



Legislation Text

File #: 140529., **Version:** 1

Termination of Membership in Florida Gas Utility (FGU) (B)

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA, AUTHORIZING THE TERMINATION OF MEMBERSHIP IN THE FLORIDA GAS UTILITY; PROVIDING CERTAIN AUTHORIZATIONS; PROVIDING AN EFFECTIVE DATE; AND PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO.

Florida Gas Utility (FGU) was formed in September 1989 by Interlocal Agreement among five (5) original member utilities: The Kissimmee Utility Authority and the following Cities: Gainesville, Homestead, Sebring, and Starke for the purpose of jointly purchasing and scheduling of natural gas supply for the use of its members to take advantage of open access to transportation on the Florida Gas Transmission (FGT) pipeline. FGU currently represents twenty-five (25) municipal members consisting of both electric generating utilities and local distribution companies. In August 2006, the City Commission authorized staff to reinstate its FGU membership to allow participation in long term natural gas acquisition contracts in an effort to reduce customer exposure to volatile prices. On May 19th, 2011, the City Commission adopted Resolution 100966, at the recommendation of staff, which approved the execution of the *Third Amended and Restated Interlocal Agreement* to be executed among the members of Florida Gas Utility. The purpose of this was to allow GRU to participate in any subsequent natural gas acquisition contracts FGU might offer for long-term purchases.

GRU staff determined it is in the best interest of our customers to end its membership status in FGU. This is due to (a) the fact that no long term natural gas acquisition contracts are anticipated due to projected stability in the natural gas market and (b) because FGU raised their annual membership fee from \$2,500 per year to \$12,500 per year.

The City Commission (1) authorize and approve the General Manager for Utilities, or her designee, to terminate membership in FGU; (2) adopt the proposed Resolution; and (3) authorize the General Manager for Utilities, or her designee, to notify FGU and FGU's members by written notice of GRU's desire to terminate its participation as a member in FGU.