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February 6, 2012

Florida Public Service Commission
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850

RE: Formal Complaint; City of Starke Electrical Rate Structure

Dear Public Service Commission:

I have the pleasure of representing the Bradford County School District (District) and the Superintendent of the school system. Six of the District's school cost centers and the administrative offices are serviced by the City of Starke city utility system. We have compared the electrical utility costs for those schools serviced by the City of Starke and those schools serviced by other providers and found a significant disparity. The District has been analyzing (internally) this issue and we have discovered two significant problems in the rate structure used by the City of Starke to calculate its fuel adjustment surcharge (actually a power cost adjustment now).

It is our belief that the formula currently being used by the City of Starke significantly understates the power costs collected in the City's base rates, resulting in substantial overcharges in the fuel adjustment surcharge. In addition, it also appears that the line loss factor in that same formula is overstated, again resulting in significant overcharges.

We understand that the Public Service Commission (PSC) does not fully regulate municipal utility systems. It does, however, regulate and investigate issues related to the rate structures of those systems. We believe the issues described below are rate structure issues and are ones the PSC should address.

THE COMPLAINT:

Please accept this letter as a formal complaint by the Bradford County School District against the City of Starke. Specifically, our complaint is that the current formula used by the City of Starke in calculating the power cost adjustment (PCA) surcharge is erroneous and is resulting in significant overcharges to the District.

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The District's specific request is that PSC take jurisdiction of this complaint in that it is a complaint addressing a rate structure issue and that it investigates the issues raised herein and issue orders in accordance with the findings of that investigation, to include but not be limited to:

- (a) The PSC require the City of Starke to correct the erroneous formula used by the City of Starke in calculating the future fuel adjustment surcharge so as to only charge its electrical utility customers the actual power costs not collected in their base rates; and
- (b) The PSC require the City of Starke to update the line loss factor used in calculating the fuel adjustment surcharge to accurately reflect the actual line losses currently incurred by the City; and
- (c) The PSC require the City of Starke to refund the overcharges collected in its fuel adjustment surcharge in accordance with Chapter 25-6.106, Florida Administrative Code.
- (d) That the District be provided any further relief deemed appropriate by the PSC after the conclusion of its investigation into this complaint.

BACKGROUND INFORMATION:

The City of Starke provides electrical service to its customers and purchases all of its power from the Florida Municipal Power Agency (FMPA) under an all requirements power supply project contract entered by the City in May of 1997 (Attachment A). Prior to that contract, the City obtained the power it distributed to its customers from a combination of purchases and from a generation plant the City owned and operated. That generation plant was closed in approximately 1998 and the City has purchased 100% of its power since that time.

In response to the District's complaints, the City's auditor's prepared a letter (Attachment B) that provides a history of the rate structure currently in place and, in part, a response to the Districts complaints regarding its utility costs. The base rates currently in place are 0.0645/kwh for residential users, and 0.0900/kwh for commercial users. The auditor correctly notes at the bottom of page one that the City charges a power cost adjustment and that the City is "only permitted to recover allowable costs."

The actual formula used to calculate the City's power cost adjustment was filed with (and reviewed by) the PSC on November 6, 1985 per page 2 of the Auditor's letter. That filing with the PSC is attached (Attachment C) and is accompanied by a letter from the City (Attachment D) that explains the details related to that formula.

The "formula" used by the City has not been revised since approved by the PSC in 1985. Contrary to the statements within the letter filed with the PSC in 1985, it has not been revised monthly or annually. Indeed, we have found no evidence of any revisions to the formula since originally filed in 1985. More specifically and most importantly, the City's formula has not been

revised since the City went from a utility that generated power (and purchased fuel to do so) to a utility that purchases 100% of its power from the FMFA.

The City's math in calculating the monthly power cost adjustment is accurate.

The formula it uses, however, is not.

THE FORMULA:

We have identified three (3) problems in the current formula used by the City to calculate its power cost adjustment surcharge. Each of those three issues are discussed in greater detail below:

PROBLEM 1: THE CURRENT PCA FORMULA UTILIZES A CONSTANT (.04779) THAT IS ERRONEOUS IN TODAY'S SYSTEM. THAT CONSTANT UNDERSTATES THE ACTUAL POWER COSTS COLLECTED BY THE CITY IN ITS BASE RATES, AND THEREBY OVERSTATES THE AMOUNTS COLLECTED IN THE POWER COST ADJUSTMENT.

In its November 6, 1985 filing with the PSC, the City of Starke said

The base fuel cost of \$0.04779 per kilowatt-hour reflects the City's actual fossil fuel, lubrication oil, and purchased power costs of March 1982 and included in the basic rates presently on file with the FPSC. The loss factor included in the tendered Power Cost Base Adjustment Clause will be based on an historical annual loss factor and will be reviewed annually by the City to determine if changes are warranted. (Page 2, Attachment D)

We have found no evidence or records demonstrating this annual review. The power cost calculation worksheet from October of 2004 (Attachment E) and the power cost calculation worksheets for October of 2010 through September of 2011 (Attachment F) show the same constant (0.04779) still being used today. This number is particularly erroneous given the fact that the City no longer purchases fuel, lubricants or generates any power whatsoever, but instead purchases all of its power from FMFA.

The portion of the power costs charged and collected by the City in its base rates should not, and per law, must not be collected again in the power cost adjustment. To properly determine that number, the ratio of electric revenue to costs must be determined and that percentage should then be multiplied by the base rate.

Based on the twelve months of records provided herein (Attachment F), and a historical ratio of consumption between residential and commercial of 30/70, we estimate the City's monthly power costs (purchased power from FMFA) to be 80-85% of the revenue generated at its current base rates. It is our understanding that this is a typical ratio in the utility industry today. For our calculation purposes, we have used the lower end of the range, 80%.

For commercial users, the portion of the power costs collected in the base rate should be set at 0.07200 (.09/kwh x 80%), not the .04779 currently used in the City's formula. For residential customers, the correct number is 0.05160 (.0645/kwh x 80%).

PROBLEM 2: THERE IS NO DIFFERENTIATION IN THE PCA CALCULATION BETWEEN RESIDENTIAL AND COMMERCIAL USERS.

The City currently calculates a single power cost adjustment factor and applies that factor equally to both residential and commercial users. Because the City charges different rates for its residential and commercial users, to accurately determine the power costs collected in the base rates (so as not to collect those costs again in the power cost adjustment), the base rate itself must be considered and a separate calculation for each rate class should be made.

The District's calculations have broken down the kilowatt hours purchased and sold by the City each month between residential and commercial users. Historically, the breakdown between the two is thirty percent (30%) residential and seventy percent (70%) commercial. We believe the erroneous formula has resulted in power cost adjustment overcharges for *both* residential and commercial users. Because of the higher commercial base rate however, the commercial users such as the District are paying a greater share of that overcharge.

PROBLEM 3: THE CITY'S LINE LOSS FACTOR USED IN THE MONTHLY POWER COST ADJUSTMENT CALCULATION NEEDS TO BE REVIEWED AND REVISED TO REFLECT ACTUAL, PRESENT DAY LINE LOSSES.

A third issue in the power cost adjustment calculation that has come to our attention, but has not been fully researched by the District, is the line loss factor included in the power cost adjustment calculation. All electrical distribution systems suffer some loss between the power supplier and the end user. That loss is, and properly should be, accounted for in the power cost adjustment. That line loss factor should also, however, represent the true line losses suffered by the system.

It appears from the records we have reviewed, that the line loss factor currently in use has likewise not been reviewed or recalculated in a number of years. We have obtained the power cost adjustment worksheets since 2004. The line loss factor being used by the City today (1.136640) is, again, the same line loss factor used in 2004 (Attachment E).

In essence, this factor adds a 13.6% premium to the power cost adjustment charge for each user in the system each month.

The current line loss factor is suspect for two reasons. First, like the PCA formula it has not been reviewed or revised in at least eight (8) years. Second, and more problematic, is the fact that the City undertook a system wide upgrade in the 2008-9 time frame. The expenditures on the upgrade were reported to be in the \$5-6 million dollar range and two primary purposes were advertised for the upgrade, to wit: greater reliability in the system, and substantial reductions in line losses.

We have not yet obtained the back up documents from the City to verify the actual line losses, but the City represented in the media (Attachment G) that the losses had been reduced from 14% to 8% as a result of the system wide upgrade.

If that news report is accurate, a corresponding reduction in the line loss factor should have been made. It appears that no adjustment has been made and the result is again an overcharge to each of the end users.

THE FINANCIAL IMPACT

As detailed by the PCA Calculation Spreadsheet (Attachment H), the overcharges collected by the City from the power cost adjustment are substantial.

In the twelve month period October 2010 thru September 2011, utilizing the current power cost adjustment formula, the City collected a total of \$2,999,338 in power cost adjustments. Our calculations indicate that during the same period, based solely on the use of the erroneous constant (0.04779) in the formula, the City should have collected only \$1,369,296 in power costs adjustment charges, resulting in a \$1,630,042 overcharge to the system users.

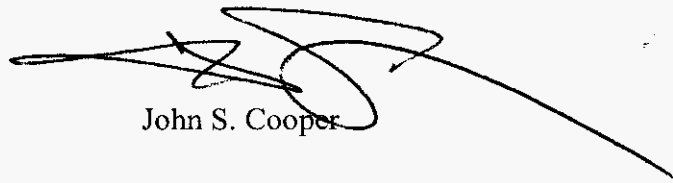
And, if in fact the line loss factor currently used by the City were adjusted to reflect an 8% line loss factor (a 43% reduction), that overcharge increases to \$1,688,964 for the same twelve month period.

The Bradford County School District is one of, if not the largest electrical customer of the City of Starke. During the twelve month time period used herein, the District expended approximately \$1,200,000 for electrical service provided by the City, or approximately 9.2% of the City's total electrical revenue stream.

The portion of the overcharges detailed above attributable to the District should equate to the same 9.2%, or somewhere in the range of \$150,000 to \$155,000 *per year* in dollars overcharged by the City for its electrical service.

School districts across this state are suffering financially, and Bradford County is no exception. The financial impact of this overcharge by the City is significant and it is reoccurring each year. It is our request that the PSC take jurisdiction over this complaint, investigate the issues raised herein, order a revision of the power cost adjustment formula going forward, and order a refund of any and all overcharges to the Bradford County School District.

Sincerely,



John S. Cooper

JSC/dm
Enclosures

ATTACHMENT “A”

*Rick
~~Starke~~
Copy*

ALL-REQUIREMENTS

POWER SUPPLY PROJECT CONTRACT

BETWEEN

FLORIDA MUNICIPAL POWER AGENCY

AND

CITY OF STARKE

FLORIDA MUNICIPAL POWER AGENCY
ALL-REQUIREMENTS POWER SUPPLY PROJECT CONTRACT

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FLORIDA MUNICIPAL POWER AGENCY

ALL-REQUIREMENTS POWER SUPPLY PROJECT CONTRACT

This contract, entered into as of May 23, 1997, between FLORIDA MUNICIPAL POWER AGENCY, a legal entity organized under the laws of the State of Florida, ("FMPA"), and the City of STARKE, a public agency and member of FMPA who has executed this Contract (the "Project Participant").

WITNESSETH:

WHEREAS, FMPA was created pursuant to Chapter 163, Part I, Florida Statutes, as amended (the "Interlocal Act") and Chapter 361, Part II, Florida Statutes, as amended (the "Joint Power Act") to, among other things, provide a means for the Florida municipal corporations and other entities which are members of FMPA to cooperate with each other on a basis of mutual advantage to provide the present and projected electric energy needs of such municipal corporations and other entities; and

WHEREAS, FMPA is authorized and empowered, among other things, (i) to plan, finance, acquire, construct, reconstruct, own, lease, operate, maintain, repair, improve, extend or otherwise participate jointly in one or more electric projects; (ii) to make and execute contracts and other instruments necessary or convenient in the exercise of the powers and functions of FMPA under the laws of the State of Florida; (iii) to issue its bonds, notes, or other evidences of indebtedness to pay all or part of the costs of acquiring or participating in such electric projects; and (iv) to exercise all other powers which have been or may be granted to FMPA under the laws of the State of Florida; and

WHEREAS, in order to secure an adequate, reliable and economical supply of electric capacity and energy to supply, with certain exceptions permitted herein, all of the needs for electric capacity and energy of the Project Participant (as hereinafter defined) and the other Project Participants (as hereinafter defined) contracting with FMPA, FMPA has established an All-Requirements Power Supply Project, which constitutes an "Electric Project" and a "Project" as defined in Chapter 163, Part I, and Chapter 361, Part II, Florida Statutes, respectively, and has created the System (as hereinafter defined) to carry out such All-Requirements Power Supply Project; and FMPA and the Project Participant have determined that FMPA will sell to the Project Participant, and the Project Participant will purchase from FMPA, electric capacity and energy from the System on the terms and conditions set forth herein; and

WHEREAS, certain Project Participants and FMPA entered into individual All-Requirements Power Supply Project Contracts dated May 24, 1991, for FMPA to sell to such Project Participants and such Project Participants to purchase from FMPA, electric capacity

and energy from the System on terms and conditions set forth in that Contract; and

WHEREAS, FMPA and such Project Participants now wish to expand the All-Requirements Power Supply Project and to allow for the inclusion of additional Project Participants that have electric generating resources; and

WHEREAS, execution by such additional Project Participants of an All-Requirements Power Supply Project Contract requires certain necessary changes to the All-Requirements Power Supply Project Contract previously executed by the current Project Participants and the execution of Capacity and Energy Sales Contract (as hereinafter defined) in order to accomplish such expansion; and

WHEREAS, FMPA has implemented the All-Requirements Power Supply Project by acquiring electric capacity and energy and dispatching and transmission services included or to be included in the System for sale and delivery to the Project Participant and to its other Project Participants contracting with FMPA therefor through whatever means it deems advisable, including, without limitation, the purchase thereof, including the purchase from certain Project Participants that have electric generating resources in accordance with Capacity and Energy Sales Contracts, and the ownership or leasing of generation, dispatching and transmission facilities or any interest therein or output of services therefrom; and

WHEREAS, the actions taken by FMPA to implement the All-Requirements Power Supply Project by acquiring electric capacity and energy and dispatching and transmission services included or to be included in the System for sale and delivery to the Project Participant and the other Project Participants contracting with FMPA have been authorized by the Interlocal Act, the Joint Power Act and the Interlocal Agreement Creating the Florida Municipal Power Agency, as amended and supplemented to date, which Interlocal Agreement, as so amended and supplemented, constitutes an "agreement to implement a project" and a "joint power agreement," as such terms are used in the Joint Power Act; and

WHEREAS, in order to enable FMPA to issue, market and secure its revenue bonds, notes or other evidences of indebtedness to implement the All-Requirements Power Supply Project by paying the cost of acquiring and constructing such generation, dispatching, transmission or other facilities and services included or to be included in the System as are useful in meeting its obligations hereunder and providing working capital and reserves therefor, it is necessary for FMPA to have long-term binding contracts containing terms and provisions substantially similar to those contained herein with the Project Participant and each of the other Project Participants and to pledge the payments required to be made

under such contracts as security for the payment of such bonds, notes or other evidences of indebtedness.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the parties hereto as follows:

SECTION 1. Definitions

Act shall mean the Constitution and laws of the State of Florida, including particularly Chapter 163, Part I, as amended, Chapter 166, Part II, as amended, Chapter 361, Part II, as amended, Florida Statutes, and the Interlocal Agreement.

Additional Facilities shall have the meaning given to such term in Section 3(a) hereof.

All-Requirements Power Supply Project shall mean the acquisition of electric capacity and energy and dispatching and transmission services constituting the System for purposes of supplying, with certain exemptions as permitted herein, all of the needs for electric capacity and energy of the Project Participant, and the other Project Participants from time to time.

All-Requirements Power Supply Project Contracts shall mean this Contract and each of the All-Requirements Power Supply Project Contracts, by and between FMPA and the Project Participants for the sale of electric capacity and energy and dispatching and transmission services from the System by FMPA to Project Participants as each of such Contracts may be amended in accordance with the terms of the Bond Resolution, together with any other contracts entered into by FMPA at this time or any time hereafter with other members of FMPA either (i) having terms and provisions substantially similar to the terms and provisions of the aforesaid contracts or (ii) which FMPA designates as All-Requirements Power Supply Project Contracts, provided that it shall not include any such contract which FMPA determines is not to be considered an All-Requirements Power Supply Project Contract.

All-Requirements Services shall have the meaning given to such term in Section 3(a) hereof.

Authorized Representative shall mean the individual authorized by the Project Participant's governing body to take any or all actions or sign any or all documents in connection with Sections 4(b) and 6(d) of this Contract.

Back-up and Support Services shall have the meaning given to such term in Section 3(b) hereof.

Board shall mean the Board of Directors of FMPA, or if said Board shall be abolished, the board, body, commission or agency succeeding to the principal functions thereof.

Bond Resolution shall mean any one or more resolutions, trust agreements, loan agreements or other similar instruments providing for the issuance of Bonds.

Bonds shall mean revenue bonds, notes or other evidences of indebtedness, without regard to the term thereof, whether or not any issue of such Bonds shall be subordinated as to payment to any other issue of Bonds, from time to time issued or already issued by FMPA to finance any cost, expense or liability paid or incurred or to be paid or incurred by FMPA in connection with the investigating, studying, planning, engineering, designing, financing, installing, constructing, acquiring, operating, maintaining, retiring, decommissioning or disposing of any part of the System or otherwise paid or incurred or to be paid or incurred by FMPA in connection with the performance of its obligations under the All-Requirements Power Supply Project Contracts or for any other lawful purpose permitted under the Act or the Interlocal Agreement for the System to implement the All-Requirements Power Supply Project.

