

Financial Plan - Overview

	Amended					
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Number of Customers	29,731	29,731	29,976	30,220	30,469	30,713
Sales of Electricity - kWh	742,485,780	742,485,788	755,479,289	768,700,177	782,152,430	795,840,097
Increase compared to prior year projected	0.35%	0.00%	1.75%	1.75%	1.75%	1.75%
Total Revenues	\$ 102,347,268	\$ 104,920,286	\$ 107,898,945	\$ 119,064,613	\$ 135,435,094	\$ 127,518,003
Operation & Maintenance Expense	\$ 89,524,702	\$ 91,936,696	\$ 96,223,214	\$ 100,051,303	\$ 105,207,662	\$ 105,740,888
Total Transfers	<u>\$ 12,369,749</u>	<u>13,176,397</u>	<u>10,874,535</u>	<u>20,176,986</u>	<u>29,931,737</u>	<u>21,908,143</u>
Total Disbursements	<u>\$ 101,894,451</u>	<u>\$ 105,113,093</u>	<u>\$ 107,097,749</u>	<u>\$ 120,228,290</u>	<u>\$ 135,139,398</u>	<u>\$ 127,649,031</u>
Restricted Fund Balances	<u>\$ 16,269,807</u>	<u>\$ 49,217,185</u>	<u>\$ 34,778,735</u>	<u>\$ 24,198,183</u>	<u>\$ 23,172,566</u>	<u>\$ 23,149,609</u>
Current Fund Balances	<u>\$ 5,031,229</u>	<u>\$ 6,458,421</u>	<u>\$ 7,809,616</u>	<u>\$ 7,165,940</u>	<u>\$ 8,236,635</u>	<u>\$ 8,730,608</u>
Debt Service Coverage						
Before Capitalized Overhead	<u>1.47</u>	<u>1.38</u>	<u>1.42</u>	<u>2.37</u>	<u>2.86</u>	<u>2.10</u>
Capital Budget Funding Level	<u>\$ 6,575,624</u>	<u>\$ 11,005,295</u>	<u>\$ 15,137,650</u>	<u>\$ 19,114,868</u>	<u>\$ 19,667,905</u>	<u>\$ 10,725,983</u>
Payment to City of Key West, FL	\$ 373,460	\$ 377,762	\$ 384,592	\$ 421,232	\$ 428,778	\$ 467,491
In Kind Services provided to the City of Key West, FL.	<u>380,871</u>	<u>347,689</u>	<u>354,643</u>	<u>361,736</u>	<u>368,970</u>	<u>376,350</u>
Total to the City of Key West,FL	<u>\$ 754,331</u>	<u>\$ 725,451</u>	<u>\$ 739,234</u>	<u>\$ 782,967</u>	<u>\$ 797,749</u>	<u>\$ 843,841</u>
Key Indicators:						
1. Are there sufficient funds to cover the required 90 days Operating Expense requirement?	YES	YES	YES	YES	YES	YES
2. What is the Rate Stabilization Fund Balance?	<u>\$ 3,202,882</u>	<u>\$ 4,602,882</u>	<u>\$ 4,602,882</u>	<u>\$ 3,702,882</u>	<u>\$ 4,802,882</u>	<u>\$ 4,802,882</u>

Comparison of the Financial Plan - Overview

	Amended FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<u>Number of Customers</u>						
Proposed FY '07 Budget		29,731	29,976	30,220	30,469	30,713
Approved FY '06 Budget	29,731	29,731	30,220	30,467		
<u>Sales of Electricity - kWh</u>						
Proposed FY '07 Budget		742,485,788	755,479,289	768,700,177	782,152,430	795,840,097
Approved FY '06 Budget	742,485,780	742,485,780	788,606,812	810,282,329		
<u>Total Revenues</u>						
Proposed FY '07 Budget		\$ 104,920,286	\$ 107,898,945	\$ 119,064,613	\$ 135,435,094	\$127,518,003
Approved FY '06 Budget	\$ 102,347,268	\$ 102,347,268	\$ 89,925,110	\$ 92,058,896		
<u>Operation & Maintenance Expense</u>						
Proposed FY '07 Budget		\$ 91,936,696	\$ 96,223,214	\$ 100,051,303	\$ 105,207,662	\$105,740,888
Approved FY '06 Budget	\$ 89,524,702	\$ 89,524,702	\$ 76,203,931	\$ 78,378,039		
<u>Total Transfers</u>						
Proposed FY '07 Budget		\$ 13,176,397	\$ 10,874,535	\$ 20,176,986	\$ 29,931,737	\$21,908,143
Approved FY '06 Budget	\$ 12,369,749	\$ 12,369,749	\$ 13,419,247	\$ 13,783,984		
<u>Total Disbursements</u>						
Proposed FY '07 Budget		\$ 105,113,093	\$ 107,097,749	\$ 120,228,290	\$ 135,139,398	\$127,649,031
Approved FY '06 Budget	\$ 101,894,451	\$ 101,894,451	\$ 89,623,178	\$ 92,162,023		
<u>Restricted Fund Balances</u>						
Proposed FY '07 Budget		\$ 49,217,185	\$ 34,778,735	\$ 24,198,183	\$ 23,172,566	\$ 23,149,609
Approved FY '06 Budget	\$ 16,269,807	\$ 16,098,454	\$ 16,170,451	\$ 16,319,575		
<u>Current Fund Balances</u>						
Proposed FY '07 Budget		\$ 6,458,421	\$ 7,809,616	\$ 7,165,940	\$ 8,236,635	\$8,730,608
Approved FY '06 Budget	\$ 5,031,229	\$ 5,031,229	\$ 4,542,081	\$ 4,617,954		
<u>Debt Service Coverage</u>						
Before Capitalized Overhead						
Proposed FY '07 Budget		1.38	1.42	2.37	2.86	2.10
Approved FY '06 Budget	1.47	1.47	1.64	1.63		
<u>Capital Budget Funding Level</u>						
Proposed FY '07 Budget		\$ 11,005,295	\$ 15,137,650	\$ 19,114,868	\$ 19,667,905	\$10,725,983
Approved FY '06 Budget	\$ 6,575,624	\$ 6,575,624	\$ 4,462,207	\$ 4,677,614		
<u>Payment to City of Key West, FL</u>						
Proposed FY '07 Budget		\$ 377,762	\$ 384,592	\$ 421,232	\$ 428,778	\$467,491
Approved FY '06 Budget	\$ 373,460	\$ 360,808	\$ 373,024	\$ 380,019		

Financial Plan - Sources and Uses of Funds

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
--	---------	---------	---------	---------	---------	---------

Revenues

Number of Customers	29,731	29,731	29,976	30,220	30,469	30,713
Sales of Electricity - kWh	742,485,780	742,485,788	755,479,289	768,700,177	782,152,430	795,840,097
increase from prior year sales	0.35%	0.00%	1.75%	1.75%	1.75%	1.75%
Operating Revenues	\$ 95,890,057	\$ 99,236,029	\$ 103,508,341	\$ 110,278,807	\$ 114,619,902	\$ 118,000,112
Other Operating Revenue	4,997,805	2,453,244	2,489,855	2,527,133	2,565,092	2,603,742
Non-Operating Revenue (Interest Income)	632,841	1,064,107	1,288,982	1,373,218	1,482,998	1,519,316
Non-Operating Revenue (Other)	<u>826,565</u>	<u>2,166,905</u>	<u>611,767</u>	<u>3,985,455</u>	<u>16,767,103</u>	<u>5,394,833</u>
subtotal	6,457,211	5,684,256	4,390,604	7,885,806	20,815,192	9,517,891
Transfer from Rate Stabilization Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>900,000</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 102,347,268</u>	<u>\$ 104,920,286</u>	<u>\$ 107,898,945</u>	<u>\$ 119,064,613</u>	<u>\$ 135,435,094</u>	<u>\$ 127,518,003</u>

Average annual change compared to prior year	22.1%	2.5%	2.8%	10.3%	13.7%	-5.8%
--	-------	------	------	-------	-------	-------

Operating & Maintenance Expenses

Total Purchase Power Costs	\$ 63,541,863	\$ 63,913,044	\$ 67,539,038	\$ 70,682,753	\$ 74,307,159	\$ 73,854,748
Total Other Power Supply	1,138,443	1,157,109	1,434,848	1,155,676	1,267,863	1,310,226
Total Transmission	3,615,613	4,018,545	3,940,423	4,031,026	4,191,598	4,280,089
Total Distribution Expense	3,941,736	4,042,999	4,180,779	4,350,929	4,532,645	4,723,274
Total Customer Expense	1,201,793	1,464,183	1,519,684	1,577,944	1,639,098	1,703,292
Total Admin & General Expense	<u>16,085,254</u>	<u>17,340,816</u>	<u>17,608,440</u>	<u>18,252,976</u>	<u>19,269,298</u>	<u>19,869,258</u>
Total O&M Expenses	<u>\$ 89,524,702</u>	<u>\$ 91,936,696</u>	<u>\$ 96,223,214</u>	<u>\$ 100,051,303</u>	<u>\$ 105,207,662</u>	<u>\$ 105,740,888</u>

Average annual change compared to prior year	23.8%	2.7%	4.7%	4.0%	5.2%	0.5%
--	-------	------	------	------	------	------

Transfers

To (from) Bond Sinking Fund	\$ 7,013,275	\$ 8,386,900	\$ 8,392,294	\$ 8,210,888	\$ 10,383,431	\$ 10,179,669
To (from) Renewal & Replacement Fund	3,483,614	415,295	1,547,650	11,024,867	17,244,527	10,635,983
To (from) Rate Stabilization Fund	500,000	1,400,000	-	-	1,100,000	-
To (from) Emergency Reserve Fund	-	-	-	-	-	-
To (from) FMPA Pooled Loan (Debt Svc)	284,400	976,440	-	-	-	-
To (from) Operating Reserve Fund	715,000	1,620,000	550,000	520,000	775,000	625,000
Payment to City of Key West, FL	<u>373,460</u>	<u>377,762</u>	<u>384,592</u>	<u>421,232</u>	<u>428,778</u>	<u>467,491</u>
Total Transfers	<u>\$ 12,369,749</u>	<u>\$ 13,176,397</u>	<u>\$ 10,874,535</u>	<u>\$ 20,176,986</u>	<u>\$ 29,931,737</u>	<u>\$ 21,908,143</u>

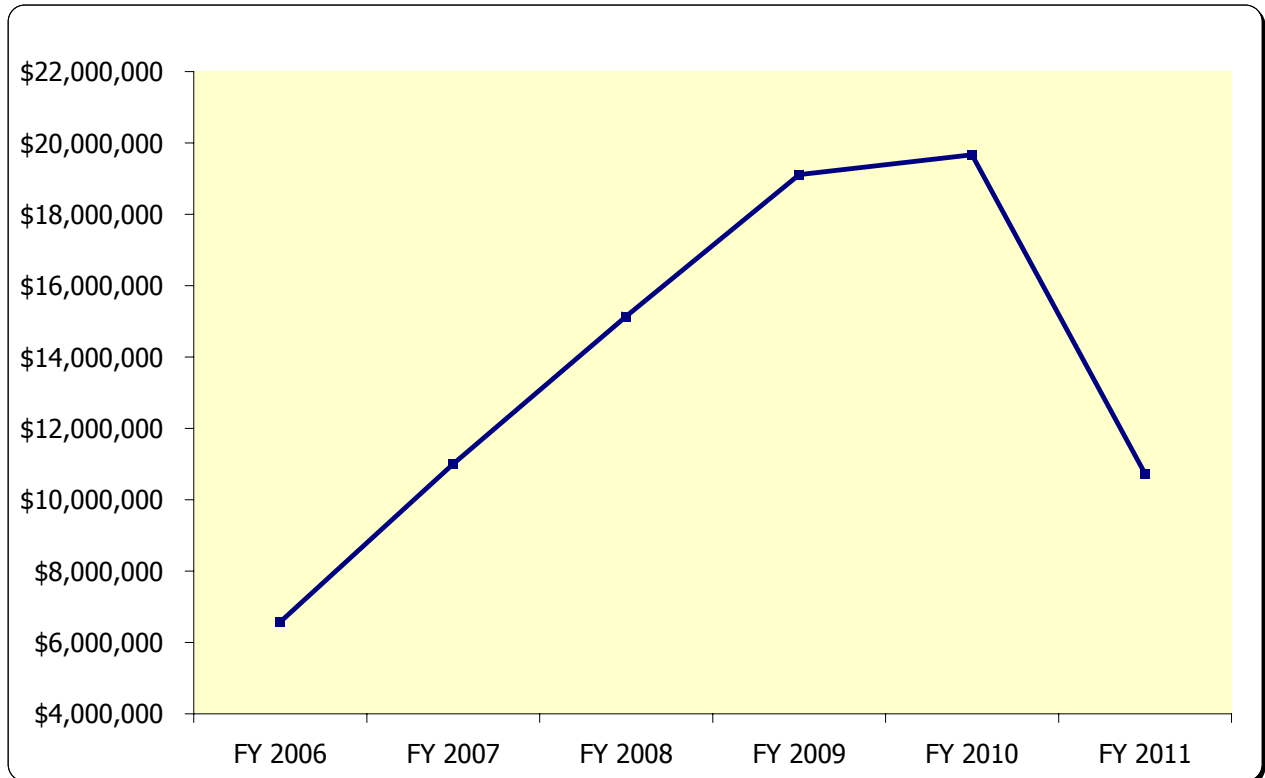
Average annual change compared to prior year	1.8%	6.5%	-17.5%	85.5%	48.3%	-26.8%
--	------	------	--------	-------	-------	--------

Financial Plan - Capital Budget

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Transmission	\$ 325,000	\$ 938,295	\$ 1,026,650	\$ 1,430,380	\$ 696,630	\$ 515,000
Distribution	5,350,624	6,475,000	9,286,500	7,193,100	8,037,185	9,301,544
Generation	430,000	1,375,000	985,000	200,000	160,000	350,000
Facilities	80,000	752,000	489,500	854,338	209,538	115,128
Fleets	25,000	945,000	390,000	355,000	412,000	285,000
Information Technology	325,000	470,000	341,000	232,050	308,153	109,310
Other	40,000	50,000	2,619,000	8,850,000	9,844,400	50,000
Total Capital Project Funding Level	\$6,575,624	\$11,005,295	\$15,137,650	\$19,114,868	\$19,667,905	\$10,725,983
<u>Percentage by Category</u>						
Transmission	4.9%	8.5%	6.8%	7.5%	3.5%	4.8%
Distribution	81.4%	58.8%	61.3%	37.6%	40.9%	86.7%
Generation	6.5%	12.5%	6.5%	1.0%	0.8%	3.3%
Facilities	1.2%	6.8%	3.2%	4.5%	1.1%	1.1%
Fleets	0.4%	8.6%	2.6%	1.9%	2.1%	2.7%
Information Technology	4.9%	4.3%	2.3%	1.2%	1.6%	1.0%
Other	0.6%	0.5%	17.3%	46.3%	50.1%	0.5%
Total Proposed Capital Budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Average annual change compared to prior year

