

**UTILITY BOARD
OF THE
CITY OF KEY WEST, FLORIDA**



BUDGET & FINANCIAL PLAN

**FOR THE FISCAL YEARS BEGINNING OCTOBER 1, 2007
AND ENDING SEPTEMBER 30, 2012**

APPROVED AUGUST 8, 2007



BUDGET & FINANCIAL PLAN

FOR THE FISCAL YEARS BEGINNING OCTOBER 1, 2007
AND ENDING SEPTEMBER 30, 2012

PREPARED BY: KEYS FINANCE DEPARTMENT

LYNNE TEJEDA
GENERAL MANAGER & CEO

JACK WETZLER
ASSISTANT GM & CFO

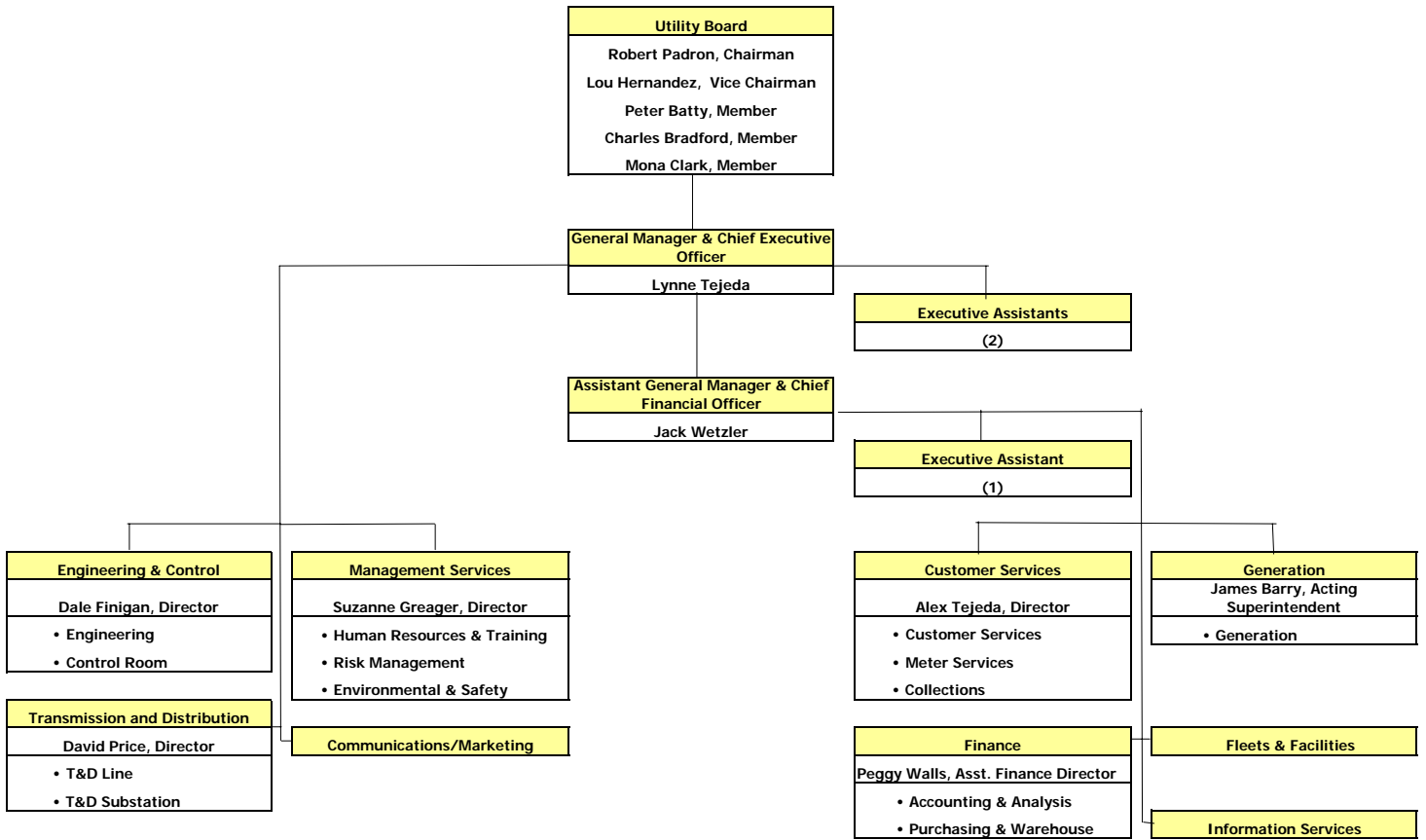
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Organizational Chart - Overview



Organizational Chart - Count by Section

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Number of Authorized and Budgeted Positions

Dept #	Department Name	Budget FY 2007	Actual @ 7-31-07	Authorized FY 2008	Budget FY 2008
11	Executive	3	3	3	3
20	Information Services	5	5	5	5
21	Communications	1	1	1	1
22	Human Resources	6	6	6	6
23	Finance	11	11	11	11
24	Purchasing	4	4	4	4
25	Facilities	7	7	8	8
30	Engineering	11	12	12	12
31	Control Center	9	9	10	10
32	Risk Management	1	1	1	1
33	Environmental/Safety	1	0	1	1
34	Fleets	5	4	4	4
35	Warehouse	2	2	2	2
40	Customer Services	21	21	21	21
50	Meter Services	12	12	12	12
60	Transmission & Distribution	37	36	38	36
70	Generation	<u>22</u>	<u>23</u>	<u>24</u>	<u>24</u>
	Total	158	157	163	161

FY 2008

163 Authorized positions

161 Budgeted positions

2 T&D - Tree Trimmer & General Helper authorized, but not budgeted

163 Authorized positions



(305) 295-1000
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 PO Box 6100
 Key West, FL 33040-6100
 www.KeysEnergy.com

UTILITY BOARD OF THE CITY OF KEY WEST

October 2, 2007

Members of the Utility Board of the City of Key West, FL

Dear Utility Board Members:

Summary

The Budget is the financial guide for the operation of Keys Energy Services (KEYS) during the upcoming fiscal year and a financial plan for the next four years. The Revenue, O&M, and Capital Budgets were approved August 8, 2007. The budget represents a realistic plan of growth, which is tempered, due to the new condominiums which have been built and are vacant owing to the speculative nature of the housing market. KEYS service to new customers continues to grow, but at a slower pace than anticipated.

The business priorities established during the 2007 Strategic Planning session helped guide the preparation of this budget.

The Grand Total Budget of \$109.0 million is an increase of \$4.7 million, or 4.5% as compared to the 2007 Amended Budget. The five year plan incorporates rate increases in Fiscal Year 2009 and Fiscal Year 2011.

The balanced budget which represents expenditures for a set period against expected revenues for the same period has been approved.

Sales of Electricity

Due to lower actual sales for 2007, the 2008 sales of electricity were budgeted closer to the actual sales for 2006 and therefore are lower than the 2007 amended budget.

	Amended Budget FY 2007	Budget FY 2008	2008 Budget vs. 2007 Amended Budget	
			Amount Inc (Dec)	Percent Inc (Dec)
Number of Customers	29,731	29,976	245	0.8%
Sales of Electricity - kWh	742,485,788	705,361,498	(37,124,289)	-5.0%
Increase (decrease) from prior year	2.56%	-5.00%		

The future years of the Five-Year Financial Plan, annual percentage increases for sale of electricity are as follows:

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Number of Customers	29,976	30,220	30,469	30,713	30,959
Sales of Electricity - kWh	705,361,498	724,324,010	743,810,301	758,267,056	771,250,521
Increase compared to prior year	-5.00%	2.69%	2.69%	1.94%	1.71%

Electric Revenues

Electric Revenues are \$96.7 million, which are \$102,139 lower or -.01% lower than the 2007 Amended Budget. The decrease in projected sales of kWh accounts for the lower revenue for FY2008. The future four years of the Financial Plan show an increase in projected sales of kWh in anticipation of a recovery in the housing market.

	Amended Budget FY 2007	Budget FY 2008	2008 Budget vs. 2007 Amended Budget	
			Amount Inc (Dec)	Percent Inc (Dec)
Revenues				
Energy and Demand	90,039,967	85,585,792	(4,454,175)	-4.9%
Power Cost Adjustment (PCA)	4,514,181	8,846,184	4,332,003	96.0%
Customer Charge	<u>2,201,077</u>	<u>2,221,110</u>	<u>20,032</u>	<u>0.9%</u>
Total Electric Revenues	96,755,225	96,653,086	(102,139)	-0.1%

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues					
Energy and Demand	85,585,792	90,525,134	92,949,487	97,629,827	99,285,345
Power Cost Adjustment (PCA)	8,846,184	8,905,907	10,073,871	11,452,495	12,937,023
Customer Charge	<u>2,221,110</u>	<u>2,341,935</u>	<u>2,363,912</u>	<u>2,490,162</u>	<u>2,511,172</u>
Sub-Total Electric Revenues	96,653,086	101,772,976	105,387,270	111,572,484	114,733,540
Gross Receipts Tax (GRT)	<u>2,478,185</u>	<u>2,609,459</u>	<u>2,702,130</u>	<u>2,860,718</u>	<u>2,941,768</u>
Total Operating Revenues	99,131,271	104,382,435	108,089,400	114,433,203	117,675,308

All Other Major Revenues

Historical trends were used as a basis for 2008 in all categories.

The Five-Year Financial Plan includes:

- Credits from Florida Municipal Power Agency (FMPA) - \$6.7 million
- Capacity credits from the Florida Keys Electric Cooperative - \$2.2 million
- The KWSP redevelopment lease provisions - \$2.1 million
- SO₂ Emission Credit revenue - \$4.1 million

	Amended Budget FY 2007	Budget FY 2008	2008 Budget vs. 2007 Amended Budget	
			Amount Inc (Dec)	Percent Inc (Dec)
Other Operating Revenues	2,553,882	3,173,239	619,357	24.3%
Non-Operating Revenue (Interest Income)	1,703,924	1,945,553	241,629	14.2%
Non-Operating Revenue (Other)	<u>837,120</u>	<u>4,734,704</u>	<u>3,897,585</u>	<u>465.6%</u>
Total Other Revenues	5,094,925	9,853,495	4,758,570	93.4%

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Other Operating Revenues	3,173,239	3,231,913	3,291,625	3,352,811	3,415,514
Non-Operating Revenue (Interest Income)	1,945,553	1,806,386	2,029,277	2,165,061	1,979,629
Non-Operating Revenue (Other)	<u>4,734,704</u>	<u>1,214,234</u>	<u>2,541,534</u>	<u>2,613,159</u>	<u>2,692,123</u>
Total Other Revenues	9,853,496	6,252,532	7,862,437	8,131,031	8,087,266

Operations & Maintenance Expenses

The Total O&M Budget increased \$3.0 million, or 3.2%, to \$95.1 million.

Purchase Power Costs are higher than 2007 expenses by \$1.4 million. This is due to the rates charged by FMPA. The 2007 budget included an energy rate of \$54.00 per MWh while the 2008 budget includes a charge of \$58.65 per MWh.

Other Power Supply Expenses are higher than 2007 expenses by \$184.1 thousand.

Transmission Expenses are lower than 2007 expenses by \$90.1 thousand.

Distribution Expenses are higher than 2007 expenses by \$434.5 thousand.

Customer Expenses are higher than 2007 expenses by \$70.3 thousand.

Administrative & General Expenses are higher than 2007 expenses by \$1.0 million. The major increases are:

- Pension Contribution - \$178.3 thousand
- Employee and retiree health insurance premiums - \$45.3 thousand
- A&G Payroll - \$203.7 thousand
- Transportation (leased vehicles and fuel) - \$13.9 thousand

	Amended Budget FY 2007	Budget FY 2008	2008 Budget vs. 2007 Amended Budget	
			Amount Inc (Dec)	Percent Inc (Dec)
Expenses				
Purchase Power	63,913,044	65,275,104	1,362,060	2.1%
Other Power Supply	1,315,511	1,499,640	184,130	14.0%
Transmission	4,098,145	4,008,044	(90,101)	-2.2%
Distribution	4,053,000	4,487,465	434,465	10.7%
Customer Service	1,460,025	1,530,354	70,329	4.8%
Administrative & General	<u>17,231,877</u>	<u>18,263,131</u>	<u>1,031,254</u>	<u>6.0%</u>
Total Operating & Maintenance Expenses	92,071,601	95,063,738	2,992,137	3.2%

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Purchase Power	65,275,104	66,851,828	69,578,695	72,113,859	74,637,065
Other Power Supply	1,499,640	1,665,673	1,438,689	1,329,128	1,316,797
Transmission	4,008,044	4,177,898	4,129,219	4,207,554	4,266,959
Distribution	4,487,465	4,678,089	4,607,657	4,654,675	4,792,152
Customer Service	1,530,354	1,563,003	1,611,392	1,661,706	1,713,836
Administrative & General	<u>18,263,131</u>	<u>18,739,279</u>	<u>19,398,805</u>	<u>19,580,201</u>	<u>20,222,581</u>
Total Operating & Maintenance Expenses	95,063,738	97,675,770	100,764,457	103,547,123	106,949,390

Multi-Year Capital Plan

Capital projects were budgeted using the Capital Project Prioritization Process. At the 2007 Strategic Planning Session, the following business priorities were identified:

- Develop a methodology to operate with flat or declining sales
- Create a stable, capable, and committed work force
- Maintain a reasonable long-term reliability level compared to industry benchmarks and improve customer perceived reliability
- Maximize benefits to KEYS from FMPA
- Maintain high level of customer service and customer satisfaction

Based upon these priorities, capital projects totaling \$25.5 million are proposed for 2008. The above projects will be funded from the newly established Construction (Bond) Fund and by transfers from the Revenue Fund to the Renewal and Replacement Fund.

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Transmission	1,931,000	1,280,580	926,630	515,000	95,000
Distribution	11,982,802	10,063,098	6,164,998	6,000,298	3,375,804
Generation	1,699,000	960,000	310,000	300,000	300,000
Facilities	69,500	374,338	124,538	80,128	86,138
Fleets	765,000	780,000	220,000	60,000	430,000
Information Technology	875,500	589,550	348,153	84,310	135,525
Other	<u>2,494,500</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>75,000</u>
Total Capital Projects	19,817,302	14,097,566	8,144,318	7,089,736	4,497,467
Projects Carried Forward or Deferred	<u>5,705,000</u>	<u>(1,765,000)</u>	<u>(3,955,000)</u>	<u>1,175,000</u>	<u>3,350,000</u>
	<u>25,522,302</u>	<u>12,332,566</u>	<u>4,189,318</u>	<u>8,264,736</u>	<u>7,847,467</u>
<u>Percentage by Category</u>					
Transmission	9.7%	9.1%	11.4%	7.3%	2.1%
Distribution	60.5%	71.4%	75.7%	84.6%	75.1%
Generation	8.6%	6.8%	3.8%	4.2%	6.7%
Facilities	0.4%	2.7%	1.5%	1.1%	1.9%
Fleets	3.9%	5.5%	2.7%	0.8%	9.6%
Information Technology	4.4%	4.2%	4.3%	1.2%	3.0%
Other	<u>12.6%</u>	<u>0.4%</u>	<u>0.6%</u>	<u>0.7%</u>	<u>1.7%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Major five-year major projects, by function, are:

Transmission:

- Transmission line and substation maintenance - \$1.3 million
- Repair over the water transmission pole foundations - \$850.0 thousand
- Upgrade transmission relay panels - \$675.2 thousand
- Repair Line 4 over the water transmission pole tops & static wire - \$500.0 thousand

Distribution:

- Work orders & engineering's requests - \$5.2 million
- Purchase transformers - \$5.5 million
- Distribution Improvements - \$12.8 million
- Construct new substation Stock Island - \$2.0 million
- Replace substation transformers KDS #1 and KDS #2 -\$2.5 million
- Install system wide fiber network (backbone) - \$3.7 million

Generation:

- Overhaul MSD #1 at Stock Island - \$500.0 thousand
- Replace Control Cab - \$500.0 thousand
- Purchase fin fan coolers - \$1.3 million

Fleets:

- Replace company vehicles - \$690.0 thousand
- Replace drive thru car wash - \$75.0 thousand

Information Services:

Install integrated voice response & outage management system - \$428.0 thousand

Upgrade PC's - \$245.0

Customer service and financial systems software upgrade - \$225.0 thousand

Fund Balances

The Construction Fund transfers to the Renewal & Replacement Fund will be \$20.4 million for 2008.

The Operating Reserve Fund has sufficient balances to maintain the 90-day requirement established by The Utility Board. The Emergency Reserve Fund balance of \$2.0 million remains unchanged throughout the Planning Period.

Debt Service Coverage

The Debt Service Coverage for 2008, before capitalized overhead, is anticipated to be 1.58 compared to the required 1.25 x coverage in Bond Resolution No. 532, Article V, Section 5.01, B.

In October 2006, KEYS issued \$42.0 million of Electric System Refund and Capital Improvement Revenue Bonds, Series 2006. The bonds refunded the FMPA loan of \$948,000 and will fund several capital projects.

Payment to the City of Key West

The payment to the City of Key West combined with projected In-Kind Services exceeds \$700,000 per year.

Respectfully Submitted,



Jack Wetzler
Assistant General Manager &
Chief Financial Officer

CC:

Lynne Tejeda, General Manager & CEO

Comparison of Projected Operating Results

	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008	<u>2008 Budget vs. 2007</u> <u>Amended Budget</u>	
				Amount Inc (Dec)	Percent Inc (Dec)
Number of Customers	29,507	29,731	29,976	245	0.8%
Sales of Electricity - kWh	<u>704,124,365</u>	<u>742,485,788</u>	<u>705,361,498</u>	<u>(37,124,289)</u>	<u>-5.0%</u>
Increase (decrease) from prior year		5.45%	-5.00%		
Revenues					
Energy and Demand	\$ 55,308,113	\$ 90,039,967	\$ 85,585,792	\$ (4,454,175)	-4.9%
Power Cost Adjustment (PCA)	34,217,993	4,514,181	8,846,184	4,332,003	96.0%
Customer Charge	<u>2,097,779</u>	<u>2,201,077</u>	<u>2,221,110</u>	<u>20,032</u>	<u>0.9%</u>
subtotal Electric Revenues	91,623,885	96,755,225	96,653,086	(102,139)	-0.1%
Gross Receipts Tax	<u>2,344,483</u>	<u>2,480,804</u>	<u>2,478,185</u>	<u>(2,619)</u>	<u>-0.1%</u>
subtotal Operating Revenues	93,968,368	99,236,029	99,131,271	(104,758)	-0.1%
Other Operating Revenue	3,231,697	2,553,882	3,173,239	619,357	24.3%
Non-Operating Revenue (Interest Income)	1,047,716	1,703,924	1,945,553	241,629	14.2%
Non-Operating Revenue (Other)	<u>5,810,074</u>	<u>837,120</u>	<u>4,734,704</u>	<u>3,897,585</u>	<u>465.6%</u>
subtotal Other & Non-Operating Revenues	<u>10,089,487</u>	<u>5,094,925</u>	<u>9,853,495</u>	<u>4,758,570</u>	<u>93.4%</u>
Total Revenues	104,057,855	104,330,954	108,984,766	4,653,812	4.5%
Expenses					
Revenue Related Expenses:					
Purchase Power	59,946,424	63,913,044	65,275,104	1,362,060	2.1%
Other Power Supply	1,482,077	1,315,511	1,499,640	184,130	14.0%
Transmission	3,539,845	4,098,145	4,008,044	(90,101)	-2.2%
Distribution	3,366,439	4,053,000	4,487,465	434,465	10.7%
Customer Service	1,437,689	1,460,025	1,530,354	70,329	4.8%
Administrative & General	<u>15,153,075</u>	<u>17,231,877</u>	<u>18,263,131</u>	<u>1,031,254</u>	<u>6.0%</u>
Operating & Maintenance Expense	84,925,549	92,071,601	95,063,738	2,992,137	3.2%
Transfers					
Senior Lien Debt Service	8,386,900	8,451,538	8,386,900	(64,638)	-0.8%
Transfer to Renewal & Replacement	415,295	415,295	5,062,250	4,646,955	1119.0%
Transfer (from) to Rate Stabilization	1,400,000	700,000	700,000	-	0.0%
Transfer (from) to Operating Reserve	1,620,000	1,660,000	800,000	(860,000)	-51.8%
Payment to City of Key West, Florida	<u>343,341</u>	<u>378,769</u>	<u>370,294</u>	<u>(8,475)</u>	<u>-2.2%</u>
O&M Expenses and Transfers	\$ 97,091,085	\$ 103,677,203	\$ 110,383,182	\$ 6,705,980	6.5%

SIGNIFICANT POLICIES

Accounting Policies

The accounting policies of the Utility Board have been designed to conform to generally accepted accounting principles as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

Basis of Accounting

The Budget, as well as the financial statements, are prepared on the accrual basis; accordingly budgeted revenues are recognized when earned and budgeted expenses are recognized when incurred.

Disbursements and Bidding Threshold Amounts

On October 13, 1999, the Utility Board approved Resolution No. 679 regarding disbursements and bidding threshold amounts. A policy regarding payments under Section 11 of Florida Statute 69-1191 is as follows:

1a) Payments related to bond principal and interest, customer deposit refunds, payroll, power costs, and transmission expense, may be made by staff, without first seeking approval of the Board.

1b) The staff may also make disbursements under \$25,000, for all other expense categories related to Operations and Maintenance and Capital Projects, without first seeking approval of the Board, provided that such expenditures are within the existing Budget.

1c) Disbursements related to Operations and Maintenance and Capital expenses, over \$25,000, require prior Utility Board approval, unless otherwise specified as outlined in Paragraph 1a.

1d) Staff will present two listings to the Utility Board at each meeting. The first will show all disbursements made since the last Board meeting. The second will be a "To Be Paid" listing whereby disbursements will be made after Utility Board approval. Board approval of both reports means that all items listed are approved, whether they are over \$25,000, or any of the already paid items listed above.

A policy regarding contracting under Section 13 of Florida Statute 69-1191 is as follows:

1a) All construction, reconstruction, repairs or work of any nature by the Utility Board, where the entire costs, value, or amount of such construction, reconstruction, repairs or work, including the labor and materials shall exceed \$25,000, shall be done only under contract or contracts to be entered into on approval by the Utility Board.

1b) All supplies, equipment, machinery and materials costing more than \$25,000, shall be purchased only after the provision of competitive bidding.

SIGNIFICANT POLICIES

1c) All purchases of commodities or contractual services under provisions of local, state, and federal purchasing contracts shall be exempt from the competitive procurement requirements, provided that all of the following criteria are satisfied:

- 1) The terms and conditions of the original contract by the federal, state or local government are satisfactory to the Utility Board and such terms and conditions are expressly extended to other municipalities pursuant to the bid documents.
- 2) The original contract by the federal, state or local government was executed within twelve (12) months prior to the proposed purchase of commodities or services by the Utility Board.
- 3) The purchasing agent has performed an informal solicitation to determine if the prices of the original contract are fair and reasonable, and to assure local vendors have an opportunity to compete.
- 4) The Utility Board authorizes such procurement when the cost of commodities (materials) or contractual services (labor and materials) exceeds \$25,000.

On May 23, 2007, the Utility Board approved Resolution No. 752 regarding contract change order and inventory purchase threshold amounts. A policy regarding purchases under Section 11 of Florida Statute 69-1191 is as follows:

- 1a) Staff may issue purchase orders for inventory, fuel, and lubricating oil purchases not to exceed \$35,000.00, without prior approval of the Board.
- 1b) Staff may effect change orders to Utility Board contracts provided that the cumulative amount of change orders is not in excess of five-percent (5%) of the original contract amount and not in excess of \$25,000.00, without prior approval of the Board.

Capital Spending Policy

Working as a team, Department Heads and key staff members developed a Capital Project Prioritization Process (CPPP) taking into consideration both expansion and major rehabilitation. After completion, the team met to discuss and to evaluate the CPPP's based on available funding from the Construction Fund and the Renewal and Replacement fund to determine which projects were prudent. The vision of KEYS Mission Statement was the primary consideration in this process.

SIGNIFICANT POLICIES

Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, which includes costs of contract work, labor, materials and allocated indirect charges, and capitalized interest. Major renewals and replacements are capitalized while minor replacements and repairs are expensed as incurred. Under Federal Energy Regulatory Commission accounting practices, the cost of electric plant retired, together with removal costs less salvage, is charged to accumulated depreciation at such time as property is removed from service.

The following is the capitalization policy:

- 1) The item must have a useful life of two or more years.
- 2) The unit cost must be at least \$5,000 for infrastructure items (items for Transmission, Distribution, and Generation).
- 3) The unit cost must be at least \$1,000 for all other General Plant items.
- 4) The unit cost must be at least \$500 for computer related equipment.

Debt Administration

Chapter 69-1191, Laws of Florida, grants the Utility Board the exclusive right to issue and sell from time to time revenue bonds against the income of said public utility, at prices determined by said Board, and the exclusive right to incur indebtedness against said public utility may validate and issue any bonds.

Revenue bonds may be issued by the Utility Board for the purpose of refunding outstanding revenue bonds as well for any other purposes which the Board deems proper in the management, operation, maintenance, control, improvement, extension, betterment, financing and refinancing of the electric public utility, as well as for purposes of acquisition, purchase, building and construction and operation of additional public utilities which are deemed proper by the Board, and revenue bonds may also be issued against the income of any additional public utilities so acquired.

The granting of such authority to the Utility Board, to issue revenue bonds against income of the electric public utility or against the income of any additional public utilities hereafter acquired by the Board, is exclusive to the Board.

There is no statutory limit on debt. However, the following policies have been used to govern the issuance of debt: *Purposes* – debt may be used to fund projects, property acquisition and/or equipment purchases. *Debt Maturity* – the type of debt incurred and the maturity date should be equal to or less than the life of the asset. *Types of Debt* – long-term revenue bonded debt and short-term loans. *Debt Structure* – the debt structure will be in accordance with applicable Federal, State, and other legal requirements.

SIGNIFICANT POLICIES

Total debt is comprised of four refunding bond issues: 1991, 2000, 2001, and 2006. All outstanding debt has fixed interest rates. All four issues are rated AAA by Standard & Poor's Ratings Group and insured by AMBAC Indemnity Corporation.

Treasury Management

Assets are invested in accordance with the Utility Board policy, which is governed by State Statutes. Moneys must be deposited in banks designated as qualified public depositories by the State of Florida, Department of Insurance and Treasurer.

"Authorized Investments" shall mean any of the following if and to the extent the same are at the time legal for investment of municipal funds:

- (i) Direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America;
- (ii) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are (x) not callable prior to maturity or (y) as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are insured and thereby rated by, or are otherwise rated by, a nationally recognized bond rating agency within its highest rating category or which are secured as to principal, redemption premium;
- (iii) Bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America and whose obligations represent full faith and credit obligations of the United States;
- (iv) New housing authority bonds or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions or a requisition or payment agreement with the United States of America;
- (v) Direct and general obligations of any state of the United States of America, to the payment of which the full faith and credit of said state is pledged, which at the time of investment are rated by any nationally recognized bond rating agency by a rating which denotes a security with investment characteristics of a security presently rated by Moody's Investors Service, Inc. or Standard and Poor's Corporation, in one of the three highest rating categories;

SIGNIFICANT POLICIES

(vi) Certificates of deposit, whether negotiable or non-negotiable, issued by any bank, savings and loan association, trust company or national banking association (including the trustee, if any, and Paying Agent) which are members of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation;

(vii) Repurchase agreements with any bank, trust company or national banking association insured by the Federal Deposit Insurance Corporation (which may include the trustee, if any or the CO-trustee, if any) or with any government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is (a) fully and continuously secured by obligations described in clause (i), (ii), (iii), (iv) or (v) of this definition, (b) subject to a perfected security interest of the Board, and (c) has a term not to exceed 180 calendar days;

(viii) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Chapter 218, Florida Statutes, or any similar common trust fund which is established pursuant to law as a legal depository of public moneys and for which the Florida State Board of Administration acts as custodian;

(ix) Commercial Paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1" by Standard & Poor's and which matures not more than 270 calendar days after the date of purchase;

(x) Investment agreements and guaranteed investment contracts which meet the criteria established by AMBAC Assurance Corporation (and any other Credit Facility Provider then having in effect a Credit Facility with respect to any Bonds).

Risk Management

All assets are protected through the Risk Management Program developed and managed by the Management Services section of Keys Energy.

Under this program, coverage is provided for worker's compensation, comprehensive general liability, auto comprehensive and physical damage, crime and fiduciary, errors and omissions, property, boiler and machinery, windstorm, flood and pollution.

The Management Services section, through their coordinated and continuous efforts in monitoring potential risk exposures and implementing safety control programs, such as Safety Training Observation Program ("STOP"), coupled with effective claims administration, is striving to meet the goal of continuous no-lost time accidents and minimizing injury claims.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Utility Board of the City of Key West
Florida**

For the Fiscal Year Beginning

October 1, 2006

President

Executive Director

Budget Policy

General Comments

On September 11, 1996, the Board approved changes in the Budget process that eliminated the Amended Budget and allows Budget amendments throughout the year. Known as the Budget Amendment Policy, staff has the authority to make changes within either the Capital or Operations and Maintenance ("O&M") Budget as long as the total amount in either respective Budget does not change. The change is reported at the next Board meeting. Changes in the Budget that exceed the Enabling Act limitation, affect Board approved bids, increase the total O&M or capital Budget, involve a new capital project not previously approved by the Board, or involve transfers between the O&M and Capital Budget, require Board approval.

The Utility Board's balanced budget uses current year's revenues and reserves, when necessary, to fund disbursements and transfers.

Budget Amendment Policy Detail

1. Adopt Budget for Revenues, O&M Expenses & Capital in accordance with Resolution 532, Article V, Section 5.01, (A). The Board shall annually prepare at least forty-five (45) days preceding each of its Fiscal Years, and adopt prior to the beginning of such Fiscal Year, a detailed Budget of the estimated expenditures for the operation and maintenance of the System during such next succeeding Fiscal Year.
2. Staff will have the authority to make changes within the O&M and/or Capital Budgets under the following conditions:
 - a. The combined O&M and Capital Budget do not change.
 - b. Within the Capital, funds may be moved to create a new capital project not to exceed the limitations set forth in Resolution #679 ⁽¹⁾.
3. Staff will recommend budget changes to the Utility Board under the following conditions:
 - a. The combined O&M and Capital Budget increases above prior amount.
 - b. Creating a new capital project exceeds the limitations set forth in Resolution #679 ⁽¹⁾.
 - c. Cumulative line item changes exceed the amounts set forth in Resolution #679 ⁽¹⁾.
 - d. The change will be documented on a Budget Amendment Form.
4. The General Manager reserves the discretion to require that a formal Budget Amendment be prepared even though it falls within staff's authority.

Budget & Financial Plan Preparation Process

The Board shall annually prepare at least forty-five (45) days preceding each of its Fiscal Years, and adopt prior to the beginning of such Fiscal Year, a detailed Budget of the estimated expenditures for operation and maintenance of the System during such next succeeding Fiscal Year.

⁽¹⁾ Resolution #679, A Resolution Regarding Disbursement and Bidding Threshold amounts, dated 10/13/99.

Budget control is provided by monthly revenue and expense reports. Monthly financial reports are provided to the Board. The Budget & Financial Planning process for the ensuing fiscal year (October 1 to September 30) begins when the staff reviews the load forecast and the Board and staff attend the annual Strategic Planning Workshop. The Department Directors develop and review the proposed Budget & Financial Plan before submitting to the General Manager for review and comment.

Upon completion of the proposed Budget & Financial Plan, a public workshop session is held to review all proposed Budget & Financial Plan items. Subsequently, a public hearing is held to gather additional comments. The proposed Budget & Financial Plan thereupon is submitted to the members of the Board for their final review and adoption prior to the commencement of the succeeding fiscal year. Upon valid adoption, all expenditures in the Budget constitute appropriations and amendments can only be made in accordance with the provisions of law and Board policy.

Budget & Financial Plan Preparation Calendar in 2007

Begin Budget Process – O&M	April 3
Begin Budget Process – Capital w/Five Year Plan	April 3
Departments Complete O&M Budget Planning	April 11
Departments Complete Capital Budget Planning	April 13
Prioritize Expenditures	April 30
Deliver Proposed O&M and Capital Worksheet to Departments	May 16
Finance Reviews and Revises Budget	May 17 – Jun 20
Finance Completes Revenue and Fund Transfer Budgets	June 27
Distribute Proposed Budget & 5 Year Financial Plan	July 3
Finance Committee to Review Proposed Budget & 5 Year Plan	July 17
Deliver Proposed Budget & 5 Year Plan to Utility Board	July 18
1 st Public Budget Workshop	July 25
Revise Proposed Budget & 5 Year Plan	July 26 – July 31
Deliver Proposed Budget & 5 Year Plan to Utility Board	Aug 1
2 nd Public Hearing & Possible Approval of Budget	Aug 8
Utility Board Approved Budget & 5 Year Financial Plan	Aug 8

Key West and Monroe County Demographics and Statistics

	Key West	Monroe County
Population (1)	25,811	80,537
Median Age (2)	38.9	42.6
Population by Race (2)		
White	71.4%	77.2%
Black	8.8%	4.5%
Hispanic	16.5%	15.8%
Other	3.3%	2.5%
Registered Voters (3)	14,472	52,279
Employees by Industry (2)		
Services	10,579	14,440
Retail Trade	3,415	10,882
Government	1,737	3,217
Other	2,460	8,145
Unemployment Rate (1)	2.3%	2.3%
Schools (1)	9	17
Places of Worship (1)	26	82

Key West is an island city located at the end of US Highway 1, approximately 160 miles southwest of Miami, Florida. The City of Key West is the county seat of Monroe County. Monroe is a county of islands connected by an overseas highway with 19.3 miles of bridge spans. The service area for the Utility Board of the City of Key West includes the city as well as half of Monroe County.

