



Wednesday, January 17, 2024, 5:30 p.m.

GRU Administration Building

301 SE 4th Avenue

Gainesville, FL 32601

Authority Members

Craig Carter - Chair

James Coats, IV - Vice-Chair

Robert Karow - Member

Eric Lawson - Member

Vacant

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A. CALL TO ORDER

Agenda Statement: The Gainesville Regional Utilities Authority encourages civil public speech. The Gainesville Regional Utilities Authority expects each person entering this chamber to treat others with respect and courtesy. Speakers are expected to focus on agenda items under discussion. Signs, props, posters, food, and drinks should be left outside the auditorium.

B. ROLL CALL

C. INVOCATION

D. PLEDGE OF ALLEGIANCE

E. GENERAL PUBLIC COMMENT

(for items not on the agenda, not to exceed 30 minutes total)

F. ADOPTION OF THE AGENDA

G. APPROVAL OF MINUTES

H. CEO/GM COMMENTS

I. ATTORNEY COMMENTS

J. BUSINESS DISCUSSION ITEMS

1. 2024-73 GRU CEO/GM Search (NB)

Department: GRU Authority Board Member E. Lawson

Description: This item is being requested for further board discussion regarding the GRU Authority's nationwide search for GRU's CEO/GM position.

Fiscal Note: To be discussed.

Recommendation: Board to discuss and provide continued plan of action.

2. 2024-67 Power District Overview (B)

Department: GRU/Customer Support Services

Description: Staff will present an overview of the Power District properties and make recommendations how to start a liquidation process.

Fiscal Note: No initial cost for Request for Proposal (RFP) for real estate brokerage firm. Cost of sell will be established through RFP process.

Space needs analysis expected range of \$40,000-\$50,000.

Recommendation: 1.) Authorize staff to issue a Request for Proposal (RFP) for a real estate brokerage firm to a) provide guidance for identifying the most advantageous method of liquidating the unused property; and b) upon approval of the methodology, provide services necessary to market and sell the property. 2.) Authorize staff to issue an RFP for the development of a space-needs assessment for operations currently housed in the Administration Building.

3. 2024-70 City Services Reduction (B)

Department: CEO/GM's Office

Description: This item is related to potential reduction in the Full Cost Allocation Plan (FCAP) for services previously provided but are no longer being received by GRU. *[See Explanation section in detailed backup for additional information].*

Fiscal Note: GRU would reduce the FCAP by \$1,447,252 in fiscal year 2024.

Recommendation: Reduce the FCAP by \$180,906 per month starting February 2024 Continue to evaluate all services and make recommendations for FY25 budget

4. 2024-69 Impact of GSC Alternatives on Rates and Debt Reduction (B)

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: This item is related to potential reduction in the Government Services Contribution (GSC) and the resulting impact on GRU base rate structure and net debt reduction. *[See Explanation section in detailed backup for additional information]*

Fiscal Note: There are multiple potential iterations of GSC reductions, each with different impacts on base rate structure and debt reduction. GRU's focus is to provide financial benefits to the utility and to ratepayers through developing long-term rate certainty and reducing debt levels.

Recommendation: The GRU Authority receive a presentation on alternate GSC scenarios, discuss and take any action deemed appropriate.

5. 2024-68 Integrated Resource Plan (B)

Department: GRU/Sustainability

Description: Staff will present an overview of the current electric system and an introduction to the current Integrated Resource Plan (IRP) process. . *[See Explanation section in detailed backup for additional information].*

Fiscal Note: None

Recommendation: Hear staff presentation on the Integrated Resource Plan process and market overview presentation from TEA.

K. MEMBER COMMENT

L. ADJOURNMENT



Gainesville Regional Utilities Authority
MINUTES

January 3, 2024, 5:30 p.m.
GRU Administration Building
301 SE 4th Avenue
Gainesville, FL 32601

Members Present: Chair Craig Carter, Vice-Chair James Coats, IV, Robert Karow, Eric Lawson

A. CALL TO ORDER

The Chair called the meeting to order at 5:30pm.

B. ROLL CALL

Present:

- Member Karow
- Member Lawson
- Vice Chair Coats
- Chair Carter

C. INVOCATION

Chair Carter invited anyone from the audience to lead.

D. PLEDGE OF ALLEGIANCE

E. GENERAL PUBLIC COMMENT

The Chair Called for Public Comment

-Jim Konish

-Debbie Martinez

-Angela Casteel

- Kimbook Joy
- Janice Gary
- Donald Shepherd
- Robert Mounce
- Nancy Darren
- Jane Kupfer
- Sarah Younger
- Bob Chewney
- Tyler Forest
- Natalie Nandelstadt

Chair Carter provided some additional remarks

F. ADOPTION OF THE AGENDA

Public Comment:

- Donald Shepherd
- Jim Konish

Ayes (4): Chair Carter, Vice Chair Coats, Member Lawson and Member Karow

Moved by Vice-Chair Coats
Seconded by Robert Karow

Motion for the approval of the agenda.

Approved

G. APPROVAL OF MINUTES

Ayes (4): Chair Carter, Vice Chair Coats, Member Lawson and Member Karow

Moved by Vice-Chair Coats
Seconded by Robert Karow

Motion for the Approval of the minutes

Approved

H. CEO/GM REMARKS

The CEO/GM provided updates on various items related to the utility.

Member Karow inquired about the GSC and reducing rates.

I. BUSINESS DISCUSSION ITEMS

1. 2024-16 FY25 GRU Budget - Presentation on GRU's Debt Portfolio Review (B)

The CEO/GM introduced the item.

Staff provided a presentation on the item.

Recommendation: The Authority hear a presentation from staff.

Heard

2. 2024-36 GRU CEO/GM Search (NB)

The CEO/GM introduced the item.

The Chair spoke to the item and suggested that Member Lawson consider leading this effort.

The board discussed the item and which option they should proceed with.

Public Comment:

-Jim Konish

-Donald Shepherd

-Ted DeBrackey

-Nancy Darren

-Jeffrey Shapiro

-Sarah Younger

-Chad Roth

Public comment following second motion:

-Donald Shepherd

Ayes (4): Chair Carter, Vice Chair Coats, Member Lawson and Member Karow

Option 2 Was Approved, with the selection of Mycoff Fry as the Selected Vendor

Moved by Vice-Chair Coats

Seconded by Eric Lawson

Recommendation: Board to discuss options and provide direction on next steps. **Options:**

1.) Use current City of Gainesville contract with Baker Tilly. GRU Procurement staff, in conjunction with direction from the GRU Authority, would develop a task assignment and create a purchase order to start the process. Once the task order is approved, GRU Procurement Staff will need direction from the Authority on changes to current job description, special qualifications/ certifications, salary range, etc.

Timing: About two weeks to thirty days to get task order written and approved; then the firm's search, selection, review, interviews and salary negotiation could be 4 to 6 months.

2.) Use GRU's Procurement Office to execute a Specified Source contract to hire a specific recruitment firm. Firms used in the past by the City of Gainesville/ GRU: Baker Tilly, Colin Baenziger, CPS, GovHR, Mycoff Fry Partners. GRUA Authority provide staff a vendor name to be used as a Specified Source. GRUA Authority provide an upper limit ceiling on amount of search plus cost for onsite interviews.

Timing: About two weeks to thirty days to contact vendor and approve contract; then the firm's search, selection, review, interviews and salary negotiation could be 4 to 6 months. Once contract is approved, GRU Procurement Staff will need direction from the Authority on changes to current job description, special qualifications/ certifications, salary range, etc. Note: Staff cannot attest to any of these firms on their price, quality or timeliness.

3.) Conduct a Request for Qualifications (RFQ) or a Request for Proposal (RFP) to judge price, quality and timeliness for multiple recruitment firms to provide executive recruitment searches.

Timing: A minimum of 60 days to write and post for vendors to respond, select vendor, and negotiate contract. Moreover, another 4 to 6 months for the firm to conduct the search, selection, review, interviews and salary negotiation.

Approved

Amendment:

Moved by Vice-Chair Coats

Seconded by Robert Karow

Amended motion to select Option 2 of the recommendation, with the selection of Mycoff Fry Partners as the selected vendor with the financial range of \$25,000-\$50,000.

Approved as Recommended

Moved by Robert Karow

Seconded by Vice-Chair Coats

Member Lawson be the chair or liaison of the search committee for the new CEO/GM.

Approved

3. 2024-37 Joint Meeting with the City Commission (NB)

Vice Chair introduced the item and requested that it be withdrawn.

Chair Carter spoke to the item.

Member Karow spoke to the item.

Recommendation: GRU Authority members discuss and recommend next steps.

Withdrawn

J. MEMBER COMMENT

Vice Chair discussed the following: a utility advisory board and the power district.

Member Lawson spoke to his preferences for the new meeting.

K. ADJOURNMENT

Adjourned at 7:38pm.

Chair Craig Carter left the meeting at 7:38 pm.

Vice-Chair James Coats, IV left the meeting at 7:38 pm.

Robert Karow left the meeting at 7:38 pm.

Eric Lawson left the meeting at 7:38 pm.

Kristen J. Bryant, Interim City Clerk



**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2024-73

Agenda Date: January 17, 2024

Department: Gainesville Regional Utilities

Title: 2024-73 GRU CEO/GM Search (NB)

Department: GRU Authority Board Member E. Lawson

Description: This item is being requested for further board discussion regarding the GRU Authority's nationwide search for GRU's CEO/GM position.

Fiscal Note: To be discussed.

Explanation: At the January 3, 2024 GRU Authority meeting, the board voted to use GRU's Procurement Office to execute a Specified Source contract to hire Mycoff Fry Partners to head its national search for a permanent CEO/GM for the utility.

Recommendation: Board to discuss and provide continued plan of action.



File Number: 2024-67

Agenda Date: January 17, 2024

Department: Gainesville Regional Utilities

Title: 2024-67 Power District Overview (B)

Department: GRU/Customer Support Services

Description: Staff will present an overview of the Power District properties and make recommendations how to start a liquidation process.

Fiscal Note: No initial cost for Request for Proposal (RFP) for real estate brokerage firm. Cost of sell will be established through RFP process.

Space needs analysis expected range of \$40,000-\$50,000.

Explanation: GRU currently controls approximately 24 acres of property in downtown Gainesville known as the Power District. In 2011 GRU vacated 17 of those acres when field operations were relocated to the Eastside Operations Center. The utility is now exploring ways to sell the unused property.

Recommendation:

1.) Authorize staff to issue a Request for Proposal (RFP) for a real estate brokerage firm to a) provide guidance for identifying the most advantageous method of liquidating the unused property; and b) upon approval of the methodology, provide services necessary to market and sell the property.

2.) Authorize staff to issue an RFP for the development of a space-needs assessment for operations currently housed in the Administration Building.

