

## **Description of Utility**

### **Entity Definition**

The present organization was created by provisions of Chapter 69-1191, Laws of Florida (1969), as amended, to manage, operate and maintain the electric utility servicing the citizens of the City of Key West, Florida and the Lower Florida Keys. The organization is the successor of the electric public utility once owned by the City and was given all powers and rights necessary to manage, operate, maintain, control, and extend the electric utility property owned by the City at the time of its creation. The Utility Board is composed of a Chairman who is elected every two years and four members who are elected every four years by the voters of the City. The General Manager of the organization serves as Secretary to the Board and is also responsible for the day-to-day operations. The organization is not a component unit of the City.

### **Local Generation Facilities**

The Board currently owns, operates, and maintains nine generating units with total maximum net continuous capability of 50.4 MW. This includes a combustion turbine unit and two medium-speed diesel units at Stock Island and six high-speed diesel units located at Stock Island, Big Pine Key and Cudjoe Key. Additionally, the Board operates the combustion turbine along with six high-speed and two medium-speed diesel units with low sulfur (0.05%) No. 2 oil.

Under provisions of the All Requirements Project (ARP) Supply Contract between the Utility Board and the Florida Municipal Power Agency (FMPA), the output of the Board's generating facilities is being purchased in its entirety by FMPA as part of the ARP, and the Board, in turn, purchases all of its capacity and energy for resale from FMPA through the ARP. FMPA has installed two combustion turbines, which total 34.7 MW, at the Stock Island Generating Facility. These units are part of the facilities of the ARP, but combined with the Board's existing generating units, increased local generation nameplate capacity to 87.1 MW.

### **Purchased Power Arrangements**

The Board has four categories of purchased power arrangements: (1) the All Requirements Project Power Supply Contract between the Board and FMPA, (2) the various capacity and energy entitlement contracts between the Board and FMPA with respect to specific FMPA generation and transmission projects, (3) partial requirements purchase contract between the Board and Florida Power and Light Corporation, and (4) the Metro-Key West Agreement. All of the power purchases listed above, except for the purchase from the Metro-Key West Agreement: 1) require transmission over the Florida Keys Electric Cooperative Association, Inc. (FKEC) transmission system. 2) On January 1, 1992, this became a jointly owned system between the System and FKEC and is covered by a Long-Term Joint Investment Transmission Agreement. 3) Resources and costs under these three contracts have been assigned to FMPA.

## **Organization and Management**

General - The Board was initially created by the City Council and subsequently was established by an Act of the Florida Legislature in 1945 to operate and maintain the utility. The present form of the Board was created in 1969 by the Florida Legislature and was given control of the utility. The Board is composed of a Chairman who is elected for a term of two years and four members who are elected for a term of four years by the voters of the City. The Utility Board exercises exclusive control and management of the System and appoints its Vice-Chairman. The General Manager of the utility serves as the Secretary of the Utility Board and is also responsible for the day-to-day operations, including the hiring of employees. Neither the City nor any other board, officer or agency of the City has any control over the operation or management of the utility or of the Board. The City must, however, approve the issuance of bonds by the Board.

Utility Board - The elected officials comprising the membership of the Utility Board as of September 30, 2005, were as follows: Robert R. Padron, Chairman, Leonard H. Knowles, Vice-Chairman, Mona Clark, Lou Hernandez, and Gayle Swofford. The new term for board member Padron expires in November 2005. The terms for board members Hernandez and Swofford expire in November 2005. The terms of board members Clark and Knowles expire in November 2007.

### **LIST OF PRINCIPAL OFFICIALS**

#### **ELECTED OFFICIALS**

Utility Board Chairman	Robert Padron
Utility Board Vice-Chairman	Leonard Knowles
Utility Board Member	Lou Hernandez
Utility Board Member	Mona Clark
Utility Board Member	Gayle Swofford

#### **APPOINTED OFFICIALS**

General Counsel	Nathan E. Eden
General Manager & Chief Executive Officer	Carl R. Jansen

#### **DEPARTMENT DIRECTORS**

Assistant General Manager & Chief Operating Officer	Lynne Tejeda
Director of Finance & Chief Financial Officer	Jack Wetzler
Director of Generation	Dan Cassel
Director of Engineering/Control	Dale Z. Finigan
Director of Management Services	Suzanne Greager
Director of Transmission & Distribution	David Price
Director of Administration, Compliance & Internal Policies	Stanley T. Rzad
Director of Customer Services	Alex Tejeda

### Summary of Debt Service Coverage

<b>Payment Date</b>	<b>Series 2001 Bonds</b>	<b>Series 2000 Bonds</b>	<b>Series 1991 Bonds</b>	<b>Aggregate Debt Service</b>	<b>Payments Fiscal Year</b>	<b>Funding Calendar Year</b>
10/1/2005	1,056,385	5,813,438		6,869,823		8,509,645
4/1/2006	180,475	1,317,800		1,498,275	8,368,098	
10/1/2006	1,080,475	5,932,800		7,013,275		8,511,550
4/1/2007	163,150	1,185,119		1,348,269	8,361,544	
10/1/2007	1,093,150	6,010,119		7,103,269		8,451,538
4/1/2008	144,550	1,046,400		1,190,950	8,294,219	
10/1/2008	1,109,550	6,086,400		7,195,950		8,386,900
4/1/2009	124,647	901,500		1,026,147	8,222,097	
10/1/2009	1,129,647	6,236,500		7,366,147		8,392,294
4/1/2010	103,291	741,450		844,741	8,210,888	
10/1/2010	1,153,291	6,386,450		7,539,741		8,384,481
4/1/2011	80,322	572,100		652,422	8,192,163	
10/1/2011	1,180,322	6,562,100		7,742,422		8,394,844
4/1/2012	56,259	392,400		448,659	8,191,081	
10/1/2012	1,201,259	6,742,400		7,943,659		8,392,319
4/1/2013	27,634	201,900		229,534	8,173,194	
10/1/2013	1,222,634	6,931,900		8,154,534		8,384,069
4/1/2014					8,154,534	
10/1/2014			9,270,000	9,270,000		9,270,000
4/1/2015					9,270,000	
10/1/2015			9,270,000	9,270,000		9,270,000
4/1/2016					9,270,000	
10/1/2016			9,270,000	9,270,000		9,270,000
4/1/2017					9,270,000	
10/1/2017			9,270,000	9,270,000		9,270,000
4/2/2018					9,270,000	
10/1/2018			9,270,000	9,270,000	9,270,000	9,270,000
<b>Total</b>	<b>\$ 11,107,041</b>	<b>\$ 63,060,775</b>	<b>\$ 46,350,000</b>	<b>\$ 120,517,816</b>	<b>\$ 120,517,816</b>	<b>\$ 122,157,639</b>
Generation	\$ 10,107,408	\$ -	\$ 42,178,500	\$ 52,285,908		
Transmission	721,958	57,637,548	3,012,750	61,372,256		
Distribution	<u>277,676</u>	<u>5,423,227</u>	<u>1,158,750</u>	<u>6,859,653</u>		
Total	<u>\$ 11,107,041</u>	<u>\$ 63,060,775</u>	<u>\$ 46,350,000</u>	<u>\$ 120,517,816</u>		

**Schedule of Debt Service - Series 2001**

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>	
				<u>Payments Fiscal Year</u>	<u>Funding Calendar Year</u>
10/1/2005	860,000	196,385	1,056,385		1,252,770
4/1/2006		180,475	180,475	1,236,860	
10/1/2006	900,000	180,475	1,080,475		1,260,950
4/1/2007		163,150	163,150	1,243,625	
10/1/2007	930,000	163,150	1,093,150		1,256,300
4/1/2008		144,550	144,550	1,237,700	
10/1/2008	965,000	144,550	1,109,550		1,254,100
4/1/2009		124,647	124,647	1,234,197	
10/1/2009	1,005,000	124,647	1,129,647		1,254,294
4/1/2010		103,291	103,291	1,232,938	
10/1/2010	1,050,000	103,291	1,153,291		1,256,581
4/1/2011		80,322	80,322	1,233,613	
10/1/2011	1,100,000	80,322	1,180,322		1,260,644
4/1/2012		56,259	56,259	1,236,581	
10/1/2012	1,145,000	56,259	1,201,259		1,257,519
4/1/2013		27,634	27,634	1,228,894	
10/1/2013	1,195,000	27,634	1,222,634		1,250,269
4/1/2014		-	-	1,222,634	
10/1/2014		-	-		-
4/1/2015		-	-	-	-
10/1/2015		-	-		-
4/1/2016		-	-	-	-
10/1/2016		-	-		-
4/1/2017		-	-	-	-
10/1/2017		-	-		-
4/1/2018		-	-	-	-
10/1/2018		-	-		-
<b>Total</b>	<u>\$ 9,150,000</u>	<u>\$ 1,957,041</u>	<u>\$ 11,107,041</u>	<u>\$ 11,107,041</u>	<u>\$ 11,303,426</u>
Generation (91%)	\$ 8,326,500	\$ 1,780,908	\$ 10,107,408		
Transmission (6.5%)	594,750	127,208	721,958		
Distribution (2.5%)	<u>228,750</u>	<u>48,926</u>	<u>277,676</u>		
Total	<u>\$ 9,150,000</u>	<u>\$ 1,957,041</u>	<u>\$ 11,107,041</u>		

