

001839
4/8/02

2002 Electric Rate Restructuring

Alternatives for Redistributing Proposed Loyalty and Business Partners Discounts

Presentation to the
Gainesville City Commission
April 8, 2002



ISSUES FOR CONSIDERATION

- Steeper Cost Increases for High Consumption Levels
- Consider the Differences in Consumption Levels for Multi and Single Family Dwellings
- Improve Residential Rate Comparison Ranking



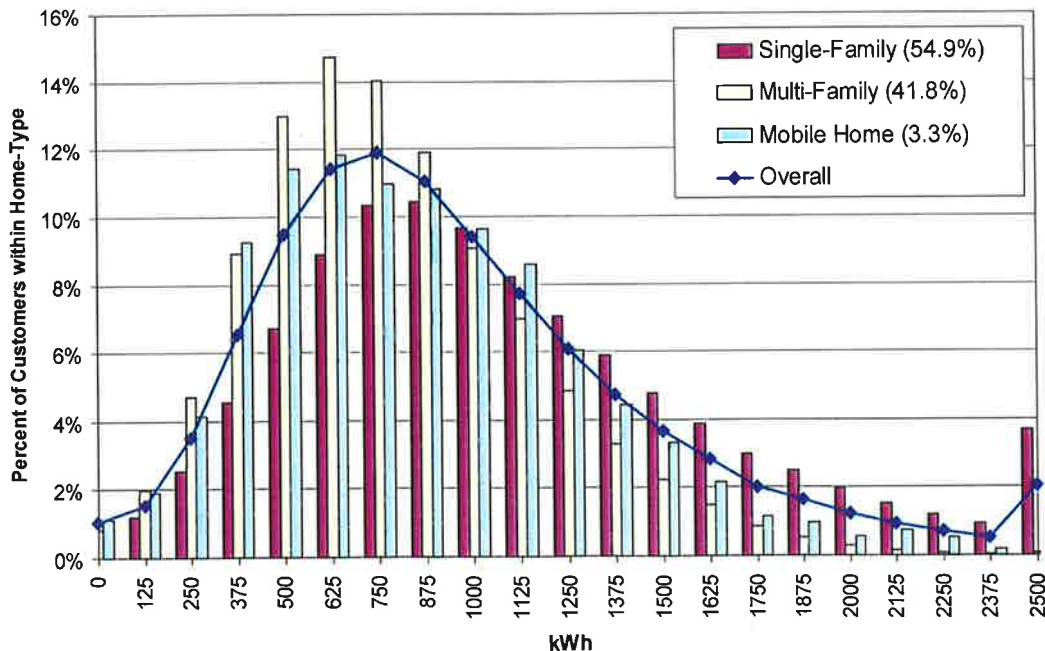
METHODOLOGY

- Developed Frequency Distributions of Consumption Levels for Various Types of Dwellings
- Assumed the Estimated Amount for Proposed Residential Loyalty Programs would be used to fund Tariff Changes
 - \$593,000 \$/Year
- Developed Two Alternatives to Current Proposal



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FY 2001 Residential Average Monthly kWh



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FY 2001 Residential Average Monthly kWh
Percentage of Customers At or Below Inverted Block Cut-Off

