



## **ARP EXECUTIVE COMMITTEE AGENDA PACKAGE**

**August 22, 2019**

**8:45 a.m. [NOTE TIME] (or immediately  
following the Board of Directors Meeting)  
Dial-in Info 877-668-4493 or 650-479-3208  
Meeting Number 733 759 043#**

### **Committee Members**

Howard McKinnon, Havana - Chairman

Lynne Tejeda, Key West – Vice Chairwoman

Jody Young, Bushnell

Lynne Mila, Clewiston

Fred Hilliard, Fort Meade

Paul Jakubczak, Fort Pierce

Robert Page, Green Cove Springs

Allen Putnam, Jacksonville Beach

Larry Mattern, Kissimmee

Brad Chase, Leesburg

Bill Conrad, Newberry

Mike Poucher, Ocala

Robert Milner, Starke

### **Meeting Location**

**Florida Municipal Power Agency**

**8553 Commodity Circle**

**Orlando, FL 32819**

**(407) 355-7767**



# MEMORANDUM

TO: FMPA Executive Committee  
FROM: Jacob A. Williams, General Manager and CEO  
DATE: August 13, 2019  
RE: FMPA Executive Committee Meeting  
**Thursday, August 22, 2019 at 8:45am [NOTE TIME]**  
(or immediately following the Board of Directors meeting)  
PLACE: Florida Municipal Power Agency  
8553 Commodity Circle, Orlando, FL 32819  
Fredrick M. Bryant Board Room

**DIAL-IN: (877) 668-4493 or 650-479-3208, Meeting Number 733 759 043#  
(If you have trouble connecting via phone or internet, call 407-355-7767)**

Chairman Howard McKinnon, Presiding

## AGENDA

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**\*Item also on the Board of Directors Agenda.**

**\*\* Item(s) Subject to Super Majority Vote**

NOTE: One or more participants in the above referenced public meeting may participate by telephone. At the above location there will be a speaker telephone so that any interested person can attend this public meeting and be fully informed of the discussions taking place either in person or by telephone communication. If anyone chooses to appeal any decision that may be made at this public meeting, such person will need a record of the proceedings and should accordingly ensure that a verbatim record of the proceedings is made, which includes the oral statements and evidence upon which such appeal is based. This public meeting may be continued to a date and time certain, which will be announced at the meeting. Any person requiring a special accommodation to participate in this public meeting because of a disability, should contact FMPA at (407) 355-7767 or (888) 774-7606, at least two (2) business days in advance to make appropriate arrangements.

**AGENDA ITEM 1 – CALL TO ORDER,  
ROLL CALL, DECLARATION OF QUORUM**

**Executive Committee  
August 22, 2019**

**AGENDA ITEM 2 – SET AGENDA (By Vote)**

**Executive Committee  
August 22, 2019**

**AGENDA ITEM 3 – RECOGNITION OF  
GUESTS**

**Executive Committee  
August 22, 2019**

**AGENDA ITEM 4 –PUBLIC COMMENTS  
(INDIVIDUAL COMMENTS TO BE LIMITED  
TO 3 MINUTES)**

**Executive Committee  
August 22, 2019**

# **VERBAL REPORT**

**AGENDA ITEM 5 – COMMENTS FROM THE  
CHAIRMAN**

**Executive Committee  
August 22, 2019**



# **VERBAL REPORT**

**AGENDA ITEM 6 – REPORT FROM THE  
GENERAL MANAGER**

**Executive Committee  
August 22, 2019**

**AGENDA ITEM 7 – CONSENT AGENDA**

- a) Approval of Meeting Minutes – Meetings Held July 17, 2019, ARP Telephonic Rate Workshop Minutes Held July 10, 2019**

**Executive Committee  
August 22, 2019**

**CLERKS DULY NOTIFIED .....JULY 9, 2019**  
**AGENDA PACKAGES POSTED .....JULY 9, 2019**

**MINUTES**  
**EXECUTIVE COMMITTEE**  
**WEDNESDAY, JULY 17, 2019**  
**FLORIDA MUNICIPAL POWER AGENCY**  
**HYATT REGENCY COCONUT POINT RESORT & SPA – CALUSA F-G-H**  
**5001 COCONUT ROAD**  
**BONITA SPRINGS, FL 34134**

**PARTICIPANTS** Jody Young, Bushnell  
**PRESENT:** Fred Hilliard, Fort Meade  
Paul Jakubczak, Fort Pierce  
Howard McKinnon, Havana  
Allen Putnam, Jacksonville Beach  
Lynne Tejeda, Key West  
Larry Mattern, Kissimmee  
Bill Conrad, Newberry  
Mike Poucher, Ocala  
Bob Milner, Starke

**OTHERS** Karen Nelson, Jacksonville Beach  
**PRESENT** George Forbes, Jacksonville Beach  
Grant Lacerte, Kissimmee  
Jim Williams, Leesburg  
Marvin Ayala, Ocala  
Randy Hahn, Ocala  
Craig Dunlap, Dunlap & Associates, Inc.  
Donna Painter, nFront Consulting, LLC  
Steven Stein, nFront Consulting, LLC  
Matt Williams, Bank of America, Merrill Lynch  
Lynn Sand, Leidos  
Barry Rothchild, Nixon Peabody, LLP  
Elizabeth Columbo, Nixon Peabody, LLP

**STAFF** Jacob Williams, General Manager and CEO  
**PRESENT** Jody Finklea, Deputy General Counsel  
Ken Rutter, Chief Operating Officer  
Linda Howard, Chief Financial Officer  
Carol Chinn, Chief Information and Compliance Officer  
Cairo Vanegas, Manager of Member Services Development  
Chris Gowder, Business Development and Planning Manager  
Dan O’Hagan, Assistant General Counsel  
Mark McCain, Assistant General Manager, Member Services, Human  
Resources and Public Relations  
Sharon Adams, Human Resources Director

Sue Utley, Executive Asst. /Asst. Secy. to the Board  
Susan Schumann, Manager of External Affairs and Solar Projects

### **ITEM 1 - CALL TO ORDER, ROLL CALL, AND DECLARATION OF QUORUM**

Chairman Howard McKinnon, Havana, called the FMPA Executive Committee Meeting to order at 9:27 a.m. on Wednesday, July 17, 2019 in the Hyatt Regency Coconut Point Resort & Spa – Calusa F-G-H, 5001 Coconut Road, Bonita Springs, Florida. The roll was taken and a quorum was declared with 10 members present out of a possible 13.

### **ITEM 2 – SET AGENDA (BY VOTE)**

**MOTION:** Allen Putnam, Jacksonville Beach, moved to set the agenda as written. Mike Poucher, Ocala second the motion. Motion carried 10 – 0.

### **ITEM 3 – RECOGNITION OF GUESTS**

Chairman McKinnon welcomed Liz Columbo and Barry Rothchild from Nixon Peabody. Mike Poucher introduced Marvin Ayala, new Deputy Director for Ocala.

### **ITEM 4 – PUBLIC COMMENTS**

None

### **ITEM 5 – COMMENTS FROM THE CHAIRMAN**

Chairman McKinnon thanked Bill Conrad, Newberry, for his leadership as Chairman for the Board of Directors for the past 6 years and said he was the right man at the right time for FMPA and the Board.

### **ITEM 6 – REPORT FROM GENERAL MANAGER**

Jacob Williams reported on issues in the Florida Municipal Power Pool (FMPP) and said FMPA would continue to work with the FMPP to resolve issues.

### **ITEM 7 – CONSENT AGENDA**

**Item 7a – Approval of Meeting Minutes – Held June 20, 2019; ARP Telephonic Rate Workshop Minutes – Workshop Held June 11, 2019, Telephonic Individual Members Natural Gas Hedging Workshop Held June 19, 2019, Telephonic Securing Physical Gas Workshop Held June 28, 2019 and Telephonic Special-Called Executive Committee Meeting Held July 2, 2019**

**Item 7b – Approval of Treasury Reports – As of May 31, 2019**

**Item 7c – Approval of the Agency and All-Requirements Project Financials as of May 31, 2019**

**MOTION:** Lynne Tejeda, Key West, moved approval of the consent agenda as presented. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 10 – 0.

**ITEM 8 – ACTION ITEMS**

**Item 8a – Approval of KUA TARP Agreement Modifications**

**MOTION:** Bob Milner, Starke, moved approval of the revised Schedule D to the Revised, Amended, and Restated Capacity and Energy Sales Contract between KUA and FMPA ARP (the KUA TARP Agreement) and authorize the General Manager & CEO to execute the associated letter agreement. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 10 – 0.

**Item 8b – Election of Executive Committee Officers**

**MOTION:** Larry Mattern, Kissimmee, nominated the current slate of officers, Howard McKinnon, Havana, as Chairman and Lynne Tejeda, Key West, as Vice-Chairperson. Allen Putnam, Jacksonville Beach, seconded the nomination. There were no other nominations. A vote was taken to accept the nominations and elect the nominees as the Executive Committee Chairperson and Vice-Chairperson. Election was approved 10 – 0.

**ITEM 9 – INFORMATION ITEMS:**

**Item 9a – Solar Project Phase I Transmission and Interconnection Update**

This item was presented at the Board of Directors meeting and there were no further questions.

**ITEM 10 – MEMBER COMMENTS**

Larry Mattern, Kissimmee, thanked Bill Conrad for his tenure as Chairman and was grateful Bill Conrad lead FMPA through some contentious times.

**ITEM 11 – Adjournment**

There being no further business, the meeting was adjourned at 9:45 a.m.

\_\_\_\_\_  
Howard McKinnon  
Chairperson, Executive Committee

\_\_\_\_\_  
Sue Utley  
Assistant Secretary

Approved: \_\_\_\_\_

Seal

**AGENDA ITEM 7 – CONSENT AGENDA**

**b) Approval of Treasury Reports as of June  
30, 2019**

**Executive Committee  
August 22, 2019**



## AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee  
FROM: Gloria Reyes  
DATE: August 13, 2019  
ITEM: EC 7b – Approval of the All-Requirements Project Treasury Reports as of June 30, 2019

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Introduction

- This report is a quick summary update on the Treasury Department’s functions.
- The Treasury Department reports for June are posted in the member portal section of FMPA’s website.

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Debt Discussion

The All-Requirements Project has fixed, variable, and synthetically fixed rate debt. The variable rate bonds and lines of credit portion is 1.53%. The fixed and synthetic fixed rate percentages of total debt are 89.28% and 9.19%, respectively. The estimated debt interest funding for fiscal year 2019 as of June 30, 2019 is \$40,723,005. The total amount of debt outstanding is \$860,323,000.<sup>1</sup>

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Hedging Discussion

The Project has 4 interest rate swap contracts. As of June 30, 2019, the cumulative market value of the interest rate swaps in the All-Requirements Project was (\$14,649,696).

The Swap Valuation Report for June is posted in the “Member Portal” section of FMPA’s website.

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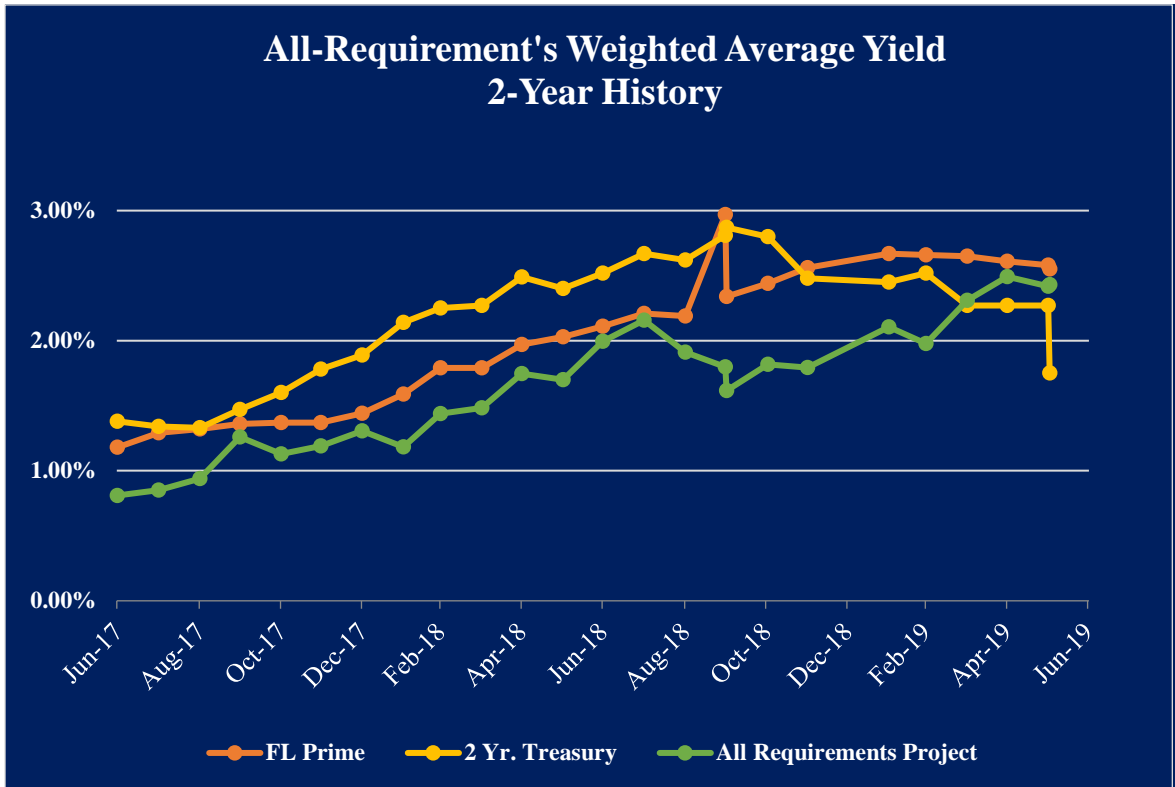
Investment Discussion

The investments in the Project are comprised of debt from the government-sponsored enterprises such as the Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae), as well as investments in U.S. Treasuries, Municipal Bonds, Corporate Notes, Commercial Paper and Money Market Mutual Funds.

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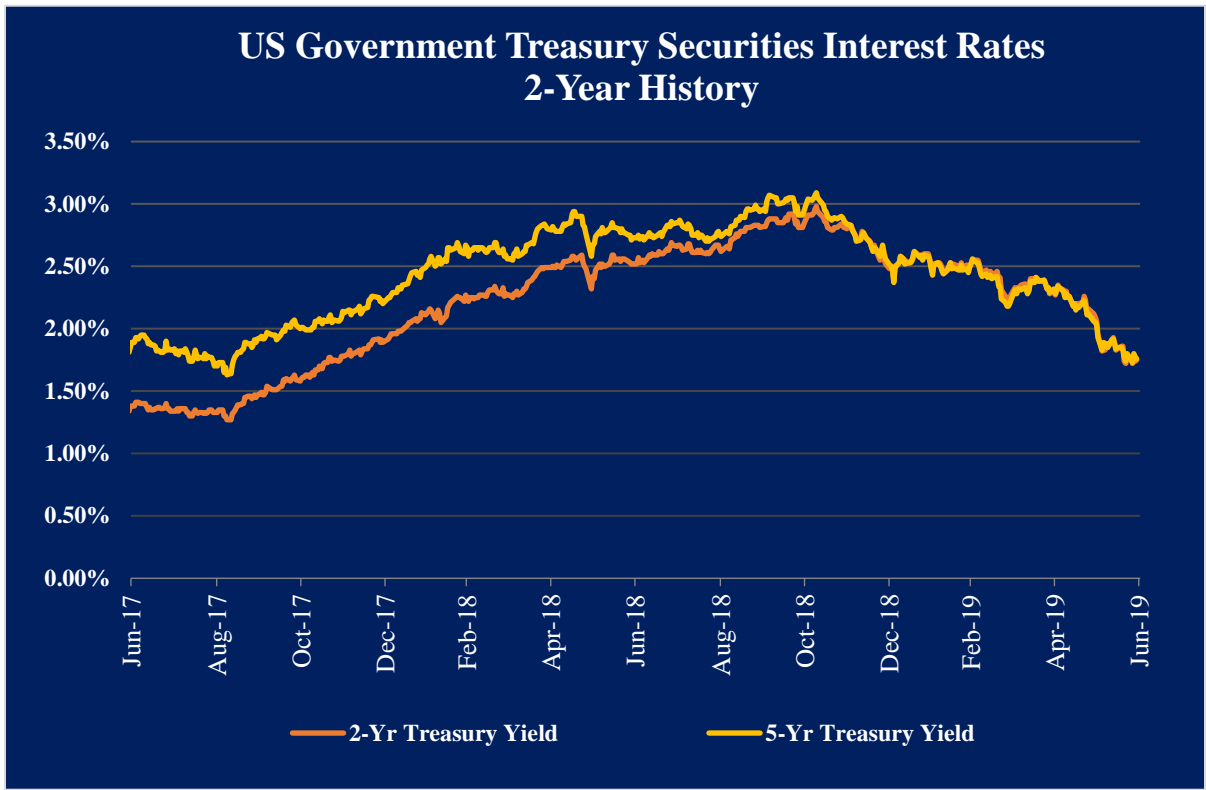
<sup>1</sup> Although still on deposit, the line of credit draw amount of \$5,000,000 is included in the total amount of debt outstanding.

As of June 30, 2019, the All-Requirements Project investment portfolio earned a weighted average yield of 2.43%, reflecting the All-Requirements Project need for liquidity given its 60-day cash position. The benchmarks (SBA’s Florida Prime Fund and the 2-year US Treasury Note) and the Project’s yields are graphed below:





Below is a graph of US Treasury yields for the past 2 years. The orange line is the 2-year Treasury which closed the month of June at 1.75%. The yellow line is the 5-year Treasury which was 1.76%.



The Investment Report for June is posted in the “Member Portal” section of FMPA’s website.

Recommended  
Motion

Move for approval of the Treasury Reports for June 30, 2019

**AGENDA ITEM 7 – CONSENT AGENDA**

- c) Approval of the Agency and All-Requirements Project Financials as of June 30, 2019**

**Executive Committee  
August 22, 2019**



Linda S. Howard, CPA, CTP  
Chief Financial Officer

## MEMORANDUM

**TO:** FMPA Executive Committee  
**FROM:** Linda Howard  
**DATE:** August 13, 2019  
**SUBJECT:** EC 7c – Approval of the Agency and All-Requirements Project Financials for the period ended June 30, 2019

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**Discussion:** The summary and detailed financial statements of the Agency and All- Requirements Project for the period ended June 30, 2019 are posted on the Document Portal section of FMPA’s website.

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**Recommended Motion:** Move approval of the Agency and All-Requirements Project Financial reports for the month of June 30, 2019.

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LH/GF

**AGENDA ITEM 8 – ACTION ITEMS**

- a) Approval of Resolution 2019-EC5 –  
Approval of Wells Fargo Line of Credit  
Extension**

**Executive Committee  
August 22, 2019**



# **8a – Approval of Resolution 2019-EC5 – Approval of Wells Fargo Line of Credit Extension**

Executive Committee

August 22, 2019

# Wells Fargo LOC Provides \$25M of ARP Liquidity

*Part of a Liquidity Strategy of \$100M in Excess of 60 Days Cash*

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## Covers

- O&M Expenses
- Fuel Costs
- SWAP margin calls

## Fee

- FY 18 \$89,201

## Interest Rate

- (LIBOR x Applicable Rate) + Interest Rate Margin

## Term

- Current Agreement Ends 11/1/2019

# One Year Extension Contract Needed Modifications

## *Federal Tax Rate and Anti-Terrorism Law Changes*

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- **Tax Rate Impact**

- Highest corporate rate 35% to 21%
- Applicable Factor changed from 70% to 80%
- Margin Rate Factor changed from 1.53846 to 1.26582
- Keeps Interest Cost same as before

- **Anti-Terrorism Summary**

- The Borrower shall at all times comply in all material respects with the requirements of all OFAC Sanctions Programs
- The Borrower is not in violation of any laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act

# Term Loan Conversation Notice Change

## *US Department of Treasury Implemented Changes for Term Loans*

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- Current Agreement no notice to convert to Term Loan.
- Office of Comptroller of the Currency requires certain facilities without 30 days' notice to be regulated differently.
  - Roll out timing different for each Bank
  - Wells Fargo will incur a regulatory cost for allowing the conversion to a Term Loan without 30 days' notice
    - 15.9 bps additional cost to decrease to 5 days notice (~40K)
- 30-day notice requirement will have to be offered to JP Morgan



# Recommended Motion

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- Move approval of the extension of the Wells Fargo line of credit, as described, approval of associated documentation, and the adoption of Resolution 2019-EC5 to effectuate the same.

RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE FLORIDA MUNICIPAL POWER AGENCY: (I) RECITING STATEMENT OF AUTHORITY; (II) APPROVING AND ADOPTING SUPPLEMENT NO. 1 TO ALL-REQUIREMENTS POWER SUPPLY PROJECT SUBORDINATED DEBT RESOLUTION NO. 29, ADOPTED OCTOBER 20, 2016; (III) PROVIDING FOR THE TAKING OF CERTAIN OTHER ACTIONS; (IV) PROVIDING FOR SEVERABILITY; AND (V) PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE EXECUTIVE COMMITTEE OF THE FLORIDA MUNICIPAL POWER AGENCY THAT:

SECTION I. **Authority for this Resolution.** This resolution (this “**Resolution**”) is adopted pursuant to the provisions of Chapter 361, Part II, Florida Statutes, as amended, Section 163.01, Florida Statutes, as amended, and Chapter 166, Part II, Florida Statutes, as amended.

SECTION II. **Approval and Adoption of Supplement No. 1 to All-Requirements Power Supply Project Subordinated Debt Resolution No. 29.** Supplement No. 1 to All-Requirements Power Supply Project Subordinated Debt Resolution No. 29, adopted October 20, 2016, in the form attached hereto as Exhibit A (the “**No. 29 Subordinated Debt Resolution**”), is hereby approved and adopted.

SECTION III. **Further Actions.** Each Authorized Officer designated pursuant to Section 5.02 of the No. 29 Subordinated Debt Resolution is hereby authorized and empowered to take all further actions as may be necessary or desirable in carrying out the terms and provisions of this Resolution.

SECTION IV. **Severability.** If one or more provisions of this Resolution should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be deemed to be severable from the remaining provisions hereof, and shall in no way affect the validity or enforceability of such remaining provisions.

*[Remainer of page intentionally left blank]*

SECTION V. **Effective Date.** This Resolution shall take effect immediately upon its adoption.

This Resolution 2019-EC5 is hereby approved and adopted by the Executive Committee of the Florida Municipal Power Agency on August 22, 2019.

\_\_\_\_\_  
Chairperson of the Executive Committee

I HEREBY CERTIFY that, on August 22, 2019, the above Resolution 2019-EC5 was approved and adopted by the Executive Committee of the Florida Municipal Power Agency, and that this is a true and complete copy of Resolution 2019-EC5.

ATTEST:

\_\_\_\_\_  
Secretary or Assistant Secretary

SEAL

**EXHIBIT A**

Supplement No. 1 to All-Requirements Power Supply Project  
Subordinated Debt Resolution No. 29, adopted October 20, 2016

THIRD AMENDMENT

Dated as of August \_\_, 2019

to

REVOLVING CREDIT AGREEMENT

Dated as of November 1, 2016

between

FLORIDA MUNICIPAL POWER AGENCY,  
as Agent for the All-Requirements Power Supply Project  
as the Borrower

and

WELLS FARGO BANK, N.A.  
as the Lender

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### THIRD AMENDMENT

THIRD AMENDMENT dated as of August \_\_, 2019 (this “*Amendment*”) to REVOLVING CREDIT AGREEMENT dated as of November 1, 2016 (as amended, supplemented, restated or otherwise modified, the “*Original Agreement*”) by and between: (a) FLORIDA MUNICIPAL POWER AGENCY, as Agent for the All-Requirements Power Supply Project referred to herein (the “*Borrower*”); and (b) WELLS FARGO BANK, N.A., a national banking association (including its successors and assigns, the “*Lender*”).

### WITNESSETH

WHEREAS, the Borrower and the Lender have previously entered into the Original Agreement and desire to make an amendment thereto;

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants hereinafter contained, the parties hereby agree as follows:

*Section 1.01. Amendment to Definitions.* The definitions of “*Maturity Date*,” “*Margin Rate Factor*,” “*Maximum Federal Corporate Tax Rate*,” “*Alternate Base Rate*,” and “*Tax-Exempt LIBOR Index Rate*” in Section 1.01 of the Original Agreement are hereby amended and restated to read as follows in the appropriate alphabetical order:

“*Maturity Date*” means November 1, 2020, or such later date to which the Maturity Date is extended in accordance with the provisions of Section 2.18 hereof; provided, however, that if such date is not a Business Day, the Maturity Date shall be the immediately preceding Business Day.

“*Margin Rate Factor*” means the greater of (i) 1.0 and (ii) the product of (a) one minus the prevailing Maximum Federal Corporate Tax Rate multiplied by (b) the quotient of (A) one divided by (B) (x) one minus (y) the Maximum Federal Corporate Tax Rate on August \_\_, 2019. The effective date of any change in the Margin Rate Factor shall be the effective date of the decrease or increase (as applicable) in the Maximum Federal Corporate Tax Rate resulting in such change.

“*Maximum Federal Corporate Tax Rate*” means, for any day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of such day (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Lender, the maximum statutory rate of federal income taxation which could apply to the Lender as of such day).

“*Alternate Base Rate*” means:

- (i) with respect to Tax-Exempt Advances, a per annum rate of interest established on each Computation Date equal to the product of (a) the sum of (x) Applicable Margin plus (y) .80 times the Alternate Base Rate Index, and (b) the Margin Rate Factor, rounded up to the nearest fifth decimal place; and

(ii) with respect to Taxable Advances, a per annum rate of interest established on each Computation Date equal to the sum of Applicable Margin plus Alternate Base Rate Index, rounded up to the nearest fifth decimal place.

“*Tax-Exempt LIBOR Index Rate*” means, a per annum rate of interest established on each Computation Date equal to the product of (a) sum of (x) the Applicable Margin plus (y) .80 times the LIBOR Index Rate and (b) the Margin Rate Factor. The Tax-Exempt LIBOR Index Rate shall be rounded up to the nearest fifth decimal place.

*Section 1.02. Addition of Section 3.19.* Article III of the Original Agreement is hereby amended by adding thereto a new Section 3.19 to appear in the appropriate numerical sequence and to read as follows:

*Section 3.19. Anti-Terrorism Laws.* (a) The Borrower is not in violation of any Laws relating to terrorism or money laundering (“*Anti-Terrorism Laws*”), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “*Executive Order*”), and the Patriot Act;

(b) The Borrower is not any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) [reserved];

(iv) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(v) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset Control (“*OFAC*”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(c) The Borrower does not (i) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (b)(ii) above, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engage in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

*Section 1.03. Amendment to Section 2.19(a).* The first sentence of Section 2.19(a) of the Original Agreement is hereby amended in its entirety and as so amended shall be restated to read as follows:

(a) *Generally.* On the Maturity Date, so long as (i) the Borrower provides a written request for a Term Loan in the form of Exhibit C hereto not later than the thirtieth (30th) day prior to the Maturity Date, (ii) on the Maturity Date, no Default or Event of Default shall have occurred and be continuing, or would result therefrom, and (iii) the representations and warranties of the Borrower set forth in Article III hereof are true and correct in all material respects as of such date, the Advances, if any, outstanding on such date shall be automatically converted to Term Loans (each a “Term Loan” and collectively the “Term Loans”), and the Term Loans shall be deemed extended on such date (such date, the “Conversion Date”), the proceeds of which shall be deemed to have repaid the Advances and the Borrower’s Obligations under the related Notes.

*Section 1.04. Addition of Exhibit C.* The Original Agreement is hereby amended by adding thereto a new Exhibit C to appear in the appropriate sequence and in the form set forth in Exhibit A hereof.

*Section 1.05. Amendment to Section 4.08.* Section 4.08 of the Original Agreement is hereby amended by the addition of the following paragraph to immediately follow the existing paragraph:

No Borrowing or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will be used, whether directly or indirectly, (A) for any purpose that entails a violation of any of the regulations of the Federal Reserve Board, including Regulations T, U and X, (B) for any purpose that results in a violation of any Anti-Corruption Laws or (C) for any purposes or in any manner that would result in the violation of any Sanctions applicable to any party hereto.

*Section 1.06. Amendments to Schedules 3.05 and 3.16.* Schedules 3.05 (Litigation and Environmental Matters) and 3.16 (Subordinated Debt) of the Original Agreement are hereby deleted in their entireties and replaced with a new Schedule 3.05 and Schedule 3.06 as set forth in Exhibit B and Exhibit C hereof, respectively.

*Section 1.07. Conditions Precedent.* This Amendment shall be effective on the date hereof subject to the satisfaction of or waiver by the Lender of all of the following conditions precedent:



- (i) Delivery by the Borrower of an executed counterpart of this Amendment.
- (ii) Payment to the Lender on the date hereof of a non-refundable amendment fee with respect to this Amendment equal to \$2,500 as set forth in Schedule 2.10 of the Original Agreement plus the costs and expenses incurred in connection herewith, including reasonable fees of counsel to the Lender.
- (iii) Evidence reasonably satisfactory to the Lender that the Borrower has the requisite power and authority to execute, deliver and perform the terms and provisions of this Amendment and the Original Agreement as amended hereby.
- (iv) All other legal matters pertaining to the execution and delivery of this Amendment shall be reasonably satisfactory to the Lender and its counsel and such satisfaction shall be deemed to have occurred upon delivery by the Lender of an executed counterpart of this Amendment.

*Section 1.08. Representations and Warranties.* To induce the Lender to enter into this Amendment, the Borrower represents and warrants as follows:

- (i) *Incorporation of Representations and Warranties from Original Agreement.* The representations and warranties of the Borrower contained in Article III of the Original Agreement are true and correct in all material respects at and as of the date hereof except with respect to Section 3.09(a) and except to the extent that such representations and warranties relate to an earlier date.
- (ii) *Absence of Event of Default.* After giving effect to this Amendment, no Default or Event of Default will exist or will be continuing.
- (iii) *Power and Authority.* The Borrower has the requisite power and authority to execute, deliver and perform the terms and provisions of this Amendment and the Original Agreement as amended hereby, and has taken all necessary action to authorize the execution, delivery and performance by it of this Amendment and the Original Agreement as amended hereby.
- (iv) *Binding Obligation.* This Amendment has been duly executed and delivered by the Borrower, and constitutes the legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, except as the enforcement thereof may be subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles or equity (regardless of whether enforcement is sought in equity or at law).

*Section 1.09. Severability, Etc.* The invalidity of any one or more covenants, phrases, clauses, sentences or paragraphs of this Amendment shall not affect the remaining portions of this Amendment, or any part thereof, and in case of any such invalidity, this Amendment shall be construed as if such invalid covenants, phrases, clauses, sentences or paragraphs had not been inserted.

*Section 1.10. Governing Law.* All terms, obligations and provisions of this Amendment are to be determined and governed by the law of Florida, it being understood that the power and authority of the Lender to enter into this Amendment are governed by the law of the United States of America.

*Section 1.11. Counterparts.* This Amendment may be executed in any number of counterparts and by different parties on separate counterparts all of which together shall constitute one agreement.

*Section 1.12. WAIVER OF JURY TRIAL.* EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AMENDMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

*Section 1.13. Miscellaneous.* The Borrower agrees to pay on demand all costs and expenses of or incurred by the Lender in connection with the negotiation, preparation, execution and delivery of this Amendment, including the fees and expenses of counsel for the Lender.

*Section 1.14. Headings.* Section headings used herein are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Third Amendment as of August \_\_, 2019 to take effect as of \_\_\_\_\_, 2019

FLORIDA MUNICIPAL POWER AGENCY, as Agent  
for the All-Requirements Power Supply  
Project

[SEAL]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Approved:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WELLS FARGO BANK, N.A.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**FORM OF REQUEST FOR TERM LOAN**

[DATE]

Wells Fargo Bank, National Association

[\_\_\_\_\_]

[\_\_\_\_\_]

Attention: [\_\_\_\_\_]

**Revolving Credit Agreement dated as of November 1, 2016 between Florida Municipal Power Agency, as Agent for the All-Requirements Power Supply Project as Borrower and Wells Fargo Bank, N.A. as Lender**

Ladies and Gentlemen:

Reference is hereby made to that certain Revolving Credit Agreement dated as of November 1, 2016 (as amended, supplemented, restated or otherwise modified, the "Agreement"), between the Borrower and the Lender (any capitalized terms used herein and not defined shall have its respective meaning as set forth in the Agreement).

The Borrower hereby requests, pursuant to Section 2.19(a) of the Agreement, that the Advance honored on [\_\_\_\_\_], 20[\_\_\_], be payable as provided in Section 2.19(b).

Very truly yours,

FLORIDA MUNICIPAL POWER AGENCY

By: \_\_\_\_\_  
Authorized Officer

## **EXHIBIT B**

### **SCHEDULE 3.05**

#### **LITIGATION AND ENVIRONMENTAL MATTERS**

- (1) With respect to both Section 3.05(a) and Section 3.05(b), please see “Note XVI. Subsequent Events F. Stanton Energy Center Class-Action Lawsuit” in the Notes to Financial Statements of the audited financial statements of the Florida Municipal Power Agency for the Year Ended September 30, 2018. Also, please note that the Orlando Utilities Commission (“OUC”) is the operator of, and is responsible for environmental compliance at, the Stanton Energy Center.

## EXHIBIT C

### SCHEDULE 3.16

#### SUBORDINATED DEBT

(1) Amounts payable by Florida Municipal Power Agency, as Agent for the All-Requirements Power Supply Project, with respect to the Revolving Credit Agreement dated as of July 1, 2016 by and between: (a) Florida Municipal Power Agency, as Agent for the All-Requirements Power Supply Project, as the Borrower; and (b) JPMorgan Chase Bank, National Association, as the Lender.

(2) Amounts payable by Florida Municipal Power Agency (All-Requirements Power Supply Project), other than with respect to Bank Bonds, Bank Payment Obligations and Parity Reimbursement Obligations, under the Letter of Credit and Reimbursement Agreement (the "2008C Agreement"), dated November 20, 2008, as amended by a First Amendment dated November 20, 2011, as amended by a Second Amendment dated June 1, 2013, as amended by a Third Amendment dated April 16, 2015, and as amended by a Fourth Amendment dated as of February 21, 2018 between Florida Municipal Power Agency (All-Requirements Power Supply Project) and Bank of America, N.A. ("BOA"), relating to \$79,103,000 (currently outstanding) Florida Municipal Power Agency All-Requirements Power Supply Project Variable Rate Demand Refunding Revenue Bonds, Series 2008C.

For purposes of (2) above:

**Bank Bonds** means bonds delivered to BOA, to evidence the obligations of Florida Municipal Power Agency (All-Requirements Power Supply Project) to make payments arising under the 2008C Agreement to BOA, in respect of a Liquidity Drawing (a drawing under the applicable letter of credit demanding funds with respect to the payment of principal and interest on the bonds in connection with a purchase of the bonds).

**Bank Payment Obligations** means Bank Payment Obligations registered in the name of BOA, or its assigns, and delivered to BOA to evidence the obligations of Florida Municipal Power Agency (All-Requirements Power Supply Project) to make payments arising under the 2008C Agreement in respect of a Credit Advance (a payment made by BOA under the applicable letter of credit pursuant to (i) a Defeasance Draft (a draft for the purposes of defeasing any Series 2008C Bonds); (ii) a Principal Draft (a draft for the purposes of paying the principal of any Series 2008C Bonds, whether at stated maturity, or upon redemption, defeasance or acceleration); or (iii) a Credit Interest Draft (a draft for the purpose of making a regularly scheduled payment of interest on the Series 2008C Bonds, or the payment of any interest to be paid upon any Series 2008C Bonds, whether at stated maturity, or upon redemption, defeasance or acceleration)) or to reimburse any Purchase Draft (a draft for the purposes of paying the principal portion of the Purchase Price (an amount equal to the principal amount of any Series 2008C Bonds purchased on a purchase date or mandatory purchase date, plus accrued interest, if any, to the purchase date or mandatory purchase date, as applicable) of any Series 2008C Bonds purchased on a purchase date or

mandatory purchase date) or Purchase Price Interest Draft (a draft for the purposes of paying the interest portion of the Purchase Price (an amount equal to the principal amount of any Series 2008C Bonds purchased on a purchase date or mandatory purchase date, plus accrued interest, if any, to the purchase date or mandatory purchase date, as applicable) of any Series 2008C Bonds purchased on any purchase date or mandatory purchase date) which does not constitute a Liquidity Advance under the 2008C Agreement.

**Parity Reimbursement Obligations** is defined in the All-Requirements Power Supply Project Revenue Bond Resolution adopted on March 22, 1985, as amended and restated on May 23, 2003, as amended or supplemented from time to time, and under the 2008C Agreement, specifically includes the obligation of Florida Municipal Power Agency (All-Requirements Power Supply Project) with respect to the repayment of principal of Bank Bonds and any Bank Payment Obligations on an accelerated basis, together with interest on such Bank Bonds and Bank Payment Obligations and the payment of Excess Interest, in each case, as specified under the 2008C Agreement.



**AGENDA ITEM 8 – ACTION ITEMS**

- b) Approval of Change in 1<sup>st</sup> Read and 2<sup>nd</sup> Read Process**

**Executive Committee  
August 22, 2019**



# **8b – Approval of Change to 1<sup>st</sup> and 2<sup>nd</sup> Read Process for Finance Matters**

Board of Directors

August 22, 2019

# Approval Process for Finance Matters

## *Prior to Newly Formed Finance Committee*

---

- The current two read process includes
  - Information item is presented at least 1 meeting before Board or Executive Committee action is taken
  - Action item is presented only after an information item has been discussed and vetted

# Recommended Process Change

## *Fully Utilizes the Finance Committee*

---

- The newly formed finance committee (Committee) has a broad scope as laid out in its charter.
- The Committee authority covers all finance related matters and is structured with the expertise necessary to fully review and examine agenda items brought forth by staff prior to any action being taken. This would constitute a first read.
- Finance Committee is appointed by the Board and Executive Committee (EC) Chairs; no less than 9 members with at least five ARP representatives
- Proposal:
  - Once the Committee examines and approves an item the Committee would then recommend approval to the Board and/or EC for approval
  - This would constitute a second read under this proposal

# Recommended Action

---

- Move approval of this new process for agenda item review.

**AGENDA ITEM 9 – INFORMATION ITEMS**

- a) Notice of Annual Continuing Disclosure  
Report for Fiscal Year Ended September 30,  
2018**

**Executive Committee  
August 22, 2019**



# 9a - Annual Continuing Disclosure Report

FMIPA Board and Executive Committee

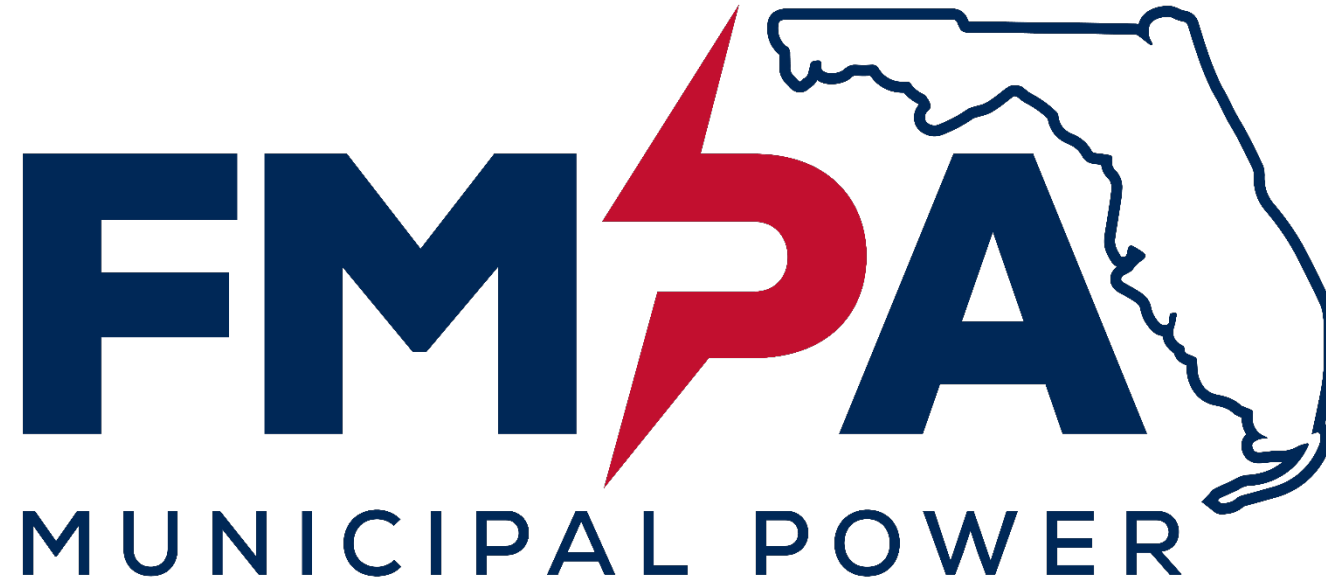
August 22, 2019

# Notice of Annual Continuing Disclosure Report 9/30/2018 Requirement per Bond Documents

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- The Annual Continuing Disclosure Report (CDR) is due on or before June 30<sup>th</sup>
- The report is filed on EMMA (Electronic Municipal Market Access)
- The CDR was completed and submitted for filing on June 28, 2019
- No further action is needed





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[/company/fmpa](https://www.linkedin.com/company/fmpa)



## **CONTINUING DISCLOSURE REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2018**

---

**Relating to:**

**All-Requirements Power Supply Project Revenue Bonds**

**St. Lucie Project Revenue Bonds**

**Stanton Project Revenue Bonds**

**Stanton II Project Revenue Bonds**

**Tri-City Project Revenue Bonds**

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**Dated: June 28, 2019**

*This Continuing Disclosure Report (the “Report” or the “Continuing Disclosure Report”) provides certain information and updates pertaining to the power supply projects of FMPA that have been financed with bonds and is not intended to be an all-inclusive report regarding FMPA’s operations or financial position. This Report is delivered as required by FMPA pursuant to continuing disclosure undertakings entered into in connection with the issuance of its bonds and pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission. Nothing contained in the undertakings or this Report shall be deemed to be a representation by FMPA that the financial information and operating data included in this Report constitutes all of the information that may be material to a decision to invest in, hold or sell any securities of FMPA. The financial data and operating data presented in this Report speak only as of the dates shown.*

*[This page intentionally left blank]*

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**FLORIDA MUNICIPAL POWER AGENCY**

Operational Offices  
8553 Commodity Circle  
Orlando, Florida 32819  
(407) 355-7767  
Telecopy: (850) 297-2014

**OFFICERS OF THE BOARD OF DIRECTORS  
OF FLORIDA MUNICIPAL POWER AGENCY**

Bill Conrad, Chairperson  
Barbara Quiñones, Vice Chairperson  
Lynne Tejeda, Secretary  
Larry Mattern, Treasurer

**OFFICERS OF THE EXECUTIVE COMMITTEE  
OF THE ALL-REQUIREMENTS POWER SUPPLY PROJECT**

Howard McKinnon, Chairperson  
Lynne Tejeda, Vice Chairperson

**MANAGEMENT**

Jacob A. Williams, General Manager and CEO  
Jody Lamar Finklea, General Counsel and CLO  
Linda S. Howard, Chief Financial Officer  
Ken Rutter, Chief Operating Officer  
Carol Chinn, Chief Information Security Officer  
Mark T. McCain, Assistant General Manager of Public Relations and Member Services  
Richard Popp, Treasurer and Risk Director  
Jason Wolfe, Financial Planning, Rates and Budget Director  
Danyel Sullivan-Marrero, Controller

**TRUSTEE FOR THE  
ALL-REQUIREMENTS POWER SUPPLY PROJECT**

TD Bank, National Association  
Cherry Hill, New Jersey

**SWAP ADVISOR**  
Swap Financial, LLC  
South Orange, New Jersey

**TRUSTEE FOR THE STANTON PROJECT,  
STANTON II PROJECT, ST. LUCIE PROJECT  
AND TRI-CITY PROJECT**

The Bank of New York Mellon Trust Company, N.A.  
Jacksonville, Florida

**INDEPENDENT ACCOUNTANTS**  
Purvis Gray & Company  
Ocala, Florida

**MANAGING FINANCIAL ADVISOR**  
Dunlap & Associates, Inc.  
Winter Park, Florida

**BOND COUNSEL**  
Nixon Peabody LLP  
New York, New York

**CO-FINANCIAL ADVISOR**  
PFM Financial Advisors, LLC  
Charlotte, NC

**PARTICIPANTS IN THE  
ALL-REQUIREMENTS  
POWER SUPPLY PROJECT<sup>(1)(2)</sup>**

City of Bushnell  
City of Clewiston  
City of Fort Meade  
Fort Pierce Utilities Authority  
City of Green Cove Springs  
Town of Havana  
City of Jacksonville Beach  
Utility Board of the City of Key West, Florida  
Kissimmee Utility Authority  
City of Lake Worth  
City of Leesburg  
City of Newberry  
City of Ocala  
City of Starke  
City of Vero Beach<sup>(2)</sup>

**PARTICIPANTS IN THE  
STANTON PROJECT**

Fort Pierce Utilities Authority  
City of Homestead<sup>(3)</sup>  
Kissimmee Utility Authority  
City of Lake Worth<sup>(3)</sup>  
City of Starke  
City of Vero Beach<sup>(2)</sup>

**PARTICIPANTS IN THE  
ST. LUCIE PROJECT**

City of Alachua  
City of Clewiston  
City of Fort Meade  
Fort Pierce Utilities Authority  
City of Green Cove Springs  
City of Homestead  
City of Jacksonville Beach  
Kissimmee Utility Authority  
City of Lake Worth  
City of Leesburg  
City of Moore Haven  
Utilities Commission, City of New Smyrna Beach  
City of Newberry  
City of Starke  
City of Vero Beach<sup>(2)</sup>

**PARTICIPANTS IN THE  
STANTON II PROJECT**

Fort Pierce Utilities Authority  
City of Homestead<sup>(3)</sup>  
Utility Board of the City of Key West, Florida  
Kissimmee Utility Authority  
City of Lake Worth<sup>(3)</sup>  
City of St. Cloud  
City of Starke  
City of Vero Beach<sup>(2)</sup>

**PARTICIPANTS IN THE  
TRI-CITY PROJECT**

Fort Pierce Utilities Authority  
City of Homestead<sup>(3)</sup>  
Utility Board of the City of Key West, Florida

- 
- (1) Certain Participants in the All-Requirement Power Supply Project have elected to limit their All-Requirements Service, not continue the automatic extension of the term of their All-Requirements Power Supply Contract or given notice to withdraw from the All-Requirements Power Supply Project. See “PART I — ALL-REQUIREMENTS POWER SUPPLY PROJECT — Participants — Elections of Certain Participants”.
  - (2) On December 17, 2018, Vero Beach completed the sale of its electric utility system to Florida Power & Light Company (“FPL”) and withdrew as a member of FMPA and as a participant in the All-Requirements Power Supply Project, and transferred and assigned to FMPA, with respect to the All-Requirements Power Supply Project, the power sales and project support contracts between Vero Beach and FMPA relating to each of the Stanton Project, Stanton II Project and St. Lucie Project, as amended. See “THE POWER SUPPLY CONTRACTS – Withdrawal of Vero Beach” for additional information regarding the withdrawal of Vero Beach as a participant in the All-Requirements Power Supply Project and as a member of FMPA.
  - (3) The City of Homestead and the City of Lake Worth have entered into a transfer agreement with Kissimmee Utility Authority (“KUA”) to transfer and assign all or a portion of their respective power entitlement shares in each Project to KUA. See “PART III — STANTON PROJECT — Participants” and “PART IV — STANTON II PROJECT — Participants” for more information regarding such transfers.

## INTRODUCTION

### General

This Continuing Disclosure Report for the Fiscal Year Ended September 30, 2018 (together with the Appendices hereto, this “Report” or this “Continuing Disclosure Report”) is furnished by Florida Municipal Power Agency (“FMPA” or the “Agency”) to provide information concerning (a) FMPA, (b) FMPA’s projects and operations, and (c) outstanding debt of FMPA relating to its projects. This Continuing Disclosure Report is being filed with the Municipal Securities Rulemaking Board (the “MSRB”), through the MSRB’s Electronic Municipal Market Access (“EMMA”) website currently located at <http://emma.msrb.org> pursuant to certain continuing disclosure undertakings made by FMPA in accordance with the provisions of Rule 15c2-12, as amended (“Rule 15c2-12”), promulgated by the United States Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended. *Nothing contained in the undertakings or this Report shall be deemed to be a representation by FMPA that the financial information and operating data included in this Report constitutes all of the information that may be material to a decision to invest in, hold or sell any securities of FMPA. The financial data and operating data presented in this Report speak only as of the dates shown.*

### FMPA

FMPA was created on February 24, 1978 and is a governmental legal entity, organized and existing under (i) Section 163.01 of the Florida Statutes (the “Florida Interlocal Cooperation Act”), (ii) and exercising the power and authority granted by the Florida Interlocal Cooperation Act or Part II Chapter 361, of the Florida Statutes (the “Joint Power Act”), or both provisions, and (iii) an interlocal agreement creating FMPA among the 31 members of FMPA (each individually a “Member” and collectively, the “Members”) executed pursuant to the foregoing statutory authority (the “Interlocal Agreement”). The Members of FMPA are 31 Florida city commissions, city and town councils, utility commissions, utility authorities and a utility board. Under Florida law, FMPA has authority to undertake and finance specified projects and, among other things, to plan, finance, acquire, construct, reconstruct, own, lease, operate, maintain, repair, improve, extend or otherwise participate jointly in those projects. FMPA has the authority to issue bonds or bond anticipation notes for the purpose of financing or refinancing the costs of these projects.

FMPA currently has five power supply projects (each, a “Project”) in which various Members participate (each being a “Participant”) – the All-Requirements Power Supply Project, St. Lucie Project, Stanton Project, Stanton II Project and Tri-City Project – and which have bonds outstanding that are subject to continuing disclosure undertakings made by FMPA. A brief description of each Project is described below:

***All-Requirements Power Supply Project*** – the All-Requirements Power Supply Project (the “All-Requirements Power Supply Project”) is a power supply project under which FMPA provides to each of the active Participants in the All-Requirements Power Supply Project their individual “All-Requirements Service,” which is all of its needed electric power and energy, transmission and associated services, unless limited to a contract rate of delivery, except for certain excluded resources. Each participating Member in the All-Requirements Power Supply Project purchases its All-Requirements Service pursuant to an All-Requirements Power Supply Project Contract with FMPA collectively, as amended (the “All-Requirements Power Supply Contracts”). See “PART I – ALL-REQUIREMENTS POWER SUPPLY PROJECT.”

***St. Lucie Project*** – the St. Lucie Project (the “St. Lucie Project”) consists of an 8.806% undivided ownership interest of FMPA in St. Lucie Unit No. 2, a pressurized water nuclear generating unit which is part of Florida Power & Light Company’s (“FPL”) two-unit nuclear generating station located in St. Lucie County, Florida. See “PART II – ST. LUCIE PROJECT.”

***Stanton Project*** – the Stanton Project (the “Stanton Project”) consists of a 14.8193% undivided ownership interest of FMPA in Stanton Unit No. 1, one of the two-unit coal fired electric generators at the Stanton Energy Center of the Orlando Utilities Commission (“OUC”). See “PART III – STANTON PROJECT.”

***Stanton II Project*** – the Stanton II Project (the “Stanton II Project”) consists of a 23.2367% undivided ownership interest of FMPA in the Stanton Energy Unit No. 2, the second of the two-unit coal fired electric generators at the Stanton Energy Center of OUC. See “PART IV – STANTON II PROJECT.”



**Tri-City Project** – the Tri-City Project (the “Tri-City Project”) consists of a 5.3012% undivided ownership interest of FMPA in Stanton Unit No. 1. See “PART V – TRI-CITY PROJECT.”

Each Project described herein has been financed by FMPA through senior and, in some cases, subordinated debt. All debt for a particular Project has been issued under and pursuant to the terms of a resolution of FMPA that is applicable only to that particular Project. **All debt incurred for a particular Project is secured only by the revenues of that Project. Therefore, the revenues of a particular Project are not security for the FMPA debt issued for any other Project, and no obligation of one Project is an obligation of any other Project.**

### **Power Sales Contracts, Project Support Contracts and All-Requirements Power Supply Contracts**

For each of the Stanton, Stanton II, St. Lucie and Tri-City Projects in which it is a Participant, each Member has executed a Power Sales Contract and Project Support Contract between FMPA and the Participant, as amended. Each Power Sales Contract and Project Support Contract provides for payments by the Participant of amounts sufficient to pay debt service on the applicable Bonds, the applicable subordinated debt, if any, and all other payments required by the applicable Resolution, such as operation and maintenance costs of the applicable Project and deposits to reserves. Each Participant has agreed in its Power Sales Contract and its Project Support Contract to fix, charge and collect rates and charges for the services of its electric or integrated utility system in each year sufficient to pay costs and expenses of its utility system for that year, including all amounts payable to FMPA under its Power Sales Contract and Project Support Contract for that year. APPENDIX A shows each Member’s participation in each FMPA Project.

In the case of the Stanton, Stanton II, St. Lucie and Tri-City Projects Power Sales Contracts and Project Support Contracts, the obligation of a Participant for its share of the costs of a Project under the Power Sales Contract for that Project is payable solely from the Participant’s electric or integrated utility system revenues and are operating expenses of such system, payable on a parity with the system’s operation and maintenance expenses and before debt service on the system’s senior and subordinated debt. Payment by a Participant of its share of the costs of a Project under the Project Support Contract for a Project will be made only after payment of all of its system’s current operating and maintenance expenses and debt service on the system’s senior and subordinated debt.

Each Member who is a Participant in the All-Requirements Power Supply Project has executed an All-Requirements Power Supply Contract between FMPA and such Participant. Under each All-Requirements Power Supply Contract with a particular Participant, FMPA agrees to sell and deliver to that Participant, and that Participant agrees to purchase and take from FMPA, that Participant’s “All-Requirements Service.” For a particular Participant, its All-Requirements Service is all of its needed electric power and energy, transmission and associated services (unless limited by CROD, see “- Contract Rate of Delivery”) other than energy supplied by resources excluded by the All-Requirements Power Supply Contract, which consist of entitlement shares in the St. Lucie Project.

Payments made under the All-Requirements Power Supply Contracts are payable solely from the Participants’ electric or integrated utility system revenues. Payments by a Participant under its Power Supply Contract are operating expenses of the Participant’s electric or integrated utility system, payable on parity with the system’s operation and maintenance expenses and before debt service on each Participant’s senior and subordinated debt.

The descriptions of and references to the Stanton Resolution, the Stanton II Resolution, the Tri-City Resolution, the St. Lucie Resolution, the All-Requirements Resolution, the Power Sales Contracts, the Project Support Contracts and the All-Requirements Power Supply Contracts (as such terms are hereinafter defined), where applicable, and certain statutes and documents included in this Continuing Disclosure Report do not purport to be comprehensive or definitive; and such descriptions and references are qualified in their entirety by references to each such resolution, statute, ordinance, and document. Copies of the resolutions and the other documents referred to in this Report may be obtained from FMPA, *provided* that a reasonable charge may be imposed for the cost of reproduction.

### **Organization and Management**

Effective May 24, 2007, the FMPA Board of Directors reorganized the governance structure of FMPA to give the Participants in a Project more control over the business and affairs of such Project.

Each of the 31 Members appoints its director to the Board of Directors of FMPA (the “Board”). The Board is FMPA’s governing body generally, except as regards the All-Requirements Power Supply Project. The Board has the responsibility for hiring a General Manager and General Counsel and establishing bylaws, which govern how FMPA operates, and policies which implement such bylaws. The Board also authorizes all non-Project debt issued by FMPA. The Board annually elects a Chairman, a Vice-Chairman, a Secretary and a Treasurer.

The Executive Committee consists of one representative for each Participant, unless a Participant has elected CROD and the CROD is established at less than 15% of the Participant’s demand. The Executive Committee is the governing body of the All-Requirements Power Supply Project. The Executive Committee elects a Chairperson and Vice Chairperson who are in those roles only with regard to the Executive Committee. The Executive Committee adopts bylaws and has policy making authority and control over all the business and affairs of the All-Requirements Power Supply Project, including the authorization of All-Requirements Power Supply Project debt. The All-Requirements Power Supply Project budget and FMPA agency general budget are developed and approved by the Executive Committee.

The General Manager, General Counsel, Secretary and Treasurer of FMPA serve in their same position for both the Board of Directors and the Executive Committee. The day-to-day operations and expenditures of FMPA for projects other than the All-Requirements Power Supply Project are controlled by the Board of Directors. Control over the same function for the All-Requirements Power Supply Project is vested in the Executive Committee. The Executive Committee makes decisions on a one-vote-one-participant basis. A majority vote of a quorum present is necessary for the Executive Committee to take action, except that on certain matters (generally (i) rate schedule amendments, (ii) approval of power supply or other contracts with a term of seven years or more, and (iii) any approval requiring the issuance of debt) a supermajority approval of 75% of the votes present is required for action, if requested by two or more members of the Executive Committee.

**The following is a brief description of the current officers of the Board of Directors and of the Executive Committee, and the principal staff members of FMPA:**

***Chairman, Board of Directors: WILLIAM H. CONRAD***

William Conrad is the former Mayor of the City of Newberry, Florida. He serves as the elected Chairman of FMPA’s Board of Directors. Mr. Conrad was originally elected as FMPA’s Chairman in 2013. Previously, he served one term as FMPA’s Treasurer and has been a member of FMPA’s Board of Directors and FMPA’s Executive Committee since 2009. Mr. Conrad previously served two terms as Vice Chair of FMPA’s Policy Makers Liaisons Committee, of which he is a founding member. Mr. Conrad was first elected as Newberry’s Mayor in 2011 and served as Mayor until he decided to not run for re-election in April 2017. Prior to being elected Mayor, he served five years as City Commissioner. He is a veteran of the U.S. Air Force, from which he retired in 2000 as a lieutenant colonel. Mr. Conrad previously served on the American Public Power Association’s Policy Makers Committee. Mr. Conrad holds a bachelor’s degree from the University of Florida, a Master of Business Administration from the University of Arkansas and a degree in building construction from Santa Fe College in Florida.

