

## **Management's Discussion and Analysis of Financial Performance for the Quarter Ended December 31, 2006**

JEA is a municipal utility operating in Jacksonville, Florida (Duval County), and parts of three adjacent counties. The operation is composed of three enterprise funds - the Electric Enterprise Fund, the Water and Sewer Enterprise Fund and the District Energy System (DES).

The Electric Enterprise Fund is composed of the JEA Electric System, Bulk Power Supply System (Scherer), and St. Johns River Power Park System (SJRPP). Effective October 1, 2004, JEA established a separate system, the District Energy System, to provide chilled water services. The Electric System, Water and Sewer System and District Energy System are presented on a combined basis in the Balance Sheet and Statement of Revenues, Expenses and Changes in Net Assets.

### **Financial Highlights**

#### **Operating Revenues**

Total Electric Enterprise Fund operating revenues (operating revenues) for the three months ended December 2006 decreased \$10.5 million, a decrease of 3.7 percent, over operating revenues for the three months ended December 2005. For the twelve months ended December 2006, operating revenues increased \$120.7 million, an 11.2 percent increase, over the similar period in December 2005. The decreases in operating revenues for the three months ended December 2006 was mainly due to a decrease in sales as a result of milder temperatures primarily, in the month of December, but was off-set in part by customer growth. Additionally there was a decrease of \$.82 cents per KWh in fuel rate effective October 1, 2006. Total sales decreased 1.1 percent from 3,966.7 GWh to 3,923.2 GWh for the three month period ended December 2006. The number of customer accounts increased 2.7 percent for the period ended December 2006. The increase for the twelve months ended December 2006 was mainly attributable to fuel rate increases and increased sales. JEA increased the fuel rate by 11.5 percent on April 1, 2005 and 10.3 percent on October 1, 2005. The number of customer accounts increased approximately 2.7 percent for the twelve months ended December 2006.

Total Water and Sewer Enterprise Fund operating revenues increased \$7.8 million, a 14.7 percent increase for the three month period ended December 2006 and increased \$37.8 million, a 19.1 percent increase, during the twelve month period ended December 2006. The increases in revenues for the three months and twelve months ended December 2006 were mainly due to increased water and sewer rates and increased volumes of water and sewer sales. The JEA Board approved new water and sewer rates that became effective on October 1, 2006, and a new line extension capacity charge that became effective on January 1, 2006. The volume of water and sewer sales increased 14.6 percent for the three months ended December 2006 and increased 14.0 percent for the twelve months ended December 2006. The increase was primarily driven by lack of rainfall and customer growth. The number of water and sewer customers increased approximately 4.6 percent during the three month period and 5.1 percent during the twelve month period ended December 2006.

Revenues for DES increased \$746 thousand for the three month period ended December 2006 and \$2.1 million for the twelve month period ending December 2006. The increase in revenues for the three and twelve months ended December 2006 was primarily due to customer growth as a result of the addition of two new plants and a change in the consumption rate that became effective, October 1, 2005.

## **Operating Expenses**

Total operating expenses for the Electric Enterprise Fund decreased \$16.1 million (6.1 percent) for the three months ended December 2006 as compared to the three months ended December 2005. For the twelve month period ended December 2006, operating expenses for the Electric Enterprise Fund increased \$65.4 million (6.7 percent) compared to the twelve month period ending December 2005. The decrease for the three months was primarily due to: \$12.6 million decrease in fuel and purchase power expense as discussed below; and a \$3.7 million decrease in depreciation expense due to accelerated depreciation taken on certain assets removed from service in 2005; and a \$1 million decrease in other operating and maintenance expenses. The decrease in other operating and maintenance expenses were related to planned outage expenses in the fall of 2005 offset by salary and benefit increases in the current fiscal year. For the twelve month period ended December 2006, the majority of the increase was due to fuel and purchased power expense in the amount of \$61.2 million and an increase of \$3.7 million in state, utility and franchise taxes due to an increase in revenues, as discussed above.

Water and Sewer System operating expenses for the three months ended December 2006 increased \$4.4 million, an increase of 10.1 percent. For the twelve months ended December 2006, operating expenses increased \$16.5 million, a 9.6 percent increase. The increases were mainly due to depreciation expense in the amount of \$2.5 million for the three months and \$10.4 million for the twelve month period due to more assets being placed in service. Additionally, there was an increase in the allocation of shared expenses from the Electric System to the Water System in the amounts of \$1.6 million and \$5.4 million for the three and twelve months ended December 2006.

Total fuel and purchased power for the three months ended December 2006 decreased \$12.6 million over the similar period in the prior year. Fuel expense decreased \$.6 million and purchased power expense decreased \$11.5 million. The decrease was mainly due to a 2.7% decrease in megawatts generated and purchased. In addition, as the prices for oil, gas, solid fuels and purchased power have fluctuated over these periods; the components of fuel and purchased power have shifted in order for JEA to take advantage of the most economical source and cost of power. For the twelve month period ended December 2006, fuel and purchased power increased \$61.2 million. Fuel expense increased \$49.7 million and purchased power increased \$11.5 million. The increase in fuel expense was mainly driven by an increase in consumption of natural gas and \$10.5 million of expenses related to by-product distribution costs. The increase in purchased power was mainly driven by increased prices of off-system purchases.

JEA's power supply mix for the current quarter ended December 2006 was 37.8 percent coal, 40.6 percent petroleum coke, 10.5 percent coal-fired purchases, 4.0 percent gas, 3.6 percent other purchases, and 3.5 percent oil. For the twelve month period ended December 2006, the power supply mix was 46.8 percent coal, 25.3 percent petroleum coke, 10.0 percent coal-fired purchases, 10.0 percent gas, 5.0 percent other purchases and 2.9 percent oil.

SJRPP's capacity factors for Units 1 and 2 for the quarter ended December 2006 were 92.4 percent and 92.1 percent, and 92.3 percent combined. For the twelve months ended December 2006, Unit 1 was 90.1 percent, Unit 2 was 79.8 percent, and the combined capacity factor was 85.0 percent. SJRPP's capacity for Unit 2 for the twelve months ended December 2006 was impacted by an annual scheduled maintenance outage during the month of March 2006.

Northside's capacity factors for Units 1 and 2 for the quarter ended December 2006 were 75.0 percent and 36.3 percent, and 55.3 percent combined. Northside's capacity was impacted by

maintenance outages during the most current three month period. For the twelve months ended December 2006, Unit 1 was 73.3 percent, Unit 2 was 76.4 percent, and the combined capacity factor was 74.9 percent. In the spring of 2006, JEA made upgrades to the Northside Generating Station Units 1 and 2, which improved plant efficiency. During this planned eight week outage, new high-efficiency components were added increasing the total unit output from 297 to 308 megawatts without the need for increased heat input.

