

LETTER TO OUR MEMBERS:

To Our Members:

Seminole Electric Cooperative, Inc. (Seminole) is pleased to present the enclosed interim consolidated financial statements which include balance sheets, statements of revenue and expenses and patronage capital, and statements of cash flows as of or for the periods ended September 30, 2007 and 2006.

Operations:

Total revenues increased 8% for the quarter, 3% for the year-to-date, and 2% for the twelve months ended September 30, 2007, when compared to the same periods in 2006. Member revenues increased 9.0% for the quarter due to a 3.9% increase in the average wholesale rate and a 4.9% increase in MWh sold. For the quarter, the increase in wholesale member power cost is due primarily to an increase in fuel cost. Member revenues increased 3.1% for the year-to-date due to a 0.6% increase in the wholesale mills per kWh cost, and a 2.5% increase in the MWh sold. The average wholesale member power cost of 71.78 mills per kWh for the year-to-date reflects an increase over last year of 5.9% for non-fuel energy revenue, and a 2.4% increase in fuel revenues. The average wholesale member power cost increased 1.1% to 68.99 mills per kWh for the twelve months ended September 30, 2007. This increase in wholesale member power cost was primarily due to increased non-fuel expenses resulting from a 2.9% increase in demand as compared to a 2.5% increase in energy.

Fuel expenses associated with generation facilities were 20.5%, 21.2%, and 13.1% lower for the quarter, year-to-date, and twelve months ended September 30, 2007 respectively. Fuel for the Richard J. Midulla Generating Station (MGS, see Other Matters) was lower for all periods due to reduced generation. The decrease in fuel costs for all periods result from lower fuel consumption due to the ongoing forced outage of the MGS steam-turbine generator. This was offset for year-to-date, and twelve months ended comparisons due to the MGS peaking plants fuel consumption subsequent to commercial operation beginning December 1, 2006. Fuel costs at the Seminole Generating Station (SGS) decreased 3.1%, increased 3.6%, and decreased 1.1% for the quarter, year-to-date, and twelve months ended September 30, 2007, respectively, compared to the previous periods due to generation and changes in delivered costs

for both coal and petcoke. Fuel cost per MWh generated at SGS increased by 4.8% to \$21.93 per MWh for the twelve months ended September 30, 2007 compared to \$20.92 per MWh for the same period in 2006. Other production expenses decreased 18.9%, increased 0.6%, and increased 9.6% for the quarter, year-to-date, and the twelve months ended September 30, 2007, respectively, when compared to the same period in 2006 primarily due to timing differences in maintenance costs at MGS and SGS.

Purchased power costs increased 23.9%, 16.4%, and 10.4% for the quarter, year-to-date, and the twelve months ended September 30, 2007. The increases are attributable to replacement energy requirements caused by the MGS steam-turbine generator forced outage. Transmission expense increased 16.1%, 13.8%, and 11.5% for the quarter, year-to-date, and the twelve months ended September 30, 2007.

Net interest expense increased 8.2%, 6.9%, and 14.7%, respectively, for the quarter, year-to-date, and the twelve months ended September 30, 2007 due to the addition of financing for the MGS peaking plant, and higher variable interest rates. Interest income was 25.1% lower, 4.5% higher, and 10.8% higher for the quarter, year-to-date, and the twelve months ended September 30, 2007 respectively, compared to 2006. The quarterly decline was due to lower investment balances. The year-to-date and twelve months ended increases are mainly due to interest earned in 2007 on the temporary investment of proceeds from new Pollution Control Revenue Bonds (PCRB) which refinanced maturing bonds, and higher interest rates earned on general fund investment balances. Other income net decreased 36.2%, 29.0%, and 26.0% respectively, for the quarter, year-to-date and twelve months ended September 30, 2007 primarily due to quantities and timing of excess SO₂ allowance sales.

Financial Position:

The increase in utility plant net of depreciation and retirements of \$63.6M is chiefly associated with pollution control improvements to SGS Units 1 and 2, the new MGS peaking units, related transmission system improvements, and pre-construction costs associated with SGS Unit 3. Funds held by trustees and special funds investments decreased \$10.5M due to the liquidation of the PCRB debt

service reserve, the proceeds of which are shown in other current investments, offset by the scheduled increase in the Unit 1 lease termination fund, and an increase in the Nuclear Decommissioning Trust Fund (NDTF).

