



HOPE

is not a plan

Florida Municipal Power Agency  
2005 Annual Report



**MEMBERS**  
make the difference

2005 brought some serious challenges to Florida's electric utilities. Some people in our business are crossing their fingers, waiting and hoping that things will get better. Not us.

FMPA's member utilities are taking action to ensure that tomorrow will be brighter. By joining forces through FMPA, Florida's municipal electric utilities have the power to overcome today's challenges and be prepared for what lies ahead.



KARMA  
won't cut it

FMPA has one vital mission: reliable, affordable wholesale power supply. We have a great track-record of success in this area, but we know that an electric utility makes or breaks its reputation day-to-day—every time a customer flips on the light switch or opens his or her power bill. That’s why, as forces in our business make our job more challenging, we are working harder than ever to continue meeting our customers’ needs.

**TODAY’S GREATEST CHALLENGE** is fuel costs. The prices of the fuels we use to generate power, particularly natural gas, have been constantly rising since late-2000. The impact of Gulf-coast hurricanes in 2005 brought these fuel costs to unprecedented heights. Worse, economists and natural resources experts do not expect prices to decrease significantly any time in the near future.

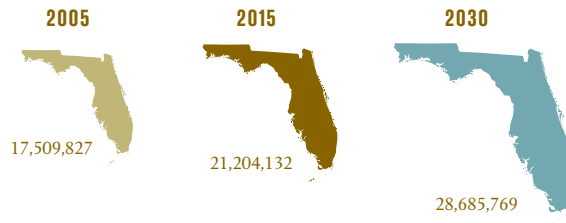
**AT THE SAME TIME**, there is another great challenge looming on the horizon: how will we meet our communities’ growing power needs? Florida is one of the fastest growing states in the nation, and in the next decade alone, our population will increase by more than 20%. These new Floridians bring many contributions to our communities, but they also bring many needs, including the need for reliable, affordable power. Since developing new power resources can take as long as 10 years to complete, FMPA’s members must begin preparing now to meet the challenges of tomorrow.

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Source: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005

#### FLORIDA’S POPULATION IS GROWING

Nearly 4 million new residents will move to Florida by 2015. By 2030, Florida will become the third most populous state in the nation.



# TOMORROW

**is built today**

FMPA members are addressing today's challenges with a member-driven plan for our power supply future. We are stabilizing fuel costs as much as possible in the short-term, while modernizing our power resources to lower costs in the long-term. And by jointly planning to meet customers' future power needs, our member communities can all be owners of one of the most modern, efficient power supply systems in the state.





LUCK  
is not a factor



Today's energy business is so complex and quick-changing that it may seem like luck is required to be successful. But FMPA members know how to create their own luck by making decisions that balance the risks and opportunities inherent in our business.

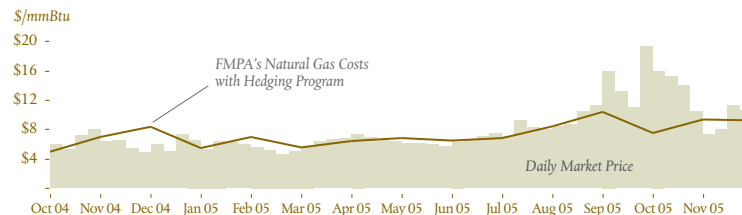
**FOR INSTANCE**, when the natural gas market began to show signs of the volatility we're experiencing today, FMPA rapidly responded by developing a program to actively manage its natural gas prices. This program was more valuable than ever in 2005. As fuel prices rose late in the fiscal year, the program essentially capped the price of a portion of FMPA's fuel supply. The overall increase in our power costs would have been twice as much without this program. Most importantly, the hedging program has decreased the volatility in our energy costs, a strategic goal set by FMPA's members.

**IN THE LONG-TERM**, FMPA members recognize that a fuel-diverse power resource mix is the best protection from fuel price volatility. While FMPA's generation portfolio has become increasingly dependent on natural gas in recent years, plans are now well underway to bring our fuel mix back into balance. FMPA is partnering with other large municipal electric utilities in Florida to jointly develop a technologically advanced, environmentally sensitive coal power plant that would diversify the utilities' fuel sources. The utilities plan to begin receiving power from the new resource by 2012.