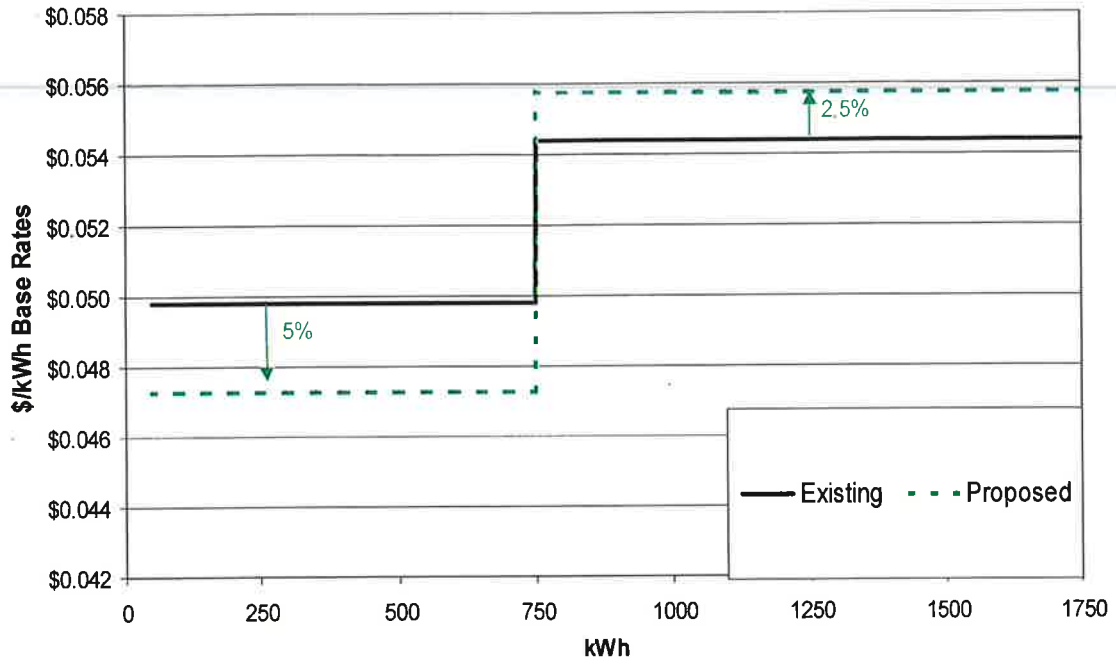
Monthly kWh	Overall Residential	Single Family	Multi Family	Mobile Home
750	42%	32%	54%	48%
1,000	63%	53%	77%	68%

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ALTERNATIVE 1

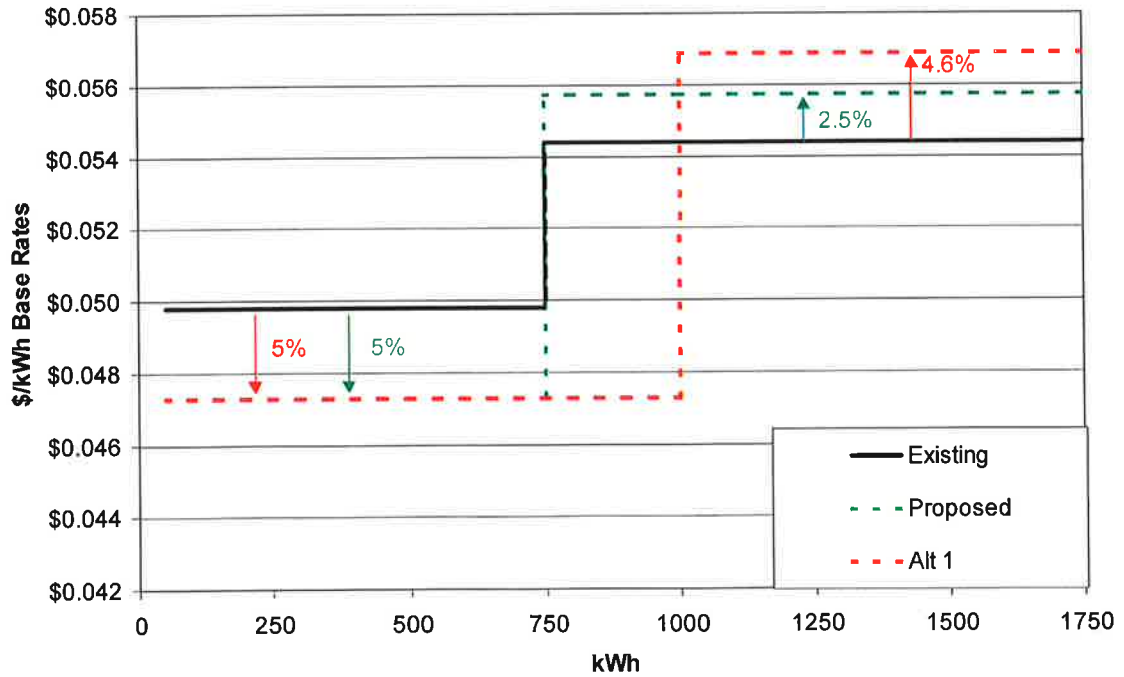
- **Increase Range of First Block**
 - 0 - 1,000 kWh/month
 - 1,001 and Greater kWh/month
- **Keep 5% Base Rate Decrease for 0 - 1,000 kWh/month Block**
- **Change Second Block from 2.5% Increase to 4.6% Increase**

