

# Fiscal Year 2018 Budget Proposal

July 18, 2017

# Agenda

- Review original proposed rates
- Review tiers with bill compares
- Review options 4, 5 and 6
- Get final decision on rate structure and base rate requirement from City Commission

# 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)

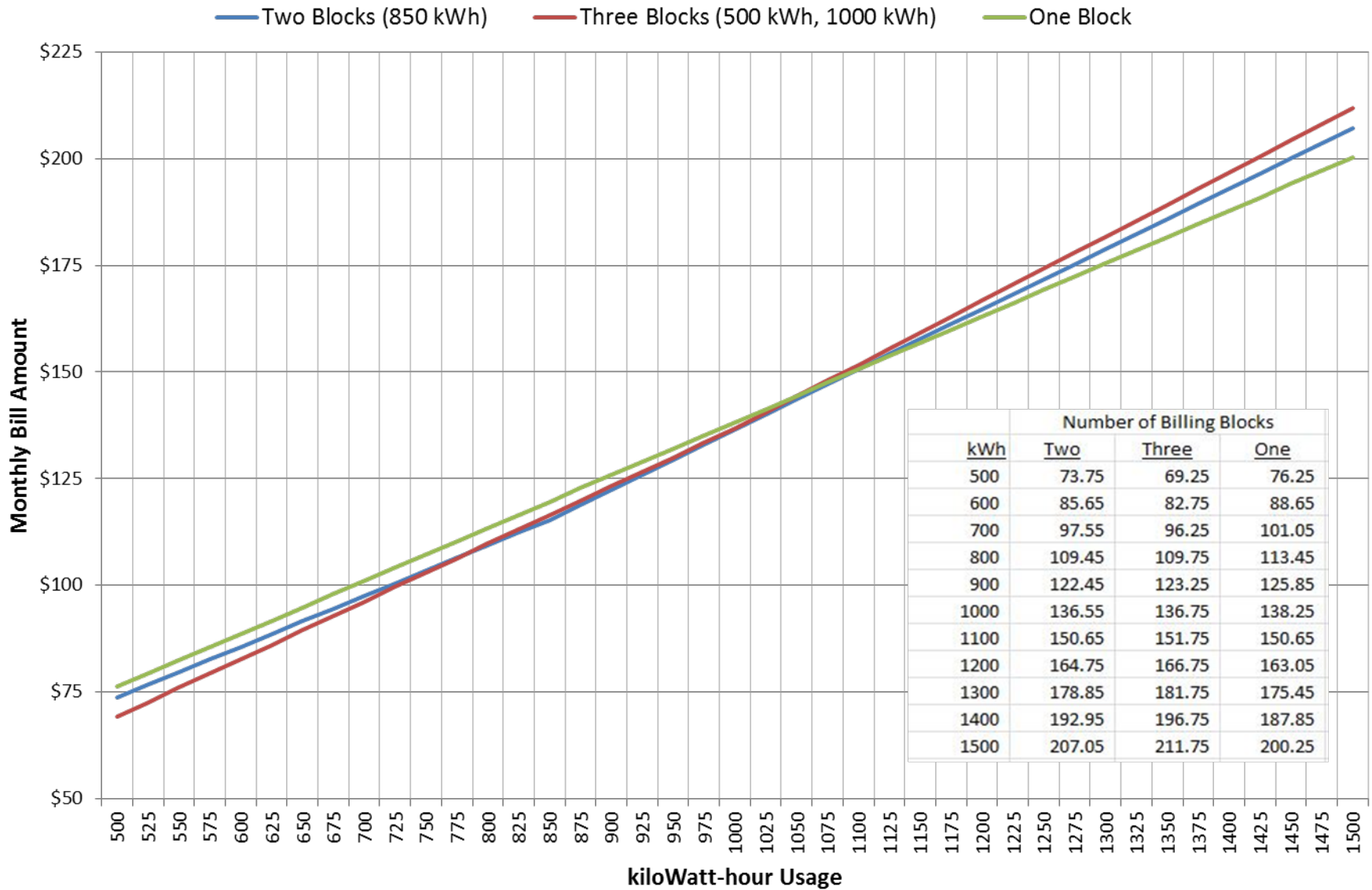
# Residential Electric Rate Structure Alternatives

Number of Billing Blocks	Two	Three	One
Customer Charge (\$/month)	\$14.25	\$14.25	\$14.25
Block 1 Energy Charge (\$/kWh)	\$0.044	\$0.035	\$0.049
Block 2 Energy Charge (\$/kWh)	\$0.066	\$0.060	N/A
Block 3 Energy Charge (\$/kWh)	N/A	\$0.075	N/A
Fuel Adjustment Charge	\$0.075	\$0.075	\$0.075
Block 1 Inversion (kWh)	850	500	N/A
Block 2 Inversion (kWh)	N/A	1,000	N/A