Source: Platts' Gas Daily

#### **FMPA PROTECTS ITS CUSTOMERS FROM FUEL PRICE SPIKES**

Tight supply, coupled with the unexpected impact of Gulf-coast hurricanes, caused natural gas prices to rise dramatically in late-2005. FMPA's fuel hedging program limits the impact of market disturbances on its members' overall natural gas costs.



# PREPARATION

**is our best protection**

Risk management has always been part of FMPA's business strategy, but in recent years it has become a fundamental part of our culture. FMPA strives to foster an environment where members make informed choices about their future based more on long-term stability and less on short-term gain. This balanced decision making enables FMPA to prepare for the unexpected and manage what can't be controlled. That's better than luck any day.





STATUS QUO  
won't do

Modernizing and diversifying FMPA's mix of power resources is essential to FMPA's mission for two reasons. First, FMPA will need a significant amount of new power supply to maintain its unblemished record of reliability as Florida continues to grow. Second, optimizing the efficiency of our power resources, through prudent additions and retirements, is a key to regaining our position as the lowest-cost wholesale power provider in Florida.

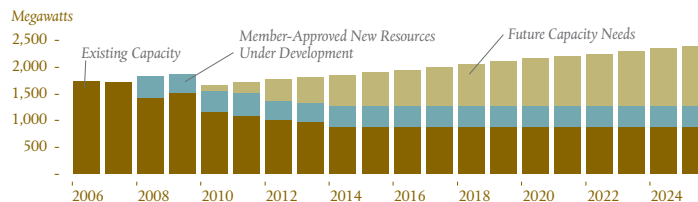
**FOR THE FIRST TIME** in our history, FMPA is taking the lead to independently develop the resources our members need. 2005 was a landmark year in this pursuit. We successfully licensed one power project. We received the endorsement of the Florida Public Service Commission for another project. We also reached agreement to purchase a large tract of land to potentially site a new coal-fired power plant.

**THESE ACCOMPLISHMENTS** would not have been possible without the strong partnership that exists among FMPA's members. FMPA has made it a priority to work in partnership with its generating members to collaborate on capacity additions, whenever possible, and to develop mutually advantageous retirement schedules for existing power generating units as they age.

**FMPA IS TAKING THE LEAD** in many areas, often by reaching out to other consumer-owned utilities to develop innovative solutions to shared challenges. For example, to reduce the impact that volatile fuel markets have on our customers, FMPA co-founded a first-of-its-kind natural gas supply agency for municipal gas and electric utilities, called Public Gas Partners. This new agency will enable us to purchase a portion of our fuel needs directly from the source, in the form of producing natural gas reserves or other long-term supplies, so we can reduce our reliance on the fickle short-term commodities markets.

### OUR COMMUNITIES' POWER NEEDS ARE GROWING

FMPA must add more than 1,000 MW of additional power resources in the next 10 years. Our overall power needs will increase nearly 35% by 2025.



# ACTION

**is our passion**

FMPA members have a unified vision for our power supply future, and we are taking the lead to make that vision a reality. We are expanding our capabilities, strengthening our partnerships with other like-minded utilities, and taking action to achieve our goals.







HOPE  
alone isn't enough



FMPA faces some formidable challenges today and in the years ahead, but there's no doubt that FMPA members are ready and able to overcome them all.

**SINCE FMPA IS OWNED BY THE MEMBERS IT SERVES**, members are actively involved in shaping their future. Likewise, all FMPA accomplishes is done at the members' direction and approval, so the Agency's future is truly in every member's hands. Fortunately, FMPA members are more involved in the Agency today than ever before, making significant contributions of time, talent and leadership. Our members participate on several advisory committees and work groups that assist staff in developing plans to address key strategic issues. Members have also developed a comprehensive blueprint for FMPA's future power resource mix, and they are working actively both to implement the plan and to update it as conditions change.

**OUR MEMBERS DO ALL THIS** because they know that the greatest benefits of joint action are realized by valuing different perspectives, collaborating creatively and embracing solutions that meet the needs of everyone. Active, collaborative participation also gives each member ownership, confidence and pride in the Agency and what it does on their community's behalf.

