Carolina Power & Light Company

1908-1983

Annual Report 1983

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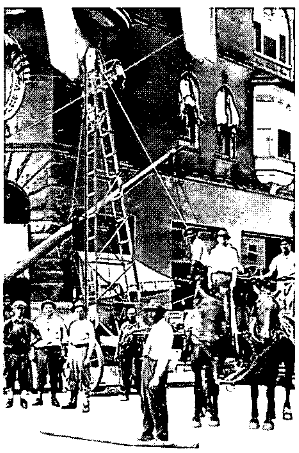
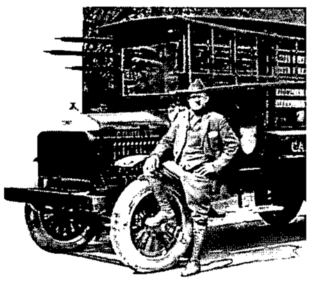




Annual Meeting

The 1984 Annual Meeting of Shareholders will be held in room D-1 of the Civic Center, 500 Fayetteville Street Mall, in downtown Raleigh, North Carolina, on May 16 at 10 a.m. (Those attending should enter the Center from the Wilmington Street side.) A formal notice of the meeting, a proxy statement and a form of proxy will be mailed in early April.

Transfer Agents and Registrars

For Common Stock and Preference Stock:

Wachovia Bank & Trust Company, N.A.
Winston-Salem, N.C. 27102

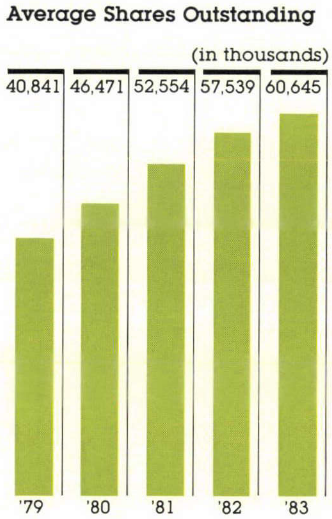
Bradford Trust Company
New York, N.Y. 10004

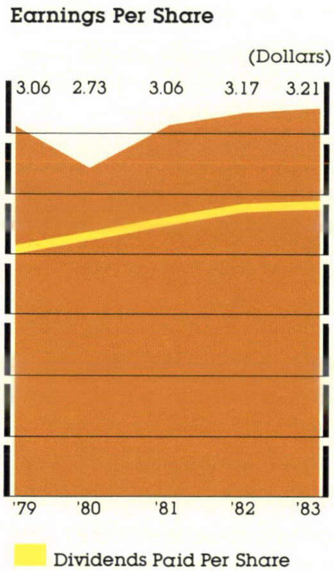
For Preferred Stock:

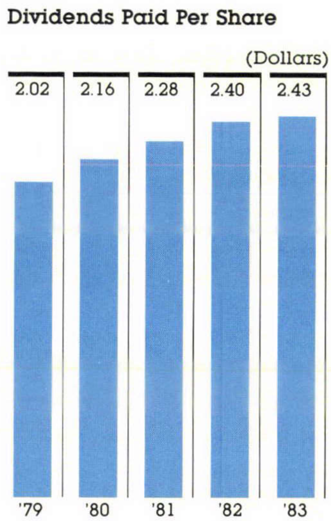
Wachovia Bank & Trust Company, N.A.
Winston-Salem, N.C. 27102

Carolina Power & Light Company
411 Fayetteville Street
Raleigh, North Carolina 27602

Earnings and Dividends Per Share of Common Stock







Summary of Quarterly Financial Data

(Composite Transactions-Reported Prices
Traded on the New York and Pacific Stock Exchanges)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Amount in thousands except for per share data)			
1982				
Operating Revenues	$405,559	$359,935	$402,342	$370,329
Operating Income	90,134	44,750	57,768	55,473
Net Income	81,455	37,722	55,232	52,738
Earnings Per Common Share	1.24	.46	.76	.71
Dividend Paid Per Common Share	.60	.60	.60	.60
Common Stock Price Per Share:				
High	23	22¾	22¾	21⅞
Low	19½	19⅝	19	18⅞
1983				
Operating Revenues	$416,638	$361,370	$448,720	$420,455
Operating Income	81,359	49,853	69,540	63,204
Net Income	78,460	44,438	60,182	56,189
Earnings Per Common Share	1.13	.55	.80	.72
Dividend Paid Per Common Share	.60	.60	.60	.63
Common Stock Price Per Share:				
High	23	22⅞	23¾	25⅛
Low	20⅝	21½	20⅜	21½

The Chairman's Message

Fellow Shareholders:

During 1983, a new combined system peak of 6,926,000 kilowatts was established on August 22, surpassing an earlier summer peak of 6,698,000 kilowatts set on July 21 and the previous year's peak of 6,602,000 kilowatts set on January 11, 1982. The new peak, including the North Carolina Eastern Municipal Power Agency's (Power Agency) requirements, represents a 4.9 percent increase over 1982.

A load forecast adopted in December projects an expected increase in peak demand for electricity of 2.6 percent annually through 1995. Our load forecast for 1995 has changed very little over the past three years, ranging between 9,206,000 and 9,386,000 kilowatts.

Construction expenditures in 1983 totaled $662 million. For 1984 we have adopted a construction budget of $716 million. For the three years 1984-1986, we estimate construction expenditures of $1.67 billion, excluding contributions by the Power Agency.

Company and Power Agency Complete Sale

During 1983, the Company completed the sale of undivided ownership interests in six of its generating units to the Power Agency. Including the Power Agency's share of output from those units, energy supplied by the total system to our customers and the Power Agency increased 5.1 percent over 1982.

The Power Agency bought 36 percent less energy from the Company. Nevertheless, the Company's sales of electricity in 1983 were 30.9 billion kilowatt-hours, up slightly from 30.5 billion kilowatt-hours in 1982.

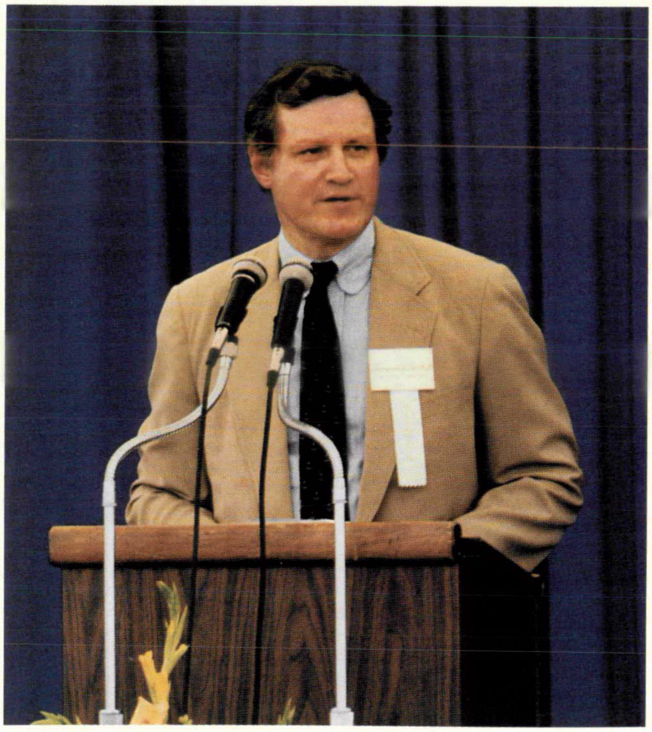
Operating revenues increased 7.1 percent to $1.65 billion and net income rose 5.3 percent to $239 million.

Earnings per share of common stock were $3.21 compared with $3.17 in 1982. The average number of shares outstanding increased 5.4 percent to more than 60 million.

Highlights of 1983

	1983	1982	Percent Change
Operating Revenues	$1,647,183,000	$1,538,165,000	7.1
Net Income	$ 239,269,000	$ 227,147,000	5.3
Number Shares of Common Stock Outstanding (Year End)	62,485,000	58,835,000	6.2
Number Shares of Common Stock Outstanding (Average)	60,645,000	57,539,000	5.4
Earnings per Average Common Share Outstanding	$ 3.21	$ 3.17	1.3
Cash Dividends Paid per Common Share	$ 2.43	$ 2.40	1.3
Dividends Paid (Common and Preferred)	$ 190,963,000	$ 181,865,000	5.0
Kilowatt-Hour Sales (Thousands)	30,885,000	30,483,000	1.3
Company Capability Including Purchases (Kilowatts)	8,406,000	7,833,000	7.3
Maximum Hourly Load (Kilowatts)	6,622,000	5,965,000*	11.0
Total Utility Plant (Including Nuclear Fuel)	$5,604,880,000	$5,255,915,000	6.6
Construction Expenditures	$ 661,637,000	$ 637,829,000	3.7
Customers (Year End)	796,000	772,000	3.1

*Excludes 637,000 kilowatts for Power Agency or participants prior to sales of facilities to Power Agency.



Chairman/President Sherwood H. Smith, Jr. speaks at the dedication of the Mayo Plant.

Harris Unit 2 Is Canceled

At year-end, the 900,000-kilowatt Unit 1 at our Shearon Harris nuclear plant was approximately 83 percent complete. It is scheduled to be operational in 1986. We are moving ahead to complete it as rapidly and as economically as possible.

In December, the Company's Board of Directors approved the cancellation of Harris Unit 2. The project was about 4 percent complete and no major construction expenditures had been made during 1983. There were several reasons for the cancellation. In addition to a reduced rate of growth in demand for electricity, a primary reason was the substantial increase in costs due to continually changing and restrictive federal regulatory requirements. Under the circumstances, this change in our construction plan is in the best interests of both the Company and its customers.

ACRS Acts Favorably on Full Power Operating License for Harris

In its report to the Nuclear Regulatory Commission (NRC) in January 1984, the Advisory Committee on Reactor Safeguards (ACRS) reported that, upon satisfactory completion and resolution of outstanding issues, there is reasonable assurance that Harris Unit 1 can be operated at full power without undue risk to the health and safety of the public. In the opinion of the ACRS, all issues can be resolved.

Mayo Unit 1 Begins Operation

A major event during the year was the commercial operation of the 705,000-kilowatt Mayo Unit 1 in March. The coal-fired plant was formally dedicated in mid-June with North Carolina Governor James B. Hunt, Jr. citing the importance of the new facility to the area's growth and prosperity. Mayo Unit 2 is currently scheduled for service in 1991.

We continue to rely heavily on coal as our primary fuel for the generation of electricity. In 1983, about 73 percent of the Company's share of generation came from coal, 24 percent from nuclear, 2 percent from hydro and less than 1 percent from oil and natural gas.

Rate Increases Approved

Retail rate decisions in North Carolina and South Carolina in 1983 will result in $125.8 million in additional annual revenues. We will continue to seek rates that fully cover the cost of providing service. In February 1984, the Company filed a request for a 12.6 percent retail rate increase in North Carolina. A request for increased rates is also being filed in South Carolina.

Dividend Reinvestment Is Popular

Participation in our Automatic Dividend Reinvestment Plan continues to grow. At year-end, 40,415 shareholders were enrolled.

Our customers continue to respond positively to the Customer Stock Ownership Plan. Since its inception in 1981, more than 6,100 customers have purchased over 555,000 shares of common stock, representing an investment of more than $11 million.

1983 Marks 75th Year

On July 13, 1908, Carolina Power & Light Company was incorporated. At this time, the Company served 1,100 customers in Raleigh, Sanford and Jonesboro. In recognition of CP&L's 75 years of service, the Governors of North Carolina and South Carolina issued proclamations in July marking the Company's anniversary.

We look back on the past 75 years with a great deal of pride as the Company has grown to match the development of our service area. The accomplishments of our Company are the results of the collective efforts of thousands of employees past and present and of those people—our shareholders—who have invested their resources to provide a vital service that is now so much a part of our daily lives.

As we look to the future, we will continue to explore new and innovative ways to meet the challenges of the years to come and to serve our area efficiently and profitably.

Sincerely,

Sherwood H. Smith, Jr.

Sherwood H. Smith, Jr.
Chairman/President

March 1, 1984

A time remembered

From lighter-than-air flight to manned space shuttles, from the telegraph to the telephone, from the typewriter to the word processor, from water power to nuclear power, Americans have witnessed incredible changes during the past 75 years.

It was the age of Edison and Einstein, of Salk and Sabin — a golden age of invention and discovery.

The leisurely pace of the turn-of-the century has been replaced by the increasingly rapid beat of a highly technological society. The invention of the light bulb and the spread in the uses of electricity helped revolutionize society and the manner of living.

Since CP&L began providing electricity in 1908, America has fought two world wars, placed a man on the moon, grown from a predominantly rural to an urban society and seen the advent of a vast array of microprocessors.

The availability of electricity in abundance has transformed our world. And electricity will continue to open new vistas in man's never-ending search for the better life.

The Year in Review

Energy Sales

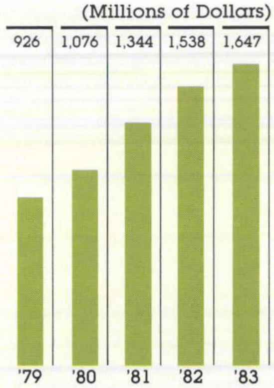
In 1983 the total of energy sales combined with the Power Agency's ownership share of output from jointly owned generating units increased by 5.1 percent. The Company's energy sales were 30.885 billion kilowatt-hours compared with 30.483 billion in 1982.

Residential sales increased 4.7 percent and industrial sales were up 7.2 percent. Sales to commercial customers increased 3.8 percent and to regular wholesale customers 4.7 percent.

Energy sales to the Power Agency and its participants decreased by 36.1 percent. The Power Agency receives electric generation directly from its jointly owned units and purchases its supplemental power from the Company.

Operating Revenues

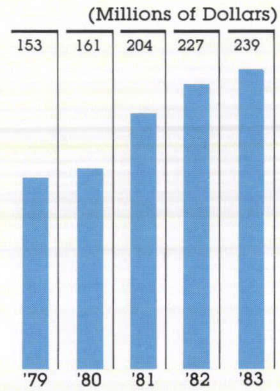
Operating revenues increased by $109 million, or 7.1 percent, to $1.65 billion. Of this increase, $71 million reflected general rate increases.



Operating Expenses

Operating expenses increased 7.2 percent to $1.38 billion. Significant increases in operating expenses included a $22 million increase in depreciation and amortization, primarily as a result of the start-up of Mayo Unit 1; a $28.8 million increase in income tax expense, reflecting an increase in pretax operating income; a $52.5 million increase in other operation expenses, principally related to possible losses associated with the Company's coal mining subsidiaries, and a $44.1 million increase in the cost of fuel.

These increases were offset somewhat by a $31.6 million decrease in purchased and interchange power, and a $30.1 million decrease in maintenance expenses, primarily for the nuclear generating units.

