

# **FY 20 Baseline Budget Rate Review**

**City Commission  
May 1, 2019**

# Where We Were: From FY19 Budget

## Future Rate Projections

	FY20	FY21	FY22	FY23	FY24	FY25
<b>Electric</b>	4.00%	2.65%	2.25%	3.00%	2.00%	2.00%
<b>Water</b>	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
<b>Wastewater</b>	4.75%	4.00%	3.00%	2.00%	2.00%	2.00%
<b>Gas</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>RSF* Withdrawal</b>	(\$13 million)	(\$10.2)	(\$6.9)	(\$1.8)		
<b>RSF Deposit</b>					\$1.2	\$3.9

*\*RSF – Rate Stabilization Fund*

## Shortfall Scorecard: Recommended Actions

Options	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Total
<b>Status Quo</b>	<b>(\$12.2)</b>	<b>(\$13.1)</b>	<b>(\$10.2)</b>	<b>(\$6.9)</b>	<b>(\$7.8)</b>	<b>(\$6.8)</b>	<b>(\$7.6)</b>	<b>(\$52.4) FY20-25</b>
➔ <b>Debt Restructure</b>	9.9	12.3	12.9	10.3	8.6	10.2	(2.1)	
<b>Wholesale Power</b>								
<b>UPIF</b>								
<b>UF Power</b>								
<b>Right-size Facilities</b>		7.6	0.5	0.5	0.5	0.5	0.5	
<b>Hiring Freeze</b>								
<b>Travel Limits</b>		0.1	0.1	0.1	0.1	0.1	0.1	
<b>Paper Bill Charges</b>		0.4	0.4	0.4	0.4	0.4	0.4	
<b>EVs</b>								
<b>On-boarding NAES</b>		0.3	0.3	0.3	0.3	0.3	0.3	
<b>GRUCom Expansion</b>								
<b>Rehab Kelly Unit #8</b>								
➔ <b>Service-level Reductions</b>	0.5	2.0	2.0	2.0	2.0	2.0	2.0	
➔ <b>New GFT</b>		6.0	6.0	6.0	6.0	6.0	6.0	
<b>New Cash Flows</b>	<b>(\$1.8)</b>	<b>\$15.6</b>	<b>\$12.0</b>	<b>\$12.7</b>	<b>\$10.1</b>	<b>\$12.7</b>	<b>(\$0.4)</b>	<b>\$62.7 FY20-25</b>

# FY20 Baseline Assumptions

- No Total Rewards funding\*
- Deferred ERP\*
- No AMI\*
- Implement scorecard

*\*Will bring back to Commission with costs & benefits for approval.*

# What We Changed: Scorecard Impact

Financial Improvements		
	FY20	FY21
Debt service reductions	\$ 7.6 million	\$15.9 million
O&M reductions	\$12.6 million	\$ 8.4 million
GFT reductions *	\$ 6 million	\$ 6 million

*\*GFT reduction subject to Commission approval.*

# What We Changed: Cash Balance Policy

## Reserve Requirements by System

System	FY20	FY21
Electric	\$12.7 million	\$13.7 million
Gas	(\$.3 million)	(\$.05 million)
Water	(\$5.4 million)	(\$5.7 million)
Wastewater	(\$6.1 million)	(\$6.7 million)
GRUCom	(\$1.5 million)	(\$1.5 million)

# FY20 GFT Impact on Electric Rates

GFT
↓ \$6 million
↓ \$3 million
↓ \$1.5 million
No Change



Rates
4% ↑
5% ↑
5.5% ↑
6% ↑

# FY20 Estimated Monthly Bill Impact

## Estimated Monthly Bill Impact

GFT Reduction	Electric System Revenue Requirement Increase	Residential Electric Monthly Impact (1,000 kWh)	Millage Rate Increase	Monthly \$150,000 Taxable Value
\$6 million	4%	\$3.33	0.90	\$11.25
\$3 million	5%	\$4.21	0.45	\$5.62
\$1.5 million	5.50%	\$4.65	0.23	\$2.81
=	6%	\$5.02	-	-

- *Customer charge and fuel adjustment left unchanged*
- *FY19 pre-tax monthly electric bill 1,000 kWh - \$122.87*
- *FY19 pre-tax monthly electric bill for the average residential customer (800 kWh) - \$98.42*



# Where We Are:

## FY20 GFT Reduced \$6M Rate Proposal

### Future Rate Projections

	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>Electric</b>	4.00%	2.65%	2.00%	1.00%	0.00%	1.00%	1.00%
<b>Water</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Wastewater</b>	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%
<b>Gas</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>RSF Deposit (millions)</b>	\$5.4	\$13.9	\$10.6	\$11.9	\$11.3	\$3.7	\$2.4

# Where We Are:

## FY20 GFT Reduced \$3M Rate Proposal

### Future Rate Projections

	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>Electric</b>	5.00%	3.00%	2.00%	1.00%	1.00%	1.00%	1.00%
<b>Water</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Wastewater</b>	0.00%	0.00%	0.00%	1.00%	2.00%	3.00%	3.00%
<b>Gas</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>RSF Deposit (millions)</b>	\$4.0	\$11.6	\$7.5	\$8.4	\$9.3	\$2.0	\$1.2

# Where We Are:

## FY20 GFT Reduced \$1.5M Rate Proposal

### Future Rate Projections

	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Electric	5.50%	3.50%	2.00%	1.00%	1.00%	1.00%	1.00%
Water	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Wastewater	0.00%	0.00%	0.00%	1.50%	2.00%	3.00%	3.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RSF Deposit (millions)	\$3.4	\$10.9	\$6.5	\$7.5	\$8.2	\$1.0	\$0.2

# Where We Are:

## FY20 GFT Flat Rate Proposal

### Future Rate Projections

	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>Electric</b>	6.00%	4.00%	2.00%	1.00%	1.00%	1.00%	1.00%
<b>Water</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Wastewater</b>	0.00%	0.00%	1.00%	2.00%	3.00%	3.00%	3.00%
<b>Gas</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>RSF Deposit (millions)</b>	\$2.7	\$10.3	\$5.9	\$6.9	\$8.0	\$0.8	\$0.0

# Summary

- **Scorecard changes:**
  - **Reduce rate pressures on each system**
  - **Increase reserve projections (reduce leverage)**
- **OneERP and AMI will be presented to CCOM with costs & benefits (no placeholders)**
- **Reducing the GFT by less than \$6M necessarily results in the need for higher rates for some systems.**



*Questions?*