The millions of tourists that visit Key West and the county each year provide the major source of employment for local residents. Retail services, commercial fishing and government employment are the other industries. Currently 32% of county residents live in the city of Key West.

Climatological Data for Key West

	Rain	Temperature
Monthly Average (2)	3.24	78.0
Above (below) Average (2)	0.06	(0.07)

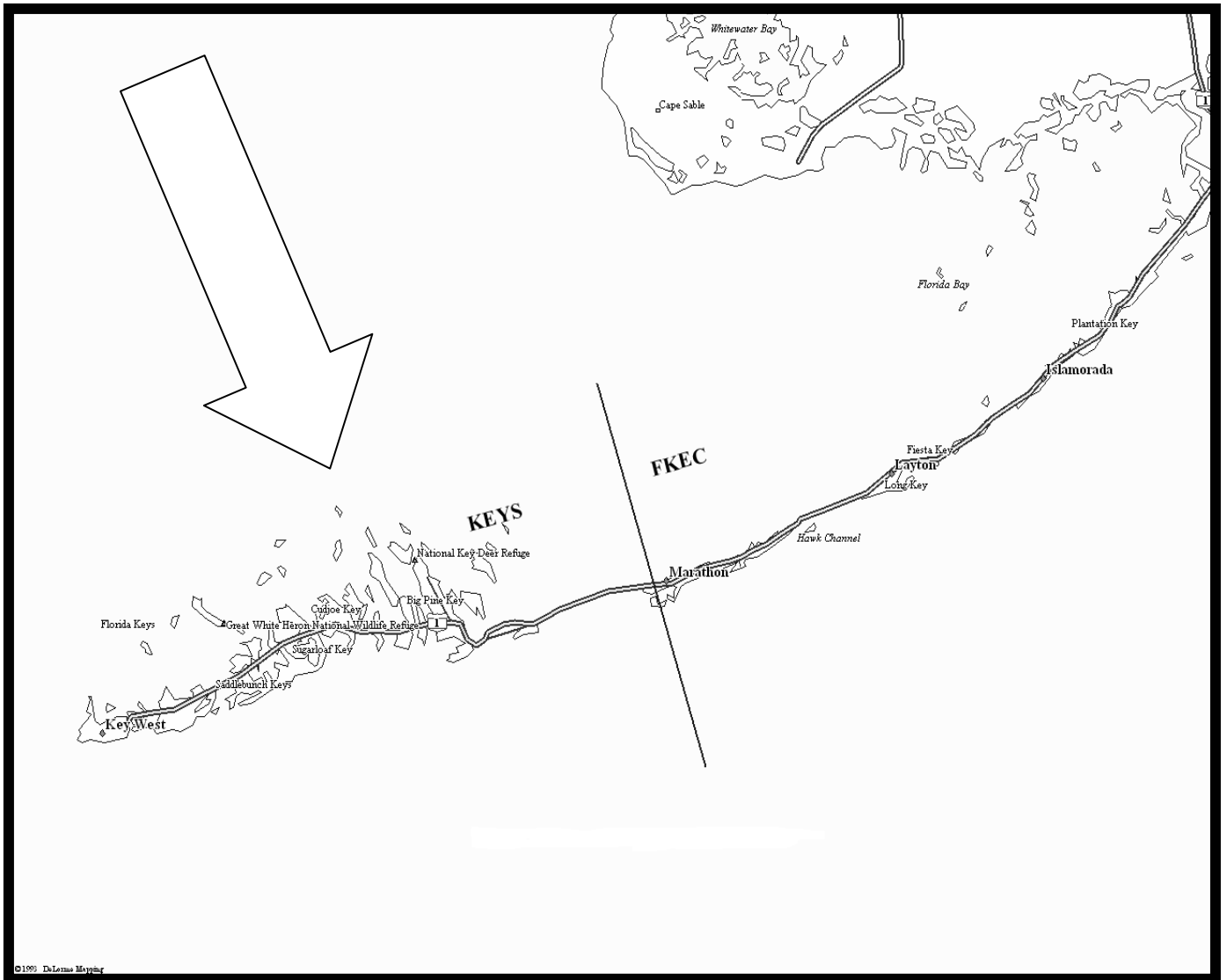
Source: City of Key West Chamber of Commerce

(1) Data as of 2003

(2) Data as of 2000

(3) Data as of 2004

SERVICE AREA



KEYS = KEYS ENERGY SERVICES
FKEC = FLORIDA KEYS ELECTRIC COOPERATIVE



Strategic Plan Fiscal 2007 - 2008

Mission

Provide exceptional customer service while supplying safe, secure, reliable electric and utility services at the best value.

Vision

Provide the residents and businesses of the Lower Keys with outstanding local service, environmental leadership, responsiveness and accessibility as only a hometown utility can.

Business Strategy Priorities

- ❖ Develop a methodology to operate with flat or declining sales.
- ❖ Create a stable, capable, committed work force.
- ❖ Maintain a reasonable long-term reliability level compared to industry benchmarks and improve customer perceived reliability.
- ❖ Maximize benefits to KEYS from Florida Municipal Power Agency (FMPA).
- ❖ Maintain high level of customer service and customer satisfaction.

Develop a methodology to operate with flat or declining sales

Increase available funds.

- Increase electric rates
- Find new sources of revenue
- Issue a bond to fund Capital Projects
- Evaluate all property for best use

Decrease Expenses.

- Determine if any business functions can be outsourced
- Ascertain if any business functions can be relocated to less costly areas
- Work more closely with other city and county government agencies
- Perform a cost/benefit analysis of existing programs that are offered by KEYS

Create a stable, capable, committed work force

Attracting and retaining qualified employees.

- Establish an employee wellness program
- Review employee salary and benefits
- Conduct employee satisfaction survey
- Examine the feasibility of constructing employee affordable housing on KEYS property

Develop a capable workforce.

- Implement a succession plan
- Provide leadership training
- Smooth the transition for employees moving from union positions to management positions

Maintain a reasonable long-term reliability level compared to industry benchmarks and improve customer perceived reliability

Investigate new reliability improvements

- Review city ordinances
- Comply with PSC programs and extreme wind load conditions
- Examine the possibility of providing generation credits to large commercial customers who have back up generators

Review and assess all existing and proposed capital projects

- Prepare 5 to 10 year implementation plan
- Rank projects by customer service benefit
- Increase the summer availability of KEYS generating units
- Develop an operating agreement with FMPA for all their generating units

Implement a program to change customer perception of reliability

- Develop a customer education program
- Provide an automated response during outages
- Implement a program to call back customers following outages

Maximize the benefits derived from the FMPA relationship

Investigate and quantify the benefit of the "One Utility" concept to KEYS
Enter joint purchasing agreements when possible
Explore all benefits that are available
Research all training classes provided by FMPA

Maintain high level of customer service and customer satisfaction

Build a customer focused mindset in the organization
Improve effectiveness of advisory committee
Improve customer friendliness of phone system
Develop unique methods for obtaining customer feedback



Financial Plan - Overview

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Number of Customers	29,731	29,976	30,220	30,469	30,713	30,959
Sales of Electricity - kWh	742,485,788	705,361,498	724,324,010	743,810,301	758,267,056	771,250,521
Increase compared to prior year projected	0.00%	-5.00%	2.69%	2.69%	1.94%	1.71%
Total Revenues	\$ 104,330,954	\$ 108,984,766	\$ 110,634,967	\$ 115,951,837	\$ 122,564,234	\$ 125,947,930
Operation & Maintenance Expense	\$ 92,071,601	\$ 95,063,738	\$ 97,675,768	\$ 100,764,457	\$ 103,547,123	\$ 106,949,390
Total Transfers	<u>11,605,601</u>	<u>15,319,444</u>	<u>12,993,669</u>	<u>15,141,092</u>	<u>19,040,153</u>	<u>18,805,444</u>
Total Disbursements	<u>\$ 103,677,203</u>	<u>\$ 110,383,182</u>	<u>\$ 110,669,437</u>	<u>\$ 115,905,549</u>	<u>\$ 122,587,276</u>	<u>\$ 125,754,834</u>
Restricted Fund Balances	<u>\$ 53,940,395</u>	<u>\$ 33,493,916</u>	<u>\$ 23,336,787</u>	<u>\$ 23,352,008</u>	<u>\$ 23,533,077</u>	<u>\$ 23,714,559</u>
Current Fund Balances	<u>\$ 7,344,980</u>	<u>\$ 6,746,564</u>	<u>\$ 7,337,094</u>	<u>\$ 7,858,383</u>	<u>\$ 7,860,340</u>	<u>\$ 8,253,436</u>
Debt Service Coverage						
Before Capitalized Overhead	<u>1.35</u>	<u>1.58</u>	<u>1.54</u>	<u>1.50</u>	<u>1.83</u>	<u>1.83</u>
Capital Budget Funding Level	<u>\$ 6,083,596</u>	<u>\$ 25,522,302</u>	<u>\$ 12,332,566</u>	<u>\$ 4,189,318</u>	<u>\$ 8,264,736</u>	<u>\$ 7,847,467</u>
Payment to City of Key West, FL	\$ 378,769	\$ 370,294	\$ 407,625	\$ 418,023	\$ 456,722	\$ 464,538
In Kind Services provided to the City of Key West, FL.	<u>364,417</u>	<u>371,705</u>	<u>379,139</u>	<u>386,722</u>	<u>394,457</u>	<u>402,346</u>
Total to the City of Key West, FL	<u>\$ 743,186</u>	<u>\$ 741,999</u>	<u>\$ 786,765</u>	<u>\$ 804,746</u>	<u>\$ 851,178</u>	<u>\$ 866,883</u>

Comparison of the Financial Plan - Overview

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
<u>Number of Customers</u>						
Proposed FY 08 Budget	29,731	29,976	30,220	30,469	30,713	30,959
Approved FY 07 Budget	29,731	29,976	30,220	30,469	30,713	30,959
<u>Sales of Electricity - kWh</u>						
Proposed FY 08 Budget	742,485,788	705,361,498	724,324,010	743,810,301	758,267,056	771,250,521
Approved FY 07 Budget	742,485,788	755,479,289	768,700,177	782,152,430	795,840,097	809,757,805
<u>Total Revenues</u>						
Proposed FY 08 Budget	\$ 104,330,954	\$ 108,984,766	\$ 110,634,967	\$ 115,951,837	\$122,564,234	\$125,947,930
Approved FY 07 Budget	\$ 104,920,286	\$ 107,898,945	\$ 119,064,613	\$ 135,435,094	\$127,518,003	\$126,863,827
<u>Operation & Maintenance Expense</u>						
Proposed FY 08 Budget	\$ 92,071,601	\$ 95,063,738	\$ 97,675,768	\$ 100,764,457	\$103,547,123	\$106,949,390
Approved FY 07 Budget	\$ 91,936,696	\$ 96,223,214	\$ 100,051,303	\$ 105,207,662	\$105,740,888	\$108,332,647
<u>Total Transfers</u>						
Proposed FY 08 Budget	\$ 11,605,601	\$ 15,319,444	\$ 12,993,669	\$ 15,141,092	\$19,040,153	\$18,805,444
Approved FY 07 Budget	\$ 13,176,397	\$ 10,874,535	\$ 20,176,986	\$ 29,931,737	\$21,908,143	\$18,378,085
<u>Total Disbursements</u>						
Proposed FY 08 Budget	\$103,677,203	\$ 110,383,182	\$ 110,669,437	\$ 115,905,549	\$122,587,276	\$125,754,834
Approved FY 07 Budget	\$105,113,093	\$ 107,097,749	\$ 120,228,290	\$ 135,139,398	\$127,649,031	\$126,710,732
<u>Restricted Fund Balances</u>						
Proposed FY 08 Budget	\$ 53,940,395	\$ 33,493,916	\$ 23,336,787	\$ 23,352,008	\$ 23,533,077	\$23,714,559
Approved FY 07 Budget	\$ 55,176,888	\$ 41,021,363	\$ 30,326,954	\$ 20,509,311	\$20,486,354	\$21,728,556
<u>Current Fund Balances</u>						
Proposed FY 08 Budget	\$ 7,344,980	\$ 6,746,564	\$ 7,337,094	\$ 7,858,383	\$7,860,340	\$8,253,436
Approved FY 07 Budget	\$ 6,458,421	\$ 7,809,616	\$ 7,165,940	\$ 8,236,635	\$8,730,608	\$8,883,702
<u>Debt Service Coverage</u>						
Before Capitalized Overhead						
Proposed FY 08 Budget	1.35	1.58	1.54	1.50	1.83	1.83
Approved FY 07 Budget	1.38	1.42	2.37	2.86	2.10	1.94
<u>Capital Budget Funding Level</u>						
Proposed FY 08 Budget	\$ 6,083,596	\$ 25,522,302	\$ 12,332,566	\$ 4,189,318	\$8,264,736	\$7,847,467
Approved FY 07 Budget	\$ 11,005,295	\$ 15,137,650	\$ 19,114,868	\$ 19,667,905	\$10,725,983	\$9,224,535
<u>Payment to City of Key West, FL</u>						
Proposed FY 08 Budget	\$ 378,769	\$ 370,294	\$ 407,625	\$ 418,023	\$456,722	\$464,538
Approved FY 07 Budget	\$ 377,762	\$ 384,592	\$ 421,232	\$ 428,778	\$467,491	\$475,388

Financial Plan - Sources and Uses of Funds

Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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Revenues

Number of Customers	29,731	29,976	30,220	30,469	30,713	30,959
Sales of Electricity - kWh	742,485,788	705,361,498	724,324,010	743,810,301	758,267,056	771,250,521
increase from prior year sales	0.00%	-5.00%	2.69%	2.69%	1.94%	1.71%
Operating Revenues	\$ 99,236,029	\$ 99,131,271	\$ 104,382,435	\$ 108,089,400	\$ 114,433,203	\$ 117,675,308
Other Operating Revenue	2,553,882	3,173,239	3,231,913	3,291,625	3,352,811	3,415,514
Non-Operating Revenue (Interest Income)	1,703,924	1,945,553	1,806,386	2,029,277	2,165,061	1,979,629
Non-Operating Revenue (Other)	<u>837,120</u>	<u>4,734,704</u>	<u>1,214,234</u>	<u>2,541,534</u>	<u>2,613,159</u>	<u>2,692,123</u>
subtotal	5,094,925	9,853,495	6,252,532	7,862,437	8,131,031	8,087,266
Transfer from Rate Stabilization Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 104,330,954</u>	<u>\$ 108,984,766</u>	<u>\$ 110,634,967</u>	<u>\$ 115,951,837</u>	<u>\$ 122,564,234</u>	<u>\$ 125,762,575</u>

Average annual change compared to prior year	1.9%	4.5%	1.5%	4.8%	5.7%	2.6%
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Operating & Maintenance Expenses

Total Purchase Power Costs	\$ 63,913,044	\$ 65,275,104	\$ 66,851,828	\$ 69,578,695	\$ 72,113,859	\$ 74,637,065
Total Other Power Supply	1,315,511	1,499,640	1,665,673	1,438,689	1,329,128	1,316,797
Total Transmission	4,098,145	4,008,044	4,177,898	4,129,219	4,207,554	4,266,959
Total Distribution Expense	4,053,000	4,487,465	4,678,089	4,607,657	4,654,675	4,792,152
Total Customer Expense	1,460,025	1,530,354	1,563,003	1,611,392	1,661,706	1,713,836
Total Admin & General Expense	<u>17,231,877</u>	<u>18,263,131</u>	<u>18,739,279</u>	<u>19,398,805</u>	<u>19,580,201</u>	<u>20,222,581</u>
Total O&M Expenses	<u>\$ 92,071,601</u>	<u>\$ 95,063,738</u>	<u>\$ 97,675,768</u>	<u>\$ 100,764,457</u>	<u>\$ 103,547,123</u>	<u>\$ 106,949,390</u>

Average annual change compared to prior year	2.8%	3.2%	2.7%	3.2%	2.8%	3.3%
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Transfers

To (from) Bond Sinking Fund	\$ 8,451,538	\$ 8,386,900	\$ 8,392,294	\$ 10,373,069	\$ 10,383,431	\$ 10,380,906
To (from) Renewal & Replacement Fund	415,295	5,062,250	3,568,750	3,875,000	8,175,000	7,760,000
To (from) Rate Stabilization Fund	700,000	700,000	-	-	-	-
To (from) Emergency Reserve Fund	-	-	-	-	-	-
To (from) FMPA Pooled Loan (Debt Svc)	-	-	-	-	-	-
To (from) Operating Reserve Fund	1,660,000	800,000	625,000	475,000	25,000	200,000
Payment to City of Key West, FL	<u>378,769</u>	<u>370,294</u>	<u>407,625</u>	<u>418,023</u>	<u>456,722</u>	<u>464,538</u>
Total Transfers	<u>\$ 11,605,601</u>	<u>\$ 15,319,444</u>	<u>\$ 12,993,669</u>	<u>\$ 15,141,092</u>	<u>\$ 19,040,153</u>	<u>\$ 18,805,444</u>

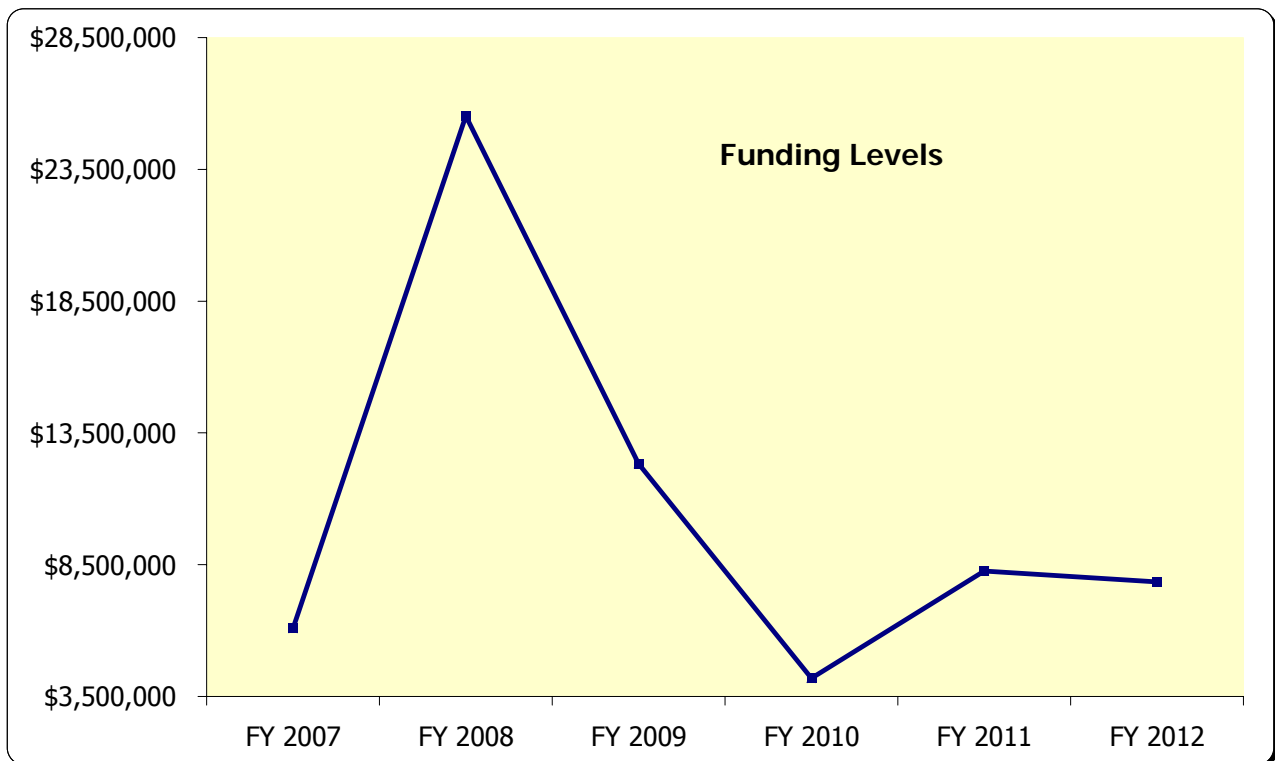
Average annual change compared to prior year	-6.0%	32.0%	-15.2%	16.5%	25.8%	-1.2%
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Financial Plan - Capital Budget

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Transmission	\$ 2,382,549	\$ 1,931,000	\$ 1,280,580	\$ 926,630	\$ 515,000	\$ 95,000
Distribution	6,403,194	11,982,802	10,063,098	6,164,998	6,000,298	3,375,804
Generation	1,635,853	1,699,000	960,000	310,000	300,000	300,000
Facilities	702,000	69,500	374,338	124,538	80,128	86,138
Fleets	710,000	765,000	780,000	220,000	60,000	430,000
Information Technology	400,000	875,500	589,550	348,153	84,310	135,525
Other	-	2,494,500	50,000	50,000	50,000	75,000
Total Proposed Capital Projects	12,233,596	19,817,302	14,097,566	8,144,318	7,089,736	4,497,467
Adjustment (1)	(6,150,000)	5,705,000	(1,765,000)	(3,955,000)	1,175,000	3,350,000
Total Capital Project Funding Level	\$ 6,083,596	\$ 25,522,302	\$ 12,332,566	\$ 4,189,318	\$ 8,264,736	\$ 7,847,467
<u>Percentage by Category</u>						
Transmission	19.5%	9.7%	9.1%	11.4%	7.3%	2.1%
Distribution	52.3%	60.5%	71.4%	75.7%	84.6%	75.1%
Generation	13.4%	8.6%	6.8%	3.8%	4.2%	6.7%
Facilities	5.7%	0.4%	2.7%	1.5%	1.1%	1.9%
Fleets	5.8%	3.9%	5.5%	2.7%	0.8%	9.6%
Information Technology	3.3%	4.4%	4.2%	4.3%	1.2%	3.0%
Other	0.0%	12.6%	0.4%	0.6%	0.7%	1.7%
Total Proposed Capital Budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

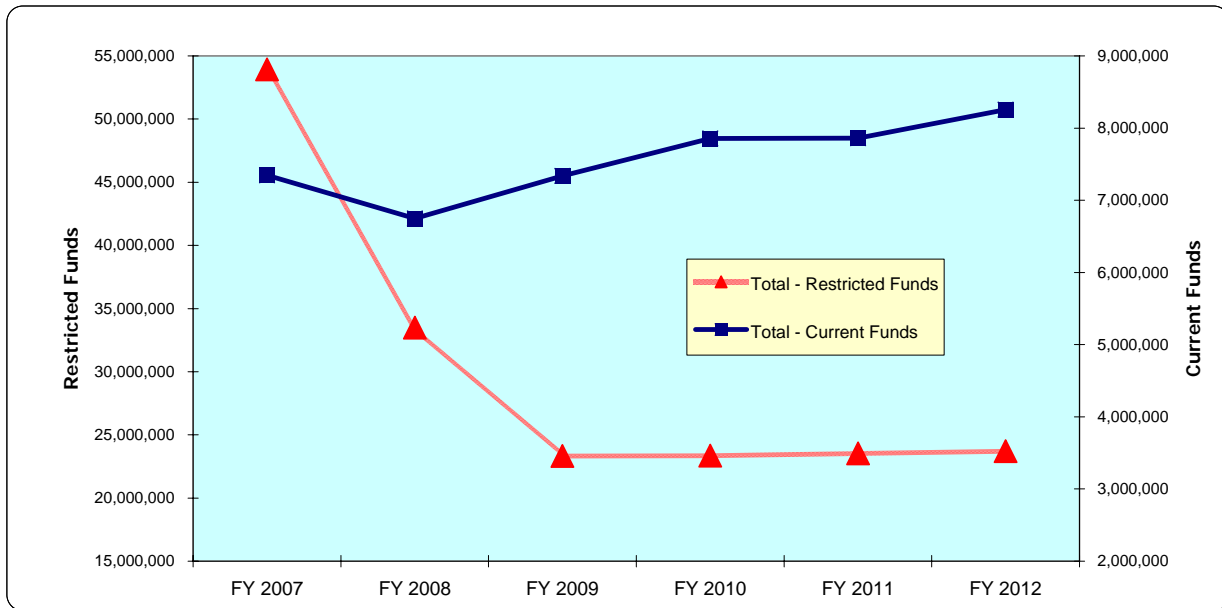
Average annual funding level change compared to prior year	-7.5%	319.5%	-51.7%	-66.0%	97.3%	-5.0%
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⌋(1) Proposed Projects To Be Rescheduled, deferred or carried over to another year within the five year financial plan



Fund Balances

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Restricted Funds:						
Bond Sinking Fund	\$ 7,879,022	\$ 8,051,800	\$ 8,221,997	\$ 8,635,879	\$ 8,838,560	\$ 9,039,797
Construction Fund	28,040,670	8,540,670	140,670	(0)	(0)	-
Capital Interest Fund	3,932,533	2,137,529	239,788	(0)	(0)	-
Capital Improvement Fund	146,400	145,200	144,000	142,800	141,600	140,400
Customer Deposits Fund	3,943,811	3,924,327	3,904,454	3,884,183	3,863,507	3,842,417
Debt Service Reserve Fund	4,072,733	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	3,902,882	4,602,882	4,602,882	4,602,882	4,602,882	4,602,882
Renewal and Replacement Fund	22,344	18,775	10,262	13,532	13,797	16,330
Total - Restricted Funds	<u>53,940,395</u>	<u>33,493,916</u>	<u>23,336,787</u>	<u>23,352,008</u>	<u>23,533,077</u>	<u>23,714,559</u>
Average annual change compared to prior year	231.5%	-37.9%	-30.3%	0.1%	0.8%	0.8%
Current Funds:						
Revenue Fund	\$ 1,604,767	\$ 206,351	\$ 171,881	\$ 218,169	\$ 195,127	\$ 388,223
Operating Reserve Fund	5,740,214	6,540,214	7,165,214	7,640,214	7,665,214	7,865,214
Total - Current Funds	<u>7,344,980</u>	<u>6,746,564</u>	<u>7,337,094</u>	<u>7,858,383</u>	<u>7,860,340</u>	<u>8,253,436</u>
Average annual change compared to prior year	60.4%	-8.1%	8.8%	7.1%	0.0%	5.0%
Total - All Funds	<u>\$ 61,285,376</u>	<u>\$ 40,240,480</u>	<u>\$ 30,673,881</u>	<u>\$ 31,210,390</u>	<u>\$ 31,393,418</u>	<u>\$ 31,967,996</u>



Debt Service Coverage - Before Capitalized Overhead

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues Available for Debt Service:						
Sales of Electric Energy	\$ 99,236,029	\$ 99,131,271	\$ 104,382,435	\$ 108,089,400	\$ 114,433,203	\$ 117,675,308
Other Electric Revenues	<u>2,553,882</u>	<u>3,173,239</u>	<u>3,231,913</u>	<u>3,291,625</u>	<u>3,352,811</u>	<u>3,415,514</u>
subtotal	101,789,911	102,304,510	107,614,348	111,381,026	117,786,014	121,090,822
Non-Operating Revenues	2,541,043	6,680,257	3,020,619	4,570,811	4,778,220	4,671,753
Transfer from (to) Rate Stabilization Fund	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total "Debt Service Coverage" Revenues	103,630,954	108,284,766	110,634,967	115,951,837	122,564,234	125,762,575
Less: Operation & Maintenance Expense	<u>92,071,601</u>	<u>95,063,738</u>	<u>97,675,768</u>	<u>100,764,457</u>	<u>103,547,123</u>	<u>106,949,390</u>
Net Revenues Available for Debt Service	<u>11,559,353</u>	<u>13,221,028</u>	<u>12,959,199</u>	<u>15,187,380</u>	<u>19,017,111</u>	<u>18,813,185</u>
Debt Service on Outstanding Bond Issues:						
Series 1991 Refunding Bonds	-	-	-	-	-	-
Series 2006 Revenue Bonds	1,828,396	1,988,588	1,988,588	1,988,588	1,988,588	1,988,588
Series 2000 Forward Refunding Bonds	7,195,238	7,132,800	7,138,000	7,127,900	7,134,200	7,134,800
Series 2001 Refunding Bonds	<u>1,256,300</u>	<u>1,254,100</u>	<u>1,254,294</u>	<u>1,256,581</u>	<u>1,260,644</u>	<u>1,257,519</u>
subtotal	10,279,933	10,375,488	10,380,881	10,373,069	10,383,431	10,380,906
Less: Capitalized Interest Fund	<u>1,748,300</u>	<u>1,988,588</u>	<u>1,988,588</u>	<u>240,288</u>	<u>-</u>	<u>-</u>
Total Debt Service Requirements	<u>\$ 8,531,633</u>	<u>\$ 8,386,900</u>	<u>\$ 8,392,293</u>	<u>\$ 10,132,781</u>	<u>\$ 10,383,431</u>	<u>\$ 10,380,906</u>
Debt Service Coverage Before capitalized overhead	<u>1.35</u>	<u>1.58</u>	<u>1.54</u>	<u>1.50</u>	<u>1.83</u>	<u>1.81</u>
Average annual change compared to prior year	-6.9%	16.3%	-2.0%	-2.9%	22.2%	-1.0%

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.

