

## **Management's Discussion and Analysis of Financial Performance for the Quarter Ended June 30, 2006**

JEA is a municipal utility operating in Jacksonville, Florida (Duval County), and parts of three adjacent counties. The operation is comprised 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 comprised 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. Beginning October 1, 2004, DES has been presented as a separate system for accounting and financing purposes. The revenues and expenses of DES are no longer accounted for as part of the Electric System. The Electric System received \$29.6 million from DES for the transferred assets. JEA's financial statements combine the three enterprise funds.

### **Financial Highlights**

#### **Operating Revenues**

Total Electric Enterprise Fund operating revenues (operating revenues) for the three months ended June 2006 increased \$54.3 million, an increase of 21.4 percent, over operating revenues for the three months ended June 2005. For the twelve months ended June 2006, operating revenues increased \$240.8 million, a 25.7 percent increase, over the similar period in June 2005. The increases in operating revenues for the three and twelve months ended June 2006 were 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. Total sales increased 10.8 percent from 3,830.6 GWh to 4,242.9 GWh for the three month period ended June 2006. For the twelve month period ended June 2006, sales increased 4.4 percent from 15,905.0 GWh to 16,609.7 GWh. The increase was primarily driven by warmer temperatures and customer growth. The number of customer accounts increased 2.6 percent for the three month period and 2.4 percent for the twelve month period ended June 2006.

Total Water and Sewer Enterprise Fund operating revenues increased \$13.1 million, a 27.5 percent increase for the three month period ended June 2006 and increased \$31.5 million, a 16.9 percent increase during the twelve month period ended June 2006. The increases in revenues were mainly due to increased water and sewer rates and increased volumes of water and sewer sales. Effective October 1, 2004, JEA adopted tiered water conservation rates intended to reduce the consumption of fresh water from the Floridan Aquifer. In addition, the members of JEA Board approved various rates and fees related to water and sewer services and water and sewer capacity fees which became effective beginning October 1, 2005. The volume of water and sewer sales increased 18.8 percent for the three months ended June 2006 and increased 8.3 percent for the twelve months ended June 2006. The increase was primarily driven by lack of rainfall and customer growth. The number of water and sewer customers increased approximately 5.3 percent during the three month period and 5.2 percent during the twelve month period ended June 2006.

Revenues for DES increased \$179 thousand for the three month period ended June 2006 and \$1.2 million for the twelve month period ending June 2006. The increase in revenues for the three months ended June 2006 was due to an increase in growth and the change in the consumption rate for DES approved by the Board in June 2005 and became effective, October 1, 2005. The increase in revenues for the twelve months ended June 2006 was mainly due to the fact that revenues of DES were accounted for as part of the Electric System prior to October 2004.

## **Operating Expenses**

Total operating expenses for the Electric Enterprise Fund increased \$50.2 million (21.9 percent) for the three months ended June 2006 as compared to the three months ended June 2005. For the twelve month period ended June 2006, operating expenses for the Electric System increased \$185.0 million (21.0 percent) compared to the twelve month period ending June 2005. The increase for the three months was primarily due to: \$42.4 million increase in fuel and purchase power expense as discussed below; a \$4.1 million increase in other operating expenses due mainly to a \$3.8 million expenditure related to Plant Scherer outage; a \$1.5 million increase in depreciation expense due to more capital assets being placed in service; and a \$1.2 million increase in state utility and franchise tax due to the rate increases discussed above. For the twelve month period ended June 2006, the majority of the increase was due to fuel and purchased power expense in the amount of \$148.8 million. Other contributing factors for the increase were: \$22.3 million increase in depreciation expense; \$12.8 million increase in other operating expense due to an outage related to Northside in the amount of \$11.9 million; and \$5.6 million increase in state, utility and franchise taxes as discussed above.

Water and Sewer System operating expenses for the three months ended June 2006 increased \$5.3 million, an increase of 12.6 percent and \$10.9 million (6.5 percent increase) for the twelve month period ended June 2006. The increases were mainly due to depreciation expense in the amount of \$2.4 million for the quarter and \$6.2 million for the twelve month period. Additionally, there was an increase in the allocation of expense from the Electric System to the Water System in the amounts of \$1.2 million and \$4.5 million for the three and twelve months ended June 2006.

Total fuel and purchased power for the quarter ended June 2006 increased \$42.4 million over the similar period in the prior year. Fuel expense increased \$32.2 million and purchased power expense increased \$10.2 million. The increases were mainly driven by a 7.6 percent increase in megawatts produced and purchased to meet the increased demand and the increased consumption of natural gas during the period. For the twelve month period ended June 2006, fuel and purchased power increased \$148.8 million. Fuel expense increased \$122.4 million and purchased power increased \$26.5 million. The increase in fuel expense was mainly driven by a 13.4 percent increase in megawatts produced and the increased consumption of natural gas. The increase in purchased power was mainly driven by increased prices of off-system purchases.

JEA's power supply mix for the current quarter was 51.1 percent coal, 18.9 percent petroleum coke, 12.3 percent gas, 8.6 percent coal-fired purchases, 6.5 percent other purchases, and 2.6 percent oil. For the twelve month period ended June 2006, the power supply mix was 49.0 percent coal, 23.4 percent petroleum coke, 9.7 percent coal-fired purchases, 9.4 percent gas, 4.9 percent other purchases and 3.8 percent oil.

SJRPP's capacity factors for Units 1 and 2 for the quarter ended June 2006 were 90.8 percent and 83.3 percent, and 87.0 percent combined. For the twelve months ended June 2006, Unit 1 was 90.8 percent, Unit 2 was 75.1 percent, and the combined capacity factor was 82.9 percent. SJRPP's capacity for Unit 2 for the twelve months ended June 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 June 2006 were 31.2 percent and 79.7 percent, and 55.1 percent combined. Northside's capacity was impacted by maintenance outages during the most current nine month period. For the twelve months ended June 2006, Unit 1 was 75.2 percent, Unit 2 was 84.1 percent, and the combined capacity factor was 79.6 percent.

Plant Scherer Unit 4 capacity factors for the quarter ended June 2006 was 46.9 percent, while the twelve months ended June 2006 was 68.5 percent. The capacity factor was impacted by a scheduled outage during the current quarter.

