

ORIGINAL

**Matilda Sanders**

**From:** James A. McGee [jmcgee@tampabay.rr.com]  
**Sent:** Wednesday, March 30, 2005 9:29 AM  
**To:** Filings@psc.state.fl.us  
**Cc:** McLean, Harold *030987 (M)*  
**Subject:** Docket No. ~~930987-EI~~ Et, Consummation Report for 2004  
**Attachments:** PEF Consummation Report for 2004.pdf

This electronic filing is made by  
 James A. McGee  
 P.O. Box 14042  
 St. Petersburg, FL 33733  
 727-820-5184  
[james.mcgee@pgnmail.com](mailto:james.mcgee@pgnmail.com)

Docket No. ~~930987-EI~~ *030987-EI*

In re: Application of Progress Energy Florida for authority to issue and sell securities during 2004.

On behalf of Progress Energy Florida.

Consisting of 40 pages.

The document attached for filing is Progress Energy's Consummation Report for 2004, including exhibits and a filing letter.

CMP \_\_\_\_\_  
 COM \_\_\_\_\_  
 CTR \_\_\_\_\_  
 ECR   1    
 GCL \_\_\_\_\_  
 OPC \_\_\_\_\_  
 MMS \_\_\_\_\_  
 RCA \_\_\_\_\_  
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 SEC   1    
 OTH \_\_\_\_\_

3/30/2005

DOCUMENT NUMBER-DATE  
*03075 MAR 30 '05*  
 FPSC-COMMISSION CLERK



ORIGINAL

JAMES A. MCGEE  
ASSOCIATE GENERAL COUNSEL  
PROGRESS ENERGY SERVICE COMPANY, LLC

March 30, 2005

VIA ELECTRONIC FILING

Ms. Blanca S. Bayó, Director  
Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Docket No. 030987-EI; Consummation Report for 2004.

Dear Ms. Bayó:

Pursuant to Commission Order No. PSC-03-1439-FOF-EI issued December 22, 2003 in the subject docket, and Rule 25-8.009, Florida Administrative Code, enclosed for filing on behalf of Progress Energy Florida, Inc., is its Consummation Report for 2004, including Exhibits (1)-a, (2)-a, (2)-b and (4)-a. All other exhibits have been previously filed with the Commission and are incorporated into the Report by reference.

Please acknowledge your receipt of the above filing as provided in the Commission's electronic filing procedures. Thank you for your assistance in this matter.

Very truly yours,

s/ James A. McGee

JAM/scc  
Enclosure

cc: Office of Public Counsel

DOCKET NO. 030987-EI  
FLORIDA PUBLIC SERVICE COMMISSION  
TALLAHASSEE, FLORIDA  
  
CONSUMMATION REPORT  
TO  
APPLICATION OF  
PROGRESS ENERGY FLORIDA, INC.  
(FORMERLY, FLORIDA POWER CORPORATION)  
FOR AUTHORITY TO ISSUE AND SELL  
SECURITIES DURING 2004  
PURSUANT TO FLORIDA STATUTES, SECTION 366.04  
AND FLORIDA ADMINISTRATIVE CODE CHAPTER 25-8

Address communications in connection with this Consummation Report to:

James A. McGee  
Associate General Counsel  
Post Office Box 14042  
St. Petersburg, Florida 33733

Dated: March 30, 2005

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

IN RE: APPLICATION OF PROGRESS ENERGY	)	
FLORIDA, INC. FOR AUTHORITY TO	)	
ISSUE AND SELL SECURITIES DURING	)	DOCKET NO. 030987-EI
2004 PURSUANT TO FLORIDA STATUTES	)	
SECTION 366.04 AND CHAPTER 25-8,	)	
FLORIDA ADMINISTRATIVE CODE	)	

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The Applicant, Progress Energy Florida, Inc., formerly Florida Power Corporation, (the "Company"), pursuant to Commission Order No. PSC-03-1439-FOF-EI issued December 22, 2003 (the "Order"), and Rule 25-8.009, Florida Administrative Code, hereby files its Consummation Report for 2004 as directed by the terms of the Order and states as follows.

The Company did not issue any medium-term notes or other debt or equity securities during calendar year 2004, except for (i) commercial paper; (ii) notes that were delivered to various banks to evidence the Company's new short-term and long-term revolving credit agreements; and (iii) a note that was delivered to evidence loans to the Company from the Utility Money Pool established pursuant to a Utility Money Pool Agreement, dated as of December 4, 2000 by and among Progress Energy Inc., a North Carolina corporation and a registered holding company under the Public Utility Holding Company Act of 1935, as amended, and its utility subsidiaries, including the Company.

The Company regularly issues commercial paper for terms up to but not exceeding 270 days from the date of issuance. The commercial paper is issued pursuant to a Commercial Paper Dealer Agreement dated December 22, 1988 with Merrill Lynch Money Markets Inc., as amended by a Letter

Agreement dated November 18, 1997 (the “Merrill CP Agreement”), and a Letter Agreement dated November 20, 1992 with Banc One Capital Markets, Inc., (successor to First Chicago Capital Markets, Inc.), as amended by a Letter Agreement dated December 4, 1997 (the “Banc One CP Agreement”). The commercial paper is sold at a discount, including the underwriting discount of the commercial paper dealer, at a rate comparable to interest rates being paid in the commercial paper market by borrowers of similar creditworthiness. Given the frequency of these sales, it is not practicable to give the details of each issue. However, the Company’s 2004 commercial paper activity can be summarized as follows:

2004 Commercial Paper Activity  
(\$ in thousands)

Commercial paper issued:	\$6,423,984,194
Commercial paper matured:	\$6,291,123,000
Average outstanding:	\$194,008,769
Weighted average yield:	1.3804%
Weighted average term:	12.14days

As back-up for its commercial paper program, the Company has executed (i) an Amendment and Restatement, dated as of March 30, 2004, to a 364-Day Credit Agreement dated as of April 1, 2003 with JPMorgan Chase Bank as Administrative Agent for the lenders named therein, providing for short-term loans to the Company in an aggregate principal amount not exceeding \$200,000,000 (“the Short-Term Credit Agreement”), and (ii) a Three-Year Credit Agreement with JPMorgan Chase Bank, as Administrative Agent for the lenders named therein, dated as of April 1, 2003, providing for long-term loans to the Company in the aggregate principal amount not exceeding \$200,000,000. During 2004, the Company borrowed an aggregate amount of \$285,000,000 under the facilities. The average interest rate was 2.7327%. The loans were repaid by February 3, 2005.

The Utility Money Pool was established to coordinate and provide for certain short-term cash and working capital requirements of the utility subsidiaries of Progress Energy, Inc. Each utility

subsidiary may contribute funds to the Utility Money Pool. No loans through the Utility Money Pool will be made to and no borrowings through the Utility Money Pool will be made by Progress Energy, Inc. The principal amount of each loan from the Utility Money Pool, together with all interest accrued thereon, are to be repaid on demand and in any event within 365 days of the date on which the loan was made. The Company had maximum borrowings of approximately \$400,918,604 from the Utility Money Pool during 2004. As of December 31, 2004, the Company had outstanding borrowings of approximately \$178,479,165 from the Utility Money Pool. The average interest rate on outstanding Money Pool balances was 1.717%.