Power District



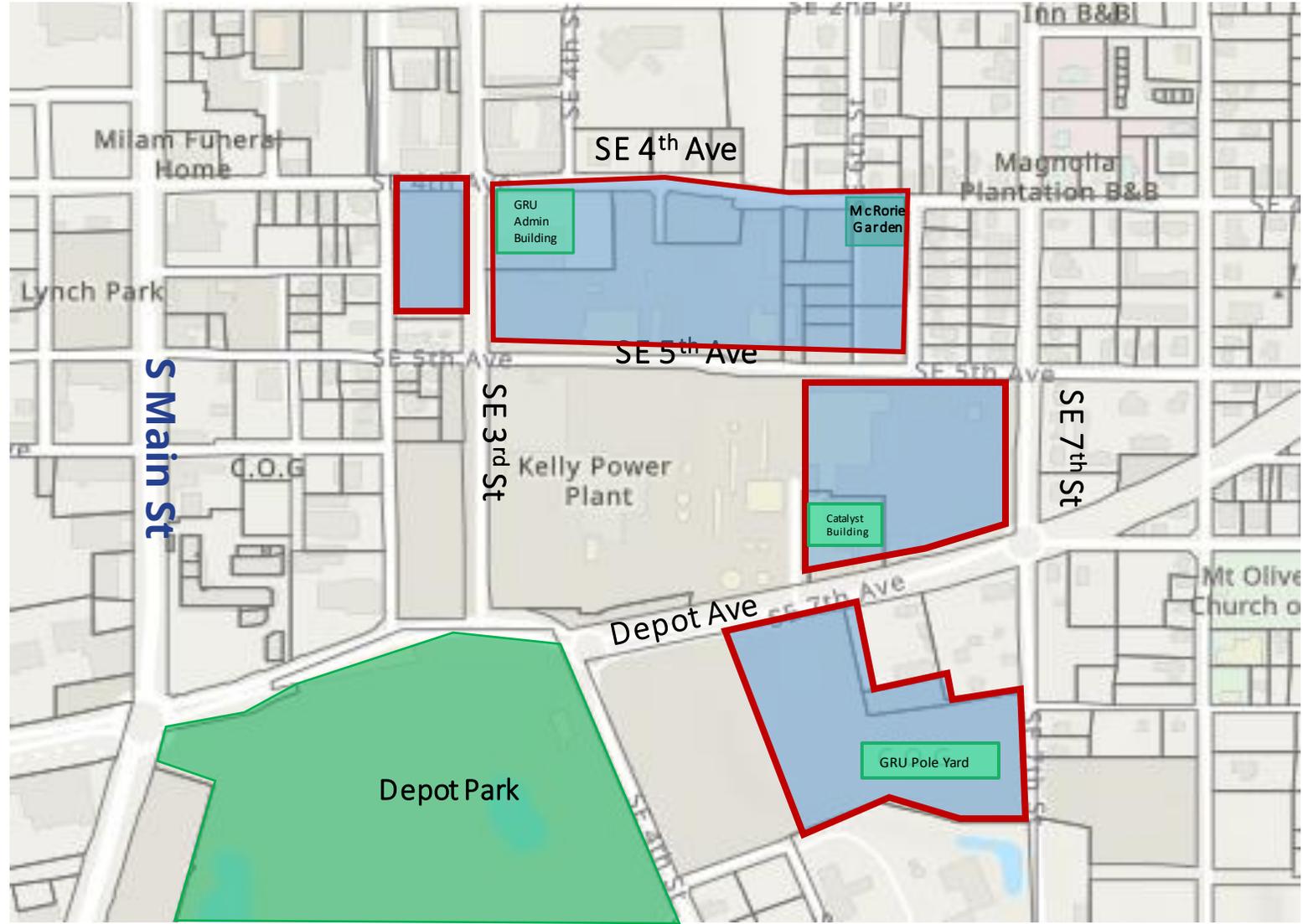
- History
- Property Overview
 - Total Acreage
 - Conditions
 - Value
- Disposition Options
- Recommendation

History

- 2011 GRU Operations relocated to the EOC
- Vacated approximately 17 acres downtown (south and west of the GRU Administration Building)
- At that time, at the direction of the City Commission, CRA (now Gainesville Community Reinvestment Area (GCRA)) led the effort to liquidate the property, emphasizing redevelopment.

Power District Boundary

 Power District expanded boundary (~24 acres)



Property Overview

- Approximately 24 Acres
- Minimal environmental concerns and restrictions
 - (creek, transmission line, and existing utilities set backs; power plant disclosures, monitoring wells, etc.)
- 2023 appraised value approx. \$22 million

- **Sell “As-Is”**

- Power District Boundary
- RFP process to select real estate brokerage firm
- Market available parcels according to appraisal suggestion for highest and best use

- **Plat & Sell Individual Lots**

- Follow Power District Plan concept
- RFP process to select real estate brokerage firm
- Complete replat process and market new lots

- **Issue a Request for Proposal (RFP) for a real estate brokerage firm to:**
 - Provide guidance for identifying the most advantageous method of liquidating the property;
 - Upon approval of methodology, provide services necessary to market and sell the property.
- **Authorize the CEO/GM or designee to issue an RFP for the development of a space-needs assessment for operations currently housed in the Administration Building.**



Thank you



**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2024-70

Agenda Date: January 17, 2024

Department: Gainesville Regional Utilities

Title: 2024-70 City Services Reduction (B)

Department: CEO/GM's Office

Description: This item is related to potential reduction in the Full Cost Allocation Plan (FCAP) for services previously provided but are no longer being received by GRU. *[See Explanation section in detailed backup for additional information].*

Fiscal Note: GRU would reduce the FCAP by \$1,447,252 in fiscal year 2024.

Explanation: The installation of the GRU Authority in October 2023 has changed how GRU and General Government historically reimburse one another for services. This is underscored by GRU's requirement to follow pecuniary factors and utility best practices that solely further the fiscal and financial benefit of the utility and its customers. This presentation evaluates five expenses and how their discontinuation or partial discontinuation should impact Full Cost Allocation Plan (FCAP) payments starting February 2024. Those services are:

- City Commission services
- City Clerk services
- City Auditor services
- Broadcast services
- Equal Opportunity office services

Recommendation:

Reduce the FCAP by \$180,906 per month starting February 2024

Continue to evaluate all services and make recommendations for FY25 budget

City Services Reductions

City services provided to GRU - reduced or eliminated with new Authority



GRU AND GENERAL GOVERNMENT FINANCIAL ASSOCIATIONS

GSC	Government Services Contribution (formerly, general fund transfer): payment to General Government
Direct Payments	IT, city attorney, Workday licenses, surplus sales, fleet (numerous), warehouse, insurance (claims, office budget), pension obligation bonds/liabilities, storm water and refuse fees, county streetlights, broadband, desk phones
Cost Allocation Plan	City Commission, HR, city attorney, risk management, city clerk, city auditor, payroll, broadcast, equity and inclusion, Workday implementation
Shared Contracts/Agreements	Security, document storage, recording fees, CDL training, dark fiber, lobbyists, Sweetwater Wetlands, diesel tax refund, construction manager at risk, engineering and general services, CADET program, temporary personnel services, CWA labor agreement, software, connect free
Pass Through	GRU collects taxes and fees allowed by law on behalf of other governmental entities, including the City of Gainesville, Alachua County, Newberry, High Springs and City of Alachua

- New Authority installed in October 2023
- Authority approved GRU work plan to address services provided to/from City General Government and GRU in February
- Numerous services provided by City to GRU are continuing
- Some services have been greatly reduced or stopped
- Significantly modified services identified & recommend stopping payment immediately
- Additional SLAs/MOUs and arrangements will be discussed in February and March consistent with the work plan

Proposed Service Deductions

COST OF SERVICES NOT PROVIDED

The city does not provide the following services to GRU. These services should be immediately discontinued and deducted from monthly Full Cost Allocation Plan (FCAP) payments.

Description	Total Expense	% Utilized	Amount Utilized	Reduction to FCAP
City Commission	\$212,750	0%	-	\$212,750
City Clerk's Office	\$652,353	25%	\$163,008	\$489,265
City Auditor	\$352,001	25%	\$88,000	\$264,001
Broadcast Services	\$95,268	5%	\$4,763	\$90,505
Equal Opportunity	\$488,414	20%	\$97,683	\$390,731
Total	\$2,050,786		\$405,723	\$1,447,252

City Commission: GRU's CEO/GM reports to the GRU Authority.

Clerk's Office: GRU staff has assumed all clerking responsibilities at Authority meetings; clerk's office continues to provide software and limited support.

City Auditor: The Authority voted to discontinue use of the city auditor's services.

Broadcast Services: GRU staff streams and archives Authority meetings through its YouTube channel.

Equal Opportunity: GRU has discontinued many of these services and most EO services will be internal.

Recommendation

- Reduce the FCAP starting February 2024
 - Reduce FCAP by \$180,906 per month for remainder of FY24
 - This will reduce costs on services no longer provided
 - GRU will provide essential services internally at a reduced cost
- Continue to evaluate all services and make recommendations for FY25 budget
 - In February/March, staff will present recommendations
 - GRU will provide essential services internally at a reduced cost or increased value



File Number: 2024-69

Agenda Date: January 17, 2024

Department: Gainesville Regional Utilities

Title: 2024-69 Impact of GSC Alternatives on Rates and Debt Reduction (B)

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: This item is related to potential reduction in the Government Services Contribution (GSC) and the resulting impact on GRU base rate structure and net debt reduction. *[See Explanation section in detailed backup for additional information]*

Fiscal Note: There are multiple potential iterations of GSC reductions, each with different impacts on base rate structure and debt reduction. GRU's focus is to provide financial benefits to the utility and to ratepayers through developing long-term rate certainty and reducing debt levels.

Explanation: HB 1645 states that the Gainesville Regional Utilities Authority (Authority) and the GRU CEO/GM, in making all policy and operational decisions over the affairs of the utility system, must follow pecuniary factors and utility best practices which solely further the fiscal and financial benefit of the utility system and customers. In accordance with the law, the Authority requested that staff analyze and project the impact of potential GSC reductions on GRU's base rate structure and level of net debt reduction.