**Schedule of Debt Service - 2000 Series**

<u>Payment Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>	
					<u>Payments</u>	<u>Funding</u>
					<u>Fiscal Year</u>	<u>Calendar Year</u>
10/1/2005	4,370,000	5.75%	1,443,438	5,813,438		7,256,875
4/1/2006			1,317,800	1,317,800	7,131,238	
10/1/2006	4,615,000	5.75%	1,317,800	5,932,800		7,250,600
4/1/2007			1,185,119	1,185,119	7,117,919	
10/1/2007	4,825,000	5.75%	1,185,119	6,010,119		7,195,238
4/1/2008			1,046,400	1,046,400	7,056,519	
10/1/2008	5,040,000	5.75%	1,046,400	6,086,400		7,132,800
4/1/2009			901,500	901,500	6,987,900	
10/1/2009	5,335,000	6.00%	901,500	6,236,500		7,138,000
4/1/2010			741,450	741,450	6,977,950	
10/1/2010	5,645,000	6.00%	741,450	6,386,450		7,127,900
4/1/2011			572,100	572,100	6,958,550	
10/1/2011	5,990,000	6.00%	572,100	6,562,100		7,134,200
4/1/2012			392,400	392,400	6,954,500	
10/1/2012	6,350,000	6.00%	392,400	6,742,400		7,134,800
4/1/2013			201,900	201,900	6,944,300	
10/1/2013	<u>6,730,000</u>	6.00%	<u>201,900</u>	<u>6,931,900</u>	<u>6,931,900</u>	<u>7,133,800</u>
<b>Total</b>	<u>\$ 48,900,000</u>		<u>\$ 14,160,775</u>	<u>\$ 63,060,775</u>	<u>\$ 63,060,775</u>	<u>\$ 64,504,213</u>
Generation (0%)	\$ -		\$ -	\$ -		
Transmission (91.4%)	44,694,600		12,942,948	57,637,548		
Distribution (8.6%)	<u>4,205,400</u>		<u>1,217,827</u>	<u>5,423,227</u>		
Total	<u>\$ 48,900,000</u>		<u>\$ 14,160,775</u>	<u>\$ 63,060,775</u>		

**Schedule of Debt Service - 1991 Series**

<u>Payment Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Compounded Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>	
					<u>Fiscal Year</u>	<u>Funding Calendar Year</u>
10/1/2004						
4/1/2005						
10/1/2005						
4/1/2006						
10/1/2006						
4/1/2007						
10/1/2007						
4/1/2008						
10/1/2008						
4/1/2009						
10/1/2009						
4/1/2010						
10/1/2010						
4/1/2011						
10/1/2011						
4/1/2012						
10/1/2012						
4/1/2013						
10/1/2013						
4/1/2014						
10/1/2014	\$ 1,859,840	7.05%	\$ 7,410,160	\$ 9,270,000		\$ 9,270,000
4/1/2015				-	9,270,000	
10/1/2015	1,735,344	7.05%	7,534,656	9,270,000		9,270,000
4/1/2016				-	9,270,000	
10/1/2016	1,599,539	7.10%	7,670,462	9,270,000		9,270,000
4/1/2017				-	9,270,000	
10/1/2017	1,491,821	7.10%	7,778,179	9,270,000		9,270,000
4/1/2018				-	9,270,000	
10/1/2018	<u>1,391,242</u>	7.10%	<u>7,878,758</u>	<u>9,270,000</u>	<u>9,270,000</u>	<u>9,270,000</u>
<b>Total</b>	<u>\$ 8,077,785</u>		<u>\$ 38,272,215</u>	<u>\$46,350,000</u>	<u>\$ 46,350,000</u>	<u>\$ 46,350,000</u>
Generation (91%)	\$ 7,350,785		\$ 34,827,715	\$ 42,178,500		
Transmission (6.5%)	525,056		2,487,694	3,012,750		
Distribution (2.5%)	<u>201,945</u>		<u>956,805</u>	<u>1,158,750</u>		
Total	<u>\$ 8,077,785</u>		<u>\$ 38,272,215</u>	<u>\$ 46,350,000</u>		

## Overhead Rate Calculation Worksheet

### Labor Overhead Rate:

		<b>Budget <u>2006</u></b>
ALLOCATED COSTS:		
Employee Welfare	\$	2,374,880
Pension Contribution		2,245,087
Training and Safety		181,112
Authorized Leave		1,392,905
Management Services(Total Section Budget)		1,891,866
Less: Salaries and Wages (Other than Human Resources)		(96,203)
Less: Authorized Leave (Entire Section)		(48,937)
Less: Insurance, other than workers comp		(988,500)
Less: Rents and Utilities (Entire Section)		(10,941)
Less: General Office Expense (Entire Section)		(54,342)
Less: Employee Welfare (Entire Section)		(118,721)
Less: Pension (Entire Section)		(82,042)
Less: Training (Entire Section)		<u>(168,500)</u>
TOTAL ALLOCATED COSTS	\$	6,517,663
BASE COSTS:		
Salaries and Wages	\$	7,870,993
Payment of Overtime		505,823
Salaries and Wages - Capital Projects		219,857
Payment of Overtime - Capital Projects		<u>-</u>
TOTAL BASE COSTS	\$	8,596,673
LABOR RATE		<b><u>76%</u></b>

### Material Overhead Rate:

ALLOCATED COSTS:		
Purchasing Section Budget	\$	383,967
Less: Rents and Utilities		-
Less: General Office Expense		(5,598)
Warehouse Section Budget		204,314
Less: Over and Short		(2,550)
Less: Surplus Inventory		(2,550)
Less: Rents and Utilities		-
Less: General Office Expense		<u>(1,785)</u>
TOTAL ALLOCATED COSTS	\$	575,798
BASE COSTS:		
Materials and Supplies (Inventory)	\$	322,686
Materials and Supplies (Outside Vendor)		655,748
Less: Over and Short		(2,550)
Less: Surplus Inventory		(2,550)
Materials and Supplies(Outside Vendor) - Capital Projects		150,000
Materials and Supplies (Inventory) - Capital Projects		<u>979,000</u>
TOTAL BASE COSTS	\$	2,102,334
MATERIALS RATE		<b><u>27%</u></b>

## Overhead Rate Calculation Worksheet

### General Overhead Rate:

	<b>Budget 2006</b>
ALLOCATED COSTS:	
Rents and Utilities	\$ 388,901
Postage, Stationary & Printing	168,373
Utility Board Budget	242,624
Less: Rents and Utilities	-
Less: General Office Expense	(1,900)
Executive Department Budget	747,214
Less: Rents and Utilities	-
Less: General Office Expense	(43,500)
Marketing Department Budget	272,791
Less: Rents and Utilities	-
Less: General Office Expense	(12,700)
Information Technology Department Budget	1,252,307
Less: Rents and Utilities	(387,896)
Less: General Office Expense	(2,764)
Finance Department Budget	3,486,722
Less: Customer Deposit Interest Expense	(118,852)
Less: PSC Regulatory Fees	(20,000)
Less: Rents and Utilities	(16,613)
Less: General Office Expense	(26,222)
Less: Gross receipts Tax	(2,078,704)
Facilities Department Budget	828,275
Less: Rents and Utilities	(11,643)
Less: General Office Expense	-
Enviromental Department Budget	199,717
Less: Rents and Utilities	-
Less: General Office Expense	-
Risk Management Department Budget	2,281,117
Less: Rents and Utilities	-
Less: General Office Expense	-
TOTAL ALLOCATED COSTS	\$ 7,147,247
BASE COSTS:	
Total O&M Budget	\$ 77,196,969
Less: Purchase Power Costs	(51,121,683)
Total Capital Budget	<u>6,575,624</u>
TOTAL BASE COSTS	\$ 32,650,911
GENERAL RATE	<u><b>22%</b></u>

## Benchmarking to Budget

Financial Ratios	Actual	Budget	Budget	APPA 2003 *	
	FY 2004	FY 2005	FY 2006	Composite <sup>(1)</sup>	Generation <sup>(2)</sup>
<b>1. Revenue per kWh (Dollars)</b>					
<b>1a. All Retail Customers</b>					
Revenue / kWh	\$0.107	\$0.108	\$0.112	\$0.065	\$0.071
<b>1b. Residential Customers</b>					
Revenue / kWh	\$0.111	\$0.112	\$0.116	\$0.067	\$0.080
<b>1c. Commercial Customers</b>					
Revenue / kWh	\$0.103	\$0.105	\$0.109	\$0.069	\$0.078
<b>2. Debt to Total Assets</b>					
LT Debt + Current & Accrued Liabilities / Total Assets	0.608	N/A	N/A	0.281	0.226
<b>3. Operating Ratio</b>					
Total Electric O&M Expense / Total Electric Revenue	0.817	0.889	0.927	0.883	0.784
<b>4. Current Ratio</b>					
Current & Accrued Assets / Current & Accrued Liabilities	2.25	N/A	N/A	1.69	N/R
<b>5a. Times Interest Earned</b>					
Electric Income + Interest on LT Debt / Interest on LT Debt	2.12	N/A	N/A	4.00	N/R
<b>5b. Debt Service Coverage</b>					
Before Overhead Allocation:					
Net Income + Depreciation / Debt Service Pymts on LT Debt	1.57	1.51	1.49	N/A	N/R
After Overhead Allocation:					
Net Income + Depreciation / Debt Service Pymts on LT Debt	1.41	N/A	1.49	3.51	N/R
<b>6. Net Income per Revenue Dollar</b>					
Net Income / Revenue	\$ 0.068	N/A	N/A	\$ 0.043	N/R
<b>7. Uncollectable accounts per Revenue Dollar</b>					
Uncollectable Accounts / Revenue	\$0.0015	\$0.0013	\$0.0012	\$0.0020	N/R

\* APPA Selected Financial & Operating Ratios of Public Power Systems, 2003

(1) Customer Size Class, by Region, 20,000 to 50,000 Customers, Southeast.