A statement showing capitalization, pretax interest coverage, and debt interest and preferred stock dividend requirements at December 31, 2004 is attached hereto as Schedule A.

Additional details concerning the foregoing are contained in the following exhibits filed herewith or filed with previous Consummation Reports and incorporated herein by reference (with the exhibit numbers corresponding to the applicable paragraph number of Rule 25-8.009, Florida Administrative Code):

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
(1)-a	Amendment and Restatement, dated March 30, 2004, to Progress Energy Florida, Inc.'s 364-Day Revolving Credit Agreement, dated April 1, 2003, between the Company, the Lenders named therein, and the JPMorgan Chase Bank, as agent for the several Lenders.
(1)-b	3-Year Credit Agreement, dated as of April 1, 2003, between the Company, the Lenders named therein, and JP Morgan Chase Bank, as agent for the Lenders. (Included as Exhibit (1)-d to the Company's Consummation Report filed with the Commission on March 30, 2004 in Docket No. 021029-EI, and incorporated herein by reference.)
(1)-c	Commercial Paper Issuer memorandum dated November 17, 1998 of Merrill Lynch Money Markets Inc. (Included as Exhibit (a)-3 to the Company's Consummation Report filed with the Commission on March 31, 1999 in Docket No. 971311-EI, and incorporated herein by reference).

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
(1)-d	<b>Commercial Paper</b> Offering Memorandum dated August 11, 1999 of Banc One Capital Markets, Inc. (successor to First Chicago Capital Markets, Inc.). (Included as Exhibit (a)-5 to the Company's Consummation Report filed with the Commission on March 23, 2000 in Docket No. 981268-EI, and incorporated herein by reference.)
(1)-e	Utility Money Pool Agreement dated December 4, 2000 between Progress Energy, Inc., Carolina Power & Light Company, a North Carolina Corporation, North Carolina Natural Gas Corporation, a Delaware Corporation, Florida Power Corporation, and Progress Energy Service Company, LLC (solely as Administrator). (Included as Exhibit (a)-6 to the Company's Consummation Report filed with the Commission on April 2, 2001 in Docket No. 991525-EI, and incorporated herein by reference.)
(2)-a	Opinion of R. Alexander Glenn, Deputy General Counsel of Progress Energy Service Company, LLC, on behalf of the Company, dated March 30, 2004, to JPMorgan Chase Bank, as agent for the Lenders, regarding the legality of the Amendment and Restatement, dated as of March 30, 2004, to the 364-Day Revolving Credit Agreement.
(2)-b	Opinion of Hunton & Williams, Counsel to the Company, dated March 30, 2004, to JPMorgan Chase Bank, as agent for the Lenders, regarding the legality of the Amendment and Restatement, dated as of March 30, 2004, to the 364-Day Revolving Credit Agreement.
(2)-c	Opinion of R. Alexander Glenn, Associate General Counsel of Progress Energy Service Company, LLC, on behalf of the Company, dated April 1, 2003, to JPMorgan Chase Bank, as agent for the Lenders, regarding the legality of the 364-Day Credit Agreement. (Included as Exhibit (2)-f to the Company's Consummation Report filed with the Commission on March 30, 2004 in Docket No. 021029-EI, and incorporated herein by reference.)
(2)-d	Opinion of R. Alexander Glenn, Associate General Counsel of Progress Energy Service Company, LLC, on behalf of the Company, dated April 1, 2003, to JPMorgan Chase Bank, as agent for the Lenders, regarding the legality of the Three-Year Credit Agreement. (Included as Exhibit (2)-g to the Company's Consummation Report filed with the Commission on March 30, 2004 in Docket No. 021029-EI, and incorporated herein by reference.)

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
(3)-a	Amendment No. 1 to Registration Statement on Form S-3 (No. 333-63204) of the Company as filed with the Securities and Exchange Commission on June 26, 2001. (Included as Exhibit (3)-a to the Company's Consummation Report filed with the Commission on March 30, 2004 in Docket No. 021029-EI, and incorporated herein by reference.)
(3)-b	Amendment No. 1 to Registration Statement on Form S-3 (No. 333-103974) of the Company as filed with the Securities and Exchange Commission on April 2, 2003. (Included as Exhibit (3)-c to the Company's Consummation Report filed with the Commission on March 30, 2004 in Docket No. 021029-EI, and incorporated herein by reference.)
(4)-a	Commercial Paper Dealer Agreement, dated September 29, 2004, between the Company and SunTrust Capital Markets, Inc.
(4)-b	Commercial Paper Dealer Agreement dated December 22, 1998 between the Company and Merrill Lynch Money Markets Inc. (Included as Exhibit (d)-1 to the Company's Consummation Report filed with the Commission on March 27, 1997 in Docket No. 951229-EI, and incorporated herein by reference.)
(4)-c	Letter Agreement dated November 18, 1997 from the Company to Merrill Lynch Money Markets, Inc. regarding the increase in the maximum amount of Commercial Paper outstanding from \$400 to \$500 million. (Included as Exhibit (d)-2 to the Company's Consummation Report filed with the Commission on September 22, 1997 in Docket No. 961216-EI, and incorporated herein by reference.)
(4)-d	Letter Agreement dated November 20, 1992 between the Company and Banc One Capital Markets, Inc. (successor to First Chicago Capital Markets, Inc.) relating to the Company's commercial paper. (Included as Exhibit (d)-2 to the Company's Consummation Report filed with the Commission on March 27, 1997 in Docket No. 951229-EI, and incorporated herein by reference.)
(4)-e	Letter dated December 4, 1997 from the Company to Banc One Capital Markets, Inc. (successor to First Chicago Capital Markets, Inc.) regarding increase in maximum amount of Commercial Paper outstanding from \$400 to \$500 million. (Included as Exhibit (d)-2 to the Company's Consummation Report filed with the Commission on September 22, 1997 in Docket No. 961216-EI, and incorporated herein by reference.)

Respectfully submitted this 30<sup>th</sup> day of March, 2005.

s/ James A. McGee

James A. McGee  
Associate General Counsel  
Progress Energy Service Company, LLC  
Post Office Box 14042  
St. Petersburg, FL 33733  
Telephone: 727-820-5184

Attorney for  
**PROGRESS ENERGY FLORIDA, INC.**

223000

## Schedule A

PROGRESS ENERGY FLORIDA  
SELECTED FINANCIAL DATA

CAPITALIZATION: as of December 31, 2004

Debt:	Interest Rate	Amount Outstanding (in millions)
First Mortgage bonds		
Maturing 2008 through 2033	5.60% (a)	\$ 1,330.0
Pollution control refunding revenue bonds		
Secured by Mortgage, Maturing 2018 through 2027	1.67% (a)	\$ 240.9
Medium-term notes		
Maturing 2005 through 2028	6.76% (a)	\$ 337.0
Borrowing under 3-Year Credit Facility		
Facility Expires 2006	2.95% (a)	\$ 55.0
Discount being amortized over term of bonds		\$ (3.0)
Total long-term debt		\$ 1,959.9
Notes payable (Commercial Paper & Credit Facility Borrowings)		\$ 292.9
Total debt		<u>\$ 2,252.8</u>