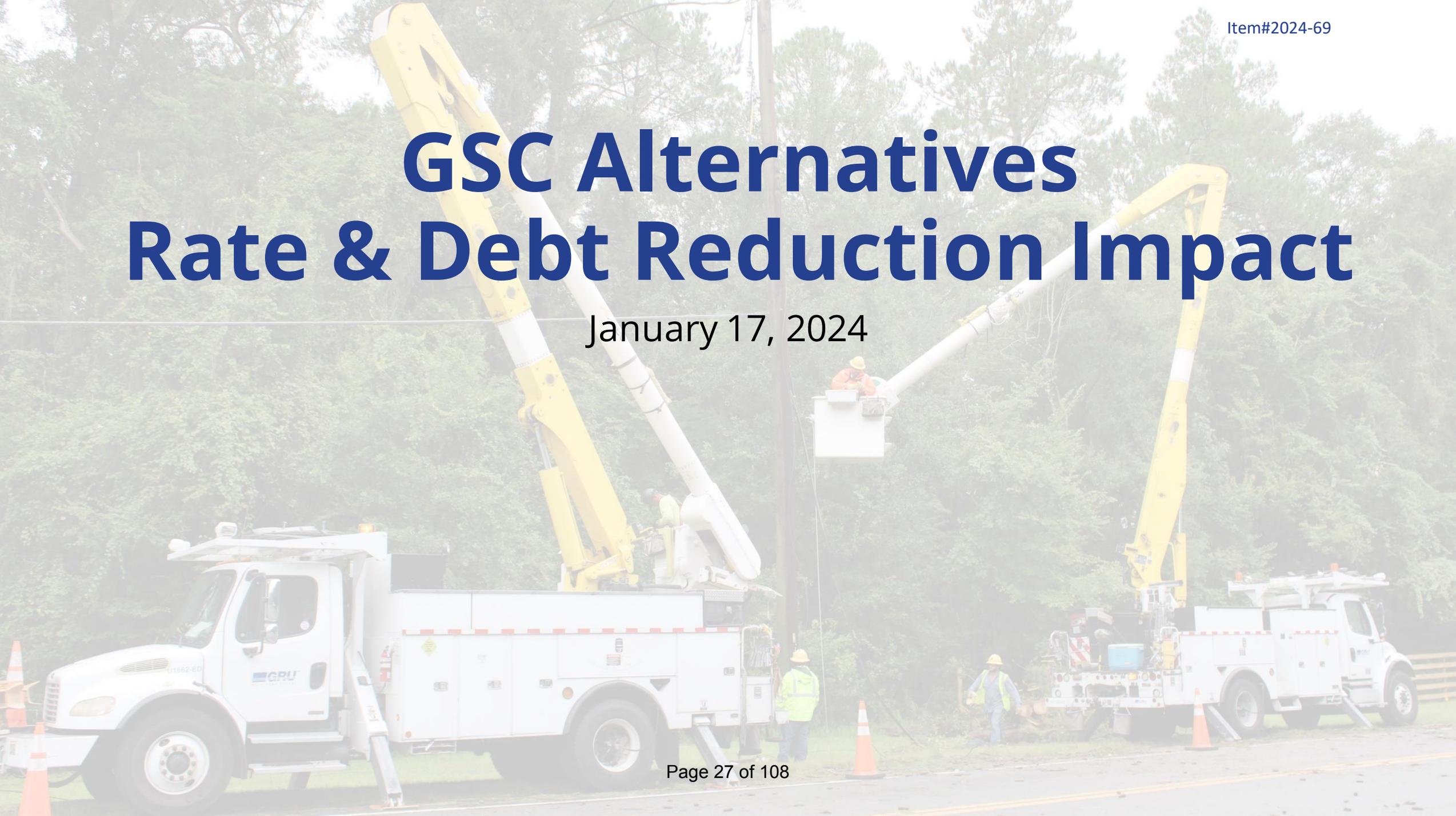
In response staff analyzed two alternative GSC structures: 1) eliminating the GSC completely; and 2) reducing the GSC by \$7.8 million per year. Staff also analyzed two scenarios for the savings:

1. Using half of the resulting savings to reduce rates and half to reduce debt
2. Using all of the resulting savings to reduce rates

Recommendation: The GRU Authority receive a presentation on alternate GSC scenarios, discuss and take any action deemed appropriate.

GSC Alternatives Rate & Debt Reduction Impact

January 17, 2024



Impact on Base Rates and Debt Reduction

- The Authority requested an analysis as to how savings from potential reductions to the Government Services Contribution might impact GRU's base rate structure
- Currently the following base rate increases are incorporated in GRU financial forecasts

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	3.00%	3.00%	3.00%	0.00%	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%	0.00%	0.00%	0.00%	0.00%
Wastewater	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Impact on Base Rates and Debt Reduction

- Under the current rate structure, projected reserves compared to target reserve levels at FYE 34 are as follows:

	Projected Reserves	Target Reserves	Difference
Electric	123,084,229	84,251,248	38,832,981
Water	(61,442,639)	7,260,431	(68,703,070)
Wastewater	(13,031,057)	8,924,279	(21,955,336)
Gas	24,168,920	6,655,395	17,513,525
GRUCom	441,017	2,873,920	(2,432,903)
Totals	73,220,470	109,965,273	(36,744,803)

- An update of the Cash Balance Policy is in progress. This update will likely result in increased reserve targets.

Impact on Base Rates and Debt Reduction

- Staff examined several alternative structures – eliminating the GSC completely and reducing the GSC by \$7.8 million per year, and using:
 - Half of the savings to reduce debt and half to reduce rates and
 - All of the savings to reduce rates
- The following assumptions were utilized in the analysis:
 - Rate structures had to produce projected reserves equal to targets by system as of FYE34
 - Rate changes were applied uniformly among classes – residential, non-residential etc.
 - Actual rate changes implemented by class will be impacted by the results of the external cost of service study due to be completed in February 2024

Combined Bill Impact: Eliminate GSC Half of the Savings to Rates and Half to Debt Reduction

ELIMINATE GSC

	Combined Standard Residential Bill									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current										
Electric	148.90	152.17	155.53	155.53	155.53	155.53	155.53	155.53	155.53	155.53
Water	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94
Wastewater	65.05	68.30	71.71	71.71	71.71	71.71	71.71	71.71	71.71	71.71
Gas	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24
Total	283.13	289.65	296.42	296.42	296.42	296.42	296.42	296.42	296.42	296.42
Eliminate GSC										
Electric	145.73	145.73	146.74	148.87	151.01	151.1	152.14	152.14	152.14	152.14
Water	31.57	32.20	32.83	33.48	34.12	35.14	36.17	37.28	38.40	39.53
Wastewater	61.95	63.81	65.74	67.68	69.03	71.13	73.24	75.43	77.7	80.05
Gas	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24
Total	277.49	279.98	283.55	288.27	292.40	295.61	299.79	303.09	306.48	309.96
Difference										
Electric	(3.17)	(6.44)	(8.79)	(6.66)	(4.52)	(4.43)	(3.39)	(3.39)	(3.39)	(3.39)
Water	0.63	1.26	1.89	2.54	3.18	4.20	5.23	6.34	7.46	8.59
Wastewater	(3.10)	(4.49)	(5.97)	(4.03)	(2.68)	(0.58)	1.53	3.72	5.99	8.34
Gas	-	-	-	-	-	-	-	-	-	-
Bill (reduction) increase	(5.64)	(9.67)	(12.87)	(8.15)	(4.02)	(0.81)	3.37	6.67	10.06	13.54

Combined Bill Impact: \$7.8M GSC Reduction/Year Half of the Savings to Rates and Half to Debt Reduction

REDUCE GSC BY 7.8M/YR

Combined Standard Residential Bill										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current										
Electric	148.90	152.17	155.53	155.53	155.53	155.53	155.53	155.53	155.53	155.53
Water	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94
Wastewater	65.05	68.30	71.71	71.71	71.71	71.71	71.71	71.71	71.71	71.71
Gas	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24
Total	283.13	289.65	296.42	296.42	296.42	296.42	296.42	296.42	296.42	296.42
Reduce GSC by 7.8M/yr										
Electric	145.73	147.84	148.94	150.07	152.29	153.42	153.42	153.42	154.54	154.54
Water	31.57	32.20	33.17	34.15	35.52	36.60	37.72	38.85	40.02	41.24
Wastewater	61.95	63.81	65.74	68.36	71.06	73.92	76.87	79.15	81.51	83.95
Gas	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24
Total	277.49	282.09	286.09	290.82	297.11	302.18	306.25	309.66	314.31	317.97
Difference										
Electric	(3.17)	(4.33)	(6.59)	(5.46)	(3.24)	(2.11)	(2.11)	(2.11)	(0.99)	(0.99)
Water	0.63	1.26	2.23	3.21	4.58	5.66	6.78	7.91	9.08	10.30
Wastewater	(3.10)	(4.49)	(5.97)	(3.35)	(0.65)	2.21	5.16	7.44	9.80	12.24
Gas	-	-	-	-	-	-	-	-	-	-
Bill (reduction) increase	(5.64)	(7.56)	(10.33)	(5.60)	0.69	5.76	9.83	13.24	17.89	21.55

Bill Impact: Eliminate GSC - All Savings Towards Rates

ELIMINATE GSC - ALL SAVINGS TOWARD RATES

Combined Standard Residential Bill										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current										
Electric	148.90	152.17	155.53	155.53	155.53	155.53	155.53	155.53	155.53	155.53
Water	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94
Wastewater	65.05	68.30	71.71	71.71	71.71	71.71	71.71	71.71	71.71	71.71
Gas	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24
Total	283.13	289.65	296.42	296.42	296.42	296.42	296.42	296.42	296.42	296.42
Eliminate GSC										
Electric	145.73	145.73	145.73	145.73	145.73	145.73	145.73	145.73	145.73	145.73
Water	30.94	30.94	31.57	32.20	32.84	33.82	34.84	35.87	36.60	36.98
Wastewater	61.95	63.81	65.74	67.08	68.43	69.78	71.21	71.89	72.64	74.08
Gas	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24
Total	276.86	278.72	281.28	283.25	285.24	287.57	290.02	291.73	293.21	295.03
Difference										
Electric	(3.18)	(6.44)	(9.81)	(9.81)	(9.81)	(9.81)	(9.81)	(9.81)	(9.81)	(9.81)
Water	-	-	0.63	1.26	1.90	2.88	3.90	4.93	5.66	6.04
Wastewater	(3.10)	(4.49)	(5.97)	(4.63)	(3.28)	(1.93)	(0.50)	0.18	0.93	2.37
Gas	-	-	-	-	-	-	-	-	-	-
Bill (reduction) increase	(6.28)	(10.94)	(15.15)	(13.18)	(11.19)	(8.86)	(6.41)	(4.69)	(3.22)	(1.40)

GSC Alternatives

Bill Impact: \$7.8M Reduction in GSC – All Savings Towards Rates

REDUCE GSC BY 7.8M/YR - ALL TOWARDS RATES

Combined Standard Residential Bill										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current										
Electric	148.90	152.17	155.53	155.53	155.53	155.53	155.53	155.53	155.53	155.53
Water	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94	30.94
Wastewater	65.05	68.30	71.71	71.71	71.71	71.71	71.71	71.71	71.71	71.71
Gas	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24
Total	283.13	289.65	296.42							
Reduce GSC by 7.8M/yr										
Electric	145.73	147.84	148.94	150.07	150.07	151.19	152.32	152.32	153.44	154.57
Water	30.94	31.86	32.83	33.81	34.83	35.86	36.94	37.68	38.81	39.98
Wastewater	65.07	68.35	71.8	71.8	71.8	71.8	71.8	71.8	71.8	71.8
Gas	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24	38.24
Total	279.98	286.29	291.81	293.92	294.94	297.09	299.30	300.04	302.29	304.59
Difference										
Electric	(3.18)	(4.33)	(6.59)	(5.46)	(5.46)	(4.34)	(3.21)	(3.21)	(2.09)	(0.96)
Water	-	0.92	1.89	2.87	3.89	4.92	6.00	6.74	7.87	9.04
Wastewater	0.02	0.05	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Gas	-	-	-	-	-	-	-	-	-	-
Bill (reduction) increase	(3.16)	(3.36)	(4.61)	(2.50)	(1.48)	0.67	2.88	3.62	5.87	8.17

