



THIRD QUARTER FISCAL 2003

FMPA Announces Third Quarter Results

Introduction

Florida Municipal Power Agency (FMPA) released financial results for the third quarter ended June 30, 2003. Highlights are as follows.

All-Requirements

- **Energy**, net of excluded resources, was 4,533,932 MWh for the fiscal year to date, a 38% increase compared to the same period a year ago due to the addition of Lake Worth Utilities and Kissimmee Utility Authority to the project.
- **Demand** was 1,329 MW in the third quarter, a 35.3% increase compared to the same quarter a year ago due primarily to the addition of the two cities to the project.
- **Revenue** was \$279.9 million for the fiscal year to date, a 67.8% increase compared to the same period last year due to the addition of the two cities and an energy rate increase to recover the rapidly rising cost of natural gas.
- **Power costs** were \$61.74/MWh for the fiscal year to date, a 21.6% increase over the same period a year ago due to the high cost of natural gas.

St. Lucie Project

- **Capacity factor** of the project was 83.5% for the fiscal year to date. The project's lifetime average is now 82.8%.
- **Billing rates** were \$61.74/MWh for the fiscal year to date, a 7.4% decrease over the same period a year ago due to lower debt service costs. The projected average power cost for the budget year, including average transmission costs, is \$61.84/MWh. **Actual power costs per MWh** were \$57.82 for the fiscal year to date, an 11.5% decrease over the same period a year ago due to lower debt service costs.

Stanton & Tri-City

- **Availability factor** of Stanton Unit 1 was 87.7% for the fiscal year to date. Unit 1's lifetime average is now 86.8%.
- **Billing rates** for the Stanton Project were \$42.83/MWh for the fiscal year to date, a 2.5% decrease from the same period a year ago due to an increase in kWh sales. The projected average power cost for the budget year, including average transmission costs, is \$44.70/MWh. **Actual power costs per MWh** were \$42.26 for the fiscal year to date, a 1.3% decrease from the same period a year ago due to an increase in kWh sales.
- **Billing rates** for the Tri-City Project were \$52.85/MWh for the fiscal year to date, a 1% decrease from the same period a year ago due to an increase in kWh sales. The projected average power cost for the budget year, including average transmission costs, is \$50.07/MWh. **Actual power costs per MWh** were \$53.39 for fiscal year to date, a 2.5% increase due to lower than expected interest earnings.

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Balance Sheet

Unaudited
(thousands omitted)

	Agency Fund		Pooled Loan Fund		St. Lucie Project	
	2003	2002	2003	2002	2003	2002
<i>June 30, 2003</i>						
Assets						
Net Utility Plant	\$7,154	\$7,450			\$91,075	\$94,387
Restricted Assets			\$88,305	\$91,727	42,418	58,925
Current Assets	5,281	4,061			45,842	34,252
Other Assets	1,807	1,901			112,492	103,170
TOTAL ASSETS	\$14,242	\$13,412	\$88,305	\$91,727	\$291,827	\$290,734
Equity and Liabilities						
Equity	\$9,477	\$8,546				
Long-Term Debt	3,615	3,805			\$262,000	\$262,909
Restricted Liabilities			\$88,305	\$91,727	26,695	26,171
Current Liabilities	1,150	1,061			3,016	1,453
Other Liabilities					116	201
TOTAL EQUITY AND LIABILITIES	\$14,242	\$13,412	\$88,305	\$91,727	\$291,827	\$290,734

Statement of Revenues and Expenses and Changes in Retained Earnings

Unaudited
(thousands omitted)

	Agency Fund		Pooled Loan Fund		St. Lucie Project	
	2003	2002	2003	2002	2003	2002
<i>Six Months Ended June 30, 2003</i>						
Operating Revenues			\$967	\$1,240	\$23,513	\$29,594
Operating Expenses	\$4,727	\$5,077	1,090	1,427	11,219	11,362
Amounts Capitalized or Charged to Other Projects	4,659	5,133				
OPERATING INCOME (LOSS)	(68)	56	(123)	(187)	12,294	18,232
Other (Charges) and Credits	770	506	123	187	(14,706)	(16,926)
Net Costs Recoverable from Participant Billings					2,412	(1,306)
EXCESS OF REVENUES OVER EXPENSES	702	562				
Retained Earnings at Beginning of Period	6,050	5,259				
RETAINED EARNINGS AT END OF PERIOD	\$6,752	\$5,821	\$-	\$-	\$-	\$-

Each FMPA project is independent from the others, so no revenues or funds available from one project can be used to pay the costs of any other project.
These unaudited financial statements should be read in conjunction with the Notes to Combining Financial Statements in FMPA's fiscal year 2002 Annual Report.

