

## **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 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 43.4 MW. This includes a combustion turbine unit and two medium-speed diesel units at Stock Island and three high-speed diesel units located at Stock Island. Additionally, the Board operates the combustion turbine along with three 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 three combustion turbines, which total 79.7 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; provide local generation nameplate capacity to 123.1 MW.

### **Purchased Power Arrangements**

The Board has three 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, and (3) partial requirements purchase contract between the Board and Florida Power and Light Corporation. The resources and costs under these three contracts have been assigned to FMPA. All of the power purchases listed above requires transmission over the Florida Keys Electric Cooperative Association, Inc. (FKEC) transmission system, which became a jointly owned system on January 1, 1992 and is covered by a Long-Term Joint Investment Transmission Agreement.

## **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 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. 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.

**Utility Board** - The elected officials comprising the membership of the Utility Board as of September 30, 2007, were as follows: Robert R. Padron, Chairman, Lou Hernandez, Vice-Chairman, Mona Clark, Peter Batty, and Charles Bradford. The terms for board members Mr. Padron, Ms. Clark, and Mr. Bradford expire in November 2007. The terms for board members Mr. Hernandez and Mr. Batty expire November 2009.

### **LIST OF PRINCIPAL OFFICIALS**

#### **ELECTED OFFICIALS**

Utility Board Chairman	Robert Padron
Utility Board Vice-Chairman	Lou Hernandez
Utility Board Member	Peter Batty
Utility Board Member	Charles Bradford
Utility Board Member	Mona Clark

#### **APPOINTED OFFICIALS**

General Counsel	Nathan Eden
General Manager & Chief Executive Officer	Lynne Tejada

#### **DEPARTMENT DIRECTORS**

Assistant General Manager & Chief Financial Officer	Jack Wetzler
Director of Generation	Vacant
Director of Engineering/Control	Dale Finigan
Director of Management Services	Suzanne Greager
Director of Transmission & Distribution	David Price
Director of Administration, Compliance & Internal Policies	Stanley Rzad
Director of Customer Services	Alex Tejada

### Summary of Debt Service Coverage

Payment Date	Series 2006 Bonds	Series 2001 Bonds	Series 2000 Bonds	Series 1991 Bonds	Aggregate Debt Service	Payments Fiscal Year	Funding Calendar Year
10/1/2007	914,198	1,093,150	6,010,119		8,017,467		10,279,933
4/1/2008	994,294	144,550	1,046,400		2,185,244	10,202,710	
10/1/2008	994,294	1,109,550	6,086,400		8,190,244		10,375,488
4/1/2009	994,294	124,647	901,500		2,020,441	10,210,684	
10/1/2009	994,294	1,129,647	6,236,500		8,360,441		10,380,881
4/1/2010	994,294	103,291	741,450		1,839,034	10,199,475	
10/1/2010	994,294	1,153,291	6,386,450		8,534,034		10,373,069
4/1/2011	994,294	80,322	572,100		1,646,716	10,180,750	
10/1/2011	994,294	1,180,322	6,562,100		8,736,716		10,383,431
4/1/2012	994,294	56,259	392,400		1,442,953	10,179,669	
10/1/2012	994,294	1,201,259	6,742,400		8,937,953		10,380,906
4/1/2013	994,294	27,634	201,900		1,223,828	10,161,781	
10/1/2013	994,294	1,222,634	6,931,900		9,148,828		10,372,656
4/1/2014	994,294				994,294	10,143,122	
10/1/2014	994,294			9,270,000	10,264,294		11,258,588
4/1/2015	994,294				994,294	11,258,588	
10/1/2015	994,294			9,270,000	10,264,294		11,258,588
4/1/2016	994,294				994,294	11,258,588	
10/1/2016	994,294			9,270,000	10,264,294		11,258,588
4/1/2017	994,294				994,294	11,258,588	
10/1/2017	994,294			9,270,000	10,264,294		11,258,588
4/1/2018	994,294				994,294	11,258,588	
10/1/2018	994,294			9,270,000	10,264,294		11,258,588
4/1/2019	994,294				994,294	11,258,588	
10/1/2019	3,429,294				3,429,294		4,423,588
4/1/2020	945,594				945,594	4,374,888	
10/1/2020	3,475,594				3,475,594		4,421,188
4/1/2021	882,344				882,344	4,357,938	
10/1/2021	3,542,344				3,542,344		4,424,688
4/1/2022	822,494				822,494	4,364,838	
10/1/2022	3,602,494				3,602,494		4,424,988
4/1/2023	759,944				759,944	4,362,438	
10/1/2023	3,659,944				3,659,944		4,419,888
4/1/2024	687,444				687,444	4,347,388	
10/1/2024	3,732,444				3,732,444		4,419,888
4/1/2025	618,931				618,931	4,351,375	
10/1/2025	3,803,931				3,803,931		4,422,863
4/1/2026	551,250				551,250	4,355,181	
10/1/2026	3,871,250				3,871,250		4,422,500
4/1/2027	478,625				478,625	4,349,875	
10/1/2027	3,943,625				3,943,625		4,422,250
4/1/2028	392,000				392,000	4,335,625	
10/1/2028	4,032,000				4,032,000		4,424,000
4/1/2029	301,000				301,000	4,333,000	
10/1/2029	4,121,000				4,121,000		4,422,000
4/1/2030	205,500				205,500	4,326,500	
10/1/2030	4,215,500				4,215,500		4,421,000
4/1/2031	105,250				105,250	4,320,750	
10/1/2031	4,315,250				4,315,250	4,315,250	4,420,500
<b>Total</b>	<b>\$ 81,192,196</b>	<b>\$ 9,870,181</b>	<b>\$ 55,929,538</b>	<b>\$ 46,350,000</b>	<b>\$ 193,341,915</b>	<b>\$ 193,341,915</b>	<b>\$ 193,341,915</b>

**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>	<b>\$ 8,077,785</b>		<b>\$ 38,272,215</b>	<b>\$46,350,000</b>	<b>\$ 46,350,000</b>	<b>\$ 46,350,000</b>
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>		

**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>
10/1/2007	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>\$ 44,530,000</u>		<u>\$ 11,399,538</u>	<u>\$ 55,929,538</u>	<u>\$ 55,929,538</u>	<u>\$ 55,929,538</u>
Generation (0%)	\$ -		\$ -	\$ -		
Transmission (91.4%)	40,700,420		10,419,177	51,119,597		
Distribution (8.6%)	<u>3,829,580</u>		<u>980,360</u>	<u>4,809,940</u>		
Total	<u>\$ 44,530,000</u>		<u>\$ 11,399,538</u>	<u>\$ 55,929,538</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>
10/1/2007	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>\$ 8,290,000</u>	<u>\$ 1,580,181</u>	<u>\$ 9,870,181</u>	<u>\$ 9,870,181</u>	<u>\$ 9,870,181</u>
Generation (91%)	\$ 7,543,900	\$ 1,437,965	\$ 8,981,865		
Transmission (6.5%)	538,850	102,712	641,562		
Distribution (2.5%)	<u>207,250</u>	<u>39,505</u>	<u>246,755</u>		
Total	<u>\$ 8,290,000</u>	<u>\$ 1,580,181</u>	<u>\$ 9,870,181</u>		

