

UTILITY BOARD
OF THE
CITY OF KEY WEST, FLORIDA



BUDGET & FINANCIAL PLAN

FOR THE FISCAL YEARS BEGINNING OCTOBER 1, 2015
AND ENDING SEPTEMBER 30, 2020

**DRAFT BUDGET & FINANCIAL PLAN
FOR THE FISCAL YEARS BEGINNING
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Mission & Vision Statements

- **Mission**: Provide reliable and safe energy with excellent customer service at the lowest reasonable cost
- **Vision**: Make our customers' lives better by providing energy services in a safe, reliable, affordable, sustainable manner

Strategic Plan FY15-FY16 – Goals

- Goal #1: Improve the Customer Experience in regards to Reliability and Service
- Goal #2: Provide reasonable rates to our customers
- Goal #3: Maintain a highly effective workforce and foster a positive working environment
- Goal #4: Build relationships that earn trust and motivate mutually supportive behavior with key stakeholders

Major Assumptions

Debt Service

FY16 - FY18 Debt Service is \$11.2M

FY19 - FY20 Debt Service is \$4.2M

Although the Debt Service Reserve Fund balance of approx. \$4.1M can be either replaced by a surety bond at anytime or reduced to approx. \$2.0M in FY19, this additional source of income was not placed in the Financial Plan

Base Energy Rate

FY16 0.5% decrease
(approximately \$426,000 lower revenue per year)

FY17-FY18 No Rate Change

FY19 8.4% decrease
(approximately \$6.9M lower revenue per year)

FY20 No Rate Change

Operating Cash

- FY15 Carry forward Funds from expenditures budgeted in FY15, not utilized and re-budgeted in FY16
 - O&M \$7.9M
 - Capital \$3.3M
- FY17-FY20 Operate at a negative cash flow FY17, FY18 and FY20
- Power Costs – 1% - 4% increase during the 5 Year Plan
- No Rate Stabilization transfers are planned
- Interest Income
 - FY16 Guaranteed Investment Contract (GIC) drops off – reducing interest by \$147,000 per year

Major Assumptions (continued)

Assumption	2016	2017	2018	2019	2020
General Inflator	2%	0%	0%	0%	0%
Salaries & Wages	2%	2%	2%	2%	2%
Health Insurance Premiums	5%	5%	3%	3%	3%
Property Insurance, Pole Attachments	5%	3%	3%	3%	3%
Trans, Dist & Customer Expense	2%	2%	2%	2%	2%
Interest Income – FSB	0.53%	0.53%	0.53%	0.53%	0.53%
Interest Income – BBT & WF	0.75%	0.75%	0.75%	0.75%	0.75%
Interest Income – Sawgrass	0.64%	0.64%	0.64%	0.64%	0.64%
Interest Income – Debt Reserve	4.02%	0.75%	0.75%	0.75%	0.75%
Pension contribution	39.49%	39.49%	39.49%	39.49%	39.49%
FKEC Planned Capital Expenses	(\$906K)	(\$374K)	(\$189K)	(\$1.5M)	(\$953K)

Public Purpose

All of KEYS expenditures are for a public purpose, such as payroll, benefits, professional services, most operating expenses and building maintenance.

For some expenditures, the public purpose might not be as obvious. Therefore, KEYS wishes to highlight examples and provide a link between expense and purpose

Employee Related Expenses provide motivation, improve morale, increase knowledge and thus improve productivity.

Examples include [based on estimates]:

- Educational Reimbursement
 - Reimbursement for College Level Courses \$50,000
- Employee Relations Committee Items:
 - Pop Meal \$3,900
 - Peer to Peer Recognition \$2,600
- Employee Recognition Programs:
 - Annual Awards Dinner \$3,800
 - Service Awards \$2,440
 - Retirement Recognition \$1,506
 - Employee of Quarter \$1,000
- Miscellaneous
 - GM Breakfast \$1,500
 - Thanksgiving Luncheon \$1,600

Community Outreach ensures our customers and community are well informed about KEYS' offerings, safety information and conservation information. Additionally, Community Outreach fosters two way communication from the utility to its customers. Examples include [based on estimates]:

- General Advertising \$171,716
 - Radio Announcements
 - Print Ads
 - Social Media
 - Sponsorships
 - Bill Inserts
- Participation in Chambers of Commerce and other meetings \$3,403
- Advisory Committee \$1,530
- Website hosting \$ 600



