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February 12, 2004

Via Hand Delivery

RECEIVED - FPSC
FEB 12 PM 3:08
COMMISSION
CLERK

Ms. Blanca Bayo, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Petition Of Withlacoochee River Electric Cooperative, Inc. To Modify
Territorial Agreement Or, In The Alternative, To Resolve A Territorial Dispute
With Progress Energy Florida, Inc., In Hernando County, Florida

Dear Ms. Bayo:


Enclosed with this letter are the original and sixteen copies of Withlacoochee's
above-referenced petition.

Please file this petition and stamp one of the enclosed copies with the date and time
filed and return it to me in the enclosed stamped, self-addressed envelope.

Thank you for your anticipated assistance with this matter.

Very truly yours,


Brian P. Armstrong

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

BPA/adg

Enclosures

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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

040133-EC

In Re: Petition Of Withlacoochee River Electric)
Cooperative, Inc. To Modify A Territorial)
Agreement With Progress Energy Florida, Inc.)
Or, In The Alternative, To Resolve A Territorial)
Dispute In Hernando County, Florida)
_____)

DOCKET NO. _____
FILED: February 12, 2004

PETITION TO MODIFY TERRITORIAL AGREEMENT
OR, IN THE ALTERNATIVE, TO RESOLVE A
TERRITORIAL DISPUTE

Pursuant to section 366.04(2)(a), Florida Statutes and Rules 25-6.0440 and 25-6.0441, Florida Administrative Code, Withlacoochee River Electric Cooperative, Inc. ("Withlacoochee") hereby respectfully requests that the Commission issue an order modifying the territorial boundary set forth in a service territory agreement (the "Territorial Agreement") between Withlacoochee and Progress Energy Florida, Inc. ("Progress") approved by the Commission and embodied in Order No. 25309 (the "Order"), issued in Docket No. 910940-EU on November 7, 1991. In support of this Petition, Withlacoochee states as follows:

1. The Petitioner's name and address are as follows:

Withlacoochee River Electric Cooperative, Inc.
Post Office Box 278
Dade City, Florida 33526-0278

2. The names, addresses, telephone and facsimile numbers of the Petitioner's representatives in this matter and the persons to whom all notices and other documents should be sent in connection with this docket are as follows:

Duane Vann
Assistant General Manager
Withlacoochee River Electric Cooperative, Inc.
Post Office Box 278
Dade City, Florida 33526-0278
(352) 567-5133, ext. 6300
(352) 521-5971 Fax

Brian P. Armstrong
Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive, Suite 200
Tallahassee, Florida 32308
(850) 224-4070
(850) 224-4073 Fax

3. Withlacoochee operates a rural electric cooperative utility that is subject to the statutory jurisdiction of this Commission for certain purposes. Withlacoochee provides electric service to customers within Hernando County and other counties in Florida.

4. Progress is an investor-owned public utility subject to the statutory jurisdiction of this Commission. Progress provides electric service to customers in Hernando County and other counties in Florida.

5. Pursuant to section 366.04(2)(d), Florida Statutes, the Commission has authority to approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities under its jurisdiction.

6. In addition, pursuant to section 366.04(2)(e), Florida Statutes, the Commission has authority to resolve any territorial dispute involving service areas between and among rural electric cooperatives, municipal electric utilities and other electric utilities under its jurisdiction.

Facts

7. On July 16, 1991, Withlacoochee and Progress entered into the Territorial Agreement for the purpose of creating and establishing boundary lines between their respective electric service areas in Hernando County, Florida, subject to the approval of this Commission.

The express purpose and intent of the Territorial Agreement was to "minimize costs to their respective ratepayers by avoiding duplication of generation, transmission, and distribution facilities." Withlacoochee and Progress expressly agreed in Section 2.2 of the Territorial Agreement "that neither of them will knowingly serve or attempt to serve any New Customer whose end use facilities are located within the Territorial Area of the other Party, except as specifically provided in this Section of the Agreement."

8. On September 9, 1991, Withlacoochee and Progress jointly filed a petition with this Commission in Docket No. 910940-EU asking this Commission to approve the Territorial Agreement. On November 7, 1991, the Commission issued Order No. 25309 incorporating by reference and approving the Territorial Agreement. The Commission reviewed the proposed service territory boundaries and concluded that the Territorial Agreement was in the best interests of the parties and the public. A copy of the Order and Territorial Agreement is attached hereto as Appendix A.

9. By letter dated October 27, 2003, a copy of which is included in Appendix B, hereto, Majestic Oaks Partners, LLC ("Customer") requested that Withlacoochee provide retail electric service to the entirety of its 425 acre property (the "Property") located in Hernando County, Florida. Customer noted that the existing territorial boundary between Withlacoochee and Progress divides the Property. A map of the Property will be provided shortly as a late-filed appendix. In the October 27 correspondence, Customer outlines previous meetings and discussions between Customer, Withlacoochee and Progress related to Customer's desire that Withlacoochee be the sole provider of electric service to the Property. Since Progress was unwilling to concede to Customer's request that Withlacoochee be permitted to provide retail electric service to the entire Property, Customer ended its correspondence to Withlacoochee by

requesting that Withlacoochee "accept this as a formal request by [Customer] that [Withlacoochee] provide electric service to [Customer's] property and proposed development as shown in the enclosed map pursuant the provisions of Section 2.2 of the PSC approved territorial agreement between [Progress] and [Withlacoochee]." Customer renewed this request by letter dated December 17, 2003 from its attorney to Withlacoochee, a copy of which is also included in Appendix B, together with copies of other related correspondence.

10. As demonstrated in the several pieces of correspondence included in Appendix B to this Petition, the parties have attempted to resolve the service boundary issue which arose because the Property lies in the previously approved service territories of both Withlacoochee and Progress. The parties have been unable to resolve such issue. Customer has requested that Withlacoochee file this Petition with the Commission.

11. The Territorial Agreement "represent[s] a continuing effort by the parties to minimize the costs to their respective customers by avoiding unnecessary duplication of facilities." Order No. 25039, at 1. The Territorial Agreement is a fifteen year agreement (which expires on November 7, 2006) allocating territory (and a transfer of customers) between Withlacoochee and Progress in Hernando County. In approving the Territorial Agreement, the Commission held:

We also find that the Agreement satisfies the intent of Subsection 366.04(5), Florida Statutes, to avoid further uneconomic duplication of generation, transmission, and distribution facilities in the state. We, therefore, find that the Agreement is in the public interest and should be approved.¹

12. Customer is in the process of developing the Property for the purpose of constructing and selling approximately 625 residential lots.

¹Order No. 25309, at 2.

13. The territorial boundary line between Withlacoochee's exclusive retail service territory in Hernando County and Progress' exclusive retail service territory in Hernando County approved in Order No. 25309 runs directly across the Property, east to west, and divides the Property leaving Customer (and, ultimately, the owners of homes constructed in the Customer development) with two electric utilities authorized to provide service to portions of the development.

14. Withlacoochee has six potential service points to provide retail electric service to the entire Customer development, all of which are situated either directly on the Property or immediately adjacent to (no more than 800 feet from) the Property. Five of the six service points are three phase distribution facilities.

15. Customer is the owner of the Brooksville Golf and Country Club, situated adjacent to and immediately north/northeast of the Property that will be developed. The Brooksville Golf and Country Club, which is part of the Customer Project, is situated in the service territory of, and served by, Withlacoochee.

16. Customer was scheduled to commence construction of Phase I of the development on the Property in early January 2004. Customer requires electric service to begin construction of Phase I of its development. The Phase I development will begin on the southern tip of the Customer property situated in the current service territory of Progress.

17. The Territorial Agreement contemplated a potential modification of the territorial boundary line between the two parties to provide service to a new customer consistent with the underlying statutory rationale and goals for approving the Territorial Agreement, *i.e.*, to avoid further uneconomic duplication of facilities. Specifically, Section 2.2 of the Agreement provides as follows:

Section 2.2: Service to New Customers. The Parties agree that neither of them will knowingly serve or attempt to serve any New Customer whose end-use facilities are located within the Territorial Area of the other Party, except as specifically provided in this Section of the Agreement.

The Parties recognize that exceptional circumstances, economic constraints or good engineering practices may indicate that a customer's end-use facilities either cannot or should not be immediately served by the party in whose Territorial Area the end-use facilities are located. In such instances, upon written request to the other party by the Party in whose Territorial Area the end-use facilities are located, the other Party may agree in writing to temporarily provide service to such customer's end-use facilities. Any such agreement for temporary service shall be submitted to the Florida Public Service Commission for approval in accordance with Article 4, Section 4.1 hereof.

In the event that a New Customer or prospective New Customer requests or applies for service from either Party to be provided to end-use facilities located in the Territorial Area of the other Party, the Party receiving such a request or application shall refer the New Customer or prospective New Customer to the other Party with citation to this Agreement as approved by the Commission, and shall notify the other Party of such request or application.

If the New Customer or prospective New Customer delivers a written application for service after being referred to the other Party, or continues to demand service under an application made prior to a referral to the other Party, the Party receiving the application shall file a Petition for Declaratory Statement requesting the commission to apply this Agreement to the facts presented. The petitioning Party shall notify the other Party and the applicant of its intent to file a Petition for Declaratory Statement prior to filing such Petition and shall request the joinder of the other Party as a Party to the proceeding. The petitioning Party shall not provide or attempt to provide electric service to such a New Customer unless the Commission authorizes such service in an order binding upon both Parties.

