

ANNUAL REPORT UTILITIES SYSTEM

REEDY CREEK IMPROVEMENT DISTRICT

As of September 30, 2012

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, 2012**

Presented herewith is the Annual Report as of September 30, 2012 (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, 2012 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;
- (v) A report on the sufficiency of rates and charges for service; and
- (vi) A report on the condition of the System.

This Report is the twenty-fifth 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, 2012. 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, 2012:

(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 17, 2013 regarding the financial operations for the fiscal year ended September 30, 2012.

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, 2012, 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, 2012, 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 \$10,819,605 (4.8%).
- (b) Operating expenses exclusive of depreciation were less than budgeted amounts by \$14,225,196 (8.2%).
- (c) Debt service and insurance were less than budgeted amounts by \$146,869.
- (d) Capital requirements including renewals, replacements, and improvements were greater than budgeted amounts by \$2,066,710.
- (e) Other revenues were greater than budgeted amounts by \$269,412.
- (f) For the System, overall actual revenues less expenditures, including the funding of renewals, replacements, and improvements were greater than budgeted amounts by \$1,755,162.
- (g) For the fiscal year ended September 30, 2012, the actual net income for the System was \$2,523,294.

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, 2013 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 2012/2013 budget on September 19, 2012.

(iv) Status of the Construction Fund

- (a) At September 30, 2012, the total funds available for disbursement from the proceeds of the Series 2005-1 Bonds and investment earnings were \$30,666,440, the total expenditures at September 30, 2012 were \$30,402,997, funds on hand of \$263,443 (excluding future interest earnings) and estimated cost to complete the projects of \$263,000.
- (b) At September 30, 2012, the total funds available for disbursement from the proceeds of the Series 2011-2 Bonds and investment earnings were \$30,002,446, the total expenditures at September 30, 2012 were \$1,278,663, funds on hand of \$28,723,783 (excluding future interest earnings) and estimated cost to complete the projects of \$28,723,000.
- (c) At September 30, 2012, 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 fund additional capital improvements from revenues, and to produce surplus revenues available for other lawful purposes.

During the fiscal year ended September 30, 2012, 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 \$52,099,304, divided by total debt service of \$39,515,233 which resulted in an annual debt service coverage of 1.32.

(vi) Condition of the System

Based on general field observations and the age and intended use of the facilities, the existing production, transmission, distribution, treatment, and collection facilities of the existing System appear to be in good condition and well operated and maintained in accordance with usual utility practice.

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, 2012:

- (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, 2012 (“2012”). 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 2012:

- (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;
- (v) the sufficiency of rates and charges for services; and
- (vi) the condition of the System.

This is the twenty-fifth Report prepared and it pertains to the period from October 1, 2011 through September 30, 2012. To the extent deemed appropriate and necessary, certain subjects have been addressed beyond the period required to be reported on. Since this is the third fiscal year following the Annual Report as of September 30, 2009, Section 7.14 of the Indenture requires the System to be reviewed by the Consulting Engineer to the extent necessary for the Consulting Engineer to be able to report regarding whether the System as a whole, based on general industry standards, is in good condition.

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;

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- (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, and a Thirteenth Supplemental Trust Indenture dated December 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 18,800 acres (75%) of the District's property are located in Orange County and approximately 6,200 acres (25%) 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	400	1%
Total	24,742	100%

Section 1

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. In addition, 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 the PSC administers in Florida 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, 2012.

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, Series 2011-1 and Series 2011-2 Bonds at September 30, 2012.

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, 2012

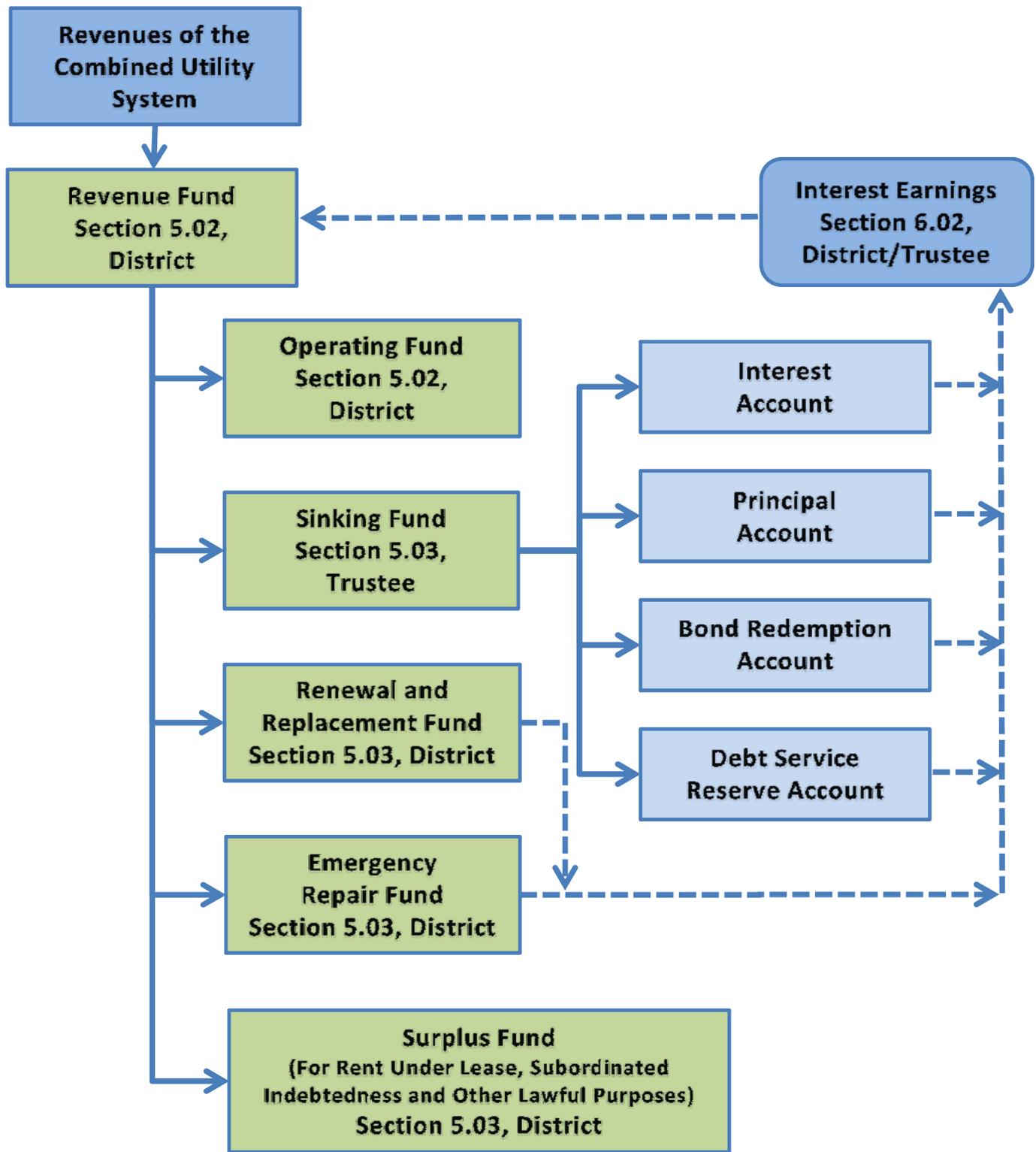
Ln. No.	Issue	Issue Date	Principal Amount Issued	Principal Amount Outstanding at September 30, 2012
	(a)	(b)	(c)	(d)
1	Series 2003-1	June 2003	69,605,000	38,870,000
2	Series 2003-2	January 2004	200,720,000	158,360,000
3	Series 2005-1	May 2005	26,930,000	26,930,000
4	Series 2005-2	May 2005	73,045,000	52,065,000
5	Series 2011-1	August 2011	1,200,000	1,200,000
6	Series 2011-2	December 2011	<u>30,000,000</u>	<u>30,000,000</u>
7	TOTAL REVENUE BONDS		<u><u>\$401,500,000</u></u>	<u><u>\$307,425,000</u></u>

**REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES SYSTEM
OUTSTANDING BONDS MATURITIES SCHEDULE**
As of September 30, 2012

Due Oct 1	Series 2003-1 Bonds		Series 2003-2 Bonds		Series 2005-1 Bonds		Series 2005-2 Bonds		Series 2011-1 Bonds		Series 2011-2 Bonds	
	Principal Amount	Rate	Principal Amount	Rate	Principal Amount	Rate	Principal Amount	Rate	Principal Amount	Rate	Principal Amount	Rate
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%	-	-	-	-	4,500,000	3.49%
2021	3,700,000	5.25%	-	-	2,760,000	5.00%	-	-	-	-	4,700,000	3.49%
2022	3,800,000	5.25%	-	-	2,995,000	5.00%	-	-	-	-	4,900,000	3.49%
2023	3,900,000	5.17%	-	-	3,245,000	5.00%	-	-	-	-	5,100,000	3.49%
2024	-	-	-	-	7,505,000	5.00%	-	-	-	-	5,300,000	3.49%
2025	-	-	-	-	7,880,000	5.00%	-	-	-	-	5,500,000	3.49%
Total	\$38,870,000		\$158,360,000		\$26,930,000		\$52,065,000		\$1,200,000		\$30,000,000	

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

Presently, the area 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 the Electric System currently services. Although the District is empowered to serve throughout the area within the District boundaries, the Indenture established the present Service Area. 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 the PSC approved 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, 2012, 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, five golf courses, fourteen resort hotels, and the Fort Wilderness Campground), Crossroads Shopping Center (water and sewer), 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, 2010, 2011 and 2012 are shown on Table 2-1 at the end of this section. During the fiscal year ended September 30, 2012, the Electric System served a load with a peak demand of approximately 187 MW and annual energy requirements of approximately 1,127,400 MWh, with sales revenues of approximately \$121 million.

During the fiscal year ended September 30, 2012, the Water System sold approximately 5.6 billion gallons of water, with sales revenues of approximately \$9.4 million. The Wastewater System treated about 4.5 billion gallons of effluent, and sales were approximately \$23.9 million. Approximately 1.7 billion gallons of reclaimed water were sold, with revenues of approximately \$2.6 million.

During fiscal year 2012, the Solid Waste System performed approximately 67,600 pickups and received approximately 105,000 tons of Class I and Class III solid waste, with sales revenues of about \$10.0 million. Natural gas sales were approximately 16.6 million therms with \$14.9 million of associated revenues. The Chilled Water System sold approximately 127 million ton hours of chilled water, with sales revenues of about \$21.4 million. The District also sold approximately 207,000 MMBtu of hot water, with revenues of approximately \$4.8 million.

Figure 2-2, which graphically compares utility sales revenues from services for the fiscal years ended September 30, 2010, 2011 and 2012, shows revenues from overall sales have slightly decreased the past fiscal year 2012. 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 for the entire system for the fiscal year ended September 30, 2012.

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 Transportation, Utilities and Telecommunications manages RCES and the Division of Utility Business Affairs.

Jim Vendur is the Vice President of Transportation, Utilities and Telecommunications and has been employed by RCES since April 2000. Mr. Vendur has been employed by Walt Disney World for 40 years in various management positions throughout the Parks, Resorts, and Support Areas.

The Director of RCES manages six divisions with respect to matters relating to the System. These divisions include Water & Waste Resources, Energy Plants, 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 Transportation, Utilities and Telecommunications on an advisory basis.

Utility Business Affairs is responsible for electrical energy and natural gas purchases, supply-side and demand-side planning, energy marketing, economic and risk assessment, and regulatory requirements. John L. Giddens is the Director of Utility Business Affairs. 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 over 35 years of experience with utility systems, 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.

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, 2011 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, 2011 and ending September 30, 2012, the fee paid to RCES by the District for such services was \$28,552,709.

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, 2012, include Atkins North America; Exponential Engineering Co.; Fred Wilson & Associates; Halliwell Engineering Associates; Jones Edmunds; Reiss Engineering, Inc.; and SAIC.

Legal

In addition to obtaining legal assistance from representatives of the Walt Disney Company and the Walt Disney World Company; Hopping, Green and Sams; 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, 2012.

Financial

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

Other Professional Services

Other professional services for the District have been performed by Gelbar and Associates Corporation; Green Management Services, Inc.; Homeyer Consulting Services, Inc.; Kohl Consulting, Inc.; Starboard Consulting, 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, 2012. The District received an opinion dated January 17, 2013 regarding the basic financial statements of the District, including the System, for the fiscal year ended September 30, 2012. 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, 2012, 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, 2012, the District has kept records of revenues and expenses on an individual utility basis for each of the seven utilities.

