Information Services, Washington, DC 20549.

Extension:

Schedule 13E–4F, OMB Control No. 3235–0375, SEC File No. 270–340.

Form F–X, OMB Control No. 3235–0379, SEC File No. 270–336.

Form DF, OMB Control No. 3235–0482, SEC File No. 270–430.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) the Securities and Exchange Commission (''Commission'') is soliciting comments on the collections of information summarized below. The Commission plans to submit these existing collections of information to the Office of Management and Budget for approval.

Schedule 13E–4F (OMB Control No. 3235–0375; SEC File No. 270–340) may be used by any foreign private issuer if: (1) The issuer is incorporated or organized under the laws of Canada; (2) the issuer is making a cash tender or exchange offer for the issuer's own securities; and (3) less than 40 percent of the class of such issuer's securities outstanding that is the subject of the tender offer is held by U.S. holders. The information collected must be filed with the Commission and is publicly available. We estimate that it takes 2 burden hours to prepare Schedule 13E–4F and that the information is filed by 3 respondents for a total of 6 burden hours.

Form F–X (OMB Control No. 3235–0379; SEC File No. 270–336) is used to appoint an agent for service of process by Canadian issuers registering securities on Form F–7, F–8, F–9 or F–10 or filing periodic reports on Form 40-F under the Exchange Act. The information collected must be filed with the Commission and is publicly available. We estimate that it takes 2 hours to prepare and is filed 129 respondents for a total of 258 burden hours.

Form DF (OMB Control No. 3235–0482; SEC File No. 270–430) allows registrants to identify a filing that was filed late because of electronic filing difficulties in order to preserve the timeliness of the filing. The information collected must be filed with the Commission and is publicly available. We estimate that it takes 12 minutes to prepare and is filed by an estimated 500 respondents for a total annual burden of 100 hours.

Written comments are invited on: (a) Whether these proposed collection of information are necessary for the performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comment to Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549.

Dated: August 22, 2003.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03–22029 Filed 8–27–03; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94–409, that the Securities and Exchange Commission will hold the following meeting during the week of September 1, 2003:

A Closed Meeting will be held on Tuesday, September 2, 2003 at 2 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (4), (5), (7), (9)(B) and (10) and 17 CFR 200.402(a)(3), (4), (5), (7), (9)(ii) and (10), permit consideration of the scheduled matters at the Closed Meeting.

The subject matter of the Closed Meeting scheduled for Tuesday, September 2, 2003 will be: Institution and settlement of administrative proceedings of an enforcement nature; Institution and settlement of injunctive actions; Regulatory matter involving enforcement implications; Formal orders of investigation; and Adjudicatory matter.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted, or postponed, please contact the Office of the Secretary at (202) 942–7070.

Dated: August 26, 2003.

Jonathan G. Katz,

Secretary.

[FR Doc. 03–22224 Filed 8–26–03; 4:02 pm]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–27716]

Filings Under the Public Utility Holding Company Act of 1935, as Amended (''Act'')

August 22, 2003.

Notice is hereby given that the following filings have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) is/are available for public inspection through the Commission's Branch of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by September 15, 2003 to the Secretary, Securities and Exchange Commission, Washington, DC 20549–0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After September 15, 2003, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Xcel Energy Inc. (70–10072)

Xcel Energy Inc., a registered holding company, 800 Nicollet Mall, Minneapolis, Minnesota 55402 (''Declarant'' or ''Xcel Energy'') has filed a declaration under section 12(d) of the Act and rules 44 and 54 under the Act.

Declarant requests authority to sell its ownership interest in Black Mountain Gas Company, a Minnesota corporation and gas utility company (''Black

Mountain'') to a non-affiliated third party, Southwest Gas Corporation (''Southwest'').

Xcel Energy directly owns six utility subsidiaries that serve electric and/or natural gas customers in twelve states. These six utility subsidiaries are Black Mountain; Northern States Power Company; Northern States Power Company; Public Service Company of Colorado; Southwestern Public Service Co.; and Cheyenne Light, Fuel and Power Company. Their service territories include portions of Arizona, Colorado, Kansas, Michigan, Minnesota, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Wisconsin and Wyoming. Xcel Energy also owns or has an interest in a number of nonregulated businesses, the largest of which is NRG Energy Inc. (''NRG''), an independent power producer.[1]

Black Mountain operates in Arizona and is certified by the Arizona Corporation Commission to provide natural gas and propane service within the State of Arizona. Black Mountain currently provides service to approximately 8,500 gas customers and about 2,500 propane customers and had revenues of approximately $9.5 million in 2002.

Southwest is a natural gas service company serving over 1.4 million households, businesses and industries in Arizona, Nevada and portions of California. Southwest is certified to provide natural gas service in Arizona.

On May 24, 2002, Xcel and Southwest entered into a Stock Purchase Agreement under which Xcel Energy agreed to sell and transfer to Southwest, and Southwest agreed to purchase from Xcel Energy, all of the issued and outstanding common stock of Black Mountain (the ''Stock''). In consideration for the sale and transfer of the Stock, Southwest agreed to pay to Xcel Energy $18,700,000 in cash plus an additional amount of up to $6,500,000 necessary to redeem, retire or defease certain long-term debt of Black Mountain at or prior to closing (''Consideration''). Declarant maintains that the Consideration was determined through arms-length negotiations between representatives of Xcel Energy and Southwest and that the Consideration constitutes fair and adequate compensation for the Stock. Declarant states that in order to verify the fairness and adequacy of Consideration, Xcel Energy considered, among other factors, the discounted cash flow of Black Mountain and examined comparable transactions, including Xcel Energy's acquisition of Black Mountain. The Consideration to be received by Xcel Energy will be contributed to Xcel Energy's general funds and used for general corporate purposes.

[1] On May 14, 2003, NRG filed a voluntary petition for relief under chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the ''New York Bankruptcy Court''). The making of this voluntary filing constitutes an order for relief under the Bankruptcy Code and NRG as a result became a debtor in possession subject to the jurisdiction of the bankruptcy court and the requirements of the Bankruptcy Code. Under the requirements of the Bankruptcy Code (11 U.S.C. 363), any significant or out of the ordinary course transactions by NRG require the prior approval of the New York Bankruptcy Court.

