



Electric Cost of Service Study

City of Green Cove Springs, Florida

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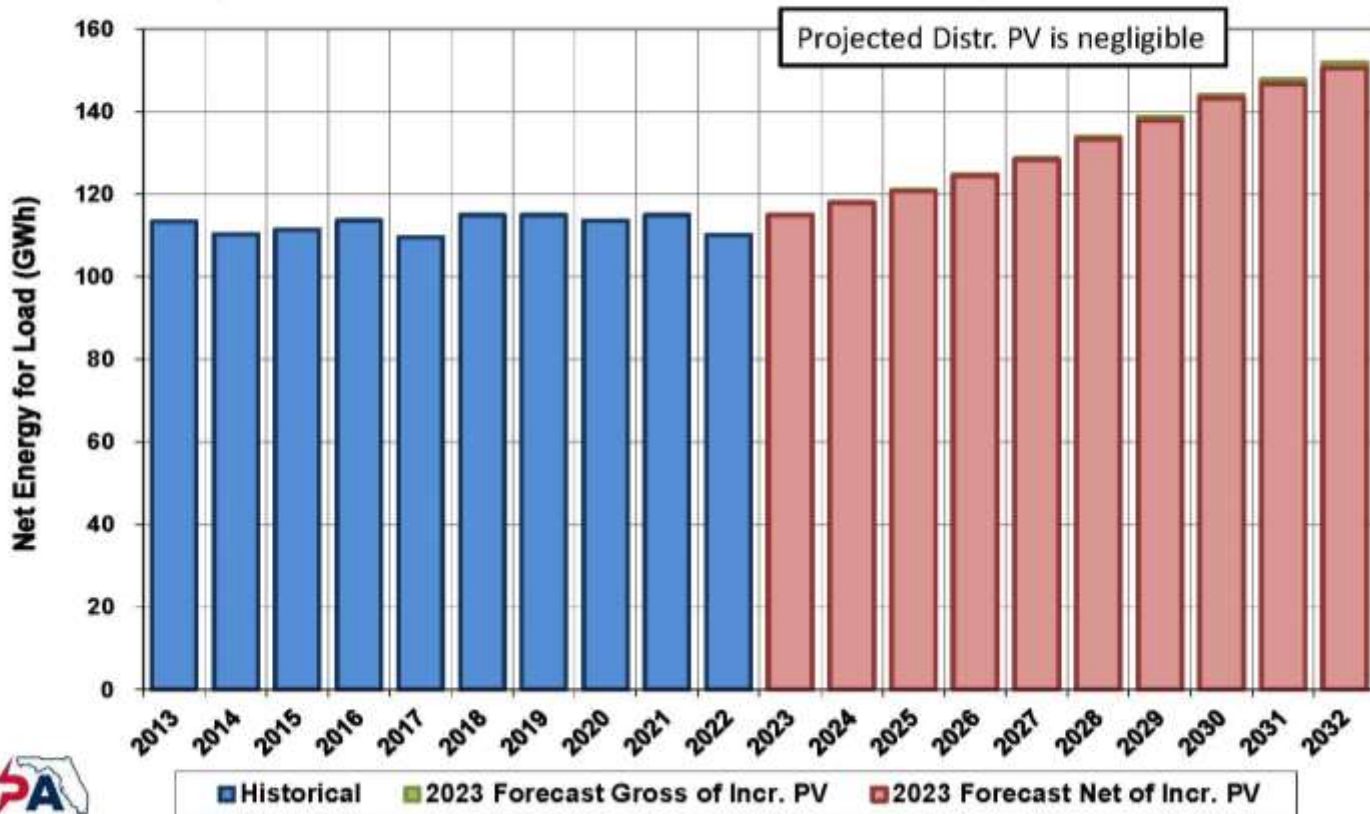
Green Cove Springs Electric Utility

- > Owned and Operated by the City of Green Cove Springs
- > Local Control; Reliable Power
- > Not for Profit – Returns Flowed Back to the City
- > Provides for Economic Development
- > Base Rates Have Not Increased Since 2015
- > Significant Growth Projected 2023-2032
- > Significant Capital Improvements Required – Long Range Plan 2023-2032
- > Capital Improvements have been funded mostly from Reserves in the Last Several Years (\$2.5 million from Reserves in 2023)
- > Future Capital Improvements to be funded from Rate Revenues, Loans and Lot Fees