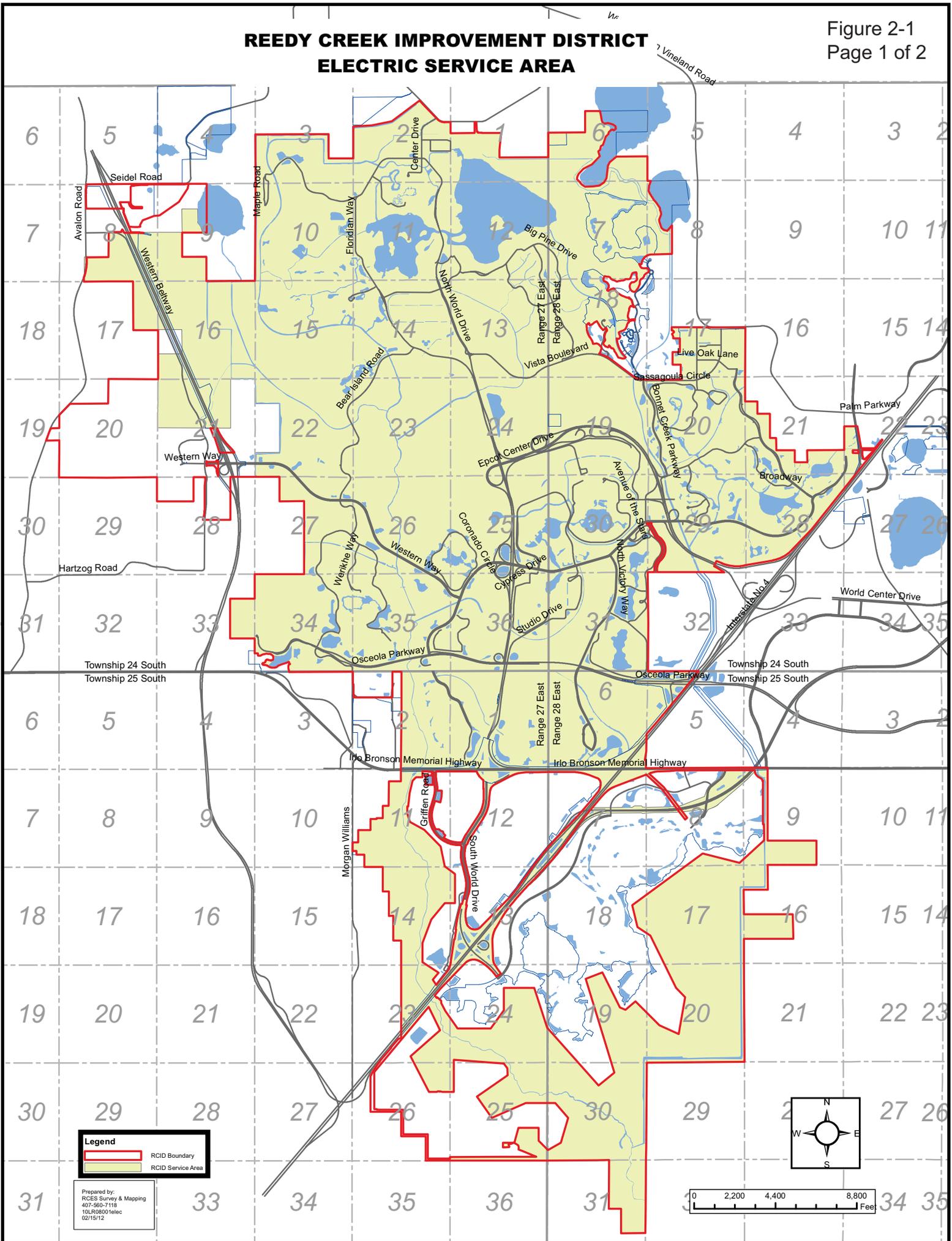
Copies of the audited financial statements, which include a combined balance sheet and income statement for the utilities, are available from the Trustee or the Comptroller's Office of the District.

Budgeting Process

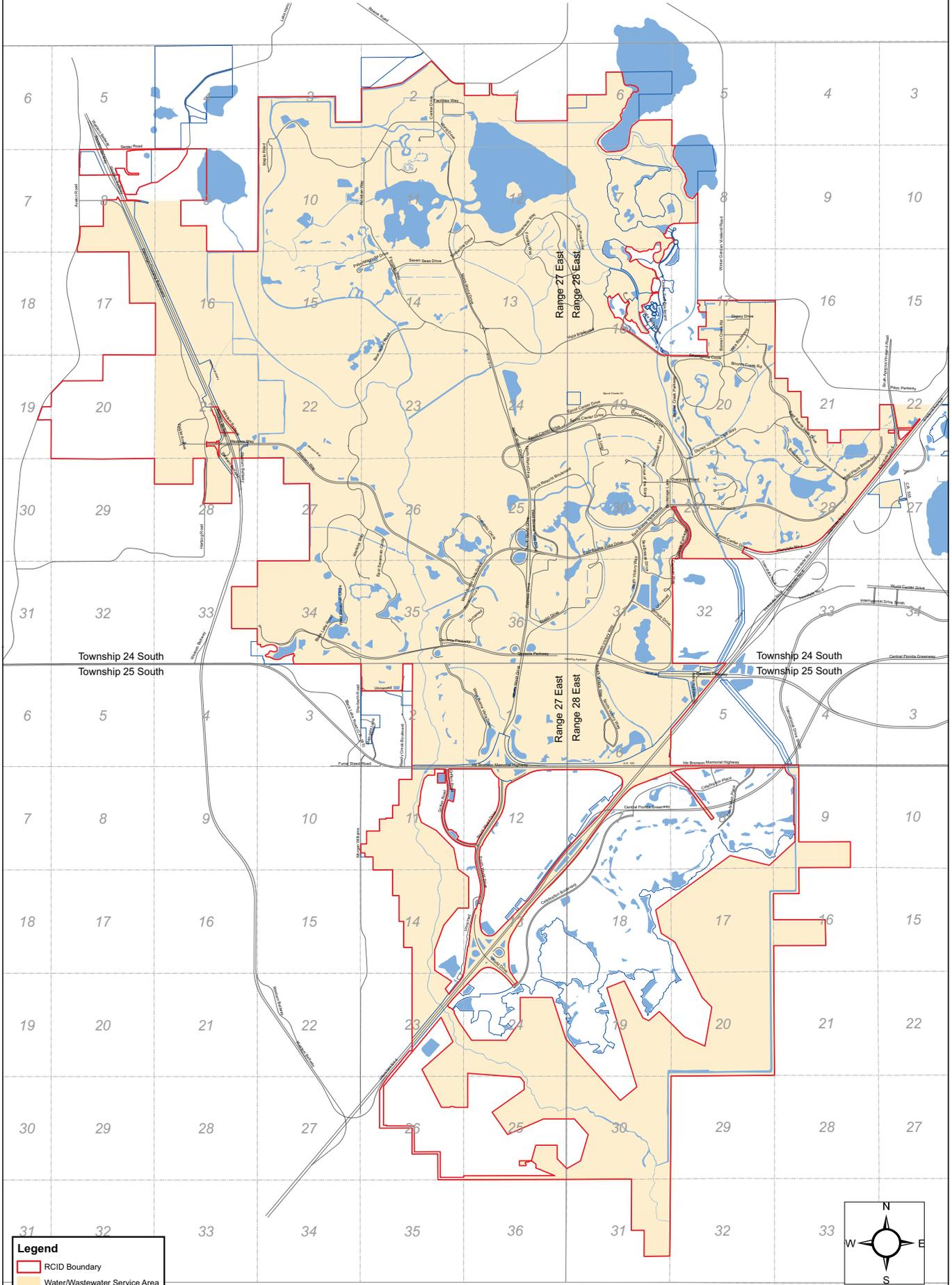
The District shall annually prepare and adopt, prior to the end of each fiscal year, by proper proceedings a budget of the estimated expenditures for operation and maintenance of the System and the estimated Revenues of the System during the succeeding fiscal year. The District shall deliver a copy of 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, 2013 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 2012/2013 budget on September 19, 2012.

REEDY CREEK IMPROVEMENT DISTRICT ELECTRIC SERVICE AREA



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

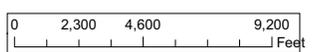


Table 2-1

REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES SYSTEM SUMMARY DATA
Fiscal Years Ended September 30, 2010, 2011 and 2012

Ln. No.	Description	Unit	2010	2011	2012
Electric System					
1	Peak Demand	MW	196.1	190.5	186.8
2	Annual Energy	MWh	1,165,160	1,148,035	1,127,421
3	Number of Services	#	1,288	1,306	1,316
4	Revenues	\$(000)	\$132,730	\$127,922	\$120,987
Water System					
5	Water Sales	MGal	5,638	5,663	5,577
6	Number of Services	#	407	401	406
7	Revenues	\$(000)	\$9,138	\$9,254	\$9,437
Wastewater System					
8	Wastewater Treated	MGal	4,632	4,437	4,464
9	Number of Services	#	312	309	309
10	Revenues	\$(000)	\$22,616	\$22,384	\$23,927
Reclaimed Water System					
11	Sales	MGal	1,613	1,934	1,716
12	Number of Services	#	122	122	126
13	Revenues	\$(000)	\$2,439	\$2,724	\$2,635
Solid Waste System					
14	Number of Pickups	#	65,078	66,039	67,590
15	Tons of Waste Picked Up	Tons	99,000	101,000	105,000
16	Number of Services	#	671	800	658
17	Revenues	\$(000)	\$9,321	\$9,679	\$10,047
Natural Gas System					
18	Gas Sold	Therms (000)	17,116	16,855	16,563
19	Number of Services	#	150	154	154
20	Revenues	\$(000)	\$16,129	\$15,150	\$14,911
Chilled Water System					
21	Sales	KTons-Hr	135,546	126,449	126,887
22	Number of Services	#	30	32	32
23	Revenues	\$(000)	\$21,640	\$20,339	\$21,445
Hot Water System					
24	Sales	MMBtu	258,118	224,340	207,470
25	Number of Services	#	13	13	13
26	Revenues	\$(000)	\$6,057	\$5,057	\$4,822

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

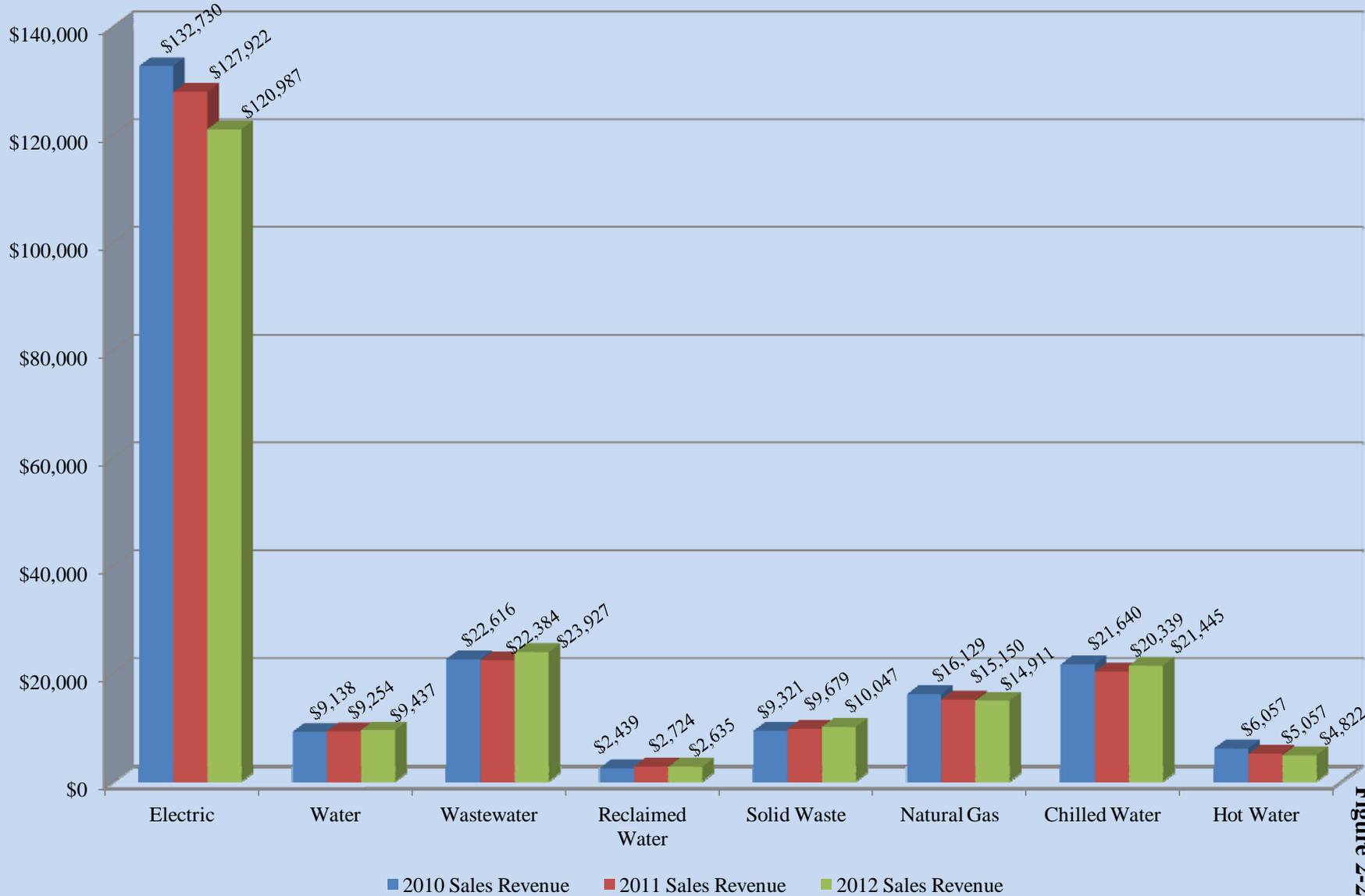


Figure 2-2

REEDY CREEK IMPROVEMENT DISTRICT
System Revenues as a % of Total System
Fiscal Year Ended September 30, 2012