Utility Indicators and Statistics

	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020
Key Performance Indicators					
<i>Financial Metrics</i>					
Debt Service Coverage Ratio	1.25	1.45	1.38	1.89	1.61
Goal Debt Service Coverage Ratio (>)	1.25	1.25	1.25	1.25	1.25
Days Cash on Hand	90	90	90	90	90
Goal Days Cash on Hand (>)	90	90	90	90	90
Days Liquidity	237	185	140	206	171
Goal Days Liquidity (>)	125	125	125	125	125
<i>Operating Metrics</i>					
Customers	31,255	31,255	31,255	31,255	31,255
MWh Sales	726,799	726,799	726,799	726,799	726,799
System Average Rate (\$/kWh)	\$0.12357	\$0.12578	\$0.12886	\$0.12020	\$0.12128
Keys Energy O&M Cost/Cust/Month	\$73.71	\$69.43	\$70.09	\$70.90	\$73.29
Purchased Power Costs (\$/kWh)	\$0.06897	\$0.07114	\$0.07415	\$0.07527	\$0.07632
Debt Service Coverage Calculation					
Revenues Available for Debt Service:					
Sales of Electric Energy	89,809,846	91,418,230	93,656,294	87,362,814	88,144,367
Other Electric Revenues	1,194,000	1,194,000	1,194,000	1,194,000	1,194,000
Non-Operating Revenues	1,985,051	1,858,474	1,877,503	1,898,719	1,888,017
Transfer from (to) Rate Stabilization Fund	-	-	-	-	-
Total "Debt Service Coverage" Revenues	92,988,897	94,470,703	96,727,797	90,455,533	91,226,383
Less: Operation & Maintenance Expense	80,020,870	80,028,346	82,521,153	83,482,422	85,161,157
Add: OPEB					
Add: GASB 68					
Add: Capitalized Overhead	1,016,449	1,769,252	1,213,752	935,492	684,023
Net Revenues Available for Debt Service	13,984,477	16,211,609	15,420,397	7,908,603	6,749,249
Total Debt Service Requirement	11,152,888	11,152,888	11,152,888	4,182,888	4,182,888
Debt Service Coverage	1.25	1.45	1.38	1.89	1.61
Operating Fund Required Balance Calculation					
Total O&M Expenses & Transfers	94,272,694	98,051,890	98,143,087	92,017,370	92,406,061
Less: Gross Receipts Tax (GRT)	2,245,159	2,285,367	2,341,316	2,183,985	2,203,523
Subtotal	92,027,535	95,766,523	95,801,771	89,833,385	90,202,538
Less: Total Purchase Power Costs	50,129,122	51,703,316	53,893,806	54,705,488	55,470,427
Less: Transfers & Pymt to City of KW	16,929,218	19,115,473	12,754,302	18,018,252	16,659,013
Subtotal	24,969,195	24,947,734	29,153,663	17,109,645	18,073,098
90 days O&M	5,656,788	5,651,496	6,688,575	3,718,817	3,956,380
Reserve for Self Insurance Fund	500,000	500,000	500,000	500,000	500,000
Reserve for Litigation - Legal and Other	-	-	-	-	-
Calculated Reserve 90 Days Reserve	6,156,788	6,151,496	7,188,575	4,218,817	4,456,380
Emergency Reserve Fund	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Operating Reserve Fund	5,654,309	4,156,788	4,151,496	5,188,575	2,218,817
Subtotal Amount Available	7,654,309	6,156,788	6,151,496	7,188,575	4,218,817
Amount in excess of requirement	1,497,522	5,292	(1,037,078)	2,969,758	(237,564)
Transfer to (from) Revenue Fund	1,497,522	5,292	(1,037,078)	2,969,758	(237,564)
Total Amount Available	6,156,788	6,151,496	7,188,575	4,218,817	4,456,380
Actual # of Days of O&M Coverage	90	90	90	90	90



Revenue Fund Summary

Item	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020
Operating Statistics					
Annual Sales (kWh)	726,798,502	726,798,502	726,798,502	726,798,502	726,798,502
Change (%)	0.4%	0.0%	0.0%	0.0%	0.0%
Operating Revenues					
<i>Retail Rate Revenue by Rate Component</i>					
Customer Charge	6,584,848	6,584,848	6,584,848	6,584,848	6,584,848
Energy Charge	82,869,979	82,869,979	82,869,979	75,925,251	75,925,251
Demand Charge	6,093,977	6,093,977	6,093,977	6,093,977	6,093,977
Calculated/Actual Power Cost Adjustment (PCA)	(7,984,117)	(6,415,941)	(4,233,826)	(3,425,247)	(2,663,233)
True-Up of PCA	-	-	-	-	-
Gross Receipts Tax (GRT)	2,245,159	2,285,367	2,341,316	2,183,985	2,203,523
Subtotal Retail Rate Revenue by Rate Component	89,809,846	91,418,230	93,656,294	87,362,814	88,144,367
Other Operating Revenue	1,194,000	1,194,000	1,194,000	1,194,000	1,194,000
Total Operating Revenues	91,003,846	92,612,230	94,850,294	88,556,814	89,338,367
Non-Operating Revenues					
Interest Income	290,651	143,044	139,284	139,035	115,523
Other Non-Operating Revenue	1,694,400	1,715,430	1,738,219	1,759,684	1,772,494
Total Non-Operating Revenue	1,985,051	1,858,474	1,877,503	1,898,719	1,888,017
Total Revenues	92,988,897	94,470,703	96,727,797	90,455,533	91,226,383
<i>Expenses</i>					
Operating Expenses					
Purchased Power Costs	50,129,122	51,703,316	53,893,806	54,705,488	55,470,427
Other Power Supply	-	-	-	-	-
Transmission	6,727,076	6,557,569	6,473,901	6,485,848	6,748,566
Distribution	7,293,507	7,228,473	7,529,279	7,636,632	7,848,826
Customer	2,057,149	1,958,932	2,026,648	2,034,675	2,139,892
Admin & General	11,568,857	10,294,690	10,256,203	10,435,795	10,749,923
Taxes Other than Income Taxes	2,245,159	2,285,367	2,341,316	2,183,985	2,203,523
Total Operating Expenses	80,020,870	80,028,346	82,521,153	83,482,422	85,161,157
Debt Service					
Current Issue - Principal	1,599,538	1,491,821	1,391,242	2,300,000	2,415,000
Current Issue - Interest	9,553,350	9,661,067	9,761,646	1,882,888	1,767,888
Proposed Issue - Principal	0	0	0	0	0
Proposed Issue - Interest	0	0	0	0	0
Total Debt Service	11,152,888	11,152,888	11,152,888	4,182,888	4,182,888
Other Transfers					
To (from) Rate Stabilization Fund	-	-	-	-	-
To (from) Leave Payouts	247,507	135,805	486,397	248,819	262,419
To (from) R&R Fund	3,226,459	7,111,814	4,361,459	4,527,842	3,215,630
To (from) Steamplant Condo - Rental Payment	(113,777)	(116,052)	(118,373)	(120,741)	(123,155)
To (from) FMPA - TARP Payment, ends 1/2020	(670,000)	(670,000)	(670,000)	(670,000)	(670,000)
To (From) Operating Reserve Fund	(1,497,522)	(5,292)	1,037,078	(2,969,758)	237,564
Payment to the City of Key West	408,747	409,089	409,565	366,139	377,124
Total Transfers	1,601,415	6,865,364	5,506,126	1,382,302	3,299,580
Total Expenses	92,775,172	98,046,598	99,180,166	89,047,612	92,643,625
Over (Under) Recovery	213,725	(3,575,895)	(2,452,368)	1,407,921	(1,417,241)
Revenue Fund Beginning Balance	6,845,000	7,058,725	3,482,831	1,030,462	2,438,383
Carryforward funds from Prior Year					
Revenue Fund Ending Balance	7,058,725	3,482,831	1,030,462	2,438,383	1,021,142