**Preferred stock:**

Without sinking funds, not subject to mandatory redemption:

	Dividend Rate	Current Redemption Price	Shares Outstanding	
4.00% Series	\$	104.25	39,980	\$ 4.0
4.40% Series	\$	102.00	75,000	\$ 7.5
4.58% Series	\$	101.00	99,990	\$ 10.0
4.60% Series	\$	103.25	39,997	\$ 4.0
4.75% Series	\$	102.00	80,000	\$ 8.0
<b>Total preferred stock</b>			<u>334,967</u> (b)	<u>\$ 33.5</u>
<b>Common stock equity</b>				<u>\$ 2,321.0</u>
<b>Total capitalization</b>				<u>\$ 4,607.3</u>

(a) Weighted average interest rate at December 31, 2004

(b) Total authorized shares outstanding at December 31, 2004: 335,000

	<u>2004</u>
Pre-Tax Interest Coverage:	<u>5.3</u>
Debt Interest Charges:	<u>\$ 117</u> million
Preferred Stock Dividend Requirements:	<u>\$ 1.5</u> million

**AMENDMENT AND RESTATEMENT**

AMENDMENT AND RESTATEMENT, dated as of March 30, 2004 (this “*Amendment and Restatement*”), to that certain 364-DAY REVOLVING CREDIT AGREEMENT, dated as of April 1, 2003, (the “*Existing Agreement*”; and as amended by this Amendment and Restatement, the “*Amended and Restated Agreement*”), among Florida Power Corporation (d/b/a/ Progress Energy Florida, Inc., the “*Company*”), the Banks and Lenders from time to time party thereto (the “*Lenders*”) and JPMorgan Chase Bank, as Administrative Agent (the “*Administrative Agent*”).

**PRELIMINARY STATEMENT**

The Company, the Lenders and the Administrative Agent previously entered into the Existing Agreement. The parties hereto now wish to amend the Existing Agreement in its entirety to read as set forth in the Existing Agreement with the amendments set forth below. The parties therefore agree as follows (capitalized terms used but not defined herein having the meanings assigned to such terms in the Existing Agreement):

**SECTION 1. Amendment to Existing Agreement.** Effective as of the Termination Date (as defined in the Existing Agreement without giving effect to this Amendment and Restatement, the “*Current Termination Date*”) and subject to the satisfaction of the conditions precedent set forth in Section 2 hereof, the Existing Agreement is hereby amended as follows:

(a) Section 1.01 is amended by deleting the definition of “*Revolving Period*” in its entirety and substituting the following definition in lieu thereof:

“*Revolving Period*” means the period beginning on the date hereof and ending on March 29, 2005 or, as to any Lender other than any Declining Lender, such later date as to which the Lenders may from time to time agree pursuant to Section 2.16.

(b) The following definitions in Section 1.01 are amended as follows:

(i) The definition of “*Applicable Margin*” is amended by replacing the table therein with the following table:

Basis for Pricing	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	LEVEL 6
	If the Reference Securities are rated at least A+ by S&P or at least A1 by Moody’s	If the Reference Securities are rated lower than Level 1 but at least A by S&P or at least A2 by Moody’s	If the Reference Securities are rated lower than Level 2 but at least A- by S&P or A3 by Moody’s	If the Reference Securities are rated lower than Level 3 but at least BBB+ by S&P or Baa1 by Moody’s	If the Reference Securities are rated lower than Level 4 but at least BBB by S&P or Baa2 by Moody’s	If the Reference Securities are rated lower than Level 5 or unrated
Eurodollar Rate	0.310%	0.400%	0.500%	0.600%	0.700%	1.250%
Base Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.250%

(ii) The definition of “*Domestic Lending Office*” is amended by replacing the phrase “Schedule II” contained therein with the phrase “Schedule I”.

(iii) The definition of “*Eurodollar Lending Office*” is amended by replacing the phrase “Schedule II” contained therein with the phrase “Schedule I”.

(c) Section 1.01 is amended by deleting the definitions of “*Existing CP&L Facility*” and “*Existing Facilities*” in their respective entirety.

(d) Section 2.01 is amended by replacing the phrase “Schedule II” contained therein with the phrase “Schedule I”.

(e) Section 2.03 is amended by replacing the table therein in its entirety with the following table:

Basis for Pricing	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	LEVEL 6
	If the Reference Securities are rated at least A+ by S&P or at least A1 by Moody’s	If the Reference Securities are rated lower than Level 1 but at least A by S&P or at least A2 by Moody’s	If the Reference Securities are rated lower than Level 2 but at least A- by S&P or at least A3 by Moody’s	If the Reference Securities are rated lower than Level 3 but at least BBB+ by S&P or at least Baa1 by Moody’s	If the Reference Securities are rated lower than Level 4 but at least BBB by S&P or at least Baa2 by Moody’s	If the Reference Securities are rated lower than Level 5 or unrated
Facility Fee	0.090%	0.100%	0.125%	0.150%	0.175%	0.250%

(f) The text of Section 3.01(g) is deleted and replaced in its entirety with the word “Reserved.”.

(g) Section 4.01(e) is amended by replacing both instances of “December 31, 2002” contained therein with “December 31, 2003”.

(h) Section 8.02 is amended by replacing the phrase “Schedule II” therein with the phrase “Schedule I”.

(i) The text of Section 8.08 is deleted and replaced in its entirety with the word “Reserved.”

(j) Schedule I is deleted in its entirety and replaced with Schedule I hereto.

(k) Schedule II is deleted in its entirety.

(l) References in Exhibits A-1, A-2, B, C-1, C-2, C-3, C-4, D, E and F to “April 1, 2003” shall be replaced by references to “March 30, 2004”.

**SECTION 2. Adjustments to the Commitments.** Each Lender that consents to this Amendment and Restatement by duly completing, executing and delivering to the Administrative Agent a signature page to this Amendment and Restatement (each such Lender being an “*Extending Lender*”) shall also indicate on its signature page hereto whether and by what amount such Lender would be willing, in such Lender’s sole discretion, to increase its Commitment on and after the Current Termination Date in the event that any Lender does not consent to this Amendment and Restatement (any such Lender being a “*Declining Lender*”). The Administrative Agent may determine, in its sole discretion, the amount by which the Commitment of each Extending Lender that has agreed to increase its Commitment (each such Lender being an “*Increasing Commitment Lender*”) shall be increased; *provided* that (i) no Increasing

Commitment Lender's Commitment may be increased by an amount in excess of the amount of the increase offered by such Increasing Commitment Lender, as set forth on such Increasing Commitment Lender's signature page to this Amendment and Restatement, and (ii) the aggregate amount of the Commitments after giving effect to all such increases shall not exceed the aggregate amount of the Commitments immediately prior to the Current Termination Date. The Administrative Agent shall notify the Lenders and the Company, no later than three Business Days prior to the Current Termination Date, of the Commitments of the Extending Lenders that will be in effect on and after the Current Termination Date, after giving effect to any increases in such Commitments pursuant to the procedures set forth in this Section 2. From and after the Current Termination Date, and subject to the satisfaction of the condition precedent set forth in clause (b) of Section 3 below, the Commitment of each Declining Lender shall be zero.