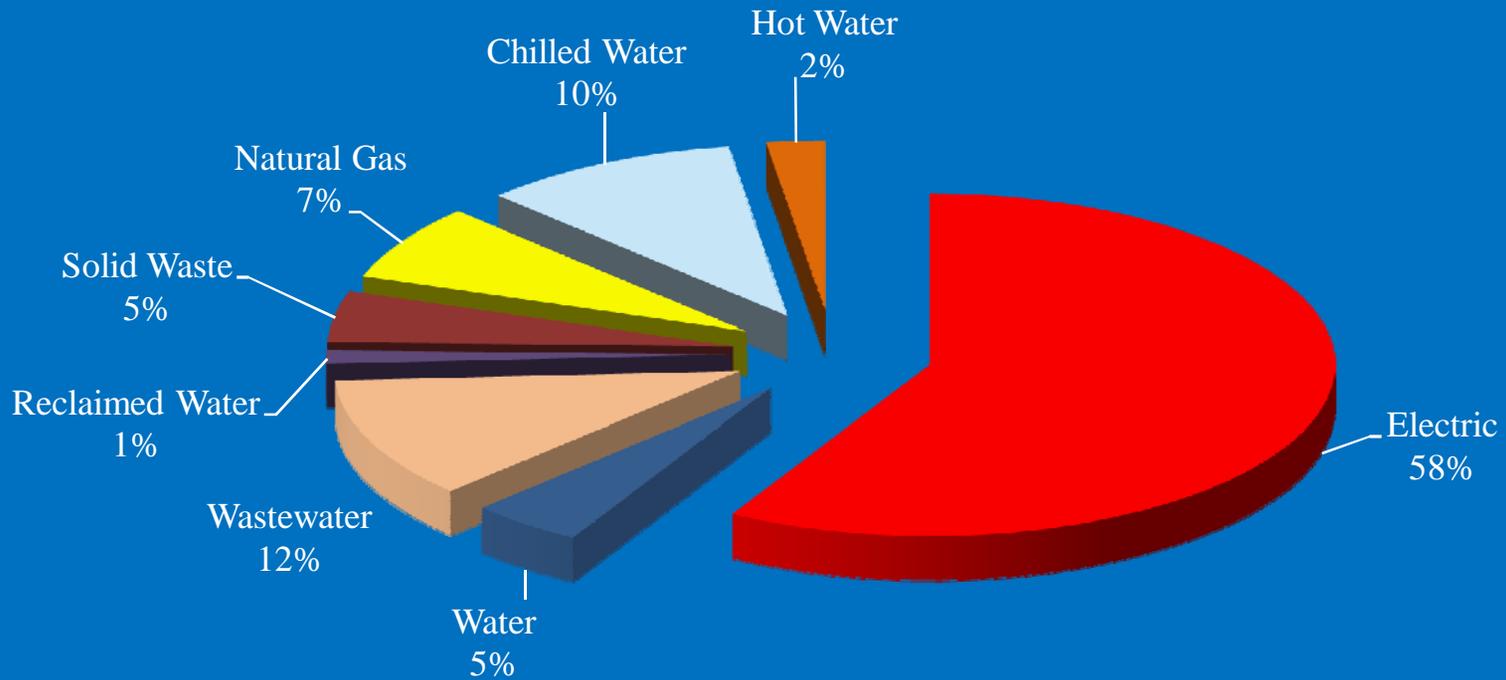
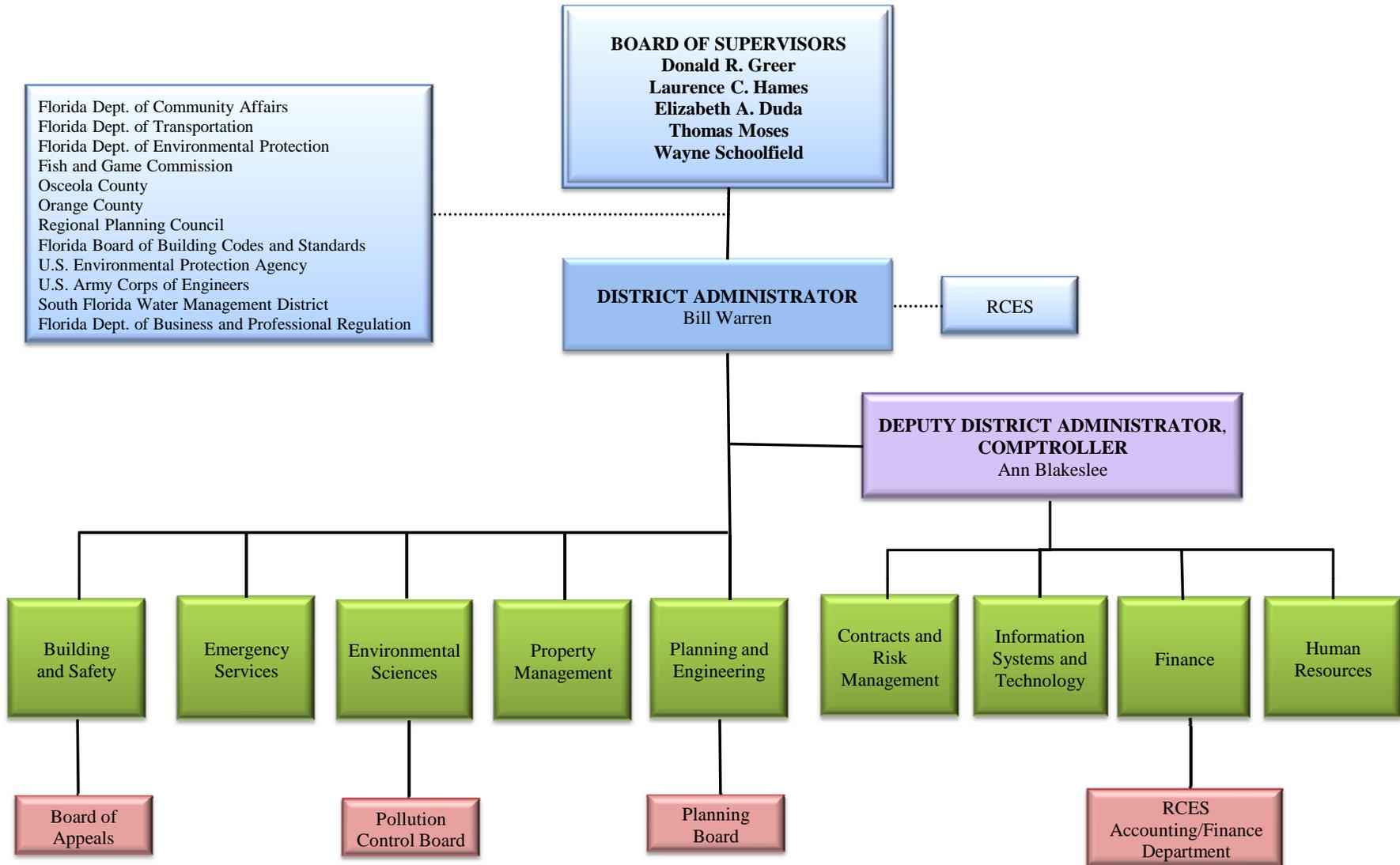
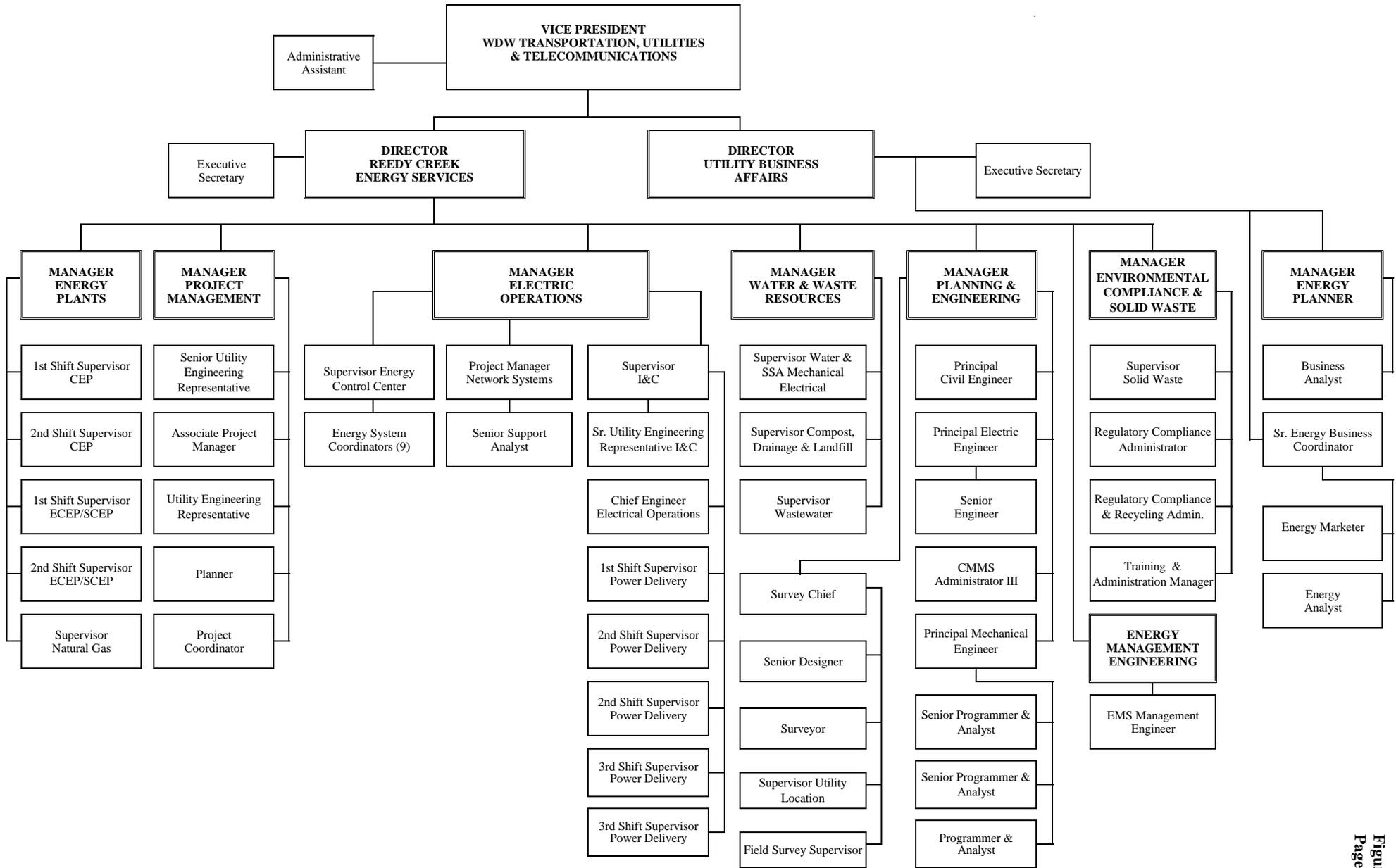


Figure 2-3

**REEDY CREEK IMPROVEMENT DISTRICT
ORGANIZATIONAL CHART
Fiscal Year 2012**



REEDY CREEK ENERGY SERVICES
Organizational Chart FY 2012



Section 3

Condition of the System and Operating and Maintenance of the Properties



Section 3

CONDITION OF THE SYSTEM AND OPERATING AND MAINTENANCE OF THE PROPERTIES

General

As required by Section 7.14 of the Indenture, the System was reviewed by SAIC in January and February 2013 to the extent necessary regarding whether the System as a whole, based on general industry standards, is in good condition. Based upon general field observations and the age and intended use of the facilities, the existing production, transmission, distribution, treatment, and collection facilities of the existing System appear to be in good condition and well operated and maintained in accordance with usual utility practice. The general field observations were visual, above-ground examinations of selected areas which were deemed adequate to comment on the condition of the existing facilities and were not in the detail which would be necessary to reveal conditions with respect to safety, the internal physical condition of the 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.

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 61,000 kW winter and summer net capability, as summarized on Table 3-1, during the fiscal year ended September 30, 2012, 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 2,500 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 has installed three above ground No. 2 fuel oil tanks and has 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 0950111-031-AV). This permit was renewed on January 1, 2013 (Permit Number 0950111-032-AV) and will expire December 31, 2017.

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

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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, 2012.

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:

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	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	4,972,920
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 firm demand and energy requirements through agreements with Florida Power Corporation (doing business as Progress Energy), and Orlando Cogen Limited. The District also has an agreement with 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 capacity and energy agreement with Progress Energy with commitments of 123 MW in 2011 and 24 MW in 2012. The District entered into a power sales agreement with Progress Energy for capacity and energy purchases with commitments ranging from 37 MW to 120 MW for calendar years 2012 through 2015.

The District has a contract with Orlando Cogen Limited for a unit power purchase of 35 MW through calendar year 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 2012 and 24 MW of demand for the calendar year 2012.

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

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The District continues to investigate future power supply alternatives.

The following summarizes the District's purchased power for the year ending September 30, 2012:

Supplier	Energy (MWh)	Cost (\$)	\$/MWh
Progress Energy	166,598	\$25,946,749[1]	\$155.75
Orlando Cogen, LTD	158,376	18,451,742	\$116.51
Rainbow	188,616	5,394,795	\$28.57
Calpine	134,295	4,611,266	\$34.34
Tampa Electric Company	58,886	2,065,199	\$35.07
Other	<u>113,519</u>	<u>3,926,990</u>	<u>\$34.59</u>
Subtotal	820,490	\$60,396,741	\$73.61
Net Interchange	<u>- 328</u>	<u>- \$16,904</u>	<u>\$51.54</u>
Total	<u>820,162</u>	<u>\$60,379,837</u>	<u>\$73.62</u>

[1] Includes transmission charges.

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 operates 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 1,316 revenue meters as of September 30, 2012.

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 power plant facilities 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, 2012, 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, 2012, the peak demand of the Electric System was 187 MW occurring in August, and the net energy for load was 1,202,599 MWh. As of September 30, 2012, the District served an average of 1,316 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 Golden Oak property.

In the fiscal year ended September 30, 2012 approximately 58% 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 2012. Table 3-3 shows comparative financial and operating statistics for the District for the fiscal years ended September 30, 2010, 2011 and 2012.

Water System

The District operates and maintains a water production and distribution system, with facilities including nine wells, four potable water pumping stations, and approximately seventy miles of pipe. The wells are drilled into the upper Floridan Aquifer, and

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provide the source of potable water for the District. They vary in depth from 350 feet to 900 feet, and are equipped with vertical turbine pumps which have motors above the ground surface and shafts extending downward to pumps submerged below the water level. Each well is typically fitted with an air release valve, flow metering, and sensors to monitor water surface elevation.

The four potable water pumping stations (designated A, B, C and D) receive water from the wells and provide treatment, storage, and pumping into the distribution system. Treatment of the groundwater consists only of disinfection to meet state and national drinking water standards. (Table 3-4 shows the most recent water quality test results, as reported in the District’s Annual Drinking Water Quality Reports.) The five above ground water storage tanks (all located at the pumping stations) have a combined capacity of 7.75 million gallons, which provides for adequacy of supply during brief daily periods when the rate of water demanded exceeds the production capacity of the wells. Each pumping station contains multiple pumps to handle various demand rates and provide redundancy. The following summarizes the pumping capacities of the pumping stations, with the largest pump at each station assumed to be 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 subsystems with different operating pressures, which are 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, and distribution mains sizes are as small as 8 inches in diameter. The majority of the pipelines larger than 12 inches are constructed of cement-lined ductile iron pipe. Almost 700 isolation valves are located throughout the water distribution system to allow for repair and maintenance without shutdowns, and fire hydrants are located throughout the water distribution system to provide for fire protection.

The District holds permit number 48-00009-W issued on June 14, 2007 by the South Florida Water Management District (“SFWMD”), which authorizes the continued 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 billion gallons (corresponding to an average withdrawal of 22.2 million gallons per day), and the maximum allocation is 933.9 million gallons per month. The expiration date of the permit is June 14, 2027.