Impact on Base Rates and Debt Reduction Debt to Capitalization Impact

	Debt to Capitalization Ratio @ FYE33	Projected Net Debt Reduction FYE22 - FYE33
Current	71.03%	387,760,000
Eliminate GSC	66.73%	461,854,619
Reduce GSC by \$7.8M/yr	68.99%	422,860,260

Impact on Debt Service from Rating Upgrade

- Before enacting a ratings upgrade, rating agencies will need to observe from GRU:
 - Continuous, recurring improvement in financial metrics
 - Demonstrated stability in governance structure
- The impact on GRU's debt service cost as estimated by our financial advisor PFM LLC
 - On variable rate debt, 10 basis points or ~\$590,000 per year in savings
 - On fixed rate debt, for every \$100M in new money ~ \$150,000 in annual savings

GSC Alternatives

- The new law states that the Authority and CEO/GM, in making all policy and operational decisions over the affairs of the utility system, must follow pecuniary factors and utility best practices which solely further the fiscal and financial benefit of the utility system and customers.
- Financial benefits to the utility focus on debt defeasance and long-term certainty
- Customer benefits focus on stabilizing rates
- Policy direction from Board
 - Level of GSC
 - Cost savings dedicated to debt defeasance
 - Cost savings dedicated to rate relief

GFT Payments Last 5 Years	
FY19	38,285,000
FY20	38,285,000
FY21	38,285,000
FY22	36,283,000
FY23	34,283,000
FY24	15,305,225

GSC Alternatives

- Alternative 1: Reduce the GSC by \$7.8 million per year, and use half the resulting savings to reduce debt and half to reduce rates
 - Provides additional cost savings to be dedicated to rate relief and debt reduction
 - Financial benefit to utility and customers
 - Impacts and unintended consequences from City Commission actions uncertain

- Alternative 2: To maximize the financial benefit to GRU, reduce the GSC to zero, and use half of the resulting savings to reduce debt and half to reduce rates
 - Maximizes cost savings and benefits GRU by providing additional cost savings to be dedicated to rate relief and debt reduction
 - Financial benefit to utility and customers
 - Impacts and unintended consequences from City Commission actions uncertain

- Multiple Alternatives:
 - Various reductions of the GSC, and use half of the resulting savings to reduce debt and half to reduce rates
 - Various reductions of the GSC, and greater focus on debt reduction or greater focus on rate relief
- CEO/GM focus:
 - Debt relief for long-term stability and benefit to customer
 - Stabilizing electric rates

APPENDIX



Impact on Base Rates and Debt Reduction: Eliminate GSC Completely

- Under these constraints, eliminating the GSC completely resulted in the following base rate structure

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	0.00%	0.00%	1.00%	2.00%	2.00%	0.00%	1.00%	0.00%	0.00%	0.00%
Water	2.00%	2.00%	2.00%	2.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Wastewater	0.00%	3.00%	3.00%	3.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- Below is the difference in rates by year and by system compared to the current structure

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	-3.00%	-3.00%	-2.00%	2.00%	2.00%	0.00%	1.00%	0.00%	0.00%	0.00%
Water	2.00%	2.00%	2.00%	2.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Wastewater	-5.00%	-2.00%	-2.00%	3.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTE: (1) Under the current rate structure, the Water and Wastewater Systems are forecast to have negative reserve balances at FYE34 and (2) Reserve and rate projections include allocation of projected GRUCom losses

Impact on Base Rates and Debt Reduction: \$7.8 Million Reduction /Year in GSC

- Reducing the GSC by \$7.8 million per year resulted in the following base rate structure

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	0.00%	2.00%	1.00%	1.00%	2.00%	1.00%	0.00%	0.00%	1.00%	0.00%
Water	2.00%	2.00%	3.00%	3.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Wastewater	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%	3.00%	3.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- Below is the difference in rates by year and by system compared to the current structure

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	-3.00%	-1.00%	-2.00%	1.00%	2.00%	1.00%	0.00%	0.00%	1.00%	0.00%
Water	2.00%	2.00%	3.00%	3.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Wastewater	-5.00%	-2.00%	-2.00%	3.00%	3.00%	3.00%	4.00%	4.00%	3.00%	3.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Impact on Base Rates and Debt Reduction Eliminate GSC Completely – All Savings to Rates

- Under these constraints, eliminating the GSC completely resulted in the following base rate structure

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Water	0.00%	0.00%	2.00%	2.00%	2.00%	3.00%	3.00%	3.00%	2.00%	1.00%
Wastewater	0.00%	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%	1.00%	1.00%	2.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- Below is the difference in rates by year and by system compared to the current structure

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	-3.00%	-3.00%	-3.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Water	0.00%	0.00%	2.00%	2.00%	2.00%	3.00%	3.00%	3.00%	2.00%	1.00%
Wastewater	-5.00%	-2.00%	-2.00%	2.00%	2.00%	2.00%	2.00%	1.00%	1.00%	2.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTE: (1) Under the current rate structure, the Water and Wastewater Systems are forecast to have negative reserve balances at FYE34 and (2) Reserve and rate projections include allocation of projected GRUCom losses

Impact on Base Rates and Debt Reduction \$7.8 Million Reduction /Year in GSC – All Savings to Rates

- Reducing the GSC by \$7.8 million per year resulted in the following base rate structure

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	0.00%	2.00%	1.00%	1.00%	0.00%	1.00%	1.00%	0.00%	1.00%	1.00%
Water	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	2.00%	3.00%	3.00%
Wastewater	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- Below is the difference in rates by year and by system compared to the current structure

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Electric	-3.00%	-1.00%	-2.00%	1.00%	0.00%	1.00%	1.00%	0.00%	1.00%	1.00%
Water	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	2.00%	3.00%	3.00%
Wastewater	-5.00%	-2.00%	-2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



Thank you



**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2024-68

Agenda Date: January 17, 2024

Department: Gainesville Regional Utilities

Title: 2024-68 Integrated Resource Plan (B)

Department: GRU/Sustainability

Description: Staff will present an overview of the current electric system and an introduction to the current Integrated Resource Plan (IRP) process. . *[See Explanation section in detailed backup for additional information].*

Fiscal Note: None

Explanation: The IRP is a strategic planning tool used by utilities to study different options to meet the future generation needs of its system. GRU has completed its preliminary economic modeling in the current IRP process. This presentation will give an introduction and overview of the current electric system dynamics and the current IRP process. GRU staff will be working with the Board over the next several months to develop a strategy and plan to meet future power needs for our customers. In addition, a representative from The Energy Authority (TEA) will provide a power generation market overview for discussion.

Recommendation: Hear staff presentation on the Integrated Resource Plan process and market overview presentation from TEA.

GRU Electric Integrated Resource Plan (IRP)

Part I: Background Information

- Electricity Basics
- Bulk Electric System (BES) Overview
- How Power is Produced
- Overview of GRU Energy Supply (Generating Units)
- Overview of GRU Energy Delivery (Transmission Assets)
- Load Balancing
- Buying and Selling Power
- IRP Process
- GRU Stakeholder and Community Engagement Approach

Part: II: Preliminary IRP Results

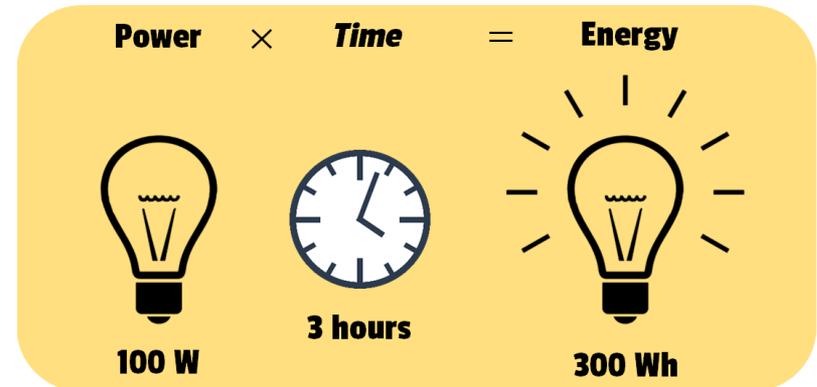
Electricity Basics

Demand (Power)

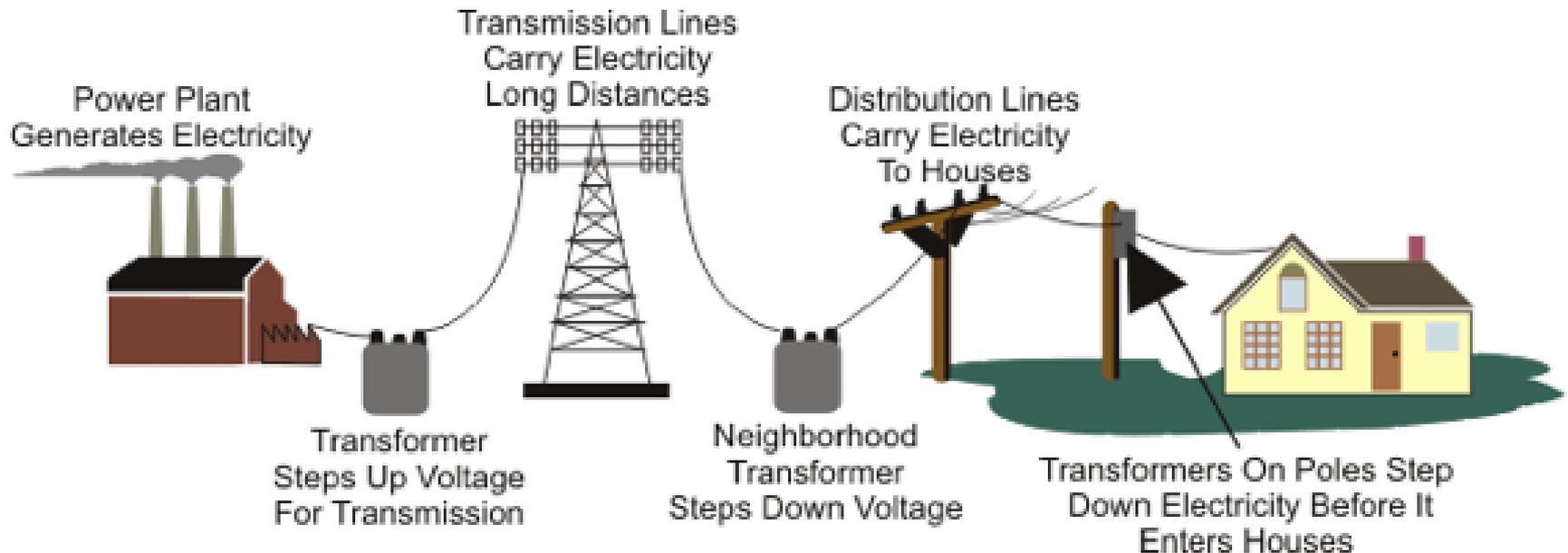
- Watt = unit of power
- 1 Kilowatt (kW) = 1,000 Watts
- 1 Megawatt (MW) = 1 Million Watts
- GRU peak demand (2023) = 409 MW

Energy (Power Consumed)

- Kilowatt hour (kWh) = kW x hours
- Average residential customer uses ~850 kWh/month
- GRU supplies total of 2 Million MWh of electricity/year



Bulk Electric System (BES) Overview



How Power is Produced

■ Fuel Types

- Natural Gas
- Liquid Fuels (diesel, #6 fuel oil, etc.)
- Coal
- Biomass
- Other (nuclear, hydrogen, etc.)

