

[St. Petersburg Times \(Florida\)](#)

The Suncoast powerhouse that Billy Brown built

August 23, 1999, Monday, South Pinellas Edition
Business; Cover Story, 8

BY RICHARD VERRIER
ST. PETERSBURG TIMES

ST. LEO— A 900-home development near a monastery is the latest effort to diversify by the Withlacoochee cooperative that Brown heads. Critics suggest real estate is too far afield for a subsidized, investor-owned utility.

On the rolling hills by Lake Jovita, near a Benedictine monastery, a plush 900-home golf course community is transforming this sleepy east Pasco County town.

As tractors and bulldozers clear lots for half-million-dollar homes, Billy E. Brown watches from his house down a nearby private road. His interest is more than that of a neighbor whose property value may soar thanks to the swank development that is rising virtually in his backyard.

Brown is the power behind the Lake Jovita Golf & Country Club, though he is neither a developer nor a politician. He is the general manager of the Withlacoochee River Electric Cooperative.

Forty-three years after he took a \$ 1.10-an-hour job as a lineman, Brown is one of the most powerful figures in the booming economy of the North Suncoast. In large part through his efforts, Withlacoochee has 160,000 members in Pasco, Hernando, Citrus, Sumter and Polk counties.

That makes it the largest of the nation's 900 rural electrical co-ops, the federally subsidized, member-owned organizations that were created in the 1930s to bring electricity and jobs to poor farming communities.

But Brown and Withlacoochee have traveled far from the days when their mission was to string wire to farmhouses and feed stores. Withlacoochee promotes and invests in suburban growth that gobbles up the farms it was created to serve. It is part of a diversification trend nationwide, as rural co-ops delve into businesses from selling security systems to providing Internet services.

Brown has turned his co-op into a major player in economic development through aggressive line expansions, savvy land deals and a loyal board of directors.

While few question Brown's business acumen, some question whether his latest project, Lake Jovita, is a sound move. The co-op's for-profit real estate subsidiary has more than \$ 11-million tied up in the project, a joint venture with Michigan developers. Yet most investor-owned utilities have left the real estate business because of its risks. And some critics have questioned whether heavily subsidized co-ops such as Withlacoochee merit continued support from the federal government.

Brown, a tall, laconic man with little patience for naysayers, says federal subsidies are needed and that projects such as Lake Jovita benefit ratepayers and the community.

"You have to look at the big picture," said Brown, who speaks in a slow baritone. "Our primary objective is economic development, and I think that's what we're going to get out of this: jobs and an expanded tax base. Aside from that, we expect to make some dollars that will flow back to our members."

In the tight-knit east Pasco town of Dade City, where Withlacoochee has long been a major employer and a benefactor to the needy, the 65-year-old Brown is viewed as a model of success and a mentor worth cultivating.

"They have a saying in Dade City that when a baby is born you whisper 'Billy Brown' in his ear," local banker Ralph Cumbee said.

Oldtimers have known Brown since he was a boy. They remember the home cooking at his parents' restaurant, the Corner Lunch near the old courthouse.

And they remember when he was one of Dade City's most promising young athletes. After high school, he played four years at first base in semi-pro baseball. Then he got as far as spring training on a farm team of the Pittsburgh Pirates before he was drafted during the Korean War.

After serving in the Coast Guard, Brown came home to look for work to support his wife and child. The Withlacoochee co-op was a natural place for a young man from Dade City to apply in 1956.

The co-op had about 3,000 customers, but it was the second biggest employer after juice processor Lykes Pasco.

The co-op had been started by a group of Dade City residents in 1941. World War II interrupted the flow of aid from the federal Rural Electrification Administration, but shortly after the war, the Withlacoochee co-op received its first \$ 240,000 and used it to build 200 miles of line to provide service from Zephyrhills to Brooksville.

For six months, Brown was assigned to a work crew, shimmying up poles to install and repair power lines. He soon moved up in the organization. "I worked in virtually every department and supervised most of them," Brown said.

