

CurrentLines

from your Account Executive

1 s t Q 2 0 0 5

Response and Reliability: Our Resolution

Welcome to a new year of CurrentLines. This time of year, many of us think about self-improvement and new resolutions. And though the pursuit of excellence is a year-round activity at Progress Energy, we too have been busy listing the ways we can improve.

Recently, we've made several enhancements designed to make us more responsive and reliable for commercial, industrial and governmental customers like you. We've achieved this through changes in our Customer Service Center and our Distribution Control Center. You can read about them in this issue, along with several programs that demonstrate our ongoing resolve to be your best business partner throughout the year.

We've also included an article about our pursuit of excellence for the environment with the construction of a totally "green" hydrogen power system at the Homosassa Springs State Park.

Our customer profile this issue is on the Hyatt Regency Grand Cypress in Orlando, where the outstanding devotion to customer service may inspire a few resolutions of your own. If nothing else, you will likely resolve to treat yourself to a vacation at the Hyatt very soon.

As we prepare together for 2005, I want to say how much I enjoyed our relationship last year, and how committed I am to making this year even better. So if there are ways we can improve, in this season or any other, please let me know.



Our Pursuit of Excellence
Enhanced Service

Feature story



In Your World: Hyatt
Regency Grand Cypress

Page 2



Vincent M. Dolan
Answers Your Questions

Page 3

Our Pursuit of Excellence: Enhanced Service

Every day, in every aspect of our business, we at Progress Energy relentlessly pursue excellence. Excellence for our customers, our community, and our environment.

This unwavering commitment has led to several recent enhancements to our Customer Service and Distribution Control Centers. Together, these improvements allow us to be more responsive and reliable for commercial, industrial and governmental customers like you.

"We're always looking to improve our internal operations. Because we know that when we work more effectively and efficiently, it helps our CIG customers do the same," said Jim Kates, supervisor of customer accounting operations. "It's a partnership, a system. The better our working relationship, the more successful both our businesses will be."

One of these enhancements is the creation of a "one-stop" Customer Service Department dedicated solely to meeting the needs of our CIG customers. Now the same number you call for basic questions like billing and check remittance can also handle any other problem from new construction orders to work requests.

"Our new Customer Service team can meet all the needs of our CIG customers – in one phone call," said Kates. "Now there's no wasted time, no multiple phone calls to various vendors and suppliers. Between this team and our account managers, we're prepared to take care of everything your business needs, from A to Z."

Not only have we improved what the Customer Service team does, we've also improved how they do it. We've increased training to help our employees know how to be more personable, helpful and thorough over the phone. And we're making

Continued on page 4

CurrentLines

In Your World: Hyatt Regency Grand Cypress

Something more

Vacations are all about getting away – from the commute, the boss, the to-do list that's taller than your teenager and even more demanding. But here's the problem: a really spectacular vacation itself takes a lot of work. Which is exactly why you should find someone else to do it all for you.

At the Hyatt Regency Grand Cypress in Orlando, employees toil around the clock to create an atmosphere of ease and relaxation. And they do it so gracefully you may never notice all the work that's going into your stress-free getaway.

"You could go many places and find something acceptable – a bed, a room," said Paul Tang, general manager of the Hyatt Regency. "We want to give you something more. We want you to have an experience that's totally individual and unforgettable."

They achieve that "something more" through a complete dedication to customer service. "I am always amazed by their understanding of and commitment to their customers," said Charles Holcomb, Progress Energy's account manager for the Hyatt. "Frankly I've learned a lot from them, and it's helped me to forge a better, more responsive relationship with them."

The key to the Hyatt Regency's customer service success lies in creating personal, individualized interaction between employees and guests. Therefore, attracting, training and retaining quality employees are top priorities. The Hyatt Regency actively recruits diverse and experienced employees from across the country. Each is given rigorous and ongoing training in customer service. And each is welcomed into an atmosphere of loyalty and cooperation that extends far beyond the hotel walls.

"We all participate in community outreach programs," Tang explained. "We're there for our neighbors, and for each other. It's all about relationships. We're loyal to our employees, and in turn they're loyal to our guests. Everything works together."

It's a relationship that's working. The Hyatt Regency enjoys a very low turnover rate among their staff, and many have been there for almost the entire 20 years since the facility opened. In addition, the Hyatt Regency Grand Cypress was awarded the 2003 Operation Achievement Award, the company's highest customer service award, based upon an independent survey of guests.

The same philosophy of "something more" also applies to facilities themselves. The Hyatt Regency Grand Cypress is located on 1,500 lush acres in the Lake Buena Vista area. Here, waterfalls cascade along canyon grottos into a spectacular pool. A white sand beach encircles a private lake, and dozens of trails wind through the tropical landscape.

