ORIGINAL

001684-TX

APPLICATION FORM
for

AUTHORITY TO PROVIDE ALTERNATIVE LOCAL EXCHANGE SERVICE WITHIN THE STATE OF FLORIDA

INSTRUCTIONS

1. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing alternate local exchange certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee.

2. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.

3. Use a separate sheet for each answer which will not fit the allocated space.

4. If you have questions about completing the form, contact.

Florida Public Service Commission
Division of Communications, Certification & Compliance Section
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866
(850) 413-6600

5. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of $250 made payable to the Florida Public Service Commission at the above address.

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1. This is an application for (check one):

   (X) Original authority (new company)

   ( ) Approval of transfer (to another certificated company)
   <u>Example</u>, a certificated company purchases an existing company and desires to retain the original certificate authority.

   ( ) Approval of assignment of existing certificate (to a non-certificated company)
   <u>Example</u>, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

   ( ) Approval of transfer of control (to another certificated company)
   <u>Example</u>, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

   Florida Municipal Power Agency

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who forwarded check:

3. A. National mailing address including street name, number, post office box, city, state, zip code, and <u>phone number</u>.

   8553 Commodity Circle
   Orlando, FL 32819 Phone: (407) 355-7767

   B. Florida mailing address including street name, number, post office box, city, state, zip code, and <u>phone number</u>.

   Same as 3 (A)

   C. Physical address of alternative local exchange service in Florida including street name, number, post office box, city, state, zip code, and <u>phone number</u>.

   Same as 3 (A)

4. Structure of organization:

( ) Individual
( ) Foreign Corporation
( ) General Partnership
( ) Joint Venture
( ) Corporation
( ) Foreign Partnership
( ) Limited Partnership
(X) Other, Please explain Joint Action Agency

5. If incorporated, please provide proof from the Florida Secretary of State that the application has authority to operate in Florida.

Corporate charter number: FMPA is a governmental entity created by the Florida legislature. No incorporation is required.

6. Name under which the applicant will do business (d/b/a):

Florida Municipal Power Agency

7. If applicable, please provide proof of fictitious name (d/b/a) registration.

Fictitious name registration number: Not Applicable

8. If applicant is in individual, partnership, or joint venture, please give name, title and address of each legal entity.

Not Applicable

9. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceeding. If so, please explain.

No

10. Please provide the name, title, address, telephone number, internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

Thomas E. Reedy, P.E.
Director of Member Services
8553 Commodity Circle, Orlando, FL 32819

tom.reedy@fmpa.com
PH: (407) 355-7767
FX: (407) 355-5794

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

None

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

    No

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

    No

14. Please indicate how a customer can file a service complaint with your company.

    Service complaints can be filed either in writing, in person, or by telephone to Florida Municipal Power Agency.

15. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

    A. Financial capability. See Attached Financial Statements

    Regarding the showing of financial capability the following applies:

    The application should contain the applicant's financial statements for the most recent 3 years, including:

    1. the balance sheet

    2. income statement

    3. statement of retained earnings.

Further, a written explanation, which can include supporting documentation, regarding the following should be provided to show financial capability.

1. Please provide documentation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

2. Please provide documentation that the applicant has sufficient financial capability to maintain the requested service.

3. Please provide documentation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

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

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should attest that the financial statements are true and correct.

B Managerial capability.

Management expertise will be provided by Florida Municipal Power Agency.

C. Technical capability.

Technical expertise will be provided by Florida Municipal Power Agency.

AFFIDAVIT

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

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

Official: ______________________ October 21, 2000
Signature Date

Title: General Manager 407 355-7767
Telephone Number

Florida Municipal Power Agency

Address: 8553 Commodity Circle

Orlando

Florida 32819

FORM PSC/CMU 8 (07/95)
Required by Chapter 364.337 F.S.

Combining Financial Statements, Supplementary Information and Compliance Reports

Florida Municipal Power Agency

Year Ended September 30, 1999
with Report of Independent Auditors

Florida Municipal Power Agency

Combining Financial Statements,
Supplementary Information
and Compliance Reports

Year Ended September 30, 1999

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ERNST & YOUNG LLP
Certified Public Accountants
Suite 1700
390 North Orange Avenue
Orlando, Florida 32801-1671
Phone: 407 872 6600

Report of Independent Auditors

Executive Committee and the Board of Directors
Florida Municipal Power Agency
Orlando, Florida

We have audited the accompanying combining balance sheet of the Florida Municipal Power Agency and its projects (Agency) as of September 30, 1999, and the related combining statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *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 combining financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combining financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combining financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of the Florida Municipal Power Agency and its projects as of September 30, 1999, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the combining financial statements of the Florida Municipal Power Agency, taken as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the combining financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the combining financial statements and, in our opinion, is fairly presented in all material respects in relation to the combining financial statements taken as a whole. The accompanying Five-Year Trend Analysis by Project included as other information in the table of contents has not been subjected to the procedures applied in the audit of the combining financial statements and, accordingly, we express no opinion on it.

The year 2000 supplementary information on page 23 is not a required part of the combining financial statements but is supplementary information required by the

Governmental Accounting Standards Board (GASB), and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because disclosure criteria specified by GASB Technical Bulletin No. 98-1 as amended are not sufficiently specific to permit us to perform procedures that would provide meaningful results. In addition, we do not provide assurance that the Agency is or will become year 2000 compliant, that the Agency's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Agency does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 19, 1999 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with laws, regulations and contracts.

Ernst + Young LLP

November 19, 1999

Combining Financial Statements

FLORIDA MUNICIPAL POWER AGENCY
COMBINING BALANCE SHEET
(thousands omitted)
September 30, 1999

ASSETS	Agency	Pooled Loan Project	St. Lucie Project
Utility Plant:			
Electric plant			$ 177,725
General plant	$ 1,869		14
Nuclear Fuel			6,522
	1,869		184,261
Less accumulated depreciation and amortization	1,161		76,875
Net utility plant in service	708		107,386
Construction work in progress	1,203		
Development projects in progress	826		
	2,737		107,386
Restricted Assets:			
Cash and cash equivalents		$ 43,215	18,448
Investments			33,220
Receivables		59,298	464
		102,513	52,132
Current Assets:			
Cash and cash equivalents	1,253		15,202
Investments			1,504
Receivables from participants	4,142		3,434
Other receivables	2,922		76
Spare parts inventory			
Fuel inventory			
Prepaid expenses	39		2,431
	8,356		22,647
Other Assets:			
Unamortized debt issuance costs	8		2,988
Net costs recoverable from future participant billings			74,856
Deferred charge nuclear fuel enrichment facilities			444
Advances to participants	859		
Unamortized loss on bond refundings			47,150
	867		125,438
Total Assets	$ 11,960	$ 102,513	$ 307,603
MEMBERS' EQUITY AND LIABILITIES			
Members' Equity:			
Member assessments and contributions	$ 2,725		
Retained earnings	3,495		
Total members' equity	6,220		
Long-Term Debt:			
Revenue bonds payable			$ 284,200
Commercial paper notes		$ 88,395	
Loans payable to Pooled Loan Project	4,170		
Unamortized discount on bonds			(8,074)
	4,170	88,395	276,126
Restricted Liabilities (Payable from Restricted Assets):			
Current portion of long-term debt payable		12,705	6,750
Current portion of loan payable to Pooled Loan Project			
Accrued interest on long-term debt		714	7,840
Accrued decommissioning expenses			12,390
		13,419	26,980
Current Liabilities:			
Current portion of loans payable to Pooled Loan Project	155		
Accounts payable	725	699	220
Amounts to be refunded to participants			2,603
Compensated absences	328		
Accrued expenses	185		1,230
Advances from participants	177		
	1,570	699	4,053
Other Liabilities:			
Deferred credit nuclear fuel enrichment facilities			444
Total liabilities	5,740	102,513	307,603
Total Members' Equity and Liabilities	$ 11,960	$ 102,513	$ 307,603

Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
$ 65,359	$ 161,576	$ 27,202	$ 158,823	$ 590,685
57	97	19	74	2,130
				6,522
65,416	161,673	27,221	158,897	599,337
20,202	29,700	8,391	17,204	153,533
45,214	131,973	18,830	141,693	445,804
	7,784			8,987
				826
45,214	139,757	18,830	141,693	455,617
3,446	10,998	3,083	16,354	95,544
6,348	10,739	3,635	15,285	69,227
48	21,878	29	275	81,992
9,842	43,615	6,747	31,914	246,763
7,546	22,439	3,020	11,556	61,016
3,425	1,992	502	6,295	13,718
1,651	19,751	722	2,555	32,255
166	727	4	24	3,919
	2,250			2,250
415	1,605	149	370	2,539
468	1,477	174	755	5,344
13,671	50,241	4,571	21,555	121,041
1,193	2,326	642	2,576	9,733
25,519	35,101	12,501	17,157	165,134
				444
				859
5,213	18,001	7,035	23,003	100,402
31,925	55,428	20,178	42,736	276,572
$ 100,652	$ 289,041	$ 50,326	$ 237,898	$ 1,099,993
				$ 2,725
				3,495
				6,220
$ 88,460	$ 195,045	$ 45,410	$ 242,670	855,785
				88,395
7,730	51,324	2,770		65,994
(2,039)	(4,364)	(1,581)	(13,773)	(29,831)
94,151	242,005	46,599	228,897	980,343
2,140	3,700	1,240	3,680	30,215
	650			650
1,046	4,978	1,290	4,662	20,530
				12,390
3,186	9,328	2,530	8,342	63,785
220		80		455
1,580	21,727	580	242	25,773
	15,797		410	18,810
				328
2	184	1	7	1,609
1,513		536		2,226
3,315	37,708	1,197	659	49,201
				444
100,652	289,041	50,326	237,898	1,093,773
$ 100,652	$ 289,041	$ 50,326	$ 237,898	$ 1,099,993

See accompanying notes to combining financial statements

FLORIDA MUNICIPAL POWER AGENCY
COMBINING STATEMENT OF INCOME AND RETAINED EARNINGS
(thousands omitted)
Year Ended September 30, 1999

	Agency	Pooled Loan Project	St Lucie Project
Operating Revenues:			
Billings to participants		$ 2,411	$ 37,773
Sales to others			2,431
Amounts to be recovered from (refunded to) participants		(392)	(2,603)
		2,019	37,601
Operating Expenses:			
Operation and maintenance			8,021
Fuel expense			
Nuclear fuel amortization			2,056
Spent fuel fees			502
Purchased power			2,263
Transmission services			741
General and administrative	$ 5,801		1,136
Depreciation	150		5,137
Decommissioning			1,011
	5,951		20,867
Amounts Capitalized to Development Projects or Charged to Other Projects	(6,006)		
Operating income	55	2,019	16,734
Other Income (Expense):			
Interest expense	(55)	(2,770)	(16,288)
Amortization of debt related costs			(2,368)
Investment income	88	751	1,413
Development fund fee	697		
Write off of development projects	(1,153)		
Capitalized Interest			
Net costs recoverable from future participant billings			509
Total other income (expense)	(423)	(2,019)	(16,734)
Net Loss	(368)		
Retained Earnings at Beginning of Year	3,863		
Retained Earnings at End of Year	$ 3,495	$ -	$ -

Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
$ 16,732	$ 217,702	$ 7,697	$ 26,068	$ 308,383
	2,800			5,231
204	(24,626)	68	(409)	(27,758)
16,936	195,876	7,765	25,659	285,856
1,887	3,547	738	3,154	17,347
7,306	36,362	2,689	10,722	57,079
				2,056
				502
	120,443			122,706
882	15,107	319	1,075	18,124
1,092	6,952	427	883	16,291
1,729	5,468	714	4,180	17,378
				1,011
12,896	187,879	4,887	20,014	252,494
				(6,006)
4,040	7,997	2,878	5,645	39,368
(4,610)	(11,752)	(2,821)	(11,850)	(50,146)
(246)	(845)	(405)	(967)	(4,831)
598	2,069	227	2,001	7,147
				697
				(1,153)
	2			2
218	2,529	121	5,171	8,548
(4,040)	(7,997)	(2,878)	(5,645)	(39,736)
				(368)
				3,863
$ -	$ -	$ -	$ -	$ 3,495

See accompanying notes to combining financial statements

FLORIDA MUNICIPAL POWER AGENCY
COMBINING STATEMENT OF CASH FLOWS
(thousands omitted)
Year Ended September 30, 1999

	Agency	Pooled Loan Project	St. Lucie Project
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating income	$ 55	$ 2,019	$ 16,734
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and decommissioning	150		6,148
Amortization - nuclear fuel			2,056
Changes in assets and liabilities:			
Net decrease in loans to participants		942	
Net (increase) decrease in receivables from particiants	(2,587)		(87)
Net (increase) decrease in inventory			
Net (increase) decrease in other receivables	365		(11)
Net (increase) decrease in prepaids	(4)		(748)
Net decrease in advances to participants	867		
Net increase in advances from participants			
Net increase (decrease) in accounts payable and accrued expenses	684	494	(182)
Net increase (decrease) in amounts to be refunded to participants			(481)
Net cash provided by (used in) operating activities	(470)	3,455	23,429
Cash Flows from Capital and Related Financing Activities:			
Principal payment on debt	(65)		(6,450)
Retirement of debt		(2,230)	
Proceeds of long-term debt	194	43,000	
Debt issuance costs	(4)		
Receipts for development fund	697		
Interest paid on long-term debt	(55)	(2,420)	(15,828)
Acquisition and construction of capital assets	(568)		(415)
Net cash provided by (used in) capital and related financing activities	199	38,350	(22,693)
Cash Flows from Investing Activities:			
Purchases of investment securities	(2,750)		(79,218)
Interest purchased on investment securities	(4)		(175)
Purchased interest received on investment securities	4		156
Proceeds from maturity/sales of investment securities	2,750		73,223
Interest on investments	83	401	2,806
Net cash provided by (used in) investing activities	83	401	(3,208)
Increase in Cash and Cash Equivalents	(188)	42,206	(2,472)
Cash and Cash Equivalents at Beginning of Year	1,441	1,009	36,122
Cash and Cash Equivalents at End of Year	$ 1,253	$ 43,215	$ 33,650
Unrestricted	$ 1,253		$ 15,202
Restricted		$ 43,215	18,448
	$ 1,253	$ 43,215	$ 33,650

Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
$ 4,040	$ 7,997	$ 2,878	$ 5,645	$ 39,368
1,729	5,468	714	4,180	18,389
				2,056
				942
16	(1,450)	(49)	(13)	(4,170)
506	564	180	(124)	1,126
39	(530)	24	(34)	(147)
19	346	(5)	(76)	(468)
				867
72		27	1,000	1,099
(124)	3,096	(39)	(663)	3,266
147	(1,901)	(335)	(880)	(3,450)
6,444	13,590	3,395	9,035	58,878
(2,225)	(4,185)	(1,265)	(3,505)	(17,695)
				(2,230)
	8,212			51,406
				(4)
				697
(4,546)	(11,584)	(2,717)	(11,291)	(48,441)
(638)	(6,686)	(19)	(176)	(8,502)
(7,409)	(14,243)	(4,001)	(14,972)	(24,769)
(48,838)	(102,345)	(21,352)	(108,139)	(362,642)
(58)	53	(10)	(46)	(240)
28	49	10	36	283
46,856	101,920	21,753	99,055	345,557
901	1,414	433	1,835	7,873
(1,111)	1,091	834	(7,259)	(9,169)
(2,076)	438	228	(13,196)	24,940
13,068	32,999	5,875	41,106	131,620
$ 10,992	$ 33,437	$ 6,103	$ 27,910	$ 156,560
$ 7,546	$ 22,439	$ 3,020	$ 11,556	$ 61,016
3,446	10,998	3,083	16,354	95,544
$ 10,992	$ 33,437	$ 6,103	$ 27,910	$ 156,560

See accompanying notes to combining financial statements

Florida Municipal Power Agency

Notes to Combining Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity: Florida Municipal Power Agency (FMPA) was created on February 24, 1978, pursuant to the terms of an Interlocal Agreement signed by the Governing Bodies of twenty-five Florida municipal corporations or utility commissions chartered by the State of Florida, all as provided in Florida Statutes Chapter 163.01, as amended (The Florida Interlocal Cooperation Act of 1969), and Florida Statutes Chapter 361, Part II, as amended (the Joint Power Act).

The Florida Interlocal Cooperation Act of 1969 (the Act) authorizes local government units to, among other things, enter together into mutually advantageous agreements which create separate legal entities for certain specified purposes. FMPA, as one such legal entity, is then authorized under the Joint Power Act to finance, acquire, construct, manage, operate or own electric power projects, or to accomplish these same purposes jointly with other public or private electric utilities. An amendment to the Act in 1985 and an amendment to the Interlocal Agreement in 1986 authorized FMPA to implement a pooled financing or borrowing program for electric, water, wastewater, waste, refuse disposal or gas projects of FMPA and its members.

Due to the diverse needs of municipal electric systems, FMPA established itself as a project-oriented agency. Under this structure, each Agency member has the option whether or not to participate in a project. Members may participate in more than one project. However, each of the Agency's projects is independent from the other, and the project bond resolutions specify that no revenues or funds available from one project can be used to pay the costs of any other project.

As of September 30, 1999, FMPA had 28 members. On September 24, 1999, Quincy became a member.

Basis of Accounting: All Agency and projects' accounting records are maintained on an accrual basis in accordance with generally accepted accounting principles applicable to proprietary funds and other governmental entities, that use proprietary fund accounting. In addition, St. Lucie, Stanton, All-Requirements, Tri-City and Stanton II Projects follow the Federal Energy Regulatory Commission's Uniform System of Accounts. In accordance with Governmental Accounting Standards No. 20, FMPA has elected not to follow FASB pronouncements issued subsequent to November 30, 1989 in accounting and reporting for its operations.

Fund Accounting: FMPA maintains its accounts on a fund basis in compliance with appropriate bond resolutions. FMPA operates its various projects in a manner similar to private business; therefore, operations of each project are accounted for as an enterprise fund. Inter-project transactions, revenues and expenses are not eliminated. The Agency accounts for general operations beneficial to all member systems and projects. The St. Lucie Project accounts for ownership interest in the St. Lucie Unit No. 2 nuclear generating facility. The Stanton Project and the Tri-City Project account for respective ownership interests in the Stanton Energy Center (SEC) Unit No. 1 coal-fired generation facility. The All-Requirements Project

1. Summary of Significant Accounting Policies (continued)

accounts for ownership interest in SEC Unit No. 1, SEC Unit No. 2, Indian River Combustion Turbine Units A, B, C and D, Cane Island Units No. 1 and No. 2, FMPA Key West Combustion Turbines No. 2 and No. 3, purchase of power for resale to the participants and equipment necessary for dispatching requirements. The Stanton II Project accounts for ownership interest in SEC Unit No. 2. The Pooled Loan Project accounts for operations of pooled financing of loans to other FMPA projects and member systems for utility related projects. Certain accounts within these funds are grouped and classified in the manner established by respective bond resolutions and/or debt instruments.

Utility Plant: Certain direct and indirect expenses allocable to FMPA's undivided ownership interests in the St. Lucie Project, Stanton Project, All-Requirements Project, Tri-City Project and Stanton II Project are capitalized as part of the cost of acquiring or constructing the respective utility plant. Direct and indirect expenses not associated with these projects are capitalized as part of the cost of development projects in progress in the Agency. Electric plant in service is depreciated on the straight-line basis at rates calculated to amortize cost over the assets' respective estimated useful lives. Depreciation begins when assets are placed into service. Estimated useful lives for electric utility plant assets from approximately 23 to 40 years. FMPA has adopted the policy of capitalizing net interest costs during the period of project construction (interest expense less interest earned on the investment of bond proceeds). Nuclear fuel is stated at cost and is amortized on the units of production basis.

Inventory: Coal and oil inventory is stated at weighted average cost. Spare parts inventory is related to All-Requirements Project Cane Island Power Plant Units.

Cash Equivalents: FMPA considers the following highly liquid investments (including restricted assets) to be cash equivalents: time deposits (not including certificates of deposit) and money market funds.

Investments: Investments are stated at fair value based on quoted market prices. The individual projects' investment portfolios at September 30, 1999 and for the year then ended included investment obligations of the U.S. Treasury, or its agencies, and commercial paper.

Debt Related Costs: Unamortized debt issuance costs are amortized on the bonds outstanding method for the St. Lucie Project, Stanton Project, All-Requirements Project, Tri-City Project and Stanton II Project. For the Agency, Stanton Project, All-Requirements Project and Tri-City Project loans from the Pooled Loan Project, such costs are amortized on the straight-line method, which approximates the effective interest method, over the life of the loan. Accounting gains and losses on refundings of bonds are deferred and amortized over the life of the refunding bonds or refunded bonds, whichever is less, using the straight-line method.

1. Summary of Significant Accounting Policies (continued)

Compensated Absences: Liabilities related to compensated absences are recognized as incurred in accordance with Governmental Accounting Standards Board Statement No. 16 and are included in accrued expenses.

Allocation of Agency Expenses: General and administrative operating expenses of the Agency are allocated based on direct labor hours to the St. Lucie Project, Stanton Project, All-Requirements Project, Tri-City Project, Stanton II Project, and Agency accounts for development projects in progress and advances to participants. General and administrative operating expenses of the Agency related to the Pooled Loan Project are recovered through a fixed fee from participants of the Pooled Loan Project which is paid to the Agency Fund.

Billings to Participants: Participant billings are designed to systematically provide revenue sufficient to recover "costs" (as defined in the St. Lucie Project, the Stanton Project, the All-Requirements Project, the Tri-City Project, and the Stanton II Project Bond Resolutions and the respective Power Supply, Power Sales and Project Support contracts). The rate methods for billings to participants are set by contract and actual rates are set in the budgeting process by the Board of Directors on an annual basis.

For the St. Lucie, Stanton, All-Requirements, Tri-City and Stanton II Projects, variances between current fiscal year billings and actual project costs are computed and, under the terms of the respective project contracts, any net excess is credited or deficiency is charged to future participant billings or may be paid to or from the rate stabilization account as approved by the Executive Committee. For the fiscal year ended September 30, 1999, these variances were classified in the financial statements as amounts to be recovered from (refunded to) participants.

Billings to Pooled Loan Project participants are designed to provide cash flows sufficient to pay principal and interest on outstanding debt and recover costs of operating the project.

Income Taxes: FMPA is exempt from federal and state income taxes.

2. Net Costs Recoverable from Future Participant Billings

Rates for power billings to participants are designed to provide, over the life of the project, full recovery of project "costs" as defined by the respective bond resolutions and project contracts. Rates are structured to systematically provide for the current debt service requirements, operating costs, and reserves as specified by the bond resolutions and project contracts. The current costs to be recovered from future revenues consist primarily of the difference between

2. Net Costs Recoverable from Future Participant Billings (continued)

depreciation and the debt principal requirements included in the rates. In accordance with Statement of Financial Accounting Standards No. 71, certain income and expense amounts which would be recognized during the current time period are deferred and not included in the determination of net income until such costs are recoverable through participant billings.

At September 30, 1999, this difference in timing has resulted in "net costs recoverable from future participant billings" as follows:

	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
			(thousands omitted)			
GAAP Items Not Included in Participant Billings:						
Interest funded by bond proceeds	$35,694	$41,289	$43,614	$12,425	$61,543	$194,565
Depreciation	79,167	18,669	28,645	7,847	15,374	149,702
Nuclear fuel amortization	41,193					41,193
Budget/actual variances from prior year participant billings	(2,797)	(4,096)	30	(2,051)	(4,685)	(13,599)
Amortization of debt issue costs and bond discount	36,891	6,464	11,071	5,655	10,798	70,879
Capitalized interest			(4,445)		(22,478)	(26,923)
Special funds drawdowns	57,229	24,301	18,629	11,040	8,684	119,883
	247,377	86,627	97,544	34,916	69,236	535,700
Bond Resolution Requirements Included in Participant Billings:						
Special funds deposits	89,500	13,859	15,958	5,439	14,468	139,224
Debt service principal	58,319	15,765	25,215	9,140	7,185	115,624
Investment income not available for operating purposes	24,702	31,484	21,270	7,836	30,426	115,718
	172,521	61,108	62,443	22,415	52,079	370,566
Net Costs Recoverable From Future Participant Billings	$74,856	$25,519	$35,101	$12,501	$17,157	$165,134

Special funds include the Reserve and Contingency Fund, Fuel Account (St. Lucie Project only), Debt Reduction Fund (Stanton & Stanton II), Working Capital and Rate Stabilization Account in the Operation and Maintenance Fund.

In order to provide a level rate structure to participants over the life of the project, various financings have provided for interest on bonds to be funded from bond proceeds for approximately two years subsequent to commercial operation of a project and for depreciation and additional borrowings associated with bond financings to be recovered through future principal payments.

3. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments consist of the following:

Deposits: At September 30, 1999, FMPA's deposits consisted of demand accounts and money market accounts which are authorized under FMPA ordinances and various bond resolutions. FMPA's demand deposits at September 30, 1999 were insured by Federal depository insurance or collateralized pursuant to the Public Depository Security Act of the State of Florida.

Investments: Investments at September 30, 1999 were insured or registered and held by FMPA or its agent in FMPA's name.

Following are the components of FMPA's total cash and cash equivalents and investments at their respective carrying amounts which approximate fair value at September 30, 1999:

	Restricted	Unrestricted	Totals
		(thousands omitted)	
Cash and cash equivalents	$ 95,544	$61,016	$156,560
Investments	69,227	13,718	82,945
	$164,771	$74,734	$239,505

	Agency	Pooled Loan Project	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
				(thousands omitted)				
U.S. Government/Agency Securities			$34,456	$ 9,334	$11,805	$ 4,088	$20,654	$ 80,337
Commercial Paper			268	439	926	49	926	2,608
Cash and cash equivalents	$1,253	$43,215	33,650	10,992	33,437	6,103	27,910	156,560
	$1,253	$43,215	$68,374	$20,765	$46,168	$10,240	$49,490	$239,505

4. Restricted Assets

Restricted assets at September 30, 1999 included the following:

	Pooled Loan Project	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
				(thousands omitted)			
Restricted Assets:							
Debt Reduction						$11,253	$ 11,253
Debt Service Funds	$ 1,024	$26,925	$6,896	$18,260	$5,064	18,026	76,195
Reserve & Contingency Funds		12,875	2,946	3,568	1,683	2,635	23,707
Decommissioning Fund		12,332					12,332
Project Fund	30,718						30,718
Revenue Fund	12,872						12,872
Loans Receivable	57,899*			21,787			79,686
	$102,513	$52,132	$9,842	$43,615	$6,747	$31,914	$246,763

* Net of undistributed proceeds of $30,496.