Plant Scherer Unit 4 capacity factors for the quarter ended December 2006 was 76.7 percent, while the twelve months ended December 2006 was 68.7 percent. The capacity factor for the twelve month ended December 2006 was impacted by a scheduled outage during the spring of 2006.

### **Non-operating Revenues (Expenses)**

The net change in non-operating revenues and expenses was \$2.2 million for the quarter ended December 2006 and \$15.3 million for twelve months ended December 2006. The net change for the three month period was primarily due: a) increased interest expense of \$2.6 million; b) decreased earnings of \$2.6 million from The Energy Authority; c) \$1.5 million increase in investment income; and d) \$2.2 million positive non-cash fair market value adjustment relating to investments. The net change for the twelve months was mainly due to increased interest expense of \$11.5 million offset by a positive non-cash fair market value adjustment in debt management strategy instruments in the amount of \$19.5 million; and a \$5.9 million increase in investment income.

### **Debt Administration**

During the quarter, for the Electric System and SJRPP, Fitch, Moody's and Standard & Poor's ratings remained the same. Fitch, Moody's and Standard & Poor's bond ratings for the Electric System senior bonds were AA-, Aa2 and AA-; for Electric System subordinated bonds, AA-, Aa3 and A+; and SJRPP bonds, AA-, Aa2 and AA-. The business outlook for the bond ratings was stable from Fitch and stable from Moody's. On January 9, 2007, Standard & Poor's revised its outlook on Electric System and SJRPP debt ratings to stable from negative.

On October 31, 2006, JEA issued \$76.490 million of Water and Sewer System Bonds to refund \$74.185 million of previously issued Water and Sewer System Bonds. During the quarter, the Water and Sewer System's bond ratings remained the same. The senior bond ratings given by Fitch, Moody's and Standard & Poor's were AA, Aa3 and AA- and the subordinated bonds ratings by Fitch, Moody's and Standard & Poor's were AA, Aa3 and AA-.

During the quarter ended December 2006, JEA made draws under its revolving line of credit with a commercial bank. \$47 million for the Electric System and \$4M for the Water and Sewer System was drawn to fund capital expenditures for the respective system.

The debt service coverage ratio for the Electric System's combined senior and subordinated debt was 1.99x and 2.11x for the quarters ended December 2006 and December 2005. For the twelve months ended December 2006 and 2005, the Electric System's debt service coverage ratio was 2.24x and 2.39x. Net revenues available for debt service for the three months ended December 2006 were approximately \$63.6 million, an increase of 7.8 percent as compared to net revenues available for debt service during the three months ended December 2006. Net revenues available for debt service for the twelve months ended December 2006 were \$46.6 million, an increase of 20.7 percent as compared to net revenues available for debt service during the twelve months ended December 2006. The decrease in the coverage ratio was caused by additional interest expense for the current three month and twelve month periods.

The Water and Sewer debt service coverage ratio was 1.82x and 2.04x for the quarters ended December 2006 and 2005. For the twelve month periods ended December 2006 and 2005, the Water and Sewer debt service coverage was 1.94x and 1.75x. Net revenues available for debt

service for the three months ended December 2006 were approximately \$2 million, an decrease of 4.5 percent as compared to net revenues available for debt service during the three months ended December 2006. The change was caused by the changes in revenues; primarily lower sewer capacity fees and operating expenses noted above. The decrease in the coverage ratio was caused by additional interest expense for the current three month period. Net revenues available for debt service for the twelve months ended December 2006 were \$32.6 million, an increase of 23 percent as compared to net revenues available for debt service during the twelve months ended December 2006. The increase in the coverage ratio was caused by additional revenues discussed above offset by increased interest expense for the current twelve month period.

### **Capital Assets**

JEA's investment in capital assets as of December 2006 was \$6.0 billion (net of accumulated depreciation). The increase in capital assets for the twelve month period ended December 2006 was \$448 million consisting of \$209 million for the Electric System, \$239 million for the Water and Sewer System and \$4 million for DES. The increase is reflective of the ongoing work to provide comprehensive renovation and capacity expansion of the Electric, Water and Sewer, and District Energy systems for the continued growth in JEA service territory.

JEA's on-going capital improvement programs consist of: 1) the Electric System capital requirements for additional generating facilities, as well as improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process; 2) the Electric System's remaining capital requirements for transmission and distribution facilities and other capital items; and 3) the Water and Sewer System capital requirements necessary to accommodate system growth. The cost of the capital improvement program will be provided from revenues generated from operations, issuance of revenues bonds, Commercial Paper notes and other short-term obligations as determined by JEA.

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Jim Dickenson, Chief Executive Officer

# **FINANCIAL STATEMENTS**

## Balance Sheets

(in thousands - unaudited) December 2006 and 2005

ASSETS	2006	2005
<b>Current assets:</b>		
Cash and cash equivalents (1)	\$ 130,816	\$ 54,226
Investments	-	4,094
Customer accounts receivable, less allowance for doubtful accounts of \$2670 in 2006 and \$3489 in 2005	176,421	189,570
Inventories, less reserve of \$1073 in 2006 and \$1719 in 2005		
Fuel inventory	41,657	71,748
Materials and supplies	75,789	75,712
<b>Total current assets</b>	<b>424,683</b>	<b>395,351</b>
<b>Restricted assets:</b>		
Cash and cash equivalents	145,093	136,589
Investments	323,925	337,810
Accounts and interest receivable	5,431	48,723
<b>Total restricted assets</b>	<b>474,449</b>	<b>523,122</b>
<b>Other noncurrent assets:</b>		
Investment in The Energy Authority and Taylor Energy Center	7,499	4,686
Other	50,562	52,906
Costs to be recovered from future revenues	254,903	300,146
<b>Total other noncurrent assets</b>	<b>312,964</b>	<b>357,738</b>
<b>Capital assets:</b>		
Land and easements	83,976	71,007
Plant in service	7,944,169	7,404,806
Less accumulated depreciation	(2,719,140)	(2,464,036)
Plant in service, net	5,309,005	5,011,777
Construction work in progress	730,573	834,670
<b>Capital assets, net</b>	<b>6,039,578</b>	<b>5,846,447</b>
<b>Total assets</b>	<b>\$ 7,251,674</b>	<b>\$ 7,122,658</b>

## LIABILITIES AND NET ASSETS

**Current liabilities:**

Accounts payable and accrued expenses payable	\$ 86,289	\$ 110,235
Customers deposits	30,707	26,532
<b>Total current liabilities</b>	<b>116,996</b>	<b>136,767</b>

**Liabilities payable from restricted assets:**

Revenue bonds and line of credit due within one year	189,084	127,913
Interest payable	47,291	46,651
Construction contracts and accounts payable	42,874	32,680
Renewal and replacement reserve	71,540	91,192
<b>Total liabilities payable from restricted assets</b>	<b>350,789</b>	<b>298,436</b>

**Other noncurrent liabilities:**

Deferred credits and other	46,671	42,533
Revenues to be used for future costs	83,125	87,003
<b>Total other liabilities</b>	<b>129,796</b>	<b>129,536</b>

