

**** FLORIDA PUBLIC SERVICE COMMISSION ****

**DIVISION OF TELECOMMUNICATIONS
BUREAU OF CERTIFICATION AND SERVICE EVALUATION**

**APPLICATION FORM
for
AUTHORITY TO PROVIDE
ALTERNATIVE LOCAL EXCHANGE SERVICE
WITHIN THE STATE OF FLORIDA**

001410-TX

Instructions

- ◆ This form is used as an application for an original certificate and for approval of the assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Appendix A).
- ◆ Print or type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

**Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770**

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- ◆ If you have questions about completing the form, contact:

**Florida Public Service Commission
Division of Telecommunications
Bureau of Certification and Service Evaluation
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6600**

APPLICATION

1. This is an application for $\sqrt{\quad}$ (check one):

Original certificate (new company).

Approval of transfer of existing certificate: Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.

Approval of assignment of existing certificate: Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.

Approval of transfer of control: Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

Kissimmee Utility Authority

3. Name under which the applicant will do business (fictitious name, etc.):

Kissimmee Utility Authority

4. Official mailing address (including street name & number, post office box, city, state, zip code):

P.O. Box 423219

Kissimmee, FL 34742-3219

5. Florida address (including street name & number, post office box, city, state, zip code):

1701 W. Carroll Street

Kissimmee, FL 34741

6. Structure of organization:

- () Individual () Corporation
() Foreign Corporation () Foreign Partnership
() General Partnership () Limited Partnership
(X) Other Municipal Electric Utility

7. **If individual**, provide:

Name: N/A

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

8. **If incorporated in Florida**, provide proof of authority to operate in Florida:

- (a) **The Florida Secretary of State corporate registration number:**

Municipal Utility, no incorporation required.

9. **If foreign corporation**, provide proof of authority to operate in Florida:

- (a) **The Florida Secretary of State corporate registration number:**

N/A

10. **If using fictitious name-d/b/a**, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

- (a) **The Florida Secretary of State fictitious name registration number:**

N/A

11. **If a limited liability partnership**, provide proof of registration to operate in Florida:

(a) **The Florida Secretary of State registration number:**

N/A

12. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.

Name: N/A

Title:

Address:

City/State/Zip:

Telephone No.: Fax No.:

Internet E-Mail Address:

Internet Website Address:

13. **If a foreign limited partnership**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) **The Florida registration number:** N/A

14. Provide **F.E.I. Number**(if applicable): N/A

15. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. Provide explanation.

No

(b) an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

No

16. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: Kenneth L. Davis

Title: Director of Transmission & Distribution (T & D)

Address: P.O. Box 423219

City/State/Zip: Kissimmee, FL 34742-3219

Telephone No.: 407-933-7777 **Fax No.:** 407-933-4178

Internet E-Mail Address: kdavis@kua.com

Internet Website Address: kua.com

(b) Official point of contact for the ongoing operations of the company:

Name: same as 16 (a)

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ **Fax No.:** _____

Internet E-Mail Address: _____

Internet Website Address: _____

(c) Complaints/Inquiries from customers:

Name: _____ same as 16 (a)

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ **Fax No.:** _____

Internet E-Mail Address: _____

Internet Website Address: _____

17. List the states in which the applicant:

(a) has operated as an alternative local exchange company.

None

(b) has applications pending to be certificated as an alternative local exchange company.

None

(c) is certificated to operate as an alternative local exchange company.

None

- (d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.

None

- (e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

None

- (f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

None

18. Submit the following:

A. Financial capability.

The application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer **affirming that the financial statements are true and correct** and should include:

1. the balance sheet;
2. income statement; and
3. statement of retained earnings.

NOTE: *This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.*

Further, the following (which includes supporting documentation) should be provided:

1. **written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
 2. **written explanation** that the applicant has sufficient financial capability to maintain the requested service.
 3. **written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.
- * B. **Managerial capability:** give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.
- ** C. **Technical capability:** give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.
- * B. Management expertise will be provided by Kissimmee Utility Authority management.
- ** C. Technical expertise will be provided by Kissimmee Utility Authority.

**** APPLICANT ACKNOWLEDGMENT STATEMENT ****

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:

<u>Renneth L Davis</u>	<u>8/3/00</u>
Signature	Date
<u>Director of T & D</u>	<u>407-933-7777, ext. 1210</u>
Title	Telephone No.
Address: <u>P.O. Box 423219</u>	<u>407-933-4178</u>
<u>Kissimmee, FL 34742-3219</u>	Fax No.

