

CITY OF LAKE WORTH BEACH, FLORIDA

Electric Utility Cost of Service Study

PRESENTED BY: Craig Shepard, Project Manager

July 27, 2021



City of Lake Worth Beach Electric Utility

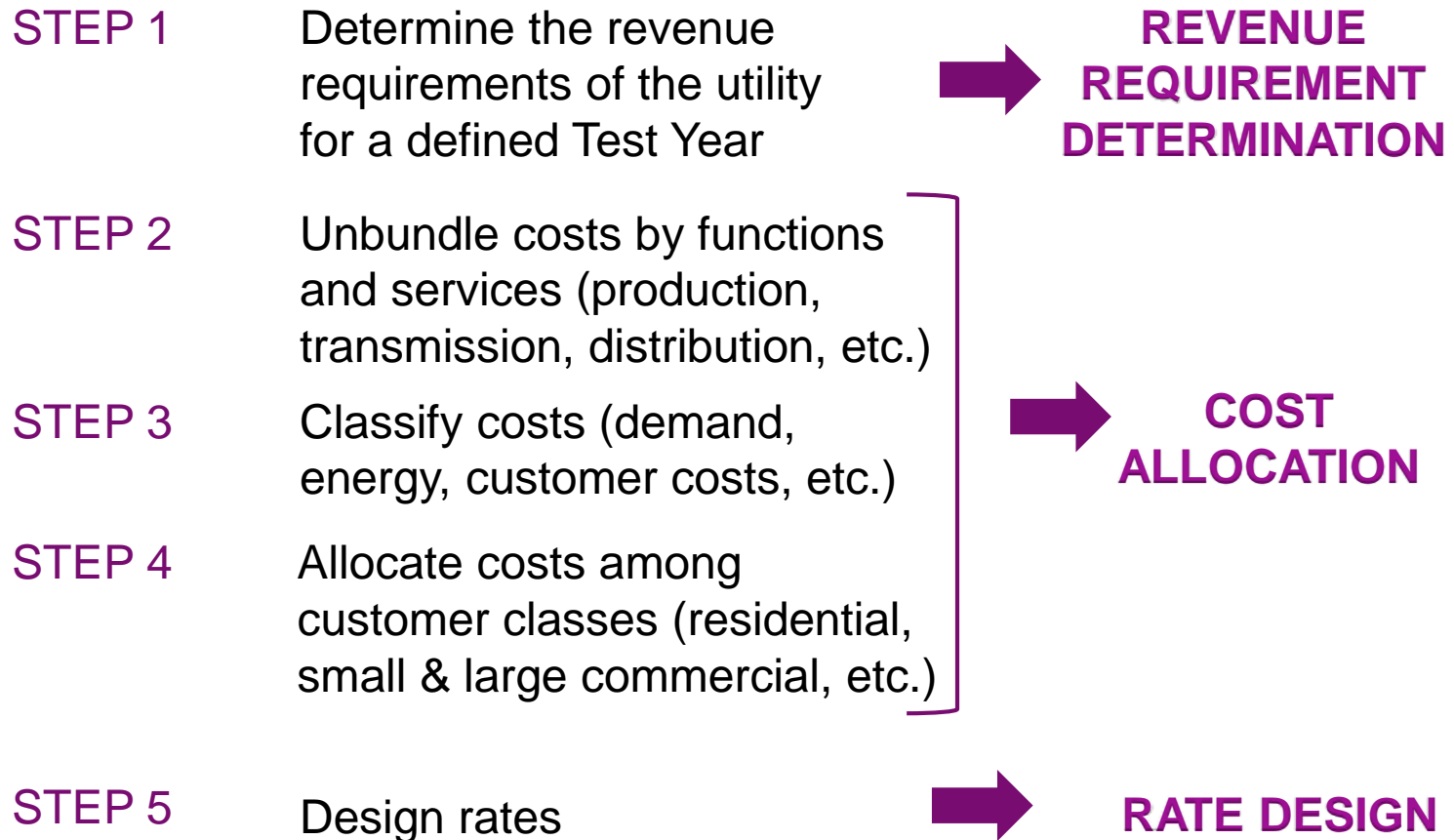
- ▶ Owned and operated by the City of Lake Worth Beach
- ▶ Local control
- ▶ Reliable power
- ▶ Community based
- ▶ Not for Profit
- ▶ Provides for jobs in the City
- ▶ Provides for Economic Development
- ▶ Returns \$ Millions annually to the City