**Schedule of Debt Service - 2006 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>
10/1/2007			914,198	914,198		1,828,396
4/1/2008			994,294	994,294	1,908,492	
10/1/2008			994,294	994,294		1,988,588
4/1/2009			994,294	994,294	1,988,588	
10/1/2009			994,294	994,294		1,988,588
4/1/2010			994,294	994,294	1,988,588	
10/1/2010			994,294	994,294		1,988,588
4/1/2011			994,294	994,294	1,988,588	
10/1/2011			994,294	994,294		1,988,588
4/1/2012			994,294	994,294	1,988,588	
10/1/2012			994,294	994,294		1,988,588
4/1/2013			994,294	994,294	1,988,588	
10/1/2013			994,294	994,294		1,988,588
4/1/2014			994,294	994,294	1,988,588	
10/1/2014			994,294	994,294		1,988,588
4/1/2015			994,294	994,294	1,988,588	
10/1/2015			994,294	994,294		1,988,588
4/1/2016			994,294	994,294	1,988,588	
10/1/2016			994,294	994,294		1,988,588
4/1/2017			994,294	994,294	1,988,588	
10/1/2017			994,294	994,294		1,988,588
4/1/2018			994,294	994,294	1,988,588	
10/1/2018			994,294	994,294		1,988,588
4/1/2019			994,294	994,294	1,988,588	
10/1/2019	2,435,000		994,294	3,429,294		4,423,588
4/1/2020			945,594	945,594	4,374,888	
10/1/2020	2,530,000		945,594	3,475,594		4,421,188
4/1/2021			882,344	882,344	4,357,938	
10/1/2021	2,660,000		882,344	3,542,344		4,424,688
4/1/2022			822,494	822,494	4,364,838	
10/1/2022	2,780,000		822,494	3,602,494		4,424,988
4/1/2023			759,944	759,944	4,362,438	
10/1/2023	2,900,000		759,944	3,659,944		4,419,888
4/1/2024			687,444	687,444	4,347,388	
10/1/2024	3,045,000		687,444	3,732,444		4,419,888
4/1/2025			618,931	618,931	4,351,375	
10/1/2025	3,185,000		618,931	3,803,931		4,422,863
4/1/2026			551,250	551,250	4,355,181	
10/1/2026	3,320,000		551,250	3,871,250		4,422,500
4/1/2027			478,625	478,625	4,349,875	
10/1/2027	3,465,000		478,625	3,943,625		4,422,250
4/1/2028			392,000	392,000	4,335,625	
10/1/2028	3,640,000		392,000	4,032,000		4,424,000
4/1/2029			301,000	301,000	4,333,000	
10/1/2029	3,820,000		301,000	4,121,000		4,422,000
4/1/2030			205,500	205,500	4,326,500	
10/1/2030	4,010,000		205,500	4,215,500		4,421,000
4/1/2031			105,250	105,250	4,320,750	
10/1/2031	4,210,000		105,250	4,315,250	4,315,250	4,420,500
<b>Total</b>	<b>\$ 42,000,000</b>		<b>\$ 39,192,196</b>	<b>\$ 81,192,196</b>	<b>\$ 81,192,196</b>	<b>\$ 81,192,196</b>

## Overhead Rate Calculation Worksheet

### Labor Overhead Rate:

		<b>Budget 2008</b>
ALLOCATED COSTS:		
Employee Welfare	\$	2,643,917
Pension Contribution		2,747,135
Training and Safety		492,007
Authorized Leave		1,605,388
Management Services(Total Section Budget)		2,180,856
Less: Salaries and Wages (Other than Human Resources)		(35,000)
Less: Authorized Leave (Entire Section)		(69,519)
Less: Insurance, other than workers comp		(1,100,884)
Less: Rents and Utilities (Entire Section)		(13,868)
Less: General Office Expense (Entire Section)		(56,834)
Less: Employee Welfare (Entire Section)		(68,287)
Less: Pension (Entire Section)		(118,182)
Less: Training (Entire Section)		(194,200)
		8,012,529
TOTAL ALLOCATED COSTS	\$	8,012,529
BASE COSTS:		
Salaries and Wages	\$	9,586,981
Payment of Overtime		498,934
Salaries and Wages - Capital Projects		288,190
Payment of Overtime - Capital Projects		-
		10,374,106
TOTAL BASE COSTS	\$	10,374,106
	LABOR RATE	<u>77%</u>

### Material Overhead Rate:

ALLOCATED COSTS:		
Purchasing Section Budget	\$	393,247
Less: Rents and Utilities		-
Less: General Office Expense		(7,631)
Warehouse Section Budget		203,770
Less: Over and Short		(2,550)
Less: Surplus Inventory		(2,550)
Less: Rents and Utilities		-
Less: General Office Expense		(1,734)
		582,552
TOTAL ALLOCATED COSTS	\$	582,552
BASE COSTS:		
Materials and Supplies (Inventory)	\$	459,710
Materials and Supplies (Outside Vendor)		676,532
Less: Over and Short		(2,550)
Less: Surplus Inventory		(2,550)
Materials and Supplies(Outside Vendor) - Capital Projects		520,000
Materials and Supplies (Inventory) - Capital Projects		375,000
		2,026,142
TOTAL BASE COSTS	\$	2,026,142
	MATERIALS RATE	<u>29%</u>

## Overhead Rate Calculation Worksheet

### General Overhead Rate:

		<b>Budget 2008</b>
ALLOCATED COSTS:		
Rents and Utilities	\$	515,057
Postage, Stationary & Printing		196,081
Utility Board Budget		357,388
Less: Rents and Utilities		-
Less: General Office Expense		(1,938)
Executive Department Budget		515,833
Less: Rents and Utilities		-
Less: General Office Expense		(44,450)
Marketing Department Budget		370,825
Less: Rents and Utilities		-
Less: General Office Expense		(17,034)
Information Technology Department Budget		1,454,792
Less: Rents and Utilities		(423,947)
Less: General Office Expense		(1,950)
Finance Department Budget		4,320,672
Less: Customer Deposit Interest Expense		(176,595)
Less: PSC Regulatory Fees		(20,400)
Less: Rents and Utilities		(16,945)
Less: General Office Expense		(21,173)
Less: Gross receipts Tax		(2,478,185)
Facilities Department Budget		1,053,817
Less: Rents and Utilities		(27,460)
Less: General Office Expense		(39)
Enviromental Department Budget		250,194
Less: Rents and Utilities		-
Less: General Office Expense		(1,600)
Risk Management Department Budget		1,973,970
Less: Rents and Utilities		-
Less: General Office Expense		(1,600)
		7,775,315
TOTAL ALLOCATED COSTS	\$	7,775,315
BASE COSTS:		
Total O&M Budget	\$	95,063,738
Less: Purchase Power Costs		(65,275,104)
Total Capital Budget		<u>25,522,302</u>
TOTAL BASE COSTS	\$	55,310,936
GENERAL RATE		<u>14%</u>