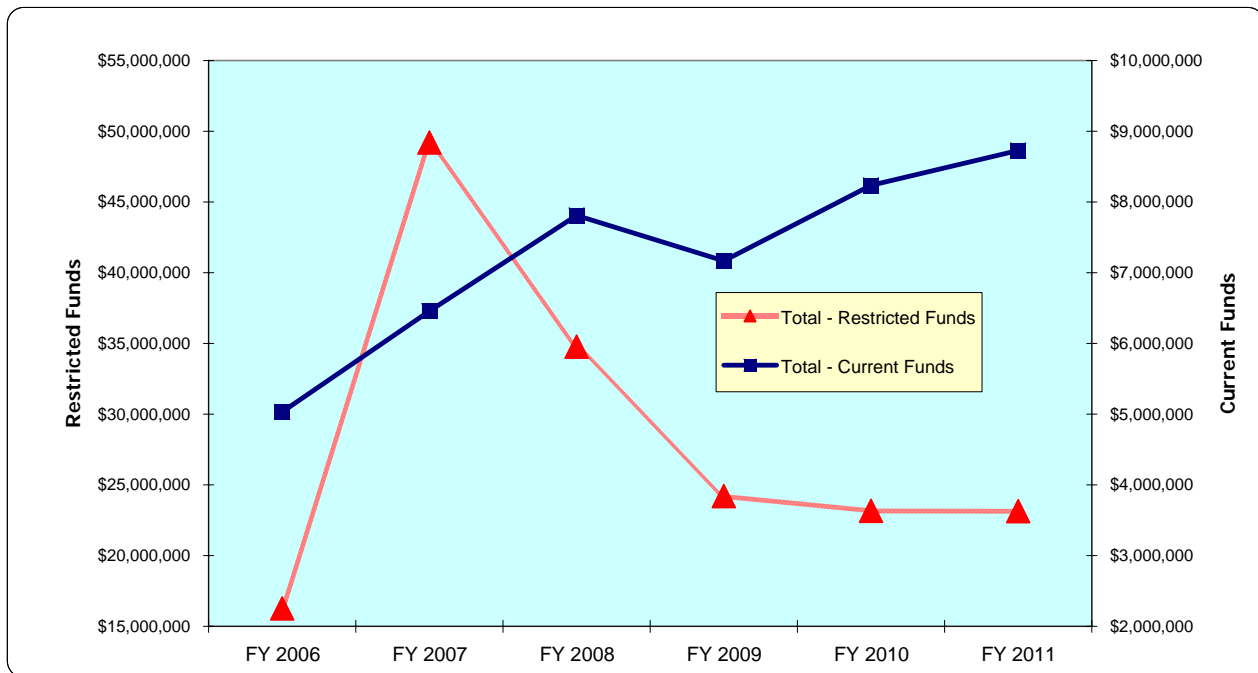
67.4% 37.5% 26.3% 2.9% -45.5%



Fund Balances

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Restricted Funds:						
Bond Sinking Fund	\$ 6,954,926	\$ 7,894,480	\$ 8,072,652	\$ 8,061,443	\$ 8,268,482	\$ 8,267,401
Construction Fund	-	22,780,080	10,016,832	2,288,102	0	0
Capital Interest Fund	-	3,775,312	1,942,622	23,083	0	0
Capital Improvement Fund	147,600	146,400	145,200	144,000	142,800	141,600
Customer Deposits Fund	3,962,913	3,943,811	3,924,327	3,904,454	3,884,183	3,863,507
Debt Service Reserve Fund	-	4,072,733	4,072,733	4,072,733	4,072,733	4,072,733
Emergency Reserve Fund	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Rate Stabilization Fund	3,202,882	4,602,882	4,602,882	3,702,882	4,802,882	4,802,882
Renewal and Replacement Fund	<u>1,486</u>	<u>1,486</u>	<u>1,486</u>	<u>1,486</u>	<u>1,486</u>	<u>1,486</u>
Total - Restricted Funds	<u>\$ 16,269,807</u>	<u>\$ 49,217,185</u>	<u>\$ 34,778,735</u>	<u>\$ 24,198,183</u>	<u>\$ 23,172,566</u>	<u>\$ 23,149,609</u>
Average annual change compared to prior year	83.9%	202.5%	-29.3%	-30.4%	-4.2%	-0.1%
Current Funds:						
Revenue Fund	\$ 951,015	\$ 758,207	\$ 1,559,403	\$ 395,726	\$ 691,421	\$ 560,394
Operating Reserve Fund	<u>4,080,214</u>	<u>5,700,214</u>	<u>6,250,214</u>	<u>6,770,214</u>	<u>7,545,214</u>	<u>8,170,214</u>
Total - Current Funds	<u>\$ 5,031,229</u>	<u>\$ 6,458,421</u>	<u>\$ 7,809,616</u>	<u>\$ 7,165,940</u>	<u>\$ 8,236,635</u>	<u>\$ 8,730,608</u>

Average annual change compared to prior year	43.5%	28.4%	20.9%	-8.2%	14.9%	6.0%
--	-------	-------	-------	-------	-------	------



Debt Service Coverage - Before Capitalized Overhead

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues Available for Debt Service:						
Sales of Electric Energy	\$ 95,890,057	\$ 99,236,029	\$ 103,508,341	\$ 110,278,807	\$ 114,619,902	\$ 118,000,112
Other Electric Revenues	4,997,805	2,453,244	2,489,855	2,527,133	2,565,092	2,603,742
subtotal	100,887,862	101,689,273	105,998,195	112,805,940	117,184,993	120,603,855
Non-Operating Revenues	1,459,406	3,231,013	1,900,749	5,358,673	18,250,100	6,914,148
Transfer from (to) Rate Stabilization Fund	(500,000)	(1,400,000)	-	900,000	(1,100,000)	-
Total Revenues	101,847,268	103,520,286	107,898,945	119,064,613	134,335,094	127,518,003
Less: Operation & Maintenance Expense	89,524,702	91,936,696	96,223,214	100,051,303	105,207,662	105,740,888
Net Revenues Available for Debt Service	12,322,566	11,583,589	11,675,731	19,013,310	29,127,432	21,777,115
Debt Service on Outstanding Bond Issues:						
Series 1991 Refunding Bonds	-	-	-	-	-	-
Series 2006 Revenue Bonds	-	-	-	-	1,988,588	1,988,588
Series 2000 Forward Refunding Bonds	7,132,800	7,138,000	6,977,950	7,134,200	6,954,500	7,134,800
Series 2001 Refunding Bonds	1,254,100	1,254,294	1,232,938	1,260,644	1,236,581	1,257,519
subtotal	8,386,900	8,392,294	8,210,888	8,394,844	10,179,669	10,380,906
Less: Bond Amortization Interest	0	0	0	0	0	0
Total Debt Service Requirements	\$ 8,386,900	\$ 8,392,294	\$ 8,210,888	\$ 8,394,844	\$ 10,179,669	\$ 10,380,906
Debt Service Coverage Before capitalized overhead	<u>1.47</u>	<u>1.38</u>	<u>1.42</u>	<u>2.26</u>	<u>2.86</u>	<u>2.10</u>
Average annual change compared to prior year	-19.7%	-6.1%	3.0%	59.3%	26.3%	-26.7%

Resolution 532, Article V, Section 5.01, (B):

A monthly report on the calculation of Debt Service Coverage must be performed for the preceding twelve (12) months. If the coverage is below 1.25%, the Board will request the Consulting Engineers to prepare and submit a report within sixty (60) days that determines the level at which rates must be set to produce a debt service coverage of 1.30 and rates must be revised within thirty (30) days. The Board must maintain the recommended rates to produce coverage of 1.30 for three (3) consecutive years.

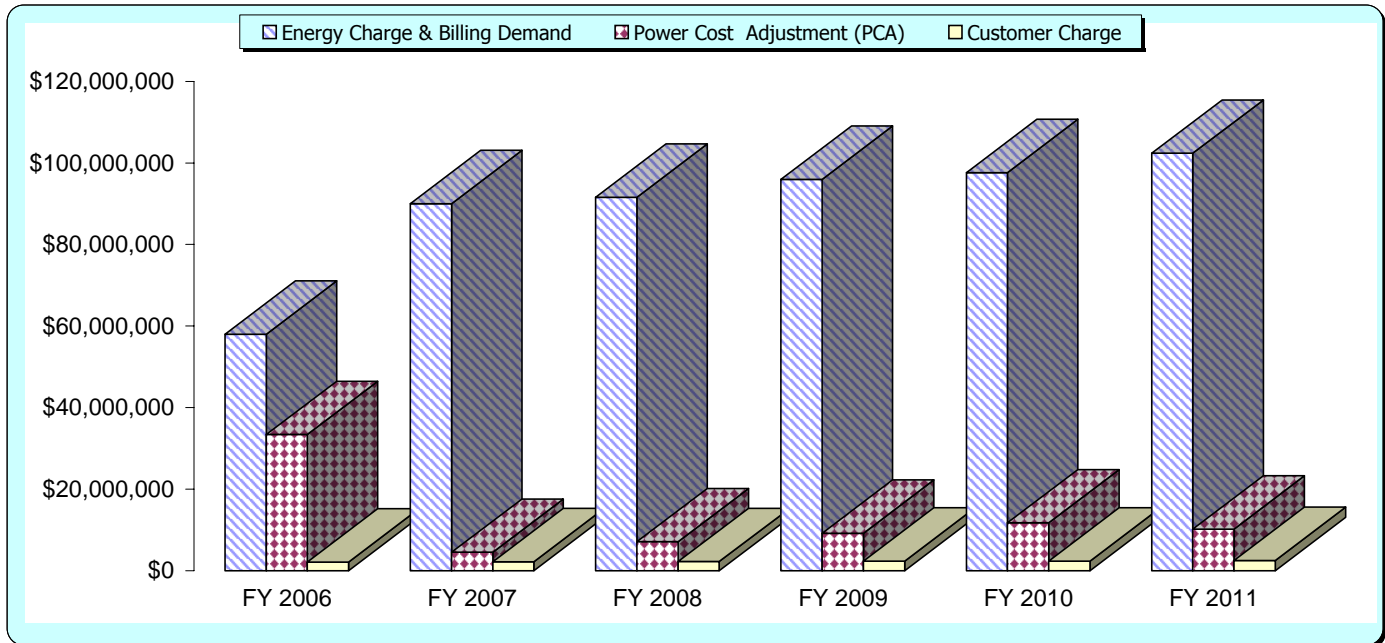
Revenue Control

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Number of Customers	29,731	29,731	29,976	30,220	30,469	30,713
Sales of Electricity - kWh	742,485,780	742,485,788	755,479,289	768,700,177	782,152,430	795,840,097
Increase compared to prior year projected	0.35%	0.00%	1.75%	1.75%	1.75%	1.75%
Energy Charge & Billing Demand	\$57,984,669	\$90,039,967	\$91,598,928	\$95,993,271	\$97,655,639	\$102,372,523
Power Cost Adjustment (PCA)	33,391,809	4,514,181	7,100,695	9,186,739	11,734,965	10,187,540
Customer Charge	<u>2,116,421</u>	<u>2,201,077</u>	<u>2,221,110</u>	<u>2,341,935</u>	<u>2,363,912</u>	<u>2,490,162</u>
subtotal Electric Revenues	93,492,899	96,755,225	100,920,733	107,521,944	111,754,516	115,050,225
Gross Receipts Tax (GRT)	<u>2,397,158</u>	<u>2,480,804</u>	<u>2,587,608</u>	<u>2,756,863</u>	<u>2,865,386</u>	<u>2,949,888</u>
subtotal Operating Revenues	95,890,057	99,236,029	103,508,341	110,278,807	114,619,902	118,000,112
Other Operating Revenue	4,997,805	2,453,244	2,489,855	2,527,133	2,565,092	2,603,742
Non-Operating Revenue (Interest Income)	632,841	1,064,107	1,288,982	1,373,218	1,482,998	1,519,316
Non-Operating Revenue (Other)	826,565	2,166,905	611,767	3,985,455	16,767,103	5,394,833
Transfer from Rate Stabilization Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>900,000</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$102,347,268</u>	<u>\$104,920,286</u>	<u>\$107,898,945</u>	<u>\$119,064,613</u>	<u>\$135,435,094</u>	<u>\$127,518,003</u>

Average annual change compared to prior year	22.1%	2.5%	2.8%	10.3%	13.7%	-5.8%
--	-------	------	------	-------	-------	-------

Major components of electric revenue:

- 1) energy charge & billing demand are a function of the base rates approved by the Florida Public Service Commission
- 2) power cost adjustment which is designed to enable KEYS to collect the total power costs from its customers
- 3) customer charge which varies



Number of Accounts

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Residential	24,057	24,057	24,245	24,424	24,595	24,806
Senior Citizens	268	268	270	272	274	276
Small Commercial	2,985	2,985	3,030	3,081	3,143	3,168
Recreation Lighting	4	4	4	4	4	4
Large Commercial	656	656	666	678	691	697
Large Commercial - Primary (1)	7	7	7	8	8	8
Military Service	1	1	1	1	1	1
Churches	15	15	15	15	15	15
Street Lighting	4	4	4	4	4	4
Area Lights	<u>1,734</u>	<u>1,734</u>	<u>1,734</u>	<u>1,734</u>	<u>1,734</u>	<u>1,734</u>
Total	<u>29,731</u>	<u>29,731</u>	<u>29,976</u>	<u>30,220</u>	<u>30,469</u>	<u>30,713</u>

Average annual change compared to prior year	0.8%	0.0%	0.8%	0.8%	0.8%	0.8%
---	------	------	------	------	------	------

(1) This rate schedule applies to power and energy for general purposes, and is available throughout the entire territory served by Keys Energy Services to those customers that own their own transformers or primary conductors and agree to purchase a fixed minimum amount of power each month.

Customer Charge per Billing

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Residential	\$ 6.00	\$ 6.24	\$ 6.24	\$ 6.52	\$ 6.52	\$ 6.81
Senior Citizens	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Small Commercial	\$ 6.50	\$ 6.76	\$ 6.76	\$ 7.06	\$ 7.06	\$ 7.38
Recreation Lighting	\$ 13.73	\$ 14.28	\$ 14.28	\$ 14.92	\$ 14.92	\$ 15.59
Large Commercial	\$ 18.50	\$ 19.24	\$ 19.24	\$ 20.11	\$ 20.11	\$ 21.01
Large Commercial - Primary (1)	\$ 18.50	\$ 19.24	\$ 19.24	\$ 20.11	\$ 20.11	\$ 21.01
Military Service	\$ 18.50	\$ 19.24	\$ 19.24	\$ 20.11	\$ 20.11	\$ 21.01
Churches	\$ 18.50	\$ 19.24	\$ 19.24	\$ 20.11	\$ 20.11	\$ 21.01
Street Lighting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Area Lights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(1) This rate schedule applies to power and energy for general purposes, and is available throughout the entire territory served by Keys Energy Services to those customers that own their own transformers or primary conductors and agree to purchase a fixed minimum amount of power each month.