Stanton Project		All-Requirements Project		Tri-City Project		Stanton II Project		Totals	
2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
\$40,221	\$41,226	\$188,063	\$202,311	\$16,687	\$17,141	\$128,341	\$132,282	\$471,541	\$494,797
8,136	6,653	32,244	26,116	4,729	5,176	11,827	14,314	187,659	202,911
18,756	17,795	112,828	102,851	6,005	5,220	30,513	30,100	219,225	194,279
23,378	25,589	16,593	17,389	16,587	17,393	33,202	31,669	204,059	197,111
\$90,491	\$91,263	\$349,728	\$348,667	\$44,008	\$44,930	\$203,883	\$208,365	\$1,082,484	\$1,089,098

\$88,786	\$89,562	\$288,768	\$293,535	\$42,698	\$44,109	\$200,464	\$205,456	\$9,477	\$8,546
803	800	2,037	2,098	576	596	1,893	1,942	886,331	899,376
902	901	39,498	50,863	734	225	1,526	967	120,309	123,334
		19,425	2,171					46,826	55,470
								19,541	2,372
\$90,491	\$91,263	\$349,728	\$348,667	\$44,008	\$44,930	\$203,883	\$208,365	\$1,082,484	\$1,089,098

Stanton Project		All-Requirements Project		Tri-City Project		Stanton II Project		Totals	
2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
\$13,903	\$12,980	\$279,931	\$166,804	\$5,999	\$5,623	\$20,817	\$22,653	\$345,130	\$238,894
8,619	7,805	265,441	155,937	3,120	2,766	12,847	12,371	307,063	196,745
								4,659	5,133
5,284	5,175	14,490	10,867	2,879	2,857	7,970	10,282	42,726	47,282
(4,140)	(3,055)	(11,626)	(11,749)	(2,729)	(2,530)	(9,967)	(8,947)	(42,275)	(42,514)
(1,144)	(2,120)	(2,864)	882	(150)	(327)	1,997	(1,335)	251	(4,206)
								702	562
								6,050	5,259
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$6,752	\$5,821

- Stanton II Project
- **Availability factor** of Stanton Unit 2 was 77.5% for the fiscal year to date due to a two-month scheduled maintenance overhaul. Unit 2's lifetime average is now 88.71%.
 - **Billing rates** were \$44.56/MWh for the fiscal year to date, a 1.9% increase over the same period a year ago due to a decrease in kWh sales. The projected average power cost for the budget year, including average transmission costs, is \$46.31/MWh. **Actual power costs per MWh** were \$43.66 for the fiscal year to date, a 0.6% decrease.

Comments

FMPA General Manager and CEO Roger Fontes commented: “Our power supply projects performed well in the third quarter consistent with our expectations. The All-Requirements Project’s costs were influenced in the third quarter by industry-wide natural gas price increases. FMPA continues to actively use fuel hedging techniques and risk management strategies to minimize the impact of natural gas price volatility on the All-Requirements Project. St. Lucie Project had power cost decreases due to cost-effective refinancings of project bonds and insulation from natural gas price increases.”

News of Interest

FMPA substantially reduced debt service costs for several of its power projects during the third and fourth quarters by refinancing more than \$230 million in bonds at outstandingly low rates.

In May, FMPA issued nearly \$120 million fixed-rate bonds. FMPA sold \$62.4 million of All-Requirements Project refunding revenue bonds at a true interest cost of 2.98%, producing present value savings of \$6.5 million. FMPA also sold \$18.3 million of Stanton II Project refunding revenue bonds at a true interest cost of 3.12%, producing savings of \$1.7 million. Finally, FMPA sold \$39.1 million of Tri-City Project refunding revenue bonds at a true interest cost of 3.6%, producing savings of \$5.3 million.

In July, FMPA sold nearly \$110 million of auction-rate bonds at historically low interest rates. Initial rates on the \$90.98 million of All-Requirements Project bonds and \$20 million of Stanton Project bonds were as low as 0.85% on the seven-day market. To lock in today’s low interest rates over a longer time period, the bonds were swapped to fixed-rate debt. Half were swapped to a fixed-rate of 4.08% and half were swapped to a rate of 3.58%.

Altogether, this year’s debt refinancings are estimated to save at least \$22 million in present value debt service costs for FMPA’s members.

- Notes to Financials
- Power costs for individual project members will vary from the overall project average depending on a member’s power usage and other variable costs.
 - The rate methods for billings to project participants are set by contract, and billing rates are set in the annual budgeting process by FMPA’s Board of Directors.
 - Costs not recovered under current billing rates are collected in subsequent billings for the All-Requirements Project and from rate stabilization for the other projects.
 - This document may include certain forward-looking statements. These statements are based on management’s current expectations but are subject to uncertainty and changes in circumstances that may have a material affect on actual results.

Project Summary

Project	Plant	Type	Unit Capacity	Ownership	Share
St. Lucie	St. Lucie Unit 2	nuclear	838 MW	8.8%	74 MW
Stanton	Stanton Unit 1	coal	425 MW	14.8%	63 MW
Tri-City	Stanton Unit 1	coal	425 MW	5.3%	23 MW
Stanton II	Stanton Unit 2	coal	429 MW	23.2%	100 MW
All-Requirements Project serves all the power needs of 15 municipal electric utilities.					