ATTACHMENTS:

- A - CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT
- B - INTRASTATE NETWORK
- C - AFFIDAVIT

CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) _____,

(Title) _____ of (Name of Company)

_____ and current holder of Florida Public Service Commission Certificate Number # _____

_____, have reviewed this application and join in the petitioner's request for a:

- () sale
- () transfer
- () assignment

of the above-mentioned certificate.

UTILITY OFFICIAL:

Signature

Date

Title

Telephone No.

Address: _____

Fax No.

INTRASTATE NETWORK (if available)

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.

1. **POP:** Addresses where located, and indicate if owned or leased.

1) _____	2) _____
_____	_____
3) _____	4) _____
_____	_____

2. **SWITCHES:** Address where located, by type of switch, and indicate if owned or leased.

1) _____	2) _____
_____	_____
3) _____	4) _____
_____	_____

3. **TRANSMISSION FACILITIES:** POP-to-POP facilities by type of facilities (microwave, fiber, copper, satellite, etc.) and indicate if owned or leased.

<u>POP-to-POP</u>	<u>OWNERSHIP</u>
1) _____	_____
2) _____	_____
3) _____	_____
4) _____	_____

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

UTILITY OFFICIAL:

Signature	<u>James Welch</u>	Date	<u>09/07/00</u>
Title	<u>President & General Manager</u>	Telephone No.	<u>407-933-7777, ext. 1100</u>
Address:	<u>P.O. Box 423219</u>	Fax No.	<u>407-933-2655</u>
	<u>Kissimmee, FL 34742-3219</u>		

Financial Highlights

<i>(In Thousands of Dollars)</i>	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	<i>(In Thousands of Dollars)</i>	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
OPERATING REVENUES:							OPERATING INCOME						
Residential	\$36,026	\$36,246	\$32,508	\$32,320	\$31,021	\$29,621		\$10,978	\$10,369	\$11,635	\$9,913	\$7,343	\$9,685
General Services	11,258	10,571	9,740	9,465	8,476	7,891	INVESTMENT INCOME	5,579	5,080	5,422	4,167	3,064	3,244
General Services - Demand	15,890	15,217	14,638	15,287	14,704	14,988	INCOME BEFORE						
General Services - Large Demand	5,687	4,996	4,560	5,174	5,120	4,882	INTEREST CHARGES	16,557	15,449	17,057	14,080	10,407	12,929
Surcharge	1,823	1,834	1,788	1,222			LESS INTEREST CHARGES						
Outdoor Lighting	944	871	800	742	669	590	Interest on Debt	5,671	13,604	13,741	13,852	11,551	9,395
Interdepartmental Sales			140	122	124	97	Other Interest	1,422	1,421	1,420	1,423	1,134	1,171
Sales for Resale	0	0	0	0	5	355	Allowance for Borrowed Funds						
							Used During Construction	-5,671	-7,680	-7,680	-7,209	-3,459	-3,103
TOTAL METERED SALES	71,630	69,713	64,174	64,332	60,119	58,424	TOTAL	1,422	7,345	7,481	8,066	9,226	7,463
OTHER REVENUES	2,896	2,480	2,674	1,366	1,144	1,274	INCOME BEFORE CUMULATIVE						
TOTAL METERED SALES	74,525	72,193	66,848	65,698	61,263	59,698	EFFECT OF A CHANGE IN						
OPERATING EXPENSES:							ACCOUNTING PRINCIPLE						
Fuel and Purchased Power	34,855	32,234	29,249	31,359	29,016	25,898	9,464	8,104	9,576	6,014	1,181	5,466	
Operating and Maintenance	15,567	15,179	14,670	14,287	14,489	14,445	CUMULATIVE EFFECT OF A CHANGE						
Depreciation and Amortization	9,894	10,703	8,683	7,509	6,875	6,563	IN ACCOUNTING FOR THE EFFECTS						
Intergovernmental Transfers	6,571	6,498	6,095	5,788	5,797	5,053	OF REGULATION	0	0	0	0	0	26,362
Costs to be Recovered							CUMULATIVE EFFECT OF A CHANGE						
From Future Revenues	-3,339	-2,789	-3,484	-3,158	-2,257	-1,946	IN ACCOUNTING FOR CONTRIBUTED						
							CAPITAL						
TOTAL OPERATING							REINVESTED EARNINGS	\$9,464	\$8,104	\$9,576	\$6,014	\$1,181	\$31,828
EXPENSES	63,548	61,825	55,213	55,785	53,920	50,013							

