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Attachment B

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Progress Energy Florida
PEF 05 00 1367 - R.11.C.1 *Set 9/24/05*
Report of Independent Registered Public Accounting Firm
Report Issues 3/10/05

*Specified
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PROGRESS ENERGY INC filed this 10-K on 03/16/2005.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS OF FLORIDA PROGRESS CORPORATION AND FLORIDA POWER CORPORATION (THE "CORPORATIONS") AND PROGRESS ENERGY FLORIDA, INC.

We have audited the accompanying consolidated balance sheets of Florida Progress Corporation and its subsidiaries (Florida Progress) and the accompanying balance sheets of Florida Power Corporation (FPC) and Progress Energy Florida, Inc. (PEF) as of December 31, 2004 and 2003, and the related Florida Progress consolidated statements of income, common equity, comprehensive income and cash flows and the related PEF statements of income, common equity, comprehensive income, and cash flows for each of the three years in the period ended December 31, 2004. These financial statements are the responsibility of the respective 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Florida Progress and PEF are not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Florida Progress' and PEF's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such financial statements present fairly, in all material respects, the financial position of Florida Progress and of PEF, respectively, at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 1 and 6B to the financial statements, in 2001, Florida Progress and PEF adopted Statement of Financial Accounting Standards No. 141.

/s/ Deloitte & Touche LLP

Raleigh, North Carolina
March 7, 2005

SEC Auditor Comments: Deloitte & Touche expressed no opinion about financial statements. They do state that, based on their auditing, the consolidated financial statements for 2003 and 2004 represent the financial position of PEF in all material respects.

<http://ecbn.tenkwizard.com/print.php?repo=tenk&ipage=3336939&num=38&doc=1&pg=...> 5/24/2005

PEF-RC-030170		7-1
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Memo

*Specified
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Date: 6/24/2005
To: Lynn Deamer, Regulatory Analyst Supervisor- Tallahassee District
Cc:
From: Gennaro Jackson II, Regulatory Analyst I - Tallahassee District
RE: Progress Energy Florida, Board of Directors Minutes

This memo serves as a follow-up on the reviewing of the Minutes of the Meeting of the Board of Directors of Progress Energy Florida for year ended December 31, 2004; prepared by Gennaro Jackson II on Tuesday, June 21, 2005. While reviewing the said minutes, the auditor notice two undisclosed proposals presented by shareholders at the Annual Shareholders Meeting. The Company's attorney, Alex Glenn, later informed the audit staff as to the nature of the proposals. The following were proposed at the Annual Shareholders Meeting:

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PEF-RC-030177

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Progress Energy Florida

Rate Case

Board of Directors Meeting Minutes (Auditor Notes)

For Period Ended December 31, 2004

Gennaro Jackson II

Notes

Period - It appears that Progress Energy Board of Directors meet on a quarterly basis. The auditor observed there were Three (3) held in the First quarter ((1) January, (2) March), Two (2) held in the Third quarter (July, September) and Two (2) held in the fourth quarter (November, December). Total meetings held in 2004 seven (7).

arranged covered: For the months of January, March, July, November and December there was no defined covered period. Minutes from September indicated that ^{the} meeting was held for an extended time (September 16-17, 2004)

January Meetings Minutes

Mr. William Cavanaugh III, Chairman and CEO of the Company, submitted a request to Corporate Governance Committee that the Company's ~~success~~ Succession Plan be accelerated to allow him to retire as soon as he meets the normal retirement age. The Board approved and as of January 20, 2004, Mr. Cavanaugh will reach the normal retirement age of 65 years. Retirement Effective March 2, 2004 as CEO and

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Supplemental Confidential

May 12, 2004 as Chairman. Mr. ^{Robert B.} McGeehee nominated for election to the Board would be included in proxy material to be mailed to shareholders. Mr. Robert McGeehee ^{was} also ~~transition into~~ ~~recommended~~ ~~to~~ ~~selected~~ ~~Mr. McGeehee~~ as president and CEO. Effective March 2 2004

- The auditor found no further matters of material importance ⁱⁿ ~~in~~ the ^{minutes of meeting of} Board of Directors held ^{and adjourned on} January 22, 2004.

March 22, 2004 Minutes



March 17, 2004 Minutes



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6/24/05

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Discussed management's div. dividend recommendation and recommended approval to the full Board for the declaration of cash dividends on outstanding share of Progress Energy common shares at recommended level, and as well as the declaration for dividends to be paid to Progress Energy from Progress Energy Carolinas and Florida Progress.

Authorized the issuance of up to \$500 million in addition. All additional 12,000,000 shares of common stock of not less than \$40.00 per share.

Dividend of 5 7/2 cents per share on the fully paid common stock of company be declared payable on May 1, 2004 to shareholders of record as of April 12, 2004.



Dividend of 5 7/2 cents declared payable on August 2, 2004 to shareholders as of July 12, 2004

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Supplemental Findings

- The auditor found no further matters of material importance stated in the Minutes of meeting of Board of Directors held and adjourned on March 17, 2004, and

May 12, 2004 minutes

- Dividends of 57 1/2 cents declared payable on August 2, 2004 to shareholders as of July 12, 2004.

- The auditor found no further matters of material importance stated in the minutes of meetings of Board of Directors held ~~May 12~~ and adjourned on May 12, 2004.

July 14, 2004 minutes

- The Company has signed an agreement to supply the city of Winter Park, Florida with up to 100 megawatts of power.



- " The auditor "

September 16-17, 2004

- Company is requesting a \$260 million increase to recover increased cost in 2004



Dividend of 59 cents per share on the fully paid common stock of the company be declared payable on Feb 1 2005 to shareholders of record as of January 10, 2005.

PEF-RC-030182

December 8 2004

" The auditor

November 17, 2004

" The auditor

Dividends declared payable on November 1, 2004 to shareholders of record as of October 11, 2004. Recommended quarterly dividend of 57 1/2 cents per share.

Specified (not dividend)

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"the auditor"