

STAFF REPORT UTILITY MEETING

AGENDA DATE: April 30, 2024

DEPARTMENT: Electric Utility

TITLE:

Resolution No. 11-2024 -- revision of Purchased Power Cost Adjustment (PCA) & PCA Calculation

SUMMARY:

The City desires to revise the definition of the PCA and PCA calculation as set forth in Resolution No. 92-2021 to clarify the definition of the PCA and the PCA calculation based on the establishment of The Rate Stabilization Fund.

BACKGROUND AND JUSTIFICATION:

Expenses largely related to the purchase of electric energy 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 per City Resolution 92-2021. The City desires to revise the Purchased Power Cost adjustment definition and calculation within Resolution 92-2021 based on the establishment of the Rate Stabilization Fund (RSF) and the PCA operating accounts. Currently 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 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

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

Purchased Power Cost Adjustment (PCA): The PCA shall be established for a projected three (3) month period for energy sales during that period as follows:

$$PCA = A / D$$

Where:

A = The projected purchased power costs for the projected three (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.

D = The projected total retail sales in MWh for the projected three (3) month period.

Depending on the status of The Fund and related operations account, the PCA may be further decreased or increased by the City Commission. Changes to the PCA by the City Commission is authorized by motion.

All future rate resolutions for the Electric Utility shall incorporate the above revisions for the PCA (unless further amended by the City Commission).

MOTION:

Move to approve/disapprove Resolution 11-2024, revising the Purchased Power Cost Adjustment (PCA) & PCA Calculation.

ATTACHMENT(S):

Fiscal Impact Analysis - NA
Resolution 11-2024
Resolution 92-2021