Capacity and Energy Sales Contract shall mean this Contract and each of the Capacity and Energy Sales Contracts between FMPA and certain Project Participants.

Consulting Engineer shall mean, as of any date, an engineer or engineering firm or corporation then retained by FMPA to perform acts and carry out duties in connection with the supply of electric capacity and energy to the Project Participants as part of the All-Requirements Power Supply Project.

Contract Rate of Delivery shall have the meaning given to such term in Section 3(a) hereof.

Direct Assignment Facilities shall have the meaning given to such term in Section 3(a) hereof.

Excluded Power Supply Resources shall mean the sources of electric capacity and energy, if any, intended to meet a portion of the load requirements of the Project Participant or the other Project Participants set forth in paragraph 2 of Schedule A to the All-Requirements Power Supply Project Contract of each of the respective Project Participants. Excluded Power Supply Resources capacity shall be equal to such Excluded Power Supply Resources capacity (kw) at the generation level (unadjusted for losses).

FPC Project Participants shall mean the members of FMPA identified as such in paragraph 1 of Schedule A hereto, as amended from time to time.

FPL Project Participants shall mean the members of FMPA identified as such in paragraph 1 of Schedule A hereto, as amended from time to time.

FPL Project Participants shall mean the members of FMPA identified as such in paragraph 1 of Schedule A hereto, as amended from time to time.

Interlocal Agreement shall mean Interlocal Agreement Creating the Florida Municipal Power Agency, as amended and supplemented to date, and as the same may be amended or supplemented in the future.

Point of Delivery shall mean any point at which FMPA shall be required to deliver electric capacity and energy to the Project Participant as set forth in paragraph 4 of Schedule A hereto, as amended from time to time.

Point of Measurement shall mean any point at which FMPA shall be required to meter electric capacity and energy delivered to the Project Participant as set forth in paragraph 5 of Schedule A hereto, as amended from time to time; provided, however, that if the Project Participant has limited its obligation to purchase and receive capacity and energy hereunder to its Contract Rate of Delivery as provided in Section 3(a) hereof, then Point of Measurement shall also mean any additional point or points required to meter electric capacity and energy delivered to the Project Participant from any other power supplier or from any Project Participant-owned generating resource located on the Project Participant's System.

Project Participants shall mean the Project Participant and those members of FMPA from time to time that are, or hereafter become, parties to All-Requirements Power Supply Project Contracts, and shall include both the FPC Project Participants and the FPL Project Participants.

Project Participant's System shall mean the Project Participant's electric system as described in paragraph 8 of Schedule A, as amended from time to time.

Prudent Utility Practice shall mean, at a particular time, any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto) known at the time the decision was made, would have been expected to accomplish the desired result at a reasonable cost consistent with reliability and safety. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a number of possible practices, methods or acts.

Rate Schedule shall mean rate schedules setting forth the rate for payments by the Project Participant (i) for providing All-Requirements Services and (ii) for providing Back-up and Support

Services for Excluded Power Supply Resources, if any. The Rate Schedules anticipated to be in effect on the Service Commencement Date are expected to be substantially in the form of Schedules B-1 and B-2 attached hereto as revised and completed to reflect conditions in effect on the Service Commencement Date. Such forms of Schedules B-1 and B-2 are based on information available to and assumptions made by FMPA prior to the date of execution of this All-Requirements Power Supply Project Contract. The Rate Schedule may be revised from time to time by new schedules adopted by FMPA in the manner provided herein including, without limitation, any amendment, change, deletion or addition to any of the billing components, terms or conditions, or any adjustment set forth therein, including, but not limited to, amending billing demand to provide for minimum demand whether or not based on prior demand measurements, abolishing separate Rate Schedules for FPC Project Participants and FPL Project Participants or creating other Rate Schedules applicable to any one or more Project Participants.

Revenue Requirements shall mean all costs and expenses paid or incurred or to be paid or incurred by FMPA resulting from the ownership, operation, maintenance, termination, retirement from service and decommissioning of, and repair, renewals, replacements, additions, improvements, betterments and modifications to, the System or otherwise relating to the purchase or acquisition and sale of electric capacity and energy and dispatching and transmission services, providing Back-up and Support Services, and performance by FMPA of its obligations under the All-Requirements Power Supply Project or otherwise related to the All-Requirements Power Supply Project, including, without limitation, the following items of costs:

(1) payments of principal of and premium, if any, and interest on all Bonds issued by FMPA, including any amounts paid to any provider of credit support for Bonds as reimbursement for amounts paid by such provider of credit support in respect of such Bonds, and payments which FMPA is required to make into any debt service reserve fund or account under the terms of any Bond Resolution or other contract with holders of Bonds; provided, however, that Revenue Requirements shall not include any principal of, premium, if any, or interest on Bonds due solely by virtue of the acceleration of the maturity of such Bonds;

(2) amounts required under any Bond Resolution to be paid or deposited into any fund or account established by such Bond Resolution (other than funds and accounts referred to in clause (1) above), including any amounts required to be paid or deposited by reason of the transfer of moneys from such funds or accounts to the funds or accounts referred to in clause (1) above;

(3) amounts which FMPA may be required or determines to pay for this prevention or correction of any loss or damage or for

renewals, replacements, repairs, additions, improvements, betterments, and modifications which are necessary or desirable to keep any portion of the System in good operating condition or to prevent a loss of revenues therefrom;

(4) costs of operating and maintaining the System and of producing, dispatching, transmitting and delivering electric capacity and energy therefrom (including fuel costs, administrative and general expenses and working capital, for fuel or otherwise, and taxes or payments in lieu thereof) not included in the costs specified in the other items of this definition and costs of power supply planning and implementation associated with meeting FMPA's capacity supply obligations and an equitably allocated portion of FMPA's general and administration expenses which are not clearly chargeable to any specific project;

(5) the cost (including capacity credits and other costs, if any, under the Capacity and Energy Sales Contracts) of any electric capacity and energy purchased for resale by FMPA (either as principal or as agent) for the All-Requirements Power Supply Project and the cost of dispatching and transmission services for delivery of electric capacity and energy under the All-Requirements Power Supply Project Contracts and all other costs and expenses required to be paid by FMPA under any contract relating to the All-Requirements Power Supply Project, the System or the All-Requirements Power Supply Project Contracts;

(6) all costs incurred or associated with the salvage, discontinuance, retiring, decommissioning and disposition or sale of properties;

(7) all costs and expenses relating to injury and damage claims required to be paid by FMPA;

(8) any additional amount not specified in the other items of this definition which must be paid by FMPA relating to the All-Requirements Power Supply Project, the System or relating to the provision of All-Requirements Services to the Project Participant (including any amounts to be paid into any reserve account established by FMPA under the terms of any Bond Resolution for the payment of Revenue Requirements in the future and any amounts required to be paid to any withdrawing Project Participant pursuant to Section 29 of this Contract) which are not otherwise included in any of the costs specified herein;

(9) any reserves the Board of FMPA shall determine to be necessary or desirable for the payment of those items of costs and expenses referred to in clauses (1) through (8) above to the extent not already included in such clauses; and

(10) additional amounts which must be realized by FMPA in order to meet the requirement of any rate covenant with respect to

coverage of principal of and interest on Bonds contained in any Bond Resolution or contract with holders of Bonds or which FMPA deems advisable in the marketing of its Bonds.

Service Commencement Date shall mean such date as shall be determined by FMPA upon 30 days' notice to the Project Participant.

System shall mean:

(1) any plant, works, system, facilities and real property and personal property of any nature whatsoever, together with all parts thereof and appurtenances thereto, which is located within or without the State of Florida, and which is used or useful in the generation, production, transmission, purchase, sale, exchange, or interchange of electric capacity and energy, including facilities and property for the acquisition, extraction, conversion, transportation, storage, reprocessing, or disposal of fuel and other materials of any kind for any such purposes;

(2) any interest in, or right to, the use, services, output, or capacity of any such plant, works, system, or facilities;

(3) any study to determine the feasibility or costs of any of the foregoing, including, but not limited to, engineering, legal, financing, and other services necessary or appropriate to determine the legality and financial and engineering feasibility of any project referred to in subparagraph 1 or subparagraph 2; and

(4) any other items or interests which FMPA may be permitted to include in the System at any time under the laws of the State of Florida;

all to the extent necessary, desirable or useful to enable FMPA to implement or carry out the All-Requirements Power Supply Project and to provide the Project Participants with all the electrical capacity and energy needed to meet their loads, on the terms and conditions and subject to the limitations contained in the All-Requirements Power Supply Project Contracts. It is intended that this definition be broadly construed to encompass all items of real and personal property, all interests in or rights to the use of services, output or capacity (including any such rights of any Project Participant for the purchase of electric capacity and energy or the purchase or other provision of dispatching and transmission services from any source in respect of which FMPA is to act as agent for such Project Participant and which is to be used by FMPA to satisfy all or any part of its obligations under this or any other All-Requirements Power Supply Project Contract) acquired or purchased by FMPA for the purpose of, or designated by FMPA to be used for the purpose of, meeting its obligations under the All-Requirements Power Supply Project Contracts, which on the date hereof or in the future shall be permitted to be included in

the System pursuant to the provisions of the Act or other applicable laws of the State of Florida. Unless otherwise provided by action of FMPA designating such items as part of the System, the System shall not include FMPA's 8.806% undivided ownership interest in St. Lucie Unit No. 2 acquired pursuant to the St. Lucie Unit No. 2 Participation Agreement dated as of February 11, 1982, as amended, or any rights to receive electric capacity and energy therefrom; any rights to receive electric capacity and energy pursuant to the St. Lucie Nuclear Reliability Exchange Agreement, dated March 26, 1982, as amended, or the St. Lucie Replacement Power Agreement, dated February 11, 1982; or FMPA's 14.8193% undivided ownership interest in Stanton Unit No. 1 acquired pursuant to the Stanton Unit No. 1 Participation Agreement dated as of January 16, 1984, as amended (the "Stanton Project"); or FMPA's 5.3012% undivided ownership interest in Stanton Unit No. 1 acquired pursuant to the Stanton Unit No. 1 Participation Agreement dated as of March 22, 1985, as amended (the "Tri-City Project"); provided, however, that certain Project Participants having Entitlement Shares in the Tri-City and/or Stanton Projects have agreed to sell and make available to FMPA for the All-Requirements Power Supply Project the capacity and energy from such Entitlement Shares pursuant to the Capacity and Energy Sales Contracts between FMPA and such Project Participants and the right to receive such capacity and energy shall be a part of the System. Notwithstanding the foregoing definition of the term System, such term shall not include any properties, rights or interests in properties of FMPA which FMPA determines shall not constitute a part of the All-Requirements Power Supply Project or the System for the purposes of this All-Requirements Power Supply Project Contract.

SECTION 2. Term

This Contract shall become effective upon a date to be determined by the Board.

Subject to the provisions for withdrawal in Section 29, this Contract shall remain in effect until October 1, 2025, and thereafter is subject to the following automatic extensions. On October 1, 1995 and each fifth anniversary thereafter, this Contract shall automatically extend for an additional five year period beyond October 1, 2025, unless either party hereto shall notify the other party in writing at least two years prior to such automatic extension date of its decision not to extend this Contract.

SECTION 3. Sale and Purchase of Electricity

(a) FMPA hereby agrees to sell and deliver to the Project Participant, and the Project Participant hereby agrees to purchase and receive from FMPA, commencing on the Service Commencement Date and extending through the term hereof, all electric capacity and energy (including any associated transmission and dispatching

services) which the Project Participant shall require for the operation of its municipal electric system over and above the Excluded Power Supply Resources, if any, specified in paragraph 2 of Schedule A hereto and over and above Back-up and Support Services (as hereinafter defined) (the "All-Requirements Services"); provided, however, that effective January 1, 2002, or any January 1 thereafter, upon at least seven years prior written notice to FMPA, the Project Participant may limit the maximum amount of electric capacity and energy required to be sold and delivered by FMPA and purchased and received by the Project Participant hereunder as All-Requirements Services for the remainder of the term hereof so as not to exceed the Contract Rate of Delivery determined as follows: the "Contract Rate of Delivery" shall be the peak demand of the Project Participant for electric capacity and energy as All-Requirements Services under this Contract during the 12 months preceding the date one month prior to the date such limitation shall commence, as determined by FMPA, adjusted up or down by not more than 10% so as to provide optimal utilization of the FMPA power supply resources, such adjustment to be made by FMPA in its sole discretion. Upon the request of the Project Participant, but not more than once within any 12 months, FMPA shall advise the Project Participant of FMPA's then best estimate of what the Project Participant's Contract Rate of Delivery hereunder would be for any year within the ten-year period following the date FMPA receives such request. FMPA shall notify the Project Participant of the Project Participant's actual Contract Rate of Delivery within seven days after FMPA's determination thereof. Beginning on the date of commencement of the limitation provided for in the proviso of the first sentence of this Section 3(a) and for the remainder of the term of this Contract, the amount of electric capacity and energy required to be sold and delivered by FMPA and purchased and received by the Project Participant as All-Requirements Services shall be determined as provided in Schedule C hereto.

In the event that, pursuant to law or regulatory orders, electric capacity and energy is required to be purchased by the Project Participant from a small power production facility, a cogeneration facility or other facility, the Project Participant and FMPA shall use their best efforts to arrange for such purchases to be made by FMPA, to the extent permitted by law. If such arrangements cannot be made, then the Project Participant shall make the required purchases and sell or otherwise transfer to FMPA the electric and capacity energy purchased at a price equal to the price paid by the Project Participant. The Project Participant appoints FMPA to act as its agent in all dealings with the owner of any such facility from which electric capacity and energy is to be purchased in connection with all other matters relating to such purchases. The Project Participant also appoints FMPA to act as its agent in all dealings with any other party, other than FMPA, to any contract for the purchase of electric capacity and energy to

which the Project Participant is a party and which has been designated by FMPA as part of the System.

A Project Participant may construct a new generating unit at a customer's location to avoid losing all or a part of that customer's load, provided, however, that the Project Participant shall sell all capacity and energy from such unit to FMPA pursuant to a separately negotiated contract between FMPA and the Project Participant and the load represented by such customer shall continue to be included in the load serviced by FMPA under this Contract.

In addition, it is expressly acknowledged that the Project Participant may own all or any portion of a solid waste powered generation facility. Such facility may not be used to serve any of the Project Participant's retail load. If the Project Participant so requests, FMPA will purchase the Project Participant's share of the output of such facility for the All-Requirements Power Supply Project at the All-Requirements Power Supply Project's avoided cost as determined and adjusted by FMPA pursuant to an agreement to be negotiated by FMPA and the Project Participant.

(b) If and to the extent that the Project Participant has any Excluded Power Supply Resources specified in paragraph 2 of Schedule A hereof, FMPA hereby agrees to sell and deliver to the Project Participant, and the Project Participant hereby agrees to purchase and receive from FMPA, commencing on the Service Commencement Date and extending through the term hereof, generating support services for such Excluded Power Supply Resources including reserves, deficiency energy (which is energy in an amount equal to up to the Project Participant's Excluded Power Supply Resources whenever the units providing such Excluded Power Supply Resources are operating at less than a 100% capacity factor based on the seasonal net capability of such Excluded Power Supply Resources adjusted for losses), transmission losses and firming capacity associated with the delivery of the Excluded Power Supply Resources or the replacement thereof, including any associated transmission and dispatching services, (the "Back-Up and Support Services"). The obligation of FMPA to sell and deliver and of the Project Participant to purchase and receive the Back-up and Support Services shall not be affected in any way by any election of the Project Participant to limit its obligation under paragraph (a) of this Section 3 to its Contract Rate of Delivery.

(c) The Project Participant hereby commits itself to take and pay for all of the electric capacity and energy which it is required to take and receive under paragraphs (a) and (b) of this Section 3 and which is made available to the Project Participant hereunder at its Points of Delivery; such payments shall be made at rates set forth in the Rate Schedule, as revised from time to time by FMPA in the manner provided herein.

SECTION 4. Authorization and Approval of Projects

(a) FMPA is hereby authorized by the Project Participant (i) to undertake projects to be included in the System as part of the All-Requirements Power Supply Project from time to time which are necessary or desirable to enable FMPA to fulfill satisfactorily its obligations to use its best efforts to supply electric capacity and energy to the Project Participant and other Project Participants pursuant to the All-Requirements Power Supply Project Contracts and which projects, to the extent required by paragraph (b) of this Section 4, have been approved by the Board and the Project Participants pursuant to the terms of paragraph (b) of this Section 4 and (ii) to issue Bonds for the purpose of paying all or any part of the costs of any of the projects or for any other purposes authorized by the laws of the State of Florida relating to the System.

(b) The Project Participant hereby approves all projects included in the System on the date of this Contract including, without limitation, all resources covered by the Capacity and Energy Sales Contract. Subsequent to such date, the participation of FMPA in any project for the construction, acquisition, purchase, lease or other use of any generation, dispatching, load management or transmission resources, output of services that is to be included in the System requiring the issuance of Bonds by FMPA or assumption or guaranty by FMPA of other obligations or requiring the execution by FMPA of any power supply contract or agreement (other than interchange agreements with other utilities) with a basic term of more than seven (7) years must be approved by (a) a majority affirmative vote of all of the Project Participants, with each Project Participant entitled to cast one vote through its Authorized Representative and, if so approved, (b) the Board and/or the Executive Committee of FMPA, to the extent and in the manner provided by the laws of the State of Florida, the Interlocal Agreement, the By-Laws of FMPA and/or the Bond Resolution.

SECTION 5. Electric Characteristics, Points of Delivery and Measurement

Electricity to be furnished hereunder shall be three phase, sixty hertz alternating current. The Project Participant shall make and pay for all connections between the Project Participant's System and the System of FMPA at the Points of Delivery. The Points of Delivery, the Points of Measurement, the delivery voltage, the power factor, if any, to be maintained by the Project Participant, and special conditions of service shall be as set forth in Schedule A attached hereto, which Schedule may be amended from time to time to include such other Point or Points of Delivery and Point or Points of Measurement and delivery voltage as may be agreed upon by FMPA and the Project Participant. Other provisions of Schedule A may be amended from time to time by FMPA.