Current assets decreased \$9.6M from 2006, primarily due to decreases in cash equivalents and in prepayments, offset by increases in fuel inventory, receivables, and in other current investments.

Regulatory deferred charges decreased \$15.9M in 2007, primarily reflecting the change in fair value of natural gas hedging contracts and the scheduled amortization of deferred debt costs. This was partially offset by the addition of financing costs associated with the SGS Unit 2 reacquisition, refinancing premiums for certain Federal Financing Bank (FFB) debt, and the PCRB refinancing.

Total equity increased \$17.8M from 2006, reflecting twelve months ended net margin contribution of \$18.1M. This was offset by a decrease of \$0.3M in other comprehensive income for recognition of fair value for natural gas hedging contracts.

Long-term debt decreased in 2007 by \$4.8M mainly due to scheduled principal payments on outstanding debt. The \$5.0M increase in other long-term liabilities primarily reflects a \$4.3M increase in retention on long-term contracts, a \$0.7M scheduled accretion of the Asset Retirement Obligation for Crystal River 3 nuclear decommissioning, and a \$0.5M increase in long-term employee benefits, offset by the accrued CR3 refueling outage expenses moving to current liabilities.

Total current liabilities increased \$9.6M over 2006. The current portion of long-term debt decreased \$12.4M mostly due to the PCRB refinancing which has no current principal payments due. Accounts payable increased \$38.5M mostly due to invoiced purchased power payables. Other accrued liabilities decreased \$16.6M due to decreases of \$7.0M in accrued fuel payable, \$7.0M in accrued fuel adjustment payable, \$1.7M in accrued estimated purchased power payable and \$0.9M in interest payable.

Working capital at September 30, 2007 of \$36.7M was \$19.1M lower than the previous year. Working capital decreased due to a decrease in cash and cash equivalents and an increase in accounts payable, offset by an increase in fuel inventory, an increase in receivables, a decrease in other accrued

liabilities, and an increase in other current investments. Seminole achieved a current ratio of 1.18 at the end of September 2007 compared to 1.29 for the previous year.

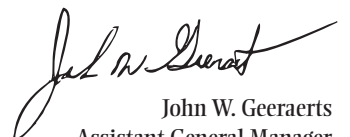
Other Matters:

On August 17, 2007, The Secretary for the Florida State Department of Environmental Protection (FDEP) denied Seminole's application for site certification on behalf of SGS Unit 3. SGS Unit 3 represents 750MW of new baseload generation to meet future energy demands and expiring purchased power contracts. Seminole contends that the FDEP action was inconsistent with prior FDEP staff approvals regarding this project. Seminole is appealing this decision through the court system.

At its October meeting, the Seminole Board of Trustees approved an operating budget and capital plan for calendar-year 2008. This budget is designed to achieve TIER, and DSC ratios of 1.15.

In October, Seminole received approval for a loan guarantee commitment from the Rural Utilities Service (RUS) for an FFB loan in the amount of \$426,327,000. Proceeds of this loan will be used to finance planned improvements to generation and transmission facilities.

The accompanying consolidated balance sheets, statements of operations and statements of cash flows are unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) have been made and this report constitutes a fair and accurate representation of the consolidated financial position and operation of Seminole and its subsidiaries for the periods presented. These statements are prepared in accordance with generally accepted accounting principles and, in all material respects, in accordance with the RUS Uniform System of Accounts. Certain reclassifications have been made to previously reported amounts to conform to current classifications. There has been no change to net margins as previously reported. These statements should be read in conjunction with the financial statements and related notes included in Seminole's 2006 annual report.



John W. Geeraerts
Assistant General Manager
and Chief Financial Officer
October 31, 2007

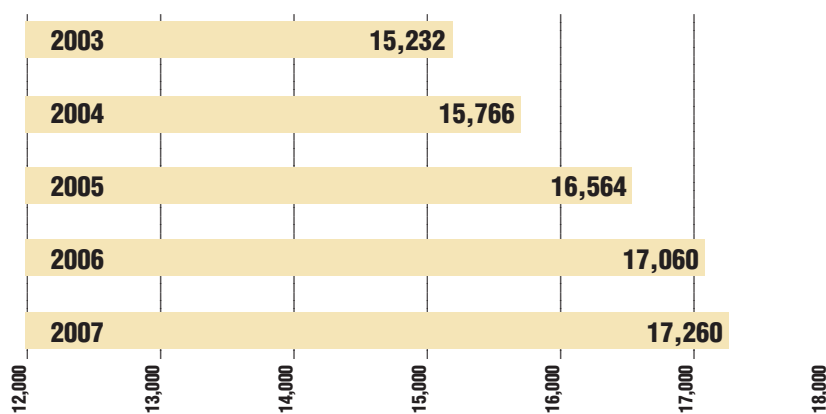
Consolidated Balance Sheets

SEMINOLE ELECTRIC COOPERATIVE, INC. CONSOLIDATED BALANCE SHEETS (Unaudited) (Thousands)