Energy Projected to Grow 3% Per Year (Base Case) Compared to 0% Growth in Recent Years

Projected GCS Delivered FY Net Energy for Load

Base Case (Gross and Net of Incremental Distributed PV)



Proposed Long Range Plan Expenditures are Growth and Reliability Related

Timing of Expenditures Affects Revenue Requirements

Projects	Fiscal Years Ending September 30						Estimated Total
	2023	2025	2026	2028	2030	2032	
Proposed Long Range Plan Expenditures [1]							
Distribution Line Project 1	\$2,800,000	-	-	-	-	-	\$2,800,000
Substation Project - Chapman T1	\$2,200,438	-	-	-	-	-	\$2,200,438
Distribution Line Project 2	-	\$1,880,000	-	-	-	-	\$1,880,000
Voltage Conversion Project 101	-	-	\$1,387,000	-	-	-	\$1,387,000
Voltage Conversion Project 102	-	-	-	\$1,532,000	-	-	\$1,532,000
Voltage Conversion Project 103	-	-	-	-	\$1,593,000	-	\$1,593,000
Substation Project - New Substation	-	-	-	-	\$6,349,840	-	\$6,349,840
Distribution Line Project 3	-	-	-	-	\$250,000	-	\$250,000
Distribution Line Project 4	-	-	-	-	-	\$368,000	\$368,000
Total Proposed Expenditures	\$5,000,438	\$1,880,000	\$1,387,000	\$1,532,000	\$8,192,840	\$368,000	\$18,360,278

[1] Amounts shown are based on the 2022 Long Range Plan. Costs do not include inflation, cost of money or losses. Years with no expenditures are not shown.

Does not include ordinary capital improvements of approximately \$600,000 per year. FY 2023 expenditures are projected to be delayed.