# UNITED

**we can make a difference**

Cooperation among members is vital to FMPA's success. Joint action gives us the economies of scale, access to resources and strength in numbers to build a brighter future together.

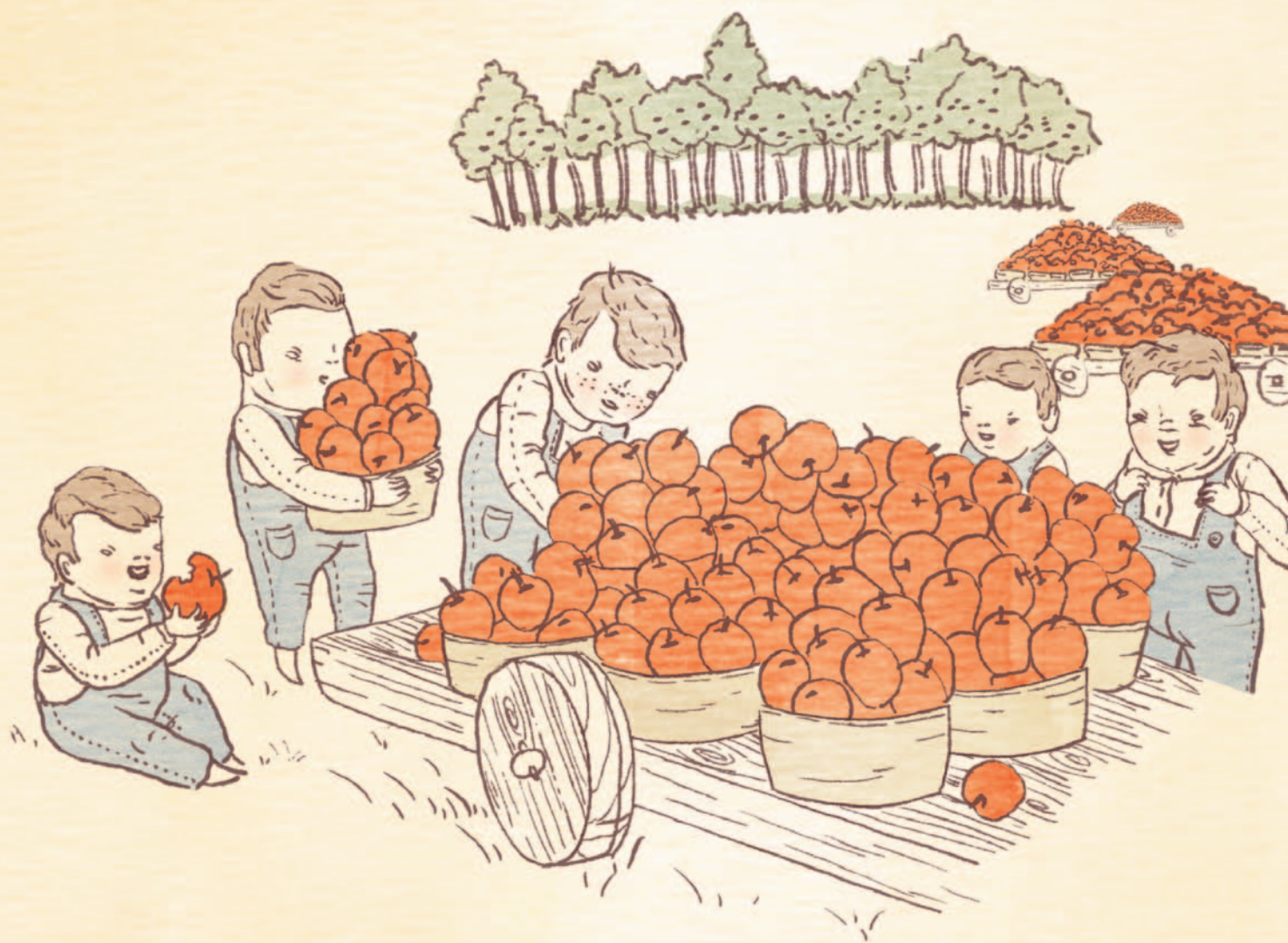
Our member-driven structure empowers every member utility, large or small, to take charge of their destiny, even in today's turbulent world. Most important of all, success in our power supply mission allows Florida's municipal electric utilities to continue providing the outstanding, community-focused service that consumer-owned utilities are known for.



