	$1,957.6
Diversified revenues (continuing)	17.7	972.1	868.0	764.3	736.1	644.8	430.3
Income from continuing operations Before non-recurring items	7.5	281.7	254.3	252.4	238.9	212.0	196.0
Income from continuing operations	7.5	281.7	54.3	250.7	238.9	212.0	196.0
Income (loss)from discontinued operations and change in accounting				(26.3)			0.6
Net income	7.5	281.7	54.3	224.4	238.9	212.0	196.6
Balance sheet data (in millions):							
Total assets	2.9	$6,160.8	$5,760.0	$5,348.4	$5,550.4	$5,453.1	$5,338.0
Capitalization:							
Short-term capital	14.4	$ 382.1	$ 230.0	$ 39.0	$173.7	$ 99.9	$195.2
Long-term debt	4.1	2,250.4	2,377.8	1,776.9	1,662.3	1,835.2	1,840.5
Preferred stock	(25.8)	33.5	33.5	33.5	138.5	143.5	148.5
Common stock equity	.5	1,862.0	1,776.0	1,924.2	2,078.1	1,984.4	1,820.5
Total capitalization	2.5	$4,528.0	$4,417.3	$3,773.6	$4,052.6	$4,063.0	$4,004.7
Common stock data:							
Average shares outstanding (in millions)	1.9	97.1	97.1	96.8	95.7	93.0	88.3
Earnings per share:							
Utility before non-recurring	4.4	$2.56	$2.48	$2.40	$2.27	$2.05	$2.06
Diversified continuing before non-recurring items	16.3	.34	.14	.21	.23	.23	.16
Consolidated continuing before non-recurring items	5.5	2.90	2.62	2.61	2.50	2.28	2.22
Consolidated continuing	5.5	2.90	.56	2.59	2.50	2.28	2.22
Discontinued operations and change in accounting		-	-	(.27)	-	-	.01
Consolidated	5.4	2.90	.56	2.32	2.50	2.28	2.23
Dividends per common share	1.9	2.14	2.10	2.06	2.02	1.99	1.95
Dividend payout		73.8%	375.3%	88.9%	81.0%	87.7%	87.6%
Dividend yield		4.8%	5.4%	6.4%	5.7%	6.7%	5.9%
Book value per share of common stock	(1.3)	$19.13	$18.30	$19.84	$21.55	$20.85	$20.40
Return on common equity		15.6%	2.9%	10.9%	11.8%	11.1%	11.1%
Common stock price per share:							
High		47 1/8	39 1/4	36 1/2	35 3/4	33 5/8	36 3/8
Low		37 11/16	27 3/4	31 1/2	29 3/8	24 3/4	31 1/4
Close	5.9	44 13/16	39 1/4	32 1/4	35 3/8	30	33 5/8
Price earnings ratio (year-end)		15.5	70.1	13.9	14.2	13.2	15.1
Other year-end data:							
Number of employees	3.1	9,125	7,990	7,291	7,174	7,394	7,825

[CONTINUED ON NEXT PAGE]

	Annual Growth Rates (in percent) 1993-1998	1998	1997	1996	1995	1994	1993
FLORIDA POWER CORPORATION							
Electric sales (million of KWH)							
Residential	4.3	16,526.3	15,079.8	15,481.4	14,938.0	13,863.4	13,372
Commercial	4.9	9,999.3	9,257.3	8,848.0	8,612.1	8,252.1	7,884
Industrial	5.3	4,375.4	4,187.8	4,223.7	3,864.4	3,579.6	3,380
Total retail sales	4.7	33,386.6	30,850.3	30,784.8	29,499.5	27,675.2	26,528
Total electric sales	5.4	37,251.1	33,289.9	33,492.5	32,402.6	30,014.6	28,647
Residential service (average annual):							
KWH sales per customer	2.4	13,972	12,993	13,560	13,282	12,597	12,42
Revenue per customer	4.1	$1,204	$1,115	$1,138	$1,114	$1,038	$98
Revenue per KWH	1.7	$0.0862	$0.0858	$0.0839	$0.0839	$0.0824	$0.079
Financial Data:							
Operating revenues	6.2	$2,648.2	$ 2448.4	$2,393.6	$2,271.7	$2,080.5	$1,957
Net income after dividends on preferred stock	6.5	$248.6	$ 134.4	$ 232.6	$217.3	$190.7	$181
Total assets	3.0	$4,928.1	$4,900.8	$4,264.0	$4,284.9	$4,284.5	$4,259
Long-term debt and preferred stock subject to mandatory redemption	1.6	$1,555.1	$1,745.4	$1,296.4	$1,304.1	$1,393.8	$1,433
Total capitalization including short-term debt (in millions)	1.8	$3,547.6	$3,727.7	$3,180.8	$3,202.2	$3,265.4	$3,240
Capitalization ratios:							
Short-term capital	(6.0)	3.9%	4.9%	0.8%	1.0%	2.8%	5.
Long-term debt	.3	43.8%	46.8%	40.8%	39.9%	41.7%	43.
Preferred stock	(27.8)	0.9%	0.9%	1.1%	4.3%	4.4%	4.
Common stock equity	1.8	51.3%	47.4%	57.4%	54.8%	51.1%	47.
Ratio of earnings to fixed charges (SEC method)	.2	3.87	2.75	4.80	4.41	3.90	3.
Embedded cost of long-term debt		6.8%	7.0%	7.2%	7.2%	7.1%	6.
Embedded cost of preferred stock	(7.5)	4.6%	4.6%	4.6%	6.8%	6.8%	6.
Operating Data:							
Net system capacity (MW)	.4	7,727	7,717	7,341	7,347	7,295	7,5
Net system peak load (MW)	3.5	8,004	8,066	8,807	7,722	6,955	6,7
Capital expenditures (in millions)	(6.2)	$310.2	$387.2	$217.3	$283.4	$319.5	$426
Net cash flow to capital expenditures	21.8	169%	76%	175%	125%	103%	6
Average number of customers	2.0	1,340,853	1,314,508	1,292,075	1,271,784	1,243,891	1,214,6
Number of full-time employees	(4.0)	4,740	4,799	4,629	4,658	4,972	5,8

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OPERATING RESULTS

Florida Progress' 1998 consolidated earnings from continuing operations were $281.7 million. This compared with $54.3 million in 1997 and $250.7 million in 1996. Florida Progress' 1998 earnings per share of $2.90 increased 10.7 percent over 1997's earnings of $2.62 per share, before nonrecurring charges. The increase reflected the customer growth in the utility's service territory and the growth of its diversified operations.

Operating results for 1997 were negatively impacted by the extended outage of Florida Power's Crystal River nuclear plant and the provision for loss on the company's investment in Mid-Continent. These two events reduced Florida Progress' 1997 earnings by $200 million, or $2.06 per share.

In 1996, Florida Progress reported an after-tax charge of $25.2 million for a provision for loss on unprofitable coal properties owned by Electric Fuels, and an after-tax gain of $23.5 million for the sale of AST.

Excluding the nonrecurring items, Florida Progress' 1997 and 1996 consolidated earnings from continuing operations were $254.3 million and $252.4 million, respectively.

Florida Power earned $248.6 million in 1998, compared with $240.9 million, before nuclear outage costs in 1997 and $232.6 million in 1996. Earnings from recurring diversified operations were $33.1 million in 1998, compared with $13.4 million in 1997 and $19.8 million in 1996.

EARNINGS PER SHARE

	1998	1997	1996
Florida Power Corporation	$2.56	$2.48	$2.40
Electric Fuels Corporation	.44	.33	.28
Mid-Continent Life Ins. Co.	-	-	.02
Other	(.10)	(.19)	(.09)
Diversified	.34	.14	.21
Continuing operations before nonrecurring items	2.90	2.62	2.61
Nuclear outage costs	-	(1.10)	-
Loss related to Mid-Continent Life Ins. Co.	-	(.96)	-
Provision for loss on coal properties	-	-	(.26)
Gain on sale of business	-	-	.24
Total continuing operations	2.90	.56	2.59
Discontinued operations	-	-	(.27)
Consolidated	$2.90	$ .56	$2.32

Florida Power's 1998 earnings per share were up 3.2 percent over 1997, before nuclear outage costs, primarily due to strong customer growth and usage growth. Demand for electricity during 1998 reached record levels as hotter-than-normal weather during much of the year resulted in record annual usage by residential and commercial customers. The benefit of the hotter-than-normal weather was offset by several items including the accelerated amortization of certain regulatory assets, additional spending for maintenance and reliability projects, and the deferral of revenues as allowed by state regulators.

Electric Fuels' earnings per share were up 33 percent over 1997. This increase was driven by improved results from all three of its business units, including an expanded barge fleet, increased coal deliveries and an increase in demand for railcar and track parts and services.

Florida Power's Crystal River nuclear plant was out of service during 1997 to address design issues related to the plant's safety systems. As a result of the outage, Florida Power's 1997 earnings were reduced by $1.10 per share. This resulted from $100 million in additional nuclear operations and maintenance expenses and $73 million of nonrecoverable replacement power costs. (See Item 7, MD&A - "Extended Nuclear Outage Costs".)

In 1997, Florida Progress recorded a provision for the loss on its investment in Mid-Continent as well as an accrual for legal fees for pending litigation. This resulted in a $.96 per share after-tax charge to 1997 earnings. (See Item 7, MD&A - "Mid-Continent Life Insurance Company".)

In 1996, Florida Progress divested Echelon, formerly Progress Credit, through a tax-free stock dividend. This resulted in a $.27 per share charge to earnings for the write-down of certain assets of Echelon and other costs. Also in 1996, Florida Progress sold its 80-percent interest in AST for $56 million and realized an after-tax gain of $.24 per share.

In 1996, Electric Fuels recorded a $.26 per share after-tax charge to earnings to establish a provision for loss on its unprofitable coal properties. The provision was necessary because management did not consider the unfavorable market conditions for low-sulfur coal to be temporary.

Florida Progress' 1998 results reflected the strong fundamentals inherent in Florida Power's growing customer base and the expanding operations of Electric Fuels. This growth should help Florida Progress achieve its aggressive five-year objective of consistent annual earnings per share growth of 5 percent or better.

The financial return on Florida Power's common equity was 13.7 percent in 1998, compared with 13 percent in 1997, before considering nonrecurring items, and 12.9 percent in 1996. Florida Power expects its average annual customer growth rate of 2 percent to continue in the near future. When combined with good cost control, Florida Power should be able to maintain an earnings growth rate of about 3 percent. Return on equity for Electric Fuels was 19.6 percent in 1998, 17.3 percent in 1997 and 14 percent in 1996, before its provision for loss on coal properties.

Industry Restructuring

The electric utility industry is undergoing changes designed to increase competition in the wholesale and retail electricity markets. The wholesale power market includes sales of electricity to utilities from other utilities and non-utility generators. The wholesale market is regulated by the FERC. The retail electricity market includes sales of electricity to end-use customers, i.e., residential, commercial and industrial customers, and is regulated by state public utility commissions.

As a result of the Public Utilities Regulatory Policies Act of 1978 ("PURPA") and the Energy Policy Act of 1992, competition in the wholesale electricity market has greatly increased, especially from non-utility generators of electricity. In 1996, FERC issued new rules on transmission service to facilitate competition in the wholesale market on a nationwide basis. The rules give greater flexibility and more choices to wholesale power customers.

The effect of these changes on the wholesale market has been significant. From 1990 through 1997, non-utility generation capacity grew in the U.S. at a rate of 54 percent, compared with utility generation capacity, which grew at a rate of 2 percent. The development of merchant plants, which is a non-utility generating plant without the benefit of a long-term contract for the sale of most of the plant's generating capacity, has contributed to the growth of capacity in this market.

In a move the company believes is contrary to existing state law, Duke Energy filed a petition with the FPSC in August 1998 to build Florida's first merchant power plant. The FPSC voted to grant the Duke petition in March 1999. Florida Power intends to contest this decision. (See Item 3 "Legal Proceedings", paragraph 11).

To date, several states have adopted legislation that would give retail customers the right to choose their electricity provider (retail choice) and essentially every other state has, in some form, considered the issue.

In 1998, Rhode Island, California and Massachusetts implemented retail competition while in a number of other states, either the legislature or the state commission developed a plan for retail competition.

In states where electricity rates are more competitive, such as in Florida, there has been less incentive to push forward legislative proposals concerning retail choice. During Florida's 1998 legislative session, a bill to restructure the industry was sponsored by one senator but was never considered by the legislative body. The FPSC monitors, through a staff committee, the restructuring activities in other states.

In addition to restructuring activity in various states, there have been several industry restructuring bills introduced in Congress. Several of the federal bills being considered would require states to implement retail choice sometime between 2000 and 2003.

In March 1998, the Department of Energy announced the Administration's "Comprehensive Electricity Competition Plan," which would require retail competition by 2003 but permit states to opt out under certain conditions.

Another issue encompassed by industry restructuring concerns franchise agreements. Most investor-owned utilities pay franchise fees to governments, including municipalities, for the right to install equipment to deliver electricity to retail customers. Industry restructuring (and other factors, such as reliability) could encourage municipalities to consider not renewing existing franchise agreements, and thus provide an opportunity for others to provide electric service to retail customers.

A major portion of Florida Power's retail business, representing approximately 40 percent of total 1998 utility revenues, is covered under the terms of 111 franchise agreements with various municipalities. Although no franchise agreements are due to expire in 1999, five are due to expire in 2000 (representing about 1 percent of total 1998 utility revenues), 23 are due to expire in 2001 (about 6.9 percent of total utility revenues), 14 are due to expire in 2002(about 4.7 percent of total utility revenues), one is due to expire in 2003(about .4 percent of total utility revenues) and four are due to expire in 2004(about 1.9 percent of total utility revenues). All of the franchise agreements that expire by 2004 contain a clause that gives the municipality the right to purchase Florida Power's distribution system within the municipality at the expiration of the franchise. Although the exercise of that right would require complex financial arrangements and otherwise might be difficult, Florida Power believes that quality service and competitive rates will continue to be important factors as franchise agreements come up for renewal.

The issue of industry restructuring has caused many companies to develop new corporate strategies. Some of these strategies include alliances, mergers with or acquisitions of other electric or gas utilities, or other types of service providers, that can offer not only the commodity but other unregulated products and services.

Many electric utility analysts expect that, once existing regulatory barriers are removed, a significant amount of consolidation will occur among the nearly 100 investor-owned electric utilities that exist today. During the last five

years, approximately 40 electric utilities have announced either mergers with or acquisitions of other electric or gas utilities. About half of these transactions have been completed; the others are either pending regulatory approval or have been withdrawn.

Industry Restructuring - Florida Progress' Strategic Initiatives

While it may be several years before retail choice exists in Florida, Florida Progress believes that retail choice will eventually exist in every state. Anticipating this change, Florida Progress has developed a corporate strategy to position itself for a more competitive marketplace.

Long term, Florida Progress is focused on establishing a national retail energy services business - which includes transportation of the commodity to the customer as well as offering nonregulated products and services. To be successful in this market, a retail services company will likely need a sizable number of customers in order to realize the economies of scale necessary to keep its costs competitive. As such, part of Florida Progress' corporate strategy includes the possibility of mergers or acquisitions that would expand its customer base.

In addition to considering mergers and acquisitions, Florida Progress has entered into two joint ventures with two other utilities, Cinergy Corp. and New Century Energies. The first joint venture, formed in September 1997 and named Cadence, is a marketing alliance aimed at providing national chain account customers with energy management and energy information systems. The other joint venture, Centrus, began operating in July 1998 and was established to develop products and services for residential and small commercial customers. In March 1999, Florida Progress and its utility partners decided to dissolve the Centrus joint venture, due in part to changing strategic viewpoints among the partners. Florida Progress remains committed, however, to its long-term objective to establish a national retail energy services business, and intends to continue developing products and services for residential and small commercial customers.

In May 1998, Florida Power formed a power marketing alliance with Dynegy to capitalize on developing wholesale energy markets in Florida and in the Southeast U.S.

Forming joint ventures and alliances can be a quicker way to achieve many of the benefits sought through mergers and acquisitions including economies of scale, scope and new market presence and skills.

An important issue encompassed by industry restructuring is the recovery of "stranded costs." Stranded costs include the generation assets of utilities whose value in a competitive marketplace would be less than their current book value as well as above-market purchased power commitments to the QFs. Thus far, all states that have passed restructuring legislation have provided for the opportunity to recover a substantial portion of stranded costs.

Assessing the amount of stranded costs for a utility requires various assumptions about future market conditions including the future price of electricity. For Florida Power, the single largest stranded cost exposure is its commitments to QFs.

Florida Power has taken a proactive approach to this industry issue. Since 1996, Florida Power has been seeking ways to address the impact of escalating payments from contracts it was obligated to sign under provisions of PURPA.

These efforts have resulted in Florida Power successfully mitigating, through buy-outs and buy-downs of these contracts, more than 20 percent of its purchased power commitments to QFs. (See Note 9 and Note 11 to the Financial Statements.)

FLORIDA POWER CORPORATION

Florida Power's operating results and capital requirements are largely influenced by its customers' demand for electricity. That annual demand for electricity is based on the number of customers and their annual usage; usage is largely influenced by weather. During 1998, Florida Power, as well as other electric utilities in Florida and in the Southeast, experienced periods of extreme demand for electricity due to hotter-than-normal summer temperatures.

In planning for its future generation needs, Florida Power develops a forecast of annual demand for electricity, including a forecast of the level and duration of peak demands during the year.

Florida Power relies, in part, upon the use of its Energy Management program during peak demands. This program enables Florida Power to reduce the amount of demand for electricity by remotely reducing energy usage of residential customers who agree to participate in the program. Florida Power utilized Energy Management last summer to a much greater degree than in the past, which resulted in a number of complaints from customers on the program. Florida Power is exploring several alternatives to add new generation that will provide greater flexibility in meeting the electricity needs of its customers.

Utility Revenues and Sales

Florida Power's operating revenues were $2.6 billion in 1998, and $2.4 billion in 1997 and in 1996.

The utility's kilowatt-hour sales were up 11.9 percent in 1998 over 1997. The increase in sales was largely due to the hotter-than-normal weather experienced from May through October. As a result of the unusually hot weather, usage by residential customers, the single-largest customer class, increased approximately 9 percent over 1997. Kilowatt-hour sales in 1997 were essentially level with 1996. Mild weather in 1997, compared with 1996, offset the increase in kilowatt-hour sales that would have been realized from normal customer growth, which is around 2 percent or more than 20,000 new customers each year.

Florida Power's wholesale kilowatt-hour sales were up 57.2 percent in 1998, compared with 1997. The primary reason for the increase was, unlike 1997, that the company's nuclear power plant was in service for most of 1998. This enabled Florida Power to sell excess generating capacity in the short-term wholesale energy market, after meeting the needs of its customers. However, the impact on earnings of these short-term bulk sales was minimal because essentially all revenues and costs associated with this activity are passed through to retail customers whose rates are adjusted accordingly.

The increase in revenues resulting from the higher demand for electricity was offset by several actions taken in 1998, including steps taken to improve the utility's overall quality of service to its customers. (See Item 7 "MD&A - Other Utility Expenses".) In addition to these costs, Florida Power deferred $10 million of non-fuel revenues for either future accelerated amortization of the Tiger Bay regulatory asset or other regulatory initiatives, as approved by the FPSC.

As indicated above, the impact of extreme weather on Florida Power's sales can be significant. However, the impact of weather on non-fuel revenues for 1997 and 1996 was minimized because of a ratemaking concept called residential revenue decoupling.

This concept was designed to eliminate the direct link between kilowatt-hour sales and non-fuel revenues. Under revenue decoupling, abnormal weather does not impact earnings from residential sales.

Over the three-year period, which ended December 31, 1997, the earnings impact of residential revenue decoupling was not material. The termination of residential revenue decoupling will likely result in Florida Power's earnings being subject to greater fluctuation due to changes in weather. (See Note 1 to the Financial Statements.)