**SECTION 3. Conditions of Effectiveness of Amendment.** This Amendment shall become effective as of the date first written above when, and only when, on or prior to the Current Termination Date, the Administrative Agent shall have received:

- (a) counterparts of this Amendment and Restatement executed by the Company and Lenders that consent to this Amendment and Restatement representing at least 85% of the Commitments (after giving effect to any adjustments to the Commitments under Section 2);
- (b) opinions of counsel to the Company substantially in the forms of Exhibit A-1 and Exhibit A-2 and as to such other matters as any Lender through the Administrative Agent may reasonably request;
- (c) promissory notes, if requested by any Lender pursuant to Section 2.06;
- (d) certified copies of the resolutions of the Board of Directors of the Company approving this Amendment and Restatement, and of all documents evidencing other necessary corporate action and governmental approvals, including the FPSC Order, with respect to this Amendment and Restatement;
- (e) a certificate of the Secretary or an Assistant Secretary of the Company, dated as of the date hereof, certifying the names and true signatures of the officers of the Company authorized to sign this Amendment and Restatement and the other documents to be delivered hereunder;
- (f) a certificate of a Responsible Officer of the Company, dated as of the date hereof, certifying (i) the accuracy of the representations and warranties contained herein and (ii) that no event has occurred and is continuing which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse, or both;
- (g) certified copies of all required governmental approvals and authorizations;
- (h) certified copy of the restated charter and bylaws of the Company;
- (i) a favorable opinion of King & Spalding LLP, counsel for the Administrative Agent, substantially in the form of Exhibit D hereto; and
- (j) either (i) the Commitment of, and all outstanding Loans made by, any Declining Lender shall have been assigned to one or more Increasing Commitment Lenders in accordance with the provisions of Section 8.07 of the Existing Agreement pursuant to an Assignment and Acceptance in substantially the form of Exhibit B to the Existing Agreement or (ii) such Commitment shall have been terminated and all such Loans shall have been repaid in full.

**SECTION 4. Representations and Warranties of the Company.** The Company represents and warrants that (a) the representations and warranties contained in Section 4.01 (including without

limitation those regarding any required approvals of or notices to governmental bodies) of the Amended and Restated Agreement are true and correct on and as of the date first above written as though made on and as of such date, and (b) no event has occurred and is continuing, or would result from the execution and delivery of this Amendment and Restatement, that constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse, or both.

**SECTION 5. Reference to and Effect on the Existing Agreement.** Upon the effectiveness of this Amendment, on and after the date hereof each reference in the Existing Agreement to “this Agreement”, “hereunder”, “hereof” and each reference in any Note to “the Credit Agreement,” “thereunder” or “thereof” or, in either case, words of like import referring to the Existing Agreement shall mean and be a reference to the Amended and Restated Agreement, as amended hereby. Except as specifically amended above, the Existing Agreement and the Notes are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. The execution, delivery and effectiveness of this Amendment and Restatement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under the Existing Agreement or any Note, nor constitute a waiver of any provision of the Existing Agreement or any Note.

**SECTION 6. Costs, Expenses and Taxes.** The Company agrees to pay on demand all costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment and Restatement, and the other instruments and documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of King & Spalding LLP, counsel for the Administrative Agent with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities hereunder and thereunder, and all costs and expenses (including, without limitation, reasonable counsel fees and expenses), if any, in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Amendment and Restatement. In addition, the Company agrees to pay any and all stamp and other taxes payable or determined to be payable in connection with the execution and delivery of this Amendment and Restatement, and the other instruments and documents to be delivered hereunder, and agrees to save the Lenders and the Administrative Agent harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes.

**SECTION 7. Execution in Counterparts.** This Amendment and Restatement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

**SECTION 8. Governing Law.** This Amendment and Restatement shall be governed by, and construed in accordance with, the internal laws of the State of New York.

[Signature page to follow]

**Exhibit (1)-a**

S-1

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Restatement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

**FLORIDA POWER CORPORATION**

By \_\_\_\_\_  
Thomas R. Sullivan  
Treasurer

**JPMORGAN CHASE BANK, as Administrative Agent**

By \_\_\_\_\_  
Name:  
Title:

**Lenders:**

*Existing Commitment*  
\$ 25,000,000

The undersigned Lender hereby:

Consents to the Amendment and  
Restatement: \_\_\_\_\_

Declines to consent to the Amendment  
and Restatement: \_\_\_\_\_

Consents to an increase in the amount  
of its Commitment, pursuant to the  
provisions of Section 2 of the Amendment  
and Restatement, of up to: \$ \_\_\_\_\_

**JPMORGAN CHASE BANK**

By \_\_\_\_\_  
Name:  
Title:

*Existing Commitment*  
\$ 24,000,000

The undersigned Lender hereby:

Consents to the Amendment and  
Restatement: \_\_\_\_\_

Declines to consent to the Amendment  
and Restatement: \_\_\_\_\_

Consents to an increase in the amount  
of its Commitment, pursuant to the  
provisions of Section 2 of the Amendment  
and Restatement, of up to: \$ \_\_\_\_\_

**BANK ONE, N.A.**

By \_\_\_\_\_  
Name:  
Title:

*Existing Commitment*  
\$ 24,000,000

The undersigned Lender hereby:

Consents to the Amendment and  
Restatement: \_\_\_\_\_

Declines to consent to the Amendment  
and Restatement: \_\_\_\_\_

Consents to an increase in the amount  
of its Commitment, pursuant to the  
provisions of Section 2 of the Amendment  
and Restatement, of up to: \$ \_\_\_\_\_

**DEUTSCHE BANK AG NEW YORK BRANCH**

By \_\_\_\_\_

Name:

Title:

*Existing Commitment*  
\$ 24,000,000

The undersigned Lender hereby:

Consents to the Amendment and  
Restatement: \_\_\_\_\_

Declines to consent to the Amendment  
and Restatement: \_\_\_\_\_

Consents to an increase in the amount  
of its Commitment, pursuant to the  
provisions of Section 2 of the Amendment  
and Restatement, of up to: \$ \_\_\_\_\_

**WACHOVIA BANK, NATIONAL ASSOCIATION**

By \_\_\_\_\_  
Name:  
Title:

*Existing Commitment*  
\$ 20,000,000

The undersigned Lender hereby:

Consents to the Amendment and  
Restatement: \_\_\_\_\_

Declines to consent to the Amendment  
and Restatement: \_\_\_\_\_

Consents to an increase in the amount  
of its Commitment, pursuant to the  
provisions of Section 2 of the Amendment  
and Restatement, of up to: \$ \_\_\_\_\_

**THE BANK OF NEW YORK**

By \_\_\_\_\_

Name:

Title:

*Existing Commitment*  
\$ 20,000,000

The undersigned Lender hereby:

Consents to the Amendment and  
Restatement: \_\_\_\_\_

Declines to consent to the Amendment  
and Restatement: \_\_\_\_\_

Consents to an increase in the amount  
of its Commitment, pursuant to the  
provisions of Section 2 of the Amendment  
and Restatement, of up to: \$ \_\_\_\_\_

**BANK OF AMERICA, N.A.**

By \_\_\_\_\_  
Name:  
Title:

*Existing Commitment*  
\$ 20,000,000

The undersigned Lender hereby:

Consents to the Amendment and  
Restatement: \_\_\_\_\_

Declines to consent to the Amendment  
and Restatement: \_\_\_\_\_

Consents to an increase in the amount  
of its Commitment, pursuant to the  
provisions of Section 2 of the Amendment  
and Restatement, of up to: \$ \_\_\_\_\_

**SUNTRUST BANK, ATLANTA**

By \_\_\_\_\_  
Name:  
Title:

*Existing Commitment*  
\$ 20,000,000

The undersigned Lender hereby:

Consents to the Amendment and  
Restatement: \_\_\_\_\_

Declines to consent to the Amendment  
and Restatement: \_\_\_\_\_

Consents to an increase in the amount  
of its Commitment, pursuant to the  
provisions of Section 2 of the Amendment  
and Restatement, of up to: \$ \_\_\_\_\_

**THE BANK OF NOVA SCOTIA**

By \_\_\_\_\_  
Name:  
Title:

*Existing Commitment*  
\$ 11,500,000

The undersigned Lender hereby:

Consents to the Amendment and  
Restatement: \_\_\_\_\_

Declines to consent to the Amendment  
and Restatement: \_\_\_\_\_

Consents to an increase in the amount  
of its Commitment, pursuant to the  
provisions of Section 2 of the Amendment  
and Restatement, of up to: \$ \_\_\_\_\_

**MELLON BANK, N.A.**

By \_\_\_\_\_  
Name:  
Title:

*Existing Commitment*  
\$ 11,500,000

The undersigned Lender hereby:

Consents to the Amendment and  
Restatement: \_\_\_\_\_

Declines to consent to the Amendment  
and Restatement: \_\_\_\_\_

Consents to an increase in the amount  
of its Commitment, pursuant to the  
provisions of Section 2 of the Amendment  
and Restatement, of up to: \$ \_\_\_\_\_

**THE BANK OF TOKYO-MITSUBISHI, LTD.,  
NEW YORK BRANCH**

By \_\_\_\_\_  
Name:  
Title:

## SCHEDULE I

<u>Lender</u>	<u>Domestic Lending Office</u>	<u>Eurodollar Lending Office</u>	<u>Commitment</u>
JPMorgan Chase Bank			\$ 25,000,000
Bank One, N.A.			\$ 24,000,000
Deutsche Bank AG New York Branch			\$ 24,000,000
Wachovia Bank, National Association			\$ 24,000,000
The Bank of New York			\$ 20,000,000
Bank of America, N.A.			\$ 20,000,000
SunTrust Bank			\$ 20,000,000
The Bank of Nova Scotia			\$ 20,000,000
Mellon Bank, N.A.			\$ 11,500,000
The Bank of Tokyo- Mitsubishi, Ltd., New York Branch			\$ 11,500,000
Total:			\$200,000,000

EXHIBIT A-1

FORM OF OPINION OF COUNSEL FOR THE COMPANY

March 30, 2004

To each of the Lenders parties to the Amendment and Restatement referred to below and JPMorgan Chase Bank, as Administrative Agent

Re: Florida Power Corporation d/b/a Progress Energy Florida, Inc.

Ladies and Gentlemen:

This opinion is furnished to you by us as counsel for Florida Power Corporation d/b/a Progress Energy Florida, Inc. (the "**Borrower**") pursuant to Section 3(b) of the Amendment and Restatement, dated as of March 30, 2004 (the "**Amendment and Restatement**"; unless otherwise defined herein, the terms defined therein being used herein as therein defined), of the 364-day Credit Agreement, dated as of April 1, 2003 (the "**Credit Agreement**", and as amended by the Amendment and Restatement, the "**Amended and Restated Agreement**"), among the Borrower, certain lenders thereunder (the "**Lenders**") and JPMorgan Chase Bank, as administrative agent for the Lenders.

In connection with the preparation, execution and delivery of the Amendment and Restatement, we have examined:

- (1) The Amendment and Restatement.
- (2) The Credit Agreement.
- (3) The Amended and Restated Agreement.
- (4) The documents furnished by the Borrower pursuant to Section 3 of the Amendment and Restatement.
- (5) The Restated Charter of the Borrower (the "**Charter**").
- (6) The Bylaws of the Borrower and all amendments thereto (the "**Bylaws**").
- (7) The FPSC Order.
- (8) The opinion letter of even date herewith, addressed to you by R. Alexander Glenn, Associate General Counsel of Progress Energy Service Company, LLC, in his capacity as

counsel to the Company and delivered in connection with the transactions contemplated by the Amendment and Restatement (the "*Company Opinion Letter*").

We have also examined the originals, or copies of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower and agreements, instruments and other documents as we have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, we have, when relevant facts were not independently established by us, relied upon certificates of the Borrower or its officers or of public officials. We have assumed the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted as certified or photostatic copies and the authenticity of the originals (other than those of the Borrower), and the due execution and delivery, pursuant to due authorization, of the Amendment and Restatement by the Lenders and the Administrative Agent and the validity and binding effect thereof on such parties. Whenever the phrase "to our knowledge" is used in this opinion it refers to the actual knowledge of the attorneys of this firm involved in the representation of the Borrower without independent investigation.

We are qualified to practice law in the States of Florida and New York, and the opinions expressed herein are limited to the law of the States of Florida and New York and the federal law of the United States. To the extent that our opinions expressed herein depend upon opinions expressed in paragraphs 1 through 4 of the Company Opinion Letter, we have relied without independent investigation on the accuracy of the opinions expressed in the Company Opinion Letter, subject to the assumptions, qualifications and limitations set forth in the Company Opinion Letter.

Based upon the foregoing and upon such investigation as we have deemed necessary, we are of the opinion that the Amendment and Restatement and the Amended and Restated Agreement each constitutes the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms except as enforcement may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

The opinion set forth above is subject to the following qualifications:

(a) In addition to the application of equitable principles described above, courts have imposed an obligation on contracting parties to act reasonably and in good faith in the exercise of their contractual rights and remedies, and may also apply public policy considerations in limiting the right of parties seeking to obtain indemnification under circumstances where the conduct of such parties is determined to have constituted negligence.

(b) No opinion is expressed herein as to (i) Section 8.05 of the Amended and Restated Agreement, (ii) the enforceability of provisions purporting to grant to a party conclusive rights of determination, (iii) the availability of specific performance or other equitable remedies, (iv) the enforceability of rights to indemnity under federal or state securities laws or (v) the enforceability of waivers by parties of their respective rights and remedies under law,

(c) No opinion is expressed herein as to provisions, if any, in the Amended and Restated Agreement, which (A) purport to excuse, release or exculpate a party for liability for or indemnify a party against the consequences of its own acts, (B) purport to make void any act done in contravention thereof, (C) purport to authorize a party to make binding determinations in its sole discretion, (D) relate to the effects of laws which may be enacted in the future, (E) require waivers, consents or amendments to be made only in writing, (F) purport to waive rights of offset or to create rights of set off other than as provided by statute, or (G) purport to permit acceleration of indebtedness and the exercise of remedies by reason of the occurrence of an immaterial breach of the Amended and Restated Agreement or any related document. Further, we express no opinion as to the necessity for any Lender, by reason of such Lender's particular circumstances, to qualify to transact business in the State of New York or as to any Lender's liability for taxes in any jurisdiction.