Elie J. Boudreaux III  
Chairman, Board of Directors



Roger A. Fontes  
General Manager and CEO



## FMPA AT A GLANCE

Florida Municipal Power Agency (FMPA) is a wholesale power company owned by 29 municipal electric utilities. FMPA provides economies of scale in power generation and related services to support community-owned electric utilities.

**JOINT ACTION** Each utility is locally owned and operated; however, municipal utilities share common concerns that can best be solved by working together. For example, by coordinating the power supply needs of several municipals, a larger, more efficient plant can be built and other economies of scale help reduce the cost of power. In addition, through joint action, municipal utilities can obtain power from several power plants rather than depend on the operation and cost of fewer plants.

**AUTHORITY** Local governments are authorized by Florida Statutes to enter together into mutually advantageous agreements that create a separate legal entity. FMPA was formed in 1978 as one such governmental legal entity. FMPA is specifically authorized under Florida law to undertake specific joint projects for its members and to issue tax-exempt bonds and other obligations to finance the costs of such projects. FMPA is also authorized to implement a pooled financing program for utility-related projects of FMPA and its members.

**MEMBERSHIP** Twenty-nine municipal electric systems, serving approximately 1.8 million Floridians, are members of FMPA. Each member appoints one representative to FMPA's Board of Directors, which governs the Agency's activities. The Board elects 13 members to an Executive Committee that is delegated certain responsibilities for the month-to-month operations of the Agency.

**FINANCES** Due to the diverse needs of municipal electric systems, FMPA was established as a project-oriented agency. Under this structure, each member has the option whether or not to participate in a project. Members may join more than one project; however, each project is independent from the others, so no revenues or funds available from one project can be used to pay the costs of another project.

**PROJECTS** FMPA has five power supply projects and one pooled financing project. As of Sept. 30, 2005, the Agency supplied all the power needs for 15 of its members and some of the power needs for five of its members. Some members do not currently participate in a project. FMPA supplies more than 40% of its members' power needs.

## MEMBER LISTING BY PROJECT

MEMBER CITIES	POOLED LOAN	ALL-REQUIREMENTS	ST. LUCIE	STANTON	TRI-CITY	STANTON II
1. Alachua			0.3 MW			
2. Bartow						
3. Bushnell	*	6 MW <sup>1</sup>				
4. Chattahoochee						
5. Clewiston	*	29 <sup>1</sup>	1.6			
6. Fort Meade	*	11 <sup>1</sup>	0.2			
7. Fort Pierce	*	125 <sup>1</sup>	11.2	15.4 MW	5.1 MW	16.4 MW
8. Gainesville						
9. Green Cove Springs		29 <sup>1</sup>	1.3			
10. Havana		6 <sup>1</sup>				
11. Homestead			6.1	7.7	5.1	8.2
12. Jacksonville Beach		192 <sup>1</sup>	5.4			
13. Key West	*	145 <sup>1</sup>			12.3	9.9
14. Kissimmee		346 <sup>1</sup>	6.9	7.7		32.9
15. Lake Worth		97 <sup>1</sup>	18.3	10.2		
16. Lakeland						
17. Leesburg	*	120 <sup>1</sup>	1.7			
18. Moore Haven			0.3			
19. Mount Dora						
20. New Smyrna Beach	*		7.3			
21. Newberry		7 <sup>1</sup>	0.1			
22. Ocala		308 <sup>1</sup>				
23. Orlando						
24. Quincy						
25. St. Cloud						14.6
26. Starke		18 <sup>1</sup>	1.6	1.5		1.2
27. Vero Beach		174 <sup>1</sup>	11.2	20.5		16.4
28. Wauchula						
29. Williston						
TOTAL MEGAWATTS		1,613 MW <sup>1</sup>	73.5 MW	63.0 MW	22.5 MW	99.6 MW

\* Members with loans outstanding as of Sept. 30, 2005, not including loans to some FMPA projects.