**Residential Electric Rate Structure
PROPOSED CHANGES**



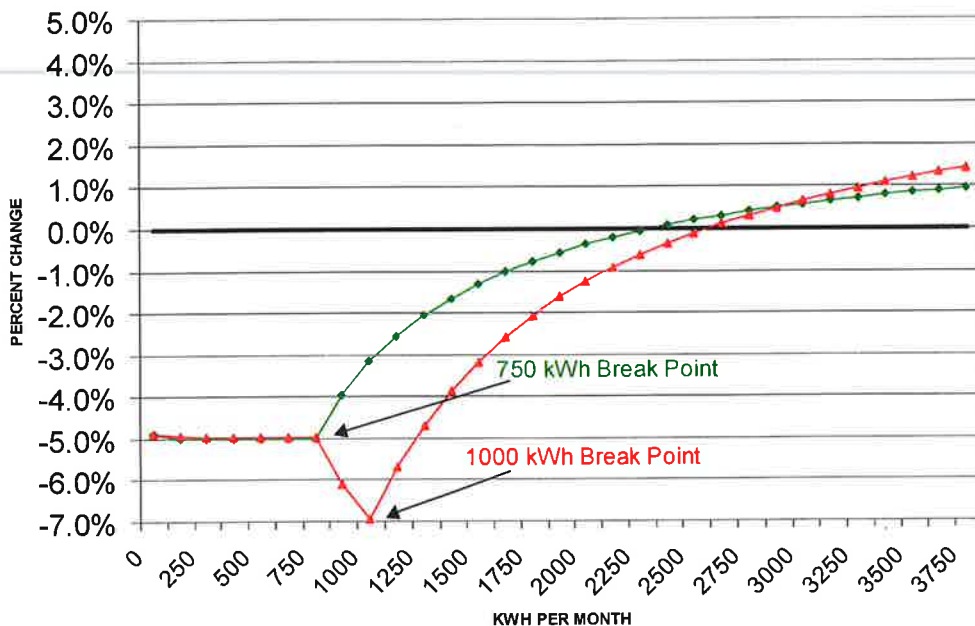
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**Residential Electric Rate Structure
ALTERNATIVE 1**