Customer Charge Revenue

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Residential	\$ 1,732,095	\$ 1,801,379	\$ 1,815,429	\$ 1,910,928	\$ 1,924,305	\$ 2,027,180
Senior Citizens	-	-	-	-	-	-
Small Commercial	232,832	242,145	245,777	261,048	266,269	280,520
Recreation Lighting	664	691	691	722	722	754
Large Commercial	145,723	151,552	153,825	163,514	166,785	175,615
Large Commercial - Primary (1)	1,628	1,693	1,719	1,827	1,864	1,947
Military Service	222	231	231	241	241	252
Churches	3,256	3,387	3,437	3,654	3,727	3,894
Street Lighting	-	-	-	-	-	-
Area Lights	-	-	-	-	-	-
Total	\$ 2,116,421	\$ 2,201,077	\$ 2,221,110	\$ 2,341,935	\$ 2,363,912	\$ 2,490,162

Average annual change
compared to prior year

0.8%

4.0%

0.9%

5.4%

0.9%

5.3%

(1) This rate schedule applies to power and energy for general purposes, and is available throughout the entire territory served by Keys Energy Services to those customers that own their own transformers or primary conductors and agree to purchase a fixed minimum amount of power each month.

Energy Sales (kWh)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Residential	331,658,975	331,658,975	337,463,007	343,368,610	349,377,560	355,491,667
Senior Citizens	2,230,890	2,230,890	2,269,931	2,309,654	2,350,073	2,391,200
Small Commercial	74,399,389	74,399,389	75,701,378	77,026,152	78,374,110	79,745,657
Recreation Lighting	216,913	216,913	220,709	224,571	228,501	232,500
Large Commercial	229,758,711	229,758,711	233,779,489	237,870,630	242,033,366	246,268,950
Large Commercial - Primary (1)	18,217,022	18,217,030	18,535,828	18,860,205	19,190,258	19,526,088
Military Service	81,133,267	81,133,267	82,553,099	83,997,779	85,467,740	86,963,425
Churches	506,129	506,129	514,987	523,999	533,169	542,499
Street Lighting	2,892,168	2,892,168	2,942,781	2,994,280	3,046,680	3,099,996
Area Lights	<u>1,472,316</u>	<u>1,472,316</u>	<u>1,498,081</u>	<u>1,524,298</u>	<u>1,550,973</u>	<u>1,578,115</u>
Total	<u>742,485,780</u>	<u>742,485,788</u>	<u>755,479,289</u>	<u>768,700,177</u>	<u>782,152,430</u>	<u>795,840,097</u>
Average annual change compared to prior year	0.35%	0.00%	1.75%	1.75%	1.75%	1.75%

(1) This rate schedule applies to power and energy for general purposes, and is available throughout the entire territory served by Keys Energy Services to those customers that own their own transformers or primary conductors and agree to purchase a fixed minimum amount of power each month.

Energy Charge per kWh

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Residential	\$ 0.0799	\$ 0.1231	\$ 0.1231	\$ 0.1268	\$ 0.1268	\$ 0.1307
Senior Citizens	\$ 0.0799	\$ 0.1231	\$ 0.1231	\$ 0.1268	\$ 0.1268	\$ 0.1307
Small Commercial	\$ 0.0844	\$ 0.1278	\$ 0.1278	\$ 0.1317	\$ 0.1317	\$ 0.1359
Recreation Lighting	\$ 0.1044	\$ 0.1486	\$ 0.1486	\$ 0.1535	\$ 0.1535	\$ 0.1586
Large Commercial	\$ 0.0605	\$ 0.1029	\$ 0.1029	\$ 0.1058	\$ 0.1058	\$ 0.1087
Large Commercial - Primary (1)	\$ 0.0598	\$ 0.1022	\$ 0.1022	\$ 0.1050	\$ 0.1050	\$ 0.1079
Military Service	\$ 0.0598	\$ 0.1022	\$ 0.1022	\$ 0.1050	\$ 0.1050	\$ 0.1079
Churches	\$ 0.0799	\$ 0.1231	\$ 0.1231	\$ 0.1268	\$ 0.1268	\$ 0.1307
Street Lighting	\$ 0.0886	\$ 0.1321	\$ 0.1321	\$ 0.1363	\$ 0.1363	\$ 0.1406
Area Lights	\$ 0.1284	\$ 0.1735	\$ 0.1735	\$ 0.1795	\$ 0.1795	\$ 0.1856
Power Cost Adjustment	\$ 0.0282	\$ 0.0061	\$ 0.0094	\$ 0.0120	\$ 0.0150	\$ 0.0128
Power Cost in Base	\$ 0.0400	\$ 0.0800	\$ 0.0800	\$ 0.0800	\$ 0.0800	\$ 0.0800

(1) This rate schedule applies to power and energy for general purposes, and is available throughout the entire territory served by Keys Energy Services to those customers that own their own transformers or primary conductors and agree to purchase a fixed minimum amount of power each month.

Energy Charge Revenue

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Residential	\$ 26,499,552	\$ 40,825,893	\$ 41,540,346	\$ 43,539,140	\$ 44,301,075	\$ 46,462,761
Senior Citizens	178,248	274,614	279,419	292,864	297,989	\$ 312,530
Small Commercial	6,279,308	9,506,456	9,672,819	10,144,344	10,321,870	\$ 10,837,435
Recreation Lighting	22,646	32,228	32,792	34,472	35,075	\$ 36,874
Large Commercial	13,900,402	23,646,767	24,060,585	25,166,713	25,607,130	\$ 26,769,435
Large Commercial - Primary (1)	1,089,378	1,861,635	1,894,213	1,980,322	2,014,977	\$ 2,106,865
Military Service	4,851,769	8,291,171	8,436,266	8,819,767	8,974,113	\$ 9,383,354
Churches	40,440	62,303	63,393	66,443	67,606	\$ 70,905
Street Lighting	256,246	382,183	388,871	408,120	415,262	\$ 435,860
Area Lights	189,045	255,500	259,971	273,611	278,400	\$ 292,898
Total	\$ 53,307,035	\$ 85,138,748	\$ 86,628,676	\$ 90,725,795	\$ 92,313,497	\$ 96,708,916

Average annual change compared to prior year	0.3%	59.7%	1.8%	4.7%	1.8%	4.8%
---	------	-------	------	------	------	------

(1) This rate schedule applies to power and energy for general purposes, and is available throughout the entire territory served by Keys Energy Services to those customers that own their own transformers or primary conductors and agree to purchase a fixed minimum amount of power each month.

Billing Demand (kW)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Residential	-	-	-	-	-	-
Senior Citizens	-	-	-	-	-	-
Small Commercial	-	-	-	-	-	-
Recreation Lighting	-	-	-	-	-	-
Large Commercial	543,271	543,271	552,778	562,452	572,294	582,310
Large Commercial - Primary (1)	46,720	46,419	47,232	48,058	48,899	49,755
Military Service	145,164	145,164	145,164	145,164	145,164	145,164
Churches	8,450	8,450	8,450	8,450	8,450	8,450
Street Lighting	-	-	-	-	-	-
Area Lights	-	-	-	-	-	-
Total	<u>743,605</u>	<u>743,305</u>	<u>753,624</u>	<u>764,124</u>	<u>774,808</u>	<u>785,679</u>

Average annual change compared to prior year	0.6%	0.0%	1.4%	1.4%	1.4%	1.4%
---	------	------	------	------	------	------

(1) This rate schedule applies to power and energy for general purposes, and is available throughout the entire territory served by Keys Energy Services to those customers that own their own transformers or primary conductors and agree to purchase a fixed minimum amount of power each month.

Billing Demand per kW

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Senior Citizens	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Small Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recreation Lighting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Large Commercial	\$ 6.45	\$ 6.71	\$ 6.71	\$ 7.01	\$ 7.01	\$ 7.33
Large Commercial - Primary (1)	\$ 6.20	\$ 6.45	\$ 6.45	\$ 6.74	\$ 6.74	\$ 7.04
Military Service	\$ 5.98	\$ 6.48	\$ 6.48	\$ 6.78	\$ 6.78	\$ 7.08
Churches	\$ 1.80	\$ 1.87	\$ 1.87	\$ 1.96	\$ 1.96	\$ 2.04
Street Lighting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Area Lights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(1) This rate schedule applies to power and energy for general purposes, and is available throughout the entire territory served by Keys Energy Services to those customers that own their own transformers or primary conductors and agree to purchase a fixed minimum amount of power each month.

Billing Demand Revenue

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Senior Citizens	-	-	-	-	-	-
Small Commercial	-	-	-	-	-	-
Recreation Lighting	-	-	-	-	-	-
Large Commercial	3,504,096	3,645,347	3,709,140	3,942,786	4,011,784	4,268,330
Large Commercial - Primary (1)	289,665	299,405	304,645	323,913	329,582	350,276
Military Service	868,663	940,665	940,665	984,214	984,214	1,027,763
Churches	15,211	15,802	15,802	16,563	16,563	17,239
Street Lighting	-	-	-	-	-	-
Area Lights	-	-	-	-	-	-
Total	<u>\$ 4,677,635</u>	<u>\$ 4,901,219</u>	<u>\$ 4,970,252</u>	<u>\$ 5,267,475</u>	<u>\$ 5,342,142</u>	<u>\$ 5,663,607</u>

Average annual change compared to prior year	0.6%	4.8%	1.4%	6.0%	1.4%	6.0%
---	------	------	------	------	------	------

(1) This rate schedule applies to power and energy for general purposes, and is available throughout the entire territory served by Keys Energy Services to those customers that own their own transformers or primary conductors and agree to purchase a fixed minimum amount of power each month.

Energy Charge & Billing Demand Revenue

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Residential	\$ 26,499,552	\$ 40,825,893	\$ 41,540,346	\$ 43,539,140	\$ 44,301,075	\$ 46,462,761
Senior Citizens	178,248	274,614	279,419	292,864	297,989	312,530
Small Commercial	6,279,308	9,506,456	9,672,819	10,144,344	10,321,870	10,837,435
Recreation Lighting	22,646	32,228	32,792	34,472	35,075	36,874
Large Commercial	17,404,498	27,292,113	27,769,725	29,109,498	29,618,914	31,037,764
Large Commercial - Primary (1)	1,379,043	2,161,040	2,198,858	2,304,235	2,344,559	2,457,141
Military Service	5,720,432	9,231,835	9,376,931	9,803,981	9,958,327	10,411,117
Churches	55,650	78,105	79,195	83,006	84,168	88,143
Street Lighting	256,246	382,183	388,871	408,120	415,262	435,860
Area Lights	189,045	255,500	259,971	273,611	278,400	292,898
Total	\$ 57,984,669	\$ 90,039,967	\$ 91,598,928	\$ 95,993,271	\$ 97,655,639	\$ 102,372,523

Average annual change compared to prior year	0.4%	55.3%	1.7%	4.8%	1.7%	4.8%
--	------	-------	------	------	------	------

(1) This rate schedule applies to power and energy for general purposes, and is available throughout the entire territory served by Keys Energy Services to those customers that own their own transformers or primary conductors and agree to purchase a fixed minimum amount of power each month.

Power Cost Adjustment per kWh

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	
Residential	\$ 0.0282	\$ 0.0061	\$ 0.0094	\$ 0.0120	\$ 0.0150	0.0128	
Senior Citizens	\$ 0.0282	\$ 0.0061	\$ 0.0094	\$ 0.0120	\$ 0.0150	0.0128	
Small Commercial	\$ 0.0282	\$ 0.0061	\$ 0.0094	\$ 0.0120	\$ 0.0150	0.0128	
Recreation Lighting	\$ 0.0282	\$ 0.0061	\$ 0.0094	\$ 0.0120	\$ 0.0150	0.0128	
Large Commercial	\$ 0.0282	\$ 0.0061	\$ 0.0094	\$ 0.0120	\$ 0.0150	0.0128	
Large Commercial - Primary (1)	\$ 0.0282	\$ 0.0061	\$ 0.0094	\$ 0.0120	\$ 0.0150	0.0128	
Military Service	\$ 0.0282	\$ 0.0061	\$ 0.0094	\$ 0.0120	\$ 0.0150	0.0128	
Churches	\$ 0.0282	\$ 0.0061	\$ 0.0094	\$ 0.0120	\$ 0.0150	0.0128	
Street Lighting	\$ 0.0282	\$ 0.0061	\$ 0.0094	\$ 0.0120	\$ 0.0150	0.0128	
Area Lights	\$ 0.0282	\$ 0.0061	\$ 0.0094	\$ 0.0120	\$ 0.0150	0.0128	
Average annual change compared to prior year		11.9%	-78.4%	54.6%	27.2%	25.5%	-14.7%

(1) This rate schedule applies to power and energy for general purposes, and is available throughout the entire territory served by Keys Energy Services to those customers that own their own transformers or primary conductors and agree to purchase a fixed minimum amount of power each month.

Power Cost Adjustment Revenue

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Residential	\$ 14,915,699	\$ 2,016,427	\$ 3,171,790	\$ 4,103,600	\$ 5,241,860	\$ 4,550,645
Senior Citizens	100,330	13,563	21,335	27,603	35,259	30,610
Small Commercial	3,345,964	452,335	711,512	920,540	1,175,880	1,020,823
Recreation Lighting	9,755	1,319	2,074	2,684	3,428	2,976
Large Commercial	10,332,939	1,396,892	2,197,276	2,842,793	3,631,329	3,152,486
Large Commercial - Primary (1)	819,274	110,756	174,217	225,398	287,920	249,953
Military Service	3,648,806	493,276	775,911	1,003,858	1,282,309	1,113,218
Churches	22,762	3,077	4,840	6,262	7,999	6,945
Street Lighting	130,069	17,584	27,659	35,785	45,711	39,683
Area Lights	66,211	8,951	14,080	18,217	23,270	20,201
Total	\$ 33,391,809	\$ 4,514,181	\$ 7,100,695	\$ 9,186,739	\$ 11,734,965	\$ 10,187,540

Average annual change compared to prior year	79.0%	-86.5%	57.3%	29.4%	27.7%	-13.2%
---	-------	--------	-------	-------	-------	--------

(1) This rate schedule applies to power and energy for general purposes, and is available throughout the entire territory served by Keys Energy Services to those customers that own their own transformers, primary conductors and agreeing to purchase a fixed minimum amount of power each month.