The Central Florida Water Initiative, a collaborative project of the three Water Management Districts (Southwest, South, and St. Johns) with authority over the

region, is seeking to develop regional water supply strategies specific to traditional groundwater sources such as those used by the District, and one anticipated outcome is that unused permitted withdrawal capacities could be reduced. As a hedge against this potential outcome, the District is a minority participant in the Cypress Lake Wellfield project being undertaken by STOPR (a group consisting of the City of St. Cloud, Tohopekaliga Water Authority, Orange County, Polk County and the District). STOPR seeks to develop a brackish well water source for up to 30 million gallons per day of potable water supply, 1 million gallons per day of which the District will have rights to. Consensus has been reached among the three governing Water Management Districts on a groundwater hydrology model that was developed for the region, and modeling is currently being performed as a precursor to well and water treatment plant design.

During the fiscal year ended September 30, 2012, the Water System sold approximately 5.6 billion gallons of water (corresponding to an average of 15.3 million gallons per day). The peak month occurred in September 2012, with 557 million gallons sold. In the fiscal year ended September 30, 2012, approximately 5% of total System rate revenues were derived from the operation of the Water System. Table 3-5 sets forth the monthly volumes of reported gallonage pumped and sold for the fiscal year 2012.

Wastewater System

The District's wastewater system consists of gravity collector and interceptor sewers, 29 sewage lift stations and associated force mains (pressurized sewers), a tertiary wastewater treatment plant, effluent disposal, and sludge composting facilities. The approximately sixty miles of gravity sewers range in size from 8 inches in diameter for the smallest collector mains up to 30 inches in diameter for the largest interceptor (backbone) mains. Mains range from six to eight feet deep for collector sewers up to 30 feet deep for some interceptors. Manholes and cleanouts located throughout the collection system provide for maintenance access.

The gravity sewer system is relatively young, with the original facilities development occurring in 1970, and approximately 40% to 50% of the sewer system constructed since 1980 as a result of the development of Epcot, Disney's Hollywood Studios, Disney's Animal Kingdom and subsequent hotels, including the Pop Century and All Star Resort. Because of the design standards utilized by the District and the relative newness of the collection system, the District reports that infiltration is not a significant problem. Moreover, the sanitary and stormwater sewer systems are physically separated to minimize unnecessary system inflow.

The District's lift stations each contain at least two pumps for redundancy, as well as some form of telemetry and alarms to inform operators of fault conditions. For the more critical and larger lift stations, multiple pumps are provided to allow pump rate flexibility, and backup diesel generators are permanently installed for reliability. The

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larger lift stations also incorporate permanent hoisting equipment for removal of pumps. All of the newer lift stations include submersible pumps, and only four of the oldest stations have drypit pumps. Construction of an approximately \$4 million project is just being started, which will replace the 40-year old master wastewater lift station #1.

The total length of force mains exceeds 30 miles, and approximately two miles of 12-inch force main were recently constructed on Osceola Parkway parallel to an existing main. This new main provides redundancy and increases capacity of the connected pump stations by reducing the pressure against which they must operate. Lift station #1's force main will also be upgraded as part of the lift station replacement project.

The 15 million gallon per day capacity wastewater treatment plant is located on a 70-acre site in the west central portion of the District's Service Territory. The facility incorporates influent screening, odor control, flow equalization, grit removal, a five stage Bardenpho™ process (providing biological phosphorous removal, nitrification, and denitrification) secondary clarification, sand filtration, sodium hypochlorite disinfection, and gravity belt thickening and belt press dewatering for biosolids. The effluent disposal system includes a 1,000-acre site consisting of 85 rapid infiltration basins ("RIBs") with a total wetted area of approximately 86.3 acres and a permitted average capacity of 12.5 million gallons per day. Effluent is also disposed of via the District's reclaimed water system.

The District reports that flows to the treatment facility during the fiscal year ended September 30, 2012 averaged 12.2 million gallons per day and peaked at 13.1 million gallons per day in the month of June 2012. Flows to the wastewater treatment plant exceeded 85% of permitted capacity for the consecutive months of June through August of 2012, and combined with increases in demand that are projected to occur by the summer of 2014 as a result of developments such as the Four Seasons Hotel, Disney Vacation Clubs, Golden Oaks and Flamingo Crossings, an expansion of the facility is required. The District has received bids on a \$9 million expansion project which will increase the design capacity to 20 million gallons per day. Given the significant conservatism with which the existing facility was designed, the expansion will require primarily only the addition of one clarifier (bringing the total to three), the conversion of three previously abandoned tanks into flow equalization tanks, and pump and piping additions. Tankage associated with one of the four treatment trains will continue to not be required, even at the expanded capacity. The District has been discussing the potential of providing wastewater treatment service to Orange County on a mid-term (10 to 15-year) basis, using a portion of the expanded facility's excess capacity.

Currently, biosolids are dewatered at the wastewater treatment plant using gravity thickeners and belt filter presses, and composting of the resulting 55 to 60 wet tons (11 to 12 dry tons) is conducted on-site by aerated static piles and windrow composting where the piles are frequently turned over using a mechanical turning machine. The composting facility has the capacity to process 36 dry tons per day of material. The District grinds on-site landscaping waste and wooden pallets for amendment needs, and supplements 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.

The District has engaged Harvest Power Orlando in a Design-Build-Own-Operate-Transfer (DBOOT) contract for a 2.8 megawatt biogas-to-energy facility which when complete in approximately February 2014, will produce electricity by accepting and processing wet biosolids from the wastewater treatment facility (plus food waste, primate manure and grease) through an anaerobic digestion process. The commissioning of this facility will eliminate the composting of biosolids, allowing the District to significantly reduce the total loading, odor and bird population at the existing composting facility, in addition to supplementing power supply in the District's grid.

The District has recently installed Odowatch® odor monitoring equipment around the wastewater treatment plant and composting facility to better understand and manage odor impacts on nearby parks and developments. Odor intensity data from sensors is combined with real-time on-site weather tower data to predict the odor plume resulting from activities on the facility sites.

On June 18, 2012, the Florida Department of Environmental Protection revised the District's permit, No. FLA-108219-015, which now has an expiration date of June 17, 2022. This permit authorizes the operation of the wastewater treatment plant at the current capacity of 15 million gallons per day, and it also authorizes operation of the facility for a capacity of 20 million gallons per day following completion of the expansion. The District has experienced no permit non-compliance at the wastewater facilities in recent years, and wastewater spills (a common issue with any significant wastewater system) have been minimal, with no reported emergency discharges of wastewater from the treatment facility.

During the fiscal year ended September 30, 2012, 4.5 billion gallons of wastewater were treated at the wastewater facility. In the fiscal year ended September 30, 2012, approximately 12% of total System rate revenues were derived from the operation of the Wastewater System. Table 3-6 shows the reported monthly volumes of treated wastewater for the fiscal year 2012.

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 system consists of three ground storage tanks of five million gallons capacity each, a master pumping station with a 36,000 gallon per minute capacity, and 50 miles of

distribution system piping with over 400 valves. The reclaimed water system is currently permitted for an average capacity of 10.2 million gallons per day, but this capacity will be increased to 12.9 million gallons per day in conjunction with the wastewater treatment plant expansion, when four pumps will be added to the six currently existing at the reclaimed water master pump station.

The piping and valves range in size from 4 inches through 42 inches and almost all of the piping is less than fifteen years old. Approximately three miles of 16-inch and 30-inch reclaimed water mains are currently proposed for design in fiscal year 2013 and construction in fiscal year 2014 to reinforce the backbone of the distribution system and close some open loops. These improvements have come as a result of a hydraulic study of the network, which was prepared to identify the causes of limitations in distribution capacity.

During fiscal year 2012, approximately 49% of the effluent from the wastewater treatment plant was utilized by the reclaimed water system to meet the non-potable needs of the District (which includes reclaimed water sold, as well as amounts used by the District for their own needs). 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 27% of the District's water resource needs (consisting of both potable and non-potable needs) were met with the reclaimed water system in 2012.

The high effluent utilization rate (49%) requires supplemental sources of water to meet sustained peak demands. To provide this capability, the District uses two 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, 2012, 1.7 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. Table 3-7 shows the reported monthly sales of reclaimed water for the fiscal year 2012.

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 tractor-trailers, one box-type truck; one container transport vehicle, one yard spotter and four pickup trucks. Other

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waste processing equipment includes one frontend loader and four forklifts. RCES staff operates the solid waste fleet and equipment. An on-site contractor, Truck PM Plus, performs maintenance and repair of fleet vehicles.

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 130 compactors that range in size from 4 to 30 cubic yards, and approximately 300 non-powered roll-off containers ranging in capacity of 20 to 40 cubic yards. The District also owns approximately 2,000 plastic recycling collection containers of 95, 68, and 32 gallon capacity. The solid waste and recyclables collection containers are located throughout the backstage areas of Disney's 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. An on-site contractor performs maintenance and repair of metal containers. 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 south service area and is transferred to 100-cubic yard transfer trailers. RCES staff operates and maintains this facility. 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, 175 tons per day of solid waste is managed in this manner.

Construction and demolition debris (C&D) is disposed at permitted off-site C&D or Class III landfills. Under contract with the District, Republic Services of Florida collects and disposes (or recycles) C&D debris from the District at a fee less than that which the District collects from its customers.

The District uses the WDW Bay Lake landfill as a sorting and transition area for its Class III debris. Acceptable wood and landscape material is ground for use by the compost operation and metals are recycled. The remaining Class III material is transported by Walpole, Inc. to WSI's Solid Waste Management facility (Class I landfill) in St. Cloud Florida.

Acceptable 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. An average of 13 tons per operating day of wood and landscape waste was processed at the Bay Lake Landfill in fiscal year 2012.

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 8,000 tons of food waste in fiscal year 2012. 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 2012. A portion of the Wright Environmental food waste compost facility will be incorporated into the Harvest Power Orlando facility and the other components will be removed and mothballed.

The District operates a Recovered Materials Processing Facility ("RMPF") in an area of the site of the compost facility to facilitate the transfer of collected recyclables into transfer trailers for processing by Robert Wallick Associates, LLC in Winter Garden, Florida. The District collects aluminum and steel cans, plastic bottles, office paper, newspaper, and loose and baled cardboard. There are approximately 118 balers in service throughout the resort for processing of corrugated containers at the point of generation. The District collected 7,815 tons of corrugated containers at baled at generation points in fiscal year 2012, 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.

At the end of fiscal year 2012, the District completed the construction of a new solid waste transfer station on South Service Lane, and closed and demolished the facility in the North Service Area (known as SWEC). The new transfer facility was approved by FDEP and operations commenced in mid-September of 2012. The permitted capacity of the new facility is 275 tons per day, and it consists of an enclosed tipping floor, truck scales, vehicle maintenance facility, offices and parking for the fleet and personnel.

During the fiscal year ended September 30, 2012, the District performed approximately 67,600 pickups of solid waste for ultimate disposal and disposed of approximately 105,000 tons of such waste at the various landfill disposal sites for Class I and Class III, excluding recyclable pickups. In the fiscal year ended September 30, 2012, 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 2012.

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, Conoco Phillips, Dominion, Energy Authority, EDF Trading North America, Infinite Energy, LDH Energy, Rainbow Energy, Sequent Energy, and others. A discussion of the District's gas supply is set forth hereinbefore under the caption "Electric System."

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The following tabulation sets forth the reported volumes and costs purchased by the District during fiscal year ended September 30, 2012:

Supplier	Volumes Therms	Cost (\$) *	Unit Cost \$ / Therm
Infinite Energy	22,079,760	\$6,346,241	\$0.29
EDF Trading North America	10,673,510	\$2,689,169	\$0.25
Dominion	7,210,820	2,532,793	\$0.35
Conoco Phillips	6,628,640	1,690,118	\$0.26
Rainbow Energy	1,819,180	572,626	\$0.32
LDH Energy	1,019,620	230,341	\$0.23
BP Energy Company	1,002,940	260,401	\$0.26
Sequent Energy Management	580,390	213,843	\$0.37
Energy Authority	28,620	8,758	\$0.31
Other	<u>882,140</u>	<u>264,616</u>	<u>\$0.30</u>
Total Purchased Sales	<u>51,925,620</u>	<u>\$14,808,906</u>	<u>\$0.29</u>

* Excludes transportation/reservation charges totaling \$3,041,182.

The average cost of gas supply including transportation costs was \$0.29 per therm.

During periods of excess gas supply, the District sells such supply. During the fiscal year ended September 30, 2012, 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, 2012, 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

Section 3

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 2012, 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 2012, the distribution system includes 56 miles of distribution mains, including nine 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 56 miles of mains, approximately 53 miles are cathodically protected, coated steel pipe. On December 31, 2012 there were a total of 580 services, with 271 services at 1 inch or less, 240 services at 1 inch through 2 inch, 63 services at 2 inch through 4 inch, and six services of over 4 inch. Of the 580 services, 579 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.

CONDITION OF THE SYSTEM AND OPERATING AND MAINTENANCE OF THE PROPERTIES

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 450 psig.

During the fiscal year ended September 30, 2012, natural gas sales totaled approximately 16.6 million therms to firm customers. In the fiscal year ended September 30, 2012, approximately 7% of total System rate revenues were derived from the Natural Gas System. For the fiscal year 2012, 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 currently owns, operates and maintains facilities associated with 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 utilidor 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 2011 and 2012, 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, 2012, the District sold approximately 127 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, 2012.

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, 2012, the District sold approximately 207,000 MMBtu of hot water to ultimate customers. Approximately 2% of total System rate revenues were derived from the Hot Water System.