***Vice Chairman, Board of Directors: BARBARA QUIÑONES***

Barbara Quiñones is Director of Electric Utilities for the City of Homestead. She serves as the elected Vice Chairman of FMPA’s Board of Directors. Ms. Quiñones was first elected as FMPA’s Vice Chairman in January 2014. She has been a member of FMPA’s Board of Directors since 2009. She is also a member of FMPA’s Finance Committee. She has served as Homestead’s Director of Electric Utilities since 2009. Ms. Quiñones had previously worked 26 years for Florida Power & Light in a variety of positions including Senior Manager of Statewide Distribution Planning and Design and Senior Manager of Statewide Power Restoration and Power Quality. She is also a graduate of Leadership Miami. Ms. Quiñones is active in the Florida Municipal Electric Association (FMEA) and is a past President of the association. She was named FMEA’s 2014-2015 Member of the Year. Under her leadership, Homestead achieved the American Public Power Association’s Reliable Public Power Provider (RP3) designation and was awarded a U.S. Department of Energy Resilient Electricity Delivery Infrastructure (REDI) Grant to improve the city’s electrical infrastructure. Ms. Quiñones holds a bachelor’s degree in mechanical engineering from Georgia Tech.

***Secretary, Board of Directors and Executive Committee Vice Chairperson: LYNNE TEJEDA***

Lynne Tejada is General Manager and CEO of Keys Energy Services. She serves as the elected Secretary of FMPA's Board of Directors and the Vice Chair of the Executive Committee. Ms. Tejada was first elected as FMPA's Secretary in July 2013. She was appointed as her utility's alternate to FMPA's Board of Directors in 2005 and has been a member of the Board since 2013. She was first elected Vice Chair of the Executive Committee in December 2014 and has been a member of the Committee since 2005. Ms. Tejada is also Chair of FMPA's Conservation and Renewable Energy Advisory Committee, of which she is a founding member. Ms. Tejada has served as Keys Energy Services' General Manager and CEO since 2005. She has been employed by the utility since 1989 in positions including Assistant General Manager and Chief Operating Officer. Ms. Tejada is active in the Florida Municipal Electric Association and is a past President of the association. Ms. Tejada previously served on the American Public Power Association's Board of Directors and was the 2013 recipient of the association's Harold Kramer-John Preston Personal Service Award. She currently serves on the Board of the Key West Chamber of Commerce. Ms. Tejada holds a bachelor's degree in journalism from the University of North Carolina at Chapel Hill and a Master of Business Administration from Regis University in Denver, Colorado. She is a Certified Public Manager and a graduate of the Berkeley Executive Leadership Program.

***Treasurer, Board of Directors: LARRY MATTERN***

Larry Mattern is the Vice President of Operations of Kissimmee Utility Authority ("KUA"). He serves as the elected Treasurer of FMPA. Mr. Mattern was first elected as FMPA's Treasurer in July 2015. He was appointed as his utility's alternate to the Board of Directors in 2007 and as a member of the Board in 2014. He has served on the Executive Committee since 2011. Mr. Mattern previously served as KUA's Vice President of Power Supply. He has been employed by the utility since 1991 in various positions including Manager of Production. Mr. Mattern is a graduate of Leadership Osceola County. He holds a bachelor's degree in business management from Nova Southeastern University, and he is certified in basic and advanced power plant systems.

***Executive Committee Chairperson: HOWARD MCKINNON***

Howard McKinnon, CPA, is the Town Manager of the Town of Havana. He serves as the elected Chairperson of FMPA's Executive Committee for the All-Requirements Power Supply Project. Mr. McKinnon was first elected as Chairperson of the Executive Committee in July 2011. He has been a member of the Executive Committee and FMPA's Board of Directors since 2006. Mr. McKinnon has served as Town of Havana's Town Manager since 2006. He joined the Town of Havana as Finance Director in 2005. Mr. McKinnon had previously served eight years as County Manager of Gadsden County, Florida. Mr. McKinnon is active in the Florida Municipal Electric Association and is a past President of the association. He is also active in the American Public Power Association and received the association's Larry Hobart Seven Hats Award in 2010. The Florida Rural Water Association selected Mr. McKinnon as Manager of the Year in 2012. He is also a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants. Mr. McKinnon holds a bachelor's degree in finance and a master's degree in public administration from Florida State University.

***General Manager and CEO of FMPA: JACOB A. WILLIAMS***

Jacob A. Williams is General Manager and CEO of FMPA. Mr. Williams has 33 years of experience in the utility industry. Prior to joining FMPA, he served as Vice President, Generation and Emissions Technologies at Peabody Energy in St. Louis, Missouri. From 2007 to 2015, Mr. Williams was Vice President, Global Energy Analytics, leading the global analysis of energy and coal markets for Peabody. From 2001 to 2007, Mr. Williams was Peabody's Vice President, Generation Development and played a key role in developing the largest new coal generation plant in more than 30 years in the United States. Mr. Williams has experience providing services to public power utilities. He served as Peabody's representative on the Prairie State Board of Directors with the public power and cooperative partners from 2009 to 2016. Prior to joining Peabody, Mr. Williams held various positions at Alliant Energy (formerly Wisconsin Power & Light) in energy marketing, trading, integrated resource planning, and generation planning, which included working with municipal and joint action agencies. Mr. Williams holds a bachelor's degree in electrical engineering from the University of Illinois at Urbana-Champaign and a Master of Business Administration from the University of Wisconsin-Madison.

***General Counsel and CLO of FMPA: JODY LAMAR FINKLEA, ESQUIRE***

Jody Lamar Finklea is General Counsel and Chief Legal Officer for FMPA. Mr. Finklea is a Board appointed officer, responsible for all legal affairs of the Agency, as specified in the Board's by-laws, and he manages FMPA's reliability compliance area. Mr. Finklea joined FMPA in 2001 and has held several positions during his tenure. Most recently, he served as Deputy General Counsel and Manager of Legal Affairs. Mr. Finklea has more than 19 years of experience in municipal utility law. As FMPA's General Counsel, Mr. Finklea also serves as general and regulatory counsel for FMEA. Most of FMPA's members are also members of FMEA, so this partnership provides value to both organizations. He holds a bachelor's degree in philosophy from The Catholic University of America in Washington, D.C., a master's degree in public administration from the University of North Florida and a juris doctor degree from Florida State University. Mr. Finklea is admitted to The Florida Bar and is board certified as an expert in city, county and local government law. Mr. Finklea is active in the American Public Power Association ("APPA") and served as the 2017 Chairman of the Legal Section. In 2011, Mr. Finklea was recognized by APPA as a Rising Star in Public Power. He holds a peer review rating as AV-Preeminent by Martindale Hubble.

***Chief Financial Officer of FMPA: LINDA S. HOWARD, CPA, CTP***

Linda Howard is Chief Financial Officer for FMPA, a position she was promoted to in September 2018. Mrs. Howard joined FMPA as Treasurer in January 2017. Prior to joining FMPA, Mrs. Howard served as Finance Bureau Chief for the Southwest Florida Water Management District where she managed the accounting, budget and procurement functions. For most of her career, Mrs. Howard worked at Orlando Utilities Commission (OUC). Her 25 years at OUC included experience in accounting, auditing and supervisory roles, leading to nine years as the Director of Fiscal Services and then five years as OUC's Treasurer. Mrs. Howard has a bachelor's degree in accounting from the University of Central Florida (UCF) and a Master of Business Administration from UCF. She is a Certified Public Accountant in Florida and a Certified Treasury Professional. Mrs. Howard is active in the Florida Government Finance Officers Association, where she served as President for the 2017-2018 term. In addition, she serves on the Board of the National Association of Black Accountants Greater Orlando Chapter, of which she is a charter member, and she is a member of the Association for Financial Professionals.

***Chief Operating Officer of FMPA: KEN RUTTER***

Ken Rutter is Chief Operating Officer for FMPA. Mr. Rutter joined FMPA in March 2019, and manages the Agency's power resources division. Prior to joining FMPA, Mr. Rutter worked with the Basin Electric Cooperative and Dakota Gasification in Bismarck, North Dakota, where he served for more than six years as senior vice president of marketing and asset management. Among other responsibilities, he led a team that restructured short-term power and natural gas management contracts, as well as created many value enhancements and commercial transactions for Basin and Dakota Gasification. He also spent more than 12 years with Ameren in St. Louis, Missouri, serving in several roles, most notably director of risk management and a short period as an internal auditor. Mr. Rutter has a bachelor's degree in engineering from Purdue University and a Master of Business Administration from Washington University.

***Chief Information Security Officer of FMPA: CAROL CHINN***

Carol Chinn is Chief Information Security Officer for FMPA. She joined FMPA in July 2013. Ms. Chinn has 38 years of experience in the electric utility industry. Prior to joining FMPA, Ms. Chinn worked with American Transmission Company as the company's Chief Operating Officer. She was also formerly with the Federal Energy Regulatory Commission in the Division of Reliability; and was President and Chief Executive Officer at Georgia Transmission Corp. She began her career with Florida Power & Light. Ms. Chinn serves on the North American Electric Reliability Corporation's Member Representatives Committee and was the Chair in 2013. She is a Board Member of the Transmission Access Policy Study Group and the Florida Reliability Coordinating Council. Ms. Chinn holds a bachelor's degree in environmental engineering from the University of Florida, a bachelor's degree in electrical engineering from the University of Miami and a Master of Business Administration from the University of Florida.

***Assistant General Manager of Public Relations and Member Services of FMPA: MARK T. McCAIN***

Mark McCain is Assistant General Manager of Public Relations and Member Services for FMPA. Mr. McCain has 32 years of experience in the municipal electric utility industry. He began his career with FMPA in 1986 as Communication Specialist. He was promoted in 1995 to Public Relations Manager. In 1998, he was given the added responsibilities of public affairs management. Mr. McCain is active in professional associations and has served in various leadership positions for those organizations. He is a long-time member of the Public Relations Society of America (PRSA), the world's largest organization for public relations professionals, and is a past President of the Orlando Regional Chapter of PRSA. He is also active in the APPA, the service organization for the nation's more than 2,000 publicly owned electric utilities. Mr. McCain has held several leadership positions for APPA's Energy/Customer Service & Communication Section, including Chairman in 1999 and Chairman of the Communications Committee in 1996. Mr. McCain holds a bachelor's degree in journalism from Ohio University.

***Treasurer and Risk Director of FMPA: RICHARD POPP***

Richard Popp is Treasurer and Risk Director for FMPA. He previously served as Contract Compliance Audit and Risk Manager. Mr. Popp has 25 years of experience in municipal utility accounting. He began his career with FMPA in 1994 as an accountant, until 1996. After his departure from the Agency, he was employed by Kissimmee Utility Authority for nearly six years as Senior Financial Analyst. Mr. Popp returned to FMPA in April 2002 as Accounting Supervisor. Mr. Popp holds a bachelor's degree in accounting from the University of Central Florida and a master's degree in accounting from Nova Southeastern University.

***Financial Planning, Rates & Budget Director of FMPA: JASON WOLFE***

Jason Wolfe is Financial Planning, Rates and Budget Director of FMPA. Mr. Wolfe joined FMPA in 2011 and has held several positions during his tenure, including roles in FMPA's System Planning Department and Financial Planning and Analysis Department. Mr. Wolfe has 19 years of experience in the utility industry, including experience working with or for municipal, cooperative and investor-owned utilities. Prior to joining FMPA, he worked 11 years in various roles with R.W. Beck, Inc. (acquired by SAIC in 2009), including as an analyst and as a consultant. He holds a bachelor's degree in business administration, with a concentration in finance, from the University of Central Florida.

***Controller of FMPA: DANYEL SULLIVAN-MARRERO, CPA***

Danyel Sullivan-Marrero is the Controller at FMPA. She joined FMPA in 2018 and has 25 years of experience in accounting and finance. Prior to joining FMPA, Ms. Sullivan-Marrero worked four years as chief financial officer (CFO) for KENPAT and 11 years as controller/CFO for Hartford South. She holds a bachelor's degree in accounting and a bachelor's degree in marketing, both from Florida Southern University. Ms. Sullivan-Marrero is a Certified Public Accountant in Florida.

**Litigation**

As of the date hereof, there is no pending litigation or proceedings that may result in any material adverse change in the financial condition of FMPA or its Projects or, to the knowledge of FMPA, threatened in any court to restrain or enjoin the collection of revenues pledged or to be pledged to pay the principal of and interest on any of FMPA's Bonds, or in any way contesting or affecting the validity of FMPA's Bonds or its Bond Resolutions or the power of FMPA to collect and pledge revenues to pay the principal of and interest on FMPA's Bonds.

FMPA received notice pursuant to Section 768.28, Florida Statutes, of an intent to file suit against FMPA for property contamination and related damages relating to FMPA's interests as a co-owner of the Stanton Energy Center. For additional information, see paragraph F of Note XVI to FMPA's financial statements set forth in APPENDIX C attached hereto.

**Additional Information**

On December 17, 2018, Vero Beach completed the sale of its electric utility system to Florida Power & Light Company (“FPL”) and withdrew as a member of FMPA and as a participant in the All-Requirements Power Supply Project, and transferred and assigned to FMPA, with respect to the All-Requirements Power Supply Project, the power sales and project support contracts between Vero Beach and FMPA relating to each of the Stanton Project, Stanton II Project and St. Lucie Project, as amended. See “PART I. ALL-REQUIREMENTS POWER SUPPLY PROJECT – Withdrawal of Vero Beach” for additional information regarding the withdrawal of Vero Beach as a participant in the All-Requirements Power Supply Project and as a member of FMPA.

On February 16, 2017, now Senator Debbie Mayfield requested the Joint Legislative Auditing Committee of the Florida Legislature to authorize a study of FMPA by the Legislature’s Office of Program Policy Analysis and Government Accountability (“OPPAGA”). Senator Mayfield was the chair of the Joint Legislative Auditing Committee for the 2017 Legislative Session. The study is supposed to address specifically these nine matters:

- (a) Determine the extent to which the conditions recited in the Interlocal Agreement creating FMPA as justification for the creation of FMPA remain present.
- (b) Evaluate the feasibility of FMPA being regulated by the Florida Public Service Commission (“FPSC”) and recommend a process for bringing FMPA within such regulation.
- (c) Evaluate the potential impacts of the orderly sale of FMPA’s interest in power generation assets, including the impact of such a sale on FMPA’s debt structure, and the wholesale and retail power markets in Florida.
- (d) Evaluate FMPA’s actions in response to the 2015 report of FMPA by the Florida Auditor General, including any remedial or corrective actions taken by FMPA and the effectiveness of the same.
- (e) Evaluate the feasibility and costs of a municipality terminating its FMPA membership and make recommendations for legislative or other action that could reduce those costs.
- (f) Evaluate the feasibility of the orderly dissolution and liquidation of FMPA and recommend a process effectuating the same and providing for the protection of bondholders and other private contractual interests.
- (g) Identify and evaluate FMPA’s wholesale rates as compared to the wholesale rates of Florida’s investor-owned utilities.
- (h) Identify the benefits of FMPA’s programs unrelated to the power generation (e.g. training) and whether such programs can be more efficiently provided by others.
- (i) Evaluate FMPA’s fuel hedging practices.

The OPPAGA study was initially scheduled to begin on October 1, 2017. At the request of Senator Mayfield, that start date was delayed to January 1, 2018. As of the date of this Report, no work on the study has, to FMPA’s knowledge, commenced.

*Ratings*

As of June 1, 2019, the ratings on the Bonds of each Project by Moody’s Investors Service, Inc. (“Moody’s”) and Fitch Ratings (“Fitch”) are as follows:

<u>Project</u>	<u>Moody’s</u>	<u>Fitch</u>
All-Requirements Power Supply Project	A2	A+
St. Lucie Project	A2	A
Stanton Project	A1	A+
Stanton II Project	A1	A+
Tri-City Project	A1	A+

The respective ratings by Fitch and Moody's of the Bonds reflect only the views of such organizations and any desired explanation of the significance of such ratings and any outlooks or other statements given by the rating agencies with respect thereto should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings for the Bonds of a particular Project will continue for any given period of time or that any of such ratings will not be revised downward or withdrawn entirely by any of the rating agencies, if, in the judgment of such rating agency or agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

#### *Event Notices*

During the period from June 30, 2018 through June 28, 2019, the following event notices were filed by or on behalf of FMPA, although such notices were not necessarily required as event notices under paragraph (b)(5)(i)(C) of Rule 15c2-12:

(1) On July 12, 2018, TD Bank, National Association, as trustee, filed, on behalf of FMPA, a Notice of Defeasance and Designation of Certain Bonds for Prior Redemption with a redemption date of October 1, 2018 for a portion of FMPA's All-Requirements Power Supply Project Revenue Bonds, Series 2008A maturing from October 1, 2020 through October 1, 2031.

(2) On September 1, 2018, TD Bank, National Association, as trustee, filed, on behalf of FMPA, a Notice of Full Redemption with a redemption date of October 1, 2018 for a portion of FMPA's All-Requirements Power Supply Project Revenue Bonds, Series 2008A maturing from October 1, 2020 through October 1, 2031.

(3) On September 24, 2018, TD Bank, National Association, as trustee, filed, on behalf of FMPA, a Notice of Partial Redemption with a redemption date of October 1, 2018 for FMPA's All-Requirements Power Supply Project Variable Rate Demand Refunding Revenue Bonds, Series 2008C maturing October 1, 2035.

(4) On December 6, 2018, TD Bank, National Association, as trustee, filed, on behalf of FMPA, a Notice of Redemption with a redemption date of December 19, 2018 for FMPA's St. Lucie Project Refunding Revenue Bonds, Series 2000 (Auction Rate Securities) maturing October 1, 2021.

(5) On December 6, 2018, TD Bank, National Association, as trustee, filed, on behalf of FMPA, a Notice of Redemption with a redemption date of December 21, 2018 for FMPA's St. Lucie Project Refunding Revenue Bonds, Series 2002-1 (Auction Rate Securities) maturing October 1, 2021.

(6) On December 12, 2018, TD Bank, National Association, as trustee, filed, on behalf of FMPA, a Notice of Redemption with a redemption date of December 26, 2018 for FMPA's St. Lucie Project Refunding Revenue Bonds, Series 2002-2 (Auction Rate Securities) maturing October 1, 2021.

(7) On December 12, 2018, TD Bank, National Association, as trustee, filed, on behalf of FMPA, a Notice of Redemption with a redemption date of December 27, 2018 for FMPA's St. Lucie Project Refunding Revenue Bonds, Series 2002-3 (Auction Rate Securities) maturing October 1, 2021.

(8) On December 28, 2018, FMPA provided notice that on December 17, 2018, the City of Vero Beach, Florida ("Vero Beach") completed the sale (the "Sale") of its electric utility system to Florida Power & Light Company ("FPL"), withdrew as a member of FMPA, and as a participant in the All-Requirements Power Supply Project, and transferred and assigned its interests as a participant in FMPA's Stanton I, Stanton II and St. Lucie Projects to FMPA, with respect to the All-Requirements Power Supply Project.

(9) On March 13, 2019, FMPA provided notice of the removal of TD Bank, National Association (the "Prior Trustee") and of the appointment of The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under the laws of the United States (the "Successor Trustee"), as trustee (the "Trustee") effective as of (i) March 5, 2019 for each of the Stanton Project Revenue Bond Resolution, adopted January 13, 1984, as amended and restated in its entirety on August 27, 1997, as amended and supplemented to the date thereof (the "Stanton Resolution") and the St. Lucie Project Revenue Bond Resolution, adopted March 26, 1982, as amended and restated in its entirety on April 10, 2002, as amended and supplemented to the date thereof (the "St. Lucie

Resolution”) and (ii) March 12, 2019 for each of the Stanton II Project Revenue Bond Resolution, adopted June 26, 1991, as amended and restated in its entirety on April 10, 2002, as amended and supplemented to the date thereof (the “Stanton II Resolution”) and the Tri-City Project Revenue Bond Resolution, adopted March 22, 1985, as amended and restated in its entirety on May 23, 2003, as amended and supplemented to the date thereof (the “Tri-City Resolution” and, with the Stanton Resolution, Stanton II Resolution and St. Lucie Resolution, the “Resolutions”).

(10) On March 20, 2019, TD Bank, National Association, as trustee, filed, on behalf of FMPA, a conditional notice of partial redemption with a redemption date of April 1, 2019 for a portion of FMPA’s All-Requirements Power Supply Project Variable Rate Demand Refunding Revenue Bonds, Series 2008C maturing October 1, 2035.

Additionally, on September 5, 2018 and September 6, 2018, U.S. Bank National Association filed notices of redemption for certain maturities of bonds issued by FMPA. FMPA did not authorize these filings and U.S. Bank was not acting on behalf of FMPA in making these filings.

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## PART I

### ALL-REQUIREMENTS POWER SUPPLY PROJECT

*The information in this Part I is intended to provide information with respect to the Agency's All-Requirements Power Supply Project.*

#### All-Requirements Power Supply Project

The All-Requirements Power Supply Project is a power supply project under which FMPA provides to each of the active Participants in the All-Requirements Power Supply Project their individual "All-Requirements Service." For a particular Participant, its All-Requirements Service is all of its needed electric power and energy, transmission and associated services, unless limited by a contract rate of delivery, except for certain excluded resources. See "Election of Certain Participants – Contract Rate of Delivery ("CROD"). A Participant purchases its All-Requirements Service pursuant to an All-Requirements Power Supply Project Contract with FMPA, as amended.

The power supply assets of the All-Requirements Power Supply Project include (i) undivided interests in generating facilities that are owned in whole or in part by FMPA; (ii) power supply resources under long-term and short-term contracts of FMPA; (iii) generation assets owned by some of the Participants or in which some Participants have Power Entitlement Shares (the percentage of the amount of net capacity and energy to which such Participant is entitled at any given point in time whether the unit is operating or not), the capacity and energy of which are sold to the All-Requirements Power Supply Project; and (iv) transmission arrangements.

#### *All-Requirements Power Supply Project Generating Facilities Owned by FMPA*

Name of Unit	In-Service Date	Primary Fuel Source	Net Summer Capability Rating (MWs)	Percentage of Ownership
Stanton Unit No. 1	July 1, 1987	Coal	441	6.51%
Stanton Unit No. 2	June 1, 1996	Coal	450	5.17
Stanton Unit A	October 1, 2003	Natural Gas	639	3.50
Cane Island Unit 1	January 1, 1995	Natural Gas	35	50.00
Cane Island Unit 2	June 1, 1995	Natural Gas	109	50.00
Cane Island Unit 3	January 25, 2001	Natural Gas	240	50.00
Cane Island Unit 4	July 12, 2011	Natural Gas	300	100.00
Indian River Unit A	July 1, 1989	Natural Gas	32	39.00
Indian River Unit B	July 1, 1989	Natural Gas	32	39.00
Indian River Unit C	October 1, 1992	Natural Gas	105	21.00
Indian River Unit D	October 1, 1992	Natural Gas	105	21.00
Stock Island Unit 2	June 21, 1998	Fuel Oil	16	100.00
Stock Island Unit 3	August 1, 1998	Fuel Oil	14	100.00
Stock Island Unit 4	July 1, 2006	Fuel Oil	46	100.00
Treasure Coast Energy Center Unit 1	May 31, 2008	Natural Gas	300	100.00

*Stanton Units.* As part of the All-Requirements Power Supply Project, FMPA owns a 6.5060% undivided ownership in Stanton Unit No. 1, a coal-fired electric generating unit with a net summer capability rating of 441 MW ("Stanton Unit No. 1"), and a 5.1724% undivided ownership interest in Stanton Unit No. 2, a coal-fired electric generating unit with a net summer capability rating of 450 MW ("Stanton Unit No. 2" and, together with Stanton Unit No. 1, the "Stanton Units") at the Stanton Energy Center of the Orlando Utilities Commission ("OUC") located in Orange County, Florida. The Stanton Units were constructed and are operated by OUC.

Stanton Unit No. 1 began commercial operation on July 1, 1987. The availability factor has averaged 87.4% since that time. For the last five fiscal years, the availability factor has ranged from a low of 61.8% in 2016 to a high of 90.5% in 2015. The availability factor in fiscal year 2018 was 90.4%.

Stanton Unit No. 2 began commercial operation on June 1, 1996. The availability factor has averaged 87.9% since that time. For the past five fiscal years, the availability factor ranged from a low of 84.8% in 2017 to a high of 89.9% in 2015. The availability factor in fiscal year 2018 was 84.8%.

Cooling water for the Stanton Units is provided by the Orange County, Florida Eastern Sub-Regional Wastewater Treatment Plant under an agreement between OUC and Orange County.

During calendar years 2014 through 2018, the Stanton Units combined to burn an average of approximately 1.8 million tons of coal per year. Coal is supplied to the Stanton Units under contracts between OUC and Crimson Coal Corporation (“Crimson”) and Foresight Coal Sales, LLC (“Foresight”). The contract with Crimson will supply 200,000 tons for 2019 with no options. The contract with Foresight will supply 400,000 tons with two options of 225,000 tons for 2019. FMPA believes that OUC will be able to make up any deficiencies in supply for the Stanton Units through short-term purchases at spot market prices.

OUC continues to monitor environmental requirements that will be applicable to the Stanton Units in the future and has stated that it currently believes it can meet known environmental laws and regulations regarding NOx emissions through, among other means, implementation of capital projects with a significantly lower total cost than the SCR project. See “INTRODUCTION – Litigation.”

Additional ownership interests by FMPA and other entities in the Stanton Units is described below under “PART III – STANTON PROJECT,” “PART IV – STANTON II PROJECT” and “PART V – TRI-CITY PROJECT.”

*Stanton Unit A.* As part of the All-Requirements Power Supply Project, FMPA owns a 3.5% undivided ownership interest in a 639 MW (summer rating), gas-fired combined cycle unit located at OUC’s Stanton Energy Center site (“Stanton Unit A”). The remaining ownership interests in Stanton Unit A are held by KUA (3.5%), OUC (28%) and Stanton Clean Energy LLC, a NextEra Energy, Inc. subsidiary (“SCE”) (65%). FMPA is purchasing 20% of SCE’s ownership share in Stanton Unit A until 2023. See “– Purchased Power and Other Contracts” for additional information. Gas transportation is supplied via the Florida Gas Transmission (“FGT”) gas line. Stanton Unit A also has fuel oil as a back-up capability. See “– Member Contributed Resources” below.

Stanton Unit A began commercial operation on October 1, 2003. The availability factor has averaged 89.7% since that time. For the last five fiscal years, the availability factor has ranged from a low of 83.4% in 2018 to a high of 94.3% in 2014. The availability factor in fiscal year 2018 was 83.4%.

*Cane Island Units.* As part of the All-Requirements Power Supply Project, FMPA owns a 50% undivided ownership interest in each of Cane Island Unit No. 1 (“Cane Island Unit 1”), Cane Island Unit No. 2 (“Cane Island Unit 2”) and Cane Island Unit No. 3 (“Cane Island Unit 3” and, together with Cane Island Unit 1 and Cane Island Unit 2, “Cane Island Units 1-3”) and owns a 100% undivided ownership interest in Cane Island Unit No. 4 (“Cane Island Unit 4” and together with Cane Island Units 1-3, the “Cane Island Units”). The Cane Island Units are located at KUA’s Cane Island Power Park site in Osceola County, Florida. The Cane Island Units are natural gas-fired electric generating units with No. 2 oil as a backup capability for Cane Island Unit 1 and Cane Island Unit 2. Cane Island Unit 1 is a combustion turbine, and Cane Island Unit 2, Cane Island Unit 3, and Cane Island Unit 4 are combined cycle units. Cane Island Units 1-3 were constructed, and are operated, by KUA. Cane Island Unit 4 was constructed by FMPA and is operated by KUA. KUA owns the remaining 50% of Cane Island Units 1-3. See “– Elections of Certain Participants” and “– Status of Certain Generation Units Owned by Participants” below.

Cane Island Unit 1 has a summer rating of 35 MW and was placed in service in January 1995. Cane Island Unit 1’s availability factor has averaged 97.2% since that time. For the last five fiscal years, the availability factor has ranged from a low of 91.9% in 2016 to a high of 98.5% in 2017. The availability factor in fiscal year 2018 was 97.94%.

Cane Island Unit 2 has a summer rating of 109 MW and was placed in service in June 1995. Cane Island Unit 2’s availability factor has averaged 86.6% since that time. For the last five fiscal years, the availability factor has ranged from a low of 50.3% in 2016 to a high of 92.1% in 2015. The lower availability factor in fiscal year 2016 was due to a catastrophic equipment failure in 2016. The availability factor in fiscal year 2018 was 90.3%.

Cane Island Unit 3 has a summer rating of 240 MW and was placed in service in June 2002. Cane Island Unit 3's availability factor has averaged 89.5% since that time. For the last five fiscal years, the availability factor has ranged from a low of 73.6% in 2017 to a high of 95.6% in 2015. The availability factor in fiscal year 2018 was 88.8%.

Cane Island Unit 4 has a summer rating of 300 MW and was placed in service in July 2011. Cane Island Unit 4's availability factor has averaged 90.6% since it was placed in service. For the last five fiscal years, the availability factor has ranged from a low of 84.5% in 2018 to a high of 94.3% in 2016. The availability factor in fiscal year 2018 was 84.5%.

*Indian River Units.* As part of the All-Requirements Power Supply Project, FMPA owns a 39% undivided ownership interest in each of the Indian River Combustion Turbine Units A & B ("Indian River Units A & B") and a 21% undivided ownership interest in each of the Indian River Combustion Turbine Units C & D ("Indian River Units C & D" and, together with Indian River Units A & B, the "Indian River Units") located in Brevard County, Florida. The remaining ownership interests in Indian River Units A & B are held by (i) OUC (48.8%) and (ii) KUA, (12.2%), and the remaining ownership interests in Indian River Units C & D are held by OUC (79%). The Indian River Units were constructed and are operated by OUC on behalf of the co-owners.

All four Indian River Units are used as peaking units. The Indian River Units burn either natural gas or No. 2 fuel oil, with gas transportation supplied via FGT.

Indian River Units A & B each have a summer rating of 32 MW and were placed in service on July 1, 1989. Indian River Unit A's availability factor has averaged 95.8% since that time. For the last five fiscal years, the availability factor of Indian River Unit A has ranged from a low of 91.4% in 2018 to a high of 98.5% in 2017. Indian River Unit B's availability factor has averaged 95.2% since it was placed in service. For the last five fiscal years, the availability factor of Indian River Unit B has ranged from a low of 92.7% in 2018 to a high of 97.91% in 2017.

Indian River Units C & D each have a summer rating of 105 MW and were placed in service in October 1, 1992. Indian River Unit C's availability factor has averaged 89.9% since that time. For the last five fiscal years, the availability factor of Indian River Unit C has ranged from a low of 85.6% in 2014 to a high of 96.5% in 2017. Indian River Unit D's availability factor has averaged 92.9% since it was placed in service. For the last five fiscal years, the availability factor of Indian River Unit D has ranged from a low of 91.5% in 2015 to a high of 97.31% in 2018.

*Stock Island Units 2 and 3.* As part of the All-Requirements Power Supply Project, FMPA owns a 100% undivided ownership interest in each of two combustion turbines at the Stock Island Generating Facility near Key West. Stock Island Units 2 & 3 are refurbished GE Frame 5 units that burn No. 2 oil. FMPA constructed Stock Island Units 2 & 3 to provide peaking supply and on-island reliability for the Key West System, and they are operated by Key West.

Stock Island Unit 2 has summer rating of 16 MW and was placed in service in June 1998. For the last five fiscal years, the availability factor of Stock Island Unit 2 has ranged from a low of 93.2% in 2017 to a high of 100% in 2014.

Stock Island Unit 3 has summer rating of 14 MW and was placed in service in August 1998. For the last five fiscal years, the availability factor of Stock Island Unit 3 has ranged from a low of 86.2% in 2014 to a high of 98.9% in 2018.

FMPA is contractually obligated to meet approximately 60% (or lower, as mutually agreed to by FMPA and Key West) of Key West's weather normalized firm load with on-island generation over the term of the Key West Power Supply Contract, so long as Key West is purchasing its full-requirements from the All-Requirements Power Supply Project (the "60% On-Island Requirement"). During fiscal year 2013, FMPA commissioned a study of the 60% On-Island Requirement that was designed to set forth the steps and processes to be taken by FMPA and other related parties, including Key West, to (1) initially develop a long-term generation plan for meeting the 60% On-Island Requirement, and (2) monitor and update the long-term generation plan over time to address changing circumstances. Based on the information available at the time of the study, which was completed in 2014, (i) FMPA found no evidence to refute that the life of the units at the Stock Island Plant could be extended through at least 2033 (based on 20-year study period) at reasonable cost using such a condition based and preventive maintenance strategy and (ii) there were no known operational limitations of maintaining the current capacity ratings over the 20-year study period. FMPA updated its analysis in early 2017 and found no change in circumstances that would change FMPA's conclusion from the prior study.

*Stock Island Unit 4.* As part of the All-Requirements Power Supply Project, FMPA owns a 100% undivided ownership interest in a 45 MW combustion turbine unit located at the Stock Island Generating Facility near Key West (“Stock Island Unit 4”). Stock Island Unit 4 is a GE LM6000 PC-Sprint aeroderivative unit that burns No. 2 oil. Stock Island Unit 4 is operated by Key West and will provide peaking supply and on island reliability for Key West. See “– Elections of Certain Participants” below.

Stock Island Unit 4 was placed in service in 2006. Stock Island Unit 4’s availability factor has averaged 96.4% since that time. For the last five fiscal years, the availability factor of Stock Island Unit 4 has ranged from a low of 93.3% in 2017 to a high of 98.6% in 2018.

*Treasure Coast Energy Center Unit 1.* As part of the All-Requirements Power Supply Project, FMPA owns a 100% undivided ownership interest in a 300 MW natural gas-fired combined cycle unit located in Fort Pierce (the “Treasure Coast Energy Center Unit 1”). The unit is operated under contract by Fort Pierce Utilities Authority (“FPUA”), with gas transportation supplied by FGT.

The Treasure Coast Energy Center Unit 1 was placed in service in May 2008. The Treasure Coast Energy Center Unit 1’s availability factor has averaged 92.6% since that time. For the last five fiscal years, the availability factor of Treasure Coast Energy Center Unit 1 has ranged from a low of 83.5% in 2015 to a high of 96.0% in 2018. The availability factor in fiscal year 2018 was 96.0%.

#### *Purchased Power and Other Contracts*

FMPA has two long-term contracts with respect to the All-Requirements Power Supply Project to purchase power and energy from subsidiaries of NextEra Energy, Inc. (“NextEra”) from assets previously owned and operated by Southern Power Company (“Southern”) or its subsidiaries. FMPA believes that it will be able to replace these resources when the contracts expire, and if the need arises, with either new resources under contracts that will be at market-based rates or with jointly-owned or self-built generation. FMPA and Oleander Power Project, L.P. (a NextEra subsidiary) have an agreement pursuant to which FMPA purchases the entire output (approximately 160 MW) from Oleander Unit No. 5, a natural gas-fired simple cycle generating unit at the Plant Oleander natural gas peaking plant. Generation from the unit is dedicated to FMPA. The initial term of the agreement runs through December 15, 2027. FMPA also has a contract for approximately 81 MW summer/87 MW winter of purchased power from SCE’s ownership interest in Stanton Unit A. The initial term of the agreement runs through September 30, 2023. FMPA has extension options that could extend this agreement to 2033.

FMPA also has entered into a solar power purchase agreement with subsidiaries of Florida Renewables Partners, LLC (“FRP”), a subsidiary of NextEra Florida Renewables Holdings, LLC to purchase a total of 58 MW-AC of solar energy on behalf of five Participants in the All-Requirements Power Supply Project, Jacksonville Beach, FPUA, Key West, KUA and Ocala (the “ARP Solar Participants”). FMPA and OUC have entered into purchase agreements with FRP for a total of 223.5 MW-AC from three 74.5 MW-AC solar sites in Florida. The solar facilities are planned for commercial operation in 2020. The ARP Solar Participants will take power from two (2) of those sites and will have the first obligation in the All-Requirements Power Supply Project to pay all purchased power costs for solar energy. The solar purchase power agreement has a 20-year term and two 5-year options to extend the agreement.

#### *Member Contributed Resources*

Pursuant to their joining the All-Requirements Power Supply Project, KUA, Lake Worth, Fort Pierce and Key West entered into a Capacity and Energy Sales Contract whereby these Participants sell the capacity and energy from their generating units to the All-Requirements Power Supply Project. These Participants also agreed to sell to the All-Requirements Power Supply Project any capacity and energy from any Power Entitlement Shares they have in the Stanton Project, Stanton II Project or Tri-City Project. In addition, Starke assigned to the All-Requirements Power Supply Project its capacity and energy in the Stanton Project and Stanton II Project. The price paid by the All-Requirements Power Supply Project to these Participants is equal to each month’s billing from FMPA to each of these Participants for their Power Entitlement Shares in the Projects. The Capacity and Energy Sales Contract with Lake Worth has been terminated. Additionally, effective October 1, 2008 and January 1, 2011, respectively, KUA and Key West entered into Revised, Amended and Restated Capacity and Energy Sales Contracts.

FMPA, as a cost of the All-Requirements Power Supply Project, pays the monthly costs for these Participants under their Power Sales Contracts and, under certain circumstances under the Project Support Contracts, with respect to their Power Entitlement Shares, and collects these costs through the billings to the Participants in the All-Requirements Power Supply Project.

#### *Net Metering*

In order to promote the development of customer-owned renewable generation and comply with statutory requirements of Section 366.91, Florida Statutes, and other requirements, FMPA has developed a net metering policy, pursuant to which Participants may offer their customers net metering service whereby a customer may install and operate in parallel customer-owned renewable generation in order to offset all or part of the customer's electricity needs with renewable energy. Pursuant to the FMPA policy, the All-Requirements Power Supply Project will purchase excess customer-owned renewable generation from its Participants' customers that have chosen to take part in the net metering program and are interconnected to a Participant's electric system. Customer-owned renewable generation is first used to offset the demand for electricity at a particular premises from a Participant and any excess customer-owned renewable generation that is not used to offset the demand for electricity is simultaneously sold to the All-Requirements Power Supply Project and delivered to the Participants through the Participant's electric distribution system.

As of December 2018, more than 881 solar power installations in 13 Florida cities are part of the All-Requirements Power Supply Project's net metering program. These customer-owned installations can produce approximately 4,641 MW-AC of energy.

#### *Fuel Supply*

*Coal Supply.* For a description of the coal supply to Project generating facilities, see “- Project Generating Facilities Owned by FMPA” above.

*Gas Supply.* Natural gas for Stanton Unit A is obtained by OUC for itself, KUA and FMPA. All physical supplies of natural gas used at FMPA-owned or Participant-owned Project generating facilities are purchased by Florida Gas Utilities (“FGU”) for FMPA under a service agreement between FMPA and FGU. Typically, these supplies are purchased on a month-to-month basis; priced at a NYMEX less basis, a “first-of-the-month” index, or a daily index. Adjustments are made by FGU on a daily basis to balance supply with forecasted load by either purchasing incremental volumes or selling surplus volumes. FGU also handles all natural gas transportation scheduling and settlement functions for FMPA and ensuring reliable fuel deliveries for the All-Requirements Power Supply Project. In 2019, FGU entered into thirty-year natural gas supply agreements with The Black Belt Energy Gas District (“Black Belt Energy”) and the Municipal Gas Authority of Georgia (“MGAG”) (the “2019 Pre-Pay Contracts”) for the purchase of specified amounts of natural gas at discounted prices that FGU expects to supply to FMPA. FMPA's weighted average discount from the transactions involving MGAG is \$0.32 per MMBtu on 13,250 MMBtu per day. FMPA's weighted average discount from the transactions involving Black Belt Energy is \$0.32 per MMBtu on 10,000 MMBtu per day.

*Florida Gas Transmission Transportation Contracts.* Natural gas for the Cane Island Units, the Treasure Coast Energy Center Unit 1, the Indian River Units and the Oleander PPA (a tolling structured power purchase deal where FMPA delivers natural gas) is transported under long-term firm transportation contracts with FGT. The average annual daily capacity is 94,014 MMBtu/d. FMPA also has firm call rights for an additional annual average of 42,000 MMBtu/d of firm transportation capacity through a long term capacity release arrangement. Firm capacity demand charges are only incurred when this capacity is called. FMPA has also contracted for 50,000 MMBtu/d of firm capacity on Transco Gas Pipeline from their Station 85 to FGT to achieve a percentage of supply source diversity; taking advantage of the development of production from shale sourced gas supplies available at Station 85. FMPA has also contracted with the Southern Pines Storage facility currently for 500,000 MMBtu of firm gas storage capacity as a reliability measure to ensure natural gas supply availability during times of weather related interruptions. FGU acts as FMPA's agent in the daily management of these natural gas capacity commitments.

*Oil Supply.* All physical fuel oil purchases are centrally administered by FMPA. Purchases of fuel oil are typically only made to maintain back-up inventories at a level consistent with FMPA's fuel management policies. These inventories provide an alternate fuel source to enhance generator reliability in the event of a natural gas fuel interruption, except at Stock Island, where fuel oil is the primary fuel. The purchases are made on a spot basis and at the then effective market price.

*Public Gas Partners, Inc.* In November, 2004, FMMPA signed an agreement for the benefit of the All-Requirements Power Supply Project with the other current contract parties consisting of six public gas utilities in five different states to form a gas supply agency called Public Gas Partners, Inc. (“PGP”). PGP is formed under Georgia law as a not-for-profit corporation and is tax-exempt for federal tax purposes. PGP was created to secure economical, long-term wholesale natural gas supplies for its seven members in order to stabilize and reduce the cost of natural gas. Current members of PGP, along with FMMPA, include Municipal Gas Authority of Georgia, National Public Gas Agency, Patriots Energy Group, Southeast Alabama Gas District and Tennessee Energy Acquisition Corporation. PGP currently produces for FMMPA approximately 3.5% of the All-Requirements Power Supply Project’s gas requirements which are financially settled with FMMPA.

FMMPA does not presently intend to participate in any further acquisition activities through PGP.

FMMPA entered into a Production Sharing Agreement (“PSA”) as a participant in PGP Gas Supply Pool No. 1 (“Pool 1”) in November 2004 and entered into a PSA as a participant in PGP Gas Supply Pool No. 2 (“Pool 2”) in October 2005. PGP is presently engaged in marketing the sale of both Pool 1 and Pool 2. PGP is in the process of documenting an inventory of all land lease ownership rights in preparation for the sale of its reserve assets. It is anticipated that the sale of these reserve assets will be sold over time, focusing upon the most valuable first and then followed with lessor valued assets with FMMPA receiving its proportional share of net proceeds.

#### *Transmission and Dispatch Agreements*

*Transmission.* OUC provides transmission service for delivery of power and energy from FMMPA’s ownership in Stanton Unit No. 1, Stanton Unit No. 2, Stanton Unit A and the Indian River Units for the All-Requirements Power Supply Project to the FPL and Duke Energy of Florida (“DEF”) interconnections with OUC for subsequent delivery to the Participants over the life of the Units. Rates for such transmission wheeling service are based upon OUC’s costs of providing such transmission wheeling service and under terms and conditions of the OUC-FMMPA firm transmission service contracts for the Project.

FMMPA has contracts with DEF, FPL and OUC to transmit the various Project resources over the transmission systems of each of these three utilities. The Network Service Agreement with FPL was executed in March 1996 and was subsequently amended to both conform to the FERC Pro forma Tariff and to add additional members to the All-Requirements Power Supply Project. The FPL agreement provides for network transmission service for the Participants interconnected to FPL’s transmission system. The FPL agreement terminates March 31, 2026, although FMMPA has rollover rights to continue service beyond the termination date pursuant to the FPL Open Access Transmission Tariff. The Network Service Agreement with DEF became effective January 1, 2011 and conforms to FERC’s Pro forma Tariff. The DEF agreement provides for network transmission service for the Participants interconnected with DEF’s transmission system. The DEF agreement terminates December 31, 2035, subject to successive automatic five-year extensions thereafter, unless at least one year notice of termination is provided prior to the end of each term. FMMPA also has several transmission wheeling agreements with OUC which are associated with each FMMPA generation resource located on OUC’s system and which also provide for network type transmission service over OUC’s system.

FMMPA is a 68% owner of the transmission lines that connect the Cane Island site to the transmission grid with control rights to utilize the full capacity of those transmission lines to serve the All-Requirements Power Supply Project.

#### *Florida Municipal Power Pool*

The All-Requirements Power Supply Project is a member of the Florida Municipal Power Pool (“FMPP”). The other members of FMPP are Lakeland and OUC. The FMPP is an operating power pool in which the generating resources of members are centrally dispatched to meet their combined load requirements. The FMPP began operations in 1988. FMPP resources include the members’ coal fired generation, gas/oil fired units, ownership interest in nuclear capacity and various firm capacity and partial requirements arrangements with other utilities. Each FMPP member is responsible for maintaining sufficient capacity to serve its own load including an adequate amount of reserves. All FMPP transactions are settled using the “clearing house price” methodology. The resources of FMPP are essentially committed and dispatched by OUC, which handles the day-to-day operations of the FMPP.

The FMPP operates under a three-year agreement that automatically renews until such time as all of the FMPP members elect to terminate the agreement. If a member of FMPP were to withdraw early, the pool continues with the remaining members.

The FMPP Agreement was amended in 2011 to incorporate the dispatch services that were previously supplied to FMPA under contract by OUC. Under the revised agreement, FMPA contracts with FMPP for the dispatch of FMPA's generation resources to serve the loads of the Participants on a continuous real-time basis. The Participant delivery points were removed from the control areas of DEF and FPL, effectively placing the Participants into the FMPP Balancing Authority area, although scheduled power deliveries to the Participants are transmitted to the delivery points over the DEF or FPL systems. In order to integrate the Participants into the FMPP Balancing Authority area, each delivery point is equipped by FMPA with a Remote Terminal Unit to collect and transmit necessary real-time load data to the OUC automatic generation control system.

The 2011 amended agreement provides for (i) FMPP to dispatch FMPA's resources to serve the combined loads of the Participants located in DEF's service territory and the Participants located in FPL's service territory; (ii) FMPA installing and maintaining the necessary equipment on the Participants' systems; (iii) OUC installing and maintaining the necessary equipment on its system; and (iv) pricing and payments for services provided.

The All-Requirements Power Supply Project's membership in the FMPP provides several benefits for the All-Requirements Power Supply Project. By participating in the FMPP, the All-Requirements Power Supply Project is able to realize significant savings due to the fact that FMPA is able to utilize more efficient, less costly generation than FMPA could have utilized if the All-Requirements Power Supply Project were not a member of the pool. A pool marketing group that buys or sells capacity and energy on a daily basis provide some non-Participant revenue for the All-Requirements Power Supply Project through the successful sale or purchase of excess capacity and energy outside of the All-Requirements Power Supply Project.

#### *Project Operations*

For the fiscal year that ended on September 30, 2018, the coincident peak demand of the All-Requirements Power Supply Project was 1,239 MW. This peak demand was a 0.1% increase compared to the 2017 fiscal year.

For the 2018 fiscal year, the All-Requirements Power Supply Project produced 5.7 million MWh of billable energy, a 2.0% increase from the 2017 fiscal year.

Sales to the Participants in fiscal year 2018 totalled \$406 million, a 5.1% decrease compared to the 2017 fiscal year which was due primarily to lower natural gas costs.

For the 2018 fiscal year, All-Requirements Power Supply Project power costs billed to Participants were 7.2 cents per kWh, a 7% decrease compared to the 2017 fiscal year.

For additional information, see "Summary of Operating Results - HISTORICAL OPERATING RESULTS FOR THE ALL-REQUIREMENTS POWER SUPPLY PROJECT."

#### *Sales to Non-Participants*

To increase revenue and, thus, reduce All-Requirements Power Supply Project costs to Participants, FMPA has a strategic goal of selling excess capacity to non-Participants when it is economically feasible, does not jeopardize reliability and there is an opportunity to do so. From 2011 to 2015, the All-Requirements Power Supply Project was the full requirements supplier to the City of Quincy, having an approximately 25 MW peak demand.

In 2017, FMPA won a bid to supply wholesale power to the City of Bartow, having an approximately 62 MW peak demand. FMPA began supplying the City of Bartow wholesale power on January 1, 2018. For the first three years of the agreement, OUC will supply the first 40 MW of Bartow's power supply needs, and FMPA will supply peaking power to Bartow for its needs above 40 MW. In 2021, 2022 and 2023, FMPA will supply Bartow's full-requirements power supply needs. The City of Bartow will not, as such, be a Participant.

Effective January 1, 2019, under a Power Purchase Agreement (“PPA”) that will run for nine years, the All-Requirements Power Supply Project began supplying the City of Winter Park wholesale capacity and energy. For 2019, the All-Requirements Power Supply Project will provide 10 MW of capacity and energy to Winter Park around the clock. For 2020-2027, the All-Requirements Power Supply Project will serve Winter Park on a partial basis, net of other existing Winter Park wholesale power agreements. The City of Winter Park will not be a Participant.

Effective March 27, 2019, pursuant to a tolling agreement and associated transaction schedule that will run from July 1, 2019 through and until June 30, 2021, the All-Requirements Power Supply Project will supply firm energy to Reedy Creek Improvement District. The firm energy quantity shall be 53 MW for each hour for the term of the schedule. Reedy Creek Improvement District will provide the gas quantity necessary to supply the firm energy to FMPA for use in the All-Requirements Power Supply Project natural gas fleet. This exchange avoids running more costly Reedy Creek Improvement District generation while rendering a financial benefit to the All Requirements Power Supply Project via utilization of the Project’s excess generation to provide economy energy. The intent of this tolling agreement is to lower the All-Requirements Power Supply Project power costs for all Participants.

Pursuant to a letter of commitment for Negotiated Interchange Service executed on February 22, 2019, the terms of which are pursuant to that certain Agreement for Interchange Service between Florida Municipal Power Agency and Tampa Electric Company dated April 1, 1986, FMPA will sell, and Tampa Electric Company will purchase, 120 MW of energy, secondary to FMPA native load and other firm obligations, subject to recall for emergency or reliability purposes. The sale of interchange energy shall commence on May 1, 2019 and continue through October 31, 2019. The intent of this interchange energy sale is to lower the All-Requirements Power Supply Project power costs for all Participants.

## **Participants**

The thirteen active Participants in the All-Requirements Power Supply Project are ten Florida city councils or commissions, a utility board and two utility authorities listed on *page iv* hereof. Among the important economic factors to the Participants are agriculture, tourism, retirement and light manufacturing. Each Participant owns and operates its own retail electric distribution system. During the calendar year ended December 31, 2018, these systems sold in the aggregate approximately 5,783 GWh of electric services (including sales to other electric utilities), served approximately 261,147 customer accounts and incurred a coincident peak demand of approximately 1,239 MW.

Attached hereto as APPENDIX B is certain information for the following Major Participants in the All-Requirements Power Supply Project – City of Jacksonville Beach (“Jacksonville Beach”), Utility Board of the City of Key West, Florida, doing business as Keys Energy Services (“Key West”), Kissimmee Utility Authority (“KUA”) and City of Ocala (“Ocala”) – each of which provided to FMPA at least 10.0% of the revenues from the All-Requirements Power Supply Project in fiscal year 2018. As set forth in APPENDIX A hereto, certain of the Participants in the All-Requirements Power Supply Project are also participants in various other projects of FMPA. Based on current power supply needs of the other Participants, no additional Participants account for 10% or more of the Agency’s revenues from the All-Requirements Power Supply Project. The aggregate payments to FMPA by the Major Participants with respect to the All-Requirements Power Supply Project as of September 30, 2018 were approximately 73.04% of all revenues of the All-Requirements Power Supply Project. As the revenues provided to the All-Requirements Power Supply Project each Participant change from time to time, the Participants that make up the top revenue-providing Participants may also change accordingly. See “– Elections of Certain Participants.”

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**Participant’s Fiscal Year 2018 Power Supply and Revenue Share**

Member	MW <sup>(1)</sup>	% of 2018 Revenues
Kissimmee Utility Authority	363	26.53%
City of Ocala	297	24.22
City of Jacksonville Beach	214	13.14
Utility Board of the City of Key West	145	11.87
Fort Pierce Utilities Authority	112	8.24
City of Leesburg	115	9.02
City of Clewiston	25	1.66
City of Green Cove Springs	31	1.93
City of Starke	17	1.06
City of Fort Meade	12 <sup>(2)</sup>	0.69
City of Newberry	10	0.69
City of Bushnell	7	0.51
City of Havana	7	0.44
City of Lake Worth	0 <sup>(3)</sup>	0
City of Vero Beach	0 <sup>(4)</sup>	0
<b>Total:</b>	<b><u>1,355</u></b>	<b><u>100.00%</u></b>

- (1) Participants’ non-coincident peak demand in fiscal year 2018 (rounded) that is served from the All-Requirements Power Supply Project. This amount includes demand served by excluded resources.
- (2) Fort Meade has elected to limit its All-Requirements Service, as permitted in Section 3 of its Power Supply Contract, to a CROD. The limitation commenced January 1, 2015. Based on Fort Meade’s usage between December 2013 and November 2014, the Executive Committee took action in December 2014 to set Fort Meade’s CROD at 10.306 MW, which is the maximum hourly obligation through the remaining term of Fort Meade’s Power Supply Contract. Concurrently with its notice of the CROD limitation, Fort Meade gave FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Contract to discontinue the automatic renewal of the term of its Power Supply Contract. The term of Fort Meade’s Power Supply Contract is now fixed and will terminate on October 1, 2041. In 2018, Fort Meade approved a supplemental power sales agreement with the All-Requirements Power Supply Project, for a minimum of 10 years, such that the All-Requirements Power Supply Project will provide capacity and energy to Fort Meade as if Fort Meade had not effectuated CROD. Commensurate with this agreement, the FMPA Executive Committee adjusted Fort Meade’s CROD downward to 9.009 MW, in accordance with the All-Requirements Power Supply Contract. The agreement may be extended beyond the initial 10-year term.
- (3) The City of Lake Worth has elected under the Power Supply Contract to exercise its right to modify its All-Requirements Power Supply Project participation and implement a CROD, which limitation, pursuant to the terms of its Power Supply Contract, has been calculated as 0 MW. While the City of Lake Worth remains a participant in the All-Requirements Power Supply Project, effective January 1, 2014, it no longer purchases capacity and energy from the All-Requirements Power Supply Project and no longer has a representative on the Executive Committee.
- (4) Vero Beach elected under its Power Supply Contract to exercise its right to modify its All-Requirements Power Supply Project participation and implement a CROD, which limitation, pursuant to the terms of its Power Supply Contract, has been calculated as 0 MW. See “THE POWER SUPPLY CONTRACTS – Contract Rate of Delivery (CROD).” Effective January 1, 2010, Vero Beach no longer purchased capacity and energy from the All-Requirements Power Supply Project and no longer had a representative on the Executive Committee. On December 17, 2018, Vero Beach completed the sale of its electric utility system to Florida Power & Light Company (“FPL”) and withdrew as a member of FMPA and as a participant in the All-Requirements Power Supply Project, and transferred and assigned to FMPA, with respect to the All-Requirements Power Supply Project, the power sales and project support contracts between Vero Beach and FMPA relating to each of the Stanton Project, Stanton II Project and St. Lucie Project, as amended. See “THE POWER SUPPLY CONTRACTS – Withdrawal of Vero Beach” for additional information regarding the withdrawal of Vero Beach as a participant in the All-Requirements Power Supply Project and as a member of FMPA.

**Major Participants Historical Net Energy Requirements (GWh)**  
(for native load)

Fiscal Year (ending 9/30)	Jacksonville Beach	Key West*	KUA <sup>(1)</sup>	Ocala
2016	757	800	1,586	1,337
2017	721	784	1,581	1,297
2018	744	746	1,624	1,327

**Major Participants Historical Non-Coincident Peak Demand (MW)**

Fiscal Year (ending 9/30)	Jacksonville Beach	Key West*	KUA <sup>(1)</sup>	Ocala
2016	196	148	354	295
2017	171	148	353	291
2018	211	146	356	297

\* See “– Election of Certain Participants.”

## **Election of Certain Participants**

### *Contract Rate of Delivery (CROD)*

Effective on any January 1 upon at least five years' prior written notice to FMPA prior to that January 1, a Participant may limit the maximum amount of electric capacity and energy required as All-Requirements Service for the remainder of the term of its Power Supply Contract so as not to exceed the Contract Rate of Delivery ("CROD"). The CROD is the peak demand of a Participant for electric capacity and energy as All-Requirements Service under the Power Supply Contract during the twelve-month period preceding the date one month prior to the date that such limitation shall become effective, adjusted up or down by FMPA by not more than 15%, so as to provide optimal utilization of the FMPA power supply resources, such adjustment to be made by FMPA in its sole discretion, and subject to certain other reductions relating to capacity available from the Participant's own generating facilities and from contractual arrangements under which the Participant is entitled to receive capacity and energy, including contracts relating to other FMPA projects. As discussed below, each of Vero Beach, Lake Worth and Fort Meade has limited its obligations under its respective Power Supply Contract to a CROD that became effective January 1, 2010, January 1, 2014 and January 1, 2015, respectively. In the case of Vero Beach and Lake Worth, the CROD is zero. For the City of Fort Meade the CROD is now 9.009 MW. Additionally, Green Cove Springs has notified FMPA of its intent to limit its obligations under its Power Supply Contract to a CROD to be effective January 1, 2020.

Generally, because the calculation of a Participant's CROD involves reducing a Participant's peak demand for a period by that Participant's other power generating capacity, including capacity from FMPA's other projects, a Participant must have other capacity equal to or greater than its peak demand to achieve a 0 MW CROD. Vero Beach and Lake Worth both achieved a 0 MW CROD. Currently, no other Participant is expected to be able to achieve such a 0 MW CROD based upon each Participant's current and forecasted demands and available capacity for each Participant. Additionally, KUA and Key West have each waived their rights to limit their capacity and energy taken from the All-Requirements Power Supply Project to a CROD.

### *Election of Certain Participants*

*Green Cove Springs.* Green Cove Springs has notified FMPA of its election to limit its All-Requirements Service, as permitted in Section 3 of the Power Supply Contract, to a CROD. Beginning January 1, 2020, and continuing for the term of the Power Supply Contract, the All-Requirements Power Supply Project will serve Green Cove Springs with a maximum hourly obligation to be calculated in December 2019. Green Cove Springs has also given FMPA notice pursuant to Section 2 of the Power Supply Contract that the term of its contract will not automatically renew each year and the term of Green Cove Springs' contract is now fixed and will terminate on October 1, 2037. In 2019, Green Cove Springs approved a supplemental power sales agreement with the All-Requirements Power Supply Project, for a minimum of 10 years, such that the All-Requirements Power Supply Project will provide capacity and energy to Green Cove Springs as if Green Cove Springs had not effectuated CROD. The agreement may be extended beyond the initial 10-year term.

*Starke.* In 2003, Starke gave FMPA notice of its election to not continue the automatic extension of the term of its Power Supply Contract, under Section 2 of its Power Supply Contract. Upon the expiration of the term of its Power Supply Contract with the Agency on October 1, 2035, Starke will no longer be a Participant in the All-Requirements Power Supply Project.

