

EXECUTIVE BRIEF UTILITY MEETING

AGENDA DATE: April 26, 2022

DEPARTMENT: Electric Utility

TITLE:

Purchased Power Cost Adjustment (PCA)

SUMMARY:

Establishing the Purchased Power Cost Adjustment in Electric Utility Rates for the period of June 1, 2022 through August 31, 2022.

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 various 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 (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. 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 via the Purchased Power Cost Adjustment (PCA) on customers' bills. As per City Resolution 92-2021 the PCA "shall be established for a projected 3-month period for energy sales during that period..."

In order to establish the PCA, City's Electric Utility Staff provides a recommendation to the City Commission of the PCA for upcoming 3-month period (i.e. quarterly). Staff uses a combination of actual incurred purchased power costs for the prior period and a forecast of purchased power costs for the upcoming 3-month period to calculate the recommended the PCA. In performing its analysis Staff calculates a true-up amount representing the over or under recovery of purchased power costs from the prior period.

Section 3 of City's Resolution 92-2021 defines the Purchased Power Cost Adjustment (PCA) and formula for calculation as follows:

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

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 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

Accordingly, the recommended PCA elements effective June 1, 2022 are as follows:

A = \$4,844,955

B = -\$490,432

C = \$0

D = 103,846 MWh

PCA = \$41.93 per MWh

If approved, the monthly bill for the benchmark 1,000 KWh per month Residential Customer will increase by \$4.93 per month

MOTION:

Move to approve/disapprove the PCA of \$0.04193 per kWh for the period of June 1, 2022 through August 31, 2022

ATTACHMENT(S):

Fiscal Impact Analysis- N/A

Resolution 92-2021

PCA Templates for Rates Effective June 1, 2022