**Long-term debt:**

Bonds and commercial paper	5,318,695	5,270,835
Unamortized original issue premium (discount)	21,071	30,572
Unamortized deferred losses on refundings	(136,219)	(144,366)
Fair value of debt management strategy instruments	6,889	14,533
<b>Total long-term debt</b>	<b>5,210,436</b>	<b>5,171,574</b>
<b>Total liabilities</b>	<b>5,808,017</b>	<b>5,736,313</b>

**Net Assets:**

Invested in capital assets, net of related debt	991,973	951,241
Restricted	176,987	205,665
Unrestricted	274,697	229,439
<b>Total net assets</b>	<b>1,443,657</b>	<b>1,386,345</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,251,674</b>	<b>\$ 7,122,658</b>

(1) Includes Debt Management Reserve of \$8,970 for 2006 and \$3,803 for 2005, Rate Stabilization of \$27,112 in 2006 and \$3,405 in 2005 and Customer Deposits of \$30,536 for 2006 and \$26,409 for 2005.

\* Electric System includes the Bulk Power Supply System

**Statements of Revenues, Expenses and Changes in Net Assets**  
**(in thousands - unaudited)**

	Three months ended		Twelve months ended	
	December		December	
	2006	2005	2006	2005
<b>Operating revenues (net of allowances and discounts) :</b>				
Electric	\$ 262,108	\$ 273,683	\$ 1,148,888	\$ 1,036,714
Water and Sewer	58,423	49,556	223,773	187,787
District Energy	1,422	676	3,800	1,692
Other, net of allowances	10,323	11,182	48,599	43,532
Total operating revenues	332,276	335,097	1,425,059	1,269,725
<b>Operating expenses:</b>				
Operations:				
Fuel	100,371	100,995	455,499	405,785
Purchased power	27,145	39,099	131,349	119,868
Other	51,669	44,766	193,628	181,248
Maintenance	20,284	26,743	79,203	84,831
Depreciation	73,824	74,953	296,485	285,637
State utility and franchise taxes	6,094	5,930	26,970	23,294
Recognition of deferred costs and revenues, net	12,971	12,035	41,364	44,918
Total operating expenses	292,358	304,521	1,224,498	1,145,581
Operating income	39,918	30,576	200,561	124,144
<b>Nonoperating revenues (expenses):</b>				
Earnings from The Energy Authority	4,191	6,846	19,255	19,491
Investment income and fair value adjustments	7,272	3,426	26,934	15,179
Interest on debt	(58,499)	(55,821)	(235,048)	(241,613)
Other interest, net	(352)	(268)	(1,683)	(1,114)
Allowance for funds used during construction	8,845	8,950	31,941	33,202
Water & Sewer Expansion Authority	(602)	(85)	(1,279)	(387)
Total nonoperating revenues (expenses)	(39,145)	(36,952)	(159,880)	(175,242)
Income before contributions	773	(6,376)	40,681	(51,098)
<b>Contributions (to) from:</b>				
General fund, City of Jacksonville	(22,859)	(22,172)	(90,375)	(86,625)
Water & Sewer Expansion Authority - capital	-	-	-	(254)
Developers and other	17,031	31,815	82,990	82,512
City of Jacksonville	8,470	-	24,016	331
Total contributions	2,642	9,643	16,631	(4,036)
Change in net assets	3,415	3,267	57,312	(55,134)
<b>Net assets - beginning of period</b>	1,440,242	1,383,078	1,386,345	1,441,479
<b>Net assets - end of period</b>	\$ 1,443,657	\$ 1,386,345	\$ 1,443,657	\$ 1,386,345

**Combining Balance Sheet**  
**(in thousands - unaudited) December 2006**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter- company Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>ASSETS</b>								
<b>Current assets:</b>								
Cash and cash equivalents (1)	\$ 91,512	\$ 17,998	\$ -	\$ 109,510	\$ 20,516	\$ 790	\$ -	\$ 130,816
Investments	-	-	-	-	-	-	-	-
Customer accounts receivable, less allowance for doubtful accounts of \$2,670	147,887	18,220	(18,402)	147,705	28,497	219	-	176,421
Inventories, less reserve of \$1,073								
Fuel inventory	26,364	15,293	-	41,657	-	-	-	41,657
Materials and supplies	1,723	21,492	-	23,215	52,574	-	-	75,789
Total current assets	267,486	73,003	(18,402)	322,087	101,587	1,009	-	424,683
<b>Restricted assets:</b>								
Cash and cash equivalents	41,014	73,309	-	114,323	30,317	453	-	145,093
Investments	(766)	196,097	-	195,331	128,594	-	-	323,925
Accounts and interest receivable	600	1,660	-	2,260	3,171	-	-	5,431
Total restricted assets	40,848	271,066	-	311,914	162,082	453	-	474,449
<b>Other noncurrent assets:</b>								
Investment in The Energy Authority and Taylor Energy Center	7,499	-	-	7,499	-	-	-	7,499
Other	19,163	7,420	-	26,583	23,671	308	-	50,562
Costs to be recovered from future revenues	-	254,903	-	254,903	-	-	-	254,903
Total other noncurrent assets	26,662	262,323	-	288,985	23,671	308	-	312,964
<b>Capital assets:</b>								
Land and easements	52,075	6,660	-	58,735	25,241	-	-	83,976
Plant in service	3,797,827	1,138,490	-	4,936,317	2,977,608	30,244	-	7,944,169
Less accumulated depreciation	(1,381,655)	(572,416)	-	(1,954,071)	(763,094)	(1,975)	-	(2,719,140)
Plant in service, net	2,468,247	572,734	-	3,040,981	2,239,755	28,269	-	5,309,005
Construction work in progress	322,457	45,938	-	368,395	342,350	19,828	-	730,573
Capital assets, net	2,790,704	618,672	-	3,409,376	2,582,105	48,097	-	6,039,578
Total assets	\$ 3,125,700	\$ 1,225,064	\$ (18,402)	\$ 4,332,362	\$ 2,869,445	\$ 49,867	\$ -	\$ 7,251,674
<b>LIABILITIES AND NET ASSETS</b>								
<b>Current liabilities:</b>								
Accounts payable and accrued expenses payable	\$ 72,416	\$ 4,194	\$ 142	\$ 76,752	\$ 9,509	\$ 28	\$ -	\$ 86,289
Customers deposits	30,706	-	-	30,706	1	-	-	30,707
Total current liabilities	103,122	4,194	142	107,458	9,510	28	-	116,996
<b>Liabilities payable from restricted assets:</b>								
Revenue bonds and line of credit due within one year	82,449	85,400	-	167,849	21,235	-	-	189,084
Interest payable	15,124	13,469	-	28,593	18,541	157	-	47,291
Construction contracts and accounts payable	7,122	36,908	(18,544)	25,486	17,348	40	-	42,874
Renewal and replacement reserve	-	71,540	-	71,540	-	-	-	71,540
Total liabilities payable from restricted assets	104,695	207,317	(18,544)	293,468	57,124	197	-	350,789
<b>Other noncurrent liabilities:</b>								
Deferred credits and other	36,628	2,379	-	39,007	7,664	-	-	46,671
Revenues to be used for future costs	83,125	-	-	83,125	-	-	-	83,125
Total other liabilities	119,753	2,379	-	122,132	7,664	-	-	129,796
<b>Long-term debt:</b>								
Bonds and commercial paper	2,407,289	1,056,930	-	3,464,219	1,802,676	51,800	-	5,318,695
Unamortized original issue premium (discount)	(5,436)	29,261	-	23,825	(2,754)	-	-	21,071
Unamortized deferred losses on refundings	(35,742)	(75,267)	-	(111,009)	(25,210)	-	-	(136,219)
Fair value of debt management strategy instruments	9,161	-	-	9,161	(2,272)	-	-	6,889
Total long-term debt	2,375,272	1,010,924	-	3,386,196	1,772,440	51,800	-	5,210,436
Total liabilities	2,702,842	1,224,814	(18,402)	3,909,254	1,846,738	52,025	-	5,808,017
<b>Net Assets:</b>								
Invested in capital assets, net of related debt	279,405	(215,329)	-	64,076	931,089	(3,192)	-	991,973
Restricted	6,642	149,149	18,544	174,335	2,599	53	-	176,987
Unrestricted	136,811	66,430	(18,544)	184,697	89,019	981	-	274,697
Total net assets	422,858	250	-	423,108	1,022,707	(2,158)	-	1,443,657
Total liabilities and net assets	\$ 3,125,700	\$ 1,225,064	\$ (18,402)	\$ 4,332,362	\$ 2,869,445	\$ 49,867	\$ -	\$ 7,251,674

