

Legislative #

130582

ORDINANCE NO. 130582

An ordinance of the City of Gainesville, Florida, amending the Code of Ordinances relating to fuel and purchased power expenses for the city’s electric utility by creating new definitions and amending existing definitions in section 27-21; amending the formula used to calculate the monthly electric system fuel and purchased power adjustment and establishing a range for the fuel levelization fund balance, all in section 27-28; providing directions to the codifier; providing a severability clause; providing a repealing clause; and providing an effective date.

WHEREAS, at least 10 days’ notice has been given once by publication in a newspaper of general circulation notifying the public of this proposed ordinance and of the public hearings in the City Hall Auditorium located on the first floor of City Hall in the City of Gainesville; and

WHEREAS, the public hearings were held pursuant to the published notices described above, at which hearings all interested parties had an opportunity to be and were, in fact, heard.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA:

Section 1. Section 27-21 of the Code of Ordinances is amended as set forth below.

Except as amended herein, the remainder of section 27-21 remains in full force and effect.

Sec. 27-21. Definitions.

Electric system fuel and purchased power expense shall mean the cost or expense of fuel transported to and consumed in the generation of electricity in the city’s generating plants and the identifiable costs incurred while having power delivered to the system to maintain adequate capacity reserve levels on the system, including, but not limited to, generation capacity charges, reservation charges, energy charges, adders, and/or any transmission or wheeling charges.

Extraordinary fuel related expenses shall mean the cost of lime, ~~and~~ urea, and/or any other additive consumed during the combustion process for the production of power as well as any other fuel related costs or expenses posted to account ~~502~~ 501 fuel as defined under Federal Energy Regulatory Commission (FERC) rules of accounting. Additionally, any costs or expenses incurred in marketing or selling renewable energy credits (RECs) or any other environmental attribute are extraordinary fuel related expenses.

34 Native load fuel expenses shall mean the total fuel and purchased power cost or expense
 35 to supply all retail and wholesale customers and shall not include the cost or expense to supply
 36 interchange sales.

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 38 Natural gas fuel expenses shall mean the total expense of purchased gas volumes, as
 39 received by the local distribution system for delivery to end use customers.

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 41 Other fuel revenues shall mean revenues received from the sale of renewable energy
 42 credits (RECs), environmental attributes, contractual fuel recovery, other non-retail, and/or
 43 wholesale fuel as identified by the general manager or his/her designee.

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 45 **Section 2.** Section 27-28 of the Code of Ordinances of the City of Gainesville is
 46 amended to read as set forth below:

47 **Sec. 27-28. – Retail Electric system Fuel and purchased power adjustment.**

48 (a) An electric system fuel and purchased power adjustment shall be added to the base rate
 49 for electric service to all retail customer rate classifications as specified in the schedule set out in
 50 Appendix A. The electric system fuel and purchased power adjustment shall be computed to the
 51 nearest ~~one/one hundredth of a mill (\$.0001)-whole mill (\$0.001)~~ per kilowatt hour (kWh) of
 52 energy consumed in accordance with the formula specified in subsection (c) of this section. The
 53 purposes of the electric system fuel and purchased power adjustment calculation are to allocate
 54 to each retail customer classification the appropriate amount of system fuel cost(s) associated
 55 with the electric service to each kWh sold; such customer classification; to specify the amount of
 56 such costs that have resulted from increases in the cost of fuel subsequent to October 1, 1973;
 57 and, to segregate the remaining fuel recovery that portion of charges that is are exempt from
 58 utility tax and surcharge. For the purpose of this section, system fuel costs shall be the following:
 59 the cost of fuel consumed in the city's generating plants, which may include adjustments to
 60 reflect extraordinary fuel related expenses or credits, plus the fuel cost portion of interchange
 61 purchases, less the fuel cost portion of interchange sales. In addition, until September 30, 2002,
 62 system fuel costs shall include costs associated with the settlement of the contract with Island
 63 Creek Coal Sales Company to the extent deemed appropriate by the general manager for utilities
 64 or his/her designee.

65 (b) The electric system fuel and purchased power adjustment for each billing month shall be
 66 based on fuel cost and energy sales which are estimated by the general manager for utilities or
 67 his/her designee. When applicable, a fuel levelization fund amount and a true-up correction
 68 factor, which shall be based on the actual system performance in the second month preceding the
 69 billing month, as certified by independent certified public accountants, shall be added to the
 70 electric system fuel and purchased power adjustment before applying to customer(s) bills.