The Project Participant shall install, own and maintain any necessary substation equipment at the Points of Delivery and shall install, own and maintain switching and protective equipment of adequate design and sufficient capacity on the Project Participant's System to enable the Project Participant to take and use the electric capacity and energy supplied under this Contract without hazard to the System.

FMPA shall not be responsible for the transmission, control, use or application of electric capacity and energy provided under this Contract on the Project Participant's System or on the Project Participant's side of any Point of Delivery that is not located on the Project Participant's System.

The Project Participant shall not be responsible for the transmission, control, use or application of electric capacity and energy provided under this Contract outside of the Project Participant's System in the case of a Point of Delivery on the Project Participant's System or on FMPA's side of a Point of Delivery if such Point of Delivery is not on the Project Participant's System.

When electricity is measured at more than one Point of Measurement, the demand of the Project Participant's System shall be determined by combining the Points of Measurement in accordance with the provisions of the applicable Rate Schedule.

SECTION 6. Rates

(a) The Project Participant shall pay FMPA for all electric capacity and energy furnished at the Points of Delivery hereunder as All-Requirements Services and for all Back-Up and Support Services at the rates and on the terms and conditions set forth in the applicable Rate Schedule. Credits, if any, to Project Participants with generating resources shall be calculated in accordance with the Project Participant's Capacity and Energy Sales Contract and shall be applied to offset the Project Participant's payments hereunder. Prior to the Service Commencement Date, FMPA shall propose and submit to the Project Participants a Rate Schedule consisting of a Schedule B-1 for FPC Project Participants and a Schedule B-2 for FPL Project Participants proposed to be in effect on the Service Commencement Date. Such Rate Schedule shall not be implemented unless approved first by affirmative vote of all the Project Participants with each Project Participant having one vote and then by the affirmative vote of a majority of the votes of the Board; provided, however, that if such Rate Schedule is not so approved prior to the Service Commencement Date, the Board, by a majority of the votes of the Board, shall adopt, and may revise from time to time as necessary or appropriate, and implement an interim Rate Schedule to be effective until an initial Rate Schedule shall have been approved in the manner provided herein. Subject to the provisions of paragraphs (c) and (d) of this Section

6, FMPA will revise and place into effect new Rate Schedules as necessary or appropriate from time to time. The Project Participant agrees to pay the rates and charges set forth in the applicable initial Rate Schedule, interim Rate Schedule, if any, and revised Rate Schedules from the effective date established by FMPA. In the event that, during any portion of any month, electric capacity and energy are made available to the Project Participant by FMPA in accordance with this Contract which the Project Participant is required to take and receive as All-Requirements Services pursuant to Section 3(a) hereof but which the Project Participant fails to take and receive from FMPA as All-Requirements Services, the Project Participant shall pay FMPA for such availability an amount equal to the product of the demand related charges in the Rate Schedule and the appropriate billing demand computed as provided in the Rate Schedule except that, for such purpose, the kilowatts of the appropriate billing demands for such month shall be based upon the kilowatts that would have otherwise been taken from FMPA as All-Requirements Services as evidenced by the total electric energy consumed by the Project Participant's customers in each hour during the month as metered at all Points of Measurement on such Project Participant's System less that portion of such total electric energy consumption in each hour, if any, which the Project Participant would be then entitled to provide itself from Excluded Power Supply Resources (whether or not any such amounts were so provided). Payment made by the Project Participant under the Rate Schedule shall be treated as an operating expense from the revenues of the Project Participant's electric or integrated utility system and from other funds of such system legally available therefor. Such payments shall be in addition to and not in substitution for any other payments whether on account of dues or otherwise owed by the Project Participant to FMPA. The obligation of the Project Participant to make payments under the Rate Schedule shall not constitute a debt within the meaning of any constitutional or statutory provisions or limitation or a general obligation of or pledge of the full faith and credit of the Project Participant, and neither the Project Participant nor the State of Florida or any agency or political subdivision thereof shall ever be obligated or compelled to levy ad valorem taxes to make the payments provided under the Rate Schedule, and the obligation of the Project Participant to make the payments under the Rate Schedule shall not give rise to or constitute a lien upon any property of the Project Participant or any property located within its boundaries or service area. Except as otherwise provided in this paragraph, the obligation of the Project Participant to make payments under the Rate Schedule shall not be subject to any reduction, whether by offset, counterclaim, recoupment or otherwise, and shall not be otherwise conditioned upon the performance by FMPA under this or any other agreement or instrument, including the Capacity and Energy Sales Contract, or the validity of any other All-Requirements Power Supply Project Contract, provided, however, that nothing contained herein shall be construed to prevent or restrict the Project Participant from

asserting any rights which it may have against FMPA under this Contract or under any provision of law, including the institution of legal proceedings for specific performance or recovery of damages.

The Project Participant's electric utility system shall be deemed to be a part of any integrated utility system for purposes of this All-Requirements Power Supply Project Contract if the revenues of the electric utility system (i) are commingled with the revenues of one or more other utility systems owned by the Project Participant; or (ii) are utilized to pay operating expenses of the Project Participant's electric utility system and one or more other utility systems owned, leased, operated or maintained by the Project Participant; or (iii) are pledged to secure bonds issued to finance one or more other utility systems owned, leased, operated or maintained by the Project Participant. For purposes of this paragraph, the term "commingled" shall not be deemed to include the keeping of funds in one bank account so long as such funds are separately accounted for on the books and records of the Project Participant.

(b) FMPA shall establish and maintain rates in the Rate Schedule hereunder and under the other All-Requirements Power Supply Project Contracts which will provide revenues which are at least sufficient to meet the estimated Revenue Requirements of FMPA. In determining the rates necessary to produce sufficient revenues, FMPA shall take into account any anticipated delinquency or default in payments by Project Participants under the All-Requirements Power Supply Project Contracts.

At such intervals as it shall determine appropriate, but in any event not less frequently than once each calendar year, the Board shall review and, if necessary, revise the Rate Schedule to insure that the rates thereunder continue to cover its estimate of the then current Revenue Requirements.

(c) In connection with any revision of the Rate Schedule, FMPA shall cause a notice in writing to be given to all Project Participants which shall set out any proposed revision of the Rate Schedule with the effective date thereof, which shall be not less than sixty (60) days after the date of the mailing of the notice, and which shall be accompanied by an analysis of the estimated Revenue Requirements for which the Rate Schedule is proposed to be revised and the derivation of the proposed rate. The Project Participant agrees to pay for electric capacity and energy made available by FMPA to it hereunder after the effective date of any revision in the Rate Schedule in accordance with the Rate Schedule as so revised.

(d) No new or revised Rate Schedule which (i) represents a change in the manner of determination of rates other than a change that does not have a significant economic impact on any Project

Participant; (ii) eliminates the separate Rate Schedules for FPC Project Participants or FPL Project Participants; or (iii) establishes or eliminates any other separate Rate Schedule or Schedules for any Project Participant or Project Participants shall be made unless such new or revised Rate Schedule has first been approved by the majority affirmative vote of the FPL Participants and of the FPC Participants with each group voting separately so long as such groups exist or if such groups no longer exist by the majority affirmative vote of all of the Project Participants with each Project Participant entitled to one vote; provided, however, that if any such new or revised Rate Schedule affects only FPL Participants or only FPC Participants, only the affected Project Participants shall be entitled or required to vote thereon. In addition all new or revised Rate Schedules shall be adopted by the Board and/or Executive Committee of FMPA to the extent and in the manner provided by the laws of the State of Florida, the Interlocal Agreement, the By-laws of FMPA, and/or any Bond Resolution. Any action taken by the Project Participant under this Section 6(d) shall be taken by such Project Participant's Authorized Representative.

SECTION 7. Covenants of FMPA

(a) After satisfying, to the extent provided for herein, the total requirements of all Project Participants, FMPA shall use its best efforts, to the extent permitted by law, to market and dispose of, under the most economically advantageous terms and conditions obtainable, all its surplus electric capacity and energy which in the sole judgment of FMPA can be disposed of without adversely affecting performance by FMPA under this All-Requirements Power Supply Project Contract so long as it shall not result in the breach of any FMPA covenant or contract. Without limiting the generality of the foregoing provision, FMPA may market and dispose of such surplus electric capacity and energy directly to other members of FMPA or to itself on behalf of any other project of FMPA if such transaction is otherwise economically advantageous. Such surplus electric capacity and energy shall include any electric capacity and energy required to be delivered by FMPA to any Project Participant as All-Requirements Services which such Project Participant is unable or unwilling to receive as well as any electric capacity and energy available as a result of any discontinuance of service to any Project Participant or termination of any All-Requirements Power Supply Project Contract pursuant to Section 9(b) thereof for failure of the Project Participant to pay amounts due thereunder. The inability or unwillingness to receive such electric capacity and energy and failure to pay amounts due resulting in the discontinuance of service or termination of an All-Requirements Power Supply Project Contract shall each constitute a default on the part of the Project Participant for purposes of determining FMPA's rights to sell such electric capacity and energy.

(b) FMPA shall use its best efforts to provide, in accordance with Prudent Utility Practice, a constant and uninterrupted supply of electric capacity and energy under this All-Requirements Power Supply Project Contract. In the event that FMPA is not able to supply all of the electric capacity and energy requirements of all of the Project Participants that it is required to supply hereunder and under the other All-Requirements Power Supply Project Contracts, it shall, subject to any restrictions imposed in any agreement or contract under which FMPA obtains electric capacity and energy and the limitations imposed by the transmission system or the State of Florida, use its best efforts to allocate its electric capacity and energy available from the System during any month among the Project Participant and the other Project Participants as follows: pro rata in accordance with their respective electric capacity and energy requirements supplied hereunder as All-Requirements Services and Back-Up and Support Services during the corresponding month of the preceding calendar year for Project Participants which are not purchasing and receiving electric capacity and energy pursuant to the Contract Rate of Delivery and with the sum of the Contract Rate of Delivery of each Project Participant and their respective electric capacity and energy requirements supplied hereunder as Back-Up and Support Services during the corresponding billing period of the preceding calendar year for Project Participants which are purchasing and receiving electric capacity and energy pursuant to the Contract Rate of Delivery. During any period FMPA is unable to supply all of the Project Participant's electric capacity and energy requirements that it is required to supply hereunder, FMPA shall not in any case be liable to the Project Participant for damages resulting from such interruption of service and the Project Participant shall be permitted to acquire from other sources such amount of electric capacity and energy which is not supplied by FMPA; provided, however, that at such time as FMPA is thereafter again able to supply all of the Project Participant's electric capacity and energy requirements that it is required to supply hereunder, the Project Participant shall be required to take and pay for such electric capacity and energy in accordance with the provisions hereof.

(c) FMPA shall use its best efforts to acquire, by purchase or otherwise, and to deliver or cause to be delivered to the Points of Delivery electric capacity and energy in the manner determined by FMPA to be most economical, dependable and otherwise feasible.

(d) In addition to the delivery of electric capacity and energy pursuant to this All-Requirements Power Supply Project Contract and the performance of all acts and actions incident thereto, FMPA agrees that it will perform or cause to be performed services, including, but not limited to: (i) coordinating and monitoring the investigating, studying, planning, engineering, designing, financing, installing, constructing, acquiring, operating, maintaining, retiring, decommissioning or disposing of

any part of the System; (ii) issuing and selling Bonds; (iii) planning, undertaking, coordinating, and monitoring the economic dispatching and scheduling of electric capacity and energy to the Project Participants; and (iv) providing such other services as FMPA from time to time shall determine to be appropriate or necessary to provide an adequate, reliable and economical supply of electric capacity and energy to the Project Participants.

SECTION 8. Covenants of the Project Participant

(a) The Project Participant agrees to (i) maintain its electric or integrated utility system in good repair and operating condition; (ii) cooperate with FMPA in the performance of the respective obligations of such Project Participant and FMPA under this All-Requirements Power Supply Project Contract; and (iii) to establish, levy and collect rents, rates and other charges for the products and services provided by its electric or integrated utility system, which rents, rates, and other charges shall be at least sufficient (i) to meet the operation and maintenance expenses of such electric or integrated utility system; (ii) to comply with all covenants pertaining thereto contained in, and all other provisions of, any resolution, trust indenture, or other security agreement relating to any bonds or other evidences of indebtedness issued or to be issued by the Project Participant; (iii) to generate funds sufficient to fulfill the terms of all other contracts and agreements made by the Project Participant, including, without limitation, this All-Requirements Power Supply Project Contract; and (iv) to pay all other amounts payable from or constituting a lien or charge on the revenues of its electric or integrated utility system.

The Project Participant further covenants and agrees that if it maintains or establishes an integrated utility system of which its electric system is a part for its electric, water, gas, cable television, telephone and sanitary sewer systems (or any combination of two or more thereof which includes its electric system), it will establish, maintain and collect rates and charges for the services provided by its integrated utility system which shall produce revenues at least sufficient to enable the Project Participant to pay all expenses attributable to the integrated utility system, including the expenses incurred in the operation and maintenance of the integrated utility system (including the obligations under this All-Requirements Power Supply Project Contract), to pay the debt service requirements on any bonds, notes or other evidences of indebtedness, whether now outstanding or incurred in the future, secured by such revenues and issued to finance improvements to the integrated utility system and to make any other payments required by the laws of the State of Florida.

The Project Participant shall not be required to make payments under this All Requirements Power Supply Project Contract except from the revenues of the Project Participant's electric utility

system, or integrated utility system of the Project Participant of which the electric utility system is a part, and from other funds of such system legally available therefor. In no event shall the Project Participant be required to make payments under this All-Requirements Power Supply Project Contract from tax revenues.

(b) The Project Participant covenants and agrees that (i) it will whenever requested by FMPA provide its most current estimate of its projected load for such period or periods as FMPA may reasonable request and (ii) immediately after becoming aware of a change or projected change in its load or in any load projection previously provided to FMPA, it will notify FMPA of such change or projected change.

(c) The Project Participant may sell at wholesale any of the electric capacity and energy delivered to it hereunder to any customer of the Project Participant or any other entity for resale by that customer or entity, provided that it has first given FMPA five years' written notice of its intent to sell such electric capacity and energy and at the time of such notice provided FMPA with projected data regarding any such sales anticipated for the ensuing five year period. FMPA, after receipt of such notice, shall have 180 days in which to impose limits on the amount of electric capacity and energy to be sold or to veto such sale if the sale will jeopardize FMPA's availability of resources to serve its Project Participants, increase the cost of electric capacity and energy to FMPA, or violate the covenant of the Project Participant contained in paragraph (f) of this Section 8.

(d) The Project Participant shall not sell, lease, abandon or otherwise dispose of all or substantially all of its electric or integrated utility system except on 90 days' prior written notice to FMPA and, in any event, shall not so sell, lease, abandon or otherwise dispose of the same unless the following conditions are met: (i) the Project Participant shall assign this All-Requirements Power Supply Project Contract and its rights and interest hereunder to the purchaser or lessee of the electric system and such purchaser or lessee shall assume all obligations of the Project Participant under this All-Requirements Power Supply Project Contract; (ii) FMPA shall be permitted by then applicable law to sell electric capacity and energy to said purchaser or lessee, if any; and (iii) FMPA shall by appropriate action determine, in its sole discretion, that such sale, lease, abandonment or other disposition (A) will not adversely affect FMPA's ability to meet its obligations under this Contract or any contract, agreement or arrangement to which FMPA is a party as either principal or agent pursuant to which FMPA satisfies all or any part of its obligations to provide electric capacity and energy dispatching and transmission services under this All-Requirements Power Supply Project Contracts with other Project Participants, (B) will not adversely affect the value of this All-Requirements Power Supply Project Contract as security for the payment of Bonds and

interest thereon, or (C) will not adversely affect the eligibility of interest on Bonds then outstanding or which could be issued in the future for federal or State of Florida tax-exempt status. The Project Participant has no present intention of selling, leasing, abandoning or otherwise disposing of all or substantially all of its electric or integrated utility system.

(e) The Project Participant covenants and agrees that it shall take no action the effect of which would be to prevent, hinder or delay FMPA from the timely fulfillment of its obligations under this All-Requirements Power Supply Project Contract, any other All-Requirements Power Supply Project Contract, the outstanding Bonds or the Bond Resolution.

(f) The Project Participant covenants and agrees that it shall not use or permit to be used any of the electric capacity and energy acquired under this All-Requirements Power Supply Project Contract in any manner or for any purposes or take any other action or omit to take any action which would result in the loss of the exclusion from gross income for Federal income tax purposes of the interest on any Bond or Bonds issued by FMPA or which could be issued by FMPA in the future as that status is governed by Section 103 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations or any rulings promulgated thereunder or as affected by a decision of any court of competent jurisdiction or the loss of State of Florida tax exempt status of the interest on such Bonds. The Project Participant covenants that, 180 days prior to entering into any contract whereby a person agrees to take, or to take or pay for, electric capacity and energy provided to the Project Participant under this Contract, the Project Participant shall notify FMPA of its intent to enter into such contract and provide copies of such contract to FMPA. As soon as practicable after receipt of such notice, FMPA shall advise the Project Participant as to whether, in the opinion of counsel of recognized standing in the field of law relating to municipal bonds selected by FMPA, the entering into of such contract would result in a violation of the covenant contained in this subsection. The Project Participant agrees that if FMPA advises the Project Participant that such a violation will or might result, the Project Participant will not enter into such contract. Except as attached as an exhibit hereto, the Project Participant covenants that it does not have, and has no present intention of entering into, any contract which would be subject to the provisions of this paragraph (f).