*Fort Meade.* Fort Meade has elected to limit its All-Requirements Service, as permitted in Section 3 of its Power Supply Contract, to a CROD. The limitation commenced January 1, 2015. Based on Fort Meade's usage between December 2013 and November 2014, the Executive Committee took action in December 2014 to set Fort Meade's CROD at 10.306 MW, which is the maximum hourly obligation through the remaining term of Fort Meade's Power Supply Contract.

Concurrently with its notice of the CROD limitation, Fort Meade gave FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Contract to discontinue the automatic renewal of the term of its Power Supply Contract. The term of Fort Meade's Power Supply Contract is now fixed and will terminate on October 1, 2041. In 2018, Fort Meade approved a supplemental power sales agreement with the All-Requirements Power Supply Project, for a minimum of 10 years, such that the All-Requirements Power Supply Project will provide capacity and energy to Fort Meade as if Fort Meade had not effectuated CROD. Commensurate with this agreement, the FMPA Executive Committee adjusted

Fort Meade's CROD downward to 9.009 MW, in accordance with the Power Supply Contract. The agreement may be extended beyond the initial 10-year term.

*Lake Worth.* Lake Worth has elected to limit its All-Requirements Service to a CROD, as permitted by the Power Supply Contract. The limitation commenced January 1, 2014. The CROD was determined to be 0 MW. Additionally, effective January 1, 2014, the Capacity and Energy Sales Contract between Lake Worth and FMPA terminated. See "Contract Rate of Delivery (CROD)" above. In addition, in conjunction with the withdrawal of Vero Beach from the All-Requirements Power Supply Project and as a member of FMPA, Lake Worth and FMPA have entered an agreement that FMPA will not attribute any associated costs incurred by FMPA, with respect to the Vero Beach withdrawal from the All-Requirements Power Supply Project, to Lake Worth as costs for All-Requirements Services for so long as Lake Worth is a 0 MW CROD Participant, and not purchasing electric capacity and energy from the All-Requirements Power Supply Project.

*Vero Beach.* Vero Beach elected to limit its All-Requirements Service, as permitted in Section 3 of its Power Supply Contract, to a CROD. The limitation commenced January 1, 2010. In December 2009, the amount of capacity and energy that Vero Beach was obligated to purchase under this limitation of its Power Supply Contract was determined to be 0 MW. Additionally, effective January 1, 2010, the Capacity and Energy Sales Contract between Vero Beach and FMPA terminated. See "Contract Rate of Delivery (CROD)" above.

In September 2014, Vero Beach gave notice to FMPA of its election to discontinue the automatic extension of the term of its Power Supply Contract. In the event that Vero Beach did not withdraw from the All-Requirements Power Supply Project as described below, the term of Vero Beach's Power Supply Contract would have been fixed and would have terminated on October 1, 2046.

#### *Withdrawal of Vero Beach*

On October 24, 2017, Vero Beach entered into an agreement (the "Sale Agreement") to sell its electric utility system to FPL (the "Sale"). Vero Beach provided notice to FMPA, in accordance with the terms of the Power Supply Contract, that the terms of the Sale require Vero Beach to terminate its Power Supply Contract and withdraw from the All-Requirements Power Supply Project effective upon the closing of the Sale. In addition, Vero Beach agreed that effective upon the closing of the Sale, subject to the satisfaction of certain conditions precedent (including, but not limited to, the payment to FMPA of approximately \$108 million (subject to adjustment based on the closing date)), Vero Beach would transfer and assign to the All-Requirements Power Supply Project, its power sales and project support contracts relating to each of the Stanton Project, Stanton II Project and St. Lucie Project (the "Vero Contracts"). The Vero Contracts constitute a part of the security for bonds issued by FMPA for its Stanton Project, Stanton II Project and St. Lucie Project. The Sale Agreement requires that Vero Beach be fully and completely released and discharged by FMPA from any and all obligations arising from Vero Beach's participation in the All-Requirements Power Supply Project and each of the Stanton Project, Stanton II Project and St. Lucie Project, and generally as to FMPA.

At meetings of each of the FMPA Board of Directors and Executive Committee held on March 21, 2018, the FMPA Board of Directors and Executive Committee unanimously approved the form of the agreements and the taking of certain actions that would enable Vero Beach to withdraw from or transfer and assign its contracts relating to, and be released from all of its obligations to, the All-Requirements Power Supply Project and each of the Stanton Project, Stanton II Project and St. Lucie Project, and FMPA generally. The approvals of the FMPA Board of Directors and Executive Committee followed unanimous approvals given by governing bodies of the 19 member cities of FMPA who are participants in the All-Requirements Power Supply Project, Stanton Project, Stanton II Project and St. Lucie Project which consent to such transfer and assignment and complete release and discharge of Vero Beach, after closing of the Sale.

On December 17, 2018, Vero Beach completed the Sale and withdrew as a member of FMPA and as a participant in the All-Requirements Power Supply Project, transferred and assigned to FMPA, with respect to the All-Requirements Power Supply Project, its interests as a participant in certain of FMPA's power supply projects. Prior to the Sale, Vero Beach had a 32.521% power entitlement share (21.3 MW) in the Stanton Project, a 16.4887% power entitlement share (17.2 MW) in the Stanton II Project and a 15.202% power entitlement share (13.2 MW) in the St. Lucie Project. Vero Beach no longer purchased energy and capacity from the All-Requirements Power Supply Project having elected to modify its participation by implementation of a CROD, which pursuant to contract terms had been calculated at 0 MW, as described above under "Election of Certain Participants – *Vero Beach*".

In connection with such Sale,

(i) Vero Beach terminated its All-Requirements Power Supply Project Contract with FMPA in accordance with its terms, which included making a payment to FMPA's All-Requirements Power Supply Project in the amount of \$105,400,000 (including approximately \$30,000,000 pursuant to Section 29 of its All-Requirements Power Supply Project Contract) pursuant to the applicable contract terms governing withdrawal and termination;

(ii) Vero Beach transferred and assigned to FMPA, with respect to the All-Requirements Power Supply Project, the Vero Contracts, which Vero Contracts constitute a part of the security for the bonds issued by FMPA for its Stanton Project, Stanton II Project and St. Lucie Project; and

(iii) FMPA and the participants in each of the Stanton Project, Stanton II Project, St. Lucie Project and All-Requirements Power Supply Project fully and completely released and discharged Vero Beach from any and all obligations arising from Vero Beach's participation in each of the All-Requirements Power Supply Project, the Stanton Project, Stanton II Project and St. Lucie Project, and generally as a member of FMPA.

*Status of Certain Generation Units Owned by Participants*

*KUA.* Effective October 1, 2008, the All-Requirements Power Supply Project entered into a Revised, Amended and Restated Capacity and Energy Sales Contract with KUA whereby the All-Requirements Power Supply Project has assumed all cost liability and operational management of all KUA-owned generation assets and agreed to pay to KUA agreed-upon fixed annual capacity payments totaling \$342,357,889 over preset periods relating to each asset beginning in fiscal year 2009. As of May 1, 2019, \$122,562,302 of the fixed payments remain to be paid by FMPA. The revised, amended and restated contract provides the All-Requirements Power Supply Project the right to retire KUA's generation assets at any time during the term of the contract, without shortening the applicable fixed payment term. Through fiscal year 2020, the fixed annual capacity payment is \$18,993,010, and after fiscal year 2020 certain of the payments will vary depending on historical utilization for Cane Island Units 1 and 2. If the All-Requirements Power Supply Project elects not to retire Cane Island Units 1-3 after the initial payment period for each unit, payments under the contract will be linked to an agreed-upon capacity price and a calculated service factor that is based on the unit's average annual usage level over the preceding three years. KUA also waived its right to elect CROD in the revised, amended and restated contract.

*Key West.* Effective January 1, 2011, the All-Requirements Power Supply Project entered into a Revised, Amended and Restated Capacity and Energy Sales Contract for Key West whereby the All-Requirements Power Supply Project has assumed all cost liability and operational management of all Key West-owned generation assets and agreed to pay to Key West \$6.7 million in fixed annual capacity payments of \$670,000 each January 1 from 2011 through 2020 of which \$670,000 remains to be paid by FMPA as of June 1, 2019. Upon final payment Key West will convey its interest in its generation assets to FMPA. The revised, amended and restated contract provides the All-Requirements Power Supply Project the right to retire Key West's generation assets at any time during the term of the contract, without shortening the fixed payment term, subject to the 60% on-island capacity requirement. FMPA is contractually obligated to meet approximately 60% (or lower, as mutually agreed to by FMPA and Key West) of Key West's weather normalized firm load with on-island generation over the term of the Key West Power Supply Contract, so long as Key West is purchasing its full-requirements from the All-Requirements Power Supply Project. Key West also waived its right to elect CROD in the revised, amended and restated contract.

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## Outstanding Indebtedness

As of June 1, 2019, FMPA has \$855,323,000 principal amount of bonds outstanding in the following amounts with respect to the All-Requirements Power Supply Project:

\$38,515,000	All-Requirements Power Supply Project Revenue Bonds, Series 2008A
\$79,103,000	All-Requirements Power Supply Project Variable Rate Demand Refunding Revenue Bonds, Series 2008C
\$5,145,000	All-Requirements Power Supply Project Revenue Bonds, Series 2009A
\$15,235,000	All-Requirements Power Supply Project Revenue Bonds, Series 2009B (Federally Taxable)
\$8,135,000	All-Requirements Power Supply Project Revenue Bonds, Series 2013A (Taxable)
\$104,730,000	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2015B
\$424,120,000	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2016A
\$69,625,000	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2017A
\$52,925,000	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2017B (Federally Taxable)
\$57,790,000	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2018A

## Debt Service Requirements for the All-Requirements Power Supply Project

The following table shows the debt service requirements for the outstanding bonds for the All-Requirements Power Supply Project and includes debt service due for the twelve-month period beginning on October 2 of the preceding year and ending on October 1 of each year indicated:

Period Ending October 1,	Debt Service on Outstanding All-Requirements Power Supply Project Bonds <sup>(1)</sup>
2019	\$ 108,758,763
2020	84,618,185
2021	89,088,202
2022	73,443,345
2023	73,337,959
2024	84,112,775
2025	93,188,968
2026	94,098,608
2027	96,816,138
2028	89,609,150
2029	89,555,900
2030	89,963,800
2031	81,588,000
2032	1,272,000
2033	1,238,000
2034	1,204,000
2035	8,320,000
<b>TOTAL:</b>	<u>\$1,160,213,792</u>

(1) Interest on the variable rate bonds which are hedged with an interest rate swap is calculated at the respective fixed swap rates for the swap relating to a particular series of bonds. Interest on the Series 2013A Bonds is calculated at an assumed interest rate of 2.50%. The actual interest rate paid by FMPA with respect to its variable rate bonds may be higher or lower than the rates assumed herein. Debt service on the 2008C Bonds does not include remarketing or liquidity fees payable under the respective third-party agreements.

## Historical and Projected Future Capacity Requirements and Resources

The historical and projected future All-Requirements Power Supply Project capacity requirements and resources for the years ending September 30 are summarized in the following table.

## HISTORICAL CAPACITY REQUIREMENTS AND RESOURCES

<b>Project Requirements (MW)</b>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Coincident Peak Demand <sup>(1)</sup>	1,268	1,237	1,239
 <b>Project Resources (MW)</b>			
St. Lucie Unit No. 2 <sup>(2)</sup>	35	35	35
Stanton Unit 1	92	92	92
Stanton Unit 2	85	85	85
Cane Island Unit 1	17	17	17
Cane Island Unit 2	54	54	54
Cane Island Unit 3	120	120	120
Cane Island Unit 4	300	300	300
Indian River Units A & B	25	25	25
Indian River Units C & D	44	44	44
Stock Island Unit 2 & 3	30	30	30
Stock Island Unit 4	46	46	46
Treasure Coast Energy Center Unit 1	300	300	300
Key West Native Generation <sup>(3)</sup>	37	37	37
Kissimmee Native Generation <sup>(3)</sup>	200	200	200
Stanton A <sup>(4)</sup>	122	122	122
Oleander <sup>(4)</sup>	162	162	162
Short-term Purchases	<u>0</u>	<u>0</u>	<u>0</u>
Total Resources (MW)	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>
Total Project Reserve Percentage <sup>(5)</sup>	31%	35%	35%

(1) Peak demands are at the delivery point level (summer season) and exclude sales to Non-Participants.

(2) The capacity for years 2016-2018 represents the aggregate amount of capacity from St. Lucie Unit No. 2 for Participants in the All-Requirements Power Supply Project who are also participants in the St. Lucie Project which capacity is an excluded resource under the Power Supply Contracts.

(3) Capacity and Energy purchase.

(4) Capacity shown for Stanton A and Oleander includes amounts purchased under contracts from NextEra subsidiaries.

(5) Reserve Margin calculated as ((Total Resources – Partial Requirements Purchases) – (Total Requirements – Partial Requirements Purchases)) / (Total Requirements – Partial Requirements Purchases). Volatility in the Project reserve margin is directly related to volatility in peak demand. Planning for future capacity requires that resources be added to reflect expected long-term increases in demand. This may cause volatility in the reserve margin, but is more practical than adding smaller resources more frequently. The All-Requirements Power Supply Project has the added complexity of being divided into different transmission areas; providing adequate resources to meet demand in each of the transmission areas can cause some volatility in the reserve margin for the All-Requirements Power Supply Project as a whole.

(Numbers may not add due to rounding.)

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## Summary Operating Results

The following table summarizes the historical operating results for the All-Requirements Power Supply Project for the Fiscal Years ending September 30, 2016 through September 30, 2018.

### HISTORICAL OPERATING RESULTS<sup>(1)</sup> FOR THE ALL-REQUIREMENTS POWER SUPPLY PROJECT (Dollars in Thousands)

	Fiscal Year Ending September 30,		
	2016	2017	2018
<b>REVENUES:</b>			
Participant Billings <sup>(2)</sup> .....	\$409,104	\$428,034	\$406,073
Interest Income <sup>(3)</sup> .....	855	1,504	2,739
Due from (to) Participants <sup>(4)</sup> .....	(12,419)	(3,916)	7,288 <sup>(5)</sup>
Sales to Others <sup>(6)</sup> .....	<u>26,146</u>	<u>33,480</u>	<u>29,883</u>
Total Revenues.....	<u>\$423,686</u>	<u>\$459,102</u>	<u>\$445,983</u>
<b>OPERATING EXPENSES:</b>			
Fixed Payment Obligations.....	\$ 19,738	\$ 19,738	\$19,738
Fixed Operating and Maintenance <sup>(7)</sup> .....	67,270	65,550	61,398
Fuel Costs <sup>(8)</sup> .....	162,762	197,232	185,900
Purchased Power.....	25,546	21,814	23,561
General Administrative and Other <sup>(9)</sup> .....	22,349	21,841	22,029
Transmission <sup>(10)</sup> .....	<u>26,256</u>	<u>28,187</u>	<u>28,661</u>
Total Operating Expenses .....	<u>\$323,921</u>	<u>\$354,362</u>	<u>\$341,287</u>
<b>EARNINGS BEFORE INTEREST, DEPRECIATION AND REGULATORY ADJUSTMENT:</b>			
	\$ 99,765	\$104,740	\$104,696
Debt Service <sup>(11)</sup> .....	<u>92,445</u>	<u>102,401</u>	<u>91,610<sup>(12)</sup></u>
Net Available for Other Purposes <sup>(13)</sup> .....	<u>\$ 7,320</u>	<u>\$ 2,339</u>	<u>\$ 13,086</u>
Net Sales to Participants (GWh) .....	5,692	5,554	5,664
Net Power Costs to Participants (Cost/MWh) <sup>(14)</sup> .....	\$69.69	\$76.36	\$72.97
Days Cash on Hand.....	225	167	177

- (1) This report is based on actual cash flows in accordance with our Bond Resolutions, amounts will differ from financial statements as all accruals, amortizations, unrealized liabilities and unrealized gains and losses have been excluded from these amounts.
- (2) Participant billing in 2017 was higher due primarily to higher natural gas prices.
- (3) Investment earnings on balances of all accounts. Interest accruals were adjusted out and the non-cash mark-to-market adjustments were removed from the corresponding amount reflected in FMPA's audited financial statements to provide a cash-based amount for this presentation.
- (4) Accounts receivable from/(payable to) Participants due to under/(over) recoveries.
- (5) Amounts that will be refunded to or collected from the Participants in fiscal year 2019.
- (6) Sales to Others in 2016 included sales of \$22,413,000 to FMPP, in 2017 included sales of \$26,623,000 to FMPP and in 2018 included sales of \$18,048,000 to FMPP.
- (7) FMPA's share of operation and maintenance expenses, excluding fuel, allocated to the All-Requirements Power Supply Project.
- (8) This amount was adjusted from the corresponding amount reflected in FMPA's audited financial statement by removing a non-cash amortization for an investment in Public Gas Partners, Inc.
- (9) Administrative and general expenses for OUC, KUA, FMPA and NextEra allocated to the All-Requirements Power Supply Project.
- (10) Includes transmission charges over the transmission systems of FPL, DEF and OUC.
- (11) Amounts paid from Revenues with respect to principal of and interest on Bonds and any other indebtedness issued under the Resolution.
- (12) Amounts funded in fiscal year 2018 for interest and principal on the bonds plus swap payments, differs from financial statement as all accruals have been removed from this number.
- (13) Net Available for Other Purposes reflects the impact of accrual accounting on a cash-basis rate and budget process.
- (14) Net power costs are driven primarily by changes in fuel costs.  
(Numbers may not add due to rounding)

## PART II

### ST. LUCIE PROJECT

*The information in this Part II is intended to provide information with respect to the Agency's St. Lucie Project.*

#### **St. Lucie Project**

The St. Lucie Project consists of an 8.806% undivided ownership interest of FMPA in St. Lucie Unit No. 2, a pressurized water nuclear generating unit with a summer seasonal net capacity of approximately 984 MW ("St. Lucie Unit No. 2"). St. Lucie Unit No. 2 is part of FPL's two-unit nuclear generating station located in St. Lucie County, Florida. St. Lucie Unit No. 2 was constructed and is operated by FPL. In addition to St. Lucie Unit No. 2, FPL also owns and operates, as part of the St. Lucie nuclear generating station, the St. Lucie Unit No. 1 pressurized water nuclear electric generating unit which has a summer net capacity of approximately 978 MW ("St. Lucie No. 1"). St. Lucie Units No. 1 and 2 are similar units.

The St. Lucie Project also is party to a Reliability Exchange between FMPA and FPL under which FMPA exchanges with FPL 50% of its share of the output from St. Lucie Unit No. 2 for a like amount from St. Lucie Unit No. 1 in order to provide output when St. Lucie Unit No. 2 is out of service. The result of this exchange is that if St. Lucie Unit No. 2 is out of service, FMPA obtains 50% of its entitlement from St. Lucie Unit No. 1, and if St. Lucie Unit No. 1 is out of service 50% of FMPA's entitlement from St. Lucie Unit No. 2 is provided to FPL. The Reliability Exchange initially expired on the earlier of (a) the retirement of St. Lucie Units No. 1 and No. 2, and (b) October 1, 2017. FMPA and FPL have agreed to extend the reliability arrangements beyond the initial expiration date of October 1, 2017 to October 1, 2022, although either party has the unilateral right to terminate the agreement upon 60 days' notice.

St. Lucie Unit No. 2 began commercial operation in August 1983. The capacity factor has averaged 84.1% since that time. For the last five fiscal years, the capacity factor has ranged from a low of 81.1% in 2014, to a high of 92.5% in 2016. The capacity factor for 2018 was 88.1%. For the last five fiscal years, St. Lucie Project power costs billed to its participants have ranged from approximately 7.8 cents to 8.1 cents per kWh, and were 7.8 cents per kWh for fiscal year 2018.

St. Lucie Unit No. 1 began commercial operation in December 1976. The capacity factor has averaged 84.1% since the Reliability Exchange commenced in August 1983. For the last five fiscal years, the capacity factor has ranged from a low of 85.2% in 2014 to a high of 92.2% in 2018. The capacity factor in 2018 was 92.2%.

In addition to the ownership of FMPA in St. Lucie Unit No. 2 representing FMPA's St. Lucie Project, the other co-owners of undivided ownership interests in St. Lucie Unit No. 2 are (i) FPL, which owns 85.10449% and (ii) OUC, which owns 6.08951%.

The term of the operating licenses for St. Lucie Unit No. 1 and St. Lucie Unit No. 2 are currently scheduled to expire in 2036 and 2043, respectively, as the result of the Nuclear Regulatory Commission ("NRC") granting 20-year operating license renewals for each unit. FPL has indicated that it plans to operate into the extended license periods and that it will periodically review the prudence and economics of continued operations. FMPA may issue bonds relating to the St. Lucie Project to finance its portion of the costs associated with the extension.

In 2012, a project to increase the electrical generating capacity of St. Lucie Units No. 1 and No. 2 (the "Extended Power Uprate Project") was completed. The Extended Power Uprate Project increased the capacity owned by FMPA through the St. Lucie Project by approximately 13 MW.

FMPA has contracts with FPL and OUC to transmit power and energy from St. Lucie Units No. 1 and No. 2 to the Participants in the St. Lucie Project. During 2016, the transmission contract with FPL was amended to extend the agreement beyond its original expiration date of October 1, 2017. The amended transmission contract with FPL expires on October 1, 2042, unless terminated earlier upon mutual agreement of the parties or upon the retirement of St. Lucie No. 2. The transmission contract with OUC ends in 2023 or such earlier time as FMPA is no longer entitled to receive output from the St. Lucie Project.



FPL is responsible for obtaining the fuel for both St. Lucie Units No. 2 and No. 1. FPL supplements wet storage of spent fuel assemblies for St. Lucie with a dry storage process utilizing dry storage containers encased in concrete. This process extends FPL’s capability to store spent fuel indefinitely.

All debt of FMPA issued for the St. Lucie Project is payable from amounts payable by the Participants in the St. Lucie Project under Power Sales Contracts and Project Support Contracts as briefly described above under the heading “INTRODUCTION – Power Sales Contracts, Project Support Contracts and All-Requirements Project Power Supply Power Supply Contracts.” Each Participant in the St. Lucie Project is responsible under its respective Power Sales Contract and Project Support Contract for the costs of the St. Lucie Project in the amount of its participation share in the St. Lucie Project as shown in APPENDIX A.

On December 17, 2018, the All-Requirements Power Supply Project took a transfer and assignment of Vero Beach’s 15.202% Power Entitlement Share (13.2 MW) in the St. Lucie Project. See “PART I. ALL-REQUIREMENTS POWER SUPPLY PROJECT – Withdrawal of Vero Beach” for additional information regarding the withdrawal of Vero Beach from the All-Requirements Power Supply Project.

**Participants**

The fifteen Participants in the St. Lucie Project, as of September 30, 2018, are twelve Florida cities, one utility commission and two utility authorities listed on *page iv* hereof. Among the important economic factors to the Participants are agriculture, tourism, retirement and light manufacturing. Each Participant owns and operates a retail electric distribution system. During the fiscal year ended September 30, 2018, these systems sold in the aggregate approximately 5,911 GWh of electric services (including sales to other electric utilities), served approximately 298,276 customers, and incurred a non-coincident peak demand of approximately 1,394 MW.

Attached hereto as APPENDIX B is certain information for the following Major Participants in the St. Lucie Project – Fort Pierce Utilities Authority, City of Homestead, Kissimmee Utility Authority, City of Lake Worth, Utilities Commission, City of New Smyrna Beach and City of Vero Beach – each of which provided to FMPA at least 10.0% (or in some cases, less than 10%) of the revenues from the St. Lucie Project in fiscal year 2018. As set forth in APPENDIX A hereto, the Participants in the St. Lucie Project are also participants in various other projects of FMPA. OUC operates the system of St. Cloud. As a result, no separate information is available with respect to St. Cloud.

The following tables summarize the historical net energy requirements and aggregate non-coincident peak demand of the six Major Participants in the St. Lucie Project.

**Major Participants Historical Net Energy Requirements (GWh)**  
(for native load)

Fiscal Year (ending 9/30)	Fort Pierce	Homestead	KUA	Lake Worth	New Smyrna Beach	Vero Beach
2016	583.2	557.5	1,586	470	447	784.7
2017	569.6	554.3	1,581	470	430	755.4
2018	572.7	577.6	1,624	473	439	751.0

**Major Participants Historical Non-Coincident Peak Demand (MW)**

Fiscal Year (ending 9/30)	Fort Pierce	Homestead	KUA	Lake Worth	New Smyrna Beach	Vero Beach
2016	112	105	354	96	101	161
2017	112	110	353	96	97	157
2018	112	109	356	95	108	162

## Outstanding Indebtedness

As of June 1, 2019, FMPA had outstanding \$132,850,000 of senior bonds and \$0 of subordinated debt issued for the St. Lucie Project, the final maturity of which is October 1, 2026. FMPA, with respect to the St. Lucie Project, also, as of March 31, 2019, has on deposit securities with a maturity value of approximately \$52.5 million, which FMPA anticipates will be used, together with other available funds, to retire the senior bonds issued for the St. Lucie Project on or before October 1, 2026.

As of June 1, 2019, FMPA has outstanding the following bonds related to the St. Lucie Project:

\$12,010,000	St. Lucie Project Revenue Bonds, Series 2009A
\$6,330,000	St. Lucie Project Revenue Bonds, Series 2010A
\$22,345,000	St. Lucie Project Revenue Bonds, Series 2011A
\$24,305,000	St. Lucie Project Revenue Bonds, Series 2011B
\$58,870,000	St. Lucie Project Revenue Bonds, Series 2012A
\$10,990,000	St. Lucie Project Revenue Bonds, Series 2013A (the "Series 2013A Bonds")

## Debt Service Requirements for the St. Lucie Project

The following table shows the debt service requirements for the outstanding bonds for the St. Lucie Project and includes debt service due for the twelve-month period beginning on October 2 of the preceding year and ending on October 1 of each year indicated:

Period Ending October 1,	Debt Service on Outstanding St. Lucie Project Bonds
2019	\$ 16,341,766
2020	33,237,465
2021	12,323,629
2022	10,088,434
2023	10,085,942
2024	10,086,495
2025	10,084,831
2026	<u>68,956,087</u>
<b>TOTAL:</b>	<u><b>\$171,204,648</b></u>

## Summary Operating Results

Operating results of the St. Lucie Project for the fiscal years ended September 30, 2015 through September 30, 2018, are shown in the following table. This table shows the total historical charges to the Participants and revenues to FMPA for the St. Lucie Project, including amounts deposited into and withdrawn from a Rate Stabilization Account in the Operation and Maintenance Fund to adjust power costs. The charges and revenues include the costs attributable to transmission service to each Participant's point of delivery but exclude (i) the effects of any transactions among the Participants or with others and (ii) any cost of reserves, deficiency energy, emergency energy or scheduled maintenance capacity and energy.

Information presented for Interest Income and Debt Service set forth in the table below is presented differently from the way it has been traditionally presented. Interest income has been historically presented on a mark-to-market basis but FMPA has determined that the Interest Income amounts are more appropriately reflected as set forth in the table below. Debt Service represents the amount paid from Revenues with respect to principal of and interest on Bonds for the St. Lucie Project and any other indebtedness issued under the St. Lucie Resolution.

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**HISTORICAL OPERATING RESULTS<sup>(1)</sup>**  
**FOR THE ST. LUCIE PROJECT\***  
(Dollars in Thousands)

	Fiscal Year Ending September 30,		
	2016	2017	2018
<b>REVENUES:</b>			
Participant Payments <sup>(2)</sup> .....	\$56,287	\$54,296	\$53,678
Investment Income <sup>(3)</sup> .....	10,962	14,095	20,148
Sales to Others <sup>(4)</sup> .....	2,561	2,439	2,470
Amount to be recovered from (refunded to) Participants.....	429	1,796	332 <sup>(5)</sup>
<b>Total Operating Revenues</b> .....	<b><u>\$70,239</u></b>	<b><u>\$72,626</u></b>	<b><u>\$76,628</u></b>
<b>OPERATING EXPENSES:</b>			
Operating and Maintenance <sup>(6)</sup> .....	\$9,727	\$12,087	\$10,953
Fuel Purchase and Disposal <sup>(7)</sup> .....	0	0	0
Purchased Power <sup>(4)</sup> .....	3,874	4,431	3,540
General and Administrative <sup>(8)</sup> .....	2,486	3,248	3,278
Transmission Services <sup>(9)</sup> .....	380	321	350
<b>Total Operating Expenses</b> .....	<b><u>\$16,467</u></b>	<b><u>\$20,087</u></b>	<b><u>\$18,121</u></b>
<b>EARNINGS BEFORE INTEREST, DEPRECIATION AND REGULATORY ADJUSTMENT:</b>			
	\$53,772	\$52,539	\$58,507
Debt Service <sup>(10)</sup> .....	<u>22,410</u>	<u>20,121</u>	<u>22,671<sup>(11)</sup></u>
<b>Net Available for Other Purposes</b> .....	<b><u>\$31,362</u></b>	<b><u>\$32,418</u></b>	<b><u>\$35,836</u></b>
Transfer to:			
Renewal and Replacement <sup>(12)</sup> .....	2,800	6,500	4,500
General Reserve <sup>(13)</sup> .....	16,646	7,700	7,300
Overall Participants:			
Project Power Costs (Mills/Kwh) <sup>(14)</sup> .....	80	81	78
Energy Generated (GWh).....	705	672	691
Capacity Factor of the St. Lucie Power Supply Project.....	91.1	86.8	89.3

\* Numbers appearing in this table may be prepared on a basis different than what may be used to calculate debt service coverage. Amounts shown may differ from amounts set forth in the audited financial statements.

- (1) This report is based on actual cash flows in accordance with our Bond Resolutions, amounts will differ from financial statements as all accruals, amortizations, unrealized liabilities and unrealized gains and losses have been excluded from these amounts.
- (2) Revenues from the Participants under the Power Sales Contracts and Project Support Contracts for the St. Lucie Project.
- (3) Investment earnings on balances in all funds and accounts, except the Decommissioning Fund. Interest accruals were adjusted out and the non-cash mark-to-market adjustments were removed from the corresponding amount reflected in FMPA's audited financial statements to provide a cash-based amount for this presentation.
- (4) Reflects sales from and purchases by FPL under the Nuclear Reliability Exchange Agreement.
- (5) Amounts that will be refunded to or collected from the Participants in fiscal year 2019.
- (6) FMPA's share of operation and maintenance expenses, excluding fuel, allocated to the St. Lucie Project.
- (7) FMPA's share of fuel purchase payments plus disposal payments for fuel burned.
- (8) Administrative and general expenses for FPL and FMPA allocated to the St. Lucie Project.
- (9) Includes wheeling charges over the transmission systems of FPL and OUC for the St. Lucie Project.
- (10) Amounts paid from Revenues with respect to principal and interest on the St. Lucie Project Bonds and any other indebtedness issued under the St. Lucie Resolution.
- (11) Amounts funded in fiscal year 2018 for interest and principal on the bonds plus swap payments, differs from financial statement as all accruals have been removed from this number.
- (12) Amounts budgeted to be set aside for FMPA's estimated share of the estimated future costs of renewal and replacements for the St. Lucie Project. Actual amounts may vary from the budget.
- (13) A substantial portion of the General Reserve is anticipated to be used for the redemption of St. Lucie Bonds; however, such funds may be used by FMPA for any legal purpose.
- (14) Participant payments (\$) divided by energy generated (GWh).  
(Numbers may not add due to rounding.)

## PART III

### STANTON PROJECT

*The information in this Part III is intended to provide information with respect to the Agency's Stanton Project.*

#### **Stanton Project**

The Stanton Project consists of a 14.8193% undivided ownership interest of FMPA in Stanton Unit No. 1. Stanton Unit No. 1 is one of the two-unit coal fired electric generators at the Stanton Energy Center. Stanton Unit No. 1 was constructed, and is operated, by the Orlando Utilities Commission ("OUC"), a part of the government of the City of Orlando. Power from the Stanton Project is transmitted to the Participants utilizing the transmission systems of OUC and FPL under the respective contracts with each system.

In addition to the ownership of FMPA in Stanton Unit No. 1 representing FMPA's Stanton Project, the other co-owners of undivided ownership interests in Stanton Unit No. 1 are (i) OUC, which owns 68.5542%, (ii) FMPA, which owns 5.3012% as part of the Tri-City Project discussed below, (iii) FMPA, which owns 6.506% as part of the All-Requirements Power Supply Project, and (iv) KUA, which owns 4.8193%.

All debt of FMPA issued for the Stanton Project is payable from amounts payable by the Participants in the Stanton Project under power sales contracts and project support contracts as briefly described above under the heading "INTRODUCTION – General." Each Participant in the Stanton Project is responsible under its Power Sales Contract and Project Support Contract for the costs of the Stanton Project in the amount of its participation share in the Stanton Project as shown in APPENDIX A subject to applicable step-up provisions.

Stanton Unit No. 1 began commercial operation on July 1, 1987. The availability factor has averaged 87.4% since that time. For the last five fiscal years, the availability factor has ranged from a low of 61.8% in 2016 to a high of 90.5% in 2015. The availability factor in fiscal year 2018 was 90.4%. For the last five fiscal years, Stanton Project power costs billed to its participants have ranged from approximately 8.3 to 14.2 cents per kWh, and were 8.3 cents per kWh for fiscal year 2018.

Cooling water for the Stanton Unit No. 1 is provided by the Orange County, Florida Eastern Sub-Regional Wastewater Treatment Plant under an agreement between OUC and Orange County.

During calendar years 2014 through 2018, the Stanton Units combined to burn an average of approximately 1.8 million tons of coal per year. Coal is supplied to the Stanton Units under contracts between OUC and Crimson Coal Corporation ("Crimson") and Foresight Coal Sales, LLC ("Foresight"). The contract with Crimson will supply approximately 325,000 tons with two options of approximately 625,000 tons for calendar year 2019. The contract with Foresight will supply approximately 600,000 tons with one option of approximately 200,000 tons for calendar year 2019. FMPA believes that OUC will make up any deficiencies in supply for the Stanton Units through short-term purchases at spot market prices.

#### **Participants**

The six Participants in the Stanton Project, as of September 30, 2018, are the four Florida cities and two utility authorities listed in on *page iv* hereof. Among the important economic factors to the Participants are agriculture, tourism, retirement and light manufacturing. Each Participant owns and operates a retail electric distribution system. During the fiscal year ended September 30, 2018, these systems served approximately 192,141 customers, and incurred a non-coincident peak demand of approximately 847 MW.

For a description of the sale by certain Participants to the All-Requirements Power Supply Project of their capacity and energy from the Stanton Project, see "PART III - ALL-REQUIREMENTS POWER SUPPLY PROJECT — Member Contributed Resources." The sales to the All-Requirement Power Supply Project do not relieve such Participants from their direct obligations to FMPA under their respective Power Sales Contracts and Project Support Contracts for the Stanton Project.

After the execution of the original Power Sales Contract and Power Support Contract relating to the Stanton Project, KUA entered into a transfer agreement with Homestead pursuant to which KUA assumed 50% (12.95%) of Homestead's 24.930% Power Entitlement Share in the Stanton Project (the Power Entitlement Shares transferred to KUA from Homestead is called the "Homestead Stanton Transferred Share").

In connection with the transfer of the Homestead Stanton Transferred Share to KUA, KUA in 1995 executed with FMPA an additional Power Sales Contract (an "Additional Stanton Power Sales Contract") and an additional Project Support Contract (an "Additional Stanton Project Support Contract"). Under each Additional Stanton Power Sales Contract and Additional Stanton Project Support Contract, Homestead is relieved of its obligations (including their payment obligations) with respect to the Homestead Transferred Share if and to the extent KUA fulfills such obligations (including the payment obligations). If, however, KUA fails to perform any such obligation (including a payment obligation), then Homestead remains obligated under its Power Sales Contract or Project Support Contract to perform such obligation.

On December 17, 2018, the All-Requirements Power Supply Project took a transfer and assignment of Vero Beach's 32.521% Power Entitlement Share (21.3 MW) in the Stanton Project. See "PART I. ALL-REQUIREMENTS POWER SUPPLY PROJECT – Withdrawal of Vero Beach" for additional information regarding the withdrawal of Vero Beach from the All-Requirements Power Supply Project.

Attached hereto as APPENDIX B is certain information for the following Major Participants in the Stanton Project – Fort Pierce Utilities Authority, Kissimmee Utility Authority, Homestead, City of Lake Worth and City of Vero Beach – each of which provided to FMPA at least 10.0% of the revenues from the Stanton Project in fiscal year 2018. As set forth in APPENDIX A hereto, the Participants in the Stanton Project are also participants in various other projects of FMPA.

The following tables summarize the historical net energy requirements and aggregate non-coincident peak demand of the Major Participants of the Stanton Project.

**Major Participants Historical Net Energy Requirements (GWh)**  
(for native load)

Fiscal Year (ending 9/30)	Fort Pierce	Lake Worth	Vero Beach	Homestead	KUA
2016	583.0	470	784.7	557.5	1,586
2017	569.6	470	755.4	554.3	1,581
2018	572.7	473	751.0	577.6	1,624

**Major Participants Historical Non-Coincident Peak Demand (MW)**

Fiscal Year (ending 9/30)	Fort Pierce	Lake Worth	Vero Beach	Homestead	KUA
2016	112	96	161	105	354
2017	112	96	157	110	353
2018	112	95	162	109	356

**Outstanding Indebtedness**

As of June 1, 2019, FMPA had outstanding \$8,985,000 of senior bonds and \$0 of subordinated debt issued for the Stanton Project, the final maturity of which is October 1, 2019.

As of June 1, 2019, FMPA has outstanding the following bonds related to the Stanton Project:

\$7,595,000	Stanton Project Refunding Revenue Bonds, Series 2008
\$1,390,000	Stanton Project Revenue Bonds, Series 2009A

### Debt Service Requirements for the Stanton Project

The following table shows the debt service requirements for the outstanding bonds for the Stanton Project and includes debt service due for the twelve-month period beginning on October 2 of the preceding year and ending on October 1 of each year indicated:

<b>Period Ending October 1,</b>	<b>Debt Service on Outstanding Stanton Project Bonds</b>
2019	<u>\$9,465,275</u>
<b>TOTAL:</b>	<u>\$9,465,275</u>

### Summary Operating Results

Operating results of the Stanton Project for the fiscal years ended September 30, 2016 through September 30, 2018 are shown in the following table. This table shows the total historical charges to the Participants and revenues to FMPA for the Stanton Project, including amounts deposited into and withdrawn from a Rate Stabilization Account in the Operation and Maintenance Fund to adjust power costs. The charges and revenues include the costs attributable to transmission service to each Participant's point of delivery but exclude (i) the effects of any transactions among the Participants or with others and (ii) any cost of reserves, deficiency energy, emergency energy or scheduled maintenance capacity and energy.

Information presented for Interest Income and Debt Service set forth in the table below is presented differently from the way it has been traditionally presented. Interest income has been historically presented on a mark-to-market basis but FMPA has determined that the Interest Income amounts are more appropriately reflected as set forth in the table below. Debt Service represents the amount paid from Revenues with respect to principal of and interest on Bonds for the Stanton Project and any other indebtedness issued under the Stanton Resolution.

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**HISTORICAL OPERATING RESULTS<sup>(1)</sup>**  
**FOR THE STANTON PROJECT\***  
(Dollars in Thousands)

	Fiscal Year Ending September 30		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>REVENUES:</b>			
Participant Billings <sup>(2)</sup> .....	\$27,103	\$28,909	\$28,027
Sales to Others .....	327	356	352
Interest Income <sup>(3)</sup> .....	543	632	324
Due from (to) Participants <sup>(4)</sup> .....	<u>1,508</u>	<u>(869)</u>	<u>176<sup>(5)</sup></u>
Total Revenues.....	<u>\$29,481</u>	<u>\$29,028</u>	<u>\$28,879</u>
<b>OPERATING EXPENSES:</b>			
Fixed O&M <sup>(6)</sup> .....	\$ 5,520	\$ 4,293	\$ 4,702
Fuel Costs .....	7,400	12,392	11,625
General Administrative and Other <sup>(7)</sup> .....	1,287	1,304	1,382
Transmission <sup>(8)</sup> .....	<u>1,132</u>	<u>1,062</u>	<u>1,176</u>
Total Operating Expenses .....	<u>\$15,339</u>	<u>\$19,051</u>	<u>\$18,885</u>
<b>EARNINGS BEFORE INTEREST, DEPRECIATION AND REGULATORY ADJUSTMENT:</b>			
	\$14,142	\$9,977	\$9,994
Debt Service <sup>(9)</sup> .....	<u>8,180</u>	<u>9,046</u>	<u>9,044<sup>(10)</sup></u>
Net Available for Other Purposes .....	<u>\$ 5,962</u>	<u>\$ 931</u>	<u>\$ 950</u>
Transfer to:			
Renewal and Replacement <sup>(11)</sup> .....	4,200	600	1,500
General Reserve.....	0	0	0
Overall Participants:			
Project Power Costs (Mills/Kwh) <sup>(12)</sup> .....	142	87	83
Energy Generated (GWh) .....	191	334	336
Availability Factor of the Stanton Project.....	61.8	90.3	85.7

\* Numbers appearing in this table may be prepared on a basis different than what may be used to calculate debt service coverage. Amounts shown may differ from amounts set forth in the audited financial statements.

- (1) This report is based on actual cash flows in accordance with our Bond Resolutions, amounts will differ from financial statements as all accruals, amortizations, unrealized liabilities and unrealized gains and losses have been excluded from these amounts.
- (2) Revenues from the Participants under the Power Sales Contracts and Project Support Contracts for the Stanton Project.
- (3) Investment earnings on balances of all accounts. Interest accruals were adjusted out and the non-cash mark-to-market adjustments were removed from the corresponding amount reflected in FMPA's audited financial statements to provide a cash-based amount for this presentation.
- (4) This adjustment is the result of timing differences between the receipt of revenues and the incurrence of costs.
- (5) Amounts that will be refunded to or collected from the Participants in fiscal year 2019.
- (6) FMPA's share of operation and maintenance expenses, excluding fuel, transmission, general administrative costs and depreciation allocated to the Stanton Project.
- (7) Administrative and general expenses for OUC and FMPA allocated to the Stanton Project.
- (8) Includes transmission charges over the transmission systems of FPL and OUC.
- (9) Amounts paid from Revenues with respect to principal and interest on the Stanton Project Bonds and any other indebtedness issued under the Stanton Resolution.
- (10) Amounts funded in fiscal year 2018 for interest and principal on the bonds plus swap payments, differs from financial statement as all accruals have been removed from this number.
- (11) Amounts budgeted to be set aside for FMPA's estimated share of the estimated future costs of renewal and replacements for the Stanton Project. Actual amounts may vary from the budget.
- (12) Participant payments (\$) divided by energy generated (GWh). Average costs shown do not reflect costs or adjustment to the Participants' Stanton Unit No. 1 capacity and energy for transmission losses to the Participants' point of delivery.  
(Numbers may not add due to rounding.)

## PART IV

### STANTON II PROJECT

*The information in this Part IV is intended to provide information with respect to the Agency's Stanton II Project.*

#### **Stanton II Project**

The Stanton II Project consists of a 23.2367% undivided ownership interest of FMPA in the Stanton Energy Unit No. 2. Stanton Unit No. 2 is the second of the two-unit coal fired electric generators at the Stanton Energy Center of OUC. Stanton Unit No. 2 was constructed, and is operated by, OUC. Power from the Stanton II Project is transmitted to the Participants utilizing the transmission systems of OUC, FPL and Duke Energy of Florida ("DEF") under the respective contracts with each system.

In addition to the ownership of FMPA in Stanton Unit No. 2 representing FMPA's Stanton II Project, the other co-owners of undivided ownership interests in Stanton Unit No. 2 are (i) OUC, which owns 71.5909%, and (ii) FMPA, which also owns 5.1724% as part of the All-Requirements Power Supply Project.

All debt of FMPA issued for the Stanton II Project is payable from amounts payable by the Participants in the Stanton II Project under Power Sales Contracts and Project Support Contracts as briefly described above under the heading "INTRODUCTION – General." Each Participant in the Stanton II Project is responsible under its Power Sales Contract and Project Support Contract for the costs of the Stanton II Project in the amount of its participation share in the Stanton Project as shown in APPENDIX A.

Stanton Unit No. 2 began commercial operation on June 1, 1996. The availability factor has averaged 87.9% since that time. For the last five fiscal years, the availability factor has ranged from a low of 84.8% in 2018 to a high of 89.9% in 2015. For the last five fiscal years, Stanton II Project power costs billed to its participants have ranged from approximately 7.7 to 8.5 cents per kWh, and were 8.5 cents per kWh for fiscal year 2018.

Fuel and cooling water are provided to Stanton Unit No. 2 under the same contracts as Stanton Unit No. 1. See "PART III – STANTON PROJECT – Stanton Project."

#### **Participants**

The seven Participants in the Stanton II Project, as of September 30, 2018, are four Florida cities, a utility board and two utility authorities listed on *page iv* hereof. Among the economic factors important to the Participants are agriculture, tourism, retirement and light manufacturing. Each Participant owns and operates a retail electric distribution system. During the fiscal year ended September 30, 2018, these systems served approximately 233,344 customers, and incurred a non-coincident peak demand of approximately 1,074 MW.

For a description of the sale by certain Participants to the All-Requirements Power Supply Project of their capacity and energy from the Stanton II Project, see "PART I - ALL-REQUIREMENTS POWER SUPPLY PROJECT — Member Contributed Resources." The sales to the All-Requirements Power Supply Project do not relieve such Participants from their direct obligations to FMPA under their respective Power Sales Contracts and Project Support Contracts for the Stanton II Project.

After the execution of the original Power Sales Contracts and Power Support Contracts relating to the Stanton II Project, KUA entered into (i) a transfer agreement pursuant to which KUA assumed 50% (8.24435% of Homestead's 16.4887% Power Entitlement Share in the Stanton II Project (the Power Entitlement Share transferred to KUA from Homestead are collectively called the "Homestead Stanton II Transferred Share") and (ii) a transfer agreement with Lake Worth pursuant to which KUA assumed all of Lake Worth's 8.2443% Power Entitlement Share in the Stanton II Project (the Power Entitlement Share transferred to KUA from Lake Worth is called the "Lake Worth Transferred Share" and, together with the Homestead Stanton II Transferred Share, is called the "Stanton II Transferred Shares").



In connection with the transfer of the Homestead Stanton II Transferred Share to KUA, KUA in 1995 executed with FMPA an additional Power Sales Contract (an “Additional Power Sales Contract”) and an additional Project Support Contract (an “Additional Project Support Contract”). KUA also in 1995 executed a similar additional Power Sales Contract and Power Support Contract with FMPA in connection with the transfer to it of the Lake Worth Transferred Share.

Under each Additional Power Sales Contract and Additional Project Support Contact, Homestead and Lake Worth are relieved of their respective obligations (including their payment obligations) with respect to their Transferred Shares if and to the extent KUA fulfills such obligations (including the payment obligations). If, however, KUA fails to perform any such obligation (including a payment obligation), then Homestead or Lake Worth (depending on which Transferred Share KUA is in default under) remains obligated under its Power Sales Contract or Project Support Contract to perform such obligation.

On December 17, 2018, the All-Requirements Power Supply Project took a transfer and assignment of Vero Beach’s 16.4887% Power Entitlement Share (17.2 MW) in the Stanton II Project. See “PART I. ALL-REQUIREMENTS POWER SUPPLY PROJECT – Withdrawal of Vero Beach” for additional information regarding the withdrawal of Vero Beach from the All-Requirements Power Supply Project.

Attached hereto as APPENDIX B is certain information for the following Major Participants in the Stanton II Project – Fort Pierce Utilities Authority, Utility Board of the City of Key West, Kissimmee Utility Authority, City of Vero Beach and City of St. Cloud – each of which provided to FMPA at least 10.0% of the revenues from the Stanton II Project in fiscal year 2018. The financial information about the City of St. Cloud appearing in APPENDIX B is abbreviated reflecting an interlocal agreement between the City of St. Cloud and OUC, pursuant to which OUC operates and manages the City of St. Cloud’s electric system. As set forth in APPENDIX A hereto, certain of the Participants in the Stanton II Project are also participants in various other projects of FMPA.

The following tables summarize the historical net energy requirements and aggregate non-coincident peak demand of four of the Major Participants of the Stanton II Project.

**Major Participants Historical Net Energy Requirements (GWh)**  
(for native load)

Fiscal Year (ending 9/30)	Fort Pierce	Key West	KUA	Vero Beach
2016	583.2	800	1,586	784.7
2017	569.6	764	1,581	755.4
2018	572.7	746	1,624	751.0

**Major Participants Historical Non-Coincident Peak Demand (MW)**

Fiscal Year (ending 9/30)	Fort Pierce	Key West	KUA	Vero Beach
2016	112	148	354	161
2017	112	148	353	157
2018	112	146	356	162

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## Outstanding Indebtedness

As of June 1, 2019, FMPA had outstanding \$122,801,000 of senior bonds and \$0 of subordinated debt issued for the Stanton II Project, the final maturity of which is October 1, 2027.

As of June 1, 2019, FMPA has outstanding the following bonds related to the Stanton II Project:

\$4,705,000	Stanton II Project Revenue Bonds, Series 2009A
\$51,410,000	Stanton II Project Refunding Revenue Bonds, Series 2012A
\$21,501,000	Stanton II Project Refunding Revenue Bonds, Series 2017A
\$45,185,000	Stanton II Project Refunding Revenue Bonds, Series 2017B

## Debt Service Requirements for the Stanton II Project

The following table shows the debt service requirements for the outstanding bonds for the Stanton II Project and includes debt service due for the twelve-month period beginning on October 2 of the preceding year and ending on October 1 of each year indicated:

<b>Period Ending October 1,</b>	<b>Debt Service on Outstanding Stanton II Project Bonds</b>
2019	\$ 15,048,130
2020	14,986,706
2021	14,927,915
2022	14,854,710
2023	14,783,520
2024	14,709,151
2025	14,639,607
2026	14,562,572
2027	<u>27,424,257</u>
<b>TOTAL:</b>	<b><u>\$145,936,565</u></b>

## Summary Operating Results

Operating results of the Stanton II Project for the fiscal years ended September 30, 2016 through September 30, 2018, are shown in the following table. The following table shows the total historical charges to the Participants and revenues to FMPA for the Stanton II Project, including amounts deposited into and withdrawn from a Rate Stabilization Account in the Operation and Maintenance Fund to adjust power costs. The charges and revenues include the costs attributable to transmission service to each Participant's point of delivery but exclude (i) the effects of any transactions among the Participants or with others and (ii) any cost of reserves, deficiency energy, emergency energy or scheduled maintenance capacity and energy.

Information presented for Interest Income and Debt Service set forth in the table below is presented differently from the way it has been traditionally presented. Interest income has been historically presented on a mark-to-market basis but FMPA has determined that the Interest Income amounts are more appropriately reflected as set forth in the table below. Debt Service represents the amount paid from Revenues with respect to principal of and interest on Bonds for the Stanton II Project and any other indebtedness issued under the Stanton II Resolution.

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**HISTORICAL OPERATING RESULTS<sup>(1)</sup>**  
**FOR THE STANTON II PROJECT\***  
(Dollars in Thousands)

	Fiscal Year Ending September 30,		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>REVENUES:</b>			
Participant Billings <sup>(2)</sup> .....	\$51,463	\$48,001	\$50,933
Sales to Others .....	511	558	552
Interest Income <sup>(3)</sup> .....	628	1,192	127
Transfer from General Reserve .....	0	0	0
Due from (to) Participants <sup>(4)</sup> .....	<u>1,113</u>	<u>546</u>	<u>(436)<sup>(5)</sup></u>
Total Revenues .....	<u>\$53,715</u>	<u>\$50,297</u>	<u>\$51,176</u>
<b>OPERATING EXPENSES:</b>			
Fixed O&M <sup>(6)</sup> .....	\$ 6,688	\$ 7,363	\$ 6,860
Fuel Costs.....	21,650	20,773	19,809
General Administrative and Other <sup>(7)</sup> .....	1,889	1,897	1,941
Transmission <sup>(8)</sup> .....	<u>1,750</u>	<u>1,677</u>	<u>1,895</u>
Total Operating Expenses .....	<u>\$31,977</u>	<u>\$31,710</u>	<u>\$30,505</u>
<b>EARNINGS BEFORE INTEREST, DEPRECIATION AND REGULATORY ADJUSTMENT:</b>			
Debt Service <sup>(9)</sup> .....	\$21,738	\$18,587	\$20,671
Net Available for Other Purposes .....	<u>11,793</u>	<u>11,644</u>	<u>10,769<sup>(10)</sup></u>
Transfer to:			
Renewal and Replacement <sup>(11)</sup> .....	2,700	2,200	900
General Reserve .....	0	0	0
Overall Participants:			
Project Power Costs (Mills/Kwh) <sup>(12)</sup> .....	81	77	85
Energy Generated (GWh) .....	636	626	602
Availability Factor of the Stanton II Project.....	87.6	84.8	87.3

\* Numbers appearing in this table may be prepared on a basis different than what may be used to calculate debt service coverage. Amounts shown may differ from amounts set forth in the audited financial statements.

- (1) This report is based on actual cash flows in accordance with our Bond Resolutions, amounts will differ from financial statements as all accruals, amortizations, unrealized liabilities and unrealized gains and losses have been excluded from these amounts.
- (2) Revenues from the Participants under the Power Sales Contracts and Project Support Contracts for the Stanton II Project.
- (3) Investment earnings on balances of all accounts. Interest accruals were adjusted out and the non-cash mark-to-market adjustments were removed from the corresponding amount reflected in FMPA's audited financial statements to provide a cash-based amount for this presentation.
- (4) This adjustment is the result of timing differences between the receipt of revenues and the incurrence of costs.
- (5) Amounts that will be refunded to or collected from the Participants in fiscal year 2019.
- (6) FMPA's share of operation and maintenance expenses, excluding fuel, transmission, general administrative costs and depreciation allocated to the Stanton II Project.
- (7) Administrative and general expenses for OUC and FMPA allocated to the Stanton II Project.
- (8) Includes transmission charges over the transmission systems of FPL and OUC.
- (9) Amounts paid from Revenues with respect to principal and interest on the Stanton II Project Bonds and any other indebtedness issued under the Stanton II Resolution.
- (10) Amounts funded in fiscal year 2018 for interest and principal on the bonds plus swap payments, differs from financial statement as all accruals have been removed from this number.
- (11) Amounts budgeted to be set aside for FMPA's estimated share of the estimated future costs of renewal and replacements for the Stanton II Project. Actual amounts may vary from the budget.
- (12) Participant payments (\$) divided by energy generated (GWh). Average costs shown do not reflect costs or adjustment to the Participants' Stanton Unit No. 2 capacity and energy for transmission losses to the Participants' point of delivery. (Numbers may not add due to rounding.)

## PART V

### TRI-CITY PROJECT

*The information in this Part V is intended to provide information with respect to the Agency's Tri-City Project.*

#### Tri-City Project

The Tri-City Project consists of a 5.3012% undivided ownership interest of FMPA in Stanton Unit No. 1. FMPA has contracts with both OUC and FPL to transmit the power and energy from Stanton Unit No. 1 to the Participants in the Tri-City Project. For a description of the Stanton Unit No. 1, see "PART III - STANTON PROJECT – Stanton Project."

All debt of FMPA issued for the Tri-City Project is payable from amounts payable by the Participants in the Tri-City Project under Power Sales Contracts and Project Support Contracts, as briefly described above under the heading "INTRODUCTION – General." Each Participant in the Tri-City Project is responsible under its Power Sales Contract and Project Support Contract for the costs of the Tri-City Project in the amount of its participation share in the Tri-City Project as shown in APPENDIX A.

For the last five fiscal years, Tri-City Project power costs to its Participants have ranged from approximately 8.7 cents to 14.8 cents per kWh, and were 8.7 cents per kWh for fiscal year 2018.

#### Participants

The three Participants in the Tri-City Project are a Florida city, a utility board and a utility authority chartered by the State of Florida or the governing body of their respective cities listed on *page iv* hereof. The Participants are geographically dispersed throughout the southern portion of the State of Florida, and consequently have relatively diverse economic and demographic bases. Among the important economic factors to the Participants are agriculture, tourism, retirement, light manufacturing and central services. During the fiscal year ended September 30, 2018, these systems served approximately 83,182 customers, and incurred a non-coincident peak demand of approximately 366 MW.

For a description of the sale by certain Participants to the All-Requirements Power Supply Project of their capacity and energy from the Tri-City Project, see "PART I - ALL-REQUIREMENTS POWER SUPPLY PROJECT – All-Requirements Power Supply Project - Member Contributed Resources." The sales to the All-Requirements Power Supply Project do not relieve such Participants from their direct obligations to FMPA under their respective Power Sales Contracts and Project Support Contracts for the Tri-City Project.

Attached hereto as APPENDIX B is certain information for the Participants in the Tri-City Project, all of which are Major Participants. As set forth in APPENDIX A hereto, the Participants in the Tri-City Project are also participants in various other projects of FMPA.

The following tables summarize the historical net energy requirements and aggregate non-coincident peak demand of the Participants of the Tri-City Project.

#### Major Participants Historical Net Energy Requirements (GWh) (for native load)

Fiscal Year (ending 9/30)	Fort Pierce	Homestead	Key West
2016	583.2	557.5	800
2017	569.6	554.3	764
2018	572.7	577.6	746

**Major Participants Historical Non-Coincident Peak Demand (MW)**

Fiscal Year (ending 9/30)	Fort Pierce	Homestead	Key West
2016	112	105	148
2017	112	110	148
2018	112	109	146

**Outstanding Indebtedness**

As of June 1, 2019, FMPA had outstanding \$3,290,000 of senior bonds and \$0 of subordinated debt issued for the Tri-City Project, the final maturity of which is October 1, 2019.

As of June 1, 2019, FMPA has outstanding the following bonds related to the Tri-City Project:

\$410,000	Tri-City Project Revenue Bonds, Series 2009A
\$2,880,000	Tri-City Project Revenue Bonds, Series 2013A

**Debt Service Requirements for the Tri-City Project**

The following table shows the debt service requirements for the outstanding bonds for the Tri-City Project and includes debt service due for the twelve-month period beginning on October 2 of the preceding year and ending on October 1 of each year indicated:

Period Ending October 1,	Debt Service on Outstanding Tri-City Project Bonds
2019	<u>\$3,360,544</u>
<b>TOTAL:</b>	<u>\$3,360,544</u>

**Summary Operating Results**

Operating results of the Tri-City Project for the fiscal years ended September 30, 2016 through September 30, 2018, are shown in the following table. This table shows the total historical charges to the Participants and revenues to FMPA for the Tri-City Project, including amounts deposited into and withdrawn from a Rate Stabilization Account in the Operation and Maintenance Fund to adjust power costs. The charges and revenues include the costs attributable to transmission service to each Participant’s point of delivery but exclude (i) the effects of any transactions among the Participants or with others and (ii) any cost of reserves, deficiency energy, emergency energy or scheduled maintenance capacity and energy.