(1) Includes Debt Management Reserve of \$8,970, Rate Stabilization of \$27,112 and Customer Deposits of \$30,536

**Combining Balance Sheet**  
**(in thousands - unaudited) December 2005**

ASSETS	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Current assets:</b>								
Cash and cash equivalents (1)	\$ 33,896	\$ 13,563	\$ -	\$ 47,459	\$ 6,293	\$ 474	\$ -	\$ 54,226
Investments	-	4,094	-	4,094	-	-	-	4,094
Customer accounts receivable, less allowance for doubtful accounts of \$3,877	162,164	17,958	(18,580)	161,542	28,785	243	(1,000)	189,570
Inventories, less reserve of \$3,115								
Fuel inventory	53,723	18,025	-	71,748	-	-	-	71,748
Materials and supplies	1,400	20,799	-	22,199	53,513	-	-	75,712
Total current assets	251,183	74,439	(18,580)	307,042	88,592	717	(1,000)	395,351
<b>Restricted assets:</b>								
Cash and cash equivalents	(2,928)	76,667	-	73,739	61,937	913	-	136,589
Investments	(1,015)	210,010	-	208,995	128,815	-	-	337,810
Accounts and interest receivable	38,152	1,809	-	39,961	8,762	-	-	48,723
Total restricted assets	34,209	288,486	-	322,695	199,514	913	-	523,122
<b>Other noncurrent assets:</b>								
Investment in The Energy Authority and Taylor Energy Center	4,686	-	-	4,686	-	-	-	4,686
Other	20,218	8,178	-	28,396	24,191	319	-	52,906
Costs to be recovered from future revenues	-	300,146	-	300,146	-	-	-	300,146
Total other noncurrent assets	24,904	308,324	-	333,228	24,191	319	-	357,738
<b>Capital assets:</b>								
Land and easements	39,983	6,660	-	46,643	24,364	-	-	71,007
Plant in service	3,544,804	1,170,021	-	4,714,825	2,660,363	29,618	-	7,404,806
Less accumulated depreciation	(1,226,923)	(562,528)	-	(1,789,451)	(673,774)	(811)	-	(2,464,036)
Plant in service, net	2,357,864	614,153	-	2,972,017	2,010,953	28,807	-	5,011,777
Construction work in progress	359,614	33,016	-	392,630	423,218	18,822	-	834,670
Capital assets, net	2,717,478	647,169	-	3,364,647	2,434,171	47,629	-	5,846,447
Total assets	\$ 3,027,774	\$ 1,318,418	\$ (18,580)	\$ 4,327,612	\$ 2,746,468	\$ 49,578	\$ (1,000)	\$ 7,122,658
<b>LIABILITIES AND NET ASSETS</b>								
<b>Current liabilities:</b>								
Accounts payable and accrued expenses payable	\$ 99,258	\$ 5,233	\$ (439)	\$ 104,052	\$ 7,183	\$ -	\$ (1,000)	\$ 110,235
Customers deposits	26,532	-	-	26,532	-	-	-	26,532
Total current liabilities	125,790	5,233	(439)	130,584	7,183	-	(1,000)	136,767
<b>Liabilities payable from restricted assets:</b>								
Revenue bonds and line of credit due within one year	29,033	83,560	-	112,593	13,820	1,500	-	127,913
Interest payable	13,040	15,051	-	28,091	18,435	125	-	46,651
Construction contracts and accounts payable	9,996	27,803	(18,141)	19,658	12,278	744	-	32,680
Renewal and replacement reserve	-	91,192	-	91,192	-	-	-	91,192
Total liabilities payable from restricted assets	52,069	217,606	(18,141)	251,534	44,533	2,369	-	298,436
<b>Other noncurrent liabilities:</b>								
Deferred credits and other	28,365	2,272	-	30,637	11,896	-	-	42,533
Revenues to be used for future costs	87,003	-	-	87,003	-	-	-	87,003
Total other liabilities	115,368	2,272	-	117,640	11,896	-	-	129,536
<b>Long-term debt:</b>								
Bonds and commercial paper	2,315,638	1,140,192	-	3,455,830	1,767,205	47,800	-	5,270,835
Unamortized original issue premium (discount)	(5,711)	36,829	-	31,118	(546)	-	-	30,572
Unamortized deferred losses on refundings	(37,699)	(82,683)	-	(120,382)	(23,984)	-	-	(144,366)
Fair value of debt management strategy instruments	14,537	-	-	14,537	(4)	-	-	14,533
Total long-term debt	2,286,765	1,094,338	-	3,381,103	1,742,671	47,800	-	5,171,574
Total liabilities	2,579,992	1,319,449	(18,580)	3,880,861	1,806,283	50,169	(1,000)	5,736,313
<b>Net Assets:</b>								
Invested in capital assets, net of related debt	317,164	(222,405)	-	94,759	857,865	(1,383)	-	951,241
Restricted	25,342	154,440	18,141	197,923	7,665	77	-	205,665
Unrestricted	105,276	66,934	(18,141)	154,069	74,655	715	-	229,439
Total net assets	447,782	(1,031)	-	446,751	940,185	(591)	-	1,386,345
Total liabilities and net assets	\$ 3,027,774	\$ 1,318,418	\$ (18,580)	\$ 4,327,612	\$ 2,746,468	\$ 49,578	\$ (1,000)	\$ 7,122,658

