Progress Energy

**Peter M. Scott III**
Progress Energy, Inc.
Chief Financial Officer

Progress Energy Service Company, LLC
President and Chief Executive Officer

December 18, 2006

Mr. Robert H. Herz
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

*1215-001*

LETTER OF COMMENT NO. 201

Dear Chairman Herz:

This letter is in reference to FASB Interpretation No. 48 (FIN 48.) Progress Energy, Inc. is a member of the Tax Executives Institute (TEI). We understand that TEI has submitted a request for the delay of the effective date of FIN 48, *Accounting for Uncertainty in Income Taxes*. Further, it is our understanding that Edison Electric Institute, our trade association, has also submitted a request to delay the implementation date. We have faced a number of the challenges in implementing FIN 48 that are outlined in TEI's letter. As a result of our implementation efforts, we are convinced that postponing the effective date of FIN 48 would provide for a more orderly implementation. Therefore, we are also requesting that the FASB extend the effective date for FIN 48 until fiscal years beginning after December 15, 2007 for the reasons set forth in TEI's letter.

In addition, we also reiterate from our comment letter on the exposure draft (File Reference No. 1215-001; Proposed Interpretation of FASB Statement 109, *Accounting for Income Taxes – Uncertain Tax Positions*) dated September 5, 2005 that we believe that FASB Statement No. 5 is the appropriate standard to account for uncertain tax positions. As discussed in the aforementioned letter, we anticipated a number of practical challenges that would be faced with the implementation of this standard, such as the significant effort involved in inventorying **all** tax positions and establishing processes that will allow us to remain in compliance with Section 404 of the Sarbanes-Oxley Act within the short period allotted for implementation. There are hundreds of tax positions that must be identified and while most may be highly certain, it is still a significant effort to identify and document each and every one and to develop a process to ensure that all positions, certain and uncertain, have been identified and are maintained on an inventory list.

Please understand that we are not writing to oppose the standard. Our objective is to be sure that we implement it in an orderly and correct manner.

We would be pleased to further discuss our concerns with the Board or the FASB staff. Please direct your questions or comments to Jeff Stone at (919) 546-2388 or Carol Nelson at (919) 546-6557.

Sincerely,

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