Fuel and Purchased Power

Fuel and purchased power costs are recovered primarily through a fuel cost recovery clause established by state and federal regulators. Fluctuations in these costs have little impact year to year on net income, but might impact net income in a more competitive environment. (See Item 7 "MD&A - Extended Nuclear Outage Costs" for discussion of replacement power costs not recovered through the fuel cost recovery clause.)

Factors influencing fuel and purchased power costs include demand for electricity, fuel prices, the availability of generating plants and the amount and price of electricity purchased from QFs and other utilities.

Total fuel and purchased power expenses were $1.03 billion in 1998, less than 1 percent higher than 1997's fuel and purchased power costs. The slight increase, despite an 11.9-percent increase in total kilowatt-hours sold, was due largely to the availability of Florida Power's Crystal River nuclear plant. The lack of nuclear generation throughout 1997 forced Florida Power to replace this generation with other, higher-cost replacement power.

As previously discussed, a key factor influencing Florida Power's purchased power costs are the prices paid to QFs for electricity. Currently, Florida Power receives 831 MW of total capacity from QFs.

In 1998, Florida Power spent $204.6 million for purchased power capacity payments under all QF contracts. This represented approximately 20 percent of system fuel and purchased power expenses for the year. Costs associated with these contracts raised Florida Power's system average cost for generation in 1998 and 1997, and this trend is expected to continue based on the contracts currently in place and the escalating payment schedules associated with each contract.

Florida Power will continue its effort to mitigate the impact of escalating payments from its QF contracts.

Other Utility Expenses

The increase in revenues in 1998, as previously discussed, enabled Florida Power to take several actions to better position itself for the future. The following items largely offset the increase in revenues attributable to the hotter-than-normal weather ($ in millions):

Accelerated amortization of regulatory assets and write-off of related taxes	$21
Accelerated 1999 expenditures to enhance reliability	$17
Accelerated 1999 lump-sum pay increase	$ 7

Utility operations and maintenance expenses increased by $49 million during 1998, compared with 1997. The increase was due to the acceleration of certain expenses noted above and additional operations and maintenance costs related to the Tiger Bay plant acquired in July 1997. In addition, Florida Power wrote off $7 million of inventory deemed obsolete.

In 1997, operations and maintenance expenses, before nuclear outage costs, increased by $8.9 million over 1996. The increase was due primarily to costs associated with planned fossil plant outages and expenditures designed to improve reliability and customer service.

Changes from year to year in the amount of energy conservation costs have no significant impact on earnings because Florida Power recovers substantially all of these costs through a clause in electric rates similar to the fuel recovery clause. Florida Power does not expect the level of energy conservation costs to vary materially in the future.

Depreciation of $347.1 million for 1998 included $19 million of accelerated amortization of regulatory assets, $14 million of which was related to contract termination costs for the Tiger Bay buy-out. (See Item 7 "MD&A - Impact of Tiger Bay Buy-Out.") In 1997, Florida Power wrote off approximately $20 million related to these costs. In 1996, Florida Power amortized approximately $31 million related to two oil-fired power plants and a canceled transmission line. Excluding these and other write-offs, Florida Power's annual depreciation for 1998, 1997 and 1996 would have been $328.6 million, $305.9 million and $293.2 million, respectively.

Florida Power's interest expense in 1998 increased over 1997 primarily due to higher debt balances resulting from the July 1997 Tiger Bay transaction. The higher debt balances from the Tiger Bay transaction, as well as additional costs associated with the 1997 extended nuclear outage, also resulted in increased 1997 interest expense, compared with 1996.

Extended Nuclear Outage Costs

In September 1996, Florida Power's Crystal River nuclear plant was taken out of service to fix an oil pressure problem in the main turbine. When the repairs were completed in October 1996, Florida Power decided to keep the plant shut down to address certain backup safety system design issues.

The NRC had been critical of the plant's overall performance in 1996, and in January 1997 placed the nuclear plant on its "Watch List" as a plant whose operations would be monitored closely until Florida Power demonstrated a period of improved performance.

The nuclear plant was returned to service in February 1998 after being out of service about 16 months. In July 1998, the NRC removed the plant from its "Watch List," citing the unit's improved physical condition, more effective management oversight and improved operator training.

Florida Power's operating results for 1997 were significantly impacted by the costs associated with the extended outage. These costs included $100 million in additional operations and maintenance expenses and approximately $173 million in replacement power costs. Capital expenditures related to the outage were $42 million in 1997. (See Note 9 to the Financial Statements.)

Impact of Tiger Bay Buy-Out

In July 1997, Florida Power bought out the purchased power contracts related to a 220-megawatt cogeneration facility (Tiger Bay). In addition to buying out the purchased power contracts, Florida Power acquired the facility. Costs associated with the termination of the purchased power contracts and the acquisition of the facility totaled $445 million.

The FPSC-approved purchase allowed Florida Power to record a regulatory asset of approximately $350 million for contract termination costs and add $75 million to its electric plant.

Florida Power continues to collect from customers an amount equal to what it would have been allowed to recover for capacity and energy payments made in accordance with the original Tiger Bay purchased power contract. Based on these payments, Florida Power is projected to recover enough revenues by the year 2008 to fully amortize the regulatory asset and related interest charges. The regulatory asset balance as of December 31, 1998, was $321 million and reflected normal amortization of $13.2 million and $4.4 million in 1998 and 1997, respectively, and accelerated amortization of $14 million in 1998. (See Note 9 to the Financial Statements.)

DIVERSIFIED OPERATIONS

Overview

In 1998, Electric Fuels earned $42.3 million, or $.44 per share, compared with $32.1 million, or $.33 per share, in 1997 and $27.1 million, or $.28 per share, in 1996. Electric Fuels' operations include Rail Services, Inland Marine Transportation and Energy and Related Services.

In 1997, Florida Progress established a provision for loss on its $87 million investment in Mid-Continent and accrued for litigation costs. (See Item 7 "MD&A - Mid-Continent Life Insurance Company") In 1996, Florida Progress made two restructuring decisions that had a significant impact on earnings from diversified operations. The spin-off of Echelon resulted in a $26.3 million after-tax charge to earnings while the sale of AST contributed an after-tax gain of $23.5 million. Another item that affected 1996 diversified earnings was the provision for loss on unprofitable coal properties owned by Electric Fuels. This resulted in an after-tax charge of $25.2 million.

The diversified operations of Electric Fuels can be more volatile when compared to the operations of an electric utility. Factors that can influence its

operating results include weather conditions that affect barge transportation along the Mississippi and Ohio rivers, and economic conditions that affect the supply and demand for the various products and services offered by the three business units.

Electric Fuels Corporation

The expansion of Electric Fuels is one of Florida Progress' key strategic objectives. Double-digit earnings growth of Electric Fuels would enable Florida Progress to achieve its five-year objective of consistent annual earnings per share growth of 5 percent or better.

Over the last five years Electric Fuels has grown significantly:

	1998	1997	1996	1995	1994	Five-Year Growth Rate
			(In millions)			
Revenues	$1,234	$1,037	$ 881	$ 844	$ 784	16.3%
Earnings	$42.3	$32.1	$27.1*	$24.0	$ 22.6	23.2%

*Before provision for loss on coal properties

The growth of Electric Fuels has come from growth in its Rail Services business unit, expansion of its Inland Marine Transportation fleet and improved operations in its Energy and Related Services group.

During 1998, Progress Rail completed approximately $200 million in acquisitions across its various business segments. This level of activity was substantially higher than previous years. During 1997 and 1996, Progress Rail's acquisitions totaled $71 million.

Today, Progress Rail is one of the largest integrated suppliers of rail services in the United States, with locations in 20 states, Mexico and Canada. Earnings from the Rail Services unit were $15.9 million, $13.3 million and $9.7 million in 1998, 1997 and 1996, respectively. The growth in earnings has come mostly from acquisitions and internal expansion.

In 1998, this group was negatively impacted by substantial declines in scrap steel prices during the second half of the year. However, the earnings improvement from increased demand for its railcar and track parts and services, sales of railcars from its lease portfolio and increases resulting from its 1997 acquisitions more than offset the effects of the lower scrap steel prices.

Expansion of MEMCO, Electric Fuels' Inland Marine Transportation unit, has been achieved primarily through the purchase of river barges. Since 1992, MEMCO's fleet of barges, which haul coal, agricultural products and other dry bulk products along the Ohio and lower Mississippi rivers, has nearly tripled. During 1998, MEMCO acquired approximately 200 new barges and two new towboats, raising its fleet to 1,100 barges and 27 towboats. During 1999, MEMCO plans to acquire approximately 100 more barges and one new towboat.

Further expansion of the barge fleet after 1999 depends largely on the future demand for barge capacity and MEMCO's ability to secure additional long-term contracts. MEMCO's objective is to achieve and maintain approximately 70 percent of its barge capacity under long-term contracts typically ranging from three to five years. The remaining capacity is used to take advantage of new market opportunities as they arise.

Earnings from the Inland Marine Transportation unit were $10.3 million in 1998, compared with $5.9 million in 1997. The increase was due to the expanded fleet and the negative impact high-water conditions in March 1997 had on 1997's results. The March floods temporarily disrupted barge traffic and terminal services and kept 1997 earnings below 1996 earnings of $7.1 million.

Electric Fuels' Energy and Related Services business unit includes coal mining, river terminal services and off-shore marine transportation. Annual sales of coal average about 12 million tons, of which 5 to 6 million tons are sold to

Florida Power and the rest is sold to unaffiliated customers.

Earnings from this unit were $20.4 million in 1998, compared with $16.8 million in 1997. The increase was due to improved productivity, higher coal deliveries and an increase in river terminal services. In September 1997, Electric Fuels bought out its 50-percent partner in a coal mining joint venture and now recognizes 100 percent of the sales and earnings from that property. In the first half of 1998, Electric Fuels completed the expansion of its Ceredo River terminal in West Virginia, increasing its capacity by 33 percent.

In 1996, the earnings from this unit were $12.7 million, before a provision for loss on unprofitable coal properties. In December 1996, Electric Fuels established a provision for loss on certain coal properties after it determined that depressed market conditions for low-sulfur coal were not temporary. The impact of the write-down was a one-time after-tax charge to earnings of $25.2 million.

Mid-Continent Life Insurance Company

In 1997, Florida Progress recorded a provision for a loss on its investment in Mid-Continent and accrued for estimated legal expenses, reducing 1997 earnings by $.96 per share. This action was prompted by Mid-Continent being placed in receivership in the spring of 1997 and subsequent events in 1997. The receivership was based on Oklahoma Insurance Commissioner John Crawford's contention that Mid-Continent's policy reserves were understated and that it could not raise premiums to address the issue. Although the Oklahoma District Court granted the Commissioner's request to place Mid-Continent in receivership, the court ruled that premiums could be raised. Mid-Continent had planned to raise premiums and eliminate policyholder dividends in order to avoid a projected reserve shortfall in 2020. After placing the company in receivership, Commissioner Crawford's principal action towards rehabilitation was to file a lawsuit seeking to use the assets of Florida Progress for the benefit of policyholder and creditor claims. Commissioner Crawford was defeated in his bid for re-election in November 1998 and new Commissioner, Carroll Fisher, has stated his intention to work with Florida Progress and others to develop a plan to rehabilitate Mid-Continent rather than pursue litigation against Florida Progress. Although Florida Progress hasn't had access to recent Mid-Continent data, its estimate of the present value of the projected deficiency, after applying Mid-Continent's statutory surplus, is in the range of $100 million, rather than the $348 million alleged by former Commissioner Crawford. Florida Progress is working with Commissioner Fisher to develop a viable plan to rehabilitate Mid-Continent, which would include the sale of that company. (See Note 11 to the Financial Statements.)

Year 2000

Florida Progress is in the process of addressing Year 2000 (Y2K) issues and establishing procedures to mitigate its risks. Y2K issues exist because, historically, many computer systems have used two digits to represent a year. With the change of the century, a two-digit year may present calculation or sequencing errors in computer software and embedded technology.

The Florida Progress Y2K effort is overseen by the Vice President, Information Technology of Florida Power, who provides status reports to Florida Progress' board of directors and outside regulatory agencies and other entities such as the FPSC, the NRC and the NERC.

Florida Progress has taken a comprehensive approach in developing its Y2K plans. Resources have been dedicated to reviewing systems throughout all areas of the company, with an emphasis on testing of systems, to the extent possible. Florida Progress expects that preparations for Y2K issues, including contingency plans, will be completed by the end of the third quarter of 1999 for Florida Power and during the fourth quarter of 1999 for Electric Fuels.

All areas of Florida Progress are involved in identifying and addressing software, infrastructure and embedded technology issues.

The Information Technology (IT) focus is on application and operating software, data storage capabilities and technology infrastructure (workstations, servers, voice and data networks, and communications equipment).

Embedded systems are internal components used to control, monitor or assist the operation of equipment, machinery and plants including process controls used for energy production and delivery. They are integral parts of systems, and in many cases their presence is not obvious.

Florida Progress' methodology for identification and remediation of Y2K issues is a five-step process, which includes:

1.) **Awareness** - The communication of Y2K issues and their importance throughout Florida Power and Electric Fuels.
2.) **Inventory** - The itemized tabulation of all Y2K-suspect software, infrastructure and embedded systems.
3.) **Assessment and prioritization** - Performing an evaluation of all technology components, obtaining compliance information through analysis and certifications from suppliers, product vendors, and other third parties, to the extent possible, with which Florida Progress conducts business, reviewing interfaces and categorizing whether identified issues are mission critical.
4.) **Remediation and verification** - Correcting or upgrading systems and components, and where possible, end-to-end integration testing.
5.) **Contingency planning** - Establishing contingency plans for all key operating functions.

The following chart represents an estimate of the current status of Florida Progress' Y2K progress and planned completion dates for each phase as of December 31, 1998:

	Florida Power		Electric Fuels	
	Percent Complete (12/31/98)	Planned Completion Date	Percent Complete (12/31/98)	Planned Completion Date
Awareness -	*	*	*	*
Inventory -	98%	Jan. 1999	70%	Mar. 1999
Assessment and prioritization -	75%	Mar. 1999	50%	Jun. 1999
Remediation and verification -	40%	Sep. 1999	30%	Sep. 1999
Contingency planning -	20%	Sep. 1999	10%	Dec. 1999

* To continue through duration of project.

Florida Progress has given the highest priority to addressing mission critical processes for Y2K readiness. At Florida Power, these include systems and processes that support the monitoring and control of the electric grid, maintain generating facility control, output and safety, facilitate security and telecommunications capabilities, and provide critical customer service functions.

While the diversified operations of Electric Fuels have some of the same technology-related issues as Florida Power, the risk is substantially less due to the fact that its operations are less reliant upon integrated technology-driven processes.

Florida Progress is in the process of developing corporate-wide contingency plans. The objective of contingency planning is to minimize the duration and extent of any material impacts resulting from a Y2K-induced problem.

Due to the speculative nature of contingency planning, Florida Progress cannot ensure the extent to which such plans will in fact mitigate the risk of material impacts on Florida Progress' operations due to Y2K issues.

Florida Progress is in the process of identifying and assessing third-party vulnerabilities. Highest vulnerabilities from third-party vendors for Florida Power exist in the fuel supply and telecommunications industries. Florida Power has begun a program of working with these vendors to try to determine potential risks and Y2K readiness. Also, Florida Power is working with industry groups such as the FRCC, Nuclear Energy Institute/Nuclear Utility Software Management Group, and Electric Power Research Institute to ensure the safety and reliability of power generation and the integrity of the transmission grid. In addition, Florida Power has initiated and participated in utility sharing strategy sessions to identify issues with third parties. Florida Power has also begun to request status information from significant vendors to determine potential third-party Y2K risks.

Florida Progress' current estimate of the total costs of addressing Y2K issues, including expenses to remedy both embedded systems and computer information systems, is between $15 million and $25 million. No Florida Progress systems

have been replaced on an accelerated basis due to the Y2K issue. As of December 31, 1998, Florida Progress has incurred a total of approximately $6 million of internal and external costs related to Y2K. Currently, the company does not separately track internal costs related to this issue. Florida Progress has expensed all Y2K costs as incurred.

In the electric utility industry, there are many computers and software programs that are susceptible to Y2K issues, as well as a multitude of individual computer chips within equipment that may have Y2K implications. Computers and computer chips are used in power plants that generate electricity, in systems that handle billing and customer information, and in many other common devices such as telephones, security systems and building elevators. While the potential effects could be widespread and the exact nature of those effects is unknown, Florida Progress does not expect the potential effect to be severe. Florida Progress is making every effort to remediate issues and provide contingency plans for the possibility of any disruption that could occur.

Nevertheless, achieving Y2K readiness is subject to various risks and uncertainties, many of which are described above. It is difficult to provide a detailed, meaningful description of the most reasonably likely worst case Y2K scenarios. Florida Progress is not able to predict all of the factors that could cause actual results to differ materially from its current expectations as to its Y2K readiness.

If Florida Progress, or third parties with whom it has significant business relationships, fail to achieve Y2K readiness with respect to critical systems, there could be a material adverse impact on Florida Progress' financial position, results of operations and cash flows. However, based on the milestones that have been achieved to date and the planned completion of the Y2K project, Florida Progress is confident that it is taking the necessary steps to minimize the impact of Y2K.

Other

Florida Progress adopted several new accounting standards during 1998. (See Note 1 to the Financial Statements.)

Florida Power and a former subsidiary of Florida Progress have been notified by the EPA that each is or may be a potentially responsible party for the cleanup costs of several contaminated sites. (See Note 11 to the Financial Statements.)

Florida Progress has off-balance sheet risk related to debt of unconsolidated partnerships. (See Note 11 to the Financial Statements.)

Florida Progress is involved in other litigation. (See Note 11 to the Financial Statements.)

Even though the inflation rate has been relatively low during the last three years, inflation continues to affect Florida Progress by reducing the purchasing power of the dollar and increasing the cost of replacing assets used in the business. This has a negative effect on Florida Power because regulators generally do not consider this economic loss when setting utility rates. However, such losses are partly offset by the economic gains that result from the repayment of long-term debt with inflated dollars.

LIQUIDITY AND CAPITAL RESOURCES

Cash from operations has been the primary source of capital for Florida Progress. Cash from operations in 1998 increased $435.3 million over 1997. The significant increase was due largely to the absence of costs associated with the 1997 extended nuclear outage and tax benefits received in 1998 related to the 1997 Tiger Bay transaction.

Other sources of capital over the last three years include debt financing, proceeds from the sale and leaseback of equipment, proceeds from the sale of properties and businesses, and the issuance of common stock.

Florida Progress' capital requirements are primarily influenced by Florida Power's construction program and the expansion activities of Electric Fuels. Florida Power's construction program is not expected to require any significant increase in equity or debt over the next several years.

The expansion activities of Electric Fuels will be financed with internally generated funds, debt and equity contributions.

In November 1998, the Progress Plus Stock Plan and Employee Savings Plan (the Plans) began issuing new shares of common stock instead of purchasing shares in the open market. Florida Progress expects to receive about $50 million of new equity annually through the Plans.

Florida Progress also is considering issuing other equity alternatives during 1999. The funds from these sources will be used primarily to reduce debt at Progress Capital, the holding company for the diversified operations.

Florida Progress' capital structure as of December 31, 1998, was 41.1 percent common equity, 58.1 percent debt and .8 percent preferred stock. Total debt at Florida Power was reduced by $233 million in 1998. This decrease was offset by an increase of $257 million at Progress Capital. Listed below are the credit ratings for Florida Power and Progress Capital as of December 31, 1998:

CREDIT RATINGS

	Standard & Poor's	Moody's	Duff & Phelps
Florida Power Corporation			
First mortgage bonds	AA-	Aa3	AA-
Medium-term notes	A+	A1	A+
Commercial paper	A-1+	P-1	D-1+
Progress Capital Holdings, Inc.			
Medium-term notes	A	A2	
Commercial paper	A-1	P-1	

Florida Power Corporation

Florida Power's construction expenditures in 1998 totaled about $310 million. This was primarily for distribution lines related to the utility's growing customer base and the construction of a new 500-megawatt power plant that is planned for commercial operation in the first quarter of 1999. Florida Power's three-year construction program totals approximately $1 billion for the 1999-2001 forecast period. It includes planned expenditures of $323 million, $342 million and $300 million for 1999 through 2001. Florida Power expects these

construction expenditures will be financed primarily with internally generated funds.

