



In my continued efforts to keep you updated on all rate information, I am providing the following summary of the approved and anticipated rate changes for 2010:

Rate Change Update

January 2010: Decrease of 3 to 7 percent

This January rate decrease was a combination of changes including a decrease in fuel costs and an increase in the energy clauses (Capacity Cost Recovery, Nuclear Cost Recovery, Energy Conservation Cost Recovery, and Environmental Cost Recovery). The average commercial customer impact was a 3 to 5 percent decrease to the total bill, and the average industrial customer impact was a 3 to 7 percent decrease to the total bill.

February 2010: Decrease of 0.2 to 0.4 percent

The Florida Public Service Commission (PSC) recently made a decision on the company's 2010 base rate request. The commission did not approve an additional increase in rates over the amount that was approved in July 2009 for the Bartow Repowering Project*. This amount represents \$132 million in 2010. Based on the commission's decision, the average commercial customer impact will be a 0.2 to 0.4 percent decrease to the total bill, and the average industrial customer impact will be a 0.2 to 0.3 percent decrease to the total bill.

*The majority of the July 2009 increase (equal to 9.12 percent of the base rate) covered the significant investment the company made to the Bartow plant to change the fuel source from oil to cleaner, more cost-efficient natural gas. As a result of this plant improvement, customers are benefitting through cleaner air, lower fuel costs and greater reliability.

April 2010

The PSC also recently approved a change that will shift the Energy Conservation Cost Recovery (ECCR) charges from the Energy portion of the bill to the Demand portion of the bill. The affect on electric bills will be dependent on the Load Factor of the account. High Load Factors could see a decrease in the bill, and Low Load Factors could experience an increase of up to around 3 percent. More information to follow on this change.

New Progress Energy Florida rate Web site: <http://www.progress-energy.com/floridarates>

Many factors, such as fuel prices, changing energy demands and environmental concerns, are affecting the cost electricity. To continue to educate our customers on Progress Energy Florida rates, we have launched a new rate section on the Progress Energy Web site. The new information is directly accessible at www.progress-energy.com/floridarates. This new section features information about rates; who sets them, what they are, where the money goes, the customer benefits of the investments we make and other helpful resources that are accessible 24/7.

If you have any questions about any of the above information, please let me know. Progress Energy Florida is committed to providing clean, reliable and affordable power to our more than 1.6 million customers who depend on us. Reliable power is important to all of us. Investing in the electrical system must be a continuous process if we expect the system to be reliable next year and into the decades to follow. We appreciate your business and will continue to keep you updated on important issues that affect our businesses.

Regards,

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