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Robert H. Bazemore Jr.
Vice President & Controller
Associating
Procines Frency Service Company, ELC.

April 12, 2004

Financial Accounting Standards Board Norwalk, Connecticut

RE: Proposed FASB Staff Position FAS 106-b

Gentlemen:

Progress Energy, Inc. (Progress Energy) is pleased to provide its comments on the subject proposed FASB Staff Position (FSP).

Progress Energy agrees with the basic conclusions and guidance provided in the Proposed FSP. We are, however, concerned about the practical complexities of implementing the guidance on income tax accounting for the Medicare subsidy to be paid to eligible employers. To track one specific item's impact on the various components of FAS 106 expense over time is likely to prove burdensome, and we question the potential cost-benefit of such tracking.

We urge the FASB to consider this implementation complexity and whether there might be a reasonable, more workable alternative to income tax accounting for the subsidy.

We appreciate the opportunity to provide input to the standard setting process.

Yours very truly, App Bryemore

RHB/mdf

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