

Proposed Annual Operating Budget Fiscal Years 2015 & 2016

July 14, 2014



Agenda

- The Challenges
- Budget Highlights
 - Overview and Assumptions
 - Administrative and General
 - Energy Supply
 - Energy Delivery
 - Water/ Wastewater
- Proposed Budget and Financials
- Forecasts and Rates
- Staff Recommendations

THE CHALLENGES

Challenges

- Electric rates are not competitive
 - Projected increase of over \$9 for a residential customer using 1,000 kWh
 - Established a goal to reduce the proposed FY15 rate increase by half, or close a gap of \$12 million
- Ongoing regulatory pressure in all systems
- Desire to maintain/improve system reliability
- Excellent customer value/customer service
- Maintain financial strength
- Need to improve employee morale

FY14 Sales Results Through June

	Actual October - June	FY2014 Budget	Absolute Difference	Percentage Difference
Electric - Retail MWh	1,194,870	1,195,285	-415	0.0%
Electric - Wholesale MWh	83,814	87,033	-3,219	-3.7%
Electric - Total (Native) MWh	1,278,685	1,282,318	-3,634	-0.3%
Electric - Retail Base Rate Revenue (\$000)	\$94,994	\$95,471	-\$477	-0.5%
Electric - Wholesale Base Rate Revenue (\$000)	\$2,120	\$2,136	-\$16	-0.7%
Electric - Total Base Rate Revenue (\$000)	\$97,115	\$97,607	-\$493	-0.5%
Natural Gas - Retail Therms	17,426,140	17,642,114	-215,974	-1.2%
Natural Gas - Base Rate Revenue (\$000)	\$10,087	\$10,186	-\$99	-1.0%
Water - Total kGal	5,031,836	5,440,172	-408,336	-7.5%
Water - Total Revenue (\$000)	\$22,114	\$23,478	-\$1,364	-5.8%
Wastewater - Total kGal	3,425,174	3,539,400	-114,226	-3.2%
Wastewater - Total Revenue (\$000)	\$26,596	\$27,377	-\$781	-2.9%

Impact of O&M and Capital on Rates

System	Electric	Gas	Water	Wastewater
1% O&M	\$1.1 Million	\$110,000	\$280,000	\$350,000
1% Capital	\$20.5 Million	\$2 Million	\$5 Million	\$6 Million

BUDGET HIGHLIGHTS

OVERVIEW AND ASSUMPTIONS

Budget Assumptions

- No funding of Solar FIT for budget reduction of \$929,000
- Includes \$6 million for upgrade and reimplementation of financial management system
- Additional \$250,000 in surcharge on connection fees would be absorbed by General Government if it is eliminated
- Does not include costs to move infrastructure should 1 percent transportation system surtax be approved
- Two-year phase in of new multi-family water rate

Budget Highlights

- Reduced O&M from proposed FY15 budget \$10.6 million
- Reduced fuel expenses from proposed FY15 budget \$11.4 million
- Increased capital spending from proposed FY15 budget \$31.6 million
- Reduction in General Fund Transfer from proposed budget \$1.2 million
- Swap changes (2) \$ 900,000

Budget Highlights (Personnel)

- Eliminated 2% employee pay increase \$800,000
- Unfunded 59 positions (52 regular/7 overfills) \$3.7 million
- Reduction in pension \$2.1 million

Budget Highlights

Revenue Increase

- Sale of Electric System Control building \$1.46 million
- Wholesale sales (Winter Park) \$ 495,000
- Union County property sale \$ 73,000

Other Savings Examples

- Purchasing review
 - Adjustment to contracts and purchases resulting in \$318,000 savings
- GRU8ideas@gru.com (employee suggestions)
 - Take home vehicles reviewed and adjustments under review
 - Evaluating changes to various rates
 - Performed analysis of lease/sale of downtown Administration Building
 - Recommendation to lease part of building
 - Zoning change underway

Proposed FY15 Residential Rates

System	Usage Level	July 2014 Bill	Base Rate Change	Fuel Change	Total Change to Bill	Proposed FY15 Bill
Electric	1,000 kWh	\$139.15	(\$6.75)	\$ 9.00	\$ 2.25	\$141.40
Water*	7,000 gallons	\$ 26.55	\$ 0.50		\$ 0.50	\$ 27.05
Water	7,000 gallons	\$ 26.55	\$1.00		\$ 1.00	\$ 27.55
Wastewater	7,000 gallons	\$ 48.80	\$ 1.95		\$1.95	\$ 50.75
Gas	25 therms	\$ 32.83	\$ 0.86	\$ 1.50	\$ 2.36	\$ 35.19

*Assumes recommended Multi-family Water Rate adopted

July 2014 Electric and Gas Bills based on FA of \$0.069/kWh and PGA of \$0.40/therm.

Proposed FY15 Electric and Gas Bills based on FA of \$0.078/kWh and PGA of \$0.46/therm

Proposed FY15 Business Rate Changes

System/Class	Usage Level	Change to Bill
Electric - General Service Non-Demand	1,500 kWh	1.2%
Electric - General Service Demand	30,000 kWh, 75 kW	2.3%
Electric - Large Power	430,000 kWh, 1,000 kW	2.9%
Water	30,000 gallons	*1.38% / 2.72%
Wastewater	30,000 gallons	3.57%
Gas - Small Commercial	50 therms	6.8%
Gas - Commercial	300 therms	9.4%
Gas - Large Volume	30,000 therms	9.9%

*Assumes Multi-family Water Rate adopted

ADMINISTRATION

General Manager's Office

- O&M Increase of \$527,000
 - Elimination of Department 930 and transfer of dues and memberships expenses
 - Added
 - General Manager search \$55,000
 - General Manager salary \$69,558
 - City Commission travel/training \$3,000
 - Support for City Commission Governance Study Committee \$24,000

Community Relations

- Elimination of discretionary sponsorships \$ 5,973
- Elimination of community relations intern \$10,400
- Reprioritization of community engagement programs
 - Usage reduction
 - Information sharing

CUSTOMER SUPPORT SERVICES

Customer Support Services FY15 Budget Reduction Summary

Non-Labor O&M	\$ 367,761
Labor	\$ 302,594

Customer Support Services FY15 Non-Labor O&M Reductions

Conservation Services	\$118,816
Facilities & Maintenance	\$149,919
Postage and Mailing	\$ 40,728
Administration	\$ 20,929
Marketing & Communications	\$ 20,470
Miscellaneous	<u>\$ 16,899</u>
Total	\$367,761

Customer Support Services FY15 Unfunded Positions

Marketing and Communications Specialist, Sr.	1.0
Utilities Materials Specialist, Sr.	1.0
Analyst, Sr.	1.0
Customer Account Rep.	2.0
Account Clerk 2	1.0
Customer Service Rep 2 (2 FT, 2 PT positions)	<u>3.0</u>
Total FTEs Unfunded	9.0

INFORMATION TECHNOLOGY

Information Technology FY15 Budget Reduction Summary

Non-Labor O&M	\$ 484,340
Labor	\$ 437,907
Capital	\$ 495,000

Information Technology FY15 Non-Labor O&M Reductions

Training and education	\$ 230,000
Deferred maintenance	\$ 100,000
Systems/infrastructure consolidation	\$ 50,000
Outside services	\$ 50,000
Other miscellaneous	<u>\$ 54,340</u>
Total	\$ 484,340

Information Technology FY15 Unfunded Positions

CIO/IT Director	1.0
Staff Specialist	1.0
IT Infrastructure Design & Administrator, Lead	1.0
Computer Systems Analyst	<u>1.0</u>
Total FTEs Unfunded	4.0

Information Technology CIO and Temp Positions

- Budget proposal does not include Chief Information Officer Position. Estimated (non-burdened) cost to fill this position is \$135,000
- Budget proposal eliminates one temporary position from the User Support area, which will prevent complete coverage of combined GG/GRU regular office hours. Estimated cost to keep the position is \$30,000

Information Technology FY15 Capital Reductions

Servers, data storage,
and network hardware

\$ 495,000

FINANCE

Finance FY15 Budget Reduction Summary

Non-Labor O&M	\$ 63,858
Labor	\$243,620

Finance FY15

Non-Labor O&M Reductions

Reductions to annual external audit	\$ 60,000
Reductions (travel, training, supplies)	<u>\$ 3,858</u>
Total	\$ 63,858

Finance FY15 Unfunded Positions

Finance Director	1.0
Accounting Supervisor	1.0
Account Clerk, Sr. (Partial)	<u>0.5</u>
Total FTEs Unfunded	2.5

Finance FY15

Non-Labor O&M Additions

Cost of Service study	\$150,000
External investigative review	\$250,000
Tax application/bill review	<u>\$100,000</u>
Total	\$500,000

ENERGY SUPPLY

Energy Supply FY15 Budget Reduction Summary

Non-Labor O&M	\$ 1,114,693
Labor	\$ 786,875
Capital	\$ 3,740,300

Energy Supply FY15 Non-Labor O&M Reductions

DH CT1 outage deferred	\$405,000
DH repair/maintenance of equipment	\$328,000
DH materials and supplies	\$231,693
Other (includes contract services)	<u>\$150,000</u>
Total	\$1,114,693

Energy Supply FY15 Unfunded Positions

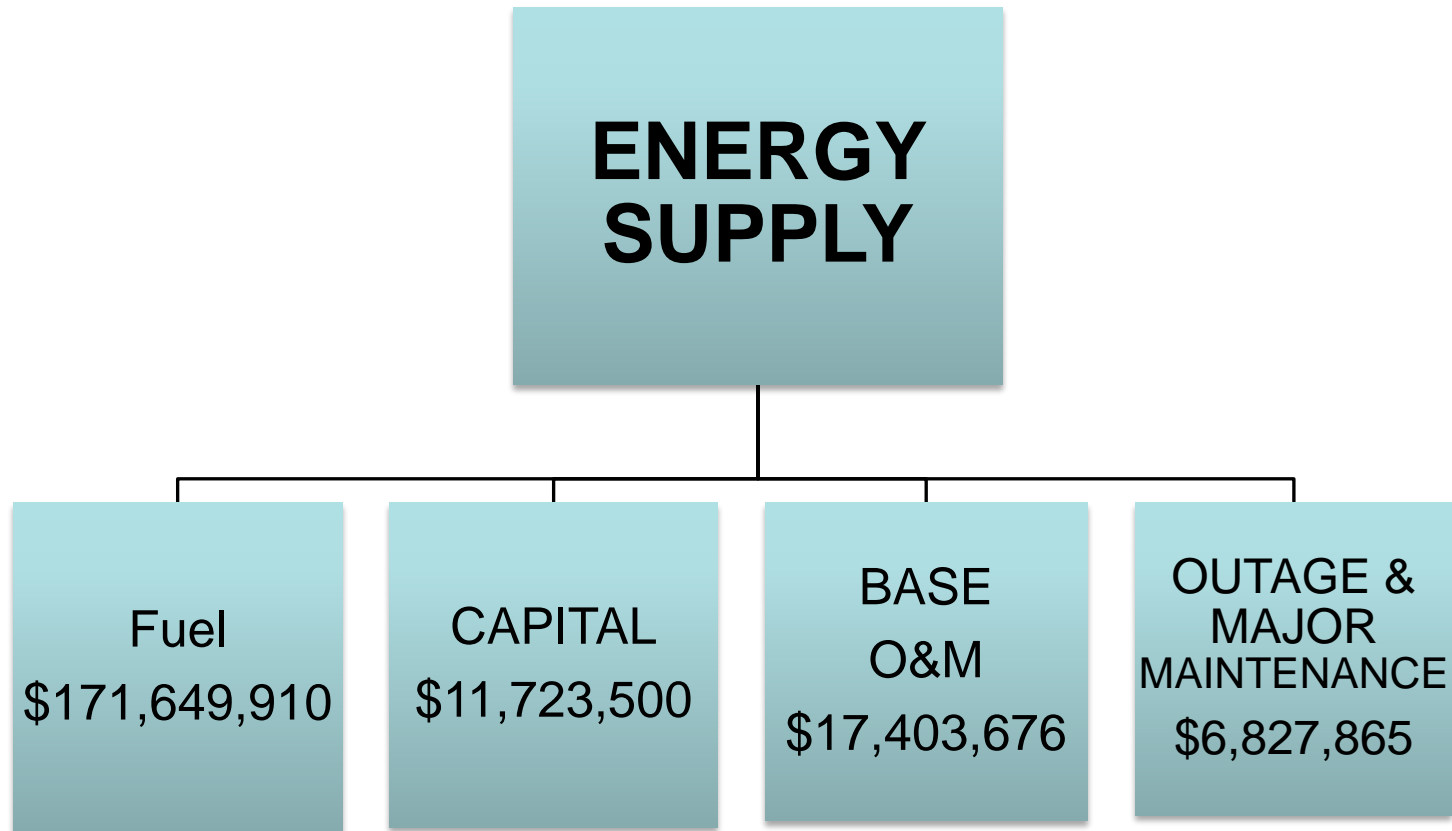
Staff Assistant	1.0
Staff Specialist	1.0
System Planning Director	1.0
Production Technician	7.0
Coal/Ash Equipment Operator	1.0
Process Plant Operator II	1.0
Principal Engineer	1.0
Power Plant Lab Technician	<u>1.0</u>
Total FTEs Unfunded	14.0

- Elimination of Temp Professional

Energy Supply FY15 Capital Reductions

Crystal River 3 improvements	\$ 1.75 million
CR3 nuclear fuel	\$ 1 million
New generation project	\$ 1 million

Energy Supply FY15 Major Budget Areas



Change from Previous Forecast

	\$/Unit	Volume	Difference (\$)
GREC Fuel + VOM	↑ \$1.05 MW-h (3%)	↑ 26,544 MW-h (5%)	1,486,510
GREC NFEC + FOM	\$79.15	↓ 77,490 MW-h (10%)	(6,659,048)
GREC Ad Valorem Taxes	N/A	N/A	544,892
Gas for Generation	↑ \$.17 (3%)	↓ 238,148 MW-h (58%)	(11,405,378)
Coal for Generation	↓ \$.45 (11%)	↑ 296,826 MW-h (36%)	9,626,626
Solar FIT	↑ \$6.20 (2.5%)	↓ 13,859 MW-h (35%)	(3,275,715)
Winter Park	N/A	↑ 65,700 MW-h	2,411,101
Non-firm Power Purchases	Varies	↓ 95,372 MW-h (58%)	(3,704,356)
Other			(452,082)
Total			(11,427,450)

Energy Supply FY15

Outage & Major Maintenance O&M Cost

- Planned outage: when a unit is removed from service for a specified period of time for reliability maintenance.
- Planned Outage Labor and Non-Labor cost covers:
 - Preventative/predictive maintenance items
 - Replacement of selected equipment/components at end of Remaining useful life (RUL) or refurbishments to extend RUL
 - Corrective maintenance of failures that occurred between outages requiring an outage period to correct
 - Equipment/component inspections
 - Testing of required protective devices
- Major maintenance: similar work that does not require the unit to be out of service

Outage O&M Cost by Unit and Major Maintenance Base

- | | |
|--------------------------------|---------------------|
| • Deerhaven Unit #1 | \$ 1,407,000 |
| • Deerhaven Unit #2 | \$ 2,335,900 |
| • Deerhaven Process Plant | \$ 203,336 |
| • Kelly Unit #1 Combined Cycle | \$ 791,950 |
| • Major Maintenance Base | <u>\$ 2,089,679</u> |
| Total | \$ 6,827,865 |
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- Breakdown of total between Labor and Non-Labor:
 - Labor \$ 2,988,115
 - Non-Labor* \$ 3,839,750
- * Includes material/supplies and contract services

Capital Spares/Replacement of Components

- Deerhaven CT3 spares \$ 2,150,000
- Deerhaven 2 airheater baskets \$ 300,000
- Kelly CC1 controls hardware \$ 350,000

One-time Life Extension of Components Reaching Remaining Useful Life of Unit

- Deerhaven 2 high temperature superheat replacement \$ 1,000,000
- Deerhaven 2 & JRK8 cooling towers work \$ 850,000
- Deerhaven 2 air dampers \$ 375,000

Budgeted Improvements

- Decrease cycling costs \$ 1,200,000
- Unit 8 steam turbine controls \$ 410,000

Regulatory Requirement/Responsibility

- Mercury air toxics standards compliance \$ 1,000,000
- Air quality control system
 - Catalyst and bags \$ 700,000
- Decommissioned JRK Unit 7
 - Cooling tower and asbestos assessment \$ 200,000

District Energy

FY15 Capital Expenditures \$19,886,892

Unfunded Analyst, Senior \$56,404

South Energy Center Expansion

- UF Health slated to build new neurosurgery and cardiovascular tower
 - \$420 million project
 - 800 new jobs
- Tower will be served utilities (normal power, emergency power, chilled water, hot water, and medical gas infrastructure) from the SEC
- Contractual obligation for UF Health to connect to SEC and for GRU to serve UF Health
- SEC will need to double on-site power generation, emergency power generation, chillers, cooling towers, and utility infrastructure



South Energy Center Expansion

Capital Investment

- Capital cost estimates range from \$17 million to \$25 million, dependent upon technology and design

Return on Investment

- Internal rate of return ~11%

South Energy Center Expansion

Timeline

- 9/14 – City Commission agenda item for SEC expansion; will be pending final hospital approval by UF Health board of directors
- 10/14 – UF Health board vote on new hospital tower
- 11/14 – UF Health begins construction
- 9/16 – GRU begins chilled water service
- 12/17 – New tower opens

ENERGY DELIVERY - ELECTRIC

Energy Delivery FY15 Electric System Budget Reduction Summary

Non-Labor O&M	\$ 85,684
Labor	\$196,541

Energy Delivery FY15 Electric System Unfunded Positions

Electric T&D

Lead Lineworker	2.0
Lineworker	1.0
Streetlight Worker	1.0
Operations Assistant	<u>1.0</u>
Total FTEs Unfunded	5.0

Energy Delivery FY15 Electric System Non-Labor O&M Reductions

Fleet costs (fuel & repairs)	\$21,000
Maintenance materials & supplies, equipment & grounds maintenance	\$43,400
Training, software purchases, etc.	<u>\$21,464</u>
Total	\$85,684

Energy Delivery FY 15 Electric System Capital Project Additions

Energy Mgmt System	\$791,000
Transmission System	\$225,000
Distribution System	\$230,000
Overheads	\$1.5 million

Energy Delivery FY 15 Electric System Customer Focused Initiatives

Included in FY15 Recommendation

- LED lighting

RUC referral requested for later implementation

- Redundant/Back-up system capacity rate

LED Lighting Public Street Lights – Utility Funded

Light Type *	Proposed Monthly Rate *
Light Type 38 – LED Roadway (100 W HPS Equivalent)	\$19.62
Light Type 39 – LED Roadway (150 W HPS Equivalent)	\$20.83
Light Type 40 – LED Roadway (250 W HPS Equivalent)	\$24.01
Light Type 41 – LED Roadway (400 W HPS Equivalent)	\$28.72

* GRU Standard LED streetlight fixtures

**In addition to monthly rate shown, the applicable retail fuel adjustment will be applied to all energy (kWh) billed.

LED Lighting

Public Street Lights - Agency Funded

Light Type *	Proposed Monthly Rate **
Light Type 38 – LED Roadway (100 W HPS Equivalent)	\$1.07
Light Type 39 – LED Roadway (150 W HPS Equivalent)	\$1.07
Light Type 40 – LED Roadway (250 W HPS Equivalent)	\$3.01
Light Type 41 – LED Roadway (400 W HPS Equivalent)	\$5.71

* GRU Standard LED streetlight fixtures

**In addition to monthly rate shown, the applicable retail fuel adjustment will be applied to all energy (kWh) billed.

ENERGY DELIVERY GAS

Energy Delivery FY15 Gas System Unfunded Positions

Gas T&D

Gas Worker Lead	2.0
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Field Services (distributed)