(g) The Project Participant covenants and agrees that it shall, in accordance with Prudent Utility Practice, (1) at all times operate the properties of its electric system and the business in connection therewith in an efficient manner, (2) coordinate its load management program, if any, with and through FMPA for the benefit of all Project Participants, (3) maintain its electric system in good repair, working order and condition and (4)

from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to its electric system so that at all times the business carried on in connection therewith shall be properly and advantageously conducted; provided, however, this covenant shall not be construed as requiring the Project Participant to expend any funds which are derived from sources other than the operation of its electric system or the integrated utility system of which its electric system is a part and provided further that nothing herein shall be construed as preventing the Project Participant from doing so.

SECTION 9. Meter Readings and Payment of Bills

(a) FMPA shall read meters or cause meters to be read at monthly intervals to verify the accuracy of electronically transmitted data.

(b) Within fifteen (15) days of each bill, the Project Participant shall pay for electric capacity and energy furnished hereunder at the office of FMPA, 7201-100 Lake Ellenor Drive, Orlando, Florida 32809, or such other address as FMPA shall specify in writing to the Project Participant. Provided, however, that if said fifteenth (15th) day is not a business day, the next following business day shall be the day on which such payment shall be due. In the event that the Project Participant fails to make payment when due of any amount owing hereunder, FMPA may impose a late payment charge as provided in the Rate Schedule. FMPA shall bill the Project Participant monthly on a prompt and timely basis in accordance with a schedule to be determined by FMPA. FMPA may, whenever any amount due remains unpaid after the due date, take all steps available to it under applicable law to collect such amount and, after giving 60 days' advance notice in writing of its intention to do so, discontinue service hereunder if permitted by law. FMPA may, whenever any amount due remains unpaid for 120 or more days after the due date and after giving 30 days' advance notice in writing of its intention to do so, terminate this All-Requirements Power Supply Project Contract. No such discontinuance or termination shall relieve the Project Participant from liability for payment for electric capacity and energy furnished hereunder.

(c) In the event the Project Participant desires to dispute all or any part of a bill, including any payment or capacity credit under its Capacity and Energy Sales Contract, the Project Participant shall nevertheless pay the full amount of the bill when due and notify FMPA in writing of the grounds on which any amounts in the bill are disputed and the amount in dispute. The Project Participant will not be entitled to any adjustment on account of any disputed charges which are not brought to the attention of FMPA in the manner herein specified. Such adjustment shall be for the time period for which it can be established a billing error took place but in no event shall the adjustment period extend past the date of the last meter test or 365 days, whichever is shorter.

SECTION 10. Metering

(a) Except as otherwise noted in paragraph 5 of Schedule A hereto, FMPA shall furnish, install and maintain or cause to be furnished, installed and maintained the necessary metering equipment required at each Point of Measurement of the Project Participant to measure and record the electric capacity and energy furnished hereunder at such Point of Measurement. Such metering equipment shall provide a continuous record of the 60 minute integrated total demand of the Project Participant and any other metering information needed by FMPA at such Point of Measurement during each month throughout the term of this All-Requirements Power Supply Project Contract. Such records shall be available at all reasonable times to authorized agents of the Project Participant. The Project Participant may, at its own cost, install additional metering equipment to provide a check on FMPA's metering equipment, as long as the Project Participant's additional metering equipment does not interfere with the functioning, operation, or maintenance of FMPA's metering.

(b) FMPA shall test and calibrate meters or cause meters to be tested and calibrated by comparison with accurate standards at intervals of not more than 24 months. FMPA shall also make or cause to be made special meter tests at any time at the Project Participant's request. The cost of all tests shall be borne by FMPA except that if any special meter test made at the Project Participant's request shall disclose that the meters are recording accurately, the Project Participant shall reimburse FMPA for the cost of such test.

If any meter furnished and installed or caused to be furnished and installed by FMPA hereunder fails to register or is found to be inaccurate, FMPA shall repair or replace such meter or cause it to be repaired or replaced, except as otherwise noted in paragraph 5 of Schedule A hereto, and an appropriate billing shall be made to the Project Participant by FMPA based upon the best information available for the period, not exceeding sixty (60) days, during which no metering occurred. Any meter tested and found to be no more than two percent above or below normal shall be considered accurate insofar as correction of billings is concerned. If, as a result of any test, a meter is found to register in excess of two percent above or below normal, then the reading of such meter previously taken for billing purposes shall be corrected for the period during which it is established the meter was inaccurate, but no correction shall be made for any period beyond sixty (60) days prior to the date on which the meter test was requested. FMPA shall notify the Project Participant or cause the Project Participant to be notified in advance of the time of any meter reading or test so that the Project Participant's representative may be present at such meter reading or test.

(c) For a fractional part of a month at the beginning or end of service, demand related charges under the Rate Schedule shall be proportionately adjusted by FMPA in the ratio that the number of hours that electric service is furnished to the Project Participant (in such fractional month) bears to the total number of hours in the month involved. Except as provided in this paragraph (c) of this Section 10 with respect to fractional months at the beginning and end of service, there shall be no proration of demand related charges under the Rate Schedule for any month during any part of which electric capacity and energy is made available to the Project Participant.

SECTION 11. Right of Access

Duly authorized representatives of FMPA and Project Participant shall be permitted to enter any interconnection or metering facilities on the other's premises at all reasonable times in order to carry out the provisions of this All-Requirements Power Supply Project Contract.

SECTION 12. Uncontrollable Forces

Except for the purposes of Section 7(a) hereof, neither FMPA nor the Project Participant shall be considered to be in default in respect to any obligation hereunder (other than the obligation of the Project Participant to pay for electric capacity and energy made available hereunder to the extent payment is required by Section 6(a) hereof) if prevented from fulfilling such obligations by reason of a force majeure occurrence. The obligation to pay money in a timely manner is absolute and shall not be subject to the force majeure provisions unless such force majeure directly prevents said payments. Force majeure as used herein shall mean, without limitation, the following: acts of God; natural disaster; strikes and/or lockouts and other industrial disturbances; acts of public enemies; sabotage; insurrections; riot, fire; flood; sinkhole; blight; famine; quarantine; epidemics; landslides; drought; lightning; earthquakes; hurricanes; tidal surges; tornadoes; storms; civil disturbances; war; explosion; injunction; orders, or absence of necessary orders and permits of any kind which have been properly applied for from the government of the United States or from the State of Florida, or any of their departments, agencies or officials, or from any civil or military authority including, but not limited to, courts and administrative bodies, pertaining to the System; extraordinary delay in transportation; unforeseen soil conditions; equipment, material, supplies, labor or machinery shortages; partial or entire failure of utilities necessary or useful for the physical operation of the System or the Project Participant's system; breach of contract by any supplier, contractor, subcontractor, laborer or materialman; or any other similar extreme cause or event reasonably beyond the control of either party. The party suffering an occurrence of force majeure shall use its best efforts to remedy with all

reasonable dispatch the cause or causes preventing the carrying out of this All-Requirements Power Supply Project Contract; provided that the settlement of strikes, lockouts and other labor disputes or industrial disturbances shall be entirely within the discretion of the said party, and it shall not be required to make settlement of strikes, lockouts and other labor disputes or industrial disturbances by acceding to demands which are unreasonable in the judgment of the said party.

SECTION 13. Power Factor

The Project Participant shall maintain its system power factor as specified by FMPA from time to time.

SECTION 14. Cooperation

If it becomes necessary by reason of any emergency or extraordinary condition for either FMPA or the Project Participant to request the other party to furnish personnel, materials, tools, or equipment for the accomplishment of its obligations hereunder, the party so requested shall cooperate with the requesting party and render such assistance as the party so requested may determine to be available. The party making such request, upon receipt of properly itemized bills from the other party, shall promptly reimburse the other party for all costs properly and reasonably incurred by it in providing such assistance. The cost shall be determined on the basis of current charges or rates used in its own operations by the party rendering the assistance.

SECTION 15. Construction, Operation and Maintenance Standards

The Project Participant shall, to the extent required by Prudent Utility Practice, own, install and maintain electrical protective relaying equipment at each point of interconnection with FMPA's transmission system or the transmission system of any other party being used by FMPA to deliver electric capacity and energy hereunder. The design and operating characteristics of such equipment shall be coordinated with FMPA and with any other party providing such transmission service and subject to FMPA's and such other party's approval, which approval shall not be unreasonably withheld.

SECTION 16. Assignment of All-Requirements Power Supply Project Contract

(a) This All-Requirements Power Supply Project Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Contract; provided, however, that, except for the assignment by FMPA authorized by clause (b) of this Section 16 and except for any assignment in connection with the sale, lease or other disposition of all or substantially all of the Project Participant's electric system as

provided in Section 8(d) hereof, neither this All-Requirements Power Supply Project Contract nor any interest herein shall be transferred or assigned by either party hereto except with the consent in writing of the other party hereto. No assignment or transfer of this All-Requirements Power Supply Project Contract shall relieve the parties of any obligation hereunder.

(b) The Project Participant acknowledges and agrees that FMPA may assign and pledge to any trustee or similar fiduciary designated in any Bond Resolution or to any provider of credit support for any Bonds issued for the All-Requirements Power Supply Project, all of, or any interest in, its right, title and interest in and to this All-Requirements Power Supply Project Contract and all payments to be made to FMPA under the provisions of this All-Requirements Power Supply Project Contract as security for the payment of the principal (including sinking fund installments) of, premium, if any, and interest on any Bonds and may deliver possession of this Contract to such trustee in connection therewith, and, upon such assignment, pledge and delivery, FMPA may grant to such trustee or such provider of credit support any rights and remedies herein provided to FMPA and thereupon any references herein to FMPA shall be deemed, with the necessary changes in detail, to include such trustee or provider of credit support which shall be a third party beneficiary of the covenants and agreements of the Project Participant herein contained.

SECTION 17. Records and Accounts

FMPA shall keep accurate records and accounts of its properties and its operations in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts prescribed for Class A and Class B Public Utilities and Licensees as in effect from time to time. Should the Federal Energy Regulatory Commission be modified or cease to exist, the records shall be maintained under the uniform System of Accounts as adopted or used by whatever agency succeeds or takes over the duties of the Federal Energy Regulatory Commission. The Project Participant shall have the right at any reasonable time to examine such accounts. FMPA shall cause such accounts to be audited annually by a firm of independent certified public accountants of national reputation and shall supply copies of such audits to the Project Participant.

The Project Participant shall keep accurate records and accounts for its electric or integrated utility system, separate and distinct from its other records and accounts. Such records and accounts shall be audited annually by an independent certified public accountant, which may be part of the annual audit of the accounts of the Project Participant. Such records and accounts shall be made available for inspection by FMPA at any reasonable time, and a copy of such annual audit, including all written comments and recommendations of such accountants, shall be furnished to FMPA upon request.

SECTION 18. Information

FMPA and the Project Participant will promptly furnish to each other such information as may be reasonably requested from time to time in order to carry out more effectively the intent and purpose of this All-Requirements Power Supply Project Contract or as may be reasonably necessary and convenient in the conduct of the operations of the party requesting such information. Without limiting the generality of the foregoing, the Project Participant shall, upon request, furnish to FMPA all such information, certificates, engineering reports, feasibility reports, information relating to load forecasts and generation and transmission expansion plans, financial statements, opinions of counsel (including the opinion required by Section 20 hereof), official statements and other documents as shall be reasonably necessary in connection with financings of FMPA.

SECTION 19. Amendment

(a) Except as provided in Section 29 of this All-Requirements Power Supply Project Contract, this Contract shall not be terminated, amended, modified, or otherwise altered in any manner that will adversely affect the security for the Bonds afforded by the provisions of this All-Requirements Power Supply Project Contract upon which the owners from time to time of the Bonds shall have relied as an inducement to purchase and hold the Bonds. So long as any of the Bonds are outstanding or until adequate provisions for the payment thereof have been made in accordance with the provisions of the Bond Resolution, this All-Requirements Power Supply Project Contract shall not be terminated, amended, modified, or otherwise altered in any manner which will reduce the payments pledged as security for the Bonds or extend the time of such payments provided herein or which will in any manner impair or adversely affect the rights of the owners from time to time of the Bonds.

(b) No All-Requirements Power Supply Project Contract entered into between FMPA and another Project Participant may be amended so as to provide terms and conditions different from those herein contained except with written notice to and written consent or waiver by each of the other Project Participants, and upon similar amendment being made to the All-Requirements Power Supply Project Contract of any other Project Participant requesting such amendment after receipt by such Project Participant of notice of such amendment.

(c) It is recognized by FMPA and the Project Participant that, in the future, conditions may arise which will cause certain of the provisions in Sections 5, 10 and 13 and paragraphs 4, 5, 6, 7 and 8 of Schedule A hereto to be inappropriate. In such event, FMPA and the Project Participant agree to negotiate in good faith and amend such provision to reflect conditions prevailing at such

times, and such amendment may be affected without compliance with the provisions of paragraph (b) of this Section 19.

SECTION 20. Opinions and Certificate as to Validity

Upon request by FMPA upon the execution and delivery of this Contract and upon request by FMPA at any time after the effective date hereof, the Project Participant at its sole expense shall furnish FMPA, in form and substance satisfactory to FMPA, with an opinion of its city or town attorney or attorney employed by the Project Participant in substantially the form annexed hereto as Exhibit I hereto.

The Project Participant shall at its sole expense furnish FMPA, inform and substance satisfactory to and at such times as requested by FMPA, such additional legal opinions, certificates, instruments and other documents as FMPA may reasonably request.

SECTION 21. Relationship to and Compliance with Other Instruments

It is recognized by the parties hereto that, in undertaking, or causing to be undertaken, the planning, financing, construction, acquisition, operation and maintenance of the System, FMPA must comply with the requirements of any Bond Resolution, any agreement with any owner or co-owner of or participant or co-participant in any facility included in the System relating to the construction, operation or maintenance thereof, any agreement for the purchase or other acquisition of electric capacity and energy, either directly or as agent, dispatching services, or transmission services, and all licenses, permits and regulatory approvals necessary for such planning, financing, construction, acquisition, operation and maintenance, and it is therefore agreed that this All-Requirements Power Supply Project Contract is made subject to the terms and provisions of any Bond Resolution, any such agreement (which may contain provisions providing third party beneficiary status in respect of this All-Requirements Power Supply Project Contract to the other party to such agreement) and all such licenses, permits and regulatory approvals.

SECTION 22. Liability of Parties

FMPA and the Project Participant shall assume full responsibility and liability for the maintenance and operation of their respective properties and each shall indemnify and save harmless the other from all liability and expense on account of any and all damages, claims, or actions, including injury to or death of persons arising from any act or accident in connection with the installment, presence, maintenance and operation of the property and equipment of the indemnifying party and not caused by the negligence of the other party; provided that any liability which is incurred by FMPA in order to fulfill its obligations under this

Contract or the other All-Requirements Power Supply Project Contracts and not covered, or not covered sufficiently, by insurance shall be paid solely from the revenues of FMPA derived from this Contract and the other All-Requirements Power Supply Project Contracts, and any payments made by FMPA, or which FMPA is obligated to make, to satisfy such liability shall become part of Revenue Requirements.

SECTION 23. Notices

Any notice or demand by the Project Participant to FMPA under this All-Requirements Power Supply Project Contract shall be deemed properly given if mailed, certified mail, postage prepaid, return receipt requested and addressed to FMPA at its operational office; any notice or demand by FMPA to the Project Participant under this All-Requirements Power Supply Project Contract shall be deemed properly given if mailed postage prepaid and addressed to the Project Participant at the address set forth on paragraph 1 of Schedule A hereto; in computing any period of time from such notice, such period shall commence at noon on the date mailed. The designations of the name and address to which any such notice or demand is directed may be changed at any time and from time to time by either party giving notice as above provided. The foregoing addresses may be changed by similar notice at any time.

SECTION 24. Waivers

(a) Any waiver at any time by either party hereto of its rights with respect to a default or any matter arising in connection with this Contract shall not be deemed to be a waiver with respect to any subsequent default or matter.

(b) The failure of either party hereto to enforce at any time any of the provisions of this All-Requirements Power Supply Project Contract or to require at any time performance by the other party hereto of any of the provisions hereof shall in no way be construed to be a waiver of such provisions nor in any way to affect the validity of this All-Requirements Power Supply Project Contract or the right of such party thereafter to enforce each and every provision hereof.

SECTION 25. Severability

In the event that any of the terms, covenants or conditions of this All-Requirements Power Supply Project Contract, or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court having jurisdiction under the circumstances, the remainder of this All-Requirements Power Supply Project Contract and the application of its terms, covenants or conditions to such persons or circumstances shall not be affected thereby.

SECTION 26. Applicable Law

This All-Requirements Power Supply Project Contract shall be governed by and construed in accordance with the laws of the State of Florida.

SECTION 27. Survivorship of Obligations

The termination of this All-Requirements Power Supply Project Contract shall not discharge either party hereto from any obligation it owes to the other party under this All-Requirements Power Supply Project Contract by reason of any transaction, loss, cost, damage, expense, or liability which shall occur or arise (or the circumstances, events, or basis of which shall occur or arise) prior to such termination. It is the intent of the parties hereby that any such obligation owed (whether the same shall be known or unknown at the termination of this contract or whether the circumstances, events, or basis of the same shall be known or unknown at the termination of this All-Requirements Power Supply Project Contract) shall survive the termination of this All-Requirements Power Supply Project Contract.

SECTION 28. Authorized Representative

The Project Participant acknowledges and agrees that any action taken by it in connection with Sections 4(b) or 6(d) of this Contract shall be binding upon it as long as such action has been approved by the Project Participant's Authorized Representative.