Utility Monthly Billing Data

Fiscal Year Actual/Forecast	2016	2017	2018	2019	2020
	Forecast	Forecast	Forecast	Forecast	Forecast
Residential					
Customer Charge	\$15.03	\$15.03	\$15.03	\$15.03	\$15.03
Energy Charge	\$0.1220	\$0.1220	\$0.1220	\$0.1117	\$0.1117
Power Cost Adjustment	-\$0.0110	-\$0.0089	-\$0.0058	-\$0.0047	-\$0.0037
Gross Receipts Tax	2.5640%	2.5640%	2.5640%	2.5640%	2.5640%
Special Meter Charge	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Senior Citizens					
Customer Charge	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50
Energy Charge	\$0.1220	\$0.1220	\$0.1220	\$0.1117	\$0.1117
Power Cost Adjustment	-\$0.0110	-\$0.0089	-\$0.0058	-\$0.0047	-\$0.0037
Gross Receipts Tax	2.5640%	2.5640%	2.5640%	2.5640%	2.5640%
Special Meter Charge	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Small Commercial					
Customer Charge	\$28.31	\$28.31	\$28.31	\$28.31	\$28.31
Energy Charge	\$0.1224	\$0.1224	\$0.1224	\$0.1121	\$0.1121
Power Cost Adjustment	-\$0.0110	-\$0.0089	-\$0.0058	-\$0.0047	-\$0.0037
Gross Receipts Tax	2.5640%	2.5640%	2.5640%	2.5640%	2.5640%
Special Meter Charge	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Recreation Lighting					
Customer Charge	\$21.07	\$21.07	\$21.07	\$21.07	\$21.07
Energy Charge	\$0.1543	\$0.1543	\$0.1543	\$0.1414	\$0.1414
Power Cost Adjustment	-\$0.0110	-\$0.0089	-\$0.0058	-\$0.0047	-\$0.0037
Gross Receipts Tax	2.5640%	2.5640%	2.5640%	2.5640%	2.5640%
Large Commercial Secondary					
Customer Charge	\$94.27	\$94.27	\$94.27	\$94.27	\$94.27
Energy Charge	\$0.1022	\$0.1022	\$0.1022	\$0.0936	\$0.0936
Demand Charge	\$8.45	\$8.45	\$8.45	\$8.45	\$8.45
Power Cost Adjustment	-\$0.0110	-\$0.0089	-\$0.0058	-\$0.0047	-\$0.0037
Gross Receipts Tax	2.5640%	2.5640%	2.5640%	2.5640%	2.5640%
Large Commercial Primary					
Customer Charge	\$175.74	\$175.74	\$175.74	\$175.74	\$175.74
Energy Charge	\$0.1041	\$0.1041	\$0.1041	\$0.0953	\$0.0953
Demand Charge	\$8.03	\$8.03	\$8.03	\$8.03	\$8.03
Power Cost Adjustment	-\$0.0110	-\$0.0089	-\$0.0058	-\$0.0047	-\$0.0037
Gross Receipts Tax	2.5640%	2.5640%	2.5640%	2.5640%	2.5640%
Military Service Secondary					
Customer Charge	\$1,809.00	\$1,809.00	\$1,809.00	\$1,809.00	\$1,809.00
Energy Charge	\$0.1035	\$0.1035	\$0.1035	\$0.0948	\$0.0948
Demand Charge	\$8.19	\$8.19	\$8.19	\$8.19	\$8.19
Power Cost Adjustment	-\$0.0110	-\$0.0089	-\$0.0058	-\$0.0047	-\$0.0037
Gross Receipts Tax	2.5640%	2.5640%	2.5640%	2.5640%	2.5640%

