

ANNUAL REPORT UTILITIES SYSTEM

REEDY CREEK IMPROVEMENT DISTRICT

As of September 30, 2011

SAIC[®]

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Reedy Creek Improvement District
Post Office Box 10170
Lake Buena Vista, Florida 32830

ATTENTION: District Administrator

Gentlemen:

**Subject: Annual Report
Reedy Creek Improvement District
Utilities System as of September 30, 2011**

Presented herewith is the Annual Report as of September 30, 2011 (the "Report") of the operations and maintenance of the Utilities System (the "System") of the Reedy Creek Improvement District (the "District"). The System includes (i) a sanitary sewage collection system, wastewater treatment facility and reclaimed water system, (ii) a solid waste collection, recycling and disposal system, (iii) an electric generation and distribution system (including fuel oil storage facilities), (iv) facilities for the production of chilled water and hot water, (v) a water supply and distribution system, and (vi) a natural gas distribution system.

This Report is prepared as required by the Trust Indenture dated November 1, 1987, as supplemented (the "Indenture") between the District and SunTrust, National Association (the "Trustee"), who assigned their rights and duties to U.S. Bank, and a series of resolutions authorizing the issuance of Reedy Creek Improvement District Utilities Revenue Bonds ("Bonds"), (collectively referred to herein as the "Bond Resolution").

This Report is prepared for the Fiscal Year ended September 30, 2011 and includes:

- (i) A report on the management of the properties;
- (ii) A report on the operating and maintenance of the properties;
- (iii) A report on the status of the operating budget;
- (iv) A report on the status of the Construction Fund; and
- (v) A report on the sufficiency of rates and charges for service.

This Report is the twenty-fourth report since the issuance of the Series 1987-1 Bonds and the Series 1987-2 Bonds, and it addresses the fiscal year ended September 30, 2011. To the extent deemed appropriate and necessary to fulfill the purposes of this Report, certain subjects have been addressed for periods extending beyond such date. This Report summarizes the results of our studies and analyses, and those of others included herein, as of the dates of those studies or statements. Changed conditions occurring after such dates could affect the material presented herein to the extent of such changed conditions, and such changed conditions would not be reflected in this Report. We have not been retained by the District to update this Report beyond the date hereof or any underlying studies beyond the dates thereof.



As used in this Report, the capitalization of any word not normally capitalized indicates that such word is defined in the Indenture or the Bond Resolution. References to and descriptions of the Indenture, Bond Resolution, or any agreement or document in this Report represent our understanding of certain general principles thereof, but do not purport to be complete, and such references and descriptions are qualified in their entirety by reference to each such document.

In the preparation of this Report, we have relied upon financial, statistical, and operating data regarding the System which have been taken from the books of record and accounts prepared for the District by the Comptroller's Office and by Reedy Creek Energy Services, Inc. ("RCES"), which company provides management and labor services to the District, from information provided by the management and staff of RCES and the District, and from certified statements of Ernst & Young LLP, independent auditors for the District and the System. Nothing contained in this Report is intended to indicate conditions with respect to safety, to security, the internal physical condition of any facilities, or conformance with agreements, codes, permits, rules, or regulations of any party having jurisdiction with respect to the construction, operation and maintenance of the properties, which matters are outside the scope and purposes of this Report.

Any statements herein involving matters of opinion or estimates, whether or not expressly so stated, are intended merely as such and not as representations of fact and are subject to being affected by fluctuating economic and regulatory conditions and the occurrence of other future events that cannot be assured. Therefore, actual results achieved may vary from projections and estimates, and such variations may be material. The District has advised that a copy of this Report may be provided to nationally recognized municipal securities information repositories and appropriate state information repositories, if any, along with financial information required to be so provided by the Securities and Exchange Commission pursuant to its amended Rule 15c 2-12 concerning municipal securities disclosure.

Opinion

Based upon analyses of financial statements and reports prepared by or for the District and information provided by the staff of RCES, the District or others which are summarized or referred to in this Report, which Report should be read in its entirety in conjunction with the following, we are of the opinion that during the fiscal year ended September 30, 2011:

(i) Management of the Properties

The District has caused its System to be operated in an economic and efficient manner. The District has or has had prepared on its behalf annual budgets, audits, and other reports and analyses regarding the System. The District received from Ernst & Young LLP, the District's independent auditors for the System, an opinion dated January 20, 2012 regarding the financial operations for the fiscal year ended September 30, 2011.

To assist the District in the management of the System, the District and RCES have retained and utilized the services of outside professional firms in the areas of engineering, legal, financial, and accounting matters. During the fiscal year ended September 30, 2011, the District strived to comply with all known regulatory requirements imposed on the

System by federal, state and local authorities pertaining to operations, rates, environmental matters, and reporting requirements.

(ii) Operating and Maintenance of the Properties

The District has budgeted and expended reasonable amounts for operations, repairs, renewals, replacements, and other maintenance of the System during the period covered by this Report.

(iii) Status of the Operating Budget

For the fiscal year ended September 30, 2011, the District adopted a detailed operating budget for the System. When comparing the original budget amounts to actual data for the same period:

- (a) Operating revenues were less than the budgeted amount by \$11,337,761 (5.0%).
- (b) Operating expenses exclusive of depreciation were less than budgeted amounts by \$11,773,430 (6.7%).
- (c) Debt service and insurance were less than budgeted amounts by \$173,297.
- (d) Capital requirements including renewals, replacements, and improvements were greater than budgeted amounts by \$991,555.
- (e) Other revenues were greater than budgeted amounts by \$229,236.
- (f) For the System, overall actual revenues less expenditures, including the funding of renewals, replacements, and improvements were less than budgeted amounts by \$153,353.
- (g) For the fiscal year ended September 30, 2011, the actual net income for the System was \$697,260.

The Indenture provides that the District shall annually prepare and adopt, prior to 30 days before the end of each fiscal year, by proper proceedings a budget of the estimated expenditures for operation and maintenance of the System and the estimated Revenues of the System during the succeeding fiscal year. The budget for the fiscal year ending September 30, 2011 was prepared by the Accounting and Finance Department, and was submitted to the Director of Utility Operations, the District Administrator, and the Board of Supervisors. After final review of the proposed budget and opportunity for public discussion, the Board adopted the 2011/2012 budget on September 21, 2011.

(iv) Status of the Construction Fund

- (a) At September 30, 2011, the total funds available for disbursement from the proceeds of the Series 2005-1 Bonds and investment earnings were \$30,665,207, the total expenditures at September 30, 2011 were \$26,460,622, funds on hand of \$4,204,585 (excluding future interest earnings) and estimated cost to complete the projects of \$4,205,000.
- (b) At September 30, 2011, the District reports that the construction funds created by the issuance of the Series 1987-1, 1987-2, 1988-1, 1990-1, 1991-1, 1994-1, 1997-1, 1999-1, and 2003-1 Bonds have been closed and surplus monies were used to fund capital improvements as provided for in the Bond Resolution.

(v) Sufficiency of Rates and Charges

The District has fixed, established, and maintained rates and charges that produced revenues together with investment earnings and other funds sufficient to pay for all normal operation and maintenance expenses of the System, to pay the annual debt service on all outstanding Bonds, to meet the obligations for the Renewal and Replacement Fund and the Emergency Repair Fund, to pay the lease obligation, to fund additional capital improvements from revenues, and to produce surplus revenues available for other lawful purposes.

During the fiscal year ended September 30, 2011, the revenues from the rates and charges together with interest earnings available to the Revenue Fund and after the payment of operation and maintenance expenses resulted in a balance available for debt service of \$47,962,048, divided by total debt service of \$38,664,522 which resulted in an annual debt service coverage of 1.24.

Additional Comments

Nothing has come to our attention during the period reported on herein indicating that the District has failed in any material way to perform or comply with the covenants and agreements contained in the Indenture and the Bond Resolution. However, the Consulting Engineer's duties are not directed primarily toward obtaining knowledge of, and would not necessarily disclose, such failure by the District to perform or comply with all such covenants and agreements.

During the preparation of this Report, it came to our attention that for the fiscal year ended September 30, 2011:

- (i) The District completed an annual review of its compliance with current regulatory requirements, including operations, rates, environmental matters, and reporting requirements.

- (ii) The District reviewed and prepared forecasts for each utility comprising the System of requirements, sales, losses and unaccounted for commodities and services, revenues, expenses, debt service, capital expenditures, and other costs.
- (iii) The District reviewed the adequacy of its rates and charges to assure that the District fixes, establishes, and maintains rates and rate levels for each utility comprising the System that (a) are adequate to offset changing fuel and energy cost, and general inflationary pressures associated with the provisions of utility service to its customers, (b) reflect, to the extent practical, the cost of providing service, and (c) are not unduly discriminatory.

The District should continue its practice of reviewing annually its compliance with known regulatory requirements, its rates for services, its operating practices and procedures and its internal and external reporting requirements.

Respectfully submitted,

SAIC ENERGY, ENVIRONMENT & INFRASTRUCTURE, LLC

ANNUAL REPORT UTILITIES SYSTEM

REEDY CREEK IMPROVEMENT DISTRICT

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Section 1

Introduction



Annual Report

This annual report (the “Report”) is prepared for the Reedy Creek Improvement District (the “District”) for the year ended September 30, 2011 (“2011”). The Report pertains to the utility systems owned by the District: the Electric System, Water System, Natural Gas System, Wastewater System, Solid Waste System, Hot Water System; and the Chilled Water System (collectively, the “System”). Pursuant to Section 7.14 of a trust indenture dated as of November 1, 1987 (the “Indenture”), the purpose of this report on the System is to address for the fiscal year ended 2011:

- (i) the management of the properties;
- (ii) the operating and maintenance of the properties;
- (iii) the status of the operating budget;
- (iv) the status of the Construction Fund; and
- (v) the sufficiency of rates and charges for services.

This is the twenty-fourth Report prepared and it pertains to the period from October 1, 2010 through September 30, 2011. To the extent deemed appropriate and necessary, certain subjects have been addressed beyond the period required to be reported on.

In keeping with the District's various resolutions pertaining to the issuance of revenue bond indebtedness, unless otherwise indicated to the contrary, all references to years shall mean the twelve months of the fiscal year ended or ending September 30.

Authority

Pursuant to the laws of the State of Florida, particularly Chapter 67 764, Laws of Florida, Special Acts of 1967, which became effective May 12, 1967 (the “Enabling Act”), the District was granted certain powers including but not limited to:

- (i) to acquire property, real, personal or mixed, within or without its territorial limits, to encumber any property acquired by the District, and to mortgage, hold, manage, control, convey, lease, sell, grant or otherwise dispose of the same;
- (ii) to exercise the right and power of eminent domain within the limits of the District to condemn real property or mixed property which the Board of Supervisors deems necessary for the use of any of the projects of the District; the District may condemn property outside the limits of the District under specified conditions relating to the use of the property for drainage canals and other drainage purposes; the powers of condemnation

shall be exercised in the same manner as is now provided by the general laws of the State of Florida;

- (iii) to lease as lessor or lessee to or from any person, corporation, or body, public or private, any projects of the type that the District is authorized to undertake;
- (iv) to own, operate and maintain water and flood control facilities and to regulate the supply and level of water within the District; the District is declared eligible to receive grants and assistance from the State of Florida available to flood control districts, water management districts and navigation districts or agencies;
- (v) to own, operate and maintain water systems and sewer systems or combined water and sewer systems; to regulate the use of sewers and the supply of water within the District; to prohibit or regulate the use of other sanitary structures and to prescribe methods of sewage treatment;
- (vi) to own, operate and maintain a waste collection and disposal system and to sell or otherwise dispose of any effluent, residue or other by products of such system;
- (vii) to own, operate and maintain canals, drains, levees, plants, pumping systems and other works for drainage purposes and irrigation works;
- (viii) to own, operate and maintain electric power plants, transmission lines and related facilities, gas mains, facilities of any nature for the production or distribution of natural gas and facilities and plants for the generation and transmission of power through nuclear fission and other new and experimental sources of power and energy;
- (ix) to purchase electric power, natural gas and other sources of power for distribution within the District; and
- (x) to issue general obligation, revenue, assessment or other bonds to finance the acquisition, construction, extension or improvement of any projects.

On October 2, 1986, November 13, 1986 and November 2, 1987, the Board of Supervisors of the District adopted Resolutions No. 180, No. 181 and No. 195, providing for the issuance of Reedy Creek Improvement District Utilities Revenue Bonds (“Bonds”), and authorizing the execution and delivery of a trust indenture dated as of November 1, 1987, by and between the District and SunTrust, National Association (“Trustee”). The original indenture was supplemented by a Supplemental Trust Indenture dated June 1, 1990, a Second Supplemental Trust Indenture dated November 15, 1991, a Third Supplemental Trust Indenture dated November 15, 1991, a Fourth Supplemental Trust Indenture dated January 1, 1994, a Fifth Supplemental Trust Indenture dated August 1, 1997, a Sixth and Seventh Supplemental Trust Indenture both dated September 15, 1999, an Eighth and Ninth Supplemental Trust Indenture both dated June 15, 2003, a Tenth and Eleventh Supplemental Trust Indenture both dated May 1, 2005, and a Twelfth Supplemental Trust Indenture dated August 1, 2011 (the “Indenture”).

Pursuant to the provisions of the Indenture and upon completion of bond validation proceedings before the Circuit Court of the Ninth Judicial Circuit of the State of Florida in and for Osceola County, on November 2, 1987, the District sold \$96,840,000 principal amount of Reedy Creek Improvement District Utilities Revenue Bonds, Series 1987-1 (the “Series 1987-1 Bonds”). On October 1, 1987, the District and the Reedy Creek Utilities Company, Inc. (“RCUC”) entered into an operating lease (the “Lease”) whereby the District obtained among other things from RCUC a leasehold interest in certain real and personal property assets used in providing electric, natural gas, hot water, chilled water and potable water. A name change was subsequently made so that RCUC became the Reedy Creek Energy Services, Inc. (“RCES”). The initial term of the Lease, unless terminated by RCES upon at least six (6) months prior written notice or through other provisions contained in the Lease, was twenty two (22) years, with two successive options to renew the Lease for five (5) years each. The Lease was amended pursuant to an Amendment of Lease dated June 27, 1990, a Second Amendment of Lease dated November 15, 1991, and a Third Amendment of Lease dated August 1, 1997. On July 29, 2003, the District purchased the assets under the Lease. Pursuant to another lease agreement dated January 1, 1999, the District continued to lease certain assets from the Walt Disney World Company, including facilities for the production of chilled water. The lease with the Walt Disney World Company expired on December 31, 2008.

Reedy Creek Improvement District

The District is a political subdivision of the State of Florida and is located in Orange and Osceola Counties about 15 miles southwest of the City of Orlando. The District encompasses approximately 25,000 acres or 40 square miles. Approximately 18,900 acres (76%) of the District’s property are located in Orange County and approximately 6,100 acres (24%) are located in Osceola County. The ownership of the land in the District is as follows:

Ownership	Acres	%
Walt Disney Company	16,509	67%
Reedy Creek Improvement District	7,100	29%
State of Florida	733	3%
Others	<u>400</u>	<u>1%</u>
Total	<u>24,742</u>	<u>100%</u>

The Walt Disney World Resort Complex is located within the territorial boundaries of the District.

The District is governed by a Board of Supervisors (the “Board”) of five members. The Supervisors hold office for staggered terms of four years each. Elections of Supervisors are held every two years at the annual meeting of the landowners of the District, at which two or three Supervisors, as the case may be, are elected. The

present members of the Board, their respective occupations and the respective dates on which their terms expire are as follows:

Name/Title	Occupation	Term Expires
Donald R. Greer, President	Retired, Former Asset Manager of the Magnolia Service Corp.	May 2013
Laurence C. Hames, Vice President	Attorney, Laurence C. Hames, Esq., P.A.	May 2015
Wayne Schoolfield, Treasurer	Owner, Schoolfield Properties, Inc.	May 2013
Elizabeth A. Duda	Businesswoman; Civic Leader	May 2013
Thomas M. Moses	Retired, Reedy Creek Improvement District	May 2015

The District reports that the Board has exclusive jurisdiction and control over all of the projects of the District and over the budget and finances of the District and, in general, is not required to obtain authority from any agency, instrumentality, commission or political subdivision of the State of Florida.

Regulatory Jurisdiction

Under the Enabling Act, the District reports that it is not required to obtain any franchise, license, permit or other authorization from any bureau, board, commission or similar instrumentality of the State of Florida or any political subdivision thereof in order to construct, acquire, repair, improve, maintain or operate any utility project, and the rates, fees, rentals, or other charges to be fixed and collected with respect to the facilities and services of the District will not be subject to supervision, regulation or the rate setting power of any bureau, board, commission or other agency of the State of Florida or any political subdivision thereof.

Nevertheless, prior to October 1, 1987, the electric and water systems in the District were operated by RCUC and the electric and water rates were subject to the jurisdiction of the Florida Public Service Commission (the “PSC”). Upon the District's operation of its electric system, commencing October 1, 1987, the PSC exercised only the jurisdiction applicable to municipal utilities codified in Chapter 366 of the Florida Statutes, whereby it may, (i) prescribe uniform systems of classifications and accounts with respect to electric utilities, (ii) require electric power conservation and reliability, (iii) approve electric territorial agreements and resolve territorial disputes and (iv) prescribe electric rate structures. Also, commencing October 1, 1987, the water rates of the District were no longer subject to PSC jurisdiction. However, it must be recognized that in Section 366.11, certain exemptions of the Florida Statutes limit State imposed requirements on municipal electric utilities and, further, that under existing “Florida Law,” the District has exclusive authority to establish the level of its electric rates.

Electric System

The District's Electric System is subject to limited jurisdiction by both federal and State regulatory bodies. The rates for some of the purchases of wholesale electric power and natural gas for transportation and resale are subject to the regulations of the Federal Energy Regulatory Commission (the "FERC"). At the federal level, the FERC has limited regulatory jurisdiction with regard to certain matters pertaining to inter-utility operations, contracts, and reporting requirements.

Many, if not most, environmental regulations established by the U.S. Environmental Protection Agency (the "EPA"), as well as certain statutes and regulations of the State of Florida, are administered in Florida by the Florida Department of Environmental Protection (the "DEP"). Pursuant to Chapter 403 of the Florida Statutes, generally referred to as the "Florida Air and Water Pollution Control Act," and 403.501 through 403.517, generally referred to as the "Florida Electric Power Plant Siting Act," DEP has limited jurisdiction over the District's Electric System in matters pertaining to licensing activities associated with the location, performance standards, and emissions of generating stations and/or units.

Pursuant to the Federal Clean Air Act of 1970, as amended (the "Clean Air Act"), the EPA promulgated ambient air quality standards with respect to certain air pollutants including particulate, sulfur dioxide, carbon monoxide, and nitrogen oxide emissions. In addition, the EPA has promulgated new source performance standards establishing stringent emission standards, which may affect the siting of new units, as well as the type of emission controls, required. These new source performance standards generally require a showing that new units will meet the more stringent emission requirements. The Clean Air Act also provides for the issuance of a Prevention of Significant Deterioration ("PSD") approval for sources emitting more than de minimus quantities of regulated pollutants and provides for penalties for the failure to comply with such standards.

The Clean Air Act Amendments of 1990 ("CAA") promulgates standards and procedures by which emissions of various pollutants will be controlled. The CAA contains eleven separate titles, three of which will directly affect the electric utility industry: air toxics, acid rain, and permitting. The air toxics titles of the CAA propose regulation of 189 industrial pollutants as hazardous air pollutants. The acid rain provisions of the CAA are aimed at decreasing the total amount of sulfur dioxide and nitrogen oxide emissions primarily from fossil fuel fired electric generating units.

The Toxic Substances Control Act (the "Toxic Control Act"), which regulations are codified at 40 Code of Federal Regulations 761, imposes stringent requirements for the labeling, handling, storing, and disposing of polychlorinated biphenyls ("PCB's") and PCB contaminated equipment.

In addition, pursuant to 403.52 through 403.536 of Chapter 403 of the Florida Statutes, generally referred to as "The Transmission Line Siting Act," the DEP has limited jurisdiction over the location and development of transmission facilities.

In 1990, the District became subject to the Comprehensive Planning Act. Starting in 1991, the District was required to prepare a ten-year comprehensive plan that ensures that adequate infrastructure is provided for all growth within the District.

The Energy Policy Act of 1992 and Orders No. 888, 888A and 888B issued by the FERC have made fundamental changes in the federal regulation of the electric utility industry, generally resulting in increased wholesale competition. The expectation is that such initiatives will ultimately result in lower costs for purchased electricity for the System.

The Energy Policy Act of 2005 (the “Energy Policy Act”) was signed into law on August 8, 2005. The Energy Policy Act addresses, among other things, energy efficiency; appliance standards; low income energy assistance programs; renewable energy; nuclear energy; electricity; and provides incentives for oil and gas production and encourages deployment of clean coal technology. The electricity portion of the bill addresses the following areas: (i) the need for modernization of existing transmission facilities, transmission rate reform and improved operations of existing transmission facilities; (ii) electric reliability standards; (iii) Public Utility Holding Company Act (“PUHCA”) and Public Utility Regulatory Policies Act (“PURPA”) amendments (including repeal of PUHCA); (iv) market transparency, round trip trading prohibition and enforcement; and (v) merger reform. The Energy Policy Act imposes mandatory electric reliability standards to be defined through North American Electric Reliability Council and enforced by FERC. The Energy Policy also provides for tax incentives that further encourage production, conservation and the use of technology to stabilize energy prices and protect the environment. It is not possible at this time to predict the final forms and possible effects of all the consequent rulemaking and programs that will be enacted to implement the Energy Policy Act.

Gas System

The District's gas system is subject to limited jurisdiction by both federal and State regulatory bodies. The gas system is subject to the National Pipeline Safety Act of 1968, which is administered in Florida by the PSC for the U.S. Department of Transportation and the District is required to file certain information with FERC.

Water and Wastewater Systems

The District is subject to environmental regulation by various federal and State agencies. In addition to environmental regulation at the federal level by the EPA, the District is regulated at the State level by the DEP. The EPA and the DEP have imposed various environmental requirements on the District including the Safe Drinking Water Act requirements and the National Primary Drinking Water regulations.

In addition to the requirements of the EPA and DEP, the South Florida Water Management District has regulatory jurisdiction on the District's Water System. The District is also subject to limited regulatory jurisdiction by the Florida Game and Fresh

Water Fish Commission and the U.S. Army Corps of Engineers, and subject to long-term permits regarding wetlands impact and impact to uplands habitat.

Utilities Revenue Bonds Issued and Outstanding

Shown on Table 1-1 is a listing of the issued and outstanding Utilities Revenue Bonds at September 30, 2011.

Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Investors Service, L.P. ("Fitch") have assigned their municipal bond ratings of "Aaa", "AAA" and "AAA", respectively, to the Bonds with the understanding that upon delivery of the Bonds, a Bond Insurance Policy insuring the payment when due of the principal of and interest on the Bonds was issued by the Insurer. The Bonds are currently rated "A1, stable" by Moody's, "A-, stable" by S&P and "A, stable" by Fitch without regard to the Bond Insurance Policy. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. Such credit ratings reflect only the views of such rating agencies, and an explanation of the respective significance of such credit ratings may be obtained from the rating agencies. There is no assurance that such credit ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by either or both of such rating agencies, if in their respective judgments circumstances so warrant.

Table 1-2 is a listing of the outstanding principal maturities for the Series 2003-1, Series 2003-2, Series 2005-1, Series 2005-2 and Series 2011-1 Bonds at September 30, 2011.

Figure 1-1, a flowchart showing our understanding of the disposition of revenues under the Indenture, is included at the end of this section. This flowchart does not purport to be a legal interpretation nor a complete summary of the disposition of revenues, and reference is made to the Resolution and the Indenture referred to herein for further information regarding the disposition of revenues and other matters regarding the Bonds.

Security Issues

Following the terrorist attacks of September 11, 2001, increased emphasis has been placed on addressing security measures for the infrastructure systems and facilities throughout the United States. Terrorist activities aimed at the System could impact the operation of the System and interfere with the ability of the District to provide service and generate revenues. Additionally, terrorist activities have the potential to affect organizations other than the District, the continued performance of which is critical to continued operation of the System.

Section 1

The District reports that it has undertaken an updated review and has implemented certain additional security measures following the events of September 11, 2001. However, we have not conducted any independent evaluations or on-site reviews to ascertain the effectiveness of the measures the District has undertaken to address the security issues.

