

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for authority to issue and sell securities during 12 months ending December 31, 2006, by Progress Energy Florida, Inc.

DOCKET NO. 050844-EI
ORDER NO. PSC-05-1222-FOF-EI
ISSUED: December 15, 2005

The following Commissioners participated in the disposition of this matter:

RUDOLPH "RUDY" BRADLEY, Chairman
J. TERRY DEASON
LISA POLAK EDGAR
ISILIO ARRIAGA

FINAL ORDER GRANTING APPROVAL FOR
AUTHORITY TO ISSUE AND SELL SECURITIES

BY THE COMMISSION:

Pursuant to Chapter 25-8, Florida Administrative Code, and Section 366.04, Florida Statutes, Progress Energy Florida, Inc., formerly Florida Power Corporation (Progress or Company), requests authority to issue, sell or otherwise incur during 2006 (and 2007 with respect to short-term debt securities and obligations) any combination of additional equity securities and short-term and long-term debt securities and other obligations, including, but not limited to, borrowings from banks which are participants in credit facilities Progress may establish from time to time and affiliate loans which are available through Progress' utility money pool facility. Finally, the Company seeks authority to enter into interest rate derivative contracts to remove financial risk associated with its existing and future debt obligations.

The maximum principal amount of short-term debt securities and obligations proposed to be issued, sold, or otherwise incurred during 2006 and 2007 is \$1 billion outstanding at any time, including commercial paper, bank loans or money pool borrowings, which amount shall be in addition to and in excess of the amount the Company is authorized to issue pursuant to Section 366.04, Florida Statutes, which permits the Company to issue short-term securities aggregating not more than five percent of the par value of the Company's other outstanding securities. The maximum principal amount of equity securities, long-term debt securities and other long-term obligations (exclusive of bank loans issued under the Company's long-term credit facilities) proposed to be issued, sold, or otherwise incurred during 2006 is \$1.5 billion.

Progress states that short-term debt securities and obligations may include notes to be sold in the commercial paper market ("commercial paper"), loans from affiliates and bank loans, credit agreements or other forms of securities and debt obligations, with maturities of less than one year.

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Progress states that the long-term debt securities and obligations may take the form of first mortgage bonds, debentures, medium-term notes or other notes, loans from affiliates and bank loans, installment contracts, credit agreements, securitization of storm cost receivables or other forms of securities and debt obligations, whether secured or unsecured, with maturities greater than one year. In addition, Progress may enter into options, rights, interest rate swaps or other derivative instruments. Progress 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 Progress, 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 Progress may issue include 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.

Progress 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. Progress would issue debt securities to the entity equal to the aggregate of its equity investment and the amount of preferred securities issued. Progress may also guarantee, among other things, the distributions to be paid by the entity to the holders of the preferred securities.

Progress also may enter into nuclear fuel leases and various agreements that provide financial or performance assurances to third parties on behalf of the Company's subsidiaries. These agreements include guarantees, standby letters of credit and surety bonds. The agreements are entered into primarily to support or enhance the credit worthiness otherwise attributed to a subsidiary on a stand-alone basis. Specific purposes of the agreements include supporting payments of trade payables, securing performance under contracts and lease obligations, providing workers' compensation coverage, obtaining licenses, permits and rights-of-way and supporting other payments that are subject to contingencies.

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. Progress plans to refund from time to time outstanding commercial paper, 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.

Contemplated to be included as long-term or short-term debt securities, as appropriate, are borrowings from banks and other lenders under the Company's credit facilities, as those may be entered into and amended from time to time. Progress' current facility is a \$450 million five-year revolving credit agreement with a group of banks. Borrowings under the facility are available for general corporate purposes, including support of the Company's commercial paper program. The current five-year facility will expire on March 28, 2010.

In connection with this application, Progress confirms that the capital raised pursuant to this application will be used in connection with the activities of Progress and not the unregulated activities of its affiliates.

Progress 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 2006 calendar year to report any securities issued during that year.

It appears that Progress has complied with the requirements of Section 366.04, Florida Statutes and Chapter 25-8, Florida Administrative Code, in applying for the authority to issue and sell securities. Therefore, Progress' application is hereby granted.

Our approval of the proposed issuance and/or sale of securities by Progress Energy Florida, Inc. does not indicate specific approval of any rates, terms, or conditions associated with the issuance. Such matters are properly reserved for review by the Commission within the context of a rate proceeding. Our approval of the issuance of securities constitutes approval only as to the legality of the issue. In approving the subject financing, we retain the right to disallow any of the costs incurred for ratemaking purposes.

Based upon the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Progress Energy Florida, Inc. to issue, sell, or otherwise incur during 2006 any combination of additional equity securities and debt securities and obligations, is granted. It is further

ORDERED that Progress Energy Florida, Inc.'s request to issue, sell, or otherwise incur in 2006, \$1.5 billion of any combination of equity securities, long-term debt securities and other long-term obligations, is granted. It is further

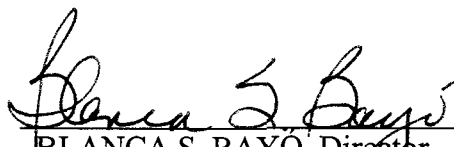
ORDERED that Progress Energy Florida, Inc.'s request to issue, sell, or otherwise incur during 2006 and 2007 up to \$1 billion outstanding at any time of short-term debt, including commercial paper, bank loans or money pool borrowings, which amount shall be in addition to

and in excess of the amount Progress Energy Florida, Inc. is authorized to issue pursuant to Section 366.04, Florida Statutes, is granted. It is further

ORDERED that Progress Energy Florida, Inc. shall file a Consummation Report in accordance with Rule 25-8.009, Florida Administrative Code, within 90 days after the end of any fiscal year in which it issues securities. It is further

ORDERED that this docket shall remain open to monitor the issuance and/or sale of securities until Progress Energy Florida, Inc. submits and we have reviewed the Consummation Report, at which time it shall be closed administratively.

By ORDER of the Florida Public Service Commission this 15th day of December, 2005.



BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request:
1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the

form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.