

progress report

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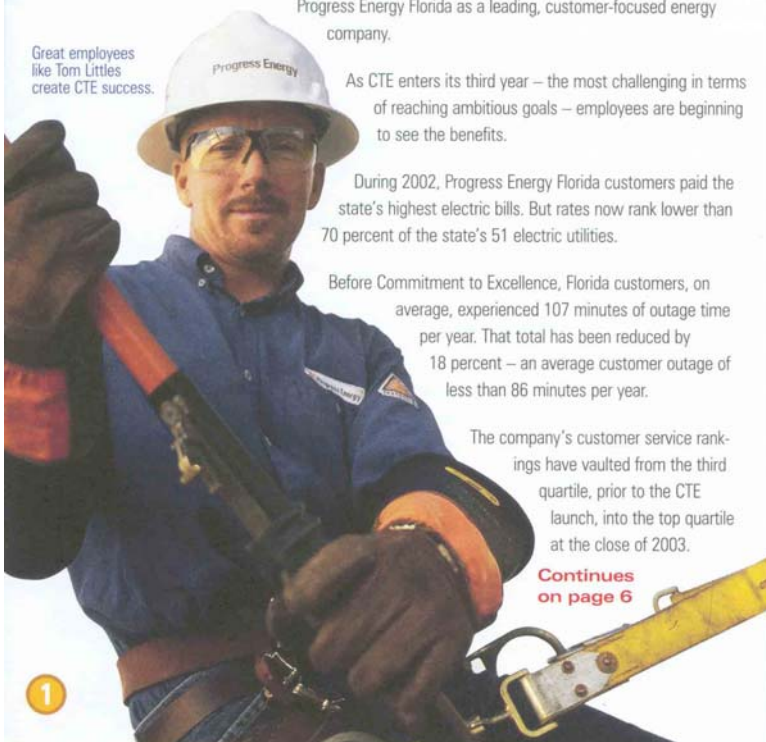
Turning the corner in Florida

Customers are seeing a difference in Florida. After years of complaints about high rates, power interruptions and slow customer service, Progress Energy Florida is enjoying the benefits of two years of steady, measurable improvements.

Commercial customers praise a new service ethic. Residential customers providing feedback in focus groups offer upbeat descriptions – “better service,” “friendlier people,” “fewer outages.” Employee survey data shows more satisfaction with Progress Energy Florida as a place to work.

Employees supporting the Commitment to Excellence (CTE) effort are beginning to see their hard work pay off. The company has invested \$100 million during the first two years of CTE to establish Progress Energy Florida as a leading, customer-focused energy company.

Great employees like Tom Little create CTE success.



As CTE enters its third year – the most challenging in terms of reaching ambitious goals – employees are beginning to see the benefits.

During 2002, Progress Energy Florida customers paid the state's highest electric bills. But rates now rank lower than 70 percent of the state's 51 electric utilities.

Before Commitment to Excellence, Florida customers, on average, experienced 107 minutes of outage time per year. That total has been reduced by 18 percent – an average customer outage of less than 86 minutes per year.

The company's customer service rankings have vaulted from the third quartile, prior to the CTE launch, into the top quartile at the close of 2003.

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Introducing...

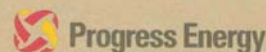
Employees spoke. Editors listened. And a new publication is launched.

Progress Energy employees delivered a clear message about what they wanted in the company's flagship publication. More than 60 randomly selected employees told the company what they liked and didn't like about Envision Progress, the monthly publication launched following the merger of CP&L and Florida Progress.

During eight focus groups across the Progress Energy system late last year, employees said they wanted shorter articles, more stories about their colleagues and a fresh, candid voice that sounded less corporate.

They wanted an easy-to-find table of contents. They wanted articles answering tough questions. In short, employees asked for a publication that mirrors their interests. As a result, Progress Report will become the new Progress Energy publication.

We invite employees to submit ideas and write articles for Progress Report. We want your comments – good and bad – to help us improve Progress Report each month. Send your suggestions and story ideas to employee.feedback@pgnmail.com. We promise to keep listening and improving.



Commitment to Excellence continued from cover



"We have invested in technological improvements to make the power system work more effectively and we are seeing the benefits," said Dale Oliver, director of the Commitment to Excellence effort.