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

The net change in non-operating revenues and expenses was \$40.6 million for the quarter ended June 2006 and \$61.4 million for twelve months ended June 2006. The net change for the three month period was primarily due to \$1.9 million increased earnings from The Energy Authority (TEA), a municipal power marketing joint venture in which JEA is a member, and a non-cash fair market value adjustment relating to debt management strategy instruments in the amount of \$37.0 million. The net change for the twelve months was mainly due to increased earnings from TEA of \$7.8 million; increased interest expense of \$14.1 million; non-cash fair market value adjustment in debt management strategy instruments in the amount of \$76.2 million; an \$8.1 decrease in investment income; and a \$2.3 million decrease in allowance for funds used during construction (AFUDC).

### **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 from each of the bond ratings was stable from Fitch, stable from Moody's and negative from Standard & Poor's.

On May 25, 2006, JEA issued \$35 million of Water and Sewer System Bonds and \$15 million of Water and Sewer System Subordinated Bonds in which the proceeds are to be used to fund the cost of Water and Sewer System capital projects. 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 twelve month period ended June 2006, \$3 million of the District Energy System's capital requirements were financed by a revolving line of credit with a commercial bank.

The debt service coverage ratio for the Electric System's combined senior and subordinated debt was 1.76x and 1.88x for the quarters ended June 2006 and June 2005. The decrease in the coverage ratio was caused by additional interest expense for the current three month period. For the twelve months ended June 2006 and 2005, the Electric System's debt service coverage ratio was 2.19x and 1.79x. The realization of the April 1, 2005 and October 1, 2005 fuel rate increases, the increased availability of the lower-cost solid fuel units due to the Northside outage, the economic benefit of the recent refundings of certain SJRPP System Refunding Revenue Bonds, and other financing activities have improved debt service coverage thus far in fiscal year 2006.

The Water and Sewer debt service coverage ratio was 2.07x and 1.59x for the quarters ended June 2006 and 2005. For the twelve month periods ended June 2006 and 2005, the Water and Sewer debt service coverage was 1.95x and 1.60x.

### **Capital Assets**

JEA's investment in capital assets as of June 2006 was \$5.9 billion (net of accumulated depreciation). The increase in investment in capital assets for the twelve month period ended June 2006 was \$412 million consisting of \$160 million for the Electric System, \$248 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) June 2006 and 2005**

<b>ASSETS</b>	<b>2006</b>	<b>2005</b>
<b>Current assets:</b>		
Cash and cash equivalents (1)	\$ 29,760	\$ 28,244
Investments	-	29
Customer accounts receivable, less allowance for doubtful accounts of \$3423 in 2006 and \$3877 in 2005	228,346	203,470
Inventories, less reserve of \$1264 in 2006 and \$3115 in 2005		
Fuel inventory	59,804	48,642
Materials and supplies	76,117	71,496
<b>Total current assets</b>	<b>394,027</b>	<b>351,882</b>
<b>Restricted assets:</b>		
Cash and cash equivalents	276,745	252,913
Investments	334,480	387,357
Accounts and interest receivable	5,640	22,195
<b>Total restricted assets</b>	<b>616,865</b>	<b>662,465</b>
<b>Other noncurrent assets:</b>		
Investment in The Energy Authority and Taylor Energy Center	6,661	6,064
Other	51,000	52,720
Costs to be recovered from future revenues	281,045	324,503
<b>Total other noncurrent assets</b>	<b>338,706</b>	<b>383,287</b>
<b>Capital assets:</b>		
Land and easements	82,055	63,988
Plant in service	7,642,406	7,265,416
Less accumulated depreciation	(2,591,529)	(2,333,268)
Plant in service, net	5,132,932	4,996,136
Construction work in progress	797,278	780,206
<b>Capital assets, net</b>	<b>5,930,210</b>	<b>5,776,342</b>
<b>Total assets</b>	<b>\$ 7,279,808</b>	<b>\$ 7,173,976</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable and other	\$ 89,679	\$ 104,944
<b>Total current liabilities</b>	<b>89,679</b>	<b>104,944</b>
<b>Liabilities payable from restricted assets:</b>		
Revenue bonds and line of credit due within one year	127,763	113,160
Interest payable	50,069	48,074
Construction contracts and accounts payable	44,229	40,024
Customers deposits	28,519	21,995
Renewal and replacement reserve	78,826	84,880
<b>Total liabilities payable from restricted assets</b>	<b>329,406</b>	<b>308,133</b>
<b>Other noncurrent liabilities:</b>		
Deferred credits and other	51,087	43,437
Revenues to be used for future costs	85,064	88,942
<b>Total other liabilities</b>	<b>136,151</b>	<b>132,379</b>
<b>Long-term debt:</b>		
Bonds and commercial paper	5,440,888	5,345,692
Unamortized original issue premium (discount)	25,720	17,506
Unamortized deferred losses on refundings	(139,183)	(137,028)
Fair value of debt management strategy instruments	(10,799)	32,549
<b>Total long-term debt</b>	<b>5,316,626</b>	<b>5,258,719</b>
<b>Total liabilities</b>	<b>5,871,862</b>	<b>5,804,175</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	910,995	915,765
Restricted	231,914	235,427
Unrestricted	265,037	218,609
<b>Total net assets</b>	<b>1,407,946</b>	<b>1,369,801</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,279,808</b>	<b>\$ 7,173,976</b>

(1) Includes Debt Management Reserve of \$6,394 for 2006 and \$2,814 for 2005 and Rate Stabilization of \$8,992 in 2006 and \$6,103 in 2005

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

	Three months ended		Twelve months ended	
	June		June	
	2006	2005	2006	2005
<b>Operating revenues (net of allowances and discounts) :</b>				
Electric	\$ 294,618	\$ 242,627	\$ 1,131,479	\$ 897,056
Water and Sewer	57,792	45,353	206,020	177,340
District Energy	483	304	2,058	868
Other, net of allowances	12,861	10,989	47,364	40,584
Total operating revenues	365,754	299,273	1,386,921	1,115,848
<b>Operating expenses:</b>				
Operations:				
Fuel	117,851	85,632	459,846	337,475
Purchased power	42,208	32,001	139,940	113,462
Other	50,883	44,969	189,371	187,429
Maintenance	20,409	20,253	86,534	72,011
Depreciation	74,500	70,369	299,062	269,847
State utility and franchise taxes	6,426	5,210	25,725	20,113
Recognition of deferred costs and revenues, net	12,226	11,243	39,579	44,160
Total operating expenses	324,503	269,677	1,240,057	1,044,497
Operating income	41,251	29,596	146,864	71,351
<b>Nonoperating revenues (expenses):</b>				
Earnings from The Energy Authority	5,636	3,697	23,861	16,083
Investment income and fair value adjustments	9,672	7,909	12,715	20,907
Interest on debt	(48,284)	(85,062)	(190,161)	(254,747)
Other interest, net	(271)	(306)	(1,216)	(1,144)
Allowance for funds used during construction	7,859	7,571	32,437	34,754
Water & Sewer Expansion Authority	(245)	(78)	(579)	(170)
Total nonoperating revenues (expenses)	(25,633)	(66,269)	(122,943)	(184,317)
Income before contributions	15,618	(36,673)	23,921	(112,966)
<b>Contributions (to) from:</b>				
General fund, City of Jacksonville	(22,172)	(21,484)	(87,999)	(85,249)
Water & Sewer Expansion Authority - capital	-	-	(254)	-
Developers and other	26,334	13,225	98,207	54,722
City of Jacksonville	2,102	-	4,270	5,012
Total contributions	6,264	(8,259)	14,224	(25,515)
Change in net assets	21,882	(44,932)	38,145	(138,481)
<b>Net assets - beginning of period</b>	1,386,064	1,414,733	1,369,801	1,508,282
<b>Net assets - end of period</b>	\$ 1,407,946	\$ 1,369,801	\$ 1,407,946	\$ 1,369,801