In the early 1960s, Brown, a district manager in Brooksville, made his mark by beating utility giant Florida Power for the right to provide power to Spring Hill, the 30,000-home development that Deltona Corp. was building in Hernando.

Brown visited Deltona's offices in Miami to make his pitch. Florida Power's rates were cheaper back then, but Withlacoochee could build lines faster. And in development, time is money. Withlacoochee got the contract.

As Spring Hill grew, so did the utility's electrical loads. Today, Spring Hill has the largest concentration of Withlacoochee customers.

Brown won the top job, general manager, in 1972. "There just aren't many occasions these days when hometown people get to manage a business of this size," he said.

Brown inherited an agency struggling to recover from scandal.

A year earlier, the board had fired the co-op's longstanding general manager and vice president, Erle W. McGough, after a federal investigation found he used the cooperative to buy personal vehicles. McGough, who denied wrongdoing, was convicted of stealing money from the cooperative, but the Florida Supreme Court overturned his convictions in 1974.

Assigned to clean up, Brown slashed operating costs, opened the co-op's board meetings to the media and convinced wary federal authorities to resume giving loans to the agency.

"The cooperative was struggling badly," Brown said. "We were losing money. We were about \$ 5-million in debt. It was not a good situation."

Soon the cooperative was awash in federal money and barely able to keep up with booming construction in the early 1970s and 1980s, when Pasco and Hernando ranked among the fastest-growing counties nationwide.

Withlacochee's growth mirrored the North Suncoast's, but Brown was a big part of it, said Glenn English, chief executive of the National Rural Electric Cooperative Association. "He is recognized by his peers as being a leader," said English, whose association has twice given Brown awards for his contributions to the industry.

Brown leads with a hands-on style that is a mix of down-home and corporate. He listens to Willie Nelson tapes and has a passion for auto repair, hunting and fishing in the Suwanee River. At the same time, he is a stickler for detail, and his dress shirts are monogrammed BEB.

Brown and his co-op have critics. Nick Morana, 73, past president of the Spring Hill Civic Association, has questioned Brown's \$ 190,000-a-year salary as excessive and has derided the cooperative's nine-member board as too chummy.

"It's a closed corporation; they feed on themselves," Morana said. "Those guys have been on there since Methuselah was a pup."

Withlacochee employs 400 people, has assets of \$ 406.4-million, and is the biggest buyer of electricity from Seminole Electric Cooperative, which has a coal-fired generation plant in Palatka. And Withlacochee rewards its consumer members with the lowest electric rates in the Tampa Bay area.

Like many cooperatives, though, Withlacochee was not satisfied providing the electrical juice for subdivisions and shopping centers. In recent years, it has moved into economic development and land investment on the rationale that it was helping to create customers for its power.

"The primary focus is on building loads in our service area, which helps all of our customers, particularly our residential customers," Brown said. "There's no question it has a stabilizing effect on rates."

Through its investments, the co-op has returned more than \$ 51-million to its members, Brown said.

Brown helped lure a 1.1-million-square-foot Wal-Mart distribution center to I-75 in Hernando,

personally visiting the discount retailer's corporate offices in Bentonville, Ark. Wal-Mart bought 200 acres from Withlacoochee's real estate subsidiary, URADCO, for \$ 1.32-million. The center opened in 1992 and has more than 800 employees.

Not all of URADCO's investments have turned to gold.

A decade ago, the company bought a half interest in One Pasco Center, a struggling industrial park west of St. Leo, for \$ 1.2-million. Three years later, during the recession of the early 1990s, URADCO loaned \$ 800,000 to the park's co-owner and original developer, First Pasco Service Corp.

One of First Pasco's directors is Brown's longtime friend, interim county attorney Bob Sumner, who also is an attorney for Withlacoochee. However, Brown said personal friendship played no role in URADCO's decision to heavily invest in the industrial park.

"They had a big-time problem out there, so the price was right," Brown said. "The economy improved, and One Pasco Center is doing very well now."

Or at least, Brown said, it is doing well for URADCO, which does not carry as heavy a debt on the project as investors such as Sumner. "Quite frankly, I've got over \$ 400,000 in that project," Sumner told Pasco County commissioners recently. "It's still not making any money." Only about 20 of the industrial park's 75 acres have been developed.