Information presented for Interest Income and Debt Service set forth in the table below is presented differently from the way it has been traditionally presented. Interest income has been historically presented on a mark-to-market basis but FMPA has determined that the Interest Income amounts are more appropriately reflected as set forth in the table below. Debt Service represents the amount paid from Revenues with respect to principal of and interest on Bonds for the Tri-City Project and any other indebtedness issued under the Tri-City Resolution.

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**HISTORICAL OPERATING RESULTS<sup>(1)</sup>**  
**FOR THE TRI-CITY PROJECT\***  
(Dollars in Thousands)

	Fiscal Year Ending September 30,		
	2016	2017	2018
<b>REVENUES:</b>			
Participant Payments <sup>(2)</sup> .....	\$10,548	\$10,919	\$10,794
Interest Income <sup>(3)</sup> .....	50	68	95
Due from (to) Participants <sup>(4)</sup> .....	(121)	(306)	328 <sup>(5)</sup>
Sales to Others .....	<u>116</u>	<u>127</u>	<u>126</u>
Total Revenues .....	<u>\$10,593</u>	<u>\$10,808</u>	<u>\$11,343</u>
<b>OPERATING EXPENSES:</b>			
Fixed O&M <sup>(6)</sup> .....	\$1,991	\$1,536	\$1,682
Fuel Costs .....	2,715	4,579	4,246
General Administrative and Other <sup>(7)</sup> .....	735	743	774
Transmission <sup>(8)</sup> .....	<u>427</u>	<u>382</u>	<u>415</u>
Total Operating Expenses .....	<u>\$5,868</u>	<u>\$7,240</u>	<u>\$7,117</u>
<b>EARNINGS BEFORE INTEREST, DEPRECIATION AND REGULATORY ADJUSTMENT:</b>			
	\$4,725	\$3,568	\$4,226
Debt Service <sup>(9)</sup> .....	<u>3,340</u>	<u>3,345</u>	<u>3,346<sup>(10)</sup></u>
Net Available for Other Purposes .....	<u>\$1,385</u>	<u>\$ 223</u>	<u>\$ 880</u>
Transfer to:			
Renewal and Replacement <sup>(11)</sup> .....	1,400	300	500
General Reserve .....	0	0	0
Overall Participants:			
Project Power Costs (Mills/Kwh) <sup>(12)</sup> .....	148	88	87
Energy Generated (GWh) .....	71	125	125
Availability Factor of the Tri-City Project .....	61.8	90.3	85.7

\* Numbers appearing in this table may be prepared on a basis different than what may be used to calculate debt service coverage. Amounts shown may differ from amounts set forth in the audited financial statements.

- (1) This report is based on actual cash flows in accordance with our Bond Resolutions, amounts will differ from financial statements as all accruals, amortizations, unrealized liabilities and unrealized gains and losses have been excluded from these amounts.
  - (2) Revenues from the Participants under the Power Sales Contracts and Project Support Contracts for the Tri-City Project.
  - (3) Investment earnings on balances of all accounts. Interest accruals were adjusted out and the non-cash mark-to-market adjustments were removed from the corresponding amount reflected in FMPA's audited financial statements to provide a cash-based amount for this presentation.
  - (4) This adjustment is the result of timing differences between the receipt of revenues and the incurrence of costs.
  - (5) Amounts that will be refunded to or collected from the Participants in fiscal year 2019.
  - (6) FMPA's share of operation and maintenance expenses, excluding fuel, allocated to the Tri-City Project.
  - (7) Administrative and general expenses for OUC and FMPA allocated to the Tri-City Project.
  - (8) Includes transmission charges over the transmission systems of FPL and OUC.
  - (9) Amounts paid from Revenues with respect to principal and interest on Tri-City Project Bonds and any other indebtedness under the Tri-City Resolution.
  - (10) Amounts funded in fiscal year 2018 for interest and principal on the bonds plus swap payments, differs from financial statement as all accruals have been removed from this number.
  - (11) Amounts budgeted to be set aside for FMPA's estimated share of the estimated future costs of renewal and replacements for the Tri-City Project. Actual amounts may vary from the budget.
  - (12) Participant payments (\$) divided by energy generated (GWh).
- (Numbers may not add due to rounding.)

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## APPENDIX A

### MEMBERS' PARTICIPATION IN FMPA PROJECTS<sup>(1)(2)\*</sup>

Member	Stanton Project <sup>(2)</sup>		Stanton II Project <sup>(2)</sup>		St. Lucie Project		Tri-City Project		All Requirements Power Supply Project <sup>(3)</sup>
	Power Entitlement Share (%)	MW	Power Entitlement Share (%)	MW	Power Entitlement Share (%)	MW	Power Entitlement Share (%)	MW	MW
City of Alachua	–	–	–	–	0.430%	0.4	–	–	–
City of Bushnell	–	–	–	–	–	–	–	–	6
City of Clewiston	–	–	–	–	2.202	1.9	–	–	27
City of Fort Meade	–	–	–	–	0.336	0.3	–	–	9 <sup>(6)</sup>
Fort Pierce Utilities Authority	24.390%	15.9	16.4887%	17.2	15.206	13.2	22.73%	5.3	112
City of Green Cove Springs	–	–	–	–	1.757	1.5	–	–	25
Town of Havana	–	–	–	–	–	–	–	–	6
City of Homestead	12.195	8.0	8.2443	8.6	8.269	7.2	22.727	5.3	–
City of Jacksonville Beach	–	–	–	–	7.329	6.3	–	–	162
Utility Board of the City of Key West	–	–	9.8932	10.3	–	–	54.546	12.7	148
Kissimmee Utility Authority	12.195	8.0	32.9774	34.5	9.405	8.1	–	–	351
City of Lake Worth	16.260	10.6	–	–	24.870	21.5	–	–	0 <sup>(4)</sup>
City of Leesburg	–	–	–	–	2.326	2.0	–	–	109
City of Moore Haven	–	–	–	–	0.384	0.3	–	–	–
City of Newberry	–	–	–	–	0.184	0.2	–	–	8
Utilities Commission, City of New Smyrna Beach	–	–	–	–	9.884	8.6	–	–	–
City of Ocala	–	–	–	–	–	–	–	–	291
City of St. Cloud	–	–	14.6711	15.3	–	–	–	–	–
City of Starke	2.439	1.6	1.2366	1.3	2.215	1.9	–	–	15
City of Vero Beach	32.521	21.3	16.4887	17.2	15.202	13.2	–	–	0 <sup>5</sup>
	100.00%	65.3	100.00%	104.4	100.00%	86.6	100.00%	23.3	1,270

\* Numbers may not add due to rounding.

- (1) The MWs shown for Participants of the Stanton Project, Stanton II Project, and Tri-City Project are based on the current net summer capability as reported by the Orlando Utilities Commission (“OUC”), the majority owner/operator as represented to the Florida Public Service Commission in OUC’s annual Ten-Year Site Plan.
- (2) Power Entitlement Share means the percentage of Project Capability (the amount of net capacity and energy to which FMPA is entitled at any given point in time under the respective Participation Agreement, whether the unit is operating or not) that the Participant agrees to purchase from FMPA. Such amount is also provided here by MW purchased.
- (3) Participants’ non-coincident peak demand in the 2018 fiscal year served from the FMPA All-Requirements Power Supply Project. Includes demand served by excluded resources.
- (4) The City of Lake Worth has elected under the Power Supply Contract to exercise its right to modify its All-Requirements Power Supply Project participation and implement a CROD, which limitation, pursuant to the terms of its Power Supply Contract, has been calculated as 0 MW. See “THE POWER SUPPLY CONTRACTS – Contract Rate of Delivery.” While the City of Lake Worth remains a participant in the All-Requirements Power Supply Project, effective January 1, 2014, it no longer purchases capacity and energy from the All-Requirements Power Supply Project and no longer has a representative on the Executive Committee.
- (5) Vero Beach elected under its Power Supply Contract to exercise its right to modify its All-Requirements Power Supply Project participation and implement a CROD, which limitation, pursuant to the terms of its Power Supply Contract, has been calculated as 0 MW. See “THE POWER SUPPLY CONTRACTS – Contract Rate of Delivery (CROD).” Effective January 1, 2010, Vero Beach no longer purchased capacity and energy from the All-Requirements Power Supply Project and no longer had a representative on the Executive Committee. On December 17, 2018, Vero Beach completed the sale of its electric utility system to Florida Power & Light Company (“FPL”) and withdrew as a member of FMPA and as a participant in the All-Requirements Power Supply Project, and transferred and assigned to FMPA, with respect to the All-Requirements Power Supply Project, the power sales and project support contracts between Vero Beach and FMPA relating to each of the Stanton Project, Stanton II Project and St. Lucie Project, as amended. See “THE POWER SUPPLY CONTRACTS – Withdrawal of Vero Beach” for additional information regarding the withdrawal of Vero Beach as a participant in the All-Requirements Power Supply Project and as a member of FMPA.
- (6) Fort Meade has elected to limit its All-Requirements Service, as permitted in Section 3 of its Power Supply Contract, to a CROD. The limitation commenced January 1, 2015. Based on Fort Meade’s usage between December 2013 and November 2014, the Executive Committee took action in December 2014 to set Fort Meade’s CROD at 10.306 MW, which is the maximum hourly obligation through the remaining term of Fort Meade’s Power Supply Contract. Concurrently with its notice of the CROD limitation, Fort Meade gave FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Contract to discontinue the automatic renewal of the term of its Power Supply Contract. The term of Fort Meade’s Power Supply Contract is now fixed and will terminate on October 1, 2041. In 2018, Fort Meade approved a supplemental power sales agreement with the All-Requirements Power Supply Project, for a minimum of 10 years, such that the All-Requirements Power Supply Project will provide capacity and energy to Fort Meade as if Fort Meade had not effectuated CROD. Commensurate with this agreement, the FMPA Executive Committee adjusted Fort Meade’s CROD downward to 9.009 MW, in accordance with the All-Requirements Power Supply Contract. The agreement may be extended beyond the initial 10-year term.



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## **APPENDIX B**

### **THE MAJOR PARTICIPANTS**

APPENDIX B presents certain information for the Major Participants of each of the Projects. Such information was collected and compiled by FMPA from data supplied by each of the Major Participants. Text descriptions were developed with each of the Major Participant's representatives; statistical facts were extracted from records regularly maintained by each of the Major Participants; and historical financial data was summarized from each Major Participant's independent certified audits. While FMPA makes no representations as to the adequacy or accuracy of the information contained in this APPENDIX B, it believes such information to be reliable.

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## FORT PIERCE UTILITIES AUTHORITY

Major Participant in: Stanton Project  
Stanton II Project  
St. Lucie Project  
Tri-City Project  
All-Requirements Power Supply Project

### Electric Utility System

Fort Pierce Utilities Authority (“FPUA”) has a 24.39% Power Entitlement Share (15.9 MW) from FMPA’s Stanton Project, a 16.4887% Power Entitlement Share (17.4 MW) from FMPA’s Stanton II Project, a 15.206% Entitlement Share (13.2 MW) from FMPA’s St. Lucie Project and a 22.73% Power Entitlement Share (5.3 MW) from FMPA’s Tri-City Project, each under the terms of a Power Sales Contract and Project Support Contract for the applicable Project.

FPUA is one of the ARP Solar Participants. In 2018, FPUA entered into an agreement with FMPA to purchase 3 MW of solar output through the All-Requirements Power Supply Project’s power purchase agreement with NextEra Florida Renewables, LLC from the facility in Osceola County, Florida. This facility is scheduled to be online in 2020. FPUA is also in negotiation with FMPA to purchase an additional 7-10 MW of possible solar energy production that is scheduled to go online in 2022.

FPUA entered into an All-Requirements Power Supply Contract with FMPA and became a full requirements customer of FMPA on January 1, 1998. Concurrently with this, FPUA entered into a Capacity and Energy Sales Contract whereby FPUA sells the capacity and energy from its generating units to the All-Requirements Power Supply Project. FPUA also agreed to sell to the All-Requirements Power Supply Project any capacity and energy from any Power Entitlement Shares it has in the Stanton, Stanton II or Tri-City Projects. On May 31, 2008, FPUA retired its H.D. King Power Plant and no longer owns electric generating facilities. FPUA now operates the Treasure Coast Energy Center, constructed by FMPA, on a contract basis.

FPUA currently has 16 miles of 69kV and 7.5 miles of 138kV transmission lines and eight substations (six distribution and two transmission). FPUA did jointly own with the City of Vero Beach, Florida (“Vero Beach”) municipal system a 138kV transmission line which directly interconnects the two transmission substations to both Florida Power & Light Company (“FPL”) and Vero Beach. On December 21, 2018 FPUA sold its joint interest in the 138kV line from Emerson Substation to County Line Substation to FPL.

### Service Area and Customers

FPUA’s electric utility service area encompasses approximately 35 square miles with 83% of electric utility customers residing within the city limits. FPUA is a party to a territorial agreement with FPL which has been approved by the Florida Public Service Commission (“FPSC”).

Approximately 17% of FPUA’s customers are outside the City. No one customer accounted for more than 5% of electric revenues for the year ended September 30, 2018.

### Litigation

There is no material pending litigation relating to FPUA or its operations.

### Audited Financial Statements

A copy of FPUA’s audited financial statements for the years ending September 30, 2017 and September 30, 2018 has been filed by FPUA with the MSRB through EMMA. Copies of FPUA’s audited financial statements also may be obtained from FMPA at the address set forth on *page iii* hereof.

**FORT PIERCE UTILITIES AUTHORITY**  
**SUMMARY OF OPERATING RESULTS<sup>(1)</sup>**  
(Dollars in Thousands)

	For The Fiscal Years Ended September 30,				
	2014*	2015	2016	2017	2018
Customers (Electric – Annual Avg.) .....	28,096	28,221	28,299	28,287	28,265
System Requirements .....					
Peak Demands (MW) .....	106	107	112	112	112
Energy (MWh) <sup>(2)</sup> .....	544,751	559,061	583,207	569,684	572,717
Total Energy Sales (MWh) <sup>(2)</sup> .....	521,328	539,158	555,490	553,418	547,319
Total Operating Revenues .....	\$98,534	\$95,558	\$98,421	\$102,650	\$100,210
Operating Expenses:					
Power Production and Purchased Power .....	\$43,006	\$40,343	\$42,179	\$43,689	\$41,402
All Other Operating Expenses (excluding depreciation) .....	<u>31,382</u>	<u>31,729</u>	<u>32,976</u>	<u>34,511</u>	<u>35,885</u>
Total Operating Expenses (excluding depreciation) .....	<u>\$74,388</u>	<u>\$72,072</u>	<u>\$75,155</u>	<u>\$78,200</u>	<u>\$77,287</u>
Net Operating Revenues Available for Debt Service .....	\$24,146	\$23,486	\$23,266	\$24,450	\$22,923
Other Income (Deductions) - Net .....	<u>186</u>	<u>398</u>	<u>483</u>	<u>466</u>	<u>1,012</u>
Net Revenues and Other Income Available for Debt Service ...	<u>\$24,332</u>	<u>\$23,884</u>	<u>\$23,749</u>	<u>\$24,916</u>	<u>\$23,935</u>
Debt Service - Revenue Bonds .....	\$9,381	\$9,377	\$9,446	\$7,656	\$7,659
Debt Service Ratios:					
Actual .....	2.59x	2.55x	2.51x	3.25x	3.12x
Required Per Bond Resolution Rate Covenant .....	1.25x	1.25x	1.25x	1.25x	1.25x
Balance available for renewals, replacements, capital additions and other lawful purposes .....	\$14,951	\$14,507	\$14,303	\$17,260	\$16,276
Transferred to General Fund (City) <sup>(3)</sup> .....	\$5,605	\$5,735	\$5,809	\$5,969	\$6,139

**CONDENSED BALANCE SHEET<sup>(1)</sup>**  
(Dollars in Thousands)

	For Fiscal Years Ended September 30,	
	2017	2018
<b>ASSETS:</b>		
Current Assets .....	\$ 67,674	\$ 68,637
Capital Assets Net .....	213,057	213,828
Non-Current Assets .....	9,303	9,272
Deferred Outflows of Resources .....	<u>8,111</u>	<u>4,887</u>
Total Assets and Deferred Outflows .....	<u>\$298,145</u>	<u>\$296,624</u>
<b>LIABILITIES AND EQUITY:</b>		
Current Liabilities .....	\$ 25,342	\$ 25,519
Non-Current Liabilities .....	79,775	72,872
Deferred Inflows of Resources .....	5,341	8,399
Net Position .....	<u>\$187,687</u>	<u>189,834</u>
Total Liabilities, Deferred Inflows and Net Position .....	<u>\$298,145</u>	<u>\$296,624</u>

- (1) Financial information reflects electric, water, wastewater and natural gas utility and all other operations; statistics reflect electric usage.  
(2) Retail sales plus sales to other utilities, if any.  
(3) 6% of adjusted gross revenue as defined in City Charter.  
\* Retroactive restatement for implementation of GASB Statement No. 68, Net Pension Liability.

## CITY OF HOMESTEAD

Major Participant in: Stanton Project  
Stanton II Project  
St. Lucie Project  
Tri-City Project

### Electric Utility System

The City of Homestead (“Homestead”) has a 12.195% Power Entitlement Share (8 MW) from FMPA’s Stanton Project, an 8.2443% Power Entitlement Share (8.7 MW) from FMPA’s Stanton II Project, an 8.269% Power Entitlement Share (7.2 MW) from FMPA’s St. Lucie Project and a 22.727% Power Entitlement Share (5.3 MW) from FMPA’s Tri-City Project, each under the terms of a Power Sales Contract and Project Support Contract for the applicable Project.

After the execution of the original Power Sales Contracts and Power Support Contracts relating to the Stanton Project and the Stanton II Project, KUA entered into (i) a transfer agreement with Homestead pursuant to which KUA assumed 50% (12.95%) of Homestead’s 24.930% Power Entitlement Share in the Stanton Project and a transfer agreement pursuant to which KUA assumed 50% (8.24435% of Homestead’s 16.4887% Power Entitlement Share in the Stanton II Project (the Power Entitlement Shares transferred to KUA from Homestead are collectively called the “Homestead Transferred Share”). For additional information about the Homestead Transferred Shares, see “PART III – STANTON PROJECT- Participants” and “PART IV – STANTON II PROJECT – Participants.”

Homestead owns and operates one of the largest diesel electric generating facilities in the United States. With this plant’s capacity and Homestead’s long-term purchase power contracts, Homestead is capable of supplying all of its system requirements. Existing capacity amounts to 35 MW, fueled primarily by gas (94%) pursuant to a contract with FGU.

Homestead is a charter member of FGU which is a joint action agency gas supply organization. Membership in FGU allows aggregation of member contracts which provides better economy for purchases, mitigates demand changes, and simplifies the problems of individual systems balancing consumption against supply. Homestead’s 138 kV transmission system interconnects with FPL. Four sub-stations supply 13.2 kV to a predominantly overhead distribution system.

### Service Area and Customers

Homestead’s electric utility service area encompasses approximately 14.5 square miles, with 75% of customers residing within the city limits. Homestead is a party to a territorial agreement with FPL, its only neighboring utility, which has been approved by the FPSC.

No single electric customer accounted for more than 5% of electric revenues for the year ended September 30, 2018.

### Litigation

There is no material pending litigation relating to Homestead or its operations.

### Audited Financial Statements

A copy of Homestead’s audited financial statements for the fiscal year ending September 30, 2018 has been filed by FMPA with the MSRB through EMMA. Copies of Homestead’s audited financial statements also may be obtained from FMPA at the address set forth on *page iii* hereof.

**CITY OF HOMESTEAD**  
**SUMMARY OF OPERATING RESULTS<sup>(1)</sup>**  
(Dollars in Thousands)

	For The Fiscal Years Ended September 30,				
	2014	2015	2016	2017	2018
Customers (annual average) .....	23,032	23,086	23,863	25,031	25,115
System Requirements:					
Peak Demands (MW) .....	101	102	105	110	109
Energy (MWh).....	522,152	544,778	557,579	554,380	577,638
Total Energy Sales (MWh) .....	0	0	0	0	0
Total Operating Revenues.....	\$59,094	\$62,575	\$63,850	\$62,091	\$64,072
Operating Expenses:					
Total Power Production and Purchased Power .....	\$39,704	\$39,169	\$38,392	\$40,490	\$40,124
All Other Operating Expenses (excluding depreciation) .....	<u>18,122</u>	<u>18,197</u>	<u>21,366</u>	<u>20,111</u>	<u>20,484</u>
Total Operating Expenses (excluding depreciation).....	<u>\$57,826</u>	<u>\$57,366</u>	<u>\$59,758</u>	<u>\$60,601</u>	<u>\$60,608</u>
Net Operating Revenues Available for Debt Service .....	\$1,268	\$5,209	\$4,092	\$1,490	\$3,464
Other Income (Deductions) - Net .....	<u>(91)</u>	<u>(97)</u>	<u>(74)</u>	<u>(89)</u>	<u>(65)</u>
Net Revenues and Other Income Available for Debt Service <sup>(2)</sup> ...	<u>\$1,177</u>	<u>\$5,112</u>	<u>\$4,018</u>	<u>\$1,401</u>	<u>\$3,399</u>
Debt Service - Revenue Bonds.....	\$570	\$592	\$773	\$645	\$495
Debt Service Ratios:					
Actual .....	2.06x	8.64x	5.2x	2.17x	6.87x
Required Per Bond Resolution Rate Covenant .....	1.2x	1.2x	1.2x	1.2x	1.2x
Balance available for renewals, replacements, capital additions and other lawful purposes .....	\$607	\$4,520	\$3,245	\$756	\$2,904
Transferred to General Fund (Homestead) <sup>(2)</sup> .....	\$3,285	\$4,247	\$5,355	\$11,219	\$7,544

**CONDENSED BALANCE SHEET<sup>(1)</sup>**  
(Dollars in Thousands)

	For Fiscal Years Ended September 30	
	2017	2018
<b>ASSETS:</b>		
Net Utility Plant.....	\$ 21,425	\$ 20,793
Restricted Assets .....	4,424	4,986
Current Assets .....	<u>18,503</u>	<u>12,285</u>
Total Assets.....	<u>\$44,352</u>	<u>\$44,065</u>
<b>LIABILITIES AND EQUITY:</b>		
Current Liabilities.....	\$ 19,482	\$18,069
Retained Earnings.....	19,445	20,711
Long Term Debt .....	<u>5,425</u>	<u>5,285</u>
Total Liabilities and Equity.....	<u>\$44,352</u>	<u>\$44,065</u>

(1) Electric utility only.

(2) Transfers to Homestead's general fund are established annually by budget.

## **CITY OF JACKSONVILLE BEACH**

Major Participant in: All-Requirements Power Supply Project

### **Electric Utility System**

The City of Jacksonville Beach (“Jacksonville Beach”) entered into an All-Requirements Power Supply Project Contract with FMPA and became a full requirements customer of FMPA on May 1, 1986. Excluded Power Supply Resources for Jacksonville Beach are its entitlement share in FMPA’s St. Lucie Project (which is 7.329% of FMPA’s ownership portion of St. Lucie Unit No. 2). Jacksonville Beach d/b/a Beaches Energy Services owns one 230 kV transmission substation that ties to both FPL and JEA. Beaches Energy Services owns five (5) distribution substations, which deliver energy at the 26 kV level. Approximately 82% of Beaches Energy Services distribution circuits are underground.

### **Service Area and Customers**

The Jacksonville Beach electric utility service area encompasses approximately 45 square miles including the neighboring town of Neptune Beach as well as the unincorporated areas of Ponte Vedra Beach and Palm Valley located in northeast St. Johns County. Forty-one (41) percent of the customers served reside within the Jacksonville Beach city limits.

No one customer accounted for more than 5% of electric revenues for the year ending September 30, 2018.

### **Litigation**

There is no material pending litigation relating to Jacksonville Beach or its operations.

### **Audited Financial Statements**

A copy of Jacksonville Beach’s audited financial statements for the years ending September 30, 2018 and September 30, 2017 has been filed by FMPA with the MSRB through EMMA. Copies of Jacksonville Beach’s audited financial statements also may be obtained from FMPA at the address set forth on *page iii* hereof.

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**CITY OF JACKSONVILLE BEACH**  
**SUMMARY OF OPERATING RESULTS<sup>(1)</sup>**  
(Dollars in Thousands)

	For The Fiscal Years Ended September 30,				
	2014	2015	2016	2017	2018
Customers (annual average) .....	33,966	34,433	34,552	34,739	34,815
System Requirements:					
Peak Demands (MW).....	192	195	196	171	211
Energy (MWh).....	733,793	738,958	757,400	721,088	744,119
Total Energy Sales (MWh).....	699,005	716,233	720,318	693,254	702,648
Total Operating Revenues .....	\$97,012	\$93,588	\$82,096	\$94,447	\$97,814
Operating Expenses:					
Total Purchased Power .....	\$63,520	\$59,230	\$57,970	\$56,884	\$57,226
All Other Operating Expenses (excluding depreciation) .....	<u>15,239</u>	<u>15,515</u>	<u>10,487</u>	<u>19,642</u>	<u>19,792</u>
Total Operating Expenses (excluding depreciation) .....	<u>\$78,759</u>	<u>\$74,745</u>	<u>\$68,457</u>	<u>\$76,526</u>	<u>\$77,018</u>
Net Operating Revenues Available for Debt Service.....	\$18,253	\$18,843	\$13,639	\$17,921	\$20,796
Other Income (Deductions) - Net .....	<u>659</u>	<u>754</u>	<u>615</u>	<u>1,515</u>	<u>843</u>
Net Revenues and Other Income Available for Debt Service .	<u>\$18,912</u>	<u>\$19,597</u>	<u>\$14,254</u>	<u>\$19,436</u>	<u>\$21,639</u>
Debt Service - Revenue Bonds.....	\$4,570	\$4,518	\$4,498	\$4,457	\$4,432
Debt Service Ratios:					
Actual .....	4.14x	4.34x	3.17x	4.36x	4.88x
Per Bond Resolution Rate Covenant.....	1.25x	1.25x	1.25x	1.25x	1.25x
Balance available for renewals, replacements, capital additions and other lawful purposes .....	\$14,342	\$15,079	\$9,756	\$14,979	\$17,207
Transferred to General Fund (Jacksonville Beach) <sup>(2)</sup> .....	\$3,608	\$3,670	\$3,689	\$3,858	\$3,900

**CONDENSED BALANCE SHEET<sup>(1)</sup>**  
(Dollars in Thousands)

	For Fiscal Years Ended September 30,	
	2017	2018
ASSETS:		
Net Utility Plant .....	\$159,788	\$163,317
Restricted Assets .....	9,829	9,761
Current Assets .....	<u>107,503</u>	<u>111,261</u>
Total Asset.....	<u>\$277,120</u>	<u>\$284,339</u>
LIABILITIES AND EQUITY:		
Current Liabilities .....	\$ 57,952	\$ 59,085
Retained Earnings .....	199,729	209,558
Long Term Debt.....	<u>19,439</u>	<u>15,696</u>
Total Liabilities and Equity .....	<u>\$277,120</u>	<u>\$284,339</u>

(1) Electric, water, and wastewater utility.

(2) Established by Jacksonville Beach ordinance at a maximum 5.5 mills per kWh purchased.

## UTILITY BOARD OF THE CITY OF KEY WEST

Major Participant in: Stanton II Project  
Tri-City Project  
All-Requirements Power Supply Project

### **Electric Utility System**

The Utility Board now operates under the name Keys Energy Services (“KEYS”).

In July 1997, KEYS agreed to become a member of FMPA’s All-Requirements Power Supply Project and began operations as a project participant effective April 1, 1998. On January 1, 2011, the Capacity and Energy Sales Contract was restructured to become the Revised, Amended and Restated Capacity and Energy Sales Contract (C&E Contract). Under the terms of this contract FMPA took over operational control and ownership risk for KEYS Stock Island generating units. FMPA has hired KEYS to maintain and operate the generating units through the Consolidated Operating and Maintenance Contract for the Stock Island Generating Facility also dated January 1, 2011. KEYS retains ownership of the Stock Island land, subject to certain easement and leasehold rights granted to FMPA.

FMPA will utilize the generating units to provide capacity and energy to the All-Requirements Power Supply Project in exchange for \$670,000 per year for ten years to be paid by FMPA to KEYS, and the other negotiated agreements of the parties to affect a True All-Requirements Project (TARP). At the end of ten years full ownership will transfer to FMPA.

Under the contractual arrangement with FMPA, KEYS has assigned all of its generating and firm purchased power resources to FMPA, and FMPA will serve all of KEYS’ requirements.

Further, in the event that power cannot be delivered to KEYS’ service area over the tie line from the mainland, KEYS has established a policy to have island generation capability equal to at least 60% of KEYS’ peak load. FMPA has agreed to meet these criteria by using the existing synchronized generating resources of four combustion turbine units and two medium speed diesels that currently total 111.0 MW. As part of the C&E contract, FMPA is required to maintain generation assets within KEYS’ Service Area equal to or above 60% of KEYS’ load. The related assignment of resources by KEYS to FMPA, and other matters pertaining to KEYS’ power supply are discussed in the following paragraphs.

KEYS had previously entered into other purchased power agreements with other parties including the FMPA Tri-City Project (Stanton 1) and the FMPA Stanton 2 Project. As a member of the All-Requirements Project, KEYS’ resources and costs under these two contracts have been assigned to FMPA.

### **Service Area and Customers**

The service area of KEYS consists of the lower Florida Keys, extending approximately 44 miles in an east-west direction from Pigeon Key, adjacent to the service area of the Florida Keys Electric Cooperative Association, Inc. to the City of Key West, representing approximately 74 square miles.

The United States Navy is the largest customer of KEYS and accounted for approximately 7.0% of the total kilowatt hours sold in both fiscal year 2018 and fiscal year 2017.

KEYS’ contract with the Navy is for a term of ten years with a provision which requires the parties to commence negotiations for a new contract at least one year prior to the end of the current contract. The contract also contains provisions for minimum billing, service reduction and exclusive service provisions. Pursuant to this contract, KEYS has agreed to provide a maximum of 15 MW of power at multiple locations.

On September 12, 2007, both parties signed a contract (the “2007 contract”) which was in effect through August 31, 2017. Contract negotiations are being pursued by KEYS; and, the Navy is currently being served non-contractually.

**Litigation**

There is no material pending litigation relating to KEYS or its operations.

**Audited Financial Statements**

A copy of KEYS' audited financial statements for the years ending September 30, 2018 and September 30, 2017 has been filed by Digital Assurance Certification (DAC Bond) with the MSRB through EMMA. Copies of KEYS' audited financial statements also may be obtained from FMPA at the address set forth on *page iii* hereof and from Keys Energy Services, PO Box 6100, 1001 James Street, Key West, Florida 33040, Tel.: 305-295-1000.

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**UTILITY BOARD OF THE CITY OF KEY WEST**  
**SUMMARY OF OPERATING RESULTS<sup>(1)</sup>**  
(Dollars in Thousands)

	For The Fiscal Years Ended September 30,				
	2014	2015	2016	2017	2018
Customers (annual average) .....	30,859	30,989	31,303	30,109	30,009
System Requirements:					
Peak Demands (MW).....	144	147	148	148	146
Energy (MWh).....	770,420	779,772	800,265	764,396	746,553
Total Energy Sales (MWh).....	726,995	730,085	753,051	724,492	698,893
Total Operating Revenues .....	\$96,295	\$86,875	\$89,843	\$92,695	\$87,636
Operating Expenses:					
Total Power Production and Power Supply .....	\$52,692	\$45,567	\$46,745	\$51,341	\$44,486
All Other Operating Expenses (excluding depreciation and Unfunded OPEB)	<u>25,837</u>	<u>27,408</u>	<u>27,266</u>	<u>29,457</u>	<u>29,808</u>
Total Operating Expenses (excluding depreciation and Unfunded OPEB)	<u>\$78,529</u>	<u>\$72,975</u>	<u>\$74,011</u>	<u>\$80,798</u>	<u>\$74,294</u>
Net Operating Revenues Available for Debt Service.....	\$17,766	\$13,900	\$15,832	\$11,897	\$13,342
Other Income (Deductions) - Net .....	4,170	4,745	2,608	5,419	3,288
Net Revenues and Other Income Available for Debt Service ...	<u>\$21,936</u>	<u>\$18,645</u>	<u>\$18,440</u>	<u>\$17,316</u>	<u>\$16,630</u>
Debt Service - Revenue Bonds .....	\$11,259	\$11,228	\$11,153	\$11,153	\$11,153
Debt Service Ratios:					
Actual .....	1.95x	1.66x	1.65x	1.55x	1.49x
Required Per Bond Resolution Rate Covenant .....	1.25x	1.25x	1.25x	1.25x	1.25x
Balance available for renewals, replacements, capital additions and other lawful purposes .....	\$10,677	\$7,417	\$7,287	\$6,163	\$5,477
Transferred to General Fund (City of Key West).....	\$419	\$395	\$391	\$429	\$423

**CONDENSED BALANCE SHEET<sup>(1)</sup>**  
(Dollars in Thousands)

	For Fiscal Years Ended September 30,	
	2017 (Restated)	2018
<b>ASSETS:</b>		
Net Utility Plant.....	\$153,761	\$168,213
Restricted Assets.....	23,045	30,783
Current Assets.....	58,876	71,717
Deferred Outflows of Resources .....	<u>13,445</u>	<u>8,944</u>
Total Assets .....	<u>\$249,127</u>	<u>\$279,657</u>
<b>LIABILITIES AND EQUITY:</b>		
Current Liabilities .....	\$104,177	\$157,981
Retained Earnings .....	91,507	52,369
Long Term Debt .....	53,243	44,272
Deferred Inflows of Resources.....	<u>200</u>	<u>25,035</u>
Total Liabilities and Equity .....	<u>\$249,127</u>	<u>\$279,657</u>

(1) Electric utility only.

## KISSIMMEE UTILITY AUTHORITY

Major Participant in: Stanton Project  
Stanton II Project  
St. Lucie Project  
All-Requirements Power Supply Project

### Electric Utility System

Kissimmee Utility Authority (“KUA”) has a 12.195% Power Entitlement Share (8.0 MW) from FMPA’s Stanton Project, a 32.9774% Power Entitlement Share (34.7 MW) from FMPA’s Stanton II Project and a 9.405% Power Entitlement Share (8.1 MW) from FMPA’s St. Lucie Project under the terms of a Power Sales Contract and Project Support Contract for each of the applicable Projects. KUA entered into an All-Requirements Power Supply Contract with FMPA and became a full requirements customer as of October 1, 2002.

After the execution of the original Power Sales Contracts and Power Support Contracts relating to the Stanton and Stanton II Projects, KUA entered into (i) a transfer agreement with Homestead pursuant to which KUA assumed 50% (12.195%) of Homestead’s 24.390% Power Entitlement Share in the Stanton Project and a transfer agreement pursuant to which KUA assumed 50% (8.24435%) of Homestead’s 16.4887% Power Entitlement Share in the Stanton II Project (the “Homestead Transferred Share”) and (ii) a transfer agreement with Lake Worth pursuant to which KUA assumed all of Lake Worth’s 8.2443% Power Entitlement Share in the Stanton II Project (the “Lake Worth Transferred Share”).

In connection with the transfer of the Homestead Transferred Share to KUA, KUA in 1995 executed with FMPA an additional Power Sales Contract (an “Additional Power Sales Contract”) and an additional Project Support Contract (an “Additional Project Support Contract”). KUA also in 1995 executed a similar additional Power Sales Contract and Project Support Contract with FMPA in connection with the transfer to it of the Lake Worth Transferred Share. Under each Additional Power Sales Contract and Additional Project Support Contract, Homestead and Lake Worth are relieved of their respective obligations (including their payment obligations) with respect to their Transferred Shares if and to the extent KUA fulfills such obligations (including the payment obligations). If, however, KUA fails to perform any such obligation (including a payment obligation), then Homestead or Lake Worth (depending on which Transferred Share KUA is in default under) remains obligated under its Power Sales Contract or Project Support Contract to perform such obligation.

KUA owns 50% of a combustion turbine unit (20 MW), 50% of a combined cycle unit (60 MW), and 50% of a combined cycle unit (125 MW) with the All-Requirements Power Supply Project. KUA turned over control and management of these units to FMPA in 2008 but continues to operate them. KUA operates and maintains the generating units owned by FMPA, and FMPA’s interests in units located at the Cane Island Power Park. In addition, KUA has (i) a 4.8% (21 MW) undivided ownership interest in Stanton Energy Center Unit No. 1, which is operated by Orlando Utilities Commission (“OUC”); (ii) a 12.2% (11.2 MW) undivided ownership interest in the Indian River Combustion Turbine Units A and B, which are also operated by OUC; and (iii) a 3.5% (23 MW) ownership interest in Stanton Unit A, a gas-fired combined cycle unit located at OUC’s Stanton Energy Center site and operated by SCE. KUA is a member of and has contracted with FGU which acts as an agent to KUA and other Florida utilities. As a result of KUA joining the All-Requirements Power Supply Project and entering into a Capacity and Energy Sales Contract with the All-Requirements Power Supply Project, these facilities are treated as resources of the All-Requirements Power Supply Project. In addition, under the Capacity and Energy Sales Contract, KUA has agreed to sell any capacity and energy from its Power Entitlement Shares in the Stanton Project and the Stanton II Project to the All-Requirements Power Supply Project.

KUA’s 230 kV and 69 kV transmission system includes interconnections with DEF, OUC, TECO and OUC/St. Cloud. Ten sub-stations supply the distribution system at voltages of 13.2 kV. The current system is approximately 66% underground and 34% overhead construction. Approximately 80% of all new distribution system installations are constructed underground.

### **Service Area and Customers**

KUA's electric utility service area encompasses approximately 85 square miles with Kissimmee's 12.55 square-mile area near the center and 43% of electric customers served reside within the city limits. KUA has a FPSC approved territorial agreement with Duke Energy of Florida and OUC/St. Cloud, its neighboring utilities.

No one electric customer accounted for more than 5% of the electric revenues for the year ended September 30, 2018.

### **Litigation**

There is no material pending litigation relating to KUA or its operations.

### **Audited Financial Statements**

A copy of KUA's audited financial statements for the fiscal years ending September 30, 2018 and September 30, 2017 has been filed by FMPA with the MSRB through EMMA. Copies of KUA's audited financial statements also may be obtained from FMPA at the address set forth on *page iii* hereof.

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**KISSIMMEE UTILITY AUTHORITY**  
**SUMMARY OF OPERATING RESULTS<sup>(1)</sup>**  
(Dollars in Thousands)

	For The Fiscal Years Ended September 30				
	2014	2015	2016	2017 <sup>(7)</sup>	2018
Customers (annual average) <sup>(6)</sup> .....	66,258	67,889	69,919	71,770	73,968
System Requirements:					
Peak Demands (MW) .....	327	335	354	353	356
Energy (GWh) <sup>(2)</sup> .....	1,445	1,508	1,586	1,581	1,624
Total Energy Sales (GWh) <sup>(2)</sup> .....	1,381	1,444	1,516	1,510	1,563
Total Operating Revenues .....	\$171,772	\$189,634	\$183,733	\$187,031	\$214,362
Operating Expenses:					
Total Power Production and Purchased Power .....	\$117,730	\$102,490	\$106,275	\$111,682	\$112,215
All Other Operating Expenses (excluding depreciation) .....	<u>28,634</u>	<u>30,867</u>	<u>32,168</u>	<u>33,208</u>	<u>31,680</u>
Total Operating Expenses (excluding depreciation) .....	<u>\$146,364</u>	<u>\$133,358</u>	<u>\$138,444</u>	<u>\$144,890</u>	<u>\$143,895</u>
Net Operating Revenues Available for Debt Service .....	\$25,408	\$56,276	\$45,289	\$42,141	\$70,467
Other Income (Deductions)-Net .....	<u>428</u>	<u>555</u>	<u>834</u>	<u>1,076</u>	<u>641</u>
Net Revenues and Other Income Available for Debt Service .....	<u>\$25,836</u>	<u>\$56,831</u>	<u>\$46,123</u>	<u>\$43,216</u>	<u>\$71,108</u>
Debt Service-Revenue Bonds .....	\$20,698	\$27,307	\$17,977	\$17,987	\$20,263
Debt Service Ratios:					
Actual .....	1.25x	2.08x	2.57x	2.40x	3.51x
Required Per Bond Resolution Rate Covenant .....	1.10x	1.10x	1.10x	1.10x	1.10x
Balance available for renewals, replacements, capital additions and other lawful purposes .....	\$5,139	\$29,524	\$28,146	\$25,229	\$50,845
Transferred to General Fund (Kissimmee) <sup>(3)</sup> .....	\$13,032	\$15,862	\$16,735	\$16,659	\$17,248

**CONDENSED BALANCE SHEET<sup>(1)</sup>**  
(Dollars in Thousands)

	For Fiscal Years Ended September 30	
	2017 <sup>(7)</sup>	2018
<b>ASSETS:</b>		
Capital Assets – Utility Plant .....	\$193,235	\$210,241
Restricted Assets .....	95,376	72,466
Other Assets .....	86,840	77,993
Current Assets .....	74,868	95,303
Deferred Outflow of Resources <sup>(4)</sup> .....	<u>2,209</u>	<u>1,062</u>
Total Assets .....	<u>\$452,528</u>	<u>\$457,066</u>
<b>LIABILITIES AND EQUITY:</b>		
Current Liabilities .....	\$ 20,847	\$ 22,147
Liabilities Payable from Restricted Assets .....	33,829	36,537
Long Term Debt .....	62,597	43,200
Other Long-Term Liabilities .....	<u>28,193</u>	<u>25,466</u>
Total Liabilities .....	\$145,466	\$127,350
Net Assets .....	239,460	283,956
Deferred Inflow of Resources <sup>(5)</sup> .....	<u>67,602</u>	<u>45,760</u>
Total Liabilities and Equity .....	<u>\$452,528</u>	<u>\$457,066</u>

- (1) Electric utility participation only.  
(2) Excluding sales to other electric utilities, if any.  
(3) Established by KUA at \$6.24 mills per kWh sold and amended to 6.91 mills in October 2011. Fiscal Year 2015 is calculated as 7.6% of Electric Operating Revenues.  
(4) Represents unamortized loss on refunded debt.  
(5) Represents regulatory credits, self-insurance and rate stabilization funds.  
(6) Excludes internal customers effective FY 2016.  
(7) Fiscal year 2017 was restated.

## CITY OF LAKE WORTH

Major Participant in: Stanton Project  
St. Lucie Project

### Electric Utility System

The City of Lake Worth (“Lake Worth”) has a 16.26% Power Entitlement Share (10.6 MW) from FMPA’s Stanton Project and a 24.87% Power Entitlement Share (34.0 MW) from FMPA’s Stanton II Project, each under the terms of a Power Sales Contract and Project Support Contract for the applicable Project. Lake Worth is also an All-Requirements Power Supply Participant, but Lake Worth no longer purchases energy and capacity from the All-Requirements Power Supply Project having elected to modify its All-Requirements participation by implementation of a Contract Rate of Delivery, which pursuant to contract terms has been calculated at 0 MW.

After the execution of the original Power Sales Contract and Project Support Contract relating to the Stanton II Project, KUA entered into a transfer agreement with Lake Worth pursuant to which KUA assumed all of Lake Worth’s 8.2443% Power Entitlement Share in the Stanton II Project (the “Lake Worth Transferred Share”). For additional information about the Lake Worth Transferred Share, see “PART IV – STANTON II PROJECT – Participants.”

Lake Worth owns electric generating facilities. The existing capacity amounts to 93 MW, primarily fueled by natural gas. Lake Worth purchases a portion of its gas pursuant to contracts for interruptible gas transportation and direct sales service with FPU. The remaining gas is purchased by FGU on behalf of Lake Worth and transported to Lake Worth under various transportation service arrangements with FGT and FPU. Lake Worth is interconnected with the transmission facilities of FPL and through them, to the State transmission grid. Under the terms of interchange agreements with 19 other Florida systems, Lake Worth, buys and sells emergency, short-term firm and economy energy. Lake Worth’s 138 kV transmission system includes an interconnection with FPL. Ten 26 kV transmission lines presently serve nine 26/4 kV distribution sub-stations; however, the distribution system in the western portion of the service area has been upgraded to 26 kV concurrent with the transmission system improvement program and is served by a 138/26 kV sub-station. While the distribution system is predominantly overhead, new installations, serving platted developments, are installed underground. After January 1, 2014, Orlando Utilities Commission became a wholesale power supplier to Lake Worth for its requirements above its FMPA power entitlement shares in the Stanton and St. Lucie Projects.

### Service Area and Customers

Lake Worth’s electric utility service area encompasses approximately 12 square miles with nearly equal areas inside and outside the city limits. Seventy-five percent of the customers served reside within city limits. Lake Worth’s territorial agreement with FPL, the only neighboring utility, continues in force on an annual basis and can be terminated only after five years written notice by either party. Notice has not been given under this provision.

No single electric customer accounted for more than 5% of the electric revenues for the year ended September 30, 2018.

### Litigation

There is no material pending litigation relating to Lake Worth or its operations.

### Audited Financial Statements

A copy of Lake Worth’s audited financial statements for the fiscal year ending September 30, 2017 and September 30, 2018 has been filed by FMPA with the MSRB through EMMA. Copies of Lake Worth’s audited financial statements also may be obtained from FMPA at the address set forth on *page iii* hereof.



**CITY OF LAKE WORTH**  
**SUMMARY OF OPERATING RESULTS<sup>(1)</sup>**  
(Dollars in Thousands)

	For The Fiscal Years Ended September 30,				
	2014	2015	2016	2017	2018
Customers (annual average).....	25,783	26,412	26,792	27,105	27,177
System Requirements:					
Peak Demands (MW) .....	92	93	96	96	95
Energy (GWh) .....	468	457	470	470	473
Total Energy Sales (MWh) .....	394,131	410,019	434,758	439,747	431,006
Total Operating Revenues .....	\$66,542	\$67,322	\$70,972	\$70,502	\$68,272
Operating Expenses:					
Total Cost of Service <sup>2</sup> .....	\$50,210	\$49,460	\$47,797	\$54,101	\$56,815
All Other Operating Expenses (excluding depreciation) .....	<u>4,594</u>	<u>3,504</u>	<u>3,776</u>	<u>3,972</u>	<u>4,743</u>
Total Operating Expenses (excluding depreciation) .....	<u>\$54,804</u>	<u>\$52,964</u>	<u>\$51,573</u>	<u>\$58,073</u>	<u>\$61,558</u>
Net Operating Revenues Available for Debt Service .....	\$11,738	\$14,358	\$19,399	\$12,429	\$6,714
Other Income (Deductions)—Net .....	<u>(731)</u>	<u>(812)</u>	<u>(466)</u>	<u>(1,884)</u>	<u>(829)</u>
Net Revenues and Other Income Available for Debt Service ...	<u>\$11,007</u>	<u>\$13,546</u>	<u>\$18,933</u>	<u>\$10,545</u>	<u>\$5,885</u>
Debt Service--Revenue Bonds .....	\$4,537	\$4,541	\$576	\$531	\$4,560
Debt Service Ratios:					
Actual .....	2.43x	2.98x	32.87x	19.86x	1.29
Required Per Bond Resolution Rate Covenant .....	1.20x	1.20x	1.20x	1.20x	1.20
Balance available for renewals, replacements, capital additions and other lawful purposes .....	\$6,470	\$9,005	\$18,357	\$10,014	\$1,325
Transferred to General Fund (Lake Worth) <sup>(3)</sup> .....	\$5,206	\$5,145	\$5,346	\$5,726	\$6,463

**STATEMENT OF NET POSITION<sup>(1)(4)</sup>**  
(Dollars in Thousands)

	For Fiscal Years Ended September 30,	
	2017	2018
<b>ASSETS:</b>		
Net Utility Plant .....	\$ 89,084	\$ 100,467
Restricted Assets .....	22,629	21,839
Net Other Capital Assets .....	18,650	15,709
Noncurrent Assets .....	7,440	6,563
Current Assets .....	<u>40,304</u>	<u>30,305</u>
Total Assets and Deferred Outflows <sup>(4)</sup> .....	<u>\$178,107</u>	<u>174,883</u>
<b>LIABILITIES AND EQUITY:</b>		
Current Liabilities .....	\$ 7,143	\$ 12,917
Net Position <sup>(4)</sup> .....	78,766	73,083
Long Term Debt .....	<u>92,198</u>	<u>88,883</u>
Total Liabilities, Deferred Inflows and Net Position <sup>(4)</sup> .....	<u>\$178,107</u>	<u>\$174,883</u>

(1) Financial information presented reflects electric and water utility operations; statistical information presented reflects electric usage only. Financial information for the fiscal years ended September 30, 2011, 2012, 2013 and 2014 may differ from information for such years reported in prior Continuing Disclosure filings because such financial information did not include water utility operations.

(2) Title previously was "Total Power Production and Purchased Power". This change in title was made to recognize that amounts shown reflect both electric and water utility operation costs.

(3) Established by ordinance at 10% of gross revenue, plus a portion of funds-in-excess of specified payments and provision for reserves. Thus, the General Fund receives 10% of Gross Revenue plus 50% of cost of operation of the Purchasing, Finance, Legal and Commission/Manager Departments of Lake Worth.

(4) Titles previously were "CONDENSED BALANCE SHEET", "Total Assets", "Utility Plant" and "Total Liabilities and Equity", respectively. These changes in titles were made to reflect changes in financial reporting standards.

## UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH

Major Participant in: St. Lucie Project

### **Electric Utility System**

The Utilities Commission, City of New Smyrna Beach (the "Utilities Commission") has a Power Entitlement Share of 9.884% (8.563 MW) from FMPA's St. Lucie Project under the terms of its St. Lucie Power Sales and Project Support Contracts with FMPA. Purchases from FPL, FMPA and interchange purchases from other utilities provided the remainder of the Commission's power and energy requirements. The Utilities Commission's transmission facilities consist of Smyrna Substation and a 115 kV transmission tie line 4.1 miles in length to the Utilities Commission's Field Street Substation and 4.5 miles of 115kV transmission line to the Airport Substation located in the northern section of New Smyrna Beach. The Utilities Commission also owns 11.7 miles of the 115kV transmission line between Smyrna Substation and Duke Energy's Cassadaga Substation, with Duke Energy owning the remaining portion. The Field Street Substation and the Airport Substation step down voltage to the Utilities Commission's 23 kV primary distribution voltage. Three 115/23kV and one 23 kV/13kV substations and a network of 23 kV and 13 kV lines comprise the distribution system.

The Utilities Commission purchased two 24 MW General Electric Frame 5P gas turbine generating units, which are used as peaking units.

### **Service Area and Customers**

The Utilities Commission's electric utility service area encompasses approximately 72 square miles with 28,056 electric customers (21,616 inside the City and 6,440 outside of the City) with 77% of customers served residing within the 38 square mile city limits. No one customer accounted for more than 5% of electric revenues for year ended September 30, 2018.

### **Litigation**

There is no material pending litigation relating to the Utilities Commission or its operations.

### **Audited Financial Statements**

A copy of the Utilities Commission's audited financial statements (CAFR) for the years ending September 30, 2018 and September 30, 2017 has been filed by FMPA with the MSRB through EMMA. Copies of the Utilities Commission's audited financial statements (CAFR) also may be obtained from FMPA at the address set forth on *page iii* hereof and may be downloaded from the Utilities Commission's website at [www.ucnsb.org/Department/Finance](http://www.ucnsb.org/Department/Finance).

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**UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH**  
**SUMMARY OF OPERATING RESULTS<sup>(1)</sup>**  
(Dollars in Thousands)

	For The Fiscal Years Ended September 30,				
	2014	2015	2016	2017	2018
Customers (annual average) .....	26,407	26,740	27,317	27,673	28,056
System Requirements:					
Peak Demands (MW) .....	91	101	101	97	108
Energy (GWh) .....	404,895	426,500	447,319	430,348	439,124
Total Energy Sales (MWh) .....	386,752	396,602	416,457	402,464	413,285
Total Operating Revenues .....	\$42,935	\$44,395	\$43,852	\$42,578	\$43,964
Operating Expenses:					
Total Power Production and Purchased Power .....	\$23,047	\$22,663	\$21,325	\$21,076	\$21,043
All Other Operating Expenses (excluding depreciation) .....	<u>14,694</u>	<u>15,086</u>	<u>16,473</u>	<u>17,229</u>	<u>18,334</u>
Total Operating Expenses (excluding depreciation) .....	<u>\$37,741</u>	<u>\$37,749</u>	<u>\$37,797</u>	<u>\$38,305</u>	<u>\$39,377</u>
Net Operating Revenues Available for Debt Service .....	\$5,194	\$6,646	\$6,055	\$4,273	\$4,587
Other Income (Deductions)—Net .....	<u>406</u>	<u>598</u>	<u>534</u>	<u>640</u>	<u>463</u>
Net Revenues and Other Income Available for Debt Service .....	<u>\$5,600</u>	<u>\$7,244</u>	<u>\$6,589</u>	<u>\$4,913</u>	<u>\$5,050</u>
Debt Service--Revenue Bonds .....	\$1,604	\$1,899	\$2,017	\$2,040	\$1,966
Debt Service Ratios:					
Actual .....	3.49x	3.81x	3.27x	2.41x	2.57x
Required Per Bond Resolution Rate Covenant .....	1.25x	1.25x	1.25x	1.25x	1.25x
Balance available for renewals, replacements, capital additions and other lawful purposes .....	\$3,996	\$5,345	\$4,572	\$2,873	\$3,084
Transferred to General Fund (New Smyrna Beach) <sup>(2)</sup> .....	\$2,508	\$2,576	\$2,698	\$2,560	\$2,629

**CONDENSED BALANCE SHEET<sup>(1)</sup>**  
(Dollars in Thousands)

	For Fiscal Years Ended September 30	
	2017	2018
<b>ASSETS:</b>		
Net Utility Plant .....	\$171,676	\$176,744
Restricted Assets .....	45,600	43,479
Current Assets .....	14,200	14,018
Non-Current Assets .....	<u>1,213</u>	<u>871</u>
Total Assets .....	<u>\$232,689</u>	<u>\$235,112</u>
<b>LIABILITIES AND EQUITY:</b>		
Current Liabilities .....	\$ 17,603	\$18,154
Retained Earnings .....	181,290	188,474
Long Term Debt .....	28,340	22,745
Non-Current Liabilities .....	<u>5,456</u>	<u>5,739</u>
Total Liabilities and Equity .....	<u>\$232,689</u>	<u>\$235,112</u>

(1) Electric, water and pollution control (wastewater) operations, except statistics.  
(2) Established by Charter at 6% of defined revenue.

## CITY OF OCALA

Major Participant: All-Requirements Power Supply Project

### Electric Utility System

The City of Ocala (“Ocala”) entered into an All-Requirements Power Supply Contract with FMPA and became a full requirements customer of FMPA on May 1, 1986. At that time, Excluded Power Supply Resources for Ocala consisted of a 1.3333% ownership share in Duke Energy of Florida’s Crystal River 3 nuclear unit. The Crystal River 3 nuclear unit has since shut down and FMPA, on behalf of Ocala, negotiated a settlement with Duke Energy to completely divest Ocala from all ownership and obligations in the Crystal River 3 nuclear plant in 2014. Today, Ocala comprises approximately 22% of the load served by FMPA.

Ocala’s 230 kV and 69 kV transmission system include interconnections with Duke Energy of Florida and Seminole Electric Cooperative. Eighteen substations supply the distribution system at voltages of 12.47 kV. The distribution system contains 1,130 miles of electric lines. Ocala utilizes an advanced meter infrastructure system to remotely read its 76,000 electric and water meters.

Ocala has 167 solar net meter accounts and 1.5 megawatts of customer owned photovoltaic capacity. Ocala is one of the ARP Solar Participants and will be receiving 10 MW of power from the NextEra Florida Renewables, LLC facility in Osceola County, Florida when it commences operation by 2020.

### Service Area and Customers

Ocala’s service area encompasses approximately 171 square miles. Ocala has received FPSC approval of territorial agreements with Duke Energy, Clay Electric Cooperative and Sumter Electric Cooperative. The Clay Electric agreement is expired and under renegotiation with Clay Electric and we expect to file the new agreement with the FPSC by the second or third quarter of 2019. The Sumter Electric is also expired and under renegotiation at this time. We expect to file a new agreement with the FPSC by the end of 2019. The Electric System has approximately 53,000 customers. Approximately sixty percent of the customers served by Ocala reside within the city limits.

No one customer accounted for more than 5% of electric revenues for the year ended September 30, 2018.

### Litigation

There is no material pending litigation relating to Ocala or its operations.

### Audited Financial Statements

A copy of Ocala’s audited financial statements for the years ending September 30, 2018 and September 30, 2017 has been filed by FMPA with the MSRB through EMMA. Copies of Ocala’s audited financial statements also may be obtained from FMPA at the address set forth on *page iii* hereof.

