

GAINESVILLE REGIONAL UTILITIES

UTILITY RATE STUDY

For the Electric, Water, Wastewater and Natural Gas Systems

FEBRUARY 8, 2018 | UAB PRESENTATION



Agenda

- Introductions
- Objectives of 2017 Study
- Cost of Service Study Overview
- Natural Gas System Study
- Water System Study
- Wastewater System Study
- Electric System Study
- Connection Charge Study
- Comments/Questions

UTILITY RATE STUDY

**For the
Electric,
Water,
Wastewater
and
Natural Gas
Systems**

About Willdan

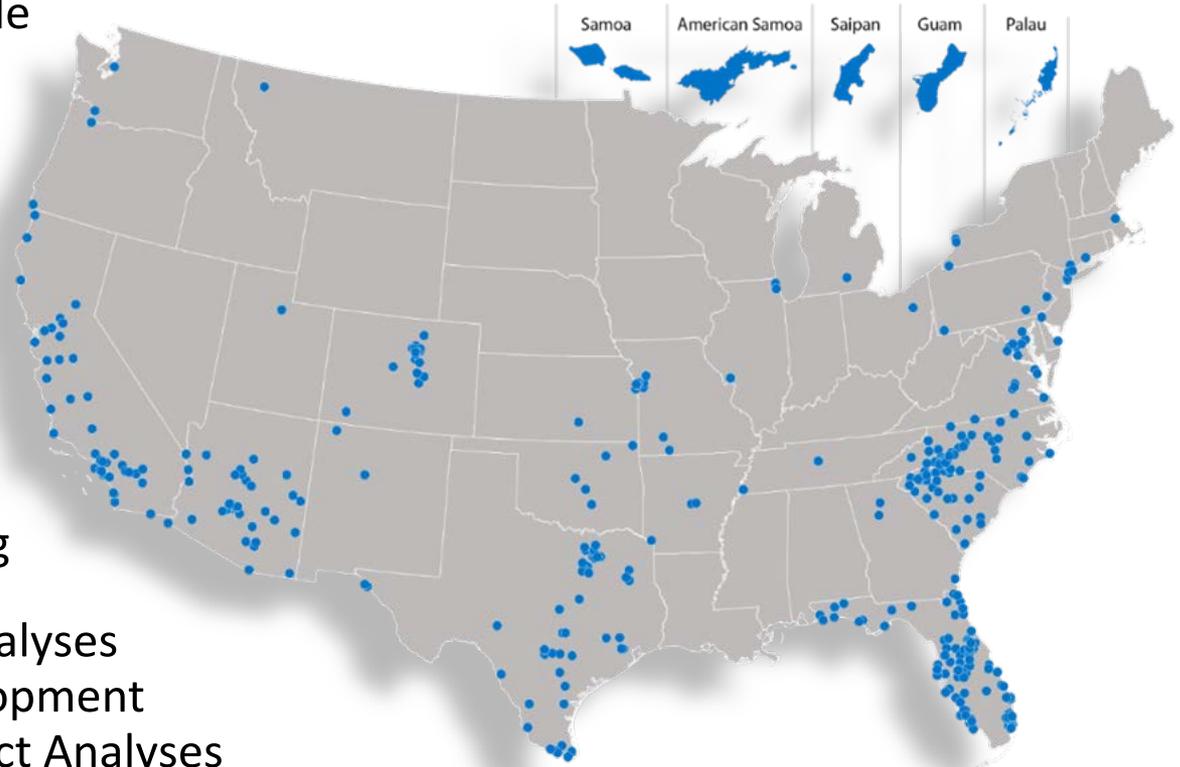


Willdan Financial Services is one of four operating units of Willdan Group Inc.



Willdan Financial Services

- One of the largest public sector financial consulting service companies in the US
- Financial & Management Consulting Services
 - Retail/Wholesale Rates
 - Cost-of-Service Studies
 - Financial Feasibility Analyses
 - Valuation Analyses
 - Regionalization Studies
 - Capital Planning Studies
 - Alternatives Analyses
 - Contract Development
 - Economic Impact Analyses



Your Presenters

Lisa M. Vedder

- Project Manager
- Harvard University
Master Public Administration
- University of Wisconsin-Madison
BS Industrial Engineering
Tau Beta Pi & Alpha Pi Mu
- Certified Internal Auditor
- Certification in Control Self Assessment
- 30 years experience in public utility industry-rate, financial, regulatory, power supply

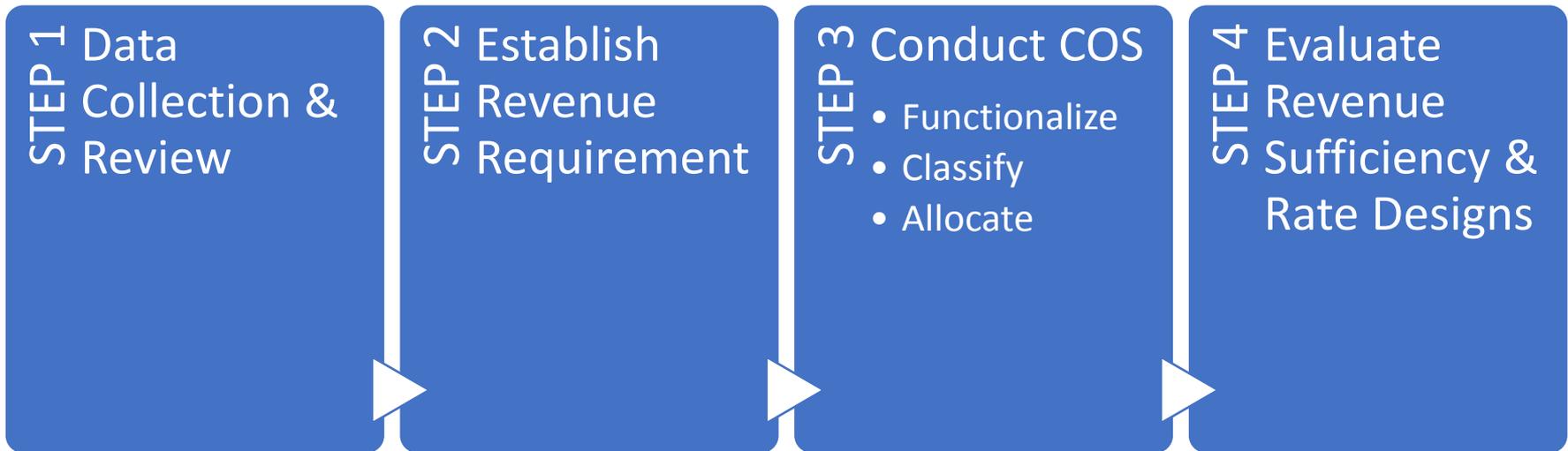
Daryll B. Parker

- Water/Wastewater Lead
- University of Florida
Master of Business Administration
- University of Florida
BS/BA Marketing
- 25 years experience in public utility industry-rate, financial, capital planning and debt funding

Objectives of 2017 Study

- Assess adequacy and appropriateness of current utility rate structures.
- Determine revenue requirements for Test Year 2019 and the cost to serve each customer class.
- Identify inter- and intra-class subsidization and other issues and areas of concern.
- Provide recommendations:
 - For rate changes that align with COS principles and industry standards.
 - Regarding delineation of customer rate classes and incentives.

Study Approach



Cost of Service and Rate Design Process

Step 1
Establish Revenue Requirement

Step 2
Allocate Costs

- Functionally Unbundle
Production, Collection, Treatment,
Transmission, Distribution,
Customer
- Classify
Fixed, Variable, Customer
- Allocate to Customer
Classes

Step 3
Design Rates

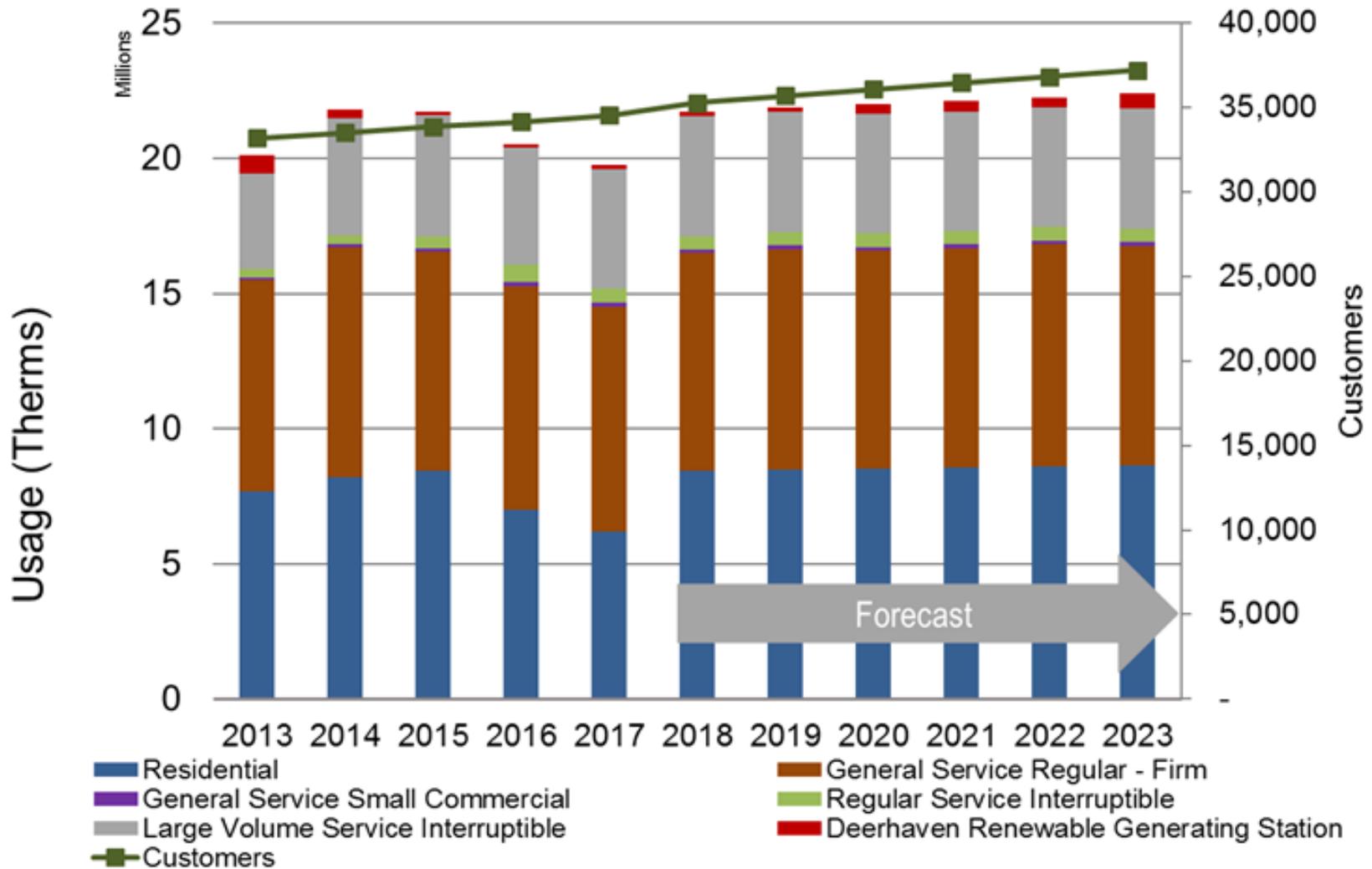


NATURAL GAS

GAINESVILLE REGIONAL UTILITIES



Projected Customers & Usage – Natural Gas



Current v. COS v. Proposed Rates

GAS Rates (\$/Therm Unless Noted)	RATES FY		Difference Rates v. COS	Change from COS	Proposed Rates	Difference Proposed v. Current	
	2018	COS Rates					
Oct-17							
Residential							
Customer Charge (\$/Month)	\$ 9.75	\$ 10.69	\$ (0.94)	-9%	\$ 9.75	\$ -	
Usage Charge	Per Therm Net Embedded Fuel	\$ 0.56094	\$ 0.27958	\$ 0.28	101%	\$ 0.56094	\$ -
Embedded Fuel Cost (Natural Gas)	Per Therm	\$ 0.06906	\$ 0.06906	\$ -	0%	\$ 0.06906	\$ -
Purchased Gas Adjustment	Per Therm	\$ 0.23000	\$ 0.18479	\$ 0.05	24%	\$ 0.23000	\$ -
Manufactured Gas Plant Cost Recovery	Per Therm	\$ 0.05560	\$ 0.05560	\$ -	0%	\$ 0.05560	\$ -
Residential - Liquid Propane							
Customer Charge (\$/Month)		\$ 9.75	\$ 10.69	\$ (0.94)	-9%	\$ 9.75	\$ -
Usage Charge (Basic No Recovery)	Per Gallon Net Embedded Fuel	\$ 0.56094	\$ 0.40524	\$ 0.16	38%	\$ 0.56094	\$ -
Embedded Fuel Cost (Liquid Propane)		\$ 0.15882	\$ 0.15882	\$ -	0%	\$ 0.15882	\$ -
Purchased Gas Adjustment	(\$/Gallon)	\$ 0.97500	\$ 1.24166	\$ (0.27)	-21%	\$ 0.97500	\$ -
General Service Small Commercial							
Customer Charge (\$/Month)		\$ 20.00	\$ 10.69	\$ 9.31	87%	\$ 20.00	\$ -
Usage Charge	Per Therm Net Embedded Fuel	\$ 0.55094	\$ 0.27958	\$ 0.27	97%	\$ 0.55094	\$ -
Embedded Fuel Cost (Natural Gas)	Per Therm	\$ 0.06906	\$ 0.06906	\$ -	0%	\$ 0.06906	\$ -
Purchased Gas Adjustment	Per Therm	\$ 0.23000	\$ 0.18479	\$ 0.05	24%	\$ 0.23000	\$ -
Manufactured Gas Plant Cost Recovery	Per Therm	\$ 0.05560	\$ 0.05560	\$ -	0%	\$ 0.05560	\$ -
General Service Regular - Firm							
Customer Charge (\$/Month)		\$ 45.00	\$ 128.33	\$ (83.33)	-65%	\$ 45.00	\$ -
Usage Charge	Per Therm Net Embedded Fuel	\$ 0.37094	\$ 0.27958	\$ 0.09	33%	\$ 0.37094	\$ -
Embedded Fuel Cost (Natural Gas)	Per Therm	\$ 0.06906	\$ 0.06906	\$ -	0%	\$ 0.06906	\$ -
Purchased Gas Adjustment	Per Therm	\$ 0.23000	\$ 0.18479	\$ 0.05	24%	\$ 0.23000	\$ -
Manufactured Gas Plant Cost Recovery	Per Therm	\$ 0.05560	\$ 0.05560	\$ -	0%	\$ 0.05560	\$ -
Large Volume Service Interruptible							
Customer Charge (\$/Month)		\$ 400.00	\$ 10,694.43	\$ (10,294.43)	-96%	\$ 400.00	\$ -
Usage Charge	Per Therm Net Embedded Fuel	\$ 0.20094	\$ 0.27958	\$ (0.08)	-28%	\$ 0.20094	\$ -
Embedded Fuel Cost (Natural Gas)	Per Therm	\$ 0.06906	\$ 0.06906	\$ -	0%	\$ 0.06906	\$ -
Purchased Gas Adjustment	Per Therm	\$ 0.23000	\$ 0.18479	\$ 0.05	24%	\$ 0.23000	\$ -
Manufactured Gas Plant Cost Recovery	Per Therm	\$ 0.05560	\$ 0.05560	\$ -	0%	\$ 0.05560	\$ -

Current v. COS v. Proposed Rates

GAS Rates (\$/Therm Unless Noted)		RATES FY		Difference Rates v. COS	Change from COS	Proposed Rates	Difference Proposed v. Current
		2018	COS Rates				
<u>Regular Service Interruptible</u>							
Customer Charge (\$/Month)		\$ 400.00	\$ 106.94	\$ 293.06	274%	\$ 400.00	\$ -
Usage Charge	Per Therm Net Embedded Fuel	\$ 0.32484	\$ 0.27958	\$ 0.05	16%	\$ 0.32484	\$ -
Embedded Fuel Cost (Natural Gas)	Per Therm	\$ 0.06906	\$ 0.06906	\$ -	0%	\$ 0.06906	\$ -
Purchased Gas Adjustment	Per Therm	\$ 0.23000	\$ 0.18479	\$ 0.05	24%	\$ 0.23000	\$ -
Manufactured Gas Plant Cost Recovery	Per Therm	\$ 0.05560	\$ 0.05560	\$ -	0%	\$ 0.05560	\$ -
<u>UF Cogen</u>							
Customer Charge (\$/Month)		\$ 300.00	\$ 1,604.16	\$ (1,304.16)	-81%	\$ 300.00	\$ -
Purchased Gas Adjustment	Per Therm	-	-				
Transportation Charge	Per Therm	\$ 0.01000	\$ 0.03176	\$ (0.02)	-69%	0.01	\$ -
<u>Deerhaven Renewable Generating Station</u>							
Customer Charge (\$/Month)		\$ -	\$ 1,604.16	\$ (1,604.16)	-100%	\$ -	\$ -
Purchased Gas Adjustment	Per Therm	\$ 0.23000	\$ 0.25385	\$ (0.02)	-9%	\$ 0.23000	\$ -
Usage Charge	Per Therm	\$ -	\$ 0.03176	\$ (0.03)	-100%	\$ -	\$ -
Embedded Fuel Cost (Natural Gas)	Per Therm	\$ -	\$ -	\$ -	100%	\$ -	\$ -

