FLORIDA PROGRESS CORPORATION

Douglas E. Wentz
Director, Transactions Counsel
Group and Assistant Secretary

September 18, 2000

VIA OVERNIGHT MAIL

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

001430-EI

Re: Application of Florida Power Corporation for Authority to Issue and Sell Securities during the Twelve Months Ending December 31, 2001, Pursuant to Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code

Dear Ms. Bayó:

Enclosed for filing are one certified original (unbound per Chapter 25-8.005), five uncertified copies (stapled), and one copy on a 3.5 inch diskette of the above-referenced Application of Florida Power Corporation For Authority to Issue and Sell Securities. The diskette contains a copy of the Application and exhibits in the following file names and formats:

Document		Filename	Format
Application		application.doc	MS Word
Exhibit A	Financial Statements:		
	Form 10-K	Pwr10k.xls	Excel
	Form 10-Q	Pwr10q.xls	Excel
Exhibit B		exhibit-b1.doc	MS Word
Exhibit C		exhibit-c1-2.doc	MS Word
Exhibit D		exhibit-d.xls	Excel
Exhibit E		exhibit-e.doc	MS Word

Please acknowledge your receipt of the above by date stamping the enclosed copy of this letter and returning it to me using the enclosed self-addressed and stamped envelope.

Very truly yours,

Douglas E. Wentz

Douglas E. Wentz

Enclosures
cc: Jack Shreve, Esq. (with enclosure)

P:/DW...

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

11743 SEP 18 8

FPSC-RECORDS/REPORTING

One Progress Plaza, Suite 1500 • P.O. Box 14042 • St. Petersburg, Florida 33733 • (727) 820-5151
email: douglas.e.wentz@fpc.com

DOCKET NO. 001430-EI

FLORIDA PUBLIC SERVICE COMMISSION

TALLAHASSEE, FLORIDA

APPLICATION OF

FLORIDA POWER CORPORATION

FOR AUTHORITY TO ISSUE AND SELL

SECURITIES DURING THE TWELVE MONTHS ENDING DECEMBER 31, 2001

PURSUANT TO SECTION 366.04, FLORIDA STATUTES,

AND CHAPTER 25-8, FLORIDA ADMINISTRATIVE CODE

Address communications in connection with this Application to:

Pamela A. Saari
Treasurer
Florida Power Corporation
One Progress Plaza
St. Petersburg, FL 33701

Kenneth E. Armstrong
Vice President and General Counsel
Florida Power Corporation
One Progress Plaza
St. Petersburg, FL 33701

Dated: September 15, 2000

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

IN RE: APPLICATION OF FLORIDA POWER CORPORATION FOR AUTHORITY TO ISSUE AND SELL SECURITIES DURING THE TWELVE MONTHS ENDING DECEMBER 31, 2001 PURSUANT TO SECTION 366.04, FLORIDA STATUTES, AND CHAPTER 25-8, FLORIDA ADMINISTRATIVE CODE.

The Applicant, Florida Power Corporation (herein called the "Company"), respectfully represents to the Florida Public Service Commission (herein called the "Commission"), that it proposes to issue, sell or otherwise incur during 2001 any combination of additional equity securities and long-term debt securities and obligations, consisting of (i) up to $400 million outstanding at any time of commercial paper backed by, or borrowings under, the Company's long-term credit agreements, and (ii) $1.03 billion of any combination of equity securities and other long-term debt securities and obligations. In addition, the Company proposes to issue, sell and have outstanding at any given time during 2001 short-term unsecured securities and debt obligations, including commercial paper classified as short-term debt for accounting purposes, in an aggregate amount not in excess of $500 million, which amount shall be in addition to and in excess of the authority conferred on the Company by Section 366.04, Florida Statutes, to issue short-term securities aggregating to more than five percent of the par value of the Company's other outstanding securities. The Company hereby applies for requisite authority for these proposed financings, pursuant to Section 366.04, Florida Statutes, by submitting the following information in the manner and form prescribed in Chapter 25-8, Florida Administrative Code, including the required Exhibits A-C and additional Exhibits D-E attached hereto.

CONTENTS OF APPLICATION

(1) The exact name of the Company and address of its principal business office is as follows:

Florida Power Corporation
One Progress Plaza
St. Petersburg, Florida 33701

(2) The Company was incorporated in Florida in 1899 and reincorporated in Florida in 1943. The Company is continuing its corporate existence pursuant to its Amended Articles of Incorporation, as amended, a copy of which was filed as Exhibit A to the Application Of Florida Power Corporation For Authority To Issue And Sell Securities During The Twelve Months Ending December 31, 1994 (Docket No. 931029-EI) and is incorporated herein by reference. The Company's financial statement schedules required under Sections 25-8.003 (1)(a)-(b), Florida Administrative Code, are filed herewith as Exhibits A and B (1) - (2), respectively.

(3) The name and address of the persons authorized to receive notices and communications with respect to this Application are as follows:

Pamela A. Saari
Treasurer
Florida Power Corporation
One Progress Plaza
St. Petersburg, FL 33701

Kenneth E. Armstrong
Vice President and General Counsel
Florida Power Corporation
One Progress Plaza
St. Petersburg, FL 33701

(4)(a)(b)(c) A statement detailing information concerning each class and series of the Company's capital stock and long-term debt is contained in Exhibit C attached hereto.

(d) The amount held as reacquired securities: The Company does not hold any reacquired securities. From time to time, the Company has redeemed certain outstanding first mortgage bonds and shares of its cumulative preferred stock, but such bonds and shares are canceled upon redemption or reacquisition. Under the Company's articles of incorporation, all or any shares of Preferred Stock or Preference Stock redeemed or acquired by the Company may thereafter be reissued or otherwise disposed of at any time, subject to limitations imposed by law and in the articles.

(e) The amount pledged by the applicant: None.

(f) The amount owned by affiliated corporations: All of the Company's outstanding common stock (100 shares) is owned by the Company's parent, Florida Progress Corporation, (herein called "Florida Progress"). The Company has no other stock or debt owned by affiliated corporations. See paragraph (10) hereof.

(g) The amount held in any fund: None.

(5) The transactions that the Company may enter into during 2001 include, but are not limited to, the possible transactions listed on Exhibit D attached hereto. The proposed transactions are subject to periodic review and may change due to market conditions or for other reasons. The Company ultimately may issue any combination of the types of securities described below, subject to the aggregate dollar limitations requested in this Application.

(5)(a)(1) The kind and the nature of the securities that the Company seeks authority to issue and sell during 2001 are equity securities and short-term and long-term debt securities and obligations, including, but not limited to, borrowings from banks which are participants in the Company's existing credit facilities. In addition, the Company seeks authority to enter into forward refunding or forward swap contracts during 2001 in connection with outstanding pollution control refunding revenue bonds which are not currently callable.

Short-term debt securities and obligations may include notes to be sold in the commercial paper market ("commercial paper") classified as short-term debt for accounting purposes; extendible commercial notes ("ECNs"), which are typically sold to the same investors as commercial paper and are also classified as short-term debt for accounting purposes; and bank loans, credit agreements or other forms of securities and debt obligations, with maturities less than one year.

The long-term debt securities and obligations may take the form of first mortgage bonds, debentures, medium-term notes or other notes, commercial paper backed by long-term credit agreements, installment contracts, credit agreements or other forms of securities and debt obligations, whether secured or unsecured, with maturities greater than one year. In addition, the Company may enter into options, rights, interest rate swaps or other derivative instruments. The Company also may enter into installment purchase and security agreements, loan agreements, or other arrangements with political subdivisions of the State of Florida or pledge debt securities or issue guarantees in connection with such political subdivisions' issuance, for the ultimate benefit of the Company, of pollution control revenue bonds, solid waste disposal revenue bonds, industrial development revenue bonds, variable rate demand notes, or other "private activity bonds" with maturities ranging from one to forty years, bond anticipation notes, or commercial paper. Such obligations may or may not bear interest exempt from federal tax.

The equity securities that the Company may issue include common stock, cumulative preferred stock, preference stock, or warrants, options or rights to acquire such securities, or other equity securities, with such par values, terms and conditions and relative rights and preferences as are deemed appropriate by the Company and permitted by its articles of incorporation, as they may be amended from time to time.

The Company also may enter into preferred securities financings that may have various structures, including a structure whereby the Company would establish and make an equity investment in a special purpose trust, limited partnership or other entity. The entity would offer preferred securities to the public and lend the proceeds to the Company. The Company would issue debt securities to the entity equal to the aggregate of its equity investment and the amount of preferred securities issued. The Company may also guarantee, among other things, the distributions to be paid by the entity to the holders of the preferred securities.

The manner of issuance and sale of securities will be dependent upon the type of securities being offered, the type of transaction in which the securities are being issued and sold and market conditions at the time of the issuance and sale. Securities may be issued through negotiated underwritten public offerings, public offerings at competitive biddings, private sales or sales through agents, and may be issued in both domestic and foreign markets. Credit agreements may be with banks or other lenders. The Company's commercial paper will be for terms up to but not exceeding nine months from the date of issuance. The commercial paper will be sold at a discount, including the underwriting discount of the commercial paper dealer, at rates comparable to interest rates being paid in the commercial paper market by borrowers of similar creditworthiness. ECNs will be sold under terms and conditions substantially similar to commercial paper. Initial redemption dates on the ECNs will not exceed 90 days from the date of issue. The Company will have the option to extend the final maturity date to 390 days from the date of issue; however, it does not anticipate that it will elect to do so. The Company plans to refund from time to time outstanding commercial paper, ECNs and short-term borrowings, which mature on a regular basis, with preferred stock, first mortgage bonds, medium-term notes, or other long-term securities and debt obligations.

(5)(a)(2) In connection with borrowing from banks and in support of its commercial paper program, the Company has executed a number of credit agreements, and may extend the terms of these agreements or enter into additional agreements as the need arises. The Company has executed a $200 million 364-day revolving credit facility and a $200 million five-year revolving long-term credit facility with a group of banks under which borrowings may be made from time to time. These facilities were effective November 26, 1991 and January 1, 1992, respectively. The 364-day revolving credit facility has been extended to its current expiration date in November 2000, and the five-year facility has been extended to its current expiration date in November 2003. To date, no borrowings have been made under these credit agreements. These credit facilities have been and will continue to be used primarily to back up the Company's $400 million commercial paper program, and are extendable at the request of the Company with the consent of the participating banks. The Company is currently in the process of requesting that the 364-day facility be extended from November 14, 2000 to November 13, 2001. In addition to these two credit facilities, the Company may establish other long-term credit facilities for an additional $200 million in connection with a self-insurance program. In November 1993, the Commission approved the Company's petition to implement a self-insurance program for storm damage to its transmission and distribution lines in Order No. PSC-93-1522-FOF-EI (the "Petition to Self-Insure"). The Company self-insures against casualties to its transmission and distribution system, and may establish an additional long-term credit facility with a group of banks that would provide a committed source of bank loans to fund, or to back up commercial paper to fund, repairs in the event of any loss.

The Company's existing $200 million five-year revolving long-term credit facility, the additional long-term credit facility proposed in the Petition to Self-Insure, and any other long-term credit agreements or amendments thereto that the Company may execute, are hereinafter collectively referred to as the "Long-Term Credit Agreements". For accounting purposes, the Company classifies monies borrowed under, and commercial paper backed by, the Long-Term Credit Agreements as long-term debt. As such, commercial paper could be outstanding from time to time that is backed by the Long-Term Credit Agreements and monies could be borrowed under the Long-Term Credit Agreements, repaid and reborrowed from time to time. However, no more than $400 million of such debt, which would be classified as long-term debt, is expected to be outstanding at any one time. In connection therewith, the Company will report any use or change of its Long-Term Credit Agreements during 2001 in its Consummation Report to be filed with the Commission not later than 90 days after the close of the 2001 calendar year.

(5)(b) The maximum principal amount of additional equity securities and long-term debt securities and obligations proposed to be issued, sold, or otherwise incurred during 2001 is $400 million outstanding at any time of commercial paper backed by, or borrowings under, the Company's Long-Term Credit Agreements, and $1.03 billion of any combination of equity securities and other long-term debt securities and obligations. The Company also proposes to issue, sell and have outstanding at any given time during 2001 short-term unsecured securities and debt obligations, including commercial paper and ECNs classified as short-term debt for accounting purposes, in an aggregate amount not in excess of $500 million, which amount shall be in addition to and in excess of the authority conferred on the Company by Section 366.04, Florida Statutes, to issue short-term securities aggregating not more than five percent of the par value of the Company's other outstanding securities.

The Company will file a consummation report with the Commission in compliance with Rule 25-8.009, Florida Administrative Code, within 90 days after the close of the 2001 calendar year to report any securities issued during that year.

(5)(c) On September 14, 2000, the estimate of the interest rates for securities proposed to be issued by the Company were as follows (with reference to current rates for comparable securities):

1. 30-year medium-term notes: 8.05%.
2. 10-year medium-term notes: 7.65%.
3. 5-year medium-term notes: 7.35%.
4. 30-day commercial paper sold through dealers (bond-equivalent basis): 6.60%.
5. Prime interest rate: 9.50%.

The actual interest rates to be paid by the Company during 2001 will be determined by the market conditions at the time of issuance.

(6) The net proceeds to be received from the sale of the additional securities will be added to the Company's general funds and may be used to provide additional electric facilities during 2001 pursuant to the Company's construction program, to repay maturing long-term debt or short-term unsecured debt, to refund existing obligations with lower cost debt, or for other corporate purposes. The forward refunding contracts would be for the purpose of refunding up to $240.9 million of pollution control refunding revenue bonds which were issued on the Company's behalf and become callable in June 2001, January 2002 and August 2002. These pollution control bonds include the following series: 7.20% Pinellas County due December 2014

($32,200,000), 6.35% Citrus County due February 2022 ($90,000,000), 6.35% Pasco County due February 2022 ($10,115,000) and 6.625% Citrus County due January 2027 ($108,550,000). Under federal tax law, pollution control revenue bonds cannot be refunded with tax-exempt bonds issued more than 90 days prior to the redemption or retirement of the outstanding issue. However, through a forward refunding contract, the Company could lock in prevailing tax-exempt fixed rates for refunding pollution control revenue bonds which would be issued 90 days prior to the first call date of the outstanding issue. Alternatively, the Company could enter into a forward swap contract, to become effective on the first call date of the outstanding issue, to lock in prevailing tax-exempt fixed rates. Under future market conditions, it may be economical to enter into forward refunding or forward swap contracts, and any anticipated savings generated by such forward transactions would be spread over the respective lives of the series of pollution control bonds either refunded or swapped.