Progress Energy, Inc., et al. (70–10130)

Progress Energy, Inc. (''Progress Energy''), a registered holding company; Progress Energy's utility subsidiaries: Carolina Power & Light Company (''CP&L''), Florida Power Corporation (''FPC''), and North Carolina Natural Gas Corporation (''NCNG''); and Progress Energy's nonutility subsidiaries: Florida Progress Corporation (''Florida Progress''), Progress Energy Service Company, LLC (''Progress Service''), PV Holdings, Inc. (''PV Holdings''), Progress Ventures, Inc. (''Progress Ventures''), Strategic Resource Solutions Corp. (''SRS''), Progress Energy Solutions, Inc. (''Progress Solutions''), Progress Real Estate Holdings, Inc. (''Progress Real Estate''), CaroFund, Inc., CaroHome, LLC, Capitan Corporation, Caronet, Inc. (''Caronet''), CaroFinancial, Inc., NCNG Cardinal Pipeline Investment Corporation, NCNG Pine Needle Investment Corporation, Cape Fear Energy Corp., Progress Capital Holdings, Inc. (''Progress Capital''), Progress Fuels Corporation (''Progress Fuels''), Progress Telecommunications Corporation (''Progress Telecommunications''), FPC Del, Inc. (''FPC Del''), and Florida Progress Funding Corporation (''Progress Funding'') have filed an application-declaration, as amended (''Application''), under sections 6(a), 7, 9(a), 10, and 12 of the Act and rules 26(c), 42, 43, 45, 46, 53, and 54 under the Act. The address for all of the Applicants is 410 South Wilmington Street, Raleigh, North Carolina 27602, except for FPC, Florida Progress, Progress Capital, FPC Del, and Progress Funding, for whom the address is One Progress Plaza, St. Petersburg, Florida 33701.

CP&L, FPC and NCNG are referred to collectively as the ''Utility Subsidiaries.'' The term ''Nonutility Subsidiaries'' includes the nonutility subsidiaries named above and their respective subsidiaries, as well as any other nonutility company later acquired or formed, directly or indirectly, by Progress Energy under rule 58 or pursuant to an order of the Commission. The Utility Subsidiaries and Nonutility Subsidiaries are referred to collectively as the ''Subsidiaries.'' Progress Energy, Florida Progress and the Subsidiaries are referred to collectively as the ''Applicants.''

Applicants request authority to engage in various financing transactions, credit support arrangements, and other related proposals, as more fully discussed below, commencing on the effective date of an order issued in this proceeding and ending September 30, 2006 (''Authorization Period'').

In a separate application (File No. 70–10115), Progress Energy is seeking authorization pursuant to section 12(d) of the Act to sell all of the issued and outstanding common stock of NCNG, and NCNG's interest in Eastern North Carolina Natural Gas Company (''Eastern NCNG''). If the sale of NCNG and Eastern NCNG is consummated before the issuance of an order in this proceeding, the Application will be amended to delete NCNG and its subsidiaries as Applicants.

I. Introduction

Progress Energy is authorized under its Amended and Restated Articles of Incorporation to issue 500,000,000 shares of common stock, without par value (''Common Stock''), of which 239,823,869 shares were issued and outstanding as of March 31, 2003. Progress Energy is also authorized under its Amended and Restated Articles of Incorporation to issue 20,000,000 shares of preferred stock, without par value (''Preferred Stock''), of which none are currently issued and outstanding.

At March 31, 2003, Progress Energy had outstanding $4.8 billion principal amount of senior unsecured notes having various maturity dates from 2004 through 2031. Progress Energy also has in place $880.2 million in committed bank lines of credit primarily used to support its commercial paper program. At March 31, 2003 Progress Energy had $91.8 million of commercial paper outstanding. Progress Energy's senior unsecured debt is currently rated BBB by Standard & Poor's Inc. (''S&P'') and Baa2 by Moody's Investor Service (''Moody's''). Progress Energy's commercial paper is rated A–2 by S&P and P–2 by Moody's.

For the twelve months ended December 31, 2002, Progress Energy had total operating revenues of $7,945,120,000 of which $6,600,689,000 (83.1%) were derived from electric utility operations and $1,344,431,000

(16.9%) from nonutility businesses, including sales of electricity by Progress Energy's exempt wholesale generator (''EWG'') subsidiaries. For the three months ended March 31, 2003, Progress Energy had total operating revenues of $2,016,004,000, of which $1,653,887,000 (82%) were derived from electric utility operations and $362,117,000 (18%) from nonutility businesses.

At March 31, 2003, Progress Energy had total consolidated assets of $23,172,892,000 including net utility plant of $12,033,791,000 (as of December 31, 2002 and March 31, 2003, NCNG's results of operations and assets and liabilities were reported as ''discontinued operations'' and, therefore, are not included in Progress Energy's year-end or March 31, 2003 year-to-date consolidated operating revenues and utility plant accounts).

II. Current Financing Authority

By order dated December 12, 2000 in File No. 70–9659 (Holding Co. Act Release No. 27297), as supplemented and modified by orders dated September 20, 2001 (Holding Co. Act Release No. 27440), March 15, 2002 (Holding Co. Act Release No. 27500), April 18, 2002 (Holding Co. Act Release No. 27522), and May 5, 2003 (Holding Co. Act Release No. 27673) (collectively, the ''December 2000 Order''), the Commission authorized Progress Energy and its Subsidiaries to engage in a program of external financing, intrasystem financing, and other related transactions from time to time through September 30, 2003.

Under the December 2000 Order, the Commission authorized, among other things:

(i) Progress Energy to issue and sell common stock, preferred securities, unsecured long-term debt, short-term debt and other securities, including to issue and/or purchase shares of its common stock in the open market for purposes of reissuing the shares under its dividend reinvestment plan and other stock-based plans maintained for the benefit of employees, officers, and non-employee directors (collectively, the ''Stock Plans'');

(ii) Progress Energy to maintain the credit arrangements entered into to finance, in part, the acquisition of Florida Progress;

(iii) Progress Energy to enter into and perform interest rate hedging transactions to manage volatility of interest rates associated with its outstanding indebtedness and with respect to anticipated debt offerings;

(iv) CP&L to issue and sell short-term debt;

(v) NCNG to issue and sell long-term debt and preferred securities;

(vi) Progress Energy to issue guarantees and provide other forms of credit support with respect to obligations of its subsidiaries;

(vii) Florida Progress to maintain guarantees of obligations outstanding at the time Florida Progress was acquired, as well as other forms of credit support provided by Progress Capital to its nonutility subsidiaries;

(viii) Nonutility subsidiaries of Progress Energy to provide guarantees and other forms of credit support for other Nonutility subsidiaries;

(ix) Progress Energy to establish and fund, and the Utility Subsidiaries and certain Nonutility Subsidiaries to participate in separate money pool systems (the ''Utility Money Pool,'' the ''Nonutility Money Pool'' and, together, the ''Money Pools'');

(x) Progress Energy and the Nonutility Subsidiaries to make loans to less than wholly-owned Nonutility Subsidiaries;

(xi) Progress Energy and Subsidiaries to acquire, directly or indirectly, the equity securities of one or more special purpose entities (''Financing Subsidiaries'') created specifically for the purpose of facilitating a financing and to guarantee the securities issued by such Financing Subsidiary;

(xii) Nonutility Subsidiaries to declare and pay dividends out of capital and unearned surplus, subject to certain limitations;

(xiii) Progress Energy and its consolidated subsidiaries to enter into an agreement allocating taxes;

(xiv) Progress Energy to invest up to $1 billion in certain nonutility assets in the United States; and

(xv) Progress Energy to spend up to $250 million on certain development activities relating to nonutility business activities.