The foregoing opinion is solely for your benefit and may not be relied upon by any other Person other than (i) any other Person that may become a Lender under the Amended and Restated Agreement after the date hereof in accordance with the provisions thereof and (ii) King & Spalding LLP, in connection with its opinion delivered on the date hereof in connection with the Amendment and Restatement.

Very truly yours,

EXHIBIT A-2

FORM OF OPINION OF ASSOCIATE GENERAL COUNSEL  
OF PROGRESS ENERGY SERVICE COMPANY, LLC

March 30, 2004

To each of the Lenders parties to the  
Amendment and Restatement referred to below and  
JPMorgan Chase Bank, as Administrative Agent

Re: Florida Power Corporation d/b/a Progress Energy Florida, Inc.

Ladies and Gentlemen:

This opinion is furnished to you by me as Associate General Counsel of Progress Energy Service Company, LLC and in my capacity as counsel to Florida Power Corporation d/b/a Progress Energy Florida, Inc. (the "**Borrower**") pursuant to Section 3(b) of the Amendment and Restatement, dated as of March 30, 2004 (the "**Amendment and Restatement**"; unless otherwise defined herein, the terms defined therein being used herein as therein defined), of the 364-day Credit Agreement, dated as of April 1, 2003 (the "**Credit Agreement**", and as amended by the Amendment and Restatement, the "**Amended and Restated Agreement**"), among the Borrower, certain lenders thereunder (the "**Lenders**") and JPMorgan Chase Bank, as administrative agent for the Lenders.

In connection with the preparation, execution and delivery of the Amendment and Restatement, I have examined:

- (1) The Amendment and Restatement.
- (2) The Credit Agreement.
- (3) The Amended and Restated Agreement.
- (4) The documents furnished by the Borrower pursuant to Section 3 of the Amendment and Restatement.
- (5) The Restated Charter of the Borrower (the "**Charter**").
- (6) The Bylaws of the Borrower and all amendments thereto (the "**Bylaws**").
- (7) The FPSC Order.

I have also examined the originals, or copies of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower and agreements, instruments and other documents as I have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, I have, when relevant facts were not independently established by me, relied upon certificates of the Borrower or its officers or of public officials. I have assumed the authenticity of all documents submitted to me as originals, the conformity to originals of all documents submitted as certified or photostatic copies and the authenticity of signatures (other than those of the Borrower), and the due execution and delivery, pursuant to due authorization, of the Amendment and Restatement by the Lenders and the Administrative Agent and the validity and binding effect thereof on such parties. For purposes of my opinions expressed in paragraph 1 below as to existence and good standing, I have relied as of their respective dates on certificates of public officials, copies of which are attached hereto as Exhibit A. Whenever the phrase "to my knowledge" is used in this opinion it refers to my actual knowledge and the actual knowledge of the attorneys who work under my supervision and who were involved in the representation of the Borrower in connection with the transactions contemplated by the Amendment and Restatement and the Amended and Restated Agreement.

I or attorneys working under my supervision are qualified to practice law in the State of Florida, and the opinions expressed herein are limited to the law of the State of Florida and the federal law of the United States.

Based upon the foregoing and upon such investigation as I have deemed necessary, I am of the following opinion:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. The Borrower has the corporate power and authority to enter into the transactions contemplated by the Amendment and Restatement.

2. The execution, delivery and performance of the Amendment and Restatement by the Borrower have been duly authorized by all necessary corporate action on the part of the Borrower and the Amendment and Restatement has been duly executed and delivered by the Borrower.

3. The execution, delivery and performance of the Amendment and Restatement by the Borrower will not (i) violate the Charter or the Bylaws or any law, rule or regulation applicable to the Borrower (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System) or (ii) result in a breach of, or constitute a default under, any judgment, decree or order binding on the Borrower, or any indenture, mortgage, contract or other instrument to which it is a party or by which it is bound.

4. No authorization, approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required for the due execution, delivery of the

Amendment and Restatement or the performance by the Company of the Amended and Restated Agreement, other than the FPSC Order, which has been duly issued and is in full force and effect. All periods for review and approval of the FPSC Order have expired, and no such request for review or appeal thereof has been filed or is pending.

5. To my knowledge, except as described in the reports and registration statements that the Borrower has filed with the Securities and Exchange Commission, there are no pending or overtly threatened actions or proceedings against the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator, that purport to affect the legality, validity, binding effect or enforceability of the Amended and Restated Agreement or that are likely to have a material adverse effect upon the financial condition or operations of the Borrower or any of its Subsidiaries.

The opinions set forth above are subject to the qualification that, except as provided in paragraph 4 above, no opinion is expressed herein as to the enforceability of the Amended and Restated Agreement or any other document.

The foregoing opinions are solely for your benefit and may not be relied upon by any other Person other than (i) any other Person that may become a Lender under the Amended and Restated Agreement after the date hereof and (ii) Hunton & Williams and King & Spalding LLP, in connection with their respective opinions delivered on the date hereof in connection with the Amendment and Restatement.

Very truly yours,

Writer's Direct Dial No. 727-820-5587

R. ALEXANDER GLENN  
Deputy General Counsel - Florida

March 30, 2004

To each of the Lenders parties to the Amendment  
and Restatement referred to below and JPMorgan  
Chase Bank, as Administrative Agent

Re: Florida Power Corporation d/b/a Progress Energy Florida, Inc.

Ladies and Gentlemen:

This opinion is furnished to you by me as Deputy General Counsel - Florida of Progress Energy Service Company, LLC and in my capacity as counsel to Florida Power Corporation d/b/a Progress Energy Florida, Inc. (the "**Borrower**") pursuant to Section 3(b) of the Amendment and Restatement, dated as of March 30, 2004 (the "**Amendment and Restatement**"; unless otherwise defined herein, the terms defined therein being used herein as therein defined), of the 364-day Credit Agreement, dated as of April 1, 2003 (the "Credit Agreement", and as amended by the Amendment and Restatement, the "**Amended and Restated Agreement**"), among the Borrower, certain lenders thereunder (the "**Lenders**") and JPMorgan Chase Bank, as administrative agent for the Lenders.

In connection with the preparation, execution and delivery of the Amendment and Restatement, I have examined:

- (1) The Amendment and Restatement.
- (2) The Credit Agreement.
- (3) The Amended and Restated Agreement.

(4) The documents furnished by the Borrower pursuant to Section 3 of the Amendment and Restatement.

March 30, 2004

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- (5) The Articles of Incorporation, as amended, of the Borrower (the "*Articles of Incorporation*").
- (6) The By-laws of the Borrower and all amendments thereto (the "*Bylaws*").
- (7) The FPSC Order.