A more detailed statement of the Projected Sources and Uses of Funds during 2001 is included as Exhibit B(1) attached hereto. The Company's construction program is developed from its long-range plan to determine needed construction facilities. While the final 2001 Construction Budget is not yet available, the Company's most recently approved construction expenditures forecast excluding Allowance for Funds Used During Construction ("AFUDC") for 2001 is approximately $292.5 million. A detailed listing of this 2001 construction program excluding AFUDC is found in Exhibit B(2) attached hereto. These construction estimates are subject to periodic review and revision to adjust for such factors as changing economic conditions, environmental requirements, regulatory matters and changing customer usage patterns. During 2001, the Company is considering the possibility of a tender offer for, or the defeasance of, two series of the Company's first mortgage bonds totaling $250 million, depending on market conditions. Additional detail concerning the tender offer for, the defeasance of, or the refunding of these obligations, including principal amounts of the obligations to be refunded, tendered or defeased, the discount or premium if applicable thereto, date of issue, and date of maturity, is contained in Exhibits D and E attached hereto.

(7) Based on the reasons shown in sections (5) and (6) above, the Company submits that the proposed financings are consistent with the proper performance by the Company of service as a public utility, will enable and permit the Company to perform that service, are compatible with the public interest and are reasonably necessary and appropriate for such purposes.

(8) Kenneth E. Armstrong, Vice President and General Counsel of the Company, will pass upon the legality of the securities involved herein. His office address is:

Florida Power Corporation
One Progress Plaza
St. Petersburg, Florida 33701

(9) Except for those issuances of securities that are exempt from the registration requirements of the Securities Act of 1933, the issue and sale of the various securities involved herein will require the filing of Registration Statements with the Securities and Exchange Commission ("SEC"), 450 Fifth Street N.W., Washington, DC 20549. A copy of each Registration Statement that has been or will be filed with the SEC will be included with the Company's annual Consummation Report relating to the sale of securities registered thereunder. No other state or federal regulatory body has jurisdiction over the transactions proposed herein, although certain state securities or "blue sky" laws may require the filing of registration statements, consents to service of process or other documents with applicable state securities commissions, including in particular the

Florida Division of Securities and Investor Protection, 101 E. Gaines St., Tallahassee, FL 32399; the Nevada Department of State, Securities Division, 555 East Washington Avenue, 5th Floor, Las Vegas, NV 89101; the New York Department of Law, Bureau of Investor Protection and Securities, 120 Broadway, 23rd Floor, New York, NY 10271; and the Oregon Department of Consumer & Business Services, Division of Finance & Corporate Securities, Labor & Industries Building, Salem, OR 97310.

(10) Except as set forth below, there is no measure of control or ownership exercised by or over the Company by any other public utility. The Company is a wholly owned subsidiary of Florida Progress, a public utility holding company. Florida Progress currently is generally exempt from registration with the SEC under the Public Utility Holding Company Act of 1935 and attendant regulation because its utility operations are primarily intrastate.

Florida Progress has entered into an Amended and Restated Agreement and Plan of Exchange dated as of August 22, 1999, Amended and Restated as of March 3, 2000 (the "Agreement"), with Carolina Power & Light Company ("CP&L") and CP&L Energy, Inc. ("CP&L Energy"). Under the terms of the Agreement, all of the outstanding shares of common stock of Florida Progress will be acquired by CP&L Energy in a statutory share exchange. The transaction has been approved by the Boards of Directors and shareholders of Florida Progress and CP&L Energy, and is expected to close in the fall of 2000, but is subject to certain conditions, including the approval or regulatory review by certain state and Federal government agencies. Each of CP&L Energy and Florida Progress have agreed to certain undertakings and limitations regarding the conduct of their respective businesses prior to the closing of the transaction. Following the closing, it is expected that CP&L Energy will be a registered holding company under the Public Utility Holding Company Act of 1935. For further information concerning the Agreement with CP&L Energy, see the Florida Progress Form 10-K for the year ended December 31, 1999, Form 10-Q for the quarter ended June 30, 2000, and Form 8-Ks dated August 16, 2000 and August 31, 2000; the definitive Proxy Statement of Florida Progress dated July 5, 2000, as filed with the SEC on July 11, 2000; and the joint Form U-1 Application or Declaration under the Public Utility Holding Company Act of 1935 of CP&L and Florida Progress as filed with the SEC on March 14, 2000, as such documents may be amended from time to time. Copies of these documents are available on-line at the website maintained by the Securities and Exchange Commission at http://www.sec.gov.

(11) The following Exhibits are filed herewith and made a part hereof:

Exhibit A — The financial statements and accompanying footnotes as they appear in the Company's Annual Report on Form 10-K for the year ended December 31, 1999, and filed with the SEC in file no. 59-0247770 on March 30, 2000.

The financial statements and accompanying footnotes as they appear in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, and filed with the SEC in file no. 59-0247770 on August 11, 2000.

Exhibit B(1) — Projected Sources and Uses of Funds Statement for 2001.

Exhibit B(2) — Preliminary Construction Expenditures for 2001.

Exhibit C — Capital Stock and Funded Debt of the Company as of August 31, 2000.

Exhibit D — Financing Activity Detail

Exhibit E — Detail of Possible Refundings and Tender Offers.

WHEREFORE, the Company hereby respectfully requests that the Commission enter its Order approving this Application for authority to issue and sell securities during the twelve months ending December 31, 2001, and more specifically, to order that:

(a) Florida Power Corporation's application to issue and sell securities during the twelve months ending December 31, 2001, pursuant to Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code (the "Application") is granted;

(b) Florida Power Corporation is authorized to issue, sell, or otherwise incur any combination of additional equity securities and long-term debt securities and obligations during 2001, consisting of (i) up to $400 million outstanding at any time of commercial paper backed by, or borrowings under, the Company's Long-Term Credit Agreements, and (ii) $1.03 billion of any combination of equity securities and other long-term debt securities and obligations;

(c) Florida Power Corporation is also authorized to issue, sell and have outstanding at any given time short-term unsecured borrowings and commercial paper classified as short-term debt for accounting purposes, in an aggregate amount not in excess of $500 million, which amount shall be in addition to and in excess of the authority conferred on the Company by Section 366.04 Florida Statutes to issue short-term securities aggregating not more than five percent of the par value of the Company's other outstanding securities; and

(d) The kind and nature of the securities that Florida Power Corporation is authorized to issue during 2001 are equity securities and short-term and long-term debt securities and obligations, as set forth in the Company's Application.

(e) Florida Power Corporation shall file a Consummation Report in accordance with Rule 25-8.009, Florida Administrative Code, within 90 days after the close of the 2001 calendar year.

Respectfully submitted this
15th day of September, 2000

FLORIDA POWER CORPORATION

By: Pamela A. Saari
Pamela A. Saari
Treasurer

STATE OF FLORIDA)
)
COUNTY OF PINELLAS)

CERTIFICATION OF APPLICATION AND EXHIBITS

Each of the undersigned, John Scardino, Jr. and Pamela A. Saari, being first duly sworn, deposes and says that he/she is the Vice President and Controller, and the Treasurer, respectively, of FLORIDA POWER CORPORATION, the Applicant herein; that he/she has read the foregoing application and exhibits of said Florida Power Corporation and knows the contents thereof; and certifies that the same are true and correct to the best of his/her knowledge and belief.

John Scardino, Jr.
Vice President and Controller

Pamela A. Saari
Pamela A. Saari
Treasurer

STATE OF FLORIDA)
)
COUNTY OF PINELLAS)

The foregoing instrument was acknowledged before me this 15th day of September, 2000, by John Scardino, Jr. and Pamela A. Saari, who are personally known to me and who did take an oath.

(Seal)

Cynthia McRee
Signature
Cynthia McRee
Printed Name

OFFICIAL NOTARY SEAL
CYNTHIA MCREE
NOTARY PUBLIC STATE OF FLORIDA
COMMISSION NO. CC772187
MY COMMISSION EXP. SEPT 24,2002

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EXHIBIT A

The financial statements and accompanying footnotes as they appear in the Florida Power Corporation Annual Report on Form 10-K for the year ended December 31, 1999.

The financial statements and accompanying footnotes as they appear in the Florida Power corporation Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.

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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, 1999

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	New York Stock Exchange
Preferred Stock Purchase Rights	Pacific Stock Exchange
7.10% Cumulative Quarterly Income Preferred Securities, Series A, of FPC Capital I (and the Guarantee of Florida Progress with respect thereto)	New York 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)

FLORIDA POWER CORPORATION
Statements of Income
For the years ended December 31, 1999, 1998 and 1997
(Dollars in millions)

	1999	1998	1997
OPERATING REVENUES:	$2,632.6	$2,648.2	$2,448.4
OPERATING EXPENSES:			
Operation:			
Fuel	596.0	595.7	458.1
Purchased power	414.1	433.8	490.6
Energy conservation costs	81.2	79.6	67.0
Operation and maintenance	466.4	471.6	422.3
Extended nuclear outage — O&M and replacement power costs	—	5.1	173.3
Depreciation and amortization	347.5	347.1	325.9
Taxes other than income taxes	203.1	203.6	193.6
Income taxes	149.1	140.3	69.9
	2,257.4	2,276.8	2,200.7
INCOME FROM OPERATIONS	375.2	371.4	247.7
OTHER INCOME AND DEDUCTIONS:			
Allowance for equity funds used during construction	3.8	7.5	5.4
Other income (expense), net	8.6	(1.7)	(4.2)
	12.4	5.8	1.2
INTEREST CHARGES:			
Interest on long-term debt	105.8	115.6	102.4
Other interest expense	18.2	20.9	14.9
	124.0	136.5	117.3
Allowance for borrowed funds used during construction	(3.4)	(9.4)	(4.3)
	120.6	127.1	113.0
NET INCOME	267.0	250.1	135.9
DIVIDENDS ON PREFERRED STOCK	1.5	1.5	1.5
NET INCOME AFTER DIVIDENDS ON PREFERRED STOCK	$ 265.5	$ 248.6	$ 134.4

The accompanying notes are an integral part of these financial statements.

FLORIDA POWER CORPORATION
Balance Sheets
December 31, 1999 and 1998
(Dollars in millions)

	1999	1998
ASSETS		
PROPERTY, PLANT AND EQUIPMENT:		
Electric utility plant in service and held for future use	$6,784.8	$6,307.8
Less — Accumulated depreciation	2,923.8	2,716.0
Accumulated decommissioning for nuclear plant	285.0	254.8
Accumulated dismantlement for fossil plants	132.5	130.7
	3,443.5	3,206.3
Construction work in progress	139.7	378.3
Nuclear fuel, net of amortization of $401.0 in 1999 and $377.2 in 1998	68.7	45.9
	3,651.9	3,630.5
Other property, net	10.0	11.5
	3,661.9	3,642.0
CURRENT ASSETS:		
Accounts receivable, less allowance for doubtful accounts of $4.0 in 1999 and $3.8 in 1998	210.8	206.0
Inventories, primarily at average cost:		
Fuel	76.4	48.4
Materials and supplies	90.8	83.3
Deferred income taxes	41.4	56.0
Prepayments and other	101.3	69.5
	520.7	463.2
DEFERRED CHARGES AND OTHER ASSETS:		
Costs deferred pursuant to regulation:		
Deferred purchased power contract termination costs	297.8	321.0
Other	94.0	113.6
Investments in nuclear plant decommissioning fund	377.2	332.1
Other	50.9	56.2
	819.9	822.9
	$5,002.5	$4,928.1

The accompanying notes are an integral part of these financial statements.

FLORIDA POWER CORPORATION
Balance Sheets
December 31, 1999 and 1998
(Dollars in millions)

	1999	1998
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common stock	$1,004.4	$1,004.4
Retained earnings	880.6	815.7
	1,885.0	1,820.1
CUMULATIVE PREFERRED STOCK:		
Without sinking funds	33.5	33.5
LONG-TERM DEBT	1,478.8	1,555.1
TOTAL CAPITAL	3,397.3	3,408.7
CURRENT LIABILITIES:		
Accounts payable	152.9	154.2
Accounts payable to associated companies	23.1	27.2
Customers' deposits	105.6	104.1
Accrued other taxes	5.8	6.3
Accrued interest	59.6	55.8
Overrecovered utility fuel costs	31.6	22.2
Other	79.3	70.6
	457.9	440.4
Notes payable	153.1	47.3
Current portion of long-term debt	76.8	91.6
	687.8	579.3
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	509.9	563.2
Unamortized investment tax credits	69.5	77.2
Other postretirement benefit costs	119.4	112.9
Other	218.6	186.8
	917.4	940.1
	$5,002.5	$4,928.1

The accompanying notes are an integral part of these financial statements.