**KISSIMMEE UTILITY AUTHORITY
BALANCE SHEETS
SEPTEMBER 30, 1997 AND 1996**

ASSETS	<u>1997</u>	<u>1996</u>
UTILITY PLANT		
Property, plant and equipment	\$ 250,541,217	\$ 234,849,378
Less: accumulated depreciation	<u>(83,425,344)</u>	<u>(75,062,436)</u>
	167,115,873	159,786,942
Construction in progress	5,893,472	13,484,373
Inventory - nuclear fuel	<u>528,877</u>	<u>483,703</u>
TOTAL UTILITY PLANT	<u>173,538,222</u>	<u>173,755,018</u>
RESTRICTED ASSETS		
Cash and cash equivalents	9,241,947	25,703,106
Investments	43,766,404	42,286,877
Interest receivable	<u>460,362</u>	<u>357,512</u>
TOTAL RESTRICTED ASSETS	<u>53,468,713</u>	<u>68,347,495</u>
DESIGNATED ASSETS		
Cash and cash equivalents	37,772,993	8,240,676
Investments	30,008,162	36,437,938
Interest receivable	324,244	373,160
Deferred compensation plan assets	<u>2,800,801</u>	<u>2,131,984</u>
TOTAL DESIGNATED ASSETS	<u>70,906,200</u>	<u>47,183,758</u>

ASSETS (continued)	<u>1997</u>	<u>1996</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,140,900	\$ 6,477,746
Investments	9,520,750	6,956,150
Interest receivable	122,666	106,239
Accounts receivable	9,052,233	10,773,270
Less: allowance for doubtful accounts	(156,006)	(197,783)
Inventory	6,763,024	6,234,378
Other Current Assets	<u>209,794</u>	<u>344,877</u>
TOTAL CURRENT ASSETS	<u>27,653,362</u>	<u>30,694,877</u>
OTHER ASSETS		
Unamortized bond costs	3,450,307	2,522,771
Costs to be recovered from future revenue	37,183,229	33,844,139
Other	<u>921,765</u>	<u>960,731</u>
TOTAL OTHER ASSETS	<u>41,555,301</u>	<u>37,327,642</u>
TOTAL ASSETS	<u>\$ 367,121,798</u>	<u>\$ 357,308,791</u>

The accompanying notes are an integral part of these financial statements.

KISSIMMEE UTILITY AUTHORITY
BALANCE SHEETS
SEPTEMBER 30, 1997 AND 1996
(Continued)

CAPITALIZATION AND LIABILITIES	<u>1997</u>	<u>1996</u>
CAPITALIZATION		
Accumulated reinvested earnings		
- Reserved for debt service	\$ 20,271,150	\$ 20,271,150
- Unreserved	<u>108,978,659</u>	<u>99,514,771</u>
TOTAL ACCUMULATED REINVESTED EARNINGS	<u>129,249,809</u>	<u>119,785,921</u>
LIABILITIES		
LONG-TERM DEBT		
Revenue bonds payable	233,230,000	234,905,000
less: unamortized bond discount	(4,285,477)	(4,700,755)
unamortized loss on reacquired debt	<u>(23,107,992)</u>	<u>(22,394,057)</u>
TOTAL LONG-TERM DEBT	<u>205,836,531</u>	<u>207,810,188</u>
OTHER LONG-TERM LIABILITIES	<u>108,817</u>	<u>120,387</u>
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Current portion of revenue bonds	4,855,000	4,640,000
Accrued interest payable - revenue bonds	5,054,982	6,737,908
Advances for construction	1,083,780	1,189,223
Customer deposits	2,898,865	2,857,218
Accounts payable from construction funds	43,040	14,142
Other	<u>1,500,000</u>	<u>1,500,000</u>
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	<u>15,435,667</u>	<u>16,938,491</u>

CAPITALIZATION AND LIABILITIES <i>(continued)</i>	<u>1997</u>	<u>1996</u>
DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)		
Due to employees under deferred compensation plan	\$ 2,800,801	\$ 2,131,984
Other	<u>3,702,466</u>	<u>3,885,360</u>
TOTAL DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)	<u>6,503,267</u>	<u>6,017,344</u>
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts payable	6,620,278	3,902,951
Due to other governments	1,115,746	1,190,645
Accrued compensated absences	967,325	852,691
Deferred cost of power adjustment	426,366	7,552
Energy conservation cost recovery	197,512	29,303
Other accrued liabilities	<u>660,481</u>	<u>653,318</u>
TOTAL CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	<u>9,987,708</u>	<u>6,636,460</u>
TOTAL LIABILITIES	<u>237,871,989</u>	<u>237,522,870</u>

COMMITMENTS AND CONTINGENT LIABILITIES (NOTES 10 & 11)

TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ 367,121,798</u>	<u>\$ 357,308,791</u>
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The accompanying notes are an integral part of these financial statements.