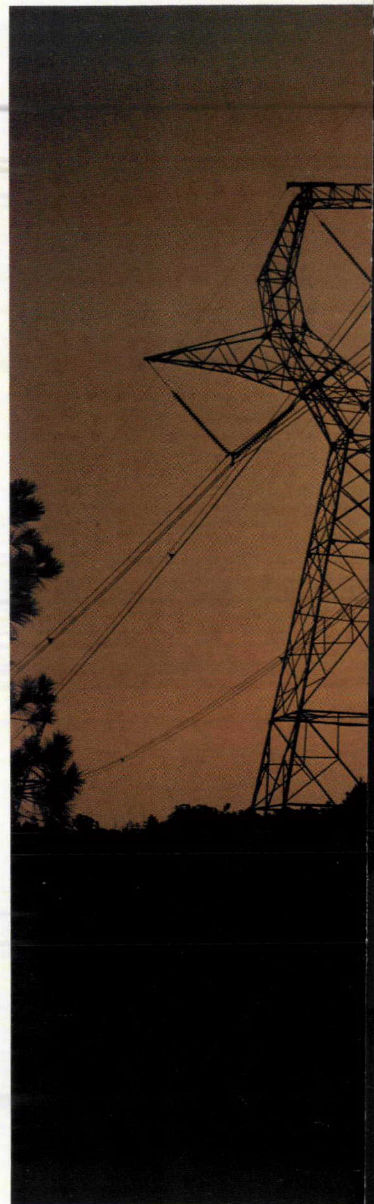


Net Income and Earnings

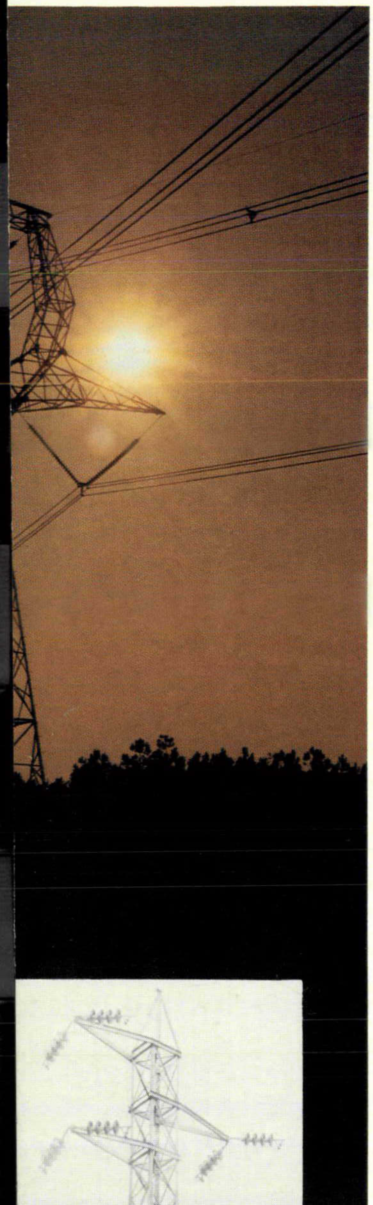
Net income for the year was $239 million, up 5.3 percent from 1982. Earnings per share were $3.21 compared with $3.17 in 1982. The annual dividend paid per share of common stock was $2.43. Effective with the November 1, 1983 dividend, the dividend rate increased to 63 cents a quarter or $2.52 on an annual basis.

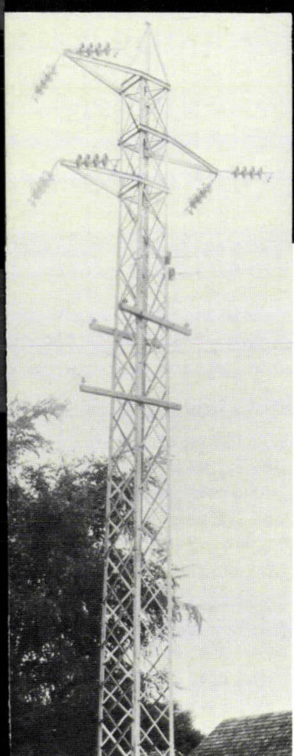
Construction

Company construction expenditures of $662 million in 1983 included $523 million for generating facilities, $59 million for transmission, and $80 million for distribution and general facilities.



In 1912, CP&L extended electric service by completing a 60-kv transmission line from Raleigh to Henderson. During the seventies, the Company constructed a 500-kv extra high voltage transmission line (top) to increase service reliability.

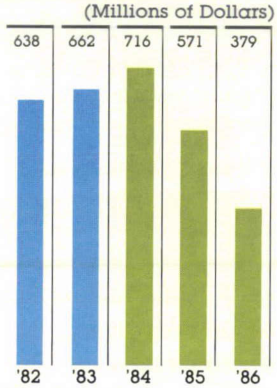




During 1983, the Company generated internally from operations $398 million after dividends for its capital requirements, including construction. Of this amount, depreciation and amortization provided $169 million; retained earnings, $44 million; and deferral of income taxes and investment tax credits provided a net of $135 million.

Construction Expenditures

(Millions of Dollars)



Financing

To supplement funds generated from operations and funds made available from the sale to the Power Agency, the Company obtained a net of $110.8 million from financing transactions in 1983.

Those transactions included the sale and issuance of 3.65 million shares of common stock for $79.5 million through continuing plans for the sale of stock to employees, customers and shareholders; the withdrawal of $14. 1 million of funds held by trustees from the sale in prior years of pollution control bonds; and the sale of $100 million of 12.875 percent First Mortgage Bonds due 2013.

The Company also issued $34.7 million principal amount of its First Mortgage Bonds, pollution control Series F, with proceeds of $32.1 million remaining with the trustee at December 31, 1983, pending expenditures.

In 1983, the Company received $79 million from the final closing in its sale to the Power Agency of undivided ownership interests in six CP&L generating units. The $154 million remaining in a trust at December 31, 1982 from the four closings in 1982 was utilized primarily in financing construction expenditures.

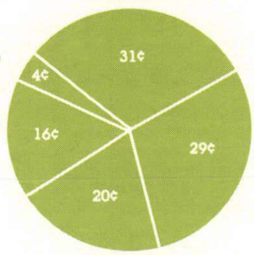
Capitalization

The Company's capitalization at year-end was more than $4 billion, consisting of 42.8 percent first mortgage bonds,

Operating Revenue Dollar

(Thousands of Dollars)

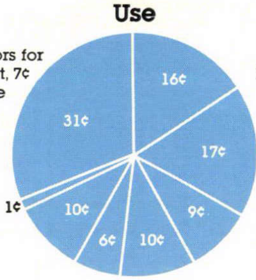
Source



31¢ Residential customers $518,246
29¢ Industrial customers $478,549
20¢ Commercial customers $325,468
16¢ Wholesale customers $262,890
4¢ Other electric operating revenues, $62,030
Total: $1,647,183

Use

31¢ Fuel, $516,510
16¢ Compensation to investors for use of their funds (interest, 7¢ preferred and preference stock, 2¢ common stock, 7¢), $263,956
17¢ Taxes, $276,738
9¢ Depreciation and amortization $148,342
10¢ Wages and employee benefits* $163,498



6¢ Maintenance (except employee wages), $94,898
10¢ Other operating expenses $164,658
1¢ Purchased and interchange power, net, $18,583
Total: $1,647,183

*Does not include $108,040,000 of wages and employee benefits for Company employees that were charged to Construction and other accounts.

39.5 percent common equity, 12.4 percent preferred and preference stock and 5.3 percent in other long term debt.

Revised Load Forecast

The Directors approved in December a load forecast that shows an expected growth in the peak demand for electricity of 2.6 percent annually through 1995, compared with 2.9 percent in last year's forecast.

The peak load forecast for 1995 has changed very little over the past three years, fluctuating between 9,206,000 and 9,386,000 kilowatts in the 1981, 1982 and 1983 forecasts. The expected rate of load growth reflects the anticipated success of the Company's conservation and load management programs in reducing electric demand.

The Company canceled Unit 2 of the Shearon Harris nuclear plant, which was scheduled for operation in 1990. Harris Unit 1 will remain on its present schedule with a projected completion date of 1986. Mayo Unit 2, a coal-fired unit, has been rescheduled from 1992 to 1991.

The Company's load forecast is evaluated on a continuing basis and the construction schedule is adjusted to reflect changes in load growth and in the Company's ability to raise capital.

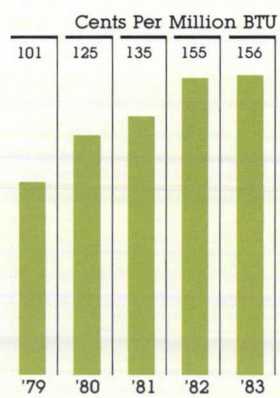
New Facilities

Unit 1 of the coal-fired Mayo Plant in Person County, North Carolina began commercial operation on March 1, 1983. Mayo Unit 2 is approximately 1 percent complete and is scheduled for commercial operation in 1991.

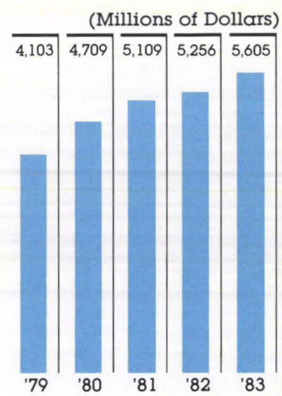
Construction of the 900,000-kilowatt Unit 1 of the Shearon Harris nuclear plant near Raleigh was 83 percent complete at year-end. The six major building structures required for Unit 1 are essentially complete, and extensive mechanical and electrical installation work is underway. The unit is scheduled for commercial service in 1986.

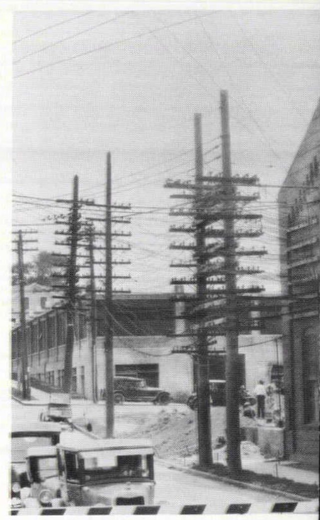
In January 1984, the Advisory Committee on Reactor Safety (ACRS) reported to the Nuclear Regulatory Commission (NRC) that upon satisifactory completion and resolution of outstanding issues, there is reasonable assurance that the Harris plant can be operated at full power without undue risk to the health and safety of the public. In the opinion of the ACRS, all issues can be resolved. The NRC requires ACRS review of

Fuel Expense
(All fuels as burned)



Total Utility Plant





Construction Schedule

Unit	Design Target Capacity	Type	In-Service Date
Harris 1	900,000 kilowatts	Nuclear	1986
Mayo 2	720,000 kilowatts	Coal	1991

The 1,000-kw Raleigh Steam Plant (inset) provided about a quarter of CP&L's generating capacity in 1908. Nearly 75 years later, the 705,000-kw, coal-fired Mayo Plant became the Company's newest generating facility.

applications for operation of nuclear power plants.

Transmission lines authorized for construction in 1984 and following years include 177 miles of 500,000-volt line, 325 miles of 230,000-volt line, and 103 miles of 115,000-volt line.

Environmental Matters

In recent years, environmental protection has played an increasingly important role in the generation of electricity. Since 1968, the Company has invested more than $400 million in environmental protection equipment, $61.6 million of which was spent in 1983.

To ensure compliance with environmental regulations, the Company has a staff of scientists and specialists who collect, sample and analyze data, and perform chemical analyses to monitor the impact of generating facilities on aquatic and terrestrial ecosystems. A central laboratory is maintained at the Harris Energy and Environmental Center.

Historically, CP&L has taken the initiative to preserve natural areas and to promote wildlife in its service area. In 1983, the Company designated about 4,000 acres of land at the Shearon Harris nuclear plant site for wildlife management.

In July 1983, the Company completed installation of a new environmental system at the Brunswick Plant that is designed to reduce the effects of plant operation on marine life in the Cape Fear River. The system, which consists of a fish diversion structure, a holding pond and a sluiceway, protects the small marine life that enters the intake canal of the plant. Marine life is caught on mesh screens, then washed down a sluiceway into a holding pond, where it remains until returning to the river.

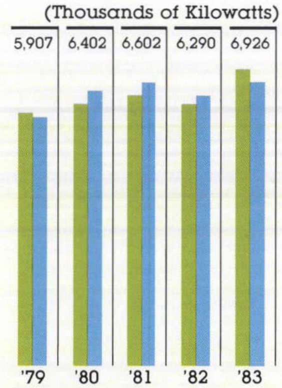
Operations

In 1983, total combined system energy requirements were 34.3 billion kilowatt-hours, including 1.5 billion kilowatt-hours of generation for the Power Agency from its portion of jointly owned units.

Total installed generating capacity was 8,750,000 kilowatts, including 494,200 kilowatts owned by the Power Agency. This reflected an increase in the capacity rating for Sutton Unit 3 from 385,000 kilowatts to 410,000 kilowatts and the addition of 705,000 kilowatts for Mayo Unit 1.

Coal-fired generating units at eight plants made up about

Combined System Peak Load*



*Includes NCEMPA load after 1981 for jointly-owned facilities.

60 percent of the system generating capacity; three nuclear units accounted for 26 percent; 33 internal combustion (IC) turbine generators that burn oil, natural gas or propane made up 12 percent; and four hydroelectric plants, 2 percent.

In 1983, coal provided 73 percent of the Company's share of electric generation, nuclear contributed 24 percent, water power 2 percent and other fuels less than 1 percent. The average fuel expense to generate a kilowatt-hour for nuclear plants was 0.5 cents; for coal-fired plants, 2 cents; and for IC turbines, 13.3 cents.

Coal consumption reached a record high in 1983 when the Company burned 10.1 million tons. The average delivered price of coal in 1983 was $47.08 per ton, a decrease of 1 percent from 1982.

Peak Loads

The annual peak for the system, including the portion owned by the Power Agency, occurred on August 22, 1983, when customer demand reached a record of 6,926,000 kilowatts, a 4.9 percent increase over the 1982 peak of 6,602,000 kilowatts set on January 11, 1982.

Power Agency Agreement

The Power Agency has acquired ownership interests in six of the Company's generating units. The final closing with the Company was completed in April 1983. The Power Agency's ownership interests entitle it to receive the following share of generating capacity:

Brunswick 1	18.33%
Brunswick 2	18.33%
Roxboro 4	12.94%
Mayo 1	16.17%
Mayo 2	16.17%
Harris 1	16.17%

System Reliability

CP&L continued its partici-pation as one of 27 utilities ir the Southeastern Electric Relia-bility Council and in the sever

member Virginia-Carolinas Reliability Group. Maintaining and improving system reliability and cost-effectiveness for member systems is the principal purpose for both groups. In support of system and regional reliability, the Company has 34 interconnections with neighboring systems.

Nuclear Fuel Supply and Storage

The Company has on hand or has contracted for all raw materials and nuclear fuel services to operate Robinson Unit 2 through 1988, Brunswick Unit 1 through 1988, Brunswick Unit 2 through 1988 and Harris Unit 1 through 1987.

In January 1983, the President of the United States signed into law the Nuclear Waste Policy Act, which established a national policy for storage and disposal of nulcear waste. The law provides for Federal Interim Storage and Monitored Retrievable Storage, as well as Test and Evaluation and Repository programs.

In accordance with the law, the Company has entered into a contract with the Department of Energy (DOE) for disposal of spent nuclear fuel. The contract provides for Company payment to the DOE of the initial fee of one mill per kilowatt-hour of nuclear-generated electricity.

The law establishes 1998 as the date by which the DOE must fulfill its statutory and contractual obligations for the disposal of spent fuel. The Company is continuing to provide for spent fuel storage capacity within its own facilities on an interim basis.

In October 1983, the Company was authorized by the DOE, subject to successful negotiation of a cooperative agreement, to construct a demonstration facility for the dry storage of spent reactor fuel at the Company's H. B. Robinson Plant. This four-year research and development project, scheduled to begin in 1984, will be funded by the Company, the DOE and the Electric Power Research Institute.

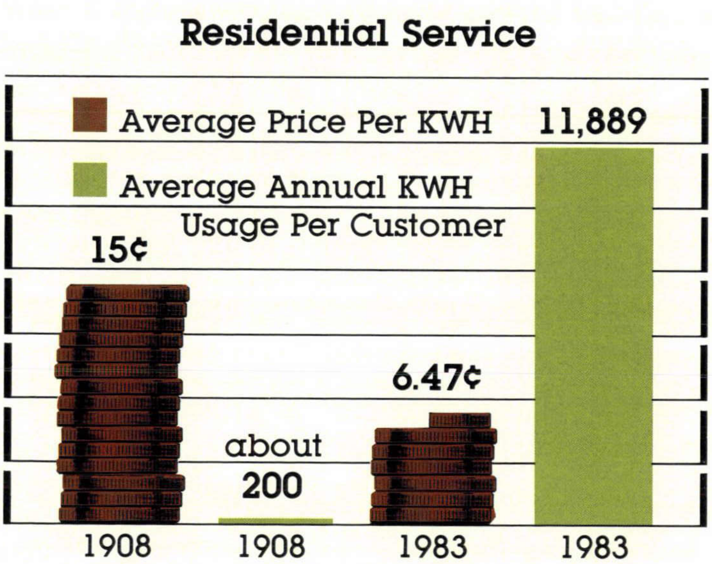
Modifications to Nuclear Units

During 1983, the Company continued to implement changes to systems and procedures in response to Nuclear Regulatory Commission requirements and the Company's reliability improvement program. These major modifications resulted in additional capital expenditures for the Company of approximately $120.2 million in 1983.

