

Base Rate & Fuel Adjustment Committee Report

BRFA

March 5, 2015

Commissioner Lauren Poe – Committee Chair
Commissioner Craig Carter– Committee Member
Commissioner Randy Wells– Committee Member

Areas on Policy Discussion

- Connect Free Program
- PPA Cost Recovery
- Residential Electric Rate Tiers
- Multi-family Water Rates
- Billing

Strategy on Connect Free Program Options

- BRFA seeks consensus to create dedicated funding source in FY 16 under General Government control.
- BRFA recommends focus on low income residents, feasible locations, dense population and possibly non-profits that offer significant public benefit.
- BRFA recommends both city and county resident participation.
- BRFA recommends developing criteria for use of program funds by non-profits and also discuss whether to establish a per customer cap and annual evaluation of that cap.

Recovery of GREC PPA Costs Through Fuel Adjustment vs. Base Rates

- BRFA recommends having GRU and General Government present upcoming FY 16 Budget under two set of circumstances:
 - 1. Recover Fixed costs of GREC's PPA as it currently exists through the Fuel Adjustment clause
 - 2. Recover fixed costs of GREC's PPA as a shift away from Fuel Adjustment clause and through retail base rates
- Since base rates are subject to city and county utility taxes as well as surcharge in the unincorporated area, Scenario # 2 would result in a net increase in tax revenue to General Government and Alachua County from those GRU customers who pay electric tax and surcharge assessments.
- There are other implications to consider in a cost recovery shift, for example the impact on revenues collected from the City of Alachua wholesale contract.
- Options exist to keep utility tax and surcharge revenues neutral should the commission desire that as an outcome.

Residential Electric Rate Structure – Tiering Alternatives

- BRFA recommends establishing residential electric rate structure at two tiers, breaking at 750 kWh per month for both the base rate and fuel adjustment rate – with a one cent per kWh differential on the fuel adjustment tiered rate.
- BRFA recommends a policy that the range of cost vs. revenue of residential vs. non-residential rate class be limited to 0-5 percent as determined by the cost-of-service study.
- BRFA recommends referring a citizen suggestion – that a discussion on equity issues regarding those residential customers with natural gas and without natural gas be referred to the Regional Utilities Committee.

Multi-family Water Rate Structure

- BRFA recommends developing appropriate cost recovery methodologies for this group of water customers.
- BRFA recommends utilizing the results of the upcoming cost of service study by consultant for determination of cost-based service in relation to other users within the water system.
- BRFA recommends considering an additional phase-in approach to any future increases in revenue requirements and rate designs in upcoming budget cycles specific to subset of water customers.
- Maintain involvement and keep interested stakeholders informed and engaged of rate setting and budget process.

Billing and Collection of General Government Stormwater & Refuse Services on GRU Bill

- BRFA recommends that the suggestion to bill and collect stormwater and refuse services through an alternate method not be given further consideration and that these services continue to be billed on GRU's monthly bill.
- BRFA's basis for recommendation is that current classification of these fees as user charges to the tenant on the monthly utility bill is reasonable and allowable by law.
- A move to billing and collecting through the tax collector office categorizes the changes as special assessments to property owners, to be collected in one annual lump sum amount.
- BRFA determined there was not sufficient reason to support changing the billing and collection process for stormwater and refuse services to an alternative method.