Current v. COS v. Proposed Revenues

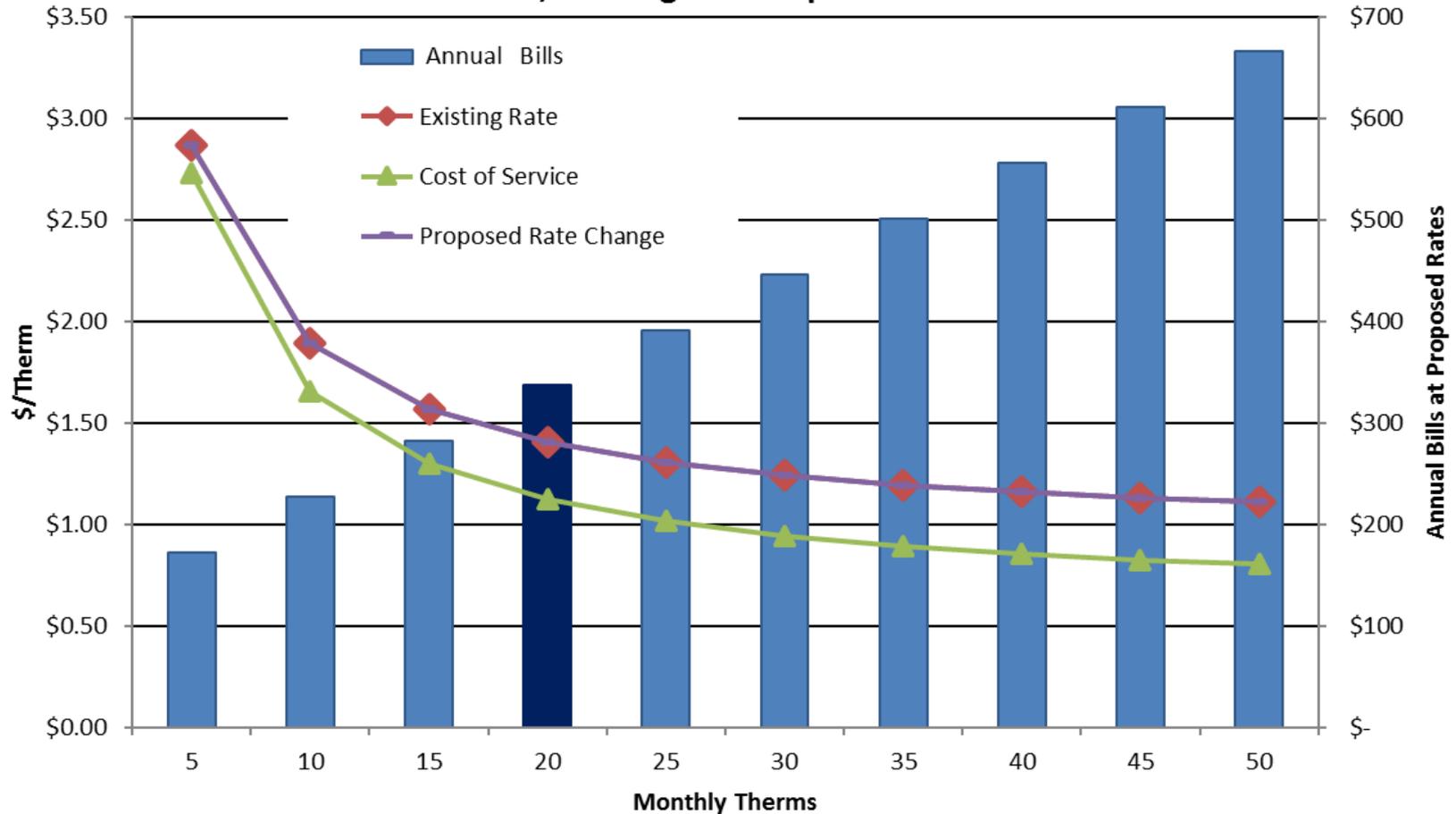
GAS Rate Revenues	Revenue at Current Rates	COS Rate Revenue	Change from COS		Proposed Rates	Difference Proposed v. Current
	At FY2018 Rates					
<u>Residential</u>						
Non-Gas	\$ 9,182,158	\$ 7,182,535	\$ 1,999,622	28%	\$ 9,182,158	\$ -
Embedded Gas	\$ 584,953	\$ 584,953	\$ -	0%	\$ 584,953	\$ -
PGA	\$ 1,948,150	\$ 1,565,198	\$ 382,952	24%	\$ 1,948,150	\$ -
TOTAL	\$ 11,715,261	\$ 9,332,687	\$ 2,382,574	26%	\$ 11,715,261	\$ -
<u>Residential - Liquid Propane</u>						
Non-Propane	\$ 56,236	\$ 25,952	\$ 30,284	117%	\$ 56,236	\$ -
Embedded Propane	\$ 9,223	\$ 9,223	\$ -	0%	\$ 9,223	\$ -
PGA	\$ 56,622	\$ 95,642	\$ (39,020)	-41%	\$ 56,622	\$ -
TOTAL	\$ 122,081	\$ 130,817	\$ (8,736)	-7%	\$ 122,081	\$ -
<u>General Service Small Commercial</u>						
Non-Gas	\$ 152,856	\$ 83,352	\$ 69,504	83%	\$ 152,856	\$ -
Embedded Gas	\$ 10,291	\$ 10,291	\$ -	0%	\$ 10,291	\$ -
PGA	\$ 34,274	\$ 27,537	\$ 6,737	24%	\$ 34,274	\$ -
TOTAL	\$ 197,422	\$ 121,180	\$ 76,242	63%	\$ 197,422	\$ -
<u>General Service Regular - Firm</u>						
Non-Gas	\$ 4,227,816	\$ 4,858,693	\$ (630,877)	-13%	\$ 4,227,816	\$ -
Embedded Gas	\$ 564,109	\$ 564,109	\$ -	0%	\$ 564,109	\$ -
PGA	\$ 1,878,731	\$ 1,509,425	\$ 369,306	24%	\$ 1,878,731	\$ -
TOTAL	\$ 6,670,656	\$ 6,932,228	\$ (261,571)	-4%	\$ 6,670,656	\$ -
<u>Large Volume Service Interruptible</u>						
Non-Gas	\$ 1,169,672	\$ 2,372,475	\$ (1,202,803)	-51%	\$ 1,169,672	\$ -
Embedded Gas	\$ 305,936	\$ 305,936	\$ -	0%	\$ 305,936	\$ -
PGA	\$ 1,018,900	\$ 818,613	\$ 200,287	24%	\$ 1,018,900	\$ -
TOTAL	\$ 2,494,508	\$ 3,497,024	\$ (1,002,516)	-29%	\$ 2,494,508	\$ -

Current v. COS v. Proposed Revenues

GAS Rate Revenues	Revenue at Current Rates	COS Rate Revenue	Change from COS		Proposed Rates	Difference Proposed v. Current
<u>Regular Service Interruptible</u>						
Non-Gas	\$ 195,556	\$ 169,344	\$ 26,212	15%	\$ 195,556	\$ -
Embedded Gas	\$ 34,627	\$ 34,627	\$ -	0%	\$ 34,627	\$ -
PGA	\$ 115,324	\$ 92,655	\$ 22,669	24%	\$ 115,324	\$ -
TOTAL	\$ 345,507	\$ 296,626	\$ 48,881	16%	\$ 345,507	\$ -
<u>UF Cogen</u>						
Non-Gas	\$ 323,600	\$ 1,035,486	\$ (711,886)	-69%	\$ 323,600	\$ -
Embedded Gas	\$ -	\$ -	\$ -	100%	\$ -	\$ -
PGA	\$ -	\$ -	\$ -	100%	\$ -	\$ -
TOTAL	\$ 323,600	\$ 1,035,486	\$ (711,886)	-69%	\$ 323,600	\$ -
<u>Deerhaven Renewable Generating Station</u>						
Non-Gas	\$ -	\$ 71,885	\$ (71,885)	-100%	\$ -	\$ -
Embedded Gas	\$ -	\$ -	\$ -	100%	\$ -	\$ -
PGA	\$ 36,118	\$ 39,864	\$ (3,745)	-9%	\$ 36,118	\$ -
TOTAL	\$ 36,118	\$ 111,749	\$ (75,630)	-68%	\$ 36,118	\$ -
<u>TOTAL NATURAL GAS</u>						
Non-Gas	\$ 15,251,658	\$ 15,773,771	\$ (522,113)	-3%	\$ 15,251,658	\$ -
Embedded Gas	\$ 1,499,917	\$ 1,499,917	\$ -	0%	\$ 1,499,917	\$ -
PGA	\$ 5,031,498	\$ 4,053,292	\$ 978,206	24%	\$ 5,031,498	\$ -
TOTAL	\$ 21,783,073	\$ 21,326,980	\$ 456,093	2%	\$ 21,783,073	\$ -
<u>TOTAL LIQUID PROPANE</u>						
Non-Propane	\$ 56,236	\$ 25,952	\$ 30,284	117%	\$ 56,236	\$ -
Embedded Propane	\$ 9,223	\$ 9,223	\$ -	0%	\$ 9,223	\$ -
PGA	\$ 56,622	\$ 95,642	\$ (39,020)	-41%	\$ 56,622	\$ -
TOTAL	\$ 122,081	\$ 130,817	\$ (8,736)	-7%	\$ 122,081	\$ -
TOTAL REVENUE	\$ 21,905,154	\$ 21,457,797	\$ 447,357	2%	\$ 21,905,154	\$ -