Guests can enjoy sailing, horseback riding, and world-class golf and tennis – all without ever leaving the gates.

In fact, there's so much to do, you may wonder why anyone would ever leave. That is, until you consider the enticing theme parks, EPCOT center and Walt Disney World Resort, located virtually next door, and the nearby Orange County Convention Center and Orlando business district.

"Our hotel is far more than just a place to stay in Orlando," said Tang.

"It is a wonderful destination on its own. You're convenient to all the attractions, but when the kids say 'no, no, we're tired; we don't want to stand in any more lines' you can say, 'alright, let's stay here and have a wonderful day without any stress, any crowds.' It's definitely the best of both worlds."

Given their enviable location, it's natural that tourism is a major part of the Hyatt's business. However, the hotel is also popular with business travelers, and as a wedding and events site.

"We offer the personalized service of a small hotel and the amenities of a large one," said Tang. "Whether

groups come to us for a shareholders meeting or a family wedding, we work with them individually to create the mood and feeling they want."

Being a hotel, the Hyatt Regency has had to weather the same ups and downs, from politics to hurricanes, that affect the whole tourism industry. "When the hurricanes hit last fall, we went into action immediately to get the Hyatt Regency back up and running," said Holcomb. "After all, when it comes to great customer service, we've learned from the best."

Fortunately, this season did very little damage to the hotel, and, as usual, they were back in business quickly. "Fluctuations in the industry typically aren't a long-term problem for us," said Tang. "What we offer is just so strong – the seclusion, the amenities, the location and above all, the people. Without our staff, we'd be just another hotel. With them, we have something special to offer our guests, and we show it every minute they're here."



Location Orlando

Employees 900

Guest Rooms 750

Hosts Approximately 150,000 guests each year

Opened 1984

Winner 2003 Operations Achievement Award, Hyatt's highest merit award for customer service

Staying Current

Answers your questions



Vincent M. Dolan
Vice President
Energy Delivery & Corporate Services – Florida

Vincent M. (Vinny) Dolan is Progress Energy's vice president of Regulatory & Corporate Relations – Florida. Since joining the company in 1986, he has held a number of management positions in such areas as corporate strategic planning, commercial/industrial sales, energy management, power quality, and business development. In addition, he has worked in district operations and wholesale power marketing sales. His current responsibilities include regulatory affairs, local government relations, strategic planning, and energy delivery services.

Will Progress Energy increase its rates because of the hurricanes?

Progress Energy Florida has asked the Florida Public Service Commission for permission to recover \$252 million in storm costs – what we paid to mobilize 20,000 workers, rebuild much of our distribution system and restore power to more than 2 million customers in the aftermath of Hurricanes Charley, Frances, Ivan and Jeanne. Last year's hurricane season was unprecedented – four major hurricanes in six weeks. The costs to restore such extensive damage far exceeded our company's storm reserve fund – the first time that's happened. While we want to establish a cost-recovery process quickly, we are sensitive to the impact of higher costs on our customers, and we will continue to work with the FPSC to determine the best way to recover these costs.

Did Progress Energy really need to spend so much money on storm restoration?

When Hurricane Charley interrupted power to more than a half-million customers, we had a very simple mandate: Get the power back on as quickly and safely as possible. That's no small task, considering three of the storms affected most, if not all, of Progress Energy Florida's 20,000-mile, 35-county service area. Fortunately, we were able to take advantage of Progress Energy's Carolinas work force, as well as other companies' crews from across the country, to support our crews in Florida. Of course, bringing in thousands of workers and vehicles as well as equipment is expensive, particularly mobilizing such a work force for four major storms. But, having the power restored as soon as possible to homes and businesses was imperative in getting Florida's economy running again after these storms. Without the additional workforce, power restoration would have taken weeks instead of days to rebuild the six and a half million feet of wire and more than 6,600 hundred poles destroyed during the storms. The loss of revenue to businesses would have been crippling to our economy.

Can't Progress Energy apply for financial assistance from the Federal Emergency Management Agency?

No. Although utilities owned by municipalities can apply for federal financial assistance after a natural disaster, Progress Energy and other investor-owned utilities cannot.

What about fuel? Didn't Progress Energy raise rates because of fuel costs, too?

Just as gasoline prices have increased dramatically, so, too, have the prices of coal, oil and natural gas – fuels used by Progress Energy and other utilities to generate electricity at power plants. By law, Progress Energy must adjust the fuel component in its rates annually to reflect our actual cost of fuel. The fuel charge portion of your bill is a pass-through, which means Progress Energy earns no financial incentive on fuel purchases. When fuel costs decrease, the fuel charge decreases. In November, the Florida Public Service Commission approved an increase of \$278 million for 2005 for fuel costs, and allowed us to spread that cost out by deferring \$79 million until 2006.

