



half full

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

Each FMPA member is locally owned and operated; however, municipal utilities share common concerns that can be cost-effectively solved by working together. For example, by coordinating the power supply needs of several communities, the utilities can build a larger, more efficient plant and share operating expenses, all of which reduces the cost of electricity.

Thirty municipal electric systems, serving approximately 2 million Floridians, own and govern FMPA. The Agency has five power supply projects. As of Sept. 30, 2011, FMPA supplied all the power needs for 14 of its members and some of the power needs for six of its members. FMPA supplies more than 40% of its members' total power needs.

We see the glass as half full.

We're living in a time of economic mixed signals. In our communities, some families remain unaffected, next to those who struggle. Economists differ on prospects for a recovery or a "double-dip" recession. Whether you believe things are likely to get better or worse, you'll find evidence to support either view.

How we see it is always our choice, and at FMPA we see the glass as half full. Optimism is more than our attitude; it's a competitive advantage. Optimists work harder, bounce back faster and capture opportunities others miss. With this outlook, there's never a bad time to keep working hard for our customers.

# 2011 Highlights

## **20% Rate Reduction**

Customers in All-Requirements Project cities are enjoying lower retail rates thanks to a 20% reduction in FMPA's wholesale rate from 2009 to 2011.

## **Efficient Generation**

FMPA now uses nearly 9% less fuel to produce each unit of electricity than it did five years ago, saving money for customers and reducing environmental impact.

## **Energy Conservation**

Customers are saving more than 4,410 megawatt-hours a year thanks to programs funded by FMPA's members in 2011. That's enough to power more than 4,000 average-size households for a month.

## **State-of-the-Art Plant**

High-efficiency generator begins operating on time and under budget, reducing energy costs by millions annually.

## **Win-Win Power Deal**

Marketing capacity to a fellow municipal electric utility raises revenue and reduces costs for All-Requirements Project members.

## **Long-Term Commitments**

Two of the All-Requirements Project's larger member utilities renewed their commitments to the project in 2011.

## **Exploring Opportunities**

Thanks to a "buyer's market" for capacity, we are investigating cost-effective opportunities to diversify our fuel mix.

## **Reliability Standards**

Municipal utilities are supporting the reliability of the power grid by striving to meet or beat stringent federal standards with help from FMPA.

## **Silver Anniversary**

All-Requirements members celebrated 25 years of being owners, not renters, of a statewide power system in May 2011.

## Report from Management

Some businesses look to the media or experts to tell them if the economy is improving. In Florida's public power communities, we look out our front door. In the communities where we live and work, we are encouraged to see signs of recovery. Yet we are all too aware that some of our neighbors are still struggling. It's for those folks that we work tirelessly to provide reliable power at the most competitive cost possible. And in 2011, that work produced results.

FMPA's All-Requirements Project has returned to rate competitiveness. As of Sept. 30, 2011, the four municipal electric utilities with the lowest electric rates in the state were all served by All-Requirements. More than 40% of All-Requirements members had rates lower than the average rates for Florida's investor-owned utilities and lower than the municipal average. And in September 2011, one of our members, the city of Starke, had the lowest rates of any utility in the state, whether municipal, co-operative or investor-owned.

Today's rates are influenced by the expiration of many of our fuel hedging positions and the low market price of natural gas. We enhanced the efficiency of our generating fleet in 2011, and we are executing our strategic plan to set the stage for long-term success.

These are real accomplishments that show we have overcome our challenges and are moving in the right direction. We'll keep making progress, the way we always have, with a positive attitude and collaborative spirit that carries us through good times and bad. This character will be vital as we bring to life our members' vision of a stronger, more competitive FMPA.

Even in uncertain times, we have choices. When we choose to see the glass as half full, we choose to create our own opportunities. We choose to bring out the best in ourselves and our teammates. We choose to be the masters of our destiny.



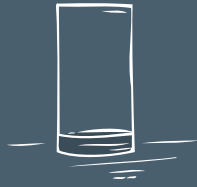
A handwritten signature in black ink that reads "Vince Ruano".

