

# Rate Increases Historical and Proposed Fiscal Year 2018

Item 170180  
July 12, 2017



# Historical Revenue Requirement Increases

	2012	2013	2014	2015	2016	2017
Electric	1.72%	0.0%	-5.6%	-8.5%	0.0%	0.0%
Gas	0.0%	0.0%	0.85%	4.25%	4.75%	9.0%
Water	8.41%	3.5%	3.85%	3.75%	3.75%	3.0%
Wastewater	4.4%	3.0%	2.4%	4.85%	4.85%	3.0%

# Projected Future Revenue Requirement Increases as Proposed

	2018	2019	2020	2021	2022	2023
Electric	2.00%	3.00%	4.00%	2.00%	1.00%	2.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Water	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Wastewater	0.00%	0.00%	0.00%	4.00%	4.00%	1.00%

(All future years after FY19 are subject to change)

# Staff Recommendation

- GRU staff recommend the City Commission accept rates as proposed in presentation on 7/11/2017 keeping the Electric System base rate increase at 2%.

# Option 1 – As Requested for 0% Electric rate increase

- Reduce GFT to City by \$2.6 million
- Will be funded by \$2.8 million City benefit from utility tax on GREC purchase (delay option - dependent on purchase)

# Option 2 – As Requested

- Re-align GFT reducing Electric contribution \$800k, increasing GRUCom, based on operating income formula
- Increase vacancy factor to 8% lowering Electric labor budget by \$700k
- Reduce Electric O&M by \$50k
- Defer SAP O&M spending by \$1.2m overall which lowers Electric by \$720k
- Reduce Electric reserves by \$330k

# Budgeted Personnel

- First budgeted FTE increase since 2012
  - Deleted 2 FTEs in FY17 budget, 20 FTEs in FY16
- Vacancy factor currently at 6%. Historically until FY 17 has been 3%.

# Option 3 – As Requested

- Defer SAP O&M by \$2.5m overall which lowers Electric by \$1.5m
- Defer SAP capital by \$5.0m which reduces Electric debt service by \$180k
- Reduce Electric reserves by \$920k



# Projected Future Revenue Requirement Increases as Requested by City Commission

(Option 3 scenario)

	2018	2019	2020	2021	2022	2023
Electric	0.00%	6.00%	4.00%	1.00%	1.00%	2.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Water	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Wastewater	0.00%	0.00%	2.00%	4.00%	2.00%	1.00%

(All future years after FY19 are subject to change)