1	ORDINANCE NO. <u>130582</u>
2 3 4 5 6 7 8 9 10 11	An ordinance of the City of Gainesville, Florida, amending the Code of Ordinances relating to fuel and purchased power expenses for the city's electric utility by creating new definitions and amending existing definitions in section 27-21; amending the formula used to calculate the monthly electric system fuel and purchased power adjustment and establishing a range for the fuel levelization fund balance, all in section 27-28; providing directions to the codifier; providing a severability clause; providing a repealing clause; and providing an effective date.
12	WHEREAS, at least 10 days' notice has been given once by publication in a newspaper
13	of general circulation notifying the public of this proposed ordinance and of the public hearings
14	in the City Hall Auditorium located on the first floor of City Hall in the City of Gainesville; and
15	WHEREAS, the public hearings were held pursuant to the published notices described
16	above, at which hearings all interested parties had an opportunity to be and were, in fact, heard.
17	NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE
18	CITY OF GAINESVILLE, FLORIDA:
19	Section 1. Section 27-21 of the Code of Ordinances is amended as set forth below.
20	Except as amended herein, the remainder of section 27-21 remains in full force and effect.
21	Sec. 27-21. Definitions.
22 23 24 25 26 27 28	Electric system fuel and purchased power expense shall mean the cost or expense of fuel transported to and consumed in the generation of electricity in the city's generating plants and the identifiable costs incurred while having power delivered to the system to maintain adequate capacity reserve levels on the system, including, but not limited to, generation capacity charges, reservation charges, energy charges, adders, and/or any transmission or wheeling charges. Extraordinary fuel related expenses shall mean the cost of lime, and urea, and/or any
29 30 31 32 33 34	other additive consumed during the combustion process for the production of power as well as any other fuel related costs or expenses posted to account 502 501 fuel as defined under Federal Energy Regulatory Commission (FERC) rules of accounting. Additionally, any costs or expenses incurred in marketing or selling renewable energy credits (RECs) or any other environmental attribute are extraordinary fuel related expenses.

Native load fuel expenses shall mean the total fuel and purchased power cost or expense to supply all retail and wholesale customers and shall not include the cost or expense to supply interchange sales.

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Natural gas fuel expenses shall mean the total expense of purchased gas volumes, as received by the local distribution system for delivery to end use customers.

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Other fuel revenues shall mean revenues received from the sale of renewable energy credits (RECs), environmental attributes, contractual fuel recovery, other non-retail, and/or wholesale fuel as identified by the general manager or his/her designee.

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Section 2. Section 27-28 of the Code of Ordinances of the City of Gainesville is

amended to read as set forth below:

47 Sec. 27-28. – Retail Electric system Ffuel and purchased power adjustment.

- 48 (a) An electric system fuel and purchased power adjustment shall be added to the base rate 49 for electric service to all retail customer rate classifications as specified in the schedule set out in 50 Appendix A. The electric system fuel and purchased power adjustment shall be computed to the
- nearest one/one hundredth of a mill (\$.0001) whole mill (\$0.001) per kilowatt hour (kWh) of
- energy consumed in accordance with the formula specified in subsection (c) of this section. The
- 53 purposes of the <u>electric system</u> fuel <u>and purchased power</u> adjustment <u>calculation</u> are to allocate
- 54 to each retail customer classification the appropriate amount of system fuel cost(s) associated
- with the electric service to each kWh sold; such customer classification; to specify the amount of
- such costs that have resulted from increases in the cost of fuel subsequent to October 1, 1973;
- and, to segregate the remaining fuel recovery that portion of charges that is are exempt from
- utility tax and surcharge. For the purpose of this section, system fuel costs shall be the following:
- 59 the cost of fuel consumed in the city's generating plants, which may include adjustments to
- 60 reflect extraordinary fuel related expenses or credits, plus the fuel cost portion of interchange
- 61 purchases, less the fuel cost portion of interchange sales. In addition, until September 30, 2002,
- 62 system fuel costs shall include costs associated with the settlement of the contract with Island
- 63 Creek Coal Sales Company to the extent deemed appropriate by the general manager for utilities
- 64 or his/her designee.
- 65 (b) The <u>electric system</u> fuel <u>and purchased power</u> adjustment for each <u>billing</u> month shall be
- based on fuel cost and energy sales which are estimated by the general manager for utilities or
- 67 his/her designee. When applicable, a <u>fuel</u> levelization <u>fund</u> amount and a true-up correction
- 68 factor, which shall be based on the actual system performance in the second month preceding the
- 69 billing month, as certified by independent certified public accountants, shall be added to the
- 70 <u>electric system</u> fuel <u>and purchased power</u> adjustment before applying to customer(s) bills.
- 71 (c) The following formula shall be used in computing the <u>monthly electric system</u> fuel <u>and</u>
 72 <u>purchased power</u> adjustment:

