

STAFF REPORT REGULAR MEETING

AGENDA DATE: February 18, 2025

DEPARTMENT: Electric Utility

TITLE:

Renewal of Florida Gas Transmission Company Firm Transportation Service Agreement

SUMMARY:

Agreement to retain City's natural gas transmission capacity on the Florida Gas Transmission (FGT) pipeline through 2036

BACKGROUND AND JUSTIFICATION:

The City of Lake Worth Beach (City) has held a natural gas transmission capacity agreement with the Florida Gas Transmission (FGT) system since 1995. This Service Agreement (Agreement) has been renewed every 10 years, with the current agreement set to expire on February 28, 2026. The City does not own the pipeline, but rather uses "space" (capacity) in the pipeline to transport natural gas as needed for operation of the City's power plant.

The natural gas transmission capacity provided under this Agreement is a critical City asset that supports the City's electric generation at the City-owned power plant. Additionally, this capacity provides the City with the flexibility to deliver natural gas to other power plants within the FGT pipeline system as necessary to meet the City's electric supply needs.

At present, there is no available additional capacity on the FGT pipeline system, as all existing transmission capacity is in high demand and is currently contracted under various agreements. Should the City elect not to renew its current Agreement before expiration in 2026, City's natural gas pipeline capacity on the FGT pipeline system would be made available for auction to other entities. The loss of this pipeline capacity could have significant implications for the City's energy security, cost management, and operational flexibility, especially given the unavailability of additional capacity on the FGT system.

As the expiration date of the agreement approaches, Staff recommends that City renew the Agreement with FGT to ensure continued access to this strategic resource.

MOTION:

Move to approve/disapprove Renewal of the Florida Gas Transmission Company Firm Transportation Service Agreement for the period of 3/01/2026 through 2/29/2036

ATTACHMENT(S):

Fiscal Impact Analysis
Amendment 2

FISCAL IMPACT ANALYSIS

Five Year Summary of Fiscal Impact:

Fiscal Years	2025	2026	2027	2028	2029
Inflows/Revenues					
Appropriated (Budgeted)	0	0	0	0	0
Program Income	0	0	0	0	0
Grants	0	0	0	0	0
In Kind	0	0	0	0	0
Outflows/Expenditures					
Appropriated (Budgeted)	0	0	0	0	0
Operating	0	\$618,890	\$618,890	\$618,890	\$618,890
Capital	0	0	0	0	0
Net Fiscal Impact <i>(If not budgeted)</i>	0	\$618,890	\$618,890	\$618,890	\$618,890
No. of Addn'l Full-Time Employee Positions	0	0	0	0	0

New Appropriation (Not Budgeted) Fiscal Impact:		
	Revenue Source	Expenditure
Department	Electric	Electric
Division	Power Generation	Power Generation
GL Description	Electric	Contractual Services
GL Account Number	TBD	401-6031-531.34-29
Project Number	N/A	NA
Requested Funds	\$6,188,900	\$6,188,900
Remaining Balance	N/A	N/A-Multi-Year funding