**Combining Balance Sheet**  
**(in thousands - unaudited) June 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)	\$ 17,965	\$ 2,333	\$ -	\$ 20,298	\$ 9,117	\$ 345	\$ -	\$ 29,760
Investments	-	-	-	-	-	-	-	-
Customer accounts receivable, less allowance for doubtful accounts of \$3,423	175,771	37,612	(20,726)	192,657	35,411	278	-	228,346
Inventories, less reserve of \$1,264								
Fuel inventory	37,042	22,762	-	59,804	-	-	-	59,804
Materials and supplies	1,537	20,143	-	21,680	54,437	-	-	76,117
Total current assets	232,315	82,850	(20,726)	294,439	98,965	623	-	394,027
<b>Restricted assets:</b>								
Cash and cash equivalents	94,530	104,767	-	199,297	75,957	1,491	-	276,745
Investments	(1,185)	204,536	-	203,351	131,129	-	-	334,480
Accounts and interest receivable	655	1,446	-	2,101	3,539	-	-	5,640
Total restricted assets	94,000	310,749	-	404,749	210,625	1,491	-	616,865
<b>Other noncurrent assets:</b>								
Investment in The Energy Authority and Taylor Energy Center	6,661	-	-	6,661	-	-	-	6,661
Other	18,550	8,355	-	26,905	23,781	314	-	51,000
Costs to be recovered from future revenues	-	281,045	-	281,045	-	-	-	281,045
Total other noncurrent assets	25,211	289,400	-	314,611	23,781	314	-	338,706
<b>Capital assets:</b>								
Land and easements	51,009	6,660	-	57,669	24,386	-	-	82,055
Plant in service	3,653,239	1,153,730	-	4,806,969	2,805,735	29,702	-	7,642,406
Less accumulated depreciation	(1,307,748)	(560,726)	-	(1,868,474)	(721,239)	(1,816)	-	(2,591,529)
Plant in service, net	2,396,500	599,664	-	2,996,164	2,108,882	27,886	-	5,132,932
Construction work in progress	346,802	33,040	-	379,842	398,195	19,241	-	797,278
Capital assets, net	2,743,302	632,704	-	3,376,006	2,507,077	47,127	-	5,930,210
Total assets	\$ 3,094,828	\$ 1,315,703	\$ (20,726)	\$ 4,389,805	\$ 2,840,448	\$ 49,555	\$ -	\$ 7,279,808
<b>LIABILITIES AND NET ASSETS</b>								
<b>Current liabilities:</b>								
Accounts payable and other	\$ 63,669	\$ 17,468	\$ (558)	\$ 80,579	\$ 9,100	\$ -	\$ -	\$ 89,679
Total current liabilities	63,669	17,468	(558)	80,579	9,100	-	-	89,679
<b>Liabilities payable from restricted assets:</b>								
Revenue bonds and line of credit due within one year	27,383	83,560	-	110,943	13,820	3,000	-	127,763
Interest payable	16,774	14,482	-	31,256	18,669	144	-	50,069
Construction contracts and accounts payable	16,619	33,197	(20,168)	29,648	14,490	91	-	44,229
Customers deposits	28,518	-	-	28,518	1	-	-	28,519
Renewal and replacement reserve	-	78,826	-	78,826	-	-	-	78,826
Total liabilities payable from restricted assets	89,294	210,065	(20,168)	279,191	46,980	3,235	-	329,406
<b>Other noncurrent liabilities:</b>								
Deferred credits and other	38,801	2,507	-	41,308	9,779	-	-	51,087
Revenues to be used for future costs	85,064	-	-	85,064	-	-	-	85,064
Total other liabilities	123,865	2,507	-	126,372	9,779	-	-	136,151
<b>Long-term debt:</b>								
Bonds and commercial paper	2,434,638	1,141,245	-	3,575,883	1,817,205	47,800	-	5,440,888
Unamortized original issue premium (discount)	(5,267)	32,975	-	27,708	(1,988)	-	-	25,720
Unamortized deferred losses on refundings	(36,721)	(78,969)	-	(115,690)	(23,493)	-	-	(139,183)
Fair value of debt management strategy instruments	(10,796)	-	-	(10,796)	(3)	-	-	(10,799)
Total long-term debt	2,381,854	1,095,251	-	3,477,105	1,791,721	47,800	-	5,316,626
Total liabilities	2,658,682	1,325,291	(20,726)	3,963,247	1,857,580	51,035	-	5,871,862
<b>Net Assets:</b>								
Invested in capital assets, net of related debt	283,464	(256,707)	-	26,757	887,404	(3,166)	-	910,995
Restricted	15,623	184,244	20,168	220,035	10,817	1,062	-	231,914
Unrestricted	137,059	62,875	(20,168)	179,766	84,647	624	-	265,037
Total net assets	436,146	(9,588)	-	426,558	982,868	(1,480)	-	1,407,946
Total liabilities and net assets	\$ 3,094,828	\$ 1,315,703	\$ (20,726)	\$ 4,389,805	\$ 2,840,448	\$ 49,555	\$ -	\$ 7,279,808

(1) Includes Debt Management Reserve of \$6,394 and Rate Stabilization of \$8,992

