



Florida Power
A Progress Energy Company

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JAMES A. MCGEE
ASSOCIATE GENERAL COUNSEL

RECORDS AND REPORTING
March 31, 2001

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

Re: Docket No. 991525-EI; Application of Florida Power Corporation for Authority to Issue and Sell Securities during 2000; Consummation Report.

Dear Ms. Bayó:

Pursuant to Rule 25-8.009, F.A.C., and the Commission orders approving the subject Application, enclosed for filing in the subject docket are an original and fifteen copies of Florida Power Corporation's Consummation Report.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in Word format. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

- APP _____
- CAF _____
- CHS _____
- CHW _____
- CTR _____
- ECR _____
- LEG 1
- OPC _____
- PAI _____
- RGO _____
- SEC 1
- SER _____
- OTH _____

JAM/scc
Enclosure

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

One Progress Plaza, Suite 1500 • Post Office Box 14042 • St. Petersburg, FL 33731-0850
Phone: 727.820.5184 • Fax: 727.820.5519 • Email: james.mcgee@pgnmail.com

FPSC-RECORDS/REPORTING

DOCKET NO. 991525-EI
FLORIDA PUBLIC SERVICE COMMISSION
TALLAHASSEE, FLORIDA

CONSUMMATION REPORT
TO
APPLICATION OF
FLORIDA POWER CORPORATION
FOR AUTHORITY TO ISSUE AND SELL
SECURITIES DURING 2000
PURSUANT TO FLORIDA STATUTES, SECTION 366.04
AND CHAPTER 25-8, FLORIDA ADMINISTRATIVE CODE

Address communications in connection with this Consummation Report to:

James A. McGee
Associate General Counsel
One Progress Plaza
Suite 1500
St. Petersburg, Florida 33701

Dated: April 2, 2001

DOCUMENT NUMBER-DATE
04086 APR-25
FPSC-RECORDS/REPORTING

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In Re: APPLICATION OF FLORIDA POWER)	
CORPORATION FOR AUTHORITY TO)	DOCKET NO. 991525-EI
ISSUE AND SELL SECURITIES DURING)	
2000 PURSUANT TO FLORIDA STATUTES)	SUBMITTED FOR FILING:
SECTION 366.04 AND CHAPTER 25-8,)	APRIL 2, 2001
FLORIDA ADMINISTRATIVE CODE.)	

CONSUMMATION REPORT

The Applicant, Florida Power Corporation (the "Company"), pursuant to Rule 25-8.009, Florida Administrative Code, and Commission Order No. PSC-99-2506-PAA-EI issued on December 21, 1999, Amendatory Order No. PSC-99-2506-A-PAA-EI issued on January 10, 2000, and Consummating Order No. PSC-00-0108-CO-EI issued on January 11, 2000 (collectively, the "Order"), hereby files its Consummation Report as required by the terms of the Order.

The Company did not issue any medium-term notes, first mortgage bonds or other debt or equity securities during calendar year 2000, except for (i) commercial paper, (ii) notes that were delivered to various banks to evidence the extension of the Company's short-term revolving credit agreement (although no funds were actually borrowed by the Company under those notes and that credit agreement), and (iii) a note that was delivered to evidence loans to Florida Power Corporation from the Utility Money Pool established pursuant to a Utility Money Pool Agreement, dated as of December 4, 2000 by and among Progress Energy Inc., a North Carolina Corporation and a registered holding company under the Public Utility Holding Company Act of 1935, as amended, and its utility subsidiaries, including Florida Power Corporation.

The Company regularly issues commercial paper for terms up to but not exceeding 270 days from the date of issuance. The commercial paper is issued pursuant to a Commercial Paper

Dealer Agreement dated December 22, 1988 with Merrill Lynch Money Markets Inc., as amended by a Letter Agreement dated November 18, 1997(the “Merrill CP Agreement”), and a Letter Agreement dated November 20, 1992 with Banc One Capital Markets, Inc., (successor to First Chicago Capital Markets, Inc.), as amended by a Letter Agreement dated December 4, 1997 (the “Banc One CP Agreement”). The commercial paper is sold at a discount, including the underwriting discount of the commercial paper dealer, at a rate comparable to interest rates being paid in the commercial paper market by borrowers of similar creditworthiness. Given the frequency of these sales, it is not practicable to give the details of each issue. However, the Company’s 2000 commercial paper activity can be summarized as follows:

2000 Commercial Paper Activity
(\$ in thousands)

Commercial paper issued:	\$5,241,510
Commercial paper matured:	\$5,202,116
Average outstanding:	\$ 317,565
Weighted average yield:	6.353%
Weighted average term:	22.07 days

As back-up for its commercial paper program, the Company has executed (i) a Fourth Amended and Restated Credit Agreement A dated as of November 14, 2000 with The Chase Manhattan Bank (“Chase”) as agent for the lenders named therein which amends and restates the Third Amended and Restated Credit Agreement dated as of November 17, 1998, providing for short-term loans to the Company in the aggregate principal amount not exceeding \$200,000,000 (“Credit Agreement A”), and (ii) a First Amendment, dated November 14, 2000, to a Third Amended and Restated Credit Agreement B with Chase, as agent for the lenders named therein, dated as of November 17, 1998, providing for long-term loans to the Company in the aggregate principal amount not exceeding \$200,000,000 (“Credit Agreement B”). The terms of Credit Agreements A and B expire on _____ and November 30, 2003, respectively. No loans have as yet been made to the Company pursuant to the Credit Agreements. For accounting

purposes, the Company classifies monies borrowed under, and commercial paper backed by, Credit Agreement B as long-term debt.

The Utility Money Pool was established to coordinate and provide for certain short-term cash and working capital requirements of the utility subsidiaries of Progress Energy, Inc. Each utility subsidiary may contribute funds to the Utility Money Pool. No loans through the Utility Pool will be made to and no borrowings through the Utility Money Pool will be made by Progress Energy, Inc. The principal amount of each loan from the Utility Money Pool, together with all interest accrued thereon, are to be repaid on demand and in any event within 365 days of the date on which the loan was made. As of December 31, 2000, the Company had borrowed approximately \$20,200,000 from the utility money pool.

A statement showing capitalization, pretax interest coverage, and debt interest and preferred stock dividend requirements at December 31, 2000 is attached hereto as Exhibit 1.

Additional details concerning the foregoing are contained in the following exhibits filed herewith (with the exhibit numbers corresponding to the applicable paragraph number of Rule 25-8.009, Florida Administrative Code):

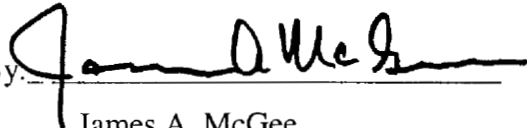
<u>Exhibit No.</u>	<u>Description of Exhibit</u>
(1)	Statement showing actual capitalization and pre-tax interest coverage, together with debt interest and preferred stock dividend requirements as of December 31, 2000.
(a)-1	Fourth Amended and Restated Credit Agreement A dated as of November 14, 2000 between the Company, the Lenders named therein, and Chase Manhattan Bank (“Chase”), as agent for the Lenders.