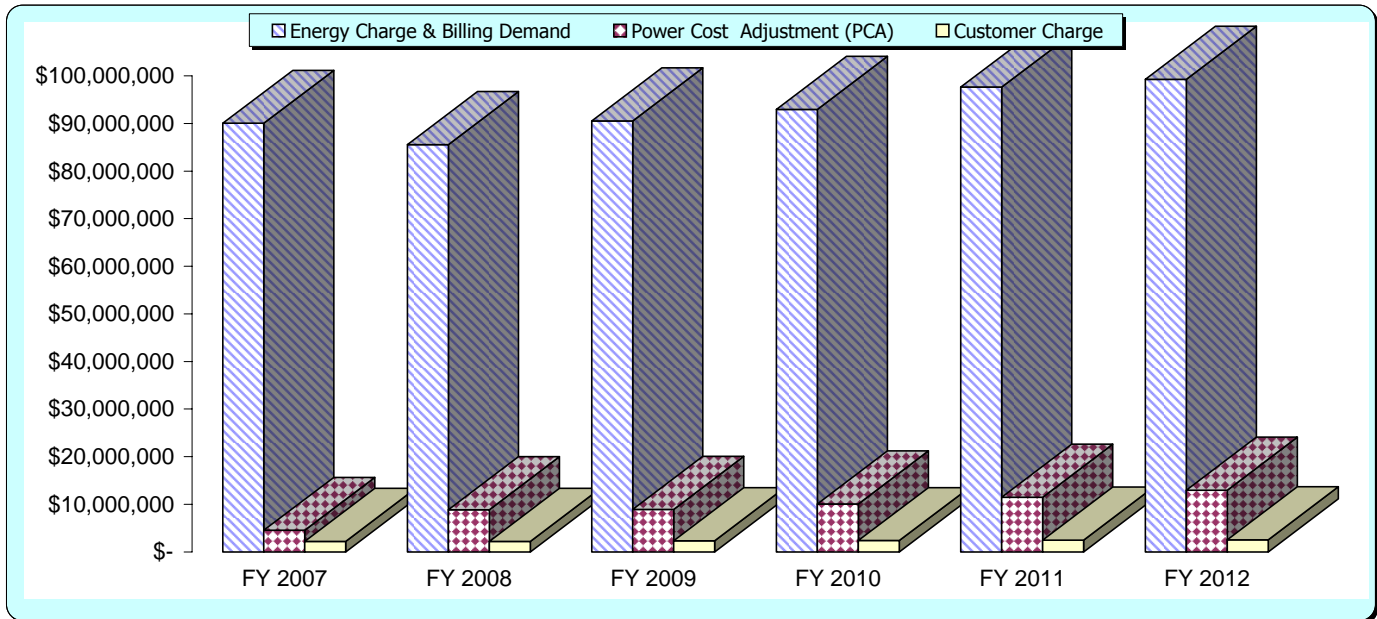
Revenue Control

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Number of Customers	29,731	29,976	30,220	30,469	30,713	30,959
Sales of Electricity - kWh	742,485,788	705,361,498	724,324,010	743,810,301	758,267,056	771,250,521
Increase compared to prior year projected	0.00%	-5.00%	2.69%	2.69%	1.94%	1.71%
Energy Charge & Billing Demand	\$ 90,039,967	\$ 85,585,792	\$ 90,525,134	\$ 92,949,487	\$ 97,629,827	\$ 99,285,345
Power Cost Adjustment (PCA)	4,514,181	8,846,184	8,905,907	10,073,871	11,452,495	12,937,023
Customer Charge	2,201,077	2,221,110	2,341,935	2,363,912	2,490,162	2,511,172
subtotal Electric Revenues	96,755,225	96,653,086	101,772,976	105,387,270	111,572,484	114,733,540
Gross Receipts Tax (GRT)	2,480,804	2,478,185	2,609,459	2,702,130	2,860,718	2,941,768
subtotal Operating Revenues	99,236,029	99,131,271	104,382,435	108,089,400	114,433,203	117,675,308
Other Operating Revenue	2,553,882	3,173,239	3,231,913	3,291,625	3,352,811	3,415,514
Non-Operating Revenue (Interest Income)	1,703,924	1,945,553	1,806,386	2,029,277	2,165,061	1,979,629
Non-Operating Revenue (Other)	837,120	4,734,704	1,214,234	2,541,534	2,613,159	2,692,123
Transfer from Rate Stabilization Fund	-	-	-	-	-	-
Total Revenues	\$ 104,330,954	\$ 108,984,766	\$ 110,634,967	\$ 115,951,837	\$ 122,564,234	\$ 125,762,575

Average annual change compared to prior year	1.9%	4.5%	1.5%	4.8%	5.7%	2.6%
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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

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Residential	24,057	24,245	24,424	24,595	24,806	25,020
Senior Citizens	268	270	272	274	276	278
Small Commercial	2,985	3,030	3,081	3,143	3,168	3,192
Recreation Lighting	4	4	4	4	4	4
Large Commercial	656	666	678	691	697	702
Large Commercial - Primary (1)	7	7	8	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>29,976</u>	<u>30,220</u>	<u>30,469</u>	<u>30,713</u>	<u>30,959</u>

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

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Residential	\$ 6.24	\$ 6.24	\$ 6.52	\$ 6.52	\$ 6.81	\$ 6.81
Senior Citizens	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Small Commercial	\$ 6.76	\$ 6.76	\$ 7.06	\$ 7.06	\$ 7.38	\$ 7.38
Recreation Lighting	\$ 14.28	\$ 14.28	\$ 14.92	\$ 14.92	\$ 15.59	\$ 15.59
Large Commercial	\$ 19.24	\$ 19.24	\$ 20.11	\$ 20.11	\$ 21.01	\$ 21.01
Large Commercial - Primary (1)	\$ 19.24	\$ 19.24	\$ 20.11	\$ 20.11	\$ 21.01	\$ 21.01
Military Service	\$ 19.24	\$ 19.24	\$ 20.11	\$ 20.11	\$ 21.01	\$ 21.01
Churches	\$ 19.24	\$ 19.24	\$ 20.11	\$ 20.11	\$ 21.01	\$ 21.01
Street Lighting	-	-	-	-	-	-
Area Lights	-	-	-	-	-	-

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Customer Charge Revenue

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Residential	\$ 1,801,379	\$ 1,815,429	\$ 1,910,928	\$ 1,924,305	\$ 2,027,180	\$ 2,044,614
Senior Citizens	-	-	-	-	-	-
Small Commercial	242,145	245,777	261,048	266,269	280,520	282,719
Recreation Lighting	691	691	722	722	754	754
Large Commercial	151,552	153,825	163,514	166,785	175,615	176,992
Large Commercial - Primary (1)	1,693	1,719	1,827	1,864	1,947	1,947
Military Service	231	231	241	241	252	252
Churches	3,387	3,437	3,654	3,727	3,894	3,894
Street Lighting	-	-	-	-	-	-
Area Lights	-	-	-	-	-	-
Total	<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>	<u>\$ 2,511,172</u>

Average annual change compared to prior year	4.0%	0.9%	5.4%	0.9%	5.3%	0.8%
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Energy Sales (kWh)

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Residential	331,658,975	315,076,026	323,740,617	332,643,484	339,296,353	345,234,040
Senior Citizens	2,230,890	2,119,345	2,177,627	2,237,512	2,282,262	2,322,202
Small Commercial	74,399,389	70,679,419	72,623,103	74,620,239	76,112,643	77,444,615
Recreation Lighting	216,913	206,067	209,158	212,295	215,480	219,251
Large Commercial	229,758,711	218,270,776	224,818,899	231,563,466	236,194,735	240,328,143
Large Commercial - Primary (1)	18,217,030	17,306,178	17,825,364	18,360,125	18,727,327	19,055,055
Military Service	81,133,267	77,076,604	78,232,753	79,406,244	80,597,338	81,806,298
Churches	506,129	480,823	488,035	495,356	505,263	505,263
Street Lighting	2,892,168	2,747,560	2,788,773	2,830,605	2,873,064	2,873,064
Area Lights	<u>1,472,316</u>	<u>1,398,700</u>	<u>1,419,681</u>	<u>1,440,976</u>	<u>1,462,591</u>	<u>1,462,591</u>
Total	<u>742,485,788</u>	<u>705,361,498</u>	<u>724,324,010</u>	<u>743,810,301</u>	<u>758,267,056</u>	<u>771,250,521</u>
Average annual change compared to prior year	0.00%	-5.00%	2.69%	2.69%	1.94%	1.71%

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Energy Charge per kWh

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Residential	\$ 0.1231	\$ 0.1231	\$ 0.1268	\$ 0.1268	\$ 0.1307	0.1307
Senior Citizens	\$ 0.1231	\$ 0.1231	\$ 0.1268	\$ 0.1268	\$ 0.1307	0.1307
Small Commercial	\$ 0.1278	\$ 0.1278	\$ 0.1317	\$ 0.1317	\$ 0.1359	0.1359
Recreation Lighting	\$ 0.1486	\$ 0.1486	\$ 0.1535	\$ 0.1535	\$ 0.1586	0.1586
Large Commercial	\$ 0.1029	\$ 0.1029	\$ 0.1058	\$ 0.1058	\$ 0.1087	0.1087
Large Commercial - Primary (1)	\$ 0.1022	\$ 0.1022	\$ 0.1050	\$ 0.1050	\$ 0.1079	0.1079
Military Service	\$ 0.1022	\$ 0.1022	\$ 0.1050	\$ 0.1050	\$ 0.1079	0.1079
Churches	\$ 0.1231	\$ 0.1231	\$ 0.1268	\$ 0.1268	\$ 0.1307	0.1307
Street Lighting	\$ 0.1321	\$ 0.1321	\$ 0.1363	\$ 0.1363	\$ 0.1406	0.1406
Area Lights	\$ 0.1735	\$ 0.1735	\$ 0.1795	\$ 0.1795	\$ 0.1856	0.1856
Power Cost Adjustment	\$ 0.0061	\$ 0.0125	\$ 0.0123	\$ 0.0135	\$ 0.0151	\$ 0.0168
Power Cost in Base	\$ 0.0800	\$ 0.0800	\$ 0.0800	\$ 0.0800	\$ 0.0800	\$ 0.0800

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Energy Charge Revenue

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Residential	\$ 40,825,893	\$ 38,784,599	\$ 41,050,310	\$ 42,179,194	\$ 44,346,033	\$ 45,122,089
Senior Citizens	274,614	260,883	276,123	283,717	\$ 298,292	303,512
Small Commercial	9,506,456	9,031,133	9,564,463	9,827,485	\$ 10,343,708	10,524,723
Recreation Lighting	32,228	30,617	32,106	32,587	\$ 34,175	34,773
Large Commercial	23,646,767	22,464,428	23,785,840	24,499,415	\$ 25,674,368	26,123,669
Large Commercial - Primary (1)	1,861,635	1,768,553	1,871,663	1,927,813	\$ 2,020,679	2,056,040
Military Service	8,291,171	7,876,612	8,214,439	8,337,656	\$ 8,696,453	8,826,900
Churches	62,303	59,187	61,883	62,811	\$ 66,038	66,038
Street Lighting	382,183	363,074	380,110	385,811	\$ 403,953	403,953
Area Lights	255,500	242,725	254,833	258,655	\$ 271,457	271,457
Total	\$ 85,138,748	\$ 80,881,811	\$ 85,491,769	\$ 87,795,144	\$ 92,155,155	\$ 93,733,154

Average annual change compared to prior year	59.7%	-5.0%	5.7%	2.7%	5.0%	1.7%
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Billing Demand (kW)

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Residential	-	-	-	-	-	-
Senior Citizens	-	-	-	-	-	-
Small Commercial	-	-	-	-	-	-
Recreation Lighting	-	-	-	-	-	-
Large Commercial	543,271	516,107	531,590	547,538	558,489	568,262
Large Commercial - Primary (1)	46,419	44,098	45,421	46,784	47,720	48,555
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>743,305</u>	<u>713,820</u>	<u>730,626</u>	<u>747,937</u>	<u>759,823</u>	<u>770,432</u>

Average annual change compared to prior year	0.0%	-4.0%	2.4%	2.4%	1.6%	1.4%
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Billing Demand per kW

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Senior Citizens	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Small Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recreation Lighting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Large Commercial	\$ 6.71	\$ 6.71	\$ 7.01	\$ 7.01	\$ 7.33	\$ 7.33
Large Commercial - Primary (1)	\$ 6.45	\$ 6.45	\$ 6.74	\$ 6.74	\$ 7.04	\$ 7.04
Military Service	\$ 6.48	\$ 6.48	\$ 6.78	\$ 6.78	\$ 7.08	\$ 7.08
Churches	\$ 1.87	\$ 1.87	\$ 1.96	\$ 1.96	\$ 2.04	\$ 2.04
Street Lighting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Area Lights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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Billing Demand Revenue

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Senior Citizens	-	-	-	-	-	-
Small Commercial	-	-	-	-	-	-
Recreation Lighting	-	-	-	-	-	-
Large Commercial	3,645,347	3,463,079	3,726,449	3,838,242	4,093,724	4,165,364
Large Commercial - Primary (1)	299,405	284,435	306,140	315,325	335,947	341,826
Military Service	940,665	940,665	984,214	984,214	1,027,763	1,027,763
Churches	15,802	15,802	16,563	16,563	17,239	17,239
Street Lighting	-	-	-	-	-	-
Area Lights	-	-	-	-	-	-
Total	<u>\$ 4,901,219</u>	<u>\$ 4,703,981</u>	<u>\$ 5,033,366</u>	<u>\$ 5,154,343</u>	<u>\$ 5,474,672</u>	<u>\$ 5,552,191</u>

Average annual change compared to prior year	4.8%	-4.0%	7.0%	2.4%	6.2%	1.4%
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(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

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Residential	\$ 40,825,893	\$ 38,784,599	\$ 41,050,310	\$ 42,179,194	\$ 44,346,033	\$ 45,122,089
Senior Citizens	274,614	260,883	276,123	283,717	298,292	303,512
Small Commercial	9,506,456	9,031,133	9,564,463	9,827,485	10,343,708	10,524,723
Recreation Lighting	32,228	30,617	32,106	32,587	34,175	34,773
Large Commercial	27,292,113	25,927,508	27,512,288	28,337,657	29,768,091	30,289,033
Large Commercial - Primary (1)	2,161,040	2,052,988	2,177,804	2,243,138	2,356,626	2,397,867
Military Service	9,231,835	8,817,277	9,198,653	9,321,870	9,724,216	9,854,663
Churches	78,105	74,989	78,445	79,374	83,276	83,276
Street Lighting	382,183	363,074	380,110	385,811	403,953	403,953
Area Lights	255,500	242,725	254,833	258,655	271,457	271,457
Total	<u>\$ 90,039,967</u>	<u>\$ 85,585,792</u>	<u>\$ 90,525,134</u>	<u>\$ 92,949,487</u>	<u>\$ 97,629,827</u>	<u>\$ 99,285,345</u>

Average annual change compared to prior year	55.3%	-4.9%	5.8%	2.7%	5.0%	1.7%
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(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

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Residential	\$ 0.0061	\$ 0.0125	\$ 0.0123	\$ 0.0135	\$ 0.0151	\$ 0.0168
Senior Citizens	\$ 0.0061	\$ 0.0125	\$ 0.0123	\$ 0.0135	\$ 0.0151	\$ 0.0168
Small Commercial	\$ 0.0061	\$ 0.0125	\$ 0.0123	\$ 0.0135	\$ 0.0151	\$ 0.0168
Recreation Lighting	\$ 0.0061	\$ 0.0125	\$ 0.0123	\$ 0.0135	\$ 0.0151	\$ 0.0168
Large Commercial	\$ 0.0061	\$ 0.0125	\$ 0.0123	\$ 0.0135	\$ 0.0151	\$ 0.0168
Large Commercial - Primary (1)	\$ 0.0061	\$ 0.0125	\$ 0.0123	\$ 0.0135	\$ 0.0151	\$ 0.0168
Military Service	\$ 0.0061	\$ 0.0125	\$ 0.0123	\$ 0.0135	\$ 0.0151	\$ 0.0168
Churches	\$ 0.0061	\$ 0.0125	\$ 0.0123	\$ 0.0135	\$ 0.0151	\$ 0.0168
Street Lighting	\$ 0.0061	\$ 0.0125	\$ 0.0123	\$ 0.0135	\$ 0.0151	\$ 0.0168
Area Lights	\$ 0.0061	\$ 0.0125	\$ 0.0123	\$ 0.0135	\$ 0.0151	\$ 0.0168
Average annual change compared to prior year	-78.4%	106.3%	-2.0%	10.2%	11.5%	11.1%

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Power Cost Adjustment Revenue

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Residential	\$ 2,016,427	\$ 3,951,478	\$ 3,980,544	\$ 4,505,191	\$ 5,124,566	\$ 5,790,986
Senior Citizens	13,563	26,579	26,775	30,304	34,470	38,953
Small Commercial	452,335	886,415	892,935	1,010,627	1,149,568	1,299,063
Recreation Lighting	1,319	2,584	2,572	2,875	3,255	3,678
Large Commercial	1,396,892	2,737,410	2,764,255	3,136,204	3,567,370	4,031,285
Large Commercial - Primary (1)	110,756	217,043	219,171	248,662	282,848	319,631
Military Service	493,276	966,645	961,909	1,075,447	1,217,303	1,372,226
Churches	3,077	6,030	6,001	6,709	7,631	8,475
Street Lighting	17,584	34,458	34,289	38,337	43,393	48,193
Area Lights	8,951	17,542	17,456	19,516	22,090	24,534
Total	<u>\$ 4,514,181</u>	<u>\$ 8,846,184</u>	<u>\$ 8,905,907</u>	<u>\$ 10,073,871</u>	<u>\$ 11,452,495</u>	<u>\$ 12,937,023</u>

Average annual change
compared to prior year

-86.5%

96.0%

0.7%

13.1%

13.7%

13.0%

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Gross Receipts Tax (GRT) Charged

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Billing Demand Revenue	\$ 4,901,219	\$ 4,703,981	\$ 5,033,366	\$ 5,154,343	\$ 5,474,672	\$ 5,552,191
Energy Charge	85,138,748	80,881,811	85,491,769	87,795,144	92,155,155	93,733,154
Power Cost Adjustment	4,514,181	8,846,184	8,905,907	10,073,871	11,452,495	12,937,023
Customer Charges	<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>	<u>2,511,172</u>
subtotal	<u>96,755,225</u>	<u>96,653,086</u>	<u>101,772,976</u>	<u>105,387,270</u>	<u>111,572,484</u>	<u>114,733,540</u>
Effective Tax Rate	<u>2.56%</u>	<u>2.56%</u>	<u>2.56%</u>	<u>2.56%</u>	<u>2.56%</u>	<u>2.56%</u>
Gross Receipts Tax	<u>\$ 2,480,804</u>	<u>\$ 2,478,185</u>	<u>\$ 2,609,459</u>	<u>\$ 2,702,130</u>	<u>\$ 2,860,718</u>	<u>\$ 2,941,768</u>

Average annual change compared to prior year	3.5%	-0.1%	5.3%	3.6%	5.9%	2.8%
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Other Operating Revenue

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
FMPA Reserve Capacity Credit (1)	\$ 1,066,000	\$ 1,066,000	\$ 1,066,000	\$ 1,066,000	\$ 1,066,000	\$ 1,066,000
FMPA Diesel Variable O&M (2)	45,000	45,000	45,000	45,000	45,000	45,000
FMPA Start up Credits (3)	145,000	145,000	145,000	145,000	145,000	145,000
FKEC Reserve Capacity Charges (4)	432,000	432,000	432,000	432,000	432,000	432,000
FMPA Shared Costs - Security Guard	70,000	72,000	73,080	74,176	75,289	76,418
FMPA Payroll Reimbursement		430,000	447,200	465,088	483,692	503,039
Meter Tampering	3,045	8,000	8,120	8,242	8,365	8,491
Penalty Charges	480,000	606,000	615,090	624,316	633,681	643,186
Service Charges	200,000	220,000	223,300	226,650	230,049	233,500
Temporary Disconnects	32,500	40,000	41,000	41,615	42,239	42,873
Initial Permanent Service Charge	55,825	56,662	57,512	58,375	59,251	60,139
Trouble Calls	5,075	6,500	6,598	6,696	6,797	6,899
NSF Check Charge	9,135	10,500	10,658	10,817	10,980	11,144
Line Extension Fees	10,302	10,457	10,613	10,773	10,934	11,098
Total	<u>\$ 2,553,882</u>	<u>\$ 3,148,119</u>	<u>\$ 3,181,171</u>	<u>\$ 3,214,748</u>	<u>\$ 3,249,277</u>	<u>\$ 3,284,788</u>

Average annual change compared to
prior year

-18.5% 23.3% 1.0% 1.1% 1.1% 1.1%

Inflation Rate

2.0% 2.0% 2.0% 2.0% 2.0% 2.0%

(1) Florida Municipal Power Agency (FMPA) capacity credits are included in a contractual agreement for providing capacity from KEYS owned generation. The calculation varies depending upon the type of unit.

(2) FMPA diesel variable operation & maintenance (O&M) credits are included in a contractual agreement with FMPA in return for maintaining FMPA's generation located in KEYS service area. The calculation varies depending upon the type of generating unit

(3) FMPA start-ups credits are included in a contractual agreement with FMPA in return for starting KEYS owned generation when requested to do so. The calculation varies depending on the type of generating 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.

Interest Income

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenue Fund	\$ 663,000	\$ 650,000	\$ 585,000	\$ 585,000	\$ 585,000	\$ 585,000
Bond Sinking Fund	177,351	196,976	181,165	369,990	388,615	397,735
Debt Service Reserve Fund	169,909	185,355	185,355	185,355	185,355	185,355
Capital Improvement Fund	7,528	7,320	6,534	6,480	6,426	6,372
Customer Deposits Fund	202,109	197,191	176,595	175,700	174,788	173,858
Emergency Reserve Fund	102,000	100,000	90,000	90,000	90,000	90,000
Operating Reserve Fund	208,091	287,011	294,310	322,435	343,810	344,935
Rate Stabilization Fund	163,347	195,144	207,130	207,130	207,130	207,130
Renewal & Replacement Fund	10,590	126,556	80,297	87,188	183,938	174,600
Total	<u>\$ 1,703,924</u>	<u>\$ 1,945,553</u>	<u>\$ 1,806,386</u>	<u>\$ 2,029,277</u>	<u>\$ 2,165,061</u>	<u>\$2,164,985</u>

Average annual change
compared to prior year

169.2% 14.2% -7.2% 12.3% 6.7% 0.0%

Interest Rate

5.1% 5.0% 4.5% 4.5% 4.5% 4.5%

Non-Operating Revenue

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Joint Tree Trimming Project	\$ 137,918	\$ 140,676	\$ 143,490	\$ 146,360	\$ 149,287	\$ 152,273
Bellsouth Pole Rental	184,196	193,406	203,076	213,230	223,892	235,086
Comcast Pole Rental	150,150	157,658	165,540	173,817	182,508	191,634
Stock Island Rental [Front Street]	41,200	42,436	43,709	45,020	46,371	47,762
FKEC Pole Attachment Rental	22,660	23,340	24,040	24,761	25,504	26,269
Cingular Smokestack Rental	44,651	46,884	49,228	51,689	54,274	56,988
CT 2, 3, & 4	135,606	360,000	378,000	396,900	416,745	437,582
USCG Smokestack Rental	6,242	6,429	6,622	4,547		
Key West Steam Plant Contribution	-	550,000	100,000	102,000	104,040	106,121
Key West Steam Plant Contribution - excess sales price	-	1,177,000	-	-	-	-
Other Revenue	81,285	65,000	65,975	66,965	67,969	68,989
EPA Refunds and/or SO2 Emission Credit Auction and Sale Proceeds	33,211	33,875	34,553	1,316,244	1,342,569	1,369,420
Sale of Cudjoe Key Property		1,938,000				
Total	<u>\$ 837,120</u>	<u>\$ 4,734,704</u>	<u>\$ 1,214,234</u>	<u>\$ 2,541,534</u>	<u>\$ 2,613,159</u>	<u>\$ 2,692,123</u>

Average annual change compared to prior year	1.3%	465.6%	-74.4%	109.3%	2.8%	3.0%
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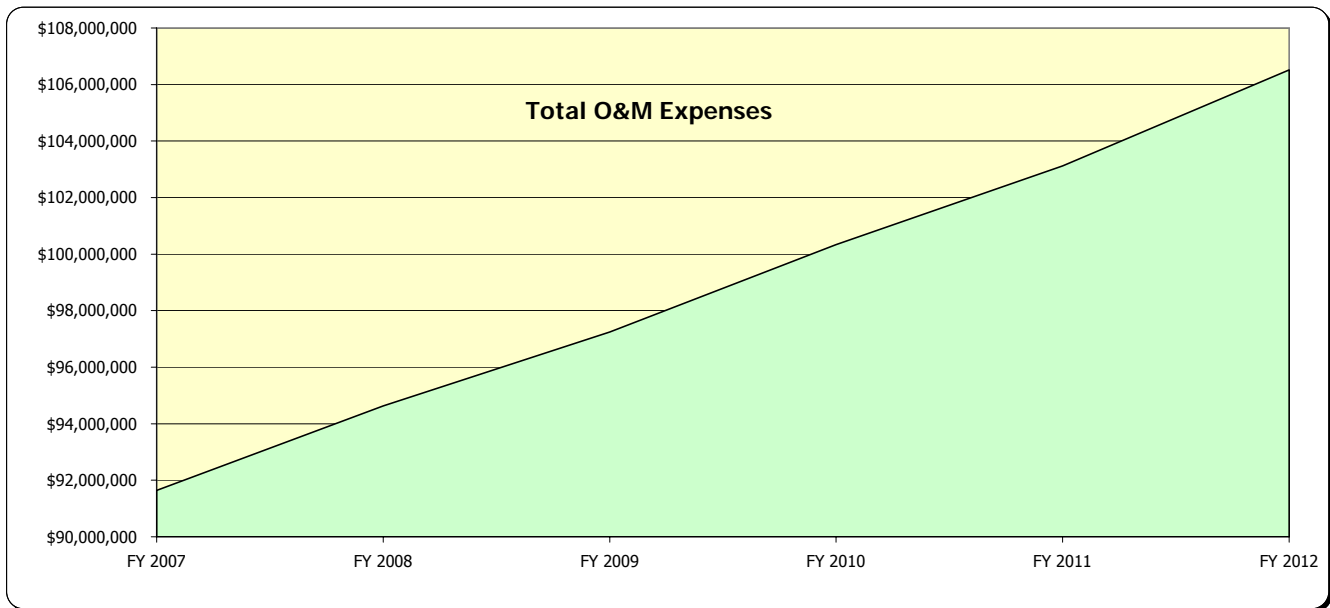
Inflation Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
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Operations & Maintenance Expenses

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Total Purchased Power Costs	\$ 63,481,044	\$ 64,843,104	\$ 66,419,828	\$ 69,146,695	\$ 71,681,859	\$74,205,065
Total Other Power Supply	1,315,511	1,499,640	1,665,673	1,438,689	1,329,128	1,316,797
Total Transmission Expense	4,098,145	4,008,044	4,177,898	4,129,219	4,207,554	4,266,959
Total Distribution Expense	4,053,000	4,487,465	4,678,089	4,607,657	4,654,675	4,792,152
Total Customer Expense	1,460,025	1,530,354	1,563,003	1,611,392	1,661,706	1,713,836
Total A&G and Tax Expense	<u>17,231,877</u>	<u>18,263,131</u>	<u>18,739,279</u>	<u>19,398,805</u>	<u>19,580,201</u>	<u>20,222,581</u>
Total O & M expenses	<u>\$ 91,639,601</u>	<u>\$ 94,631,738</u>	<u>\$ 97,243,768</u>	<u>\$ 100,332,457</u>	<u>\$ 103,115,123</u>	<u>\$ 106,517,390</u>

Add:						
Capacity Reservation Revenue	432,000	432,000	432,000	432,000	432,000	432,000
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grand Total O & M expenses	<u>\$ 92,071,601</u>	<u>\$ 95,063,738</u>	<u>\$ 97,675,768</u>	<u>\$ 100,764,457</u>	<u>\$ 103,547,123</u>	<u>\$ 106,949,390</u>

Average annual change compared to prior year	2.8%	3.2%	2.7%	3.2%	2.8%	3.3%
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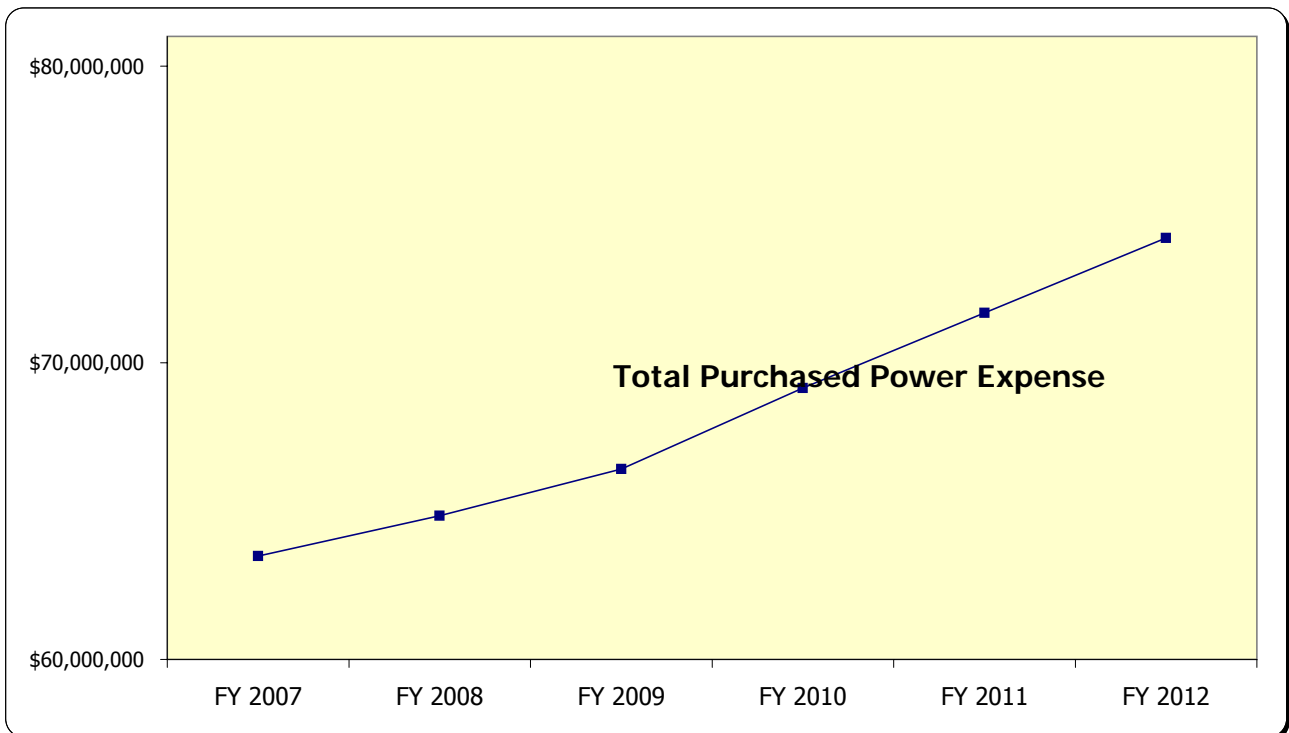


Purchased Power in Power Cost Adjustment

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
FMPA - Current Charges						
Customer Charge-Per Delivery Pt.	\$ 16,140	\$ 16,140	\$ 16,140	\$ 16,140	\$16,140	\$16,140
Demand Charge - Capacity	20,178,715	21,003,218	22,558,462	23,637,068	24,808,994	26,039,024
Energy Charge	43,962,425	44,483,282	44,510,879	46,165,426	47,533,328	48,830,692
Load Retention Credit	(244,236)	(227,536)	(233,653)	(239,939)	(244,602)	(248,790)
Total Purchased Power Costs	63,913,044	65,275,104	66,851,828	69,578,695	72,113,859	74,637,065
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	\$ 63,481,044	\$ 64,843,104	\$ 66,419,828	\$ 69,146,695	\$ 71,681,859	\$ 74,205,065

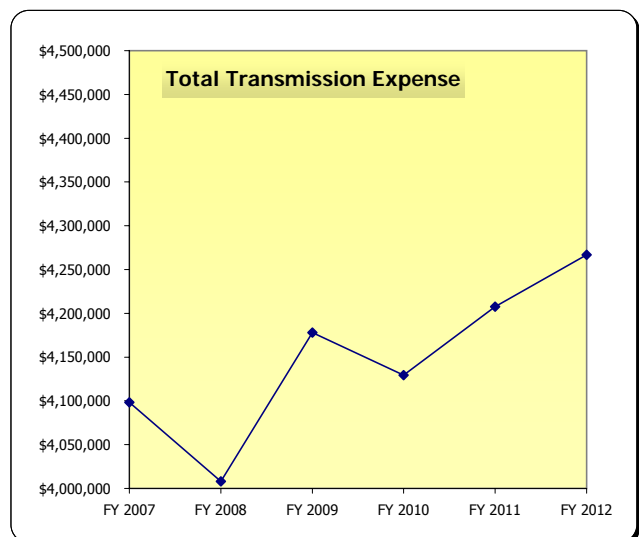
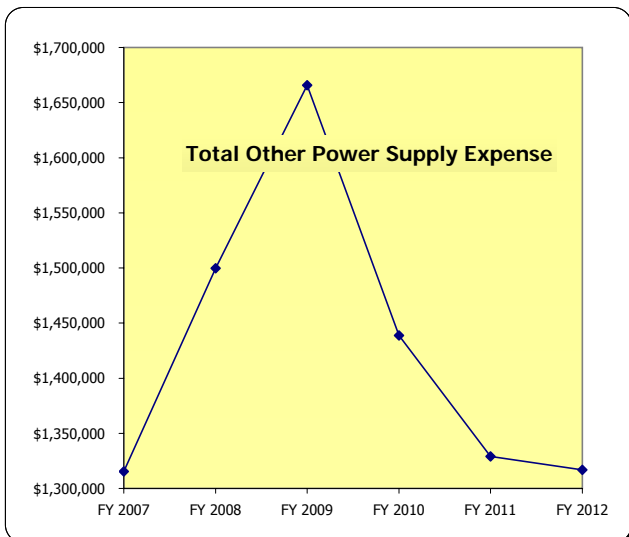
Average annual change compared to prior year	0.6%	2.1%	2.4%	4.1%	3.7%	3.5%
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Purchased Power in Power Cost Adjustment (PCA) includes the cost of electricity purchased from Florida Municipal Power Authority (FMPA) for resale at the Marathon point of delivery.