Table 1-1

**REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES SYSTEM
REVENUE BONDS ISSUED AND OUTSTANDING**
As of September 30, 2011

Line No.	Issue	Issue Date	Principal Amount Issued	Principal Amount Outstanding at September 30, 2011
	(a)	(b)	(c)	(d)
1	Series 2003-1	June 2003	69,605,000	42,040,000
2	Series 2003-2	January 2004	200,720,000	172,965,000
3	Series 2005-1	May 2005	26,930,000	26,930,000
4	Series 2005-2	May 2005	73,045,000	57,485,000
5	Series 2011-1	August 2011	<u>1,200,000</u>	<u>1,200,000</u>
6	TOTAL REVENUE BONDS		<u><u>\$371,500,000</u></u>	<u><u>\$300,620,000</u></u>

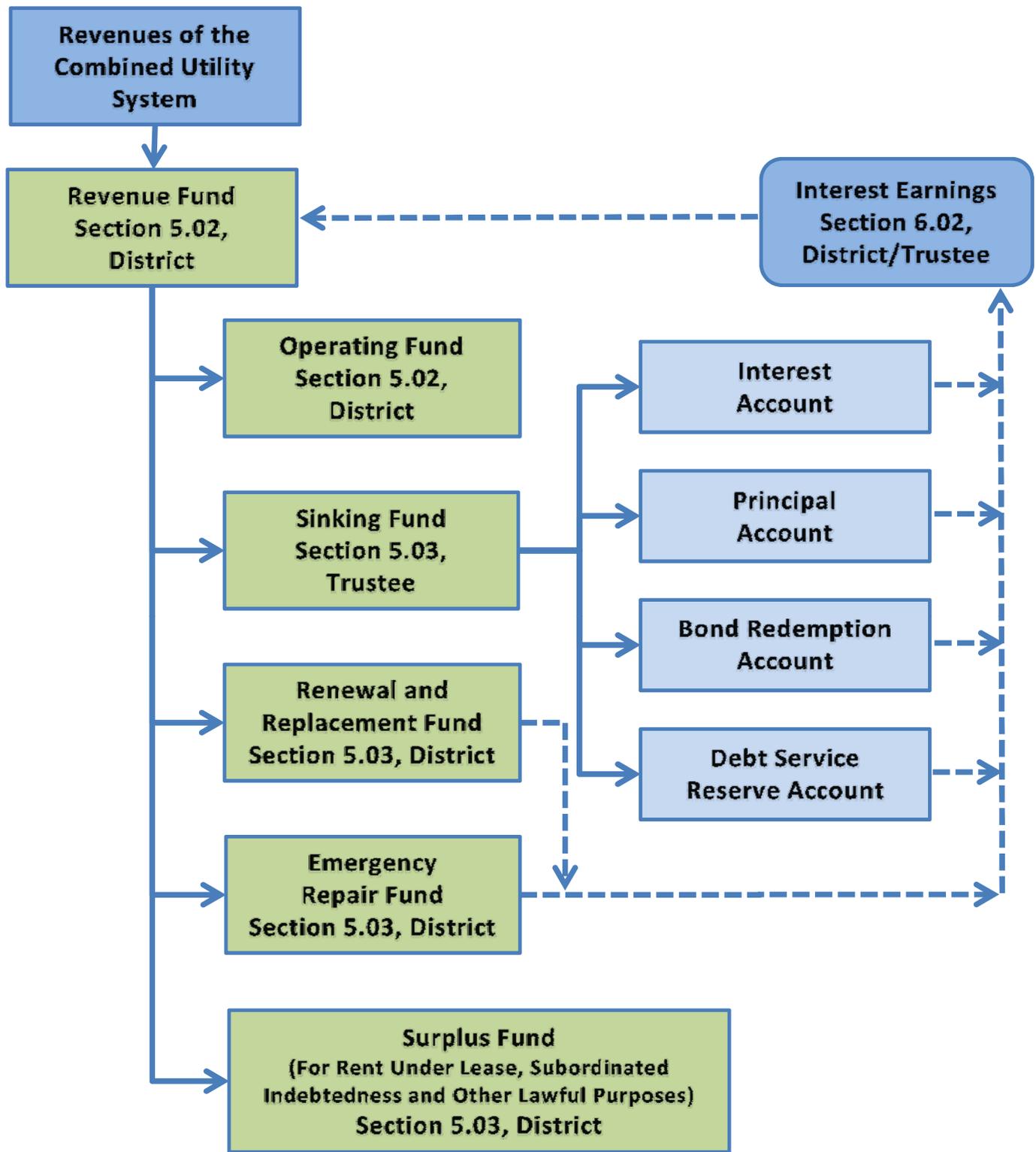
**REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES SYSTEM
OUTSTANDING BONDS MATURITIES SCHEDULE
As of September 30, 2011**

Due October 1	Series 2003-1 Bonds		Series 2003-2 Bonds		Series 2005-1 Bonds		Series 2005-2 Bonds		Series 2011-1 Bonds	
	Principal Amount	Rate	Principal Amount	Rate	Principal Amount	Rate	Principal Amount	Rate	Principal Amount	Rate
2011	3,170,000	4.58%	14,605,000	5.25%	-	-	5,420,000	5.00%	-	-
2012	3,315,000	5.03%	15,375,000	5.25%	-	-	5,690,000	5.00%	-	-
2013	3,485,000	5.22%	16,180,000	5.25%	-	-	6,190,000	4.50%	-	-
2014	3,665,000	4.50%	17,025,000	5.25%	-	-	6,500,000	4.65%	-	-
2015	-	-	17,920,000	5.25%	-	-	10,450,000	5.06%	-	-
2016	-	-	25,230,000	5.25%	-	-	4,620,000	4.83%	-	-
2017	4,240,000	5.25%	26,555,000	5.25%	-	-	810,000	4.00%	-	-
2018	4,465,000	5.25%	27,950,000	5.25%	-	-	840,000	4.00%	-	-
2019	4,700,000	5.25%	12,125,000	5.25%	-	-	16,965,000	5.00%	1,200,000	2.93%
2020	3,600,000	5.25%	-	-	2,545,000	5.00%	-	-	-	-
2021	3,700,000	5.25%	-	-	2,760,000	5.00%	-	-	-	-
2022	3,800,000	5.25%	-	-	2,995,000	5.00%	-	-	-	-
2023	3,900,000	5.17%	-	-	3,245,000	5.00%	-	-	-	-
2024	-	-	-	-	7,505,000	5.00%	-	-	-	-
2025	-	-	-	-	7,880,000	5.00%	-	-	-	-
Total	<u>\$42,040,000</u>		<u>\$172,965,000</u>		<u>\$26,930,000</u>		<u>\$57,485,000</u>		<u>\$1,200,000</u>	

Table 1-2

Figure 1-1

**REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES REVENUE BONDS
FLOW OF FUNDS ***



* Excludes the Construction Funds for the various Bond Issues. Interest earnings on the unexpended balances in the Construction Fund remain in the Construction Fund until such Fund is closed pursuant to the provisions of the Indenture.

Section 2

Management of the Properties



Section 2

MANAGEMENT OF THE PROPERTIES

General

The District is a political subdivision of the State of Florida and is located in Orange and Osceola Counties, about 15 miles southwest of the City of Orlando. The District encompasses approximately 25,000 acres or 40 square miles. The District presently owns and operates electric, water, natural gas, chilled water and hot water utilities, a sanitary sewage collection system, a wastewater treatment system, a reclaimed water system, and a solid waste collection, recycling, and disposal system, in addition to other authorized functions of fire protection, highway maintenance, and water and flood control facilities. The District may require all land, buildings, persons and corporations within the District to use the drainage, flood control, water, wastewater and waste collection and disposal facilities of the District. No other such systems and facilities may be built without the consent and approval of plans and specifications by the District.

In 1974, RCUC, a wholly owned subsidiary of The Walt Disney Company, was assigned responsibility for providing the electric, water, natural gas, chilled water, and hot water utility services. From 1974 to September 30, 1987, RCUC owned and operated an electric system for the generation and distribution of electrical power, facilities for the production and distribution of chilled and hot water, a system of water supply and distribution, a compressed air distribution system, a gas distribution system, and fuel oil storage and distribution facilities for services to the Walt Disney World Resort Complex, the Crossroads Shopping Center, and hotels located in the Hotel Plaza at Lake Buena Vista.

On October 1, 1987, the District entered into a lease for the exclusive use of the Leased Assets of the Electric, Natural Gas, Water, Chilled Water, and Hot Water Utility Systems (the "RCES Lease"). On January 1, 1999, the District entered into another lease with Walt Disney World Co. leasing additional assets used for the production of chilled water (the "WDWC Lease"). Capital improvements to the System since the respective commencement dates of the Leases are owned by the District.

A portion of the proceeds of the 2003-1 Bonds, together with other funds of the District, were used to purchase the RCES Leased Assets, thus terminating the RCES Lease. The WDWC Lease for the WDWC Leased assets expired on December 31, 2008.

Territory Served

At the present time, the area being served by the System is approximately 20 square miles and is located in Orange County and Osceola County, north of U.S. Highway

192, and west of Interstate Highway 4. The electric service area map shown on Figure 2-1, page 1 shows the general area within the District that is presently serviced by the Electric System. Although the District is empowered to serve throughout the area within the District boundaries, the present Service Area was established by the Indenture. On September 10, 1987, the District and Florida Power Corporation (now Progress Energy), the District's neighboring electric utility, entered into a territorial agreement. Pursuant to the terms of the agreement, which was approved by the PSC on September 30, 1987, both the District and Progress Energy agree not to serve electric customers not presently served by either entity within the other's designated service area. Under the terms of the agreement, which expires on September 30, 2017, Progress Energy is permitted to serve certain existing customers that are located within the District's service area. Additionally, to avoid unnecessary duplication of amenities, at the direction of the District and in accordance with the Indenture, Progress Energy may extend service to new customers located in the District's service area.

With regard to water, wastewater, waste collection and disposal service, the Enabling Act provides that the District may require all users in the District to avail themselves of the District's services and facilities. Moreover, no other system or facilities may be constructed in the District to provide water, wastewater, waste and disposal services without the consent and approval of the District. The water/wastewater service area is depicted on Figure 2-1, page 2.

On September 30, 2008, the District and Orange County signed an amended and restated water, wastewater, and reclaimed water service territorial agreement. In October 2008, the District and Orange County entered into an interlocal agreement providing for the District to deliver wholesale water services to the Northeast Resort Parcel. The District also has a territorial agreement with the City of Kissimmee.

At this time, the District does not have a territorial agreement with any entity pertaining to its natural gas utility, chilled water or hot water utility. However, pursuant to Section 7.22 of the Indenture, the District will not grant, cause, consent to or allow the granting of any franchise or permit to any person for the furnishing of any utilities within the Service Area established by the Indenture which competes directly or indirectly with the System. However, this section does not prohibit the District from granting permits if the area serviced is not then being serviced by the System. The District may permit the provision of or grant a franchise for utility services on a limited basis provided that the District obtains from the Consulting Engineer a certificate to the effect that the provision of these services will not have a material adverse effect on the System or have an adverse impact on the Net Revenues.

Between December 22, 1986 and December 31, 1990, the District purchased 1,349 acres adjacent to the western boundary of the District and the Board voted to annex these parcels into the District. Between February 15, 1989 and March 30, 1989, the District purchased an additional 2,089 acres approximately five miles northwest of the District, but this parcel is not contiguous with the District and accordingly cannot be annexed into the District. These 2,089 acres were sold in September 2002.

On March 18, 1994, the District de-annexed approximately 4,900 acres of property in Osceola County in connection with Celebration, a multi-use development planned by subsidiaries of the Walt Disney Company.

During the fiscal year ending September 30, 2008, the District annexed land associated with the Flamingo Crossings project on the western boundary and de-annexed land associated with the Northeast Resort Parcel.

As of September 30, 2011, the District provided electric, water, sewer and gas services, among others, to the Walt Disney World Resort Complex (including the Magic Kingdom, Epcot, Disney's Hollywood Studios, Disney's Animal Kingdom, Disney's Wide World of Sports, Disney's Village Resort, Disney Vacation Club resorts, Disney's Boardwalk, Pleasure Island, Disney's Westside, Disney Village Marketplace, Discovery Island, Typhoon Lagoon, Blizzard Beach, six golf courses, fourteen resort hotels, and the Fort Wilderness Campground), Crossroads Shopping Center, seven hotels located in the Hotel Plaza at Lake Buena Vista, and two hotels at the Epcot resorts areas. In addition to Walt Disney Company accounts, the District provides utility services to other entities including hotels, residential and small commercial customers.

Extent of Business

Summary data of the District's System for the fiscal years ended September 30, 2009, 2010 and 2011 are shown on Table 2-1 at the end of this section. During the fiscal year ended September 30, 2011, the Electric System served a load with a peak demand of approximately 191 MW and annual energy requirements of approximately 1,148,000 MWh, with sales revenues of approximately \$127.9 million.

During the fiscal year ended September 30, 2011, the Water System sold approximately 5.7 billion gallons of water, with sales revenues of approximately \$9.3 million. The Wastewater System treated about 4.4 billion gallons of effluent, and sales were approximately \$22.4 million. Approximately 1.9 billion gallons of reclaimed water were sold, with revenues of approximately \$2.7 million.

During fiscal year 2011, the Solid Waste System performed approximately 66,000 pickups and received approximately 101,000 tons of Class I and Class III solid waste, with sales revenues of about \$9.7 million. Natural gas sales were approximately 16.9 million therms with \$15.2 million of associated revenues. The Chilled Water System sold approximately 126 million ton hours of chilled water, with sales revenues of about \$20.3 million. The District also sold approximately 224,000 MMBtu of hot water, with revenues of approximately \$5.1 million.

Figure 2-2, which graphically compares utility sales revenues from services for the fiscal years ended September 30, 2009, 2010 and 2011, shows revenues from sales have slightly decreased the past fiscal year 2011. Both the electric and gas utility have rates in effect which automatically track changes in the cost of purchased power and gas. Figure 2-3 graphically shows revenue percentages by utility to the entire system for the fiscal year ended September 30, 2011.

Board of Supervisors

As discussed in Section I, the District is governed by a Board of Supervisors of five members. The Supervisors hold office for staggered terms of four years each. Elections of Supervisors are held every two years at the annual meeting of the landowners of the District, at which two or three Supervisors, as the case may be, are elected. The present members of the Board are Donald R. Greer, President; Laurence C. Hames, Vice President; Wayne Schoolfield, Treasurer, Elizabeth A. Duda and Thomas M. Moses.

Management and Personnel

Under the direction of the Board, the District Administrator acts as the chief administrative officer of the District. The Board is responsible for establishing rates to be charged for the individual utility services and ensuring adequate revenues are generated to meet all operating expenses, debt service requirements, and provide for renewals and replacements of assets for the System.

District Management and Personnel

Bill Warren, the District Administrator, graduated from Virginia Commonwealth University with a degree in Mass Communications and received an M.B.A. degree from Stetson University. Ann Blakeslee, the Deputy District Administrator, assists Mr. Warren.

RCES Management and Personnel

The Vice President of Utilities manages RCES and the Division of Utility Business Affairs.

Jim Vendur is the Vice President of Utilities and has been employed by RCES since April 2000. Mr. Vendur has been employed by Walt Disney World for 30 years in various management positions throughout the Parks, Resorts, and Support Areas.

The Director of RCES manages seven divisions with respect to matters relating to the System. These divisions include Water & Waste Resources, Energy Plants, Energy Planning, Electric Operations, Project Management, Planning & Engineering, and Environmental Compliance & Solid Waste. Brian Jones is the Director of RCES. The Finance Department reports to the Vice President of Utilities on an advisory basis.

Utility Business Affairs is responsible for electrical energy and gas purchases, supply-side and demand-side planning, economic and risk assessment, and regulatory requirements. Utility Business Affairs is managed by John L. Giddens, Director. Mr. Giddens has served in various finance positions for Walt Disney World since 1986, and has served in his present position since August 1994. Mr. Giddens graduated from the University of Central Florida with a Bachelors Degree in Business Administration and a Masters Degree in Business Administration.

The Electric Operations Division is responsible for the operation of the electrical system 69 kV substation and 12 kV distribution systems. Bernie Budnik has managed the division since September 2008 and has been employed by RCES since 1995. Mr. Budnik graduated from the New School University with a degree in Human Resource Management.

The Planning & Engineering Division is responsible for engineering, design, survey, inventory control and SCADA software. Gregg Harkness, P.E. has managed the division since March 2001 and has been employed by RCES since 1992. Mr. Harkness graduated from Florida Atlantic University with a Bachelors Degree in Ocean Engineering and from the University of California Davis with a Masters Degree in Civil/Environmental Engineering, and has over 30 years experience with utility systems.

The Energy Plants Division is responsible for the control systems for all of the utilities of the System, the production of electricity, the production and distribution of chilled water and hot water, and the gas distribution system. Carlos Zubiria, P.E. has managed the division since September 2008 and has been employed by RCES since 1992. Mr. Zubiria graduated from the University of Miami with a degree in Civil Engineering.

The Water & Waste Resources Division is responsible for the operation of the potable water, reclaimed water, wastewater and drainage systems. Charlie Reed has managed the division since July 2001 and has been employed by RCES since 1973.

The Environmental Compliance and Solid Waste Division is responsible for monitoring operations of RCES utilities to ensure operations are in compliance with District, state and federal environmental laws, regulations and permits, and the operation of the Solid Waste System. Elaine Potusky has managed the division since 1997 and has been employed by RCES since 1992. She holds an A.A.S. in Environmental Health Technology from Broome Community College and a B.S. in Industrial Technology from the State University of New York at Binghamton. Elaine has over 30 years experience in the field of environmental permitting and compliance.

Currently, RCES has a total of 291 employees in Energy Plants & Mechanical Systems, Electric Operations & Project Management, Planning & Engineering, Regulatory Compliance & Solid Waste, Water and Waste Resources, and Business Affairs. RCES hourly employees, excluding office and technical staff, are unionized by the Crafts Maintenance Council.

Within the RCID Finance Organization, the RCES Accounting and Finance Department is managed by Mark W. Swanson. Mr. Swanson has served in various finance positions for RCES and Walt Disney World since 1998, and has served in his present position since 2001. Mr. Swanson graduated from the University of Minnesota with a Bachelor's Degree in Accounting and obtained a Master's Degree in Business Administration from the Florida Institute of Technology. The RCES Accounting and Finance Department supports the Director of Utility Operations on an advisory basis.

An organizational chart of the District is shown at the end of this Section on Figure 2-4. Page 2 of this Figure shows the detailed organizational chart for RCES.

Pursuant to the Labor Agreement dated October 1, 2010 between the District and RCES, RCES furnishes all labor necessary to operate and maintain the System's facilities including the performing of all repairs and replacing all parts and equipment as required for the efficient and economical operation of the facilities. Under this Agreement, each year RCES is to provide the District with its proposed fee and scope of services. The District may, at that time, terminate the Agreement with or without cause. This or similar arrangements have been in effect since 1987. For the period beginning October 1, 2010 and ending September 30, 2011, the fee paid to RCES by the District for such services was \$27,168,150.

The System's facilities are operated and maintained under the supervision and direction of the Board and RCES shall take no independent action outside the strict authorization issued by the District from time to time. All materials and equipment (except to the extent otherwise agreed in writing) required to operate and maintain the facilities are to be provided by the District. RCES bears all costs relating to the providing of labor in the operation and maintenance of the facilities including, but not limited to, the cost of all wages and benefits of RCES employees performing under the Labor Agreement.

Furthermore, all charges and fees payable by customers of the District for service are paid directly to the District, and RCES shall, in no event, accept any such charges or fees directly from said customers. RCES receives and acts appropriately on all complaints from service customers except those regarding rates and fees established by the District that RCES shall refer to the District.

Professional Services

From time to time, the District engages outside professional services for assistance in various specialized engineering, legal, and financial matters in connection with the System. Such professional services during the period covered by this report have included:

Engineering

Engineering firms, which have provided professional services for the District during the fiscal year ended September 30, 2011, include SAIC; Exponential Engineering Co.; Halliwell Engineering Associates, Inc.; and Reiss Engineering, Inc.

Legal

In addition to obtaining legal assistance from representatives of the Walt Disney Company and the Walt Disney World Company, Sutherland, Asbill and Brennan and Van Ness Feldman have provided legal professional services.

Accounting

Auditing services for the District's financial statements have been performed by Ernst & Young LLP, Certified Public Accountants, Orlando, Florida, for the audit of the financial statements for the fiscal year ended September 30, 2011.

Financial

U.S. Bank acted as the District's Trustee. Other financial services have been provided by Dunlap and Associates, Inc.; First Southwest Company; and Standard & Poor's Rating Group.

Other Professional Services

Other professional services for the District have been performed by BCR Environmental, LLC; Green Management Services, Inc.; Homeyer Consulting Services, Inc.; Kohl Consulting, Inc.; Starboard Consulting, Inc.; Swagelot Energy Advisors, Inc.; and the Walt Disney World Company.

Accounting Records

The Indenture provides that the District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made in accordance with generally accepted accounting principles of all transactions relating to the System, and the Trustee shall have the right, at all reasonable times, to inspect all records, accounts and data of the District relating thereto.

The District, within 120 days after the close of each fiscal year, is required to have the books, records and accounts of the system for such fiscal year to be properly audited by a qualified, recognized and independent firm of certified public accountants, and files the report of such certified public accountants with the Trustee, on the financial statements of the System, prepared in accordance with generally accepted accounting principles. The District is required to provide a letter from the independent certified public accountants stating that as a result of their examination nothing came to their attention that caused them to believe that the District was not in compliance with certain sections of the Indenture, as required by Section 7.12 of the Indenture. The District is required to mail to the major rating agencies of municipal securities rating the Bonds and/or to any Bondholder, upon request of such Bondholder, and make available generally, said report, or a reasonable summary thereof.

The District engaged the firm of Ernst & Young LLP, to audit the books and accounts for the fiscal year ended September 30, 2011. The District received an opinion dated January 20, 2012 regarding the basic financial statements of the District, including the System, for the fiscal year ended September 30, 2011. The independent auditors reported, among other things, that "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of September 30, 2011 and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison for the general fund

for the year then ended in conformity with US generally accepted accounting principles.”

For the fiscal year ended September 30, 2011, the District has kept records of revenues and expenses on an individual utility basis for each of the seven utilities.

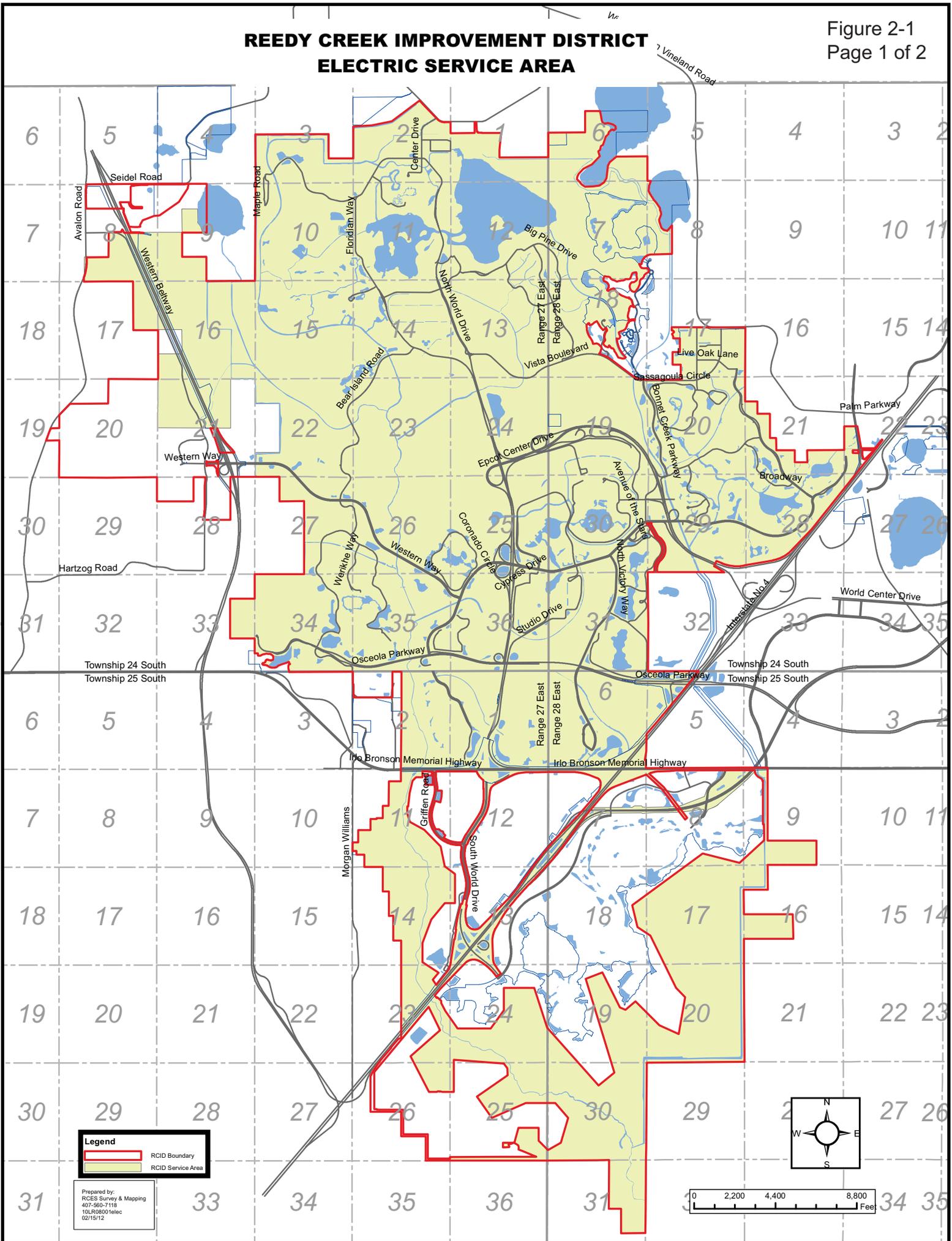
Copies of the audited financial statements, which include a combined balance sheet and income statement for the utilities, are available from the Trustee or the Comptroller's Office of the District.

Budgeting Process

The District shall annually prepare and adopt, prior to the end of each fiscal year, by proper proceedings a budget of the estimated expenditures for operation and maintenance of the System and the estimated Revenues of the System during the succeeding fiscal year. The District shall deliver a copy of the budget to the Trustee and mail a copy of such annual budget to any Owner or Owners of Bonds who shall file his address with the District and request in writing that copies of all such budgets be furnished to him or them, and to rating agencies of municipal securities rating the Bonds, and shall make available such budgets and any authorization for increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Owner or Owners of Bonds issued pursuant to the Indenture and to such rating agencies.

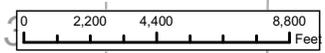
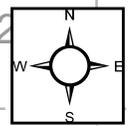
The budget for the fiscal year ending September 30, 2012 was prepared by the Accounting and Finance Department, and was submitted to the Director of Utility Operations, the District Administrator, and the Board of Supervisors. After final review of the proposed budget and opportunity for public discussion, the Board adopted the 2011/2012 budget on September 21, 2011.