5. Long-Term Debt

Description and summary of long-term debt at September 30, 1999 is as follows:

Agency: The Agency has three loans payable to the Pooled Loan Project at September 30, 1999. Interest is payable monthly at a variable rate tied to the interest rates paid on Pooled Loan Project debt. Interest rates on the loans varied from 3.67% to 4.15% during the fiscal year ended September 30, 1999. The first loan balance is $370,000 and is due in twelve annual principal payments ranging from $20,000 to $45,000 with the final payment due November 1, 2010. The second loan balance is $955,000 and is due in fourteen annual principal payments ranging from $50,000 to $90,000 with final payment due July 1, 2013.

The Agency borrowed an additional $3,000,000 from the Pooled Loan Project on August 18, 1999. This borrowing is to pay for the construction of a new office building. Interest is the same as mentioned in above paragraph. This loan balance is $3,000,000 at September 30, 1999 and is due in twenty annual principal payments ranging from $85,000 to $220,000 with the final payment due July 1, 2019.

Pooled Loan Project:
Commercial Paper Notes: FMPA is authorized to issue up to $150,000,000 of commercial paper notes with the current credit provider. The Commercial Paper is issued for purpose of loaning the proceeds to FMPA members and to other FMPA projects. The respective loan agreements

5. Long-Term Debt (continued)

are equal in the aggregate to the principal of the current notes issued and are executed simultaneously with each note issue.

The current outstanding commercial paper notes total $101,100,000. The commercial paper notes bear interest at a rate which varies periodically, as determined by the dealer. Interest is paid periodically, ranging from 1 to 270 days. During the fiscal year ended September 30, 1999, interest rates ranged from 2.45% to 3.75%.

The commercial paper notes are further collateralized by an irrevocable long-term letter of credit with First Union National Bank, in an amount sufficient for payment of the outstanding principal plus 65 days accrued interest at an assumed rate of 10%. The letter of credit expires May 22, 2002, with an annual extension unless First Union gives notice during the 60 day period prior to May 22, 2002. At September 30, 1999, the fee paid on the letter of credit was 30 basis points on the amount of paper outstanding plus 10% for 65 days. Amounts payable to the bank under the letter of credit are due on demand and bear interest at the lower of prime rate plus 2% or the maximum rate permitted by law. There were no draws outstanding on the letter of credit at September 30, 1999.

St. Lucie Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1999
					(thousands omitted)
September 1992	Refunding Revenue Bonds, Series 1992	4.75%-5.70%	April 1 and October 1	October 1, 2021	$290,950

Early redemption of Series 1992 bonds is provided for at call rates of 102% to 100% beginning October 1, 2002.

Stanton Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1999
					(thousands omitted)
February 1991	Refunding Revenue Bond, Series 1991	5.70%-6.35%	April 1 and October 1	October 1, 2019	$32,210
August 1997	Variable Rate Demand Refunding Revenue Bonds, Series 1997	Varies Weekly	Monthly	October 1, 2019	58,390
					$90,600

5. Long-Term Debt (continued)

Early redemption of Series 1991 bonds is provided for at call rates of 101% to 100% beginning April 1, 2001.

Early redemption of Series 1997 bonds are subject to redemption prior to maturity at the election of FMPA, on any interest payment date, at call rates of 100%.

Loan Payable to Pooled Loan Project: The Stanton Project has a loan payable to the Pooled Loan Project with a balance of $7,950,000 at September 30, 1999. Interest is payable monthly at a variable rate tied to the interest rates paid on Pooled Loan Project debt. Interest rates on the loan varied from 3.67% to 4.15% during the fiscal year ended September 30, 1999. The loan payable balance is due in twenty annual principal payments ranging from $220,000 to $655,000, with the final payment due October 1, 2018. The loan is subordinate to other debt of the Project.

All-Requirements Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1999
					(thousands omitted)
May 1992	Revenue Bonds, Series 1992	5.60%-5.90%	April 1 and October 1	October 1, 2002	$ 4,115
December 1993	Revenue Bonds, Series 1993	4.05%-5.10%	April 1 and October 1	October 1, 2025	194,630
					$198,745

Early redemption of Series 1993 bonds is provided for at call rates of 101% to 100% beginning October 1, 2003.

Loan Payable to Pooled Loan Project: The All-Requirements Project has three loans payable to the Pooled Loan Project at September 30, 1999. Interest is payable monthly at a variable rate tied to the interest rates paid on the Pooled Loan Project debt. Interest rates on the loans varied from 3.67% to 4.15% during the fiscal year ended September 30, 1999. The first loan balance is $5,374,000 at September 30, 1999, and is due in fifteen annual principal payments ranging from $225,000 to $534,000 with the final payment due October 1, 2013. The second loan balance is $16,600,000 at September 30, 1999, and is due in twenty-three annual principal payments ranging from $425,000 to $1,125,000, with the final payment due October 1, 2029.

The All-Requirements Project borrowed an additional $30,000,000 on February 25, 1999. The purpose of this borrowing was to pay for one-half of the Project's share of building Cane Island Unit No. 3. This loan balance is $30,000,000 at September 30, 1999, and is due in twenty-three annual principal payments ranging from $45,000 to 7,540,000, with the final payment due October 1, 2029. These loans are subordinate to other debt of the Project.

5. Long-Term Debt (continued)

Tri-City Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1999
					(thousands omitted)
January 1992	Refunding Revenue Bonds, Series 1992	4.90%-6.00%	April 1 and October 1	October 1, 2019	$46,650

Early redemption of Series 1992 bonds is provided for at call rates of 102% to 100% beginning October 1, 2003.

Loan Payable to Pooled Loan Project: The Tri-City Project has a loan payable to the Pooled Loan Project with a balance of $2,850,000 at September 30, 1999. Interest is payable monthly at a variable rate tied to the interest rates paid on the Pooled Loan Project debt. Interest rates on the loan varied from 3.67% to 4.15% during the fiscal year ended September 30, 1999. The loan payable balance is due in twenty annual principal payments ranging from $80,000 to $235,000 with the final payment due October 1, 2018. This loan is subordinate to other debt of the Project.

Stanton II Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1999
					(thousands omitted)
June 1992	Revenue Bonds, Series 1992	5.50%-5.90%	April 1 and October 1	October 1, 2002	$ 12,465
October 1993	Refunding Revenue Bonds, Series 1993	4.05%-5.10%	April 1 and October 1	October 1, 2027	182,215
December 1997	Variable Rate Demand Subordinated Refunding Revenue Bonds, Series 1997	Varies Weekly	Monthly	October 1, 2027	51,670
					$246,350

Early redemption of Series 1992 bonds is provided for at call rates of 102% to 100% beginning October 1, 2002.

Early redemption of Series 1993 bonds is provided for at call rates of 102% to 100% beginning October 1, 2003.

5. Long-Term Debt (continued)

Early redemption of Series 1997 bonds is subject to redemption prior to maturity at the election of FMPA, on any interest payment date, at call rates of 100%.

Major Debt Provisions (All Projects): The bonds are special obligations of FMPA, payable solely from (1) revenues (as defined by the respective bond resolutions) after payment of operating expenses (as defined by the respective bond resolutions) and (2) other monies and securities pledged for payment thereof by the respective bond resolutions.

The respective resolutions require FMPA to deposit into special funds all proceeds of bonds issued and all revenues generated as a result of the projects' respective Power Sales and Project Support contracts or the Power Supply contract. The purpose of the individual funds is specifically defined in the respective bond resolutions.

Investments are generally restricted to those types described in Note 1. Additional restrictions applying to maturity dates are defined in the respective bond resolutions.

Defeased Debt: The following bonds have been defeased in substance. Since investments consisting of governmental obligations are held in escrow for payment of principal and interest, the bonds are not liabilities of FMPA. The principal balances of the defeased bonds at September 30, 1999 are as follows:

Original Issue Date	Description	Defeased Portion – Amount Originally Issued	Principal Balance Outstanding at September 30, 1999
			(thousands omitted)
May 1983	St. Lucie Project Revenue Bonds, Series 1983	$280,075	$26,185
February 1987	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 1987	$52,530	$ - 0 -
October 1991	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 1991	$28,410	$28,410
May 1992	All-Requirements Power Supply Project Revenue Bonds, Series 1992	$56,915	$56,915
June 1992	Stanton II Project Revenue Bonds, Series 1992	$154,475	$154,475
August 1997	Stanton Project Revenue Bonds, Series 1991	$54,585	$54,585
December 1997	Stanton II Project Revenue Bonds, Series 1992	$47,370	$47,370

5. Long-Term Debt (continued)

Annual Requirements: The annual debt service requirements to amortize all long-term bonded debt outstanding as of September 30, 1999 are as follows:

Fiscal Year Ending September 30	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
			(thousands omitted)			
2000	$ 22,430	$ 6,308	$ 13,662	$ 3,815	$ 14,931	$ 61,146
2001	22,428	6,519	13,664	3,820	14,892	61,323
2002	22,428	4,191	13,669	3,823	15,056	59,167
2003	22,430	4,190	13,665	3,826	11,190	55,301
2004	22,430	4,190	13,660	3,817	11,192	55,289
2005	22,429	4,191	13,667	3,818	11,191	55,296
2006	22,429	4,190	13,668	3,822	11,191	55,300
2007	22,433	4,190	13,669	3,813	11,189	55,294
2008	22,429	4,191	13,673	3,825	11,192	55,310
2009	22,428	4,190	13,678	3,815	11,192	55,303
2010	22,431	4,190	13,658	3,819	11,188	55,286
2011	22,429	4,190	13,674	3,818	11,190	55,301
2012	22,426	4,191	13,673	3,829	11,190	55,309
2013	22,426	4,190	13,665	3,816	17,636	61,733
2014	22,428	4,190	13,670	3,821	17,637	61,746
2015	22,430	4,191	13,671	3,817	17,634	61,743
2016	22,429	10,091	13,657	3,816	17,635	67,628
2017	22,428	10,091	13,674	3,827	17,633	67,653
2018	22,426	10,086	13,668	3,818	17,637	67,635
2019	22,426	68,476	13,659	3,819	17,637	126,017
2020	22,427		13,653		17,636	53,716
2021	22,429		13,656		17,635	53,720
2022			13,648		17,636	31,284
2023			13,647		17,634	31,281
2024			13,653		17,638	31,291
2025			13,652		17,632	31,284
2026					17,634	17,634
2027					69,267	69,267
Total Principal and Interest	493,429	170,236	355,253	76,394	472,945	1,568,257
Less Amount Representing Interest	209,229	81,776	160,208	30,984	230,275	712,472
Long Term Revenue Bonds Payable at September 30, 1999	$ 284,200	$88,460	$195,045	$45,410	$242,670	$ 855,785

6. Commitments

FMPA has entered into participation agreements for individual ownership of generating facilities as follows:

Project	Operating Utility	Joint Ownership Interest	Commercial Operation Date
St. Lucie	Florida Power & Light (FPL)	8.806% of St. Lucie Unit No. 2 nuclear generating plant	August 1983
Stanton	Orlando Utilities Commission (OUC)	14.8193% of Stanton Energy Center (SEC) Unit No. 1 coal-fired generating plant	July 1987
All-Requirements	OUC	6.506% of SEC Unit No. 1	July 1987
All-Requirements	OUC	5.1724% of SEC Unit No. 2	June 1996
All-Requirements	OUC	39% of Indian River Combustion Turbine Units A & B	A-June 1989 B-July 1989
All-Requirements	OUC	21% of Indian River Combustion Turbine Units C & D	C-August 1992 D-October 1992
All-Requirements	Kissimmee Utility Authority (KUA)	50% of Cane Island Combustion Turbine – Unit No. 1	January 1995
All-Requirements	KUA	50% of Cane Island Combined Cycle - Unit No. 2	June 1995
All-Requirements	KUA	50% of Cane Island Combined Cycle - Unit No. 3	June 2001*
Tri-City	OUC	5.3012% of SEC Unit No. 1	July 1987
Stanton II	OUC	23.2367% of SEC Unit No. 2	June 1996

*Expected commercial operation date

Operational control of the electric generation plants rests with the operating utility and includes the authority to enter into long-term purchase obligations with suppliers. Currently, the operating utilities are obligated under various long-term contracts with suppliers. As a joint owner, FMPA is liable under its participation agreements for its ownership interest of total construction and operating costs. The contracts with OUC include purchases of coal. Through participation with OUC, FMPA has minimum annual purchases of coal through 2006 as follows (in thousands of tons):

Project:	2000	2001	2002	2003	2004	2005	2006
Stanton Project	290	219	219	219	219	219	71
All-Requirements Project	229	173	173	173	173	173	56
Tri-City Project	104	78	78	78	78	78	25
Stanton II Project	455	344	344	344	344	344	112

6. Commitments (continued)

FMPA has entered into certain long-term contracts for transmission services for its projects. These amounts are recoverable from participants in the projects through the Power Sales and Project Support contracts and Power Supply contracts discussed below. FMPA has entered into Power Sales and Project Support contracts with each of the project participants' for entitlement shares aggregating 100% of FMPA's joint ownership interest above, or in the case of the All-Requirements Project, a Power Supply Contract providing for the participants total power requirements. Revenues received under these individual project contracts will be sufficient to pay all of the related project costs.

St. Lucie Project: FMPA has also entered into a Reliability Exchange Agreement and a Replacement Power Agreement with FPL. The Reliability Exchange Agreement results in FMPA exchanging 50% of its share of the output from St. Lucie Unit No. 2 for a like amount from St. Lucie Unit No. 1. The Replacement Power Agreement provides for replacement power and energy to be made available to FMPA if FPL voluntarily ceases to operate or reduces output from St. Lucie Unit No. 2 or St. Lucie Unit No. 1 for economic reasons or valley-load conditions.

The St. Lucie Project, as a joint owner of St. Lucie Unit No. 2, 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. As the first layer of financial protection, FPL has purchased $200 million of public liability insurance from pools of commercial insurers on behalf of all joint owners. The second layer of financial protection is provided under an industry retrospective payment plan. Under that plan, St. Lucie Unit No. 2 is subject to an assessment of $81.75 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 $10 million per incident. FMPA is liable for its ownership interest of any assessment made against St. Lucie Unit No. 2 under this plan.

The St. Lucie Project has recorded a liability of $444,260 and a related deferred charge for its estimated portion of the costs for the decommissioning and decontamination of the United States Department of Energy nuclear fuel enrichment facilities as provided for by the National Energy Policy Act of 1992 (Energy Act). The Energy Act states, among other things, that utilities with nuclear reactors will contribute an aggregate total of $150 million annually, based upon an assessment, for a period of 15 years, up to a total of $2.25 billion (in 1992 dollars), for such decommissioning and decontamination costs. The Energy Act also provides that these costs are a "necessary and reasonable current cost of fuel and shall be fully recoverable in rates in all jurisdictions in the same manner as other fuel costs." The St. Lucie Project intends to recover these deferred costs from its participants through existing revenues.

6. Commitments (continued)

U.S. Nuclear Regulatory Commission (NRC) regulations require that each licensee of a commercial nuclear power reactor furnish to the NRC certification of its financial capability to meet the costs of nuclear decommissioning at the end of the useful life of the licensee's facility. As a co-licensee of St. Lucie Unit No. 2, FMPA's St. Lucie Project is subject to these requirements and therefore has furnished certification of its financial capability to fund its share of the costs of decommissioning St. Lucie Unit No. 2. To satisfy the NRC's financial capability regulations, FMPA established an external trust fund (the "Decommissioning Trust") pursuant to a trust agreement with SunTrust Bank. FMPA's certification of financial capability requires that the St. Lucie Project make annual deposits to the Decommissioning Trust which, together with the investment earnings and amounts previously on deposit in the trust, are anticipated to result in sufficient funds being held in the Decommissioning Trust at the expiration of the current operating license for St. Lucie Unit No. 2 to meet the St. Lucie Project's share of the decommissioning. Based on a 1999 unit site-specific study, Unit No. 2 total decommissioning costs are estimated to be $2.781 million (in 1999 dollars). FMPA's share is estimated to be $244 million (in 1999 dollars). The Decommissioning Trust is irrevocable, and funds may be withdrawn from the trust solely for the purpose of paying the St. Lucie Project's share of the costs of nuclear decommissioning.

Under the NRC regulations, the Decommissioning Trust is required to be segregated from other FMPA assets and outside FMPA's administrative control. The St. Lucie Project is deemed to have incurred and paid decommissioning costs as monthly deposits are made to the Decommissioning Trust.

All-Requirements Project: FMPA supplies all of the power needs of the All-Requirements Project participants. In addition to its ownership of generating facilities, FMPA has entered into interchange and power purchase contracts with Florida Power Corporation, FPL, City of Lake Worth, Tampa Electric Company, Gainesville Regional Utilities, OUC and other utilities. A number of these contracts specify minimum annual capacity amounts which must be purchased by FMPA. In addition, the All-Requirements Project has a contract for delivery of natural gas to Cane Island Units 1 & 2. This contract expires in 2015. As discussed previously, these payments are recoverable as incurred from participants through the Power Supply Contract.

The All-Requirements Project also has a contract with Florida Gas Transmission (FGT) for firm gas transportation that is part of FGT's Phase 4 expansion in May 2001. All-Requirements' share is 12,500 mmbtu/day. This will be used mainly for Cane Island Unit 3 but can be used for other units. The All-Requirements Project has a take or pay contract with Florida Gas Utility for a 10-year firm supply of natural gas of 2,000 mcf/day.

On November 30, 1993, the gas turbine for Unit 1 at Cane Island was in the process of being delivered when it was struck and destroyed by an Amtrak train. KUA and FMPA were named as defendants (along with numerous other entities) in several personal injury and property

6. Commitments (continued)

damage lawsuits arising from the incident. The determination of responsibility for liability as opposed to a dollar amount for damages was tried first, and on November 21, 1996, the jury in the United States District Court, Middle District of Florida, found that neither FMPA nor KUA were negligent. The jury apportioned liability as follows, Rountree Transport and Rigging (the company hauling the turbine) 59%, CSX Transportation, Inc., 33%, and Amtrak 8%. Because of indemnity provisions in the Private Road Grade Crossing Agreement that KUA entered into with CSX, the court has ruled that FMPA and KUA are liable for CSX's negligence (FMPA is equally liable with KUA under the terms of their Participation Agreement). There is also a pending indemnity claim by Amtrak against FMPA and KUA based on the same Private Road Grade Crossing Agreement. These indemnity issues were heard by the trial court who ruled in favor of CSX and Amtrak. FMPA and KUA plan to appeal. The final outcome is undeterminable at this time.

In separate legal action, FMPA's liability insurance carrier at the time of the accident has filed suit in Circuit Court, Ninth Judicial Circuit, Orange County, Florida, claiming that the policies do not provide coverage for damages arising from the train-truck collision. The Circuit Court ruled on November 14, 1997 in favor of the insurance company. This issue was appealed and was decided by the Judicial Court of Appeals in favor of FMPA. FMPA has also brought suit against the insurance company who sold the liability insurance to FMPA, for failure to procure adequate liability insurance for FMPA. The Court ruled that FMPA is entitled to coverage and representation and Ohio Casualty has reimbursed FMPA for expenses incurred during the lawsuit as ordered by the court. It is the opinion of FMPA and its council that there is adequate insurance to cover the potential liability.

7. Capacity and Energy Sales Contract

Certain of the St. Lucie Project participants have entered into an agreement to sell capacity and energy to the All-Requirements Project. The All-Requirements Project has agreed to provide reserves and back-up capacity and energy for such sales. FMPA has been appointed agent in the administration of this contract.

8. Employee Benefits

Deferred Compensation and Money Purchase Plans: The Agency offers its full-time employees two plans for retirement: a deferred compensation plan in accordance with Internal Revenue Code Section 457 and a defined contribution pension (money purchase) plan under IRS Code Section 401(a). All full-time employees are vested immediately. Such contribution is based upon 10% of the individual's base gross payroll. Total payroll amounted to $2,553,841 for the fiscal year which approximates covered payroll.

The Agency's contribution may be made to either plan at the discretion of the employee. Additionally, an employee can contribute to the deferred compensation plan so that the combined contribution of the Agency and the employee does not exceed 25% of base gross

8. Employee Benefits (continued)

payroll or $8,000, whichever is less, on an annual basis. Assets of both plans are held by ICMA Retirement Corporation, plan administrator and trustee.

The Agency's expenses during fiscal year 1999 were $27,256 under the deferred compensation plan and $201,958 under the money purchase plan, totaling $229,214.

Funds from these plans are not available to employees until termination or retirement; however, funds from the deferred compensation plan are available in the event of an unforeseeable emergency and employees may borrow up to one-half of their balance in the 401(a).

The Agency has, in the past, reported assets and associated liability with the deferred compensation plan offered to Agency employees on the balance sheet. Due to a change in Internal Revenue Code 457, these assets are no longer property of the Agency and the fiduciary responsibility was transferred to the Plan's third-party administrator. As a result, these assets are not reported in the accompanying financial statements.

Other Post Employment Benefits: FMPA offers paid group health insurance to retiring full-time employees, age 65 or older with a minimum service of 10 years. This insurance is secondary to Medicare, for which the retiree must apply. Currently, FMPA has one retiree receiving this benefit. The cost to FMPA for fiscal year 1999 was approximately $2,691. Expenses for post retirement health care benefits are recognized as premiums are due.

9. Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public, and; or damage to property of others. The Agency has purchased commercial insurance to cover these various risks. There have been no significant reductions in insurance coverage, and settlements have not exceeded coverage in any of the past three fiscal years.

10. Subsequent Events

The Pooled Loan Project will retire $11,755,000 of commercial paper subsequent to year end.

FMPA has been involved in certain court proceedings as a plaintiff. Subsequent to year end, on October 21, 1999, a favorable settlement in principle has been reached and is in settlement negotiations.

Required Supplementary Information
September 30, 1999

Year 2000

The year 2000 issue is the result of shortcoming in many electronic data processing systems and other electronic equipment that may adversely affect the Agency's operations.

FMPA has completed an inventory of computer systems that may be affected by the year 2000 issue and that are necessary to conducting FMPA operations and has identified such systems as being financial reporting and payroll.

FMPA utilizes an outside company for its payroll and employee benefit system. This outside company is responsible for remediating this system. This company reports that their system has been assessed, remediated and tested and validated. FMPA has tested both the financial reporting system and the payroll software during Fiscal Year 1999.

There can be no assurance, however, that the Agency's systems, or its vendors' or providers' systems, will be year 2000 ready in a timely manner. Furthermore, even if the Agency's systems are year 2000 ready, there can be no assurance that the Agency will not be materially adversely affected by the disruptions or inaccuracy of data provided to the Agency by non-year 2000 ready third parties and the failure of the Agency's vendors and service providers to become year 2000 ready. This problem may be especially important considering that the Agency purchases its electricity from third parties and relies on the electrical transmission system of third parties to deliver this electricity to the appropriate delivery point.

Thus, while the Agency is undertaking reasonable and prudent measures necessary to avoid disruption of its services there can be no assurance that the year 2000 problem will not have a material effect on the Agency in the future.

Supplementary Information

FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF CHANGES IN PROJECT FUNDS AND ACCOUNTS
(thousands omitted)
Year Ended September 30, 1999

	September 30, 1998	Debt Proceeds
Pooled Loan Project		
Project Fund	$ 382	$ 43,000
Revenue Fund	108	
Debt Service Fund	519	
Principal Fund		
	$ 1,009	$ 43,000

	September 30, 1998	Debt Proceeds
St. Lucie Project		
Debt Service:		
Debt Service Account	$ 14,815	
Debt Service Reserve Account	14,259	
Reserve and Contingency:		
Renewal and Replacement Account	8,047	
Contingency Account	7,738	
Decommissioning Fund	11,632	
Operation and Maintenance Fund	10,266	
	$ 66,757	$ -

	September 30, 1998	Debt Proceeds
Stanton Project		
Debt Service:		
Debt Service Account	$ 3,626	
Debt Service Reserve Account	4,996	
Reserve and Contingency:		
Renewal and Replacement Account	2,533	
Contingency Account	1,169	
Cost Reduction Fund	881	
Operation and Maintenance Fund	7,696	
	$ 20,901	$ -

• Includes interest earnings applied to advances from participants for Stanton Project

Collections on Participant Billings	Investment Interest	Disbursements	Transfers	September 30, 1999
		$ (12,806)	$ (85)	$ 30,491
$ 2,288	$ 745	(376)	(2,371)	394
	6	(4,636)	4,686	575
13,985			(2,230)	11,755
$ 16,273	$ 751	$ (17,818)	$ -	$ 43,215
	$ 348	$ (22,279)	$ 21,706	$ 14,590
	(167)		(1,758)	12,334
	169		(2,366)	5,850
	219		(931)	7,026
	300		400	12,332
$ 38,853	363	(15,724)	(17,051)	16,707
$ 38,853	$ 1,232	$ (38,003)	$ -	$ 68,839
	$ 76	$ (6,263)	$ 5,726	$ 3,165
	87		(1,353)	3,730
	44		(621)	1,956
	32		(212)	989
	66		861	1,808
$ 16,867	95	(11,092)	(4,401)	9,165
$ 16,867	$ 400	$ (17,355)	$ -	$ 20,813

FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF CHANGES IN PROJECT FUNDS AND ACCOUNTS - CONTINUED
(thousands omitted)

Year Ended September 30, 1999

	September 30, 1998	Debt Proceeds
All-Requirements Project		
Construction Fund	$ 3,693	
Debt Service:		
Debt Service Account	8,833	
Debt Service Reserve Account	8,682	
Subordinate Debt Service	663	
Reserve and Contingency:		
Renewal and Replacement Account	1,832	
Contingency Account	1,551	
Operation and Maintenance Fund	20,509	
	$ 45,763	$ -
Tri-City Project		
Debt Service:		
Debt Service Account	$ 2,637	
Debt Service Reserve Account	2,503	
Reserve and Contingency:		
Renewal and Replacement Account	924	
Contingency Account	1,092	
Operation and Maintenance Fund	3,145	
	$ 10,301	$ -
Stanton II Project		
Construction Fund	$ 10,691	
Debt Service:		
Debt Service Account	22,909	
Debt Service Reserve Account	10,225	
Debt Reduction Fund	525	
Reserve and Contingency:		
Renewal and Replacement Account	545	
Contingency Account		
Cost Reduction Fund		
Operation and Maintenance Fund	7,513	
	$ 52,408	$ -

* Includes interest earnings applied to advances from participants for Tri-City Project

Collections on Participant Billings	Investment Interest	Disbursements	Transfers	September 30, 1999
	$ 13	$ (3,706)		$ -
	210	(13,592)	$ 13,227	8,678
	335		(121)	8,896
	18	(1,461)	1,465	685
	51		186	2,069
	53		(105)	1,499
$ 192,423	743	(174,592)	(14,652)	24,431
$ 192,423	$ 1,423	$ (193,351)	$ -	$ 46,258
	$ 55	$ (3,796)	$ 3,692	$ 2,588
	(25)			2,478
	25		(250)	699
	40		(150)	982
$ 7,721	143	(4,195)	(3,292)	3522
$ 7,721	$ 238	$ (7,991)	$ -	$ 10,269
	$ 547		$ (11,238)	$ -
	810	$ (14,749)	(1,301)	7,669
	133			10,358
$ 965	115		9,648	11,253
	31		1,057	1,633
	1		1,000	1,001
	19		10,885	10,904
26,212	302	(17,029)	(10,051)	6,947
$ 27,177	$ 1,958	$ (31,778)	$ -	$ 49,765

Florida Municipal Power Agency

Amounts Due (from) to Participants
Resulting from Budget/Actual Variances
(thousands omitted)

Year Ended September 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
St. Lucie Project			
Participant billing	$37,786	$37,773	$ (13)
Reliability exchange contract sales	2,647	2,431	(216)
Interest income	2,655	2,997	342
Transfer from rate stabilization	4,643	4,643	
	47,731	47,844	113
Provision for purchase of future fuel core	2,503	2,503	
Operation and maintenance	8,047	8,021	26
Spent fuel fees	654	502	152
Purchased power	2,978	2,263	715
Transmission service	895	741	154
General and administrative	2,410	1,136	1,274
Deposit to reserve and contingency	1,250	1,250	
Deposit to decommissioning	1,180	1,011	169
Transfer to working capital	750	750	
Transfer to rate stabilization	4,634	4,634	
Deposit to debt service fund	22,430	22,430	
	47,731	45,241	2,490
Net Due to Participants Resulting from Budget/Actual Variances	$ -	$ 2,603	$2,603
Stanton Project			
Participant billing	$17,298	$16,732	$(566)
Interest income	707	671	(36)
Transfer from rate stabilization	1,253	1,253	
	19,258	18,656	(602)
Operation and maintenance	9,699	9,193	506
Transmission service	988	882	106
General and administrative	823	1,092	(269)
Payments to Pooled Loan Project	578	523	55
Deposit to debt service fund	7,170	7,170	
	19,258	18,860	398
Net Due (from) Participants Resulting from Budget/Actual Variances	$ -	$ (204)	$(204)

Note - These schedules are prepared on a budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles. The Budget and Variance columns were not subjected to auditing procedures.

