

**2018  
ANNUAL  
REPORT**



**THE  
DIFFERENCE**

**LOW-COST**

**RELIABLE**

**CLEAN**

**POWER**





## TABLE OF CONTENTS

PAGE  
**2**

### REPORT FROM MANAGEMENT

FMPA's focus on providing low-cost, reliable and clean power is making a difference for its member-owners and their customers, but there is more work to do.



PAGE  
**6**

### HURRICANE MICHAEL

Public power crews responded to rebuild the electric systems in five Florida communities following Hurricane Michael.



PAGE  
**8**

### LOW-COST POWER

A service territory expansion and a new power purchase agreement are enabling cities like Bushnell and Bartow to provide low-cost electricity.



PAGE  
**10**

### RELIABLE POWER

Starke is one of several Florida cities that asked FMPA to help improve their city's distribution system and to enhance electric reliability for customers.



PAGE  
**12**

### CLEAN POWER

Twelve Florida cities worked together through FMPA to form the Florida Municipal Solar Project, which will provide 223.5 MW of solar power at an affordable cost.



### On the Cover

Surveying a substation project in the city of Starke, (from left) Electric Line Crew Supervisor Stevie Warren, FMPA's Mike McCleary, City Manager Bob Milner and FMPA's Carl Turner.

ELECTRICITY IS ESSENTIAL for living, particularly in Florida where power use is higher than the national average and income is lower than average. Statistics show that for nearly one in three residents of our state, electricity is a significant monthly expense.

Because of this, people are counting on FMPA's members to provide low-cost, reliable power. And FMPA plays a key role supporting our 31 cities in this effort. What we do affects the lives of millions of people.

FMPA has made great strides delivering low-cost, reliable and clean power, as described in this report. There's more we are determined to do, so we're not about to rest.

Now that we are delivering value in our core mission, our members are inviting us to help them with other challenges, many in their distribution systems. FMPA's staff are out in our member cities helping in new and exciting ways.

This is how and where we're making a difference. This is our story.

# REPORT FROM MANAGEMENT

## Making a Difference in Our Communities

TIMES WERE TOUGH 10 years ago when natural gas prices doubled, pushing FMPA's power costs to new heights.

"In 2009, the city of Fort Meade had the highest electric rates in the state," said former city manager Fred Hilliard. "Our average residential electric bill was \$40 more per month than all other Florida utilities. We had to do something, so our City Commission voted to limit our purchases from FMPA's All-Requirements Project."

After two decades of cities joining FMPA's All-Requirements Project, times were changing. Cities like Fort Meade and a couple others exercised their contract right to limit power purchases. The reason was clear: cost.



### Lowest Power Costs in 14 Years

It has been a long climb down to competitiveness for FMPA's members. The descent continued in fiscal 2018 as All-Requirements power costs decreased 7% compared to the previous year.

The total decrease in power costs since 2009 is now 32%, and we're happy to report that at 7.17 cents per kilowatt-hour for fiscal 2018, it's the lowest our costs have been to the All-Requirements members since fiscal 2004.

While rates to our members are now competitive, there's more that needs to be done to help our cities thrive. We are committed to their success by providing low-cost, reliable and clean power.

### All-Requirements Project Power Costs

Cost per 1,000 kWh billed by fiscal year







Christ Episcopal Church in Fort Meade is one of nearly 2,400 customers that rely on the city for affordable electricity.

### Reducing Costs to Keep Rates Low

Several strategic initiatives were completed this year to reduce costs.

- Bartow selected FMPA and the Orlando Utilities Commission to supply the city's wholesale power. The five-year agreement will provide low-cost power to the city while reducing costs for FMPA's All-Requirements Project members.
- Winter Park, also an FMPA member, began purchasing power from the Agency. That sale took effect Jan. 1, 2019, for 10 MW and will increase to approximately 70 MW from 2020-2027.
- In addition to low natural gas prices reducing costs by \$40 million from budget, we took steps to further reduce

expenses and optimize budgets, saving an additional \$10 million during fiscal 2018. In total, our All-Requirements Project members enjoyed a savings of almost \$10 per MWh in fiscal 2018 from budget.