## Benchmarking to Budget

Financial Ratios	Actual	Budget	Budget	APPA 2003 *	
	FY 2006	FY 2007	FY 2008	Composite <sup>(1)</sup>	Generation <sup>(2)</sup>
<b>1. Revenue per kWh (Dollars)</b>					
<b>1a. All Retail Customers</b>					
Revenue / kWh	\$0.133	\$0.134	\$0.141	\$0.065	\$0.071
<b>1b. Residential Customers</b>					
Revenue / kWh	\$0.137	\$0.138	\$0.145	\$0.067	\$0.080
<b>1c. Commercial Customers</b>					
Revenue / kWh	\$0.130	\$0.130	\$0.137	\$0.069	\$0.078
<b>2. Debt to Total Assets</b>					
LT Debt + Current & Accrued Liabilities / Total Assets	0.432	N/A	N/A	0.281	0.226
<b>3. Operating Ratio</b>					
Total Electric O&M Expense / Total Electric Revenue	0.863	0.926	0.959	0.883	0.784
<b>4. Current Ratio</b>					
Current & Accrued Assets / Current & Accrued Liabilities	1.25	N/A	N/A	1.69	N/R
<b>5a. Times Interest Earned</b>					
Electric Income + Interest on LT Debt / Interest on LT Debt	2.30	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	1.59	1.49	1.58	N/A	N/R
After Overhead Allocation:					
Net Income + Depreciation / Debt Service Pymts on LT Debt	1.87	1.49	1.58	3.51	N/R
<b>6. Net Income per Revenue Dollar</b>					
Net Income / Revenue	\$ 0.062	N/A	N/A	\$ 0.043	N/R
<b>7. Uncollectable accounts per Revenue Dollar</b>					
Uncollectable Accounts / Revenue	(\$0.0024)	\$0.0012	\$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 2006</b>	<b>FY 2007</b>	<b>FY 2008</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	225	222	340	<b>N/R</b>
<b>9. Total O &amp; M Expense per kWh Sold</b> O&M(less taxes) / kWh sold	\$ 0.115	\$ 0.120	\$ 0.131	\$ 0.058	\$ 0.045
<b>10. Total O&amp;M Expense (Excluding Power Supply)</b> O&M(less taxes) - (Power Supply) / Avg. # of Customers	\$ 659	\$ 904	\$ 857	\$ 216	<b>N/R</b>
<b>11. Total Power Supply Expense Per kWh Sold</b> Total Production Expense / kWh Sold	\$ 0.088	\$ 0.088	\$ 0.095	\$ 0.052	\$ 0.037
<b>12. Purchased Power Cost per kWh</b> Purchase Power Cost / kWh purchased	\$ 0.081	\$ 0.079	\$ 0.086	\$ 0.048	\$ 0.037
<b>13. Retail Customers per Meter Reader</b> Avg. # of Customers / Number of Meter Readers	7,394	7,433	9,992	5,256	<b>N/R</b>
<b>14. Distribution O&amp;M Expenses per Retail Customer</b> Distribution Expense / Avg. # of Customers	\$ 114	\$ 136	\$ 150	\$ 97	<b>N/R</b>
<b>15. Distribution O&amp;M Expenses per Circuit Mile</b> Distribution Expense / Circuit Mile	\$ 13,099	\$ 15,713	\$ 17,440	\$ 4,122	<b>N/R</b>
<b>16. Customer Account, Customer Service &amp; Sales Expense per Retail Customer</b> Customer Service Expense / Avg. # of Customers	\$ 49	\$ 49	\$ 51	\$ 39	<b>N/R</b>
<b>17. Admin &amp; General Expense per Retail Customer</b> A & G / Avg. # of Customers	\$ 387	\$ 496	\$ 523	\$ 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

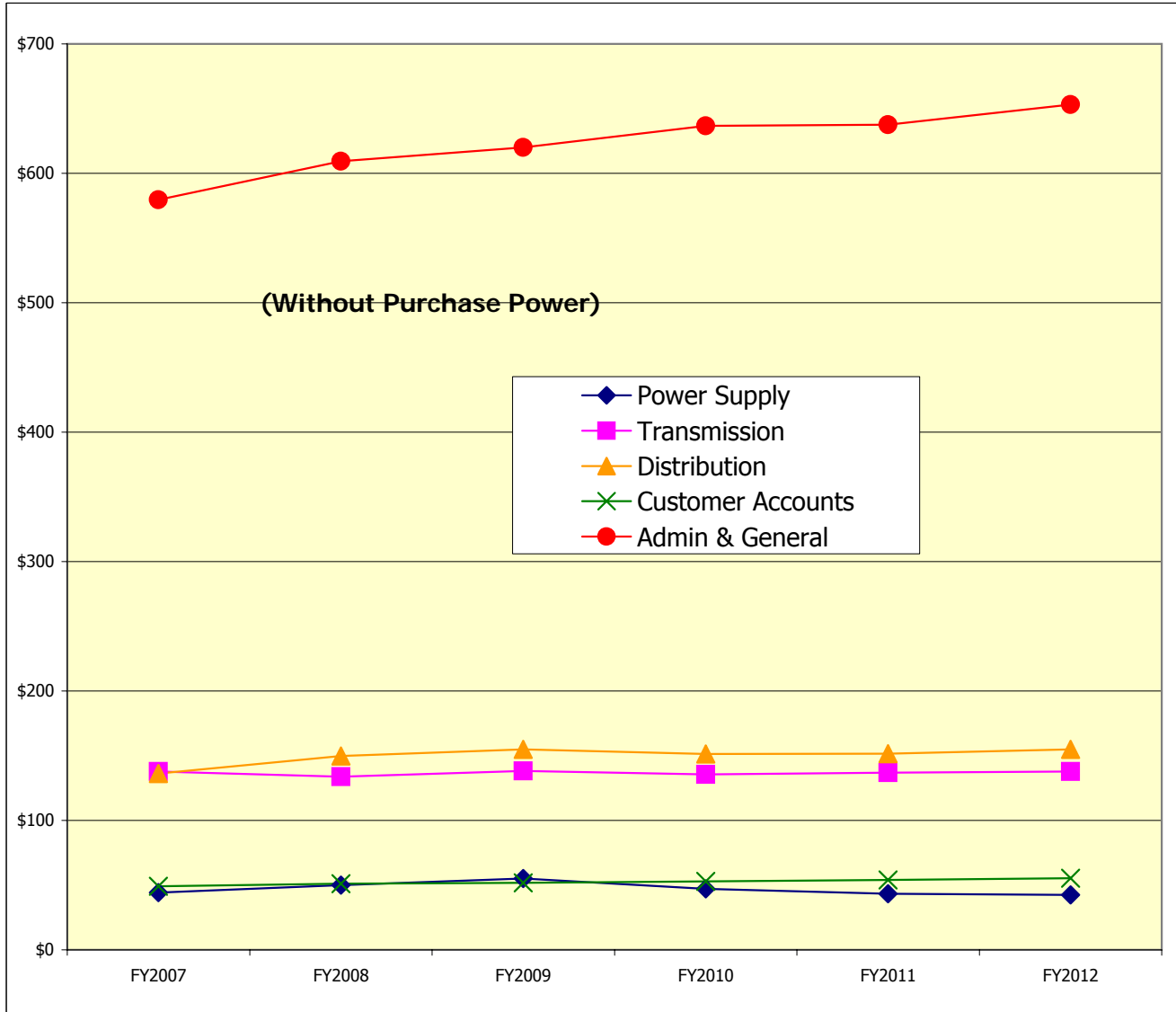
**Financial Indicators Summary**

	<b>Amended Budget FY 2007</b>	<b>Budget FY 2008</b>	<b>Budget FY 2009</b>	<b>Budget FY 2010</b>	<b>Budget FY 2011</b>	<b>Budget FY 2012</b>
<b>Megawatt Hours Sold:</b>						
Residential	333,890	317,195	325,918	334,881	341,579	347,556
Commercial/Industrial	403,508	383,333	393,500	403,950	411,632	418,634
Public St/Hwy Lts	3,103	2,954	2,998	3,043	3,089	3,092
Church	506	481	488	495	505	505
Area Lights	1,472	1,399	1,420	1,441	1,463	1,463
<b>Total</b>	<b><u>742,480</u></b>	<b><u>705,361</u></b>	<b><u>724,324</u></b>	<b><u>743,810</u></b>	<b><u>758,267</u></b>	<b><u>771,251</u></b>
<b>Average No of Customers:</b>						
Residential	24,324	24,514	24,696	24,868	25,082	25,298
Commercial/Industrial	3,650	3,704	3,767	3,843	3,873	3,903
Public St/Hwy Lts	8	8	8	8	8	8
Church	15	15	15	15	15	15
Area Lighting	1,734	1,734	1,734	1,734	1,734	1,734
<b>Total</b>	<b><u>29,731</u></b>	<b><u>29,976</u></b>	<b><u>30,220</u></b>	<b><u>30,469</u></b>	<b><u>30,713</u></b>	<b><u>30,959</u></b>
<b>Operating Revenue (\$000):</b>						
Residential	\$ 46,084	\$ 45,989	\$ 48,456	\$ 50,177	\$ 53,159	\$ 54,667
Commercial/Industrial	52,349	52,347	55,095	57,063	60,377	62,103
Public St/Hwy Lts	445	442	461	472	498	504
Church	87	87	90	92	97	98
Area Lighting	271	267	279	285	301	304
<b>Total Sales of Electricity</b>	<b>99,236</b>	<b>99,131</b>	<b>104,382</b>	<b>108,089</b>	<b>114,433</b>	<b>117,675</b>
Sales for Resale	-	-	-	-	-	-
Other Elec Revenues	-	-	-	-	-	-
<b>Total Operating Revenue</b>	<b><u>\$ 99,236</u></b>	<b><u>\$ 99,131</u></b>	<b><u>\$104,382</u></b>	<b><u>\$108,089</u></b>	<b><u>\$114,433</u></b>	<b><u>\$117,675</u></b>
<b>Avg Consumption/Revenue:</b>						
<b>Residential</b>						
Revenue Per Customer	\$ 211	\$ 208	\$ 218	\$ 224	\$ 235	\$ 240
Kwh Per Customer	1,525	1,438	1,466	1,496	1,513	1,526
Revenue Per kWh - Mills/kWh	\$ 138	\$ 145	\$ 149	\$ 150	\$ 156	\$ 157
<b>Commercial</b>						
Revenue Per Customer	\$ 1,594	\$ 1,570	\$ 1,625	\$ 1,650	\$ 1,732	\$ 1,768
Kwh Per Customer	12,284	11,498	11,605	11,680	11,810	11,917
Revenue Per kWh - Mills/kWh	\$ 130	\$ 137	\$ 140	\$ 141	\$ 147	\$ 148
<b>All Retail Customers</b>						
Revenue Per Customer	\$ 371	\$ 367	\$ 384	\$ 394	\$ 414	\$ 422
Kwh Per Customer	2,775	2,615	2,663	2,712	2,743	2,768
Revenue Per kWh - Mills/kWh	\$ 134	\$ 141	\$ 144	\$ 145	\$ 151	\$ 153