Scope of Services

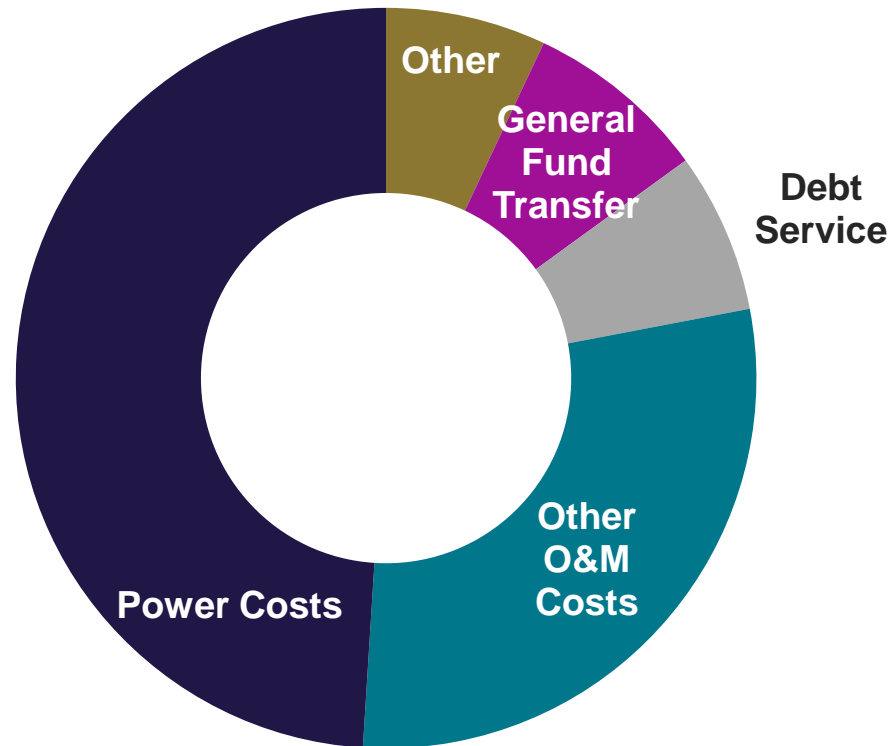
Electric COS Study

- ▶ Review Budgets and other financial documents
- ▶ Adjust Budgets for known changes
- ▶ Develop Test Year Revenue Requirements
- ▶ Test Adequacy of Rates for 2020-2024
- ▶ Conduct a COS Analysis
 - ▶ Determine class (Residential, Small Commercial, Large Commercial, Lighting) contribution to costs
- ▶ If necessary, revise rates according to City policies, the Federal Energy Regulatory Commission, and the Florida Public Service Commission guidelines
- ▶ Frequent communication with City team

COS Study Overview



Test Year Electric Revenue Requirements \$58,159,000



Cost of Service Allocations

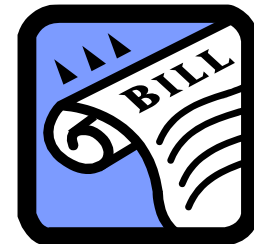
**Demand
(Fixed)**



**Energy
(Variable)**



Customer



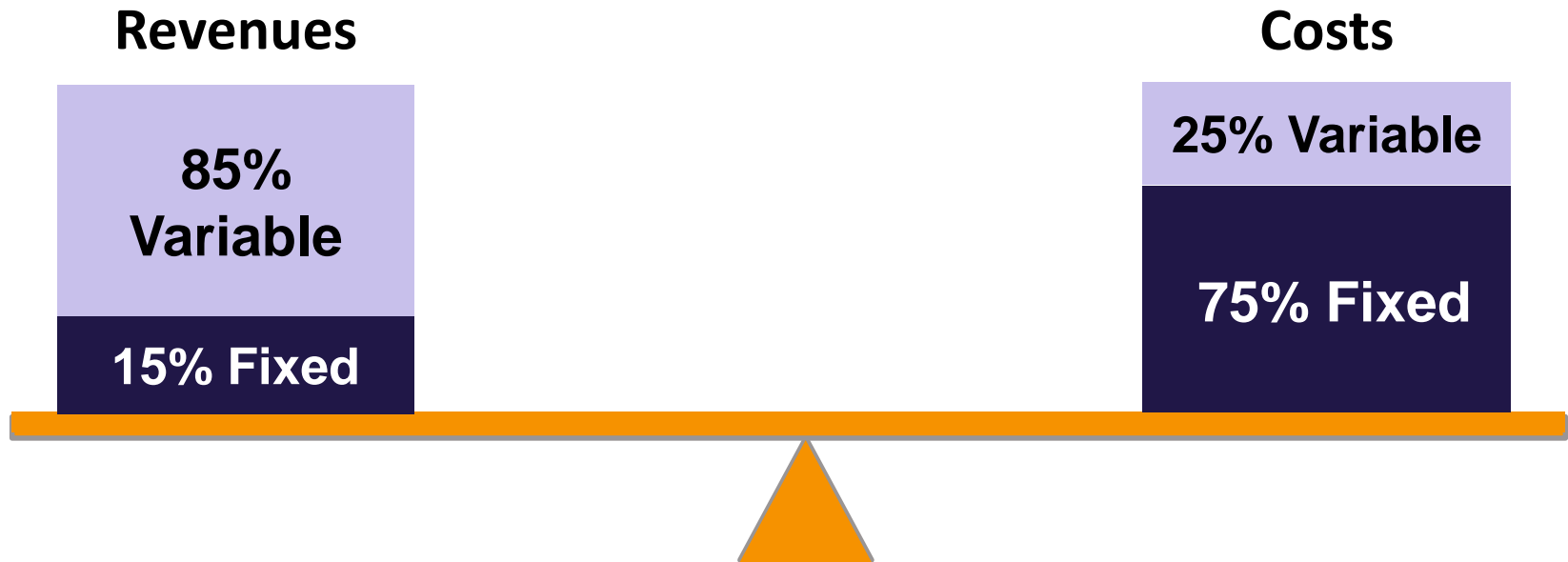
Electric COS Study

Cost of Service Results (\$000)