(1) Includes Debt Management Reserve of \$3,803, Rate Stabilization of \$3,405 and Customer Deposits of \$26,409

\* Electric System includes the Bulk Power Supply System

**Combining Statement of Revenue, Expenses and Changes in Net Assets**  
**(in thousands - unaudited) for three months ended December 2006**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter- company Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating revenues (net of allowances and discounts) :</b>								
Electric	\$ 231,671	\$ 87,376	\$ (54,764)	\$ 264,283	\$ -	\$ -	\$ (2,175)	\$ 262,108
Water and Sewer	-	-	-	-	58,429	-	(6)	58,423
District Energy	-	-	-	-	-	1,422	-	1,422
Other, net of allowances	\$ 8,899	-	-	8,899	2,398	-	(974)	10,323
Total operating revenues	240,570	87,376	(54,764)	273,182	60,827	1,422	(3,155)	332,276
<b>Operating expenses:</b>								
Operations:								
Fuel	56,088	44,283	-	100,371	-	-	-	100,371
Purchased power	81,909	-	(54,764)	27,145	-	-	-	27,145
Other	25,695	10,798	-	36,493	17,839	492	(3,155)	51,669
Maintenance	11,724	3,768	-	15,492	4,623	169	-	20,284
Depreciation	41,047	6,800	-	47,847	25,687	290	-	73,824
State utility and franchise taxes	6,094	-	-	6,094	-	-	-	6,094
Recognition of deferred costs and revenues, net	(969)	13,940	-	12,971	-	-	-	12,971
Total operating expenses	221,588	79,589	(54,764)	246,413	48,149	951	(3,155)	292,358
Operating income	18,982	7,787	-	26,769	12,678	471	-	39,918
<b>Nonoperating revenues (expenses):</b>								
Earnings from The Energy Authority	4,191	-	-	4,191	-	-	-	4,191
Investment income and fair value adjustments	1,187	3,766	-	4,953	2,305	14	-	7,272
Interest on debt	(25,569)	(14,078)	-	(39,647)	(18,323)	(529)	-	(58,499)
Other interest, net	(352)	-	-	(352)	-	-	-	(352)
Allowance for funds used during construction	3,948	-	-	3,948	4,740	157	-	8,845
Water & Sewer Expansion Authority	-	-	-	-	(602)	-	-	(602)
Total nonoperating revenues (expenses)	(16,595)	(10,312)	-	(26,907)	(11,880)	(358)	-	(39,145)
Income before contributions	2,387	(2,525)	-	(138)	798	113	-	773
<b>Contributions (to) from:</b>								
General fund, City of Jacksonville	(18,275)	-	-	(18,275)	(4,584)	-	-	(22,859)
Water & Sewer Expansion Authority - capital	-	-	-	-	-	-	-	-
Developers and other	-	-	-	-	17,031	-	-	17,031
City of Jacksonville	-	-	-	-	8,470	-	-	8,470
Total contributions	(18,275)	-	-	(18,275)	20,917	-	-	2,642
Change in net assets	(15,888)	(2,525)	-	(18,413)	21,715	113	-	3,415
<b>Net assets - beginning of period</b>	438,746	2,775	-	441,521	1,000,992	(2,271)	-	1,440,242
JEA Electric & Water includes DES								
<b>Net assets - end of period</b>	\$ 422,858	\$ 250	\$ -	\$ 423,108	\$ 1,022,707	\$ (2,158)	\$ -	\$ 1,443,657

**Combining Statement of Revenue, Expenses and Changes in Net Assets  
(in thousands - unaudited) for three months ended December 2005**

	Electric System and Bulk Power Supply System		SJRPP System	Elimination of Inter-company Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System	Eliminations	Total JEA							
<b>Operating revenues (net of allowances and discounts) :</b>																
Electric	\$	244,590	\$	82,951	\$	(52,407)	\$	275,134	\$	-	\$	-	\$	(1,451)	\$	273,683
Water and Sewer		-		-		-		49,565		-		(9)		49,556		
District Energy		-		-		-		676		-		-		676		
Other, net of allowances		8,551		-		-		8,551		3,449		-		(818)		11,182
Total operating revenues		253,141		82,951		(52,407)		283,685		53,014		676		(2,278)		335,097
<b>Operating expenses:</b>																
Operations:																
Fuel		62,870		38,125		-		100,995		-		-		-		100,995
Purchased power		91,506		-		(52,407)		39,099		-		-		-		39,099
Other		19,798		10,629		-		30,427		16,554		63		(2,278)		44,766
Maintenance		18,628		3,924		-		22,552		4,019		172		-		26,743
Depreciation		44,285		7,232		-		51,517		23,149		287		-		74,953
State utility and franchise taxes		5,930		-		-		5,930		-		-		-		5,930
Recognition of deferred costs and revenues, net		(969)		13,004		-		12,035		-		-		-		12,035
Total operating expenses		242,048		72,914		(52,407)		262,555		43,722		522		(2,278)		304,521
Operating income		11,093		10,037		-		21,130		9,292		154		-		30,576
<b>Nonoperating revenues (expenses):</b>																
Earnings from The Energy Authority		6,846		-		-		6,846		-		-		-		6,846
Investment income and fair value adjustments		579		1,763		-		2,342		1,064		20		-		3,426
Interest on debt		(19,810)		(15,707)		-		(35,517)		(19,904)		(400)		-		(55,821)
Other interest, net		(268)		-		-		(268)		-		-		-		(268)
Allowance for funds used during construction		3,495		-		-		3,495		5,369		86		-		8,950
Water & Sewer Expansion Authority		-		-		-		-		(85)		-		-		(85)
Total nonoperating revenues (expenses)		(9,158)		(13,944)		-		(23,102)		(13,556)		(294)		-		(36,952)
Income before contributions		1,935		(3,907)		-		(1,972)		(4,264)		(140)		-		(6,376)
<b>Contributions (to) from:</b>																
General fund, City of Jacksonville		(17,758)		-		-		(17,758)		(4,414)		-		-		(22,172)
Water & Sewer Expansion Authority - capital		-		-		-		-		-		-		-		-
Developers and other		-		-		-		-		31,815		-		-		31,815
City of Jacksonville		-		-		-		-		-		-		-		-
Total contributions		(17,758)		-		-		(17,758)		27,401		-		-		9,643
Change in net assets		(15,823)		(3,907)		-		(19,730)		23,137		(140)		-		3,267
<b>Net assets - beginning of period</b>		463,605		2,876		-		466,481		917,048		(451)		-		1,383,078
<b>Net assets - end of period</b>	\$	447,782	\$	(1,031)	\$	-	\$	446,751	\$	940,185	\$	(591)	\$	-	\$	1,386,345