(2) Customer Size Class, by Generation, 20,000 to 50,000 Customers, 10 to 50% of total power requirements.

N/A: Not Available

N/R: Not Reported

## Benchmarking to Budget

<b>Operating Ratios</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>APPA 2003 *</b>	
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>Composite <sup>(1)</sup></b>	<b>Generation <sup>(2)</sup></b>
<b>8. Retail Customers per Non-power-generation Employee</b> Avg. # of Customers / non-power-generation employees	224	222	225	340	<b>N/R</b>
<b>9. Total O &amp; M Expense per kWh Sold</b> O&M(less taxes) / kWh sold	\$ 0.090	\$ 0.094	\$ 0.104	\$ 0.058	\$ 0.045
<b>10. Total O&amp;M Expense (Excluding Power Supply)</b> O&M(less taxes) - (Power Supply) / Avg. # of Customers	\$ 720	\$ 709	\$ 835	\$ 216	<b>N/R</b>
<b>11. Total Power Supply Expense Per kWh Sold</b> Total Production Expense / kWh Sold	\$ 0.062	\$ 0.067	\$ 0.070	\$ 0.052	\$ 0.037
<b>12. Purchased Power Cost per kWh</b> Purchase Power Cost / kWh purchased	\$ 0.058	\$ 0.060	\$ 0.063	\$ 0.048	\$ 0.037
<b>14. Retail Customers per Meter Reader</b> Avg. # of Customers / Number of Meter Readers	7,285	7,377	7,433	5,256	<b>N/R</b>
<b>15. Distribution O&amp;M Expenses per Retail Customer</b> Distribution Expense / Avg. # of Customers	\$ 112	\$ 102	\$ 136	\$ 97	<b>N/R</b>
<b>16. Distribution O&amp;M Expenses per Circuit Mile</b> Distribution Expense / Circuit Mile	\$ 12,646	\$ 11,707	\$ 15,741	\$ 4,122	<b>N/R</b>
<b>17. Customer Account, Customer Service &amp; Sales Expense per Retail Customer</b> Customer Service Expense / Avg. # of Customers	\$ 38	\$ 41	\$ 41	\$ 39	<b>N/R</b>
<b>18. Admin &amp; General Expense per Retail Customer</b> A & G / Avg. # of Customers	\$ 343	\$ 405	\$ 461	\$ 63	\$ 127

\* APPA Selected Financial & Operating Ratios of Public Power Systems, 2003

(1) Customer Size Class, by Region, 20,000 to 50,000 Customers, Southeast.

(2) Customer Size Class, by Generation, 20,000 to 50,000 Customers, 10 to 50% of total power requirements.