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**CITY OF OCALA**  
**SUMMARY OF OPERATING RESULTS**  
(Dollars in Thousands)

	For The Fiscal Years Ended September 30,				
	2014	2015	2016	2017	2018
Customers (annual average)	51,007	51,702	52,340	52,834	53,292
System Requirements:					
Peak Demands (MW).....	285	287	295	291	297
Energy (MWh).....	1,263,334	1,294,771	1,336,618	1,296,507	1,327,133
Total Energy Sales (MWh).....	1,220,551	1,249,859	1,245,215	1,261,604	1,273,834
Total Operating Revenues .....	\$149,081	\$143,367	\$143,791	\$149,363	\$151,401
Operating Expenses:					
Total Power Production and Purchased Power.....	\$106,193	\$ 99,167	\$ 99,389	\$102,760	\$ 97,606
All Other Operating Expenses (excluding depreciation).....	<u>23,335</u>	<u>22,262</u>	<u>27,536</u>	<u>32,088</u>	<u>31,643</u>
Total Operating Expenses (excluding depreciation) .....	<u>\$129,528</u>	<u>\$121,429</u>	<u>\$126,925</u>	<u>\$134,848</u>	<u>\$129,249</u>
Net Operating Revenues Available for Debt Service.....	\$19,553	\$21,938	\$16,866	\$14,515	\$22,152
Other Income (Deductions) - Net .....	<u>737</u>	<u>975</u>	<u>0</u>	<u>426</u>	<u>37</u>
Net Revenues and Other Income Available for Debt Service .....	<u>\$20,290</u>	<u>\$22,913</u>	<u>\$16,866</u>	<u>\$14,941</u>	<u>\$22,189</u>
Debt Service - Revenue Bonds .....	\$362	-	-	-	-
Debt Service-Utility Systems Revenue Bonds	\$3,301	\$3,358	\$4,650	\$4,555	\$4,683
Debt Service Ratios:					
Actual <sup>(1)</sup> .....	5.54x	6.82x	3.63x	3.28x	4.74x
Required Per Bond Resolution Rate Covenant.....	1.25x	1.25x	1.25x	1.25x	1.25x
Balance available for renewals, replacements, capital additions and other lawful purposes .....	\$16,627	\$19,555	\$12,216	\$10,386	\$17,506
Transferred to General Fund (Ocala) <sup>(2)</sup> .....	\$9,263	\$6,719	\$7,832	\$11,882	\$13,049

**CONDENSED BALANCE SHEET<sup>(3)</sup>**  
(Dollars in Thousands)

	For Fiscal Years Ended September 30	
	2017	2018
<b>ASSETS AND DEFERRED OUTFLOWS:</b>		
Net Utility Plant .....	\$115,804	\$114,778
Restricted Assets .....	37,601	35,026
Current Assets .....	69,314	62,986
Deferred Outflow .....	<u>10,704</u>	<u>9,726</u>
Total Asset and Deferred Outflows .....	<u>\$233,423</u>	<u>\$222,516</u>
<b>LIABILITIES, EQUITY AND DEFERRED INFLOWS:</b>		
Current Liabilities .....	\$ 28,146	\$ 29,931
Other Liabilities .....	28,717	27,490
Deferred Inflow .....	33,898	27,784
Retained Earnings .....	90,804	88,143
Long-Term Debt .....	<u>51,858</u>	<u>49,168</u>
Total Liabilities, Deferred Inflow and Equity .....	<u>\$233,423</u>	<u>\$222,516</u>

- (1) The coverage shown is based on electric revenues; however, the pledge under the bond resolution is of both the Electric System and the Water and Sewer Utility.
- (2) For Fiscal Year 2012 through 2015, the General Fund transfer is based on 6% of revenues. For Fiscal Year 2016, the General Fund transfer is based on 7% of revenues.
- (3) Electric utility operations.

## CITY OF ST. CLOUD

Major Participant in: Stanton II Project

### **Electric Utility System**

The City of St. Cloud (“St. Cloud”) has a 14.6711% Power Entitlement Share (15.4 MW) from FMPA’s Stanton II Project under the terms of a Power Sales Contract and Project Support Contract for the Stanton II Project.

Effective May 1, 1997, St. Cloud entered into an inter-local agreement with Orlando Utilities Commission (“OUC”) to have OUC operate and manage St. Cloud’s electric system for a period of twenty-five years. The agreement was amended in 2003 to extend the agreement through 2032. This agreement contractually authorizes and empowers OUC to act as St. Cloud’s exclusive agent to direct the commitment and dispatch of the St. Cloud’s diesel generators and Purchase Power and Other Contracts. OUC also acts as agent to procure and manage St. Cloud’s fuel resources. OUC is acting as St. Cloud’s agent in administration of the Stanton II Power Sales and Project Support Contracts and OUC is responsible for all costs associated with those contracts. OUC has been making payments per these contracts since May 1, 1997.

Terms of the agreement call for all electric billings to belong to OUC with guaranteed payments from OUC to St. Cloud of 9.5% of the second preceding year’s gross electric billings, not to go below \$2,361,000 per year. The electric rates for residential and commercial customers were reduced by this agreement. The rates are tied to OUC’s rates and the OUC rate plus 4%.

As a part of the agreement, St. Cloud sold to OUC the majority of its electric materials inventory and rolling stock. Virtually all employees of St. Cloud’s electric utility were transferred to OUC, along with accrued benefits, including a transfer from St. Cloud’s defined benefit pension plan of the present value of the accrued pension benefit.

This agreement increases the marketability of the area to light industrial and commercial businesses, which are relocating and expanding in Central Florida.

### **Litigation**

Various lawsuits and claims arising in the ordinary course of operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, the City Attorney has expressed his opinion that there will be no material effect on the City’s financial position and/or that the City has sufficient insurance to cover any claims.

### **Audited Financial Statements**

A copy of St. Cloud’s audited financial statements for the years ending September 30, 2017 and September 30, 2018 have been filed and will be filed, respectively, by FMPA with the MSRB through EMMA. Copies of St. Cloud’s audited financial statements also may be obtained from FMPA at the address set forth on *page iii* hereof.

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**CITY OF ST. CLOUD**  
**SUMMARY OF OPERATING RESULTS<sup>(1)</sup>**  
(Dollars in Thousands)

	For The Fiscal Years Ended September 30,				
	2014	2015	2016	2017	2018
Customers (Electric – Annual Avg.) .....	32,705	34,177	35,998	37,554	39,275
Total Energy Sales (MWh).....	587,361	620,554	662,492	674,299	709,391
Retail Sales.....	\$68,408	\$72,544	\$76,779	\$76,158	\$79,930
 Payments to City					
Fixed <sup>(2)</sup> .....	\$1,497	0	0	0	0
Revenue Based <sup>(3)</sup> .....	<u>6,372</u>	<u>6,037</u>	<u>6,467</u>	<u>6,858</u>	<u>7,286</u>
Total .....	<u>\$7,869</u>	<u>\$6,037</u>	<u>\$6,467</u>	<u>\$6,858</u>	<u>\$7,286</u>

(1) Electric utility operation only.

(2) Gross payment prior to crediting of investment earnings.

(3) Revenue Based Payment is calculated from the retail sales in the St. Cloud service territory for the second preceding fiscal year.

## CITY OF VERO BEACH

Major Participant in: Stanton Project  
Stanton II Project  
St. Lucie Project

### Electric Utility System

The City of Vero Beach (“Vero Beach”) had a 35.521% Power Entitlement Share (21.3 MW) from FMPA’s Stanton Project, a 16.4887% Power Entitlement Share (17.4 MW) from FMPA’s Stanton II Project and a 15.202% Power Entitlement Share (13.2 MW) from FMPA’s St. Lucie Project under the terms of a Power Sales Contract and Project Support Contract for each Project. Vero Beach became a Participant in the All-Requirements Power Supply Project in 1997, but elected to limit its All-Requirements Services, as permitted in Section 3 of the Power Supply Contract, to a Contract Rate of Delivery, which pursuant to contract terms was calculated at 0 MW and began January 1, 2010. After January 1, 2010, Vero Beach no longer purchased capacity and energy from ARP.

In October 2017, the City Council approved an Asset Purchase and Sale Agreement between Vero Beach and FPL for the full sale of the electric system at a total price of \$185 million (subject to certain adjustments at closing). This sale price included payment of the outstanding electric utility bonds (Series 2003A), termination of the OUC Power Purchase agreement, termination of Vero Beach’s FMPA agreements and a cash payment of approximately \$39.1 million to the City.

### Vero Beach Sale of Electric Utility to FPL

Vero Beach closed on the sale of its electric utility to FPL effective December 17, 2018. As of that date, all capital assets and inventory associated with power transmission and distribution (as shown in the Asset Purchase and Sale Agreement) were transferred to the ownership of FPL, along with all Vero Beach electric utility customers.

On December 17, 2018, Vero Beach withdrew as a member of FMPA and as a participant in the All-Requirements Power Supply Project, and transferred and assigned its interests as a participant in FMPA’s Stanton I, Stanton II and St. Lucie Projects to FMPA, with respect to the All-Requirements Power Supply Project.

Per the various terms of the Asset Purchase and Sale Agreement, FPL paid an adjusted sales price of \$183.3 million to Vero Beach, to include the following:

- \$ 15.2 million paid into a bond escrow to defease the outstanding Series 2003A electric utility bonds.
- \$ 20.0 million paid directly to OUC to terminate the Power Purchase Agreement between OUC and the City.
- \$ 105.4 million paid directly to FMPA to terminate Vero Beach’s FMPA agreements
- \$ 3.5 million paid directly to FMPA for Vero Beach’s November 2018 and pro-rated partial December 2018 bills for Stanton I, Stanton II and St Lucie purchased power.
- \$ 39.1 million in cash to Vero Beach.

As of March 2019, Vero Beach has rendered its final electric bills pro-rated through December 17, 2018 to its electric utility customers and is in the process of collection on these final bills.

### Service Area and Customers

Vero Beach’s electric utility service area encompasses approximately 40 square miles with approximately 40% of electric utility customers residing within the city limits. Vero Beach has a territorial agreement with FPL, its only neighboring utility, which has been approved by the FPSC. No single electric customer accounted for more than 5% of the electric revenues for the year ended September 30, 2017.



## **Litigation**

There is no material pending litigation relating to Vero Beach or its operations.

## **Audited Financial Statements**

A copy of Vero Beach's audited financial statements and operating data disclosures are filed annually by the Vero Beach with the MSRB through EMMA in compliance with the continuing disclosure requirements of the Vero Beach's bonds. However, Vero Beach's outstanding Bonds were defeased in January 2019 and Vero Beach no longer has any continuing disclosure requirements that need to be complied with. Copies of Vero Beach's audited financial statements may be obtained from FMPA at the address set forth on *page iii* hereof or through Vero Beach's website at [www.covb.org](http://www.covb.org).

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**CITY OF VERO BEACH**  
**SUMMARY OF OPERATING RESULTS<sup>(1)</sup>**  
(Dollars in Thousands)

	For The Fiscal Years Ended September 30				
	2014	2015	2016	2017	2018
Customers (annual average) .....	34,602	34,881	35,338	35,610	35,850
System Requirements:					
Peak Demands (MW) <sup>(2)</sup> .....	159	167	161	157	162
Energy (MWh) .....	742,800	761,200	784,766	755,421	751,002
Total Energy Sales (MWh).....	710,280	726,209	752,291	720,075	730,038
Total Operating Revenues .....	\$93,253	\$92,831	\$91,982	\$86,655	\$92,290
Operating Expenses:					
Total Power Production and Purchased Power .....	\$64,763	\$64,152	\$62,481	\$60,727	\$58,919
All Other Operating Expenses (excluding depreciation).....	<u>11,522</u>	<u>11,948</u>	<u>13,797</u>	<u>17,372</u>	<u>15,212</u>
Total Operating Expenses (excluding depreciation) .....	<u>\$76,285</u>	<u>\$76,100</u>	<u>\$76,278</u>	<u>\$78,099</u>	<u>\$74,131</u>
Net Operating Revenues Available for Debt Service.....	\$16,968	\$16,731	\$15,704	\$8,556	\$18,159
Other Income (Deductions) - Net .....	<u>147</u>	<u>291</u>	<u>265</u>	<u>870</u>	<u>2,145</u>
Net Revenues and Other Income Available for Debt Service .....	<u>\$17,115</u>	<u>\$17,022</u>	<u>\$15,969</u>	<u>\$9,426</u>	<u>\$20,304</u>
Debt Service--Revenue Bonds .....	\$9,810 <sup>(4)</sup>	\$5,474	\$5,544	\$5,768	\$5,628
Debt Service Ratios:					
Actual .....	1.74x	3.11x	2.88x	1.63x	3.61x
Required Per Bond Resolution Rate Covenant .....	1.25x	1.25x	1.25x	1.25x	1.25x
Balance available for renewals, replacements, capital additions and other lawful purposes.....	\$7,305	\$11,548	\$10,425	\$3,658 <sup>(5)</sup>	\$14,676 <sup>(7)</sup>
Transferred to General Fund (Vero Beach) <sup>(3)</sup> .....	\$5,511	\$5,640	\$5,440	\$5,402	\$5,400

**CONDENSED BALANCE SHEET<sup>(1)</sup>**  
(Dollars in Thousands)

	For Fiscal Years Ended September 30	
	2017	2018
<b>ASSETS:</b>		
Net Utility Plant .....	\$ 80,323 <sup>(6)</sup>	\$ 76,619
Restricted Assets .....	11,709	12,255
Current Assets (includes Deferred Outflows).....	<u>35,766</u>	<u>40,617</u>
Total Assets .....	<u>\$127,798</u>	<u>\$129,491</u>
<b>LIABILITIES AND EQUITY:</b>		
Current Liabilities (includes Deferred Inflows).....	\$ 19,574	\$ 19,160
Retained Earnings .....	73,086	77,323
Long Term Debt.....	<u>35,138</u>	<u>33,008</u>
Total Liabilities and Equity .....	<u>\$127,798</u>	<u>\$129,491</u>

(1) Electric utility operation only.

(2) Vero Beach reports that its peak demand is highly weather sensitive.

(3) Based on rate of return on equity and contributions in lieu of ad valorem taxes.

(4) 2014 Debt Service includes \$3.2 million for cash defeasance of Series 2008 Electric System Refunding Revenue note.

(5) 2017 operating results include \$0.7 million in grant revenue and \$2.7 million in expenses associated with Hurricanes Matthew and Irma.

(6) 2017 net plant assets reduced by \$24.1 million loss on impairment of power production assets due to plant decommissioning.

(7) 2018 operating results include \$1.5 million in grant revenue and \$0.1 million in expenses associated with Hurricanes Matthew and Irma.

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**APPENDIX C**

**FMPA'S ANNUAL AUDIT REPORT  
FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2018**

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# Financial Statements

For The Fiscal Year Ended September 30, 2018

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## Member Cities

- Alachua
- Bartow
- Bushnell
- Blountstown
- Chattahoochee
- Clewiston
- Fort Meade
- Fort Pierce
- Gainesville
- Green Cove Springs
- Havana
- Homestead
- Jacksonville Beach
- Key West
- Kissimmee
- Lake Worth
- Lakeland
- Leesburg
- Moore Haven
- Mount Dora
- New Smyrna Beach
- Newberry
- Ocala
- Orlando
- Quincy
- St. Cloud
- Starke
- Vero Beach
- Wauchula
- Williston
- Winter Park



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## INDEPENDENT AUDITORS' REPORT

Board of Directors and Executive Committee  
Florida Municipal Power Agency  
Orlando, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Florida Municipal Power Agency (the Agency) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Agency, as of September 30, 2018, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309

MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors and Executive Committee  
Florida Municipal Power Agency  
Orlando, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Emphasis of a Matter**

As discussed in Note XII to the financial statements, for the year ended September 30, 2018, the Agency adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

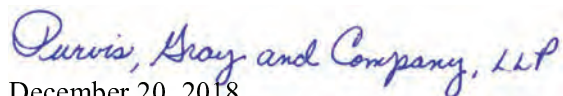
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying supplementary information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

  
December 20, 2018

Ocala, Florida

# MANAGEMENT'S DISCUSSION & ANALYSIS

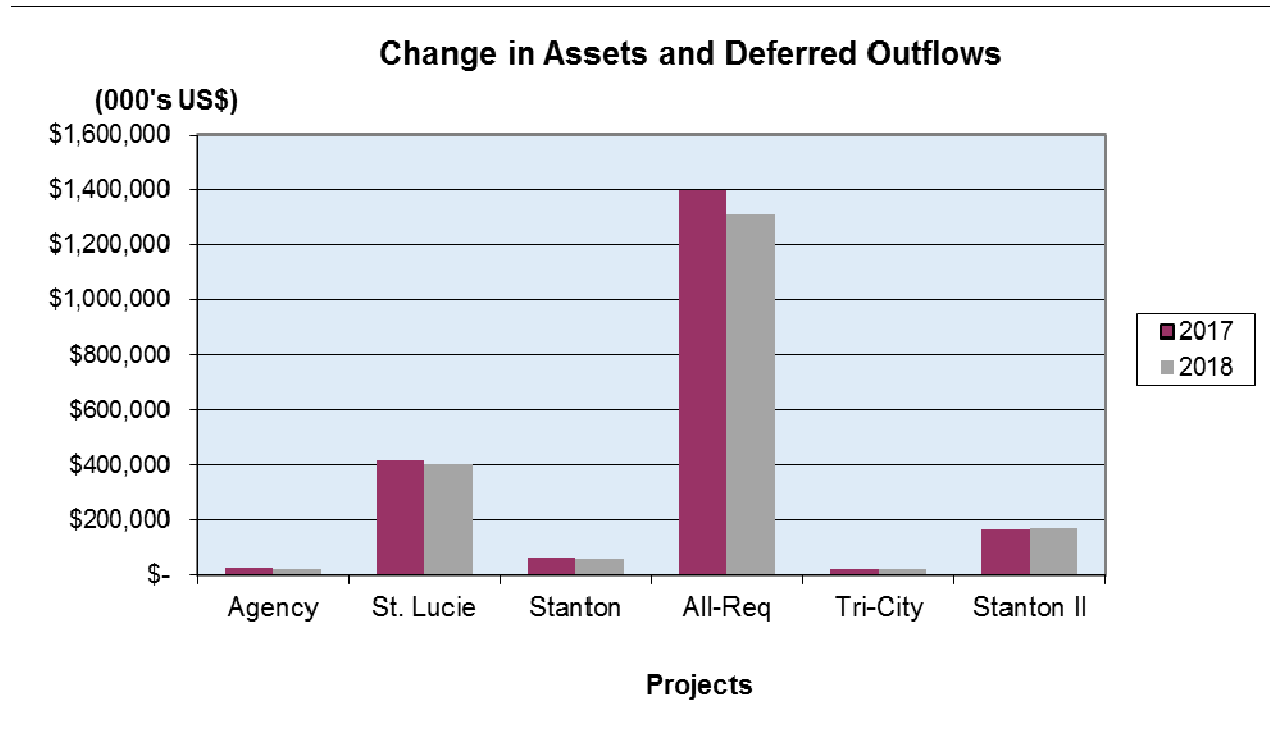
*For Fiscal Year Ended September 30, 2018*

This discussion and analysis is intended to serve as an introduction to Florida Municipal Power Agency's (FMPA's) basic financial statements, which are comprised of individual project or fund financial statements and the notes to those financial statements.

FMPA's financial statements are designed to provide readers with a broad overview of FMPA's financial condition in a manner similar to a private-sector business. It is important to note that, due to contractual arrangements which are the basis of each power project, no monies are shared among the projects.

## FINANCIAL HIGHLIGHTS

**Total Assets and Deferred Outflows** at September 30, 2018, of FMPA's Agency Fund and other projects decreased \$109.2 million from the prior year. Decreases included \$74.4 million of depreciation and amortization of Plant Asset. Increases in total plant included \$7.9 million of new depreciable assets.



Change in Assets & Deferred Outflows							
(000's US\$)							
Year	Agency	St. Lucie	Stanton	All-Req	Tri-City	Stanton II	Total
2017	\$ 22,063	\$ 418,281	\$ 62,445	\$ 1,397,705	\$ 20,864	\$ 166,748	\$ 2,088,106
2018	\$ 16,807	\$ 404,525	\$ 59,299	\$ 1,307,621	\$ 20,172	\$ 170,490	\$ 1,978,914
<b>Variance</b>	<b>(\$5,256)</b>	<b>(\$13,756)</b>	<b>(\$3,146)</b>	<b>(\$90,084)</b>	<b>(\$692)</b>	<b>\$3,742</b>	<b>(\$109,192)</b>

# MANAGEMENT'S DISCUSSION & ANALYSIS

## *For Fiscal Year Ended September 30, 2018*

### FINANCIAL HIGHLIGHTS (CONTINUED)

**Total Liabilities and Deferred Inflows** at September 30, 2018, for FMPA's Agency Fund and other projects decreased by \$102.2 million during the current fiscal year. The decrease in total liabilities is mainly due to bond principal payments.

**Long-Term Liability** balance outstanding at September 30, 2018, for FMPA's Agency Fund and Projects was \$1.7 billion, a decrease of \$115.7 million during the current fiscal year.

Long-Term Bonds balance, less current portion, was \$1.6 billion, including All-Requirements balance of \$1.1 billion.

**Total Revenue** for Agency and all projects decreased by \$19.9 million for the current fiscal year, primarily due to decrease in Billings to Participants.

Comparative years' Assets, Liabilities and Net Position, as well as Revenues, Expenses are summarized on the following pages.

**Net Position at beginning of year** at October 1, 2017 decreased by \$2.5 million as a result of the Agency's implementation of Governmental Accounting Standard No. 75 - Other Postemployment Benefits (OPEB) for recognizing the OPEB liability that was previously reported under Governmental Accounting Standard No. 45.

# MANAGEMENT'S DISCUSSION & ANALYSIS

## For Fiscal Year Ended September 30, 2018

### FINANCIAL HIGHLIGHTS (CONTINUED)

#### Statement of Net Position Proprietary funds September 30, 2018 (000's US\$)

2018	Business-Type Activities- Proprietary Funds						
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
<b>Assets:</b>							
Capital Assets, Net	\$ 3,234	\$ 19,469	\$ 28,797	\$ 674,858	\$ 11,157	\$ 92,263	\$ 829,778
Current Unrestricted Assets	12,944	123,303	27,648	256,426	7,326	54,247	\$ 481,894
Non-Current Restricted Assets	494	196,578	2,817	29,338	1,613	12,029	\$ 242,869
Other Non Current Assets	135	47,296	-	295,086	-	-	\$ 342,517
Deferred Outflows of Resources	-	17,879	37	51,913	76	11,951	\$ 81,856
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 16,807</b>	<b>\$ 404,525</b>	<b>\$ 59,299</b>	<b>\$ 1,307,621</b>	<b>\$ 20,172</b>	<b>\$ 170,490</b>	<b>\$ 1,978,914</b>
<b>Liabilities:</b>							
Long-Term Liabilities	\$ 5,719	\$ 392,067	\$ 9,091	\$ 1,157,636	\$ 3,325	\$ 127,446	\$ 1,695,284
Current Liabilities	1,814	12,458	9,806	149,985	3,670	13,893	191,626
Deferred Inflows of Resources	-	-	40,402	-	13,177	29,151	82,730
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>\$ 7,533</b>	<b>\$ 404,525</b>	<b>\$ 59,299</b>	<b>\$ 1,307,621</b>	<b>\$ 20,172</b>	<b>\$ 170,490</b>	<b>\$ 1,969,640</b>
<b>Net Position:</b>							
Investment in capital assets	\$ 3,150	\$ (279,358)	\$ 11,502	\$ (452,090)	\$ 4,726	\$ (33,593)	\$ (745,663)
Restricted	\$ 3	\$ 122,193	\$ 11,001	\$ 74,722	\$ 4,774	\$ 22,301	234,994
Unrestricted	\$ 6,121	\$ 157,165	\$ (22,503)	\$ 377,368	\$ (9,500)	\$ 11,292	519,943
<b>Total Net Position</b>	<b>\$ 9,274</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,274</b>

#### Statement of Net Position Proprietary funds September 30, 2017 (000's US\$)

2017	Business-Type Activities- Proprietary Funds						
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
<b>Assets:</b>							
Capital Assets, Net	\$ 3,389	\$ 23,656	\$ 30,977	\$ 727,100	\$ 12,019	\$ 96,589	\$ 893,730
Current Unrestricted Assets	18,441	121,598	28,817	253,338	7,144	42,493	471,831
Non-Current Restricted Assets	233	187,763	2,542	40,676	1,527	13,094	245,835
Other Non Current Assets	-	56,375	-	311,100	-	-	367,475
Deferred Outflows of Resources	-	28,889	109	65,491	174	14,572	109,235
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 22,063</b>	<b>\$ 418,281</b>	<b>\$ 62,445</b>	<b>\$ 1,397,705</b>	<b>\$ 20,864</b>	<b>\$ 166,748</b>	<b>\$ 2,088,106</b>
<b>Liabilities:</b>							
Long-Term Liabilities	\$ 3,518	\$ 403,457	\$ 17,347	\$ 1,241,223	\$ 6,508	\$ 138,885	\$ 1,810,938
Current Liabilities	2,296	14,824	10,169	156,482	3,833	7,288	194,892
Deferred Inflows of Resources	-	-	34,929	-	10,523	20,575	66,027
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>\$ 5,814</b>	<b>\$ 418,281</b>	<b>\$ 62,445</b>	<b>\$ 1,397,705</b>	<b>\$ 20,864</b>	<b>\$ 166,748</b>	<b>\$ 2,071,857</b>
<b>Net Position:</b>							
Investment in capital assets	\$ 2,959	\$ (283,738)	\$ 5,954	\$ (488,826)	\$ 2,537	\$ (32,624)	\$ (793,738)
Restricted	1	120,589	10,327	88,726	4,622	17,994	242,259
Unrestricted	13,289	163,149	(16,281)	400,100	(7,159)	14,630	567,728
<b>Total Net Position</b>	<b>\$ 16,249</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,249</b>

# MANAGEMENT'S DISCUSSION & ANALYSIS

## For Fiscal Year Ended September 30, 2018

### FINANCIAL HIGHLIGHTS (CONTINUED)

#### Statements of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For Fiscal Year Ended September 30, 2018 (000's US\$)

2018	Business-Type Activities- Proprietary Funds						
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
<b>Revenues:</b>							
Billings to participants	\$ 13,764	\$ 53,678	\$ 28,027	\$ 406,073	\$ 10,794	\$ 50,933	\$ 563,269
Sales to others		2,470	352	29,883	126	552	33,383
Amounts to be recovered from (refunded to) participants		332	176	7,288	328	(436)	7,688
Investment Income (loss)	119	3,562	209	2,111	73	(669)	5,405
<b>Total Revenue</b>	<b>\$ 13,883</b>	<b>\$ 60,042</b>	<b>\$ 28,764</b>	<b>\$ 445,355</b>	<b>\$ 11,321</b>	<b>\$ 50,380</b>	<b>\$ 609,745</b>
<b>Expenses:</b>							
Operation, Maintenance & Nuclear Fuel Amortization	\$ -	\$ 15,752	\$ 4,702	\$ 61,398	\$ 1,682	\$ 6,860	\$ 90,394
Purchased power, Transmission & Fuel Costs		3,890	12,801	246,883	4,661	21,704	289,939
Administrative & General	12,972	3,278	1,382	22,029	774	1,941	42,376
Depreciation & Decommissioning	294	11,342	3,436	57,332	1,312	5,535	79,251
Interest & Amortization	12	15,724	969	46,974	236	5,761	69,676
Gain/Loss on Ineffective Swaps		976					976
Development Fund Distribution	5,000						5,000
Write off Nuclear Development Project	83						83
<b>Total Expense</b>	<b>\$ 18,361</b>	<b>\$ 50,962</b>	<b>\$ 23,290</b>	<b>\$ 434,616</b>	<b>\$ 8,665</b>	<b>\$ 41,801</b>	<b>\$ 577,695</b>
Change in net position before regulatory asset adjustment	\$ (4,478)	\$ 9,080	\$ 5,474	\$ 10,739	\$ 2,656	\$ 8,579	\$ 32,050
Net cost recoverable/future Participant billings	-	(9,080)	(5,474)	(10,739)	(2,656)	(8,579)	(36,528)
Change in Net Position After Regulatory Adj	\$ (4,478)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,478)
Net position at beginning of year	16,249						16,249
Prior Period Adjustment - GASB 75 (OPEB)	(2,497)						(2,497)
Restated Net Position at beginning of year	13,752						13,752
Net position at end of year	\$ 9,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,274

#### Statements of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For Fiscal Year Ended September 30, 2017 (000's US\$)

2017	Business-Type Activities- Proprietary Funds						
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
<b>Revenues:</b>							
Billings to participants	\$ 14,279	\$ 54,296	\$ 28,909	\$ 428,034	\$ 10,919	\$ 48,001	\$ 584,438
Sales to others		2,439	356	33,480	127	558	36,960
Amounts to be recovered from (refunded to) participants		1,796	(869)	(3,916)	(306)	546	(2,749)
Investment Income (loss)	63	8,553	122	2,165	34	98	11,035
<b>Total Revenue</b>	<b>\$ 14,342</b>	<b>\$ 67,084</b>	<b>\$ 28,518</b>	<b>\$ 459,763</b>	<b>\$ 10,774</b>	<b>\$ 49,203</b>	<b>\$ 629,684</b>
<b>Expenses:</b>							
Operation, Maintenance & Nuclear Fuel Amortization	\$ -	\$ 17,357	\$ 4,293	\$ 65,550	\$ 1,536	\$ 7,363	\$ 96,099
Purchased Power, Transmission & Fuel Costs		4,752	13,454	255,926	4,961	22,450	301,543
Administrative & General	13,701	3,248	1,304	21,841	743	1,897	42,734
Depreciation & Decommissioning	333	35,624	3,029	56,412	1,168	5,392	101,958
Interest & Amortization	14	15,338	1,396	51,026	347	5,817	73,938
Write-off Development Project							
<b>Total Expense</b>	<b>\$ 14,048</b>	<b>\$ 76,319</b>	<b>\$ 23,476</b>	<b>\$ 450,755</b>	<b>\$ 8,755</b>	<b>\$ 42,919</b>	<b>\$ 616,272</b>
Change in net position before regulatory asset adjustment	\$ 294	\$ (9,235)	\$ 5,042	\$ 9,008	\$ 2,019	\$ 6,284	\$ 13,412
Net cost recoverable/future Participant billings		9,235	(5,042)	(9,008)	(2,019)	(6,284)	(13,118)
Change in Net Position After Regulatory Adj	\$ 294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 294
Net position at beginning of year	15,955						15,955
Net position at end of year	\$ 16,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,249

# MANAGEMENT'S DISCUSSION & ANALYSIS

## For Fiscal Year Ended September 30, 2018

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to FMPA's basic financial statements, which are comprised of two components: (1) individual project or fund financial statements and (2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

FMPA's **Entity-Wide Financial Statements** are designed to provide readers with a broad overview of FMPA's finances in a manner similar to a private-sector business. It is very important to note that, due to contractual arrangements that are the basis of each power project, no monies can be shared among projects.

The cash flow of one power project, although presented with all others in the financial statement presentation as required by financial reporting requirements, cannot and should not be considered available for any other project. Management encourages readers of this report, when evaluating the financial condition of FMPA, to remember that each power project or fund is a stand-alone entity.

The **Statements of Net Position** presents information on all of FMPA's assets and liabilities with the differences between the two reported as Net Position. As a result of a decision by the governing bodies of FMPA, billings and revenues in excess (deficient) of actual costs are returned to (collected from) the participants in the form of billing credits (charges). The assets within the Agency Fund represent those required for staff operations, which coordinate all of the power projects described herein.

The **Statements of Revenues, Expenses and Changes in Fund Net Position** present information regarding how FMPA's net position has changed during the fiscal year ended September 30, 2018. All changes in net position are reported as the underlying event giving rise to the change as it occurs, regardless of the timing of related cash flows. Therefore, some revenues and expenses that are reported in these statements for some items will only result in cash flows in future fiscal periods, such as unrealized gains or losses from investment activities, uncollected billings and earned but unused vacation.

The **Statements of Cash Flows** provide information about FMPA's Agency Fund and each project's cash receipts and disbursements during the fiscal year. These statements report cash receipts, cash payments and net changes in cash resulting from operating, investing and capital & related financing activities.

All of the activities of FMPA are of a business type, as compared to governmental activities. FMPA has no component units to report. The Financial Statements can be found on pages 12 through 14 of this report.

The **Fund Financial Statements** are comprised of a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. FMPA, like governments and other special agencies or districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of FMPA are reported on the proprietary basis.

FMPA maintains only one type of Proprietary Fund, the Enterprise Fund type. Enterprise Funds are used to report the same functions presented as business-type activities in the financial statements. FMPA uses enterprise funds to account for all of its power projects, as well as the Agency business operations. Each of the funds is considered a "major fund" according to specific accounting rules. A summary of FMPA's activities for years 2018 and 2017 is shown on pages 5 and 6. A more detailed version of the major fund proprietary financial statements can be found on pages 12 through 14 of this report.

The Notes to Financial Statements provide additional information that is essential to understanding the data provided in both the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15 through 55 of this report.

# MANAGEMENT'S DISCUSSION & ANALYSIS

## For Fiscal Year Ended September 30, 2018

### ENTITY-WIDE FINANCIAL ANALYSIS

As noted earlier, when readers use the financial presentations to evaluate FMPA's financial position and results of operations, it is essential to remember the legal separation that exists among the projects. Nevertheless, broad patterns and trends may be observed at this level that should lead the reader to study carefully the financial statements of each fund and project. For example, total expenses decreased \$38.6 million primarily due to decreases in fuel costs and depreciation expenses. The Stanton, All-Requirements and Tri-City Projects total expenses decreased primarily due to lower fuel costs. Total expense for the Agency Fund increased primarily due to the Development Fund distributions while the St. Lucie Fund expenses decreased primarily due to lower depreciation resulting from the extension of the nuclear plants useful life.

### FINANCIAL ANALYSIS OF FMPA'S FUNDS AND PROJECTS

FMPA uses fund accounting, Federal Energy Regulatory Commission accounting and special utility industry terminology to ensure and demonstrate compliance with finance-related legal requirements. The projects and funds are presented below and in the financial statements in the order in which they were established.

The **Agency Fund** accounts for the administrative activities of FMPA. The expenses incurred while operating the projects and administrative activities are allocated to the power projects, net of any miscellaneous receipts. Total General and Administrative expenses decreased \$729 thousand from fiscal year 2017 to fiscal year 2018.

On September 30, 2018, the current portion of long-term notes payable was \$220 thousand, which is accounted for in the FMPA Agency Fund and represents the last payment of the Loan outstanding for the Agency's office building.

The **St. Lucie Project** consists of an 8.806% undivided ownership interest in St. Lucie Unit 2. This unit is a nuclear power plant primarily owned and operated by Florida Power & Light (FPL). FPL requested and received a 20-year extension of the operating license from the Nuclear Regulatory Commission (NRC) for Units 1 and 2. The license will allow Unit 1 to operate until 2035 and Unit 2 to operate until 2043.

The Project billed 690,698 Megawatt-hours (MWh) in fiscal year 2018. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, decreased 4% to \$77.72 in fiscal year 2018.

The **Stanton Project** derives its power from a 14.8193% ownership interest in Stanton Unit 1, a 441 Megawatt coal-fired power plant operated by its primary owner, Orlando Utilities Commission (OUC).

The Project billed 336,361 MWh in fiscal year 2018. The average all-inclusive billing rate which includes budgeted Demand, Energy and Transmission expenses decreased 4% to \$83.32 per MWh in fiscal year 2018 due to increased MWh sales.

The **All-Requirements Project** (ARP) consists of 13 active participants. The ARP energy resources are part of the Florida Municipal Power Pool (FMPP), a consortium of three municipal energy suppliers - ARP, Lakeland Electric and OUC - which have agreed to dispatch resources on an economic cost and availability basis in order to meet combined loads. The average all-inclusive billed rate to ARP member cities was \$71.68 per MWh in fiscal year 2018, which is all-inclusive of Energy, Demand and Transmission expenses. The billed Megawatt hours for fiscal year 2018 were 5,664,825.

Billings to ARP participants in fiscal year 2018 were 5% lower, decreasing from \$428 million to \$406 million primarily due to a decrease in fuel expense and operation and maintenance expenses.

The All-Requirements participant net cost of power decreased to \$72.97 per MWh in fiscal year 2018, a 5% decrease from fiscal year 2017. This decrease was primarily due to lower fuel and operation and maintenance expenses. The fuel supply mix was 84.6% for natural gas, 15.0% for coal, and 0.4% for renewables.



# MANAGEMENT'S DISCUSSION & ANALYSIS

## For Fiscal Year Ended September 30, 2018

### FINANCIAL ANALYSIS OF FMPA'S FUNDS AND PROJECTS (CONTINUED)

After consideration of amounts to be refunded to or recovered from Project participants, the net position of the All-Requirements Project was zero (by design) again in fiscal year 2018. The All-Requirements project adjusts the Demand, Energy, and Transmission rates each month based on the current expenses, estimated future expenses, and over/under collections to meet its 60-day cash target. The over/under collection amounts are shown in the Statements of Revenues, Expenses and Changes in Fund Net Position as an addition or reduction to "Billings to Participants" and as "Due from Participants" or "Due to Participants" in the accompanying Statement of Net Position.

The **Tri-City Project** consists of a 5.3012% ownership interest in Stanton Unit 1. The Project billed 124,558 MWh in fiscal year 2018. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, decreased 1% to \$86.66 per MWh during fiscal year 2018 due to lower fuel expenses.

The **Stanton II Project** consists of a 23.2367% ownership interest in Stanton Unit 2, a coal-fired power plant operated by its primary owner; Orlando Utilities Commission (OUC). The Project billed 601,691 MWh in fiscal year 2018. The average all-inclusive billing rate, which includes budgeted Demand, Energy, and Transmission expenses, increased by 10% to \$84.65 per MWh in fiscal year 2018. This was caused by a decrease in MWh Sales related to the extended uprate outage.

### BUDGETARY HIGHLIGHTS

The FMPA Board of Directors approves the non All-Requirements Project budgets, and the Executive Committee approves the Agency and All-Requirements Project budgets, establishing legal boundaries for expenditures. For fiscal year 2018, the St. Lucie, Stanton, Tri-City and Stanton II budgets were amended mid-year and at the end of the fiscal year to increase expenditures \$3.5 million, \$3.5 million, \$1.8 million, and \$1.0 million respectively. This was due to higher actual fixed O & M and A&G expenses billed from FPL than budgeted for the St. Lucie Project. Fuel acquisition costs for St. Lucie Project were also higher than budgeted. The Stanton, Tri-City, and Stanton II budgets were increased fuel expenses due to lower coal pricing contributing to higher utilization of those units.

### CAPITAL ASSETS AND LONG-TERM DEBT

FMPA's investment in **Capital Assets**, as of September 30, 2018, was \$830 million, net of accumulated depreciation and inclusive of work-in-process and development projects. This investment in capital assets includes operational and construction projects in progress of generation facilities, transmission systems, land, buildings, improvements, and machinery and equipment.

FMPA's investment in capital assets for fiscal year 2018 decreased by 7.2% or \$64.0 million. This was caused primarily by depreciation of plant assets.

At September 30, 2018, FMPA had **Long-term debt** of \$1.6 billion in notes, loans and bonds payable. The remaining principal payments on Long-term debt less current portion, net of unamortized premium and discount, and deferred outflows are as follows:

Project	Amount (000's US\$)
Agency Fund	\$ 0
St. Lucie Project	303,007
Stanton Project	8,993
All-Requirements Project	1,121,324
Tri-City Project	3,290
Stanton II Project	127,293
Total	<u>\$ 1,563,907</u>

See **Note VIII** to the Notes to Financial Statements for further information.

# MANAGEMENT'S DISCUSSION & ANALYSIS

## For Fiscal Year Ended September 30, 2018

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Multi-year operational and financial modeling was conducted to arrive at the fiscal year 2018 budget. Expenses were estimated using current market conditions for fuel and estimated member loads which take into consideration the member cities' economies that have shown varying impacts on loads in both demand and energy due to the current economic down turn. Rates are set in order to cover all costs and based on the member loads. Additionally, All-Requirements rates are adjusted monthly to maintain cash at a 60 day target as approved by the Executive Committee.

### SIGNIFICANT EVENTS

#### A. Stanton II Project Refinancing

On October 26, 2017, the Stanton II Series 2000 and 2004 debt were refinanced. The proceeds were used to refund \$65.7 million of 2000 and 2004 Bonds and terminated \$9.7 million of the Interest Rate Swaps related to those bonds. The Series 2000 and 2004 debt refinancing resulted in net gross savings of approximately \$532 thousand with a present value savings of approximately \$380 thousand. The Series 2004 debt refinancing resulted in net gross savings of \$5.3 million with a present value savings of \$1.2 million.

#### B. All Requirements Project Refinancing.

On July 12, 2018, The All Requirements Series 2008A debt was refinanced for the total of \$57.8 million. The Series 2008A debt refinancing resulted in a gross savings of approximately \$2.7 million with a present value savings of approximately \$6.6 million.

#### C. All Requirements Combined Contractual Services Agreement

On November 16, 2017, the FMPA Executive Committee approved a new combined Contractual Services Agreement (CSA) for FMPA's three base load units (Cane Island 3, Cane Island 4 and TCEC). Per footnote X.C Contractual Service Agreements, these units each had individual CSA's. The Combined CSA is estimated to save approximately \$3.5 million in operating costs over the next two years. The Combined CSA provides for two additional planned maintenance events for each unit beyond those provided for in the original CSAs, or approximately 8 to 10 years after the original CSAs expire, but not to exceed 20 years from the effective date of the Combined CSA.

#### D. Agency Development Fund Return

The Development Fund was created to provide upfront costs necessary to investigate and establish new FMPA Projects. The Development Fund was funded through an adder on each MWh of energy sold from each FMPA Project to Participants through Fiscal Year 2011, after which the Board of Directors elected to cease contributions. On December 14, 2017, the Board of Directors determined that the then-current balance in the Development Fund of approximately \$11 million exceeded the amount likely to be needed to support future initiatives and approved the return of \$5 million to the members. After the return of funds to the members, the Development Fund should have a balance of approximately \$6 million.

#### E. Vero Beach Proposed Sale

All of the necessary nineteen FMPA member cities have approved the required consents and waivers and associated documents for the sale of the Vero Beach electric utility system to be achieved, and to permit the ARP to assume the Vero Beach Power Entitlement Shares in the St. Lucie, Stanton, and Stanton II Projects. In March 2018, the FMPA Executive Committee and Board of Directors approved the transfer and assignment documents to effect the transfer and assignment of the Vero Beach Power Entitlement Shares, upon the closing of the Vero Beach transaction. See Financial Footnote X.D.2 for further detail.

## MANAGEMENT'S DISCUSSION & ANALYSIS

*For Fiscal Year Ended September 30, 2017*

### F. Governmental Accounting Standard No. 75 – Other Postemployment Benefits Other Than Pension

The Agency's Net Position at beginning of year at September 30, 2017 decreased by \$2.5 million as a result of the Agency's implementation of Governmental Accounting Standard No. 75 – Other Postemployment Benefits (OPEB) for recognizing the OPEB liability that was previously reported under Governmental Accounting Standard No. 45. See footnote XII.

### INTEREST ARBITRAGE AND REBATE

As a result of lower interest rates on outstanding debt in contrast to higher yields on investments, the Agency has the following remaining potential arbitrage rebate liabilities as of September 30, 2018:

Project	Amount (000's US\$)
St. Lucie Project	\$ 683
Total	<u>\$ 683</u>

See **Note XIV** in the Notes to Financial Statements for further information regarding the arbitrage rebate liabilities.

### REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the *Chief Financial Officer, Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, FL 32819.*

**FLORIDA MUNICIPAL POWER AGENCY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2018**  
(000's US\$)

ASSETS & DEFERRED OUTFLOWS	Business-Type Activities						Totals
	Agency	St. Lucie	Stanton	All-Requirements	Tri-City	Stanton II	
	Fund	Project	Project	Project	Project	Project	
<b>Current Assets:</b>							
Cash and cash equivalents	\$ 1,298	\$ 11,616	\$ 2,381	\$ 26,514	\$ 744	\$ 3,719	\$ 46,272
Investments	10,432	96,865	13,255	77,042	1,820	33,355	232,769
Participant accounts receivable	651	2,427	2,462	35,477	950	3,300	45,267
Due from Participants		332	176		328		836
Fuel stock and material inventory			576	41,596	206	899	43,277
Other current assets	561	643	156	6,211	48	360	7,979
Restricted assets available for current liabilities	2	11,420	8,642	69,586	3,230	12,614	105,494
<b>Total Current Assets</b>	<b>\$ 12,944</b>	<b>\$ 123,303</b>	<b>\$ 27,648</b>	<b>\$ 256,426</b>	<b>\$ 7,326</b>	<b>\$ 54,247</b>	<b>\$ 481,894</b>
<b>Non-Current Assets:</b>							
Restricted Assets:							
Cash and cash equivalents	\$ 496	\$ 5,809	\$ 2,958	\$ 6,757	\$ 2,335	\$ 2,657	\$ 21,012
Investments		201,835	8,470	91,812	2,496	21,952	326,565
Accrued Interest		354	31	355	12	34	786
Less: Portion Classified as Current	\$ (2)	(11,420)	(8,642)	(69,586)	(3,230)	(12,614)	(105,494)
<b>Total Restricted Assets</b>	<b>\$ 494</b>	<b>\$ 196,578</b>	<b>\$ 2,817</b>	<b>\$ 29,338</b>	<b>\$ 1,613</b>	<b>\$ 12,029</b>	<b>\$ 242,869</b>
<b>Utility Plant:</b>							
Electric plant	\$ -	\$ 294,945	\$ 89,427	\$ 1,265,514	\$ 35,766	\$ 196,760	\$ 1,882,412
General plant	8,984	21,264	10	4,046	36	91	34,431
Less accumulated depreciation and amortization	(5,750)	(297,743)	(60,640)	(594,702)	(24,645)	(104,588)	(1,088,068)
<b>Net utility plant</b>	<b>\$ 3,234</b>	<b>\$ 18,466</b>	<b>\$ 28,797</b>	<b>\$ 674,858</b>	<b>\$ 11,157</b>	<b>\$ 92,263</b>	<b>\$ 828,775</b>
Construction work in progress		1,003					1,003
<b>Total Utility Plant, net</b>	<b>\$ 3,234</b>	<b>\$ 19,469</b>	<b>\$ 28,797</b>	<b>\$ 674,858</b>	<b>\$ 11,157</b>	<b>\$ 92,263</b>	<b>\$ 829,778</b>
<b>Other Assets:</b>							
Net costs recoverable/future participant billings	\$ -	\$ 47,296	\$ -	\$ 229,392	\$ -	\$ -	\$ 276,688
Prepaid natural Gas - PGP				64,033			64,033
Other	135			1,661			1,796
<b>Total Other Assets</b>	<b>\$ 135</b>	<b>\$ 47,296</b>	<b>\$ -</b>	<b>\$ 295,086</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 342,517</b>
<b>Total Assets</b>	<b>\$ 16,807</b>	<b>\$ 386,646</b>	<b>\$ 59,262</b>	<b>\$ 1,255,708</b>	<b>\$ 20,096</b>	<b>\$ 158,539</b>	<b>\$ 1,897,058</b>
<b>Deferred Outflows of Resources</b>							
Deferred Outflows from Derivatives	\$ -	\$ 5,875	\$ -	\$ -	\$ -	\$ -	\$ 5,875
Unamortized Loss on Advanced Refunding		12,004	37	51,913	76	11,951	75,981
<b>Total Deferred Outflows</b>	<b>\$ -</b>	<b>\$ 17,879</b>	<b>\$ 37</b>	<b>\$ 51,913</b>	<b>\$ 76</b>	<b>\$ 11,951</b>	<b>\$ 81,856</b>
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 16,807</b>	<b>\$ 404,525</b>	<b>\$ 59,299</b>	<b>\$ 1,307,621</b>	<b>\$ 20,172</b>	<b>\$ 170,490</b>	<b>\$ 1,978,914</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>							
<b>Current Liabilities:</b>							
Payable from unrestricted assets:							
Accounts payable & Accrued Liabilities	\$ 1,592	\$ 1,038	\$ 1,010	\$ 31,475	\$ 385	\$ 600	\$ 36,100
Due to Participants				30,109		437	30,546
Line of Credit Payable				5,000			5,000
Capital Lease and other Obligations	220		154	13,815	55	242	14,486
<b>Total Current Liabilities Payable from Unrestricted Assets</b>	<b>\$ 1,812</b>	<b>\$ 1,038</b>	<b>\$ 1,164</b>	<b>\$ 80,399</b>	<b>\$ 440</b>	<b>\$ 1,279</b>	<b>\$ 86,132</b>
Payable from Restricted Assets:							
Current portion of long-term revenue bonds	\$ -	\$ 7,825	\$ 8,185	\$ 50,380	\$ 3,160	\$ 10,271	\$ 79,821
Accrued interest on long-term debt	2	3,595	457	19,206	70	2,343	25,673
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>\$ 2</b>	<b>\$ 11,420</b>	<b>\$ 8,642</b>	<b>\$ 69,586</b>	<b>\$ 3,230</b>	<b>\$ 12,614</b>	<b>\$ 105,494</b>
<b>Total Current Liabilities</b>	<b>\$ 1,814</b>	<b>\$ 12,458</b>	<b>\$ 9,806</b>	<b>\$ 149,985</b>	<b>\$ 3,670</b>	<b>\$ 13,893</b>	<b>\$ 191,626</b>
<b>Long-Term Liabilities Payable from Restricted Assets:</b>							
Held in Trust for Rate Stabilization	\$ 490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 490
Accrued Decommissioning Liability		82,209					82,209
<b>Total Liabilities Payable from Restricted Assets</b>	<b>\$ 490</b>	<b>\$ 82,209</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 82,699</b>
<b>Long-Term Liabilities Less Current Portion:</b>							
Long-term debt	\$ -	\$ 303,007	\$ 8,993	\$ 1,121,324	\$ 3,290	\$ 127,293	\$ 1,563,907
Other Post-employment Benefits	5,229						5,229
Landfill Closure			98	109	35	153	395
Advances from Participants				20,967			20,967
Derivative Instruments		6,851		15,236			22,087
<b>Total Long-Term Liabilities</b>	<b>\$ 5,229</b>	<b>\$ 309,858</b>	<b>\$ 9,091</b>	<b>\$ 1,157,636</b>	<b>\$ 3,325</b>	<b>\$ 127,446</b>	<b>\$ 1,612,585</b>
<b>Deferred Inflows of Resources</b>							
Net cost refundable/future participant billings	-	-	40,402	-	13,177	29,151	82,730
<b>Total Long-Term Liabilities &amp; Deferred Inflows</b>	<b>\$ 5,719</b>	<b>\$ 392,067</b>	<b>\$ 49,493</b>	<b>\$ 1,157,636</b>	<b>\$ 16,502</b>	<b>\$ 156,597</b>	<b>\$ 1,778,014</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>\$ 7,533</b>	<b>\$ 404,525</b>	<b>\$ 59,299</b>	<b>\$ 1,307,621</b>	<b>\$ 20,172</b>	<b>\$ 170,490</b>	<b>\$ 1,969,640</b>
<b>Net Position:</b>							
Investment in Capital Assets, Net of Related Debt	\$ 3,150	\$ (279,358)	\$ 11,502	\$ (452,090)	\$ 4,726	\$ (33,593)	\$ (745,663)
Restricted	3	122,193	11,001	74,722	4,774	22,301	234,994
Unrestricted	6,121	157,165	(22,503)	377,368	(9,500)	11,292	519,943
<b>Total Net Position</b>	<b>\$ 9,274</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,274</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 16,807</b>	<b>\$ 404,525</b>	<b>\$ 59,299</b>	<b>\$ 1,307,621</b>	<b>\$ 20,172</b>	<b>\$ 170,490</b>	<b>\$ 1,978,914</b>

The accompanying notes are an integral part of these financial statements

**FLORIDA MUNICIPAL POWER AGENCY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2018**  
(000's US\$)

	Business-Type Activities						Totals
	Agency Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	
<b>Operating Revenue:</b>							
Billings to participants	\$ 13,764	\$ 53,678	\$ 28,027	\$ 406,073	\$ 10,794	\$ 50,933	\$ 563,269
Interchange Sales	-			18,322			18,322
Sales to others		2,470	352	11,561	126	552	15,061
Amounts to be recovered from (refunded to) participants		332	176	7,288	328	(436)	7,688
<b>Total Operating Revenue</b>	<u>\$ 13,764</u>	<u>\$ 56,480</u>	<u>\$ 28,555</u>	<u>\$ 443,244</u>	<u>\$ 11,248</u>	<u>\$ 51,049</u>	<u>\$ 604,340</u>
<b>Operating Expenses:</b>							
Operation and maintenance	-	10,953	4,702	61,398	1,682	6,860	85,595
Fuel expense	-		11,625	194,661	4,246	19,809	230,341
Nuclear fuel amortization	-	4,799					4,799
Purchased power	-	3,540		23,561			27,101
Transmission services	-	350	1,176	28,661	415	1,895	32,497
General and administrative	12,972	3,278	1,382	22,029	774	1,941	42,376
Depreciation and amortization	294	6,487	3,436	57,332	1,312	5,535	74,396
Decommissioning		4,855					4,855
<b>Total Operating Expense</b>	<u>\$ 13,266</u>	<u>\$ 34,262</u>	<u>\$ 22,321</u>	<u>\$ 387,642</u>	<u>\$ 8,429</u>	<u>\$ 36,040</u>	<u>\$ 501,960</u>
<b>Total Operating Income</b>	<u>\$ 498</u>	<u>\$ 22,218</u>	<u>\$ 6,234</u>	<u>\$ 55,602</u>	<u>\$ 2,819</u>	<u>\$ 15,009</u>	<u>\$ 102,380</u>
<b>Non-Operating Income (Expense):</b>							
Interest expense	(12)	(15,724)	(969)	(46,974)	(236)	(5,761)	(69,676)
Debt costs				(546)		(194)	(740)
Investment earnings (losses)	119	3,562	209	1,023	73	(475)	4,511
Loss on ineffective swaps		(976)					(976)
Amortization of swap terminations				1,634			1,634
Development Fund Distribution	(5,000)						(5,000)
Write off Nuclear Development Project	(83)						(83)
<b>Total Non-Operating Income (Expenses)</b>	<u>\$ (4,976)</u>	<u>\$ (13,138)</u>	<u>\$ (760)</u>	<u>\$ (44,863)</u>	<u>\$ (163)</u>	<u>\$ (6,430)</u>	<u>\$ (70,330)</u>
Change in net assets before regulatory asset adjustment	\$ (4,478)	\$ 9,080	\$ 5,474	\$ 10,739	\$ 2,656	\$ 8,579	\$ 32,050
Net cost recoverable/future participant billings	\$	\$ (9,080)	\$ (5,474)	\$ (10,739)	\$ (2,656)	\$ (8,579)	\$ (36,528)
Change in Net Position After Regulatory Adj	\$ (4,478)	\$	\$	\$	\$	\$	\$ (4,478)
Net Position at beginning of year	16,249						16,249
Prior Period Adjustment - GASB 75 (OPEB)	(2,497)						(2,497)
Restated Net Position at beginning of year	13,752						13,752
Net Position at end of year	<u>\$ 9,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,274</u>

The accompanying notes are an integral part of these financial statements

# FLORIDA MUNICIPAL POWER AGENCY

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

September 30, 2018

(000's US\$)

	Business-Type Activities- Proprietary Funds						Totals
	Agency Fund	St. Lucie Project	Stanton Project	All Requirements Project	Tri-City Project	Stanton II Project	
<b>Cash Flows From Operating Activities:</b>							
Cash Received From Customers	\$ 14,928	\$ 58,666	\$ 28,900	\$ 438,240	\$ 11,307	\$ 51,171	\$ 603,212
Cash Paid to Suppliers	(6,000)	(20,880)	(18,585)	(320,534)	(7,142)	(25,700)	(398,841)
Cash Paid to Employees	(7,431)						(7,431)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 1,497</b>	<b>\$ 37,786</b>	<b>\$ 10,315</b>	<b>\$ 117,706</b>	<b>\$ 4,165</b>	<b>\$ 25,471</b>	<b>\$ 196,940</b>
<b>Cash Flows From Investing Activities:</b>							
Proceeds From Sales and Maturities Of Investments	\$ 11,201	\$ 924,791	\$ 11,908	\$ 283,675	\$ 8,623	\$ 32,729	\$ 1,272,927
RSA Deposits and Interest Earnings	258						258
Purchases of Investments	(8,691)	(988,274)	(19,251)	(357,976)	(9,372)	(54,007)	(1,437,571)
Income received on Investments	152	16,502	280	3,440	73	95	20,542
<b>Net Cash Provided by (Used in) Investment Activities</b>	<b>\$ 2,920</b>	<b>\$ (46,981)</b>	<b>\$ (7,063)</b>	<b>\$ (70,861)</b>	<b>\$ (676)</b>	<b>\$ (21,183)</b>	<b>\$ (143,844)</b>
<b>Cash Flows From Capital &amp; Related Financing Activities:</b>							
Proceeds from Issuance of Bonds & Loans	\$ -	\$ -	\$ -	\$ 60,223		\$ 71,907	\$ 132,130
Debt Issuance Costs				(546)		(194)	(740)
Capital Expenditures - Utility Plant	(139)	263	(1,256)	(5,090)	(450)	(1,209)	(7,881)
Long Term Gas Pre Pay - PGP				(3,407)			(3,407)
Principal Payments - Long Term Debt	(210)	(10,180)	(7,785)	(120,316)	(3,148)	(67,025)	(208,664)
Swap Termination Payments						(9,306)	(9,306)
Interest paid on Debt	(150)	(17,209)	(1,180)	(59,257)	(270)	(6,286)	(84,352)
Write-off of Development Fund (Nuclear Initiative)	(83)						(83)
Development Fund Distribution	(5,000)						(5,000)
<b>Net Cash Provided (Used in) Capital &amp; Related Financing Activities</b>	<b>\$ (5,582)</b>	<b>\$ (27,126)</b>	<b>\$ (10,221)</b>	<b>\$ (128,393)</b>	<b>\$ (3,868)</b>	<b>\$ (12,113)</b>	<b>\$ (187,303)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (1,165)</b>	<b>\$ (36,321)</b>	<b>\$ (6,969)</b>	<b>\$ (81,548)</b>	<b>\$ (379)</b>	<b>\$ (7,825)</b>	<b>\$ (134,207)</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>2,959</b>	<b>53,746</b>	<b>12,308</b>	<b>114,819</b>	<b>3,458</b>	<b>14,201</b>	<b>201,491</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 1,794</b>	<b>\$ 17,425</b>	<b>\$ 5,339</b>	<b>\$ 33,271</b>	<b>\$ 3,079</b>	<b>\$ 6,376</b>	<b>\$ 67,284</b>
<b>Consisting of:</b>							
Unrestricted	\$ 1,298	\$ 11,616	\$ 2,381	\$ 26,514	\$ 744	\$ 3,719	\$ 46,272
Restricted	496	5,809	2,958	6,757	2,335	2,657	21,012
<b>Total</b>	<b>\$ 1,794</b>	<b>\$ 17,425</b>	<b>\$ 5,339</b>	<b>\$ 33,271</b>	<b>\$ 3,079</b>	<b>\$ 6,376</b>	<b>\$ 67,284</b>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:</b>							
Operating Income (Loss)	\$ 498	\$ 22,218	\$ 6,234	\$ 55,602	\$ 2,819	\$ 15,009	\$ 102,380
Adjustment to Reconcile Net Operating Income to Net Cash Provided by (Used In) Operating Activities:							
Depreciation	294	6,487	3,436	57,332	1,312	5,535	74,396
Asset Retirement Costs		(7,362)					(7,362)
Decommissioning		4,855					4,855
Amortization of Nuclear Fuel		4,799					4,799
Amortization of Pre Paid Gas - PGP				8,761			8,761
Changes in Assets and Liabilities Which Provided (Used) Cash:							
Inventory			1,142	975	411	1,771	4,299
Receivables From (Payable to) Participants	1,164	2,184	343	(3,370)	56	122	499
Accounts Payable and Accrued Expense	(823)	194	(624)	(8,611)	(163)	555	(9,472)
Other Deferred Costs		2,894	72	4,390	98	2,181	9,635
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ 1,497</b>	<b>\$ 37,786</b>	<b>\$ 10,315</b>	<b>\$ 117,706</b>	<b>\$ 4,165</b>	<b>\$ 25,471</b>	<b>\$ 196,940</b>
<b>Noncash Investing, capital and financing activities:</b>							
Increase (Decrease) in mark to market values							
Non-Trust Investments	\$ (33)	\$ (12,168)	\$ (95)	\$ (1,034)	\$ (10)	\$ (587)	\$ (13,927)
Interest Rate Derivative Contracts		(976)					(976)
Change in Effective Swaps		8,116		7,814		9,745	25,675

The accompanying notes are an integral part of these financial statements

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## I. Summary of Significant Accounting Policies

### A. Reporting Entity

Florida Municipal Power Agency (FMPA or Agency) was created on February 24, 1978, pursuant to the terms of an Interlocal Agreement signed by the governing bodies of 25 Florida municipal corporations or utility commissions chartered by the State of Florida.

