



100 YEARS of SERVICE | 1912-2012

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

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