In 1998, Florida Power redeemed $250 million of first mortgage bonds. The redemption of these bonds was principally funded through the issuance of $150 million of 30-year medium-term notes bearing an interest rate of 6 3/4 percent and commercial paper.

In July 1997, Florida Power issued $450 million of medium-term notes primarily to finance the buy-out of purchased power contracts associated with the 220-megawatt Tiger Bay cogeneration facility. (See "MD&A - Impact of Tiger Bay Buy-Out".)

Amendments to the Clean Air Act in 1990 require electric utilities to reduce sulfur dioxide emissions. Florida Power is meeting these requirements with minimal capital expenditures.

In addition to funding its construction commitments with cash from operations, Florida Power accesses the capital markets through the issuance of commercial paper and medium-term notes.

Florida Power's interim financing needs are funded primarily through its commercial paper program. The utility has a $200-million, 364-day revolving bank credit facility and a $200-million, five-year facility, which are used to back up commercial paper. (See Note 6 to the Financial Statements.)

Florida Power's medium-term note program provides for the issuance of either fixed or floating interest rate notes, with maturities that may range from nine months to 30 years. Florida Power has available for issuance $250 million of medium-term notes.

In 1998, debt levels decreased at Florida Power largely due to the improved operating results stemming from hotter-than-normal weather, which increased funds from operations.

In 1997, debt levels increased over 1996 at Florida Power largely due to the costs associated with the extended nuclear outage and the buy-out of purchased power contracts with the Tiger Bay plant.

Florida Power's embedded cost of long-term debt was 6.8 percent as of December 31, 1998, and 7 percent as of December 31, 1997.

Diversified Operations

Progress Capital provides short- and long-term financing facilities for Florida Progress' diversified operations and, with the benefit of a guaranty and support agreement with Florida Progress, helps to lower the cost of capital of the diversified businesses. Progress Capital funds diversified operations primarily through the issuance of commercial paper and medium-term notes. (See Note 6 to the Financial Statements.)

Progress Capital has a medium-term note program for the issuance of either fixed or floating interest rate notes, with maturities that may range from nine months to 30 years.

In 1998 and 1997, Progress Capital issued $115 million and $35 million of medium-term notes, respectively, with maturities ranging from two to 10 years, leaving $185 million of medium-term notes available for issuance. The proceeds

were primarily used to repay maturing medium-term notes and for other corporate purposes.

In 1998, MEMCO entered into a $200-million synthetic lease financing for approximately $175 million in barges and $25 million in towboats. The lease financing was accomplished through a sale and leaseback, and involved the issuance of $126 million of secured notes and $74 million in equipment trust certificates by a special purpose Delaware trust. The notes and certificates bear a weighted average interest rate of 6.8 percent with a final maturity in 2014. MEMCO's payment obligations under the operating lease are guaranteed by Progress Capital. (See Note 11 to the Financial Statements.)

Progress Capital has two revolving bank credit facilities: a 364-day, $100-million facility and a five-year, $300-million facility. These facilities are used to back up commercial paper. (See Note 6 in Notes to the Financial Statements.) Progress Capital also has uncommitted bank bid facilities that authorize it to borrow and re-borrow, and have outstanding at any time, up to $300 million. As of December 31, 1998, $150 million was outstanding. The facilities were established to temporarily supplement commercial paper borrowings.

In 1998, total diversified capital expenditures were $217 million, including approximately $92 million for the purchase of barges and towboats and $125 million for property additions at Electric Fuels' diversified operations.

In 1997, diversified capital expenditures were about $120 million, primarily for the purchase of barges.

In 1999, diversified capital expenditures are expected to be approximately $155 million, most of which is for Electric Fuels. The Inland Marine Transportation unit plans to add approximately 100 new barges and one towboat in 1999 as it continues to take advantage of market opportunities to expand its business.

Electric Fuels' Rail Services unit is expected to continue to grow by expanding geographically. These expenditures are expected to be funded through cash generated internally, through Progress Capital from outside financing sources, and through equity contributions from Florida Progress.

Dividend Policy and Earnings Outlook

Florida Progress evaluates its dividend policy on an annual basis to ensure that the dividend payout and dividend rate are appropriate given the business plan, projected earnings growth and outlook for the electric utility industry. Florida Progress' business plan forecasts sustained earnings per share growth, a key factor in determining dividend policy.

FORWARD-LOOKING STATEMENTS

In this report, Florida Progress has stated an aggressive five-year objective of consistent annual earnings per share growth of 5 percent or better, and established goals to build a national retail energy services business in the utilities sector, and continue to support the growth at Electric Fuels. Florida Progress has made various estimates regarding its Y2K preparedness, projected that retail choice eventually will exist in every state, and indicated its assessment that the lawsuits related to Mid-Continent are without merit. Florida Power has indicated that it expects to have sufficient system capacity to meet anticipated future demand.

These statements, and any other statements contained in this report that are not historical facts, are forward-looking statements that are based on a series of projections and estimates regarding the economy, the electric utility industry and the company's other businesses in general, actions of regulatory bodies and courts, and on key factors which impact the company directly. The projections and estimates relate to the pricing of services, the actions of courts and regulatory bodies, the success of new products and services, and the effects of competition.

Key factors that have a direct bearing on the company's ability to attain these projections include continued annual growth in customers; economic and weather conditions affecting the demand for and supply of not only electricity but also Electric Fuels' barge, rail and other services; successful cost containment efforts; and the efficient operation and/or construction of Florida Power's existing and planned generating units. Also, in developing its forward-looking statements, the company has made certain assumptions relating to productivity improvements and the favorable outcome of various commercial, legal and regulatory proceedings, and the lack of disruption to its markets.

If the company's projections and estimates regarding the economy, the electric utility industry and key factors differ materially from what actually occurs, or if various proceedings have unfavorable outcomes, the company's actual results could vary significantly from the performance projected.

Market Risks

Interest rate risk

Florida Progress is exposed to changes in interest rates primarily as a result of its borrowing activities.

A hypothetical 54 basis point increase in interest rates (10 percent of Florida Progress' weighted average interest rate) affecting its variable rate debt ($739.7 million as of December 31, 1998) would have an immaterial effect on Florida Progress' pre-tax earnings over the next fiscal year. A hypothetical 10-percent decrease in interest rates would also have an immaterial effect on the estimated fair value of Florida Progress' long-term debt as of December 31, 1998.

Commodity price risk

Currently at Florida Power, commodity price risk due to changes in market conditions for fuel and purchased power are recovered through the fuel cost recovery clause, with no effect on earnings.

Electric Fuels is exposed to commodity price risk through coal sales, the scrap steel market and fuel for its marine transportation business. A 10-percent change in the market price of those commodities would have an immaterial effect on the earnings of Florida Progress.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For discussion of interest rate risk and commodity risk, see "MD&A - Market Risks".

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

AUDITORS' REPORT

To the Shareholders of Florida Progress Corporation and Florida Power Corporation:

We have audited the accompanying consolidated balance sheets of Florida Progress Corporation and subsidiaries, and of Florida Power Corporation, as of December 31, 1998 and 1997, and the related consolidated statements of income, cash flows, and common equity and comprehensive income for each of the years in the three-year period ended December 31, 1998. In connection with our audits of the financial statements, we also have audited the financial statement schedules listed in Item 14 therein. These financial statements and financial statement schedules are the responsibility of the respective managements of Florida Progress Corporation and Florida Power Corporation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Progress Corporation and subsidiaries, and Florida Power Corporation, as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedules when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/KPMG LLP

KPMG LLP
St. Petersburg, Florida

January 25, 1999

FLORIDA PROGRESS CORPORATION
Consolidated Statements of Income
For the years ended December 31, 1998, 1997 and 1996
(In millions, except per share amounts)

	1998	1997	1996
REVENUES:			
Electric utility	$2,648.2	$2,448.4	$2,393.6
Diversified	972.1	868.0	764.3
	3,620.3	3,316.4	3,157.9
EXPENSES:			
Electric utility:			
Fuel	595.7	458.1	409.7
Purchased power	433.8	490.6	531.6
Energy conservation cost	79.6	67.0	62.6
Operation and maintenance	471.6	422.3	413.4
Extended nuclear outage - O&M and replacement power costs	5.1	173.3	-
Depreciation	347.1	325.9	324.2
Taxes other than income taxes	203.6	193.6	183.6
	2,136.5	2,130.8	1,925.1
Diversified:			
Cost of sales	827.2	753.9	642.9
Provision for loss on coal properties	-	-	40.9
Loss related to life insurance subsidiary	-	97.6	-
Other	56.3	60.4	66.6
	883.5	911.9	750.4
INCOME FROM OPERATIONS	600.3	273.7	482.4
INTEREST EXPENSE AND OTHER:			
Interest expense	187.1	158.7	135.9
Allowance for funds used during construction	(16.9)	(9.7)	(7.5)
(Gain) on sale of business	-	-	(44.2)
Other expense (income), net	(.2)	4.0	1.6
	170.0	153.0	85.8
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	430.3	120.7	396.6
Income taxes	148.6	66.4	145.9
INCOME FROM CONTINUING OPERATIONS	281.7	54.3	250.7
DISCONTINUED OPERATIONS, NET OF INCOME TAXES	-	-	(26.3)
NET INCOME	$ 281.7	$ 54.3	$ 224.4
AVERAGE SHARES OF COMMON STOCK OUTSTANDING	97.1	97.1	96.8
EARNINGS PER AVERAGE COMMON SHARE:			
Continuing operations	$ 2.90	$ .56	$ 2.59
Discontinued operations	-	-	(.27)
	$ 2.90	$ .56	$ 2.32

The accompanying notes are an integral part of these financial statements.

FLORIDA PROGRESS CORPORATION
Consolidated Balance Sheets
December 31, 1998 and 1997
(Dollars in millions)

	1998	1997
ASSETS		
PROPERTY, PLANT AND EQUIPMENT:		
Electric utility plant in service and held for future use	$6,307.8	$6,166.8
Less: Accumulated depreciation	2,716.0	2,511.0
Accumulated decommissioning for nuclear plant	254.8	223.7
Accumulated dismantlement for fossil plants	130.7	128.5
	3,206.3	3,303.6
Construction work in progress	378.3	279.4
Nuclear fuel, net of amortization of $377.2 in 1998 and $356.7 in 1997	45.9	66.5
Net electric utility plant	3,630.5	3,649.5
Other property, net of depreciation of $234.6 in 1998 and $219.3 in 1997	560.1	437.7
	4,190.6	4,087.2
CURRENT ASSETS:		
Cash and equivalents	2.5	3.1
Accounts receivable, net	413.4	373.7
Inventories, primarily at average cost:		
Fuel	69.8	77.6
Utility materials and supplies	83.3	91.9
Diversified materials	137.0	126.8
Underrecovered utility fuel costs	-	34.5
Income taxes receivable	23.4	16.8
Deferred income taxes	55.9	5.8
Prepayments and other	68.8	45.1
	854.1	775.3
DEFERRED CHARGES AND OTHER ASSETS:		
Costs deferred pursuant to regulation:		
Deferred purchase power contract termination costs	321.0	348.2
Other	113.6	126.4
Investments in nuclear decommissioning fund	332.1	266.7
Goodwill	139.8	55.2
Joint ventures and partnerships	71.5	54.6
Other	138.1	46.4
	1,116.1	897.5
	$6,160.8	$5,760.0

The accompanying notes are an integral part of these financial statements.

FLORIDA PROGRESS CORPORATION
Consolidated Balance Sheets
December 31, 1998 and 1997
(Dollars in millions)

	1998	1997
CAPITAL AND LIABILITIES		
COMMON STOCK EQUITY:		
Common stock without par value, 250,000,000 shares authorized, 97,336,826 shares outstanding in 1998 and 97,062,954 in 1997	$1,221.1	$1,209.0
Retained earnings	640.9	567.0
	1,862.0	1,776.0
CUMULATIVE PREFERRED STOCK OF FLORIDA POWER:		
Without sinking funds	33.5	33.5
LONG-TERM DEBT	2,250.4	2,377.8
TOTAL CAPITAL	4,145.9	4,187.3
CURRENT LIABILITIES:		
Accounts payable	297.9	253.2
Customers' deposits	104.1	97.1
Taxes payable	10.1	12.0
Accrued interest	70.4	56.8
Overrecovered utility fuel costs	22.2	-
Other	85.8	74.8
	590.5	493.9
Notes payable	236.2	214.8
Current portion of long-term debt	145.9	15.2
	972.6	723.9
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	595.4	471.2
Unamortized investment tax credits	77.8	85.7
Other postretirement benefit costs	116.1	107.4
Other	253.0	184.5
	1,042.3	848.8
COMMITMENTS AND CONTINGENCIES (Note 11)		
	$6,160.8	$5,760.0

The accompanying notes are an integral part of these financial statements.

FLORIDA PROGRESS CORPORATION
Consolidated Statements of Cash Flows
For the years ended December 31, 1998, 1997 and 1996
(In millions)

	1998	1997	1996
OPERATING ACTIVITIES:			
Income from continuing operations	$ 281.7	$ 54.3	$250.7
Adjustments for noncash items:			
Depreciation and amortization	424.6	364.2	366.7
Extended nuclear outage - replacement power cost	-	73.3	-
Provision for loss on investment in life insurance subsidiary	-	86.9	-
(Gain) on sale of business	-	-	(44.2)
Provision for loss on coal properties	-	-	40.9
Deferred income taxes and investment tax credits, net	44.8	(30.7)	(56.6)
Increase in accrued post-employment benefit costs	8.7	8.6	15.5
Changes in working capital, net of effects from acquisition or sale of businesses:			
Accounts receivable	(2.5)	(108.3)	35.4
Inventories	51.1	2.2	(10.9)
Overrecovery (underrecovery) of fuel cost	51.7	(33.1)	(82.3)
Accounts payable	17.8	58.3	21.6
Taxes payable	(8.2)	(47.1)	21.0
Other	3.1	1.2	(13.5)
Other operating activities	5.1	12.8	26.6
Cash provided by continuing operations	877.9	442.6	570.9
Cash used by discontinued operations	-	-	(8.9)
	877.9	442.6	562.0
INVESTING ACTIVITIES:			
Property additions (including allowance for borrowed funds used during construction)	(543.3)	(513.6)	(264.0)
Acquisition of businesses	(206.6)	(32.7)	(53.8)
Cogeneration facility acquisition and contract termination costs	-	(445.0)	-
Proceeds from sales of properties and businesses	40.6	24.3	61.1
Proceeds from sale and leaseback	153.0	-	-
Investing activities of discontinued operations	-	-	56.5
Other investing activities	(129.3)	(63.7)	(107.4)
	(685.6)	(1,030.7)	(307.6)
FINANCING ACTIVITIES:			
Issuance of long-term debt	259.1	482.8	178.0
Repayment of long-term debt	(275.1)	(34.9)	(190.4)
Increase (decrease) in commercial paper with long-term support	-	130.6	(15.3)
Redemption of preferred stock	-	-	(106.4)
Sale of common stock	12.7	-	18.5
Dividends paid on common stock	(207.8)	(203.8)	(199.5)
Increase in short-term debt	21.4	210.8	4.1
Financing activities of discontinued operations	-	-	61.5
Other financing activities	(3.2)	.5	(4.0)
	(192.9)	586.0	(253.5)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(.6)	(2.1)	.9
Beginning cash and equivalents	3.1	5.2	4.3
ENDING CASH AND EQUIVALENTS	$ 2.5	$ 3.1	$ 5.2
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest (net of amount capitalized)	$ 159.7	$142.7	$128.7
Income taxes (net of refunds)	$ 110.4	$141.7	$189.3

The accompanying notes are an integral part of these financial statements.

FLORIDA PROGRESS CORPORATION
Consolidated Statements of Common Equity and Comprehensive Income
For the years ended December 31, 1998, 1997 and 1996
(Dollars in millions, except per share amounts)

	Total	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income
Balance, December 31, 1995	$2,078.1	$1,187.6	$ 888.4	$ 2.1
Net income	224.4		224.4	
Common stock issued - 586,555 shares	20.7	20.7		
Echelon International stock dividend	(194.5)		(194.5)	
Cash dividends on common stock ($2.06 per share)	(199.5)		(199.5)	
Unrealized gain on marketable securities	(2.7)			(2.7)
Preferred stock redeemed - 1,050,000 shares	(2.3)		(2.3)	
Balance December 31, 1996	1,924.2	1,208.3	716.5	(.6)
Net income	54.3		54.3	
Common stock issued - 55,772 shares	.7	.7		
Cash dividends on common stock ($2.10 per share)	(203.8)		(203.8)	
Reversal of unrealized loss on marketable securities due to deconsolidation	.6			.6
Balance, December 31, 1997	1,776.0	1,209.0	567.0	-
Net income	281.7		281.7	
Common stock issued - 273,872 shares	12.1	12.1		
Cash dividends on common stock ($2.14 per share)	(207.8)		(207.8)	
Balance, December 31, 1998	$1,862.0	$1,221.1	$640.9	$ -

The accompanying notes are an integral part of these financial statements.

FLORIDA POWER CORPORATION
Statements of Income
For the years ended December 31, 1998, 1997 and 1996
(In millions)

	1998	1997	1996
OPERATING REVENUES:	$2,648.2	$2,448.4	$2,393.6
OPERATING EXPENSES:			
Operation:			
Fuel used in generation	595.7	458.1	409.7
Purchased power	433.8	490.6	531.6
Energy Conservation Cost Recovery	79.6	67.0	62.6
Operations and maintenance	471.6	422.3	413.4
Extended nuclear outage - O&M and replacement fuel costs	5.1	173.3	-
Depreciation	347.1	325.9	324.2
Taxes other than income taxes	203.6	193.6	183.6
Income taxes	140.3	69.9	135.8
	2,276.8	2,200.7	2,060.9
OPERATING INCOME	371.4	247.7	332.7
OTHER INCOME AND DEDUCTIONS:			
Allowance for equity funds used During construction	7.5	5.4	4.6
Miscellaneous other expense, net	(1.7)	(4.2)	(3.4)
	5.8	1.2	1.2
INTEREST CHARGES			
Interest on long-term debt	115.6	102.4	86.6
Other interest expense	20.9	14.9	11.8
	136.5	117.3	98.4
Allowance for borrowed funds used during construction	(9.4)	(4.3)	(2.9)
	127.1	113.0	95.5
NET INCOME	250.1	135.9	238.4
DIVIDENDS ON PREFERRED STOCK	1.5	1.5	5.8
NET INCOME AFTER DIVIDENDS ON PREFERRED STOCK	$248.6	$134.4	$232.6

The accompanying notes are an integral part of these financial statements.

