

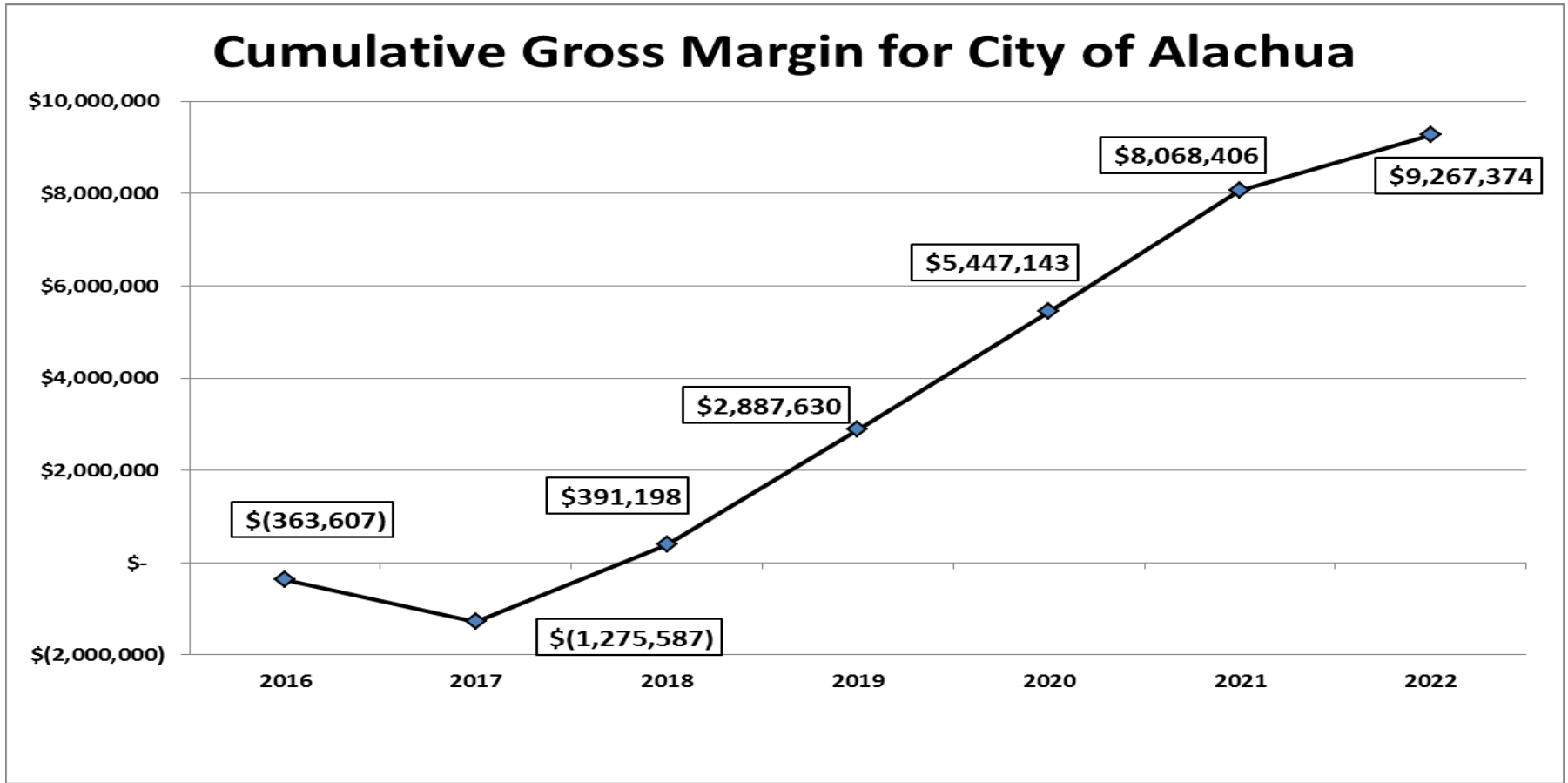
Analysis of Amended Wholesale Electric Service Contract with City of Alachua