- Debt was restructured during fiscal 2018, saving an average of nearly \$4.7 million, or \$0.85 per MWh, each of the next three fiscal years.
- Approvals were obtained that enabled the city of Vero Beach to withdraw from FMPA's power projects and sell its electric utility. Vero Beach's payment of approximately \$105 million to the All-Requirements Project will protect the remaining project participants from Vero's exit.



Affordable and reliable power is important for local business operators like Rocky Voglio Sr., the General Manager of Woodyard Grill in Newberry. It enables businesses to keep prices low, pay competitive wages and contribute to the economic vitality of their community.



#### **Another Outstanding Year for Reliability**

The most important thing FMPA can do to provide reliable and low-cost power is to keep our most efficient generating units running at maximum capacity. More than 80% of the electricity for our All-Requirements members comes from three efficient power plants, so maintaining optimum performance from these units is critical.

For the sixth consecutive year, our base-load power plants outperformed industry averages. It often takes special effort to keep a power plant available 90% of the time, or more than 328 days per year, which FMPA's generation fleet achieved overall in fiscal 2018. The national average for similar units is 84%.

Our fleet team worked together in impressive ways to not only maximize the performance of individual units but also to maximize overall fleet performance.

#### **One of the Largest Municipal-Backed Solar Projects**

FMPA already has an exceptionally clean generation mix. To add to that, some of our members are interested in incorporating solar power, but they are clear that solar

energy needs to be cost effective.

We began developing a solar project with the hope of obtaining commitments from our members for 25 MW. As it turned out, the timing was excellent because solar prices had decreased significantly. The competitive price enabled our members to subscribe to 223.5 MW, way beyond our expectation.

The Florida Municipal Solar Project was officially created in 2018, FMPA's first new power supply project since our Stanton II Project in 1990. A total of 12 FMPA members are participating in the solar project, including three cities that have never participated in an FMPA power project.

If permitting and construction goes as planned, the solar energy should begin flowing in mid-2020.

#### **The Difference**

For the past two years, we've placed intense emphasis on the basics: low-cost, reliable and clean power. This focus is making a difference. Our power costs are competitive again, although there's more we can do. Our reliability is





exceptional. And our emission profile is very clean.

The difference in our operations has contributed to some notable firsts. We are selling wholesale power to two members that have never purchased power from the Agency. We created a utility-scale solar project that attracted three first-time project participants. Our member satisfaction reached new heights in fiscal 2018, setting several records for the 18-year history of the survey.

In a development that speaks louder than words, Fort Meade—after reducing its power purchase from FMPA in 2009—decided in 2018 to return to being served as a full All-Requirements participant.

On top of all that, the city of Tallahassee re-joined FMPA in October 2018 after a 27-year absence.

Now that our members are more satisfied with FMPA delivering on power supply, members are inviting us to help them with other needs. There has been a notable increase in the number of members asking for our help on the distribution side of their operations, and we see that

growing in the future.

Our goal is for all Florida municipals to be low-cost, reliable and clean. We will not quit until we achieve that objective. This annual report is dedicated to sharing stories about how FMPA is striving to make a difference in our cities and in the lives of their customers.

Bill Conrad  
Chairman, Board of Directors

Jacob A. Williams  
General Manager and CEO



# HURRICANE MICHAEL



## FMPA EXPANDED ITS ASSISTANCE TO MEMBERS AFTER HURRICANES

Hurricane Michael was the strongest storm to ever hit the Florida panhandle. Approximately 400,000 customers lost power. Entire electric systems were destroyed and needed to be rebuilt. Hundreds of public power lineworkers responded. Together, they restored electricity to public power customers within 12 days.

HURRICANE MICHAEL tore through the panhandle, bringing destruction to five public power systems and other area utilities. Six FMPA team members traveled to three of the impacted cities, supporting restoration efforts. We also facilitated communications with a transmission provider through service restoration.

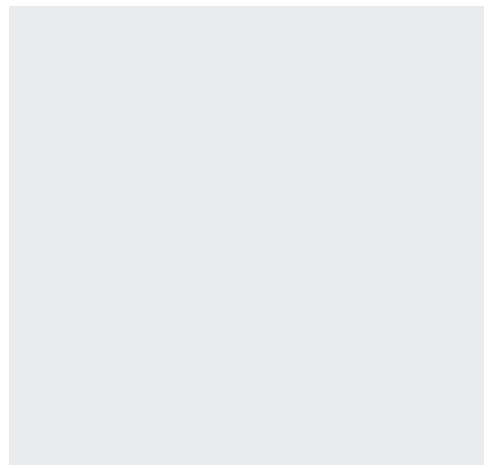
FMPA contributed in other ways. We assisted cities with purchasing equipment for the significant rebuilds. In a first, we operated social media accounts for two cities to communicate outage information to customers.