Utility Monthly Billing Data

Fiscal Year	2016	2017	2018	2019	2020
Actual/Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Churches					
Customer Charge	\$77.46	\$77.46	\$77.46	\$77.46	\$77.46
Energy Charge	\$0.1116	\$0.1116	\$0.1116	\$0.1023	\$0.1023
Demand Charge	\$2.39	\$2.39	\$2.39	\$2.39	\$2.39
Power Cost Adjustment	-\$0.0110	-\$0.0089	-\$0.0058	-\$0.0047	-\$0.0037
Gross Receipts Tax	2.5640%	2.5640%	2.5640%	2.5640%	2.5640%
Street Lighting					
Sodium Vapor 100 Watt Monthly Charge	\$12.82	\$12.82	\$12.82	\$12.82	\$12.82
Sodium Vapor 100 Watt Cobra Monthly Charge	\$11.37	\$11.37	\$11.37	\$11.37	\$11.37
Sodium Vapor 200 Watt Cobra Monthly Charge	\$15.31	\$15.31	\$15.31	\$15.31	\$15.31
Sodium Vapor 400 Watt Monthly Charge	\$21.83	\$21.83	\$21.83	\$21.83	\$21.83
Sodium Vapor 100 Watt Cutoff Optic Monthly Charge	\$11.64	\$11.64	\$11.64	\$11.64	\$11.64
Sodium Vapor 200 Watt Cutoff Optic Monthly Charge	\$15.15	\$15.15	\$15.15	\$15.15	\$15.15
Mercury Vapor 175 Watt Monthly Charge	\$14.09	\$14.09	\$14.09	\$14.09	\$14.09
Mercury Vapor 250 Watt Monthly Charge	\$17.30	\$17.30	\$17.30	\$17.30	\$17.30
Mercury Vapor 400 Watt Monthly Charge	\$21.90	\$21.90	\$21.90	\$21.90	\$21.90
LED Low Watt Monthly Charge	\$14.03	\$14.03	\$14.03	\$14.03	\$14.03
LED Medium Watt Monthly Charge	\$15.02	\$15.02	\$15.02	\$15.02	\$15.02
LED High Watt Monthly Charge	\$17.76	\$17.76	\$17.76	\$17.76	\$17.76
Gross Receipts Tax	2.5640%	2.5640%	2.5640%	2.5640%	2.5640%
Area Lights					
Sodium Vapor 100 Watt Monthly Charge	\$11.95	\$11.95	\$11.95	\$11.95	\$11.95
Sodium Vapor 100 Watt Cobra Monthly Charge	\$11.80	\$11.80	\$11.80	\$11.80	\$11.80
Sodium Vapor 200 Watt Cobra Monthly Charge	\$14.15	\$14.15	\$14.15	\$14.15	\$14.15
Sodium Vapor 400 Watt Monthly Charge	\$19.37	\$19.37	\$19.37	\$19.37	\$19.37
Sodium Vapor 100 Watt Cutoff Optic Monthly Charge	\$10.84	\$10.84	\$10.84	\$10.84	\$10.84
Sodium Vapor 200 Watt Cutoff Optic Monthly Charge	\$13.75	\$13.75	\$13.75	\$13.75	\$13.75
Mercury Vapor 175 Watt Monthly Charge	\$12.89	\$12.89	\$12.89	\$12.89	\$12.89
Mercury Vapor 250 Watt Monthly Charge	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mercury Vapor 400 Watt Monthly Charge	\$19.44	\$19.44	\$19.44	\$19.44	\$19.44
LED Low Watt Monthly Charge	\$14.10	\$14.10	\$14.10	\$14.10	\$14.10
LED Medium Watt Monthly Charge	\$15.02	\$15.02	\$15.02	\$15.02	\$15.02
LED High Watt Monthly Charge	\$17.76	\$17.76	\$17.76	\$17.76	\$17.76
Gross Receipts Tax	2.5640%	2.5640%	2.5640%	2.5640%	2.5640%

Utility Annual Billing Summary

Fiscal Year	2016	2017	2018	2019	2020
Actual/Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<u>kWh Sold</u>					
Residential	348,960,337	348,960,337	348,960,337	348,960,337	348,960,337
Senior Citizens	5,703,008	5,703,008	5,703,008	5,703,008	5,703,008
Small Commercial	76,804,230	76,804,230	76,804,230	76,804,230	76,804,230
Recreation Lighting	164,964	164,964	164,964	164,964	164,964
Large Commercial Secondary	220,582,776	220,582,776	220,582,776	220,582,776	220,582,776
Large Commercial Primary	17,990,446	17,990,446	17,990,446	17,990,446	17,990,446
Military Service Secondary	53,297,614	53,297,614	53,297,614	53,297,614	53,297,614
Churches	516,516	516,516	516,516	516,516	516,516
Street Lighting	1,950,521	1,950,521	1,950,521	1,950,521	1,950,521
Area Lights	828,091	828,091	828,091	828,091	828,091
Total	726,798,502	726,798,502	726,798,502	726,798,502	726,798,502
<u>Billed Demand (kW)</u>					
Large Commercial Secondary	562,093	562,093	562,093	562,093	562,093
Large Commercial Primary	37,045	37,045	37,045	37,045	37,045
Military Service Secondary	126,586	126,586	126,586	126,586	126,586
Churches	4,222	4,222	4,222	4,222	4,222
Total	729,944.7	729,944.7	729,944.7	729,944.7	729,944.7
<u>Number of Customers</u>					
Residential	25,040	25,040	25,040	25,040	25,040
Senior Citizens	601	601	601	601	601
Small Commercial	3,587	3,587	3,587	3,587	3,587
Recreation Lighting	4	4	4	4	4
Large Commercial Secondary	678	678	678	678	678
Large Commercial Primary	5	5	5	5	5
Military Service Secondary	1	1	1	1	1
Churches	11	11	11	11	11
Street Lighting	5	5	5	5	5
Area Lights	1,323	1,323	1,323	1,323	1,323
Total	31,255	31,255	31,255	31,255	31,255
<u>Special Meters</u>					
Residential	0	0	0	0	0
Senior Citizens	0	0	0	0	0
Small Commercial	0	0	0	0	0
Total	0	0	0	0	0



Fund Balances

Item	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020
<u>Funds Summary</u>					
Restricted Funds:					
Bond Sinking Fund	10,158,594	10,158,594	10,158,594	3,188,594	3,246,094
Customer Deposits Fund	4,733,444	4,733,444	4,733,444	4,733,444	4,733,444
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
Rate Stabilization Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Renewal and Replacement Fund	10,647	10,647	10,647	10,647	10,647
Total - Restricted Funds	23,975,418	23,975,418	23,975,418	17,005,418	17,062,918
Current Funds:					
Revenue Fund	7,058,725	3,482,831	1,030,462	2,438,383	1,021,142
Operating Reserve Fund	4,156,788	4,151,496	5,188,575	2,218,817	2,456,380
Total - Current Funds	11,215,513	7,634,327	6,219,037	4,657,200	3,477,522
Total - All Funds	35,190,931	31,609,745	30,194,455	21,662,618	20,540,440