Major modifications to Brunswick Unit 1 completed in 1983 included the replacement of the condenser tubes, changes in the augmented off-gas system, repairs of high pressure feedwater heaters, and completion of a recirculation pump and seal upgrade.

The first phase of torus modifications on both units at Brunswick was also completed. Final phases are scheduled for completion on Unit 2 in 1984 and Unit 1 in 1985.

Based on recent industry experience with intergranular stress corrosion cracking in boiling water recirculation piping, the Company has implemented a program to conduct inspections of the recirculation



The price per kilowatt-hour of electricity for a residential customer in 1983 was less than half of what it was in 1908. During the same period, household consumption increased dramatically.

piping at Brunswick. The Company is developing plans for replacement of the piping should it be found necessary.

Due to generic steam generator corrosion problems experienced at Robinson Unit 2, the Company is proceeding with plans to replace the steam generators. The Company has received the operating license amendment from the NRC authorizing the repair, and the replacement effort is underway.

Insurance for Nuclear Accidents

Under the Price-Anderson Act, total liability for a nuclear incident at December 31, 1983 was $580 million. Of this amount, $160 million is insured by conventional insurance pools. The remaining liability protection is provided by companies operating nuclear units. The Company's prorated maximum liability under this arrangement is presently $15 million per incident.

The Company is a member of Nuclear Mutual Limited, which provides insurance coverage for property damage to an insured's nuclear generating facilities. The Company is also a member of Nuclear Electric Insurance Limited, which provides property damage insurance in excess of that available from Nuclear Mutual Limited and coverage against incremental costs of replacement power resulting from prolonged accidental outages of members' generating units. The Company's property damage protection for each of its operating nuclear power plants is $935 million. The builders' risk protection for the plant under construction was $100 million. Maximum coverage for incremental costs of replacement power is $195 million per nuclear unit.

Rates

In 1983, the Company received approvals in North Carolina and South Carolina for retail rate increases and reached a settlement agreement with wholesale customers. These increases totaled $141.8 million in additional annual revenues.

In September 1983, the North Carolina Utilities Commission approved new rate schedules which will provide $90.9 million in additional annual revenues. In October 1983, the South Carolina Public Service Commission approved new rates for South Carolina which will provide $34.9 million in additional annual revenues. In May 1983, the Federal Energy Regulatory Commission (FERC) approved a 1982 settlement agreement, which the Company had reached with its wholesale customers. This agreement permitted an annual increase of $16 million in wholesale rates. The rates were placed in effect, pending final FERC approval, on January 1, 1983.

Excluding special contract sales, about 69 percent of the Company's sales are regulated by the North Carolina Utilities Commission, 16 percent by the South Carolina Public Service Commission and 15 percent by the Federal Energy Regulatory Commission.

In other rate action, the North Carolina Supreme Court and the North Carolina Court of Appeals sent back to the North Carolina Utilities Commission two earlier retail rate cases and several fuel clause decisions for reconsideration. The courts concluded that fuel costs, including purchased power, should be considered in a general rate case, and that purchased power costs should not have been considered a part of the cost of fuel in fuel-cost-only proceedings. Reconsideration by the Commission is pending.

The Company filed on September 26, 1983, an application with the FERC for a wholesale rate increase of 14.5 percent, or $30.7 million annually. The increase was requested to become effective subject to refund in two phases. The phase I increase of approximately $19 million, or 9 percent, became effective November 27, 1983. The phase II increase of $11.7 million, or 5.5

About 60 years separate these line crews. In the twenties, leather leggins, khaki pants and slouch hats were typical linemen's garb. The development of mechanized equipment has enabled today's crews to operate with fewer people.

percent, was suspended for five months to become effective no earlier than April 27, 1984. Any permanent increase in the filed rates will follow hearings scheduled for early summer.

A final ruling by the FERC is expected in 1984 on the Company's practice of charging for the cost of spent nuclear fuel storage and disposal. The FERC disallowed the recovery of these costs in a 1977 case and denied the Company's request for a rehearing. CP&L refunded $15.3 million, including interest, in August 1982, and appealed the FERC's decision to the U.S. Court of Appeals for the District of Columbia Circuit. In August 1983, the court ruled that the FERC had not adequately stated the reasons for its action and sent the case back to the FERC for further consideration.

After numerous appeals to the FERC and to the courts, a FERC ruling requiring tax normalization in wholesale ratemaking was upheld. The court ruling left intact the Company's current method of tax normalization.

The Company has continued to develop new rates that encourage customer conservation and promote load management. In 1983, a time-of-use rate for large general service customers was made available, revised congeneration rates were approved, and a comparative billing program for residential and small general service customers was implemented. Under the comparative billing program, customer usage is computed under both the standard rate and the time-of-use rate; however, billing is based on the standard rate.

Research and Development

CP&L's research and development activities are carried out through the Electric Power Research Institute (EPRI) and through Company-sponsored programs and joint projects with the North Carolina Alternative Energy Corporation (NCAEC).

In 1983, the Company helped fund EPRI with a $4.8 million contribution. The research program carried out by EPRI develops new and improved technologies to help the utility industry meet energy needs in environmentally and economically acceptable ways. Near-term research and development projects (commercially available results within ten years) account for approximately 70 percent of EPRI's funding program.

Among other research projects, EPRI is conducting extensive study in the area of acid rain. The major objectives of EPRI's research are to identify utility contributions to the effects of acid rain and to provide sound scientific data that can be of use to regulators and legislators.

As part of its internal program, the Company has been involved with continuing research to develop distribution system automation. A field review now underway is demonstrating that high quality communications are feasible with power line carrier technology. A proposal for a large scale demonstration of distribution automation has been submitted to EPRI.

In its research program, the Company works with the NCAEC, a nonprofit organization underwritten by the electric suppliers in North Carolina, to carry out research related to energy conservation and load management.

Conservation and Load Management

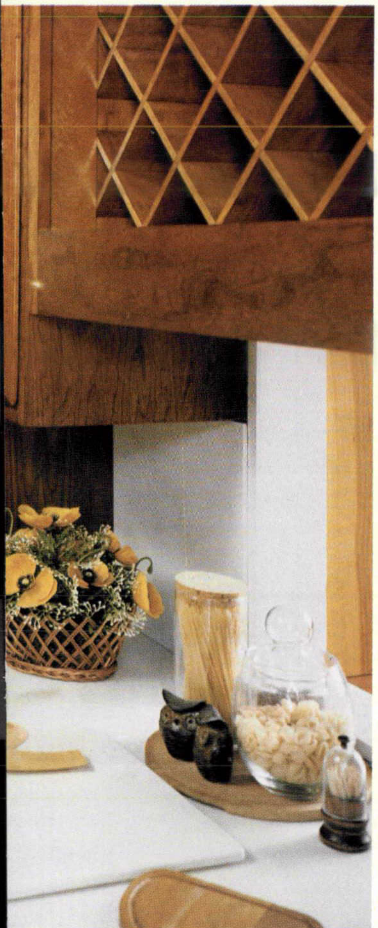
An expanded conservation and load management effort aimed at reducing peak demand 1,750,000 kilowatts by 1995 has been underway since mid-1981. The Company's Conservation and Load Management (CLM) Department was established in 1982 to administer programs designed to meet the corporate goal.

During 1983, the department continued to develop strategies to pursue cost-effective energy programs that permit good service and support economic growth. Of the 36 programs identified for retail customers, 14 have been implemented while the remainder are in design or test stages.

CLM Programs in 1983

In the residential area, the Company expanded its appliance control program, which remotely controls residential air conditioners and water heaters during times of peak demand. Total participation in both air conditioner and water heater programs at the end of 1983 was more than 22,000.

Other residential programs included the 6% Home Energy Loan Program, which offers loans up to $600 at 6 percent interest for home energy improvements; a Community Energy Watch Program that in-



The homemaker of the early twenties began cooking the new-fangled electric way. Through the years, advancements in electric ranges have made cooking easier and more efficient.

volves the distribution and volunteer installation of weatherization materials; home energy analyses, and time-of-use comparative billing.

The Company's Common Sense Program, initiated in 1977 and 1978 to encourage increased energy efficiency in residences, certified more than 25,000 homes, 12,000 apartments and 6,900 manufactured homes by the end of 1983. During 1983, 65 percent of new residences in CP&L's service area were built to Common Sense standards.

In the commercial sector, the Company focused its 1983 efforts on program development. An audit test program was initiated to assist customers in evaluating energy needs. Time-of-use rates were requested by nearly 400 customers. Contacts were made with commercial customers who have the potential for using thermal storage applications.

In October 1983, the Company sponsored an Energy Management Seminar for architects and engineers to foster an exchange of information and ideas in energy management. Key design professionals from throughout North Carolina and South Carolina participated.

In the industrial sector, the Company emphasized cogeneration, development of small hydroelectric sites and energy management. The Company worked with private developers to encourage the reactivation of retired hydroelectric plants as additional sources of electricity. Four such projects were completed and brought on-line during 1983.

Under the cogeneration program, the Company continued to assist technically and cooperate with industrial and institutional customers and private entrepreneurs to encourage the development of economically feasible on-site power sources. Three new projects were completed and brought on-line during 1983, and three projects are under construction.

In addition, voluntary time-of-use rates became available to all industrial customers.

Customers

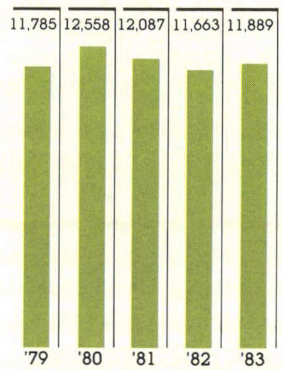
The Company served 796,000 retail customers at year-end, an increase of 3.1 percent over those served in 1982.

Residential

In 1983, the Company's 680,581 residential customers represented 85.5 percent of CP&L's total customers and accounted for 31.5 percent of operating revenues.

Average annual consumption per customer increased 1.9 percent from 11,663 kilowatt-hours in 1982 to 11,889 in 1983, primarily as a result of colder weather. The average annual residential bill increased from $722.26 in 1982 to $769.27 in 1983. The average price per kilowatt-hour increased from 6.19 cents in 1982 to 6.47 cents in 1983.

Average Annual Kilowatt-Hour Sales to Residential Customers

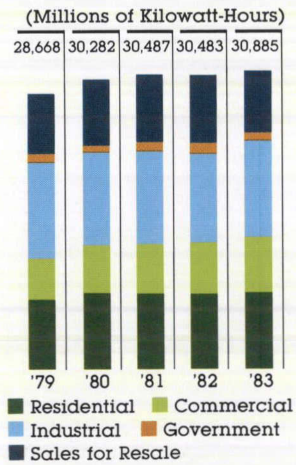


Commercial

At year-end, commercial customers totaled 110,341, an increase of about 4,000 over 1982. The commercial sector represented 13.9 percent of the Company's customers and produced 19.8 percent of

operating revenues. In 1983, the average annual usage by commercial customers increased 1.2 percent, from 49,554 kilowatt-hours in 1982 to 50,125 in 1983.

Energy Sales by Classes Within Service Area



Industrial

The Company gained 36 industrial customers during 1983, bringing the total served to 4,046. Energy usage by industrial customers was 10.2 billion kilowatt-hours, an increase of 7.2 percent for 1983.

During 1983, industries announced capital expenditures of $496 million for new and expanded industries in the Company's service area, which are expected to provide an estimated 9,000 new jobs, with an annual payroll of $127 million.

Resale and Military

CP&L provides electricity for resale to 18 electric membership corporations, four municipalities and one privately owned utility. In 1983, the wholesale customers accounted for 4.5 billion kilowatt-hours, or 14.4 percent of CP&L's total sales.

In addition, the Company serves five military bases that represent about 1 billion kilowatt-hours in energy sales.

Power Agency

The Company provides electricity to the North Carolina Eastern Municipal Power Agency for its participants. During 1983, CP&L sold 1.9 billion kilowatt-hours to the Power Agency in addition to the power supplied by the six generating units in which the Power Agency has joint ownership. These sales produced revenues of $71.9 million, and represented 6.1 percent of 1983 energy sales.

Project Share

In late 1982, the Company initiated a program called Project Share, a fund underwritten by CP&L, its employees and customers to help pay heating bills (oil, wood, gas or electric) for needy families in the Company's service area.

In 1983, about $298,000 was contributed on a matching basis to Project Share. The funds are distributed by the social services agencies in North Carolina and South Carolina.

As a result of this effort, the Company was one of 40 electric utilities in the country recognized by the White House for establishing a privately funded energy assistance program.

Human Resources

CP&L is an equal opportunity employer. Affirmative Action Plans, which are updated annually, include employment goals, outreach recruitment efforts, active involvement in community action programs and adherence to appropriate regulatory guidelines.

During 1983, the Company continued policies, practices and procedures to ensure equal opportunity for employees. Part of this effort involved training sessions for managers to emphasize the key role of the supervisor in fair employment practices.

Employee Development

To strengthen the Company's commitment to employee development, a new Management Training Center was established in Raleigh during the year. The facility provides an environment for Company-sponsored educational and training programs. During 1983, 5,408 employees received supervisory and general employee training to improve on-the-job-performance.

Nearly 8,000 employees participated in a comprehensive survey to determine attitudes on a number of job-related subjects. The results indicated a high level of employee satisfaction. The survey provides the Company with a benchmark to identify and incorporate many of the suggestions into overall corporate planning.

Distribution of Stock Ownership
(Common, Preferred and Preference Stock Combined)

	Shareholders	
	Number	Percent
The Carolinas	53,312	43
Elsewhere	70,176	57
Total	123,488	100
	Shares	
	Number	Percent
The Carolinas	18,619,827	27
Elsewhere	50,407,391	73
Total	69,027,218	100

Safety Awards

CP&L employees in both North Carolina and South Carolina keep the concept of safety a high priority. For the eleventh consecutive year, the Company earned the Southeastern Electric Exchange Award (SEE) for the safest working utility in its size category.

For the ninth consecutive year, the Edison Electric Institute (EEI) presented CP&L its Safety Achievement Award. This award goes to a member company that compiles a commendable and lengthy time span between lost-time accidents. CP&L employees worked more than two million man-hours without a lost work day accident.

The North Carolina Department of Labor awarded CP&L a Certificate of Safety Achievement for the fifth consecutive year, and for the sixth consecutive year, a Special Award for working more than two million man-hours without a lost work day accident.

Ownership

The number of shares of common stock outstanding increased 6.2 percent during 1983 as a result of greater participation in the Automatic Dividend Reinvestment Plan, significant purchases under the Customer Stock Ownership Plan and shares issued under employee stock plans.

At year-end, there were 103,859 holders of common stock, 13,141 holders of preferred stock and 6,488 holders

This early scene of downtown Florence, S.C., is contrasted with today's modern shopping mall, also located in Florence.

of preference stock, for a total of 123,488 shareholders. In addition, there are several thousand shareholders who own shares held by banks, brokers, investment trusts or nominees.

More than 43 percent of the shareholders of record live in North Carolina and South Carolina. The largest beneficial shareholder of record held less than 1 percent of the shares outstanding at year-end.

More than 87 percent of the eligible shares outstanding were represented in person or by proxy at the 1983 Annual Meeting.

Customer Stock Ownership Plan

Since the Company began offering the Customer Stock Ownership Plan in October 1981, more than 6,100 customers have enrolled. During 1983, over $6.7 million was invested by these customers and more than 309,000 shares of common stock were purchased. The plan is available to customers of CP&L who are at least 18 years old and legal residents of North Carolina or South Carolina. Participants enjoy such features as convenient monthly payments, 3 percent discount on purchases, and no commission or fees for purchases under the plan.