In addition to the financing and investment activities authorized above, the Applicants are also authorized under to the December 2000 Order to engage in the following transactions for a period of time that is not limited by the authorization period under the December 2000 Order:

(xvi) Progress Energy to organize and acquire, directly or indirectly, the securities of one or more intermediate Nonutility Subsidiaries (''Intermediate Subsidiaries'') to act as holding companies for Nonutility Subsidiaries and to consolidate or otherwise reorganize its ownership interests in existing and future Nonutility Subsidiaries under Intermediate Subsidiaries, and to engage in development and administrative activities relating to the nonutility businesses;

(xvii) Wholly-owned Subsidiaries are authorized to change their capitalization;

(xviii) Nonutility Subsidiaries are authorized to engage in certain energy-related activities permitted by rule 58 outside the United States, subject to the reservation of jurisdiction of certain energy-related activities;

(xix) Nonutility Subsidiaries are authorized to render services to each other at fair market prices in certain circumstances; and

(xx) Progress Energy and NCNG are authorized to pay dividends out of capital surplus, subject to specified limitations.

Finally, pursuant to an order dated July 17, 2002 (Holding Co. Act Release No. 27551), the Commission authorized Progress Energy to increase its ''aggregate investment'' as defined under rule 53(a) in EWGs to $4 billion using the proceeds of financings and guarantees previously authorized, or authorized in the future. The Commission reserved jurisdiction over the use of the proceeds of authorized financings to invest in foreign utility companies (''FUCOs'').

Applicants state that the authority sought in the current Application will supersede and replace the current authorization of the Applicants under the December 2000 Order to engage in the financing activities and related transaction described above in subsections (i) through and including (xv). The authorizations for the transactions described in paragraphs (xvi) through and including (xix) will remain unchanged. Progress Energy and NCNG are requesting a modification of their authority to pay dividends out of capital and unearned surplus (as set forth in paragraph (xx) above) in order to reflect changes to purchase accounting rules that became effective after the December 2000 Order.

III. Financing Conditions

Applicants request authority to engage in various financing transactions during the Authorization Period. Applicants state that the following general terms will be applicable, where appropriate, to the proposed financing activities requested by the Applicants:

A. Effective Cost of Money

The effective cost of capital on unsecured notes and debentures and other forms of unsecured long-term debt securities (''Long-term Debt''), Preferred Stock or other types of preferred securities (including specifically trust preferred securities or monthly income

preferred securities) (together, ''Preferred Securities''), equity-linked securities (''Equity-Linked Securities), and commercial paper, unsecured promissory notes and other forms of unsecured indebtedness having maturities of less than one year (''Short-term Debt'') will not exceed competitive market rates available at the time of issuance for securities having the same or reasonably similar terms and conditions issued by similar companies of reasonably comparable credit quality; provided that in no event will the effective cost of capital (1) on any series of Long-term Debt exceed 500 basis points over a U.S. Treasury security having a remaining term equal to the term of such series, (2) on any series of Preferred Securities or Equity-Linked Securities exceed 600 basis points over a U.S. Treasury security having a remaining term equal to the term of such series, and (3) on Short-term Debt exceed 500 basis points over the London Interbank Offered Rate for maturities of less than one year.

B. Maturity

The maturity date of any Long-term Debt will not exceed 50 years after issuance. Preferred Securities and Equity-Linked Securities will be redeemed no later than 50 years after the issuance, unless converted into shares of Common Stock, except that Preferred Stock issued directly by Progress Energy may be perpetual in duration.

C. Issuance Expenses

The underwriting fees, commissions or other similar remuneration paid in connection with the non-competitive issue, sale or distribution of securities pursuant to this Application will not exceed the greater of (1) 5% of the principal or total amount of the securities being issued or (2) issuance expenses that are generally paid at the time of the pricing for sales of the particular issuance, having the same or reasonably similar terms and conditions issued by similar companies of reasonably comparable credit quality.

D. Common Equity Ratio

At all times during the Authorization Period, Progress Energy and each Utility Subsidiary will maintain common equity of at least 30% of its consolidated capitalization (common equity, preferred stock, long-term debt and short-term debt); provided that Progress Energy will in any event be authorized to issue Common Stock (including pursuant to the Stock Plans) to the extent authorized by Commission order.

E. Investment Grade Ratings

Applicants further represent that, except for securities issued for the purpose of funding Money Pool operations, no guarantees or other securities, other than Common Stock, may be issued in reliance upon the authorization that may be granted by the Commission in accordance with this Application, unless (1) the security to be issued, if rated, is rated investment grade; (2) all outstanding securities of the issuer that are rated are rated investment grade; and (3) all outstanding securities of the top level registered holding company that are rated are rated investment grade. For purposes of this provision, a security will be deemed to be rated ''investment grade'' if it is rated investment grade by at least one nationally recognized statistical rating organization, as that term is used in paragraphs (c)(2)(vi)(E), (F) and (H) of rule 15c3–1 under the Securities Exchange Act of 1934. Applicants request that the Commission reserve jurisdiction over the issuance of any such securities that are rated below investment grade. Applicants further request that the Commission reserve jurisdiction over the issuance of any guarantee or other securities at any time that the conditions set forth in clauses (1) through (3) above are not satisfied.

F. Use of Proceeds

The proceeds from the sale of securities in external financing transactions will be used for general corporate purposes including (1) financing, in part, of the capital expenditures of Subsidiaries, (2) financing working capital requirements of Progress Energy and its Subsidiaries, (3) the acquisition, retirement or redemption under rule 42 of securities previously issued by Progress Energy or its Subsidiaries or as otherwise authorized by Commission, (4) direct or indirect investments in companies authorized under the Act or by rule, including investments in EWGs and ''energy-related companies'' under rule 58, and (5) other lawful purposes. The Applicants represent that no such financing proceeds will be used to acquire the securities of a new subsidiary unless such acquisition is consummated in accordance with an order of the Commission or an available exemption under the Act.

IV. Progress Energy External Financing

Progress Energy requests authority to increase its capitalization by issuing and selling from time to time during the Authorization Period, directly or indirectly through one or more Financing Subsidiaries: (1) additional shares of Common Stock and/or options, warrants, forward equity purchase contracts, or other rights that are exercisable or exchangeable for or convertible into Common Stock, (2) Preferred Securities and Equity-Linked Securities, and (3) Long-term Debt, in an aggregate amount not to exceed $2.8 billion (excluding securities issued for purposes of refunding or replacing other outstanding long-term securities where Progress Energy's capitalization is not increased as a result) (''External Financing Limit''). In addition, Progress Energy requests authorization to issue and sell Short-term Debt in an aggregate principal amount at any time outstanding not to exceed $1.5 billion.

