



STAFF REPORT

CITY OF GREEN COVE SPRINGS, FLORIDA

TO: Council Meeting **MEETING DATE:** March 03, 2026
FROM: Mike Null, Interim City Manager
SUBJECT: Informational item to clarify disposition of \$2 Million in over-recovered BPCA electric funds from FY23-24. *Mike Null*

BACKGROUND

Several members of City Council and staff have been asked by several citizens in recent weeks about the status of the \$2 Million in over-recovered BPCA funds from FY23-24. I realize this is an item of discussion related to the current council election, so this is being presented as unbiased as possible for the singular purpose of relieving staff and council from answering questions on a decision that was made last year.

BACKGROUND:

In FY 22-23, BPCA rates fluctuated from \$0.005 (1/2 a cent) to \$0.058 (5.8 cents) per kWh. Most months were above 5 cents and this range caused wide swings in electric bills from month to month. Therefore, when the City reviewed it's rates and recommended raising rates (after seven years at the same rate), we also changed the electric rate structure in late 2023 to move \$0.02 (2 cents) of the BPCA into the base rates in an effort to help decrease these fluctuations in electric bills. The new rates were effective January 2024, but there was a lag in changing the BPCA calculation which was initially noticed in July 2024. By that time, the over-recovery had increased from \$160,449 to \$2,091,191. We immediately stopped assessing a BPCA for 5 months and artificially removed \$1,500,000 from the over-/under-recovery equation as we worked through the rate study updates and developing recommendations for Council consideration relative to the over-recovery.

In a March 25, 2025 Special Council Session, an update to the electric rate study was presented. We also addressed the over-recovered funds and Council directed staff to come back with a resolution allocating the over-recovered funds as follows:

- \$1,000,000 of the over-recovered funds shall be allocated to the general Electric Fund reserves to be available for capital repair and replacement needs
- \$500,000 shall be allocated to repay a portion of the FY23 interfund loan of \$1,245,000 from the Electric Fund to the General fund
- \$500,000 shall remain for PCA fluctuations.

An excerpt from the March 25, 2025 meeting is attached for reference.

Then, at the April 1, 2025 regular council meeting, Resolution R-04-2025 was presented outlining the same allocation as directed by Council. An excerpt from the April 1, 2025 minutes is attached for reference, and also includes comments from the public.

CURRENT:

The \$1,000,000 is being tracked separately for capital repair and replacement needs. This money is not slated to be expended in the current FY25-26 budget year.

The \$500,000 was applied to the interfund loan as directed by Council. This has reduced the amount due from the General Fund to the Electric Fund for the loan to \$745,000. A repayment schedule for the remaining \$745,000 will be outlined during the FY26-27 budget workshops.

The last \$500,000 was left in the BPCA calculation. The over-recovered amount as of September 2025 was \$852,216. The current January 2026 over-recovery balance stands at \$140,942. These funds (\$700,000) were used to charge a zero dollar BPCA from September 2025 through December 2025.

FISCAL IMPACT

N/A

RECOMMENDATION

None. Information item only.