Florida Municipal Power Agency

Amounts Due (from) to Participants
Resulting from Budget/Actual Variances (continued)
(thousands omitted)

Year Ended September 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
All-Requirements Project			
Participant billing	$217,052	$220,502	$3,450
Interest income	1,908	1,398	(510)
Transfer from rate stabilization	500	500	
	219,460	222,400	2,940
Operation and maintenance	30,787	39,909	(9,122)
Purchased power	130,344	120,443	9,901
Transmission service	17,299	15,107	2,192
General and administrative	4,424	6,952	(2,528)
Deposit to reserve and contingency	220	220	
Deposit to debt service funds	13,110	13,656	(546)
Deposit to subordinate debt	1,910	1,487	423
	198,094	197,774	(320)
Net Due to Participants Resulting from Budget/Actual Variances	$ 21,366	$ 24,626	$3,260
Tri-City Project			
Participant billing	$8,001	$7,697	$(304)
Interest income	344	332	(12)
Transfer from rate stabilization	85	85	
	8,430	8,114	(316)
Operation and maintenance	3,652	3,427	225
Transmission service	328	319	9
General and administrative	406	427	(21)
Payments to Pooled Loan Project	223	188	35
Deposit to debt service fund	3,821	3,821	
	8,430	8,182	248
Net Due (from) Participants Resulting from Budget/Actual Variances	$ -	$ (68)	$ (68)

Note - These schedules are prepared on a budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles. The Budget and Variance columns were not subjected to auditing procedures.

Florida Municipal Power Agency

Amounts Due (from) to Participants
Resulting from Budget/Actual Variances (continued)

(thousands omitted)

Year Ended September 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Stanton II Project			
Participant billing	$26,708	$26,068	$(640)
Interest income	1,471	1,587	116
Transfer from Rate Stabilization	5,239	5,239	
	33,418	32,894	(524)
Operation and maintenance	14,686	13,876	810
Transmission service	1,116	1,075	41
General and administrative	965	883	82
Deposit to reserve & contingency	1,116	1,116	
Deposit to debt service fund	15,535	15,535	
	33,418	32,485	933
Net Due to Participants Resulting from Budget/Actual Variances	$ -	$ 409	$ 409

Note - These schedules are prepared on a budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles. The Budget and Variance columns were not subjected to auditing procedures.

Florida Municipal Power Agency

Account Balances Within the Operation and Maintenance Funds

(thousands omitted)

At September 30, 1999, the Operation and Maintenance Funds were held for the credit of the following accounts:

	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project
Operation and maintenance account	$ 3,157	$ 1,631	$17,658	$ 632	$ 2,506
Fuel account	3,381				
Rate stabilization account	3,479	3,860	5,729	2,748	8,862
Working capital account[1]	12,630	8,180	26,854	1,191	10,187
	$22,647	$13,671	$50,241	$4,571	$21,555

[1] Includes $3,084 prior year due to Participants pending application decision.

Compliance Reports

ERNST & YOUNG LLP

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Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements in Accordance With *Government Auditing Standards*

Executive Committee and the Board of Directors
Florida Municipal Power Agency
Orlando, Florida

We have audited the combining financial statements of the Florida Municipal Power Agency (the Agency), as of and for the year ended September 30, 1999, and have issued our report thereon dated November 19, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Internal Control over Financial Reporting

In planning and performing our audit, we considered Florida Municipal Power Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Agency in a separate letter dated November 19, 1999.

This report is intended solely for the information and use of the executive committee, board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

November 19, 1999

ERNST & YOUNG LLP

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Management Letter

Executive Committee and the Board of Directors
Florida Municipal Power Agency
Orlando, Florida

The purpose of this report is to provide observations and recommendations which could result in operational improvements and other efficiencies, and to disclose other items as required by the Rules of the Auditor General, State of Florida. The suggestions come as a result of our review and testing of the Agency's records and we believe merit your consideration.

Prior Year Comments and Recommendations

Reconciliation of Coal Inventory

Recommendation was implemented.

Information Systems

Policies and Procedures Manual

Recommendation was implemented.

Business Continuity Plan

Recommendation was implemented.

Year 2000 Issues

As you are well aware, the time remaining until the Year 2000 is growing short. The Year 2000 problem is very serious and complex, and it threatens virtually all areas of many organization's operations to some degree. An organization's operations could be significantly affected if it and its business partners do not effectively address this issue.

Our responsibility as your auditors is to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. As such, our audit of the Agency's financial statements is not designed to determine the Agency's readiness for the Year 2000. Further, we have no responsibility with regard to the Agency's efforts to make its systems, or any other systems, such as those of vendors, service providers, or any other

Prior Year Comments (continued)

Year 2000 Issues (continued)

third parties Year 2000 ready, or to provide assurance on whether the Agency has addressed or will be able to address all affected systems on a timely basis.

In conjunction with our audit, we made limited inquiries of management regarding the Agency's Year 2000 readiness plan. Based on our limited inquiries, management stated that the Agency has completed the majority of its year 2000 efforts and that contingency planning efforts are essentially complete as well. We recommend that management continues to fully support the Agency's year 2000 initiatives and closely monitor new developments and their potential impacts.

Management's Response

FMPA is aware of the Year 2000 issue as mentioned on page 23.

Data Access

The Agency does not utilize a formal IT policy for establishing or deleting users on both the network and financial application. In addition, passwords for access to the network are not required to periodically change as they are with the financial application.

Having formal policies will help ensure access to data is restricted to users that have a business need, and to the extent possible, segregation of duties are maintained. The security of a password diminishes over time and should be changed on a regular basis to decrease the risk of password sharing/guessing.

Management's Response

FMPA does not feel that changing passwords for access to the network is a major concern. The FMPA servers contain shared working spreadsheets or word processing files, which are backed up daily. Access to financial data is password protected and passwords are changed periodically. FMPA will establish a policy for adding or deleting users on its computer systems.

Net Cost Recoverable

Financial Accounting Standard No. 71, *Accounting for the Effects of Certain Types of Regulation*, allows utilities to set rates at levels intended to recover the estimated costs of providing services to participants. In order to ensure the systematic and full future recovery of such costs (deferred charges), it is important to utilize appropriate methodologies and assumptions to project their future recovery. Our review of the Agency's net cost recoverable projection schedules disclosed that four of the five schedules have been updated for current fiscal

Prior Year Comments (continued)

Net Cost Recoverable (continued)

year actual data, and contain projections of future period activity and the related recovery of deferred charges. We recommend that the Agency continue to update the net cost recoverable projection schedules each year for actual data and prepare projection schedules for the remaining project based on consistent and reasonable factors and assumptions.

Management's Response

FMPA will continue to update current information and assumptions for future additions/reductions in net costs recoverable. As mentioned in prior year's response, once complete this information will be updated annually.

Agency's Development Projects in Progress and Advances to Participants

Recommendation was implemented.

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Other Required Disclosures

Annual Financial Report of Units of Local Government

As of the date of this letter, the Florida Department of Banking and Finance has not yet mailed the annual financial report forms due to printer delays. Therefore, the Agency has not yet filed its annual financial report with the fiscal year ended September 30, 1999. However, our review of the information to be included in the annual financial report disclosed no material differences from the amounts included in the Agency's audited financial statements.

Name and Legal Authority for the Agency

The name and legal authority under which the Agency was formed are included in Note 1 to the financial statements.

State of Financial Emergency Disclosure

During the course of our audit, nothing came to our attention that would cause us to believe that the Agency is in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

Status of Prior Year Recommendations

The status of prior year recommendations is addressed above under the heading "prior year comments and recommendations."

Irregularities and Other Matters

The *Rules of the Auditor General* (Section 10.554(1)) require that we comment as to whether or not irregularities and certain other matters reported in the preceding annual financial audit report have been corrected. There were no irregularities or other such matters disclosed in the preceding audit report. Furthermore, there were no violations of laws, rules, regulations or contract provisions reported for the 1999 fiscal year.

This report is intended solely for the use of the Board of Directors, management, and the State of Florida Auditor General. However, this report is a matter of public record and its distribution is not limited.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Ernst + Young LLP

November 19, 1999

Other Information

Florida Municipal Power Agency

Five-Year Trend Analysis by Project
(see Independent Auditors' Report on Other Information)

	1999	1998	1997	1996	1995
	(thousands omitted except for MWH Sales and Average $MWH)				
St. Lucie Project					
Utility Plant	$107,386	$111,075	$117,732	$121,848	$125,922
Total Assets	307,603	313,399	317,049	318,759	324,261
Long-Term Debt	276,126	282,268	288,096	293,642	298,926
Total Liabilities	307,603	313,399	317,049	318,759	324,261
Billings to Participants	37,773	36,867	39,172	34,041	36,860
Sales to Others	2,431	2,383	2,438	2,702	2,781
Operating Revenues	40,204	39,250	41,610	36,743	39,641
Purchased Power	2,263	2,807	2,501	2,963	2,881
Production-Nuclear	8,523	7,113	8,166	9,486	6,626
Nuclear Fuel Amortization	2,056	2,454	2,600	2,208	3,168
Transmission	741	949	1,426	1,277	1,860
General & Administrative	1,136	1,231	2,027	2,352	1,796
Depreciation & Decommissioning	6,148	6,206	6,152	6,075	6,369
Operating Expenses	20,867	20,760	22,872	24,361	22,700
Net Operating Revenues	19,337	18,490	18,738	12,382	16,941
Investment Income	1,413	4,337	2,865	2,659	2,800
Interest Expense	16,288	15,977	16,883	17,145	17,379
Amortization & Other Expense	2,368	2,994	2,378	2,382	2,387
Other Expenses	18,656	18,971	19,261	19,527	19,766
Net Income (Loss)	2,094	3,856	2,342	(4,486)	(25)
Net Costs to be Recovered (Credited) in Future	509	(772)	513	4,293	825
Due From (To) Participants	(2,603)	(3,084)	(2,855)	193	(800)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	596,424	568,897	600,569	445,346	534,075
Average $/MWH Billed	$63.33	$64.80	$65.22	$76.44	$69.02

Florida Municipal Power Agency

Five-Year Trend Analysis by Project (continued)

(see Independent Auditors' Report on Other Information)

	1999	1998	1997	1996	1995
	(thousands omitted except for MWH Sales and Average $/MWH)				
Stanton Project					
Utility Plant	$45,214	$46,962	$48,421	$50,379	$51,953
Total Assets	100,652	104,587	107,051	102,915	103,121
Long-Term Debt	94,151	96,374	98,453	92,814	94,360
Total Liabilities	100,652	104,587	107,051	102,915	103,121
Billings to Participants	16,732	17,148	16,946	17,112	17,381
Operating Revenues	16,732	17,148	16,946	17,112	17,381
Production-Steam	1,887	2,054	1,687	2,307	2,387
Fuel Expense	7,306	7,513	7,542	7,776	6,899
Transmission	882	1,037	1,696	1,660	2,140
General & Administrative	1,092	781	786	938	1,146
Depreciation	1,729	1,721	1,889	1,692	1,690
Operating Expenses	12,896	13,106	13,600	14,373	14,262
Net Operating Revenues	3,836	4,042	3,346	2,739	3,119
Investment Income	598	1,292	1,078	1,178	1,298
Interest Expense	4,610	4,886	6,044	6,149	6,346
Amortization & Other Expense	246	551	66	34	36
Other Expenses	4,856	5,437	6,110	6,183	6,382
Net Income (Loss)	(422)	(103)	(1,686)	(2,266)	(1,965)
Net Costs to be Recovered in Future	218	160	1,661	3,086	2,863
Due From (To) Participants	204	(57)	25	(820)	(898)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	439,988	442,544	422,048	436,440	377,814
Average $/MWH Billed	$38.03	$38.75	$40.15	$39.21	$46.00

Florida Municipal Power Agency

Five-Year Trend Analysis by Project (continued)

(see Independent Auditors' Report on Other Information)

	1999	1998	1997	1996	1995
	(thousands omitted except for MWH Sales, Average $/MWH Billed and Cost $/MWH				
All-Requirements Project					
Utility Plant	$138,890	$137,674	$132,867	$135,434	$131,133
Total Assets	288,174	261,823	255,821	252,290	253,564
Long-Term Debt	242,005	216,071	219,964	206,237	217,592
Total Liabilities	288,174	261,823	255,821	252,290	253,564
Billings to Participants	217,702	195,247	135,007	122,527	118,037
Sales to Others	2,800	383			
Operating Revenues	220,502	195,630	135,007	122,527	118,037
Purchased Power	120,443	105,971	70,060	66,215	63,980
Production-Steam	3,547	3,952	3,579	3,516	2,550
Fuel Expense	36,362	31,369	21,392	13,561	7,273
Transmission	15,107	15,883	8,931	8,653	7,992
General & Administrative	6,952	4,156	4,200	3,199	3,799
Depreciation	5,468	4,912	4,953	2,030	2,776
Operating Expenses	187,879	166,243	113,115	97,174	88,370
Net Operating Revenues	32,623	29,387	21,892	25,353	29,667
Investment Income	2,069	2,294	3,131	2,847	3,301
Interest Expense	11,752	11,104	11,566	11,403	11,554
Amortization & Other Expense	843	1,140	1,033	625	(886)
Other Expenses	12,595	12,244	12,599	12,028	10,668
Net Income (Loss)	22,097	19,437	12,424	16,172	22,300
Net Costs to be Recovered in Future	2,529	2,715	2,982	3,221	2,719
Due (To) Participants	(24,626)	(22,152)	(15,406)	(19,393)	(25,019)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	4,216,516	3,829,971	2,539,426	2,271,828	2,078,611
Average $/MWH Billed	$51.63	$50.98	$53.16	$53.93	$56.79
Cost $/MWH	$45.79	$45.19	$47.10	$45.40	$44.75

Florida Municipal Power Agency

Five-Year Trend Analysis by Project (continued)

(see Independent Auditors' Report on Other Information)

	1999	1998	1997	1996	1995
	(thousands omitted except for MWH Sales and Average $/MWH)				
Tri-City Project					
Utility Plant	$18,830	$19,563	$20,168	$20,966	$21,625
Total Assets	50,326	51,834	52,900	54,021	54,512
Long-Term Debt	46,599	47,787	48,916	49,978	50,986
Total Liabilities	50,326	51,834	52,900	54,021	54,512
Billings to Participants	7,697	7,894	7,870	8,291	7,881
Operating Revenues	7,697	7,894	7,870	8,291	7,881
Production-Steam	738	668	604	826	854
Fuel Expense	2,689	2,584	2,656	3,091	2,927
Transmission	319	467	691	644	774
General & Administrative	427	234	331	368	575
Depreciation	714	711	773	700	700
Operating Expenses	4,887	4,664	5,055	5,629	5,830
Net Operating Revenues	2,810	3,230	2,815	2,662	2,051
Investment Income	227	638	475	478	529
Interest Expense	2,821	2,765	2,961	2,997	3,072
Amortization & Other Expense	405	541	407	408	409
Other Expenses	3,226	3,306	3,368	3,405	3,481
Net Income (Loss)	(189)	562	(78)	(265)	(901)
Net Costs to be Recovered (Credited) in Future	121	(227)	252	712	1,244
Due From (To) Participants	68	(335)	(174)	(447)	(343)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	162,077	152,551	150,756	175,556	160,817
Average $/MWH Billed	$47.49	$51.75	$52.20	$47.23	$49.01

Florida Municipal Power Agency

Five-Year Trend Analysis by Project (continued)
(see Independent Auditors' Report on Other Information)

	1999	1998	1997	(4 months) 1996
	(thousands omitted except for MWH Sales and Average $/MWH)			
Stanton II Project				
Utility Plant	$141,693	$145,697	$149,939	$152,433
Total Assets	237,898	242,872	237,501	237,234
Long-Term Debt	228,897	231,803	228,937	228,086
Total Liabilities	237,898	242,872	237,501	237,234
Billings to Participants	26,068	29,189	29,678	10,420
Operating Revenues	26,068	29,189	29,678	10,420
Production-Steam	3,154	2,701	2,537	418
Fuel Expense	10,722	12,804	12,310	4,337
Transmission	1,075	1,249	2,059	678
General & Administrative	883	642	679	180
Depreciation	4,180	4,173	4,145	1,433
Operating Expenses	20,014	21,569	21,730	7,046
Net Operating Revenues	6,054	7,620	7,948	3,374
Investment Income	2,001	3,154	2,670	3,266
Interest Expense	11,850	11,558	12,880	12,880
Amortization & Other Expense	967	1,779	811	(4,891)
Other Expenses	12,817	13,337	13,691	7,989
Net Income (Loss)	(4,762)	(2,563)	(3,073)	(1,349)
Net Costs to be Recovered in Future	5,171	3,853	4,526	3,291
Due (To) Participants	(409)	(1,290)	(1,453)	(1,942)
Total Income	$ -	$ -	$ -	$ -
MWH Sales	625,295	747,734	693,379	248,045
Average $/MWH Billed	$41.69	$39.04	$42.80	$42.00

Combining Financial Statements, Supplementary Information and Compliance Reports

Florida Municipal Power Agency

Year Ended September 30, 1998
with Report of Independent Auditors

Florida Municipal Power Agency

Combining Financial Statements,
Supplementary Information
and Compliance Reports

Year Ended September 30, 1998

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Report of Independent Auditors

Executive Committee and the Board of Directors
Florida Municipal Power Agency
Orlando, Florida

We have audited the accompanying combining balance sheet of the Florida Municipal Power Agency and its projects (Agency) as of September 30, 1998, and the related combining statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *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 combining financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combining financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combining financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the Year 2000 issue. The Agency has included such disclosures in Note 10. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Agency's disclosures with respect to the Year 2000 issue made in Note 10. Further, we do not provide assurance that the Agency is or will be Year 2000 ready, that the Agency's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Agency does business will be Year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, the combining financial statements referred to above present fairly, in all material respects, the financial position of the Florida Municipal Power Agency and its projects as of September 30, 1998, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 9 to the financial statements, during the year ended September 30, 1998, the Agency changed its method of accounting for investments by adopting Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.*

In accordance with *Government Auditing Standards,* we have also issued a report dated November 20, 1998 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with laws, regulations and contracts.

Ernst + Young LLP

November 20, 1998

Combining Financial Statements

FLORIDA MUNICIPAL POWER AGENCY
COMBINING BALANCE SHEET
(thousands omitted)
September 30, 1998

ASSETS	Agency	Pooled Loan Project	St. Lucie Project
Utility Plant:			
Electric plant			$ 177,508
General plant	$ 1,837		14
Nuclear Fuel			6,736
	1,837		184,258
Less accumulated depreciation and amortization	1,012		73,189
Net utility plant in service	825		111,069
Construction work in progress	667		6
Development projects in progress	2,886		
	4,378		111,075
Restricted Assets:			
Cash and cash equivalents		$ 1,009	26,815
Investments			29,150
Receivables		60,240	526
		61,249	56,491
Current Assets:			
Cash and cash equivalents	1,441		9,307
Investments			959
Receivables from participants	1,555		3,347
Other receivables	481		3
Spare parts inventory			
Fuel inventory			
Prepaid expenses	35		1,683
	3,512		15,299
Other Assets:			
Unamortized debt issuance costs	5		3,212
Net costs recoverable from future participant billings			77,431
Deferred charge nuclear fuel enrichment facilities			598
Advances to participants	815		
Unamortized loss on bond refundings			49,293
	820		130,534
Total Assets	$ 8,710	$ 61,249	$ 313,399
MEMBERS' EQUITY AND LIABILITIES			
Members' Equity:			
Member assessments and contributions	$ 2,725		
Retained earnings	3,864		
Total members' equity	6,589		
Long-Term Debt:			
Revenue bonds payable			$ 290,950
Commercial paper notes		$ 58,160	
Loans payable to Pooled Loan Project	1,325		
Unamortized discount on bonds			(8,682)
	1,325	58,160	282,268
Restricted Liabilities (Payable from Restricted Assets):			
Current portion of long-term debt payable		2,170	6,450
Current portion of loan payable to Pooled Loan Project			
Accrued interest on long-term debt		613	7,988
Accrued decommissioning expenses			11,379
		2,783	25,817
Current Liabilities:			
Current portion of loans payable to Pooled Loan Project	65		
Accounts payable	187	306	521
Amounts to be refunded to participants			3,084
Compensated absences	219		
Accrued expenses	148		1,111
Advances from participants	177		
	796	306	4,716
Other Liabilities:			
Deferred credit nuclear fuel enrichment facilities			598
Total liabilities	2,121	61,249	313,399
Total Members' Equity and Liabilities	$ 8,710	$ 61,249	$ 313,399

Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
$ 64,730	$ 150,863	$ 26,989	$ 158,266	$ 578,356
48	88	16	60	2,063
				6,736
64,778	150,951	27,005	158,326	587,155
18,473	24,230	7,677	13,024	137,605
46,305	126,721	19,328	145,302	449,550
657	10,953	235	395	12,913
				2,886
46,962	137,674	19,563	145,697	465,349
6,372	14,517	3,135	33,593	85,441
6,747	10,609	3,967	11,037	61,510
86	128	54	265	61,299
13,205	25,254	7,156	44,895	208,250
6,696	18,482	2,740	7,513	46,179
1,000	2,027	405		4,391
1,463	18,301	673	2,542	27,881
167	159	3		813
	1,850			1,850
921	2,569	329	246	4,065
487	1,823	169	679	4,876
10,734	45,211	4,319	10,980	90,055
1,261	2,419	694	2,735	10,326
25,357	32,572	12,715	13,277	161,352
				598
			1,000	1,815
7,068	18,693	7,387	24,288	106,729
33,686	53,684	20,796	41,300	280,820
$ 104,587	$ 261,823	$ 51,834	$ 242,872	$ 1,044,474
				$ 2,725
				3,864
				6,589
$ 90,600	$ 198,745	$ 46,650	$ 246,350	873,295
				58,160
7,950	21,974	2,850		34,099
(2,176)	(4,648)	(1,713)	(14,547)	(31,766)
96,374	216,071	47,787	231,803	933,788
2,020	3,560	1,190	3,505	18,895
	625			625
2,784	5,054	1,318	5,362	23,119
				11,379
4,804	9,239	2,508	8,867	54,018
205		75		345
1,701	18,464	618	910	22,707
57	17,698	335	1,290	22,464
				219
5	351	2	2	1,619
1,441		509		2,127
3,409	36,513	1,539	2,202	49,481
				598
104,587	261,823	51,834	242,872	1,037,885
$ 104,587	$ 261,823	$ 51,834	$ 242,872	$ 1,044,474

See accompanying notes to combining financial statements

FLORIDA MUNICIPAL POWER AGENCY
COMBINING STATEMENT OF INCOME AND RETAINED EARNINGS
(thousands omitted)
Year Ended September 30, 1998

	Agency	Pooled Loan Project	St Lucie Project
Operating Revenues:			
Billings to participants		$ 2,630	$ 36,867
Sales to others			2,383
Amounts to be refunded to participants		(70)	(3,084)
		2,560	36,166
Operating Expenses:			
Operation and maintenance			6,496
Fuel expense			
Nuclear fuel amortization			2,454
Spent fuel fees			617
Purchased power			2,807
Transmission services			949
General and administrative	$ 4,813		1,231
Depreciation	151		5,124
Decommissioning			1,082
	4,964		20,760
Amounts Capitalized to Development Projects or Charged to Other Projects	(4,991)		
Operating income	27	2,560	15,406
Other Income (Expense):			
Interest expense	(27)	(2,600)	(15,977)
Amortization of debt related costs			(2,994)
Investment income	92	40	4,337
Development fund fee	648		
Write off of development projects	(219)		
Net costs recoverable from (credit to) future participant billings			(772)
Total other income (expense)	494	(2,560)	(15,406)
Net Income	521		
Retained Earnings at Beginning Year	3,342		
Retained Earnings at End of Year	$ 3,863	$ -	$ -

Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
$ 17,148	$ 195,247	$ 7,894	$ 29,189	$ 288,975
	383			2,766
(57)	(22,152)	(335)	(1,290)	(26,988)
17,091	173,478	7,559	27,899	264,753
2,054	3,952	668	2,701	15,871
7,513	31,369	2,584	12,804	54,270
				2,454
				617
	105,971			108,778
1,037	15,883	467	1,249	19,585
781	4,156	234	642	11,857
1,721	4,912	711	4,173	16,792
				1,082
13,106	166,243	4,664	21,569	231,306
				(4,991)
3,985	7,235	2,895	6,330	38,438
(4,886)	(11,104)	(2,765)	(11,558)	(48,917)
(551)	(1,140)	(541)	(1,779)	(7,005)
1,292	2,294	638	3,154	11,847
				648
				(219)
160	2,715	(227)	3,853	5,729
(3,985)	(7,235)	(2,895)	(6,330)	(37,917)
				521
				3,342
$ -	$ -	$ -	$ -	$ 3,863