Automatic Dividend Reinvestment Plan

During 1983, the number of shareholders enrolled in the Automatic Dividend Reinvestment Plan increased significantly. At year-end, there were 40,415 shareholders participating compared with 34,893 at the end of 1982.

Under the plan, shareholders may reinvest dividends on common, preferred and preference stock toward the purchase of shares of CP&L common stock at 97 percent of the market value. Shares may also be acquired through optional cash payments at a 3 percent discount.

Tax Deferral on Reinvested Dividends

Under the provisions of the Economic Recovery Tax Act of 1981, most individual shareholders may elect to defer federal income taxes on dividends reinvested in CP&L common stock under the Automatic Dividend Reinvestment Plan. The

A typical CP&L district office in the forties and a new office of the eighties both emphasize customer service.

reinvestment provisions of the Act allow individual shareholders to exclude from taxable income $750 ($1,500 on a joint return) of dividends reinvested in the plan in each of the four years 1982 through 1985.

Dividend Withholding Is Repealed

The provisions of the Tax Equity and Fiscal Responsibility Act of 1982 that would have required the Company and other dividend and interest paying corporations to withhold 10 percent of such payments have been repealed. However, under the Interest and Dividend Tax Compliance Act of 1983, the Company is required to withhold 20 percent of an individual's dividend payments if the shareholder fails to furnish the Company with a correct taxpayer identification number. The Company must also report to the Internal Revenue Service the sale of stock held under the dividend reinvestment plan.

Toll-free Telephone Service

The Company offers toll-free telephone lines as a convenience for shareholders. Shareholders in North Carolina may call 1-800-662-7232; outside North Carolina, 1-800-334-4374.

Management Changes

Two Vice Presidents Named

R. Thomas Dwyer, III, manager of the performance review and audit services department, and Cecil L. Goodnight, manager of the employee relations department, were elected vice presidents by the Board in May.

Mr. Dwyer has served in his present position since January 1981. He joined CP&L in 1978 as manager of audit services. He holds a master of business administration degree from the University of North Carolina at Chapel Hill and is a Certified Public Accountant.

Mr. Goodnight joined CP&L in 1973 and held various personnel positions before being named department manager in 1980. He holds a bachelor's degree from La Verne College in California.

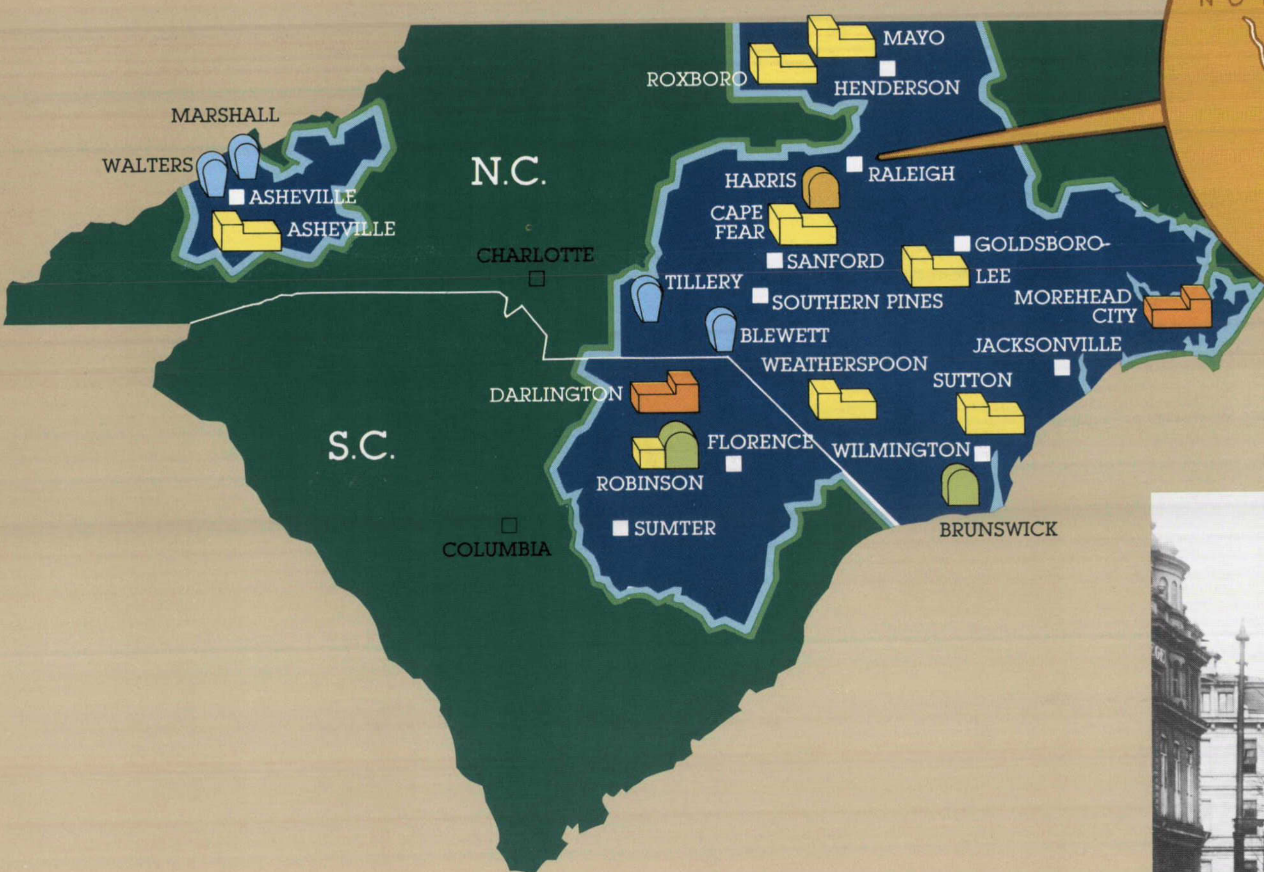
Tom Dwyer and Cecil Goodnight

Serving a Desirable Area

CP&L provides electric service to about 3 million people in a fast-growing Sun Belt area of some 30,000 square miles — almost half of North Carolina and one-fourth of South Carolina.

Most customers live in uncongested small towns and active urban centers largely in the coastal plains, although the Company also serves portions of the piedmont and mountain sections of the two states.

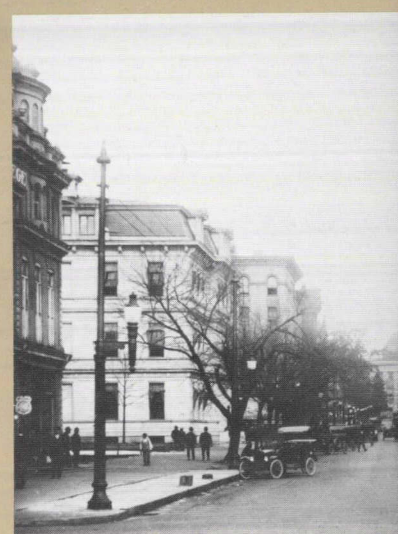
CP&L's service area is attractive for its diversity of climate and geography. The mountains offer snow skiing, hiking and canoeing. The



Generating Plants:

Fossil
Fossil and Nuclear
Nuclear Site
Nuclear
I.C. Turbine
Hydro

District Offices



sandhills area is often referred to as the golf capital of the world. The extensive coast line offers water sports and deep-sea fishing. Sports fans enjoy exciting Atlantic Coast Conference basketball.

The Company's headquarters are located in Raleigh, North Carolina, the system's largest city with a metropolitan population of 300,000. The area's three major universities and several smaller colleges provide extensive educational and cultural activities.

When the Company began operating in 1908, it served 1,100 customers in Raleigh, Sanford and Jonesboro. Today, CP&L serves 800,000 customers through five division, ten district and 42 area offices in the Carolinas. Electricity is produced at 15 generating plants.

The changing face of Raleigh is reflected in its main thoroughfare, Fayetteville Street. The street and its trolley tracks have given way to an attractive mall.

Management Report

The management of Carolina Power & Light Company is responsible for the information and representations contained in the financial statements and other sections of this Annual Report. The financial statements are prepared in conformity with generally accepted accounting principles and are consistent with other information in this report.

The Company has designed and maintains a system of internal accounting controls to ensure the reliability of the financial statements and to provide reasonable assurance that assets are safeguarded. This system is augmented by written policies and guidelines and a strong program of internal audit.

The Board of Directors pursues its oversight role for financial reporting and accounting through its audit committee. This committee, which is comprised entirely of outside directors, meets periodically with management and the internal auditors to review the work of each and to monitor the discharge by each of its responsibilities. The audit committee also meets periodically with the independent auditors, who have free access to the committee without management present, to discuss auditing, internal accounting control and financial reporting matters.

The independent auditors, Deloitte Haskins & Sells, are engaged to express an opinion on the Company's financial statements. Their opinion is based on procedures believed by them to be sufficient to provide reasonable assurance that the financial statements are not misleading and do not contain material errors.

Edward G. Lilly, Jr.
Chief Financial Officer

Paul S. Bradshaw
Chief Accounting Officer

Management's Comments on Financial Condition and Results of Operations

These comments are designed to analyze and discuss in greater detail the financial statements on pages 24-34 and the statistical review on pages 38-39. They should be considered in conjunction with the data appearing there.

Liquidity and Capital Resources

The Company's current construction program normally requires expenditures that are greater than funds generated internally. Sales of long-term securities and short-term borrowings are used to meet needs in excess of such internally generated funds.

Capital resources for 1981-83, summarized and restated from the "Statements of Source and Use of Financial Resources" to show dividends as a reduction in available resources, were provided as follows (in millions):

	Total	1983	1982	1981
Operations, less dividends	$ 912.6	**$398.1**	$241.9	$272.6
Sale of generating units	664.1	**79.3**	584.8	
Financings	818.1	**236.5**	136.7	444.9
Total	$2,394.8	**$713.9**	$963.4	$717.5
and utilized, as follows, for:				
Gross property and nuclear fuel additions	$1,948.0	**$708.6**	$654.7	$584.7
Retirement of long-term debt	346.5	**125.7**	160.0	60.8
Power Agency trust fund remaining		**(153.9)**	153.9	
Other working capital increase (decrease), etc.	100.3	**33.5**	(5.2)	72.0
Total	$2,394.8	**$713.9**	$963.4	$717.5

The increase (decrease) in capital resources from operations, as compared with the preceding year, resulted from the following changes (in millions):

	1983	1982	1981
Net Income	**$ 12.1**	$ 23.6	$ 42.2
Dividends	**(11.5)**	(17.3)	(26.7)
Deferred income taxes and investment tax credits	**66.9**	(23.5)	52.5
Depreciation and amortization	**27.8**	(8.8)	24.2
Provision for coal mine investment losses	**49.9**		
Deferred income taxes credited to property accounts	**11.0**	(4.7)	(3.7)
Net increase (decrease) in resources from operations	**$156.2**	$ (30.7)	$ 88.5

The increase in resources from operations in 1983 resulted principally from (1) a return to a more normal level of deferred income taxes and investment tax credits from a year earlier when additional tax payments related to the sale of facilities were made which reduced the net deferred income tax provisions in 1982, (2) the net non-cash charges against income in 1983 related to provisions for possible coal mine investment losses offset by amortization of the gain from the sale of generating facilities and (3) increased depreciation and amortization charges consistent with increased plant in service and amortizable canceled project investment.

Internally generated funds from depreciation and amortization will increase significantly when the Harris Unit No. 1 is placed into commercial operation in 1986, and to the extent that the investment in the canceled Harris Unit No. 2 is amortized (see Note 6 to Financial Statements).

The relative amounts of resources obtained from financing activities have been as follows:

	1983	1982	1981
Common and preferred stocks	**33.9%**	39.4%	30.3%
First mortgage bonds	**71.4**	87.1	5.5
Long-term notes		44.1	18.0
Commercial paper backed by long-term credit facility	**(24.1)**		29.2
Nuclear fuel financing arrangements	**(4.4)**	4.2	9.4
Short-term transactions	**23.2**	(74.8)	7.6
	100.0%	100.0%	100.0%
Total financings were (in millions):	**$236.5**	$136.7	$444.9

During 1983, the amount of financing activities continued at a reduced level, compared to 1981 and previous years, because of the $153.9 million available from 1982 Power Agency sale closings plus an additional $79.3 million in 1983. Issuances of common stock under the various plans increased in 1983 (see Note 3 to Financial Statements) primarily due to the increased interest in the dividend reinvestment program and issuance of shares for the employees under the ESOP program.

Projected resources required for the next three years include (in millions):

	Total	1984	1985	1986
Construction expenditures	$1,666	$716	$571	$379
Nuclear fuel expenditures	278	101	68	109
Preferred stock redemptions	11	2	4	5
	$1,955	$819	$643	$493

The above estimates are subject to change as conditions change, e.g., unscheduled modifications or replacements at generating plants, both fossil and nuclear, could be required and would increase the projected requirements.

The cancellation of Harris Unit No. 2 has reduced significantly the capital requirements for 1985 and later years. Capital requirements for construction and nuclear fuel in 1984 and future years reflect significant reductions because of Power Agency's ownership interests. Increased inclusion by regulatory authorities of construction investment in the rate base reduces the amount of construction expenditures because less AFUDC is required to be capitalized (see Note 1(d) to Financial Statements).

The Company presently has on file with the Securities and Exchange Commission a shelf registration statement under which the Company can issue up to $150 million of additional First Mortgage Bonds (Shelf Bonds). The amount and timing of future sales of these and other securities will depend primarily upon market conditions and the needs of the Company.

The Company's ability to issue additional shares of preferred stock or First Mortgage Bonds is subject to earnings and other tests. Based upon unfunded property additions and retired bonds at December 31, 1983 and assuming the issuance of $150 million of Shelf Bonds, the Company could issue approximately $1.4 billion in additional First Mortgage Bonds. After the issuance of the Shelf Bonds (at an assumed rate of 13%) under the Company's Charter earnings test, at December 31, 1983, the Company could have issued approximately 3.6 million additional shares of preferred stock (at an assumed price of $100 per share and $11.00 annual dividend rate). The 8 million authorized, but unissued, preference stock shares are not subject to an earnings test.

The Company currently expects to elect by June 30, 1985 to defer payment of the $88 million accrued liability for nuclear fuel disposal costs (see Note 8(e) to Financial Statements). The Company has the option until June of 1985 to pay the accrued amount at that time without interest, to elect to pay in quarterly installments with interest over a future ten-year period, or to pay in one lump sum with interest in the late 1990s.

Short-term liquidity: Customer receivables on the books at year-end represent an average of less than 20 days billings. At December 31, 1983, the Company had firm, unused bank lines of credit totaling $206.7 million and a $130 million irrevocable revolving credit facility. These facilities serve as back-up to outstanding commercial paper and $57 million of pollution control First Mortgage Bonds that are redeemable annually at the option of the holder (annual tender bonds). In connection with the annual tender bonds, the Company has contracted for remarketing in the event of tender for repurchase. The obligations supported by the $130 million revolving credit facility are classified as long-term debt on the balance sheet. Proceeds from the issuance of the Series F pollution control bonds totaling $32.1 million are held in trust pending use for qualifying expenditures.

At December 31, 1983, the Company had unused investment tax credits of $109 million and a tax loss carryforward of approximately $81 million that can be used to reduce federal income tax payments in 1984, or later years if not used in 1984.

Results of Operations

Operating revenues increased during 1983 and 1982 principally because of: (1) general rate increases that produced $70.6 million more in 1983 as compared with 1982 and $140.5 million more in 1982 than in 1981, and (2) fuel cost adjustment billings that decreased $21.0 million in 1983 from 1982 levels while increasing $34.3 million in 1982 from severely depressed 1981 levels, and (3) a 1.3 percent overall increase in energy sales in 1983. The 1983 increases in energy sales include the net effect of a 5.4 percent increase in retail and regular wholesale customer energy sales and a 36.1 percent decrease in Power Agency related sales, which fluctuate with output levels of the jointly owned generating units as well as customer demands.