Gross Receipts Tax (GRT) Charged

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Billing Demand Revenue	\$ 4,677,635	\$ 4,901,219	\$ 4,970,252	\$ 5,267,475	\$ 5,342,142	\$ 5,663,607
Energy Charge	53,307,035	85,138,748	86,628,676	90,725,795	92,313,497	96,708,916
Power Cost Adjustment	33,391,809	4,514,181	7,100,695	9,186,739	11,734,965	10,187,540
Customer Charges	<u>2,116,421</u>	<u>2,201,077</u>	<u>2,221,110</u>	<u>2,341,935</u>	<u>2,363,912</u>	<u>2,490,162</u>
subtotal	93,492,899	96,755,225	100,920,733	107,521,944	111,754,516	<u>115,050,225</u>
Effective Tax Rate	<u>\$ 0.0256</u>	<u>\$ 0.0256</u>	<u>\$ 0.0256</u>	<u>\$ 0.0256</u>	<u>\$ 0.0256</u>	<u>\$ 0.02564</u>
Gross Receipts Tax	<u>\$ 2,397,158</u>	<u>\$ 2,480,804</u>	<u>\$ 2,587,608</u>	<u>\$ 2,756,863</u>	<u>\$ 2,865,386</u>	<u>\$ 2,949,888</u>

Average annual change compared to prior year	19.1%	3.5%	4.3%	6.5%	3.9%	2.9%
--	-------	------	------	------	------	------

Other Operating Revenue

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
FMPA Reserve Capacity Credit (1)	\$ 1,260,565	\$ 1,066,000	\$ 1,087,320	\$ 1,109,066	\$ 1,131,248	\$ 1,153,873
FMPA Diesel Variable O&M (2)	56,100	45,000	45,900	46,818	47,754	48,709
FMPA Start up Credits (3)	178,500	145,000	147,900	150,858	153,875	156,953
FKEC Reserve Capacity Charges (4)	432,000	432,000	432,000	432,000	432,000	432,000
FMPA Shared Costs - Security Guard	64,765	65,736	66,723	67,723	68,739	69,770
Penalty Charges	450,000	456,750	463,601	470,555	477,614	484,778
Service Charges	125,000	126,875	128,778	130,710	132,670	134,661
Temporary Disconnects	32,000	32,500	33,000	33,500	34,000	34,500
Initial Permanent Service Charge	55,000	55,825	56,662	57,512	58,375	59,251
Trouble Calls	5,000	5,075	5,151	5,228	5,307	5,386
NSF Check Charge	9,000	9,135	9,272	9,411	9,552	9,696
Line Extension Fees	10,150	10,302	10,457	10,614	10,773	10,934
Underground Lines Extension Fees	530,225	-	-	-	-	-
Meter Tampering	3,000	3,045	3,091	3,137	3,184	3,232
Uninterrupted Power Supplies & Power Sentry Proceeds	3,000	-	-	-	-	-
FMPA Shared Capital Projects	-	-	-	-	-	-
Navy Privatization - O&M	390,797					
Navy Privatization- Capital	1,392,703					
Total	<u>\$ 4,997,805</u>	<u>\$ 2,453,244</u>	<u>\$ 2,489,855</u>	<u>\$ 2,527,133</u>	<u>\$ 2,565,092</u>	<u>\$2,603,742</u>

Average annual change compared to prior year

60.4% -50.9% 1.5% 1.5% 1.5%

(1) Florida Municipal Power Agency (FMPA) capacity credits are included in a contractual agreement for providing capacity from KEYS owned generation. The calculation is \$2.25 per megawatt (MW) per month. In 2006 KEYS reduced owned generation by 7 MW's after FMPA added approximately 40 MW's of generation.

(2) FMPA diesel variable operation & maintenance (O&M) credits are included in a contractual agreement with FMPA in return for maintain FMPA's generation located in KEYS service area. The calculation varies from \$2.66 to \$5.36 per MWh of generation, depending upon the type of generating unit. Generation was estimated for budget purposes.

(3) FMPA start-up credits are included in a contractual agreement with FMPA in return for starting KEYS owned generation when requested to do so. The calculation varies from \$36.78 to \$47.66 per MW resulting from a start of a generator depending on the type of generation unit. The number of start-ups and MW's were estimated for budget purposes.

(4) FKEC reserve capacity charges are included in a contractual agreement with the Florida Keys Electric Cooperative for providing a minimum capacity of 12,000 megawatt hours from KEYS owned generation. The monthly charge is at the rate of \$3.00 per megawatt hour.

Inflation rate	Inflation rate	Inflation rate	Inflation rate	Inflation rate	Inflation rate
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Interest Income

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenue Fund	\$ 163,755	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000
Bond Sinking Fund	103,084	156,486	177,626	181,635	362,765	372,082
Construction Fund						
Capitalized Interest Fund						
Debt Service Reserve Fund		169,909	185,355	185,355	185,355	185,355
Capital Improvement Fund	4,464	6,642	6,588	6,534	6,480	6,426
Customer Deposits Fund	119,449	178,331	177,471	176,595	175,700	174,788
Emergency Reserve Fund	60,000	90,000	90,000	90,000	90,000	90,000
Operating Reserve Fund	100,956	183,610	256,510	281,260	304,660	339,535
Rate Stabilization Fund	81,086	144,130	207,130	207,130	166,630	216,130
Renewal & Replacement Fund	46	-	53,303	109,710	56,408	-
Total	\$ 632,841	\$ 1,064,107	\$ 1,288,982	\$ 1,373,218	\$ 1,482,998	\$ 1,519,316

Average annual change
compared to prior year

178.8% 68.1% 21.1% 6.5% 8.0% 2.4%

Interest Rate Interest Rate Interest Rate Interest Rate Interest Rate Interest Rate
3.0% 4.5% 4.5% 4.5% 4.5% 4.5%

Non-Operating Revenue

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Joint Tree Trimming Project	\$ 137,618	\$ 6,072	\$ 6,194	\$ 6,318	\$ 6,444	\$ 6,573
Bellsouth Pole Rental	175,425	184,196	193,406	203,076	213,230	223,892
Comcast Pole Rental	143,000	150,150	157,658	165,540	173,817	182,508
BAMA Rental	40,000	41,200	42,436	43,709	45,020	46,371
FKEC Pole Attachment Rental	22,000	22,660	23,340	24,040	24,761	25,504
Cingular Smokestack Rental	42,525	44,651	46,884	49,228	51,689	54,274
Comcast Pole Height Reimbursement	-	-	-	-	-	-
USCG Smokestack Rental	6,060	6,242	6,429	6,622	4,547	
Key West Steam Plant Contribution		500,000	100,000	102,000	103,530	105,083
Key West Steam Plant Contribution - excess sales price		1,177,000				
Other Revenue	1,500	1,523	1,545	1,569	1,592	1,616
EPA Refunds and/or SO2 Emission Credit Auction and Sale Proceeds	32,560	33,211	33,875	34,553	1,316,071	1,335,812
Sale of Workforce Condos-Cudjoe Key Phase 1				3,348,800	3,477,600	
Sale of Workforce Condos-Cudjoe Key Phase 2					3,348,800	3,413,200
Sale of Service Building					8,000,000	
Miscellaneous	225,877					
Total	\$ 826,565	\$ 2,166,905	\$ 611,767	\$ 3,985,455	\$ 16,767,103	\$ 5,394,833

Average annual change compared to
prior year

83.6% 162.2% -71.8% 551.5% 320.7% -67.8%

Inflation rate Inflation rate Inflation rate Inflation rate Inflation rate Inflation rate
2.0% 2.0% 2.0% 2.0% 1.5% 1.5%

Operations & Maintenance Expenses

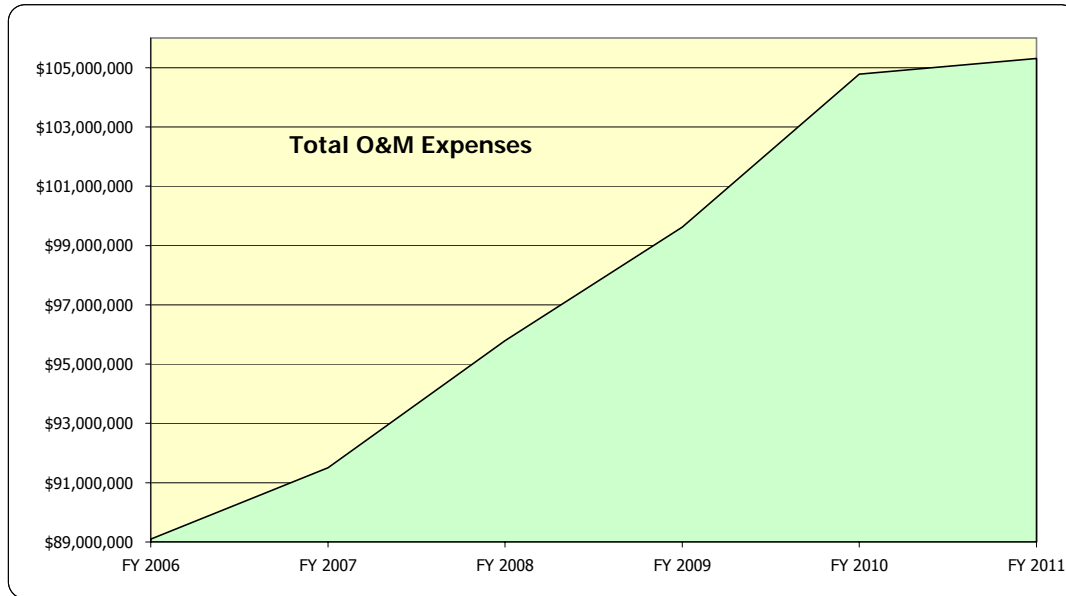
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Total Purchased Power Costs	\$ 63,109,863	\$ 63,481,044	\$ 67,107,038	\$ 70,250,753	\$ 73,875,159	\$ 73,422,748
Total Other Power Supply	1,138,443	1,157,109	1,434,848	1,155,676	1,267,863	1,310,226
Total Transmission Expense	3,615,613	4,018,545	3,940,423	4,031,026	4,191,598	4,280,089
Total Distribution Expense	3,941,736	4,042,999	4,180,779	4,350,929	4,532,645	4,723,274
Total Customer Expense	1,201,793	1,464,183	1,519,684	1,577,944	1,639,098	1,703,292
Total A&G and Tax Expense	16,085,254	17,340,816	17,608,440	18,252,976	19,269,298	19,869,258
Total O & M expenses	\$ 89,092,702	\$ 91,504,696	\$ 95,791,214	\$ 99,619,303	\$ 104,775,662	\$ 105,308,888

In addition, the Total Purchased Power Costs includes two offsets , one for the payment from FKEC for KEYS reserving 12 MW of power, and one for the annual portion of the SO2 Emission Credits sale proceeds (allocated over fiscal years 2004 - 2009).

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Add:						
Capacity Reservation Revenue	432,000	432,000	432,000	432,000	432,000	432,000
SO2 Credit Revenue	-	-	-	-	-	-
Grand Total O & M expenses	\$ 89,524,702	\$ 91,936,696	\$ 96,223,214	\$ 100,051,303	\$ 105,207,662	\$ 105,740,888

Average annual change compared to prior year

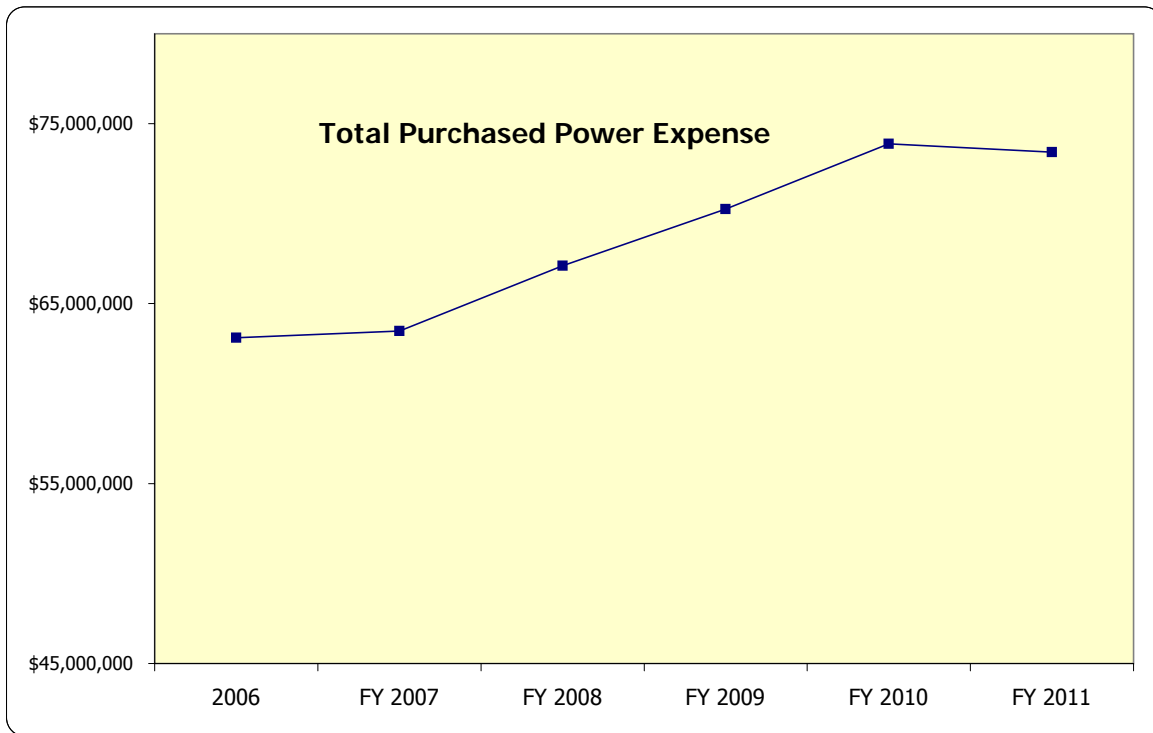
	23.9%	2.7%	4.7%	4.0%	5.2%	0.5%
--	-------	------	------	------	------	------



Purchased Power in Power Cost Adjustment

	2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
FMPA - Current Charges						
Customer Charge-Per Delivery Pt.	\$ 16,140	\$ 16,140	\$ 16,140	\$ 16,140	\$ 16,140	\$16,140
Demand Charge - Capacity	16,675,034	20,178,715	22,439,870	23,998,364	26,099,057	26,483,870
Energy Charge	47,094,925	43,962,425	45,332,382	46,923,800	48,454,537	47,611,460
Load Retention Credit	(244,236)	(244,236)	(249,353)	(255,551)	(262,575)	(256,723)
Total Purchased Power Costs	63,541,863	63,913,044	67,539,038	70,682,753	74,307,159	73,854,748
FKEC Credits						
Capacity-kW	12,000	12,000	12,000	12,000	12,000	12,000
Rate - \$/kW-month	3	3	3	3	3	3
Capacity Reservation Payment	(432,000)	(432,000)	(432,000)	(432,000)	(432,000)	(432,000)
Emissions Credits						
SO2 Credits	-	-	-	-	-	-
Total Power Costs in PCA	<u>\$ 63,109,863</u>	<u>\$ 63,481,044</u>	<u>\$ 67,107,038</u>	<u>\$ 70,250,753</u>	<u>\$ 73,875,159</u>	<u>\$ 73,422,748</u>
Average annual change compared to prior year	32.0%	0.6%	5.7%	4.7%	5.2%	-0.6%

Purchased Power in Power Cost Adjustment (PCA) includes the cost of electricity purchased from Florida Municipal Power Authority (FMPA) for resale at the Marathon point of delivery.