See accompanying notes to combining financial statements

FLORIDA MUNICIPAL POWER AGENCY
COMBINING STATEMENT OF CASH FLOWS
(thousands omitted)
Year Ended September 30, 1998

	Agency	Pooled Loan Project	St. Lucie Project
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating income	$ 27	$ 2,560	$ 15,406
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and decommissioning	151		6,206
Amortization - nuclear fuel			2,454
Changes in assets and liabilities:			
Net decrease in loans to participants		980	
Net (increase) decrease in receivables from particiants			200
Net (increase) decrease in inventory			
Net (increase) decrease in other receivables	(1,052)		(3)
Net (increase) decrease in prepaids	4		(275)
Net decrease in advances to participants	36		
Net decrease in advances from participants	(5)		
Net increase (decrease) in accounts payable and accrued expenses	(229)	69	809
Net increase (decrease) in amounts to be refunded to participants			229
Net cash provided by (used in) operating activities	(1,068)	3,609	25,026
Cash Flows from Capital and Related Financing Activities:			
Principal payment on debt	(42)		(6,180)
Retirement of debt		(2,060)	
Proceeds of long-term debt	618	1,000	
Debt issuance costs			
Receipts for development fund	400		
Interest paid on long-term debt	(27)	(2,009)	(16,113)
Acquisition and construction of capital assets	(770)		(353)
Net cash provided by (used in) capital and related financing activities	179	(3,069)	(22,646)
Cash Flows from Investing Activities:			
Purchases of investment securities	(6,150)		(103,329)
Interest purchased on investment securities			(121)
Purchased interest received on investment securities			106
Proceeds from maturity/sales of investment securities	8,442		116,106
Interest on investments	37	46	4,539
Net cash provided by investing activities	2,329	46	17,301
Increase in Cash and cash Equivalents	1,440	586	19,681
Cash and Cash Equivalents at Beginning of Year	1	423	16,441
Cash and Cash Equivalents at End of Year	$ 1,441	$ 1,009	$ 36,122
Unrestricted	$ 1,441		$ 9,307
Restricted		$ 1,009	26,815
	$ 1,441	$ 1,009	$ 36,122

Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
$ 3,985	$ 7,235	$ 2,895	$ 6,330	$ 38,438
1,721	4,912	711	4,173	17,874
				2,454
				980
70	(5,539)	12	87	(5,170)
(414)	(2,428)	(148)	95	(2,895)
122	(159)	120	133	(839)
(42)	(408)	(3)	17	(707)
				36
(63)		(20)		(88)
(658)	6,507	(117)	(184)	6,197
57	3,262	161	(163)	3,546
4,778	13,382	3,611	10,488	59,826
(2,100)	(3,970)	(1,200)		(13,492)
			(47,370)	(49,430)
			51,670	53,288
			(320)	(320)
				400
(4,734)	(11,192)	(2,791)	(12,223)	(49,089)
(351)	(8,766)	(109)	(2,991)	(13,340)
(7,185)	(23,928)	(4,100)	(11,234)	(71,983)
(64,881)	(154,483)	(22,278)	(180,946)	(532,067)
(197)	34	(14)	(15)	(313)
72	25	14	30	247
75,041	185,592	25,520	198,691	609,392
848	1,109	440	1,059	8,078
10,883	32,277	3,682	18,819	85,337
8,476	21,731	3,193	18,073	73,180
4,592	11,268	2,682	23,033	58,440
$ 13,068	$ 32,999	$ 5,875	$ 41,106	$ 131,620
$ 6,696	$ 18,482	$ 2,740	$ 7,513	$ 46,179
6,372	14,517	3,135	33,593	85,441
$ 13,068	$ 32,999	$ 5,875	$ 41,106	$ 131,620

See accompanying notes to combining financial statements

1. Summary of Significant Accounting Policies

Reporting Entity: Florida Municipal Power Agency (FMPA) was created on February 24, 1978, pursuant to the terms of an Interlocal Agreement signed by the Governing Bodies of twenty-five Florida municipal corporations or utility commissions chartered by the State of Florida, all as provided in Florida Statutes Chapter 163.01, as amended (The Florida Interlocal Cooperation Act of 1969), and Florida Statutes Chapter 361, Part II, as amended (the Joint Power Act).

The Florida Interlocal Cooperation Act of 1969 (the Act) authorizes local government units to, among other things, enter together into mutually advantageous agreements which create separate legal entities for certain specified purposes. FMPA, as one such legal entity, is then authorized under the Joint Power Act to finance, acquire, construct, manage, operate or own electric power projects, or to accomplish these same purposes jointly with other public or private electric utilities. An amendment to the Act in 1985 and an amendment to the Interlocal Agreement in 1986 authorized FMPA to implement a pooled financing or borrowing program for electric, water, wastewater, waste, refuse disposal or gas projects of FMPA and its members.

Due to the diverse needs of municipal electric systems, FMPA established itself as a project-oriented agency. Under this structure, each Agency member has the option whether or not to participate in a project. Members may participate in more than one project. However, each of the Agency's projects is independent from the other, and the project bond resolutions specify that no revenues or funds available from one project can be used to pay the costs of any other project.

As of September 30, 1998, FMPA had 27 members.

Basis of Accounting: All Agency and projects' accounting records are maintained on an accrual basis in accordance with generally accepted accounting principles applicable to proprietary funds and other governmental entities, that use proprietary fund accounting. In addition, St. Lucie, Stanton, All-Requirements, Tri-City and Stanton II Projects follow the Federal Energy Regulatory Commission's Uniform System of Accounts. In accordance with Governmental Accounting Standards No. 20, FMPA has elected not to follow FASB pronouncements issued subsequent to November 30, 1989 in accounting and reporting for its operations.

Fund Accounting: FMPA maintains its accounts on a fund basis in compliance with appropriate bond resolutions. FMPA operates its various projects in a manner similar to private business; therefore, operations of each project are accounted for as an enterprise fund. Inter-project transactions, revenues and expenses are not eliminated. The Agency accounts for general operations beneficial to all member systems and projects. The St. Lucie Project accounts for ownership interest in the St. Lucie Unit No. 2 nuclear generating facility. The Stanton Project and the Tri-City Project account for respective ownership interests in the Stanton Energy Center (SEC) Unit No. 1 coal-fired generation facility. The All-Requirements Project

1. Summary of Significant Accounting Policies (continued)

accounts for ownership interest in SEC Unit No. 1, SEC Unit No. 2, Indian River Combustion Turbine Units A, B, C and D, Cane Island Units No. 1 and No. 2, FMPA Key West Combustion Turbines No. 2 and No. 3, purchase of power for resale to the participants and equipment necessary for dispatching requirements. The Stanton II Project accounts for ownership interest in SEC Unit No. 2. The Pooled Loan Project accounts for operations of pooled financing of loans to other FMPA projects and member systems for utility related projects. Certain accounts within these funds are grouped and classified in the manner established by respective bond resolutions and/or debt instruments.

Utility Plant: Certain direct and indirect expenses allocable to FMPA's undivided ownership interests in the St. Lucie Project, Stanton Project, All-Requirements Project, Tri-City Project and Stanton II Project are capitalized as part of the cost of acquiring or constructing the respective utility plant. Direct and indirect expenses not associated with these projects are capitalized as part of the cost of development projects in progress in the Agency. Electric plant in service, is depreciated on the straight-line basis at rates calculated to amortize cost over the assets' respective estimated useful lives. Depreciation begins when assets are placed into service. Estimated useful lives for electric utility plant range from approximately 23 to 40 years. FMPA has adopted the policy of capitalizing net interest costs during the period of project construction (interest expense less interest earned on the investment of bond proceeds). Nuclear fuel is stated at cost and is amortized on the units of production basis.

Inventory: Coal and oil inventory is stated at weighted average cost. Spare parts inventory is related to All-Requirements Project Cane Island Power Plant Units.

Cash Equivalents: FMPA considers the following highly liquid investments (including restricted assets) to be cash equivalents: time deposits (not including certificates of deposit) and money market funds.

Investments: Investments are stated at fair value based on quoted market prices, except certain money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. The individual projects' investment portfolios at September 30, 1998 and for the year then ended included investment obligations of the U.S. Treasury, or its agencies.

Debt Related Costs: Unamortized debt issuance costs are amortized on the bonds outstanding method for the St. Lucie Project, Stanton Project, All-Requirements Project, Tri-City Project and Stanton II Project. For the Agency, Stanton Project, All-Requirements Project and Tri-City Project loans from the Pooled Loan Project, such costs are amortized on the straight-line method, which approximates the effective interest method, over the life of the loan. Accounting gains and losses on refundings of bonds are deferred and amortized over the life of the refunding bonds or refunded bonds, whichever is less, using the straight-line method.

1. Summary of Significant Accounting Policies (continued)

Compensated Absences: Liabilities related to compensated absences are recognized as incurred in accordance with Governmental Accounting Standards Board Statement No. 16 and are included in accrued expenses.

Allocation of Agency Expenses: General and administrative operating expenses of the Agency are allocated based on direct labor costs to the St. Lucie Project, Stanton Project, All-Requirements Project, Tri-City Project, Stanton II Project, and Agency accounts for development projects in progress and advances to participants. General and administrative operating expenses of the Agency related to the Pooled Loan Project are recovered through a fixed fee from participants of the Pooled Loan Project which is paid to the Agency Fund.

Billings to Participants: Participant billings are designed to systematically provide revenue sufficient to recover "costs" (as defined in the St. Lucie Project, the Stanton Project, the All-Requirements Project, the Tri-City Project, and the Stanton II Project Bond Resolutions and the respective Power Supply, Power Sales and Project Support contracts). The rate methods for billings to participants are set by contract and actual rates are set in the budgeting process by the Board of Directors on an annual basis.

For the St. Lucie, Stanton, All-Requirements, Tri-City and Stanton II Projects, variances between current fiscal year billings and actual project costs are computed and, under the terms of the respective project contracts, any net excess is credited or deficiency is charged to future participant billings or may be paid to or from the rate stabilization account as approved by the Executive Committee. For the fiscal year ended September 30, 1998, these variances were classified in the financial statements as amounts to be refunded to participants.

Billings to Pooled Loan Project participants are designed to provide cash flows sufficient to pay principal and interest on outstanding debt and recover costs of operating the project.

Income Taxes: FMPA is exempt from federal and state income taxes.

2. Net Costs Recoverable from Future Participant Billings

Rates for power billings to participants are designed to provide, over the life of the project, full recovery of project "costs" as defined by the respective bond resolutions and project contracts. Rates are structured to systematically provide for the current debt service requirements, operating costs, and reserves as specified by the bond resolutions and project contracts. The current costs to be recovered from future revenues consist primarily of the difference between

2. Net Costs Recoverable from Future Participant Billings (continued)

depreciation and the debt principal requirements included in the rates. In accordance with Statement of Financial Accounting Standards No. 71, certain income and expense amounts which would be recognized during the current time period are deferred and not included in the determination of net income until such costs are recoverable through participant billings.

At September 30, 1998, this difference in timing has resulted in "net costs recoverable from future participant billings" as follows:

	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
			(thousands omitted)			
GAAP Items Not Included in Participant Billings:						
Interest funded by bond proceeds	$35,694	$41,289	$43,589	$12,425	$61,543	$194,540
Depreciation	74,031	16,940	23,177	7,133	11,194	132,475
Nuclear fuel amortization	39,137					39,137
Budget/actual variances from prior year participant billings	287	(4,039)	30	(1,716)	(3,395)	(8,833)
Amortization of debt issue costs and bond discount	33,915	6,081	9,941	5,118	9,056	64,111
Capitalized interest			(4,443)		(22,478)	(26,921)
Special funds drawdowns	52,586	23,048	18,129	10,955	3,445	108,163
	235,650	83,319	90,423	33,915	59,365	502,672
Bond Resolution Requirements Included in Participant Billings:						
Special funds deposits	80,363	12,926	15,738	5,358	12,570	126,955
Debt service principal	51,569	13,625	21,515	7,900	3,505	98,114
Investment income not available for operating purposes	26,287	31,411	20,598	7,942	30,013	116,251
	158,219	57,962	57,851	21,200	46,088	341,320
Net Costs Recoverable From Future Participant Billings	$77,431	$25,357	$32,572	$12,715	$13,277	$161,352

Special funds include the Reserve and Contingency Fund, Fuel Account (St. Lucie Project only), Debt Reduction Fund (Stanton & Stanton II), Working Capital and Rate Stabilization Account in the Operation and Maintenance Fund.

In order to provide a level rate structure to participants over the life of the project, various financings have provided for interest on bonds to be funded from bond proceeds for approximately two years subsequent to commercial operation of a project and for depreciation and additional borrowings associated with bond financings to be recovered through future principal payments.

3. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments consist of the following:

Deposits: At September 30, 1998, FMPA's deposits consisted of demand accounts and money market accounts which are authorized under FMPA ordinances and various bond resolutions. FMPA's demand deposits at September 30, 1998 were insured by Federal depository insurance or collateralized pursuant to the Public Depository Security Act of the State of Florida.

Investments: Investments at September 30, 1998 were insured or registered and held by FMPA or its agent in FMPA's name.

Following are the components of FMPA's total cash and cash equivalents and investments at their respective carrying amounts which approximate fair value at September 30, 1998 (in thousands):

	Restricted	Unrestricted	Totals
		(thousands omitted)	
Cash and cash equivalents	$ 85,441	$ 46,179	$ 131,620
Investments	61,510	4,391	65,901
	$146,951	$ 50,570	$ 197,521

	Agency	Pooled Loan Project	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
					(thousands omitted)			
U.S. Government/Agency Securities			$30,109	$7,747	$12,636	$4,372	$11,037	$ 65,901
Cash and cash equivalents	$1,441	$1009	36,122	13,068	32,999	5,875	41,106	131,620
	$1,441	$1,009	$66,231	$20,815	$45,635	$10,247	$52,143	$197,521

4. Restricted Assets

Restricted assets at September 30, 1998 included the following:

	Pooled Loan Project	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
				(thousands omitted)			
Restricted Assets:							
Construction Fund				$ 3,693		$10,691	$ 14,384
Debt Service Funds	$519	$29,074	$ 9,503	18,178	$ 5,140	33,659	96,073
Reserve & Contingency Funds		15,785	3,702	3,383	2,016	545	25,431
Decommissioning Fund		11,632					11,632
Project Fund	382						382
Revenue Fund	108						108
Loans Receivable	60,240 (1)						60,240
	$61,249	$56,491	$ 13,205	$25,254	$ 7,156	$44,895	$208,250

(1) Net of undistributed proceeds of $382.

5. Long-Term Debt

Description and summary of long-term debt at September 30, 1998 is as follows:

Agency: The Agency has two loans payable to the Pooled Loan Project at September 30, 1998. The first loan balance is $390,000. Interest is payable monthly at a variable rate tied to the interest rates paid on Pooled Loan Project debt. Interest rates on the loan varied from 4.25% to 4.55% during the fiscal year ended September 30, 1998. The loan payable balance is due in thirteen annual principal payments ranging from $20,000 to $45,000 with the final payment due November 1, 2010.

The Agency borrowed an additional $1,000,000 from the Pooled Loan Project on July 14, 1998. The borrowing was to purchase land and other costs involved in design of a new office building. Interest is same as mentioned in above paragraph. This loan payable balance is due in fifteen annual principal payments ranging from $45,000 to $90,000 with final payment due July 1, 2013.

Pooled Loan Project:
Commercial Paper Notes: FMPA is authorized to issue up to $150,000,000 of commercial paper notes with the current credit provider. The Commercial Paper is issued for purpose of loaning the proceeds to FMPA members and to other FMPA projects. The respective loan agreements are equal in the aggregate to the principal of the current notes issued and are executed simultaneously with each note issue.

The current outstanding commercial paper notes total $60,330,000. The commercial paper notes bear interest at a rate which varies periodically, as determined by the dealer. Interest is paid

5. Long-Term Debt (continued)

periodically, ranging from 1 to 180 days. During the fiscal year ended, September 30, 1998, interest rates ranged from 3.00% to 4.30%.

The commercial paper notes are further collateralized by an irrevocable long-term letter of credit with First Union National Bank of North Carolina, in an amount sufficient for payment of the outstanding principal plus 65 days accrued interest at an assumed rate of 10%. The letter of credit expires May 22, 2001, with an annual extension unless First Union gives notice during the 60 day period prior to May 22, 2001. The fee paid on the letter of credit is 30 basis points on the amount of paper outstanding plus 10% for 65 days. Amounts payable to the bank under the letter of credit are due on demand and bear interest at the lower of prime rate plus 2% or the maximum rate permitted by law. There were no draws outstanding on the letter of credit at September 30, 1998.

St. Lucie Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1998
		(thousands omitted)			
September 1992	Refunding Revenue Bonds, Series 1992	4.60%-5.70%	April 1 and October 1	October 1, 2021	$297,400

Early redemption of Series 1992 bonds is provided for at call rates of 102% to 100% beginning October 1, 2002.

Stanton Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1998
		(thousands omitted)			
February 1991	Refunding Revenue Bond, Series 1991	5.00%-6.35%	April 1 and October 1	October 1, 2019	$34,230
August 1997	Variable Rate Demand Refunding Revenue Bonds, Series 1997	Varies Weekly	Monthly	October 1, 2019	58,390
					$92,620

Early redemption of Series 1991 bonds is provided for at call rates of 101% to 100% beginning April 1, 2001.

Early redemption of Series 1997 bonds are subject to redemption prior to maturity at the election of FMPA, on any interest payment date, at call rates of 100%.

5. Long-Term Debt (continued)

Loan Payable to Pooled Loan Project: The Stanton Project has a loan payable to the Pooled Loan Project with a balance of $8,155,000 at September 30, 1998. Interest is payable monthly at a variable rate tied to the interest rates paid on Pooled Loan Project debt. Interest rates on the loan varied from 4.25% to 4.55% during the fiscal year ended September 30, 1998. The loan payable balance is due in twenty-one annual principal payments ranging from $205,000 to $655,000, with the final payment due October 1, 2018. The loan is subordinate to other debt of the Project.

All-Requirements Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1998
		(thousands omitted)			
May 1992	Revenue Bonds, Series 1992	5.40%-5.90%	April 1 and October 1	October 1, 2002	$5,010
December 1993	Revenue Bonds, Series 1993	3.85%-5.10%	April 1 and October 1	October 1, 2025	$197,295
					$202,305

Early redemption of Series 1993 bonds is provided for at call rates of 101% to 100% beginning October 1, 2003.

Loan Payable to Pooled Loan Project: The All-Requirements Project has two loans payable to the Pooled Loan Project at September 30, 1998. Interest is payable monthly at a variable rate tied to the interest rates paid on the Pooled Loan Project debt. Interest rates on the loan varied from 4.25% to 4.55% during the fiscal year ended September 30, 1998. The first loan balance is $5,589,000 at September 30, 1998, and is due in sixteen annual principal payments ranging from $215,000 to $534,000 with the final payment due October 1, 2013. The second loan balance is $17,010,000 at September 30, 1998, and is due in twenty-four annual principal payments ranging from $410,000 to $1,125,000, with the final payment due October 1, 2021. These loans are subordinate to other debt of the Project.

Tri-City Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1998
		(thousands omitted)			
January 1992	Refunding Revenue Bonds, Series 1992	4.70%-6.00%	April 1 and October 1	October 1, 2019	$47,840

5. Long-Term Debt (continued)

Early redemption of Series 1992 bonds is provided for at call rates of 102% to 100% beginning October 1, 2003.

Loan Payable to Pooled Loan Project: The Tri-City Project has a loan payable to the Pooled Loan Project with a balance of $2,925,000 at September 30, 1998. Interest is payable monthly at a variable rate tied to the interest rates paid on the Pooled Loan Project debt. Interest rates on the loan varied from 4.25% to 4.55% during the fiscal year ended September 30, 1998. The loan payable balance is due in twenty-one annual principal payments ranging from $75,000 to $235,000 with the final payment due October 1, 2018. This loan is subordinate to other debt of the Project.

Stanton II Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1998
		(thousands omitted)			
June 1992	Revenue Bonds, Series 1992	5.30%-5.90%	April 1 and October 1	October 1, 2002	$ 15,185
October 1993	Refunding Revenue Bonds, Series 1993	3.85%-5.10%	April 1 and October 1	October 1, 2027	183,000
December 1997	Variable Rate Demand Subordinated Refunding Revenue Bonds, Series 1997	Varies Weekly	Monthly	October 1, 2027	51,670
					$249,855

Early redemption of Series 1992 bonds is provided for at call rates of 102% to 100% beginning October 1, 2002.

Early redemption of Series 1993 bonds is provided for at call rates of 102% to 100% beginning October 1, 2003.

On December 11, 1997, FMPA issued $51.670 million in Stanton II Project Variable Rate Demand Subordinate Refunding Revenue Bonds, Series 1997. These bonds were issued in a weekly variable rate to advance refund $47.370 million of outstanding Series 1992 bonds with an average interest rate of 6.05%. The net proceeds of $51.252 million (after payment of $418 thousand in underwriting fees, insurance, and other issuance costs) plus an additional $477 thousands of Series 1992 sinking fund monies were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to

5. Long-Term Debt (continued)

provide for all future debt service payments on the Series 1992 bonds and call premium. As a result, the portion of the Series 1992 bonds are considered to be defeased and the liability for those bonds has been removed from the Stanton II Project revenue bonds payable. At the time of issuance, the Stanton II Project entered into a fixed rate swap with a swap provider until the call date of the Series 1992 bonds. The rate the Stanton II Project will pay is a fixed rate of 4.308% and the Stanton II Project will receive the actual variable rate of the Series 1997 bonds. The Stanton II Project will be exposed to variable rates if the swap provider defaults or the swap is terminated. A termination of the swap may result in the Stanton II Project making or receiving a termination payment.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $6.1 million. This difference, reported in the accompanying financial statements as unamortized loss on bond refundings, is being charged to operations through the year 2027 using the straight-line method. The Stanton II Project completed the advance refunding to reduce its total debt service payments over the next 5 years by $2.525 million and to obtain an economic gain (difference between the present value of the old and new debt service payments of $2.159 million). In addition, this refunding gives the project flexibility in the year 2002 to currently call bonds and retire them.

Early redemption of Series 1997 bonds are subject to redemption prior to maturity at the election of FMPA, on any interest payment date, at call rates of 100%.

The fair market value of FMPA's long-term debt at September 30, 1998 was estimated using the Delphis Hanover Interest Rate Scale. A yield for each maturity was determined. The individual maturities were priced and summed to arrive at a fair market value of approximately $955 million. The carrying amount of long-term debt due within one year approximated fair market value because of the short maturity of these instruments.

Major Debt Provisions (All Projects): The bonds are special obligations of FMPA, payable solely from (1) revenues (as defined by the respective bond resolutions) after payment of operating expenses (as defined by the respective bond resolutions) and (2) other monies and securities pledged for payment thereof by the respective bond resolutions.

The respective resolutions require FMPA to deposit into special funds all proceeds of bonds issued and all revenues generated as a result of the projects' respective Power Sales and Project Support contracts or the Power Supply contract. The purpose of the individual funds is specifically defined in the respective bond resolutions.

Investments are generally restricted to those types described in Note 1. Additional restrictions applying to maturity dates are defined in the respective bond resolutions.

5. Long-Term Debt (continued)

Defeased Debt: The following bonds have been defeased in substance. Since investments consisting of governmental obligations are held in escrow for payment of principal and interest, the bonds are not liabilities of FMPA. The principal balances of the defeased bonds at September 30, 1998 are as follows:

Original Issue Date	Description	Defeased Portion - Amount Originally Issued	Principal Balance Outstanding at September 30, 1998
	(thousands omitted)		
May 1983	St. Lucie Project Revenue Bonds, Series 1983	$280,075	$26,185
February 1987	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 1987	$52,530	$52,530
October 1991	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 1991	$28,410	$28,410
May 1992	All-Requirements Power Supply Project Revenue Bonds, Series 1992	$56,915	$56,915
June 1992	Stanton II Project Revenue Bonds, Series 1992	$154,475	$154,475
August 1997	Stanton Project Revenue Bonds, Series 1991	$54,585	$54,585
December 1997	Stanton II Project Revenue Bonds, Series 1992	$47,370	$47,370

5. Long-Term Debt (continued)

Annual Requirements: The annual debt service requirements to amortize all long-term bonded debt outstanding as of September 30, 1998 are as follows:

Fiscal Year Ending September 30	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
			(thousands omitted)			
1999	$ 22,430	$ 6,310	$ 13,656	$ 3,821	$ 14,890	$ 61,107
2000	22,430	6,308	13,662	3,815	14,931	61,146
2001	22,428	6,519	13,664	3,820	14,892	61,323
2002	22,428	4,191	13,669	3,823	15,056	59,167
2003	22,430	4,190	13,665	3,826	11,190	55,301
2004	22,430	4,190	13,660	3,817	11,192	55,289
2005	22,429	4,191	13,667	3,818	11,191	55,296
2006	22,429	4,190	13,668	3,822	11,191	55,300
2007	22,433	4,190	13,669	3,813	11,189	55,294
2008	22,429	4,191	13,673	3,825	11,192	55,310
2009	22,428	4,190	13,678	3,815	11,192	55,303
2010	22,431	4,190	13,658	3,819	11,188	55,286
2011	22,429	4,190	13,674	3,818	11,190	55,301
2012	22,426	4,191	13,673	3,829	11,190	55,309
2013	22,426	4,190	13,665	3,816	17,636	61,733
2014	22,428	4,190	13,670	3,821	17,637	61,746
2015	22,430	4,191	13,671	3,817	17,634	61,743
2016	22,429	10,091	13,657	3,816	17,635	67,628
2017	22,428	10,091	13,674	3,827	17,633	67,653
2018	22,426	10,086	13,668	3,818	17,637	67,635
2019	22,426	68,476	13,659	3,819	17,637	126,017
2020	22,427	-	13,653	-	17,636	53,716
2021	22,429	-	13,656	-	17,635	53,720
2022	-	-	13,648	-	17,636	31,284
2023	-	-	13,647	-	17,634	31,281
2024	-	-	13,653	-	17,638	31,291
2025	-	-	13,652	-	17,632	31,284
2026	-	-	-	-	17,634	17,634
2027	-	-	-	-	69,267	69,267
Total Principal and Interest	515,859	176,546	368,909	80,215	487,835	1,629,364
Less Amount Representing Interest	224,909	85,946	170,164	33,565	241,485	756,069
Long Term Revenue Bonds Payable at September 30, 1998	$ 290,950	$ 90,600	$ 198,745	$ 46,650	$ 246,350	$ 873,295

6. Commitments

FMPA has entered into participation agreements for individual ownership of generating facilities as follows:

Project	Operating Utility	Joint Ownership Interest	Commercial Operation Date
St. Lucie	Florida Power & Light (FPL)	8.806% of St. Lucie Unit No. 2 nuclear generating plant	August 1983
Stanton	Orlando Utilities Commission (OUC)	14.8193% of Stanton Energy Center (SEC) Unit No. 1 coal-fired generating plant	July 1987
All-Requirements	OUC	6.506% of SEC Unit No. 1	July 1987
All-Requirements	OUC	5.1724% of SEC Unit No. 2	June 1996
All-Requirements	OUC	39% of Indian River Combustion Turbine Units A & B	A-June 1989 B-July 1989
All-Requirements	OUC	21% of Indian River Combustion Turbine Units C & D	C-August 1992 D-October 1992
All-Requirements	Kissimmee Utility Authority (KUA)	50% of Cane Island Combustion Turbine – Unit No. 1	January 1995
All-Requirements	KUA	50% of Cane Island Combined Cycle - Unit No. 2	June 1995
Tri-City	OUC	5.3012% of SEC Unit No. 1	July 1987
Stanton II	OUC	23.2367% of SEC Unit No. 2	June 1996

Operational control of the electric generation plants rests with the operating utility and includes the authority to enter into long-term purchase obligations with suppliers. Currently, the operating utilities are obligated under various long-term contracts with suppliers. As a joint owner, FMPA is liable under its participation agreements for its ownership interest of total construction and operating costs. The contracts with OUC include purchases of coal. Through participation with OUC, FMPA has minimum annual purchases of coal through 2006 as follows (in thousands of tons):

Project:	1999	2000	2001	2002	2003	2004	2005	2006
Stanton Project	290	290	219	219	219	219	219	71
All-Requirements Project	229	229	173	173	173	173	173	56
Tri-City Project	104	104	78	78	78	78	78	25
Stanton II Project	455	455	344	344	344	344	344	112

6. Commitments (continued)

FMPA has entered into certain long-term contracts for transmission services for the above projects. These amounts are recoverable from participants in the projects through the Power Sales and Project Support contracts and Power Supply contracts discussed below. FMPA has entered into Power Sales and Project Support contracts with each of the project participants for entitlement shares aggregating 100% of FMPA's joint ownership interest above, or in the case of the All-Requirements Project, a Power Supply Contract providing for the participants total power requirements. Revenues received under these individual project contracts will be sufficient to pay all of the related project costs.