Operating expenses reflect increased costs of fuel for greater generation of electricity in 1983 to serve increased customer needs and to replace a portion of the more expensive purchased and interchange power costs that occurred in the prior year. Generation from the coal-fired Mayo Unit No. 1 that was placed into commercial operation on March 1, 1983 was responsible for a considerable portion of the increased output. Also, the Company experienced increased nuclear power plant availability in 1983, as compared with 1982. The provision in 1983 for possible coal mine investment losses of $49.9 million increased operating expenses and is related to investment in coal mining subsidiaries (see Note 2 to Financial Statements).

Maintenance expense, which declined in 1983, was reduced by a one-time credit of $15.7 million in order to capitalize certain replacements of property items at generating plants that were expensed in prior years, principally, 1982; and it also decreased overall at generating plants from levels in recent years. Generally, operating expenses increased, especially depreciation, due to Mayo Unit No. 1 being placed into commercial operation.

Other income declined due to a decrease in the allowance for other funds used during construction, reflecting reduced investments in construction, principally because the Mayo Unit No. 1 was placed into commercial operation. Other income also declined because of expenses of operation of the Company's coal mining subsidiaries. Income tax credits decreased principally because of lower capitalized interest charges. Offsetting these decreases is amortization of a portion of the gain from sale of generating facilities to the Power Agency.

Interest charges reflect lower short-term and variable long-term interest rates in 1982 and 1983. The allowance for borrowed funds used during construction, net of deferred income tax effects, decreased in 1983 because of reduced investments in construction. Furthermore, the inclusion of construction investments in the rate base decreased the allowance for borrowed and other funds by $39.5 million in 1983, $43.4 million in 1982 and $21.9 million in 1981 (see Note 1(d) to Financial Statements).

Net income and earnings: In summary, while earnings for 1983, 1982 and 1981 have increased from year to year, earnings have been adversely affected by continuing inflation and high levels of operation expenses and other cost increases not fully reflected in approved revenue levels. In 1983, lower interest rates and levels of inflation had less adverse impact on earnings than in recent years. The charge to operations for possible investment losses applicable to the coal mine subsidiaries adversely affected 1983 results. Increased energy sales because of colder weather and an upturn in economic activity contributed favorably to earnings in 1983. The quality of earnings has improved somewhat because of less AFUDC and more compensating revenue, as increased amounts of construction investment have been allowed in the rate base. Earnings per share of common stock have been adversely affected by the increased number of shares outstanding.

Impacts of Inflation

See Supplemental Inflation Adjusted Data on pp. 35-37 for the estimated effects of changing prices on income, on the basis prescribed by the Financial Accounting Standards Board.

Balance Sheets

Carolina Power & Light Company December 31, 1983 and 1982

Assets	1983	1982
	(In Thousands)	
Electric Utility Plant:		
Electric utility plant other than nuclear fuel:		
In service	$3,629,625	$3,019,141
Held for future use	12,902	10,350
Construction work in progress	1,697,551	1,994,906
Total	5,340,078	5,024,397
Less accumulated depreciation	884,250	792,013
Net	4,455,828	4,232,384
Nuclear fuel	264,802	231,518
Less accumulated amortization	149,424	131,280
Net	115,378	100,238
Electric utility plant, net	4,571,206	4,332,622
Current Assets:		
Cash and temporary cash investments	9,214	8,028
Accounts receivable, net	97,651	75,140
Power Agency Trust Fund		153,891
Materials and supplies:		
Fuel	101,893	121,896
Other	25,338	29,495
Deferred fuel cost	6,186	5,070
Current portion of deferred income taxes	16,967	16,948
Prepayments, etc.	9,162	20,636
Total current assets	266,411	431,104
Other Assets:		
Unamortized canceled project costs:		
Harris Unit No. 2 (Note 6)	263,733	
Harris Units Nos. 3 and 4 (Note 8[f])	121,460	124,587
Unrecovered nuclear fuel disposal costs (Note 8[e])	29,267	
Investment in coal-mining subsidiaries (Note 2)	2	19,620
Miscellaneous other property and investments	22,348	18,560
Unamortized debt expense	3,467	3,230
Other deferred debits	15,712	21,232
Total other assets	455,989	187,229
Total	$5,293,606	$4,950,955

See notes to financial statements.

Balance Sheets

Carolina Power & Light Company December 31, 1983 and 1982

Liabilities	1983	1982
	(In Thousands)	
Capitalization (see Schedules of Capitalization):		
Common stock	$1,151,323	$1,071,863
Common stock subscribed	2,205	1,528
Retained earnings	432,913	388,774
Preference stock	47,900	47,900
Preferred stock—redemption not required	238,118	238,118
Preferred stock—redemption required, net	214,785	214,743
Long-term debt (excluding current maturities), net	1,909,823	1,891,702
Total capitalization (excluding current maturities of long-term debt)	3,997,067	3,854,628
Current Liabilities:		
Long-term debt due within one year	21, 849	64,122
Notes payable:		
Bank demand notes		13,000
Other (principally commercial paper)	82,703	19,210
Accounts payable:		
Construction contract retentions	5,370	13,725
Other	126,055	109,839
Customers' deposits	7,905	7,025
Taxes accrued	41,782	68,467
Interest accrued	42,378	41,491
Dividends declared	58,833	54,769
Other	4,319	4,005
Total current liabilities	391,194	395,653
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes:		
Harris Units Nos. 2, 3 and 4	134,702	35,885
Gain on sale of facilities (Note 7)	(98,125)	(94,080)
Other, net	494,624	447,926
Total accumulated deferred income taxes	531,201	389,731
Accumulated deferred investment tax credits	174,112	180,700
Unamortized gain on sale of facilities (Note 7)	128,104	117,348
Other	71,928	12,895
Total deferred credits and other liabilities	905,345	700,674
Commitments and Contingencies (Notes 2, 6, 7 and 8)		
Total	$5,293,606	$4,950,955

See notes to financial statements.

Statements of Income

Carolina Power & Light Company For the Years Ended December 31,

	1983	1982	1981
	(In Thousands Except Earnings Per Share)		
Operating Revenues (Note 9)	$1,647,183	$1,538,165	$1,343,558
Operating Expenses:			
Operation:			
Fuel for generation	517,625	473,509	459,591
Deferred fuel costs	(1,115)	1,423	523
Purchased and interchange power, net	18,583	50,226	19,388
Other (Note 2)	285,671	233,147	174,084
Maintenance	137,383	167,458	125,876
Depreciation and amortization (Note 1)	148,342	126,355	110,409
Taxes other than on income	114,295	104,300	97,288
Income tax expense (Note 5)	162,443	133,622	118,996
Total operating expenses	1,383,227	1,290,040	1,106,155
Operating Income	263,956	248,125	237,403
Other Income:			
Allowance for other funds used during construction	94,927	98,353	92,508
Income tax credits (Note 5)	31,078	38,472	35,846
Amortized gain on sale of facilities (Note 7)	11,422		
Other income (deductions), net (Note 2)	(4,945)	13,919	8,593
Total other income	132,482	150,744	136,947
Income Before Interest Charges	396,438	398,869	374,350
Interest Charges:			
Long-term debt	171,448	180,986	177,981
Other	17,551	34,001	31,201
Allowance for borrowed funds used during construction-credit (Note 5)	(31,830)	(43,265)	(38,429)
Net interest charges	157,169	171,722	170,753
Net Income	239,269	227,147	203,597
Preferred and Preference Stock Dividend Requirements	44,605	44,605	42,660
Earnings for Common Stock	$ 194,664	$ 182,542	$ 160,937
Average Common Shares Outstanding	60,645	57,539	52,554
Earnings Per Common Share	$ 3.21	$ 3.17	$ 3.06

See notes to financial statements.

Statements of Retained Earnings

For the Years Ended December 31,

	1983	1982	1981
		(In Thousands)	
Balance at Beginning of Year	$ 388,774	$ 345,353	$ 309,819
Net Income	239,269	227,147	203,597
Total	628,043	572,500	513,416
Deduct:			
Cash dividends declared:			
Preferred and Preference Stock at stated rates (Note 1)	44,605	44,605	44,060
Common Stock (at annual rate of $2.46 a share in 1983, $2.40 in 1982 and $2.32 in 1981)	150,423	138,878	123,578
Total cash dividends declared	195,028	183,483	167,638
Capital stock discount and expense	102	243	425
Total deductions	195,130	183,726	168,063
Balance at End of Year	$ 432,913	$ 388,774	$ 345,353

See notes to financial statements.

Statements of Source and Use of Financial Resources

Carolina Power & Light Company For the Years Ended December 31,

	1983	1982	1981
		(In Thousands)	
Source of Financial Resources:			
Current resources provided from operations:			
Net income	$ 239,269	$ 227,147	$ 203,597
Items not requiring (providing) current resources:			
Depreciation and amortization	180,565	141,334	150,105
Amortized gain on sale of facilities	(11,422)		
Provision for possible coal-mine investment losses	49,868		
Noncurrent deferred income taxes, net	172,341	10,391	150,940
Investment tax credit adjustments, net	(6,589)	88,493	(28,569)
Other funds portion of AFUDC	(94,927)	(98,353)	(92,508)
Total current resources provided from operations	529,105	369,012	383,565
Sale of generating facilities	79,301	584,801	
Total current resources	608,406	953,813	383,565
Additions to plant accounts representing capitalization of other portion, less deferred income taxes on borrowed funds portion of AFUDC	64,056	56,405	55,231
Total resources provided excluding financings	672,462	1,010,218	438,796
Financings:			
First mortgage bonds	168,767	119,038	24,248
Preferred stock			39,458
Common stock—Public offerings			59,616
Common stock—Plans (Note 3)	80,077	53,852	35,931
Other long-term notes	42	60,270	80,000
Commercial paper backed by long-term credit facility	(57,015)		130,000
Nuclear fuel trust and lease obligations	(10,409)	5,731	41,954
Decrease in temporary cash investments plus increase in short-term notes payable	54,993	(102,195)	33,705
Total resources provided from financings	236,455	136,696	444,912
Total	$ 908,917	$1,146,914	$ 883,708
Use of Financial Resources:			
Gross property additions, excluding nuclear fuel*	$ 660,130	$ 638,284	$ 548,508
Nuclear fuel additions*	48,488	16,450	36,223
Canceled projects expenditures	20,710	15,355	
Dividends for the year	195,028	183,483	166,238
Repayment of first mortgage bonds	123,346	20,000	15,000
Repayment of other long-term debt	2,333	140,064	
Repayment of nuclear fuel lease obligation			45,827
Net increase (decrease) in the following working capital components:			
Power Agency trust fund	(153,891)	153,891	
Accounts receivable, net	22,511	4,284	8,019
Materials and supplies	(24,160)	13,968	19,930
Accounts payable	(7,861)	(10,482)	56,943
Reserve for refund of revenues	499	24,094	(16,799)
Other, net	15,389	(25,687)	(11,002)
Miscellaneous, net	6,395	(26,790)	14,821
Total	$ 908,917	$1,146,914	$ 883,708

*Includes amounts capitalized as allowance for funds used during construction, net of related deferred income taxes.

See notes to financial statements.

Schedules of Capitalization
Carolina Power & Light Company December 31, 1983 and 1982

	Redemption Price (At December 31, 1983)	Shares Outstanding (At December 31, 1983)	1983 (In Thousands)	1982 (In Thousands)
COMMON STOCK EQUITY (Note 3):				
Common stock without par value, authorized, 100,000,000 shares:				
Outstanding 62,484,959 shares at December 31, 1983 and 58,835,176 shares at December 31, 1982			$1,151,323	$1,071,863
Subscribed			2,205	1,528
Retained earnings, limited in payment as dividends under certain circumstances under the Company's charter: however, none restricted at December 31, 1983			432,913	388,774
Total common stock equity			$1,586,441	$1,462,165
PREFERENCE AND PREFERRED STOCK, without par value, cumulative (Note 3):				
Preference stock, authorized 10,000,000 shares (entitled to $25 a share plus accumulated dividends in the event of liquidation, in preference only to common stock)—				
$2.675 Series A	$ 26.50	2,000,000	$ 47,900	$ 47,900
Preferred stock (a)—redemption not required:				
$5 Preferred Stock—authorized, 300,000 shares	$110.00	237,259	$ 24,376	$ 24,376
Serial Preferred Stock(b):				
$4.20 Series	102.00	100,000	10,000	10,000
5.44 Series	101.00	250,000	25,000	25,000
9.10 Series	103.00	300,000	30,000	30,000
7.95 Series	104.00	350,000	35,000	35,000
7.72 Series	104.00	500,000	49,425	49,425
8.48 Series	105.00	650,000	64,317	64,317
Total—redemption not required		2,387,259	$ 238,118	$ 238,118
Preferred stock (a)—redemption required (c):				
Serial Preferred Stock (b)—				
$11.16 Series	$111.16	400,000	$ 40,000	$ 40,000
14.00 Series	114.00	400,000	40,000	40,000
Preferred Stock A, authorized, 5,000,000 shares:				
$7.45 Series	104.00	500,000	50,000	50,000
8.75 Series	107.23	500,000	50,000	50,000
9.25 Series	104.50	180,000	18,000	18,000
9.00 Series	(c)	175,000	17,500	17,500
Unamortized discount			(715)	(757)
Total—redemption required		2,155,000	$ 214,785	$ 214,743

(a) Entitled to $100 a share plus accumulated dividends in the event of liquidation.

(b) Authorized, 20,000,000 shares in total.

(c) Minimum sinking fund requirements (at $100 per share plus accumulated dividends) commence in 1984 for the $7.45 Series, at 20,000 shares per year; in 1985 for the $8.75 Series at 20,000 shares per year and increasing in the year 2000 to 40,000 shares annually; in 1986 for the $11.16 Series at 12,000 shares per year; in 1987 for the $14.00 Series at 16,000 shares per year; and in 1990, for the $9.00 Series, all 175,000 shares are to be redeemed. With respect to the $9.25 Series, the Company must offer to redeem annually, on March 1 of each year beginning in 1988, any or all shares outstanding. Minimum sinking fund requirements for the next five years aggregate: 1984, $2,000,000; 1985, $4,000,000; 1986, $5,200,000, 1987, $6,800,000 and 1988, $6,800,000.

See notes to financial statements.