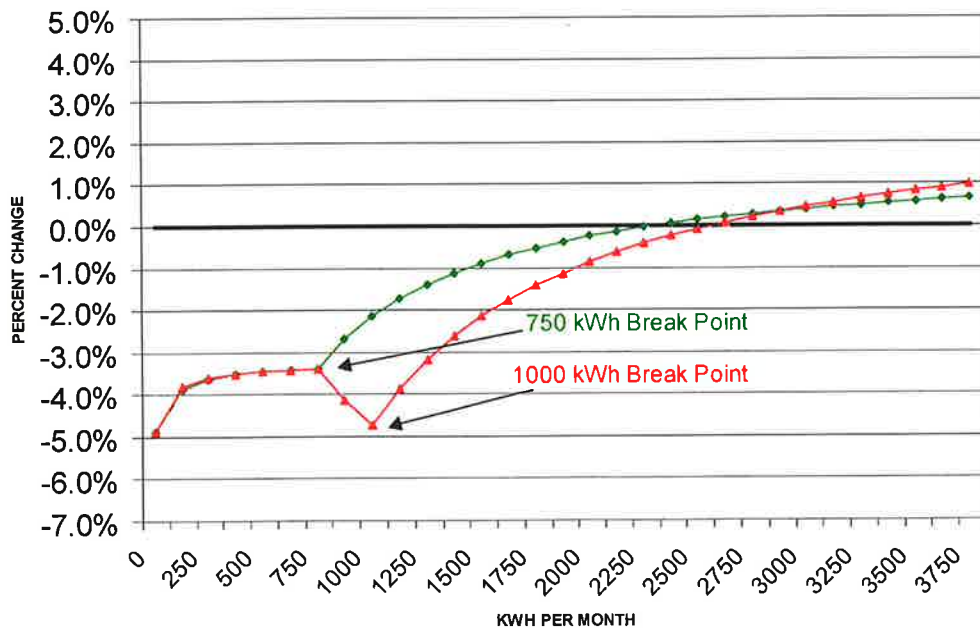


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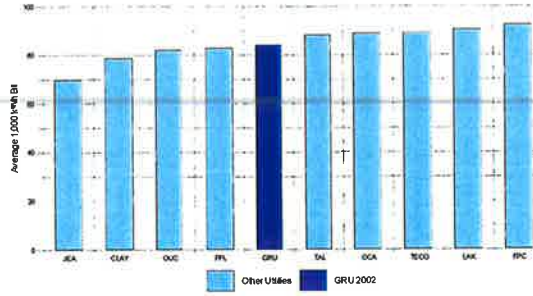
**EFFECTS ON RESIDENTIAL BASE RATES
AS A PERCENT BY USAGE LEVEL-ALTERNATIVE 1
EXCLUDING FUEL ADJUSTMENT**



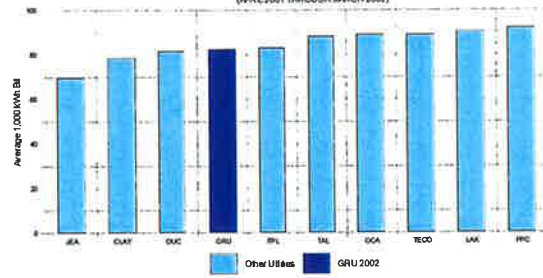
**EFFECTS ON RESIDENTIAL BASE RATES
AS A PERCENT BY USAGE LEVEL-ALTERNATIVE 1
29.29 MILL. FUEL ADJUSTMENT**



Existing Rates
 GAINESVILLE REGIONAL UTILITIES
 ELECTRIC RESIDENTIAL RATE COMPARISON
 (APRIL 2001 THROUGH MARCH 2002)

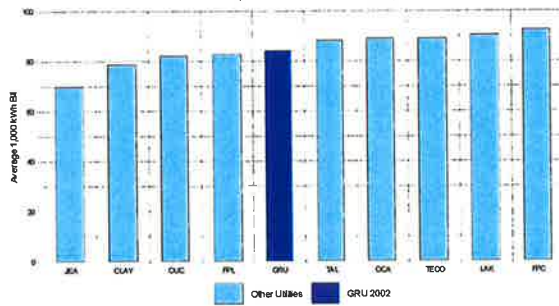


Proposed Rates Without Loyalty Incentives
 GAINESVILLE REGIONAL UTILITIES
 ELECTRIC RESIDENTIAL RATE COMPARISON
 (APRIL 2001 THROUGH MARCH 2002)

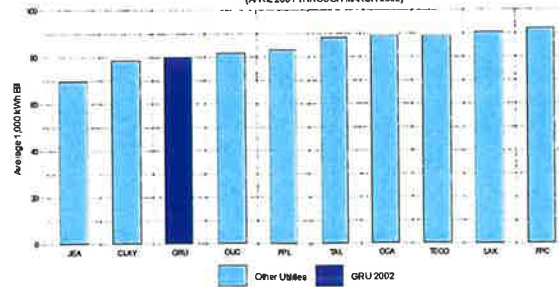


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Existing Rates
 GAINESVILLE REGIONAL UTILITIES
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Proposed Rates Without Loyalty Incentives-ALTERNATIVE 1
 GAINESVILLE REGIONAL UTILITIES
 ELECTRIC RESIDENTIAL RATE COMPARISON
 (APRIL 2001 THROUGH MARCH 2002)



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RESIDENTIAL ALTERNATIVE 1 - BASE RATE COMPARISON

Block 2 >1000 kWh: Cust Chg Down 4.9%; Block 1 Chg Down 5.0%; Block 2 Chg Up 4.56%

	<u>Existing Rates</u>		<u>Alternative 1 Rates</u>
Customer Charge	\$4.90	Customer Charge	\$4.66
Energy Charge, 0-750 kWh	\$0.04980	Energy Charge, 0-1000 kWh	\$0.04731
Energy Charge, >750 kWh	\$0.05440	Energy Charge, >1000 kWh	\$0.05688