**Combining Balance Sheet  
(in thousands - unaudited) June 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)	\$ 8,756	\$ 7,233	\$ -	\$ 15,989	\$ 11,518	\$ 737	\$ -	\$ 28,244
Investments	-	29	-	29	-	-	-	29
Customer accounts receivable, less allowance for doubtful accounts of \$3,877	161,840	35,082	(18,381)	178,541	24,987	142	(200)	203,470
Inventories, less reserve of \$3,115								
Fuel inventory	24,629	24,013	-	48,642	-	-	-	48,642
Materials and supplies	1,464	19,994	-	21,458	50,038	-	-	71,496
Total current assets	196,689	86,351	(18,381)	264,659	86,544	879	(200)	351,882
<b>Restricted assets:</b>								
Cash and cash equivalents	49,689	61,494	-	111,183	138,151	3,579	-	252,913
Investments	4,917	251,302	-	256,219	131,138	-	-	387,357
Accounts and interest receivable	14,901	1,730	-	16,631	5,564	-	-	22,195
Total restricted assets	69,507	314,526	-	384,033	274,853	3,579	-	662,465
<b>Other noncurrent assets:</b>								
Investment in The Energy Authority and Taylor Energy Center	6,064	-	-	6,064	-	-	-	6,064
Other	20,398	8,215	-	28,613	23,781	326	-	52,720
Costs to be recovered from future revenues	-	324,503	-	324,503	-	-	-	324,503
Total other noncurrent assets	26,462	332,718	-	359,180	23,781	326	-	383,287
<b>Capital assets:</b>								
Land and easements	34,458	6,660	-	41,118	22,870	-	-	63,988
Plant in service	3,507,000	1,172,885	-	4,679,885	2,574,666	10,865	-	7,265,416
Less accumulated depreciation	(1,158,520)	(546,840)	-	(1,705,360)	(627,484)	(424)	-	(2,333,268)
Plant in service, net	2,382,938	632,705	-	3,015,643	1,970,052	10,441	-	4,996,136
Construction work in progress	334,479	28,972	-	363,451	382,768	33,987	-	780,206
Capital assets, net	2,717,417	661,677	-	3,379,094	2,352,820	44,428	-	5,776,342
Total assets	\$ 3,010,075	\$ 1,395,272	\$ (18,381)	\$ 4,386,966	\$ 2,737,998	\$ 49,212	\$ (200)	\$ 7,173,976
<b>LIABILITIES AND NET ASSETS</b>								
<b>Current liabilities:</b>								
Accounts payable and other	\$ 81,903	\$ 15,629	\$ (83)	\$ 97,449	\$ 7,495	\$ 200	\$ (200)	\$ 104,944
Total current liabilities	81,903	15,629	(83)	97,449	7,495	200	(200)	104,944
<b>Liabilities payable from restricted assets:</b>								
Revenue bonds and line of credit due within one year	24,600	79,440	-	104,040	9,120	-	-	113,160
Interest payable	13,083	16,083	-	29,166	18,814	94	-	48,074
Construction contracts and accounts payable	9,686	29,328	(18,298)	20,716	18,217	1,091	-	40,024
Customers deposits	21,995	-	-	21,995	-	-	-	21,995
Renewal and replacement reserve	-	84,880	-	84,880	-	-	-	84,880
Total liabilities payable from restricted assets	69,364	209,731	(18,298)	260,797	46,151	1,185	-	308,133
<b>Other noncurrent liabilities:</b>								
Deferred credits and other	26,490	2,582	-	29,072	14,365	-	-	43,437
Revenues to be used for future costs	88,942	-	-	88,942	-	-	-	88,942
Total other liabilities	115,432	2,582	-	118,014	14,365	-	-	132,379
<b>Long-term debt:</b>								
Bonds and commercial paper	2,292,606	1,226,166	-	3,518,772	1,779,120	47,800	-	5,345,692
Unamortized original issue premium (discount)	(4,884)	25,381	-	20,497	(2,991)	-	-	17,506
Unamortized deferred losses on refundings	(38,662)	(77,472)	-	(116,134)	(20,894)	-	-	(137,028)
Fair value of debt management strategy instruments	32,996	-	-	32,996	(447)	-	-	32,549
Total long-term debt	2,282,056	1,174,075	-	3,456,131	1,754,788	47,800	-	5,258,719
Total liabilities	2,548,755	1,402,017	(18,381)	3,932,391	1,822,799	49,185	(200)	5,804,175
<b>Net Assets:</b>								
Invested in capital assets, net of related debt	342,000	(259,120)	-	82,880	833,444	(559)	-	915,765
Restricted	20,934	184,235	18,298	223,467	12,054	(94)	-	235,427
Unrestricted	98,386	68,140	(18,298)	148,228	69,701	680	-	218,609
Total net assets	461,320	(6,745)	-	454,575	915,199	27	-	1,369,801
Total liabilities and net assets	\$ 3,010,075	\$ 1,395,272	\$ (18,381)	\$ 4,386,966	\$ 2,737,998	\$ 49,212	\$ (200)	\$ 7,173,976

(1) Includes Debt Management Reserve of \$2,814 and Rate Stabilization of \$6,103

**Combining Statement of Revenue, Expenses and Changes in Net Asset  
(in thousands - unaudited) for three months ended June 200**

