



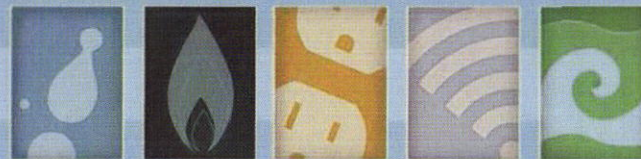
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# Regional Utilities Committee

Item #121029

Fuel Adjustment Policy

June 24, 2013

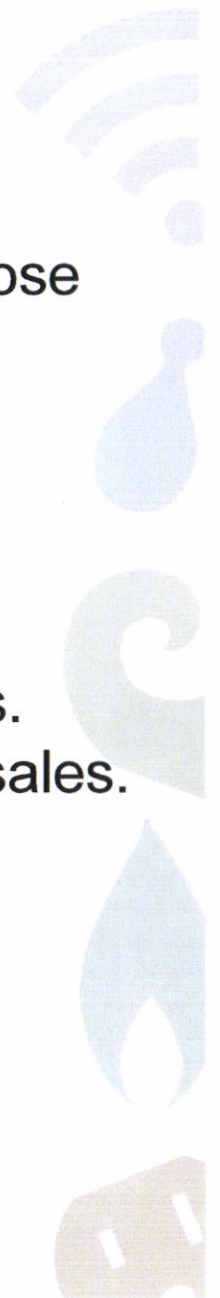


# Overview of Fuel Adjustment

- Purpose
  - Recover the non-taxable portion of fuel charges above those at time of the October 1973 law change
- Flexibility
  - Rate can be revised on a monthly basis if needed
  - Rating Agencies' view.
- Calculation
  - Defined in section 27-28 of City of Gainesville Ordinances.
  - Generally, Projected fuel cost divided by projected MWh sales.
  - True up applied as actual numbers become available.
- Audit: Monthly calculation is audited by independent auditor and then sent to the Clerk's office



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# Proposed Ordinance Revisions

- Remove legacy items
  - Island Creek Fuel
  - Wholesale Calculation
- Increase Transparency
  - Simplify Calculation
  - Clearly state City Commission's intent
    - Note 6
    - Levelization balance and range
    - Annual vs. monthly FA setting



# Fuel Adjustment Variables

## Examples of Inputs to Fuel Adjustment:

- Sales
- Fuel Price
- Fuel Volumes
- Generation
- Purchased power
- Levelization deposited or used



# Fuel Adjustment Levelization

- Purpose: to mitigate spikes in monthly fuel costs experienced by customers
- Utilization:
  - Scheduled outages
  - Forecasted fuel price increases
  - Unscheduled plant outages or sudden market changes
- Level:
  - Internal guideline for balance is -5% to +10% of annual budget
  - Dependent upon operating circumstances
  - Reviewed monthly
- Balance is recorded in annual financial statements



# Levelization History

