

# STAFF REPORT REGULAR MEETING

**AGENDA DATE:** January 29 2026

**DEPARTMENT:** Electric Utility

**TITLE:**

Purchased Power Cost Review & Adjustment

**SUMMARY:**

The City's electric utility supplies electricity to its customers through a diverse portfolio of generation and power supply resources. These include the City's entitlements in the Florida Municipal Power Agency (FMPA) St. Lucie Project, the Rice Creek and Whistling Duck Solar Projects, the City's municipal solar facility located on the closed landfill, the City's power plant, and a contract with FMPA for supplemental energy and capacity.

As established during the electric utility rate-making process, certain utility expenses, primarily related to capacity purchases, debt service, operations and maintenance, general fund transfers, and City shared internal service costs are recovered through the Base Energy Charge on customer bills and are excluded from the Purchased Power Cost Adjustment (PCA).

Costs primarily associated with the purchase of electric energy from generation resources, energy and capacity acquired under the FMPA Supplemental Agreement, and transmission services are recovered or credited through the Purchased Power Cost Adjustment (PCA) on customer bills, in accordance with City Resolution 11-2024.

Staff's methodology for establishing the Power Cost Adjustment (PCA) effective March 1, 2026, utilizes forecasted natural gas prices and projected energy consumption under the new FMPA Supplemental Contract. Monthly purchased power costs have been projected for March 2026 through September 2026 using gas price forecasts based on market futures and anticipated load requirements as well as FPL increased transmission rates. This approach provides a structured and transparent mechanism to ensure the PCA reflects expected power supply costs while accounting for volatility in natural gas prices, a key driver of wholesale electricity costs.

**BACKGROUND AND JUSTIFICATION:**

Due to the relative stability of natural gas pricing in wholesale power markets, Staff has developed a recommendation incorporating a seven-month PCA forecast covering March through September 2026. By basing the PCA on a seven-month forecast, the objective is to promote greater predictability and stability in the adjustment. This approach is intended to mitigate the effects of volatility in natural gas prices on wholesale power costs, which could otherwise result in significant fluctuations in the PCA.

**MOTION:**

Move to approve/disapprove the PCA as presented

**ATTACHMENT(S):**

Fiscal Impact – N/A

December PCA Update/Review