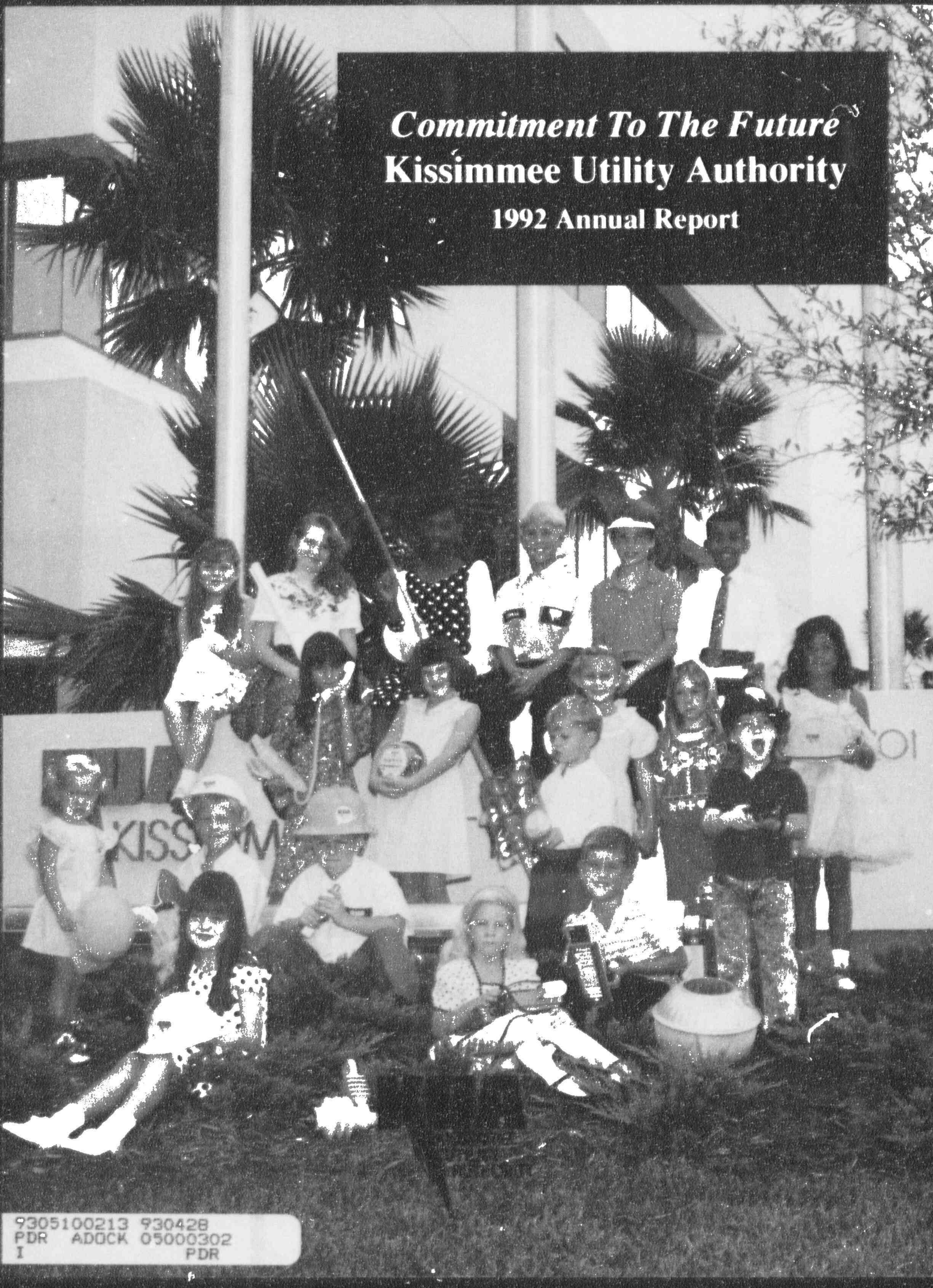
Commitment To The Future

Kissimmee Utility Authority

1992 Annual Report



During 1992 the national business journal *City and State* ranked Osceola County, that which the Kissimmee Utility Authority serves, among the top 10 "up-and-coming" high-growth counties in the United States. That's no surprise to us at KUA who devoted much of 1992 planning reliable service for tomorrow.

Today, KUA lights ballfields allowing children of all ages to watch the Houston Astros practice during Spring Training, we bring electricity to the Gingerbread House of Give Kids The World where terminally ill children can fulfill their wishes, and we supply electricity to light hospital rooms and run equipment enabling healthy babies to be brought into this world. The future holds endless possibilities.

These children are why we were focused in 1992 to doing everything possible to ensure these future KUA customers will be able to enjoy reliable, low-cost electricity at a flick of a switch. 1992 was the year KUA renewed its philosophy of commitment to the future.

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A Letter From The President & General Manager and Authority Chairman

1992 - - a year of energy and enthusiasm, optimism and adaptability, growth and unlimited potential. Not only do these words describe the fast-paced, successful year the Kissimmee Utility Authority has just completed, but it also describes why we devoted so much time in 1992 committed to planning for the future. The answer is simple - - our children.

This next generation who ultimately are future KUA customers, as well as the customers we currently serve, can feel secure knowing this utility possesses a tradition of successfully meeting challenges by drawing upon the strength of teamwork and common purpose. As we enter into 1993, KUA will continue aggressively to pursue our purpose of providing our customers with an adequate and reliable source of power - - today and in the future. Our professional and skilled group of employees, together with the dedication and leadership provided by our Board of Directors, make this task possible.

In a year of uncertainty for many industries due to tough economic conditions at home and conflict abroad, 1992 was a year of accomplishments, expansion, and milestones for KUA and its customers. We successfully met our primary objective of continuing to develop the utility's position as a high-quality electric company that is strong, operationally and financially.

In 1992, KUA electric sales decreased $2,177,518, or 3.6%, over 1991. This resulted from a growth in customers of approximately 5% offset by an average 15% rate reduction that was effective April 1, 1992. While in the midst of one of the most expensive capital improvement programs in recent years, KUA spent much of this year achieving sound financing for such projects as our new Cane Island power plant and KUA participation in Orlando Utilities Commission's Stanton Unit 2.

We do not intend to let the future simply happen. Just as we work to shape the minds and attitudes of the youth of today, KUA undertook many initiatives during 1992 to prepare us to meet the challenges ahead. Our success will depend on our ability to anticipate these challenges, influence their effect on KUA and provide excellent service to our customers. Across the spectrum, from our new programs in place to improve KUA service reliability to saving our customers money through load management, KUA is passing with flying colors!

In addition, while we spent a good deal of time this year planning for the future, our existing projects turned in solid performances.

KUA faces the future with confidence in what it holds for the utility and what it brings for those youngsters playing ball in the neighborhoods of our community - - both are bright with promise. Just as in 1992, KUA is committed to staying on the leading edge, to achieving superior performance and to providing service beyond expectations. When these same youngsters are ready to become customers, KUA will be proud knowing these valued customers benefited from this proactive philosophy.

Above: Richard Hord, left, and Jim Welsh surrounded by reasons the future is so important to KUA - - our children and grand-children who are future KUA customers.

Richard L. Hord

Richard Hord
Authority Chairman

James C. Welsh

James C. Welsh
President & General Manager

The Management Team

Christine Beck
Director, Customer Relations

Kenneth Davis
Director, Engineering

Joseph Hostetler
Director, Finance

Kenneth Lackey
Director,Transmission & Distribution

A.K. (Ben) Sharma
Director, Power Supply

Jim Tillman
Director, Materials Management

Neville Turner
Director, Personnel & Risk Management

Dennis Wick
Director, Information Services

KUA Board of Directors

Left to right: Standing - Dr. George Gant, *Vice-Chairman*; Bob Bobroff, *Secretary*; Arnold Jones, *Director*; Harry Lowenstein, *Assistant Secretary*; John Pollet, *Ex-Officio Director*; Seated - James C. Welsh, *President & General Manager*, Richard Hord, *Chairman*; Edward Brinson, *Attorney*

Embracing change and focusing on the future kept KUA busy in 1992...

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A Financial Year In Review

Working capital at year end was $16,503,481, a decrease of $1,444,589 or 8% over the previous year. This decrease resulted mainly from a decrease in accounts receivable and inventory and by an increase in deferred cost of power adjustment, accounts payable, due to other governments, and pension plan liability. The decrease in working capital resulted in a decrease in the current ratio from 3.84 in FY 1991 to 3.48 at the end of FY 1992.

Net utility plant increased by $3,377,658. Additions to plant in service and construction work in progress expenditures in FY 1992 were $8,272,783. This increase was offset by depreciation and amortization of nuclear fuel amounting to $4,895,125. The new energy control center and administration facility was completed during FY 1992. The gas turbine and combined cycle project at Cane Island continued during FY 1992. Also, during 1992 over $2.5 million dollars were spent on line extensions. Restricted assets increased by $47,663,499 during FY 1992 mainly as a result of a bond issue that was sold in December 1991. Designated assets increased by $6,898,446 which reflects funds that were set aside for future capital expenditures. Other assets increased by $41,223,954. This increase reflects the change in our method of accounting for the effects of the rate making process according to Statement of Financial Accounting Standards No. 71 "Accounting for the Effects of Certain Types of Regulation" (SFAS 71). Total assets increased by $98,051,007 which are made up of the changes noted above. Long term debt increased by $59,711,881 due mainly to the sale of bonds in December 1991. Current liabilities (payable from restricted assets) increased $3,583,626 due mainly to higher debt service from the new bond issue and certain reclassifications of reinvested earnings related to the change in accounting. Designated liabilities (payable from designated assets) increased $2,595,348 due mainly to certain reclassifications of reinvested earnings related to the change in accounting.

RESULTS OF OPERATIONS

KUA metered electric sales decreased $2,177,518 or 3.6%. This resulted from a growth in customers of approximately 1,800 or 5% offset by an average 15% rate reduction that was effective April 1, 1992. KUA was able to decrease rates by controlling costs and changing its fiscal policy from a "pay as you go" to "pay as you use" philosophy. Other operating revenues consisted of miscellaneous charges of $1,274,263 and sales to other utilities of $354,883, a 22% increase over FY 1991. Operating expenses increased $3,015,925 before taking into account the change in accounting for costs to be recovered from future revenue of $1,945,783. The majority of this increase resulted from increased fuel costs in power generation. Interest revenues decreased $606,648 after the effect of capitalizing approximately $1.8 million of interest revenues on bond construction funds. Total interest earnings without the change in accounting would have reflected an increase of approximately $1.2 million dollars resulting from investment of bond proceeds. Earnings before the cumulative effect of a change in account principle decreased $3,593,642 from FY 1991. When factoring in the cumulative effect of the accounting changes, reinvested earnings increased $22,079,271. The debt service coverage in FY 1992 was 2.61x compared to 3.26x in FY 1991. This means that KUA had over 2.6 times the earnings it needed to cover the debt service payments. The required minimum coverage ratio is 1.25x. The reduction in debt service coverage from FY 1991 was due to the rate reduction and the additional debt issued in December 1991.

As a municipal utility, KUA contributes to the City of Kissimmee general fund. The amount of this transfer is tied to the megawatt hour sales incurred by KUA in any fiscal year. For FY 1992 the amount transferred to the City and other governmental agencies was $5,053,436.

FISCAL POLICY

Concurrently with the approximate 15% rate decrease KUA established a formal fiscal policy that will be used in setting future rates. This fiscal policy will ensure that projects are funded from the proper sources, rates are adjusted when necessary and financial strength is maintained.

This policy provides that bond proceeds should be spent on all generation and transmission projects. Current earnings should be adequate to fund operation and maintenance expenses, debt service payments, and year-to-year capital needs generally less than $100 thousand but not including distribution and line extension projects. A reserve fund designated for future capital projects should be used for distribution and line extension projects including the portion that is not reimbursed from developers as required by our line extension policy. In addition, larger projects generally over $100 thousand that are not distribution, line extension, or generation projects should be funded from the reserve for future capital projects funds.

According to our fiscal policy, unrestricted operating cash should be maintained at a level to cover three months of operating and maintenance expenses (excluding depreciation). A minimum level of $5 million in the Reserve for Future Capital Projects should be maintained. Also, a minimum of 1.5 debt service coverage should be maintained to ensure current credit ratings on our outstanding bonds.

KUA'S FUTURE FINANCING PLANS

Because of the growth of KUA's service territory we have been engaged in one of the most expensive capital improvement programs in recent years. In December of 1991 KUA issued $75,500,000 of bonds to provide construction funds for the Cane Island Power Plant project and to refund a portion of the 1985 outstanding bonds. KUA entered the market at one of the lowest interest rates in recent years. The true interest cost on the 1991 bonds was 6.85%. Because KUA reduced its rates we expect to enter the bond market

KUA Reduces Rates 15 Percent

Between 1981 and 1990, Floridians experienced double-digit inflation in every consumer price category - - Medical Care: up 96%; Housing: up 42%; Food and Beverage: up 41%, to name a few. In 1992, KUA drew the line at utility costs.

In response to the economic recession and KUA's desire to become more competitive with surrounding utilities, KUA reduced its rates by an average of 15 percent, encompassing all major rate classes, in April 1992.

Under the new rate structure, an average residential customer now pays approximately $77 per 1,000 kilowatt-hours a month (not including Cost of Power Adjustment), compared to about $89 as of December 1991 for the same amount of electricity. While the average rate reduction for all classes is 15 percent, the rate reduction for each individual class varies slightly reflecting cost based rates.

This rate reduction became possible with the utility deciding to bond more capital projects it was initially going to pay for with cash. Previously, KUA has had a pay-as-you-go philosophy to limit the amount of borrowing needed to fund such projects.

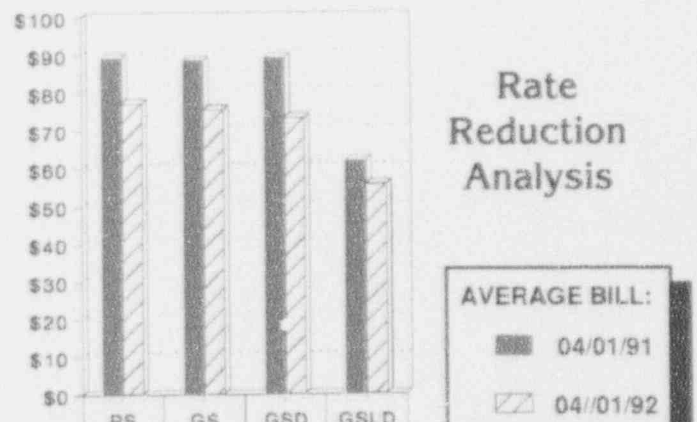
This rate relief for customers also became possible with the KUA Board of Director's decision to delay several capital projects, such as future substations. The Engineering Department for the utility reexamined KUA's major expansion plans and carefully explored how such projects could be delayed without severely affecting the reliability of service to KUA customers.

Most importantly, this reduction was enacted to give KUA customers front-end relief during these recessionary times, said KUA President & General Manager Jim Welsh.

"I'm personally extremely pleased that the KUA, which has built a strong financial and managerial foundation over the years, is able to put in effect such a significant rate reduction for our customers, especially during such hard economic times," Welsh said.