Other Power Supply and Transmission Expense

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Other Power Supply						
Supervision and Engineering	\$ 171,703	\$ 122,142	\$ 127,638	\$ 132,744	\$ 138,054	\$ 143,576
Fuel Costs	-	-	-	-	-	-
Other Supplies and Expenses	-	-	-	-	-	-
Operation Supplies and Expenses	<u>35,000</u>	<u>55,700</u>	<u>56,814</u>	<u>57,950</u>	<u>59,109</u>	<u>60,291</u>
Total Diesel Operation Expense	206,703	177,842	184,452	190,694	197,163	203,867
Maintenance Supervision and Engineering	863,560	1,116,425	1,057,764	1,041,996	1,023,354	1,001,636
Maintenance of Plant	<u>245,247</u>	<u>205,373</u>	<u>423,456</u>	<u>205,998</u>	<u>108,610</u>	<u>111,294</u>
Total Diesel Maintenance Expense (1)	1,108,807	1,321,798	1,481,220	1,247,994	1,131,965	1,112,930
Total Other Power Supply Expense	<u>\$ 1,315,511</u>	<u>\$ 1,499,640</u>	<u>\$ 1,665,673</u>	<u>\$1,438,689</u>	<u>\$1,329,128</u>	<u>\$1,316,797</u>
Average annual change compared to prior year	15.6%	14.0%	11.1%	-13.6%	-7.6%	-0.9%
Transmission						
FMPA - Transmission	\$ 2,509,377	\$ 2,342,366	\$ 2,399,836	\$ 2,465,276	\$ 2,536,769	\$ 2,610,335
FMPA - True-ups Transmission	-	-	-	-	-	-
FKEC - Transmission	<u>650,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>
Total Transmission	3,159,377	3,042,366	3,099,836	3,165,276	3,236,769	3,310,335
System Control and Dispatch	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supervision and Engineering	372,905	461,047	481,795	501,066	521,109	541,953
Supplies and Expenses	5,744	-	-	-	-	0
Operation of Synchronous Condenser	<u>283,866</u>	<u>326,766</u>	<u>265,845</u>	<u>329,846</u>	<u>313,985</u>	<u>276,265</u>
Total Transmission Operation Expense	662,515	787,813	747,639	830,912	835,094	818,218
Maintenance of Synchronous Condenser	190,264	69,715	220,109	20,511	20,921	21,340
Maintenance of Transmission Plant	<u>85,989</u>	<u>108,150</u>	<u>110,313</u>	<u>112,519</u>	<u>114,770</u>	<u>117,065</u>
Total Transmission Maintenance Expense	276,253	177,865	330,422	133,030	135,691	138,405
Total Transmission Expense	<u>\$ 4,098,145</u>	<u>\$ 4,008,044</u>	<u>\$ 4,177,898</u>	<u>\$4,129,219</u>	<u>\$4,207,554</u>	<u>\$4,266,959</u>
Average annual change compared to prior year	13.3%	-2.2%	4.2%	-1.2%	1.9%	1.4%
(1): Includes Combustion Turbines (CT's)						



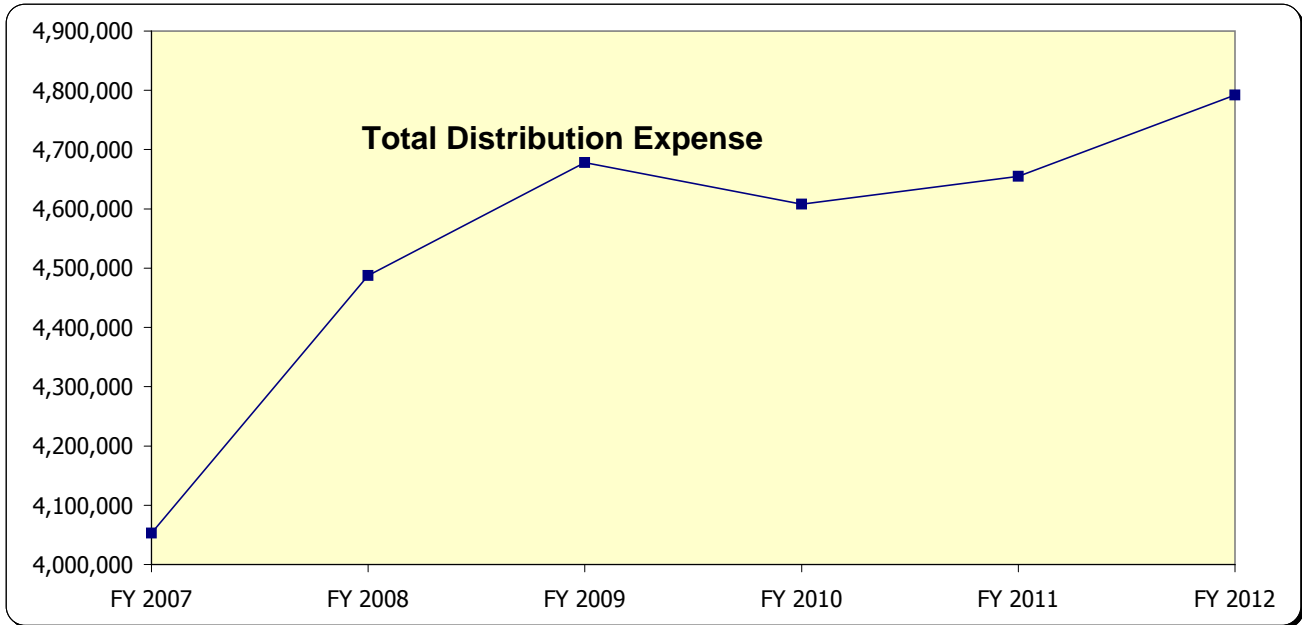
Distribution Expense

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Distribution Expenses (Operation):						
Operation Supervision and Engr	\$ 888,266	\$ 816,639	\$ 853,388	\$ 887,524	\$ 843,025	\$876,746
Line and Station	239,205	227,952	235,117	241,998	249,103	256,441
Street Lighting and Signal System	66,627	173,664	176,117	178,619	181,172	183,775
Meter	121,724	124,452	128,395	133,458	138,722	144,196
Miscellaneous Distribution	267,480	334,985	350,034	364,014	378,552	393,672
Total Distribution Operations Expense	1,583,302	1,677,692	1,743,051	1,805,612	1,790,574	1,854,830
Distribution Expenses (Maintenance):						
Maint. Of Structures and Equipment	511,613	725,326	685,689	726,721	730,501	773,056
Maintenance of Lines	1,656,585	1,825,760	2,056,786	1,874,751	1,974,748	1,996,852
Maintenance of Line Transformers	17,830	17,850	18,616	19,327	20,067	20,837
Maintenance of St. Lights/Signals	155,953	7,797	8,148	8,474	8,813	9,165
Maintenance of Meters	67,869	69,301	(4,247)	(2,777)	(51,276)	(49,742)
Maintenance of Misc Distribution Equip	59,848	163,738	170,046	175,549	181,248	187,153
Total Distribution Maintenance Expense	2,469,698	2,809,773	2,935,038	2,802,045	2,864,101	2,937,322
Total Distribution Expense	\$ 4,053,000	\$ 4,487,465	\$ 4,678,089	\$ 4,607,657	\$ 4,654,675	\$ 4,792,152

Average annual change compared to prior year	2.8%	10.7%	4.2%	-1.5%	1.0%	3.0%
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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.

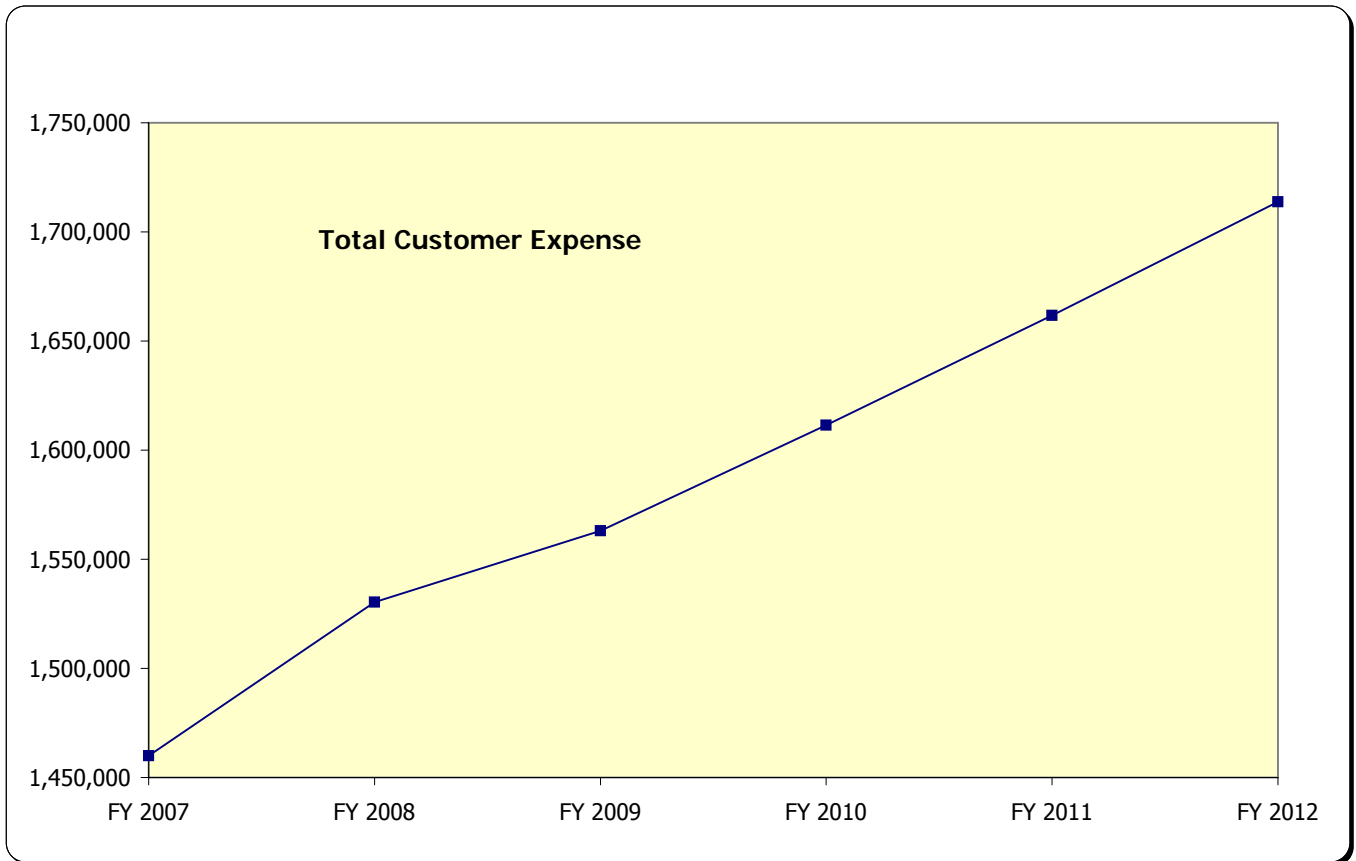


Customer Expense

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Customer Accounts Expenses:						
Customer Deposit Interest Expense	\$ 157,752	\$ 176,595	\$ 156,178	\$ 155,367	\$ 154,540	\$153,697
Meter Reading	324,620	336,763	351,854	365,877	380,459	395,624
Customer Records and Collection	811,152	848,137	885,463	919,981	955,866	992,988
Uncollectible Accounts	121,500	121,500	121,500	121,500	121,500	121,500
Total Customer Accounts Expense	1,415,025	1,482,994	1,514,996	1,562,725	1,612,365	1,663,809
Customer Service & Informational Exp	45,000	47,360	48,007	48,667	49,341	50,028
Total Customer Expense	<u>\$ 1,460,025</u>	<u>\$ 1,530,354</u>	<u>\$ 1,563,003</u>	<u>\$ 1,611,392</u>	<u>\$1,661,706</u>	<u>\$1,713,836</u>

Average annual change compared to prior year

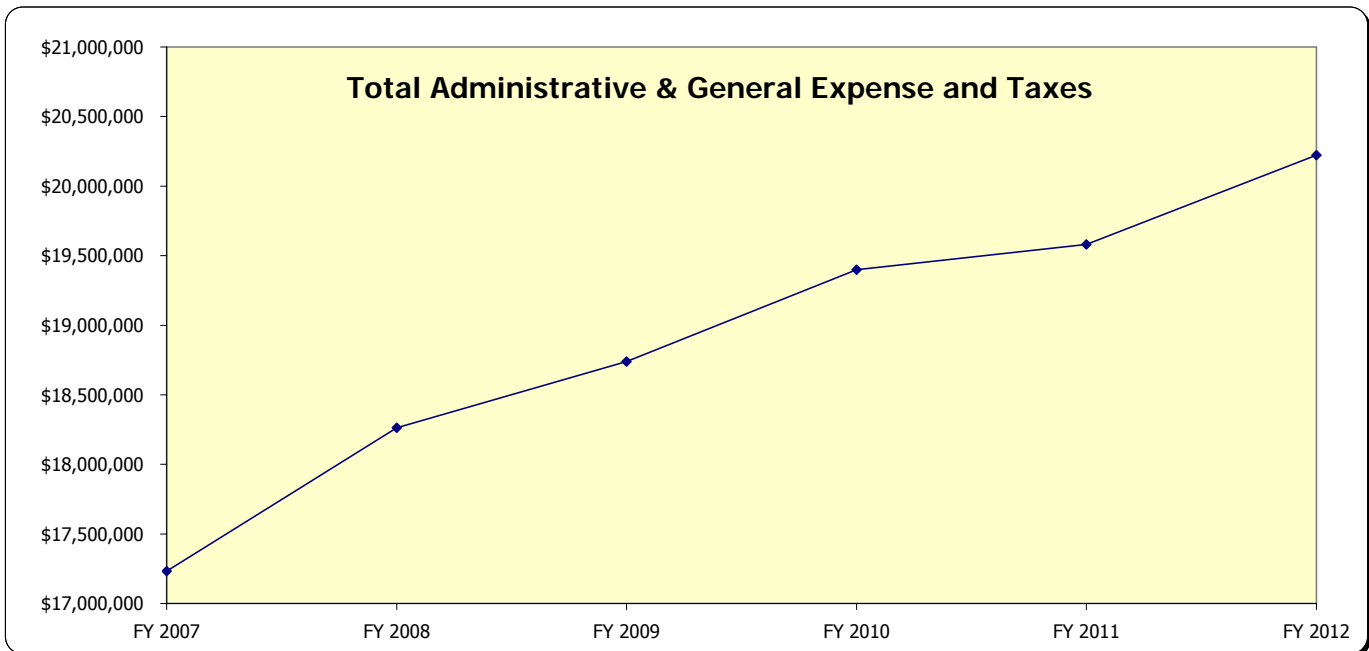
21.5% 4.8% 2.1% 3.1% 3.1% 3.1%



Administrative & General Expense and Taxes

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Admin & Genl Expense - (Operation)						
Administrative and General Salaries	\$ 2,288,959	\$ 2,396,966	\$ 2,503,255	\$ 2,602,310	\$ 2,635,454	\$ 2,739,803
Office Supplies and Expenses	825,465	917,775	936,497	859,603	756,249	771,774
Outside Services Employed	1,751,032	2,005,001	2,033,786	2,177,840	2,071,333	2,202,455
Property Insurance	1,064,000	948,921	994,406	1,042,103	1,092,121	1,144,572
Injuries and Damages	581,010	746,748	769,585	793,132	817,410	842,443
Employee Benefits	4,413,250	4,693,264	4,806,002	4,957,425	5,092,770	5,276,029
Pension Contribution	2,568,875	2,747,135	2,716,554	2,720,818	2,668,338	2,671,052
General Advertising	170,560	192,557	196,408	200,337	204,343	208,430
Miscellaneous	7,000	7,140	7,283	7,428	7,577	7,729
Rents	46,900	47,838	48,795	49,771	50,766	51,781
Transportation	550,839	542,474	556,123	704,144	719,928	739,300
Total Admin & Genl Operations Expense	14,267,890	15,245,820	15,568,694	16,114,910	16,116,288	16,655,368
Admin & Genl Exp (Maintenance)	<u>377,722</u>	<u>426,639</u>	<u>443,577</u>	<u>459,475</u>	<u>475,972</u>	<u>493,092</u>
Total Admin & Genl Exp	<u>14,645,613</u>	<u>15,672,459</u>	<u>16,012,271</u>	<u>16,574,385</u>	<u>16,592,260</u>	<u>17,148,460</u>
Gross Receipts Taxes	2,480,804	2,478,185	2,609,459	2,702,130	2,860,718	2,941,768
Employer FICA Taxes	<u>105,461</u>	<u>112,487</u>	<u>117,549</u>	<u>122,290</u>	<u>127,222</u>	<u>132,353</u>
Total Taxes	<u>2,586,265</u>	<u>2,590,672</u>	<u>2,727,008</u>	<u>2,824,419</u>	<u>2,987,940</u>	<u>3,074,121</u>
Total Admin & Genl Expense	<u>\$ 17,231,877</u>	<u>\$ 18,263,131</u>	<u>\$ 18,739,279</u>	<u>\$ 19,398,805</u>	<u>\$ 19,580,201</u>	<u>\$ 20,222,581</u>

Average annual change compared to prior year	6.9%	6.0%	2.6%	3.5%	0.9%	3.3%
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Payment to the City of Key West, Florida

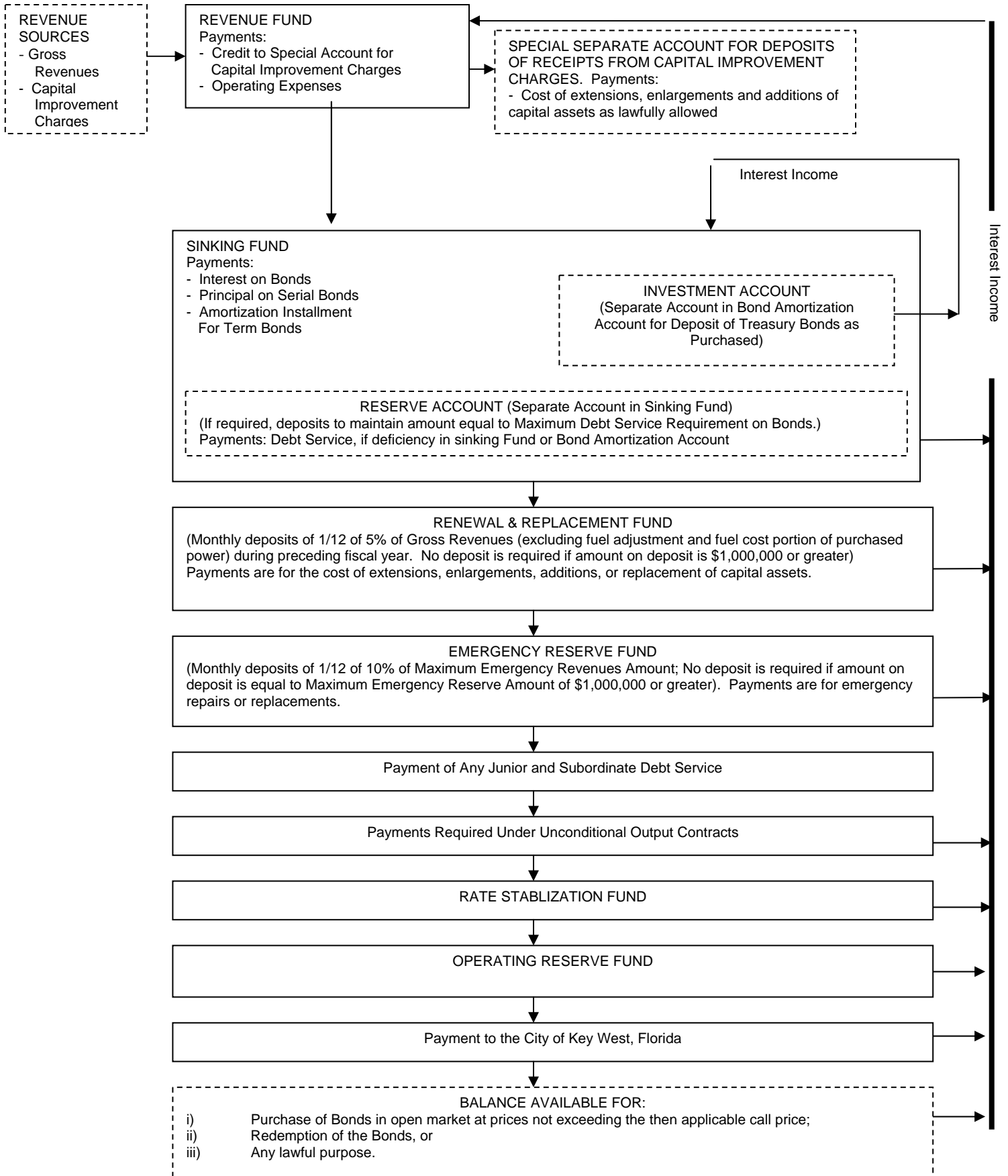
	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues						
Energy and Demand	\$ 90,039,967	\$ 85,585,792	\$ 90,525,134	\$ 92,949,487	\$ 97,629,827	\$ 99,285,345
Power Cost Adjustment (PCA)	4,514,181	8,846,184	8,905,907	10,073,871	11,452,495	12,937,023
Customer Charge	<u>2,201,077</u>	<u>2,221,110</u>	<u>2,341,935</u>	<u>2,363,912</u>	<u>2,490,162</u>	<u>2,511,172</u>
subtotal Electric Revenues	96,755,225	96,653,086	101,772,976	105,387,270	111,572,484	114,733,540
Gross Receipts Tax	<u>2,480,804</u>	<u>2,478,185</u>	<u>2,609,459</u>	<u>2,702,130</u>	<u>2,860,718</u>	<u>2,941,768</u>
subtotal Operating Revenues	99,236,029	99,131,271	104,382,435	108,089,400	114,433,203	117,675,308
Other Operating Revenue	<u>2,553,882</u>	<u>3,173,239</u>	<u>3,231,913</u>	<u>3,291,625</u>	<u>3,352,811</u>	<u>3,415,514</u>
Gross Revenue from Sales of electricity	101,789,911	102,304,510	107,614,348	111,381,026	117,786,014	121,090,822
Sales of Electricity (kWh)	742,485,788	705,361,498	724,324,010	743,810,301	758,267,056	771,250,521
Power Cost Rate in the Base Rate	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
Total Power Cost in Base Electric Revenues	59,398,863	56,428,920	57,945,921	59,504,824	60,661,365	61,700,042
Power Cost Adjustment Revenue	4,514,181	8,846,184	8,905,907	10,073,871	11,452,495	12,937,023
Total Power Cost in Operating Revenues	<u>63,913,044</u>	<u>65,275,104</u>	<u>66,851,828</u>	<u>69,578,695</u>	<u>72,113,859</u>	<u>74,637,065</u>
Non-Power Related Revenues from Electricity	37,876,867	37,029,406	40,762,520	41,802,330	45,672,155	46,453,757
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>378,769</u>	<u>370,294</u>	<u>407,625</u>	<u>418,023</u>	<u>456,722</u>	<u>464,538</u>
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>
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>266,915</u>	<u>269,665</u>	<u>272,442</u>	<u>275,248</u>	<u>278,083</u>	<u>280,948</u>
Difference	<u>111,853</u>	<u>100,629</u>	<u>135,183</u>	<u>142,775</u>	<u>178,638</u>	<u>183,590</u>
Payment to the City of Key West	\$ <u>378,769</u>	\$ <u>370,294</u>	\$ <u>407,625</u>	\$ <u>418,023</u>	\$ <u>456,722</u>	\$ <u>464,538</u>
Increase (decrease) verses prior year	<u>6.75%</u>	<u>-2.24%</u>	<u>10.08%</u>	<u>2.55%</u>	<u>9.26%</u>	<u>1.71%</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>364,417</u>	\$ <u>371,705</u>	\$ <u>379,139</u>	\$ <u>386,722</u>	\$ <u>394,457</u>	\$ <u>402,346</u>
Total to the City of Key West, FL	\$ <u>743,186</u>	\$ <u>741,999</u>	\$ <u>786,765</u>	\$ <u>804,746</u>	\$ <u>851,178</u>	\$ <u>866,883</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.

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.

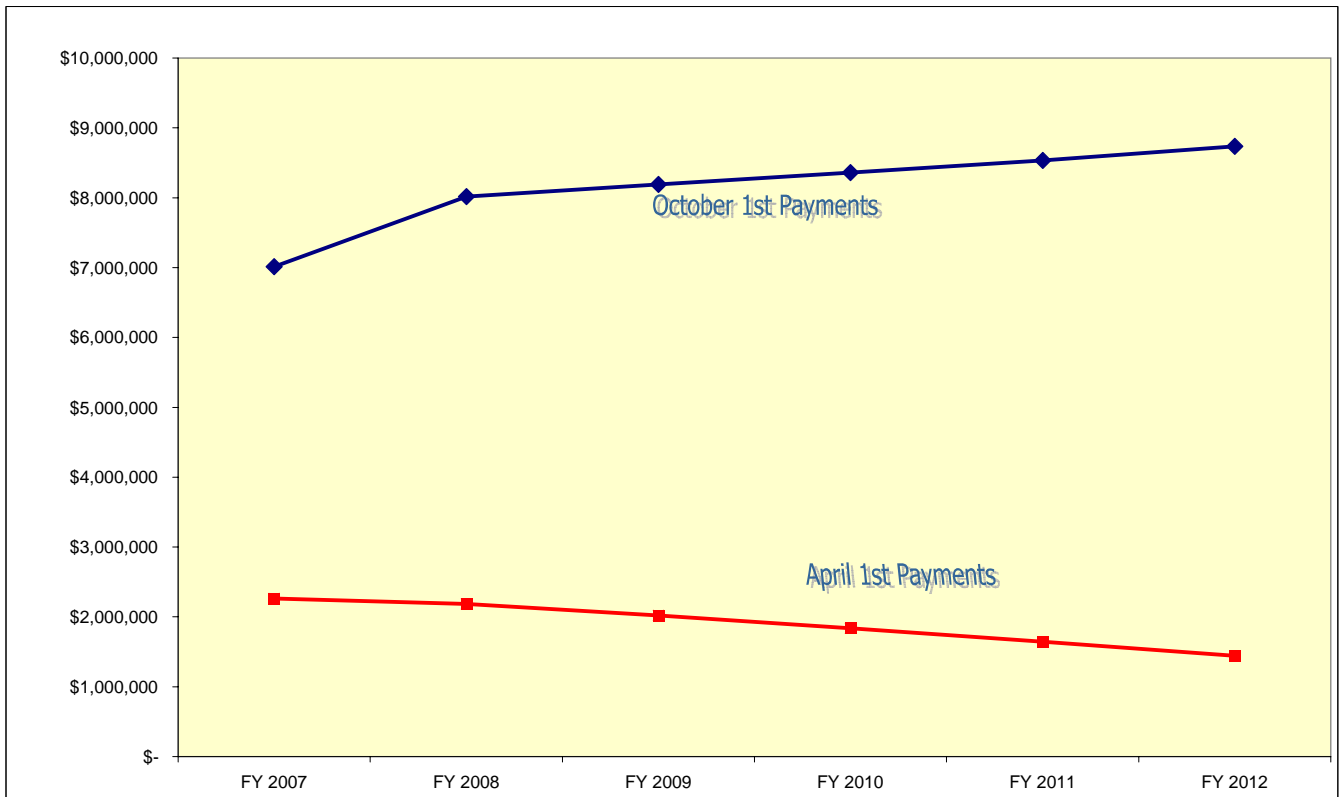
Summary of All Fund Activity

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Bond Sinking Fund						
Beginning Balance	\$ 6,954,926	\$ 7,879,022	\$ 8,051,800	\$ 8,221,997	\$ 8,635,879	\$ 8,838,560
Receipts and transfers In	10,377,188	10,572,464	10,562,047	10,983,347	10,772,046	10,778,641
Disbursements and Transfers Out	(9,453,092)	(10,399,686)	(10,391,850)	(10,569,465)	(10,569,365)	(10,577,404)
Ending Balance	\$ 7,879,022	\$ 8,051,800	\$ 8,221,997	\$ 8,635,879	\$ 8,838,560	\$ 9,039,797
Capital Improvement Fund						
Beginning Balance	\$ 147,600	\$ 146,400	\$ 145,200	\$ 144,000	\$ 142,800	\$ 141,600
Receipts and transfers In	97,528	97,320	96,534	96,480	96,426	96,372
Disbursements and Transfers Out	(98,728)	(98,520)	(97,734)	(97,680)	(97,626)	(97,572)
Ending Balance	\$ 146,400	\$ 145,200	\$ 144,000	\$ 142,800	\$ 141,600	\$ 140,400
Customer Deposits Fund						
Beginning Balance	\$ 3,962,913	\$ 3,943,811	\$ 3,924,327	\$ 3,904,454	\$ 3,884,183	\$ 3,863,507
Receipts and transfers In	886,588	895,359	888,727	902,075	915,690	929,578
Disbursements and Transfers Out	(905,689)	(914,843)	(908,600)	(922,346)	(936,367)	(950,668)
Ending Balance	\$ 3,943,811	\$ 3,924,327	\$ 3,904,454	\$ 3,884,183	\$ 3,863,507	\$ 3,842,417
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	102,000	100,000	90,000	90,000	90,000	90,000
Disbursements and Transfers Out	(102,000)	(100,000)	(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	\$ 3,202,882	\$ 3,902,882	\$ 4,602,882	\$ 4,602,882	\$ 4,602,882	\$ 4,602,882
Receipts and transfers In	863,347	895,144	207,130	207,130	207,130	207,130
Disbursements and Transfers Out	(163,347)	(195,144)	(207,130)	(207,130)	(207,130)	(207,130)
Ending Balance	\$ 3,902,882	\$ 4,602,882	\$ 4,602,882	\$ 4,602,882	\$ 4,602,882	\$ 4,602,882
Renewal and Replacement Fund						
Beginning Balance	\$ 1,532	\$ 22,344	\$ 18,775	\$ 10,262	\$ 13,532	\$ 13,797
Receipts and transfers In	6,114,998	25,645,289	12,404,350	4,279,776	8,448,938	8,024,600
Disbursements and Transfers Out	(6,094,186)	(25,648,858)	(12,412,862)	(4,276,506)	(8,448,673)	(8,022,067)
Ending Balance	\$ 22,344	\$ 18,775	\$ 10,262	\$ 13,532	\$ 13,797	\$ 16,330
Revenue Fund						
Beginning Balance	\$ 951,015	\$ 1,604,767	\$ 206,351	\$ 171,881	\$ 218,169	\$ 195,127
Receipts and transfers In	104,330,954	108,984,766	110,634,967	115,951,837	122,564,234	125,947,930
Disbursements and Transfers Out	(103,677,203)	(110,383,182)	(110,669,437)	(115,905,549)	(122,587,276)	(125,754,834)
Ending Balance	\$ 1,604,767	\$ 206,351	\$ 171,881	\$ 218,169	\$ 195,127	\$ 388,223
Operating Reserve Fund						
Beginning Balance	\$ 4,080,214	\$ 5,740,214	\$ 6,540,214	\$ 7,165,214	\$ 7,640,214	\$ 7,665,214
Receipts and transfers In	1,868,091	1,087,011	919,310	797,435	368,810	544,935
Disbursements and Transfers Out	(208,091)	(287,011)	(294,310)	(322,435)	(343,810)	(344,935)
Ending Balance	\$ 5,740,214	\$ 6,540,214	\$ 7,165,214	\$ 7,640,214	\$ 7,665,214	\$ 7,865,214
Construction Fund						
Beginning Balance	\$ -	\$ 28,040,670	\$ 8,540,670	\$ 140,670	\$ -	\$ -
Receipts and transfers In	\$ 33,639,783	\$ 866,483	\$ 265,303	\$ 86,918	\$ -	\$ -
Disbursements and Transfers Out	\$ (5,599,113)	\$ (20,366,483)	\$ (8,665,303)	\$ (227,588)	\$ -	\$ -
Ending Balance	\$ 28,040,670	\$ 8,540,670	\$ 140,670	\$ 0	\$ -	\$ -
Capitalized Interest Fund						
Beginning Balance	\$ -	\$ 3,932,533	\$ 2,137,529	\$ 239,788	\$ -	\$ -
Receipts and transfers In	\$ 5,680,833	\$ 193,583	\$ 90,848	\$ 500	\$ -	\$ -
Disbursements and Transfers Out	\$ (1,748,300)	\$ (1,988,588)	\$ (1,988,588)	\$ (240,288)	\$ -	\$ -
Ending Balance	\$ 3,932,533	\$ 2,137,529	\$ 239,788	\$ 0	\$ -	\$ -
Debt Service Reserve Fund						
Beginning Balance	\$ -	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733
Receipts and transfers In	\$ 4,162,333	\$ 195,491	\$ 195,491	\$ 195,491	\$ 195,491	\$ 195,491
Disbursements and Transfers Out	\$ (89,600)	\$ (195,491)	\$ (195,491)	\$ (195,491)	\$ (195,491)	\$ (195,491)
Ending Balance	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733
Total - All Funds						
Beginning Balance	\$ 21,301,081	\$ 61,285,376	\$ 40,240,480	\$ 30,673,881	\$ 31,210,391	\$ 27,320,685
Receipts and transfers In	168,123,643	149,532,911	136,354,707	133,590,988	143,658,764	146,619,186
Disbursements and Transfers Out	(128,139,348)	(170,577,807)	(145,921,306)	(133,054,477)	(143,475,737)	(146,044,609)
Ending Balance	\$ 61,285,376	\$ 40,240,480	\$ 30,673,881	\$ 31,210,392	\$ 31,393,419	\$ 27,895,262

Bond Sinking Fund

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Restricted Fund						
Beginning Balance	\$ 6,954,926	\$ 7,879,022	\$ 8,051,800	\$ 8,221,997	\$ 8,635,879	\$ 8,838,560
Deposits:						
Interest Income	177,351	196,976	181,165	369,990	388,615	397,735
Transfers from:						
Capitalized Interest Fund	1,748,300	1,988,588	1,988,588	240,288		
Revenue Fund	<u>8,451,538</u>	<u>8,386,900</u>	<u>8,392,294</u>	<u>10,373,069</u>	<u>10,383,431</u>	<u>10,380,906</u>
Total Funds Available	17,332,114	18,451,485	18,613,847	19,205,344	19,407,924	19,617,201
Disbursements:						
Principal & Interest due Oct 1	7,013,275	8,017,467	8,190,244	8,360,441	8,534,034	8,736,716
Principal & Interest due Apr 1	<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>	<u>1,442,953</u>
subtotal Bond Principal & Interest	9,275,742	10,202,710	10,210,684	10,199,475	10,180,750	10,179,669
Transfers to:						
Revenue Fund	<u>177,351</u>	<u>196,976</u>	<u>181,165</u>	<u>369,990</u>	<u>388,615</u>	<u>397,735</u>
subtotal Disbursements & Transfers	<u>9,453,092</u>	<u>10,399,686</u>	<u>10,391,850</u>	<u>10,569,465</u>	<u>10,569,365</u>	<u>10,577,404</u>
Ending Balance	<u>\$ 7,879,022</u>	<u>\$ 8,051,800</u>	<u>\$ 8,221,997</u>	<u>\$ 8,635,879</u>	<u>\$ 8,838,560</u>	<u>\$ 9,039,797</u>

Average annual change compared to prior year	13.3%	2.2%	2.1%	5.0%	2.3%	2.3%
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**Capital Improvement Fund
Contribution in Aid of Construction (CIAC)**

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Restricted Fund						
Beginning Balance	\$ 147,600	\$ 146,400	\$ 145,200	\$ 144,000	\$ 142,800	\$ 141,600
<u>Deposits:</u>						
Customer Deposits	90,000	90,000	90,000	90,000	90,000	90,000
Interest Income	7,528	7,320	6,534	6,480	6,426	6,372
<u>Transfers from:</u>						
Total Funds Available	245,128	243,720	241,734	240,480	239,226	237,972
<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	7,528	7,320	6,534	6,480	6,426	6,372
subtotal	<u>98,728</u>	<u>98,520</u>	<u>97,734</u>	<u>97,680</u>	<u>97,626</u>	<u>97,572</u>
Ending Balance	<u>\$ 146,400</u>	<u>\$ 145,200</u>	<u>\$ 144,000</u>	<u>\$142,800</u>	<u>\$ 141,600</u>	<u>\$ 140,400</u>

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

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Restricted Fund:						
Beginning Balance	\$ 3,962,913	\$ 3,943,811	\$ 3,924,327	\$ 3,904,454	\$ 3,884,183	\$ 3,863,507
<u>Deposits:</u>						
Customer Deposits	684,479	698,169	712,132	726,375	740,902	755,720
Interest Income	<u>202,109</u>	<u>197,191</u>	<u>176,595</u>	<u>175,700</u>	<u>174,788</u>	<u>173,858</u>
<u>Transfers from:</u>						
Total Funds Available	4,849,501	4,839,170	4,813,054	4,806,529	4,799,873	4,793,085
<u>Disbursements:</u>						
Refunds to Customers	703,581	717,653	732,006	746,646	761,579	776,810
<u>Transfers to:</u>						
Revenue Fund	<u>202,109</u>	<u>197,191</u>	<u>176,595</u>	<u>175,700</u>	<u>174,788</u>	<u>173,858</u>
subtotal	<u>905,689</u>	<u>914,843</u>	<u>908,600</u>	<u>922,346</u>	<u>936,367</u>	<u>950,668</u>
Ending Balance	<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>	<u>\$ 3,842,417</u>

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

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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	102,000	100,000	90,000	90,000	90,000	90,000
<u>Transfers from:</u>						
Revenue Fund	-	-	-	-	-	-
Total Funds Available	<u>2,102,000</u>	<u>2,100,000</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>102,000</u>	<u>100,000</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>
subtotal	<u>102,000</u>	<u>100,000</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

	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Restricted Fund:						
Beginning Balance	\$ 3,202,882	\$ 3,902,882	\$ 4,602,882	\$ 4,602,882	\$ 4,602,882	\$ 4,602,882
Deposits:						
Interest Income	163,347	195,144	207,130	207,130	207,130	207,130
Transfers from:						
Return Borrowing for PCA Revenue Fund	-	-	-	-	-	-
	<u>700,000</u>	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Funds Available	4,066,229	4,798,026	4,810,012	4,810,012	4,810,012	4,810,012
Transfers to:						
Revenue Fund - Interest Income	163,347	195,144	207,130	207,130	207,130	207,130
Revenue Fund	-	-	-	-	-	-
Withdrawal for PCA Credit	-	-	-	-	-	-
	<u>163,347</u>	<u>195,144</u>	<u>207,130</u>	<u>207,130</u>	<u>207,130</u>	<u>207,130</u>
Total Transfers	163,347	195,144	207,130	207,130	207,130	207,130
Ending Balance	<u>\$ 3,902,882</u>	<u>\$ 4,602,882</u>	<u>\$ 4,602,882</u>	<u>\$ 4,602,882</u>	<u>\$ 4,602,882</u>	<u>\$ 4,602,882</u>

Average annual change compared to prior year	21.9%	17.9%	0.0%	0.0%	0.0%	0.0%
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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.