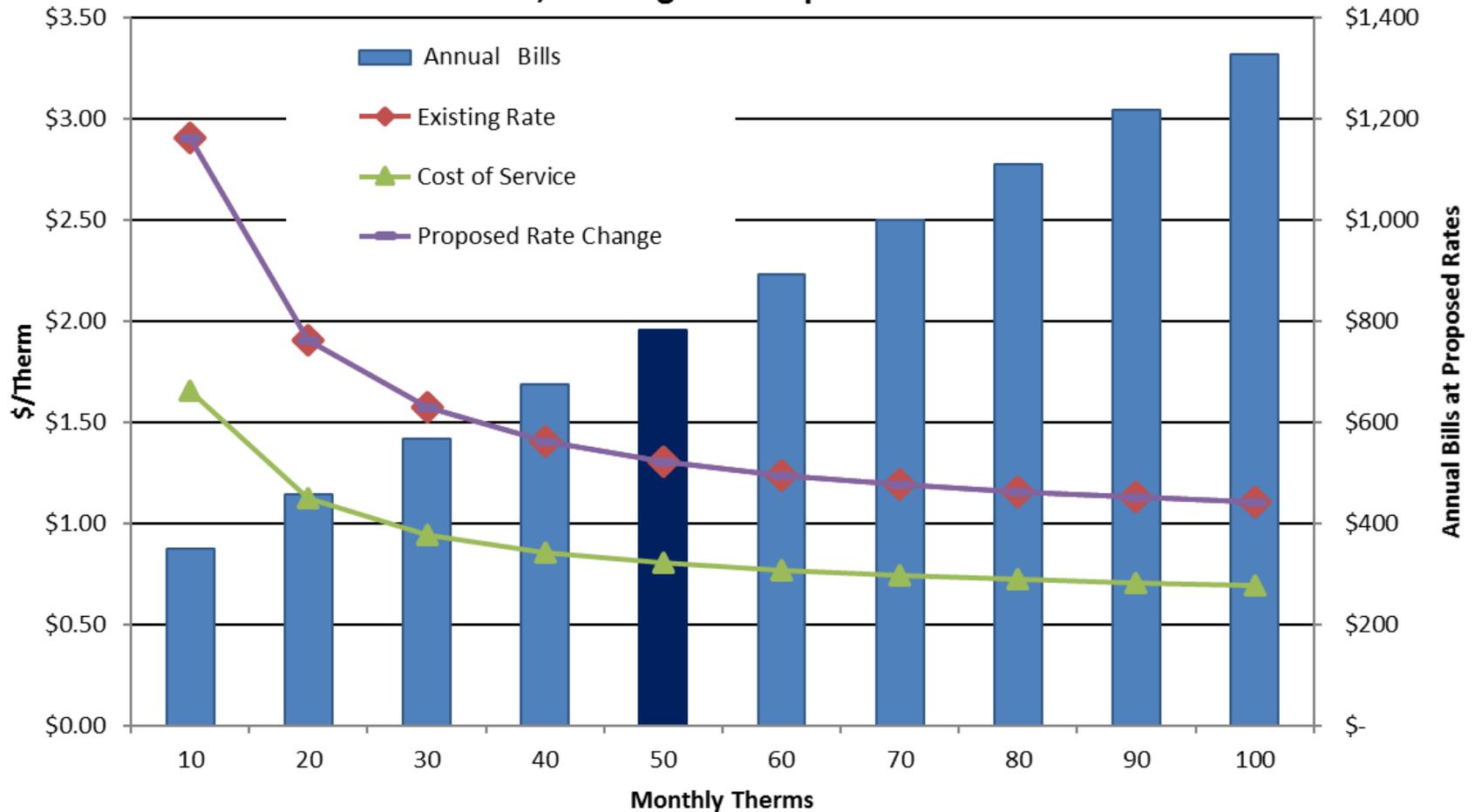
Natural Gas Bill Comparison

Gainesville Regional Utilities Residential COS, Existing and Proposed Rates



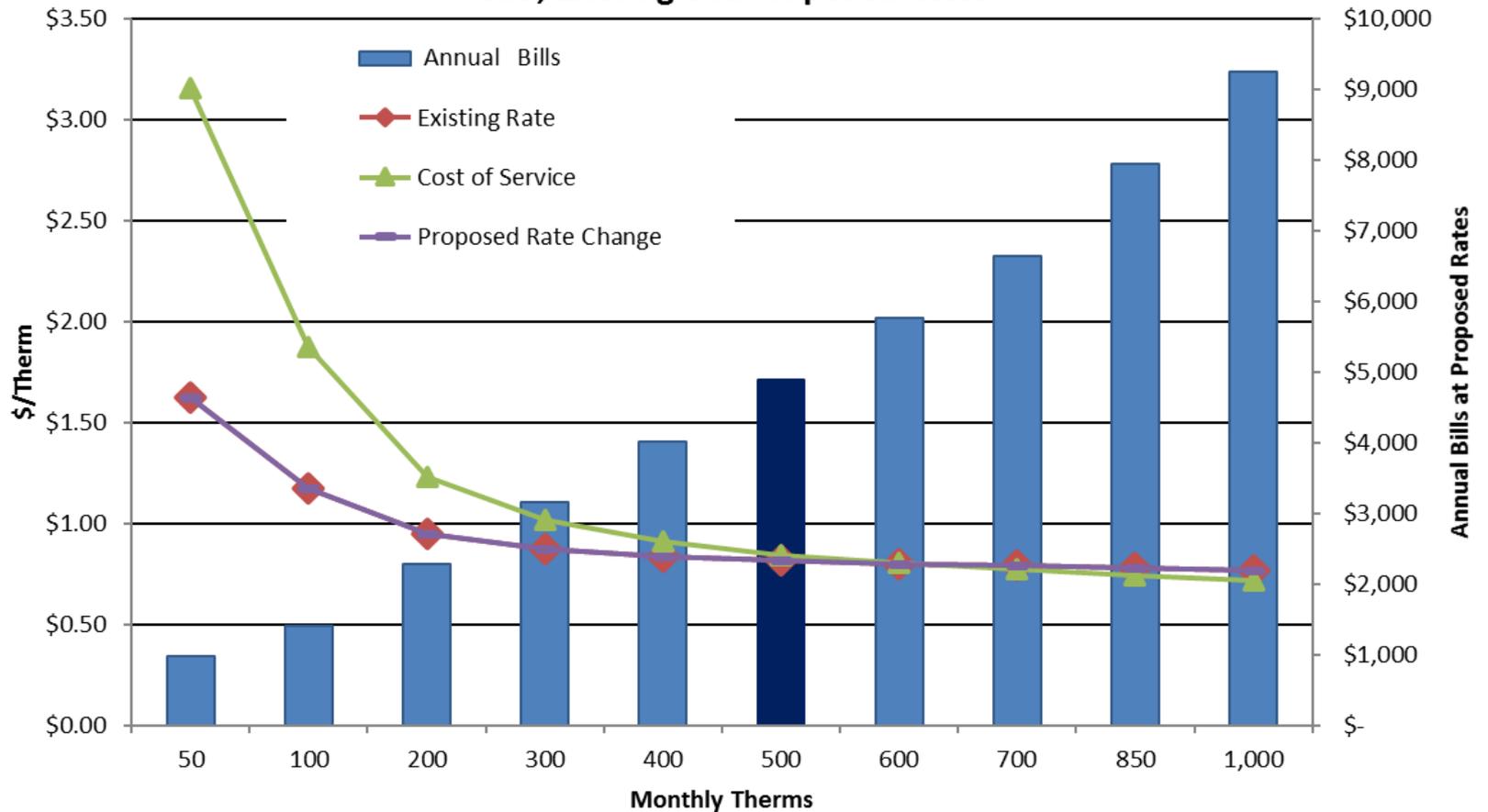
Natural Gas Bill Comparison

Gainesville Regional Utilities Small Commercial COS, Existing and Proposed Rates



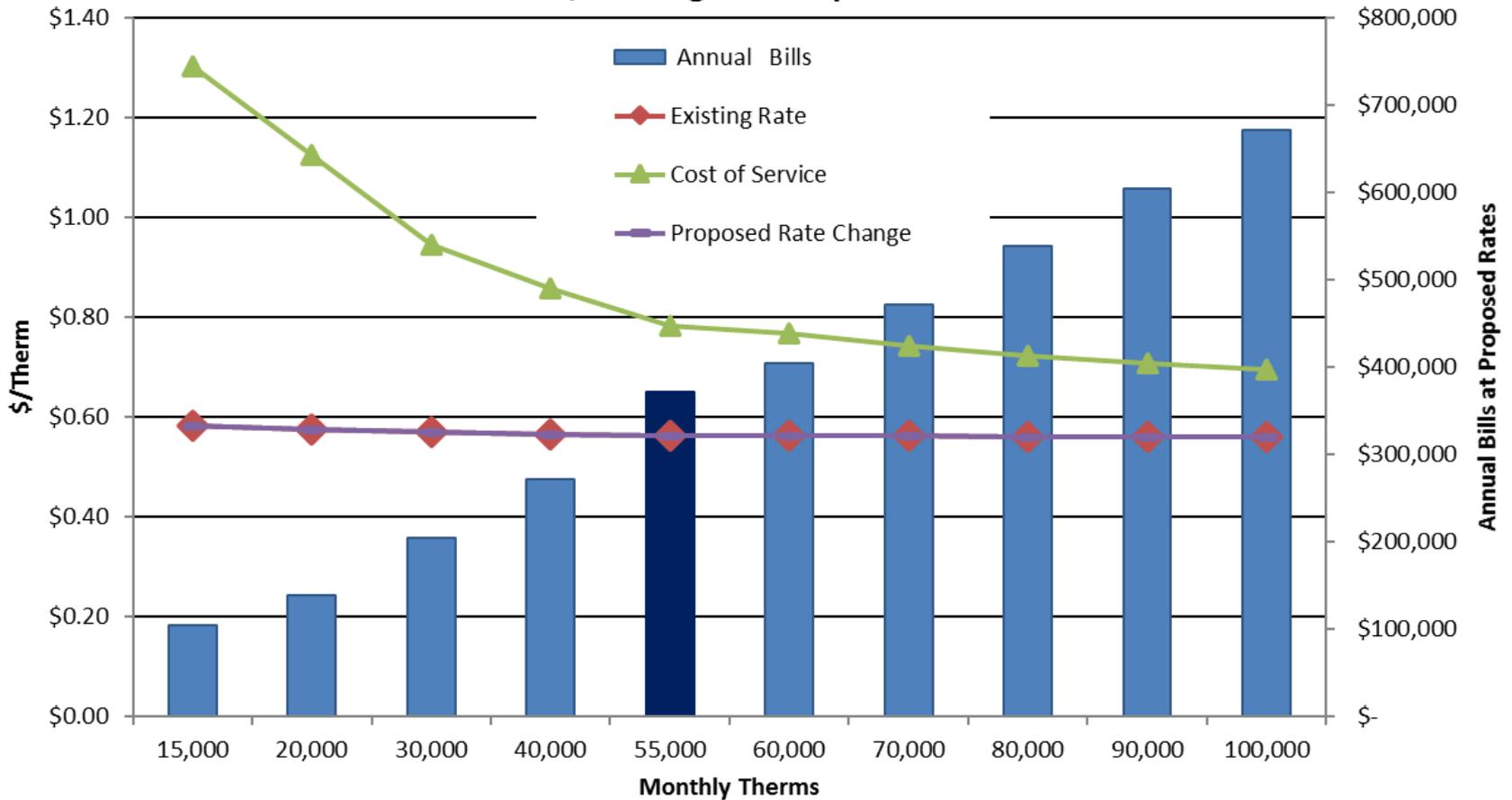
Natural Gas Bill Comparison

Gainesville Regional Utilities Commercial COS, Existing and Proposed Rates



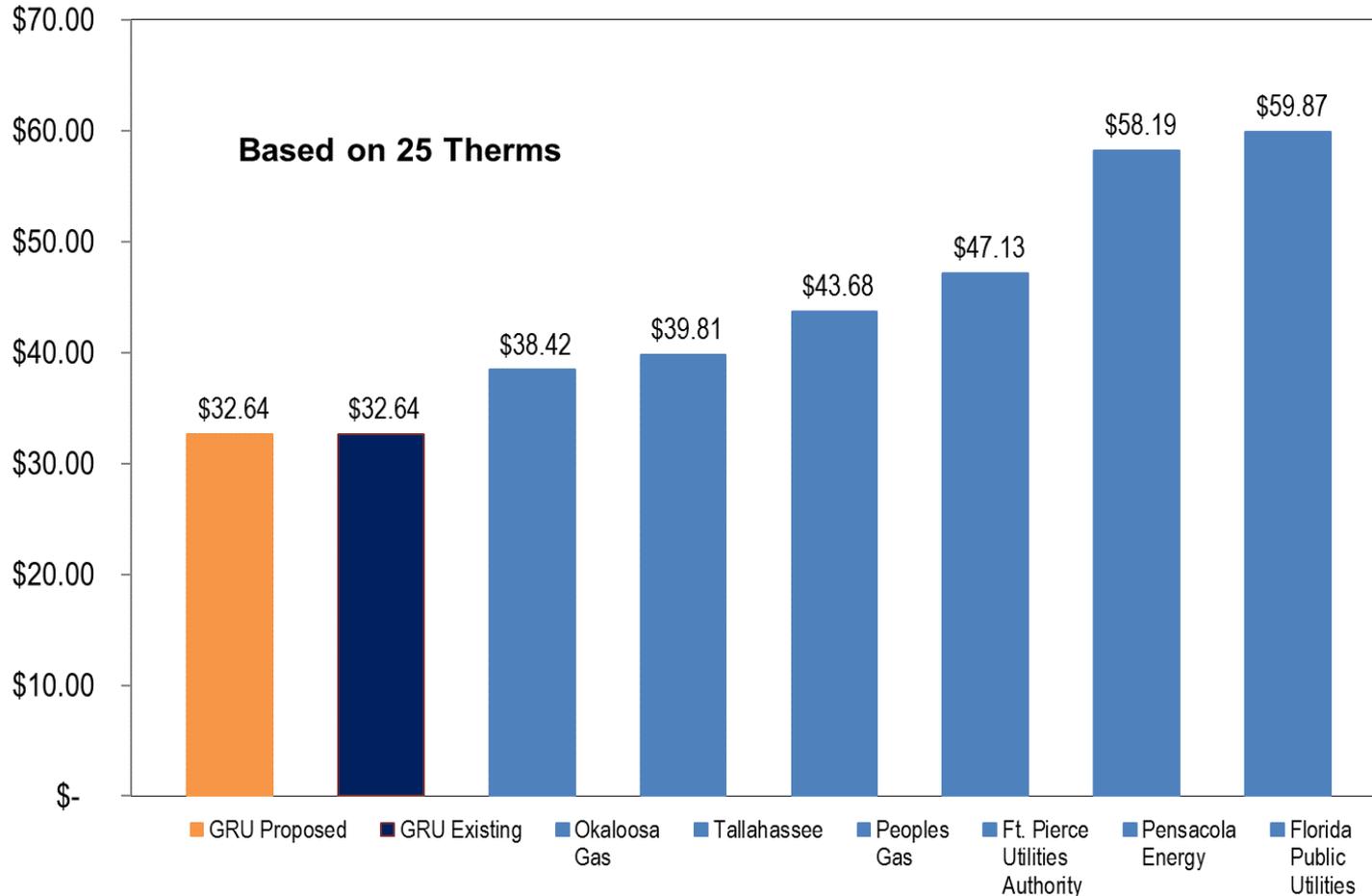
Natural Gas Bill Comparison

Gainesville Regional Utilities Large Volume Industrial COS, Existing and Proposed Rates



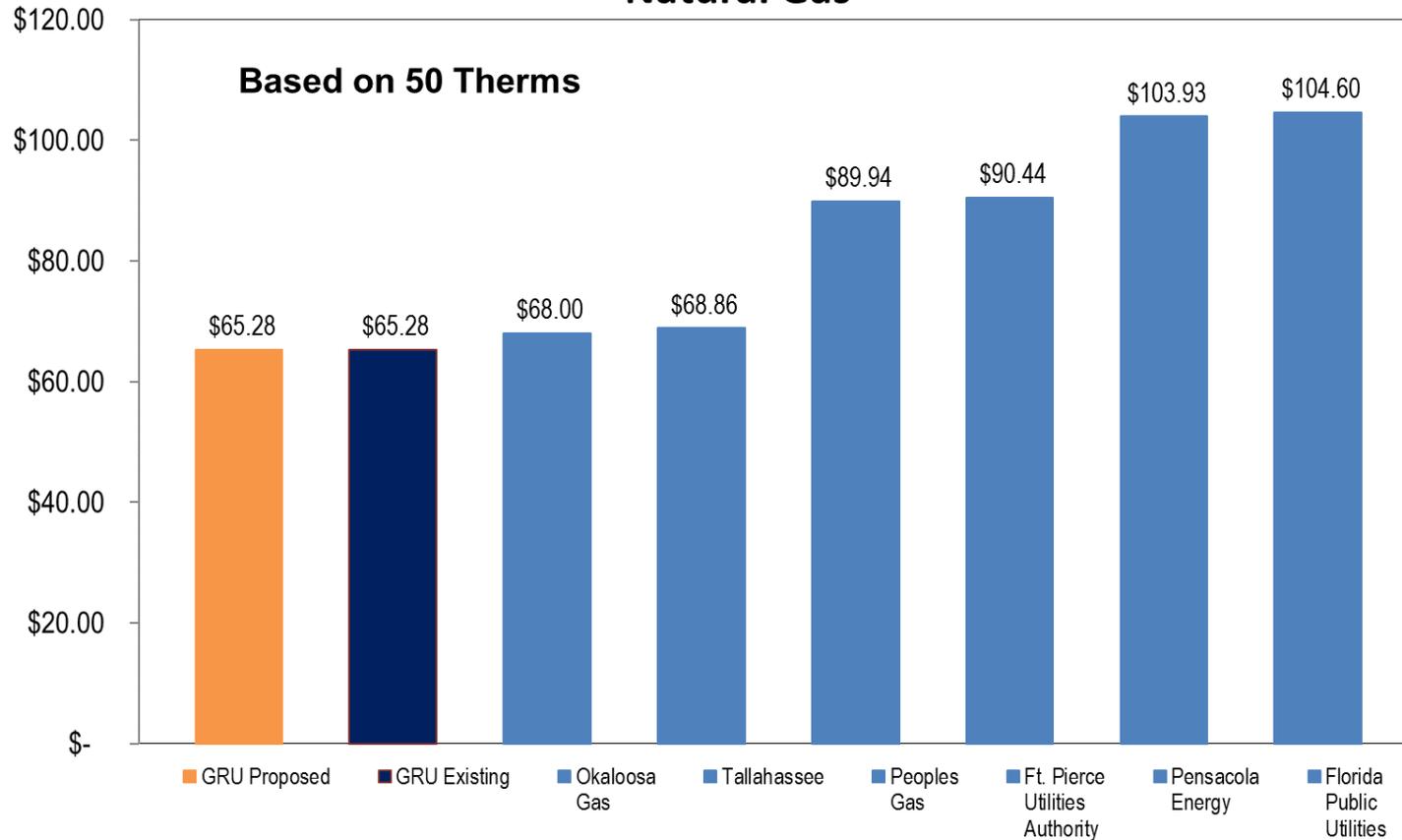
Natural Gas Neighboring Utility Comparison

Gainesville Regional Utilities Residential Monthly Bill Comparison Natural Gas



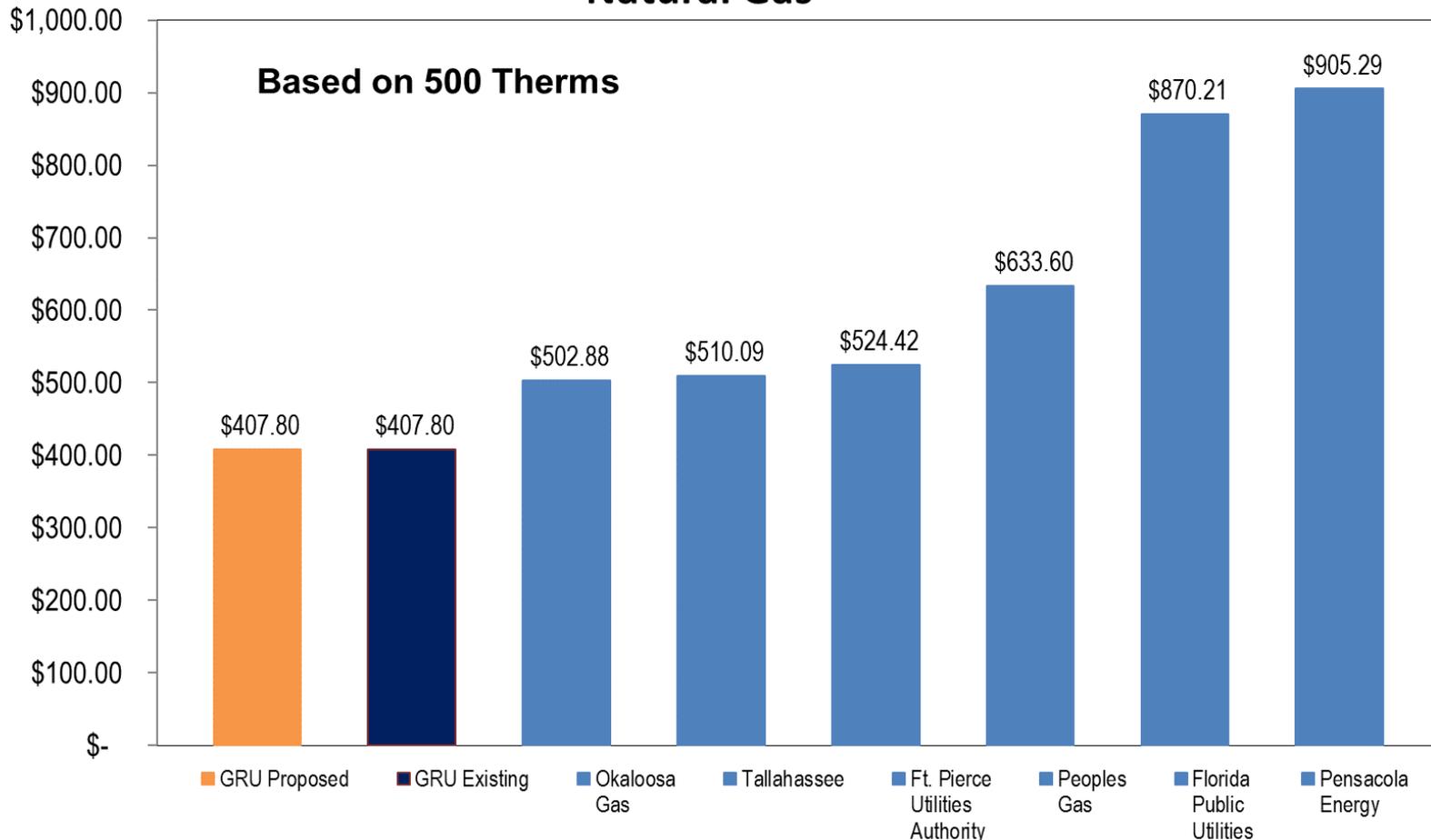
Natural Gas Neighboring Utility Comparison

Gainesville Regional Utilities Small Commerical Monthly Bill Comparison Natural Gas



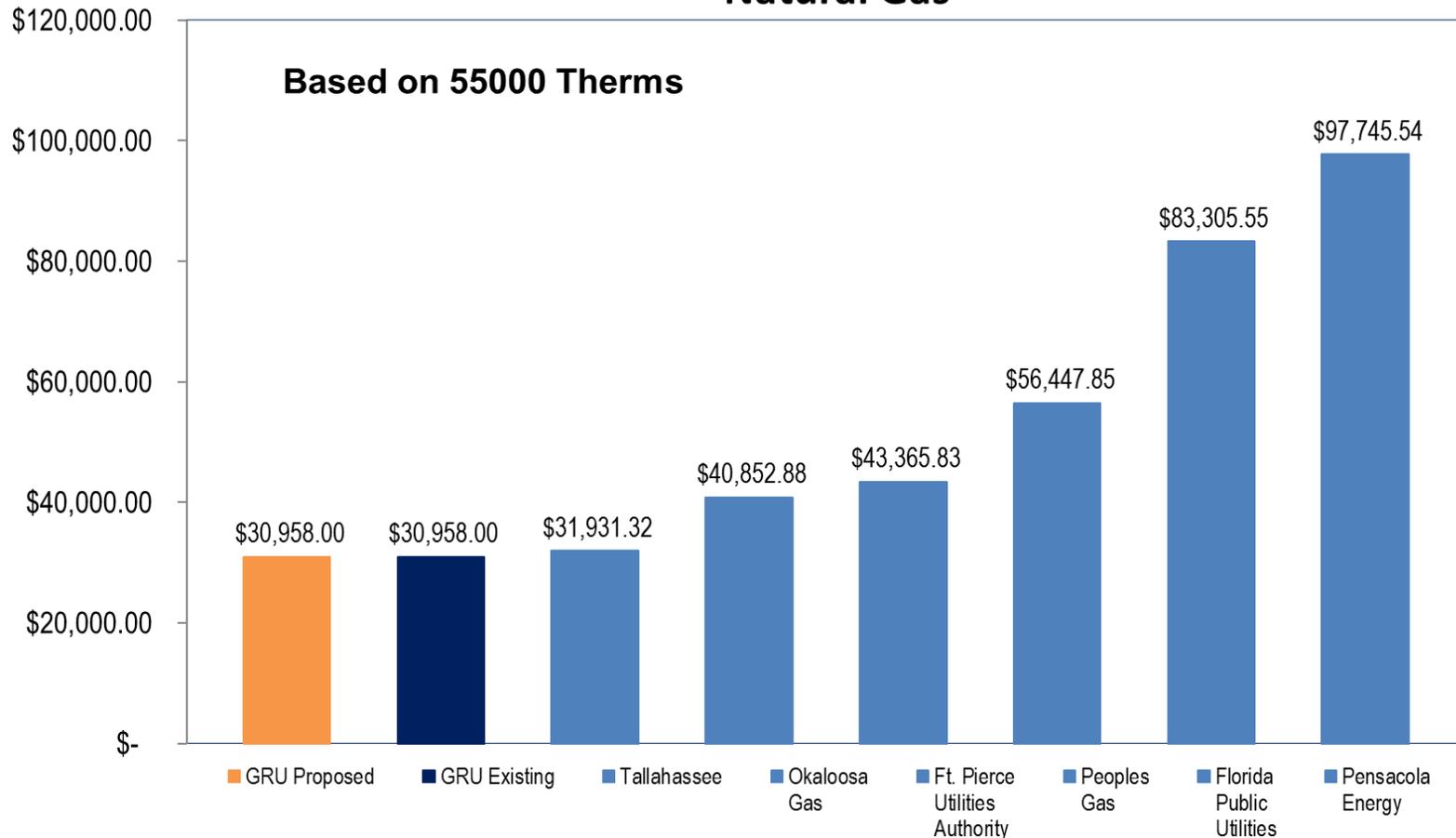
Natural Gas Neighboring Utility Comparison

Gainesville Regional Utilities Commercial Monthly Bill Comparison Natural Gas



Natural Gas Neighboring Utility Comparison

Gainesville Regional Utilities Large Volume Industrial Monthly Bill Comparison Natural Gas



Natural Gas Recommendations

- Move retail rate classes towards cost-based rates over time to the extent possible.
- Maintain competitive rates to provide systemwide benefits.