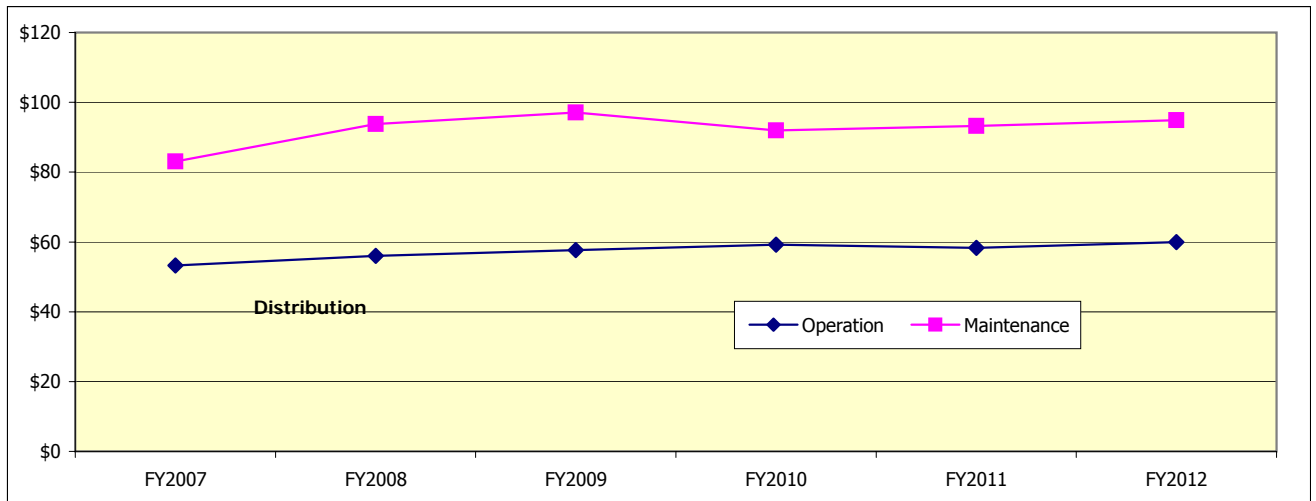
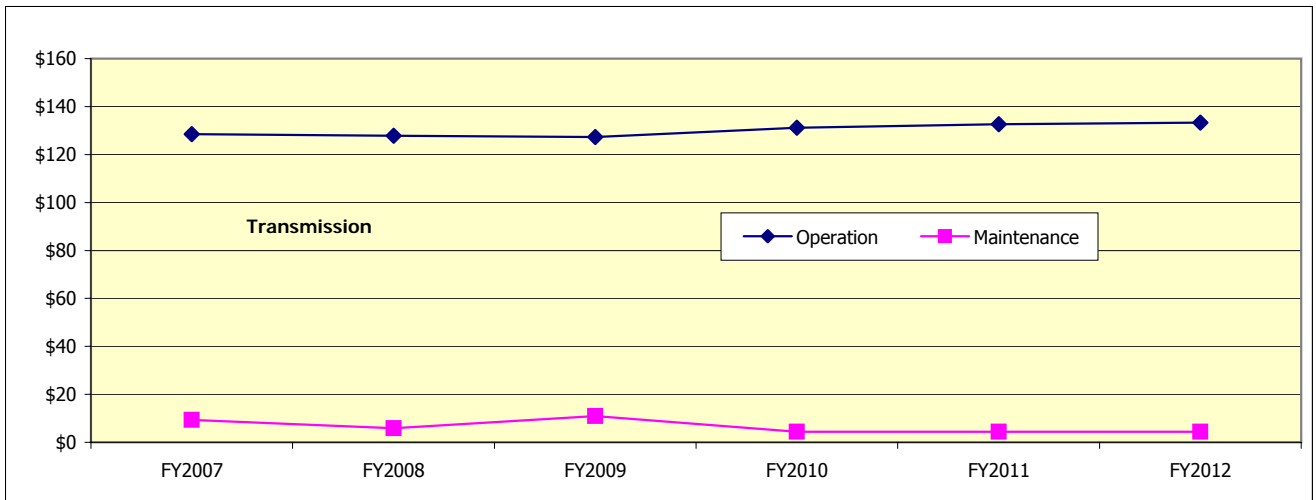
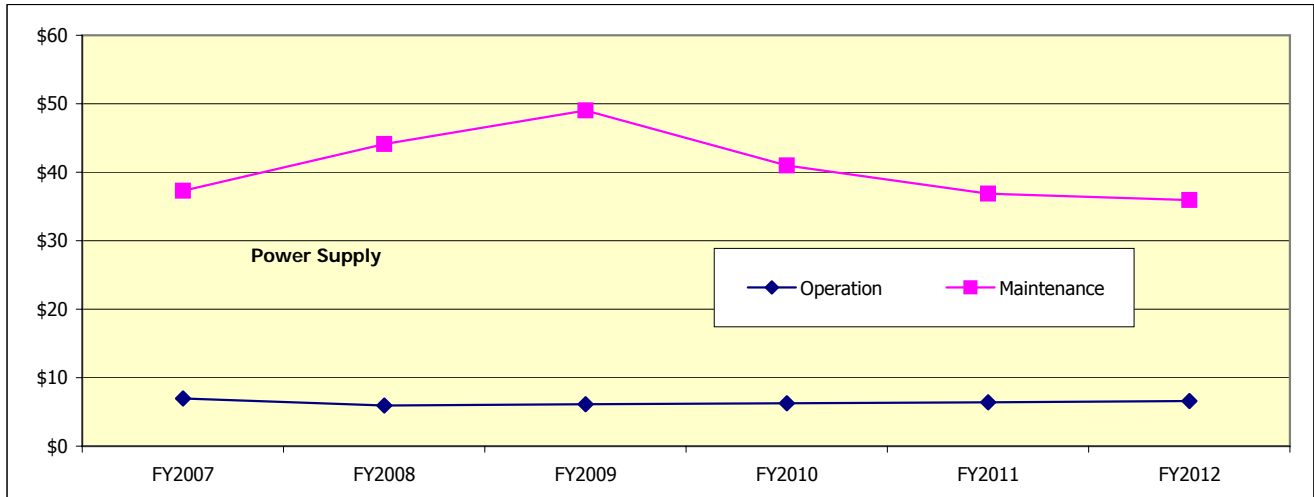
**O&M Cost Per Customer**