**N/A:** Not Available

**N/R:** Not Reported

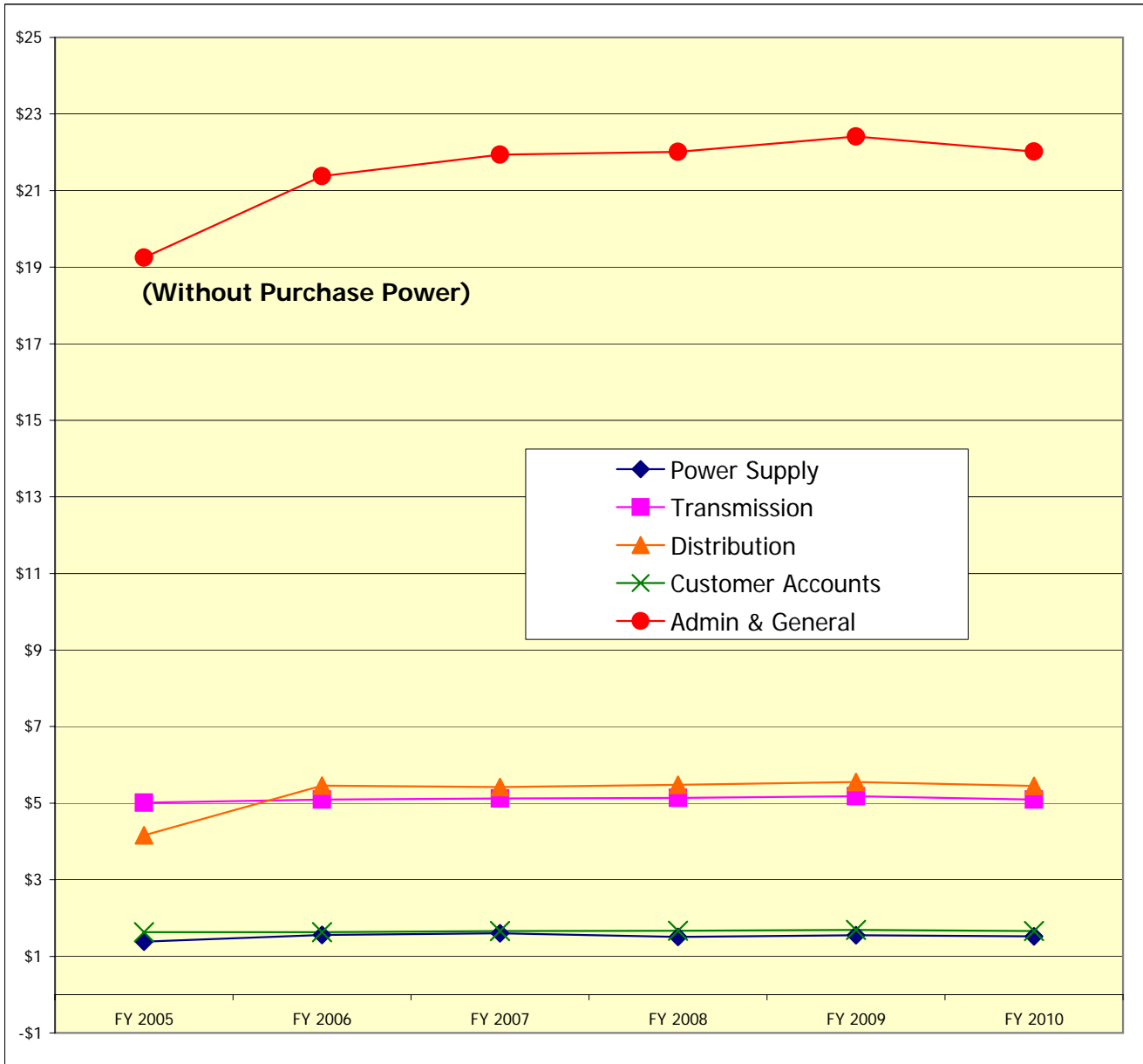
## Financial Indicators Summary

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
<b>Megawatt Hours Sold:</b>						
Residential	332,725	333,890	339,733	345,678	351,728	357,883
Commercial/Industrial	402,101	403,508	410,570	417,755	425,065	432,504
Public St/Hwy Lts	3,098	3,109	3,163	3,219	3,275	3,332
Church	504	506	515	524	533	542
Area Lights	1,467	1,472	1,498	1,524	1,551	1,578
<b>Total</b>	<b><u>739,896</u></b>	<b><u>742,486</u></b>	<b><u>755,479</u></b>	<b><u>768,700</u></b>	<b><u>782,152</u></b>	<b><u>795,840</u></b>
<b>Average No of Customers:</b>						
Residential	24,112	24,324	24,526	24,718	24,901	24,902
Commercial/Industrial	3,639	3,650	3,690	3,745	3,809	3,823
Public St/Hwy Lts	8	8	8	8	8	8
Church	15	15	15	15	15	16
Area Lighting	1,734	1,734	1,734	1,734	1,734	1,734
<b>Total</b>	<b><u>29,508</u></b>	<b><u>29,731</u></b>	<b><u>29,973</u></b>	<b><u>30,220</u></b>	<b><u>30,467</u></b>	<b><u>30,483</u></b>
<b>Opertaing Revenue (\$000):</b>						
Residential	\$ 37,403	\$ 38,811	\$ 41,053	\$ 41,934	\$ 42,902	\$ 44,068
Commercial/industrial	41,964	43,652	45,917	46,922	48,032	49,382
Public St/Hwy Lts	364	377	399	407	417	428
Church	73	75	78	80	81	83
Area Lighting	230	237	252	258	263	270
<b>Total Sales of Electricity</b>	<b>80,034</b>	<b>83,151</b>	<b>87,700</b>	<b>89,601</b>	<b>91,696</b>	<b>94,231</b>
Sales for Resale	-	-	-	-	-	-
Other Elec Revenues	-	-	-	-	-	-
<b>Total Operating Revenue</b>	<b><u>\$ 80,034</u></b>	<b><u>\$ 83,151</u></b>	<b><u>\$ 87,700</u></b>	<b><u>\$ 89,601</u></b>	<b><u>\$ 91,696</u></b>	<b><u>\$ 94,231</u></b>
<b>Avg Consumption/Revenue:</b>						
<b>Residential</b>						
Revenue Per Customer	\$ 172	\$ 177	\$ 186	\$ 189	\$ 191	\$ 197
Kwh Per Customer	1,533	1,525	1,539	1,554	1,569	1,597
Revenue Per kWh - Mills/kWh	\$ 112	\$ 116	\$ 121	\$ 121	\$ 122	\$ 123
<b>Commercial</b>						
Revenue Per Customer	\$ 1,281	\$ 1,329	\$ 1,383	\$ 1,392	\$ 1,401	\$ 1,435
Kwh Per Customer	12,277	12,284	12,363	12,394	12,400	12,572
Revenue Per kWh - Mills/kWh	\$ 104	\$ 108	\$ 112	\$ 112	\$ 113	\$ 114
<b>All Retail Customers</b>						
Revenue Per Customer	\$ 301	\$ 311	\$ 325	\$ 329	\$ 334	\$ 343
Kwh Per Customer	2,786	2,775	2,801	2,826	2,852	2,901
Revenue Per kWh - Mills/kWh	\$ 108	\$ 112	\$ 116	\$ 117	\$ 117	\$ 118

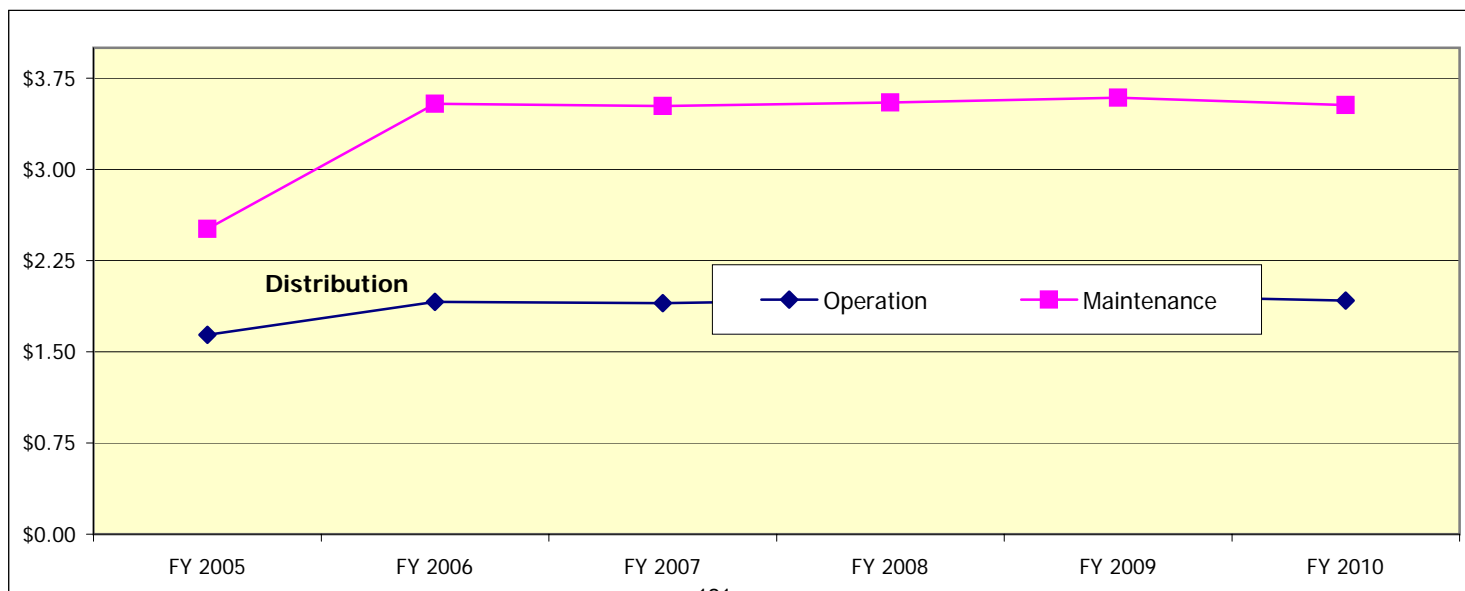
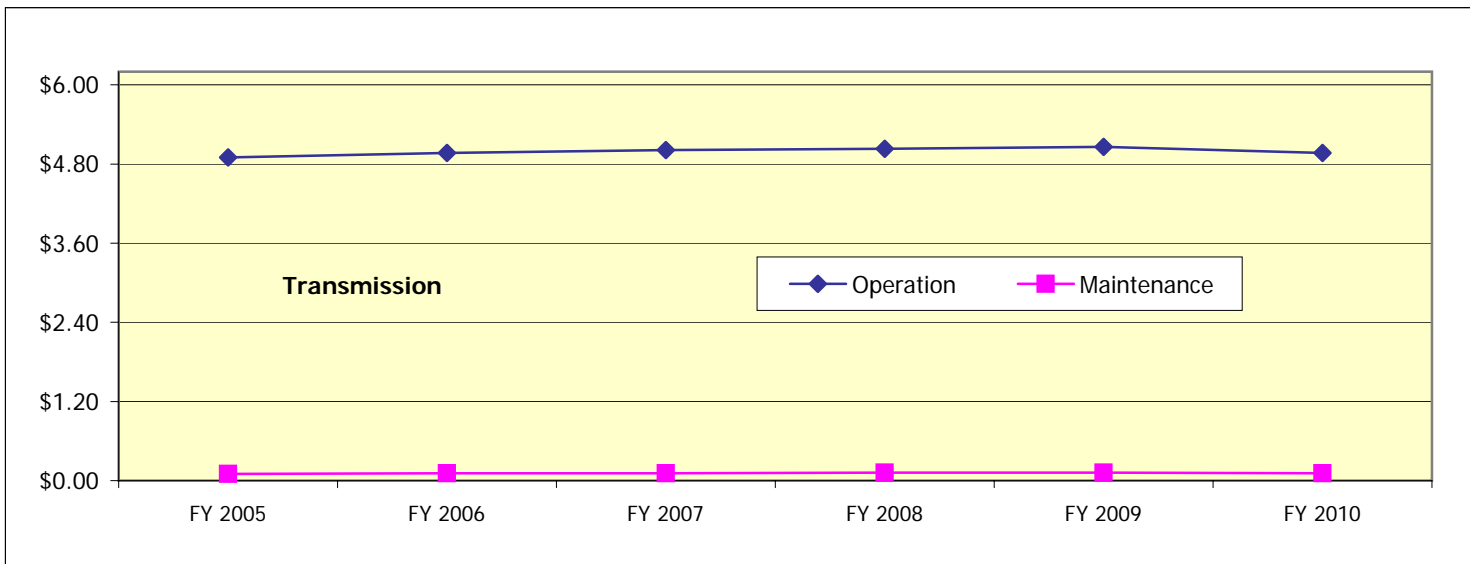
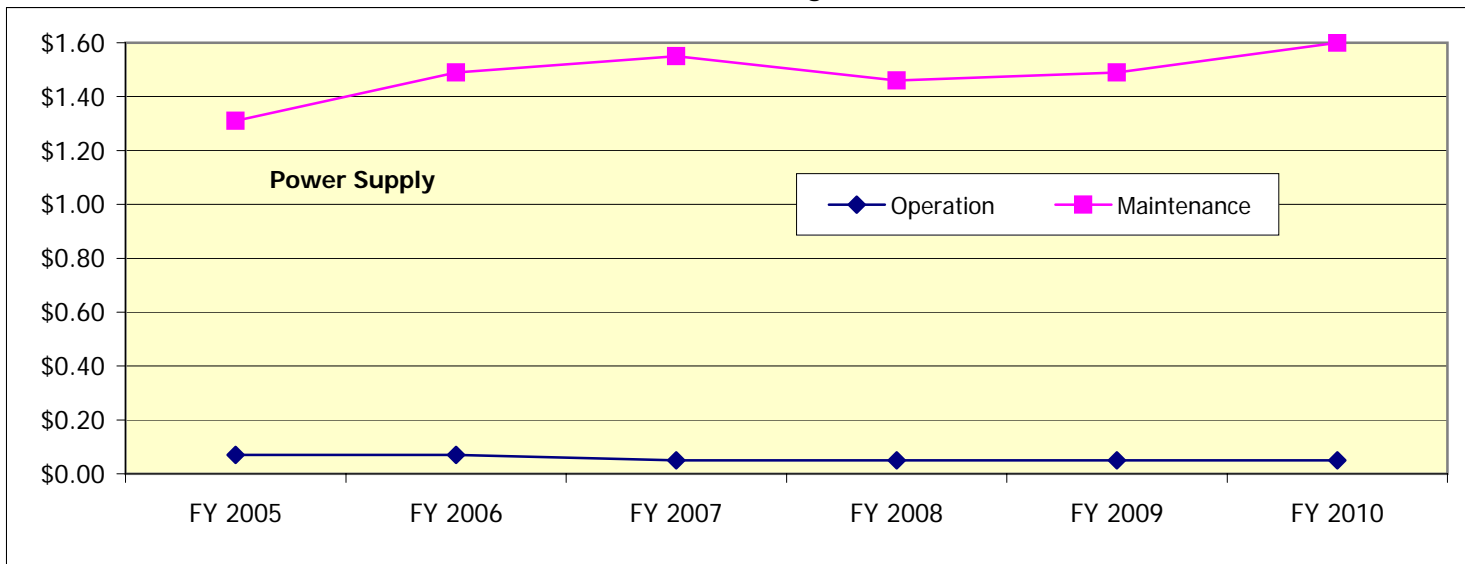
### O&M Cost Per Megawatt