<u>Monthly kWh Usage</u>	<u>Base Rate Charges</u>			<u>% Difference</u>	<u>Percentage of Customers</u>
	<u>Existing</u>	<u>Alternative 1</u>	<u>\$ Difference</u>		
500	\$29.80	\$28.32	(\$1.49)	-5.0%	27.7%
750	\$42.25	\$40.14	(\$2.11)	-5.0%	23.3%
1,000	\$55.85	\$51.97	(\$3.88)	-6.9%	18.8%
1,250	\$69.45	\$66.19	(\$3.26)	-4.7%	12.2%
1,500	\$83.05	\$80.41	(\$2.64)	-3.2%	7.5%
1,750	\$96.65	\$94.63	(\$2.02)	-2.1%	4.2%
2,000	\$110.25	\$108.85	(\$1.40)	-1.3%	2.5%
2,250	\$123.85	\$123.07	(\$0.78)	-0.6%	1.4%
2,500	\$137.45	\$137.29	(\$0.16)	-0.1%	0.8%
2,750	\$151.05	\$151.51	\$0.46	0.3%	1.5%
					100.0%

Fiscal Year 2001 System Averages: 950 kWh; 71,975 Customers

Industry Rate Comparison Level Shown in *italics*

Base Rate Charges Include \$0.0065/kWh Embedded Fuel Plus \$0.02629/kWh Fuel Adjustment

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RESIDENTIAL ALTERNATIVE 1 - BILLING COMPARISON

Block 2 >1000 kWh: Cust Chg Down 4.9%; Block 1 Chg Down 5.0%; Block 2 Chg Up 4.56%

	<u>Existing Rates</u>		<u>Alternative 1 Rates</u>
Customer Charge	\$4.90	Customer Charge	\$4.66
Energy Charge, 0-750 kWh	\$0.04980	Energy Charge, 0-1000 kWh	\$0.04731
Energy Charge, >750 kWh	\$0.05440	Energy Charge, >1000 kWh	\$0.05688
Fuel Adjustment, all kWh	\$0.02629	Fuel Adjustment, all kWh	\$0.02629

<u>Monthly kWh Usage</u>	<u>Billing Amounts</u>			<u>% Difference</u>	<u>Percentage of Customers</u>
	<u>Existing</u>	<u>Alternative 1</u>	<u>\$ Difference</u>		
500	\$42.95	\$41.46	(\$1.49)	-3.5%	27.7%
750	\$61.97	\$59.86	(\$2.11)	-3.4%	23.3%
1,000	\$82.14	\$78.26	(\$3.88)	-4.7%	18.8%
1,250	\$102.31	\$99.05	(\$3.26)	-3.2%	12.2%
1,500	\$122.49	\$119.85	(\$2.64)	-2.2%	7.5%
1,750	\$142.66	\$140.64	(\$2.02)	-1.4%	4.2%
2,000	\$162.83	\$161.43	(\$1.40)	-0.9%	2.5%
2,250	\$183.00	\$182.22	(\$0.78)	-0.4%	1.4%
2,500	\$203.18	\$203.02	(\$0.16)	-0.1%	0.8%
2,750	\$223.35	\$223.81	\$0.46	0.2%	1.5%
					100.0%

Fiscal Year 2001 System Averages: 950 kWh; 71,975 Customers

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Base Rate Charges Include \$0.0065/kWh Embedded Fuel Plus \$0.02629/kWh Fuel Adjustment

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BENEFITS OF ALTERNATIVE 1

- Benefits More Residential Customers
- Improves Res. Rate Comparison Ranking
- Steeper Cost Increase for Consumption over 1,000 kWh/month



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DISADVANTAGES OF ALTERNATIVE 1