After restoration, we provided resources to help members understand filing requirements for federal disaster assistance and assisted in the creation of storm-recovery rates to fund expenses.

The overall restoration effort took hundreds of people. FMPA played a small part but was happy to contribute to the team effort.







The Florida Municipal Electric Association managed the mutual-aid process, coordinating 600 lineworkers from 80 public power utilities in 16 states for the restoration effort. Together, they did an amazing job restoring electric service faster than other utilities.

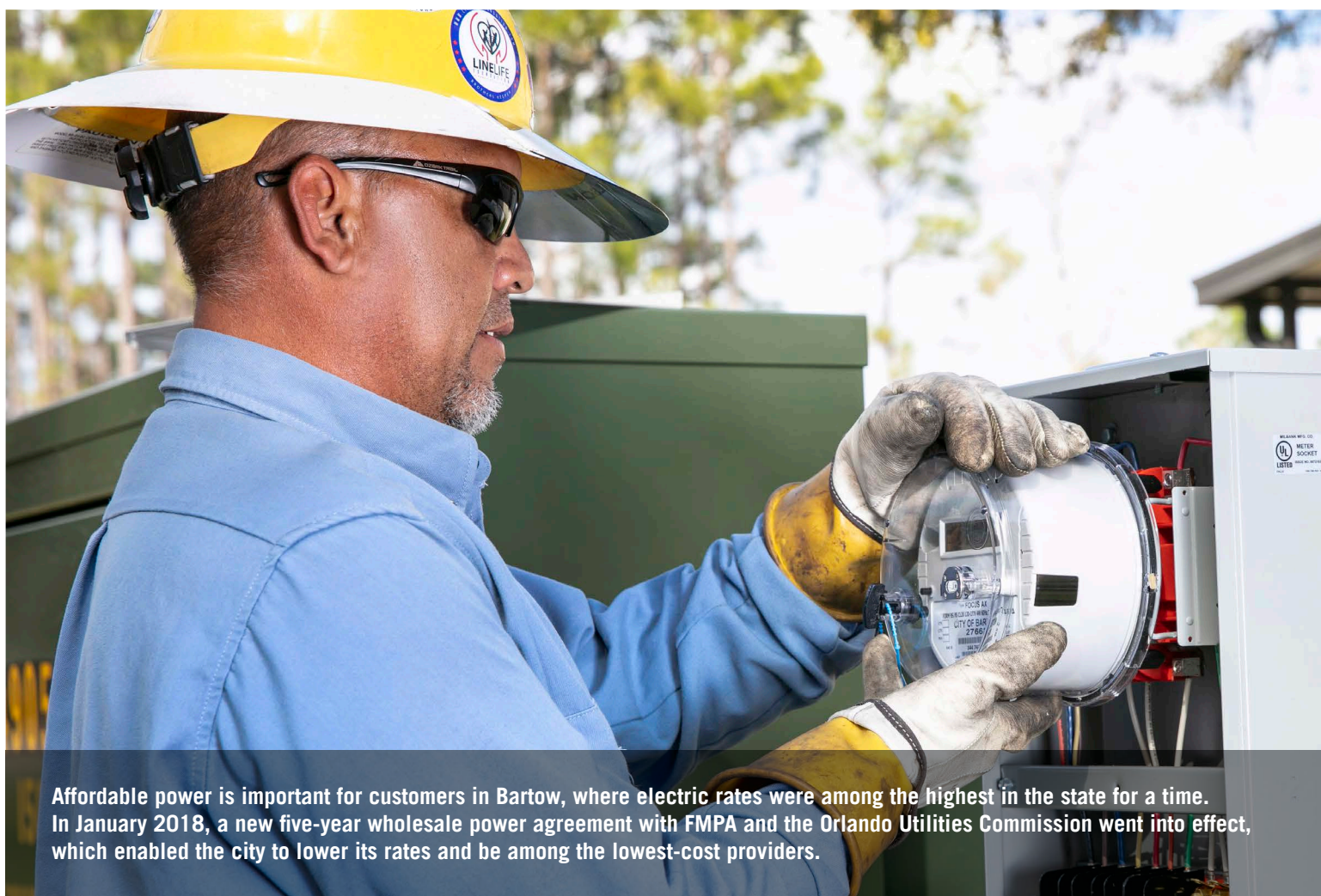


# LOW-COST POWER

## Customers Need It



When FMPA reduces its wholesale power costs, we lower electricity expenses for our members and their customers. Nearly one million people in our cities are counting on us to excel at this job.