St. Lucie Project: FMPA has also entered into a Reliability Exchange Agreement and a Replacement Power Agreement with FPL. The Reliability Exchange Agreement results in FMPA exchanging 50% of its share of the output from St. Lucie Unit No. 2 for a like amount from St. Lucie Unit No. 1. The Replacement Power Agreement provides for replacement power and energy to be made available to FMPA if FPL voluntarily ceases to operate or reduces output from St. Lucie Unit No. 2 or St. Lucie Unit No. 1 for economic reasons or valley-load conditions.

The St. Lucie Project, as a joint owner of St. Lucie Unit No. 2, 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. As the first layer of financial protection, FPL has purchased $200 million of public liability insurance from pools of commercial insurers on behalf of all joint owners. The second layer of financial protection is provided under an industry retrospective payment plan. Under that plan, St. Lucie Unit No. 2 is subject to an assessment of $81.75 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 $10 million per incident. FMPA is liable for its ownership interest of any assessment made against St. Lucie Unit No. 2 under this plan.

The St. Lucie Project has recorded a liability of $597,784 and a related deferred charge for its estimated portion of the costs for the decommissioning and decontamination of the United States Department of Energy nuclear fuel enrichment facilities as provided for by the National Energy Policy Act of 1992 (Energy Act). The Energy Act states, among other things, that utilities with nuclear reactors will contribute an aggregate total of $150 million annually, based upon an assessment, for a period of 15 years, up to a total of $2.25 billion (in 1992 dollars), for such decommissioning and decontamination costs. The Energy Act also provides that these costs are a "necessary and reasonable current cost of fuel and shall be fully recoverable in rates in all jurisdictions in the same manner as other fuel costs." The St. Lucie Project intends to recover these deferred costs from its participants through existing revenues.

6. Commitments (continued)

U.S. Nuclear Regulatory Commission (NRC) regulations require that each licensee of a commercial nuclear power reactor furnish to the NRC certification of its financial capability to meet the costs of nuclear decommissioning at the end of the useful life of the licensee's facility. As a co-licensee of St. Lucie Unit 2, FMPA's St. Lucie Project is subject to these requirements and therefore has furnished certification of its financial capability to fund its share of the costs of decommissioning St. Lucie Unit No. 2. To satisfy the NRC's financial capability regulations, FMPA established an external trust fund (the "Decommissioning Trust") pursuant to a trust agreement with Sun Bank Trust. FMPA's certification of financial capability requires that the St. Lucie Project make annual deposits to the Decommissioning Trust which, together with the investment earnings and amounts previously on deposit in the trust, are anticipated to result in sufficient funds being held in the Decommissioning Trust at the expiration of the current operating license for St. Lucie Unit No. 2 to meet the St. Lucie Project's share of the decommissioning. Based on a 1994 Unit site specific study, Unit No. 2 total decommissioning costs are estimated to be $307 million (in 1994 dollars). FMPA's share is estimated to be $27 million (in 1994 dollars). The Decommissioning Trust is irrevocable, and funds may be withdrawn from the trust solely for the purpose of paying the St. Lucie Project's share of the costs of nuclear decommissioning.

Under the NRC regulations, the Decommissioning Trust is required to be segregated from other FMPA assets and outside FMPA's administrative control. The St. Lucie Project is deemed to have incurred and paid decommissioning costs as monthly deposits are made to the Decommissioning Trust.

All-Requirements Project: FMPA supplies all of the power needs of the All-Requirements Project participants. In addition to its ownership of generating facilities, FMPA has entered into interchange and power purchase contracts with Florida Power Corporation, FPL, City of Lake Worth, Tampa Electric Company, Gainesville Regional Utilities, OUC and other utilities. A number of these contracts specify minimum annual capacity amounts which must be purchased by FMPA. In addition, the All-Requirements Project has a contract for delivery of natural gas to Cane Island Units 1 & 2. This contract expires in 2015. As discussed above, these payments are recoverable as incurred from participants through the Power Supply Contract.

FMPA All-Requirements Project entered into a contract with Stewart & Stevenson, Inc. to purchase two combustion turbine units to be located at City of Key West's City Electric System (CES). The units became operational on September 22, 1998. Agreements with CES for operating and maintaining these two units are concluded, except for a few details still to be negotiated.

On November 30, 1993, the gas turbine for Unit No. 1 at Cane Island was in the process of being delivered when it was struck and destroyed by an Amtrak train. KUA and FMPA were named as defendants (along with numerous other entities) in several personal injury and property

6. Commitments (continued)

damage lawsuits arising from the incident. Liability was tried first, and on November 21, 1996, the jury in the United States District Court, Middle District of Florida, found that neither FMPA nor KUA were negligent. The jury apportioned liability as follows, Rountree Transport and Rigging (the company hauling the turbine) 59%, CSX Transportation, Inc., 33%, and Amtrak 8%. Because of indemnity provisions in the Private Road Grade Crossing Agreement that KUA entered into with CSX, the court has ruled that FMPA and KUA are liable for CSX's negligence (FMPA is equally liable with KUA under the terms of their Participation Agreement). There is also a pending indemnity claim by Amtrak against FMPA & KUA based on the same Private Road Grade Crossing Agreement. These indemnity issues are the subject of pending motions to be heard in the future by the trial court. Regardless of how the trial court rules, it is assumed an appeal will follow. The final outcome is undeterminable at this time.

In separate legal action, FMPA's liability insurance carrier at the time of the accident has filed suit in Circuit Court, Ninth Judicial Circuit, Orange County, Florida, claiming that the policies do not provide coverage for damages arising from the train-truck collision. The Circuit Court ruled on November 14, 1997 in favor of the insurance company. This issue was appealed and was decided by the Judicial Court of Appeals in favor of FMPA. FMPA has also brought suit against the insurance company who sold the liability insurance to FMPA, for failure to procure adequate liability insurance for FMPA.. The Court ruled that FMPA is entitled to coverage and representation and has ordered Ohio Casualty to reimburse FMPA for expenses incurred during the lawsuit. The amount of the reimbursement is a matter currently before the Circuit Court.

7. Capacity and Energy Sales Contract

Certain of the St. Lucie Project participants have entered into an agreement to sell capacity and energy to the All-Requirements Project. The All-Requirements Project has agreed to provide reserves and back-up capacity and energy for such sales. FMPA has been appointed agent in the administration of this contract.

8. Employee Benefits

Deferred Compensation and Money Purchase Plans: The Agency offers its full-time employees two plans for retirement: a deferred compensation plan in accordance with Internal Revenue Code Section 457 and a defined contribution pension (money purchase) plan under IRS Code Section 401(a).All full-time employees are vested immediately. The Agency's contribution may be made to either plan at the discretion of the employee. Such contribution is based upon 10% of the individual's base gross payroll. Total payroll amounted to $2,033,879 for the fiscal year which approximates covered payroll.

Additionally, an employee can contribute to the deferred compensation plan so that the combined contribution of the Agency and the employee does not exceed 25% of base gross

8. Employee Benefits (continued)

payroll or $8,000, whichever is less, on an annual basis. Assets of both plans are held by ICMA Retirement Corporation, plan administrator and trustee.

The Agency's expenses during fiscal year 1998 were $23,963 under the deferred compensation plan and $161,557 under the money purchase plan, totaling $185,520.

Funds from these plans are not available to employees until termination or retirement; however, funds from the deferred compensation plan are available in the event of an unforeseeable emergency and employees may borrow up to one-half of their balance in the 401(a).

The Agency has, in the past, reported assets and associated liability with the deferred compensation plan offered to Agency employees on the balance sheet. Due to a change in Internal Revenue Code 457, these assets are no longer property of the Agency and the fiduciary responsibility was transferred to the Plan's third party administrator. As a result, these assets are not reported in the accompanying financial statements.

Other Post Employment Benefits: FMPA offers paid group health insurance to retiring full-time employees, age 65 or older with a minimum service of 10 years. This insurance is secondary to Medicare, for which the retiree must apply. Currently, FMPA has one retiree receiving this benefit. The cost to FMPA for fiscal year 1998 was approximately $1,886. Expenses for post retirement health care benefits are recognized as premiums are due.

9. Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions, injuries to employees and the public; or damage to property of others. The Agency has purchased commercial insurance to cover these various risks. There have been no significant reductions in insurance coverage, and settlements have not exceeded coverage in any of the past three fiscal years.

10. Accounting Change

During the year ended September 30, 1998, FMPA adopted the provisions of Governmental Accounting Standards Board Statement No. 31, Accounting and Financial reporting for Certain Investments and for External Investment Pools (GASB No. 31). Under GASB 31 most investments of governmental entities are reported at fair value. Prior to adopting the provisions of GASB 31, FMPA carried its investments at amortized cost.

The effect of this accounting change as of the beginning of the fiscal year resulted in an increase in the carrying amount of investments of $1,352,000. The effect on the current period results of operations was a change in fair value of investments of $2,043,000. Because FMPA's Projects financial statements are prepared under a regulatory basis of accounting pursuant to the

10. Accounting Change (continued)

provisions of Statement of Financial Accounting Standards No. 71, whereby certain income and expense amounts are deferred and not included in the determination of net income until such costs are recoverable, the cumulative effect of this accounting change is included in net costs recoverable from future participants billings.

	Cumulative Effect Net Appreciation at October 1, 1997	Change in fair value During Fiscal Year Ended September 30, 1998	Net Appreciation At September 30, 1998
Agency	$ -	$ -	$ -
St. Lucie	804,000	1,065,000	1,869,000
Stanton	48,000	200,000	248,000
All-Requirements	84,000	233,000	317,000
Tri-City	18,000	160,000	178,000
Stanton II	398,000	385,000	783,000
	$ 1,352,000	$ 2,043,000	$ 3,395,000

11. Year 2000

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Agency's operations.

FMPA has completed an inventory of computer systems that may be affected by the year 2000 issue and that are necessary to conducting FMPA operations and has identified such systems as being financial reporting and payroll.

The financial reporting system has been assessed. FMPA utilizes an outside company for its payroll and employee benefit system. This outside company is responsible for remediating this system. This company reports that their system has been assessed, remediated and tested and validated. FMPA will test both the financial reporting system and the payroll software during the first quarter of Fiscal Year 1999.

There can be no assurance, however, that the Agency's systems, or its vendors' or providers' systems, will be year 2000 ready in a timely manner. Furthermore, even if the Agency's systems are year 2000 ready, there can be no assurance that the Agency will not be materially adversely affected by the disruptions or inaccuracy of data provided to the Agency by non-year 2000 ready third parties and the failure of the Agency's vendors and service providers to become year 2000 ready. This problem may be especially important considering that the Agency purchases its electricity from third parties and relies on the electrical transmission system of third parties to deliver this electricity to the appropriate delivery point.

11. Year 2000 (continued)

Thus, while the Agency is undertaking reasonable and prudent measures necessary to avoid disruption of its services there can be no assurance that the year 2000 problem will not have a material effect on the Agency in the future.

12. Subsequent Events

The Pooled Loan Project will redeem $2,170,000 of Commercial Paper Notes subsequent to year end.

On October 23, 1998, the All-Requirements Project approved a Participation Agreement with Kissimmee Utility Authority (KUA) for a 50% share of Cane Island Unit #3 Combined Cycle. The total cost (100%) of this unit will be approximately $118 million and the expected completion date is June 2001. The All-Requirements Project also has a contract with Florida Gas Transmission (FGT) for firm gas transportation that is part of FGT's Phase 4 expansion in May 2001. All-Requirements share is 12,500 mmbtu/day. This will be used mainly for Cane Island Unit #3 but can be used for other units. The All-Requirements Project has a take or pay contract with Florida Gas Utility for a 10-year firm supply of natural gas of 2,000 mcf/day.

Supplementary Information

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Report of Independent Auditors on Supplementary Information

Executive Committee and the Board of Directors
Florida Municipal Power Agency
Orlando, Florida

We have audited the combining financial statements of the Florida Municipal Power Agency (Agency), as of and for the year ended September 30, 1998, and have issued our report thereon dated November 20, 1998, which was qualified because insufficient audit evidence exists to support the Agency's disclosure with respect to the year 2000 issue.

Except as described in the preceding paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *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 combining financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combining financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combining financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the combining financial statements of the Florida Municipal Power Agency, taken as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the combining financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the combining financial statements and, in our opinion, except for the effects on any actual data for the year ended September 30, 1998, included in the accompanying financial information, of such adjustments, if any, as might have been determined to be necessary had our procedures not been limited as explained in our report on the combining financial statements, the supplemental information is fairly presented in all material respects in relation to the combining financial statements taken as a whole.

Ernst + Young LLP

November 20, 1998

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FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF CHANGES IN PROJECT FUNDS AND ACCOUNTS
(thousands omitted)
Year Ended September 30, 1998

	September 30, 1997	Debt Proceeds
Pooled Loan Project		
Project Fund	$ -	$ 1,000
Revenue Fund	115	
Debt Service Fund	308	
	$ 423	$ 1,000

	September 30, 1997	Debt Proceeds
St. Lucie Project		
Debt Service:		
Debt Service Account	$ 14,304	
Debt Service Reserve Account	11,937	
Reserve and Contingency:		
Renewal and Replacement Account	5,607	
Contingency Account	7,185	
Decommissioning Fund	10,298	
Operation and Maintenance Fund	7,618	
	$ 56,949	$ -

	September 30, 1997	Debt Proceeds
Stanton Project		
Cost of Issuance Account	$ 304	
Debt Service:		
Debt Service Account	3,254	
Debt Service Reserve Account	4,555	
Debt Reduction Fund		
Reserve and Contingency:		
Renewal and Replacement Account	2,091	
Contingency Account	1,085	
Operation and Maintenance Fund	10,612	
-	$ 21,901	$ -

* Includes interest earnings applied to advances from participants for Stanton Project

Collections on Participant Billings	Investment Interest		Disbursements	Transfers	September 30, 1998
			$ 618		$ 382
$ 4,983	$ 20		723	$ (4,287)	108
	20		4,096	4,287	519
$ 4,983	$ 40		$ 5,437	$ -	$ 1,009
		GASB 31			
	$ 377		$ 22,293	$ 22,427	$ 14,815
	2,322	(1,462)			14,259
	515	(101)		1,925	8,047
	553	(105)			7,738
	934	(189)		400	11,632
$ 37,539	439	(11)	10,578	(24,752)	10,266
$ 37,539	$ 5,140	1,869	$ 32,871	$ -	$ 66,757
	$ 12		$ 303	$ (13)	$ -
	102		6,038	6,308	3,626
	441	(137)			4,996
	20			861	881
	211	(41)		231	2,533
	84	(16)			1,169
$ 17,215	415	*(54)	13,159	(7,387)	7,696
$ 17,215	$ 1,285	248	$ 19,500	$ -	$ 20,901

FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF CHANGES IN PROJECT FUNDS AND ACCOUNTS - CONTINUED
(thousands omitted)

Year Ended September 30, 1998

	September 30, 1997	Debt Proceeds
All-Requirements Project		
Construction Fund	$ 7,444	
Debt Service:		
Debt Service Account	8,521	
Debt Service Reserve Account	7,944	
Subordinate Debt Service	610	
Reserve and Contingency:		
Renewal and Replacement Account	1,472	
Contingency Account	1,454	
Operation and Maintenance Fund	27,440	
	$ 54,885	$ -
Tri-City Project		
Debt Service:		
Debt Service Account	$ 2,540	
Debt Service Reserve Account	2,194	
Reserve and Contingency:		
Renewal and Replacement Account	770	
Contingency Account	1,026	
Operation and Maintenance Fund	3,427	
	$ 9,957	$ -
Stanton II Project		
Comstruction Fund	$ 10,116	$ 320
Debt Service:		
Debt Service Account	19,446	
Debt Service Reserve Account	8,781	
Debt Reduction Fund		
Renewal and Replacement Account	501	
Operation and Maintenance Fund	10,744	
	$ 49,588	$ 320

* Includes interest earnings applied to advances from participants for Tri-City Project

Collections on Participant Billings	Investment Interest	GASB 31	Disbursements	Transfers	September 30, 1998
	$ 235		$ 3,986		$ 3,693
	220		13,575	$ 13,667	8,833
	740	(245)	2		8,682
	17		1,504	1,540	663
	140	(27)		220	1,832
	97	(10)			1,551
$ 148,915	929	(35)	141,348	(15,427)	20,509
$ 148,915	$ 2,378	317	$ 160,415	$ -	$ 45,763
	$ 63		$ 3,792	$ 3,826	$ 2,637
	309	(155)			2,503
	61	(9)		93	924
	66	(5)			1,092
$ 7,924	157	*(9)	4,444	(3,919)	3,145
$ 7,924	$ 656	178	$ 8,236	$ -	$ 10,301
	$ 575		$ 320		$ 10,691
	966	(2)	12,506	$ 15,003	22,909
	1,444	(766)			10,225
	10	(1)		515	525
	44	(14)			545
$ 29,853	510		18,076	(15,518)	7,513
$ 29,853	$ 3,549	783	$ 30,902	$ -	$ 52,408

Florida Municipal Power Agency

Amounts Due (from) to Participants Resulting from Budget/Actual Variances

(thousands omitted)

Year Ended September 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
St. Lucie Project			
Participant billing	$ 37,107	$ 36,867	$ (240)
Reliability exchange contract sales	2,710	2,383	(327)
Interest income	2,571	2,895	324
Transfer from rate stabilization	1,925	1,925	-
	44,313	44,070	(243)
Provision for purchase of future fuel core	6	6	-
Operation and maintenance	7,360	6,496	864
Spent fuel fees	533	617	(84)
Purchased power	3,698	2,807	891
Transmission service	1,312	949	363
General and administrative	2,499	1,231	1,268
Deposit to reserve and contingency	1,650	1,650	-
Deposit to decommissioning	1,107	1,082	25
Transfer to working capital	250	250	-
Transfer to rate stabilization	3,471	3,471	-
Deposit to debt service fund	22,427	22,427	-
	44,313	40,986	3,327
Net Due to Participants Resulting from Budget/Actual Variances	$ -	$ 3,084	$ 3,084
Stanton Project			
Participant billing	$ 18,177	$ 17,148	$ (1,029)
Interest income	793	771	(22)
Transfer from rate stabilization	457	457	-
Transfer from working capital	1,000	1,000	-
	20,427	19,376	(1,051)
Operation and maintenance	10,016	9,567	449
Transmission service	1,441	1,037	404
General and administrative	986	781	205
Payments to Pooled Loan Project	613	563	50
Deposit to reserve & contingency	200	200	-
Deposit to debt service fund	7,171	7,171	-
	20,427	19,319	1,108
Net Due to Participants Resulting from Budget/Actual Variances	$ -	$ 57	$ 57

Note - These schedules are prepared on a budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles. The Budget and Variance columns were not subjected to auditing procedures.

Florida Municipal Power Agency

Amounts Due (from) to Participants
Resulting from Budget/Actual Variances (continued)
(thousands omitted)

Year Ended September 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
All-Requirements Project			
Participant billing	$152,267	$195,630	$ 43,363
Interest income	1,955	1,428	(527)
Transfer from rate stabilization	1,930	1,930	-
	156,152	198,988	42,836
Operation and maintenance	30,084	35,321	(5,237)
Purchased power	79,392	105,971	(26,579)
Transmission service	11,931	15,883	(3,952)
General and administrative	4,112	4,156	(44)
Deposit to reserve and contingency	220	220	-
Deposit to debt service funds	13,667	13,667	-
Deposit to subordinate debt	1,755	1,618	137
	141,161	176,836	(35,675)
Net Due to Participants Resulting from Budget/Actual Variances	$ 14,991	$ 22,152	$ 7,161
Tri-City Project			
Participant billing	$ 8,704	$ 7,894	$ (810)
Interest income	356	362	6
Transfer from rate stabilization	137	137	-
	9,197	8,393	(804)
Operation and maintenance	3,774	3,252	522
Transmission service	773	467	306
General and administrative	528	234	294
Payments to Pooled Loan Project	221	204	17
Deposit to reserve and contingency	75	75	-
Deposit to debt service fund	3,826	3,826	-
	9,197	8,058	1,139
Net Due to Participants Resulting from Budget/Actual Variances	$ -	$ 335	$ 335

Note - These schedules are prepared on a budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles. The Budget and Variance columns were not subjected to auditing procedures.

Florida Municipal Power Agency

Amounts Due (from) to Participants
Resulting from Budget/Actual Variances (continued)
(thousands omitted)

Year Ended September 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Stanton II Project			
Participant billing	$ 29,286	$ 29,189	$ (97)
Interest income	836	1,678	842
Transfer from Rate Stabilization	3,353	3,353	-
	33,475	34,220	745
Operation and maintenance	15,226	15,505	(279)
Transmission service	1,799	1,249	550
General and administrative	916	642	274
Deposit to debt service fund	15,534	15,534	-
	33,475	32,930	545
Net Due to Participants Resulting from Budget/Actual Variances	$ -	$ 1,290	$ 1,290

Note - These schedules are prepared on a budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles. The Budget and Variance columns were not subjected to auditing procedures.

Florida Municipal Power Agency

Account Balances Within the Operation and Maintenance Funds
(thousands omitted)

At September 30, 1998, the Operation and Maintenance Funds were held for the credit of the following accounts:

	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project
Operation and maintenance account	$ 3,625	$ 1,597	$17,858	$ 700	$1,000
Fuel account	3,318				
Rate stabilization account	7,679	4,886	5,940	2,383	9,980
Working capital account	677	4,251	21,413	1,236	
	$15,299	$10,734	$45,211	$4,319	$10,980

Compliance Reports

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Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements in Accordance With *Government Auditing Standards*

Executive Committee and the Board of Directors
Florida Municipal Power Agency
Orlando, Florida

We have audited the combining financial statements of the Florida Municipal Power Agency (the Agency), as of and for the year ended September 30, 1998, and have issued our report thereon dated November 20, 1998, which was qualified because insufficient audit evidence exists to support the Agency's disclosure with respect to the Year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Internal Control over Financial Reporting

In planning and performing our audit, we considered Florida Municipal Power Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Agency in a separate letter dated November 20, 1998.

This report is intended for the information of the executive committee, board of directors and management. However, this report is a matter of public record and its distribution is not limited.

Ernst + Young LLP

November 20, 1998

Other Information

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Report of Independent Auditors on Other Information

Executive Committee and the Board of Directors
Florida Municipal Power Agency
Orlando, Florida

We have audited the combining financial statements of the Florida Municipal Power Agency, as of and for the year ended September 30, 1998, and have issued our report thereon dated November 20, 1998.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *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 combining financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combining financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combining financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the combining financial statements of the Florida Municipal Power Agency, taken as a whole. The accompanying Five-Year Trend Analysis by Project is presented for purposes of additional analysis and are not a required part of the combining financial statements. The information in these schedules have not been subjected to the auditing procedures applied in the audit of the combining financial statements and, accordingly, we express no opinion on it.