In FY07 and FY08 an increase in the Rate Stabilization Fund was done to return borrowed funds.

Renewal & Replacement Fund

		Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Restricted Fund:							
Beginning Balance	\$	1,532	22,344	18,775	10,262	13,532	13,797
Revenue Fund		415,295	5,062,250	3,568,750	3,875,000	8,175,000	7,760,000
Construction Fund - Draw Downs		5,599,113	20,366,483	8,665,303	227,588	-	-
Sub-total from the Revenue Fund		6,014,408	25,428,733	12,234,053	4,102,588	8,175,000	7,760,000
Interest Income		10,590	126,556	80,297	87,188	183,938	174,600
CIAC Fund		90,000	90,000	90,000	90,000	90,000	90,000
subtotal		6,114,998	25,645,289	12,404,350	4,279,776	8,448,938	8,024,600
Total Funds Available		6,116,530	25,667,633	12,423,125	4,290,038	8,462,470	8,038,397
Disbursements and Transfers:							
Capital Projects-current year		6,083,596	25,522,302	12,332,566	4,189,318	8,264,736	7,847,467
Revenue Fund - Interest Income		10,590	126,556	80,297	87,188	183,938	174,600
Sub-total Disbursements & Transfers		6,094,186	25,648,858	12,412,862	4,276,506	8,448,673	8,022,067
Ending Balance	\$	22,344	18,775	10,262	13,532	13,797	16,330
Average annual change compared to prior year		1358.5%	-16.0%	-45.3%	31.9%	2.0%	18.4%

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

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Restricted Fund						
Beginning Balance	\$ -	\$ 28,040,670	\$ 8,540,670	\$ 140,670	\$ -	\$ -
<u>Deposits:</u>						
Bond Issue, net proceeds	32,940,670	-	-	-	-	-
Interest Income	699,113	866,483	265,303	86,918	-	-
<u>Transfers from:</u>						
Total Funds Available	33,639,783	28,907,154	8,805,974	227,589	-	-
<u>Disbursements:</u>						
Transfer to Renewal & Replacement Fund	5,599,113	20,366,483	8,665,303	227,588	-	-
subtotal	5,599,113	20,366,483	8,665,303	227,588	-	-
Ending Balance	\$ 28,040,670	\$ 8,540,670	\$ 140,670	\$ 0	\$ -	\$ -

Average annual change compared to prior year

NA

-69.5%

-98.4%

-100.0%

0.0%

0.0%

Debt Service Reserve Fund

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Restricted Fund						
Beginning Balance	\$ -	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733	\$ 4,072,733
<u>Deposits:</u>						
Bond Issue, net proceeds	4,072,733	-	-	-	-	-
Interest Income	89,600	195,491	195,491	195,491	195,491	195,491
<u>Transfers from:</u>						
Total Funds Available	4,162,333	4,268,224	4,268,224	4,268,224	4,268,224	4,268,224
<u>Disbursements:</u>						
Transfer to Renewal & Replacement Fund	-	-	-	-	-	-
<u>Transfers to:</u>						
Revenue Fund-Interest Pymt	-	-	-	-	-	-
Revenue Fund	89,600	195,491	195,491	195,491	195,491	195,491
subtotal	<u>89,600</u>	<u>195,491</u>	<u>195,491</u>	<u>195,491</u>	<u>195,491</u>	<u>195,491</u>
Ending Balance	<u>\$ 4,072,733</u>	<u>\$ 4,072,733</u>	<u>\$ 4,072,733</u>	<u>\$ 4,072,733</u>	<u>\$ 4,072,733</u>	<u>\$ 4,072,733</u>

Average annual change compared to prior year	NA	0.0%	0.0%	0.0%	0.0%	0.0%
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Capitalized Interest Fund

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Restricted Fund						
Beginning Balance	\$ -	\$ 3,932,533	\$ 2,137,529	\$ 239,788	\$ 0	\$ 0
<u>Deposits:</u>						
Bond Issue, net proceeds	5,485,254	-	-	-	-	-
Interest Income	195,579	193,583	90,848	500		
<u>Transfers from:</u>						
Total Funds Available	5,680,833	4,126,117	2,228,376	240,288	0	0
<u>Disbursements:</u>						
Transfer to Sinking Fund	1,748,300	1,988,588	1,988,588	240,288		
<u>Transfers to:</u>						
Renewal & Replacement Fund	-	-	-	-	-	-
Revenue Fund	-	-	-	-	-	-
subtotal	<u>1,748,300</u>	<u>1,988,588</u>	<u>1,988,588</u>	<u>240,288</u>	-	-
Ending Balance	<u>\$ 3,932,533</u>	<u>\$ 2,137,529</u>	<u>\$ 239,788</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Average annual change compared to prior year	100.0%	-45.6%	-88.8%	-100.0%	0.0%	0.0%
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The Capitalized Interest Fund is reduced each year when the bi-annual interest payment is made to bond holder.

Revenue Fund

	Amended					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Current Fund:						
Number of Customers	29,731	29,976	30,220	30,469	30,713	30,959
Sales of Electricity - kWh	742,485,788	705,361,498	724,324,010	743,810,301	758,267,056	771,250,521
Increase compared to prior year projected	0.00%	-5.00%	2.69%	2.69%	1.94%	1.71%
Basic Rate (Demand & Energy)	\$ 90,039,967	\$ 85,585,792	\$ 90,525,134	\$ 92,949,487	\$ 97,629,827	\$ 99,285,345
Power Cost Adjustment (PCA)	4,514,181	8,846,184	8,905,907	10,073,871	11,452,495	12,937,023
Customer Charge	<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>	<u>2,511,172</u>
subtotal Electric Revenues	96,755,225	96,653,086	101,772,976	105,387,270	111,572,484	114,733,540
Gross Receipts Tax (GRT)	<u>2,480,804</u>	<u>2,478,185</u>	<u>2,609,459</u>	<u>2,702,130</u>	<u>2,860,718</u>	<u>2,941,768</u>
subtotal Operating Revenues	99,236,029	99,131,271	104,382,435	108,089,400	114,433,203	117,675,308
Other Operating Revenue	2,553,882	3,173,239	3,231,913	3,291,625	3,352,811	3,415,514
Non-Operating Revenue (Interest Income)	1,703,924	1,945,553	1,806,386	2,029,277	2,165,061	2,164,985
Non-Operating Revenue (Other)	837,120	4,734,704	1,214,234	2,541,534	2,613,159	2,692,123
Transfer from Rate Stabilization Fund	-	-	-	-	-	-
Total Revenues	<u>104,330,954</u>	<u>108,984,766</u>	<u>110,634,967</u>	<u>115,951,837</u>	<u>122,564,234</u>	<u>125,947,930</u>
Operation & Maintenance Exp.						
Total Purchase Power Costs	63,913,044	65,275,104	66,851,828	69,578,695	72,113,859	74,637,065
Total Other Power Supply	1,315,511	1,499,640	1,665,673	1,438,689	1,329,128	1,316,797
Total Transmission	4,098,145	4,008,044	4,177,898	4,129,219	4,207,554	4,266,959
Total Distribution Expense	4,053,000	4,487,465	4,678,089	4,607,657	4,654,675	4,792,152
Total Customer Expense	1,460,025	1,530,354	1,563,003	1,611,392	1,661,706	1,713,836
Total Admin & General Expense	<u>17,231,877</u>	<u>18,263,131</u>	<u>18,739,279</u>	<u>19,398,805</u>	<u>19,580,201</u>	<u>20,222,581</u>
subtotal Expenses	92,071,601	95,063,738	97,675,768	100,764,457	103,547,123	106,949,390
Transfers						
To Bond Sinking Fund	\$ 8,451,538	\$ 8,386,900	\$ 8,392,294	\$ 10,373,069	\$ 10,383,431	\$ 10,380,906
To Renewal & Replacement Fund	415,295	5,062,250	3,568,750	3,875,000	8,175,000	7,760,000
To (from) Rate Stabilization Fund	700,000	700,000	-	-	-	-
To (From) Operating Reserve Fund, net	1,660,000	800,000	625,000	475,000	25,000	200,000
Payment to City of Key West, FL	<u>378,769</u>	<u>370,294</u>	<u>407,625</u>	<u>418,023</u>	<u>456,722</u>	<u>464,538</u>
subtotal Transfers	11,605,601	15,319,444	12,993,669	15,141,092	19,040,153	18,805,444
Total O&M Expenses and Transfers	<u>103,677,203</u>	<u>110,383,182</u>	<u>110,669,437</u>	<u>115,905,549</u>	<u>122,587,276</u>	<u>125,754,834</u>
Average annual change compared to prior year	1.7%	6.5%	0.3%	4.7%	5.8%	2.6%
Beginning Balance	951,015	1,604,767	206,351	171,881	218,169	195,127
Increase / (Decrease) During Year	653,752	(1,398,416)	(34,470)	46,288	(23,042)	193,096
Sub-total Ending Balance	<u>\$ 1,604,767</u>	<u>\$ 206,351</u>	<u>\$ 171,881</u>	<u>\$ 218,169</u>	<u>\$ 195,127</u>	<u>\$ 388,223</u>

Percent to Total Budget

Purchased Power Costs	61.6%	59.1%	60.4%	60.0%	58.8%	59.4%
Other Power Supply Expenses	1.3%	1.4%	1.5%	1.2%	1.1%	1.0%
Transmission Expense	4.0%	3.6%	3.8%	3.6%	3.4%	3.4%
Distribution Expense	3.9%	4.1%	4.2%	4.0%	3.8%	3.8%
Customer Accounts Expense	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
Administrative and General Expense	<u>16.6%</u>	<u>16.5%</u>	<u>16.9%</u>	<u>16.7%</u>	<u>16.0%</u>	<u>16.1%</u>
Total Operations & Maintenance Expense	88.8%	86.1%	88.3%	86.9%	84.5%	85.0%
Capital Expenditures	0.4%	4.6%	3.2%	3.3%	6.7%	6.2%
Debt Service	8.2%	7.6%	7.6%	8.9%	8.5%	8.3%
Other Fund Transfers & Payments	<u>2.6%</u>	<u>1.7%</u>	<u>0.9%</u>	<u>0.8%</u>	<u>0.4%</u>	<u>0.5%</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>

Total O&M Budget

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 7,565,676	\$ 7,917,731	\$ 9,135,213	\$ 9,586,981
Labor-Overtime	671,285	698,331	488,767	498,934
Transportation	50,211	164,921	349,650	363,943
Material From Stock	605,230	544,811	467,594	459,710
Material From Vendors	456,649	487,017	580,168	676,532
Outside Services	2,501,674	2,722,742	3,168,525	3,812,728
Employee Benefits	4,371,015	4,728,783	5,619,132	5,995,546
Purchased Power	49,287,046	59,946,424	63,913,044	65,275,104
Transmission	2,919,894	2,661,334	3,159,377	3,042,366
Other Expenses	4,984,725	5,051,447	5,190,131	5,351,893
Grand Total	\$ 73,413,405	\$ 84,923,540	\$ 92,071,601	\$ 95,063,738
Average annual change compared to prior year		15.7%	8.4%	3.2%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 9,838,376	\$ 10,180,650	\$ 10,334,626	\$ 10,692,788
Labor-Overtime	519,836	539,110	559,234	578,220
Transportation	368,522	508,192	515,276	525,582
Material From Stock	468,892	478,258	487,811	497,555
Material From Vendors	689,983	703,703	717,697	731,971
Outside Services	4,277,884	3,871,203	3,696,629	3,798,186
Employee Benefits	6,011,573	6,104,894	6,122,830	6,242,885
Purchased Power	66,851,828	69,578,695	72,113,859	74,637,065
Transmission	3,099,836	3,165,276	3,236,769	3,310,335
Other Expenses	5,549,038	5,634,476	5,762,392	5,934,804
Grand Total	\$ 97,675,768	\$ 100,764,457	\$ 103,547,123	\$ 106,949,390
Average annual change compared to prior year		2.7%	3.2%	2.8%

Utility Board

Functional Responsibilities

The Utility Board of the City of Key West, Florida was created by an Act of the Florida Legislature. It has the full, complete and exclusive power and right to manage, operate, maintain, control, and extend beyond the limits of the City of Key West, Florida, the electric public utility owned by the City of Key West, Florida at the time of its creation. The Board is composed of a Chairman and four members who are elected every four years by the voters of the City.

Major Objectives

Provide our customers with economical and friendly service. Adopt resolutions and policies. Provide for the annual independent audit of the finances of the Utility. Hold public meetings to conduct Utility business.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Members	5	5	5
Board Meetings	22	22	22
Special Board Meetings	1	1	1
Number of Workshops per Year	1	1	1
Number of Public Hearings per Year	1	1	1

Utility Board

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 46,520	\$ 52,936	\$ 59,179	\$ 62,197
Labor-Overtime				
Transportation				
Material From Stock				
Material From Vendors				
Outside Services	85,962	76,561	92,386	186,009
Employee Benefits	38,557	46,140	61,634	62,364
Purchased Power				
Transmission				
Other Expenses	32,581	38,169	45,900	46,818
Grand Total	\$ 203,620	\$ 213,806	\$ 259,099	\$ 357,388
Average annual change compared to prior year		5.0%	21.2%	37.9%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 64,996	\$ 67,920	\$ 70,977	\$ 74,171
Labor-Overtime				
Transportation				
Material From Stock				
Material From Vendors				
Outside Services	88,828	91,741	94,360	97,055
Employee Benefits	64,415	66,557	68,792	71,126
Purchased Power				
Transmission				
Other Expenses	47,754	48,709	48,750	49,725
Grand Total	\$ 265,993	\$ 274,927	\$ 282,879	\$ 292,077
Average annual change compared to prior year	-25.6%	3.4%	2.9%	3.3%

Executive

Functional Responsibilities

Provide executive leadership and direction for the operating departments of Keys Energy Services to ensure reliable and cost- effective power to the customers of the utility.

Major Objectives

Direct the preparation of the annual budget; monitor and control operations within approved budget. Direct the development of goals and objectives in line with guidelines established by the Utility Board. Develop, maintain, and ensure compliance with operating policies and procedures. Direct and coordinate the work of the departments to ensure effective use of resources and attainment of goals. Develop long-range plans for expansion to meet the needs of the community and the established customer service levels. Submit plans to the Board with specific recommendations for action. Plan and direct preparation of agenda and related documents for regular Board meetings. Serve as secretary to the Board and prepare minutes of all meetings. Monitor utility operations and report results to the Board at regular meetings or individually as needed. Notify the Board of major problems and/or emergencies. Ensure compliance with all applicable Federal, State, and Local regulations pertaining to the Utility. Establish and administer policies for the Utility that are consistent with Board guidelines that provide for safe working conditions for employees and effective, reliable service to customers. Manage the senior management staff of the utility. Ensure goals and objectives are set, methods for monitoring progress and achievement are in place, and evaluate performance and provide timely feedback.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	3	3	3
Board Meetings	22	22	22
Special Board Meetings	1	1	1
Number of Workshops	1	1	1
Number of Public Hearings	1	1	1
Agenda Items Reviewed	109	112	115

Executive

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 269,502	\$ 357,505	\$ 257,186	\$ 268,801
Labor-Overtime				
Transportation				
Material From Stock				
Material From Vendors				
Outside Services	332,508	69,176	58,200	42,479
Employee Benefits	71,633	115,102	101,312	123,539
Purchased Power				
Transmission				
Other Expenses	63,982	64,564	79,078	81,015
Grand Total	\$ 737,625	\$ 606,347	\$ 495,777	\$ 515,833
Average annual change compared to prior year		-17.8%	-18.2%	4.0%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 280,897	\$ 292,365	\$ 234,413	\$ 243,284
Labor-Overtime				
Transportation				
Material From Stock				
Material From Vendors				
Outside Services	43,272	44,080	44,961	45,861
Employee Benefits	125,432	127,238	102,606	104,386
Purchased Power				
Transmission				
Other Expenses	83,001	85,037	87,126	89,268
Grand Total	\$ 532,602	\$ 548,720	\$ 469,106	\$ 482,799
Average annual change compared to prior year		3.3%	3.0%	-14.5%

Information Services

Functional Responsibilities

To insure that the direction and strategies relative to the use of Information Technology are supportive of the needs, and consistent with the long and short range business goals of Keys Energy Services. Information Services recognizes that KEYS must embrace the use of technology as the means of providing quality services to the public in an effective and cost efficient manner. Therefore, KEYS IT Department will provide the necessary proven technologies and support infrastructures which will assist KEYS' in attaining its business goals.

Major Objectives

The goals and objectives of Information Services are to enable KEYS and its workforce to meet the stated business goals and objectives. As such, Information Services shall be used to provide adequate computing, information access, and network resources to satisfy the needs of our internal and external customers, in order to achieve KEYS strategic goals and business needs. Implement and enforce technology standards which will assure compatibility in the use, access and sharing of information and data. There by reducing costs associated with technical support and training. Supporting, maintaining and improving KEYS' Information Services environment. Facilitate and enhance processes to provide quality information services and reliable information access to our internal and external customers in a reliable and secured way.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	5	5	5
Requests for Assistance (Monthly)	97	112	125
Micro Computers Networked	222	195	200
Microsoft Servers Maintained	18	18	20
Unix Servers Maintained	4	4	2
Linux Servers Maintained	7	7	7
Open VMS Servers Maintained			22
Telephone Gateways Maintained	6	6	6
Telephones Maintained	275	275	275

Information Services

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 267,499	\$ 297,600	\$ 343,649	\$ 369,950
Labor-Overtime	586	38	3,400	3,553
Transportation				
Material From Stock				
Material From Vendors	19,642	10,380	10,000	10,200
Outside Services	267,562	248,093	437,604	481,691
Employee Benefits	104,079	123,806	144,354	153,248
Purchased Power				
Transmission				
Other Expenses	308,377	316,647	375,834	436,151
Grand Total	\$ 967,745	\$ 996,564	\$ 1,314,841	\$ 1,454,792
Average annual change compared to prior year		3.0%	31.9%	10.6%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 386,598	\$ 402,061	\$ 418,144	\$ 434,870
Labor-Overtime	3,713	3,861	4,016	4,176
Transportation				
Material From Stock				
Material From Vendors	10,404	10,612	10,824	11,041
Outside Services	602,292	613,805	621,001	632,888
Employee Benefits	155,728	158,052	160,458	160,955
Purchased Power				
Transmission				
Other Expenses	444,874	357,771	244,927	249,825
Grand Total	\$ 1,603,609	\$ 1,546,162	\$ 1,459,370	\$ 1,493,755
Average annual change compared to prior year	10.2%	-3.6%	-5.6%	2.4%

Communications/Marketing

Functional Responsibilities

Develop and direct a vigorous communications program designed to improve the public and employee image of Keys Energy Services (KEYS).

Major Objectives

Act as liaison between KEYS and media. Provide counsel to the General Manager & CEO on a variety of subjects and afford other departments' expertise in communications, marketing, and graphic design. Coordinate employee communications by most effective method. Prepare and coordinate placement of advertisements/commercials in newspapers, radio, and television to help the customer understand KEYS service. Develop and execute special promotional programs and coordinate KEYS' participation in special community events. Develop print material for informing the public about the many programs that KEYS offers. Oversee KEYS web site. Coordinate KEYS' outreach program with Monroe County Schools. Chair the Employee Activities Committee in order to coordinate employee morale boosters.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	1	1	1
Employee Newsletters	60	52	52
Bill Inserts	12	12	12
Community Events	35	38	40
Press Releases	75	80	85

Communications/Marketing

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 125,016	\$ 58,161	\$ 62,875	\$ 72,092
Labor-Overtime	8,617	6,718	2,000	2,090
Transportation				
Material From Stock				
Material From Vendors	-	-	300	306
Outside Services	224,589	151,953	246,606	227,592
Employee Benefits	95,755	43,172	58,022	49,671
Purchased Power				
Transmission				
Other Expenses	30,441	7,122	18,700	19,074
Grand Total	\$ 484,419	\$ 267,126	\$ 388,503	\$ 370,825
Average annual change compared to prior year		-44.9%	45.4%	-4.6%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 75,336	\$ 78,349	\$ 81,483	\$ 84,743
Labor-Overtime	2,184	2,271	2,362	2,433
Transportation				
Material From Stock				
Material From Vendors	312	318	325	331
Outside Services	216,044	277,565	238,156	224,819
Employee Benefits	50,571	51,449	52,351	53,279
Purchased Power				
Transmission				
Other Expenses	19,455	19,845	20,241	20,646
Grand Total	\$ 363,903	\$ 429,797	\$ 394,919	\$ 386,252
Average annual change compared to prior year		-1.9%	18.1%	-8.1%

Human Resources

Functional Responsibilities

Plan and coordinate objectives of the Human Resources (labor relations, personnel records, hiring, compliance with Federal and State labor laws, compensation, workers compensation, training, benefits, and time & attendance program), Compliance Administration, Risk Management, Environmental, Safety, Training and Grants, mail services, and janitorial services, as well as provide guidance and direction to all KEYS personnel regarding System policies and procedures.

Major Objectives

Plan, coordinate, supervise, direct, and evaluate assigned staff, processing employee concerns and problems, directing work, counseling, disciplining, and completing employee performance evaluations. Supervise the recruiting, selecting, and orientation of KEYS employees. Administer personnel policies and procedures, compensation programs, and the recruitment and hiring programs. Create a wellness program, conduct and complete an employee survey, and implement a succession plan. Oversee the duties and responsibilities of Human Resources, Risk Management, Environmental, Safety, Training, Grants, Courier and Janitorial. Coordinate and administer the compensation program for KEYS to include job evaluations, salary surveys, policy changes, and annual adjustments. Coordinate and administer the KEYS benefits program to include annual modifications as needed for health, life, and worker's compensation insurance. Administer the Workers Compensation Program. Coordinate with consultants, the bidding and awarding of coverage for health, general liability, pollution, property/boiler and machinery, worker's compensation insurance. Promote equal opportunity for all employees.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	8	6	6
Job Postings	35	26	25
Training Committee Meetings	22	20	20
Number of New Hires	17	22	20

Human Resources

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 348,026	\$ 432,385	\$ 473,648	\$ 462,103
Labor-Overtime	5,841	1,559	1,500	1,568
Transportation				
Material From Stock	1,521	2,961	-	-
Material From Vendors	5,760	1,429	575	587
Outside Services	96,001	59,668	125,000	152,550
Employee Benefits	1,197,829	1,312,540	1,576,879	1,485,846
Purchased Power				
Transmission				
Other Expenses	199,333	64,829	73,128	78,202
Grand Total	\$ 1,854,311	\$ 1,875,371	\$ 2,250,730	\$ 2,180,856
Average annual change compared to prior year		1.1%	20.0%	-3.1%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 481,121	\$ 498,785	\$ 517,157	\$ 536,263
Labor-Overtime	1,638	1,704	1,772	1,843
Transportation				
Material From Stock	-	-	-	-
Material From Vendors	598	610	622	635
Outside Services	102,427	87,036	95,676	96,376
Employee Benefits	1,486,247	1,514,151	1,544,996	1,605,894
Purchased Power				
Transmission				
Other Expenses	79,766	81,362	82,989	84,649
Grand Total	\$ 2,151,797	\$ 2,183,647	\$ 2,243,212	\$ 2,325,659
Average annual change compared to prior year	-1.3%	1.5%	2.7%	3.7%

Finance

Functional Responsibilities

Direct the process that culminates in the preparation of financial reports; to identify measure, accumulate, analyze, prepare, interpret, and communicate financial information used by all directors to plan, evaluate and control the organization; to assure appropriate use of and accountability for the Utility's resources. Coordinate and/or perform tasks associated with Budget Development and Implementation, Financial and Statistical Reporting, Utility Billing, Payroll, Accounts Payable, Annual Audits, Annual Reports and Cost Information Reporting for internal and outside users.

Major Objectives

Direct and supervise Accounting, Analysis, and Budget Preparation. Guide and direct all audits (i.e. financial statements, pension plan, state audits). Coordinate the preparation, review, and analysis of the annual operating budget, multi-year capital budget, and interim budget amendments. Manage existing short-term and/or long-term debt as well as issue bonds to fund capital projects when necessary. Monitor bond compliance and adhere to all requirements of bond issues. Prepare cash flow analysis and long-term financial forecasts, and update the five-year Financial Plan. Review all department costs to see if they can be outsourced or moved to less costly areas. Direct cash management, financing, and investment activities. Ensure financial statements are prepared in accordance General Accepted Accounting Principals and in compliance with the Federal Energy Regulatory Commission.

Monitor the department for compliance in the following areas: staying abreast of technology, assisting users in the System development process, assisting in the strategic planning process, and monitoring operational capabilities.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	11	10	11
Financial Statements	24	24	24
Budget Amendments	24	43	35
Asset Additions to Plant	3,260	4,800	5,300
Vendor Payments	4,072	4,178	4,125
Customer Refunds	1,992	1,343	1,667
Payrolls	76	76	76
Customer Bills Generated	323,364	341,700	332,532
Utility/Pension Comprehensive Financial Report	2	2	2

Finance

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 500,922	\$ 549,322	\$ 652,305	\$ 738,640
Labor-Overtime	26,784	2,084	1,500	1,568
Transportation				
Material From Stock				
Material From Vendors				
Outside Services	218,948	419,693	447,513	522,258
Employee Benefits	211,050	235,464	284,265	326,736
Purchased Power				
Transmission				
Other Expenses	<u>2,249,455</u>	<u>2,600,801</u>	<u>2,713,743</u>	<u>2,731,471</u>
Grand Total	\$ 3,207,159	\$ 3,807,364	\$ 4,099,326	\$ 4,320,672
Average annual change compared to prior year		18.7%	7.7%	5.4%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 771,879	\$ 803,388	\$ 836,186	\$ 869,633
Labor-Overtime	1,638	1,704	1,772	1,843
Transportation				
Material From Stock				
Material From Vendors				
Outside Services	511,513	540,954	495,583	609,404
Employee Benefits	332,325	337,580	343,020	348,652
Purchased Power				
Transmission				
Other Expenses	<u>2,843,862</u>	<u>2,937,286</u>	<u>3,096,644</u>	<u>3,178,477</u>
Grand Total	\$ 4,461,217	\$ 4,620,911	\$ 4,773,204	\$ 5,008,010
Average annual change compared to prior year	3.3%	3.6%	3.3%	4.9%

Purchasing

Functional Responsibilities

Obtain the highest quality commodities and services at the lowest possible costs. Ensure the correct amount of product or service is received at the appropriate time. Keep abreast of supply and demand for needed materials and services. Maintain inventory at appropriate levels through constant review and evaluation of available data. Develop and administer all bids and contracts.

Major Objectives

Process purchase order requisitions in a timely manner and participate with Florida Municipal Power Agency in joint purchasing agreement. Interview vendors to obtain information relative to product and price, and ability to provide the required product, service, and delivery date. Verify that purchase order requisitions adhere to all policies and procedures. Administer and monitor Purchasing Card Program to all departments. Coordinate the bidding process, including preparation of bid documents. Analyze bid responses for "terms and conditions" compliance. Initiate Agenda Item Summary award sheets with appropriate documentation for bid awards. Coordinate legal and insurance requirements with the Risk Management Specialist. Coordinate and conduct pre-bid and pre-construction meetings. Prepare and administer contracts resulting from bid specifications. Verify that all contracts are renewed or re-bid, as appropriate, to ensure no lapse in required coverage. Process the extensions or reissues of bids.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	4	4	4
Number of Purchase Orders	1,726	1,836	2,295
Dollar Value Purchased	\$13,089,754	\$23,555,267	\$29,444,083
Number of Bids Prepared	13	26	25
Number of Bids Awarded	12	24	25
Number of New Contracts	56	50	75
Number of Contract Renewals	153	80	100

Purchasing

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 291,951	\$ 215,216	\$ 274,060	\$ 242,321
Labor-Overtime	2,737	5,331	8,700	9,092
Transportation				
Material From Stock				
Material From Vendors	17	817	3,012	3,072
Outside Services	8,928	9,489	18,600	19,007
Employee Benefits	123,895	101,788	125,402	108,044
Purchased Power				
Transmission				
Other Expenses	5,772	7,414	9,600	11,711
Grand Total	\$ 433,300	\$ 340,055	\$ 439,373	\$ 393,247
Average annual change compared to prior year		-21.5%	29.2%	-10.5%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 253,226	\$ 263,563	\$ 274,324	\$ 285,297
Labor-Overtime	9,501	9,881	10,276	10,687
Transportation				
Material From Stock				
Material From Vendors	3,134	3,196	3,260	3,325
Outside Services	19,256	19,510	19,756	20,007
Employee Benefits	109,973	111,781	113,653	115,987
Purchased Power				
Transmission				
Other Expenses	11,945	12,184	12,428	12,676
Grand Total	\$ 407,034	\$ 420,115	\$ 433,697	\$ 447,980
Average annual change compared to prior year	3.5%	3.2%	3.2%	3.3%

Facilities

Functional Responsibilities

Perform maintenance and construction on all equipment and buildings.