FLORIDA POWER CORPORATION
Balance Sheets
For the years ended December 31, 1998, and 1997
(Dollars in millions)

	1998	1997
ASSETS		
PROPERTY, PLANT AND EQUIPMENT:		
Electric utility plant in service and held for future use	$6,307.8	$6,166.8
Less - Accumulated depreciation	2,716.0	2,511.0
Accumulated decommissioning for nuclear plant	254.8	223.7
Accumulated dismantlement for fossil plants	130.7	128.5
	3,206.3	3,303.6
Construction work in progress	378.3	279.4
Nuclear fuel, net of amortization of $377.2 in 1998 and $356.7 in 1997	45.9	66.5
	3,630.5	3,649.5
Other property, net	11.5	33.2
	3,642.0	3,682.7
CURRENT ASSETS:		
Accounts receivable, less reserve of $3.8 in 1998 and $3.2 in 1997	206.0	243.9
Inventories at average cost:		
Fuel	48.4	44.0
Materials and supplies	83.3	91.9
Underrecovered utility fuel cost	-	34.5
Income tax receivable	16.0	13.5
Deferred income taxes	56.0	5.8
Prepaid and other	53.5	32.2
	463.2	465.8
DEFERRED CHARGES AND OTHER ASSETS:		
Costs deferred pursuant to regulation:		
Deferred purchased power contract termination costs	321.0	348.2
Other	113.6	126.4
Nuclear plant decommissioning fund	332.1	266.7
Other	56.2	11.0
	822.9	752.3
	$4,928.1	$4,900.8

The accompanying notes are an integral part of these financial statements.

FLORIDA POWER CORPORATION
Balance Sheets
For the years ended December 31, 1998, and 1997
(Dollars in millions)

	1998	1997
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common stock	$1,004.4	$1,004.4
Retained earnings	815.7	763.1
	1,820.1	1,767.5
CUMULATIVE PREFERRED STOCK:		
Without sinking funds	33.5	33.5
LONG-TERM DEBT	1,555.1	1,745.4
TOTAL CAPITAL	3,408.7	3,546.4
CURRENT LIABILITIES:		
Accounts payable	173.0	161.9
Accounts payable to associated companies	27.2	26.5
Customers' deposits	104.1	97.1
Accrued other taxes	6.3	7.9
Accrued interest	55.8	45.7
Overrecovered utility fuel cost	22.2	-
Other	51.8	59.2
	440.4	398.3
Notes payable	47.3	179.8
Current portion of long-term debt	91.6	1.5
	579.3	579.6
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	563.2	451.3
Unamortized investment tax credits	77.2	85.1
Other postretirement benefit costs	112.9	104.7
Other	186.8	133.7
	940.1	774.8
	$4,928.1	$4,900.8

The accompanying notes are an integral part of these financial statements.

FLORIDA POWER CORPORATION
Statements of Cash Flows
For the years ended December 31, 1998, 1997 and 1996
(In millions)

	1998	1997	1996
OPERATING ACTIVITIES:			
Net income after dividends on preferred stock	$ 248.6	$ 134.4	$ 232.6
Adjustments for noncash items:			
Depreciation and amortization	382.7	333.8	341.1
Extended nuclear outage - Replacement power costs	-	73.3	-
Deferred income taxes and investment tax credits, net	36.5	(15.2)	(32.8)
Increase in accrued other postretirement benefit costs	8.2	8.3	14.9
Allowance for equity funds used during construction	(7.5)	(5.4)	(4.6)
Changes in working capital:			
Accounts receivable	37.9	(69.2)	16.2
Inventories	4.2	6.7	(.5)
Overrecovery (underrecovery) of fuel cost	51.7	(33.1)	(82.3)
Accounts payable	11.1	46.4	25.7
Accounts payable to associated companies	.7	5.3	(3.5)
Taxes payable	(4.2)	(26.0)	(.8)
Other	(11.6)	12.3	(12.1)
Other operating activities	20.7	(38.8)	3.8
	779.0	432.8	497.7
INVESTING ACTIVITIES:			
Construction expenditures	(310.2)	(387.2)	(217.3)
Allowance for borrowed funds used during construction	(9.4)	(4.3)	(2.9)
Additions to non-utility property	(6.4)	(3.5)	(2.7)
Acquisition cogeneration facility and Payment of contract termination costs	-	(445.0)	-
Proceeds from sale of properties	12.2	19.7	5.5
Other investing activities	(62.6)	(22.2)	(27.6)
	(376.4)	(842.5)	(245.0)
FINANCING ACTIVITIES:			
Issuance of long-term debt	144.1	447.7	-
Repayment of long-term debt	(259.3)	(21.3)	(47.3)
Increase in commercial paper with Long term support	-	-	54.8
Redemption of preferred stock	-	-	(106.3)
Dividends paid on common stock	(154.9)	(192.4)	(171.3)
Equity contributions from parent	-	-	12.5
Increase (decrease) in short-term debt	(132.5)	175.7	4.1
	(402.6)	409.7	(253.5)
NET INCREASE IN CASH AND EQUIVALENTS	-	-	(.8)
Beginning cash and equivalents	-	-	.8
ENDING CASH AND EQUIVALENTS	$ -	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest (net of amount capitalized)	$ 112.6	$ 98.9	$ 90.7
Income taxes (net of refunds)	107.3	108.4	166.9
Non-Cash Investing Activities:			
Property Dividend to Parent	$ 41.1	$ -	$ -

The accompanying notes are an integral part of these financial statements

FLORIDA POWER CORPORATION
Statements of Common Equity and Comprehensive Income
For the years ended December 31, 1998, 1997 and 1996
(Dollars in millions, except share amounts)

	Total	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income
Balance, December 31, 1995	$1,754.0	$992.9	$761.1	$ -
Net income after dividends on preferred stock	232.6		232.6	
Capital contribution by parent company	12.5	12.5		
Dividends paid to parent	(171.3)		(171.3)	
Preferred stock redemption costs	(1.3)		(1.3)	
Premium on preferred stock redemption	(1.0)	(1.0)		
Preferred stock redeemed - 1,050,000 shares				
Balance, December 31, 1996	1,825.5	1,004.4	821.1	-
Net income after dividends on preferred stock	134.4		134.4	
Capital contribution by parent company				
Dividends paid to parent	(192.4)		(192.4)	
Preferred stock redemption costs				
Premium on preferred stock redemption				
Preferred stock redeemed - 1,050,000 shares				
Balance, December 31, 1997	1,767.5	1,004.4	763.1	-
Net income after dividends on preferred stock	248.6		248.6	
Dividends paid to parent	(196.0)		(196.0)	
Balance, December 31, 1998	$1,820.1	$1,004.4	$815.7	$ -

The accompanying notes are an integral part of these financial statements.

FLORIDA PROGRESS CORPORATION AND FLORIDA POWER CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - Florida Progress is an exempt holding company under the Public Utility Holding Company Act of 1935. Its two primary subsidiaries are Florida Power and Electric Fuels. Florida Power is a public utility engaged in the generation, purchase, transmission, distribution and sale of electricity primarily within Florida. Electric Fuels' operations include the mining, processing and procurement of coal, marine and rail transportation, transfer and storage of coal and other bulk commodities, railcar leasing and railcar maintenance and repair.

Electric Fuels reports the results of its Rail Services, Inland Marine Transportation, and the non-Florida Power portion of its Energy and Related Services operations one month in arrears.

The consolidated financial statements include the financial results of Florida Progress and its majority-owned operations. All significant intercompany balances and transactions have been eliminated. Investments in 20%- to 50%-owned joint ventures are accounted for using the equity method.

Effective December 31, 1997, Florida Progress deconsolidated the financial statements of Mid-Continent, and the investment in Mid-Continent is accounted for under the cost method. The deconsolidation has not been reflected in the financial statements of prior periods.

Certain reclassifications have been made to prior-year amounts to conform to the current year's presentation.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This could affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. These estimates involve judgments with respect to various items including future economic factors that are difficult to predict and are beyond the control of Florida Progress. Therefore actual results could differ from these estimates.

Regulation - Florida Power is regulated by the FPSC and the FERC. The utility follows the accounting practices set forth in Financial Accounting Standard (FAS) No. 71, "Accounting for the Effects of Certain Types of Regulation." This standard allows utilities to capitalize or defer certain costs or revenues based on regulatory approval and management's ongoing assessment that it is probable these items will be recovered through the ratemaking process.

Florida Power has total regulatory assets (liabilities) at December 31, 1998 and 1997 as detailed below:

	1998	1997
	(In millions)	
Deferred purchased power contract termination costs	$321.0	$ 348.2
Replacement fuel (extended nuclear outage)	39.3	55.0
Underrecovered/(overrecovered)utility fuel costs	(22.2)	34.5
Revenue decoupling	-	21.8
Unamortized loss on reacquired debt	25.2	16.8
Other regulatory assets, net	27.7	25.2
Net regulatory assets	$391.0	$501.5

Florida Power expects to fully recover these assets and refund the liabilities through customer rates under current regulatory practice.

If Florida Power no longer applied FAS No. 71 due to competition, regulatory changes or other reasons, the utility would make certain adjustments. These adjustments could include the write-off of all or a portion of its regulatory assets and liabilities, the evaluation of utility plant, contracts and commitments and the recognition, if necessary, of any losses to reflect market conditions.

PROPERTY, PLANT AND EQUIPMENT

Electric Utility Plant - Utility plant is stated at the original cost of construction, which includes payroll and related costs such as taxes, pensions and other fringe benefits, general and administrative costs, and an allowance for funds used during construction. Substantially all of the utility plant is pledged as collateral for Florida Power's first mortgage bonds.

The allowance for funds used during construction represents the estimated cost of equity and debt for utility plant under construction. Florida Power is permitted to earn a return on these costs and recover them in the rates charged for utility services while the plant is in service. The average rate used in computing the allowance for funds was 7.8%.

The cost of nuclear fuel is amortized to expense based on the quantity of heat produced for the generation of electric energy in relation to the quantity of heat expected to be produced over the life of the nuclear fuel core.

Florida Power's annual provision for depreciation, including a provision for nuclear plant decommissioning costs and fossil plant dismantlement costs, expressed as a percentage of the average balances of depreciable utility plant, was 4.7% for 1998, 4.8% for 1997 and 4.9% for 1996.

The fossil plant dismantlement accrual has been suspended for a period of four years, effective July 1, 1997. (See Note 9 contained herein.)

Florida Power charges maintenance expense with the cost of repairs and minor renewals of property. The plant accounts are charged with the cost of renewals and replacements of property units. Accumulated depreciation is charged with the cost, less the net salvage, of property units retired.

Florida Power accrues a reserve for maintenance and refueling expenses anticipated to be incurred during scheduled nuclear plant outages.

Other Property - Other property consists primarily of railcar and recycling equipment, barges, towboats, land, mineral rights and telecommunications equipment.

Depreciation on other property is calculated principally on the straight-line method over the estimated useful lives of assets. Depletion is provided on the units-of-production method based upon the estimates of recoverable tons of clean coal.

Utility Revenues, Fuel and Purchased Power Expenses - Revenues include amounts resulting from fuel, purchased power and energy conservation cost recovery clauses, which generally are designed to permit full recovery of these costs. The adjustment factors are based on projected costs for a 12-month period. The cumulative difference between actual and billed costs is included on the balance sheet as a current regulatory asset or liability. Any difference is billed or refunded to customers during the subsequent period.

In December 1997, Florida Power ended the three-year test period for residential revenue decoupling, which was ordered by the FPSC and began in January 1995. Revenue decoupling eliminated the effect of abnormal weather from revenues and earnings. The difference between target revenues and actual revenues is included as a current asset on the balance sheet for the period ended December 31, 1997. The regulatory asset of $21.8 million at December 31, 1997, is currently being recovered from customers over a two-year period, ending in the year 2000, through the energy conservation cost recovery clause as directed by the FPSC decoupling order.

Florida Power accrues the non-fuel portion of base revenues for services rendered but unbilled.

Diversified Revenues - Revenues are recognized at the time products are shipped or as services are rendered. Leasing activities are accounted for in accordance with FAS No. 13, "Accounting for Leases."

Income Taxes - Deferred income taxes are provided on all significant temporary differences between the financial and tax basis of assets and liabilities using presently enacted tax rates.

Deferred investment tax credits, subject to regulatory accounting practices, are amortized to income over the lives of the related properties.

Accounting for Certain Investments - Florida Progress considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Florida Progress' investments in debt and equity securities are classified and accounted for as follows:

Type of Security	Accounting Treatment
Debt securities held to maturity	Amortized cost
Trading securities	Fair value with unrealized gains and losses included in earnings

Securities available for sale	Fair value with unrealized gains and losses, net of taxes, reported separately in comprehensive income

Florida Progress held only securities classified as available for sale at both December 31, 1998 and 1997. A decline in the market value of any security available for sale below cost results in a reduction in carrying amount to fair value if the decline is not considered temporary. The impairment is charged to earnings and a new cost basis for the security is established. (See Note 2 contained herein.) Dividend and interest income are recognized when earned.

Accounting for Long-Lived Assets - Long-lived assets and certain identifiable intangibles subject to the provisions of FAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. FAS No. 121 also amends FAS No. 71, "Accounting for the Effects of Certain Types of Regulation," to require that regulatory assets, which include certain deferred charges, be charged to earnings if such assets are no longer considered probable of recovery. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Acquisitions - During 1998 and 1997, subsidiaries of Electric Fuels acquired 13 and three businesses, respectively, in separate transactions. The cash paid for the 1998 and 1997 acquisitions was $206.6 million and $32.7 million, respectively. The excess of the aggregate purchase price over the fair value of net assets acquired was approximately $87.8 million and $15.6 million in 1998 and 1997, respectively. The acquisitions were accounted for under the purchase method of accounting and, accordingly, the operating results of the acquired businesses have been included in Florida Progress' consolidated financial statements since the date of acquisition. Each of the acquired companies conducted operations similar to those of the subsidiaries and has been integrated into their operations. The pro forma results of consolidated operations for 1998 and 1997, assuming the 1998 acquisitions were made at the beginning of each year, would not differ significantly from the historical results.

Goodwill - Goodwill is being amortized on a straight-line basis over the expected periods to be benefited, generally 40 years. The Company assesses the recoverability of this intangible asset by determining whether the amortization of the goodwill balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired operation. The amount of goodwill impairment, if any, is measured based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds. The assessment of the recoverability of goodwill will be impacted if estimated future operating cash flows are not achieved.

Stock-Based Compensation - Florida Progress' Long-Term Incentive Plan ("LTIP") authorizes the granting of up to 2,250,000 shares of common stock to certain executives in various forms, including stock options, stock appreciation rights,

restricted stock and performance shares. Currently, the Company has only granted performance shares, which upon achievement of performance criteria for a three-year performance cycle, can result in the award of shares of common stock of Florida Progress or cash if certain stock ownership requirements are met. Florida Progress accounts for its LTIP in accordance with the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," as allowed under FAS No. 123, "Accounting for Stock Based Compensation." Compensation costs for performance shares have been recognized at the fair market value of the Company's stock and are recognized over the performance cycle.

Environmental - Florida Progress accrues environmental remediation liabilities when the criteria of FAS No. 5, "Accounting for Contingencies," have been met. Environmental expenditures are expensed as incurred or capitalized depending on their future economic benefit. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefits are expensed.

Liabilities for expenditures of a noncapital nature are recorded when environmental assessment and/or remediation is probable, and the costs can be reasonably estimated.

New Accounting Standards - Florida Progress adopted FAS No. 130, "Reporting Comprehensive Income," on January 1, 1998. The standard defines comprehensive income as all changes in equity of an enterprise during a period except those resulting from shareholder transactions. As the standard addresses reporting and presentation issues only, there was no impact on earnings from the adoption of this standard. Comprehensive income is included for Florida Progress in the accompanying Consolidated Statements of Common Equity and Comprehensive Income. Prior-year financial statements have been reclassified to conform to the requirements of FAS No. 130.

Florida Progress adopted FAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" for the year ended December 31, 1998. The standard requires financial and descriptive information be disclosed for segments meeting certain materiality criteria whose operating results are reviewed for decisions on resource allocation and for which discrete financial information is available. It also establishes standards for related disclosures about products and services, geographic areas and major customers. As the standard addresses reporting and disclosure issues only, there was no impact on earnings. (See Note 8 contained herein.)

Florida Progress adopted FAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" for the year ended December 31, 1998. As the standard addresses reporting and disclosure issues only, there was no impact on earnings. (See Note 7 contained herein.)

In June 1998, the Financial Accounting Standards Board issued FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair values. Florida Progress will be required to adopt this standard for financial statements issued beginning the first quarter of fiscal year 2000. Florida Progress is currently evaluating the effect the standard will have on its financial statements.

NOTE 2: FINANCIAL INSTRUMENTS

Estimated fair value amounts have been determined by Florida Progress using available market information and discounted cash-flow analysis. Judgment is required in interpreting market data to develop the estimates of fair value.

Accordingly, the estimates may be different than the amounts that Florida Progress could realize in a current market exchange.

Florida Progress' exposure to market risk for changes in interest rates relates primarily to Florida Progress' marketable securities and long-term debt obligations.

At December 31, 1998 and 1997, Florida Progress had the following financial instruments with estimated fair values and carrying amounts:

	1998		1997	
(In millions)	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
ASSETS:				
Investments for nonqualified retirement plans	$80.4	$80.4	$5.0	$5.0
Nuclear decommissioning fund	332.1	332.1	266.7	266.7
CAPITAL AND LIABILITIES:				
Long-term debt:				
Florida Power Corporation	$1,646.7	$1,740.4	$1,746.9	$1,801.1
Progress Capital Holdings	749.6	763.9	646.1	656.5

NOTE 3: INCOME TAXES

FLORIDA PROGRESS

(In millions)	1998	1997	1996
Components of income tax expense:			
Payable currently:			
Federal	$ 85.8	$ 86.6	$179.7
State	15.3	10.5	23.0
	101.1	97.1	202.7
Deferred, net:			
Federal	47.2	(22.4)	(41.9)
State	8.2	(.5)	(6.9)
	55.4	(22.9)	(48.8)
Amortization of investment tax credits, net	(7.9)	(7.8)	(8.0)
	$ 148.6	$ 66.4	$ 145.9

FLORIDA POWER

(In millions)	1998	1997	1996
Components of income tax expense:			
Payable currently:			
Federal	$ 89.2	$ 73.5	$143.6
State	15.3	11.6	24.9
	104.5	85.1	168.5
Deferred, net:			
Federal	37.7	(7.6)	(20.9)
State	6.6	.2	(4.0)
	44.3	(7.4)	(24.9)
Amortization of investment tax credits, net	(7.9)	(7.8)	(7.9)
Total income tax expense	140.9	69.9	135.7
Less: Amounts charged or (credited) to non-operating income	.7	--	(.1)
Amounts charged to operating income	$ 140.2	$ 69.9	$ 135.8

The primary differences between the statutory rates and the effective income tax rates are detailed below:

FLORIDA PROGRESS

	1998	1997	1996
Federal statutory income tax rate	35.0%	35.0%	35.0%
State income tax, net of federal income tax benefits	3.5	5.4	2.6
Amortization of investment tax credits	(1.8)	(6.4)	(2.0)
Other income tax credits	(1.9)	(2.7)	-
Provision for loss on investment in life insurance subsidiary	-	24.9	-
Preferred dividends	.1	-	-
Other	(.4)	(1.8)	.6
Effective income tax rates	34.5%	54.4%	36.2%

FLORIDA POWER

	1998	1997	1996
Federal statutory income tax rate	35.0%	35.0%	35.0%
State income tax, net of federal income tax benefits	3.6	3.7	3.6
Amortization of investment tax credits	(2.0)	(3.8)	(2.2)
Other	(.4)	(.9)	-
Effective income tax rates	36.2%	34.0%	36.4%

The following summarizes the components of deferred tax liabilities and assets at December 31, 1998 and 1997:

FLORIDA PROGRESS

(In millions)	1998	1997
Deferred tax liabilities:		
Difference in tax basis of property, plant and equipment	$624.5	$539.0
Investment in partnerships	19.2	19.7
Deferred book expenses	23.4	34.1
Other	47.2	29.7
Total deferred tax liabilities	$ 714.3	$ 622.5
Deferred tax assets:		
Loss reserves not currently deductible	$ 18.0	$ 17.0
Accrued book expenses	108.7	110.8
Unbilled revenues	17.6	17.6
Other	30.5	11.7
Total deferred tax assets	$ 174.8	$ 157.1

At December 31, 1998 and 1997, Florida Progress had net noncurrent deferred tax liabilities of $595.4 million and $471.2 million and net current deferred tax assets of $55.9 million and $5.8 million, respectively. Florida Progress believes it is more likely than not that the results of future operations will generate sufficient taxable income to allow for the utilization of deferred tax assets.

