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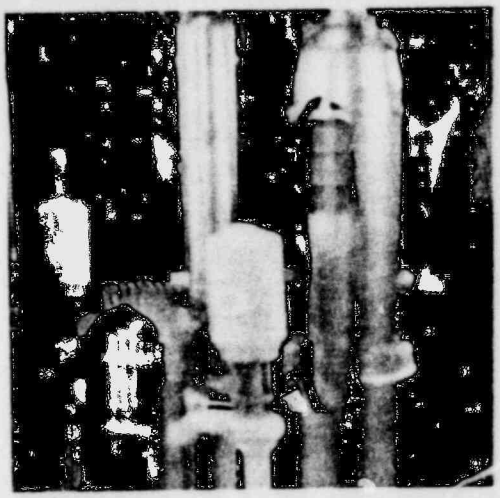

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FLORIDA POWER CORPORATION

1968 annual report

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FLORIDA POWER CORPORATION

1968 annual report

Our Philosophy

Florida Power believes it has a basic obligation to help build better communities in our service area while earning a fair return for shareholders and providing service at the lowest possible cost. Pictured on the cover and elsewhere in this report are some of the people-centered programs we have established to help create a better environment for living and doing business.

ANNUAL MEETING

The annual meeting of the common stockholders will be held at the Coliseum, 535 Fourth Avenue North, in St. Petersburg, on Thursday, March 27, 1969, at 11:00 a.m., Eastern Standard Time. In connection with this meeting, proxies will be solicited by the management of the Company. A notice of the meeting, together with a proxy statement and a form of proxy, will be mailed to shareholders on or about February 24, 1969.

Florida Power Corporation
Street Address: 101 Fifth Street South
Mailing Address: P.O. Box 14042
St. Petersburg, Florida 33733

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HIGHLIGHTS OF 1968

A Year of Records	1968	1967
Operating Revenues Increased $16.5—Despite Largest Rate Cuts in the Company's History	$182,430,464	$171,970,[illegible]
Outstanding Revenue Bonds—Increased 10.6%	$ 97,927,000	$ 87,613,[illegible]
Earnings Per Share on Average Equity 14%—10.6%	$2.53	$2.27
Earnings on Common Stock Increased—Up 6.6 Times Common Stock Net	$1.46	$1.38
Construction Expenditures—Also all Time High	$ 49,217,[illegible]	$ 47,[illegible]
Sales of Gas to 18,[illegible] 177%—Highest Percentage Increase Since 1951	[illegible] Million KWH	[illegible] Million KWH
Average Customers Served Directly Increased 21,184—An all Time Record	198,270	189,086
Average Residential Use Increased 165 KWH—The Largest KWH Increase Ever	7,[illegible] KWH	6,[illegible] KWH
Average Residential Revenue Per KWH Decreased 30%—The Largest Decrease in 20 years	2.416 per KWH	2.[illegible] per KWH
Peak Demand Increased 20 MW—The Largest Increase in the Company's History	1,[illegible] KW	1,[illegible] KW
Employees Decreased—For the First Time Since World War II	2,456	2,[illegible]

PRESIDENT'S LETTER

To Our Shareholders . . .
A Summary of Operations

People.

Shareholders, employees, customers . . . people in all walks of life. It takes all of these to make a good annual report, and we strive never to forget this most basic truth.

This policy of meeting our business goals, by concentrating on people's needs, has resulted in improved profitability as well as a meaningful contribution to our community.

In 1968 . . . we increased our cash dividend for the 16th straight year . . . yet decreased the cost of electricity to our customers by over $5 million annually . . . and made significant contributions in manpower and funds for the betterment of both the human and physical aspects of the area we serve.

Earnings available for common stock were increased 10.6%; and the common stock dividend was increased from $1.44 per share, annually, to $1.52 per share.

This record is the result of efficient cost control, aggressive sales programs, and favorable weather conditions.

We are succeeding, despite severe inflationary pressures, in a determined drive to hold down our costs. Today, even though we are serving more customers than ever before and our facilities have greatly increased, we have kept our number of employees at a reasonably static level. In fact, we had 2,486 employees as of December 31, 1968—less than a year ago when the number was 2,512.

Although we have kept close control of our costs, we have continued to meet two objectives: increase sales and revenues, and expand and improve our facilities to serve Florida's growth.

Sales of kilowatt-hours increased 15.7% over 1967 and our average number of customers increased 5.7%, the greatest percentage gain since 1960.

During the next five years, 1969-1973, we plan to spend $400 million for construction. This program is an outgrowth of our practice to be prepared to meet people's needs for electricity when, where, and how they need it. To meet the challenge, both technological and social, we have taken several steps.

We are underway on an 850,000-kw nuclear power plant, and a 500,000-volt transmission system which will be the first in the State of Florida. When the nuclear power facilities go into operation in 1972 at the Crystal River Plant, this plant will then have a generating capability of 1,750,000 kilowatts of electric power . . . greater than our entire 9-plant system today.

Realizing our business can be only as healthy as the area we serve, we have taken steps to improve the overall environment. In cooperation with the National Alliance of Businessmen, we started a program for hiring and training the disadvantaged unemployed. Also, we have three separate departments, each staffed with specialists, which are responsible for community development, industrial development, and rural development. This effort is supplemented by sponsorship of various civic programs embracing youth development, the arts, and other community development activities.

In summary, 1968 was a productive year in meeting our objective of improving the communities in our service area while serving the needs of our shareholders, employees, and customers.

For the Board of Directors,

A. P. Perez

A. P. Perez
President

February 19, 1969

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Financial

In 1968, earnings per common share amounted to $2.51, an increase of 24¢ over the $2.27 earned in 1967. This increase was accomplished despite two rate reductions which reduced revenue $3.4 million during 1968, and the imposition of the Federal surtax which amounted to $1.7 million.

On December 20, the common stock dividend was increased for the 16th consecutive year—from $1.44 per share, on an annual basis, to $1.52 per share.