	<b>Amended Budget FY 2007</b>	<b>Budget FY 2008</b>	<b>Budget FY 2009</b>	<b>Budget FY 2010</b>	<b>Budget FY 2011</b>	<b>Budget FY 2012</b>
<b>O&amp;M Function</b>						
<b>Other Power Supply</b>						
Operation Expenses	\$ 6.95	\$ 5.93	\$ 6.10	\$ 6.26	\$ 6.42	\$ 6.59
Maintenance Expenses	37.29	44.10	49.00	40.96	36.86	35.95
<b>Total Other Power Supply</b>	<b>44.25</b>	<b>50.03</b>	<b>55.12</b>	<b>47.22</b>	<b>43.28</b>	<b>42.53</b>
<b>Purchased Power</b>						
Purchase Power	2,149.72	2,177.61	2,212.16	2,283.61	2,348.02	2,410.86
<b>Total Purchased Power</b>	<b>2,149.72</b>	<b>2,177.61</b>	<b>2,212.16</b>	<b>2,283.61</b>	<b>2,348.02</b>	<b>2,410.86</b>
<b>Transmission</b>						
Operation Expenses	128.55	127.78	127.31	131.16	132.58	133.36
Maintenance Expenses	9.29	5.93	10.93	4.38	4.41	4.47
<b>Total Transmission</b>	<b>137.84</b>	<b>133.70</b>	<b>138.25</b>	<b>135.52</b>	<b>137.00</b>	<b>137.83</b>
<b>Distribution</b>						
Operation Expenses	53.25	55.97	57.68	59.26	58.30	59.91
Maintenance Expenses	83.07	93.74	97.12	91.96	93.25	94.88
<b>Total Distribution</b>	<b>136.32</b>	<b>149.70</b>	<b>154.80</b>	<b>151.23</b>	<b>151.56</b>	<b>154.79</b>
<b>Customer Accounts</b>						
Customer Expenses	47.59	49.47	50.13	51.29	52.50	53.74
Customer Svc & Info Expenses	1.51	1.58	1.59	1.60	1.61	1.62
<b>Total Customer Accounts</b>	<b>49.11</b>	<b>51.05</b>	<b>51.72</b>	<b>52.89</b>	<b>54.10</b>	<b>55.36</b>
<b>Administrative &amp; General</b>						
Operation Expenses	479.90	508.61	515.17	528.90	524.74	537.99
Maintenance Expenses	12.70	14.23	14.68	15.08	15.50	15.93
Taxes	86.99	86.43	90.24	92.70	97.29	99.30
<b>Total Admin &amp; General</b>	<b>\$ 579.59</b>	<b>\$ 609.27</b>	<b>\$ 620.09</b>	<b>\$ 636.68</b>	<b>\$ 637.53</b>	<b>\$ 653.21</b>
<b>Total Company</b>	<b>\$ 3,096.82</b>	<b>\$ 3,171.37</b>	<b>\$ 3,232.13</b>	<b>\$ 3,307.15</b>	<b>\$ 3,371.48</b>	<b>\$ 3,454.59</b>

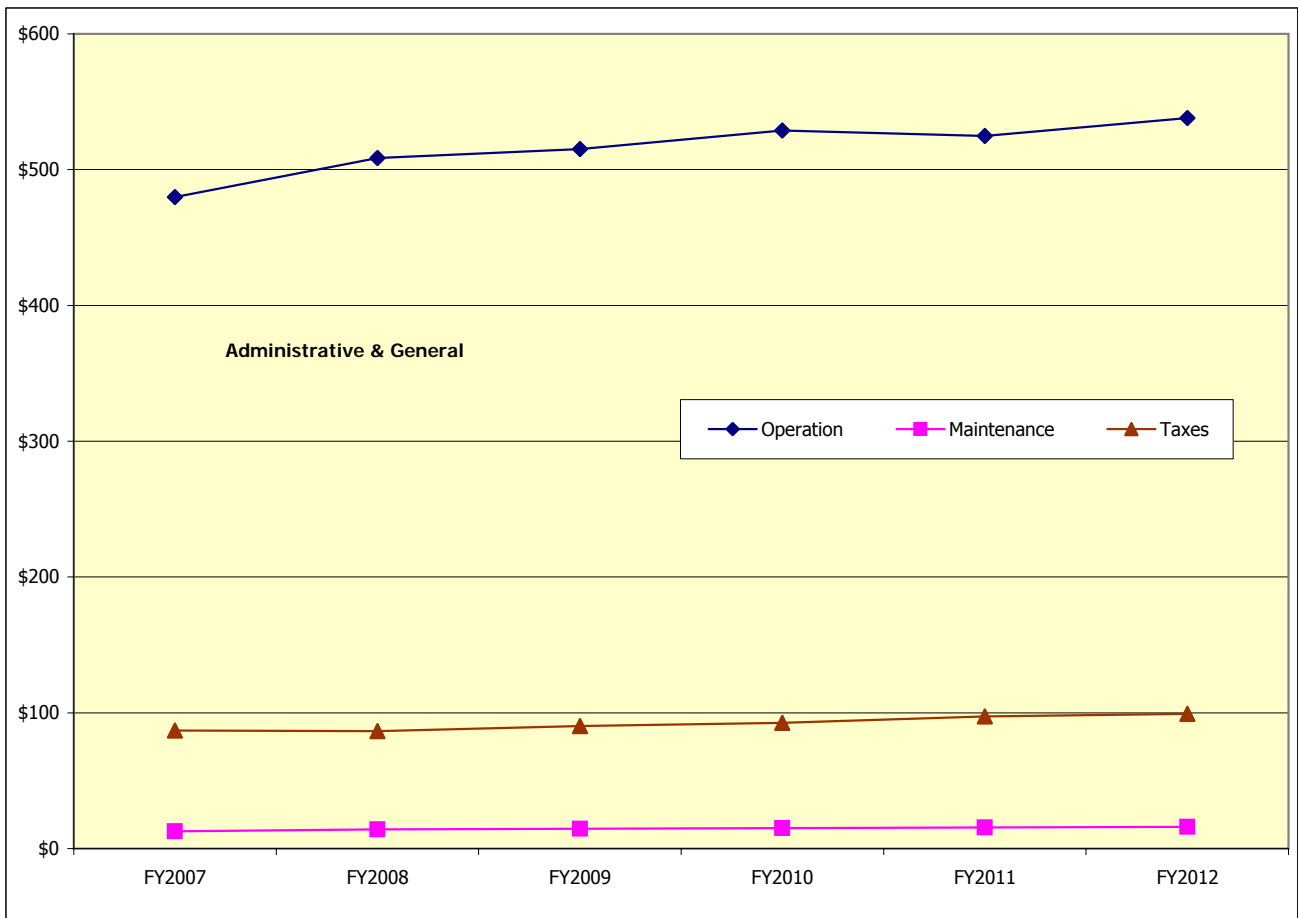
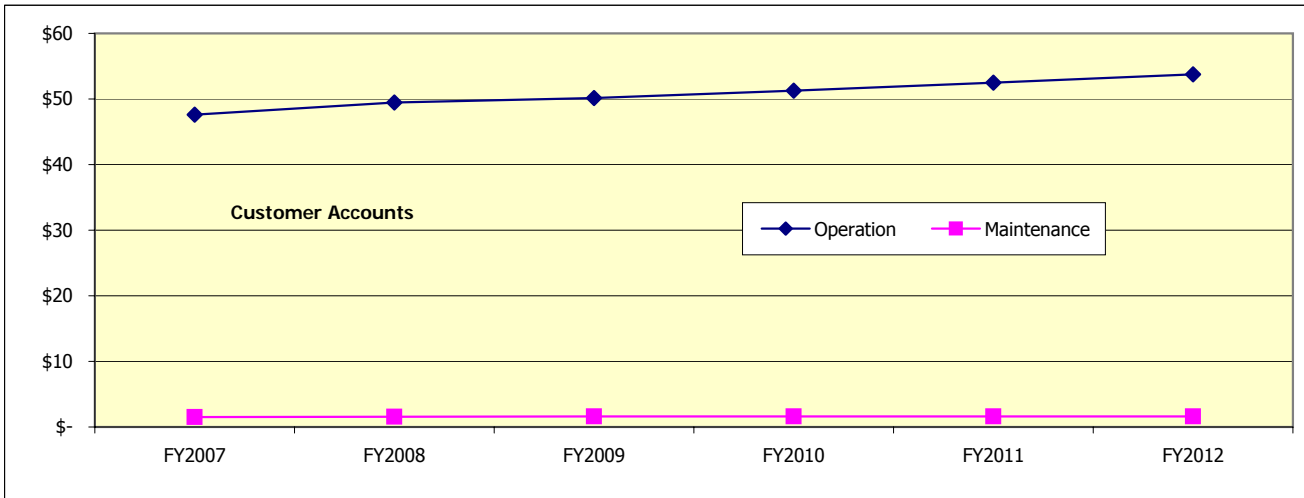
### O&M Cost Per Customer