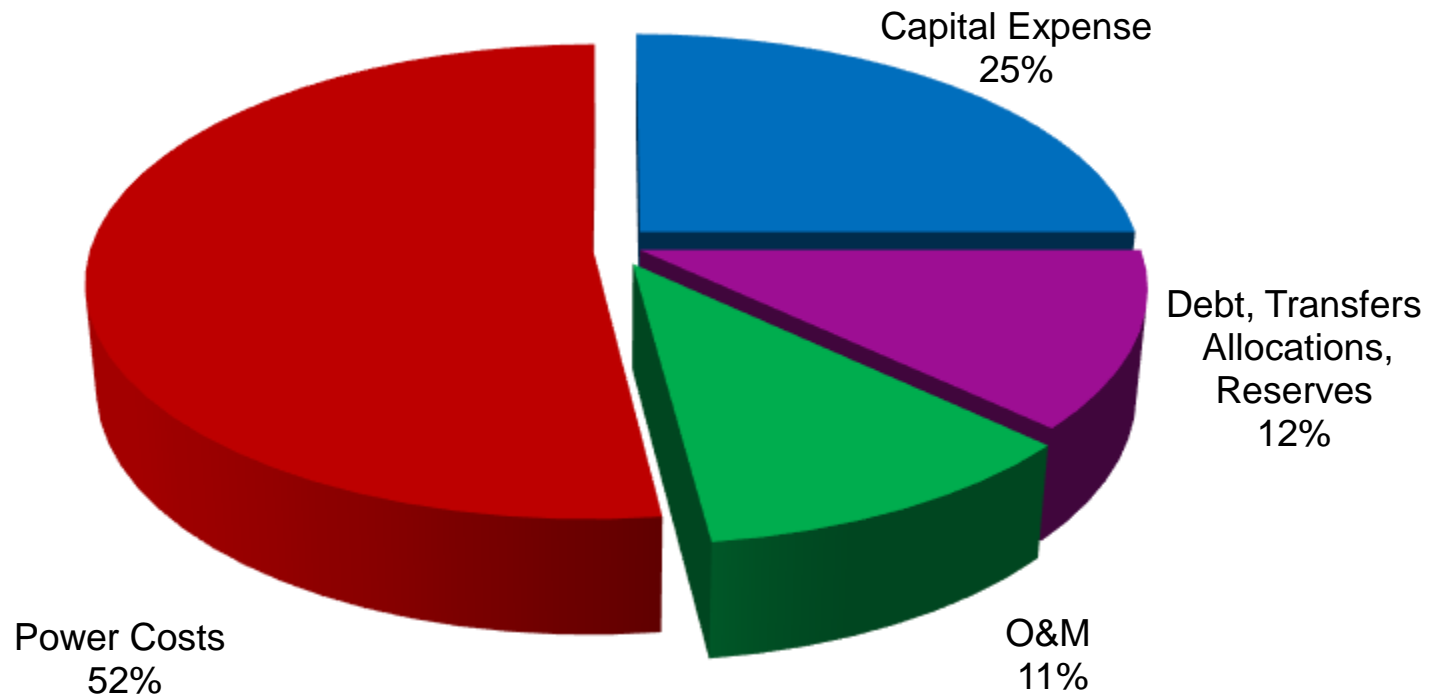
Objectives of the Cost of Service Study

- > Review FY 2022-2023 Budget
- > Adjust FY 2023 Budget for Known Changes
 - > Include Updated Power Costs
- > Develop 2023-2032 Revenue Requirements (Costs)
- > Test Adequacy of Existing Electric Rates for FY 2023-2032
- > Allocate Costs to the Customer Classes (Residential, Commercial)
- > If Necessary, Revise Rates According to City Policies and Florida Public Service Commission Guidelines

Preliminary Results of the Cost of Service Study

- > Projected Base Rate Deficiency of Approximately \$2 million per year 2023-2026
- > Deficiency Depends on Schedule Capital Expenditures
- > Projected Power Cost Decrease in 2024
- > Overall Increase in Customer Bills Averaging 4.8% per Year 2023-2026
- > Goal is to Recover Shortfall in Revenues by 2026

Test Year 2023 Electric Revenue Requirements



Electric Utility 2023 Revenue Requirements

	(\$000)
Power Costs	\$11,555
Operation and Maintenance	2,501
Capital Expenses	5,578
Debt Service	853
Transfer to General Fund	850
Allocations and Reserves	<u>813</u>
Test Year Revenue Requirements	\$22,150
Existing Rate Revenues	15,142
Loan Proceeds and Transfers	<u>6,178</u>
Total Existing Revenues	<u>21,320</u>
Projected Deficiency (\$)	<u>\$830</u>
Projected Overall Rate Increase (%)	<u>4.8%</u>

Revenue Requirements 2023-2032 Base Case

Description	Projected Fiscal Year (\$000)									
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenue Requirements	\$22,150	\$19,403	\$19,649	\$20,171	\$19,197	\$21,601	\$20,517	\$32,985	\$22,873	\$24,091
Existing Rate Revenue	15,142	13,576	14,710	15,144	15,664	16,154	16,870	17,779	18,336	18,908
Loan Proceeds	3,000	3,000	2,000	1,500	0	1,500	0	10,000	0	0
Other Revenue	3,178	662	709	960	994	1,426	1,481	1,540	1,026	1,055
Difference	<u>(\$831)</u>	<u>(\$2,165)</u>	<u>(\$2,230)</u>	<u>(\$2,567)</u>	<u>(\$2,540)</u>	<u>(\$2,521)</u>	<u>(\$2,166)</u>	<u>(\$3,666)</u>	<u>(\$3,511)</u>	<u>(\$4,128)</u>
Cumulative % of Base and BPCA Revenue [1]	<u>-5.5%</u>	<u>-15.9%</u>	<u>-15.2%</u>	<u>-17.0%</u>	<u>-16.2%</u>	<u>-15.6%</u>	<u>-12.8%</u>	<u>-20.6%</u>	<u>-19.1%</u>	<u>-21.8%</u>
Base Rate Increase	<u>7.0%</u>	<u>7.0%</u>	<u>7.0%</u>	<u>5.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Overall Rate Increase	<u>4.8%</u>	<u>5.5%</u>	<u>5.2%</u>	<u>3.7%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Cumulative % of Base and BPCA Revenue [2]	<u>-0.7%</u>	<u>-5.4%</u>	<u>-3.4%</u>	<u>1.0%</u>						

[1] Without Rate Increases

[2] With Rate Increases. The goal is to recover the shortfall in revenues by 2026.