**KISSIMMEE UTILITY AUTHORITY
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN
ACCUMULATED REINVESTED EARNINGS
FOR THE YEARS ENDED SEPTEMBER 30, 1997 AND 1996**

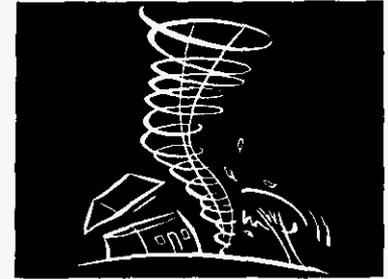
	<u>1997</u>	<u>1996</u>
OPERATING REVENUES		
Metered sales	\$ 71,629,545	\$ 69,713,364
Other operating revenues	<u>2,895,761</u>	<u>2,479,930</u>
TOTAL OPERATING REVENUES	<u>74,525,306</u>	<u>72,193,294</u>
OPERATING EXPENSES		
Power generation	18,578,194	17,763,243
Purchased power	21,903,786	20,407,210
Transmission/Distribution	3,644,963	3,362,109
Administrative and general	6,295,059	5,880,786
Intergovernmental transfers	6,570,502	6,497,637
Depreciation and amortization	9,894,090	10,702,958
Cost to be recovered from future revenue	<u>(3,339,090)</u>	<u>(2,789,151)</u>
TOTAL OPERATING EXPENSES	<u>63,547,504</u>	<u>61,824,792</u>
OPERATING INCOME	<u>10,977,802</u>	<u>10,368,502</u>

	<u>1997</u>	<u>1996</u>
NONOPERATING REVENUE (EXPENSES)		
Interest revenue	\$ 5,578,796	\$ 5,079,920
Interest expense	(5,670,996)	(5,923,162)
Other	<u>(1,421,714)</u>	<u>(1,421,233)</u>
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(1,513,914)</u>	<u>(2,264,475)</u>
REINVESTED EARNINGS	9,463,888	8,104,027
ACCUMULATED REINVESTED EARNINGS AT BEGINNING OF YEAR	<u>119,785,921</u>	<u>111,681,894</u>
ACCUMULATED REINVESTED EARNINGS AT END OF YEAR	<u>\$ 129,249,809</u>	<u>\$ 119,785,921</u>

The accompanying notes are an integral part of these financial statements.

We Never Did.

Kissimmee Utility Authority

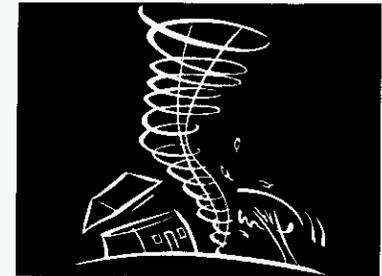


Financial Highlights (Unaudited)

Financial Highlights (In Thousands of Dollars)	1997-98	1996-97	1995-96	1994-95	1993-94
OPERATING REVENUES:					
Residential	\$37,803	\$36,026	\$36,246	\$32,508	\$32,320
General Services	11,234	11,258	10,571	9,740	9,465
General Services - Demand	14,723	15,890	15,217	14,638	15,287
General Services - Large Demand	5,692	5,687	4,996	4,560	5,174
Surcharge	1,932	1,823	1,834	1,788	1,222
Outdoor Lighting	979	944	871	800	742
Interdepartmental Sales				140	122
Sales for Resale	0	0	0	0	0
TOTAL METERED SALES	72,362	71,628	69,713	64,174	64,332
OTHER REVENUES	4,970	2,896	2,480	2,674	1,366
TOTAL METERED SALES	77,332	74,524	72,193	66,848	65,698
OPERATING EXPENSES:					
Fuel and Purchased Power	35,243	34,855	32,234	29,249	31,359
Operating and Maintenance	18,307	15,567	15,179	14,670	14,287
Depreciation and Amortization	10,380	9,894	10,703	8,683	7,509
Intergovernmental Transfers	7,072	6,571	6,498	6,095	5,788
Costs to be Recovered					
From Future Revenues	-2,037	-3,339	-2,789	-3,484	-3,158
TOTAL OPERATING EXPENSES	68,965	63,548	61,825	55,213	55,785
OPERATING INCOME	8,368	10,978	10,369	11,635	9,913
INVESTMENT INCOME	6,535	5,579	5,080	5,422	4,167
INCOME BEFORE INTEREST CHARGES	14,903	16,557	15,449	17,057	14,080
LESS INTEREST CHARGES					
Interest on Debt	12,427	5,671	13,604	13,741	13,852
Other Interest	1,594	1,422	1,421	1,420	1,423
Allowance for Borrowed					
Funds Used During Construction	0	-5,671	-7,680	-7,680	-7,209
TOTAL	14,021	1,422	7,345	7,481	8,066
REINVESTED EARNINGS	882	9,464	8,104	9,576	6,014

We Never Did.