	September 30	
	2007	2006
ASSETS		
Utility plant:		
Plant in service	\$ 1,567,002	\$ 1,440,293
Construction work in progress	74,557	128,680
	1,641,559	1,568,973
Less accumulated depreciation and amortization	(520,734)	(511,715)
Utility plant, net	1,120,825	1,057,258
Investments:		
Investments in associated organizations	2,237	2,245
Funds held by trustees and special funds-restricted	65,178	75,681
Total investments	67,415	77,926
Current assets:		
Cash and cash equivalents	1,677	63,409
Other current investments	16,500	1,877
Receivables, principally for sales of electricity	130,882	113,070
Inventories, at average cost:		
Materials and supplies	22,658	21,434
Fuel	58,812	33,080
Prepayments and other	11,075	18,311
Total current assets	241,604	251,181
Regulatory deferred charges	48,987	64,891
	<u>\$ 1,478,831</u>	<u>\$ 1,451,256</u>
EQUITIES AND LIABILITIES		
Equities:		
Memberships	\$ 1	\$ 1
Patronage capital	151,351	133,284
Accumulated comprehensive income	0	273
Donated capital	32	32
Total equities	151,384	133,590
Long-term liabilities:		
Long-term debt	1,095,463	1,100,217
Other	27,055	22,019
Total long-term liabilities	1,122,518	1,122,236
Current liabilities:		
Current portion of:		
Long-term debt	42,628	55,050
Accounts payable	82,831	44,297
Other accrued liabilities	79,429	95,979
Total current liabilities	204,888	195,326
Other deferred credits	41	104
	<u>\$ 1,478,831</u>	<u>\$ 1,451,256</u>
Current ratios	1.18	1.29

TOTAL ENERGY SALES* (MWh x 1000)

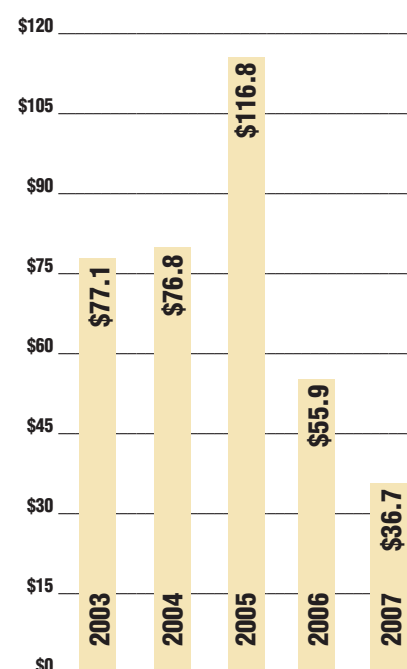
(For the twelve months ended September 30)



WORKING CAPITAL

(As of September 30)

