



Progress Energy

JAMES A. MCGEE
ASSOCIATE GENERAL COUNSEL
PROGRESS ENERGY SERVICE COMPANY, LLC

August 7, 2003

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 020404-EQ

Dear Ms. Bayó:

Enclosed for filing in the subject docket on behalf of Progress Energy Florida, Inc., formerly Florida Power Corporation, are an original and fifteen copies of its Notice of Voluntary Withdrawal.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. A 3½ inch diskette containing the above-referenced document in WordPerfect format is also enclosed. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

JAM/scc
Enclosures

cc: Robert Vandiver, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power Corporation for approval of its plan to share the risks of the Bay County QF contract modification.

Docket No. 020404-EQ

Submitted for filing:
August 8, 2003

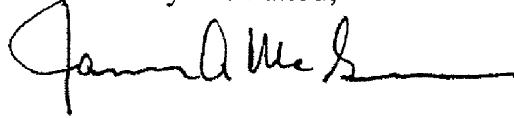
NOTICE OF VOLUNTARY WITHDRAWAL

Progress Energy Florida, Inc., formerly Florida Power Corporation, (Progress Energy, or the Company) hereby withdraws its petition initiating this proceeding, as filed May 8, 2002 and amended on March 11, 2003. The petition was filed pursuant to Commission Order No. PSC-02-0483-PAA-EQ, which approved an amendment to the Company's QF contract with Bay County, but found that "[a] sharing of both the risks and rewards associated with this amendment could be beneficial to both the utility and its customers." The order therefore directed the Company to either file a petition for approval of a sharing plan, or submit an explanation of why a sharing plan was not proposed. Upon consideration of the concerns expressed by the Commission at its September 3, 2002 Agenda Conference, which were largely responsible the deferral of a decision on the Company's petition, Progress Energy has concluded that the unique conditions and circumstances associated with the Bay County Contract amendment do not lend themselves to the initial application of the sharing concept encouraged by the Commission when the amendment was approved.

Progress Energy wishes to emphasize that its decision to withdraw the Bay County sharing plan proposal is based solely on the unique circumstances of this particular contract and its amendment, which, with the benefit of the concerns raised in this proceeding, make it an unattractive test case for the risks and rewards sharing

concept envisioned by the Commission. Progress Energy continues to believe that the concept itself has the potential to provide significant benefits to the Company and its customers in future QF contract restructuring negotiations, and it urges the Commission to continue its encouragement of this concept.

Respectfully submitted,



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