FLORIDA POWER

(In millions)	1998	1997
Deferred tax liabilities:		
Difference in tax basis of property, plant and equipment	$ 575.1	$ 506.3
Deferred book expenses	23.3	34.1
Under recovery of fuel	3.8	2.8
Carrying value of securities over cost	22.0	15.0
Other	10.5	1.5
Total deferred tax liabilities	$ 634.7	$ 559.7
Deferred tax assets:		
Accrued book expenses	$ 90.2	$ 95.0
Unbilled revenues	17.6	17.6
Regulatory liability for deferred income taxes	-	1.6
Other	19.7	-
Total deferred tax assets	$ 127.5	$ 114.2

At December 31, 1998 and 1997, Florida Power had net noncurrent deferred tax liabilities of $563.1 million and $451.3 million and net current deferred tax assets of $55.9 million and $5.8 million, respectively. Florida Power expects the results of future operations will generate sufficient taxable income to allow the utilization of deferred tax assets.

NOTE 4: NUCLEAR OPERATIONS

Florida Power's Crystal River nuclear plant began an extended outage in September 1996, which caused Florida Power to incur $100 million in additional operation and maintenance expenses in 1997. The plant was placed on the NRC's "Watch List," as a plant whose operations will be closely monitored until the plant demonstrates a period of improved performance. In January 1998, the NRC granted Florida Power permission to restart the plant. On February 15, 1998, the plant returned to service. On July 29, 1998, the NRC removed CR3 from the "Watch List." Earlier in July 1998, the NRC gave CR3 an overall report of good performance and improvements in all areas assessed for the agency's Systematic Assessment of Licensee Performance (SALP) ratings. CR3 has produced more than 100% of its rated capacity since its restart in February 1998. (See Note 9 contained herein.)

Jointly Owned Plant - The following information relates to Florida Power's 90.4% proportionate share of the nuclear plant at December 31, 1998 and 1997:

(In millions)	1998	1997
Utility plant in service	$708.9	$673.8
Construction work in progress	44.2	49.3
Unamortized nuclear fuel	45.9	66.5
Accumulated depreciation	368.7	341.0
Accumulated decommissioning	254.8	223.7

Net capital additions for Florida Power were $30.0 million in 1998 and $64.7 million in 1997. Depreciation expense, exclusive of nuclear decommissioning, was $32.8 million in 1998 and $29 million in 1997. Each co-owner provides for its own financing of their investment. Florida Power's share of the asset balances and operating costs is included in the appropriate consolidated financial statements. Amounts exclude any allocation of costs related to common facilities.

Decommissioning Costs - Florida Power's nuclear plant depreciation expenses include a provision for future decommissioning costs, which are recoverable through rates charged to customers. Florida Power is placing amounts collected in an externally managed trust fund. The recovery from customers, plus income earned on the trust fund, is intended to be sufficient to cover Florida Power's share of the future dismantlement, removal and land restoration costs. Florida Power has a license to operate the nuclear unit through December 3, 2016, and contemplates decommissioning beginning at that time.

In November 1995, the FPSC approved the current site-specific study that estimates total future decommissioning costs at approximately $2 billion, which corresponds to $464.8 million in 1998 dollars. Florida Power's share of the total annual decommissioning expense is $21.7 million.

Florida Power is required to file a new site-specific study with the FPSC at least every five years, which will incorporate current cost factors, technology and radiological criteria.

Fuel Disposal Costs - Florida Power has entered into a contract with the U.S. Department of Energy for the transportation and disposal of SNF. Disposal costs for nuclear fuel consumed are being collected from customers through the fuel adjustment clause at a rate of $.001 per net nuclear kilowatt-hour sold and are paid to the DOE quarterly. Florida Power currently is storing SNF on-site and has sufficient storage capacity in place for fuel consumed through the year 2011.

NOTE 5 PREFERRED AND PREFERENCE STOCK AND SHAREHOLDER RIGHTS

The authorized capital stock of Florida Progress includes 10 million shares of preferred stock, without par value, including 2 million shares designated as Series A Junior Participating Preferred Stock. No shares of Florida Progress' preferred stock are issued and outstanding. However, under Florida Progress' Shareholder Rights Agreement, each share of common stock has associated with it approximately two-thirds of one right to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock, subject to adjustment, which is exercisable in the event of certain attempted business combinations. If exercised, the rights would cause substantial dilution of ownership, thus adversely affecting any attempt to acquire the Company on terms not approved by the Company's Board of Directors. The rights have no voting or dividend rights and expire in December 2001, unless redeemed earlier by the Company.

The authorized capital stock of Florida Power includes three classes of preferred stock: 4 million shares of Cumulative Preferred Stock, $100 par value; 5 million shares of Cumulative Preferred Stock, without par value; and 1 million shares of Preference Stock, $100 par value. No shares of Florida Power's Cumulative Preferred Stock, without par value, or Preference Stock are issued and outstanding. A total of 334,967 shares of Cumulative Preferred Stock, $100 par value, were issued and outstanding at December 31, 1998 and 1997. Florida Power redeemed 1,050,000 shares of its Cumulative Preferred Stock in 1996 for $106.4 million

Cumulative Preferred Stock for Florida Power is detailed below:

Dividend Rate	Current Redemption Price	Shares Outstanding	Outstanding at December 31, 1998 & 1997 (In millions)
4.00%	$104.25	39,980	$ 4.0
4.40%	$102.00	75,000	7.5
4.58%	$101.00	99,990	10.0
4.60%	$103.25	39,997	4.0
4.75%	$102.00	80,000	8.0
		334,967	$33.5

All Cumulative Preferred Stock series are without sinking funds and are not subject to mandatory redemption.

NOTE 6 DEBT

Florida Progress' long-term debt at December 31, 1998 and 1997, is scheduled to mature as follows:

	Interest Rate(a)	1998	1997
Florida Power Corporation			
(In millions)			
First mortgage bonds, maturing 1999-2023	6.88%	$585.0	$835.0
Pollution control revenue bonds, maturing 2014-2027	6.59%	240.9	240.9
Medium-term notes, maturing 1999-2028	6.63%	624.5	476.0
Commercial paper, supported by revolver maturing November 30, 2003	5.25%	200.0	200.0
Discount, net of premium, being amortized over term of bonds		(3.7)	(5.0)
		1,646.7	1,746.9

Progress Capital Holdings:			
Medium-term notes,maturing 1999-2008	6.63%	444.0	339.0
Commercial paper, supported by revolver maturing November 30, 2003	5.38%	300.0	300.0
Other debt, maturing 1999-2006	6.13%	5.6	7.1
		2,396.3	2393.0
Less: Current portion of long-term debt		145.9	15.2
		$2,250.4	$2,377.8

(a)Weighted average interest rate at December 31, 1998.

Florida Progress' consolidated subsidiaries have lines of credit totaling $800 million, which are used to support commercial paper. The lines of credit were not drawn on as of December 31, 1998. Interest rate options under the lines of credit arrangements vary from subprime or money market rates to the prime rate. Banks providing lines of credit are compensated through fees. Commitment fees on lines of credit vary between .06 and .10 of 1%.

The lines of credit consist of four revolving bank credit facilities, two each for Florida Power and Progress Capital. The Florida Power facilities consist of $200 million with a 364-day term and $200 million with a five-year term. The Progress Capital facilities consist of $100 million with a 364-day term and $300 million with a five-year term. In 1998, both 364-day facilities were extended to November 1999. In addition, both five-year facilities were extended to November 2003. Based on the duration of the underlying backup credit facilities, $500 million of outstanding commercial paper at December 31, 1998, and December 31, 1997, are classified as long-term debt. Additionally, as of December 31, 1998, Florida Power and Progress Capital had an additional $47.3 million and $38.9 million, respectively, of outstanding commercial paper classified as short-term debt.

Progress Capital has uncommitted bank bid facilities authorizing it to borrow and re-borrow, and have outstanding at any time, up to $300 million. As of December 31, 1998, $150 million was outstanding under these bid facilities.

Florida Power has a public medium-term note program providing for the issuance of either fixed or floating interest rate notes. These notes have maturities ranging from nine months to 30 years. A balance of $250 million is available for issuance.

In March 1998, Florida Power redeemed all of its $150 million principal amount of first mortgage bonds, 8 5/8% series due November 2021 at a redemption price of 105.17% of the principal amount thereof. Substantially all of this redemption was funded from the net proceeds of $150 million of medium-term notes issued in February 1998, which bear an interest rate of 6 ¾% and mature in February 2028. Florida Power also redeemed in November 1998, an additional $100 million of first mortgage bonds. The entire $50 million principal of the 7 3/8% series was redeemed at a price of 100.93%, and the entire $50 million principal of the 7 ¼% series was redeemed at a price of 100.86%. Both issues were due in 2002. The redemption was funded from internally generated funds and commercial paper.

Florida Power has registered $370 million of first mortgage bonds, which are unissued and available for issuance.

Progress Capital has a private medium-term note program providing for the issuance of either fixed or floating interest rate notes, with maturities ranging from nine months to 30 years. A balance of $185 million is available for issuance under this program.

The combined aggregate maturities of long-term debt for 1999 through 2003 are $145.9 million, $147.6 million, $183 million, $32.2 million and $775.4 million, respectively.

Florida Progress and Progress Capital entered into an amended guaranty and support agreement in 1996, pursuant to which Florida Progress has unconditionally guaranteed the payment of Progress Capital's debt.

NOTE 7 RETIREMENT BENEFIT PLANS

Pension Benefits - Florida Progress and some of its subsidiaries have a noncontributory defined benefit pension plan (Retirement Plan) covering most employees. Florida Progress also has two supplementary defined benefit pension plans that provide benefits to higher-level employees. Effective January 1, 1998, the Retirement Plan was split into two separate plans, one covering eligible bargaining unit employees and the other covering all other eligible employees. Plan assets were allocated to each plan in accordance with applicable law.

Other Postretirement Benefits - Florida Progress and some of its subsidiaries also provide certain health care and life insurance benefits for retired employees when they reach retirement age while working for Florida Progress.

Shown below are the components of the net pension expense and net postretirement benefit expense calculations for 1998, 1997 and 1996:

	Pension Benefits			Other Postretirement Benefits		
(In millions)	1998	1997	1996	1998	1997	1996
Service cost	$ 22.3	$ 18.7	$ 18.3	$ 3.5	$ 3.2	$ 5.3
Interest cost	37.7	34.9	32.3	10.5	10.4	12.4
Expected return on plan assets	(68.5)	(58.4)	(52.0)	(.3)	(.4)	(.3)
Net amortization and deferral	(12.5)	(6.5)	(6.5)	3.2	3.4	6.1
Net cost/(benefit) recognized	$(21.0)	$(11.3)	$ (7.9)	$16.9	$16.6	$23.5

The following weighted average actuarial assumptions at December 31 were used in the calculation of the year-end funded status:

	Pension Benefits			Other Postretirement Benefits		
	1998	1997	1996	1998	1997	1996
Discount rate	7.00%	7.25%	7.50%	7.00%	7.25%	7.50%
Expected long-term rate of return	9.00%	9.00%	9.00%	5.00%	5.00%	5.00%
Rate of compensation increase:						
Bargaining unit employees	3.50%	4.50%	4.50%	3.50%	4.50%	4.50%
Nonbargaining unit employees	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Nonqualified plans	4.00%	4.00%	4.00%	N/A	N/A	N/A

The following summarizes the change in the benefit obligation and plan assets for both the pension plan and postretirement benefit plan for 1998 and 1997:

	Pension Benefits		Other Benefits	
(In millions)	1998	1997	1998	1997
Change in benefit obligation				
Benefit obligation at beginning of year	$523.9	$472.0	$ 153.2	$ 182.6
Service cost	22.3	18.7	3.5	3.2
Interest cost	37.7	34.9	10.5	10.4
Plan amendment	-	9.5	-	(36.1)
Actuarial (gain)/loss	16.1	12.6	1.2	(.3)
Benefits paid	(25.8)	(23.8)	(6.9)	(6.6)
Benefit obligation at end of year	574.2	523.9	161.5	153.2
Change in plan assets				
Fair value of plan assets at beginning of year	769.0	655.0	6.4	4.7
Return on plan assets (net of expenses)	140.2	136.6	.4	.4
Employer contributions	-	-	1.3	1.3
Benefits paid	(24.2)	(22.6)	-	-
Fair value of plan assets at end of year	885.0	769.0	8.1	6.4
Funded status	310.8	245.1	(153.4)	(146.8)
Unrecognized transition (asset) obligation	(20.5)	(25.4)	51.4	55.0
Unrecognized prior service cost	13.3	14.5	-	-
Unrecognized net actuarial (gain)/loss	(283.5)	(236.6)	(14.1)	(15.6)
Prepaid (accrued) benefit cost	$ 20.1	$ (2.4)	$(116.1)	$(107.4)

Between 1996 and 1998, Florida Progress set assets aside in a rabbi trust for the purpose of providing benefits to the participants in the supplementary retirement plans. The assets of the rabbi trust are not reflected as plan assets because the assets could be subject to creditors' claims. The assets and liabilities of the supplementary defined benefit retirement plans are included in Other Assets and Other Liabilities on the accompanying Consolidated Balance Sheets.

A one-percentage point increase or decrease in the assumed health care cost trend rate would change the total service and interest cost by approximately $1 million and the postretirement benefit obligation by approximately $10 million.

Due to different retail and wholesale regulatory rate requirements, Florida Power began making quarterly contributions for the postretirement benefit plan in 1995 to an irrevocable external trust fund for wholesale ratemaking, while continuing to accrue postretirement benefit costs to an unfunded reserve for retail ratemaking. Florida Power contributed approximately $1.3 million annually in both 1998 and 1997 to the trust fund.

NOTE 8 BUSINESS SEGMENTS

Florida Progress' principal business segment is Florida Power, an electric utility engaged in the generation, purchase, transmission, distribution and sale of electricity. The other reportable business segments are Electric Fuels' Energy and Related Services, Rail Services and Inland Marine Transportation units. Energy and Related Services includes coal operations, river terminal services and off-shore marine transportation. Rail Services' operations include railcar repair, rail parts reconditioning and sales, railcar leasing and sales, providing rail and track material, and metal recycling. Inland Marine provides transportation of coal, agricultural and other dry-bulk commodities as well as fleet management services. The other category includes the parent holding company Florida Progress, which allocates a portion of its operating expenses to

business segments. This category also includes segments below the quantitative threshold required for separate disclosure.

Florida Progress' business segment information for 1998, 1997 and 1996 is summarized below. Florida Progress' significant operations are geographically located in the United States. Florida Progess' segments are based on differences in products and services, and therefore no additional disclosures are presented. Intersegment sales and transfers consist of coal sales from Electric Fuels to Florida Power. The price Electric Fuels charges Florida Power is based on market rates for coal procurement and for water borne transportation under a methodology approved by the FPSC. Rail transportation is also based on market rates plus a return allowed by the FPSC on equity utilized in transporting coal to Florida Power. The allowed rate of return is currently 12%. No single customer accounted for 10% or more of unaffiliated revenues.

(In millions)	Utility	Energy and Related Services	Rail Services	Inland Marine Transportation	Other	Eliminations	Consolida
1998							
Revenues	$2,648.2	$173.8	$658.5	$124.6	$ 10.9	$ 4.3	$3,620
Intersegment revenues	-	273.9	1.3	14.0	-	(289.2)	-
Depreciation and amortization	382.7	14.4	19.4	4.5	3.6	-	424
Interest expense	136.5	5.8	21.3	4.4	20.8	(1.7)	187
Income taxes	141.0	6.3	12.3	6.3	(17.3)	-	148
Segment net income (loss)	248.6	20.4	15.9	10.3	(13.5)	-	281
Total assets	4,928.1	316.5	680.0	99.5	334.0	(197.3)	6,160
Property additions	326.0	32.0	91.0	93.6	.7	-	543
1997							
Revenues	$2,448.4	$165.6	$477.1	$105.5	$115.7	$ 4.1	$3,316
Intersegment revenues	-	286.0	1.3	14.2	-	(301.5)	-
Depreciation and amortization	333.8	11.7	11.2	4.3	3.2	-	364
Interest expense	117.3	6.5	13.9	2.5	19.1	(.6)	158
Income taxes	69.9	8.4	9.8	3.3	(25.0)	-	66
Segment net income (loss)	134.4	16.8	13.3	5.9	(116.1)	-	54
Total assets	4,900.8	299.2	385.3	138.9	210.4	(174.6)	5,760
Property additions	395.0	16.8	41.6	59.0	1.2	-	513
1996							
Revenues	$2,393.6	$165.6	$353.7	$ 86.4	$155.2	$ 3.4	$3,157.
Intersegment revenues	-	273.2	.8	13.7	-	(287.7)	-
Depreciation and amortization	341.1	11.4	7.4	4.5	2.3	-	366.
Interest expense	98.4	6.3	9.9	1.9	20.5	(1.1)	135.
Income taxes	135.7	(9.3)	6.9	4.4	8.2	-	145.
Segment net income (loss)	232.6	(12.5)	9.7	7.1	(12.5)	-	224.
Total assets	4,264.0	272.4	294.2	79.0	577.2	(138.4)	5,348.
Property additions	222.9	11.7	16.1	12.7	.6	-	264.

In December 1996, the Energy and Related Services segment of Electric Fuels revised its assessment that low-sulfur coal market prices were depressed temporarily. Electric Fuels decided to close and dispose of its unprofitable coal operations and recorded a provision for loss of $40.9 million.

NOTE 9 RATES

Florida Power's retail rates are set by the FPSC, while its wholesale rates are governed by the FERC. Florida Power's last general rate case was approved in 1992 and allowed a 12% regulatory return on equity with an allowed range between 11% and 13%.

Tiger Bay Buy-Out - In 1997, Florida Power bought out the Tiger Bay purchased power contracts for $370 million and acquired the cogeneration facility for $75 million, for a total of $445 million. Of the $370 million of contract

termination costs, $350 million was recorded as a regulatory asset and the remaining $20 million was written off. Florida Power recorded $75 million as electric plant.

The regulatory asset is being recovered pursuant to an agreement between Florida Power and several intervening parties, which was approved by the FPSC in June 1997. The amortization of the regulatory asset is calculated using revenues collected under the fuel adjustment clause as if the purchased power agreements related to the facility were still in effect, less the actual fuel costs and the related debt interest expense. This will continue until the regulatory asset is fully amortized. Florida Power has the option to accelerate the amortization. Approximately $27.2 million and $4.4 million of amortization expense was recorded in 1998 and 1997, respectively.

In December 1998, Florida Power received approval from the FPSC to defer non-fuel revenues towards the development of a plan that would allow customers to realize the benefits earlier than if they are used to accelerate the amortization of the Tiger Bay regulatory asset. If this plan is not submitted by May 1, 1999, or not approved by the FPSC, then deferred revenues of $10.1 million plus interest will be applied towards the amortization of Tiger Bay.

Extended Nuclear Outage - In June 1997, a settlement agreement between Florida Power and all parties who intervened in Florida Power's request to recover replacement fuel and purchased power costs resulting from the extended outage of its nuclear plant was approved by the FPSC. The plant was taken off-line in September 1996 to address certain design issues related to its safety systems. In late January 1998, Florida Power notified the NRC that it had completed all of the requirements and was subsequently granted permission to restart the plant. The plant returned to service in February 1998.

Florida Power incurred approximately $174 million in 1997 and an additional $5 million in 1998 in total system replacement power costs. In accordance with the settlement agreement, Florida Power recorded a charge of approximately $73 million in 1997 and $5 million in 1998 for retail replacement power costs incurred that will not be recovered through its fuel cost recovery clause. Florida Power is currently recovering approximately $38 million through its fuel cost recovery clause, and approximately $63 million of replacement power costs were recorded as a regulatory asset in 1997. The regulatory asset is being amortized for a period of up to four years. The amortization is being recovered by the suspension of fossil plant dismantlement accruals during the amortization period.