### O&M Cost Per Customer



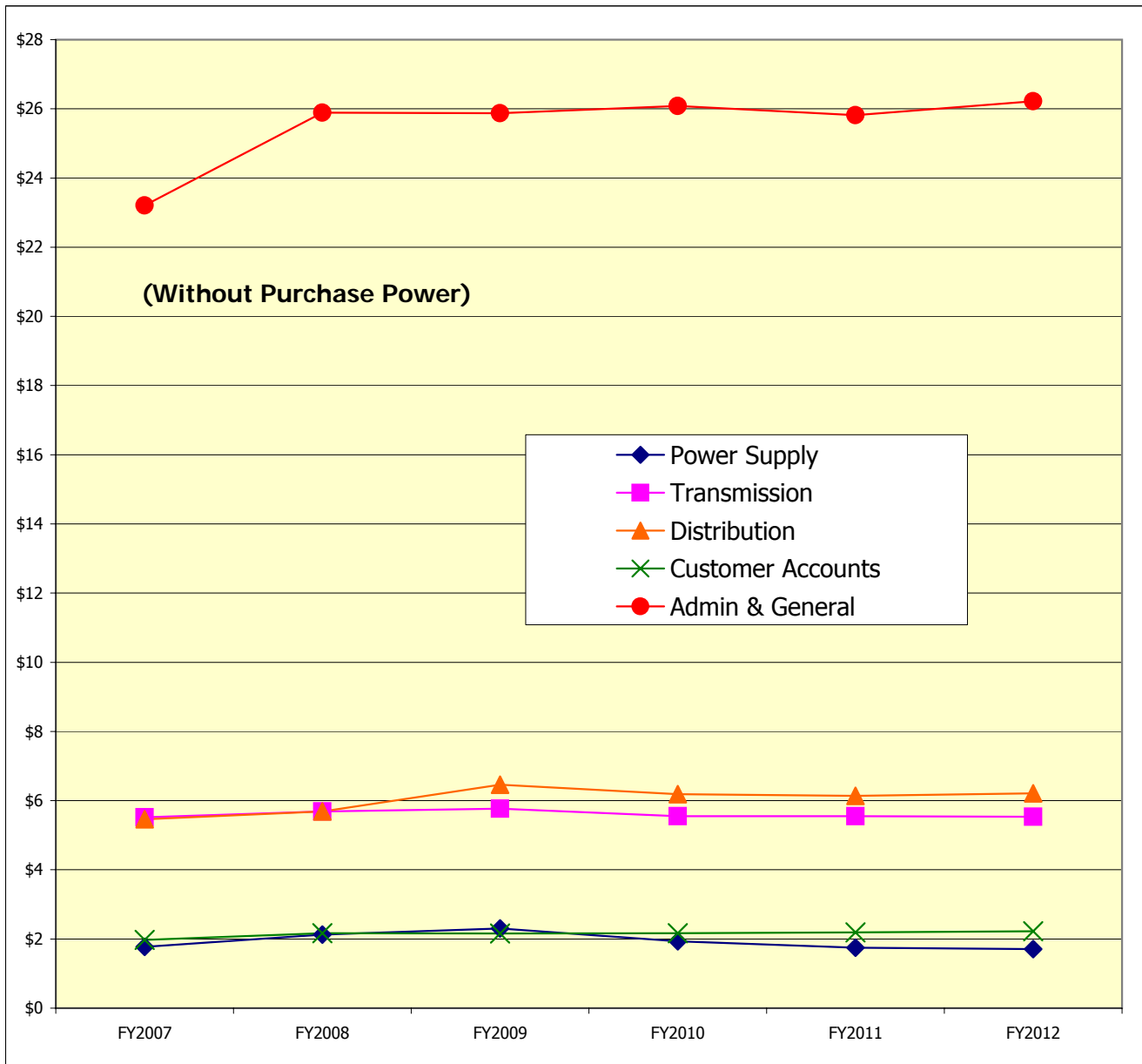
### O&M Cost Per Customer



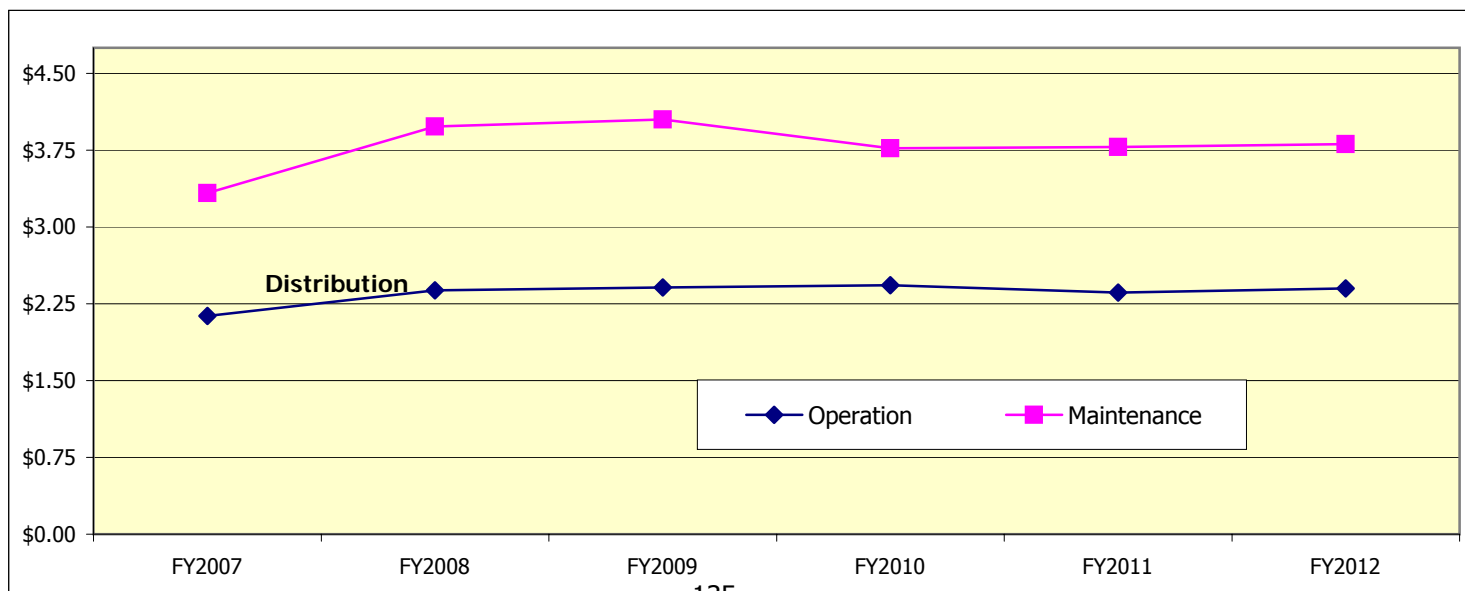
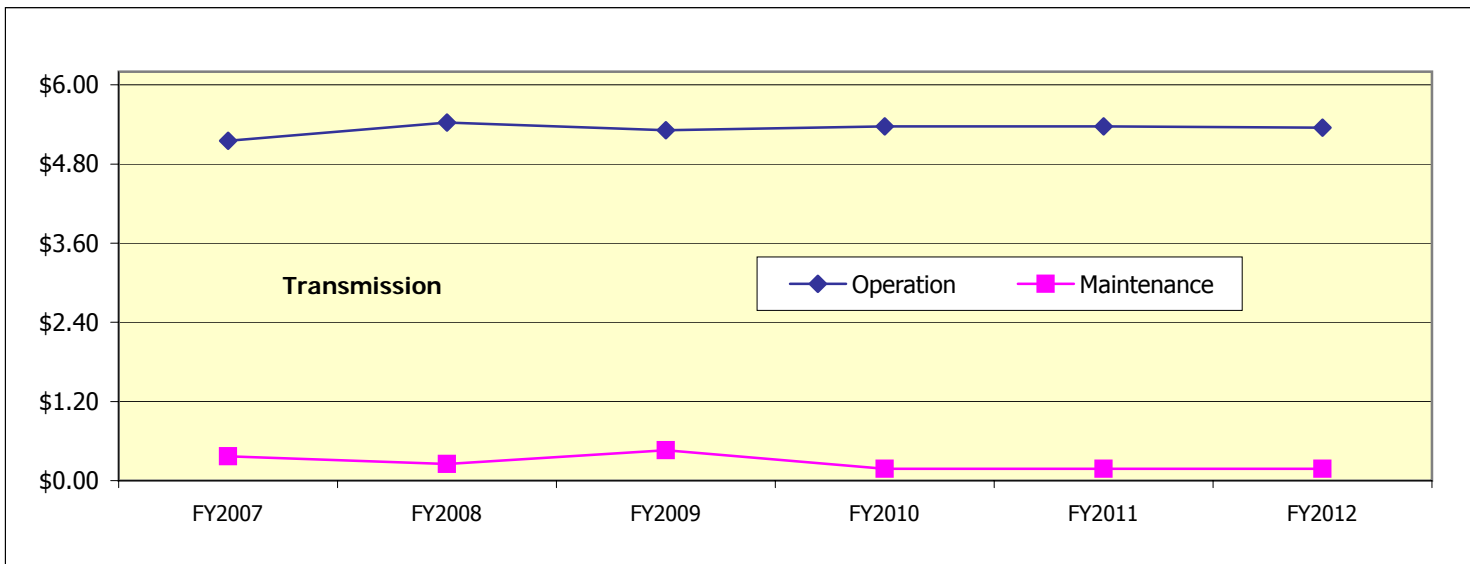
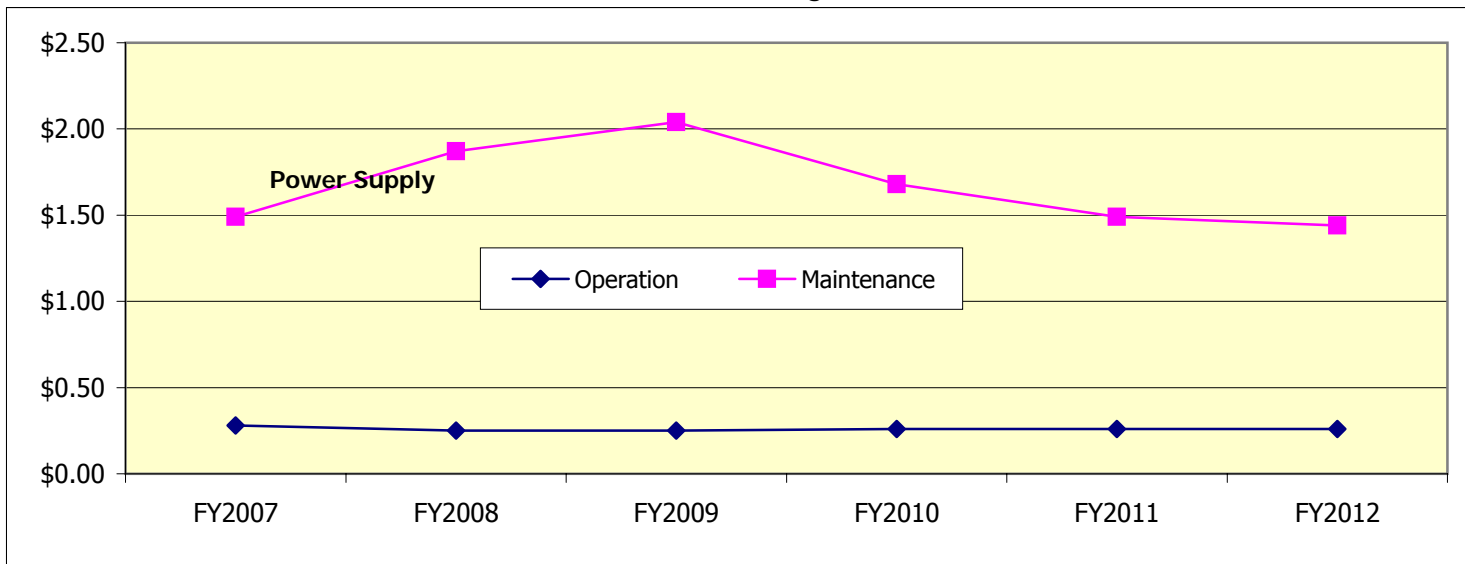
**O&M Cost Per Megawatt**

	<b>Amended Budget FY 2007</b>	<b>Budget FY 2008</b>	<b>Budget FY 2009</b>	<b>Budget FY 2010</b>	<b>Budget FY 2011</b>	<b>Budget FY 2012</b>
<b>O&amp;M Function</b>						
<b>Other Power Supply</b>						
Operation Expenses	\$ 0.28	\$ 0.25	\$ 0.25	\$ 0.26	\$ 0.26	\$ 0.26
Maintenance Expenses	1.49	1.87	2.04	1.68	1.49	1.44
<b>Total Other Power Supply</b>	<b>1.77</b>	<b>2.13</b>	<b>2.30</b>	<b>1.93</b>	<b>1.75</b>	<b>1.71</b>
<b>Purchased Power</b>						
Purchase Power	86.08	92.54	92.30	93.54	95.10	96.77
<b>Total Purchased Power</b>	<b>86.08</b>	<b>92.54</b>	<b>92.30</b>	<b>93.54</b>	<b>95.10</b>	<b>96.77</b>
<b>Transmission</b>						
Operation Expenses	5.15	5.43	5.31	5.37	5.37	5.35
Maintenance Expenses	0.37	0.25	0.46	0.18	0.18	0.18