Affordable power is important for customers in Bartow, where electric rates were among the highest in the state for a time. In January 2018, a new five-year wholesale power agreement with FMPA and the Orlando Utilities Commission went into effect, which enabled the city to lower its rates and be among the lowest-cost providers.





INCREASING A UTILITY'S electric customers by nearly 50% in a matter of months is a challenge, but a good challenge to have these days. FMPA's members came together to help the city of Bushnell when it had the opportunity for significant growth.

Bushnell is one of the smallest municipal electric utilities in Florida with approximately 1,100 customers. It was presented with the rare opportunity to expand its service territory and add 600 new customers, many of which are commercial customers.

In order to transition the customers without a change in costs, FMPA created a Load Attraction Incentive Rate that provides a discount on the wholesale demand charge for qualified new loads. The first-year discount is 50%, declining by 10% per year over a five-year period.

"If it wasn't for FMPA's load attraction rate, the expansion would not have been feasible," said Jody Young, Bushnell's city manager. "It's that simple and that important. In addition, FMPA's staff has been helping the city in other ways by providing engineering and design assistance, financial forecasting, and other valuable input to help the city complete the expansion project and incorporate the new customers."

The additional territory and customers for Bushnell will enable the city to grow, saving money for all electric customers. And for FMPA, additional wholesale electric sales help the All-Requirements Project maximize its existing generating capacity, saving money for the cities it serves.

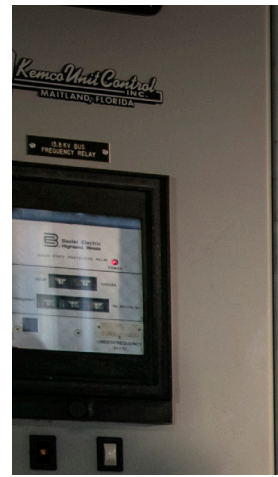


FMPA's Ian Beason (left), City Manager Jody Young and Utility Line Superintendent Joey Chandler review plans for Bushnell's service territory expansion as lineworkers (top photo) run wire along Walker Avenue.



# RELIABLE POWER

## Customers Expect It



Power costs are extremely important, but even that is secondary when electricity is not “on.” FMPA must operate its power plants safely and reliably, and we can help our members excel at reliable service.



Several cities, including Starke and Clewiston, have asked FMPA for help with their distribution systems. In 2018, FMPA assisted Clewiston with the sale of its McCarthy Substation to an investor-owned utility. The sale will allow Clewiston to focus its resources on distribution operations.





“THE CITY OF STARKE’s electric substation has reached the end of its serviceable life,” said City Manager Bob Milner. “We’ve had the budget to upgrade it for two years, but there’s been no time to get it done.”

“For a city our size, with only six electric employees, we need assistance for big projects, like this,” Milner said. “FMPA has been such a help as our power supplier, so we asked if their engineering and operations staff could help us on the distribution side.”

FMPA has pre-qualified engineering firms from which the city was able to pick for the job. According to Carl Turner, FMPA’s Engineering Services Manager, FMPA’s role is to partner with the city in managing the engineering firm and the project.

“By working together, FMPA is smoothing the path forward,” said Mike McCleary, FMPA’s Manager of Member Services Development and a 37-year veteran of distribution operations. “We’re providing a level of expertise to assure the engineering firm gets what it needs and that the city gets the product it expects.”

Milner said, “Providing reliable electric service requires regular investment in the distribution system. This is one of several projects we have underway. We couldn’t manage them all without FMPA’s help.”