18. The Territorial Agreement expressly contemplates that a party may petition the Commission for a modification of its terms. Section 4.1 states, "[a]ny modification to this Agreement shall be submitted to the Commission for approval."

19. Withlacoochee, Progress and Customer have complied with Section 2.2 of the Territorial Agreement as demonstrated in the correspondence attached hereto in Appendix B. Customer has requested that Withlacoochee provide retail electric service to the Property, including the portion situated in Progress' current service territory.

20. Pursuant to Section 2.2 of the Agreement, by letter dated November 3, 2003, copy attached hereto as Appendix C, Withlacoochee notified Progress of Customer's request that Withlacoochee provide retail electric service to the entire Customer development.

21. In accordance with the procedures set forth in Section 2.2 of the Territorial Agreement, Withlacoochee filed a Petition for Declaratory Statement requesting the Commission to apply this Agreement to the facts presented and determine that Withlacoochee should serve the Property. Progress filed a response in opposition to Withlacoochee's Petition for Declaratory Statement. Neither Withlacoochee nor Progress have provided or attempted to provide electric service to the Property to date.

22. Withlacoochee has filed a Notice of Voluntary Dismissal, without prejudice, of its Petition For Declaratory Statement.

23. Withlacoochee anticipates that Progress may dispute all or a portion of the facts presented in this Petition as well as Withlacoochee's arguments in support of the granting of this Petition by the Commission.

**Argument In Support Of Withlacoochee's
Request For Boundary Modification**

24. Sections 2.2 and 4.1 of the Territorial Agreement contemplate the modification of the territorial boundary line between the two utilities. Rule 25-6.0440 establishes that once a territorial agreement is approved by the Commission, subsequent modifications to the territorial agreement also must be submitted to the Commission for approval. The factors which the

Commission may consider include, but are not limited to: (a) the reasonableness of the purchase price; (b) the reasonable likelihood that the modification will not cause a decrease in service reliability to existing or future ratepayers; and (c) the reasonable likelihood that the modification will eliminate existing or potential economic duplication of facilities.

25. The first factor does not apply to this case. As to the second and third factors, the facts presented in this Petition demonstrate that the proposed boundary modification will increase service reliability to future customers who purchase lots within the Property and eliminate potential uneconomic duplication of facilities.

26. In a recent order, the Commission recognized existing legal precedent which places the responsibility on the Commission to ensure that a territorial agreement "works no detriment to the public interest." Order No. PSC-03-0739-PAA-EU (quoting Utilities Comm'n of City of New Smyrna Beach v. Florida Public Service Comm'n, 469 So. 2d 731, 732-33 (Fla. 1985)). The Commission also recognized that the Commission may modify a territorial agreement where a demonstrated public interest requires the modification. Order No. PSC-03-0739-PAA-EU at 3.

27. The facts presented in this Petition demonstrate that the requested boundary modification is in the public interest for the following reasons:

a. Withlacoochee currently has in place 5 potential three-phase feeder service points and 1 one-phase feeder service point which could be updated to the three-phase service situated on or immediately adjacent to the Property. Withlacoochee's incremental cost to reach the Property for the purpose of providing retail electric service is \$0. Withlacoochee's multiple points of directly situated or immediately adjacent three phase facilities places it in the

position of providing high quality electric service to the Property and the purchasers of lots on the Property, with multiple points of redundancy, at a de minimus incremental cost.

b. Absent a modification of the territorial boundary line to allow Withlacoochee to provide retail electric service to the Property, there will be a classic case of uneconomic duplication of facilities. Withlacoochee would construct facilities from one or more of its immediately adjacent or directly situated service points to provide electric service to roughly the northern half of the Property. Progress would have to construct substantial facilities to even reach the development and then construct additional facilities to serve roughly the southern half of the Customer development. Such would be a classic case of uneconomic duplication of facilities.

c. Withlacoochee further believes that the mixing and matching of the two electric systems would diminish the possibility that the customers would receive the most safe, efficient and reliable electric service possible. Moreover, once the development is built out, the development will be divided for purposes of electric service into two utilities with customers even on the same street having different electric utility providers and being subjected to different rates.

d. Withlacoochee also has lower retail electric rates than Progress. Customer confusion and customer dissatisfaction within the Property concerning disparate rates and levels of service will be avoided by authorizing Withlacoochee to serve the Property.

e. The foregoing facts justify the conclusion that Customer and its purchasing lot owners should not be served by Progress' currently carved out portion of the Property. Further, the above facts demonstrate that good engineering practices will be enhanced by authorizing Withlacoochee to serve the Property in its entirety.

28. As reflected in this Petition, the circumstances have changed since Order No. 25309 was issued. Nearly thirteen years have passed since the Territorial Agreement was signed and it is nearing expiration. Customer was not requesting electric service to the Property thirteen (13) years ago. Had Customer been requesting service thirteen years ago, it is unlikely that the territory boundary would have been drawn to divide service to the Property and create the potential for duplication of facilities and service to the Property which has now arisen as a result of Customer's proposed development of the Property.

29. Customer, the entity most directly and adversely impacted by the existing bifurcated boundary, has repeatedly confirmed its preference to have the boundary modified to permit Withlacoochee to provide electric service to the entire Property. The correspondence included in Appendices B and C, hereto, as well as Customer's Petition For Leave to Intervene and Request For Expedited Relief filed in Docket No. 031128-EU (the declaratory statement docket recently dismissed voluntarily by Withlacoochee), a copy of which is provided in Appendix D hereto, confirm this customer preference. Rule 25-6.0441(2)(d), Florida Administrative Code, confirms that it is appropriate for this Commission to consider customer preference when resolving a territorial dispute where other factors are substantially equal. As demonstrated in this Petition, when other factors are considered, such as capacity to serve with existing facilities and the comparative incremental cost of additional facilities necessary to serve, the scales do not remain even but instead tip in favor of Withlacoochee. Therefore, Customer's unequivocal preference for Withlacoochee to provide service to the entire Property is further support for a Commission determination that the boundary modification requested is in the public interest.

30. For the reasons stated in this Petition, blind adherence to the boundary lines set forth in the Territorial Agreement would be detrimental to the public interest. Service by Withlacoochee to the Property can be provided at reduced incremental costs with increased safety, efficiency, reliability and customer satisfaction when compared with the prospect of service by two utility providers to different portions of the same Property. Upon granting the territory modification requested in this Petition, the Commission will bestow the benefits of these savings, efficiencies and enhanced reliability upon the purchasers of lots from Customer who will be the ultimate customers of the utility.

Conclusion And Request For Relief

31. The Commission-approved Territorial Agreement expressly contemplates that a situation may arise where it would be appropriate, and consistent with statutory goals, to modify the territorial boundary line between the parties. Without the modification of the territorial boundary line requested in this Petition, electric service would be provided to the Property by two utilities at substantially higher collective incremental costs, ultimately to be borne by the customers, and with the prospect of diminished safety, efficiency, reliability, and customer satisfaction. Withlacoochee has the facilities currently in place, directly on or immediately adjacent to the Property, necessary to provide fully redundant, high quality electric service. The statutory goals imposed on the Commission and underlying the original approval of this Territorial Agreement - - to avoid the further uneconomic duplication of facilities - - will be furthered by the granting of this Petition authorizing Withlacoochee to provide retail electric service to the Property.

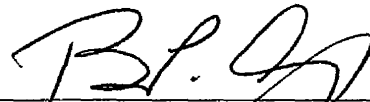
32. Customer has informed Withlacoochee that its schedule for the development of the Property and construction of homes has been delayed, in part, by the negotiations between

Withlacoochee and Progress regarding service to the Property. Customer also has informed Withlacoochee that it has secured financing for its development, and continues to incur the carrying costs associated therewith. Customer had planned to commence construction in early January 2004 but cannot do so until the issue of electric service to the Property is resolved. Therefore, Withlacoochee respectfully requests that the Commission grant the relief requested in this Petition on an expedited basis.

WHEREFORE, for the foregoing reasons, Withlacoochee respectfully requests that the Commission enter an Order modifying the territorial boundary set forth in the Territorial Agreement so as to permit Withlacoochee to provide service to the entire Property.

Dated this 12th day of February, 2004.

Respectfully submitted,



Brian P. Armstrong, Esq.
Florida Bar No. 0888575
Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive, Suite 200
Tallahassee, Florida 32308
(850) 224-4070 (Telephone)
(850) 224-4073 (Facsimile)

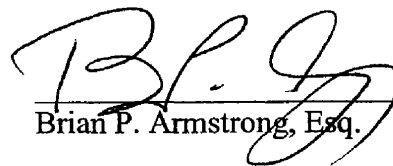
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished by United States Mail to the following this 12th day of February, 2004:

James A. McGee
Associate General Counsel
Progress Energy Service Company, LLC
100 Central Avenue
St. Petersburg, Florida 33733

Martha Carter Brown, Esq.
Division of Legal Services
2540 Shumard Oak Boulevard, Room 370
Tallahassee, Florida 32399-0850

Kenneth Hoffman, Esq.
Rutledge, Ecenia, Underwood, Purnell & Hoffman
First Florida Bank Building, Suite 420
215 South Monroe Street
Tallahassee, Florida 32301



Brian P. Armstrong, Esq.