Ernst + Young LLP

November 20, 1998

Florida Municipal Power Agency

Five-Year Trend Analysis by Project

(see Independent Auditors' Report on Other Information)

	1998	1997	1996	1995	1994
	(thousands omitted except for MWH Sales and Average $MWH)				
St. Lucie Project					
Utility Plant	$111,075	$117,732	$121,848	$125,922	$128,724
Total Assets	313,399	317,049	318,759	324,261	326,690
Long-Term Debt	282,268	288,096	293,642	298,926	303,977
Total Liabilities	313,399	317,049	318,759	324,261	326,690
Billings to Participants	36,867	39,172	34,041	36,860	34,536
Sales to Others	2,383	2,438	2,702	2,781	2,538
Operating Revenues	39,250	41,610	36,743	39,641	37,074
Purchased Power	2,807	2,501	2,963	2,881	2,857
Production-Nuclear	7,113	8,166	9,486	6,626	8,392
Nuclear Fuel Amortization	2,454	2,600	2,208	3,168	2,224
Transmission	949	1,426	1,277	1,860	1,974
General & Administrative	1,231	2,027	2,352	1,796	2,672
Depreciation & Decommissioning	6,206	6,152	6,075	6,369	5,946
Operating Expenses	20,760	22,872	24,361	22,700	24,065
Net Operating Revenues	18,490	18,738	12,382	16,941	13,009
Investment Income	4,337	2,865	2,659	2,800	2,541
Interest Expense	15,977	16,883	17,145	17,379	17,584
Amortization & Other Expense	2,994	2,378	2,382	2,387	2,391
Other Expenses	18,971	19,261	19,527	19,766	19,975
Net Income (Loss)	3,856	2,342	(4,486)	(25)	(4,425)
Net Costs to be Recovered (Credited) in Future	(772)	513	4,293	825	3,937
Due From (To) Participants	(3,084)	(2,855)	193	(800)	488
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	568,897	600,569	445,346	534,075	524,540
Average $/MWH	$64.80	$65.22	$76.44	$69.02	$65.84

Florida Municipal Power Agency

Five-Year Trend Analysis by Project (continued)
(see Independent Auditors' Report on Other Information)

	1998	1997	1996	1995	1994
	(thousands omitted except for MWH Sales and Average $/MWH)				
Stanton Project					
Utility Plant	$46,962	$48,421	$50,379	$51,953	$53,526
Total Assets	104,587	107,051	102,915	103,121	104,073
Long-Term Debt	96,374	98,453	92,814	94,360	95,792
Total Liabilities	104,587	107,051	102,915	103,121	104,073
Billings to Participants	17,148	16,946	17,112	17,381	16,152
Operating Revenues	17,148	16,946	17,112	17,381	16,152
Production-Steam	2,054	1,687	2,307	2,387	2,762
Fuel Expense	7,513	7,542	7,776	6,899	5,993
Transmission	1,037	1,696	1,660	2,140	2,224
General & Administrative	781	786	938	1,146	1,746
Depreciation	1,721	1,889	1,692	1,690	1,687
Operating Expenses	13,106	13,600	14,373	14,262	14,412
Net Operating Revenues	4,042	3,346	2,739	3,119	1,740
Investment Income	1,292	1,078	1,178	1,298	1,235
Interest Expense	4,886	6,044	6,149	6,346	6,352
Amortization & Other Expense	551	66	34	36	38
Other Expenses	5,437	6,110	6,183	6,382	6,390
Net Income (Loss)	(103)	(1,686)	(2,266)	(1,965)	(3,415)
Net Costs to be Recovered in Future	160	1,661	3,086	2,863	4,251
Due From (To) Participants	(57)	25	(820)	(898)	(836)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	442,544	422,048	436,440	377,814	331,069
Average $/MWH	$38.75	$40.15	$39.21	$46.00	$48.79

Florida Municipal Power Agency

Five-Year Trend Analysis by Project (continued)
(see Independent Auditors' Report on Other Information)

	1998	1997	1996	1995	1994
	(thousands omitted except for MWH Sales, Average $/MWH Billed and Cost $/MWH				
All-Requirements Project					
Utility Plant	$137,674	$132,867	$135,434	$131,133	$117,825
Total Assets	261,823	255,821	252,290	253,564	240,618
Long-Term Debt	216,071	219,964	206,237	217,592	210,809
Total Liabilities	261,823	255,821	252,290	253,564	240,618
Billings to Participants	195,247	135,007	122,527	118,037	105,498
Sales to Others	383	-	-	-	-
Operating Revenues	195,630	135,007	122,527	118,037	105,498
Purchased Power	105,971	70,060	66,215	63,980	66,404
Production-Steam	3,952	3,579	3,516	2,550	2,287
Fuel Expense	31,369	21,392	13,561	7,273	3,946
Transmission	15,883	8,931	8,653	7,992	7,737
General & Administrative	4,156	4,200	3,199	3,799	4,513
Depreciation	4,912	4,953	2,030	2,776	1,814
Operating Expenses	166,243	113,115	97,174	88,370	86,701
Net Operating Revenues	29,387	21,892	25,353	29,667	18,797
Investment Income	2,294	3,131	2,847	3,301	3,428
Interest Expense	11,104	11,566	11,403	11,554	10,847
Amortization & Other Expense	1,140	1,033	625	(886)	(836)
Other Expenses	12,244	12,599	12,028	10,668	10,011
Net Income (Loss)	19,437	12,424	16,172	22,300	12,214
Net Costs to be Recovered in Future	2,715	2,982	3,221	2,719	2,761
Due (To) Participants	(22,152)	(15,406)	(19,393)	(25,019)	(14,975)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	3,829,971	2,539,426	2,271,828	2,078,611	1,982,991
Average $/MWH Billed	$50.98	$53.16	$53.93	$56.79	$53.20
Cost $/MWH	$45.19	$47.10	$45.40	$44.75	$45.65

Florida Municipal Power Agency

Five-Year Trend Analysis by Project (continued)
(see Independent Auditors' Report on Other Information)

	1998	1997	1996	1995	1994
	(thousands omitted except for MWH Sales and Average $/MWH)				
Tri-City Project					
Utility Plant	$19,563	$20,168	$20,966	$21,625	$22,283
Total Assets	51,834	52,900	54,021	54,512	55,001
Long-Term Debt	47,787	48,916	49,978	50,986	51,956
Total Liabilities	51,834	52,900	54,021	54,512	55,001
Billings to Participants	7,894	7,870	8,291	7,881	6,974
Operating Revenues	7,894	7,870	8,291	7,881	6,974
Production-Steam	668	604	826	854	988
Fuel Expense	2,584	2,656	3,091	2,927	2,503
Transmission	467	691	644	774	799
General & Administrative	234	331	368	575	741
Depreciation	711	773	700	700	699
Operating Expenses	4,664	5,055	5,629	5,830	5,730
Net Operating Revenues	3,230	2,815	2,662	2,051	1,244
Investment Income	638	475	478	529	467
Interest Expense	2,765	2,961	2,997	3,072	3,078
Amortization & Other Expense	541	407	408	409	410
Other Expenses	3,306	3,368	3,405	3,481	3,488
Net Income (Loss)	562	(78)	(265)	(901)	(1,777)
Net Costs to be Recovered (Credited) in Future	(227)	252	712	1,244	1,857
Due (To) Participants	(335)	(174)	(447)	(343)	(80)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	152,551	150,756	175,556	160,817	134,882
Average $/MWH	$51.75	$52.20	$47.23	$49.01	$51.70

Florida Municipal Power Agency

Five-Year Trend Analysis by Project (continued)
(see Independent Auditors' Report on Other Information)

	1998	1997	(4 months) 1996
(thousands omitted except for MWH Sales and Average $/MWH			
Stanton II Project			
Utility Plant	$145,697	$149,939	$152,433
Total Assets	242,872	237,501	237,234
Long-Term Debt	231,803	228,937	228,086
Total Liabilities	242,872	237,501	237,234
Billings to Participants	29,189	29,678	10,420
Operating Revenues	29,189	29,678	10,420
Production-Steam	2,701	2,537	418
Fuel Expense	12,804	12,310	4,337
Transmission	1,249	2,059	678
General & Administrative	642	679	180
Depreciation	4,173	4,145	1,433
Operating Expenses	21,569	21,730	7,046
Net Operating Revenues	7,620	7,948	3,374
Investment Income	3,154	2,670	3,266
Interest Expense	11,558	12,880	12,880
Amortization & Other Expense	1,779	811	(4,891)
Other Expenses	13,337	13,691	7,989
Net Income (Loss)	(2,563)	(3,073)	(1,349)
Net Costs to be Recovered in Future	3,853	4,526	3,291
Due (To) Participants	(1,290)	(1,453)	(1,942)
Total Income	$ -	$ -	$ -
MWH Sales	747,734	693,379	248,045
Average $/MWH	$39.04	$42.80	$42.00

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Independent Auditors Required Disclosure in Accordance with *Government Auditing Standards*, 1994 Revision

You have engaged us to conduct an audit of Florida Municipal Power Agency's combined financial statements for the year ended September 30, 1998 in accordance with generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities for testing and reporting on internal control and on compliance with applicable laws and regulations under those standards are described in the table below. In addition, the table contrasts our responsibilities in this engagement with other procedures that could be performed in other financial-related audits.

Service That We Could Provide	Our Responsibility Regarding Internal Controls	Our Responsibility Regarding Compliance with Laws and Regulations
Financial statement audit—GAAS	We consider internal control to plan the nature, timing and extent of audit procedures for the purpose of expressing our opinion on the financial statements. We report, orally or in writing, any reportable conditions, including material weaknesses, that we identify as a result of our audit procedures. Our report does not provide assurance on internal control over financial reporting.	We design our audit to provide reasonable assurance of detecting fraud that is material to the financial statements and illegal acts that have a direct and material effect on the financial statement amounts.
Financial statement audit—*Government Auditing Standards*	In addition to the GAAS responsibilities, we are required to issue a written report on our consideration of internal control and identify reportable conditions, including material weaknesses, if any. Our reports do not provide assurance on internal control over financial reporting.	In addition to the GAAS responsibilities, we design our audit to provide reasonable assurance of detecting material misstatements resulting from noncompliance with provisions of contracts or grant agreements that have a direct and material effect on the financial statements. We issue a written report on the results of these procedures; however, our report does not express an opinion on compliance.

Service That We Could Provide	Our Responsibility Regarding Internal Controls	Our Responsibility Regarding Compliance with Laws and Regulations
Examination-level attestation	We could be engaged to examine and report on management's written assertion as to the design and operating effectiveness of internal control. The engagement would be conducted in accordance with AICPA standards for attestation engagements, and would include an evaluation of the design of the entity's internal control, and performing tests of relevant internal control policies and procedures to evaluate their operating effectiveness.	We could be engaged to examine and report on management's written assertion regarding compliance. The engagement could be conducted at the financial statement level, or could result in a determination as to whether all federal programs have been administered in accordance with applicable laws and regulations. The engagement would be conducted in accordance with AICPA standards for attestation engagements, and would include obtaining an understanding of the specific compliance requirements, obtaining an understanding of the design of the entity's internal control over compliance, and testing compliance with specified requirements.
Agreed-upon procedures level attestation	We could be engaged to perform agreed-upon procedures related to management's written assertion as to the design and operating effectiveness of internal control. The object of the agreed-upon procedures is to present specific findings to assist users in evaluating management's assertions. Our procedures generally may be as limited or extensive as the users' desire as long as the users (a) participate in establishing the procedures to be performed and (b) take responsibility for the sufficiency of such procedures for their purposes.	We could be engaged to perform agreed-upon procedures related to management's written assertion regarding compliance. The objective of the agreed-upon procedures is to present specific findings to assist users in evaluating management's assertions. Our procedures generally may be a s limited or extensive as the users' desire as long as the users (a) participate in establishing the procedures to be performed and (b) take responsibility for the sufficiency of such procedures for their purposes.

Combining Financial Statements, Supplementary Information and Compliance Reports

Florida Municipal Power Agency

Year Ended September 30, 1997
with Report of Independent Auditors

Florida Municipal Power Agency

Combining Financial Statements,
Supplementary Information
and Compliance Reports

Year Ended September 30, 1997

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Report of Independent Auditors

Executive Committee and the Board of Directors
Florida Municipal Power Agency
Orlando, Florida

We have audited the accompanying combining balance sheet of the Florida Municipal Power Agency and its projects ("Agency"), as of September 30, 1997, and the related statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *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 combining financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combining financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combining financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of the Florida Municipal Power Agency and its projects as of September 30, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards,* we have also issued a report dated November 19, 1997 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with laws, regulations and contracts.

Ernst + Young LLP

November 19, 1997, except for Note 9
for which the date is December 11, 1997.

Combining Financial Statements

FLORIDA MUNICIPAL POWER AGENCY
COMBINING BALANCE SHEET
(thousands omitted)
September 30, 1997

ASSETS	Agency	Pooled Loan Project	St. Lucie Project
Utility Plant:			
Electric plant			$ 177,184
General plant	$ 1,776		14
Nuclear Fuel			10,121
	1,776		187,319
Less accumulated depreciation and amortization	862		69,593
Net utility plant in service	914		117,726
Construction work in progress			6
Development projects in progress	2,434		
	3,348		117,732
Restricted Assets:			
Cash and cash equivalents		$ 423	15,210
Investments			33,514
Receivables		61,608	607
		62,031	49,331
Current Assets:			
Cash and cash equivalents	1		1,231
Investments	2,236		6,387
Receivables from participants	802		3,547
Other receivables	182		
Spare parts inventory			
Coal inventory			
Prepaid expenses	39		1,408
	3,260		12,573
Other Assets:			
Unamortized debt issuance costs	6		3,443
Net costs recoverable from future participant billings			81,861
Deferred charge nuclear fuel enrichment facilities			673
Advances to participants	851		
Unamortized loss on bond refundings			51,436
	857		137,413
Total Assets	$ 7,465	$ 62,031	$ 317,049
MEMBERS' EQUITY AND LIABILITIES			
Members' Equity:			
Member assessments and contributions	$ 2,725		
Retained earnings	3,342		
Total members' equity	6,067		
Long-Term Debt:			
Revenue bonds payables			$ 297,400
Commercial paper notes		$ 59,340	
Loans payable to Pooled Loan Project	390		
Unamortized discount on bonds			(9,304)
	390	59,340	288,096
Restricted Liabilities (Payable from Restricted Assets):			
Current portion of revenue bonds payable		2,050	6,180
Current portion of loan payable to Pooled Loan Project			
Accrued interest on long-term debt		404	8,124
Accrued decommissioning expenses			10,298
		2,454	24,602
Current Liabilities:			
Current portion of loans payable	42		
Accounts payable	446	237	217
Amounts to be refunded to participants			2,855
Compensated absences	214		
Accrued expenses	124		606
Advances from participants	182		
	1,008	237	3,678
Other Liabilities:			
Deferred credit nuclear fuel enrichment facilities			673
Total liabilities	1,398	62,031	317,049
Total Members' Equity and Liabilities	$ 7,465	$ 62,031	$ 317,049

Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
$ 64,832	$ 149,282	$ 27,013	$ 157,954	$ 576,265
43	84	14	53	1,984
				10,121
64,875	149,366	27,027	158,007	588,370
16,745	19,321	6,963	8,851	122,335
48,130	130,045	20,064	149,156	466,035
291	2,822	104	783	4,006
				2,434
48,421	132,867	20,168	149,939	472,475
3,423	10,774	2,648	22,268	54,746
7,733	16,531	3,818	16,316	77,912
133	139	64	260	62,811
11,289	27,444	6,530	38,844	195,469
1,169	494	34	765	3,694
9,443	26,946	3,393	9,979	58,384
1,533	12,762	685	2,628	21,957
289		123	133	727
	1,633			1,633
506	358	181	342	1,387
445	1,415	166	696	4,169
13,385	43,608	4,582	14,543	91,951
1,331	2,576	748	2,965	11,069
25,220	29,941	13,133	11,273	161,428
				673
			1,000	1,851
7,405	19,385	7,739	18,937	104,902
33,956	51,902	21,620	34,175	279,923
$ 107,051	$ 255,821	$ 52,900	$ 237,501	$ 1,039,818
				$ 2,725
				3,342
				6,067
$ 92,620	$ 202,305	$ 47,840	$ 245,555	885,720
				59,340
8,155	22,599	2,925		34,069
(2,322)	(4,940)	(1,849)	(16,618)	(35,033)
98,453	219,964	48,916	228,937	944,096
1,905	3,380	1,130		14,645
	590			590
2,632	5,141	1,344	6,015	23,660
				10,298
4,537	9,111	2,474	6,015	49,193
195		70		307
2,296	11,976	713	904	16,789
	14,436	174	1,453	18,918
				214
66	334	24	192	1,346
1,504		529		2,215
4,061	26,746	1,510	2,549	39,789
				673
107,051	255,821	52,900	237,501	1,033,751
$ 107,051	$ 255,821	$ 52,900	$ 237,501	$ 1,039,818

See accompanying notes to combining financial statements

FLORIDA MUNICIPAL POWER AGENCY
COMBINING STATEMENT OF INCOME AND RETAINED EARNINGS
(thousands omitted)
Year Ended September 30, 1997

	Agency	Pooled Loan Project	St Lucie Project
Operating Revenues:			
Billings to participants		$ 2,695	$ 39,172
Sales to others			2,438
Amounts to be recovered from (refunded to) participants		(33)	(2,855)
		2,662	38,755
Operating Expenses:			
Operation and maintenance			8,166
Fuel expense			
Nuclear fuel amortization			1,839
Spent fuel fees			761
Purchased power			2,501
Transmission services			1,426
General and administrative	$ 4,471		2,027
Depreciation	135		5,118
Decommissioning			1,034
	4,606		22,872
Amounts Capitalized to Development Projects or Charged to Other Projects	(4,628)		
Operating income	22	2,662	15,883
Other Income (Expense):			
Interest expense	(22)	(2,709)	(16,883)
Amortization of debt related costs	(1)		(2,378)
Investment income	69	47	2,865
Development fund fee	542		
Write off of development projects	(200)		
Net costs recoverable from future participant billings			513
Total other income (expense)	388	(2,662)	(15,883)
Net Income	410		
Retained Earnings at Beginning Year	2,932		
Retained Earnings at End of Year	$ 3,342	$ -	$ -

Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
$ 16,946	$ 135,007	$ 7,870	$ 29,678	$ 231,368
				2,438
25	(15,406)	(174)	(1,453)	(19,896)
16,971	119,601	7,696	28,225	213,910
1,687	3,579	604	2,537	16,573
7,542	21,392	2,656	12,310	43,900
				1,839
				761
	70,060			72,561
1,696	8,931	691	2,059	14,803
786	4,200	331	679	12,494
1,889	4,953	773	4,145	17,013
				1,034
13,600	113,115	5,055	21,730	180,978
				(4,628)
3,371	6,486	2,641	6,495	37,560
(6,044)	(11,566)	(2,961)	(12,880)	(53,065)
(66)	(1,033)	(407)	(811)	(4,696)
1,078	3,131	475	2,670	10,335
				542
				(200)
1,661	2,982	252	4,526	9,934
(3,371)	(6,486)	(2,641)	(6,495)	(37,150)
				410
				2,932
$ -	$ -	$ -	$ -	$ 3,342

See accompanying notes to combining financial statements

FLORIDA MUNICIPAL POWER AGENCY
COMBINING STATEMENT OF CASH FLOWS
(thousands omitted)
Year Ended September 30, 1997

	Agency	Pooled Loan Project	St. Lucie Project
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating income	$ 22	$ 2,662	$ 15,883
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and decommissioning	135		6,152
Amortization - nuclear fuel			1,839
Changes in assets and liabilities:			
Net (increase) in loans to participants		(15,706)	
Net (increase) decrease in receivables from particiants			(143)
Net decrease in amounts to be recovered from participants			193
Net (increase) decrease in inventory			
Net (increase) decrease in other receivables	(297)		245
Net (increase) decrease in prepaids	(5)		(168)
Net decrease in advances to participants	343		
Net increase in advances from participants			
Net increase (decrease) in accounts payable and accrued expenses	157	31	(104)
Net increase (decrease) in amounts to be refunded to participants			2,855
Net cash provided by (used in) operating activities	355	(13,013)	26,752
Cash Flows from Capital and Related Financing Activities:			
Principal payment on debt	(67)		(5,930)
Retirement of debt		(1,740)	
Proceeds of long-term debt		17,400	
Debt issuance costs			
Receipts for development fund	586		
Interest paid on long-term debt	(22)	(2,733)	(16,373)
Acquisition and construction of capital assets	(252)		(3,028)
Net cash provided by (used in) capital and related financing activities	245	12,927	(25,331)
Cash Flows from Investing Activities:			
Purchases of investment securities	(3,726)		(87,723)
Interest purchased on investment securities			(82)
Purchased interest received on investment securities			77
Proceeds from maturity/sales of investment securities	1,866		84,420
Interest on investments	43	46	1,729
Net cash provided by (used in) investing activities	(1,817)	46	(1,579)
Increase (Decrease) in Cash and cash Equivalents	(1,217)	(40)	(158)
Cash and Cash Equivalents at Beginning of Year	1,218	463	16,599
Cash and Cash Equivalents at End of Year	$ 1	$ 423	$ 16,441
Unrestricted	$ 1		$ 1,231
Restricted		$ 423	15,210
	$ 1	$ 423	$ 16,441

Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
$ 3,371	$ 6,486	$ 2,641	$ 6,495	$ 37,560
1,889	4,953	773	4,145	18,047
				1,839
				(15,706)
(64)	(1,702)	32	6	(1,871)
				193
(297)	(1,605)	(106)	708	(1,300)
200	119	(104)	(109)	54
(137)	(520)	(49)	(262)	(1,141)
				343
466		165		631
255	3,116	21	(94)	3,382
(820)	(3,774)	(273)	(489)	(2,501)
4,863	7,073	3,100	10,400	39,530
(1,985)	(11,655)	(1,150)		(20,787)
(58,185)				(59,925)
58,390	17,400			93,190
(626)				(626)
				586
(5,692)	(11,329)	(2,845)	(12,030)	(51,024)
(241)	(2,508)	448	553	(5,028)
(8,339)	(8,092)	(3,547)	(11,477)	(43,614)
(51,571)	(223,832)	(28,862)	(167,589)	(563,303)
(32)	(8)	(2)	(1)	(125)
29	9	2		117
52,344	220,188	28,858	180,590	568,266
534	994	222	547	4,115
1,304	(2,649)	218	13,547	9,070
(2,172)	(3,668)	(229)	12,470	4,986
6,764	14,936	2,911	10,563	53,454
$ 4,592	$ 11,268	$ 2,682	$ 23,033	$ 58,440
$ 1,169	$ 494	$ 34	$ 765	$ 3,694
3,423	10,774	2,648	22,268	54,746
$ 4,592	$ 11,268	$ 2,682	$ 23,033	$ 58,440

See accompanying notes to combining financial statements

1. Summary of Significant Accounting Policies

Reporting Entity: Florida Municipal Power Agency (FMPA) was created on February 24, 1978, pursuant to the terms of an Interlocal Agreement signed by the Governing Bodies of twenty-five Florida municipal corporations or utility commissions chartered by the State of Florida, all as provided in Florida Statutes Chapter 163.01, as amended (The Florida Interlocal Cooperation Act of 1969), and Florida Statutes Chapter 361, Part II, as amended (the Joint Power Act).

The Florida Interlocal Cooperation Act of 1969 (the Act) authorizes local government units to, among other things, enter together into mutually advantageous agreements which create separate legal entities for certain specified purposes. FMPA, as one such legal entity, is then authorized under the Joint Power Act to finance, acquire, construct, manage, operate or own electric power projects, or to accomplish these same purposes jointly with other public or private electric utilities. An amendment to the Act in 1985 and an amendment to the Interlocal Agreement in 1986 authorized FMPA to implement a pooled financing or borrowing program for electric, water, wastewater, waste, refuse disposal or gas projects of FMPA and its members.

Due to the diverse needs of municipal electric systems, FMPA established itself as a project-oriented agency. Under this structure, each Agency member has the option whether or not to participate in a project. Members may participate in more than one project. However, each of the Agency's projects is independent from the other, and the project bond resolutions specify that no revenues or funds available from one project can be used to pay the costs of any other project.

As of September 30, 1997, FMPA had 26 members. On November 7, 1997, Orlando Utilities Commission became a member.

Basis of Accounting: All Agency and projects' accounting records are maintained on an accrual basis in accordance with generally accepted accounting principles applicable to proprietary funds and other governmental entities, that use proprietary fund accounting. In addition, St. Lucie, Stanton, All-Requirements, Tri-City and Stanton II Projects follow the Federal Energy Regulatory Commission's Uniform System of Accounts. In accordance with Governmental Accounting Standards No. 20, FMPA has elected not to follow FASB pronouncements issued subsequent to November 30, 1989 in accounting and reporting for its operations.

Fund Accounting: FMPA maintains its accounts on a fund basis in compliance with appropriate bond resolutions. FMPA operates its various projects in a manner similar to private business; therefore, operations of each project are accounted for as an enterprise fund. Inter-project transactions, revenues and expenses are not eliminated. The Agency accounts for general operations beneficial to all member systems and projects. The St. Lucie Project accounts for ownership interest in the St. Lucie Unit No. 2 nuclear generating facility. The Stanton Project and the Tri-City Project account for respective ownership interests in the Stanton Energy Center (SEC) Unit No. 1 coal-fired generation facility. The All-Requirements Project

1. Summary of Significant Accounting Policies (continued)

accounts for ownership interest in SEC Unit No. 1, SEC Unit No. 2, Indian River Combustion Turbine Units A, B, C and D, Cane Island Units No. 1 and No. 2, FMPA Key West Units No. 1 and No. 2, purchase of power for resale to the participants and equipment necessary for dispatching requirements. The Stanton II Project accounts for ownership interest in SEC Unit No. 2. The Pooled Loan Project accounts for operations of pooled financing of loans to other FMPA projects and member systems for utility related projects. Certain accounts within these funds are grouped and classified in the manner established by respective bond resolutions and/or debt instruments.

Utility Plant: Certain direct and indirect expenses allocable to FMPA's undivided ownership interests in the St. Lucie Project, Stanton Project, All-Requirements Project, Tri-City Project and Stanton II Project are capitalized as part of the cost of acquiring or constructing the respective utility plant. Direct and indirect expenses not associated with these projects are capitalized as part of the cost of development projects in progress in the Agency. Electric plant in service, is depreciated on the straight-line basis at rates calculated to amortize cost over the assets' respective estimated useful lives. Depreciation begins when assets are placed into service. Estimated useful lives for electric utility plant range from approximately 23 to 40 years. FMPA has adopted the policy of capitalizing net interest costs during the period of project construction (interest expense less interest earned on the investment of bond proceeds). Nuclear fuel is stated at cost and is amortized on the units of production basis.

Inventory: Coal inventory is stated at weighted average cost. Spare parts inventory is related to All-Requirements Project Cane Island Power Plant Units.

Cash Equivalents: FMPA considers the following highly liquid investments (including restricted assets) to be cash equivalents: time deposits (not including certificates of deposit); money market funds; and investments with the Florida State Board of Administration in the Local Government Surplus Fund.

Investments: Investments are stated at amortized cost, as prescribed by respective bond resolutions. The individual projects' investment portfolios at September 30, 1997 and for the year then ended included investment obligations of the U.S. Treasury, or its agencies and commercial paper.

Debt Related Costs: Unamortized debt issuance costs are amortized on the bonds outstanding method for the St. Lucie Project, Stanton Project, All-Requirements Project, Tri-City Project and Stanton II Project. For the Agency, Stanton Project, All-Requirements Project and Tri-City Project loans from the Pooled Loan Project, such costs are amortized on the straight-line method, which approximates the effective interest method, over the life of the loan. Accounting

1. Summary of Significant Accounting Policies (continued)

gains and losses on refundings of bonds are deferred and amortized over the life of the refunding bonds or refunded bonds, whichever is less, using the straight-line method.