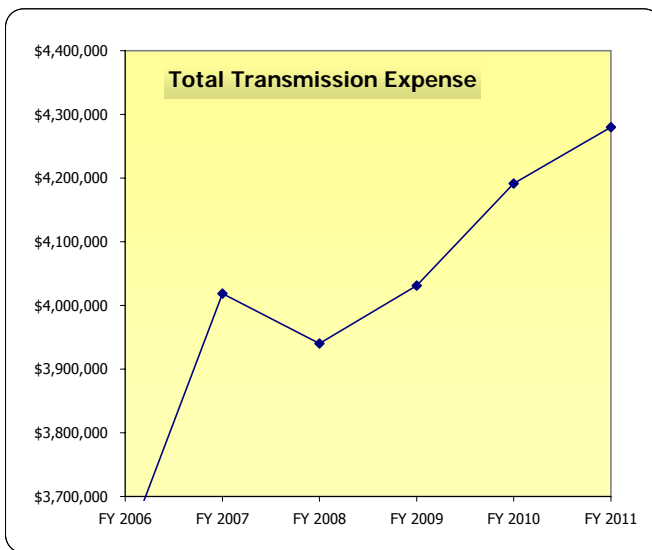
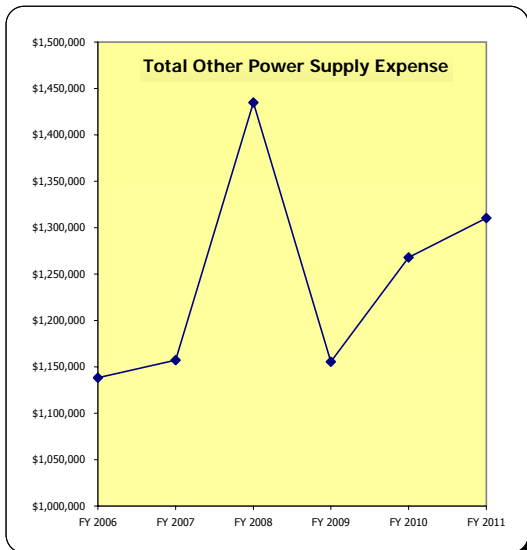
Other Power Supply and Transmission Expense

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Supervision and Engineering	\$ -	\$ 171,703	\$ 171,703	\$ 171,703	\$ 171,703	\$ 171,703
Fuel Costs	-	-	-	-	-	-
Other Supplies and Expenses	-	-	-	-	-	-
Operation Supplies and Expenses	58,988	55,000	56,100	57,222	58,366	59,534
Total Diesel Operation Expense	58,988	226,703	227,803	228,925	230,070	231,237
Maintenance Supervision and Engineering	915,346	807,054	809,301	832,524	862,053	899,703
Maintenance of Plant	164,109	123,351	397,744	94,227	175,741	179,286
Total Diesel Maintenance Expense (1)	1,079,455	930,405	1,207,045	926,750	1,037,793	1,078,989
Total Other Power Supply Expense	\$ 1,138,443	\$ 1,157,109	\$ 1,434,848	\$ 1,155,676	\$1,267,863	\$1,310,226
Transmission						
FMPA - Transmission	\$ 2,347,280	\$ 2,509,377	\$ 2,576,603	\$ 2,639,820	\$ 2,711,804	\$ 2,790,446
FMPA - True-ups Transmission	-	-	-	-	-	-
FKEC - Transmission	600,000	650,000	650,000	650,000	650,000	650,000
Total Transmission	2,947,280	3,159,377	3,226,603	3,289,820	3,361,804	3,440,446
System Control and Dispatch	\$0	\$0	\$0	\$0	\$0	\$0
Supervision and Engineering	345,152	372,905	391,550	411,128	431,684	453,269
Supplies and Expenses	8,486	5,744	6,032	6,333	6,650	6,982
Operation of Synchronous Condenser	238,255	206,925	211,527	216,939	282,519	268,272
Total Transmission Operation Expense	591,893	585,574	609,109	634,400	720,853	728,523
Maintenance of Synchronous Condenser	12,180	195,105	24,652	25,145	25,648	26,161
Maintenance of Transmission Plant	64,260	78,489	80,059	81,660	83,293	84,959
Total Transmission Maintenance Expense	76,440	273,594	104,711	106,805	108,941	111,120
Total Transmission Expense	\$ 3,615,613	\$ 4,018,545	\$ 3,940,423	\$ 4,031,026	\$4,191,598	\$4,280,089

Average annual change compared to prior year

-0.9% 11.1% -1.9% 2.3% 4.0% 2.1%

(1): Includes Combustion Turbines (CT's)



Distribution Expense

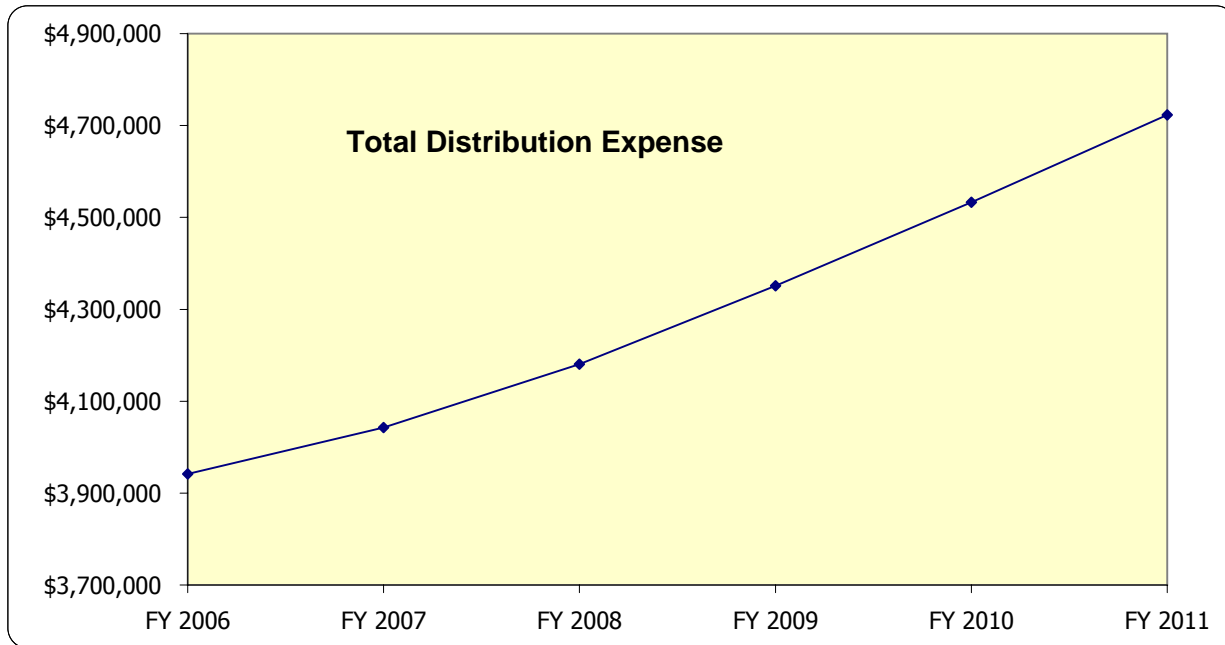
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Distribution Expenses (Operation):						
Operation Supervision and Engr	\$ 760,804	\$ 888,266	\$ 932,679	\$ 979,313	\$ 1,028,279	\$ 1,079,693
Line and Station	235,666	243,291	252,155	261,421	271,110	281,753
Street Lighting and Signal System	89,109	66,627	67,960	69,319	70,705	72,119
Meter	149,684	121,724	125,080	131,227	137,679	144,451
Miscellaneous Distribution	191,520	267,480	280,792	294,769	309,444	324,851
Total Distribution Operations Expense	1,426,783	1,587,388	1,658,666	1,736,049	1,817,217	1,902,867
Distribution Expenses (Maintenance):						
Maint. Of Structures and Equipment	421,790	491,506	499,718	514,683	534,001	554,157
Maintenance of Lines	1,909,672	1,660,606	1,708,940	1,775,076	1,844,131	1,916,246
Maintenance of Line Transformers	4,080	17,830	17,839	18,688	19,579	20,515
Maintenance of St. Lights/Signals	-	155,953	163,360	171,528	180,105	189,110
Maintenance of Meters	16,240	67,869	69,301	70,766	72,264	73,796
Maintenance of Misc Distribution Equip	163,171	61,848	62,955	64,139	65,348	66,583
Total Distribution Maintenance Expense	2,514,953	2,455,612	2,522,113	2,614,880	2,715,429	2,820,407
Total Distribution Expense	\$ 3,941,736	\$ 4,042,999	\$ 4,180,779	\$ 4,350,929	\$ 4,532,645	\$ 4,723,274

Average annual change compared to prior
year

29.1% 2.6% 3.4% 4.1% 4.2% 4.2%

Distribution is 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.

A Distribution Line is one or more circuits of a distribution system on the same line of poles or supporting structures, operating at relatively low voltage as compared with transmission lines.

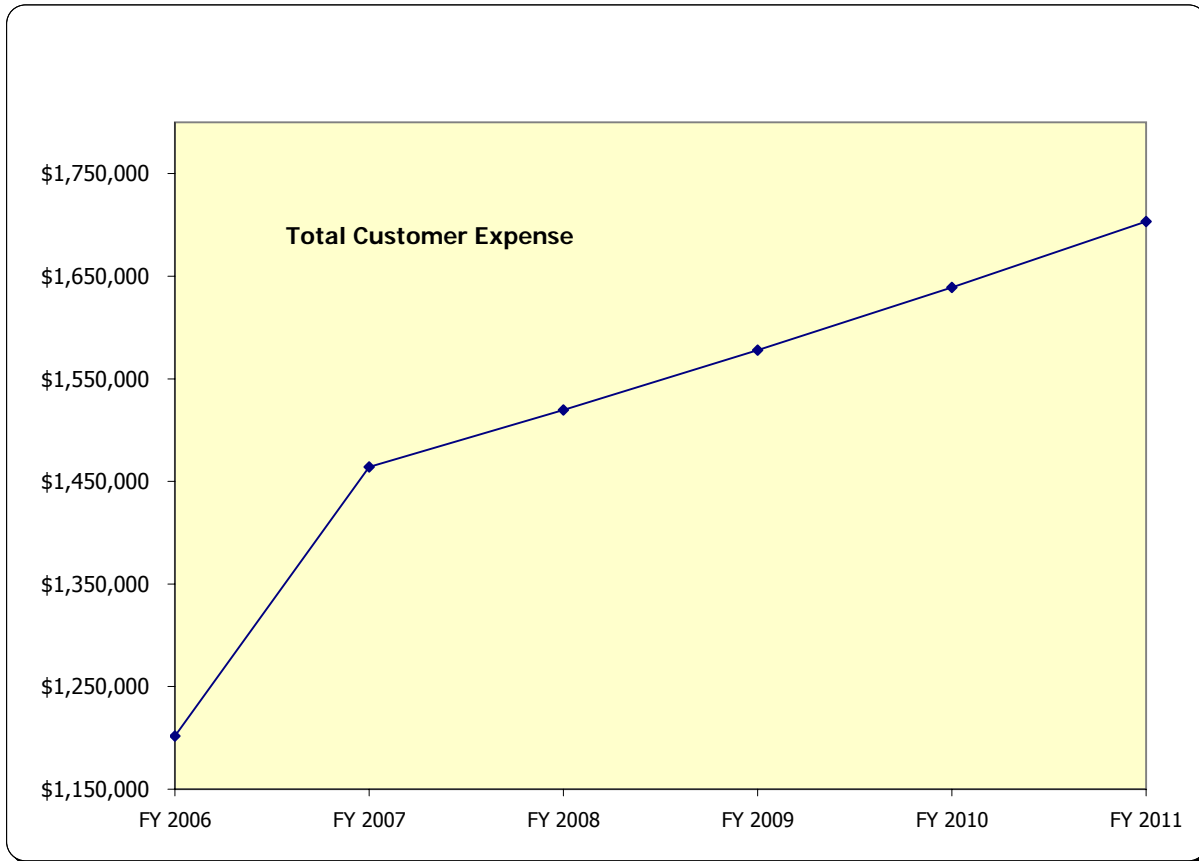


Customer Expense

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Customer Accounts Expenses:						
Customer Deposit Interest Expense	\$ 118,852	\$ 157,752	\$ 156,973	\$ 156,178	\$ 155,367	\$ 154,540
Meter Reading	268,565	324,620	340,791	357,769	375,595	394,311
Customer Records and Collection	676,396	815,310	854,820	896,284	939,799	985,467
Uncollectible Accounts	100,000	121,500	121,500	121,500	121,500	121,500
Total Customer Accounts Expense	1,163,813	1,419,183	1,474,084	1,531,732	1,592,262	1,655,819
Customer Service & Informational Exp	37,980	45,000	45,600	46,212	46,836	47,473
Total Customer Expense	<u>\$1,201,793</u>	<u>\$1,464,183</u>	<u>\$1,519,684</u>	<u>\$1,577,944</u>	<u>\$1,639,098</u>	<u>\$1,703,292</u>

Average annual change compared to prior year

-13.9% 21.8% 3.8% 3.8% 3.9% 3.9%



Administrative & General Expense and Taxes

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Admin & Genl Expense - (Operation)						
Administrative and General Salaries	\$ 1,828,362	\$ 2,285,959	\$ 2,227,793	\$ 2,337,367	\$ 2,452,421	\$ 2,573,227
Office Supplies and Expenses	739,434	830,626	833,308	848,942	864,901	881,546
Outside Services Employed	1,742,758	1,700,575	1,694,205	1,687,451	1,958,118	1,938,830
Property Insurance	1,443,388	1,064,000	1,115,148	1,168,788	1,225,042	1,284,038
Injuries and Damages	600,052	729,105	744,523	760,420	776,812	793,714
Employee Benefits	4,002,826	4,408,440	4,520,102	4,729,140	4,946,049	5,179,866
Pension Contribution	2,241,254	2,570,875	2,577,302	2,612,088	2,648,312	2,686,114
General Advertising	134,335	165,510	174,660	178,003	181,413	185,042
Miscellaneous	2,000	7,000	7,140	7,283	7,428	7,577
Rents	64,387	46,900	47,838	48,795	49,771	50,766
Transportation	420,047	569,839	585,791	602,425	754,772	775,186
Total Admin & Genl Operations Expense	13,218,843	14,378,829	14,527,809	14,980,702	15,865,038	16,355,907
Admin & Genl Exp (Maintenance)	<u>380,476</u>	<u>377,722</u>	<u>384,390</u>	<u>401,347</u>	<u>419,106</u>	<u>437,707</u>
Total Admin & Genl Exp	13,599,319	14,756,552	14,912,199	15,382,049	16,284,144	16,793,614
Gross Receipts Taxes	2,397,157	2,480,804	2,587,608	2,756,863	2,865,386	2,949,888
Employer FICA Taxes	88,778	103,460	108,633	114,065	119,768	125,757
Total Taxes	2,485,935	2,584,264	2,696,241	2,870,928	2,985,154	3,075,645
Total Admin & Genl Expense	\$ 16,085,254	\$ 17,340,816	\$ 17,608,440	\$ 18,252,976	\$ 19,269,298	\$ 19,869,258