KUA is pleased that the recent rate reduction will help make Osceola County more attractive to businesses and industries considering relocating or expanding to this area. According to Richard W. Tesch, President of the Economic Development Commission of Mid-Florida, competitive utility rates, which contribute considerably to the cost of doing business in an area, will improve Osceola County's attractiveness to companies evaluating Central Florida. It is estimated that though no short-term growth spurts from the lowered utility rates will be obvious, long-run economic development efforts will be enhanced.

A result of this rate reduction will have KUA going to the bond market sooner than if it had not reduced rates. However, it is projected that KUA can remain with the current rates in effect until FY 1995.



	RS	GS	GSD	GSLD
04/01/91	$89.3	$88.5	$89.1	$61.8
04/01/92	$77.1	$75.3	$73.1	$55.5

more frequently. KUA anticipates borrowing approximately $90,000,000 in the next five years. KUA's underlying bond rating from Moody's Investors Service, Inc., FITCH Investors Service, Inc., and Standard & Poor's was A1, A, A respectively.

BUDGET & CAFR AWARDS

The KUA has received the Distinguished Budget Award for the last five years from the Government Finance Officers Association. This award recognizes KUA's pioneering efforts in putting together a budget that effectively serves as a policy document, a financial plan, a communication device, and an operations guide. Approximately five hundred governments have received this Distinguished Budget Presentation Award nationwide since its inception in 1984.

The KUA Comprehensive Annual Financial Reports for the years ended 1987 - 1991 from which the information on pages 24-27 has been drawn, were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our CAFR continues to conform to the Certificate of Achievement program requirements and we are submitting our CAFR for the current year to the GFOA. The CAFR is available from the KUA Office of the Director of Finance.

The KUA is committed to produce quality financial reports and budget documents in order that the public can best judge the performance of KUA in spending the resources that our ratepayers provide.

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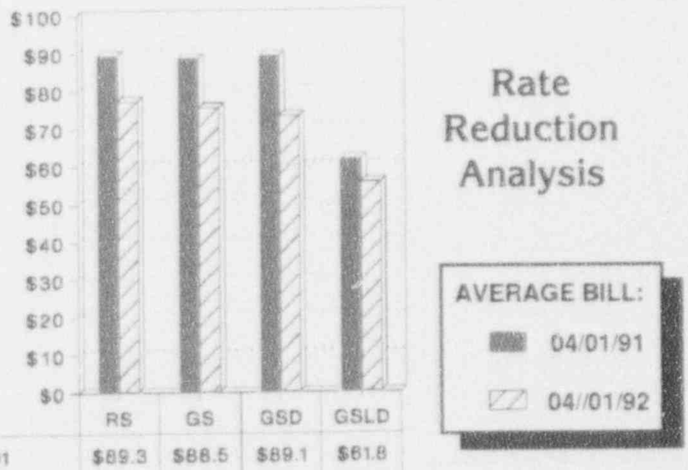

Rate Reduction Analysis

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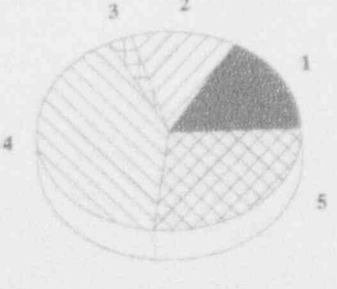
Financial Summary

(In thousands of dollars)	1991-92	1990-91	1989-90	1988-89	1987-88
Operating Revenues:					
Residential	$ 29,621	$ 30,652	$ 30,759	$ 25,598	$ 21,845
General Services	7,891	7,057	5,199	4,501	3,211
General Services - Demand	14,988	17,023	18,231	15,735	13,947
General Services - Large Demand	4,882	4,888	4,647	3,591	2,788
Outdoor Lighting	590	535	458	315	391
Interdepartmental Sales	97	92	74	51	19
Sales for Resale	355	5	0	5	0
Total Metered Sales	58,424	60,252	59,368	49,796	42,201
Other Revenues	1,274	1,329	989	767	770
Total Operating Revenues	59,698	61,581	60,357	50,563	42,971
Operating Expenses:					
Fuel and Purchased Power	25,898	24,751	23,202	18,174	14,259
Operating and Maintenance	14,445	12,776	12,042	10,605	9,027
Depreciation and Amortization	6,563	6,436	6,550	3,685	3,475
Intergovernmental Transfers	5,053	4,980	4,030	3,594	3,194
Costs to be recovered from future revenues	<1,946>				
Total Operating Expenses	50,013	48,943	45,824	36,058	29,955
Operating Income	9,685	12,638	14,533	14,505	13,016
Investment Income	3,244	3,850	4,130	4,098	3,085
Income Before Interest Charges	12,929	16,488	18,663	18,603	16,101
Less Interest Charges					
Interest on Debt	9,395	7,320	7,358	7,542	7,594
Other Interest	1,171	108	69	74	205
Allowance for Borrowed Funds Used During Construction	<3,103>				
Total	7,463				
Income before cumulative effect of a change in accounting principle	5,466	9,060	11,236	10,987	8,302
Cumulative effect of a change in accounting for the effects of regulation	26,362				
Cumulative effect of a change in accounting for contributed capital		689			
Reinvested Earnings	$ 626	$ 9,749	$ 11,236	$ 10,987	$ 8,302

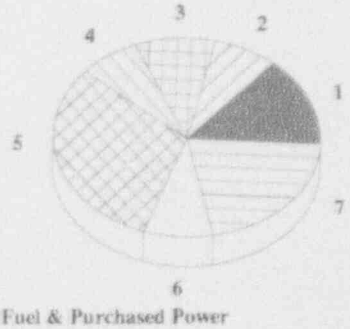
1992 Revenue Dollar

Where It Came From



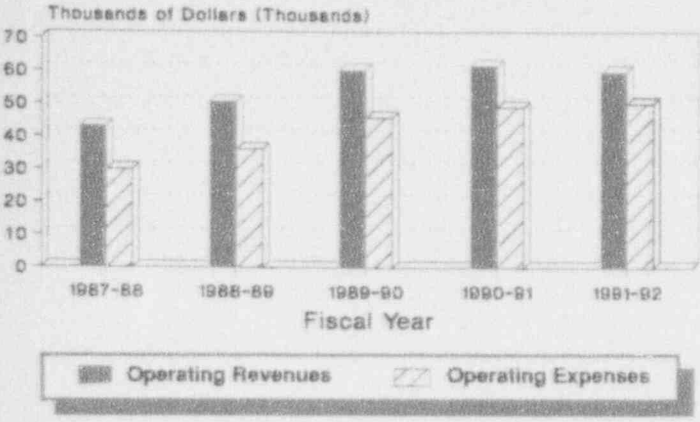
1.	Residential Revenue	16.3%
2.	Commercial Revenue	12.9%
3.	Industrial Revenue	2.7%
4.	Bond Proceeds	40.8%
5.	Interest Revenue/Other	27.3%

Where It Was Used

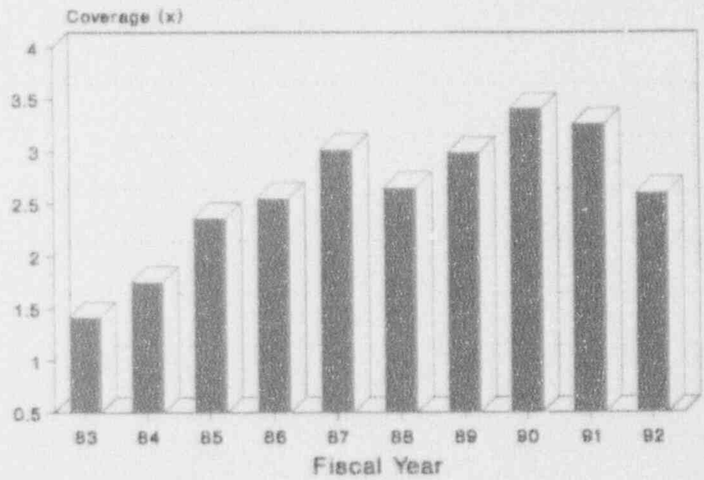


1.	Fuel & Purchased Power	14.2%
2.	Operation & Maintenance	7.9%
3.	Capital Improvements	9.7%
4.	Debt Service	7.4%
5.	Cash for Future Improvements	31.1%
6.	Refund Outstanding Bonds	8.4%
7.	Intergovernmental Transfers/Other	21.3%

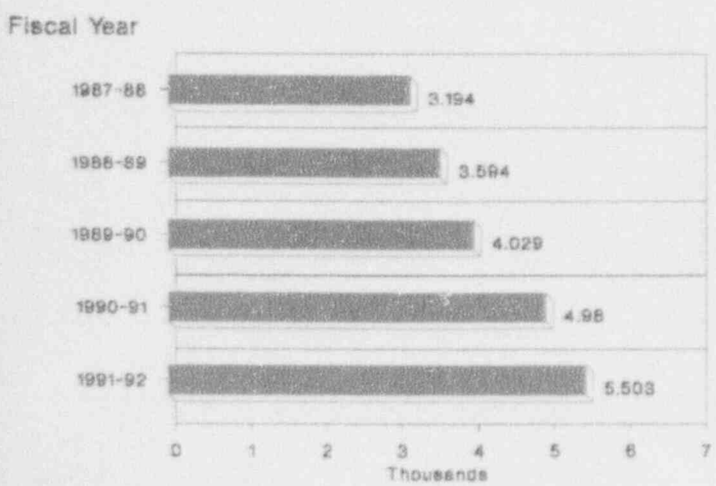
Operating Revenues vs. Operating Expenses



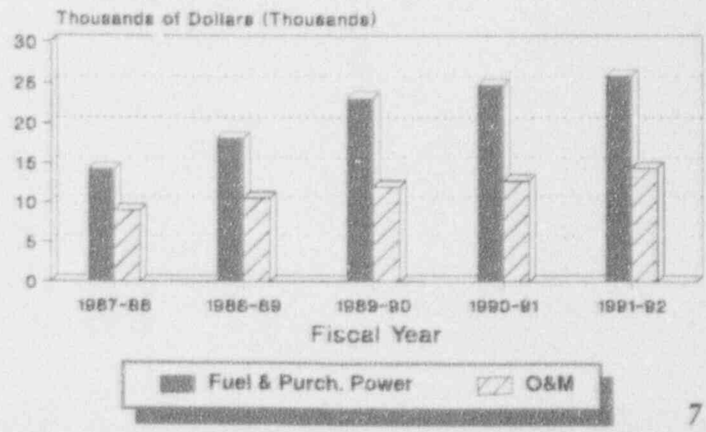
Debt Service Coverage



Intergovernmental Transfers



Fuel & Purchased Power vs. Operating and Maintenance Expense



A MOMENT IN TIME

Smiling... Service... Satisfaction. This motto has been the hallmark in the formative years of the Kissimmee Utility Authority. In 1992, we not only finished another chapter in KUA history but also began laying the foundation for the future.

As with every generation it is important to take a moment to look at those before to learn from the achievements and failures of humanity, giving new successors a blueprint to follow through life. In this report, we look back, as well as ahead, to see how KUA became what it is today.

Electric Lights Come To Town:

The first recorded mention of electric lights in what was then called Kissimmee City was made during a City Council meeting on December 17, 1891. An Electric Light Committee was formed and notified the Council that a plat had been prepared showing the location of the proposed lights for the town, 8 years after the city was incorporated into the state. Further, it was indicated during the meeting that it would be necessary to have requests for 300 lights in order to secure the first Electric Light Plant in this area.

During the ensuing years, electric light discussions persisted. On April 9, 1892, one hundred years ago, a proposal was made that a bond issue for $23 thousand be issued to provide for a public works department and electric lights. On April 18, 1893, a ballot was taken and this bonding request was approved by a vote of 41 to 5.

On September 5, 1899, Mayor W. J. Sears, Jr., made the following presentation to the City Council:

"We must have electric lights. If there is one thing we need more than a water works it is electric lights. The lights we have are utterly useless. They are a mere pretense; a mere protection for violators of the law as they enable them to locate the marshall. We are at a considerable expense to keep up these lights and with only a small additional cost could secure electric lights. A plant could be put in for $3,500. That will be sufficient and such a plant will, I believe, and I have studied it closely, in a very short time more than pay expenses. I have received letters on electric lighting and the above is the approximate cost. A great many citizens have been to me in the interest of the above suggestion and have been anxious to secure them at any cost."

On December 4, 1900, Kissimmee City entered into a contract with W. C. Maynard, a citizen of said town, doing business as Kissimmee Light Co. The contract with Mr. Maynard gave him the exclusive right and franchise to erect and maintain an electric light plant in Kissimmee City for a period of twenty years.

Initially, Kissimmee Light Company agreed to supply consumers electricity at a cost of ".03 cents per night for each sixteen candle power incandescent light and $7.50 per month nightly for arc lights of standard power".

During a Council Meeting on June 28, 1901, a resolution was passed and Kissimmee City purchased Kissimmee Electric Light Co. from Maynard for $4,293.59. A Committee was then appointed by the City Council to manage the Light Company.

History In The Making:

The decades that span the 1900s to the 1980s were spent laying the operational groundwork and infrastructures KUA heavily relies on today. The utility's initial purchase was a 15 kilowatt generator in 1901. In the twenties, three diesel engines were added to the system then serving approximately 200 customers. The thirties marked the pioneer connection between St. Cloud and Kissimmee, while the forties and

1891	First recorded mention of electric lights
1901	Kissimmee purchased Kissimmee Electric Light Co.; initial purchase of 15 kilowatt generator
1920s	3 diesel engines were added to system
1930s	Pioneer connection between Kissimmee & St. Cloud, neighboring utility
1940s-1950s	Increase in utility's distribution capacity
1970s	Kissimmee intertied with rest of U.S.
1980s	James C. Welsh, President & General Manager, became head of Kissimmee's electric utility system; KUA owners in St. Lucie; reentered steam generation & entry into gas turbines
1983	Ad Hoc Committee established to study need for separate authority

fifties worked to increase the utility's distribution capacity. The seventies were monumental in its importance when Kissimmee and St. Cloud intertied with the rest of the continental United States through Florida Power Corporation at Lake Cecile.

From 1972 to 1982 the utility experienced its share of changing hands, going through five Utility Directors within that time period. In 1982, James C. Welsh, current President & General Manager, replaced Don Hornak as Utility Director. As KUA settled in with sound management, many accomplishments happened: Kissimmee became owners in the St. Lucie nuclear power plant from Florida Power & Light; a 50,000 kilowatt combined cycle unit was installed marking Kissimmee's reentry into the steam electric generation business after many years of sole dependence on diesel type units; and Kissimmee's first entry into gas turbine type of units.

In 1984, the Ad-Hoc Committee presented its recommendation at which time the City Commission reappointed the Committee members to a Charter Committee. This latter committee had the difficult task of developing a charter for the utility to live by. In 1985, the City Commission approved the charter, subject to a vote of the people of the City of Kissimmee. A month later, voters accepted the Kissimmee Utility Authority Charter by a 2 to 1 margin, effective October 1, 1985. At last, the A was added to KUA.

Who We Are Today:

Today, KUA is a municipal electric utility under the direction of a 6-member board of directors. In addition, KUA acts as a billing and customer service agent for the Water and Sewer and Refuse Departments of the City of Kissimmee. Its service area covers the City of Kissimmee and some unincorporated areas, totaling 85 square miles.