Table 3-1

**REEDY CREEK IMPROVEMENT DISTRICT
ELECTRIC SYSTEM
ELECTRIC POWER PRODUCTION FACILITIES [1]
*Fiscal Year Ended September 30, 2012***

Line No.	Plant and Unit	Type Unit	Fuel Type	Year Installed	Present Age (Yrs)	Net Capability	
						Winter (kW)	Summer (kW)
<i>Central Energy Plant</i>							
1	LM-6000	Gas Turbine	Natural Gas/ #2 Oil	2006	6	48,000	48,000
2		Steam Turbine	Waste Heat (Steam)	1988	24	8,000	8,000
<i>Epcot Central Energy Plant</i>							
3	ECEP #1	Diesel	#2 Oil	1983	29	2,500	2,500
4	ECEP #2	Diesel	#2 Oil	1983	29	2,500	2,500
5	TOTAL					61,000	61,000

[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, 2012**

<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, 2011	28	167.8	10/11/11	15:00	21,591	77,324	98,915	79.23%	92,830
November, 2011	35	158.6	11/15/11	15:00	35,497	56,003	91,501	80.13%	102,042
December, 2011	28	148.8	12/23/11	15:00	38,804	53,556	92,360	83.43%	82,484
January, 2012	28	140.8	1/26/12	14:00	38,777	48,650	87,426	83.46%	79,156
February, 2012	28	155.0	2/23/12	15:00	36,556	48,858	85,414	79.17%	74,290
March, 2012	35	155.8	3/22/12	15:00	20,074	76,578	96,652	83.38%	94,947
April, 2012	28	164.5	4/4/12	17:00	23,406	71,981	95,386	80.54%	84,304
May, 2012	28	175.8	5/25/12	16:00	35,614	70,339	105,953	81.01%	84,530
June, 2012	35	184.1	6/13/12	17:00	34,718	73,999	108,717	82.02%	111,183
July, 2012	28	186.4	7/20/12	17:00	38,849	78,952	117,800	84.94%	98,123
August, 2012	28	186.8	8/9/12	15:00	36,749	78,757	115,506	83.11%	101,315
September, 2012	35	175.5	9/1/12	15:00	34,625	72,344	106,968	84.65%	122,217
Total / Average	<u>364</u>	<u>166.7</u>			<u>395,259</u>	<u>807,340</u>	<u>1,202,599</u>	<u>82.15%</u>	<u>1,127,421</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	2010	2011	2012
1	Operating Revenues	\$128,903,132	\$116,991,225	\$123,910,974
	Operating Expenses			
2	Fuel and Purchased Power	90,703,054	83,448,943	79,489,400
3	Other Operating Expenses	18,454,596	21,564,442	21,768,743
4	Total Operating Expenses	<u>109,157,650</u>	<u>105,013,385</u>	<u>101,258,143</u>
5	Number of Customers	1,288	1,306	1,316
6	Total Sales (Mwh)	1,165,160	1,148,035	1,127,421
7	Net Energy Requirements (Mwh)	1,251,189	1,212,181	1,202,599
8	Losses (Mwh)	86,029	64,146	75,178
9	Losses (%)	6.9%	5.3%	6.3%
	<u>Unit Costs (Cents/kWh)</u>			
10	Operating Revenues / kWh Sales	11.06 ¢	10.19 ¢	10.99 ¢
11	Fuel and Purchased Power / kWh	7.25 ¢	6.88 ¢	6.61 ¢
12	Other Operating Expenses / kWh	1.47 ¢	1.78 ¢	1.81 ¢
13	Total Operating Expenses / kWh	8.72 ¢	8.66 ¢	8.42 ¢

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

**REEDY CREEK IMPROVEMENT DISTRICT
WATER SYSTEM
2012 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		November, 2011	No	0.68% ^[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	Arsenic	ppb	March, 2011	No	0.76	Not Detected - 0.76	N/A	10	Erosion of natural deposits; runoff from orchards; runoff from glass and electronics productions wastes.
5	Barium	ppm	March, 2011	No	0.0131	0.0102 - 0.0131	2	2	Discharge of drilling wastes, discharge from metal refineries & erosion of natural deposits.
6	Chromium	ppb	March, 2011	No	0.70	0.45 - 0.70	100	100	Discharge from steel & pulp mills; erosion of nat. deposits.
7	Fluoride	ppm	March, 2011	No	0.050	0.03 - 0.05	4	4	Erosion of natural deposits; discharge from fertilizer & aluminum factories. Water additive promoting strong teeth.
8	Lead (point of entry)	ppb	March, 2011	No	0.74	Not Detected - 0.74	N/A	15	Man-made pollution residue such as auto emissions and paint; lead pipe, casing and solder.
9	Nickel	ppb	March, 2011	No	0.335	Not Detected - 0.335	N/A	100	Pollution from mining & refining. Natural occurrence in soil.
10	Nitrate (as Nitrogen)	ppm	March, 2011	No	2.0	Not Detected - 2.0	10	10	Fertilizer runoff; septic tanks leaching; erosion of natural deposits.
11	Selenium	ppb	March, 2011	No	1.62	Not Detected - 1.62	50	50	Discharge from petroleum & metal refineries; erosion of natural deposits; discharge form mines.
12	Sodium	ppm	March, 2011	No	9.0	5.0 - 9.0	N/A	160	Salt water intrusion. Leaching from soil.
13	Thalium	ppb	March, 2011	No	0.327	0.301 - 0.327	0.5	2	Leaching from ore sites; discharge from electronics factories.
Organic Compounds									
14	Dichlorimethane (Volatile)	ppb	March, 2011	No	0.34	0.21 - 0.34	0	5	Discharge from pharmaceutical & chemical factories.
15	Dalapon (Synthetic)	ppb	March, 2011	No	0.54	Not Detected - 0.54	200	200	Runoff from herbicide used on rights of way.
TTHM's and D/DBP Parameters									
16	Chlorine	ppm	2011	No	1.16 ^[4]	1.07 - 1.23	4	4	Water additive used to control microbes.
17	Haloacetic Acids (five)	ppb	July, 2011	No	8.25 ^[5]	0.55 - 59.6 ^[6]	N/A	60	By-product of drinking water disinfection.
18	Total Trihalomethanes	ppb	July, 2011	No	29.69 ^[5]	8.7 - 106.30 ^[6]	N/A	80	By-product of drinking water disinfection.
Lead & Copper Tap Water Samples									
19	Copper	ppm	July, 2010	No	0.472 ^[7]	0	1.3	AL=1.3	Corrosion of household plumbing systems & erosion of natural deposits; leaching from wood preservatives.
20	Lead	ppb	July, 2010	No	4.61 ^[7]	2	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 2011.

[5] Annual average based on annual samples collected for July, 2011.

[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.

Table 3-5

**REEDY CREEK IMPROVEMENT DISTRICT
WATER SYSTEM
WATER PRODUCTION AND SALES [1]
Fiscal Year Ended September 30, 2012**

<u>Period Ended</u>	<u>Days in Calendar Period [2]</u>	<u>Water Production - Pumped Calendar Month</u>		<u>Days in Billing Period [3]</u>	<u>Water Sales Fiscal Month</u>		<u>Difference</u>	
		<u>MGal</u>	<u>MGal/Day</u>		<u>MGal</u>	<u>MGal/Day</u>	<u>MGal</u>	<u>%</u>
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
October, 2011	31	467	15.1	28	422	15.1	45	9.6%
November, 2011	30	442	14.7	35	505	14.4	(63)	-14.3%
December, 2011	31	474	15.3	28	425	15.2	49	10.4%
January, 2012	31	443	14.3	28	411	14.7	32	7.1%
February, 2012	29	419	14.5	28	380	13.6	39	9.4%
March, 2012	31	497	16.0	35	496	14.2	1	0.2%
April, 2012	30	495	16.5	28	458	16.4	37	7.4%
May, 2012	31	485	15.6	28	448	16.0	36	7.5%
June, 2012	30	483	16.1	35	532	15.2	(49)	-10.2%
July, 2012	31	539	17.4	28	464	16.6	75	13.9%
August, 2012	31	501	16.1	28	477	17.0	23	4.7%
September, 2012	30	459	15.3	35	557	15.9	(99)	-21.5%
Total / Average	<u>366</u>	<u>5,703</u>	<u>15.7</u>	<u>364</u>	<u>5,577</u>	<u>15.3</u>	<u>126</u>	<u>2.2%</u>

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

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

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

Table 3-6

**REEDY CREEK IMPROVEMENT DISTRICT
WASTEWATER SYSTEM
WASTEWATER TREATED [1]
Fiscal Year Ended September 30, 2012**

<u>Period Ended</u> (a)	<u>Days in Period</u> (b)	<u>Wastewater Treated MGal</u> (c)	<u>Average Daily Flow MGal/Day</u> (d)
October, 2011	31	365.981	11.806
November, 2011	30	348.930	11.631
December, 2011	31	377.367	12.173
January, 2012	31	339.841	10.963
February, 2012	29	333.881	11.513
March, 2012	31	380.772	12.283
April, 2012	30	364.663	12.155
May, 2012	31	378.709	12.216
June, 2012	30	392.945	13.098
July, 2012	31	399.784	12.896
August, 2012	31	405.563	13.083
September, 2012	30	375.379	12.513
Total / Average	<u>366</u>	<u>4,463.815</u>	<u>12.196</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, 2012

<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, 2011	28	110	3.92
November, 2011	35	124	3.54
December, 2011	28	140	4.99
January, 2012	28	103	3.67
February, 2012	28	128	4.57
March, 2012	35	149	4.27
April, 2012	28	197	7.02
May, 2012	28	214	7.65
June, 2012	35	203	5.80
July, 2012	28	89	3.16
August, 2012	28	140	5.01
September, 2012	35	120	3.44
Total / Average	<u>364</u>	<u>1,716</u>	<u>4.72</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, 2012

<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, 2011	28	4,768	170
November, 2011	35	6,583	188
December, 2011	28	5,195	186
January, 2012	28	5,333	190
February, 2012	28	4,942	177
March, 2012	35	6,661	190
April, 2012	28	5,263	188
May, 2012	28	5,341	191
June, 2012	35	6,404	183
July, 2012	28	5,169	185
August, 2012	28	5,376	192
September, 2012	35	6,555	187
Total / Average	<u>364</u>	<u>67,590</u>	<u>186</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, 2012**

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, 2011	28	1,028,840	36,744	1,025,504	36,625	3,336	0.3%
November, 2011	35	1,641,508	46,900	1,634,794	46,708	6,714	0.4%
December, 2011	28	1,448,127	51,719	1,458,188	52,078	(10,061)	-0.7%
January, 2012	28	1,517,000	54,179	1,537,951	54,927	(20,951)	-1.4%
February, 2012	28	1,572,155	56,148	1,553,813	55,493	18,342	1.2%
March, 2012	35	1,868,067	53,373	1,764,704	50,420	103,363	5.5%
April, 2012	28	1,390,029	49,644	1,327,561	47,413	62,468	4.5%
May, 2012	28	1,295,065	46,252	1,275,767	45,563	19,298	1.5%
June, 2012	35	1,374,416	39,269	1,381,097	39,460	(6,681)	-0.5%
July, 2012	28	1,129,263	40,331	1,140,172	40,720	(10,909)	-1.0%
August, 2012	28	1,095,868	39,138	1,113,951	39,784	(18,083)	-1.7%
September, 2012	35	1,398,268	39,951	1,349,225	38,549	49,043	3.5%
Total / Average	364	16,758,606	46,040	16,562,727	45,502	195,879	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, 2012

<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, 2011	28	12,660	452
November, 2011	35	10,304	294
December, 2011	28	7,282	260
January, 2012	28	6,959	249
February, 2012	28	4,964	177
March, 2012	35	9,013	258
April, 2012	28	7,839	280
May, 2012	28	8,459	302
June, 2012	35	14,649	419
July, 2012	28	13,206	472
August, 2012	28	14,239	509
September, 2012	35	17,312	495
Total / Average	<u>364</u>	<u>126,887</u>	<u>349</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, 2012

<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, 2011	28	14,079	503
November, 2011	35	18,065	516
December, 2011	28	15,972	570
January, 2012	28	17,524	626
February, 2012	28	19,634	701
March, 2012	35	22,081	631
April, 2012	28	16,003	572
May, 2012	28	16,065	574
June, 2012	35	18,593	531
July, 2012	28	15,817	565
August, 2012	28	15,130	540
September, 2012	35	18,507	529
Total / Average	<u>364</u>	<u>207,470</u>	<u>570</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, 2012

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	0950111-032-AV	1/1/2013	12/31/2017	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	FLA108219-015-DW1P	6/18/2012	6/17/2022	Renewal includes Wastewater Treatment Plant Expansion.
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, 2013 was adopted on September 19, 2012 after an opportunity for public discussion.

Fiscal Year Ended September 30, 2012 Budget

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

As shown on Table 4-1, the 2012 budget estimated approximately \$223.2 million in revenues, while actual revenues were approximately \$212.4 million, approximately 4.8% less than budgeted. Total operating expenses were approximately \$159.7 million, approximately 8.2% less than the amount budgeted. Total administrative expenses, including debt service expense, were approximately \$40.6 million, approximately 0.4% less than the budgeted amount.

The rate structure incorporated in the District's electric and gas rates includes a clause to track changes (increases or decreases) in the costs of electricity and gas due to the fluctuation in the prices. 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 2012 at \$214.7 million, while actual such expenses were approximately \$200.3 million, or about 6.7% less than budgeted. Operating and administrative expenses were approximately \$12.1 million less than revenues or a difference of approximately \$3.6 million greater than the original budget.

For the fiscal year ended September 30, 2012, the budgeted capital requirements were approximately \$8.0 million, while actual capital spending was about \$10.1 million or about \$2.1 million greater than originally budgeted.

Other revenues were budgeted for 2012 at \$275,000, while actual other revenues were approximately \$544,000, or about \$269,000 greater than budgeted. For the fiscal year ended September 30, 2012, the net income was approximately \$2.5 million or approximately \$1.8 million more than the amount budgeted.

Fiscal Year Ending September 30, 2013 Budget

The operating budget for the fiscal year ending September 30, 2013 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 \$219.6 million, which is about \$7.2 million or 3.4% greater than 2012 actual revenues.

Operating expenses for fiscal year 2013 are projected to be approximately \$167.9 million, which is approximately \$8.2 million or 5.2% greater than 2012 operating expenses. Debt service and insurance are budgeted to be \$41.0 million, approximately \$410,000 greater than 2012 such expenses. Total operating and administrative expenses are budgeted at approximately \$208.9 million, or \$8.6 million greater than 2012 expenses.

Revenues before capital requirements for fiscal year 2013 are projected to be \$10.7 million greater than expenses, compared to approximately \$12.1 million revenues greater than expenses for 2012.