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
<b>O&amp;M Function</b>						
<b>Other Power Supply</b>						
Operation Expenses	\$ 0.07	\$ 0.07	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05
Maintenance Expenses	1.31	1.49	1.55	1.46	1.49	1.60
<b>Total Other Power Supply</b>	<b>1.38</b>	<b>1.56</b>	<b>1.60</b>	<b>1.51</b>	<b>1.55</b>	<b>1.52</b>
<b>Purchased Power</b>						
Purchase Power	65.21	68.85	68.98	69.47	70.15	68.94
<b>Total Purchased Power</b>	<b>65.21</b>	<b>68.85</b>	<b>68.98</b>	<b>69.47</b>	<b>70.15</b>	<b>68.94</b>
<b>Transmission</b>						
Operation Expenses	4.90	4.97	5.01	5.03	5.06	4.97
Maintenance Expenses	0.10	0.11	0.11	0.12	0.12	0.11
<b>Total Transmission</b>	<b>5.01</b>	<b>5.09</b>	<b>5.12</b>	<b>5.14</b>	<b>5.18</b>	<b>5.09</b>
<b>Distribution</b>						
Operation Expenses	1.64	1.91	1.90	1.93	1.96	1.92
Maintenance Expenses	2.51	3.54	3.52	3.55	3.59	3.53
<b>Total Distribution</b>	<b>4.16</b>	<b>5.46</b>	<b>5.42</b>	<b>5.48</b>	<b>5.55</b>	<b>5.45</b>
<b>Customer Accounts</b>						
Customer Expenses	1.57	1.58	1.61	1.62	1.64	1.61
Customer Svc & Info Expenses	0.06	0.05	0.05	0.05	0.05	0.05
<b>Total Customer Accounts</b>	<b>1.63</b>	<b>1.63</b>	<b>1.66</b>	<b>1.67</b>	<b>1.69</b>	<b>1.66</b>
<b>Administrative &amp; General</b>						
Operation Expenses	15.96	17.94	18.39	18.44	18.81	18.49
Maintenance Expenses	0.48	0.52	0.52	0.53	0.54	0.53
Taxes	2.81	2.92	3.02	3.04	3.06	3.00
<b>Total Admin &amp; General</b>	<b>19.25</b>	<b>21.38</b>	<b>21.94</b>	<b>22.01</b>	<b>22.41</b>	<b>22.02</b>
<b>Total Company</b>	<b>\$ 96.63</b>	<b>\$ 103.97</b>	<b>\$ 104.71</b>	<b>\$ 105.28</b>	<b>\$ 106.51</b>	<b>\$ 104.68</b>

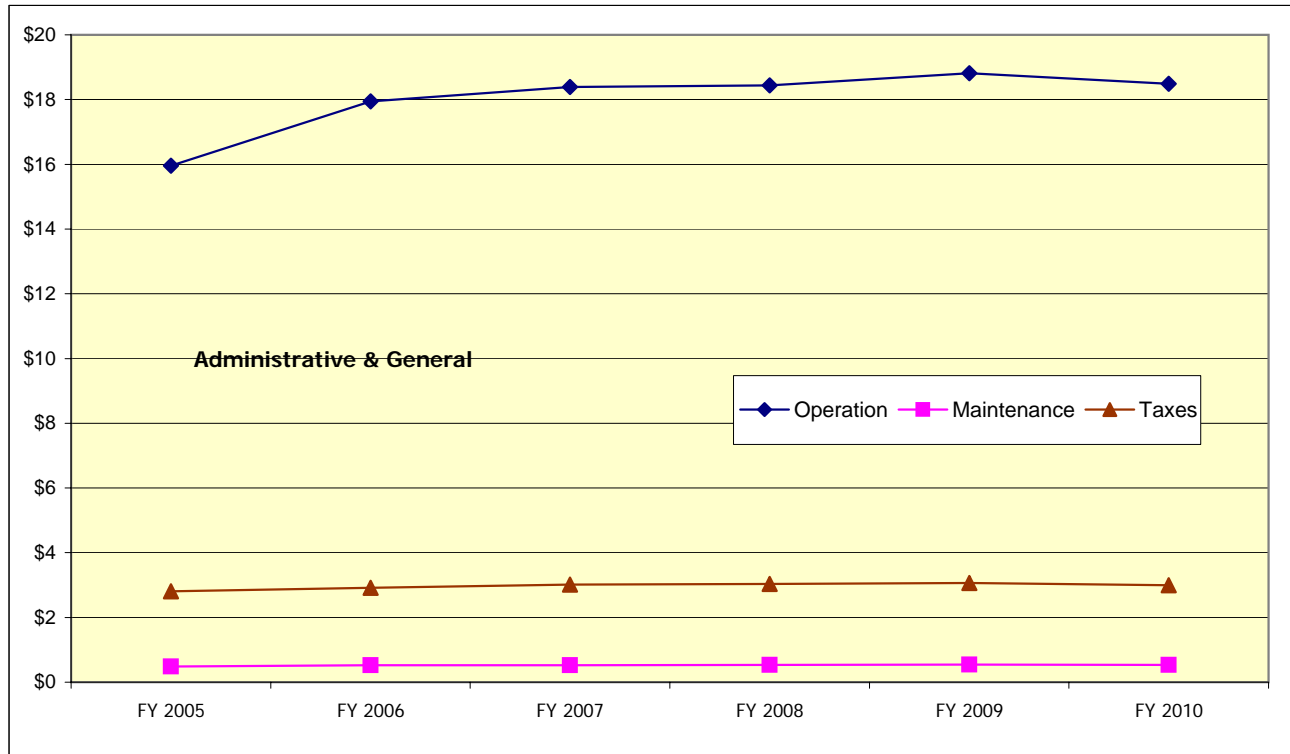
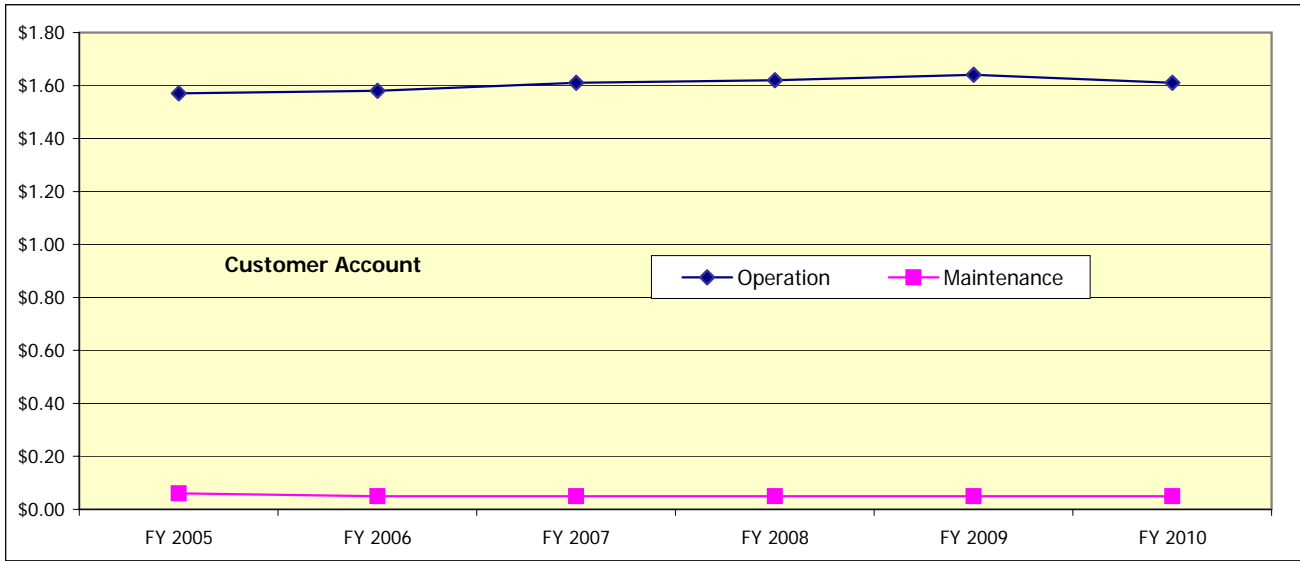
### O&M Cost Per Megawatt