# Energy Billed in Each Block

Number of Billing Blocks	Two 850 kWh	Three 500 kWh, 1000 kWh	One
Block 1	77.41%	54.05%	100.00%
Block 2	22.59%	28.92%	0.00%
<u>Block 3</u>	<u>0.00%</u>	<u>17.03%</u>	<u>0.00%</u>
Total	100.00%	100.00%	100.00%

## Residential Electric Bill Amounts



# Option 4 – UAB Recommendation

- Reduce GFT contribution by \$2.4m for FY18 and FY19 budgets
- Reduce capital budget from \$106m to \$85m to equal the amount of debt service modeled
- No additional increase to Communication budget
- No change to current 2 tier electric rate

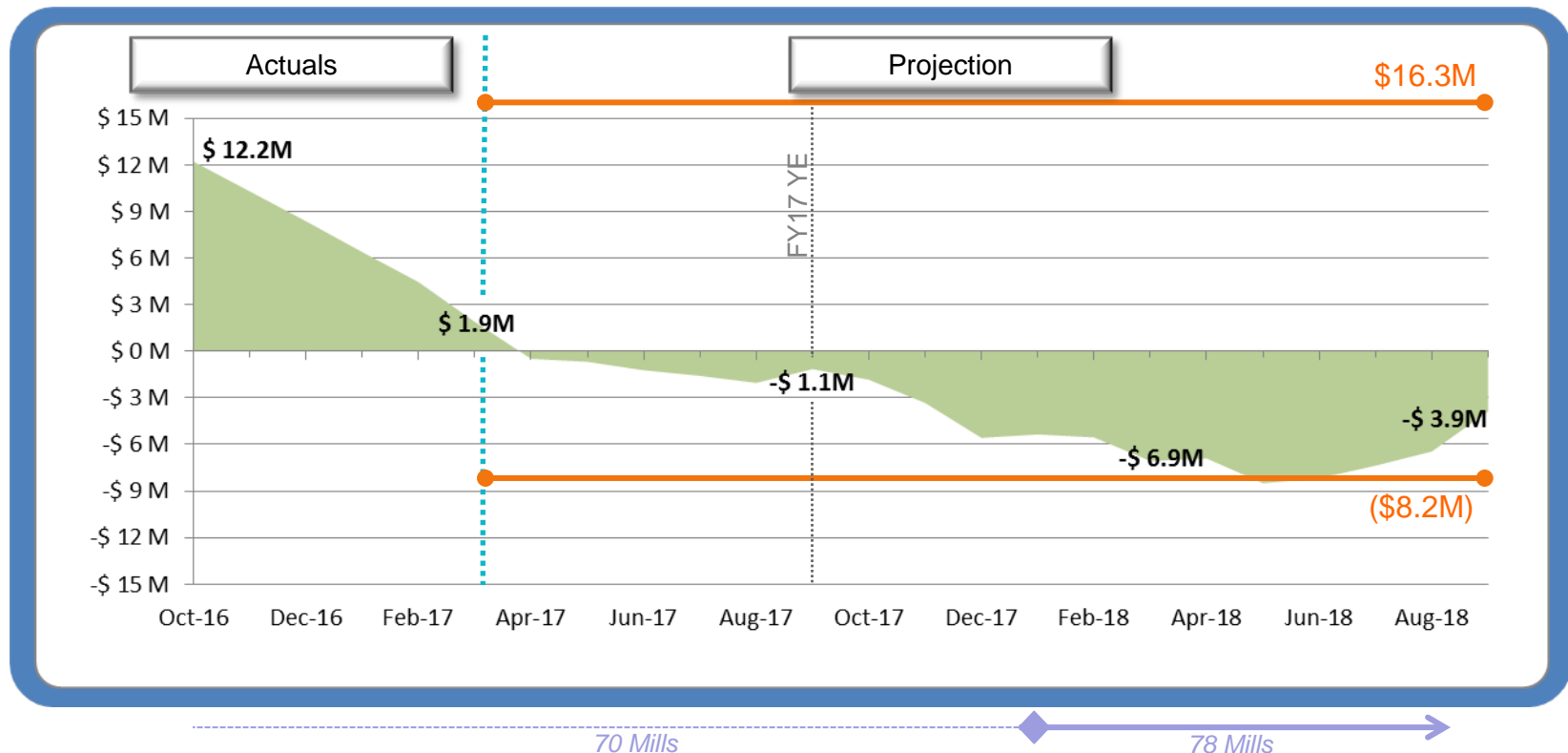
# Option 5 –

- Change proposed base rate increase to 1% for Electric
- Increase vacancy rate to 8% from 6%
- Reduce reserves by \$500k
- Keep fuel adjustment at 70 Mills (Will review FA charge in 3 mos.)