Kissimmee Utility Authority



Balance Sheets - September 30, 1998 and 1997

ASSETS	1998	1997
UTILITY PLANT		
Property, plant and equipment	\$256,847,328	\$250,541,217
Less: accumulated depreciation	<u>(92,983,633)</u>	<u>(83,425,344)</u>
	163,863,695	167,115,873
Construction in progress	6,029,574	5,893,472
Inventory - nuclear fuel	<u>429,229</u>	<u>528,877</u>
TOTAL UTILITY PLANT	<u>170,322,498</u>	<u>173,538,222</u>
RESTRICTED ASSETS		
Cash and cash equivalents	31,460,976	21,739,003
Investments	34,735,266	43,766,404
Interest receivable	<u>829,323</u>	<u>460,362</u>
TOTAL RESTRICTED ASSETS	<u>67,025,565</u>	<u>65,965,769</u>
DESIGNATED ASSETS		
Cash and cash equivalents	11,574,234	25,275,937
Investments	43,775,331	30,008,162
Interest receivable	376,691	324,244
Deferred compensation plan assets	<u>0</u>	<u>2,800,801</u>
TOTAL DESIGNATED ASSETS	<u>55,726,256</u>	<u>58,409,144</u>
CURRENT ASSETS		
Cash and cash equivalents	4,185,333	2,140,900
Investments	9,018,900	9,520,750
Interest receivable	124,880	122,666
Accounts receivable	9,585,353	9,052,233
Less: allowance for doubtful accounts	<u>(170,354)</u>	<u>(156,006)</u>
Inventory	5,058,469	6,763,024
Other Current Assets	<u>652,510</u>	<u>209,795</u>
TOTAL CURRENT ASSETS	<u>28,455,091</u>	<u>27,653,362</u>
OTHER ASSETS		
Unamortized bond costs	3,247,421	3,450,307
Cost to be recovered from future revenue	39,220,640	37,183,229
Other	<u>882,615</u>	<u>921,765</u>
TOTAL OTHER ASSETS	<u>43,350,676</u>	<u>41,555,301</u>
TOTAL ASSETS	<u>\$364,880,086</u>	<u>\$367,121,798</u>

The accompanying notes are an integral part of these financial statements.

The Storm Let Up.

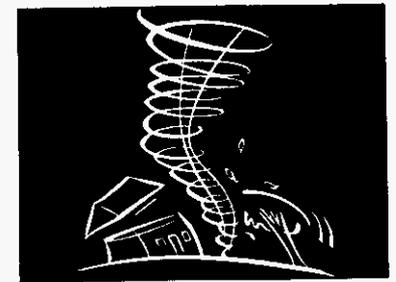
Balance Sheets - September 30, 1998 and 1997, continued

CAPITALIZATION AND LIABILITIES	1998	1997
CAPITALIZATION		
Accumulated reinvested earnings - Reserved for debt service	\$20,271,150	\$20,271,150
- Unreserved	109,860,922	108,978,659
TOTAL ACCUMULATED REINVESTED EARNINGS	<u>130,132,072</u>	<u>129,249,809</u>
LIABILITIES		
LONG-TERM DEBT		
Revenue bonds payable	227,580,000	233,230,000
<i>less: unamortized bond discount</i>	(4,065,563)	(4,285,477)
unamortized loss on reacquired debt	(21,941,455)	(23,107,992)
TOTAL LONG-TERM DEBT	<u>201,572,982</u>	<u>205,836,531</u>
OTHER LONG-TERM LIABILITIES	<u>97,126</u>	<u>108,817</u>
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Current portion of revenue bonds	5,650,000	4,855,000
Accrued interest payable - revenue bonds	6,024,664	5,054,982
Advances for construction	920,335	1,083,780
Customer deposits	3,070,811	2,898,865
Accounts payable from construction funds	30,657	43,040
Other	1,500,000	1,500,000
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	<u>17,196,467</u>	<u>15,435,667</u>
DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)		
Due to employees under deferred compensation plan	0	2,800,801
Other	6,476,334	3,702,466
TOTAL DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)	<u>6,476,334</u>	<u>6,503,267</u>
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts payable	5,393,519	6,620,278
Due to other governments	1,197,846	1,115,746
Accrued compensated absences	995,668	967,325
Deferred cost of power adjustment	863,921	426,366
Energy conservation cost recovery	253,027	197,512
Other accrued liabilities	701,124	660,480
TOTAL CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	<u>9,405,105</u>	<u>9,987,707</u>
TOTAL LIABILITIES	<u>234,748,014</u>	<u>237,871,988</u>
COMMITMENTS AND CONTINGENT LIABILITIES (NOTES 10 & 11)		
TOTAL CAPITALIZATION AND LIABILITIES	<u>\$364,880,086</u>	<u>\$367,121,798</u>