Test Year Ending September 30, 2020			
Customer Class	Revenues	Adjustment	Difference
Residential	\$35,500	\$0	0.0%
Small Commercial	\$16,207	-\$313	-2.2%
Large Commercial	\$6,143	-\$117	-2.2%
Lighting	\$708	\$30	5.0%
TOTAL SYSTEM	\$58,559	-\$400	<u>-0.8%</u>

Rate Design

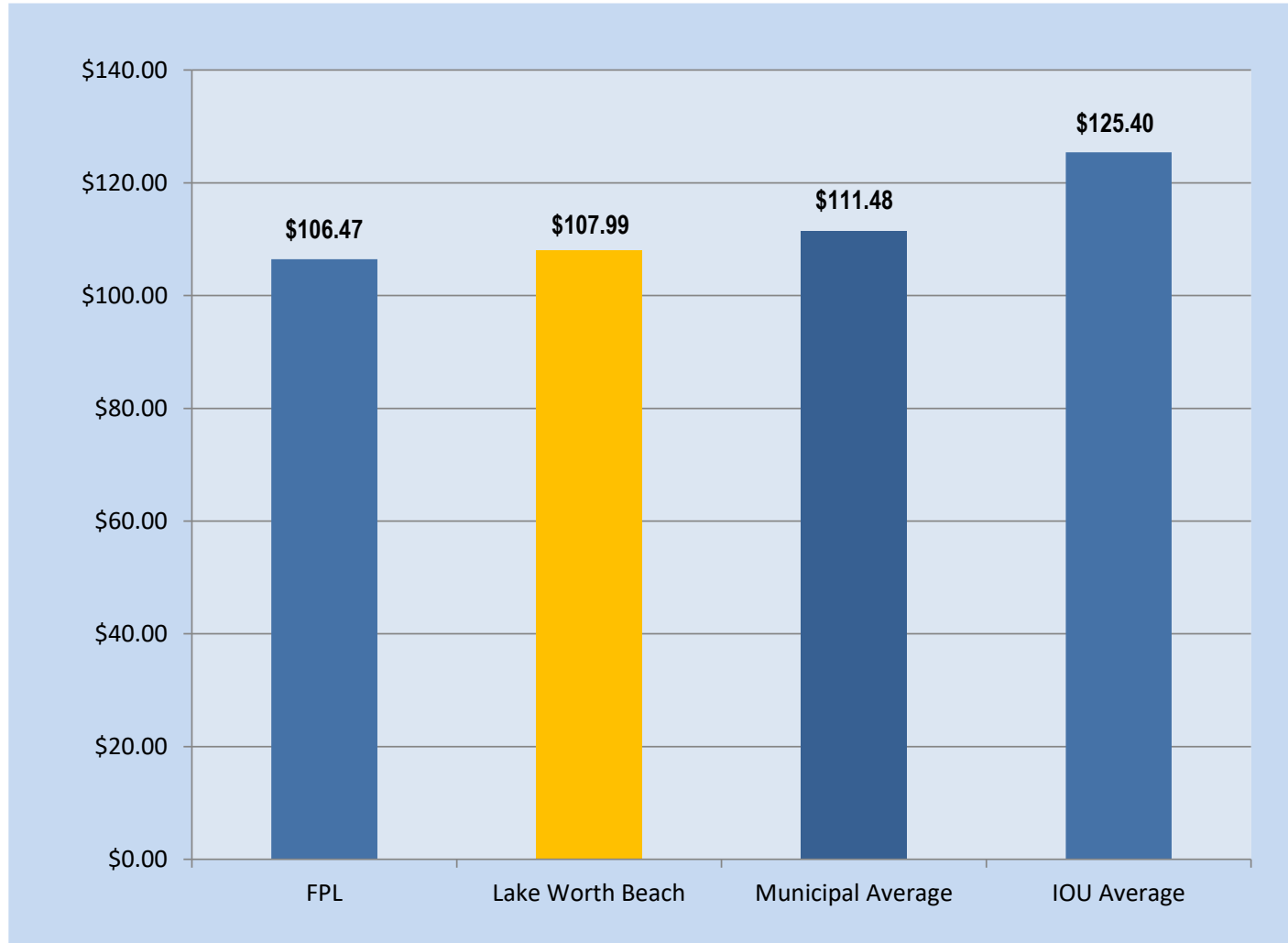
Electric Fixed / Variable Balance



Recommendations

- ▶ Move Rates More Toward Cost of Service
- ▶ Increase Minimum Bills to Help Cover Fixed Costs
- ▶ Revise Purchased Cost Adjustment (PCA)
- ▶ Establish Rate Stabilization Fund
- ▶ Consider Economic Development Rider

Comparison of Residential Bills 1,000 kWh – May 2021



Questions / Comments

POINTS OF CONTACT

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