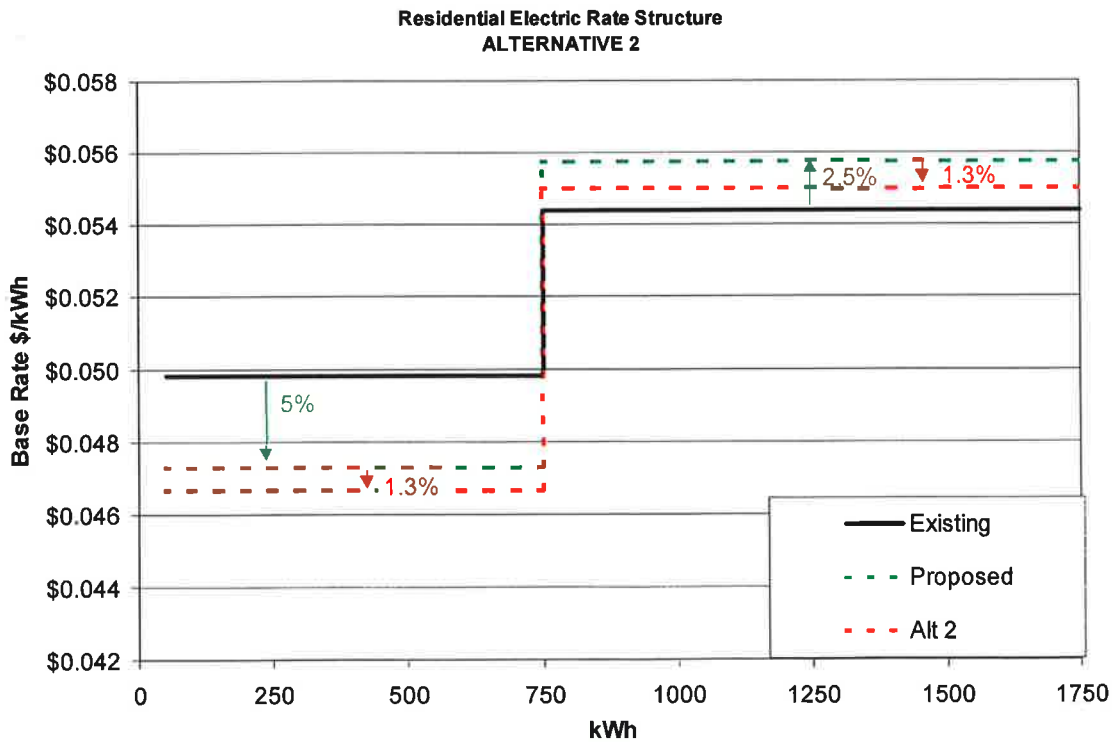
- Depletes Residential Loyalty Program Funding Capacity



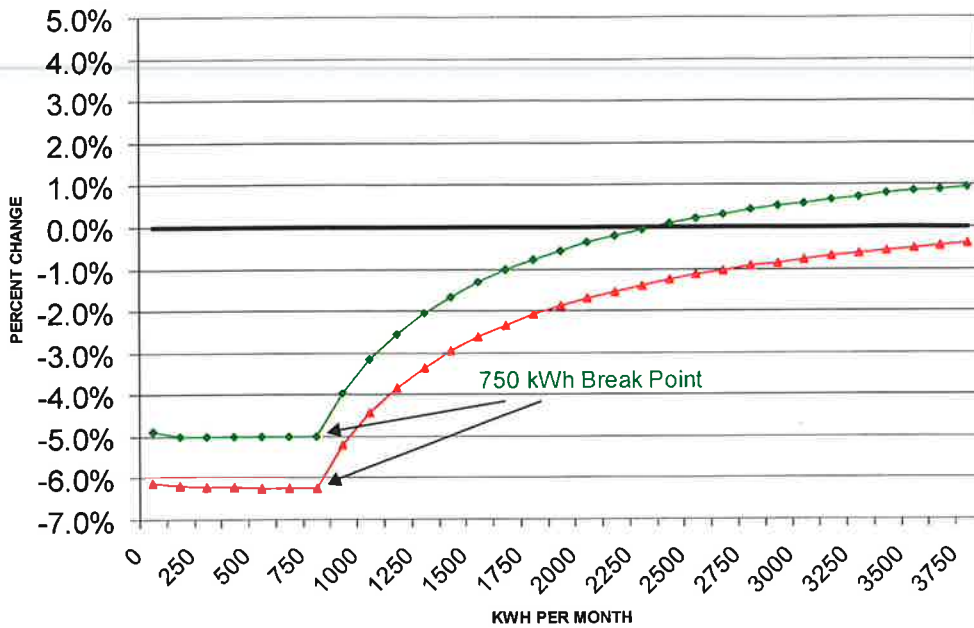
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ALTERNATIVE 2