The parties to the settlement agreement agreed not to seek or support any increase or reduction in Florida Power's base rates or the authorized range of its return on equity during the four-year amortization period. The settlement agreement also provided that for purposes of monitoring Florida Power's future earnings, the FPSC will exclude the nuclear outage costs when assessing Florida Power's regulatory return on equity. The agreement resolved all present and future disputed issues between the parties regarding the extended outage of the nuclear plant.

NOTE 10 DISCONTINUED OPERATIONS

On November 21, 1996, Florida Progress' Board of Directors declared a spin-off distribution to common shareholders of record on December 5, 1996, of the common shares of Echelon, which comprised the Company's lending, leasing and real estate operations. Common shares were distributed on the basis of one share of Echelon common stock for every 15 shares of Florida Progress' common stock.

In connection with the spin-off in 1996, Florida Progress has presented Echelon as a discontinued operation in the accompanying Consolidated Statements of Income.

Summarized income statement information relating to Echelon's results of operations (as reported in discontinued operations) for the year ended December 31 is as follows:

(In millions)	1996
Sales and revenues	$ 63.2
Loss from operations (net of income tax)	-
Provision for loss on disposition of assets (net of income tax benefits of $11.3)	(18.0)
Spin-off transaction costs (net of income tax benefits of $1.8)	(8.3)
Total discontinued operations	$(26.3)

NOTE 11 COMMITMENTS AND CONTINGENCIES

Fuel, Coal and Purchased Power Commitments - Florida Power has entered into various long-term contracts to provide the fossil and nuclear fuel requirements of its generating plants and to reserve pipeline capacity for natural gas. In most cases, such contracts contain provisions for price escalation, minimum purchase levels and other financial commitments. Estimated annual payments, based on current market prices, for Florida Power's firm commitments for fuel purchases and transportation costs, excluding delivered coal and purchased power, are $56 million, $56 million, $62 million, $63 million and $64 million for 1999 through 2003, respectively, and $499 million in total thereafter. Additional commitments will be required in the future to supply Florida Power's fuel needs.

Electric Fuels has two coal supply contracts with Florida Power, the provisions of which require Florida Power to buy and Electric Fuels to supply substantially all of the coal requirements of four of Florida Power's power plants, two through 2002 and two through 2004. In connection with these contracts, Electric Fuels has entered into several contracts with outside parties for the purchase of coal. The annual obligations for coal purchases and transportation under these contracts are $107.1 million, $61 million, $48.9 million and $22.7 million for 1999 through 2002, respectively, with no further obligations thereafter. The total cost incurred for these commitments was $117.7 million in 1998, $156.8 million in 1997 and $161.5 million in 1996.

Florida Power has long-term contracts for about 460 MW of purchased power with other utilities, including a contract with The Southern Company for approximately 400 MW of purchased power annually through 2010. This represents 4.5% of Florida Power's total current system capacity. Florida Power has an option to lower these Southern purchases to approximately 200 MW annually with a three-year notice. The purchased power from Southern is supplied by generating units with a capacity of approximately 3,500 MW and is guaranteed by Southern's entire system, totaling more than 30,000 MW.

As of December 31, 1998, Florida Power had entered into purchased power contracts with certain qualifying facilities for 871 MW of capacity with

expiration dates ranging from 2002 to 2025. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments are subject to the qualifying facilities meeting certain contract performance obligations. In most cases, these contracts account for 100% of the generating capacity of each of the facilities. Of the 871 MW under contract, approximately 831 MW currently are available to Florida Power. All commitments have been approved by the FPSC.

The FPSC allows the capacity payments to be recovered through a capacity cost recovery clause, which is similar to, and works in conjunction with, energy payments recovered through the fuel cost recovery clause.

In 1997, through the buy-out of the Tiger Bay purchased power contracts, Florida Power reduced its long-term purchased power commitments by 20 percent. Florida Power incurred purchased power capacity costs totaling $260.1 million in 1998, $292.3 million in 1997 and $284 million in 1996. The following table shows minimum expected future capacity payments for purchased power commitments. Because the purchased power commitments have relatively long durations, the total present value of these payments using a 10% discount rate also is presented. These amounts assume that all units are brought into service as contracted and meet contract performance requirements:

Purchased Power Capacity Payments (In millions)	Utilities	Cogenerators	Total
1999	58	215	273
2000	59	223	282
2001	58	230	288
2002	32	236	268
2003	32	244	276
2004-2025	212	5,555	5,767
Total	$451	$6,703	$ 7,154
Total net present value			$ 2,577

Leases - Electric Fuels has several noncancelable operating leases, primarily for transportation equipment, with varying terms extending to 2015, and generally require Electric Fuels to pay all executory costs such as maintenance and insurance. Some rental payments include minimum rentals plus contingent rentals based on mileage. Contingent rentals were not significant. The minimum future lease payments under noncancelable operating leases, including the synthetic lease described below, are $38.7 million, $31.7 million, $27.7 million, $23.4 million and $23.4 million for 1999 through 2003, respectively, with a $227 million total obligation thereafter. The total costs incurred under these commitments were $30.9 million, $34.8 million and $33.3 million during 1998, 1997 and 1996, respectively.

On August 6, 1998, MEMCO, a wholly owned subsidiary of Electric Fuels, entered into a synthetic lease financing, accomplished via a sale and leaseback, for an aggregate of approximately $175 million in inland river barges and $25 million in towboats (vessels). As of December 31, 1998, MEMCO had sold and leased back $153 million of vessels. Acquisition and subsequent sale and leaseback of the remaining $47 million of vessels are expected to occur by June 30, 1999. The lease (charter) is an operating lease for financial reporting purposes and a secured financing for tax purposes.

The term of the noncancelable charter expires on December 30, 2012, and provides MEMCO one 18-month renewal option on the same terms and conditions. MEMCO is responsible for all executory costs, including insurance, maintenance and taxes,

in addition to the charter payments. MEMCO has options to purchase the vessels throughout the term of the charter, as well as an option to purchase at the termination of the charter. Assuming MEMCO exercises no purchase options during the term of the charter, the purchase price for all vessels aggregates $141.8 million at June 30, 2014. In the event that MEMCO does not exercise its purchase option for all vessels, it will be obligated to remarket the vessels, and, at the expiration of the charter, pay a maximum residual guarantee amount of $89.3 million.

The minimum future charter payments as of December 31, 1998 are $14.4 million, $15.3 million, $15.4 million, $15.4 million and $15.8 million for 1999 through 2003 and $172.2 million thereafter (excluding the purchase option payment). All MEMCO payment obligations under the transaction documents are unconditionally guaranteed by Progress Capital; those obligations in turn are guaranteed by Florida Progress.

Construction Program - Substantial commitments have been made in connection with the Company's construction program. In 1999, Florida Power has projected construction expenditures of $323 million, primarily for electric plant and nuclear fuel. Diversified operations have projected capital additions of $155 million in 1999, primarily for barges and equipment.

Off-Balance Sheet Risk - Several of Florida Progress' subsidiaries are general partners in unconsolidated partnerships and joint ventures. Florida Progress or subsidiaries have agreed to support certain loan agreements of the partnerships and joint ventures. These credit risks are not material to the financial statements and Florida Progress considers these credit risks to be minimal, based upon the asset values supporting the partnership liabilities.

Insurance - Florida Progress and its subsidiaries utilize various risk management techniques to protect assets from risk of loss, including the purchase of insurance. Risk avoidance, risk transfer and self-insurance techniques are utilized depending on Florida Progress' ability to assume risk, the relative cost and availability of methods for transferring risk to third parties, and the requirements of applicable regulatory bodies.

Florida Power self-insures its transmission and distribution lines against loss due to storm damage and other natural disasters. Pursuant to a regulatory order, Florida Power is accruing $6 million annually to a storm damage reserve and may defer any losses in excess of the reserve. The reserve balance at December 31, 1998 and 1997 was $24.1 million and $18.1 million, respectively.

Under the provisions of the Price Anderson Act, which limits liability for accidents at nuclear power plants, Florida Power, as an owner of a nuclear plant, can be assessed for a portion of any third-party liability claims arising from an accident at any commercial nuclear power plant in the United States. If total third-party claims relating to a single nuclear incident exceed $200 million (the amount of currently available commercial liability insurance), Florida Power could be assessed up to $88.1 million per incident, with a maximum assessment of $10 million per year.

Florida Power is a member of the Nuclear Electric Insurance, Ltd. ("NEIL"), an industry mutual insurer, which provides business interruption and extra expense coverage in the event of a major accidental outage at a covered nuclear power

plant. Florida Power is subject to a retroactive premium assessment by NEIL under this policy in the event loss experience exceeds NEIL's available surplus. Florida Power's present maximum share of any such retroactive assessment is $2.7 million per policy year.

Florida Power also maintains nuclear property damage insurance and decontamination and decommissioning liability insurance totaling $2.1 billion. The first layer of $500 million is purchased in the commercial insurance market with the remaining excess coverage purchased from NEIL. Florida Power is self-insured for any losses that are in excess of this coverage. Under the terms of the NEIL policy, Florida Power could be assessed up to a maximum of $9.5 million in any policy year if losses in excess of NEIL's available surplus are incurred.

Florida Power has never been assessed under these nuclear indemnities or insurance policies.

Contaminated Site Cleanup - The Company is subject to regulation with respect to the environmental impact of its operations. The Company's disposal of hazardous waste through third-party vendors can result in costs to clean up facilities found to be contaminated. Federal and state statutes authorize governmental agencies to compel responsible parties to pay for cleanup of these hazardous waste sites.

Florida Power and former subsidiaries of Florida Progress, whose properties were sold in prior years, have been identified by the U.S. EPA as PRPs at certain sites, including the Sanford, Florida that Florida Power previously owned and operated. There are five parties, including Florida Power, that have been identified as PRPs at the Sanford site. Liability for the cleanup costs of these sites is joint and several.

An agreement has been reached among the PRPs to spend up to $1.5 million to perform the Risk Investigation and Feasibility Study (RI/FS). Florida Power is liable for 39.7% of those costs. On September 25, 1998, the EPA formally approved the PRP RI/FS Work Plan. The RI/FS field work was completed in January 1999. The EPA is expected to review the final Treatability Study report and provide further guidance to the PRPs by August 1999.

The discussions and resolution of liability for cleanup costs could cause Florida Power to increase its estimate of its liability for those costs. Although estimates of any additional costs are not currently available, the outcome is not expected to have a material effect on Florida Progress' financial position, results of operations or liquidity.

In addition to these designated sites, there are other sites where affiliates may be responsible for additional environmental cleanup.

Florida Progress believes that its subsidiaries will not be required to pay a disproportionate share of the costs for cleanup of any of these designated sites. Florida Progress' best estimates indicate that its proportionate share of liability for cleaning up all designated sites ranges from $2.5 million to $7.5 million. It has accrued $4.4 million against these potential costs.

LEGAL MATTERS

Age Discrimination Suit - Florida Power and Florida Progress have been named defendants in an age discrimination lawsuit. The number of plaintiffs remains at 116, however, four of those plaintiffs have had their federal claims dismissed and five others have had their state age claims dismissed. While no dollar amount was requested, each plaintiff seeks back pay, reinstatement or front pay

through their projected dates of normal retirement, costs and attorneys' fees. In October 1996, the court approved an agreement between parties to provisionally certify this case as a class action suit under the Age Discrimination in Employment Act. On August 10, 1998, Florida Power filed a motion to decertify the class, and the plaintiffs filed their response in opposition on September 30, 1998. A hearing date for the motion has not yet been set. Florida Power has entered into settlement discussions with the plaintiffs. In December 1998, plaintiffs alleged damages of $100 million. Company management, while not believing plaintiffs' claim to have merit, offered $5 million in an attempted settlement of all claims. Plaintiffs rejected that offer. As a result, management has identified a probable range of $5 million to $100 million with no amount within that range a better estimate of probable loss than any other amount; accordingly, Florida Power has accrued $5 million. There can be no assurance that this litigation will be settled, or if settled, that the settlement will not exceed $5 million. Additionally, the ultimate outcome, if litigated, cannot presently be determined.

Advanced Separation Technologies, Inc. - In 1996, Florida Progress sold its 80%-interest in AST to Calgon for $56 million in cash. Calgon filed a lawsuit in January 1998, and amended it in April 1998, alleging misstatement of AST's 1996 revenues, assets and liabilities, seeking damages and granting Calgon the right to rescind the sale. The lawsuit also accuses Florida Progress of failing to disclose flaws in AST's manufacturing process and a lack of quality control. No projection of an outcome or estimate of a potential liability, if any, can be determined at the date of issuance of these financial statements. Florida Progress believes the lawsuit is without merit and intends to vigorously defend itself. Accordingly, Florida Progress has not made provision for any loss for this matter.

Qualifying Facilities Contracts - The purchased power contracts with qualifying facilities employ separate pricing methodologies for capacity payments and energy payments. Florida Power has interpreted the pricing provision in these contracts to allow it to pay an as-available energy price rather than a higher firm energy price when the avoided unit upon which the applicable contract is based would not have been operated.

Owners of four qualifying facilities filed suit against Florida Power in state court over the contract payment terms, one of which also filed in federal court. Two of the suits have been settled, and the federal case was dismissed, although the plaintiff has appealed. Of the two remaining suits, one trial concluded in December 1998. The other remaining suit remains with no date presently set for trial. Management does not expect that the results of these legal actions will have a material impact on Florida Power's financial position, operations or liquidity. Florida Power anticipates that all fuel and capacity expenses will be recovered from its customers.

Mid-Continent Life Insurance Company - A series of events in 1997 as discussed below, significantly jeopardized the ability of Mid-Continent to implement a plan to eliminate a projected reserve deficiency resulting in the impairment of Florida Progress' investment in Mid-Continent.

Therefore, the Company recorded a provision for loss on investment of $86.9 million in 1997. In addition, tax benefits of approximately $11 million related to the excess of the tax basis over the book value in the investment in Mid-Continent as of December 31, 1997, were not recorded because of uncertainties associated with the timing of a tax deduction. Florida Progress also recorded an accrual at December 31, 1997, for legal fees associated with defending its position in current Mid-Continent legal proceedings.

In the spring of 1997, the Commissioner received court approval to seize control of the operations of Mid-Continent. The Commissioner had alleged that Mid-Continent's reserves were understated by more than $125 million, thus causing Mid-Continent to be statutorily impaired. The Commissioner further alleged that Mid-Continent had violated Oklahoma law relating to deceptive trade practices in connection with the sale of its "Extra Life" insurance policies and was not entitled to raise premiums, a key element to Mid-Continent's plan to address the projected reserve deficiency. While sustaining the receivership, the court also ruled that premiums could be raised. Although both sides appealed the decision to the Oklahoma Supreme Court, those appeals were withdrawn in early 1999.

In December 1997, the Commissioner filed a lawsuit against Florida Progress, certain of its directors and officers, and certain former Mid-Continent officers, making a number of allegations and seeking access to Florida Progress' assets to satisfy policyholder and creditor claims. On April 17, 1998, the court granted motions to dismiss the individual defendants, leaving Florida Progress as the sole remaining defendant in the lawsuit.

A new Commissioner was elected in November 1998 and has stated his intention to work with Florida Progress and others to develop a plan to rehabilitate Mid-Continent rather than pursue litigation against Florida Progress. Although Florida Progress hasn't had access to recent Mid-Continent data, its estimate of the present value of the projected deficiency, after applying Mid-Continent's statutory surplus, is in the range of $100 million, rather than the $348 million alleged by the former Commissioner. Florida Progress believes that the former Commissioner's estimate is untenable and not based on sound actuarial principles. Florida Progress is working with the new Commissioner to develop a viable plan to rehabilitate Mid-Continent, which would include the sale of that company.

In January 1999, five Mid-Continent policyholders filed a purported class action against Mid-Continent and the same defendants named in the case filed by the former Commissioner. The complaint contains substantially the same factual allegations as those made by the Commissioner. The suit asserts "Extra Life" policyholders have been injured as a result of representations made in connection with the sale of that policy. The suit seeks unspecified actual and punitive damages.

Although Florida Progress hopes to reach a negotiated resolution of these matters, it would continue to vigorously defend itself against the two lawsuits should negotiations fail, since it believes they are without merit. Because neither the outcome of the litigation nor the ultimate effects of any rehabilitation plan, including the possible sale of Mid-Continent, can be estimated, Florida Progress has not made provision for any additional losses that might result.

Other Legal Matters - Florida Progress is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect upon Florida Progress' consolidated financial position, results of operations or liquidity.

QUARTERLY FINANCIAL DATA

FLORIDA PROGRESS CORPORATION
(Unaudited)

(In millions, except per share amounts)	Three Months Ended March 31	June 30	September 30	December 31
1998				
OPERATING RESULTS				
Revenues	$787.5	$903.1	$1,031.5	$898.2
Income (loss) from operations	118.2	167.7	228.1	86.3
Net income (loss)	50.5	77.8	117.3	36.1
DATA PER SHARE				
Earnings (loss) per common share	0.52	0.80	1.21	0.37
Dividends per common share	.535	.535	.535	.535
Common stock price per share:				
High	42 1/4	42 7/8	43 15/16	47 1/8
Low	37 11/16	39	38 1/16	41
1997				
OPERATING RESULTS				
Revenues	$747.5	$797.3	$922.5	$849.1
Income(loss) from operations	95.0	37.9	166.0	(25.2)
Net income (loss)	42.0	6.3	81.6	(75.6)
DATA PER SHARE				
Earnings(loss)per common share	.43	.07	.84	(.78)
Dividends per common share	.525	.525	.525	.525
Common stock price per share:				
High	32 7/8	31 5/8	33 5/8	39 1/4
Low	29 1/2	27 3/4	30 9/16	31 1/8

FLORIDA POWER CORPORATION
(Unaudited)

(In millions)	Three Months Ended March 31	June 30	September 30	December 31
1998				
Operating revenues	$565.2	$663.8	$795.6	$623.6
Net income (loss)	$46.2	$68.1	$109.1	$26.7
Earnings (loss) on common stock	$45.8	$67.7	$108.8	$26.3
1997				
Operating revenues	$553.8	$597.2	$706.9	$590.5
Net income	$41.6	$1.3	$76.3	$16.7
Earnings on common stock	$41.2	$.9	$76.0	$16.3

The business of Florida Power is seasonal in nature and comparisons of earnings for the quarters do not give a true indication of overall trends and changes in Florida Power's operations. In June 1998, Florida Power restated its financial results for the second, third and fourth quarters of 1997 to reflect recognition of the extended nuclear outage as incurred. The change affected the financial results for the interim reporting periods but did not have any effect on results for the fiscal year ended 1997. Effective December 31, 1997, Florida Progress deconsolidated the financial statements of Mid-Continent and established a provision for loss for the full amount of its investment. The deconsolidation has not been reflected in the consolidated financial statements of prior periods.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANTS

FLORIDA PROGRESS

Information concerning the Directors of Florida Progress is included under the headings "Information as to Nominees" and "Information as to Continuing Directors" in Florida Progress' Proxy Statement and is incorporated herein by reference. Information concerning the executive officers of Florida Progress is set forth in Part I, Item 1 hereof under the heading "Executive Officers". Information concerning compliance by Florida Progress' directors and officers, and persons who own more than 10% of Florida Progress' common stock, with the reporting requirements of Section 16(a) of the Securities Act of 1934, is included under the heading "Compliance with Section 16(a) of the Exchange Act" in Florida Progress' Proxy statement and is incorporated have in by reference. In addition, it has come to Florida Progress' attention that a Form 5 report of the gift of 4,318 shares by Joseph Richardson to his wife was filed 24 days late in March 1999.