Analyst	<u>1.0</u>
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Total FTEs Unfunded	3.0
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Energy Delivery FY15 Gas System Budget Increase Summary

Non-Labor O&M	\$45,640
Labor	\$362,928

Energy Delivery FY15 Gas System Non-Labor O&M Increases

Gas rebates	\$50,000
Misc. expenses	<u>(\$4,360)</u>
Total	\$45,640

Energy Delivery FY15 Gas System Labor O&M Increases

Field Service allocation	\$327,000
Metering & Measurement allocation	\$58,000

Energy Delivery FY 15 Gas System Capital Project Additions

Gate/regulating stations	\$66,000
Distribution mains	\$57,000
Overheads	\$445,000

Energy Delivery FY 15 Gas System Customer Focused Initiatives

- Archer franchise
- Hawthorne franchise
- Compressed natural gas

ENERGY DELIVERY

GRUCom

Energy Delivery FY15 GRUCom Unfunded Position

Operations

Telecommunications Specialist II	1.0
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Energy Delivery FY15 GRUCom Budget Reduction Summary

Non-Labor O&M	\$294,921
Labor	\$622,980

Energy Delivery FY15 GRUCom Non-Labor O&M Reductions

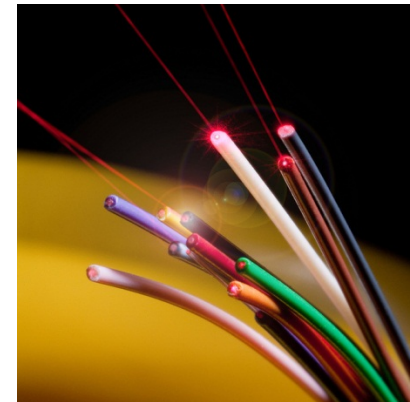
Transport fees	\$181,000
Professional services	\$ 36,658
Materials, supplies and tools	\$ 21,554
Software purchases	\$ 13,000
Fleet, dues, uniforms, other	<u>\$ 42,709</u>
Total	\$278,474

Energy Delivery FY15 GRUCom Capital Project Additions

Trunking radio system	\$1,000,000
Overheads	\$ 247,000

Energy Delivery FY15 GRUCom Customer Focused Initiatives

- Superior broadband services



WATER

Water FY15 Budget Reduction Summary

Non-Labor O&M	\$ 200,035
Labor	\$ 405,303

Water FY15

Non-Labor O&M Reductions

Ground storage tank facilities	\$ 50,000
All other O&M items (travel/training, transportation, tools/equipment, parts)	<u>\$150,035</u>
Total	\$200,035

Water FY15 Unfunded Positions

Plant Operator/Mechanic	2.0
Distribution Service Operator	1.0
Distribution Crew Leader	2.0
Technical Support Specialist	<u>0.5</u>
Total FTEs unfunded	5.5

WASTEWATER

Wastewater FY15 Budget Reduction Summary

Non-Labor O&M	\$ 342,940
Labor	\$ 128,523

Wastewater FY15 Non-Labor O&M Reductions

Odor control	\$ 60,900
All other O&M items (travel/training, transportation, tools/equipment, parts)	<u>\$282,040</u>
Total	\$342,940

Wastewater FY15 Unfunded Positions

ICE Technician	1.0
Plant Supervisor	1.0
Collections Service Operator	4.0
Staff Specialist	1.5
Technical Support Specialist	<u>0.5</u>
Total FTEs unfunded	8.0

Wastewater FY15

Major Projects and Budget Drivers

- Repair/replace aging infrastructure
- Regulatory compliance
 - Consumptive use permit (CUP) and minimum flows & levels (MFLs)
 - Biosolids dewatering projects
 - Roadway utility relocations

Water & Wastewater FY15

Repair/Replace Aging Infrastructure

- Targeted investment in rehabilitating and replacing aging infrastructure
- Water and Wastewater treatment plant facilities
 - 40 to 80 years old
- Piping infrastructure
 - 1900 miles of water & wastewater pipe (Up to 100 years old)
 - 170 Lift stations
 - 4 Elevated and ground storage water tanks

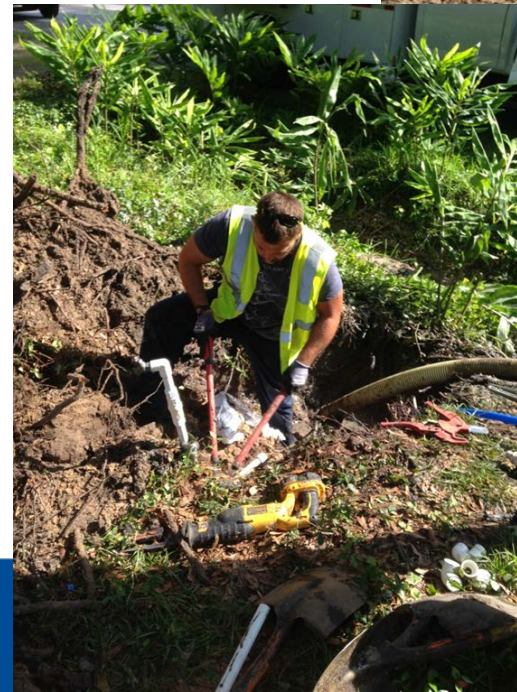


Water FY15

Repair/Replace Aging Infrastructure

Water Projects

- Renewal and replacement of water mains
 - Service lines to home
 - Larger mains
- Renewal and replacement of plant facilities
 - Production wells & equipment
 - High service pumps
 - Electrical building and motor control centers



Wastewater FY15

Repair/Replace Aging Infrastructure

Wastewater Projects

- Renewal and replacement of sewer mains & manholes
 - Sliplining gravity mains
 - Lining or replacing manholes
 - Valve assessment program
- Renewal and replacement of plant facilities
 - Plant mechanical equipment
 - Lift stations



Wastewater Collection R/R



Water & Wastewater FY15 Regulatory Compliance

- Regulatory compliance requires significant investments in new infrastructure
 - CUP and MFLs
 - Biosolids dewatering
 - Roadway relocations

CUP & MFLs

- 20 year – 30 mgd CUP requirements:
 - Water conservation
 - Expansion of reclaimed water system
 - New recharge wetlands
 - Investigate hydrologic benefits of recharge wells
 - Participate in prevention/recovery plan for Lower Santa Fe River and Lake Geneva
- Uncertain future obligations to meet Lower Santa Fe River & Lake Geneva MFL requirements

Wastewater FY15 Biosolids Dewatering

- Constructing dewatering facility and other associated treatment plant improvements
 - ~\$23,000,000
- Issuing RFP for future reuse of biosolids
 - Increase in O&M budget



Roadway Utility Relocations

- Utility relocations 15% to 25% of roadway improvement costs
- 1% Transportation System Surtax



CONNECTFREE

Water & Wastewater FY15

ConnectFree Revenue and Expenditures to Date

Total revenue*	\$1,848,469
Total spent	\$ 551,000
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Total fund balance	\$1,297,469

*Surcharge collection started in 2002. Allocation of ½ of surcharge revenue to ConnectFree started in 2004. Revenue shown here is from 2004 through 2014.

Water & Wastewater FY15 ConnectFree Current Status

- 64 Customers served to date
 - All 64 received water, 2 received WW service
- 10 additional customers being evaluated

2014 & Projected 2015 ConnectFree Balances

Total fund balance	\$1,297,469
Empowerment Homeless Center	(\$ 625,000)
Arbour Valley Affordable Housing Project	(\$ 46,000)
Reichert House	(\$ 10,000)
<hr/>	
2014 Net available balance	\$ 616,469
Allocation of ½ of 2014 W/WW surcharge rev	\$ 125,000
Other ConnectFree projects (approximate)	(\$ 100,000)
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Projected 2015 net available balance	\$ 641,469

Water & Wastewater FY15

ConnectFree Alternatives Moving Forward

1. Continue program as-is
2. Expand program
 - County residents
 - Non-profits
 - Commercial customers

Water & Wastewater FY15

ConnectFree Alternatives Moving Forward

3. Use existing available balance and/or future revenues to mitigate 2015 GRU W/WW rates
4. Use 2014 available balance to mitigate GRU W/WW rates, and use future revenues for General Government designated programs

Water & Wastewater FY15

ConnectFree Alternatives Moving Forward

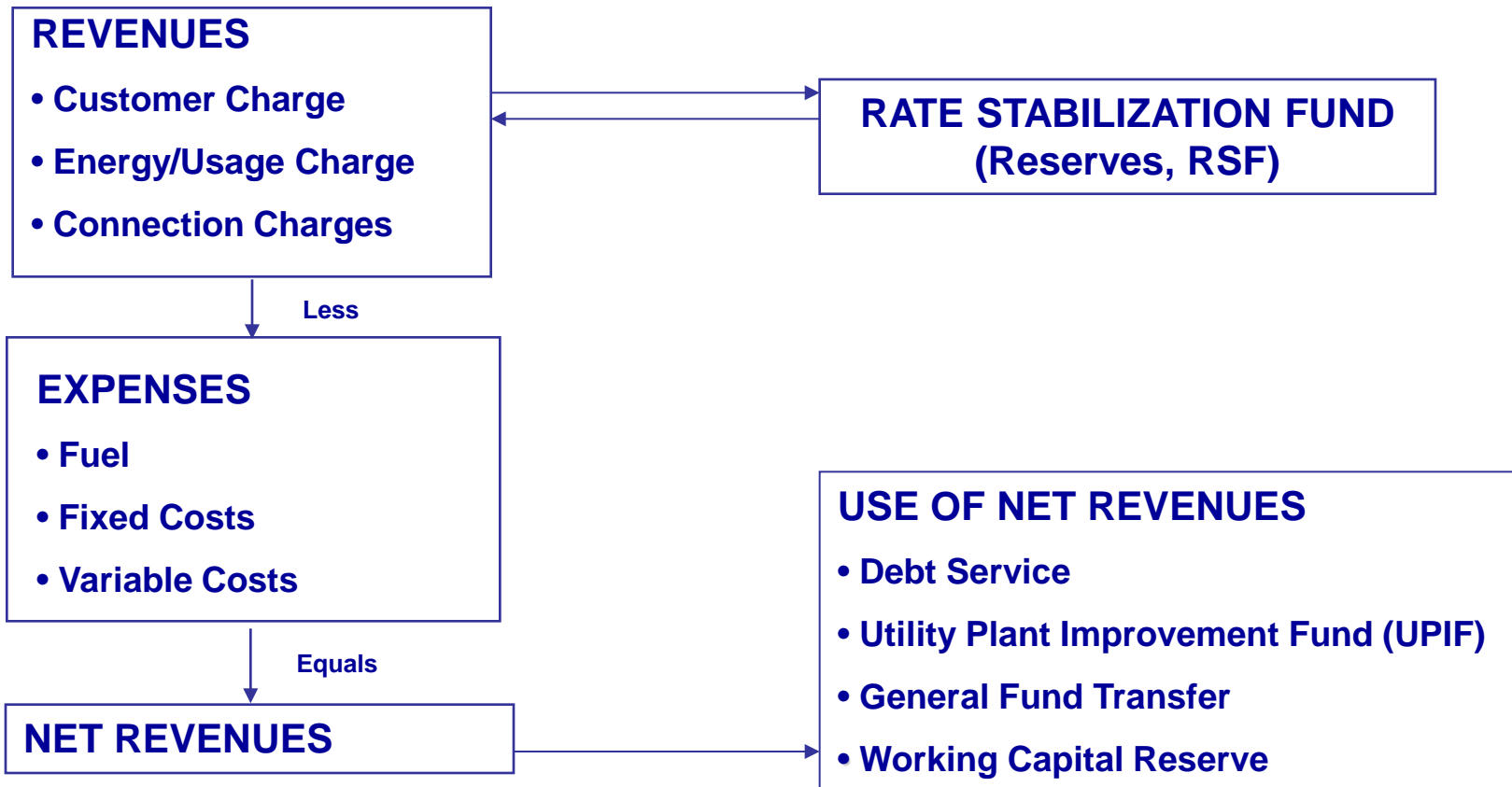
5. Sunset program, reduce or stop collecting surcharge, and cut GFT by \$250,000
6. Sunset program, reduce or stop collecting surcharge, and not cut GFT
 - \$250,000 revenue reduction to GRU

Recommendation

5. Sunset program, stop collecting surcharge, & cut GFT by \$250,000
 - Allocate \$125,000 of available fund balance to General Gov't
 - Use remaining available balance (approximately \$516,000) to reduce 2015 water & wastewater rate increases