Fund Balance Detail

Item	2016	2017	2018	2019	2020
Funds Detail					
Restricted Funds					
<u>Bond Sinking Fund</u>					
Beginning Balance	10,158,594	10,158,594	10,158,594	10,158,594	3,188,594
<u>Sources</u>					
<i>Transfers from:</i>					
Revenue Fund	11,152,888	11,152,888	11,152,888	4,182,888	4,182,888
<i>Deposits:</i>					
Interest Income	14,778	14,778	14,778	14,778	5,466
Total Sources	21,326,259	21,326,259	21,326,259	14,356,259	7,376,947
<u>Uses</u>					
<i>Disbursements:</i>					
Principal - Paid in Oct, year after funding	1,735,344	1,599,538	1,491,821	1,391,242	2,300,000
Interest - Paid in April same year as funding + Oct, year after funding	9,417,544	9,553,350	9,661,067	9,761,646	1,825,388
<i>Transfers to:</i>					
Revenue Fund	14,778	14,778	14,778	14,778	5,466
Total Uses	11,167,665	11,167,665	11,167,665	11,167,665	4,130,854
Ending Balance - Bond Sinking Fund	10,158,594	10,158,594	10,158,594	3,188,594	3,246,094
<u>Debt Reserve Fund</u>					
Beginning Balance	4,072,733	4,072,733	4,072,733	4,072,733	4,072,733
<u>Sources</u>					
<i>Deposits:</i>					
Interest Income	163,561	30,545	30,545	30,545	30,545
Bond Issue, Net Proceeds					
Total Sources	4,236,294	4,103,278	4,103,278	4,103,278	4,103,278
<u>Uses</u>					
<i>Transfers to:</i>					
Revenue Fund	163,561	30,545	30,545	30,545	30,545
Total Uses	163,561	30,545	30,545	30,545	30,545
Ending Balance - Debt Reserve Fund	4,072,733	4,072,733	4,072,733	4,072,733	4,072,733



Fund Balance Detail

Item	2016	2017	2018	2019	2020
<u>Bond Construction Fund</u>					
Beginning Balance	-	-	-	-	-
<u>Sources</u>					
<i>Deposits:</i>					
Interest Income					
Bond Issue, Net Proceeds	-	-	-	-	-
Total Sources	-	-	-	-	-
<u>Uses</u>					
<i>Transfers to:</i>					
Capital Projects	-	-	-	-	-
Revenue Fund	-	-	-	-	-
Total Uses	-	-	-	-	-
Ending Balance - Bond Construction Fund	-	-	-	-	-
<u>Customer Deposits Fund</u>					
Beginning Balance	4,703,343	4,703,343	4,703,343	4,703,343	4,703,343
<u>Sources</u>					
<i>Adjustment:</i>					
Actuals Adjustment					
<i>Deposits:</i>					
Interest Income	30,101	30,101	30,101	30,101	30,101
Total Sources	4,733,444	4,733,444	4,733,444	4,733,444	4,733,444
<u>Uses</u>					
<i>Disbursements:</i>					
Refunds to Customers					
<i>Transfers to:</i>					
Revenue Fund - Interest	30,101	30,101	30,101	30,101	30,101
Total Uses	30,101	30,101	30,101	30,101	30,101
Ending Balance - Customer Deposits Fund	4,703,343	4,703,343	4,703,343	4,703,343	4,703,343



Fund Balance Detail

Item	2016	2017	2018	2019	2020
<u>Emergency Reserve Fund</u>					
Beginning Balance	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<u>Sources</u>					
<i>Transfers from:</i>					
Revenue Fund	-	-	-	-	-
<i>Deposits:</i>					
Interest Income	12,800	12,800	12,800	12,800	12,800
Total Sources	2,012,800	2,012,800	2,012,800	2,012,800	2,012,800
<u>Uses</u>					
<i>Transfers to:</i>					
Revenue Fund-Interest Income	12,800	12,800	12,800	12,800	12,800
Total Uses	12,800	12,800	12,800	12,800	12,800
Ending Balance - Emergency Reserve Fund	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<u>Operating Reserve Fund</u>					
Beginning Balance	5,654,309	4,156,788	4,151,496	5,188,575	2,218,817
<u>Sources</u>					
<i>Transfers from:</i>					
Revenue Fund	-	-	1,037,078	-	237,564
<i>Deposits:</i>					
Adjustment to Actuals					
Interest Income	36,188	26,603	26,570	33,207	14,200
Total Sources	5,690,497	4,183,391	5,215,144	5,221,781	2,470,581
<u>Uses</u>					
<i>Transfers to:</i>					
Revenue Fund - Balance to 90 Days	1,497,522	5,292	-	2,438,383	-
Revenue Fund - Revenue Fund Negative	-	-	-	531,375	-
Revenue Fund - Interest Income	36,188	26,603	26,570	33,207	14,200
Total Uses	1,533,709	31,895	26,570	3,002,965	14,200
Ending Balance - Operating Reserve Fund	4,156,788	4,151,496	5,188,575	2,218,817	2,456,380