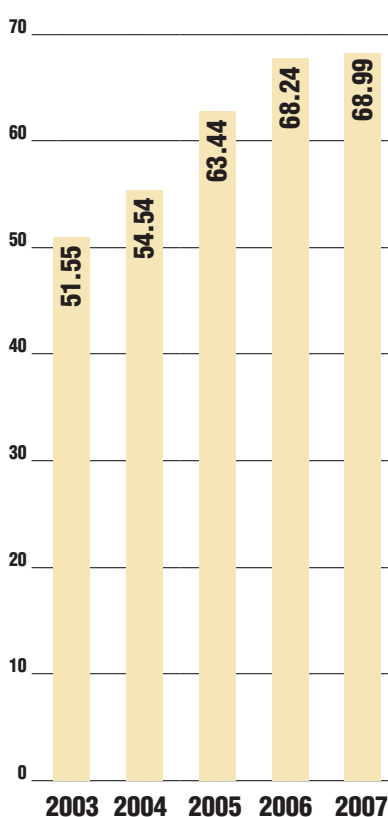
\$ x millions



WHOLESALE MEMBER COST

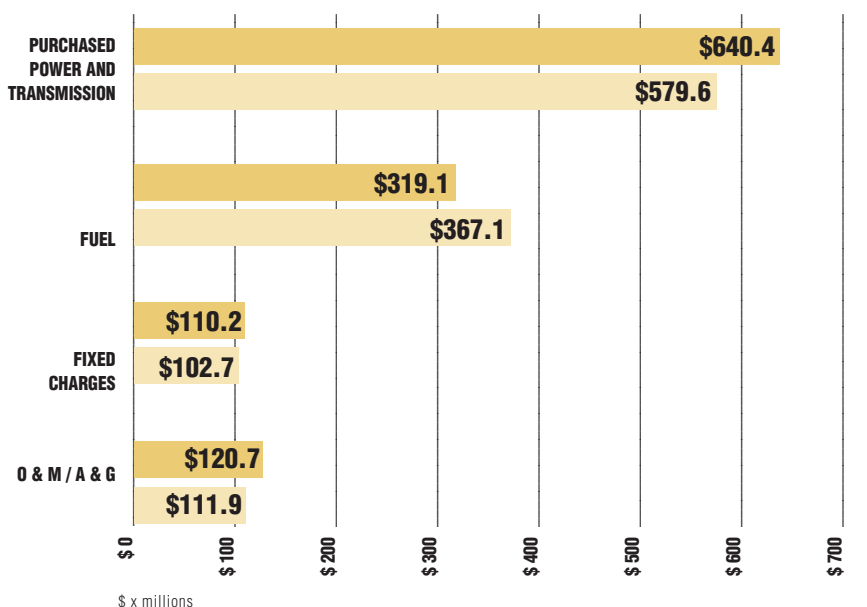
(For the twelve months ended September 30)

mills/kWh



OPERATING EXPENSES & INTEREST CHARGES

(For the twelve months ended September 30)



**SEMINOLE ELECTRIC COOPERATIVE, INC. / CONSOLIDATED STATEMENTS OF REVENUE AND EXPENSES AND PATRONAGE CAPITAL
(Unaudited) (Thousands)**

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2007	2006	2007	2006	2007	2006
	Operating revenue	\$ 410,962	\$ 380,254	\$ 969,850	\$ 945,041	\$ 1,198,233
Operating expenses:						
Operation:						
Fuel	84,448	106,217	226,787	287,859	319,142	367,435
Other production expenses	18,779	23,154	70,855	70,394	98,993	90,330
Purchased power	217,092	175,226	491,248	422,046	595,526	539,299
Transmission	12,567	10,794	35,543	31,256	44,888	40,262
Administrative and general	5,367	5,219	16,600	16,254	21,682	21,623
Depreciation and amortization	12,132	11,320	36,770	33,481	48,406	42,450
Lease of coal-fired plant	0	0	0	0	0	6,372
Total operating expenses	350,385	331,930	877,803	861,290	1,128,637	1,107,771
Operating margins before interest expense	60,577	48,324	92,047	83,751	69,596	64,067
Interest expense net of amounts capitalized	15,737	14,551	47,191	44,134	61,792	53,859
Operating margins	44,840	33,773	44,856	39,617	7,804	10,208
Nonoperating income:						
Interest income	1,192	1,591	4,370	4,184	5,984	5,403
Other income, net	134	210	4,015	5,655	4,279	5,781
Net margins	46,166	35,574	53,241	49,456	18,067	21,392
Patronage capital, beginning of period	105,185	97,710	98,110	84,470	133,284	112,534
Patronage capital retirements	0	0	0	(642)	0	(642)
Patronage capital, end of period	\$ 151,351	\$ 133,284	\$ 151,351	\$ 133,284	\$ 151,351	\$ 133,284
*Megawatt hours sold - members	5,262,547	5,019,243	18,334,817	13,008,598	17,103,305	16,806,362
Megawatt hours sold - non-members	30,299	56,873	94,485	167,300	156,846	254,060
*Wholesale member power cost - mills/kWh	77.17	74.26	71.78	71.34	68.99	68.24
Total sales - mills/kWh	77.11	74.40	71.68	71.20	68.89	68.13
TIER					1.30	1.37
DSC					1.15	1.26
*All rate schedules						