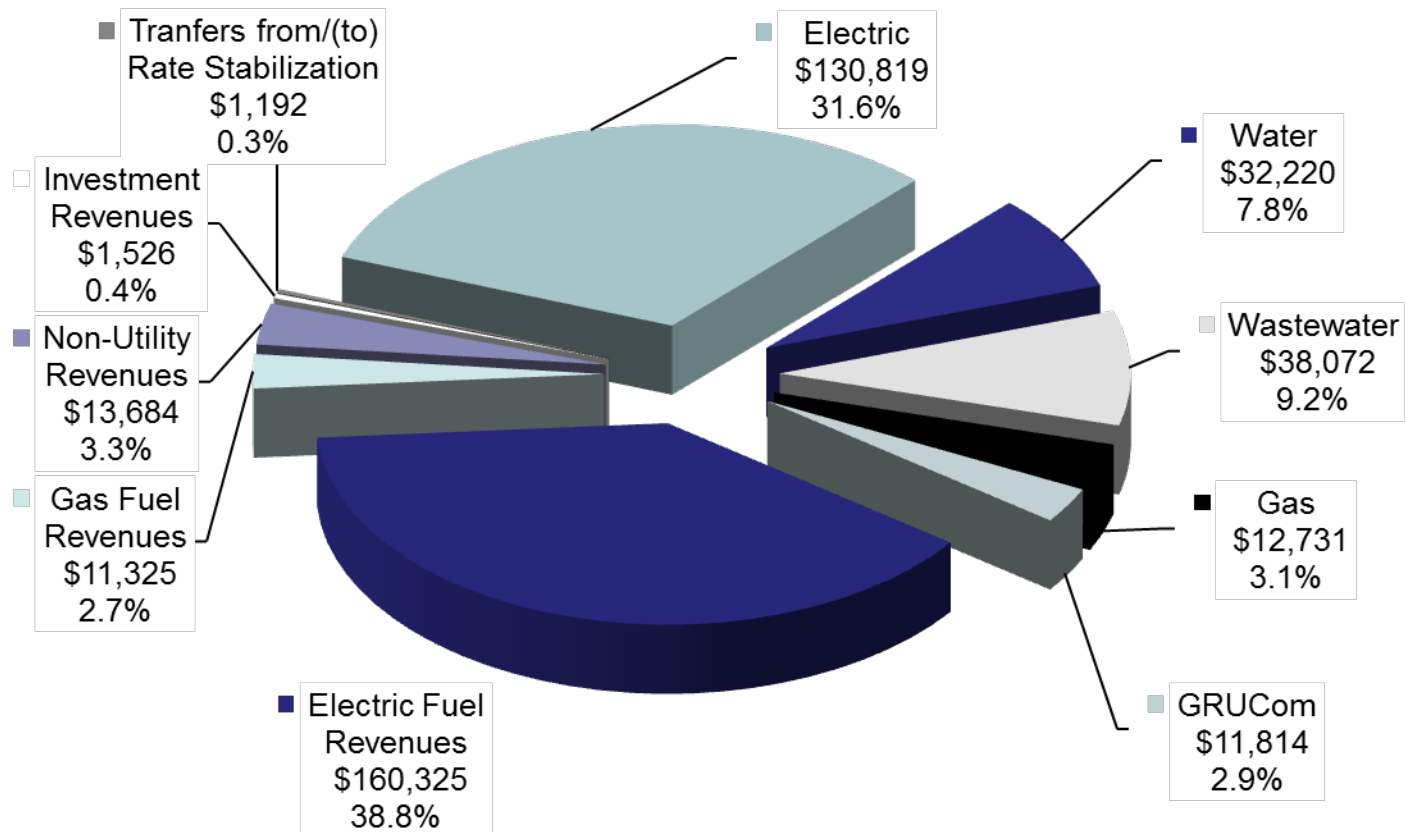
PROPOSED BUDGETS & FINANCIALS

Flow of Funds



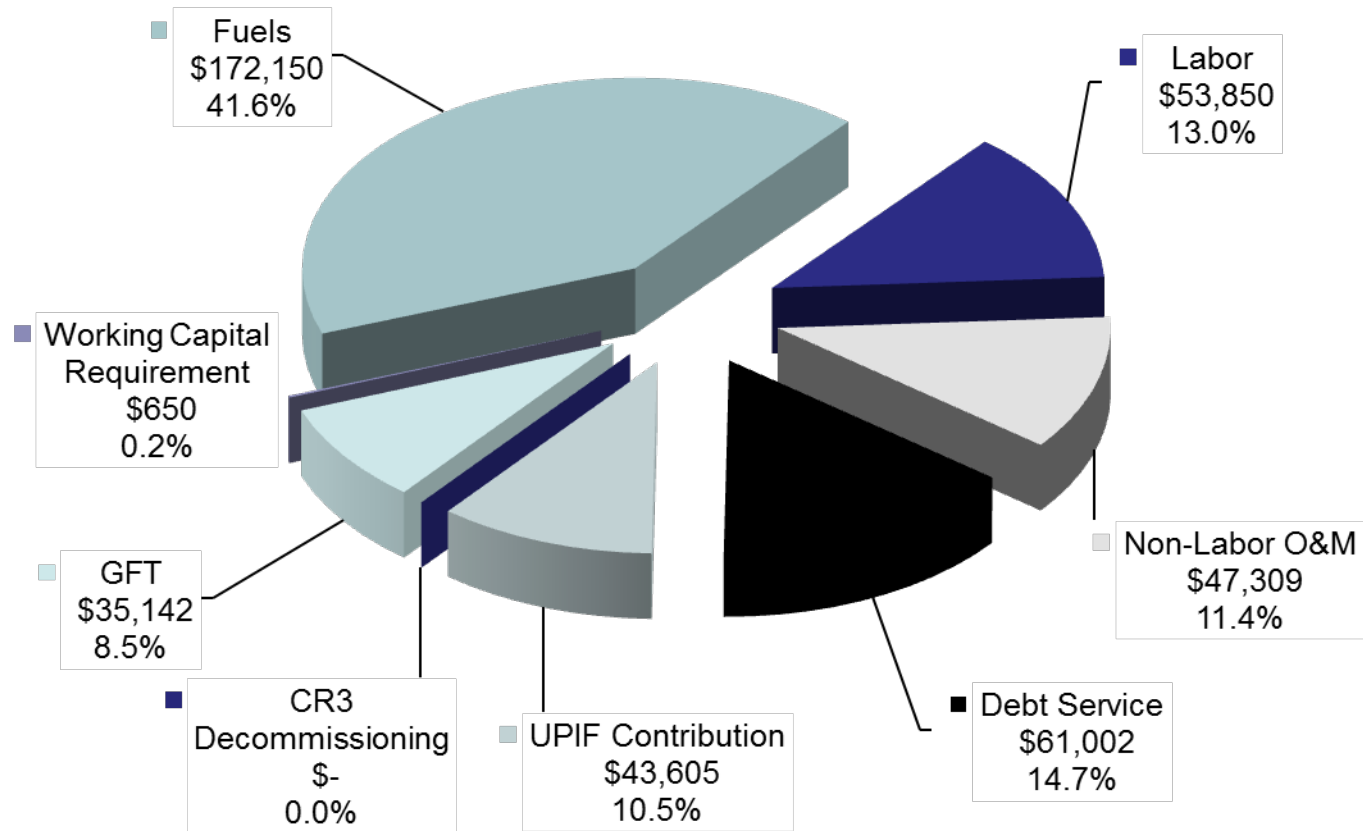
FY15 Revenue Classification

Dollars in Thousands

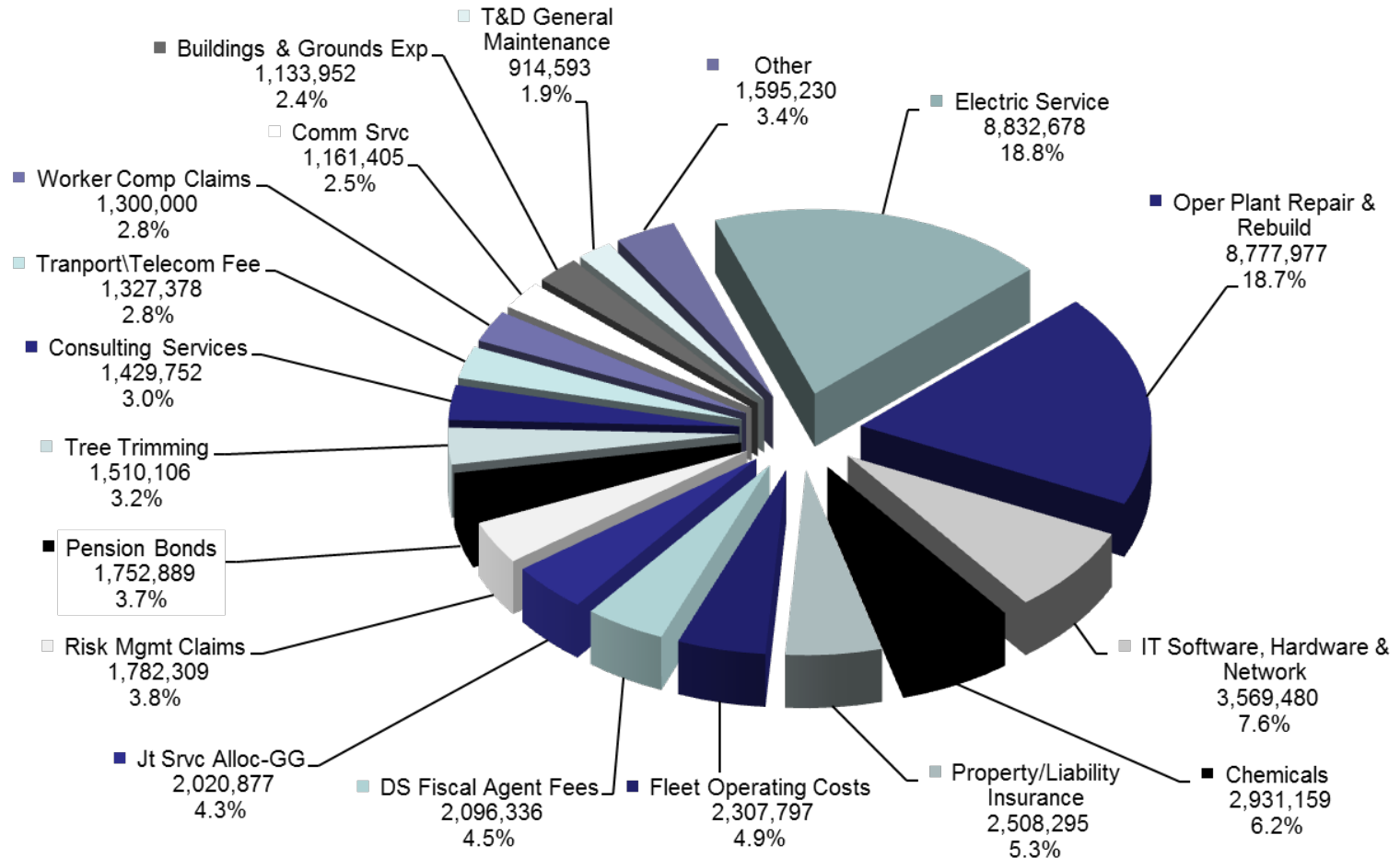


FY15 Expense Classification

Dollars in Thousands



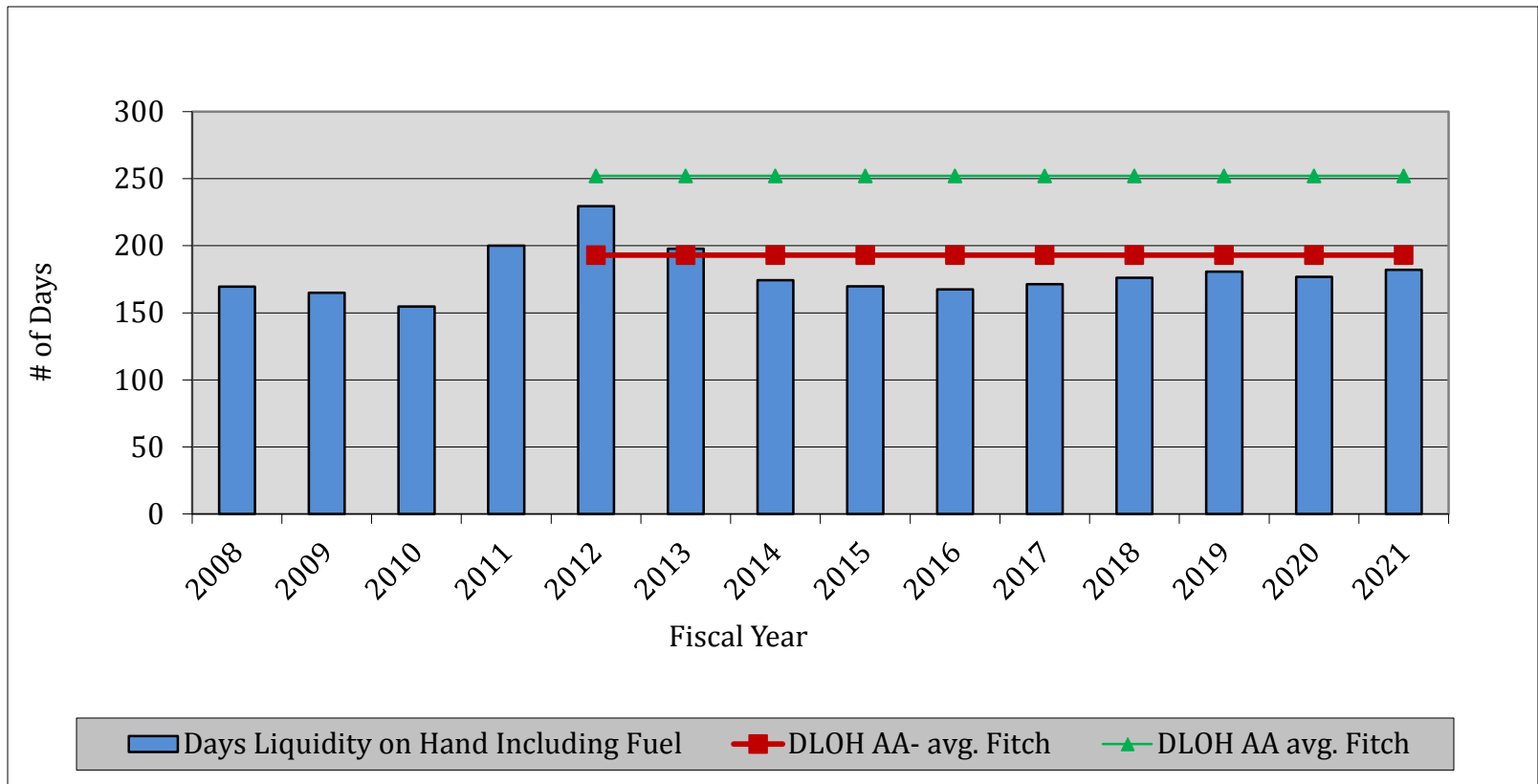
FY15 Non-Labor Expense Detail



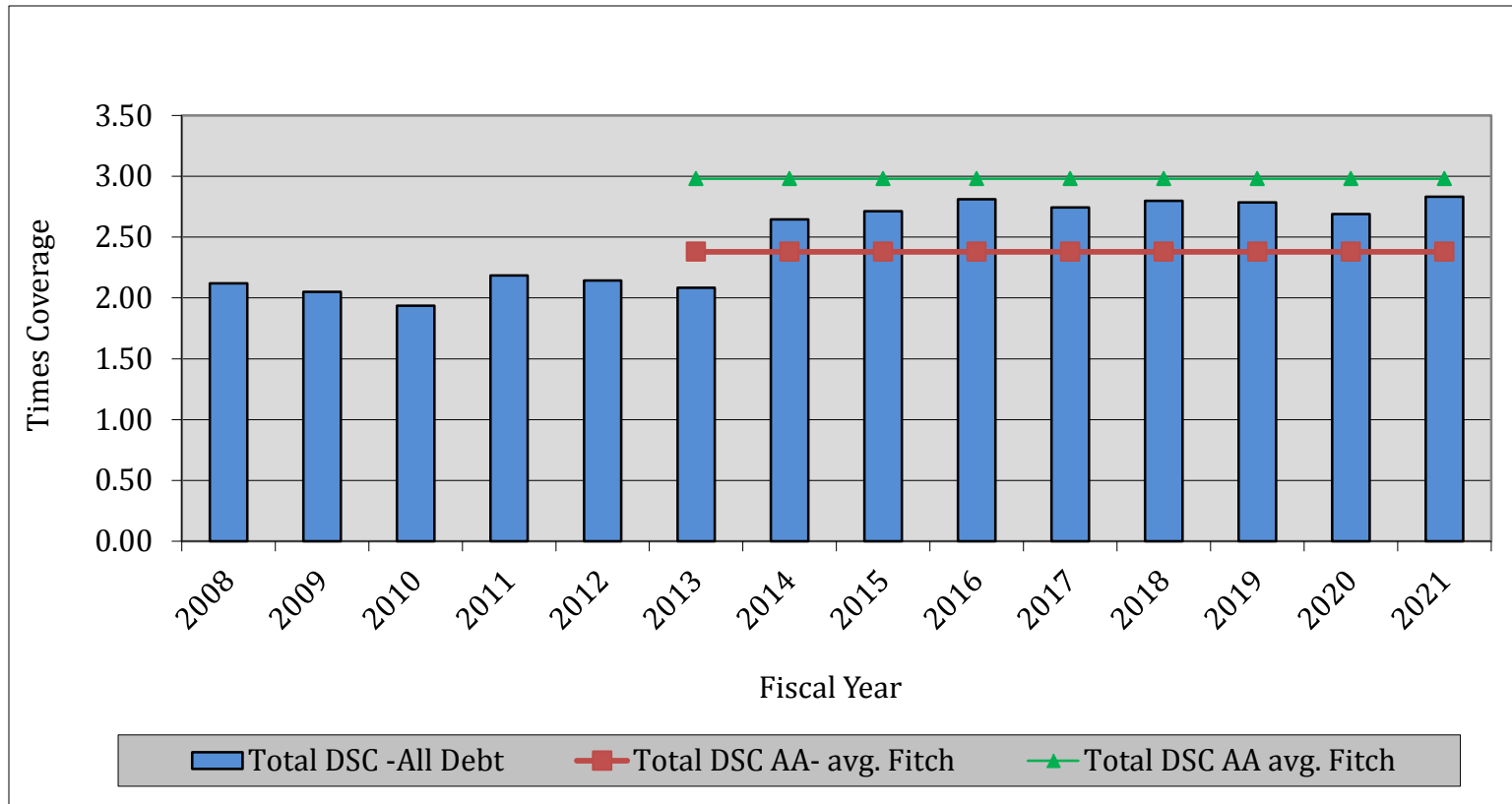
FY15 Capital Expenditure and Bond Issuance

- Increase capital spending from proposed FY15 budget by \$31.6 million
- Bond issuance required in FY15