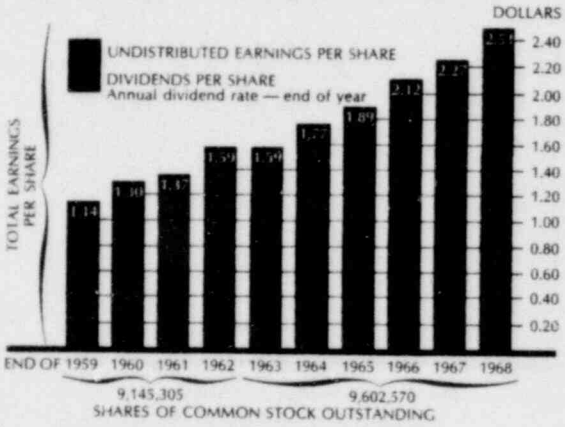
At the beginning of 1968, we owed bank loans in the amount of $2.8 million. This money had been borrowed for new construction during the year 1967. To finance the 1968 construction program, which was $69.3 million, we again resorted to short-term borrowing and increased our bank loans to $30 million. In November, $30 million of 7% first mortgage bonds were sold at a cost to the Company of 6.88%. This was the highest rate in our history. However, in subsequent months, interest rates climbed even higher and yields on similar bonds of other companies exceeded 7%. The proceeds of the bonds were used to pay the bank loans. At the end of the year, it was necessary to borrow $12 million from the banks to complete the construction program.

During the next five years, the Company expects to spend approximately $400 million on construction: $70 million in 1969, $63 million in 1970, $99 million in 1971, and the balance in 1972 and 1973. To finance the 1969 construction, we will continue to use short-term bank loans and commercial paper until the summer of 1969. Then we tentatively plan to sell $40 million of first mortgage bonds. Proceeds of this issue will be used to pay off outstanding notes. Additional funds needed for the 1969 construction program will come from cash generated from operations, additional bank loans, and commercial paper.

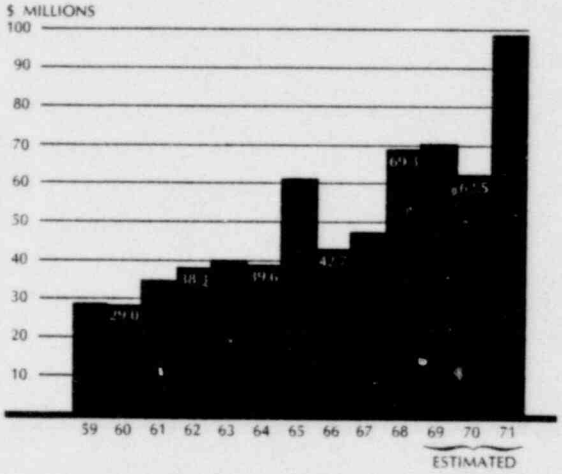
We have purchased $4,136,000 in first mortgage bonds to meet sinking fund requirements due March 31, 1969. The poor bond market during the time of these purchases enabled us to purchase the bonds in the open market at the lowest prices we have ever paid for sinking fund bonds. This resulted in profits of approximately $670,000.

In 1968, plans were initiated for the development of a "Corporate Model," which is one of the more sophisticated business tools for financial planning. Through the use of computers, it will allow us to test, theoretically, our short and long-range plans against projected results. This model will help refine our

COMMON STOCK
Per Share Earnings & Dividends
Number of Shares Outstanding at End of Year



GROSS CONSTRUCTION EXPENDITURES



At Florida Power . . . Everything Begins and Ends with People

Our effort to create a better business environment by creating better living conditions for the people we serve has taken many forms. Classes in cooking for Girl Scouts (shown opposite) is one example. Other efforts include the sponsorship of a Junior Achievement Company in which high school students learn about free enterprise by forming and operating their own business.

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management techniques by providing more information on a timely basis to aid our decision making.

A significant personnel addition in the treasury department was the election of Jerry H. Joyce as assistant secretary and assistant treasurer. A certified public accountant, Mr. Joyce holds a masters degree in accounting. Prior to joining Florida Power he was a senior accountant with our auditors, Arthur Andersen & Co., where he performed auditing work for public utilities.

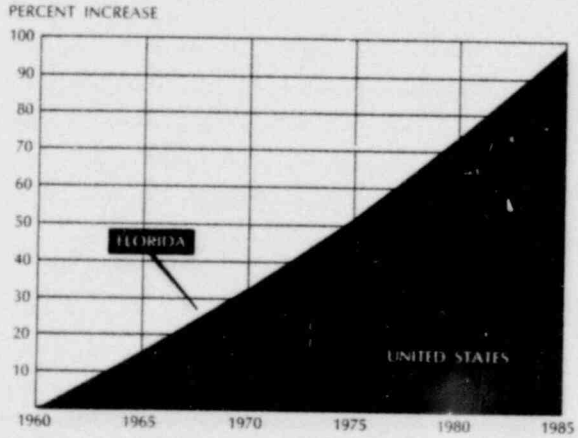
Significant Economic Trends

By most any measurement, Florida's growth potential—and hence that of Florida Power Corporation—is very promising. Now the 9th largest state in population, Florida was the fastest-growing large state in the nation during the period 1960-1968.

The economy of Florida is underbased firmly with four strong economic supports that now provide a kind of balance and stability few other states enjoy.

New Residents: Since 1960 Florida's population has increased over 1,250,000, and is now gaining 10,000 new permanent residents per month. Its population, now estimated at 6,200,000, is projected to be 7,500,000 in 1975 and 8,650,000 in 1980.

POPULATION PROJECTIONS
Florida / United States



Source: U.S. Bureau of Census

Retirees: The thousands of retirees who now live in Florida have made our state strongly "depression resistant." They bring with them substantial incomes from pension funds, investments, Social Security, and the like—plus, in most cases, their entire life's savings. It is estimated there were 840,000 people in Florida in 1968 receiving Social Security checks. This was an increase of 21% since 1965.

Tourists: Over 21-million tourists visited Florida in 1968. Their total expenditures were about $5.5 billion.

Industry: Florida's rate of industrial growth has been among the largest of any state in the last ten years. New businesses incorporated in Florida in 1968 numbered 14,000, which was topped only by California and New Jersey. Employment in manufacturing has increased from 199,200 in 1958 to an estimated 297,500 in 1968. This gain of almost 50% compares to a gain of 23.6% for the United States.

Agriculture: Value of sales of agricultural products in 1968 was about $1.3 billion. This was an increase of 75% since 1958 and up $208 million since 1967. The largest percentage of these sales came from livestock, vegetables, and fruits, totaling $329 million, $236 million, and $288 million, respectively. Florida is the nation's largest citrus producer, as well as the largest producer of fresh winter vegetables.