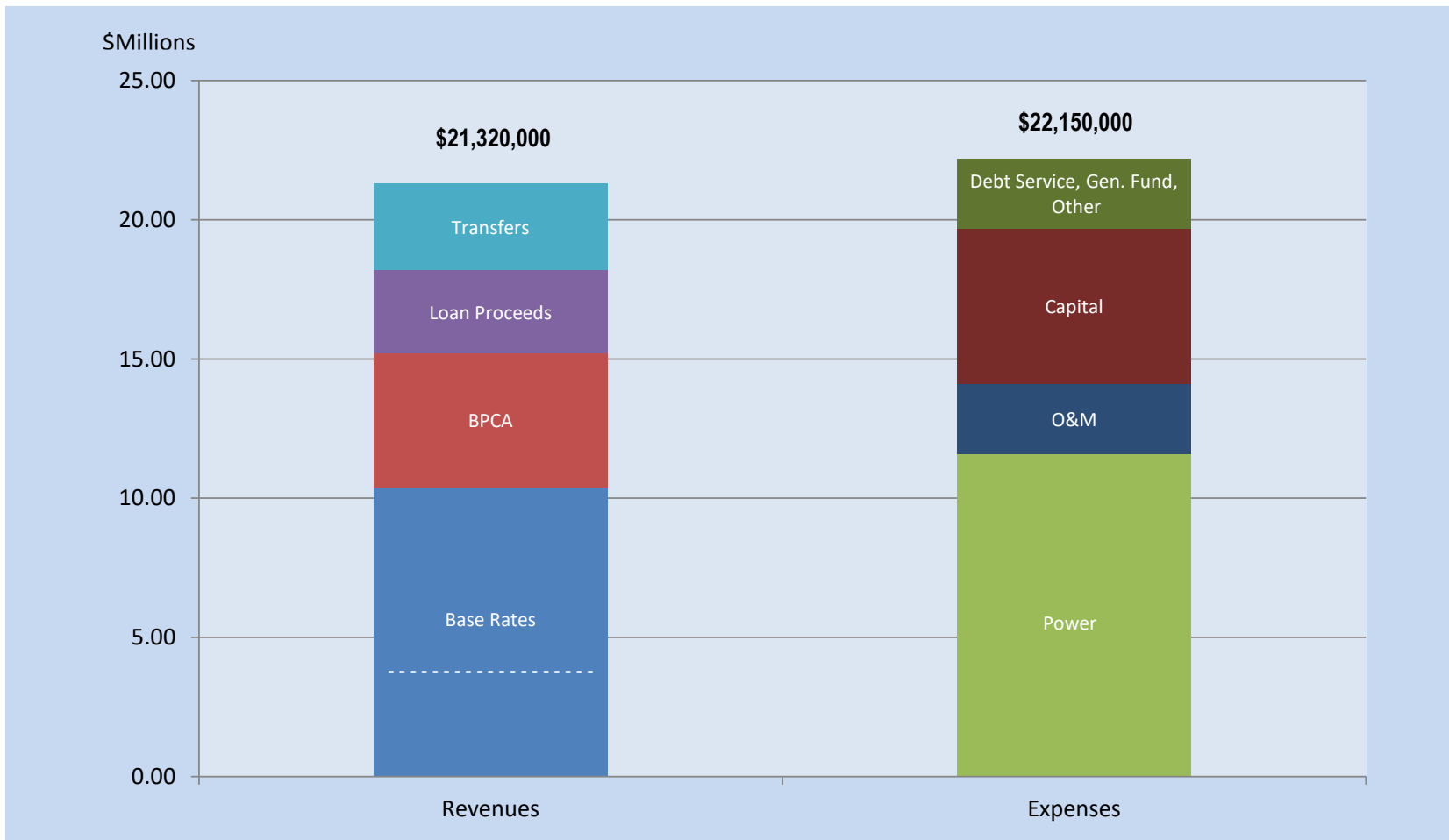
Revenue Requirements include Capital Expenses.