The accompanying notes are an integral part of these financial statements.

We Never Did.

Kissimmee Utility Authority



Accumulated Reinvested Earnings - September 30, 1998 and 1997

	1998	1997
OPERATING REVENUES		
Metered sales	\$72,362,286	\$71,629,545
Other operating revenues	<u>4,970,168</u>	<u>2,895,761</u>
	<u>77,332,454</u>	<u>74,525,306</u>
OPERATING EXPENSES		
Power generation	20,429,325	18,578,194
Purchased power	20,826,416	21,903,786
Transmission/Distribution	3,102,684	3,644,963
Administrative and general	9,191,458	6,295,059
Intergovernmental transfers	7,072,186	6,570,502
Depreciation and amortization	10,380,077	9,894,090
Cost to be recovered from future revenue	<u>(2,037,411)</u>	<u>(3,339,090)</u>
TOTAL OPERATING EXPENSES	<u>68,964,735</u>	<u>63,547,504</u>
OPERATING INCOME	<u>8,367,719</u>	<u>10,977,802</u>
NONOPERATING REVENUE (EXPENSES)		
Interest revenue	6,534,897	5,578,796
Interest expense	(12,426,631)	(5,670,996)
Other	<u>(1,593,722)</u>	<u>(1,421,714)</u>
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(7,485,456)</u>	<u>(1,513,914)</u>
REINVESTED EARNINGS	882,263	9,463,888
ACCUMULATED REINVESTED EARNINGS AT BEGINNING OF YEAR	<u>129,249,809</u>	<u>119,785,921</u>
ACCUMULATED REINVESTED EARNINGS AT END OF YEAR	<u>\$130,132,072</u>	<u>\$129,249,809</u>

The accompanying notes are an integral part of these financial statements.

Power of Partnerships

Operating Highlights

	Sept. 99	Sept. 98	% Increase (Decrease)
ELECTRIC OPERATIONS			
<i>(In Dollars)</i>			
OPERATING REVENUE	\$79,727,953	\$77,332,454	3.1%
SELECTED OPERATING EXPENSES			
Fuel and Purchased Power	\$33,794,393	\$35,242,969	-4.1%
Departmental Operations	\$20,518,976	\$18,306,915	12.1%
INTEREST REVENUES	\$3,496,931	\$6,534,897	-46.5%
INTEREST EXPENSE	\$11,911,654	\$12,426,631	-4.1%
DEBT SERVICE COVERAGE	1.81	1.58	14.6%
EARNINGS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	\$1,957,473	\$882,262	121.9%
PAYMENTS TO OTHER GOVERNMENTS	\$7,815,173	\$7,072,186	10.5%
UTILITY PLANT (Net)	\$171,676,523	\$170,322,498	0.8%
EQUITY	\$132,089,541	\$130,132,072	1.5%
8 LONG-TERM DEBT	\$197,099,433	\$201,572,982	-2.2%
TOTAL ASSETS	\$365,795,255	\$364,880,086	0.3%
TOTAL RETAIL SALES	\$74,619,322	\$72,362,289	3.1%
1. Residential	\$39,353,061	\$37,803,138	4.1%
Commercial/Industrial	\$35,266,261	\$34,559,152	2.0%
SYSTEM PEAK DEMAND (MW)	236	233	1.3%
TOTAL ENERGY SALES (MWH)	1,017,101	978,246	4.0%
2. Residential (MWH)	509,890	492,840	3.5%
Commercial/Industrial (MWH)	507,211	485,406	4.5%
AVERAGE MONTHLY CUSTOMERS	44,214	43,004	2.8%
3. Residential	36,132	34,855	3.7%
Commercial/Industrial	8,082	8,149	-0.8%
AVERAGE MONTHLY RESIDENTIAL USAGE (MWH)	1.176	1.178	
AVERAGE MONTHLY RESIDENTIAL BILL	\$91	\$90	1.1%
ANNUAL HEATING DEGREE DAYS	347	559	-37.9%
ANNUAL COOLING DEGREE DAYS	3,530	3,436	2.7%
GENERAL FUEL MIX (%)			
Natural Gas	71%	68%	4.4%
Coal	21%	26%	-19.2%
Nuclear	7%	6%	N/A
NET ENERGY FOR LOAD (MWH)	1,055,607	1,012,977	4.2%
Net Generation (MWH)	671,176	551,127	21.8%
Power Purchases (MWH)	479,341	527,146	-9.1%
Sales for Resale (MWH)	(94,910)	(65,296)	45.4%