The Florida Interlocal Cooperation Act of 1969 authorizes local government units to enter together into mutually advantageous agreements which create separate legal entities for certain specified purposes. FMPA, as one such entity, was authorized under the Florida Interlocal Cooperation Act and the Joint Power Act to finance, acquire, construct, manage, operate or own electric power projects or to accomplish these same purposes jointly with other public or private utilities. An amendment to the Florida Interlocal Cooperation Act in 1985 and an amendment to the Interlocal Agreement in 1986 authorized FMPA to implement a pooled financing or borrowing program for electric, water, wastewater, waste refuse disposal or gas projects for FMPA and its members. FMPA established itself as a project-oriented agency.

This structure allows each member the option of whether to participate in a project, to participate in more than one project, or not to participate in any project. Each of the projects are independent from the other and the project bond resolutions specify that no revenues or funds from one project can be used to pay the costs of any other project. As of September 30, 2018, FMPA has 31 members. Tallahassee joined the Agency effective October 19th, 2018; as of that date, there are 32 members of the Agency.

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Agency Fund and each of the projects are maintained using the Governmental Accounting Standards Board (GASB), the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC) and Generally Accepted Accounting Principles of the United States (GAAP) using the economic resources measurement focus and the accrual basis of accounting. Application of the accounting methods for regulatory operations is also included in these financial statements. This accounting guidance relates to the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process, which is governed by the Executive Committee and the Board of Directors.

The Agency's General Bond Resolution requires that its rate structure be designed to produce revenues sufficient to pay operating, debt service and other specified costs. The Agency's Board of Directors, which is comprised of one representative from each member city, and Executive Committee, which is comprised of one representative from each of the active All-Requirements Project members, are responsible for reviewing and approving the rate structure. The application of a given rate structure to a given period's electricity sales may produce revenues not intended to pay that period's costs and conversely, that period's costs may not be intended to be recovered in that period's revenues. The affected revenues and/or costs are, in such cases, deferred for future recognition. The recognition of deferred items is correlated with specific future events, primarily payment of debt principal.

FMPA considers electric revenues and costs that are directly related to generation, purchases, transmission and distribution of electricity to be operating revenues and expenses. Revenues are recorded when they are earned and expenses are recorded when a liability is incurred, following GAAP.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## I. Summary of Significant Accounting Policies (continued)

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

#### 1. Fund Accounting

FMPA maintains its accounts on a fund/project basis, in compliance with appropriate bond resolutions, and operates its various projects in a manner similar to private business. Operations of each project are accounted for as a proprietary fund and as such, inter-project transactions, revenues and expenses are not eliminated.

The Agency operates the following major funds:

- The Agency Fund, which accounts for general operations beneficial to all members and projects,
- The St. Lucie Project, which accounts for ownership interest in the St. Lucie Unit 2 nuclear generating facility,
- The Stanton Project and the Tri-City Project, which account for respective ownership interests in the Stanton Energy Center (SEC) Unit 1, a coal-fired generation facility,
- The All-Requirements Project, which accounts for ownership interests in Stanton Energy Center Unit 1, Stanton Energy Center Unit 2, Stanton Unit A, and Indian River Combustion Turbine Units A, B, C and D. Also included in the All-Requirements Project is the purchase of power for resale to the participants and 100% ownership or ownership cost responsibility (for jointly owned and participant-owned units) of Treasure Coast Energy Center, Cane Island Units 1, 2, 3 and 4, FMPA's Key West Combustion Turbine Units 1, 2, 3 and 4 and Key West Stock Island MS Units 1 & 2.
- The Stanton II Project, which accounts for an ownership interest in SEC Unit 2.

Certain accounts within these funds are grouped and classified in the manner established by respective bond resolutions and/or debt instruments.

All funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary or business fund's principal on-going operations. The principal operating revenues of FMPA's proprietary or business funds are charges to participants for sales and services. Operating expenses for proprietary or business funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is FMPA's policy to use restricted funds for their intended purposes only, based on the bond resolutions. Unrestricted resources are used as they are needed in a hierarchical manner from the General Reserve accounts to the Operations and Maintenance accounts.

Certain direct and indirect expenses allocable to FMPA's fully owned and undivided ownership in the St. Lucie Project, the Stanton Project, the All-Requirements Project, the Tri-City Project and the Stanton II Project are capitalized as part of the cost of acquiring or constructing the respective utility plant. Direct and indirect expenses not associated with these projects are capitalized as part of the cost of Development Projects in Progress in the Agency Fund. Electric Plant in Service is depreciated using the straight-line method over the assets' respective estimated useful lives. Estimated useful lives for electric plant assets range from 23 years to 42 years.



# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## I. Summary of Significant Accounting Policies (continued)

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

#### 2. Capital Assets

FMPA has adopted the policy of capitalizing net interest costs during the period of project construction (interest expense less interest earned on the investment of bond proceeds). Capitalized net interest cost on borrowed funds include amortization of bond discount and bond premium, interest expense and interest income. The cost of major replacements of assets in excess of \$5,000 is capitalized to the utility plant accounts. The cost of maintenance, repairs and replacements of minor items are expensed as incurred.

#### 3. Inventory

Coal, oil, and natural gas inventory is stated at weighted average cost. Parts inventory for the generating plants is also stated at weighted average cost. Nuclear fuel is carried at cost and is amortized on the units of production basis.

#### 4. Cash & Cash Equivalents

FMPA considers the following highly liquid investments (including restricted assets) to be cash equivalents for the statement of cash flows:

- Demand deposits (not including certificates of deposits)
- Money market funds

#### 5. Investments

Florida Statutes authorize FMPA to invest in the FL Local Government Surplus Funds Trust Fund, obligations of the U.S. Instrumentalities, Money Market Funds, U.S. Government and Agency Securities, Certificates of Deposit, commercial paper and repurchase agreements fully collateralized by all the items listed above. In addition to the above, FMPA's policy also authorizes the investment in corporate and municipal bonds, bankers' acceptances, prime commercial paper and repurchase agreements, guaranteed investment contracts and other investments with a rating confirmation issued by a rating agency.

Investments are stated at fair value based on quoted market prices and using third party pricing models for thinly traded investments that don't have readily available market values. Investment income includes changes in the fair value of these investments. Interest on investments is accrued at the Statement of Net Position date. All of FMPA's project and fund investments can be sold at any point due to cash flow needs, changes in market trends or risk management strategies.

#### 6. Debt-Related Costs

Debt issuance costs are expensed as incurred. Gains and losses on the refunding of bonds are deferred and amortized over the life of the refunding bonds or the life of the refunded bonds, whichever is shorter, using the bonds outstanding method. This method is used for the St. Lucie Project, the Stanton Project, the All-Requirements Project, the Tri-City Project and the Stanton II Project.

#### 7. Compensated Absences

Liabilities related to Compensated Absences are recognized as incurred in accordance with GASB Statement No. 16 and are included in accrued expenses. Regular, full-time employees in good standing, upon resignation or retirement, are eligible for vacation pay, and sick/personal pay. At September 30, 2018, the liability for unused vacation was \$603,622 and \$547,962 for unused sick/personal leave is accounted for in the Agency Fund.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## I. Summary of Significant Accounting Policies (continued)

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

#### 8. Allocation of Agency Fund Expenses

General and administrative operating expenses of the Agency Fund are allocated based on direct labor hours of specific positions and certain other minimum allocations to each of the projects. Any remaining expenses are allocated to the All-Requirements Project.

#### 9. Billing to Participants

Participant billings are designed to systematically provide revenue sufficient to recover costs. Rates and budgets can be amended by the Board of Directors or the Executive Committee at any time.

For the All-Requirements Project, energy rate adjustments are driven by the Project's Operation and Maintenance (O & M) Fund month-end cash balance and the cash balance needed to meet the targeted balance of 60 days of cash within the O & M Fund. If it is determined that the O & M Fund balance is over the 60 days O & M Fund cash balance target amount, the energy rate adjustment will result in a lower billing rate relative to projected expenses and thereby reduce the future O & M Fund balance. Likewise, if the O & M Fund balance is below the 60 day cash target, the energy rate adjustment will result in a higher billing rate relative to projected expenses and thereby increase the future O & M Fund balance.

Amounts due from participants are deemed to be entirely collectible and as such, no allowance for uncollectible accounts has been recorded.

For the St. Lucie Project, the Stanton Project, the Tri-City Project and the Stanton II Project, variances in current fiscal year billings and actual project costs are computed and compared to the current year budget target under or over recovery and under the terms of the project contract, net excesses or deficiencies are credited or charged to future participant billings or may be paid from the General Reserve Fund, as approved by the Board of Directors, or Executive Committee as appropriate.

#### 10. Income Taxes

FMPA is a local governmental entity and therefore is exempt from federal and state income taxes.

#### 11. Use of Estimates

The management of FMPA has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Examples of major areas where estimates are used include the estimate for useful lives of property, plant and equipment and the estimate for the nuclear decommissioning liability. Other examples include using third party pricing models for pricing of thinly traded investments, amortization of Public Gas Partner gas based on estimated total reserves and use of estimates when computing the OPEB liability. Actual results could differ from those estimates.

#### 12. Derivative Financial Investments

FMPA uses commodity futures contracts and options on forward contracts to hedge the effects of fluctuations in the price of natural gas purchases, as well as interest rate swap contracts to hedge the fluctuations in the interest rate of variable-rate debt. The Interest Rate Swap contracts require the Agency to pay a fixed interest rate and receive a variable interest rate, based upon the London Interbank Offered Rate (LIBOR), or the Consumer Price Index (CPI). GASB Statement No. 53 was adopted by FMPA beginning with the fiscal year ending September 30, 2010. All derivative financial instruments have been evaluated for effectiveness using criteria established in GASB Statement No. 53. Related gains or losses on the derivative

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## I. Summary of Significant Accounting Policies (continued)

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

#### 12. Derivative Financial Investments (continued)

instruments determined to be ineffective are recorded as either a reduction of, or an addition to, Net costs refundable/participant billings or interest expense.

#### 13. Deferred Inflows and Deferred Outflows

GASB Statement No. 65 was adopted by FMPA beginning with the fiscal year ending September 30, 2013. The impacts on accounting and reporting for FMPA are as follows:

All debt issuance costs previously recorded as an asset are now expensed as incurred and included as a Regulatory asset (Net costs recoverable from future participant billings) in the Other Assets section of the Statement of Net Position.

Any Gain/Loss on Debt Refunding was previously accounted for in the Long-Term Liabilities section of the Statement of Net Position as an addition or offset to Long-term debt and amortized to expense over the term of the debt. These are now accounted for as Deferred Outflows of Resources in the Statement of Net Position and amortized to expense over the term of the new debt.

Long-term Regulatory Liabilities (Due to Participants) previously accounted for in the Long-Term Liabilities section of the Statement of Net Position are now accounted for as a Deferred Inflows of Resources in the Statement of Net Position and recognized as a rate benefit over future periods.

#### 14. Financial Reporting for Pension Plans

The Governmental Accounting Standards Board Statement No. 67 was adopted by FMPA beginning with the fiscal year ending September 30, 2014. FMPA has a Defined Contribution Pension Plan and therefore the impacts were minimal compared to entities that have a Defined Benefit Pension Plan. The impacts on accounting and reporting for FMPA were additional disclosures in footnote XII.A.

#### 15. Financial Reporting for Postemployment Benefits Other Than Pensions

The Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) was adopted by FMPA beginning with the fiscal year ending September 30, 2018, for reporting the employer's OPEB Plan Liability. Previously, the OPEB Plan Liability was reported pursuant to Governmental Accounting Standards Board Statement No. 45. The impacts on accounting and reporting for FMPA and additional disclosures are provided in footnote XII.B and in the Required Supplementary Information section.

#### 16. Landfill Closure and Post Closure Maintenance Cost

In accordance with Governmental Accounting Standards Board Statement No. 18, Accounting for Landfill Closure and Post Closure Maintenance Cost was implemented beginning with the fiscal year ending September 30, 2018, for reporting the Stanton, Stanton II, Tri-City and All Requirements Projects liability for the fly ash landfill at the Stanton Energy Center.

#### 17. Fair Value Measurement and Application

During the year ending September 30, 2016, FMPA implemented GASB Statement No. 72 Fair Value Measurement and Application. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. This statement clarifies the definition of fair value as an exit price. Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## I. Summary of Significant Accounting Policies (continued)

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

#### 17. Fair Value Measurement and Application (continued)

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- **Level 1 inputs**-are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- **Level 2 inputs**-are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Agency Obligation securities are recorded at fair value based upon Bloomberg pricing models using observable inputs and as such are presented as level 2 in the GASB 72 hierarchy in footnote IV.
- **Level 3 inputs**-are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

## II. Nuclear Decommissioning Liability

### St. Lucie Project

The U.S. Nuclear Regulatory Commission (NRC) requires that each licensee of a commercial nuclear power reactor furnish to the NRC a certification of its financial capability to meet the costs of nuclear decommissioning at the end of the useful life of the licensee's facility. As a co-licensee of St. Lucie Unit 2, FMPA's St. Lucie Project is subject to these requirements and therefore has complied with the NRC regulations.

To comply with the NRC's financial capability regulations, FMPA established an external trust fund (Decommissioning Trust) pursuant to a trust agreement. Funds deposited, together with investment earnings in the Trust, are anticipated to result in sufficient funds in the Decommissioning Trust at the expiration of the license extension to meet the Project's share of the decommissioning costs. This is reflected in the St. Lucie Project's Statement of Net Position as Restricted Cash and Investments (\$82.2 million) and Accrued Decommissioning Liability (\$82.2 million) at September 30, 2018. These amounts are to be used for the sole purpose of paying the St. Lucie nuclear decommissioning costs. Based on a site-specific study approved by the Florida Public Service Commission in 2015, Unit 2's future net decommissioning costs are estimated to be \$2.2 billion or \$745 million in 2015 dollars, and FMPA's share of the future net decommissioning costs is estimated to be \$197 million or \$65 million in 2015 dollars. A new study will be completed and made available in 2020. The Decommissioning Trust is irrevocable and funds may be withdrawn from the Trust solely for the purpose of paying the St. Lucie Project's share of costs for nuclear decommissioning. Also, under NRC regulations, the Trust is required to be segregated from other FMPA assets and outside FMPA's administrative control. FMPA has complied with these regulations.

## III. Landfill Closure and Post Closure Maintenance Liability

In accordance with Governmental Accounting Standard No. 18, the ownership share of the landfill closure and post closure maintenance costs the Stanton Energy Center Units 1 & 2, the proportionate closure and post closure maintenance costs of \$395 thousand as of September 30, 2018, was recognized across FMPA's All Requirements, Stanton, Stanton II and Tri-City Projects. FMPA expects to recognize the remaining share of its estimated closure and post-closure costs of \$556 thousand over the remaining useful life of the landfill. As of September 30, 2017 and 2018, 26.3% and 41.5%, respective of the total landfill capacity has been used. Three years remain on the landfill life.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## III. Landfill Closure and Post Closure Maintenance Liability (continued)

The impact for each of FMPA Projects as of September 30, 2018 is:

000's US\$	Liability as of September 30, 2018				
	Total Exposure	Closure	Post-Closure	Total	Remaining Liability
<b>GASB 18 Liability</b>					
Stanton	\$ 235	\$ 36	\$ 62	\$ 98	\$ 137
Stanton II	371	56	97	153	218
Tri-City	84	13	22	35	49
All Requirements	261	41	68	109	152
	<u>\$ 951</u>	<u>\$ 146</u>	<u>\$ 249</u>	<u>\$ 395</u>	<u>\$ 556</u>

## IV. Capital Assets

A description and summary as of September 30, 2018, of Capital Assets by fund and project, is as follows:

The column labeled "Increases" reflects new capital undertakings and depreciation expense. The column labeled "Decreases" reflects retirements of those assets.

### A. Agency Fund

The Agency Fund contains the general plant assets of the Agency that are not associated with specific projects. Depreciation of general plant assets is computed by using the straight-line method over the expected useful life of the asset. Expected lives of the different types of general plant assets are as follows:

- Structures & Improvements 25 years
- Furniture & Fixtures 8 years
- Office Equipment 5 years
- Automobiles and Computers 3 years

New capital undertakings are accounted for in the Development Projects in Progress account and included in the Other Assets section of the Statement of Net Position. Depending on whether these undertakings become a project, costs are either capitalized or expensed. The activity for the Agency's general plant assets for the year ended September 30, 2018 was as follows:

	September 30, 2018			
	Beginning Balance	Increases*	Decreases*	Ending Balance
	(000's US\$)			
Land	\$ 653	\$ -	\$ -	\$ 653
General Plant	8,033	298	-	8,331
Construction work in process	159	-	(159)	-
General Plant in Service	\$ 8,845	\$ 298	\$ (159)	\$ 8,984
Less Accumulated Depreciation	(5,456)	(294)	-	(5,750)
General Plant in Service, Net	<u>\$ 3,389</u>	<u>\$ 4</u>	<u>\$ (159)</u>	<u>\$ 3,234</u>

\* Includes Retirements Less Salvage

### B. St. Lucie Project

The St. Lucie Project consists of an 8.806% undivided ownership interest in St. Lucie Unit 2, a nuclear power plant primarily owned and operated by Florida Power & Light (FPL).

Depreciation was originally computed using the straight-line method over the expected useful life of the asset, which was originally computed to be 34.6 years. In the current year,

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## IV. Capital Assets (continued)

### B. St. Lucie Project (continued)

management extended the useful life to 41.6 years based on the extended operating license for St. Lucie Unit 2. Nuclear fuel is amortized on a units of production basis.

St. Lucie plant asset activity for the year ended September 30, 2018, was as follows:

	<i>September 30, 2018</i>			<i>Ending Balance</i>
	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases*</i>	
	<i>(000's US\$)</i>			
Land	\$ 75	\$ -	\$ -	\$ 75
Electric Plant	292,324	2,709	(163)	294,870
General Plant	1,209	-	-	1,209
Nuclear Fuel	23,081	4,641	(7,667)	20,055
Construction work in process	786	919	(702)	1,003
Electric Utility Plant in Service	\$ 317,475	\$ 8,269	\$ (8,532)	\$ 317,212
Less Accumulated Depreciation	(293,819)	(11,286)	7,362	(297,743)
Utility Plant in Service, Net	<u>\$ 23,656</u>	<u>\$ (3,017)</u>	<u>\$ (1,170)</u>	<u>\$ 19,469</u>

\* Includes Retirements Less Salvage

Construction work in process is recorded on an estimate basis and reversed 3 months later when actual amounts are determined.

### C. Stanton Project

The Stanton Project consists of an undivided 14.8193% ownership in Stanton Energy Center Unit 1, a coal-fired power plant. Asset retirements and additions for the plant are decided by Orlando Utilities Commission (OUC), the primary owner and operator of the plant.

Depreciation of plant assets is computed using the straight-line method over the expected useful life of the different plant assets. Expected useful lives of the assets are as follows:

- Electric Plant 40 years
- Computer Equipment 9 years

Stanton Unit 1 plant asset activity for the year ended September 30, 2018, was as follows:

	<i>September 30, 2018</i>			<i>Ending Balance</i>
	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases*</i>	
	<i>(000's US\$)</i>			
Land	\$ 125	\$ -	\$ -	\$ 125
Electric Plant	88,044	1,256	-	89,300
General Plant	12	-	-	12
Electric Utility Plant in Service	\$ 88,181	\$ 1,256	\$ -	\$ 89,437
Less Accumulated Depreciation	(57,204)	(3,436)	-	(60,640)
Utility Plant in Service, Net	<u>\$ 30,977</u>	<u>\$ (2,180)</u>	<u>\$ -</u>	<u>\$ 28,797</u>

\* Includes Retirements Less Salvage

### D. All-Requirements Project

The All-Requirements Project's current utility plant assets include varying ownership interests in Stanton Energy Center Units 1 and 2; Indian River Combustion Turbines A, B, C and D; and Stanton A.

The All-Requirements Project's current utility plant assets also consist of 100% ownership in the Treasure Coast Energy Center, Cane Island Units 1, 2, 3 and 4, Key West Units 1, 2, 3 and 4, and Stock Island MS Units 1 & 2, with the exception of the Key West and KUA – TARP Capital

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## IV. Capital Assets (continued)

### D. All-Requirements Project (continued)

Lease Obligation. See footnote IX.A.4 for more detail on the Key West and KUA – TARP Capital Lease Obligations.

Retirements and additions for the All-Requirements Project assets are decided by the All-Requirements members.

Depreciation of plant assets and amortization of capital leases is computed using the straight-line method over the expected useful life of the asset. Expected lives of the different plant assets are as follows:

- Stanton Energy Center Units 1 and 2                      40 years
- Stanton Energy Center Unit A                              35 years
- Treasure Coast Energy Center                              23 years
- Cane Island Unit 1    25 years
- Cane Island Units 2, 3                                        30 years
- Cane Island Unit 4    23 years
- Key West Units 1, 2 and 3                                  25 years
- Key West Stock Island Units 1 and 2                      25 years
- Key West Stock Island Unit 4                              23 years
- Indian River Units A, B, C and D                          23 years \*
- Computer Equipment                                         9 years

*\* Indian River Units A, B, C and D, reached the end of their useful lives. Management has extended the useful life by 5 years for new capital additions.*

All-Requirements plant asset activity for the year ended September 30, 2018, was as follows:

	September 30, 2018			Ending Balance
	Beginning Balance	Increases	Decreases*	
		(000's US\$)		
Land	\$ 13,405	\$ -	\$ -	\$ 13,405
Electric Plant	1,247,097	5,012	-	1,252,109
General Plant	3,571	475	-	4,046
CWIP	397	668	(1,065)	-
Electric Utility Plant in Service	\$ 1,264,470	\$ 6,155	\$ (1,065)	\$ 1,269,560
Less Accumulated Depreciation	(537,370)	(57,332)	-	(594,702)
Utility Plant in Service, Net	<u>\$ 727,100</u>	<u>\$ (51,177)</u>	<u>\$ (1,065)</u>	<u>\$ 674,858</u>

\* Includes Retirements Less Salvage

### E. Tri-City Project

The Tri-City Project consists of an undivided 5.3012% ownership interest in Stanton Unit 1, a coal-fired power plant. Retirements and additions for Stanton Unit 1 are determined by OUC, the primary owner and operator.

Depreciation of plant assets is computed using the straight-line method over the expected useful life of the different assets. Expected useful lives of the assets are as follows:

- Electric Plant    40 years
- Computer Equipment    9 years

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

### IV. Capital Assets (continued)

#### E. Tri-City Project (continued)

Tri-City Project plant asset activity for the year ended September 30, 2018, was as follows:

	<i>Beginning Balance</i>	<i>September 30, 2018</i>		<i>Ending Balance</i>
		<i>Increases</i>	<i>Decreases*</i>	
		<i>(000's US\$)</i>		
Land	\$ 48	\$ -	\$ -	\$ 48
Electric Plant	35,284	434	-	35,718
General Plant	20	16	-	36
Electric Utility Plant in Service	\$ 35,352	\$ 450	\$ -	\$ 35,802
Less Accumulated Depreciation	(23,333)	(1,312)		(24,645)
Utility Plant in Service, Net	<u>\$ 12,019</u>	<u>\$ (862)</u>	<u>\$ -</u>	<u>\$ 11,157</u>

\* Includes Retirements Less Salvage

#### F. Stanton II Project

The Stanton II Project consists of an undivided 23.2367% ownership interest in Stanton Unit 2, a coal-fired power plant. Retirements and additions for Stanton Unit 2 are determined by OUC, the primary owner and operator.

Depreciation of plant assets is computed using the straight-line method over the expected useful life of the different assets. Expected useful lives of the assets are as follows:

- Electric Plant 40 years
- Computer Equipment 9 years

Stanton Unit 2 plant asset activity for the year ended September 30, 2018, was as follows:

	<i>Beginning Balance</i>	<i>September 30, 2018</i>		<i>Ending Balance</i>
		<i>Increases</i>	<i>Decreases*</i>	
		<i>(000's US\$)</i>		
Land	\$ 217	\$ -	\$ -	\$ 217
Electric Plant	195,334	1,209	-	196,543
General Plant	91	-	-	91
Electric Utility Plant in Service	\$ 195,642	\$ 1,209	\$ -	\$ 196,851
Less Accumulated Depreciation	(99,053)	(5,535)		(104,588)
Utility Plant in Service, Net	<u>\$ 96,589</u>	<u>\$ (4,326)</u>	<u>\$ -</u>	<u>\$ 92,263</u>

\* Includes Retirements Less Salvage

### V. Cash, Cash Equivalents and Investments

#### A. Cash and Cash Equivalents

At September 30, 2018, FMPA's Cash and Cash Equivalents consisted of demand deposit accounts and money market accounts which are authorized under FMPA bond resolutions. Cash and cash equivalents are held at two financial institutions. All of FMPA's demand deposits at September 30, 2018, were insured by Federal Depository Insurance Corporation (FDIC) or collateralized pursuant to the Public Depository Security Act of the State of Florida. Current unrestricted cash and cash equivalents are used in FMPA's funds' and projects' day-to-day operations.



# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## V. Cash, Cash Equivalents and Investments (continued)

### B. Investments

FMPA adheres to a Board and Executive Committee-adopted investment policy based on the requirements of the bond resolutions. The policy requires diversification based upon investment type, issuing institutions, and duration. All of the fund and project accounts have specified requirements with respect to investments selected and the length of allowable investment.

Investments at September 30, 2018, were insured or registered and held by its agent in FMPA's name. Changes in the fair value of investments are reported in current period revenues and expenses. All of FMPA's fund and project investments can be sold at any point due to cash flow needs, changes in market trends or risk management strategies.

#### Foreign Currency Risk

FMPA's investments are not exposed to foreign currency risk.

#### Interest-Rate Risk

FMPA's investment policy requires that funds generally be invested to match anticipated cash flow. All fund and project accounts have a specified maximum maturity for investments and, the majority of FMPA's funds are required to be invested for less than five years. All project funds and accounts are monitored using weighted average maturity analysis as well as maturity date restrictions.

#### Concentration of Credit Risk

Each project is separate from the others, and as such, each project is evaluated individually to determine the credit and interest rate risk. FMPA's investment policy prohibits investments in commercial paper that exceed 50% of any of the projects' or the Agency's assets. All commercial paper must be rated in the highest rating category by a nationally recognized bond rating agency at the time of purchase. These investments must not exceed 25% for any of FMPA's projects. As of September 30, 2018, fixed income commercial paper investments, held by FMPA from any one issuer (investments issued or explicitly guaranteed by the US Government, investments in mutual funds, external investment pools and other pooled investments are excluded) that represent 5% or more of the projects' investment assets are as follows:

<b>Agency Fund</b>	None	
<b>St. Lucie Project</b>	None	
<b>Stanton Project</b>	UPS	9.21%
<b>All-Requirements Project</b>	None	
<b>Tri-City Project</b>	None	
<b>Stanton II Project</b>	Agri Bk NY	5.42%
	UPS	9.21%

Capital Appreciation Bonds (CABS) in total represent 24% of the St. Lucie Project's portfolio, of which 38% of them are held in California.

FMPA maintains all assets other than demand deposit accounts within a trust department of a bank. Under Florida Statutes, Chapter 280, public deposits in a bank or savings association by a trust department company are fully secured under trust business laws. All cash and investments, other than demand deposit accounts, are held in the name of a custodian or a trustee for the Agency and its projects.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## V. Cash, Cash Equivalents and Investments (continued)

### B. Investments (continued)

#### 1. Agency Fund

Cash, cash equivalents and investments on deposit for the Agency at September 30, 2018, are as follows:

	September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
<b>Restricted</b>	<i>(000's US\$)</i>		
Cash and Cash Equivalents	\$ 496		
US Gov't/Agency Securities	-		
Commercial Paper	-		
Total Restricted	<u>\$ 496</u>		
<b>Unrestricted</b>			
Cash and Cash Equivalents	\$ 1,298		
US Gov't/Agency Securities	10,432	450	Aaa/AA+/AAA *
Commercial Paper	-		
Total Unrestricted	<u>\$ 11,730</u>		
Total	<u>\$ 12,226</u>		

\*The Municipal Bond ratings range from a best of AAA/AAA/AAA to a worst of A3/A-/A.

\*\* Moody's/S&P/Fitch

Investments and Derivative Instruments measured at Fair Value for the Agency at September 30, 2018, are as follows:

	Quoted Prices in Active Markets (Level 1) <i>(000's US\$)</i>	Significant Other Observable Inputs (Level 2) <i>(000's US\$)</i>	Significant Unobservable Inputs (Level 3) <i>(000's US\$)</i>
<b>Investment Assets by Fair Value Level</b>			
Agency Obligations	\$ -	\$ 7,999	-
US Treasury Obligations	2,486		
Municipal Bonds			
Total By Level	<u>\$ 2,486</u>	<u>\$ 7,999</u>	<u>\$ -</u>
<b>Investment Liabilities (Derivative Instruments)</b>			
Interest Rate Swaps	\$ -	\$ -	-
Total	<u>\$ 2,486</u>	<u>\$ 7,999</u>	<u>\$ -</u>
<b>Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure</b>			
Cash Equivalents	\$ 1,142		
Commercial Paper			
Morgan Stanley Institutional	158		
Held in Trust Rate Stabilization	495		
Total Money Market and Mutual Fund Instruments	<u>\$ 1,795</u>		
Total Market Value of Assets	<u>\$ 12,280</u>		
Accrued Interest (including portion within other current assets of Unrestricted Assets)		(54)	
Market value (less) Accrued Interest	<u>\$ 12,226</u>		
Total Investment Liabilities (Interest Rate Swaps)	<u>\$ -</u>		

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## V. Cash, Cash Equivalents and Investments (continued)

### B. Investments (continued)

#### 2. St. Lucie Project

In addition to normal operational cash needs for the project, investments are being accumulated in order to pay-off the balloon maturity of the Project's debt in 2026. The primary investments being used for this are zero coupon municipal bonds. Cash, cash equivalents and investments for the St. Lucie Project at September 30, 2018, are as follows:

	September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
	<i>(000's US\$)</i>		
<b>Restricted</b>			
Cash and Cash Equivalents	\$ 5,809		
US Gov't/Agency Securities	121,792	597	Aaa/AA+/AAA **
Municipal Bonds	75,089	2,672	*
Commercial Paper	4,954	240	P1/A1 **
Total Restricted	<u>\$ 207,644</u>		
<b>Unrestricted</b>			
Cash and Cash Equivalents	\$ 11,616		
US Gov't/Agency Securities	-		
Municipal Bonds	96,865	1,126	*
Commercial Paper	-		
Total Unrestricted	<u>\$ 108,481</u>		
Total	<u>\$ 316,125</u>		

\*The Municipal Bond ratings range from a best of AAA/AAA/AAA to a worst of A3/A-/A.

\*\* Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the St. Lucie Project at September 30, 2018, are as follows:

Investment Assets by Fair Value Level	Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs
	(Level 1) <i>(000's US\$)</i>	(Level 2) <i>(000's US\$)</i>	(Level 3) <i>(000's US\$)</i>
Agency Obligations	\$ -	\$ 134,288	\$ -
US Treasury Obligations	15,385		
Municipal Bonds		145,457	
Corporate Notes		1,959	
Total By Level	<u>\$ 15,385</u>	<u>\$ 281,704</u>	<u>\$ -</u>
<b>Investment Liabilities (Derivative Instruments)</b>			
Interest Rate Swaps	\$ -	\$ (6,851)	\$ -
Total	<u>\$ -</u>	<u>\$ (6,851)</u>	<u>\$ -</u>
<b>Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure</b>			
Cash Equivalents	\$ 17,415		
Commercial Paper	2,500		
Morgan Stanley Institutional	9		
Total Money Market and Mutual Fund Instruments	<u>\$ 19,924</u>		
Total Market Value of Assets	<u>\$ 317,013</u>		
Accrued Interest (including portion within other current assets of Unrestricted Assets)		(888)	
Market value (less) Accrued Interest	<u>\$ 316,125</u>		
Total Investment Liabilities (Interest Rate Swaps)		<u>\$ (6,851)</u>	

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## V. Cash, Cash Equivalents and Investments (continued)

### B. Investments (continued)

#### 3. Stanton Project

Cash, cash equivalents and investments for the Stanton Project at September 30, 2018, are as follows:

	September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
	<i>(000's US\$)</i>		
<b>Restricted</b>			
Cash and Cash Equivalents	\$ 2,958		
US Gov't/Agency Securities	4,800	34	Aaa/AA+/AAA **
Municipal Bonds	770	275	*
Commercial Paper	2,900	1	P1/A1 **
Total Restricted	<u>\$ 11,428</u>		
<b>Unrestricted</b>			
Cash and Cash Equivalents	\$ 2,381		
US Gov't/Agency Securities	12,453	289	Aaa/AA+/AAA **
Municipal Bonds	302	123	*
Commercial Paper	500	995	P1/A1 **
Total Unrestricted	<u>\$ 15,636</u>		
Total	<u><u>\$ 27,064</u></u>		

\*The Municipal Bond ratings range from a best of AAA/AAA/AAA to a worst of A3+/A-/A.

\*\* Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the Stanton Project at September 30, 2017, are as follows:

	Quoted Prices in Active Markets (Level 1) <i>(000's US\$)</i>	Significant Other Observable Inputs (Level 2) <i>(000's US\$)</i>	Significant Unobservable Inputs (Level 3) <i>(000's US\$)</i>
<b>Investment Assets by Fair Value Level</b>			
Agency Obligations	\$ -	\$ 8,927	\$ -
US Treasury Obligations	8,391		
Municipal Bonds		1,076	
Total By Level	<u>\$ 8,391</u>	<u>\$ 10,003</u>	<u>\$ -</u>
<b>Investment Liabilities (Derivative Instruments)</b>			
Interest Rate Swaps	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure</b>			
Cash Equivalents	\$ 5,299		
Commercial Paper	2,900		
Morgan Stanley Institutional	45		
Wells Fargo Funds	500		
Total Money Market and Mutual Fund Instruments	<u>\$ 8,744</u>		
Total Market Value of Assets	<u>\$ 27,138</u>		
Accrued Interest (including portion within other current assets of Unrestricted Assets)		(74)	
Market value (less) Accrued Interest	<u>\$ 27,064</u>		
Total Investment Liabilities (Interest Rate Swaps)	<u>\$ -</u>		

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## V. Cash, Cash Equivalents and Investments (continued)

### B. Investments (continued)

#### 4. All-Requirements Project

Cash, cash equivalents and investments for the All-Requirements Project at September 30, 2018, are as follows:

	September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
<b>Restricted</b>	<i>(000's US\$)</i>		
Cash and Cash Equivalents	\$ 6,757		
US Gov't/Agency Securities	42,097	538	Aaa/AA+/AAA **
Municipal Bonds	20,579	1,815	*
Commercial Paper	29,136	726	P1/A1 **
Total Restricted	<u>\$ 98,569</u>		
<b>Unrestricted</b>			
Cash and Cash Equivalents	\$ 26,514		
US Gov't/Agency Securities	62,919	540	Aaa/AA+/AAA **
Municipal Bonds	8,330	1,346	*
Commercial Paper	5,793	2,501	P1/A1 **
Total Unrestricted	<u>\$ 103,556</u>		
Total	<u>\$ 202,125</u>		

\*The Municipal Bond ratings range from a best of AAA/AAA/AAA to a worst of Aa3/AA+/A-.

\*\* Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the All-Requirements Project at September 30, 2018, are as follows:

Investment Assets by Fair Value Level	Quoted Prices in Active Markets (Level 1) <i>(000's US\$)</i>	Significant Other Observable Inputs (Level 2) <i>(000's US\$)</i>	Significant Unobservable Inputs (Level 3) <i>(000's US\$)</i>
Agency Obligations	\$ -	\$ 42,595	\$ -
US Treasury Obligations	62,421		
Municipal Bonds		28,909	
Total By Level	<u>\$ 62,421</u>	<u>\$ 71,504</u>	<u>\$ -</u>
<b>Investment Liabilities (Derivative Instruments)</b>			
Interest Rate Swaps	\$ -	\$ (15,163)	\$ -
Total	<u>\$ -</u>	<u>\$ (15,163)</u>	<u>\$ -</u>
<b>Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure</b>			
Cash Equivalents	\$ 34,550		
Commercial Paper	34,929		
Wells Fargo Funds	7		
Total Money Market and Mutual Fund Instruments	<u>\$ 69,486</u>		
Total Market Value of Assets	<u>\$ 203,411</u>		
Accrued Interest (including portion within other current assets of Unrestricted Assets)		(1,286)	
Market value (less) Accrued Interest	<u>\$ 202,125</u>		
Total Investment Liabilities (Interest Rate Swaps)		<u>\$ (15,163)</u>	

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## V. Cash, Cash Equivalents and Investments (continued)

### B. Investments (continued)

#### 5. Tri-City Project

Cash, cash equivalents and investments for the Tri-City Project at September 30, 2018, are as follows:

	September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
<b>Restricted</b>	<i>(000's US\$)</i>		
Cash and Cash Equivalents	\$ 2,335		
US Gov't/Agency Securities	2,395	56	Aaa/AAA/AAA **
Municipal Bonds	101	212	*
Commercial Paper	-		
Total Restricted	<u>\$ 4,831</u>		
<b>Unrestricted</b>			
Cash and Cash Equivalents	\$ 744		
US Gov't/Agency Securities	1,666	422	Aaa/AAA/AAA **
Municipal Bonds	-		*
Commercial Paper	154	325	P1/A1 **
Total Unrestricted	<u>\$ 2,564</u>		
Total	<u>\$ 7,395</u>		

\*The Municipal Bond ratings range from a best of AAA/AAA/AAA to a worst of Aa3/AAA/AA.

\*\* Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the Tri-City Project at September 30, 2018, are as follows:

	Quoted Prices in Active Markets (Level 1) <i>(000's US\$)</i>	Significant Other Observable Inputs (Level 2) <i>(000's US\$)</i>	Significant Unobservable Inputs (Level 3) <i>(000's US\$)</i>
<b>Investment Assets by Fair Value Level</b>			
Agency Obligations	\$ -	\$ 1,077	\$ -
US Treasury Obligations	3,002		
Municipal Bonds		103	
Total By Level	<u>\$ 3,002</u>	<u>\$ 1,180</u>	<u>\$ -</u>
<b>Investment Liabilities (Derivative Instruments)</b>			
Interest Rate Swaps	\$ -	\$ -	\$ -
Total	<u>\$ 3,002</u>	<u>\$ 1,180</u>	<u>\$ -</u>
<b>Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure</b>			
Cash Equivalents	\$ 3,056		
Commercial Paper	154		
Morgan Stanley Institutional	16		
Wells Fargo Funds	7		
Total Money Market and Mutual Fund Instruments	<u>\$ 3,233</u>		
Total Market Value of Assets	<u>\$ 7,415</u>		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(20)		
Market value (less) Accrued Interest	<u>\$ 7,395</u>		
Total Investment Liabilities (Interest Rate Swaps)	<u>\$ -</u>		

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## V. Cash, Cash Equivalents and Investments (continued)

### B. Investments (continued)

#### 6. Stanton II Project

Cash, cash equivalents and investments for the Stanton II Project at September 30, 2018, are as follows:

	September 30, 2018	Weighted Average Maturity (Days)	Credit Rating
	<i>(000's US\$)</i>		
<b>Restricted</b>			
Cash and Cash Equivalents	\$ 2,657		
US Gov't/Agency Securities	9,749	402	Aaa/AA+/AAA **
Municipal Bonds	518	335	*
Commercial Paper	11,685	16	P1/A1 **
Total Restricted	<u>\$ 24,609</u>		
<b>Unrestricted</b>			
Cash and Cash Equivalents	\$ 3,719		
US Gov't/Agency Securities	33,113	812	Aaa/AA+/AAA **
Municipal Bonds	242	212	*
Mutual Fund	-	267	P1/A1 **
Total Unrestricted	<u>\$ 37,074</u>		
Total	<u>\$ 61,683</u>		

\*The Municipal Bond ratings range from a best of Aa1/AAA/AAA to a worst of Aa1/AAA/AAA.

\*\* Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the Stanton II Project at September 30, 2018, are as follows:

Investment Assets by Fair Value Level	Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs
	(Level 1) (000's US\$)	(Level 2) (000's US\$)	(Level 3) (000's US\$)
Agency Obligations	\$ -	\$ 20,316	\$ -
US Treasury Obligations	20,759		
Municipal Bonds		766	
Total By Level	<u>\$ 20,759</u>	<u>\$ 21,082</u>	<u>\$ -</u>
<b>Investment Liabilities (Derivative Instruments)</b>			
Interest Rate Swaps	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure</b>			
Cash Equivalents	\$ 6,376		
Commercial Paper	11,685		
Wells Fargo Fund	1,998		
Total Money Market and Mutual Fund Instruments	<u>\$ 20,059</u>		
Total Market Value of Assets	<u>\$ 61,900</u>		
Accrued Interest (including portion within other current assets of Unrestricted Assets)		(217)	
Market value (less) Accrued Interest	<u>\$ 61,683</u>		
Total Investment Liabilities (Interest Rate Swaps)	<u>\$ -</u>		

On October 26, 2017, all of the Stanton II Interest Rate Swaps were terminated.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## VI. Derivative Financial Instruments

FMPA uses derivative instruments to hedge the effects of fluctuations in interest rates and the price of natural gas. In accordance with GASB Statement No. 53, market values of derivative instruments are included on the Statement of Net Position as either an asset or a liability depending on whether FMPA would receive or pay to terminate the instrument on the Statement of Net Position date. If the derivative instruments are determined under the Standard to be effective hedges a deferred cash outflow or a liability is recorded. If the derivative instrument is determined to be not effective under the Standard, then the market value adjustment flows through investment income. All swaps were deemed effective in fiscal year 2018, with the exception of two St. Lucie Project series. These two series were determined not to be effective pursuant to the guidelines in GASB Statement No. 53. The result is \$976,000 recognized in the Investment Income/Loss as a reduction in the fair market value for the current period. The following table shows the classification of the various derivative instruments on the Statement of Net Position as of September 30, 2018:

	Agency Fund	St. Lucie Project	Stanton Project	All -Req Project	Tri-City Project	Stanton II Project
Deferred Outflows from Derivatives						
Interest Rate Swaps - Effective	\$ -	\$ 5,875	\$ -	\$ -	\$ -	\$ -
Total Deferred Outflows from Derivatives	<u>\$ -</u>	<u>\$ 5,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fair Market Value Derivative Instruments Liabilities						
Hybrid Swap Liability	\$ -	\$ -	\$ -	\$ 15,163	\$ -	\$ -
Market Value Adjustment for Effective Swaps		5,875		-		-
Market Value Adjustment for Ineffective Swaps		976				
Natural Gas Storage				73		
Total Fair Value	<u>\$ -</u>	<u>\$ 6,851</u>	<u>\$ -</u>	<u>\$ 15,236</u>	<u>\$ -</u>	<u>\$ -</u>

### A. Swap Agreements

Three of FMPA's projects were party to interest rate swap agreements. The objective for entering into these agreements is to convert variable interest rates to fixed rates thus reducing interest rate exposure. The 30-day London Interbank Offered Rate (LIBOR) and the US Consumer Price Index for All Urban Consumers (CPI-U) are used to determine the variable rates received. Interest requirements for variable rate debt are determined using the rate in effect at the financial statement date.

#### Credit Risk

The swap agreements are subject to credit risk. Counterparty credit ratings and the maximum loss due to credit risk as of September 30, 2018, is listed, by project, in the tables that follow. As part of the swap agreements, if the provider's credit rating drops below certain levels and a termination value indicates an amount that would be payable to the Agency, collateral (or cash in some circumstances) would need to be posted by the counterparty with a third-party custodian if the value of the termination payment exceeds certain threshold levels. Conversely, the Agency would have to post collateral for the same reason in some circumstances.

The Agency has an approved Debt Management Policy with regard to derivatives whereby approval is required of the appropriate project participants and our financial advisor, prior to entering into swaps or other derivative products. The policy sets minimum standards for all derivative transactions.

#### Interest Rate Risk

FMPA has entered into swap agreements to fix the interest rate on variable rate bonds for the entirety of the term of the bonds. As interest rates increase above the swap rates, the value of these swaps will increase. As rates decrease below the swap rates, the values will decrease. Depending on the terms of the swap agreement, collateral may have to be posted.



# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## VI. Derivative Financial Instruments (continued)

### A. Swap Agreements (continued)

#### Basis Risk

Basis risk exists on the swap agreements where the variable rate indices used on these swaps differ from the variable index on the bonds. If there were a mismatch between the indices, the budget process would allow FMPA to adjust rates for this difference.

#### Termination Risk

Termination values are listed in the following tables as of September 30, 2018. These amounts vary with changes in the market. The swaps may be terminated by the Agency if the counterparty's credit quality falls below certain levels. The Agency or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would continue to pay based on its variable index. If, at the time of the termination, the swap has a negative fair value to the Agency, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

#### Market Access Risk

Financial market access risk is the risk that the Agency or any of FMPA's Power Projects could not complete a financial transaction due to the lack of a counterparty at reasonable cost or terms or the inability to complete the transaction in a timely manner, for example, issuing new bonds, selling an investment to raise cash, obtaining or renewing a line or letter of credit. The inability to conduct business as needed could have significant effects on the ability of the Agency or any of its Power Projects to have needed cash balances or access to cash.

#### Rollover Risk

The Agency is exposed to rollover risk on swaps that may be terminated prior to the maturity of the associated debt. If these swaps are terminated prior to the maturity of the bonds, the Agency will not realize the synthetic fixed rate offered by the swaps on the underlying debt issues. New swaps entered into at the time of termination of the old swaps will likely carry different rates and terms.

#### GASB Statement No. 53 Effectiveness Testing

The Agency performed effectiveness tests using the Synthetic Instrument Method on all interest rate swaps for its three projects that have these agreements. In addition, in 2016 the swaps associated with ARP 2008C, 2008D and 2008E required recognition of hybrid loans in 2011 for the change in market value from the original bond date to the date of refundings. During 2018, the ARP 2008D and 2008E hybrid loans were terminated. The hybrid loan total after amortizations at September 30, 2018 is \$15.4 million.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## VI. Derivative Financial Instruments (continued)

### A. Swap Agreements (continued)

#### 1. St. Lucie Project

<u>Swaps Currently Effective</u> (000's US\$)									
<i>Notional Amount</i>	<i>Effective Date</i>	<i>Fixed Rate Paid</i>	<i>Variable Rate Received</i>	<i>Termination Date</i>	<i>Fair Value**</i>	<i>Counterparty</i>	<i>Counterparty Credit Rating</i>		
<b>Series 2000</b>									
\$ 16,650	7/3/2006	3.444%	72% LIBOR*	10/1/2021	\$ (681)	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A		
<b>Series 2002</b>									
\$ 11,975	7/2/2007	3.481%	72% LIBOR*	10/1/2021	\$ (502)	~ Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A		
11,975	7/1/2010	3.595%	72% LIBOR*	10/1/2021	(542)	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A		
11,975	7/1/2011	3.632%	72% LIBOR*	10/1/2021	(555)	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A		
7,825	7/3/2006	3.444%	72% LIBOR*	10/1/2021	(320)	Goldman Sachs Bank USA	A3/A+/A		
11,308	7/1/2010	3.595%	72% LIBOR*	10/1/2021	(512)	Goldman Sachs Bank USA	A3/A+/A		
11,308	7/2/2007	3.481%	72% LIBOR*	10/1/2021	(474)	~ Goldman Sachs Bank USA	A3/A+/A		
11,308	7/1/2011	3.632%	72% LIBOR*	10/1/2021	(524)	Goldman Sachs Bank USA	A3/A+/A		
67,125	7/3/2006	3.444%	72% LIBOR*	10/1/2021	(2,741)	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A		
<u>\$ 144,799</u>					<u>\$ (6,170)</u>				
Total Termination Value of Swaps					\$ (6,851)				
Effective Hedges					(5,875)				
Ineffective Hedges					(976)				
					<u>\$ (6,851)</u>				
Prior Year Termination Value of Swaps					\$ (13,991)				
Change in Fair Market Value					<u>\$ 7,140</u>				
*floating to fixed									
** ( ) denotes that termination value payable to the dealer if swap had been terminated 9/30/17									
~ denotes ineffective swaps									

#### 2. All-Requirements Project

<u>Swaps Currently Effective</u> (000's US\$)									
<i>Notional Amount</i>	<i>Effective Date</i>	<i>Fixed Rate Paid</i>	<i>Variable Rate Received</i>	<i>Termination Date</i>	<i>Fair Value**</i>	<i>Counterparty</i>	<i>Counterparty Credit Rating</i>		
<b>Series 2006A</b>									
\$ -				Terminated June 2017	\$ -				
-				Terminated June 2017	-				
<u>\$ -</u>					<u>\$ -</u>				
<b>Series 2008C</b>									
\$ 33,180	10/1/2006	3.701%	72% LIBOR*	10/1/2027	\$ (3,196)	Goldman Sachs Bank USA	A3/A+/A		
11,050	10/1/2006	3.665%	72% LIBOR*	10/1/2026	(979)	JP Morgan Chase & Co.	A3/A-/A+		
2,684	10/1/2006	3.656%	72% LIBOR*	10/1/2026	(235)	JP Morgan Chase & Co.	A3/A-/A+		
224	10/1/2006	3.612%	72% LIBOR*	10/1/2026	(19)	JP Morgan Chase & Co.	A3/A-/A+		
33,180	10/1/2006	3.649%	72% LIBOR*	10/1/2027	(3,092)	Morgan Stanley	Baa1/BBB+/A		
33,180	10/1/2006	3.697%	72% LIBOR*	10/1/2027	(3,189)	Merrill Lynch Capital Services, Inc.	Baa1/BBB+/A		
17,025	10/1/2006	3.669%	72% LIBOR*	10/1/2025	(957)	UBS AG	Aa3/A+/A+		
19,050	10/1/2006	3.737%	72% LIBOR*	10/1/2035	(3,496)	Wells Fargo Bank, NA	A2/A+/A+		
<u>\$ 149,573</u>					<u>\$ (15,163)</u>				
<b>Series 2011A</b>									
\$ -				Terminated June 2017	\$ -				
<b>Series 2011A-1 &amp; 2011B</b>									
\$ -				Terminated June 2017	\$ -				
<u>\$ -</u>					<u>\$ -</u>				
Total Swap Termination Value					\$ (15,163)				
Effective Swaps					\$ -				
Hybrid Loans					(15,163)				
					<u>\$ (15,163)</u>				
Prior Year Termination Value of Effective Swaps and Hybrid Loans					\$ (24,611)				
Change in Fair Market Value					<u>\$ 9,448</u>				
*floating to fixed									
** ( ) denotes that termination value payable to dealer if swap had been terminated 9/30/17									

#### 3. Stanton II Project

All Stanton II Interest Rate Swaps in existence as of September 30, 2017 were terminated as part of the 2017A & B series refinancing that took place on October 28, 2017.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## VI. Derivative Financial Instruments (continued)

### B. Natural Gas Futures, Contracts and Options

FMPA uses New York Mercantile Exchange (NYMEX) and over the counter, natural gas futures contracts, options on futures contracts and fixed-price firm physical purchases of natural gas as a tool to establish the cost of natural gas that will be needed by the All-Requirements Project in the future (next month or several years from now). NYMEX and over the counter futures contracts can be used to obtain physical natural gas supplies, however all futures contracts that FMPA enters into will be financially settled before physical settlement is required by the Exchange. Any gain or loss of value in these futures contracts are ultimately rolled into the price of natural gas burned in the Project's electric generators. As of September 30, 2018 FMPA has sold 44 contracts outstanding, valued at \$73,419, which will expire in January 2019.

## VII. Regulatory Assets (Net Costs Refundable/Future Participant Billings)

FMPA has elected to apply the accounting methods for regulatory operations of GASB No. 62. Billing rates are established by the Board of Directors or Executive Committee and are designed to fully recover each project's costs over the life of the project, but not necessarily in the same year that costs are recognized under generally accepted accounting principles (GAAP). Instead of GAAP costs, annual participant billing rates are structured to systematically recover current debt service requirements, operating costs and certain reserves that provide a level rate structure over the life of the project which is equal to the amortization period. Accordingly, certain project costs are classified as deferred on the accompanying Statement of Net Position as a regulatory asset, titled "Net costs recoverable/future participant billings," until such time as they are recovered in future rates. Types of deferred costs include depreciation and amortization in excess of bond principal payments, and prior capital construction interest costs.

In addition, certain billings recovering costs of future periods have been recorded as a regulatory liability, titled "Net costs refundable/future participant billings", or as a reduction of deferred assets on the accompanying Statement of Net Position. Types of deferred revenues include billings for certain reserve funds and related interest earnings in excess of expenditures from those funds, and billings for nuclear fuel purchases in advance of their use.

## VIII. Restricted Net Position

Bond resolutions require that certain designated amounts from bond proceeds and project revenues be deposited into designated funds. These funds are to be used for specific purposes and certain restrictions define the order in which available funds may be used. Other restrictions require minimum balances or accumulation of balances for specific purposes. At September 30, 2018, all FMPA projects were in compliance with requirements of the bond resolution.

Segregated restricted net position at September 30, 2018, are as follows:

	(000's US\$)					
	Agency Fund	St. Lucie Project	Stanton Project	All-Req Project	Tri-City Project	Stanton II Project
Debt Service Funds	\$ -	\$ 110,135	\$ 8,706	\$ 71,799	\$ 3,254	\$ 18,567
Reserve & Contingency Funds		15,696	2,752	22,129	1,590	6,077
Decommissioning Fund		82,166				
Rate Stabilization Accounts	496					
Accrued Interest on						
Long-Term Debt	(3)	(3,595)	(457)	(19,206)	(70)	(2,343)
Accrued Decommissioning						
Expenses		(82,209)				
Rate Stabilization Accounts	(490)					
<b>Total Restricted Net Assets</b>	<b>\$ 3</b>	<b>\$ 122,193</b>	<b>\$ 11,001</b>	<b>\$ 74,722</b>	<b>\$ 4,774</b>	<b>\$ 22,301</b>

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## VIII. Restricted Net Position (continued)

Restrictions of the various bank funds are as follows:

- Debt service funds include the Debt Service Account, which is restricted for payment of the current portion of the bond principal and interest and the Debt Service Reserve Account, which includes sufficient funds to cover one half of the maximum annual principal and interest requirement of the specific fixed rate issues or 10% of the original bond proceeds.
- Reserve and Contingency Funds are restricted for payment of major renewals, replacements, repairs, additions, betterments and improvements for capital assets.
- If, at any time, the Debt Service Fund is below the current debt requirement and there are not adequate funds in the General Reserve Fund to resolve the deficiency, funds will be transferred from the Reserve and Contingency Fund to the Debt Service Fund.
- Decommissioning Funds are restricted and are funded for the payment of costs related to the decommissioning, removal and disposal of FMPA's ownership on nuclear power plants.
- Project Funds are used for the acquisition, construction and capitalized interest, as specified by the participants.
- Revenue Funds are restricted under the terms of outstanding resolutions.

## IX. Long-Term Debt

### A. Debt

FMPA enters into Long-term debt to fund different projects. The type of Long-term debt differs among each of the projects. A description and summary of Long-term debt at September 30, 2018, is as follows:

#### 1. Agency Fund

Business-Type Activities	2018 (000's US\$)				Amounts Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
Wells Fargo Loan 2010	\$ 430	\$ -	\$ (210)	\$ 220	\$ 220
	<u>\$ 430</u>	<u>\$ -</u>	<u>\$ (210)</u>	<u>\$ 220</u>	<u>\$ 220</u>

#### Loan Payable to Wells Fargo Bank

The Agency Fund has one loan payable to Wells Fargo Bank at September 30, 2018. Interest is payable semi-annually at a fixed rate of 3.3%. Principal is payable in two annual payments ranging from \$210 thousand to \$220 thousand with the final payment due July 1, 2019.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## IX. Long-Term Debt (continued)

### A. Debt (continued)

#### 2. St. Lucie Project

Business-Type Activities	2018 (000's US\$)				Amounts Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
<b>Revenue Bonds</b>					
Refunding 2000	\$ 16,650	\$ -	\$ -	\$ 16,650	\$ -
Refunding 2002	144,800			144,800	-
Bonds 2009A	19,095		(3,455)	15,640	3,630
Bonds 2010A	10,220		(1,910)	8,310	1,980
Bonds 2011A	26,975		(3,630)	23,345	1,000
Bonds 2011B	24,305			24,305	
Bonds 2012A	58,870			58,870	
Bonds 2013A	13,390		(1,185)	12,205	1,215
Total Principal	<u>\$ 314,305</u>	<u>\$ -</u>	<u>\$ (10,180)</u>	<u>\$ 304,125</u>	<u>\$ 7,825</u>
Deferred Premiums And Discounts	7,987		(1,280)	6,707	
Total Revenue Bonds	<u>\$ 322,292</u>	<u>\$ -</u>	<u>\$ (11,460)</u>	<u>\$ 310,832</u>	<u>\$ 7,825</u>
Unamortized loss on advanced refunding	<u>\$ (14,898)</u>	<u>\$ -</u>	<u>\$ 2,894</u>	<u>\$ (12,004)</u>	<u>\$ -</u>

The 2000 and 2002 bonds are variable rate bonds and the variable interest rates ranged between 1.00% and 3.168% for the year ended September 30, 2018. The 2009A bonds have an interest rate of 5% from 2016 through 2021. The 2010A bonds have a fixed interest rate of 2.72% from 2016 through 2021. The 2011A and 2011B bonds are fixed, and have a series of maturity dates from 2016 to 2026. The rates for the 2011A bonds range from 3.125 to 5.0%, and the rate for the 2011B bonds range from 4.375% to 5.0%. The 2012A bonds have a fixed interest rate of 5.0%, and mature in 2026. The 2013A bonds have a fixed interest rate of 2.73%, and mature in 2026.