	1983	1982
	(In Thousands)	
LONG-TERM DEBT (a):		
First mortgage bonds-principal amounts:		
Other than Pollution Control Series:		
Maturing 1983 through 1993:		
11 %, due April 15, 1984 (redeemed 10-15-83)		$ 67,346
14⅛%, due April 1, 1987	$ 125,000	125,000
4⅛%, due March 1, 1988	20,000	20,000
4⅞%, due April 1, 1990	25,000	25,000
4½%, due November 1, 1991	25,000	25,000
11⅝%, due December 1, 1992	100,000	100,000
Maturing 1994 through 1998—4½% to 6⅞%	140,000	140,000
Maturing 1999 through 2003—7⅜ to 8¾%	525,000	525,000
Maturing 2004 through 2008—8½% to 9¾%	325,000	325,000
Maturing 2009 through 2013—10½% to 12⅞%	325,000	225,000
Pollution Control Series:		
A. 8 %, due 2001-2009 (principal amount less proceeds held by Trustee: 1982, $1,900)	63,000	61,100
B. 7¼% due 10-1-83 (principal amount less proceeds held by Trustee: 1982, $12,227)		37,773
C. 7¼% due 10-1-83		6,000
D. (5.65% to 4/1/84) due 4-1-2009	48,485(b)	
E. (5.65% to 4/1/84) due 4-1-2009	5,970(b)	
F. (7.00% to 11/1/84) due 11-1-2010 (principal amount less proceeds held by Trustee: 1983, $32,140)	2,560(b)	
Total first mortage bonds-principal amounts	1,730,015	1,682,219
Other long-term debt:		
Nuclear fuel trust obligations (variable rates: 10.47% average effective interest cost at 12-31-83; 9.56% at 12-31-82)	80,215	90,624
16½% Guaranteed Notes (Finance N.V.) due 2-15-89 (Note 1 [b])	60,000	60,000
Carolina Pipeline (Variable interest rate - 11.5% at 12-31-82)		2,333
Commercial paper backed by long-term credit facility to 9-24-86 (9.70% average effective interest rate at 12-31-83; 8.66% at 12-31-82)	72,985	130,000
Miscellaneous promissory notes	107	66
Total long-term debt, principal amounts	1,943,322	1,965,242
Unamortized discount and premium, net	(11,650)	(9,418)
Total long-term debt, including current maturities	1,931,672	1,955,824
Less long-term debt due within one year:		
Nuclear fuel trust obligations	21,849	19,882
7¼% Pollution Control Bonds, due 10-1-83		43,773
Carolina Pipeline due 10-1-83		467
Total long-term debt, excluding current maturities	$1,909,823	$1,891,702
TOTAL CAPITALIZATION (excluding current maturities of long-term debt)	$3,997,067	$3,854,628

(a) Long-term debt maturities for the next five years, including estimated amounts under continuous nuclear fuel financing arrangements for which repayments of present obligations are based on energy produced, are (in thousands):

	1984	1985	1986	1987	1988
First mortgage bonds				$125,000	$20,000
Nuclear fuel	$21,849	$18,488	$ 20,877	10,507	3,556
Long-term credit facility obligations			130,000		
Totals	$21,849	$18,488	$150,877	$135,507	$23,556

(b) Redeemable annually at the option of the holder—backed up by a portion of the long-term credit facility of $130,000,000.

See notes to financial statements.

Notes to Financial Statements

1. **Summary of Significant Accounting Policies**

(a) **System of Accounts.** The accounting records of the Company are maintained as prescribed in uniform systems of accounts of the Federal Energy Regulatory Commission (FERC) and the regulatory commissions of North Carolina and South Carolina.

(b) **Subsidiaries.** The Company's financial statements reflect consolidation of its wholly-owned foreign financing subsidiary, Carolina Power & Light Finance N.V., which in 1982 was organized and issued $60,000,000 principal amount of 16½% Guaranteed Notes. See Note 2 for information on the coal-mining subsidiaries.

(c) **Electric Utility Plant.** The cost of additions, including replacements of units of property and betterments, is charged to utility plant. Maintenance and repairs of property, and replacements and renewals of items determined to be less than units of property, are charged to maintenance expense. The cost of units of property replaced or renewed or otherwise retired, plus removal or disposal costs, less salvage, is charged to accumulated depreciation. Electric utility plant, other than nuclear fuel, is subject to the lien of the Company's mortgage. Nuclear fuel is pledged, or subject to be pledged, as collateral for nuclear fuel financing arrangements.

(d) **Allowance for Funds Used During Construction (AFUDC).** As prescribed in regulatory uniform systems of accounts, an allowance for the cost of borrowed and other funds used to finance electric utility plant construction, less applicable income taxes, is charged to cost of plant. Regulatory authorities consider the inclusion of these recognized costs as appropriate for the purpose of establishing rates for the Company's utility charges to customers over the service lives of the property. The other portion of AFUDC is credited to other income, the borrowed funds portion is credited to interest charges and the deferred income tax provision is reflected as a reduction in AFUDC-borrowed funds. The composite, net-of-tax AFUDC rate was approximately 9.3 percent in 1983 and 1982 and 8.8 percent in 1981.

Certain construction-work-in-progress expenditures (totaling $662,570,000, $412,535,000, $405,419,000 and $229,590,000 at December 31, 1983, 1982, 1981 and 1980, respectively) are included in the rate base for ratemaking purposes. AFUDC is not capitalized (charged to the cost of plant) on such expenditures.

(e) **Depreciation and Amortization.** Depreciation of utility plant, other than nuclear fuel, for financial reporting purposes is computed on the straight-line method based on estimated remaining useful lives, adjusted for estimated net salvage or disposal costs, and charged principally to depreciation expense. Depreciation provisions, as a percent of average depreciable property other than nuclear fuel, approximated 3.8 percent in 1983 and 1982 and 3.6 percent in 1981. Depreciation rates are reviewed periodically and changes in estimates (including the costs to dismantle or decontaminate nuclear generating plants) are made, as appropriate, on a prospective basis.

Allowable depreciation rates for wholesale ratemaking purposes have been different from those regularly used by the Company and allowed by other ratemaking jurisdictions; therefore, the Company recorded lower depreciation provisions solely applicable to wholesale operations ($1,947,000 less for 1983, $1,527,000 less for 1982 and $3,383,000 less for 1981).

Amortization of nuclear fuel costs (1983, $30,594,000; 1982, $13,536,000; 1981, $38,784,000), including disposal costs through April 6, 1983, is computed on the unit of production method and charged to fuel expense. The amortization charges for disposal costs totaled, for 1983 through April 6, $3,650,000; for 1982, $7,684,000 less a wholesale revenue refund related reduction of $14,313,000 applicable to the years 1977-1982; and for 1981, $10,064,000. Nuclear fuel disposal costs are paid quarterly for nuclear generation after April 6, 1983. (See Note 8(e)).

(f) **Revenues.** Customers' meters are read and bills are rendered on a cycle basis. Revenues are recorded when billed, as is the customary practice in the industry.

(g) **Deferred Fuel Costs.** The Company's rates in all three of its regulatory jurisdictions are adjustable for fluctuations in fuel costs. For South Carolina retail operations, the Company defers the difference between fuel costs incurred and the related customer billings and periodically adjusts rates to reflect this difference. For wholesale operations, the Company adopted a similar procedure effective January 1982. For North Carolina retail operations, pursuant to a June 1982 amendment to North Carolina utilities law, the fuel cost component of rates reflects estimated fuel expense for the period that the rates will be in effect and may be adjusted once in every twelve months in fuel-cost-only proceedings. In addition, fuel costs may be considered in general rate case proceedings.

Effective for service rendered on and after September 19, 1983 the North Carolina Utilities Commission approved a general rate increase that included a base fuel component of $.01677 per KWH (up from $.01611) and directed the establishment of an interim deferred account for variations between actual fuel expense incurred and the base fuel component revenues, providing consideration of the deferred amounts in the next general rate case hearing now planned for the third quarter of 1984. At December 31, 1983 the Company has deferred $1,627,000 of costs incurred in excess of such base fuel component revenues.

(h) **Income Taxes.** Comprehensive interperiod income tax allocation has been observed, beginning in 1976, for all significant timing differences. In compliance with regulatory accounting, income taxes are allocated between operating income and other income, principally with respect to interest charges related to construction work in progress. The Company and its domestic subsidiaries file consolidated federal income tax returns. Income taxes are allocated among the companies based upon the ratios of their respective "separate tax liabilities" to the consolidated tax liability. See Note 5 with respect to certain other income tax information.

(i) **Investment Tax Credits.** Investment tax credits are being amortized over the service lives of the property.

(j) Preferred and Preference Dividends. Preferred and preference dividends declared and charged to retained earnings include amounts applicable to the first quarter of the following year, except for the Preferred Stock A series which dividends are wholly applicable to the year in which declared.

(k) Retirement Plan. The Company has a noncontributory retirement plan for all full-time employees and is funding the costs accrued under the plan. Retirement plan costs for 1983, 1982 and 1981 were approximately $14,256,000, $15,946,000 and $11,223,000, respectively. The actuarial present value of accrued benefits (assuming rates of return of 11 percent and 14 percent, respectively) and the market value of assets available for benefits, as of the most recent valuation dates, are as follows (in thousands):

	January 1, 1983	January 1, 1982
Actuarial present value of accrued plan benefits:		
Vested	$ 52,094	$35,643
Nonvested	7,309	4,391
Total	$ 59,403	$40,034
Market value of assets available for benefits	$103,640	$69,995

(l) Other Policies. Other property and investments are stated principally at cost, less accumulated depreciation where applicable. Materials and supplies inventories are stated at average cost. The Company maintains an allowance for doubtful accounts receivable (1983, $2,477,000; 1982, $1,757,000). Bond premium, discount and expense are amortized over the life of the related debt.

2. Investment in Coal-Mining Subsidiaries

On November 29, 1983, the Company acquired the remaining 20 percent interests in its two coal-mining subsidiaries, Leslie Coal Mining Company (Leslie) and McInnes Coal Mining Company (McInnes).

At December 31, 1983, Leslie's and McInnes' total assets were approximately $131 million. The Company has guaranteed their obligations of approximately $108.5 million.

The Company purchased coal from the subsidiaries for $21,843,000, $48,178,000 and $37,314,000 during 1983, 1982 and 1981, respectively, representing the costs of production for the mines. During 1982, the Company wrote off the accumulated excess of costs of production over fair market value of its coal purchases that had been previously deferred. In 1983 the Company charged $49,868,000 to other operation expense for possible losses on its investments in the mines. The subsidiaries suspended production in the first quarter of 1983 and the Company has since then recorded in other income the carrying charges and other expenses of approximately $1,300,000 per month. The Company currently plans to sell the properties. Pickands Mather & Company, the previous minority owner, continues to manage and operate the mines.

3. Capital Stock Issued and Reserved

Capital stock shares have been issued as follows, representing the total changes in the respective accounts in the years indicated (in thousands):

	1983	1982	1981
Common stock:			
Public offerings			3,000
SPSP	812	669	590
ADRP	2,034	1,722	1,257
ESOP	494	73	70
CSOP	310	232	14
Total	3,650	2,696	4,931
Preferred Stock—redemption required:			
Serial preferred stock			
$14.00 Series			400

At December 31, 1983, 1,425,211 shares of common stock were reserved for issuance under the Stock Purchase-Savings Program for Employees (SPSP), 6,134,960 shares under the Automatic Dividend Reinvestment Plan (ADRP), 1,080,406 shares under the Employee Stock Ownership Plan (ESOP) and 1,444,432 shares under the Customer Stock Ownership Plan (CSOP).

4. Notes Payable and Lines of Credit

At December 31, 1983, the Company had firm, unused lines of credit with various financial institutions totaling $206,690,000 including necessary amounts to back up the outstanding current liability portion of commercial paper; and, in connection with these lines of credit, is required to maintain average compensating balances in various banks of $952,500 and pay commitment fees of approximately $61,000 per month. Such lines of credit are reviewed periodically, at which time they may be renewed or canceled.

5. Income Taxes

The provisions for income tax expense are composed of the following (in thousands):

	Year Ended December 31, 1983	1982	1981
Included in operating expenses:			
Currently payable taxes—Federal	$ 7,316	$ 29,055	$ 52,732
—State	(106)	18,933	(427)
Deferred taxes, net—Federal	142,887	913	80,854
—State	19,137	(1,939)	14,237
Investment tax credit adjustments, net	(6,791)	86,660	(28,400)
Total	162,443	133,622	118,996
Included in other income (a):			
Reduction in currently payable taxes—Federal	(9,791)	(1,088)	(58,026)
—State	(813)	(1,524)	(1,037)
Deferred taxes—Federal (a)	(18,238)	(35,514)	26,720
—State (a)	(2,337)	(2,179)	(3,334)
Investment tax credit adjustments, net	101	1,833	(169)
Total	(31,078)	(38,472)	(35,846)
Total income tax expense	$131,365(a)	$ 95,150(a)	$ 83,150(a)

(a) Deferred income tax provisions totaling $30,871,000 for 1983, $41,948,000 for 1982 and $37,277,000 for 1981 related to the tax effects of the allowance for borrowed funds charged to the cost of plant are reflected in the statements of income as a reduction in the Allowance for Borrowed Funds Used During Construction - Credit.

Provisions for net deferred income taxes related to the following (in thousands):

	1983	1982	1981
Differences between book depreciation and amortization and tax deductions for property costs:			
Pre-operational tax deductions (taxes and other costs capitalized, etc.)-originating differences	$ 11,091(b)	$ 11,863(b)	$ 8,515(b)
Nuclear fuel disposal costs	41,874	(19,466)	526
Accelerated depreciation and other property cost differences:			
Originations	62,374	59,131	43,109(c)
Reversals	(32,990)	(37,753)	
Deferred recognition of gain on sale of generating facilities, net	(4,201)	(94,080)	
Unbilled revenues, net	1,770	(19,729)	
Deferred tax gain on sale of facilities, net	16,660	62,160	
Provision for possible refund of revenues, net	(17)	11,546	5,902
Utilization of subsidiaries' tax losses	8,347	5,871	6,439
Canceled project costs, net	93,432	(14,100)	49,373
Tax loss carryforward	(39,659)		
Miscellaneous other timing differences, net	(17,232)	(4,162)	4,613
Total provisions for deferred income taxes, net	$141,449	$(38,719)	$118,477

(b) Excludes deferred tax provisions relating to tax effects of borrowed funds capitalized (see (a) above).

(c) Reclassification of detail for originations and reversals for 1981 is not practical.

A reconciliation of the Company's effective income tax rate (computed by dividing total income tax expense, including amounts reflected as a reduction in AFUDC on borrowed funds, by pretax income) to the statutory federal income tax rate follows:

	Year Ended December 31,		
	1983	1982	1981
Effective income tax rate	40.4%	37.6%	37.2%
The effects of including AFUDC on other funds in pretax income	12.5	14.0	14.8
Effective income tax rate, excluding AFUDC on other funds from pretax income	52.9	51.6	52.0
State income taxes, net of federal income tax benefit	(3.4)	(3.8)	(3.3)
Other differences, net	(3.5)	(1.8)	(2.7)
Statutory federal income tax rate	46.0%	46.0%	46.0%

At December 31, 1983, the Company had generated but not utilized investment tax credits totaling approximately $109 million (including $10 million of ESOP credits). The Company also generated a tax loss carryforward estimated at $81 million in 1983 and expected to be utilized in 1984.

6. Harris Unit No. 2

In December 1983, the Company canceled further construction on Harris Unit No. 2, a 900,000 kilowatt nuclear generating unit planned for completion in 1990. The Company's share of the estimated final investment in the jointly owned canceled unit is $315 million. The Company is seeking regulatory permission to write off the costs over a period of ten years and to recover such costs through rates.

7. Joint-Ownership of Generating Facilities

The North Carolina Eastern Municipal Power Agency (Power Agency), which members include a majority of the Company's previous municipal wholesale customers, has acquired undivided ownership interests in certain generating facilities of the Company. The Company and Power Agency are entitled to shares of the generating capability and output of each unit equal to their respective ownership interests. Each also pays its ownership share, on a current basis, of additional construction costs, fuel inventory purchases and operating expenses for each unit. Power Agency's payment obligation with respect to cancellation costs for Harris Units Nos. 2, 3 and 4 is 12.94 percent of such costs.

At December 31, 1983, the Company's ownership interests and investments in the jointly owned generating facilities were as follows (dollars in millions):

			Company Investment*	
Plant or Unit (Type Fuel)	Megawatt Capability	Ownership Interest	Plant in Service	Under Construction
Mayo Plant (Coal)	1,440**	83.83%	$420.5	$ 13.2
Harris Plant (Nuclear)	900**	83.83%		1,438.7
Brunswick Plant (Nuclear)	1,580	81.67%	729.6	100.9
Roxboro Unit No. 4 (Coal)	700	87.06%	186.7	.1

*Does not include nuclear fuel costs.
**Design target capability.

The Company does not maintain its accumulated depreciation accounts on a separate unit basis and, therefore, amounts applicable to the Mayo Plant, Brunswick Plant and Roxboro Unit No. 4 are not shown above. The Company's share of expenses for the jointly owned units is included in the appropriate expense category in the statements of income.

The total gain from the sale of the generating facilities to the Power Agency was $32.3 million net of income taxes and is being amortized to other income over three years beginning October 1, 1983.