■ Generation Types

- Conventional steam turbine
- Combustion turbine (CT)
- Reciprocating Internal Combustion Engine (RICE)
- Combined-Cycle (combustion turbine w/ steam turbine)
- Utility-scale Solar
- Other (wind, hydro, nuclear, geothermal)



Overview of GRU Energy Supply

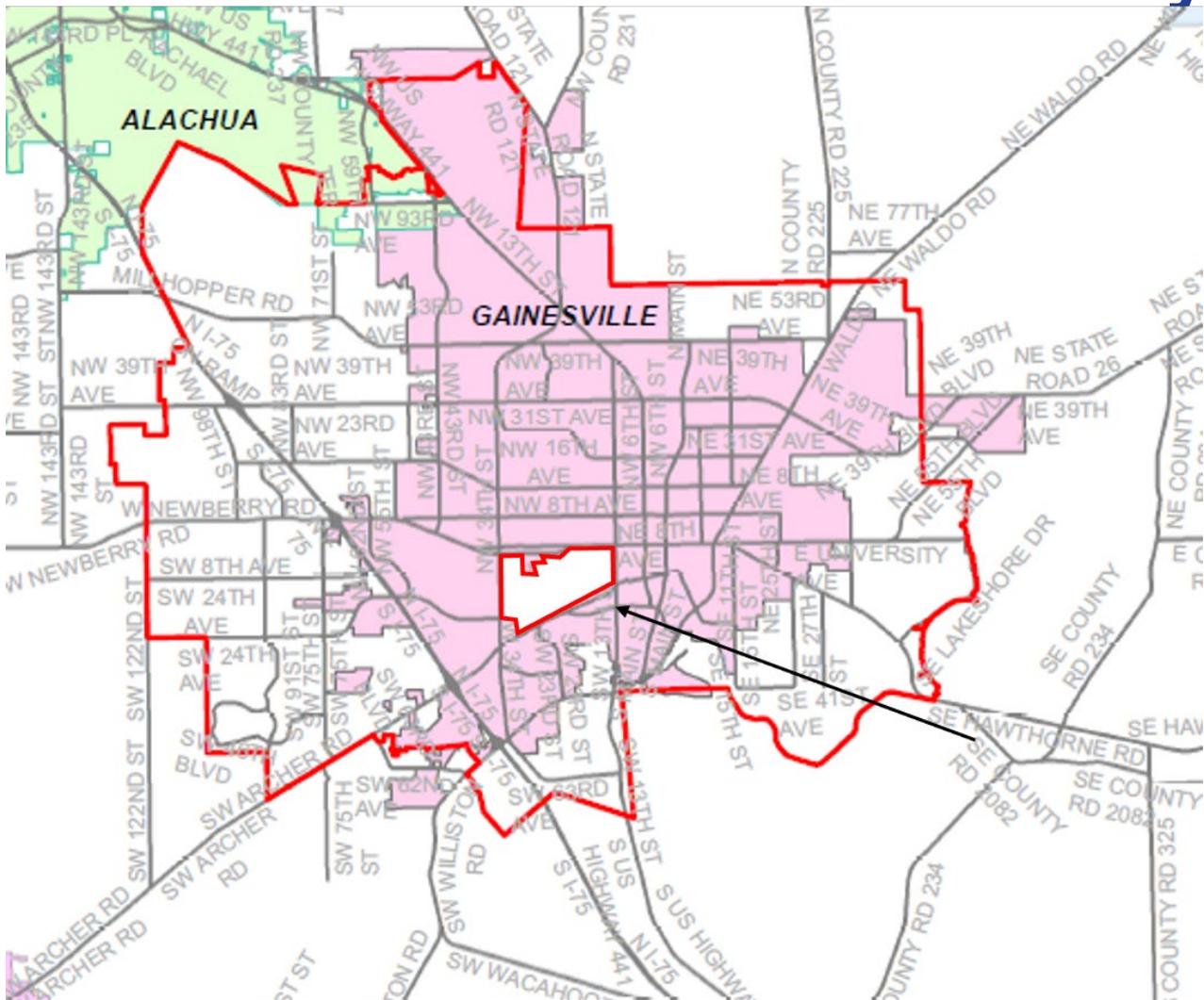
Plant	Unit Number	Fuel Types	Expected Retirement	Contribution to Summer Peak Demand (MW)
John R. Kelly	CC1	Natural Gas	12/2051	112
Deerhaven	DH1	Natural Gas / #6 oil	*12/2027	76
Deerhaven	DH2	Natural Gas / coal	12/2031	232
Deerhaven	CT1	Natural Gas / diesel	*12/2026	17.5
Deerhaven	CT2	Natural Gas / diesel	*12/2026	17.5
Deerhaven	CT3	Natural Gas	12/2046	71
South Energy Center	SEC1	Natural Gas	12/2039	3.8
South Energy Center	SEC2	Natural Gas	12/2047	7.4
Deerhaven Renewables	DHR	Biomass	12/2043	102.5
Sand Bluff Solar	-	-	12/2044	27

**Unit expected to retire in next 5 years*

Generation Types Modeled in IRP

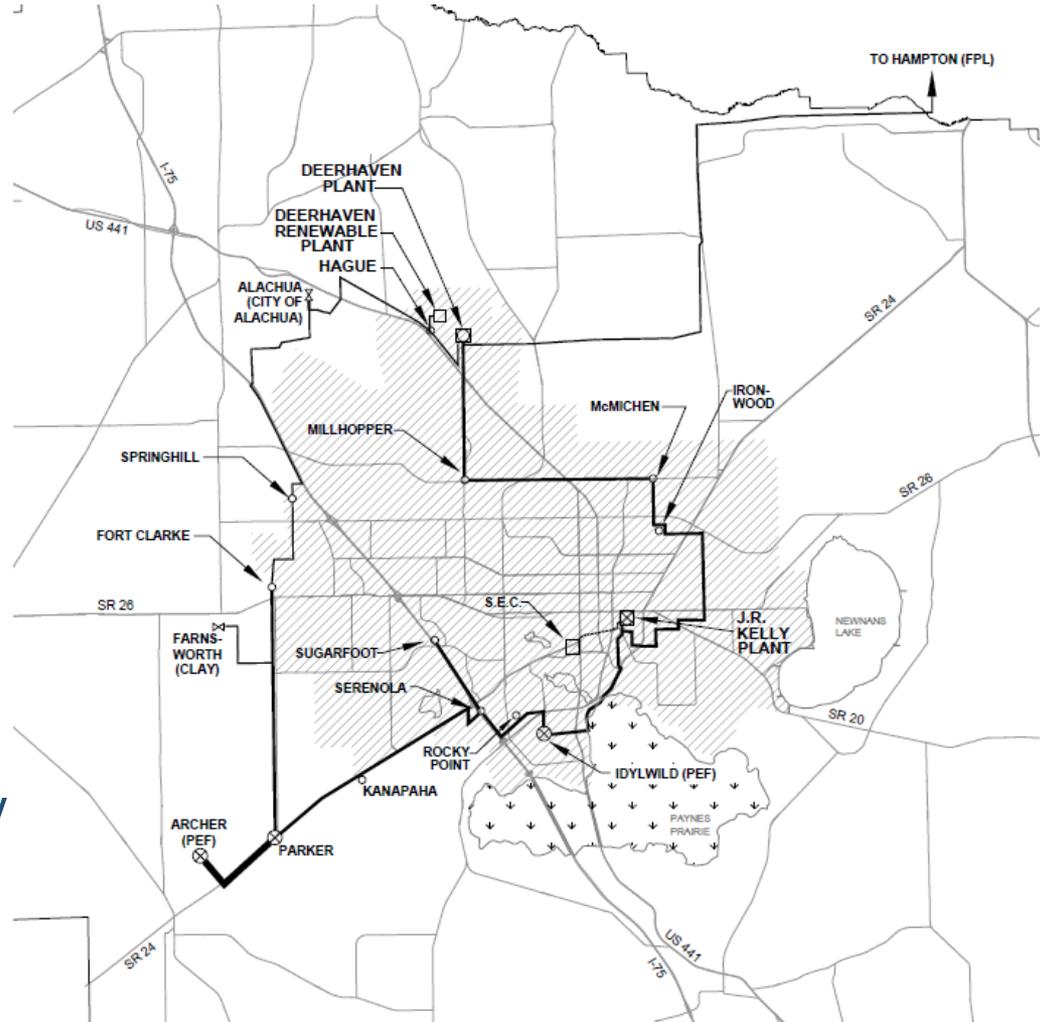
	Supply-Side Resource	Description	Finance Period Years	Max. Capacity Summer Net MW	Net Full Load Heat Rate Summer Btu/kWh	Capital Costs 2023 \$, Millions	Capital Costs 2023 \$ per kW, Summer
GRU Owned	Combined Cycle Combustion Turbine	NGCC - Siemens SGT-800 1x1	30	74.7	7,172	\$162.3	\$2,173
		NGCC - Siemens SGT-800 2x1	30	143.5	7,172	\$320.9	\$2,236
		NGCC - Siemens SGT-800 3x1	30	224.0	7,172	\$471.7	\$2,106
		Kelly Inlet Air Chilling	20	10.0	N/A	\$10.5	\$1,051
	Simple Cycle Combustion Turbine	Siemens SGT-800	30	52.4	9,818	\$83.9	\$1,601
		3 x Solar Titan 250	30	52.6	10,851	\$97.2	\$1,849
		1 x Solar Titan 250	30	17.5	10,851	\$32.4	\$1,849
		1 x Solar Titan 350	30	29.5	10,619	\$41.3	\$1,401
		2 x General Electric LM2500+G4	30	55.9	10,358	\$123.7	\$2,213
	Reciprocating Internal Combustion Engine	RICE - MAN 3x20 MW	30	59.0	8,680	\$94.7	\$1,605
		RICE - MAN 1x20 MW	30	19.7	8,680	\$31.6	\$1,605
	Nuclear[(Small Modular Reactors (SMR))]	Participant in 600 MW SMR project	40	100.0	10,447	\$865.3	\$8,653
	Biomass	Steam Turbine Fueled with Urban Waste Wood	30	30.0	13,500	\$155.4	\$5,180

GRU's Electric Service Territory



Overview of GRU Energy Delivery (Transmission Assets)