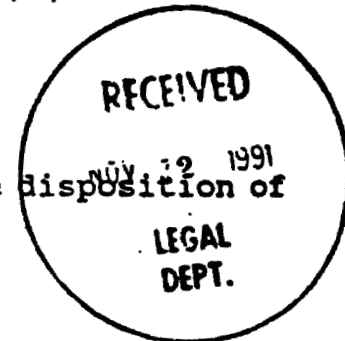
APPENDIX A

ORDER AND TERRITORIAL AGREEMENT

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Joint Petition for)
approval of territorial agreement))
between Florida Power Corporation))
and Withlacoochee River Electric)
Cooperative, Inc.))

DOCKET NO. 910940-EU
ORDER NO. 25309
ISSUED: 11/7/91



The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
MICHAEL McK. WILSON

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING TERRITORIAL AGREEMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On September 9, 1991, Florida Power Corporation (FPC) and Withlacoochee River Electric Cooperative, Inc. (WREC) filed with this Commission a joint petition seeking approval of a territorial agreement (agreement) executed by the parties on July 16, 1991. The joint petition was filed pursuant to Rules 25-6.0439 and 25-6.0440, Florida Administrative Code. The agreement including its terms and conditions and the identity of the geographic areas to be served by each utility are shown in Appendix A.

The agreement represent a continuing effort by the parties to minimize the cost to their respective customers by avoiding unnecessary duplication of facilities. Although the Commission has previously approved territorial agreements between the parties, there are certain geographic areas not specifically addressed in prior agreements. This agreement covers the geographic areas of Hernando County.

DOCUMENT NUMBER-DATE

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ORDER NO. 25309
DOCKET NO. 910940-EU
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The agreement contemplates the transfer of 275 customer accounts of WREC (54 Commercial and 221 residential) to FPC. FPC has no customers located in the proposed territory assigned to WREC. According to Section 2.3 of the agreement there will be a transition period in order to minimize any inconvenience to the customers. Under this transition procedure, any affected WREC customer may request to become a customer of FPC if the agreement is approved, or the customer may elect to remain a customer of WREC until the occurrence of a change in use, as defined by Section 1.9 of the agreement.

If approved, this agreement will continue and remain in effect for a period of fifteen (15) years from the date of this Order.

Having reviewed the joint petition, the Commission finds that it satisfies the provisions of Subsection 366.04(2)(d), Florida Statutes and Rule 25-6.0440, Florida Administrative Code. We also find that the agreement satisfies the intent of Subsection 366.04(5), Florida Statutes to avoid further uneconomic duplication of generation, transmission, and distribution facilities in the state. We, therefore, find that the agreement is in the public interest and should be approved.

In consideration of the above, it is

ORDERED by the Florida Public Service Commission that the joint petition for approval of the territorial agreement between Florida Power Corporation and Withlacoochee River Electric Cooperative, Inc. is granted. It is further

ORDERED that the territorial agreement is incorporated in this Order as Appendix A. It is further

ORDERED that this Order shall become final and the docket closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

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By ORDER of the Florida Public Service Commission, this 7th
day of NOVEMBER, 1991.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MRC:bmi
910940.bmi

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on

12/02/91

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

ORDER NO. 25309
DOCKET NO. 910940-EU
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Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

AGREEMENT

Section 0.1: THIS AGREEMENT, made and entered into this 16th day of July, 1991 by and between Florida Power Corporation, (referred to in this Agreement as "FPC") a corporation organized and existing under the laws of the State of Florida and an electric utility as defined in Chapter 366, Florida Statutes, and Withlacoochee River Electric Cooperative, Inc. (referred to in this Agreement as "WREC"), a rural electric cooperative organized and existing under Chapter 425, Florida Statutes, and Title 7, Chapter 31, United States Code each of whose retail service territories are subject to regulation pursuant to Chapter 366, Florida Statutes and which are collectively referred to in this Agreement as the "Parties";

WITNESSETH:

Section 0.2: WHEREAS, each of the Parties is authorized, empowered and obligated by its corporate charters and the laws of the State of Florida to furnish retail electric service to persons desiring to use such service within their respective areas of service; and

Section 0.3: WHEREAS, each of the Parties presently furnishes retail electrical service to customers in Hernando County, Florida; and

Section 0.4: WHEREAS, the respective areas of service of the Parties are contiguous in many places, and the Parties desire to minimize costs to their respective ratepayers by avoiding

duplication of generation, transmission, and distribution facilities; and

Section 0.5: WHEREAS, the Florida Public Service Commission (referred to in this Agreement as the "Commission"), has previously recognized that any such duplication of facilities results in needless and wasteful expenditures and may create hazardous situations, both being detrimental to the public interest; and

Section 0.6: WHEREAS, the Parties desire to avoid and eliminate the circumstances giving rise to potential duplications of facilities and hazardous situations, and toward that end have established the Territorial Boundary Line to delineate their respective retail Territorial Areas; and

Section 0.7: WHEREAS, the Commission is empowered by Section 366.04(2)(d), Florida Statutes, to approve and enforce territorial agreements between electric utilities, has often recognized the wisdom of such agreements, and has held that such agreements, when properly presented to the Commission, are advisable in proper circumstances, and, indeed, in the public interest;

Section 0.8: NOW, THEREFORE, in consideration of the premises aforesaid and the mutual covenants and agreements herein set forth the Parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1: Territorial Boundary Line. As used in this Agreement, the term "Territorial Boundary Line" shall mean the boundary lines which define the geographic areas shown on the maps

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attached hereto as composite Exhibit "A", which differentiate and divide the WREC Territorial Area from the FPC Territorial Area.

Section 1.2: WREC Territorial Area. As used in this Agreement, the term "WREC Territorial Area" shall mean the geographic areas of Hernando County shown on composite Exhibit "A" designated "WREC".

Section 1.3: FPC Territorial Area. As used in this Agreement, the term "FPC Territorial Area" shall mean the geographic areas of Hernando County, shown on composite Exhibit "A", designated "FPC".

Section 1.4: Transmission Line. As used in this Agreement, the term "Transmission Line" shall mean any Transmission Line of either Party having a rating of 69kV or greater.

Section 1.5. Distribution Line. As used in this Agreement, the term "Distribution Line" shall mean any Distribution Line of either Party having a rating of up to, but not including 69kV.

Section 1.6. Person. As used in this Agreement, the term "Person" shall have the same inclusive meaning given to it in Section 1.01(3), Florida Statutes.

Section 1.7. New Customer. As used in this Agreement, the term "New Customer" shall mean any Person that applies to either WREC or FPC for retail electric service after the effective date of this Agreement.

Section 1.8. Existing Customer. As used in this Agreement, the term "Existing Customer" shall mean any Person receiving retail electric service from either WREC or FPC on the effective date of

this Agreement or a surviving or divorced spouse of an Existing Customer who remains at the same service location.

Section 1.9. Change in Use. As used in this Agreement, the term "Change in Use" shall mean: (1) change in the use of real property from residential to business or business to residential; (2) a change in the use of real property that would normally require a reclassification of service under the applicable tariff of either Party; (3) a change in the use of real property that results in the addition of three or more meters during the term of this Agreement; or (4) a change in the use of real property by reason of a change in the ownership or occupancy thereof to any Person other than a surviving or divorced spouse of an Existing Customer who received electric service at the same location.

Section 1.10. End Use. As used in this agreement, the term "end use" means the use of electric energy by a customer at a geographic location where the electric energy is ultimately consumed.

Section 1.11. End Use Facilities. As used in this agreement, the term "end use facilities" means those facilities at a geographic location where the electric energy used by a customer is ultimately consumed.

ARTICLE 2

AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1: Territorial Allocations. Except as otherwise specifically provided herein, during the term of this Agreement, WREC shall have the exclusive authority to furnish retail electric

service for end use within the WREC Territorial Area and FPC shall have the exclusive authority to furnish retail electric service for end use within the FPC Territorial Area.

Section 2.2: Service to New Customers. The Parties agree that neither of them will knowingly serve or attempt to serve any New Customer whose end-use facilities are located within the Territorial Area of the other Party, except as specifically provided in this Section of the Agreement.

The Parties recognize that exceptional circumstances, economic constraints or good engineering practices may indicate that a customer's end-use facilities either cannot or should not be immediately served by the party in whose Territorial Area the end-use facilities are located. In such instances, upon written request to the other party by the Party in whose Territorial Area the end-use facilities are located, the other Party may agree in writing to temporarily provide service to such customer's end-use facilities. Any such agreement for temporary service shall be submitted to the Florida Public Service Commission for approval in accordance with Article 4, Section 4.1 hereof.

In the event that a New Customer or prospective New Customer requests or applies for service from either Party to be provided to end-use facilities located in the Territorial Area of the other Party, the Party receiving such a request or application shall refer the New Customer or prospective New Customer to the other Party with citation to this Agreement as approved by the

Commission, and shall notify the other Party of such request or application.

If the New Customer or prospective New Customer delivers a written application for service after being referred to the other Party, or continues to demand service under an application made prior to a referral to the other Party, the Party receiving the application shall file a Petition for Declaratory Statement requesting the Commission to apply this Agreement to the facts presented. The petitioning Party shall notify the other Party and the applicant of its intent to file a Petition for Declaratory Statement prior to filing such Petition and shall request the joinder of the other Party as a Party to the proceeding. The petitioning Party shall not provide or attempt to provide electric service to such a New Customer unless the Commission authorizes such service in an order binding upon both Parties.