<sup>1</sup> Participants' noncoincident peak demand in fiscal 2005. Includes demand served by: 1) Entitlement shares of St. Lucie, Stanton, Tri-City and Stanton II projects for All-Requirements members that are also in these projects, and 2) Portions of Crystal River Unit 3 individually owned by some members.

## FINANCIAL HIGHLIGHTS

	FISCAL 2005	FISCAL 2004	CHANGE	PROJECT DESCRIPTION
<b>All-Requirements Project</b>				
Kilowatt-Hours Delivered	7,173,061,940	7,066,143,000	1.5%	All-Requirements Project provides all the wholesale power needs for 15 members.
Kilowatt-Hours Sold	6,542,263,434	6,377,973,210	2.6%	
Sales to Participants	\$446,433,278	\$399,391,878	11.8%	
Under-Recoveries Due from Participants	(\$28,361,018)	(\$5,643,670)	-402.5%	
Cost per Kilowatt-Hour Sold in Cents	7.26	6.35	14.3%	
<b>St. Lucie Project</b>				
Kilowatt-Hours at Plant	589,049,998	583,185,264	1.0%	St. Lucie Project is an 8.8% ownership interest in St. Lucie Unit 2, an 838 MW nuclear power plant.
Sales to Participants	\$35,725,651	\$35,288,522	1.2%	
Cost per Kilowatt-Hour Billed in Cents	6.06	6.05	0.2%	
<b>Stanton Project</b>				
Kilowatt-Hours Generated	413,434,952	456,163,938	-9.4%	Stanton Project is a 14.8% ownership interest in Stanton Unit 1, a 425 MW coal-fired power plant.
Sales to Participants	\$20,906,177	\$20,295,366	3.0%	
Cost per Kilowatt-Hour Billed in Cents	5.06	4.45	13.7%	
<b>Tri-City Project</b>				
Kilowatt-Hours Generated	140,549,379	163,082,280	-13.8%	Tri-City Project is a 5.3% ownership interest in Stanton Unit 1, a 425 MW coal-fired power plant.
Sales to Participants	\$7,960,122	\$8,439,288	-5.7%	
Cost per Kilowatt-Hour Billed in Cents	5.66	5.17	9.5%	
<b>Stanton II Project</b>				
Kilowatt-Hours Generated	740,975,194	726,603,911	2.0%	Stanton II Project is a 23.2% ownership interest in Stanton Unit 2, a 429 MW coal-fired power plant.
Sales to Participants	\$35,296,174	\$34,323,527	2.8%	
Cost per Kilowatt-Hour Billed in Cents	4.76	4.72	0.8%	
<b>Pooled Loan Fund</b>				
Outstanding Commercial Paper	\$160,570,000	\$94,836,000	69.3%	Pooled Loan Fund is a financing program that makes low-cost loans for utility-related needs.

**BOARD OF DIRECTORS**

Elie J. Boudreaux III, P.E. \*  
Chairman  
*Fort Pierce Utilities  
Authority*

Vince Ruano \*  
Vice Chairman  
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*Town of Havana*

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*Kissimmee Utility  
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*Chattahoochee*

Kevin McCarthy \*  
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Katrina Powell  
*Fort Meade*

Michael L. Kurtz  
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*Green Cove Springs*

Gregg S. Paulson  
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Richard Giroux  
*Wauchula*

Jim Coleman  
*Williston*

**MANAGEMENT**

Roger A. Fontes  
General Manager and CEO

Frederick M. Bryant  
General Counsel and CLO

Richard L. Casey  
Assistant General Manager,  
Power Resources

Mark J. Larson  
Assistant General Manager,  
CFO and Risk Manager

Thomas E. Reedy, P.E.  
Assistant General Manager,  
Member Services

## GENERAL INFORMATION

**INTERNET ADDRESS** Current information about FMPA is available on the Internet at [www.fmpa.com](http://www.fmpa.com).

**ELECTRONIC DELIVERY OF FINANCIAL DOCUMENTS** If you wish to receive future annual reports or quarterly financial reports via e-mail in Adobe® Portable Document Format, please send your request to [pr@fmpa.com](mailto:pr@fmpa.com). The FMPA 2005 Annual Report and quarterly financial information are available on FMPA's Web site at [www.fmpa.com](http://www.fmpa.com) in the "News" section. If you wish to receive FMPA's financial statements in printed form, rather than CD, please send your request to [pr@fmpa.com](mailto:pr@fmpa.com) or call the Public Relations department at (407) 355-7767.