Average annual change compared to prior year	8.3%	7.8%	1.5%	3.7%	5.6%	3.1%
--	------	------	------	------	------	------



Payment to the City of Key West, Florida

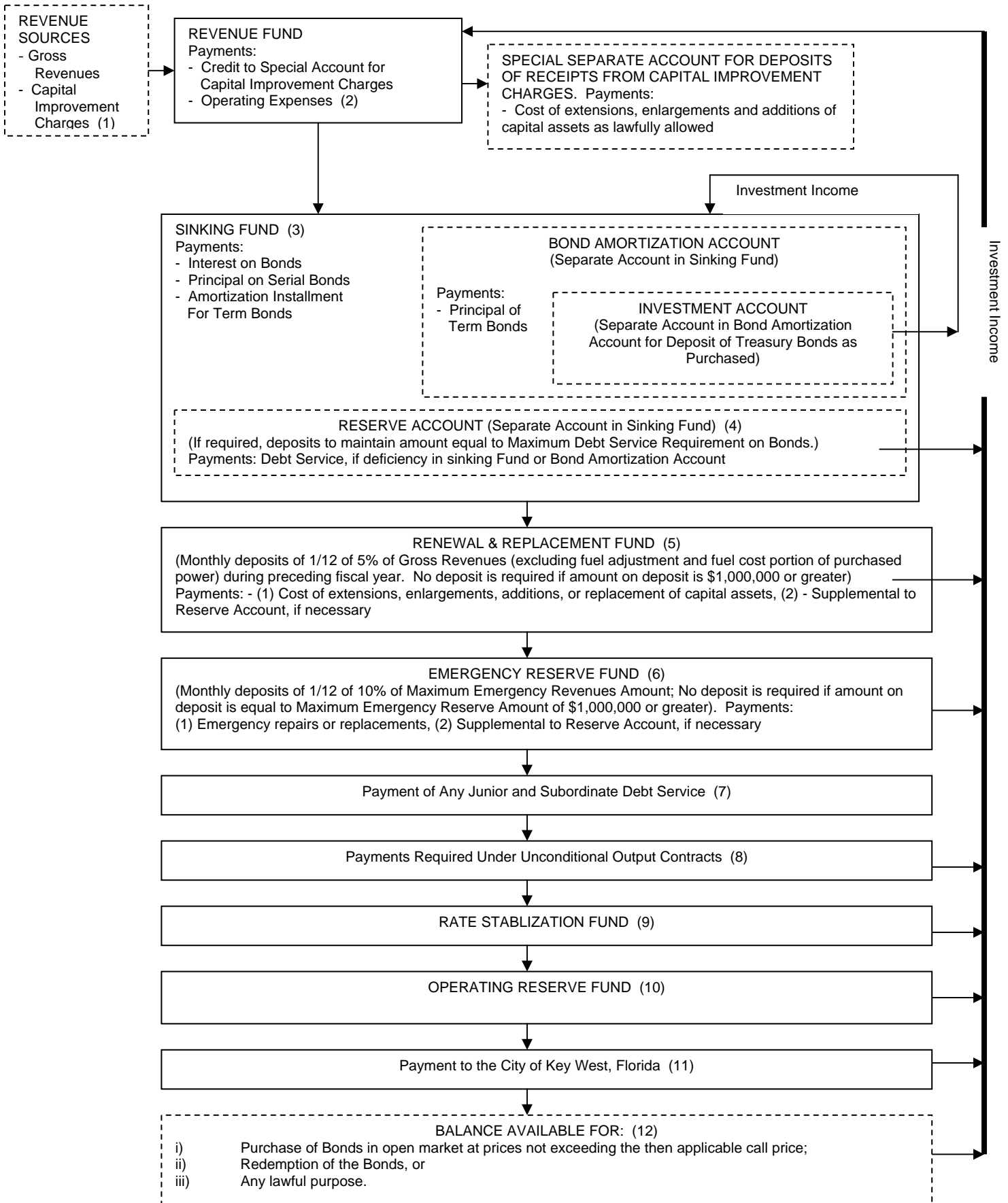
	Amended					
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues						
Energy and Demand	\$57,984,669	\$90,039,967	\$91,598,928	\$95,993,271	\$97,655,639	\$102,372,523
Power Cost Adjustment (PCA)	33,391,809	4,514,181	7,100,695	9,186,739	11,734,965	10,187,540
Customer Charge	<u>2,116,421</u>	<u>2,201,077</u>	<u>2,221,110</u>	<u>2,341,935</u>	<u>2,363,912</u>	<u>2,490,162</u>
subtotal Electric Revenues	93,492,899	96,755,225	100,920,733	107,521,944	111,754,516	115,050,225
Gross Receipts Tax	<u>2,397,158</u>	<u>2,480,804</u>	<u>2,587,608</u>	<u>2,756,863</u>	<u>2,865,386</u>	<u>2,949,888</u>
subtotal Operating Revenues	95,890,057	99,236,029	103,508,341	110,278,807	114,619,902	118,000,112
Other Operating Revenue	<u>4,997,805</u>	<u>2,453,244</u>	<u>2,489,855</u>	<u>2,527,133</u>	<u>2,565,092</u>	<u>\$2,603,742</u>
Gross Revenue from Sales of electricity	100,887,862	101,689,273	105,998,195	112,805,940	117,184,993	120,603,855
Sales of Electricity (kWh)	742,485,780	742,485,788	755,479,289	768,700,177	782,152,430	795,840,097
Power Cost Rate in the Base Rate	0.0400	0.0800	0.0800	0.0800	0.0800	0.0800
Total Power Cost in Base Electric Revenues	29,699,431	59,398,863	60,438,343	61,496,014	62,572,194	63,667,208
Power Cost Adjustment Revenue	33,391,809	4,514,181	7,100,695	9,186,739	11,734,965	10,187,540
Total Power Cost in Operating Revenues	<u>63,541,863</u>	<u>63,913,044</u>	<u>67,539,038</u>	<u>70,682,753</u>	<u>74,307,159</u>	<u>73,854,748</u>
Non-Power Related Revenues form Electricity	37,345,999	37,776,229	38,459,157	42,123,187	42,877,834	46,749,107
Rate - Article III, Section 3.03, B, (11)	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>
Payment to the City of Key West	<u>373,460</u>	<u>377,762</u>	<u>384,592</u>	<u>421,232</u>	<u>428,778</u>	<u>467,491</u>
Minimum Amount	<u>261,501</u>	<u>264,194</u>	<u>266,915</u>	<u>269,665</u>	<u>272,442</u>	<u>275,248</u>
Consumer Price Index	<u>1.03%</u>	<u>1.03%</u>	<u>1.03%</u>	<u>1.03%</u>	<u>1.03%</u>	<u>1.03%</u>
Total Adjusted Minimum Amount	<u>264,194</u>	<u>266,915</u>	<u>269,665</u>	<u>272,442</u>	<u>275,248</u>	<u>278,083</u>
Difference	<u>109,266</u>	<u>110,847</u>	<u>114,927</u>	<u>148,790</u>	<u>153,530</u>	<u>189,408</u>
Payment to the City of Key West	<u>\$ 373,460</u>	<u>\$ 377,762</u>	<u>\$ 384,592</u>	<u>\$ 421,232</u>	<u>\$ 428,778</u>	<u>\$ 467,491</u>
Increase (decrease) verses prior year	<u>15.66%</u>	<u>1.15%</u>	<u>1.81%</u>	<u>9.53%</u>	<u>1.79%</u>	<u>9.03%</u>

Resolution 532, Article III. Section 3.03, Application of Revenues, Part B, Disposition of Revenues Paragraph (11) of Section 3.03 (B) of the Original Resolution is hereby amended to read as follows: (11) The Board will next pay to the City as and for the return on the City's equity in the System a sum equal to the greater of (A) \$200,000 (adjusted annually for changes in the Consumer Price Index) or (B) one percent (1%) of the Gross Revenues derived from sales of electricity at retail (exclusive of Power Cost Revenue, which are defined, for purposes of this paragraph, as (i) revenues determined by reference to the power cost component of base rates, plus or minus (ii) power cost adjustment charges or credits). This amending Resolution 678 became effective on October 1, 1999. Passed and Adopted at a meeting duly called and held this 8th day of September, 1999.

In Kind Services to the City of Key West	<u>\$ 347,689</u>	<u>\$ 354,643</u>	<u>\$ 361,736</u>	<u>\$ 368,970</u>	<u>\$ 376,350</u>	<u>\$ 383,877</u>
Total to the City of Key West, FL	<u>\$ 721,149</u>	<u>\$ 732,405</u>	<u>\$ 746,327</u>	<u>\$ 790,202</u>	<u>\$ 805,128</u>	<u>\$ 851,368</u>

In kind services include items such as banner hanging; traffic & street light maintenance (Overhead and Underground); recreational & ballpark light/ load panel maintenance; Christmas Tree circuits, bocce lights/load panel maintenance; parade route lighting; emergency lighting; waiving CIAC deposits; estimated return on investment on the Park-N-Ride property & Pocket Parks and costs and lost revenues associated with the installations of LED bulbs in traffic signals and lost revenue as a result of the energy efficiency of the LED's.

Utility Board of the City of Key West Flow of Funds Chart



Description of Restricted and Current Funds

Keys Energy Services has a single enterprise fund. However, to distinguish between purposes and to highlight both Utility Board and Bond resolutions, separate internal accounts, are referred to as funds.

RESTRICTED FUNDS

Bond Sinking Fund. Used to pay all interest and principal amounts due on April 1 and October 1 related to the outstanding Electric System Revenue Bonds.

Capital Improvement Fund. Customers requesting initial non-residential, commercial, or large power service pay a charge for contributions in aid of construction for facilities required to meet their anticipated electric requirements.

Customer Deposit Fund. Service deposits are required for all types of service connections, including temporary service.

Emergency Reserve Fund. Used only for the purpose of paying for emergency repairs or replacements of the capital assets of the System which have been damaged or destroyed by catastrophes, acts of God or other disasters. May also be used for advances to pay Operating Expenses, provided such advance is repaid within a specified time. This fund shall also be used to supplement the moneys in the Reserve Account in the Sinking Fund to prevent default in the payment of principal and interest on the Bonds. The Fund also includes an Insurance Mitigation account to offset anticipated increases in health and all other insurance premiums.

Rate Stabilization Fund. The Board may deposit such amounts, as the Board deems necessary or desirable. Each month the Board shall transfer from the Rate Stabilization Fund to the Revenue Fund the amount budgeted for transfer into such Fund for the then current month as set forth in the current Annual Budget or the amount otherwise determined by the Board to be deposited into such Fund for the month.

Renewal & Replacement Fund. The moneys shall be used only for the purpose of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the System. Such moneys on deposit in such fund shall also be used to supplement the Reserve Account, if necessary in order to prevent default in the payment of the principal and interest on the Bonds.

Construction Fund. The moneys shall be used only for the purpose of paying the cost of capital projects which are additions to the System and are Transmission, Distribution, and Generation related.

Debt Service Reserve Fund. This fund is the amount equal to the highest aggregate debt service on all outstanding bonds during any bond year.

Capitalized Interest Fund. This fund is the amount equal to the first three years interest payments of the Series 2006 Bond issue. At the end of the first three years this will be zero.

CURRENT FUNDS

Revenue Fund. The main fund for the System whereby all Revenues are first deposited for subsequent transfer to the proper fund.

Operating Reserve Fund. Used for the purpose of paying Operating Expenses for 90 days in the event of an emergency or for other lawful purposes of the System. Moneys in the Operating Reserve Fund shall also be used to supplement the moneys in the Reserve Account in the Sinking Fund to prevent default in the payment of principal of and interest on the Bonds.