	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	\$ 265,255	\$ 82,804	\$ (51,663)	\$ 296,396	\$ -	\$ -	\$ (1,778)	\$ 294,618
Water and Sewer	-	-	-	-	57,985	-	(193)	57,792
District Energy	-	-	-	-	-	483	-	483
Other, net of allowances	\$ 10,893	-	-	10,893	2,801	-	(833)	12,861
<b>Total operating revenues</b>	<b>276,148</b>	<b>82,804</b>	<b>(51,663)</b>	<b>307,289</b>	<b>60,786</b>	<b>483</b>	<b>(2,804)</b>	<b>365,754</b>
<b>Operating expenses:</b>								
Operations:								
Fuel	80,392	37,459	-	117,851	-	-	-	117,851
Purchased power	93,871	-	(51,663)	42,208	-	-	-	42,208
Other	25,494	10,446	-	35,940	17,647	100	(2,804)	50,883
Maintenance	9,790	5,884	-	15,674	4,575	160	-	20,409
Depreciation	42,173	7,232	-	49,405	24,807	288	-	74,500
State utility and franchise taxes	6,426	-	-	6,426	-	-	-	6,426
Recognition of deferred costs and revenues, net	(969)	13,195	-	12,226	-	-	-	12,226
<b>Total operating expenses</b>	<b>257,177</b>	<b>74,216</b>	<b>(51,663)</b>	<b>279,730</b>	<b>47,029</b>	<b>548</b>	<b>(2,804)</b>	<b>324,503</b>
<b>Operating income</b>	<b>18,971</b>	<b>8,588</b>	<b>-</b>	<b>27,559</b>	<b>13,757</b>	<b>(65)</b>	<b>-</b>	<b>41,251</b>
<b>Nonoperating revenues (expenses):</b>								
Earnings from The Energy Authority	5,636	-	-	5,636	-	-	-	5,636
Investment income and fair value adjustments	496	1,232	-	1,728	7,923	21	-	9,672
Interest on debt	(15,370)	(14,945)	-	(30,315)	(17,469)	(500)	-	(48,284)
Other interest, net	(271)	-	-	(271)	-	-	-	(271)
Allowance for funds used during construction	3,363	-	-	3,363	4,411	85	-	7,859
Water & Sewer Expansion Authority	-	-	-	-	(245)	-	-	(245)
<b>Total nonoperating revenues (expenses)</b>	<b>(6,146)</b>	<b>(13,713)</b>	<b>-</b>	<b>(19,859)</b>	<b>(5,380)</b>	<b>(394)</b>	<b>-</b>	<b>(25,633)</b>
<b>Income before contributions</b>	<b>12,825</b>	<b>(5,125)</b>	<b>-</b>	<b>7,700</b>	<b>8,377</b>	<b>(459)</b>	<b>-</b>	<b>15,618</b>
<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	-	-	-	-	26,334	-	-	26,334
City of Jacksonville	(333)	-	-	(333)	2,435	-	-	2,102
<b>Total contributions</b>	<b>(18,091)</b>	<b>-</b>	<b>-</b>	<b>(18,091)</b>	<b>24,355</b>	<b>-</b>	<b>-</b>	<b>6,264</b>
<b>Change in net assets</b>	<b>(5,266)</b>	<b>(5,125)</b>	<b>-</b>	<b>(10,391)</b>	<b>32,732</b>	<b>(459)</b>	<b>-</b>	<b>21,882</b>
<b>Net assets - beginning of period</b>	<b>441,412</b>	<b>(4,463)</b>	<b>-</b>	<b>436,949</b>	<b>950,136</b>	<b>(1,021)</b>	<b>-</b>	<b>1,386,064</b>
<b>Net assets - end of period</b>	<b>\$ 436,146</b>	<b>\$ (9,588)</b>	<b>\$ -</b>	<b>\$ 426,558</b>	<b>\$ 982,868</b>	<b>\$ (1,480)</b>	<b>\$ -</b>	<b>\$ 1,407,946</b>

**Combining Statement of Revenue, Expenses and Changes in Net Asset  
(in thousands - unaudited) for three months ended June 200**

	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	\$ 215,750	\$ 78,144	\$ (50,171)	\$ 243,723	\$ -	\$ -	\$ (1,096)	\$ 242,627
Water and Sewer	-	-	-	-	45,401	-	(48)	45,353
District Energy	-	-	-	-	-	304	-	304
Other, net of allowances	9,295	-	-	9,295	2,290	-	(596)	10,989
<b>Total operating revenues</b>	<b>225,045</b>	<b>78,144</b>	<b>(50,171)</b>	<b>253,018</b>	<b>47,691</b>	<b>304</b>	<b>(1,740)</b>	<b>299,273</b>
<b>Operating expenses:</b>								
Operations:								
Fuel	56,035	29,597	-	85,632	-	-	-	85,632
Purchased power	82,172	-	(50,171)	32,001	-	-	-	32,001
Other	21,840	10,153	-	31,993	14,681	35	(1,740)	44,969
Maintenance	8,297	7,200	-	15,497	4,704	52	-	20,253
Depreciation	40,627	7,276	-	47,903	22,373	93	-	70,369
State utility and franchise taxes	5,210	-	-	5,210	-	-	-	5,210
Recognition of deferred costs and revenues, net	(969)	12,212	-	11,243	-	-	-	11,243
<b>Total operating expenses</b>	<b>213,212</b>	<b>66,438</b>	<b>(50,171)</b>	<b>229,479</b>	<b>41,758</b>	<b>180</b>	<b>(1,740)</b>	<b>269,677</b>
<b>Operating income</b>	<b>11,833</b>	<b>11,706</b>	<b>-</b>	<b>23,539</b>	<b>5,933</b>	<b>124</b>	<b>-</b>	<b>29,596</b>
<b>Nonoperating revenues (expenses):</b>								
Earnings from The Energy Authority	3,697	-	-	3,697	-	-	-	3,697
Investment income and fair value adjustments	1,650	3,931	-	5,581	2,282	46	-	7,909
Interest on debt	(47,840)	(16,455)	-	(64,295)	(20,416)	(351)	-	(85,062)
Other interest, net	(306)	-	-	(306)	-	-	-	(306)
Allowance for funds used during construction	2,164	-	-	2,164	5,294	113	-	7,571
Water & Sewer Expansion Authority	-	-	-	-	(78)	-	-	(78)
<b>Total nonoperating revenues (expenses)</b>	<b>(40,635)</b>	<b>(12,524)</b>	<b>-</b>	<b>(53,159)</b>	<b>(12,918)</b>	<b>(192)</b>	<b>-</b>	<b>(66,269)</b>
<b>Income before contributions</b>	<b>(28,802)</b>	<b>(818)</b>	<b>-</b>	<b>(29,620)</b>	<b>(6,985)</b>	<b>(68)</b>	<b>-</b>	<b>(36,673)</b>
<b>Contributions (to) from:</b>								
General fund, City of Jacksonville	(17,169)	-	-	(17,169)	(4,315)	-	-	(21,484)
Water & Sewer Expansion Authority - capital	-	-	-	-	-	-	-	-
Developers and other	-	-	-	-	13,225	-	-	13,225
City of Jacksonville	-	-	-	-	-	-	-	-
<b>Total contributions</b>	<b>(17,169)</b>	<b>-</b>	<b>-</b>	<b>(17,169)</b>	<b>8,910</b>	<b>-</b>	<b>-</b>	<b>(8,259)</b>
<b>Change in net assets</b>	<b>(45,971)</b>	<b>(818)</b>	<b>-</b>	<b>(46,789)</b>	<b>1,925</b>	<b>(68)</b>	<b>-</b>	<b>(44,932)</b>
<b>Net assets - beginning of period</b>	<b>507,291</b>	<b>(5,927)</b>	<b>-</b>	<b>501,364</b>	<b>913,274</b>	<b>95</b>	<b>-</b>	<b>1,414,733</b>
<b>Net assets - end of period</b>	<b>\$ 461,320</b>	<b>\$ (6,745)</b>	<b>\$ -</b>	<b>\$ 454,575</b>	<b>\$ 915,199</b>	<b>\$ 27</b>	<b>\$ -</b>	<b>\$ 1,369,801</b>