FLORIDA POWER

DIRECTORS

W. D. ("Bill") Frederick, Jr., Age 64, Director since 1997.
Chairman - Compliance Committee

Mr. Frederick's principal occupation for the past five years has been as an investor and citrus grower in Orlando, Florida. He served as Mayor of the City of Orlando from 1980 to 1992. In 1966 he founded the Orlando law firm of Frederick, Wooten & Honeywell P.A., and subsequently became a partner in the Orlando law office of Holland & Knight, from which he retired in 1995. He is a member of the Board of Directors of Florida Progress, Blue Cross/Blue Shield of Florida, and SunTrust Bank, Central Florida, N.A.

Michael P. Graney, Esquire, Age 55, Director since 1997.
Member - Executive Committee

Mr. Graney has practiced law with the New York based law firm of Simpson Thacher & Bartlett since 1980 and is now resident partner in its Ohio office. His specialties are utilities, anti-trust and litigation. He is a member of the American, District of Columbia, Ohio and Columbus Bar Associations and the Federal Energy Bar Association. He is a director of Florida Progress.

Richard Korpan, Age 57, Director since 1989.
Chairman - Executive Committee

Information concerning Mr. Korpan is set forth in Part I, Item 1 hereof under the heading "Executive Officers".

Clarence V. McKee, Esquire, Age 56, Director since 1988.

Mr. McKee's principal occupation is Chairman and Chief Executive Officer of McKee Communications, Inc., Tampa, Florida, a firm involved in the acquisition and management of television and radio stations. He served as Counsel to Pepper & Corazinni, a Washington, D.C. communications law firm, from 1980 until 1987 when he became a co-owner of WTVT Holdings, Inc., where he held the position of Chairman and Chief Executive Officer until 1992. He is a director of Florida Progress, American Heritage Life Insurance Company, and Checkers Drive-In Restaurants, Inc.

Vincent J. Naimoli, Age 61, Director since 1997.

Mr. Naimoli's principal occupation for more than five years has been as Chairman, President and Chief Executive Officer of Anchor Industries International, Inc., Tampa, Florida, an operating and holding company. He is also Managing General Partner and Chief Executive Officer of the Tampa Bay Devil Rays, Ltd. Major League Baseball Club, St. Petersburg, Florida. Mr. Naimoli is a director of Florida Progress, and in conjunction with the business activities of Anchor Industries, serves as a director of Russell Stanley Corp., and Players International, Inc.

Richard A. Nunis, Age 66, Director since 1997.
Member - Executive Committee

Mr. Nunis' principal occupation for more than five years has been Chairman of Walt Disney Attractions, Orlando, Florida, from which he retired in December 1998. He has held various positions with the Disney organization since 1955, including Vice President, Operations in 1968, Executive Vice President of DISNEYLAND and Walt Disney World in 1972, President of Walt Disney Attractions in 1980, and Chairman in 1991. He is a director of Florida Progress, SunTrust Bank, Central Florida N.A., and Director Emeritus of the Walt Disney Company.

Joseph H. Richardson, Age 49, Director since 1996.
Member - Executive Committee

Information concerning Mr. Richardson is set forth in Part I, Item 1 hereof under the heading "Executive Officers".

Joan D. Ruffier, Age 59, Director since 1991.
Member - Compliance Committee

Ms. Ruffier's principal occupation is Chairman of Human Service Technologies, Inc., a computer software products company. She also serves as Chairman of the University of Florida Foundation and Chair of the Finance Committee of Shands Healthcare,Inc. For more than five years and until November 1998, she was a general partner of Sunshine Cafes, Ltd., Orlando, Florida, a food and beverage concession business at major Florida airports. Previously, she practiced public accounting with the firm of Colley, Trumbower & Howell from 1982 until 1986. She also serves on the boards of directors of Florida Progress, Cyprus Equity Fund and INVEST, Inc.

Robert T. Stuart, Jr., Age 66, Director since 1997

Mr. Stuart's principal occupation for more than five years has been as a rancher and investor. Since 1949, he has held numerous executive positions with Mid-Continent, including Vice President, President, Chairman of the Board and Chief Executive Officer until 1986 when Mid-Continent was acquired by Florida Progress. He is a director of Florida Progress.

Jean Giles Wittner, Age 64, Director since 1977.
Member - Compliance Committee

Mrs. Wittner's principal occupation is President of Wittner & Co. and Wittner & Associates, Inc., St. Petersburg, Florida, firms involved in real estate management, insurance brokerage and consulting, positions she has held for more than five years. She previously served as President and Chief Executive Officer of a savings association until it was sold in 1986. She serves on the boards of Florida Progress and Raymond James Bank, F.S.B.

Each director holds office until the next Annual Meeting of Shareholders and until the election and qualification of a successor.

EXECUTIVE OFFICERS

Information concerning the executive officers of Florida Power is set forth in Part I, Item 1 hereof under the heading "Executive Officers" and is incorporated herein by reference.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Based solely on a review of the copies of Section 16(a) forms furnished to Florida Power during 1998, or written representations that no forms were required, Florida Power believes that all persons who at any time during 1998 were officers, directors or greater than 10% beneficial owners of Florida Power's preferred stock, filed their applicable Section 16(a) reports on a timely basis during 1998 and prior fiscal years.

ITEM 11. EXECUTIVE COMPENSATION

FLORIDA PROGRESS

The information under the headings "Compensation of Directors", "Executive Compensation", "Pension Plan Table" and "Employment Contracts, Termination of Employment and Change-in-Control Arrangements" in Florida Progress' Proxy Statement is incorporated herein by reference.

FLORIDA POWER

COMPENSATION OF DIRECTORS

Compensation for all directors of Florida Power (excluding employees of Florida Progress or subsidiaries) was $1,000 for attendance at each meeting of the Florida Power Board of Directors or a committee of the Board of Directors. A $750 fee is paid to each committee chairman for each meeting chaired.

EXECUTIVE COMPENSATION

The following table contains information with respect to compensation awarded, earned or paid during the years 1996-1998, to (i) the current Chief Executive Officer ("CEO") and (ii) the other four most highly compensated executive officers of Florida Power (the individuals referred to in (i) and (ii) are referred to collectively as the "Named Executive Officers") in 1998, whose total remuneration paid in 1998 exceeded $100,000.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation Salary	Bonus	Other Annual Compensation(1)	Long-Term Compensation Payouts LTIP Payouts(2)	All Other Compensation(3)
RICHARD KORPAN	1998	$650,766	$594,000	$16,891	$792,754	$28,650
Chairman	1997	592,304	41,500	11,850	324,028	26,490
	1996	535,610	333,500	1,489	339,107	18,900
JOSEPH H. RICHARDSON	1998	$421,158	$382,500	$2,625	$437,994	$18,900
President and Chief	1997	384,619	-0-	1,685	162,091	13,890
Executive Officer	1996	288,884	214,000	-0-	128,858	16,585(4)
ROY A. ANDERSON(5)	1998	$261,926	$290,802	$394	$136,371	$11,025
Senior Vice President,	1997	226,157	-0-	343,035(6)	32,518	5,643
Energy Supply	1996	N/A	N/A	N/A	N/A	N/A
JEFFREY R. HEINICKA	1998	$278,530	$190,000	$1,772	$208,288	$12,318
Senior Vice President and	1997	264,992	15,500	-0-	110,393	12,315
Chief Financial Officer	1996	258,456	169,000	-0-	113,139	8,585
KENNETH E. ARMSTRONG	1998	$231,933	$127,500	-0-	$170,849	$9,882
Vice President and	1997	215,009	10,000	-0-	88,944	9,963
General Counsel	1996	212,785	144,500	-0-	101,748	8,595

(1) Except as otherwise noted, amounts represent the reimbursement of taxes on certain perquisites and other personal benefits.

(2) Information for fiscal year 1998, represents the dollar value as of February 17, 1999, the date of award, of shares of Common Stock earned under the 1996-1998 performance cycle of Florida Progress' Long-Term Incentive Plan ("LTIP"), none of which are restricted. The total number of share earned including dividend equivalent shares, is as follows: Richard Korpan 19,544 shares; Joseph H. Richardson 10,798 shares; Roy A. Anderson 3,362 shares; Jeffery R. Heinicka 5,135 shares; and Kenneth E. Armstrong 4,212 shares.

(See the discussion of the method of calculating payouts contained in the Long-Term Incentive Compensation portion of the Compensation Committee Report of the Board of Directors from the Florida Progress Proxy Statement, which is incorporated herein by reference.

(3) Company contributions to its Savings Plan and Executive Optional Deferred Compensation Plan on behalf of the Named Executive Officers.

(4) Represents $8,835 in Company Contributions to the Savings Plan of Florida Progress and the Executive Optional Deferred Compensation Plan and $7,750 of director fees for services as a director of Echelon International Corporation, a former subsidiary of Florida Progress.

(5) No compensation information is provided for 1996 because Mr. Anderson was not an executive officer or employee of Florida Power during that year.

(6) Includes $282,686 paid to Mr. Anderson under the terms of his employment agreement to place Mr. Anderson in substantially the same economic position as he would have been had he remained with his previous employer. Also includes reimbursement for Mr. Anderson's moving expenses and tax reimbursement payments for moving expenses and imputed flight income.

The following table contains information with respect to Performance Shares granted in 1998 to each of the Named Executive Officers of Florida Power under the LTIP:

	LONG-TERM INCENTIVE PLAN(1) AWARDS IN 1998				
			Estimated Payout in Shares at End of Period(3)		
Name	Number of Performance Shares(2)	Performance Period Covered	Threshold	Target	Maximum
Richard Korpan	17,171	1998-2000	4,293	17,171	34,342
Joseph H. Richardson	8,293	1998-2000	2,073	8,293	16,586
Roy A. Anderson	2,758	1998-2000	690	2,758	5,516
Jeffrey R. Heinicka	2,924	1998-2000	731	2,924	5,848
Kenneth E. Armstrong	2,446	1998-2000	612	2,446	4,892

(1) The LTIP is a Common Stock and cash-based incentive plan to reward participants for long-term performance of Florida Progress. It was approved by the Florida Progress shareholders in 1990.

(2) The number of performance shares granted are based on a percentage of base salary in effect at the time of each award and is subject to automatic increase or decrease on a prorated basis in accordance with changes to a participant's base salary or LTIP percentages throughout the performance cycle.

In the event of a change in control of Florida Progress, 150% of all performance shares granted to the Named Executive Officers under the LTIP and then outstanding would automatically be considered earned and would be paid in shares of unrestricted Common Stock together with shares of unrestricted Common Stock payable for dividend equivalents accrued through the date of the change in control.

(3) Payouts for the 1998-2000 performance cycle are based on achievement of total shareholder return goals established by the Florida Progress Corporation Compensation Committee.

Pension Plan Table

The table below illustrates the estimated annual benefits (computed as a straight life annuity beginning at retirement at age 65) payable under the Florida Progress Corporation Retirement Plan for Exempt and Nonexempt Employees("Retirement Plan"), Nondiscrimination Plan and Supplemental Executive Retirement Plan ("SERP") for specified final average compensation and years of service levels.

Estimated Annual Retirement Benefits Payable Under the Retirement Plan for Exempt and Nonexempt Employees, Nondiscrimination Plan and the Supplemental Executive Retirement Plan

Average Annual Compensation	Service Years						
	5	10	15	20	25	30	35 or more
200,000	$37,500	$75,000	$112,000	$120,000	$120,000	$120,000	$126,000
300,000	56,250	112,500	168,750	180,000	180,000	180,000	189,000
400,000	75,000	150,000	225,000	240,000	240,000	240,000	252,000
500,000	93,750	187,500	281,250	300,000	300,000	300,000	315,000
600,000	112,500	225,000	337,500	360,000	360,000	360,000	378,000
700,000	131,250	262,500	393,750	420,000	420,000	420,000	441,000
800,000	150,000	300,000	450,000	480,000	480,000	480,000	504,000
900,000	168,750	337,500	506,250	540,000	540,000	540,000	567,000
1,000,000	187,500	375,000	562,500	600,000	600,000	600,000	630,000
1,100,000	206,250	412,500	618,750	660,000	660,000	660,000	693,000
1,200,000	225,000	450,000	675,000	720,000	720,000	720,000	756,000
1,300,000	243,750	487,500	731,250	780,000	780,000	780,000	819,000
1,400,000	262,500	525,000	787,500	840,000	840,000	840,000	882,000
1,500,000	281,250	562,500	843,000	900,000	900,000	900,000	945,000
1,600,000	300,000	600,000	900,000	960,000	960,000	960,000	1,008,000

The Named Executive Officers are entitled to benefits under the SERP. These benefits are offset by the benefits payable under the Retirement Plan and the

Nondiscrimination Plan, as well as 50% of the executive's primary Social Security benefit. The estimated annual SERP benefit for the Named Executive Officers (prior to any offsets) may be determined using the Pension Plan Table set forth above. For these purposes, the current compensation for each executive that would be used in calculating benefits under the SERP is substantially the same as the three-year average of the salary and bonus reported in the summary compensation table, and the number of years of deemed credited service that would be used in calculating benefits under the SERP for each such executive is as follows: Mr. Korpan, 35 years of service; Mr. Richardson, 23 years of service; ; Mr. Anderson 5 years of service; Mr. Heinicka, 21 years of service and Mr. Armstrong, 15 years of service. Under the formula used for calculating benefits under the SERP, the maximum benefit payable to each Named Executive Officer is reached at 16 years of deemed credited service unless the Named Executive Officer achieves 35 years of service.

Accrued benefits may also be paid under each of the Retirement Plan, Nondiscrimination Plan and SERP if a participant terminates employment before age 65 and meets the requirements for early retirement, disability, death or other termination-of-employment benefits after becoming vested under the rules of the particular plan.

Under the Retirement Plan and the Nondiscrimination Plan, the compensation taken into account in calculating benefits is salary only. The years of credited service that would be used in calculating benefits under the formula applicable to the Retirement Plan and the Nondiscrimination Plan (1.8% of final average earnings for each year of service) for the Named Executive Officers in the summary compensation table are as follows: Mr. Korpan, 10 years of service; Mr. Richardson, 23 years of service; Mr. Anderson, 2 years of service; Mr. Heinicka, 21 years of service; Mr. Armstrong, 12 years of service. The benefits under the Retirement Plan and the Nondiscrimination Plan are subject to offset by an amount equal to 1 1/7% of a participant's primary Social Security benefit for each year of service (with a maximum offset of 40%).

In the event of a change in control of Florida Progress, each Named Executive Officer will receive credit under the SERP for five additional years of service, but in no event would such additional years of credited service cause the maximum benefit to be increased. If a participant's employment were terminated following a change in control, the benefit payable from the SERP would be as follows: (1) an annuity beginning at age 55 through 59, subject to early payment reductions in the amount of 3% for each year prior to age 60, or age 60 without reduction; (2) the amount of any federal excise taxes (and income taxes on any reimbursement under this provision) imposed on the executive under Section 4999 of the Internal Revenue Code; and (3) a 50% surviving spouse benefit payable upon death.

In April 1998, Florida Power entered into an Amended and Restated Employment Agreement with Roy A. Anderson which provides for his employment through April 30, 2003. His annual base salary will be $245,000, or such greater sum as shall be mutually agreed, with additional award opportunities as a participant in the Management Incentive Compensation Plan ("MICP") and LTIP , with minimum award target levels of 40% of base salary for each plan. He is entitled to participate in the SERP, and shall be credited with up to 22 years of additional service constituting "Deemed Credited Service" thereunder depending on the number of years of actual service. The agreement also provides that if Mr. Anderson's employment with Florida Power continues until or beyond age 60 and his employment terminates

thereafter other than as a result of a termination for good cause, Florida Power shall pay to Mr. Anderson certain deferral award payments, based on his age, with a maximum deferral award, if his employment terminates at age 65, of $1,000,000 ($231,000 payable annually over five years). The agreement also provides for certain payments designed to compensate Mr. Anderson for certain benefits he would have enjoyed had he remained with his former employer. If Mr. Anderson's employment terminates other than as a result of termination for good cause, he will receive a $105,960 15-year annuity, to be offset by payments made by his former employer pursuant to comparable arrangements. In the Amended and Restated Agreement, Mr. Anderson also acknowledges that other payments due him under his former employment agreement with Florida Power have been satisfied. The agreement contains a confidentiality agreement and covenant not to compete.

In the event of a change in control of Florida Progress, all of the Named Executive Officers are entitled to benefits under individual agreements described in Florida Progress' Proxy Statement under the heading "Employment Contracts, Termination of Employment and Change in Control Arrangements."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

FLORIDA PROGRESS

The information included under the headings "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Management" in Florida Progress' Proxy Statement is incorporated herein by reference.

FLORIDA POWER

All of Florida Power's common stock is held beneficially and of record by Florida Progress. None of Florida Power's directors or executive officers owns any shares of Florida Power's common or preferred stock. Information concerning shares of Florida Progress common stock that are held by persons known to Florida Progress to be the beneficial owners of more than 5% of Florida Progress' common stock is set forth in the table under the heading "Security Ownership of Certain Beneficial Owners" in the Florida Progress Proxy Statement and is incorporated herein by reference.

The table below sets forth as of December 31, 1998, the number of shares of common stock of Florida Progress owned by Florida Power's directors and Named Executive Officers individually and the directors and all executive officers of Florida Power as a group.

Florida Power Officer or Director Name	Number of Shares Beneficially Owned (1)	Percent of Class (2)
W. D. ("Bill") Frederick	3,409(3)	
Michael P. Graney	4,335	
Richard Korpan	26,057	
Clarence V. McKee	2,537	
Vincent J. Naimoli	11,148(4)	
Richard A. Nunis	25,577	
Joseph H. Richardson	14,075(5)	
Joan D. Ruffier	5,462	
Robert T. Stuart, Jr.	1,505,462(6)	1.55%
Jean Giles Wittner	11,036	
Roy A. Anderson	2,279	
Kenneth E. Armstrong	7,430	
Jeffrey R. Heinicka	7,325(7)	
All 16 directors, named executive officers and executive officers as a group, including those named above	1,634,530	1.68%

(1) Unless otherwise noted, the directors, and named executive officers, and the directors, and executive officers as a group, have sole voting and investment power with respect to the shares listed.

(2) Unless otherwise noted, each director, and named executive officer and all directors, and executive officers as a group, own less than one percent of the outstanding shares of Florida Progress' common stock.

(3) Voting and investment power with respect to 1,500 shares is shared.

(4) Voting and investment power with respect to 1,600 shares is shared.

(5) Voting power with respect to 4,318 shares is shared.

(6) Voting and investment power with respect to 150,473 shares is shared.

(7) Voting and investment power with respect to 140 shares is shared.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information included under the heading "Certain Relationships and Related Transactions" in Florida Progress' Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K FOR FLORIDA PROGRESS AND FLORIDA POWER

(a) 1. Financial Statements, notes to Financial Statements and report thereon of KPMG LLP are found in Item 8 "Financial Statements and Supplementary Data" herein.

2. The following Financial Statement Schedules and reports are included herein:

Florida Progress

II-Valuation and Qualifying Accounts for the years ended December 31, 1998, 1997 and 1996

Florida Power

II-Valuation and Qualifying Accounts for the years ended December 31, 1998, 1997 and 1996

All other schedules are not submitted because they are not applicable or not required or because the required information is included in the financial statements or notes thereto.