The Series 2000 & 2002 bonds are subject to redemption prior to maturity at the election of FMPA on any interest payment date at a call rate of 100%. The Series 2012 bonds are subject to redemption prior to maturity at the election of FMPA on or after October 1, 2022, at a call rate of 100%.

#### 3. Stanton Project

Business-Type Activities	2018 (000's US\$)				Amounts Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
<b>Revenue Bonds</b>					
Refunding 2008	\$ 21,275	\$ -	\$ (6,670)	\$ 14,605	\$ 7,010
Bonds 2009A	3,680		(1,115)	2,565	1,175
Wells Fargo Bank Taxable	154			154	154
Total Principal	<u>\$ 25,109</u>	<u>\$ -</u>	<u>\$ (7,785)</u>	<u>\$ 17,324</u>	<u>\$ 8,339</u>
Deferred Premiums And Discounts	23		(15)	8	
Total Bonds and Loans	<u>\$ 25,132</u>	<u>\$ -</u>	<u>\$ (7,800)</u>	<u>\$ 17,332</u>	<u>\$ 8,339</u>
Unamortized loss on advanced refunding	<u>\$ (109)</u>	<u>\$ -</u>	<u>\$ 72</u>	<u>\$ (37)</u>	<u>\$ -</u>

The 2008 and 2009A revenue bonds are fixed at interest rates which range from 4.5% to 5.5%.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## IX. Long-Term Debt (continued)

### A. Debt (continued)

#### 3. Stanton Project (continued)

##### Loan Payable to Wells Fargo Bank

In December 2003, the Stanton Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center. This loan will be paid in full on October 1, 2018.

#### 4. All-Requirements Project

Business-Type Activities	2018 (000's US\$)				Amounts Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
<b>Revenue Bonds</b>					
Bonds 2008A	\$ 149,455	\$	\$ (84,965)	\$ 64,490	\$ 25,975
Bonds 2008B	19,050		(8,765)	10,285	10,285
Bonds 2008C	151,173		(1,600)	149,573	1,700
Bonds 2009A	15,510		(5,070)	10,440	5,295
Bonds 2009B	15,235			15,235	
Bonds 2013A	11,025		(1,420)	9,605	1,470
Bonds 2015B	115,770		(5,385)	110,385	5,655
Bonds 2016A	424,120			424,120	
Bonds 2017A	69,625			69,625	
Bonds 2017B	52,925			52,925	
Bonds 2018A		57,790		57,790	
Total Principal	<u>\$ 1,023,888</u>	<u>\$ 57,790</u>	<u>\$ (107,205)</u>	<u>\$ 974,473</u>	<u>\$ 50,380</u>
<b>Capital Leases and Other</b>					
KUA - TARP	\$ 128,784	\$ -	\$ (12,467)	\$ 116,317	\$ 13,145
Keys - TARP	1,856		(594)	1,262	618
St. Lucie County	451		(22)	429	52
Total Other Liabilities	<u>\$ 131,091</u>	<u>\$ -</u>	<u>\$ (13,083)</u>	<u>\$ 118,008</u>	<u>\$ 13,815</u>
Total Principal & Capital Lease	<u>\$ 1,154,979</u>	<u>\$ 57,790</u>	<u>\$ (120,288)</u>	<u>\$ 1,092,481</u>	<u>\$ 64,195</u>
Deferred Premiums And Discounts	101,843	2,418	(11,223)	93,038	
Total Revenue Bonds & Capital Lease	<u>\$ 1,256,822</u>	<u>\$ 60,208</u>	<u>\$ (131,511)</u>	<u>\$ 1,185,519</u>	<u>\$ 64,195</u>
Unamortized loss on advanced refunding	<u>\$ (57,938)</u>	<u>\$ (539)</u>	<u>\$ 6,564</u>	<u>\$ (51,913)</u>	<u>\$ -</u>

The 2008C and 2013A bonds are the only variable rate bonds, and the variable interest rates ranged from 2.70722% to 3.58375% for the year ended September 30, 2018.

Portions of the Series 2008A, 2008C, 2009A, 2013A, 2015B, 2016A and 2018A bonds are subject to redemption prior to maturity at the election of FMPA at a call rate of 100%. The Series 2008B, 2009B, 2017A and 2017B bonds are not subject to redemption prior to maturity.

On July 12, The All Requirements Series 2008A debt was refinanced for the total of \$57.79 million of Series 2018A. The Series 2008A debt refinancing resulted in a gross savings of \$2.7 million with a present value saving of \$6.6 million.

##### KUA – TARP Capital Lease Obligation

Effective October 1, 2008, the Capacity and Energy Sales Contract with KUA was revised. Under the revised contract, KUA receives agreed upon-fixed payments over preset periods relating to

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## IX. Long-Term Debt (continued)

### A. Debt (continued)

#### 4. All-Requirements Project (continued)

payments remaining under the agreement at September 30, 2018, amount to \$145.4 million and the present value of these payments is \$116.3 million. The capital assets at September 30, 2018 include Facilities and Equipment of \$217.9 million less Accumulated Depreciation of \$133.2 million resulting in a net book value of \$84.7 million.

#### Keys – TARP Capital Lease Obligation

Effective January 1, 2011, the Capacity and Energy Sales Contract with Keys Energy Services was revised. Under the contract, Keys Energy Services receives agreed-upon fixed payments over preset periods relating to each of their generating units. FMPA assumed all cost liability and operational management of the generating units. FMPA is accounting for this transaction as a capital lease. Total minimum payments remaining under the agreement at September 30, 2018 amount to \$1.3 million and the present value of these payments is \$1.3 million. The capital assets at September 30, 2018 include Facilities and Equipment of \$4.8 million less Accumulated Depreciation of \$3.8 million resulting in a net book value of \$1.0 million.

#### St. Lucie County

As a condition of obtaining its conditional use permit for the construction and operation of the Treasure Coast Energy Center, the All-Requirements project agreed to pay St. Lucie County, Florida \$75,000 a year for a period of 20 years. Upon commercial operation of the plant, the unpaid amounts were discounted at a rate of 5.3% and capitalized to plant. At September 30, 2018, seven payments remain under this obligation with the final payment to be made September 30, 2025.

#### Line of Credit

The All-Requirements Project has two lines of credit - one from JPMorgan Chase in the amount of \$75 million, and one from Wells Fargo Bank in the amount of \$25 million. The JPMorgan Chase line expires in July 2019. The Wells Fargo line expires in November 2019.

#### Other Credit Facilities

The All-Requirements Project series 2008C bonds are Variable Rate Demand Obligations secured by an irrevocable letter of credit as follows:

2008C      Bank of America      \$152.9 million

The letter of credit will expire on May 19, 2021.

#### 5. Tri-City Project

Business-Type Activities	2018				Amounts Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
	(000's US\$)				
<b>Revenue Bonds</b>					
Bonds 2009A	\$ 1,060	\$ -	\$ (315)	\$ 745	\$ 335
Bonds 2013A	8,485		(2,780)	5,705	2,825
Wells Fargo Taxable	108		(53)	55	55
Total Principal	<u>\$ 9,653</u>	<u>\$ -</u>	<u>\$ (3,148)</u>	<u>\$ 6,505</u>	<u>\$ 3,215</u>
Deferred Premiums And Discounts	3		(3)	-	
Total Bonds and Loans	<u>\$ 9,656</u>	<u>\$ -</u>	<u>\$ (3,151)</u>	<u>\$ 6,505</u>	<u>\$ 3,215</u>
Unamortized loss on advanced refunding	<u>\$ (174)</u>	<u>\$ -</u>	<u>\$ 98</u>	<u>\$ (76)</u>	<u>\$ -</u>

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## IX. Long-Term Debt (continued)

### A. Debt (continued)

#### 5. Tri-City Project (continued)

The 2009A and 2013A revenue bonds are fixed at interest rates which range from 1.88% to 4.0% and have a maturity date of 2019.

#### [Loan Payable to Wells Fargo Bank](#)

In December 2003, the Tri-City Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center. This loan will be paid in full on October 1, 2018.

#### 6. Stanton II Project

Business-Type Activities	2018 (000's US\$)				Amounts Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
<b>Revenue Bonds</b>					
Refunding 2000	\$ 17,875		\$ (17,875)	-	
Refunding 2004	44,250		(44,250)	-	
Bonds 2009A	5,130	\$ -	(225)	\$ 4,905	\$ 200
Refunding 2012A	60,935		(4,675)	56,260	4,850
Refunding 2017A		21,888		21,888	387
Refunding 2017B		50,019		50,019	4,834
Wells Fargo Taxable	242			242	242
<b>Total Principal</b>	<b>\$ 128,432</b>	<b>\$ 71,907</b>	<b>\$ (67,025)</b>	<b>\$ 133,314</b>	<b>\$ 10,513</b>
Deferred Premiums And Discounts	5,608		(1,116)	4,492	
<b>Total Bonds and Loans</b>	<b>\$ 134,040</b>	<b>\$ 71,907</b>	<b>\$ (68,141)</b>	<b>\$ 137,806</b>	<b>\$ 10,513</b>
Unamortized loss on advanced refunding	\$ (4,827)	\$ (12,124)	\$ 5,000	\$ (11,951)	\$ -

The 2000 and 2004 revenue bonds carry variable interest rates which ranged from 1.54% to 1.645% for the year ended September 30, 2018. The 2009, 2012, 2017A and 2017B revenue bonds are fixed, and have a maturity date of 2027. The rates for the bonds range from 3.0% to 5.0%.

The Series 2000 and 2004 bonds provide for early redemption at the election of FMPA on any interest payment date at a call rate of 100%. The Series 2012 bonds are subject to redemption prior to maturity at the election of FMPA at 100%, beginning October 1, 2022. The Series 2017A and 2017B subject to redemption in whole or part prior to maturity at the call rate of 100% and Cost of Prepayment.

On October 26, 2017 the Stanton II Project issued \$71.9 million of 2017A and 2017B Bonds. The proceeds were used to refund \$65.7 million of 2000 and 2004 Bonds and terminated \$9.3 million of Interest Rate Swaps for the 2000 and 2004 bonds. The gross savings are \$532 thousand and the net present value savings are \$380 thousand.

#### [Loan Payable to Wells Fargo Bank](#)

In December 2003, the Stanton II Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center. The loan will be paid in full on October 1, 2018.



# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## IX. Long-Term Debt (continued)

### B. Major Debt Provisions (All Projects)

Bonds, which are special obligations of FMPA, are payable solely from (1) revenues less operating expenses (both as defined by the respective bond resolutions) and (2) other monies and securities pledged for payment thereof by the respective bond resolutions. The respective resolutions require FMPA to deposit into special funds all proceeds of bonds issued and all revenues generated as a result of the projects' respective Power Sales and Power Support Contracts or the Power Supply Contract. The purpose of the individual funds is also specifically defined in the respective bond resolutions.

Investments are generally restricted to those types described in Note I. Additional restrictions that apply to maturity dates are defined in the respective bond resolutions and FMPA's investment policy.

### C. Defeased Debt

The following bonds have been defeased. Since investments consisting of governmental obligations are held in escrow for payment of principal and interest, the bonds are not considered liabilities of FMPA for financial reporting purposes. The principal balances of the defeased bonds at September 30, 2018 are as follows:

Dated	Description	Defeased Portion Amount Originally Issued (000's US\$)	Balance at September 30, 2018
April 2016	All-Requirements Revenue Bonds, 2008A & Revenue Bonds, 2009A	\$452,880	\$472,726
July 2018	All-Requirements, 2008A	\$59,155	\$60,654

The July 2018 Defeasance of \$59.155 million was called on October 1, 2018.

### D. Annual Requirements

The annual cash flow debt service requirements to amortize the long term **bonded** debt outstanding as of September 30, 2018, are as follows:

Fiscal Year Ending September	(000's US\$)										Totals
	St. Lucie Project		Stanton Project		All-Req Project		Tri-City Project		Stanton II Project		
	Principal	Interest Including Swaps, Net	Principal	Interest Including Swaps, Net	Principal	Interest Including Swaps, Net	Principal	Interest	Principal	Interest Including Swaps, Net	
2019	\$ 7,825	\$ 12,142	\$ 8,185	\$ 694	\$ 50,380	\$ 40,723	\$ 3,160	\$ 130	\$ 10,271	\$ 4,430	\$ 137,940
2020	9,515	11,783	8,985	240	68,155	41,278	3,290	62	10,747	4,164	158,219
2021	27,320	10,938			50,345	37,194			11,082	3,762	140,641
2022	169,145	10,142			57,255	34,746			11,432	3,345	286,065
2023	5,765	4,213			62,655	32,451			11,785	2,912	119,781
2024 - 2028	84,555	12,704			362,288	120,074			77,755	7,598	664,974
2029 - 2033					313,695	32,068					345,763
2034 - 2038					9,700	992					10,692
<b>Total Principal &amp; Interest</b>	<b>\$ 304,125</b>	<b>\$ 61,922</b>	<b>\$ 17,170</b>	<b>\$ 934</b>	<b>\$ 974,473</b>	<b>\$ 339,526</b>	<b>\$ 6,450</b>	<b>\$ 192</b>	<b>\$ 133,072</b>	<b>\$ 26,211</b>	<b>\$ 1,864,075</b>
Less:											
Interest		(61,922)		(934)		(339,526)		(192)		(26,211)	(428,785)
Unamortized Loss on refunding	(12,004)		(38)		(51,914)		(76)		(11,951)		(75,983)
Add:											
Unamortized Premium (Discount), net	6,707		8		93,040		1		4,493		104,249
<b>Total Net Debt Service Requirement at September 30, 2018</b>	<b>\$ 298,828</b>	<b>\$ -</b>	<b>\$ 17,140</b>	<b>\$ -</b>	<b>\$ 1,015,599</b>	<b>\$ -</b>	<b>\$ 6,375</b>	<b>\$ -</b>	<b>\$ 125,614</b>	<b>\$ -</b>	<b>\$ 1,463,556</b>

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## IX. Long-Term Debt (continued)

### D. Annual Requirements (continued)

The annual cash flow debt service requirements to amortize **all** long term debt outstanding as of September 30, 2018, are as follows:

Fiscal Year Ending September	(000's US\$)												Totals
	Agency Fund		St. Lucie Project		Stanton Project		All-Req Project		Tri-City Project		Stanton II Project		
	Principal	Interest Including Swaps, Net	Principal	Interest Including Swaps, Net	Principal	Interest	Principal	Interest Including Swaps, Net	Principal	Interest	Principal	Interest Including Swaps, Net	
2019	\$ 220	\$ 7	\$ 7,825	\$ 12,142	\$ 8,339	\$ 697	\$ 64,195	\$ 46,646	\$ 3,215	\$ 131	\$ 10,513	\$ 4,434	\$ 158,364
2020			9,515	11,783	8,985	240	82,697	46,473	3,290	62	10,747	4,164	177,956
2021			27,320	10,938			61,079	41,689			11,082	3,762	155,870
2022			169,145	10,142			68,572	38,657			11,432	3,345	301,293
2023			5,765	4,213			74,587	35,748			11,785	2,912	135,010
2024 - 2028			84,555	12,704			417,954	126,472			77,755	7,599	727,039
2029 - 2033							313,696	32,069					345,765
2034 - 2038							9,700	992					10,692
<b>Total Principal &amp; Interest</b>	<b>\$ 220</b>	<b>\$ 7</b>	<b>\$ 304,125</b>	<b>\$ 61,922</b>	<b>\$ 17,324</b>	<b>\$ 937</b>	<b>\$ 1,092,480</b>	<b>\$ 368,746</b>	<b>\$ 6,505</b>	<b>\$ 193</b>	<b>\$ 133,314</b>	<b>\$ 26,216</b>	<b>\$ 2,011,989</b>

## X. Commitments and Contingencies

### A. Participation Agreements

FMPA has entered into participation agreements, and acquired through capital leases, individual ownership of generating facilities as follows:

Project	Operating Utility	Joint Ownership Interest	Commercial Operation Date
St. Lucie	Florida Power & Light	8.806% of St. Lucie Unit 2 nuclear plant	August 1983
Stanton*	Orlando Utilities Commission (OUC)	14.8193% of Stanton Energy Center (SEC) Unit 1 coal-fired plant	July 1987
All-Requirements*	OUC	11.3253% of SEC Unit 1	July 1987
Tri-City*	OUC	5.3012% of SEC Unit 1	July 1987
All-Requirements	OUC	51.2% of Indian River Units A & B combustion turbines	A - June 1989 B - July 1989
All-Requirements	OUC	21% of Indian River Units C & D combustion turbines	C - August 1992 D - October 1992
All-Requirements	OUC	5.1724% of SEC Unit 2 coal-fired plant	June 1996
Stanton II	OUC	23.2367% of SEC Unit 2	June 1996
All-Requirements	Southern Company	7% of Stanton Unit A combined cycle	October 2003

\*OUC has the contractual right to unilaterally make any retirement decision for SEC Unit 1 beginning in 2017

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## X. Commitments and Contingencies (continued)

### A. Participation Agreements (continued)

Operational control of the electric generation plants rests with the operating utility and includes the authority to enter into long-term purchase obligations with suppliers. FMPA is liable under its participation agreements for its ownership interest of total construction and operating costs. Further contracts with Orlando Utilities Commission (OUC) include commitments for purchases of coal. According to information provided by OUC, such existing commitments are currently scheduled to terminate on December 31, 2019. However, OUC reports that it is in the initial stage of securing coal beyond this date. Through participation with OUC, FMPA's estimated cost share of the existing purchases by project for the next five fiscal years is summarized below.

Project	000's US\$				
	2018	2019	2020	2021	2022
Stanton Project	\$ 3,481	\$ 1,234	None	None	None
All-Requirements Project	3,875	1,374	None	None	None
Tri-City Project	1,245	441	None	None	None
Stanton II Project	5,458	1,935	None	None	None

### B. Public Gas Partners, Inc.

Public Gas Partners, Inc. (PGP) is a nonprofit corporation of the State of Georgia, duly created and existing under the Georgia Nonprofit Corporation Code, O.C.G.A Sections 14-3-101 through 14-3-1703, as amended. Pursuant to its Articles of Incorporation and by-laws, PGP's purpose is to acquire and manage reliable and economical natural gas supplies through the acquisition of interests in natural gas producing properties and other long-term sources of natural gas supplies for the benefit of participating joint action agencies and large public natural gas and power systems.

On November 16, 2004, FMPA signed an agreement with six other public gas and electric utilities in five different states to form PGP. The initial members of PGP, along with FMPA, included Municipal Gas Authority of Georgia, Florida Gas Utility, Lower Alabama Gas District, Patriots Energy Group, Southeast Alabama Gas District and Tennessee Energy Acquisition Corporation. Florida Gas Utility has left the organization, and their interest was acquired by all members, except for FMPA and the Tennessee Energy Acquisition Corporation, as of May 2008. Lower Alabama Gas District has assigned its interest in each Pool to the Gas Authority effective October 2013.

FMPA has entered into two separate Production Sharing Agreements (PSAs) that obligate FMPA to pay as a component of gas operations expense its share of all costs incurred by the related PGP Pool until all related PGP or participant debt has been paid and the last volumes have been delivered. In addition, PGP has the option, with at least six month notice, to require FMPA to prepay for its share of pool costs, which may be financed by FMPA through the issuance of bonds or some other form of long-term financing. The PSAs include a step-up provision that could obligate FMPA to increase its participation share in the pool by up to 25% in the event of default by another member.

On November 1, 2004, FMPA entered into a PSA as a 22.04% participant of PGP Gas Supply Pool No. 1 (PGP Pool #1). PGP Pool #1 was formed by all of the participants. PGP Pool #1 had targeted an initial supply portfolio capable of producing 68,000 mmBtu per day of natural gas or 493 Bcf over a 20-year period. The acquisition period for PGP Pool #1 has closed after acquiring a supply currently estimated to be 140 Bcf. Current production from Pool #1 is approximately 11,655 mmBtu per day. FMPA's share of this amounts to 2,569 mmBtu per day.

On October 1, 2005, FMPA entered into a PSA as a 25.90% participant of PGP Gas Supply Pool No. 2 (PGP Pool #2). PGP Pool #2 was formed to participate in specific transactions that have different acquisition criteria than PGP Pool #1. PGP Pool #2 had a total expenditure limit of \$200 million, with FMPA's share being \$52 million as authorized by the Board (before step-up provisions which would increase ARP's commitment to a maximum of \$65 million). The other members of PGP Pool #2, along with FMPA, include Municipal Gas Authority of Georgia, Patriots Energy Group, Southeast Alabama Gas District and Tennessee Energy Acquisition Corporation. FMPA entered into a separate agreement with Fort Pierce Utilities Authority whereby FMPA agreed to sell to FPUA 3.474903% of

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## X. Commitments and Contingencies (continued)

### B. Public Gas Partners, Inc. (continued)

the benefits that FMPA receives from its participation in PGP Pool #2. The acquisition period for PGP Pool #2 has closed after acquiring a supply currently estimated to be 42 Bcf. Current production for PGP Pool #2 is approximately 2,845 mmBtu per day. FMPA's share of this amounts to 737 mmBtu per day.

FMPA's share of the total investment costs amounts to approximately \$101 million for PGP Pool #1, and \$29 million for PGP Pool #2 as of September 30, 2018.

### C. Contractual Service Agreements

The All-Requirements Project has signed, or accepted assignment of, Contractual Service Agreements (CSAs) with General Electric International, Inc. (GE) for the Treasure Coast Energy Center, Cane Island 3 and Cane Island 4 combustion turbines, steam turbines and generators. The CSAs cover specified monitoring and maintenance activities to be performed by GE over the contract term, which is the earlier of a specified contract end date, or a performance end date based on reaching certain operating milestones of either Factor Fired Hours or Factored Starts on the combustion turbines. GE or FMPA may terminate the agreements for the breach of the other party. The defaulting party pays the termination amount based on the performance metric specified in the contract.

On March 31, 2016 Cane Island Unit 2 CSA was transitioned to a Managed Maintenance Program (MMP). The MMP does not have a factored start or hours based payment, and maintenance is paid for at the time it's incurred at prenegotiated discounts.

The following is a summary of the contract status.

	<u>Treasure Coast</u>	<u>Cane Island Unit 2</u>	<u>Cane Island Unit 3</u>	<u>Cane Island Unit 4</u>
Original Effective Date	1/30/2007	3/31/2016	12/12/2003	12/22/2010
Last Amendment Effective Date	11/21/2017		11/21/2017	11/21/2017
Cumulative Factor Fired Hours	83,000	87,400	117,000	55,000
Term if hours based	~64,000		~74,000	~84,000
Cumulative Factored Starts				
Term if starts based				
Current Termination Amount (000's USD)	\$2,587		\$1,904	\$2,082
Specified Contract End Date	11/21/2037		11/21/2037	11/21/2037
Estimated Performance End Date	FYE 2026	FYE 2019	FYE 2025	FYE 2028

In November 2017, FMPA and General Electric negotiated a revised CSA to combine Cane Island Units 3 & 4 and Treasure Coast under one service agreement.

### D. Other Agreements

FMPA has entered into certain long-term contracts for transmission services for its projects. These amounts are recoverable from participants in the projects (except the All-Requirements Project) through the Power Sales and Project Support Contracts. FMPA has entered into Power Sales and Project Support Contracts with each of the project participants for entitlement shares aggregating 100% of FMPA's joint ownership interest. In the case of the All-Requirements Project, a Power Supply Contract was entered into providing for the participant's total power requirements (except for certain excluded resources). Revenues received under these individual project contracts are expected to be sufficient to pay all of the related project costs.

- FMPA has entered into a Reliability Exchange Agreement and a Replacement Power Agreement with FPL. The Reliability Exchange agreement results in FMPA exchanging 50% of its share of the output from St. Lucie Unit 2 for a like amount from the St. Lucie

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## X. Commitments and Contingencies (continued)

### D. Other Agreements (continued)

#### 1. St. Lucie Project (continued)

Unit 1. This agreement's original expiration was on October 1, 2017. The Parties mutually agreed to extend the expiration date to October 1, 2022. The Replacement Power Agreement provides for replacement power and energy to be made available to FMPA if FPL voluntarily ceases to operate or reduces output from St. Lucie Unit 2 or St. Lucie Unit 1 for economic reasons or valley-load conditions, until each unit is retired from service or, in the case of St. Lucie Unit 1, if the Reliability Exchange Agreement terminates prior to the retirement date of that unit. Either party may terminate the agreement with 60 days written notice.

- The St. Lucie Project, a joint owner of St. Lucie Unit 2, is subject to the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, FPL maintains \$450 million of private liability insurance for the St. Lucie Plant, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to \$12.6 billion of liability insurance coverage per incident at any nuclear reactor in the U.S. Under the secondary financial protection system, St. Lucie Unit 2 is subject to retrospective assessments of up to approximately \$127.3 million, plus any applicable taxes, per incident at any nuclear reactor in the U.S., payable at a rate not to exceed approximately \$19.0 million per incident per year. FMPA is contractually liable for its ownership interest of any assessment made against St. Lucie Unit 2 under this plan.
- FPL further participates in a nuclear insurance mutual company that provides \$2.75 billion of limited insurance coverage per occurrence per site for property damage, decontamination and premature decommissioning risks at the St. Lucie plant and a sublimit of \$1.5 billion for non-nuclear perils. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. FPL also participates in an insurance program that provides limited coverage for replacement power costs if St. Lucie Unit 2 is out of service for an extended period of time because of an accident. In the event of an accident at one of FPL's or another participating insured's nuclear plants, St. Lucie Unit 2 could be assessed up to approximately \$27 million, plus any applicable taxes, in retrospective premiums in a policy year. FPL is contractually entitled to recover FMPA's ownership share of any such assessment made against St. Lucie 2.
- On December 16, 1999, FMPA and J.P. Morgan Chase (formerly Chase Manhattan Bank) entered into a Forward Delivery Agreement for a portion of the St. Lucie Decommissioning Trust. The agreement provides that J.P. Morgan Chase deliver securities initially with a value not to be less than \$10,225,000 for an equivalent payment. Upon maturity, the securities and the yield earned along with any cash delivered by J.P. Morgan Chase will be equivalent to 7.03% of the face value of the Agreement. The Forward Sale Agreement has a termination date of April 6, 2023.
- In June 2004, the Agency entered into a Forward Sale Agreement and a Credit Support Agreement for the St. Lucie Project with Merrill Lynch. The Credit Support Agreement requires the Agency to establish a collateral account with the Trustee that must contain securities that have a value of \$7.5 million. This collateral is posted for the benefit of Merrill Lynch should the Agency be unable to keep its commitments under the Forward Sale Agreement. Under the Forward Sale Agreement, Merrill Lynch is required to deliver and the Trustee is required to purchase certain eligible securities on behalf of the St. Lucie Project. Under this Agreement, the securities or securities and cash to be delivered will guarantee the project an annual effective yield of 6.22% between January 1, 2005, and July 1, 2026, on the semi-annual amounts deposited. It is expected that the amounts invested pursuant to the Forward Sale Agreement will be used to redeem bonds outstanding for this project in the future. See Subsequent Event XV.B. St. Lucie Project Debt Reduction Strategy for the Board of Director's approval to terminate the Forward Sales Agreement.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## X. Commitments and Contingencies (continued)

### D. Other Agreements (continued)

#### 2. All-Requirements Project

- FMPA supplies all of the wholesale power needs, unless limited to a contract rate of delivery, of the All-Requirements Project participants (except for certain excluded resources). In addition to its ownership facilities, FMPA has entered into interchange and power purchase contracts with minimum future payments as detailed below.

Supplier	End of Contract	Minimum Contract Liability (000's US\$)	
Southern Company - Stanton A PPA	9/30/2023	\$	43,228
Southern Company - Oleander 5 PPA	12/16/2027		80,255
Total Minimum Liability		\$	<u>123,483</u>

- In October 2003, FMPA executed contracts for a \$10 million investment in a brine water processing plant and other water facilities at the Stanton Energy Center in Orlando, Florida.
- The Stanton Unit A combined cycle generator receives cooling water treatment services from the brine plant and associated facilities. The owners of Stanton Unit A (Southern Company Florida, FMPA, KUA and Orlando Utilities Commission) pay the owners of Stanton Energy Center Units 1 and 2 (including FMPA's Stanton, Stanton II, Tri-City and All-Requirements Projects) a fixed and a variable operation and maintenance charge for services received from this facility.
- The All-Requirements Project has several commitments/entitlements for natural gas transportation services to supply fuel to its owned and leased generation facilities. Below were the current commitments/entitlements during the past year.

Pipeline	Ave Daily Volume mmBtu/day)	Annual Cost (000's US\$)	Expiration	Primary Delivery/Receiving Point
Fl Gas Transmission FTS-1	22,426	\$ 4,516	Various	Cane Island Treasure Coast
Fl Gas Transmission FTS-2	71,930	17,112	Various	Cane Island Treasure Coast
Fl Gas Transmission FTS-2 Stanton A	14,950	3,177	Various	Stanton A
Transco	50,000	1,818	4/30/2026	FGT
TECO-Peoples Gas	-	750	12/31/2033	Treasure Coast
TECO- Peoples Gas	-	750	12/31/2033	Cane Island/Oleander
		<u>\$ 28,123</u>		

- The All-Requirements Project has entered into a storage contract with SG Resources Mississippi LLC, for 1 million mmBtu of storage capacity in the Southern Pines Storage facility. The contract was effective August 1, 2008, for storage capacity of 500,000 mmBtu and revised April 1, 2011, to increase the storage capacity by 500,000 mmBtu. The contract expired July 31, 2018, for 500,000 mmBtu and will expire March 31, 2021, for the remaining 500,000 mmBtu.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## X. Commitments and Contingencies (continued)

### D. Other Agreements (continued)

#### 2. All Requirements (continued)

- The All-Requirements Project is under a contractual arrangement to have generation facilities in Key West, Florida, at a minimum level of 60% of the island utility's weather normalized annual peak capacity requirements. With installed capacity of 112 MW located in the Key West service territory, the All-Requirements Project believes it has sufficient existing generating capacity to fulfill the 60% on-island generation requirement well beyond the next decade.
- FMPA has entered into the Florida Municipal Power Pool (FMPP) Agreement, as amended, with the FMPP members. Pursuant to Amendment 6 – the most recent Amendment, executed June of 2013 – the term of the agreement is three years, with automatically-renewed three-year term extensions. The current term ends June 1, 2019. Any party wishing to withdraw from the agreement must provide at least three years notice to the other FMPP members. The FMPP Agreement documents, among other things, how FMPP operating costs are accounted for and allocated among the members, and liability between the FMPP members.
- The All Requirements Project has signed contracts with Fort Pierce Utilities Authority (FPUA), Kissimmee Utility Authority (KUA) and Keys Energy Services (KES) to operate and maintain Treasure Coast Energy Center, Cane Island Power Park and Stock Island generation facilities, respectively. The contracts provide for reimbursement of direct and indirect costs incurred by FPUA, KUA and KES, for operating the plants. The All-Requirements Project, in consultation with FPUA, KUA and KES, sets staffing levels, operating and capital budgets, and operating parameters for the plants.
- In the amended and Restated Agreement Concerning Delivery and Use of treated Sewage Effluent with Toho Water Authority for the Cane Island Site dated September 24, 2008, in the event that peak demand requires the addition of some increased storage capacity for reclaimed water, FMPA will financially assist Toho Water Authority in the construction of reclaimed water storage to assist in providing the projected peak demand. Toho Water Authority and FMPA have separately agreed that the cost of such reclaimed water storage shall not exceed \$2 million. In October 2018, TOHO called on the \$2 million financial assistance.
- The City of Starke and the City of Green Cove Springs have each given FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Project Contract that the term of their respective contracts will stop renewing automatically each year. The terms of their respective contracts are now fixed; Starke's contract terminates on September 30, 2035, and Green Cove Springs' contract terminates on September 30, 2037.
- The City of Vero Beach has limited its All-Requirements Service to a contract rate of delivery, as permitted in Section 3 of the All-Requirements Power Supply Contract. The limitations commenced January 1, 2010 and continue for the term of the ARP Contract. On October 25, 2012, Vero Beach gave notice of its intent to withdraw from the All-Requirements Power Supply Project as of September 30, 2016, in anticipation of a sale of its retail electric system to Florida Power & Light Company (the "Original Sale"). The Original Sale did not occur, and Vero Beach remained a Project Participant in the All-Requirements Power Supply Project. On September 25, 2014, Vero Beach gave FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Contract that the term of its contract will stop renewing automatically each year. The term of Vero Beach's contract is now fixed and will terminate on September 30, 2046, unless terminated earlier. On September 15, 2017, Vero Beach gave FMPA notice of the extension of its October 25, 2012, notice to withdraw from the All-Requirements Power Supply Project, and requested that FMPA grant it a waiver of certain contract terms so that its withdrawal from the All-Requirements Power Supply Project can be effective on the date of the anticipated sale of its retail electric system to FPL. On October 24, 2017, the City of Vero Beach approved an asset purchase and sale agreement with FPL to sell its retail electric

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## X. Commitments and Contingencies (continued)

### D. Other Agreements (continued)

#### 2. All-Requirements Project (continued)

utility system (the "New Sale"). As a part of the New Sale transaction, Vero Beach and FMPA are negotiating for FMPA's All-Requirements Power Supply Project to take an assignment and transfer of Vero Beach's Power Entitlement Shares, and all corresponding rights and obligations, in the St. Lucie, Stanton, and Stanton II Projects. Vero Beach has also requested a complete and total release from FMPA and all other Project Participants. FMPA has projected, subject to final FMPA governing body approvals, that it will need to be paid \$108 million (as adjusted pursuant to the terms of the transfer and assignment documents) to assume Vero Beach's Power Entitlement Shares, which Vero Beach has indicated its agreement with. To achieve this, there are many contract amendments, including amendments to the All-Requirements Power Supply Project Contract, the Power Sales Contract for each project, and the Project Support Contract for each project, that must be completed, and certain consents and waivers obtained from FMPA, Project Participants in each Project, and outside parties, as required by the terms of the contracts, each project bond resolution, and other binding instruments. The necessary FMPA documentation for the New Sale transaction was approved by the FMPA Executive Committee and Board of Directors in March 2018. The closing of the New Sale transaction occurred on December 17, 2018. The transfer and assignment of Vero Beach's Power Entitlement Shares, and all corresponding rights and obligations, and the complete and total release of Vero Beach from all obligations to FMPA and the other Project Participants, must meet all of FMPA's contractual and other commitments to its member cities, bondholders, credit providers, and others, as determined by FMPA.

- The City of Lake Worth has limited its All-Requirements Service to a contract rate of delivery, as permitted in Section 3 of the All-Requirements Power Supply Contract. The limitation commenced January 1, 2014. The amount of capacity and energy the City is obligated to purchase under this conversion of their contract was determined to be zero in December 2013. Additionally, effective January 1, 2014, the Capacity and Energy Sales Contract between the City and FMPA terminated.
- The City of Fort Meade has limited its All-Requirements Service to a contract rate of delivery (CROD), as permitted in Section 3 of the All-Requirements Power Supply Contract. The limitation commenced January 1, 2015. Based on the city's usage between December 2013 and November 2014, and Executive Committee action in December 2014, the maximum hourly obligation was established at 10.360 MW. Concurrently with its notice of limitation, the City gave FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Contract that the term of its contract will stop renewing automatically each year. The term of the City's contract is now fixed and will terminate on October 1, 2041. In March 2018, FMPA and Fort Meade entered into a Supplemental Power and Ancillary Services Agreement (Fort Meade Supplemental Agreement). Effective September 1, 2018, the ARP now serves Fort Meade with any additional power needed to serve its total requirements above its St. Lucie Project entitlement and CROD.

The ARP also provides Fort Meade with transmission and ancillary services as if CROD had not been implemented. The effect of this arrangement is that Fort Meade is served and billed as if it was a full-requirements ARP Participant. The initial term of the Fort Meade Supplemental Agreement runs through September 30, 2027, and includes 5-year automatic renewals until the termination of Fort Meade's ARP contract. Concurrent with the approval of the Fort Meade Supplemental Agreement, the Executive Committee approved a reduction of Fort Meade's CROD amount from 10.360 MW to 9.009 MW. If the Fort Meade Supplemental Agreement is terminated prior to the termination of Fort Meade's ARP contract, Fort Meade will be served at the lower CROD amount.

- On August 21, 2017, the All-Requirements Project entered into a five year power sales agreement with the City of Bartow, pursuant to which FMPA's All Requirements Project provides a minimum of 20 MW peaking power (adjusted upwardly based on actual Bartow



# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## X. Commitments and Contingencies (continued)

### D. Other Agreements (continued)

#### 2. All-Requirements Project (continued)

load) during 2018-2020. Bartow separately entered into a power purchase agreement with the Orlando Utilities Commission for 40 MW of base load power during those initial three years. Beginning in 2021, FMPA will serve Bartow's full power supply requirements of approximately 65 MWs through 2022.

- In the normal course of its business, FMPA has had claims or assertions made against it. In the opinion of management, the ultimate disposition of these currently asserted claims are either not substantiated or will not have a material impact on FMPA's financial statements.
- During 2008, the All-Requirements Project entered into a Revised, Amended and Restated Capacity and Energy Sales Contract for KUA whereby the All-Requirements Project has assumed all cost liability and operational management of all KUA-owned generation assets and will pay to KUA agreed-upon fixed payments over preset periods relating to each asset.
- Effective January 1, 2011, the All-Requirements Project entered into a Revised, Amended and Restated Capacity and Energy Sales Contract for Key West whereby the All-Requirements Project has assumed all cost liability and operational management of all Key West owned generation assets and will pay to Key West fixed annual payments of \$670,000 each January 1 from 2011 through 2020. The revised, amended, and restated contract provides the All-Requirements Project the right to retire Keys generation assets at any time during the term of the contract, subject to the 60% on-island capacity requirement, without shortening the fixed payment term.

### E. Solar Project

In March 2018, the FMPA Board of Directors approved the formation of the Solar Project, as a sixth FMPA power supply project, and for which FMPA approved a 20-year power purchase agreement for 57 MW-AC of solar energy on behalf of its participants as of the solar facilities' commercial operation date, which is expected to be in Summer of 2020. Also in March 2018, the FMPA Executive Committee approved a 20-year power purchase agreement (among other enabling agreements) for a total of 58 MW-AC of solar energy as an ARP resource, which is estimated to achieve commercial operation by mid-2020. In coordination with these new endeavors, the Board of Directors has authorized the creation of a Solar Project Committee, which will be advisory to the Board of Directors on matters involving the Solar Project, and the Executive Committee has authorized the creation of an ARP Solar Project Advisory Committee, which is an Executive Committee subcommittee that will address matters involving ARP participants who have committed to pay for the costs of the ARP solar power purchase.

## XI. Mutual Aid Agreement

The All-Requirements Project has agreed to participate in a mutual aid agreement with six other utilities for extended generator outages of defined base-load generating units. The parties of this agreement are the city of Tallahassee, Gainesville Regional Utilities, JEA, Lakeland Electric, Orlando Utilities Commission, and Municipal Electric Authority of Georgia. The All-Requirements Project has designated 120 MWs of Cane Island Unit 3, 140 MWs of Cane Island 4, and 200 MWs of the Treasure Coast Energy Center, 60 MW of Stanton Unit 1, and 60 MW of Stanton Unit 2. In the case of a qualifying failure, the All-Requirements Project will have the option to receive either 50% or 100% of the replacement of the designated MWs of the failed unit. The cost of replacement energy will be based on an identified gas index or coal index and heat rate in the agreement. In the event of any extended outage from any other participant, the All-Requirements Project would provide between 10 MWs and 53 MWs (based on the designation of the participant) for a maximum of nine

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## XI. Mutual Aid Agreement (continued)

months. The agreement term automatically renewed on October 1, 2017, and now has a term lasting until October 1, 2022, unless FMPA (1) has not received energy under the agreement during the current term, and (2) provides at least 90 days' notice prior to the end of the current term that it does not elect to renew its participation.

## XII. Employment Benefits

### A. Retirement Benefits

A Deferred Compensation Plan (in accordance with the Internal Revenue Code Section 457) and a Defined Contribution (money purchase) Plan (under the Internal Revenue Code Section 401(a)) are offered to the Agency's employees who are scheduled to work more than 1700 hours per year and are eligible for the plans. The plan was established by the Board of Directors in 1984 and the Board of Directors has had the authority to amend the plan. FMPA's contribution is 10% of the individual's gross base salary for the 401(a) plan. Total payroll for the year ended September 30, 2018, was \$7.4 million, which approximates covered payroll. The 401(a) defined contribution plan has 68 active members with a plan balance.

The Agency's contribution may be made to either plan at the discretion of the employee. Additionally, an employee generally may contribute to the Deferred Compensation Plan, so that the combined annual contribution does not exceed the IRS annual maximum. Assets of both plans are held by ICMA Retirement Corporation, the Plan Administrator and Trustee.

Agency contributions to the Deferred Contribution Plan resulted in expenses for the fiscal year 2018 of \$698,210. Funds from these plans are not available to employees until termination or retirement, however funds from either plan can be made available, allowing an employee to borrow up to the lower of \$50,000 or one half of their balance in the form of a loan.

### B. Post-Employment Benefits other than Retirement

The Agency's Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the Agency. The Plan, which is administered by the Agency, allows employees who retire and meet retirement eligibility requirements to continue medical insurance coverage as a participant in the Agency's plan.

As of September 30, 2017 and 2018, the plan membership consisted of the following participants:

	September 30, 2017	September 30, 2018
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	13	14
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0	0
Active Plan Members	18	17
	<u>31</u>	<u>31</u>

The Agency pays 100% of the cost of employee-only coverage for employees hired prior to October 1, 2004 who retire upon meeting the retirement eligibility requirement, which is that age combined with service must exceed 75. This subsidy applies to the healthcare plan premiums for Pre-65 retirees as well as any Medicare supplement plan purchased by Post-65 retirees.

The Agency also provides up to \$3,000 in HRA funds to all eligible members for life. If those members elect to cover their spouse or have handicapped dependents, the HRA benefit limit is increased to \$6,000. These funds are made available to cover retirees' out-of-pocket medical expenses, and therefore are included in the Agency's Pay-As-You-Go plan costs.

Employees hired after October 1, 2004 are ineligible for any Agency subsidies, nor are they allowed to continue to participate in the plan after retirement.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## XII. Employment Benefits (continued)

### B. Post-Employment Benefits other than Retirement (continued)

No implicit benefit was valued in this valuation.

The measurement date is September 30, 2018. The measurement period for the OPEB expense was October 1, 2017 to September 30, 2018. The reporting period is October 1, 2017 through September 30, 2018. The Sponsor's Total OPEB Liability was measured as of September 30, 2018.

The Sponsor's Total OPEB Liability for The Agency's ledger adjustment was measured as of September 30, 2017 using a discount rate of 3.64%. The Total OPEB Liability was "rolledback" from September 30, 2018 at 3.64%.

#### Actuarial Assumptions:

Total OPEB Liability for The Agency's ledger adjustment was measured as of September 30, 2017 using a discount rate of 3.64%.

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2018 (measurement date) using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.18%
Initial Trend Rate	8.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	54

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

#### Discount Rate:

Given the Agency's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.18 %. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

#### OPEB Expense:

For the year ended September 30, 2018, the Agency will recognize OPEB Revenue of \$118 thousand.

	(000's US\$)
Fiscal Year Ending	9/30/2018
Service Cost	\$ 53
Interest	201
Recognition of Changes in Total Opeb Liability	(374)
Administrative Expenses	2
Total OPEB Expense/(Revenue)	\$ (118)

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## XII. Employment Benefits (continued)

### B. Post-Employment Benefits other than Retirement (continued)

Total OPEB Liability as of the Measurement Date is:

Description	(000's US\$) Amount
Reporting Period Ending September 30, 2017	\$ 5,563
Service Cost	53
Interest	201
Difference Between Expected and Actual Experience	-
Changes in Assumptions	(374)
Changes of Benefit Terms	-
Contributions - Employer	-
Benefits Payments	(214)
Other Changes	-
Reporting Period Ending September 30, 2018	<u>\$ 5,229</u>

Changes of assumptions reflect a change in the discount rate from 3.64% for the reporting period ended September 30, 2017 to 4.18% for the reporting period ended September 30, 2018.

*Sensitivity of the Total OPEB Liability to changes in the Discount Rate:*

The following presents the Total OPEB Liability of the Agency, as well as what the Agency's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	3.18%	4.18%	5.18%
Total OPEB Liability (000's US\$)	\$ 5,954	\$ 5,229	\$ 4,629

*Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:*

The following presents the Total OPEB Liability of the Agency, as well as what the Agency's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	3.00% - 7.00%	4.00% - 8.00%	5.00% - 9.00%
Total OPEB Liability (000's US\$)	\$4,799	\$ 5,299	\$ 5,744

Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB Expense.

As of September 30, 2018, the most recent valuation date, the Total OPEB Plan Liability was \$5.2 million, and assets held in trust were \$0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$2.2 million, and the ratio of the Total OPEB Plan Liability to the covered payroll was 241 percent.

The OPEB Plan contribution requirements of Florida Municipal Power Agency are established and may be amended through action of its Board of Directors.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## XII. Employment Benefits (continued)

### B. Post-Employment Benefits other than Retirement (continued)

The Agency's Net Position at beginning of year at September 30, 2017 decreased by \$2.5 million as a result of the Agency's implementation of Governmental Accounting Standard No. 75 – Other Postemployment Benefits (OPEB) for recognizing the OPEB liability that was previously reported under Governmental Accounting Standard No. 45.

	(000's US\$)
Net Position at beginning of year	\$ 16,249
Prior Period Adjustment - GASB 75 (OPEB)	(2,497)
Restated Net Position at beginning of year	<u>\$ 13,752</u>

## XIII. Risk Management

The Agency is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees and the public and damage to property of others. In addition, FMPA enters into contracts with third parties, some of whom are empowered to act as its agents in order to carry out the purpose of the contracts.

These contracts subject FMPA to varying degrees and types of risk. The Agency has purchased commercial insurance that management believes is adequate to cover these various risks. FMPA has elected to self-insure the Agency's risk for general liability. It is the opinion of general counsel that FMPA may enjoy sovereign immunity in the same manner as a municipality, as allowed by Florida Common Law. Under such Florida Law, the limit of liability for judgments by one person for tort is \$200,000 or a maximum of \$300,000 for the same incident or occurrence. At no point have settlements exceeded coverage in the past two fiscal years.

The Agency has established an Audit and Risk Oversight Committee (AROC) made up of some of FMPA's Board of Directors and member's representatives, and has assigned corporate risk management to its Treasurer and Risk Director. The Treasurer and Risk Director is designated the Agency's Risk Manager, and oversees the Risk Management Department, which reports to the Chief Financial Officer. The objective of the Agency's Enterprise Risk Management program is to identify measure, monitor and report risks in order to minimize unfavorable financial and strategic impacts.

FMPA's Risk Management Policy addresses key risk areas including, but not limited to, fuel, generation, debt, investment, insurance, credit and contracts.

## XIV. Interest Arbitrage and Rebate

A rebate payable to the Internal Revenue Service (IRS) is calculated based on the investment of bond proceeds in financial instruments that yield interest income that is higher than the interest of the debt. This rebate is payable to the IRS within five years of the date of the bond offering and each consecutive five years thereafter.

The potential arbitrage liability at September 30, 2018, for each of the projects is as follows:

Project	Amount (000's US\$)
St. Lucie Project	\$ 683
Total	<u>\$ 683</u>

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## XV. Related Party Transactions

### A. Governing Members and Committees

Each of the members of FMPA appoints a director and one or more alternatives to serve on FMPA's Board of Directors. Tallahassee joined the Agency effective October 19<sup>th</sup>, 2018; as of that date, there are 32 members of the Agency. The Board has responsibility for developing and approving FMPA's non All-Requirements Project budgets, hiring of the General Manager and General Counsel and establishing the Agency's bylaws, which govern how FMPA operates and the policies which implement such bylaws. The Board also authorizes all non-All-Requirements Project debt issued by FMPA and allocates the Agency Fund burden to each of the Projects. The Board elects an Agency Chairman, Vice-Chairman, Secretary and Treasurer.

The Executive Committee consists of representatives from the 13 active members of the All-Requirements Project. The Executive Committee elects a Chairman and Vice-Chairman. The Board's Secretary and Treasurer serve in the same capacity on the Executive Committee. The Executive committee has sole responsibility for developing and approving FMPA's Agency Fund and All-Requirements Project budgets, and authorizes all debt issued by the All-Requirements Project.

In order to facilitate the project decision-making process, there are project committees for the St. Lucie, Stanton, Stanton II, and Tri-City Projects which are comprised of one representative from each participant in a project. The project committees serve in an advisory capacity, and all decisions concerning the project are decided by the Board of Directors, except for the All-Requirements Project, in which all decisions are made by the Executive Committee.

The Board of Directors has authorized the creation of a Solar Project Committee, which will be advisory to the Board of Directors on matters involving the Solar Project. The Executive Committee has authorized the creation of an ARP Solar Project Advisory Committee, which is an Executive Committee subcommittee that will address matters involving ARP participants.

### B. Florida Gas Utility (FGU)

The All-Requirements Project has a contractual agreement to purchase natural gas from Florida Gas Utility (FGU), which accounts for approximately 80-85% of FGU's total throughput of natural gas. FMPA and the following member cities have representatives on the FGU Board of Directors: Ft. Pierce, KUA, Leesburg and Starke.

## XVI. Subsequent Events

### A. TOHO Exercises \$2 Million Financial Assistance

In October 2018, the Toho Water Authority called on the \$2 million financial assistance pursuant to the Amended and Restated Agreement Concerning Delivery and Use of Treated Sewage Effluent with Toho Water Authority for the Cane Island Site. See footnote X.D.2 for further detail.

### B. St. Lucie Swaps

In November 2018, the St. Lucie Series 2000 and an additional Series 2002 Swaps were deemed ineffective. When the derivative instrument is determined ineffective under GASB Statement No. 53, the market value adjustments flow through investment income instead of an asset or liability adjustment. These St. Lucie swaps were terminated per Item C. below.

### C. St. Lucie Project Debt Reduction Strategy

The Board of Directors approved a St. Lucie Project Debt Reduction Strategy on October 18, 2018. The strategy will eliminate all the \$161.5 million auction rate debt outstanding, eliminate all the related swaps with a termination value of approximately \$6.9 million at September 30, 2018, and terminate the Forward Sales Agreement with Merrill Lynch Capital Services, Inc. that results in elimination of waivers for noncompliance and lowers the St. Lucie Project debt service costs.

# NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

## XVI. Subsequent Events (continued)

### C. St. Lucie Project Debt Reduction Strategy

The St. Lucie Debt Reduction Strategy was completed on the following dates:

November 21, 2018 –Forward Sales Agreement was terminated at a gain of \$3.1 million.

December 7, 2018 – St. Lucie Swaps were terminated at a cost of \$6.8 million.

By December 31, 2018 - all the auction rate debt, consisting of the St. Lucie Project Series 2000 and 2002 debt, will be terminated with a principal value of \$161.5 million using available funds in the St. Lucie Project.

### D. Vero Beach Proposed Sales

The closing of the New Sale transaction occurred on December 17, 2018. See footnote X.D.2 for further detail.

### E. Winter Park Capacity and Energy Sale.

FMPA's All-Requirements Project has been chosen by the City of Winter Park through a competitive selection process to provide a portion of their power supply needs for nine years. The All-Requirements Project has entered into a power purchase agreement with Winter Park, pursuant to which FMPA will supply 10 MW of base load power during 2019. Beginning in 2020, FMPA will serve Winter Park's partial-requirements power supply needs, net of existing contracts, of approximately 70 MW through 2027. The Winter Park power purchase agreement was approved by the FMPA Executive Committee in November 2018.

### F. Stanton Energy Center Class-Action Lawsuit

On December 20, 2018, a class action lawsuit (naming three residents of east Orange County as class representatives) was filed against OUC and several local developers alleging that the coal-burning power plants at the Stanton Energy Center have contaminated their properties and caused a local spike in rare cancers. FMPA's Stanton, Tri-City, Stanton II and All-Requirements Power Supply Projects are co-owners of the Stanton Energy Center coal plants along with KUA and OUC. On December 21, 2018, FMPA received a letter from the law firm representing the three putative class representatives, which states that the letter is "NOTICE PURSUANT TO FLORIDA STATUTE § 768.28" and that "we are notifying you of our intent to file suit against FMPA for property contamination and related damages . . . ."

## Required Supplementary Information (unaudited)



**Schedule of Changes in Agency's Net OPEB Liability and Related Ratios  
Last Ten Years  
(000's US\$)**

Reporting Period Ending	9/30/2018
Measurement Date	<u>9/30/2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 53
Interest	201
Changes in Assumptions	(374)
Benefit Payments	<u>(214)</u>
Net Change in Total OPEB Liability	\$ (334)
Total OPEB Liability - Beginning of Year	<u>5,563</u>
Total OPEB Liability - End of Year	\$ 5,229
<b>Trust Net Position</b>	
Contributions - Employer	\$ -
Contributions - Member	-
Net Investment Income	-
Administrative Expenses	-
Benefit Payments, Including Refunds	-
Other	<u>-</u>
Net Change in Net Position Held in Trust	\$ -
Trust Fiduciary Net Position - Beginning of Year	<u>-</u>
Trust Fiduciary Net Position - End of Year	\$ -
Agency Net OPEB Liability - Ending	<u>\$ 5,229</u>
Trust Fiduciary Net Position as a % of Total OPEB Liability	0%
Covered Employee Payroll	2,167
Agency's Net OPEB Liability as a % of Covered Employee Payroll	241%
* GASB Statement 75 was implemented as of September 30, 2018. Information from 2009 - 2017 is not available and this schedule will be presented on a prospective basis.	

**Notes to Schedule:**

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2018:	4.18%
Fiscal Year Ending September 30, 2017:	3.64%

See footnote XII.B for further information.