Preliminary Cost of Service Results

Ln No	Customer Class	Test Year 2023			
		Cost of Service	Existing Revenues	Difference	Difference (%)
	(a)	(b)	(c)	(d)	(e)
1	Residential	\$11,099,877	\$10,438,331	(\$661,547)	-9.0%
	Commercial				
2	General Service Non Demand	1,779,561	1,738,159	(41,402)	-3.3%
3	General Service Demand	7,868,928	7,749,498	(119,430)	-2.2%
4	City	755,138	717,041	(38,097)	-7.5%
5	Resale	646,892	676,727	29,835	6.0%
6	TOTAL	\$22,150,396	\$21,319,755	(\$830,641)	-5.5%

Results indicate a need for a greater increase for residential and a lesser increase for commercial.

Test Year 2023 Revenues and Expenses



Rate Options

- > Increase Rates Overall 4.8%
- > Plan for Additional Rate Increases of 4.8% per Year 2024-2026 Depending on Growth
- > Option 1 Increases Same % for All Classes
- > Options 2, 3 and 4 to Increase Residential Slightly More Than Commercial Based on Cost of Service Results
- > Option 3 to Include More Power Costs in Base Rates with Lower BPCA
- > Option 4 to Increase Customer Charge More and Increase Energy Charge Less to Help Recover Fixed Costs

Sample Rate Comparisons Option 1

> Residential 1,000 kWh

<u>Existing</u>	<u>Proposed</u>	<u>Difference</u>	<u>% Difference</u>
\$139.00	\$145.65	\$6.65	4.8%

> General Service Non-Demand 1,500 kWh

<u>Existing</u>	<u>Proposed</u>	<u>Difference</u>	<u>% Difference</u>
\$214.50	\$224.90	\$10.40	4.8%

> General Service Demand 100 kW, 40,000 kWh

<u>Existing</u>	<u>Proposed</u>	<u>Difference</u>	<u>% Difference</u>
\$5,100.00	\$5,334.30	\$234.30	4.6%

Sample Rate Comparisons Options 2 and 3

> Residential 1,000 kWh

<u>Existing</u>	<u>Proposed</u>	<u>Difference</u>	<u>% Difference</u>
\$139.00	\$146.54	\$7.54	5.4%

> General Service Non-Demand 1,500 kWh

<u>Existing</u>	<u>Proposed</u>	<u>Difference</u>	<u>% Difference</u>
\$214.50	\$223.44	\$8.94	4.2%

> General Service Demand 100 kW, 40,000 kWh

<u>Existing</u>	<u>Proposed</u>	<u>Difference</u>	<u>% Difference</u>
\$5,100.00	\$5,299.30	\$199.30	3.9%

Sample Rate Comparisons Option 4

> Residential 1,000 kWh

<u>Existing</u>	<u>Proposed</u>	<u>Difference</u>	<u>% Difference</u>
\$139.00	\$146.90	\$7.90	5.7%

> General Service Non-Demand 1,500 kWh

<u>Existing</u>	<u>Proposed</u>	<u>Difference</u>	<u>% Difference</u>
\$214.50	\$223.05	\$8.55	4.0%

> General Service Demand 100 kW, 40,000 kWh

<u>Existing</u>	<u>Proposed</u>	<u>Difference</u>	<u>% Difference</u>
\$5,100.00	\$5,293.80	\$193.80	3.8%