<b>Total Transmission</b>	<b>5.52</b>	<b>5.69</b>	<b>5.77</b>	<b>5.55</b>	<b>\$5.55</b>	<b>5.53</b>
<b>Distribution</b>						
Operation Expenses	2.13	2.38	2.41	2.43	2.36	2.40
Maintenance Expenses	3.33	3.98	4.05	3.77	3.78	3.81
<b>Total Distribution</b>	<b>5.46</b>	<b>6.36</b>	<b>6.46</b>	<b>6.19</b>	<b>6.14</b>	<b>6.21</b>
<b>Customer Accounts</b>						
Customer Expenses	1.91	2.10	2.09	2.10	2.13	2.16
Customer Svc & Info Expenses	0.06	0.07	0.07	0.07	0.07	0.06
<b>Total Customer Accounts</b>	<b>1.97</b>	<b>2.17</b>	<b>2.16</b>	<b>2.17</b>	<b>2.19</b>	<b>2.22</b>
<b>Administrative &amp; General</b>						
Operation Expenses	19.22	21.61	21.49	21.67	21.25	21.60
Maintenance Expenses	0.51	0.60	0.61	0.62	0.63	0.64
Taxes	3.48	3.67	3.76	3.80	3.94	3.99
<b>Total Admin &amp; General</b>	<b>23.21</b>	<b>25.89</b>	<b>25.87</b>	<b>26.08</b>	<b>25.82</b>	<b>26.22</b>
<b>Total Company</b>	<b>\$ 124.00</b>	<b>\$ 134.77</b>	<b>\$ 134.85</b>	<b>\$ 135.47</b>	<b>\$ 136.56</b>	<b>\$ 138.67</b>