Capital requirements for the fiscal year ending September 30, 2013 are estimated to be approximately \$10.0 million, which is approximately \$97,000 less than capital spending for fiscal year 2012.

The District is projecting a net income of approximately \$944,000 for fiscal year 2013.

Table 4-1

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

Ln No	Description	2012 Budget	2012 Actual ^[2]	Variance	%
		(a)	(b)	(c)	(d)
Operating Revenues					
1	Walt Disney World Sales	\$163,631,727	\$159,607,500	(\$4,024,227)	-2.5%
2	Other Outside Sales	30,762,315	31,629,981	867,666	2.8%
3	Inter-Departmental Sales	20,675,415	19,956,832	(718,583)	-3.5%
4	Prior Year Fuel Adjustment	6,675,474	0	(6,675,474)	-100.0%
5	Other - Recycling	1,276,965	1,127,677	(149,288)	-11.7%
6	Connect Fees	176,000	56,301	(119,699)	-68.0%
7	Total Operating Revenues	<u>\$223,197,896</u>	<u>\$212,378,291</u>	<u>(\$10,819,605)</u>	<u>-4.8%</u>
Operating Expenses					
8	Purchased Fuel and Power	\$106,887,475	\$92,278,902	(\$14,608,573)	-13.7%
9	Utility Expense	\$20,602,539	19,957,500	(\$645,039)	-3.1%
10	Labor Support	28,695,873	28,552,709	(\$143,164)	-0.5%
11	Operating Materials	10,152,748	11,682,558	1,529,810	15.1%
12	Outside Services - Landfill	3,256,860	3,132,737	(124,123)	-3.8%
13	Planned Work	936,926	731,584	(205,342)	-21.9%
14	Gross Receipts Tax	3,371,201	3,342,436	(28,765)	-0.9%
15	Total Operating Expenses	<u>\$173,903,622</u>	<u>\$159,678,426</u>	<u>(\$14,225,196)</u>	<u>-8.2%</u>
16	<i>Operating Income</i>	<u>\$49,294,274</u>	<u>\$52,699,865</u>	<u>\$3,405,591</u>	<u>6.9%</u>
Other Expenses					
17	Debt Service	\$39,866,072	\$39,515,233	(\$350,839)	-0.9%
18	Insurance	904,602	1,108,572	203,970	22.5%
19	Total Other Expenses	<u>\$40,770,674</u>	<u>\$40,623,805</u>	<u>(\$146,869)</u>	<u>-0.4%</u>
20	<i>Excess Revenues Over Expenses</i>	<u>\$8,523,600</u>	<u>\$12,076,060</u>	<u>\$3,552,460</u>	<u>41.7%</u>
Capital Requirements					
21	Capital Expenditures	\$8,030,468	\$9,354,173	\$1,323,705	16.5%
22	Inventory	0	552,240	552,240	100.0%
23	R&R Fund Requirements	0	190,765	190,765	100.0%
24	Total Capital Requirements	<u>\$8,030,468</u>	<u>\$10,097,178</u>	<u>\$2,066,710</u>	<u>25.7%</u>
25	<i>Net Income Before Other Revenues</i>	<u>\$493,132</u>	<u>\$1,978,882</u>	<u>\$1,485,750</u>	<u>301.3%</u>
Other Revenues					
26	Investment Income	\$275,000	\$158,914	(\$116,086)	-42.2%
27	Capital Contributions	0	36,401	36,401	100.0%
28	Other	0	349,097	349,097	100.0%
29	Total Other Revenues	<u>\$275,000</u>	<u>\$544,412</u>	<u>\$269,412</u>	<u>98.0%</u>
30	Net Income	<u><u>\$768,132</u></u>	<u><u>\$2,523,294</u></u>	<u><u>\$1,755,162</u></u>	
31	Surplus Fund, Beginning of Year	\$9,316,530	\$9,316,530		
32	Surplus Fund, End of Year	<u><u>\$10,084,662</u></u>	<u><u>\$11,839,824</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 2013 BUDGET ^[1]**
(\$000)

Ln No	Description	2012 Actual ^[2]	2013 Budget	Variance	%
		(a)	(b)	(c)	(d)
Operating Revenues					
1	Walt Disney World Sales	\$159,607,500	\$162,729,919	\$3,122,419	2.0%
2	Other Outside Sales	31,629,981	31,287,045	(342,936)	-1.1%
3	Inter-Departmental Sales	19,956,832	19,697,807	(259,025)	-1.3%
4	Prior Year Fuel Adjustment	0	4,178,208	4,178,208	100.0%
5	Other - Recycling	1,127,677	1,350,000	222,323	19.7%
6	Connect Fees	56,301	382,996	326,695	580.3%
7	Total Operating Revenues	<u>\$212,378,291</u>	<u>\$219,625,975</u>	<u>\$7,247,684</u>	<u>3.4%</u>
Operating Expenses					
8	Purchased Fuel and Power	\$92,278,902	\$100,402,681	\$8,123,779	8.8%
9	Utility Expense	\$19,957,500	\$19,550,685	(\$406,815)	-2.0%
10	Labor Support	28,552,709	29,751,127	1,198,418	4.2%
11	Operating Materials	11,682,558	10,352,059	(1,330,499)	-11.4%
12	Outside Services - Landfill	3,132,737	3,353,680	220,943	7.1%
13	Planned Work	731,584	1,000,000	268,416	36.7%
14	Gross Receipts Tax	3,342,436	3,504,173	161,737	4.8%
15	Total Operating Expenses	<u>\$159,678,426</u>	<u>\$167,914,405</u>	<u>\$8,235,979</u>	<u>5.2%</u>
16	<i>Operating Income</i>	<u>\$52,699,865</u>	<u>\$51,711,570</u>	<u>(\$988,295)</u>	<u>-1.9%</u>
Other Expenses					
17	Debt Service	\$39,515,233	\$39,903,406	\$388,173	1.0%
18	Insurance	1,108,572	1,130,743	22,171	2.0%
19	Total Other Expenses	<u>\$40,623,805</u>	<u>\$41,034,149</u>	<u>\$410,344</u>	<u>1.0%</u>
20	<i>Excess Revenues Over Expenses</i>	<u>\$12,076,060</u>	<u>\$10,677,421</u>	<u>(\$1,398,639)</u>	
Capital Requirements					
21	Capital Expenditures	\$9,354,173	\$10,000,000	\$645,827	
22	R&R Fund Requirements	552,240	0	(552,240)	
23	Inventory	190,765	0	(190,765)	
24	Total Capital Requirements	<u>\$10,097,178</u>	<u>\$10,000,000</u>	<u>(\$97,178)</u>	
25	<i>Net Income Before Other Revenues</i>	<u>\$1,978,882</u>	<u>\$677,421</u>	<u>(\$1,301,461)</u>	
Other Revenues					
26	Investment Income	\$158,914	\$267,000	\$108,086	
27	Capital Contributions	36,401	0	(36,401)	
28	Other	349,097	0	(349,097)	
29	Total Other Revenues	<u>\$544,412</u>	<u>\$267,000</u>	<u>(\$277,412)</u>	
30	Net Income	<u><u>\$2,523,294</u></u>	<u><u>\$944,421</u></u>	<u><u>(\$1,578,873)</u></u>	
31	Surplus Fund, Beginning of Year	\$9,316,530	\$11,839,824		
32	Surplus Fund, End of Year	<u><u>\$11,839,824</u></u>	<u><u>\$12,784,245</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, 2012, 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, 2012, 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, Series 2005-1 and Series 2011-2 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	Series 2011-2
Electric	\$46,667,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Natural Gas	4,775,000	0	0	0	0	0	0
Water	12,891,000	0	0	0	0	0	0
Wastewater	80,978,000	0	0	0	0	0	0
Solid Waste	8,789,000	0	0	0	0	0	0
Chilled Water	0	1,915,000	0	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>	<u>30,000,000</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>	<u>\$30,000,000</u>

The District reports that as of September 30, 2012, 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.

Section 5

For the 2005-1 Bonds, the District reports that the total available for disbursement was \$30,666,440, the total expenditures at September 30, 2012 was \$30,402,997 and funds on hand were \$263,443.

For the 2011-2 Bonds, the District reports that the total available for disbursement was \$30,002,446 the total expenditures at September 30, 2012 were \$1,278,663 and funds on hand were \$28,723,783 (excluding future interest earnings) to pay the estimated cost to complete the projects of \$28,723,000.

Based on data provided by the District, Table 5-1 summarizes at September 30, 2012 the aggregated transactions associated with the Construction Funds established with a portion of the Series 2003-1, Series 2005-1 Bonds, and Series 2011-2 Bonds.

**REEDY CREEK IMPROVEMENT DISTRICT
UTILITIES DIVISION
STATUS OF THE CONSTRUCTION FUND ^[1]
Fiscal Year Ended September 30, 2012**

Ln No	Description	2003-1 Bonds (a)	2005-1 Bonds (b)	2011-2 Bonds (c)
1	Principal Amount	\$69,605,000	\$99,975,000	\$30,000,000
2	Accrued Interest	0	0	0
3	Original Issue Premium (Discount)	7,514,062	7,877,138	0
4	Underwriters Discount	(365,113)	(410,902)	0
5	Defeasance of Series 1991-1 Bonds	0	0	0
6	Transferred Sinking Fund Moneys	0	0	0
7	Deposit to Escrow Fund	0	(79,143,733)	0
8	Swap Termination Payments	0	0	0
9	Paid Cost of Issuance	(802,908)	(868,995)	0
10	Accrued Interest	0	0	0
11	Debt Service Reserve Account	(5,214,317)	(114,728)	0
12	Capitalized Interest	0	0	0
13	Other	0	697,398	0
14	Deposit to Construction Fund	<u>\$70,736,724</u>	<u>\$28,011,178</u>	<u>\$30,000,000</u>
15	Interest Earnings and Other Income to Date	<u>644,276</u>	<u>2,655,262</u>	<u>2,446</u>
16	Total Available for Disbursement	<u>\$71,381,000</u>	<u>\$30,666,440</u>	<u>\$30,002,446</u>
	Disbursements to Date:			
17	Electric System	\$50,138,000	\$18,554,142	\$1,030,332
18	Natural Gas System	1,601,000	0	81,171
19	Water System	4,861,000	1,684,905	0
20	Wastewater System	103,000	5,370,535	0
21	Solid Waste System	2,299,000	3,606,558	167,160
22	Chilled Water System	5,931,000	0	0
23	Other Utility System Projects	6,448,000	1,186,857	0
24	Total Disbursements to Date	<u>\$71,381,000</u>	<u>\$30,402,997</u>	<u>\$1,278,663</u>
25	Total Expenditures	<u>\$71,381,000</u>	<u>\$30,402,997</u>	<u>\$1,278,663</u>
26	Funds on Hand to Complete Construction	<u>\$0</u>	<u>\$263,443</u>	<u>\$28,723,783</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, 2012**

Ln No	Description	Original Estimate (a)	Current Estimate (b)	Expenditures to Date (c)	Estimate to Complete (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	30,402,997	263,000
2011-2 Utility Bond Issue					
15	Utility System Projects	<u>30,000,000</u>	<u>30,002,000</u>	<u>1,278,663</u>	<u>28,723,000</u>
16	Total Exclusive of Retainages	330,000,000	348,315,000	319,328,660	28,986,000
17	Retainages	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
18	Total Expenditures	<u><u>\$330,000,000</u></u>	<u><u>\$348,315,000</u></u>	<u><u>\$319,328,660</u></u>	<u><u>\$28,986,000</u></u>

[1] Unaudited; data provided by the District.

Section 6

Sufficiency of Rates and Charges for Service



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 be provided 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.

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).

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The following is a summary of the electric rates, which became effective in October 2012:

Monthly Electric Rates Effective	
October 2012	
<hr/>	
<u>Customer Class or Type</u>	
Residential (RS)	
Customer Charge (\$/Bill)	\$2.85
Energy Charge (¢/kWh)	7.234
General Service (GS)	
Customer Charge (\$/Bill)	\$2.85
Energy Charge (¢/kWh)	12.020
General Service Demand ("GSD") (*)	
Customer Charge (\$/Bill)	\$20.00
Energy Charge (¢/kWh)	3.584
Demand Charge (\$/kW)	12.202
Fuel and Purchased Power Cost	
Recovery Factor (¢/kWh)	4.425

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 2013 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 2013, 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 2013, 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 2013, produce bills 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 2012:

**Monthly Potable Water Rates Effective
October 2012**

Rate Schedule GS-1 (General Service)Meter or Service Size

5/8"	Water Meter.....	\$ 27.27
3/4"	Water Meter.....	27.27
1"	Water Meter.....	68.23
1.5"	Water Meter.....	136.48
2"	Water Meter.....	218.46
3"	Water Meter.....	436.94
4"	Water Meter.....	682.84
6"	Water Meter.....	1,365.66
8"	Water Meter.....	2,185.01
10"	Water Meter.....	3,140.83

Consumption Charge per 1,000 Gallons of Metered Water Usage \$ 1.1840

Rate Schedule GS-2 (Unmetered General Service)

Consumption Charge per 1,000 Gallons of Metered Water Usage
at Wellhead \$ 1.5848

Rate Schedule GS-3 (Construction Trailers)

Rate per month, per unit \$ 12.56

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 2013, 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 2013, produce bills 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 2012:

Monthly Natural Gas Rates Effective October 2012	
<u>Customer Class or Type</u>	
Residential Service (RS)	
Minimum Bill.....	\$ 5.00
Non-Fuel Rate (\$/therm).....	\$0.1910
General Service (GS)	
Minimum Bill.....	\$ 5.00
Non-Fuel Rate (\$/therm).....	\$0.1910
Purchased Gas Adjustment	
Factor (\$/therm)	\$0.6164

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 2013 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, based on the level of costs billed in January 2013,

produce bills 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 2012:

Monthly Wastewater Rates Effective October 2012	
Type of Service or Customer	
Commercial	\$6.05 per 1000 Gallons of Metered Water
Residential	
Monthly Customer Charge	\$3.36 per Customer
Volumetric Charge.....	\$4.60 per 1,000 Gallons of Metered Water
Theaters	\$ 0.970 per Seat
Construction Trailers	\$ 47.16 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 2013 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, based on the level of costs billed in January 2013, produce bills 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 that became effective in October 2012:

Monthly Reclaimed Water Rates Effective October 2012	
Rate Schedule GS-1 (General Service)	
<u>Meter or Service Size</u>	
5/8" Water Meter.....	\$ 21.97
3/4" Water Meter.....	21.97
1" Water Meter.....	55.06
1.5" Water Meter.....	110.36
2" Water Meter.....	176.36
3" Water Meter.....	352.61
4" Water Meter.....	551.01
6" Water Meter.....	1,101.82
8" Water Meter.....	1,763.04
10" Water Meter.....	2,534.38
Consumption Charge per 1,000 Gallons of Reclaimed Water	\$ 0.9127

Solid Waste System

The rates for solid waste service are based on the type, size, and number of pickups 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 2012, charged by the Solid Waste System:

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Rate Description	Effective October 2012	
	Rate Per Pickup	Tonnage Rate
Front End Loader		
10 cubic yard compactor	\$46.02	-
5 cubic yard compactor	\$52.01	-
8 cubic yard box	\$27.41	-
6 cubic yard box	\$24.31	-
Roll-Off Class I		
40 cubic yard compactor	\$245.88	\$68.55
30 cubic yard compactor	\$245.88	\$68.55
20 cubic yard box	\$245.88	\$68.55
30 cubic yard box	\$245.88	\$68.55
Roll-Off Class III		
30 cubic yard box (landscape waste)	\$287.85	-
20 cubic yard box (landscape waste)	\$287.85	-
20 cubic yard box (mixed)	\$287.85	-
Roll-Off (Others)		
20 cubic yard box (C&D)	\$225.95	-
20 cubic yard box (manure)	\$245.88	-
Tire Disposal		
20 cubic yard box (tire disposal)	\$850.28	-
Mini-Packers		
15 cubic yard truck	\$14.77	\$72.54
Surcharge Rates		
Rejected recyclable container surcharge		\$27.41
8 cubic yard box		\$245.88
20 cubic yard box		\$245.88

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).