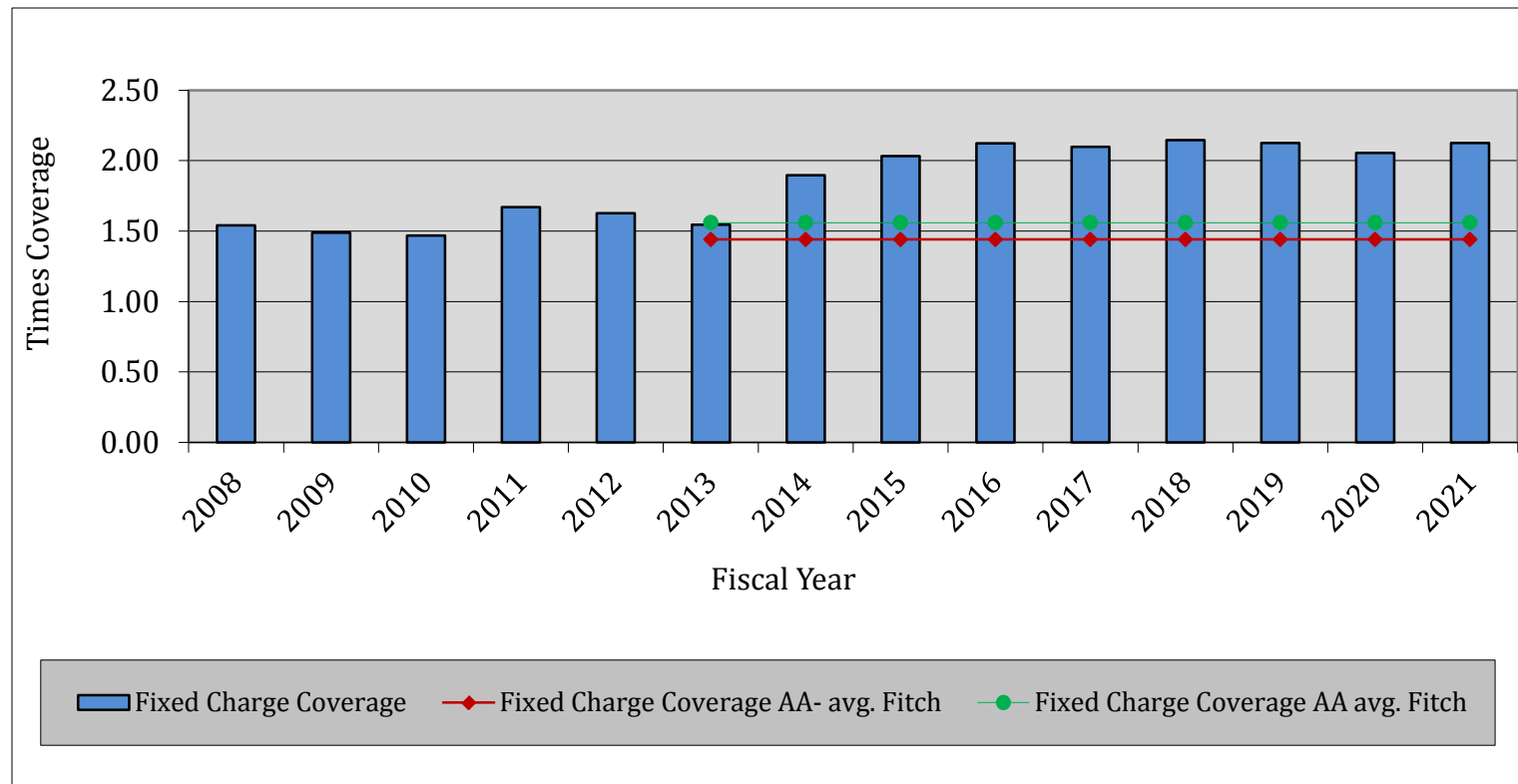
Days Liquidity on Hand



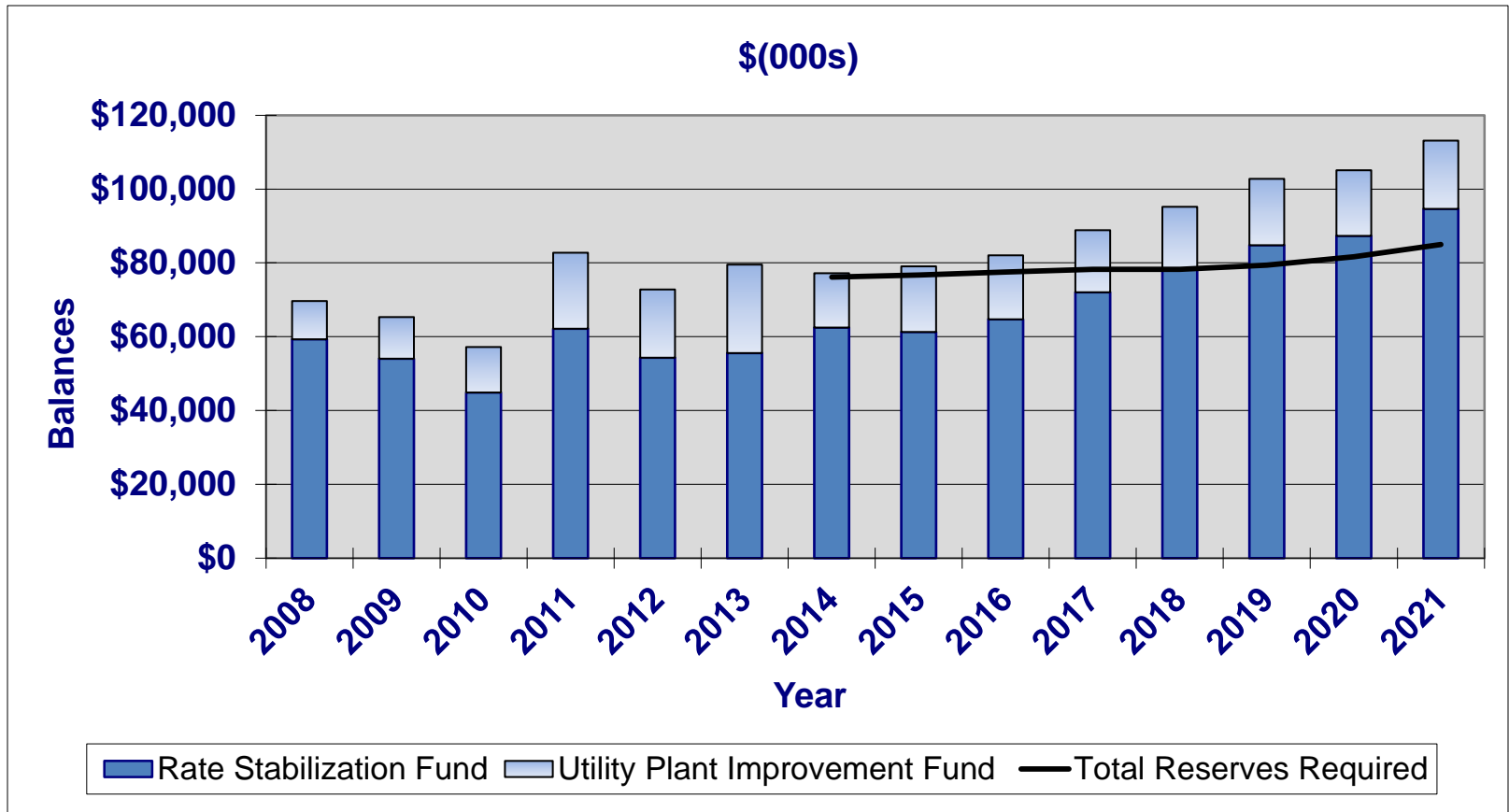
Debt Service Coverage



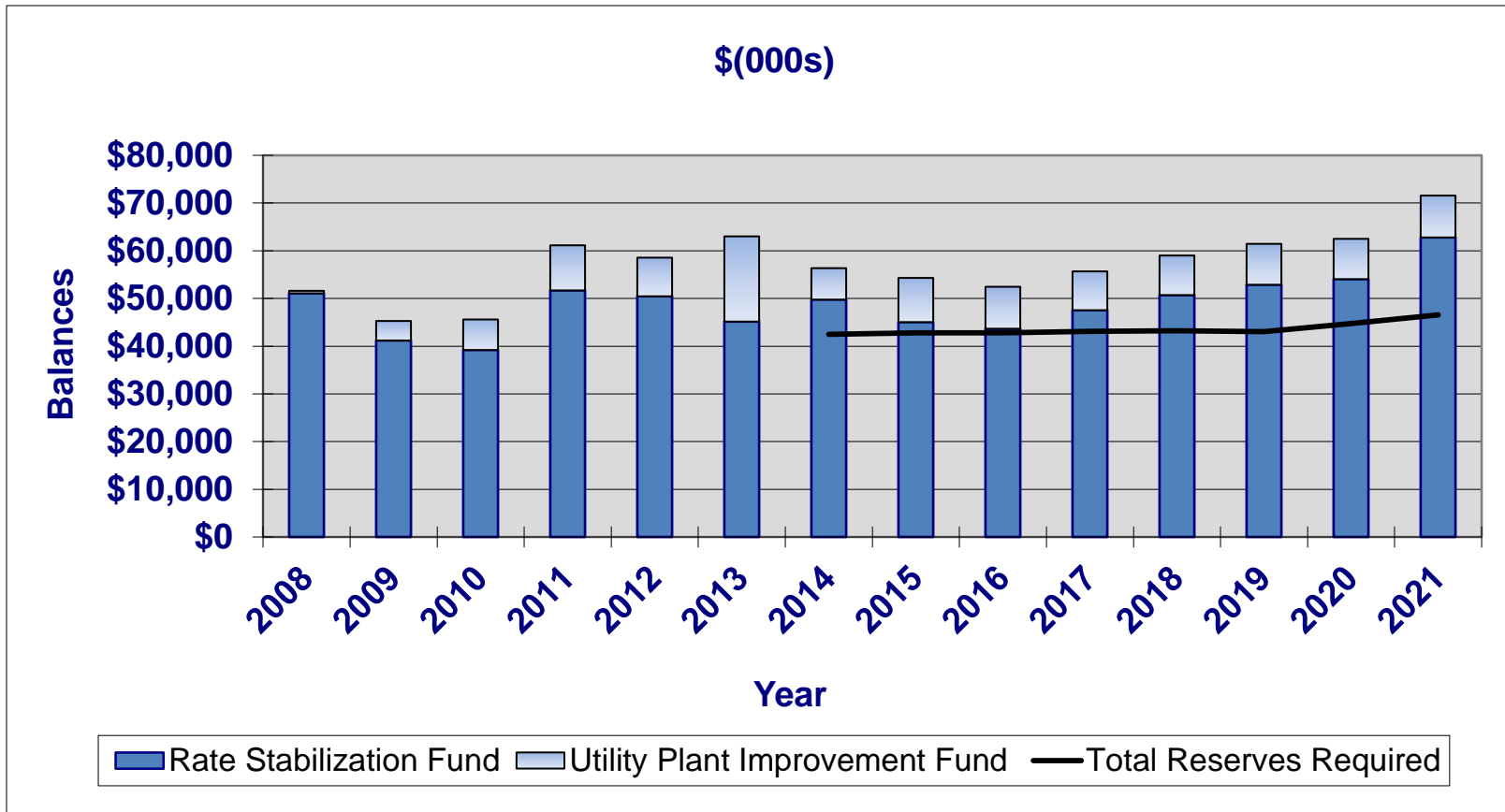
Fixed Charge Coverage



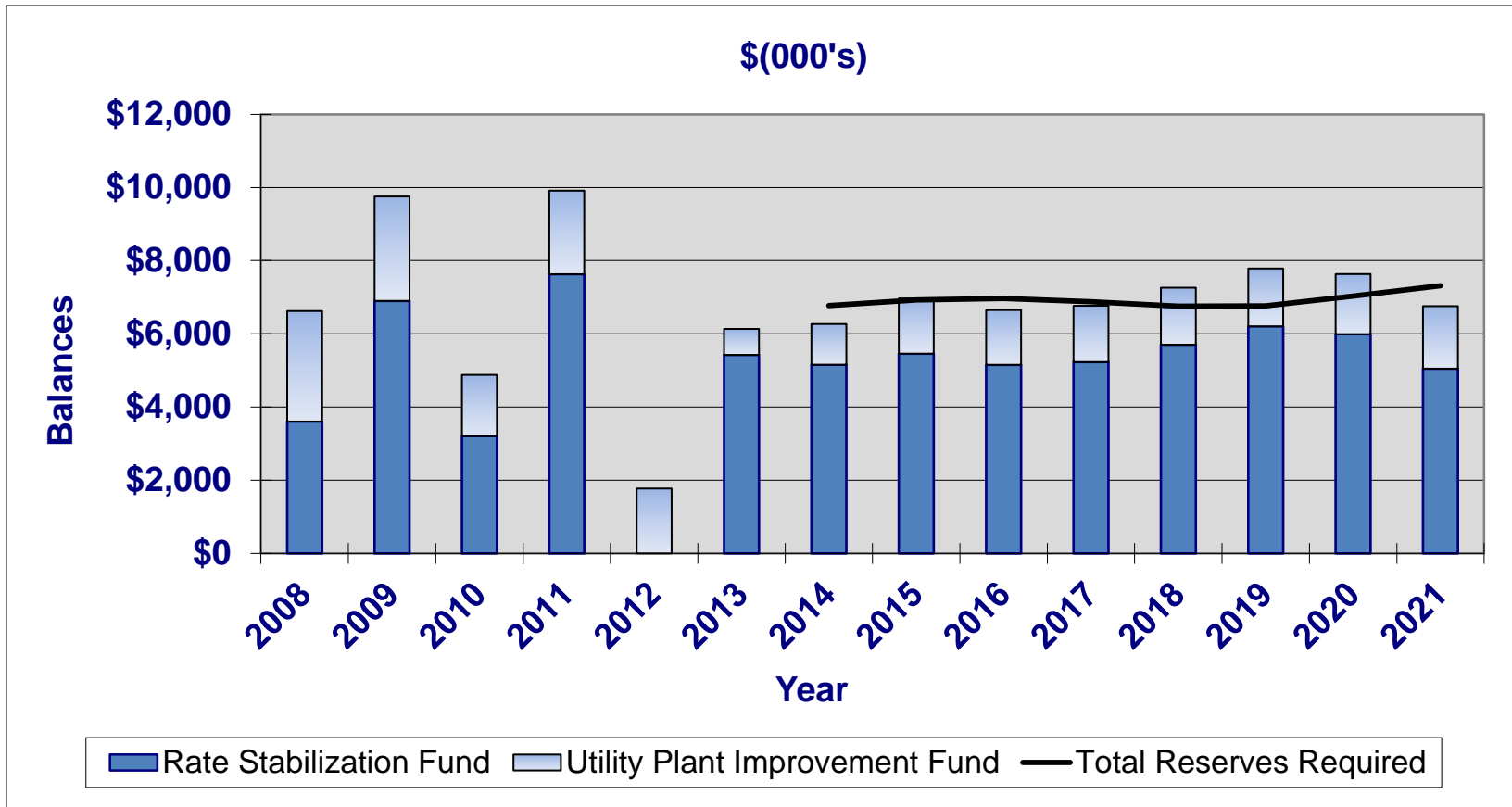
Reserves – Combined



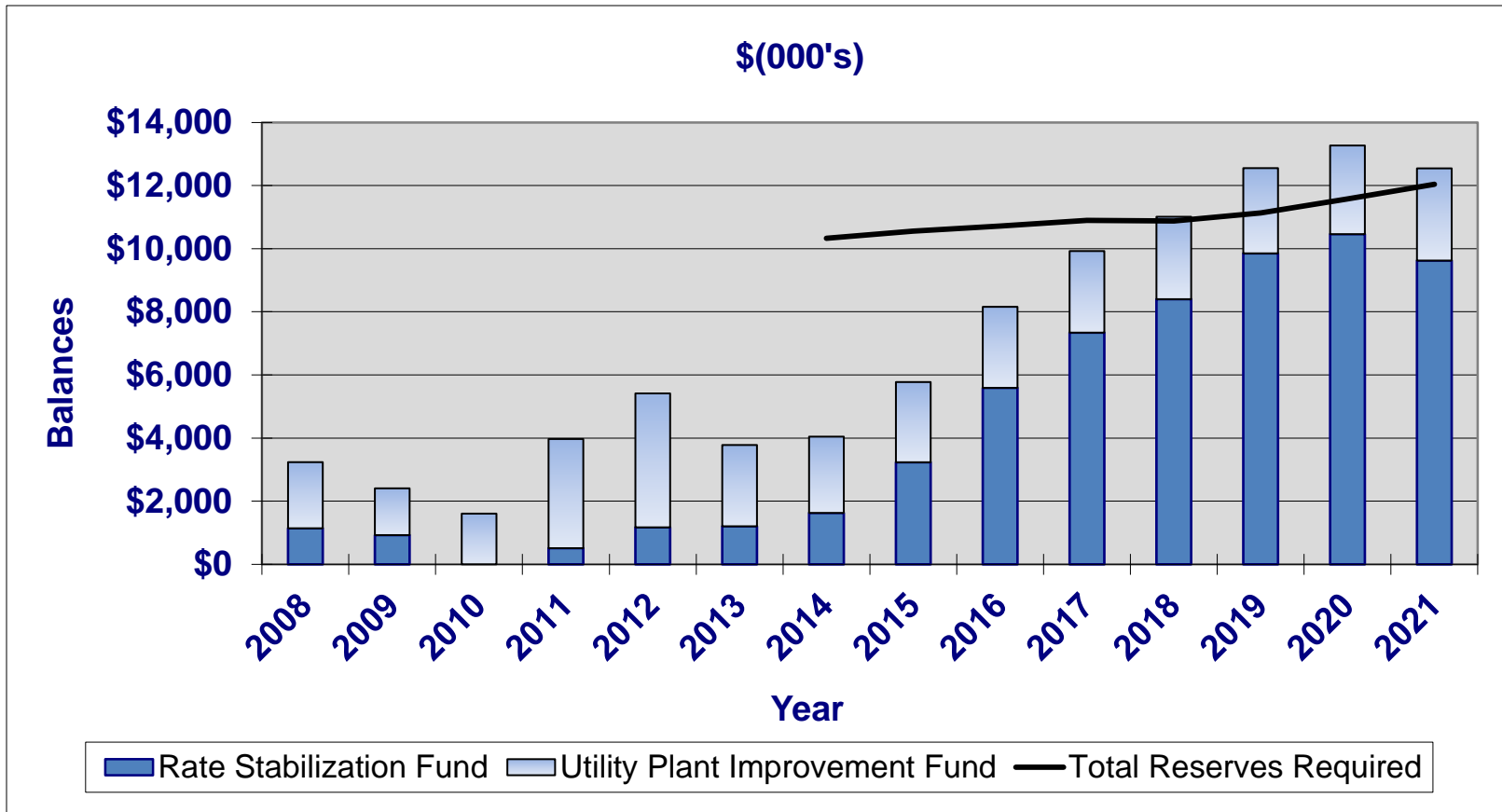
Reserves – Electric



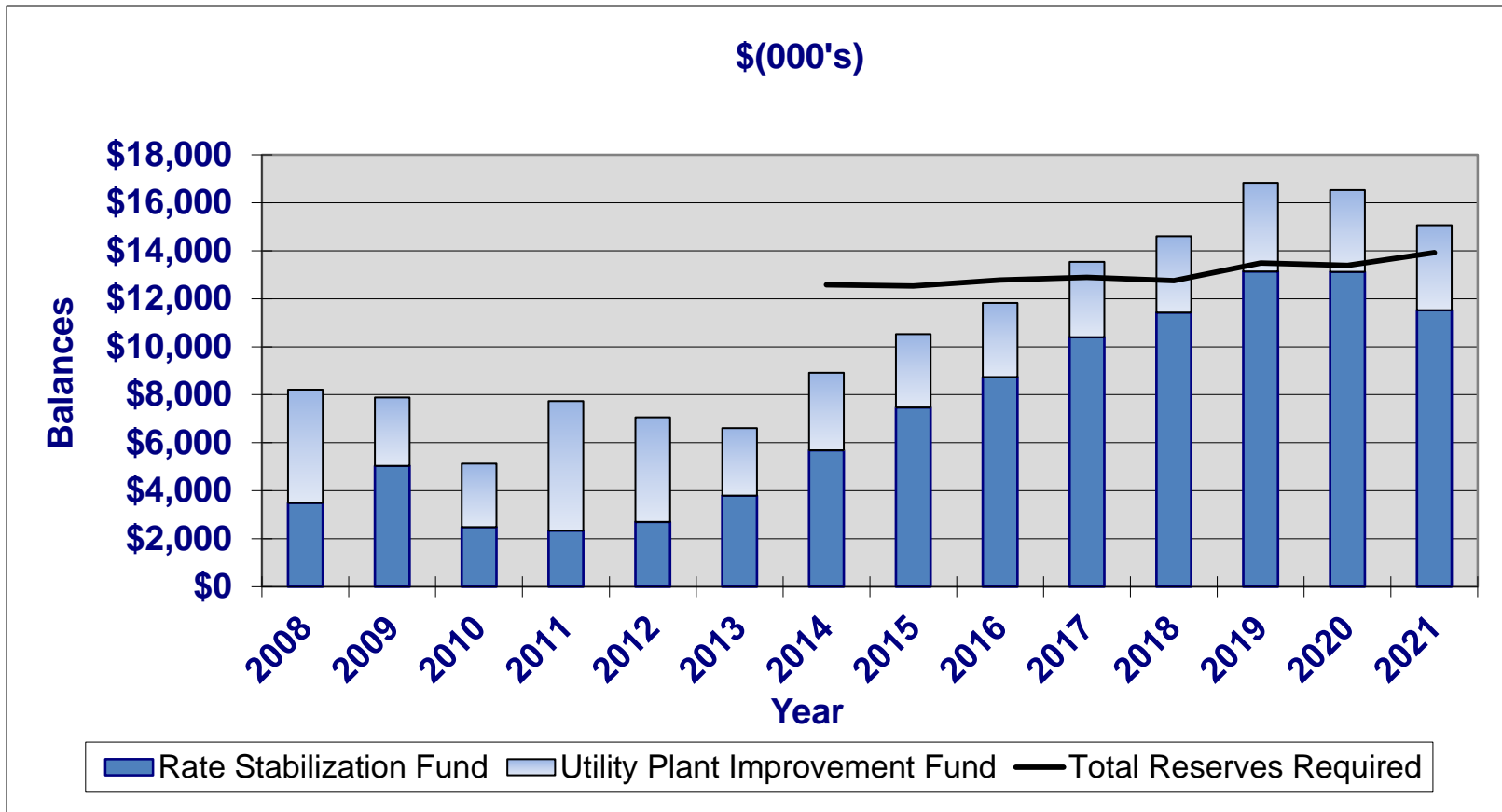
Reserves – Gas



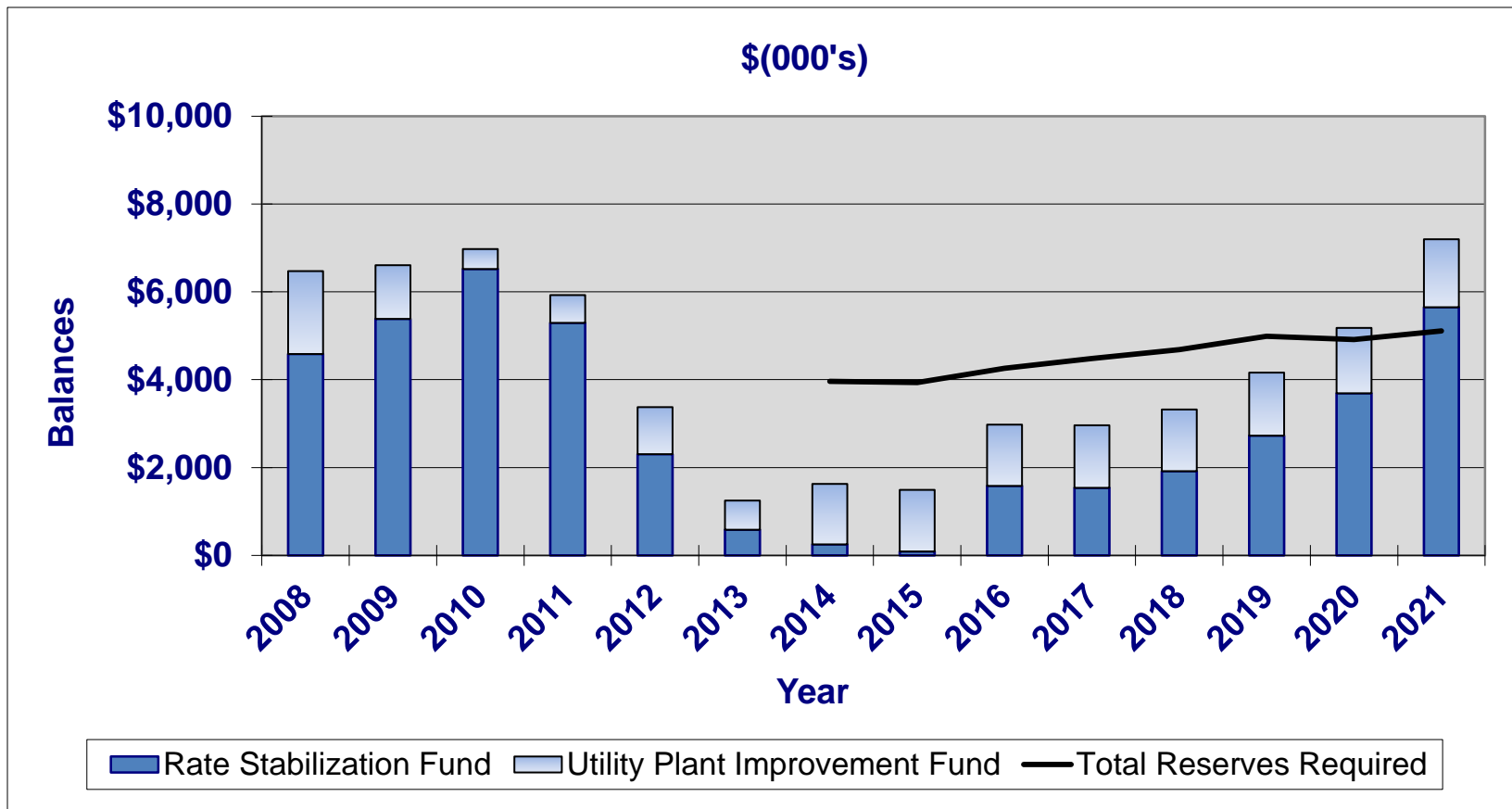
Reserves – Water



Reserves – Wastewater



Reserves – GRUCom



FORECASTS & RATES

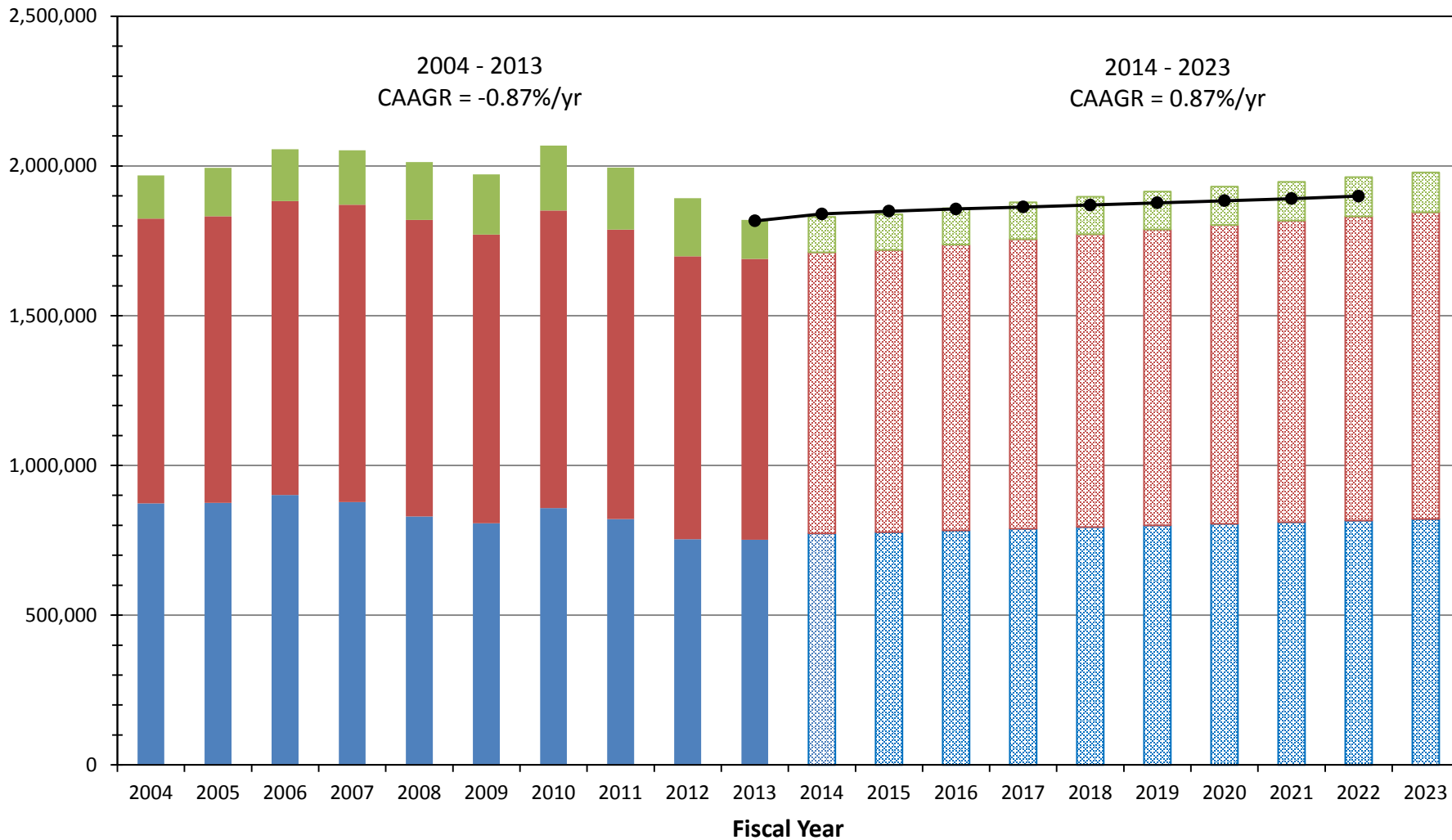
Forecast Data Sources

- Population and household size – Bureau of Economic and Business Research
- Income and inflation – IHS Global Insight
- Weather – NOAA station at Gainesville Regional Airport, using 30 year history