Construction continued on two of Florida's most significant economic developments, both in our service area. They are the Cross-Florida Barge Canal which will link the Atlantic Ocean and the Gulf of Mexico, and Walt Disney World due to be in operation in 1971.

Walt Disney Productions is investing approximately $600 million in their venture. It is expected to generate $6.6 billion in benefits for the State of Florida during the first ten years of operation.

This great growth trend of Florida is reflected

Business is Booming as New Building Goes On and On

Throughout our service area, which is one of the fastest-growing areas in booming Florida, new construction of all types is rising daily. An example is this beautiful Point Brittany apartment complex now going up on Bayway Isles in St. Petersburg. To enhance such growth in our service area, we have a large group of trained specialists who help builders, architects, and engineers realize the many benefits of electricity.

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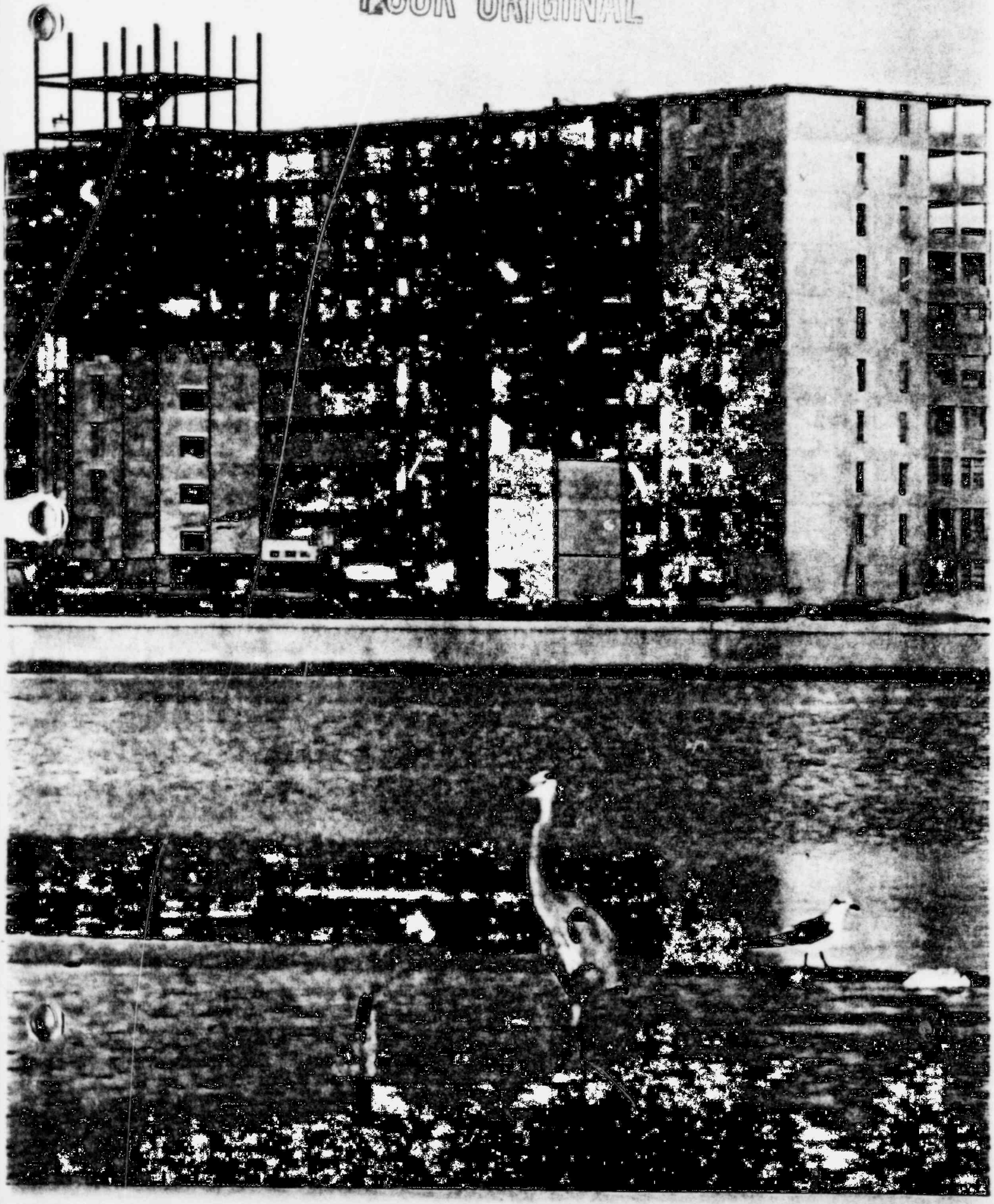


even more sharply in our service area. It is estimated that, in the next seven years, the population of our 32-county system will grow approximately 25%, compared to 22% for the State of Florida and 12% for the entire United States.

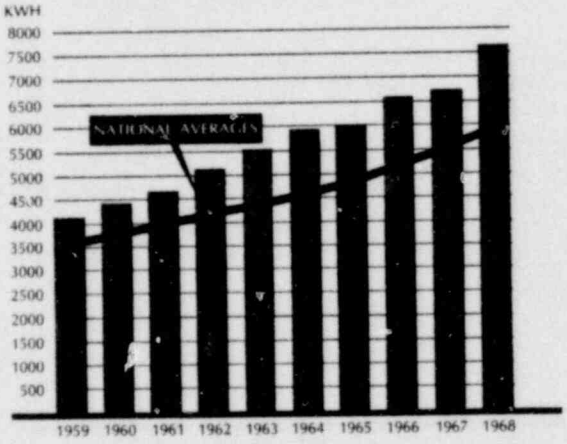
Customer Operations

The forward momentum of a company is often measured by its sales record.

Here, the facts speak for themselves in our effort to keep pace with Florida's growth, and to take a leadership role in making it grow.

Residential revenue increased 12.4% over 1967, commercial revenue rose 8.1%, and industrial revenues were up 7.0%.

AVERAGE ANNUAL KWH SALES
PER RESIDENTIAL CUSTOMER



Sales of kilowatt-hours increased to an all-time high in all categories. The 1968 total was 7,036,900,000, an increase of 15.7% over 1967. Our average annual residential kwh usage had the largest increase ever, 949 kwh. It is now 7,688 per customer. This compares to the national average of 6,040 per customer. This rise in company sales was also shown in our average customer count. It has surpassed all previous levels and is now 390,230, an increase of 21,184, or 5.7% over last year.

