

Green Cove Springs Electric Rates Workshop

Green Cove Springs March 25, 2025

All 33 Florida Municipals Are Members of FMPA

Provides Full Long-Term to 13 and Partial Power Supply to 13

Alachua* Bartow Blountstown Bushnell* CFTOD* Chattahoochee Clewiston* Fort Meade* Fort Pierce* Gainesville Green Cove Springs* Town of Havana* Homestead* Jacksonville* Jacksonville Beach* Key West* Kissimmee* Lake Worth Beach* Lakeland* Leesburg* Moore Haven* Mount Dora* New Smyrna Beach* Newberry* Ocala* Orlando*

Serving over 3 million FL residents (~14% of state)

Quincy St. Cloud* Starke* Tallahassee Wauchula Williston* Winter Park*



* Supply all or some of members' energy via FMPA's electric power generating resources (current and planned).

Green Cove Springs Rates Highly Competitive Today Rank Near Lowest In The State, Far Below IOU Average







Note: Muni and IOU weighted averages are weighted by 2023 annual load. Based on FMEA data and other publicly available sources.

Green Cove Springs Rates Highly Competitive Full Yr. *Well Below Municipal and IOU Weighted Avg. Last 12 Months*





Note: Muni and IOU weighted averages are weighted by 2023 annual load. Based on FMEA data and other publicly available sources.

FPL Seeking \$9 Billion Rate Hike Next Four Years* *Rate Spread Likely To Grow Materially in Favor of GCS*





*SOURCE: https://www.cbsnews.com/miami/news/fpl-seeks-steep-rate-hikes-over-next-four-years/

Electric Utility Provides High Value to Community \$4.1 - \$7.5 Million in Annual Economic Value From Business*





*Estimate based on publicly available information. Subject to change, based on conditions and assumptions.

Future Load Growth Expectations Drive Investments

Must Proactively Plan Infrastructure To Support Needs

Projected GCS Delivered Summer Coincident Peak Demand

Base Case (Gross and Net of Incremental Distributed Solar (PV))



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Recent Revenues Insufficient To Cover Electric Cost Net Position Declining, Electric Transfers ~80% of Total



Leidos Review of Rates Drives Revenue Sufficiency

Capital/O&M Plan With No "Plan of Finance" Rarely Gets Accomplished

÷	Rate study looks across entire electric business to answer key questions to support prioritized plan with sufficient detail.
•••	What are the crucial capital expenditure needs of the enterprise? How will funds be secured?
Q	What new technologies do we want to deploy? Are they high priority?
\$	What are the administrative and general costs we expect?
	Do we have enough revenue to accomplish our goals?
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Impact On Rates Reviewed Iteratively in Leidos Model

Priorities, Timing, Customer Rate Impacts All Part of Equation





As wholesale power costs evolve, model adjusts to ensure break-even on power costs via PCA.



How do rates compare with neighbors? What can we afford, or can expenditures be smoothed?



Are strategic priorities part of adjusted rate structure?



Leidos Rate Study Sought Ideal State for Electric Utility Key Driving Assumptions Impact Revenue Requirements

- Retain Utility Value Delivery General Fund transfer modeled per electric tariff as 13% of prior year base revenues per year
- Conservative Basis for Retail Sales flat load forecast
- Accurate Starting Point for Modeling
 - Capital improvement trust balance adjusted for FY'25
 - FY '24 trued up to reflect actual performance
- Adequate Funding for Future Capital CIP/R&R Fund build modeled as 3% of base revenues in FY '26 – results in ~%\$500k per year to R&R and capital reserve



Projected Rates Insufficient w/o Base Rate Increase *FY'25 Projection Shows Sources of Revenue < Projected Use*



Base Rate Revenue Needed Drives Rate Increases FY '25 5 Months In, So FY '25 & FY '26 Could Be Combined





Base Rate Increase Possible While Staying Low Cost Impact Example For Full Year FY '25 Base Rate Increase





PCA Overcollection Due to Administrative Lag *Adjustment to PCA To \$0/MWh Post Rate Restructure*

- Green Cove Springs implemented base rate increase during FY '24 (January) that included a rate restructuring to capture more bulk power cost in base rates (\$20/MWh more covered in base rates after implementation)
- Rates were filed with the PSC, but subject to administrative lag using prior bulk power cost base – resulted in overcollection of ~\$1.5M in FY '24
- ~\$0.5M over-collection rollover from prior period
- Recent period low-cost drove PCA down to \$0/MWh consistent with restructuring; ebb and flow will remain with lower volume sales months
- Staff proposing to strategically allocate \$2M over-recovery position, which requires stakeholder action



PCA Over-Recovery Proposed to Remain As Reserves *Ensures Funds Set Aside For Stabilization, Interfund Payback*

- PCA over-recovery through fiscal year ended 2024 ~\$2M
- Exceeds threshold for needed adjustments
- Staff proposing to allocate funds to service needs as follows:
 - \$1M in general electric reserve
 - \$0.5M for PCA fluctuations
 - \$0.5M to repay interfund transfer

2. Under recovery. If the BPCA under recovers the actual costs of bulk power supply and related expenses, the city will increase the BPCA to collect the under recovery. If the BPCA over collects actual costs of bulk power supply and related expenses, the city will decrease the fuel adjustment to credit back to customers the over recovery. In order to stabilize fluctuations in the BPCA, the city manager may determine to phase in such increases or decreases over time. In no case, however, will cumulative under or over collections be allowed to exceed eight percent of the fiscal year's annual adopted bulk power supply budget without appropriate adjustments to the BPCA. All over recovered funds remaining at the end of a fiscal year would be carried over to the subsequent fiscal year to be applied to the BPCA calculation for future months.



Seeking Feedback On Next Steps and Strategies Gradual Build To Ideal State Targeted

- Base rate increases required to align with ideal state for electric
- Gradual increases timed with active position management, especially for capital needs
- Gradual recovery to full transfer level based on base revenues
- Conservative assumptions on growth and financing needs
 - Helps temper near term needs, so more moderate rate increase can likely work to improve overall net position
- Seeking core feedback on level and timing of adjustments