(2) Projected MWh of retail sales¹ = MWh (3) Projected MWh of wholesale sales¹ = MWh (4) System fuel cost attributed to retail sales:² ### ### ### ### #### ###############
(3) Projected MWh of wholesale sales¹ = MWh (4) System fuel cost attributed to retail sales:² #tem (2) × [Item (1) ICP] Item (2) + [Item (3) × 0.912] (5) True-up calculation from second month preceding the billing month: a. Retail fuel revenues from second month preceding the billing month: 1. Retail fuel adjustment revenues² = \$ 2. Plus 6.5 mills; × MWh retail sales³-¬? = \$ 3. Total retail fuel revenues = \$ b. Net system fuel cost for retail sales from second month preceding the billing month: 1. System fuel cost for retail sales from second month preceding the billing month: 2. Plus fuel cost portion of interchange purchases⁵ = \$ 3. Minus fuel cost portion of interchange sales⁵ = \$ 4. Net system fuel cost: Item (5)b1 + Item (5)b2 - Item (5)b3 = \$ 5. MWh of retail sales³ = MWh 6. MWh of wholesale sales³ = MWh 7. Net system fuel cost for retail sales from second month preceding the billing month:²
tem (2) × [Item (1) ICP] tem (2) + [Item (3) × 0.912]
Item (2) + [Item (3) × 0.912]
a. Retail fuel revenues from second month preceding the billing month: -1. Retail fuel adjustment revenues ³ = \$ -2. Plus 6.5 mills; × MWh retail sales ^{3,7} = \$ -3. Total retail fuel revenues = \$ b. Net system fuel cost for retail sales from second month preceding the billing month: -1. System fuel cost ⁴ = \$ -2. Plus fuel cost portion of interchange purchases ⁵ = \$ -3. Minus fuel cost portion of interchange sales ⁵ = \$ -4. Net system fuel cost: Item (5)b1 + Item (5)b2 - Item (5)b3 = \$ -5. MWh of retail sales ³ = MWh -6. MWh of wholesale sales ³ = MWh -7. Net system fuel cost for retail sales from second month preceding the billing month: ² -Item (5)b5 × [Item (5)b4 ICA] + ICA= \$
-1. Retail fuel adjustment revenues³ = \$ -2. Plus 6.5 mills; × MWh retail sales³ = \$ -3. Total retail fuel revenues = \$ -3. Net system fuel cost for retail sales from second month preceding the billing month: -1. System fuel cost⁴ = \$ -2. Plus fuel cost portion of interchange purchases⁵ = \$ -3. Minus fuel cost portion of interchange sales⁵ = \$ -4. Net system fuel cost: Item (5)b1 + Item (5)b2 - Item (5)b3 = \$ -5. MWh of retail sales³ = MWh -6. MWh of wholesale sales² = MWh -7. Net system fuel cost for retail sales from second month preceding the billing month:² -Item (5)b5 × [Item (5)b4 ICA] + ICA = \$
-2. Plus 6.5 mills; × MWh retail sales ^{3,7} = \$ -3. Total retail fuel revenues = \$ b. Net system fuel cost for retail sales from second month preceding the billing month: -1. System fuel cost ⁴ = \$ -2. Plus fuel cost portion of interchange purchases ⁵ = \$ -3. Minus fuel cost portion of interchange sales ⁵ = \$ -4. Net system fuel cost: Item (5)b1 + Item (5)b2 - Item (5)b3 = \$ -5. MWh of retail sales ³ = MWh -6. MWh of wholesale sales ³ = MWh -7. Net system fuel cost for retail sales from second month preceding the billing month: ² -Item (5)b5 × [Item (5)b4 ICA]
3. Total retail fuel revenues = \$ \$ b. Net system fuel cost for retail sales from second month preceding the billing month: 1. System fuel cost = \$ \$ 2. Plus fuel cost portion of interchange purchases = \$ \$ 3. Minus fuel cost portion of interchange sales = \$ \$ 4. Net system fuel cost: Item (5)b1 + Item (5)b2 - Item (5)b3 = \$ \$ 5. MWh of retail sales = MWh 6. MWh of wholesale sales = MWh 7. Net system fuel cost for retail sales from second month preceding the billing month: 2 Hem (5)b5 × [Item (5)b4 ICA] + ICA = \$ \$
b. Net system fuel cost for retail sales from second month preceding the billing month: 1. System fuel cost ⁴ 2. Plus fuel cost portion of interchange purchases ⁵ 3. Minus fuel cost portion of interchange sales ⁵ 4. Net system fuel cost: Item (5)b1 + Item (5)b2 - Item (5)b3 5. MWh of retail sales ³ 6. MWh of wholesale sales ³ 7. Net system fuel cost for retail sales from second month preceding the billing month: ² -Item (5)b5 × [Item (5)b4 ICA]
billing month: - 1. System fuel cost ⁴ - 2. Plus fuel cost portion of interchange purchases ⁵ - 3. Minus fuel cost portion of interchange sales ⁵ - 4. Net system fuel cost: Item (5)b1 + Item (5)b2 - Item (5)b3 - 5. MWh of retail sales ³ - 6. MWh of wholesale sales ³ - 7. Net system fuel cost for retail sales from second month preceding the billing month: ² - Item (5)b5 × [Item (5)b4 ICA] - Item (5)b5 × [Item (5)b4 ICA] - Item (5)b5 × [Item (5)b4 ICA]
2. Plus fuel cost portion of interchange purchases ⁵ = \$
- 3. Minus fuel cost portion of interchange sales = \$
-4. Net system fuel cost: Item (5)b1 + Item (5)b2 - Item (5)b3 = \$
-5. MWh of retail sales³ = MWh -6. MWh of wholesale sales³ = MWh -7. Net system fuel cost for retail sales from second month preceding the billing month:² -Item (5)b5 × [Item (5)b4 ICA] + ICA = \$
-6. MWh of wholesale sales ³ = MWh 7. Net system fuel cost for retail sales from second month preceding the billing month: ² -Item (5)b5 × [Item (5)b4 ICA] +ICA = \$
7. Net system fuel cost for retail sales from second month preceding the billing month: ² -Item (5)b5 × [Item (5)b4 ICA] +ICA = \$-
billing month: ²
c. True-up-included in second preceding month's fuel adjustment = \$
d. Levelization amount included in second preceding month's fuel adjustment = \$
e. True-up to be included in projected bill:
Item (5)b7 + Item (5)c - [Item (5)a3 - Item (5)d] = \$
(6) Calculation of retail-fuel adjustment:
a. Projected fuel revenues required:
-1. Projected system fuel cost [Item (4)] = \$
2. Plus True-up [Item (5)e] = \$
3. Minus 6.5 mills × Item (2) = \$
-4. Levelization amount ^{6,7} = \$
5. Total-fuel adjustment revenue requirement for retail sales:
Item (6)a1 + Item (6)a2 - Item (6)a3 + Item (6)a4 = \$
b. Fuel adjustment to be applied to bills rendered in the billing month:

			mills/kwh
75			
76	<u>(1)</u>	Projected electric system fuel and purchased power expense	
77		for billing month ¹	
78	(2)	Projected wholesale fuel revenue for billing month	
79	(3)	Projected other fuel revenue for billing month ¹	
30	(4)	Projected fuel costs to be recovered by retail sales for	
31	, ,	billing month	
32		Item 1 - Item 2 – Item 3	
33	(5)	"True-up" calculation from second month preceding	
34	-	the billing month	
35		a. Native load fuel expense for sales from the second	
36		preceding month	
37		1. System generation fuel ³	
38		2. Purchases from interchange and purchased	
39		power agreements ⁴	
90		3. Fuel portion of interchange sales ⁴	
91		4. Native load fuel expense	
92		<u>Item 5a1 + Item 5a2 – Item 5a3</u>	
93		b. Total fuel revenue from the second preceding month	
94		1. Electric system fuel and purchased power adjustment	
95		revenue ²	
96		2. Embedded fuel ^{2,6}	
97		3. Wholesale fuel revenue ²	
98		4. Total fuel revenue	· · · · · · · · · · · · · · · · · · ·
99		<u>Item 5b1 + Item 5b2 + Item 5b3</u>	
00		c. True-up from second preceding month	
01		d. Fuel levelization amount from second preceding month	
)2		e. True-up for billing month	
03		$\underline{Item\ 5a4-Item\ 5b4+Item\ 5c+Item\ 5d}$	· · · · · · · · · · · · · · · · · · ·
04	<u>(6)</u>	Calculation of electric system fuel and purchased power	
)5		adjustment for billing month	
)6		a. Projected retail sales MWh	
)7		b Projected fuel costs to be recovered by retail sales	
8(1. Projected fuel costs ¹	
)9		Item 4	
10		2. True-up for billing month	
11		<u>Item 5e</u>	
12		3. Embedded fuel ⁶ projected for billing month	
13		4. Fuel levelization amount used or added for	
14		billing month ⁵	
15		5. Total fuel adjustment revenue requirement for	
16		retail sales	
17		<u>Item 6b1 + Item 6b2 - Item 6b3 + Item 6b4</u>	