Vince Ruano  
Chairman, Board of Directors



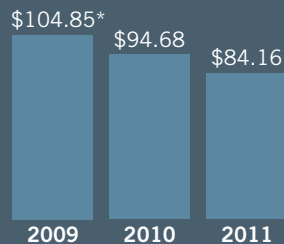
A handwritten signature in black ink that reads "Nicholas P. Guarriello".

Nicholas P. Guarriello  
General Manager and CEO



“The defining characteristic of pessimists is that they tend to believe that bad events will last a long time, will undermine everything they do. Optimists confronted with exactly the same thing tend to believe that defeat is just a temporary setback ...”

Martin Seligman, Ph.D., University of Pennsylvania Positive Psychology Center



**Rates Decrease:** All-Requirements\* Project wholesale rates decreased 20% from fiscal 2009 to 2011. Since wholesale power supply averages around 70% of a retail customer's bill, this decrease is good news for consumers.

\*All-Requirements Wholesale Rate (\$/1,000 kWh)



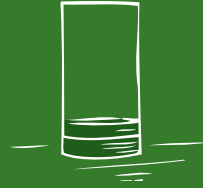
### Things Are Getting Better

We have good reasons to feel optimistic in 2011. The All-Requirements Project's average annual wholesale rate came down 20% from 2009 to 2011. This enabled our members to offer more competitive retail rates. As of Sept. 30, 2011, more than 40% of our All-Requirements cities beat the investor-owned utilities' average retail electric rate, and the lowest cost electric utility in the entire state was an All-Requirements member.

To support our long-term competitiveness, we've enhanced the efficiency of our generating fleet. Thanks to clean, efficient capacity additions, we can generate each megawatt with nearly 9% less fuel than five years ago.

"Our customers have been through some hard times. The economy made it difficult for many families to juggle paying for necessities, like electricity, housing and food. It is a pleasure to take my time to help each person who calls with questions about their bill. I assisted them in how to conserve electricity. If they need it, I help them find assistance. These days, customers are more knowledgeable about saving energy."

Diorvett Smith  
Customer Service Representative II, Kissimmee Utility Authority



“Success requires persistence,  
the ability not to give up in  
the face of failure.”

Martin Seligman, Ph.D., University of Pennsylvania Positive Psychology Center

# \$13.7 million

**Saving Fuel, Saving Money:** FMPA's efficient new generator, Cane Island Unit 4, is projected to reduce average wholesale energy rates by approximately \$2 per megawatt-hour in 2012, a 5% savings in fuel and energy costs. Since fuel is FMPA's single largest expense, this adds up to energy cost savings of \$13.7 million annually.





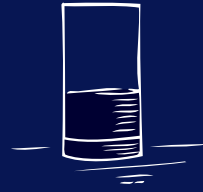
## We Never Give Up

FMPA's mission of providing reliable, low-cost power to member communities is too important to let any obstacle get in our way. That persistence was evident this year as FMPA celebrated an accomplishment that was more than four years in the making, the dedication of a new high-efficiency generator known as Cane Island Unit 4.

Throughout the development and construction process, the project overcame numerous obstacles to achieve success. It was licensed and built ahead of schedule and under budget. It now provides 300 megawatts, equal to more than 20% of our peak demand, and generates power 35% more efficiently than older units of its kind.

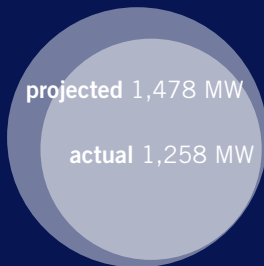
"When you build a power plant, there are thousands of details to get right. So many details that the owners' manual fills up an entire wall of bookcases! That's a lot of opportunities for things to go wrong, and sometimes they did. Our first challenge arose at the project's start. The soil underneath the plant site was like Swiss cheese, and reinforcing the ground added months and millions to the project. Then, in the plant's final testing process, we ran into a problem that required us to thoroughly recheck the plant's engineering and installation. But the setbacks didn't throw us off course, and overcoming them made our on-time, under-budget finish that much more rewarding."

Tom Reedy  
Assistant General Manager Power Resources, FMPA



“A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.”

Winston Churchill



**Demand Lower than Projected:** Due to the recent economic downturn, actual electricity demand in 2011 was nearly 15% less than it was forecasted to be when the Cane Island Unit 4 project was initiated. FMPA is finding win-win opportunities to market capacity.