- (a)-2 Third Amended and Restated Credit Agreement B dated as of November 17, 1998, between the Company, the Lenders named therein and Chase, as agent for the Lenders. (Filed as Exhibit (a)-2 to the Company's Consummation Report dated March 30, 1999, as filed with the Commission on March 31, 1999 in Docket No.971311-EI, and incorporated herein by reference).
- (a)-3 First Amendment, dated November 14, 2000, to a Third Amended and Restated Credit Agreement B dated as of November 17, 1998 between the Company, the Lenders named therein, and Chase, as agent for the Lenders.
- (a)-4 Commercial Paper Issuer memorandum dated November 17, 1998 of Merrill Lynch Money Markets Inc. (Filed as Exhibit (a)-3 to the Company's Consummation Report dated March 30, 1999, as filed with the Commission on March 31, 1999 in Docket No. 971311-EI, and incorporated herein by reference).
- (a)-5 Commercial Paper Offering Memorandum dated August 11, 1999 of Banc One Capital Markets, Inc. (successor to First Chicago Capital Markets, Inc.). (Filed as Exhibit (a)-5 to the Company's Consummation Report dated March 22, 2000, as filed with the Commission on March 23, 2000 in Docket No. 981268-EI, and incorporated herein by reference.
- (a)-6 Utility Money Pool Agreement dated December 4, 2000 between Progress Energy, Inc., Carolina Power & Light Company, a North Carolina Corporation, North Carolina Natural Gas Corporation, a Delaware Corporation, Florida Power Corporation, and Progress Service Energy Company, LLC (solely as Administrator).
- (d)-1 Commercial Paper Dealer Agreement dated December 22, 1998 between the Company and Merrill Lynch Money Markets Inc. (Filed as Exhibit (d)-1 to the Company's Consummation Report dated March 26, 1997, as filed with the Commission in Docket No. 951229-EI on March 27, 1997, and incorporated herein by reference.)
- (d)-2 Letter Agreement dated November 18, 1997 from the Company to Merrill Lynch Money Markets, Inc. regarding the increase in the maximum amount of Commercial Paper outstanding from \$400 to \$500 million. (Filed as Exhibit (d)-2 to the Company's Consummation Report dated September 18, 1997 as filed with the Commission on September 22, 1997 in Docket No. 961216-EI and incorporated herein by reference.)

- (d)-3 Letter Agreement dated November 20, 1992 between the Company and Banc One Capital Markets, Inc. (successor to First Chicago Capital Markets, Inc.) relating to the Company's commercial paper. (Filed as Exhibit (d)-2 to the Company's Consummation Report dated March 26, 1997, as filed with the Commission in Docket No. 951229-EI on March 27, 1997, and incorporated herein by reference.)
- (d)-4 Letter dated December 4, 1997 from the Company to Banc One Capital Markets, Inc. (successor to First Chicago Capital Markets, Inc.) regarding increase in maximum amount of Commercial Paper outstanding from \$400 to \$500 million. (Filed as Exhibit (d)-2 to the Company's Consummation Report dated September 18, 1997 as filed with the Commission on September 22, 1997 in Docket No. 961216-EI and incorporated herein by reference).

Respectively submitted,

FLORIDA POWER CORPORATION

By: 

James A. McGee
Post Office Box 14042
St. Petersburg, Florida 33733
Telephone: (727) 820-5184
Facsimile: (727) 820-5519

EXHIBIT 1

FLORIDA POWER CORPORATION
SELECTED FINANCIAL DATA

PRE-TAX INTEREST COVERAGE:

Florida Power's pre-tax interest coverage for 2000 was 3.82

DEBT INTEREST:

Florida Power's debt interest charges for 2000 were \$ 128.5 million.

PREFERRED STOCK DIVIDEND REQUIREMENTS:

Florida Power's preferred stock dividend requirements for 2000 were \$ 1.5 million

FLORIDA POWER CORPORATION

FOURTH AMENDED AND RESTATED CREDIT AGREEMENT A

Dated as of November 14, 2000

This Agreement amends and restates the
Third Amended and Restated Credit Agreement A dated as of November 17, 1998,
as amended

THE CHASE MANHATTAN BANK
as Agent

THIS FOURTH AMENDED AND RESTATED CREDIT AGREEMENT A dated as of November 14, 2000 between: FLORIDA POWER CORPORATION, a corporation duly organized and validly existing under the laws of the State of Florida (the "Company"); each of the lenders that is a signatory hereto or which, pursuant to Section 11.06(b) hereof, shall become a "Lender" hereunder (individually, a "Lender" and, collectively, the "Lenders"); and THE CHASE MANHATTAN BANK, as agent for the Lenders (in such capacity, together with its successors in such capacity, the "Agent"); amends and restates the Third Amended and Restated Credit Agreement A dated as of November 17, 1998, as amended, between the Company, each of the Lenders and the Agent.

The Company has requested that the Lenders make loans to it in an aggregate principal amount not exceeding \$200,000,000 at any one time outstanding and the Lenders are prepared to make such loans upon the terms hereof. Accordingly, the parties hereto agree as follows:

Section 1. Definitions and Accounting Matters.

1.01 Certain Defined Terms. As used herein, the following terms shall have the following meanings (all terms defined in this Section 1.01 or in other provisions of this Agreement in the singular to have the same meanings when used in the plural and vice versa):

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Applicable Facility Fee Rate" shall mean, a rate per annum equal to (a) during each Class 1 Rating Period, 0.08%; (b) during each Class 2 Rating Period, 0.10%; (c) during each Class 3 Rating Period, 0.125%; (d) during each Class 4 Rating Period, 0.15%; (e) during each Class 5 Rating Period, 0.20%; and (f) during each Class 6 Rating Period, 0.30%.

"Applicable Lending Office" shall mean, for each Lender and for each Type of Loan, the "Lending Office" of such Lender (or of an affiliate of such Lender) designated for such Type of Loan on the signature pages hereof or such other office of such Lender (or of an affiliate of such Lender) as such Lender may from time to time specify to the Agent and the Company as the office by which its Loans of such Type are to be made and maintained.

"Applicable Margin" shall mean:

- (i) during each Class 1 Rating Period,
 - (A) with respect to Base Rate Loans, zero,
 - (B) with respect to Eurodollar Loans, 0.295%,
 - (C) with respect to CD Loans, 0.42%; and

determination made at such time), then the "Commitment Termination Date" shall be extended, with respect to each Lender, to the Proposed Commitment Termination Date;

(b) if, pursuant to any such request, some, but not all, of the Lenders agree to so extend the Existing Commitment Termination Date to the Proposed Commitment Termination Date (the Lenders that so agree, the "Consenting Lenders"), the "Commitment Termination Date" shall mean (i) with respect to the Consenting Lenders, the Proposed Commitment Termination Date and (ii) with respect to the Lenders that are not Consenting Lenders, the Existing Commitment Termination Date; and

(c) if the Commitment Termination Date as determined above is not a Business Day, the Commitment Termination Date shall be the next preceding Business Day.

"Consolidated Subsidiary" shall mean, as to any Person, each Subsidiary of such Person (whether now existing or hereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of such Person in accordance with GAAP.

"Continue", "Continuation" and "Continued" shall refer to the continuation pursuant to Section 2.09 hereof of a Fixed Rate Loan of one Type as a Fixed Rate Loan of the same Type from one Interest Period to the next Interest Period.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Convert", "Conversion" and "Converted" shall refer to a conversion pursuant to Section 2.09 hereof of Base Rate Loans into CD Loans or Eurodollar Loans, of CD Loans into Base Rate Loans or Eurodollar Loans, or of Eurodollar Loans into Base Rate Loans or CD Loans, which may be accompanied by the transfer by a Lender (at its sole discretion) of a Loan from one Applicable Lending Office to another.