- 230 kV radial and a 138 kV loop connecting the following:
 - 3 primary generating stations
 - 11 distribution substations
 - 1x 230 kV and 1x 69 kV tie with Duke Energy Florida (DEF)
 - 138 kV intertie with Florida Power and Light Company (FPL)
 - Interconnection with Clay at Farnsworth Substation
 - Interconnection with the City of Alachua at Alachua No. 1 Substation



How GRU Manages Its Energy Portfolio

Balanced, diverse, economic portfolio ensures power needs met reliably and cost effectively

- **Baseload and Intermediate Units**
 - Relatively higher efficiency
 - Slow start-up and shut-down times
- **Firming (Peaking) Units**
 - Lower efficiency
 - Fast start
- **Intermittent (solar)**
 - Take power when it is generated
- **Power Trading**

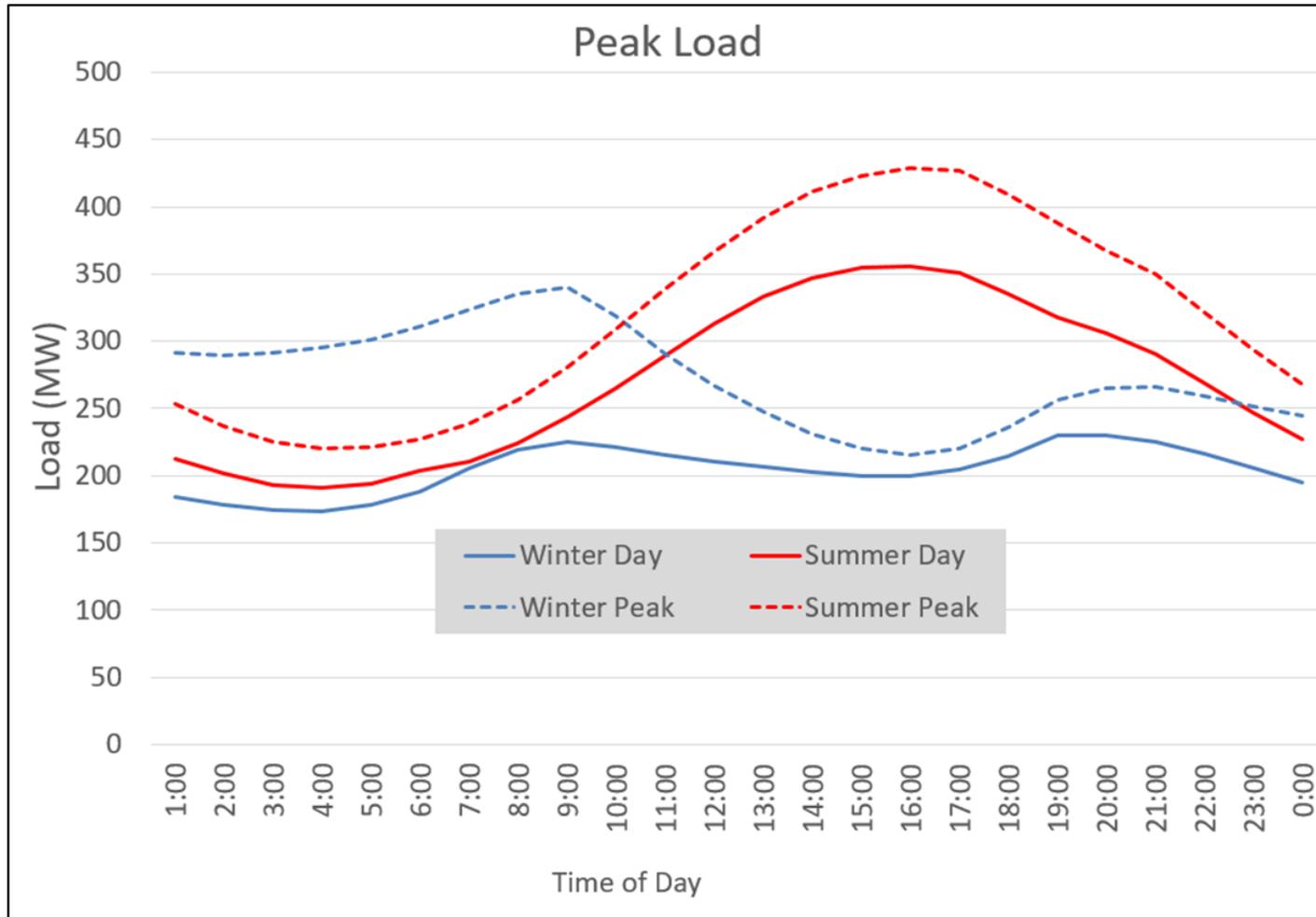


Load Balancing

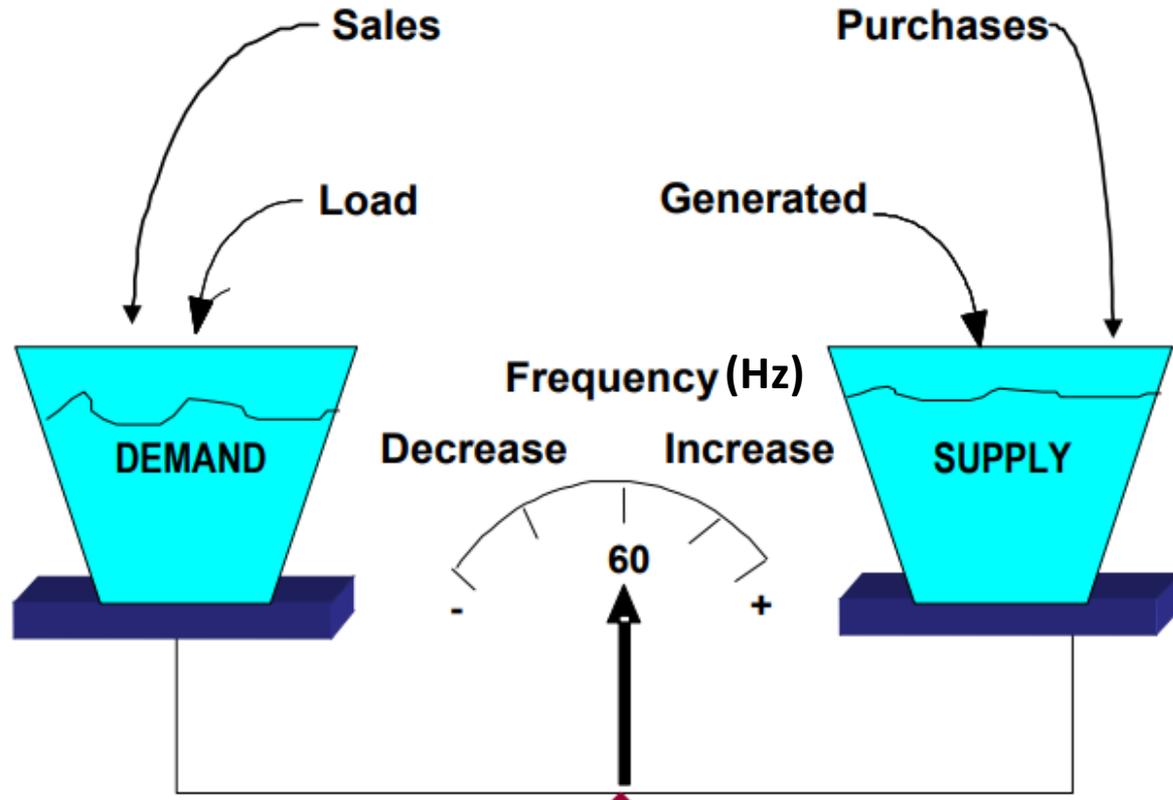
- Utilities must meet electric load continuously under all conditions
 - Natural gas curtailment periods
 - Variable weather conditions
 - Planned and unplanned outages
- Regulatory Requirements
 - North American Energy Reliability Corporation (NERC)
 - Florida Energy Regulatory Commission (FERC)
 - Florida Reliability Coordinating Council, Inc. (FRCC)
- NERC
 - Strict standards governing reliability & security (including cybersecurity)
 - Reporting and audits to verify compliance

- **GRU is a “Balancing Authority”**
 - 60 balancing authorities in US
 - Monitor power load and supply to ensure continuous balance
 - Start, stop, “ramp up”, or “ramp down” generating units
 - Import or export power from grid - Power Trading
- **The owner of the load is responsible for balancing**
 - Load = Customers
 - Load Balancing
 - Can be done by the owner
 - Can be outsourced to another vendor at the cost of the owner

Peak Load Variation



Load Balancing (continued)



ACE = (Generation/Purchase Power)
– (System Load)
Goal: ACE = 0

Negative ACE = Under-generating
Positive ACE = Over-generating

Buying & Selling Power

- GRU has transmission ties with FPL & Duke
- GRU purchases and sells power over these ties
 - GRU purchases and sells power from utilities across the southeast
- GRU participates in multiple power markets
 - Southeast Energy Exchange Market (SEEM): 15-minute intervals
 - Hourly market
 - Day-ahead market
 - Special short-term (a week or more) deals (outages, economic opportunities, etc.)
 - Long-term contracts (PPAs) (Winter Park, Alachua, Seminole, etc.)



Buying & Selling Power (continued)

- **Transmission lines have limits over how much they can move**
 - Transmission availability can vary hour-to-hour
 - Transmission can be reserved for long-term deals (if available)
- **Transmission rates or "wheeling charges"**
 - Charges associated with transferring purchased power over someone else's transmission lines
 - Rates are governed by the PSC and are non-negotiable



Buying & Selling Power (continued)

- **Long-term Power Purchases (PPAs)**
 - Typically consist of capacity, non-fuel variable O&M, and fuel charges
 - Capacity and O&M charges can be fixed or escalating
 - Fuel charges are pegged to a heat rate (generating unit efficiency) and the delivered cost of natural gas each month
 - Wheeling costs are additional and cumulative for the transmission systems the power flows across

Buying & Selling Power (continued)

Example: 50 MW (Peak) Dispatchable PPA in 2028

Size (MW)	50
Capacity Factor	50%
Annual Energy (MWh)	219,000
Capacity (\$/kW-month)	\$ 7.28
Variable O&M (\$/MWh)	\$ 1.68
Heat Rate (Btu/kWh)	7,000
Delivered Natural Gas Cost (\$/MMBtu)	\$ 4.87
Gas Capacity Reservation Charge (\$/MMBtu)	\$ 0.62
Total Natural Gas Cost (\$/MMBtu)	\$ 5.49
Wheeling Cost (\$/kW-month)*	\$ 2.99
Annual Capacity Cost (\$)	\$ 4,369,611
Annual Variable O&M Cost (\$)	\$ 368,056
Annual Fuel Cost (\$)	\$ 8,416,170
Annual Wheeling Cost (\$)	\$ 1,794,000
Total Cost	\$ 14,947,837
Total Cost per MWh	\$ 68.25

*Wheeling charges for the IRP were based upon FPL's tariffed transmission rate in 2023 of \$2.67/kW-month. FPL increased this rate to \$3.77/kW-month on 1/1/24. Escalated at 2.3% per year through 2028 for this example, this charge would be \$4.13/kW-month, or an annual cost increase of \$684,000.