FLORIDA POWER CORPORATION

Statements of Cash Flows

For the years ended December 31, 1999, 1998 and 1997
(Dollars in millions)

	1999	1998	1997
OPERATING ACTIVITIES:			
Net income after dividends on preferred stock	$ 265.5	$ 248.6	$ 134.4
Adjustments for noncash items:			
Depreciation and amortization	385.0	382.7	333.8
Extended nuclear outage — replacement power costs	—	—	73.3
Deferred income taxes and investment tax credits, net	(62.2)	36.5	(15.2)
Changes in working capital:			
Accounts receivable	(4.9)	37.9	(69.2)
Inventories	(35.5)	4.2	6.7
Overrecovered/underrecovered utility fuel costs	9.4	51.7	(33.1)
Accounts payable	(5.4)	11.8	51.7
Taxes payable	5.3	(4.2)	(26.0)
Prepayments and other	(23.5)	(11.6)	12.3
Other operating activities	41.3	21.4	(35.9)
	575.0	779.0	432.8
INVESTING ACTIVITIES:			
Construction expenditures	(357.7)	(310.2)	(387.2)
Allowance for borrowed funds used during construction	(3.4)	(9.4)	(4.3)
Cogeneration facility acquisition and contract termination costs	—	—	(445.0)
Other investing activities	(27.5)	(56.8)	(6.0)
	(388.6)	(376.4)	(842.5)
FINANCING ACTIVITIES:			
Issuance of long-term debt	—	144.1	447.7
Repayment of long-term debt	(91.6)	(259.3)	(21.3)
Dividends paid on common stock	(200.6)	(154.9)	(192.4)
Increase (decrease) in short-term debt	105.8	(132.5)	175.7
	(186.4)	(402.6)	409.7
NET INCREASE IN CASH AND EQUIVALENTS	—	—	—
Beginning cash and equivalents	—	—	—
ENDING CASH AND EQUIVALENTS	$ —	$ —	$ —
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest (net of amount capitalized)	$ 113.3	$ 112.6	$ 98.9
Income taxes (net of refunds)	$ 210.9	$ 107.3	$ 108.4
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, 1999, 1998 and 1997
(Dollars in millions)

	Total	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income
Balance, December 31, 1996	$1,825.5	$1,004.4	$ 821.1	$ —
Net income	134.4		134.4	
Dividends paid to parent	(192.4)		(192.4)	
Balance, December 31, 1997	1,767.5	1,004.4	763.1	—
Net income	248.6		248.6	
Dividends paid to parent	(196.0)		(196.0)	
Balance, December 31, 1998	1,820.1	1,004.4	815.7	—
Net income	265.5		265.5	
Dividends paid to parent	(200.6)		(200.6)	
Balance, December 31, 1999	$1,885.0	$1,004.4	$ 880.6	$ —

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 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).

Due to the geographical locations of Electric Fuels' Rail Services, Inland Marine Transportation, and non-Florida Power portion of its Energy & Related Services operations, it is necessary to report their results 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.

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 reduce revenues based on regulatory approval and management's ongoing assessment that it is probable these items will be recovered or refunded through the ratemaking process.

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% for 1999, 1998 and 1997.

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 4.6% for 1999, 4.7% for 1998 and 4.8% for 1997.

The fossil plant dismantlement accrual has been suspended for a period of four years, effective July 1, 1997. (See Note 12 to the Financial Statements - Extended Nuclear Outage.)

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.

In compliance with a regulatory order, 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 following estimated useful lives:

Railcar and recycling equipment	3 to 20 years
Barges and towboats	30 to 35 years
Telecommunications equipment	5 to 20 years

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. Electric Fuels' reserves were evaluated and summarized by an independent consultant. 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 a 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 regulatory asset at December 31, 1999, is currently being recovered from customers over a 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 current 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. Dividend and interest income are recognized when earned.

Acquisitions — During 1999 and 1998, subsidiaries of Electric Fuels acquired 8 and 13 businesses, respectively, in separate transactions. The cash paid for the 1999 and 1998 acquisitions was $55.9 million and $206.6 million, respectively. The excess of the aggregate purchase price over the fair value of net assets acquired was approximately

$24.0 million and $87.8 million in 1999 and 1998, 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 Electric Fuels' operations. The pro forma results of consolidated operations for 1999 and 1998, assuming the 1999 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.

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.

Loss Contingencies — Liabilities for loss contingencies arising from litigation are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. The amount of the liability recorded includes an estimate of outside legal fees directly associated with the loss contingency.

New Accounting Standards — In June 1999, the FASB issued FAS No. 137, "Accounting for Derivative Instruments and Hedging Activities — Deferral of the Effective Date of FAS No. 133," which deferred, for one year, the effective date for the implementation of FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." FAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities and 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 2001. Florida Progress is currently evaluating the effect the standard will have on its financial statements.

NOTE 2: PROPOSED SHARE EXCHANGE

On August 22, 1999, the Company entered into an Agreement and Plan of Exchange (the Agreement) with Carolina Power & Light Company ("CP&L"), and CP&L Holdings, Inc. (now CP&L Energy Inc. ("CP&L Energy")), a wholly owned subsidiary of CP&L. CP&L is in the process of restructuring whereby CP&L Energy will become the holding company of CP&L. All of the outstanding shares of Florida Progress would be acquired by CP&L Energy in a statutory share exchange. For each share of Florida Progress common stock, the Florida Progress shareholder will elect to receive either $54.00 in cash or shares of CP&L Energy common stock, subject to adjustment. The number of CP&L Energy shares to be exchanged for each Florida Progress share will be between 1.1897 and 1.4543, based on the value of CP&L Energy shares during a 20-day consecutive time period ending with the fifth trading day immediately preceding the share exchange. The total of Florida Progress shareholder elections are subject to the limitation that no more than 65 percent of the shares of Florida Progress stock will be exchanged for cash, and no more than 35 percent of the shares of Florida Progress stock will be exchanged for shares of CP&L Energy stock. The agreement was amended on March 3, 2000 to provide that Florida Progress shareholders would receive one contingent value obligation for each share of Florida Progress common stock they own. Each contingent value obligation will represent the right to receive contingent payments based upon the net after-tax cash flow to CP&L Energy generated by four synthetic fuel plants purchased by subsidiaries of Florida Progress in October 1999.

The transaction has been approved by the Boards of Directors of Florida Progress, CP&L Energy and CP&L. The transaction is expected to close in the fall of 2000, shortly after all the conditions to the Agreement, including the approval of the shareholders of Florida Progress and CP&L, and the approval or regulatory review by certain state and federal government agencies are met. While there are no formal FPSC approvals for this transaction, Florida Progress will continue to work with the state regulators regarding the ongoing jurisdiction over Florida Power. Upon completion of the share exchange, CP&L Energy will be subject to regulation as a holding company registered under the Public Utility Holding Company Act of 1935.

The Boards of Directors of Florida Progress, CP&L Energy and CP&L may terminate the Agreement under certain circumstances, including if the share exchange were not completed on or before December 31, 2000, or by June 30, 2001, if the necessary governmental approvals were not obtained by December 31, 2000, but all other conditions have been or could be satisfied by that time. In the event that Florida Progress or CP&L Energy terminate the Agreement in certain other limited circumstances, Florida Progress would be required to pay a $150 million termination fee, plus up to $25 million in fees and expenses.

In addition, Florida Progress' obligation to complete the share exchange is conditioned upon the average closing price of CP&L Energy common stock for the 20-day trading period ending five trading days before the share exchange, not being less than $30. If the average CP&L Energy stock price is less than $30, Florida Progress is not obligated to complete the share exchange.

Both CP&L Energy and Florida Progress have agreed to certain undertakings and limitations regarding the conduct of their respective businesses prior to the closing of the transaction.

NOTE 3: FINANCIAL INSTRUMENTS

Estimated fair value amounts have been determined by the Company using available market information. 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, long-term debt obligations and Company-obligated mandatorily redeemable preferred securities.

The Company held only securities classified as available for sale at both December 31, 1999 and 1998. At December 31, 1999 and 1998, the Company had the following financial instruments with estimated fair values and carrying amounts:

	1999		1998	
(In millions)	**CARRYING AMOUNT**	**FAIR VALUE**	**CARRYING AMOUNT**	**FAIR VALUE**
ASSETS:				
Investments in company-owned life insurance	$ 89.8	$ 89.8	$ 80.4	$ 80.4
Nuclear decommissioning fund	377.2	377.2	332.1	332.1
CAPITAL AND LIABILITIES:				
Company-obligated mandatorily redeemable preferred securities	$ 300.0	$ 249.8	$ —	$ —
Long-term debt:				
Florida Power Corporation	1,555.6	1,512.3	1,646.7	1,740.4
Progress Capital Holdings	761.7	753.6	749.6	763.9

The change in the cash surrender value of the company's investment in company-owned life insurance is reflected in other expense (income) in the accompanying consolidated statements of income. The nuclear decommissioning fund consists primarily of equity securities and municipal, government, corporate, and mortgage-backed debt securities. The debt securities have a weighted average maturity of approximately 10 years. The fund had gross unrealized gains at December 31, 1999 and 1998 of $117.3 million and $97.1 million, respectively. Gross unrealized losses for the same periods were not significant. The proceeds from the sale of securities were $722.2 million, $231.7 million, and $496.2 million for the years ended December 31, 1999, 1998, and 1997, respectively. The cost of securities sold was based on specific identification and resulted in gross realized gains of $7.6 million, $1.5 million, and $1.9 million for the years ended December 31, 1999, 1998, and 1997, respectively. All realized and unrealized gains and losses are reflected as an adjustment to the accumulated provision for nuclear decommissioning.

NOTE 4: INCOME TAXES

FLORIDA PROGRESS

(In millions)	1999	1998	1997
Components of income tax expense:			
Payable currently:			
Federal	$109.6	$ 85.8	$ 86.6
State	20.5	15.3	10.5
	130.1	101.1	97.1
Deferred, net:			
Federal	(28.0)	47.2	(22.4)
State	(2.6)	8.2	(.5)
	(30.6)	55.4	(22.9)
Amortization of investment tax credits, net	(7.8)	(7.9)	(7.8)
	$ 91.7	$148.6	$ 66.4

FLORIDA POWER

(In millions)	1999	1998	1997
Components of income tax expense:			
Payable currently:			
Federal	$185.1	$ 89.2	$73.5
State	28.4	15.3	11.6
	213.5	104.5	85.1
Deferred, net:			
Federal	(49.5)	37.7	(7.6)
State	(4.9)	6.6	0.2
	(54.4)	44.3	(7.4)
Amortization of investment tax credits, net	(7.8)	(7.9)	(7.8)
	$151.3	$140.9	$69.9

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

FLORIDA PROGRESS

	1999	1998	1997
Federal statutory income tax rate	35.0%	35.0%	35.0%
State income tax, net of federal income tax benefits	2.9	3.5	5.4
Amortization of investment tax credits	(1.9)	(1.8)	(6.4)
Synthetic fuel income tax credits	(9.5)	(.6)	—
Other income tax credits	(1.5)	(1.3)	(2.7)
Provision for loss (benefit) on investment in life insurance subsidiary	(2.7)	—	24.9
Other	.3	(.3)	(1.8)
Effective income tax rates	22.6%	34.5%	54.4%

FLORIDA POWER

	1999	1998	1997
Federal statutory income tax rate	35.0%	35.0%	35.0%
State income tax, net of federal income tax benefits	3.7	3.6	3.7
Amortization of investment tax credits	(1.9)	(2.0)	(3.8)
Other	(0.5)	(.4)	(0.9)
	36.3%	36.2%	34.0%

The following summarizes the components of deferred tax liabilities and assets at December 31, 1999 and 1998:

FLORIDA PROGRESS

(In millions)	1999	1998
Deferred tax liabilities:		
Difference in tax basis of property, plant and equipment	$604.9	$621.2
Investment in partnerships	25.5	19.2
Deferred book expenses	25.0	23.4
Other	21.2	38.1
Total deferred tax liabilities	$676.6	$701.9
Deferred tax assets:		
Accrued book expenses	105.9	108.7
Unbilled revenues	17.7	17.6
Other	29.0	36.1
Total deferred tax assets	$152.6	$162.4

FLORIDA POWER

(In millions)	1999	1998
Deferred tax liabilities:		
Difference in tax basis of property, plant and equipment	540.9	$575.1
Deferred book expenses	25.0	23.3
Carrying value of securities over cost	25.9	22.0
Other	7.1	14.3
Total deferred tax liabilities	$598.9	$634.7
Deferred tax assets:		
Accrued book expenses	88.9	90.2
Unbilled revenues	17.7	17.6
Other	23.7	19.7
Total deferred tax assets	$130.3	$127.5

At December 31, 1999 and 1998, Florida Power had net non current deferred tax liabilities of $468.6 million and $563.1 million and net current deferred tax assets of $10.2 million and $55.9 million, respectively. Florida Power expects the results of future operations will generate sufficient taxable income to allow for the utilization of deferred tax assets.

At December 31, 1999 and 1998, Florida Progress had net non current deferred tax liabilities of $565.3 million and $595.4 million and net current deferred tax assets of $41.3 million and $55.9 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.

NOTE 5: NUCLEAR OPERATIONS

Florida Power incurred $100 million in additional operation and maintenance expenses in 1997 as a result of Florida Power's Crystal River nuclear plant (CR3) experiencing an extended outage beginning in September 1996. In January 1998, the NRC granted Florida Power permission to restart the plant. On February 15, 1998, the plant returned to service. With the exception of a planned refueling outage in October 1999, CR3 has produced more than 100% of its rated capacity since its restart in February 1998. (See Note 12 to the Financial Statements.)

Jointly Owned Plant — In September 1999, Florida Power purchased the City of Tallahassee's 1.33% interest in the Crystal River nuclear plant, which was approved by regulatory authorities. The following information relates to Florida Power's 91.78% proportionate share of the nuclear plant at December 31, 1999, and 90.45% proportionate share at December 31, 1998:

(In millions)	1999	1998
Utility plant in service	$773.6	$708.9
Construction work in progress	18.6	44.2
Unamortized nuclear fuel	68.7	45.9
Accumulated depreciation	400.6	368.7
Accumulated decommissioning	285.0	254.8

Net capital additions for Florida Power were $39.2 million in 1999 and $30.0 million in 1998. Depreciation expense, exclusive of nuclear decommissioning, was $34.3 million in 1999 and $32.8 million in 1998. Each co-owner provides for its own financing of its 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 $481.2 million in 1999 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. In November 1999, the FPSC approved Florida Power's request to defer the filing of its nuclear decommissioning cost study for one year, until December 2000.