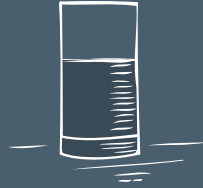
### Challenges Become Opportunities

An optimist's competitive advantage is finding the upside in every downturn. When the recession slashed projected load growth for all Florida utilities, All-Requirements Project members recognized the opportunity to market capacity to generate revenue.

While we're in a "buyer's market" for capacity, we're also investigating new possibilities that weren't available a few short years ago. We're exploring cost-effective opportunities to diversify our fuel mix with new or existing base-load generation.

"Municipal utilities are open-minded problem solvers, and that's driven by responding to our citizens. When our citizens tell us they need affordable power, FMPA's members and staff sit down at the table in Orlando and together find ways to lower our costs. That's why when the economy stunted the All-Requirements Project's load growth, we came up with a win-win solution to market that capacity to a fellow municipal utility. Our neighbors get an affordable power supply, the additional revenue helps lower FMPA's costs, and competition in the wholesale market benefits consumers statewide."

Howard McKinnon  
Town Manager, Town of Havana  
Chairman, All-Requirements Project Executive Committee



“An optimistic vision and confidence in a successful outcome is the single biggest success factor in a successful outcome.”

Harvard University Positive Psychology Research Lab



**Many Communities, One Utility:** All-Requirements member utilities are locally owned and operated, but through FMPA, their customers benefit from economies of scale and a state-wide network of power resources.



## We Plan for the Future

In the utility business, success requires long-term vision. We have to begin planning today to meet our customers' needs a decade from now. Renewed long-term commitments from two of our larger All-Requirements Project members ensure we'll be able to confidently plan our customers' energy future.

Keys Energy Services became the latest of our generating members to transfer responsibility for their generation to FMPA for enhanced coordination and economies of scale. Fort Pierce Utilities Authority conducted an in-depth analysis of its power supply options, and their board members decided unanimously that sticking with FMPA was the best option.

"FMPA's goal has always been to bring all the utilities together and, from a power supply standpoint, to operate as one utility. Operating as one provides economies of scale and allows for better planning of unit outages. Keys Energy Services (KEYS) had the opportunity to negotiate such an agreement with FMPA this year. In the negotiation process, FMPA totally recognized and understood the concerns of our employees and Utility Board. What we ended up with was a document that balanced KEYS' need for system reliability and employees' security with the best interests of all the All-Requirements members. The transition to the new agreement was seamless, and we know that in the long-term we are stronger and more competitive by working together."

Lynne Tejeda  
General Manager and CEO, Keys Energy Services



“Destiny is not a matter of chance, it is a matter of choice. It is not a thing to be waited for, it is a thing to be achieved.”

William Jennings Bryan





## We Shape Our Own Destiny

Five municipal electric utilities declared their independence from profit-driven power providers 25 years ago. No longer would their chief competitors make all the decisions for them. As owners, not renters, of a statewide utility, municipal utilities finally had the power to write their own future.

Today we hold in our hands that same power. We have the goals, we have a plan and it's up to us to make it happen. The power to shape our destiny is in our hands. Let's make the most of it as we write the next chapter in our history.

"Twenty-five years ago, the city of Bushnell took a leap of faith and became the first to sign up for FMPA's All-Requirements Project. It wasn't an easy decision to switch to an Agency that was just seven years old with no experience running an all-requirements project. But FMPA offered something no other utility could: control of our destiny. Yes, our little system and the other four cities that joined together introduced competition to the marketplace and gave cities of all sizes a voice in their power supply future. A lot has changed in 25 years, but one thing hasn't: our determination to do what's best for our customers and overcome any obstacle that stands in our way."