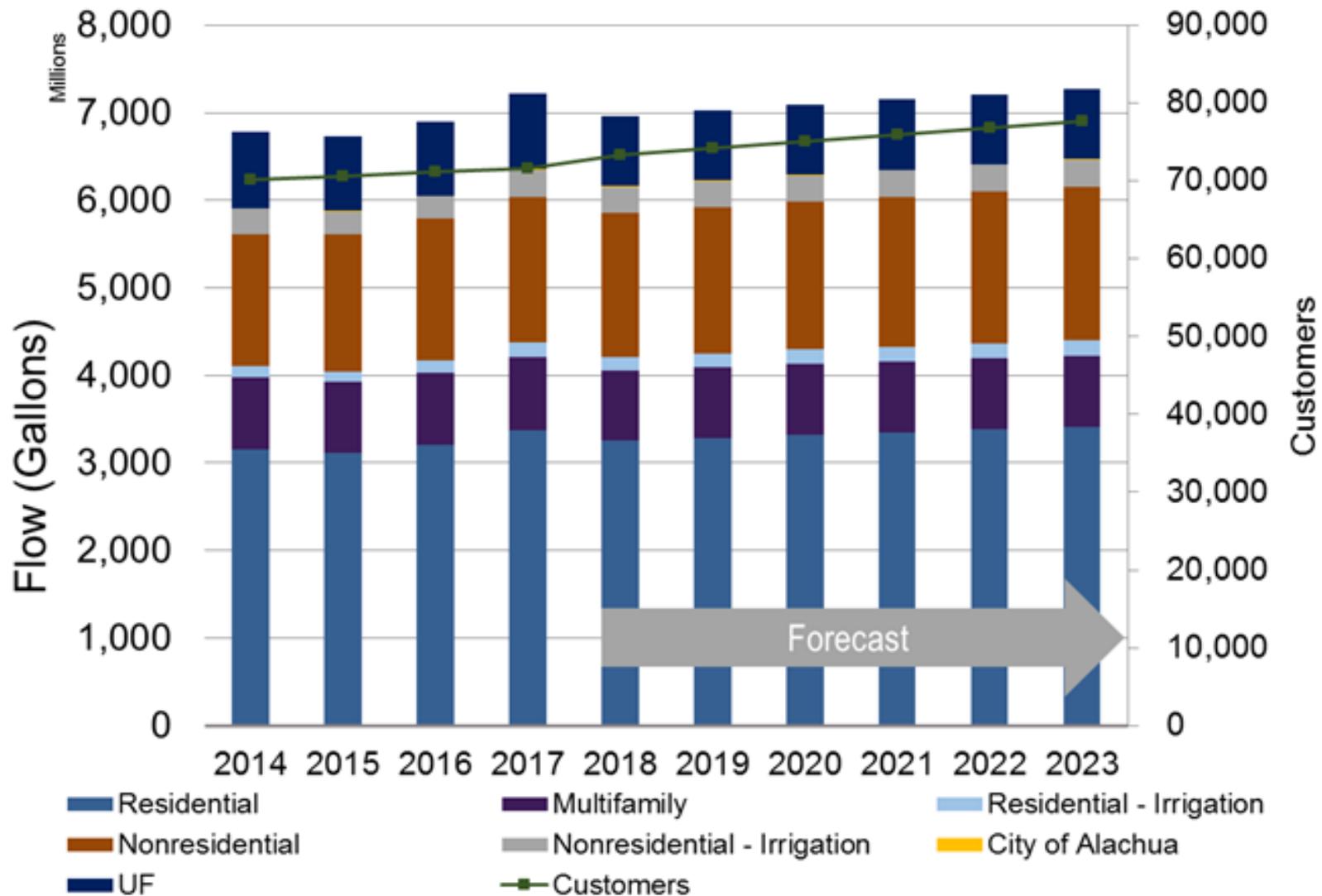


WATER

Proposed Rate Structure Changes - Water

- Monthly Base Charges
 - Increment by meter size in accordance with AWWA meter equivalency factors
 - Apply a 5-year phasing approach to avoid rate shock to larger customers
- Volumetric Rates
 - Maintain current volumetric rate structure
 - Apply minor adjustments as proposed for rate structure consistency

Projected Customers & Usage - Water



Existing, COS & Proposed Rates - Water

Monthly Base Charges

Description	Test Year Water Rates - Inside			Difference vs. Existing	
	Existing	COS	Proposed	COS	Proposed
Monthly Base Charges:					
5/8 & 3/4 Inch	\$ 9.45	\$ 3.51	\$ 9.45	\$ (5.94)	\$ -
1.0 Inch	\$ 9.65	\$ 3.58	\$ 12.29	\$ (6.07)	\$ 2.64
1.5 Inch	\$ 12.50	\$ 4.64	\$ 19.85	\$ (7.86)	\$ 7.35
2.0 Inch	\$ 20.00	\$ 7.45	\$ 31.19	\$ (12.55)	\$ 11.19
3.0 Inch	\$ 74.00	\$ 27.52	\$ 89.78	\$ (46.48)	\$ 15.78
4.0 Inch	\$ 100.00	\$ 37.18	\$ 127.58	\$ (62.82)	\$ 27.58
6.0 Inch	\$ 140.00	\$ 52.05	\$ 206.96	\$ (87.95)	\$ 66.96
8.0 Inch	\$ 200.00	\$ 74.36	\$ 310.91	\$ (125.64)	\$ 110.91
10.0 Inch	\$ 275.00	\$ 102.26	\$ 456.44	\$ (172.74)	\$ 181.44

Existing, COS & Proposed Rates - Water

Volumetric Rates

Description	Test Year Water Rates - Inside			Difference vs. Existing	
	Existing	COS	Proposed	COS	Proposed
Volumetric Per 1,000 Gal - Residential:					
0 to 4,000 Gallons / Month	\$ 2.45	\$ 2.89	\$ 2.45	\$ 0.44	\$ -
4,001 to 16,000 Gallons / Month	\$ 3.75	\$ 4.42	\$ 3.75	\$ 0.67	\$ -
All Over 16,000 Gallons / Month	\$ 6.00	\$ 7.07	\$ 6.13	\$ 1.07	\$ 0.13
Volumetric Per 1,000 Gal - Res Irrigation:					
0 to 12,000 Gallons / Month	\$ 3.75	\$ 8.28	\$ 3.75	\$ 4.53	\$ -
All Over 12,000 Gallons / Month	\$ 6.00	\$ 13.25	\$ 6.13	\$ 7.25	\$ 0.13
Volumetric Per 1,000 Gal - General Service:					
Multi-Family	\$ 3.75	\$ 4.37	\$ 3.75	\$ 0.62	\$ -
Nonresidential	\$ 3.85	\$ 3.70	\$ 3.86	\$ (0.15)	\$ 0.01
Nonresidential Irrigation	\$ 4.60	\$ 5.48	\$ 4.61	\$ 0.88	\$ 0.01

Existing, COS & Proposed Revenues - Water

Test Year 2019 Projected Revenues

Description	Test Year Water Revenues			Difference vs. Existing	
	Existing	COS	Proposed	COS	Proposed
Combined Revenues:					
Residential	\$ 19,298,359	\$ 16,269,848	\$ 19,345,679	\$(3,028,511)	\$ 47,320
Multifamily	3,398,541	3,762,242	3,479,959	363,701	81,418
Residential - Irrigation	1,043,097	1,881,821	1,049,135	838,724	6,038
Nonresidential	7,660,394	6,875,500	7,864,454	(784,894)	204,060
Nonresidential - Irrigation	1,634,343	1,803,212	1,658,144	168,869	23,801
City of Alachua	11,759	27,976	13,287	16,217	1,528
UF On Campus	2,292,490	2,165,921	2,318,301	(126,569)	25,811
UF Off Campus	48,080	47,051	53,695	(1,029)	5,615
Total	\$ 35,387,063	\$ 32,833,571	\$ 35,782,654	\$(2,553,492)	\$ 395,591
TY Revenue Requirement	\$ 32,833,580	\$ 32,833,580	\$ 32,833,580		
Difference	\$ 2,553,483	\$ (9)	\$ 2,949,074	\$(2,553,492)	\$ 395,591

Typical Bill Comparisons - Water

Residential

Meter Size	Monthly Flow (Gal)	Monthly Charges			Difference From Existing	
		Existing	COS	Proposed	COS	Proposed
3/4 Inch	0	\$ 9.45	\$ 3.51	\$ 9.45	\$ (5.94)	\$ 0.00
3/4 Inch	2,000	\$ 14.35	\$ 9.29	\$ 14.35	\$ (5.06)	\$ 0.00
3/4 Inch	4,000	\$ 19.25	\$ 15.07	\$ 19.25	\$ (4.18)	\$ 0.00
3/4 Inch	6,000	\$ 26.75	\$ 23.91	\$ 26.75	\$ (2.84)	\$ 0.00
3/4 Inch	8,000	\$ 34.25	\$ 32.76	\$ 34.25	\$ (1.49)	\$ 0.00
3/4 Inch	12,000	\$ 49.25	\$ 50.44	\$ 49.25	\$ 1.19	\$ 0.00
3/4 Inch	16,000	\$ 64.25	\$ 68.13	\$ 64.25	\$ 3.88	\$ 0.00
3/4 Inch	20,000	\$ 88.25	\$ 96.42	\$ 88.77	\$ 8.17	\$ 0.52

Typical Bill Comparisons - Water

Small Commercial

Meter Size	Monthly Flow (Gal)	Monthly Charges			Difference From Existing	
		Existing	COS	Proposed	COS	Proposed
3/4 Inch	10,000	\$ 47.95	\$ 40.54	\$ 48.05	\$ (7.41)	\$ 0.10
3/4 Inch	20,000	\$ 86.45	\$ 77.57	\$ 86.65	\$ (8.88)	\$ 0.20
1.0 Inch	40,000	\$ 163.65	\$ 151.69	\$ 166.69	\$ (11.96)	\$ 3.04
1.0 Inch	60,000	\$ 240.65	\$ 225.75	\$ 243.89	\$ (14.90)	\$ 3.24
1.5 Inch	80,000	\$ 320.50	\$ 300.86	\$ 328.65	\$ (19.64)	\$ 8.15
1.5 Inch	100,000	\$ 397.50	\$ 374.92	\$ 405.85	\$ (22.58)	\$ 8.35
2.0 Inch	150,000	\$ 597.50	\$ 562.86	\$ 610.19	\$ (34.64)	\$ 12.69
2.0 Inch	200,000	\$ 790.00	\$ 748.00	\$ 803.19	\$ (42.00)	\$ 13.19

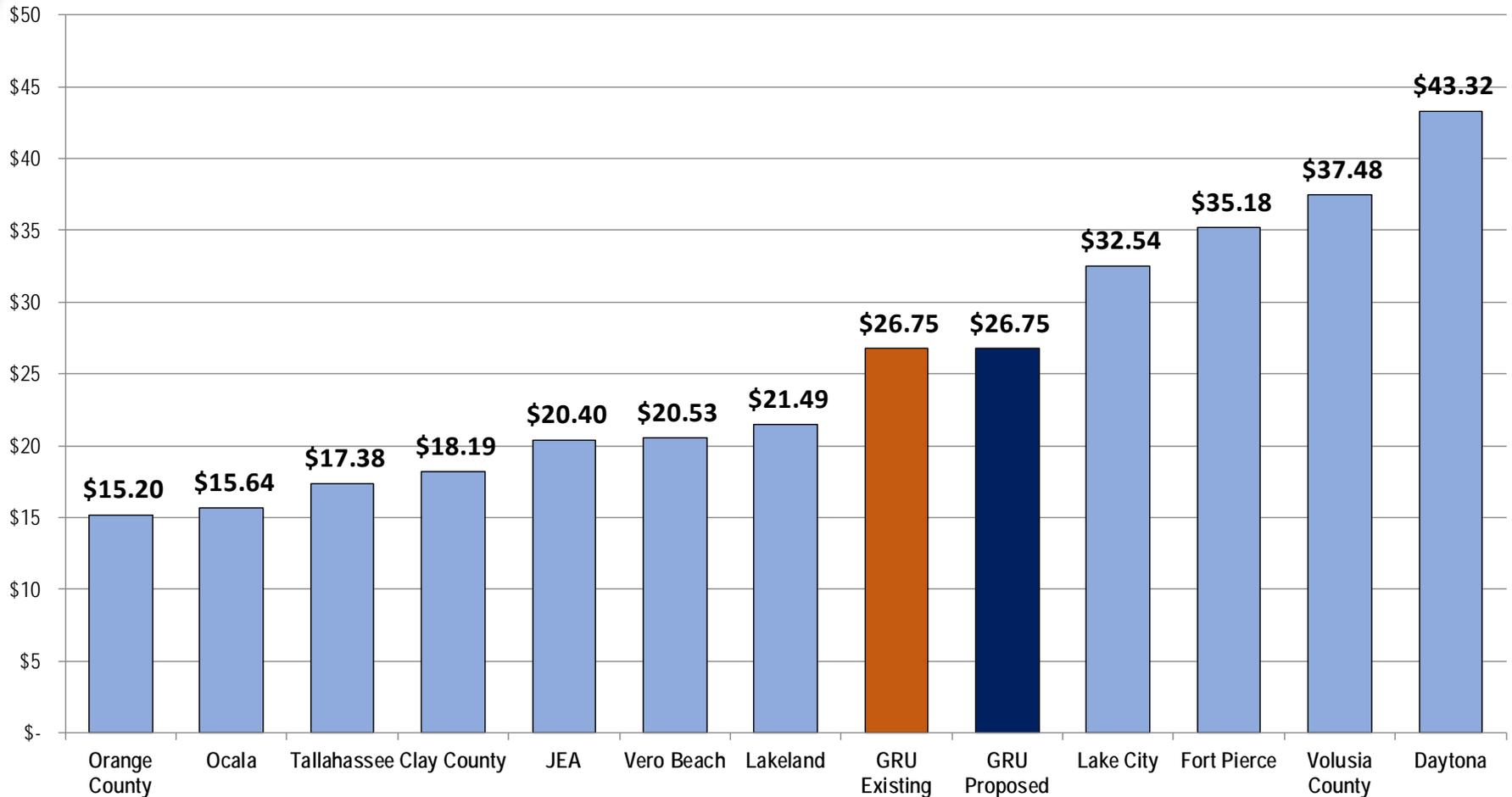
Typical Bill Comparisons - Water

Large Commercial

Meter Size	Monthly Flow (Gal)	Monthly Charges			Difference From Existing	
		Existing	COS	Proposed	COS	Proposed
3.0 Inch	150,000	\$ 651.50	\$ 582.93	\$ 668.78	\$ (68.57)	\$ 17.28
3.0 Inch	200,000	\$ 844.00	\$ 768.07	\$ 861.78	\$ (75.93)	\$ 17.78
4.0 Inch	300,000	\$ 1,255.00	\$ 1,148.01	\$ 1,285.58	\$ (106.99)	\$ 30.58
4.0 Inch	400,000	\$ 1,640.00	\$ 1,518.28	\$ 1,671.58	\$ (121.72)	\$ 31.58
6.0 Inch	600,000	\$ 2,450.00	\$ 2,273.70	\$ 2,522.96	\$ (176.30)	\$ 72.96
6.0 Inch	1,000,000	\$ 3,990.00	\$ 3,754.80	\$ 4,066.96	\$ (235.20)	\$ 76.96
8.0 Inch	2,000,000	\$ 7,900.00	\$ 7,479.86	\$ 8,030.91	\$ (420.14)	\$ 130.91
8.0 Inch	6,000,000	\$23,300.00	\$22,290.86	\$23,470.91	\$ (1,009.14)	\$ 170.91

