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The Dispute between Citizens and the GRU/GREC Contract

Don C/Adm/Int

We know, as fact, that the cost of producing electricity by GRU for customers is going to increase in 2014 and for at least the following five years. And that this increase will be more than would otherwise be needed if the City had not entered into the GREC PPA contract.

Burning wood as fuel, at present, and for any foreseeable future, is the most inefficient fuel for producing electricity. IF GREC was in production today, there would be at least a \$61 per MWh differential in this cost.

Underlying the current discussions concerning changes in fuel adjustment, fund transfers, Issue of interest only bonds, VRDB's, etc. still lies the basic problem to deal with.

The numbers are as follows:

	127 / MWh - Wood Burning - Generation Cost
Minus	66 / MWh - Equivalent Competitive Price Using Natural Gas

Equals	\$61 / MWh - Loss <u>per hour of operation</u>

\$61 dollars Times the 90 Megawatt Plant generating Capacity, or a \$5,490 loss to customers, for each and every hour the plant operator dispatches this generator, rather than turning it off and producing electricity from our other generators or deciding to buy electricity at competitive rates off of the electric grid.

\$5,490 times a 24 hour day = \$131,760 loss per day of operation. Assuming this plant had a capacity to operate 360 days out of a year would represent an actual loss or extra unnecessary expense to the Alachua Economy and the rate payers of \$ 47,433,600 to operate this plant for one year. Over the next 20 years that's about \$ 945 Million dollars, extra or unnecessary, drain from the economy of Alachua County and Residents that use GRU.

You do the Math