- Reduce the Proposed Residential Tariff 1.3%

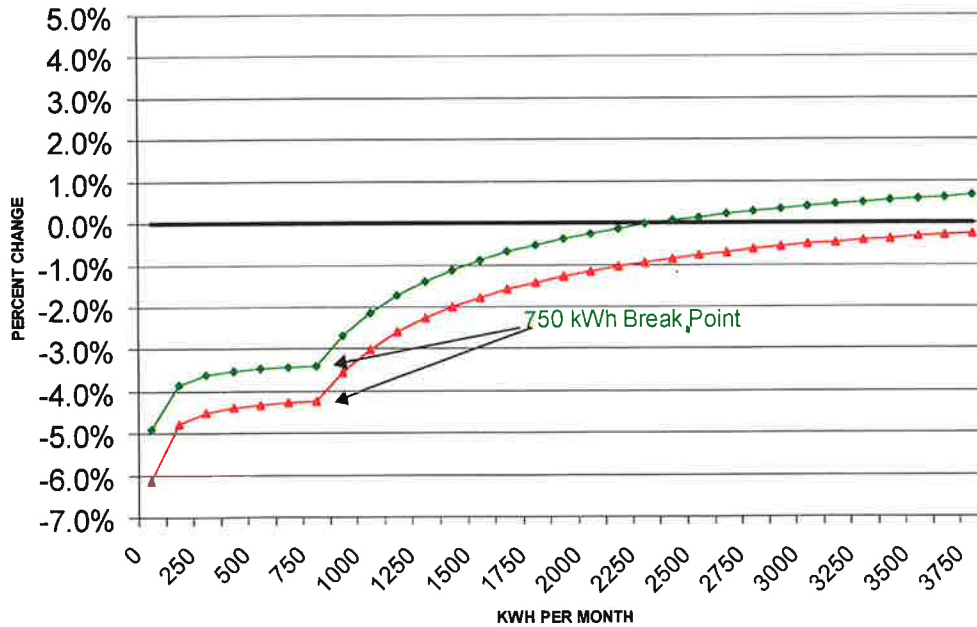


**EFFECTS ON RESIDENTIAL BASE RATES
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EXCLUDING FUEL ADJUSTMENT**



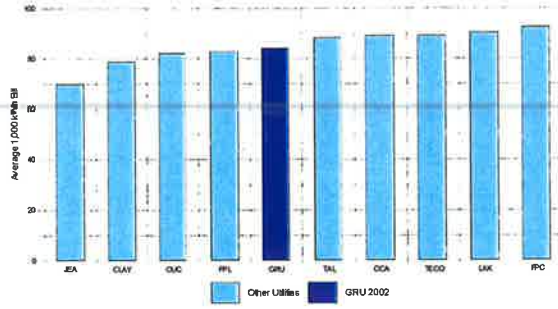
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**EFFECTS ON RESIDENTIAL BASE RATES
AS A PERCENT BY USAGE LEVEL-ALTERNATIVE 2
29.29 MILL FUEL ADJUSTMENT**



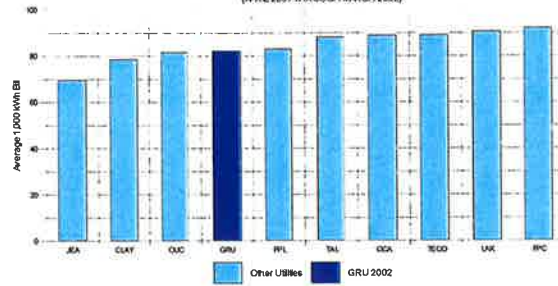
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Existing Rates
 GAINESVILLE REGIONAL UTILITIES
 ELECTRIC RESIDENTIAL RATE COMPARISON
 (APRIL 2001 THROUGH MARCH 2002)