Section 2.3: Transition Period. In order to minimize inconvenience to their customers, each Party may continue to serve their respective Existing Customers listed on Exhibit "B" as provided in this Section of this Agreement, even though the location at which they are using electric service shall be located in the Territorial Area of the other Party effective upon the approval of this Agreement by the Commission. Each of such Existing Customers and the Party by which they are presently served are listed on Exhibit "B" attached to and made a part of this Agreement. This Section of this Agreement shall also apply to additional requirements for electric service by Existing Customer

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listed on Exhibit "B" at their existing locations, subject to the "Change in Use" limitations set forth below. Existing Customers listed on Exhibit "B" may request to become customers of the other party at any time after approval of this agreement by the Commission. The parties again realize that economic constraints, good engineering practices or other exceptional circumstances may prevent the party requested to provide service from providing service immediately to the requesting Existing Customer. The parties therefore agree that the party requested to provide service shall, within the constraints referred to above, proceed expeditiously to provide the service. Until such service is available, however, the other party shall continue to provide service to the Existing Customer. In addition, Existing Customers listed on Exhibit "B" shall be transferred to the other Party (in whose territory they lie) whenever there is a "Change in Use." In either event, the parties agree that such customer shall be transferred as soon as is reasonably practicable, taking into account economics, good engineering practices, and the efficient operation of the affected utility.

Section 2.4: Bulk Power for Resale. Nothing herein shall be construed to prevent either party from providing a bulk power supply for resale purposes as defined in the Final Judgment dated August 19, 1971 in United States of America v. Florida Power Corporation and Tampa Electric Company, United States District Court for the Middle District of Florida, Case No. 68-297-Civ-T ("the Final Judgment"), regardless of where the purchaser for.

resale may be located. Further, no other section or provision of this Agreement shall be construed as applying to a bulk power supply for resale purposes as defined in the Final Judgment (attached as Exhibit C).

ARTICLE 3

OPERATION AND MAINTENANCE

Section 3.1: Facilities to Remain. Except as expressly provided herein, any generating plant, transmission line, substation, distribution line or related facility now or hereafter constructed or used by either Party in conjunction with its electric utility system, which is directly or indirectly used and useful in service to its customer by either of the Parties in its Territorial Area, shall be allowed to remain where situated and shall not be subject to removal or transfer hereunder; provided, however, that each Party shall operate and maintain all such plants, lines, substations or facilities in such a manner as to minimize any interference with the operations of the other Party.

ARTICLE 4

PREREQUISITE APPROVAL

Section 4.1: Commission Approval. The provisions and the Parties' performance of this Agreement are subject to the regulatory authority of the Commission, and appropriate approval by the Commission of the provisions of this Agreement shall be an absolute condition precedent to the validity, enforceability and applicability hereof. This Agreement shall have no effect whatsoever until that approval has been obtained, and the date of

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the Commission's order, if any, granting initial Commission approval of this Agreement shall be deemed to be the effective date of this Agreement. Any proposed modification to this Agreement shall be submitted to the Commission for approval. In addition, the Parties agree to jointly petition the Commission to resolve any dispute concerning the provisions of this Agreement or the Parties' performance of this Agreement.

Section 4.2: No Liability in the Event of Disapproval. In the event approval of this Agreement pursuant to Section 4.1 hereof is not obtained, neither Party will have any cause of action against the other arising under this document due to such non-approval.

Section 4.3: Supersedes Prior Agreements. Upon its approval by the Commission, this Agreement shall be deemed to specifically supersede any and all prior agreements between the Parties defining the boundaries of their respective Territorial Areas in Hernando County.

ARTICLE 5

DURATION

Section 5.1: This Agreement shall continue and remain in effect for a period of fifteen (15) years from the date of the Commission's initial Order approving this Agreement, and shall be automatically renewed for additional fifteen (15) year periods unless either Party gives written notice to the other of its intent not to renew at least six (6) months prior to the expiration of any fifteen (15) year period; provided, however, that each such

renewal of this Agreement shall require prerequisite approval of the Commission with the same effect as the original Commission approval of this Agreement as required and provided for in Article 4 hereof.

ARTICLE 6

CONSTRUCTION OF AGREEMENT

Section 6.1: Intent and Interpretation. It is hereby declared to be the purpose and intent of the Parties that this Agreement shall be interpreted and construed, among other things, to further this State's policy of actively regulating and supervising the service territories of electric utilities; supervising the planning, development, and maintenance of a coordinated electric power grid throughout Florida; avoiding uneconomic duplication of generation, transmission and distribution facilities; and encouraging the installation and maintenance of facilities necessary to fulfill the Parties' respective obligations to serve.

ARTICLE 7

MISCELLANEOUS

Section 7.1: Negotiations. Regardless of any other terms or conditions that may have been discussed during the negotiations leading up to the execution of this Agreement, the only terms or conditions agreed upon by the parties are those set forth herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the Parties hereto unless the same shall be in writing, attached hereto, signed by both of

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the parties and approved by the Commission in accordance with Article 4, Section 4.1 hereof.

Section 7.2: Successors and Assigns: for Benefit Only of Parties. This Agreement shall be binding upon the Parties hereto and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended, or shall be construed, to confer upon or give to any person other than the Parties hereto, or their respective successors or assigns, any right, remedy, or claim under or by reason of this Agreement, or any provision or condition hereof; and all of the provisions, representations, covenants, and conditions herein contained shall inure to the sole benefit of the Parties or their respective successors or assigns.

Section 7.3: Notices. Notices given hereunder shall be deemed to have been given to WREC if mailed by certified mail, postage prepaid, to

Billy E. Brown (General Manager), or his successor
Withlacoochee River Electric Cooperative, Inc.
P.O. Box 278
Dade City, FL 33526-0278

and to FPC if mailed by certified mail, postage prepaid to:

Patricia A. Brown (registered agent), or her successor
Legal Department, Florida Power Corporation
3201 Thirty-Fourth Street South,
St. Petersburg, Florida 33711.

The person or address to which such notice shall be mailed may, at any time, be changed by designating a new person or address and giving notice thereof in writing in the manner herein provided.

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PAGE 16

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate in their respective corporate names and their corporate seals affixed by their duly authorized officers on the day and year first above written.

ATTEST:

FLORIDA POWER CORPORATION

(SEAL)

By: W. J. Howell
Title: Vice President
Central and Northern Divisions

ATTEST:

WITHLACOOCHEE ELECTRIC
COOPERATIVE, INC.

(SEAL)

By: C. M. Overstreet
Title: President

AGREEMENT

Section 0.1: THIS AGREEMENT, made and entered into this 16th day of July, 1991 by and between Florida Power Corporation, (referred to in this Agreement as "FPC") a corporation organized and existing under the laws of the State of Florida and an electric utility as defined in Chapter 366, Florida Statutes, and Withlacoochee River Electric Cooperative, Inc. (referred to in this Agreement as "WREC"), a rural electric cooperative organized and existing under Chapter 425, Florida Statutes, and Title 7, Chapter 31, United States Code each of whose retail service territories are subject to regulation pursuant to Chapter 366, Florida Statutes and which are collectively referred to in this Agreement as the "Parties";

WITNESSETH:

Section 0.2: WHEREAS, each of the Parties is authorized, empowered and obligated by its corporate charters and the laws of the State of Florida to furnish retail electric service to persons desiring to use such service within their respective areas of service; and

Section 0.3: WHEREAS, each of the Parties presently furnishes retail electrical service to customers in Hernando County, Florida; and

Section 0.4: WHEREAS, the respective areas of service of the Parties are contiguous in many places, and the Parties desire to minimize costs to their respective ratepayers by avoiding

duplication of generation, transmission, and distribution facilities; and

Section 0.5: WHEREAS, the Florida Public Service Commission (referred to in this Agreement as the "Commission"), has previously recognized that any such duplication of facilities results in needless and wasteful expenditures and may create hazardous situations, both being detrimental to the public interest; and

Section 0.6: WHEREAS, the Parties desire to avoid and eliminate the circumstances giving rise to potential duplications of facilities and hazardous situations, and toward that end have established the Territorial Boundary Line to delineate their respective retail Territorial Areas; and

Section 0.7: WHEREAS, the Commission is empowered by Section 366.04(2)(d), Florida Statutes, to approve and enforce territorial agreements between electric utilities, has often recognized the wisdom of such agreements, and has held that such agreements, when properly presented to the Commission, are advisable in proper circumstances, and, indeed, in the public interest;

Section 0.8: NOW, THEREFORE, in consideration of the premises aforesaid and the mutual covenants and agreements herein set forth the Parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1: Territorial Boundary Line. As used in this Agreement, the term "Territorial Boundary Line" shall mean the boundary lines which define the geographic areas shown on the maps

attached hereto as composite Exhibit "A", which differentiate and divide the WREC Territorial Area from the FPC Territorial Area.

Section 1.2: WREC Territorial Area. As used in this Agreement, the term "WREC Territorial Area" shall mean the geographic areas of Hernando County shown on composite Exhibit "A" designated "WREC".

Section 1.3: FPC Territorial Area. As used in this Agreement, the term "FPC Territorial Area" shall mean the geographic areas of Hernando County, shown on composite Exhibit "A", designated "FPC".