An added thrust to our sales effort was a promotional feature built into our residential rates which went into effect June 1. There is a special step in the rate allowing customers with electric water heaters a limited number of kilowatt-hours at a lower rate. For example, a customer with an electric water heater, using 500 kilowatt-hours of electricity a month, will save approximately 81 cents a month under the new rates . . . whereas those who have flame-type water heaters will save only 37 cents. Today, 74% of our customers heat water electrically.

The large growth of revenue, customers, and kilowatt-hours is the result of favorable weather, an expanding economy, and our own ability to stimulate the growth of our area.

Our sales development effort is implemented through the following departments:

- a market research department which helps pinpoint demand potential for various electrical products;
- an industrial development department which works full-time telling out-of-state industries why they should settle in Florida and how we can help them;
- a community development department which is staffed by specialists whose job is to help people help their towns to grow and improve;
- a residential sales department which works closely with residents in pointing out the myriad of ways they can live better electrically;
- a commercial sales department which specializes in planning entire electrical systems for business and industry;
- a home service department, staffed with specially trained women, who conduct demonstrations in homes, schools, and on TV showing helpful and economical uses of electricity in the home.

This entire program is supplemented by 41 offices located over our 32-county service

Management Training in Action

To help our managers gain insight into themselves . . . so that they in turn can better understand others . . . a modern videotape unit is used here for self-analyzation of voice control, appearance, and other behavior mannerisms. Such seminars as this keep Florida Power abreast of the latest human relations techniques and equipment technology.

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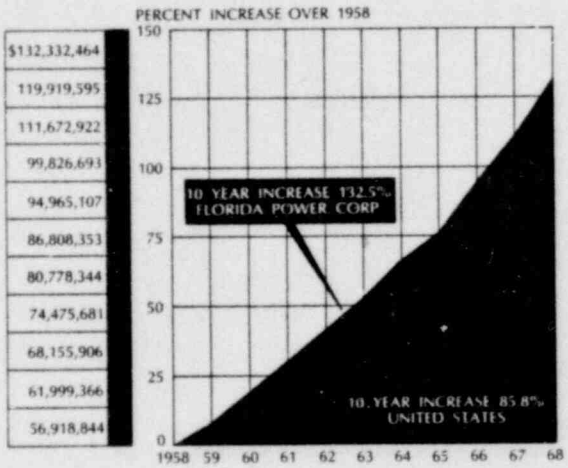
area. Also, we have promotion departments which prepare materials about the benefits of electricity.

Some of the highlights of 1968 in this sales effort—and the resultant sales records—are as follows.

Promotion of year-round comfort conditioning resulted in added revenues and excellent load balance. Cooling load added this year was 25% greater than that added last year. The heating load added was 30% greater than that added last year. We now have a better balance of heating and cooling load. This improves the utilization of our system capacity.

TOTAL ELECTRIC OPERATING REVENUES



This load balance has resulted, during the past year, in a winter peak of 1,388,000 kw on March 1, exceeded by a following summer peak of 1,487,000 kw on August 22. This was exceeded by a new winter peak of 1,551,000 kw on December 16.

We certified the 50,000th residence as a Medallion Home . . . that is, those homes which are either totally electric (a Gold Medallion) or predominately electric (a Bronze Medallion).

Over 80% of all new commercial customers added in 1968 were all-electric. Two large and completely new shopping centers—one in St. Petersburg, another in Clearwater—were connected, both having totally enclosed air-conditioned malls. The majority of supermarkets have gone all-electric. The same is true for the expanding educational and medical facilities. In Crossroads Shopping Center, one of the largest in St. Petersburg, a large all-electric Sears Store has been built. Also, almost all new school construction in our service area in 1968 was electrically air-conditioned.

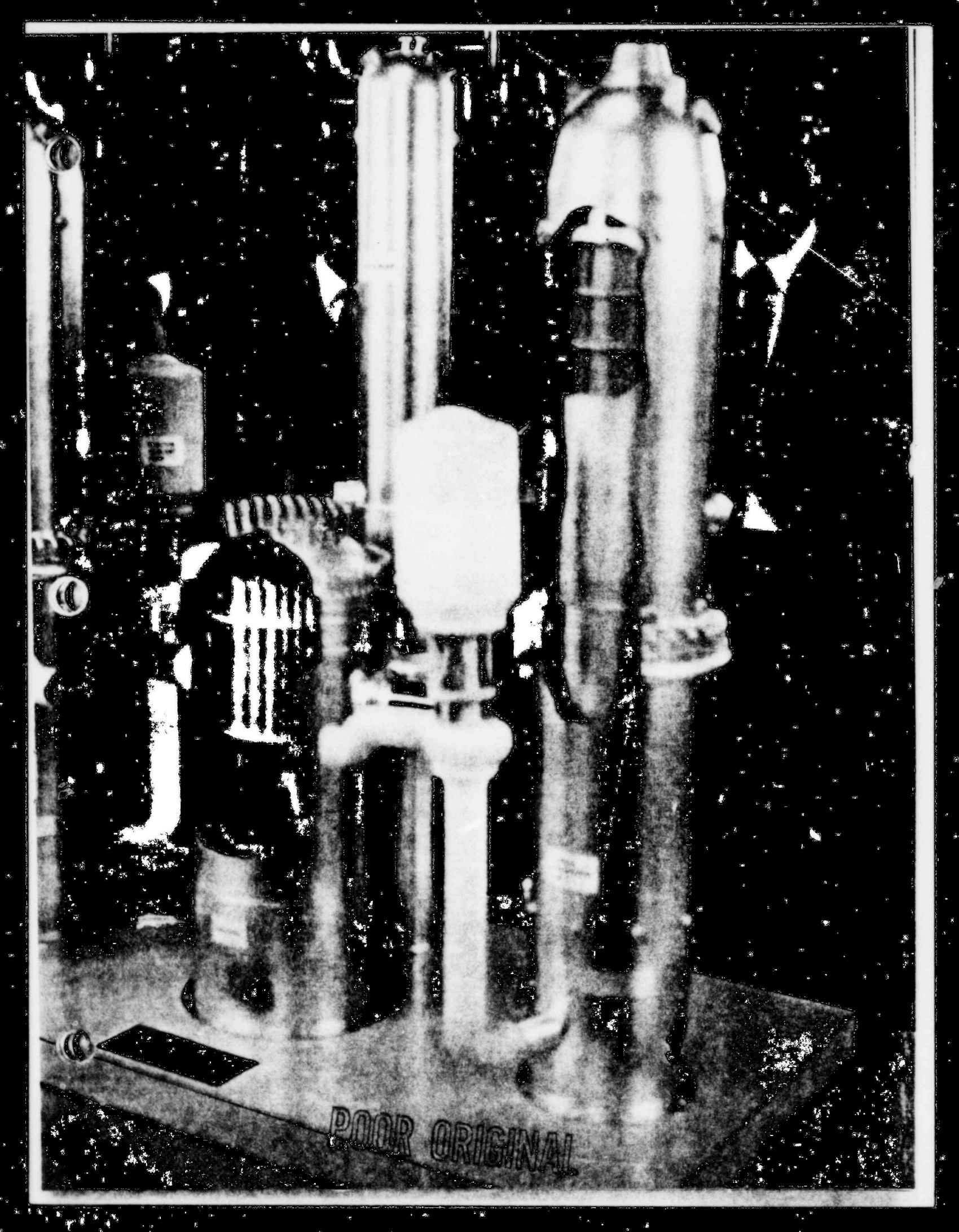
Large loads have been added by major expansions of such industries as USS Agri-Chemicals, Inc., International Minerals & Chemical Corporation, Swift & Company, Occidental Corporation, Dynatronics Division of General Dynamics, General Electric, Honeywell, and Electronic Communications.