- Conservation forecast – developed internally
- Historical data

Electric Energy Sales

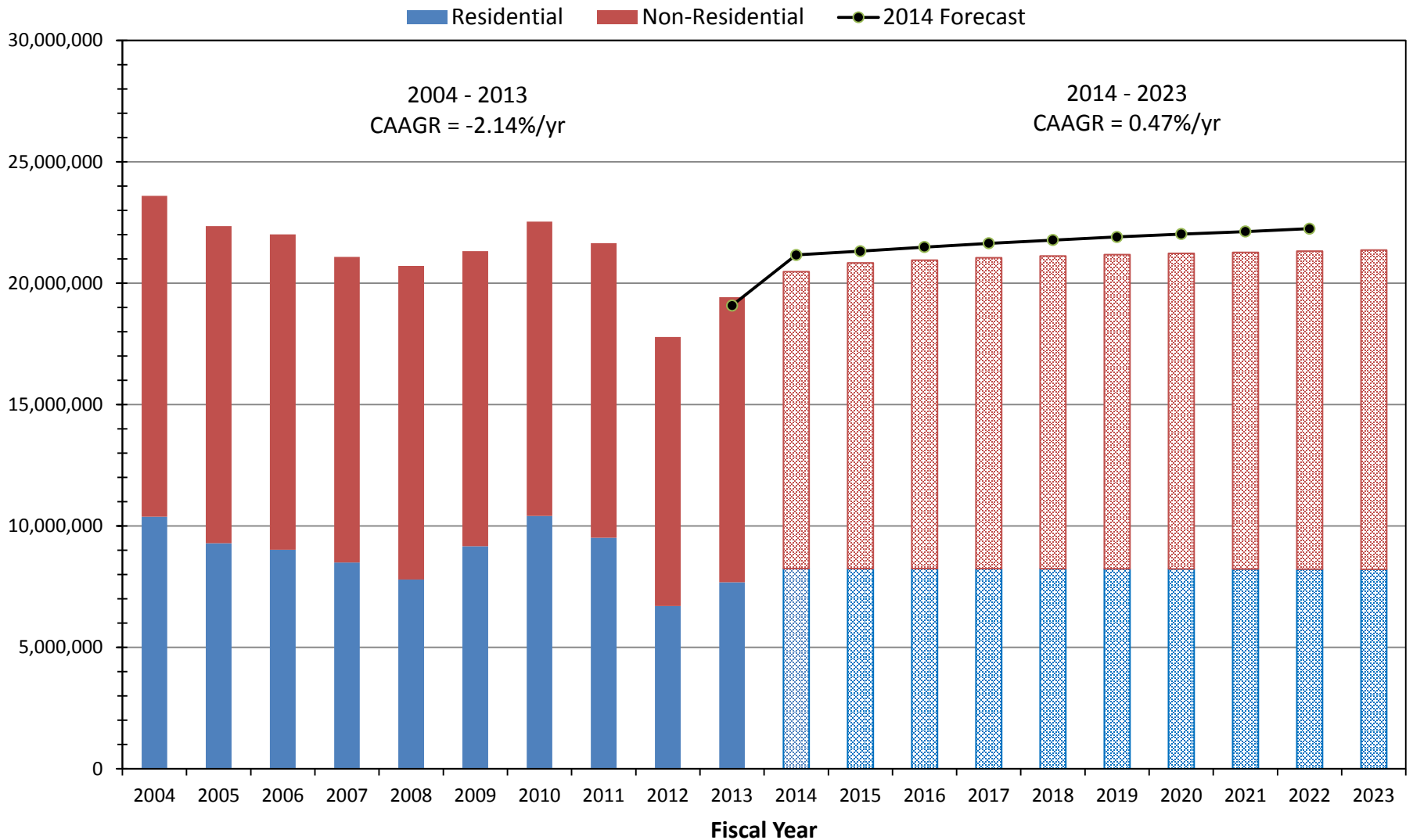
MegaWatt-hours

Residential Non-Residential Sales for Resale 2014 Forecast



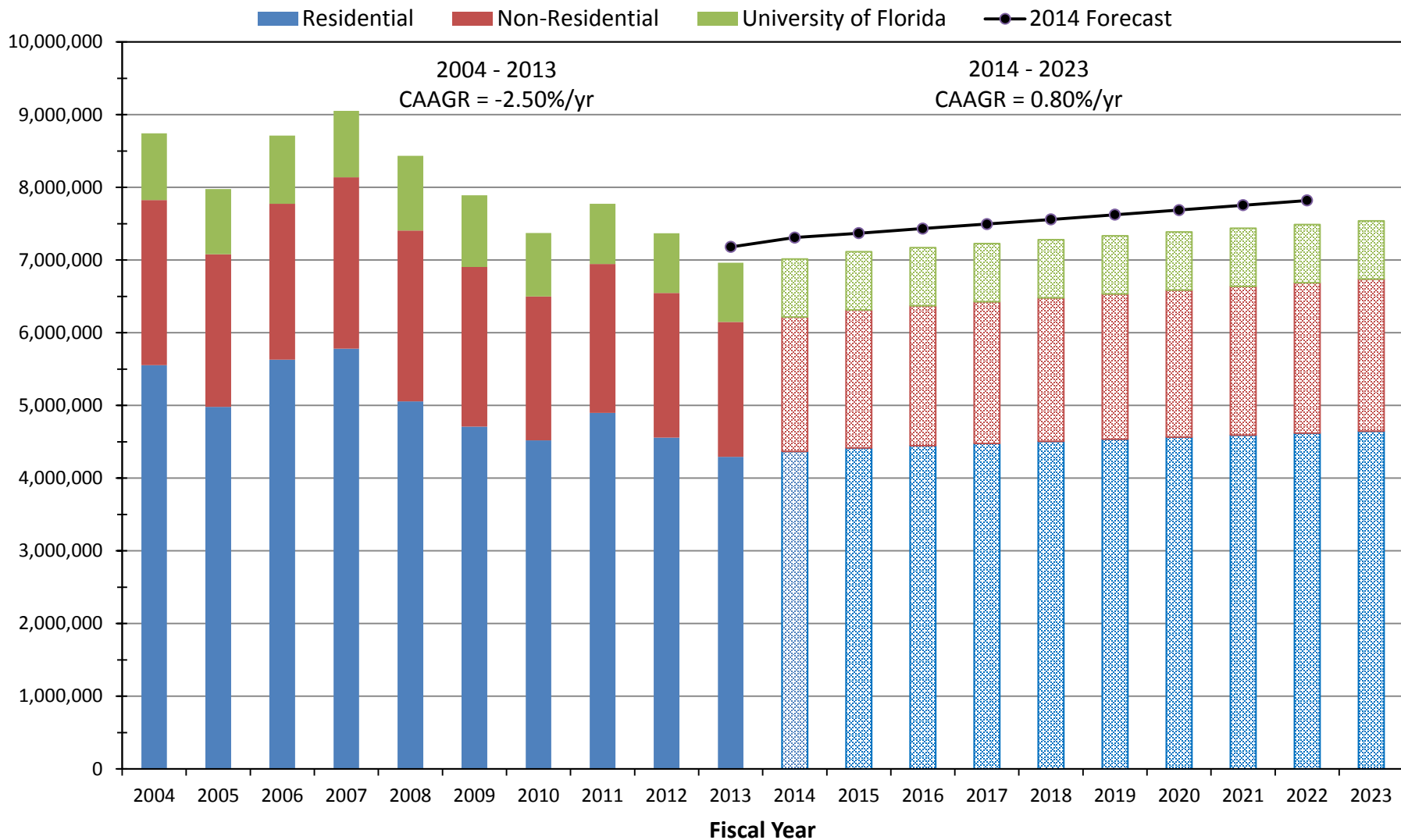
Natural Gas Energy Sales

Therms



Water Sales

Thousand Gallons (kgal)



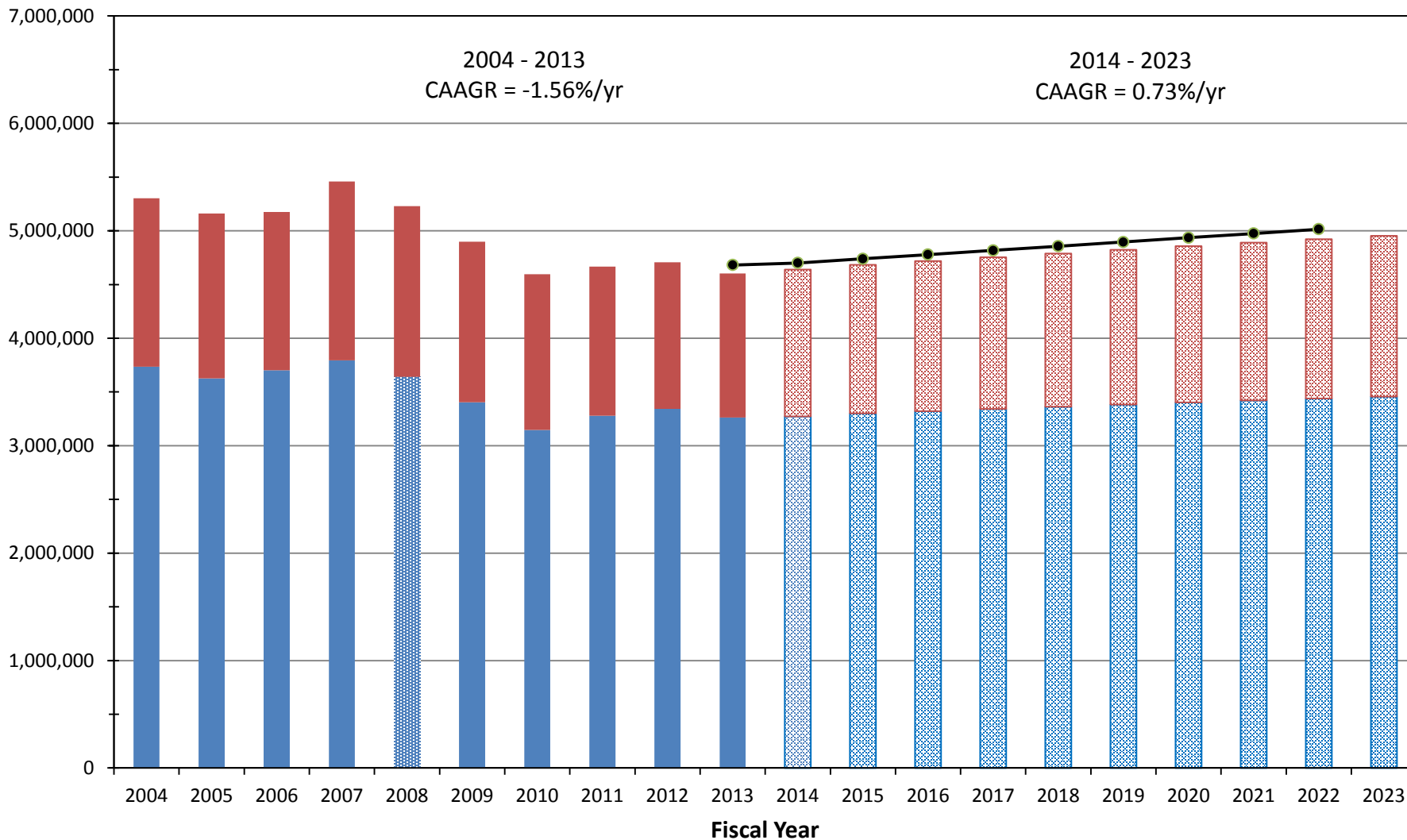
Wastewater Billings

Thousand Gallons (kgal)

Residential Non-Residential 2014 Forecast

2004 - 2013
CAAGR = -1.56%/yr

2014 - 2023
CAAGR = 0.73%/yr



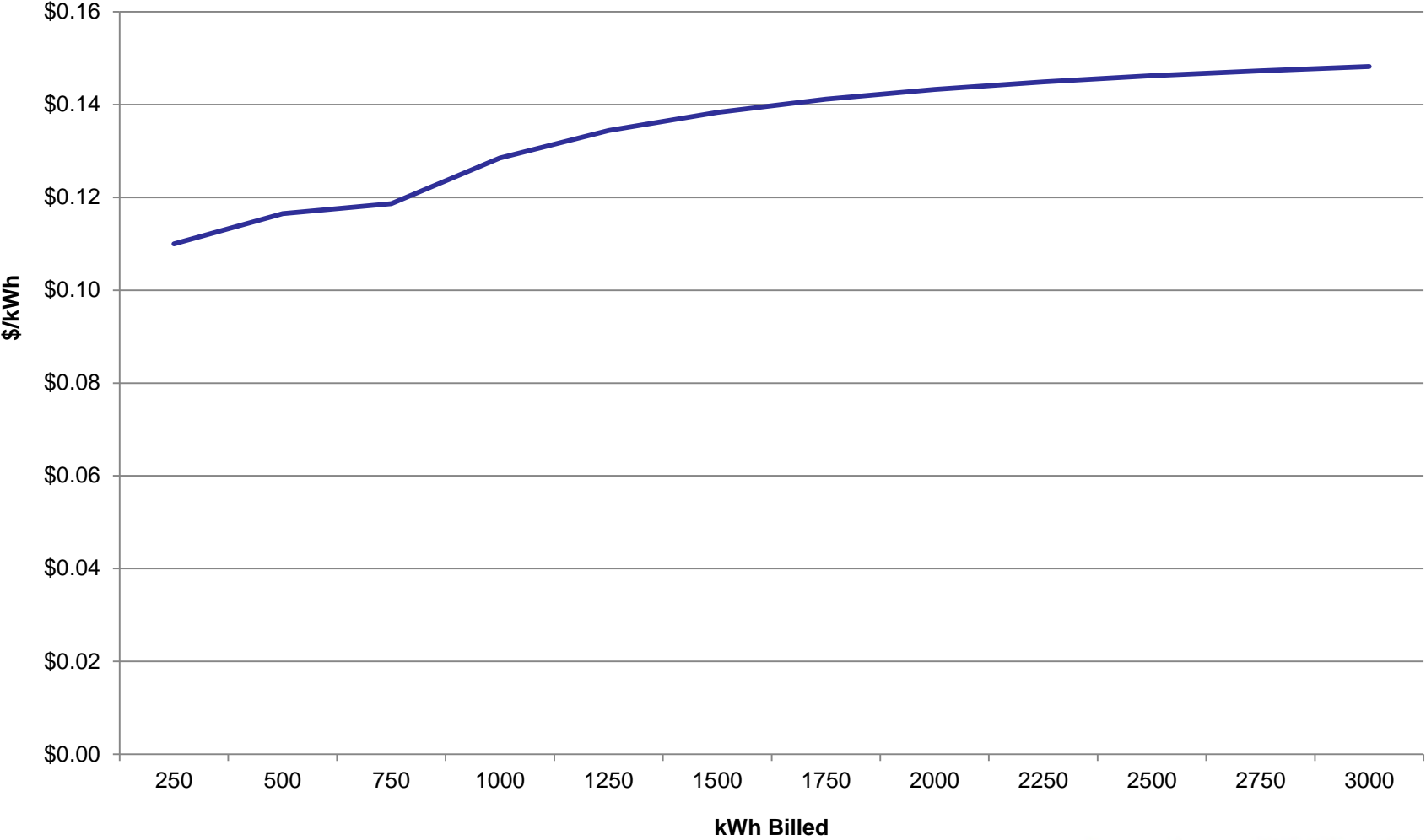
Baker Tilly Electric Cost of Service Study Results

February 2013

Customer Class	Percent Change from Current Rates
Residential	4.83%
General Non-Demand	-7.88%
General Demand	-4.16%
Large Power	-4.50%
Street Lighting	-2.72%
Alachua Wholesale	49.11%