- **Assessment of future energy needs**
- **Evaluation of energy supply portfolios for meeting those needs**
 - Reliable and compliant with all applicable regulations
 - Cost-Effective
 - Mitigate risks
- **Plan satisfies energy needs over 25+ year horizon**
- **Road map for decision making**
 - Drives **actionable** decisions over next ~5 years
- **Industry Best Practice**
 - Typically conducted every ~3-5 years
 - Reflect changes in technology, costs, industry trends, etc.

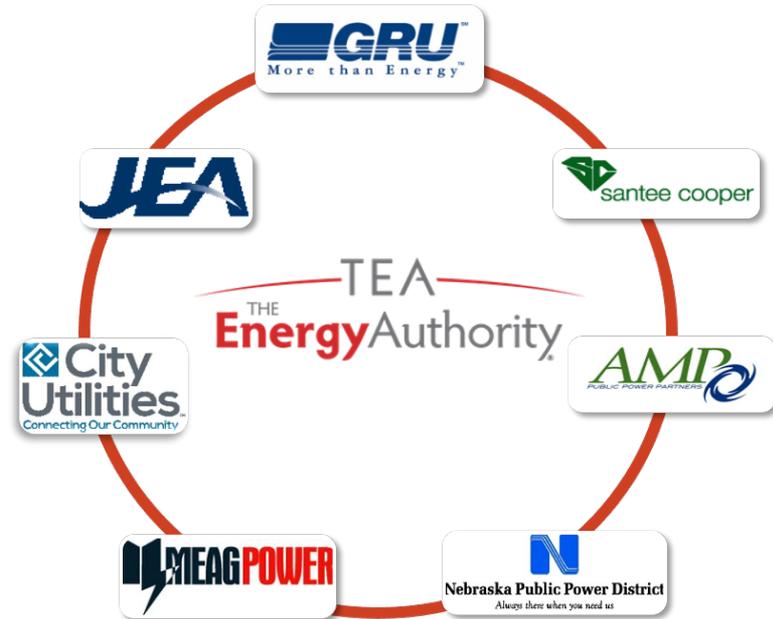
- Assumed GRU will be the power provider
 - Generated
 - Purchased
- Baseline is best estimate of future conditions
 - Minimal constraints
 - Not based on net-zero resolution
- Only 1 sensitivity has net-zero resolution
- All sensitivities and scenarios look at the lowest cost

IRP Considerations

- **Several Deerhaven units nearing end-of-life**
 - Additional resources needed to meet demands and comply with NERC standards
- **Energy resource portfolio must be reliable, operable, and meet all regulatory standards**
 - Meet peak demand with largest unit out of service "N-1" (NERC-TPL-001-4)
- **Rate and debt concerns**
- **Lower fuel and O&M costs with newer units and technologies**
- **Evolving technologies**
 - Plan must be based on commercially available technologies but allow flexibility for future technology shifts

IRP Technical Team

- The Energy Authority (TEA) performing technical analysis
 - Input from GRU technical staff and 3rd party consultant, nFront Consulting
- TEA is a non-profit corporation that works on behalf of public power and other community owned organizations in the power and natural gas markets
 - Over 50 public power clients
 - GRU is 1 of 7 TEA owners, joining in 1999
 - GRU's CEO/GM is a Board member of TEA



IRP Technical Team (continued)

- **GRU utilizes many of TEA's services, including:**
 - Bilateral energy trading
 - Natural gas trading
 - Portfolio management
 - Risk management
 - Advisory services
- **TEA has completed over 20 IRPs for other municipal utilities**
 - TEA worked with GRU to complete its 2016 and 2019 IRPs
- **NFront Consulting**
 - Electric Power industry planning services
 - Numerous IRPs for various sized municipal electric utilities
 - Assisting in stakeholder engagement



PLEXOS Model

Energy Demand

- Peak demand
- Energy
- Hourly demand over year

Resource Alternatives

- Capital costs
- Fixed & Variable O&M costs
- Heat rates
- Dispatchability

Energy Costs

- Fuel prices
- PPA costs
- Transmission costs

Financial

- Inflation rate
- Bond rate
- Discount rate

Constraints

- Reliability
- Plant retirements
- Transmission capacity
- Operability
- Other scenario/sensitivity-specific

PLEXOS



Outputs

- Lowest lifecycle cost portfolio
- Timeline for resource additions
- Emissions

Information Sources for Inputs to IRP

Energy Demand

- Peak demand
- Energy
- Hourly demand over year

Resource Alternatives

- Capital costs
- Fixed & Variable O&M costs
- Heat rates
- Dispatchability

Energy Costs

- Fuel prices
- PPA costs
- Transmission costs

Financial

- Inflation rate
- Bond rate
- Discount rate



Sargent & Lundy



S&P Global
Commodity Insights

- **PLEXOS**
 - Specialized software used for IRP analysis
 - Applies mixed integer programming to perform multi-operational decision optimization
 - Replicates actual electric system operation with all technical constraints modeled and obeyed
 - Solves for the lowest life-cycle cost resource portfolio that meets demand and energy needs on an hourly basis
 - NERC regulations for reliability and reserve margin must be met
- **Considers all costs for each resource portfolio option**
 - Capital Outlays
 - Fixed and variable O&M
 - Fuel costs
 - PPA costs
 - Firming power required for utility scale solar

- **“Baseline”**
 - Model inputs based on most likely anticipated future based on industry forecasts
 - PLEXOS solves for lowest lifecycle cost portfolio that meets energy needs
- **Multiple “Scenarios” and “Sensitivities” also evaluated to account for other possible futures**
 - 19 scenarios and sensitivities modeled
 - Achieving 2045 net-zero carbon emission per 2018 City Commission Resolution was only one of 15 sensitivities modeled (not part of the baseline)
- **IRP provides a robust preferred resource plan that will mitigate risks across multiple futures and fit within debt defeasance plan**

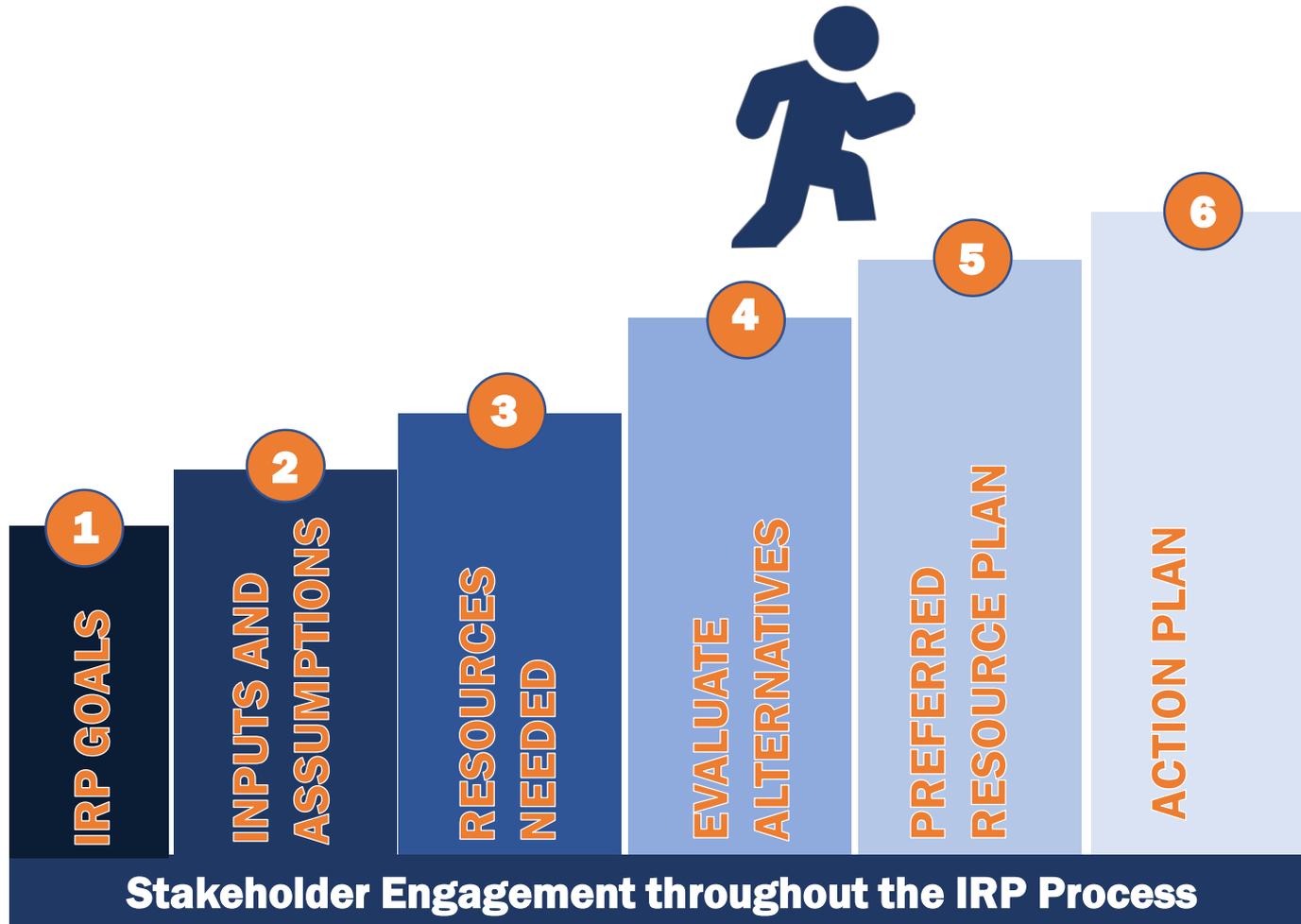
Net Present Value (NPV)

- NPV used to compare lifecycle costs
- Industry standard metric evaluating cash flows over the lifetime of an investment
- Captures costs of serving energy requirements over the IRP study period (through 2050)
- Accounts for time value of money by applying a "discount rate" to future investments
- Allows comparison of alternatives with different cash flows

GRU Stakeholder and Community Engagement Approach

- **Purpose**
 - Educate and get input from broad cross-section of stakeholders with various interests
 - Business
 - Low Income customers
 - Environmental & civic
- **Industry Best Practice**
 - Facilitate buy-in of final plan
- **Stakeholder Engagement/Public Outreach Team**
 - Acuity Design Group (ADG)
 - nFront Consulting
 - TEA
 - GRU Staff
- **Stakeholder Advisory Group**
 - Initiated March 2023
 - Diverse group representing cross-section of interests and perspectives
 - 6 stakeholder technical meetings
- **Community Engagement Meetings**
 - 6 Meetings

IRP PROCESS



Next Steps

- **Preliminary IRP Results - February 7**
- **Development of Preferred Resource Plan**
 - **Develop Internally**
 - **January - March**
- **Proposed Preferred Resource Plan to GRUA - April 17**
- **Final Stakeholder Advisory Group and Community Meetings – May**