Item (6)a5 /-Item (2)

118		c. Fuel adjustment for billing month (mills, \$/WWh)
119		<u>Item 6b5/Item 6a</u>
120		
121	Footn	otes:
122	1	Electric sSystem fuel and purchased power adjustment expenses, costs, retail sales, and wholesale sales,
123		and other revenues are to be estimated for the billing month by the general manager for utilities or his/her
124		
125		designee. For the purposes of this section, wholesale sales are total requirements sales for resale that are not interchange sales.
126	2	Due to estimated differences in delivery losses between retail and wholesale customers, wholesale sales are
127		reduced by a factor of 91.2%. ICP represents projected recovery of Island Creek settlement costs for retail
128		sales. ICA represents actual recovery of Island Creek settlement costs for retail sales.
129		Retail fFuel and purchased power adjustment revenues, other fuel revenues, and retail, and/or wholesale
130		sales from the second month preceding the billing month shall be actual data as billed to the city's electric
131		customers.
132	<u>3</u> 4	System fuel costs for the second month preceding the billing month shall be based on actual system fuel
133		costs. except that it may be necessary to estimate nuclear fuel expenses based on kilowatt hour-energy
134		production from the city's nuclear generating plants.
135	<u>4</u> 5	The fuel cost portion of interchange sales for the second month preceding the billing month shall be the
136		cost of fuel applicable to such sales as determined by the general manager for utilities or his/her designee.
137		The fuel cost portion of interchange purchases for the second month preceding the billing month is
138		determined from invoice(s) received for such purchases. In the case of economy interchange purchases, the
139		entire cost including transmission charges, if any, will be included in the fuel cost for such transactions.
140	<u>5</u> 6	The fuel levelization fund balance may be used each month to levelize the monthly electric system fuel and
141		purchased power adjustment. At any given point in time, the fuel levelization fund balance shall be no
142		greater than ten percent (10%) of the annual fuel budget and no less than negative five percent (-5%) of the
143		annual fuel budget. In the event that the fuel levelization fund balance varies from the above-identified
144		range, the General Manager or his/her delegate will present an information item to the City Commission as
145		soon as practicable. The levelization amount shall be zero unless the city commission shall determine that it
146		is in the public interest to offset fluctuation in the fuel adjustment whereupon the general manager for
147		utilities or his/her designee shall calculate and apply a levelization amount which will achieve the desired
148		objective.
149	<u>6</u> 7	Six and one-half mills (\$0.0065) per kWh was the cost of fuel, imbedded within base rates for retail
150		service, on October 1, 1973, making it subject to taxation.
151		
152		Section 3 . It is the intention of the City Commission that the provisions of Sections 1
153	and 2	of this ordinance shall become and be made a part of the Code of Ordinances of the City of
154	Gaine	esville, Florida, and that the Sections and Paragraphs of this Ordinance may be renumbered
155	or rel	ettered in order to accomplish such intentions

156	Section 4. If any word, phrase, clause, paragraph, section or provision of this ordinance
157	or the application hereof to any person or circumstance is held invalid or unconstitutional, such
158	finding shall not affect the other provisions or applications of the ordinance which can be given
159	effect without the invalid or unconstitutional provisions or application, and to this end the
160	provisions of this ordinance are declared severable.
161	Section 5. All ordinances, or parts of ordinances, in conflict herewith are to the extent of
162	such conflict hereby repealed.
163	Section 6. This ordinance shall take effect immediately upon adoption; provided
164	however, the rates and charges as provided for herein shall be applicable to all monthly bills
165	which are for the first time rendered and postmarked after 12:01 A.M. on September 1, 2014.
166 167 168 169 170	PASSED AND ADOPTED this 21st day of August, 2014.
171 172 173 174 175	EDWARD BRADDY MAYOR
176 177	ATTEST:
178 179 180 181 182	Approved as to form and legality KURT M LANNON ELERK OF THE COMMISSION Approved as to form and legality NICOLLE M. SHALLEY CITY ATTORNEY
183 184 185 186 187	This Ordinance passed on first reading this 7 th day of August, 2014. This Ordinance passed on second reading this 21 st day of August, 2014.