I have also examined the originals, or copies of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower and agreements, instruments and other documents as I have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, I have, when relevant facts were not independently established by me, relied upon certificates of the Borrower or its officers or of public officials. I have assumed the authenticity of all documents submitted to me as originals, the conformity to originals of all documents submitted as certified or photostatic copies and the authenticity of signatures (other than those of the Borrower), and the due execution and delivery, pursuant to due authorization, of the Amendment and Restatement by the Lenders and the Administrative Agent and the validity and binding effect thereof on such parties. For purposes of my opinions expressed in paragraph 1 below as to existence and good standing, I have relied as of their respective dates on certificates of public officials, copies of which are attached hereto as Exhibit A. Whenever the phrase "to my knowledge" is used in this opinion it refers to my actual knowledge and the actual knowledge of the attorneys who work under my supervision and who were involved in the representation of the Borrower in connection with the transactions contemplated by the Amendment and Restatement and the Amended and Restated Agreement.

I or attorneys working under my supervision are qualified to practice law in the State of Florida, and the opinions expressed herein are limited to the law of the State of Florida and the federal law of the United States.

Based upon the foregoing and upon such investigation as I have deemed necessary, I am of the following opinion:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. The Borrower has the corporate power and authority to enter into the transactions contemplated by the Amendment and Restatement.
2. The execution, delivery and performance of the Amendment and Restatement by the Borrower have been duly authorized by all necessary corporate action on the part of the Borrower and the Amendment and Restatement has been duly executed and delivered by the Borrower.
3. The execution, delivery and performance of the Amendment and Restatement by the Borrower will not (i) violate the Articles of Incorporation or the Bylaws or any law, rule or regulation applicable to the Borrower (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System) or (ii) result in a breach of, or constitute a default

March 30, 2004

Page 3

under, any judgment, decree or order binding on the Borrower, or any indenture, mortgage, contract or other instrument to which it is a party or by which it is bound.

4. No authorization, approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required for the due execution, delivery of the Amendment and Restatement or the performance by the Company of the Amended and Restated Agreement, other than the FPSC Order, which has been duly issued and is in full force and effect. All periods for review and approval of the FPSC Order have expired, and no such request for review or appeal thereof has been filed or is pending.

5. To my knowledge, except as described in the reports and registration statements that the Borrower has filed with the Securities and Exchange Commission, there are no pending or overtly threatened actions or proceedings against the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator, that purport to affect the legality, validity, binding effect or enforceability of the Amended and Restated Agreement or that are likely to have a material adverse effect upon the financial condition or operations of the Borrower or any of its Subsidiaries.

The opinions set forth above are subject to the qualification that, except as provided in paragraph 4 above, no opinion is expressed herein as to the enforceability of the Amended and Restated Agreement or any other document.

The foregoing opinions are solely for your benefit and may not be relied upon by any other Person other than (i) any other Person that may become a Lender under the Amended and Restated Agreement after the date hereof and (ii) Hunton & Williams and King & Spalding LLP, in connection with their respective opinions delivered on the date hereof in connection with the Amendment and Restatement.

Very truly yours,

R. Alexander Glenn

HUNTON & WILLIAMS LLP  
POST OFFICE BOX 109  
RALEIGH, NORTH CAROLINA 27602

TEL 919 • 899 • 3000  
FAX 919 • 833 • 6352

March 30, 2004

To each of the Lenders parties to the Amendment and Restatement referred to below and JPMorgan Chase Bank, as Administrative Agent

Re: Florida Power Corporation d/b/a Progress Energy Florida, Inc.

Ladies and Gentlemen:

This opinion is furnished to you by us as counsel for Florida Power Corporation d/b/a Progress Energy Florida, Inc. (the "**Borrower**") pursuant to Section 3(b) of the Amendment and Restatement, dated as of March 30, 2004 (the "**Amendment and Restatement**"; unless otherwise defined herein, the terms defined therein being used herein as therein defined), of the 364-day Credit Agreement, dated as of April 1, 2003 (the "**Credit Agreement**", and as amended by the Amendment and Restatement, the "**Amended and Restated Agreement**"), among the Borrower, certain lenders thereunder (the "**Lenders**") and JPMorgan Chase Bank, as administrative agent for the Lenders.

In connection with the preparation, execution and delivery of the Amendment and Restatement, we have examined:

- (1) The Amendment and Restatement.
- (2) The Credit Agreement.
- (3) The Amended and Restated Agreement.
- (4) The documents furnished by the Borrower pursuant to Section 3 of the Amendment and Restatement.
- (5) The Articles of Incorporation, as amended, of the Borrower (the "**Articles of Incorporation**").
- (6) The By-laws of the Borrower and all amendments thereto (the "**Bylaws**").
- (7) The FPSC Order
- (8) The opinion letter of even date herewith, addressed to you by R. Alexander Glenn, Associate General Counsel of Progress Energy Service Company, LLC, in his capacity

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Page 2

as counsel to the Company and delivered in connection with the transactions contemplated by the Amendment and Restatement (the "*Company Opinion Letter*").

We have also examined the originals, or copies of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower and agreements, instruments and other documents as we have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, we have, when relevant facts were not independently established by us, relied upon certificates of the Borrower or its officers or of public officials. We have assumed the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted as certified or photostatic copies and the authenticity of the originals (other than those of the Borrower), and the due execution and delivery, pursuant to due authorization, of the Amendment and Restatement by the Lenders and the Administrative Agent and the validity and binding effect thereof on such parties. Whenever the phrase "to our knowledge" is used in this opinion it refers to the actual knowledge of the attorneys of this firm involved in the representation of the Borrower without independent investigation.

We are qualified to practice law in the States of Florida and New York, and the opinions expressed herein are limited to the law of the States of Florida and New York and the federal law of the United States. To the extent that our opinions expressed herein depend upon opinions expressed in paragraphs 1 through 4 of the Company Opinion Letter, we have relied without independent investigation on the accuracy of the opinions expressed in the Company Opinion Letter, subject to the assumptions, qualifications and limitations set forth in the Company Opinion Letter.

Based upon the foregoing and upon such investigation as we have deemed necessary, we are of the opinion that the Amendment and Restatement and the Amended and Restated Agreement each constitutes the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms except as enforcement may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

The opinion set forth above is subject to the following qualifications:

(a) In addition to the application of equitable principles described above, courts have imposed an obligation on contracting parties to act reasonably and in good faith in the exercise of their contractual rights and remedies, and may also apply public policy considerations in limiting the right of parties seeking to obtain indemnification under circumstances where the conduct of such parties is determined to have constituted negligence.

(b) No opinion is expressed herein as to (i) Section 8.05 of the Amended and Restated Agreement, (ii) the enforceability of provisions purporting to grant to a party conclusive rights of determination, (iii) the availability of specific performance or other equitable remedies, (iv) the enforceability of rights to indemnity under federal or state

March 30, 2004

Page 3

securities laws or (v) the enforceability of waivers by parties of their respective rights and remedies under law.

(c) No opinion is expressed herein as to provisions, if any, in the Amended and Restated Agreement, which (A) purport to excuse, release or exculpate a party for liability for or indemnify a party against the consequences of its own acts, (B) purport to make void any act done in contravention thereof, (C) purport to authorize a party to make binding determinations in its sole discretion, (D) relate to the effects of laws which may be enacted in the future, (E) require waivers, consents or amendments to be made only in writing, (F) purport to waive rights of offset or to create rights of set off other than as provided by statute, or (G) purport to permit acceleration of indebtedness and the exercise of remedies by reason of the occurrence of an immaterial breach of the Amended and Restated Agreement or any related document. Further, we express no opinion as to the necessity for any Lender, by reason of such Lender's particular circumstances, to qualify to transact business in the State of New York or as to any Lender's liability for taxes in any jurisdiction.