**Combining Statement of Revenue, Expenses and Changes in Net Assets  
(in thousands - unaudited) for twelve months ended June 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	\$ 1,014,729	\$ 316,889	\$ (194,405)	\$ 1,137,213	\$ -	\$ -	(5,734)	\$1,131,479
Water and Sewer	-	-	-	-	205,977	-	43	206,020
District Energy	-	-	-	-	-	2,058	-	2,058
Other, net of allowances	38,447	-	-	38,447	12,063	-	(3,146)	47,364
<b>Total operating revenues</b>	<b>1,053,176</b>	<b>316,889</b>	<b>(194,405)</b>	<b>1,175,660</b>	<b>218,040</b>	<b>2,058</b>	<b>(8,837)</b>	<b>1,386,921</b>
<b>Operating expenses:</b>								
Operations:								
Fuel	318,574	141,272	-	459,846	-	-	-	459,846
Purchased power	334,345	-	(194,405)	139,940	-	-	-	139,940
Other	96,547	33,667	-	130,214	67,732	262	(8,837)	189,371
Maintenance	47,513	19,589	-	67,102	18,351	1081	-	86,534
Depreciation	174,305	28,971	-	203,276	94,823	963	-	299,062
State utility and franchise taxes	25,725	-	-	25,725	-	-	-	25,725
Recognition of deferred costs and revenues, net	(3,878)	43,457	-	39,579	-	-	-	39,579
<b>Total operating expenses</b>	<b>993,131</b>	<b>266,956</b>	<b>(194,405)</b>	<b>1,065,682</b>	<b>180,906</b>	<b>2,306</b>	<b>(8,837)</b>	<b>1,240,057</b>
<b>Operating income</b>	<b>60,045</b>	<b>49,933</b>	<b>-</b>	<b>109,978</b>	<b>37,134</b>	<b>(248)</b>	<b>-</b>	<b>146,864</b>
<b>Nonoperating revenues (expenses):</b>								
Earnings from The Energy Authority	23,861	-	-	23,861	-	-	-	23,861
Investment income and fair value adjustments	469	7,645	-	8,114	4,514	87	-	12,715
Interest on debt	(49,684)	(60,421)	-	(110,105)	(78,403)	(1,653)	-	(190,161)
Other interest, net	(1,216)	-	-	(1,216)	-	-	-	(1,216)
Allowance for funds used during construction	12,543	-	-	12,543	19,587	307	-	32,437
Water & Sewer Expansion Authority	-	-	-	-	(579)	-	-	(579)
<b>Total nonoperating revenues (expenses)</b>	<b>(14,027)</b>	<b>(52,776)</b>	<b>-</b>	<b>(66,803)</b>	<b>(54,881)</b>	<b>(1,259)</b>	<b>-</b>	<b>(122,943)</b>
<b>Income before contributions</b>	<b>46,018</b>	<b>(2,843)</b>	<b>-</b>	<b>43,175</b>	<b>(17,747)</b>	<b>(1,507)</b>	<b>-</b>	<b>23,921</b>
<b>Contributions (to) from:</b>								
General fund, City of Jacksonville	(70,442)	-	-	(70,442)	(17,557)	-	-	(87,999)
Water & Sewer Expansion Authority - capital	-	-	-	-	(254)	-	-	(254)
Developers and other	-	-	-	-	98,207	-	-	98,207
City of Jacksonville	(750)	-	-	(750)	5,020	-	-	4,270
<b>Total contributions</b>	<b>(71,192)</b>	<b>-</b>	<b>-</b>	<b>(71,192)</b>	<b>85,416</b>	<b>-</b>	<b>-</b>	<b>14,224</b>
<b>Change in net assets</b>	<b>(25,174)</b>	<b>(2,843)</b>	<b>-</b>	<b>(28,017)</b>	<b>67,669</b>	<b>(1,507)</b>	<b>-</b>	<b>38,145</b>
<b>Net assets - beginning of period</b>	<b>461,320</b>	<b>(6,745)</b>	<b>-</b>	<b>454,575</b>	<b>915,199</b>	<b>27</b>	<b>-</b>	<b>1,369,801</b>
<b>Net assets - end of period</b>	<b>\$ 436,146</b>	<b>\$ (9,588)</b>	<b>\$ -</b>	<b>\$ 426,558</b>	<b>\$ 982,868</b>	<b>\$ (1,480)</b>	<b>\$ -</b>	<b>\$1,407,946</b>

**Combining Statement of Revenue, Expenses and Changes in Net Assets  
(in thousands - unaudited) for twelve months ended June 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	\$ 784,565	\$ 313,832	\$ (197,446)	\$ 900,951	\$ -	\$ -	\$ (3,895)	\$ 897,056
Water and Sewer	-	-	-	-	177,598	-	(258)	177,340
District Energy	-	-	-	-	-	868	-	868
Other, net of allowances	33,935	-	-	33,935	8,972	-	(2,323)	40,584
Total operating revenues	818,500	313,832	(197,446)	934,886	186,570	868	(6,476)	1,115,848
<b>Operating expenses:</b>								
Operations:								
Fuel	200,846	136,629	-	337,475	-	-	-	337,475
Purchased power	310,908	-	(197,446)	113,462	-	-	-	113,462
Other	95,128	36,019	-	131,147	62,678	80	(6,476)	187,429
Maintenance	34,562	18,728	-	53,290	18,611	110	-	72,011
Depreciation	151,708	29,240	-	180,948	88,629	270	-	269,847
State utility and franchise taxes	20,113	-	-	20,113	-	-	-	20,113
Recognition of deferred costs and revenues, net	(3,878)	48,038	-	44,160	-	-	-	44,160
Total operating expenses	809,387	268,654	(197,446)	880,595	169,918	460	(6,476)	1,044,497
Operating income	9,113	45,178	-	54,291	16,652	408	-	71,351
<b>Nonoperating revenues (expenses):</b>								
Earnings from The Energy Authority	16,083	-	-	16,083	-	-	-	16,083
Investment income and fair value adjustments	3,755	11,905	-	15,660	5,097	150	-	20,907
Interest on debt	(114,584)	(67,146)	-	(181,730)	(72,226)	(791)	-	(254,747)
Other interest, net	(1,144)	-	-	(1,144)	-	-	-	(1,144)
Allowance for funds used during construction	14,038	-	-	14,038	20,456	260	-	34,754
Water & Sewer Expansion Authority	-	-	-	-	(170)	-	-	(170)
Total nonoperating revenues (expenses)	(81,852)	(55,241)	-	(137,093)	(46,843)	(381)	-	(184,317)
Income before contributions	(72,739)	(10,063)	-	(82,802)	(30,191)	27	-	(112,966)
<b>Contributions (to) from:</b>								
General fund, City of Jacksonville	(68,354)	-	-	(68,354)	(16,895)	-	-	(85,249)
Water & Sewer Expansion Authority - capital	-	-	-	-	-	-	-	-
Developers and other	-	-	-	-	54,722	-	-	54,722
City of Jacksonville	-	-	-	-	5,012	-	-	5,012
Total contributions	(68,354)	-	-	(68,354)	42,839	-	-	(25,515)
Change in net assets	(141,093)	(10,063)	-	(151,156)	12,648	27	-	(138,481)
<b>Net assets - beginning of period</b>	602,413	3,318	-	605,731	902,551	-	-	1,508,282
<b>Net assets - end of period</b>	\$ 461,320	\$ (6,745)	\$ -	\$ 454,575	\$ 915,199	\$ 27	\$ -	\$ 1,369,801