"CP&L Transaction" shall mean the share exchange and related transactions contemplated by the Amended and Restated Agreement and Plan of Share Exchange dated as of March 3, 2000, between the Parent, Carolina Power & Light Company and CP&L Energy, Inc., whereby the Parent will become a subsidiary of CP&L Energy, Inc.

"Default" shall mean an Event of Default or an event which with notice or lapse of time or both would become an Event of Default.

"Dollars" and "\$" shall mean lawful money of the United States of America.

its terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

7.06 Approvals. Other than the approval of the Florida Public Service Commission (which approval has been duly obtained and is in full force and effect), no authorizations, approvals or consents of, and no filings or registrations with, any governmental or regulatory authority or agency are necessary for the execution, delivery or performance by the Company of this Agreement or the Notes, or for the validity or enforceability of any thereof.

7.07 Use of Loans. The Company is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock and no part of the proceeds of any Loan hereunder will be used to buy or carry any Margin Stock.

7.08 ERISA. The Company and the ERISA Affiliates have fulfilled their respective obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and are in compliance in all material respects with the presently applicable provisions of ERISA and the Code, and have not incurred any liability to the PBGC or any Plan or Multiemployer Plan (other than to make contributions in the ordinary course of business).

7.09 Taxes. United States Federal income tax returns of the Parent and its Subsidiaries have been examined and closed through the fiscal year of the Parent ended December 31, 1985. The Parent and its Subsidiaries have filed all United States Federal income tax returns and all other material tax returns which are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Parent or any of its Subsidiaries. The charges, accruals and reserves on the books of the Parent and its Subsidiaries in respect of taxes and other governmental charges are, in the opinion of the Company, adequate. If the Parent is a member of an affiliated group of corporations filing consolidated returns for United States Federal income tax purposes, it is the "common parent" of such group.

7.10 Investment Company Act. The Company is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

7.11 Public Utility Holding Company Act. (a) As of the date of this Agreement, the Company is not a "public utility company" within the meaning of Section 2(a)(5) of the Public Utility Holding Company Act of 1935 (the "1935 Act"). The Company is not a "holding company" within the meaning of Section 2(a)(7) of the 1935 Act. The Company is an "affiliate" within the meaning of Section 2(a)(11) of the 1935 Act of the Parent and is a "subsidiary company" of the Parent within the meaning of Section 2(a)(8) of the 1935 Act. The Parent is a "holding company" within the meaning of Section 2(a)(7) of the 1935 Act, but is entitled to and currently claims the benefits of an exemption from the requirements of the 1935 Act (other than Section 9(a)(2) thereof) pursuant to Rule 2 under Section 3(a)(1) of the 1935 Act. The Parent has

filed with the Securities and Exchange Commission all documents that are necessary to maintain such exemption in full force and effect and such exemption is in full force and effect. Such exemption also provides the Company with an exemption from all requirements of the 1935 Act relating to the Company's status as a "subsidiary company" of the Parent. Neither the Company nor the Parent has received any notification from the Securities and Exchange Commission under Rule 6 under the 1935 Act with respect to its status under the 1935 Act.

(b) Following consummation of the CP&L Transaction, CP&L Energy, Inc. will become a "holding company" registered under Section 5 of the 1935 Act, and each of the Parent and the Company will be a "subsidiary company" of a "registered holding company," within the meaning of the 1935 Act. The Parent and the Company will be at all relevant times in compliance in all material respects with all applicable provisions of the 1935 Act and the rules, regulations and orders issued thereunder, and no borrowings hereunder will result in any breach or failure to comply with the applicable provisions of the 1935 Act and any applicable rules, regulations and orders issued thereunder.

Section 8. Covenants of the Company. The Company agrees that, so long as any of the Commitments are in effect and until payment in full of all Loans hereunder, all interest thereon and all other amounts payable by the Company hereunder:

8.01 Financial Statements. The Company shall deliver to each of the Lenders:

(a) as soon as available and in any event within 60 days after the end of each quarterly fiscal period of each fiscal year of the Company, consolidated statements of income and cash flow of the Company and its Consolidated Subsidiaries for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related consolidated balance sheet as at the end of such period, setting forth in each case in comparative form the corresponding consolidated figures for the corresponding period in the preceding fiscal year, accompanied by a certificate of the Treasurer, an Assistant Treasurer, the Chief Financial Officer or the Controller of the Company, which certificate shall state that said financial statements fairly present the consolidated financial condition and results of operations of the Company and its Consolidated Subsidiaries in accordance with generally accepted accounting principles, consistently applied, as at the end of, and for, such period (subject to normal year-end audit adjustments and provided that such financial statements may contain condensed footnotes prepared in accordance with Rule 10-01(a)(5) of Securities and Exchange Commission Regulation S-X);

(b) as soon as available and in any event within 120 days after the end of each fiscal year of the Company, consolidated statements of income, shareholders' equity and cash flow of the Company and its Consolidated Subsidiaries for such year and the related consolidated balance sheet as at the end of such year, setting forth in each case in comparative form the corresponding consolidated figures for the preceding fiscal year, and accompanied, in the case of said consolidated statements and balance sheet, by an opinion

copy and make extracts from its books and records, to inspect its properties, and to discuss its business and affairs with its officers, all to the extent reasonably requested by such Lender or the Agent (as the case may be).

8.04 Prohibition of Fundamental Changes. The Company will not enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), except that the Company may merge into the Parent so long as the Parent is the surviving corporation and assumes all of the Company's obligations under this Agreement and the Notes and so long as both prior to such merger and after giving effect thereto no Default shall have occurred and be continuing. The Company will not convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any substantial part of its business or assets, whether now owned or hereafter. Nothing herein shall be construed to prevent, or require the consent of the Agent or the Lenders with respect to, the CP&L Transaction.

8.05 Use of Proceeds. The Company will use the proceeds of the Loans hereunder for its general corporate purposes (in compliance with all applicable legal and regulatory requirements, including Regulation U); provided that neither the Agent nor any Lender shall have any responsibility as to the use of any of such proceeds.

8.06 Indebtedness to Capitalization Ratio. The Company will not permit the ratio of (a) all Indebtedness of the Company and its Consolidated Subsidiaries to (b) the Total Capitalization of the Company and its Consolidated Subsidiaries to exceed .65 to 1 at any time.

8.07 Negative Pledge. The Company will not, and will not permit any Subsidiary to, create, assume or suffer to exist any Lien on any of its property, assets or revenues, whether now owned or hereafter acquired, except for:

(a) Liens existing on the date hereof securing Indebtedness, other than Indebtedness secured by the Existing Indenture, outstanding on November 14, 2000 in an aggregate principal amount not in excess of \$240,865,000;

(b) any Lien existing on any asset of any corporation at the time such corporation becomes a Subsidiary of the Company and not created in contemplation of such event;

(c) any Lien on any asset securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such asset, provided that such Lien attaches to such asset concurrently with or within 90 days after the acquisition thereof;

(d) any Lien on any asset of any corporation existing at the time such corporation is merged into or is consolidated with the Company or one of its Subsidiaries and not created in contemplation of such event;

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

FLORIDA POWER CORPORATION

By *Pamela A Saari*
Print Name: Pamela A. Saari
Print Name: Treasurer

Address for Notices:

P.O. Box 14042
St. Petersburg, Florida 33733

Telecopier No.: 727-820-5918

Telephone No.: 727-820-5875

Attention: Treasurer

Sworn to and subscribed before me on this 14th day of November, 2000, in the State of New York, County of New York.

