



News Release

Media Contact:
Melanie Forbrick
(727) 820-5023

FLORIDA POWER CORPORATION ANNOUNCES PLANS FOR NEW POWER PLANT

Proposed Hines 2 plant will increase reliability, reduce prices for FPC customers

St. Petersburg, FL -- October 20, 1998 -- Florida Power Corporation today filed plans with the state's Public Service Commission to accelerate the building of a second power generation unit at its Hines Energy Complex in Polk County. The unit will provide additional capability to meet the growing customer demand for electricity well into the next century. As part today's filing, the company has offered to absorb the construction costs for the new plant in its current customer rates.

The 500-megawatt Hines 2 plant will help meet the needs of the company's growing customer base in Florida by increasing reliability and generation capacity -- and its fuel efficiency will lead to lower energy prices for customers. Following the required regulatory approvals in 1999, construction of the plant will begin. The plant is expected to commence commercial operation in mid-2001. Once complete, the Hines 2 unit would be among the most reliable, efficient and cost-effective generating plants in the nation.

"This Hines 2 proposal is a major component of Florida Power's renewed commitments to its customers -- to be a leader in providing competitively priced, reliable energy and outstanding customer service," said Joe Richardson, president and CEO of Florida Power Corporation.

"We've anticipated Florida's growing energy needs for some time. That's why we designed the Hines site to accommodate up to 3,000 megawatts when fully developed over the next decade." The first unit at Hines, with a capacity of 500 megawatts, is scheduled for commercial operation later this year.

Richardson said events this past summer, when Florida Power exceeded its previous record summer peak demand on 30 separate days, highlighted the need for the company to increase the flexibility of its generating resources. In addition, the record-setting heat in June, the hottest month in the history of Florida, required the company to use its Energy Management Program beyond the practical limit of customer tolerance. "Building Hines 2 now will ensure that we have increased flexibility to respond to customer demand, and to utilize our industry-leading Energy Management Program at a level that balances the customer impact and the economic value of the program. There is no doubt that this is a win-win situation for our customers: They will enjoy reliable service at lower prices," he said.

Florida Power's proposal for a new power generation unit at Hines calls for construction of a state-of-the-art, combined-cycle turbine generating plant fueled by clean-burning natural gas. The new unit would be constructed adjacent to the Hines 1 plant that is nearing completion, at a site that has already undergone preliminary preparation. The co-location of the two plants means that Hines 2 would benefit from a variety of economies of scale, including the use of the existing staff at Hines 1 and the natural gas transmission facilities.

To expedite construction and planning, and further advance the timetable for placing this energy resource in service for customers, Florida Power proposed that the Public Service Commission (PSC) exercise its statutory authority to forgo bid requirements. PSC rules state that the Commission may forgo the requirement for utilities to solicit bids for new generating capacity if the proposal, like the one for the Hines 2 plant, would likely "result in lower-cost supply of electricity, increase the reliable supply of electricity or is otherwise in the public interest." Florida Power Corporation believes that its proposal for the Hines 2 plant meets these criteria.

Headquartered in St. Petersburg, Fla., Florida Power Corporation is one of the country's leading investor-owned electric

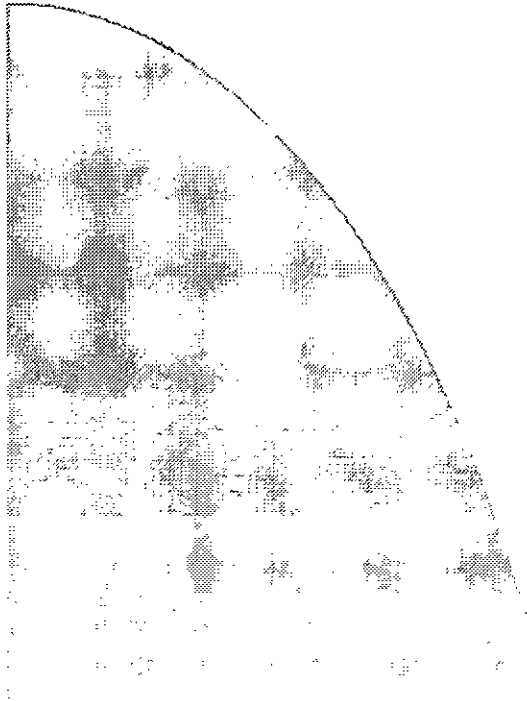
utilities. For nearly a century, Florida Power has provided electric service in central and northern Florida, and today is the energy provider to approximately 4.5 million people who live within the company's service area. Florida Power's dedication to growth through expanding customer relationships is reflected in three customer commitments: competitively priced energy, excellent reliability and outstanding customer service. Florida Power is the principal subsidiary of St. Petersburg-based Florida Progress Corporation (NYSE:FPC).