REEDY CREEK IMPROVEMENT DISTRICT ELECTRIC SERVICE AREA

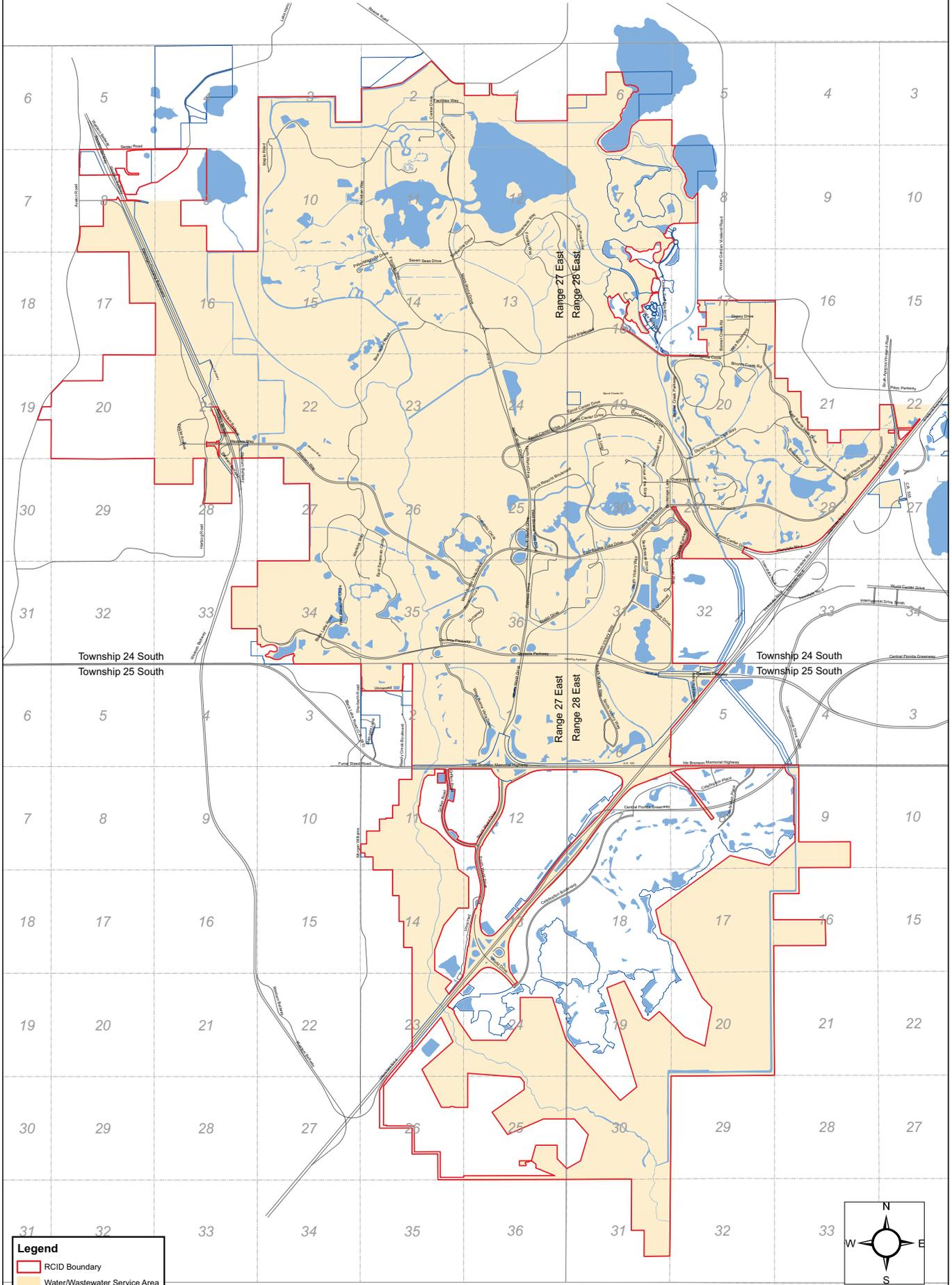


Legend
 RCID Boundary
 RCID Service Area

Prepared by:
 RCES Survey & Mapping
 407-560-7118
 101R0800 Telec
 02/15/12



REEDY CREEK IMPROVEMENT DISTRICT WATER/WASTEWATER SERVICE AREA



Legend

- RCID Boundary
- Water/Wastewater Service Area

Prepared by:
RCES Survey & Mapping
407-560-7118
10LR08001water
02/15/12

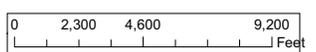
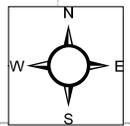


Table 2-1

REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES SYSTEM SUMMARY DATA
Fiscal Years Ended September 30, 2009, 2010 and 2011

Ln. No.	Description	Unit	2009	2010	2011
Electric System					
1	Peak Demand	MW	195.4	196.1	190.5
2	Annual Energy	MWh	1,170,497	1,165,160	1,148,035
3	Number of Services	#	1,272	1,288	1,306
4	Revenues	\$(000)	\$130,129	\$132,730	\$127,922
Water System					
5	Water Sales	MGal	5,715	5,638	5,663
6	Number of Services	#	384	407	401
7	Revenues	\$(000)	\$8,961	\$9,138	\$9,254
Wastewater System					
8	Wastewater Treated	MGal	4,127	4,632	4,437
9	Number of Services	#	308	312	309
10	Revenues	\$(000)	\$22,932	\$22,616	\$22,384
Reclaimed Water System					
11	Sales	MGal	1,732	1,613	1,934
12	Number of Services	#	114	122	122
13	Revenues	\$(000)	\$2,521	\$2,439	\$2,724
Solid Waste System					
14	Number of Pickups	#	69,251	65,078	66,039
15	Tons of Waste Picked Up	Tons	106,000	99,000	101,000
16	Number of Services	#	739	671	800
17	Revenues	\$(000)	\$10,076	\$9,321	\$9,679
Natural Gas System					
18	Gas Sold	Therms (000)	16,860	17,116	16,855
19	Number of Services	#	149	150	154
20	Revenues	\$(000)	\$19,628	\$16,129	\$15,150
Chilled Water System					
21	Sales	KTons-Hr	132,241	135,546	126,449
22	Number of Services	#	30	30	32
23	Revenues	\$(000)	\$22,777	\$21,640	\$20,339
Hot Water System					
24	Sales	MMBtu	241,974	258,118	224,340
25	Number of Services	#	13	13	13
26	Revenues	\$(000)	\$7,112	\$6,057	\$5,057

Sources: Monthly Production Reports, Monthly Sales Summaries and Information provided by the District

REEDY CREEK IMPROVEMENT DISTRICT UTILITY SYSTEM

Comparison of Annual Sales Revenue By Utility

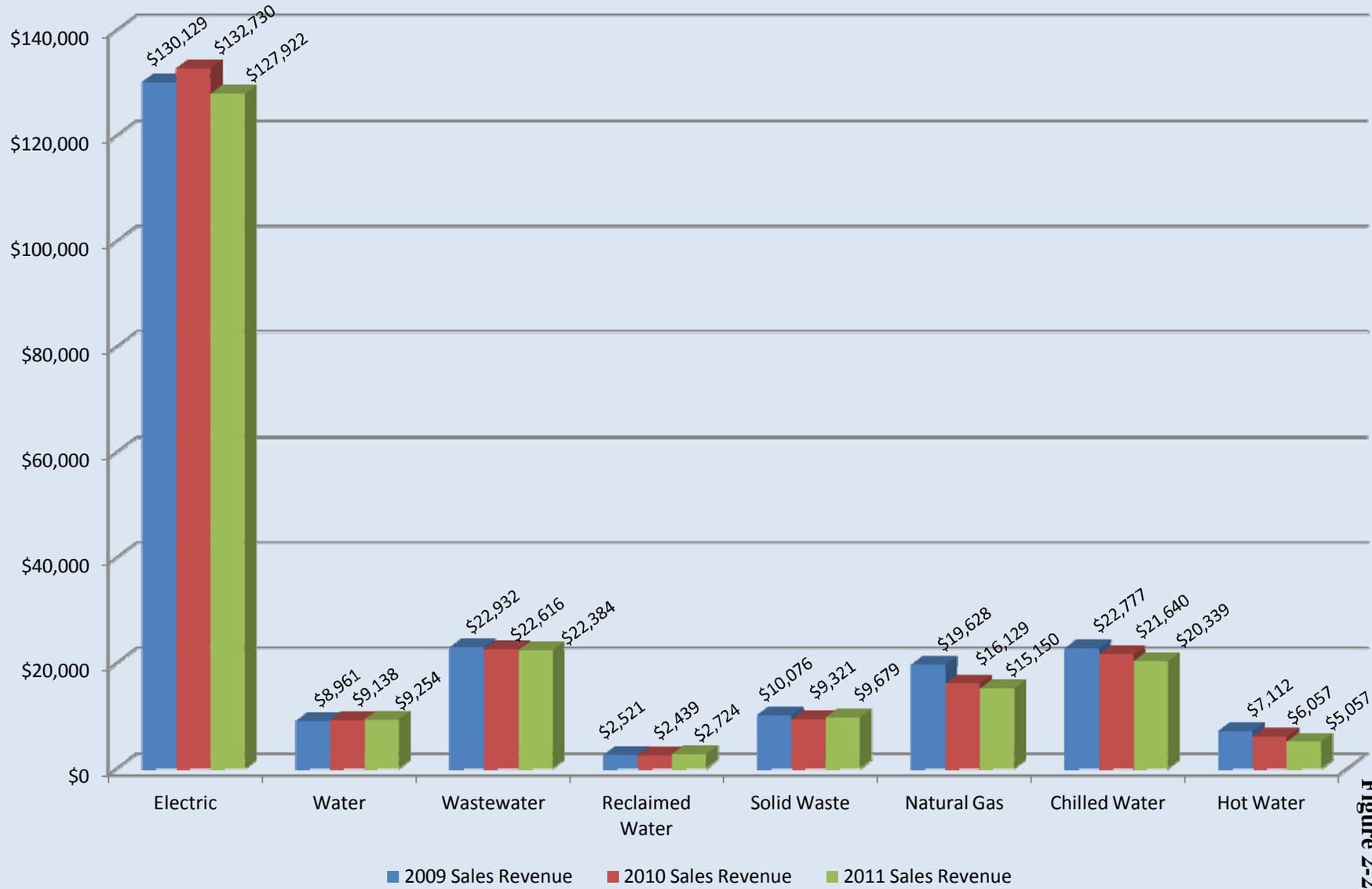


Figure 2-2

REEDY CREEK IMPROVEMENT DISTRICT
System Revenues as a % of Total System
Fiscal Year Ended September 30, 2011

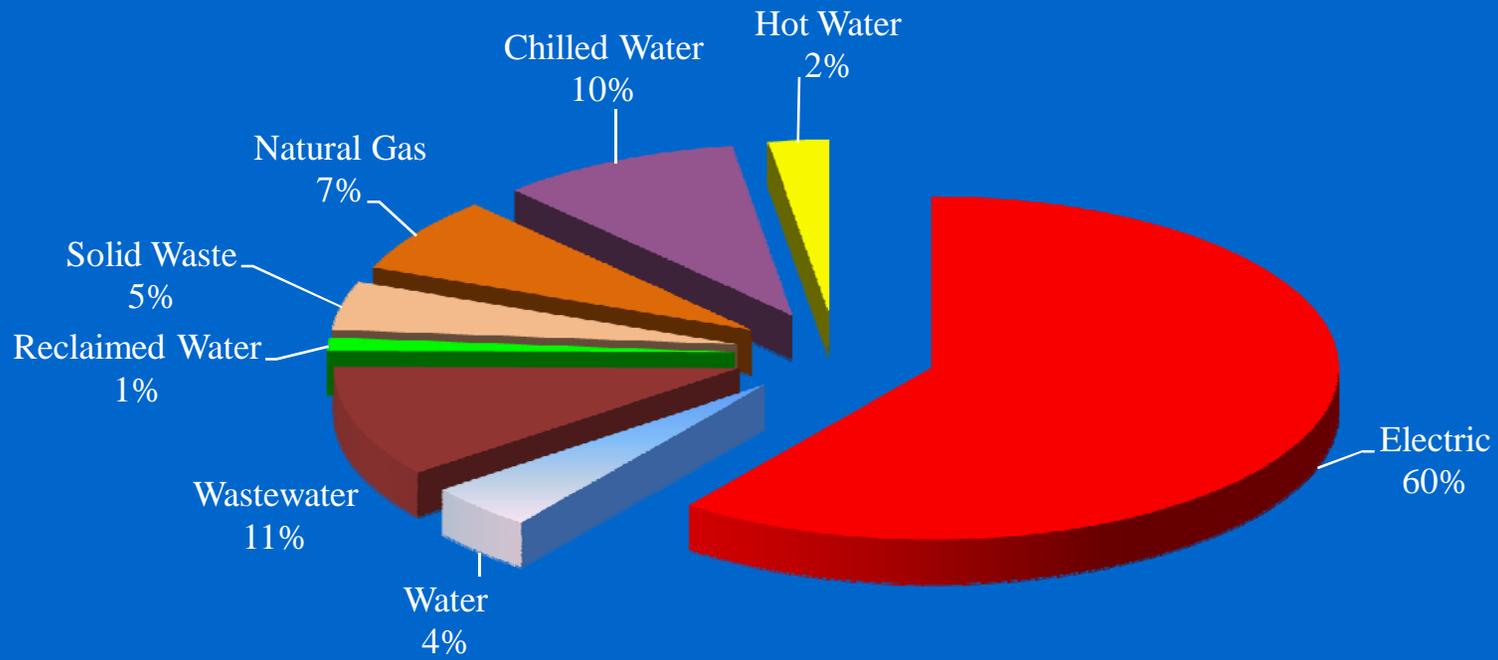
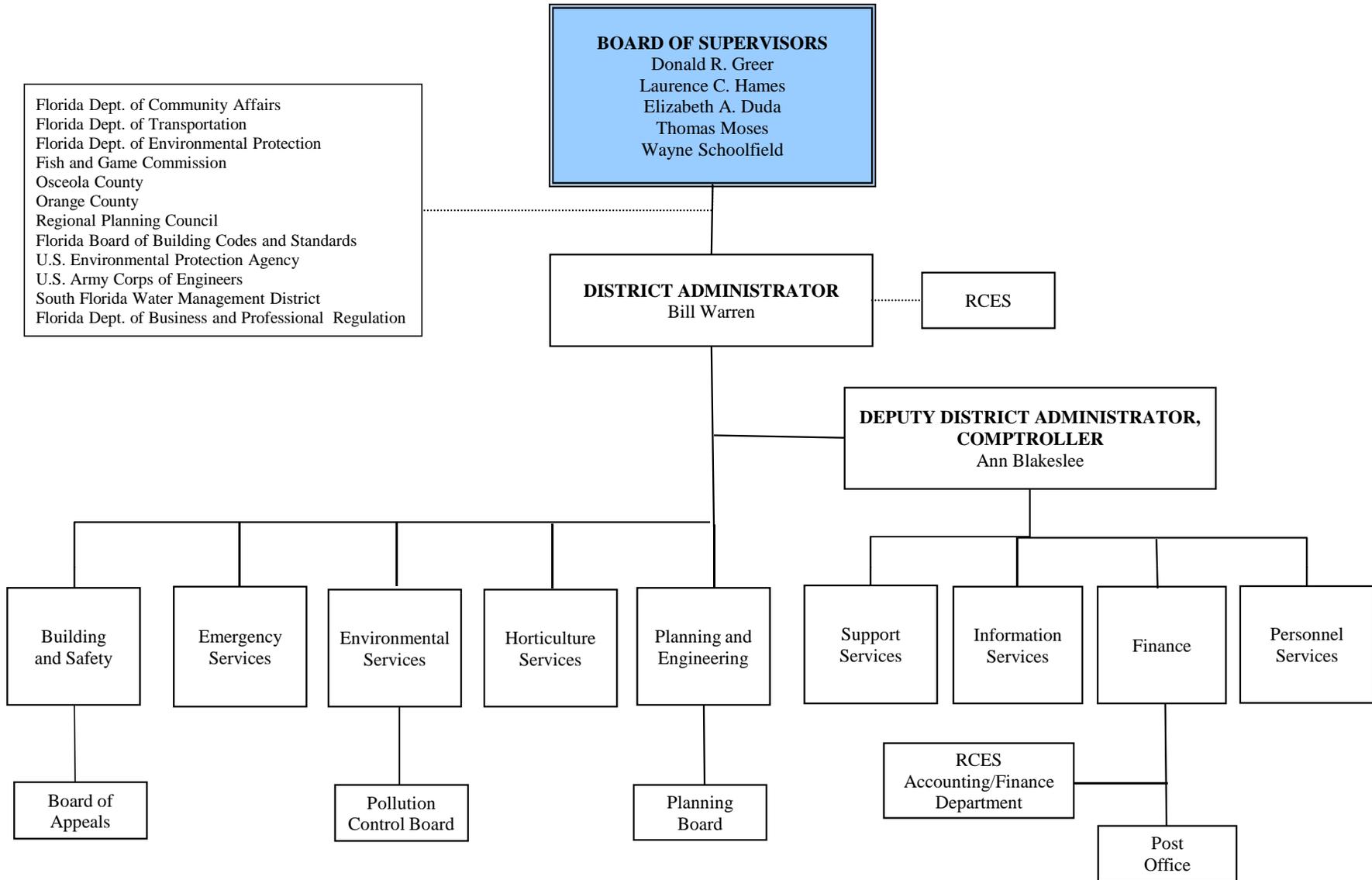
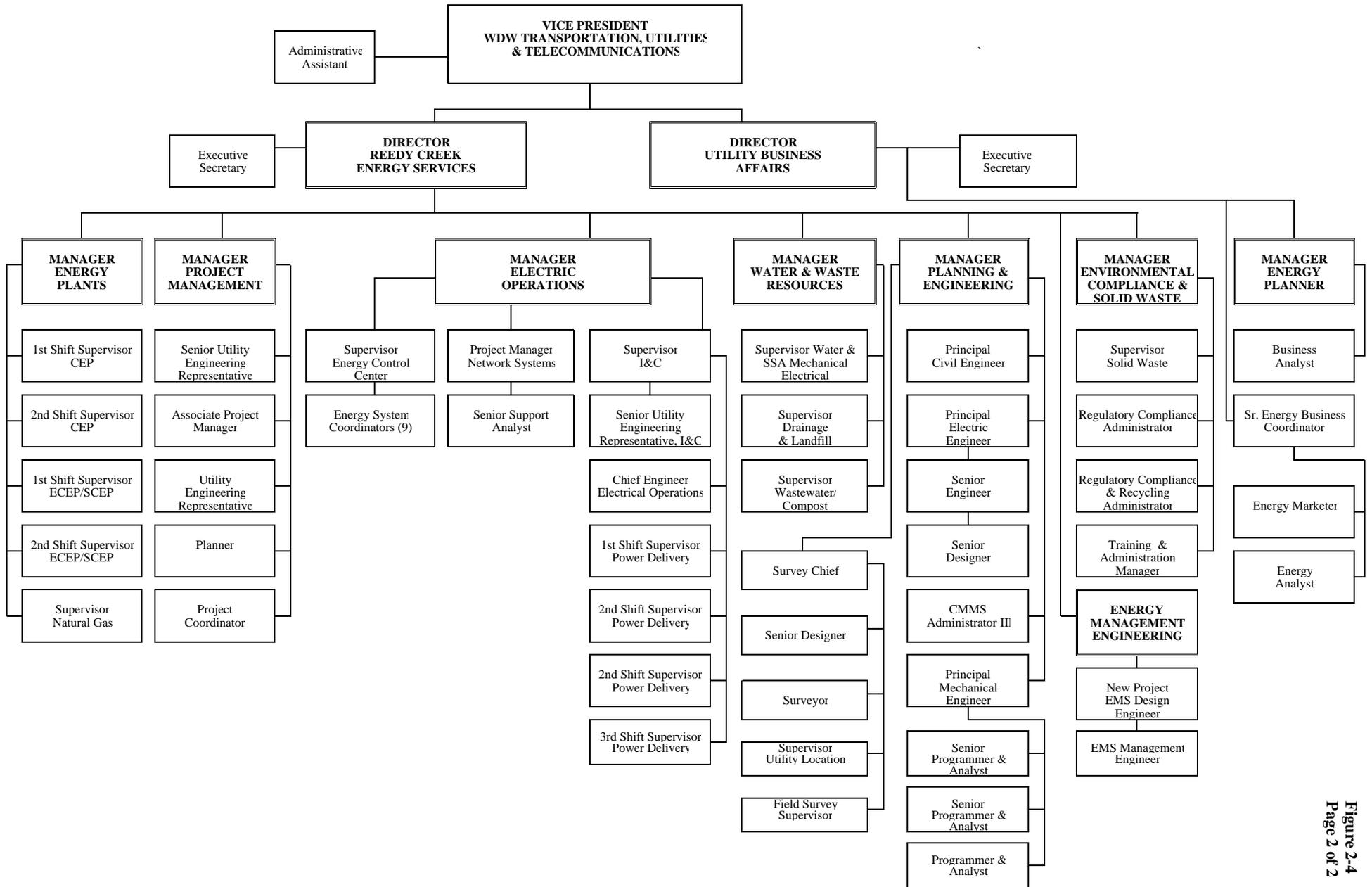


Figure 2-3

**REEDY CREEK IMPROVEMENT DISTRICT
ORGANIZATIONAL CHART FY 2011**



**REEDY CREEK ENERGY SERVICES
Organizational Chart FY 2011**



**Figure 2-4
Page 2 of 2**

Section 3

Operating and Maintenance of the Properties



Section 3

OPERATING AND MAINTENANCE OF THE PROPERTIES

Electric System

The District owns facilities associated with, and is operating and maintaining an electrical generation, and distribution system that provides service within the District. In addition to its own electric generation currently aggregating 59,600 kW winter and summer net capability, as summarized on Table 3-1, during the fiscal year ended September 30, 2011, the District purchased the remaining portion of its Electric System requirements from other suppliers.

Generation Facilities

The electric generation facilities at the Central Energy Plant (“CEP”) consist of a General Electric LM6000 dual fuel combustion turbine driving a Brush Industries Model BDAX7-290EH Generator. The combustion turbine is designed to exhaust into a three pressure heat recovery steam generator, which is also capable of fresh air firing using natural gas. High pressure steam from the boiler is designed to supply an extraction, condensing steam turbine generator with a surface condenser. The plant includes two 100% capacity motor driven fuel gas compressors, an air inlet filter and the necessary water treatment equipment. The combustion turbine is equipped with a water injection system for NO_x emission control. As a part of the upgrade of the District’s LM5000 to a LM6000, the District replaced its fire suppression system for the LM6000 from a halon system to a CO₂ system. While halon systems have been an accepted method of fire suppression, it does contain chemical compounds that are deemed to contribute to the depletion of the ozone. To comply with DEP requirements, the District modified two existing No. 2 fuel oil tanks at the CEP to a double bottom configuration. As a part of its capital improvement plans at the CEP, the District has replaced its aging chillers and control systems as well as the hot water boiler. The replacement of these facilities should improve operating efficiency. A central control room contains the PLC-based control system.

In addition to the CEP generation facilities, additional generation facilities are located at the Epcot Central Energy Plant (“ECEP”), which consists of two package diesel generating units, each with a net capability of 2,300 kW. These generators were placed in service in 1983 to provide peaking and emergency backup electrical service to certain vital loads for the System. At the ECEP, the District installed three new above ground No. 2 fuel oil tanks and modified the containment barriers.

Permits

Air Construction Permit Number 0950111-025-AC was issued on June 13, 2005 by the Florida Department of Environmental Protection (“DEP”) authorizing the re-powering of the Cogeneration Plant’s LM5000 with the new LM6000 combustion

turbine. Air Construction Permit Number 0950111-026-AC was modified on July 14, 2006, by DEP authorizing an increase in the maximum heat input limit from 480 MMBtu/hr to 505 MMBtu/hr and clarified the NO_x four-hour rolling average calculations and recording. A final Title V Permit Revision Number 0950111-027-AV, incorporating the changes from Permit Number 0950111-025-AC and Permit Number 0950111-026-AC, was issued on February 14, 2007. This permit was revised to include the Clean Air Interstate Rule (“CAIR”) as part of the permit, effective January 27, 2009 (Permit Number 0950111-31-AV).

The LM6000 and the ECEP generating units permitted under the Title V permit are tested annually and have been found to be in compliance with permitted emissions limits. The District’s permits are summarized on Table 3-12.

Fuel Supply

The District purchases natural gas, the CEP generating facilities' primary fuel source, from various natural gas suppliers. The District receives its natural gas transportation from Florida Gas Transportation Company (“FGT”). Pursuant to a settlement agreement with FGT, curtailments of transportation service on the FGT system are effectuated on the basis of an end use curtailment plan. The curtailment plan provides, among other things, for the protection of certain “Exempt Uses” of firm service from curtailments, which effectively makes these Exempt Uses the last to be curtailed. Non-Exempt Use volumes are curtailed on a pro rata basis. This pro rata curtailment plan, which has two priorities or categories, provides that FGT must first seek to confine the affected areas, and not order a system-wide curtailment if possible, and then next use voluntary operational controls or issue operational flow orders to avoid involuntary curtailment. If curtailment becomes necessary, FGT would isolate the affected area, and, on a pro rata basis, curtail interruptible transportation first, and then firm transportation. A small amount of the District's transportation capacity falls in an Exempt Use category. The rest of the District's transportation capacity used to serve load requirements is firm and would be curtailed only if it fell within the affected area and only after the curtailment of interruptible transportation in that area.

There were no curtailments of gas supply during the fiscal year ended September 30, 2011.

As part of FGT's restructuring settlement, the District exercised its right of first refusal in order to maintain its transportation capacity on FGT and, on October 1, 1993, entered into two transportation agreements, one for firm transportation service (FTS-1) and one for preferred transportation service (PTS-1). With regard to the agreement for firm transportation service, the agreement provides for a primary term of twelve years and, subject to certain notice provisions, the District had the unilateral option and exercised its right to extend the term of the agreement for subsequent 10-year terms. Also, as part of the firm agreement, the District contracted for certain amounts of no-notice transportation service (NNS), a service, which allows a customer to reserve a stated amount of transportation capacity, which can be taken without prior notice to FGT. Although not giving up the right to reinstate no-notice service in the future, the

District notified FGT of its election to reduce its no-notice service level to zero, effective January 1, 1995.