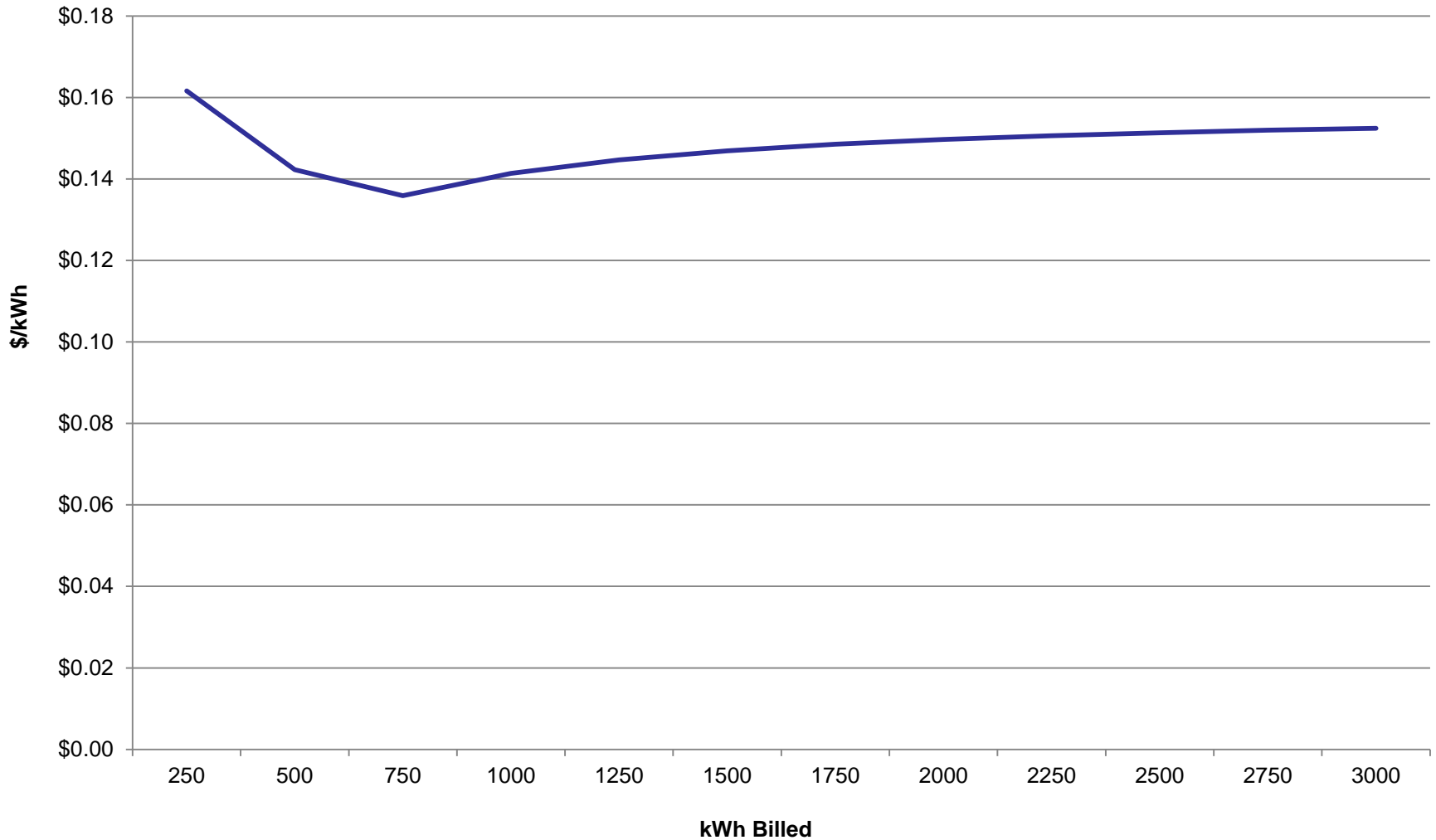
FY15 Proposed Residential Electric Rates

Price Per kWh Including Fuel and Excluding Customer Charge



FY15 Proposed Residential Electric Rates

Price Per kWh Including Fuel and Customer Charge



Proposed Residential Electric Rates

Monthly Customer Charge	\$11.90 to \$12.90
Energy Charge (\$/kWh)	
– Tier 1 (0 to 250 kWh)	\$0.039 to \$0.032
– Tier 2 (251 to 750 kWh)	\$0.050 to \$0.045
– Tier 3 (Over 750 kWh)	\$0.094 to \$0.080
Fuel Adjustment (\$/kWh)	\$0.069 to \$0.078

Residential Electric Bill Change by Usage Level

kWh	Bill Change from July 2014 to FY15
0	\$ 1.00
250	\$ 1.50
500	\$ 2.50
750	\$ 3.50
1,000	\$ 2.25
1,250	\$ 1.00
1,500	\$ (0.25)
1,750	\$ (1.50)
2,000	\$ (2.75)

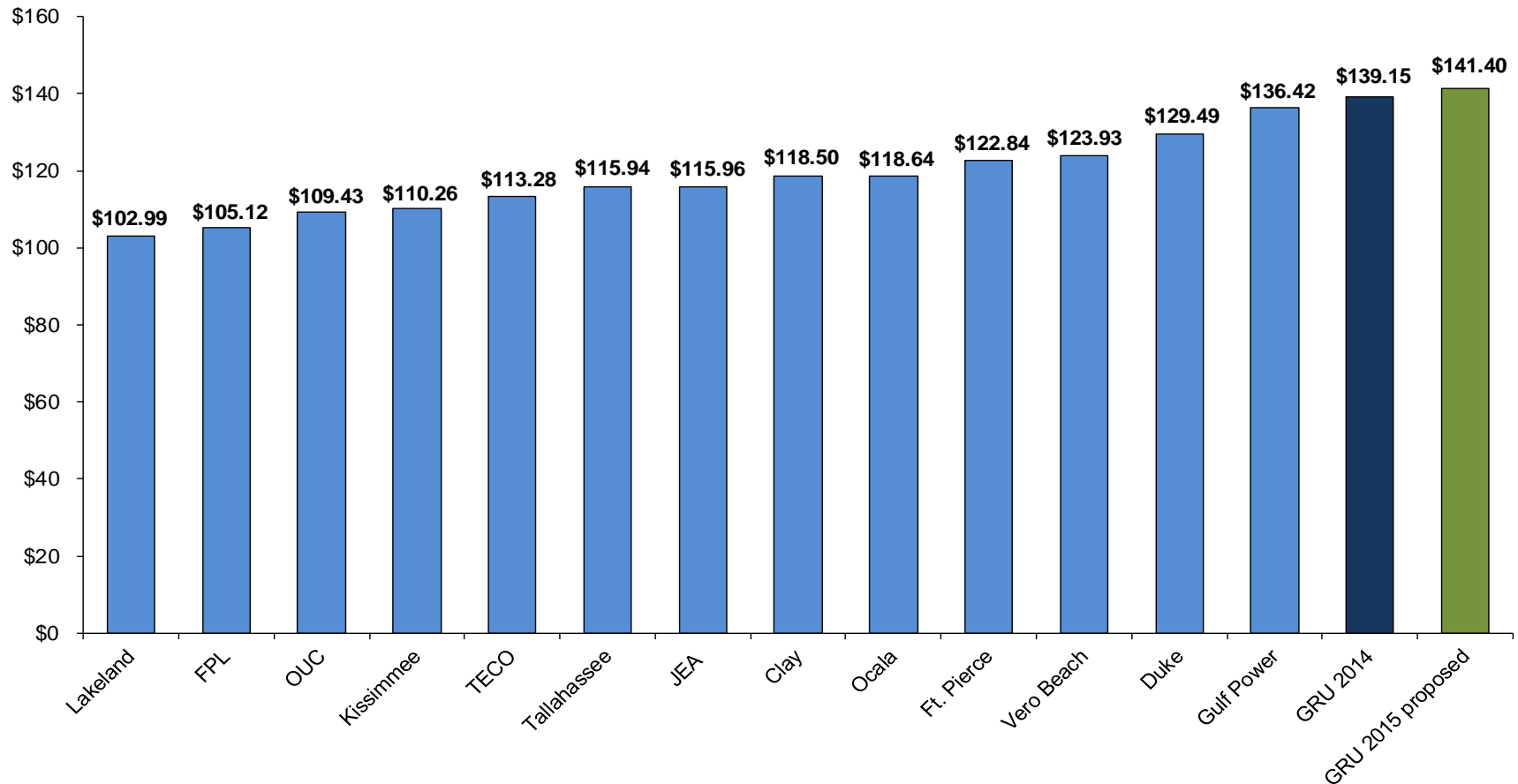
Fuel Adjustment

- Proposed FY15 fuel adjustment rate \$0.078/kWh
- Levelization balance as of June 30, 2014 \$11 M
- Projected balance as of September 30, 2014 \$9.1M
- Projected balance as of September 30, 2015 \$5.5M
- 10% of FY15 Electric fuel budget \$16 M
- -5% of FY15 Electric fuel budget (\$ 8 M)

Residential Electric Bill Comparison

1,000 KWh

June 2014

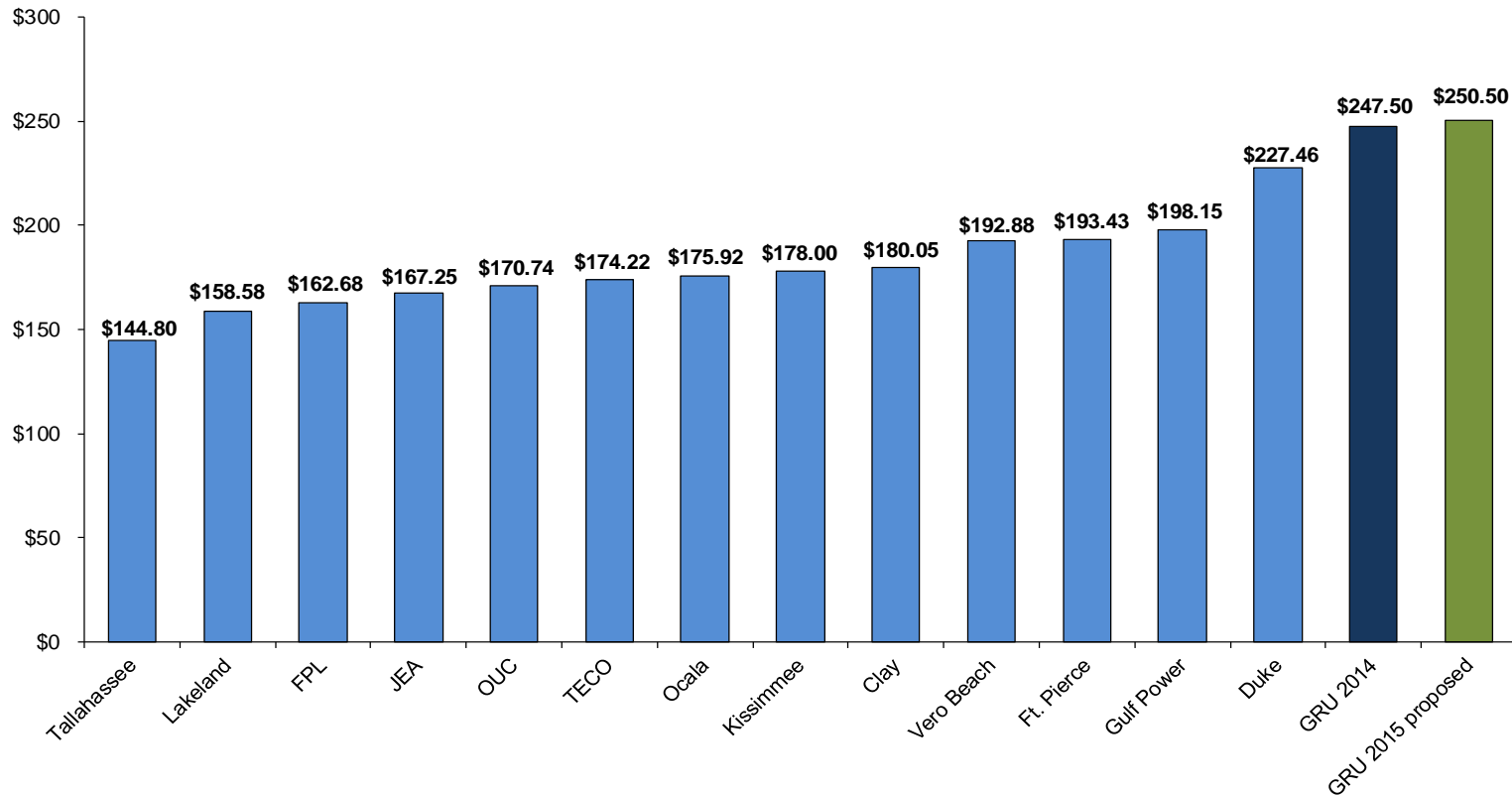


Proposed General Service Non-Demand Electric Rates

Monthly Customer Charge	\$30.00 no change
Energy Charge (\$/kWh)	
– Tier 1 (0 to 1500 kWh)	\$0.076 to \$0.069
– Tier 2 (over 1500 kWh)	\$0.106 to \$0.100
Fuel Adjustment (\$/kWh)	\$0.069 to \$0.078

General Service Non-Demand Electric Bill Comparison

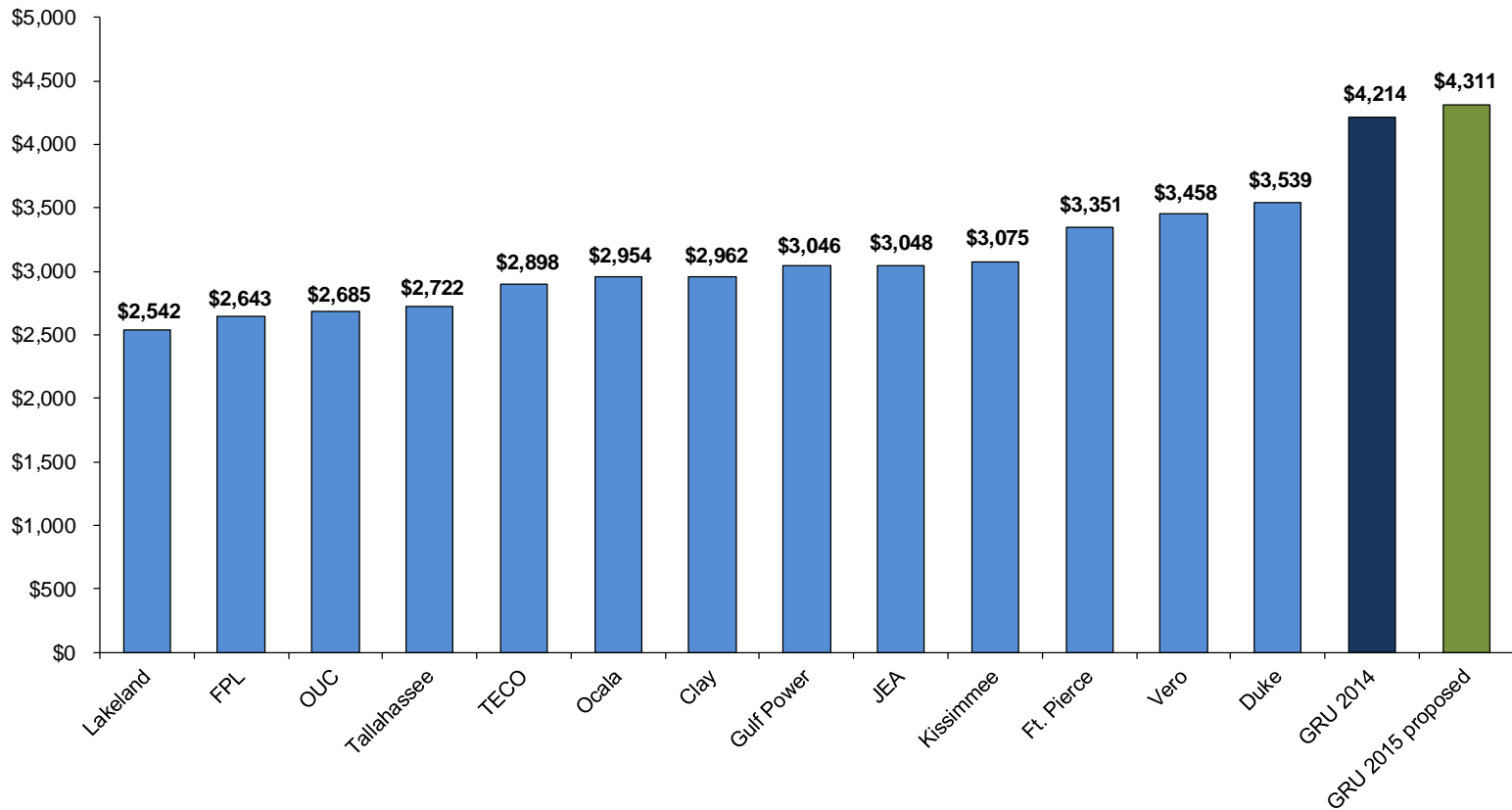
1,500 KWh
June 2014



Proposed General Service Demand Electric Rates

Monthly Customer Charge	\$100 no change
Energy Charge (\$/kWh)	\$0.045 to \$0.0405
Demand Charge (\$/kW-mo.)	\$9.25 to \$8.75
Fuel Adjustment (\$/kWh)	\$0.069 to \$0.078

General Service Demand Electric Bill Comparison 30,000 KWh, 75 KW June 2014

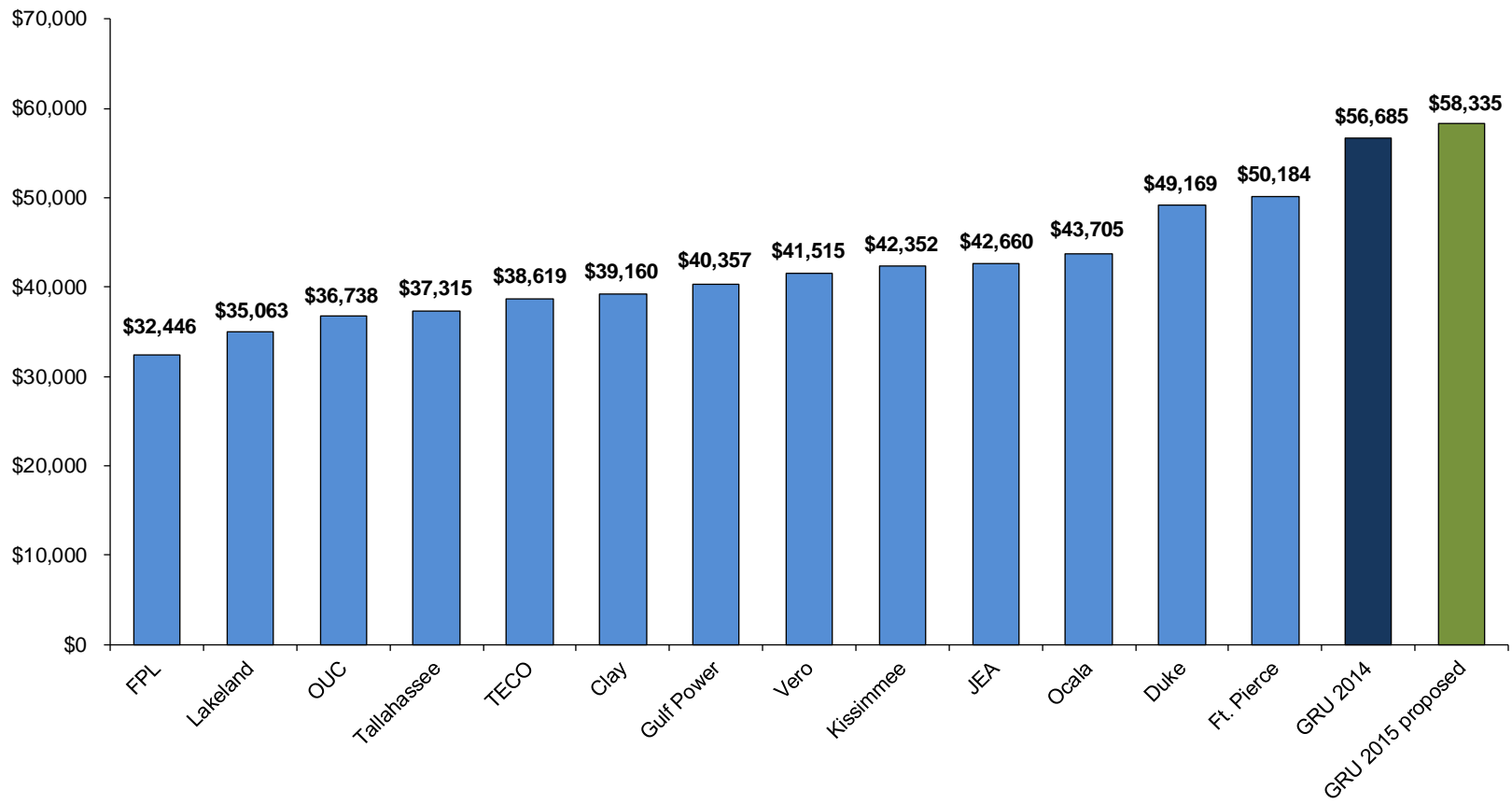


Proposed Large Power Electric Rates

Monthly customer charge	\$350 no change
Energy charge (\$/kWh)	\$0.0405 to \$0.0365
Demand charge (\$/kW-mo.)	\$9.25 to \$8.75
Fuel adjustment (\$/kWh)	\$0.069 to \$0.078

Large Power Electric Bill Comparison

430,000 KWh, 1,000 KW
June 2014



Electric FY 15

Proposed Time of Use Rates

Customer Class	Rate Component	July 2014 Rate	Proposed FY15 Rate
Residential	Customer Charge	\$17.60	\$25.00
	On Peak \$/kWh	\$0.139	\$0.141
	Off-Peak \$/kWh	\$0.035	\$0.037
General Service Non-Demand	Customer Charge	\$35.00	\$40.00
	On Peak \$/kWh	\$0.169	\$0.162
	Off-Peak \$/kWh	\$0.042	\$0.038
General Service Demand	Customer Charge	\$55.00	\$100.00
	On Peak \$/kWh	\$0.064	\$0.072
	Off-Peak \$/kWh	\$0.016	\$0.023
	Demand Charge \$/kW	\$9.25	\$8.75
Large Power	Customer Charge	\$305.00	\$350.00
	On Peak \$/kWh	\$0.062	\$0.066
	Off-Peak \$/kWh	\$0.016	\$0.020
	Demand Charge \$/kW	\$9.25	\$8.75

Peak Hours: Weekdays, 6:00 am to 10:00 pm, excluding holidays.

