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(LICENSED IN TEXAS ONLY)

February 6, 2004

VIA HAND DELIVERY

Mr. Troy Rendell
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: North Peninsula Utilities Corporation
Rate Investigation; PSC Docket No. 030601-SU
Our File No. 26097.04

Dear Troy:

In accordance with your letter of December 16, 2003, we are agreeable to all aspects of your letter in combination with my letter of November 10, 2003, with one exception. As I noted to you previously, while we are agreeable not to file for or implement last year's indexes, we do believe that after the staff is shown there will be no overearnings in 2004 that we should not give up the right to file for a 2004 index. However, we would agree to forgo that until next July when this matter should be resolved. We will deal with that issue after the analysis of the 2003 Annual Report.

I have filed today an additional Letter of Credit bringing the total amount of Letter of Credits filed with the Clerk (including the \$7,000 Letter of Credit filed on November 21, 2003) to \$8,197 as you requested in your letter.

With this filing and our agreement as outlined above, I believe we are in agreement and we will file the Annual Report by March 31, 2004 as agreed upon. After that time, we can move forward hopefully with resolving this matter once and for all.

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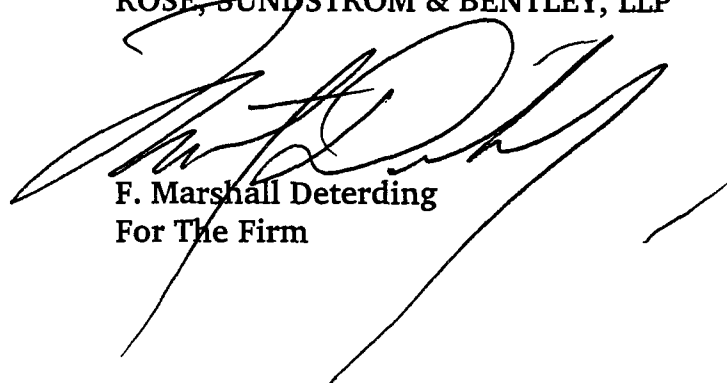
FPSC-COMMISSION CLERK

Mr. Troy Rendell
February 6, 2004
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Should you have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP

A large, stylized handwritten signature in black ink, appearing to read 'F. Marshall Deterding', is written over the typed name and firm name.

F. Marshall Deterding
For The Firm

FMD/tms

cc: Blanca S. Bayo
Ms. Jennifer Iwenjiora
Katherine Fleming, Esq.
Mr. Tyree F. Wilson, Jr.
Mr. Robert Hillman