

EXECUTIVE BRIEF REGULAR MEETING

AGENDA DATE: November 17, 2020

DEPARTMENT: Electric Utility

TITLE:

Amended and Restated Directive with Gas South, LLC

SUMMARY:

Amended and Restated Directive will enable Florida Gas Utility (FGU) to release some or all of the City's Florida Gas Transmission (FGT) capacity on a temporary basis to Gas South as an alternative to the bundled gas sale for Fiscal Years 2021-2025.

BACKGROUND AND JUSTIFICATION:

Pursuant to the Directive, dated February 22, 2019, the City authorized FGU to sell natural gas, bundled with firm FGT transportation capacity, to Peninsula Energy Services Company ("PESCO") on behalf of the City.

On October 15, 2019, the City issued an addendum to the Directive to authorize FGU to consent to and execute the assignment of PESCO's rights and obligations in the Directive to Gas South, LLC.

FGU and Gas South desire to modify the structure of the Directive to enable a release of some or all of the FGT capacity contemplated therein from FGU to Gas South to be managed under an asset management agreement with Gas South.

The modified structure will enable FGU to release some or all of the City's FGT capacity on a temporary basis to Gas South as an alternative to the bundled gas sale. The benefits to the City and FGU of incorporating this capacity release element are:

1. Reduce the City's credit exposure to Gas South
2. Improve timing of the City's cash flows from FGU (capacity release credits from FGT come ~3 weeks prior to payment of gas supply on bundled sale)
3. Economics to the City are neutral (no change in expected net benefit).
4. Reduce FGU's administrative burden for daily scheduling of gas supply to multiple Gas South points.

MOTION:

Move to approve/disapprove the Amended and Restated Directive with Gas South, LLC authorizing FGU to release some or all of the City's FGT capacity on a temporary basis to Gas South as an alternative to the bundled gas sale.

ATTACHMENT(S):

Directive Confirmation 2.22.19
FGU-Lake Worth Beach Directive Addendum 10.15.2019
Proposed Amended and Restated Directive 10.21.2020
FGU – Lake Worth Gas Services Agreement
Sun Trust Letter of Credit

FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2021	2022	2023	2024	2025
Capital Expenditures	0	0	0	0	0
Operating Expenditures	\$4,728,326	\$4,668,533	\$4,668,278	\$4,668,406	\$4,668,406
External Revenues	\$4,942,930	\$4,960,648	\$4,960,648	\$4,960,776	\$4,960,776
Program Income	0	0	0	0	0
In-kind Match	0	0	0	0	0
 Net Fiscal Impact	 \$214,604	 \$292,370	 \$292,370	 \$292,370	 \$292,370
 No. of Addn'l Full-Time Employee Positions	 0	 0	 0	 0	 0

B. Recommended Sources of Funds/Summary of Fiscal Impact:

Account Number	Account Description	Fiscal Year	FY21 Budget	Annual Revenue	Cumulative Revenue Balance
401-0000-343-10-21	Capacity Revenues	2021	\$0	\$214,604	\$214,604
401-0000-343-10-21	Capacity Revenues	2022	\$0	\$292,370	\$313,974
401-0000-343-10-21	Capacity Revenues	2023	\$0	\$292,370	\$606,344
401-0000-343-10-21	Capacity Revenues	2024	\$0	\$292,370	\$898,714
401-0000-343-10-21	Capacity Revenues	2025	\$0	\$292,370	\$1,191,084