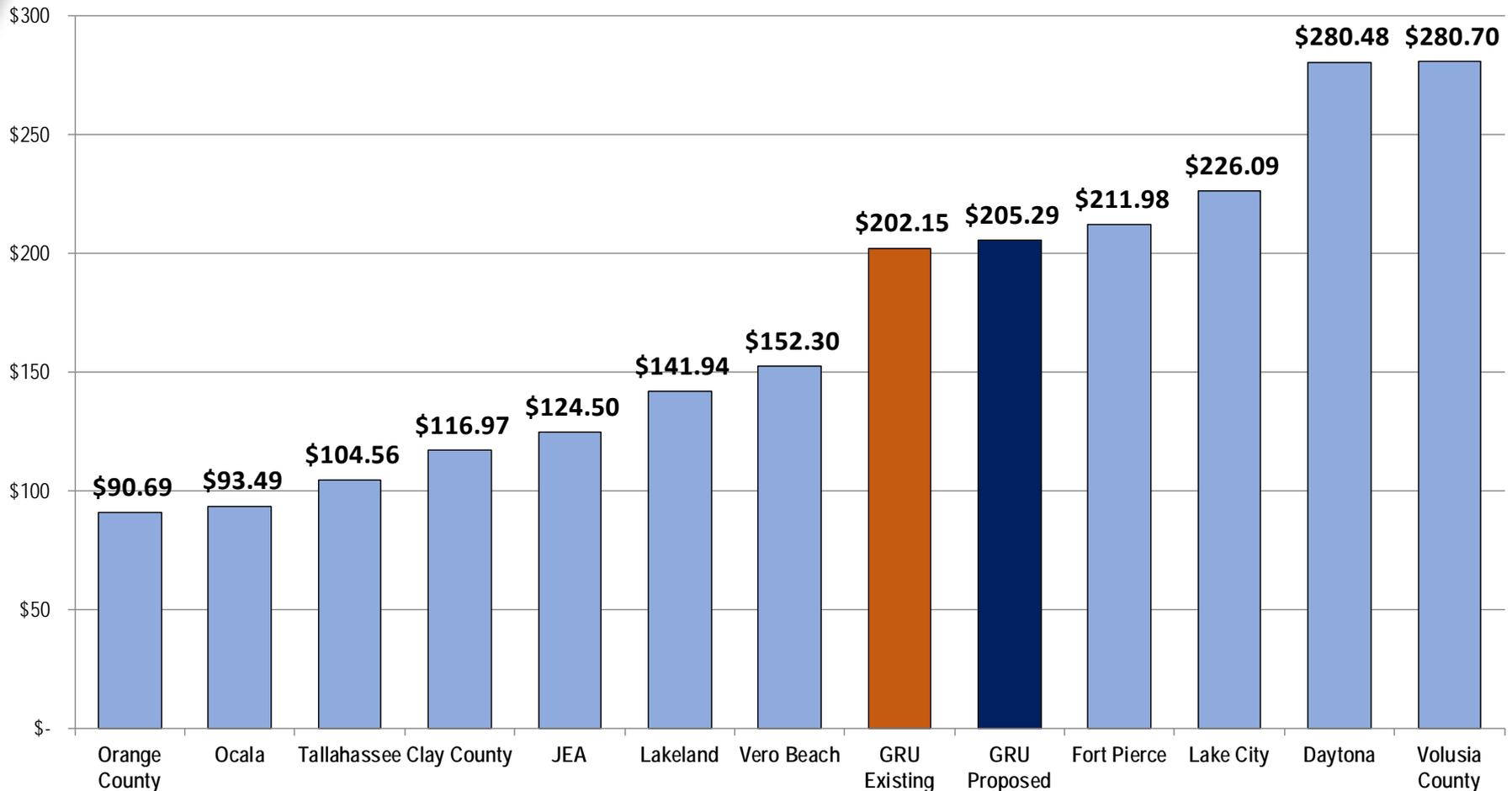
Neighboring Utility Comparisons - Water

Residential – 6,000 Gallons Per Month



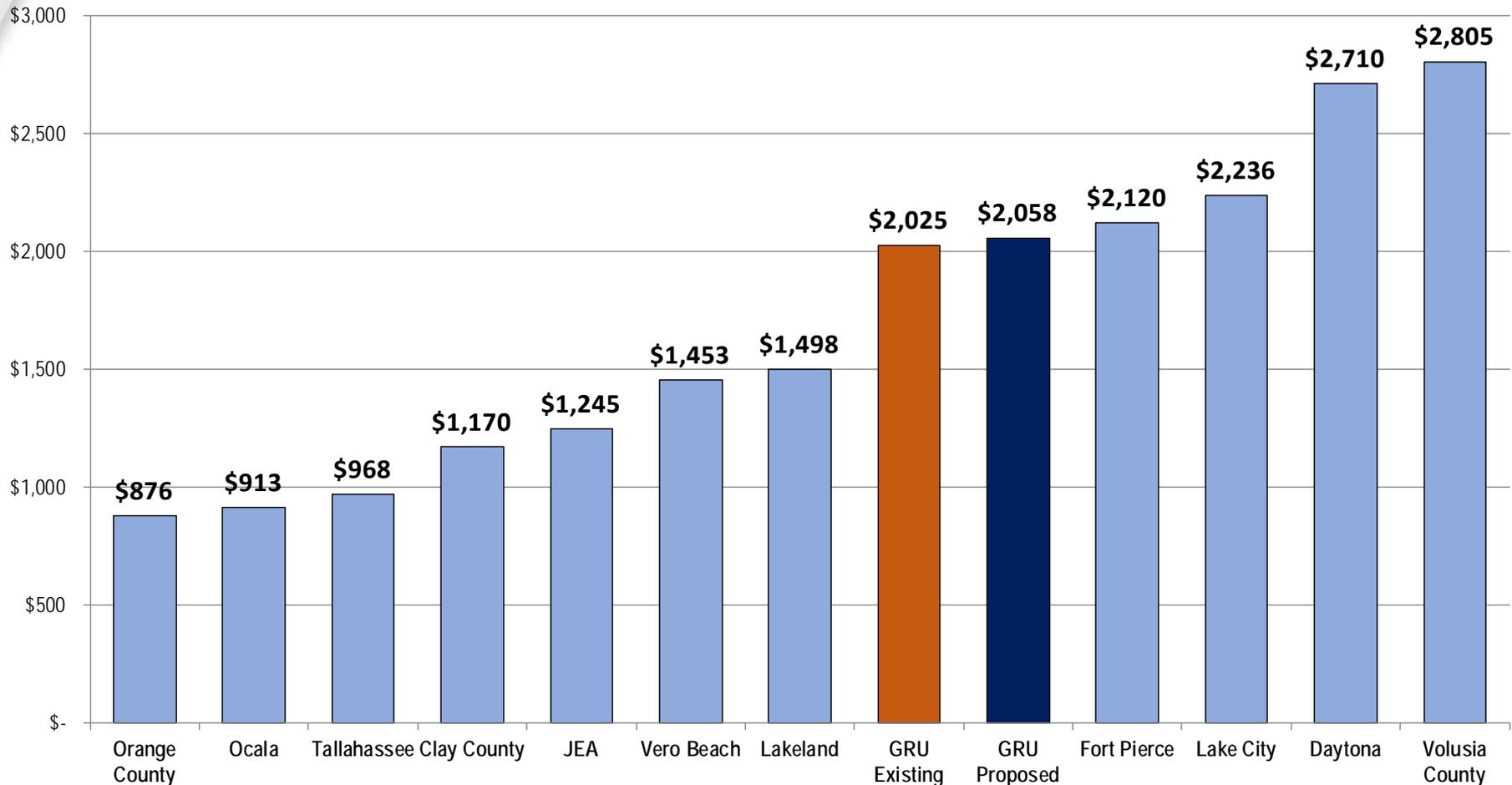
Neighboring Utility Comparisons - Water

Small Commercial – 50,000 Gallons Per Month



Neighboring Utility Comparisons - Water

Large Commercial – 500,000 Gallons Per Month



Recommendations - Water

- Adopt the proposed water rates to become effective as of October 1, 2018 (or other such date as deemed appropriate by the City Commission)
- Apply a phase-in approach to adjust the base monthly charges to be consistent with AWWA meter equivalency factors
- Review the rates as needed to ensure the financial sufficiency of the utility system

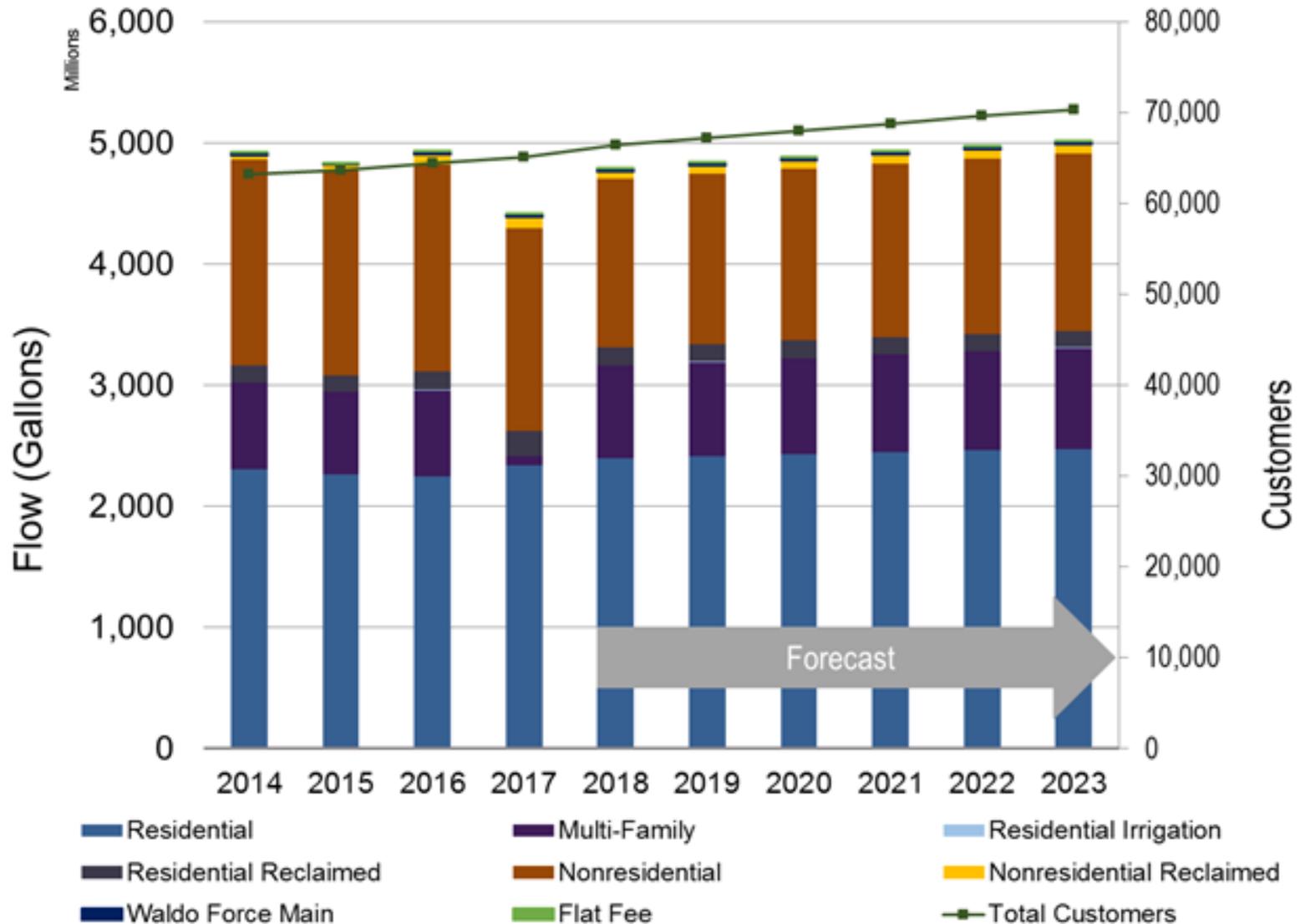


WASTEWATER

Proposed Rate Structure Changes - Wastewater

- Monthly Base Charges
 - Increment by connection size in accordance with the proposed water meter equivalency factors
 - Apply a 5-year phasing approach to avoid rate shock to larger customers
- Volumetric Rates
 - Maintain current volumetric rate structure

Projected Customers & Flows - Wastewater



Existing, COS & Proposed Rates - Wastewater

Monthly Base Charges

Description	Test Year Wastewater Rates			Difference vs. Existing	
	Existing	COS	Proposed	COS	Proposed
Monthly Base Charges:					
5/8 & 3/4 Inch	\$ 9.10	\$ 3.38	\$ 9.40	\$ (5.72)	\$ 0.30
1.0 Inch	\$ 9.10	\$ 3.38	\$ 12.22	\$ (5.72)	\$ 3.12
1.5 Inch	\$ 9.10	\$ 3.38	\$ 19.74	\$ (5.72)	\$ 10.64
2.0 Inch	\$ 9.10	\$ 3.38	\$ 31.02	\$ (5.72)	\$ 21.92
3.0 Inch	\$ 9.10	\$ 3.38	\$ 89.30	\$ (5.72)	\$ 80.20
4.0 Inch	\$ 9.10	\$ 3.38	\$ 126.90	\$ (5.72)	\$ 117.80
6.0 Inch	\$ 9.10	\$ 3.38	\$ 205.86	\$ (5.72)	\$ 196.76
8.0 Inch	\$ 9.10	\$ 3.38	\$ 309.26	\$ (5.72)	\$ 300.16
10.0 Inch	\$ 9.10	\$ 3.38	\$ 454.02	\$ (5.72)	\$ 444.92

Existing, COS & Proposed Rates - Wastewater

Volumetric Rates

Description	Test Year Wastewater Rates			Difference vs. Existing	
	Existing	COS	Proposed	COS	Proposed
Volumetric Rates Per 1,000 Gal:					
All Billable Flow - General Service	\$ 6.30	\$ 7.24	\$ 6.49	\$ 0.94	\$ 0.19
All Billable Flow - Reclaimed	\$ 0.95	\$ 7.24	\$ 0.98	\$ 6.29	\$ 0.03
Residential Flat Fee:					
Per Month	\$ 40.60	\$ 39.61	\$ 41.85	\$ (0.99)	\$ 1.25

Existing, COS & Proposed Revenues - Wastewater

Test Year 2019 Projected Revenues

Description	Test Year Wastewater Revenues			Difference vs. Existing	
	Existing	COS	Proposed	COS	Proposed
Combined Revenues:					
Residential	\$23,430,596	\$21,653,079	\$24,163,733	\$(1,777,517)	\$ 733,137
Multi-Family	5,252,105	5,919,043	5,578,639	666,937	326,534
Res Irrigation	391,079	151,073	405,199	(240,006)	14,120
Flat Fee	30,206	29,467	31,136	(740)	930
Residential Reclaimed	297,462	1,361,859	307,764	1,064,397	10,302
Nonresidential	9,933,703	11,020,873	10,604,514	1,087,170	670,811
Nonresidential Reclaimed	94,751	584,102	111,770	489,351	17,019
Waldo Force Main	144,163	103,338	148,510	(40,824)	4,348
Total	\$39,574,065	\$40,822,834	\$41,351,266	\$ 1,248,768	\$ 1,777,201
TY Revenue Requirement	\$40,822,854	\$40,822,854	\$40,822,854		
Difference	\$ (1,248,788)	\$ (20)	\$ 528,412	\$ 1,248,768	\$ 1,777,201

Typical Bill Comparisons - Wastewater

Residential

Meter Size	Monthly Flow (Gal)	Monthly Charges			Difference From Existing	
		Existing	COS	Proposed	COS	Proposed
3/4 Inch	0	\$ 9.10	\$ 3.38	\$ 9.40	\$ (5.72)	\$ 0.30
3/4 Inch	2,000	\$ 21.70	\$ 17.87	\$ 22.38	\$ (3.83)	\$ 0.68
3/4 Inch	4,000	\$ 34.30	\$ 32.36	\$ 35.36	\$ (1.94)	\$ 1.06
3/4 Inch	6,000	\$ 46.90	\$ 46.85	\$ 48.34	\$ (0.05)	\$ 1.44
3/4 Inch	8,000	\$ 59.50	\$ 61.34	\$ 61.32	\$ 1.84	\$ 1.82
3/4 Inch	12,000	\$ 84.70	\$ 90.31	\$ 87.28	\$ 5.61	\$ 2.58
3/4 Inch	16,000	\$ 109.90	\$ 119.29	\$ 113.24	\$ 9.39	\$ 3.34
3/4 Inch	20,000	\$ 135.10	\$ 148.27	\$ 139.20	\$ 13.17	\$ 4.10

Typical Bill Comparisons - Wastewater

Small Commercial

Meter Size	Monthly Flow (Gal)	Monthly Charges			Difference From Existing	
		Existing	COS	Proposed	COS	Proposed
3/4 Inch	10,000	\$ 72.10	\$ 75.83	\$ 74.30	\$ 3.73	\$ 2.20
3/4 Inch	20,000	\$ 135.10	\$ 148.27	\$ 139.20	\$ 13.17	\$ 4.10
1.0 Inch	40,000	\$ 261.10	\$ 293.15	\$ 271.82	\$ 32.05	\$ 10.72
1.0 Inch	60,000	\$ 387.10	\$ 438.04	\$ 401.62	\$ 50.94	\$ 14.52
1.5 Inch	80,000	\$ 513.10	\$ 582.92	\$ 538.94	\$ 69.82	\$ 25.84
1.5 Inch	100,000	\$ 639.10	\$ 727.80	\$ 668.74	\$ 88.70	\$ 29.64
2.0 Inch	150,000	\$ 954.10	\$ 1,090.01	\$ 1,004.52	\$ 135.91	\$ 50.42
2.0 Inch	200,000	\$ 1,269.10	\$ 1,452.22	\$ 1,329.02	\$ 183.12	\$ 59.92