3. Exhibits filed herewith:

Number	Exhibit	Florida Progress	Florida Power
3.(a)	Bylaws of Florida Progress, as amended February 18, 1999.	X	
10.(a)	Phantom Stock Plan for the benefit of Non-Employee Directors of Florida Progress Corporation. *	X	X
10.(b)	Agreement between Florida Progress and William G. Kelly dated as of January 30, 1998, regarding change in control. *	X	
12	Statement of Computation of Ratios.		X
21	Subsidiaries of Florida Progress.	X	
23.(a)	Consent of Independent Certified Public Accountants to the incorporation by reference of their report on the financial statements into the following registration statements of Florida Progress: Form S-3 (No. 33-51573) (relating to the registration of 4.5 million shares of common stock and filed with the SEC on December 17, 1993); Forms S-8 (No. 333-19037 and 333-66161)(relating to the Savings Plan for Employees of Florida Progress and filed with the SEC on December 31, 1996); Form S-3 (No. 333-07853)(relating to the Progress Plus Plan and filed with the SEC on July 10, 1996); Form S-8 (No. 33-47623) (relating to Florida Progress' Long-Term Incentive Plan and filed with the SEC on May 1, 1992); Form S-3	X	

	(No. 2-93111)(relating to the acquisition of Better Business Forms and filed with the SEC on September 5, 1984.		
23.(b)	Consent of Independent Certified Public Accountants to the incorporation by reference of their report on the financial statements into Florida Power's registration statements on Form S-3 (Nos. 33-62210 and 33-55273) (relating to Florida Power's first mortgage bonds) and Form S-3 (No. 333-29897) (relating to Florida Power's medium-term notes).		X
24	Powers of Attorney are included in the signature page at this Form 10-K.	X	
27.(a)	Florida Progress Financial Data Schedule	X	
27.(b)	Florida Power Financial Data Schedule		X

4. Exhibits incorporated herein by reference:

Number	Exhibit	Florida Progress	Florida Power
3.(b)	Bylaws of Florida Power, as amended to date. (Filed as Exhibit 3.(b) to the Florida Power Form 10-K for the year ended December 31, 1995, as filed with the SEC on March 20, 1996.)		X
3.(c)	Restated Articles of Incorporation, as amended, of Florida Progress. (Filed as Exhibit 3(a) to Florida Progress' Form 10-K for the year ended December 31, 1991, as filed with the SEC on March 30, 1992.)	X	
3.(d)	Amended Articles of Incorporation, as amended, of Florida Power. (Filed as Exhibit 3(a) to the Florida Power Form 10-K for the year ended December 31, 1991, as filed with the SEC (File No. 1-3274) on March 30, 1992.)	X	X
4.(a)	Amendment to Shareholder Rights Agreement dated February 20, 1997, between Florida Progress and The First National Bank of Boston. (Filed as Exhibit 4(a) to the Florida Progress Form 10-K for the year ended December 31, 1996, as filed with the SEC on March 27, 1997.)	X	

4.(b)	Form of Certificate representing shares of Florida Progress Common Stock. (Filed as Exhibit 4(b) to the Florida Progress Form 10-K for the year ended December 31, 1996, as filed with the SEC on March 27, 1997.)	X	
4.(c)	Rights Agreement, dated as of November 21, 1991, between Florida Progress and Manufacturers Hanover Trust Company, including as Exhibit A the form of Rights Certificate. (Filed as Exhibit 4(a) to Florida Progress' Form 8-K dated November 21, 1991, as filed with the SEC on November 27, 1991.)	X	
4.(d)	Indenture, dated as of January 1, 1944 (the "Indenture"), between Florida Power and Guaranty Trust Company of New York and The Florida National Bank of Jacksonville, as Trustees. (Filed as Exhibit B-18 to Florida Power's Registration Statement on Form A-2 (No. 2-5293) filed with the SEC on January 24, 1944.)	X	X
4.(e)	Seventh Supplemental Indenture, dated as of July 1, 1956, between Florida Power and Guaranty Trust Company of New York and The Florida National Bank of Jacksonville, as Trustees, with reference to the modification and amendment of the Indenture. (Filed as Exhibit 4(b) to Florida Power's Registration Statement on Form S-3 (No. 33-16788) filed with the SEC on September 27, 1991.)	X	X
4.(f)	Eighth Supplemental Indenture, dated as of July 1, 1958, between Florida Power and Guaranty Trust Company of New York and The Florida National Bank of Jacksonville, as Trustees, with reference to the modification and amendment of the Indenture. (Filed as Exhibit 4(c) to Florida Power's Registration Statement on Form S-3 (No. 33-16788) filed with the SEC on September 27, 1991.)	X	X
4.(g)	Sixteenth Supplemental Indenture, dated as of February 1, 1970, between Florida Power and Morgan Guaranty Trust Company of New York and The Florida National Bank of Jacksonville, as Trustees, with reference to the modification and amendment of the Indenture. (Filed as Exhibit 4(d) to Florida Power's Registration Statement on Form S-3 (No. 33-16788) filed with the SEC on September 27, 1991.)	X	X

4.(h)	Twenty-Ninth Supplemental Indenture, dated as of September 1, 1982, between Florida Power and Morgan Guaranty Trust Company of New York and Florida National Bank, as Trustees, with reference to the modification and amendment of the Indenture. (Filed as Exhibit 4(c) to Florida Power's Registration Statement on Form S-3 (No. 2-79832) filed with the SEC on September 17, 1982.)	X	X
4.(i)	Thirty-Eighth Supplemental Indenture dated as of July 25, 1994, between Florida Power and First Chicago Trust Company of New York, as successor Trustee, Morgan Guaranty Trust Company of New York, as resigning Trustee, and First Union National Bank of Florida, as resigning Co-Trustee, with reference to confirmation of First Chicago Trust Company of New York as successor Trustee under the Indenture. (Filed as exhibit 4(f) to Florida Power's Registration Statement on Form S-3 (No. 33-55273) as filed with the SEC on August 29, 1994.)	X	X
10.(c)	Management Incentive Compensation Plan of Florida Progress Corporation, as amended to date. (Filed as Exhibit 10(a) to the Florida Progress Form 10-K for the year ended December 31, 1997, as filed with the SEC on March 18, 1998.)*	X	X
10.(d)	Agreement between Florida Progress and Kenneth E. Armstrong dated as of January 30, 1998 regarding change in control. (Filed as Exhibit 10(b) to the Florida Progress Form 10-K for the year ended December 31, 1997, as filed with the SEC on March 18, 1998.)*	X	
10.(e)	Agreement between Florida Progress and Stanley I. Garnett, II dated as of January 30, 1998 regarding change in control. (Filed as Exhibit 10(c) to the Florida Progress Form 10-K for the year ended December 31, 1997, as filed with the SEC on March 18, 1998.)*	X	
10.(f)	Agreement between Florida Progress and Jeffrey R. Heinicka dated as of January 30, 1998 regarding change in control. (Filed as Exhibit 10(d) to the Florida Progress Form 10-K for the year ended December 31, 1997, as filed with the SEC on March 18, 1998.)*	X	

10.(g)	Agreement between Florida Progress and Richard D. Keller dated as of January 30, 1998 regarding change in control. (Filed as Exhibit 10(e) to the Florida Progress Form 10-K for the year ended December 31, 1997, as filed with the SEC on March 18, 1998.)*	X	
10.(h)	Agreement between Florida Progress and Richard Korpan dated as of January 30, 1998 regarding change in control. (Filed as Exhibit 10(f) to the Florida Progress Form 10-K for the year ended December 31, 1997, as filed with the SEC on March 18, 1998.)*	X	
10.(i)	Agreement between Florida Progress and Joseph H. Richardson dated as of January 30, 1998 regarding change in control. (Filed as Exhibit 10(g) to the Florida Progress Form 10-K for the year ended December 31, 1997, as filed with the SEC on March 18, 1998.)*	X	
10.(j)	Employment Agreement between Florida Progress and Richard Korpan dated as of March 1, 1998. (Filed as Exhibit 10(h) to the Florida Progress Form 10-K for the year ended December 31, 1997, as filed with the SEC on March 18, 1998.)*	X	
10.(k)	Executive Optional Deferred Compensation Plan*. (Filed as Exhibit 10.(c) to the Florida Progress Form 10-K for the year ended December 31, 1996 as filed with the SEC on March 27, 1997.)	X	X
10.(l)	Florida Progress Supplemental Executive Retirement Plan*. (Filed as Exhibit 10.(b) to the Florida Progress Form 10-K for the year ended December 31, 1996 as filed with the SEC on March 27, 1997.)	X	X
10.(m)	Second Amended and Restated Guaranty and Support Agreement dated as of August 7, 1996. (Filed as Exhibit 4 to Florida Progress' Form 10-Q for the quarter ended June 30, 1996).	X	
10.(n)	Florida Progress Corporation Long-Term Incentive Plan, approved by Florida Progress' Shareholders on April 19, 1990. (Filed as Exhibit 10(d) to Florida Progress' Form 10-Q for the quarter ended March 31, 1990, as filed with the SEC on May 14, 1990). *	X	X

10.(o)	Stock Plan for Non-Employee Directors of Florida Progress Corporation and Subsidiaries. (Filed as Exhibit 4.(k) to the Florida Progress Registration Statement on Form S-8 (No. 333-02619) as filed with the SEC on April 18, 1996.)*	X	X

X = Exhibit is filed for that respective company.
* = Exhibit constitutes an executive compensation plan or arrangement.

In reliance upon Item 601(b)(4)(iii) of Regulation S-K, certain instruments defining the rights of holders of long-term debt of Florida Progress and its consolidated subsidiaries are not being filed herewith, because the total amount authorized thereunder does not exceed 10% of the total assets of Florida Progress and its subsidiaries on a consolidated basis. Florida Progress hereby agrees to furnish a copy of any such instruments to the SEC upon request.

Florida Progress will furnish to its security holders who so request a copy of any exhibit included or incorporated by reference in this Annual Report on Form 10-K upon payment of a fee of $.25 per page to cover expenses in furnishing such exhibit.

(b) Reports on Form 8-K:

During the fourth quarter of the year ended December 31, 1998, Florida Progress and Florida Power filed the following reports on Form 8-K:

Form 8-K dated October 16, 1998, reporting under Item 5 "Other Events" a press release and related Investor Information Report reporting Florida Progress' and Florida Power's third quarter 1998 earnings.

Form 8-K dated November 18, 1998, reporting under Item 5 "Other Events" an Investor News Report providing an update on Florida Power regulatory matters, and another Investor News Report regarding the formation of a fiber-optic telecommunications business.

In addition, Florida Progress and Florida Power filed the following reports on Form 8-K subsequent to the fourth quarter of 1998:

Form 8-K dated January 25, 1999, reporting under Item 5 "Other Events" a press release and related Investor News report which stated Florida Progress' and Florida Power's 1998 year-end earnings.

Form 8-K dated February 18, 1999 reporting under Item 5 "Other Events" an increase in Florida Progress' annual dividend and the construction by Florida Power of peaking units.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FLORIDA PROGRESS CORPORATION

March 19, 1999

By: /s/ Richard Korpan

Richard Korpan, Chairman of the Board, President and Chief Executive Officer

KNOWN BY ALL MEN BY THESE PRESENTS that each of the undersigned officers and directors of Florida Progress Corporation, a Florida corporation, for himself or herself and not for one another, does hereby constitute and appoint KENNETH E. ARMSTRONG, PAMELA A. SAARI and DOUGLAS E. WENTZ, and each of them, a true and lawful attorney in his or her name, place and stead, in any and all capacities, to sign his or her name to any and all amendments to this report, and to cause the same to be filed with the Securities and Exchange Commission, granting unto said attorneys and each of them full power and authority to do and perform any act and thing necessary and proper to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present, and each of the undersigned for himself or herself hereby ratifies and confirms all that said attorneys or any one of them shall lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ Richard Korpan --- Richard Korpan Principal Executive Officer	Chairman of the Board, President, Chief Executive Officer and Director	March 19,1999
/s/ Edward W. Moneypenny --- Edward W. Moneypenny Principal Financial Officer	Senior Vice President and Chief Financial Officer	March 19, 1999
/s/ John Scardino, Jr. --- John Scardino, Jr. Principal Accounting Officer	Vice President and Controller	March 19, 1999
s/ W. D. Frederick, Jr. --- W. D. Frederick, Jr.	Director	March 19, 1999

(Continued)

Signature	Title	Date
/s/ Michael P. Graney Michael P. Graney	Director	March 19, 1999
/s/ Clarence V. McKee Clarence V. McKee	Director	March 19, 1999
/s/ Vincent J. Naimoli Vincent J. Naimoli	Director	March 19, 1999
/s/ Richard A. Nunis Richard A. Nunis	Director	March 19, 1999
/s/ Joan D. Ruffier Joan D. Ruffier	Director	March 19, 1999
/s/ Robert T. Stuart, Jr. Robert T. Stuart, Jr.	Director	March 19, 1999
/s/ Jean Giles Wittner Jean Giles Wittner	Director	March 19, 1999

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company.

FLORIDA POWER CORPORATION

March 19, 1999

By: /s/ Joseph H. Richardson

Joseph H. Richardson, President
and Chief Executive Officer

KNOWN BY ALL MEN BY THESE PRESENTS that each of the undersigned officers and directors of Florida Power Corporation, a Florida corporation, for himself or herself and not for one another, does hereby constitute and appoint KENNETH E. ARMSTRONG, PAMELA A. SAARI and DOUGLAS E. WENTZ, and each of them, a true and lawful attorney in his or her name, place and stead, in any and all capacities, to sign his or her name to any and all amendments to this report, and to cause the same to be filed with the Securities and Exchange Commission, granting unto said attorneys and each of them full power and authority to do and perform any act and thing necessary and proper to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present, and each of the undersigned for himself or herself hereby ratifies and confirms all that said attorneys or any one of them shall lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ Joseph H. Richardson --- Joseph H. Richardson	President, Chief Executive Officer and Director	March 19, 1999
/s/ Jeffrey R. Heinicka --- Jeffrey R. Heinicka Principal Financial Officer	Senior Vice President and Chief Financial Officer	March 19, 1999
/s/ John Scardino, Jr. --- John Scardino, Jr. Principal Accounting Officer	Vice President and Controller	March 19, 1999
/s/ Richard Korpan --- Richard Korpan	Chairman of the Board, and Director	March 19, 1999
/s/ W. D. Frederick, Jr. --- W. D. Frederick, Jr.	Director	March 19, 1999

(Continued)

Signature	Title	Date
/s/ Michael P. Graney Michael P. Graney	Director	March 19, 1999
/s/ Clarence V. McKee Clarence V. McKee	Director	March 19, 1999
/s/ Vincent J. Naimoli Vincent J. Naimoli	Director	March 19, 1999
/s/ Richard A. Nunis Richard A. Nunis	Director	March 19, 1999
/s/ Joan D. Ruffier Joan D. Ruffier	Director	March 19, 1999
/s/ Robert T. Stuart, Jr. Robert T. Stuart, Jr.	Director	March 19, 1999
/s/ Jean Giles Wittner Jean Giles Wittner	Director	March 19, 1999

Schedule II

FLORIDA PROGRESS CORPORATION
Valuation and Qualifying Accounts
For the Years Ended December 31, 1998, 1997, and 1996
(In millions)

Description	Balance at Beginning of Period	Additions Charged to Expense	Deductions	Other Add (Ded)	Balance at End of Period
FOR THE YEAR ENDED DECEMBER 31, 1998					
Nuclear Refueling Outage Reserve	$22.2	$ -	$2.3	$ -	$19.9
Provision for loss on coal properties	$12.8	$ -	$ -	$(6.2)	$ 6.6
FOR THE YEAR ENDED DECEMBER 31, 1997					
Nuclear Refueling Outage Reserve	$8.7	$14.0	$ 0.5	$ -	$22.2
Insurance policy benefit reserves	$325.3	$52.7	$ -	$(378.0)	$ -
Provision for loss on coal properties	$40.9	$ -	$ -	$(28.1)	$12.8
FOR THE YEAR ENDED DECEMBER 31, 1996					
Nuclear Refueling Outage Reserve	$14.7	$17.4	$23.4	$ -	$8.7
Insurance policy benefit reserves	$265.0	$60.3	$ -	$ -	$325.3
Provision for loss on coal properties	$ -	$40.9	$ -	$ -	$40.9

(A) Effective December 31, 1997, Florida Progress deconsolidated the financial statements of Mid-Continent Life in its consolidated financial statements. Florida Progress' investment from Mid-Continent is accounted for under the cost method.

Schedule II

FLORIDA POWER CORPORATION
Valuation and Qualifying Accounts
For the Years Ended December 31, 1998, 1997, and 1996
(In millions)

Description	Balance at Beginning of Period	Additions Charged to Expense	Deductions (See Note)	Balance at End of Period
FOR THE YEAR ENDED DECEMBER 31, 1998				
1998 Nuclear Refueling Outage Reserve (#11)	$22.2	$0.0	$2.3	$19.9
	$22.2	$0.0	$2.3	$19.9
FOR THE YEAR ENDED DECEMBER 31, 1997				
1996 Nuclear Refueling Outage Reserve (#10)	$0.5	$0.0	$0.5	$0.0
1998 Nuclear Refueling Outage Revenue (#11)	$8.2	$14.0	$0.0	$22.2
	$8.7	$14.0	$0.5	$22.2
FOR THE YEAR ENDED DECEMBER 31, 1996				
1996 Nuclear Refueling Outage Reserve (#10)	$14.7	9.2	$23.4	$0.5
1996 Nuclear Refueling Outage Reserve (#11)	0.0	8.2	0.0	8.2
	$14.7	$17.4	$23.4	$8.7

Note: Deductions are payments of actual expenditures related to the outage.

Exhibit 12

FLORIDA POWER CORPORATION
Statement of Computation of Ratios
(Dollars In Millions)

Ratio of Earnings to Fixed Charges:

	1998	1997	1996	1995	1994
Net Income	$250.1	$135.9	$238.4	$227.0	$200.8
Add:					
Operating Income Taxes	140.3	69.9	135.8	129.5	114.7
Other Income Taxes	.7	--	(.1)	(.1)	(.8)
Income Before Taxes	391.1	205.8	374.1	356.6	314.7
Total Interest Charges	136.5	117.3	98.4	104.5	108.4
Total Earnings (A)	$527.6	$323.1	$472.5	$461.1	$423.1
Fixed Charges (B)	$136.5	$117.3	$98.4	$104.5	$108.4
Ratio of Earnings to Fixed Charges (A/B)	3.87	2.75	4.80	4.41	3.90

EXHIBIT 21

Subsidiaries of Florida Progress Corporation

December 31, 1998

Name of Subsidiary *	State of Incorporation
Utility segment:	
Florida Power Corporation	Florida
Diversified segment:	
Progress Capital Holdings, Inc.	Florida
Electric Fuels Corporation	Florida
MEMCO Barge Line, Inc.	Delaware
Progress Rail Services Corporation	Alabama
Progress Telecommunications Corporation	Florida

* Each subsidiary does business under its own name.

Exhibit 23.(a)

The Shareholders
Florida Progress Corporation:

We consent to incorporation by reference in the registration statements No. 33-51573 on Form S-3, No. 33-47623 on Form S-8, No. 2-93111 on Form S-3, No. 333-19037 on Form S-8, 333-66161 on Form S-8, and No. 333-07853 on Form S-3 of Florida Progress Corporation of our report dated January 25, 1999, relating to the consolidated balance sheets of Florida Progress Corporation and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income, cash flows and common equity and comprehensive income for each of the years in the three-year period ended December 31, 1998, and all related schedules, which report appears in the December 31, 1998 annual report on Form 10-K of Florida Progress Corporation.

/s/KPMG LLP

KPMG LLP
St. Petersburg, Florida

March 19, 1999

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Exhibit 23.(b)

The Shareholders
Florida Power Corporation:

We consent to incorporation by reference in the registration statements No. 33-62210 on Form S-3, No. 33-55273 on Form S-3, and No. 333-29897 on Form S-3 of Florida Power Corporation of our report dated January 25, 1999, relating to the balance sheets of Florida Power Corporation as of December 31, 1998 and 1997, and the related statements of income, cash flows and common equity and comprehensive income for each of the years in the three-year period ended December 31, 1998, and all related schedules which report appears in the December 31, 1998 annual report on Form 10-K of Florida Power Corporation.

/s/KPMG LLP

KPMG LLP
St. Petersburg, Florida

March 15, 1999