Proposed Rates
 Without Loyalty Incentives

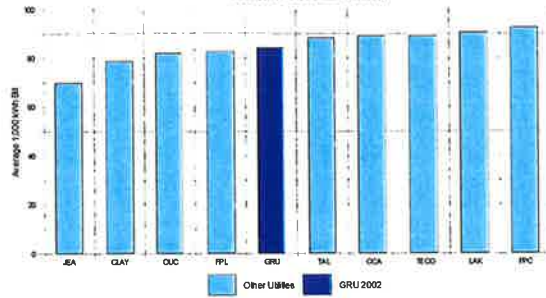
GAINESVILLE REGIONAL UTILITIES
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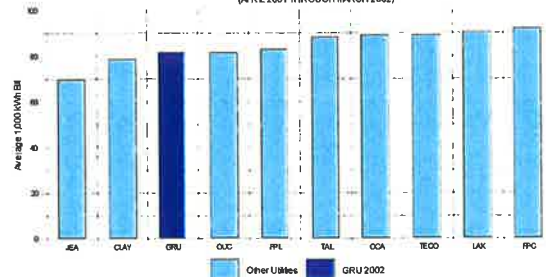
Existing Rates

GAINESVILLE REGIONAL UTILITIES
 ELECTRIC RESIDENTIAL RATE COMPARISON
 (APRIL 2001 THROUGH MARCH 2002)



Proposed Rates
 Without Loyalty Incentives-ALTERNATIVE 2

GAINESVILLE REGIONAL UTILITIES
 ELECTRIC RESIDENTIAL RATE COMPARISON
 (APRIL 2001 THROUGH MARCH 2002)



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RESIDENTIAL ALTERNATIVE 2 - BASE RATE COMPARISON
Block 2 >750 kWh: Across the Board Decrease of 1.34% from Proposed Rates

	Existing Rates	Alternative 3 ² Rates
Customer Charge	\$4.90	\$4.60
Energy Charge, 0-750 kWh	\$0.04980	\$0.04668
Energy Charge, >750 kWh	\$0.05440	\$0.05501

Monthly kWh Usage	Base Rate Charges				Percentage of Customers
	Existing	Alternative 3	\$ Difference	% Difference	
500	\$29.80	\$27.94	(\$1.86)	-6.2%	27.7%
750	\$42.25	\$39.61	(\$2.64)	-6.2%	23.3%
1,000	\$55.85	\$53.36	(\$2.49)	-4.5%	18.8%
1,250	\$69.45	\$67.12	(\$2.33)	-3.4%	12.2%
1,500	\$83.05	\$80.87	(\$2.18)	-2.6%	7.5%
1,750	\$96.65	\$94.62	(\$2.03)	-2.1%	4.2%
2,000	\$110.25	\$108.37	(\$1.88)	-1.7%	2.5%
2,250	\$123.85	\$122.13	(\$1.72)	-1.4%	1.4%
2,500	\$137.45	\$135.88	(\$1.57)	-1.1%	0.8%
2,750	\$151.05	\$149.63	(\$1.42)	-0.9%	1.5%
					100.0%

Fiscal Year 2001 System Averages: 950 kWh; 71,975 Customers
 Industry Rate Comparison Level Shown in *italics*
 Base Rate Charges Include \$0.0065/kWh Embedded Fuel Plus \$0.02629/kWh Fuel Adjustment

RESIDENTIAL ALTERNATIVE 2 - BILLING COMPARISON
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1,750	\$142.66	\$140.63	(\$2.03)	-1.4%	4.2%
2,000	\$162.83	\$160.95	(\$1.88)	-1.2%	2.5%
2,250	\$183.00	\$181.28	(\$1.72)	-0.9%	1.4%
2,500	\$203.18	\$201.60	(\$1.57)	-0.8%	0.8%
2,750	\$223.35	\$221.93	(\$1.42)	-0.6%	1.5%
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 Base Rate Charges Include \$0.0065/kWh Embedded Fuel Plus \$0.02629/kWh Fuel Adjustment

BENEFITS OF ALTERNATIVE 2

- All Residential Customers Benefit
- Improves Res. Rate Comparison Ranking



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DISADVANTAGES OF ALTERNATIVE 2

- Depletes Residential Loyalty Program Funding Capacity
- Rate Comparison Improvement Is Less Than Alternative 1



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THE END

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