Early in 1968 the Florida phosphate industry began experiencing a softening of their market. This was brought about primarily by over expansion in production capacity, increased competition in both the domestic and foreign markets, new technology, high cost of money, and a very close profit margin. The most apparent effect has been felt by the chemical complexes of the phosphate industry. The mining and processing plants have experienced a lesser effect. Due to Florida Power serving a greater percentage of mining and processing plants than chemical complexes, the phosphate industry's retrenching had relatively little effect on the Company's growth of sales and revenues in this area. In fact, the Company's KWH sales and revenue from the phosphate industry increased over 10% during 1968. The main reason for this was that 40,000 kw in new phosphate load was added.

Major new businesses added are Olin Mathieson's ball powder plant near Tallahassee; Smith Industries-North America, Ltd., a precision aircraft and automotive instrument manufacturer; and regional insurance offices for such firms as Lumbermens Mutual, The Hartford Group, Western Reserve, Foremost, Michigan Mutual, and the Continental National American Group.

Training for Tomorrow's World Today in Our Nuclear Training School

Here, in action, is a class in our 52-week nuclear training school, where 150 of our employees are enrolled to handle the Company's nuclear power facilities to be completed in 1972. Such advanced technology strengthens our ability to serve Florida's growth and helps to offset the effects of inflationary pressures on electric rates.



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Although our sales of electricity are large—and growing larger—Florida Power Corporation considers much more than just getting power to the user. The aesthetics of the service play a big part, too. Now many electrical facilities are concealed underground. This helps to preserve the natural surroundings of the neighborhood and maximizes the use of land space for the owners.

The only franchise renewal which occurred in 1968 was with Haines City. It was renewed for 20 years after satisfactory negotiations with city officials.

Florida Power, realizing electricity is a basic necessity of life, is geared in manpower and facilities to maintain high-quality service. A challenge occurred, and was met successfully, on October 19 when Hurricane Gladys struck our service area. Although the great force of this hurricane spread damage throughout our service area, we were prepared to handle the situation. Only 20% of our customers had power interruptions. And 95% of these had power restored within 24 hours. This is the result of having high-quality equipment, a good maintenance program that keeps the equipment in top running order, and an alert emergency program that enables us to repair equipment in a hurry when trouble strikes.

Engineering Operations

During the 5-year period 1969-1973 we expect to spend $400-million on construction aimed at providing needed power facilities.

This program, the largest in the Company's history, will strengthen Florida's ability to attract new residents and industry. It assures electric service for people when needed and of the quality they need. It brings meaning, in the most real sense, to our slogan, "The Power to Please."

New facilities under construction at our Crystal River Plant include a second fossil unit and a nuclear unit. At a location not yet determined, we have planned the installation of another fossil-fired unit. A gas-turbine peaking generator will be installed at the Higgins Plant in 1969. The projected construction also includes extensive expansion of transmission and distribution facilities.

A 850,000-kilowatt nuclear-fueled generating unit is planned for completion at our Crystal River Plant in 1972. As the third unit at this plant, it will supplement the two fossil-fired units, the first of which went into operation in 1966 and generates 387,000 kilowatts.

Unit 2, of 510,000-kw capacity, is scheduled for operation at the end of this year. The total generating capability of this plant, when all three units are in service, will be 1,750,000 kilowatts. Such continued application of the most advanced technology helps us to offset the effects of inflationary pressures on electric rates.

Also, we plan to build a new headquarters complex that will allow us to consolidate our facilities. Last year, we were considering building in a development to be known as the Bayfront Plaza. When this plan was discontinued by the developers, we carefully considered other building sites. A site has been selected in St. Petersburg and construction should start in 1969.

Another highlight in your company's growth is the commitment to build a 500,000-volt transmission system. It will be the first of its kind in the State of Florida. This extra-high voltage (EHV) system will eliminate the need to build what would otherwise be a "forest of poles and wires."

Recognized as a major step to assure adequate power for Florida's great growth, the 500,000-kv system will originate at the Crystal River Plant. It will extend a total of 130 miles, south to our Suncoast division and east into our Winter Park area.

Equally as significant as the engineering involved in this far-reaching program are the techniques of modern management that have been applied in the planning. The project has required projections many years into the future with decisions made now as to the best method to serve customers at that time.

Here, our "crystal ball" takes the form of highly sophisticated computers, which, of course, are only as good as the intelligence fed into them. "Intelligence" at Florida Power is sharpened in a vast array of educational efforts. To assure professional operation of our upcoming nuclear facilities, we have begun a 52-week training course for approximately 150 Florida Power employees. Those who qualify by satisfactorily passing a rigid examination will be licensed by the Atomic Energy Commission to work in our new nuclear plant. Simultaneously with this, there are other training programs on key phases of management and utility operation.