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Hines Energy Complex

Site certified for 3000 MW - January 1994



- **Power Block 1 - in service - November 1998**
- **Power Block 2 - in service - Mid-2001**
 - Supplemental Certification Application (SCA) filing - early 1999
 - Agency Reports - Summer 1999
 - Hearing - Fall 1999
 - Certification - Fall 1999
 - Commencement of Construction - Winter 1999
 - Natural gas-fired (dual fuel) combined cycle
 - Nominal output - 500 MW
- **Fuel**
 - Clean burning natural gas
- **Transmission**
 - Existing transmission in-place
- **Water**
 - Innovative use of stormwater management for water supply
- **Air**
 - State of the art control technology (BACT)
- **Land Use**
 - Consistent with Polk County Land Use/Zoning Plans

Meeting Attendance Record

Project: FPC - Hines

Date: 10/23/98

Subject: Phase II - Supplemental Application

Name	Affiliation & Address (including Zip Code)	Phone Number	Fax Number	SUNCOM No. or Internet address
Buck Owen	Siting Coord	850 487-0472	921-7250	Owen-h@ dep.state.fl.us
Carolyn Raeppe	HGSS/FPC	850 425-2346	850 224-8551	raeppec@ hgss.com
DOUG ROBERTS	HGSS/FPC	850/ 425-2320	" "	robertsd@ hgss.com
Manita Moultrie	Florida Power Corp.	813 826-4267	813 826-4216	Manita.Moultrie @FPC.COM
Karen Skinner	DEP Siting Coordination	850 487-0472	921-7250	skinnere-k @dep.state.fl.us
Al Linero	DEP/Bureau of Air Regulation	850 921-9527	850 922-6979	Linero-A@dep.state.fl.us

Date: 10/21/98 11:08:15 AM
From: Hamilton Buck Oven TAL
Subject: New Power Plant Activity
To: See Below

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Florida Power Corp will meet with us on Friday to discuss submission of an application for expansion of the Hines Energy Center in Polk County. Application to be filed in early December.

Seminole Electric Co-op has decided to file an amended application for larger Combustion Turbines (CT's) at Hardee. They expect to file the Amendment/Modification/PSD Amendment in late December or early January.

These are both to be natural gas fired projects. Also gas fired is a proposal to put 5 - 225 MW CT's near Rockledge. This would be a non PPSA project

To: Alvaro Linero TAL
To: Clair Fancy TAL
To: Richard Garrity TPA
To: Bill Thomas TPA
To: Steven Palmer TAL
To: James Bottcne TAL
To: Scott Goorland TAL
CC: Mollie Palmer TAL
CC: Kirby Green TAL

Clair/Howard - I attended meeting on Friday. Attached is list of attendees. I passed out attached table of recent BACT determinations. I committed to very fast turn-around if project proposes 9 ppm by DLN or 6 ppm by SCR. I informed them of EPA's position on delegation/approved status of PSD for Siting projects.

I gave them a rundown on recent Westinghouse projects at Empire District, Missouri, Kathleen, GA and Gray's Ferry, PA. Encouraged them to come in with a good application that we can quickly approve.

Al Linero 10/23

APPENDIX BD
BEST AVAILABLE CONTROL TECHNOLOGY DETERMINATION (BACT)

DETERMINATIONS BY EPA AND STATES:

The following table is a sample of information on recent limitations set or proposed by EPA and the States for comparable stationary gas turbines.