Section 1.4: Transmission Line. As used in this Agreement, the term "Transmission Line" shall mean any Transmission Line of either Party having a rating of 69kV or greater.

Section 1.5. Distribution Line. As used in this Agreement, the term "Distribution Line" shall mean any Distribution Line of either Party having a rating of up to, but not including 69kV.

Section 1.6. Person. As used in this Agreement, the term "Person" shall have the same inclusive meaning given to it in Section 1.01(3), Florida Statutes.

Section 1.7. New Customer. As used in this Agreement, the term "New Customer" shall mean any Person that applies to either WREC or FPC for retail electric service after the effective date of this Agreement.

Section 1.8. Existing Customer. As used in this Agreement, the term "Existing Customer" shall mean any Person receiving retail electric service from either WREC or FPC on the effective date of

this Agreement or a surviving or divorced spouse of an Existing Customer who remains at the same service location.

Section 1.9. Change in Use. As used in this Agreement, the term "Change in Use" shall mean: (1) change in the use of real property from residential to business or business to residential; (2) a change in the use of real property that would normally require a reclassification of service under the applicable tariff of either Party; (3) a change in the use of real property that results in the addition of three or more meters during the term of this Agreement; or (4) a change in the use of real property by reason of a change in the ownership or occupancy thereof to any Person other than a surviving or divorced spouse of an Existing Customer who received electric service at the same location.

Section 1.10. End Use. As used in this agreement, the term "end use" means the use of electric energy by a customer at a geographic location where the electric energy is ultimately consumed.

Section 1.11. End Use Facilities. As used in this agreement, the term "end use facilities" means those facilities at a geographic location where the electric energy used by a customer is ultimately consumed.

ARTICLE 2

AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1: Territorial Allocations. Except as otherwise specifically provided herein, during the term of this Agreement, WREC shall have the exclusive authority to furnish retail electric

service for end use within the WREC Territorial Area and FPC shall have the exclusive authority to furnish retail electric service for end use within the FPC Territorial Area.

Section 2.2: Service to New Customers. The Parties agree that neither of them will knowingly serve or attempt to serve any New Customer whose end-use facilities are located within the Territorial Area of the other Party, except as specifically provided in this Section of the Agreement.

The Parties recognize that exceptional circumstances, economic constraints or good engineering practices may indicate that a customer's end-use facilities either cannot or should not be immediately served by the party in whose Territorial Area the end-use facilities are located. In such instances, upon written request to the other party by the Party in whose Territorial Area the end-use facilities are located, the other Party may agree in writing to temporarily provide service to such customer's end-use facilities. Any such agreement for temporary service shall be submitted to the Florida Public Service Commission for approval in accordance with Article 4, Section 4.1 hereof.

In the event that a New Customer or prospective New Customer requests or applies for service from either Party to be provided to end-use facilities located in the Territorial Area of the other Party, the Party receiving such a request or application shall refer the New Customer or prospective New Customer to the other Party with citation to this Agreement as approved by the

Commission, and shall notify the other Party of such request or application.

If the New Customer or prospective New Customer delivers a written application for service after being referred to the other Party, or continues to demand service under an application made prior to a referral to the other Party, the Party receiving the application shall file a Petition for Declaratory Statement requesting the Commission to apply this Agreement to the facts presented. The petitioning Party shall notify the other Party and the applicant of its intent to file a Petition for Declaratory Statement prior to filing such Petition and shall request the joinder of the other Party as a Party to the proceeding. The petitioning Party shall not provide or attempt to provide electric service to such a New Customer unless the Commission authorizes such service in an order binding upon both Parties.

Section 2.3: Transition Period. In order to minimize inconvenience to their customers, each Party may continue to serve their respective Existing Customers listed on Exhibit "B" as provided in this Section of this Agreement, even though the location at which they are using electric service shall be located in the Territorial Area of the other Party effective upon the approval of this Agreement by the Commission. Each of such Existing Customers and the Party by which they are presently served are listed on Exhibit "B" attached to and made a part of this Agreement. This Section of this Agreement shall also apply to additional requirements for electric service by Existing Customers

listed on Exhibit "B" at their existing locations, subject to the "Change in Use" limitations set forth below. Existing Customers listed on Exhibit "B" may request to become customers of the other party at any time after approval of this agreement by the Commission. The parties again realize that economic constraints, good engineering practices or other exceptional circumstances may prevent the party requested to provide service from providing service immediately to the requesting Existing Customer. The parties therefore agree that the party requested to provide service shall, within the constraints referred to above, proceed expeditiously to provide the service. Until such service is available, however, the other party shall continue to provide service to the Existing Customer. In addition, Existing Customers listed on Exhibit "B" shall be transferred to the other Party (in whose territory they lie) whenever there is a "Change in Use." In either event, the parties agree that such customer shall be transferred as soon as is reasonably practicable, taking into account economics, good engineering practices, and the efficient operation of the affected utility.

Section 2.4: Bulk Power for Resale. Nothing herein shall be construed to prevent either party from providing a bulk power supply for resale purposes as defined in the Final Judgment dated August 19, 1971 in United States of America v. Florida Power Corporation and Tampa Electric Company, United States District Court for the Middle District of Florida, Case No. 68-297-Civ-T ("the Final Judgment"), regardless of where the purchaser for

resale may be located. Further, no other section or provision of this Agreement shall be construed as applying to a bulk power supply for resale purposes as defined in the Final Judgment (attached as Exhibit C).

ARTICLE 3

OPERATION AND MAINTENANCE

Section 3.1: Facilities to Remain. Except as expressly provided herein, any generating plant, transmission line, substation, distribution line or related facility now or hereafter constructed or used by either Party in conjunction with its electric utility system, which is directly or indirectly used and useful in service to its customer by either of the Parties in its Territorial Area, shall be allowed to remain where situated and shall not be subject to removal or transfer hereunder; provided, however, that each Party shall operate and maintain all such plants, lines, substations or facilities in such a manner as to minimize any interference with the operations of the other Party.

ARTICLE 4

PREREQUISITE APPROVAL

Section 4.1: Commission Approval. The provisions and the Parties' performance of this Agreement are subject to the regulatory authority of the Commission, and appropriate approval by the Commission of the provisions of this Agreement shall be an absolute condition precedent to the validity, enforceability and applicability hereof. This Agreement shall have no effect whatsoever until that approval has been obtained, and the date of

the Commission's order, if any, granting initial Commission approval of this Agreement shall be deemed to be the effective date of this Agreement. Any proposed modification to this Agreement shall be submitted to the Commission for approval. In addition, the Parties agree to jointly petition the Commission to resolve any dispute concerning the provisions of this Agreement or the Parties' performance of this Agreement.

Section 4.2: No Liability in the Event of Disapproval. In the event approval of this Agreement pursuant to Section 4.1 hereof is not obtained, neither Party will have any cause of action against the other arising under this document due to such non-approval.

Section 4.3: Supersedes Prior Agreements. Upon its approval by the Commission, this Agreement shall be deemed to specifically supersede any and all prior agreements between the Parties defining the boundaries of their respective Territorial Areas in Hernando County.

ARTICLE 5

DURATION

Section 5.1: This Agreement shall continue and remain in effect for a period of fifteen (15) years from the date of the Commission's initial Order approving this Agreement, and shall be automatically renewed for additional fifteen (15) year periods unless either Party gives written notice to the other of its intent not to renew at least six (6) months prior to the expiration of any fifteen (15) year period; provided, however, that each such

renewal of this Agreement shall require prerequisite approval of the Commission with the same effect as the original Commission approval of this Agreement as required and provided for in Article 4 hereof.

ARTICLE 6

CONSTRUCTION OF AGREEMENT

Section 6.1: Intent and Interpretation. It is hereby declared to be the purpose and intent of the Parties that this Agreement shall be interpreted and construed, among other things, to further this State's policy of actively regulating and supervising the service territories of electric utilities; supervising the planning, development, and maintenance of a coordinated electric power grid throughout Florida; avoiding uneconomic duplication of generation, transmission and distribution facilities; and encouraging the installation and maintenance of facilities necessary to fulfill the Parties' respective obligations to serve.

ARTICLE 7

MISCELLANEOUS

Section 7.1: Negotiations. Regardless of any other terms or conditions that may have been discussed during the negotiations leading up to the execution of this Agreement, the only terms or conditions agreed upon by the parties are those set forth herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the Parties hereto unless the same shall be in writing, attached hereto, signed by both of

the parties and approved by the Commission in accordance with Article 4, Section 4.1 hereof.

Section 7.2: Successors and Assigns; for Benefit Only of Parties. This Agreement shall be binding upon the Parties hereto and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended, or shall be construed, to confer upon or give to any person other than the Parties hereto, or their respective successors or assigns, any right, remedy, or claim under or by reason of this Agreement, or any provision or condition hereof; and all of the provisions, representations, covenants, and conditions herein contained shall inure to the sole benefit of the Parties or their respective successors or assigns.

Section 7.3: Notices. Notices given hereunder shall be deemed to have been given to WREC if mailed by certified mail, postage prepaid, to

Billy E. Brown (General Manager), or his successor
Withlacoochee River Electric Cooperative, Inc.
P.O. Box 278
Dade City, FL 33526-0278

and to FPC if mailed by certified mail, postage prepaid to:

Patricia A. Brown (registered agent), or her successor
Legal Department, Florida Power Corporation
3201 Thirty-Fourth Street South,
St. Petersburg, Florida 33711.