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 6: 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 or terminated pursuant to the CP&L share exchange. In connection with the CP&L share exchange, the Company executed an amendment to the Shareholder Rights Agreement which provides that the Rights will expire immediately prior to the effective time of the exchange, and the exchange will not cause a triggering event or the issuance of any preferred stock.

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.

Cumulative Preferred Stock, $100 par value, for Florida Power is detailed below:

Dividend Rate	Current Redemption Price	Shares Issued and Outstanding	Outstanding at December 31, 1999 & 1998
			(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 7: COMPANY OBLIGATED MANDATORILY REDEEMABLE CUMULATIVE QUARTERLY INCOME PREFERRED SECURITIES (QUIPS) OF A SUBSIDIARY TRUST HOLDING SOLELY FLORIDA PROGRESS GUARANTEED JUNIOR SUBORDINATED DEFERRABLE INTEREST NOTES

In April 1999, FPC Capital I (the Trust), an indirect wholly owned subsidiary of the Company, issued 12 million shares of $25 par cumulative Company-obligated mandatorily redeemable preferred securities ("Preferred Securities") due 2039, with an aggregate liquidation value of $300 million and a quarterly distribution rate of 7.10%. Currently, all 12 million shares of the Preferred Securities that were issued are outstanding. Concurrent with the issuance of the Preferred Securities, the Trust issued to Florida Progress Funding Corporation (Funding Corp.) all of the common securities of the Trust (371,135 shares), for $9.3 million. Funding Corp. is a direct wholly owned subsidiary of the Company.

The existence of the Trust is for the sole purpose of issuing the Preferred Securities and the common securities and using the proceeds thereof to purchase from Funding Corp. its 7.10% Junior Subordinated Deferrable Interest Notes ("subordinated notes") due 2039, for a principal amount of $309.3 million. The subordinated notes and the Notes Guarantee (as discussed below) are the sole assets of the Trust. Funding Corp.'s proceeds from the sale of the subordinated notes were advanced to Progress Capital Holdings and used for general corporate purposes including the repayment of a portion of certain outstanding short-term bank loans and commercial paper.

The Company has fully and unconditionally guaranteed the obligations of Funding Corp. under the subordinated notes (the Notes Guarantee). In addition, the Company has guaranteed the payment of all distributions required to be made by the Trust, but only to the extent that the Trust has funds available for such distributions (Preferred Securities Guarantee). The Preferred Securities Guarantee, considered together with the Notes Guarantee, constitutes a full and unconditional guarantee by the Company of the Trust's obligations under the Preferred Securities.

The subordinated notes may be redeemed at the option of Funding Corp. beginning in 2004 at par value plus accrued interest through the redemption date. The proceeds of any redemption of the subordinated notes will be used by the Trust to redeem proportional amounts of the Preferred Securities and common securities in accordance with their terms. Upon liquidation or dissolution of Funding Corp., holders of the Preferred Securities would be entitled to the liquidation preference of $25 per share plus all accrued and unpaid dividends thereon to the date of payment.

NOTE 8: DEBT

The Company's long-term debt at December 31, 1999 and 1998 is detailed below:
(In millions)

	Interest Rate (a)	1999	1998
FLORIDA POWER CORPORATION:			
First mortgage bonds, maturing 2003-2023	6.94%	$ 510.0	$ 585.0
Pollution control revenue bonds, maturing 2014-2027	6.59%	240.9	240.9
Medium-term notes, maturing 2000-2028	6.64%	607.9	624.5
Commercial paper, supported by revolver maturing November 30, 2003	5.93%	200.0	200.0
Discount being amortized over term of bonds		(3.2)	(3.7)
		1,555.6	1,646.7
PROGRESS CAPITAL HOLDINGS:			
Medium-term notes, maturing 2000-2008	6.63%	444.0	444.0
Commercial paper, supported by revolver maturing November 30, 2003	6.09%	283.5	300.0
Other debt, maturing 2000-2006	6.88%	34.2	5.6
		2,317.3	2,396.3
Less: Current portion of long-term debt		163.2	145.9
		$2,154.1	$2,250.4

(a) Weighted average interest rate at December 31, 1999.

The Company's consolidated subsidiaries have lines of credit totaling $800 million, which are used to support the issuance of commercial paper. The lines of credit were not drawn on as of December 31, 1999. 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 .08 and .12 of 1%.

The lines of credit consist of four revolving bank credit facilities, two each for Florida Power and Progress Capital Holdings, Inc. (Progress Capital). The Florida Power facilities consist of $200 million with a 364-day term and $200 million with a remaining four-year term. The Progress Capital facilities consist of $100 million with a 364-day term and $300 million with a remaining four-year term. In 1999, both 364-day facilities were extended to November 2000. Based on the duration of the underlying backup credit facilities, $483.5 million and $500 million of outstanding commercial paper at December 31, 1999 and 1998, respectively, are classified as long-term debt. As of December 31, 1999, Florida Power and Progress Capital had an additional $153.1 million and $0 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, 1999 and 1998, $0 million and $150 million, respectively, 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 may have maturities ranging from nine months to 30 years. A balance of $250 million is available for issuance at December 31, 1999.

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 amount of the 7 3/8% series was redeemed at a price of 100.93%, and the entire $50 million principal amount 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 $135 million is available for issuance under this program.

The combined aggregate maturities of long-term debt for 2000 through 2004 are $163.2 million, $185.9 million, $85.3 million, $762.3 million and $71.3 million, respectively.

Florida Progress has unconditionally guaranteed the payment of Progress Capital's debt.

NOTE 9: 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. A Company subsidiary also grants performance units under a separate LTIP. Currently, only performance shares, performance units and restricted stock have been granted. Upon achievement of certain criteria for a three-year performance cycle, the performance shares or units earned can range from 0% to 300% of the performance shares or units granted plus dividend equivalents, and are payable in the form of shares of common stock of Florida Progress or cash. If certain stock ownership requirements have been met, certain executives are also eligible to receive an additional award of restricted stock, which will only be awarded if the performance shares or units earned are taken in company stock. Restricted stock fully vests 10 years from the date of award, or upon change of control, or retirement after reaching age 62. The Company accounts for its LTIPs 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." Performance shares, performance units and restricted stock granted with the fair value at the grant date is detailed below:

Year	Performance Shares/Units Granted	Restricted Stock Granted	Fair value
1999	124,890	74,192	$8,841,740
1998	139,860	—	$5,375,869
1997	144,126	—	$4,559,258

Compensation costs for performance shares, performance units and restricted stock have been recognized at the fair market value of the Company's stock and are recognized over the performance cycle. Compensation cost related to the LTIPs for 1999, 1998, and 1997, was $19 million, $9 million, and $4 million, respectively. If the accounting under FAS No. 123 had been utilized, there would not have been any difference in the results of operations or earnings per share.

NOTE 10: BENEFIT PLANS

Pension Benefits — The Company and some of its subsidiaries have two noncontributory defined benefit pension plans covering most employees. The Company also has two supplementary defined benefit pension plans that provide benefits to higher-level employees. Effective January 1, 1998, one pension 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 that 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 1999, 1998 and 1997:

	Pension Benefits			Other Postretirement Benefits		
(In millions)	**1999**	**1998**	**1997**	**1999**	**1998**	**1997**
Service cost	$ 22.0	$ 22.3	$ 18.7	$ 3.5	$ 3.5	$ 3.2
Interest cost	39.4	37.7	34.9	10.4	10.5	10.4
Expected return on plan assets	(78.4)	(68.5)	(58.4)	(.4)	(.3)	(.4)
Net amortization and deferral	(15.1)	(12.5)	(6.5)	3.0	3.2	3.4
Net cost/(benefit) recognized	$(32.1)	$(21.0)	$(11.3)	$16.5	$16.9	$ 16.6

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		
	1999	**1998**	**1997**	**1999**	**1998**	**1997**
Discount rate	7.50%	7.00%	7.25%	7.50%	7.00%	7.25%
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%	3.50%	4.50%	3.50%	3.50%	4.50%
Nonbargaining unit employees	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Nonqualified plans	4.50%	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 1999 and 1998:

	Pension Benefits		Other Postretirement Benefits	
(In millions)	**1999**	**1998**	**1999**	**1998**
Change in benefit obligation				
Benefit obligation at beginning of year	$ 574.2	$ 523.9	$ 161.5	$ 153.2
Service cost	22.0	22.3	3.5	3.5
Interest cost	39.4	37.7	10.4	10.5
Plan amendment	9.5	—	(2.4)	—
Actuarial (gain)/loss	(34.9)	16.1	(10.3)	1.2
Benefits paid	(28.0)	(25.8)	(8.2)	(6.9)
Benefit obligation at end of year	582.2	574.2	154.5	161.5
Change in plan assets				
Fair value of plan assets at beginning of year	885.0	769.0	8.1	6.4
Return on plan assets (net of expenses)	179.9	140.2	(.2)	.4
Employer contributions	—	—	1.3	1.3
Benefits paid	(25.9)	(24.2)	—	—
Fair value of plan assets at end of year	1,039.0	885.0	9.2	8.1
Funded status	456.8	310.8	(145.3)	(153.4)
Unrecognized transition (asset) obligation	(15.5)	(20.5)	45.4	51.4
Unrecognized prior service cost	12.0	13.3	—	—
Unrecognized net actuarial gain	(399.2)	(283.5)	(23.2)	(14.1)
Prepaid (accrued) benefit cost	$ 54.1	$ 20.1	$(123.1)	$(116.1)

Between 1996 and 1999, the Company set assets aside in a rabbi trust for the purpose of providing benefits to the participants in the supplementary defined benefit retirement plans and certain other plans for higher level employees. 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.

The assumed pre-medicare and post medicare health care cost trend rates for 2000 are 7.67% and 6.42%, respectively. Both rates ultimately decrease to 5.25% in 2005 and thereafter. 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 $12 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 post-retirement benefit costs to an unfunded reserve for retail ratemaking.

NOTE 11: 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 primarily in Florida. The other reportable business segments are Electric Fuels' Energy & Related Services, Rail Services and Inland Marine Transportation units. Energy & Related Services includes coal and synthetic fuel operations, natural gas production and sales, 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 scrap metal recycling. Inland Marine provides transportation of coal, agricultural and other dry-bulk commodities as well as fleet management services. The other category consists primarily of the Company's investment in FPC Capital Trust, which holds the Preferred Securities, Progress Telecommunications Corp., the Company's telecommunications subsidiary, and the parent holding company, Florida Progress Corporation, which allocates a portion of its operating expenses to business segments.

The Company's business segment information for 1999, 1998 and 1997 is summarized below. The Company's significant operations are geographically located in the United States with limited operations in Mexico and Canada. The Company's segments are based on differences in products and services, and therefore no additional disclosures are presented. Intersegment sales and transfers consist primarily 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 & Related Services	Rail Services	Inland Marine Transportation	Other	Eliminations	Consolidated
1999							
Revenues	$2,632.6	$180.3	$880.2	$141.0	$ 6.4	$ 4.6	$3,845.1
Intersegment revenues	—	262.9	1.5	14.5	(8.9)	(270.0)	—
Depreciation and amortization	385.0	21.1	27.5	5.5	7.1	—	446.2
Interest expense	124.0	6.9	32.3	.6	26.6	(16.8)	173.6
Income tax expense/(benefit)	151.3	(39.2)	16.6	6.8	(43.3)	(.5)	91.7
Segment net income (loss)	265.5	38.9	21.3	10.7	(20.7)	(.8)	314.9
Total assets	5,002.5	390.5	815.0	106.5	720.1	(506.4)	6,528.2
Property additions	362.5	39.5	61.8	61.4	48.8	—	574.0
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 tax expense/(benefit)	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 tax expense/(benefit)	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

NOTE 12: REGULATORY MATTERS

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 retail rate case was approved in 1992 and allowed a 12% regulatory return on equity with an allowed range between 11% and 13%.

Regulatory Assets and Liabilities — Florida Power has total regulatory assets (liabilities) at December 31, 1999 and 1998 as detailed below:

(In millions)	1999	1998
Deferred purchased power contract termination costs	$297.8	$321.0
Replacement fuel (extended nuclear outage)	23.6	39.3
Overrecovered utility fuel costs	(31.6)	(22.2)
Unamortized loss on reacquired debt	23.3	25.2
Other regulatory assets/(liabilities), net	(14.4)	7.8
Net regulatory assets	$298.7	$371.1

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.

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 $23 million and $27.2 million of amortization expense was recorded in 1999 and 1998, respectively.

In November 1999, 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. The request would require a plan to be submitted to the FPSC by August 1, 2000. If the plan is not filed by August 1, 2000, or filed but not approved by the FPSC, Florida Power would apply the deferred revenues of $44.4 million, plus accrued interest, to accelerate the amortization of the Tiger Bay regulatory asset.

A similar plan was approved by the FPSC in December 1998. Florida Power was unable to identify any rate initiatives that might allow its ratepayers to receive these benefits sooner and, in June 1999, recognized $10.1 million of revenue and recorded $10.1 million, plus interest, of amortization against the Tiger Bay regulatory asset.

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 kept off-line in October 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 $5 million in 1998 and $174 million in 1997 in total system replacement power costs. In accordance with the settlement agreement, Florida Power recorded a charge of approximately $5 million in 1998 and $73 million in 1997 for retail replacement power costs incurred that will not be recovered through its fuel cost recovery clause. Florida Power recovered approximately $38 million through its fuel cost recovery clause. 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 13: 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 $63 million, $70 million, $60 million, $63 million and $64 million for 2000 through 2004, respectively, and $605 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 $75.8 million, $52.5 million and $26.5 million for 2000 through 2002, respectively, with no further obligations thereafter. The total cost incurred for these commitments was $125.3 million in 1999, $117.7 million in 1998 and $156.8 million in 1997.

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 less than 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, 1999, Florida Power has ongoing 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.

Florida Power incurred purchased power capacity costs totaling $240.6 million in 1999, $260.1 million in 1998 and $292.3 million in 1997. 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.