To make sure your business is paying the lowest possible rate, we offer a free review of your electricity usage patterns to make sure you're getting the most economical rate available. For more information, please contact your account executive.

Peer Recognition

Who knows more about what it takes to run an outstanding utility than another utility?

That's why Progress Energy is excited to have won a 2004 Utility Ace Award, which was given by our industry peers in recognition of superior customer care.

The Energy Planning Network, a consortium of North America's largest commercial and industrial energy buyers, grants these awards. The judges are professionals from electric, gas and water utilities around the world.

Progress Energy is proud to have been recognized by our colleagues. We also appreciate everything EPN does to educate and advocate for excellence within our industry. After all, that's exactly the goal we relentlessly pursue within our company every day.

Progress Energy Florida, Inc.
17757 U.S. Highway 19 N.
Suite 560
Clearwater, FL 33764
1.727.519.2485

CurrentLines is published quarterly by Progress Energy Florida's CIG Account Management team.

Our Pursuit of Excellence *Continued from page 1*

it easier for customers to get through quickly. Though the service team fields 1,500 to 2,000 calls each month, they answer 98 percent of those within just 20 seconds. "Our CIG customers expect the same kind of exemplary service they give to their own customers," said Kates. "And we're determined to give them that – and more."

The other major area of enhancement that benefits CIG customers is our Distribution Control Center. "Power is one of any business's most critical needs. We are absolutely committed to providing the highest reliability, which means the fewest interruptions and the fastest possible resolution when the unavoidable does occur," said Gary Roebuck, director of the Distribution Control Center.

To achieve that, most of our trucks are now equipped with computers and global positioning satellite capability – all of which speeds up our response time significantly. We can send service orders immediately and make sure the right employees and equipment get to your problem and get it fixed, quickly and efficiently.

And to be certain that we're making best use of these capabilities, we've increased training for our dispatchers. We now have computer-simulated training that helps dispatchers learn from the past and prepare for the future. "We're constantly honing our skills so that no matter what happens, from little fallen branches to hurricanes, we're ready," said Roebuck.

In addition to these various improvements in customer service and reliability, you should also be aware of several ongoing programs specially designed to help our CIG customers concentrate on running their business, not worrying about their power.

The first is our strict policy of reviewing CIG customer bills before they're sent out. "Meter readers, being human, can sometimes make mistakes," Kates said. "We try to catch and correct any that do occur before you ever even see the bill. Our goal is to deliver 100 percent accurate bills, every time."

The second is our ability to provide consolidated bills for customers with 10 or more accounts. "Imagine being a grocery store chain or municipal government and receiving separate bills for each individual facility. A summarized bill makes the process far more efficient," Kates added.

Finally, our CIG Customer Service team will conduct, for free, a comprehensive review of your account each year, to make certain you are receiving the lowest possible rate for your needs. Of course, you may wonder why the power company would help your business save money on power, but the answer is really quite simple. It's also the same reason why we're constantly developing and enhancing programs for you. "It all comes back to that partnership," said Kates. "When you succeed, so do we. That's why, day after day and year after year, we relentlessly pursue excellence – for the future of your business and ours."



Clean and Green

Progress Energy and the Florida Department of Environmental Protection are teaming up to develop an innovative, environmentally friendly electrical system for Homosassa Springs State Park.

The hydrogen fuel cell and 5-kilowatt photovoltaic (PV) system will be completely "green," requiring only sunlight and water as fuel sources. The PV cells – or solar cells – will convert sunlight into electricity. This will operate an electrolyzer that "splits" water into its two components, hydrogen and oxygen. The oxygen will be released harmlessly into the atmosphere. The hydrogen will be utilized inside a fuel cell, which is similar to a battery, to generate electricity for the park's Wildlife Encounter Pavilion.

Progress Energy is committed to this project because we believe hydrogen may be a fuel source for the future. After all, hydrogen is readily available, endlessly renewable, and, when utilized for energy, emits only harmless water vapor into the atmosphere. The challenge is that researchers have not yet found an economical way to extract hydrogen to compete with existing fuels.

"Right now, the science is such that the energy we put into capturing hydrogen is greater than the electricity we gain from using hydrogen," said John Masiello, manager, Demand Side Management and Alternative Energy Strategies. "Obviously that isn't practical. That's why projects like this one are so important. We do them to advance the science – so that someday, we will find a way to use hydrogen more cost effectively."

Homosassa Springs State Park, located near Crystal River, hosted more than 300,000 visitors last year. At Progress Energy, we are proud to help keep our parks clean and green. But more than that, we're determined to relentlessly pursue excellence when it comes to being good stewards of the environment.

Have questions or comments? Progress Energy is ready to answer your questions. Contact your account executive or e-mail CurrentLines@pgnmail.com.