Vince Ruano  
City Manager, Bushnell  
Chairman, FMPA Board of Directors

## Financial Highlights

All-Requirements Project	Fiscal 2011	Fiscal 2010	Change	Project Description
Net Utility Plant	\$1,000,086,000	\$982,915,000	1.7%	All-Requirements Project provides all the wholesale power needs for 14 members.
Total Assets	\$1,650,675,000	\$1,669,477,000	-1.1%	
Kilowatt-Hours Sold	5,549,464,000	5,938,070,000	-6.5%	
Sales to Participants	\$467,025,000	\$562,210,000	-16.9%	
Cost per Kilowatt-Hour Sold in Cents	8.42	9.47	-11.1%	
St. Lucie Project				
Net Utility Plant	\$109,567,000	\$95,064,000	15.3%	St. Lucie Project is an 8.8% ownership interest in St. Lucie Unit 2, an 875 megawatt <sup>1</sup> nuclear power plant.
Total Assets	\$418,086,000	\$375,239,000	11.4%	
Kilowatt-Hours at Plant	521,565,000	553,105,000	-5.7%	
Sales to Participants	\$48,244,000	\$39,383,000	22.5%	
Cost per Kilowatt-Hour Billed in Cents	9.25	7.12	29.9%	
Stanton Project				
Net Utility Plant	\$34,420,000	\$36,823,000	-6.5%	Stanton Project is a 14.8% ownership interest in Stanton Unit 1, a 425 megawatt <sup>2</sup> coal-fired power plant.
Total Assets	\$72,255,000	\$73,390,000	-1.5%	
Kilowatt-Hours at Plant	356,409,000	407,099,000	-12.5%	
Sales to Participants	\$31,085,000	\$28,470,000	9.2%	
Cost per Kilowatt-Hour Billed in Cents	8.72	6.99	24.7%	
Tri-City Project				
Net Utility Plant	\$13,814,000	\$14,770,000	-6.5%	Tri-City Project is a 5.3% ownership interest in Stanton Unit 1, a 425 megawatt <sup>2</sup> coal-fired power plant.
Total Assets	\$27,730,000	\$28,985,000	-4.3%	
Kilowatt-Hours at Plant	132,545,000	147,641,000	-10.2%	
Sales to Participants	\$11,377,000	\$11,076,000	2.7%	
Cost per Kilowatt-Hour Billed in Cents	8.58	7.50	14.4%	
Stanton II Project				
Net Utility Plant	\$109,677,000	\$114,231,000	-4.0%	Stanton II Project is a 23.2% ownership interest in Stanton Unit 2, a 429 megawatt <sup>2</sup> coal-fired power plant.
Total Assets	\$196,217,000	\$198,165,000	-1.0%	
Kilowatt-Hours at Plant	608,812,000	716,582,000	-15.0%	
Sales to Participants	\$44,707,000	\$45,386,000	-1.5%	
Cost per Kilowatt-Hour Billed in Cents	7.34	6.33	16.0%	
Pooled Loan Fund				
Outstanding Commercial Paper <sup>3</sup>	\$0	\$1,670,000	-100%	Pooled Loan Fund was a financing program that made low-cost loans for utility-related needs.
<sup>1</sup> Net summer rating, which indicates the unit's design capability. Includes additional capacity placed into service during 2011 as a result of upgrades to the facilities. Actual output of the unit may vary based on operating conditions <sup>2</sup>				

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<sup>2</sup> Normal high dispatch limit, also known as maximum long-term rating, which indicates the unit's design capability. Actual output of the unit may vary based on operating conditions.

<sup>3</sup> Closed out during fiscal 2011.



Member Cities	All-Requirements	St. Lucie	Stanton	Tri-City	Stanton II
1. Alachua		0.3 MW			
2. Bartow					
3. Blountstown					
4. Bushnell	7.2 MW				
5. Chattahoochee					
6. Clewiston	28.6	1.7			
7. Fort Meade	12.5	0.3			
8. Fort Pierce	114.8	11.7	15.4 MW	5.1 MW	16.4 MW
9. Gainesville					
10. Green Cove Springs	31.2	1.4			
11. Havana	6.4				
12. Homestead		6.4	7.7	5.1	8.2
13. Jacksonville Beach	208.7	5.6			
14. Key West	139.7			12.3	9.9
15. Kissimmee	316.0	7.2	7.7		32.9
16. Lake Worth	82.9	19.2	10.2		
17. Lakeland					
18. Leesburg	106.8	1.8			
19. Moore Haven		0.3			
20. Mount Dora					
21. New Smyrna Beach		7.6			
22. Newberry	8.7	0.1			
23. Ocala	282.8				
24. Orlando					
25. Quincy					
26. St. Cloud					14.6
27. Starke	16.8	1.7	1.5		1.2
28. Vero Beach		11.7	20.5		16.4
29. Wauchula					
30. Williston					
Total Megawatts	1,363.1 MW <sup>1</sup>	77.0 MW <sup>2</sup>	63.0 MW <sup>3</sup>	22.5 MW <sup>3</sup>	99.6 MW <sup>3</sup>

<sup>1</sup> Participants' noncoincident peak demand in fiscal 2011. 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.

