

Carolina Power & Light Company

Raleigh, North Carolina 27602

NET EARNING CERTIFICATE

(Under Sections 7, 27, 28 and 121 of
Carolina Power & Light Company's
Mortgage and Deed of Trust)

5-14-75

The undersigned, Edward G. Lilly, Jr., and James S. Currie, being respectively the Senior Vice President-Finance of Carolina Power & Light Company (hereinafter called Company), the corporation that executed and delivered to Irving Trust Company and Frederick G. Herbst (D. W. May, successor), as Trustees, its Mortgage and Deed of Trust, dated as of May 1, 1940, as supplemented (hereinafter called Mortgage), and the Treasurer of the Company who is an accountant (the period covered by this Certificate not being a period covered by annual reports required to be filed by the Company within the purview of the fourth paragraph of Section 7 of the Mortgage), HEREBY CERTIFY as follows:

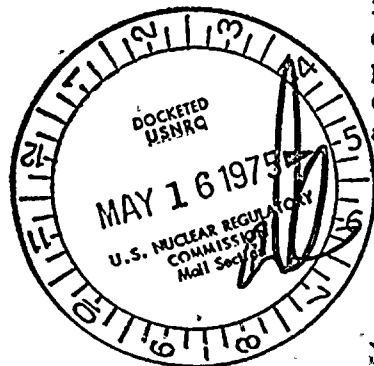
That the Net Earnings of the Company for a period of 12 consecutive calendar months within the 15 calendar months immediately preceding the first day of the month in which the application for the authentication and delivery under the Mortgage of bonds now applied for is made, viz: for the 12 consecutive calendar months ended February 28, 1975, were as follows:

- (1) Its operating revenues, with the principal divisions thereof:

Electric

\$ 511,744,562

- (2) Its operating expenses, with the principal divisions thereof, including, but without limitation, all expenses and accruals for repairs and maintenance and all appropriations out of income for property retirements not only in respect of the Mortgaged and Pledged Property but also in respect of all other property owned or held under lease and operated by the Company; (in lieu of including herein the amounts actually expended or accrued for repairs and maintenance of property owned by the Company and used in its electric utility business and the amounts actually appropriated out of income for retirement of such property, there has been included



50-400-403

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herein an amount equal to 15% of the Gross Operating Revenues, as defined in Section 7 of the Mortgage, for such period of 12 consecutive calendar months, after deducting from such amount equal to 15% of the Gross Operating Revenues, any amount thereof applicable to such period, or any part thereof, which is in excess of the amount the Company is permitted (by any regulatory authority having jurisdiction for the purpose) to include in operating expenses (in calculating the return on the Mortgaged and Pledged Property and on the automotive equipment used primarily in its electric utility business), or to charge against income, in either case for maintenance of and for provision for property retirement in respect of the Mortgaged and Pledged Property and automotive equipment used primarily in the electric utility business of the Company):

Power purchased	\$ 15,066,298
Production and transmission	241,198,593
Distribution	7,035,349
Customers	8,105,171
Sales promotion	1,390,504
Administration and general	20,818,545
Provision for uncollectible accounts	801,582
Elimination of provision for retirement of nuclear fuel assemblies used in the electric public utility business and charged to operating expenses	(8,713,462)
Elimination of portion of repairs and maintenance and of provision for retirement of automotive equipment used in the electric public utility business allocated from clearing account to operating expenses	(917,749)
An amount for expenses and accruals for repairs and maintenance of, and for appropriations out of income for retirement of, the property owned by the Company and used in its electric public utility business - calculated as set forth above (in lieu of the amounts actually expended or accrued for such repairs and maintenance or actually appropriated out of income for such purposes)	73,905,293
Appropriations out of income for retirement of all other property owned by the Company	
Expenses and accruals for repairs and maintenance of all other property owned by the Company	
Taxes other than income	43,760,121
Total such operating expenses	\$ 402,450,245

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|------|---|----|--------------------|
| (3) | The amount remaining after deducting item (2) from item (1) above | \$ | 109,294,317 |
| (4) | Its rental expenses for plants or systems not otherwise deducted herein from revenues or from other income | | None |
| (5) | The balance remaining after deducting item (4) from item (3) above | | 109,294,317 |
| (6) | Its rental revenues from plants or systems not otherwise included herein in revenues, or in other income (net) | | None |
| (7) | The sum of items (5) and (6) above | | 109,294,317 |
| (8) | Its other income: | | |
| | Allowance for Funds used during construction | \$ | 56,878,673 |
| | Other income (net) | | <u>782,552</u> |
| | | | <u>57,661,225</u> |
| (9) | The sum of items (7) and (8) above | \$ | 166,955,542 |
| (10) | The amount, if any, by which the aggregate of (a) such other income (net) and (b) that portion of the amount stated in item (7) above which, in the opinion of the signers, is directly derived from the operations of property (other than paving, grading and other improvements to, under or upon public highways, bridges, parks or other public properties of analogous character) not subject to the Lien of the Mortgage at the date hereof, exceeds 15% of item (9) above | | <u>32,617,894</u> |
| (11) | The Net Earnings of the Company for said period of 12 consecutive calendar months ended February 28, 1975, (being the amount remaining after deducting item (10) from item (9) above) | \$ | <u>134,337,648</u> |

(B) That the Annual Interest Requirements are as follows:

- (i) Interest requirements for 12 months upon all bonds outstanding under the Mortgage at the date hereof, except \$(None) principal amount for the refunding of which the bonds applied for are to be issued, viz:

Upon \$20,100,000 principal amount of First Mortgage Bonds, 3-1/8% Series due 1979	\$	628,125
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Upon \$43,930,000 principal amount of First Mortgage Bonds, 3-1/4% Series due 1979	\$ 1,427,725
Upon \$15,000,000 principal amount of First Mortgage Bonds, 2-7/8% Series due 1981	\$ 431,250
Upon \$20,000,000 principal amount of First Mortgage Bonds, 3-1/2% Series due 1982	\$ 700,000
Upon \$20,000,000 principal amount of First Mortgage Bonds, 4-1/8% Series due 1988	\$ 825,000
Upon \$25,000,000 principal amount of First Mortgage Bonds, 4-7/8% Series due 1990	\$ 1,218,750
Upon \$25,000,000 principal amount of First Mortgage Bonds, 4-1/2% Series due 1991	\$ 1,125,000
Upon \$30,000,000 principal amount of First Mortgage Bonds, 4-1/2% Series due 1994	\$ 1,350,000
Upon \$30,000,000 principal amount of First Mortgage Bonds, 5-1/8% Series due 1996	\$ 1,537,500
Upon \$40,000,000 principal amount of First Mortgage Bonds, 6-3/8% Series due 1997	\$ 2,550,000
Upon \$40,000,000 principal amount of First Mortgage Bonds, 6-7/8% Series due 1998	\$ 2,750,000
Upon \$40,000,000 principal amount of First Mortgage Bonds, 8-3/4% Series due January 1, 2000	\$ 3,500,000
Upon \$50,000,000 principal amount of First Mortgage Bonds, 8-3/4% Series due August 1, 2000	\$ 4,375,000
Upon \$65,000,000 principal amount of First Mortgage Bonds, 7-3/8% Series due January 1, 2001	\$ 4,793,750
Upon \$70,000,000 principal amount of First Mortgage Bonds, 7-3/4% Series due October 1, 2001	\$ 5,425,000
Upon \$100,000,000 principal amount of First Mortgage Bonds, 7-3/4% Series due May 1, 2002	\$ 7,750,000
Upon \$100,000,000 principal amount of First Mortgage Bonds, 7-3/4% Series due May 1, 2003	\$ 7,750,000

Upon \$100,000,000 principal amount of First
Mortgage Bonds, 8-1/8% Series due November 1,
2003 \$ 8,125,000

Upon \$125,000,000 principal amount of First
Mortgage Bonds, 9-3/4% Series due May 1, 2004 \$ 12,187,500

Upon \$50,000,000 principal amount of First
Mortgage Bonds, 11-1/8% Series due 1994 \$ 5,562,500

- (ii) Interest requirements for 12 months upon all bonds now applied for in pending applications, including the application in connection with which this certificate is made, viz:

Upon \$100,000,000 principal amount of First
Mortgage Bonds 11% Series due April 15, 1984 \$ 11,000,000

- (iii) Interest requirements for 12 months upon all Prior Lien Bonds which will be Outstanding immediately after the authentication of the bonds now applied for in pending applications, including the application in connection with which this certificate is made, viz:

(No such Prior Lien Bonds) \$ None

- (iv) Interest requirements for 12 months upon the principal amount of all other indebtedness (except indebtedness of \$(None) for purchase, payment or redemption of which moneys in the necessary amount have been deposited with or are held by the Corporate Trustee or the trustee or other holder of a lien prior to the Lien of the Mortgage with irrevocable direction so to apply the same; any notice required therefor having been given or having been provided for to the satisfaction of the Corporate Trustee), outstanding in the hands of the public on the date hereof and secured by lien prior or equal to the Lien of the Mortgage upon property of the Company subject to the Lien of the Mortgage, if said indebtedness has been assumed by the Company or if the Company customarily pays the interest upon the principal thereof, viz:

(No such indebtedness) \$ None

Total such Annual Interest Requirements \$ 85,012,100

- (C) That all computations made herein have been made in accordance with accepted principles of accounting:

- (D) That \$134,337,648 the Net Earnings of the Company for the 12 consecutive calendar months ended February 28, 1975, item (11) above, is in the aggregate (1) at least equivalent to twice \$85,012,100 such Annual Interest Requirements, item (B) above, or (2) at least equivalent to 10% of the aggregate principal amount of bonds and indebtedness upon which Annual Interest Requirements have been computed, item (B) above;
- (E) That the persons making this Certificate have read, as required by the provisions of Section 121 of said Mortgage, the covenants and conditions contained therein with respect to compliance with which this Certificate is made;

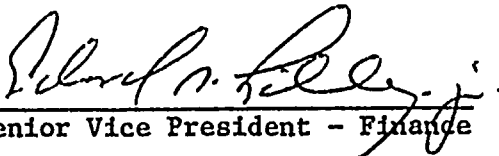
That the statements made in subdivisions (A) to (D) hereof, are based either on their own personal knowledge or on information, data and reports furnished to them by officers, counsel, department heads or employees of the Company who have knowledge of the facts involved applicable to the opinions expressed herein;


That in the opinion of the persons making this Certificate they have made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenants and conditions have been complied with; and

That in the opinion of the persons making this Certificate such conditions and covenants have been complied with.


The undersigned, being severally duly sworn in the State of North Carolina, County of Wake, each for himself deposes and says that said Edward G. Lilly, Jr., is the Senior Vice President-Finance of the Company and that said James S. Currie is the Treasurer of the Company; that he has read the statements made in this Certificate and that the same are true.

Dated this 1st day of May, 1975.


Senior Vice President - Finance


Treasurer

Subscribed and sworn to before me
this 1st day of May, 1975.


Notary Public
My Commission expires July 4, 1975

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