SECTION 29. Withdrawal By Project Participant

(a) Notwithstanding Section 2 of this Contract, a Project Participant may terminate this All-Requirements Power Supply Project Contract and withdraw from the All-Requirements Power Supply Project only as provided in this section. The date on which any such termination becomes effective, which must be a September 30 date, shall be known as the "Withdrawal Date."

(b) The Project Participant shall notify FMPA and all other Project Participants in writing of its intention to terminate this All-Requirements Power Supply Project Contract and to withdraw from the All-Requirements Power Supply Project at least three years prior to the Withdrawal Date; provided that such notice may not be given prior to October 1, 2000. Such notice shall be deemed given when mailed by U. S. Mail, Certified-Return Receipt Requested or sent by overnight delivery service to FMPA and each Project Participant and shall be deemed irrevocable.

(c) The Project Participant shall, on the anticipated withdrawal date, pay to FMPA an amount in cash equal to:

1. the amount necessary to call (including payment of any required call premiums and interest to the call date or dates), on the first permissible call date or dates, a percentage of FMPA's then outstanding Bonds (other than Bonds issued to finance additions to the System which FMPA committed to after the receipt of the Project Participant's withdrawal notice) equal to the greater of the Project Participant's share of the All-Requirements Power Supply Project's total electric load on the date of receipt of the withdrawal notice or such share on the withdrawal date. Such amount shall be calculated on the assumption that the Bonds to be called will be the applicable percentage of each series of such Bonds and of each maturity within each such series. Unless all or any portion of such cash is needed at any time to cure any deficiency in any fund or account under the Bond Resolution, FMPA will deposit such amount in a separate account in the General Reserve Fund (as defined in said Bond Resolution) and will retain such amount in such account pending its application to actually redeem Bonds, to purchase Bonds in the open market, or to pay other capital costs of the All-Requirements Power Supply Project; pending the decision as to such application, such cash may be invested only in securities which could be deposited in an escrow fund to defease Bonds under the Bond Resolution. FMPA must determine its use of the cash received from the Project Participant pursuant to this clause 1 by action of its Board of Directors taken within three months after the Withdrawal Date or it shall be conclusively presumed that such cash shall be used to redeem or purchase Bonds; and

2. an amount equal to the present value on the Withdrawal Date, calculated at the rate of 6% per annum, of all of the additional costs reasonably paid or incurred, reasonably anticipated to be paid or incurred, or reasonably projected to be incurred by FMPA (as determined by FMPA in its sole discretion) as a result of the withdrawal of the Project Participant, over the term specified in such Project Participant's All-Requirements Power Supply Project Contract (as determined on the anticipated withdrawal date). Such costs shall be determined on the assumption that, during the remaining term of such Project Participant's All-Requirements Power Supply Project Contract, FMPA was unable to make use of or sell any generating, transmission or other resources (or portions thereof) which FMPA had anticipated would be used to supply, or had acquired with the intention of supplying, all or any portion of the withdrawing Project Participant's electric load. Such amount shall, unless all or any portion thereof is required at any time to be used to cure any deficiency in any fund or account under the Bond Resolution, be deposited into and retained in a separate account in the General Reserve Fund to be applied to pay any such costs actually incurred and/or to make any payments required to be made to such withdrawing Project Participant described below.

If and to the extent that any amounts received by FMPA pursuant to either clause 1 or clause 2 of this condition (c) are applied to cure any deficiency in any fund or account under the Bond Resolution, FMPA shall be required to restore to the separate account under clause 1 or clause 2 the amount so applied from the Revenues (as defined in the Bond Resolution) of the All-Requirements Power Supply Project, and FMPA shall treat such obligation to restore as an expense of the All-Requirements Power Supply Project in determining Revenue Requirements. In addition, at the end of each fiscal year of the All-Requirements Power Supply Project, FMPA may, in its sole discretion, remove from either the separate account provided for payments received under clause 1 of this condition (c) or the account provided for payments received under clause 2 of this condition (c), or both, such amounts determined by FMPA to be in excess of the amounts needed to make the payments anticipated to be made from such accounts and deposit such excess amounts into the General Reserve Fund itself.

(d) If FMPA has Bonds outstanding which are secured by some form of credit support, any required approvals of such credit support provider shall have been obtained within six months of receipt by FMPA of notice of withdrawal given as provided in condition (b) of this section. If FMPA has any Bonds outstanding which are not so secured and which are rated by a national rating agency, the rating in effect prior to the receipt by FMPA of notice of such withdrawal shall be confirmed by the rating agency within six months of such notice of withdrawal. FMPA shall use its best efforts to obtain the consents or confirmations provided for in this condition (d) and shall keep the Project Participant reasonably advised of its efforts to this end.

(e) FMPA shall receive the opinion of nationally recognized bond counsel that such withdrawal does not adversely affect the federal and/or State of Florida tax-exempt status on any Bonds then outstanding or which FMPA may issue in the future. If such withdrawal would require FMPA to obtain a private activity bond allocation to issue any future Bonds, such requirement shall be treated as adversely affecting the federal and/or State of Florida tax-exempt status of Bonds or future bonds.

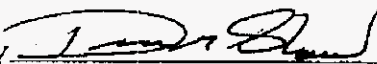
(f) Within 180 days after the first anniversary of the Withdrawal Date and annually thereafter for the remaining term of the withdrawing Project Participant's All-Requirements Power Supply Project Contract (as such term is determined on the Withdrawal Date), FMPA will pay to the withdrawing Project Participant an amount equal to the additional benefits actually received by FMPA during the preceding year as a result of such withdrawal as calculated by FMPA in its sole discretion. The net amount of payments to the withdrawing Project Participant hereunder may not exceed 90% of the payment to FMPA by the Project Participant under condition (b). To the extent that the amounts remaining on deposit in the separate account referred to in clause 2 of condition (c)

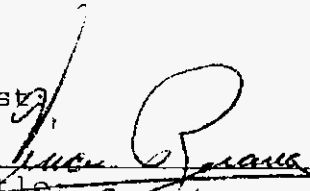
are, or are anticipated to be, insufficient to make any payment required by this paragraph, the amount required to make such payment shall be treated as an expense of the All-Requirements Power Supply Project to be recovered as a Revenue Requirement.

(g) If all of the foregoing conditions have not been satisfied on the anticipated Withdrawal Date, the Project Participant shall continue as a Project Participant in the All-Requirements Power Supply Project. In such event, the Project Participant shall pay all costs incurred by FMPA as a result of the Project Participant's anticipated withdrawal and subsequent continuance in the All-Requirements Power Supply Project, and FMPA shall have no obligation to make any payments to the Project Participant under the preceding paragraph.

IN WITNESS WHEREOF, the parties hereto have caused this All-Requirements Power Supply Project Contract to be executed by their proper officers, respectively, being thereunto duly authorized and their respective seals to be hereto affixed, as of the day, month and year first above written.

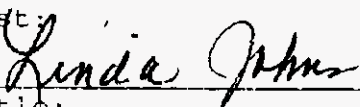
FLORIDA MUNICIPAL POWER AGENCY

By 
Chairman

Attest:
By 
Title: Secretary
(SEAL)

City of Starke, Florida

By 
Mayor

Attest:
By 
Title:
(SEAL)

FLORIDA MUNICIPAL POWER AGENCY
SERVICE SPECIFICATIONS

Project Participant:

1. Participants. The FPC Project Participants and the FPL Project Participants and their addresses for notices are as follows:

FPL Participants:

City of Green Cove Springs
229 Walnut Street
Green Cove Springs, Florida 32043
Attn: City Manager

City of Jacksonville Beach
P.O. Box 51389
Jacksonville Beach, Florida 32240-1389
Attn: City Manager

City of Clewiston
115 West Ventura Avenue
Clewiston, Florida 33440
Attn: City Manager

City of Starke
207 N. Thompson Street
Starke, Florida 32091
Attn: City Operations Manager and Utility Director

FPC Participants:

City of Bushnell
P.O. Box 115
Bushnell, Florida 33513
Attn: City Manager

City of Leesburg
P.O. Box 630
Leesburg, Florida 32749-0630
Attn: City Manager

City of Ocala
P.O. Box 1270
Ocala, Florida 32678
Attn: City Manager

2. Excluded Power Supply Resources. The obligation of the Project Participant to take and pay for all of its requirements for electric capacity and energy under this All-Requirements Power Supply Project Contract shall apply only to amounts in excess of amounts received by the Project Participant (a) from its percentage (determined as of March 22, 1985) undivided ownership interest, if any, in Crystal River Unit No. 3 based upon the seasonal net capability of Crystal River Unit No. 3 as in effect from time to time, (b) pursuant to its St. Lucie Power Sales Contract, as amended to the date hereof, if any, with FMPA, determined in accordance with its Power Entitlement Share under said Contract and with the seasonal net capability of FMPA's St. Lucie Project as in effect from time to time, (c) in the case of the City of Bushnell, when and if constructed and placed in service, the Jumpers Creek Hydro Project, and (d) in the case of the City of Leesburg, when and if constructed and placed in service, the Moss Bluff Hydro Project. The amount of electric capacity and energy which the Project Participant is entitled to receive at any time as so determined constitutes the Project Participant's Excluded Power Supply Resources.

3. Applicability. These service specifications are applicable to the All-Requirements Power Supply Project Contract dated as of March 22, 1985 covering the supply and delivery of electric capacity and energy (including associated dispatching and transmission services) by FMPA to City of Jacksonville Beach, Project Participant as All-Requirements Services (as defined in said Contract) and Back-Up and Support Services (as defined in said Contract) for any Excluded Power Supply Resources.

4. Points of Delivery. FMPA is obligated to deliver electric capacity and energy contracted for by the Project Participant at the following points and voltages:

Delivery Point
 Identity and
 Location _____

Delivery
 Voltage _____

5. Points of Measurement. FMPA shall meter electric capacity and energy delivered to the Project Participant as follows:

Metering Point
Identity and
Location

Metering
Voltage

6. Adjustments. (a) Where electric capacity and energy are metered on the low side of the transformer at any Point of Delivery, meter readings for all electric capacity and energy supplied by FMPA at such metering electric point will be increased to compensate for transformer losses between the delivery voltage and the metering voltage. Such compensation will be as follows: demand (kW) readings will be increased by one percent (1%) and energy readings (kWh) will be increased by one and one-half percent (1-1/2%) unless, at FMPA's sole option, compensating meters are used to measure such losses.

If there are other losses between any Point of Measurement and any Point of Delivery, an appropriate loss factor will be used to compensate for losses.

(b) Where FMPA delivers electric capacity and energy to the Project Participant at a Point of Delivery at a voltage less than the specified voltage on Schedules B-1 and B-2, respectively, the Billing Rates shown in Schedules B-1 and B-2, respectively, hereof shall be adjusted to account for low voltage surcharges necessary to provide service below the respective specified voltages as provided therein.

FLORIDA MUNICIPAL POWER AGENCY
POWER SUPPLY RATE SCHEDULE
FOR
WEST GROUP (FPC) PROJECT PARTICIPANTS

1. **Applicability.** Electric service for All-Requirements Services and Back-up and Support Services as defined in the All-Requirements Power Supply Project Contract of the West Group (formerly FPC) Project Participants for their own use and for resale.
2. **Availability.** This Schedule B-1 is available to the West Group Project Participants purchasing electric capacity and energy from FMPA under the terms of the All-Requirements Power Supply Project Contracts as All-Requirements Services and, if applicable, as Back-Up and Support Services.
3. **Character of Service.** Electricity furnished under this Schedule B-1 at one or more Points of Delivery as set forth in Schedule A shall be sixty hertz, three phase, alternating current.
4. **Billing Rate for All-Requirements Services.**
 - (a) For electricity furnished hereunder as All-Requirements Services, the charges for each month shall be determined as follows:

Customer Charge	\$740.00 per Point of Delivery
Demand Charge	\$9.75 per kilowatt ("kW") of billing demand
Energy Charge	\$.03200 per kilowatt-hour ("kWh") for all energy supplied as All-Requirements Service
Reactive Demand Charge	\$0.00 per kilo-var ("kVAR") of excess billing reactive demand
 - (b) **Delivery Voltage Adjustment for All-Requirements Services.** The Billing Rates under paragraph (a) are based on delivery of electric capacity and energy to the Project Participant at 115,000 volts or higher. Where capacity and energy is delivered at voltages less than 115,000 volts, the Billing Rates under paragraph (a) shall be increased as follows:

RATE SCHEDULE B-1
 REVISED AND RESTATED
 PAGE 2 OF 4
 EFFECTIVE: OCTOBER 1, 1996

<u>Delivery Voltage</u>	<u>Demand Charge Adjustment</u>	<u>Energy Charge Adjustment</u>
69,000 volts	\$0.00/kW	\$0.00/kWh
12,000/25,000 volts	<u>.67/kW</u>	\$0.0000
Under 12,000 volts	<u>.67/kW</u>	\$0.0000

5. **Billing Metering For All-Requirements Services.** The metered demand in kW in each month shall be the individual West Group Project Participant's total 60 minute integrated demand at the time of the highest 60 minute integrated demand for the total of the West Group Project Participants (or corrected to a 60 minute basis if demand registers other than 60 minute demand registers are installed) measured during the month.

The metered reactive demand in kVAR in each month shall be the reactive demand which occurred during the same 60 minute demand interval in which the metered kilowatt demand occurred.

Demand and energy meter readings shall be adjusted, if appropriate, as provided in Schedule A of the All-Requirements Power Supply Project Contract.

6. **Billing Demand for All-Requirements Services.** The billing demand in any period shall be the metered demand for the period as determined under paragraph 5, giving effect to all adjustments, less the West Group Project Participant's, Excluded Power Supply Resources capacity, if any.
7. **Billing Reactive Demand for All-Requirements Services.** The billing reactive demand for any month shall be the amount of reactive demand in kVAR by which the metered reactive demand exceeds one-half of the metered kilowatt demands, or such other amount as shall be determined from time to time by FMPA.
8. **Energy Cost Adjustment for All-Requirements Services.** The monthly bill computed hereunder during the periods April through September and October through March shall be increased or decreased per kilowatt-hour delivered by an amount (EA below), to the nearest one thousandth of a cent, determined by the formula:

$$EA = \frac{(E_m - \$0.03050 \text{ per kWh}) \times 1}{S_m} \quad 1-T$$

where:

E_m = The projected cost of energy production for the applicable six-month period (April through September or October through March) for providing All-Requirements Power Supply Project power to the West Group Project Participants which, for purposes of this adjustment shall include:

1. The energy cost of the generating plants owned or controlled by FMPA;
- plus 2. The energy cost of purchased power or interchange power purchased by FMPA from other power suppliers;
- less 3. The energy cost of sales to other utilities; and

S_m = Net kWh projected for providing All-Requirements Power Supply Project power to the West Group Project Participants for the applicable six-month period (April through September or October through March) in which the current billing month is included equated as the sum of (a) generation, (b) purchases, including interchange purchases, less (c) sales to other electric utilities.

T = The tax adjustment rate, if any, in accordance with paragraph 10 herein.

True-Up:

In addition, each West Group Project Participant shall be charged or credited during the subsequent six-month period by a dollar amount equal to the difference between the monthly energy adjustment based on actual energy costs during the preceding six-month period and the monthly energy adjustment charges collected during the same preceding six-month period.

9. Demand Cost Adjustment for All-Requirements Services. Each West Group Project Participant shall be credited during the twelve months commencing in March of the next calendar year by a dollar amount equal to one twelfth of the dollar amount share of the difference between the actual demand costs including FPC true-ups on demands during the previous calendar year and the demand charges

collected during the previous calendar year when the rates exceed the costs. The share of the over-recovery to be credited shall be approved by the majority affirmative vote of the West Group Participants. The Participants' portion of the credit shall be determined by the ratio of the sum of the city's monthly peak demand coincident with the group (billing demand) to the sum of the monthly total peak demand of the group for the calendar year.

10. **Tax Adjustment Clause for All-Requirements Services.**
In the event of the imposition of any tax, or payment in lieu thereof, by any lawful authority on FMPA for production, transmission, or sale of electricity, the charges hereunder may be increased to pass on to the West Group Project Participant its share of such tax or payment in lieu thereof.
11. **Late Payment Charge.** FMPA may impose a late payment charge on the unpaid balance of any amount not paid when due. Such charge shall be equal to the interest on the unpaid balance from the due date to the date of payment, with the interest rate being the arithmetic mean, to the nearest one hundredth of one percent (.01%) of the prime rate values published in the Federal Reserve Bulletin for the fourth, third, and second months prior to the due date. The interest required to be paid under this clause will be compounded monthly.
12. **Month.** The month shall be in accordance with a schedule established by FMPA.
13. **Equity Contribution for new members.** For new members added to the Project after March 22, 1985, a contribution is required to FMPA which represents the new members' proportionate share based on summer peak billing demand of total equities that have been retained by FMPA for the West Group Project Participants up to the time service to the new member begins. The contribution may be made on a monthly basis over a period of up to 48 months.