**Combining Statement of Revenue, Expenses and Changes in Net Assets  
(in thousands - unaudited) for twelve months ended December 2006**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter- company Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System	Eliminations	Total JEA
<b>Operating revenues (net of allowances and discounts) :</b>								
Electric	\$ 1,037,472	\$ 319,017	\$ (199,133)	\$ 1,157,356	\$ -	\$ -	\$ (8,468)	\$ 1,148,888
Water and Sewer	-	-	-	-	223,804	-	(31)	223,773
District Energy	-	-	-	-	-	3,800	-	3,800
Other, net of allowances	40,671	-	-	40,671	12,467	-	(4,539)	48,599
Total operating revenues	1,078,143	319,017	(199,133)	1,198,027	236,271	3,800	(13,039)	1,425,059
<b>Operating expenses:</b>								
Operations:								
Fuel	302,999	152,500	-	455,499	-	-	-	455,499
Purchased power	330,482	-	(199,133)	131,349	-	-	-	131,349
Other	102,929	30,201	-	133,130	71,580	1,957	(13,039)	193,628
Maintenance	40,878	19,353	-	60,231	18,240	732	-	79,203
Depreciation	168,638	28,496	-	197,134	98,197	1,154	-	296,485
State utility and franchise taxes	26,970	-	-	26,970	-	-	-	26,970
Recognition of deferred costs and revenues, net	(3,878)	45,242	-	41,364	-	-	-	41,364
Total operating expenses	969,018	275,792	(199,133)	1,045,677	188,017	3,843	(13,039)	1,224,498
Operating income	109,125	43,225	-	152,350	48,254	(43)	-	200,561
<b>Nonoperating revenues (expenses):</b>								
Earnings from The Energy Authority	19,255	-	-	19,255	-	-	-	19,255
Investment income and fair value adjustments	3,270	15,414	-	18,684	8,177	73	-	26,934
Interest on debt	(95,987)	(57,358)	-	(153,345)	(79,695)	(2,008)	-	(235,048)
Other interest, net	(1,683)	-	-	(1,683)	-	-	-	(1,683)
Allowance for funds used during construction	13,644	-	-	13,644	17,886	411	-	31,941
Water & Sewer Expansion Authority	-	-	-	-	(1,279)	-	-	(1,279)
Total nonoperating revenues (expenses)	(61,501)	(41,944)	-	(103,445)	(54,911)	(1,524)	-	(159,880)
Income before contributions	47,624	1,281	-	48,905	(6,657)	(1,567)	-	40,681
<b>Contributions (to) from:</b>								
General fund, City of Jacksonville	(72,548)	-	-	(72,548)	(17,827)	-	-	(90,375)
Water & Sewer Expansion Authority - capital	-	-	-	-	-	-	-	-
Developers and other	-	-	-	-	82,990	-	-	82,990
City of Jacksonville	-	-	-	-	24,016	-	-	24,016
Total contributions	(72,548)	-	-	(72,548)	89,179	-	-	16,631
Change in net assets	(24,924)	1,281	-	(23,643)	82,522	(1,567)	-	57,312
<b>Net assets - beginning of period</b>	447,782	(1,031)	-	446,751	940,185	(591)	-	1,386,345
<b>Net assets - end of period</b>	\$ 422,858	\$ 250	\$ -	\$ 423,108	\$ 1,022,707	\$ (2,158)	\$ -	\$ 1,443,657

**Combining Statement of Revenue, Expenses and Changes in Net Assets  
(in thousands - unaudited) for twelve months ended December 2005**

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Inter- company Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
<b>Operating revenues (net of allowances and discounts) :</b>								
Electric	\$ 919,093	\$ 320,944	\$ (198,416)	\$ 1,041,621	\$ -	\$ -	\$ (4,907)	\$ 1,036,714
Water and Sewer	-	-	-	-	187,946	-	(159)	187,787
District Energy	-	-	-	-	-	1,692	-	1,692
Other, net of allowances	35,734	-	-	35,734	10,475	-	(2,677)	43,532
Total operating revenues	954,827	320,944	(198,416)	1,077,355	198,421	1,692	(7,743)	1,269,725
<b>Operating expenses:</b>								
Operations:								
Fuel	272,602	133,183	-	405,785	-	-	-	405,785
Purchased power	318,284	-	(198,416)	119,868	-	-	-	119,868
Other	90,601	33,208	-	123,809	65,011	171	(7,743)	181,248
Maintenance	44,552	20,752	-	65,304	18,696	831	-	84,831
Depreciation	168,212	29,059	-	197,271	87,800	566	-	285,637
State utility and franchise taxes	23,294	-	-	23,294	-	-	-	23,294
Recognition of deferred costs and revenues, net	(3,878)	48,796	-	44,918	-	-	-	44,918
Total operating expenses	913,667	264,998	(198,416)	980,249	171,507	1,568	(7,743)	1,145,581
Operating income	41,160	55,946	-	97,106	26,914	124	-	124,144
<b>Nonoperating revenues (expenses):</b>								
Earnings from The Energy Authority	19,491	-	-	19,491	-	-	-	19,491
Investment income and fair value adjustments	1,350	9,326	-	10,676	4,356	147	-	15,179
Interest on debt	(95,084)	(65,915)	-	(160,999)	(79,312)	(1,302)	-	(241,613)
Other interest, net	(1,114)	-	-	(1,114)	-	-	-	(1,114)
Allowance for funds used during construction	11,777	-	-	11,777	21,030	395	-	33,202
Water & Sewer Expansion Authority	-	-	-	-	(387)	-	-	(387)
Total nonoperating revenues (expenses)	(63,580)	(56,589)	-	(120,169)	(54,313)	(760)	-	(175,242)
Income before contributions	(22,420)	(643)	-	(23,063)	(27,399)	(636)	-	(51,098)
<b>Contributions (to) from:</b>								
General fund, City of Jacksonville	(69,265)	-	-	(69,265)	(17,360)	-	-	(86,625)
Water & Sewer Expansion Authority - capital	-	-	-	-	(254)	-	-	(254)
Developers and other	-	-	-	-	82,512	-	-	82,512
City of Jacksonville	-	-	-	-	331	-	-	331
Total contributions	(69,265)	-	-	(69,265)	65,229	-	-	(4,036)
Change in net assets	(91,685)	(643)	-	(92,328)	37,830	(636)	-	(55,134)
<b>Net assets - beginning of period</b>	539,467	(388)	-	539,079	902,355	45	-	1,441,479
<b>Net assets - end of period</b>	\$ 447,782	\$ (1,031)	\$ -	\$ 446,751	\$ 940,185	\$ (591)	\$ -	\$ 1,386,345

## Electric System

## Schedules of Debt Service Coverage

(in thousands - unaudited)