Jacqueline M. Savage
Notary Public
JACQUELINE M SAVAGE
Notary Public, State of New York
No 01SA5082619
Qualified in Kings County
Certificate Filed in New York County
Commission Expires July 28, 2007

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Commitment
\$33,750,000

THE CHASE MANHATTAN BANK

By 

Print Name: PAUL V. FARRELL
Print Title: Vice President

Lending Office for all Loans
(other than Eurodollar Loans):

The Chase Manhattan Bank
270 Park Avenue
New York, New York 10017-2070

Lending Office for Eurodollar Loans:

The Chase Manhattan Bank
Cayman Islands,
British West Indies Branch
c/o The Chase Manhattan Bank
One Chase Manhattan Plaza
New York, New York 10081

Address for Notices:

The Chase Manhattan Bank
Global Power & Environmental Group
270 Park Avenue
New York, New York 10017-2070

Telecopier No.: 212/270-3089

Telephone No.: 212/270-7653

Attention: Mr. Paul V. Farrell

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Commitment
\$25,000,000

BANK OF AMERICA, N.A.

By Gretchen P. Burud
Print Name: GRETCHEN P. BURUD
Print Title: PRINCIPAL

Lending Office for all Loans:

Bank of America, N.A.
901 Main Street, 14th Floor
Dallas, TX 75202
Attn: Darren Boyer

Address for Notices:

Bank of America, N.A.
Corporate Center
NC1-007-16-13
100 North Tryon Street
Charlotte, NC 28255

Telecopier No.: 704-386-1319

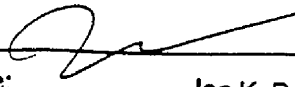
Telephone No.: 704-386-8394

Attention: Ms. Gretchen P. Burud

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Commitment
\$25,000,000

FIRST UNION NATIONAL BANK

By 
Print Name: Joe K. Dancy
Print Title: Vice President

Lending Office for all Loans

First Union National Bank
One First Union Center
301 South College Street
Charlotte, North Carolina 28288-0735

Address for Notices:

First Union National Bank
One First Union Center - NC0735
301 South College Street
Charlotte, North Carolina 28288-0735

Telecopier No.: 704-383-7611

Telephone No.: 704-383-4748

Attention: Mr. Joe Dancy

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Commitment
\$23,750,000

~~SUNTRUST BANK~~
~~SUNTRUST BANKS, INC.~~

By 

Print Name: W. David Wisdom
Print Title: Vice President

Lending Office for all Loans:

SunTrust Banks, Inc.
Mail Code 1106
200 South Orange Ave.
Orlando, FL 32801

Address for Notices:

SunTrust Banks, Inc.
Mail Code 1106
200 South Orange Ave.
Orlando, FL 32801

Telecopier No.: 407-237-4076

Telephone No.: 407-237-4636

Attention: Mr. William C. Barr, III

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Commitment
\$23,750,000

BANK ONE, N.A.

By William N. Banks
Print Name: W. N. Banks
Print Title: First Vice President

Lending Office for all Loans:

Bank One Capital Markets, Inc.
1 Bank One Plaza
Mail Code IL1-0363
Chicago, Illinois 60670

Address for Notices:

Banc One Capital Markets, Inc.
1 Bank One Plaza
Mail Code IL1-0363
Chicago, Illinois 60670

Telecopier No.: 312/732-3055

Telephone No.: 312/732-9781

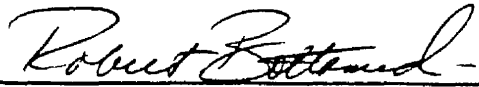
Attention: Mr. William N. Banks

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Commitment
\$18,750,000

REVOLVING COMMITMENT
VEHICLE CORPORATION

By: Morgan Guaranty Trust Company of New York
as Attorney-in-fact for
Revolving Commitment Vehicle Corporation

By 
Print Name: ROBERT BOTTAMEDI
Print Title: VICE PRESIDENT

Lending Office for all Loans::

Revolving Commitment Vehicle Corporation
500 Stanton Christiana Road
Newark, Delaware 19713

Address for Notices:

Morgan Guaranty Trust Company
of New York
60 Wall Street
New York, New York 10260-0060

Telecopier No.: 212-648-5018

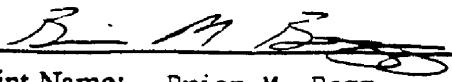
Telephone No.: 212-648-1349

Attention: Mr. Robert Bottamedi

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Commitment
\$18,750,000

PNC BANK, NATIONAL ASSOCIATION

By 
Print Name: Brian M. Begg
Print Title: Vice President

Lending Office for all Loans:

PNC Bank, National Association
One PNC Plaza
3rd Floor
249 - 5th Avenue
Pittsburgh, PA 15222-2707

Address for Notices:

PNC Bank, National Association
One PNC Plaza
3rd Floor
249 - 5th Avenue
Pittsburgh, PA 15222-2707

Telecopier No.: 412/705-3232

Telephone No.: 412/762-3440

Attention: Mr. Brian M. Begg

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Commitment
\$18,750,000

WACHOVIA BANK, N.A.

By William R. McCamey

Print Name: William R. McCamey

Print Title: Vice President

Lending Office for all Loans:

Wachovia Bank, N.A.
191 Peachtree Street, N.E.
Atlanta, GA 30303-1757

Address for Notices:

Wachovia Bank, N.A.
191 Peachtree Street, N.E.
Atlanta, GA 30303-1757

Telecopier No.: 404-332-5016

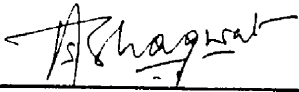
Telephone No.: 404-332-6830

Attention: Mr. William R. McCamey

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Commitment
\$12,500,000 .

THE NORTHERN TRUST COMPANY

By 
Print Name: ASHISH S. BHAGWAT
Print Title: SECOND VICE PRESIDENT

Lending Office for all Loans:

The Northern Trust Company
50 South LaSalle Street, B-11
Chicago, IL 60675

Address for Notices:

The Northern Trust Company
50 South LaSalle Street, B-11
Chicago, IL 60675


Telecopier No.: 312-630-6062

Telephone No.: 312-557-1619

Attention: Mr. Donald D. Dabisch

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THE CHASE MANHATTAN BANK
as Agent

By  _____

Print Name: PAUL J. CAPPELLETI
Print Title: VICE PRESIDENT

Address for Notices to Chase as
Agent:

The Chase Manhattan Bank
1 Chase Manhattan Plaza - 8th Floor
New York, New York 10081

Telecopier No.: 212/552-7490

Telephone No.: 212/552-7943

Attention: Mr. Muniram Appanna

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[Form of Opinion of Counsel to the Company]

_____, 200_

To: the Lenders party to the
Credit Agreement referred to
below and The Chase Manhattan
Bank, as Agent

Ladies and Gentlemen:

I am Vice President and General Counsel of Florida Power Corporation (the "Company"), a wholly owned subsidiary of Florida Progress Corporation (the "Parent") and am rendering this opinion in connection with the Fourth Amended and Restated Credit Agreement A dated as of November 14, 2000 (the "Credit Agreement") between the Company, the lenders named therein and The Chase Manhattan Bank, as Agent, providing for loans to be made by said lenders to the Company in an aggregate principal amount not exceeding \$200,000,000. Terms defined in the Credit Agreement are used herein as defined therein.