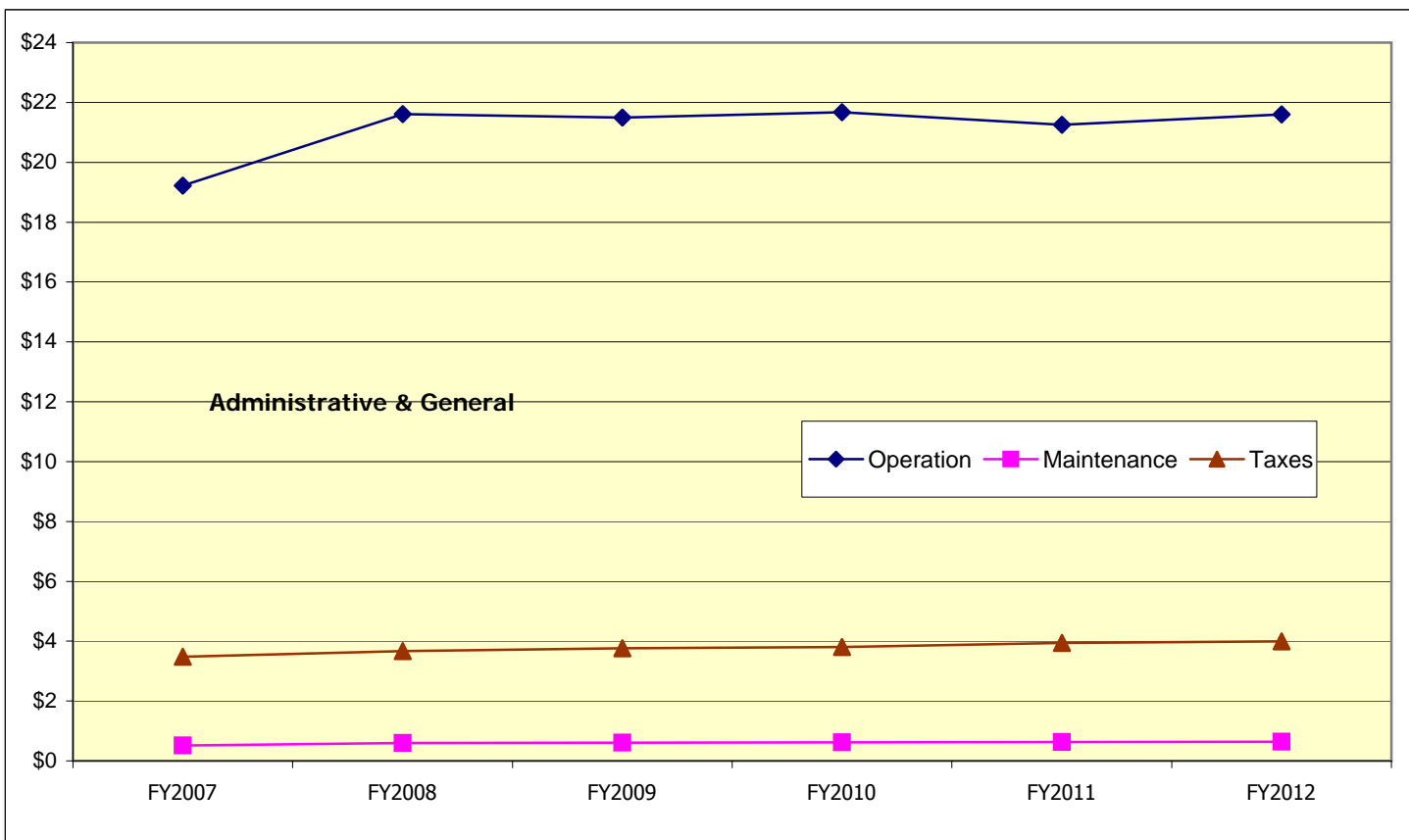
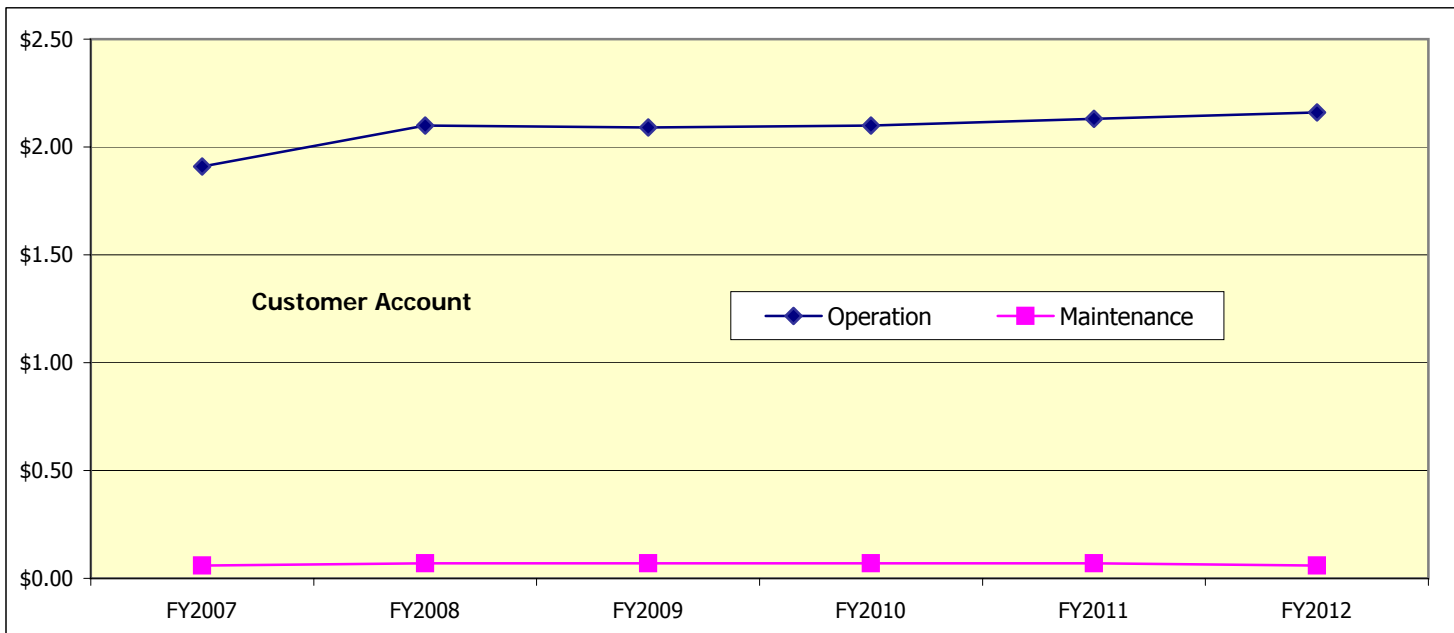
### O&M Cost Per Megawatt



### O&M Cost Per Megawatt



### O&M Cost Per Megawatt



## **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.

Amortization – The allocating against periodic revenue the periodic expiration of the cost of intangible assets.

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

ARP – FMPA's All Requirement Power Supply Project.

Balanced Budget – A budget in which expenditures for a set period are matched by expected revenues for the same period.

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 and capital assets.

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 are 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.

Depreciation – The periodic allocation of the cost of a fixed asset due to usage or the passage of time. Depreciation is a non-cash expense; however, it is budgeted to ensure that there is sufficient revenue being collected from rates to recover the original cost of the asset.

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.

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 operation.

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.

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

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

Fleets - Assets including 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.

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.

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, required by and remitted to the State of Florida.

Information Technology - Assets including 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 kilowatt hour equals 1,000 watt hours.

Maintenance Expenses – A subdivision of Operating & Maintenance 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 & Maintenance Expenses; includes labor, materials, and other expenses for: Production, Transmission and Distribution, Customer Accounts, Customer Service, and Administrative and General.

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.

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.