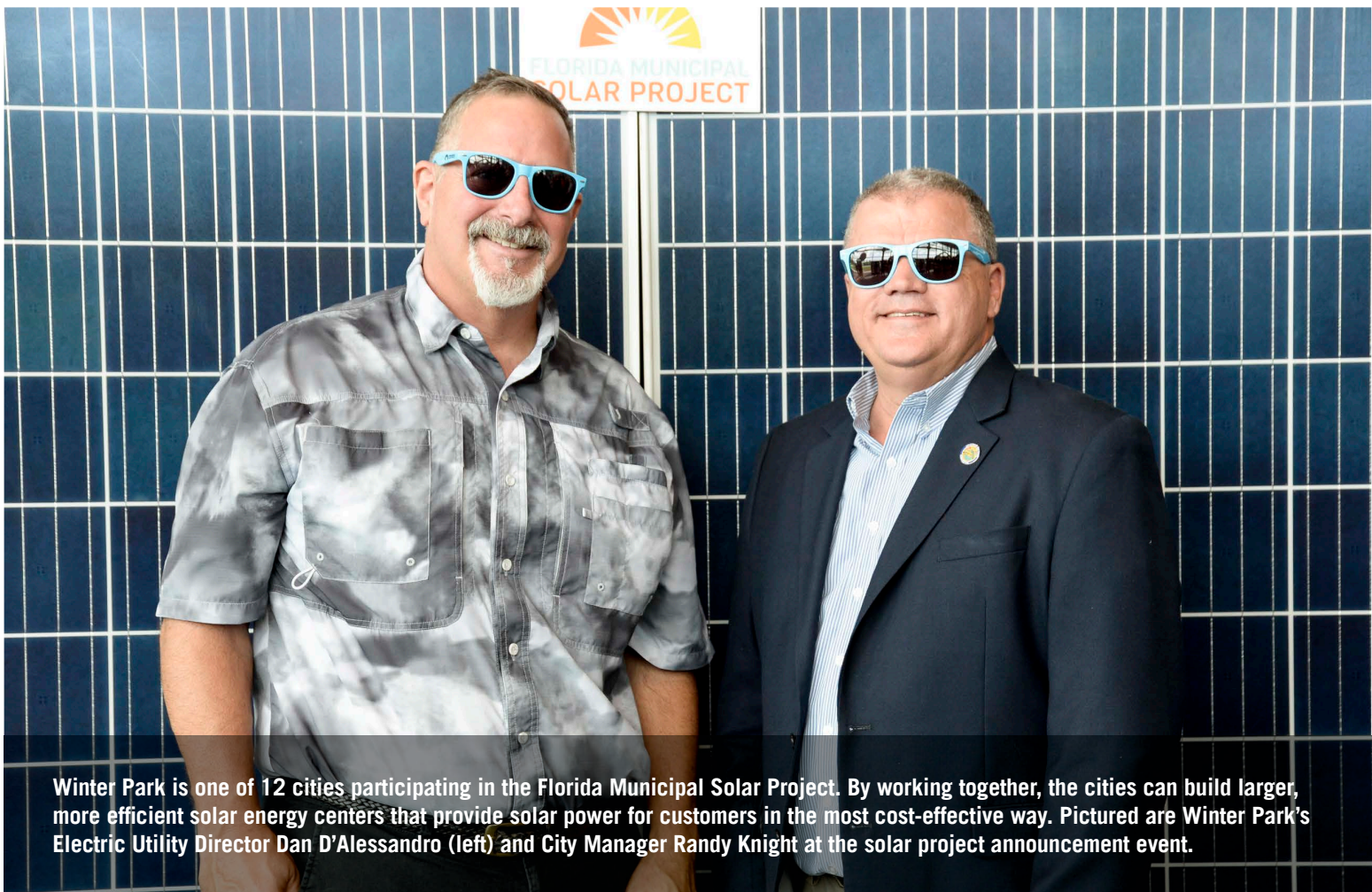
FMPA’s Carl Turner (left), Electric Line Crew Supervisor Stevie Warren and FMPA’s Mike McCleary discuss upgrades at Starke’s Call Street Substation, which will improve the reliability of the city’s distribution system. The top photo includes City Manager Bob Milner (left) and Carl Turner.



# CLEAN POWER

## Customers Want It

Customers want electricity generated in an environmentally responsible way. It's FMPA's job to meet this expectation without sacrificing the priorities of cost and reliability.