In rendering the opinion expressed below, I have examined the originals or conformed copies of such corporate records, agreements and instruments of the Company and the Parent, certificates of public officials and of officers of the Company and the Parent, and such other documents and records, and such matters of law, as I have deemed appropriate as a basis for the opinions hereinafter expressed.

Based upon the foregoing, I am of the opinion that:

1. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Florida and has the necessary corporate power to make and perform the Credit Agreement and the Notes (collectively, the "Credit Documents") and to borrow under the Credit Agreement.
2. The making and performance by the Company of the Credit Agreement and the borrowings thereunder have been duly authorized by all necessary corporate action, and do not and will not violate any provision of law or regulation or any provision of its articles or by-laws or result in the breach of, or constitute a default or require any consent under, or result in the creation of any Lien upon any of its properties, revenues or assets pursuant to, any indenture or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or their respective properties may be bound.

7. The Parent is a "holding company" within the meaning of Section 2(a)(7) of the 1935 Act and the Parent and the Company are exempt from all of the requirements of the 1935 Act other than Section 9(a)(2) thereof by virtue of the filing of an exemption statement on Form U-3A-2 under Rule 2 under Section 3(a)(1) of the 1935 Act. Such Form U-3A-2 exemption statement was completed in compliance with all applicable rules and regulations of the Securities and Exchange Commission under the 1935 Act and was filed on February 28, 2000.

I wish to point out that the exemption provided by such filing may be terminated by the Securities and Exchange Commission pursuant to Rule 6 under the 1935 Act thirty days after notification by the Securities and Exchange Commission by registered mail to the Parent that a substantial question of law or fact exists as to whether or not the Parent is within the exemption afforded by Rule 2 under Section 3(a)(1) of the 1935 Act or any question exists as to whether or not the exemption of the Parent afforded by Rule 2 under the 1935 Act may be detrimental to the public interest or the interest of investors or consumers. Such termination would be without prejudice to the right of the Parent to file an application for an order granting an exemption pursuant to any applicable section of the 1935 Act and without prejudice to any temporary exemption provided for by the 1935 Act if such application is filed in good faith. As of the date hereof, no such notification has been received by the Parent, and I am not aware of any facts or circumstances that would currently provide a basis for the Securities and Exchange Commission to initiate proceedings to revoke the exemption claimed by the Parent under Rule 2 under Section 3(a)(1) of the 1935 Act. However, following consummation of the CP&L Transaction, CP&L Energy, Inc. will become a "holding company" registered under Section 5 of the 1935 Act, and each of the Parent and the Company will be a "subsidiary company" of a "registered holding company," within the meaning of the 1935 Act.

8. None of the Lenders nor the Agent will solely as a result of the participation by them and the Parent and the Company in the transactions contemplated by the Credit Agreement and the Notes be subject to regulation by any governmental authority as an "electric utility company," a "public utility company," a "holding company" or a "subsidiary company" or "affiliate" of any of the foregoing under the 1935 Act.

I am a member of the bar of the State of Florida and I do not herein intend to express any opinion as to any matters governed by any laws other than the law of the State of Florida and the Federal law of the United States of America.

Very truly yours,

FIRST AMENDMENT
TO
FLORIDA POWER CORPORATION
THIRD AMENDED AND RESTATED CREDIT AGREEMENT B

THIS FIRST AMENDMENT dated as of November 14, 2000 (this "Amendment"), to the THIRD AMENDED AND RESTATED CREDIT AGREEMENT B dated as of November 17, 1998 (the "Agreement") is by and between FLORIDA POWER CORPORATION, a corporation duly organized and validly existing under the laws of the State of Florida (the "Company"); each of the lenders that is a signatory to the Agreement or which, pursuant to Section 11.06(b) of the Agreement, shall become a "Lender" thereunder (individually, a "Lender" and, collectively, the "Lenders"); and THE CHASE MANHATTAN BANK, as agent for the Lenders (in such capacity, together with its successors in such capacity, the "Agent").

WHEREAS, the Company's parent, Florida Progress Corporation ("Florida Progress"), has entered into an Amended and Restated Agreement and Plan of Share Exchange March 3, 2000, with Carolina Power & Light Company and CP&L Energy, Inc., whereby Florida Progress will become a subsidiary of CP&L Energy, Inc.;

WHEREAS, following consummation of the share exchange, CP&L Energy will become a "holding company" registered under Section 5 of the Public Utility Holding Company Act of 1935, as amended (the "1935 Act"), and each of Florida Progress and the Company will become a "subsidiary company" of a "registered holding company" under the 1935 Act; and

WHEREAS, the Company and the Lenders now wish to amend the Agreement to update the representations and warranties relating to the Company's status under the 1935 Act, and make other changes to reflect the pending transaction with CP&L Energy, Inc.;

NOW THEREFORE, the parties hereto, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, agree as follows:

1. Definition of CP&L Transaction.

A new definition shall be added to Section 1 "Definitions and Accounting Matters" of the Agreement to read in its entirety as follows:

"CP&L Transaction" shall mean the share exchange and related transactions contemplated by the Amended and Restated Agreement and Plan of Share Exchange dated as of March 3, 2000, between the Parent, Carolina Power & Light Company and CP&L Energy, Inc., whereby the Parent will become a subsidiary of CP&L Energy, Inc.

2. Representations and Warranties.

Section 7.11 "Public Utility Holding Company Act" of the Agreement shall be amended and restated to read in its entirety as follows:

7.11 Public Utility Holding Company Act. (a) As of the date of this Agreement, the Company is not a "public utility company" within the meaning of Section 2(a)(5) of the Public Utility Holding Company Act of 1935 (the "1935 Act"). The Company is not a "holding company" within the meaning of Section 2(a)(7) of the 1935 Act. The Company is an "affiliate" within the meaning of Section 2(a)(11) of the 1935 Act of the Parent and is a "subsidiary company" of the Parent within the meaning of Section 2(a)(8) of the 1935 Act. The Parent is a "holding company" within the meaning of Section 2(a)(7) of the 1935 Act, but is entitled to and currently claims the benefits of an exemption from the requirements of the 1935 Act (other than Section 9(a)(2) thereof) pursuant to Rule 2 under Section 3(a)(1) of the 1935 Act. The Parent has filed with the Securities and Exchange Commission all documents that are necessary to maintain such exemption in full force and effect and such exemption is in full force and effect. Such exemption also provides the Company with an exemption from all requirements of the 1935 Act relating to the Company's status as a "subsidiary company" of the Parent. Neither the Company nor the Parent has received any notification from the Securities and Exchange Commission under Rule 6 under the 1935 Act with respect to its status under the 1935 Act.

(b) Following consummation of the CP&L Transaction, CP&L Energy, Inc. will become a "holding company" registered under Section 5 of the 1935 Act, and each of the Parent and the Company will be a "subsidiary company" of a "registered holding company," within the meaning of the 1935 Act. The Parent and the Company will be at all relevant times in compliance in all material respects with all applicable provisions of the 1935 Act and the rules, regulations and orders issued thereunder, and no borrowings hereunder will result in any breach or failure to comply with the applicable provisions of the 1935 Act and any applicable rules, regulations and orders issued thereunder.