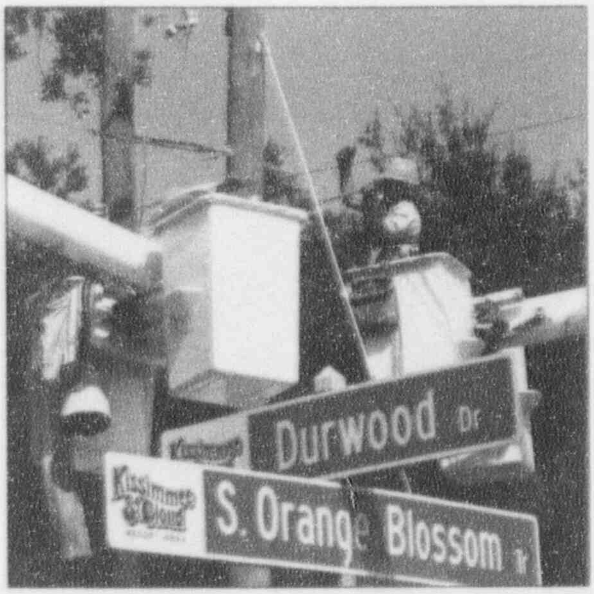
The primary goal of KUA is to provide reliable electric service to its customers at the lowest possible cost in the best environmentally acceptable method. In order to accomplish this, KUA has diversified its power supply resources which are based on KUA's own generation, off-site generation through joint participation projects with such utilities as Florida Power Corporation, Orlando Utilities Commission, and Florida Power & Light, and through long and short term purchase power contracts.

Our Position For The Future:

Looking ahead, KUA has identified and is working on several major capital projects that will help meet the need of system demands caused by rapid customer growth during the final years of the 20th century. These projects include the construction of a new gas turbine facility providing KUA with approximately 40 megawatts of peaking capacity; installation of a new supervisory control and data acquisition (SCADA) system to better monitor and regulate the flow of energy requirements; improvements to the transmission and distribution system, including new substations for the near future; and the design and construction of a new administration facility. With these new dimensions upon KUA and in the future, the total cost of these projects over a ten-year period will be approximately $128 million.

A New Beginning:

Perhaps 1983 was the turning point in the making of what we know today as KUA. At this time the City Commission established an Ad-Hoc Committee to explore the concept of making the electric utility department of the city into a separate authority. The Committee investigated for a year the best way to manage the utility. The conclusion was that the authority would best be run by an independent board consisting of individuals with strong business backgrounds.



Quality Our Customers Can Count On:

In the beginning, the utility industry began in Kissimmee through the voice of the people, heard at City Council meetings as far back as the 1800s. Today, KUA is pleased to still honor this tradition by listening to the residents of this community and working hand-in-hand to make the Kissimmee area a competitive, attractive place to live and work.

Committee reappointed to Charter Committee 1984

1985 Kissimmee Utility Authority became a separate entity approved by City Commission and voted by the people

COMMITTED TO THE FUTURE: Focusing on capital projects that will help meet the need of system demands caused by rapid customer growth during the final years of the 20th century 1992

Cane Island Power Plant Becomes Joint Project Between KUA and FMPA

February 28, 1992 was a day in KUA's history that set a precedent for KUA's future.

On this day, the Florida Municipal Power Agency's full board unanimously approved a Framework of Joint Participation Agreement with KUA to jointly develop the Cane Island Power Plant site owned by KUA. This marks the first time KUA will play host to another utility while participating in a common facility.

As per the terms of the agreement, FMPA's All-Requirements Project Group will own 50 percent of Cane Island Unit 1, with the other 50 percent ownership remaining with KUA. This unit, already purchased and in the process of being permitted and constructed, is a LM6000 type 40 megawatt gas turbine unit manufactured by General Electric Company. Unit 1 is expected to be in service by April 1994.

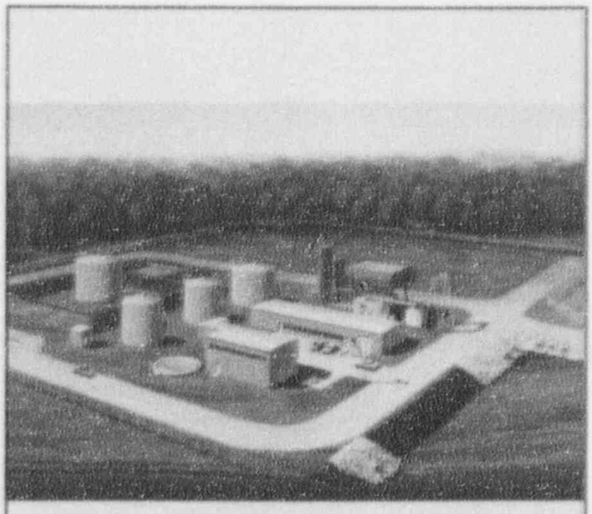
Power Supply studies prepared during the late eighties by KUA's Engineering Consultants had shown that in order to meet future capacity needs it was more advantageous for KUA to build and own its own generating resources. Additionally, the studies asserted that since KUA has to rely so much upon other utilities for the peaking capacity, the first generation unit to be built by KUA should be a peaking type gas turbine unit. The joint participation will provide considerable savings and benefits for both entities including sharing common facility costs while reducing risk; increasing flexibility of operation; and added reliability.

The terms of the agreement also call for the construction of a larger combined cycle unit of approximately 120 megawatt capacity on the site. Designated as Cane Island Unit 2, this later generating unit will also be owned on a 50 percent ownership basis between FMPA's All-Requirements Project Group and KUA.

Although FMPA was very much interested in becoming a joint partner with KUA the requirement of the two entities differed. FMPA's six cities did not require any peaking power in 1993 and their need in 1995 was for combined cycle type intermediate capacity and not another peaking unit as KUA's own plans had indicated.

Therefore, the planned second unit at Cane Island has been revised to a 120 MW class combined cycled unit from a 40 MW gas turbine. Further, it was agreed by both parties that upon execution of the Joint Participation Agreement FMPA would also begin to own 50 percent capacity of the first gas turbine unit. However, FMPA will not utilize its half of the output until 1995 when the second unit will be constructed. During the interim period (between completion of the GT and 1995) KUA will buy back the capacity from FMPA.

During 1992 efforts consisted primarily of specifying and engineering for the acquisition of major equipment and permitting and licensing the site for both the 40 MW gas turbine unit and the 120 MW combined cycle unit. It is anticipated that the permits and licenses will be acquired by mid 1993, serving as a green light for construction of the project to begin.



KISSIMMEE UTILITY AUTHORITY
CANE ISLAND PROJECT
UNIT 1

KUA Protects Natural Resources At Cane Island

KUA has always been, and will continue to be in the future, dedicated to maintaining a balance between the needs of man and nature while planning, constructing, and maintaining system facilities including the new Cane Island Power Plant.

Although the utility owns 990 acres comprising the Cane Island site, more than 800 acres of the site, majority of which is pristine wetlands, will be left undisturbed and signed off as a conservation easement. Plant layout on the property has been designed to greatly minimize any disturbance to this beautiful, "Floridian" habitat of many plants and animals, including the gopher tortoise which is included in the State's list of animals that are of special concern.

In addition, KUA is dedicated to minimizing tree clearing for routing transmission lines associated with the plant while still maintaining the technically required safety standards.

KUA is pleased to preserve such a significant portion of the land, strengthening its commitment to environmental conservation. KUA has worked feverishly during the last year and a half to satisfy all state environmental rules and regulations and will use the most modern equipment available to control air quality and emissions, water quality, storm water management, and the noise levels. KUA has worked hand-in-hand with such agencies as the U.S. Fish and Wildlife Commission, the Florida Game and Fresh Water Fish Commission, South Florida Water Management District, the Division of Historical Resources of Florida, as well as the Department of Environmental Regulations and the Planning Department of Osceola County.

Wildlife abounds at Cane Island, and it is welcome; after all, it's their home. The deer help keep grass from growing too high, the curious raccoons keep an eye on things, and the gopher tortoises sunning themselves remind us to take time to enjoy beautiful days.

KUA Finances Stanton Unit 2 through FMPA allowing for reliable power for the future

"Coal fueled units, such as Stanton Unit 2," says KUA's Director of Power Supply Ben Sharma, "are expensive to build, but in the long run is one way to produce cheaper electricity since coal is less expensive than oil. KUA will be purchasing electricity at the cheapest rate it can at that point in time. Also, KUA customers can further be assured of a reliable supply of electricity in the future."

In early 1992 an important decision was made regarding the financing of the Kissimmee Utility Authority's SEC 2 capacity purchase. During 1991, KUA entered into a participation contract with Orlando Utilities Commission under which KUA and the Florida Municipal Power Agency cumulatively purchased 25 percent of OUC's proposed 440 MW coal fired Stanton Unit No. 2. Using a proration formula based on KUA and FMPA's participation in Stanton Unit 1, KUA's available ownership in Stanton 2 is calculated to be approximately 17 MW.

Because KUA is a member of FMPA, and it was known that because of the bond size FMPA could obtain better interest rates in selling bonds, it was decided to arrange KUA's financing of SEC 2 through FMPA. As a result, KUA's 17 MW ownership was also put in the FMPA basket, and in May 1992 financing was arranged for the project.

As planned, Stanton Unit 2 will be built at a cost of $522 million, alongside its predecessor and twin, Unit 1 at OUC's Stanton Energy Center (east of the Bee-Line). KUA will pay approximately $20 million for its share of Unit 2 which will help ensure low-cost, reliable power for KUA customers now and in the future, said KUA's Director of Power Supply Ben Sharma.

In-service date for Stanton Unit 2 has been established as June 1996.

A Year Of Accomplishments For Hansel Plant

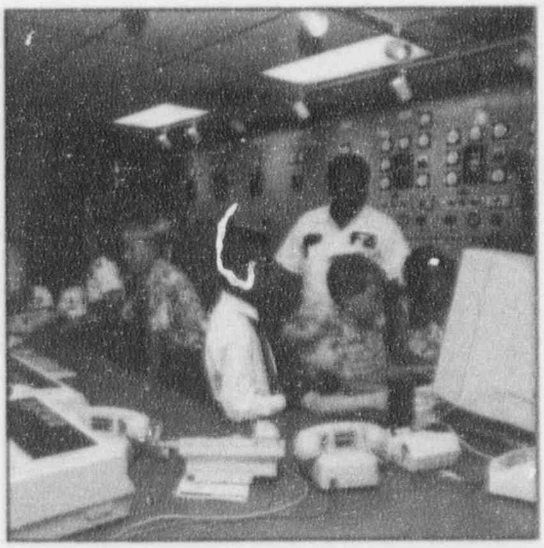
During 1992, the Roy B. Hansel Plant, KUA's only wholly owned on-site generating facility, witnessed several improvements and modifications to the various plant facilities comprised of a 44 MW (net continuous capability) combined cycle unit and several other diesel generating units with an aggregate capacity output of approximately 18 MW.

A new state of the art control system was installed and commissioned for the combined cycle unit in January and February of 1992. This has replaced a very basic and outmoded piece of equipment that was installed when the unit was built in 1983.

The overall effect of the new system has been to increase the reliability and efficiency of the combined cycle unit while giving the operating staff much more real time data as to how various components of the plant are running at any given time.

Until recently the combined cycle unit had been used either as a peaking unit or as an intermediate load resource, which although added to KUA's unit dispatching flexibility, it also created a lot of maintenance work as well as reduced the reliability of the unit. During the past year certain changes in operating philosophy, brought about in great part by innovative changes in the way KUA is purchasing natural gas these days, has resulted in the combined cycle unit as a base load unit. As a result significant increases in the unit's availability and reliability have been observed together with a decrease in maintenance cost. In late May and early June of 1992, the Hansel Plant created a new milestone by generating in excess of one million kWh during any given twenty-four hour period. Running the combined cycle unit around the clock has also enabled KUA to sell a significant amount of energy in the State's broker systems.

During the year Diesel Unit No. 9, a 2.7 MW unit, which was installed in 1963 and had logged in approximately 117,000 hours of operation, was retired because of the unit reaching its useful life.



Above: ***A new state of the art control system was installed and commissioned for the combined cycle unit in 1992. This has increased reliability and efficiency of the unit while giving the operating staff much more real time data at any given time.***

Planning Power For Decades To Come

KUA's growth as measured by number of customers and energy sales has been one of the highest among U.S. electric utilities over the past ten years. Between 1982 and 1991 the average annual growth rates for residential and commercial sales have been 10 percent and 11.6 percent respectively while the corresponding growth rate for residential customers was 8.6 percent. With such rapid rates of growth, it was incumbent on the company to plan to acquire adequate capacity and fuel supplies to satisfy this growth.

What the future holds:

Several studies prepared in the last four years have outlined the growth expected, and KUA has developed several strategies that will allow the utility to satisfy the expected growth in a cost effective and reliable manner.

The most recent load forecast estimates residential and commercial sales to grow at 5.3 percent and 4.4 percent, respectively, between the present and the year 2000. Summer peak demand under normal weather conditions is also expected to grow from 168 MW in 1992 to approximately 241 MW in the year 2000, an average growth of 4.6 percent.

KUA Ownership Interests:

To satisfy this growth in demand, KUA has arranged for several resources. These resources for 1992 are listed in the table below. The excess in firm capacity over the expected normal weather peak demand is capacity reserves to account for errors in load forecasting, unexpected outages, or adverse weather conditions which occur from time to time.

In addition to the generating units listed in the table, KUA is also committed to build or acquire an ownership share in several other generation units. In 1994 KUA is expected to commission, jointly with FMPA, a 40 MW Combustion Turbine at the recently acquired Cane Island site. One year later under a similar arrangement with FMPA, KUA will commission approximately 120 MW of combined cycle capacity. KUA and FMPA will both own 50 percent of each of the Cane Island units. KUA has also purchased approximately 17 MW of OUC's Stanton 2 coal plant which is expected to be commissioned in mid 1996.

1992 UNITS	NET CAPACITY (MW)
Hansel Combined Cycle	40
Hansel Diesel	18
Nuclear (Ownership in CR 3 and St. Lucie 2)	12.2
Coal (Ownership in Stanton 1)	20
Indian River CT (Ownership in OUC's plant)	8
	98.20
PURCHASES - FIRM	
FPC Supplemental	47
OUC-D Long Term	20
OUC-D Short Term	20
TECO-Schedule D	26
Total Firm Purchases	113.00
NON FIRM PURCHASES	
TECO J (Negotiated amounts in 1992 with zero base, 25MW from 1993 through 1996)	
Total Firm Resource (MW)	211.2

Purchased Power Contracts:

In contrast to ownership in generating units, KUA has the option to continue several purchase power contracts or to pursue other purchases with other utilities. These purchases differ from each other and from KUA's other resource options in the term or duration of the purchase and reliability or firmness of the purchase. Additionally all such purchases depend on transmission interconnection to bring the power from neighboring utilities to KUA's service areas.

KUA's power purchases from Florida Power Corporation (FPC) are stratified into base, intermediate and peaking capacity and some annual ad-

justments are necessary in the amount KUA is expected to purchase over a five year horizon. The current nominations in MW are outlined in the table above.

Year	Base	INT	Peaking	Total
1993	0	10	62	72
1994	0	15	62	77
1995	10	0	73	83
1996	20	0	30	50
1997	20	0	3	23

Firm purchases are also available from the Orlando Utilities Commission (two Schedule D Contracts) as well as Tampa Electric Company (TECO) Schedule D and Schedule J purchases.