Winter Park is one of 12 cities participating in the Florida Municipal Solar Project. By working together, the cities can build larger, more efficient solar energy centers that provide solar power for customers in the most cost-effective way. Pictured are Winter Park's Electric Utility Director Dan D'Alessandro (left) and City Manager Randy Knight at the solar project announcement event.





MOST ELECTRIC CUSTOMERS surveyed in FMPA cities said they believe utilities should investigate solar power, but only a small percentage said they are willing to pay more for it on their electric bill.

People have the impression that solar power lowers electric bills, but in fact, solar power is more expensive than FMPA's lowest cost generation. The challenge then is to develop a large-scale solar project to bring down the cost of solar power through economies of scale.

FMPA announced in May 2018 a 223.5 MW solar project, one of the largest municipal-backed solar projects in the United States. Approximately 900,000 solar panels will be installed on three sites. Combined, the sites will total approximately 1,200 acres, or the equivalent of 900 football fields of solar panels.

At this scale, the project is equal to 37,250 average-size rooftop solar systems. And the cost of power from this project is about one-third the cost of a typical private system. The project is in the permitting phase with plans to begin commercial operation in mid-2020.

The 12 cities participating in this project are proud to be part of a major investment in solar energy that provides zero-emission electricity while continuing to meet the equally important responsibilities of providing low-cost, reliable power.



FMPA's Susan Schumann (left) and Jacob Williams talk with Matt Valle of Florida Renewable Partners at Florida Power and Light's Babcock Ranch Solar Energy Center. FMPA members and staff toured the facility, which is similar in size to the three sites in phase one of the Florida Municipal Solar Project.

Top photo: Attendees at the solar project announcement event signed a commemorative solar panel.



## BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

As of September 30, 2018

### OFFICERS



**Bill Conrad**  
Chairman  
Board of Directors  
Newberry



**Howard McKinnon**  
Chairman  
Executive Committee  
Town of Havana



**Barbara Quiñones**  
Vice Chair  
Board of Directors  
Homestead



**Larry Mattern**  
Treasurer  
Board of Directors  
Kissimmee



**Lynne Tejeda**  
Secretary, Board of Directors  
Vice Chair, Executive Committee  
Key West

### MEMBERS



**Bradley Hiers**  
Bartow



**Jody Young**  
Bushnell



**Lynne Mila**  
Clewiston



**Fred Hilliard**  
Fort Meade





**Paul Jakubczak**  
Fort Pierce



**John Tompeck**  
Fort Pierce



**Tom Brown**  
Gainesville



**Robert C. Page**  
Green Cove Springs



**Allen Putnam**  
Jacksonville Beach



**Michael Beckham**  
Lakeland



**Glenn Spurlock**  
Leesburg



**Charles Revell**  
Mount Dora



**Mike Poucher**  
Ocala



**Sandra Wilson**  
Ocala



**Claston Sunanon**  
Orlando



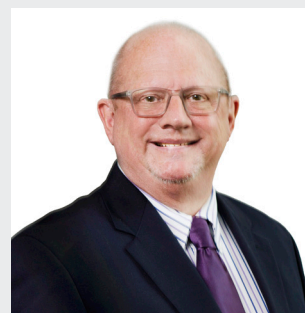
**Robert "Bob" Milner**  
Starke



**Laura Moss**  
Vero Beach



**James Braddock**  
Wauchula



**Scott Lippman**  
Williston



**Dan D'Alessandro**  
Winter Park

#### **Members Not Pictured**

**Rodolfo Valladares**, Alachua

**Ed Liberty**, Lake Worth Beach

**Bill Sturgeon**, St. Cloud

**Vacant**: Blountstown, Chattahoochee, Moore Haven, New Smyrna Beach and Quincy



# PROJECT LISTING BY PARTICIPANT

PARTICIPANTS	ALL-REQUIREMENTS	ST. LUCIE	STANTON	TRI-CITY	STANTON II	SOLAR
1. Alachua		0.4 MW				9.0 MW
2. Bartow						13.0
3. Blountstown						
4. Bushnell	6.8 MW					
5. Chattahoochee						
6. Clewiston	24.8	1.9				
7. Fort Meade	10.4	0.3				
8. Fort Pierce	111.6	13.2	15.9 MW	5.3 MW	17.2 MW	3.0
9. Gainesville						
10. Green Cove Springs	31.1	1.5				
11. Havana	7.0					
12. Homestead		7.2	8.0	5.3	8.6	10.0
13. Jacksonville Beach	213.8	6.3				10.0
14. Key West	145.0			12.8	10.3	5.0
15. Kissimmee	355.6	8.1	8.0		34.5	30.0
16. Lake Worth Beach	0.0	21.5	10.6			10.0
17. Lakeland						
18. Leesburg	115.3	2.0				
19. Moore Haven		0.3				
20. Mount Dora						
21. New Smyrna Beach		8.6				
22. Newberry	10.2	0.2				
23. Ocala	297.0					10.0
24. Orlando						108.5
25. Quincy						
26. St. Cloud					15.3	
27. Starke	16.5	1.9	1.6		1.3	
28. Tallahassee						
29. Wauchula						5.0
30. Williston						
31. Winter Park						10.0
FMPA ARP <sup>7</sup>		13.2	21.3		17.2	
<b>Total Megawatts</b>	<b>1,345.1 MW<sup>1</sup></b>	<b>86.6 MW<sup>2</sup></b>	<b>65.4 MW<sup>3</sup></b>	<b>23.4MW<sup>4</sup></b>	<b>104.4 MW<sup>5</sup></b>	<b>223.5 MW<sup>6</sup></b>

<sup>1</sup> Participants' non-coincident peak demand (unless participant has limited the amount of electricity it purchases during the remaining term of its contract) including demand served by entitlement shares of the St. Lucie, Stanton, Tri-City and Stanton II projects.

<sup>2</sup> An 8.8% ownership interest in St. Lucie Unit 2, a 984 MW nuclear unit. Participants' capacity entitlements based on the unit's net summer capability rating as reported by the majority owner/operator, Florida Power & Light.

<sup>3</sup> A 14.8% ownership interest in Stanton Unit 1, a 441 MW coal-fired power plant. Participants' capacity entitlements based on the unit's net summer capability rating as reported by the majority owner/operator, Orlando Utilities Commission.

<sup>4</sup> A 5.3% ownership interest in Stanton Unit 1.

<sup>5</sup> A 23.2% ownership interest in Stanton Unit 2, a 450 MW coal-fired power plant. Participants' capacity entitlements based on the unit's net summer capability rating as reported by the majority owner/operator, Orlando Utilities Commission.

<sup>6</sup> A solar project consisting of three 74.5 MW sites in Central Florida that are expected to come online in mid-2020. Orlando's entitlement share is separate from the FMSP entitlement shares.

<sup>7</sup> The city of Vero Beach assigned its power entitlement shares in three projects to FMPA's All-Requirements Project.



## FMPA MANAGEMENT

**Jacob A. Williams**  
General Manager and CEO

**Jody L. Finklea**  
General Counsel and CLO

**Ken Rutter**  
Chief Operating Officer

**Carol Chinn**  
Chief Information and  
Compliance Officer

**Linda S. Howard**  
Chief Financial Officer

**Mark T. McCain**  
Assistant General Manager  
of Public Relations and Member Services

**Sharon L. Adams**  
Human Resources Director

## GENERAL INFORMATION

### Financial Statements

Financial statements, past annual reports and more are available on the Investors section of [www.fmpa.com](http://www.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 Engineers: AECOM; Burns & McDonnell; Commonwealth Associates, Inc.; GDS Associates, Inc.; Leidos; nFront Consulting, LLC; Navigant Consulting, Inc.; Patterson & Dewar Engineers, Inc.; POWER Engineers, Inc.; Quanta Technology, LLC; RPA Engineering; Sargent & Lundy; Siemens; TRC; WorleyParsons

Certified Public Accountants: Purvis, Gray and Company

Financial Advisors: Dunlap & Associates, Inc.; PFM

Swap Advisor: Swap Financial Group, LLC

### 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

Michael Taylor, SimpleMind Inc., Atlanta  
Ryan Dumas and Mark McCain

## Follow Us on Social Media



[www.twitter.com/FMPAnews](https://www.twitter.com/FMPAnews)

[www.facebook.com/FloridaMunicipalPowerAgency](https://www.facebook.com/FloridaMunicipalPowerAgency)

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





Florida Municipal Power Agency  
8553 Commodity Circle  
Orlando, FL 32819  
(407) 355-7767  
[www.fmpa.com](http://www.fmpa.com)