	Three months ended		Twelve months ended	
	December		December	
	2006	2005	2006	2005
<b>Revenues:</b>				
Electric	\$ 231,671	\$ 244,590	\$ 1,037,472	\$ 919,093
Investment income (1)	1,026	580	2,339	1,373
Earnings from The Energy Authority	4,191	6,846	19,255	19,491
Other, net	8,278	9,091	40,050	37,911
Plus: amount paid from the rate stabilization fund into the revenue fund	10,324	8,078	30,444	34,088
Less: amount paid from the revenue fund into the rate stabilization fund	(11,004)	(11,483)	(54,151)	(37,492)
<b>Total</b>	<b>244,486</b>	<b>257,702</b>	<b>1,075,409</b>	<b>974,464</b>
<b>Operating expenses (2):</b>				
Fuel	49,165	56,881	279,048	249,360
Purchased power (3)	91,421	100,128	369,304	350,729
Other operation and maintenance	34,555	35,998	129,437	126,769
Utility and franchise taxes	5,750	5,725	25,848	22,475
<b>Total</b>	<b>180,891</b>	<b>198,732</b>	<b>803,637</b>	<b>749,333</b>
<b>Net revenues</b>	<b>\$ 63,595</b>	<b>\$ 58,970</b>	<b>\$ 271,772</b>	<b>\$ 225,131</b>
<b>Debt service</b>	<b>\$ 15,474</b>	<b>\$ 13,450</b>	<b>\$ 61,108</b>	<b>\$ 42,532</b>
Less: investment income on sinking fund	(79)	(54)	(681)	(397)
<b>Debt service requirement</b>	<b>\$ 15,395</b>	<b>\$ 13,396</b>	<b>\$ 60,427</b>	<b>\$ 42,135</b>
<b>Senior debt service coverage (4)</b>	<b>4.13x</b>	<b>4.40x</b>	<b>4.50x</b>	<b>5.34x</b>
<b>Net revenues (from above)</b>	<b>\$ 63,595</b>	<b>\$ 58,970</b>	<b>\$ 271,772</b>	<b>\$ 225,131</b>
Plus: amount paid from the subordinated bond rate stabilization fund into the subordinated bond fund	-	-	-	-
<b>Adjusted net revenues</b>	<b>\$ 63,595</b>	<b>\$ 58,970</b>	<b>\$ 271,772</b>	<b>\$ 225,131</b>
<b>Debt service requirement (from above)</b>	<b>\$ 15,395</b>	<b>\$ 13,396</b>	<b>\$ 60,427</b>	<b>\$ 42,135</b>
Plus: aggregate subordinated debt service on outstanding subordinated bonds	16,637	14,499	60,759	52,247
<b>Adjusted debt service requirement</b>	<b>\$ 32,032</b>	<b>\$ 27,895</b>	<b>\$ 121,186</b>	<b>\$ 94,382</b>
<b>Senior and subordinated debt service coverage (5)</b>	<b>1.99x</b>	<b>2.11x</b>	<b>2.24x</b>	<b>2.39x</b>

(1) Excludes investment income on sinking funds.

(2) Excludes depreciation.

(3) In accordance with the requirements of the Electric System Resolution, all the Contract Debt payments from the Electric System to the SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Supply System are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System Resolutions.

(4) Net revenues divided by debt service requirement. Annual minimum coverage is 1.25x.

(5) Adjusted net revenues divided by adjusted debt service requirement. Annual minimum coverage is 1.15x.

**St. Johns River Power Park System**  
**Schedules of Debt Service Coverage**  
(in thousands - unaudited)

	Three months ended		Twelve months ended	
	December		December	
	2006	2005	2006	2005
<b>Revenues:</b>				
JEA Electric System	\$ 57,477	\$ 55,201	\$ 210,228	\$ 212,688
Florida Power & Light Company	34,252	32,244	126,624	122,544
Investment income	3,574	2,875	14,514	11,215
Total	95,303	90,320	351,366	346,447
<b>Operating expenses: (1)</b>				
Fuel	44,282	38,125	152,500	133,183
Other operation and maintenance	7,494	7,266	32,631	33,549
Total	51,776	45,391	185,131	166,732
<b>Net revenues</b>	\$ 43,527	\$ 44,929	\$ 166,235	\$ 179,715
<b>Debt service requirement</b>	\$ 34,819	\$ 35,940	\$ 131,095	\$ 143,768
<b>Debt Service Coverage (2)</b>	1.25x	1.25x	1.27x	1.25x

(1) Excludes depreciation.

(2) Net revenues divided by debt service requirement.

## Water and Sewer System

## Schedules of Debt Service Coverage

(in thousands - unaudited)

	Three months ended		Twelve months ended	
	December		December	
	2006	2005	2006	2005
<b>Operating Revenues:</b>				
Water, net of allowances and discounts	\$ 25,256	20,620	97,369	77,376
Water Capacity Fees (1)	1,587	1,881	9,909	4,035
Sewer, net of allowances and discounts	33,173	28,946	126,435	110,570
Sewer Capacity Fees (1)	1,680	9,556	16,040	21,408
Investment Income	596	243	2,218	1,354
Other	2,450	3,581	12,519	10,992
Total	64,742	64,827	264,490	225,735
<b>Operating &amp; Maintenance Expenses:</b>				
Operations and Maintenance (2)	22,461	20,573	89,820	83,707
Total	22,461	20,573	89,820	83,707
<b>Net Revenues</b>	<b>\$ 42,281</b>	<b>44,254</b>	<b>174,670</b>	<b>142,028</b>
<b>Debt service requirement</b>	<b>\$ 18,816</b>	<b>\$ 18,069</b>	<b>\$ 73,598</b>	<b>\$ 67,042</b>
<b>Senior debt service coverage (3)</b>	<b>2.25x</b>	<b>2.45x</b>	<b>2.37x</b>	<b>2.12x</b>
<b>Net revenues from above</b>	<b>\$ 42,281</b>	<b>\$ 44,254</b>	<b>\$ 174,670</b>	<b>\$ 142,028</b>
<b>Debt service requirement (from above)</b>	<b>18,816</b>	<b>18,069</b>	<b>73,598</b>	<b>67,042</b>
Plus: aggregate subordinated debt service on outstanding subordinated debt	4,474	3,645	16,504	14,305
<b>Adjusted debt service requirement</b>	<b>23,290</b>	<b>21,714</b>	<b>90,102</b>	<b>81,347</b>
<b>Senior and subordinated debt service coverage (4)</b>	<b>1.82x</b>	<b>2.04x</b>	<b>1.94x</b>	<b>1.75x</b>

(1) Calculated in conformity with the Water and Sewer Resolution.

Had capacity fees not been included in the calculation for the periods ending December 2006 and 2005, then the debt service coverage would have been 1.65x and 1.43x.

(2) Excludes depreciation.