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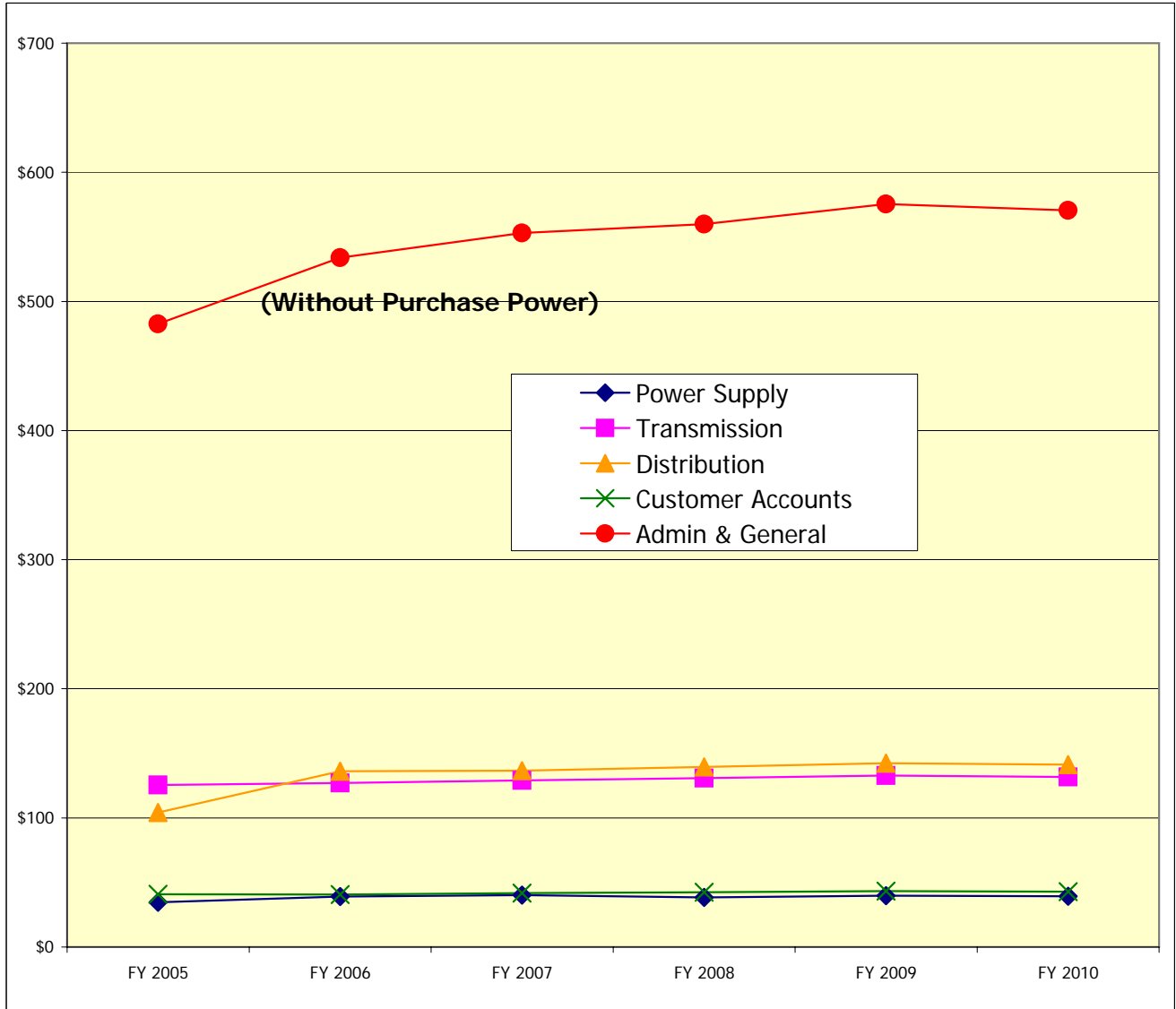
### O&M Cost Per Megawatt



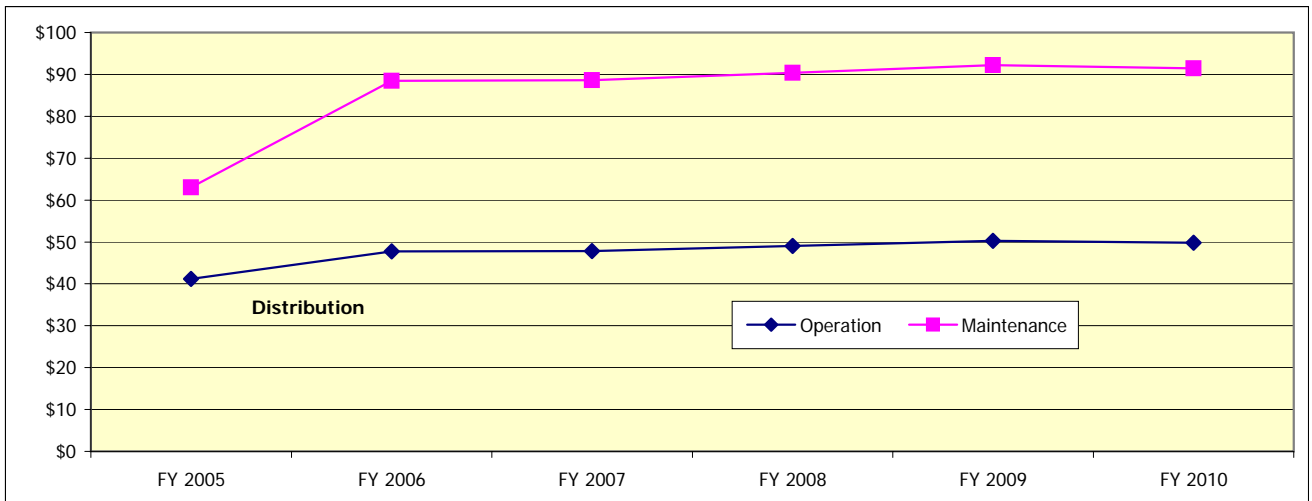
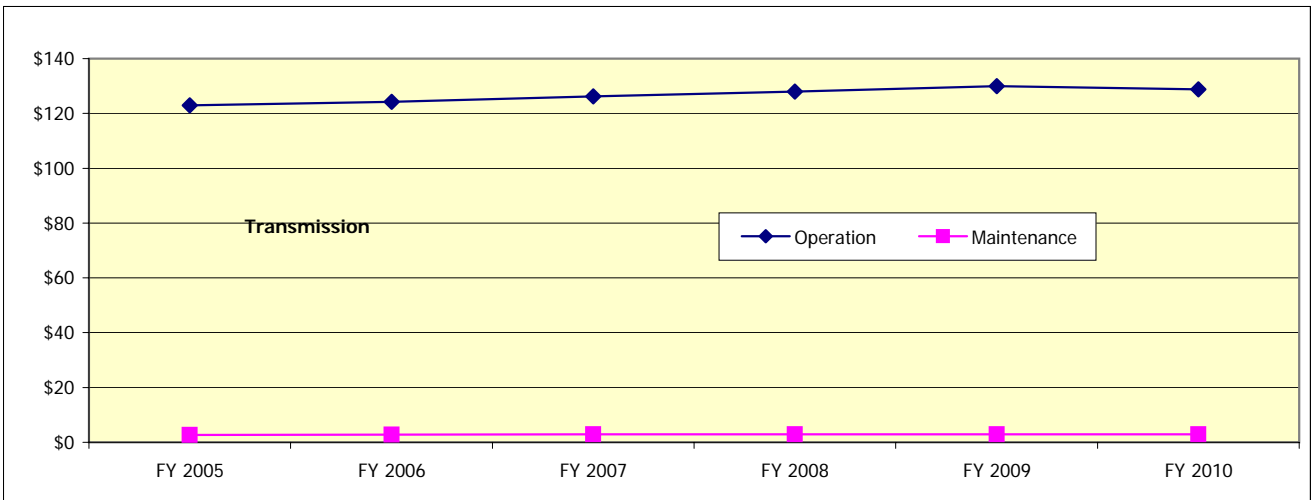
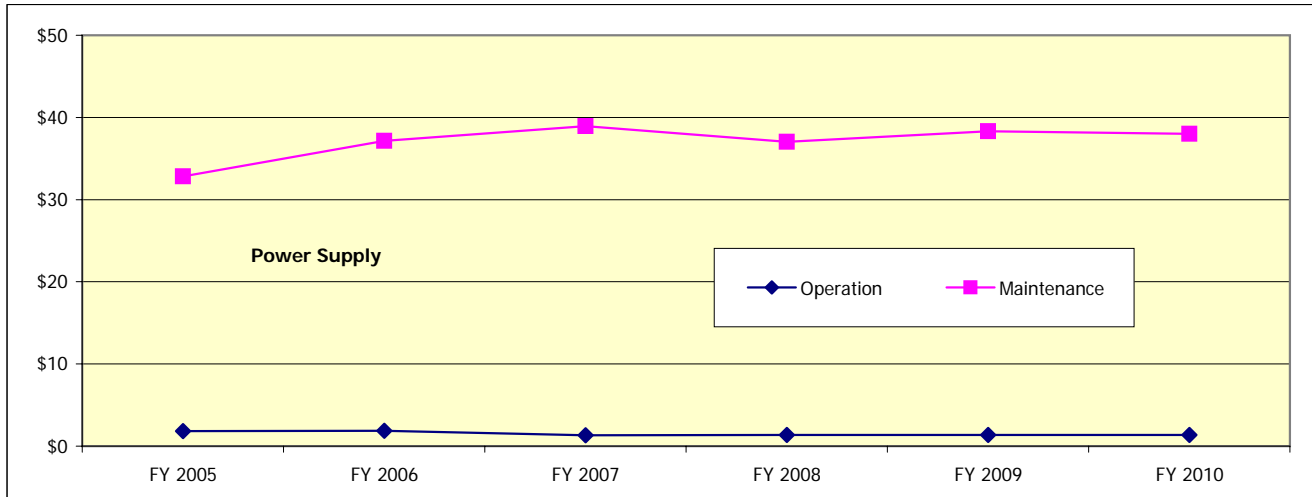
### O&M Cost Per Customer