Financial Highlights

	1998-99	1997-98	1996-97	1995-96	1994-95
<i>(In Thousands of Dollars)</i>					
OPERATING REVENUES:					
Residential	\$39,353	\$37,803	\$36,026	\$36,246	\$32,508
General Services	11,597	11,234	11,258	10,571	9,740
General Services - Demand	12,776	14,723	15,890	15,217	14,638
General Services - Large Demand	7,889	5,692	5,687	4,996	4,560
Surcharge	1,959	1,932	1,823	1,834	1,788
Outdoor Lighting	1,045	979	944	871	800
Interdepartmental Sales					140
Sales for Resale	0	0	0	0	0
TOTAL METERED SALES	74,619	72,362	71,628	69,713	64,174
OTHER REVENUES	5,109	4,970	2,896	2,480	2,674
TOTAL METERED SALES	79,728	77,332	74,524	72,193	66,848
OPERATING EXPENSES:					
Fuel and Purchased Power	33,794	35,243	34,855	32,234	29,249
Operating and Maintenance	20,519	18,307	15,567	15,179	14,670
Depreciation and Amortization	10,644	10,380	9,894	10,703	8,683
Intergovernmental Transfers	7,815	7,072	6,571	6,498	6,095
Costs to be Recovered					
from Future Revenues	-5,010	-2,037	-3,339	-2,789	-3,484
TOTAL OPERATING EXPENSES	67,763	68,965	63,548	61,825	55,213
OPERATING INCOME	11,965	8,368	10,978	10,369	11,635
INVESTMENT INCOME	3,497	6,535	5,579	5,080	5,422
INCOME BEFORE INTEREST CHARGES	15,462	14,903	16,557	15,449	17,057
LESS INTEREST CHARGES					
Interest on Debt	11,912	12,427	5,671	13,604	13,741
Other Interest	1,593	1,594	1,422	1,421	1,420
Allowance for Borrowed Funds Used During Construction	0	0	-5,671	-7,680	-7,680
TOTAL	13,505	14,021	1,422	7,345	7,481
REINVESTED EARNINGS	1,957	882	9,464	8,104	9,576

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Garry N. Brandt, Sr.*

Annual Report Design: Chris M. Gent

Combined Balance Sheets - September 30, 1999 and 1998

ASSETS	1999	1998
UTILITY PLANT		
Property, plant and equipment	\$261,439,304	\$256,847,328
Less: accumulated depreciation	<u>(103,021,666)</u>	<u>(92,983,633)</u>
	158,417,638	163,863,695
Construction in progress	12,998,953	6,029,574
Inventory - nuclear fuel	<u>259,933</u>	<u>429,229</u>
TOTAL UTILITY PLANT	<u>171,676,524</u>	<u>170,322,498</u>
RESTRICTED ASSETS		
Cash and cash equivalents	5,690,144	31,460,976
Investments	44,087,217	34,735,266
Interest receivable	<u>589,522</u>	<u>829,323</u>
TOTAL RESTRICTED ASSETS	<u>50,366,883</u>	<u>67,025,565</u>
DESIGNATED ASSETS		
Cash and cash equivalents	3,912,166	11,574,234
Investments	68,291,288	43,775,331
Interest receivable	<u>1,066,255</u>	<u>376,691</u>
TOTAL DESIGNATED ASSETS	<u>73,269,709</u>	<u>55,726,256</u>
CURRENT ASSETS		
Cash and cash equivalents	2,206,237	4,185,333
Investments	3,820,800	9,018,900
Interest receivable	167,070	124,880
Accounts receivable	10,603,884	9,585,353
Less: allowance for doubtful accounts	<u>(232,202)</u>	<u>(170,354)</u>
Inventory	5,520,192	5,058,469
Other Current Assets	<u>235,374</u>	<u>652,510</u>
TOTAL CURRENT ASSETS	<u>22,321,355</u>	<u>28,455,091</u>
OTHER ASSETS		
Unamortized bond costs	3,113,313	3,247,421
Cost to be recovered from future revenue	44,230,562	39,220,640
Other	<u>816,910</u>	<u>882,615</u>
TOTAL OTHER ASSETS	<u>48,160,785</u>	<u>43,350,676</u>
TOTAL ASSETS	<u>\$365,795,256</u>	<u>\$364,880,086</u>

