

Purpose of Discussion on Updates Regarding the PCA and Rate Stabilization Fund:

- Confirm goals for PCA, Rate Stabilization Fund and 3-month/quarterly updates
- Determine which scenarios to bring to the Commission in the event we are approaching one of the thresholds
- Determine what data to include and how it should be displayed
- Decide if we want the 3-month periods to align to each quarter of the fiscal year

Goals:

- Cost of power (PCA) is a pass-through cost
 - On average, the revenues should be equal to the expenses
- Avoid increases/decreases to rates throughout the year
- React to significant changes in the cost of power

Possible graphs and data:

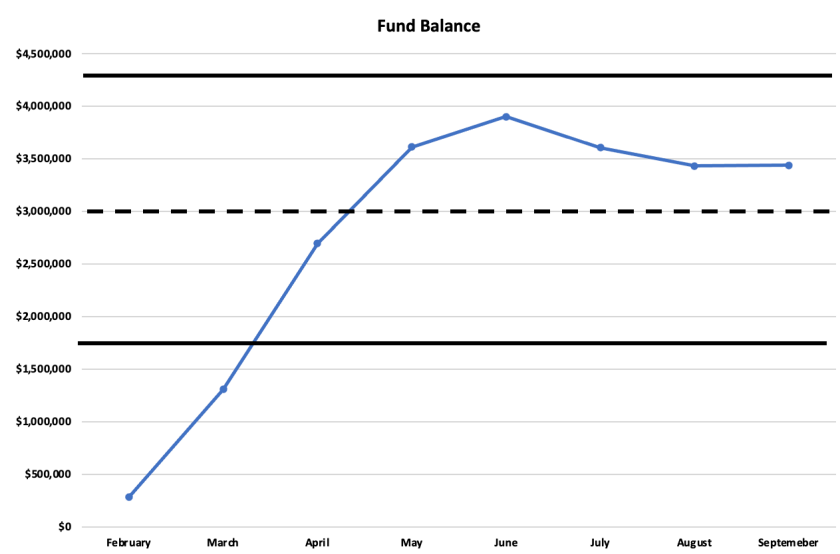
Rate Stabilization Fund

Expected Expense FY24 = \$17,276,074

10% of Expected Expense = \$1,727,607

25% of Expected Expense = \$4,301,901

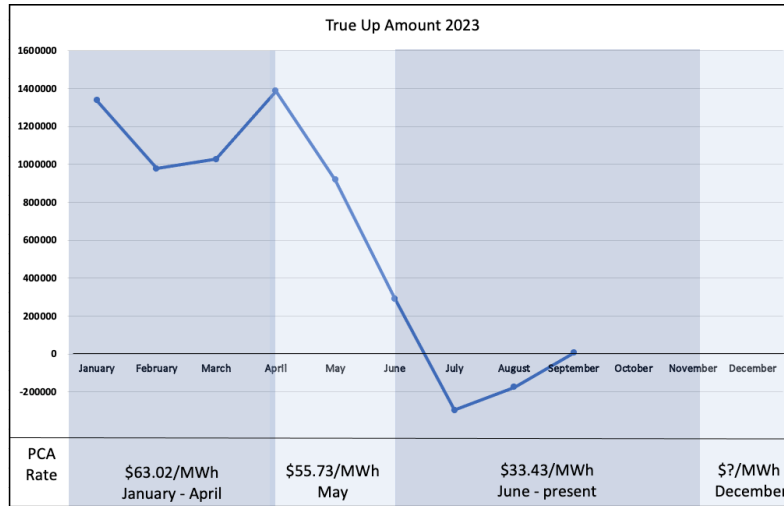
*I started this graph in February because it was the first month in which we had a positive balance.



Direction:

- Agree/Disagree to include the thresholds and graph displayed above
- Decide the range of dates we would like included
 - Should it follow the calendar year or fiscal year? Should it always show the last 12 months even if it crosses years? Other options?
- Determine if transfers to the rate stabilization fund should be monthly or quarterly
- Decide if staff should propose a change in rates if fund balance is not approaching either threshold
- Determine which scenarios to bring to the Commission in the event a rate change is considered necessary
 - One quarter, one year, remainder of the fiscal year
 - Break even, build up/down to target (how aggressively?)