Compensated Absences: Liabilities related to compensated absences are recognized as incurred in accordance with Governmental Accounting Standards Board Statement No. 16 and are included in accrued expenses.

Allocation of Agency Expenses: General and administrative operating expenses of the Agency are allocated based on direct labor costs to the St. Lucie Project, Stanton Project, All-Requirements Project, Tri-City Project, Stanton II Project, and Agency accounts for development projects in progress and advances to participants. General and administrative operating expenses of the Agency related to the Pooled Loan Project are recovered through a fixed fee from participants of the Pooled Loan Project which is paid to the Agency Fund.

Billings to Participants: Participant billings are designed to systematically provide revenue sufficient to recover "costs" (as defined in the St. Lucie Project, the Stanton Project, the All-Requirements Project, the Tri-City Project, and the Stanton II Project Bond Resolutions and the respective Power Supply, Power Sales and Project Support contracts). The rate methods for billings to participants are set by contract and actual rates are set in the budgeting process by the Board of Directors on an annual basis.

For the St. Lucie, Stanton, All-Requirements, Tri-City and Stanton II Projects, variances between current fiscal year billings and actual project costs are computed and, under the terms of the respective project contracts, any net excess is credited or deficiency is charged to future participant billings or may be paid to or from the rate stabilization account as approved by the Executive Committee. For the fiscal year ended September 30, 1997, these variances were classified in the financial statements as amounts to be recovered from (refunded to) participants.

Billings to Pooled Loan Project participants are designed to provide cash flows sufficient to pay principal and interest on outstanding debt and recover costs of operating the project.

Income Taxes: FMPA is exempt from federal and state income taxes.

2. Net Costs Recoverable from Future Participant Billings

Rates for power billings to participants are designed to provide, over the life of the project, full recovery of project "costs" as defined by the respective bond resolutions and project contracts. Rates are structured to systematically provide for the current debt service requirements, operating costs, and reserves as specified by the bond resolutions and project contracts. The current costs to be recovered from future revenues consist primarily of the difference between

2. Net Costs Recoverable from Future Participant Billings (continued)

depreciation and the debt principal requirements included in the rates. In accordance with Statement of Financial Accounting Standards No. 71, certain income and expense amounts which would be recognized during the current time period are deferred and not included in the determination of net income until such costs are recoverable through participant billings.

At September 30, 1997, this difference in timing has resulted in "net costs recoverable from future participant billings" as follows:

	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
			(thousands omitted)			
GAAP Items Not Included in Participant Billings:						
Interest funded by bond proceeds	$35,694	$41,289	$43,585	$12,425	$61,543	$194,536
Depreciation	68,907	15,219	18,265	6,422	7,021	115,834
Nuclear fuel amortization	36,683					36,683
Budget/actual variances from prior year participant billings	3,142	(4,064)	30	(1,542)	(1,942)	(4,376)
Amortization of debt issue costs and bond discount	30,921	5,530	8,801	4,577	7,277	57,106
Capitalized interest			(4,443)		(22,478)	(26,921)
Special funds drawdowns	50,661	21,591	16,199	10,818	92	99,361
	226,008	79,565	82,437	32,700	51,513	472,223
Bond Resolution Requirements Included in Participant Billings:						
Special funds deposits	74,986	12,103	15,518	5,283	12,099	119,989
Debt service principal	45,119	11,400	17,330	6,635		80,484
Investment income not available for operating purposes	24,042	30,842	19,648	7,649	28,141	110,322
	144,147	54,345	52,496	19,567	40,240	310,795
Net Costs Recoverable From Future Participant Billings	$81,861	$25,220	$29,941	$13,133	$11,273	$161,428

Special funds include the Reserve and Contingency Fund, Fuel Account (St. Lucie Project only), Working Capital and Rate Stabilization Account in the Operation and Maintenance Fund.

In order to provide a level rate structure to participants over the life of the project, various financings have provided for interest on bonds to be funded from bond proceeds for approximately two years subsequent to commercial operation of a project and for depreciation and additional borrowings associated with bond financings to be recovered through future principal payments.

3. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments consist of the following:

Deposits: At September 30, 1997, FMPA's deposits consisted of demand accounts, money market accounts and accounts with Florida State Board of Administration in the Local Government Surplus Fund, all of which are authorized under FMPA ordinances and various bond resolutions. FMPA's demand deposits at September 30, 1997 were insured by Federal depository insurance or collateralized pursuant to the Public Depository Security Act of the State of Florida.

Investments: Investments at September 30, 1997 were insured or registered and held by FMPA or its agent in FMPA's name.

Following are the components of FMPA's total cash and cash equivalents and investments at their respective carrying amounts which approximate market value at September 30, 1997 (in thousands):

	Restricted	Unrestricted	Totals
		(thousands omitted)	
Cash and cash equivalents	$ 54,746	$ 3,694	$ 58,440
Investments	77,912	58,384	136,296
	$132,658	$62,078	$ 194,736

	Agency	Pooled Loan Project	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
					(thousands omitted)			
U.S. Government/ Agency Securities	$1,191	$	$35,111	$13,784	$23,454	$4,816	$17,325	$ 95,681
Commercial Paper	1,045		4,790	3,392	20,023	2,395	8,970	40,615
Deposits	1	423	16,441	4,592	11,268	2,682	23,033	58,440
	$2,237	$423	$56,342	$21,768	$54,745	$9,893	$49,328	$194,736

4. Restricted Assets

Restricted assets at September 30, 1997 included the following:

	Pooled Loan Project	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
				(thousands omitted)			
Restricted Assets:							
Construction Fund				$ 7,444		$10,116	$ 17,560
Debt Service Funds	$ 308	$26,241	$ 8,113	17,074	$ 4,734	28,227	84,697
Reserve & Contingency Funds		12,792	3,176	2,926	1,796	501	21,191
Decommissioning Fund		10,298					10,298
Revenue Fund	115						115
Loans Receivable	61,608						61,608
	$62,031	$49,331	$11,289	$27,444	$6,530	$38,844	$195,469

5. Long-Term Debt

Description and summary of long-term debt at September 30, 1997 is as follows:

Agency: The Agency has a loan payable to the Pooled Loan Project with a balance of $410,000 at September 30, 1997. Interest is payable monthly at a variable rate tied to the interest rates paid on Pooled Loan Project debt. Interest rates on the loan varied from 4.40% to 4.75% during the fiscal year ended September 30, 1997. The loan payable balance is due in fourteen annual principal payments ranging from $20,000 to $45,000 with the final payment due November 1, 2010.

The Agency has a $200,000 line of credit from Barnett Bank of Central Florida, N.A. As of September 30, 1997 the balance due is $22,000. Interest is payable quarterly at 82.83% of prime rate (8.5% at September 30, 1997). The principal is payable in quarterly payments, with final payment due March 30, 1998. On November 3, 1997, the Agency paid off the balance due.

Pooled Loan Project:
Commercial Paper Notes: FMPA is authorized to issue up to $95,000,000 of commercial paper notes with the current credit provider. The Commercial Paper is issued for purpose of loaning the proceeds to FMPA members and to other FMPA projects. The respective loan agreements are equal in the aggregate to the principal of the current notes issued and are executed simultaneously with each note issue. The current outstanding commercial paper notes total $61,390,000.

5. Long-Term Debt (continued)

The commercial paper notes bear interest at a rate which varies periodically, as determined by the dealer. Interest is paid periodically, ranging from 1 to 180 days. During the fiscal year ended, September 30, 1997, interest rates ranged from 3.10% to 3.9%.

The commercial paper notes are further collateralized by an irrevocable long-term letter of credit with First Union National Bank of North Carolina, in an amount sufficient for payment of the outstanding principal plus 65 days accrued interest at an assumed rate of 10%. The letter of credit expires May 22, 2000, with an annual extension unless First Union gives notice during the 60 day period prior to May 22, 2000. The fee paid on the letter of credit is 35 basis points on the amount of paper outstanding plus 10% for 65 days. Amounts payable to the bank under the letter of credit are due on demand and bear interest at the lower of prime rate plus 2% or the maximum rate permitted by law. There were no draws outstanding on the letter of credit at September 30, 1997.

St. Lucie Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1997
		(thousands omitted)			
September 1992	Refunding Revenue Bonds, Series 1992	4.40%-5.70%	April 1 and October 1	October 1, 2021	$303,580

Early redemption of Series 1992 bonds is provided for at call rates of 102% to 100% beginning October 1, 2002.

Stanton Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1997
		(thousands omitted)			
February 1991	Refunding Revenue Bond, Series 1991	5.70%-6.35%	April 1 and October 1	October 1, 2019	$36,135
August 1997	Variable Rate Demand Refunding Revenue Bonds, Series 1997	Varies Weekly	Monthly	October 1, 2019	58,390
					$94,525

Early redemption of Series 1991 bonds is provided for at call rates of 101% to 100% beginning April 1, 2001.

5. Long-Term Debt (continued)

On August 27, 1997, FMPA issued $58.390 million in Stanton Project Variable Rate Demand Refunding Revenue Bonds, Series 1997. These bonds were issued in a weekly variable rate to advance refund $54.585 million of outstanding Series 1991 bonds with an average interest rate of 6.15%. The net proceeds of $57.764 million (after payment of $626 thousand in underwriting fees, insurance, and other issuance costs) plus an additional $1.4 million of Series 1991 sinking fund monies were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1991 bonds and call premium. As a result, the portion of the Series 1991 bonds are considered to be defeased and the liability for those bonds has been removed from the Stanton Project revenue bonds payable. At the time of issuance, the Stanton Project entered into a fixed rate swap with a swap provider until the call date of the Series 1991 bonds. The rate the Stanton Project will pay is a fixed rate of 4.271% and the Stanton Project will receive the actual variable rate of the Series 1997 bonds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $7.4 million. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2020 using the effective interest method. The Stanton Project completed the advance refunding to reduce its total debt service payments over the next 4 years by $4.0 million and to obtain an economic gain (difference between the present value of the old and new debt service payments of $2.4 million). In addition, this refunding gives the project flexibility in the year 2001 to currently call bonds and retire them.

Early redemption of Series 1997 bonds are subject to redemption prior to maturity at the election of FMPA, on any interest payment date, at call rates of 100%.

Loan Payable to Pooled Loan Project: The Stanton Project has a loan payable to the Pooled Loan Project with a balance of $8,350,000 at September 30, 1997. Interest is payable monthly at a variable rate tied to the interest rates paid on Pooled Loan Project debt. Interest rates on the loan varied from 4.40% to 4.75% during the fiscal year ended September 30, 1997. The loan payable balance is due in twenty-two annual principal payments ranging from $195,000 to $655,000, with the final payment due October 1, 2018. The loan is subordinate to other debt of the Project.

5. Long-Term Debt (continued)

All-Requirements Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1997
		(thousands omitted)			
February 1987	Refunding Revenue Bonds, Series 1987	6.00%	April 1 and October 1	October 1, 1997	$ 1,675
May 1992	Revenue Bonds, Series 1992	5.20%-5.90%	April 1 and October 1	October 1, 2002	5,865
December 1993	Revenue Bonds, Series 1993	3.60%-5.10%	April 1 and October 1	October 1, 2025	198,145
					$205,685

Early redemption of Series 1993 bonds is provided for at call rates of 101% to 100% beginning October 1, 2003.

Loans Payable to Pooled Loan Project: The All-Requirements Project has loans payable to the Pooled Loan Project with a balance of $5,789,000 and $17,400,000 at September 30, 1997. Interest is payable monthly at a variable rate tied to the interest rates paid on Pooled Loan Project debt. Interest rates on the loan varied from 4.40% to 4.75% during the fiscal year ended September 30, 1997. The loans payable balances are due in seventeen and twenty-five annual principal payments ranging from $200,000 and $390,000 to $534,000 and $1,125,000 with the final payments due October 1, 2013 and October 1, 2021, respectively. These loans are subordinate to other debt of the Project.

Tri-City Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1997
		(thousands omitted)			
January 1992	Refunding Revenue Bonds, Series 1992	4.50%-6.00%	April 1 and October 1	October 1, 2019	$48,970

Early redemption of Series 1992 bonds is provided for at call rates of 102% to 100% beginning October 1, 2003.

Loan Payable to Pooled Loan Project: The Tri-City Project has a loan payable to the Pooled Loan Project with a balance of $2,995,000 at September 30, 1997. Interest is payable monthly at a variable rate tied to the interest rates paid on the Pooled Loan Project debt. Interest rates on the loan varied from 4.40% to 4.75% during the fiscal year ended September 30, 1997. The loan

5. Long-Term Debt (continued)

payable balance is due in twenty-two annual principal payments ranging from $70,000 to $235,000 with the final payment due October 1, 2018. This loan is subordinate to other debt of the Project.

Stanton II Project:

Issue Date	Description	Interest Rates	Interest Payment Dates	Final Maturity	Principal Balance Outstanding at September 30, 1997
		(thousands omitted)			
June 1992	Revenue Bonds, Series 1992	5.30%-6.25%	April 1 and October 1	October 1, 2012	$ 62,555
October 1993	Refunding Revenue Bonds, Series 1993	3.85%-5.10%	April 1 and October 1	October 1, 2027	183,000
					$245,555

Early redemption of Series 1992 bonds is provided for at call rates of 102% to 100% beginning October 1, 2002.

Early redemption of Series 1993 bonds is provided for at call rates of 102% to 100% beginning October 1, 2003.

The fair market value of FMPA's long-term debt at September 30, 1997 was estimated using the Delphis Hanover Interest Rate Scale. A yield for each maturity was determined. The individual maturities were priced and summed to arrive at a fair market value of approximately $942 million. The carrying amount of long-term debt due within one year approximated fair market value because of the short maturity of these instruments.

Major Debt Provisions (All Projects): The bonds are special obligations of FMPA, payable solely from (1) revenues (as defined by the respective bond resolutions) after payment of operating expenses (as defined by the respective bond resolutions) and (2) other monies and securities pledged for payment thereof by the respective bond resolutions.

The respective resolutions require FMPA to deposit into special funds all proceeds of bonds issued and all revenues generated as a result of the projects' respective Power Sales and Project Support contracts or the Power Supply contract. The purpose of the individual funds is specifically defined in the respective bond resolutions.

Investments are generally restricted to those types described in Note 1. Additional restrictions applying to maturity dates are defined in the respective bond resolutions.

5. Long-Term Debt (continued)

Defeased Debt: The following bonds have been defeased in substance. Since investments consisting of governmental obligations are held in escrow for payment of principal and interest, the bonds are not liabilities of FMPA. The principal balances of the defeased bonds at September 30, 1997 are as follows:

Original Issue Date	Description	Defeased Portion - Amount Originally Issued	Principal Balance Outstanding at September 30, 1997
	(thousands omitted)		
May 1983	St. Lucie Project Revenue Bonds, Series 1983	$280,075	$26,185
February 1987	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 1987	$52,530	$52,530
October 1991	All-Requirements Power Supply Project Refunding Revenue Bonds, Series 1991	$28,410	$28,410
May 1992	All-Requirements Power Supply Project Revenue Bonds, Series 1992	$56,915	$56,915
June 1992	Stanton II Project Revenue Bonds, Series 1992	$154,475	$154,475
August 1997	Stanton Project Revenue Bonds, Series 1991	$54,585	$54,585

5. Long-Term Debt (continued)

Annual Requirements: The annual debt service requirements to amortize all bonded debt outstanding as of September 30, 1997 are as follows:

Fiscal Year Ending September 30	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
			(thousands omitted)			
1998	$ 22,427	$ 6,311	$ 13,667	$ 3,826	$ 15,534	$ 61,765
1999	22,430	6,310	13,656	3,821	15,535	61,752
2000	22,430	6,308	13,662	3,815	15,539	61,754
2001	22,428	6,519	13,664	3,820	15,536	61,967
2002	22,428	4,191	13,669	3,823	15,534	59,645
2003	22,430	4,190	13,665	3,826	15,534	59,645
2004	22,430	4,190	13,660	3,817	15,537	59,634
2005	22,429	4,191	13,667	3,818	15,539	59,644
2006	22,429	4,190	13,668	3,822	15,535	59,644
2007	22,433	4,190	13,669	3,813	15,535	59,640
2008	22,429	4,191	13,673	3,825	15,536	59,654
2009	22,428	4,190	13,678	3,815	15,536	59,647
2010	22,431	4,190	13,658	3,819	15,531	59,629
2011	22,429	4,190	13,674	3,818	15,533	59,644
2012	22,426	4,191	13,673	3,829	15,534	59,653
2013	22,426	4,190	13,665	3,816	15,536	59,633
2014	22,428	4,190	13,670	3,821	15,536	59,645
2015	22,430	4,191	13,671	3,817	15,534	59,643
2016	22,429	10,091	13,657	3,816	15,534	65,527
2017	22,428	10,091	13,674	3,827	15,532	65,552
2018	22,426	10,086	13,668	3,818	15,537	65,535
2019	22,426	68,476	13,659	3,819	15,536	123,916
2020	22,427	-	13,653	-	15,536	51,616
2021	22,429	-	13,656	-	15,534	51,619
2022	-	-	13,648	-	15,536	29,184
2023	-	-	13,647	-	15,534	29,181
2024	-	-	13,653	-	15,538	29,191
2025	-	-	13,652	-	15,532	29,184
2026	-	-	-	-	15,534	15,534
2027	-	-	-	-	15,534	15,534
Total Principal and Interest	538,286	182,857	382,576	84,041	466,051	1,653,811
Less Amount Representing Interest	240,886	90,237	180,271	36,201	220,496	768,091
Long Term Revenue Bonds Payable at September 30, 1997	$ 297,400	$ 92,620	$ 202,305	$ 47,840	$ 245,555	$ 885,720

6. Commitments

FMPA has entered into participation agreements for individual ownership of generating facilities as follows:

Project	Operating Utility	Joint Ownership Interest	Commercial Operation Date
St. Lucie	Florida Power & Light (FPL)	8.806% of St. Lucie Unit No. 2 nuclear generating plant	August 1983
Stanton	Orlando Utilities Commission (OUC)	14.8193% of Stanton Energy Center (SEC) Unit No. 1 coal-fired generating plant	July 1987
All-Requirements	OUC	6.506% of SEC Unit No. 1	July 1987
All-Requirements	OUC	5.1724% of SEC Unit No. 2	June 1996
All-Requirements	OUC	39% of Indian River Combustion Turbine Units A & B	A-June 1989 B-July 1989
All-Requirements	OUC	21% of Indian River Combustion Turbine Units C & D	C-August 1992 D-October 1992
All-Requirements	Kissimmee Utility Authority (KUA)	50% of Cane Island Combustion Turbine - Unit No. 1	January 1995
All-Requirements	KUA	50% of Cane Island Combined Cycle - Unit No. 2	June 1995
Tri-City	OUC	5.3012% of SEC Unit No. 1	July 1987
Stanton II	OUC	23.2367% of SEC Unit No. 2	June 1996

Operational control of the electric generation plants rests with the operating utility and includes the authority to enter into long-term purchase obligations with suppliers. Currently, the operating utilities are obligated under various long-term contracts with suppliers. As a joint owner, FMPA is liable under its participation agreements for its ownership interest of total construction and operating costs. The contracts with OUC include purchases of coal. Through participation with OUC, FMPA has minimum annual purchases of coal through 2006 as follows (in thousands of tons):

Project:	1998	1999	2000	2001	2002	2003	2004	2005	2006
Stanton Project	290	290	290	219	219	219	219	219	71
All-Requirements Project	229	229	229	173	173	173	173	173	56
Tri-City Project	104	104	104	78	78	78	78	78	25
Stanton II Project	455	455	455	344	344	344	344	344	112

6. Commitments (continued)

FMPA has entered into certain long-term contracts for transmission services for the above projects. These amounts are recoverable from participants in the projects through the Power Sales and Project Support contracts and Power Supply contracts discussed below. FMPA has entered into Power Sales and Project Support contracts with each of the project participants for entitlement shares aggregating 100% of FMPA's joint ownership interest above, or in the case of the All-Requirements Project, a Power Supply Contract providing for the participants total power requirements. Revenues received under these individual project contracts will be sufficient to pay all of the related project costs.

St. Lucie Project: FMPA has also entered into a Reliability Exchange Agreement and a Replacement Power Agreement with FPL. The Reliability Exchange Agreement results in FMPA exchanging 50% of its share of the output from St. Lucie Unit No. 2 for a like amount from St. Lucie Unit No. 1. The Replacement Power Agreement provides for replacement power and energy to be made available to FMPA if FPL voluntarily ceases to operate or reduces output from St. Lucie Unit No. 2 or St. Lucie Unit No. 1 for economic reasons or valley-load conditions.

The St. Lucie Project, as a joint owner of St. Lucie Unit No. 2, 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. As the first layer of financial protection, FPL has purchased $200 million of public liability insurance from pools of commercial insurers on behalf of all joint owners. The second layer of financial protection is provided under an industry retrospective payment plan. Under that plan, St. Lucie Unit No. 2 is subject to an assessment of $81.75 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 $10 million per incident. FMPA is liable for its ownership interest of any assessment made against St. Lucie Unit No. 2 under this plan.

The St. Lucie Project has recorded a liability of $673,325 and a related deferred charge for its estimated portion of the costs for the decommissioning and decontamination of the United States Department of Energy nuclear fuel enrichment facilities as provided for by the National Energy Policy Act of 1992 (Energy Act). The Energy Act states, among other things, that utilities with nuclear reactors will contribute an aggregate total of $150 million annually, based upon an assessment, for a period of 15 years, up to a total of $2.25 billion (in 1992 dollars), for such decommissioning and decontamination costs. The Energy Act also provides that these costs are a "necessary and reasonable current cost of fuel and shall be fully recoverable in rates in all jurisdictions in the same manner as other fuel costs." The St. Lucie Project intends to recover these deferred costs from its participants through existing revenues.

6. Commitments (continued)

U.S. Nuclear Regulatory Commission (NRC) regulations require that each licensee of a commercial nuclear power reactor furnish to the NRC certification of its financial capability to meet the costs of nuclear decommissioning at the end of the useful life of the licensee's facility. As a co-licensee of St. Lucie Unit 2, FMPA's St. Lucie Project is subject to these requirements and therefore has furnished certification of its financial capability to fund its share of the costs of decommissioning St. Lucie Unit No. 2. To satisfy the NRC's financial capability regulations, FMPA established an external trust fund (the "Decommissioning Trust") pursuant to a trust agreement with Sun Bank Trust. FMPA's certification of financial capability requires that the St. Lucie Project make annual deposits to the Decommissioning Trust which, together with the investment earnings and amounts previously on deposit in the trust, are anticipated to result in sufficient funds being held in the Decommissioning Trust at the expiration of the current operating license for St. Lucie Unit No. 2 to meet the St. Lucie Project's share of the decommissioning. Based on a 1994 Unit site specific study, Unit No. 2 total decommissioning costs are estimated to be $307 million (in 1994 dollars). FMPA's share is estimated to be $27 million (in 1994 dollars). The Decommissioning Trust is irrevocable, and funds may be withdrawn from the trust solely for the purpose of paying the St. Lucie Project's share of the costs of nuclear decommissioning.

Under the NRC regulations, the Decommissioning Trust is required to be segregated from other FMPA assets and outside FMPA's administrative control. The St. Lucie Project is deemed to have incurred and paid decommissioning costs as monthly deposits are made to the Decommissioning Trust.

All-Requirements Project: FMPA supplies all of the power needs of the All-Requirements Project participants. In addition to its ownership of generating facilities, FMPA has entered into interchange and power purchase contracts with Florida Power Corporation, FPL, City of Lake Worth, Tampa Electric Company, Gainesville Regional Utilities, OUC and other utilities. A number of these contracts specify minimum annual capacity amounts which must be purchased by FMPA. In addition, the All-Requirements Project has a contract for delivery of natural gas to Cane Island Units 1 & 2. This contract expires in 2015. As discussed above, these payments are recoverable as incurred from participants through the Power Supply Contract.

FMPA All-Requirements Project entered into a contract with Stewart & Stevenson, Inc. to purchase two combustion turbine units to be located at City of Key West's City Electric System (CES). The units are expected to be operational on June 15, 1998. FMPA has begun negotiating with CES to operate and maintain these two units as agent for FMPA's All-Requirements Project.

On November 30, 1993, the gas turbine for Unit No. 1 at Cane Island was in the process of being delivered when it was struck and destroyed by an Amtrak train. KUA and FMPA were named as defendants (along with numerous other entities) in several personal injury and property damage lawsuits arising from the incident. Liability was tried first, and on November 21, 1996, the jury in the United States District Court, Middle District of Florida, found that neither FMPA

6. Commitments (continued)

nor KUA were negligent. The jury apportioned liability as follows, Rountree Transport and Rigging (the company hauling the turbine) 59%, CSX Transportation, Inc., 33%, and Amtrak 8%. Because of indemnity provisions in the Private Road Grade Crossing Agreement that KUA entered into with CSX, the court has ruled that FMPA and KUA are liable for CSX's negligence (FMPA is equally liable with KUA under the terms of their Participation Agreement). There is also a pending indemnity claim by Amtrak against FMPA & KUA based on the same Private Road Grade Crossing Agreement. These indemnity issues are the subject of pending motions to be heard in the future by the trial court. Regardless of how the trial court rules, it is assumed an appeal will follow. The final outcome is undeterminable at this time.

In separate legal action, FMPA's liability insurance carrier at the time of the accident has filed suit in Circuit Court, Ninth Judicial Circuit, Orange County, Florida, claiming that the policies do not provide coverage for damages arising from the train-truck collision. The Circuit Court ruled on November 14, 1997 in favor of the insurance company. The issue is currently on appeal. FMPA has also brought suit against the insurance company who sold the liability insurance to FMPA, for failure to procure adequate liability insurance for FMPA.

7. Capacity and Energy Sales Contract

Certain of the St. Lucie Project participants have entered into an agreement to sell capacity and energy to the All-Requirements Project. The All-Requirements Project has agreed to provide reserves and back-up capacity and energy for such sales. FMPA has been appointed agent in the administration of this contract.

8. Employee Benefits

Deferred Compensation and Money Purchase Plans: The Agency offers its full-time employees two plans for retirement: a deferred compensation plan in accordance with Internal Revenue Code Section 457 and a defined contribution pension (money purchase) plan under IRS Code Section 401(a).All full-time employees are vested immediately. The Agency's contribution may be made to either plan at the discretion of the employee. Such contribution is based upon 10% of the individual's base gross payroll. Total payroll amounted to $1,843,411 for the fiscal year which approximates covered payroll.