# Levelization Balance FY17 and FY18 Actual/Projections with +10% \$16.3M/-5% Band (\$8.2M)

78 Mills in Jan 2018 – Sep 2018



*\*based on a FA rate increase from 70 Mills to 78 Mills beginning in Jan 2018*

## Electric Fuel Adjustment Bill Impact

FA Rate	Delta from Current
70 Mills	N/A
71 Mills	\$0.80
72 Mills	\$1.60
73 Mills	\$2.40
74 Mills	\$3.20
<b>75 Mills</b>	<b>\$4.00</b>
76 Mills	\$4.80
77 Mills	\$5.60
78 Mills	\$6.40

*\*based on an average residential bill of 800KWh a month*

# Projected Future Revenue Requirement Increases as Requested by City Commission

(Option 5 scenario)

	2018	2019	2020	2021	2022	2023
Electric	1.00%	4.00%	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%

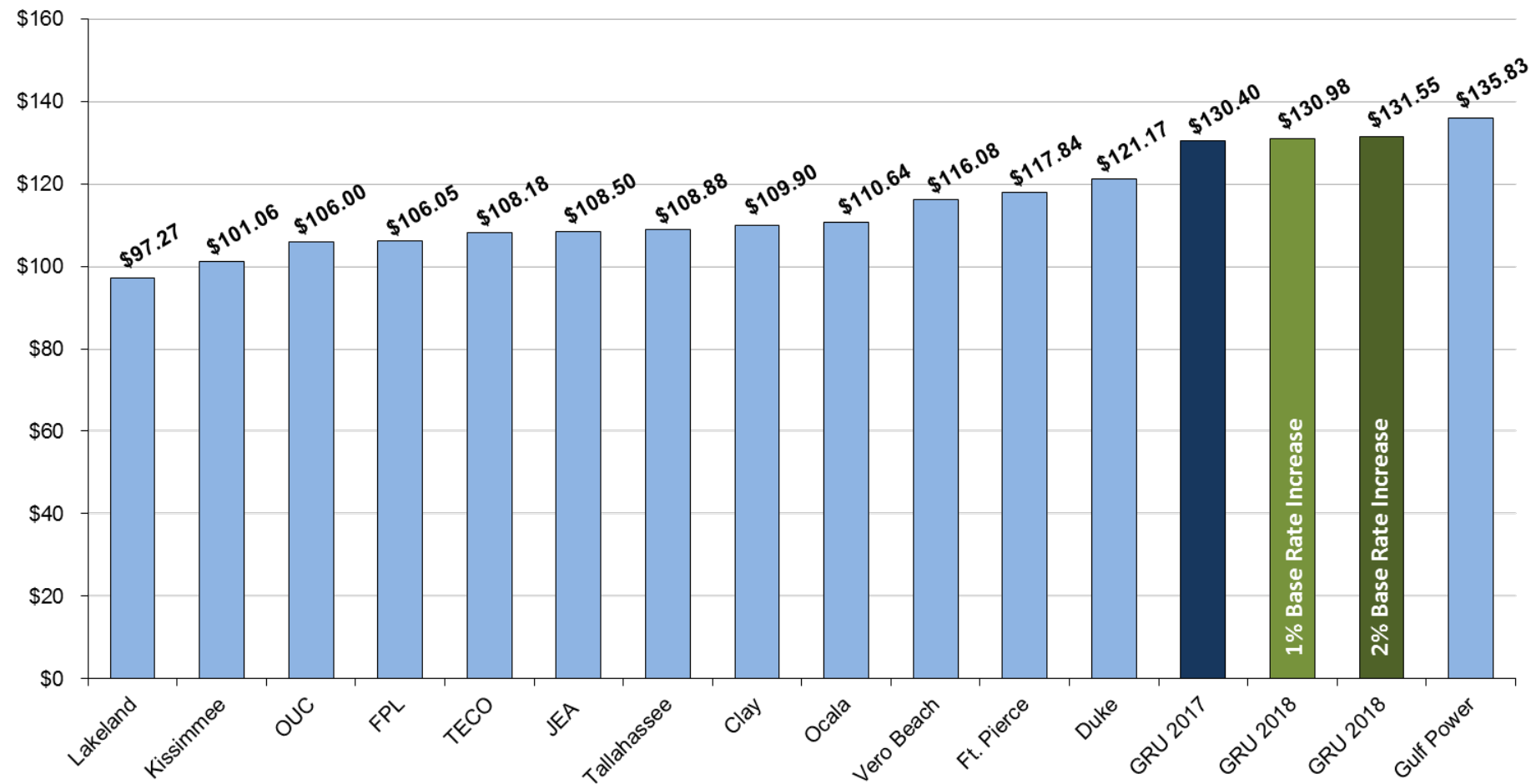
(All future years after FY19 are subject to change)

# Option 6 –

- Keep proposed base rate increase at 2% for Electric
- Keep fuel adjustment at 70 Mills (Will review FA charge in 3 mos.)