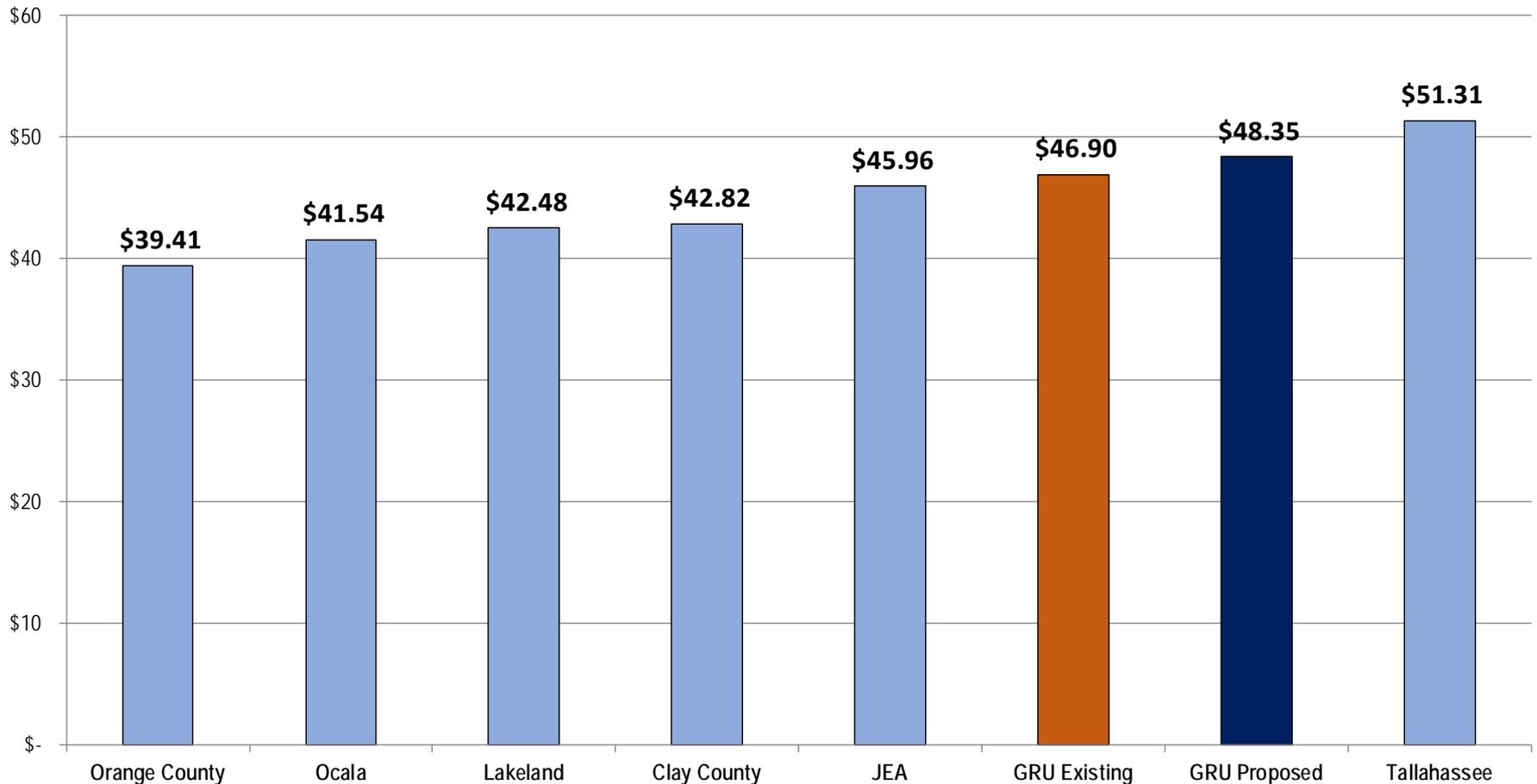
Typical Bill Comparisons - Wastewater

Large Commercial

Meter Size	Monthly Flow (Gal)	Monthly Charges			Difference From Existing	
		Existing	COS	Proposed	COS	Proposed
3.0 Inch	150,000	\$ 954.10	\$ 1,090.01	\$ 1,062.80	\$ 135.91	\$ 108.70
3.0 Inch	200,000	\$ 1,269.10	\$ 1,452.22	\$ 1,387.30	\$ 183.12	\$ 118.20
4.0 Inch	300,000	\$ 1,899.10	\$ 2,176.64	\$ 2,073.90	\$ 277.54	\$ 174.80
4.0 Inch	400,000	\$ 2,529.10	\$ 2,901.06	\$ 2,722.90	\$ 371.96	\$ 193.80
6.0 Inch	600,000	\$ 3,789.10	\$ 4,349.90	\$ 4,099.86	\$ 560.80	\$ 310.76
6.0 Inch	1,000,000	\$ 6,309.10	\$ 7,247.58	\$ 6,695.86	\$ 938.48	\$ 386.76
8.0 Inch	2,000,000	\$ 12,609.10	\$ 14,491.77	\$ 13,289.26	\$ 1,882.67	\$ 680.16
8.0 Inch	6,000,000	\$ 37,809.10	\$ 43,468.54	\$ 39,249.26	\$ 5,659.44	\$ 1,440.16

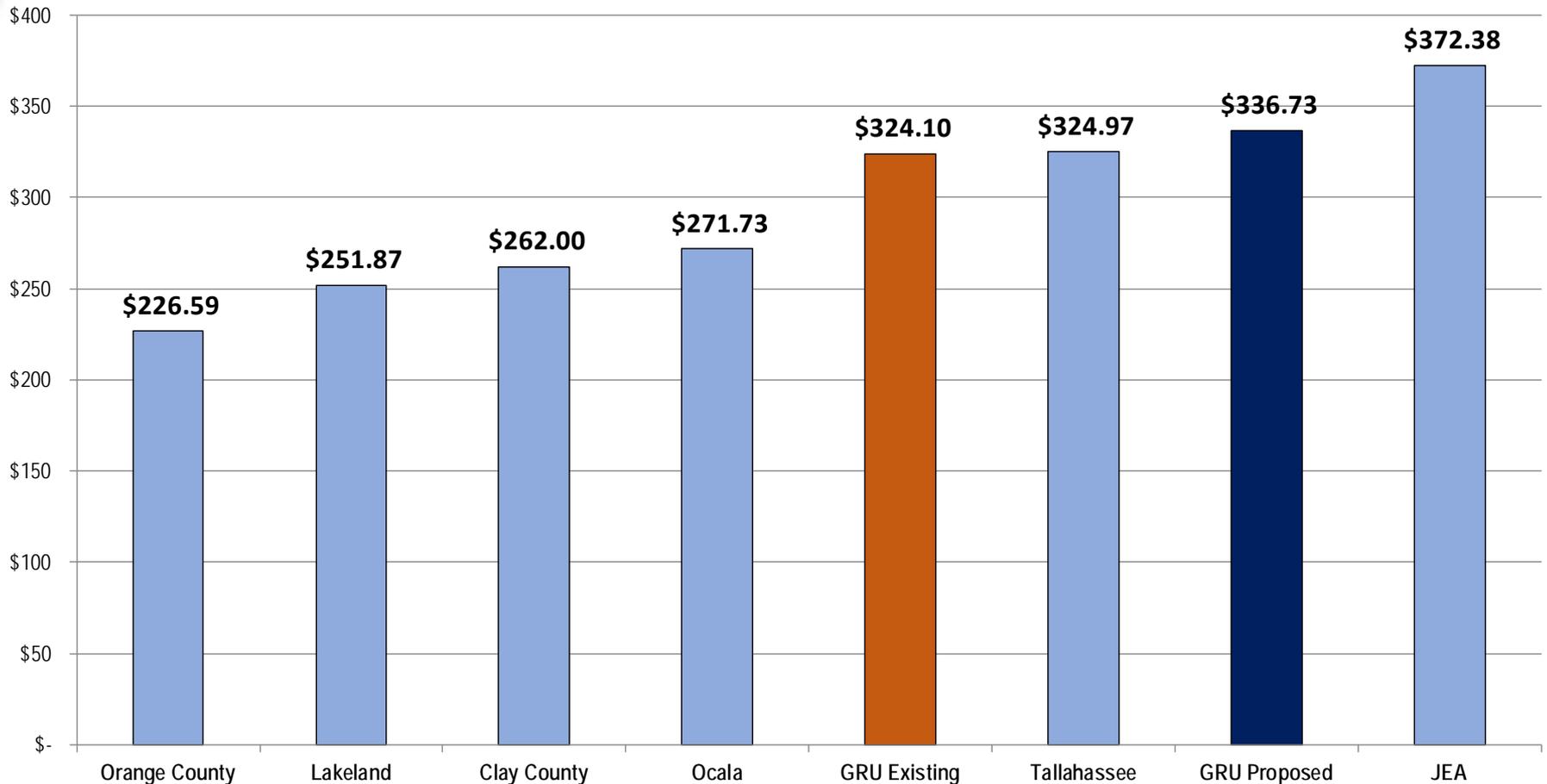
Neighboring Utility Comparisons - Wastewater

Residential – 6,000 Gallons Per Month



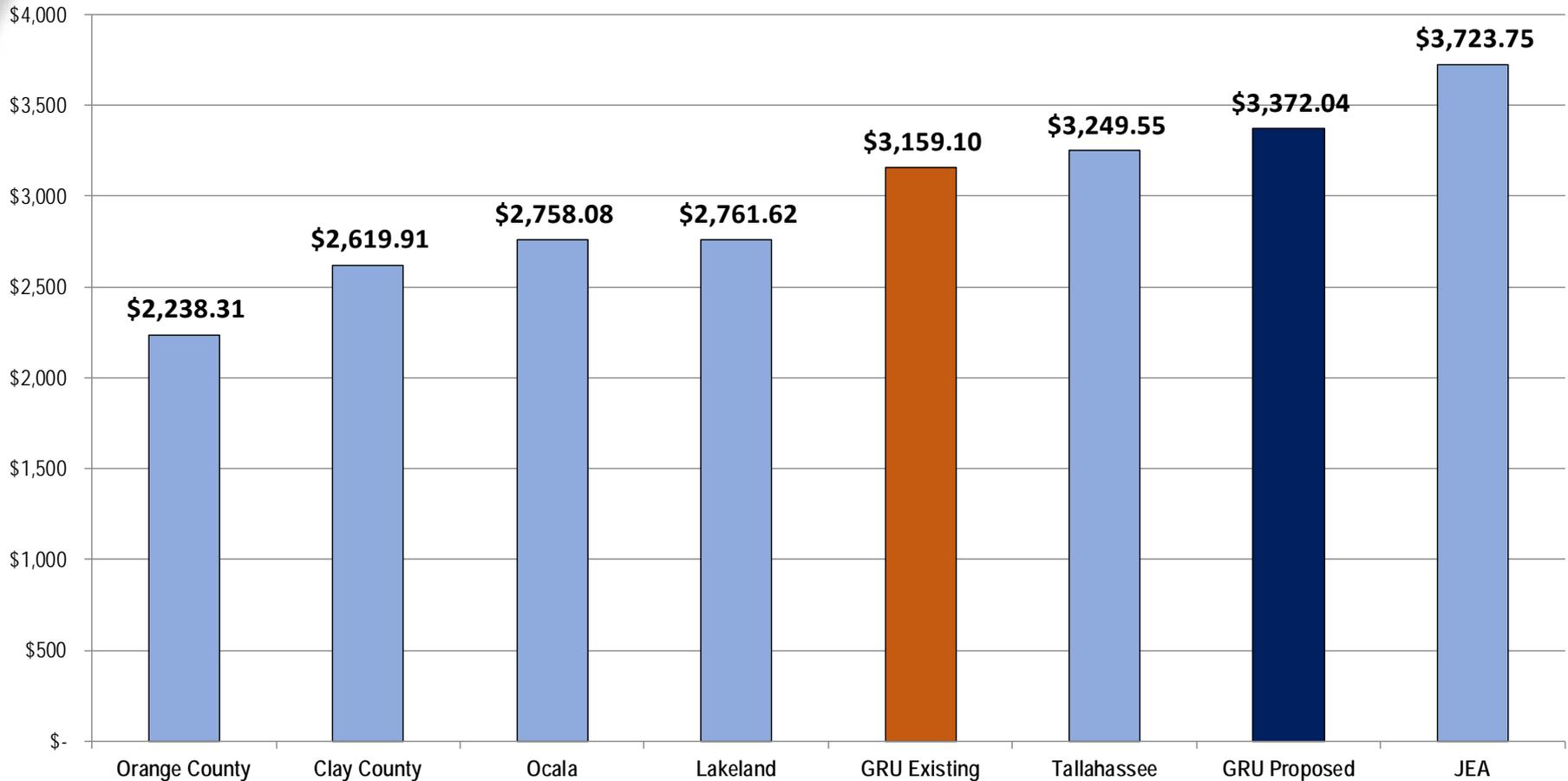
Neighboring Utility Comparisons - Wastewater

Small Commercial – 50,000 Gallons Per Month



Neighboring Utility Comparisons - Wastewater

Large Commercial – 500,000 Gallons Per Month



Recommendations - Wastewater

- Adopt the proposed wastewater rates to become effective as of October 1, 2018 (or other such date as deemed appropriate by the City Commission)
- Apply a phase-in approach to adjust the base monthly charges to be consistent with AWWA meter equivalency factors
- Review the rates as needed to ensure the financial sufficiency of the utility system



ELECTRIC

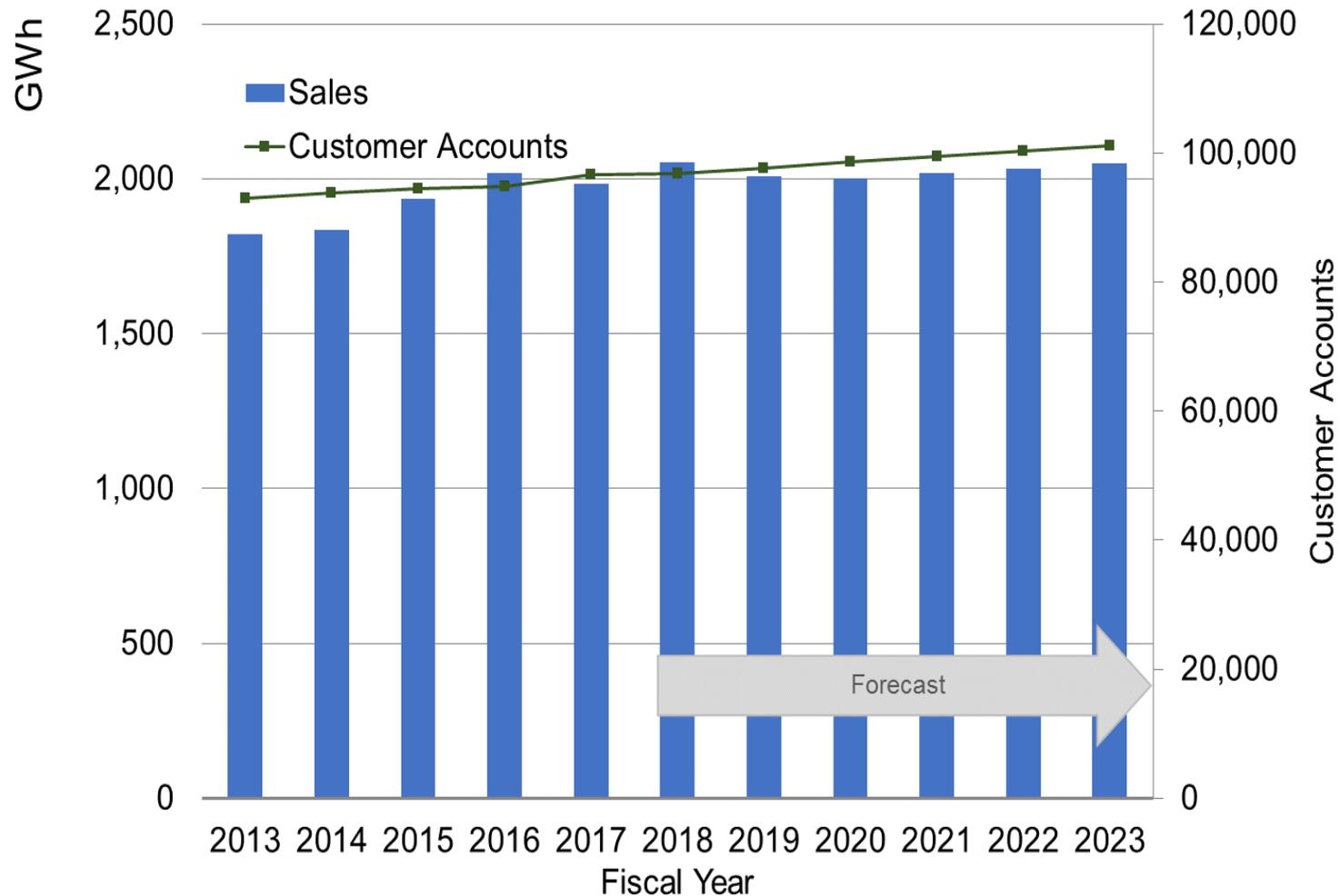
GAINESVILLE REGIONAL UTILITIES



Factors Driving Proposed Rates - Electric

- Deerhaven Renewable Generating Station Purchase
 - Power purchase costs decrease from \$81 million in FY 2018 to \$1.6 million for the Test Year FY 2019.
 - Annual Debt Service increases from \$40 million to \$71 million.
- Cross subsidization of Residential and Rental Lighting Classes
 - All other retail classes pay more than cost to serve for the Test Year under current rates.
 - Residential subsidy \$3.7 million.
 - Rental lighting subsidy \$367,455.
- Wholesale customers can select other suppliers and contribute to fixed cost recovery, therefore, at current rates these transactions are beneficial to retail classes.