O&M Function	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
<b>Other Power Supply</b>						
Operation Expenses	\$ 1.84	\$ 1.87	\$ 1.33	\$ 1.35	\$ 1.37	\$ 1.35
Maintenance Expenses	32.84	37.14	38.96	37.03	38.32	38.01
<b>Total Other Power Supply</b>	<b>34.68</b>	<b>39.01</b>	<b>40.29</b>	<b>38.38</b>	<b>39.69</b>	<b>39.36</b>
<b>Purchased Power</b>						
Purchase Power	1,635.07	1,719.48	1,738.66	1,767.13	1,800.85	1,786.15
<b>Total Purchased Power</b>	<b>1,635.07</b>	<b>1,719.48</b>	<b>1,738.66</b>	<b>1,767.13</b>	<b>1,800.85</b>	<b>1,786.15</b>
<b>Transmission</b>						
Operation Expenses	122.90	124.24	126.23	127.92	129.90	128.84
Maintenance Expenses	2.63	2.86	2.89	2.93	2.96	2.94
<b>Total Transmission</b>	<b>125.53</b>	<b>127.10</b>	<b>129.12</b>	<b>130.85</b>	<b>132.86</b>	<b>131.77</b>
<b>Distribution</b>						
Operation Expenses	41.17	47.78	47.84	49.02	50.24	49.83
Maintenance Expenses	63.03	88.46	88.65	90.40	92.19	91.43
<b>Total Distribution</b>	<b>104.20</b>	<b>136.24</b>	<b>136.49</b>	<b>139.42</b>	<b>142.43</b>	<b>141.26</b>
<b>Customer Accounts</b>						
Customer Expenses	39.28	39.52	40.52	41.28	42.06	41.72
Customer Svc & Info Expenses	1.52	1.21	1.22	1.22	1.22	1.21
<b>Total Customer Accounts</b>	<b>40.80</b>	<b>40.73</b>	<b>41.74</b>	<b>42.50</b>	<b>43.29</b>	<b>42.94</b>
<b>Administrative &amp; General</b>						
Operation Expenses	400.13	448.01	463.57	469.02	483.02	479.08
Maintenance Expenses	12.08	13.06	13.22	13.52	13.83	13.72
Taxes	70.45	72.90	76.21	77.26	78.46	77.82
<b>Total Admin &amp; General</b>	<b>\$ 482.66</b>	<b>\$ 533.97</b>	<b>\$ 553.00</b>	<b>\$ 559.81</b>	<b>\$ 575.32</b>	<b>\$ 570.62</b>
<b>Total Company</b>	<b>\$ 2,422.94</b>	<b>\$ 2,596.52</b>	<b>\$ 2,639.30</b>	<b>\$ 2,678.09</b>	<b>\$ 2,734.42</b>	<b>\$ 2,712.10</b>

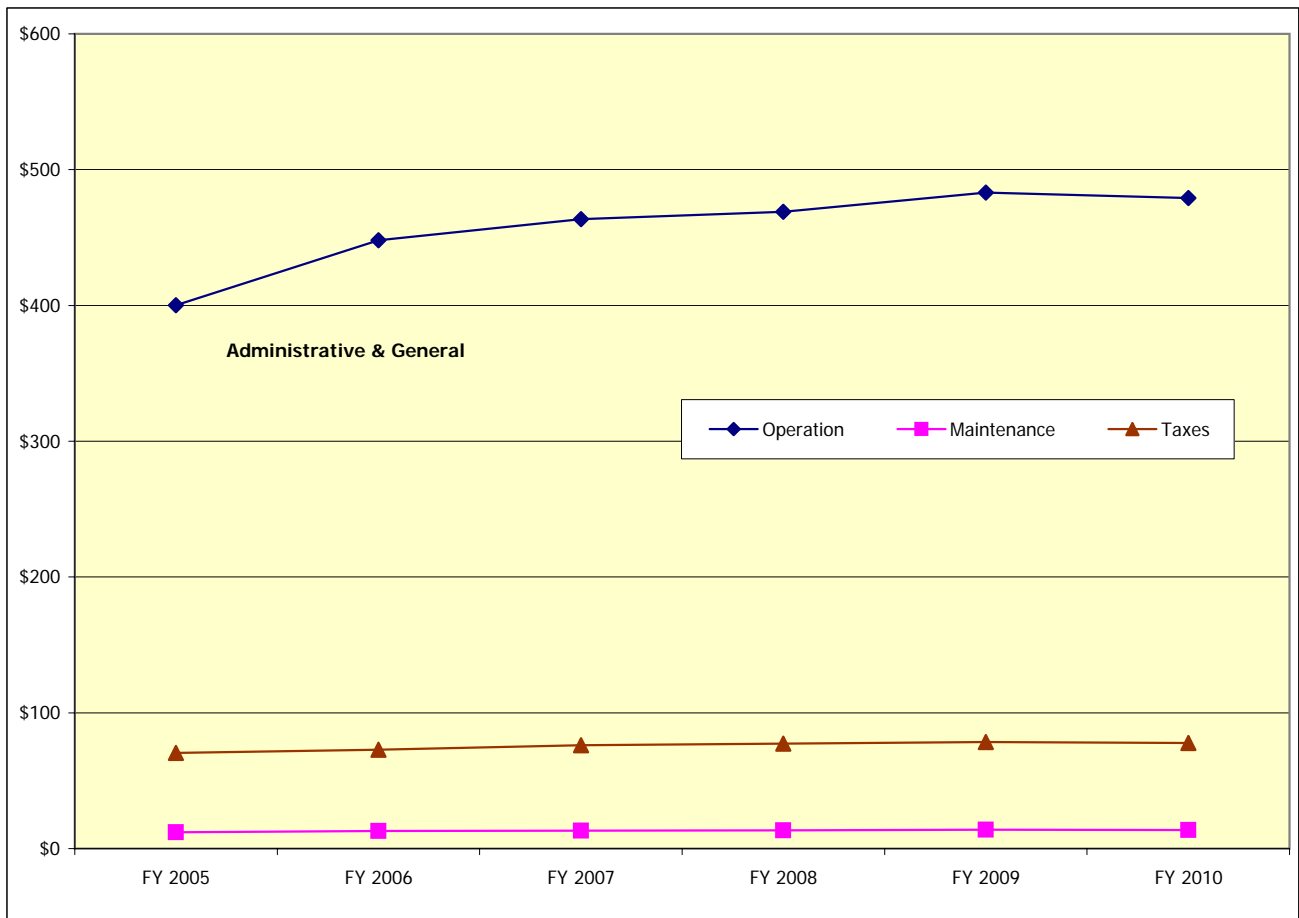
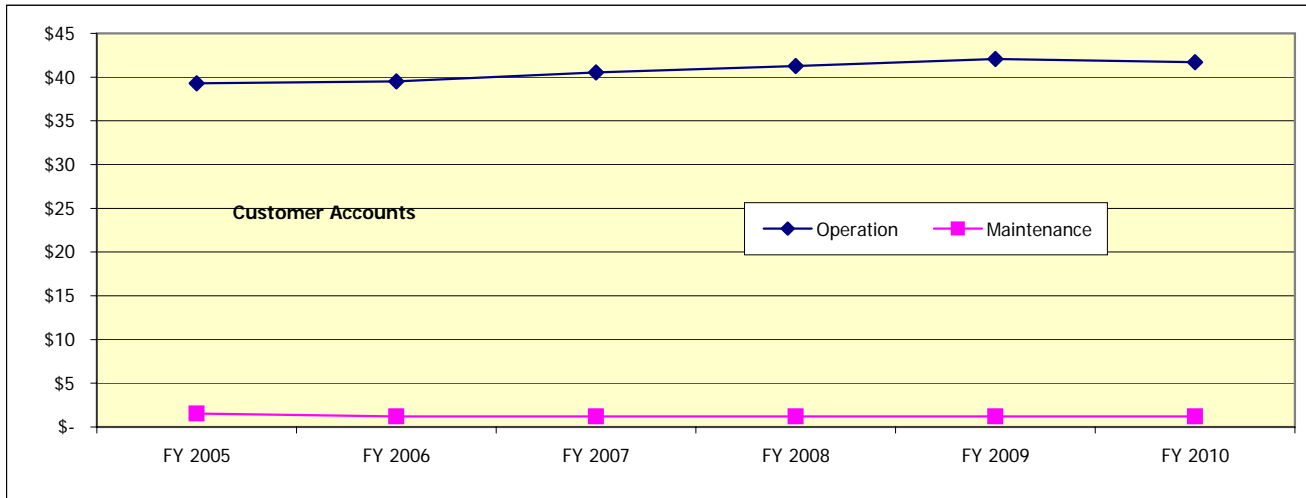
### O&M Cost Per Customer