<sup>2</sup> Participants' capacity entitlements based on the unit's net summer rating, which indicates the unit's design capability. Amounts shown include additional capacity for the St. Lucie Project placed into service during 2011 as a result of upgrades to the facilities. Actual output of the unit may vary based on operating conditions.

<sup>3</sup> Participants' capacity entitlements based on the unit's normal high dispatch limit, also known as maximum long-term rating, which indicates the unit's design capability. Actual output of the unit may vary based on operating conditions.

Board of Directors and Executive Committee<sup>1</sup>

Vince Ruano \*  
Chairman  
Board of Directors  
Bushnell

Paul Kalv \*  
Vice Chairman  
Board of Directors  
Leesburg

Lou Hernandez  
Secretary  
Board of Directors  
Lynne Tejeda \*  
Utility Board  
City of Key West

Kevin McCarthy \*  
Treasurer  
Board of Directors  
Clewiston

Howard McKinnon \*  
Chairman  
Executive Committee  
Town of Havana

Matt Brower \*  
Vice Chairman  
Executive Committee  
Ocala

Mike New  
Alachua

Vacant  
Bartow

Vacant  
Blountstown

Elmon Lee Garner  
Chattahoochee

Fred Hilliard \*  
Fort Meade

Thomas W. Richards \*  
Fort Pierce Utilities Authority

Robert Hunzinger  
Gainesville Regional Utilities

Gregg Griffin \*  
Green Cove Springs

Barbara Quiñones  
Homestead

Roy Trotter \*  
Jacksonville Beach

James C. Welsh  
Larry Mattern \*  
Kissimmee Utility Authority

Rebecca Matthey \*  
Lake Worth

Jim Stanfield  
Lakeland Electric

Harry H. Ogletree  
Moore Haven

Charles Revell  
Mount Dora

William Mitchum  
Utilities Commission,  
City of New Smyrna Beach

Bill Conrad \*  
Newberry

Claston Sunanon  
Orlando Utilities Commission

Mike Wade  
Quincy

Michael Turner  
St. Cloud

Ricky Thompson \*  
Starke

Vacant  
Vero Beach

Vacant  
Wauchula

Pat Miller  
Williston

**Management**

Nicholas P. Guarriello  
General Manager and CEO

Frederick M. Bryant  
General Counsel and CLO

Mark J. Larson  
Assistant General Manager  
Finance and Information Technology  
and CFO

Mark T. McCain  
Assistant General Manager  
Member Services, Human Resources  
and Public Relations

Thomas E. Reedy  
Assistant General Manager  
Power Resources

<sup>1</sup> As of Sept. 30, 2011

\* Executive Committee Member

## 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 via email in Adobe® Portable Document Format, please send your request to [pr@fmpa.com](mailto:pr@fmpa.com). The FMPA 2011 Annual Report is available on FMPA's website at [www.fmpa.com](http://www.fmpa.com).

### 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: SAIC. Certified Public Accountants: Purvis, Gray and Company. Financial Advisor: Dunlap & Associates, Inc.

### Underwriters

B of A Merrill Lynch; Citigroup Global Markets Inc.; Estrada Hinojosa & Company Inc.; Fidelity Capital Markets; Goldman, Sachs & Co.; J.P. Morgan Securities; Morgan Keegan & Company; Morgan Stanley & Co.; PNC Capital Markets LLC; Sterne, Agee & Leach Inc.; SunTrust Robinson Humphrey Inc.; Wells Fargo Securities

### 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 effect on actual results.

### Annual Report

Project Team: Mark McCain, Diane Nelson and Ryan Dumas

Creative Director/Design: Michael Taylor, SimpleMind Inc., Atlanta, Ga.

Writing: Diane Nelson

Photography: Mark McCain, Michael Taylor and Richard Watherwax



**Florida Municipal Power Agency**  
Community Power. Statewide Strength.®