**Electric System**  
**Schedules of Debt Service Coverage**  
(in thousands - unaudited)

	Three months ended		Twelve months ended	
	June		June	
	2006	2005	2006	2005
<b>Revenues:</b>				
Electric	\$ 265,255	\$ 215,750	\$ 1,014,729	\$ 784,565
Investment income (1)	395	490	1,190	1,639
Earnings from The Energy Authority	5,636	3,697	23,861	16,083
Other, net	10,893	9,295	40,624	35,475
Plus: amount paid from the rate stabilization fund into the revenue fund	6,550	5,568	48,820	5,568
Less: amount paid from the revenue fund into the rate stabilization fund	(17,144)	(11,671)	(59,708)	(11,671)
<b>Total</b>	<b>271,585</b>	<b>223,129</b>	<b>1,069,516</b>	<b>831,659</b>
<b>Operating expenses (2):</b>				
Fuel	76,087	50,402	296,493	178,519
Purchased power (3)	104,169	89,967	370,660	341,756
Other operation and maintenance	30,077	29,016	133,148	124,533
Utility and franchise taxes	6,221	5,006	24,905	19,293
<b>Total</b>	<b>216,554</b>	<b>174,391</b>	<b>825,206</b>	<b>664,101</b>
<b>Net revenues</b>	<b>\$ 55,031</b>	<b>\$ 48,738</b>	<b>\$ 244,310</b>	<b>\$ 167,558</b>
<b>Debt service</b>	<b>\$ 15,500</b>	<b>\$ 10,692</b>	<b>\$ 54,047</b>	<b>\$ 41,120</b>
Less: investment income on sinking fund	(142)	(103)	(461)	(440)
<b>Debt service requirement</b>	<b>\$ 15,358</b>	<b>\$ 10,589</b>	<b>\$ 53,586</b>	<b>\$ 40,680</b>
<b>Senior debt service coverage (4)</b>	<b>3.58x</b>	<b>4.60x</b>	<b>4.56x</b>	<b>4.12x</b>
<b>Net revenues (from above)</b>	<b>\$ 55,031</b>	<b>\$ 48,738</b>	<b>\$ 244,310</b>	<b>\$ 167,558</b>
Plus: amount paid from the subordinated bond rate stabilization fund into the subordinated bond fund	-	-	-	-
<b>Adjusted net revenues</b>	<b>\$ 55,031</b>	<b>\$ 48,738</b>	<b>\$ 244,310</b>	<b>\$ 167,558</b>
<b>Debt service requirement (from above)</b>	<b>\$ 15,358</b>	<b>\$ 10,589</b>	<b>\$ 53,586</b>	<b>\$ 40,680</b>
Plus: aggregate subordinated debt service on outstanding subordinated bonds	15,909	15,400	57,817	53,099
<b>Adjusted debt service requirement</b>	<b>\$ 31,267</b>	<b>\$ 25,989</b>	<b>\$ 111,403</b>	<b>\$ 93,779</b>
<b>Senior and subordinated debt service coverage (5)</b>	<b>1.76x</b>	<b>1.88x</b>	<b>2.19x</b>	<b>1.79x</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 June		Twelve months ended June	
	2006	2005	2006	2005
<b>Revenues:</b>				
JEA Electric System	\$ 54,457	\$ 52,665	\$ 207,277	\$ 214,548
Florida Power & Light Company	32,841	29,656	122,534	123,152
Investment income	3,562	2,256	13,132	10,488
Total	90,860	84,577	342,943	348,188
<b>Operating expenses: (1)</b>				
Fuel	37,459	29,597	141,272	136,608
Other operation and maintenance	9,114	10,051	33,328	31,030
Total	46,573	39,648	174,600	167,638
<b>Net revenues</b>	\$ 44,287	\$ 44,929	\$ 168,343	\$ 180,550
<b>Debt service requirement</b>	\$ 35,372	\$ 35,943	\$ 132,847	\$ 144,424
<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	
	June		June	
	2006	2005	2006	2005
<b>Operating Revenues:</b>				
Water, net of allowances and discounts	\$ 25,298	19,185	86,631	72,823
Water capacity fees (1)	2,801	745	8,466	2,505
Sewer, net of allowances and discounts	32,687	26,217	119,346	104,775
Sewer capacity fees (1)	4,296	3,715	25,801	13,088
Investment income	502	229	1,438	1,824
Other	2,801	2,290	12,705	8,847
Total	68,385	52,381	254,387	203,862
<b>Operating &amp; Maintenance Expenses:</b>				
Operations and Maintenance (2)	22,222	19,385	86,083	81,287
Total	22,222	19,385	86,083	81,287
<b>Net Revenues</b>	<b>\$ 46,163</b>	<b>32,996</b>	<b>168,304</b>	<b>122,575</b>
<b>Debt service requirement</b>	<b>\$ 18,233</b>	<b>\$ 16,815</b>	<b>\$ 71,029</b>	<b>\$ 63,539</b>
<b>Senior debt service coverage (3)</b>	<b>2.53x</b>	<b>1.96x</b>	<b>2.37x</b>	<b>1.93x</b>
<b>Net revenues from above</b>	<b>\$ 46,163</b>	<b>\$ 32,996</b>	<b>\$ 168,304</b>	<b>\$ 122,575</b>
<b>Debt service requirement (from above)</b>	<b>18,233</b>	<b>16,815</b>	<b>71,029</b>	<b>63,539</b>
Plus: aggregate subordinated debt service on outstanding subordinated debt	4,084	3,950	15,266	13,280
<b>Adjusted debt service requirement</b>	<b>22,317</b>	<b>20,765</b>	<b>86,295</b>	<b>76,819</b>
<b>Senior and subordinated debt service coverage (4)</b>	<b>2.07x</b>	<b>1.59x</b>	<b>1.95x</b>	<b>1.60x</b>

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

Had capacity fees not been included in the calculation for the twelve month periods ending June 2006 and 2005, then the debt service coverage would have been 1.55x and 1.39x.