In connection with the sale of these facilities, the Company is obligated to purchase portions (generally starting at 50 percent) of the Power Agency's ownership capacity and energy for the Mayo and Harris units, commencing with commercial operation of each unit and declining ratably during the following fifteen-year period. The minimum payments applicable to Mayo Unit No. 1 and Harris Unit No. 1 are presently estimated at $5,561,000, $5,168,000, $35,285,000, $38,588,000, and $35,786,000, for the years 1984 through 1988, respectively, and $210,195,000 for the period 1989 through 2000, representing total estimated future minimum payments of $330,583,000 for such capacity. Variable costs of such purchases are primarily fuel costs, maintenance and other operation expenses for the respective units. Contractual purchases from Mayo Unit No. 1 commenced on its commercial operation date, March 1, 1983, and totaled $14,800,000 for 1983.

8. Commitments and Contingencies

(a) Construction and Nuclear Fuel. The Company has incurred substantial commitments in connection with its construction program. Construction expenditures are estimated to be $1.7 billion and nuclear fuel expenditures $278 million for 1984 through 1986 in connection with that program.

(b) Leases. Rental commitments for operating leases and for unrecorded capital leases at December 31, 1983 are not material with respect to the Company's financial position or results of operations.

(c) Insurance. The Company is a member of Nuclear Mutual Limited (NML), established to provide insurance coverage against property damage to insured's nuclear generating facilities. The Company is insured thereunder for $500 million at the Brunswick Plant and $500 million at the Robinson Plant. The Company currently would be subject to maximum retrospective premium assessments of approxi-

mately $65 million in the event losses at insured facilities exceed premiums, reserves, reinsurance and other NML resources, which are at present more than $300 million.

The Company is also a member of Nuclear Electric Insurance Limited (NEIL), initially established to provide insurance coverage against incremental costs of replacement power resulting from prolonged accidental outages of members' nuclear generating units. The Company is insured thereunder for $2,500,000 per week for 12 months (starting 26 weeks after the outage) and for $1,250,000 per week for the next 12 months for each operating nuclear generating unit. NEIL also provides decontamination and excess property insurance for nuclear generating facilities. The Company is insured thereunder for $435 million excess of $500 million at both its Brunswick and Robinson plants. The Company currently would be subject to retrospective premium assessments of up to approximately $23 million with respect to the incremental replacement power costs coverage and $15 million with respect to the decontamination and excess property coverage in the event covered expenses at insured facilities exceed premium reserves, reinsurance and other NEIL resources.

The Company's public liability for a nuclear incident is protected up to the maximum limit on public liability claims pursuant to the Price-Anderson Act, which is $580 million for each occurrence, through conventional insurance pools and through an industry retrospective assessment program. In the event that public liability claims from an insured nuclear incident exceed the primary financial protection provided by the insurance pools, which is currently $160 million, the Company would be subject to a pro rata assessment of up to a maximum of $15 million with respect to any single nuclear incident and an aggregate maximum of $30 million within any calendar year.

(d) Claims. There are certain claims pending against the Company. In the opinion of the Company, liabilities, if any, arising from these claims would not have a material effect on the financial position or results of operations of the Company.

(e) Nuclear Fuel Disposal Cost. The Nuclear Waste Policy Act of 1982 establishes that the federal government is responsible for the disposal of spent nuclear fuel and that the owners and operators of nuclear generating facilities will make payments to cover those costs. At December 31, 1983, the net remaining accumulated provisions for the estimated costs of such disposal costs incurred through April 6, 1983 are $29,267,000 less than the required payments of $88 million. Amounts attributable to wholesale customers totaling approximately $10 million, previously required to be refunded, may be recovered in proceedings before the FERC. The Company expects to prospectively increase its charges to operations for fuel expense over a reasonable period of time for this change in the estimated costs for spent fuel disposal. The Company must select by June 30, 1985 from one of several payment options for the costs incurred through April 6, 1983. Costs incurred thereafter are paid quarterly.

(f) Harris Units Nos. 3 and 4. In December 1981, the Company eliminated these units from its construction program. Pursuant to regulatory authorizations, the Company began amortizing in July 1982 the costs associated with these units and is recovering the costs through revenues. Amounts amortized to operating expenses totaled $13,251,000 in 1983 and $6,955,000 in 1982.

9. Other Rate Matters

Operating revenues increased $70,616,000 in 1983 over 1982 and $140,548,000 in 1982 over 1981, attributable to general rate increases placed into effect since 1980. Also included in revenues, representing fuel cost billings above a base cost of fuel (as defined for each ratemaking jurisdiction), is $40,617,000 for 1983, $61,645,000 for 1982 and $27,327,000 for 1981.

Auditors' Opinion

To the Board of Directors and Shareholders of Carolina Power & Light Company:

We have examined the balance sheets and schedules of capitalization of Carolina Power & Light Company as of December 31, 1983 and 1982 and the related statements of income, retained earnings and source and use of financial resources for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note 6, the Company has canceled plans for construction of a nuclear generating unit and intends to request permission in each of its regulatory jurisdictions to recover its costs related to such unit. The final outcome of this matter cannot presently be determined. In our previous report dated February 11, 1983, our opinion on the above-mentioned 1982 and 1981 financial statements was unqualified; however, in view of the uncertainty referred to above, our present opinion on such financial statements, as expressed herein, is different from that expressed in our previous report.

In our opinion, subject to the effects on the financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the preceding paragraph been known, the financial statements referred to above present fairly the financial position of the Company at December 31, 1983 and 1982 and the results of its operations and the source and use of its financial resources for each of the three years in the period ended December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.

Deloitte Haskins & Sells

Deloitte Haskins & Sells

Raleigh, North Carolina
February 15, 1984

Supplemental Inflation Adjusted Data (Unaudited)

The data, as reported in the primary financial statements, are based on actual, nominal, historical costs. However, during periods of significant changes in general price levels, that nominal dollar information becomes distorted and fails to reflect real economic costs or value. The conventional basis does not account for the event of inflation, i.e., variations over time in the purchasing power or value of the dollar. In an effort to provide financial information about the effects of changing price levels, the Financial Accounting Standards Board issued Statement No. 33, Financial Reporting and Changing Prices, in September 1979. This statement requires most larger companies to disclose (among other things) certain significant historical cost data in constant dollars represented by the average level during the year of the Consumer Price Index for all Urban Consumers (CPI-U) and current cost information concerning the measurement of assets and the expiration of asset values.

The **constant dollar** information on the following pages reflects the nominal historical costs and prices restated by applying the CPI-U in conformity with Statement No. 33.

The **current cost** information on the following pages reflects changes in specific prices of plant from the date the plant was acquired to the present and differs from constant dollar amounts to the extent that specific prices have increased more or less rapidly than prices in general. The current cost of property, plant and equipment, which includes land, land rights, intangible plant, property held for future use and construction-work-in progress, represents the estimated cost of replacing existing plant assets and was determined primarily by indexing the surviving plant by the Handy-Whitman Index of Public Utility Construction Costs. The current cost of nuclear fuel was determined by recent invoice prices. The current year's provision for depreciation and amortization was determined by applying the Company's depreciation and amortization rates to the indexed current cost amounts.

Under ratemaking practices established by regulatory commissions, the Company can recover through revenues only the original cost (historical cost/nominal dollars) depreciation. Therefore, the increase in the dollar amount for the cost of plant (stated in either historical cost/constant dollars or current cost) over the original cost is deemed not presently recoverable and, therefore, must be reflected as a "reduction in assets to net recoverable cost."

To further reflect the economics of regulation, the reduction in asset "cost" is offset to the extent that the plant is financed from sources that have a fixed, or contractural, rate of return and claim against assets of the Company. Under present ratemaking practices, the Company can recover through revenues the contractual rate of return for such capital and, therefore, is able to effectively recover the inflation impact (purchasing power gain or loss) on such capital to the extent reflected in the annual cost rate. Any holding gain associated with such capital (monetary liabilities) is therefore, not realizable and is an offset against the "reduction in assets to net recoverable cost." The treatment given herein to the holding gains on monetary liabilities recognizes that prices charged by the Company are designed to recover for such capital no more than any inflation costs factored into the contractual annual cost rate. Thus, the purchasing power adjustment to the tangible assets, which is not realizable and is written off, as well as the increased operating expenses, results in no financial loss to the owners of the Company (the common shareholders) to the extent of the leverage financing.

This information should be viewed as an estimate of the approximate effects of inflation, rather than a precise measure.

The statement of income, adjusted for changing prices reflects adjustments only with respect to electric utility plant—the area of the Company most affected by inflation. All other items are considered to have been effectively transacted at average 1983 price levels, and therefore, do not require adjustment.

Statement of Income from Continuing Operations Adjusted for Changing Prices for the Year Ended December 31, 1983

	As Reported in the Primary Statements	Constant Dollar Average 1983 Dollars	Current Cost Average 1983 Dollars
		(In Thousands)	
Operating revenues	$1,647,183	$1,647,183	$1,647,183
Operating expenses:			
Operation and maintenance:			
Fuel for generation	517,625	524,411	534,488
Other	440,522	440,522	440,522
Depreciation and amortization	148,342	251,059	257,747
Taxes other than on income	114,295	114,295	114,295
Income tax expense	162,443	162,443	162,443
Total operating expenses	1,383,227	1,492,730	1,509,495
Operating income	263,956	154,453	137,688
Other income—net	132,482	132,482	132,482
Income before interest charges	396,438	286,935	270,170
Net interest charges	157,169	157,169	157,169
Income from continuing operations (excluding reduction to net recoverable cost)	$ 239,269	$ 129,766*	$ 113,001
Other adjustments to reflect the effects of changing prices:			
Increase in specific prices (current cost) of property, plant and equipment held during the year**			$ 63,908
Increase (reduction) in assets to net recoverable cost		$ (48,233)	154,692
Effect of increase in general price level			(250,068)
Excess of increase in general price level over increase in specific prices after reduction to net recoverable cost			$ (31,468)
Adjustment for purchasing power loss by net monetary liabilities		$ 112,342	$ 112,342

*Including the reduction in assets to net recoverable cost, income from continuing operations would have been $81,533.

**At December 31, 1983 current cost of property, plant and equipment, net of accumulated depreciation was $6,798,429, while historical cost or net cost recoverable through depreciation was $4,571,206.

Five Year Comparison of Selected Financial Data
Adjusted for Effects of Changing Prices

	Year Ended December 31,				
	1983	1982	1981	1980	1979
	(In Millions of Average 1983 Dollars. Except for Per Share Amounts)				
Operating revenues	**$1,647.2**	$1,587.7	$1,471.9	$1,300.5	$1,270.8
Historical cost information adjusted for general inflation:					
Income from continuing operations (excluding reduction in assets to net recoverable cost)	**$ 129.8**	$ 120.5	$ 117.3	$ 92.4	$ 128.3
Income from continuing operations per common share (after preferred stock dividend requirements and excluding reduction in assets to net recoverable cost)	**$ 1.40**	$ 1.29	$ 1.34	$ 1.08	$ 2.20
Net assets at year-end at net recoverable cost	**$1,559.7**	$1,492.2	$1,446.7	$1,424.3	$1,356.6
Current cost information:					
Income from continuing operations (excluding reduction in assets to net recoverable cost)	**$ 113.0**	$ 102.2	$ 104.7	$ 79.7	$ 113.0
Income from continuing operations per common share (after preferred stock dividend requirements and excluding reduction in assets to net recoverable cost)	**$ 1.13**	$ 0.98	$ 1.10	$ 0.82	$ 1.82
Net assets at year-end at net recoverable cost	**$1,559.7**	$1,492.2	$1,446.7	$1,424.3	$1,356.6
General information:					
Adjustment for purchasing power loss by net monetary liabilities	**$ 112.3**	$ 116.9	$ 266.9	$ 368.4	$ 373.9
Cash dividends declared per common share	**$ 2.46**	$ 2.48	$ 2.54	2.66	$ 2.82
Market price per common share at year-end	**$ 21.63**	$ 21.94	$ 21.47	$ 20.94	$ 24.82
CPI-U—average	**298.4**	289.1	272.4	246.8	217.4
—year-end	**303.5**	292.4	281.5	258.4	229.9

Statistical Review Carolina Power & Light Company

(Dollars in Thousands except per share amounts)	1983	1982	1981	1980	1979	1978	1973
Balance Sheet Data (End of Period)							
Total Utility Plant other than Nuclear Plant	$5,340,078	$5,024,397	4,854,337	4,490,984	3,882,776	3,286,303	1,872,859
Construction Work in Progress	$1,697,551	1,994,906	1,854,177	1,616,513	1,327,311	896,126	588,760
Total Nuclear Fuel	$ 264,802	231,518	254,477	218,466	220,199	155,418	78,121
Net Utility Plant other than Nuclear Fuel	$4,455,828	4,232,384	4,136,537	3,863,576	3,320,598	2,802,044	1,645,214
Total Assets	$5,293,606	4,950,955	4,715,835	4,241,607	3,647,913	3,135,847	1,780,369
Capitalization							
Common stock and retained earnings	$1,586,441	1,462,165	1,364,692	1,233,368	1,045,150	985,774	531,297
Preference stock	47,900	47,900	47,900	47,900	47,900	47,900	
Preferred stock—Redemption not required	238,118	238,118	238,118	238,118	238,118	238,118	173,801
—Redemption required, net	214,785	214,743	214,700	175,100	100,000	50,000	50,000
First mortgage bonds, net[1]	1,719,744	1,674,449	1,574,425	1,564,400	1,411,613	1,222,527	832,548
Other long-term obligations[1]	211,928	281,375	355,023	149,067	96,077	133	50,253
Total	$4,018,916	3,918,750	3,794,858	3,407,953	2,938,858	2,544,452	1,637,899
Noncurrent Deferred Income Taxes	$ 531,201	389,731	421,289	307,626	263,074	220,174	38,594
Deferred Investment Tax Credits	174,112	180,700	92,207	120,776	129,040	105,141	10,755
Total	$ 705,313	570,431	513,496	428,402	392,114	325,315	49,349
Ratio of Accumulated Depreciation to Utility Plant in Service	% 24.4	26.3	24.0	21.9	22.1	20.3	17.7
Percent of Total Capitalization							
Common stock and retained earnings	39.5	37.3	36.0	36.2	35.6	38.7	32.4
Preference stock	1.2	1.2	1.3	1.4	1.6	1.9	
Preferred stock—Redemption not required	5.9	6.1	6.3	7.0	8.1	9.4	10.6
—Redemption required	5.3	5.5	5.6	5.1	3.4	1.9	3.1
First mortgage bonds, net[1]	42.8	42.7	41.5	45.9	48.0	48.1	50.8
Other long-term obligations[1]	5.3	7.2	9.3	4.4	3.3	—	3.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ratio of Bonds to Net Utility Plant Other than Nuclear Fuel	38.6	39.6	38.1	40.5	42.5	43.6	50.6
Summary Results of Operations							
Operating Revenues	$1,647,183	1,538,165	1,343,558	1,075,604	925,910	903,438	341,206
Operating Expenses							
Operation and maintenance	958,147	925,763	779,462	658,815	501,619	459,663	185,697
Depreciation and amortization	148,342	126,355	110,409	88,701	88,396	80,356	31,845
Taxes—other than on income	114,295	104,300	97,288	80,209	70,796	68,314	28,706
Income tax expense	162,443	133,622	118,996	75,693	94,642	124,888	21,268
Total operating expenses	1,383,227	1,290,040	1,106,155	903,418	755,453	733,221	267,516
Operating Income	263,956	248,125	237,403	172,186	170,457	170,217	73,690
AFUDC, Net of Deferred Income Taxes	126,757	141,618	130,937	113,398	80,785	53,173	38,093
Other Income—Income Tax Credit	31,078	38,472	35,846	35,417	22,113	13,237	10,477
Other Income (Deductions)—Net	6,477	13,919	8,593	4,366	1,858	4,203	393
Total Interest Charges	(188,999)	(214,987)	(209,182)	(163,979)	(121,969)	(98,087)	(56,654)
Net Income	239,269	227,147	203,597	161,388	153,244	142,743	65,999
Preferred and preference stock dividend requirements	44,605	44,605	42,660	34,641	28,263	26,926	13,017
Earnings for Common Stock	194,664	182,542	160,937	126,747	124,981	115,817	52,982
Dividends declared on common stock	150,423	138,878	123,578	104,865	84,066	71,511	32,691
Earnings Invested in the Business	$ 44,241	43,664	37,359	21,882	40,915	44,306	20,191
Earnings Per Share—Weighted Average	$ 3.21	3.17	3.06	2.73	3.06	3.10	2.58
Return on Average Common Stock Equity	% 12.77	12.91	12.61	11.09	12.30	12.93	11.35
Times Earned—Fixed charges[2]	2.89	2.55	2.42	2.31	2.79	3.39	2.34
—Fixed charges and preferred and preference dividend requirements[3]	2.14	1.95	1.87	1.80	2.10	2.34	1.85
Common Stock Data							
Shares Outstanding (000's)—Year-end	62,485	58,835	56,139	51,208	41,386	40,454	23,234
—Average	60,645	57,539	52,554	46,471	40,841	37,355	20,554
Book Value per Share at Year-end	25.35	24.81	24.26	24.02	25.19	24.30	22.87
Dividends Declared per Share	2.46	2.40	2.32	2.20	2.05	1.90	1.56
Payout percent	76.6	75.7	75.8	80.6	67.0	61.3	60.5
Number of Shareholders at Year-end	104,918	103,163	101,817	103,662	87,817	84,645	47,804

[1]Includes current maturities of long-term debt.