One OUC purchase of 20 MW expires at the end of 1992, while the other 20 MW purchase began in 1989 and has a 15 year term. The TECO Schedule D contract is for 26 MW and may be extended annually by mutual agreement. KUA may schedule additional capacity under this contract (Supplemental Capacity) if TECO agrees.

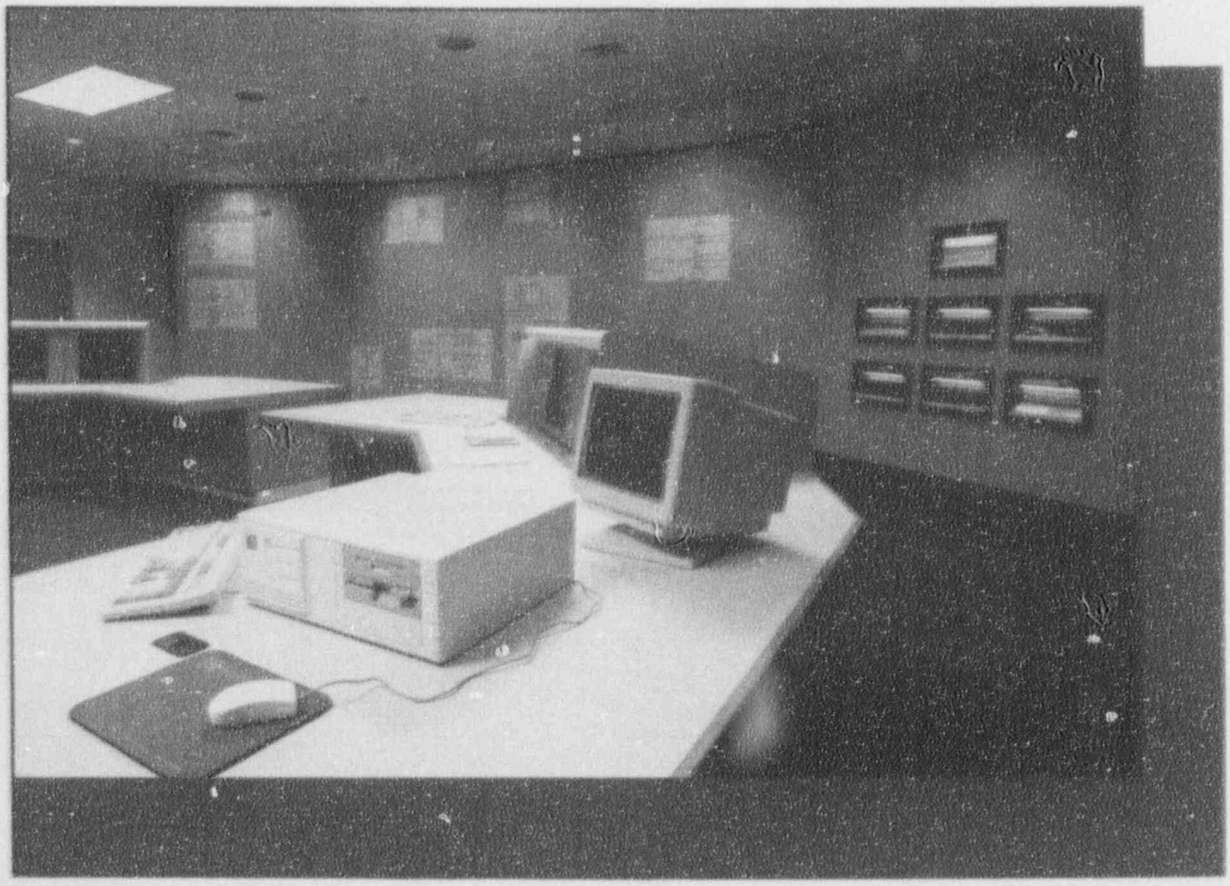
Nonfirm power purchase is available from TECO (25 MW beginning in 1993) as well as economy purchases on the Florida Broker. Because these are not firm purchases, however, they are not included in KUA's long-term capacity plans.

Meeting Fuel Requirements:

Having planned for capacity sufficient to satisfy our demand with some allowance for firm capacity reserves, KUA has to ensure that adequate fuel is available at our on-site generators. Currently most of our generating units burn natural gas with oil as the alternate fuel. Natural gas is also the primary fuel for our committed Cane Island units.

Limits on the natural gas pipelines capacity supplying Florida as well as the complexity of the natural gas contracts and price uncertainties have placed fuel supply planning and particularly natural gas supply planning very high on the list of power supply planning priorities. Because of this complexity KUA, along with several Florida utilities, have opted to jointly plan for natural gas supplies and have founded the Florida Gas Utility (FGU).

Through FGU, KUA is expected to participate in FGT's Phase III pipeline expansion to satisfy our gas requirement at the new Cane Island plant. This coupled with the requirement of FERC's order 636 requiring the gas pipeline to offer unbundled gas transportation service [illegible]uld result in more flexibility in our gas purchases.



Left: An early look at KUA's new, state-of-the-art SCADA system taking to its new home in the KUA Administration Building early 1993. Along with new SCADA equipment, a much larger mapboard was purchased which accommodates not only existing facilities but also the facilities planned to be built during the next eight to ten years.

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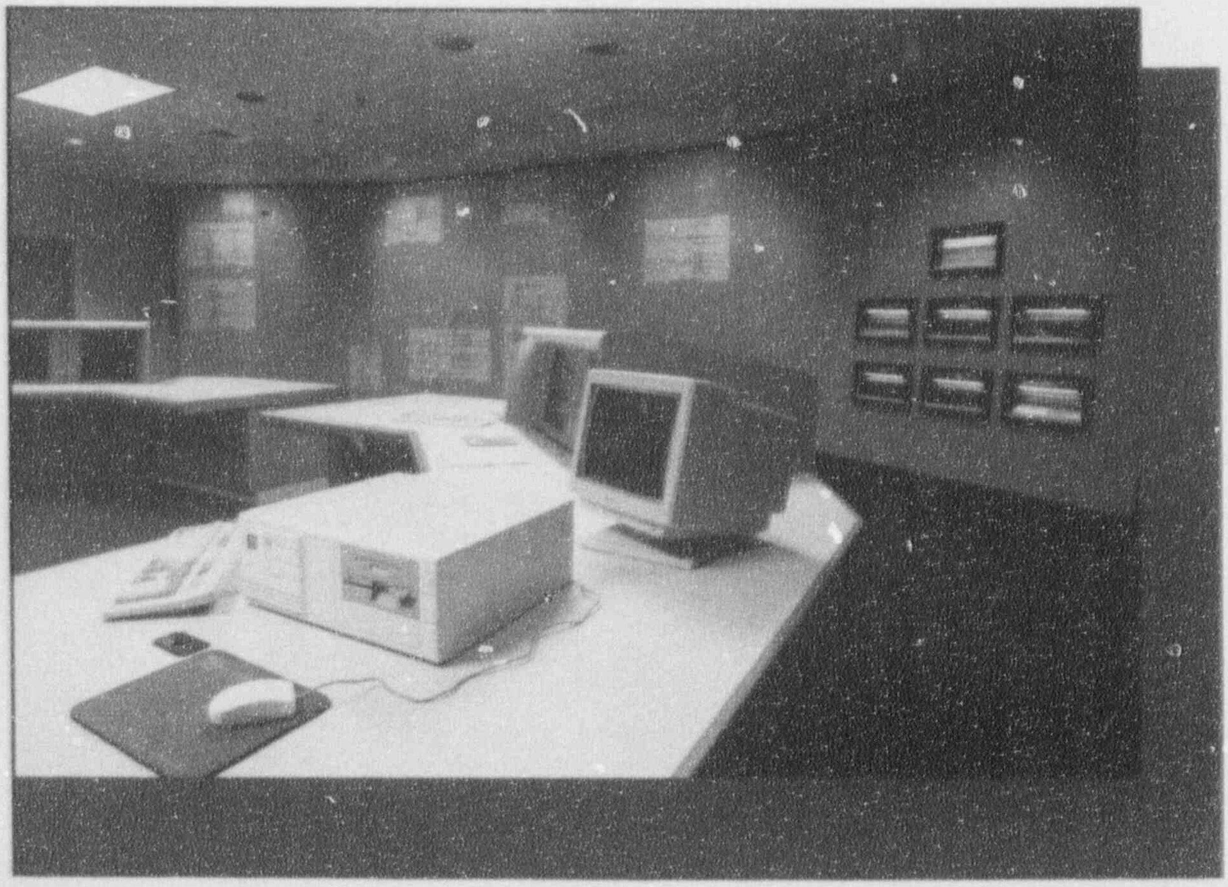

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Engineering Was A Continual Process During 1992

Planning for the future... at KUA it nearly always seems the future is almost at arm's reach. Although the extremely high growth rates that we have been experiencing over the past few years have moderated somewhat, it is a generally accepted fact that this area will recover with another growth explosion. In order to be poised and ready for the next wave of growth, we continue to concentrate a great deal on our efforts toward planning for the future.

The moderation in growth the last two years dictated that we re-examine our growth projections and expansion plans. Subsequent to that review, the decision was made that KUA could delay some of our expansion projects. Our current plans call for the addition of a new distribution substation in 1994. This substation was originally planned to be on-line in 1992.

However, in order to be poised to get our expansion plans back on track if the growth explodes again, we have already purchased power transformers for the substation. This will cut down on the lead time required to construct the substation and put us in a position to quickly respond to unexpected changes in area growth patterns.

In addition, substantial additions to our transmission system will be completed in the latter part of 1993. Planning and engineering for this was on our minds during 1992. The new Cane Island Power Plant site will be connected to the existing KUA system through a new 230 kV line to be constructed in conjunction with the power plant site. Along with these major expansion plans, we are continually evaluating the need for upgrading or replacing older, less reliable equipment.

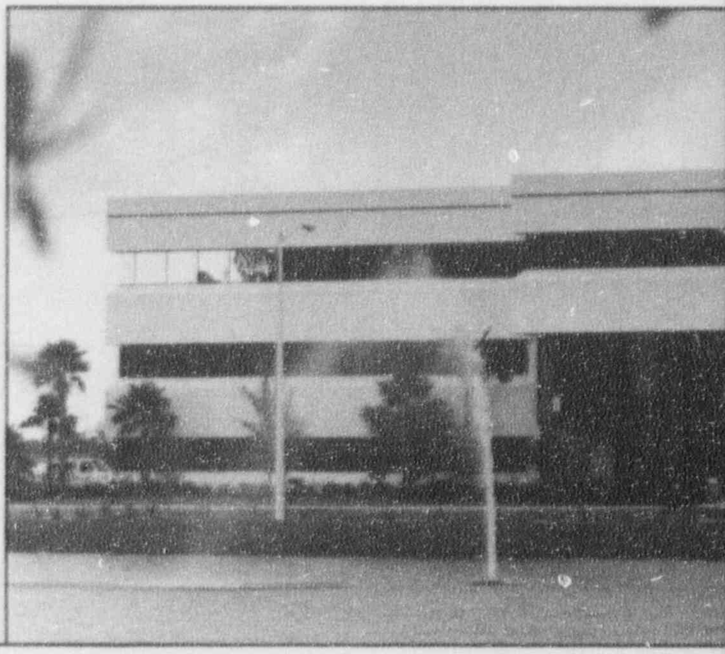
The planning process never ends at KUA. While we are busy constructing facilities to meet the needs of our customers, we are busy forecasting and planning for tomorrow. All is done with one goal in mind - - provide our customers with an adequate and reliable source of power at the lowest possible cost.

KUA Completes 36,000 Square- Complex, Also Home To

GROWTH AND EXPANSION! As has been the case over the past six years, the KUA staff and management continues to strive to meet the challenges brought about by tremendous growth in the service area. Meeting this challenge not only requires planning for generation, transmission, and distribution facilities, but also for facilities to house our operational and administrative personnel.

In early 1990 the KUA staff began planning for two major expansion projects which continued into 1992. The first of these involved the replacement of the Supervisory Control and Data Acquisition (SCADA) System. Although the current system, installed in 1977, had served its purpose well, a feasibility study had indicated that the purchase and installation of a completely new system was warranted. Subsequent to making the decision to replace the existing system, the KUA staff and consulting engineers, Black & Veatch, investigated various alternatives regarding the location of the new system.

At the same time, additional space requirements for KUA were also being considered. Due to continued growth in the number of KUA functions and personnel during the past six years, all of the KUA administrative personnel could no longer be housed in the downtown Kissimmee administration building. Numerous personnel working in the Finance, Personnel, and Support Services areas were already being housed in leased office space. Having personnel located at these different locations often times created logistical problems. After extensive investigation and evaluation, the decision was made by the KUA management to construct a new facility to house the majority of



Foot Administrative Office
New SCADA System

the Administrative, Engineering, and Energy Control personnel and functions.

Thirty-six acres of land adjacent to the existing KUA Distribution and Warehouse facility were selected and purchased for this project. This property was considered an excellent location due to its proximity to our other facilities. In order to meet our current and future expansion requirements, the staff, along with architects, immediately began planning for the construction of the new facility.

After months of planning, construction of the 63,000 square-foot facility at 1701 W. Carroll Street began on July 8, 1991. In addition, KUA Engineering, Information Systems and Distribution personnel began the year-long process of designing and installing fiber optic data and communication links between the downtown building and the new facility. This fiber optic link would serve as the main path for both data and voice communications between the two locations.

Finally, almost one year later and after months of anticipation, personnel in the Engineering, Finance, Personnel, Power Supply, and Executive departments began their move to the new facility on July 10, 1992. Approximately 30,000 square feet of space was left in an unfinished state for future expansion. Through careful planning and foresight, this new facility will serve to meet the expansion requirements of KUA for years into the future.

The prior Administration building on Broadway is committed solely to KUA Customer Service functions.

System Control Takes On New Dimensions Of The Future

Preparing to take to its new home in the KUA Administration facility early 1993, KUA's new SCADA system, the nerve center of the utility, will take on a new futuristic look and a new dimension to help the utility more efficiently monitor activity of the system.

During 1992 much progress was made in the planning and manufacturing of the state-of-the-art Landis & Gyr equipment comprising the SCADA system. KUA personnel busily developed the database and underwent various software and hardware training sessions while factory acceptance tests for the equipment were being conducted.

Along with the new SCADA equipment, KUA also purchased a newer, much larger mapboard which accommodates not only the existing facilities, including recently built substations, but also the facilities planned to be built during the next eight to ten years.

New consoles with modernistic appearances have been purchased for the SCADA and other equipment such as the FCG broker and messaging system that are required for the day-to-day operation of the KUA electric system.

This Landis & Gyr SCADA system will also interact with equipment installed concurrently dedicated to KUA's new load management system (see pg. 17).

KUA's previous SCADA system, housed at the Marydia Substation, was a Harris 5000 Model installed more than a decade ago. Due to discontinuation of manufacturing this model; recent advancements in the electric industry; and KUA's expansion of transmission, distribution, and substation systems, this out-of-date equipment was quickly approaching the end of its useful life.

Left: The Engineering, Finance, Personnel & Risk Management and Power Supply Departments, as well as the utility's Executive Department, relocated to KUA's new 63,000 square-foot Administration Building in 1992.

ENERGY INNOVATIONS
Our Customers Can Count On

While the future leaders of this community have yet to put down their favorite blanket for a briefcase, teddy bear for a calculator, or favorite bedtime story for a computer, KUA is working to ensure that not one of them has to be afraid of the dark. At home or work or play, customers count on us night and day. In addition to the high integrity and quality of the design, construction, and maintenance of KUA's transmission and distribution system, KUA strengthened its reliability of service by developing several in-house, on-going programs in 1992 to reduce power outages and down time.