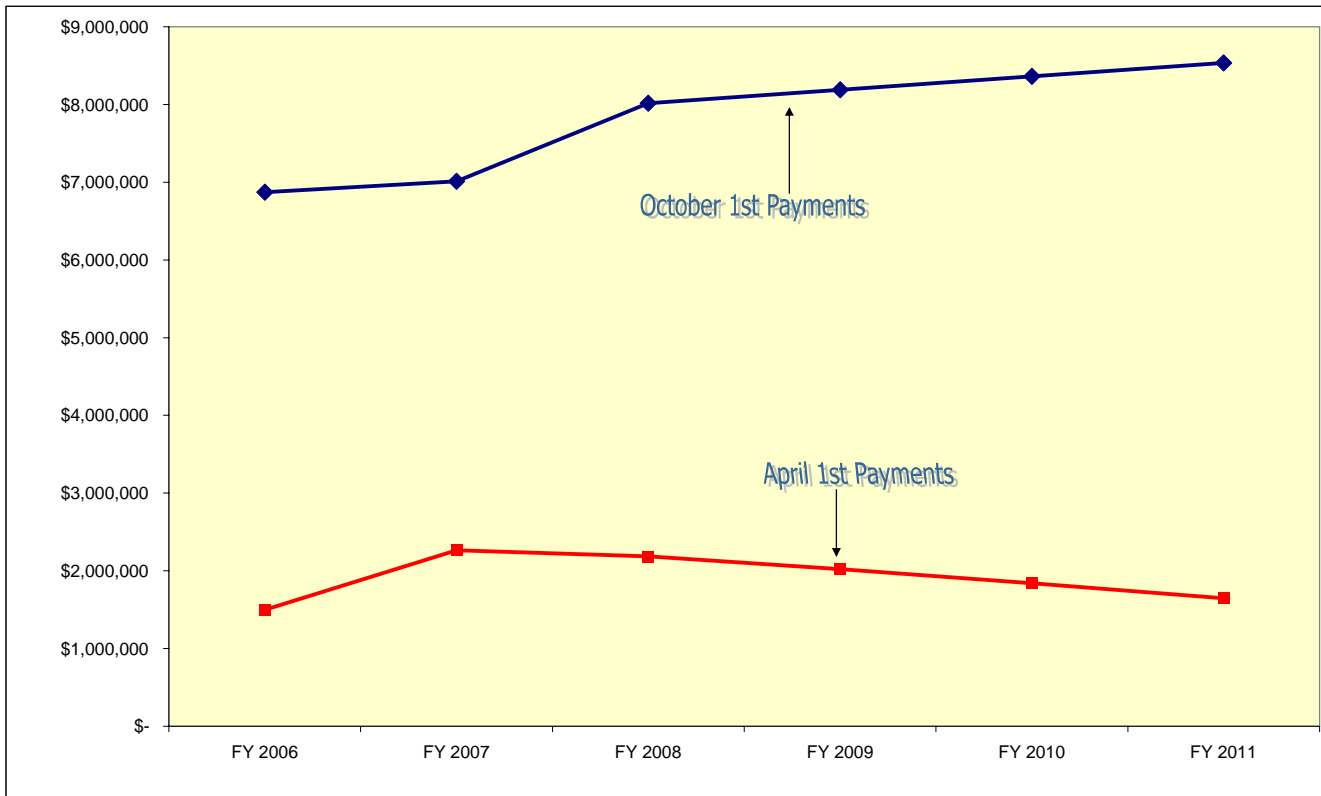
Summary of All Fund Activity

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Bond Sinking Fund						
Beginning Balance	\$ 6,872,288	\$ 6,954,926	\$ 7,894,480	\$ 8,072,652	\$ 8,061,443	\$ 8,268,482
Receipts and transfers In	8,554,622	10,371,782	10,558,508	10,381,110	10,769,279	10,551,750
Disbursements and Transfers Out	(8,471,984)	(9,432,227)	(10,380,336)	(10,392,319)	(10,562,240)	(10,552,832)
Ending Balance	\$ 6,954,926	\$ 7,894,480	\$ 8,072,652	\$ 8,061,443	\$ 8,268,482	\$ 8,267,401
Capital Improvement Fund						
Beginning Balance	\$ 148,800	\$ 147,600	\$ 146,400	\$ 145,200	\$ 144,000	\$ 142,800
Receipts and transfers In	94,464	96,642	96,588	96,534	96,480	96,426
Disbursements and Transfers Out	(95,664)	(97,842)	(97,788)	(97,734)	(97,680)	(97,626)
Ending Balance	\$ 147,600	\$ 146,400	\$ 145,200	\$ 144,000	\$ 142,800	\$ 141,600
Customer Deposits Fund						
Beginning Balance	\$ 3,981,640	\$ 3,962,913	\$ 3,943,811	\$ 3,924,327	\$ 3,904,454	\$ 3,884,183
Receipts and transfers In	790,507	862,810	875,640	888,727	902,075	915,690
Disbursements and Transfers Out	(809,234)	(881,912)	(895,124)	(908,600)	(922,346)	(936,367)
Ending Balance	\$ 3,962,913	\$ 3,943,811	\$ 3,924,327	\$ 3,904,454	\$ 3,884,183	\$ 3,863,507
Emergency Reserve Fund						
Beginning Balance	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Receipts and transfers In	60,000	90,000	90,000	90,000	90,000	90,000
Disbursements and Transfers Out	(60,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
Ending Balance	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Rate Stabilization Fund						
Beginning Balance	\$ 2,702,882	\$ 3,202,882	\$ 4,602,882	\$ 4,602,882	\$ 3,702,882	\$ 4,802,882
Receipts and transfers In	581,086	1,544,130	207,130	207,130	1,266,630	216,130
Disbursements and Transfers Out	(81,086)	(144,130)	(207,130)	(1,107,130)	(166,630)	(216,130)
Ending Balance	\$ 3,202,882	\$ 4,602,882	\$ 4,602,882	\$ 3,702,882	\$ 4,802,882	\$ 4,802,882
Renewal and Replacement Fund						
Beginning Balance	\$ 1,532	\$ 1,486	\$ 1,486	\$ 1,486	\$ 1,486	\$ 1,486
Receipts and transfers In	6,575,624	11,005,295	15,190,953	19,224,577	19,724,313	10,725,983
Disbursements and Transfers Out	(6,575,670)	(11,005,295)	(15,190,953)	(19,224,578)	(19,724,313)	(10,725,983)
Ending Balance	\$ 1,486	\$ 1,486	\$ 1,486	\$ 1,486	\$ 1,486	\$ 1,486
Revenue Fund						
Beginning Balance	\$ 498,198	\$ 951,015	\$ 758,207	\$ 1,559,403	\$ 395,726	\$ 691,421
Receipts and transfers In	102,347,268	104,920,286	107,898,945	119,064,613	135,435,094	127,518,003
Disbursements and Transfers Out	(101,894,451)	(105,113,093)	(107,097,749)	(120,228,290)	(135,139,398)	(127,649,031)
Ending Balance	\$ 951,015	\$ 758,207	\$ 1,559,403	\$ 395,726	\$ 691,421	\$ 560,394
Operating Reserve Fund						
Beginning Balance	\$ 3,365,214	\$ 4,080,214	\$ 5,700,214	\$ 6,250,214	\$ 6,770,214	\$ 7,545,214
Receipts and transfers In	815,956	1,803,610	806,510	801,260	1,079,660	964,535
Disbursements and Transfers Out	(100,956)	(183,610)	(256,510)	(281,260)	(304,660)	(339,535)
Ending Balance	\$ 4,080,214	\$ 5,700,214	\$ 6,250,214	\$ 6,770,214	\$ 7,545,214	\$ 8,170,214
Construction Fund						
Beginning Balance	\$ -	\$ -	\$ 22,780,080	\$ 10,016,832	\$ 2,288,102	\$ -
Receipts and transfers In	\$ -	\$ 33,280,080	\$ 736,752	\$ 271,270	\$ 45,275	\$ -
Disbursements and Transfers Out	\$ -	\$ (10,500,000)	\$ (13,500,000)	\$ (8,000,000)	\$ (2,333,378)	\$ -
Ending Balance	\$ -	\$ 22,780,080	\$ 10,016,832	\$ 2,288,102	\$ (0)	\$ -
Capitalized Interest Fund						
Beginning Balance	\$ -	\$ -	\$ 3,775,312	\$ 1,942,622	\$ 23,083	\$ -
Receipts and transfers In	\$ -	\$ 5,603,708	\$ 155,898	\$ 69,048	\$ -	\$ -
Disbursements and Transfers Out	\$ -	\$ (1,828,396)	\$ (1,988,588)	\$ (1,988,588)	\$ (23,083)	\$ -
Ending Balance	\$ -	\$ 3,775,312	\$ 1,942,622	\$ 23,083	\$ (0)	\$ -
Debt Service Reserve Fund						
Beginning Balance	\$ -	\$ -	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733
Receipts and transfers In	\$ -	\$ 4,280,733	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000
Disbursements and Transfers Out	\$ -	\$ (208,000)	\$ (208,000)	\$ (208,000)	\$ (208,000)	\$ (208,000)
Ending Balance	\$ -	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733
Total - All Funds						
Beginning Balance	\$ 19,570,554	\$ 21,301,036	\$ 55,675,606	\$ 42,588,351	\$ 31,364,122	\$ 31,409,201
Receipts and transfers In	119,819,528	173,859,075	136,824,923	151,302,269	169,616,805	151,286,517
Disbursements and Transfers Out	(118,089,047)	(139,484,505)	(149,912,177)	(162,526,498)	(169,571,728)	(150,815,502)
Ending Balance	\$ 21,301,036	\$ 55,675,606	\$ 42,588,351	\$ 31,364,122	\$ 31,409,200	\$ 31,880,216

Bond Sinking Fund

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Restricted Fund						
Beginning Balance	\$ 6,872,288	\$ 6,954,926	\$ 7,894,480	\$ 8,072,652	\$ 8,061,443	\$ 8,268,482
<u>Deposits:</u>						
Interest Income	103,084	156,486	177,626	181,635	362,765	372,082
<u>Transfers from:</u>						
Capitalized Interest Fund		1,828,396	1,988,588	1,988,588	23,083	
Revenue Fund	<u>8,451,538</u>	<u>8,386,900</u>	<u>8,392,294</u>	<u>8,210,888</u>	<u>10,383,431</u>	<u>10,179,669</u>
Total Funds Available	15,426,910	17,326,708	18,452,988	18,453,762	18,830,722	18,820,233
<u>Disbursements:</u>						
Principal & Interest due Oct 1	6,869,823	7,013,275	8,017,467	8,190,244	8,360,441	8,534,034
Principal & Interest due Apr 1	<u>1,499,077</u>	<u>2,262,467</u>	<u>2,185,244</u>	<u>2,020,441</u>	<u>1,839,034</u>	<u>1,646,716</u>
subtotal Bond Principal & Interest	8,368,900	9,275,742	10,202,710	10,210,684	10,199,475	10,180,750
<u>Transfers to:</u>						
Revenue Fund	<u>103,084</u>	<u>156,486</u>	<u>177,626</u>	<u>181,635</u>	<u>362,765</u>	<u>372,082</u>
subtotal Disbursements & Transfers	<u>8,471,984</u>	<u>9,432,227</u>	<u>10,380,336</u>	<u>10,392,319</u>	<u>10,562,240</u>	<u>10,552,832</u>
Ending Balance	<u>\$ 6,954,926</u>	<u>\$ 7,894,480</u>	<u>\$ 8,072,652</u>	<u>\$ 8,061,443</u>	<u>\$ 8,268,482</u>	<u>\$ 8,267,401</u>

Average annual change compared to prior year	1.8%	13.5%	2.3%	-0.1%	2.6%	0.0%
--	------	-------	------	-------	------	------



**Capital Improvement Fund
Contribution in Aid of Construction (CIAC)**

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Restricted Fund						
Beginning Balance	\$ 148,800	\$ 147,600	\$ 146,400	\$ 145,200	\$ 144,000	\$ 142,800
<u>Deposits:</u>						
Customer Deposits	90,000	90,000	90,000	90,000	90,000	90,000
Interest Income	4,464	6,642	6,588	6,534	6,480	6,426
<u>Transfers from:</u>						
Total Funds Available	243,264	244,242	242,988	241,734	240,480	239,226
<u>Disbursements:</u>						
Refunds to Customers	1,200	1,200	1,200	1,200	1,200	1,200
<u>Transfers to:</u>						
Renewal & Replacement Fund	90,000	90,000	90,000	90,000	90,000	90,000
Revenue Fund	4,464	6,642	6,588	6,534	6,480	6,426
subtotal	<u>95,664</u>	<u>97,842</u>	<u>97,788</u>	<u>97,734</u>	<u>97,680</u>	<u>97,626</u>
Ending Balance	<u>\$ 147,600</u>	<u>\$ 146,400</u>	<u>\$ 145,200</u>	<u>\$ 144,000</u>	<u>\$ 142,800</u>	<u>\$ 141,600</u>

Average annual change compared to prior year	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%
--	-------	-------	-------	-------	-------	-------

For planning purposes, KEYS prefers to be conservative in projecting the amount forecasted for customer payments for contributions in aid of construction. Whatever amount is received within the year is used to fund the construction, which is part of the Renewal & Replacement Fund.

Customer Deposits Fund

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Restricted Fund:						
Beginning Balance	\$ 3,981,640	\$ 3,962,913	\$ 3,943,811	\$ 3,924,327	\$ 3,904,454	\$ 3,884,183
<u>Deposits:</u>						
Customer Deposits	671,058	684,479	698,169	712,132	726,375	740,902
Interest Income	<u>119,449</u>	<u>178,331</u>	<u>177,471</u>	<u>176,595</u>	<u>175,700</u>	<u>174,788</u>
<u>Transfers from:</u>						
Total Funds Available	4,772,147	4,825,723	4,819,451	4,813,054	4,806,529	4,799,873
<u>Disbursements:</u>						
Refunds to Customers	689,785	703,581	717,653	732,006	746,646	761,579
<u>Transfers to:</u>						
Revenue Fund	<u>119,449</u>	<u>178,331</u>	<u>177,471</u>	<u>176,595</u>	<u>175,700</u>	<u>174,788</u>
subtotal	<u>809,234</u>	<u>881,912</u>	<u>895,124</u>	<u>908,600</u>	<u>922,346</u>	<u>936,367</u>
Ending Balance	<u>\$ 3,962,913</u>	<u>\$ 3,943,811</u>	<u>\$ 3,924,327</u>	<u>\$ 3,904,454</u>	<u>\$ 3,884,183</u>	<u>\$ 3,863,507</u>

Average annual change compared to prior year	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
--	-------	-------	-------	-------	-------	-------

For the past few years, the amount of customer deposits received has been lower than the amount of customer deposits refunded. KEYS has an aggressive program designed to refund a customer's deposit once they have attained 24 continuous months of timely payments. Currently, KEYS is using a 2% increase per year for deposits and refunds.

Emergency Reserve Fund

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Restricted Fund:						
Beginning Balance	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
<u>Deposits:</u>						
	-	-	-	-	-	-
Interest Income	60,000	90,000	90,000	90,000	90,000	90,000
<u>Transfers from:</u>						
Revenue Fund	-	-	-	-	-	-
Total Funds Available	<u>2,060,000</u>	<u>2,090,000</u>	<u>2,090,000</u>	<u>2,090,000</u>	<u>2,090,000</u>	<u>2,090,000</u>
<u>Disbursements:</u>						
	-	-	-	-	-	-
<u>Transfers to:</u>						
Revenue Fund - Interest Income	<u>60,000</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>
subtotal	<u>60,000</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>
Ending Balance	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Average annual change compared to prior year	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Resolution 532, Article III, Section 3.03, B, (6)

The moneys in the Emergency Reserve Fund shall be used only for the purpose of paying for emergency repairs or replacements of the capital assets of the System which have been damaged or destroyed by catastrophes, acts of God or other disasters. To the extent that moneys on deposit in the Emergency Reserve Fund are not needed for the foregoing purposes, such moneys may also be used, following any catastrophe, act of God or other disaster which has had the effect of adversely affecting the ability to bill and collect revenues for the services of the System or for advances to pay Operating Expenses; provided, that any such advance shall be repaid to the Emergency Reserve Fund within twelve (12) months of the withdrawal there from. Whenever the amount on deposit in the Emergency Reserve Fund exceeds the Maximum Emergency Reserve Amount, the excess may be withdrawn from the Emergency Reserve Fund and deposited in the Revenue Fund.

Rate Stabilization Fund

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Restricted Fund:						
Beginning Balance	\$ 2,702,882	\$ 3,202,882	\$ 4,602,882	\$ 4,602,882	\$ 3,702,882	\$ 4,802,882
<u>Deposits:</u>						
Interest Income	81,086	144,130	207,130	207,130	166,630	216,130
<u>Transfers from:</u>						
Return Borrowing for PCA	500,000	-	-	-	-	-
Revenue Fund	-	<u>1,400,000</u>	-	-	<u>1,100,000</u>	-
Total Funds Available	3,283,968	4,747,012	4,810,012	4,810,012	4,969,512	5,019,012
<u>Transfers to:</u>						
Revenue Fund - Interest Income	81,086	144,130	207,130	207,130	166,630	216,130
Revenue Fund	-	-	-	900,000	-	-
Withdrawal for PCA Credit	-	-	-	-	-	-
Total Transfers	<u>81,086</u>	<u>144,130</u>	<u>207,130</u>	<u>1,107,130</u>	<u>166,630</u>	<u>216,130</u>
Ending Balance	<u>\$ 3,202,882</u>	<u>\$ 4,602,882</u>	<u>\$ 4,602,882</u>	<u>\$ 3,702,882</u>	<u>\$ 4,802,882</u>	<u>\$ 4,802,882</u>

Average annual change compared to prior year	18.5%	43.7%	0.0%	-19.6%	29.7%	0.0%
--	-------	-------	------	--------	-------	------

Resolution 532, Article III, Section 3.03, B, (9)

Moneys on deposit in the Revenue Fund may, in the discretion of the Board, next be deposited into a special account to be known as the Rate Stabilization Fund in such amounts as the Board deems necessary or desirable. Each month, the Board shall transfer from the Rate Stabilization Fund to the Revenue Fund the amount budgeted for transfer into such Fund for the then current month as set forth in the current Annual Budget or the amount otherwise determined by the Board to be deposited into such Fund for the month.