With regard to the agreement for preferred transportation service, on August 30, 1996 the District relinquished its right to preferred transportation service.

The District also has an interruptible transportation agreement with FGT pursuant to which the District is billed only for interruptible capacity actually utilized.

On December 12, 1991, the District entered into two firm transportation agreements with FGT for Phase III expansion capacity (FTS-2). On November 11, 1993, the two Phase III agreements were amended so as to combine them into one agreement. FGT completed construction of Phase III and put it into service on March 1, 1995. As a result of the changes described above, the new effective date for the agreement for FTS-2 is March 1, 1995. With regard to the FTS-2 transportation agreement, the agreement provides for a primary term of 20 years.

All of these transportation service agreements provide for the transport of specific quantities of gas. The following is a listing of the current contractual quantities included in the agreements:

	Maximum Annual ⁽¹⁾ Transportation Quantity MMBtu				
	<u>Oct</u>	<u>Nov-March</u>	<u>April</u>	<u>May-Sept</u>	<u>Total</u>
	FTS-1	13,120	15,776	13,243	11,678
NNS	0	0	0	0	0
FTS-2	<u>1,840</u>	<u>1,535</u>	<u>1,535</u>	<u>1,840</u>	<u>616,395</u>
Total	<u>14,960</u>	<u>17,311</u>	<u>14,778</u>	<u>13,518</u>	<u>5,589,315</u>

(1) Excludes the effects of leap years.

The backup fuel for the CEP plant is No. 2 oil. There is a no supply contract in place, however, currently the lowest bidder supplies fuel oil on an as needed basis, which is also used for vehicles. The existing oil storage facility is reported to hold 808,000 gallons, which is enough for 8.6¹ days of operation of the CEP plant at full load. The primary fuel for the hot water boilers at the ECEP is natural gas with No. 2 oil used as backup. No. 2 oil is used exclusively for the ECEP diesel generators. There is above ground storage at ECEP for 90,000 gallons of No. 2 fuel oil, which is enough for 10 days operation of the diesel units at full load. The consumption of No. 2 oil by the hot water boilers is infrequent.

Purchased Power

The District purchases the majority of its demand and energy requirements through agreements with Florida Power Corporation (doing business as Progress Energy), Tampa Electric Company and Orlando Cogen Limited. The District also has an

¹ This includes average capacity available allowing for normal draw down of inventory for Solid Waste vehicle use.

agreement with Florida Power Corporation (doing business as Progress Energy) for transmission service and has interchange agreements and purchase and sale agreements with various other utilities and electric marketers.

The District entered into a long-term capacity and energy agreement with Progress Energy with commitments ranging in amounts up to 122 MW in 2007 to 119 MW in 2010. The District entered into a power sales agreement with Progress Energy for capacity and energy purchases with commitments ranging from 37 MW to 130 MW for calendar years 2011 through 2015.

In March 1995, the District signed a contract for long-term purchases from Tampa Electric Company. The District committed to purchase 50 MW of demand in 2009. The demands may be adjusted upward to a maximum of 75 MW upon specified notice. The District agreed with Tampa Electric Company to terminate this agreement at the end of calendar year 2010.

The District has a contract with Orlando Cogen Limited for a unit power purchase of 35 MW through 2013.

In October 2010, The District signed a contract for long-term purchases from MM Tomoka Farms Energy LLC. The District committed to purchase up to 3.8 MW of demand and energy for the period through calendar year 2014, with an option to renew through the calendar year 2016.

In October 2010, The District signed a contract for a two-year purchase of capacity and energy from Progress Energy. The District committed to purchase 23 MW of demand for the calendar year 2011 and 24 MW of demand for the calendar year 2012.

The District continues to investigate future power supply alternatives.

The following summarizes the District's purchased power for the year ending September 30, 2011:

Supplier	Energy (MWh)	Cost (\$)	\$/MWh
Progress Energy	300,026	\$31,332,852	\$104.43
Orlando Cogen, LTD	160,444	17,564,239	\$109.47
Rainbow	118,649	4,434,192	\$37.37
Tampa Electric Company	115,737	5,587,438	\$48.28
Other	<u>147,994</u>	<u>6,414,845</u>	<u>\$43.34</u>
Subtotal	842,850	\$65,333,566	\$77.52
Net Interchange	<u>-7,239</u>	<u>-\$651,665</u>	<u>\$90.02</u>
Total	<u>835,611</u>	<u>\$64,681,901</u>	<u>\$77.41</u>

Distribution Facilities

The Electric System has five ties to the Florida electric transmission grid operated at a nominal voltage of 69 kV. The voltage is routed to nine power substations across 28

circuit miles of 69 kV line of which 14 miles are underground and 14 miles are overhead. The distribution system is operated in a closed loop configuration with accurate microprocessor-based relaying schemes that provide highly selective and secure system protection and operation. There are 16 power transformers distributed among the nine substations that transform the power to the distribution system operated at a nominal voltage of 12.47 kV. Power distribution is accomplished via approximately 95 distribution feeders routed from the power substations across a complex network. The distribution system currently employs approximately 300 circuit miles of 15 kV line, of which approximately six miles are overhead with the balance underground. The distribution system is typically loop-fed and operated in a radial configuration. The distribution feeders route through approximately 550 switching locations to power approximately 1200 distribution transformers which deliver the utilization voltage to a customer base totaling 1,306 revenue meters as of September 30, 2011.

The Electric System is monitored and controlled via a supervisory control and data acquisition ("SCADA") system connected through dedicated fiber optic and leased telephone lines. System Operators certified by the North American Electric Reliability Corporation ("NERC") monitor, control and coordinate operations of the system at the Energy Control Center. A state of the art high resolution controllable video projection system displays real time status of the electric system and devices with multi-screen, video display consoles providing the operator interface to control and monitor the distribution system devices and states. To facilitate maintenance and to minimize potential confusion during an electrical emergency or event, the District has embarked on a program to standardize its electrical monitoring and control systems. The standardization of control equipment should enable District personnel to more quickly determine the problem and implement corrective actions regardless of the day or time an event occurs.

Electric System designs and configurations, operations, and maintenance practices are all directed toward providing excellent reliability. Advanced technologies are employed through engineering specifications across a wide range of Electric System equipment, devices, and monitoring and control systems. Power distribution switchgear, distribution cabling, and transformers are evaluated on a total life cycle cost basis considering the physical operating environment and reliability expectations to minimize the possibility of premature failure and maximize the system operating integrity. This philosophy and the associated actions have provided system reliability performance that exceeds what is typically experienced across the industry both in municipal as well as investor-owned utility systems. Some of the more notable technologies employed to deliver this level of reliability are those equipment specifications for distribution cabling, power distribution switchgear, and distribution transformers.

Since 1978, the underground distribution cabling specification has required a high-grade ethylene propylene rubber insulation system. It is reported that this insulation type has superior life performance with minimal insulation degradation over time, backed by manufacture warranty for the life of the cable. The particular applied technology has provided a product that exhibits a superior performance record when

compared to forerunning products. Currently, approximately 90% of the underground distribution cabling on the Electric System is based on this specification. Since 1978, there have been no Electric System failures on this type cabling due to cable degradation or manufacturing defect. Conversely, cross-linked polyethylene cabling systems that were installed up until 1978 have experienced multiple failures due to cable degradation.

Since 1994, specifications for distributed switching equipment on the Electric System have required an air-insulated, totally enclosed construction with dead-front terminations. One of the key drivers of this specification is to minimize the ability of small amphibians and reptiles, which dominate the local landscape, to access equipment and cause system failures by coming into contact with live parts operating at 12.47 kV. Other technologies that have been evaluated for inclusion into the Electric System include, oil-insulated, vacuum in air insulated, SF6 insulated and solid dielectric insulated equipment. Engineering analysis, operational performance, and cost considerations validate that the current specification provides the maximum practical benefit for the incurred cost. Since 1994, there have been no Electric System failures on the air insulated, totally enclosed equipment, due to amphibian or reptile intrusion.

Since the inception of the Electric System, engineering specifications for transformers require construction with all copper windings for all three-phase transformers. The value associated with this specification includes a lower probability of unit failure due to winding faults, lower total system operating costs due to minimizing transformer losses, which produce no revenue, superior life expectancy under constantly changing load conditions, and excellent external fault tolerance. These factors have historically and should continue to provide benefits in terms of exceptional reliability and lower operating costs.

To enhance safety and security, the District has placed additional emphasis on the sizing and placement of fire extinguishers at its electrical substations, control rooms and other areas. In addition, the District is also installing closed circuit cameras in its power plant facilities and substations. Enhanced outdoor lighting is being installed at the District's electrical substations to facilitate maintenance activities during nighttime hours. To prevent potential damage to its underground cabling at its substations, the District employs aggressive pest control activities to prevent rodents and other pests from damaging the cabling.

Historically, the Electric System has expanded at a rapid rate. More recently, strategic plans have included a strong focus on replacing aged assets for capital improvement and system reliability. Over the past five years, ending September 30, 2011, major replacement and upgrades have been completed throughout the Electric System. Recognizing that some of its electrical distribution system has been in service for over thirty years, the District has been and plans to continue, as funds and resources permit, to replace aging distribution conductor and facilities.

During the fiscal year ended September 30, 2011, the peak demand of the Electric System was 191 MW occurring in June, and the net energy for load was 1,212,181 MWh. As of September 30, 2011, the District served an average of 1,306 customers

(meters) in the District's service area. The District is operating under a territorial agreement with Progress Energy, which was approved by the PSC on September 30, 1987, that assigns the majority of the territory in the District as the District's service territory. An amendment to this agreement was approved by the PSC on May 17, 1994 to reflect the de-annexation of the Celebration property. Another amendment to this agreement was approved by the PSC on April 5, 2011 to reflect the de-annexation of the Northeast Resort Parcel/Golden Oak Estates property.

In the fiscal year ending September 30, 2011 approximately 60% of total System rate revenues were derived from the operation of the Electric System. Shown on Table 3-2 is a listing of the reported peak demand, energy generated and purchased, and sales for each month of the fiscal year 2011. Table 3-3 shows comparative financial and operating statistics for the District for the fiscal years ended September 30, 2009, 2010 and 2011.

Water System

The District operates and maintains a water production and distribution system. The water production facilities include 9 wells and 4 potable water pumping stations. Wells drilled into the upper Floridan Aquifer provide the source of potable water for the District. The wells vary in depth from 350 feet to 900 feet. The well pumps are vertical turbine type with surface motors and submerged suctions. The wells typically have air release valves, flow metering and sensors for water surface elevation. Four main potable water pumping stations (designated A, B, C and D), disinfect, store and distribute water into the distribution system. Permanently installed diesel driven generators provide emergency power for the three of the four major pumping stations and for all of the production wells. The fourth pumping station (located adjacent to the Central Energy Plant) is provided with redundant power by virtue of two independent power feeds from two separate substations. Treatment of the groundwater consists of disinfection to meet state and national drinking water standards. Table 3-4 shows the most recent water quality tests consumer's reporting data for the District's water system. The following summarizes the capacities of the pumping stations, with the largest pump assumed out of service:

Pumping Station	Capacity (gpd)
A	17,280,000
B	21,600,000
C	12,240,000
D	<u>8,640,000</u>
Total	<u>59,760,000</u>

The water distribution system consists of two separate systems with different operating pressures. The water distribution system is interconnected at three locations to let water flow from more than one direction during emergencies and other high demand periods. Pipe sizes in the major looped system range from 12 to 30 inches in diameter. The

majority of the pipeline larger than 12 inches consists of cement-lined ductile iron pipe. Isolation valves throughout the water distribution system provide for repair and maintenance without shutdowns. Fire hydrants are located throughout the water distribution system to provide fire flow protection. Distribution pipe sizes range from 8 to 30 inches in diameter with a total system length of 70 miles and almost 700 valves. To augment the water production facilities during the peak demand periods for water; the Water System has five above ground water storage tanks having a combined capacity of 7.75 million gallons. The storage tanks are located at the main pumping stations A, B, C and D.

On June 14, 2007, the South Florida Water Management District (the “SFWMD”) issued permit number 48-00009-W, which authorized the continuation of the Water System’s use of groundwater from the Floridan Aquifer and surface water from one canal. The designated use of the water is for public water supply, industrial, golf course irrigation and landscape irrigation. The annual allocation for water withdrawal is 8,103 million gallons, and the maximum monthly allocation is 933.9 million gallons. The expiration date of the permit is June 14, 2027.

The District has entered into interlocal agreements with the City of St. Cloud, Tohopekaliga Water Authority, Orange County, and Polk County, jointly referred to as STOPR. This joint activity was brought together to share their common goals in the pursuit of water use permits in the South Florida Water Management District. Among other activities these efforts are to include a regional transient groundwater model, shared regional monitoring plan, alternative supply coordination, and coordinated and consistent water conservation goals, plans and elements.

Although there has not been significant growth in the overall Disney user facilities in the past fiscal year, pipelines have been extended to Flamingo Crossings, and the Golden Oak (also referred to as the Northeast Resort Parcel or NERP). While these areas are now provided with utilities, there has been little or no development to place demands on them. Consequently, there has not been a significant change in water use patterns due to development within the District.

During the fiscal year ended September 30, 2011, the Water System sold approximately 5.7 billion gallons of water. The peak month occurred in June 2011, with 568 million gallons sold. In the fiscal year ending September 30, 2011, approximately 4% of total System rate revenues were derived from the operation of the Water System. For the fiscal year 2011, Table 3-5 sets forth the monthly volumes of reported gallonage pumped and sold.

Wastewater System

The District’s Wastewater System consists of gravity interceptors and collection sewers, 29 sewage lift stations, a tertiary wastewater treatment plant, effluent disposal and sludge composting facilities.

The District's gravity sewer system ranges in size from 4-inch for lateral sewers to 30-inch diameter for interceptor sewers. The smallest collector sewer size in the system is 8-inch diameter. The gravity sewer system ranges in depth from 30 feet for main interceptor sewers to 6-8 feet for collector sewers and includes manholes and clean-outs for maintenance and operation access. The gravity sewer system is relatively young since the original 1970 facilities development with approximately 40 to 50% of the sewer system construction occurring since 1980 as a result of the construction of Epcot, Disney's Hollywood Studios, Disney's Animal Kingdom and subsequent hotels, including the Pop Century and All Star Resort. Again, although there have not been significant additions to the overall Disney facilities, some of the older daily and weekly stay units have been replaced by vacation ownership units. The total gravity system length is approximately 60 miles, and total force mains length exceeds 30 miles.

Because of the design standards utilized by the District and the relative newness of the collection system, the District reports that infiltration / inflow is not a significant problem. Moreover, the sanitary sewer system and stormwater sewer system are physically separated to minimize unnecessary loading on the treatment plant. Stormwater is collected and directed to detention and retention ponds, lakes and wetlands and Reedy Creek.

Typically, lift stations consist of two pumps. Larger sewage lift stations have a minimum of two pumps with one pump dedicated for standby for reliability. For the more critical and larger lift stations, back-up diesel generators and additional redundant pumps are provided. In larger lift stations, permanent hoisting equipment is provided for removal of equipment. All new lift stations consist of submersible pumps and only four of the oldest stations have dry pit type pumps. Each lift station has some form of telemetry and alarms to inform operators of fault conditions.

The wastewater treatment plant is located on a 70-acre site in the west central portion of the District's Service Territory. The treatment facility incorporates influent screening, odor control, flow equalization, grit removal, five stage Bardenpho™ process (providing biological phosphorous removal, nitrification, and denitrification) secondary clarification, sand filtration, sodium hypochlorite disinfection, gravity belt thickening, and belt press dewatering of the biosolids. The wastewater treatment plant has a capacity of 15.0 MGD. The District reports that average daily flows at the facility during the fiscal year ended September 30, 2011 peaked at 13.05 MGD for the month of May 2011 and averaged 12.16 MGD for the fiscal year.

The effluent disposal system includes a 1,000-acre site consisting of 85 rapid infiltration basins ("RIBs") and a Reclaimed Water System. The RIBs have a permitted capacity of 12.5 MGD of average daily flow. The total wetted area of the RIBs is approximately 86.3 acres.

Biosolids are dewatered at the wastewater plant using belt filter presses. Composting of dewatered biosolids is conducted on-site by aerated static piles followed by windrow composting where the piles are frequently turned over using a mechanical turning machine. The facility has the capacity to compost 36 dry tons per day of material using

aerated static pile technology. The facility receives on average 55 to 60 wet tons (11 to 12 dry tons) per day of biosolids. The District grinds on-site landscaping waste and wooden pallets for amendment needs in the composting operation. This is supplemented with off-site land clearing debris wood waste to mix with the biosolids in a 3 to 1 ratio to reduce the moisture content, allow for better aeration of the pile, and provide the optimum carbon to nitrogen ratio.

On July 10, 2008, DEP revised the District Permit No. FLA-108219-013-DW1. This permit authorizes the operation of the wastewater treatment plant and has an expiration date of June 18, 2012. Though not yet implemented, the current permit for the plant includes a potential expansion to an average daily flow of 20.0 MGD capacity. The expansion is planned to include additional equalization tanks and an additional final clarifier, as well as various pumps and hydraulic modifications. During the fiscal year ended September 30, 2011, there were no reported emergency discharges of wastewater from the treatment facility.

During the fiscal year ended September 30, 2011, 4.4 billion gallons of wastewater were treated at the wastewater facility. In the fiscal year ending September 30, 2011, approximately 11% of total System rate revenues were derived from the operation of the Wastewater System. For the fiscal year 2011, shown on Table 3-6 are the reported monthly volumes of treated wastewater.

Reclaimed Water System

The District operates and maintains a reclaimed water storage, pumping and distribution system, which provides water for non-potable uses. The system uses the treated effluent from the wastewater treatment plant and distributes it throughout the District for non-potable uses, such as landscape and turf grass irrigation, cooling tower make-up, street and sidewalk wash-down, decorative fountain make-up, vehicle washing, dust control, and fire protection.

The reclaimed system is currently permitted for a capacity of 10.2 MGD of average daily flow. The capacity of this system is planned to be increased by 2.7 MGD of average daily flow but this increase will not be necessary until demand growth returns.

The reclaimed system consists of three ground storage tanks of five million gallons capacity each, a master pumping station of 36,000 gallons per minute capacity and 50 miles of distribution system piping with over 400 valves. The piping and valves range in size from 4 inches through 42 inches and almost all of the piping are less than sixteen years in age.

During fiscal year 2011, approximately 47% of the effluent from the wastewater treatment plant was utilized by the reclaimed water system to meet the non-potable needs of the District. The District reports that it has made a growing commitment to reclaimed water and that it plays a vital role in meeting the demands of its customers.

Approximately 26% of the District's water resource needs were met with the reclaimed water system in 2011.

The high effluent utilization rate (47%) requires supplemental sources of water to meet sustained peak demands. To provide this capability, the District converted two idle, formerly potable water wells to augment the reclaimed water system. These wells can provide up to 5,000 gallons per minute of additional supply during peak demand periods. Their utilization allows the District to serve more customers and increases the use of reclaimed water while decreasing the use of potable water.

During the fiscal year ended September 30, 2011, 1.9 billion gallons of reclaimed water were sold and approximately 1% of total System rate revenues were derived from the operation of the Reclaimed Water System. For the fiscal year 2011, shown on Table 3-7 are the reported monthly sales of reclaimed water.

Solid Waste System

The District's Solid Waste System consists of a fleet of vehicles for the collection of recyclables and solid waste, a solid waste transfer station, a recovered materials processing facility and numerous containers. Furthermore, a food waste compost facility is also operated by the District. These solid waste operations are operated by RCES, which is under contract to the District.

The solid waste and recycling collection fleet consists of 26 solid waste transfer and collection vehicles and trailers. These include four front loader trucks; thirteen roll-off trucks; one rear loader; three side loaders; two flatbed trailer/tractor forklift combinations; one box-type truck; one container transport vehicle and one yard spotter. The fleet also includes four pickup vehicles and several other miscellaneous trailers. RCES staff operates the solid waste fleet. Maintenance and repair of fleet vehicles is performed by an on-site contractor, Truck PM Plus.

The District owns approximately 900 metal containers for collecting solid waste and recyclables. These containers include over 400 front loading containers that range in size from 4 cubic yards to 8 cubic yards in volume, approximately 110 compactors that range in size from 4 to 30 cubic yards, and approximately 240 non-powered roll-off containers ranging in capacity of 20 to 40 cubic yards. The District also owns approximately 2,300 plastic recycling collection containers of 95, 68, and 32 gallon capacity. The solid waste and recyclables collection containers are located throughout the Magic Kingdom, Disney's Animal Kingdom, Epcot, Disney's Hollywood Studios, ESPN Wide World of Sports, as well as the many resort complexes and support facilities within the District. Maintenance and repair of metal containers is performed by an on-site contractor. RCES staff maintains the plastic collection containers.

Solid waste, food waste, landscape waste, manure, and recyclables are collected and managed separately from each other as described in the following paragraphs.

Most putrescible (Class I) solid waste generated within the District is delivered to the District's transfer station in the north service area and transferred to a push pit with a capacity of approximately 300 cubic yards. The pit is connected to a loading push pit operation with a capacity of approximately 14 cubic yards that packs the waste into 100 cubic yard transfer trailers. RCES staff operates and maintains this facility. A small amount of Class I waste is generated on the south service area which is top loaded into trailers by RCES staff for transport to the landfill. A contractor (Walpole, Inc.) hauls transfer trailers of Class I waste to the Waste Services of Florida, Inc. ("WSI") J.E.D. Solid Waste Management Facility near St. Cloud, Osceola County, Florida, which has a projected remaining life of at least 35 years. On average, 199 tons per day of solid waste is managed in this manner.

Some construction and demolition debris ("C&D") is hauled off-site and delivered to the Waste Management Pine Ridge Landfill located nearby on State Road 545 for disposal. The District has an agreement with Waste Management of Florida, Inc. ("Waste Management") whereby Waste Management provides the construction and demolition debris, ("C&D") collection/disposal service on behalf of the District. Waste Management disposes of the waste at their Pine Ridge landfill on State Road 545. The District pays Waste Management a fee that is less than that collected from the customer. Walt Disney World's on-site Bay Lake Landfill (Class III) is also used by RCES staff for the disposal of other Class III debris, although use of this landfill is minimized to preserve its remaining capacity. Alternatively, Class III materials are delivered to the Bay Lake Landfill where recyclable wood, landscape waste, and metals are recovered for recycling. The remaining Class III waste is loaded into trailers and hauled by Walpole, Inc. to the WSI's Solid Waste Management facility in St. Cloud, Florida, or transferred to the Bay Lake Landfill by RCES.

Landscape waste and broken wooden pallets are delivered to the Bay Lake Landfill where RCES staff grind the material using a District-owned and maintained horizontal chipper/grinder. The ground material is then used at the composting facility. Over eight tons per day (approximately 15 tons per operating day) of C&D and landscape waste was processed at the Bay Lake Landfill in fiscal year 2011.

Because the food waste volume represents a significant portion of the recyclable waste stream, the District decided in 2001 to pursue the construction of a separate food waste composting facility. The in-vessel composting facility is based on the Wright Environmental process (a Canadian firm) and is located near the Wastewater Treatment Plant. It began operation in the summer of 2002. The District composted over 7,245 tons of food waste in fiscal year 2011. The District continues to compost manure at the compost facility, thereby increasing the overall recycling rate. The District composted nearly 3,767 tons of manure in fiscal year 2011.

The District operates a Recovered Materials Processing Facility ("RMPPF") in an area of the site of the compost facility to facilitate the transfer of collected recyclables into transfer trailers for separation and recovery at the Orange County Materials Recovery Facility. The District collects aluminum and steel cans, plastic bottles, office paper, newspaper, and loose and baled cardboard. There are approximately 115 balers in

service throughout the resort for processing of corrugated containers at the point of generation. The District baled 7,788 tons of corrugated containers at generation points in fiscal year 2011, or approximately 21 tons per day, which were then collected and consolidated at the RMPF. RCES staff maintains the RMPF and the corrugated container balers located throughout the resort.

During the fiscal year ended September 30, 2011, the District performed approximately 66,000 pickups of solid waste for ultimate disposal and disposed of approximately 101,000 tons of such waste at the various landfill disposal sites for Class I and Class III, excluding recyclable pickups. In the fiscal year ending September 30, 2011, approximately 5% of total System rate revenues were derived from the Solid Waste System. Shown on Table 3-8 is the reported number of pickups and tons for each month during fiscal year 2011.

Natural Gas System

The District currently owns and operates facilities associated with, and is operating and maintaining a Natural Gas System that provides firm service to the customers of the District. The District purchases gas from various suppliers including BP Energy Company, Chevron, EDF Trading North America, Conoco Phillips, Southwest Energy, Infinite Energy, Peoples Gas, Sequent Energy, and others. A discussion of the District's gas supply is set forth hereinbefore under the caption "Electric System."

The following tabulation sets forth the reported volumes and costs purchased by the District during fiscal year ended September 30, 2011:

Supplier	Volumes Therms	Cost (\$) *	Unit Cost \$ / Therm
EDF Trading North America	20,207,990	\$ 8,492,817	\$0.42
Conoco Phillips	508,360	227,982	\$0.45
BP Energy Company	248,870	102,879	\$0.41
Tampa Electric Company ("TECO")	21,000	13,725	\$0.65
Sequent Energy Management	2,965,530	1,184,442	\$0.40
Infinite Energy	15,341,300	6,373,379	\$0.42
Florida Gas Transmission	0	(529,790)	-
Southwest Energy	8,916,890	3,657,794	\$0.41
Dominion	1,616,150	671,448	\$0.42
Chevron	1,658,570	703,794	\$0.42
Other	<u>750</u>	<u>337</u>	\$0.45
Total Purchased Sales	<u>51,485,410</u>	<u>\$20,898,807</u>	<u>\$0.41</u>

* Excludes transportation/reservation charges totaling \$3,218,437.