Distribution Feeder Upgrade

This in-house program consists of rebuilding a portion of the older distribution circuits by installing new poles and larger conductors in areas that have outgrown the existing circuit capacity. These new circuits allow the Transmission and Distribution Department to back feed or supply power from another source which can eliminate long outages caused by accidents and storm damage.

Distribution Capacitors

This program is designed to make improvements to existing distribution circuits by installing capacitors in the field that will keep the voltage to an acceptable level that will allow the customers' equipment to operate at an efficient level and to achieve the longest life possible.

Faulted Circuit Indicators

The installation of Fault Indicators on underground distribution systems reduces the outage time of a circuit that has experienced an outage due to a failed high voltage cable, a failed transformer or other underground equipment. This device is installed at termination points throughout the underground circuit and should a fault occur, a trail of tripped or fault flags will lead the KUA service crews to the faulted area. The faulted area is then bypassed or rerouted and service is restored to the unaffected areas of service. This trail of fault flags reduces the investigation time that is involved in identifying or locating the faulted area.

4KV Conversion

This is an on-going, in-house program which consists of changing certain low voltage primary circuits (4 KV) to a higher voltage (13 KV). This is done to reduce the demand (amperage) on the older distribution systems that originate at the Hansel Plant. This is achieved by changing the transformers, wire, insulators, and other related equipment with an insulating level that is compatible with the new, higher voltage. In most cases, this is performed with very short outage times to our customers.

Distribution Feeder Exits

The feeder exit is the portion of the distribution circuit that is installed from the substation breaker through underground conduit to a pole located some distance from the substation. This cable becomes a part of the distribution feeder and is installed to allow for the maximum use of a substation. Most substations include in the design enough equipment to accommodate six feeders.

These new programs combined with KUA line crews responding rapidly and competently when trouble does strike, KUA is a sure bet to chasing monsters from under any bed!

Continuing KUA's Conservation Crusade

KUA is more committed then ever to helping customers save money and use energy resources wisely and efficiently. The conservation efforts for KUA were orginally established for the City of Kissimmee in 1980 under the FEECA program; today, these efforts are in full swing ranging from residential to commercial/industrial audits to load management.

Our Energy Conservation Specialist performs approximately 550-600 free audits annually. This "conservation coach" advises customers on everything from energy efficient appliances to practices and measures to remember when it comes to reducing energy consumption.

Nor does KUA overlook future customers - - the next generation. We took our conservation program into many local schools, educating thousands of youngsters on the benefits of using resources wisely.

What we do with our resources today, depends on what resources they have for tomorrow.

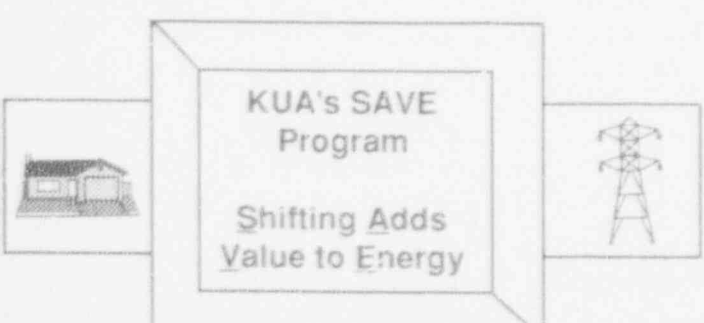
Holding down electric rates, putting off the need for building expensive new generating facilities, reducing pollution and preserving natural resources are the many driving forces behind KUA working diligently in 1992 to prepare for its new load management program going on line for residential customers in early 1993.

The **SAVE Program** (**S**hifting **A**dds **V**alue to **E**nergy), works to keep production costs and resources in check for the future and is designed as a cost effective and beneficial component of KUA's power supply plans, as well as KUA's conservation plans. Through the **SAVE Program**, KUA anticipates savings of approximately 6.6 MW of winter peak demand by 1998.

This program is designed to ease the demand for electricity on those few days during the year when electricity use is at its peak. **SAVE** lets KUA reduce these peaks by slightly lowering the electric use (by computer-controlled radio signals) of air conditioning/heating systems and electric water heaters within participating customers' homes for a short time during defined peak use times. Since the cost of producing electric power is greatest during peak demand periods, the less electricity we need during such times, the more the utility and its customers save.

For participating in the program, customers receive a financial incentive in the form of a credit on their bills. The KUA Board of Directors, committed to the future, passed the load management ordinance requiring all new residential units constructed after December 31, 1991, to be required to participate in the program. For all other residential customers, participation is voluntary.

KUA's commitment to conservation is equally matched by our customers' commitment. Over 3,000 customers have signed up to participate in **SAVE**.



Cycled Appliance	Central Electric A/C or Heating Units		
Control Level	Level 1	Level 2	Level 3
Maximum Control Times*	10 min. out of each 30 minutes	15 min. out of each 30 minutes	entire cycling period
Monthly Savings	$4.50	$8.00	$11.00

*Under normal conditions, the maximum cycling period during the 30-40 control days a year will not exceed 4 hours on any day, and will actually be much less.

Cycled Appliance	Electric Water Heater
Control Level	Only 1 level - 30 min. out of 30 min.*
Maximum Control Times**	Entire Cycling Period
Monthly Savings	$4.50

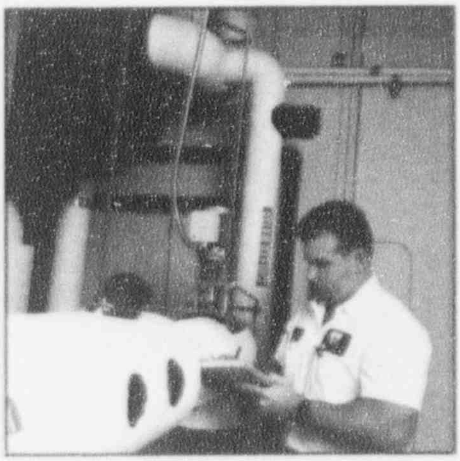
*Electric water heaters with solar or heat recovery units will only be controlled between Nomember through March. These customers will only receive the monthly credit during these months.

** Under normal conditions, the maximum cycling period during the 30-40 control days a year will not exceed 4 hours on any day, and will actually be much less.

Our optimism about the future is inextricably linked to the pride we feel in serving our customers. This dedication toward outstanding customer service is one of the main ingredients to KUA's past success and the basis for our unwavering confidence in the future.

Quality Service Dedicated To Customer Satisfaction

At KUA, we believe our customers are entitled to receive the finest service possible. And from the moment each account is opened, KUA is committed to quality service and customer satisfaction for each and every KUA family on our electric system. During this fast-paced year, KUA served 29,706 residential and 6,576 commercial electric customers, a 17.7% increase from 1991.



Customer Surveys Tell Us What We Need To Know

This goal of quality, efficient service is so important to the utility, we set out to hear what its most important critics had to say - - our customers. During 1992 KUA began surveying customers through telephone interviews with Customer Service Representatives to find out how they viewed the utility. After a three month study involving more than 400 residential customers, the result indicated that 85% of randomly selected customers felt KUA was doing a good to excellent job. Of course, the results of the 10-question survey are being reviewed to find ways to implement customer suggestions and correct any problem areas. The survey continues on a month to month basis to gauge the utility's performance and to determine additional ways to improve our quality of service in the future.

Right: The Levelized Billing program helps make household budgeting easier for many customers by spreading annual energy costs more evenly over the course of the year.

Levelized Billing

Working to make our customers' lives a little easier was on our minds in 1992. KUA recently added a residential levelized billing program which is a feature long desired by many customers. The billing program benefits customers who have wide seasonal swings in consumption. The system levelizes these fluctuations in seasonal bills by averaging up to 12 months of consumption and applying the current electric rate to the average consumption. There is no true up at the end of the year because the levelized billing program makes adjustments itself each month.

Left: KUA continues its Customer Service phone surveys on a month to month basis to gauge the utility's performance and to determine additional ways to improve our quality of service in the future.

For our customers this means helping them avoid the highs and lows in electric bills from one month or season to the next and helping make their household budgeting easier to manage by spreading annual energy costs more evenly over the course of the year.

Good Neighbor Program

Wouldn't this be a wonderful place if everyone was a Good Neighbor? KUA knows all about Good Neighbors because there are so many of them in our service area. In November 1991, KUA was pleased to introduce its Good Neighbor Program which is a voluntary customer contributory program developed to help KUA customers experiencing financial difficulty pay KUA utility bills in emergency situations.

Since that time, through the generosity of our customers, many families who faced a crisis were helped by the Good Neighbor Program. Most of these people were just struggling to make ends meet - - low income families, single parent families, or people experiencing a financial crisis due to an illness, unemployment, or unforeseen hardship. It can happen to anyone. A good job goes sour or a spouse gets sick, and suddenly people owe more than they have.

This program allows customers who can afford and want to help others make voluntary contributions to a special fund using the KUA utility bill as a vehicle to make these tax-deductible contributions.

While KUA has taken on the responsibility of developing and publicizing this program as well as collecting the funds, the utility actually serves as a pass-through agency. All program funds collected are transferred to the Human Services Council which is a United Way Funded Agency. This organization is responsible for administering the funds donated through the program. The Good Neighbor funds are then turned over to several local case management agencies whose counselors determine which KUA customers are eligible to receive funds from this program.

Since the program's inception, approximately $7,500 were contributed by generous KUA customers, and in turn, these funds have helped 52 households in need of financial assistance. Customers participating have the option of donating any amount, added as a line item on their bill, on a monthly basis, or they can contribute on a one-time basis.

Left: KUA's Energy Conservation Specialist performs approximately 550 - 600 free residential and commercial audits yearly to help our customers save money and use energy resources wisely.

Automated Phone System

AUTOMATION! That's a word being heard over and over again in recent years. Everyone is certainly familiar with the continued penetration of computers into our everyday lives, both at work and at home. Many times, automation can serve to make life easier for people, such as KUA customers, which was our primary objective when planning for and installing KUA's new phone system in 1992.

The KUA, like most utilities our size, receives an enormous volume of calls on a daily basis. In fact, last year, KUA Switchboard Operators answered over 120 thousand calls. Because of new facilities built in 1992 and the increased need to network all KUA facilities together into one common communication system, it was determined that the most economically feasible approach would be to purchase a new system. This new system was designed to take advantage of the latest technology in the area of "automated phone system."

Each caller is now offered a selection of various choices from a menu. They can listen to information such as how to connect a new service or terminate an existing service. Another choice enables the caller to listen to a listing of all available job opportunities open at KUA. Now callers can find out this type of information any hour of the day, any day of the week. Other functions of the system allow callers to select the person or department they wish to speak with without having to be transferred by a main operator.

This new system offers many other capabilities that we will continue to implement and refine in the future. These functions will enable us to provide the utmost in convenience for our customers and employees, in turn making KUA communication as efficient as possible.

KUA Employee Dedication To This Area Doesn't Stop When The Work Day Ends

KUA achieves its high standards set for itself because of the hard work and dedication of our 234 employees. At every level of responsibility, our people deserve a great deal of credit for their professionalism, performance, and spirit. These same attributes are the ingredients of KUA's achievements and the basis for our confidence and commitment to the future.

Our future is likely to prove a period of even greater and faster growth and development. Our customers can have great confidence in the leadership in place to steer this utility through the fledgling years of this decade, as well as through subsequent decades to come. KUA takes pride that personnel attrition for 1992 was only 3%, reinforcing the fact that KUA is a solid company whose current position is one of strength. Employee benefits, such as health and life insurance and a non-contributory Pension Plan, are several of the many ways KUA serves its employees, showing them they make the positive difference. KUA employees are dedicated to KUA while KUA is dedicated to its employees; in turn, both are dedicated to serving our customers and community.

Not only does KUA believe it's important to be in touch with our customers' ideas and suggestions, KUA listens to its employees. As a result, the KUA Board of Directors approved a program in 1992 designed to encourage and reward employees who submit suggestions through the company's Employees' Suggestion Program that save KUA money. Under this program, an employee can receive a maximum of $500 for an implemented idea.

Not only are KUA employees committed to making this company a more efficient organization, but the same dedication is given back to the community served. We, at KUA, achieve the quality advantage by possessing the attitude that serving this community goes beyond the workplace. Our management team and employees alike believe they have a responsibility to give their time and talent back to this area in which they live.

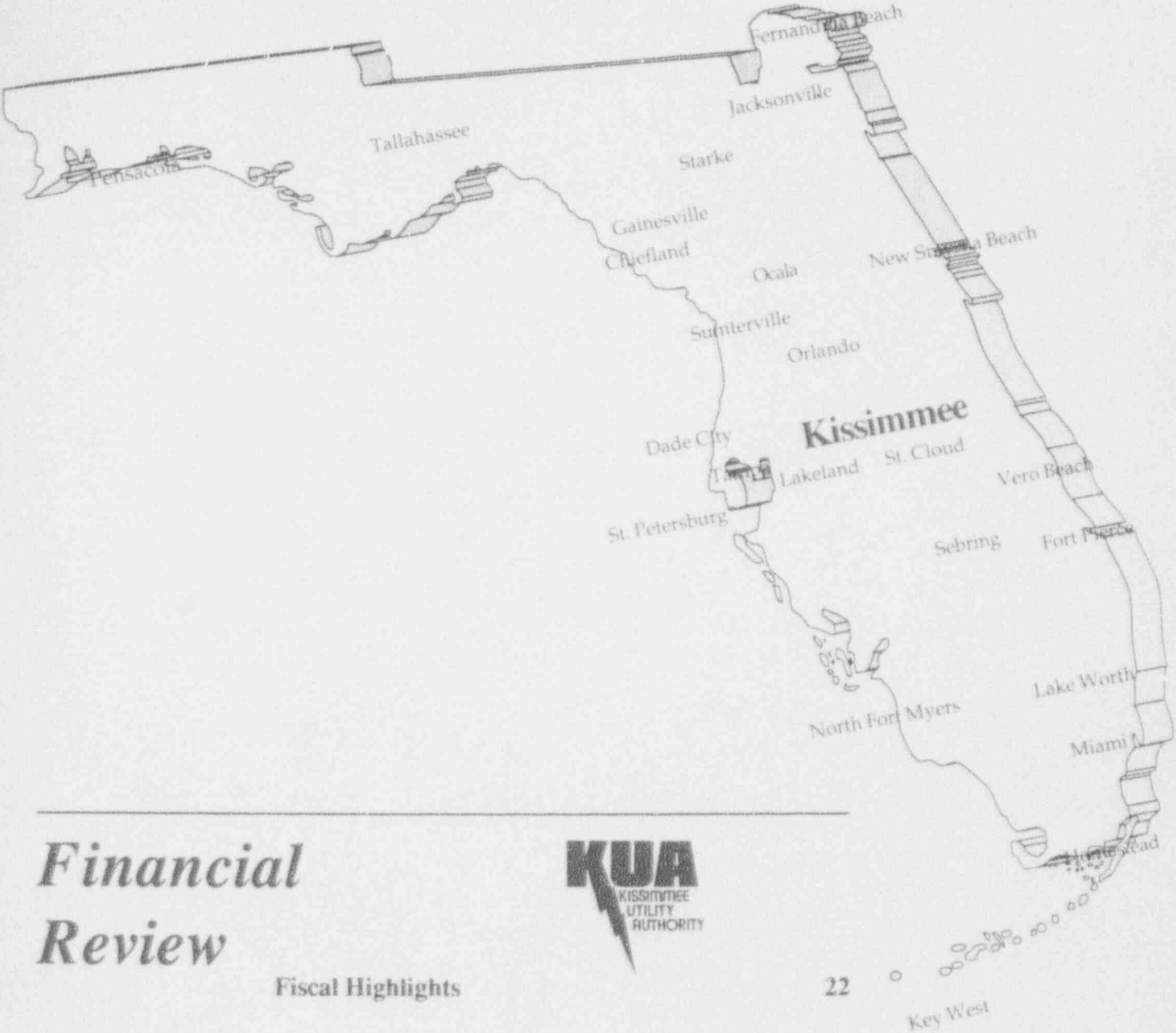
__Above:__ KUA has invested in the future because today's children are tomorrow's customers. __Below:__ KUA Line Crews spent three months in Homestead, Florida, restoring power and hope to the victims of Hurricane Andrew. KUA was one of the first of neighboring utilities on the scene to offer assistance.