The person or address to which such notice shall be mailed may, at any time, be changed by designating a new person or address and giving notice thereof in writing in the manner herein provided.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate in their respective corporate names and their corporate seals affixed by their duly authorized officers on the day and year first above written.

ATTEST:

FLORIDA POWER CORPORATION

(SEAL)

By: W.J. Howell
Vice President
Title: Central and Northern Divisions

ATTEST:

WITHLACOCHEE ELECTRIC
COOPERATIVE, INC.

(SEAL)

By: C.M. Overstreet
Title: President

APPENDIX B
CORRESPONDENCE

Majestic Oaks Partners, LLC

October 27, 2003

BY HAND DELIVERY

Mr. Dwayne Vann
Assistant General Manager
Withlacoochee River Electric Cooperative, Inc.
P. O. Box 278
Dade City, FL 33526-0278

Re: Majestic Oaks Partners, LLC

Dear Mr. Vann:

On behalf of Majestic Oaks Partners, LLC, I am hereby requesting that Withlacoochee River Electric Cooperative, Inc. ("Withlacoochee") provide retail electric service to the 420 acre area shown on the enclosed map to be developed by Majestic Partners, LLC. The site is situated north of Mondon Hill Road, south of Croom Road, and east of McIntyre Road.

The existing territorial boundary line between Withlacoochee and Florida Power Corporation, now known as Progress Energy Florida, runs directly across (east to west) and divides our property and proposed development between two utility providers. As you know, a meeting of representatives of Progress Energy, Withlacoochee and Majestic was held on Friday, October 24, 2003, concerning Majestic's desire to have its new development served in its entirety by Withlacoochee. Previous discussions had been held and correspondence sent to Progress Energy concerning this possibility and Progress Energy had advised that it would consider a modification of the territorial line to allow Withlacoochee to serve the development in its entirety. Based on Progress Energy's representations at our meeting this morning, it is clear that Progress Energy has rejected further consideration of a territorial boundary modification as previously described.

It is my understanding that Withlacoochee has multiple service points immediately adjacent to the proposed development and can provide retail electric service to the development at a lower cost than Progress Energy. Further, I firmly believe that it is in the best interest of the prospective lot purchasers in the development to receive service from one utility rather than being subjected to different rates, varying levels of quality of service and other problems that are likely to arise if the

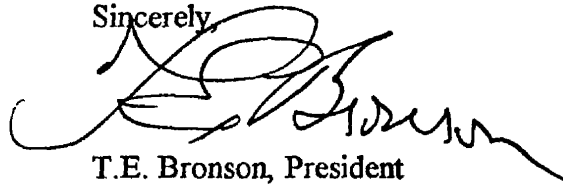
October 27, 2003

development is served by two electric utility companies. Indeed, absent a modification of the territorial line, we could see a situation where residents on the same street have two different utility companies.

It is my understanding from our meeting this morning that Section 2.2 of the existing territorial agreement contemplates a potential modification of the territorial boundary line to allow the most efficient and sufficient electric utility service to a new or prospective new customer. It is also my understanding that to trigger a change in a territorial boundary line pursuant to that provision in the territorial agreement, it is necessary that the new customer or prospective new customer formally request service from the electric utility whose PSC approved territory does not include the area requested to be served by the new customer or prospective new customer.

Please accept this letter as a formal request by Majestic Oaks Partners, LLC that Withlacooche provide electric service to Majestic's property and proposed development as shown in the enclosed map pursuant to the provisions of Section 2.2 of the PSC approved territorial agreement between Florida Power Corporation and Withlacoochee. If you need any additional information, please do not hesitate to give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read 'T.E. Bronson', written over a horizontal line.

T.E. Bronson, President

Majestic\vanm.ltr



WITHLACOOCHEE
RIVER
ELECTRIC
COOPERATIVE, INC.

November 3, 2003

Kathleen Small
Progress Energy Florida, Inc.
4121 Saint Lawrence Drive
New Port Richey, FL 34653

Dear Kathy:

This letter is a follow-up to our conversation earlier today concerning the request we have received to serve Majestic Oaks in Hernando County. Mr. Bronson delivered a written application for service to Withlacoochee River Electric Cooperative, specifically asking us to provide "retail electric service to the 420 acre area" that we have been discussing for the last couple of months.

As I mentioned to you on several occasions, WREC has not promoted this issue and we have repeatedly referred to our existing territorial agreement with Progress Energy. However, it seems obvious that Mr. Bronson is pursuing that portion of the agreement (Section 2.2: Service to New Customers) that requires intervention from the commission. If we are unable to reach an agreement to resolve the issue, WREC will be mandated to ask for a Declaratory Statement from the Public Service Commission.

We had briefly discussed a cash payment from Withlacoochee River Electric to Progress Energy for that portion of the development that lies outside our established boundary. Historically, we have used one years' projected revenue to determine value, and WREC would be willing to make this offer to avoid lengthy legal proceedings. If you wish to give further consideration to this type of negotiation, please contact us.

You indicated to me today that you were to have a conference with others in your organization concerning the formal request to provide service. Please let me know if the only solution you can consider is to ask for the above-mentioned decision from the commission.

Again, we would like to reiterate that we have only responded to requests from Tommy Bronson or his agents, and have not encouraged this issue.

Sincerely,

Duane Vann
Assistant General Manager



WITHLACOOCHEE
RIVER
ELECTRIC
COOPERATIVE, INC.

December 12, 2003

Kathy Small
Community Relations Manager
Progress Energy
4121 St. Lawrence Drive
New Port Richey, FL 34653

Re: Majestic Oaks

Dear Kathy:

As a result of our conversation late yesterday, it is my understanding that Progress Energy is not interested in pursuing any course of action that would resolve the request for service from Majestic Oaks to WREC in a timely manner. It is your intention to delay any action on the issue until next year when our territorial agreement is renegotiated.

As you know we received a letter dated October 27, 2003, specifically asking us to serve the development in its entirety. With this official request in our files, and no apparent ability to come to an equitable agreement, we will be required to petition the Public Service Commission for a declaratory statement on the matter.

If you have had further thoughts, please advise me today. Otherwise, we will assume that your position is as stated and we will move forward according to written requirements.

Sincerely,

Duane Vann
Assistant General Manager

RUTLEDGE, ECENIA, PURNELL & HOFFMAN

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

STEPHEN A. ECENIA
RICHARD M. ELLIS
KENNETH A. HOFFMAN
THOMAS W. KONRAD
MICHAEL G. MAIDA
MARTIN P. McDONNELL
J. STEPHEN MENTON

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TELECOPIER (850) 681-6675

R. DAVID PRESCOTT
HAROLD P. X. PURNELL
MARSHA E. RILE
GARY R. RUTLEDGE
GOVERNMENTAL CONSULTANTS
MARGARET A. MENDON
M. LANE STEPHENS

December 17, 2003

VIA TELECOPIER

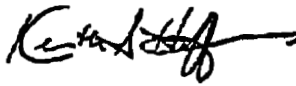
Mr. Duane Vann
Assistant General Manager
Withlacoochee River Electric Cooperative, Inc.
P. O. Box 278
Dade City, FL 33526-0278

Re: Majestic Oaks Partners, LLC

Dear Mr. Vann:

In response to your letter dated December 12, 2003, and to confirm our conversation on Monday, December 15, 2003, this letter will confirm that Mr. Bronson's request for service still stands as previously requested in October, 2003.

Sincerely,



Kenneth A. Hoffman

KAH/rl

cc: Mr. Tommy Bronson, via telecopier

MajesticVann.Jlr

APPENDIX C

LETTER DATED NOVEMBER 3, 2003



WITHLACOOCHEE
RIVER
ELECTRIC
COOPERATIVE, INC.

November 3, 2003

Kathleen Small
Progress Energy Florida, Inc.
4121 Saint Lawrence Drive
New Port Richey, FL 34653

Dear Kathy:

This letter is a follow-up to our conversation earlier today concerning the request we have received to serve Majestic Oaks in Hernando County. Mr. Bronson delivered a written application for service to Withlacoochee River Electric Cooperative, specifically asking us to provide "retail electric service to the 420 acre area" that we have been discussing for the last couple of months.

As I mentioned to you on several occasions, WREC has not promoted this issue and we have repeatedly referred to our existing territorial agreement with Progress Energy. However, it seems obvious that Mr. Bronson is pursuing that portion of the agreement (Section 2.2: Service to New Customers) that requires intervention from the commission. If we are unable to reach an agreement to resolve the issue, WREC will be mandated to ask for a Declaratory Statement from the Public Service Commission.

We had briefly discussed a cash payment from Withlacoochee River Electric to Progress Energy for that portion of the development that lies outside our established boundary. Historically, we have used one years' projected revenue to determine value, and WREC would be willing to make this offer to avoid lengthy legal proceedings. If you wish to give further consideration to this type of negotiation, please contact us.

You indicated to me today that you were to have a conference with others in your organization concerning the formal request to provide service. Please let me know if the only solution you can consider is to ask for the above-mentioned decision from the commission.

Again, we would like to reiterate that we have only responded to requests from Tommy Bronson or his agents, and have not encouraged this issue.