The problems at One Pasco Center did not deter Withlacoochee from going into residential real estate in a big way on the shores of Lake Jovita, next to Billy Brown's house.

"Grits and Glitz" says the sign outside the house that Brown and his second wife own along Lake Jovita. The house and land were appraised at \$ 310,709 in 1998. One of Brown's four daughters and her husband have a house next door.

"I've lived here all my life and always wanted a piece of land on this lake," Brown said. He says he plans to make it his retirement home in two years. The Browns bought their 12-acre lakefront property in 1993. Brown said the co-op had no plans to develop the area at the time.

Two years later, Withlacoochee's URADCO affiliate spent \$ 3.1-million to buy 1,013 acres for the golf course development. URADCO has loaned \$ 8-million toward construction at Lake Jovita.

The neighborly situation has produced awkward moments. County records show that URADCO and Brown exchanged properties at one point through \$ 100 deeds. Brown said the deeds, which included his personal property, merely corrected a surveyor's error on the location of a private road connecting his land to Lake Jovita's.

Withlacoochee executives cannot claim the Lake Jovita development will produce a flock of new ratepayers for the utility: The site lies in Tampa Electric Co.'s service area.

Still, Brown says ratepayers will benefit because Lake Jovita will entice more executives to move companies to Pasco, boosting electrical loads and jobs at nearby One Pasco Center.

Critics say that is a tenuous rationale. "The link that there are benefits being made here strikes me as being somewhat soft," said Sanford Berg, head of the University of Florida's **Public Utilities**

Research Center.

Housing subdivisions are rare among electrical co-ops. Since the 1980s, most investor-owned utilities have left the real estate business. Florida Progress, Florida Power's parent, shed real estate holdings two years ago. "It's a riskier investment because of the fact the real estate industry is volatile," Florida Power spokeswoman Mary Estes said.

Brown says Withlacoochee joined experienced hands - developers of the Prestwick Village golf course community in suburban Detroit - to split costs and minimize risk. Billed as a "world class community," Lake Jovita will be fed by fiber optic cable and one of its two golf courses will be co-designed by PGA player Tom Lehman. Homes will range from cottages to \$ 1-million lakeside estates and will feature a model designed by Southern Living magazine. "I think it will be a tremendous economic benefit," Brown said.

Lake Jovita will have more homes than the nearby communities of St. Leo and San Antonio combined, raising fears among some that the development will end a way of life. "We're losing our town," former St. Leo mayor Richard Christmas warned his commissioners last year.

Some ratepayers also question the co-op's dive into residential development.

"I think they ought to stick to the charter of rural electric cooperatives as dictated way back during the Roosevelt days," said Morana of Spring Hill. "They should stay out of urban development."

Brown and his supporters say those days are long gone, that rural co-ops need diversified investments such as the development on Lake Jovita, in part to prepare for the eventual deregulation of the power industry.

When that change comes to Florida, Withlacoochee may be required, for example, to rent out its electrical lines to Florida Power or another competitor that wants to provide service in its territory.

Brown isn't trembling. "I don't think deregulation will happen in the near future," he said, "but if it does, we've certainly geared ourselves to handle it."

- Times researcher Caryn Baird contributed to this report.

GRAPHIC: COLOR PHOTO, DAN McDUFFIE; COLOR MAP; COLOR PHOTO, JOHN PENDYGRAFT; COLOR PHOTO, KEVIN WHITE; BLACK AND WHITE PHOTO; Billy Brown stands in front of a Withlacoochee River Electric Cooperative truck.; Locates the proposed Lake Jovita Golf & Country Club; Lake Jovita, which will have more homes than St. Leo and San Antonio combined, will be fed by fiber optic cable and one of its two golf courses will be co-designed by PGA player Tom Lehman.; Allen Moore and Matt Platt of Withlacoochee River Electric Cooperative install temporary electrical service to a home under construction in Spring Hill., (ran cover); Billy Brown, (ran pg. 2)

Load date: August 24, 1999