	Purchased Power Capacity Payments		
(In millions)	**Utilities**	**Cogenerators**	**Total**
2000	$ 54	$ 224	$ 278
2001	53	230	283
2002	53	236	289
2003	29	244	273
2004	29	255	284
2005-2025	159	5,300	5,459
Total	$377	$6,489	$6,866
Total net present value			$2,556

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, with initial terms in excess of one year, including the synthetic lease described below, are $65.8 million, $59.8 million, $50.8 million, $48.5 million and $46.1 million for 2000 through 2004, respectively, with a $528.4 million total obligation thereafter. The total costs incurred under these commitments were $51.1 million, $30.9 million and $34.8 million during 1999, 1998 and 1997, 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). MEMCO sold and leased back $153 million of vessels as of December 31, 1998, and the remaining $47 million of vessels in May 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 totals to $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, 1999, are $15.3 million, $15.4 million, $15.4 million, $15.8 million and $15.8 million for 2000 through 2004 and $156.4 million thereafter (excluding the purchase option payment). All MEMCO payment obligations under the transaction documents are unconditionally guaranteed by Progress Capital; those obligations are guaranteed by Florida Progress.

Construction Program — Substantial commitments have been made in connection with the Company's construction program. For the year 2000, Florida Power has projected annual construction expenditures of $291 million, primarily for electric plant. In 2000, Electric Fuels capital expenditures are expected to be approximately $84 million, which represents additional investment in the Rail Services, Inland Marine and Energy & Related Services units. For the year 2000, Progress Telecom has projected annual capital expenditures of $35 million primarily for expansion of the current fiber optic network.

Insurance — Florida Progress and its subsidiaries utilize various risk management techniques to protect certain 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, 1999 and 1998 was $25.6 million and $24.1 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 also maintains nuclear property damage insurance and decontamination and decommissioning liability insurance. Effective October 1, 1999, the total limit purchased for this type of insurance was reduced from \$2.1 billion to \$1.6 billion. The reduction was based on a review of the potential property damage exposure, the legal minimum required to be carried, and the amount of insurance being purchased by other owners of single unit nuclear sites. The first \$500 million layer of insurance is purchased in the commercial insurance market with the remaining excess coverage purchased from Nuclear Electric Insurance Ltd. (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 \$5.3 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. Liability for the cleanup of costs at these sites is joint and several.

One of the sites that Florida Power previously owned and operated is located in Sanford, Florida. There are five parties, including Florida Power, that have been identified as PRPs at the Sanford site. A Participation Agreement was signed among the PRPs of the Sanford site to allocate \$1.5 million to perform a Remedial Investigation, Baseline Risk Assessment and Feasibility Study ("RI/FS"). Florida Power is liable for approximately 40% of the costs for the RI/FS as agreed to in this Participation Agreement. In July 1999, the initial draft of the RI/FS was submitted to EPA. Discussions with EPA regarding future remedial action should commence in the first quarter 2000.

The PRP group is expected to negotiate a second Participation Agreement that will define and allocate Remedial Design and Remedial Action costs among the participants for Phase I of three potential phases of cleanup. Cleanup will be addressed in phases for project management purposes. Florida Power's future cost share allocation is expected to be identified by the second quarter 2000. The discussions and resolution of liability for cleanup costs could cause Florida Power to increase the 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' consolidated financial position, results of operations or liquidity.

In December 1998, the EPA conducted an Expanded Site Inspection (ESI) at a former Florida Power plant site near Inglis, Florida. Soil and groundwater samples were obtained from the Florida Power property, as well as sediment samples from the adjacent Withlacoochee River. A final copy of the report, along with a Request for Information under CERCLA was received in December 1999. Upon review of the Company's reply, EPA's conclusions may change the current hazard ranking and ultimately result in the Inglis site being placed on the National Priorities List (NPL). If this property were placed on the NPL, then EPA might conduct remediation actions at the site and seek repayment of those costs as well as investigative costs from any PRPs. Past costs currently exceed \$3.5 million with FPC identified as the only major viable business associated with this site.

In addition to these designated sites, there are other sites where Florida Progress may be responsible for additional environmental cleanup. Florida Progress estimates that its share of liability for cleaning up all designated sites ranges from \$9.0 million to \$13.0 million. It has accrued \$9.0 million against these potential costs. There can be no assurance that the Company's estimates will not change in the future.

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, but four of those plaintiffs have had their federal claims dismissed and 74 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 federal Court approved an agreement between the parties to provisionally certify this case as a class action suit under the Age Discrimination in Employment Act. Florida Power filed a motion to decertify the class and in August 1999, the Court granted Florida Power's motion. In October 1999, the judge certified the question of whether the case should be tried as a class action to the Eleventh Circuit Court of Appeals for immediate appellate review. In December 1999, the Court of Appeals agreed to review the judge's order decertifying the class.

In December 1998, during mediation in this age discrimination suit, 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. Florida Power and the plaintiffs engaged in informal settlement discussions, which were terminated on December 22, 1998. As a result of the plaintiffs' claims, 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. In December 1999, Florida Power also recorded an accrual of $4.8 million for legal fees associated with defending its position in these proceedings. 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 (AST) — In 1996, Florida Progress sold its 80% interest in AST to Calgon Carbon Corporation (Calgon) for net proceeds of $56 million in cash. In January 1998, Calgon filed a lawsuit against Florida Progress and the other selling shareholder 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 accused the sellers of failing to disclose flaws in AST's manufacturing process and a lack of quality control. Florida Progress believes that the aggregate total of all legitimate warranty claims by customers of Advanced Separation Technologies for which it is probable that Florida Progress will be responsible for under the Stock Purchase Agreement with Calgon is approximately $3.2 million, and accordingly, accrued $3.2 million in the third quarter of 1999 as an estimate of probable loss.

Qualifying Facilities Contracts — Florida Power's 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.

The owners of four qualifying facilities filed suits against Florida Power in state court over the contract payment terms, and one owner also filed suit in federal court. Two of the state court suits have been settled, and the federal case was dismissed, although the plaintiff has appealed. Of the two remaining state court suits, the trial regarding NCP Lake Power ("Lake") concluded in December 1998. In April 1999, the judge entered an order granting Lake's breach of contract claim and ruled that Lake is entitled to receive "firm" energy payments during on-peak hours, but for all other hours, Lake is entitled to the "as-available" rate. The Court also ruled that for purposes of calculating damages, the breach of contract occurred at the inception of the contract. In August 1999, a Final Judgment was entered for Lake for approximately $4.5 million and Lake filed a Notice of Appeal. In September 1999, Florida Power filed a notice of cross appeal. Also in this case, in April 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, but Florida Power appealed to the Florida Supreme Court.

In the other remaining suit regarding Dade County, in May 1999, the parties reached an agreement in principle to settle their dispute in its entirety, including all of the ongoing litigation, except the Florida Supreme Court appeal of an FPSC ruling that is similar to the appeal of the FPSC decision in the Lake case. The settlement agreement was approved by the Dade County Commission in December 1999, but is subject to approval by the FPSC.

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, including any settlement amounts incurred as a result of the matters discussed above, will be recovered from its customers.

Mid-Continent Life Insurance Company (Mid-Continent) — As discussed below, a series of events in 1997 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, Florida Progress recorded a provision for loss on investment of $86.9 million in 1997. 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 Oklahoma State Insurance Commissioner ("Commissioner") received court approval to seize control as receiver 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 of 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 receiver 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. In April 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. Based on data through December 31, 1998, Florida Progress' actuarial estimate of the additional assets necessary to fund the reserve, after applying Mid-Continent's statutory surplus is in the range of $100 million. The amount put forth by the actuary hired by the former Commissioner was in the range of $350 million. Florida Progress believes that any estimate of the projected reserve deficiency would affect only the assets of Mid-Continent, because Florida Progress has legal defenses to any claims asserted against it. 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. An order agreed upon by both sides soliciting proposals for a plan of rehabilitation was filed on March 18, 1999. Proposals from a variety of parties were received and opened in June 1999.

In October 1999, the new Commissioner signed a Letter of Intent, subject to approval by the Oklahoma District Court, with Iowa-based Life Investors Insurance Company of America, a wholly owned subsidiary of AEGON USA, Inc., concerning the assumption of all policies of Mid-Continent. In a letter of intent in connection with the proposed plan of rehabilitation, Florida Progress agreed to assign all of Mid-Continent's stock to the receiver, and contribute $10 million to help offset future premium rate increases or coverage reductions, provided that, among other things, Florida Progress receives a full release from liability, and the receiver's action against Florida Progress is dismissed, with prejudice. The $10 million was proposed to be held in escrow by the Commissioner for a period of 10 years and invested for the benefit of the policyholders. Any proposed premium increases would have been offset by this fund until it was exhausted. The Mid-Continent plan was originally scheduled to be considered by the Oklahoma County District Court in December 1999, but the Court postponed its consideration and ruled that any party who wishes to submit an alternative proposal must identify themselves to the Commissioner and the Court no later than December 31, 1999. Four proposers have so identified themselves.

Florida Progress now believes that as part of any plan of rehabilitation, the Company will be required to contribute the aforementioned $10 million regardless of which party ultimately assumes the policies of Mid-Continent. Accordingly, Florida Progress accrued an additional provision for loss of $10 million in December 1999. The loss was more than offset by the recognition of tax benefits of approximately $11 million, related to the excess of the tax basis over the current book value of the investment in Mid-Continent, and thus, did not have a material impact on Florida Progress' consolidated financial position, operations, or liquidity. This benefit had not been recorded earlier due to uncertainties associated with the timing of the tax deduction.

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 former 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 actual and punitive damages. The defendants' motions to dismiss were granted in June, and again in October 1999. A hearing was held in January 2000 on the issue of whether the dismissal was with or without prejudice. At that hearing, the Court ruled that the dismissal was without prejudice and granted the policyholders leave to amend their complaint once again.

Although Florida Progress hopes to complete the negotiated resolution of these matters involving Mid-Continent, it will continue to vigorously defend itself against the two lawsuits, if that is required. Although there can be no assurance as to the outcome of the two lawsuits, Florida Progress believes they are without merit and that their outcomes would not have a material adverse effect on Florida Progress' consolidated financial position, results of operations or liquidity.

Share Exchange Litigation — In August 1999, Florida Progress announced that it entered into an Agreement and Plan of Exchange with Carolina Power & Light Company (CP&L), and CP&L Energy, Inc., a wholly owned subsidiary of CP&L. (See Note 2 to the Financial Statements.) A lawsuit was filed in September 1999, against Florida Progress and its directors seeking class action status, an unspecified amount of damages and injunctive relief, including a declaration that the agreement and plan of exchange was entered into in breach of the fiduciary duties of the Florida Progress board of directors, and enjoining Florida Progress from proceeding with the share exchange. The complaint also seeks an award of costs and attorney's fees. Florida Progress believes this suit is without merit, and intends to vigorously defend itself against this action. Accordingly, no provision for loss has been recorded pertaining to this matter.

Easement Litigation — In December 1998, Florida Power was served with this class action lawsuit seeking damages, declaratory and injunctive relief for the alleged improper use of electric transmission easements. The plaintiffs contend that the licensing of fiber optic telecommunications lines to third parties or telecommunications companies for other than Florida Power's internal use along the electric transmission line right-of-way exceeds the authority granted in the easements. In June 1999, plaintiffs amended their complaint to add Progress Telecommunications Corporation as a defendant and add counts for unjust enrichment and constructive trust. In January 2000, the court conditionally certified the class statewide. Management does not expect that the results of these legal actions will have a material impact on Florida Progress' financial position, operations or liquidity. Accordingly, no provision for loss has been recorded pertaining to this matter.

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.

QUARTERLY FINANCIAL DATA

FLORIDA PROGRESS CORPORATION
(Unaudited)

(In millions, except per share amounts)	Three Months Ended March 31	June 30	September 30	December 31
1999				
OPERATING RESULTS				
Revenues	$ 820.4	$ 976.3	$ 1,107.3	$ 941.1
Income from operations	129.8	154.4	228.1	62.6
Net income	67.6	76.6	137.3	33.4
DATA PER SHARE				
Earnings per common share (basic and diluted)	0.69	0.78	1.40	0.34
Dividends per common share	.545	.545	.545	.545
Common stock price per share:				
High	44 3/4	43 1/4	48	46 15/16
Low	36 7/8	35 7/8	39 9/16	41 3/16
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 (basic and diluted)	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

FLORIDA POWER CORPORATION
(Unaudited)

(In millions)	Three Months Ended March 31	June 30	September 30	December 31
1999				
Operating revenues	$ 570.7	$ 671.7	$ 794.9	$ 595.3
Net income	62.8	65.9	121.3	17.0
Earnings on common stock	62.4	65.5	121.0	16.6
1998				
Operating revenues	$ 565.2	$ 663.8	$ 795.6	$ 623.6
Net income	46.2	68.1	109.1	26.7
Earnings on common stock	45.8	67.7	108.8	26.3

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 the fourth quarter of 1999 and 1998, the FPSC approved the establishment of a regulatory liability for the purpose of deferring nonfuel revenues. The 1999 and 1998 deferrals were $44.4 million and $10.1 million, respectively. In the second quarter of 1999, Florida Power recognized the 1998 $10 million deferral in electric utility revenues and applied it to the amortization of the Tiger Bay regulatory asset, which resulted in no impact to 1999 earnings.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITOR'S 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, 1999 and 1998, 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, 1999. 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, 1999 and 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1999, 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 20, 2000, except as to paragraph 1 of Note 2, which is as of March 3, 2000

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2000

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 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

Indicate by check mark whether each registrant (1) has 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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate the number of shares outstanding of each of the registrants' classes of common stock, as of the latest practicable date.