Progress Energy may issue and sell Common Stock (and/or options, warrants, forward equity purchase contracts, or other rights that are exercisable or exchangeable for or convertible into Common Stock), Preferred Securities, Equity-Linked Securities and Long-term Debt: (1) Through underwriters, initial purchasers or dealers, (2) through agents, (3) directly to a limited number of purchasers or a single purchaser, or (4) directly to employees of Progress Energy or its Subsidiaries (or to trusts established for their benefit), shareholders, officers and directors under the Stock Plans. If underwriters are used, the securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The securities may be offered to the public either through underwriting syndicates (which may be represented by a managing underwriter or underwriters designated by Progress Energy) or directly by one or more underwriters acting alone, or may be sold directly by Progress Energy or through agents designated by Progress Energy from time to time. If dealers are utilized, Progress Energy will sell the securities to the dealers, as principals. Any dealer may then resell the securities to the public at varying prices to be determined by the dealer at the time of resale. If Common Stock is being sold in an underwritten offering, Progress Energy may grant the underwriters a ''green shoe'' option permitting the purchase from Progress Energy at the same price additional shares then being offered solely for the purpose of covering over-allotments.

A. Common Stock

Progress Energy proposes to issue and sell Common Stock (and/or options, warrants, forward equity purchase contracts or other rights exercisable or exchangeable for or convertible into Common Stock) in accordance with underwriting agreements of a type generally standard in the industry. Public distributions may be made through private negotiation with underwriters, dealers or agents or effected through competitive bidding among underwriters. In addition, sales may be made through private placements or other non-public offerings to one or more persons. All such sales will be at rates or prices and under conditions negotiated or based upon, or otherwise determined by, competitive capital markets.

Progress Energy also proposes to issue Common Stock in public or privately-negotiated transactions as consideration for the equity securities or assets of other companies, provided that the acquisition of any such equity securities or assets has been authorized by the Commission or is exempt under the Act or the rules thereunder. Progress Energy may use original issue shares of Common Stock in such transactions or use Common Stock purchased on the open market for such purpose.

The ability to offer Common Stock as consideration in connection with an acquisition may make the transaction more economical for Progress Energy as well as for the seller of the business being acquired. If original issue shares of Common Stock are used in such transactions, the value of such shares would be based upon the closing price on the day prior to the date of issuance (or, if appropriate, the date of a binding contract providing for the issuance of the Common Stock) or based upon average high and low prices for a period as negotiated by the parties and counted against the proposed External Financing Limit.

B. Preferred Securities

Applicants request authorization to issue Preferred Securities in one or more series with such rights, preferences and priorities as may be designated in the document creating each series, as determined by Progress Energy's Board of Directors. Dividends or distributions on the securities will be made periodically and to the extent funds are legally available for such purpose, but may be made subject to terms which allow the issuer to defer dividend payments for specified periods. Progress Energy may also issue and sell Equity-Linked Securities, typically in the form of stock purchase units, which combine a security with a fixed obligation (*e.g.*, preferred stock or debt) with a stock purchase contract that is exercisable (either mandatorily or at the option of the holder) within a relatively short period (*e.g.*, three to six years after issuance).

C. Long-Term Debt

Applicants request authority to issue Long-term Debt directly by Progress Energy or indirectly through one or more Financing Subsidiaries in the form of notes, medium-term notes or debentures under one or more indentures, or long-term indebtedness under agreements with banks or other institutional lenders. Each series of Long-term Debt would have such designation, aggregate principal amount, maturity, interest rate(s) or methods of determining the same, terms of payment of interest, redemption provisions, sinking fund terms and other terms and conditions as Progress Energy may determine at the time of issuance. Any Long-term Debt (1) may be convertible into any other securities of Progress Energy, (2) will have maturities ranging from one to 50 years, (3) may be subject to optional and/or mandatory redemption, in whole or in part, at par or at various premiums above the principal amount thereof, (4) may be entitled to mandatory or optional sinking fund provisions, (5) may provide for reset of the coupon under a remarketing arrangement, (6) may be subject to tender or the obligation of the issuer to repurchase at the election of the holder or upon the occurrence of a specified event, (7) may be called from existing investors by a third party, and (8) may be entitled to the benefit of affirmative or negative financial or other covenants.

D. Short-Term Debt

Progress Energy proposes to issue and sell from time to time Short-term Debt in an aggregate principal amount at any time outstanding not to exceed $1.5 billion. Specifically, Progress Energy may sell commercial paper, from time to time, in established domestic or European commercial paper markets. Such commercial paper would typically be sold to dealers at the discount rate per annum prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally. It is expected that the dealers acquiring commercial paper from Progress Energy will reoffer such paper at a discount to corporate, institutional and, with respect to European commercial paper, individual investors. It is anticipated that Progress Energy's commercial paper will be reoffered to investors such as commercial banks, insurance companies, pension funds, investment trusts, foundations, colleges and universities, finance companies and nonfinancial corporations. Progress Energy also proposes to maintain and renew from time to time committed bank lines of credit, provided that only the principal amount of any actual borrowings under the lines of credit will be counted against the proposed limit on Short-term Debt set forth above. Progress Energy may also engage in other types of short-term financing, including borrowings under uncommitted lines, generally available to borrowers with comparable credit ratings as it may deem appropriate in light of its needs and market conditions at the time of issuance.

E. Stock Plans

Progress Energy requests authorization to issue shares of its Common Stock, and/or options, warrants, stock appreciation rights, units, hypothetical shares and similar securities for purposes of delivery under its Stock Plans, as they may be amended or extended, or similar plans or plan funding arrangements that may be adopted in the future. The net proceeds of any new issuances of shares of Common Stock by Progress Energy will be counted toward the external Financing Limit. Progress Energy also requests authorization to purchase or cause to be purchased on the open market up to 11 million shares of Common Stock for purposes of delivery under its Stock Plans.

V. Utility Subsidiary Financing

CP&L and NCNG request authorization to issue and sell the following securities during the Authorization Period:

A. Short-Term Debt of CP&L

CP&L requests authorization to issue and sell from time to time during the Authorization Period Short-term Debt in an aggregate principal amount outstanding at any one time not to exceed $1 billion. Subject to such limitation, CP&L would engage in short-term financing as it may deem appropriate in light of its needs and market conditions at the time of issuance. Short-term financing could include, without limitation, commercial paper sold in established domestic or European commercial paper markets in a manner similar to Progress Energy, bank lines and debt securities issued under its indentures and note programs.

B. Long-term Debt of NCNG

NCNG requests authorization (for so long as it shall remain a subsidiary of Progress Energy) to make direct borrowings from Progress Energy in an amount which, when added to borrowings by NCNG under the Utility Money Pool shall not exceed $750 million. The interest rate and maturity on any note evidencing direct borrowings from Progress Energy will be designed to parallel the effective cost of capital of Progress Energy. The maturity on any note issued to Progress Energy will not exceed 50 years from the date of issuance.