Renewal & Replacement Fund

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Restricted Fund:						
Beginning Balance	\$ 1,532	\$ 1,486	\$ 1,486	\$ 1,486	\$ 1,486	\$ 1,486
Funding from carry over projects:						
Various projects completed under budget	91,889					
Various FKEC Projects completed under budget or eliminated from budget	111,000					
FMPA Pooled Loan	2,484,750	-	-	-	-	-
subtotal	2,687,639	-	-	-	-	-
Revenue Fund	3,483,614	415,295	1,547,650	11,024,867	17,244,527	10,635,983
Construction Fund - Draw Downs, including interest	3,000	10,500,000	13,500,000	8,000,000	2,333,378	-
Line Extension	255,225					
FMPA Reimbursements	56,100	-	-	-	-	-
Sub-total from the Revenue Fund	3,797,939	10,915,295	15,047,650	19,024,867	19,577,905	10,635,983
Interest Income	46	-	53,303	109,710	56,408	-
CIAC Fund	90,000	90,000	90,000	90,000	90,000	90,000
subtotal	3,887,985	11,005,295	15,190,953	19,224,577	19,724,313	10,725,983
Total Funds Available	6,577,156	11,006,781	15,192,439	19,226,063	19,725,798	10,727,469
Disbursements and Transfers:						
Capital Projects-current year	6,575,624	11,005,295	15,137,650	19,114,868	19,667,905	10,725,983
subtotal	46	-	53,303	109,710	56,408	-
Sub-total Disbursements & Transfers	6,575,670	11,005,295	15,190,953	19,224,578	19,724,313	10,725,983
Ending Balance	\$ 1,486	\$ 1,486	\$ 1,486	\$ 1,486	\$ 1,486	\$ 1,486
Average annual change compared to prior year	-90.8%	0.0%	0.0%	0.0%	0.0%	0.0%

Resolution 532, Article III, Section 3.03, B. (5)

The Board shall next apply and deposit monthly from moneys in the Revenue Fund into a special account to be known as the "Renewal and Replacement Fund" which fund is herein created and established, an amount equal to one-twelfth (1/12th) of five percent (5%) of the Gross Revenues received during the immediately preceding Fiscal Year, after deducting therefrom any power cost adjustment charge or power cost component of the cost of purchased power, such deposit to be continued to be made for the purpose of this account; provided that no deposit shall be required to be made so long as there is an amount on deposit in the Renewal and Replacement Fund in the amount of \$1,000,000 or such greater amount as shall be recommended by the Consulting Engineer. The moneys in the Renewal and Replacement Fund shall be used only for the purpose of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the System.

Construction Fund

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Restricted Fund						
Beginning Balance	\$ -	\$ -	\$ 22,780,080	\$ 10,016,832	\$ 2,288,102	\$ (0)
<u>Deposits:</u>						
Bond Issue, net proceeds	-	32,131,674	-	-	-	-
Interest Income	-	1,148,406	736,752	271,270	45,275	-
<u>Transfers from:</u>						
Total Funds Available	-	33,280,080	23,516,832	10,288,102	2,333,378	-
<u>Disbursements:</u>						
Transfer to Renewal & Replacement Fund	-	10,500,000	13,500,000	8,000,000	2,333,378	-
<u>Transfers to:</u>						
Renewal & Replacement Fund	-	-	-	-	-	-
Revenue Fund	-	-	-	-	-	-
subtotal	-	<u>10,500,000</u>	<u>13,500,000</u>	<u>8,000,000</u>	<u>2,333,378</u>	-
Ending Balance	\$ -	\$ 22,780,080	\$ 10,016,832	\$ 2,288,102	\$ (0)	\$ -

Debt Service Reserve Fund

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Restricted Fund						
Beginning Balance	\$ -	\$ -	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733
<u>Deposits:</u>						
Bond Issue, net proceeds	-	4,072,733	-	-	-	-
Interest Income	-	208,000	208,000	208,000	208,000	208,000
<u>Transfers from:</u>						
Total Funds Available	-	4,280,733	4,280,733	4,280,733	4,280,733	4,280,733
<u>Disbursements:</u>						
Transfer to Renewal & Replacement Fund	-	-	-	-	-	-
<u>Transfers to:</u>						
Revenue Fund-Interest Pymt	-	-	-	-	-	-
Revenue Fund	-	208,000	208,000	208,000	208,000	208,000
subtotal	-	208,000	208,000	208,000	208,000	208,000
Ending Balance	\$ -	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733

Capitalized Interest Fund

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Restricted Fund						
Beginning Balance	\$ -	\$ -	\$ 3,775,312	\$ 1,942,622	\$ 23,083	\$ (0)
<u>Deposits:</u>						
Bond Issue, net proceeds	-	5,391,013	-	-	-	-
Interest Income	-	212,696	155,898	69,048		
<u>Transfers from:</u>						
Total Funds Available	-	5,603,708	3,931,210	2,011,671	23,083	(0)
<u>Disbursements:</u>						
Transfer to Sinking Fund		1,828,396	1,988,588	1,988,588	23,083	
<u>Transfers to:</u>						
Renewal & Replacement Fund	-	-	-	-	-	-
Revenue Fund	-	-	-	-	-	-
subtotal	-	1,828,396	1,988,588	1,988,588	23,083	-
Ending Balance	\$ -	\$ 3,775,312	\$ 1,942,622	\$ 23,083	\$ (0)	\$ (0)

Average annual change compared to prior year	-100.0%	100.0%	-48.5%	-98.8%	-100.0%	0.0%
--	---------	--------	--------	--------	---------	------

Revenue Fund

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Current Fund:						
Number of Customers	29,731	29,731	29,976	30,220	30,469	30,713
Sales of Electricity - kWh	742,485,780	742,485,788	755,479,289	768,700,177	782,152,430	795,840,097
Increase compared to prior year projected	0.35%	0.00%	1.75%	1.75%	1.75%	1.75%
Basic Rate (Demand & Energy)	\$ 57,984,669	\$ 90,039,967	\$ 91,598,928	\$ 95,993,271	\$ 97,655,639	\$ 102,372,523
Power Cost Adjustment (PCA)	33,391,809	4,514,181	7,100,695	9,186,739	11,734,965	10,187,540
Customer Charge	<u>2,116,421</u>	<u>2,201,077</u>	<u>2,221,110</u>	<u>2,341,935</u>	<u>2,363,912</u>	<u>2,490,162</u>
subtotal Electric Revenues	93,492,899	96,755,225	100,920,733	107,521,944	111,754,516	115,050,225
Gross Receipts Tax (GRT)	<u>2,397,158</u>	<u>2,480,804</u>	<u>2,587,608</u>	<u>2,756,863</u>	<u>2,865,386</u>	<u>2,949,888</u>
subtotal Operating Revenues	95,890,057	99,236,029	103,508,341	110,278,807	114,619,902	118,000,112
Other Operating Revenue	4,997,805	2,453,244	2,489,855	2,527,133	2,565,092	2,603,742
Non-Operating Revenue (Interest Income)	632,841	1,064,107	1,288,982	1,373,218	1,482,998	1,519,316
Non-Operating Revenue (Other)	826,565	2,166,905	611,767	3,985,455	16,767,103	5,394,833
Total Revenues	<u>102,347,268</u>	<u>104,920,286</u>	<u>107,898,945</u>	<u>118,164,613</u>	<u>135,435,094</u>	<u>127,518,003</u>
Operation & Maintenance Exp.						
Total Purchase Power Costs	63,541,863	63,913,044	67,539,038	70,682,753	74,307,159	73,854,748
Total Other Power Supply	1,138,443	1,157,109	1,434,848	1,155,676	1,267,863	1,310,226
Total Transmission	3,615,613	4,018,545	3,940,423	4,031,026	4,191,598	4,280,089
Total Distribution Expense	3,941,736	4,042,999	4,180,779	4,350,929	4,532,645	4,723,274
Total Customer Expense	1,201,793	1,464,183	1,519,684	1,577,944	1,639,098	1,703,292
Total Admin & General Expense	<u>16,085,254</u>	<u>17,340,816</u>	<u>17,608,440</u>	<u>18,252,976</u>	<u>19,269,298</u>	<u>19,869,258</u>
subtotal Expenses	89,524,702	91,936,696	96,223,214	100,051,303	105,207,662	105,740,888
Transfers						
To Bond Sinking Fund	\$7,013,275	8,386,900	8,392,294	8,210,888	10,383,431	10,179,669
To Renewal & Replacement Fund	3,483,614	415,295	1,547,650	11,024,867	17,244,527	10,635,983
To (from) Rate Stabilization Fund	500,000	1,400,000	-	(900,000)	1,100,000	-
To (from) Emergency Reserve Fund	-	-	-	-	-	-
To (from) FMPA Pooled Loan (Debt Svc)	284,400	976,440	-	-	-	-
To (From) Operating Reserve Fund, net	715,000	1,620,000	550,000	520,000	775,000	625,000
Payment to City of Key West, FL	<u>373,460</u>	<u>377,762</u>	<u>384,592</u>	<u>421,232</u>	<u>428,778</u>	<u>467,491</u>
subtotal Transfers	<u>12,369,749</u>	<u>13,176,397</u>	<u>10,874,535</u>	<u>19,276,986</u>	<u>29,931,737</u>	<u>21,908,143</u>
Total O&M Expenses and Transfers	<u>101,894,451</u>	<u>105,113,093</u>	<u>107,097,749</u>	<u>119,328,290</u>	<u>135,139,398</u>	<u>127,649,031</u>
Beginning Balance	498,198	951,015	758,207	1,559,403	395,726	691,421
Increase / (Decrease) During Year	452,817	(192,808)	801,195	(1,163,677)	295,695	(131,027)
Sub-total Ending Balance	<u>\$ 951,015</u>	<u>\$ 758,207</u>	<u>\$ 1,559,403</u>	<u>\$ 395,726</u>	<u>\$ 691,421</u>	<u>\$ 560,394</u>
Available for:						
Average annual change compared to prior year	21.8%	3.2%	1.9%	11.4%	13.3%	-5.5%

Percent to Total Budget

Purchased Power Costs	62.4%	60.8%	63.1%	59.2%	55.0%	57.9%
Other Power Supply Expenses	1.1%	1.1%	1.3%	1.0%	0.9%	1.0%
Transmission Expense	3.5%	3.8%	3.7%	3.4%	3.1%	3.4%
Distribution Expense	3.9%	3.8%	3.9%	3.6%	3.4%	3.7%
Customer Accounts Expense	1.2%	1.4%	1.4%	1.3%	1.2%	1.3%
Administrative and General Expense	<u>15.8%</u>	<u>16.5%</u>	<u>16.4%</u>	<u>15.3%</u>	<u>14.3%</u>	<u>15.6%</u>
Total Operations & Maintenance Expense	87.9%	87.5%	89.8%	83.8%	77.9%	82.8%
Capital Expenditures	3.4%	0.4%	1.4%	9.2%	12.8%	8.3%
Debt Service	6.9%	8.0%	7.8%	6.9%	7.7%	8.0%
Other Fund Transfers & Payments	<u>1.8%</u>	<u>4.2%</u>	<u>0.9%</u>	<u>0.0%</u>	<u>1.7%</u>	<u>0.9%</u>
Total Budget Allocation	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Operating Reserve Fund

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Current Fund:						
Beginning Balance	\$ 3,365,214	\$ 4,080,214	\$ 5,700,214	\$ 6,250,214	\$ 6,770,214	\$ 7,545,214
Deposits:						
Interest Income	100,956	183,610	256,510	281,260	304,660	339,535
Transfers from:						
Revenue Fund	<u>715,000</u>	<u>1,620,000</u>	<u>550,000</u>	<u>520,000</u>	<u>775,000</u>	<u>625,000</u>
Total Funds Available	4,181,170	5,883,823	6,506,723	7,051,473	7,849,873	8,509,748
Transfers to:						
Revenue Fund	-	-	-	-	-	-
Revenue Fund - Interest Income	100,956	183,610	256,510	281,260	304,660	339,535
Revenue Fund - Power Cost Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total Disbursements & Transfers	<u>100,956</u>	<u>183,610</u>	<u>256,510</u>	<u>281,260</u>	<u>304,660</u>	<u>339,535</u>
Ending Balance	<u>\$ 4,080,214</u>	<u>\$ 5,700,214</u>	<u>\$ 6,250,214</u>	<u>\$ 6,770,214</u>	<u>\$ 7,545,214</u>	<u>\$ 8,170,214</u>

Average annual change compared to prior year 21.2% 39.7% 9.6% 8.3% 11.4% 8.3%

Resolution 532, Article III, Section 3.03, B. (10)

Moneys in the Operating Reserve Fund shall be used to pay Operating Expenses or for other lawful purposes of the System

Total O&M Expenses & Transfers	\$ 101,894,451	\$ 105,113,093	\$ 107,097,749	\$ 119,328,290	\$ 135,139,398	\$ 127,649,031
Less: Gross Receipts Tax (GRT)	<u>2,397,158</u>	<u>2,480,804</u>	<u>2,587,608</u>	<u>2,756,863</u>	<u>2,865,386</u>	<u>2,949,888</u>
	99,497,293	102,632,290	104,510,142	116,571,427	132,274,012	124,699,143
Less: Total Purchase Power Costs	63,541,863	63,913,044	67,539,038	70,682,753	74,307,159	73,854,748
Less: All Transfers & Payments to City of KW	<u>12,369,749</u>	<u>13,176,397</u>	<u>10,874,535</u>	<u>19,276,986</u>	<u>29,931,737</u>	<u>21,908,143</u>
subtotal	23,585,681	25,542,848	26,096,568	26,611,688	28,035,117	28,936,252
Factor (90 days out of 360)	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
90 days O&M	5,896,420	6,385,712	6,524,142	6,652,922	7,008,779	7,234,063
Reserve for Self Insurance Fund	-	500,000	500,000	500,000	500,000	500,000
Reserve for Property Boiler & Machinery Deductible	-	808,000	1,208,000	1,608,000	2,008,000	2,408,000
Calculated Reserve	5,896,420	7,693,712	8,232,142	8,760,922	9,516,779	10,142,063
Emergency Reserve Fund	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Operating Reserve Fund	<u>4,080,214</u>	<u>5,700,214</u>	<u>6,250,214</u>	<u>6,770,214</u>	<u>7,545,214</u>	<u>8,170,214</u>
Total Amount Available	<u>6,080,214</u>	<u>7,700,214</u>	<u>8,250,214</u>	<u>8,770,214</u>	<u>9,545,214</u>	<u>10,170,214</u>
Amount in excess of requirement	\$ 183,793	\$ 6,502	\$ 18,072	\$ 9,292	\$ 28,434	\$ 28,151