The average cost of gas supply including transportation costs was \$0.41 per therm.

During periods of excess gas supply, the District sells such supply. During the fiscal year ended September 30, 2011, the District sold gas supply to various entities.

The District operates two separate distribution systems providing natural gas service to a wide variety of theme park and resort properties. The "Theme Park" system operates at 50 psig and serves customers in the northern portion of the Reedy Creek Improvement District. The "Residential" system operates at 125 psig and serves customers in the southern portion of the District. The District receives delivery of natural gas at two locations from FGT. Primary metering and pressure reducing stations are located at each FGT/District customer transfer point. Each station has dual pressure reducing regulation, for redundancy, and total by-pass capability. During fiscal year ended September 30, 2011, gas was metered electronically at each station. Data is transmitted daily via modem to the electric/gas brokering personnel. At the present time, such metered information is available on the FGT web site. The District downloads the information periodically and retains it as a part of its recordkeeping activities. Natural gas odorant is electronically injected into the system at each station to supplement the odorized gas received from the pipeline supplier.

Operation, Maintenance, and Engineering of the natural gas distribution system is provided by RCES's professional engineers and natural gas technicians. The system is designed, constructed and operated to comply with the Minimum Federal Safety Standards ("MFSS") and often exceeds those requirements. For system reliability, the majority of the system is designed with a looped, two-way feed and appropriate isolation valves. These features facilitate system control and assurance of customer service. With the exception of a very small portion of legacy fiberglass piping remaining in the system from original construction, the underground pipeline system is constructed of welded steel coated pipe, which is cathodically protected against corrosion.

Operation, Maintenance, and New Construction of the natural gas system fall under the regulatory requirements of the DOT Office of Pipeline Safety. Compliance is administered by the Florida Public Service Commission, Division of Electric and Gas. In September 2011, the Commission conducted their annual on-site safety evaluation of the gas system facilities and system records. The natural gas system was found in compliance with state and federal natural gas pipeline regulations.

According to the Department of Transportation Form 7100 filed by the District for calendar year 2011, the distribution system includes 55 miles of distribution mains, including eight miles of 2 inch or less mains, 23 miles of over 2 inch through 4 inch mains, and 24 miles of over 4 inch through 8 inch mains. Of the 55 miles of mains, approximately 52 miles are cathodically protected, coated steel pipe. On December 31, 2011 there were a total of 575 services, with 268 services at 1 inch or less, 238 services at 1 inch through 2 inch, 63 services at 2 inch through 4 inch, and six services of over 4 inch. Of the 575 services, 574 services are cathodically protected, coated steel with an average length of 300 feet. The District has approximately 3 miles of mains of reinforced fiberglass pipe and one fiberglass

service. The Natural Gas System also includes pressure regulating, odorizing, valving, cathodic protection, and other gas distribution facilities.

The staff of the gas distribution utility is responsible for the operation and maintenance of the gas distribution facilities. General areas of responsibility of the staff in maintaining and operating the gas distribution facilities include; (i) observing the above-ground facilities; (ii) monitoring and recording cathodic protection activities; (iii) maintaining, updating, and distributing system maps and records of over 900 valve locations; (iv) exercising annually each valve to ensure operability; (v) performing periodic leak tests; (vi) monitoring the two odorization devices; (vii) providing turn on/turn off services; and (viii) maintaining the gate station and reducing station sites, including equipment, painting, fencing and signage. In keeping with industry guidelines, gas piping and the majority of above-ground gas facilities are painted yellow to allow identification of such facilities from potable water (blue), reclaimed water (lavender) and sewerage (brown). Other responsibilities include the installation of new services, the maintenance of meters, and consultation in the design and location of line extensions, valves, pressure reducing stations and regulators and metering.

Major construction is performed by outside contractors to design and specifications established by the District's construction standards.

The staff of the gas distribution utility consists of a supervisor and eight technicians. The gas distribution utility is essentially manned 24 hours per day, 365 days per year. This is accomplished by using three staffed shifts per day for seven days per week.

Cathodic protection consists of sacrificial anodes in the older part of the gas distribution system and five rectifiers located; (i) near the north west corner of World Drive and Osceola Parkway; (ii) near the Saratoga Springs Administrative Offices; (iii) near the Land Pavilion in Epcot Center; (iv) near the Energy Pavilion in Epcot Center; and (v) near the America Adventure Pavilion in Epcot Center.

Gas volumes delivered to the cogeneration facility are not co-mingled with those reported by the gas distribution system. The gate station for the cogeneration facility is located near the Theme Park Gate Station and receives gas from the FGT pipeline at approximately 400 psig.

During the fiscal year ended September 30, 2011, natural gas sales totaled approximately 16.9 million therms to firm customers. In the fiscal year ending September 30, 2011, approximately 7% of total System rate revenues were derived from the Natural Gas System. For the fiscal year 2011, shown on Table 3-9 are the reported monthly volumes in therms of gas delivered and sold. These volumes exclude gas volumes associated with electric power production and high temperature hot water and chilled water at the Central Energy Plant.

Chilled Water System

The District is currently leasing and owns facilities associated with, and is operating and maintaining a Chilled Water System, which provides service to the Magic Kingdom, Epcot, Disney's Hollywood Studios, several resort hotel properties and

support facilities. RCES provides engineering, operation, and maintenance services to the District for these systems. Three separate production and distribution systems exist to serve the District's chilled water customers: The Central Energy Plant (the "CEP") and its satellite located at the Contemporary Resort Hotel, the Epcot Central Energy Plant (the "ECEP"), the Disney's Hollywood Studios Chiller Plant (the "SCP") and support facilities.

Central Energy Plant

The CEP Chiller Plant is located in the North Service Area and, along with an interconnected satellite chiller plant, provides chilled water for air-conditioning to the Magic Kingdom, Contemporary Resort Hotel, Polynesian Resort Hotel, Grand Floridian Resort Hotel, and to the District's electric generation facilities.

The CEP and its satellite plant have a total nameplate chiller capacity of over 20,000 tons and serve a peak demand of over 17,000 tons. Plant sizing is predicated upon a generally-accepted redundancy principle – "Be capable of meeting the peak system demand with the largest chiller unavailable for service." The total capacity is provided by electric motor-driven chillers. In 1998, a Thermal Storage Facility was constructed consisting of a 5 million gallon stratified chilled water tank.

The Thermal Storage Facility permits the production and storage of chilled water at night when power costs are low. The use of the stored chilled water on the following day allows fewer chillers to operate during peak power cost periods. In addition to economic benefits, the Thermal Storage Facility has improved system reliability and recovery, particularly during pipe leak events and during the summer atmospheric lightning season.

The CEP provides 2000 tons of chilled water to the District's electric generation facilities for cooling of the gas turbine's one million pounds per hour of inlet air from ambient conditions of 95°F to inlet conditions of 50°F. Inlet cooling increases gas turbine output by approximately 23% and improves heat rate by approximately 6.5%.

The distribution piping systems for chilled water from the CEP (approximately 60,000 feet of pipe) are primarily direct-buried at depths of three to six feet. Some sections of chilled water utility piping are routed in accessible utilidors beneath the Magic Kingdom theme park. Materials of construction include welded carbon steel, asbestos-cement ("A/C"), polyvinyl chloride ("PVC") and high density polyethylene ("HDPE"). These systems are insulated to limit heat gain and protect the piping from corrosion: Steel and PVC pipe is insulated with cellular foam, A/C pipe is a factory-manufactured insulation and concrete jacket system, and HDPE piping is insulated with a special closed-cell insulating concrete developed by RCES. All buried and above-ground piping and insulation systems are designed for long life and low maintenance in high ground water and sub-tropical environments. These systems generally exceed normal commercial standards for design and construction in accordance with the high standards of performance required by the customer.

Data and control telemetry between the CEP and its satellite chiller plant, located at the Contemporary Resort Plant, was improved during 2002 with transition from the

existing copper data link to fiber-optic. This modification improves the speed, accuracy, and amount of data and control between the main plant and the satellite. Optimization for efficiency as well as further reliability improvements can be expected. A larger expansion tank was installed in 2002 to improve system pressure stability by increasing the expansion volume to match the increase in system volume. In partnership with its customers, the Chilled Water Utility has installed particle separators to remove sediments from the chilled water that are legacies of past construction and repair evolutions.

Epcot Central Energy Plant

The ECEP Chiller Plant is located on the eastern border of the Epcot theme park and provides chilled water for air-conditioning to the Epcot theme park and to the Disney Beach Club Resort.

The ECEP has a total nameplate chiller capacity of 17,660 tons and serves a peak demand of 12,600 tons. Future construction activities are planned to replace existing capacity and increase plant reliability.

The total plant capacity is provided by electric motor-driven chillers. One machine is a large 4,200 ton chiller driven by a synchronous 4,160 volt motor. The synchronous drive on this machine assists overall system reactive power, thereby improving Electric System operations and minimizing sizing of electrical systems.

The distribution piping systems for the chilled water from the ECEP (approximately 43,000 feet of pipe) are primarily direct-buried at depths of three to six feet. Some sections of chilled water utility piping are routed in accessible utilidors beneath the Epcot Theme Park. Materials of construction include welded carbon steel, transit concrete pipe (A/C), and pre-insulated polyvinyl chloride (PVC) piping. These systems are insulated to limit heat gain and protect the piping from corrosion: Steel pipe is insulated with cellular foam, A/C pipe is a factory-manufactured insulation and concrete jacket system, and PVC piping is insulated with a factory-applied foam insulation inside a PVC casing. All buried and above-ground piping and insulation systems are designed for long life and low maintenance in high ground water and sub-tropical environments. These systems generally exceed normal commercial standards for design and construction in accordance with the high standards of performance required by the customer. The chilled water system is “looped” around the outer periphery of the Epcot Theme Park, with a center connection between the two sides of the loop. This “double-loop” or “figure-8” configuration coupled with strategically-located valves, provides a highly-reliable distribution system.

Phase 1 of a three-part valve replacement program replaced existing standard valves with high-performance valves. New service began in 2002 to the Beach Disney Vacation Club and to the “Mission Space” pavilion in the Theme Park. In partnership with its customers, the Chilled Water Utility has installed particle separators to remove sediments from the chilled water that are legacies of the past construction and repair evolutions.

Disney's Hollywood Studios Chiller Plant

The Disney's Hollywood Studios Chiller Plant is located in the northwestern section of the Disney's Hollywood Studios theme park and provides chilled water for air-conditioning to the Disney's Hollywood Studios theme park.

The SCP has a total nameplate chiller capacity of 8,000 tons and serves a peak demand of 6,500 tons. Plant sizing is predicated upon a generally-accepted redundancy principle – “Be capable of meeting the peak system demand with the largest chiller unavailable for service.” The SCP currently meets the criterion and has spare capacity for customer growth.

The total plant capacity is provided by eight, 1,000 ton electric motor-driven chillers. The plant is designed to easily accommodate a ninth chiller if needed to provide for growth. Seven chillers have been replaced within the last three years at the Studio Chiller Plant with newer, more efficient and reliable units of similar capacity. During 2010 and 2011, the original nine (9) packaged cooling towers were replaced with an eight (8) cell high-quality, site-built fiberglass cooling tower that has improved reliability and efficiency.

The SCP chilled water distribution piping systems are owned by Walt Disney World. Materials of construction are pre-insulated polyvinyl chloride (PVC) piping. The system is configured as three separate loops and is a standard and reliable configuration.

Operation of the chilled water utility systems is effected by plant operators that monitor the facilities on a “24/7” basis. The operators monitor and remotely control the chiller facilities using sophisticated but highly-reliable computer-human interfaces. The controls permit the operator to control equipment in both automatic and manual modes, improving reliability and reducing recovery times from disturbances. Intelligent and resourceful use of these tools during unscheduled events (such as third-party-caused pipe leaks) prevents unscheduled outages.

Representatives of Energy Management, Engineering, Operations, and Customers develop both formal and ad hoc teams using the latest in measurement and information technologies to optimize real-time customer service and minimize cost of operation.

During the fiscal year ended September 30, 2011, the District sold approximately 126 million ton hours of chilled water, and approximately 10% of total System rate revenues were derived from the operation of the Chilled Water System. Table 3-10 sets forth a listing of the reported ton hours of chilled water sold during each month of the fiscal year ended September 30, 2011.

Hot Water System

The District currently owns facilities associated with, and is operating and maintaining a Hot Water System, which provides service to the Magic Kingdom, Epcot, several resort hotel properties and support facilities. RCES provides engineering, operation, and maintenance services to the District for these systems. Two separate production and distribution systems exist to serve the District's hot water customers.

Central Energy Plant

The CEP High Temperature Hot Water ("HTHW") Plant is located in the North Service Area. It provides 350°F water for space heating, domestic hot water, air-conditioning humidity control and kitchen uses to the Magic Kingdom, and the Contemporary Resort Hotel.

The CEP has a total nameplate hot water production capacity of 200 MMBtu/hr and serves a peak demand of over 40 MMBtu/hr. Production is normally provided by 150 pound steam from the District's cogeneration facilities making HTHW via a steam/hot water heat exchanger. Redundant capacity is provided by a 50 MMBtu/hr dual-fuel (gas and No. 2 fuel oil) Lamonte-style hot water generator. Distribution pumping is provided by variable-speed centrifugal pumps which ensure constant supply pressure and energy savings.

The distribution piping systems for HTHW are primarily direct-buried at depths of three to six feet. Some sections of hot water utility piping are routed in accessible utilidors beneath the Magic Kingdom Theme Park. Materials of construction are exclusively welded carbon steel. Future construction activities are planned to replace existing capacity and increase system reliability.

Epcot Central Energy Plant

The ECEP Low Temperature Hot Water Plant ("LTHW") is located on the eastern border of the Epcot Theme Park. It provides 210°F hot water for space heating, domestic hot water, air-conditioning humidity control and kitchen uses to the Epcot Theme Park and to the Beach Resort Disney Vacation Club.

The ECEP has a total nameplate hot water capacity of 81 MMBtu/hr input produced by three hot water generators and serves a peak demand of 40 MMBtu/hr. The total plant capacity is provided by dual-fuel (gas and No. 2 fuel oil) Cleaver-Brooks "Scotch Marine"-type hot water generators.

The distribution piping systems of LTHW (approximately 50,000 feet of pipe) are primarily direct-buried at depths of three to six feet. Some sections of hot water utility piping are routed in accessible utilidors beneath the Epcot Theme Park. Materials of construction are exclusively welded carbon steel. These piping systems are insulated to limit heat loss and protect the piping from corrosion using a drainable, dryable, testable ("DDT") system. All buried and above-ground piping and insulation systems are designed for long life and low maintenance in high ground water and sub-tropical environments. This system generally exceeds normal commercial standards for design and construction in accordance with the standards of performance required by the customer. The hot water system is "looped" around the outer periphery of the Epcot Theme Park, with a center connection between the two sides of the loop. This "double-loop" or "figure-8" configuration coupled with strategically-located valves, provides a highly-reliable distribution system.

Operation of the hot water utility systems is effected by plant operators that man the facilities on a "24/7" basis. They monitor and remotely control the LTHW facilities using sophisticated but highly-reliable computer-human interfaces. The controls

permit the operator to control equipment in both automatic and manual modes, improving reliability and reducing recovery items from disturbances. Intelligent and resourceful use of these tools during unscheduled events (such as third-party-caused pipe leaks) prevents unscheduled outages.

Representatives of Energy Management, Engineering, Operations and Customers develop both formal and ad hoc teams using the latest in measurement and information technologies to optimize real-time customer service and minimize cost of operation.

As can be seen on Table 3-11, during the fiscal year ended September 30, 2011, the District sold approximately 224,000 MMBtu of hot water to ultimate customers. Approximately 2% of total System rate revenues were derived from the Hot Water System.

**REEDY CREEK IMPROVEMENT DISTRICT
ELECTRIC SYSTEM
ELECTRIC POWER PRODUCTION FACILITIES [1]
Fiscal Year Ended September 30, 2011**

Line No.	Plant and Unit	Type Unit	Fuel Type	Year Installed	Present Age (Yrs)	Net Capability	
						Winter (kW)	Summer (kW)
<u>Central Energy Plant</u>							
1	LM-6000	Gas Turbine	Natural Gas/ #2 Oil	2006	5	48,000	48,000
2		Steam Turbine	Waste Heat (Steam)	1988	23	7,000	7,000
<u>Epcot Central Energy Plant</u>							
3	ECEP #1	Diesel	#2 Oil	1983	28	2,300	2,300
4	ECEP #2	Diesel	#2 Oil	1983	28	2,300	2,300
5	TOTAL					<u>59,600</u>	<u>59,600</u>

[1] Based on information supplied by the District.

Table 3-2

**REEDY CREEK IMPROVEMENT DISTRICT
ELECTRIC SYSTEM
MONTHLY PEAKS, ENERGY GENERATION, PURCHASES AND SALES [1]
Fiscal Year Ended September 30, 2011**

<u>Period Ended</u>	<u>Days in Period^[2]</u>	<u>Peak Demand</u>			<u>Energy MWH</u>			<u>Load Factor %</u>	<u>Sales MWH</u>
		<u>MW</u>	<u>Date</u>	<u>Time</u>	<u>Generation</u>	<u>Purchases^[3]</u>	<u>Total</u>		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
October, 2010	28	175.5	10/26/10	16:00	38,431	64,350	102,781	78.72%	97,013
November, 2010	35	160.6	11/30/10	15:00	36,813	56,003	92,816	80.27%	109,815
December, 2010	28	144.3	12/31/10	19:00	36,190	55,403	91,593	85.31%	80,215
January, 2011	28	139.7	01/02/11	19:00	36,521	51,090	87,611	84.29%	78,557
February, 2011	28	150.5	02/28/11	15:00	35,400	46,601	82,001	81.08%	75,677
March, 2011	35	163.1	03/30/11	16:00	421	92,889	93,310	76.90%	96,344
April, 2011	28	178.4	04/28/11	15:00	28,444	71,305	99,749	77.66%	79,689
May, 2011	28	174.8	05/23/11	17:00	36,586	69,793	106,379	81.80%	88,155
June, 2011	35	190.5	06/15/11	14:00	33,335	78,389	111,724	81.46%	116,963
July, 2011	28	188.3	07/25/11	16:00	35,729	82,966	118,694	84.72%	101,249
August, 2011	28	188.5	08/03/11	16:00	35,676	82,083	117,759	83.97%	99,721
September, 2011	35	180.0	09/22/11	15:00	33,775	73,989	107,764	83.15%	124,637
Total / Average	<u>364</u>	<u>169.5</u>			<u>387,321</u>	<u>824,860</u>	<u>1,212,181</u>	<u>81.63%</u>	<u>1,148,035</u>

[1] Based on Monthly Sales Summary and information supplied by the District.

[2] In keeping with the District's accounting policies, monthly sales data contains either 28 or 35 days (4 or 5 weeks).

Monthly generation and purchases are recorded on a calendar month basis.

[3] Net purchases including wholesale sales and inadvertent energy.

Table 3-3

**REEDY CREEK IMPROVEMENT DISTRICT
ELECTRIC SYSTEM**

FINANCIAL AND OPERATING STATISTICS

Fiscal Year Ended September 30

Ln. No.	Description	2009	2010	2011
1	Operating Revenues	\$125,422,550	\$128,903,132	\$116,991,225
	Operating Expenses			
2	Fuel and Purchased Power	86,658,454	90,703,054	83,448,943
3	Other Operating Expenses	16,140,173	18,454,596	21,564,442
4	Total Operating Expenses	<u>102,798,627</u>	<u>109,157,650</u>	<u>105,013,385</u>
	Other Expenses			
5	Number of Customers	1,272	1,288	1,306
6	Total Sales (Mwh)	1,170,497	1,165,160	1,148,035
7	Net Energy Requirements (Mwh)	1,226,383	1,251,189	1,212,181
8	Losses (Mwh)	55,886	86,029	64,146
9	Losses (%)	4.6%	6.9%	5.3%
	Unit Costs (Cents/kWh)			
10	Operating Revenues / kWh Sales	10.72 ¢	11.06 ¢	10.19 ¢
11	Fuel and Purchased Power / kWh	7.07 ¢	7.25 ¢	6.88 ¢
12	Other Operating Expenses / kWh	1.32 ¢	1.47 ¢	1.78 ¢
13	Total Operating Expenses / kWh	8.38 ¢	8.72 ¢	8.66 ¢

[1] From data reported and provided by the District.

**REEDY CREEK IMPROVEMENT DISTRICT
WATER SYSTEM**

2011 ANNUAL WATER QUALITY TEST RESULTS

Ln. No.	Contaminate	Unit	Date of Sampling	MCL/AL Violation Yes/No	Highest Level Detected	Range of Results	Maximum Contaminate Level Goal	Maximum Contaminate Level	Possible Sources of Contamination
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Microbiological									
1	Total Coliform Bacteria		August, 2010	No	1.94% [1]	N/A	0	5% [2]	Naturally present in the environment.
Radiological									
2	Alpha Emitters	pCi/L	March, 2008 ^[3]	No	3.8	1.8 - 3.8	0	15	Erosion of natural deposits.
3	Radium 226	pCi/L	March, 2008 ^[3]	No	0.5	0.3 - 0.5	0	5	Erosion of natural deposits.
Inorganic									
4	Antimony	ppb	March, 2008 ^[3]	No	0.34	Not Detected - 0.34	6	6	Fire retardants; electronics; solder.
5	Arsenic	ppb	March, 2008 ^[3]	No	1.00	Not Detected - 1.0	N/A	10	Erosion of natural deposits; runoff from orchards; runoff from glass and electronics productions wastes.
6	Barium	ppm	March, 2008 ^[3]	No	0.013	0.010 - 0.013	2	2	Discharge of drilling wastes & erosion of natural deposits.
7	Cyanide	ppb	March, 2008 ^[3]	No	5.30	Not Detected - 5.3	200	200	Discharge from steel/metal, plastic, and fertilizer factories.
8	Fluoride	ppm	March, 2008 ^[3]	No	0.066	0.045 - 0.066	4	4	Erosion of natural deposits.
9	Lead (point of entry)	ppb	March, 2008 ^[3]	No	0.89	0.24 - 0.89	N/A	15	Man-made pollution residue such as auto emissions and paint; lead pipe.
10	Nitrate (as Nitrogen)	ppm	May, 2009	No	2.1	Not Detected - 2.1	10	10	Fertilizer runoff; septic tanks leaching; erosion of natural deposits.
11	Selenium	ppb	March, 2008 ^[3]	No	1.8	Not Detected - 1.8	50	50	Erosion of natural deposits.
12	Sodium	ppm	March, 2008 ^[3]	No	7.7	4.1 - 7.7	N/A	160	Salt water intrusion. Leaching from soil.
TTHM's and D/DBP Parameters									
13	Chlorine	ppm	Jan 2010 - Dec 2010	No	1.12 ^[4]	1.06 - 1.17	4	4	Water additive used to control microbes.
14	Haloacetic Acids (five)	ppb	Oct 2007 - Jul 2010	No	7.34 ^[5]	0.55 - 59.6 ^[6]	N/A	60	By-product of drinking water disinfection.
15	Total Trihalomethanes	ppb	Oct 2007 - Jul 2010	No	29.21 ^[5]	8.7 - 106.30 ^[6]	N/A	80	By-product of drinking water disinfection.
Lead & Copper Tap Water Samples									
16	Copper	ppm	Jul, 2010	No	0.472 ^[7]	0 ^[8]	1.3	AL=1.3	Corrosion of household plumbing systems and erosion of natural deposits.
17	Lead	ppb	Jul, 2010	No	4.61 ^[7]	2 ^[8]	0	AL=15	Corrosion of household plumbing systems and erosion of natural deposits.

[1] Highest monthly percentage of total Coliform positive samples.

[2] For systems collecting at least 40 samples per month: Presence of Coliform bacteria in more than 5% of monthly samples.

[3] Most recent required sampling conducted March, 2008.

[4] Annual average based on monthly chlorine residual averages for 2009.

[5] Annual average based on annual samples collected for 2009.

[6] Range of detected includes results of Initial Distribution System Evaluation Reports monitoring October, 2007 - October, 2009.

[7] Level detected is the 90th Percentile Result.

[8] Number of sampling sites exceeding the Action Level (AL).

Table 3-5

**REEDY CREEK IMPROVEMENT DISTRICT
WATER SYSTEM
WATER PRODUCTION AND SALES [1]
*Fiscal Year Ended September 30, 2011***

Period Ended	Days in Period [2]	Water Production - Pumped Calendar Month [3]		Water Sales Fiscal Month		Difference	
		MGal	MGal/Day	MGal	MGal/Day	MGal	%
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
October, 2010	28	511	16.5	462	16.5	49	9.7%
November, 2010	35	448	14.9	573	16.4	(125)	-27.9%
December, 2010	28	457	14.7	431	15.4	26	5.7%
January, 2011	28	409	13.2	418	14.9	(9)	-2.2%
February, 2011	28	400	14.3	372	13.3	27	6.8%
March, 2011	35	464	15.0	494	14.1	(30)	-6.4%
April, 2011	28	470	15.7	414	14.8	57	12.0%
May, 2011	28	530	17.1	446	15.9	83	15.7%
June, 2011	35	515	17.2	568	16.2	(53)	-10.2%
July, 2011	28	513	16.6	481	17.2	32	6.3%
August, 2011	28	487	15.7	456	16.3	31	6.3%
September, 2011	35	451	15.0	548	15.7	(97)	-21.6%
Total / Average	364	5,655	15.5	5,663	15.6	(8)	-0.1%

[1] Based on Monthly Sales Summaries, Monthly Operation Reports and information supplied by the District.

[2] In keeping with the District's accounting policies, monthly sales data contains either 28 or 35 days (4 or 5 weeks).

[3] Production gallons pumped and average gallons pumped per day are based on the standard calendar month days.