Fund Balance Detail

Item	2016	2017	2018	2019	2020
<u>Renewal & Replacement Fund</u>					
Beginning Balance	10,647	10,647	10,647	10,647	10,647
Revenue Fund	3,226,459	7,111,814	4,361,459	4,527,842	3,215,630
Carry Forward from prior year					
Subtotal from the Revenue Fund	3,226,459	7,111,814	4,361,459	4,527,842	3,215,630
Adjust for Actuals					
Interest Income	56	56	56	56	56
CIAC Fund					
Subtotal Other Sources	56	56	56	56	56
Total Sources	3,237,162	7,122,517	4,372,162	4,538,545	3,226,333
<u>Uses</u>					
Capital Projects-current year	3,226,459	7,111,814	4,361,459	4,527,842	3,215,630
Carryover from Prior Years					
Revenue Fund - Interest Income	56	56	56	56	56
Total Uses	3,226,515	7,111,870	4,361,515	4,527,898	3,215,686
Ending Balance	10,647	10,647	10,647	10,647	10,647
<u>Rate Stabilization Fund</u>					
Beginning Balance	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
<u>Sources</u>					
<i>Transfers from:</i>					
Return Borrowing					-
Revenue Fund					
<i>Deposits:</i>					
Interest Income	19,200	19,323	19,324	19,324	19,324
Total Sources	3,019,200	3,019,323	3,019,324	3,019,324	3,019,324
<u>Uses</u>					
<i>Transfers to:</i>					
Revenue Fund - Interest Income	19,200	19,323	19,324	19,324	19,324
Revenue Fund	-	-	-	-	-
Withdrawal for PCA Credit					
Total Uses	19,200	19,323	19,324	19,324	19,324
Ending Balance - Rate Stabilization Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000



Payment to the City of Key West

	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020
Gross Revenue from Sales of Electricity	91,003,846	92,612,230	94,850,294	88,556,814	89,338,367
Sales of Electricity (kWh)	726,798,502	726,798,502	726,798,502	726,798,502	726,798,502
Power Cost Rate in the Base Rate	0.0800	0.0800	0.0800	0.0800	0.0800
Total Power Cost in Base Electric Revenues	58,143,880	58,143,880	58,143,880	58,143,880	58,143,880
Power Cost Adjustment Revenue	(7,984,117)	(6,415,941)	(4,233,826)	(3,425,247)	(2,663,233)
Total Power Cost in Operating Revenues	50,129,122	51,703,316	53,893,806	54,705,488	55,470,427
Non-Power Related Revenues from Electricity	40,874,724	40,908,914	40,956,489	33,851,326	33,867,940
Rate - Article III, Section 3.03, B, (11)	1.0%	1.0%	1.0%	1.0%	1.0%
Payment to the City of Key West	408,747	409,089	409,565	338,513	338,679
Minimum Amount	325,310	335,069	345,122	355,475	366,139
Consumer Price Index	1.03	1.03	1.03	1.03	1.03
Total Adjusted Minimum Amount	335,069	345,122	355,475	366,139	377,124
Difference	73,678	63,968	54,090	(27,626)	(38,444)
Total to the City of Key West, FL	408,747	409,089	409,565	366,139	377,124
Increase (decrease) verses prior year	11.3%	0.1%	0.1%	-10.6%	3.0%



O&M FERC Sort

FERC Code	Description	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020
Total Other Power Supply						
Diesel Operation Expense:						
546	Supervision and Engineering	-	-	-	-	-
547	Fuel Costs	-	-	-	-	-
549	Other Supplies and Expenses	-	-	-	-	-
550.1	Operation Supplies and Expenses	-	-	-	-	-
Total Diesel Operation Expenses		-	-	-	-	-
Diesel Power Production Expenses (Maintenance):						
551	Maintenance Supervision and Engineering	-	-	-	-	-
554.1	Maintenance of Plant	-	-	-	-	-
Total Diesel Maintenance Expenses		-	-	-	-	-
Total Other Power Supply		-	-	-	-	-
Increase (decrease) from prior year		0%	0%	0%	0%	0%
Purchased Power Costs						
555	FMPA ARP-Customer Charge	16,140	16,140	16,140	16,140	16,140
555	FMPA ARP- Demand Charge	32,775,094	32,499,976	30,640,550	31,100,158	31,507,743
555	FMPA ARP-Energy Charge	17,572,340	19,421,651	23,471,567	23,823,640	24,180,995
555	FMPA Load Rentention Credit	(234,451)	(234,451)	(234,451)	(234,451)	(234,451)
Total Purchased Power Costs		50,129,122	51,703,316	53,893,806	54,705,488	55,470,427
Increase (decrease) from prior year		-6%	3%	4%	2%	1%
Transmission						
PP Transmission:						
560.5	FMPA - Transmission (PP)	3,564,838	3,766,514	3,795,688	3,852,623	3,903,114
574.5	FKEC - Transmission	950,000	950,000	950,000	950,000	950,000
Total PP Transmission		4,514,838	4,716,514	4,745,688	4,802,623	4,853,114
Transmission Expenses (Operation):						
560	Supervision and Engineering	1,342,878	1,369,590	1,397,413	1,427,237	1,460,743
567	Supplies and Expenses	-	-	-	-	-
568	Operation of Synchronous Condenser	-	-	-	-	-
Total Transmission Operation Expenses		1,342,878	1,369,590	1,397,413	1,427,237	1,460,743
Transmission Expenses (Maintenance):						
571	Maintenance Of Overhead Lines	-	-	-	-	-
573	Maintenance of Synchronous Condenser	-	-	-	-	-
574	Maintenance of Transmission Plant	869,360	471,465	330,801	255,989	434,709
Total Transmission Maintenance Expenses		869,360	471,465	330,801	255,989	434,709
Total Transmission Expenses		6,727,076	6,557,569	6,473,901	6,485,848	6,748,566
Increase (decrease) from prior year		-14%	-3%	-1%	0%	4%
Distribution						
Distribution Expenses (Operation):						
580	Operation Supervision and Engineering	6,108,655	6,148,963	6,331,474	6,520,137	6,713,236
581	Lines and Station	8,500	8,500	8,500	8,500	8,500
582	Street Lighting	-	-	-	-	-
585	Signal Lighting	40,682	40,696	40,710	40,724	40,739
586	Meter Reading	-	-	-	-	-
588	Miscellaneous Distribution	-	-	-	-	-
Total Distribution Operation expenses		6,157,837	6,198,159	6,380,684	6,569,361	6,762,475