Customer Sales and Accounts - Electric



Existing, COS, & Proposed Rates - Electric

Customer Class	Rate Component	Current FY 2018 Rates	COS Rates, Test Year 2019	Difference Current from COS (%)	Proposed Rate (Rates Effective February 1)	Difference Proposed from Current (%)
<u>Residential</u>						
	Tier 1 kWh (0-850), Less Embedded Fuel (\$ per kWh)	0.0375	0.0660	-43.2%	0.0615	64.0%
	Tier 2 kWh (>850), Less Embedded Fuel (\$ per kWh)	0.0595	0.1007	-40.9%	0.0865	45.4%
	Customer Charge (\$ per Month)	14.25	20.66	-31.0%	14.25	0.0%
	Embedded Fuel (\$ per kWh)	0.0065	0.0065	0.0%	0.0065	0.0%
	Fuel and Purchased Power Adjustment (\$ per kWh)	0.0700	0.0355	97.2%	0.0350	-50.0%
<u>General Service Non-Demand</u>						
	Tier 1 kWh (0-1500), Less Embedded Fuel (\$ per kWh)	0.0635	0.0635	-0.1%	0.0825	29.9%
	Tier 2 kWh (>1500), Less Embedded Fuel (\$ per kWh)	0.0965	0.0968	-0.3%	0.1155	19.7%
	Customer Charge (\$ per Month)	29.50	21.69	36.0%	29.50	0.0%
	Embedded Fuel (\$ per kWh)	0.0065	0.0065	0.0%	0.0065	0.0%
	Fuel and Purchased Power Adjustment (\$ per kWh)	0.0700	0.0355	97.2%	0.0350	-50.0%
<u>General Service Demand</u>						
	Energy Charge, Less Embedded Fuel (\$ per kWh)	0.0347	0.0214	61.9%	0.0536	54.5%
	Demand Charge (\$ per kW)	8.50	15.97	-46.8%	9.50	11.8%
	Customer Charge (\$ per Month)	100.00	79.58	25.7%	100.00	0.0%
	Embedded Fuel (\$ per kWh)	0.0065	0.0065	0.0%	0.0065	0.0%
	Fuel and Purchased Power Adjustment (\$ per kWh)	0.0700	0.0355	97.2%	0.0350	-50.0%
	Primary Service Discount	(0.1500)	(0.3325)	-54.9%	(0.1500)	0.0%
	Primary Metering Discount*	2.00%	0.70%	183.9%	2.00%	0.0%
<u>Large Power Service</u>						
	Energy Charge, Less Embedded Fuel (\$ per kWh)	0.0305	0.0216	41.1%	0.0498	63.3%
	Demand Charge (\$ per kW)	8.50	16.19	-47.5%	9.75	14.7%
	Customer Charge (\$ per Month)	350.00	1,336.21	-73.8%	350.00	0.0%
	Embedded Fuel (\$ per kWh)	0.0065	0.0065	0.0%	0.0065	0.0%
	Fuel and Purchased Power Adjustment (\$ per kWh)	0.0700	0.0355	97.2%	0.0350	-50.0%
	Primary Service Discount	(0.1500)	(0.3325)	-54.9%	(0.1500)	0.0%
	Primary Metering Discount*	2.0%	0.7%	183.9%	2.0%	0.0%

*Note: The Primary Metering Discount currently applies a 2% reduction to energy and demand charges; COS results changes this discount to 0.7% and applies it to the energy portion only.

Existing, COS, & Proposed Rates - Electric

Customer Class	Rate Component	Current FY 2018 Rates	COS Rates, Test Year 2019	Difference Current from COS (%)	Proposed Rate (Rates Effective February 1)	Difference Proposed from Current (%)
<u>Alachua</u>						
	Base Energy Charge (\$ per kWh)	0.0185	0.0278	-33.5%	0.0185	0.0%
	Demand Charge (\$ per kW)	-	14.34	-100.0%	-	
	Customer Charge (\$ per Month)	1,750.00	17,389.44	-89.9%	1,750.00	0.0%
	Fuel and Purchased Power Adjustment (\$ per kWh)	0.0395	0.0355	11.3%	0.0395	0.0%
<u>Winter Park</u>						
	Energy Charge (\$ per kWh)	-	0.0278	-100.0%	-	
	Demand Charge, Base Rate (\$ per kW)	8.00	13.51	-40.8%	8.00	0.0%
	Customer Charge (\$ per Month)	-	2,712.09	-100.0%	-	
	Fuel and Purchased Power Adjustment (\$ per kWh)	0.0440	0.0355	24.0%	0.0440	0.0%
<u>Wheeling - Seminole Electric Power Cooperative</u>						
	Wheeling Charge (\$ per kW)	1.3600	1.0866	25.2%	1.3600	0.0%

Existing, COS, & Proposed Revenue – Electric (\$000)

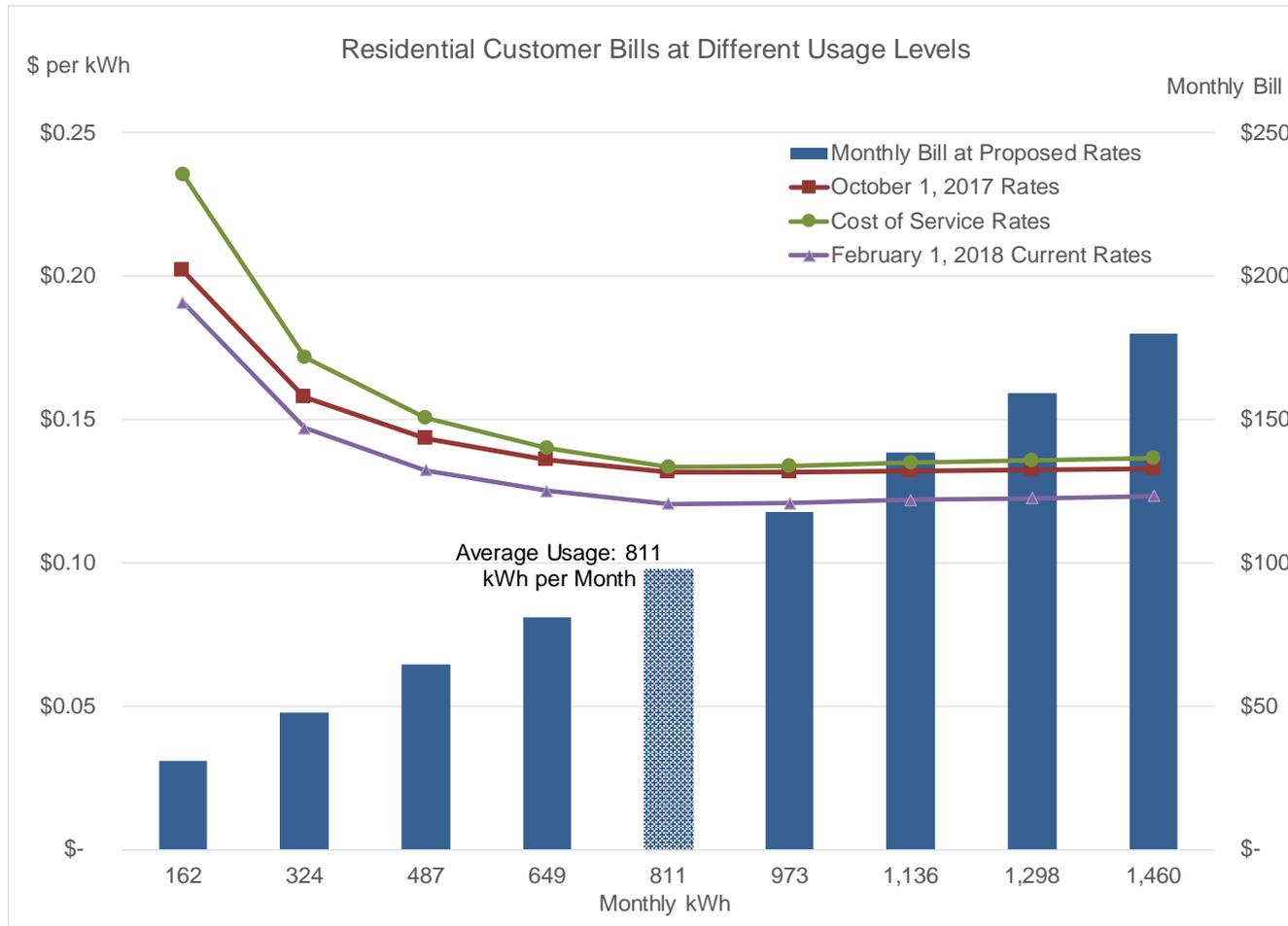
Customer Class	Rate Component	FY 2019 Revenues Under Rates		Difference Feb. 1 from COS (Value)	Difference Feb. 1 from COS (%)
		Effective February 1, 2018	FY 2019 Revenues Under COS Rates		
<u>Residential</u>					
	Tier 1 kWh (0-850), Less Embedded Fuel	\$ 39,725	\$ 42,655	\$ (2,930)	-6.9%
	Tier 2 kWh (>850), Less Embedded Fuel	16,309	18,985	(2,676)	-14.1%
	Customer Charge	14,165	20,539	(6,374)	-31.0%
	Embedded Fuel	5,424	5,424	-	0.0%
	Fuel and Purchased Power Adjustment	29,207	29,617	(410)	-1.4%
	Total	\$ 104,830	\$ 117,219	\$ (12,390)	-10.6%
<u>General Service Non-Demand</u>					
	Tier 1 kWh (0-1500), Less Embedded Fuel	\$ 7,325	\$ 5,642	\$ 1,683	29.8%
	Tier 2 kWh (>1500), Less Embedded Fuel	11,036	9,251	1,785	19.3%
	Customer Charge	3,394	2,496	898	36.0%
	Embedded Fuel	1,198	1,198	-	0.0%
	Fuel and Purchased Power Adjustment	6,452	6,542	(91)	-1.4%
	Total	\$ 29,405	\$ 25,129	\$ 4,275	17.0%
<u>General Service Demand</u>					
	Energy Charge, Less Embedded Fuel	\$ 32,551	\$ 13,019	\$ 19,531	150.0%
	Demand Charge	14,984	25,191	(10,208)	-40.5%
	Customer Charge	1,471	1,171	301	25.7%
	Embedded Fuel	3,947	3,947	-	0.0%
	Fuel and Purchased Power Adjustment	21,255	21,553	(298)	-1.4%
	Primary Service Discount	(72)	(159)	88	-54.9%
	Primary Metering Discount*	(258)	(42)	(216)	512.0%
	Total	\$ 73,878	\$ 64,680	\$ 9,198	14.2%

Existing, COS, & Proposed Revenue – Electric (\$000)

Customer Class	Rate Component	FY 2019 Revenues Under Rates		Difference Feb. 1 from COS (Value)	Difference Feb. 1 from COS (%)
		Effective February 1, 2018	FY 2019 Revenues Under COS Rates		
Large Power Service					
	Energy Charge, Less Embedded Fuel	\$ 4,790	\$ 2,080	\$ 2,711	130.3%
	Demand Charge	1,774	2,946	(1,171)	-39.8%
	Customer Charge	40	154	(114)	-73.8%
	Embedded Fuel	625	625	-	0.0%
	Fuel and Purchased Power Adjustment	3,367	3,414	(47)	-1.4%
	Primary Service Discount	(27)	(61)	33	-54.9%
	Primary Metering Discount*	(102)	(19)	(83)	435.9%
	Total	\$ 10,468	\$ 9,139	\$ 1,329	14.5%
<hr/>					
Total Rate Revenues (w/o Rental/Street Lighting)		\$ 239,358	\$ 240,635	\$ (1,277)	-0.5%
Rental and Street Lighting (no change)		7,805	7,805	-	0.0%
Total Rate Revenue		247,164	248,441	(1,277)	-0.5%
Less Total Cost to Serve		248,703	248,703	-	0.0%
Surplus/(Deficiency)		(1,540)	(263)	(1,277)	486.2%
<hr/>					
Surcharge Revenues		4,835	4,700	135	2.9%
Other Revenues		34,347	34,347	-	0.0%
Total Other Revenues		\$ 39,183	\$ 39,048	\$ 135	0.3%
Total Rate Plus Other Revenues		\$ 286,347	\$ 287,489	(1,142)	-0.4%
Less Total Revenue Requirement		\$ 286,507	\$ 286,507	-	0.0%
Total Surplus/(Deficiency)		\$ (161)	981	(1,142)	-116.4%

Typical Bill Comparisons - Electric

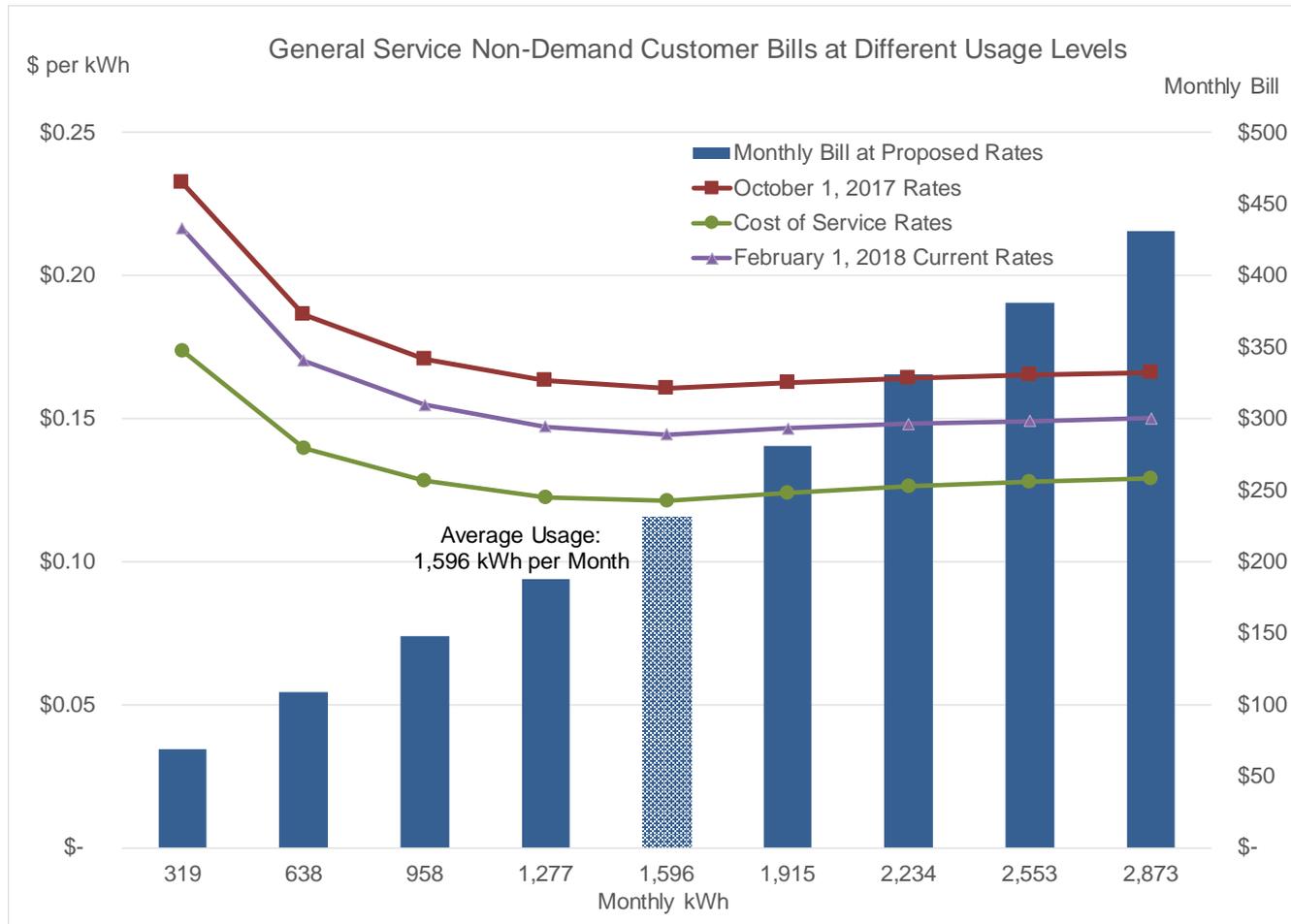
Residential



Average Residential customer would see 10.7% increase at COS rates (against Feb. 1 current rates).