## Supplementary Information

(unaudited)

**SCHEDULE OF  
AMOUNTS DUE TO (FROM) PARTICIPANTS  
RESULTING FROM BUDGET/ACTUAL VARIANCES  
YEAR ENDED SEPTEMBER 30, 2018  
(000's US\$)**

	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Agency Fund</b>			
Received from projects	\$ 14,492	\$ 13,704	\$ (788)
Received from member assessments	23	23	-
Interest income	219	171	(48)
Other income		18	18
	<u>\$ 14,734</u>	<u>\$ 13,916</u>	<u>\$ (818)</u>
General and administrative	\$ 14,059	\$ 12,972	\$ 1,087
Invested in Capital Assets	165	282	(117)
Principal on Debt	210	210	-
Other Adjustments	(75)	5,057	(5,132)
	<u>\$ 14,359</u>	<u>\$ 18,521</u>	<u>\$ (4,162)</u>
Net Revenue	<u>\$ 375</u>	<u>\$ (4,605)</u>	<u>\$ (4,980)</u>
<b>St. Lucie Project</b>			
Participant billing	\$ 52,049	\$ 52,049	\$ -
Reliability exchange contract sales	4,786	4,099	(687)
Interest income	209	474	265
	<u>\$ 57,044</u>	<u>\$ 56,622</u>	<u>\$ (422)</u>
Operation and maintenance, fuel	\$ 16,857	\$ 16,540	\$ 317
Purchased power	4,786	3,540	1,246
Transmission service	355	350	5
General and administrative	2,671	3,031	(360)
Deposit to renewal and replacement fund	4,500	4,500	-
Deposit to general reserve fund & FSA	7,300	7,300	-
Deposit to debt service fund	20,913	22,031	(1,118)
	<u>\$ 57,382</u>	<u>\$ 57,292</u>	<u>\$ 90</u>
Net Due to (from) Participants Resulting from Budget/Actual Variances	<u>\$ (338)</u>	<u>\$ (670)</u>	<u>\$ (332)</u>

Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

**SCHEDULE OF  
AMOUNTS DUE TO (FROM) PARTICIPANTS  
RESULTING FROM BUDGET/ACTUAL VARIANCES  
YEAR ENDED SEPTEMBER 30, 2018  
(000's US\$)**

	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Stanton Project</b>			
Participant billing & sales to others	\$ 28,901	\$ 28,380	\$ (521)
Interest income	93	157	64
	<u>\$ 28,994</u>	<u>\$ 28,537</u>	<u>\$ (457)</u>
Operation and maintenance, fuel	\$ 16,689	\$ 16,327	\$ 362
Transmission service	1,142	1,176	(34)
General and administrative	1,291	1,382	(91)
Deposits to debt service and other funds	10,745	10,701	44
	<u>\$ 29,867</u>	<u>\$ 29,586</u>	<u>\$ 281</u>
Net Due to (from) Participants Resulting from Budget/Actual Variances	<u>\$ (873)</u>	<u>\$ (1,049)</u>	<u>\$ (176)</u>
<b>All-Requirements Project</b>			
Participant billing & sales to others	\$ 498,991	\$ 435,956	\$ (63,035)
Interest Income	1,206	2,057	851
	<u>\$ 500,197</u>	<u>\$ 438,013</u>	<u>\$ (62,184)</u>
Member Capacity	\$ 29,964	\$ 29,723	\$ 241
Contract Capacity	\$ 17,696	\$ 17,651	45
ARP Owned Capacity	\$ 42,417	\$ 34,617	7,800
Debt & Capital Leases	\$ 129,933	\$ 123,945	5,988
Direct Charges & Other	\$ 21,858	\$ 18,867	2,991
Gas Transportation	33,356	31,496	1,860
Fuels	194,598	154,271	40,327
Purchased Power	2,928	5,820	(2,892)
Transmission	27,447	28,911	(1,464)
	<u>\$ 500,197</u>	<u>\$ 445,301</u>	<u>\$ 54,896</u>
Net Due to (from) Participants Resulting from Budget/Actual Variances	<u>\$ -</u>	<u>\$ (7,288)</u>	<u>\$ (7,288)</u>

Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

**SCHEDULE OF  
AMOUNTS DUE TO (FROM) PARTICIPANTS  
RESULTING FROM BUDGET/ACTUAL VARIANCES  
YEAR ENDED SEPTEMBER 30, 2018  
(000's US\$)**

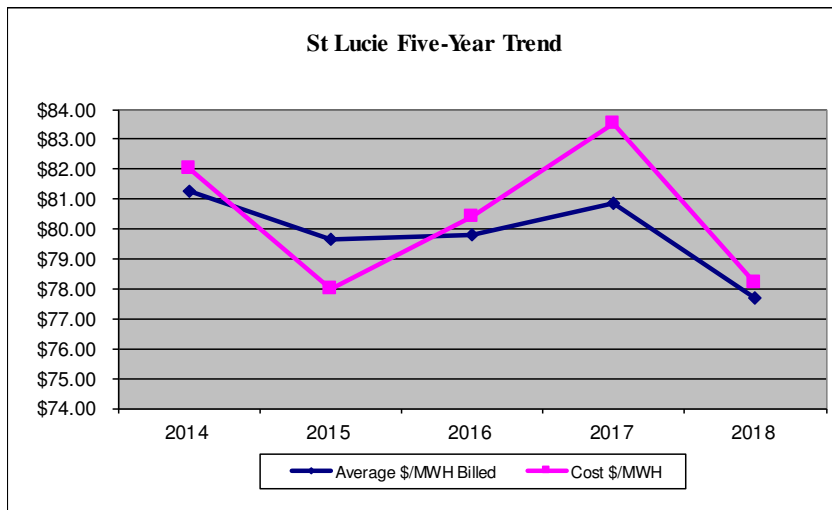
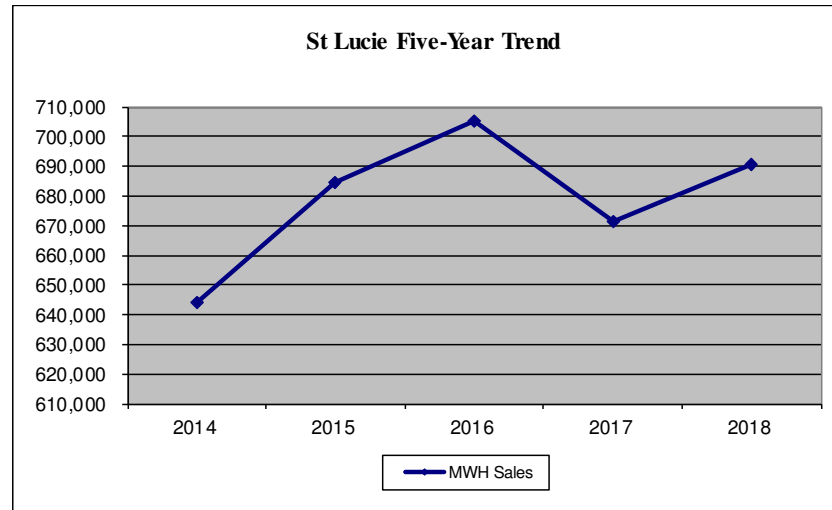
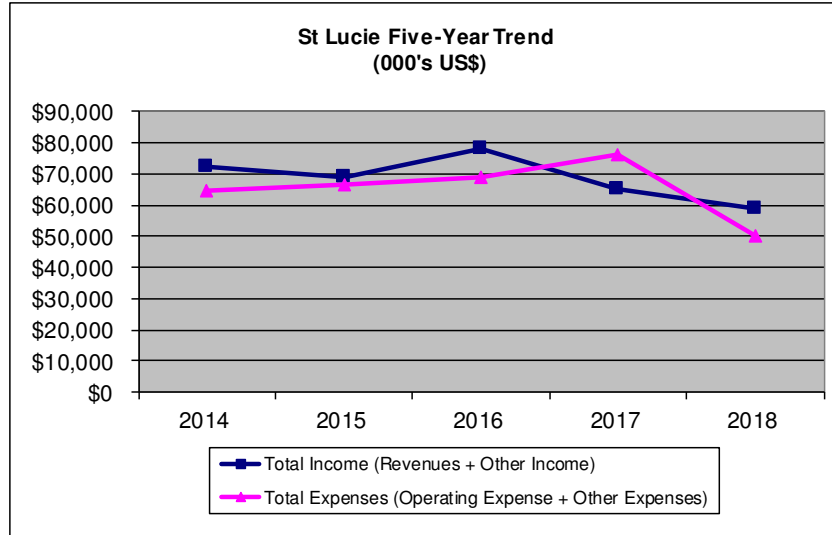
	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Tri-City Project</b>			
Participant billing & sales to others	\$ 11,449	\$ 10,920	\$ (529)
Interest income	30	79	49
	<u>\$ 11,479</u>	<u>\$ 10,999</u>	<u>\$ (480)</u>
Operation and maintenance, fuel	\$ 6,097	\$ 5,928	\$ 169
Transmission service	410	415	(5)
General and administrative	754	774	(20)
Deposits to debt service and other funds	4,083	4,075	8
	<u>\$ 11,344</u>	<u>\$ 11,192</u>	<u>\$ 152</u>
Net Due to (from) Participants Resulting from Budget/Actual Variances	<u>\$ 135</u>	<u>\$ (193)</u>	<u>\$ (328)</u>
<b>Stanton II Project</b>			
Participant billing & sales to others	\$ 51,016	\$ 51,485	\$ 469
Interest income	181	(232)	(413)
	<u>\$ 51,197</u>	<u>\$ 51,253</u>	<u>\$ 56</u>
Operation and maintenance, fuel	\$ 26,195	\$ 26,669	\$ (474)
Transmission service	1,802	1,895	(93)
General and administrative	1,870	1,941	(71)
Deposits to debt service and other funds	18,098	17,080	1,018
	<u>\$ 47,965</u>	<u>\$ 47,585</u>	<u>\$ 380</u>
Net Due to (from) Participants Resulting from Budget/Actual Variances	<u>\$ 3,232</u>	<u>\$ 3,668</u>	<u>\$ 436</u>

Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

## FIVE-YEAR TREND ANALYSIS

	2014	2015	2016	2017	2018
(000's US\$ except for MWH Sales and Average \$/MWH)					
<b>St. Lucie Project</b>					
Capital Assets	\$ 89,129	\$ 74,133	\$ 50,196	\$ 23,656	\$ 19,469
Total Assets & Deferred Outflows	\$ 441,240	\$ 441,333	\$ 431,817	\$ 418,281	\$ 404,525
Long-Term Liabilities	\$ 428,520	\$ 424,539	\$ 418,789	\$ 403,457	\$ 392,067
Total Liabilities & Deferred Inflows	\$ 441,240	\$ 441,333	\$ 431,817	\$ 418,281	\$ 404,525
Billings to Participants	\$ 52,338	\$ 54,511	\$ 56,287	\$ 54,296	\$ 53,678
Sales to Others	2,235	2,302	2,561	2,439	2,470
Total Operating Revenues	<u>\$ 54,573</u>	<u>\$ 56,813</u>	<u>\$ 58,848</u>	<u>\$ 56,735</u>	<u>\$ 56,148</u>
Purchased Power	\$ 4,254	\$ 4,072	\$ 3,874	\$ 4,431	\$ 3,540
Production-Nuclear O&M	12,106	11,265	9,727	12,087	10,953
Nuclear Fuel Amortization	4,385	4,599	5,963	5,270	4,799
Transmission	511	470	380	321	350
General & Administrative	2,716	2,998	2,486	3,248	3,278
Depreciation & Decommissioning	25,731	28,211	31,417	35,624	11,342
Total Operating Expenses	<u>\$ 49,703</u>	<u>\$ 51,615</u>	<u>\$ 53,847</u>	<u>\$ 60,981</u>	<u>\$ 34,262</u>
Net Operating Revenues	<u>\$ 4,870</u>	<u>\$ 5,198</u>	<u>\$ 5,001</u>	<u>\$ (4,246)</u>	<u>\$ 21,886</u>
Investment Income	\$ 17,530	\$ 12,362	\$ 19,430	\$ 8,553	\$ 2,586
Total Other Income	<u>\$ 17,530</u>	<u>\$ 12,362</u>	<u>\$ 19,430</u>	<u>\$ 8,553</u>	<u>\$ 2,586</u>
Interest Expense	\$ 13,486	\$ 14,855	\$ 13,454	\$ 13,759	\$ 14,111
Amortization & Other Expense	1,532	(117)	1,544	1,579	1,613
Total Other Expenses	<u>\$ 15,018</u>	<u>\$ 14,738</u>	<u>\$ 14,998</u>	<u>\$ 15,338</u>	<u>\$ 15,724</u>
Net Income (Loss)	<u>\$ 7,382</u>	<u>\$ 2,822</u>	<u>\$ 9,433</u>	<u>\$ (11,031)</u>	<u>\$ 8,748</u>
Net Cost Recovered (Credited) in the Future	(7,855)	(1,688)	(9,862)	9,235	(9,080)
Due from (to) Participants	473	(1,134)	429	1,796	332
Total Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MWH Sales	643,993	684,526	705,233	671,510	690,698
Average \$/MWH Billed	\$ 81.27	\$ 79.63	\$ 79.81	\$ 80.86	\$ 77.72
Cost \$/MWH	\$ 82.01	\$ 77.98	\$ 80.42	\$ 83.53	\$ 78.20

## FIVE-YEAR TREND ANALYSIS

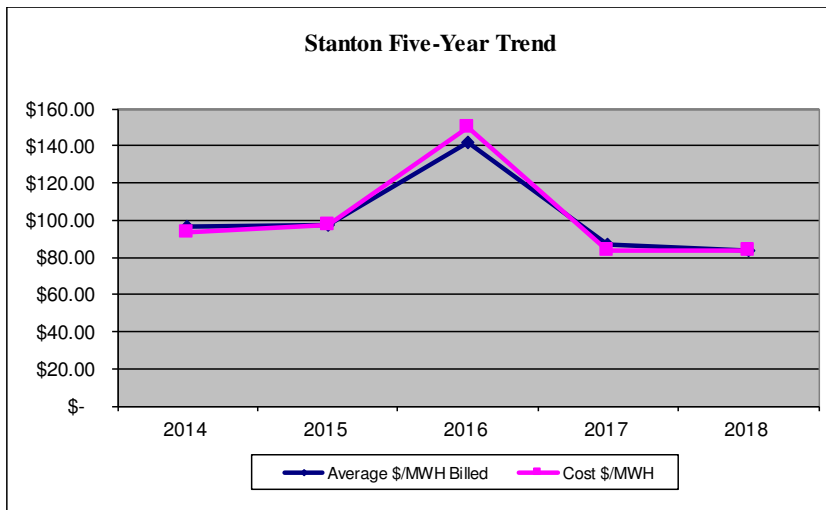
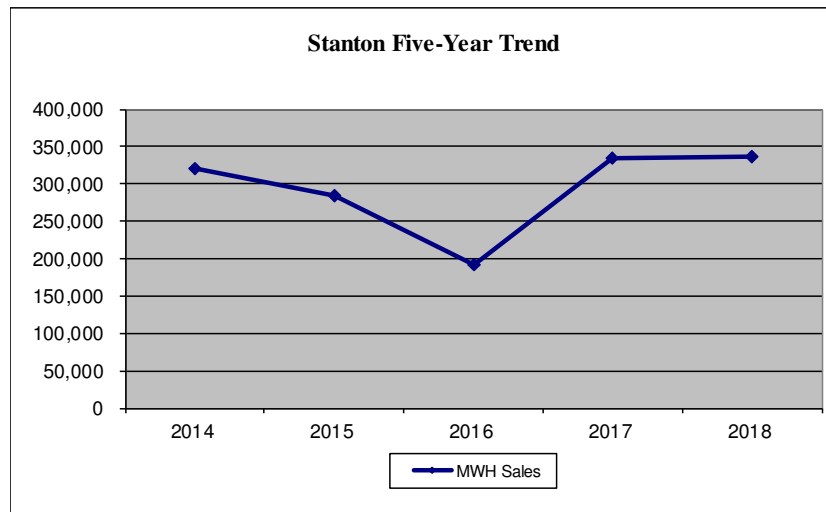
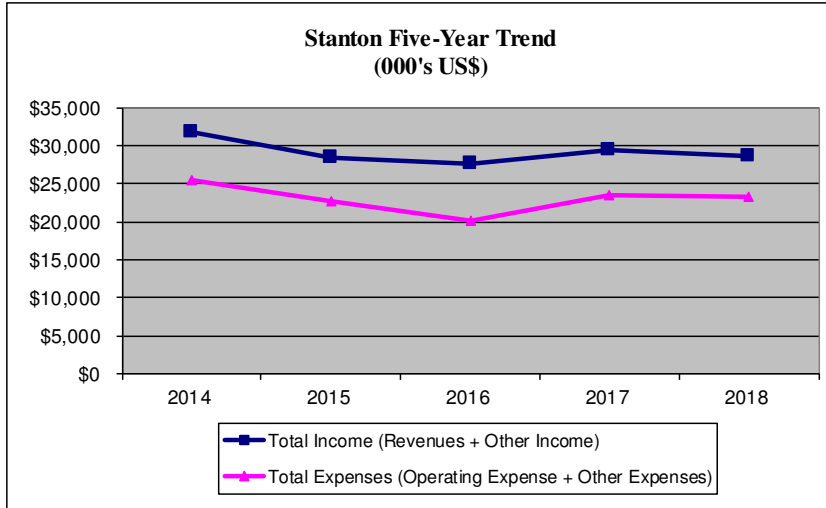


## FIVE-YEAR TREND ANALYSIS

	2014	2015	2016	2017	2018
(000's US\$ except for MWH Sales and Average \$/MWH)					
<b>Stanton Project</b>					
Capital Assets	\$ 32,939	\$ 31,623	\$ 30,536	\$ 30,977	\$ 28,797
Total Assets & Deferred Outflows	\$ 63,824	\$ 61,778	\$ 63,579	\$ 62,445	\$ 59,299
Long-Term Debt	\$ 39,310	\$ 32,875	\$ 25,299	\$ 17,347	\$ 9,091
Total Liabilities & Deferred Inflows	\$ 63,824	\$ 61,778	\$ 63,579	\$ 62,445	\$ 59,299
Billings to Participants	\$ 30,967	\$ 27,716	\$ 27,103	\$ 28,909	\$ 28,027
Sales to Others	419	322	327	356	352
Total Operating Revenues	<u>\$ 31,386</u>	<u>\$ 28,038</u>	<u>\$ 27,430</u>	<u>\$ 29,265</u>	<u>\$ 28,379</u>
Production-Steam O&M	\$ 3,567	\$ 4,225	\$ 5,520	\$ 4,293	\$ 4,702
Fuel Expense	14,500	11,315	7,400	12,392	11,625
Transmission	1,223	1,222	1,132	1,062	1,176
General & Administrative	1,187	1,235	1,287	1,304	1,382
Depreciation & Decommissioning	2,647	2,759	2,937	3,029	3,436
Total Operating Expenses	<u>\$ 23,124</u>	<u>\$ 20,756</u>	<u>\$ 18,276</u>	<u>\$ 22,080</u>	<u>\$ 22,321</u>
Net Operating Revenues	<u>\$ 8,262</u>	<u>\$ 7,282</u>	<u>\$ 9,154</u>	<u>\$ 7,185</u>	<u>\$ 6,058</u>
Investment Income	\$ 392	\$ 450	\$ 251	\$ 122	\$ 209
Total Other Income	<u>\$ 392</u>	<u>\$ 450</u>	<u>\$ 251</u>	<u>\$ 122</u>	<u>\$ 209</u>
Interest Expense	\$ 1,997	\$ 1,843	\$ 1,680	\$ 1,310	\$ 911
Amortization & Other Expense	258	137	112	86	58
Total Other Expenses	<u>\$ 2,255</u>	<u>\$ 1,980</u>	<u>\$ 1,792</u>	<u>\$ 1,396</u>	<u>\$ 969</u>
Net Income (Loss)	\$ 6,399	\$ 5,752	\$ 7,613	\$ 5,911	\$ 5,298
Net Cost Recovered (Credited) in the Future	(5,394)	(5,762)	(9,121)	(5,042)	(5,474)
Due from (to) Participants	<u>(1,005)</u>	<u>10</u>	<u>1,508</u>	<u>(869)</u>	<u>176</u>
Total Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MWH Sales	320,992	284,081	190,985	334,166	336,361
Average \$/MWH Billed	\$ 96.47	\$ 97.56	\$ 141.91	\$ 86.51	\$ 83.32
Cost \$/MWH	\$ 93.34	\$ 97.60	\$ 149.81	\$ 83.91	\$ 83.85



## FIVE-YEAR TREND ANALYSIS



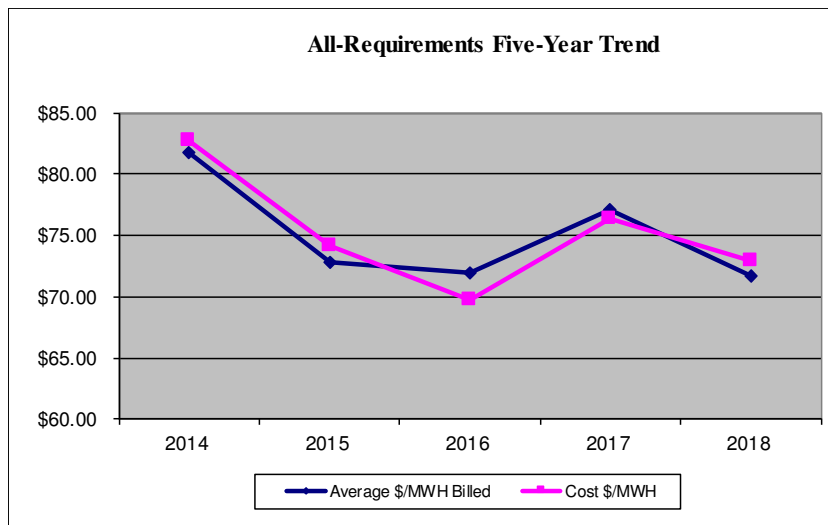
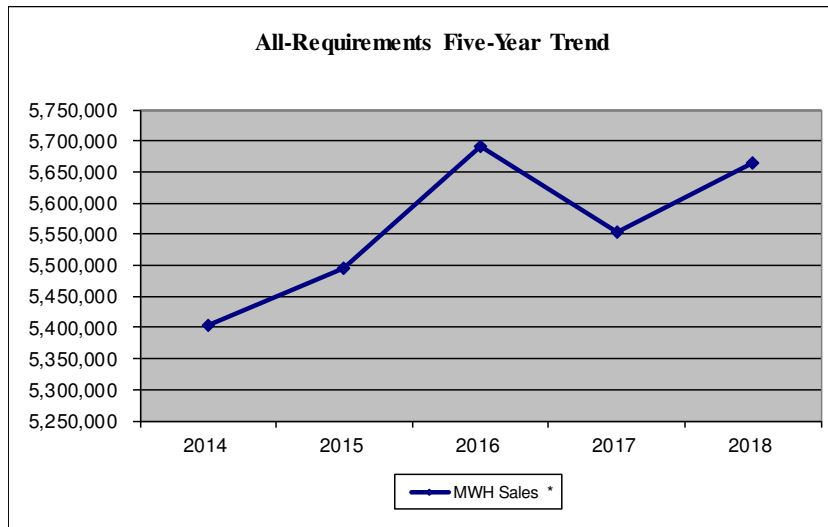
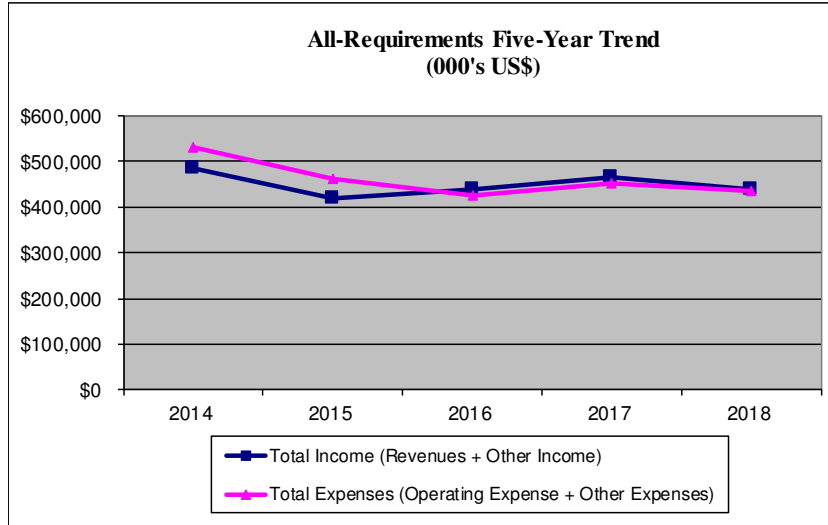
## FIVE-YEAR TREND ANALYSIS

	2014	2015	2016	2017	2018
(000's US\$ except for MWH Sales and Average \$/MWH)					
<b>All-Requirements Project</b>					
Capital Assets	\$ 864,876	\$ 814,271	\$ 777,532	\$ 727,100	\$ 674,858
Total Assets & Deferred Outflows	\$ 1,475,187	\$ 1,456,404	\$ 1,471,708	\$ 1,397,705	\$ 1,307,621
Long-Term Liabilities	\$ 1,342,161	\$ 1,334,149	\$ 1,331,563	\$ 1,241,223	\$ 1,157,636
Total Liabilities & Deferred Inflows	\$ 1,475,187	\$ 1,456,404	\$ 1,471,708	\$ 1,397,705	\$ 1,307,621
Billings to Participants **	\$ 442,072	\$ 399,979	\$ 409,104	\$ 428,034	\$ 406,073
Sales to Others	76,854	45,656	26,146	33,480	29,883
Total Operating Revenues	<u>\$ 518,926</u>	<u>\$ 445,635</u>	<u>\$ 435,250</u>	<u>\$ 461,514</u>	<u>\$ 435,956</u>
Purchased Power	\$ 27,523	\$ 31,755	\$ 25,546	\$ 21,814	\$ 23,561
O&M Production-Steam	55,621	60,693	67,270	65,550	61,398
Fuel Expense	283,682	204,743	170,762	205,925	194,661
Transmission	26,247	26,862	26,256	28,187	28,661
General & Administrative	21,957	21,729	22,349	21,841	22,029
Depreciation & Decommissioning	54,252	54,464	55,101	56,412	57,332
Total Operating Expenses	<u>\$ 469,282</u>	<u>\$ 400,246</u>	<u>\$ 367,284</u>	<u>\$ 399,729</u>	<u>\$ 387,642</u>
Net Operating Revenues	<u>\$ 49,644</u>	<u>\$ 45,389</u>	<u>\$ 67,966</u>	<u>\$ 61,785</u>	<u>\$ 48,314</u>
Investment Income	\$ (32,150)	\$ (27,859)	\$ 3,805	\$ 3,307	\$ 2,657
Total Other Income	<u>\$ (32,150)</u>	<u>\$ (27,859)</u>	<u>\$ 3,805</u>	<u>\$ 3,307</u>	<u>\$ 2,657</u>
Interest Expense	\$ 59,873	\$ 59,185	\$ 56,843	\$ 55,371	\$ 51,785
Amortization & Other Expense	673	1,921	2,150	(3,203)	(4,265)
Total Other Expenses	<u>\$ 60,546</u>	<u>\$ 61,106</u>	<u>\$ 58,993</u>	<u>\$ 52,168</u>	<u>\$ 47,520</u>
Net Income (Loss)	<u>\$ (43,052)</u>	<u>\$ (43,576)</u>	<u>\$ 12,778</u>	<u>\$ 12,924</u>	<u>\$ 3,451</u>
Net Cost Recovered (Credited) in the Future	37,847	35,778	(359)	(9,008)	(10,739)
Due from (to) Participants	5,205	7,798	(12,419)	(3,916)	7,288
Total Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MWH Sales *	5,404,370	5,495,169	5,691,752	5,553,937	5,664,825
Average \$/MWH Billed	\$ 81.80	\$ 72.79	\$ 71.88	\$ 77.07	\$ 71.68
Cost \$/MWH	\$ 82.76	\$ 74.21	\$ 69.69	\$ 76.36	\$ 72.97

\* Restated to include Ft. Meade's MWs for fiscal year 2015.

\*\* Restated to properly break out sales to others that were previously included in Billings to Participants for 2014.

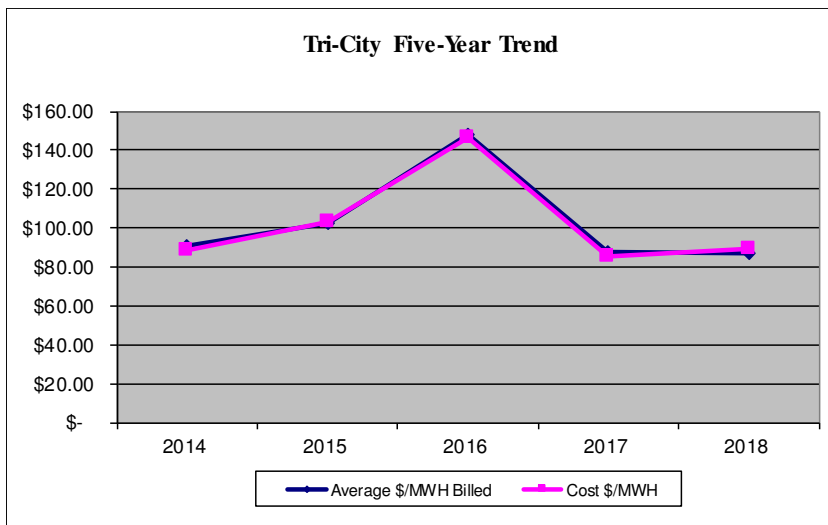
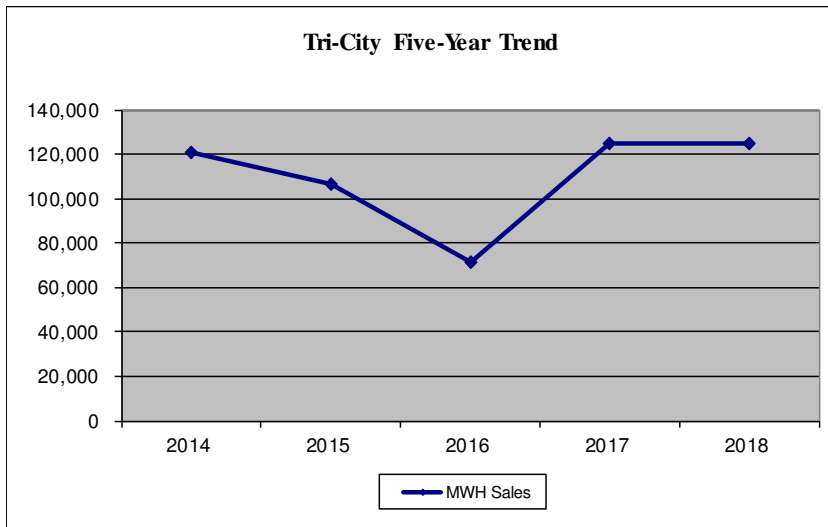
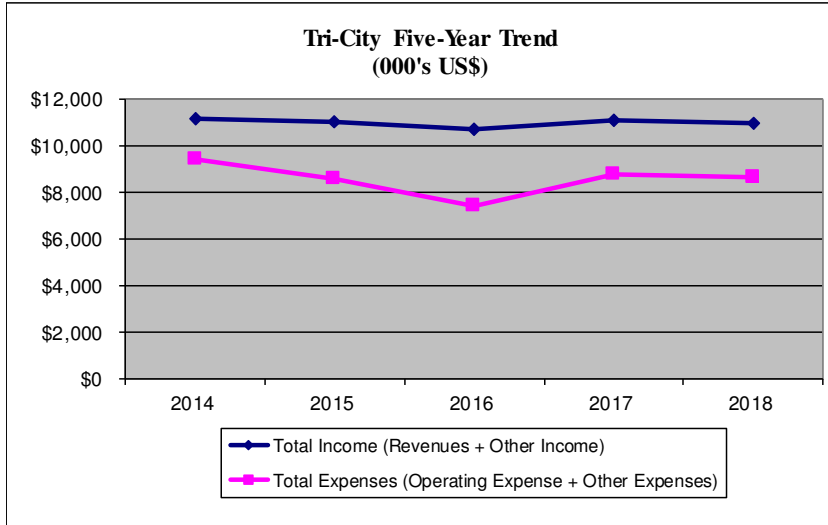
## FIVE-YEAR TREND ANALYSIS



## FIVE-YEAR TREND ANALYSIS

	2014	2015	2016	2017	2018
(000's US\$ except for MWH Sales and Average \$/MWH)					
<b>Tri-City Project</b>					
Capital Assets	\$ 12,999	\$ 12,436	\$ 11,947	\$ 12,019	\$ 11,157
Total Assets & Deferred Outflows	\$ 22,573	\$ 21,620	\$ 21,520	\$ 20,864	\$ 20,172
Long-Term Debt	\$ 15,771	\$ 12,748	\$ 9,659	\$ 6,508	\$ 3,325
Total Liabilities & Deferred Inflows	\$ 22,573	\$ 21,620	\$ 21,520	\$ 20,864	\$ 20,172
Billings to Participants	\$ 10,971	\$ 10,873	\$ 10,548	\$ 10,919	\$ 10,794
Sales to Others	150	115	116	127	126
Total Operating Revenues	<u>\$ 11,121</u>	<u>\$ 10,988</u>	<u>\$ 10,664</u>	<u>\$ 11,046</u>	<u>\$ 10,920</u>
Production-Steam O&M	\$ 1,262	\$ 1,511	\$ 1,991	\$ 1,536	\$ 1,682
Fuel Expense	5,189	4,287	2,715	4,579	4,246
Transmission	489	489	427	382	415
General & Administrative	687	696	735	743	774
Depreciation & Decommissioning	1,041	1,078	1,134	1,168	1,312
Total Operating Expenses	<u>\$ 8,668</u>	<u>\$ 8,061</u>	<u>\$ 7,002</u>	<u>\$ 8,408</u>	<u>\$ 8,429</u>
Net Operating Revenues	<u>\$ 2,453</u>	<u>\$ 2,927</u>	<u>\$ 3,662</u>	<u>\$ 2,638</u>	<u>\$ 2,491</u>
Investment Income	\$ 81	\$ 27	\$ 44	\$ 34	\$ 73
Total Other Income	<u>\$ 81</u>	<u>\$ 27</u>	<u>\$ 44</u>	<u>\$ 34</u>	<u>\$ 73</u>
Interest Expense	\$ 389	\$ 327	\$ 266	\$ 203	\$ 139
Amortization & Other Expense	342	235	190	144	97
Total Other Expenses	<u>\$ 731</u>	<u>\$ 562</u>	<u>\$ 456</u>	<u>\$ 347</u>	<u>\$ 236</u>
Net Income (Loss)	\$ 1,803	\$ 2,392	\$ 3,250	\$ 2,325	\$ 2,328
Net Cost Recovered (Credited) in the Future	(1,545)	(2,493)	(3,129)	(2,019)	(2,656)
Due from (to) Participants	(258)	101	(121)	(306)	328
Total Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MWH Sales	120,915	106,538	71,172	124,588	124,558
Average \$/MWH Billed	\$ 90.73	\$ 102.06	\$ 148.20	\$ 87.64	\$ 86.66
Cost \$/MWH	\$ 88.60	\$ 103.01	\$ 146.50	\$ 85.18	\$ 89.29

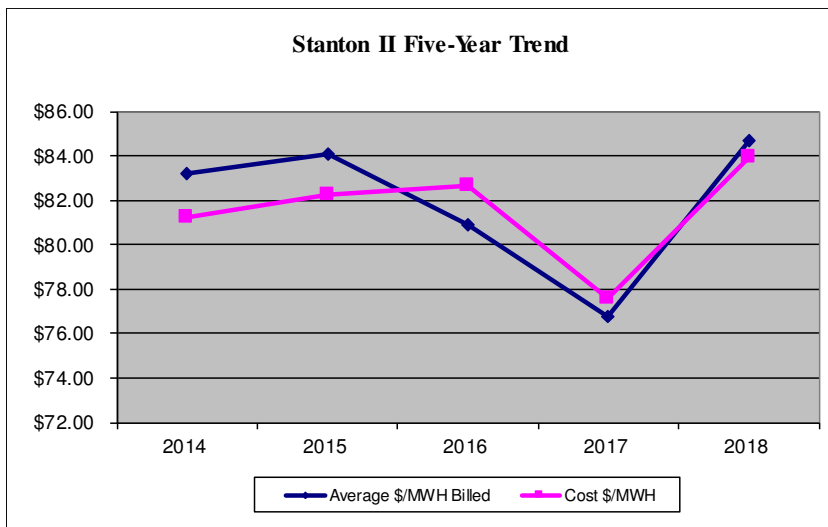
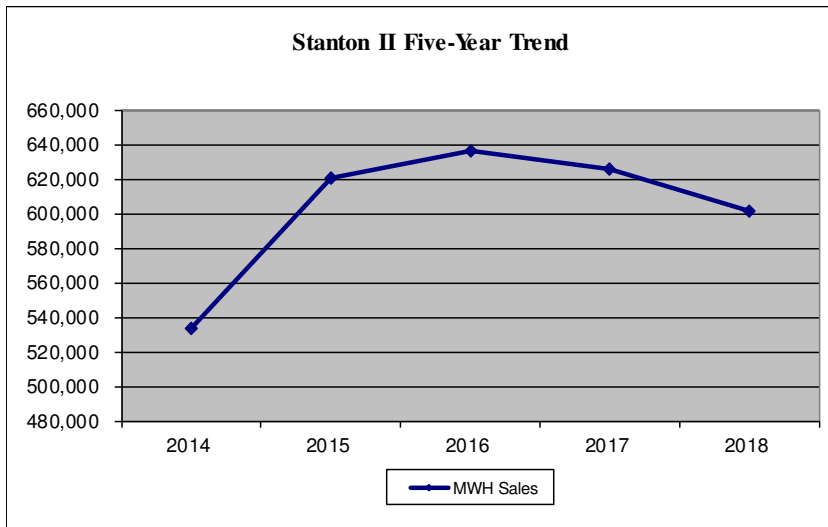
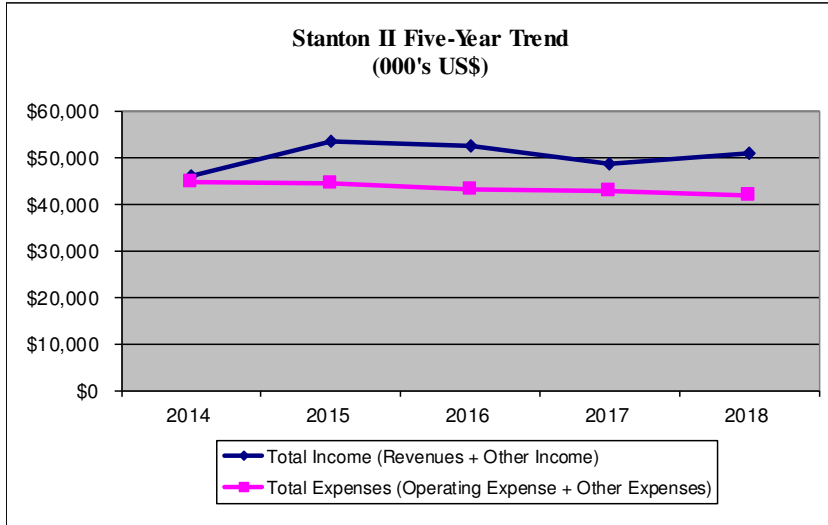
## FIVE-YEAR TREND ANALYSIS



## FIVE-YEAR TREND ANALYSIS

	2014	2015	2016	2017	2018
<b>(000's US\$ except for MWH Sales and Average \$/MWH)</b>					
<b>Stanton II Project</b>					
Capital Assets	\$ 106,356	\$ 102,865	\$ 100,258	\$ 96,589	\$ 92,263
Total Assets & Deferred Outflows	\$ 182,054	\$ 178,143	\$ 176,182	\$ 166,748	\$ 170,490
Long-Term Debt	\$ 167,977	\$ 148,656	\$ 139,040	\$ 138,885	\$ 127,446
Total Liabilities & Deferred Inflows	\$ 182,054	\$ 178,143	\$ 176,182	\$ 166,748	\$ 170,490
Billings to Participants	\$ 44,411	\$ 52,204	\$ 51,463	\$ 48,001	\$ 50,933
Sales to Others	657	505	511	558	552
Total Operating Revenues	<u>\$ 45,068</u>	<u>\$ 52,709</u>	<u>\$ 51,974</u>	<u>\$ 48,559</u>	<u>\$ 51,485</u>
Production-Steam O&M	\$ 5,871	\$ 6,495	\$ 6,688	\$ 7,363	\$ 6,860
Fuel Expense	24,253	23,417	21,650	20,773	19,809
Transmission	1,846	1,846	1,750	1,677	1,895
General & Administrative	1,770	1,831	1,889	1,897	1,941
Depreciation & Decommissioning	5,082	5,194	5,336	5,392	5,535
Total Operating Expenses	<u>\$ 38,822</u>	<u>\$ 38,783</u>	<u>\$ 37,313</u>	<u>\$ 37,102</u>	<u>\$ 36,040</u>
Net Operating Revenues	<u>\$ 6,246</u>	<u>\$ 13,926</u>	<u>\$ 14,661</u>	<u>\$ 11,457</u>	<u>\$ 15,445</u>
Investment Income	\$ 1,151	\$ 778	\$ 738	\$ 113	\$ (475)
Total Other Income	<u>\$ 1,151</u>	<u>\$ 778</u>	<u>\$ 738</u>	<u>\$ 113</u>	<u>\$ (475)</u>
Interest Expense	\$ 6,724	\$ 6,453	\$ 6,359	\$ 6,295	\$ 4,695
Amortization & Other Expense	(661)	(619)	(545)	(463)	1,260
Total Other Expenses	<u>\$ 6,063</u>	<u>\$ 5,834</u>	<u>\$ 5,814</u>	<u>\$ 5,832</u>	<u>\$ 5,955</u>
Net Income (Loss)	\$ 1,334	\$ 8,870	\$ 9,585	\$ 5,738	\$ 9,015
Net Cost Recovered (Credited) in the Future	(279)	(7,718)	(10,698)	(6,284)	(8,579)
Due from (to) Participants	(1,055)	(1,152)	1,113	546	(436)
Total Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MWH Sales	533,732	620,796	635,926	625,514	601,691
Average \$/MWH Billed	\$ 83.21	\$ 84.09	\$ 80.93	\$ 76.74	\$ 84.65
Cost \$/MWH	\$ 81.23	\$ 82.24	\$ 82.68	\$ 77.61	\$ 83.93

## FIVE-YEAR TREND ANALYSIS



## Compliance Report



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors and Executive Committee  
Florida Municipal Power Agency  
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Florida Municipal Power Agency (the Agency), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 20, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented or detected, and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

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Board of Directors and Executive Committee  
Florida Municipal Power Agency  
Orlando, Florida

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS  
(Concluded)**

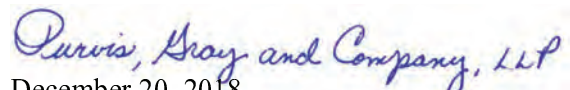
**Compliance and Other Matters (Concluded)**

provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*. However, we noted a certain matter that we reported to the Agency's management in a separate letter dated December 20, 2018.

The Agency's response to the Management Letter Comments identified in our audit is described in the accompany management's response. We did not audit the Agency's response and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
December 20, 2018  
Ocala, Florida

## MANAGEMENT LETTER

Board of Directors and Executive Committee  
Florida Municipal Power Agency  
Orlando, Florida

### Report on the Financial Statements

We have audited the financial statements of the Florida Municipal Power Agency (the Agency), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated December 20, 2018.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, *Rules of the Florida Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *American Institute of Certified Public Accountants Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated December 20, 2018, should be considered in conjunction with this Management Letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, all prior year recommendations have been addressed by the Agency.

### Official Title and Legal Authority

Section 10.554(1)(i)4, *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this Management Letter, unless disclosed in the notes to the financial statements. This information has been disclosed in Note I of the Agency's September 30, 2018 financial statements. There are no component units related to the Agency.

### Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7) *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Agency has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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Board of Directors and Executive Committee  
Florida Municipal Power Agency  
Orlando, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Financial Condition (Concluded)**

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Agency. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Our audit noted no findings of deteriorating financial condition, required to be reported.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. Please see **2018-1—Technology Platforms and Reviews** in our Management Letter Comments report.

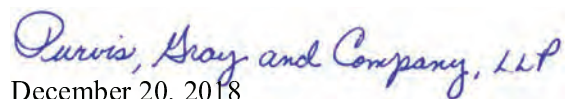
**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other applicable agencies, the Agency's Executive Committee, the Board of Directors and Audit and Risk Oversight Committee and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

  
December 20, 2018  
Ocala, Florida

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**INDEPENDENT ACCOUNTANTS' REPORT**

Board of Directors and Executive Committee  
Florida Municipal Power Agency  
Orlando, Florida

We have examined Florida Municipal Power Agency's (the Agency) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2018. The Agency's management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Florida Auditor General, the Agency's Executive Committee, the Board of Directors, the Audit and Risk Oversight Committee, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

December 20, 2018  
Ocala, Florida

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**MANAGEMENT LETTER COMMENTS**

Board of Directors and Executive Committee  
Florida Municipal Power Agency  
Orlando, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Florida Municipal Power Agency (the Agency), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated December 20, 2018. As a part of audit, we offer the following recommendations to improve financial management, accounting procedures, and internal controls:

**Prior Year Findings and Comments**

All prior year findings and comments have been addressed by the Agency.

**Current Year Findings and Comments**

As a part of our 2018 Audit, we offer the following comment and recommendation:

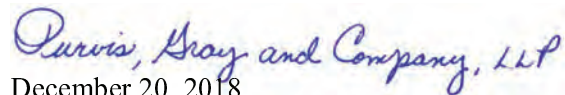
**2018-1—Technology Platforms and Reviews**

In our 2016 and 2017 Management Letter Recommendations we noted that the Agency essentially maintains two separate technology platforms, one for corporate information technology (IT) and one for operations technology (OT). We noted that the IT platform has received a full risk assessment, network analysis and our review of IT general controls and that the OT network (which is of equal if not greater importance) should also receive a full risk assessment by outside IT consultants.

The OT platform includes applications associated with data collection, cyber-security, physical security, and monitoring of the OEM turbine control access, of the Agency’s owned generation plants, (CI, TCEC, and the Keys) and is critical to the success of the Agency.

During 2017, the Agency contracted with consultants who performed a full OT risk assessment and delivered their report dated July 13, 2018, with several recommendations to be considered by the Agency to improve OT controls.

We are aware of current progress to analyze and implement the changes recommended for the OT platform and recommend that the Agency continue its efforts to implement the recommendations provided by the external OT consultants to this critical function.

  
December 20, 2018  
Ocala, Florida



TO: AROC, Board and Executive Committee  
FROM: Linda S. Howard  
DATE: January 17, 2019  
ITEM: Audited Financial Statements – Management Letter Response

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Executive Summary: Staff Response to the Fiscal Year 2018 Management Letter Comment

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Current Year Finding:

In our 2016 and 2017 Management Letter Recommendations we noted that the Agency essentially maintains two separate technology platforms, one for corporate information technology (IT) and one for operations technology (OT). We noted that the IT platform has received a full risk assessment, network analysis and our review of IT general controls and that the OT network (which is of equal if not greater importance) should also receive a full risk assessment by outside IT consultants.

The OT platform includes applications associated with data collection, cyber-security, physical security, and monitoring of the OEM turbine control access, of the Agency's owned generation plants, (CI, TCEC, and the keys) and is critical to the success of the Agency.

During 2017, the Agency contracted with consultants who performed a full OT risk assessment and delivered their report dated July 13, 2018, with several recommendations to be considered by the Agency to improve OT controls.

We are aware of current progress to analyze and implement the changes recommended for the OT platform and recommend that the Agency continue its efforts to implement the recommendations provided by the external OT consultants to this critical function.

Management Response: The Agency plans to address the majority of the OT risk assessment recommendations by the end of 2019.

Prior Year Findings:

None

## APPENDIX D

### FMPA BONDS SUBJECT TO CONTINUING DISCLOSURE UNDERTAKINGS\*

FMPA has entered into continuing disclosure undertakings with respect to the following bonds to provide certain information to the Municipal Securities Rulemaking Board not later than nine months following the end of FMPA's Fiscal Year (currently September 30).

#### ALL-REQUIREMENTS POWER SUPPLY PROJECT

##### All-Requirements Power Supply Project Revenue Bonds, Series 2008A

Refunded Series 2008A Bonds:	Maturity Date	Interest Rate	CUSIP #
	10/1/2021	5.250%	342816J97
	10/1/2022	5.250%	342816K20
	10/1/2023	5.250%	342816K38
	10/1/2024	4.750%	342816K46
	10/1/2024	5.250%	342816K53
	10/1/2026	4.750%	342816K79
	10/1/2026	5.000%	342816K61
	10/1/2027	5.000%	342816K87
	10/1/2028	5.000%	342816K95
	10/1/2031	5.250%	342816L29
	10/1/2031	5.000%	342816L37
Un-Refunded Series 2008A Bonds:	Maturity Date	Interest Rate	CUSIP #
	10/1/2019	5.250%	342816VA0
	10/1/2019	4.250%	342816VB8
	10/1/2020	5.250%	342816L45
	10/1/2021	5.250%	342816L52
	10/1/2022	5.250%	342816L60
	10/1/2023	5.250%	342816L78
	10/1/2024	4.750%	342816L86
	10/1/2024	5.250%	342816L94
	10/1/2026	4.750%	342816M36
	10/1/2026	5.000%	342816M28
	10/1/2027	5.000%	342816M44
	10/1/2028	5.000%	342816M51
	10/1/2031	5.250%	342816M69
	10/1/2031	5.000%	342816M77

##### All-Requirements Power Supply Project Variable Rate Demand Refunding Revenue Bonds, Series 2008C

Maturity Date	Interest Rate	CUSIP #
10/1/2035	variable rate	342816WW1

\* Note: The CUSIP numbers listed in this APPENDIX D are provided for the convenience of bondholders. FMPA is not responsible for the accuracy or completeness of such numbers.



**All-Requirements Power Supply Project Revenue Bonds, Series 2009A**

Refunded Series 2009A Bonds:	Maturity Date	Interest Rate	CUSIP #
	10/1/2020	5.250%	342816XR1
	10/1/2021	5.250%	342816XS9
	10/1/2022	5.000%	342816XT7
	10/1/2022	5.250%	342816XU4
	10/1/2023	5.250%	342816XV2
	10/1/2024	5.250%	342816XW0
	10/1/2024	5.500%	342816XX8
	10/1/2026	5.500%	342816XY6
	10/1/2026	5.250%	342816XZ3
	10/1/2027	5.750%	342816YA7
	10/1/2028	5.500%	342816YB5
	10/1/2031	6.250%	342816YC3

Un-Refunded Series 2009A Bonds:	Maturity Date	Interest Rate	CUSIP #
	10/1/2019	4.500%	342816XP5
	10/1/2019	5.000%	342816XQ3

**All-Requirements Power Supply Project Revenue Bonds, Series 2009B (Federally Taxable)**

Maturity Date	Interest Rate	CUSIP #
10/1/2019	6.400%	342816YD1

**All-Requirements Power Supply Project Revenue Bonds, Series 2015B**

Maturity Date	Interest Rate	CUSIP #
10/1/2019	5.000%	342816F26
10/1/2020	5.000%	342816F34
10/1/2020	4.000%	342816G82
10/1/2021	5.000%	342816F42
10/1/2022	5.000%	342816F59
10/1/2023	5.000%	342816F67
10/1/2024	5.000%	342816F75
10/1/2025	5.000%	342816F83
10/1/2025	3.000%	342816G90
10/1/2026	5.000%	342816F91
10/1/2027	5.000%	342816G25
10/1/2027	3.250%	342816H24
10/1/2028	5.000%	342816G33
10/1/2029	5.000%	342816G41
10/1/2030	5.000%	342816G58
10/1/2031	5.000%	342816G66

**All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2016A**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP #</u>
10/1/2020	5.000%	342816H32
10/1/2021	5.000%	342816H40
10/1/2022	5.000%	342816H57
10/1/2023	5.000%	342816H65
10/1/2024	5.000%	342816H73
10/1/2026	4.000%	342816J71
10/1/2026	5.000%	342816H81
10/1/2027	5.000%	342816H99
10/1/2028	5.000%	342816J22
10/1/2029	5.000%	342816J30
10/1/2030	5.000%	342816J48
10/1/2031	3.000%	342816J63
10/1/2031	5.000%	342816J55

**All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2017A**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP #</u>
10/1/2025	5.00%	342816N84
10/1/2026	5.00%	342816N92
10/1/2027	5.00%	342816P25
10/1/2028	5.00%	342816P33

**All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2017B (Federally Taxable)**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP #</u>
10/1/2020	2.197%	342816P41
10/1/2021	2.380%	342816P58
10/1/2022	2.580%	342816P66
10/1/2023	2.769%	342816P74
10/1/2024	2.919%	342816P82
10/1/2025	3.059%	342816P90

**All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2018A**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP #</u>
10/1/2028	4.000%	342816Q24
10/1/2029	3.000%	342816Q32
10/1/2030	4.000%	342816Q40

*[The remainder of this page intentionally left blank]*

## ST. LUCIE PROJECT

### St. Lucie Project Refunding Revenue Bonds, Series 2000 (Auction Rate Securities)

Maturity Date	Interest Rate	CUSIP #
10/1/2021	Auction Rate	342816NJ0

### St. Lucie Project Refunding Revenue Bonds, Series 2002-1

Maturity Date	Interest Rate	CUSIP #
10/1/2021	Auction Rate	342816RK3

### St. Lucie Project Refunding Revenue Bonds, Series 2002-2

Maturity Date	Interest Rate	CUSIP #
10/1/2021	Auction Rate	342816RL1

### St. Lucie Project Refunding Revenue Bonds, Series 2002-3

Maturity Date	Interest Rate	CUSIP #
10/1/2021	Auction Rate	342816RM9

### St. Lucie Project Revenue Bonds, Series 2009A

Maturity Date	Interest Rate	CUSIP #
10/1/2019	5.000%	342816ZM0
10/2/2020	5.000%	342816ZN8
10/3/2021	5.000%	342816ZP3

### St. Lucie Project Revenue Bonds, Series 2011A

Maturity Date	Interest Rate	CUSIP #
10/1/2019	5.000%	342816C29
10/1/2020	5.000%	342816C37

### St. Lucie Project Revenue Bonds, Series 2011B

Maturity Date	Interest Rate	CUSIP #
10/1/2022	5.000%	342816C45
10/1/2023	5.000%	342816C52
10/1/2024	4.375%	342816C60
10/1/2025	5.000%	342816C78
10/1/2026	5.000%	342816C86

### St. Lucie Project Revenue Bonds, Series 2012A

Maturity Date	Interest Rate	CUSIP #
10/1/2026	5.000%	342816C94

## STANTON PROJECT

### **Stanton Project Refunding Revenue Bonds, Series 2008**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP #</u>
10/1/2019	5.500%	342816WV3

### **Stanton Project Revenue Bonds, Series 2009A**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP #</u>
10/1/2019	4.500%	342816YP4

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## STANTON II PROJECT

### Stanton II Project Revenue Bonds, Series 2009A

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP #</u>
10/1/2019	4.500%	342816YX7
10/1/2020	4.000%	342816YY5
10/1/2021	4.250%	342816YZ2
10/1/2022	4.250%	342816ZB4
10/1/2027	5.000%	342816ZA6

### Stanton II Project Revenue Bonds, Series 2012A

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP #</u>
10/1/2019	5.000%	342816D85
10/1/2020	5.000%	342816D93
10/1/2021	5.000%	342816E27
10/1/2022	5.000%	342816E35
10/1/2023	5.000%	342816E43
10/1/2024	5.000%	342816E50
10/1/2025	5.000%	342816E68
10/1/2026	5.000%	342816E76
10/1/2027	3.000%	342816E84

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# TRI-CITY PROJECT

## Tri-City Project Revenue Bonds, Series 2009A

Maturity Date	Interest Rate	CUSIP #
10/1/2019	4.000%	342816ZY4

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**AGENDA ITEM 9 – INFORMATION ITEMS**

**b) Solar Projects' Phase I Update**

**Executive Committee  
August 22, 2019**



# EC 9b – Solar Projects’ Phase I Update

FMIPA Executive Committee

August 22, 2019



# Florida Municipal Solar Project

## *Facility Allocations for Phase I Participants*

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Facility (Interconnection)	Capacity	OUC	ARP	Solar Project
Taylor Creek (OUC)	74.5	74.5	0.0	0.0
Harmony (OUC)	74.5	34.0	40.5	0.0
Poinsett (DEF)	74.5	0.0	17.5	57.0
<b>Total</b>	<b>223.5 MW</b>	<b>108.5 MW</b>	<b>58.0 MW</b>	<b>57.0 MW</b>

# Poinsett Site Interconnection Process Behind Schedule

## *Relocation to Alternate Site Considered*

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- Florida Renewable Partners (FRP) requested relocation of Poinsett site due to significant Duke Energy Interconnection study delays
  - Poinsett Site facing potential 12 – 18 month delay
  - Alternate sites have more favorable queue positions
- Joint Solar Project Committee and ARP Solar Advisory Committee meeting held August 7<sup>th</sup> to consider amendment to PPAs
  - Changes associated with name, description, location, and milestone dates
  - No changes to Guaranteed COD, price, and production guarantees
  - Decided not to pursue amendment as proposed

# Compromise Could Lead to Win-Win Solution

## *Initial Discussions of Potential Options*

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- Alternate site with additional concessions
- Waiver of delay damages for price adjustment
- Switch interconnection to FPL
- Consider Member connected site
- Terminate and pursue new project with FRP
- Complete restructure of Poinsett PPA

# Information Only

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- Staff will continue to explore and vet options with Florida Renewable Partners
- Solar committees will be consulted prior to moving forward with formal negotiations

**AGENDA ITEM 9 – INFORMATION ITEMS**

**c. Update on Transmission Rate Increases**

**Executive Committee  
August 22, 2019**



# EC 9c – Update on Transmission Rate Increases

Executive Committee

8/22/2019

# Notice of Increases

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***FPL & OUC both recently provided notice of transmission rate increases***

## Budgeted

- July 11, OUC filing for transmission service rate increase with proposed effective date 10/1/2019

## Unanticipated

- August 2, FPL provided notice they would be filing for a transmission rate increase via a formula rate as well as a reactive service rate increase with proposed effective date 11/1/2019

# OUC Rate Increase Effective October 1, 2019

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- OUC increasing transmission rates due to significant investments in its transmission system for reliability and compliance with NERC standards
- Monthly charges for firm transmission service provided under contract rates (grandfathered agreements) to increase from \$1,504/MW to \$1,652/MW (9.8%)
  - Includes all FMPA and KUA transmission agreements with OUC except for Stanton A
- Monthly charges for firm transmission service provided under Open Access Transmission Tariff to increase from \$1,565/MW to \$1,808/MW (15.5%)
- FY 2020 ARP budget assumed \$1.5M (10% average) increase for OUC transmission costs
- Actual increase reflects \$135k (~\$0.02/MWh) cost impact to ARP above budgeted amount



# FPL Rate Increase

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- FPL filing an application with the Federal Energy Regulatory Commission (FERC) on August 12, 2019 to update its rates for network and point-to-point transmission service under FPL's Open Access Transmission Tariff (OATT) by converting from stated rates to formula rates
  - Proposed formula rate produces a rate of \$2.10/kW-month based on 2019 projections (the current rate is \$1.59/kW-month)
- The filing will also update FPL's rate for Schedule 2 – Reactive Supply and Voltage Control Service
  - Proposed new rate is \$0.1757/kW-month, derived using *AEP* methodology in Opinion No. 440 (the current rate is \$0.1008/kW-month)
- FPL will request an effective date of November 1, 2019 for the new rates and revisions to the OATT

# FPL Stated Reasons for Filing

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- FPL claims it is not recovering its cost of providing transmission service to wholesale customers. Based on forecasted load, FPL needs to collect an additional \$56 million from OATT customers.
- FPL wholesale transmission rate unchanged for 9 years since the establishment of a stated rate with the 2011 settlement agreement.
- FPL stated they have invested \$2.1 billion in transmission system for period 2010-2018.
- FPL outlined plans to make an additional \$2.4 billion in transmission capital expenditures during the next 5 years.
- FPL indicated it is still under-collecting its actual costs even with the reduction of the federal corporate income tax rate.

# Shift to Formula Rate Means Potentially Two Increases in FY2020

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- FPL proposes a projected forward looking formula rate
  - Cost of service rate is sum of rate of return, O&M, A&G, depreciation, taxes, and revenue credits
  - Stated components: return on equity, depreciation rates
  - Formula recalculates transmission rate each year based on changes to projected costs
  - Annual true-up is based on FERC Form 1 data and company records, capturing difference between forecasted and actual costs
- While FPL proposes initial rate increase effective 11/1/2019 they have stated they would do another adjustment 1/1/2020

# FPL Schedule 2 – Reactive Service

## *No Rate Impact Anticipated*

- FPL’s reactive service rate unchanged for 21 years
- Generation resources have changed
- The updated rate is \$0.1757/kw-month

Schedule 1	Scheduling, System Control & Dispatch Service
Schedule 2	Reactive Supply and Voltage Control from Generator Other Source Service
Schedule 3	Regulation and Frequency Response Service
Schedule 4	Energy Imbalance Service
Schedule 5	Operating Reserve – Spinning Reserve Service
Schedule 6	Operating Reserve – Supplemental Reserve Service
Schedule 9	Generator Imbalance Service

FMPA anticipating no financial impact on reactive service due to operating under a negotiated rate with FPL. Any rate increase would be a new negotiated rate.

# FPL Filing Means Unanticipated Impact to FY 2020 ARP Costs

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- FY 2020 ARP Budget did not reflect an FPL transmission rate increase
- Estimated cost impact to ARP for 11 months of higher rates in FY 2020 is \$2.2 million (\$0.39/MWh)
- Second increase in Jan. 2020 currently unknown would mean additional cost impact (FPL will not provide information until September)
  - 3% increase = ~\$250k
  - 7% increase = ~\$500k
  - 10% increase = ~\$800k
- Settlement discussions, delay in effective date, true-up process are factors that could potentially help to reduce some of the cost impact
- Cost savings from budget due to physical gas purchases should help ARP absorb most of the increased FPL transmission costs in FY 2020

# FMPA Working with Peers

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- FMPA will review the filing and intervene at FERC in the proceeding
- Legal (Spiegel & McDiarmid) and consulting (nFront) assistance
- FMPA coordinating with other major FPL transmission customers (Seminole, Lee County Electric Cooperative, FKEC)
- FMPA also contacting members with significant FPL transmission cost exposure to offer assistance with analysis and settlement discussions

**AGENDA ITEM 10 – MEMBER COMMENTS**

**Executive Committee  
August 22, 2019**

**AGENDA ITEM 11 – ADJOURNMENT**

**Executive Committee  
August 22, 2019**