71 (c) The following formula shall be used in computing the monthly electric system fuel and
 72 purchased power adjustment:

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(1)	Projected system fuel cost attributed to wholesale and retail sales ¹	=	\$ _____
(2)	Projected MWh of retail sales ¹	=	_____ MWh
(3)	Projected MWh of wholesale sales ¹	=	_____ MWh
(4)	System fuel cost attributed to retail sales: ²		
	$\frac{\text{Item (2)} \times [\text{Item (1)} - \text{ICP}]}{\text{Item (2)} + [\text{Item (3)} \times 0.912]}$	+ ICP =	\$ _____
(5)	True-up calculation from second month preceding the billing month:		
	a. Retail fuel revenues from second month preceding the billing month:		
	— 1. Retail fuel adjustment revenues ³	=	\$ _____
	— 2. Plus 6.5 mills; × _____ MWh retail sales ^{3,7}	=	\$ _____
	— 3. Total retail fuel revenues	=	\$ _____
	b. Net system fuel cost for retail sales from second month preceding the billing month:		
	— 1. System fuel cost ⁴	=	\$ _____
	— 2. Plus fuel cost portion of interchange purchases ⁵	=	\$ _____
	— 3. Minus fuel cost portion of interchange sales ⁵	=	\$ _____
	— 4. Net system fuel cost: Item (5)b1 + Item (5)b2 - Item (5)b3	=	\$ _____
	— 5. MWh of retail sales ³	=	_____ MWh
	— 6. MWh of wholesale sales ³	=	_____ MWh
	— 7. Net system fuel cost for retail sales from second month preceding the billing month: ²		
	$\frac{-\text{Item (5)b5} \times [\text{Item (5)b4 ICA}]}{\text{Item (5)b5} + [\text{Item (5)b6} \times 0.912]}$	+ ICA =	\$ _____
	e. True-up included in second preceding month's fuel adjustment	=	\$ _____
	d. Levelization amount included in second preceding month's fuel adjustment	=	\$ _____
	e. True-up to be included in projected bill:		
	Item (5)b7 + Item (5)e - [Item (5)a3 - Item (5)d]	=	\$ _____
(6)	Calculation of retail fuel adjustment:		
	a. Projected fuel revenues required:		
	— 1. Projected system fuel cost [Item (4)]	=	\$ _____
	— 2. Plus True-up [Item (5)e]	=	\$ _____
	— 3. Minus 6.5 mills × Item (2)	=	\$ _____
	— 4. Levelization amount ^{6,7}	=	\$ _____

<u>5. Total fuel adjustment revenue requirement for retail sales:</u>		
Item (6)a1 + Item (6)a2 - Item (6)a3 + Item (6)a4	=	\$ _____
<u>b. Fuel adjustment to be applied to bills rendered in the billing month:</u>		
Item (6)a5 / Item (2)	=	_____ mills/kwh

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- 76 (1) Projected electric system fuel and purchased power expense
- 77 for billing month¹ _____
- 78 (2) Projected wholesale fuel revenue for billing month¹ _____
- 79 (3) Projected other fuel venue for billing month¹ _____
- 80 (4) Projected fuel costs to be recovered by retail sales for
- 81 billing month _____
- 82 Item 1 - Item 2 - Item 3
- 83 (5) "True-up" calculation from second month preceding
- 84 the billing month _____
- 85 a. Native load fuel expense for sales from the second
- 86 preceding month _____
- 87 1. System generation fuel³ _____
- 88 2. Purchases from interchange and purchased
- 89 power agreements⁴ _____
- 90 3. Fuel portion of interchange sales⁴ _____
- 91 4. Native load fuel expense _____
- 92 Item 5a1 + Item 5a2 - Item 5a3
- 93 b. Total fuel revenue from the second preceding month _____
- 94 1. Electric system fuel and purchased power adjustment
- 95 revenue² _____
- 96 2. Embedded fuel^{2,6} _____
- 97 3. Wholesale fuel revenue² _____
- 98 4. Total fuel revenue _____
- 99 Item 5b1 + Item 5b2 + Item 5b3
- 100 c. True-up from second preceding month _____
- 101 d. Fuel levelization amount from second preceding month _____
- 102 e. True-up for billing month _____
- 103 Item 5a4 - Item 5b4 + Item 5c + Item 5d
- 104 (6) Calculation of electric system fuel and purchased power
- 105 adjustment for billing month _____
- 106 a. Projected retail sales MWh _____
- 107 b. Projected fuel costs to be recovered by retail sales _____
- 108 1. Projected fuel costs¹ _____
- 109 Item 4
- 110 2. True-up for billing month _____
- 111 Item 5e
- 112 3. Embedded fuel⁶ projected for billing month _____
- 113 4. Fuel levelization amount used or added for