**REEDY CREEK IMPROVEMENT DISTRICT
WASTEWATER SYSTEM
WASTEWATER TREATED [1]
Fiscal Year Ended September 30, 2011**

<u>Period Ended</u>	<u>Days in Period</u>	<u>Wastewater Treated MGal</u>	<u>Average Daily Flow MGal/Day</u>
(a)	(b)	(c)	(d)
October, 2010	31	394.247	12.718
November, 2010	30	339.204	11.307
December, 2010	31	347.111	11.197
January, 2011	31	337.478	10.886
February, 2011	28	323.440	11.551
March, 2011	31	386.602	12.471
April, 2011	30	384.107	12.804
May, 2011	31	404.570	13.051
June, 2011	30	383.131	12.771
July, 2011	31	395.736	12.766
August, 2011	31	388.222	12.523
September, 2011	30	353.557	11.785
Total / Average	<u>365</u>	<u>4,437.405</u>	<u>12.157</u>

[1] Based on information from the Florida Department of Environmental Protection and Discharge Monitoring Reports.

REEDY CREEK IMPROVEMENT DISTRICT
RECLAIMED WATER SYSTEM
RECLAIMED WATER SALES
Fiscal Year Ended September 30, 2011

<u>Period Ended</u>	<u>Days in Period [2]</u>	<u>Reclaimed Water Sales MGal</u>	<u>Average Daily MGal</u>
(a)	(b)	(c)	(d)
October, 2010	28	152	5.41
November, 2010	35	230	6.58
December, 2010	28	137	4.89
January, 2011	28	98	3.51
February, 2011	28	68	2.42
March, 2011	35	145	4.16
April, 2011	28	145	5.17
May, 2011	28	244	8.72
June, 2011	35	295	8.42
July, 2011	28	185	6.59
August, 2011	28	126	4.51
September, 2011	35	109	3.13
Total / Average	<u>364</u>	<u>1,934</u>	<u>5.31</u>

[1] Based on Monthly Sales Summary and information supplied by the District.

[2] In keeping with the District's accounting policies, monthly data contains either 28 or 35 days (4 or 5 weeks).

Table 3-8

**REEDY CREEK IMPROVEMENT DISTRICT
SOLID WASTE SYSTEM
SOLID WASTE NUMBER OF PICKUPS**
Fiscal Year Ended September 30, 2011

<u>Period Ended</u>	<u>Days in Period [2]</u>	<u>Number of Pickups</u>	<u>Average Daily Pickups</u>
(a)	(b)	(c)	(d)
October, 2010	28	4,924	176
November, 2010	35	6,153	176
December, 2010	28	6,262	224
January, 2011	28	4,381	156
February, 2011	28	5,234	187
March, 2011	35	5,440	155
April, 2011	28	5,369	192
May, 2011	28	5,139	184
June, 2011	35	6,139	175
July, 2011	28	5,161	184
August, 2011	28	5,355	191
September, 2011	35	6,482	185
Total / Average	<u>364</u>	<u>66,039</u>	<u>181</u>

[1] Based on information provided by the Monthly Sales Summary.

[2] In keeping with the District's accounting policies, monthly data contains either 28 or 35 days (4 or 5 weeks).

Table 3-9

**REEDY CREEK IMPROVEMENT DISTRICT
NATURAL GAS SYSTEM
NATURAL GAS DELIVERED AND SOLD [1] [2]
Fiscal Year Ended September 30, 2011**

Period Ended	Days in Period [3]	Natural Gas Delivered		Natural Gas Sold		Difference [4]	
		Therms	Therms/Day	Therms	Therms/Day	Therms	%
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
October, 2010	28	1,004,133	35,862	960,004	34,286	44,129	4.4%
November, 2010	35	1,568,407	44,812	1,601,430	45,755	(33,023)	-2.1%
December, 2010	28	1,523,356	54,406	1,496,502	53,447	26,854	1.8%
January, 2011	28	1,972,627	70,451	1,913,056	68,323	59,571	3.0%
February, 2011	28	1,741,822	62,208	1,696,663	60,595	45,159	2.6%
March, 2011	35	1,906,762	54,479	1,862,003	53,200	44,759	2.3%
April, 2011	28	1,434,628	51,237	1,418,805	50,672	15,823	1.1%
May, 2011	28	1,219,709	43,561	1,171,332	41,833	48,377	4.0%
June, 2011	35	1,374,934	39,284	1,366,023	39,029	8,911	0.6%
July, 2011	28	1,056,093	37,718	1,067,413	38,122	(11,320)	-1.1%
August, 2011	28	1,014,577	36,235	1,048,438	37,444	(33,861)	-3.3%
September, 2011	35	1,239,967	35,428	1,253,809	35,823	(13,842)	-1.1%
Total / Average	364	17,057,015	46,860	16,855,478	46,306	201,537	1.2%

[1] Sources include information provided by the District and the Monthly Sales Summary.

[2] Excludes interruptible gas used in electric power production and high temperature hot water and chilled water production.

[3] In keeping with the District's accounting policies, monthly data contains either 28 or 35 days (4 or 5 weeks).

[4] Gas delivered and gas sold are measured with different metering and gas delivered is adjusted to a standard temperature basis.

Table 3-10

**REEDY CREEK IMPROVEMENT DISTRICT
CHILLED WATER SYSTEM
CHILLED WATER SALES**
Fiscal Year Ended September 30, 2011

<u>Period Ended</u>	<u>Days in Period [2]</u>	<u>Chilled Water Sales Ktons-Hr</u>	<u>Average Daily Ktons-Hr</u>
(a)	(b)	(c)	(d)
October, 2010	28	13,360	477
November, 2010	35	11,641	333
December, 2010	28	6,776	242
January, 2011	28	3,967	142
February, 2011	28	4,905	175
March, 2011	35	7,825	224
April, 2011	28	7,496	268
May, 2011	28	10,348	370
June, 2011	35	13,970	399
July, 2011	28	13,584	485
August, 2011	28	14,697	525
September, 2011	35	17,880	511
Total / Average	<u>364</u>	<u>126,449</u>	<u>347</u>

[1] Based on Monthly Sales Summary and information supplied by the District.

[2] In keeping with the District's accounting policies, monthly data contains either 28 or 35 days (4 or 5 weeks).

REEDY CREEK IMPROVEMENT DISTRICT
HOT WATER SYSTEM
HOT WATER SALES
Fiscal Year Ended September 30, 2011

<u>Period Ended</u> (a)	<u>Days in Period [2]</u> (b)	<u>Hot Water Sales MMBtu</u> (c)	<u>Average Daily MMBtu</u> (d)
October, 2010	28	15,510	554
November, 2010	35	20,267	579
December, 2010	28	18,430	658
January, 2011	28	27,605	986
February, 2011	28	22,933	819
March, 2011	35	23,701	677
April, 2011	28	16,941	605
May, 2011	28	15,314	547
June, 2011	35	17,864	510
July, 2011	28	14,233	508
August, 2011	28	14,113	504
September, 2011	35	17,429	498
Total / Average	<u>364</u>	<u>224,340</u>	<u>616</u>

[1] Based on information provided by the Monthly Sales Summary.

[2] In keeping with the District's accounting policies, monthly data contains either 28 or 35 days (4 or 5 weeks).

**REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES SYSTEM**

SUMMARY OF OPERATING PERMITS AND REGULATIONS

Fiscal Year Ended September 30, 2011

Permit/ Regulation	Source(s)	Issuing Agency	Number	Issue/Revision Date	Expiration Date	Notes
Title V Air Permit	Cogeneration Plant Epcot Generators #1 and #2 Epcot Hot Water Generators #1, 2, 3 Hot Water Gen. #3 and Numerous Walt Disney World Emissions Units	FDEP	0950111-31-AV	1/27/2009	12/31/2021	Incorporates Clean Air Interstate Rule (CAIR)
SFWMD Consumptive Use Permit	Water Supply	SFWMD	48-00009-W	6/14/2007	6/14/2027	
Water Supply Wells	Pump Stations A, B, C, D	FDEP	PWS 3484093 (Potable Water User #)			
Wastewater Operating Permit		FDEP	FLA108219-013-DW1	7/10/2008	6/18/2012	Revised to allow modification to Rapid Infiltration Basins (RIBS) #25 and #26
Waste Tire Collection Program		FDEP	62-711, FAC			Waste Tire Collection Program ID #1502
FL Regulation of Recovered Materials	RMPF		62-722, FAC			
FL Above Ground Storage Tank Regulations	CEP Tank Farm, Epcot CEP, Wells and Lift Stations	FDEP	62-762, FAC			
Waste Processing Facility Operating Permit	Solid Waste Transfer Station	FDEP	SO48-148271-004	3/18/2009	1/26/2014	
Stormwater Discharge Permit (MSGP)	Solid Waste Transfer Station	FDEP	FLR05G930	11/15/2009	11/14/2014	Multi-Sector Permit for Storm- water Discharge Associated w/ Industrial Activity. (MSGP)

Section 4

Status of the Operating Budget



Section 4

STATUS OF THE OPERATING BUDGET

The District shall annually prepare and adopt, prior to the end of each fiscal year by proper proceedings, a budget of the estimated expenditures for operation and maintenance of the System and the estimated Revenues of the System during the succeeding fiscal year. The budget for the fiscal year ending September 30, 2012 was adopted on September 7, 2011 after an opportunity for public discussion.

Fiscal Year Ended September 30, 2011 Budget

The original budget and actual revenues and expenses of the Operating Fund for the twelve month period ended September 30, 2011 are shown at the end of this section on Table 4-1. The budgeted revenues and expenses for the fiscal year ending September 30, 2012 are shown on Table 4-2.

As shown on Table 4-1, the 2011 budget estimated approximately \$224.8 million in revenues, while actual revenues were approximately \$213.4 million, approximately 5.0% less than budgeted. Total operating expenses were approximately \$165.0 million, approximately 6.7% less than the amount budgeted. Total administrative expenses, including debt service expense, were approximately \$39.6 million, approximately 0.4% less than the budgeted amount.

Because of the fluctuation in the price of electricity and gas, and the rate structure incorporated in the District's electric and gas rates which include a clause to track changes (increases or decreases) in the costs of electricity and gas to the extent costs for electricity and gas are below budget estimates, revenues from rates and charges will be correspondingly lower.

Total operating and administrative expenses were originally budgeted for 2011 at \$216.5 million, while actual such expenses were approximately \$204.6 million, or about 5.5% less than budgeted. Operating and administrative expenses were approximately \$8.8 million less than revenues or a difference of approximately \$609,000 greater than the original budget.

For the fiscal year ended September 30, 2011, the budgeted capital requirements were approximately \$7.7 million, while actual capital spending was about \$8.7 million or about \$1.0 million greater than originally budgeted.

Other revenues were budgeted for 2011 at \$350,000, while actual other revenues were approximately \$579,000, or about \$229,000 greater than budgeted. For the fiscal year ended September 30, 2011, the net income was approximately \$697,000 or approximately \$153,000 less than the amount budgeted.

Fiscal Year Ending September 30, 2012 Budget

The operating budget for the fiscal year ending September 30, 2012 is based on a detailed budget for each of the seven utilities, and the summary is shown on Table 4-2. Projected revenues total some \$223.2 million, which is about \$9.8 million or 4.6% greater than 2011 actual revenues.

Operating expenses for fiscal year 2012 are projected to be approximately \$173.9 million, which is approximately \$8.9 million or 5.4% greater than 2011 operating expenses. Administrative expenses are estimated to be \$40.8 million, approximately \$1.2 million greater than 2011 such expenses. Total operating and administrative expenses are budgeted at approximately \$214.7 million, or \$10.1 million greater than 2011 expenses.

Revenues before capital requirements for fiscal year 2012 are projected to be \$8.5 million greater than expenses, compared to approximately \$8.8 million revenues greater than expenses for 2011.

Capital requirements for the fiscal year ending September 30, 2012 are estimated to be approximately \$8.0 million, which is approximately \$694,000 less than capital spending for fiscal year 2011.

The District is projecting a net income of \$768,000 for fiscal year 2012.

Table 4-1

**REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES DIVISION
OPERATING FUND - FISCAL YEAR 2011 ACTUAL ^[1]**
(\$000)

Description	2011 Budget	2011 Actual ^[2]	Variance	%
	(a)	(b)	(c)	(d)
Operating Revenues				
1 Walt Disney World Sales	\$166,634,845	\$161,435,422	(\$5,199,423)	-3.1%
2 Other Outside Sales	30,259,056	29,925,793	(333,263)	-1.1%
3 Inter-Departmental Sales	20,418,797	20,313,074	(105,723)	-0.5%
4 Prior Year Fuel Adjustment	6,513,568	-	(6,513,568)	0.0%
5 Other - Recycling	750,000	1,740,216	990,216	132.0%
6 Connect Fees	176,000	0	(176,000)	-100.0%
7 Total Operating Revenues	<u>\$224,752,266</u>	<u>\$213,414,505</u>	<u>(\$11,337,761)</u>	<u>-5.0%</u>
Operating Expenses				
8 Purchased Fuel and Power	\$109,439,173	\$98,046,232	(\$11,392,941)	-10.4%
9 Utility Expense	\$20,418,796	\$20,319,711	(\$99,085)	
10 Labor Support	27,185,286	27,168,150	(\$17,136)	-0.1%
11 Operating Materials	9,717,752	9,922,205	204,453	2.1%
12 Outside Services - Landfill	3,339,000	2,927,790	(411,210)	-12.3%
13 Planned Work	3,086,100	2,988,088	(98,012)	-3.2%
14 Gross Receipts Tax	3,608,261	3,648,762	40,501	1.1%
15 Total Operating Expenses	<u>\$176,794,368</u>	<u>\$165,020,938</u>	<u>(\$11,773,430)</u>	<u>-6.7%</u>
16 <i>Operating Income</i>	<u>\$47,957,898</u>	<u>\$48,393,567</u>	<u>\$435,669</u>	<u>0.9%</u>
Other Expenses				
17 Debt Service	\$38,663,885	\$38,664,522	\$637	0.0%
18 Insurance	1,060,800	886,866	(173,934)	-16.4%
19 Total Other Expenses	<u>\$39,724,685</u>	<u>\$39,551,388</u>	<u>(\$173,297)</u>	<u>-0.4%</u>
20 <i>Excess Revenues Over Expenses</i>	<u>\$8,233,213</u>	<u>\$8,842,179</u>	<u>\$608,966</u>	<u>7.4%</u>
Capital Requirements				
21 Capital Expenditures	\$7,732,600	\$7,996,737	\$264,137	3.4%
22 Inventory	-	780,274	780,274	100.0%
23 R&R Fund Requirements	-	(52,856)	(52,856)	100.0%
24 Total Capital Requirements	<u>\$7,732,600</u>	<u>\$8,724,155</u>	<u>\$991,555</u>	<u>12.8%</u>
25 <i>Net Income Before Other Revenues</i>	<u>\$500,613</u>	<u>\$118,024</u>	<u>(\$382,589)</u>	<u>-76.4%</u>
Other Revenues				
26 Investment Income	\$350,000	\$320,833	(\$29,167)	-8.3%
27 Capital Contributions	-	123,889	123,889	100.0%
28 Other	-	134,514	134,514	100.0%
29 Total Other Revenues	<u>\$350,000</u>	<u>\$579,236</u>	<u>\$229,236</u>	<u>65.5%</u>
30 Net Income	<u><u>\$850,613</u></u>	<u><u>\$697,260</u></u>	<u><u>(\$153,353)</u></u>	
31 Surplus Fund, Beginning of Year	\$8,619,270	\$8,619,270		
32 Surplus Fund, End of Year	<u><u>\$9,469,883</u></u>	<u><u>\$9,316,530</u></u>		

[1] For budgeting purposes, the District Utilities Division does not include revenues and expenses associated with the environmental testing laboratory.

[2] Unaudited; data provided by the District.

Table 4-2

**REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES DIVISION
OPERATING FUND - FISCAL YEAR 2012 BUDGET ^[1]**
(\$000)

Description	2011 Actual ^[2]	2012 Budget	Variance	%
	(a)	(b)	(c)	(d)
Operating Revenues				
1 Walt Disney World Sales	\$161,435,422	\$163,631,727	\$2,196,305	1.4%
2 Other Outside Sales	29,925,793	30,762,315	836,522	2.8%
3 Inter-Departmental Sales	20,313,074	20,675,415	362,341	1.8%
4 Prior Year Fuel Adjustment	0	6,675,474	6,675,474	-
5 Other - Recycling	1,740,216	1,276,965	(463,251)	-26.6%
6 Connect Fees	0	176,000	176,000	100.0%
7 Total Operating Revenues	<u>\$213,414,505</u>	<u>\$223,197,896</u>	<u>\$9,783,391</u>	<u>4.6%</u>
Operating Expenses				
8 Purchased Fuel and Power	\$98,046,232	\$106,887,475	\$8,841,243	9.0%
9 Utility Expense	\$20,319,711	\$20,602,539	\$282,828	1.4%
10 Labor Support	27,168,150	28,695,873	1,527,723	5.6%
11 Operating Materials	9,922,205	10,152,748	230,543	2.3%
12 Outside Services - Landfill	2,927,790	3,256,860	329,070	11.2%
13 Planned Work	2,988,088	936,926	(2,051,162)	-68.6%
14 Gross Receipts Tax	3,648,762	3,371,201	(277,561)	-7.6%
15 Total Operating Expenses	<u>\$165,020,938</u>	<u>\$173,903,622</u>	<u>\$8,882,684</u>	<u>5.4%</u>
16 <i>Operating Income</i>	<u>\$48,393,567</u>	<u>\$49,294,274</u>	<u>\$900,707</u>	<u>1.9%</u>
Other Expenses				
17 Debt Service	\$38,664,522	\$39,866,072	\$1,201,550	3.1%
18 Insurance	886,866	904,602	17,736	2.0%
19 Total Other Expenses	<u>\$39,551,388</u>	<u>\$40,770,674</u>	<u>\$1,219,286</u>	<u>3.1%</u>
20 <i>Excess Revenues Over Expenses</i>	<u>\$8,842,179</u>	<u>\$8,523,600</u>	<u>(\$318,579)</u>	
Capital Requirements				
21 Capital Expenditures	\$7,996,737	\$8,030,468	\$33,731	
22 R&R Fund Requirements	780,274	0	(780,274)	
23 Inventory	(52,856)	0	52,856	
24 Total Capital Requirements	<u>\$8,724,155</u>	<u>\$8,030,468</u>	<u>(\$693,687)</u>	
25 <i>Net Income Before Other Revenues</i>	<u>\$118,024</u>	<u>\$493,132</u>	<u>\$375,108</u>	
Other Revenues				
26 Investment Income	\$320,833	\$275,000	(\$45,833)	
27 Capital Contributions	123,889	0	(123,889)	
28 Other	134,514	0	(134,514)	
29 Total Other Revenues	<u>\$579,236</u>	<u>\$275,000</u>	<u>(\$304,236)</u>	
30 Net Income	<u><u>\$697,260</u></u>	<u><u>\$768,132</u></u>	<u><u>\$70,872</u></u>	
31 Surplus Fund, Beginning of Year	\$8,619,270	\$9,316,530		
32 Surplus Fund, End of Year	<u><u>\$9,316,530</u></u>	<u><u>\$10,084,662</u></u>		

[1] For budgeting purposes, the District Utilities Division does not include revenues and expenses associated with the environmental testing laboratory.

[2] Unaudited; data provided by the District.

Section 5

Status of the Construction Fund



Section 5

STATUS OF THE CONSTRUCTION FUND

At the time of issuance of each series of Bonds other than Refunding Bonds, the District has identified the specific capital projects and improvements to be funded from a portion of the proceeds of such Bond issue. Pursuant to the provisions of the Indenture and to monitor construction activity and costs, the District has created a separate Construction Fund for each series of Bonds. As of September 30, 2011, the original projects and improvements funded from a portion of the proceeds of the Series 1987-1 Bonds, the Series 1987-2 Bonds, the Series 1988-1 Bonds and the Series 1990-1 Bonds have been completed. The Construction Funds have been closed and any unexpended funds were made available to fund other general capital improvements pursuant to the provisions of the Indenture. A description of the specific capital projects and improvements funded from each series of Bonds is included in the original offering document (the various official statements) and prior Annual Reports.

At September 30, 2011, the Construction Fund associated with the Series 2005-1 Bonds remains active. The following tabulation sets forth the estimated direct construction costs of improvements, which were anticipated by the District to be paid from the Series 1991-1, Series 1994-1, Series 1997-1, Series 1999-1, Series 2003-1 and Series 2005-1 Bond proceeds and are summarized below.

System	Series 1991-1	Series 1994-1	Series 1997-1	Series 1999-1	Series 2003-1	Series 2005-1
Electric	\$46,667,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Natural Gas	4,775,000	0	0	0	0	0
Water	12,891,000	0	0	0	0	0
Wastewater	80,978,000	0	0	0	0	0
Solid Waste	8,789,000	0	0	0	0	0
Chilled Water	0	1,915,000	0	0	0	0
Other Utility Projects	<u>5,900,000</u>	<u>5,085,000</u>	<u>10,000,000</u>	<u>25,000,000</u>	<u>70,000,000</u>	<u>28,000,000</u>
Total Capital Improvements Funded from Bond Proceeds	<u>\$160,000,000</u>	<u>\$7,000,000</u>	<u>\$10,000,000</u>	<u>\$25,000,000</u>	<u>\$70,000,000</u>	<u>\$28,000,000</u>

The District reports that as of September 30, 2011, the improvements associated with the Series 1991-1 Bonds, the Series 1994-1 Bonds, the Series 1997-1 Bonds, the Series 1999-1 Bonds, and the Series 2003-1 Bonds are complete.

For the 2005-1 Bonds, the District reports that the total available for disbursement was \$30,665,207, the total expenditures at September 30, 2011 were \$26,460,622 and funds on hand were \$4,204,585 (excluding future interest earnings) to pay the estimated cost to complete the projects of \$4,205,000.

Based on data provided by the District, Table 5-1 summarizes at September 30, 2011 the aggregated transactions associated with the Construction Funds established with a portion of the Series 1991-1, Series 1994-1, Series 1997-1, Series 1999-1, Series 2003-1 and Series 2005-1 Bonds.

**REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES DIVISION
STATUS OF THE CONSTRUCTION FUND ^[1]
Fiscal Year Ended September 30, 2011**

Description	1991-1 Bonds	1994-1 Bonds	1997-1 Bonds	1999-1 Bonds	2003-1 Bonds	2005-1 Bonds
	(a)	(b)	(c)	(d)	(e)	(f)
1 Principal Amount	\$181,655,000	\$219,055,000	\$109,950,000	\$27,060,000	\$69,605,000	\$99,975,000
2 Accrued Interest	509,778	1,391,131	301,690	29,919	0	0
3 Original Issue Premium (Discount)	(5,115,690)	(7,054,291)	1,605,237	(365,600)	7,514,062	7,877,138
4 Underwriters Discount	(1,814,733)	(1,590,571)	(607,372)	(157,679)	(365,113)	(410,902)
5 Defeasance of Series 1991-1 Bonds	0	(178,698,028)	0	0	0	0
6 Transferred Sinking Fund Moneys	0	0	4,050,773	0	0	0
7 Deposit to Escrow Fund	0	0	(97,884,150)	0	0	(79,143,733)
8 Swap Termination Payments	0	0	(6,441,475)	0	0	0
9 Paid Cost of Issuance	(1,998,000)	(1,909,402)	(673,013)	(173,207)	(802,908)	(868,995)
10 Accrued Interest	(509,778)	(1,391,131)	(301,690)	(29,919)	0	0
11 Debt Service Reserve Account	(13,599,817)	(25,339,747)	0	(660,000)	(5,214,317)	(114,728)
12 Capitalized Interest	(4,185,928)	(2,957,543)	0	(703,099)	0	0
13 Other	0	5,355,000	0	0	0	697,398
14 Deposit to Construction Fund	<u>\$154,940,832</u>	<u>\$6,860,418</u>	<u>\$10,000,000</u>	<u>\$25,000,415</u>	<u>\$70,736,724</u>	<u>\$28,011,178</u>
15 Interest Earnings and Other Income to Date	<u>17,787,168</u>	<u>886,582</u>	<u>555,000</u>	<u>235,585</u>	<u>644,276</u>	<u>2,654,029</u>
16 Total Available for Disbursement	<u>\$172,728,000</u>	<u>\$7,747,000</u>	<u>\$10,555,000</u>	<u>\$25,236,000</u>	<u>\$71,381,000</u>	<u>\$30,665,207</u>
Disbursements to Date:						
17 Electric System	\$70,591,000	\$0	\$4,744,000	\$8,741,000	\$50,138,000	\$18,292,058
18 Natural Gas System	5,950,000	0	753,000	574,000	1,601,000	0
19 Water System	19,619,000	0	2,439,000	907,000	4,861,000	1,599,972
20 Wastewater System	71,569,000	0	1,870,000	189,000	103,000	4,759,189
21 Solid Waste System	4,862,000	4,000	0	2,455,000	2,299,000	686,175
22 Chilled Water System	0	7,743,000	749,000	2,023,000	5,931,000	0
23 Other Utility System Projects	137,000	0	0	10,347,000	6,448,000	1,123,228
24 Total Disbursements to Date	<u>\$172,728,000</u>	<u>\$7,747,000</u>	<u>\$10,555,000</u>	<u>\$25,236,000</u>	<u>\$71,381,000</u>	<u>\$26,460,622</u>
25 Retainages	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
26 Total Expenditures	<u>\$172,728,000</u>	<u>\$7,747,000</u>	<u>\$10,555,000</u>	<u>\$25,236,000</u>	<u>\$71,381,000</u>	<u>\$26,460,622</u>
27 Funds on Hand to Complete Construction	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,204,585</u>

[1] Unaudited; data provided by the District.

**REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES DIVISION
STATUS OF THE CONSTRUCTION FUND ^[1]
Fiscal Year Ended September 30, 2011**

Description	Original Estimate	Current Estimate	Expenditures to Date	Estimate to Complete
	(a)	(b)	(c)	(d)
1991-1 Utility Bond Issue				
1 Wastewater System	\$80,978,000	\$71,569,000	\$71,569,000	\$0
2 Electric System	46,667,000	70,591,000	70,591,000	0
3 Natural Gas System	4,775,000	5,950,000	5,950,000	0
4 Water System	12,891,000	19,619,000	19,619,000	0
5 Solid Waste System	8,789,000	4,862,000	4,862,000	0
6 Other Utility System Projects	5,900,000	137,000	137,000	0
7 Total 1991-1 Bond Issue	<u>\$160,000,000</u>	<u>\$172,728,000</u>	<u>\$172,728,000</u>	<u>\$0</u>
1994-1 Utility Bond Issue				
8 Chilled Water System	\$1,915,000	\$7,743,000	\$7,743,000	\$0
9 Other Utility System Projects	5,085,000	4,000	4,000	0
10 Total 1994-1 Bond Issue	<u>\$7,000,000</u>	<u>\$7,747,000</u>	<u>\$7,747,000</u>	<u>\$0</u>
1997-1 Utility Bond Issue				
11 Utility System Projects	10,000,000	10,555,000	10,555,000	0
1999-1 Utility Bond Issue				
12 Utility System Projects	25,000,000	25,236,000	25,236,000	0
2003-1 Utility Bond Issue				
13 Utility System Projects	70,000,000	71,381,000	71,381,000	0
2005-1 Utility Bond Issue				
14 Utility System Projects	28,000,000	30,666,000	26,460,622	4,205,000
15 Total Exclusive of Retainages	300,000,000	318,313,000	314,107,622	4,205,000
16 Retainages	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
17 Total Expenditures	<u><u>\$300,000,000</u></u>	<u><u>\$318,313,000</u></u>	<u><u>\$314,107,622</u></u>	<u><u>\$4,205,000</u></u>

[1] Unaudited; data provided by the District.

Section 6

Sufficiency of Rates and Charges for Service



Section 6

SUFFICIENCY OF RATES AND CHARGES FOR SERVICE

Rate Covenant

The Indenture contains a covenant under which the District is to fix, establish, maintain and collect such fees, rates, rentals, and other charges for the services and facilities of the System, which will always provide in each fiscal year:

- (1) Net Revenues which shall be adequate to pay at least one hundred ten percent (110%) of the Annual Debt Service Requirement for the Bonds and any Parity Obligations outstanding; and
- (2) Net Revenues and other funds, as provided below, which shall be adequate to pay at least one hundred percent (100%) of the Annual Debt Service Requirement for the Bonds, any Parity Obligations, and all other charges or payments required of the District pursuant to this Indenture or any Series Resolution, including all subordinated Indebtedness and all payments and charges under the Lease.

The rate covenant in clause (1) above became effective upon the purchase by the owners of the Series 2003-2 Bonds, in accordance with the Eighth Supplemental Indenture. This covenant replaces the previous covenant of one hundred twenty-five percent (125%).

In determining whether the rate covenant contained in clause (2) above is met, amounts held in the Surplus Fund and earmarked by the District as provided for in the Indenture shall be included in the calculation of Net Revenues, and all other moneys of the District legally available for such purpose, including to the extent legally available, Impact Fees shall be taken into account in the calculation of Net Revenues. A complete description of the rate covenant and the conditions under which the District may issue additional parity obligations is contained in the Indenture.

The District applies the following rates and charges to all services provided to customers, and does not knowingly provide free service.

Rate Schedules

Electric System

The base rates for the Electric System include a fuel and purchased power cost recovery clause, which provides for the flow through of any increases or decreases in applicable fuel and purchased power energy costs incurred by the District to meet the net energy for load requirements of the Electric System. The fuel adjustment charges are applied to the energy sales of each customer and are adjusted, as needed, every six months (generally April 1 and October 1 of each fiscal year).

The following is a summary of the electric rates, which became effective in October 2011:

Monthly Electric Rates Effective October 2011	
<u>Customer Class or Type</u>	
Residential (RS)	
Customer Charge (\$/Bill)	\$2.85
Energy Charge (¢/kWh)	7.076
General Service (GS)	
Customer Charge (\$/Bill)	\$2.85
Energy Charge (¢/kWh)	12.144
General Service Demand ("GSD") (*)	
Customer Charge (\$/Bill)	\$20.00
Energy Charge (¢/kWh)	3.211
Demand Charge (\$/kW)	12.9216
Fuel and Purchased Power Cost	
Recovery Factor (¢/kWh)	4.819

Fuel and Purchased Power Cost Recovery Clause:

The rate schedule for all classes of electric service sets forth the method of calculating a fuel and purchased power cost recovery factor and its application. The fuel and purchased power cost recovery factor is based on total fuel and purchased energy costs and is calculated on projected six-month intervals. Monthly electric service bills computed under the appropriate retail rate schedule are increased by an amount equal to the result of multiplying the kWh sold by the fuel and purchased power recovery clause factor.

(*) Applicable to any customer, other than residential or general service or non-demand, whose maximum demand is 25 kW or greater.

Table 6-1, consisting of five pages, provides a comparison of typical bills for electric service for each major electric service rate classification at various levels of usage calculated under the District's rates and the rates of other Florida investor owned, municipal, and cooperative electric utilities for the billing month of January 2012 unless otherwise noted. The fuel or power cost adjustment charges as reported by the various public, rural electric cooperative, and investor owned electric systems included in these comparisons for the month of January 2012, depend upon the terms of the individual fuel and power cost adjustment clauses used by the various electric utilities and upon the monthly fuel mix of each electric utility.

As shown in the comparison, the District's rates, based on the level of costs billed in January 2012, are comparable with or slightly higher than the other Florida utilities included in the table. The typical monthly bills for the various cooperative, municipal, and investor owned utilities used for the comparison in this section are exclusive of local taxes or franchise fees, if any. As an example, for retail customers of Progress Energy, franchise fee charges range from zero in certain unincorporated areas to 6% of

the total bill in some Florida municipalities. Figure 6-1 shows the level of utility taxes and franchise fees in the areas surrounding the District. Figure 6-2 shows graphically a comparison of bills for a typical General Service Demand customer.

As shown in the comparison, the District's rates for commercial service, based on the level of costs billed in January 2012, produce bills which are comparable to or slightly higher than those charged by other Florida utilities. It should be noted that when making comparisons of charges for electric service between the various utilities, several factors have an effect on levels of rates charged. In the development of the rate comparison with other electric utilities, no analysis or review was made to determine (i) the overall reliability of electric service; (ii) the quality and type of construction (i.e., the majority of the District's electric distribution facilities are underground and most underground circuits are looped to minimize power interruptions); (iii) the amount of moneys or contributions in aid of construction provided by customers and developers in the form of paying for facilities or impact fees; and (iv) the amount of profitability, if any, made by governmental entities which may account for differences in the level of rates charged.

Water System

The rates and charges for the Water System include rates for metered general service, unmetered general service, and construction trailers. For general service, the rates include (i) a flat or constant charge per meter size, which includes no allowance for consumption or usage, and (ii) a flat or constant charge per metered water usage. For unmetered general service in Sub District 1, (the area west of Bonnet Creek) the rate consists of only a higher per unit usage charge based on metered water usage at the wellhead. The rate for construction trailers consists of a flat rate per unit.

The following is a summary of the water rates, which became effective in October 2011:

Monthly Potable Water Rates Effective October 2011	
Rate Schedule GS-1 (General Service)	
<u>Meter or Service Size</u>	
5/8" Water Meter	\$ 27.83
3/4" Water Meter	27.83
1" Water Meter	69.62
1.5" Water Meter	139.27
2" Water Meter	222.92
3" Water Meter	445.86
4" Water Meter	696.78
6" Water Meter	1,393.53
8" Water Meter	2,229.60
10" Water Meter	3,204.93
Consumption Charge per 1,000 Gallons of Metered Water Usage	\$ 1.2082
Rate Schedule GS-2 (Unmetered General Service)	
Consumption Charge per 1,000 Gallons of Metered Water Usage at Wellhead	\$ 1.6171
Rate Schedule GS-3 (Construction Trailers)	
Rate per month, per unit	\$ 12.82
Interlocal Agreement	
Wholesale Water – 106	\$ 0.50

Table 6-2 provides a comparison of typical bills for water service for various meter sizes or services and usage levels calculated under the District's rates and the rates of other Florida utilities for the billing month of January 2011, unless otherwise noted. The monthly bills for the various Florida utilities used for the comparison are exclusive of local taxes or surcharge for outside City service, if any, or other rate adjustments. As an example, for customers receiving water service from a municipality outside the corporate limits, the rates may be twenty five percent higher as allowed pursuant to Florida Statute 180.191.

As shown in the comparison, the District's rates, based on the level of costs billed in January 2012, produce bills, which are comparable with those charged by other Florida utilities. It should be noted that when making comparisons of charges for water service between the various utilities, several factors have an effect on levels of rates charged. In the development of the rate comparison with other water utilities, no analysis or review was made to determine (i) the level of treatment required before the distribution of water to the ultimate customer, (ii) the amount of subsidy, if any, made by governmental entities, (iii) the amount of moneys or contributions in aid of construction provided by customers and developers in the form of paying for facilities or impact fees, and (iv) the amount of profitability, if any, made by governmental entities which may account for differences in the level of rates charged.

Natural Gas System

The rates and charges for the Natural Gas System include a volumetric charge based on metered gas usage. As with the Electric System, the current gas rates provide for an adjustment clause, which allows the District to recover any increases or decreases in the cost of gas not included in the District's base rates. The purchased gas adjustment is adjusted, as needed, every six months based on the cost of gas incurred by the Natural Gas System.

The following is a summary of the natural gas rates which became effective in October 2011:

Monthly Natural Gas Rates Effective October 2011	
<u>Customer Class or Type</u>	
Residential Service (RS)	
Minimum Bill.....	\$ 5.00
Non-Fuel Rate (\$/therm).....	\$0.2170
General Service (GS)	
Minimum Bill.....	\$ 5.00
Non-Fuel Rate (\$/therm).....	\$0.2065
Purchased Gas Adjustment	
Factor (\$/therm).....	\$0.7442

Purchased Gas Adjustment Clause:

The rate schedule for natural gas service includes a purchased gas adjustment clause, which sets forth the method of calculating a purchased gas adjustment factor and its application. The purchased gas adjustment factor is based on the cost of gas above or below the base unit cost per therm, adjusted for gross receipts taxes, as reflected in the base rate. The purchased gas adjustment clause may be determined and billed every six months.

Table 6-3, consisting of two pages, provides a comparison of typical bills for natural gas service at various levels of usage calculated under the District's rates and the rates of other Florida utilities for the billing month of January 2012 unless otherwise noted. The purchased gas adjustment factors as reported by the various gas utilities included in these comparisons depend upon the terms of the individual purchased cost adjustment clauses used by the various gas utilities and upon the monthly cost of gas incurred by each utility.

The monthly bills for the various gas utilities used for the comparison are exclusive of local taxes or other rate adjustments, except as noted on the comparison. As shown in the comparison, the District's rates produce bills, based on the level of costs billed in

January 2012, which are generally lower than those charged by other Florida utilities included in the table.

Wastewater System

The rates for the Wastewater System are applied based on a flat unit charge per level of consumption based on various measurement standards. The variables for rate application that are based on estimated cost of wastewater flow include: (i) metered water usage or a percentage of metered water usage, and (ii) number of seats or units. The following is a summary of the wastewater rates, which became effective in October 2011:

Monthly Wastewater Rates Effective October 2011	
Type of Service or Customer	
Commercial.....	\$6.17 per 1000 Gallons of Metered Water
Residential	
Monthly Customer Charge.....	\$3.43 per Customer
Volumetric Charge.....	\$4.69 per 1000 Gallons of Metered Water
Theaters.....	\$ 0.990 per Seat
Construction Trailers	\$ 48.12 per Unit

Table 6-4 provides a comparison of the cost of providing wastewater service (assumes bills based on metered water usage) for various water meter sizes or services and usage levels calculated under the District's rates and under the rates of other Florida utilities for the billing month of January 2011 unless otherwise noted. The monthly bills for the various Florida utilities used for the comparison are exclusive of local taxes, surcharge for outside City service, if any, or other rate adjustments. As an example, for customers receiving wastewater service from a municipality outside the corporate limits, the rates may be twenty five percent higher as allowed pursuant to Florida Statute 180.191.

As shown in the comparison, the District's rates produce bills, based on the level of costs billed in January 2011, which are comparable to bills charged by other Florida utilities for residential service and are generally higher than those charged by other Florida utilities for commercial service. It should be noted that when making comparisons of charges for wastewater service between the various utilities, several factors have an effect on the level of rates charged. These factors include but are not limited to (i) revenues from system charges or impact fees, and contributions in aid of construction which fund capital improvements, (ii) the level and quality of service (treatment), and (iii) the subsidization of the wastewater utility by sources other than rate revenue (e.g., other utility funds or city general funds). For the utilities included in the rate comparison on Table 6-4, no analysis has been made of the aforementioned

factors as they relate to the reported monthly wastewater rates currently being charged, and which may account for differences in the level of rates charged.

Reclaimed Water System

The rates for reclaimed water are based on a monthly readiness to serve amount according to meter size and a consumption charge per 1,000 gallons. The following is a summary of the rates charged by the Reclaimed Water System which became effective in October 2011:

Monthly Reclaimed Water Rates Effective	
October 2011	
Rate Schedule GS-1 (General Service)	
<u>Meter or Service Size</u>	
5/8" Water Meter	\$ 22.42
3/4" Water Meter	22.42
1" Water Meter	56.18
1.5" Water Meter	112.61
2" Water Meter	179.96
3" Water Meter	359.81
4" Water Meter	562.25
6" Water Meter	1,124.31
8" Water Meter	1,799.02
10" Water Meter	2,586.10
Consumption Charge per 1,000 Gallons of Reclaimed Water	\$ 0.9313

Solid Waste System

The rates for solid waste service are based on the type, size, and number of pick ups associated with the individual boxes. The rates for roll-off Class I and mini-packers also included a tonnage rate.

The following is a summary of the rates, which became effective in October 2011, charged by the Solid Waste System:

Section 6

Rate Description	Effective October 2011	
	Rate Per Pickup	Tonnage Rate
Front End Loader		
10 cubic yard compactor	\$46.96	\$ -
5 cubic yard compactor	\$53.07	-
8 cubic yard box	\$27.97	-
6 cubic yard box	\$24.81	-
Roll-Off Class I		
40 cubic yard compactor	\$250.90	\$69.95
30 cubic yard compactor	\$250.90	\$69.95
20 cubic yard box	\$250.90	\$69.95
30 cubic yard box	\$250.90	\$69.95
Roll-Off Class III		
30 cubic yard box (landscape waste)	\$293.72	-
20 cubic yard box (landscape waste)	\$293.72	-
20 cubic yard box (mixed)	\$230.56	-
Roll-Off (Others)		
20 cubic yard box (C&D)	\$293.72	-
20 cubic yard box (manure)	\$250.90	-
Tire Disposal		
20 cubic yard box (tire disposal)	\$867.63	-
Mini-Packers		
15 cubic yard truck	\$15.07	\$74.02
Surcharge Rates		
Rejected recyclable container surcharge		
8 cubic yard box		\$ 27.97
20 cubic yard box		\$250.90

Table 6-5 provides a comparison of typical bills for solid waste service for various container sizes under the District's rates and the rates of other Florida utilities. As shown in the comparison, the District's rates produce bills that are lower compared to those charged by other Florida utilities included in the table.

Chilled Water and Hot Water Systems

The rates for chilled water and hot water reflect a flat charge per unit sold. The Chilled Water and Hot Water Systems provide service exclusively to portions of the Walt Disney World Resort Complex and the rates for service are based on the costs associated with the production center (i.e., the CEP, including the satellite facility, the ECEP, or SCP centers).

SUFFICIENCY OF RATES AND CHARGES FOR SERVICE

The following is a summary of the chilled monthly rates and the hot water monthly rates, which became effective in October 2011 charged by the respective utility system's production center:

Chilled Monthly Rates Effective October 2011

Chilled Water

Rate Schedule and Production Center

Rate Schedule CW-1 Central Energy Plant [1]	\$0.1695 per Ton Hour
Rate Schedule CW-2 Epcot Central Energy Plant [2].....	\$0.1739 per Ton Hour
Rate Schedule CW-3 Hollywood Studios Chilled Water Plant [3]	\$0.1839 per Ton Hour

Hot Water Monthly Rates

Effective October 2011

Hot Water

Rate Schedule and Production Center

Rate Schedule HTHW Central Energy Plant [1]	\$25.11 per MMBtu
Rate Schedule LTHW Epcot Central Energy Plant [2]	\$22.87 per MMBtu

- [1] The Central Energy Plant production center provides service exclusively to the Magic Kingdom and associated resort hotels and certain other facilities of the Walt Disney World Resort Complex.
- [2] The Epcot Central Energy Plant production center provides service exclusively to the Epcot Center of the Walt Disney World Resort Complex and Disney Vacation Club at the Yacht and Beach Resort.
- [3] The Hollywood Studios Chilled Water Plant provides service exclusively to the Hollywood Studios of the Walt Disney World Resort Complex.

Adequacy of Revenues

The District has fixed, established, and maintained rates and charges that produced revenues together with investment earnings sufficient to pay for all normal operation and maintenance expenses of the System, to pay annual debt service on all Series of Bonds, to meet the required deposits into the Renewal and Replacement Fund and the Emergency Repair Fund, to pay the lease obligation, to fund additional capital improvements from revenues, and to provide a balance available for other lawful purposes.

The District's utility operating results for the fiscal year ended September 30, 2011 are shown on Table 6-6. The data shown were obtained from the actual revenues and expenses reported by the District. The operating results presented on Table 6-6 are generally presented on a flow of funds basis as prescribed in the Indenture and therefore are not presented in the same format as the audited Financial Statements.

As summarized from Table 6-6, during the fiscal year ended September 30, 2011 (i) operating revenues totaled \$213,414,505 (ii) operating expenses exclusive of depreciation expense and lease payments totaled \$166,004,069 and (iii) net operating income exclusive of depreciation totaled \$47,410,436. Debt service payments paid from net revenues of the System amounted to \$38,664,522. Debt service coverage

was calculated based on the balance available for debt service of \$47,962,048 divided by annual debt service of \$38,664,522. Debt service coverage during fiscal year ended September 30, 2011, equaled 1.24, which is greater than the minimum debt service coverage requirement of 1.10 established in the amended Indenture.

As can be seen from the table, revenues, together with other available funds, were sufficient to comply with the rate covenant contained in the Indenture with regard to the payment of operating expenses of the System, payment of debt service, deposit of moneys into other required funds, payment of other costs, and debt service coverage requirements.

**REEDY CREEK IMPROVEMENT DISTRICT
ELECTRIC SYSTEM**

Inter-Utility Comparison of Typical Monthly Electric Bills ^[1]

Utility	Jan. 2012 Fuel Adj. \$/1000 kWh	Residential Class							
		250 kWh	500 kWh	750 kWh	1,000 kWh	1,500 kWh	2,000 kWh	2,500 kWh	3,000 kWh
1 Reedy Creek Improvement District	\$48.19	\$32.59	\$62.33	\$92.06	\$121.80	\$181.28	\$240.75	\$300.23	\$359.70
Florida Municipalities:									
2 Fort Pierce Utilities Authority	5.00	35.57	65.12	94.68	126.84	191.16	255.48	319.80	384.12
3 City of Gainesville	51.00	29.92	59.67	89.42	127.67	204.17	280.67	357.17	433.67
4 Jacksonville Electric Authority	47.74	34.00	62.49	90.99	119.48	176.47	233.46	290.45	349.94
5 Kissimmee Utilities Authority	(27.64)	34.04	57.90	81.77	105.63	159.69	213.74	267.80	321.85
6 City of Lakeland Utilities Commission,	44.20	31.87	55.74	79.61	103.48	153.71	206.45	259.19	311.93
7 City of New Smyrna Beach	29.28	32.08	58.52	84.95	111.38	164.25	217.11	269.98	322.84
8 City of Ocala	30.80	36.83	64.34	91.84	119.34	174.35	229.35	284.36	339.36
9 Orlando Utilities Commission	42.07	35.96	63.91	91.87	119.82	185.73	251.64	317.55	383.46
10 City of Tallahassee	53.10	35.25	63.87	92.48	121.10	178.34	235.57	292.81	350.04
Investor-Owned Utilities: ^[2]									
11 Florida Power and Light	33.43	27.49	49.08	70.66	92.25	140.43	188.60	236.78	284.95
12 Gulf Power Company	49.69	38.16	66.33	94.49	122.65	178.98	235.30	291.63	347.95
13 Progress Energy	48.60	36.60	64.44	92.27	120.11	186.24	252.37	318.50	384.63
14 Tampa Electric Company	38.40	33.87	57.25	80.62	103.99	165.74	217.48	269.23	320.97

[1] Amounts shown are based on the rates for single phase service and reflect when applicable, inside city service. In addition, amounts include January 2012 fuel adjustments but do not include taxes or franchise fees.

[2] Amounts shown include the energy conservation, capacity, environmental and storm cost recovery charges where appropriate, as filed with the the Florida Public Service Commission (FPSC).

**REEDY CREEK IMPROVEMENT DISTRICT
ELECTRIC SYSTEM**

Inter-Utility Comparison of Typical Monthly Electric Bills ^[1]

Utility	Jan. 2012 Fuel Adj. \$/1000 kWh	General Service Non-Demand Class							
		250 kWh	500 kWh	750 kWh	1,000 kWh	1,500 kWh	2,000 kWh	2,500 kWh	3,000 kWh
1 Reedy Creek Improvement District	\$48.19	\$45.26	\$87.67	\$130.07	\$172.48	\$257.30	\$342.11	\$426.93	\$511.74
Florida Municipalities:									
2 Fort Pierce Utilities Authority	5.00	38.11	70.37	102.64	134.90	199.43	263.96	328.49	393.02
3 City of Gainesville	51.00	58.75	91.50	124.25	157.00	222.50	302.00	381.50	461.00
4 Jacksonville Electric Authority	47.74	36.46	63.68	90.89	118.10	172.53	226.95	281.38	335.80
5 Kissimmee Utilities Authority	(27.64)	37.74	64.41	91.07	117.73	171.06	224.38	277.71	331.03
6 City of Lakeland Utilities Commission,	44.20	34.95	59.91	84.86	109.82	159.72	209.63	259.54	309.45
7 City of New Smyrna Beach	29.28	32.00	57.94	83.89	109.83	161.72	213.61	265.50	317.39
8 City of Ocala	30.80	39.68	67.14	94.59	122.05	176.97	231.88	286.80	341.71
9 Orlando Utilities Commission	44.84	39.59	68.93	98.27	127.61	186.29	244.97	303.65	362.33
10 City of Tallahassee	53.10	32.74	57.17	81.61	106.04	154.91	203.78	252.65	301.52
Investor-Owned Utilities: ^[2]									
11 Florida Power and Light	36.88	30.51	54.13	77.74	101.36	148.60	195.83	243.07	290.30
12 Gulf Power Company	49.69	42.94	72.89	102.83	132.77	192.66	252.54	312.43	372.31
13 Progress Energy	51.75	39.95	68.30	96.66	122.65	181.72	238.43	295.14	351.85
14 Tampa Electric Company	41.90	35.60	60.70	85.79	110.89	161.09	211.28	261.48	311.67

[1] Amounts shown are based on the rates for single phase service and reflect when applicable, inside city service. In addition, amounts include January 2012 fuel adjustments but do not include taxes and franchise fees.

[2] Amounts shown include the energy conservation, capacity, environmental and storm cost recovery charges where appropriate, as filed with the the Florida Public Service Commission (FPSC).

**REEDY CREEK IMPROVEMENT DISTRICT
ELECTRIC SYSTEM**

Inter-Utility Comparison of Typical Monthly Electric Bills [1]

Utility		General Service Demand Class								
		50 kW			75 kW			150 kW		
		10,000 kWh	20,000 kWh	30,000 kWh	15,000 kWh	30,000 kWh	45,000 kWh	30,000 kWh	40,000 kWh	60,000 kWh
1	Reedy Creek Improvement District	\$1,469	\$2,272	\$3,075	\$2,194	\$3,398	\$4,603	\$4,367	\$5,170	\$6,776
Florida Municipalities:										
2	Fort Pierce Utilities Authority	1,352	2,327	3,302	2,009	3,471	4,933	3,979	4,953	6,902
3	City of Gainesville	1,533	2,553	3,573	2,274	3,804	5,334	4,498	5,518	7,558
4	Jacksonville Electric Authority	1,324	2,143	2,962	1,944	3,172	4,401	3,802	4,621	6,260
5	Kissimmee Utilities Authority	1,238	1,976	2,714	1,829	2,937	4,044	3,603	4,341	5,818
6	City of Lakeland Utilities Commission,	1,050	1,720	2,390	1,560	2,565	3,569	3,090	3,759	5,099
7	City of New Smyrna Beach	1,314	2,257	3,199	1,954	3,368	4,782	3,874	4,817	6,703
8	City of Ocala	1,174	1,991	2,808	1,749	2,975	4,200	3,473	4,290	5,925
9	Orlando Utilities Commission	1,189	1,947	2,706	1,768	2,906	4,043	3,506	4,264	5,781
10	City of Tallahassee	1,272	1,978	2,608	1,881	2,939	3,885	3,706	4,412	5,823
Investor-Owned Utilities [2] :										
11	Florida Power and Light	1,036	1,553	2,070	1,545	2,321	3,096	3,074	3,591	4,625
12	Gulf Power Company	1,150	1,994	2,838	1,707	2,973	4,239	3,380	4,224	5,911
13	Progress Energy	1,102	1,949	2,795	1,648	2,918	4,187	3,284	4,131	5,823
14	Tampa Electric Company	1,191	1,808	2,426	1,757	2,684	3,610	3,458	4,075	5,310

[1] Amounts shown are based on the rates for single phase service and reflect when applicable, inside city service. In addition, amounts include January 2012 fuel adjustments but do not include taxes or franchise fees.