1992 placed KUA as a Pacesetter company for the Heart of Florida United Way campaign. Designated as an outstanding business leader, KUA conducted its drive early and as usual, KUA employees rallied to its most successful collection effort ever to support the cause.

KUA employees voluntarily worked hand-in-hand with the Osceola School District's Mentor Program, helping troubled teens understand the importance of staying in school. KUA employees proudly served in civic, charitable and community organizations. Through bi-annual, on-site blood drives to commitment to employee training in Osceola County's Quality Service seminars and Leadership Osceola County, KUA employees see such activities as a chance to return leadership, care, and support to a place we and our customers call home.

In addition, KUA was pleased to act as a good neighbor in August by sending several utility line crews and much equipment to the city of Homestead, Florida, to help restore and rebuild the area devastated by Hurricane Andrew. KUA employees also generously donated many supplies in collection efforts to be given to families in the South Florida area trying to rebuild their lives.

So, we look to 1993 with confidence and commitment. Employees with high standards working together to accomplish a multitude of feats can only form a company with the same high standards. While many challenges remain for us, we are optimistic about our prospects for the customers we currently serve, as well as our future customers who, though not concerned with the cost of electricity at this time, have their own houses to run - - dollhouses!



Financial Review

KUA
KISSIMMEE UTILITY AUTHORITY

Kissimmee Utility Authority Highlights

Electric Operations	September 30, 1992	1991	% Increase <Decrease>
(In Dollars)			
Operating Revenue	59,698,337	61,580,902	<3.1>
Total Operating Expenses			
Fuel and Purchased Power	25,897,849	24,750,507	4.6
Departmental Operations	14,444,707	12,776,624	13.1
Interest Revenues	3,243,508	3,850,156	<15.8>
Interest Expense	6,291,641	7,027,113	<10.5>
Debt Service Coverage	2.61x	3.26x	<20.0>
Reinvested Earnings	31,828,113	9,748,842	226.5
Payments to other Governments	5,053,436	4,980,213	1.5
Utility Plant (Net)	101,151,763	97,774,105	3.5
Equity	94,911,194	63,083,081	50.5
Long-Term Debt	155,410,765	95,698,884	62.4
Total Assets	271,844,102	173,793,095	56.4
Total Retail Sales*	59,698,337	61,580,902	<7.3>
Residential	28,629,076	29,704,304	<7.5>
Commercial/Industrial	31,069,261	31,876,598	<7.1>
System Peak Demand (MW)	169	157	7.6
Total Energy Sales (MWH)	698,523	678,602	2.9
Residential (MWH)	334,985	327,332	2.3
Commercial/Industrial (MWH)	363,538	351,270	3.5
Average Monthly Accounts	36,282	34,632	4.8
Residential	29,706	28,913	2.7
Commercial/Industrial	6,576	5,719	15.0
Avg. Monthly Residential Usage (MWH)	11.277	11.321	<0.4>
Average Monthly Residential Sales	$ 964	$1,027	<9.9>
Annual Heating Degree Days	730	433	68.6
Annual Cooling Degree Days	2,840	3,392	<16.3>
Generation Fuel Mix (%):			
Natural Gas	54.2%	38.4%	41.2
Coal	38.3%	47.0%	<18.5>
Nuclear	7.5%	14.6%	<48.3>
Total Energy (MWH)	734,194	718,981	2.1
Net Generation (MWH)	351,020	275,431	27.4
Power Purchases (MWH)	391,227	443,781	<11.8>
Sales for Resale (MWH)	8,053	231	3386.1

* Annual sales per customer declined due to rate decrease

Coopers
&Lybrand

certified public accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors
Kissimmee Utility Authority

We have audited the accompanying balance sheets of the Kissimmee Utility Authority as of September 30, 1992 and 1991, and the related statements of revenue, expenses and changes in reinvested earnings, and cash flows for the years ended September 30, 1992 and 1991. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Kissimmee Utility Authority as of September 30, 1992 and 1991, and the results of its operations and its cash flow for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 3 to the financial statements, in October 1991 the Company changed its method of accounting to begin recognizing the effects of regulation. Accordingly, the Authority began to recognize the timing differences between the period costs are incurred and the period in which they are recognized for ratemaking purposes. Also, as discussed in Note 1 to the financial statements, in October 1990 the Company changed its method of accounting for contributed capital by reclassing the balance as a reduction of plant and began amortizing the contributions over the life of the related plant.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory and statistical sections, on which we express no opinion, are presented for purposes of additional analysis and are not a required part of the basic financial statements of Kissimmee Utility Authority.

Coopers & Lybrand

Tampa, Florida
November 25, 1992

KISSIMMEE UTILITY AUTHORITY
BALANCE SHEETS
FOR THE YEARS ENDED SEPTEMBER 30, 1992 AND 1991

ASSETS	1992	1991
UTILITY PLANT		
Property, plant and equipment	$ 134,998,221	$ 129,322,332
less: accumulated depreciation	(43,138,717)	(38,243,592)
	91,859,504	91,078,740
Construction in progress	8,788,015	6,244,445
Inventory – nuclear fuel	504,244	450,920
TOTAL UTILITY PLANT	101,151,763	97,774,105
RESTRICTED ASSETS		
Debt service – Investments	13,101,336	4,695,064
– Cash and cash equivalents	8,955,318	11,476,205
Construction – Cash and cash equivalents	43,131,232	1,500,000
Customer deposits – Cash and cash equivalents	1,994,425	1,847,543
TOTAL RESTRICTED ASSETS	67,182,311	19,518,812
DESIGNATED ASSETS		
Cash and cash equivalents designated for specific purposes	37,259,618	30,539,956
Deferred compensation plan assets	805,149	626,365
TOTAL DESIGNATED ASSETS	38,064,767	31,166,321
CURRENT ASSETS		
Cash and cash equivalents	11,556,236	11,213,934
Accounts receivable	6,897,594	7,987,343
less: allowance for doubtful accounts	(152,882)	(156,146)
Notes receivable	0	18,002
Inventory	4,581,701	5,055,932
Prepaid expenses	59,348	45,884
Due from other governments	105,936	101,998
Deferred cost of power adjustment	106,464	0
TOTAL CURRENT ASSETS	23,154,397	24,266,947
OTHER ASSETS		
Unamortized bond costs	2,252,106	1,066,910
Unamortized loss on reacquired debt	17,882,217	0
Costs to be recovered from future revenue	22,156,541	0
TOTAL OTHER ASSETS	42,290,864	1,066,910
TOTAL ASSETS	$ 271,844,102	$ 173,793,095

See accompanying notes.

CAPITALIZATION AND LIABILITIES	1992	1991
CAPITALIZATION		
Accumulated Reinvested Earnings – Reserved for debt service	$ 14,459,451	$ 10,503,230
– Unreserved	80,451,743	52,579,851
Total Reinvested Earnings	94,911,194	63,083,081
LIABILITIES		
LONG–TERM DEBT		
Revenue Bonds payable	160,030,000	100,625,000
less: unamortized bond discount	(4,619,235)	(4,926,116)
TOTAL LONG–TERM DEBT	155,410,765	95,698,884
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Current portion of revenue bonds	2,370,000	2,080,000
Accrued interest payable – revenue bonds	5,227,203	3,459,589
Customer advances for construction	557,886	678,756
Customer deposits	1,994,425	1,847,543
Other	1,500,000	0
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	11,649,514	8,065,888
DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)		
Due to employees under deferred compensation plan	805,149	626,365
Other	2,416,564	0
TOTAL DESIGNATED LIABILITIES (PAYABLE FROM DESIGNATED ASSETS)	3,221,713	626,365
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts payable	2,965,818	2,530,122
Due to other governments	2,248,437	1,917,289
Accrued taxes payable	439,054	544,170
Accrued salaries	73,156	190,406
Pension plan liability	446,718	264,866
Accumulated unused compensated absences	477,733	414,474
Deferred Cost of Power Adjustment	0	457,550
TOTAL CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	6,650,916	6,318,877
TOTAL LIABILITIES	176,932,908	110,710,014
TOTAL CAPITALIZATION AND LIABILITIES	$ 271,844,102	$ 173,793,095

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN REINVESTED EARNINGS
FOR THE YEARS ENDED SEPTEMBER 30, 1992 AND 1991

	1992	1991
OPERATING REVENUES		
Metered sales	$ 58,069,191	$ 60,246,709
Other operating revenues	1,629,146	1,334,193
TOTAL OPERATING REVENUES	59,698,337	61,580,902
OPERATING EXPENSES		
Power generation	15,509,218	11,741,774
Purchased power	17,171,119	18,000,904
Transmission/Distribution	2,859,893	3,170,438
Customer Services	2,059,411	2,341,973
Administrative and general	2,742,915	2,272,042
Intergovernmental transfers	5,053,436	4,980,213
Depreciation	6,562,968	6,435,691
Cost to be recovered fror future revenue	(1,945,783)	0
TOTAL OPERATING EXPENSES	50,013,177	48,943,035
OPERATING INCOME	9,685,160	12,637,867
NONOPERATING REVENUE (EXPENSES)		
Interest revenue	3,243,508	3,850,156
Interest expense	(6,291,641)	(7,027,113)
Other	(1,170,570)	(400,810)
TOTAL NONOPERATING REVENUE (EXPENSES)	(4,218,703)	(3,577,767)
EARNINGS BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	5,466,457	9,060,099
CUMULATIVE EFFECT OF ACCOUNTING CHANGES		
– Accounting for contributed capital, September 30, 1990		688,743
– Accounting for the effects of regulation, September 30, 1991	26,361,656	
REINVESTED EARNINGS	31,828,113	9,748,842
REINVESTED EARNINGS AT BEGINNING OF YEAR	63,083,081	53,334,239
REINVESTED EARNINGS AT END OF YEAR	$ 94,911,194	$ 63,083,081

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 1992 AND 1991

		1992		1991
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income	$	9,685,160	$	12,637,867
ADJUSTMENTS TO RECONCILE REINVESTED EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation and amortization		6,562,968		6,015,078
Cumulative effect of accounting change		0		688,743
Interest on customer deposits		(112,084)		(107,934)
Cost to be recovered from future revenue		(1,945,783)		0
CHANGES IN CURRENT ASSETS AND LIABILITIES:				
Accounts receivable, net of reserves		1,086,486		1,232,332
Inventory		474,231		(347,836)
Due from other governments		(3,938)		163,199
Deferred cost of power adjustment		(564,014)		1,648,935
Accounts payable		435,695		(23,460)
Due to other governments		331,148		(524,521)
Other assets		4,538		82,188
Other liabilities		348,411		436,239
Other designated liabilities		587,320		0
NET CASH PROVIDED BY OPERATING ACTIVITIES		16,890,138		21,900,830
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from issuance of revenue bonds		72,698,033		0
Acquisition of capital assets and nuclear fuel		(18,408,750)		(11,977,136)
Principal paid on revenue bonds		(2,080,000)		(1,645,000)
Interest paid on revenue bonds		(7,893,609)		(6,985,147)
Capital contributed by developers		797,389		1,451,002
Defeasance of bonds		(15,040,261)		0
NET CASH PROVIDED BY (USED IN) CAPITAL & RELATED FINANCING ACTIVITIES		30,072,802		(19,156,281)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities		(10,381,348)		0
Increase in deferred compensation plan assets		(178,784)		(192,364)
Proceeds from maturities of investment securities		2,028,527		4,457,443
Interest and dividends on investments		4,784,943		3,843,174
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		(3,746,662)		8,108,253
NET INCREASE IN CASH AND CASH EQUIVALENTS		43,216,278		10,852,802
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		56,577,638		45,724,836
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	99,793,916	$	56,577,638

See accompanying notes.

KISSIMMEE UTILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 1992 AND 1991

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity Definition: The accompanying financial statements present the financial position, results of operations and cash flows of the Kissimmee Utility Authority (KUA) in accordance with NCGA Statement No. 3, "Defining the Governmental Reporting Entity", and subsequent interpretation No. 7 clarifying the application of Statement No. 3. The reporting entity for the KUA includes all functions in which the Board of Directors exercise oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. As a result of applying the above reporting entity criteria, no other component units exist in which the KUA has any oversight responsibility which would require inclusion in the KUA's financial statements.

The KUA was created effective October 1, 1985 by the City of Kissimmee Ordinance #1285 adopted on February 19, 1985 and ratified by the voters on March 26, 1985. The KUA Board (the Board) has 6 members. The Mayor of the City of Kissimmee is a non-voting Ex-Officio member. The 5 voting members are nominated by the Board and ratified by the City Commission. The KUA has exclusive jurisdiction, control and management of the electric utility and the following factors indicate that the KUA is properly excluded from the City's financial statements:

1. Subsequent to Board appointments being ratified by the City Commission, there is no continuing relationship.
2. KUA management is selected by the Board.
3. The City has no authority to interfere with KUA's operation.
4. KUA is responsible for its financial affairs, including rate setting and the disposition of any surplus.
5. The City does not guarantee KUA's outstanding debt.

Regulation: According to existing laws of the State of Florida, the six members of the KUA act as the regulatory authority for the establishment of electric rates. The Florida Public Service Commission (FPSC) has authority to regulate the electric "rate structure" of municipal utilities in Florida. It is believed that "rate structures" are clearly distinguishable from the total amount of revenues which a particular utility may receive from rates, and that distinction has thus far been carefully made by the FPSC.

As noted above, the FPSC has jurisdiction to regulate electric "rate structures" of municipal utilities. In addition, the Florida Energy Efficiency and Conservation Act has given the FPSC exclusive authority to approve the construction of new power plants under the Florida Electrical

Power Plant Siting Act. The FPSC also exercises jurisdiction under the National Energy Act, including electric use conservation programs.

Operations of the KUA are subject to environmental regulations by federal, state and local authorities and to zoning regulations by local authorities. Federal and state standards and procedures that govern control of the environment can change. These changes can arise from continuing legislative, regulatory and judicial action respecting the standards and procedures. Therefore, there is no assurance that the units in operation, under construction, or contemplated will always remain subject to the regulations currently in effect or will always be in compliance with future regulations.

An inability to comply with environmental standards or deadlines could result in reduced operating levels or complete shutdown of individual electric generating units not in compliance. Furthermore, compliance with environmental standards or deadlines may substantially increase capital and operating costs.