Rate Comparisons Residential 1,000 kWh May 2023

Green Cove Springs

- Existing	\$139.00
- Proposed	\$145.65

Gainesville \$167.63

JEA \$154.83

Clay Cooperative \$130.00

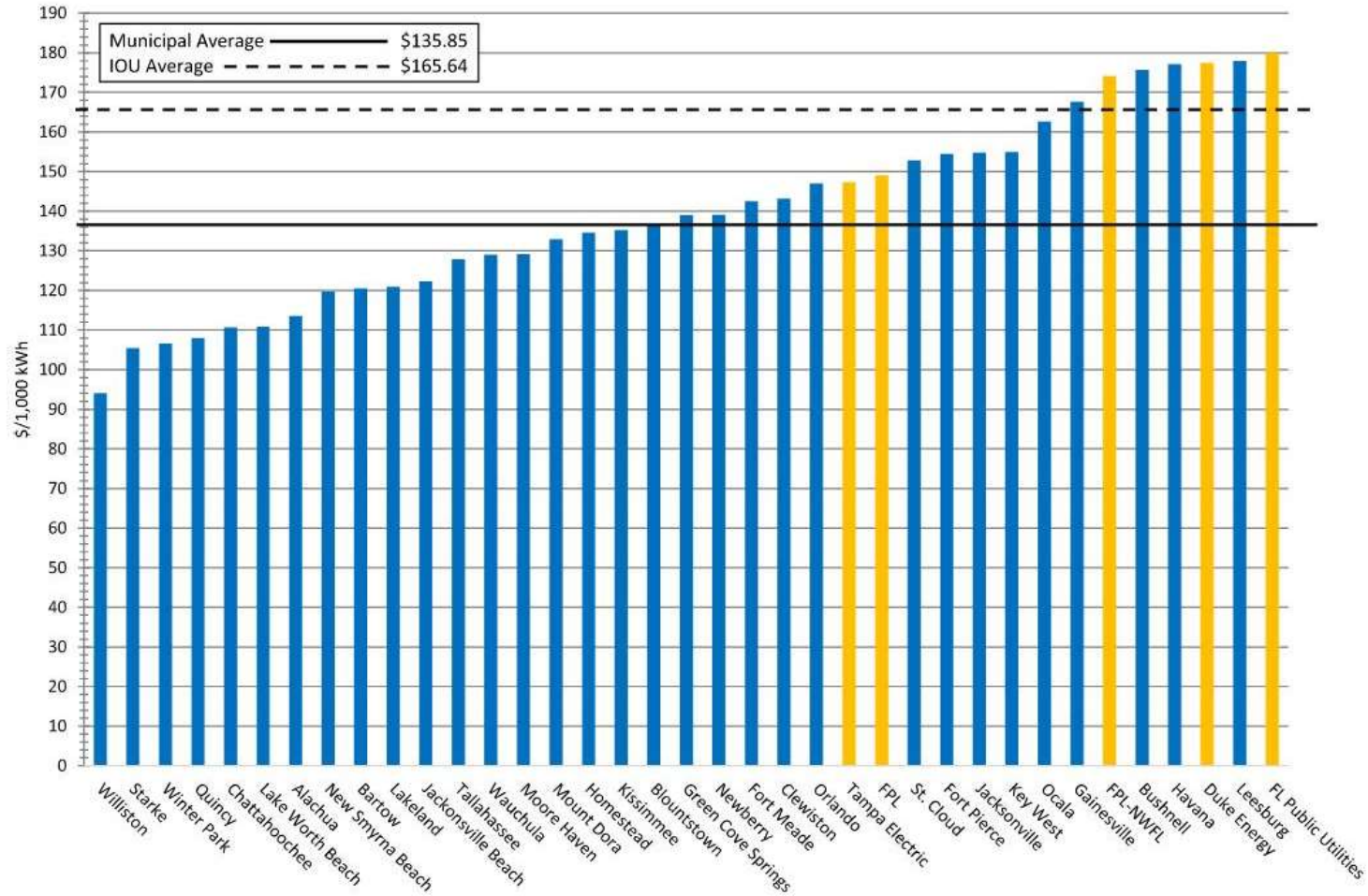
Duke Energy \$177.47

FPL \$149.11

Municipal Average \$135.85

IOU Average \$165.64

Residential 1,000 kWh May 2023



Compiled by the Florida Municipal Electric Association

Recommendations

- > Adopt Proposed Rates Effective October, 2023
- > Plan for Additional Rate Increases 2024-2026
- > Continue to Recover Power Costs through the BPCA
- > Continue to Monitor Revenues and Expenses
- > Periodically Update Cost of Service Study Results

Comments / Questions ?

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