114 billing month⁵
 115 5. Total fuel adjustment revenue requirement for
 116 retail sales
 117 Item 6b1 + Item 6b2 - Item 6b3 + Item 6b4
 118 c. Fuel adjustment for billing month (mills, \$/MWh)
 119 Item 6b5/Item 6a
 120

121 *Footnotes:*

122 ¹ Electric sSystem fuel and purchased power adjustment expenses, costs, retail sales, and wholesale sales,
 123 and other revenues are to be estimated for the billing month by the general manager for utilities or his/her
 124 designee. For the purposes of this section, wholesale sales are total requirements sales for resale that are not
 125 interchange sales.

126 ² ~~Due to estimated differences in delivery losses between retail and wholesale customers, wholesale sales are~~
 127 ~~reduced by a factor of 91.2%. ICP represents projected recovery of Island Creek settlement costs for retail~~
 128 ~~sales. ICA represents actual recovery of Island Creek settlement costs for retail sales.~~

129 ~~Retail fFuel and purchased power adjustment revenues, other fuel revenues, and retail, and/or wholesale~~
 130 ~~sales from the second month preceding the billing month shall be actual data as billed to the city's electric~~
 131 ~~customers.~~

132 ³⁴ ~~System fuel costs~~ for the second month preceding the billing month shall be based on actual system fuel
 133 ~~costs, except that it may be necessary to estimate nuclear fuel expenses based on kilowatt-hour energy~~
 134 ~~production from the city's nuclear generating plants.~~

135 ⁴⁵ The fuel cost portion of interchange sales for the second month preceding the billing month shall be the
 136 cost of fuel applicable to such sales as determined by the general manager for utilities or his/her designee.
 137 The fuel cost portion of interchange purchases for the second month preceding the billing month is
 138 determined from invoice(s) received for such purchases. In the case of ~~economy~~ interchange purchases, the
 139 entire cost including transmission charges, if any, will be included in the fuel cost for such transactions.

140 ²⁶ The fuel levelization fund balance may be used each month to levelize the monthly electric system fuel and
 141 purchased power adjustment. At any given point in time, the fuel levelization fund balance shall be no
 142 greater than ten percent (10%) of the annual fuel budget and no less than negative five percent (-5%) of the
 143 annual fuel budget. In the event that the fuel levelization fund balance varies from the above-identified
 144 range, the General Manager or his/her delegate will present an information item to the City Commission as
 145 soon as practicable. The levelization amount shall be zero unless the city commission shall determine that it
 146 is in the public interest to offset fluctuation in the fuel adjustment whereupon the general manager for
 147 utilities or his/her designee shall calculate and apply a levelization amount which will achieve the desired
 148 objective.

149 ⁶⁷ Six and one-half mills (\$0.0065) per kWh was the cost of fuel, imbedded within base rates for retail
 150 service, on October 1, 1973, making it subject to taxation.

151
 152 **Section 3.** It is the intention of the City Commission that the provisions of Sections 1

153 and 2 of this ordinance shall become and be made a part of the Code of Ordinances of the City of

154 Gainesville, Florida, and that the Sections and Paragraphs of this Ordinance may be renumbered
155 or relettered in order to accomplish such intentions.

156 **Section 4.** If any word, phrase, clause, paragraph, section or provision of this ordinance
157 or the application hereof to any person or circumstance is held invalid or unconstitutional, such
158 finding shall not affect the other provisions or applications of the ordinance which can be given
159 effect without the invalid or unconstitutional provisions or application, and to this end the
160 provisions of this ordinance are declared severable.

161 **Section 5.** All ordinances, or parts of ordinances, in conflict herewith are to the extent of
162 such conflict hereby repealed.

163 **Section 6.** This ordinance shall take effect immediately upon adoption; provided
164 however, the rates and charges as provided for herein shall be applicable to all monthly bills
165 which are for the first time rendered and postmarked after 12:01 A.M. on September 1, 2014.

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168 **PASSED AND ADOPTED** this ____ day of _____, 2014.
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171
172
173 _____
174 EDWARD BRADDY
175 MAYOR

176 ATTEST:

177
178 Approved as to form and legality

179 _____
180 KURT M. LANNON
181 CLERK OF THE COMMISSION

182 _____
183 NICOLLE M. SHALLEY
184 CITY ATTORNEY

185 This Ordinance passed on first reading this ____ day of _____, 2014.

186 This Ordinance passed on second reading this ____ day of _____, 2014.

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