Issued By: 

Robert C. Williams

Approved By:
All-Requirements Project Participants

Date: July 16, 1996

Approved By:
Executive Committee

Date: July 16, 1996

FLORIDA MUNICIPAL POWER AGENCY
POWER SUPPLY RATE SCHEDULE
FOR
EAST GROUP (FPL) PROJECT PARTICIPANTS

1. **Applicability.** Electric service for All-Requirements Services and Back-up and support Services as defined in the All-Requirements Power Supply Project Contract of the East Group (formerly FPL) Project Participants for their own use and for presale.
2. **Availability.** This Schedule B-2 is available to the East Group Project Participants purchasing electric capacity and energy from FMPA under the terms of the All-Requirements Power Supply Project Contracts.
3. **Character of Service.** Electricity furnished under this Schedule B 2 at one or more Points of Delivery as set forth in Schedule A shall be sixty hertz, three phase, alternating current.
4. **Billing Rate for All-Requirements Services.**
(a) For electricity furnished hereunder, the charges for each month shall be determined as follows:

Customer Charge	\$1345 per Point of Delivery
Demand Charge billing demand	\$ <u>9.75</u> per kilowatt ("kW") of
Energy Charge	\$0.03200 per kilowatt-hour ("kWh") for all energy supplied as All- Requirements Services
Reactive Demand Charge	\$0.00 per kilo-var ("kVAR") of excess billing reactive demand

(b) Delivery Voltage Adjustment for All-Requirements Services. The Billing Rates under paragraph (a) are based on delivery of electric capacity and energy to the Project Participant at 69,000 volts or higher. Where electric capacity and energy is delivered at voltages less than 69,000 volts, the Billing Rates under paragraph (a) shall be increased as follows:

<u>Delivery Voltage</u>	<u>Demand Charge Adjustment</u>	<u>Energy Charge Adjustment</u>
Less than 69,000 volts	\$0.00 *	\$0.00 *

* not applicable at this time

5. **Billing Metering for All-Requirements Services.** The metered demand in kW in each month shall be the highest 60 minute integrated demand (or corrected to a 60 minute basis if demand registers other than 60 minute demand registers are installed) measured during the month.

The metered reactive demand in kVAR in each month shall be the reactive demand which occurred during the same 60 minute demand interval in which the metered kilowatt demand occurred.

Demand and energy meter readings shall be adjusted, if appropriate, as provided in Schedule A of the All-Requirements Power Supply Project Contract.

6. **Billing Demand for All-Requirements Services.** The billing demand in any period shall be the metered demand for the period as determined under paragraph 5, giving effect to all adjustments, less the East Group Project Participant's Excluded Power Supply Resources capacity, if any.
7. **Billing Reactive for All-Requirements Services.** The billing reactive demand for any month shall be the amount of reactive demand in kVAR by which the metered reactive demand exceeds one-half of the metered kilowatt demands, or such other amounts as shall be determined from time to time by FMPA.
8. **Energy Cost Adjustment for All-Requirements Service.** The monthly bill computed hereunder during the periods April through September and October through March shall be increased or decreased per kilowatt-hour delivered by an amount (EA below), to the nearest one thousandth of a cent, determined by the formula:

$$EA = \frac{(E_m - \$0.03050 \text{ per kWh})}{S_m} \times \frac{1}{1-T}$$

where:

E_m = The projected cost of energy production for the applicable six-month period (April through September or October through March) for providing All-Requirements Power Supply Project power to the East Group Project Participants which, for purposes of this adjustment shall include:

1. The energy cost of the generating plants owned or controlled by FMPA;
- plus 2. The energy cost of purchased power or interchange power purchased by FMPA from other power suppliers;
- less 3. The energy cost of sales to other utilities; and

S_m = Net kwh projected for providing All-Requirements Power Supply Project power to the East Group Project Participants for the applicable six-month period (April through September or October through March) in which the current billing month is included equated as the sum of (a) generation, (b) purchases, including interchange purchases, less (c) sales to other electric utilities.

T = The tax adjustment rate, if any, in accordance with paragraph 9 herein.

True Up:

In addition, each East Group Project Participant shall be charged or credited during the subsequent six-month period by a dollar amount equal to the difference between the monthly energy adjustment based on actual energy costs during the preceding six-month period and the monthly energy adjustment charges collected during the same preceding six-month period.

9. **Demand Cost Adjustment for All-Requirements Services.** Each East Group Project Participant shall be credited during the twelve months commencing in March of the next calendar year by a dollar amount equal to one twelfth of the dollar amount share of the difference between the actual demand costs during the previous calendar year and the demand charges collected during the previous calendar year when the rates exceed the costs. The share of the over-recovery to be credited shall be approved by the majority affirmative vote of the East Group Participants. The Participants' portion of the credit shall be determined by multiplying the ratio of the

city's monthly peak demands to the sum of the monthly peak demands of each member of the group for the calendar year.

10. **Tax Adjustment Clause for All-Requirements Services.** In the event of the imposition of any tax, or payment in lieu thereof, by any lawful authority on FMPA for production, transmission, or sale of electricity, the charges hereunder may be increased to pass on to the FPL Project Participant its share of such tax or payment in lieu thereof.
11. **Late Payment Charge.** FMPA may impose a late payment charge on the unpaid balance of any amount not paid when due. Such charge shall be equal to the interest on the unpaid balance from the due date to the date of payment, with the interest rate being the arithmetic mean, to the nearest one-hundredth of one percent (.01%) of the prime rate values published in the Federal Reserve Bulletin for the fourth, third, and second months prior to the due date. The interest required to be paid under this clause will be compounded monthly.
12. **Special Jacksonville Beach Charge.** In the event that FMPA pays or is billed for any amounts by the Jacksonville Electric Authority for back-up transmission capability and/or transmission services and/or back-up electric service supplied by Jacksonville Electric Authority for the City of Jacksonville Beach, such amounts shall be added to any amounts otherwise billed to the City of Jacksonville Beach by FMPA pursuant to this Schedule B-2 at such times as FMPA shall determine.
13. **Month.** The month shall be in accordance with a schedule established by FMPA.
14. **Equity Contribution for new members.** For new members added to the Project after March 22, 1985, a contribution is required to FMPA which represents the new members' proportionate share based on summer peak billing demand of total equities that have been retained by FMPA for the East Group Project Participants up to the time service to the new member begins. The contribution may be made on a monthly basis over over a period of up to 48 months.

Issued By:


Robert C. Williams

Approved By:
All-Requirements Project Participants

Date: July 16, 1996

Approved By:
Executive Committee

Date: July 16, 1996

ALL-REQUIREMENTS
RATE REVISIONS
APPROVED 12-12-86
EXECUTIVE COMMITTEE

AMENDMENT NO. ONE

Schedule B-2
Section 8, Page 2

II. Demand Cost Adjustment for All-Requirements Service

Each FPL (East Group) Project Participant shall be credited during the twelve months commencing in March of the next calendar year by a dollar amount equal to one twelfth of the following:

- A. The dollar amount share of the difference between the actual demand costs during the previously calendar year and the demand charges collected during the previous calendar year when the rates exceed the costs. The share of the over-recovery to be credited shall be approved by the majority affirmative vote of the FPL (East Group) Participants. The Participants portion of the credit shall be determined by multiplying the ratio of the sum of the city's monthly peak demands to the sum of the monthly peak demands of each member of the group of the calendar year.

ALL-REQUIREMENTS
RATE REVISIONS
APPROVED July 22, 1988

AMENDMENT NO. TWO

Schedule B-2
Section 14, (New)

14. Equity Contribution for New Members.

For new members added to the Project after March 22, 1985, a contribution is required to FMPA which represents the new members' proportionate share based on summer peak billing demand of total equities that have been retained by FMPA for the FPL (East Group) Project Participants up to the time service to the new member begins. The contribution may be made on a monthly basis over a period of up to 48 months.

NOTE: Current plan is to refund to existing participants all equities collected prior to new members joining the project. Therefore, there will be no equity contributions required by new members.

CONTRACT RATE OF DELIVERY DETERMINATION

Beginning on the date of commencement of the limitation provided for in Section 3(a) of the All-Requirements Power Supply Project Contract and for the remainder of the term of such Contract, FMPA shall be obligated to sell and deliver and the Project Participant shall be obligated to purchase and receive an amount of All-Requirements Services electric capacity and energy in each month which shall follow the Project Participant's normal hourly load pattern and which shall be determined in accordance with the following formulae:

$$\text{Monthly Billing Demand} = \frac{\text{CROD} \times \text{D}}{\text{MAXD}}$$

$$\text{Monthly Billing Energy} = \frac{\text{CROD} \times \text{E}}{\text{MAXD}}$$

$$\text{Monthly Reactive Demand} = \frac{\text{CROD} \times \text{RD}}{\text{MAXD}}$$

Where

- D - Shall be (a) metered demand determined pursuant to paragraph 5 of Schedule A and paragraph 5 of Schedule B, giving effect to all adjustments, plus (b) the metered demand determined in a similar manner to paragraph 5 of Schedule B, giving effect to all adjustments, at all other Points of Measurement, if any, on the Participant's system.
- E - Shall be (a) metered energy determined pursuant to paragraph 5 of Schedule A and paragraph 5 of Schedule B, giving effect to all adjustments, plus (b) the metered energy determined in similar manner to paragraph 5 of Schedule B, giving effect to all adjustments, at all other Points of Measurement, if any, on the Participant's system.
- RD - Shall be (a) metered reactive demand determined pursuant to paragraph 5 of Schedule A and paragraph 5 of Schedule B, giving effect to all adjustments, plus (b) the metered reactive demand determined in a similar manner to paragraph 5 of Schedule B, giving effect to all adjustments, at all other Points of Measurement, if any, on the Participant's system.

CROD - Shall be the Project Participant's Contract Rate of Delivery determined pursuant to Section 3(a) of the Contract.

MAXD - Shall be the highest demand (factor "D") during the 12 months ending with the end of the current billing month.

And where the ratio CROD/MAXD shall never be greater than one.

ATTACHMENT "B"



November 23, 2011

Mr. Ricky Thompson
Operations Manager
City of Starke
P. O. Drawer C
Starke, FL 32091

Dear Ricky:

You have requested that we, as City Auditors, assist you in providing some clarification on matters of public interest with regard to the City of Starke Electric Utility System.

Rate Structure

The Starke City Commission is the only entity that has the authority to regulate the City's electric utility system and to set the rates. The specific jurisdiction of the Public Service Commission (PSC) over municipal electric utility rates refers to the rate structure (specific methodology of computing charges), but not the rate itself. The PSC does not have jurisdiction over the total revenue requirements of municipalities.

The City's rate structure is comprised of three components, all of which have been reviewed by the Public Service Commission (PSC). The components of the rate are:

- Base charge (base rate)
- Energy charge (usage multiplied by the rate)
- Power cost base adjustment (fuel adjustment)

The base rate is \$6.45 for residential customers and \$9.00 for commercial customers. For residential customers the energy charge is .0695 (cents) per kilowatt hour for the first 1000 kilowatt hours and .0915 (cents) per kilowatt hour over 1,000 kilowatt hours. The energy charge for commercial customers is .09 (cents) per kilowatt hour. It is important to note that these rates were adopted in 1988 by the City Commission. The City's Utility System is an enterprise fund which operates as a business. Enterprise funds, by their nature, are intended to make a profit. Most businesses would not have survived trying to operate with 2011 costs and 1988 revenue rates. Because there have been no rate increases, the City's utility system is in jeopardy of depleting its reserves.

The power cost base adjustment (fuel adjustment) has long been recognized as a way to keep utilities whole with regard to fluctuations in the cost of fuel. It allows utilities to pass through to their customers increases or decreases in the cost of fuel. These fuel adjustments are only permitted to recover allowable costs. Customers of Clay Electric or FPL will find a similar adjustment on their electric utility bills. The PSC reviewed the formula

ddfcpa.com

- P.O. Box 996, Starke, Florida 32091
107 Edwards Road, Starke, Florida 32091 | tel 904.964.7404 toll 800.771.7404 fax 904.964.6583
- P.O. Box 9089, Fleming Island, Florida 32006
4729 US Highway 17 S, Suite 204, Fleming Island, Florida 32003 | tel 904.264.9768 toll 866.811.9701 fax 904.269.7091

used to compute the City of Starke's monthly fuel adjustment on November 6, 1985. As part of our annual audit, we recompute the monthly fuel adjustments and obtain evidence to support the allowable costs to ascertain that no profit is made on the fuel adjustment.

In addition, as part of the power cost base adjustment, the City has implemented a rate stabilization plan consisting of two components in order to smooth out the spikes in fuel costs. The first component is comprised of a budgeted amount that is "refunded" to the customers in the form of reductions to the fuel adjustment. For the 2011-12 year, the City Commission budgeted \$240,000 to refund to its customers. The second component of the power cost base adjustment is to increase the fuel adjustment when the fuel costs are low. These increases are refunded to the customer when the fuel costs are high. The City has a policy to refund these amounts within twelve months. The amounts set aside for rate stabilization are placed in a restricted cash account and the funds are not used for general operations. Our annual audit procedures involve careful examination of the rate stabilization fund to ascertain that the appropriate amount of funds are set aside in a restricted bank account and that the appropriate amounts have been refunded to the customers within the time frame prescribed by the City's policy.

How are rates set and who regulates them?

There are 35 municipally-owned electric utilities, 18 rural electric cooperatives and 5 investor-owned utilities, such as FPL, in the State of Florida. The rates for the municipally owned electric utilities are set by each City Commission; however, the rate structure is reviewed by the Public Service Commission (PSC). Any person interested in reviewing the monthly rates of each utility can do so by visiting the website of the Florida Municipal Electric Association (www.publicpower.com). Keep in mind that each investor-owned utility pays on average a 6% franchise fee which is not included in the rates. The franchise fees are passed on to their customers.

Why can't the City of Starke provide reduced rates or provide free service?

The City of Starke currently has tax-exempt Utility System Revenue Bonds outstanding. In connection with this debt, the City has made covenants to its bond holders, two of which are summarized below:

- The issuer will not render, or cause to be rendered, any free services of any nature by its System or any part thereof, nor will any preferential rates be established for users of the same class.
- The City shall fix, establish and maintain such rates and revise the same from time to time, whenever necessary, as will always provide in each fiscal year, net revenues adequate at all times to pay in each fiscal year at least 115% of the current annual debt service requirement (principal and interest) becoming due on each series of outstanding bonds and at least 100% of any amounts required by the terms of the resolution to be deposited in the reserve fund or in the renewal and replacement fund.

The Public Service Commission's job is to ascertain that the total amount the utility says it needs (in the form of revenue) is collected fairly and equitably from all customer classes.

Why can't the City release customers to obtain electric services from other electric service providers?

There are territorial agreements in place between the City of Starke, Clay Electric and FPL, therefore Clay Electric and FPL are unable to provide electric utility services to customers within the City's municipal boundaries and the City is unable to provide electric utility services to Clay Electric and FPL customers. Such agreements are common and are executed in order to provide the most efficient method of service delivery to its respective customers.

Additionally, the City has obligations under its contract with the Florida Municipal Power Agency (FMPPA). That contract does not allow for the City to sell, lease, abandon or otherwise dispose of a substantial portion of its load capacity.

Fund transfers to general government

It is not uncommon for municipally-owned utility systems to transfer funds to general government. In fact, a review of financial statements of each municipally-owned utility for 2009 and 2010 revealed transfers being made by most of the governments. On average, the governments transferred 9.06% of gross revenues in 2009 and 9.48% in 2010. Some governments transferred as much as 32% of gross revenues. Starke's transfers were below the average amounts transferred at 5.64% for 2009 and 5.29% for 2010. Recognizing this as a concern of the public, the City Commissioners have attempted to make reductions to the general government budget, such as outsourcing the recreation program, in order to reduce or eliminate transfers. The City's 2011-2012 budget shows a decrease in transfers from the prior year, dropping from \$721,000 in 2011 to \$312,200 in 2012.

What can be done to change utility rates in the City of Starke?

Some citizens have called for a state audit of the City's utility system; however the State has no jurisdiction over the electric utility rates charged by the City. Additionally, the City undergoes a financial audit each year as required by Florida Statutes. The City's audit report is public record. The expense of another audit would be paid for by the City, putting additional pressure on the already strained budget.

Some of the investor-owned utilities use a tiered rate structure, whereby, the more kilowatt hours used results in a lower rate per kilowatt hour. Considering that FPL has 3.7 million customers and the City of Starke has less than 3,000, any change to a tiered rate structure would obviously put a higher burden on the residential customers and the lower tiers of commercial customers.

The City could look at going to a demand rate system. Such a system would charge customers differing rates during peak and non-peak times. This type of a system would promote conservation of energy. Another option would be to replace all the old meters in the City so that more accurate readings can be obtained. Another option would be to raise the base rates and reduce or eliminate the fuel adjustment.

No matter what may be considered in the future, revenue levels must be maintained in order to comply with various contractual obligations to bond holders, contractors and retirees. Any changes to the rate structure would require a full-blown rate study requiring the services of engineering consultants. Any changes to the rate structure would be submitted to the PSC for approval. No change in rates can come about without some cost to the City, which in some cases could be very substantial.

Please let us know if you have any questions or additional comments.

Respectfully,

DDF CPA Group

DDF CPA Group

ATTACHMENT "C"

CITY OF STARKE, FLORIDA

SECOND REVISED SHEET NO. 6.0
CANCELLING FIRST REVISED SHEET NO. 6.0

PCBA

POWER COST BASE ADJUSTMENT CLAUSE

AVAILABILITY:

This power cost base adjustment clause is applicable to and becomes a part of all the City's retail rate schedules.

BILLING:

The monthly bill computed under the appropriate retail rate schedule will be increased or decreased by an amount equal to the result of multiplying the kWh used by the power cost base adjustment factor F, determined as follows:

$$F = \left[\frac{F_m}{S_m} - \$0.04779 \right] \times \frac{1}{I-L}$$

Where:

1. F = Monthly adjustment factor in dollars per kWh rounded to the nearest one-thousandth of a cent.
2. F_m = Total applicable monthly fuel and net interchange costs incurred during the proceeding calendar month which reflect:
 - (a) fossil fuel and lubrication oil consumed in the City's own generating units; plus
 - (b) the cost of power and energy purchases from the Florida Municipal Power Agency or any other supplier, the cost of purchases for scheduled maintenance, and the net energy and transmission wheeling costs of energy purchases when such energy is purchased on an economic dispatch basis to substitute for the City's own higher cost of energy; plus

(Continued on Sheet No. 6.1)

ISSUED: Neil Tucker
City ClerkEFFECTIVE: October 1, 1984

CITY OF STARKE, FLORIDA

ORIGINAL SHEET NO. 6.1

PCBA

(Continued from Sheet No. 6.0)

- (c) the actual identifiable purchased power costs associated with power and energy purchased for reasons other than identified in (b) above; minus
- (d) the energy costs of fossil fueled generation recovered through inter-system sales including the fuel costs related to the economy energy sales and other energy sold on an economic dispatch basis; plus
- (e) an amount to correct for over-recovery or under-recovery of the actual applicable fuel costs as defined in (a), (b), (c), and (d) above, during the latest three (3) month period of (i) April, May, June; (ii) July, August, September; (iii) October, November, December; (iv) January, February, March, determined as the difference between actual applicable fuel and net interchange costs and the costs actually billed during the same period.