3. Prohibition of Fundamental Changes. A new sentence shall be added to the end of Section 8.04 "Prohibition of Fundamental Changes" in the Agreement to read in its entirety as follows: "Nothing herein shall be construed to prevent, or require the consent of the Agent or the Lenders with respect to, the CP&L Transaction.

4. Form of Legal Opinion. Paragraph 7 of Exhibit B to the Agreement shall be amended and restated to read in its entirety as follows:

7. The Parent is a "holding company" within the meaning of Section 2(a)(7) of the 1935 Act and the Parent and the Company are exempt from all of the requirements of the 1935 Act other than Section 9(a)(2) thereof by virtue of the filing of an exemption statement on Form U-3A-2 under Rule 2 under Section 3(a)(1) of the 1935 Act. Such Form U-3A-2 exemption statement was completed in compliance with all applicable rules and regulations of the Securities and Exchange Commission under the 1935 Act and was filed on February 28, 2000.

I wish to point out that the exemption provided by such filing may be terminated by the Securities and Exchange Commission pursuant to Rule 6 under the 1935 Act thirty days after notification by the Securities and Exchange Commission by registered mail to the Parent that a substantial question of law or fact exists as to whether or not the Parent is within the exemption afforded by Rule 2 under Section 3(a)(1) of the 1935 Act or any question exists as to whether or not the exemption of the Parent afforded by Rule 2 under the 1935 Act may be detrimental to the public interest or the interest of investors or consumers. Such termination would be without prejudice to the right of the Parent to file an application for an order granting an exemption pursuant to any applicable section of the 1935 Act and without prejudice to any temporary exemption provided for by the 1935 Act if such application is filed in good faith. As of the date hereof, no such notification has been received by the Parent, and I am not aware of any facts or circumstances that would currently provide a basis for the Securities and Exchange Commission to initiate proceedings to revoke the exemption claimed by the Parent under Rule 2 under Section 3(a)(1) of the 1935 Act. However, following consummation of the CP&L Transaction, CP&L Energy, Inc. will become a "holding company" registered under Section 5 of the 1935 Act, and each of the Parent and the Company will be a "subsidiary company" of a "registered holding company," within the meaning of the 1935 Act.

5. Confirmation of Commitments. Each Lender hereby confirms and agrees that its current Commitment under the Agreement, is the amount set forth opposite such Lender's name on the signature pages hereof under the caption "Commitment" (as the same may be increased or reduced from time to time pursuant to the terms of the Agreement).

6. Notices. Each party to this Amendment hereby confirms and agrees that its current address to which all notices and other communications shall be given or made under the Agreement is the "Address for Notices" specified below its name on the signature pages hereof, as such address may be changed from time to time pursuant to the terms of Section 11.02 of the Agreement.

7. No further changes. Except as set forth in this Amendment, the Agreement shall not be modified or amended hereby, and shall remain in full force and effect. On and after the date hereof, each reference in the Agreement or any Note to "this Agreement," "hereunder" or words of like import referring to the Agreement shall mean and be a reference to the Agreement, as amended hereby.

8. Capitalized terms. All capitalized terms contained in this Amendment and not otherwise defined herein shall have the meanings set forth in the Agreement.

9. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart.

10. Governing law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflicts of laws provisions thereof.

[This space intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

FLORIDA POWER CORPORATION

By *Pamela A. Saari*
Print Name: Pamela A. Saari
Print Name: Treasurer

Address for Notices:

P.O. Box 14042
St. Petersburg, Florida 33733

Telecopier No.: 727-820-5918

Telephone No.: 727-820-5875

Attention: Treasurer

Sworn to and subscribed before me on this 14th day of November, 2000, in the State of New York, County of New York.

Jacqueline M. Savage
Notary Public
JACQUELINE M. SAVAGE
Notary Public, State of New York
No. 01SA5082619
Qualified in Kings County
Certificate Filed in New York County
Commission Expires July 28, 2001

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Commitment
\$33,750,000

THE CHASE MANHATTAN BANK

By 

Print Name: PAUL V. FARRELL
Print Title: Vice President

Lending Office for all Loans
(other than Eurodollar Loans):

The Chase Manhattan Bank
270 Park Avenue
New York, New York 10017-2070

Lending Office for Eurodollar Loans:

The Chase Manhattan Bank
Cayman Islands,
British West Indies Branch
c/o The Chase Manhattan Bank
One Chase Manhattan Plaza
New York, New York 10081

Address for Notices:

The Chase Manhattan Bank
Global Power & Environmental Group
270 Park Avenue
New York, New York 10017-2070

Telecopier No.: 212/270-3089

Telephone No.: 212/270-7653

Attention: Mr. Paul V. Farrell

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Commitment
\$25,000,000

BANK OF AMERICA, N.A.

By Gretchen P. Burud
Print Name: GRETCHEN P. BURUD
Print Title: PRINCIPAL

Lending Office for all Loans:

Bank of America, N.A.
901 Main Street, 14th Floor
Dallas, TX 75202
Attn: Darren Boyer

Address for Notices:

Bank of America, N.A.
Corporate Center
NC1-007-16-13
100 North Tryon Street
Charlotte, NC 28255

Telecopier No.: 704-386-1319


Telephone No.: 704-386-8394

Attention: Ms. Gretchen P. Burud

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Commitment
\$25,000,000

FIRST UNION NATIONAL BANK

By 
Print Name: Joe K. Dancy
Print Title: Vice President

Lending Office for all Loans

First Union National Bank
One First Union Center
301 South College Street
Charlotte, North Carolina 28288-0735

Address for Notices:

First Union National Bank
One First Union Center - NC0735
301 South College Street
Charlotte, North Carolina 28288-0735

Telecopier No.: 704-383-7611


Telephone No.: 704-383-4748

Attention: Mr. Joe Dancy

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Commitment
\$23,750,000

SUNTRUST BANK
~~SUNTRUST BANKS, INC.~~

By 

Print Name: W. David Wisdom

Print Title: Vice President

Lending Office for all Loans:

SunTrust Banks, Inc.
Mail Code 1106
200 South Orange Ave.
Orlando, FL 32801

Address for Notices:

SunTrust Bank
Mail Code 1106
200 South Orange Ave.
Orlando, FL 32801

Telecopier No.: 407-237-4076

Telephone No.: 404-237-4636

Attention: Mr. William C. Barr, III

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Commitment
\$23,750,000.

BANK ONE, N.A.

