

# STAFF REPORT UTILITY MEETING

**AGENDA DATE:** April 25, 2023

**DEPARTMENT:** Electric Utility

**TITLE:**

Rate Stabilization Fund

**SUMMARY:**

Establishment of a Rate Stabilization Fund and desired working balances to be maintained.

**BACKGROUND AND JUSTIFICATION:**

City's electric utility rates resolution has had a long-standing option for a Rate Stabilization Fund which has not been used in many years. The purpose of a Rate Stabilization Fund is to provide a temporary buffer against rising Purchased Power Cost Adjustments (PCA) which might otherwise have an impact on customer rates. In practice Rate Stabilization Funds are often funded by setting aside a portion of PCA revenues in specific dollar amounts, or percentages of PCA budgets, over a period of time.

City's Electric Rate Consultant (Leidos) has prepared a series of slides with examples taken from other Florida municipal electric utilities as a guide for discussion. The goal of the meeting is to achieve a consensus on next steps, ideally to include the desired funding level, timing of contributions, and governance over the use of the fund.

**MOTION:**

Direction is sought regarding the establishment of the fund.

**ATTACHMENT(S):**

Presentation; Electric Utility Rate Stabilization Fund