Basis of Accounting: The KUA maintains its accounts on an accrual basis in accordance with generally accepted accounting principles. The accounts are substantially in conformity with accounting principles and methods prescribed by the Federal Energy Regulatory Commission and other regulatory authorities.

Budget: The Kissimmee Utility Authority is required by charter to adopt an Annual Budget. The Budget is adopted on a basis consistent with generally accepted accounting principles.

The Kissimmee Utility Authority follows these procedures in establishing the annual budget:

1. The General Manager submits to the Board of Directors a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the sources of funds to finance them.
2. During several workshops, which are open to the public, the staff and Board of Directors discuss and revise the submitted budget. A public hearing is conducted to obtain ratepayer comments.
3. The budget is approved by the Board of Directors and becomes the basis for operations for the ensuing fiscal year.

The General Manager is authorized to approve all budget transfers and all interdepartmental transfers are reported to the Board of Directors monthly. Budget amendments which increase the adopted budget are approved by the Board of Directors. Both budget transfers and budget amendments were made during the fiscal year. Operating expense budgets lapse at year end. Capital projects are budgeted for the project life rather than for the current fiscal year. The unexpended portion of project budgets do not lapse until the conclusion of the project.

Revenues: Kissimmee Utility Authority accrues base revenue for services rendered but unbilled to provide a closer matching of revenues and expenses.

Utility Plant: Property, plant and equipment are stated at cost when purchased or constructed. Depreciation is provided using the straight-line method. The estimated useful lives of the various classes of depreciable property, plant and equipment are as follows:

Production	13 1/3 to 33 1/3
Transmission	29 2/3 to 50
Distribution	12 1/3 to 33 1/3
General	6 2/3 to 33 1/10

The cost of maintenance and repairs, including renewal of minor items of property, is charged to operating expense as incurred. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to utility plant. The cost of units replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation.

Nuclear Fuel: Amortization of nuclear fuel is based on cost, which is prorated by fuel assembly batch in accordance with the thermal energy that each assembly produces. The KUA is currently paying 1 mill per Kwh for residual future disposal costs in addition to estimated labor and waste burial costs.

Inventories: Inventories are stated at the lower of cost or market, with cost determined using the weighted average cost basis.

Other Assets: Unamortized bond discounts and issuance costs on long-term debt are amortized over the life of the issue on a straight-line basis. The KUA considered the effective interest method of amortizing bond discounts and determined that no material difference results from the continued use of the straight-line method. Prior to October 1, 1991 the Authority recognized gains and losses on early extinguishment of debt in the period incurred. As of October 1991 unamortized gains or losses on refunded debt are amortized to income over the remaining life of the new debt consistent with the methods used for setting rates (See Note 3). Unamortized gains and losses on bond refundings have been netted for financial statement purposes.

Reserves: Reserves representing the excess of amounts provided for certain restricted asset accounts over the liabilities payable therefrom are established by a reservation of reinvested earnings. The restricted assets and liabilities are used to indicate a segregation of a portion of reinvested earnings equal to the net current assets that are restricted for meeting various covenants as may be specified and defined in the various revenue bond indentures. Usage of reserves has been limited to the following items:

Reserve for Bond Retirement - restricted for future servicing of the revenue bonds.
Reserve for Bond Asset Replacement - restricted for meeting of various contingencies as may be so specified and defined in the indenture (frequently referred to as renewal, replacement and improvement).

Designations: Certain designations are made in the financial records during the fiscal year to identify a portion of cash and investments intended to be used for specific purposes in a future period. Designated assets at September 30 are:

	1992	1991
Capital Improvements	$34,669,736	$ 28,600,419
Self Insurance	1,858,337	1,829,243
Deferred Compensation Plan Assets	805,149	626,365
Decommissioning (Note 12)	173,319	110,294
Operations & Maintenance	558,226	0
Total	$38,064,767	$31,166,321

Contributed Capital: Prior to October 1, 1990 the KUA recorded contributed capital directly to Total Capitalization. In October 1990 the KUA changed its method of accounting for contributed capital by reclassifying the balance as a reduction of Plant and amortizing the contributions over the life of the related plant. This method was adopted to conform with industry practices.

Deferred Cost of Power Adjustment: Deferred cost of power adjustment represents the KUA's cost of power adjustment revenues collected, but for which costs have not been incurred or costs that have been incurred, but for which cost of power adjustment revenues have not been collected.

Payments to the City of Kissimmee: By charter the Kissimmee Utility Authority is required to pay to the City of Kissimmee a minimum of $6.24 per 1,000 Kwh. This payment is treated as an operating and maintenance expense in the statement of revenue, expenses and cash flows.

Reclassification: For comparability purposes certain reclassifications have been made to the 1991 financial statements to conform with the 1992 financial statement presentation.

Cash and Cash Equivalents: Cash and cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and whose original maturity is three months or less. These consist of repurchase agreements, the State Board of Administration Pool and the carrying amount of KUA's deposits with financial institutions.

2. DEPOSITS AND INVESTMENTS

Florida Statutes, the KUA Charter and Investment Policies authorize the investment of excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the United States Government and certain instruments guaranteed by the U.S. Government. Investments may include repurchase agreements. Revenue Bond Covenants also restrict the type and maturities of investments in the required trust funds (See Note 9).

Investments (excluding deferred compensation plan assets) are recorded at cost, which approximates market. Deferred compensation plan assets are stated at market value (see Note 8). Adjustments are made to cost for any premiums or discounts. Premiums and discounts are amortized over the life of the investments using the straight-line method.

Investments must be in KUA's name and placed in a safety-deposit box in a bank or institution carrying adequate safety-deposit insurance or represented by bank trust receipts which enumerate the various securities held.

The Statutes also require depositories of public funds to provide collateral each month at least equal to 50 percent of the average daily balance of all public deposits in excess of deposit insurance. Any loss not covered by the pledged securities and deposit insurance would be assessed by the State Treasurer and paid by other qualified pubiic depositories.

At September 30, the carrying amount and market value of investments (in thousands of dollars) classified by category of credit risk were:

	CATEGORY OF RISK				
1992 (000's)	1	2	3	CARRYING AMOUNT	MARKET VALUE
Repurchase Agreements	$	$	$7,771	$ 7,771	$ 7,771
U.S. Govt. Securities		421		421	449
U.S. Instrumental Sec.	12,339			12,339	12,652
	$12,339	$421	$7,771	$20,531	$20,872
State Board of Administration Pool				94,667	94,667
Total Investments				$115,198	$115,539

	CATEGORY OF RISK				
1991 (000'S)	1	2	3	CARRYING AMOUNT	MARKET VALUE
Repurchase Agreements	$	$	$6,087	$ 6,087	$6,087
U.S. Govt. Securities		436		436	466
U.S. Instrumental Sec.	4,128			4,128	4,229
	$4,128	$ 436	$6,087	$10,651	$10,782
State Board of Administration Pool				50,437	50,437
Total Investments				$61,088	$61,219

Level of credit risk assigned to the above investments include:

- Category 1 - Insured or registered, with securities held by the Kissimmee Utility Authority or its agent in the Kissimmee Utility Authority's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Kissimmee Utility Authority's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent but not in the Kissimmee Utility Authority's name.

The investments in the State Board of Administration Pool (representing approximately 82 percent of total investments) is collateralized in accordance with Florida Statutes. All investments are delivered to the SBA's custody bank and held for the SBA's account according to their instructions.

Repurchase agreements result entirely from a banking services agreement requiring overnight repurchase agreements of securities guaranteed by the United States Government. During the year, the maximum repurchase agreement was $11,156,000 due to the proceeds from the Series 1991 bond issuance. At September 30, 1992 and 1991, the balance sheet also includes $341,653 and $130,567 respectively, of accrued interest on investments.

At September 30, 1992 and 1991 the carrying amount of KUA's deposits with financial institutions was ($131,088) and ($518,508) respectively, and the bank balance was $420,123 and $248,334 respectively. All bank balances are fully insured in accordance with Florida Statute 280, which established the multiple financial institution collateral pool.

3. COSTS TO BE RECOVERED FROM FUTURE REVENUE

KUA's electric rates are established based upon debt service and cash operating requirements. Depreciation and other non cash items are not considered in the cost of service calculation. This results in timing differences between when costs are included in the ratemaking process versus when costs are incurred. Prior to October 1, 1991 these differences were recognized currently in the determination of reinvested earnings. In October 1991 the Authority changed its method of accounting for the effects of the ratemaking process and began recognizing these items when they are included in the determination of rates. Costs to be recovered from future revenue consists principally of the difference between depreciation and the amortization of the gain and loss on bond refunding and the debt principal requirements included in the determination of rates. The recognition in income of outstanding amounts associated with costs to be recovered from future revenue will coincide with the inclusion of these accounts in rates charged to customers. This method was adopted in accordance with Statement of Financial Accounting Standards No. 71 "Accounting for the Effects of Certain Types of Regulation"

(SFAS 71) in order to reflect the economics of regulation in the determination of reinvested earnings. Accordingly, as part of this change in accounting the KUA began amortizing gains and losses on refunded debt over the remaining life of the new debt consistent with the methods used for setting rates.

The effect of the change in 1992 was to defer the loss on early extinguishments of debt and recognize a cost to be recovered from future revenue, increasing income before the cumulative effect of the change in accounting principal by approximately $2,258,694. The amount of costs to be recovered from future revenue related to years prior to October 1, 1991 was recorded as a cumulative effect adjustment. As a result of this change in accounting certain noncash transactions were recognized in property, plant and equipment, accumulated depreciation, designated liabilities, and other assets.

The proforma amounts below reflect reinvested earnings as if the current method had been in effect during the past two years.

	1992		1991	
	As Reported	Pro Forma	As Reported	Pro Forma
Cumulative Reinvested Earnings	$28,660,237	$2,298,581	$9,748,842	$9,510,731

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following:

	1992	1991
Nuclear Production	$ 4,609,541	$ 4,418,212
Steam Production	19,793,730	17,429,978
Other Production	40,128,764	43,097,858
Transmission Plant	20,970,984	21,454,602
Distribution Plant	33,711,764	33,338,980
General	15,783,438	9,582,702
SUBTOTAL	$134,998,221	$129,322,332
Less: Accumulated Depreciation	(43,138,717)	(38,243,592)
TOTAL	$ 91,859,504	$ 91,078,740

5. CONSTRUCTION PROJECT INTEREST COST

KUA capitalizes, as part of construction costs, interest earnings on monies held in the construction fund. Recognition of this item as a contribution to the utility plant is consistent with the current accounting adopted under Statement of Financial Accounting Standard 71, Accounting for the Effects of Certain Types of Regulation. KUA capitalized interest income of $1,799,075 in 1992. There was no interest capitalized in 1991.

On January 27, 1993 the Board of Directors elected to restructure the project funds to fund capitalized interest on the Kissimmee Utility Authority Electric System Improvement and Revenue Refunding Bonds, Series 1991. This election was effective beginning with the issuance of the bonds and will be effective during the construction period for the gas turbine at Cane Island. Because the Series 1991 is both a refunding and a new money issue, only 77% of the annual interest expense will be capitalized during the construction period. Accordingly, KUA capitalized $3,102,913 of interest expense for the year ending September 30, 1992.

6. PARTICIPATION AND POWER SUPPLY AGREEMENTS

Kissimmee Utility Authority is party to the following participation and power supply agreements at September 30, 1992:

A. **Cane Island Project (the Project):** During 1992, KUA entered into a Participation Agreement with Florida Municipal Power Agency (FMPA) for the joint construction, ownership and operation of KUA's Cane Island Project. The Project will be located at Cane Island, 14 miles west of KUA's existing service territory on 990 acres of land. The Project will be owned and operated by the KUA. The agreement contemplates a 50 percent ownership in generating facilities constructed on this site beginning with the first unit, a 40.6 MW combustine turbine, scheduled for completion in 1994. The second unit will be approximately 120 MW and is expected to be a combined cycle unit scheduled for completion in 1995. The total cost of the first unit is approximately $42 million including transmission facilities while the second unit is estimated to cost $121 million.

B. **Stanton Energy Center Unit No. 1 (SEC 1):** In 1984, the KUA entered into a Participation Agreement with Orlando Utilities Commission (OUC) to acquire a 4.8193% (20MW) undivided ownership interest in SEC 1 and to participate in the use of related common and external facilities. The capacity and energy of the KUA's ownership interest in SEC 1 is transmitted through OUC's transmission facilities to the KUA's transmission facilities. SEC 1 is part of the Stanton Energy Center, which involved the development of an approximately 3,200 acre plant site located approximately 20 miles northeast of the City of Kissimmee. In addition to SEC 1, the Stanton Energy Center is capable of accommodating three more units with a total capacity at the Stanton Energy Center of approximately 2000 MW. Each participant in the project financed their share of the cost independently and no liability exists for the debt service required by the other participants. KUA's benefit in the Agreement is the added availability of capacity and energy of the facilities through its participation in future energy purchased and it

does not otherwise maintain an ongoing financial interest or responsibility for the project. Stanton Energy Center began commercial operations on July 1, 1987. The KUA does not exercise significant influence or control over operating or financial policies of OUC.

C. <u>Crystal River Unit No. 3 (CR3):</u> In 1975, the KUA entered into a Participation Agreement with Florida Power Corporation (FPC) to purchase a .6754% undivided interest in their 806 net MW nuclear powered electric generating plant designated Crystal River Unit No. 3. The KUA is billed for its share of operating and capital costs. Capital costs are included in Property, Plant and Equipment and operating costs are included as power generation expenses. KUA's benefit in the Agreement is the added availability of capacity and energy of the facilities through its participation in future energy purchases and it does not otherwise maintain an ongoing financial interest or responsibility for the project. The KUA does not exercise significant influence or control over the operating or financial policies of FPC.

D. <u>Indian River Combustion Turbine:</u> In 1988, the KUA entered into a Participation Agreement with Orlando Utilities Commission (OUC) to acquire a 12.2% (11.7 MW) undivided ownership interest in the Indian River Combustion Turbine and participate in the use of related common and external facilities. Each participant in the project financed their share of the cost independently and no liability exists for the debt service required by the other participants. The KUA does not exercise significant influence or control over the operating or financial policies of OUC.

E. <u>Florida Municipal Power Agency (FMPA):</u> In 1981, the KUA entered into a Power Supply Acquisition Agreement with the FMPA. KUA is to receive approximately 7 MW of power from the St. Lucie nuclear power plant. Costs associated with this agreement are included in purchased power expenses.

Additionally, in 1991, the KUA entered into a second Power Supply Acquisition Agreement with the FMPA. KUA is to receive approximately 17 MW of power from the Stanton Energy Center Unit No. 2, which is scheduled to be brought on line in 1997. The participation cost will be included in purchased power expenses beginning in 1997. The KUA does not exercise significant influence or control over the operating or financial policies of FMPA.

In conjunction with the power supply agreements, KUA acquired its share of the Stanton Energy Center common facilities related to its ownership of SEC 1.

It has been determined that none of the participation agreements to which KUA is a party meet the criteria of a joint venture as specified by the National Council on Governmental Accounting Statement No. 7. The KUA lacks operational control over the SEC 1, CR3, Indian River and FMPA projects. No separate governing authority exists for any of the projects.

According to the participation agreements, each participant must provide its own financing and each participant share of expenses for operations of the plants are included in the corresponding operating expenses of its own income statement. The amounts of utility plant in service for CR3 and Indian River do not include the cost of common and external facilities for which participants pay user charges to the operating entity. Accumulated depreciation on utility plant in service is determined by each participant based on their depreciation methods and rates relating to their share of each plant.