Off-peak Hours: All other hours. Fuel Adjustment Applies to All TOU kWh.

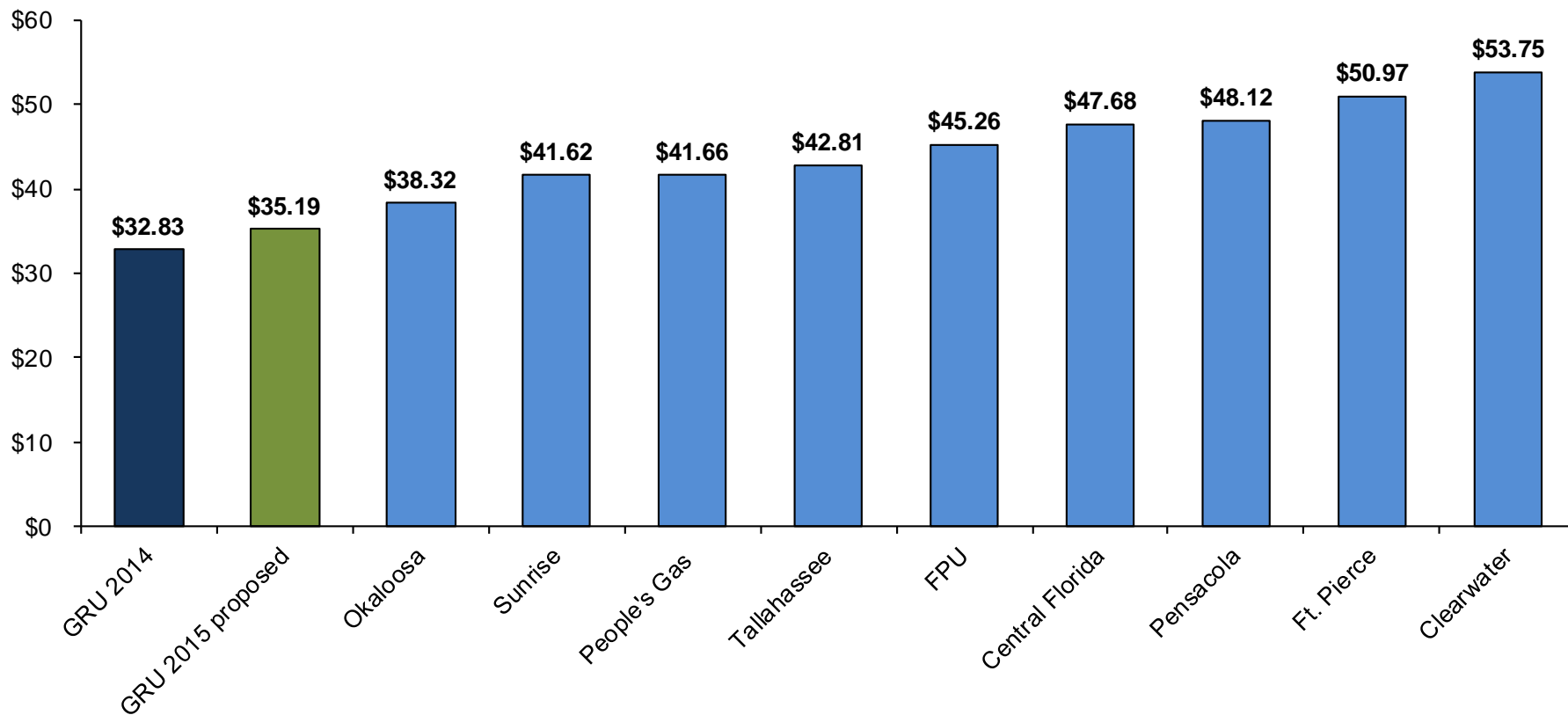
Proposed Residential Natural Gas Rates

Monthly Customer Charge	\$9.52 to \$9.75
Energy Charge (\$/therm)	\$0.482 to \$0.502
Manufactured Gas Plant Cost Recovery Factor (Depot Park) (\$/therm)	\$0.0505 to \$0.0556
Purchased Gas Adjustment (\$/therm)	\$0.40 to \$0.46

Residential Natural Gas Bill Comparison

25 Therms

June 2014

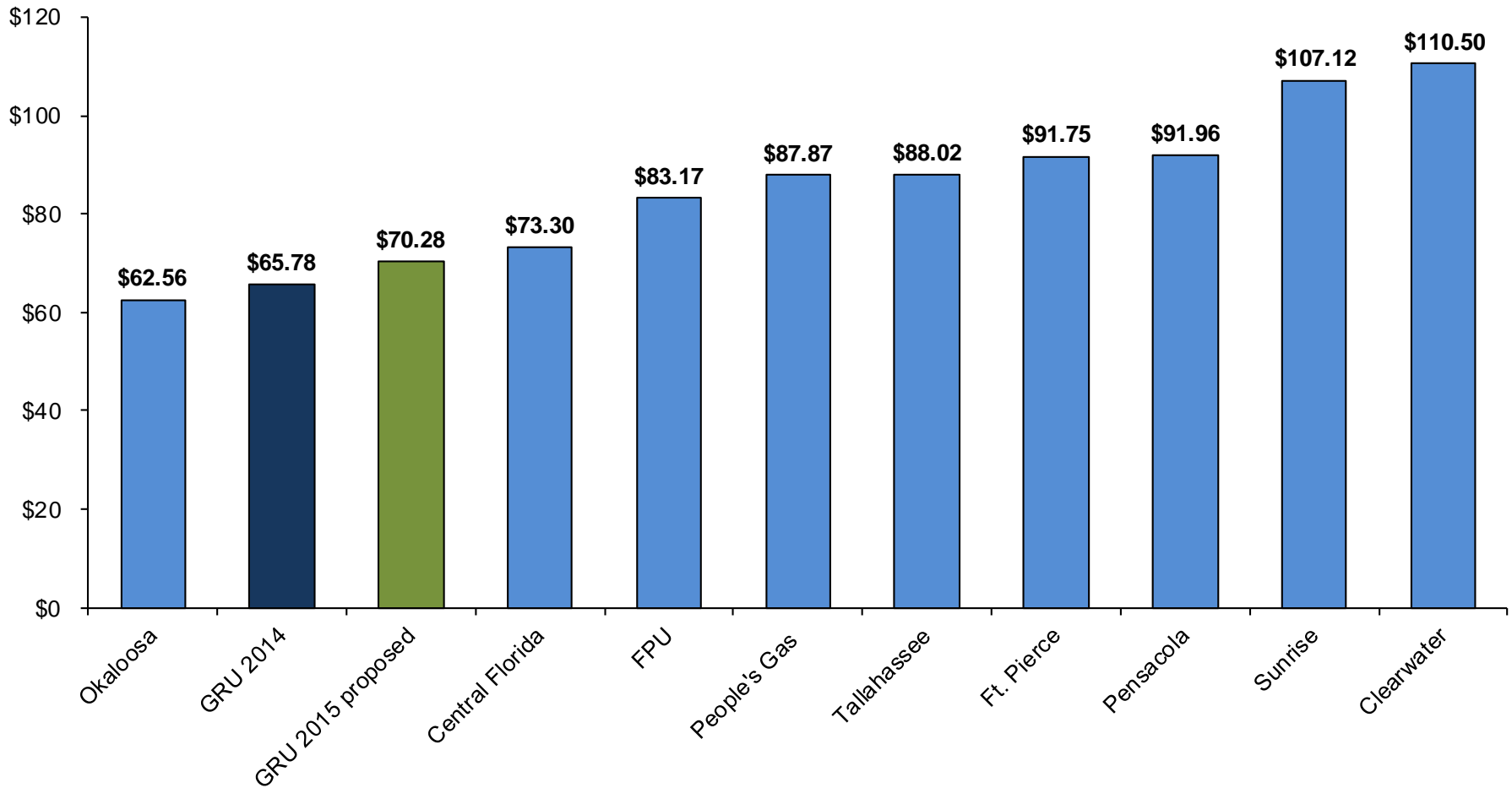


Proposed Small Commercial Natural Gas Rates

Monthly Customer Charge	\$20.00 no change
Energy Charge (\$/therm)	\$0.465 to \$0.490
Manufactured Gas Plant Cost Recovery Factor (Depot Park) (\$/therm)	\$0.0505 to \$0.0556
Purchased Gas Adjustment (\$/therm)	\$0.40 to \$0.46

Small Commercial Natural Gas Bill Comparison

50 Therms
June 2014



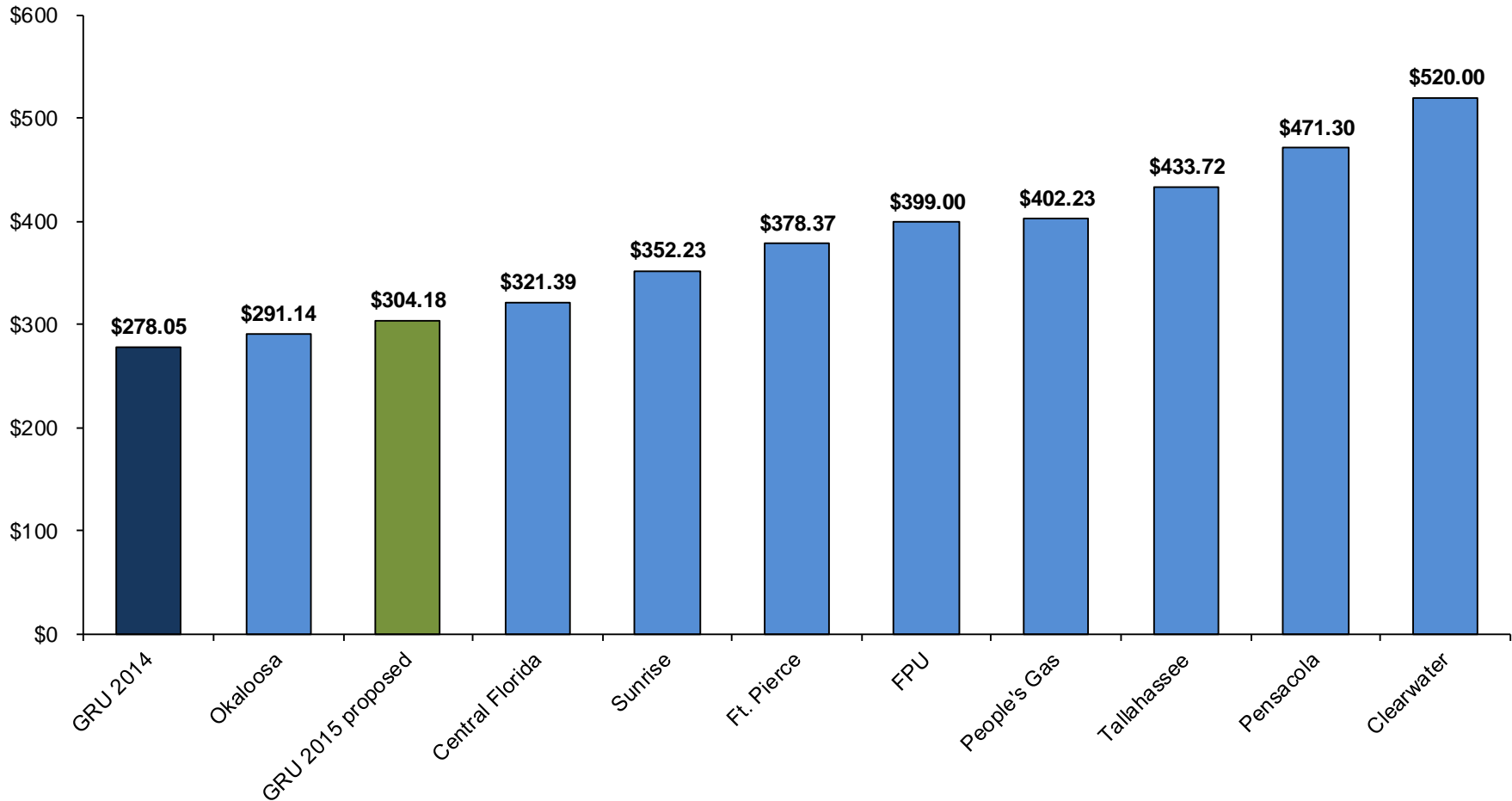
Proposed Commercial Natural Gas Rates

Monthly Customer Charge	\$40.00 no change
Energy Charge (\$/therm)	\$0.343 to \$0.365
Manufactured Gas Plant Cost Recovery Factor (Depot Park) (\$/therm)	\$0.0505 to \$0.0556
Purchased Gas Adjustment (\$/therm)	\$0.40 to \$0.46

Commercial Natural Gas Bill Comparison

300 Therms

June 2014



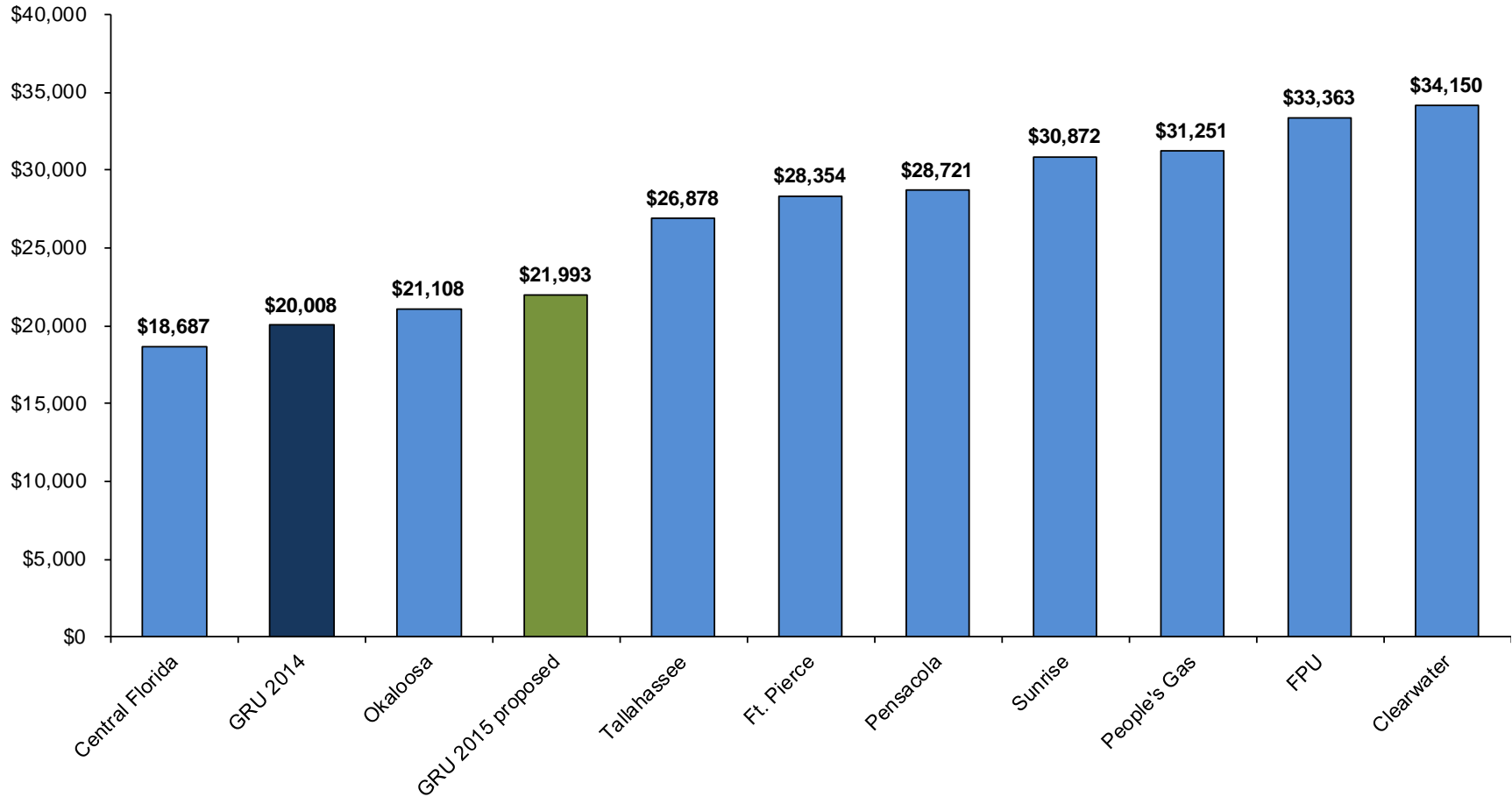
Proposed Commercial Large Volume Natural Gas Rates

Monthly Customer Charge	\$375 no change
Energy Charge (\$/therm)	\$0.20394 \$0.20500
Manufactured Gas Plant Cost Recovery Factor (Depot Park) (\$/therm)	\$0.0505 to \$0.0556
Purchased Gas Adjustment (\$/therm)	\$0.40 to \$0.46

Large Volume Natural Gas Bill Comparison

30,000 Therms

June 2014



Water Rates

Proposed Multi-Family Rate

Monthly Customer Charge	\$9.20
Usage Charge (\$/1,000 gallons)	\$3.05

- Rate to be phased in over two years
- Rate shown reflects addition of 50% of difference between proposed first tier residential and commercial rates

Proposed Residential Water Rates

	2014 Rate	2015 Without Multi-Family	Recommended 2015 With Multi-Family
Monthly Customer Charge	\$9.00	\$9.35	\$9.20
Usage Charge (\$/1,000 gallons)			
Tier 1 (0-6,000 gallons)	\$2.30	\$2.40	\$2.35
Tier 2 (7,000-20,000 gallons)	\$3.75	\$3.80	\$3.75
Tier 3 (over 20,000 gallons)	\$6.00	\$6.00	\$6.00