(3) Net revenues divided by debt service requirement.

(4) Net Revenues must be greater than or equal to the sum of 100% of the Senior debt service and 120% of the Subordinated debt service. The sum of such Debt Service amounts for the current quarter is \$24,185 and \$ 93,403 for the 12 months ending December 2006.

**District Energy System**  
**Schedule of Debt Service Coverage**  
**( in thousands - unaudited)**

	Three months Ended		Twelve months Ended	
	December		December	
	2006	2005	2006	2005
<b>Operating Revenues:</b>				
Service revenues	\$ 1,422	\$ 676	\$ 3,800	\$ 1,692
Investment income	14	20	73	147
Other	-	-	-	-
Total operating revenues	1,436	696	3,873	1,839
<b>Operating &amp; Maintenance Expenses: (1)</b>				
Operations and maintenance	661	235	2,689	1,001
Total operating expenses	661	235	2,689	1,001
<b>Net revenues</b>	<b>775</b>	<b>461</b>	<b>1,184</b>	<b>838</b>
<b>Debt service requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(1) Excludes depreciation.

(2) Under the DES Bond Resolution, debt service for any period shall include interest accruing during such period on DES bonds, except to the extent that such interest is to be paid from deposits into the debt service account. For the current period and until September 30, 2006, interest on the DES bonds will be made from deposits into the debt service account, therefore, the debt service requirement through such of the District Energy System Bond .

Resolution concerning the debt service coverage calculation shall be inapplicable. The Electric System will be obligated to make such deposits, if needed, during Fiscal Year 2007. Capitalized interest expense for the current quarter and year-to-date was \$0.

**Electric Enterprise Fund  
Operating Statistics**

	Three months ended December		Twelve months ended December	
	2006	2005	2006	2005
<b>Electric revenue sales (000's omitted):</b>				
Residential	\$ 100,734	\$ 106,511	\$ 482,581	\$ 435,110
Commercial and industrial	110,286	113,462	461,509	398,761
Public street lighting	2,474	2,324	9,747	8,630
Sales for resale	7,993	12,202	39,590	44,401
Saleback to Florida Power & Light	32,612	30,545	119,882	122,529
Total electric revenues	254,099	265,044	1,113,309	1,009,431
Add: rate stabilization and recovery	10,912	11,483	48,730	37,492
Less: allowance for doubtful accounts	(728)	(1,392)	(4,685)	(5,301)
Net electric revenues	\$ 264,283	\$ 275,135	\$1,157,354	\$1,041,622

**KWH sales (000's omitted):**

Residential	1,162,579	1,217,557	5,596,008	5,575,598
Commercial and industrial	1,700,820	1,765,632	7,092,790	6,989,393
Public street lighting	28,341	27,360	111,157	107,874
Sales for resale	258,326	272,317	1,101,893	1,057,150
Saleback to Florida Power & Light	773,163	683,873	2,738,717	2,518,805
Total KWH sales	3,923,229	3,966,739	16,640,565	16,248,820

**Average number of accounts:**

Residential	361,325	354,580	358,918	351,338
Commercial and industrial	43,956	39,959	42,341	39,440
Public street lighting	3,547	3,543	3,562	3,538
Sales for resale	7	7	7	4
Total average accounts	408,836	398,089	404,828	394,320

**Residential averages:**

Revenue per account - \$	278.79	300.39	1,344.54	1,238.44
KWH per account	3,218	3,434	15,591	15,870
Revenue per KWH - ¢	8.66	8.75	8.62	7.80

**Degree days:**

	December		December	
	2006	2005	2006	2005
Heating degree days	426	533	1,170	1,339
Cooling degree days	263	297	2,742	2,682
Total degree days	689	830	3,912	4,021
Degree Days - 30 year average		751		3,965

## Water and Sewer Enterprise Fund

## Operating Statistics

	Three months ended December		Twelve months ended December	
	2006	2005	2006	2005
<b>Water</b>				
<b>Revenues (000's omitted):</b>				
Residential	\$ 14,014	\$ 11,713	\$ 54,605	\$ 45,134
Commercial and industrial	6,122	5,350	23,175	18,643
Irrigation	5,093	3,591	19,604	13,771
Total water revenues	25,229	20,654	97,384	77,548
Less: allowance for doubtful accounts	(60)	(51)	(281)	(221)
Net water revenues	\$ 25,169	\$ 20,603	\$ 97,103	\$ 77,327
<b>Water Sales (ccf*):</b>				
Residential	6,362,745	5,685,300	27,268,418	23,557,101
Commercial and industrial	4,395,095	4,100,961	17,386,594	16,819,934
Irrigation	3,061,225	2,120,472	12,385,393	8,876,764
Total ccf sales	13,819,065	11,906,733	57,040,405	49,253,800
<b>Average Number of accounts:</b>				
Residential	243,534	233,717	240,445	229,807
Commercial and industrial	23,155	22,152	22,654	21,941
Irrigation	34,089	32,486	33,522	31,317
Total average accounts	300,778	288,355	296,621	283,064
<b>Residential averages:</b>				
Revenue per account - \$	57.54	50.12	227.10	196.40
ccf per account	26.13	24.33	113.41	102.51
Revenue per ccf - \$	2.20	2.06	2.00	1.92
<b>Reuse</b>				
<b>Revenues (000's omitted):</b>				
Reuse revenues	88	17	267	48
<b>Reuse Sales (ccf*):</b>				
Reuse sales (ccfcs)	203,108	42,379	764,161	182,592
<b>Number of accounts:</b>				
Reuse accounts	19	16	17	14
<b>Sewer</b>				
<b>Revenues (000's omitted):</b>				
Residential	\$ 20,008	\$ 17,015	\$ 75,426	\$ 62,683
Commercial and industrial	13,254	12,006	51,431	48,220
Total sewer revenues	33,262	29,021	126,857	110,903
Less: allowance for doubtful accounts	(90)	(76)	(423)	(332)
Net sewer revenues	\$ 33,172	\$ 28,945	\$ 126,434	\$ 110,571
<b>Sewer Sales (ccf*):</b>				
Residential	5,430,184	4,684,233	21,832,471	18,513,506
Commercial and industrial	3,616,710	3,496,991	14,795,487	14,855,628
Total ccf sales	9,046,894	8,181,224	36,627,958	33,369,133
<b>Average number of accounts:</b>				
Residential	208,768	198,446	205,472	194,397
Commercial and industrial	17,319	16,726	17,067	16,495
Total average accounts	226,087	215,172	222,538	210,892
<b>Residential averages:</b>				
Revenue per account - \$	95.84	85.74	367.09	322.45
ccf per account	26.01	23.60	106.26	95.24
Revenue per ccf - \$	3.68	3.63	3.45	3.39
* ccf = 100 cubic feet				
<b>Rainfall</b>				
Normal	8.84	8.84	52.34	52.34
Actual	5.10	14.92	38.07	64.31