

Memorandum of Understanding Fleet Services Lead Mechanic Position

This Memorandum of Understanding ("MOU") is agreed to between Progress Energy Florida ("Company") and the IBEW System Council U-8 ("Union") in order to amend the Memorandum of Agreement dated December 2, 2002 to reflect a new classification in Exhibit "A" in the Fleet Services Department. This MOU is effective on the date signed below and shall run concurrent with the current MOA.

The parties agree there have been recent disputes regarding the appropriate upgrade to be paid to employees who perform certain lead functions in the Fleet Services Department. This MOU shall also serve to terminate the terms and conditions of Item 3 of the November 27, 2001 Settlement Agreement regarding Working Foreman pay in the Fleet Services Department.

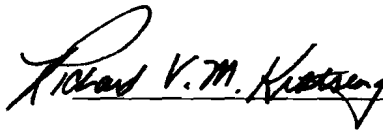
1. Replace the Working Foreman – Fleet Services classification with Lead Fleet Services Mechanic. There shall be three, non-progression steps associated with this upgrade, determined by the provisions in paragraphs 2 – 4 below.
2. Lead Fleet Services Mechanic Step 1 shall apply only to those locations staffed by the Company as a single employee location. The rate of pay for the upgrade shall be \$.50 per hour paid to the individual regularly assigned to the position of Mechanic A at a single employee location.
3. Lead Fleet Services Mechanic Step 2 shall apply to those locations where there are two to four bargaining unit employees regularly assigned. The rate of pay for this upgrade shall be \$1.00 per hour.
4. Lead Fleet Services Mechanic Step 3 shall apply to those locations where there are five or more bargaining unit employees regularly assigned. The rate of pay for this upgrade shall be \$2.00 per hour.

General Terms for this upgrade are as follows:

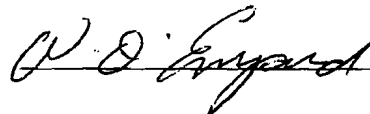
1. The upgrade shall be offered by seniority to the employees regularly assigned to the location who are qualified to perform the work. If no one volunteers for the upgrade the Company shall assign the work to the least senior Mechanic at the location who is qualified to perform the work.
2. Upgrade pay shall be based on the number of employees regularly assigned to the location. This shall include the person assigned to the Lead position. For the purposes of this MOU and in determining the proper upgrade, the number of employees shall not be changed by increases and decreases that occur as the result of temporary assignments. Management retains the right to determine the staffing at each location and the number of employees regularly assigned to a location may be changed at any time by management.

3. It is the intent of the parties that the upgrade pay reflects the additional responsibilities put on the lead mechanic including administrative duties, customer service, assigning work, and being responsible for overseeing the work of other bargaining unit employees. The parties recognize that those employees assigned to single-employee locations do not lead other employees on a regular basis and the Step 1 upgrade reflects that difference.
4. Lead upgrade shall not be paid to employees working out-of-town storm restoration duty, attending off-site training, sick time, and vacation.
5. This upgrade shall only be approved for one employee per location per day who routinely and regularly assumes these responsibilities. Upgrade shall not be paid to employees who, as a result of normal scheduling, temporary absences or vacancies, work alone at locations.
6. This upgrade only applies to employees assigned to fixed location garages and does not apply to mechanics assigned to traveling positions.
7. The parties agree that the provisions of Article VII Section 1 of the current MOA do not apply to the Fleet Services Department.
8. This MOU resolves any outstanding grievances that may exist between the parties regarding Working Foreman pay in Fleet Services.
9. This MOU constitutes the complete agreement between the parties on this issue.

For the Company:


Date 4/20/05

For the Union:


Date 4/19/05