

STAFF REPORT UTILITY MEETING

AGENDA DATE: August 27 2024

DEPARTMENT: Electric Utility

TITLE:

Transfer of Rate Stabilization Funds

SUMMARY:

Transfer \$1,403,278 from the Rate Stabilization Fund (RSF) to the Electric Fund

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 established the "Electric Utility Rate Stabilization Fund" to provide rate stability for customers of the City's Electric Utility, mitigate the impact of increases in purchase power costs, and help maintain rates competitive with other utilities.

The Rate Stabilization Fund currently has a balance of \$3,500,000 which was funded from customer Power Cost Adjustment (PCA) payments. Recently monthly PCA expenditures have surpassed PCA revenues resulting in a negative PCA Account balance of \$1,403,278 (See Exhibit A). Several factors have contributed to the increase in expenditures, such as increased capacity purchases due to a Stanton unit and St. Lucie unit forced outages, as well as our own GT2 & S3 unit outages, and significant increases in electric sales to customers.

Increased electric sales above prior years were experienced in the months of May through July. Electric sales for May were 15.9% over prior year, June were 7.7% over prior year, and July were 4.8% over prior year. New system peak loads were also established for those same months, spurred by increases in degree days and numbers of customers served.

The normal billing period delay between incurring PCA expenses and realizing the PCA revenues via electric bills to customers also contributes to an upfront negative monthly balance until customer payments are received one to two months later.

The RSF remains healthy with a balance of \$2,096,720 after the proposed transfer to the Electric Fund.

MOTION:

Move to approve/disapprove the transfer of \$1,403,278 from the RSF to the Electric Fund

ATTACHMENT(S):

PCA Balance
Transfer Requests
Resolution 10-2024