VI. Financing by Nonutility Subsidiaries

If a Nonutility Subsidiary that is not wholly-owned engages in activities related to the development and expansion of energy, transportation, telecommunications or other functionally-related, nonutility businesses, authority is requested for Progress Energy or a Nonutility Subsidiary, as the case may be, to make loans to the non-wholly owned subsidiaries at interest rates and maturities designed to provide a return to the lendor of not less than its effective cost of capital. The borrower will not sell any services to any associate Nonutility Subsidiary unless the associate Nonutility Subsidiary falls within one of the categories of companies to which goods and services may be sold on a basis other than ''at cost'' under the terms of the December 2000 Order. Furthermore, if any loans are made, Progress Energy will include in the next certificate filed under rule 24 in this proceeding substantially the same information as that required on Form U–6B–2 with respect to the transaction.

VII. Guarantees

A. Progress Energy Guarantees

Progress Energy requests authorization to enter into guarantees, obtain letters of credit, enter into expense agreements or otherwise provide credit support (collectively, ''Progress Guarantees'') with respect to the obligations of any Subsidiary as may be appropriate to enable the Subsidiary to carry on in the ordinary course of its business, in an aggregate principal amount not to exceed $3 billion outstanding at any one time; *provided however,* that the amount of any Progress Guarantees in respect of obligations of any Subsidiaries shall also be subject to the limitations of rule 53(a)(1) or rule 58(a)(1), as applicable.

Progress Energy proposes to charge each Subsidiary a fee for each guarantee provided on its behalf that is not greater than the cost, if any, of obtaining the liquidity necessary to perform the guarantee (for example, bank line commitment fees or letter of credit fees, plus other transactional expenses) for the period of time the guarantee remains outstanding.

The debt of a Financing Subsidiary guaranteed by Progress Energy will comply with the External Financing Limit. However, in order to avoid double counting the amount of any Progress Guarantee issued with respect to securities issued by a Financing Subsidiary will not be counted against the proposed limit on Progress Guarantees.

Progress Guarantees may, in some cases, be provided to support obligations of Subsidiaries that are not readily susceptible of exact quantification or that may be subject to varying quantification. In that event, Progress Energy will determine the exposure under the guarantee for purposes of measuring compliance with the proposed limit on Progress Guarantees set forth above by appropriate means, including estimation of exposure based on loss experience or projected potential payment amounts. Any estimates will be made in accordance with generally accepted accounting principles, and will be reevaluated periodically.

B. Nonutility Subsidiary Guarantees

In addition to guarantees that may be provided by Progress Energy, Nonutility Subsidiaries request authority to provide to other Nonutility Subsidiaries guarantees and other forms of credit support (''Nonutility Guarantees'') in an aggregate principal amount not to exceed $500 million outstanding at any one time, in addition to any guarantees and other forms of credit support that are exempt under rule 45(b) and rule 52(b); *provided however,* that the amount of Nonutility Guarantees in respect of obligations of any Subsidiary that is an ''energy-related company'' as that term is defined under rule 58 shall remain subject to the limitations of rule 58(a)(1). The Nonutility Subsidiary providing any credit support may charge its associate company a fee for each guarantee provided on its behalf determined in the same manner as specified above.

C. Guarantees Issued by Florida Progress and Its Nonutility Subsidiaries

Florida Progress has in the past provided guarantees with respect to certain long-term and short-term indebtedness of Progress Capital and preferred securities issued by Progress Funding (via a special purpose trust), the proceeds of which are used to provide financing for Florida Progress's other subsidiaries. In addition, Florida Progress and Progress Capital have provided guarantees and/or other forms of credit support to third parties on behalf of Florida Progress's Nonutility Subsidiaries in the form of standby letters of credit, surety bonds, and guarantees of performance under leases and other agreements. Florida Progress and its Nonutility Subsidiaries request authorization to maintain in effect all of the outstanding guarantees and other forms of credit support described above, and to amend, renew, extend or replace such guarantees, as necessary. Further, the Applicants request that such guarantees and other forms of credit support not count against the $500 million limit proposed above on future Nonutility Guarantees.

VIII. Hedging Transactions

A. Interest Rate Hedges

Progress Energy, and to the extent not exempt under rule 52, the Subsidiaries, request authorization to enter into interest rate hedging transactions with respect to existing indebtedness (''Interest Rate Hedges''), subject to certain limitations and restrictions, in order to reduce or manage interest rate cost. Interest Rate Hedges would only be entered into with counterparties whose senior debt ratings, or the senior debt ratings of the parent companies of the counterparties, as published by S&P, are equal to or greater than BBB, or an equivalent rating from Moody's, Fitch-Ratings, or Duff and Phelps (''Approved Counterparties'').

Interest Rate Hedges will involve the use of financial instruments commonly used in today's capital markets, such as interest rate swaps, caps, collars, floors, and structured notes (*i.e.,* a debt instrument in which the principal and/or interest payments are indirectly linked to the value of an underlying asset or index), or transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations. The transactions would be for fixed periods and stated notional amounts. In no case will the notional principal amount of any interest rate swap exceed that of the underlying debt instrument and related interest rate exposure. Thus the Applicants will not engage in speculative transactions. Fees, commissions and other amounts payable to the counterparty or exchange (excluding, however, the swap or option payments) in connection with an Interest Rate Hedge will not exceed those generally obtainable in

competitive markets for parties of comparable credit quality.

B. Anticipatory Hedges

Progress Energy and the Subsidiaries request authorization to enter into interest rate hedging transactions with respect to anticipated debt offerings (the ''Anticipatory Hedges''), subject to certain limitations and restrictions. Anticipatory Hedges would only be entered into with Approved Counterparties, and would be utilized to fix and/or limit the interest rate risk associated with any new issuance through (1) a forward sale of exchange-traded U.S. Treasury futures contracts, U.S. Treasury obligations and/or a forward swap (each a ''Forward Sale''), (2) the purchase of put options on U.S. Treasury obligations (a ''Put Options Purchase''), (3) a Put Options Purchase in combination with the sale of call options on U.S. Treasury obligations (a ''Zero Cost Collar''), (4) transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations, or (5) some combination of a Forward Sale, Put Options Purchase, Zero Cost Collar and/or other derivative or cash transactions, including, but not limited to structured notes, caps and collars, appropriate for the Anticipatory Hedges.

Anticipatory Hedges may be executed on-exchange (''On-Exchange Trades'') with brokers through the opening of futures and/or options positions traded on the Chicago Board of Trade (''CBOT''), the opening of over-the-counter positions with one or more counterparties (''Off-Exchange Trades''), or a combination of On-Exchange Trades and Off-Exchange Trades. Progress Energy or a Subsidiary will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution. Progress Energy or a Subsidiary may decide to lock in interest rates and/or limit its exposure to interest rate increases.