The accompanying notes are an integral part of these combined financial statements

Combined Balance Sheets - September 30, 1999 and 1998, continued

CAPITALIZATION AND LIABILITIES	<u>1999</u>	<u>1998</u>
CAPITALIZATION		
Accumulated reinvested earnings - Reserved for debt service	\$ 20,271,150	\$ 20,271,150
- Unreserved	<u>111,818,391</u>	<u>109,860,922</u>
TOTAL ACCUMULATED REINVESTED EARNINGS	<u>132,089,541</u>	<u>130,132,072</u>
LIABILITIES		
LONG-TERM DEBT		
Revenue bonds payable	221,720,000	227,580,000
less: unamortized bond discount	(3,845,649)	(4,065,563)
unamortized loss on reacquired debt	<u>(20,774,918)</u>	<u>(21,941,455)</u>
TOTAL LONG-TERM DEBT	<u>197,099,433</u>	<u>201,572,982</u>
OTHER LONG-TERM LIABILITIES		
	<u>58,803</u>	<u>97,126</u>
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Current portion of revenue bonds	5,860,000	5,650,000
Accrued interest payable - revenue bonds	5,904,612	6,024,664
Advances for construction	2,265,643	920,335
Customer deposits	3,001,727	3,070,811
Accounts payable from construction funds	4,605	30,657
Other	<u>1,500,000</u>	<u>1,500,000</u>
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	<u>18,536,587</u>	<u>17,196,467</u>
DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)		
Other	<u>7,457,106</u>	<u>6,476,334</u>
TOTAL DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)	<u>7,457,106</u>	<u>6,476,334</u>
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts payable	7,054,013	5,393,519
Due to other governments	1,212,895	1,197,846
Accrued compensated absences	1,070,075	995,668
Deferred cost of power adjustment	231,336	863,921
Energy conservation cost recovery	136,785	253,027
Other accrued liabilities	<u>848,682</u>	<u>701,124</u>
TOTAL CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	<u>10,553,786</u>	<u>9,405,105</u>
TOTAL LIABILITIES	<u>233,705,715</u>	<u>234,748,014</u>
COMMITMENTS AND CONTINGENT LIABILITIES (NOTES 10, 11 & 13)		
TOTAL CAPITALIZATION AND LIABILITIES	<u>\$365,795,256</u>	<u>\$364,880,086</u>

The accompanying notes are an integral part of these combined financial statements

Combined Statements of Revenue, Expenses and Changes in Accumulated Reinvested Earnings - September 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
OPERATING REVENUES		
Metered sales	\$ 74,619,322	\$ 72,362,286
Other operating revenues	<u>5,108,626</u>	<u>4,970,168</u>
TOTAL OPERATING REVENUES	<u>79,727,948</u>	<u>77,332,454</u>
OPERATING EXPENSES		
Power generation	22,274,458	20,429,325
Purchased power	19,662,702	20,826,416
Transmission/Distribution	3,484,439	3,102,684
Administrative and general	8,891,771	9,191,458
Intergovernmental transfers	7,815,172	7,072,186
Depreciation and amortization	<u>10,644,457</u>	<u>10,380,077</u>
TOTAL OPERATING EXPENSES	<u>72,772,999</u>	<u>71,002,146</u>
OPERATING INCOME	<u>6,954,949</u>	<u>6,330,308</u>
NONOPERATING REVENUE (EXPENSES)		
Interest revenue	3,496,931	6,534,897
Interest expense	(11,911,654)	(12,426,631)
Other	(1,592,679)	(1,593,722)
Costs to be recovered from future revenue	<u>5,009,922</u>	<u>2,037,411</u>
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(4,997,480)</u>	<u>(5,448,045)</u>
REINVESTED EARNINGS	1,957,469	882,263
ACCUMULATED REINVESTED EARNINGS AT BEGINNING OF YEAR	<u>130,132,072</u>	<u>129,249,809</u>
ACCUMULATED REINVESTED EARNINGS AT END OF YEAR	<u>\$132,089,541</u>	<u>\$130,132,072</u>

The accompanying notes are an integral part of these combined financial statements