The following is a summary of the chilled monthly rates and the hot water monthly rates, which became effective in October 2012 charged by the respective utility system's production center:

SUFFICIENCY OF RATES AND CHARGES FOR SERVICE

Chilled Monthly Rates Effective October 2012

Chilled Water

Rate Schedule and Production Center

Rate Schedule CW-1 Central Energy Plant [1]	\$0.1589 per Ton Hour
Rate Schedule CW-2 Epcot Central Energy Plant [2].....	\$0.1632 per Ton Hour
Rate Schedule CW-3 Hollywood Studios Chilled Water Plant [3]	\$0.1730 per Ton Hour

Hot Water Monthly Rates Effective October 2012

Hot Water

Rate Schedule and Production Center

Rate Schedule HTHW Central Energy Plant [1]	\$23.90 per MMBtu
Rate Schedule LTHW Epcot Central Energy Plant [2]	\$20.14 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 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, 2012 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, 2012 (i) operating revenues totaled \$212,378,291 (ii) operating expenses exclusive of depreciation expense totaled \$160,786,998 and (iii) net operating income exclusive of depreciation totaled \$51,591,293. Debt service payments paid from net revenues of the System amounted to \$39,515,233. Debt service coverage was calculated based on the balance available for debt service of \$52,099,304 divided by annual debt service of \$39,515,233. Debt service coverage during fiscal year ended September 30, 2012, equaled 1.32, which is greater than the minimum debt service coverage requirement of 1.10 established in the amended Indenture.

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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. 2013 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	\$44.25	\$32.00	\$61.15	\$90.29	\$119.44	\$177.74	\$236.03	\$294.33	\$352.62
Florida Municipalities:									
2 Fort Pierce Utilities Authority	2.00	34.82	63.62	92.43	123.84	186.66	249.48	312.30	375.12
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	43.60	33.12	60.73	88.35	115.96	171.19	226.42	281.65	339.38
5 Kissimmee Utilities Authority	(27.65)	34.03	57.90	81.76	105.62	159.67	213.72	267.77	321.82
6 City of Lakeland Utilities Commission,	42.25	31.42	54.83	78.25	101.67	151.00	200.33	254.67	306.50
7 City of New Smyrna Beach	24.96	31.00	56.36	81.71	107.06	157.77	208.47	259.18	309.88
8 City of Ocala	25.00	36.66	63.99	91.31	118.64	173.30	227.95	282.61	337.26
9 Orlando Utilities Commission	37.25	33.36	58.72	84.07	109.43	170.15	230.86	291.58	352.29
10 City of Tallahassee	46.33	33.93	61.11	88.30	115.48	169.85	224.22	278.59	332.96
Investor-Owned Utilities: ^[2]									
11 Florida Power and Light	27.89	28.22	49.45	70.67	91.89	144.34	196.78	249.23	301.67
12 Gulf Power Company	38.32	40.23	65.46	90.68	115.91	166.37	216.82	267.28	317.73
13 Progress Energy	33.93	34.86	60.96	87.06	113.16	176.54	239.91	303.29	366.66
14 Tampa Electric Company	33.69	32.88	55.26	77.64	100.02	154.78	209.54	264.30	319.06

[1] Amounts shown are based on the rates for single phase service and reflect when applicable, inside city service. In addition, amounts include January 2013 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. 2013 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	\$44.25	\$43.96	\$85.08	\$126.19	\$167.30	\$249.53	\$331.75	\$413.98	\$496.20
Florida Municipalities:									
2 Fort Pierce Utilities Authority	2.00	37.36	68.87	100.39	131.90	194.93	257.96	320.99	384.02
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	43.60	35.58	61.92	88.25	114.58	167.25	219.91	272.58	325.24
5 Kissimmee Utilities Authority	(27.65)	37.74	64.40	91.06	117.72	171.04	224.36	277.68	331.00
6 City of Lakeland Utilities Commission,	42.25	34.47	58.93	83.40	107.87	156.80	205.73	254.67	303.60
7 City of New Smyrna Beach	24.96	30.92	55.78	80.65	105.51	155.24	204.97	254.70	304.43
8 City of Ocala	25.00	39.50	66.79	94.07	121.35	175.92	230.48	285.05	339.61
9 Orlando Utilities Commission	40.03	37.00	63.75	90.49	117.24	170.74	224.23	277.73	331.22
10 City of Tallahassee	46.33	31.37	54.31	77.24	100.17	146.04	191.90	237.77	283.63
Investor-Owned Utilities: ^[2]									
11 Florida Power and Light	31.12	29.74	52.59	75.44	98.29	143.99	189.69	235.39	281.09
12 Gulf Power Company	38.32	44.52	71.05	97.57	124.09	177.14	230.18	283.23	336.27
13 Progress Energy	37.03	38.43	65.27	92.10	115.91	172.62	226.29	279.97	333.64
14 Tampa Electric Company	37.19	34.55	58.60	82.64	106.69	154.79	202.88	250.98	299.07

[1] Amounts shown are based on the rates for single phase service and reflect when applicable, inside city service. In addition, amounts include January 2013 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	\$1,431	\$2,232	\$3,033	\$2,137	\$3,338	\$4,539	\$4,253	\$5,054	\$6,656
Florida Municipalities:										
2	Fort Pierce Utilities Authority	1,322	2,267	3,212	1,964	3,381	4,798	3,889	4,833	6,722
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	1,283	2,060	2,838	1,882	3,048	4,215	3,678	4,456	6,011
5	Kissimmee Utilities Authority	1,238	1,976	2,714	1,829	2,936	4,043	3,603	4,341	5,817
6	City of Lakeland Utilities Commission,	1,030	1,681	2,331	1,531	2,506	3,482	3,031	3,681	4,982
7	City of New Smyrna Beach	1,271	2,170	3,070	1,889	3,239	4,588	3,745	4,644	6,444
8	City of Ocala	1,167	1,977	2,787	1,738	2,954	4,169	3,452	4,262	5,883
9	Orlando Utilities Commission	1,115	1,800	2,485	1,658	2,685	3,713	3,285	3,970	5,340
10	City of Tallahassee	1,217	1,858	2,422	1,797	2,759	3,605	3,539	4,179	5,461
Investor-Owned Utilities [2] :										
11	Florida Power and Light	1,055	1,558	2,060	1,574	2,328	3,081	3,130	3,633	4,637
12	Gulf Power Company	1,059	1,777	2,495	1,567	2,644	3,720	3,090	3,808	5,243
13	Progress Energy	1,028	1,769	2,511	1,536	2,648	3,761	3,060	3,802	5,285
14	Tampa Electric Company	1,195	1,823	2,451	1,764	2,706	3,648	3,471	4,099	5,355

[1] Amounts shown are based on the rates for single phase service and reflect when applicable, inside city service. In addition, amounts include January 2013 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	\$5,664	\$8,868	\$12,071	\$8,486	\$13,291	\$18,097	\$11,308	\$17,715	\$24,122
	Florida Municipalities:									
2	Fort Pierce Utilities Authority	5,172	8,950	12,729	7,738	13,406	19,073	10,304	17,861	25,418
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	4,876	7,987	11,097	7,271	11,937	16,604	9,667	15,888	22,110
5	Kissimmee Utilities Authority	4,786	7,738	10,690	7,151	11,579	16,007	9,516	15,420	21,324
6	City of Lakeland Utilities Commission	4,031	6,633	9,234	6,032	9,934	13,836	8,033	13,236	18,439
7	City of New Smyrna Beach	4,982	8,580	12,179	7,081	12,179	17,276	9,430	16,227	23,024
8	City of Ocala	4,685	7,885	11,086	7,015	11,816	16,616	12,050	19,951	27,852
9	Orlando Utilities Commission	4,370	7,110	9,850	6,540	10,650	14,760	8,710	14,190	19,670
10	City of Tallahassee	4,699	7,263	9,521	7,021	10,866	14,253	9,343	14,469	18,985
	Investor-Owned Utilities [2] :									
11	Florida Power and Light	4,168	6,177	8,187	6,242	9,257	12,271	8,317	12,336	16,356
12	Gulf Power Company	4,105	6,976	9,848	6,136	10,443	14,749	8,166	13,909	19,651
13	Progress Energy	4,076	7,043	10,010	6,109	10,559	15,009	8,141	14,075	20,008
14	Tampa Electric Company	4,609	7,121	9,633	6,885	10,653	14,421	9,161	14,185	19,209

[1] Amounts shown are based on the rates for single phase service and reflect when applicable, inside city service. In addition, amounts include January 2013 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**

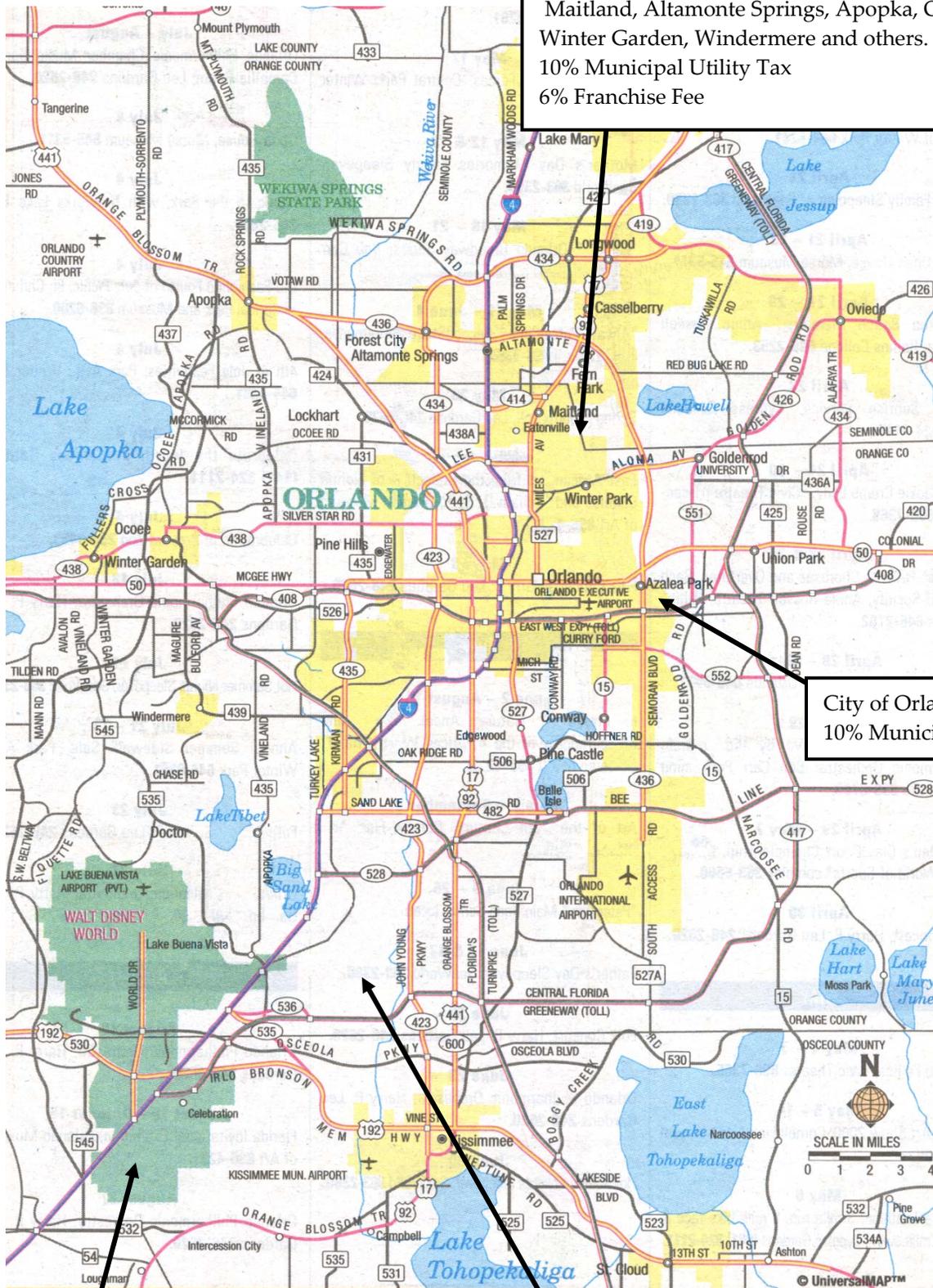
Inter-Utility Comparison of Typical Monthly Electric Bills [1]