O&M FERC Sort

FERC Code	Description	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020
Distribution Expenses (Maintenance):						
592.1	Structures and equipment	144,225	145,602	247,006	148,439	149,900
594	Lines	802,049	725,443	739,134	753,128	767,434
595	Line Transformers	175,716	145,315	148,221	151,186	154,209
596	Street Lighting and Signals	-	-	-	-	-
597	Meters	13,680	13,954	14,233	14,518	14,808
598	Miscellaneous Distribution	-	-	-	-	-
	Total Distribution Maintenance Expenses	1,135,670	1,030,314	1,148,594	1,067,271	1,086,352
Total Distribution Expense		7,293,507	7,228,473	7,529,279	7,636,632	7,848,826
Increase (decrease) from prior year		-7%	-1%	4%	1%	3%
Customer Accounts Expenses:						
731.3	Customer Deposit Interest Expense	1,000	1,000	1,000	1,000	1,000
902	Meter Reading	2,000	2,000	2,000	2,000	2,000
903	Customer Records And Collection	1,761,961	1,798,444	1,836,160	1,874,187	1,919,404
904	Uncollectible Accounts	92,188	92,188	92,188	92,188	92,188
	Total Customer Expense:	1,857,149	1,893,632	1,931,348	1,969,375	2,014,592
906	Customer Service And Information Expense	200,000	65,300	95,300	65,300	125,300
Total Customer Expense		2,057,149	1,958,932	2,026,648	2,034,675	2,139,892
Increase (decrease) from prior year		4%	-5%	3%	0%	5%
Administration And General Expenses (Operation):						
920	Administrative And General Salaries	2,222,951	2,073,255	2,067,892	2,109,871	2,160,714
921	Office Expense and Utilities	702,672	682,022	564,910	562,410	562,410
923	Outside Services Employed	2,034,093	1,682,965	1,608,915	1,529,016	1,538,569
924	Property Insurance	465,433	479,396	493,778	508,591	523,849
925	Injuries And Damages	281,663	289,423	248,994	255,821	262,876
926	Employee Benefits	6,064,399	6,126,688	6,263,312	6,400,964	6,555,180
926.2	Employee Pension Contributions	1,238,911	1,170,960	1,175,075	1,198,576	1,227,078
930	General Advertising	203,818	158,418	158,418	158,418	158,418
930.2	Miscellaneous General	1,800	1,800	1,800	1,800	1,800
931	Copier Rental	32,640	32,640	32,640	32,640	32,640
933	Transportation	521,757	513,033	552,335	584,723	627,537
	Total Administration And General Operation Expenses:	13,770,137	13,210,600	13,168,068	13,342,830	13,651,072
935	Administration And General Expenses (Maintenance)	955,203	243,103	247,036	251,044	255,934
708	Gross Receipts Tax	2,245,159	2,285,367	2,341,316	2,183,985	2,203,523
708.3	Payroll Tax	43,517	40,988	41,098	41,920	42,917
Total A&G Expenses		17,014,016	15,780,057	15,797,519	15,819,780	16,153,446
Increase (decrease) from prior year		-2%	-7%	0%	0%	2%
Other Income/Expenses:						
421.2	Loss on disposition of property	-	-	-	-	-
Total Expenses		83,220,870	83,228,346	85,721,153	86,682,422	88,361,157
Increase (decrease) from prior year		-6%	0%	3%	1%	2%

Multi Year Capital Improvement Plan Input

Project Description	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
TRANSMISSION PROJECTS:					
FKEC - FLC - Repl LFZP Relay w/SEL-421 (Line 2)	184,484				
FKEC - MAR - Repl 138 kV "V" Disc Switches on 138 kV BZO Breakers	36,424				
FKEC - MAR - Repl 138 kV BZO Breakers w/SF6 Breakers	108,535				
FKEC - MAR - Repl 138kV 3 Pc Porcelan Ins w/Polymere (CoCo Plum-MAR)	487,313				
FKEC - SYS Line 3 Install Vibration Dampers from County Line to JWF Sub	353,125				
FKEC - ISL Purchase Equipment for Real Time Monitoring	28,250				
FKEC - Transmission Pole Foundation Repairs	375,275	375,275			
FKEC - SYS - Add Carrier Comms to all Trans BU Relays study in 2016	116,955				
FKEC - MAR - Convert Old office to TD Sub Control Room	68,930	128,538			
FKEC - SYS - Extend Fiber Comms From TAV to JWF		189,275	189,275		
FKEC - Replace ASEA Panel - ISL 138kV Capacitor Bank			97,463		
FKEC - Replace all RTU's	54,309				
FKEC - SYS - Replace Station Battery Banks			92,039		
FKEC - JWF - Replace 3 transmission panels				364,425	
FKEC - TAV - Replace 3 transmission panels				364,425	
FKEC - SYS - Upgrade SCADA Master Station					
FKEC - Replace polymor insulators from ISL sub to CoCo Plum				1,271,250	1,271,250
Replace Transmission insulators at Summerland airport					50,000
Transmission Pole Grounding	300,000				
Replace 3 Transmission Breakers					200,000
Additional Fault Detectors	30,000	30,000			
Transmission Pole Foundation Repair KEYS Service Area	750,000	250,000			
Steel pole Tape wax protectors	50,000				
Total - Transmission	2,943,600	973,088	378,777	2,000,100	1,521,250
DISTRIBUTION PROJECTS:					
Keys Relocation of Distribution Facility Easements (Primary)		400,000	400,000		
Relocation of Distribution Facility Easements (KW Secondary)				376,817	376,817
Storm Hardening Distribution Improvements	1,120,000	1,824,270	883,070	-	
Other - Daily Work Orders, Engineer's Requests (Incl pole relocation Higgs Beach/Caroline St)	600,000	600,000	600,000	600,000	600,000
Purchase Transformers	400,000	400,000	400,000	400,000	400,000
Purchase and Install Meters	200,000	200,000	200,000	300,000	300,000
Underground Cable Improvements	100,000	100,000	100,000	100,000	100,000
Normal Improvements/upgrades to Substations	40,000	40,000	40,000	40,000	40,000
Replace Remote Terminal Unit	15,000				
Improve Distribution (Sectionalizers/Reclosurers/Capacitors)	35,000				

