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Progress Energy

October 24, 2003

TA & I Director
File Reference No. 1025-200
Financial Accounting Standards Board
401 Merritt 7
Norwalk, Connecticut 06856-5116

Dear Sir:

Progress Energy, Inc. (Progress Energy) is pleased to present its comments on the Exposure Draft "Employers' Disclosures about Pensions and Other Postretirement Benefits." Our comments below are organized by the issues addressed in the "Notice for Recipients of This Exposure Draft" section.

Issue 1: Plan asset information

Progress Energy supports this disclosure. The information is or can be readily available, and it should be provided if financial statement users find this information useful.

Issue 2: Disclosure of accumulated benefit obligation

Progress Energy supports this disclosure. The information is readily available, and it should be provided if financial statement users find this information useful.

Issue 3.a: Schedule of estimated benefit payments

Progress Energy does not believe the proposed disclosure provides useful information. The disclosure requires reconciliation to the current obligation amount. For active employees, this means that the benefit payments shown will represent an allocated portion of future benefit payments related to benefits earned to date, including the effect of future pay increases for pay-related plans. In addition, we have also seen actuarial firm comments regarding the complexity of the required calculation.

If estimated benefit payment information is useful for users, we believe more relevant information would be estimated total benefit payments, for the time periods provided in the Exposure Draft.

Issue 3.b: Expected contributions

Progress Energy does not take exception to this requirement, but we point out that actual required current year contributions will not be known with certainty until mid-year, and those required contributions could be significantly different from previous estimates due to the complexities of funding regulations. Progress Energy suggests

that a better alternative might be to only require the required funding to be disclosed when it is known.

Issue 4: Tabular format of key assumptions

Progress Energy supports this format for key assumptions.

Issue 5: Disclosure for nonpublic entities

Progress Energy supports this disclosure

Issue 6: Sensitivity information

Progress Energy believes the Board's reasoning for not requiring sensitivity disclosures is sound, and we support the Board's decision.

Issue 7: Measurement date(s)

Progress Energy supports measurement date disclosure as included in the Exposure Draft.

Issue 8: Elimination of reconciliations of assets and obligations

Progress Energy finds the reconciliations to be a clear and concise view of the changes in plan assets and obligations, but we have no objection to eliminating the reconciliations if financial statement users do not find the reconciliations useful. If the reconciliations are kept as disclosures, any information included in the reconciliations should not be duplicated elsewhere.

Issue 9: Potential additional disclosures

Progress Energy believes that the disclosures being required are sufficient and no additional disclosures are warranted.

Issue 10.a: Interim disclosure of net periodic cost

Progress Energy does not support this required disclosure. The final net periodic cost, which is based on demographic data as of the beginning of the year, is typically not known until mid-year. Prior to that time, entities are often booking high-level estimates that are not necessarily broken down by individual component. Therefore, disclosures about the periodic cost components might not be readily available and do not appear to be overly useful.

We believe that users will have sufficient information in the annual disclosure to have a general idea of the direction of the subsequent fiscal year's periodic cost, as the annual disclosures provide information on items that would influence that cost, such as the year-end discount rate, performance of assets during the year just ended, etc. We also note that public companies must discuss year-to-year earnings changes in Securities and Exchange Commission filings and, therefore, any significant changes in benefit costs would be addressed in that discussion.

Should the Board decide to retain interim disclosure information, we believe that only total interim net periodic cost recorded should be provided, not by component, for the reasons explained above.

Issue 10.b: Interim disclosure of contribution information
Progress Energy supports interim disclosure of significant contribution changes. Please refer to our comment on Issue 3.b.

Issue 11: Effective date and transition

Due to the timing of annual report preparation and potential programming changes by actuaries and asset fund managers, Progress Energy believes that the new requirements should only be effective for fiscal 2003 if a final statement is issued by December 1.

Progress Energy supports the requirements for earlier annual periods. The proposed information is readily available.

With regard to transition for interim periods, please refer to our comment on Issue 10.a.

Progress Energy appreciates the opportunity to comment on this Exposure Draft. If you have any questions, please do not hesitate to contact me.

Yours very truly,

ROBERT H. BAZEMORE, JR.
Vice President & Controller
Accounting Department

RHB/mdf