The foregoing opinion is solely for your benefit and may not be relied upon by any other Person other than (i) any other Person that may become a Lender under the Amended and Restated Agreement after the date hereof in accordance with the provisions thereof and (ii) King & Spalding LLP, in connection with its opinion delivered on the date hereof in connection with the Amendment and Restatement.

Very truly yours,

05860/01015/04421

September 29, 2004

SunTrust Capital Markets, Inc.  
303 Peachtree Street NE  
23<sup>rd</sup> Floor  
Atlanta, GA 30308

Gentlemen:

This letter agreement sets forth our understanding of the basis on which SunTrust Capital Markets, Inc. ("STCM") proposes to work with Florida Power Corporation d/b/a Progress Energy Florida ("Company"), in connection with the issuance and sale by the Company of its short-term promissory notes, generally known as commercial paper (the "notes"). This Company has requested STCM to act as a commercial paper dealer for the Company, and STCM has indicated its willingness to do so on the terms and conditions contained herein.

The Company shall have no obligation to sell the notes to STCM and STCM shall have no obligation to purchase the notes from the Company. However, unless and until STCM advises the Company to the contrary, STCM agrees to use its best efforts to procure third party purchasers of Notes.

The notes will have a maturity at the time of issuance of not more than 270 days and will not contain any provision for automatic "rollover". The proceeds from the sale of the notes will be used by the Company for current transactions as contemplated by Section 3(a)(3) of the securities Act of 1933.

Notes purchased by STCM will be in such principal amounts (but not less than \$100,000 each), will have such maturities (not in excess of 270 days from the date of issuance), will bear such interest rates (if interest bearing), or will be sold at such discount, if any, from their principal amount, as shall be mutually agreed to by the Company and STCM at the time of each purchase.

On the date of purchase of any notes, STCM shall confer with the Company as to the principal amounts, maturities, and denominations thereof, the interest rate thereon, if any, or the discount, if any, from the principal amount at which the notes are to be purchased from the Company. STCM will make payment for notes on the date of issue thereof in immediately available Federal funds in accordance with the Company's instructions. STCM will mail written confirmation of each such purchase to the Company, which confirmation shall set forth the principal amounts, maturity and denominations of the notes purchased and the applicable interest rate or discount.

STCM agrees that notes purchased by STCM will be resold only to banks, insurance companies, financial institutions and other substantial institutional corporate or individual purchasers of the type who normally participate in the commercial paper market.

The Company understands that in connections with the sale of the notes STCM may prepare an Offering Memorandum relating to the Company which may be distributed to STCM account executives and to purchasers and prospective purchasers of the notes. The Company further understands that STCM may, from time to time, prepare and distribute an updated Offering Memorandum. To provide a basis for the preparation of such Offering Memorandum or updated Offering Memorandum and to assist the normal credit review procedures, the Company has

SunTrust Capital Markets, Inc.  
Page Two of Three

provided STCM copies of recent financial statements and agrees to provide STCM with Forms 10-K, 10-Q and 8-K which are subsequently prepared and filed with the Securities and Exchange Commission by the Company and as may be reasonably requested.

STCM agrees to furnish the Company for review and approval the above-mentioned Offering Memorandum and any updated Offering Memorandum prior to the use thereof. No annual information or any other written information, circulars, statements to purchasers or potential purchasers will be so distributed by STCM without the prior written approval of either the Company or its counsel. The Company agrees that STCM's acting as a dealer for the notes is conditioned upon its being able to provide such information to purchasers or potential purchasers as STCM deems appropriate.

The Company agrees that, in connection with this letter agreement and the issue and sale of the notes by the Company, the Company will not approve any Offering Memorandum or amendment thereto that contains any untrue statement of a material fact, or omits to state a material fact necessary to make any statement, in light of the circumstances under which it was made, not misleading, and the Company will not employ any device, scheme, or artifice to defraud or engage in any act, practice or course of conduct which would operate as a fraud or deceit.

The Company represents and warrants to STCM that (i) the financial reports prepared by the Company are and will be in accordance with its books and records, and as of the dates set forth therein, all in conformity with generally accepted accounting principles and practices applied on a consistent basis, it being understood that in the case of quarterly reports, there may be normal year-end adjustments, and (ii) any sale of notes to STCM or placements of notes by STCM will be exempt from registration under the Securities Act of 1933, as amended. The Company agrees to indemnify and hold STCM harmless from and against, and to reimburse STCM with respect to, any and all loss, damage, liability, cost and expense, including reasonable attorney's fees incurred by STCM by reason of or arising out of or in connection with any breach of the Company's agreements, representations and warranties contained in this paragraph.

The Company will not be liable in any such case to the extent that any such loss, damage, liability, cost and expense arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in the Offering Memorandum or any updated Offering Memorandum which related to STCM in its capacity as a dealer or placement agent or the omission of alleged omission to state therein a material fact required to be stated or necessary to make such statements contained therein which relate to STCM in its capacity as dealer or placement agent not misleading, or any breach of STCM's agreements contained in this letter agreement.

Unless the Company instructs STCM and SunTrust Bank otherwise, the Company authorizes SunTrust Bank and STCM to share any financial and other information pertaining to the Company. STCM agrees that financial and other information of a non-public or proprietary nature pertaining to the Company provided to STCM by SunTrust Bank (collectively, the "Information") will be kept confidential and that, without the consent of the Company, STCM will not disclose the Information to outside parties, other than to its auditors, counsel and regulators or unless required to do so by federal securities laws and regulations, in litigation, by subpoena or regulatory order.

SunTrust Capital Markets, Inc.  
Page Three of Three

Except as otherwise specified herein, all notices, request, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered by fax, U.S. mail or otherwise to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this letter agreement, addressed to such party at its address set forth opposite its signature below, or at such other address as either party hereto may hereafter notify the other in writing.

This letter agreement may be terminated, at any time, by the Company, upon notice to such effect to STCM, or by STCM, upon notice to such effect to the Company. Any such termination, however, shall not affect the rights or responsibilities of the parties arising prior to the termination of the agreement.

This letter agreement is to be delivered and performed, and shall be construed and enforced in accordance with, and the rights of the parties shall be governed by the laws of the State of New York, without regard to the conflict of laws provisions thereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this letter agreement along with all counterparts will become a binding agreement among the parties hereto in accordance with its terms.

Very truly yours,

Address  
Florida Power Corporation  
d/b/a Progress Energy Florida  
410 S. Wilmington Street  
PEB19A3  
Raleigh, NC 27601  
ATTN: Financial Operations  
Fax: 919-546-7826

Florida Power Corporation  
d/b/a Progress Energy Florida

By: \_\_\_\_\_  
Name: Thomas R. Sullivan  
Title: VP & Treasurer

Accepted and Agreed to as of the date first above written.

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By: \_\_\_\_\_  
Name: James J. Stathis  
Title: Managing Director