These highly trained people who, through our continuing education programs, live and work at the outer edge of new knowledge, are best utilized when matched with equipment of equivalent sophistication. This is being done with the use of the latest methods of electronic data processing. This equipment, has already saved the company many thousands of dollars in manpower and time and has been an influence on our ability to reduce electric rates.

To further improve the reliability of electric service, we entered into an agreement with The Southern Company to coordinate the planning and operation of bulk power transmission facilities. This coordination will seek solutions to problems that affect reliability of bulk power supply.

Evidence of our ability, along with other Florida electric utilities, to exchange emergency power occurred in November in connection with a fire in the main plant of Tampa Electric Company. The utilities in Florida are interconnected with high-capacity transmission lines which are capable of moving large amounts of power to any point within the state. When the fire occurred in Tampa Electric's plant, this system delivered sufficient power to the Tampa Electric system so that service to residential, commercial, and industrial customers continued without interruption. The only exceptions were a few large industrial customers whose contracts allow for interruptions.

Administrative Services and Personnel

Following are results of efforts by these departments to increase operating efficiency through more effective use of manpower and equipment.

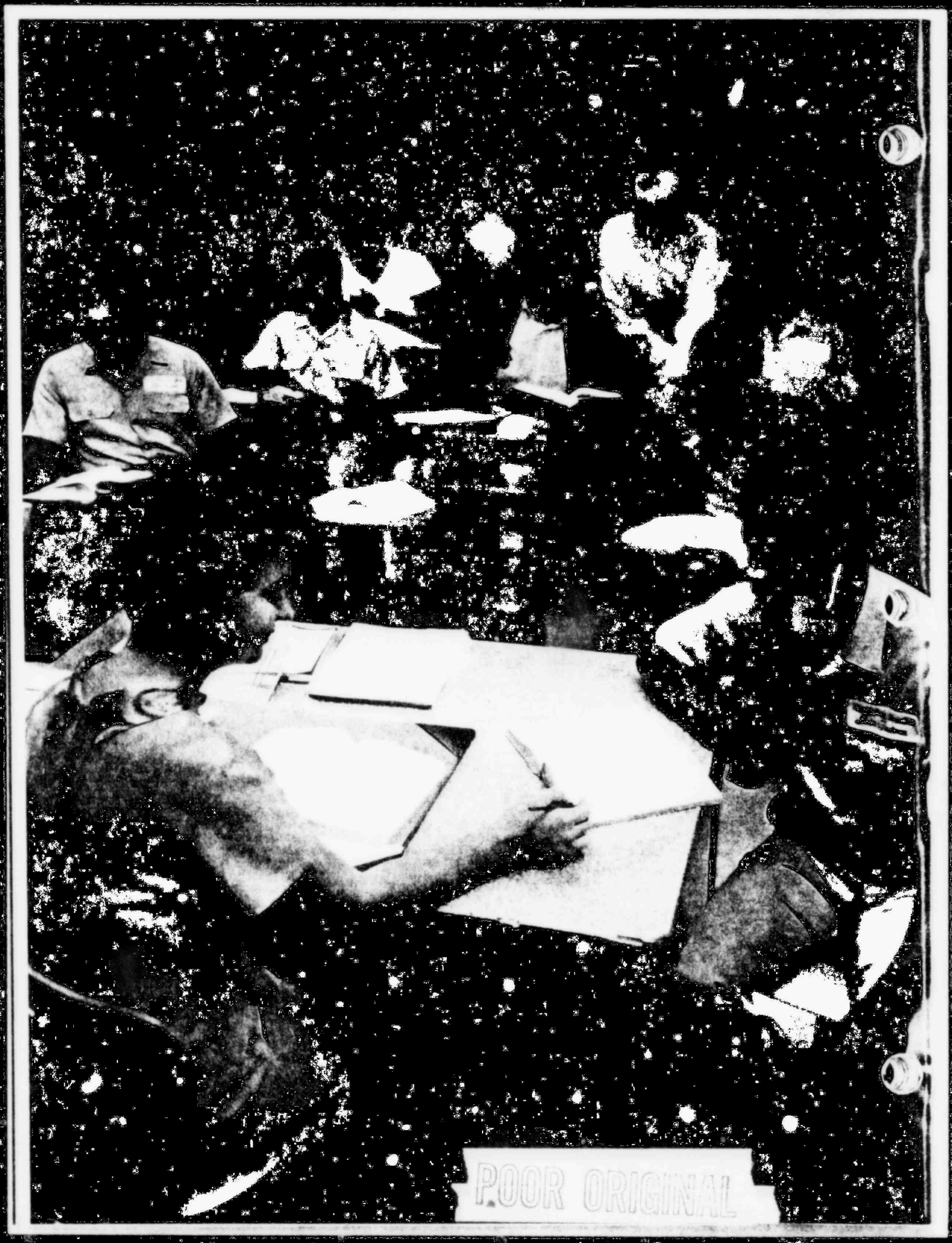
Personnel: As reported in the President's Letter we have reduced the number of our employees. As of December 1968, our total number of regular employees was 2,486. A year ago, it was 2,512. This reduction is largely the result of not filling normal vacancies.

Realizing that any business is only as good as its leadership, Florida Power emphasizes management development.

This year, the Company's continuing management development program was expanded to include a special Professional Management Seminar. The course consists of such subjects as planning, organizing, controlling, directing, problem solving, decision making, communications, public speaking, training in creativity, budget administration, and the art of management by objectives.

Other segments of our employee team are also being upgraded. A more recent example is our 13-week Advanced Lineman Training Course. It will help provide an adequate supply of highly skilled linemen.

Florida Power believes its obligation to improve employee conditions goes beyond just immediate Company needs. We believe it is important to try to do something about employment problems in the community at large —because this is our ultimate market and labor supply, as well as a determinant of our nation's well-being. This has led to our program for hiring the disadvantaged unemployed. Called the Jobs Training Program and established in cooperation with the National Alliance of Businessmen, it now has ten train-



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ees in our company, none of whom have high school educations.

These trainees attend school one-half day, in order to obtain the equivalent of a high school diploma. The other half day, they gain on-the-job experience working in various jobs throughout Pinellas County. When they complete the program, they will have earned their high school diplomas and will become regular full-time employees of Florida Power Corporation.