Major Objectives

Plan maintenance schedules and coordinate work between sections. Direct and ensure on-the-job training as appropriate is completed. Promote good housekeeping and safe working conditions at all times. Treat fellow workers, the public and other departments, in a professional and courteous manner. Keep abreast of all building maintenance rules and regulations of local, state & federal agencies.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	6	7	8
Facilities Maintained	29	29	29
Minor Work Requests Completed	391	367	379

Facilities

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 188,151	\$ 224,923	\$ 319,904	\$ 387,251
Labor-Overtime	6,479	12,730	20,700	26,528
Transportation				
Material From Stock	23,143	26,905	21,667	30,451
Material From Vendors	99,870	87,473	86,672	108,405
Outside Services	293,490	265,443	263,200	273,674
Employee Benefits	94,899	110,922	157,722	200,010
Purchased Power				
Transmission				
Other Expenses	17,391	15,723	28,338	27,499
Grand Total	\$ 723,423	\$ 744,119	\$ 898,203	\$ 1,053,817
Average annual change compared to prior year		2.9%	20.7%	17.3%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 404,677	\$ 420,864	\$ 437,698	\$ 455,206
Labor-Overtime	27,722	28,831	29,984	31,183
Transportation				
Material From Stock	31,060	31,681	32,315	32,961
Material From Vendors	110,573	112,785	115,040	117,341
Outside Services	304,368	340,187	291,134	297,212
Employee Benefits	203,713	207,224	210,854	214,608
Purchased Power				
Transmission				
Other Expenses	28,049	28,610	29,182	29,766
Grand Total	\$ 1,110,161	\$ 1,170,181	\$ 1,146,207	\$ 1,178,277
Average annual change compared to prior year		5.3%	5.4%	-2.0%

Engineering

Functional Responsibilities

The department is responsible for engineering, design, permitting, inspection, and construction management of major repairs, system upgrades, and construction of new facilities for the electric transmission and distribution systems, and electric substations. Engineering is also tasked with planning for future growth and changes to the electric system as technology and/or laws and regulations change.

Major Objectives

Direct project development including: Preparation of technical specifications, review of bids, as requested, coordination with appropriate departments, inspect projects and recommend payment. Review current and future capital projects to ensure long-term reliability is maintained. Compare reliability benchmarks to self and industry. Verify the accuracy of engineering reports for construction of transmission and distribution facilities. Direct supervision of the activities of project engineers, Engineering Services, and the Control Center. Coordinate construction of power line facilities.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	11	12	12
Major Projects Completed	5	7	9
Designs/Plans Completed (ER)	18	15	16
Number of Meter Locations	778	806	887
Underground Locations	1,279	1,063	1,169
Number of Work Tickets	327	145	160

Engineering

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 554,564	\$ 617,740	\$ 748,447	\$ 770,351
Labor-Overtime	21,993	4,000	2,966	6,000
Transportation	211	1,877	211	215
Material From Stock				
Material From Vendors	407	154	1,000	1,020
Outside Services	3,862	17,444	4,900	29,040
Employee Benefits	255,240	256,625	341,322	380,689
Purchased Power				
Transmission				
Other Expenses	15,514	15,306	14,275	17,803
Grand Total	\$ 851,791	\$ 913,146	\$ 1,113,122	\$ 1,205,118
Average annual change compared to prior year		7.2%	21.9%	8.3%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 805,017	\$ 837,218	\$ 870,706	\$ 905,535
Labor-Overtime	6,270	6,521	6,782	7,053
Transportation	220	224	228	233
Material From Stock				
Material From Vendors	1,040	1,061	1,082	1,104
Outside Services	29,261	29,486	29,716	29,950
Employee Benefits	387,167	393,226	399,494	405,977
Purchased Power				
Transmission				
Other Expenses	18,159	18,522	18,893	19,271
Grand Total	\$ 1,247,134	\$ 1,286,258	\$ 1,326,901	\$ 1,369,123
Average annual change compared to prior year	3.5%	3.1%	3.2%	3.2%

Control Center

Functional Responsibilities

Provide maximum service to customers and management by scheduling shifts, planning work, coordinating work involving electrical power loading operations, and provide overall supervision of the Power System Control Center.

Major Objectives

Develop and assign shifts and arrange for rotation or adjustment of shift schedules. Supervise the scheduling of work for coordinators and dispatchers. Ensure that Power System Coordinators and Load Dispatchers maintain operation logs and other periodic records and reports. Prepare regular written reports regarding all phases of Power System Control Center (PSCC) operations. Analyze operating information and initiate appropriate corrective actions to ensure efficient, effective, and safe operations of the PSCC. Study the operations of load dispatching and recommend improvements in methods or practices. Communicate with other utility officials regarding current and new power purchase contracts and schedules. Maintain and operate all radio functions and communications.

Staffing & Workload Measures

	Actual FY 2006	Actual FY2007	Estimated FY2008
Number of Employees	9	9	10
System Peak Load (net 60 minutes) MW	145.5	136	150
Transmission Outage Minutes (SAIDI)	129	166.5	150
Distribution Outage Minutes (SAIDI)	80.6	84.6	80

Control Center

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 496,146	\$ 508,507	\$ 561,836	\$ 593,595
Labor-Overtime	102,904	120,183	72,500	90,000
Transportation				
Material From Stock				
Material From Vendors	28	645	1,000	1,020
Outside Services	20,127	6,067	5,200	5,304
Employee Benefits	206,536	218,577	241,175	252,804
Purchased Power	49,287,046	59,946,424	63,913,044	65,275,104
Transmission				
Other Expenses	14,171	12,407	5,250	13,922
Grand Total	\$ 50,126,958	\$ 60,812,810	\$ 64,800,004	\$ 66,231,749
Average annual change compared to prior year		21.3%	6.6%	2.2%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 620,307	\$ 645,119	\$ 670,924	\$ 697,761
Labor-Overtime	94,050	97,812	101,724	105,793
Transportation				
Material From Stock				
Material From Vendors	1,040	1,061	1,082	1,104
Outside Services	5,410	5,518	5,629	5,741
Employee Benefits	257,096	261,563	266,211	271,050
Purchased Power	66,851,828	69,578,695	72,113,859	74,637,065
Transmission				
Other Expenses	14,200	14,484	14,774	15,070
Grand Total	\$ 67,843,931	\$ 70,604,253	\$ 73,174,204	\$ 75,733,584
Average annual change compared to prior year		2.4%	4.1%	3.5%

Risk Management

Functional Responsibilities

Plan and coordinate objectives of the Risk Management functions. Work with management and other KEYS personnel to identify and limit the possibility of financial loss to KEYS in relation to property and/or people.

Major Objectives

Administer the Risk Management program for KEYS which includes audits and worksite inspections and make recommendations for improvement. Process and investigate damage claims and make recommendation to approve and/or deny. Administer and conduct emergency evacuation drills. Oversee workers compensation program and return to work programs. Administer critical care program by identifying, visiting and assisting customers on life support systems. Oversee security functions of the entire system to protect KEYS employees and property.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	1	1	1
Number of Critical Care Customers	27	28	30
Number of Damage Claims	88	48	60
Insurance Policy Renewals	11	13	12
Number of Lawsuits	2	3	3
Number of Audits and Inspections	8	8	10

Risk Management

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 63,605	\$ 73,341	\$ 75,802	\$ 79,140
Labor-Overtime				
Transportation				
Material From Stock				
Material From Vendors				
Outside Services	139,847	157,304	169,454	191,747
Employee Benefits	39,052	36,407	50,918	55,363
Purchased Power				
Transmission				
Other Expenses	1,624,461	1,586,749	1,599,303	1,647,721
Grand Total	\$ 1,866,965	\$ 1,853,801	\$ 1,895,477	\$ 1,973,970
Average annual change compared to prior year		-0.7%	2.2%	4.1%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 82,701	\$ 86,009	\$ 89,449	\$ 93,027
Labor-Overtime				
Transportation				
Material From Stock				
Material From Vendors				
Outside Services	199,792	208,209	217,016	226,231
Employee Benefits	56,330	57,275	58,343	59,446
Purchased Power				
Transmission				
Other Expenses	1,715,084	1,785,350	1,858,648	1,935,115
Grand Total	\$ 2,053,908	\$ 2,136,843	\$ 2,223,456	\$ 2,313,819
Average annual change compared to prior year	4.0%	4.0%	4.1%	4.1%

Environmental/Safety

Functional Responsibilities

Evaluate the electric production system for regulatory compliance, and safety. Oversee the administration of KEYS safety, training programs and the mail courier position. Work with management and other KEYS personnel as well as environmental consultants to identify and limit the possibility of financial loss to KEYS in relation to property and/or people.

Major Objectives

Assure KEYS operations are in compliance with all Federal, State and Local environmental laws and regulations, system-wide. Ensure compliance with all aspects of the Clean Air Act, including permit submissions, record keeping and allowance transactions. Prepare environmental plans required by governmental agencies. Administers the KEYS safety programs (OSHA, STOP) and assures compliance within the system.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	1	1	1
Number of Permits	7	5	6
Safety Committee Meetings	10	12	11
Number of OSHA Training Programs	10	10	10
Number of Environmental Claims	0	0	0
Number of Compliance Testings	3	3	3

Environmental/Safety

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 53,798	\$ 68,851	\$ 71,624	\$ 73,303
Labor-Overtime				
Transportation				
Material From Stock				
Material From Vendors	-	-	-	300
Outside Services	133,487	112,239	106,056	137,726
Employee Benefits	25,375	27,613	29,419	33,695
Purchased Power				
Transmission				
Other Expenses	-	541	3,500	5,170
Grand Total	\$ 212,660	\$ 209,244	\$ 210,598	\$ 250,194
Average annual change compared to prior year		-1.6%	0.6%	18.8%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 76,602	\$ 79,666	\$ 82,853	\$ 86,167
Labor-Overtime				
Transportation				
Material From Stock				
Material From Vendors	306	312	318	325
Outside Services	140,481	153,290	156,356	159,483
Employee Benefits	34,252	34,778	35,323	35,886
Purchased Power				
Transmission				
Other Expenses	5,273	5,379	5,486	5,596
Grand Total	\$ 256,914	\$ 273,426	\$ 280,336	\$ 287,457
Average annual change compared to prior year	2.7%	6.4%	2.5%	2.5%

Fleets

Functional Responsibilities

Direct all activities to repair and maintain all vehicles, rolling stock, and equipment.

Major Objectives

Supervise all aspects of automotive repair and maintenance on vehicles, rolling stock, and equipment. Make work, labor, and material schedules for all garage personnel, both orally and/or through work orders of assignments to be performed. Work in a professional/courteous manner with the public and other departments. Give technical advice, diagnose defects, make minor/major repairs. Inspect and test all work completed by garage personnel. Keep abreast of technical advances within the automotive/vehicle industry. Assist in the training of all garage personnel.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	5	4	4
Vehicles/Equipment in Fleet	98	97	97
Fuel Usage – Gasoline in Gallons	20,419	23,057	21,738
Fuel Usage – Diesel in Gallons	33,053	38,462	35,757
Scheduled Preventive Maintenance	168	228	228
Unscheduled Maintenance Repairs	1,065	854	850
Replaced Tires on System Vehicles	132	129	130

Fleets

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 229,985	\$ 259,127	\$ 288,710	\$ 261,476
Labor-Overtime	10,931	28,327	11,164	11,666
Transportation	11,132	98,886	309,000	322,480
Material From Stock	2,262	2,080	5,000	5,100
Material From Vendors	7,007	4,410	15,000	15,300
Outside Services	16,569	41,011	38,250	39,015
Employee Benefits	93,631	125,078	130,562	125,810
Purchased Power				
Transmission				
Other Expenses	927	17	456	459
Grand Total	\$ 372,444	\$ 558,936	\$ 798,141	\$ 781,307
Average annual change compared to prior year		50.1%	42.8%	-2.1%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 273,243	\$ 284,173	\$ 295,539	\$ 307,361
Labor-Overtime	12,191	12,679	13,186	13,714
Transportation	326,230	465,054	471,275	480,701
Material From Stock	5,202	5,306	5,412	5,520
Material From Vendors	15,606	15,918	16,236	16,561
Outside Services	79,795	81,391	83,019	84,679
Employee Benefits	128,018	130,108	132,270	134,505
Purchased Power				
Transmission				
Other Expenses	468	478	487	497
Grand Total	\$ 840,753	\$ 995,107	\$ 1,017,425	\$ 1,043,538
Average annual change compared to prior year		7.6%	18.4%	2.6%

Warehouse

Functional Responsibilities

Direct warehousing and inventory control.

Major Objectives

Supervise and direct Warehouse section personnel in warehousing, material issuance, cycle counting, and inventory control. Verify that daily inventory transactions are properly recorded. Provide secure and organized storage for KEYS inventoried materials. Provide warehousing services during normal working hours and during emergencies. Supervise cycle counts throughout the year of all stock items and resolve recorded vs. actual inventory differences.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	2	2	2
Number of Stock items	3,268	3,422	3,661
Number of Stock Items Issued	13,052	11,644	14,555

Warehouse

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 130,902	\$ 96,185	\$ 106,755	\$ 106,182
Labor-Overtime	9,208	12,113	6,200	6,479
Transportation				
Material From Stock	136,714	51,796	25,000	7,650
Material From Vendors	8,920	1,917	8,900	9,078
Outside Services	20,924	12,024	20,000	20,400
Employee Benefits	46,094	46,620	51,383	52,247
Purchased Power				
Transmission				
Other Expenses	858	1,890	1,700	1,734
Grand Total	\$ 353,620	\$ 222,545	\$ 219,938	\$ 203,770
Average annual change compared to prior year		-37.1%	-1.2%	-7.4%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 110,960	\$ 115,398	\$ 120,014	\$ 124,815
Labor-Overtime	6,771	7,041	7,323	7,616
Transportation				
Material From Stock	7,803	7,959	8,118	8,281
Material From Vendors	9,260	9,445	9,634	9,826
Outside Services	20,808	21,224	21,649	22,082
Employee Benefits	53,237	54,168	55,132	56,131
Purchased Power				
Transmission				
Other Expenses	1,769	1,804	1,840	1,877
Grand Total	\$ 210,606	\$ 217,040	\$ 223,710	\$ 230,627
Average annual change compared to prior year	3.4%	3.1%	3.1%	3.1%

Customer Services

Functional Responsibilities

Provide customers with economical and friendly service. Coordinate and evaluate customer service related activities in the Collections, Customer Service, and Meter Services sections in order to provide the maximum efficiency and benefit to the company and customers.

Major Objectives

Coordinate the activities of the Customer Service, Collections, Customer Programs, and Meter Services Areas. Ensure customer requests for service are forwarded to the appropriate department in a prompt, effective, and professional manner. Develop, recommend, and implement policies and procedures regarding customer relations, and meter services that will maintain a high level of customer satisfaction. Maintain all bankruptcy filings and represent the Utility in court if required.

Staffing & Workload Measures

	Actual FY2006	Actual FY2007	Estimated FY2008
Number of Employees	20	21	21
Billing Complaints	1055	535	565
New Customers	317	436	450
Key West Cashier Payments	\$66,792	\$53,213	\$56,909
Offsite Payment Center (Big Pine)	\$14,129	\$10,864	\$11,618
Lock Box	\$117,788	\$120,017	\$130,491
Cut for Nonpayment	1,158	1,172	1,200
Credit Card and Direct Debit Payments	\$44,107	\$70,245	\$75,123
Energy Audits	43	69	83

Customer Services

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 819,821	\$ 876,609	\$ 1,003,062	\$ 1,059,793
Labor-Overtime	19,410	7,059	9,119	6,652
Transportation				
Material From Stock				
Material From Vendors	534	863	400	408
Outside Services	165,556	150,103	15,500	15,180
Employee Benefits	343,635	391,458	474,381	498,704
Purchased Power				
Transmission				
Other Expenses	379,087	276,493	151,023	157,872
Grand Total	\$ 1,728,043	\$ 1,702,585	\$ 1,653,485	\$ 1,738,609
Average annual change compared to prior year		-1.5%	-2.9%	5.1%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 1,107,726	\$ 1,152,035	\$ 1,198,116	\$ 1,246,041
Labor-Overtime	6,951	7,229	7,519	7,819
Transportation				
Material From Stock				
Material From Vendors	416	424	433	442
Outside Services	15,374	15,571	15,772	15,794
Employee Benefits	508,322	517,330	526,665	535,565
Purchased Power				
Transmission				
Other Expenses	158,600	159,342	160,099	160,871
Grand Total	\$ 1,797,389	\$ 1,851,931	\$ 1,908,604	\$ 1,966,531
Average annual change compared to prior year	3.4%	3.0%	3.1%	3.0%

Meter Services

Functional Responsibilities

Direct Meter Services personnel.

Major Objectives

Provide customers with economical and friendly service. Plan and supervise Meter Services activities: Oversee meter reading and servicing activities, administer Revenue Protection Program, maintain meter inventory, and approve all instrument metering applications and installations. Promote safety and accident prevention. Assist in review of accounts with customers when requested. Supervise the Meter Reader Leader, Meter Service Leader, Delinquent Accounts Field Representative, and Meter Services personnel.

Staffing & Workload Measures

	Actual FY2006	Actual FY2007	Estimated FY2008
Number of Employees	12	12	12
Number of Meters in Service	30,455	30,670	30,820
Service Requests	18,319	12,174	13,020
Revenue Protection Activity	13	16	16

Meter Services

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 509,123	\$ 493,247	\$ 569,629	\$ 602,427
Labor-Overtime	45,769	43,015	47,790	45,625
Transportation				
Material From Stock	59,511	10,740	61,915	63,153
Material From Vendors	11,639	11,138	11,000	10,180
Outside Services	57,082	3,138	2,500	1,500
Employee Benefits	218,792	229,108	274,668	291,441
Purchased Power				
Transmission				
Other Expenses	2,189	2,378	2,800	4,428
Grand Total	\$ 904,105	\$ 792,764	\$ 970,302	\$ 1,018,754
Average annual change compared to prior year		-12.3%	22.4%	5.0%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 554,536	\$ 579,718	\$ 555,906	\$ 583,143
Labor-Overtime	47,678	49,585	51,569	53,631
Transportation				
Material From Stock	64,416	65,705	67,019	68,359
Material From Vendors	10,384	10,591	10,803	11,019
Outside Services	-	-	-	-
Employee Benefits	263,305	267,962	250,338	251,166
Purchased Power				
Transmission				
Other Expenses	4,517	4,607	4,699	4,793
Grand Total	\$ 944,836	\$ 978,168	\$ 940,334	\$ 972,112
Average annual change compared to prior year	-7.3%	3.5%	-3.9%	3.4%

Transmission & Distribution

Functional Responsibilities

Operate and maintain a safe, reliable, and efficient transmission and distribution facility.

Major Objectives

Coordinate planning, and manage operations, maintenance, and capital improvements to ensure reliable and efficient transmission and distribution system operation. Coordinate the work of outside engineers, contractors, and support personnel to ensure efficient use of those resources and the Utility's personnel. Administer a preventive maintenance program for transmission facilities. Ensure that spare parts are stocked at reliable yet economic levels to ensure timely repair of equipment. Ensure all assigned systems and equipment are in conformance with applicable local, state, and federal environmental and safety regulations. Establish and maintain programs and procedures to ensure compliance. Develop short and long range plans for improvements to transmission and distribution facilities and equipment. Establish priority guidelines for work schedules. Monitor and communicate the status of all operating units, including capability limits, performance reductions, and equipment problems, to other departments on a timely basis.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	36	36	36
Electric Transmission System-			
69 kV lines (miles)	14.90	14.90	14.90
138 kV lines (miles)	51.22	51.22	51.22
Distribution Substations	9	9	9
Distribution Lines-			
3-phase 13.8 kV (miles)	241.91	230.40	230.40

Transmission & Distribution

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 1,584,273	\$ 1,673,367	\$ 1,952,517	\$ 2,139,604
Labor-Overtime	302,687	314,207	199,972	211,770
Transportation	38,868	64,158	40,439	41,248
Material From Stock	256,398	338,814	245,202	265,527
Material From Vendors	61,967	100,804	89,388	184,639
Outside Services	231,222	364,325	883,712	1,051,660
Employee Benefits	784,047	850,378	972,769	1,168,301
Purchased Power				
Transmission	2,919,894	2,661,334	3,159,377	3,042,366
Other Expenses	12,446	14,873	27,019	29,551
Grand Total	\$ 6,191,802	\$ 6,382,260	\$ 7,570,395	\$ 8,134,665
Average annual change compared to prior year		3.1%	18.6%	7.5%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 2,236,402	\$ 2,325,858	\$ 2,338,893	\$ 2,432,448
Labor-Overtime	221,299	230,151	239,357	248,932
Transportation	42,073	42,914	43,772	44,648
Material From Stock	270,826	276,230	281,743	287,366
Material From Vendors	188,252	191,937	195,695	199,529
Outside Services	1,327,527	925,171	965,250	963,777
Employee Benefits	1,188,664	1,208,030	1,196,915	1,212,677
Purchased Power				
Transmission	3,099,836	3,165,276	3,236,769	3,310,335
Other Expenses	30,142	30,744	31,359	31,986
Grand Total	\$ 8,605,020	\$ 8,396,312	\$ 8,529,754	\$ 8,731,699
Average annual change compared to prior year		5.8%	-2.4%	1.6%

Other Power Supply

Functional Responsibilities

Operate and maintain safe, reliable, and efficient generation facilities.

Major Objectives

Coordinate planning and manage operations, maintenance, and capital improvements to ensure reliable and efficient generation units. Coordinate the work of outside engineers, contractors, and support personnel to ensure efficient use of those resources and KEYS personnel. Administer a preventive maintenance program for generation units. Ensure that spare parts are stocked at reliable yet economic levels to ensure timely repair of equipment. Ensure all assigned systems and equipment are in conformance with applicable local, state, and federal environmental and safety regulations. Establish and maintain programs and procedures to ensure compliance. Develop short and long range plans for improvements to generation units, and equipment. Monitor and communicate the status of all operating units, including capability limits, performance reductions, and equipment problems, to other departments on a timely basis. Maintain effective working relationships with other departments and electric utilities.

Staffing & Workload Measures

	Actual FY 2006	Actual FY 2007	Estimated FY 2008
Number of Employees	19	23	24
Synchronized On-Island Capacity (MW)	121	121*	110*
BP HSD Unit Availability (%)	97.91	n/a	n/a
CK HSD's Unit Availability (%)	92.33	n/a	n/a
SI Unit Availability (%)	87	73	90
MSD's Unit Availability (%)	98	77	88
CT's Unit Availability (%)	46	64	91
Synchronous Condenser Availability (%)	85	79	91

Other Power Supply

Account Name	Actual FY 2005	Actual FY 2006	Amended Budget FY 2007	Budget FY 2008
Labor-Regular	\$ 1,085,871	\$ 1,062,709	\$ 1,314,027	\$ 1,297,755
Labor-Overtime	107,339	140,967	101,256	76,345
Transportation				
Material From Stock	125,681	111,515	108,810	87,828
Material From Vendors	240,858	266,987	352,921	332,018
Outside Services	185,010	559,011	233,844	415,897
Employee Benefits	420,916	457,985	542,944	627,034
Purchased Power				
Transmission				
Other Expenses	27,740	25,524	40,484	41,294
Grand Total	\$ 2,193,415	\$ 2,624,698	\$ 2,694,286	\$ 2,878,171
Average annual change compared to prior year	15.7%	19.7%	2.7%	6.8%

Account Name	Budget FY 2009	Budget FY 2010	Budget FY 2011	Budget FY 2012
Labor-Regular	\$ 1,252,154	\$ 1,248,160	\$ 1,241,844	\$ 1,233,024
Labor-Overtime	78,230	79,840	81,593	81,497
Transportation				
Material From Stock	89,585	91,376	93,204	95,068
Material From Vendors	338,658	345,431	352,340	359,387
Outside Services	571,437	416,466	301,595	266,827
Employee Benefits	606,779	606,423	605,407	605,593
Purchased Power				
Transmission				
Other Expenses	42,120	42,962	43,821	44,698
Grand Total	\$ 2,978,963	\$ 2,830,658	\$ 2,719,804	\$ 2,686,093
Average annual change compared to prior year	3.5%	-5.0%	-3.9%	-1.2%



Capital Project Prioritization Process (CPPP)

Capital projects are evaluated each fiscal year and integrated into the multi-year financial plan, which is linked to the Strategic Plan. The Utility Board sets the strategic plan by developing the year's strategic goals. These goals are management's basis for the multi-year financial plan.

Determine Total Project Funding Amount

To determine the Total Project Funding Amount, the Financial Plan, along with the various funding sources, must be reviewed with focus on amounts that may be available from the Revenue Fund, Renewal & Replacement Fund, Designated Retained Earnings, Contribution in Aid of Construction Fund, Line Extension Fees, and other reimbursements.

Capital Project Evaluation Form

The *Capital Project Evaluation Form* is prepared for each proposed project. The top portion of the form describes the capital project in detail. This is comprised of a description of the work, Cost-Benefit Analysis, and breakdown of the proposed project costs. The middle part describes the relationship of the project to each strategic goal with a total score included. The evaluator reviews the score for appropriateness and makes changes as needed. The total score of the proposed project for each fiscal year is calculated by adding the numbers in each column.

Rank Proposed Projects

The Finance Department prepares a list of projects based on number of points in descending order, with the requested funding for each project included. The list indicates whether total funding equals available funding. Proposed projects that fall below the total available are cut from funding in the current year and are reconsidered in subsequent years.

The department directors and direct reports meet with the Chief Financial Officer to discuss the results of the CPPP. Any adjustments the group deems necessary are made. The results are forwarded to the General Manager & CEO for review and final approval.

**Utility Board of the City of Key West
Budget Prioritization Form**

Project Title

Detailed Description of work

Impact to KEYS (Indicate Related Strategy Number) (See 1-5 Below)

Circle one from each group

- Budgeted Project Total**
- Estimated Labor Cost**
- Estimated Overtime Cost**
- Estimated Material Cost - Inventory**
- Estimated Material Cost - Vendors**
- Estimated Transportation Costs**
- Estimated Outside Services Cost**

Core Business?	Yes	No	Type of Expense ?	O&M	Capital
\$ _____					

Score	Please enter your score for 2005 tasks only in column "C"				
	2008	2009	2010	2011	2012

Core Business / Electricity					
Necessity					
▶ Required by Law, Contracts & Agreements	Yes/No				
▶ Operationally Required	Yes/No				
▶ Security	Yes/No				
If the task being evaluated satisfies either of the "Necessity" criteria, STOP at this point, do not score any further					
1) Develop a Methodology to Operate with Flat or Declining Sales					
2) Create a Stable, Capable, Committed Work Force.					
3) Maintain Reasonable Long-Term Reliability Level Compared to Industry Benchmarks and Improve Customer Perceived Reliability					
4) Maximize Benefits to KEYS from FMPA					
5) Maintain a High Level of Customer Service and Satisfaction					
Total Score - Core Items					

Evaluated by: _____ Date: _____

Disposition: _____

Multi Year Capital Improvement Plan

Project Description	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Transmission Line and Substations Maintenance- FKEC territory	\$ 192,945	\$ 446,000	\$ 305,380	\$ 446,630	\$ 65,000	65,000
Adjust Tapchangers & Replace Contacts	-	30,000	-	30,000	-	30,000
Reinsulate Line 4 (water portion)	-	-	50,000	200,000	200,000	-
Repair Line 1 Crossarm Bolts	25,000	-	-	-	-	-
Repair Over the Water Transmission Pole Foundations	49,166	100,000	250,000	250,000	250,000	-
Reinsulate Stock Island Plant Substation	-	-	175,000	-	-	-
Steel Pole Painting	50,000	-	-	-	-	-
Replace Transmission Oil Circuit Breakers	950,000	150,000	-	-	-	-
KWDS motorized Switches	59,000	-	-	-	-	-
Replace 69Kv Switches @ US1(9) & Kennedy Drive(9)	341,000	110,000	-	-	-	-
Purchase Potential Transformers	35,000	-	-	-	-	-
Upgrade Transmission Relay Panels	269,000	325,000	350,200	-	-	-
SC Transformer	411,438	50,000	-	-	-	-
Repair Line 4 Over the Water Transmission Pole Tops & Static Wire *	-	500,000	-	-	-	-
Replace 138KV & 69KV Lighting Arrestors *	-	100,000	-	-	-	-
Transmission Pole Guard Rails - Big Coppitt	-	120,000	-	-	-	-
Substation Structure Painting	-	-	150,000	-	-	-
Total - Transmission	2,382,549	1,931,000	1,280,580	926,630	515,000	95,000
Change out Voltage Regulator	-	-	50,000	-	-	-
Construct New Substation - Stock Island	200,000	994,513	1,005,487	-	-	-
Underground Trenching Conversion Program	-	100,000	-	-	-	-
Purchase Transformers	680,000	1,330,000	1,000,000	1,050,000	1,050,000	1,050,000
Other - Daily Work Orders, Engineer's Requests	1,300,000	1,000,000	1,000,000	1,050,000	1,050,000	1,050,000
Improve Distribution(Sectionalizers/Reclosurers/Capacitors)	-	-	100,000	-	-	100,000
Distribution Improvements	3,455,000	2,885,000	2,940,000	3,245,000	3,135,000	600,000
Install new Feeder / Reconductor - Stock Island Substations	-	100,000	50,000	-	-	-
Construct New Feeders on Distribution System - BPS	-	100,000	-	-	150,000	-
Re-work 4160 for future use	-	50,000	-	-	-	-
Relocate Poles-DOT Right-of-Way (North Roosevelt Rehabilitation)	-	-	-	150,000	-	-
Replace Down Guy	-	-	100,000	100,000	-	-
Stub Pole Removal	50,000	-	50,000	-	50,000	-
Power Quality Meter	-	10,000	-	-	-	-
Replace Substation Transformers- KDS #1	-	994,513	375,487	-	-	-
Replace Substation Transformers- KDS #2	-	994,513	375,487	-	-	-
Replace Substation Transformers- US-1	-	994,513	255,487	-	-	-
Fiber Drops @ US1, Big Pine, Big Coppitt Substations	100,000	-	-	-	-	-
Normal Improvements/upgrades to Substations	40,000	40,000	40,000	40,000	40,000	40,000
Purchase Residential and Commercial Meters Bond Funds \$182,264	413,194	495,000	504,900	514,998	525,298	535,804
Remote Metering [study, implementation]	-	-	25,000	-	-	-
Substation Feeder Cable Change Out (12 Feeders)	165,000	485,000	-	-	-	-
Replace Remote Terminal Unit	-	15,000	15,000	15,000	-	-
Field Communications / Radio Replacement	-	-	200,000	-	-	-
Install System Wide Fiber Network (Backbone)	-	1,289,750	1,976,250	-	-	-
Replace Cable Trench (US1 & BPS)	-	45,000	-	-	-	-
Arc Flash Substation Fault Delay	-	60,000	-	-	-	-
Total - Distribution	6,403,194	11,982,802	10,063,098	6,164,998	6,000,298	3,375,804
Upgrade Emissions Monitoring Equipment	9,352	-	-	-	-	200,000
Purchase & Install MSD Turbo Chargers(5)	-	-	850,000	-	-	-
Control Upgrade for HSD's	25,000	-	-	-	-	-
Repair Various Generating Units Bond Funds \$92,000.	122,000	-	-	-	-	-
Oil Boom	-	-	-	50,000	-	-
Overhaul High Speed Diesel at Stock Island [#1 and #3]	-	-	110,000	110,000	-	-
Hydrogen Panel for SC	-	50,000	-	-	-	-
Overhaul - Medium Speed Diesel #2	438,000	-	-	-	-	-
Overhaul - Medium Speed Diesel #1	-	500,000	-	-	-	-
Replace Turbo Charger - High Speed Diesels	30,000	35,000	-	-	-	-
Purchase Fin Fan Coolers (5)	950,000	325,000	-	-	-	-
Repair Exhaust Stack @ MSD's	11,501	-	-	-	-	-
Annual Capital Improvements	-	-	-	150,000	300,000	100,000
MSD Fuel Lines	50,000	-	-	-	-	-
Air Compressor for SC	-	26,000	-	-	-	-