**INVESTOR RELATIONS** Requests for financial information may be directed to FMPA's spokesperson at its Orlando office or [pr@fmpa.com](mailto:pr@fmpa.com).

**MEDIA OR OTHER INQUIRIES** Media or other inquiries may be directed to FMPA's spokesperson at its Orlando office or [pr@fmpa.com](mailto:pr@fmpa.com).

**CONSULTANTS** Bond Counsel: Nixon Peabody LLP. Consulting Engineer: R.W. Beck, Inc. Certified Public Accountants: Purvis, Gray and Company. Financial Advisor: Dunlap & Associates, Inc.

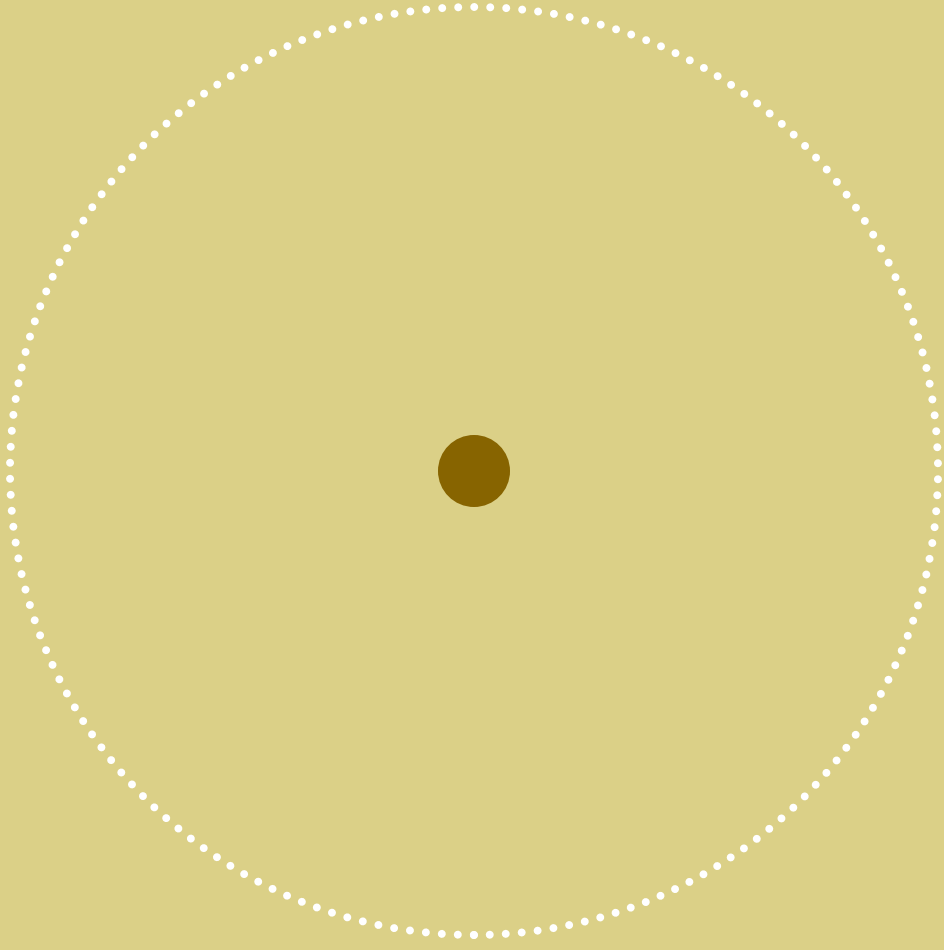
**UNDERWRITERS** FMPA's underwriters: A.G. Edwards & Sons, Banc of America Securities LLC, Bear, Stearns & Co., JPMorgan, Merrill Lynch & Co., Morgan Stanley, Smith Barney Citigroup, UBS.

**CAUTION CONCERNING FORWARD-LOOKING STATEMENTS** This document may include certain forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances that may have a material affect on actual results.

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