Additionally, an employee can contribute to the deferred compensation plan so that the combined contribution of the Agency and the employee does not exceed 25% of base gross payroll or $7,500, whichever is less, on an annual basis. Assets of both plans are held by ICMA Retirement Corporation, plan administrator and trustee.

The Agency's expenses during fiscal year 1997 were $16,517 under the deferred compensation plan and $151,333 under the money purchase plan, totaling $167,850.

8. Employee Benefits (continued)

Funds from these plans are not available to employees until termination or retirement; however, funds from the deferred compensation plan are available in the event of an unforeseeable emergency and employees may borrow up to one-half of their balance in the 401(a).

The Agency has, in the past, reported assets and associated liability with the deferred compensation plan offered to Agency employees on the balance sheet. Due to a change in Internal Revenue Code 457, these assets are no longer property of the Agency and the fiduciary responsibility was transferred to the Plan's third party administrator. As a result, these assets are not reported in the accompanying financial statements.

Other Post Employment Benefits: FMPA offers paid group health insurance to retiring full-time employees, age 65 or older with a minimum service of 10 years. This insurance is secondary to Medicare, for which the retiree must apply. Currently, FMPA has one retiree receiving this benefit. The cost to FMPA for fiscal year 1997 was approximately $1,600. Expenses for post retirement health care benefits are recognized as premiums are due.

9. Subsequent Event

The Pooled Loan Project redeemed $2,050,000 of commercial paper notes on November 7, 1997.

On December 11, 1997, FMPA issued $51.670 million in Stanton II Project Variable Rate Demand Subordinated Refunding Revenue Bonds, Series 1997. These bonds were issued in a weekly variable rate to advance refund $47.370 million of outstanding Series 1992 bonds with an average interest rate of 6.05%. The net proceeds of $51.252 million (after payment of $418 thousand in underwriting fees, insurance, and other issuance costs) plus an additional $477 thousand of Series 1992 sinking fund monies were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1992 bonds and call premium. At the time of issuance, the Stanton II Project entered into a fixed rate swap with a swap provider until the call date of the Series 1992 bonds. The rate the Stanton II Project will pay is a fixed rate of 4.308% and the Stanton II Project will receive the actual variable rate of the Series 1997 bonds.

Supplementary Information

ERNST & YOUNG LLP

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Report of Independent Auditors on Supplementary Information

Executive Committee and the Board of Directors
Florida Municipal Power Agency
Orlando, Florida

We have audited the combining financial statements of the Florida Municipal Power Agency, as of and for the year ended September 30, 1997, and have issued our report thereon dated November 19, 1997.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *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 combining financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combining financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combining financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the combining financial statements of the Florida Municipal Power Agency, taken as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and are a required part of the combining financial statements. The information in these schedules have been subjected to the auditing procedures applied in the audit of the combining financial statements and, in our opinion, are fairly presented in all material respects in relation to the combining financial statements taken as a whole.

Ernst + Young LLP

November 19, 1997

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FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF CHANGES IN PROJECT FUNDS AND ACCOUNTS
(thousands omitted)
Year Ended September 30, 1997

	September 30, 1996	Debt Proceeds
Pooled Loan Project		
Project Fund	$ -	$ 17,400
Revenue Fund	208	
Debt Service Fund	255	
	$ 463	$ 17,400
St. Lucie Project		
Debt Service:		
Debt Service Account	$ 14,213	
Debt Service Reserve Account	11,545	
Reserve and Contingency:		
Renewal and Replacement Account	4,123	
Contingency Account	7,166	
Decommissioning Fund	9,264	
Operation and Maintenance Fund	6,360	
	$ 52,671	$ -
Stanton Project		
Cost of Issuance Account	$ -	$ 303
Debt Service:		
Debt Service Account	4,569	
Debt Service Reserve Account	4,271	
Reserve and Contingency:		
Renewal and Replacement Account	1,945	
Contingency Account	1,026	
Operation and Maintenance Fund	12,463	
	$ 24,274	$ 303

• Includes interest earnings applied to advances from participants for Stanton Project

Collections on Participant Billings	Investment Interest	Disbursements	Transfers	September 30, 1997
	$ 17	$ 17,417		$ -
$ 4,436	14	516	$ (4,027)	115
	16	3,990	4,027	308
$ 4,436	$ 47	$ 21,923	$ -	$ 423
	$ 359	$ 22,303	$ 22,035	$ 14,304
	802		(410)	11,937
	271		1,213	5,607
	430		(411)	7,185
	634		400	10,298
$ 39,029	369	15,313	(22,827)	7,618
$ 39,029	$ 2,865	$ 37,616	$ -	$ 56,949
	$ 1			$ 304
	115	$ 8,514	$ 7,084	3,254
	284			4,555
	126		20	2,091
	59			1,085
$ 17,205	493	12,445	(7,104)	10,612
$ 17,205	$ 1,078	$ 20,959	$ -	$ 21,901

FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF CHANGES IN PROJECT FUNDS AND ACCOUNTS - CONTINUED
(thousands omitted)

Year Ended September 30, 1997

	September 30, 1996	Debt Proceeds
All-Requirements Project		
Construction Fund	$ 7,859	
Debt Service:		
Debt Service Account	10,721	
Debt Service Reserve Account	7,477	
Subordinate Debt Service	195	
Reserve and Contingency:		
Renewal and Replacement Account	1,266	
Contingency Account	1,446	
Operation and Maintenance Fund	23,685	$ 17,400
	$ 52,649	$ 17,400
Tri-City Project		
Debt Service:		
Debt Service Account	$ 2,498	
Debt Service Reserve Account	2,079	
Reserve and Contingency:		
Renewal and Replacement Account	708	
Contingency Account	1,026	
Operation and Maintenance Fund	3,598	
	$ 9,909	$ -
Stanton II Project		
Comstruction Fund	$ 8,883	
Debt Service:		
Debt Service Account	26,387	
Debt Service Reserve Account	8,439	
Renewal and Replacement Account	-	
Operation and Maintenance Fund	4,547	
	$ 48,256	$ -

* Includes interest earnings applied to advances from participants for Tri-City Project

Collections on Participant Billings	Investment Interest	Disbursements	Transfers	September 30, 1997
	$ 446	$ 861		$ 7,444
	308	12,808	$ 10,300	8,521
	467			7,944
	21	1,160	1,554	610
	82		124	1,472
	78		(70)	1,454
$ 108,413	1,729	111,880	(11,907)	27,440
$ 108,413	$ 3,131	$ 126,709	$ -	$ 54,885
	$ 65	$ 3,794	$ 3,771	$ 2,540
	161		(46)	2,194
	44		18	770
	61		(61)	1,026
$ 8,188	144 *	4,821	(3,682)	3,427
$ 8,188	$ 475	$ 8,615	$ -	$ 9,957
	$ 539	$ (694)		$ 10,116
	1,078	12,029	$ 4,010	19,446
	634		(292)	8,781
	1		500	501
$ 29,002	418	19,005	(4,218)	10,744
$ 29,002	$ 2,670	$ 30,340	$ -	$ 49,588

Florida Municipal Power Agency

Amounts Due (from) to Participants
Resulting from Budget/Actual Variances
(thousands omitted)

Year Ended September 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
St. Lucie Project			
Participant billing	$ 39,487	$ 39,172	$ (315)
Reliability exchange contract sales	2,926	2,438	(488)
Interest income	2,570	2,633	63
Transfer from rate stabilization	3,824	3,824	-
	48,807	48,067	(740)
Provision for purchase of future fuel core	3,454	3,454	-
Operation and maintenance	10,177	8,166	2,011
Spent fuel fees	591	761	(170)
Purchased power	3,600	2,501	1,099
Transmission service	1,362	1,426	(64)
General and administrative	2,840	2,027	813
Deposit to reserve and contingency	1,650	1,650	-
Deposit to decommissioning	939	1,033	(94)
Transfer to rate stabilization	1,765	1,765	-
Deposit to debt service fund	22,429	22,429	-
	48,807	45,212	3,595
Net Due to Participants Resulting from Budget/Actual Variances	$ -	$ 2,855	$ 2,855
Stanton Project			
Participant billing	$ 17,825	$ 16,946	$ (879)
Interest income	778	881	103
Transfer from rate stabilization	1	1	-
Transfer from working capital	2,000	2,000	-
	20,604	19,828	(776)
Operation and maintenance	9560	9,229	331
Transmission service	1,808	1,696	112
General and administrative	1,052	786	266
Payments to Pooled Loan Project	620	571	49
Deposit to reserve & contingency	125	125	-
Deposit to debt service fund	7,161	7,168	(7)
Transfer to rate stabilization	278	278	-
	20,604	19,853	751
Net Due (from) Participants Resulting from Budget/Actual Variances	$ -	$ (25)	$ (25)

Note - These schedules are prepared on a budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles. The Budget and Variance columns were not subjected to auditing procedures.

Florida Municipal Power Agency

Amounts Due (from) to Participants
Resulting from Budget/Actual Variances (continued)
(thousands omitted)

Year Ended September 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
All-Requirements Project			
Participant billing	$123,837	$135,007	$11,170
Interest income	1,948	2,284	336
	125,785	137,291	11,506
Operation and maintenance	31,975	24,971	7,004
Purchased power	59,602	70,060	(10,458)
Transmission service	9,548	8,931	617
General and administrative	3,353	4,200	(847)
Deposit to reserve and contingency	182	182	-
Deposit to debt service funds	11,930	11,838	92
Transfer to rate stabilization	148	148	-
Deposit to subordinate debt	2,290	1,555	735
	119,028	121,885	(2,857)
Net Due to Participants Resulting from Budget/Actual Variances	$ 6,757	$ 15,406	$ 8,649
Tri-City Project			
Participant billing	$ 8,327	$ 7,870	$ (457)
Interest income	340	395	55
Transfer from Working Capital	400	400	-
Transfer from rate stabilization	20	20	-
	9,087	8,685	(402)
Operation and maintenance	3,554	3,260	294
Transmission service	703	691	12
General and administrative	587	331	256
Payments to Pooled Loan Project	220	206	14
Deposit to reserve and contingency	71	71	-
Deposit to debt service fund	3,817	3,817	-
Transfer to rate stabilization	135	135	-
	9,087	8,511	576
Net Due to Participants Resulting from Budget/Actual Variances	$ -	$ 174	$ 174

Note - These schedules are prepared on a budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles. The Budget and Variance columns were not subjected to auditing procedures.

Florida Municipal Power Agency

Amounts Due (from) to Participants
Resulting from Budget/Actual Variances (continued)
(thousands omitted)

Year Ended September 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Stanton II Project			
Participant billing	$ 29,847	$ 29,678	$ (169)
Interest income	1,071	1,750	679
Transfer from Rate Stabilization	92	92	-
	31,010	31,520	510
Operation and maintenance	14,993	14,847	146
Transmission service	2,410	2,059	351
General and administrative	1,125	679	446
Transfer to rate stabilization	7,972	7,972	-
Deposit to reserve and contingency	500	500	-
Deposit to debt service fund	4,010	4,010	-
	31,010	30,067	943
Net Due to Participants Resulting from Budget/Actual Variances	$ -	$ 1,453	$ 1,453

Note - These schedules are prepared on a budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles. The Budget and Variance columns were not subjected to auditing procedures.

Florida Municipal Power Agency

Account Balances Within the Operation and Maintenance Funds
(thousands omitted)

At September 30, 1997, the Operation and Maintenance Funds were held for the credit of the following accounts:

	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project
Operation and maintenance account	$ 3,543	$ 1,702	$11,731	$ 755	$ 650
Fuel account	3,331	-	-	-	-
Rate stabilization account	3,266	5,092	7,487	2,239	13,893
Working capital account	2,433	6,591	24,390	1,588	-
	$12,573	$13,385	$43,608	$4,582	$14,543

Compliance Reports

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements in Accordance With *Government Auditing Standards*

Executive Committee and the Board of Directors
Florida Municipal Power Agency
Orlando, Florida

We have audited the combining financial statements of the Florida Municipal Power Agency (the "Agency") as of and for the year ended September 30, 1997, and have issued our report thereon dated November 19, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Florida Municipal Power Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Agency in a separate letter dated November 19, 1997.

This report is intended for the information of the executive committee, board of directors and management. However, this report is a matter of public record and its distribution is not limited.

Ernst + Young LLP

November 19, 1997

Other Information

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Report of Independent Auditors on Other Information

Executive Committee and the Board of Directors
Florida Municipal Power Agency
Orlando, Florida

We have audited the combining financial statements of the Florida Municipal Power Agency, as of and for the year ended September 30, 1997, and have issued our report thereon dated November 19, 1997.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *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 combining financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combining financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combining financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the combining financial statements of the Florida Municipal Power Agency, taken as a whole. The accompanying Five-Year Trend Analysis by Project is presented for purposes of additional analysis and are not a required part of the combining financial statements. The information in these schedules have not been subjected to the auditing procedures applied in the audit of the combining financial statements and, accordingly, we express no opinion on it.

Ernst + Young LLP

November 19, 1997

Florida Municipal Power Agency

Five-Year Trend Analysis by Project

(see Independent Auditors' Report on Other Information)

	1997	1996	1995	1994	1993
	(thousands omitted except for MWH Sales and Average $MWH)				
St. Lucie Project					
Utility Plant	$117,732	$121,848	$125,922	$128,724	$133,453
Total Assets	317,049	318,759	324,261	326,690	329,951
Long-Term Debt	288,096	293,642	298,926	303,977	308,822
Total Liabilities	317,049	318,759	324,261	326,690	329,951
Billings to Participants	39,172	34,041	36,860	34,536	33,548
Sales to Others	2,438	2,702	2,781	2,538	2,228
Operating Revenues	41,610	36,743	39,641	37,074	35,776
Purchased Power	2,501	2,963	2,881	2,857	3,144
Production-Nuclear	8,166	9,486	6,626	8,392	6,993
Nuclear Fuel Amortization	2,600	2,208	3,168	2,224	2,229
Transmission	1,426	1,277	1,860	1,974	1,733
General & Administrative	2,027	2,352	1,796	2,672	1,748
Depreciation & Decommissioning	6,152	6,075	6,369	5,946	5,864
Operating Expenses	22,872	24,361	22,700	24,065	21,711
Net Operating Revenues	18,738	12,382	16,941	13,009	14,065
Investment Income	2,865	2,659	2,800	2,541	2,639
Interest Expense	16,883	17,145	17,379	17,584	17,756
Amortization & Other Expense	2,378	2,382	2,387	2,391	2,396
Other Expenses	19,261	19,527	19,766	19,975	20,152
Net Income (Loss)	2,342	(4,486)	(25)	(4,425)	(3,448)
Net Costs to be Recovered in Future	513	4,293	825	3,937	2,061
Due From (To) Participants	(2,855)	193	(800)	488	1,387
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	600,569	445,346	534,075	524,540	461,678
Average $/MWH	$65.22	$76.44	$69.02	$65.84	$72.67

Florida Municipal Power Agency

Five-Year Trend Analysis by Project (continued)
(see Independent Auditors' Report on Other Information)

	1997	1996	1995	1994	1993
	(thousands omitted except for MWH Sales and Average $/MWH)				
Stanton Project					
Utility Plant	$48,421	$50,379	$51,953	$53,526	$55,026
Total Assets	107,051	102,915	103,121	104,073	104,820
Long-Term Debt	98,453	92,814	94,360	95,792	97,116
Total Liabilities	107,051	102,915	103,121	104,073	104,820
Billings to Participants	16,946	17,112	17,381	16,152	18,249
Operating Revenues	16,946	17,112	17,381	16,152	18,249
Production-Steam	1,687	2,307	2,387	2,762	2,776
Fuel Expense	7,542	7,776	6,899	5,993	6,921
Transmission	1,696	1,660	2,140	2,224	2,051
General & Administrative	786	938	1,146	1,746	1,629
Depreciation	1,889	1,692	1,690	1,687	1,673
Operating Expenses	13,600	14,373	14,262	14,412	15,050
Net Operating Revenues	3,346	2,739	3,119	1,740	3,199
Investment Income	1,078	1,178	1,298	1,235	1,231
Interest Expense	6,044	6,149	6,346	6,352	6,421
Amortization & Other Expense	66	34	36	38	40
Other Expenses	6,110	6,183	6,382	6,390	6,461
Net Income (Loss)	(1,686)	(2,266)	(1,965)	(3,415)	(2,031)
Net Costs to be Recovered in Future	1,661	3,086	2,863	4,251	2,445
Due From (To) Participants	25	(820)	(898)	(836)	(414)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	422,048	436,440	377,814	331,069	388,615
Average $/MWH	$40.15	$39.21	$46.00	$48.79	$46.96

Florida Municipal Power Agency

Five-Year Trend Analysis by Project (continued)

(see Independent Auditors' Report on Other Information)

	1997	1996	1995	1994	1993
	(thousands omitted except for MWH Sales, Average $/MWH Billed and Cost $/MWH)				
All-Requirements Project					
Utility Plant	$132,867	$135,434	$131,133	$117,825	$ 69,410
Total Assets	255,821	252,290	253,564	240,618	180,834
Long-Term Debt	219,964	206,237	217,592	210,809	154,153
Total Liabilities	255,821	252,290	253,564	240,618	180,834
Billings to Participants	135,007	122,527	118,037	105,498	100,162
Sales to Others	-	-	-	-	17
Operating Revenues	135,007	122,527	118,037	105,498	100,179
Purchased Power	70,060	66,215	63,980	66,404	65,061
Production-Steam	3,579	3,516	2,550	2,287	2,349
Fuel Expense	21,392	13,561	7,273	3,946	4,618
Transmission	8,931	8,653	7,992	7,737	7,521
General & Administrative	4,200	3,199	3,799	4,513	3,773
Depreciation	4,953	2,030	2,776	1,814	1,810
Operating Expenses	113,115	97,174	88,370	86,701	85,132
Net Operating Revenues	21,892	25,353	29,667	18,797	15,047
Investment Income	3,131	2,847	3,301	3,428	3,585
Interest Expense	11,566	11,403	11,554	10,847	10,049
Amortization & Other Expense	1,033	625	(886)	(836)	222
Other Expenses	12,599	12,028	10,668	10,011	10,271
Net Income (Loss)	12,424	16,172	22,300	12,214	8,361
Net Costs to be Recovered in Future	2,982	3,221	2,719	2,761	6,239
Due (To) Participants	(15,406)	(19,393)	(25,019)	(14,975)	(14,600)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	2,539,426	2,271,828	2,078,611	1,982,991	1,917,446
Average $/MWH Billed	$53.16	$53.93	$56.79	$53.20	$52.24
Cost $/MWH	$44.81	$45.08	$44.75	$45.65	$44.63

Florida Municipal Power Agency

Five-Year Trend Analysis by Project (continued)

(see Independent Auditors' Report on Other Information)

	1997	1996	1995	1994	1993
	(thousands omitted except for MWH Sales and Average $/MWH)				
Tri-City Project					
Utility Plant	$20,168	$20,966	$21,625	$22,283	$22,915
Total Assets	52,900	54,021	54,512	55,001	55,734
Long-Term Debt	48,916	49,978	50,986	51,956	52,883
Total Liabilities	52,900	54,021	54,512	55,001	55,734
Billings to Participants	7,870	8,291	7,881	6,974	7,866
Operating Revenues	7,870	8,291	7,881	6,974	7,866
Production-Steam	604	826	854	988	993
Fuel Expense	2,656	3,091	2,927	2,503	2,810
Transmission	691	644	774	799	730
General & Administrative	331	368	575	741	693
Depreciation	773	700	700	699	695
Operating Expenses	5,055	5,629	5,830	5,730	5,921
Net Operating Revenues	2,815	2,662	2,051	1,244	1,945
Investment Income	475	478	529	467	826
Interest Expense	2,961	2,997	3,072	3,078	3,181
Amortization & Other Expense	407	408	409	410	372
Other Expenses	3,368	3,405	3,481	3,488	3,553
Net Income (Loss)	(78)	(265)	(901)	(1,777)	(782)
Net Costs to be Recovered in Future	252	712	1,244	1,857	1,264
Due From (To) Participants	(174)	(447)	(343)	(80)	(482)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	150,756	175,556	160,817	134,882	157,984
Average $/MWH	$52.20	$47.23	$49.01	$51.70	$49.79

Florida Municipal Power Agency

Five-Year Trend Analysis by Project (continued)

(see Independent Auditors' Report on Other Information)

	1997	(4 months) 1996
(thousands omitted except for MWH Sales and Average $/MWH)		
Stanton II Project		
Utility Plant	$149,939	$152,433
Total Assets	237,501	237,234
Long-Term Debt	228,937	228,086
Total Liabilities	237,501	237,234
Billings to Participants	29,678	10,420
Operating Revenues	29,678	10,420
Production-Steam	2,537	418
Fuel Expense	12,310	4,337
Transmission	2,059	678
General & Administrative	679	180
Depreciation	4,145	1,433
Operating Expenses	21,730	7,046
Net Operating Revenues	7,948	3,374
Investment Income	2,670	3,266
Interest Expense	12,880	12,880
Amortization & Other Expense	811	(4,891)
Other Expenses	13,691	7,989
Net Income (Loss)	(3,073)	(1,349)
Net Costs to be Recovered in Future	4,526	3,291
Due From (To) Participants	(1,453)	(1,942)
Total Income	$ -	$ -
MWH Sales	693,379	248,045
Average $/MWH	$42.80	$42.00

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Independent Auditors Required Disclosure in Accordance with *Government Auditing Standards*, 1994 Revision

You have engaged us to conduct an audit of Florida Municipal Power Agency's combined financial statements for the year ended September 30, 1997 in accordance with generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities for testing and reporting on internal control and on compliance with applicable laws and regulations under those standards are described in the table below. In addition, the table contrasts our responsibilities in this engagement with other procedures that we could perform in other financial-related audits.

Service That We Could Provide	Our Responsibility Regarding Internal Control	Our Responsibility Regarding Compliance with Laws and Regulations
Financial statement audit—GAAS	We consider internal control to plan the nature, timing and extent of audit procedures for the purpose of expressing our opinion on the financial statements. We report, orally or in writing, any reportable conditions, including material weaknesses, that we identify as a result of our audit procedures. Our report does not provide assurance on internal control over financial reporting.	We design our audit to provide reasonable assurance of detecting fraud that is material to the financial statements and illegal acts that have a direct and material effect on the financial statement amounts.
Financial statement audit—*Government Auditing Standards*	In addition to the GAAS responsibilities, we are required to issue a written report on our consideration of internal control and identify reportable conditions, including material weaknesses, if any. Our reports do not provide assurance on internal control over financial reporting.	In addition to the GAAS responsibilities, we design our audit to provide reasonable assurance of detecting material misstatements resulting from noncompliance with provisions of contracts or grant agreements that have a direct and material effect on the financial statements. We issue a written report on the results of these procedures; however, our report does not express an opinion on compliance.

Service That We Could Provide	Our Responsibility Regarding Internal Control	Our Responsibility Regarding Compliance with Laws and Regulations
Examination-level attestation	We could be engaged to examine and report on management's written assertion as to the design and operating effectiveness of internal control. The engagement would be conducted in accordance with AICPA standards for attestation engagements, and would include an evaluation of the design of the entity's internal control, and performing tests of relevant internal control policies and procedures to evaluate their operating effectiveness.	We could be engaged to examine and report on management's written assertion regarding compliance. The engagement could be conducted at the financial statement level, or could result in a determination as to whether all federal programs have been administered in accordance with applicable laws and regulations. The engagement would be conducted in accordance with AICPA standards for attestation engagements, and would include obtaining an understanding of the specific compliance requirements, obtaining an understanding of the design of the entity's internal control over compliance, and testing compliance with specified requirements.
Agreed-upon procedures level attestation	We could be engaged to perform agreed-upon procedures related to management's written assertions as to the design and operating effectiveness of internal control. The objective of the agreed-upon procedures is to present specific findings to assist users in evaluating management's assertions. Our procedures generally may be as limited or extensive as the users desire as long as the users (a) participate in establishing the procedures to be performed and (b) take responsibility for the sufficiency of such procedures for their purposes.	We could be engaged to perform agreed-upon procedures related to management's written assertions regarding compliance. The objective of the agreed-upon procedures is to present specific findings to assist users in evaluating management's assertions. Our procedures generally may be as limited or extensive as the users desire as long as the users (a) participate in establishing the procedures to be performed and (b) take responsibility for the sufficiency of such procedures for their purposes.

1. This is an application for (check one):

(X) Original authority (new company)

001684-TX

( ) Approval of transfer (to another certificated company)
<u>Example</u>, a certificated company purchases an existing company and desires to retain the original certificate authority.

( ) Approval of assignment of existing certificate (to a non-certificated company)
<u>Example</u>, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

( ) Approval of transfer of control (to another certificated company)
<u>Example</u>, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

Florida Municipal Power Agency

DEPOSIT D386 DATE NOV 13 2000

3. A. National mailing address including street name, number, post office box, city, state, zip code, and <u>phone number</u>.

8553 Commodity Circle
Orlando, FL 32819 Phone: (407) 355-7767

FOR SECURITY PURPOSES, THE FACE OF THIS DOCUMENT CONTAINS A COLORED BACKGROUND AND MICROPRINTING IN THE BORDER

FMPA
8553 Commodity Circle
Orlando, Florida 32819-9002
Telephone: (407) 355-7767

First Union National Bank of Florida
Orlando, Florida
63-751/631

CHECK DATE	CONTROL NUMBER	AMOUNT
11/02/00	005859	$********250.00

PAY Two Hundred Fifty and 00/100 --

DOCUMENT NO. 14479-00 11-8-00

TO THE ORDER OF
FLORIDA PUBLIC SVCS COMMISSION
CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAK BLVD.
TALLAHASSEE,, FL 32399-0850

AUTHORIZED SIGNATURE(S)

1. This is an application for (check one):

   (X) Original authority (new company)

   ( ) Approval of transfer (to another certificated company)
   <u>Example</u>, a certificated company purchases an existing company and desires to retain the original certificate authority.

   ( ) Approval of assignment of existing certificate (to a non-certificated company)
   <u>Example</u>, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

   ( ) Approval of transfer of control (to another certificated company)
   <u>Example</u>, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

   Florida Municipal Power Agency

DEPOSIT DATE
D386 NOV 13 2003

3. A. National mailing address including street name, number, post office box, city, state, zip code, and <u>phone number</u>.

   8553 Commodity Circle
   Orlando, FL 32819 Phone: (407) 355-7767

   B. Florida mailing address including street name, number, post office box, city, state, zip code, and <u>phone number</u>.

   Same as 3 (A)

   C. Physical address of alternative local exchange service in Florida including street name, number, post office box, city, state, zip code, and <u>phone number</u>.

   Same as 3 (A)