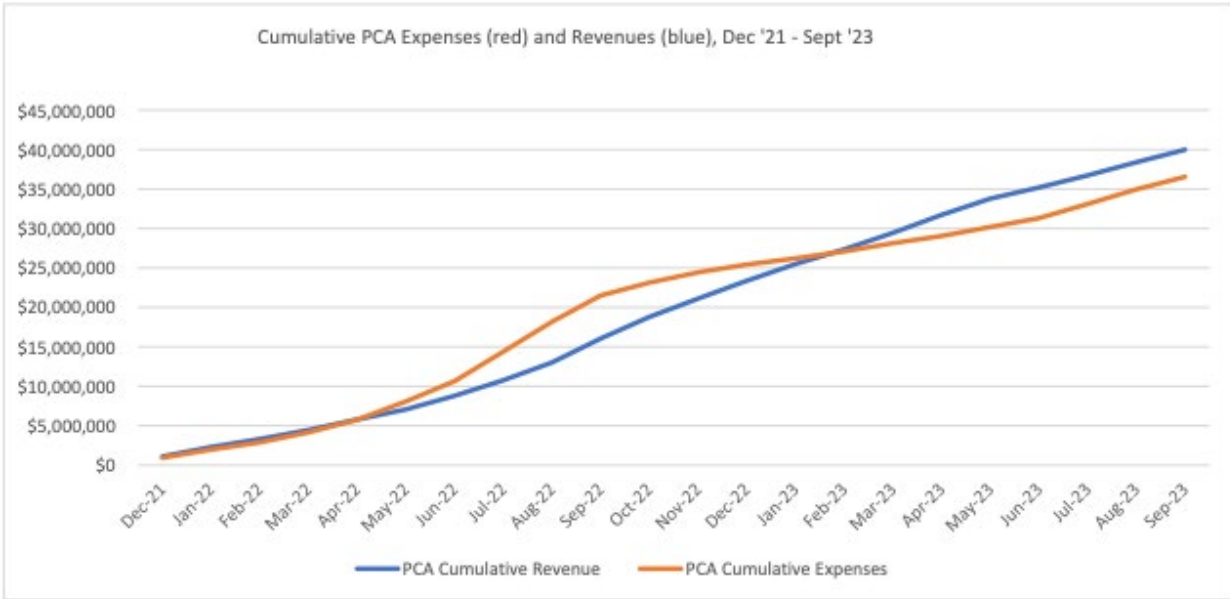
Monthly True-Up Amount



PCA Table & Graphs

Month	PCA Monthly Revenues	PCA Monthly Expenditures	Difference
Dec-21	\$1,103,969	\$942,601	\$161,368
Jan-22	\$1,194,586	\$1,023,131	\$171,455
Feb-22	\$1,025,360	\$926,824	\$98,536
Mar-22	\$1,119,913	\$1,273,434	(\$153,521)
Apr-22	\$1,347,197	\$1,591,498	(\$244,301)
May-22	\$1,266,715	\$2,310,587	(\$1,043,872)
Jun-22	\$1,758,533	\$2,583,598	(\$825,065)
Jul-22	\$1,959,972	\$3,743,037	(\$1,783,065)
Aug-22	\$2,229,001	\$3,782,608	(\$1,553,607)
Sep-22	\$3,044,528	\$3,315,729	(\$271,201)
Oct-22	\$2,754,939	\$1,656,627	\$1,098,312
Nov-22	\$2,305,698	\$1,313,150	\$992,548
Dec-22	\$2,267,120	\$948,626	\$1,318,494
Jan-23	\$2,123,484	\$786,317	\$1,337,167
Feb-23	\$1,864,011	\$886,202	\$977,809
Mar-23	\$2,074,694	\$1,047,496	\$1,027,198
Apr-23	\$2,295,461	\$908,816	\$1,386,645
May-23	\$2,064,788	\$1,146,676	\$918,112
Jun-23	\$1,398,725	\$1,109,974	\$288,751
Jul-23	\$1,522,057	\$1,817,096	(\$295,039)
Aug-23	\$1,667,765	\$1,843,451	(\$175,686)
Sep-23	\$1,599,657	\$1,592,772	\$6,885
TOTALS	\$39,988,173	\$36,550,250	\$3,437,923