The Applicants will comply with Statement of Financial Accounting Standard (''SFAS'') 133 (Accounting for Derivative Instruments and Hedging Activities) and SFAS 138 (Accounting for Certain Derivative Instruments and Certain Hedging Activities) or other standards relating to accounting for derivative transactions as are adopted and implemented by the Financial Accounting Standards Board (''FASB''). The Applicants represent that each Interest Rate Hedge and each Anticipatory Hedge will qualify for hedge accounting treatment under the current FASB standards in effect and as determined as of the date such Interest Rate Hedge or Anticipatory Hedge is entered into. The Applicants will also comply with any future FASB financial disclosure requirements associated with hedging transactions.

IX. Money Pools

Progress Energy and the Utility Subsidiaries request authorization to continue to maintain and fund the Utility Money Pool, and CP&L and NCNG also request authorization to make unsecured short-term borrowings from the Utility Money Pool. The Utility Subsidiaries request authorization to contribute surplus funds to the Utility Money Pool, and to lend and extend credit to (and acquire promissory notes from) one another through the Utility Money Pool. In addition, Progress Energy and the Nonutility Subsidiaries request authorization to continue to maintain and fund the Nonutility Money Pool. The Nonutility Money Pool activities of all of the Nonutility Subsidiaries are exempt from the prior approval requirements of the Act under rules 45(b) and 52. Progress Energy is requesting authorization to contribute surplus funds and/or to lend and extend credit to (1) the Utility Subsidiaries through the Utility Money Pool and (2) the Nonutility Subsidiaries through the Nonutility Money Pool.

A. Utility Money Pool

Under the Utility Money Pool agreement, short-term funds are available from the following sources for short-term loans to the Utility Subsidiaries from time to time: (1) Surplus funds in the treasuries of Utility Money Pool participants other than Progress Energy; (2) surplus funds in the treasury of Progress Energy (funds in clauses (1) and (2) being referred to as ''Internal Funds''); and (3) proceeds from bank borrowings by Utility Money Pool participants or the sale of commercial paper by Progress Energy or the Utility Subsidiaries for loan to the Utility Money Pool (the ''External Funds'').

Funds are made available from sources, and in the order, as Progress Service, as administrator for the Utility Money Pool, may determine would result in a lower cost of borrowing, consistent with the individual borrowing needs and financial standing of the companies providing funds to the pool. The determination of whether a Utility Money Pool participant at any time has surplus funds to lend to the Utility Money Pool is made by the participant's chief financial officer or treasurer, or their designee, on the basis of cash flow projections and other relevant factors, and in the participant's sole discretion.

The cost of compensating balances, if any, and fees paid to banks to maintain credit lines and accounts by Utility Money Pool participants lending External Funds to the Utility Money Pool are initially paid by the participant maintaining the line. A portion of such costs—or all of such costs if a Utility Money Pool participant establishes a line of credit solely for purposes of lending any External Funds obtained into the Utility Money Pool—are retroactively allocated every month to companies borrowing the External Funds in proportion to each participant's estimated peak short-term borrowing requirement.

Borrowings by Utility Money Pool participants are made *pro rata* from each participant that lends funds to the Utility Money Pool, in the proportion that the total amount loaned by each such lending company bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (*e.g.,* if there are External Funds as well as Internal Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrower would borrow *pro rata* from each such fund source in the Utility Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool. CP&L and NCNG (for so long as it remains a subsidiary of Progress Energy) each request authorization to borrow up to $400 million at any time outstanding under the Utility Money Pool. No loans through the Utility Money Pool may be made to, and no borrowings through the Utility Money Pool may be made by, Progress Energy.

If only Internal Funds make up the funds available in the Utility Money Pool, the interest rate applicable and payable to or by Utility Subsidiaries for all loans of Internal Funds would be equal to the rate for high-grade unsecured 30-day commercial paper sold through dealers by major corporations as quoted in *The Wall Street Journal.*

If only External Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of External Funds would be equal to the lending company's cost for the External Funds (or, if more than one Utility Money Pool participant had made available External Funds on such day, the applicable interest rate would be a composite rate equal to the weighted average of the cost incurred by the respective Utility Money Pool participants for the External Funds).

In cases where both Internal Funds and External Funds are concurrently borrowed through the Utility Money Pool, the rate applicable to all loans comprised of such ''blended'' funds would be a composite rate equal to the weighted average of (1) the cost of all Internal Funds contributed by Utility Money Pool participants (determined as set forth in the second-preceding paragraph above) and (2) the cost of all such External Funds (determined as set forth in the immediately preceding paragraph above). In circumstances where Internal Funds and External Funds are available for loans through the Utility Money Pool, loans may be made exclusively from Internal Funds or External Funds, rather than from a ''blend'' of such funds, to the extent it is expected that such loans would result in a lower cost of borrowing.

Funds not required by the Utility Money Pool to make loans (with the exception of funds required to satisfy the Utility Money Pool's liquidity requirements) would ordinarily be invested in one or more short-term investments, including: (1) Interest-bearing accounts with banks; (2) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (3) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than ''A'' by a nationally recognized rating agency; (4) commercial paper rated not less than ''A–1'' or ''P–1'' or their equivalent by a nationally recognized rating agency; (5) money market funds; (6) bank certificates of deposit; (7) Eurodollar funds; and (8) such other investments as are permitted by section 9(c) of the Act and rule 40.

The interest and investment income earned on loans and investments of surplus funds is allocated among the participants in the Utility Money Pool in accordance with the proportion each participant's contribution bears to the total amount of funds in the Utility Money Pool and the cost of funds contributed to the Utility Money Pool by the participant. Each Applicant receiving a loan through the Utility Money Pool is required to repay the principal amount, together with interest accrued thereon, on demand and in any event no later than one year after the date of the loan. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

B. Nonutility Money Pool

The Nonutility Money Pool is operated and funded in substantially the same manner as the Utility Money Pool, except that funds contributed by Progress Energy to the Money Pools are made available to the Utility Money Pool first and then to the Nonutility Money Pool. The manner of calculating interest on funds contributed to, and borrowings from, the Nonutility Money Pool is as described above under Utility Money Pools. No loans through the Nonutility Money Pool may be made to, and no borrowings through the Nonutility Money Pool may be made by, Progress Energy.

The current participants in the Nonutility Money Pool are Progress Energy, Progress Service, SRS, PV Holdings, Progress Ventures, and Progress Capital. It is proposed that the following additional Nonutility Subsidiaries be permitted to participate in the Nonutility Money Pool: Progress Real Estate, Progress Fuels, Progress Solutions, Progress Telecommunications, and Caronet. The Applicants request that the Commission reserve jurisdiction over the addition of any other existing or future Nonutility Subsidiaries as participants in the Nonutility Money Pool.