Non-exempt employees were given a salary increase of 4.5% effective October 21, 1968. Concurrently, we put into effect a 4.5% increase for all employees covered by our agreement with the International Brotherhood of Electrical Workers. This increase was part of a two-year contract agreed to in 1967. It compares favorably with those given by other utilities in the Southeast.

Safety: One measure of good management is a Company's safety record. This year, your Company received the Edison Electric Institute Achievement Award for three separate one-million man-hour periods without a disabling employee injury during 1968. The employee accident frequency was 1.36, which is the number of disabling injuries for each one-million man-hours worked. This is well below the national average of 5.17. Also, for the second year we had the best safety record in the Southeastern Electric Exchange, a group of 28 utilities operating throughout the South.

Transportation: The transportation department, which maintains over 1200 vehicles ranging from a huge 75-foot aerial bucket truck to a simple motor scooter, developed several significant ways to cut costs and operate more efficiently. This included the use of a newly developed tire which is expected to last twice as long as the tires previously used on our passenger cars and station wagons. Also, to save time, 25 garage personnel were tested and certified as state vehicle inspectors for self-inspection of our vehicles.

Advertising and Public Relations

The role of this department is to help implement the Company's efforts to be, and to be recognized as, a productive corporate citizen, dedicated to creating a better working and living atmosphere through fair business practices and community improvement programs.

With this objective, the work of the advertising and public relations department has many facets, including the preparation of various types of communications materials, as well as personal involvement in a variety of public and employee relations activities.

For example . . . in the area of employee relations, the department prepares various publications and literature aimed at creating better communication between management and employees. One of these is the Company magazine, POWER LINES, which in 1968 was voted best employee publication by the Florida Press Association.

The department prepares news releases and other materials, such as films and brochures, to help create a better understanding of the Company's operations and goals. Because such communication is a two-way street, it helps us to better serve the public's needs.

In November of 1968, Kendrick E. Fenderson, Jr. was appointed director of the advertising and public relations department, succeeding James L. Shoemaker who resigned to accept another position. A graduate of Rollins College, Winter Park, Florida, and Boston University, Mr. Fenderson holds a B.A. degree in economics and a masters degree in public relations and communications. Prior to joining Florida Power, he was vice president of marketing and public relations of the First National Bank in St. Petersburg.

Rates and Regulation

During 1968, the Company instituted two rate reductions totaling $5.2 million annually. In compliance with requirements of the Flor-

Improving Our Environment by Helping Others Improve Themselves

Because we believe private business must help solve the urban problems facing our nation, we recently developed a special training program for hiring the disadvantaged unemployed. After training, the participants will be able to join the Company on a permanent basis as productive employees, and thus be able to live a more meaningful life.

POOR ORIGINAL

ida Public Service Commission, the annual reductions were for $1 million effective January 1, 1968 and for $4.2 million effective June 1, 1968.

In the third quarter of 1968, the Florida Public Service Commission held public hearings as to the reasonableness of the rates and charges of several Florida utilities including your Company. On December 31, 1968, the Company was permitted to further reduce its rates by $1.5 million effective February 1, 1969, and allowed a rate of return in a zone of reasonableness ranging from 6.62% to 7.12% on a year-end rate base. This compares to the previous allowable rate of return of 6.65% on an average year rate base. On January 6, 1969, the Commission reaffirmed its long-standing treatment of normalizing deferred Federal income taxes for accounting and rate-making purposes.

In 1960, Florida Power Corporation and Tampa Electric Company entered into a territorial agreement which was approved by the Florida Public Service Commission. The Attorney General of the United States is now seeking an injunction against the agreement, alleging a combination in restraint of trade in violation of the Sherman Anti-Trust Act. Both Florida Power Corporation and Tampa Electric Company have filed motions to dismiss the request.

In 1965, the City of Gainesville filed an application with the Federal Power Commission requesting that Florida Power Corporation be ordered to establish physical connection of its transmission facilities with the facilities of Gainesville, and to sell and exchange energy with Gainesville. On January 17, 1968, the examiner found that the total operating benefits, in dollars, received by each party by reason of the interconnection should be computed, and that 50% of the difference should be paid by the party receiving the greater benefit. The examiner further held that he would not order an interconnection until the parties resolved the problem of duplicating facilities. On November 5, 1968, the Federal Power Commission rendered its opinion, which reversed the initial decision of the examiner. The Company has appealed the Commission's decision.

On August 13, 1968, the City of Gainesville filed a complaint in the Federal Court alleging that the Company and Florida Power & Light Company will not interconnect their systems with that of the City of Gainesville, which is itself also in the business of generating and distributing electric power. The City states that this refusal by the two companies is a violation of the Sherman Anti-Trust Act and is seeking treble damages, which the City speculates to be more than $4 million. Both Florida Power Corporation and Florida Power & Light Company have filed motions to dismiss the complaint.

Please see Note (2) to the Financial Statements regarding the above two anti-trust suits.

On September 20, Stanley A. Brandimore was appointed general counsel. He succeeded E. H. Dunn, Jr., who resigned to enter private law practice. A holder of a business administration degree in accounting and a juris doctor degree in law, Mr. Brandimore was an attorney with the Florida Public Service Commission prior to joining our legal department in 1959.

Youth Development: An Important Phase of Our Corporate Life

Better tomorrows depend on today's youth, and we invest in this important human resource. For example, each year we conduct a scholarship essay contest for high school seniors which deals with such subjects as the importance of democracy, free enterprise, and good citizenship. One of the 1968 scholarship winners, Cynthia Lynn George, now a student at Florida State University, is shown here as she studies between classes.

Florida Power Corporation directors, pictured seated from left, are John F. Childs, A. P. Perez and Andrew H. Hines, Jr. Standing, are G. F. Foley, J. S. Gracy, Paul F. Randolph, Byron E. Herlong, Robert M. King and Harry M. Smith. Not shown are Frank M. Hubbard and George W. Jenkins.