**SEMINOLE ELECTRIC COOPERATIVE, INC. / CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (Thousands)**

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	2007	2006	2007	2006	2007	2006
	Cash flows from operating activities:					
Net margins	\$ 46,166	\$ 35,574	\$ 53,241	\$ 49,456	\$ 18,067	\$ 21,392
Adjustments to reconcile to cash:						
Depreciation and amortization	12,365	12,155	38,878	36,167	51,355	45,272
Amortization of gain on lease/leaseback transactions	(311)	(311)	(931)	(931)	(1,241)	(1,241)
Lease expense/lease payment difference	0	0	0	0	0	(442)
Changes in assets and liabilities:						
Receivables	(11,662)	20,641	(40,762)	19,069	(17,812)	75,377
Inventories	8,960	(1,563)	(9,851)	(12,064)	(26,956)	(7,717)
Prepayments and other	(524)	(1,316)	15,896	(24,410)	28,853	(54,776)
Deferred charges	(307)	309	(3,981)	(215)	(8,457)	(2,812)
Other long-term liabilities	1,314	183	3,786	1,526	4,348	2,402
Accounts payable	22,380	2,337	25,558	(12,518)	38,534	(28,205)
Other accrued liabilities	316	6,190	30,846	43,584	(16,694)	11,635
Total adjustments	32,531	38,625	59,439	50,208	51,930	39,493
Net cash provided by operating activities	78,697	74,199	112,680	99,664	69,997	60,885
Cash flows from investing activities:						
Capital expenditures	(39,220)	(26,385)	(65,794)	(101,128)	(111,637)	(417,676)
Purchases of investments	(734)	(604)	(144,426)	(4,837)	(148,344)	(5,093)
Proceeds from investments	3,048	2,341	145,987	2,882	147,886	6,283
Net cash used in investing activities	(36,906)	(24,648)	(64,233)	(103,083)	(112,095)	(416,486)
Cash flows from financing activities:						
Proceeds of line-of-credit	239,095	70,087	512,158	189,112	550,571	284,477
Payments of line-of-credit	(273,953)	(70,087)	(539,426)	(194,812)	(550,571)	(284,477)
Proceeds from long-term borrowings	0	0	139,073	107,320	154,404	407,320
Payments of long-term debt	(8,600)	(93)	(159,277)	(38,187)	(174,038)	(38,277)
Payments of patronage capital credits	0	0	0	(642)	0	(642)
Net cash provided by/(used in) financing activities	(43,458)	(93)	(47,472)	62,791	(19,634)	368,401
Net increase/(decrease) in cash and cash equivalents	\$ (1,667)	\$ 49,458	\$ 975	\$ 59,372	\$ (61,732)	\$ 12,800



Board Officers

Mal Green
President

Robert W. Strickland
Vice President

Malcolm V. Page
Secretary/Treasurer

Chief Executive Officer

Timothy S. Woodbury
*Executive Vice President &
General Manager*

Please direct inquiries to:

Seminole Electric Cooperative, Inc.
*Assistant General Manager
and Chief Financial Officer*

P.O. Box 272000
Tampa, FL 33688-2000
(813) 963-0994

Email:
info@seminole-electric.com

Web Address:
www.seminole-electric.com

**Owned by those we serve –
10 member distribution cooperatives:**

Central Florida Electric Cooperative
Chiefland, FL

Clay Electric Cooperative
Keystone Heights, FL

Glades Electric Cooperative
Moore Haven, FL

Lee County Electric Cooperative
North Fort Myers, FL

Peace River Electric Cooperative
Wauchula, FL

Sumter Electric Cooperative
Sumterville, FL

Suwannee Valley Electric Cooperative
Live Oak, FL

Talquin Electric Cooperative
Quincy, FL

Tri-County Electric Cooperative
Madison, FL

Withlacoochee River Electric Cooperative
Dade City, FL

OUR MISSION

To be the preferred provider of wholesale energy services for our Members.

OUR VISION

To be a leading competitor in the Florida energy market, trusted and respected by our Members, employees, business partners, and community.

To provide our employees a safe, challenging and rewarding work environment, where pride and commitment are the hallmark of our operations.

OUR VALUES

We uphold the highest ethical and professional standards.

We believe that Cooperative ownership and principles are the cornerstone of our success.

We affirm that innovation, communication, accountability, and teamwork are essential ingredients to achieve Member satisfaction.

We are committed to improving the quality of life in our communities.

We are responsible stewards of our environment.

P.O. Box 272000
Tampa, FL 33688-2000
(813) 963-0994

IN PARTNERSHIP WITH THOSE WE SERVE
SEMINOLE ELECTRIC
COOPERATIVE, INC.