Water Rates

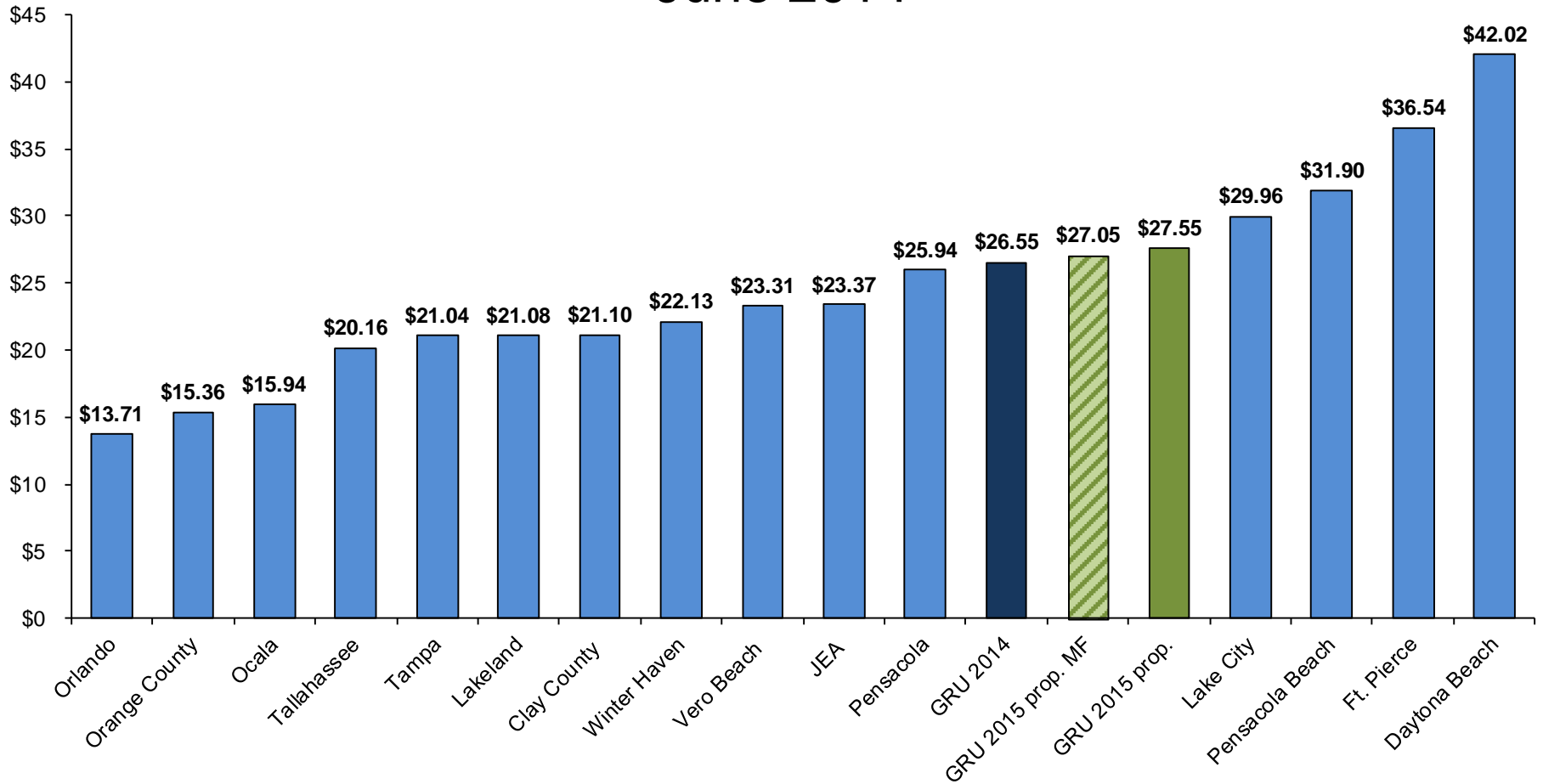
Proposed Residential Irrigation

<i>Residential Irrigation</i>	2014 Rate	2015 Without Multi-Family	Recommended 2015 With Multi-Family
Monthly Customer Charge	\$9.00	\$9.35	\$9.20
Usage Charge (\$/1,000 gallons)			
Tier 1 (0-14,000 gallons)	\$3.75	\$3.80	\$3.75
Tier 2 (over 14,000 gallons)	\$6.00	\$6.00	\$6.00

Residential Water Bill Comparison

7,000 gallons

June 2014

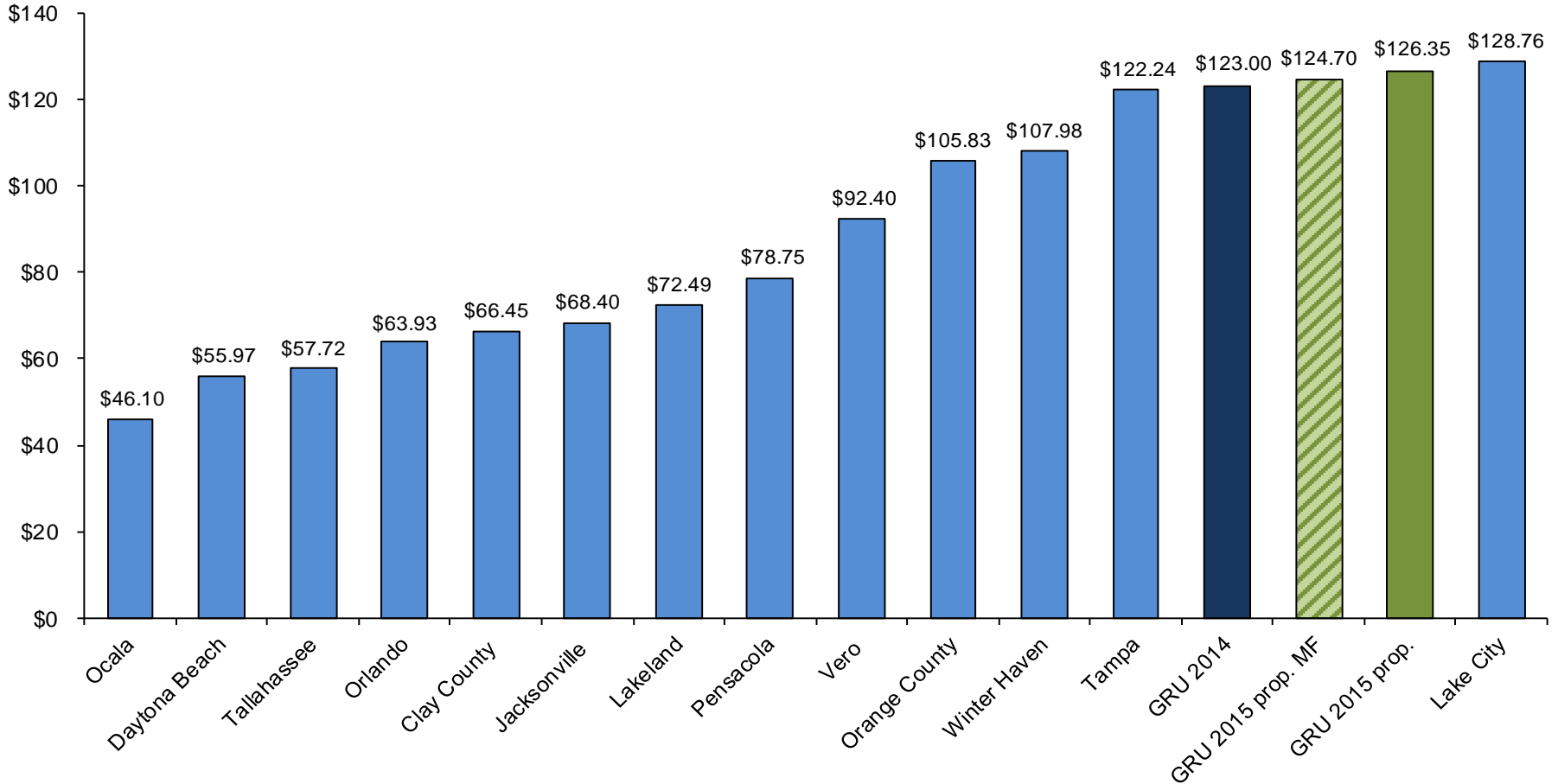


Proposed Commercial Water Rates

	2014 Rate	2015 Without Multi-Family	Recommended 2015 With Multi-Family
Monthly Customer Charge	\$9.00	\$9.35	\$9.20
Usage Charge (\$/1,000 gallons)	\$3.80	\$3.90	\$3.85
<i>Commercial Irrigation</i>			
Monthly Customer Charge	\$9.00	\$9.35	\$9.20
Usage Charge (\$/1,000 gallons)	\$4.50	\$4.60	\$4.55

Commercial Water Bill Comparison

30,000 gallons
June 2014



Proposed Residential and Commercial Wastewater Rates

Monthly Customer Charge	\$7.85 to \$8.40
Kgal (1,000 gallons) Charge	\$5.85 to \$6.05

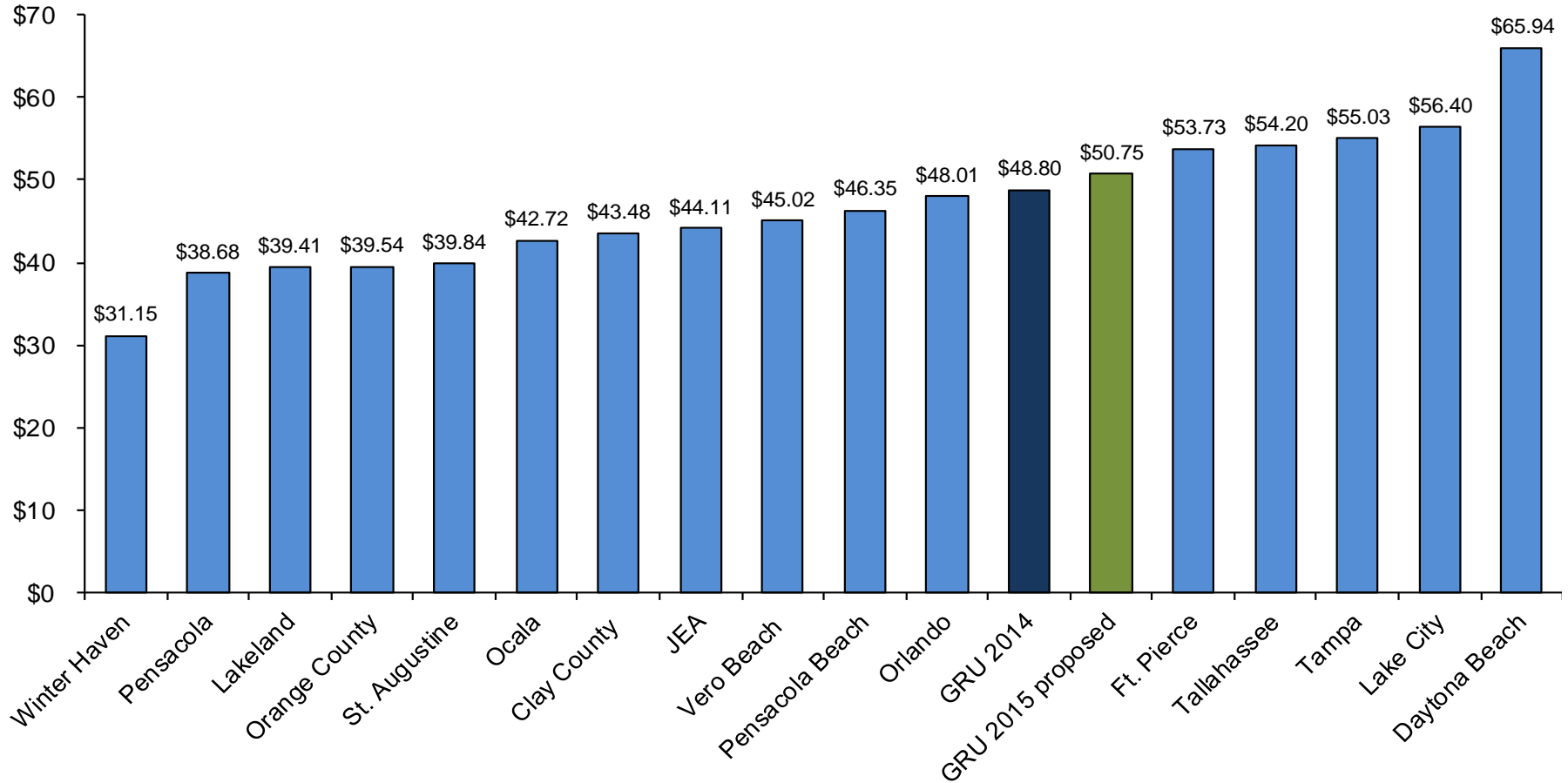
Reclaimed Water

– Customer Charge	\$7.85 to \$8.40
– Kgal (1,000 gallons) Charge	\$0.65 to \$0.70

Residential Wastewater Bill Comparison

7,000 gallons

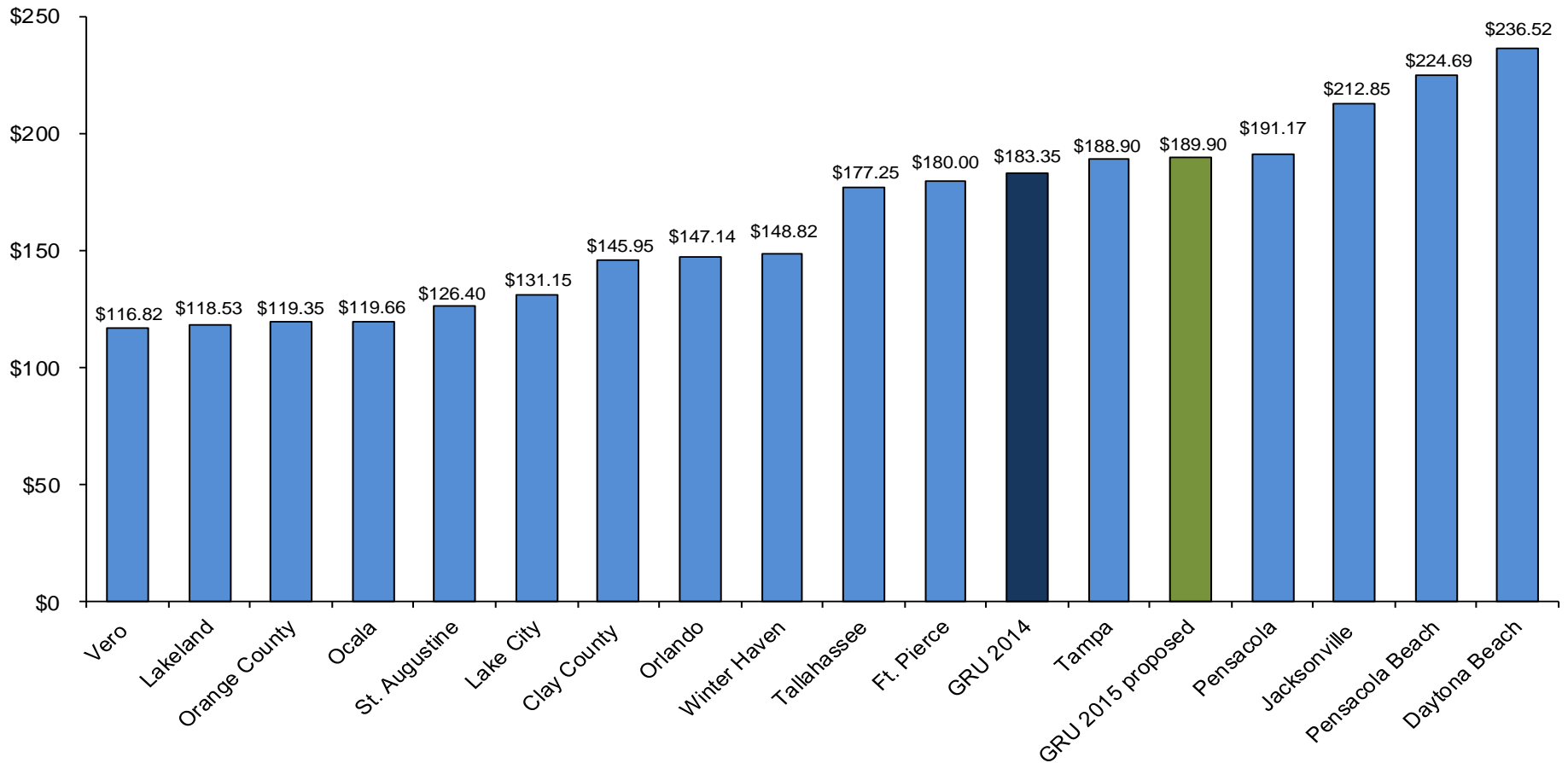
June 2014



Commercial Wastewater Bill Comparison

30,000 gallons

June 2014



Proposed Water Connection Charges

- Residential (5/8") Water Connection
 - Meter Only \$240 to \$250
 - Total Plant, T&D and Meter \$1,550 to \$1590
- Commercial (1") Water Connection
 - Meter Only \$440 to \$450
 - Total Plant, T&D and Meter \$4,110 to 4,220
- Inspection Fees
 - Flat Fee \$680 to \$700
 - \$/Linear Foot \$2.20 to \$2.25

Proposed Wastewater Connection Charges

- Residential (5/8") Wastewater Connection
 - Collection & Treatment Plant \$3,680 to \$3,780
- Commercial (1") Wastewater Connection
 - Collection & Treatment Plant \$12,360 to \$12,690
- Inspection Fees
 - Flat Fee \$1,220 to \$1,250
 - \$/Linear Foot \$5.41 to \$5.55
- Temporary Wastewater Connection Charge
 - \$/gpd ADF \$0.3427 to \$0.3519

Proposed FY15 Residential Rates

System	Usage Level	July 2014 Bill	Base Rate Change	Fuel Change	Total Change to Bill	Proposed FY15 Bill
Electric	1,000 kWh	\$139.15	(\$6.75)	\$ 9.00	\$ 2.25	\$141.40
Water*	7,000 gallons	\$ 26.55	\$ 0.50		\$ 0.50	\$ 27.05
Water	7,000 gallons	\$ 26.55	\$1.00		\$ 1.00	\$ 27.55
Wastewater	7,000 gallons	\$ 48.80	\$ 1.95		\$1.95	\$ 50.75
Gas	25 therms	\$ 32.83	\$ 0.86	\$ 1.50	\$ 2.36	\$ 35.19

*Assumes recommended Multi-family Water Rate adopted
 July 2014 Electric and Gas Bills based on FA of \$0.069/kWh and PGA of \$0.40/therm.
 Proposed FY15 Electric and Gas Bills based on FA of \$0.078/kWh and PGA of \$0.46/therm

Proposed FY15 Business Rate Changes

System/Class	Usage Level	Change to Bill
Electric - General Service Non-Demand	1,500 kWh	1.2%
Electric - General Service Demand	30,000 kWh, 75 kW	2.3%
Electric - Large Power	430,000 kWh, 1,000 kW	2.9%
Water	30,000 gallons	*1.38% / 2.72%
Wastewater	30,000 gallons	3.57%
Gas - Small Commercial	50 therms	6.8%
Gas - Commercial	300 therms	9.4%
Gas - Large Volume	30,000 therms	9.9%

*Assumes Multi-family Water Rate adopted

RECOMMENDATION

Direction from City Commission

- ConnectFree recommendation
- Referral to RUC of redundant/back-up system capacity rate

Recommendation

- The City Commission direct the City Attorney to draft, and the Clerk of the Commission to advertise an ordinance to adopt the recommended rates and charges for Electric, Water, Wastewater and Gas.