

Progress Energy proposes decrease to 2009 customer bills*Files 2010 rate proposal; outlines cost to implement Florida public policy*

ST. PETERSBURG, Fla. (February 12, 2009) – Progress Energy Florida announced today plans to file a proposal with the Florida Public Service Commission (PSC) to decrease 2009 customers' bills by \$15.08 per month per 1,000 kilowatt-hours (kWhs) for residential customers starting with the first April billing cycle. If approved by the PSC, commercial and industrial customers will see similar savings. The 2009 price change includes a revised fuel forecast and a deferral of a portion of this year's nuclear pre-construction charges for the Levy nuclear plant.

“In this unprecedented economic climate, we are working hard to provide immediate price relief for our customers,” said Jeff Lyash, president and CEO of Progress Energy Florida. “If approved by the PSC, this proposal will also give us some additional time to work with legislators to find alternative ways to encourage nuclear development, while lessening the immediate impact on our customers.”

In total, the company is asking the PSC to reduce the customer impact in 2009 by more than \$400 million. If approved by the PSC, this change would reduce a 1,000-kWh residential bill from \$137.87 to \$122.79. The reduction includes:

- Lowering the fuel charge by \$6.90 per 1,000 kWhs, due to effective fuel purchasing strategies and lower fuel prices, and
- Reducing the nuclear recovery charge by \$7.80 per 1,000 kWhs.

Customers can see additional bill relief by taking advantage of the company's energy-efficiency programs. The company strongly encourages customers to have a free home or business energy check to learn how to use electricity more wisely. Since the program began in 1981, Progress Energy has helped customers save more than \$900 million in energy costs.

The company also began the lengthy process for establishing 2010 rates by formally filing notification with the PSC indicating its intent to initiate a base rate proceeding. This step is required because the current base rate agreement, reached through a settlement agreement four years ago with the Office of Public Counsel, the Attorney General and other consumer groups and then approved by the PSC, will expire at the end of this year.

The company is seeking a 2010 base rate increase to cover investments to support Florida public policy to reduce greenhouse gas and other emissions, decrease dependence on fossil fuels, expand existing nuclear power generation and increase generation efficiency through repowering and other improvements. The company is also upgrading transmission and distribution systems to meet federal mandates and harden the systems against storm damage. Since 1993, the company has invested \$4.5 billion in improving electricity infrastructure in Florida. Progress Energy's base rate has remained relatively flat during that same time period, increasing only 1 percent.

“The governor and the legislature established a progressive policy aimed at securing Florida’s energy future with a cleaner, more diverse energy portfolio,” said Lyash. “We are implementing that policy with significant capital investments in a state-of-the-art electricity system, and we are being transparent about the costs associated with these changes to the way we produce and deliver power.”

If approved by the PSC, Progress Energy’s 2010 base rate increase will provide additional revenues of approximately \$475 million to 550 million annually. The total 2010 customer bill will be comprised of base rates as well as fuel estimates and other costs that are yet to be determined. The change to base rates would be similar for commercial and industrial customers.

Base rates cover a regulated electric company’s cost of producing and delivering electricity to customers’ homes and businesses including maintenance expenses for power plants, power lines and similar costs. It is about 32 percent of the total customer bill and does not include the cost of energy conservation, government-mandated environmental projects, gross receipts taxes, local government fees and taxes, or fuel. Customer bills also include funds for two new, advanced design nuclear units the company is pursuing in Levy County. The pre-construction costs associated with this project are recovered in a separate, annual PSC proceeding and are not part of base rates.

Helping customers save energy and money

To help our customers manage energy costs, Progress Energy offers a number of helpful programs for customers including:

- **Home or Business Energy Checks:** This is a free evaluation of a home or business to analyze its overall energy use. Customers receive a customized report with specific recommendations that can help save energy and money on their monthly bill. For more details, visit savethewatts.com or call toll-free 1 (888) 302-8348 (Home Energy Check) or 1 (877) 372-8477 (Business Energy Check). Customers may also find more than 100 tips on the site to help save energy and money right away.
- **Energy Wise:** Customers can earn up to \$145 per year by allowing Progress Energy to temporarily cycle off power to the central heating or cooling units, hot water and pool during periods of peak community demand. Cycles are infrequent, brief and limited to select time periods. Most participants say they never notice the cycles – but they enjoy the credit on their monthly bill. To learn more, visit progress-energy.com or call toll-free 1 (800) 700-8744.
- **Energy Neighbor Fund:** Customers who need help paying their electric bills can receive assistance through the Energy Neighbor Fund. All funds collected from participating customers and employees are distributed through local social service agencies. The Progress Energy Foundation doubled its annual matching contribution to the Energy Neighbor Fund last year to \$1 million. Since the program began in 1988, it has provided more than \$8 million in assistance to families in crisis. For more information, visit progress-energy.com or call toll-free 1 (800) 700-8744.
- **Budget Billing:** This free program helps customers on fixed incomes or others who need a consistent bill forecast monthly energy costs and better plan their finances. Customers pay an average amount that is approximately the same each month. The difference between the budget billing amount and the actual amount also appears on the bill.

Progress Energy Florida, a subsidiary of Progress Energy (NYSE: PGN), provides electricity and related

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services to more than 1.6 million customers in Florida. The company is headquartered in St. Petersburg, Fla., and serves a territory encompassing more than 20,000 square miles including the cities of St. Petersburg and Clearwater, as well as the Central Florida area surrounding Orlando. Progress Energy Florida is pursuing a balanced approach to meeting the future energy needs of the region. That balance includes increased energy-efficiency programs, investments in renewable energy technologies and a state-of-the-art electricity system. For more information about Progress Energy, visit progress-energy.com.

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