Multi Year Capital Improvement Plan

Project Description	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Replace Stock Island Peaking Diesel Radiators	-	120,000	-	-	-	-
Replace Door with Stainless Steel and Paint CT #1	-	70,000	-	-	-	-
Replace VR204 Air Meters	-	18,000	-	-	-	-
Replace Fuel Line Stainless Steel for CT's	-	55,000	-	-	-	-
Control Cab (Cat 5 Rating) for HSD w/Breakers & Controls	-	500,000	-	-	-	-
Total - Generation	1,635,853	1,699,000	960,000	310,000	300,000	300,000
Purchase & Installation of siding for the SIGF	35,000	-	-	-	-	-
Install Concrete Riprap @ Seawall	277,000	-	-	-	-	-
Replace MSD Roof	85,000	-	-	-	-	-
Gas Pump Replacement	-	-	20,000	-	-	-
Industrial Floor Sweeper (Warehouse)	-	-	15,000	-	-	-
Roof Replacement @ RGSC	-	-	40,000	-	-	-
Enclosure of James Street Building (Mail room)	-	-	75,000	-	-	-
Wellness Center Restroom	-	-	25,000	-	-	-
Purchase 10,000lb Forklift	45,000	-	-	-	-	-
Elevator Upgrade Service Building	35,000	-	-	-	-	-
Convert Louisa St Substation - Pocket Park	25,000	-	-	-	-	-
Improvements to Facilities	60,000	64,500	69,338	74,538	80,128	86,138
Storm water Runoff at James Street	75,000	-	-	-	-	-
Purchase 15,000 lb Vehicle Lift	15,000	-	-	-	-	-
Upgrade Service Building A/C	-	-	-	50,000	-	-
Install Air Conditioning at Warehouse "C"	50,000	-	-	-	-	-
Paving and Fencing Service Building	-	-	120,000	-	-	-
Transformer Containment area for Electrical	-	5,000	10,000	-	-	-
Total - Facilities	702,000	69,500	374,338	124,538	80,128	86,138
Replace Drive Through Car Wash joint ownership with Monroe County	-	75,000	-	-	-	-
Purchase Tie-Line Maintenance Barge	-	75,000	-	-	-	-
Replace (2) Fuel Tanks @ Garage	-	-	100,000	-	-	-
Purchase EZ Hauler	135,000	-	-	-	-	-
Purchase Skid Steer Loader	30,000	-	-	-	-	-
Overhaul Company Vehicles	-	60,000	60,000	60,000	60,000	60,000
Replace Vehicle #10 - Tree Trimmer (est. surplus \$13,000)	135,000	-	-	-	-	-
Replace Vehicle #100 - Digger Derrick (est. surplus \$25,000+)	180,000	-	-	-	-	-
Replace Vehicle #13 - Crane Knuckle Truck (flatbed) (est. surplus \$0)	110,000	-	-	-	-	-
Replace Vehicle #75 - Ford Ranger (est. surplus \$1,500)	20,000	-	-	-	-	-
Replace Vehicle #83 - 1/2 Ton Pickup (est. surplus \$1,500)	20,000	-	-	-	-	-
Replace Vehicle #82 - 1/2 Ton Pickup (est. surplus \$1,500)	20,000	-	-	-	-	-
Replace Vehicle #98 - 1/2 Ton Pickup (est. surplus \$1,500)	20,000	-	-	-	-	-
Replace Vehicle #61 - 1/2 Ton Pickup (est. surplus \$1,500)	20,000	-	-	-	-	-
Replace Vehicle #60 - 1/2 Ton Pickup (est. surplus \$1,500)	20,000	-	-	-	-	-
Replace Vehicle #26 - Utility Body (est. surplus \$ 5,000)	-	35,000	-	-	-	-
Replace Vehicle #81 - 1/2 Ton Pickup(est. surplus \$2,500)	-	20,000	-	-	-	-
Replace Vehicle #43 - 1/2 Ton Pickup (est. surplus \$2,500)	-	20,000	-	-	-	-
Replace Vehicle #17 - 1/2 Ton Pickup (est. surplus \$2,500)	-	20,000	-	-	-	-
Replace Vehicle #20 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #95 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #19 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #28 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #40 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #68 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #71 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #96 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #18 - Bucket Truck (est. surplus \$15,000)	-	-	135,000	-	-	-
Replace Vehicle #15 - Cargo Trailer (est. surplus \$500)	-	-	-	10,000	-	-
Replace Vehicle #32 - 3 spool Wire Trailer (est. surplus \$500)	-	-	-	20,000	-	-
Replace Vehicle #33 - Dump Trailer (est. surplus \$500)	-	-	-	15,000	-	-
Replace Vehicle #38 - Air Compressor (est. surplus \$2,500)	-	-	-	25,000	-	-
Replace Vehicle #84 - Vermeer Chipper (est. surplus \$7,500)	-	-	-	45,000	-	-
Replace Vehicle #103 - Cargo Trailer (est. surplus \$500)	-	-	-	10,000	-	-
Replace Vehicle #21 - Vermeer Chipper (est. surplus \$5,000)	-	-	-	35,000	-	-
Replace Vehicle #9 - Digger (est. surplus \$25,000)	-	-	200,000	-	-	-
Replace Vehicle #34 - Step Van (est. surplus \$1,500)	-	-	-	-	-	55,000

Multi Year Capital Improvement Plan

Project Description	Amended FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Replace Vehicle #55 - Step Van (est. surplus \$1,500)	-	-	-	-	-	55,000
Replace Vehicle #54 - Utility Body (est. surplus \$5,000)	-	-	-	-	-	40,000
Replace Vehicle #89 - Utility Body (est. surplus \$5,000)	-	-	-	-	-	40,000
Replace Vehicle #117 - Dump Trailer (est. surplus \$500)	-	-	-	-	-	15,000
Replace Vehicle #36 - Flat Bed Trailer (est. surplus \$2,500)	-	-	-	-	-	25,000
Replace Vehicle #66 - Boom Trailer (est. surplus \$2,500)	-	-	-	-	-	50,000
Replace Vehicle #74 - Arrow Board (est. surplus \$500)	-	-	-	-	-	15,000
Replace Vehicle #76 - Arrow Board (est. surplus \$500)	-	-	-	-	-	15,000
Replace Vehicle #77 - Pontoon Boat (est. surplus \$5,00)	-	-	-	-	-	35,000
Replace Vehicle #92 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	-	-	-	25,000
Replace vehicle #51 - Utility Body	-	-	35,000	-	-	-
Replace Vehicle #110 - Enclosed Trailer for Underground Work	-	-	20,000	-	-	-
Purchase Attachments for Skid Steer Loader	-	-	35,000	-	-	-
Spare Purchase of Additional Vermeer Wood Chipper	-	-	35,000	-	-	-
Purchase of 38 Ton Capacity Crane for Installing New Concrete Poles	-	400,000	-	-	-	-
Replace Vehicle #118 - Pole Trailer (est. surplus \$2,500)	-	30,000	-	-	-	-
Replace Vehicle #119 - Pole Trailer (est. surplus \$2,500)	-	30,000	-	-	-	-
Total - Fleets	710,000	765,000	780,000	220,000	60,000	430,000
Integrated Voice Response [IVR] & Outage Mgmt Systems	55,000	373,000	-	-	-	-
Replace AVL Tractors	5,000	5,250	5,513	5,788	6,078	6,381
Upgrade PC's & Equipment Electrical Operation & Production	15,000	15,750	16,538	17,364	18,232	19,144
Upgrade PC's	-	30,000	95,000	40,000	40,000	40,000
Inventory Barcode System	25,000	-	-	-	5,000	5,000
Upgrade or Replace the Asset Management System (CPR)	-	35,000	-	-	-	-
Customer Service and Financial System Upgrades	-	-	-	225,000	-	-
New Circuits for Substation RTU's	50,000	15,000	15,000	60,000	15,000	-
Replace Intel Servers, Storage Devices, Fiber Channels	-	-	100,000	-	-	-
Replace or Upgrade SCADA System	200,000	-	-	-	-	-
Replace all Network Switching Equipment	50,000	-	150,000	-	-	65,000
Provide Wireless Functionality for Relays	-	50,000	-	-	-	-
Upgrade CEM Software	-	34,000	-	-	-	-
Fiber to Connect Data and Voice Servers (Big Pine & Stock Island)	-	37,500	37,500	-	-	-
Core Network Equipment to Support Fiber	-	-	125,000	-	-	-
Fiber Substation Equipment	-	205,000	45,000	-	-	-
Replace Servers	-	75,000	-	-	-	-
Total - Information Technology	400,000	875,500	589,550	348,153	84,310	135,525
Emergency Contingency	-	50,000	50,000	50,000	50,000	75,000
Short & Long Term Land Use Plan -Cudjoe Key & Big Pine	-	2,444,500	-	-	-	-
Total - General Plant	-	2,494,500	50,000	50,000	50,000	75,000
Total All Projects	\$ 12,233,596	\$ 19,817,302	\$ 14,097,566	\$ 8,144,318	\$ 7,089,736	\$ 4,497,467
Proposed Projects To Be Rescheduled, deferred or carried over to another year within the five year financial plan	(6,150,000)	5,705,000	(1,765,000)	(3,955,000)	1,175,000	3,350,000
Total Capital Project Funding Level	\$ 6,083,596	\$ 25,522,302	\$ 12,332,566	\$ 4,189,318	\$ 8,264,736	\$ 7,847,467

Utility Board of the City of Key West
Multi-Year Capital Plan Explanations
FY08 - FY12

Project Description

Explanations

Transmission

Transmission Line and Substation Maintenance FKEC territory	Capital projects within FKEC's territory. Upgrade remote terminal units @ Islamorada & Jewfish Creek substations and replace substation batteries.
Adjust Tap changers & Replace Contacts	Inspect and upgrade the tap changers at various substations in KEYS' service area.
Re-insulate Line 4 (water portion)	Re-insulate over water portion of Line #4.
Repair Over the Water Transmission Pole Foundations	Repair existing concrete collars on the over water transmission poles with epoxy injections.
Re-insulate Stock Island Plant Substation	Replace all existing porcelain insulators at the Stock Island switchyard with polymer insulators.
Replace Transmission Oil Circuit Breakers	Replace 138Kv tie-line oil circuit breakers installed in 1986 with new gas breakers.
Replace 69Kv Switches @ US-1 & Kennedy Drive Substations	Replace aging aluminum transmission switches. Nine switches at each substation.
Upgrade Transmission Relay Panels	Upgrade electro-mechanical transmission relays on 69kV lines with digital relays. (US-1, Stock Island, Kennedy Drive substations)
Synchronous Condenser Transformer	Re-manufacturing of the lightning damaged SC transformer.
Repair Line #4 Over the Water Transmission Pole Tops & Static Wire	Structural repair of spalling pole tops and concurrently replace 30 year old shield wire on Line #4.
Replace 138Kv & 69Kv Lightning Arrestors	Replace aging lightning arrestors at the substations.
Transmission Pole Guard Rails Big Coppitt Key	Florida Department of Transportation (FDOT) will be widening US-1 on Big Coppitt Key. Installation of guard rails in the area will maintain KEYS' "clear zone setback" as required by FDOT.
Substation Structure Painting	Painting of the substation structures are necessary to reduce the effect of the corrosive environment.

Distribution

Change out Voltage Regulators	Upgrade regulators to accommodate voltage fluctuation on Sugarloaf & Summerland Keys.
Construct New Substation Stock Island	A new substation is needed on Stock Island, (30MVA 69kV to 13.8kV) due to increased development in the area.
Underground Trenching Conversion Program	Conversion of overhead lines to underground per customer request.

Utility Board of the City of Key West
Multi-Year Capital Plan Explanations
FY08 - FY12

Project Description

Explanations

Purchase Transformers	To meet the mandatory requirement for new service and system upgrades.
Other - Daily Work Orders, Engineering Requests	To meet the mandatory requirement for new service and system upgrades.
Improve Distribution (Sectionalizes/Reclosurers/Capacitors)	Install additional capacitors for voltage support.
Distribution Improvements Storm Hardening	The inspection and replacement of approximately 3,300 wood poles with new stronger concrete poles.
Install new Feeder/Reconductor Stock Island Substations	Replace existing feeder wire with larger conductor to increase the carrying capacity.
Construct New Feeders on Distribution System - Big Pine Substation	Due to increasing loads, a new feeder at the Big Pine sub-station will be constructed to improve reliability in the area.
Re-work 4160 for future use	Work associated with utilizing previously decommissioned 4160 wires.
Relocate Poles - FDOT Right-of-Way North Roosevelt Rehabilitation	Move poles per the FDOT to allow for a wider right-of-way.
Replace Down Guy	Replace existing rusted down guys.
Stub Pole Removal	Remove and dispose of stub poles, under FPSC regulations.
Power Quality Meter	Installation of distribution equipment that will improve the quality of power supplied to the customer.
Replace Substation Transformer KDS #1	Replace existing substation transformer @ Kennedy Drive.
Replace Substation Transformer KDS #2	Replace existing substation transformer @ Kennedy Drive.
Replace Substation Transformer US-1	Replace existing substation transformer @ US-1.
Normal Improvements/Upgrades to Substations	Normal upgrades and improvements of station equipment.
Purchase Residential and Commercial Meters	New installations and replacements of broken customer meters.
Remote Metering (study & implementation plan)	Study & Implement a conversion plan for the existing meter reading system to an automatic meter reading system.
Substation Feeder Cable Change Out (12 Feeders)	Replace failing 40+ year old feeder cable at various substations.
Replace Remote Terminal Units	Replace older RTU's
Field Communications/Radio Replacement	Upgrade and/or replace radio units.

Utility Board of the City of Key West
Multi-Year Capital Plan Explanations
FY08 - FY12

Project Description

Explanations

Install System Wide Fiber Network (Back Bone)

Design and build 65 miles of fiber network.

Replace Cable Trench (US-1 & BPS)

Replace broken cable trench with new traffic rated cable

Arc Flash Substation Fault Delay

Relay and wiring modification to the existing relay panels at the Stock Island Generating Facility.

Generation

Upgrade Emissions Monitoring Equipment

Upgrade existing Opacity monitors and remote monitoring equipment.

Purchase & Install (5) MSD Turbo Chargers

Replace existing turbo chargers with new technology for increased efficiency.

Oil Boom

Replace aging oil boom. KEYS' is required to maintain an oil boom which surrounds the fuel barge during fuel delivery.

Overhaul HSD #1 & #3

Preventative maintenance policy requires the five year overhaul of the High Speed Diesels unit #1 & unit #3.

Hydrogen Panel for Synchronous Condenser

Replace the existing 30 year old hydrogen panel.

Overhaul - Medium Speed Diesel #1

Scheduled maintenance on MSD Unit #1.

Replace Turbo Charger - High Speed Diesels

Replacement of two turbo chargers on the Stock Island HSD's. Will allow KEYS to maintain efficient operations and remain emission compliant.

Purchase Fin Fan Coolers (5)

Installation of the Coolers will replace the salt water wells, eliminate hydrogen sulfide and reduce the corrosive environment at the Stock Island Generating Facility.

Annual Capital Improvements

Repairs to various generating units at Stock Island as needed.

Air Compressor for Synchronous Condenser

Purchase and install an Air Compressor for the SC.

Replace Stock Island Peaking Diesel Radiators

Replace the existing radiators to increase cooling & capacity of the units.

Replace Door with Stainless Steel and Paint CT #1

Replace the existing corroded steel doors with stainless steel doors and pain the cab.

Replace VR204 Air Meters

Replace existing meters with new state of the art meters to meet the air quality permit.

Replace Fuel Line with Stainless Steel for CT's

Replace existing corroded steel fuel lines with stainless steel that will require less O&M maintenance.

Utility Board of the City of Key West
Multi-Year Capital Plan Explanations
FY08 - FY12

Project Description

Explanations

Control Cab (Cat 5 Rating) for HSD w/Breakers & Controls

Replace existing Control Cab with a stronger wind rated cab. This will protect the unit and controls from storm surge.

Facilities

Gas Pump Replacement

Replace 15+ years old gas pumps at the Stock Island Garage.

Industrial Floor Sweeper (Warehouse)

A new sweeper will maintain a cleaner environment for the health and safety of employees.

Roof Replacement @ Ralph Garcia Synchronous Condenser (RGSC)

Replacement of 25 year old roof on the control room of the RGSC.

Enclosure of James Street Building (Mail Room)

Increase the storage at the James Street Service Building by enclosing the existing infrastructure.

Wellness Center Restroom

Install a restroom in the Wellness Center.

Improvements to Facilities

Improvements to various buildings, including fencing & paving.

Upgrade Service Building A/C

Replace the HVAC condensing units at James Street.

Paving & Fencing Service Building

Fencing and paving at the rear entrance and parking area of James Street Building.

Transformer Containment area for Electrical

Construct a transformer containment area to perform oil reclamation

Fleets

Replace Drive through Car Wash (joint ownership with Monroe County)

KEYS and Monroe County are in the process of a joint purchase and use agreement for a drive through car wash to be located on Rockland Key.

Purchase Tie-Line Maintenance Barge

The current standard pontoon boat does not meet Transmission & Distribution needs for over the water transmission line maintenance.

Replace (2) Fuel Tanks @ Garage

Replace the two aging Phoenix Tanks with two larger 4,000 gallon double wall UL#2085 Convault above ground tanks.

Overhaul Company Vehicles

Overhaul line trucks to increase life and reliability.

Replace Vehicles

Normal vehicle rotation and/or replacement.

Replace Vehicle #110 - Enclosed Trailer for Underground Work

Replace current trailer with a larger dual axle trailer.

Purchase Attachments for Skid Steer Loader

Purchase of the attachments will allow for additional usage of the skid steer loader.

Utility Board of the City of Key West
Multi-Year Capital Plan Explanations
FY08 - FY12

Project Description

Explanations

Spare Purchase of Additional Vermeer Wood Chipper	A spare chipper for the tree trimming crews is necessary when maintenance is being performed on the other unit.
Purchase of 38 Ton Capacity Crane for Installing New Concrete Poles	Purchase of a crane truck with the capability of installing the new heavier and larger concrete poles.
Replace Vehicle #118 - Pole Trailer	Normal vehicle rotation and/or replacement.
Replace Vehicle #119 - Pole Trailer	Normal vehicle rotation and/or replacement.

Information Technology

Integrated Voice Response (IVR) & Outage Management System	Installation of IVR software will enhance customers ability to access account information as well as pay bills by phone. Outage management software will allow customers to report trouble call & request services by using an automated phone system, with a customer call back feature.
Replace Automated Vehicle Locators (AVL) Tractors	Replacing automated vehicle locaters as they fail or break.
Upgrade PC's & Equipment Electrical Operation & Production	Specific types of hardware, software required to interact, test, configure & maintain in various area of utility.
Upgrade PC's	Replacement of Personal Computer's as new technology is developed.
Inventory Barcode System	Hardware associated with bar coding every inventory item in KEYS warehouse.
Upgrade or Replace Asset Management System	Upgrade or replacement of the Continuing Property Records Asset Management System.
Customer Service and Financial System Upgrade	Upgrade to next level of software to current with new technologies and increase system functionality.
New Circuits for Substation RTU's	Upgrade existing circuits for improved substation connectivity.
Replace Intel Servers, Storage Devices & Fiber Channels	Scheduled replacement in order to maintain the reliability of KEYS data services.
Replace all Network Switching Equipment	Scheduled replacement in order to maintain the reliability of KEYS data and voice network services.
Provide Wireless Functionality for Relays	Connecting and controlling KEYS relays with wireless technology will reduce the O&M costs associated with using telephone lines for communication.
Upgrade Continuous Emissions Monitoring (CEM) Software	Replacement of the current CEM software will improve the retention of data.

Utility Board of the City of Key West
Multi-Year Capital Plan Explanations
FY08 - FY12

Project Description

Explanations

Fiber to Connect Data and Voice Servers (Big Pine & Stock Island)

Equipment necessary to connect data voice on a fiber network for Big Pine Key and Stock Island.

Core Network Equipment to Support Fiber

Purchase of equipment essential for the function of the fiber network.

Fiber Substation Equipment

Purchase of equipment necessary to connect substations to the new SCADA System.

Replace Servers

Replacement of KEYS' servers to keep pace with new technologies.

General Plant

Emergency Contingency

Project set up to fund unbudgeted emergencies and utilized at the General Managers request.

Short & Long Term Land Use Plan - Cudjoe Key & Big Pine Key

Develop Cudjoe & Big Pine Key Properties.

Significant Capital Project Benefit

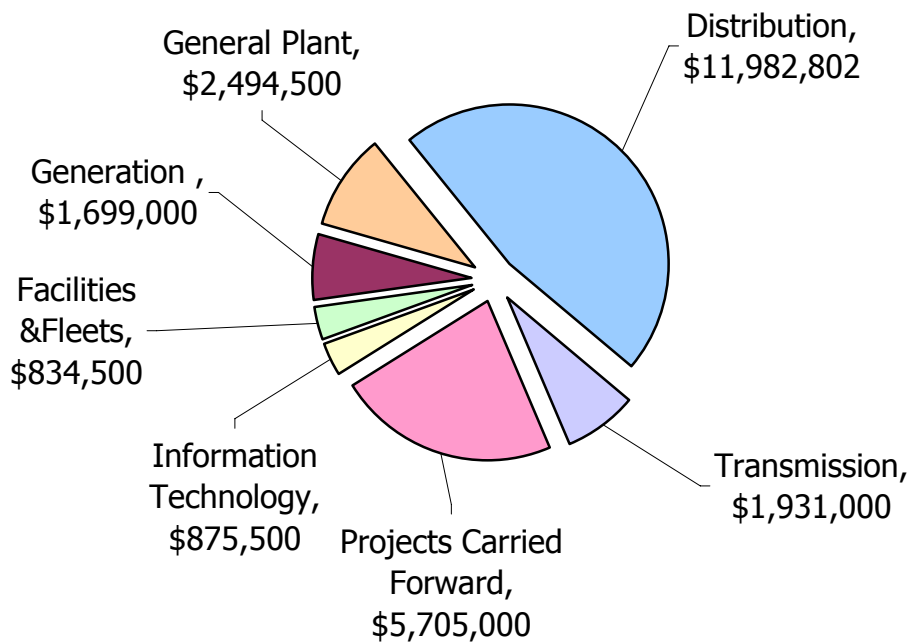
The majority of Keys Energy Services' (KEYS) capital projects are routine in nature, therefore, not discussed in this section. The three exceptions are described below.

Distribution Improvements capital project is budgeted in the five year plan for \$13.7 million. The project scope is to replace existing assets that are nearing the end of their useful life with upgraded materials. This project of replacing poles and wire will lower the future O&M costs for maintenance of fixtures and the maintenance of lines. The old poles are being replaced with stronger and heavier concrete poles. The new poles also have a higher wind rating thus reducing the potential of failure.

Constructing New Substation at Stock Island, Replacing Substation Transformers at Kennedy Drive Substation and Replacing Substation Transformer at US1 Substation are projects budgeted in the five year plan for \$6.0 million. Three of the existing transformers are at the end of their useful life. The new substation and transformer replacement will lower the future O&M costs for current substations.

Due to the significant increase in capital spending, it is difficult at this time to quantify the savings that are a direct result of renewal and replacement expenditures, however, staff is convinced that short and long term decreases in operations and maintenance costs do result from the improvements.

FY 08 Budgeted Capital Projects



Description of Utility

Entity Definition

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

Local Generation Facilities

The Board currently owns, operates, and maintains nine generating units with total maximum net continuous capability of 43.4 MW. This includes a combustion turbine unit and two medium-speed diesel units at Stock Island and three high-speed diesel units located at Stock Island. Additionally, the Board operates the combustion turbine along with three high-speed and two medium-speed diesel units with low sulfur (0.05%) No. 2 oil.

Under provisions of the All Requirements Project (ARP) Supply Contract between the Utility Board and the Florida Municipal Power Agency (FMPA), the output of the Board's generating facilities is being purchased in its entirety by FMPA as part of the ARP, and the Board, in turn, purchases all of its capacity and energy for resale from FMPA through the ARP. FMPA has installed three combustion turbines, which total 79.7 MW, at the Stock Island Generating Facility. These units are part of the facilities of the ARP, but combined with the Board's existing generating units; provide local generation nameplate capacity to 123.1 MW.

Purchased Power Arrangements

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

Organization and Management

General - The Board was initially created by the City Council and subsequently was established by an Act of the Florida Legislature in 1945 to operate and maintain the utility. The present form of the Board was created in 1969 by the Florida Legislature and was given control of the utility. The Board is composed of a Chairman and four members who are elected for a term of four years by the voters of the City. The Utility Board exercises exclusive control and management of the System and appoints its Vice-Chairman. The General Manager of the utility serves as the Secretary of the Utility Board and is also responsible for the day-to-day operations, including the hiring of employees. The City nor any other board, officer or agency of the City has any control over the operation or management of the utility or of the Board.

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

LIST OF PRINCIPAL OFFICIALS

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

DEPARTMENT DIRECTORS

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

Summary of Debt Service Coverage

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

Schedule of Debt Service - 1991 Series

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

Schedule of Debt Service - 2000 Series

<u>Payment Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>	
					<u>Payments</u>	<u>Funding</u>
					<u>Fiscal Year</u>	<u>Calendar Year</u>
10/1/2007	4,825,000	5.75%	1,185,119	6,010,119		7,195,238
4/1/2008			1,046,400	1,046,400	7,056,519	
10/1/2008	5,040,000	5.75%	1,046,400	6,086,400		7,132,800
4/1/2009			901,500	901,500	6,987,900	
10/1/2009	5,335,000	6.00%	901,500	6,236,500		7,138,000
4/1/2010			741,450	741,450	6,977,950	
10/1/2010	5,645,000	6.00%	741,450	6,386,450		7,127,900
4/1/2011			572,100	572,100	6,958,550	
10/1/2011	5,990,000	6.00%	572,100	6,562,100		7,134,200
4/1/2012			392,400	392,400	6,954,500	
10/1/2012	6,350,000	6.00%	392,400	6,742,400		7,134,800
4/1/2013			201,900	201,900	6,944,300	
10/1/2013	<u>6,730,000</u>	6.00%	<u>201,900</u>	<u>6,931,900</u>	<u>6,931,900</u>	<u>7,133,800</u>
Total	<u>\$ 44,530,000</u>		<u>\$ 11,399,538</u>	<u>\$ 55,929,538</u>	<u>\$ 55,929,538</u>	<u>\$ 55,929,538</u>
Generation (0%)	\$ -		\$ -	\$ -		
Transmission (91.4%)	40,700,420		10,419,177	51,119,597		
Distribution (8.6%)	<u>3,829,580</u>		<u>980,360</u>	<u>4,809,940</u>		
Total	<u>\$ 44,530,000</u>		<u>\$ 11,399,538</u>	<u>\$ 55,929,538</u>		

Schedule of Debt Service - Series 2001

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>	
				<u>Payments Fiscal Year</u>	<u>Funding Calendar Year</u>
10/1/2007	930,000	163,150	1,093,150		1,256,300
4/1/2008		144,550	144,550	1,237,700	
10/1/2008	965,000	144,550	1,109,550		1,254,100
4/1/2009		124,647	124,647	1,234,197	
10/1/2009	1,005,000	124,647	1,129,647		1,254,294
4/1/2010		103,291	103,291	1,232,938	
10/1/2010	1,050,000	103,291	1,153,291		1,256,581
4/1/2011		80,322	80,322	1,233,613	
10/1/2011	1,100,000	80,322	1,180,322		1,260,644
4/1/2012		56,259	56,259	1,236,581	
10/1/2012	1,145,000	56,259	1,201,259		1,257,519
4/1/2013		27,634	27,634	1,228,894	
10/1/2013	1,195,000	27,634	1,222,634		1,250,269
4/1/2014		-	-	1,222,634	
10/1/2014		-	-		-
4/1/2015		-	-	-	-
10/1/2015		-	-		-
4/1/2016		-	-	-	-
10/1/2016		-	-		-
4/1/2017		-	-	-	-
10/1/2017		-	-		-
4/1/2018		-	-	-	-
10/1/2018	-	-	-	-	-
Total	<u>\$ 8,290,000</u>	<u>\$ 1,580,181</u>	<u>\$ 9,870,181</u>	<u>\$ 9,870,181</u>	<u>\$ 9,870,181</u>
Generation (91%)	\$ 7,543,900	\$ 1,437,965	\$ 8,981,865		
Transmission (6.5%)	538,850	102,712	641,562		
Distribution (2.5%)	<u>207,250</u>	<u>39,505</u>	<u>246,755</u>		
Total	<u>\$ 8,290,000</u>	<u>\$ 1,580,181</u>	<u>\$ 9,870,181</u>		

Schedule of Debt Service - 2006 Series

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

Overhead Rate Calculation Worksheet

Labor Overhead Rate:

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

Material Overhead Rate:

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

Overhead Rate Calculation Worksheet

General Overhead Rate:

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

Benchmarking to Budget

Financial Ratios	Actual	Budget	Budget	APPA 2003 *	
	FY 2006	FY 2007	FY 2008	Composite ⁽¹⁾	Generation ⁽²⁾
1. Revenue per kWh (Dollars)					
1a. All Retail Customers					
Revenue / kWh	\$0.133	\$0.134	\$0.141	\$0.065	\$0.071
1b. Residential Customers					
Revenue / kWh	\$0.137	\$0.138	\$0.145	\$0.067	\$0.080
1c. Commercial Customers					
Revenue / kWh	\$0.130	\$0.130	\$0.137	\$0.069	\$0.078
2. Debt to Total Assets					
LT Debt + Current & Accrued Liabilities / Total Assets	0.432	N/A	N/A	0.281	0.226
3. Operating Ratio					
Total Electric O&M Expense / Total Electric Revenue	0.863	0.926	0.959	0.883	0.784
4. Current Ratio					
Current & Accrued Assets / Current & Accrued Liabilities	1.25	N/A	N/A	1.69	N/R
5a. Times Interest Earned					
Electric Income + Interest on LT Debt / Interest on LT Debt	2.30	N/A	N/A	4.00	N/R
5b. Debt Service Coverage					
Before Overhead Allocation:					
Net Income + Depreciation / Debt Service Pymts on LT Debt	1.59	1.49	1.58	N/A	N/R
After Overhead Allocation:					
Net Income + Depreciation / Debt Service Pymts on LT Debt	1.87	1.49	1.58	3.51	N/R
6. Net Income per Revenue Dollar					
Net Income / Revenue	\$ 0.062	N/A	N/A	\$ 0.043	N/R
7. Uncollectable accounts per Revenue Dollar					
Uncollectable Accounts / Revenue	(\$0.0024)	\$0.0012	\$0.0012	\$0.0020	N/R

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

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

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

N/A: Not Available

N/R: Not Reported

Benchmarking to Budget

Operating Ratios	Actual	Budget	Budget	APPA 2003 *	
	FY 2006	FY 2007	FY 2008	Composite ⁽¹⁾	Generation ⁽²⁾
8. Retail Customers per Non-power-generation Employee Avg. # of Customers / non-power-generation employees	224	225	222	340	N/R
9. Total O & M Expense per kWh Sold O&M(less taxes) / kWh sold	\$ 0.115	\$ 0.120	\$ 0.131	\$ 0.058	\$ 0.045
10. Total O&M Expense (Excluding Power Supply) O&M(less taxes) - (Power Supply) / Avg. # of Customers	\$ 659	\$ 904	\$ 857	\$ 216	N/R
11. Total Power Supply Expense Per kWh Sold Total Production Expense / kWh Sold	\$ 0.088	\$ 0.088	\$ 0.095	\$ 0.052	\$ 0.037
12. Purchased Power Cost per kWh Purchase Power Cost / kWh purchased	\$ 0.081	\$ 0.079	\$ 0.086	\$ 0.048	\$ 0.037
13. Retail Customers per Meter Reader Avg. # of Customers / Number of Meter Readers	7,394	7,433	9,992	5,256	N/R
14. Distribution O&M Expenses per Retail Customer Distribution Expense / Avg. # of Customers	\$ 114	\$ 136	\$ 150	\$ 97	N/R
15. Distribution O&M Expenses per Circuit Mile Distribution Expense / Circuit Mile	\$ 13,099	\$ 15,713	\$ 17,440	\$ 4,122	N/R
16. Customer Account, Customer Service & Sales Expense per Retail Customer Customer Service Expense / Avg. # of Customers	\$ 49	\$ 49	\$ 51	\$ 39	N/R
17. Admin & General Expense per Retail Customer A & G / Avg. # of Customers	\$ 387	\$ 496	\$ 523	\$ 63	\$ 127

