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ORIGINAL

HAROLD M. KNOWLES
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February 14, 2002

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COMMISSION
CLERK

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

020123-TP

Re: Transfer of Authority of Progress Telecommunications Corporation and Caronet, Inc.
to Progress Telecom Corporation

Dear Ms. Bayo:

Attached is a memorandum related to the Transfer of Authority of Progress Telecommunications Corporation and Caronet, Inc. to Progress Telecom Corporation. As indicated in the memorandum it is the intent of Progress Telecom Corporation to provide telecommunication services utilizing Certificate No. 7448, Alternative Local Exchange Carrier, Certificate No. 5764, Alternative Access Vendor and Certificate No. 7058, Interexchange Carrier.

If you should need any additional information regarding the foregoing, please do not hesitate to contact me.

Sincerely,

John R. Marks, III

JRM/lcg
Attachment

cc: Cathy Quinn

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

MEMORANDUM

020123-7P

TO: Blanca Bayo, Director, Division of the Commission Clerk & Administrative Services

FROM: John R. Marks, III, Counsel for Progress Telecom Corporation

DATE: February 14, 2002

RE: Transfer of Authority of Progress Telecommunications Corporation and Caronet, Inc. to Progress Telecom Corporation

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In November, 2000, Carolina Power & Light (CP&L) completed its acquisition of Florida Progress, including its subsidiary Progress Telecommunications Corporation. In December, 2000 as a result of the merger, Progress Energy, Inc. (PGN) began trading on the New York Stock Exchange.

Progress Telecommunications Corporation, a wholly-owned subsidiary of Florida Progress, holds the following certificates issued by the Florida Public Service Commission:

Certificate No. 7448, Alternative Local Exchange Carrier.

Certificate No. 5764 , Alternative Access Vendor.

Caronet, Inc., a wholly owned subsidiary of CP&L, holds the following certificates issued by the Florida Public Service Commission:

Certificate No. 7038 , Alternative Local Exchange Carrier.

Certificate No. 7058, Interexchange Carrier.

On December 21, 2001, the Articles of Incorporation of Progress Telecom Corporation were filed with the Secretary of State of the State of Florida. Progress Telecom Corporation is a wholly owned subsidiary of Progress Energy, Inc.

As a result of the acquisition and merger and the desire to consolidate the telecommunications operations of both companies, Progress Energy requests that the ALEC and AAV certificates of Progress Telecommunications Corporation and the IXC certificate of Caronet, Inc. be transferred to the new entity, Progress Telecom Corporation. Further, it is the request of Progress Energy that the ALEC certificate of Caronet be cancelled.

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Progress Energy/Progress Telecom Corporation believes that the transfers and cancellation of the certificates as outlined above will result in more efficient internal operations and will avoid any potential public and/or regulatory confusion as a result of the merger and acquisition. Further, Progress Energy/Progress Telecom Corporation believes that this request is in the public interest.

Any information regarding the organizational structure, operations or the financial conditions of Progress Telecom Corporation or its parent Progress Energy, Inc. will be provided upon request.

JRM/lcg