Multi Year Capital Improvement Plan Input

Project Description	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Kennedy Dr Distribution Feeder Tie - Airport to Bertha			-	800,000	
Switchgear Replacement @ Substations (KW Diesel)	75,000				
BCS Cap Bank Switch and Relaying Upgrade		100,000			
US 1 Cap Bank Switch and Relaying Upgrade			100,000		
Spanish Main Dr to Port Royal Dr with 394 AAAC		350,000			
Port Royal to end of Spanish Main Dr			275,000		
Reconductor BCS4 6 miles (N-1 backup plan)		400,000			
Torch Key Area Voltage regulators				150,000	
Field Monitors for distribution lines		20,000			
Capacitor controller	15,000		100,000		
Kennedy Dr Substation Bus A Replacement				450,000	500,000
Big Coppitt 13.8 kv Bus Replacement		800,000	600,000		
Relay Life Cycle Replacement	30,000	30,000	30,000	30,000	30,000
Block Wall @ Kennedy Drive Substation		140,000			
KWD Transformer Replacement					-
Total - Distribution	2,630,000	5,404,270	3,728,070	3,246,817	2,346,817
FACILITIES PROJECTS:					
Improvements to Facilities	50,000	50,000	50,000	50,000	50,000
Service Building Renovation	1,000,000				
RG Building Renovations, Relocate Fleets and Fuel Pumps	500,000	500,000			
Warehouse Lift	20,000				
Warehouse A - Replace Roof/Siding				500,000	
Warehouse B - remove building					30,000
Warehouse C - reroof			-		
Total - Facilities	1,570,000	550,000	50,000	550,000	80,000
FLEETS PROJECTS:					
Replace #007 15 ton pole trailer	27,000				
Replace #021 Vermeer BC 1400 Brush Chipper	54,000				
Replace #026 Utility Body Pickup		43,000			
Replace #026 Utility Body Truck			43,000	-	-
Replace #028 1/2 Ton Pickup					24,000
Replace #029 - Utility Body Pickup	43,000				
Replace #032 Alleghany Wire Trailer	21,000				
Replace #036 - Flat Bed Trailer		20,000			
Replace #039 Utility Body Pickup		20,000			
Replace #043 - 1/2 ton Pick Up Truck			23,000		
Replace #045 Vermeer BC 1800 XL Brush Chipper				65,000	
Replace #051 1/2 Ton Pickup					24,000
Replace #059 Utility Body Pickup				43,000	
Replace #061 - 1/2 Ton Pickup		23,000		-	-
Replace #062 1/2 Ton Pickup				24,000	
Replace #064 - 1 Ton Pickup			43,000		
Replace #065 - 1/2 Ton Pickup				-	-
Replace #068 1/2 Ton Pickup				24,000	
Replace #081 SUV			35,000		
Replace #091 Jeep Cherokee	35,000				
Replace #092 1/2 Ton Pickup					24,000
Replace #095 Mail Courier SUV					25,000
Replace #098 1/2 Ton Pickup					24,000
Replace #108 - 3/4 Ton Pickup	30,000			-	-
Replace #117 Dump Trailer		20,000			
Total - Fleets	210,000	126,000	144,000	156,000	121,000

Multi Year Capital Improvement Plan Input

Project Description	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
INFORMATION TECHNOLOGY PROJECTS:					
Administrator Management System	50,000				
Replace Servers	50,000		250,000		
Financial System Upgrades		75,000			
SCADA Upgrade	-	30,000			
Server, Storage Data Duplication at T&D CAT5 Bldg.		300,000			
Replace Avaya Phone System with Cisco Phone System	180,000				-
Multimedia Presentation System for UB, Conference & Break rooms	200,000			75,000	
Replace / Add Edge Network Switching Equipment	50,000				50,000
Replace Firewall and Cyber Security Equipment	50,000				50,000
Customer Service Billing System Upgrade	75,000				
Total - Information Technology	655,000	405,000	250,000	75,000	100,000
Emergency Contingency					
Total - General Plant	-	-	-	-	-
Total All Projects	\$ 8,008,600	\$ 7,458,358	\$ 4,550,847	\$ 6,027,917	\$ 4,169,067
Summary by Section:					
Transmission	\$ 2,943,600	\$ 973,088	\$ 378,777	\$ 2,000,100	\$ 1,521,250
Distribution	2,630,000	5,404,270	3,728,070	3,246,817	2,346,817
Generation	-	-	-	-	-
Facilities	1,570,000	550,000	50,000	550,000	80,000
Fleets	210,000	126,000	144,000	156,000	121,000
Information technology	655,000	405,000	250,000	75,000	100,000
General Plant	-	-	-	-	-
Total	\$ 8,008,600	\$ 7,458,358	\$ 4,550,847	\$ 6,027,917	\$ 4,169,067
FKEC Projects	1,813,600	693,088	378,777	2,000,100	1,271,250
% to budget	50%	50%	50%	25%	25%
\$ to budget	906,800	346,544	189,389	500,025	317,813
Amount to reduce	906,800	346,544	189,389	1,500,075	953,438
Net of reduction for FKEC	7,101,800	7,111,814	4,361,459	4,527,842	3,215,630