Sincerely,

Duane Vann
Assistant General Manager

APPENDIX D

REQUEST FOR EXPEDITED RELIEF FILED IN DOCKET NO. 031128-EU

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Declaratory Statement)
of Withlacoochee River Electric) Docket No. 031128-EU
Cooperative, Inc. Regarding a Territorial)
Dispute with Progress Energy, Florida,) Filed: January 12, 2004
Inc. in Hernando County, Florida)
_____)

**MAJESTIC OAKS PARTNERS, LLC'S
PETITION FOR LEAVE TO INTERVENE
AND REQUEST FOR EXPEDITED RELIEF**

Majestic Oaks Partners, LLC ("Majestic"), by and through its undersigned counsel, and pursuant to Rules 25-22.039, 28-106.201(2) and 25-6.0440, Florida Administrative Code, and Sections 120.565 and 366.04, Florida Statutes, petitions for leave to intervene in the above-styled docket in support of the Petition for Declaratory Statement filed by Withlacoochee River Electric Cooperative, Inc. ("Withlacoochee") on December 29, 2003 in the above-referenced docket. In support of this Petition, Majestic states as follows:

PARTIES

1. Majestic's official name and business address are:

Majestic Oaks Partners, LLC
24060 Deer Run Road
Brooksville, Florida 34601

2. The name and address of Majestic's representative to receive notices and pleadings

in this docket is:

Kenneth A. Hoffman, Esq.
Rutledge, Ecenia, Purnell & Hoffman, P.A.
P. O. Box 551
Tallahassee, FL 32302
(850) 681-6788 (Telephone)
(850) 681-6515 (Telecopier)

3. Majestic is a Florida limited liability corporation. Majestic is in the process of developing 428 acres of property that it owns in Hernando County for the construction and sale of residential homes.

4. Withlacoochee is a rural electric cooperative organized and operating pursuant to Chapter 425, Florida Statutes. Withlacoochee is an “electric utility” as defined by Section 366.02(2), Florida Statutes, and therefore subject to the Commission’s territorial dispute and territorial agreement jurisdiction under Section 366.04(2) and (4), Florida Statutes, and Grid Bill jurisdiction under Section 366.04(5) and (6), Florida Statutes.

5. Florida Power Corporation (“FPC”), now known as Progress Energy Florida (“Progress Energy”), is a “public utility” as defined by Section 366.02(1), Florida Statutes, and therefore is subject to the Commission’s territorial dispute and territorial agreement jurisdiction under Section 366.04(2) and (4), Florida Statutes, and Grid Bill jurisdiction under Section 366.04(5) and (6), Florida Statutes.

6. The agency affected by this Petition for Leave to Intervene is the Florida Public Service Commission (“Commission”), 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

JURISDICTION

7. The Commission has jurisdiction over this matter pursuant to Section 120.565, Florida Statutes, Section 366.04(2), (4), (5) and (6), Florida Statutes, and Order No. 25309 issued November 7, 1991 in Docket No. 910940-EU.

FACTS

8. Pursuant to Order No. 25309, the Commission approved a Territorial Agreement between Withlacoochee and FPC. See Appendix A to Withlacoochee's Petition for Declaratory Statement. As outlined in the Order, the Territorial Agreement "represent[s] a continuing effort by the parties to minimize the costs to their respective customers by avoiding unnecessary duplication of facilities." The Agreement is a fifteen year agreement allocating territory (and a transfer of customers) as between the two parties in Hernando County. In approving the Agreement, the Commission held:

We also find that the Agreement satisfies the intent of Subsection 366.04(5), Florida Statutes, to avoid further uneconomic duplication of generation, transmission, and distribution facilities in the state. We, therefore, find that the Agreement is in the public interest and should be approved.¹

9. Majestic is in the process of developing approximately 425 acres of property that it owns in Hernando County for the purpose of constructing and selling approximately 625 residential lots. The map filed by Withlacoochee in support of its Petition for Declaratory Statement reflects that:

a. The Commission approved territorial boundary line between Withlacoochee's exclusive retail service territory in Hernando County and Progress Energy's exclusive retail service territory in Hernando County runs directly across, east to west, and divides the Majestic property leaving Majestic (and, ultimately, the owners of homes constructed in the Majestic development) with two electric utilities authorized to provide service to portions of its development.

¹Order No. 25309, at 2.

b. Withlacoochee has six potential service points to provide retail electric service to the entire Majestic development, all of which are situated either directly on the Majestic property or immediately adjacent to (no more than 800 feet) from the Majestic property. Five of the six service points are three phase distribution facilities.

c. Progress Energy has two potential service points to provide service to the entire Majestic development, one of which is located approximately 4,887 feet from the Majestic property. The second potential service point is a 69 kV line running south from a transmission line that traverses the Majestic property to an old substation that Majestic understands would need to be upgraded to serve the entire Majestic property. This substation has been in existence for at least 35 years and was originally built to serve the quarry abandoned in the early 1960s.

d. Majestic is the owner of the Brooksville Golf and Country Club, situated adjacent to and immediately north/northeast of the approximate 400 acres of Majestic property that will be developed. The Brooksville Golf and County Club, which is part of the Majestic Project, is situated in the service territory of and served by Withlacoochee.

10. Majestic is scheduled to commence construction of Phase I of the development in early January 2004. Majestic requires electric service to begin construction of Phase I of its development. As indicated on the map filed by Withlacoochee, the Phase I development will begin on the southern tip of the Majestic property situated in the current service territory of Progress Energy.

11. The Territorial Agreement between the parties approved by the Commission pursuant to Order No. 25309 contemplated the prospect of a potential modification of the territorial boundary line between the two parties to provide service to a new customer or prospective new customer

consistent with the underlying statutory rationale and goals for approving the territorial agreement, i.e., to avoid further uneconomic duplication of facilities. Specifically, Section 2.2 of the Agreement provides as follows:

Section 2.2: Service to New Customers. The Parties agree that neither of them will knowingly serve or attempt to serve any New Customer whose end-use facilities are located within the Territorial Area of the other Party, except as specifically provided in this Section of the Agreement.

The Parties recognize that exceptional circumstances, economic constraints or good engineering practices may indicate that a customer's end-use facilities either cannot or should not be immediately served by the party in whose Territorial Area the end-use facilities are located. In such instances, upon written request to the other party by the Party in whose Territorial Area the end-use facilities are located, the other Party may agree in writing to temporarily provide service to such customer's end-use facilities. Any such agreement for temporary service shall be submitted to the Florida Public Service Commission for approval in accordance with Article 4, Section 4.1 hereof.

In the event that New Customer or prospective New Customer requests or applies for service from either Party to be provided to end-use facilities located in the Territorial Area of the other Party, the Party receiving such a request or application shall refer the New Customer or prospective New Customer to the other Party with citation to this Agreement as approved by the Commission, and shall notify the other Party of such request or application.

If the New Customer or prospective New Customer delivers a written application for service after being referred to the other Party, or continues to demand service under an application made prior to a referral to the other Party, the Party receiving the application shall file a Petition for Declaratory Statement requesting the commission to apply this Agreement to the facts presented. The petitioning Party shall notify the other Party and the applicant of its intent to file a Petition for Declaratory Statement prior to filing such Petition and shall request the joinder of the other Party as a Party to the proceeding. The petitioning Party shall not provide or attempt to provide electric service to such a New Customer unless the

Commission authorizes such service in an order binding upon both Parties.

12. As reflected in the correspondence attached to Withlacoochee's Petition in Appendix B, Majestic has requested that Withlacoochee provide retail electric service to the entire Majestic development, including the portion situated in Progress Energy's current service territory.

13. Pursuant to Section 2.2 of the Agreement, by letter dated November 3, 2003, copy attached hereto as Exhibit A, Withlacoochee notified Progress Energy of Majestic's request that Withlacoochee provide retail electric service to the entire Majestic development.

14. In accordance with the procedures set forth in Section 2.2 of the Territorial Agreement, Withlacoochee filed its Petition for Declaratory Statement requesting the Commission to apply this Agreement to the facts presented and determine that Withlacoochee should serve the entire Majestic property. Withlacoochee has not provided or attempted to provide electric service to the Majestic development pending the disposition by the Commission of its Petition for Declaratory Statement.

15. Rules 25-22.039 and 28-106.205, Florida Administrative Code, authorize intervention where the allegations in the petition to intervene "demonstrate that ... the substantial interests of the intervenor are subject to determination or will be affected through the proceeding."

16. It is a well-established principle of administrative law that a party is considered to have a substantial interest in the outcome of a proceeding if: (a) the party will suffer an injury in fact which is of sufficient immediacy to entitle it to a formal administrative hearing; and (b) the injury is of the type or nature which the proceeding is designed to protect. Agrico Chemical v. Department of Environmental Regulation, 406 So.2d 478, 482 (Fla. 2nd DCA 1981).

17. Recent decisions of Florida appellate courts recognize that the 1996 amendments to Section 120.565, Florida Statutes, providing, among other things, that the agency provide notice of the filing of a petition for a declaratory statement and the resolution of the petition in the Florida Administrative Weekly:²

... accounts for the possibility that a declaratory statement may, in a practical sense, affect the rights of other parties. Any substantially affected party can intervene in a declaratory statement proceeding before... (an) agency....