[2]For purposes of this ratio, earnings represent net income plus income taxes and fixed charges: fixed charges represent interest charges plus an imputed interest factor portion of rentals.

[3]For purposes of this ratio, earnings represent net income plus income taxes and fixed charges: dividends represent preferred and preference dividend requirements multiplied by the ratio that income before income taxes bears to net income.

Board of Directors
at January 1, 1984

Daniel D. Cameron, Sr.
President, Atlantic Telecasting Corporation
(a telecasting station)
Wilmington, N.C. (1970)

Felton J. Capel
President, Century Associates of North Carolina
(distributors of stainless steel cookware, china and crystal)
Southern Pines, N.C. (1972)

George H. V. Cecil
President, Biltmore Dairy Farms, Inc.
(dairy producers, processors and distributors)
Asheville, N.C. (1976)

Charles W. Coker, Jr.
President, Sonoco Products Company
(manufacturer of paper, paper products and plastics)
Hartsville, S.C. (1975)

William E. Graham, Jr.
Executive Vice President of the Company
Raleigh, N.C. (1980)

Margaret T. Harper
Owner, Stevens Agency
(an insurance agency)
Southport, N.C. (1975)

L. H. Harvin, Jr.
Chairman of the Executive Committee of Rose's Stores, Inc.
(retail stores)
Henderson, N.C. (1958)

Karl G. Hudson, Jr.
Executive Vice President and General Manager,
Hudson-Belk Company
(retail department store)
Raleigh, N.C. (1967)

Edward G. Lilly, Jr.
Executive Vice President and Chief Financial Officer
of the Company
Raleigh, N.C. (1971)

John G. Medlin, Jr.
President and Chief Executive Officer of the Wachovia
Corporation and Wachovia Bank & Trust Company, N.A.
Winston-Salem, N.C. (1982)

A.C. Monk, Jr.
Chairman of the Board, President and Chief Executive Officer,
A.C. Monk and Company, Inc.
(leaf tobacco processors and exporters)
Farmville, N.C. (1976)

Sherwood H. Smith, Jr.
Chairman/President and Chief Executive Officer of the Company
Raleigh, N.C. (1971)

Horace L. Tilghman, Jr.
Real Estate and Investments
Marion, S.C. (1961)

Edwin E. Utley
Executive Vice President and Chief Operating Officer
of the Company
Raleigh, N.C. (1982)

Committees of the Board

Executive Committee
Sherwood H. Smith, Jr., Chairman
William E. Graham, Jr.
Edward G. Lilly, Jr.
Edwin E. Utley

Personnel, Executive Development and Compensation Committee
Charles W. Coker, Jr., Chairman
Felton J. Capel
Margaret T. Harper
L. H. Harvin, Jr.
John G. Medlin, Jr.

Customer and Public Relations Committee
Daniel D. Cameron, Sr., Chairman
Felton J. Capel
George H. V. Cecil
Margaret T. Harper
Karl G. Hudson, Jr.

Forecasting, System Development and Finance Committee
Karl G. Hudson, Jr., Chairman
George H. V. Cecil
John G. Medlin, Jr.
A. C. Monk, Jr.
H. L. Tilghman, Jr.

Financial Audit and Corporate Performance Committee
L. H. Harvin, Jr., Chairman
Daniel D. Cameron, Sr.
Felton J. Capel
Charles W. Coker, Jr.
A. C. Monk, Jr.

Nominating Committee
H. L. Tilghman, Jr., Chairman
Daniel D. Cameron, Sr.
Charles W. Coker, Jr.
L. H. Harvin, Jr.
Karl G. Hudson, Jr.

	1983	1982	1981	1980	1979	1978	1973
Revenue (Thousands)							
Residential	$518,246	473,546	415,650	342,239	293,575	292,309	117,559
Commercial	325,468	302,453	250,107	195,436	171,715	166,867	65,647
Industrial	478,549	433,942	386,050	296,742	267,310	249,925	84,366
Government and Municipal	40,972	39,152	36,341	30,403	29,484	31,020	11,632
Sales for Resale	262,890	275,489	244,656	202,360	155,828	155,925	57,435
Miscellaneous Revenues	21,058	13,583	10,754	8,424	7,998	7,392	4,567
Total Operating Revenues	$1,647,183	1,538,165	1,343,558	1,075,604	925,910	903,438	341,206
Load Data							
Electric Energy Sales (Millions)							
Residential ... Kwh	8,010	7,647	7,746	7,870	7,195	7,208	5,937
Commercial	5,546	5,341	5,072	4,935	4,590	4,503	3,628
Industrial	10,210	9,520	9,968	9,791	9,609	9,013	7,885
Government and Municipal	768	753	823	864	917	963	922
Sales for Resale:							
Standard Rate Schedule:							
Power Agency Participants		1,129	2,593	2,561	2,363	2,334	1,869
Other	4,455	4,253	4,285	4,261	3,994	3,972	2,988
Power Agency contract requirements	1,896	1,840					
Other Special Contract							853
Total Electric Energy Sales	30,885	30,483	30,487	30,282	28,668	27,993	24,082
Company Uses, Losses and Unaccounted For	1,897	1,349	1,863	1,901	1,632	1,709	1,501
Total Energy Requirements ... Kwh	32,782	31,832	32,350	32,183	30,300	29,702	25,583
Electric Energy Supply (Millions):							
Generated—Steam—Fossil ... Kwh	23,799	23,079	22,372	22,299	18,336	14,591	19,875
Generated—Steam—Nuclear	7,775	6,876	9,344	8,955	10,802	13,891	3,764
Generated—Hydro	816	735	437	680	1,019	716	891
Generated—Other Fuel	35	23	117	224	146	294	113
Purchased and interchanged—Net	357	1,119	80	25	(3)	210	940
Total Energy Supply (Company Share) ... Kwh	32,782	31,832	32,350	32,183	30,300	29,702	25,583
Ownership Share to Power Agency	1,529[8]	361					
Total Combined System Energy Supply ... Kwh	34,311	32,193					
Peak Demand of Firm Load (000's):							
Total Combined System ... KW	6,926	6,602	6,402	6,139	5,907	5,605	4,923
Less Power Agency Portion	304[8]	-0-[4]					
Company Total Peak Demand	6,622	6,602	6,402	6,139	5,907	5,605	4,923
Less Sales to Power Agency and Participants	449	637					
Company Net Peak Demand ... KW	6,173	5,965	6,402	6,139	5,907	5,605	4,923
Total Capability at Year End[5] (000's):							
Fossil Fuel Plants ... KW	6,291	5,561	5,519	5,519	4,869	4,869	4,352
Nuclear Plants	2,245	2,245	2,245	2,245	2,245	2,245	715
Hydro Plants	214	214	214	214	214	214	214
Purchased	75	75	75	75	128	128	280
Total Combined System Capability	8,825	8,095					
Less Power Agency Owned Portion	494	262					
Add Capability Purchased From Power Agency	75						
Total Company Capability ... KW	8,406	7,833	8,053	8,053	7,456	7,456	5,561
Miscellaneous							
Customers at Year End							
Residential	680,581	660,850	647,491	632,209	617,393	601,947	535,607
Other	115,339	111,177	110,033	109,424	107,624	106,212	96,844
Total	795,920	772,027	757,524	741,633	725,017	708,159	632,451
Average Revenue Per KWH							
Residential ... Cents	6.47	6.19	5.37	4.35	4.08	4.06	1.98
Commercial	5.87	5.66	4.93	3.96	3.74	3.71	1.81
Industrial	4.69	4.56	3.87	3.03	2.78	2.77	1.07
Total Energy Sales	5.27	5.00	4.37	3.52	3.20	3.20	1.39
Residential							
Average Annual Energy Use ... Kwh	11,889	11,663	12,087	12,558	11,785	12,113	11,276
Average Annual Bill	$ 769.27	722.26	648.57	546.11	480.84	491.22	223.29
Average Annual Heat Rate—All Plants ... (BTU Per Net KWH)	10,494	10,472	10,684	10,456	10,322	10,542	10,016
Average Cost Per Million BTU[6]:							
All Fuels ... Cents	156.1	155.4	135.1	124.9	100.8	90.4	44.6
Nuclear Fuel	42.1	35.8	37.2	35.7	35.4	40.3	18.0
Annual Load Factor ... percent	56.6[7]	55.7[7]	57.7	59.7	58.6	60.5	59.9

[4]The 1982 peak occurred before Power Agency closing on April 21, 1982.
[5]Represents peak capability, based on summer peak conditions and assuming all units are available for operation.
[6]Does not reflect non-Company-owned portion of output from jointly owned generating units.
[7]Reflects demand and energy for Power Agency's portion of the joint facilities.
[8]Net of purchases by the Company from Power Agency.

fficers

anuary 1, 1984

wood H. Smith, Jr.
rman/President and Chief Executive Officer

iam E. Graham, Jr.
cutive Vice President

ard G. Lilly, Jr.
cutive Vice President and Chief Financial Officer

in E. Utley
cutive Vice President and Chief Operating Officer

rles D. Barham, Jr.
ior Vice President and General Counsel
oup Executive)

nes M. Davis, Jr.
ior Vice President
oup Executive)

n W. Eury
nior Vice President
roup Executive)

ssell H. Lee
nior Vice President
roup Executive)

A. McDuffie
nior Vice President
roup Executive)

ilson W. Morgan
enior Vice President
Group Executive)

muel Behrends, Jr.
ice President

ul S. Bradshaw
ice President & Controller

lan B. Cutter
ice President

. Thomas Dwyer, III
Vice President

Norris L. Edge
Vice President

Thomas S. Elleman
Vice President

B. J. Furr
Vice President

Cecil L. Goodnight
Vice President

P. W. Howe
Vice President

Richard E. Jones
Vice President

W. B. Kincaid
Vice President

Mendall H. Long
Vice President

Jack B. McGirt
Vice President

Bobby L. Montague
Vice President

Albert L. Morris, Jr.
Vice President

E. S. Noell
Vice President

Sheldon D. Smith
Vice President

Earl F. Stephenson
Vice President

R. A. Watson
Vice President

L. Thompson Quarles
Treasurer

J. L. Lancaster, Jr.
Secretary

Robert M. Williams
Assistant Secretary

Clifton D. Mann
Assistant Controller

E. Wilson Craig
Vice President-
Northern Division

E. Charles Dyson
Vice President-
Western Division

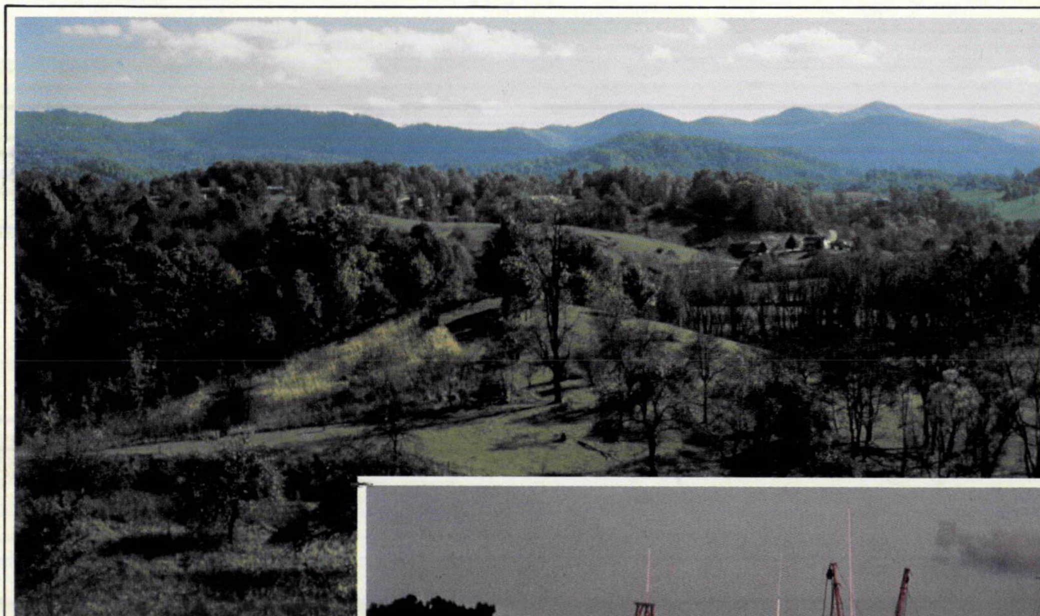
W. Burt Grant
Vice President-
Central Division

C. Joe Turner
Vice President-
Southern Division

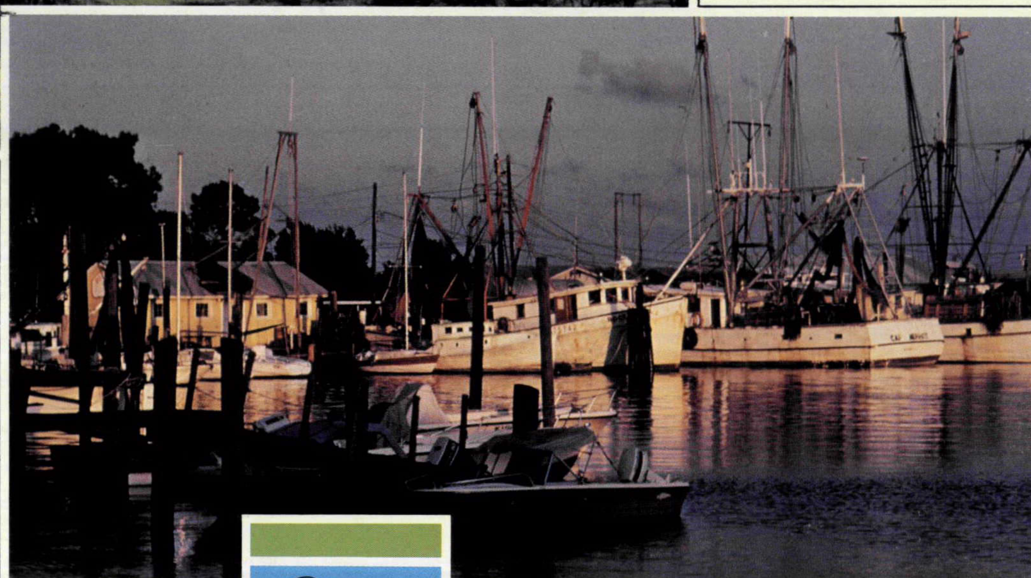
CP&L

Carolina Power & Light Company
P.O. Box 1551, Raleigh, N.C. 27602

ADDRESS CORRECTION REQUESTED



The Company's 30,000 square-mile service area stretches from the mountains to the sea.



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