Following is a summary of KUA's proportionate share of the non-operated jointly owned plants at September 30:

1992	SEC 1	CR3	INDIAN RIVER
Utility Plant in Service	$20,911,843	$4,609,541	$2,847,234
Less: Accum. Depreciation	(2,927,771)	(2,041,452)	(322,452)
Net Plant in Service	$17,984,072	$2,568,089	$2,524,782

1991	SEC 1	CR3	INDIAN RIVER
Utility Plant in Service	$17,429,978	$4,418,212	$2,678,954
Less: Accum. Depreciation	(2,009,261)	(1,775,467)	(241,630)
Net Plant in Service	$15,420,717	$ 2,642,745	$2,437,324

7. PENSIONS

The KUA employees participate in a multiple-employer cost sharing Retirement Plan for both employees of the City of Kissimmee and Kissimmee Utility Authority (The Plan). The Plan was established in 1968 and amended and restated in 1975 to cover substantially all full-time employees, except City police officers and firefighters. Annual costs of the pension plan are actuarially computed and include amortization of past service costs over a 30 to 40 year period beginning January 1, 1974. An actuarial study was conducted at January 1, 1992 and 1991.

The table below shows relevant data for the Plan as a whole and for KUA's portion where this was available:

TOTAL PLAN	1992	1991
Unfunded Accrued Liab.	$ 1,107,184	$ 2,046,680
Value of Assets	16,389,942	13,148,586
Vested Benefits	8,390,667	7,449,156
Nonvested Benefits	755,768	573,381
Normal Costs	1,059,731	851,406
Amort. of Unfunded Liab.	100,021	171,582
Interest Adjustment	86,981	76,724
Actuarial Funding Req.	1,246,733	1,099,712

KUA'S PORTION	1992	% OF TOTAL PLAN	1991	% OF TOTAL PLAN
Vested Benefits	$ 3,615,538	43.1		
		52.7	296.541	51.7
Normal Costs	508,272	48.0	393,539	46.2
Amort. of Unfunded Liab.	45,798	45.8	76,654	44.7
Interest Adjustment	41,554	47.8	35,264	46.0
Actuarial Funding Req.	595,624	47.8	505,457	46.0
		% OF COVERED PAYROLL		% OF COVERED PAYROLL
Covered Payroll	$ 5,279,393		$ 4,162,167	
Normal Cost	508,272	9.6	393,539	9.4
Amort. of Unfunded Liab.	45,798	.9	76,654	1.8
Employer Contributions	595,624	11.3	505,457	12.1

The Entry-Age Normal-Level Percentage of Pay actuarial cost method was utilized in the January 1, 1992 and 1991 valuations. The significant assumptions for this Plan are:

1. Life expectancy is calculated using the GA-1951 Male Mortality projected to 1965 by Scale C with a five-year set-back for females.
2. An interest return of 7.5% compounded annually.
3. A salary increase of 6% per year.

As of January 1, 1992, the plan included 485 employees at a total annual basic compensation of $11,318,003. Of these numbers, KUA employees were 199 at a total annual basic compensation of $5,279,393. The current year payroll for all KUA employees was $6,583,168. Membership in the Plan is comprised of the following:

Retirees receiving benefits	35
Beneficiaries receiving benefits	30
Vested terminated employees	14
Active employees:	
Fully vested	105
Partially vested	135
Nonvested	166
	485

Normal retirement eligibility is defined as attainment of age 65 and completion of 10 years of credited service. Eligibility for early retirement is attained at age 55 and completion of 10 years of credited service. The Plan also provides for disability retirement and a death benefit. KUA's contribution is calculated by the actuary based on membership. The administrative cost of the Plan is allocated proportionately between the City and KUA and paid separately. As of January 1, 1992, the pension benefit obligation was calculated as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 2,829,612
Accumulated employee contributions including allocated investment income	923,480
Employer Financed - vested	4,637,575
Employer Financed - nonvested	4,608,210
Total Pension Benefit Obligation	12,998,877
Less: Actuarial value of assets	16,389,942
Assets in excess of pension benefit obligation	$(3,391,065)

The actuarial assumptions used to compute contribution requirements were the same as those used to compute the pension benefit obligation. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among Public Employees Retirement System (PERS) and employers.

Historical trend information presenting the Retirement Plan's progress in accumulating sufficient assets to pay benefits when due is presented in Table 9 of the Statistical Section of this report.

8. DEFERRED COMPENSATION PLAN

The KUA offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are administered by the International City Managers Association (ICMA) and the United States Conference of Mayors (USCM). The plans, available to all KUA employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination or unforeseeable emergency (including death, retirement and disability).

The Internal Revenue Code section 457 requires that all amounts of compensation deferred, all property and rights purchased, and all income earned are (until paid or made available to employees or their beneficiaries) solely the property and rights of the KUA, subject only to the claims of the KUA's general creditors. Participants' rights under the plans are equal to those of general creditors of the KUA in an amount equal to the fair market value of the deferred account for each participant. Deferred Compensation accounts are stated at market value.

The ICMA and USCM are responsible for investment of funds, distribution of benefits and reporting to participants. The KUA believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

9. REVENUE BONDS OUTSTANDING

The Revenue Bond resolutions provide for:

A. <u>Establishment and maintenance of various funds:</u>

(1) Revenue Fund records all operating revenues and expenses of the system;
(2) Sinking Fund records principal and interest requirements;
(3) Bond Amortization Fund records funds held for the retirement of term bonds;
(4) Reserve Fund records funds held for the maximum annual debt service requirement;
(5) Renewal, Replacement and Improvement Fund is to be used only for making improvements, extensions and replacements to the system; and
(6) Construction Fund records the cost of major additions to the system financed by revenue bonds.

B. <u>Restrictions on the use of cash from operations in order of priority:</u>

(1) Deposits are made to the Revenue Fund to meet current operations according to the Budget;

(2) Deposits to the Sinking Fund Account are required on or before the 25th day of each month equal to one-sixth (1/6) of the interest coming due on the next semi-annual interest payment date and one-twelfth (1/12) of the principal coming due on the next principal payment date;

(3) Deposits to the Bond Amortization Fund are required on or before the 25th of each month equal to one-sixth (1/6) of the amortization installment coming due on the next semi-annual payment date;

(4) Deposits to the Reserve Fund are to be made when required to maintain the Fund at the reserve requirements (maximum annual debt service); and

(5) Deposits to the Renewal, Replacement and Improvement Fund are required each month in an amount equal to one-twelfth (1/12) of the adopted budget for that fund. The total annual deposit may not be less than 5% of the gross revenues for the preceding fiscal year after deducting 100% of the fuel expense and the energy component of purchased power expenses incurred in such preceding fiscal year. However, no such monthly deposit shall be required when the amount in such fund shall at least equal $1,500,000.

C. **Early redemption:**

The bond ordinance provides for early redemption of outstanding bonds, except original issue discount bonds, at call rates varying from 100% to 102% of the instruments' face value, dependent upon the call date. Original issue discount bonds may be redeemed early at call rates of 80% to 100% of the face value, dependent upon the call date.

D. **Investment restrictions:**

(1) Funds of the Sinking Fund, Bond Amortization Fund, Reserve Fund and Renewal, Replacement and Improvement Fund are required to be continuously secured in the same manner as municipal deposits of funds are required to be secured by the Laws of the State of Florida; and

(2) Monies on deposit in the Sinking Fund and the Bond Amortization Fund shall be invested only in direct obligation of, or obligations the principal of and interest on which are guaranteed by the United States of America and which do not permit redemption prior to maturity at the option of the Authority. Monies on deposit in the Revenue Fund, Reserve Fund and Renewal, Replacement and Improvement Fund may be invested as described above as well as in obligations rating an "A" or better from Moody's Investors Service, Inc., bank time deposits represented by certificates of deposit and bankers acceptances, repurchase

agreements, commercial paper which has the highest investment grade rating and shares of investment companies which invest principally in United States government securities.

Refunding and revenue bonds outstanding at September 30 consist of the following serial and term bonds:

DESCRIPTION	FINAL MATURITY	ORIGINAL AMOUNT	1992	1991
Refunding Revenue Bonds, Series 1982A 7.25% -7.75% 4/1;10/1	10/01/92	$71,500,000	$ 1,345,000	$ 2,605,000
Refunding Revenue Bonds, Series 1985 6.50% - 8.50% 4/1;10/1	10/01/17	$36,875,000	$21,580,000	$35,770,000
Electric Revenue Bonds, Series 1987 4.40% - 6.80% 4/1;10/1	10/01/12	$66,020,000	$63,925,000	$64,330,000
Improvements & Refunding Revenue Bonds, Series 1991 4.30%-6.60% 4/1;10/1	10/01/17	$75,550,000	$75,550,000	$0

In December 1991, the KUA issued $75,550,000 in Kissimmee Utility Authority Electric System Improvement and Revenue Refunding Bonds, Series 1991 (Series 1991). The proceeds, after payment of underwriting fees, insurance and other issuance costs, were used to advance refund $13,775,000 of outstanding Series 1985 (Note 11), finance a part of the cost of acquisition and construction of additions, extensions and improvements to the System, and fund the Reserve account.

10. CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions:

Transaction	1992	1991
Bonds Payable at Beginning of Year	$102,705,000	$104,350,000
Additions	75,550,000	0
Refunding	(13,775,000)	0
Retirements	(2,080,000)	(1,645,000)
Bonds Payable at End of Year	$162,400 000	$102,705,000

The annual long-term debt service requirements are as follows:

SEPTEMBER 30	1992	1991
1992	$ 11,776,669	$ 8,856,167
1993	12,820,018	8,838,229
1994	13,296,489	8,871,371
1995	12,786,735	8,847,977
1996	12,786,796	8,835,878
1997	12,767,923	8,819,397
1998-2002	63,723,740	43,267,629
2003-2007	63,698,083	41,920,230
2008-2012	70,554,524	41,158,670
2013-2017	72,286,666	22,508,850
Total	$346,497,643	$201,924,398
Less: Amt. Representing Interest	(184,097,643)	(99,219,398)
Total at Present Value	$162,400,000	$102,705,000

11. REFUNDED BONDS

The KUA refunds and defeases debt primarily as a means of reducing debt service, thereby postponing or reducing future electric rate adjustments. Outstanding serial bonds, which were refunded through the full cash defeasance method on January 4, 1978 and through the net cash defeasance method on February 25, 1982, January 25, 1983, December 31, 1985,

April 1, 1987 and December 18, 1991 follow:

ELECTRIC & WATER BOND ISSUES	1992	1991
1963	$ 470,000	$ 690,000
1967	650,000	740,000
1971	850,000	850,000
1971-A	305,000	345,000
1973	2,910,000	2,975,000
1975	2,950,000	3,045,000
ELECTRIC REVENUE BONDS		
1977 Series A	$ 16,515,000	$ 17,020,000
1979-A	2,270,000	2,330,000
1982	45,720,000	46,260,000
1982-A	67,250,000	68,510,000
1984	27,555,000	27,790,000
1985	13,775,000	0
	$173,085,000	$170,555,000

Since governmental obligations are held in escrow for the payment of principal and interest on these bonds, they are not liabilities to the KUA.

In December 1991, the Authority issued $75,550,000 in Kissimmee Utility Authority Electric System Improvement and Revenue Refunding Bonds, Series 1991 (Series 1991) with an average interest rate of 6.73% to advance refund $13,775,000 of outstanding Series 1985 with an interest rate of 8.403%. The KUA in effect reduced its aggregate debt service payments by $1,455,379 over the next 16 years and obtained an economic gain between the present value of the old debt and new debt service payments of $889,260. The loss on early extinguishment of $3,233,702 has been deferred and will be amortized to income over the remaining life of the new debt consistent with the methods used for setting rates (See Note 3).

12. COMMITMENTS AND CONTINGENT LIABILITIES

The KUA has made certain commitments in connection with its continuing capital improvements program. KUA estimates that capital expenditures for ongoing business during 1993 will be about $51,478,978, and approximately $86,518,730 for the years 1994 through 1997.

The KUA is involved in litigation arising during the normal course of its business. In the

opinion of management, the resolution of these matters will not have a material effect on the financial position of the company.

As stated in note six (6), the KUA entered into a Power Supply Acquisition Agreement with the Florida Municipal Power Agency (FMPA) in 1981. KUA contracted to receive approximately 7 MW of power from the St. Lucie nuclear power plant for the life of the plant. The amount of KUA's participation costs for 1992 and 1991 were $3,305,321 and $3,649,054 respectively. The participation costs for 1993 are expected to be $3,486,208. Future participation costs are not known at this time. Also, as stated in note six (6), the KUA entered into a second Power Supply Acquisition Agreement with the FMPA to receive approximately 17 MW of power from SEC 2. SEC 2 is still under construction and future participation costs are not known.

The KUA has purchase agreements with utilities whereby the KUA must pay capacity demand or reservation fees whether electricity or fuel is received from these utilities or not. The utilities involved and the charges paid are as follows:

	Expiration Date	Maximum Annual Commitment
Orlando Utilities Commission (OUC)	2019	$ 1,588,270
Florida Power Corporation (FPC)	1995	1,983,336
Tampa Electric Company (TECO)	1994	3,216,408
Florida Gas Transmission (FGT)	NONE	584,092
TOTAL		$ 7,372,106

Several of the contracts are flexible and allows KUA to contract more capacity for a short time if demand increases more sharply than anticipated, or if KUA's generating resources become unavailable. In such an event, the maximum annual commitment would increase in proportion to the increased capacity purchased. The charges paid to OUC, FPC and TECO are recorded as purchased power while charges paid to FGT are recorded as power generation expenses.

The KUA owns a portion of Florida Power Corporation's nuclear power plant at Crystal River, Florida. This plant is scheduled to be decommissioned beginning in the year 2015 and ending 2022. The KUA will be liable for approximately $861,000 in decommissioning costs in 1989 dollars. In June 1988, the Nuclear Regulatory Commission (NRC) required utilities to provide financial assurance that decommissioning funds would be sufficient and available when needed for NRC required decommissioning activities. On July 12, 1990 the KUA and the Florida Municipal Power Agency (FMPA) entered into an agreement whereby the FMPA would act as agent for the KUA and certain other Crystal River Unit 3 (CR3) participants to coordinate the administration of a trust fund. Contributions to this trust fund are not available to KUA for any other purpose except the decommissioning of CR3. KUA's balance in this Trust at September 30, 1992 and 1991 including interest earnings was $589,801 and $506,192, respectively. Future

contributions will be made to this trust account as needed based on updated cost estimates and trust fund earnings.

As a result of their ownership interest in CR3 and St. Lucie purchase power agreement the Authority is subject to the Price Anderson Act which was enacted to provide financial protection for the public in the event of a nuclear power plant accident. The first layer of financial protection was the purchase of $200 million of public liability insurance from pools of commercial insurers. The second layer of financial protection is provided under an industry retrospective payment plan. Under that plan, owners are subject to an assessment of $252 million per incident with provision for payment of such assessment to be made over time as necessary to limit the payment in any one year to no more than $40 million per incident. The Authority's share of these assessments would be approximately $1,702,000 and $270,000 respectively for CR3 and $1,925,000 and $305,000 respectively for St. Lucie.

KUA
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UTILITY
AUTHORITY

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