

STAFF REPORT UTILITY MEETING

AGENDA DATE: October 30, 2023

DEPARTMENT: Electric Utility

TITLE:

Purchased Power Cost Adjustment Update (PCA)

SUMMARY:

Monthly update for the Purchased Power Cost Adjustment in Electric Utility Rates.

BACKGROUND AND JUSTIFICATION:

The City's electric utility provides electricity to its customers using a variety of electric production resources. Among them are the City's entitlements in the Florida Municipal Power Agency (FMPA) St. Lucie and Stanton 1 Projects, the City's own solar farm atop City's closed landfill, the City's power plant, and a contract with Orlando Utilities Commission for supplemental energy and capacity (the "OUC Agreement").

As determined during the electric utility rate making process certain electric utility expenses largely related to the purchase of electric capacity, debt service, operations and maintenance, general fund transfer, and City shared internal service costs are recovered via the Base Energy Charge on customers' bills and are not included in the Purchased Power Cost Adjustment (PCA).

Expenses largely related to the purchase of electric energy from the aforementioned electric production resources, as well as the electric energy and capacity purchases under the OUC Agreement, and electric transmission costs, are recovered or returned via the Purchased Power Cost Adjustment (PCA) on customers' bills.

During the September 26, 2023 Utility meeting, the Commission voted to create a Rate Stabilization Fund (RSF) in the amount of \$2,500,000, and to create a Storm Fund in the amount of \$500,000, using the PCA balances as the funding source. The remaining balance for monthly PCA payments was \$431,039.

Monthly PCA Review:

While the PCA is reviewed for adjustment on a quarterly basis, the City Commission has requested a monthly update on the PCA status and balance of the funds using the latest data available.

With the creation of the RSF & Storm Fund, the PCA balance remaining as of September 30, 2023 was \$431,039. The September PCA revenues came in at \$1,599,657 and PCA expenses were \$1,592,772 for the same period, yielding a gain of \$6,885 in PCA balance. The current PCA balance is \$437,924.

MOTION:

Move to approve/disapprove N/A

ATTACHMENT(S):

Fiscal Impact Analysis – N/A

PCA Revenues vs Expenses Cumulative Graph

PCA Revenues vs Expenses Actuals