3. S_m = kWh in the month applicable to the incurrence of the fuel and net interchange costs described in 2(a), (b), (c), (d), and (e), and is equal to the sum of net generation, purchases, and interchange in, less inter-system sales.

4. L = System losses to be adjusted at the beginning of each fiscal year (October), based on the actual prior fiscal year's losses.

ISSUED: Neil Tucker
City Clerk

EFFECTIVE: October 1, 1984

ATTACHMENT "D"

Mr. Steve Tribble
Commission Clerk
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Dear Mr. Tribble:

Submitted herewith are four (4) copies of revised electric tariff sheets for the City of Starke, Florida ("City"), in final and legislative form, for review and comment by the Florida Public Service Commission (the "FPSC"). The revised electric tariff sheets are required to implement a recently developed fuel and purchased power adjustment clause referred to as Power Cost Base Adjustment Clause.

The tariff sheets submitted herein for the FPSC's consideration are:

First Revised Sheet No. 1.0	-	Title Page
First Revised Sheet No. 2.0	-	Table of Contents
Fourth Revised Sheet No. 4.0	-	Residential Service
Fourth Revised Sheet No. 5.0	-	General Service
Second Revised Sheet No. 6.0 and Original Sheet No. 6.1	-	Power Cost Base Adjustment Clause
First Revised Sheet No. 8.0	-	Blank Bill Form

The tariff sheets submitted herein do not reflect any change to the level of base rates or rate structure except for the modifications required for the implementation of the Power Cost Base Adjustment Clause and the application of the resulting monthly factor to the rates currently in effect and on file with the FPSC.

Prior to July 1983, the basic rates and charges included in the City's electric tariff on file with the FPSC were not adjusted for changes in fuel and purchased power costs. On June 21, 1983, the City Commission adopted Resolution No. 83-8, Resolution Authorizing the Adjustment of Monthly Energy Billing Rates Based on Bulk Power Cost Functionalization. Resolution No. 83-8 states:

Section 1. Past Increases. The Power Cost Base of the monthly energy billing rate shall be adjusted to fully reflect all increases or decreases to the Power Cost Base since April 1, 1982. All such adjustments for increases since April 1, 1982 to the Power Cost Base shall be prospective only.

Section 2. Future Increases. The Power Cost Base of the monthly energy billing rate shall be adjusted monthly to fully reflect all increases or decreases to the Power Cost Base in the future."

The purpose of Resolution No. 83-8 was to provide for a pass-through to the City's ultimate consumers only those changes in the costs of fossil fuel, lubrication oil, and purchased power. At the time Resolution No. 83-8 was adopted, the City did not have the capability to calculate and bill a separate adjustment factor for the cost changes covered by Resolution No. 83-8. Therefore, in order to implement the intent of Resolution No. 83-8, periodic fuel and purchased power cost changes were calculated and incorporated into the basic energy rates of the electric service tariff on file with the FPSC. Six such adjustments were made between July 1983 and September 1984. It recently came to the City's attention that such changes, even though similar to automatic adjustments calculated pursuant to fuel and/or purchased power cost adjustment clauses, probably could be viewed by the FPSC as a "rate structure" change requiring a filing with the FPSC for review and comment.

The City now has the machine capability to calculate and bill a separate adjustment factor for cost changes associated with fossil fuel, lubrication oil, and purchased power and has developed the Power Cost Base Adjustment Clause to provide for a monthly calculation of the necessary adjustment on a consistent and predetermined basis with provision for true-up between actual cost incurrence and actual cost recovery.

The base fuel cost of \$0.04779 per kilowatt-hour reflects the City's actual fossil fuel, lubrication oil, and purchased power costs of March 1982 and included in the basic rates presently on file with the FPSC. The loss factor included in the tendered Power Cost Base Adjustment Clause will be based on an historical annual loss factor and will be reviewed annually by the City to determine if changes are warranted.

Acknowledgment of this submittal is requested. Duplicates of the transmittal letter and the residential, general service, Power Cost Base Adjustment Clause, and other miscellaneous electric tariff sheets are provided for the purpose of indicating such acknowledgement. All correspondence with regard to this submittal, including any request for additional information and/or comments, and the return of the duplicate of this transmittal letter and enclosures acknowledging receipt of the submittal should be addressed to me and the following persons:

Mr. Neil L. Tucker
City Clerk
City of Starke
P. O. Drawer C
Starke, Florida 32091

Mr. Ted Szymankiewicz
R. W. Beck and Associates
P. O. Box 6817
Orlando, Florida 32853

Thank you for your assistance in this matter.

Very truly yours,

cc: Mr. Neil L. Tucker
Mr. Ted Szymankiewicz

ATTACHMENT "E"

City of Starke
Electric Department
Power Cost Base Adjustment Factor Worksheet For
The billing month of : November 2004

Worksheet #1

Line No.	Item	Operating Figures For The Month Ended : October 2004		
		Net Energy For Load	Power Costs (\$)	Per Unit (\$/kwh)
	(a)	(b)	(c)	(d)
1	St. Lucie Project.....	1,081,000	67,751.00	0.0627
2	All Requirements Project.....	5,410,000	369,358.64	0.0683
3	Total All Requirements Project.....	6,491,504	437,109.64	0.0673
4	Prior Period True Up.....		41,043.83	
5	Total Power And Net Interchange Costs.....	6,491,504	478,153.47	0.0737
6	Average System Net Costs..... (\$/kwh).....			0.0737
7	Base Energy And Net Interchange Costs (\$/kwh).....			0.04779
8	Difference At Generation Level (\$/kwh).....			0.0259
9	System Loss Factor.....%			1.1364
10	Monthly Billing Adjustment – Sales Level.....			0.0294

Footnotes:

- (6) = from line 5 col. (d)
- (7) = fixed cost
- (8) = line 6 minus line 7
- (9) = from monthly system loss factor
- (10) = line 8 x line 9

R.T.
RICKY THOMPSON
APPROVED NOV 16 2004
Project Director

Prepared by... Ricky Thompson -----

Date... November 16, 2004

L

ATTACHMENT “F”

CITY OF STARKE
ELECTRIC DEPARTMENT
POWER COST BASE ADJUSTMENT FACTOR WORKSHEET
FOR THE BILLING MONTH OF : November 2010

WORKSHEET # 1

		Operating Figures For The Month Ending: October 2010		
Line No.	Item (a)	Net Energy For Load (b)	Power Costs (\$) (c)	Per Unit (\$/kwh) (d)
1	St. Lucie Project	1,237,000	\$76,077.58	0.06150
2	All Requirements Project	4,364,787	\$317,471.00	0.07273
3	Total All Requirements Project	5,583,787	\$393,548.58	0.07048
4	Prior Period True Up	_____	\$81,594.56	_____
5	Rate Stabilization Fund	_____	_____	_____
6	Total Power And Net Interchange Costs	5,583,787	\$475,143.14	0.08509
7	Average System Net Costs (\$/kwh)	_____	_____	0.08509
8	Base Energy And Net Interchange Costs (\$/kwh)	_____	_____	0.04779 -
9	Difference At Generation Level (\$/kwh)	_____	_____	0.03730
10	System Loss Factor	_____	_____ %	1.13640
11	Monthly Billing Adjustment - Sales Level	_____	_____	0.05550

Footnotes:

- (1) FMPA Invoice for St. Lucie
- (2) FMPA Invoice for All Requirements
- (3) Total Actual Power Purchased From FMPA
- (4) Monthly True Up from Prior Quarter
- (5) Error Corrections From Prior Periods
- (6) Total Actual Adjusted Power Cost
- (7) Total Actual Adjusted Power Cost
- (8) Base Electric Fixed Cost
- (9) Line 7 Minus Line 8
- (10) Average System Loss Factor
- (11) Fuel Adjustment For Current Period

Handwritten:
 Good,
 We will be over collecting
 \$173,203.45 this month.
 After we collect please put
 in a separate acct for
 Rate-Stub Fund. Ricky T.

Prep: R.T. / Operations Manager

Date: _____

Reviewed by: HT

Date: _____

**CITY OF STARKE
ELECTRIC DEPARTMENT
POWER COST BASE ADJUSTMENT FACTOR WORKSHEET
FOR THE BILLING MONTH OF : December 2010**

WORKSHEET # 1

		Operating Figures For The Month Ending: November 2010		
Line No.	Item	Net Energy For Load (b)	Power Costs (\$) (c)	Per Unit (\$/kwh) (d)
	(a)			
1	St. Lucie Project	1,206,000	\$76,077.58	0.06308
2	All Requirements Project	3,829,782	\$209,531.76	0.05471
3	Total All Requirements Project	5,035,782	\$285,809.34	0.05672
4	Prior Period True Up	-----	\$81,594.56	-----
5	Rate Stabilization Fund	-----	#119,400.00	-----
6	Total Power And Net Interchange Costs	5,035,782	\$466,503.90	0.09683
7	Average System Net Costs (\$/kwh)	-----	-----	0.09683
8	Base Energy And Net Interchange Costs (\$/kwh)	-----	-----	0.04779
9	Difference At Generation Level (\$/kwh)	-----	-----	0.04884
10	System Loss Factor	-----	-----	% 1.13640
11	Monthly Billing Adjustment - Sales Level	-----	-----	0.05550

Footnotes:

- (1) FMPA Invoice for St. Lucie
- (2) FMPA Invoice for All Requirements
- (3) Total Actual Power Purchased From FMPA
- (4) Monthly True Up from Prior Quarter
- (5) Error Corrections From Prior Periods
- (6) Total Actual Adjusted Power Cost
- (7) Total Actual Adjusted Power Cost
- (8) Base Electric Fixed Cost
- (9) Line 7 Minus Line 8
- (10) Average System Loss Factor
- (11) Fuel Adjustment For Current Period

Handwritten:
 Hold,
 Please After collecting this
 months electric revenue put
 \$119,400.00 in our
 Rate Stabil Fund.
 Rick Thompson

Preps Ricky Thompson/ Operations Manager

R.T.
 Date: 12/13/2010

Reviewed by: _____

[Signature]
 Date: _____

CITY OF STARKE
ELECTRIC DEPARTMENT
POWER COST BASE ADJUSTMENT FACTOR WORKSHEET
FOR THE BILLING MONTH OF : January 2011

WORKSHEET # 1

		Operating Figures For The Month Ending: December 2010		
Line No.	Item (a)	Net Energy For Load (b)	Power Costs (\$) (c)	Per Unit (\$/kwh) (d)
1	St. Lucie Project	1,249,000	\$76,077.58	0.06091
2	All Requirements Project	5,815,873	\$580,074.71	0.09974
3	Total All Requirements Project	7,064,873	\$656,152.29	0.09288
4	Prior Period True Up	_____	(\$39,497.84)	_____
5	Rate Stabilization Fund	_____	65,990.00	_____
6	Total Power And Net Interchange Costs	7,064,873	\$682,644.45	0.09663
7	Average System Net Costs (\$/kwh)	_____	_____	0.09663
8	Base Energy And Net Interchange Costs (\$/kwh)	_____	_____	0.04779
9	Difference At Generation Level (\$/kwh)	_____	_____	0.04884
10	System Loss Factor	_____	_____ %	1.13640
11	Monthly Billing Adjustment - Sales Level	_____	_____	0.05550

Footnotes:

- (1) FMPA Invoice for St. Lucie
- (2) FMPA Invoice for All Requirements
- (3) Total Actual Power Purchased From FMPA
- (4) Monthly True Up from Prior Quarter
- (5) Error Corrections From Prior Periods
- (6) Total Actual Adjusted Power Cost
- (7) Total Actual Adjusted Power Cost
- (8) Base Electric Fixed Cost
- (9) Line 7 Minus Line 8
- (10) Average System Loss Factor
- (11) Fuel Adjustment For Current Period

Herb,
 We will be over collecting
 this month \$65,990.00. Please
 put this amount in DVR
 Rate Stab. Fund.
 R. Thompson

Preps Ricky Thompson/ Operations Manager
 Reviewed by: [Signature]

Date: 1/11/2011
 Date: _____

**CITY OF STARKE
ELECTRIC DEPARTMENT
POWER COST BASE ADJUSTMENT FACTOR WORKSHEET
FOR THE BILLING MONTH OF : February 2011**

WORKSHEET # 1

Operating Figures For The Month Ending: January 2010				
Line No.	Item (a)	Net Energy For Load (b)	Power Costs (\$) (c)	Per Unit (\$/kwh) (d)
1	St. Lucie Project	656,000	\$76,077.58	0.11597
2	All Requirements Project	5,721,936	\$479,394.47	0.08378
3	Total All Requirements Project	6,377,936	\$555,472.05	0.08709
4	Prior Period True Up	_____	(\$39,497.84)	_____
5	Rate Stabilization Fund	_____	_____	_____
6	Total Power And Net Interchange Costs	6,377,936	\$515,974.21	0.08090
7	Average System Net Costs (\$/kwh)	_____	_____	0.08090
8	Base Energy And Net Interchange Costs (\$/kwh)	_____	_____	0.04779
9	Difference At Generation Level (\$/kwh)	_____	_____	0.03311
10	System Loss Factor	_____	_____ %	1.13640
11	Monthly Billing Adjustment - Sales Level	_____	_____	0.03763

Footnotes:

- (1) FMPA Invoice for St. Lucie
- (2) FMPA Invoice for All Requirements
- (3) Total Actual Power Purchased From FMPA
- (4) Monthly True Up from Prior Quarter
- (5) Error Corrections From Prior Periods
- (6) Total Actual Adjusted Power Cost
- (7) Total Actual Adjusted Power Cost
- (8) Base Electric Fixed Cost
- (9) Line 7 Minus Line 8
- (10) Average System Loss Factor
- (11) Fuel Adjustment For Current Period

Prep: Ricky Thompson/ Operations Manager

2/18/2011
Date: _____

Reviewed by: _____

Date: _____

CITY OF STARKE
ELECTRIC DEPARTMENT
POWER COST BASE ADJUSTMENT FACTOR WORKSHEET
FOR THE BILLING MONTH OF : March 2011


WORKSHEET # 1

		Operating Figures For The Month Ending: February 2010		
Line No.	Item (a)	Net Energy For Load (b)	Power Costs (\$) (c)	Per Unit (\$/kwh) (d)
1	St. Lucie Project	569,000	\$30,174.58	0.05303
2	All Requirements Project	4,507,798	\$370,020.77	0.08208
3	Total All Requirements Project	5,076,798	\$400,195.35	0.07883
4	Prior Period True Up	_____	(\$38,497.84)	_____
5	Rate Stabilization Fund	_____	_____	_____
6	Total Power And Net Interchange Costs	5,076,798	\$360,697.51	0.07105
7	Average System Net Costs (\$/kwh)	_____	_____	0.07105
8	Base Energy And Net Interchange Costs (\$/kwh)	_____	_____	0.04779
9	Difference At Generation Level (\$/kwh)	_____	_____	0.02326
10	System Loss Factor	_____	_____ %	1.13640
11	Monthly Billing Adjustment - Sales Level	_____	_____	0.02643

Footnotes:

- (1) FMPA Invoice for St. Lucie
- (2) FMPA Invoice for All Requirements
- (3) Total Actual Power Purchased From FMPA
- (4) Monthly True Up from Prior Quarter
- (5) Error Corrections From Prior Periods
- (6) Total Actual Adjusted Power Cost
- (7) Total Actual Adjusted Power Cost
- (8) Base Electric Fixed Cost
- (9) Line 7 Minus Line 8
- (10) Average System Loss Factor
- (11) Fuel Adjustment For Current Period

Prep: Ricky Thompson/ Operations Manager 

Date: 

Reviewed by: 

Date: _____

CITY OF STARKE
ELECTRIC DEPARTMENT
POWER COST BASE ADJUSTMENT FACTOR WORKSHEET
FOR THE BILLING MONTH OF : April 2011

WORKSHEET # 1

		Operating Figures For The Month Ending: March 2010		
Line No.	Item	Net Energy For Load	Power Costs (\$)	Per Unit (\$/kwh)
	(a)	(b)	(c)	(d)
1	St. Lucie Project	624,000	\$76,077.58	0.12192
2	All Requirements Project	4,528,325	\$331,398.09	0.07318
3	Total All Requirements Project	5,152,325	\$407,475.67	0.07909
4	Prior Period True Up	-----	(\$23,768.76)	-----
5	Rate Stabilization Fund	-----	-----	-----
6	Total Power And Net Interchange Costs	5,152,325	\$383,706.91	0.07447
7	Average System Net Costs (\$/kwh)	-----	-----	0.07447
8	Base Energy And Net Interchange Costs (\$/kwh)	-----	-----	0.04779
9	Difference At Generation Level (\$/kwh)	-----	-----	0.02668
10	System Loss Factor	-----	-----	% 1.13640
11	Monthly Billing Adjustment - Sales Level	-----	-----	0.03032

Footnotes:

- (1) FMPA Invoice for St. Lucie
- (2) FMPA Invoice for All Requirements
- (3) Total Actual Power Purchased From FMPA
- (4) Monthly True Up from Prior Quarter
- (5) Error Corrections From Prior Periods
- (6) Total Actual Adjusted Power Cost
- (7) Total Actual Adjusted Power Cost
- (8) Base Electric Fixed Cost
- (9) Line 7 Minus Line 8
- (10) Average System Loss Factor
- (11) Fuel Adjustment For Current Period

Preps RT Ricky Thompson/ Operations Manager

Date: 4/8/2011

Reviewed by: [Signature]

Date: _____

CITY OF STARKE
ELECTRIC DEPARTMENT
POWER COST BASE ADJUSTMENT FACTOR WORKSHEET
FOR THE BILLING MONTH OF : May 2011

WORKSHEET # 1

Operating Figures For The Month Ending: April 2010				
Line No.	Item (a)	Net Energy For Load (b)	Power Costs (\$) (c)	Per Unit (\$/kwh) (d)
1	St. Lucie Project	593,000	\$76,077.58	0.12829
2	All Requirements Project	5,019,480	\$474,706.59	0.09457
3	Total All Requirements Project	5,612,480	\$550,784.17	0.09814
4	Prior Period True Up	-----	(\$23,768.76)	-----
5	Rate Stabilization Fund	-----	(50,000.00)	-----
6	Total Power And Net Interchange Costs	5,612,480	\$477,015.41	0.08499
7	Average System Net Costs (\$/kwh)	-----	-----	0.08499
8	Base Energy And Net Interchange Costs (\$/kwh)	-----	-----	0.04779
9	Difference At Generation Level (\$/kwh)	-----	-----	0.03720
10	System Loss Factor	-----	----- %	1.13640
11	Monthly Billing Adjustment - Sales Level	-----	-----	0.04228

Footnotes:

- (1) FMPA Invoice for St. Lucie
- (2) FMPA Invoice for All Requirements
- (3) Total Actual Power Purchased From FMPA
- (4) Monthly True Up from Prior Quarter
- (5) Error Corrections From Prior Periods
- (6) Total Actual Adjusted Power Cost
- (7) Total Actual Adjusted Power Cost
- (8) Base Electric Fixed Cost
- (9) Line 7 Minus Line 8
- (10) Average System Loss Factor
- (11) Fuel Adjustment For Current Period

Handwritten:
 Herb,
 Please TAKE \$50,000.00 from
 Rate Stab. Fund and add
 to this month.