Registrant	Description of Class	Shares Outstanding at June 30, 2000
Florida Progress Corporation	Common Stock, without par value	98,615,927
Florida Power Corporation	Common Stock, without par value	100 (all of which were held by Florida Progress Corporation)

This combined Form 10-Q represents separate filings by Florida Progress Corporation and Florida Power Corporation. Florida Power makes no representations as to the information relating to Florida Progress' diversified operations.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FLORIDA PROGRESS CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS

FLORIDA PROGRESS CORPORATION
Consolidated Statements of Income
(Dollars in millions, except per share amounts)

	Three Months Ended June 30, 2000	Three Months Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
	(Unaudited)		(Unaudited)	
REVENUES:				
Electric utility	$ 701.4	$ 671.7	$ 1,323.3	$ 1,242.4
Diversified	392.1	304.6	720.3	554.3
	1,093.5	976.3	2,043.6	1,796.7
EXPENSES:				
Electric utility:				
Fuel	154.2	143.5	288.2	257.2
Purchased power	120.3	108.4	223.4	198.7
Energy conservation costs	15.9	19.4	30.0	36.5
Operation and maintenance	109.5	120.8	209.5	217.9
Depreciation and amortization	92.1	93.2	177.8	174.0
Taxes other than income taxes	52.8	51.1	105.9	103.0
	544.8	536.4	1,034.8	987.3
Diversified:				
Cost of sales	377.4	269.7	681.6	494.8
Other	21.1	15.8	41.9	30.4
	398.5	285.5	723.5	525.2
INCOME FROM OPERATIONS	150.2	154.4	285.3	284.2
INTEREST EXPENSE AND OTHER:				
Interest expense	48.2	43.9	93.4	88.9
Allowance for funds used during construction	(1.0)	(1.2)	(1.9)	(6.3)
Distributions on company obligated mandatorily redeemable preferred securities	5.4	4.6	10.7	4.6
Other expense / (income), net	(3.2)	1.0	(3.6)	(3.3)
	49.4	48.3	98.6	83.9
INCOME BEFORE INCOME TAXES	100.8	106.1	186.7	200.3
Income taxes	(9.1)	29.5	.3	56.1
NET INCOME	$ 109.9	$ 76.6	$ 186.4	$ 144.2
AVERAGE SHARES OF COMMON STOCK OUTSTANDING	98.6	98.0	98.6	97.8
EARNINGS PER AVERAGE COMMON SHARE (Basic and Diluted):	$ 1.11	$ .78	$ 1.89	$ 1.48
DIVIDENDS PER COMMON SHARE	$ .555	$ .545	$ 1.11	$ 1.09

The accompanying notes are an integral part of these consolidated financial statements.

FLORIDA PROGRESS CORPORATION
Consolidated Balance Sheets
(Dollars in millions)

	June 30, 2000 (Unaudited)	December 31, 1999
ASSETS		
PROPERTY, PLANT AND EQUIPMENT:		
Electric utility plant in service and held for future use	$ 6,835.0	$ 6,784.8
Less - Accumulated depreciation	3,038.1	2,923.8
Accumulated decommissioning for nuclear plant	305.2	285.0
Accumulated dismantlement for fossil plants	133.5	132.5
	3,358.2	3,443.5
Construction work in progress	172.2	139.7
Nuclear fuel, net of amortization of $412.3 in 2000 and $401.0 in 1999	51.0	68.7
Net electric utility plant	3,581.4	3,651.9
Other property, at cost, net of depreciation of $299.5 in 2000 and $275.0 in 1999	699.2	703.4
	4,280.6	4,355.3
CURRENT ASSETS:		
Cash and equivalents	9.4	9.6
Accounts receivable, less allowance for doubtful accounts of $6.0 in 2000 and $5.8 in 1999	494.0	420.6
Inventories, primarily at average cost:		
Fuel	88.7	76.4
Utility materials and supplies	92.0	90.8
Diversified operations	281.6	209.3
Underrecovered utility fuel costs	27.1	—
Deferred income taxes	28.0	41.3
Prepayments and other	144.8	113.7
	1,165.6	961.7
DEFERRED CHARGES AND OTHER ASSETS:		
Costs deferred pursuant to regulation:		
Deferred purchased power contract termination costs	286.1	297.8
Other	81.6	94.0
Investments in nuclear plant decommissioning fund	385.1	377.2
Goodwill	169.1	171.1
Joint ventures and partnerships	65.1	66.2
Other	213.2	204.9
	1,200.2	1,211.2
	$ 6,646.4	$ 6,528.2

The accompanying notes are an integral part of these consolidated financial statements.

FLORIDA PROGRESS CORPORATION
Consolidated Balance Sheets
(Dollars in millions)

	June 30, 2000 (Unaudited)	December 31, 1999
CAPITAL AND LIABILITIES		
COMMON STOCK EQUITY:		
Common stock	$ 1,274.2	$ 1,267.3
Retained earnings	818.8	741.8
Other comprehensive income	(.5)	(.4)
	2,092.5	2,008.7
PREFERRED SECURITIES:		
Cumulative preferred stock of Florida Power without sinking funds	33.5	33.5
Company-obligated mandatorily redeemable quarterly income preferred securities (QUIPS) of a subsidiary trust holding solely Florida Progress guaranteed junior subordinated deferrable interest notes	300.0	300.0
LONG-TERM DEBT	2,132.0	2,154.1
TOTAL CAPITAL	4,558.0	4,496.3
CURRENT LIABILITIES:		
Accounts payable	291.1	309.0
Customers' deposits	107.3	105.6
Taxes payable	56.9	10.3
Accrued interest	77.1	77.4
Overrecovered utility fuel costs	—	31.6
Other	79.0	112.4
	611.4	646.3
Notes payable	226.0	153.1
Current portion of long-term debt	188.2	163.2
	1,025.6	962.6
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	554.7	565.3
Unamortized investment tax credits	66.1	70.0
Other postretirement benefit costs	126.3	123.1
Other	315.7	310.9
	1,062.8	1,069.3
	$ 6,646.4	$ 6,528.2

The accompanying notes are an integral part of these consolidated financial statements.

FLORIDA PROGRESS CORPORATION
Consolidated Statements of Cash Flows
(Dollars in millions)

	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
	(Unaudited)	
OPERATING ACTIVITIES:		
Net income	$ 186.4	$ 144.2
Adjustments for noncash items:		
Depreciation and amortization	226.5	216.2
Deferred income taxes and investment tax credits, net	(1.2)	(22.3)
Changes in working capital, net of effects from sale or acquisition of businesses:		
Accounts receivable	(72.7)	(13.7)
Inventories	(50.9)	(89.2)
Overrecovered/underrecovered utility fuel costs	(58.7)	(.5)
Accounts payable	(17.7)	(79.1)
Taxes payable	36.8	107.0
Prepayments and other	(59.1)	(24.2)
Other operating activities	27.2	(.5)
	216.6	237.9
INVESTING ACTIVITIES:		
Property additions (including allowance for borrowed funds used during construction)	(155.8)	(279.9)
Acquisition of businesses	(33.9)	(9.5)
Other investing activities	(7.7)	40.7
	(197.4)	(248.7)
FINANCING ACTIVITIES:		
Issuance of long-term debt	—	50.0
Repayment of long-term debt	(1.2)	(52.8)
Increase in commercial paper with long-term support	16.5	(16.7)
Issuance of company obligated mandatorily redeemable preferred securities	—	300.0
Sale of common stock	—	32.4
Dividends paid on common stock	(109.4)	(106.7)
Increase in short-term debt	72.9	(189.8)
Other financing activities	1.8	(1.0)
	(19.4)	15.4
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS	(.2)	4.6
Beginning cash and equivalents	9.6	2.5
ENDING CASH AND EQUIVALENTS	$ 9.4	$ 7.1
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest (net of amount capitalized)	$ 102.1	$ 86.2
Income taxes (net of refunds)	$ 63.1	$ 28.8

The accompanying notes are an integral part of these consolidated financial statements.

FLORIDA PROGRESS CORPORATION
Consolidated Statements of Common Equity and Comprehensive Income (Unaudited)
For the periods ended June 30, 2000 and 1999
(Dollars in millions, except per share amounts)

	Total	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income
Balance, December 31, 1998	$ 1,862.0	$ 1,221.1	$ 640.9	$ —
Net income	144.2		144.2	
Common stock issued	35.3	35.3		
Cash dividends on common stock	(106.7)		(106.7)	
Balance, June 30, 1999	1,934.8	1,256.4	678.4	—
Balance, December 31, 1999	2,008.7	1,267.3	741.8	(.4)
Net income	186.4		186.4	
Foreign currency translation adjustment	(.1)			(.1)
Comprehensive income	186.3	—	186.4	(.1)
Common stock issued	6.9	6.9		
Cash dividends on common stock	(109.4)		(109.4)	
Balance, June 30, 2000	$ 2,092.5	$ 1,274.2	$ 818.8	$ (.5)

The accompanying notes are an integral part of these consolidated financial statements.

FLORIDA POWER CORPORATION
Statements of Income
(Dollars in millions)

	Three Months Ended June 30, 2000	Three Months Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
	(Unaudited)		(Unaudited)	
OPERATING REVENUES:				
Residential	$ 347.1	$ 326.9	$ 666.3	$ 625.6
Commercial	165.3	153.3	301.2	284.7
Industrial	53.5	51.7	104.5	101.0
Sales for resale	54.1	43.8	114.0	92.6
Other	81.4	96.0	137.3	138.5
	701.4	671.7	1,323.3	1,242.4
OPERATING EXPENSES:				
Operation:				
Fuel	154.2	143.5	288.2	257.2
Purchased power	120.3	108.4	223.4	198.7
Energy conservation costs	15.9	19.4	30.0	36.5
Operation and maintenance	109.5	120.8	209.5	217.9
Depreciation and amortization	92.1	93.2	177.8	174.0
Taxes other than income taxes	52.8	51.1	105.9	103.0
	544.8	536.4	1,034.8	987.3
Income taxes:				
Currently payable	59.2	54.8	97.4	95.5
Deferred, net	(11.3)	(14.7)	(11.0)	(20.7)
Investment tax credits, net	(2.0)	(1.9)	(3.9)	(3.9)
	45.9	38.2	82.5	70.9
	590.7	574.6	1,117.3	1,058.2
INCOME FROM OPERATIONS	110.7	97.1	206.0	184.2
OTHER INCOME AND DEDUCTIONS:				
Allowance for equity funds used during construction	.5	.5	1.0	2.8
Other income (expense), net	.7	(1.3)	.5	.7
	1.2	(.8)	1.5	3.5
INTEREST CHARGES				
Interest on long-term debt	26.1	26.7	52.0	53.6
Other interest expense	6.4	4.4	12.7	8.9
	32.5	31.1	64.7	62.5
Allowance for borrowed funds used during construction	(.5)	(.7)	(.9)	(3.5)
	32.0	30.4	63.8	59.0
NET INCOME	79.9	65.9	143.7	128.7
DIVIDENDS ON PREFERRED STOCK	.4	.4	.8	.8
NET INCOME AFTER DIVIDENDS ON PREFERRED STOCK	$ 79.5	$ 65.5	$ 142.9	$ 127.9

The accompanying notes are an integral part of these financial statements.

FLORIDA POWER CORPORATION
Balance Sheets
(Dollars in millions)

	June 30, 2000 (Unaudited)	December 31, 1999
ASSETS		
PROPERTY, PLANT AND EQUIPMENT:		
Electric utility plant in service and held for future use	$ 6,835.0	$ 6,784.8
Less - Accumulated depreciation	3,038.1	2,923.8
Accumulated decommissioning for nuclear plant	305.2	285.0
Accumulated dismantlement for fossil plants	133.5	132.5
	3,358.2	3,443.5
Construction work in progress	172.2	139.7
Nuclear fuel, net of amortization of $412.3 in 2000 and $401.0 in 1999	51.0	68.7
	3,581.4	3,651.9
Other property, net	9.5	10.0
	3,590.9	3,661.9
CURRENT ASSETS:		
Cash and equivalents	4.8	—
Accounts receivable, less allowance for doubtful accounts of $4.5 in 2000 and $4.0 in 1999	247.5	210.8
Inventories, primarily at average cost:		
Fuel	88.7	76.4
Materials and supplies	92.0	90.8
Underrecovered utility fuel costs	27.1	—
Deferred income taxes	28.0	41.4
Prepayments and other	108.5	101.3
	596.6	520.7
DEFERRED CHARGES AND OTHER ASSETS:		
Costs deferred pursuant to regulation:		
Deferred purchased power contract termination costs	286.1	297.8
Other	81.6	94.0
Investments in nuclear plant decommissioning fund	385.1	377.2
Other	56.8	50.9
	809.6	819.9
	$ 4,997.1	$ 5,002.5

The accompanying notes are an integral part of these financial statements.

FLORIDA POWER CORPORATION
Balance Sheets
(Dollars in millions)

	June 30, 2000 (Unaudited)	December 31, 1999
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common stock	$ 1,004.4	$ 1,004.4
Retained earnings	921.0	880.6
	1,925.4	1,885.0
CUMULATIVE PREFERRED STOCK:		
Without sinking funds	33.5	33.5
LONG-TERM DEBT	1,478.0	1,478.8
TOTAL CAPITAL	3,436.9	3,397.3
CURRENT LIABILITIES:		
Accounts payable	155.2	152.9
Accounts payable to associated companies	22.1	23.1
Customers' deposits	107.3	105.6
Income taxes payable	57.2	—
Accrued other taxes	50.2	5.8
Accrued interest	57.9	59.6
Overrecovered utility fuel costs	—	31.6
Other	39.5	79.3
	489.4	457.9
Notes payable	99.7	153.1
Current portion of long-term debt	76.9	76.8
	666.0	687.8
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	486.3	509.9
Unamortized investment tax credits	65.6	69.5
Other postretirement benefit costs	122.3	119.4
Other	220.0	218.6
	894.2	917.4
	$ 4,997.1	$ 5,002.5

The accompanying notes are an integral part of these financial statements.