X. Other Transactions

A. Financing Subsidiaries

The Applicants request authority to acquire, directly or indirectly, the equity securities of one or more Financing Subsidiaries created specifically for the purpose of facilitating the financing of the authorized and exempt activities (including exempt and authorized acquisitions) of Progress Energy and the Subsidiaries through the issuance of Long-term Debt or Preferred Securities to third parties. Any Financing Subsidiary organized in accordance with the authority granted by the Commission in this proceeding shall be organized only if, in management's opinion, the creation and utilization of such Financing Subsidiary will likely result in tax savings, increased access to capital markets and/or lower cost of capital to the parent company of the Financing Subsidiary.

Authorization also is requested for any Financing Subsidiary to dividend, loan or otherwise transfer the proceeds of a financing to, or as directed by, the Financing Subsidiary's parent company; *provided however,* that a Financing Subsidiary of a Utility Subsidiary will dividend, loan or otherwise transfer proceeds of a financing only to a Utility Subsidiary.

Progress Energy and its Subsidiaries request authorization to guarantee or enter into expense agreements in respect of the obligations of any Financing Subsidiaries that they organize, to the extent not otherwise exempt under rules 45(b)(7) and 52. The amount of any equity or long-term debt securities issued by any Financing Subsidiary shall be counted against any limitation on the amounts of similar types of securities that may be issued directly by the parent company of a Financing Subsidiary, as set forth in this Application or in any other application/declaration that may be filed in the future, to the extent that such securities are guaranteed by such parent company. In that case, however, the guaranty by the parent company would not also be counted against the limitations on Progress Guarantees or Nonutility Guarantees, as the case may be.

Progress Energy and, to the extent not exempt under rule 52, Subsidiaries also request authorization to issue their subordinated unsecured notes (''Subordinated Notes'') to any Financing Subsidiary to evidence the loan of financing proceeds by a Financing Subsidiary to its parent company. The principal amount, maturity and interest rate on any such Subordinated Notes will be designed to parallel the amount, maturity and interest or distribution rate on the securities issued by a Financing Subsidiary in respect of which the Subordinated Note is issued.

B. Investments in Energy-Related Assets

Progress Energy currently has authority to acquire or construct in one or more transactions from time to time nonutility energy assets in the United States, including, without limitation, natural gas production, gathering, processing, storage and transportation facilities and equipment, liquid oil reserves and storage facilities, and associated facilities (collectively, ''Energy-Related Assets''), that are incidental to the energy marketing, brokering and trading operations of Progress Energy's subsidiaries, subject to an investment limitation of $1 billion (''Investment Limitation'').

Progress Energy seeks to extend its authorization to invest in Energy-Related Assets (or in the equity securities of companies substantially all of whose assets consist of Energy-Related Assets), subject to the Investment Limitation. Such Energy-Related Assets (or equity securities of companies substantially all of whose assets consist of Energy-Related Assets) may be acquired for cash or in exchange for Common Stock or other securities of

Progress Energy or a Nonutility Subsidiary of Progress Energy, or any combination of the foregoing.[2] If Common Stock of Progress Energy is used as consideration in connection with any such acquisition, its market value on the date of issuance will be counted against the proposed Investment Limitation. The stated amount or principal amount of any other securities issued as consideration in any such transaction will also be counted against the Investment Limitation. Under no circumstances will any Nonutility Subsidiary acquire, directly or indirectly, any assets or properties the ownership or operation of which would cause such company to be considered an ''electric utility company'' or ''gas utility company'' as defined under the Act.

C. Payment of Dividends

1. *By Progress Energy and NCNG.* Progress Energy seeks authorization to declare and pay dividends on Common Stock and/or redeem or repurchase outstanding shares of Common Stock from time to time out of capital and unearned surplus, to the extent permitted under applicable corporate law and the terms of any applicable covenants in their respective financing documents, in an amount equal to (A) the sum of (1) CP&L's consolidated retained earnings prior to formation of Progress Energy as a holding company over CP&L in 2000, (2) Florida Progress's retained earnings prior to its acquisition in 2000 by Progress Energy, and (3) NCNG's retained earnings prior to the acquisition of NCNG by CP&L in 1999, plus (B) the amount, if any, recorded as an impairment to goodwill in accordance with SFAS No. 142. Progress Energy and NCNG request that the Commission reserve jurisdiction over the preceeding proposals pending completion of the record.

NCNG seeks authorization to pay dividends out of capital and unearned surplus in an amount equal to NCNG's retained earnings prior to the acquisition of NCNG by CP&L in 1999.

2. *By Nonutility Subsidiaries.* Progress Energy also proposes, on behalf of itself and each of its current and future non-exempt Nonutility Subsidiaries that they be permitted to pay dividends with respect to their securities and/or acquire, retire or redeem any of their securities that are held by any associate company or affiliate from time to time, out of capital and unearned surplus (including revaluation reserve), to the extent permitted under applicable corporate law.

D. Expenditures in Connection With Development Activities

Progress Energy, through its Nonutility Subsidiaries (including Intermediate Subsidiaries) requests a continuation of its current authority to make expenditures in connection with certain preliminary development activities relating to exempt or authorized nonutility businesses in an amount at any time outstanding not to exceed $250 million. Progress Energy proposes a ''revolving fund'' concept for permitted expenditures on the development activities. Thus, to the extent a Nonutility Subsidiary in respect of which expenditures for development activities were made subsequently becomes an EWG or FUCO or qualifies as an ''energy-related company'' under rule 58, the amount so expended will cease to be considered an expenditure for development activities, but will instead be considered as part of the ''aggregate investment'' in such entity under rule 53 or 58, as applicable.

E. Tax Allocation Agreement

The Applicants are authorized to file consolidated income tax returns and allocate the consolidated income tax liability of the group in accordance with a Tax Allocation agreement that does not satisfy all of the requirements of rule 45(c). Under the Tax Allocation agreement, Progress Energy is permitted to retain the benefit (*i.e.*, the tax savings) in consolidated tax liability that is attributable to the interest expense on the debt incurred to acquire Florida Progress, subject to certain limitations and restrictions.

The Applicants request authorization to continue to file consolidated income tax returns for tax years ending during the Authorization Period under the previously approved Tax Allocation agreement. The Applicants will supplement the quarterly report under rule 24 filed in this proceeding for the quarterly period in which they file their consolidated federal income tax return with information showing the calculation of the portion of Progress Energy's loss that is attributable to interest expense on the debt incurred to acquire Florida Progress and a spreadsheet showing the actual allocation of income taxes to each of the members of the consolidated group and the allocation of income taxes to each of the members of the consolidated group that would be required by rule 45(c).

[2] In some instances, companies substantially all of whose assets consist of Energy-Related Assets may also be engaged in nonutility activities that would be permitted by rule 58 (*e.g.,* energy marketing, ownership, operation and servicing of fuel procurement, transportation, handling and storage facilities).

Interstate Power and Light Company (70–10150)

Interstate Power and Light Company (''IP&L''), a wholly-owned public-utility subsidiary of Alliant Energy Corporation (''Alliant''), a registered holding company under the Act, 200 First Street SE., Cedar Rapids, Iowa, has filed an application-declaration (''Application'') under sections 6(a), 7, 9(a) and 10 of the Act and rule 54 under the Act.