Handwritten:
 TKS
 R.T.

Prepa Ricky Thompson/ Operations Manager *RT*

Date: 5/18/2011

Reviewed by: *RT*

Date: _____

CITY OF STARKE
ELECTRIC DEPARTMENT
POWER COST BASE ADJUSTMENT FACTOR WORKSHEET
FOR THE BILLING MONTH OF : June 2011

WORKSHEET # 1

		Operating Figures For The Month Ending: May 2010		
Line No.	Item (a)	Net Energy For Load (b)	Power Costs (\$) (c)	Per Unit (\$/kwh) (d)
1	St. Lucie Project	977,000	\$76,077.58	0.07787
2	All Requirements Project	5,526,479	\$550,421.16	0.09960
3	Total All Requirements Project	6,503,479	\$626,498.74	0.09633
4	Prior Period True Up	-----	(\$23,768.76)	-----
5	Rate Stabilization Fund	-----	(50,000.00)	-----
6	Total Power And Net Interchange Costs	6,503,479	\$552,729.98	0.08499
7	Average System Net Costs (\$/kwh)	-----	-----	0.08499
8	Base Energy And Net Interchange Costs (\$/kwh)	-----	-----	0.04779
9	Difference At Generation Level (\$/kwh)	-----	-----	0.03720
10	System Loss Factor	-----	-----	% 1.13640
11	Monthly Billing Adjustment - Sales Level	-----	-----	0.04227

Footnotes:

- (1) FMPA Invoice for St. Lucie
- (2) FMPA Invoice for All Requirements
- (3) Total Actual Power Purchased From FMPA
- (4) Monthly True Up from Prior Quarter
- (5) Error Corrections From Prior Periods
- (6) Total Actual Adjusted Power Cost
- (7) Total Actual Adjusted Power Cost
- (8) Base Electric Fixed Cost
- (9) Line 7 Minus Line 8
- (10) Average System Loss Factor
- (11) Fuel Adjustment For Current Period

*Herb,
Put \$1,500,000.00 from Rate-Sub Fund
TKS
Ricky T.*

R.T.
Preps Ricky Thompson/ Operations Manager

Reviewed by: *HG*

6/15/2011
Date: _____
Date: _____

**CITY OF STARKE
ELECTRIC DEPARTMENT
POWER COST BASE ADJUSTMENT FACTOR WORKSHEET
FOR THE BILLING MONTH OF : July 2011**

WORKSHEET # 1

Operating Figures For The Month Ending: June 2011				
Line No.	Item (a)	Net Energy For Load (b)	Power Costs (\$) (c)	Per Unit (\$/kwh) (d)
1	St. Lucie Project	1,180,000	\$76,077.58	0.06447
2	All Requirements Project	6,033,935	\$588,464.36	0.09753
3	Total All Requirements Project	7,213,935	\$626,498.74	0.08685
4	Prior Period True Up	-----	\$9,951.00	-----
5	Rate Stabilization Fund	-----	-----	-----
6	Total Power And Net Interchange Costs	7,213,935	\$636,449.74	0.08823
7	Average System Net Costs (\$/kwh)	-----	-----	0.08823
8	Base Energy And Net Interchange Costs (\$/kwh)	-----	-----	0.04779
9	Difference At Generation Level (\$/kwh)	-----	-----	0.04044
10	System Loss Factor	-----	-----	% 1.13640
11	Monthly Billing Adjustment - Sales Level	-----	-----	0.04595

Footnotes:

- (1) FMPA Invoice for St. Lucie
- (2) FMPA Invoice for All Requirements
- (3) Total Actual Power Purchased From FMPA
- (4) Monthly True Up from Prior Quarter
- (5) Error Corrections From Prior Periods
- (6) Total Actual Adjusted Power Cost
- (7) Total Actual Adjusted Power Cost
- (8) Base Electric Fixed Cost
- (9) Line 7 Minus Line 8
- (10) Average System Loss Factor
- (11) Fuel Adjustment For Current Period

Prep: RT Ricky Thompson/ Operations Manager

Date: 7/11/2011

Reviewed by: _____

Date: _____

CITY OF STARKE
ELECTRIC DEPARTMENT
POWER COST BASE ADJUSTMENT FACTOR WORKSHEET
FOR THE BILLING MONTH OF : August 2011

WORKSHEET # 1

		Operating Figures For The Month Ending: July 2011		
Line No.	Item (a)	Net Energy For Load (b)	Power Costs (\$) (c)	Per Unit (\$/kwh) (d)
1	St. Lucia Project	1,248,000	\$76,077.58	0.06096
2	All Requirements Project	6,199,901	\$562,000.84	0.09065
3	Total All Requirements Project	7,447,901	\$638,078.32	0.08567
4	Prior Period True Up	-----	\$9,951.00	-----
5	Rate Stabilization Fund	-----	(25,000.00)	-----
6	Total Power And Net Interchange Costs	7,447,901	\$623,029.32	0.08365
7	Average System Net Costs (\$/kwh)	-----	-----	0.08365
8	Base Energy And Net Interchange Costs (\$/kwh)	-----	-----	0.04779
9	Difference At Generation Level (\$/kwh)	-----	-----	0.03586
10	System Loss Factor	-----	-----	% 1.13640
11	Monthly Billing Adjustment - Sales Level	-----	-----	0.04075

Footnotes:

- (1) FMPA Invoice for St. Lucia
- (2) FMPA Invoice for All Requirements
- (3) Total Actual Power Purchased From FMPA
- (4) Monthly True Up from Prior Quarter
- (5) Error Corrections From Prior Periods
- (6) Total Actual Adjusted Power Cost
- (7) Total Actual Adjusted Power Cost
- (8) Base Electric Fixed Cost
- (9) Line 7 Minus Line 8
- (10) Average System Loss Factor
- (11) Fuel Adjustment For Current Period

*Heed,
Please Add \$25,000.00 to
Rate Stab. Fund.
Thompson
R.T.*

Preps Ricky Thompson/ Operations Manager *RT*

Date: 8/10/2011

Reviewed by: *HW*

Date: _____

CITY OF STARKE
ELECTRIC DEPARTMENT
CITY OF STARKE
POWER COST BASE ADJUSTMENT FACTOR WORKSHEET

FOR THE BILLING MONTH OF : Sep-11

Operating Figures For The Month Ending: AUGUST 2011

Line No.	Item	Net Energy For Load	Power Costs (\$)	Per Unit (\$/kwh)
1	St. Lucie Project	1,104,000	\$76,077.58	0.06891
2	All Requirements Project	6,861,429	\$553,681.19	0.08069
3	Total All Requirements Project	7,965,429	629,759	0.07906
4	Prior Period True Up	-----	\$9,951.00	-----
5	Rate Stabilization Fund	-----	(\$84,300.00)	-----
6	Total Power And Net Interchange Costs	7,965,429	\$555,409.77	0.06973
7	Average System Net Costs (\$/kwh)	-----	-----	0.06973
8	Base Energy And Net Interchange Costs (\$/kwh)	-----	-----	0.04779
9	Difference At Generation Level (\$/kwh)	-----	-----	0.02194
10	System Loss Factor %	-----	-----	1.13640
11	Monthly Billing Adjustment - Sales Level	-----	-----	0.02493

Footnotes:

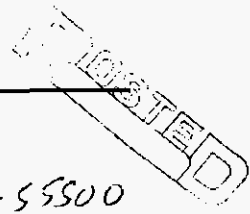
- (1) FMPA Invoice for St. Lucie
- (2) FMPA Invoice for All Requirements
- (3) Total Actual Power Purchased From FMPA
- (4) Monthly True Up from Prior Quarter
- (5) Error Corrections From Prior Periods
- (6) Total Actual Adjusted Power Cost
- (7) Total Actual Adjusted Power Cost
- (8) Base Electric Fixed Cost
- (9) Line 7 Minus Line 8
- (10) Average System Loss Factor
- (11) Fuel Adjustment For Current Period

Hand
Please add \$84,300.00
to this month's bill
from Rate Stabil Fund
& Thompson

PREPARED BY: Ricky Thompson, OPERATIONS MANAGER: 9/13/2011
DATE

REVIEWED BY: [Signature] DATE

40555-55500



CITY OF STARKE
ELECTRIC DEPARTMENT
CITY OF STARKE
POWER COST BASE ADJUSTMENT FACTOR WORKSHEET

FOR THE BILLING MONTH OF : Oct-11

Operating Figures For The Month Ending: _____

Line No.	Item	Net Energy For Load	Power Costs (\$)	Per Unit (\$/kwh)
1	St. Lucie Project	1,207,000	\$30,185.58	0.02501
2	All Requirements Project	5,482,967	\$471,775.77	0.08604
3	Total All Requirements Project	6,689,967	\$ 501,961.35	0.07503
4	Prior Period True Up	-----	\$26,725.69	-----
5	Rate Stabilization Fund	-----	(\$84,300.00)	-----
6	Total Power And Net Interchange Costs	6,689,967	\$444,387.04	0.06643
7	Average System Net Costs (\$/kwh)	-----	-----	0.06643
8	Base Energy And Net Interchange Costs (\$/kwh)	-----	-----	0.04779
9	Difference At Generation Level (\$/kwh)	-----	-----	0.01864
10	System Loss Factor %	-----	-----	1.13640
11	Monthly Billing Adjustment - Sales Level	-----	-----	0.02118

Footnotes:

- (1) FMPA Invoice for St. Lucie
- (2) FMPA Invoice for All Requirements
- (3) Total Actual Power Purchased From FMPA
- (4) Monthly True Up from Prior Quarter
- (5) Error Corrections From Prior Periods
- (6) Total Actual Adjusted Power Cost
- (7) Total Actual Adjusted Power Cost
- (8) Base Electric Fixed Cost
- (9) Line 7 Minus Line 8
- (10) Average System Loss Factor
- (11) Fuel Adjustment For Current Period

PREPARED BY: RICKY THOMPSON, OPERATIONS MANAGER:

[Signature]

REVIEWED BY

RT

10/10/2011
DATE

10/12/2011
DATE

ATTACHMENT "G"

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Starke electric rates drop below Gainesville, Jacksonville

Posted by [Dan Hildebran](#) on 9/20/11 • Categorized as [Government](#)



The City of Starke's electricity rates, which were among North Florida's most expensive in 2008 and 2009, have now dipped below those of Gainesville and Jacksonville, and have pulled even with Progress Energy.

The city's competitive posture compared to its Duval County neighbor has been particularly striking over the past 12 months. The Jacksonville Electric Authority (JEA) raised rates (including the power cost adjustment) 9% from July 2010 to July 2011. Over that same period of time, Starke Utilities cut its total price for 1,000 kilowatt hours by 12%. In July 2011, the cost of 1000 kilowatt hours of electricity from JEA cost \$120.10, while the same amount of power in Starke went for \$116.70.

Rates for Clay Electric Cooperative were not listed in monthly surveys from the Florida Municipal Electric Association. However 1000 kilowatt hours from the Keystone Heights-based coop cost \$104.87 in August.

Starke's project manager Ricky Thompson credited the utility's efforts to reduce line losses and improve meter accuracy as contributing factors to the rate cuts. Thompson said when the utility increased line voltage, transmission losses dropped from 14% to 8%. He also said a survey revealed that many commercial electric meters were inaccurate and the city replaced or repaired those measuring devices.

The project manager said Starke customers should see continued drops in power costs throughout August and September, because the city will use the \$160,000 balance of its power stabilization fund to reduce customer costs.

[Click here to see a chart comparing Starke power costs to other north Florida suppliers](#)

Leave a Response

ATTACHMENT "H"

Power Cost Base Adjustment Factor Worksheet

Month	Net Energy For Load	Power Costs	Per Unit (\$/kwh)	Net Energy Load Residential	Net Energy Load Commercial	Base Energy Cost Residential	Base Energy Cost Commercial	Difference At Generation Level Residential	Commercial	System Loss Factor	PCA		PCA Actually Collected	PCA Adjusted		PCA Adjusted Total	System Loss Factor Adjusted (-43%)	PCA Adjusted * Corrected Line Loss Residential	PCA Adjusted * Corrected Line Loss Commercial	PCA Adjusted * Corrected Line Loss Total	Difference w/o Line Lost Factor	Difference w/ Line Lost Factor
											Residential	Commercial		Residential	Commercial							
Oct. 2010	5,583,787	475,143	0.08509	1,675,136	3,908,651	0.05160	0.07200	0.03349	0.01309	1.1364	0.03806	0.01488	309,900	63,759	58,158	121,917	1.0875	61,015	55,665	116,670	187,984	190,230
Nov. 2010	5,035,782	486,503	0.09661	1,510,735	3,525,047	0.05160	0.07200	0.04501	0.02461	1.1364	0.05115	0.02797	279,486	77,272	98,581	175,853	1.0875	73,947	94,339	168,286	103,633	111,200
Dec. 2010	7,064,876	682,644	0.09663	2,119,463	4,945,413	0.05160	0.07200	0.04503	0.02463	1.1364	0.05117	0.02798	392,101	108,445	138,392	246,837	1.0875	103,779	132,437	236,216	145,263	155,885
Jan. 2011	6,377,936	515,974	0.08090	1,913,381	4,464,555	0.05160	0.07200	0.02930	0.00890	1.1364	0.03330	0.01011	240,002	63,709	45,154	108,862	1.0875	60,967	43,211	104,178	131,140	135,824
Feb. 2011	5,076,798	360,697	0.07105	1,523,039	3,553,759	0.05160	0.07200	0.01945	-0.00095	1.1364	0.02210	-0.00108	134,180	33,660	-3,844	29,816	1.0875	32,212	(3,679)	28,533	104,363	105,646
Mar. 2011	5,152,325	383,706	0.07447	1,545,698	3,606,628	0.05160	0.07200	0.02287	0.00247	1.1364	0.02599	0.00281	156,218	40,176	10,133	50,309	1.0875	38,447	9,697	48,145	105,909	108,074
Apr. 2011	5,612,480	477,015	0.08499	1,683,744	3,928,736	0.05160	0.07200	0.03339	0.01299	1.1364	0.03795	0.01476	237,296	63,892	58,004	121,896	1.0875	61,143	55,508	116,650	115,400	120,645
May. 2011	6,503,479	552,729	0.08499	1,951,044	4,552,435	0.05160	0.07200	0.03339	0.01299	1.1364	0.03794	0.01476	274,902	74,031	67,201	141,232	1.0875	70,845	64,309	135,154	133,670	139,748
Jun. 2011	7,213,935	636,449	0.08822	2,164,181	5,049,755	0.05160	0.07200	0.03662	0.01622	1.1364	0.04162	0.01844	331,480	90,074	93,107	183,182	1.0875	86,198	89,101	175,300	148,298	156,181
Jul. 2011	7,447,901	623,029	0.08365	2,234,370	5,213,531	0.05160	0.07200	0.03205	0.01165	1.1364	0.03642	0.01324	303,502	81,384	69,032	150,415	1.0875	77,882	66,061	143,943	153,067	159,559
Aug. 2011	7,965,429	555,409	0.06973	2,389,629	5,575,800	0.05160	0.07200	0.01813	-0.00227	1.1364	0.02060	-0.00258	198,578	49,226	-14,400	34,827	1.0875	47,108	(13,780)	33,328	163,751	165,250
Sept. 2011	6,689,967	444,387	0.06643	2,006,990	4,682,977	0.05160	0.07200	0.01483	-0.00657	1.1364	0.01685	-0.00633	141,694	33,814	-29,664	4,150	1.0875	32,359	(28,387)	3,972	137,543	137,722
													2,999,338			1,369,296				1,310,375	1,630,042	1,688,964