FLORIDA POWER CORPORATION
Statements of Cash Flows
(Dollars in millions)

	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
	(Unaudited)	
OPERATING ACTIVITIES:		
Net income after dividends on preferred stock	$ 142.9	$ 127.9
Adjustments for noncash items:		
Depreciation and amortization	194.3	186.7
Deferred income taxes and investment tax credits, net	(14.9)	(24.6)
Changes in working capital:		
Accounts receivable	(36.7)	(18.4)
Inventories	(13.5)	(34.5)
Overrecovered/underrecovered utility fuel costs	(58.7)	(.5)
Accounts payable	1.3	(41.2)
Taxes payable	111.8	100.3
Prepayments and other	(57.2)	(12.9)
Other operating activities	10.6	4.2
	279.9	287.0
INVESTING ACTIVITIES:		
Construction expenditures	(109.1)	(168.2)
Allowance for borrowed funds used during construction	(.9)	(3.5)
Other investing activities	(8.3)	(8.2)
	(118.3)	(179.9)
FINANCING ACTIVITIES:		
Repayment of long-term debt	(.9)	(.8)
Dividends paid on common stock	(102.5)	(100.0)
Decrease in short-term debt	(53.4)	(.9)
	(156.8)	(101.7)
NET INCREASE IN CASH AND EQUIVALENTS	4.8	5.4
Beginning cash and equivalents	—	—
ENDING CASH AND EQUIVALENTS	$ 4.8	$ 5.4
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest (net of amount capitalized)	$ 64.1	$ 57.9
Income taxes (net of refunds)	$ 31.3	$ 42.9

The accompanying notes are an integral part of these financial statements.

FLORIDA PROGRESS CORPORATION AND FLORIDA POWER CORPORATION

NOTES TO FINANCIAL STATEMENTS

1) Florida Progress Corporation's ("Florida Progress" or the "Company") principal business segment is its Utility segment. Florida Power Corporation ("Florida Power"), the largest subsidiary of Florida Progress, engages in the generation, purchase, transmission, distribution and sale of electricity. Florida Progress' other reportable business segments are Electric Fuels Corporation's ("Electric Fuels") Energy and Related Services, Rail Services and Inland Marine Transportation units. Financial data for business segments for the periods covered in this Form 10-Q are presented in the table below:

(In millions)	Utility	Energy and Related Services	Rail Services	Inland Marine Transportation	Other	Eliminations	Consolidated
Three months ended							
June 30, 2000:							
Revenues	$ 701.4	$ 57.3	$284.4	$ 43.6	$5.7	$ 1.1	$1,093.5
Intersegment revenues	—	66.4	.3	5.2	(3.1)	(68.8)	—
Segment net income (loss)	79.5	33.0	1.9	3.5	(7.8)	(.2)	109.9
Six months ended							
June 30, 2000:							
Revenues	$1,323.3	$106.0	$525.0	$ 81.5	$5.5	$ 2.3	$2,043.6
Intersegment revenues	—	131.0	.3	9.5	(5.0)	(135.8)	—
Segment net income (loss)	142.9	53.3	2.8	4.8	(17.0)	(.4)	186.4
Total assets	4,997.1	527.5	875.5	103.0	483.8	(340.5)	6646.4
Three months ended							
June 30, 1999:							
Revenues	$ 671.7	$ 44.8	$224.5	$ 33.5	$ .6	$ 1.2	$ 976.3
Intersegment revenues	—	62.3	.6	4.1	(1.9)	(65.1)	—
Segment net income (loss)	65.5	8.3	5.7	2.2	(5.1)	—	76.6
Six months ended							
June 30, 1999:							
Revenues	$1,242.4	$ 87.6	$398.5	$ 63.7	$2.1	$ 2.4	$1,796.7
Intersegment revenues	—	128.1	1.0	8.1	(6.5)	(130.7)	—
Segment net income (loss)	127.9	16.4	6.2	2.9	(9.2)	—	144.2
Total assets	4,972.9	326.5	754.2	96.5	523.9	(371.7)	6,302.3

2) In November 1999, Florida Power received approval from the Florida Public Service Commission ("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. The approval required that a plan be submitted to the FPSC by August 1, 2000. On July 31, 2000, Florida Power filed a motion with the FPSC requesting a two-month extension. If a plan is not filed by October 2, 2000, Florida Power would be required to apply the deferred revenues of $44.4 million, plus accrued interest, to accelerate the amortization of the Tiger Bay regulatory asset.

3) **FLORIDA PROGRESS OBLIGATED MANDATORILY REDEEMABLE CUMULATIVE QUARTERLY INCOME PREFERRED SECURITIES (QUIPS) OF A SUBSIDIARY TRUST HOLDING SOLELY FLORIDA PROGRESS GUARANTEED SUBORDINATED DEFERRABLE INTEREST NOTES**

In April 1999, FPC Capital I ("the Trust"), an indirect wholly owned subsidiary of Florida Progress, issued 12 million shares of $25 par cumulative Company-obligated mandatorily redeemable preferred securities ("Preferred Securities") due 2039, with an aggregate liquidation value of $300 million and a quarterly distribution rate of 7.10%. Currently, all 12 million shares of the Preferred Securities that were issued are outstanding. Concurrent with the issuance of the Preferred Securities, the Trust issued to Florida Progress Funding Corporation ("Funding Corp.") all of the common securities of the Trust (371,135 shares), for $9.3 million. Funding Corp. is a direct wholly owned subsidiary of the Company.

The existence of the Trust is for the sole purpose of issuing the Preferred Securities and the common securities and using the proceeds thereof to purchase from Funding Corp. its 7.10% Junior Subordinated Deferrable Interest Notes ("subordinated notes") due 2039, for a principal amount of $309.3 million. The subordinated notes and the Notes Guarantee (as discussed below) are the sole assets of the Trust. Funding Corp.'s proceeds from the sale of the subordinated notes were advanced to Progress Capital Holdings, Inc. ("PCH"), a subsidiary of Florida Progress that provides financing for Florida Progress' diversified operations, and used for general corporate purposes including the repayment of a portion of certain outstanding short-term bank loans and commercial paper.

The Company has fully and unconditionally guaranteed the obligations of Funding Corp. under the subordinated notes (the "Notes Guarantee"). In addition, the Company has guaranteed the payment of all distributions required to be made by the Trust, but only to the extent that the Trust has funds available for such distributions ("Preferred Securities Guarantee"). The Preferred Securities Guarantee, considered together with the Notes Guarantee, constitutes a full and unconditional guarantee by the Company of the Trust's obligations under the Preferred Securities.

The subordinated notes may be redeemed at the option of Funding Corp. beginning in 2004 at par value plus accrued interest through the redemption date. The proceeds of any redemption of the subordinated notes will be used by the Trust to redeem proportional amounts of the Preferred Securities and common securities in accordance with their terms. Upon liquidation or dissolution of Funding Corp., holders of the Preferred Securities would be entitled to the liquidation preference of $25 per share plus all accrued and unpaid dividends thereon to the date of payment.

4) CONTINGENCIES

Insurance — Florida Progress and its subsidiaries utilize various risk management techniques to protect certain 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 balances at June 30, 2000 and 1999 were $28.6 million and $27.1 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 also maintains nuclear property damage insurance and decontamination and decommissioning liability insurance. Effective October 1, 1999, the total limit purchased for this type of insurance was reduced from $2.1 billion to $1.6 billion. The reduction was based on a review of the potential property damage exposure, the legal minimum required to be carried, and the amount of insurance being purchased by other owners of single unit nuclear sites. The first $500 million layer of insurance is purchased in the commercial insurance market with the remaining excess coverage purchased from Nuclear Electric Insurance Ltd. ("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 $5.3 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. Liability for the cleanup of costs at these sites is joint and several.

One of the sites that Florida Power previously owned and operated is located in Sanford, Florida. There are five parties, including Florida Power, that have been identified as PRPs at the Sanford site. A Participation Agreement was signed, and subsequently amended, among the PRPs of the Sanford site to allocate $1.9 million to perform a Remedial Investigation, Baseline Risk Assessment and Feasibility Study ("RI/FS") for phases one and two of the cleanup. Florida Power is liable for approximately 40% of the costs for the RI/FS as agreed to in the Participation Agreement. In July 1999, the initial draft of the RI/FS was submitted to the EPA. In March 2000, the EPA selected a "preferred" remedy for the cleanup of the contaminated soils at the site, which was documented in a Record of Decision on July 5, 2000.

Additionally, the PRP group negotiated a second participation agreement that defined and allocated Remedial Design and Remedial Action costs among the participants for Phase I of the cleanup. Cleanup will be addressed in three phases for project management purposes. Florida Power's future cost share allocation is approximately 43%. The discussions and resolution of liability for cleanup costs could cause Florida Power to increase the estimate of its liability for those costs. The range of any additional costs are not expected to have a material effect on Florida Progress' or Florida Power's financial position, results of operations or liquidity.

In December 1998, the EPA conducted an Expanded Site Inspection at a former Florida Power plant site near Inglis, Florida. Soil and groundwater samples were obtained from the Florida Power property, as well as sediment samples from the adjacent Withlacoochee River. A final copy of the report, along with a Request for Information under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA" or "Superfund") was received in December 1999. Upon review of Florida Power's reply and further testing at the site, the EPA's conclusions may change the current hazard ranking and ultimately result in the Inglis site being placed on the National Priorities List ("NPL"). If this property is placed on the NPL, then the EPA could conduct remediation actions at the site and seek repayment of those costs as well as investigative costs from any PRPs. Past costs currently exceed $3.5 million with Florida Power identified as the only major viable business associated with this site. In June 2000, Florida Power received confirmation that the EPA intends to issue a Consent Order, which would require Florida Power to enter into an agreement to conduct an RI/FS on the property. The EPA has indicated that it intends to conduct additional sediment sampling in the Withlacoochee River in September 2000. Such sampling could expand the scope, and thus the cost, of any required cleanup.

In addition to these designated sites, there are other sites where Florida Progress may be responsible for additional environmental cleanup. Florida Progress estimates that its share of liability for cleaning up all designated sites ranges from $9.0 million to $13.0 million. It has accrued $9.0 million against these potential costs. There can be no assurance that the Company's estimates will not change in the future.

Age Discrimination Suit — Florida Power and Florida Progress have been named defendants in an age discrimination lawsuit. The number of plaintiffs remains at 116, but four of those plaintiffs have had their federal claims dismissed and 74 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 Federal Court approved an agreement between the parties to provisionally certify this case as a class action suit under the Age Discrimination in Employment Act. Florida Power filed a motion to decertify the class and in August 1999, the Court granted Florida Power's motion. In October 1999, the judge certified the question of whether the case should be tried as a class action to the Eleventh Circuit Court of Appeals for immediate appellate review. In December 1999, the Court of Appeals agreed to review the judge's order decertifying the class and scheduled oral arguments for October 2000. In anticipation of a potential ruling decertifying the case as a class action, plaintiffs filed a virtually identical lawsuit which identified all opt-in plaintiffs as named plaintiffs. This case had been held in abeyance until reactivated in July 2000 upon motion of the plaintiffs.

In December 1998, during mediation in this age discrimination suit, plaintiffs alleged damages of $100 million. Company management, while not believing plaintiffs' claim to have merit, offered $5 million in an attempt to settle all claims. Plaintiffs rejected that offer. Florida Power and the plaintiffs engaged in informal settlement discussions, which terminated on December 22, 1998. As a result of the plaintiffs' claims, 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. In December 1999, Florida Power also recorded an accrual of $4.8 million for legal fees associated with defending its position in these proceedings. 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 ("AST") — In 1996, Florida Progress sold its 80% interest in AST to Calgon Carbon Corporation ("Calgon") for net proceeds of $56 million in cash. In January 1998, Calgon filed a lawsuit against Florida Progress and the other selling shareholder 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 accused the sellers of failing to disclose flaws in AST's manufacturing process and a lack of quality control. Florida Progress believes that the aggregate total of all legitimate warranty claims by customers of AST for which it is probable that Florida Progress will be responsible for under the Stock Purchase Agreement with Calgon is approximately $3.2 million, and accordingly, accrued $3.2 million in the third quarter of 1999 as an estimate of probable loss.

Qualifying Facilities Contracts — Florida Power's 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.

The owners of four qualifying facilities filed suits against Florida Power in state court over the contract payment terms, and one owner also filed suit in federal court. Three of the state court suits have been settled, and the federal case was dismissed. The most recent case to settle involved Dade County/Dade Cogen. In May 1999, the parties reached an agreement in principle to settle their dispute in its entirety, including all of the ongoing litigation. The settlement agreement was approved by the Dade County Commission in December 1999 and by the FPSC in June 2000.

In the remaining state court suit, the trial regarding NCP Lake Power ("Lake") concluded in December 1998. In April 1999, the judge entered an order granting Lake's breach of contract claim and ruled that Lake is entitled to receive "firm" energy payments during on-peak hours, but for all other hours, Lake is entitled to the "as-available" rate. The Court also ruled that for purposes of calculating damages, the breach of contract occurred at the inception of the contract. In August 1999, a Final Judgment was entered for Lake for approximately $4.5 million and Lake filed a Notice of Appeal. In September 1999, Florida Power filed a notice of cross appeal. Also in this case, in April 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, but Florida Power appealed to the Florida Supreme Court.

Management does not expect that the results of these legal actions will have a material impact on Florida Power's financial position, results of operations or liquidity. Florida Power anticipates that all fuel and capacity expenses, including any settlement amounts incurred as a result of the matters discussed above, will be recovered from its customers.

Mid-Continent Life Insurance Company ("Mid-Continent") — As discussed below, a series of events in 1997 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, Florida Progress recorded a provision for loss on investment of $86.9 million in 1997. 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 Oklahoma State Insurance Commissioner ("Commissioner") received court approval to seize control as receiver 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 of 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 receiver 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. In April 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. Based on data through December 31, 1998, Florida Progress' actuarial estimate of the additional assets necessary to fund the reserve, after applying Mid-Continent's statutory surplus is in the range of $100 million. The amount put forth by the actuary hired by the former Commissioner was in the range of $350 million. Florida Progress believes that any estimate of the projected reserve deficiency would affect only the assets of Mid-Continent, because Florida Progress has legal defenses to any claims asserted against it. 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 or assumption of its policies.