J.D. Power & Associates, a global research firm that measures service quality in many industries, has reported significant customer service improvements at Progress Energy Florida. In a

study of business customer satisfaction released in March, Progress Energy ranks in the top quartile nationally in satisfaction. The ranking is a combined company score. If ranked individually, Progress Energy Florida would be ranked 4th nationally (Progress Energy Carolinas 6th) out of 52 utilities measured and second in the highly competitive South Region, trailing only Southern Company.

The concerted effort of Commitment to Excellence has set the stage for even bigger success. The stretch run comes in 2004. The goals are tougher, the measures more demanding. But customers, employees and company leaders say Progress Energy Florida is on the right track.

"We've seen much better response times over the past two years," said Steve Gallop, a senior engineer with Lockheed-Martin Electronics and Missiles in Ocala, Fla. More than 600 employees work at the Lockheed-Martin facility, so keeping lights serviced in a big parking lot is important to the commercial customer. "The street lights in our parking lot are getting a lot more maintenance. The company is giving us a lot more attention."

Employee J.R. Ewen, an energy efficiency specialist based in the Northpoint office, said Progress Energy's field representatives have always provided service to the customer in his 14 years with the company. "But the Commitment to Excellence plan has helped us become more focused," Ewen said.

In the words of Bill Habermeyer, chief executive officer of Progress Energy Florida, the company will become "the best place to work in the eyes of our employees, the best utility in the eyes of our customers and the most successful business in the eyes of our competitors."

What's in store for 2004 – and beyond?

The 2004 focus of Commitment to Excellence centers on the three cornerstones of the Progress Energy culture statement: people, performance and excellence. But the authors of the CTE effort have tailored the focus to fit the company's specific needs. Progress Energy Florida has set the following goals:

People

- Establish safety as a core value
- Create excellent human performance
- Embrace diversity
- Strengthen leadership development

Performance

- Strengthen commitment to customers
- Put in place a new reputation-management plan
- Establish power quality and reliability benchmarks
- Improve work effectiveness
- Use new technology effectively

Excellence

- Improve business skills
- Strengthen inventory management
- Create top-flight plan for facilities

"This third year is the toughest, most grueling, most trying part of our Commitment to Excellence objectives," Habermeyer said. "Employee satisfaction has improved; diversity has improved; training and development has improved. We have a better understanding of our culture. We have better customer service, better reliability and adequate generation."

Using a bicycle-racing metaphor, Habermeyer said Progress Energy Florida "must pull away from the pack" during 2004.

CTE's measures of success

Fewer Outages

Average length of power outages in minutes per Florida customer per year

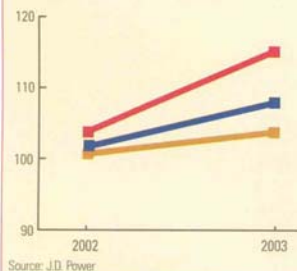


Reliable power

- Preventive maintenance programs, the proactive replacement of equipment, and increased tree pruning have reduced the number of outages caused by animals, pole problems and trees.
- Newly installed preventive devices have decreased lightning-related operation problems by 25 percent this year.
- The addition of new equipment to the system has saved 7 million customer minutes of outage.

Customer Feedback

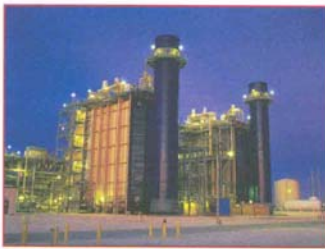
- Overall customer satisfaction
- Power quality and reliability
- Customer service



Progress Energy Customer Service Center, Largo

Superior service

- The new state-of-the-art customer service center in Largo centralizes employees and will help the company provide the best in service.
- Currently, over 92 percent of customer needs are solved in a single customer call.



Hines Energy Complex

Plentiful power

- The second unit at the Hines Energy Complex went online in December 2003 and is capable of producing 516 megawatts of electricity.
- A third 516-megawatt unit will be up and running 2005, and construction on a fourth, 500-megawatt unit will begin in 2007.

Among the lowest rates in Florida

- Progress Energy Florida's base rates are 16 percent lower than they were in 2000.
- The company's diverse mix of fuel keeps rates low, even with recent increases in fuel costs.
- Customers pay 2.5 percent less than the national average for 1,000 kWh of electricity.

Lower Base Rates

Residential Bill 1,000 kWh