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

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

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

N/A: Not Available

N/R: Not Reported

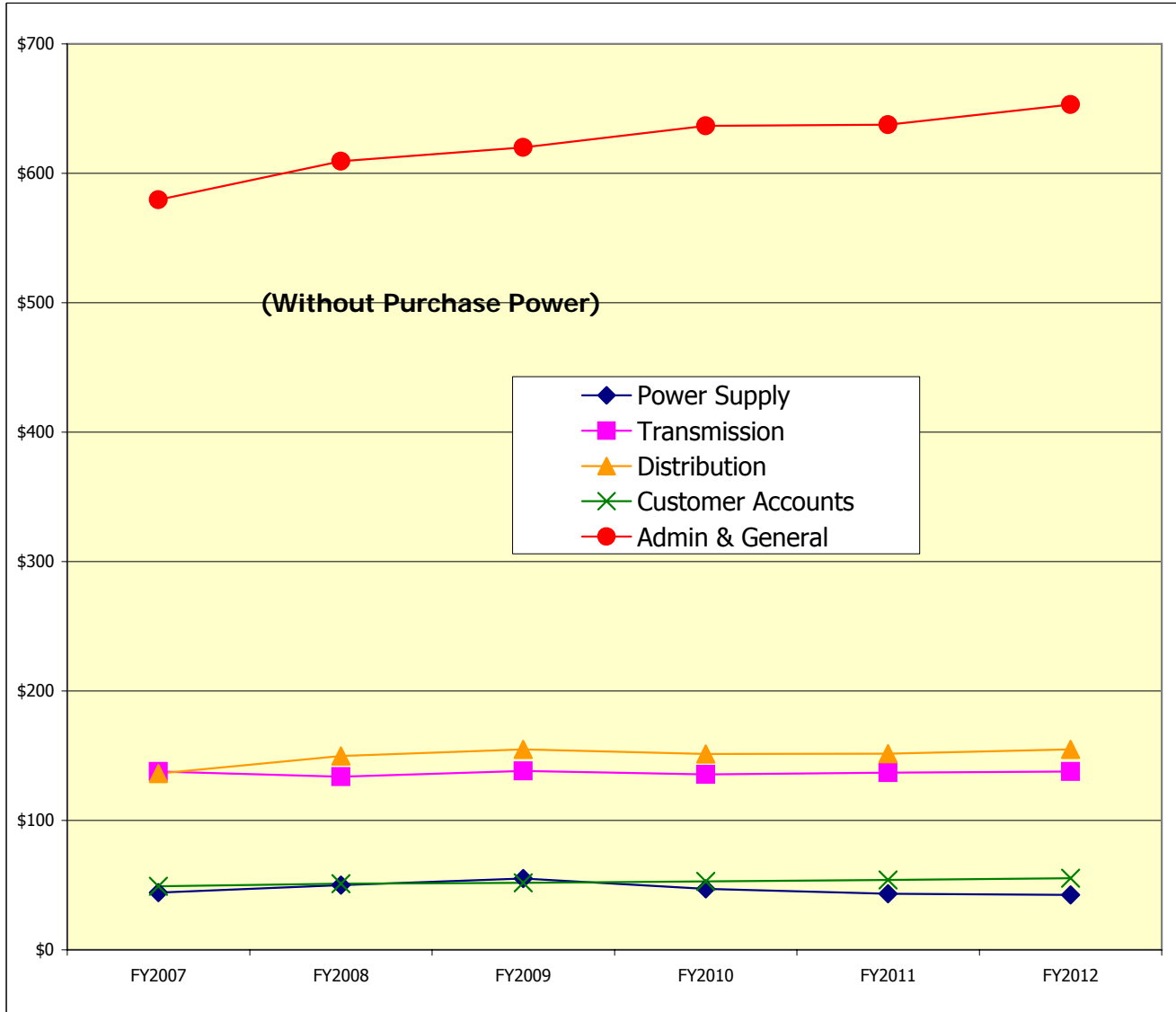
Financial Indicators Summary

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

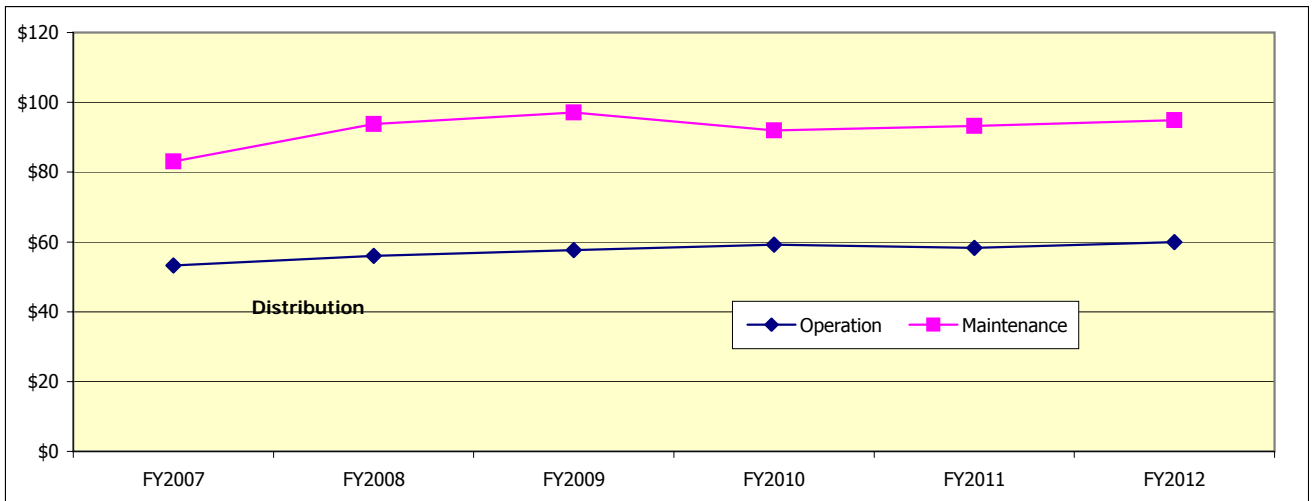
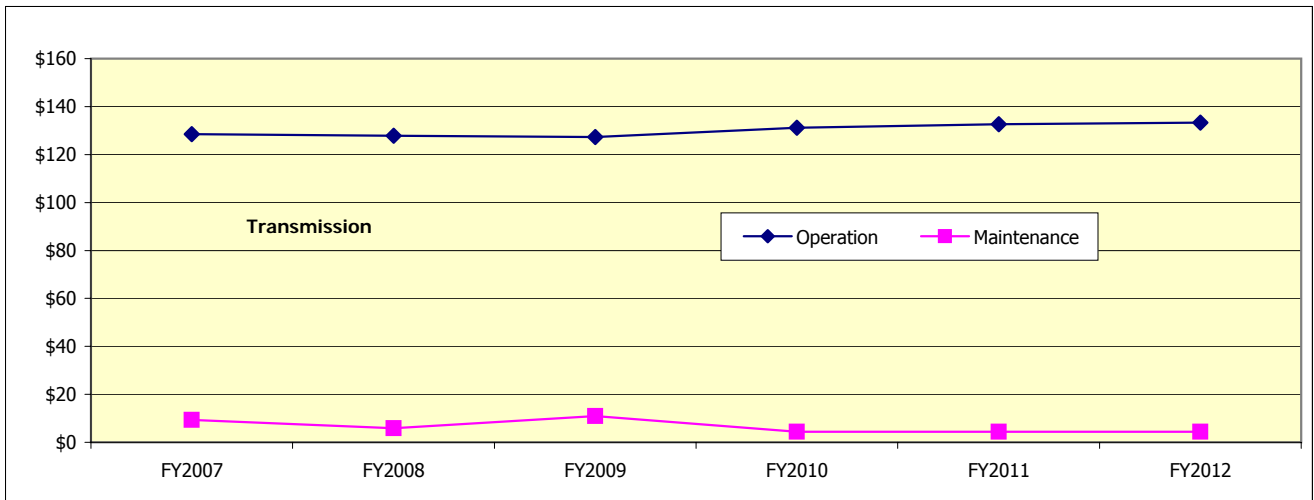
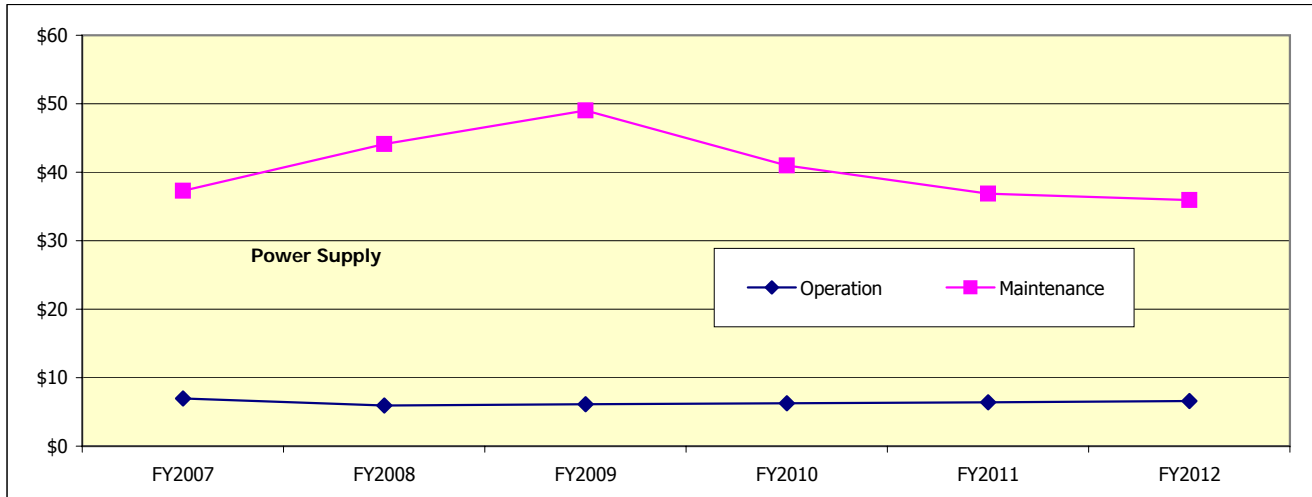
O&M Cost Per Customer

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

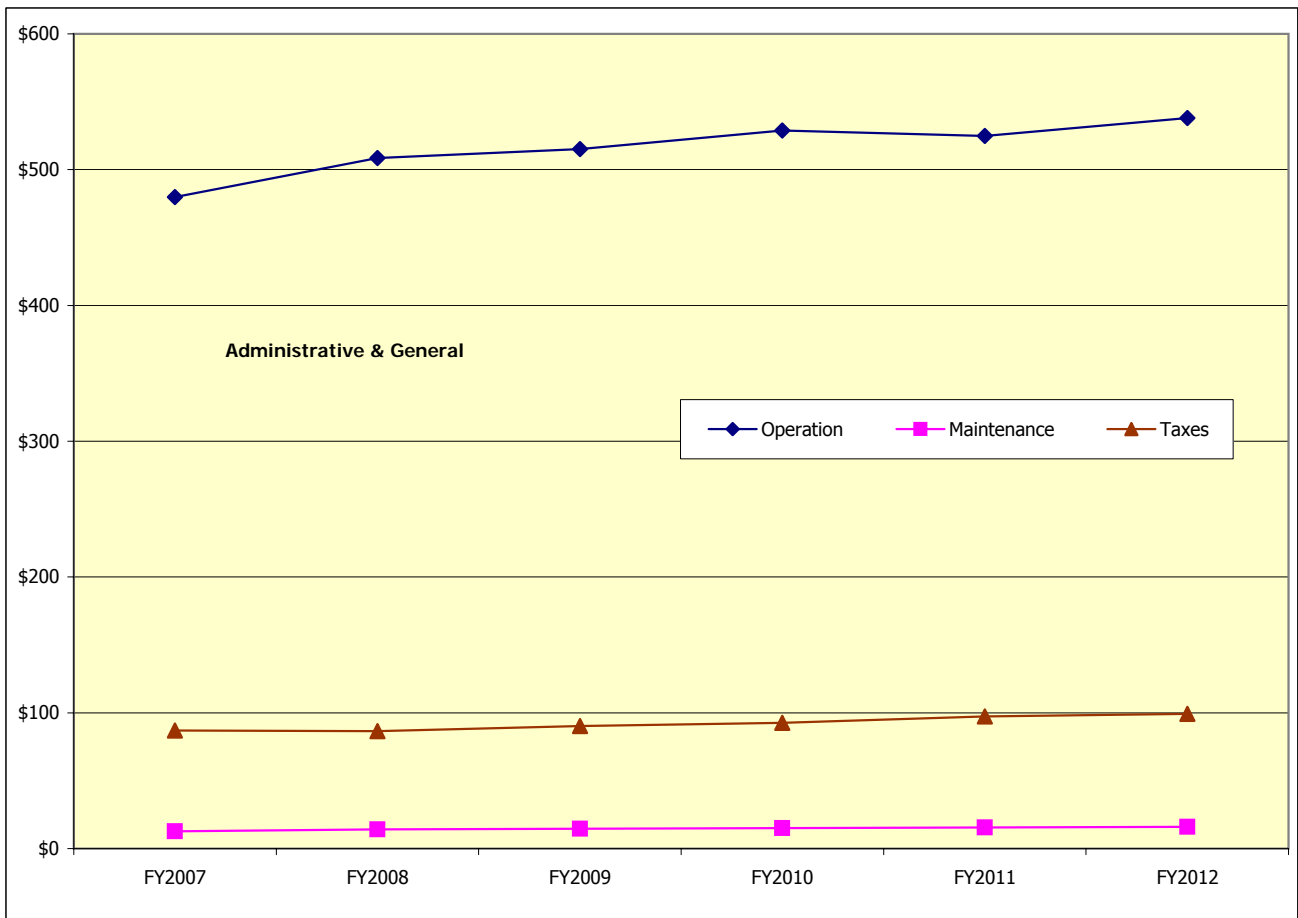
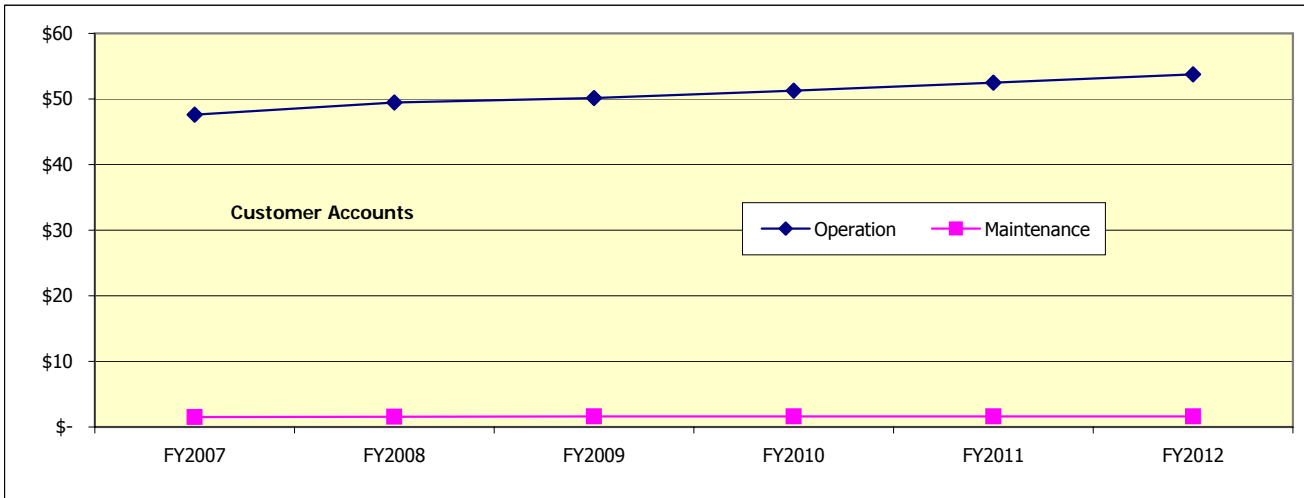
O&M Cost Per Customer



O&M Cost Per Customer



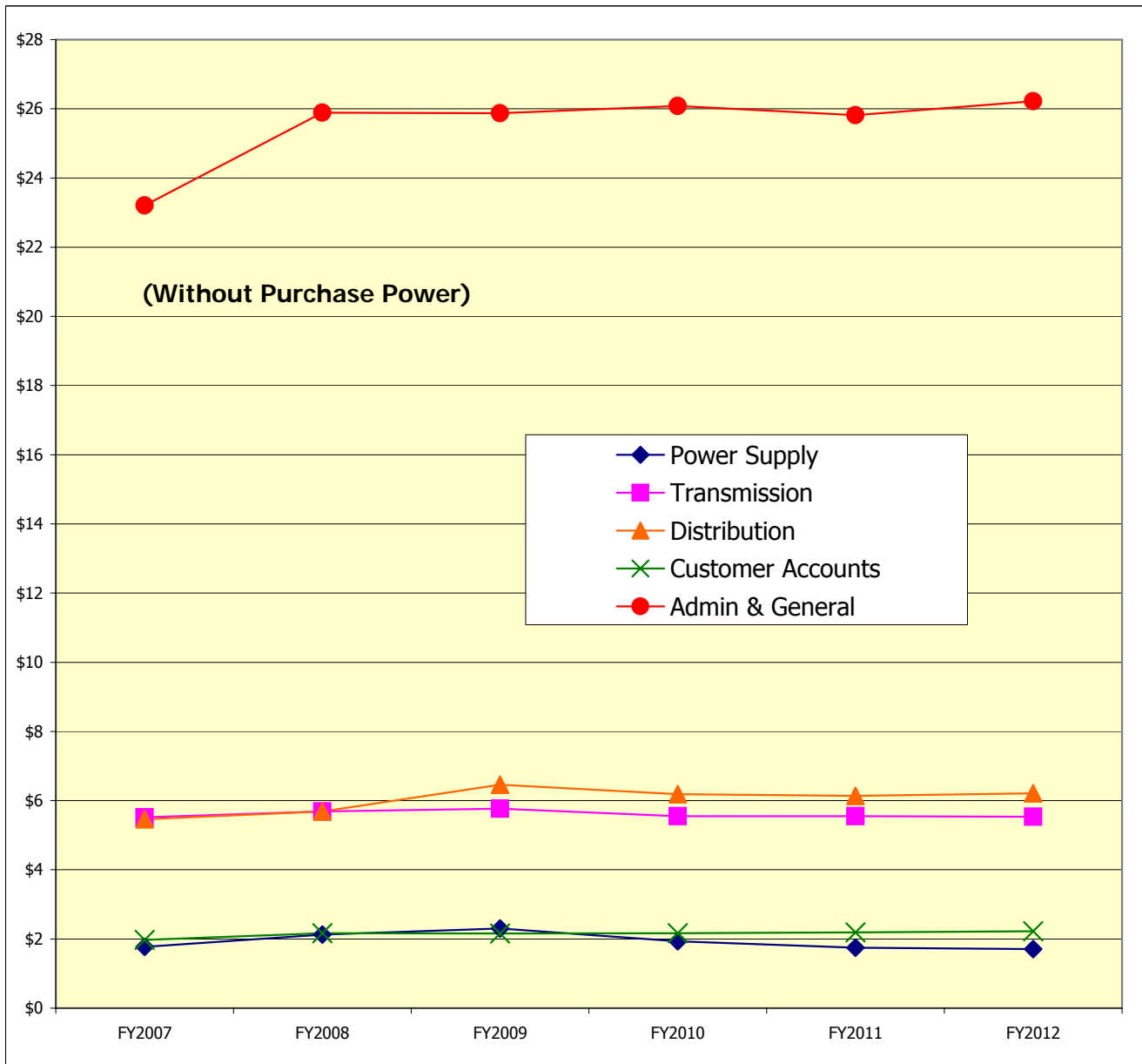
O&M Cost Per Customer



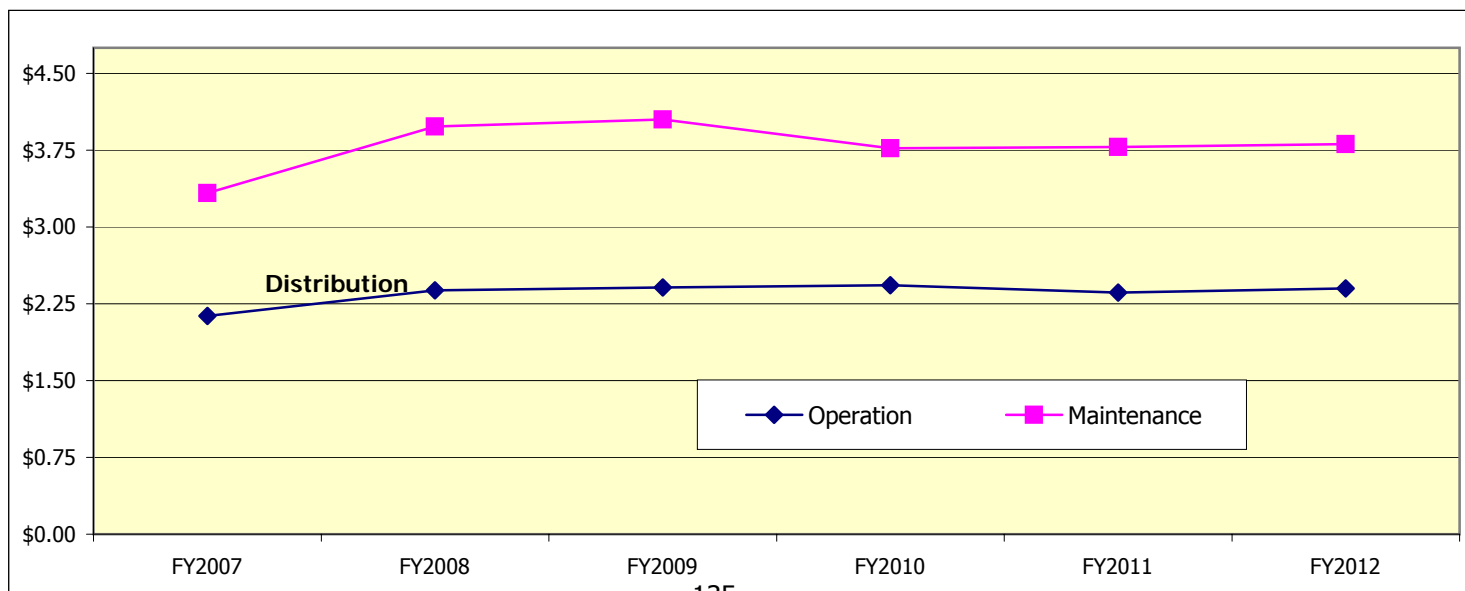
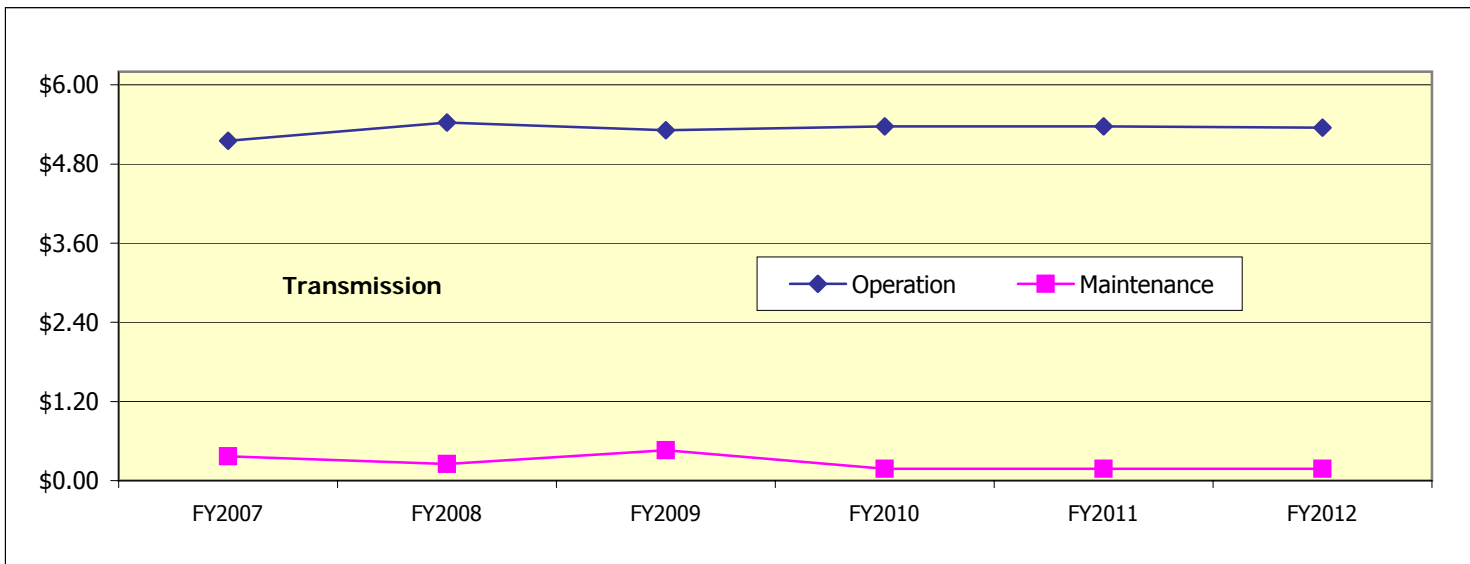
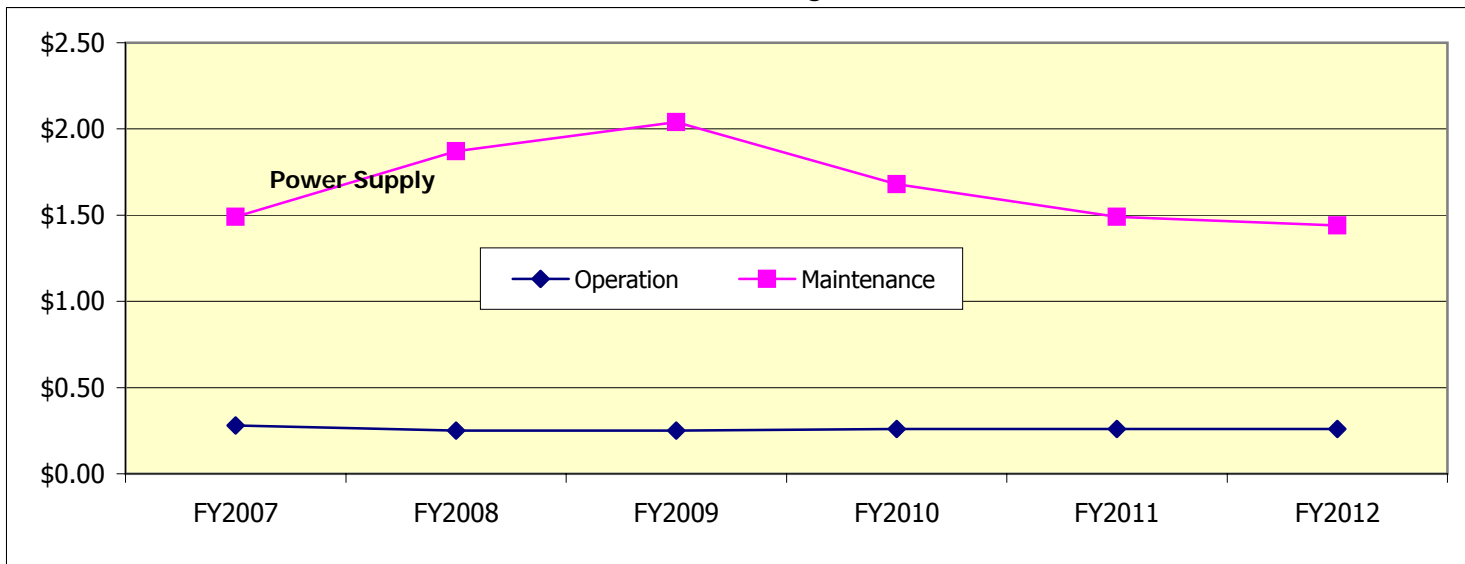
O&M Cost Per Megawatt

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

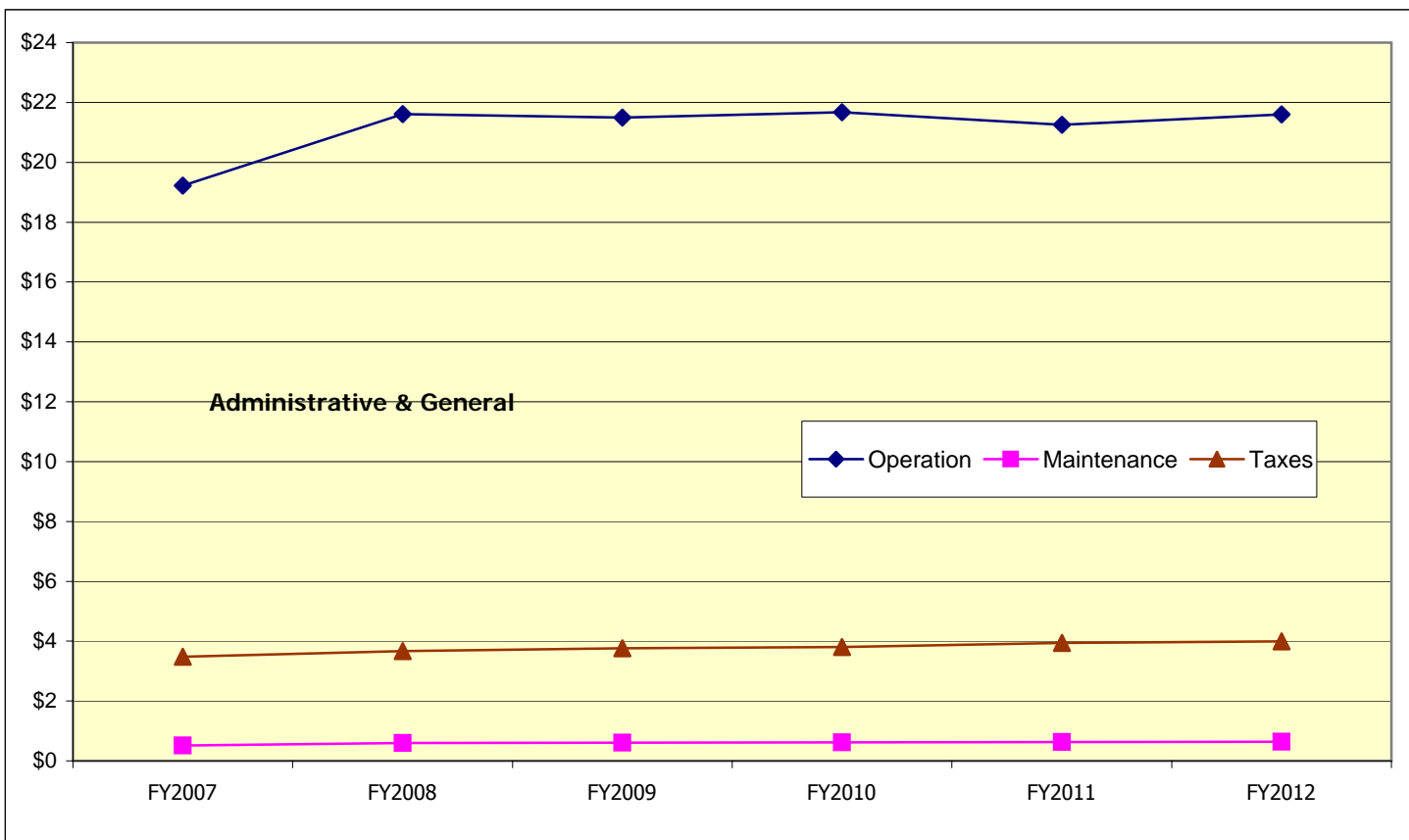
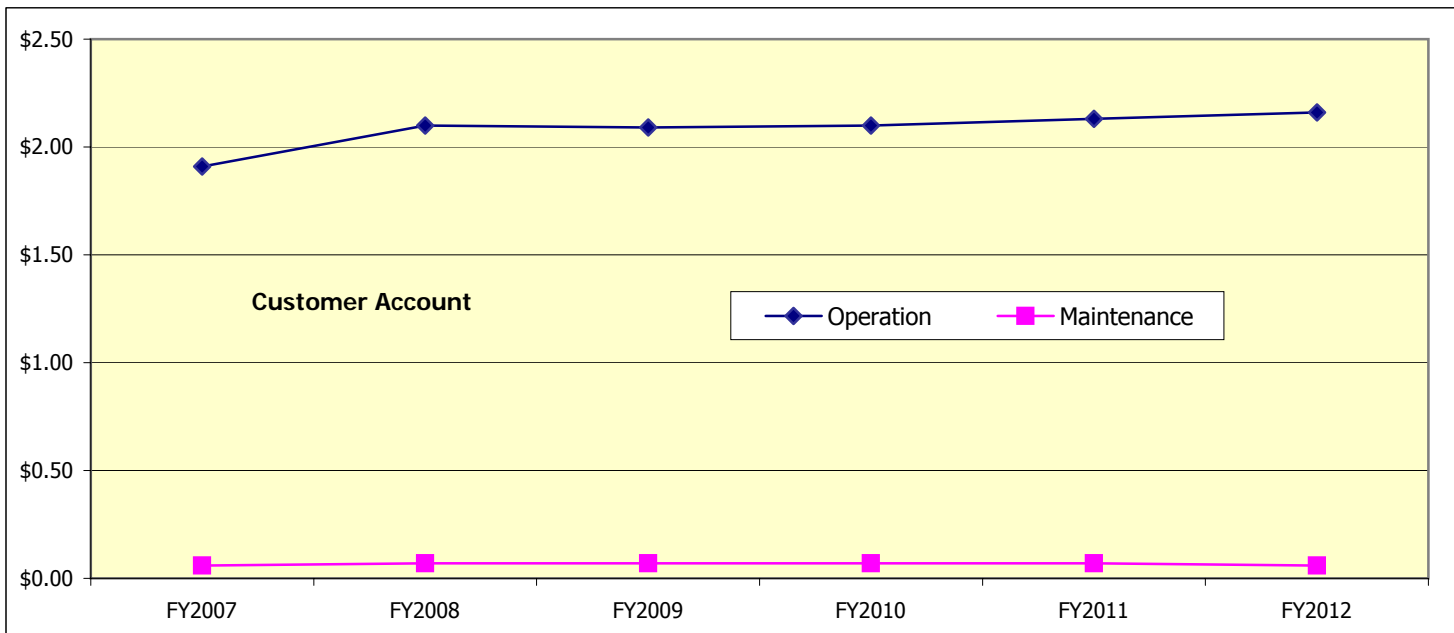
O&M Cost Per Megawatt



O&M Cost Per Megawatt



O&M Cost Per Megawatt



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

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

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

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

ARP – FMPA's All Requirement Power Supply Project.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

energy from convenient points on the transmission system to consumers, or to expenses relating to the operation and maintenance of distribution plant.

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

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

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

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

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

Fleets - Assets including Automobiles, Pick-up Trucks, Vans, Utility Body Pick-up Trucks, Stake Body Dump Trucks, Bucket Trucks, Digger Derrick Trucks, Boom Trucks, Forklifts, Chippers, Boats, Boat trailers, & Material trailers.

FMPA – Florida Municipal Power Agency.

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

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

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

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

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

Gross Receipt Tax – A tax on the collection of cash receipts, required by and remitted to the State of Florida.

Information Technology - Assets including Personal Computers, Laptops, Routers, Scanners, Cabling, Software, Licensing, & Servers.

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

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

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

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

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

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

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

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

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

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

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

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

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