Item #150841

March 17, 2016

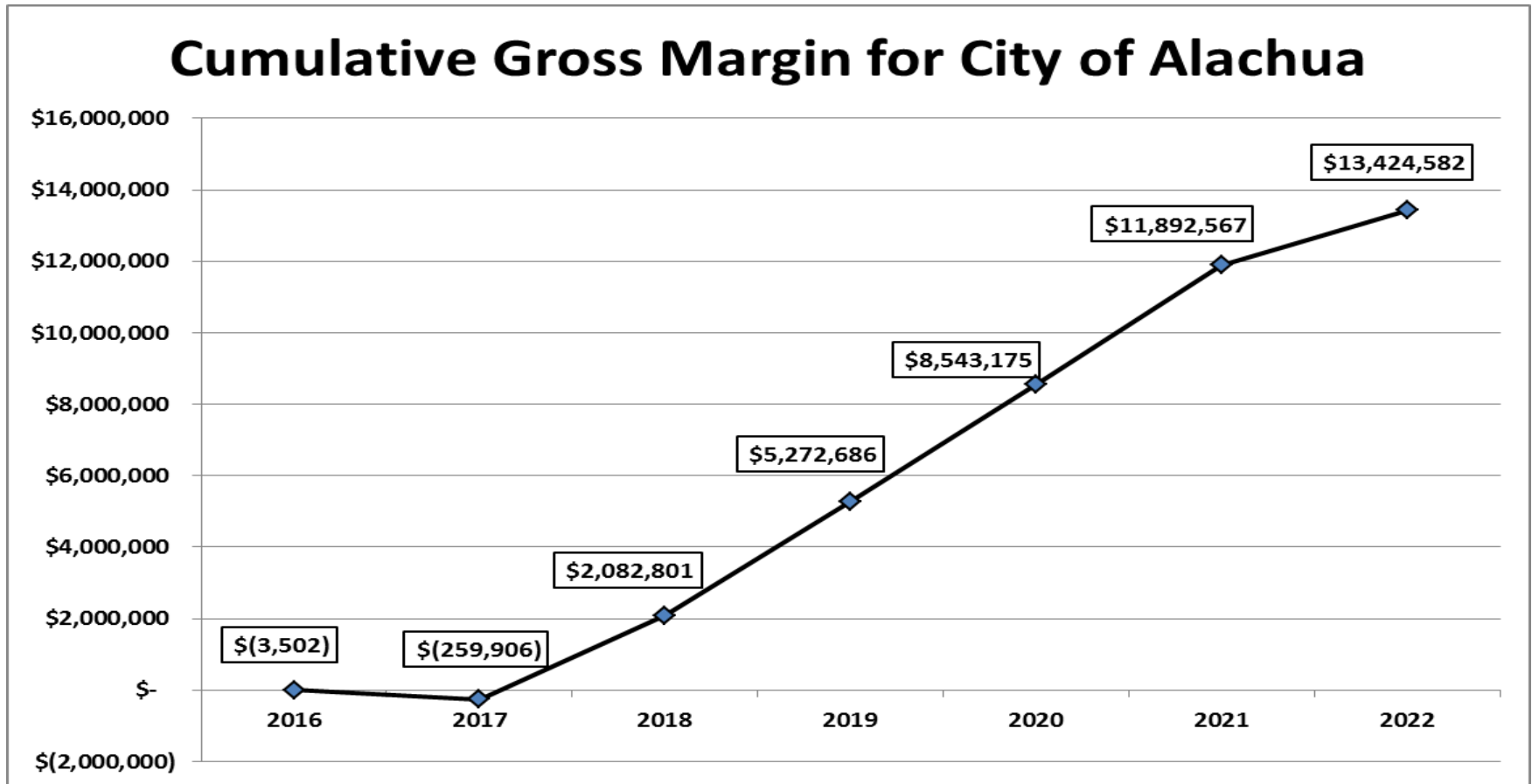


\$40/MWH Production Cost



The amended contract with the City of Alachua results in additional revenue of \$30.7MM and margin of \$9.2MM. The first two years we have lower margins than our current contract. However, the following five years will provide margins we otherwise wouldn't have had.

\$35/MWH Production Cost



The amended contract with the City of Alachua results in additional revenue of \$30.7MM and margin of \$13.4MM. The first two years additional margins are lower. However, the following five years will provide solid margins if production costs continue to stay at \$35/MWH.

The City of Alachua

Summary of Contract Benefits

- Extends a long standing relationship with an important wholesale customer
- Increases other revenues that offset future base rate increases
- Reduces fuel costs for our retail customers
- Utilizes excess generation capacity in our system

RECOMMENDATIONS

1. Authorize the General Manager or his designee to execute the form Amended and Restated Agreement between the City of Gainesville, d/b/a GRU, and the City of Alachua for the purchase and sale of wholesale electric service, subject to the approval of the City Attorney as to form and legality
2. Authorize the General Manager or his designee to execute such other documents as may be necessary or desirable to proceed with the transaction authorized above, subject to the approval of the City Attorney as to form and legality, and to take such other actions as may be necessary or advisable to proceed with such transaction in accordance with this City Commission authorization