### O&M Cost Per Customer



### O&M Cost Per Customer



## **Utility Board of the City of Key West, Florida Glossary of Terms**

Accrual – The recording on the books of account of expenses or charges incurred and/or revenue earned but not received for the period, to reflect the matching of revenue and expenses to the fullest extent possible, independent of the dates on which settlements of such items are made.

Ampere (amp) – The unit of measurement of electric current.

ARP – FMPA's All Requirement Power Supply Project.

Betterment – A substantial enlargement or improvement of existing structures, facilities, or equipment by the replacement or improvement of parts without replacement of a complete unit of property, which has the effect of extending the useful life of the property, increasing its capacity, lowering its operating cost, or otherwise adding to its worth through the benefit it can yield.

Bond – An interest bearing certificate of debt; a written contract by the issuer to pay to the lender a fixed principal amount on a stated future date, and a series of interest payments (usually semiannually) during its life.

Budget - A financial plan presenting proposed expenditures and an estimate of the sources of funds; the Budget Document, as prepared and presented to the Utility Board.

Capability – The maximum load, which a generating unit can carry under, specified conditions for a given period of time, without exceeding approved limits of temperature and stress.

Capital Asset - An asset having a useful life in excess of one year, and costing \$1,000 or more which includes additions, improvements, or replacements to buildings, facilities, land, and structures.

Capital Budget - The portion of the Budget devoted to the construction of new utility plant (additions, improvements, and replacements) and expenditures for the purchase or acquisition of existing utility plant facilities.

Customer – An individual, firm, or organization, which purchases electric service at one location under one rate classification, contract, or schedule. If service is supplied to a customer at more than one location, each location shall be counted as a separate customer unless all consumption is combined before the bill is calculated.

Customer Charge – An amount paid monthly by a customer for electric service based upon costs incurred for metering, meter reading, billings, etc., exclusive of demand or energy consumption.

Debt Service - The principal repayment, interest expense, and issuance costs associated with the outstanding Revenue Bonds.

Designated Retained Earnings – Retained Earnings that have set aside to be used for a specific use.

Demand – The rate at which electric energy is delivered to or by a system, part of a system, or a piece of equipment. It is expressed in kilowatts (kW) at a given instant or averaged over any designated period of time. The primary source of “Demand” is the power-consuming equipment of the customers.

Demand Charge – That portion of the charge for electric service based upon the electric capacity (kW or kVA) consumed and billed on the basis of billing demand under an applicable rate schedule.

Demand (Coincident) – The sum of two or more demands which occur in the same demand interval.

Demand (Instantaneous Peak) – The maximum demand at the instant of greatest load, usually determined from the readings of indicating or graphic meters.

Demand (Non-Coincident) – The sum of two or more individual demands which do not occur in the same demand interval.

Distribution – The act or process of distributing electric energy from convenient points on the transmission system to consumers. Also a functional classification relating to that portion of utility plant used for the purpose of delivering electric energy from convenient points on the transmission system to consumers, or to expenses relating to the operation and maintenance of distribution plant.

Facilities - This category of assets includes all KEYS buildings, as well as construction & improvement to all properties, such as roofing, fencing, landscaping, renovations, painting, shutters, security devices (cameras), furniture & fixtures, lockers, and signs

Fiscal Year – A 12-month period that determines the time frame for financial reporting, budgeting and reporting. At the end of the fiscal year, the financial position and results of operations are determined. For the KEYS, the fiscal year which runs from October 1 through September 30.

Fleets - This category of assets includes Automobiles, Pick-up Trucks, Vans, Utility Body Pick-up Trucks, Stake Body Dump Trucks, Bucket Trucks, Digger Derrick Trucks, Boom Trucks, Forklifts, Chippers, Boats, Boat trailers, & Material trailers.

Energy Charge – That portion of the charge for electric service based upon the electric energy (kWh) consumed or billed.

Expense - A use of financial resources to acquire goods or services consumed in a single year's current operations.

FERC – Federal Energy Regulatory Commission; prescribes a type of accounting for electric utilities.

Fiscal Year – The budget year which runs from October 1 through September 30.

FMPA – Florida Municipal Power Agency.

Fund – In governmental accounting, a sum of money created and maintained for a particular purpose and having transactions subject to administrative and legal restrictions.

Funds – Cash, securities, or other liquid assets available to be expended for other uses such as capital assets, debt retirement, and operating expenses.

Generally Accepted Accounting Principles (GAAP) – The conventions, procedures, and rules necessary to define an accepted accounting practice at a particular time. The principles have been developed on the basis of experience, custom, usage, and to a significant extent, practical necessity.

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Generation Credit

Includes credits received from the Florida Municipal Power Authority All-Requirements Project related to reserve capacity and variable diesel generation operation & maintenance.

Generation Facilities – a plant containing prime movers, electric generators, and auxiliary equipment for converting mechanical and chemical energy into electric energy.

Gross Receipt Tax – A tax on the collection of cash receipts.

Information Technology - This category of assets includes Personal Computers, Laptops, Routers, Scanners, Cabling, Software, Licensing, & Servers.

Kilovolt (kV) – The unit of electrical potential equal to 1,000 volts, where a volt is a unit of electromotive force or electric pressure analogous to water pressure in pounds per square inch.

Kilovoltampere (kVA) – One kilovoltampere equals 1,000 voltamperes, where a voltamperes of an electric circuit are the mathematical product of the volts and amperes of the circuit.

Kilowatt (kW) – One kilowatt equals 1,000 watts.

Kilowatt Hour (kWh) – The basic unit of electric energy equal to one kilowatt of power supplied to or taken from an electric circuit steadily for one hour. One kilowatthour equals 1,000 watthours.

Maintenance Expenses – A subdivision of Operating Expenses; includes labor, materials, and other direct and indirect expenses incurred for preserving the operating efficiency or physical condition of utility plant used for power production, transmission and distribution of energy, and administrative and general operation.

Operating Expenses – A subdivision of Operating Expense; includes labor, materials, and other expenses for: Production, Transmission and Distribution, Customer Accounts, Customer Service, and Administrative and General. Does not include expenses for maintenance of utility plant.

Power Cost Adjustment (PCA) – A portion of the total monthly electric usage charge; adjusts the bill so the bill includes the estimated power costs for the period. There will be an adjustment to the monthly power cost adjustment calculation to correct any difference between estimated costs and actual costs for the second month preceding the billing period.

Power Factor – Power factor is the ratio of real power (kW) to apparent power (kVA) at any given point and time in an electrical circuit. Generally it is expressed as a percentage ratio.

Proposed Budget – The operating program and the Financial Plan prepared by the General Manager and staff and presented to the Utility Board and the public for review and comment.

Revenue Bond – A bond that is payable from the revenue generated from the operation of the Utility. Any other revenues the Utility Board decides to pledge can also secure a revenue bond.

Strategic Planning Session - Conference to determine mission, vision, values, goals, objectives, roles and responsibilities, etc.

SWTE – Southern Waste to Energy.

Transmission – A functional classification relating to that portion of utility plant used for the purpose of transmitting electric energy in bulk to other principal parts of the system or to other utility systems, or to expenses relating to the operation and maintenance of transmission plant.

Utility Plant in Service – That portion of a utility's plant which is devoted to the operations of the Utility.