Project Location	Power Output and Duty	NO _x Limit ppm @ 15% O ₂ and Fuel	Technology	Comments
Lakeland, FL	350 MW CC CON	9/9/7.5 - NG 42/15/15 - No. 2 FO	DLN/HSCR/SCR WI/HSCR/SCR	230 MW WH 501G CT Initially 250 MW simple cycle and 25 ppm NO _x limit on gas
Mid-GA Cogen	308 MW CC CON	9 - NG 20 - No. 2 FO	DLN & SCR	2x119 MW WH 501D5A CTs
DRAFT Fort Myers, FL	1500 MW CC CON	9 - NG	DLN	6x170 MW GE MS7241FA CTs Draft Permit, Non-BACT
DRAFT Santa Rosa, FL	241 MW CC CON	9 - NG (CT) 9.8/6/6 (CT&DB)	DLN DLN/SCR/SNCR	GE PG7241FA CT. 6 ppm by SCR/SNCR if DLN fails
Hines Polk, FL	485 MW CC CON	12 - NG 42 - No. 2 FO	DLN WI	2x165 MW WH 501FC CTs Installed temporary SCR system
Tallahassee, FL	260 MW CC CON	12 - NG 42 - No. 2 FO	DLN WI	160 MW GE MS7231FA CT DLN guarantee is 9 ppm
Eco-Electrica, PR	461 MW CC CON	7 - NG 9 - LPG, No. 2 FO	DLN & SCR	2x160 MW WH 501F CTs
Sithe/IPP, NY	1012 MW CC CON	4.5 - NG	DLN & SCR	4 x160 MW GE 7FA CTs
Hermiston, OR	474 MW CC CON	4.5 - NG	SCR	2x160 MW GE 7FA CTs
Barry, AL	800 MW CC CON	3.5 - NG (CT&DB)	DLN & SCR	3x170 MW GE 7FA CTs

CC = Combined Cycle CON = Continuous DLN = Dry Low NO_x Combustion GE = General Electric
 DB = Duct Burner HSCR = Hot SCR SCR = Selective Catalytic Reduction WH = Westinghouse
 NG = Natural Gas FO = Fuel Oil LPG = Liquefied Propane Gas ABB = Asea Brown Bovari
 CT = Combustion Turbine ISO = 59°F WI = Water or Steam Injection ppm = parts per million
 SNCR = Selective Non-catalytic Reduction Factors in Common with Duke New Smyrna Project are bolded.

Project Location	CO - ppm (or lb/mmBtu)	VOC - ppm (or lb/mmBtu)	PM - lb/mmBtu (or gr/dscf or lb/hr)	Technology and Comments
Lakeland, FL	25 - NG or 10 by Ox Cat 75 - FO @ 15% O ₂	4 - NG 10 - FO	10% Opacity	Clean Fuels Good Combustion
Mid-GA Cogen,	10 - NG 30 - FO	6 - NG 30 - FO	18 lb/hr - NG 55 lb/hr - FO	Clean Fuels Good Combustion
DRAFT Fort Myers, FL	12 - NG @15% O ₂	1.4 - NG	10% Opacity	Clean Fuels Good Combustion
DRAFT Santa Rosa, FL	9 - NG (CT) 24 - NG (CT&DB)	1.4 - NG (CT) 8 - NG (CT&DB)	10% Opacity	Clean Fuels Good Combustion
Hines Polk, FL	25 - NG 30 - FO	7 - NG 7 - FO	0.006 - NG 0.01 - FO	Clean Fuels Good Combustion
Tallahassee, FL	25 - NG 90 - FO			Clean Fuels Good Combustion
Eco-Electrica, PR	33 - NG/LPG @15% O ₂ 33 - FO @15% O ₂	1.5/2.5 - NG/LPG 6 - FO	0.0053 - NG/LPG 0.0390 - FO	Clean Fuels Good Combustion
Sithe/IPP, NY	13 - NG		10% Opacity	Clean Fuels Good Combustion
Hermiston, OR	15 - NG			Clean Fuels Good Combustion
Barry, AL	0.034 lb/mmBtu - NG/CT 0.057 lb/mmBtu - CT/DB	0.015 lb/mmBtu After CT and DB	0.011 lb/mmBtu - CT/DB 10% Opacity	Gas Only Good Combustion

HINES UNIT 2
SUPPLEMENTAL APPLICATION SCHEDULE
(300 DAYS)

Action

- 0 FPC files SCA and **PSD** permit
- 15 SCA completeness determination by FDEP
- 21 SCA distributed
 - 30 **PSD** Completeness Determination by FDEP
- 45 Initial sufficiency determination by FDEP
 - 60 FPC **PSD** Completeness Response
- 70 Deadline for sufficiency response by FPC
 - 90 **PSD** found complete by FDEP
- 100 SCA found sufficient by FDEP
- 145 Agencies submit agency reports to FDEP
 - 150 FDEP issues **PSD** preliminary determination
 - 160 Notice of **PSD** determination
- 190 Notice of certification hearing
- 190 FDEP issues written analysis, including **PSD** determination
- 220 ALJ conducts certification hearing in Polk County, combined with **PSD** if needed.
- 250 ALJ issues recommended order
- 300 Siting Board grants certification (45 days after RO issued)
- 330 FDEP issues **PSD** permit