IP&L requests authority to enter into an amendment to a fuel lease it has with Arnold Fuel Inc. (''Arnold''). IP&L is engaged principally in the generation, purchase, transmission, distribution and sale of electric power and the purchase, distribution, transportation and sale of natural gas in portions of Iowa, Minnesota and Illinois. IP&L also provides steam service in selected markets in Iowa. IP&L owns a 70% undivided interest in the Duane Arnold Energy Center (''DAEC''), a 580 megawatt (net capacity) boiling water nuclear reactor located near Palo, Iowa, which was placed in commercial operation in 1974.[3] IP&L[4] leases its 70% undivided interest in the nuclear fuel required for the DAEC according to a fuel lease, dated August 21, 1973, as amended (''Fuel Lease'') with Arnold. Unless terminated by either party, the term of the Fuel Lease is automatically extended on an annual basis, provided that the term of the Lease Agreement may not be extended beyond December 31, 2023.

Under the terms of the Fuel Lease, Arnold is obligated to acquire and pay the acquisition costs relating to IP&L's 70% undivided interest in the separate nuclear fuel assemblies and components (including replacement nuclear material) which, when acquired, becomes a part of the nuclear fuel leased to IP&L (''Nuclear Fuel''). Arnold currently finances the costs relating to the Nuclear Fuel by issuing commercial paper promissory notes and/or receiving revolving credit loans under a credit agreement (''Credit Agreement'') between Arnold and Bank One, NA, individually and as agent bank, and other banks that may become parties to the financing. Commercial paper notes may have maturities of up to 270 days. Revolving credit loans under the Credit Agreement mature on April 28, 2004 and bear interest at the ''Alternate Base Rate,'' which is a fluctuating rate of

[3] The remaining 30% undivided interest in the DAEC is owned by Central Iowa Power Cooperative and Corn Belt Power Cooperative. The DAEC is operated by Nuclear Management Company, LLC, an indirect, 20% owned, non-utility subsidiary of Alliant.

[4] IP&L is successor to Iowa Electric Light and Power Company.

interest equal to the higher of (1) the Federal Funds Effective Rate plus 0.5% or (2) the corporate base rate of Bank One from time to time. The aggregate amount of commercial paper notes and revolving credit loans under the Credit Agreement may not exceed $60 million. Arnold is currently obligated under the Credit Agreement to pay a facility fee of 10 basis points per annum on each lending bank's commitment.

IP&L is obligated under the Fuel Lease to make quarterly lease payments (''Basic Rent''), consisting of a ''Quarterly Lease Charge,'' which, for any calendar quarter, is the sum of the aggregate of the ''Daily Lease Charges,'' plus a ''Burn-Up Charge,'' which is the portion of the Nuclear Fuel that is consumed in producing heat during the quarterly rent period. The Daily Lease Charge for any calendar day is equal to the sum of (1) an accrual for all interest expense and amortization of debt discount with respect to all commercial paper issued by and all revolving credit loans obtained by Arnold under the Credit Agreement which are outstanding at the close of business of such day, (2) an accrual for such day with respect to all commitment fees and other fees, costs and expenses (including issuing agent's fees) of Arnold under the Credit Agreement, and (3) a charge determined by dividing (x) ⅛th of 1% of the ''Stipulated Loss Value'' of the Nuclear Fuel (essentially Arnold's unrecovered cost of the Nuclear Fuel purchased and leased to IP&L) at the close of business on such day by (y) 365. The Fuel Lease and Arnold's current financing arrangements were all in place at the time Alliant became a registered holding company in 1998.

IP&L requests authorization to enter into an amendment to the Fuel Lease to reflect certain proposed changes to the financing arrangements by which Arnold will finance the cost of Nuclear Fuel. Specifically, authorization is requested for Arnold to issue from time to time during the term of the Lease Agreement up to $30 million of senior secured notes (''Notes'') under one or more note purchase agreements with banks, insurance companies or other institutional lenders. Each Note will have a maturity date of between one year and seven years from the date of issuance and bear interest on the unpaid principal prior to maturity or default at a rate not to exceed 400 basis points over the yield to maturity of a U.S. Treasury security having a comparable term. Each Note may be subject to redemption at IP&L's option upon payment of a premium equal to the excess, if any, of (a) the net present value of the future stream of payments under the Note as if held to maturity, discounted at a rate determined pursuant to the applicable note purchase agreement, over (b) the principal amount of the Note. Under the Fuel Lease, as amended, the calculation of the ''Daily Lease Charge'' will be modified to reflect accruals for interest on and placement fees and other expenses relating to the Notes.

In connection with the foregoing, IP&L and Bank One, NA will enter into an amended Credit Agreement under which the aggregate commitments of the lending banks will be reduced from $60 million to $30 million. Under the amended Credit Agreement, the facility fee will be increased from 10 basis points per year to 15 basis points per year on each lending bank's commitment. The interest rate options applicable to borrowings under the Credit Agreement will remain unchanged.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03–22030 Filed 8–27–03; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–48382; File No. SR–Amex–2003–71]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange LLC Relating to the Elimination of the Minor Floor Violation Disciplinary Committee

August 20, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on July 25, 2003, the American Stock Exchange LLC (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Amex proposes to amend Amex Rule 590 to eliminate its Minor Floor Violation Disciplinary Committee (''MFVDC'' or ''Committee'') and to transfer the MFVDC's responsibilities to the Exchange's Enforcement Department. The text of the proposed rule change is available at the Office of the Secretary, the Amex and at the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange has had a Minor Rule Violation Fine Plan since 1976 that provides a simplified procedure for the resolution of specified rule violations. Codified in Amex Rule 590, the Minor Rule Violation Fine Plan has three distinct sections: Part 1 (''General Rule Violations''), which covers more substantive matters; Part 2 (''Floor Decorum''), which covers Floor Decorum and operational matters; and Part 3 (''Reporting Violations''), which covers the late submission of routine reports.

The Exchange's Enforcement Department and MFVDC[3] currently divide responsibility for administering Part 1 of Amex Rule 590. The Enforcement Department enforces those rules enumerated in paragraph (g) of Part 1 of Amex Rule 590, and the MFVDC enforces the rules enumerated in paragraph (h) of Part 1 of Amex Rule 590. The rules that currently may be enforced by the MFVDC follow:

Failure to comply with the Exchange's Auto-Ex Policy relating to signing on and off the Auto-Ex system

Failure to comply with the Exchange's rules regarding openings. (Amex Rules 108(a) and (b) and 950(b))

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange established the MFVDC in 1993. *See* Securities Exchange Act Release No. 32989 (September 29, 1993), 58 FR 52122 (October 6, 1993) (SR–Amex–92–11). The structure of the Committee recently changed to include two floor members, two members of the Amex staff and one representative of an upstairs member firm.