

STAFF REPORT UTILITY MEETING

AGENDA DATE: September 26, 2023

DEPARTMENT: Electric Utility

TITLE:

Resolution No. 31-2023 – Establishment of an Electric Utility Rate Stabilization Fund

SUMMARY:

Resolution No. 31-2023 establishes a new Special Revenue Fund titled “Electric Utility Rate Stabilization Fund” for the purpose of maintaining rate competitiveness and rate stability by mitigating cost increases that would otherwise be passed along to the customers of the Electric Utility.

BACKGROUND AND JUSTIFICATION:

As a result of sudden increases in the costs of natural gas in 2022-2023 and other factors impacting the power costs, the City of Lake Worth Beach desires to establish an “Electric Utility Rate Stabilization Fund” to maintain rates competitive with other utilities, mitigate against potential increased costs of purchased power, and provide rate stability for the customers of the Electric Utility.

To provide the necessary funding, the Electric Utility Fund will transfer \$3,500,000 of excess Power Cost Adjustment (PCA) revenues accumulated as of August 2023 and appropriate each year from the electric fund an amount of not less than 10% of the expected annual PCA expense or an amount not greater than 25% of the expected annual PCA expense to The Fund.

The City Commission shall have the sole authority to direct the deposit or withdrawal of funds from The Fund. The Fund shall be administered by the Electric Utility and Financial Services Department.

MOTION:

Move to approve/disapprove Resolution No. 31-2023 to establish a new Special Revenue Fund titled “Electric Utility Rate Stabilization Fund” which will be funded by excess PCA revenues accumulated as of August 2023.

ATTACHMENT(S):

Fiscal Impact Analysis
Resolution No. 31-2023

FISCAL IMPACT ANALYSIS

Five Year Summary of Fiscal Impact:

Fiscal Years	2023	2024	2025	2026	2027
Inflows					
Current Appropriation	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					
Current Appropriation	0	0	0	0	0
Operating	\$3,500,000	0	0	0	0
Capital	0	0	0	0	0
Net Fiscal Impact	\$3,500,000	0	0	0	0
No. of Addn'l Full-Time Employee Positions					
	0	0	0	0	0

Budget Transfer Impact		
	Revenue Source	Expenditure
Department	Rate Stabilization Fund	Electric Fund
Division	N/A	Non-Departmental
GL Description	Transfers In	Transfers Out
GL Account Number	TBD (New GL Account)	TBD (New GL Account)
Project Number	N/A	N/A
Requested Funds	\$3,500,000	\$3,500,000