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	\$14,130	\$22,139	\$30,148	\$28,240	\$44,258	\$60,276	\$42,350	\$66,377	\$90,404
Florida Municipalities:										
2	Fort Pierce Utilities Authority	14,844	23,084	31,324	29,649	46,129	62,609	44,454	69,174	93,894
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	12,062	19,839	27,616	26,525	40,555	54,585	39,620	60,665	81,710
5	Kissimmee Utilities Authority	12,681	19,225	25,769	25,305	38,393	51,481	37,929	57,561	77,193
6	City of Lakeland Utilities Commission	10,228	16,500	22,773	20,125	32,670	45,216	30,023	48,841	67,658
7	City of New Smyrna Beach	11,780	20,276	28,772	23,526	40,518	57,510	35,272	60,760	86,248
8	City of Ocala	12,050	19,951	27,852	24,076	39,878	55,680	36,102	59,805	83,508
9	Orlando Utilities Commission	10,880	17,730	24,580	21,730	35,430	49,130	32,580	53,130	73,680
10	City of Tallahassee	11,619	17,982	23,605	23,182	35,908	47,153	34,745	53,834	70,702
Investor-Owned Utilities [2] :										
11	Florida Power and Light	10,542	15,109	19,676	21,029	30,163	39,297	31,516	45,217	58,918
12	Gulf Power Company	12,217	19,204	26,191	24,209	38,183	52,157	36,201	57,162	78,123
13	Progress Energy	10,174	17,591	25,008	20,336	35,170	50,004	30,498	52,749	75,000
14	Tampa Electric Company	11,437	17,717	23,997	22,817	35,377	47,937	34,197	53,037	71,877

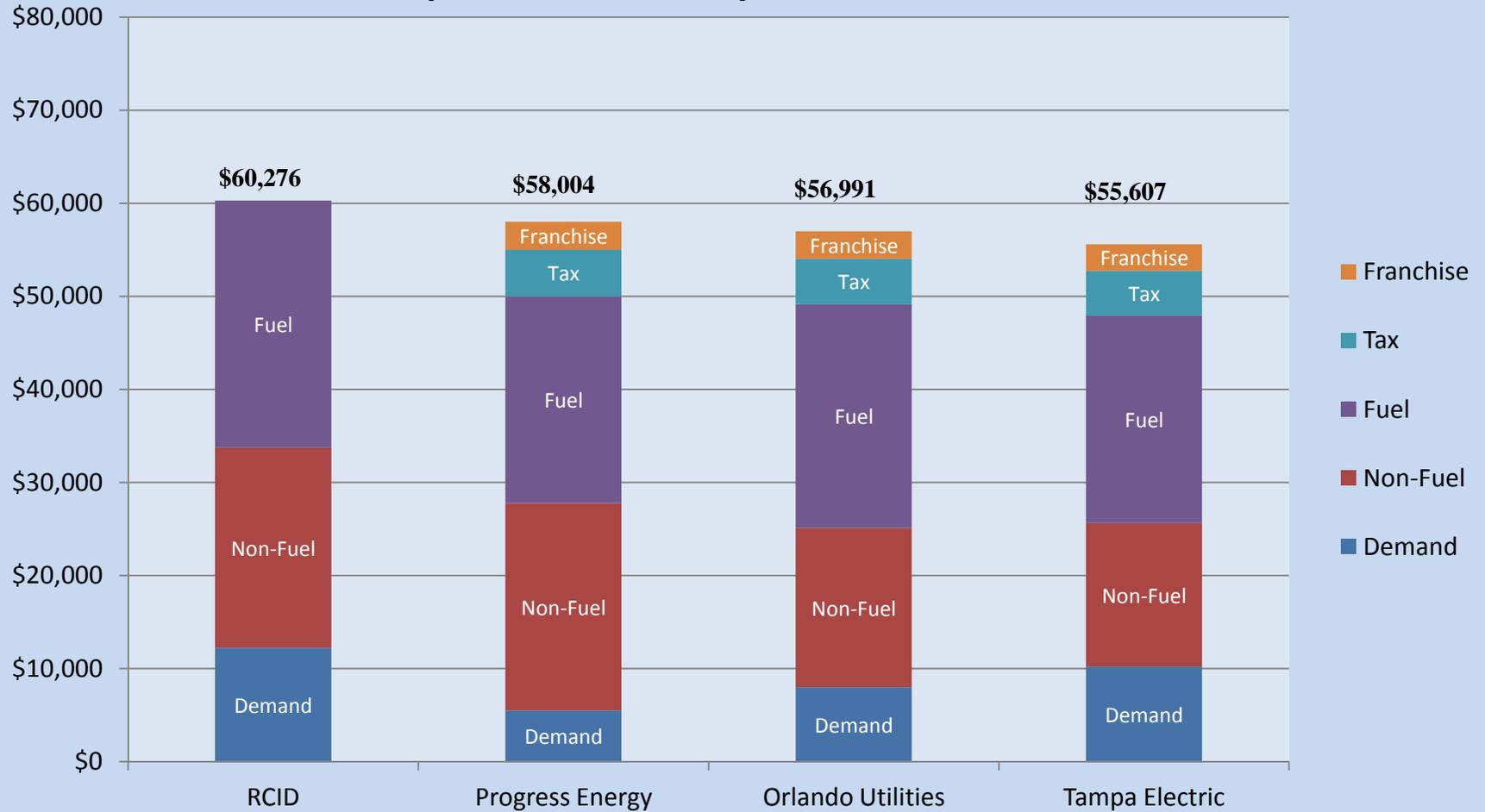
[1] Amounts shown are based on the rates for single phase service and reflect when applicable, inside city service. In addition, amounts include January 2013 fuel adjustments but do not include taxes or franchise fees.

[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 - 2013***



* RCID rates were effective October, 2012 and all other rates effective with January 2013 billing.

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	\$30.82	\$33.19	\$36.15	\$39.11	\$45.03	\$50.95	\$277.66	\$396.06	\$810.46
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	17.96	26.86	37.99	49.11	71.36	93.61	230.14	675.14	2,232.64
4 Fort Pierce Utilities Authority	20.94	27.00	34.58	42.15	61.10	83.85	354.15	996.15	3,243.15
5 Gainesville Regional Utilities	15.30	19.70	25.98	35.35	54.10	72.85	196.20	571.20	1,883.70
6 City of Homestead	9.41	11.63	14.41	17.37	24.32	33.07	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	9.64	18.50	29.58	40.65	54.85	69.05	101.68	244.68	745.18
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]	13.30	15.66	20.30	28.64	46.89	74.89	137.09	255.09	668.09
13 City of Tallahassee	\$10.46	\$13.36	\$17.24	\$22.17	\$32.02	\$41.87	\$78.79	\$249.79	\$848.29

[1] Unless otherwise indicated, amounts shown reflect single-family residential and commercial service rates in effect during January 2013, 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	\$13.07	\$21.15	\$29.22	\$37.30	\$45.37	\$53.44	\$61.52	\$69.59	\$77.67	\$85.74
	Florida Municipalities:										
2	City of Tallahassee	21.32	32.50	43.69	54.88	66.07	77.25	88.44	99.63	110.81	122.00
3	Gainesville Regional Utilities	18.76	28.00	37.25	46.49	55.73	64.97	74.21	83.46	92.70	101.94
4	Pensacola Energy [2]	25.16	41.36	57.57	73.77	89.98	106.18	122.39	138.59	154.80	171.00
	Regulated Natural Gas Companies:										
5	Florida City Gas [3]	21.29	34.59	47.88	61.18	74.47	87.76	101.06	114.35	127.65	138.48
6	Peoples Gas System, Inc. [4]	22.92	33.84	44.76	55.68	66.61	77.53	88.45	99.37	110.29	124.21
7	St. Joe Natural Gas Company	28.03	43.05	58.08	73.11	88.14	103.16	118.19	133.22	148.24	163.27

[1] Unless otherwise noted, amounts shown reflect standard residential rates, fuel or purchased gas adjustments in effect during January 2013 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 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] Pensacola Energy is owned and operated by the City of Pensacola and provides natural gas service to their City residents and much of unincorporated Escambia County.

[3] 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.

[4] Bills are based on Rate Schedule RS-1 (0-99 Therms) and RS-2 (100-249 Therms) 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	General Service (Therms)									
		50	100	200	300	400	500	700	900	1,000	2,000
1	Reedy Creek Improvement District	45.37	85.74	166.48	247.22	327.96	408.70	570.18	731.66	812.40	1,619.80
	Florida Municipalities:										
2	City of Tallahassee	66.27	114.40	210.66	306.91	403.17	499.43	691.95	884.46	980.72	1,943.30
3	City of Gainesville	74.68	114.35	193.70	273.05	352.40	431.75	590.45	749.15	828.50	1,622.00
4	Pensacola Energy [2]	96.73	177.60	339.35	501.10	662.85	824.60	1,148.10	1,471.60	1,633.35	3,250.85
	Regulated Natural Gas Companies:										
5	Florida City Gas [3]	46.09	82.68	155.85	229.03	302.20	375.38	521.73	668.08	741.26	1,473.02
6	Peoples Gas System, Inc. [4]	82.33	139.66	254.32	368.98	483.64	598.30	827.61	1,056.93	1,171.59	2,160.28
7	St. Joe Natural Gas Company	75.12	130.23	240.46	350.69	460.92	571.16	791.62	1,012.08	1,122.31	2,224.62

[1] Unless otherwise noted, amounts shown reflect standard residential rates, fuel or purchased gas adjustments in effect during January 2013 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 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] Pensacola Energy is owned and operated by the City of Pensacola and provides natural gas service to their City residents and much of unincorporated Escambia County.

[3] 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 Cou

[4] 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 e of consumption. Peoples Gas System, Inc. provides natural gas service to cities throughout Florida, including Orlando, Tampa, Lakeland, Jacksonville, Kissimmee, and St. Peter

**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	\$17.16	\$26.36	\$37.86	\$40.16	\$40.16	\$40.16	\$302.50	\$907.50	\$3,025.00
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	19.65	34.97	54.12	73.27	111.57	149.87	363.58	1,129.58	3,810.58
4 City of Edgewater	27.87	37.93	50.51	63.08	88.23	113.38	289.84	792.84	2,553.34
5 Ft. Pierce Utilities Authority	30.52	41.06	54.24	67.40	67.40	67.40	286.54	813.54	2,658.04
6 Gainesville Regional Utilities	24.80	36.40	50.90	65.40	94.40	123.40	297.40	877.40	2,907.40
7 Indian River County [3]	17.16	27.74	40.97	54.19	72.06	84.21	318.70	990.70	3,342.70
8 City of New Smyrna Beach	30.82	38.96	49.14	59.31	79.66	100.01	410.92	934.92	2,768.92
9 Orange County Public Utilities	25.66	32.60	41.28	49.95	63.83	63.83	275.94	622.94	1,837.44
10 City of Orlando [4]	29.29	37.49	47.74	57.99	74.39	74.39	326.36	979.07	3,263.57
11 City of Ormond Beach	19.72	28.36	39.16	49.96	71.56	93.16	272.68	808.68	2,684.68
12 City of Port Orange	19.80	29.90	42.53	55.15	80.40	105.65	257.15	762.15	2,529.65
13 St. Lucie County [2]	44.14	58.08	75.51	92.93	92.93	92.93	394.97	975.80	3,008.72
14 City of St. Petersburg	23.74	32.20	42.78	53.35	74.50	95.65	299.87	722.87	2,203.37
15 City of Tallahassee [5]	32.31	42.85	56.03	69.20	95.55	121.90	395.39	922.39	2,766.89

[1] Unless otherwise indicated, amounts shown reflect single-family residential and commercial service rates in effect during January 2013, 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 custom 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	\$24.31	\$27.41
Other Florida Utilities:				
2 City of Clearwater ^[2]	\$26.73	\$41.53	\$56.16	\$70.91
3 City of Fort Pierce ^[2]	\$15.27	\$26.31	\$35.11	\$42.05
4 City of Ocala ^[2]	\$12.02	\$20.51	\$28.47	\$35.37
5 City of Orlando ^[2]	\$14.12	\$24.55	\$31.29	\$41.72
6 City of Tampa	\$25.35	\$27.86	\$29.12	\$30.37

[1] Unless otherwise indicated, amounts shown reflect commercial service rates in effect during January 2013, 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, 2012

Ln. No.	Description	Amount
	Operating Revenues	
	Utility Sales:	
1	Walt Disney World Sales	\$159,607,500
2	Other Outside Sales	31,629,981
3	Inter-Departmental Sales	19,956,832
4	Prior Year Fuel Adjustment	0
5	Other - Recycling	1,127,677
6	Connect Fees	56,301
7	Total Operating Revenues	<u>\$212,378,291</u>
	Operating Expenses	
8	Purchased Power and Fuel	\$92,278,902
9	Utility Expense	19,957,500
10	Labor Support	28,552,709
11	Operating Materials	11,682,558
12	Outside Services - Landfill	3,132,737
13	Planned Work Expense	731,584
14	Gross Receipts Tax	3,342,436
15	Insurance	1,108,572
16	Total Operating Expenses	<u>\$160,786,998</u>
17	Net Operating Income Exclusive of Depreciation	\$51,591,293
18	Other Non-Operating Income Available for Debt Service	349,097
19	Investment Income on Sinking Fund	158,914
20	Balance Available for Debt Service	<u>\$52,099,304</u>
	Debt Service	
21	Principal	\$24,380,000
22	Interest (paid from Revenue Fund)	15,135,233
23	Total Debt Service	<u>\$39,515,233</u>
24	Capital Contributions	(36,401)
25	RR Fund Requirements	190,765
26	Additional Capital Requirements Paid from Revenues	9,354,173
27	Inventory	552,240
28	Balance Available for Other Lawful Purposes	<u>\$2,523,294</u>
29	DEBT SERVICE COVERAGE ^[2]	<u>1.32</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 = \$52,099,304 divided by
Line No. 23 which is Total Debt Service = \$39,515,233.