Chiles v. Department of State, Division of Elections, 711 So.2d 151, 155 (Fla. 1st DCA 1998); approved in Florida Department of Business and Professional Regulation, Division of Pari-Mutual Wagering v. Investment Corp. of Palm Beach, 747 So. 374, 381 (Fla. 1999) (“Investment Corp.”); see also Order No. PSC-01-1531-PCO-SU issued July 24, 2001.³ The right to intervene and participate in a declaratory statement proceeding provides protection for “other concerned parties” such as Majestic who would be substantially affected by the relief sought in the requested declaratory statement. The right to intervene in a declaratory statement proceeding was recently acknowledged by the Commission in Order No. PSC-03-0712-PCO-TP issued June 16, 2003.

18. Section 366.04(4), Florida Statutes, expressly provides that “[a]ny substantially affected customer shall have the right to intervene in (territorial agreement or territorial dispute) proceedings.” In this case, the relief sought by Withlacoochee - - modification of its territorial

²See Ch. 96-159, Sec. 17, Laws of Florida.

³In re: Petition for Declaratory Statement as to whether service availability agreement with United Water Florida, Inc. requires prior Commission approval as “special service availability contract” and whether contract is acceptable to Commission, by St. Johns County, 01 F.P.S.C. 7:232 (2001).

agreement with Progress Energy to authorize Withlacoochee to serve the entire Majestic property -
- will substantially affect Majestic's interests. Service by Withlacoochee to the entire Majestic property can be provided at reduced incremental costs with increased safety, efficiency, reliability and customer satisfaction when compared with the prospect of service to portions of the Majestic property by Withlacoochee and Progress Energy. These savings, efficiencies and increased reliability can be brought to the purchasers of lots from Majestic who will be the ultimate customers of the utility. Accordingly, as a substantially affected customer of Withlacoochee and Progress Energy, Majestic has the right to intervene in this proceeding.

**ARGUMENT IN SUPPORT OF WITHLACOOCHEE'S
PETITION FOR DECLARATORY STATEMENT**

19. As previously stated, the Territorial Agreement between the parties contemplates a potential modification of the territorial boundary line between the two utilities, as applied to the facts presented. Majestic submits that the question of whether the facts support a modification of the territorial boundary line, as requested, should be analyzed under the statutory and rule criteria that are applied to approval of territorial agreements and were applied to the approval of the original Territorial Agreement in 1991. These statutory and rule criteria are summarized below:

a) Section 366.04(5), F.S.:

The Commission shall further have jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities.

- b) Section 366.04(6), F.S.:

The commission shall further have exclusive jurisdiction to prescribe and enforce safety standards for transmission and distribution facilities of all public electric utilities, cooperatives organized under the Rural Electric Cooperative Law, and electric utilities owned and operated by municipalities.

- c) Rule 25-6.0440(2), F.A.C.:

Standards for Approval. In approving territorial agreements, the Commission may consider, but not be limited to consideration of:

(a) the reasonableness of the purchase price of any facilities being transferred;

(b) the reasonable likelihood that the agreement, in and of itself, will not cause a decrease in the reliability of electrical service to the existing or future ratepayers of any utility party to the agreement; and

(c) the reasonable likelihood that the agreement will eliminate existing or potential uneconomic duplication of facilities.

20. Application of the statutory and rule criteria outlined above and Section 2.2 of the Territorial Agreement to the following facts supports the issuance of the declaratory statement requested by Withlacoochee for the following reasons:

a. Withlacoochee currently has in place 5 potential three-phase feeder service points and 1 one-phase feeder service point which could be updated to the three-phase service situated on or immediately adjacent to the Majestic property. Withlacoochee's incremental cost to reach the Majestic property for the purpose of providing retail electric service is \$0. Withlacoochee's multiple points of directly situated or immediately adjacent three phase facilities places it in the position of providing high quality electric service to Majestic and the purchasers of lots on the Majestic property, with multiple points of redundancy, at a de minimus incremental cost.

b. Progress Energy has only one point of interconnection that is fed off a one phase line and is located some 75 feet from the southern edge of Majestic's property. Progress Energy will have substantially higher incremental costs than Withlacoochee to provide retail electric service to the Majestic property, including the construction of higher capacity distribution lines over an approximate 4800 foot distance to reach the property. Even with such construction, Progress Energy currently has no other three-phase point of interconnection (the other potential service point is the previously described 69 kv line) that would feed into the Majestic property for purposes of providing back-up service in the event the newly constructed Progress Energy distribution facility were to lose service.

c. The current facts reflect that, absent a modification of the territorial boundary line to allow Withlacoochee to provide retail electric service to the entire Majestic development, there will be a classic case of uneconomic duplication of facilities. Withlacoochee would construct facilities from one or more of its immediately adjacent or directly situated service points to provide electric service to roughly the northern half of the Majestic development. Progress Energy would have to construct substantial facilities to even reach the development and then additional facilities to serve roughly the southern half of the Majestic development. Such would be a classic case of uneconomic duplication of facilities.

d. Moreover, the mixing and matching of the two electric systems would diminish the ability of both utilities to provide the most safe, efficient and reliable electric service. Moreover, once the development is built out, the development will be divided for purposes of electric service into two utilities with customers even on the same street having different electric utility providers and being subjected to different rates and varying levels of quality of service. In that regard,

Majestic maintains that Progress Energy cannot expect to maintain a level of service commensurate with that which would be provided by Withlacoochee absent substantial upgrades and construction of facilities at a substantial incremental cost - - costs that will not be incurred for Withlacoochee to provide a high level quality of service to the entire Majestic development.

e. Withlacoochee also has lower retail electric rates than Progress Energy. Customer confusion and customer dissatisfaction within the entire Majestic development concerning disparate rates and levels of service will be avoided by authorizing Withlacoochee to serve the entire Majestic development.

f. Consistent with Section 2.2 of the Territorial Agreement, the foregoing facts demonstrate both exceptional circumstances and economic constraints that justify the conclusion that Majestic and its purchasing lot owners should not be immediately served by Progress Energy in Progress Energy's currently carved out portion of the Majestic development. Further, consistent with Section 2.2, the above facts demonstrate that good engineering practices will be enhanced by authorizing Withlacoochee to serve the Majestic property in its entirety.

CONCLUSION AND REQUEST FOR RELIEF

21. The Commission-approved Territorial Agreement between the parties expressly contemplated that a situation may arise where it would be appropriate, and consistent with statutory goals, to modify the territorial boundary line between the parties. The Withlacoochee Petition for Declaratory Statement represents such a case. Without a modification of the territorial boundary line between the parties, service can only be provided to the entire Majestic development by two utilities at substantially higher collective incremental costs - - most all of which would be incurred by Progress Energy, and with the prospect of diminished safety, efficiency, reliability, and customer

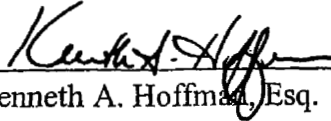
satisfaction. Withlacoochee clearly has the facilities currently in place, directly on or immediately adjacent to the property, necessary to provide fully redundant, high quality electric service. Progress Energy cannot provide service to its portion of the Majestic development at a commensurate level of reliability without substantially higher incremental costs. The statutory goals imposed on the Commission and underlying the original approval of this Territorial Agreement - - to avoid the further uneconomic duplication of facilities - - will be furthered by the granting of Withlacoochee's Petition for Declaratory Statement and authorizing Withlacoochee to provide retail electric service to the entire Majestic property.

22. Majestic's schedule for the development of its property and construction of homes has been delayed, in part, by the negotiations between Withlacoochee and Progress Energy regarding service by Withlacoochee to the entire Majestic property. Majestic has secured financing for its development, and continues to incur the carrying costs associated therewith. Majestic had planned to commence construction in early January 2004 but cannot do so until the issue of electric service to its development is resolved. Therefore, Majestic respectfully requests that the Commission grant the relief requested by Withlacoochee on an expedited basis.

WHEREFORE, for the foregoing reasons, Majestic respectfully requests that the Commission enter an Order:

- A. Granting this Petition for Leave to Intervene; and
- B. Granting Withlacoochee's Petition for Declaratory Statement on an expedited basis.

Respectfully submitted,



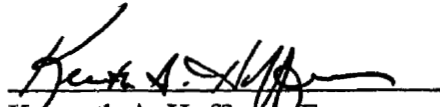
Kenneth A. Hoffman, Esq.
Rutledge, Ecenia, Purnell & Hoffman, P.A.
P. O. Box 551
Tallahassee, FL 32302
(850) 681-6788 (Telephone)
(850) 681-6515 (Telecopier)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished by United States Mail to the following this 12th day of January, 2004:

Brian P. Armstrong, Esq.
Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive
Suite 200
Tallahassee, Florida 32380

Martha Carter Brown, Esq.
Division of Legal Services
2540 Shumard Oak Boulevard
Room 370
Tallahassee, FL 32399-0850



Kenneth A. Hoffman, Esq.



WITHLACOOCHEE
RIVER
ELECTRIC
COOPERATIVE, INC.

November 3, 2003

Kathleen Small
Progress Energy Florida, Inc.
4121 Saint Lawrence Drive
New Port Richey, FL 34653

Dear Kathy:

This letter is a follow-up to our conversation earlier today concerning the request we have received to serve Majestic Oaks in Hernando County. Mr. Bronson delivered a written application for service to Withlacoochee River Electric Cooperative, specifically asking us to provide "retail electric service to the 420 acre area" that we have been discussing for the last couple of months.

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Sincerely,

Duane Vann
Assistant General Manager