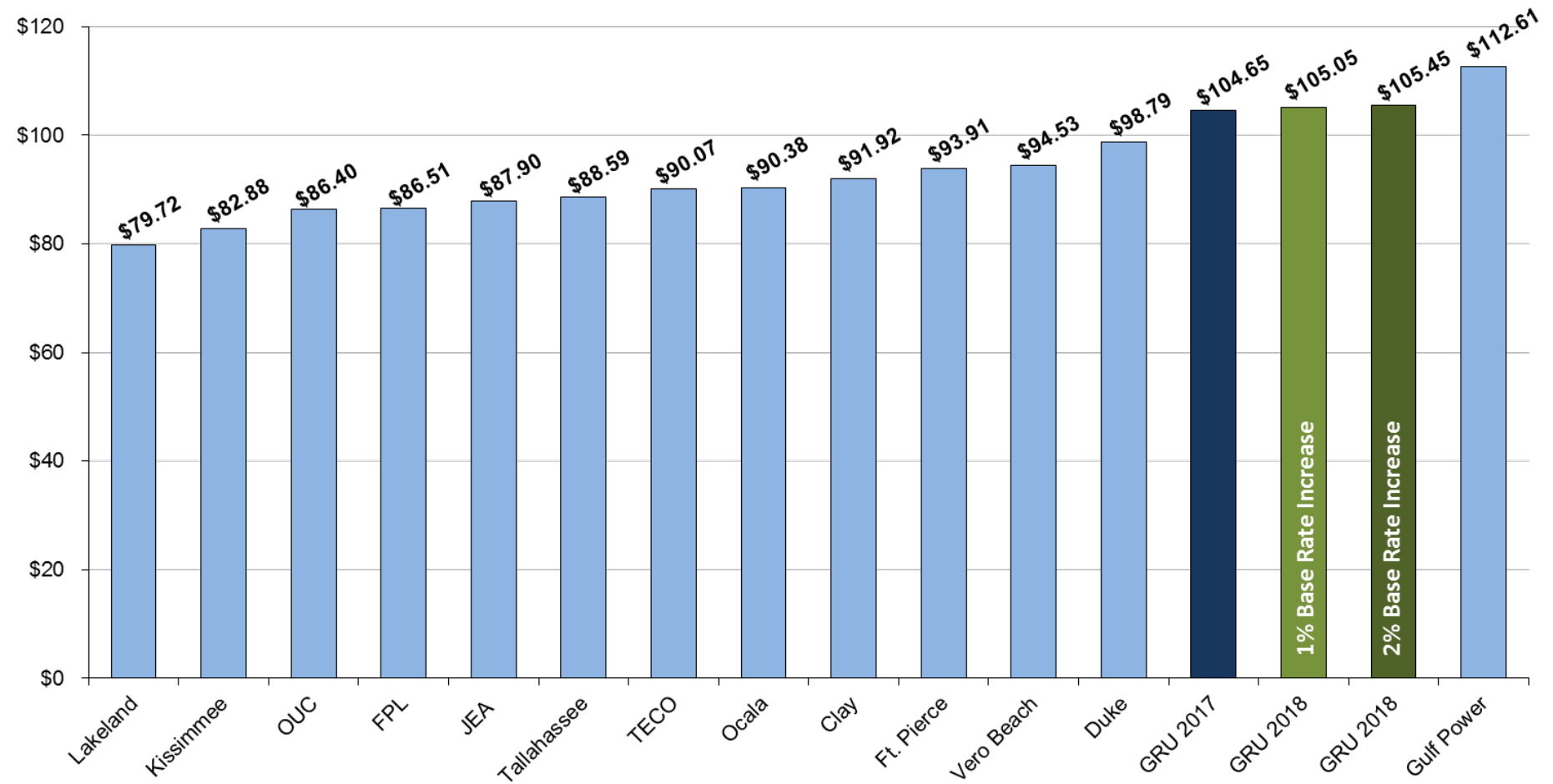
# Residential Electric

1,000 KWh  
June 2017



# Residential Electric

800 KWh  
June 2017



# Projected Future Revenue Requirement Increases as Proposed

(Option 6 scenario)

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