By William N. Banks

Print Name: William N. Banks

Print Title: First Vice President

Lending Office for all Loans:

Bank One Capital Markets, Inc.
1 Bank One Plaza
Mail Code IL1-0363
Chicago, Illinois 60670

Address for Notices:

Banc One Capital Markets, Inc.
1 Bank One Plaza
Mail Code IL1-0363
Chicago, Illinois 60670

Telecopier No.: 312/732-3055

Telephone No.: 312/732-9781

Attention: Mr. William N. Banks

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Commitment
\$18,750,000

REVOLVING COMMITMENT
VEHICLE CORPORATION

By: Morgan Guaranty Trust Company of New York
as Attorney-in-fact for
Revolving Commitment Vehicle Corporation

By 

Print Name: ROBERT BOTTAMEDI
Print Title: VICE PRESIDENT

Lending Office for all Loans::

Revolving Commitment Vehicle Corporation
500 Stanton Christiana Road
Newark, Delaware 19713

Address for Notices:

Morgan Guaranty Trust Company
of New York
60 Wall Street
New York, New York 10260-0060

Telecopier No.: 212/648-5018


Telephone No.: 212/648-1349

Attention: Mr. Robert Bottamedi

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Commitment
\$18,750,000

PNC BANK, NATIONAL ASSOCIATION

By 
Print Name: Brian M. Begg
Print Title: Vice President

Lending Office for all Loans:

PNC Bank, National Association
One PNC Plaza
3rd Floor
249 - 5th Avenue
Pittsburgh, PA 15222-2707

Address for Notices:

PNC Bank, National Association
One PNC Plaza
3rd Floor
249 - 5th Avenue
Pittsburgh, PA 15222-2707

Telecopier No.: 412/ 705-3232

Telephone No.: 412/762-3440

Attention: Mr. Brian M. Begg

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Commitment
\$18,750,000

WACHOVIA BANK, N.A.

By William R. McCamey
Print Name: William R. McCamey
Print Title: Vice President

Lending Office for all Loans:

Wachovia Bank, N.A.
191 Peachtree Street, N.E.
Atlanta, GA 30303-1757

Address for Notices:

Wachovia Bank, N.A.
191 Peachtree Street, N.E.
Atlanta, GA 30303-1757

Telecopier No.: 404-332-5016

Telephone No.: 404-332-6830

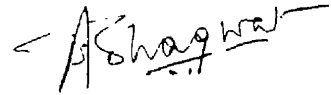
Attention: Mr. William R. McCamey

p:\credit.agt\pwrcrdtb.00

Commitment
\$12,500,000

THE NORTHERN TRUST COMPANY

By _____



Print Name: ASHISH S. BHAGWAT
Print Title: SECOND VICE PRESIDENT

Lending Office for all Loans:

The Northern Trust Company
50 South LaSalle Street, B-11
Chicago, IL 60675

Address for Notices:

The Northern Trust Company
50 South LaSalle Street, B-11
Chicago, IL 60675

Telecopier No.: 312-630-6062

Telephone No.: 312-557-1619

Attention: Mr. Donald D. Dabisch

p:\credit.agt\pwrcrdtb.00

THE CHASE MANHATTAN BANK
as Agent

By 

Print Name:

PAUL V FARRELL

Print Title:

Vice President

**Address for Notices to Chase as
Agent:**

**The Chase Manhattan Bank
1 Chase Manhattan Plaza - 8th Floor
New York, New York 10081**

Telecopier No.: 212/552-7490

Telephone No.: 212/552-7943

Attention: Mr. Muniram Appanna

p:\credit.agt\pwrcredtb.00

UTILITY MONEY POOL AGREEMENT

This Utility Money Pool Agreement (the "Agreement"), dated as of _____, 2000, is made and entered into by and among CP&L Energy, Inc. ("CP&L Energy"), a North Carolina corporation and a registered holding company under the Public Utility Holding Company Act of 1935, as amended (the "Act"), Carolina Power & Light Company, a North Carolina corporation, North Carolina Natural Gas Corporation, a Delaware corporation, Florida Power Corporation, a Florida corporation, and CP&L Services (solely in its capacity as administrator of the money pool) (each a "Party" and collectively, the "Parties").

WITNESSETH:

WHEREAS, the Parties desire to establish a Money Pool (the "Utility Money Pool") to coordinate and provide for certain of their short-term cash and working capital requirements; and

WHEREAS, the utility subsidiaries that will participate in the Utility Money Pool (each a "Subsidiary" and collectively, the "Subsidiaries") will from time to time have need to borrow funds on a short-term basis, and certain of the Subsidiaries will from time to time have funds available to loan on a short-term basis;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants and provisions contained herein, the Parties hereto agree as follows:

ARTICLE I

CONTRIBUTIONS AND BORROWINGS

Section 1.01 Contributions to Utility Money Pool.

Each Subsidiary will determine each day, on the basis of cash flow projections and other relevant factors, in such Subsidiary's sole discretion, the amount of funds it has available for contribution to the Utility Money Pool, and will contribute such funds to the Utility Money Pool. The determination of whether a Subsidiary at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such Subsidiary's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Subsidiary's sole discretion. Each Subsidiary may withdraw any of its funds at any time upon notice to CP&L Services, as administrative agent of the Utility Money Pool.

Section 1.02 Rights to Borrow.

Subject to the provisions of Section 1.04(c) of this Agreement, the short-term borrowing needs of the Subsidiaries will be met by funds in the Utility Money Pool to the extent such funds are available. Each Subsidiary shall have the right to make short-term borrowings from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein and in the applicable orders of the Securities and Exchange Commission ("SEC"). Each Subsidiary may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the Parties; *provided, however*, that the aggregate amount of all loans requested by any Subsidiary hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of the SEC and other regulatory authorities, resolutions of such Subsidiary's Board of Directors, such Subsidiary's governing corporate documents, and agreements binding upon such Subsidiary. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by, CP&L Energy.

Section 1.03 Source of Funds.

(a) Funds will be available through the Utility Money Pool from the following sources for use by the Subsidiaries from time to time: (1) surplus funds in the treasuries of Subsidiaries, (2) surplus funds in the treasury of CP&L Energy, and (3) proceeds from bank borrowings and/or commercial paper sales by Parties ("External Funds"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such order as CP&L Services, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to Subsidiaries borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the Subsidiaries providing funds to the Utility Money Pool.

(b) Borrowing Subsidiaries will borrow *pro rata* from each lending Party in the proportion that the total amount loaned by such lending Party bears to the total amount then loaned through the Utility Money Pool. On any day when more than one funding source (*e.g.*, surplus treasury funds of CP&L Energy and any Subsidiary ("Internal Funds") and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing Subsidiary will borrow *pro rata* from each funding source in the same proportion that the amount of funds provided by that funding source bears to the total amount of short-term funds available to the Utility Money Pool.

Section 1.04 Authorization.

(a) Each loan shall be authorized by the lending Party's chief financial officer or treasurer, or by a designee thereof.

(b) CP&L Services, as administrator of the Utility Money Pool, will provide each Party with periodic activity and cash accounting reports that include, among other things,

reports of cash activity, the daily balance of loans outstanding and the calculation of interest charged.

(c) All borrowings from the Utility Money Pool shall be authorized by the borrowing Subsidiary's chief financial officer or treasurer, or by a designee thereof. No Subsidiary shall be required to effect a borrowing through the Utility Money Pool if such Subsidiary determines that it can (and is authorized to) effect such borrowing at lower cost directly from banks or through the sale of its own commercial paper.

Section 1.05 Interest.

The daily outstanding balance of all loans to any Subsidiary shall accrue interest as follows:

(a) If only Internal Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily balances shall be the rates for high-grade unsecured 30-day commercial paper of major corporations sold through dealers as quoted in The Wall Street Journal (the "Average Composite").

(b) If only External Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily outstanding balance shall be the lending Party's cost for such External Funds or, if more than one Party had made available External Funds at any time during the month, the applicable interest rate shall be a composite rate, equal to the weighted average of the costs incurred by the respective Parties for such External Funds.