DIRECTORS

John F. Childs
Senior Vice President, Irving Trust Company, New York City

G. F. Foley
Senior Vice President (Retired), St. Petersburg, Florida

J. S. Gracy
Senior Vice President (Retired), St. Petersburg, Florida

Byron E. Herlong
President, A. S. Herlong & Co., Inc., Leesburg, Florida

Andrew H. Hines, Jr.
Executive Vice President

Frank M. Hubbard
Chairman of the Board, Hubbard Construction Company, Orlando, Florida

George W. Jenkins
President, Publix Super Markets, Inc., Lakeland, Florida

Robert M. King
President, Rutland Brothers Co., Inc., St. Petersburg, Florida

A. P. Perez
President

Paul F. Randolph
President, Paul F. Randolph, Inc., Clearwater, Florida

Harry M. Smith
President, Winter Garden Ornamental Nursery, Inc. Winter Garden, Florida

DIRECTORS EMERITI

O. A. Brice — W. J. Clapp — K. E. Fenderson, Sr. — R. J. Knipe — R. J. McCutcheon, Jr.

OFFICERS OTHER THAN DIRECTORS

W. B. Shenk
Senior Vice President, Customer Operations

M. F. Hebb, Jr.
Vice President, Electrical Design

A. J. Ormston
Vice President, Power

R. E. Raymond
Vice President, System Operations

T. F. Thompson, Jr.
Vice President, Administrative Services

J. G. Loader
Secretary and Treasurer

C. W. McKee, Jr.
Comptroller

J. H. Joyce
Assistant Secretary and Assistant Treasurer

Betty M. Clayton
Assistant Secretary

H. H. Weston
Assistant Secretary

DIRECTOR CHANGES

W. J. Clapp Retires

On September 30, 1968, W. J. Clapp, chairman of the board, retired as chairman and as a director, thus concluding a highly respected career of 44 years with Florida Power Corporation.

Other director changes included the election to the board of John F. Childs, Andrew H. Hines, Jr., and Frank M. Hubbard. Also, we regretfully announce that former board member R. H. Simpson died on November 2, 1968. Mr. E. H. Dunn, Jr., general counsel and board member, resigned on August 27 to enter private law practice. He was succeeded as general counsel by Stanley A. Brandimore (please see Rates and Regulation section).

Mr. Childs is senior vice president in charge of the corporate services division of the Irving Trust Company, New York City, and is a nationally recognized advisor to the utility industry.

Mr. Hines is executive vice president of Florida Power Corporation. A registered professional engineer, he has held top management positions in various areas of the company since joining Florida Power in 1951.

Mr. Hubbard brings to the board an outstanding reputation as a civic leader and businessman in the area of our service system around Orlando, Florida. He is chairman of the board of Hubbard Construction Company and Orlando Paving Company and president and director of Hubbard Groves, Inc.

POOR ORIGINAL

FPC

1968
$ 64,321,902
15,961,597
17,607,133
14,440,830
$112,332,464
$ 23,379,816
21,225,174
$ 44,604,990
6,606,185
15,224,390
9,336,604
16,257,196
9,240,000
632,000
1,360,000
$ 17,197,179
$ 13,227,302
203,233
$ 17,458,538
$ 11,377,110
1,234,110
640,500
471,200
606,945
$ 14,329,872
$ 27,666,666
1,592,160
$ 24,124,104
9,602,751
$234,[illegible]

1968
$645,689,541
112,396,379
$533,293,162
$ 2,407,675
65,231
$ 2,472,906
$ 6,878,313
232,166
—
7,523,615
4,543,576
1,670,479
201,674
$ 21,049,823
$ 1,000,897
$557,816,788

POOR ORIGINAL

1968
$177,652,343
31,531,120
266,039,000
$475,222,463
$ 2,680,495
4,465,750
5,971,162
3,085,201
3,623,503
389,000
$ 20,215,111
12,000,000
$ 32,215,111
$ 7,261,017
1,237,879
461,338
4,347,364
344,662
$ 13,592,280
$ 8,171,948
26,612,986
$ 34,786,934
$537,816,788

POOR ORIGINAL

1968
$74,036,368
24,124,666
$98,161,034
$ —
10,370,776
3,648,976
$14,019,752
$84,141,282

1968
$24,124,666
14,019,752
$10,104,914
15,224,390
3,998,000
2,338,184
$31,665,488
30,404,537
9,225,000
2,628,770
$73,923,795
$69,317,795
4,606,000
$73,923,795

POOR ORIGINAL

1968	
$ 24,006,425	
68,135,378	
[illegible],369,258	
84,141,282	
$177,652,343	37%
$ 4,000,000	
7,500,000	
10,000,000	
4,000,000	
8,000,000	
31,120	
$ 33,531,120	7%
$ 13,035,000	
3,160,000	
6,715,000	
11,060,000	
11,850,000	
7,900,000	
9,480,000	
15,800,000	
20,625,000	
21,500,000	
22,375,000	
28,425,000	
23,688,000	
24,562,000	
30,000,000	
(4,136,000)	
$246,039,000	52%
20,000,000	4%
$266,039,000	
$477,222,463	100%

POOR ORIGINAL

1968
$ 132,112,364
30,271,694
23,636,666
24,124,666
2.55
1.52
477,222,463
445,809,541
1,900,000
1,551,000
7,046,896,503
7,688
390,230
2,486

POOR ORIGINAL

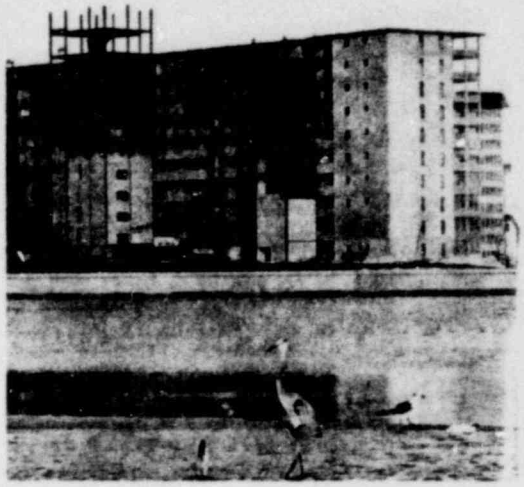
Living, working and vacationing in Florida is great!

Educational Opportunities

The area served by Florida Power is convenient to many educational centers, some of which are shown here. They play an important part in stimulating the growth of our service area.

1 Florida State University
2 University of Florida
3 Stetson University
4 Rollins College
5 Florida Technological University
6 Florida Southern College
7 University of South Florida
8 St. Petersburg Junior College
9 Stetson University Law School
10 Florida Presbyterian College

POOR ORIGINAL



FLORIDA POWER CORPORATION

YOUR TAX-PAYING, INVESTOR-OWNED ELECTRIC COMPANY

POOR ORIGINAL