PCA Cumulative Revenue	PCA Cumulative Expenses	Monthly MWhs Purchased (PCA ONLY)
\$1,103,969	\$942,601	19,587
\$2,298,555	\$1,965,732	19,302
\$3,323,915	\$2,892,556	15,861
\$4,443,828	\$4,165,990	21,660
\$5,791,025	\$5,757,488	22,861
\$7,057,740	\$8,068,075	29,099
\$8,816,273	\$10,651,673	31,937
\$10,776,245	\$14,394,710	37,470
\$13,005,246	\$18,177,318	38,288
\$16,049,774	\$21,493,047	38,962
\$18,804,713	\$23,149,674	27,425
\$21,110,411	\$24,462,824	24,219
\$23,377,531	\$25,411,450	18,541
\$25,501,015	\$26,197,767	16,911
\$27,365,026	\$27,083,969	21,664
\$29,439,720	\$28,131,465	27,129
\$31,735,181	\$29,040,281	24,704
\$33,799,969	\$30,186,957	28,376
\$35,198,694	\$31,296,931	31,029
\$36,720,751	\$33,114,027	37,905
\$38,388,517	\$34,957,478	38,244
\$39,988,173	\$36,550,250	32,234



Direction:

- Determine which tables and graphs to include in quarterly report

Current Process:

3-month periods, not clearly defined

- Meeting at the end of September
- Actuals for May – July available (2 different rates)
- Projections for September - November
 - August not accounted in actuals or projection (projections/actuals never align)
- Rates may be adjusted for December (middle of actuals for November – January)
 - No information about the period effected by rate adjustment
- Inability to look for trends

	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
Meeting in September	actuals																
	Adj				projections			Adj									
Meeting in December				actuals													
								projections		Adj							
Meeting in March							actuals										
											projections		Adj				

Proposed Process:

Clearly defined quarters, aligned to fiscal year

- Meeting at the end of November
- Actuals for July - September (1 rate)
- Projections for October – December (no gaps, projections/actuals always align)
- Rates may be adjusted for January (start of next quarter)
 - Forecast for following quarter that starts in January, aligns to the rate adjustments (rough estimate)
- Ability to look for trends

	Quarter 4			Quarter 1			Quarter 2			Quarter 3			Quarter 4		
	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
Meeting for Q1 in Nov	Q3 actuals														
				Q1 projections			Adj								
							Q2 forecast*								
Meeting for Q2 in Feb				Q4 actuals											
							Q2 projections		Adj						
										Q3 forecast*					
Meeting for Q3 in May							Q1 actuals								
										Q3 projections		Adj			
													Q4 forecast*		
Meeting for Q4 in Aug										Q2 actuals					
													Q4 projections		

PCA Formula

$$PCA = (A + B + C) / D$$

Where:

A = The projected purchased power costs for the projected 3-month period comprised of costs such as the FMPA Stanton 1 variable costs, the FMPA Municipal Solar Project power costs, supplemental purchased power capacity; energy and directly related costs, Lake Worth Beach electric utility power plant generating fuel; and transmission costs:

B = A true-up amount representing the over or under recovery of purchased power costs from the prior period

C = The amount transferred to or from the Rate Stabilization Fund for the projected period

D = The projected total retail sales in MWh for the projected 3-month period

Observations:

- $A \div D$ is the projected cost per MWh, allows us to compare current rate to projected rate. Consider adding another line $E = \text{current rate} * D$. The difference between A and E would show how much money we are projected to over/under collect, which aligns more to the rate stabilization philosophy.
- The language for "C" is unclear. Are we transferring money based on future projections or is the goal for $B + C = 0$ because we should transfer money based on the true-up amount from previous period?
- This PCA formula is useful for surfacing potential concerns, but it is the fund balance in the rate stabilization fund that will trigger a discussion on increasing or decreasing rates. Consider a new presentation to make it more obvious.

Possible Presentation (assumes no rate change)

A: Current PCA

B: Projected total retail sales (D from previous formula)

C: Projected total revenue $A * B$

D: Projected purchase costs (A from previous formula)

Projected true-up amount: $C - D$

Previous true-up amount: (B from previous formula)

Direction: Determine what information is most helpful for us to see if a rate change should be considered.