(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 \$23,134 and \$ 89,348 for the twelve month period ending June 2006 and 2005.

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

	Three months Ended		Twelve months Ended	
	June		June	
	2006	2005	2006	2005
<b>Operating Revenues:</b>				
Service revenues	\$ 483	\$ 304	\$ 2,058	\$ 868
Investment income	21	46	87	150
Other	-	-	-	-
Total operating revenues	504	350	2,145	1,018
<b>Operating &amp; Maintenance Expenses: (1)</b>				
Operations and maintenance	260	87	1,343	189
Total operating expenses	260	87	1,343	189
<b>Net revenues</b>	<b>244</b>	<b>263</b>	<b>802</b>	<b>829</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 period will be -0-. Capitalized interest expense for the current quarter was \$497 and \$1,621 for the twelve months ending June 30, 2006.

**Electric Enterprise Fund  
Operating Statistics**

	Three months ended		Twelve months ended	
	June		June	
	2006	2005	2006	2005
<b>Electric revenue sales (000's omitted):</b>				
Residential	\$ 120,163	\$ 97,536	\$ 470,846	\$ 387,751
Commercial and industrial	122,163	98,541	443,057	350,075
Public street lighting	2,397	2,122	9,304	8,148
Sales for resale	9,621	6,902	48,670	33,289
Saleback to Florida Power & Light	31,141	27,973	122,484	116,388
Total electric revenues	285,485	233,074	1,094,361	895,651
Add: rate stabilization and recovery	12,544	11,671	49,108	11,671
Less: allowance for doubtful accounts	(1,632)	(1,023)	(6,256)	(6,370)
Net electric revenues	\$ 296,397	\$ 243,722	\$1,137,213	\$ 900,952

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

Residential	1,387,831	1,256,390	5,643,570	5,356,177
Commercial and industrial	1,877,166	1,764,086	7,124,422	6,822,318
Public street lighting	27,272	26,738	109,420	107,405
Sales for resale	254,034	224,244	1,111,958	1,035,587
Saleback to Florida Power & Light	696,594	559,134	2,620,284	2,583,566
Total KWH sales	4,242,897	3,830,592	16,609,654	15,905,053

**Average number of accounts:**

Residential	358,039	350,449	355,276	347,120
Commercial and industrial	41,780	39,087	40,403	38,942
Public street lighting	3,585	3,553	3,552	3,551
Sales for resale	7	3	6	2
Total average accounts	403,411	393,092	399,237	389,615

**Residential averages:**

Revenue per account - \$	335.61	278.32	1,325.30	1,117.05
KWH per account	3,876	3,585	15,885	15,430
Revenue per KWH - ¢	8.66	7.76	8.34	7.24

**Degree days:**

	June		June	
	2006	2005	2006	2005
Heating degree days	18	90	1,277	1,299
Cooling degree days	913	703	2,877	2,597
Total degree days	931	793	4,154	3,896
Degree Days - 30 year average		817		3,985

**Water and Sewer Enterprise Fund  
Operating Statistics**

	Three months ended June		Twelve months ended June	
	2006	2005	2006	2005
<b>Water</b>				
<b>Revenues (000's omitted):</b>				
Residential	\$ 14,467	\$ 11,270	\$ 49,498	\$ 42,858
Commercial and industrial	5,291	4,257	21,131	17,295
Irrigation	5,537	3,701	16,123	13,022
Total water revenues	25,295	19,228	86,752	73,175
Less: allowance for doubtful accounts	(68)	(68)	(250)	(390)
Net water revenues	\$ 25,227	\$ 19,160	\$ 86,502	\$ 72,785
<b>Water Sales (ccf*):</b>				
Residential	7,865,573	6,247,293	25,358,161	23,127,855
Commercial and industrial	3,501,732	4,064,787	16,934,487	16,603,376
Irrigation	3,712,245	2,538,903	10,149,464	8,772,449
Total ccf sales	15,079,550	12,850,983	52,442,112	48,503,680
<b>Average Number of accounts:</b>				
Residential	239,687	228,601	235,260	224,806
Commercial and industrial	22,442	21,912	22,221	21,608
Irrigation	33,373	30,976	32,605	29,901
Total average accounts	295,502	281,490	290,087	276,316
<b>Residential averages:</b>				
Revenue per account - \$	60.35	49.30	210.40	190.64
ccf per account	32.82	27.33	107.79	102.88
Revenue per ccf - \$	1.84	1.80	1.95	1.85
<b>Reuse</b>				
<b>Revenues (000's omitted):</b>				
Reuse revenues	71	23	128	36
<b>Reuse Sales (ccf*):</b>				
Reuse sales (cccf's)	320,057	127,580	419,944	145,398
<b>Number of accounts:</b>				
Reuse accounts	16	13	16	12
<b>Sewer</b>				
<b>Revenues (000's omitted):</b>				
Residential	\$ 20,268	\$ 15,152	\$ 69,295	\$ 59,016
Commercial and industrial	12,522	11,166	50,428	46,347
Total sewer revenues	32,790	26,318	119,723	105,363
Less: allowance for doubtful accounts	(103)	(101)	(376)	(585)
Net sewer revenues	\$ 32,687	\$ 26,217	\$ 119,347	\$ 104,778
<b>Sewer Sales (ccf*):</b>				
Residential	6,148,659	4,632,918	20,199,050	17,990,150
Commercial and industrial	3,656,448	3,472,156	15,058,179	14,502,144
Total ccf sales	9,805,107	8,105,074	35,257,229	32,492,294
<b>Average number of accounts:</b>				
Residential	204,680	193,114	200,034	189,335
Commercial and industrial	16,976	16,436	16,778	16,168
Total average accounts	221,656	209,550	216,812	205,503
<b>Residential averages:</b>				
Revenue per account - \$	99.02	78.46	346.42	311.70
ccf per account	30.04	23.99	100.98	95.02
Revenue per ccf - \$	3.30	3.27	3.43	3.28
* ccf = 100 cubic feet				
<b>Rainfall</b>				
Normal	11.99	11.99	52.34	52.34
Actual	10.48	22.83	49.85	73.42