Proposals for a plan of rehabilitation were received and opened in June 1999. In October 1999, the new Commissioner signed a Letter of Intent, subject to approval by the Oklahoma District Court, with Iowa-based Life Investors Insurance Company of America, a wholly owned subsidiary of AEGON USA, Inc., concerning the assumption of all policies of Mid-Continent. In a letter of intent in connection with the proposed plan of rehabilitation, Florida Progress agreed to assign all of Mid-Continent's stock to the receiver, and contribute $10 million to help offset future premium rate increases or coverage reductions, provided that, among other things, Florida Progress receives a full release from liability, and the receiver's action against Florida Progress is dismissed, with prejudice. The $10 million was proposed to be held in escrow by the Commissioner for a period of 10 years and invested for the benefit of the policyholders. Any proposed premium increases would have been offset by this fund until it was exhausted. The Mid-Continent plan was originally scheduled to be considered by the Oklahoma County District Court in December 1999, but the Court postponed its consideration. The Court ordered the filing of new proposals by May 22, 2000. The Commissioner has recommended the proposal submitted by American Fidelity

Assurance Company. A confirmation hearing on the Commissioner's recommendation is expected in September 2000.

Florida Progress now believes that as part of any plan of rehabilitation, the Company will be required to contribute the aforementioned $10 million regardless of which party ultimately assumes the policies of Mid-Continent. Accordingly, Florida Progress accrued an additional provision for loss of $10 million in December 1999. The loss was more than offset by the recognition of tax benefits of approximately $11 million, related to the excess of the tax basis over the current book value of the investment in Mid-Continent, and thus, did not have a material impact on Florida Progress' consolidated financial position, results of operations, or liquidity. This benefit had not been recorded earlier due to uncertainties associated with the timing of the tax deduction.

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 former 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 actual and punitive damages. As allowed by the Court, plaintiffs filed a second amended petition after prior filings were dismissed as a result of defendants' motions. Defendants' motions to dismiss the latest petition were denied.

On April 17, 2000, Florida Progress filed an answer to the second amended petition. That answer denied all material allegations of the petition. On April 27, 2000, Florida Progress filed an amended answer and third party petition, which asserted claims for indemnity and contribution against John P. Crawford in his capacity as a prior actuary to Mid-Continent and Lewis & Ellis, Inc., the actuarial firm that designed the Mid-Continent "Extra Life" policy. On May 2, 2000, Florida Progress and other defendants filed an application for writ of prohibition in the Oklahoma Supreme Court, requesting that the Oklahoma Supreme Court resolve the issue of whether the policyholder plaintiffs have standing to pursue their lawsuit which was subsequently denied. The Commissioner has filed a motion in the rehabilitation court proceeding to enjoin the policyholder action.

Although Florida Progress hopes to complete the negotiated resolution of these matters involving Mid-Continent, it will continue to vigorously defend itself against the two lawsuits, if that is required. Although there can be no assurance as to the outcome of the two lawsuits, Florida Progress believes they are without merit and that their outcomes would not have a material adverse effect on Florida Progress' consolidated financial position, results of operations or liquidity.

Share Exchange Litigation — In August 1999, Florida Progress announced that it entered into an Agreement and Plan of Exchange with Carolina Power & Light Company ("CP&L"), and CP&L Energy, Inc., a wholly owned subsidiary of CP&L. A lawsuit was filed in September 1999, against Florida Progress and its directors seeking class action status, an unspecified amount of damages and injunctive relief, including a declaration that the agreement and plan of exchange was entered into in breach of the fiduciary duties of the Florida Progress board of directors, and enjoining Florida Progress from proceeding with the share exchange. The complaint also seeks an award of costs and attorney's fees. Florida Progress believes this suit is without merit and intends to vigorously defend itself against this action. Management does not expect that the result of this legal action will have a material adverse impact on Florida Progress' financial position, results of operations or liquidity. Accordingly, no provision for loss has been recorded pertaining to this matter.

Easement Litigation — In December 1998, Florida Power was served with a class action lawsuit seeking damages, declaratory and injunctive relief for the alleged improper use of electric transmission easements. The plaintiffs contend that the licensing of fiber optic telecommunications lines to third parties or telecommunications companies for other than Florida Power's internal use along the electric transmission line right-of-way exceeds the authority granted in the easements. In June 1999, plaintiffs amended their complaint to add Progress Telecommunications Corporation, an indirect wholly owned subsidiary of

Florida Progress, as a defendant and to add counts for unjust enrichment and constructive trust. In January 2000, the court conditionally certified the class statewide. In a mediation held in March 2000, the parties reached a tentative settlement of this claim, which is subject to the resolution of procedural issues relating to class matters as well as court approval. Management does not expect that the results of these legal actions will have a material impact on Florida Progress' financial position, results of operations or liquidity. Accordingly, no provision for loss has been recorded pertaining to this matter.

Other Legal Matters — Florida Progress and Florida Power are 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 either company's consolidated financial position, results of operations or liquidity.

5) In the opinion of management, the accompanying financial statements include all adjustments deemed necessary to summarize fairly and reflect the financial position and results of operations of Florida Progress and Florida Power for the interim periods presented. Quarterly results are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with the financial statements and notes thereto in the combined Annual Report on Form 10-K of Florida Progress and Florida Power for the year ended December 31, 1999 (the "1999 Form 10-K").

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OPERATING RESULTS

Florida Progress' consolidated earnings for the three-month period ended June 30, 2000 were $1.11 per share compared to earnings of $.78 per share for the same period in 1999. Most of the increase is attributable to increased synthetic fuel sales from its diversified operations combined with the effect of a return to more normal weather conditions for Florida Power Corporation, the Company's largest subsidiary.

For the six-month period ended June 30, 2000, Florida Progress' consolidated earnings were $1.89 per share, a 28 percent increase over the $1.48 earnings per share reported for the same period in 1999.

A reconciliation of Florida Progress' 2000 second quarter earnings per share is as follows:

1999 Florida Progress Second Quarter EPS		**$.78**
Florida Power		
Sales of electricity & other revenues	.09	
Operations & maintenance	.07	
Depreciation & amortization	(.02)	
		.14
Electric Fuels		.21
Corporate & other		(.02)
2000 Florida Progress Second Quarter EPS		**$1.11**

FLORIDA POWER CORPORATION

Florida Power, reported $.81 per share, for the second quarter of 2000 compared with $.67 per share for the same period last year. Florida Power's earnings for the six-month period ended June 30, 2000 were $1.45 per share compared to earnings of $1.31 per share for the same period last year. The improved earnings for both the three and six month periods were due primarily to higher kilowatt-hour sales and lower operation and maintenance expenses.

Exhibit B(1)

FLORIDA POWER CORPORATION
PROJECTED SOURCES AND USES OF FUNDS
(In Millions)

	12 Months Ending December 31, 2001
OPERATING ACTIVITIES	$ 610.4
INVESTING ACTIVITIES:	
Construction Expenditures	(292.5)
Other Investing Activities	(20.8)
Total	(313.3)
FINANCING ACTIVITIES:	
Long-Term Debt Repayments	(82.0)
Dividends Paid on Common Stock	(208.5)
Increase (Decrease) in Short-Term Debt	(6.6)
Total	(297.1)
TOTAL INCREASE (DECREASE) IN CASH	$ 0.0

NOTE: The possible refunding and tender offer activity has not been scheduled in this worksheet. If this activity had been scheduled, it would have been presented under the category of Financing Activities as an additional source line and an additional use line of equal amounts, but opposite signs. The net effect on total Financing Activities would be zero.

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Exhibit B(2)

FLORIDA POWER CORPORATION
PRELIMINARY CONSTRUCTION EXPENDITURES FOR 2001
(In Millions)

BUDGET CLASSIFICATION	PRELIMINARY BUDGET
PRODUCTION PLANT	
Nuclear Production	$ 5.6
Fossil/Other Production	29.8
Steam Production	33.0
TOTAL PRODUCTION PLANT	68.4
TRANSMISSION & SUBSTATIONS	
Transmission Lines	22.0
Transmission Substations	22.4
Distribution Substations	11.7
TOTAL TRANSMISSION & SUBSTATIONS	56.1
DISTRIBUTION LINES & SERVICES	
Overhead/Underground Lines and Services	88.5
Meters and Transformers	15.8
TOTAL DISTRIBUTION LINES & SERVICES	104.3
GENERAL PLANT	
Other General Plant	3.6
Transportation Equipment	4.4
Communications Equipment	1.2
Computer Hardware and Software	12.1
TOTAL GENERAL PLANT	21.3
NUCLEAR FUEL	42.4
TOTAL LESS AFUDC	$ 292.5

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Exhibit C

FLORIDA POWER CORPORATION
CAPITAL STOCK AND LONG-TERM DEBT
As Of August 31, 2000

Title of Class	Shares Authorized	Shares Outstanding	Amount Outstanding
Common Stock without par value	60,000,000	100[1]	N/A
Cumulative Preferred Stock (Par Value $100):			
4.00% Series	40,000	39,980	$ 3,998,000
4.40% Series	75,000	75,000	7,500,000
4.60% Series	40,000	39,997	3,999,700
4.75% Series	80,000	80,000	8,000,000
4.58% Series	100,000	99,990	9,999,000
Total Cumulative Preferred Stock Outstanding			$ 33,496,700

First Mortgage Bonds:	Amount Outstanding
6-1/8% Series, due 2003	$ 70,000,000
6% Series, due 2003	110,000,000
6-7/8% Series, due 2008	80,000,000
8% Series, due 2022	150,000,000
7% Series, due 2023	100,000,000
Total First Mortgage Bonds Outstanding	$ 510,000,000

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[1] All of the Company's outstanding shares of common stock are owned beneficially and of record by the Company's parent, Florida Progress Corporation.

Exhibit C

FLORIDA POWER CORPORATION
CAPITAL STOCK AND LONG-TERM DEBT
As Of August 31, 2000

		Amount Outstanding
Pollution Control Revenue Bonds:		
7.20% Pinellas, due 2014	$	32,200,000
6.35% Citrus, due 2022		90,000,000
6.35% Pasco, due 2022		10,115,000
6-5/8% Citrus, due 2027		108,550,000
Total Pollution Control Revenue Bonds Outstanding	$	240,865,000
Medium-Term Notes:		
6.67%, due 2008	$	22,000,000
6.47%, due 2001		80,000,000
6.54%, due 2002		30,000,000
6.62%, due 2003		35,000,000
6.69%, due 2004		40,000,000
6.72%, due 2005		45,000,000
6.77%, due 2006		45,000,000
6.81%, due 2007		85,000,000
6.75% due 2028		150,000,000
Total Medium-Term Notes Outstanding	$	532,000,000
Commercial Paper (backed by long-term credit agreement)		200,000,000
Total Long-Term Debt Outstanding:	$	1,482,865,000

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FLORIDA POWER CORPORATION
FPSC APPLICATION FOR AUTHORITY
TO ISSUE AND SELL SECURITIES DURING 2001
(In Millions)

Long-term authority required:	
Commercial paper backed by, or borrowings under, the Company's long-term credit agreements	$400.0
Total other long-term financing authority required	$1,030.0
Total short-term financing authority required:	$500.0

POSSIBLE LONG-TERM FINANCING ACTIVITY DETAIL (1)

Five-year, long-term revolving credit agreement (or CP backed thereby)		$200.0	
Long-term credit agreement (or CP backed thereby) for self insurance or other general corporate purposes		200.0	
CP backed by, or borrowings under, the Company's long-term credit agreements			*$400.0*
Issue FMBs, MTNs, or other securities and debt obligations for tender offers for, the defeasance of, or otherwise refunding the following:			
8% Series FMBs due 2022	150.0		
7% Series FMBs due 2023	100.0	250.0	
Enter into forward refunding contracts, forward swap contracts, or interest rate swap agreements for one or more series of outstanding pollution control refunding revenue bonds		240.9	
Issue pollution control revenue bonds		35.0	
Issue FMBs, MTNs or other securities and debt obligations to pay off projected year-end 2000 outstanding CP balance (2)		500.0	
Rounding to simplify reporting		4.1	
Other long-term financing authority required			***$1,030.0***

FLORIDA POWER CORPORATION
FPSC APPLICATION FOR AUTHORITY
TO ISSUE AND SELL SECURITIES DURING 2001
(In Millions)

POSSIBLE SHORT-TERM FINANCING ACTIVITY DETAIL (1)(3)

364-day, short-term revolving credit agreement (or CP backed thereby)	$200.0
Other securities and debt obligations, such as borrowings from banks or extendible commercial notes	300.0
Total short-term financing authority required	***$500.0***

1) These proposed transactions are subject to periodic review and may change due to market conditions or other events that may effect Company business, but at no time will the sum of the transactions exceed the authority requested by this application.

2) The Company assumes that a change in market conditions or the Company's current assumptions would warrant replacing CP at its projected year-end 2000 balance.

3) This short-term financing shall be in addition to and in excess of the authority conferred on the Company by Section 366.04, Florida Statutes, to issue short-term securities aggregating not more than five percent of the par value of the Company's other outstanding securities.

FMB = First Mortgage Bond

MTN = Medium-Term Note

CP = Commercial Paper

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Exhibit E

FLORIDA POWER CORPORATION
DETAIL OF POSSIBLE REFUNDINGS AND TENDER OFFERS
(In Millions)

Series	Issue Date	Premium at 01/01/01		Principal Amount
TENDER OFFERS OR DEFEASANCE				
8% Series FMBs due 2022	12/15/92	(1)	$	150.0
7% Series FMBs due 2023	12/15/93	(1)		100.0
Total of Possible Tender Offers or Defeasance			$	250.0

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(1) This series is not redeemable at the Company's option in 2000, but the Company may effect a tender offer for, or the defeasance of the series at a yet to be determined price.

FMB = First Mortgage Bond

MTN = Medium-Term Note

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