(c) In cases where the daily outstanding balances of all loans outstanding at any time during the month include both Internal Funds and External Funds, the interest rate applicable to the daily outstanding balances for the month shall be equal to the weighted average of the (i) cost of all Internal Funds contributed by Parties, as determined pursuant to Section 1.05(a) of this Agreement, and (ii) the cost of all such External Funds, as determined pursuant to Section 1.05(b) of this Agreement.

The interest rate applicable to Loans made by Parties to the Utility Money Pool under Section 1.03(a) of this Agreement shall be equal to the rate determined pursuant to subsection (a), (b) or (c), above, as applicable.

Section 1.06 Certain Costs.

The cost of compensating balances and fees paid to banks to maintain credit lines by Parties lending External Funds to the Utility Money Pool shall initially be paid by the Party maintaining such line. A portion of such costs shall be retroactively allocated every month to the Subsidiaries borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

Section 1.07 Repayment.

Each Subsidiary receiving a loan from the Utility Money Pool hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 365 days of the date on which such loan was made. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.08 Form of Loans to Subsidiaries.

Loans to the Subsidiaries from the Utility Money Pool shall be made as open-account advances, pursuant to the terms of this agreement. A separate promissory note will not be required for each individual transaction. Instead, a promissory note evidencing the terms of the transactions shall be signed by the Parties to the transaction. Any such note shall: (a) be in substantially the form of the note attached hereto; (b) be dated as of the date of the initial borrowing; (c) mature on demand or on a date agreed by the Parties to the transaction, but in any event not later than one year after the date of the applicable borrowing; and (d) be repayable in whole at any time or in part from time to time, without premium or penalty.

ARTICLE II

OPERATION OF UTILITY MONEY POOL

Section 2.01 Operation.

Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by CP&L Services under the authority of the appropriate officers of the Parties. CP&L Services shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the Parties. CP&L Services will administer the Utility Money Pool on an "at cost" basis. Separate records shall be kept by CP&L Services for the Utility Money Pool established by this Agreement and any other money pool administered by CP&L Services.

Section 2.02 Investment of Surplus Funds in the Utility Money Pool.

Funds not required for the Utility Money Pool loans (with the exception of funds required to satisfy the Utility Money Pool's liquidity requirements) will ordinarily be invested in one or more short-term investments, including (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 by S&P or P-1 by Moody's, or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar funds; and (viii) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

Section 2.03 Allocation of Interest Income and Investment Earnings.

The interest income and other investment income earned by the Utility Money Pool on loans and investment of surplus funds will be allocated among the Parties in accordance with the proportion each Party's contribution of funds in the Utility Money Pool bears to the total amount of funds in the Utility Money Pool and the cost of any External Funds provided to the Utility Money Pool by such Party. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.04 Event of Default.

If any Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Subsidiary seeking to adjudicate it bankrupt or insolvent, then CP&L Services, on behalf of the Utility Money Pool, may, by notice to the Subsidiary, terminate the Utility Money Pool's commitment to the Subsidiary and/or declare the principal amount then outstanding of, and the accrued interest on, the loans and all other amounts payable to the Utility Money Pool by the Subsidiary hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by each Subsidiary.

ARTICLE III

MISCELLANEOUS

Section 3.01 Amendments.

No amendment to this Agreement shall be adopted except in a writing executed by the Parties and subject to all applicable approvals by the SEC and the applicable state utility regulatory commission.

Section 3.02 Legal Responsibility.

Nothing herein contained shall render any Party liable for the obligations of any other Party hereunder and the rights, obligations and liabilities of the Parties are several in accordance with their respective obligations, and not joint.

Section 3.03 Rules for Implementation.

The Parties may develop a set of guidelines for implementing the provisions of this Agreement, provided that the guidelines are consistent with all of the provisions of this Agreement.

Section 3.04 Governing Law.

This Agreement shall be governed by and construed in accordance with, the laws of the State of North Carolina, without regard to the conflicts of laws provisions thereof.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party hereto as of the date first above written.

CP&L ENERGY, INC.

By: _____
Name:
Title:

CAROLINA POWER & LIGHT COMPANY

By: _____
Name:
Title:

NORTH CAROLINA NATURAL GAS CORPORATION

By: _____
Name:
Title:

FLORIDA POWER CORPORATION

By: _____
Name:
Title:

CP&L SERVICES (solely in its capacity as administrator)

By: _____
Name:
Title:

FORM OF NOTE TO BE EXECUTED BY BORROWING APPLICANT TO UTILITY MONEY POOL AGREEMENT

FOR VALUE RECEIVED, the undersigned, CP&L Energy, Inc. (the "Borrower"), hereby promises to pay to the order of the Utility Money Pool Agreement (the "Lender") at its principal office in Raleigh, North Carolina, on demand but in any event not later than one year after the date of such loan, the principal sum set forth on the grid attached hereto as "Principal Amount Outstanding." This note may be prepaid in full at any time or in part from time to time without premium or penalty. The Principal Amount Outstanding shall bear interest, calculated daily, at the appropriate rate per Section 1.05 of the Agreement.

(Name of Borrower)

By: _____

Title: _____

Date: _____

FORM OF NOTE TO BE EXECUTED BY BORROWING APPLICANT TO UTILITY MONEY POOL AGREEMENT

FOR VALUE RECEIVED, the undersigned, North Carolina Natural Gas Corporation (the "Borrower"), hereby promises to pay to the order of the Utility Money Pool Agreement (the "Lender") at its principal office in Raleigh, North Carolina, on demand but in any event not later than one year after the date of such loan, the principal sum set forth on the grid attached hereto as "Principal Amount Outstanding." This note may be prepaid in full at any time or in part from time to time without premium or penalty. The Principal Amount Outstanding shall bear interest, calculated daily, at the appropriate rate per Section 1.05 of the Agreement.

(Name of Borrower)

By: _____

Title: _____

Date: _____

**FORM OF NOTE TO BE EXECUTED BY BORROWING APPLICANT TO UTILITY
MONEY POOL AGREEMENT**

FOR VALUE RECEIVED, the undersigned, Carolina Power & Light Company (the "Borrower"), hereby promises to pay to the order of the Utility Money Pool Agreement (the "Lender") at its principal office in Raleigh, North Carolina, on demand but in any event not later than one year after the date of such loan, the principal sum set forth on the grid attached hereto as "Principal Amount Outstanding." This note may be prepaid in full at any time or in part from time to time without premium or penalty. The Principal Amount Outstanding shall bear interest, calculated daily, at the appropriate rate per Section 1.05 of the Agreement.

(Name of Borrower)

By: _____

Title: _____

Date: _____

**FORM OF NOTE TO BE EXECUTED BY BORROWING APPLICANT TO UTILITY
MONEY POOL AGREEMENT**

FOR VALUE RECEIVED, the undersigned, Florida Power Corporation (the "Borrower"), hereby promises to pay to the order of the Utility Money Pool Agreement (the "Lender") at its principal office in Raleigh, North Carolina, on demand but in any event not later than one year after the date of such loan, the principal sum set forth on the grid attached hereto as "Principal Amount Outstanding." This note may be prepaid in full at any time or in part from time to time without premium or penalty. The Principal Amount Outstanding shall bear interest, calculated daily, at the appropriate rate per Section 1.05 of the Agreement.

(Name of Borrower)

By: _____

Title: _____

Date: _____