Typical Bill Comparisons - Electric

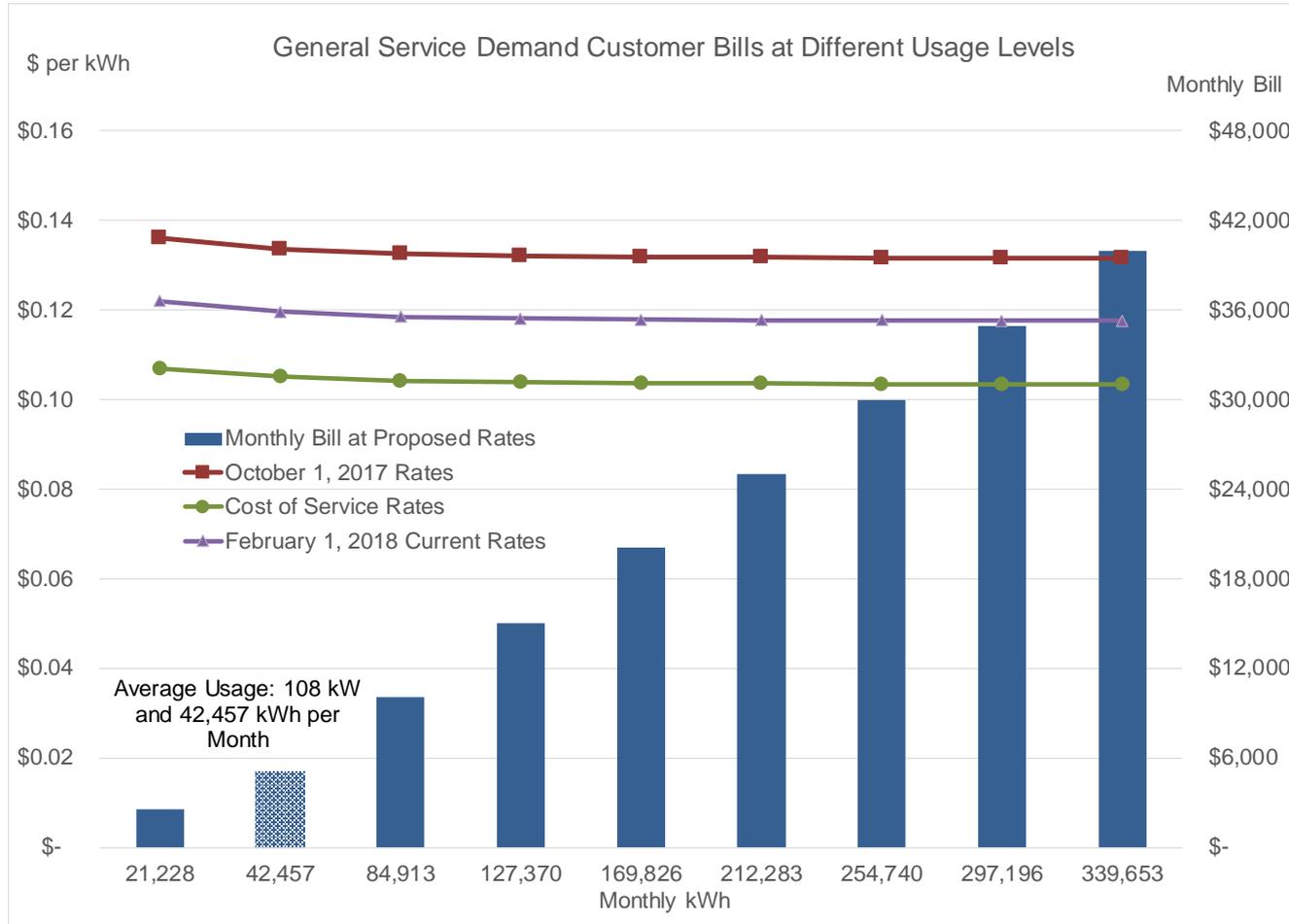
General Service Non-Demand



Average GS Non-Demand customer would see 16.2% decrease at COS rates (against Feb. 1 current rates).

Typical Bill Comparisons - Electric

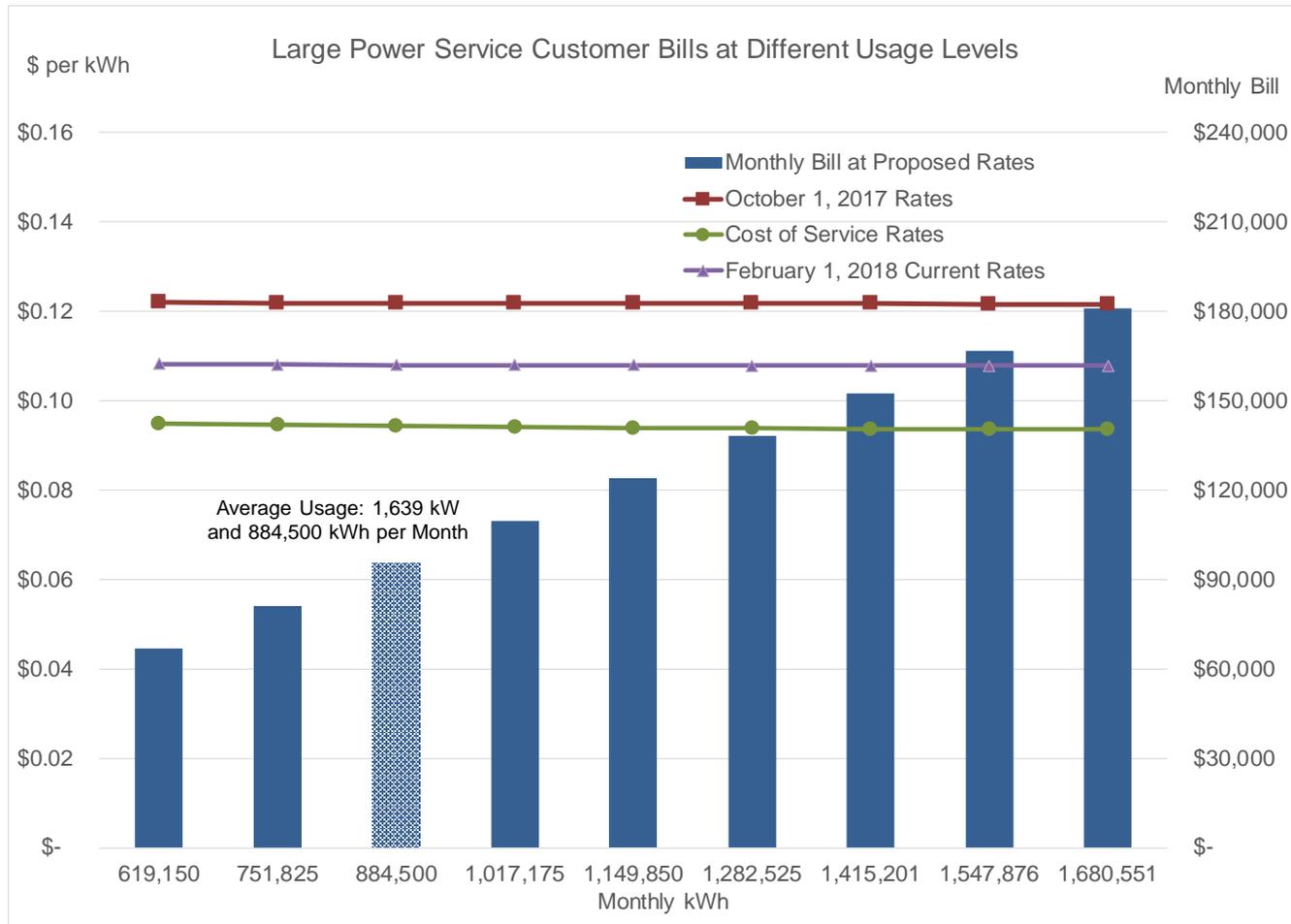
General Service Demand



Average GS Demand customer would see 12.2% decrease at COS rates (against Feb. 1 current rates).

Typical Bill Comparisons - Electric

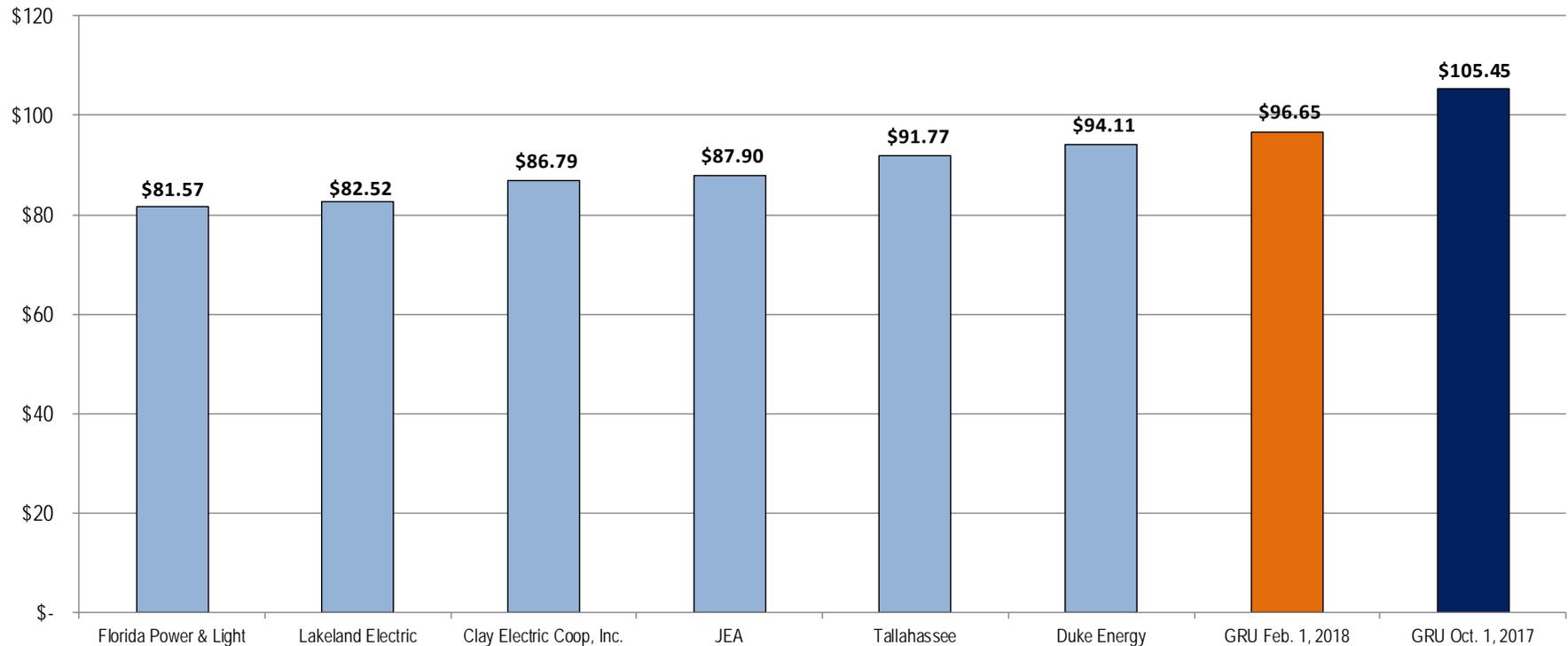
Large Power



Average Large Power customer would see 12.7% decrease at COS rates (against Feb. 1 current rates).

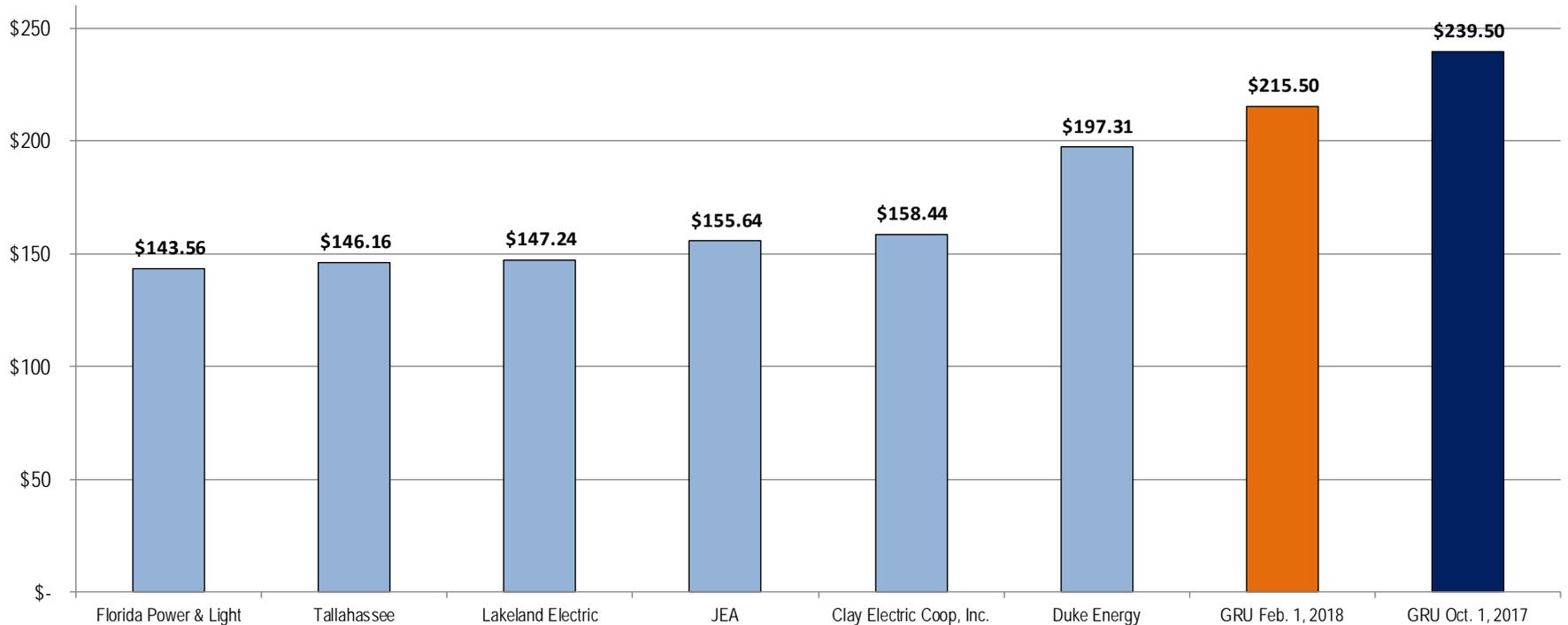
Neighboring Utility Comparisons - Electric

Residential – 800 kWh Per Month



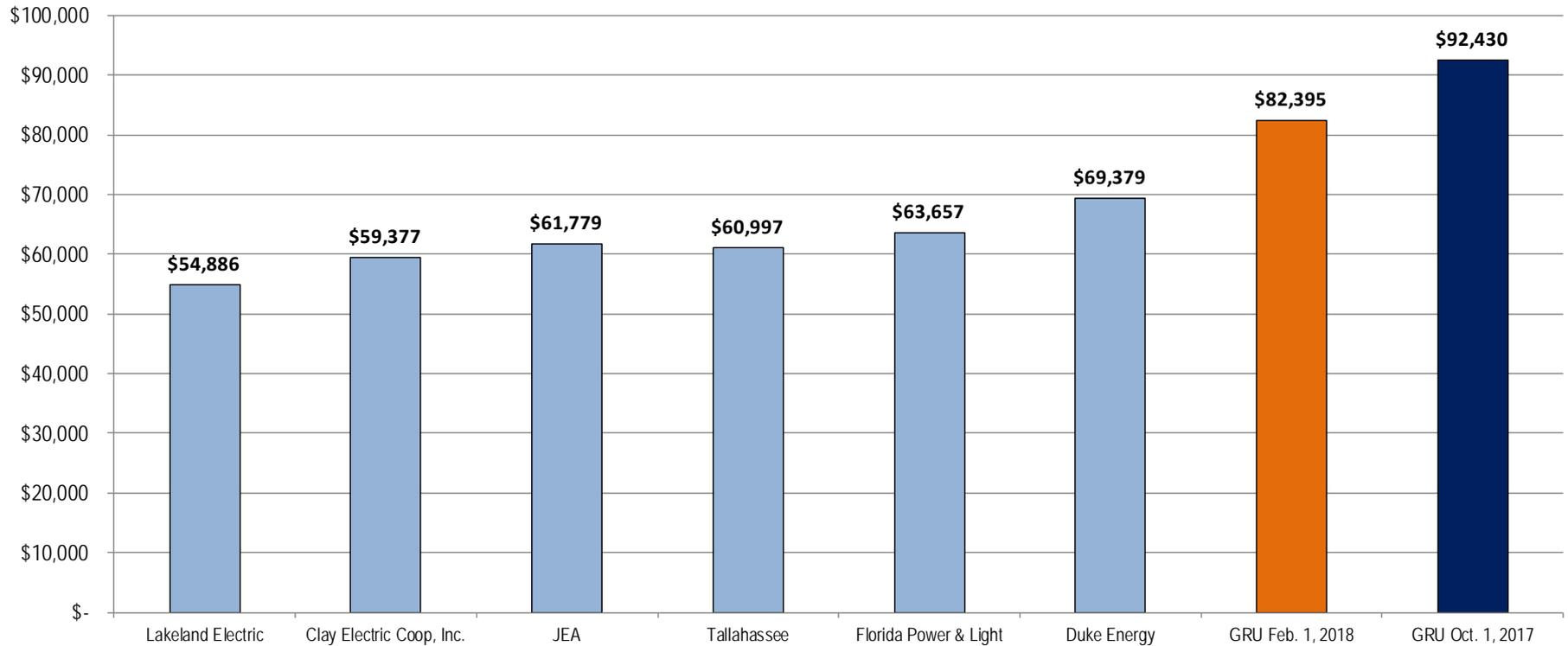
Neighboring Utility Comparisons - Electric

Small Commercial – 1,500 kWh Per Month



Neighboring Utility Comparisons - Electric

Large Commercial – 750,000 kWh Per Month



Recommendations - Electric

- Move retail rate classes towards cost-based rates over a three to five-year time period, recognizing that additional revenue increases may be required in FY 2020, FY 2022, and FY 2023.
- Change the applicability of the Primary Metering Discount to only the energy portion of the bill (rather than energy plus demand).
- If additional incentives for conservation and energy efficiency are desired, lower the consumption setpoint for Tier 1 energy for both Residential and General Service Non-Demand customer classes, with commensurate rate changes to avoid over-collection.
- Maintain competitive wholesale rates to provide systemwide benefits.



THANK YOU