[2] Amounts shown include the energy conservation, capacity and environmental cost recovery charges where appropriate, as filed with the Florida Public Service Commission (FPSC).

**REEDY CREEK IMPROVEMENT DISTRICT
ELECTRIC SYSTEM**

Inter-Utility Comparison of Typical Monthly Electric Bills [1]

Utility		General Service Demand Class								
		200 kW			300 kW			400 kW		
		40,000 kWh	80,000 kWh	120,000 kWh	60,000 kWh	120,000 kWh	180,000 kWh	80,000 kWh	160,000 kWh	240,000 kWh
1	Reedy Creek Improvement District	\$5,816	\$9,028	\$12,240	\$8,714	\$13,532	\$18,350	\$11,613	\$18,037	\$24,461
Florida Municipalities:										
2	Fort Pierce Utilities Authority	5,292	9,190	13,089	7,918	13,766	19,613	10,544	18,341	26,138
3	City of Gainesville	5,980	10,060	14,140	8,945	15,065	21,185	11,910	20,070	28,230
4	Jacksonville Electric Authority	5,041	8,318	11,594	7,520	12,434	17,349	9,998	16,551	23,103
5	Kissimmee Utilities Authority	4,786	7,738	10,691	7,151	11,580	16,008	9,516	15,421	21,326
6	City of Lakeland Utilities Commission	4,109	6,789	9,468	6,149	10,168	14,187	8,189	13,548	18,907
7	City of New Smyrna Beach	5,155	8,926	12,697	7,340	12,697	18,054	9,776	16,918	24,061
8	City of Ocala	4,713	7,941	11,170	7,057	11,900	16,742	12,120	20,091	28,062
9	Orlando Utilities Commission	4,664	7,698	10,732	6,981	11,532	16,083	9,298	15,366	21,434
10	City of Tallahassee	4,923	7,745	10,267	7,357	11,590	15,373	9,791	15,435	20,479
Investor-Owned Utilities [2] :										
11	Florida Power and Light	4,093	6,161	8,230	6,131	9,234	12,336	8,169	12,306	16,443
12	Gulf Power Company	4,495	7,870	11,246	6,724	11,788	16,851	8,954	15,705	22,457
13	Progress Energy	4,375	7,761	11,146	6,557	11,635	16,714	8,739	15,510	22,281
14	Tampa Electric Company	4,591	7,061	9,531	6,858	10,563	14,268	9,125	14,065	19,005

[1] Amounts shown are based on the rates for single phase service and reflect when applicable, inside city service. In addition, amounts include January 2012 fuel adjustments but do not include taxes or franchise fees.

[2] Amounts shown include the energy conservation, capacity and environmental cost recovery charges where appropriate, as filed with the Florida Public Service Commission (FPSC).

**REEDY CREEK IMPROVEMENT DISTRICT
ELECTRIC SYSTEM**

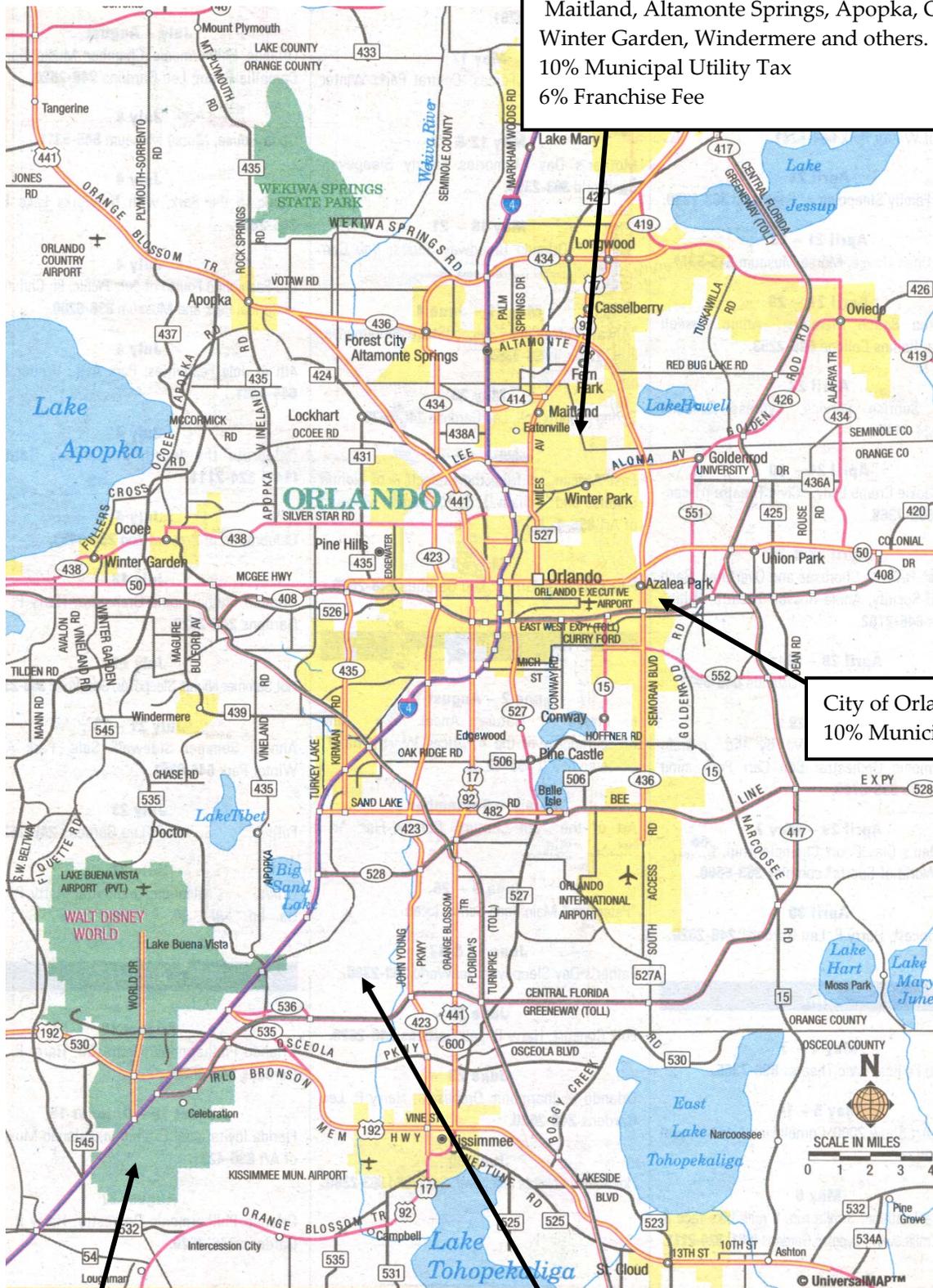
Inter-Utility Comparison of Typical Monthly Electric Bills [1]

Utility		General Service Demand Class								
		500 kW			1,000 kW			1,500 kW		
		100,000 kWh	200,000 kWh	300,000 kWh	200,000 kWh	400,000 kWh	600,000 kWh	300,000 kWh	600,000 kWh	900,000 kWh
1	Reedy Creek Improvement District	\$14,511	\$22,541	\$30,571	\$29,002	\$45,062	\$61,122	\$43,492	\$67,582	\$91,672
Florida Municipalities:										
2	Fort Pierce Utilities Authority	15,144	23,684	32,224	30,249	47,329	64,409	45,354	70,974	96,594
3	City of Gainesville	14,875	25,075	35,275	28,950	48,350	67,750	43,275	72,375	101,475
4	Jacksonville Electric Authority	12,476	20,667	28,858	27,353	42,211	57,069	40,862	63,149	85,436
5	Kissimmee Utilities Authority	12,682	19,227	25,772	25,307	38,397	51,487	37,932	57,567	77,202
6	City of Lakeland Utilities Commission	10,423	16,890	23,358	20,515	33,450	46,386	30,608	50,011	69,413
7	City of New Smyrna Beach	12,212	21,140	30,068	24,390	42,246	60,102	36,568	63,352	90,136
8	City of Ocala	12,120	20,091	28,062	24,216	40,158	56,100	36,312	60,225	84,138
9	Orlando Utilities Commission	11,615	19,200	26,785	23,200	38,370	53,540	34,785	57,540	80,295
10	City of Tallahassee	12,225	19,280	25,585	24,395	38,505	51,115	36,565	57,730	76,645
Investor-Owned Utilities [2] :										
11	Florida Power and Light	10,980	15,665	20,350	21,910	31,281	40,651	32,840	46,896	60,951
12	Gulf Power Company	12,091	19,652	27,213	24,027	39,149	54,271	35,963	58,646	81,329
13	Progress Energy	10,869	19,281	27,693	21,726	38,550	55,374	32,583	57,819	83,055
14	Tampa Electric Company	11,392	17,567	23,742	22,727	35,077	47,427	34,062	52,587	71,112

[1] Amounts shown are based on the rates for single phase service and reflect when applicable, inside city service. In addition, amounts include January 2012 fuel adjustments but do not include taxes or franchise fees.

[2] Amounts shown include the energy conservation, capacity and environmental cost recovery charges where appropriate, as filed with the Florida Public Service Commission (FPSC).

Figure 6-1



**REEDY CREEK IMPROVEMENT DISTRICT
General Service Large Demand
Electric Service - 1,000 kW - 600,000 kWh
Comparison of Monthly Bills - 2012***

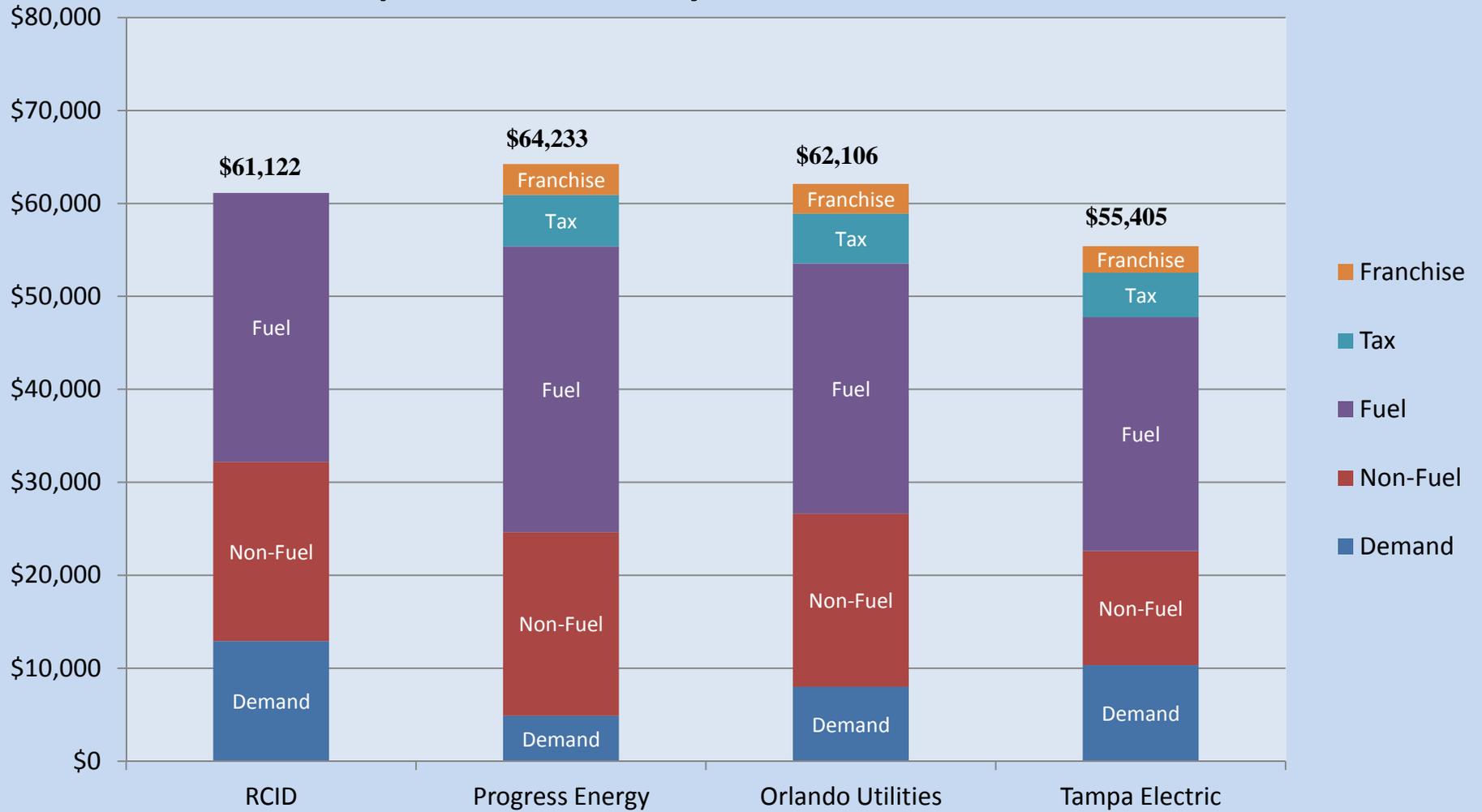


Figure 6-2

**REEDY CREEK IMPROVEMENT DISTRICT
WATER SYSTEM**

Inter-Utility Comparison of Typical Monthly Water Bills [1]

	Utility	5/8" Meter Residential					2" Meter Commercial			
		3,000 Gallons	5,000 Gallons	7,500 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	50,000 Gallons	150,000 Gallons	500,000 Gallons
1	Reedy Creek Improvement District	\$31.45	\$33.87	\$36.89	\$39.91	\$45.95	\$51.99	\$283.33	\$404.15	\$827.02
	Other Florida Utilities:									
2	Brevard County Utilities	12.32	20.04	29.69	42.82	70.82	108.86	212.10	937.76	4,715.82
3	Daytona Beach	16.19	24.21	34.24	44.26	64.31	84.36	207.38	608.38	2,011.88
4	Fort Pierce Utilities Authority	20.94	27.00	34.58	42.15	61.10	83.85	245.67	548.67	1,609.17
5	Gainesville Regional Utilities	14.80	18.90	24.83	33.95	52.20	70.45	191.15	556.15	1,833.65
6	City of Homestead	10.34	12.56	15.34	18.11	23.66	29.21	104.51	215.51	604.01
7	Indian River County [2]	15.65	20.49	27.26	36.88	63.83	102.33	-	-	-
8	City of New Smyrna Beach	14.44	16.92	21.10	26.00	35.80	47.45	170.20	372.14	1,089.64
9	Orange County Public Utilities	9.45	12.23	15.71	19.18	32.98	46.78	96.80	231.80	704.30
10	Orlando Utilities Commission	9.40	11.56	14.50	18.48	26.42	35.61	98.80	252.90	792.25
11	St. Lucie County [2]	32.00	38.74	53.89	69.04	109.44	156.59	-	-	-
12	City of St. Petersburg [3]	20.15	27.25	37.76	51.86	81.61	120.36	259.17	614.17	1,856.67
13	City of Tallahassee	\$10.31	\$13.17	\$17.00	\$21.85	\$31.55	\$41.25	\$77.78	\$245.78	\$833.78

[1] Unless otherwise indicated, amounts shown reflect single-family residential and commercial service rates in effect during January 2012, and are exclusive of utility taxes or franchise fees, if any, and reflect "inside the City limits" service, all as reported by each indicated utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each indicated utility.

[2] The County does not bill on a meter size basis but on an equivalent residential unit basis for commercial rates. The ERU's for each customer vary greatly and are determined by the County.

[3] For commercial rates, the city of St. Petersburg utilizes a block rate based on the customer's average consumption history. For comparison purposes, the customer's consumption is assumed to be average.

**REEDY CREEK IMPROVEMENT DISTRICT
GAS SYSTEM**

Inter-Utility Comparison of Typical Monthly Natural Gas Bills [1]

Utility	Residential (Therms)									
	10	20	30	40	50	60	70	80	90	100
1 Reedy Creek Improvement District	\$9.61	\$19.22	\$28.84	\$38.45	\$48.06	\$57.67	\$67.28	\$76.90	\$86.51	\$96.12
Florida Municipalities:										
2 City of Gainesville	20.36	31.19	42.03	52.86	63.70	74.53	85.37	96.20	107.04	117.87
3 City of Tallahassee	23.04	36.12	49.20	62.27	75.35	88.43	101.51	114.59	127.67	140.75
Regulated Natural Gas Companies:										
4 Florida City Gas [2]	18.42	28.84	39.26	49.69	60.11	70.53	80.95	91.37	101.79	112.21
5 Peoples Gas System, Inc. [3]	23.15	34.30	45.46	56.61	67.76	78.91	90.07	101.22	112.37	123.52
6 St. Joe Natural Gas Company	26.54	40.09	53.63	67.18	80.72	94.26	107.81	121.35	134.90	148.44

[1] Unless otherwise noted, amounts shown reflect standard residential rates and fuel or purchased gas adjustments in effect during January 2012 and are exclusive of utility taxes and franchise fees and, where appropriate, reflect inside the city limits service, all as reported by each indicated utility. This comparison is intended to show comparable charges for similar charges for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each indicated utility. Additionally, amounts shown were calculated using rates based on therms or ccf, assumed heat content of 1000 Btu/standard cubic foot; therefore, 1 ccf = 1 therm.

[2] Formerly City Gas Company of Florida who provide service to customers in Brevard County on the central east coast of Florida and in the Miami area in Dade and Broward Counties.

[3] Bills are based on Rate Schedule GS-1 and include a energy conservation cost recovery factor for each therm of consumption.

Peoples Gas System, Inc. provides natural gas service to cities throughout Florida, including Orlando, Tampa, Lakeland, Jacksonville, Kissimmee, and St. Petersburg.

**REEDY CREEK IMPROVEMENT DISTRICT
GAS SYSTEM**

Inter-Utility Comparison of Typical Monthly Natural Gas Bills [1]

Utility	Commercial (Therms)									
	50	100	200	300	400	500	700	900	1,000	2,000
1 Reedy Creek Improvement District	\$48.06	\$96.12	\$192.24	\$288.36	\$384.48	\$480.60	\$672.84	\$865.08	\$961.20	\$1,922.40
Florida Municipalities:										
2 City of Gainesville	82.18	129.35	223.70	318.05	412.40	506.75	695.45	884.15	978.50	1,922.00
3 City of Tallahassee	75.38	132.92	248.00	363.08	478.16	593.24	823.40	1,053.56	1,168.64	2,319.44
Regulated Natural Gas Companies:										
4 Florida City Gas [2]	59.62	109.75	210.00	303.59	401.12	498.66	653.64	836.97	928.63	1,609.30
5 Peoples Gas System, Inc. [3]	83.51	142.03	259.05	376.08	493.10	610.13	844.18	1,078.23	1,195.26	2,203.38
6 St. Joe Natural Gas Company	74.49	128.98	237.96	346.94	455.92	564.91	782.87	1,000.83	1,109.81	2,199.62

[1] Unless otherwise noted, amounts shown reflect standard residential rates and fuel or purchased gas adjustments in effect during January 2012 and are exclusive of utility taxes and franchise fees and, where appropriate, reflect inside the city limits service, all as reported by each indicated utility. This comparison is intended to show comparable charges for similar charges for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each indicated utility. Additionally, amounts shown were calculated using rates based on therms or ccf, assumed heat content of 1000 Btu/standard cubic foot; therefore, 1 ccf = 1 therm.

[2] Formerly City Gas Company of Florida who provide service to customers in Brevard County on the central east coast of Florida and in the Miami area in Dade and Broward Counties.

[3] Bills are based on Rate Schedules SGS for 1,000 therms and less and on Schedule GS-1 for 2,000 therms. The bills also include an energy conservation cost recovery factor for each therm of consumption. Peoples Gas System, Inc. provides natural gas service to cities throughout Florida, including Orlando, Tampa, Lakeland, Jacksonville, Kissimmee, and St. Petersburg

**REEDY CREEK IMPROVEMENT DISTRICT
WASTEWATER SYSTEM**

Inter-Utility Comparison of Typical Monthly Wastewater Bills [1]

Utility	5/8" Meter Residential						2" Meter Commercial		
	3,000 Gallons	5,000 Gallons	7,500 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	50,000 Gallons	150,000 Gallons	500,000 Gallons
1 Reedy Creek Improvement District	\$17.50	\$26.88	\$38.61	\$40.95	\$40.95	\$40.95	\$308.50	\$925.50	\$3,085.00
Other Florida Utilities:									
2 Brevard County Utilities [2]	25.94	32.66	41.06	49.46	56.18	56.18	300.17	900.50	3,001.67
3 City of Daytona Beach	19.32	34.66	53.83	73.01	111.36	149.71	363.70	1,130.70	3,815.20
4 Ft. Pierce Utilities Authority	30.52	41.06	54.24	67.40	67.40	67.40	245.67	548.67	1,609.17
5 Gainesville Regional Utilities	23.90	34.90	48.65	62.40	89.90	117.40	282.40	832.40	2,757.40
6 Indian River County [3]	17.16	27.74	40.97	54.19	72.06	84.21	318.70	990.70	3,342.70
7 City of New Smyrna Beach	27.51	34.77	43.85	52.92	71.07	89.22	366.96	834.96	2,472.96
8 Orange County Public Utilities	24.92	31.66	40.09	48.51	61.99	61.99	267.96	604.96	1,784.46
9 City of Orlando [4]	27.88	35.68	45.43	55.18	70.78	70.78	310.57	931.71	3,105.71
10 St. Lucie County [2]	44.14	58.08	75.51	92.93	92.93	92.93	394.97	975.80	3,008.72
11 City of St. Petersburg	23.11	31.35	41.65	51.95	72.55	93.15	303.81	715.81	2,157.81
12 City of Tallahassee [5]	31.76	42.12	55.07	68.02	93.92	119.82	388.69	906.69	2,719.69

- [1] Unless otherwise indicated, amounts shown reflect single-family residential and commercial service rates in effect during January 2012, and are exclusive of utility taxes or franchise fees, if any, and reflect "inside the City limits" service, all as reported by each indicated utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each indicated utility.
- [2] Total bill amounts are calculated based upon equivalent residential units. 1 ERU = 6,000 gallons.
- [3] Commercial user bills are calculated based upon equivalent residential units. The number of ERU's for each customer is determined by the County based on the customer's square footage. For comparison purposes, one ERU is assumed to be equivalent to 6,000 gallons and the calculation of charges therefore excludes the excess volume surcharge.
- [4] Commercial user bills are calculated based upon equivalent residential units. 1 ERU = 7,000 gallons.
- [5] The City calculates maximum residential sewer charges annually based on bills from December - March. The highest amount charged in any month during the following 12 months is the second highest water consumption during those previous 4 months.

**REEDY CREEK IMPROVEMENT DISTRICT
SOLID WASTE SYSTEM**

Inter-Utility Comparison of Typical Solid Waste Bills [1]

Utility	Charge Per Pickup (Container)			
	2 Cubic Yard	4 Cubic Yard	6 Cubic Yard	8 Cubic Yard
1 Reedy Creek Improvement District	n/a	n/a	\$24.81	\$27.97
Other Florida Utilities: [2]				
2 City of Clearwater	\$26.73	\$41.53	\$56.16	\$70.91
3 City of Fort Pierce	\$15.27	\$26.31	\$35.11	\$42.05
4 City of Ocala	\$12.02	\$20.51	\$28.47	\$35.37
5 City of Orlando	\$14.12	\$24.55	\$31.29	\$41.72
6 City of Tampa	\$19.19	\$35.84	\$52.73	\$69.38

[1] Unless otherwise indicated, amounts shown reflect commercial service rates in effect during January 2012, and are exclusive of utility taxes or franchise fees, if any, and reflect "inside the City limits" service, all as reported by each indicated utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each indicated utility.

[2] For comparative purposes, the single charge per pickup was calculated based on the utility's monthly rate for one pickup per week and 4.33 weeks per month.

REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES DIVISION
OPERATING RESULTS ^[1]
Fiscal Year Ended September 30, 2011

Description	Amount
Operating Revenues	
Utility Sales:	
1 Walt Disney World Sales	\$161,435,422
2 Other Outside Sales	29,925,793
3 Inter-Departmental Sales	20,313,074
4 Prior Year Fuel Adjustment	0
5 Other - Recycling	1,740,216
6 Connect Fees	0
7 Total Operating Revenues	<u>\$213,414,505</u>
Operating Expenses	
8 Purchased Power and Fuel	\$98,046,232
9 Utility Expense	20,319,711
10 Labor Support	27,168,150
11 Operating Materials	9,922,205
12 Outside Services - Landfill	2,927,790
13 Planned Work Expense	2,988,088
14 Gross Receipts Tax	3,648,762
15 Insurance	886,866
16 Total Operating Expenses	<u>\$165,907,804</u>
Net Operating Income Exclusive of Depreciation and Lease Payments	\$47,506,701
18 Other Non-Operating Income Available for Debt Service	134,514
19 Investment Income on Sinking Fund	320,833
20 Balance Available for Debt Service	<u>\$47,962,048</u>
Debt Service	
21 Principal	\$23,195,000
22 Interest (paid from Revenue Fund)	15,469,522
23 Total Debt Service	<u>\$38,664,522</u>
24 Capital Contributions	(123,889)
25 RR Fund Requirements	(52,856)
26 Additional Capital Requirements Paid from Revenues	7,996,737
27 Inventory	780,274
28 Balance Available for Other Lawful Purposes	<u>\$697,260</u>
29 DEBT SERVICE COVERAGE ^[2]	<u>1.24</u>

[1] Data provided by the District; amounts are presented on a flow of funds basis as prescribed by the Indenture and do not necessarily match the amounts shown on the audited financial statements. For budgeting purposes the District Utilities Division does not include revenues and expenses associated with the environmental testing laboratory.

[2] Debt Service Coverage is calculated based on:
Line No. 20 which is Balance Available for Debt Service = \$ 47,962,048 divided by
Line No. 23 which is Total Debt Service = \$38,664,522.