Thank you

TEA

THE
Energy Authority[®]



THE ENERGY AUTHORITY - INTRODUCTION

ORIGINS OF TEA



TEA

THE Energy Authority[®]



TEA TODAY



TEA

PUBLIC POWER

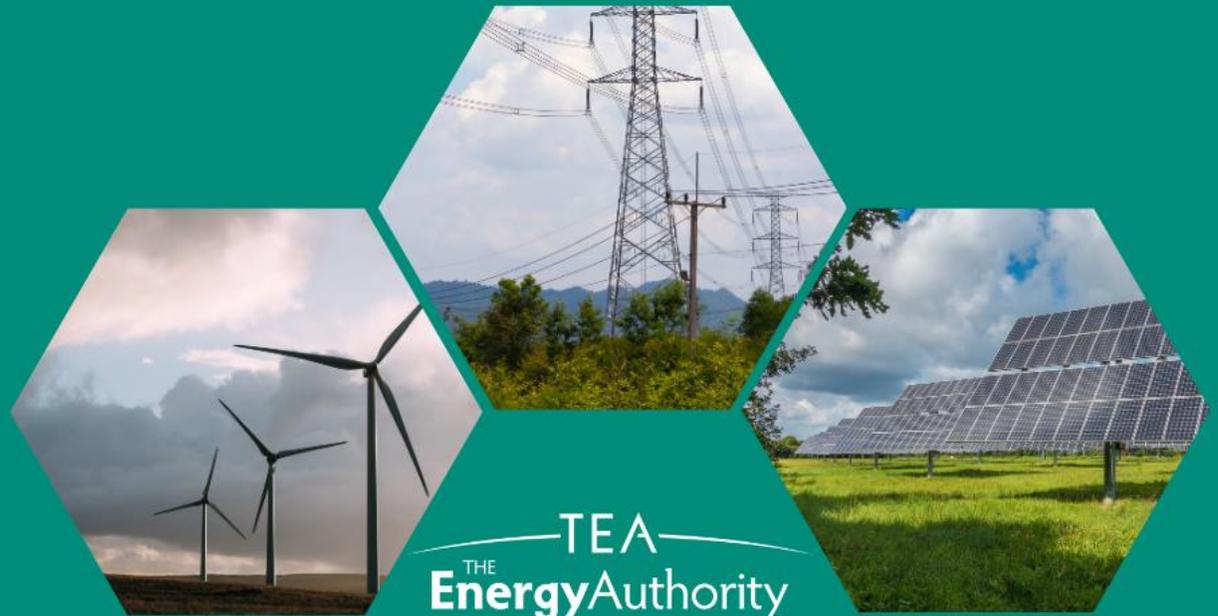
- Local Ownership, Control & Governance
- Non-Profit
- Physical Complexity
- Public Pressures

ENERGY MARKET

- Financial Complexity
- Dynamic
- Competitive
- Data Intensive
- Specialized Skillsets

**OUR
MISSION**

**MAXIMIZE THE VALUE
OF OUR CLIENTS' ASSETS
IN THE WHOLESALE ENERGY MARKETS**



TEA
THE
Energy Authority

ECONOMIES OF SCALE

**> 60
PUBLIC
POWER
CLIENTS**



- Over \$5B in gross revenues in 2022
- 240 employees
- Offices in Jacksonville, FL & Bellevue, WA



- Over 200,000 transactions per year
- #1 in volume among community-owned entities
- Trade across 40 states



- 25,000 MW of Generation
- 30,000 MW of Peak Demand
- > 250 Bcf of NG/year
- 75 Million MWh/year

STRATEGIC SOLUTIONS



**ADVISORY
SERVICES**



**BILATERAL
ENERGY
TRADING**



**SEEM
SERVICES**



**NATURAL GAS
MANAGEMENT**



**PORTFOLIO
MANAGEMENT**



**RENEWABLE
FORECASTING**



**RENEWABLE RFP
PROCUREMENT
PLATFORM**



**RTO MARKET
MANAGEMENT
& TRADING**



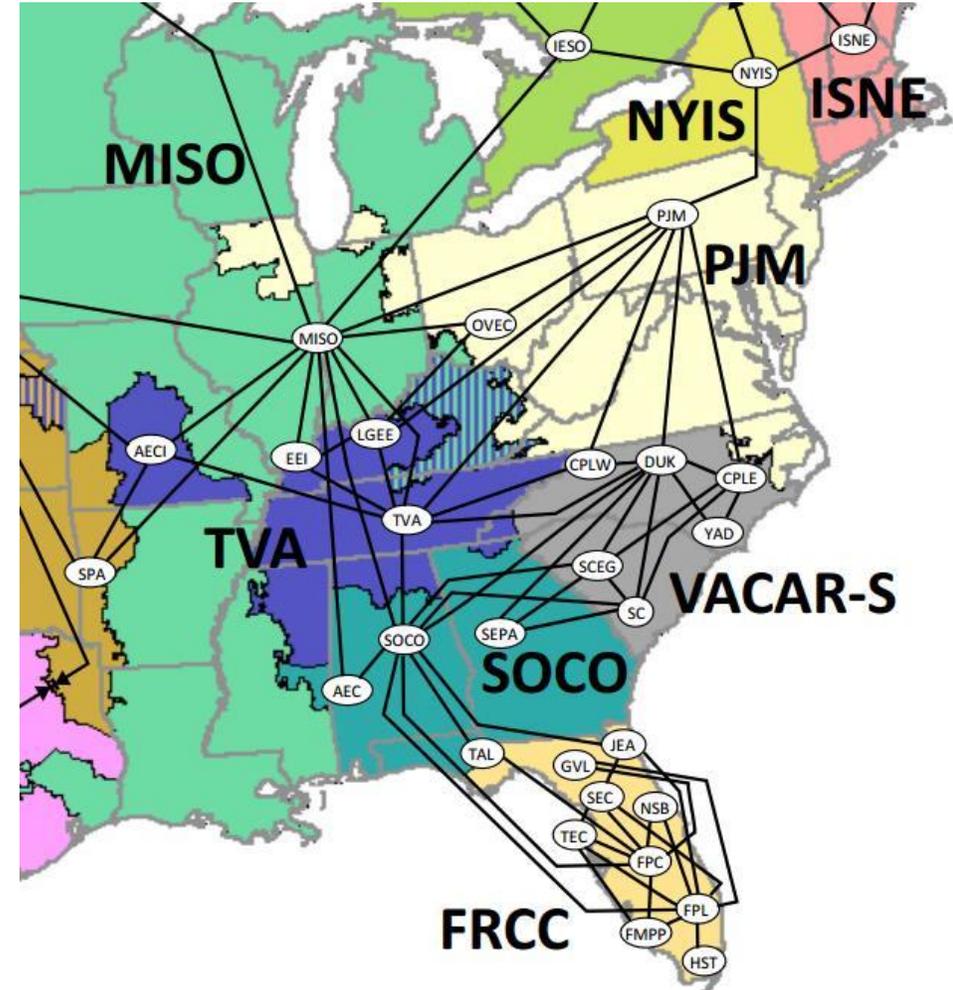
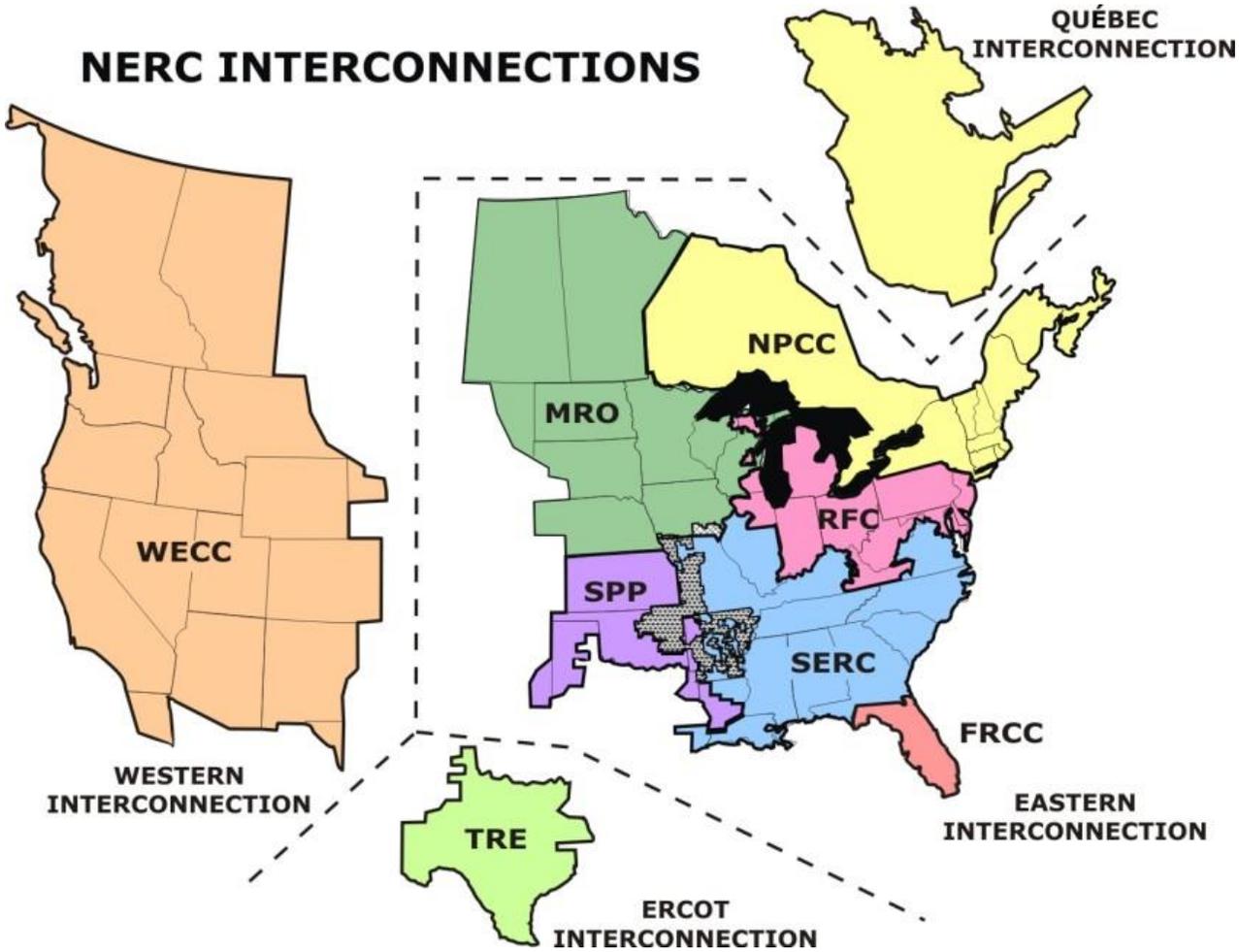
**DATA
DYNAMICS**



**STORA
OPTIMIZATION
ENGINE**

MARKET OVERVIEW

BALANCING AREAS – EASTERN INTERCONNECTION

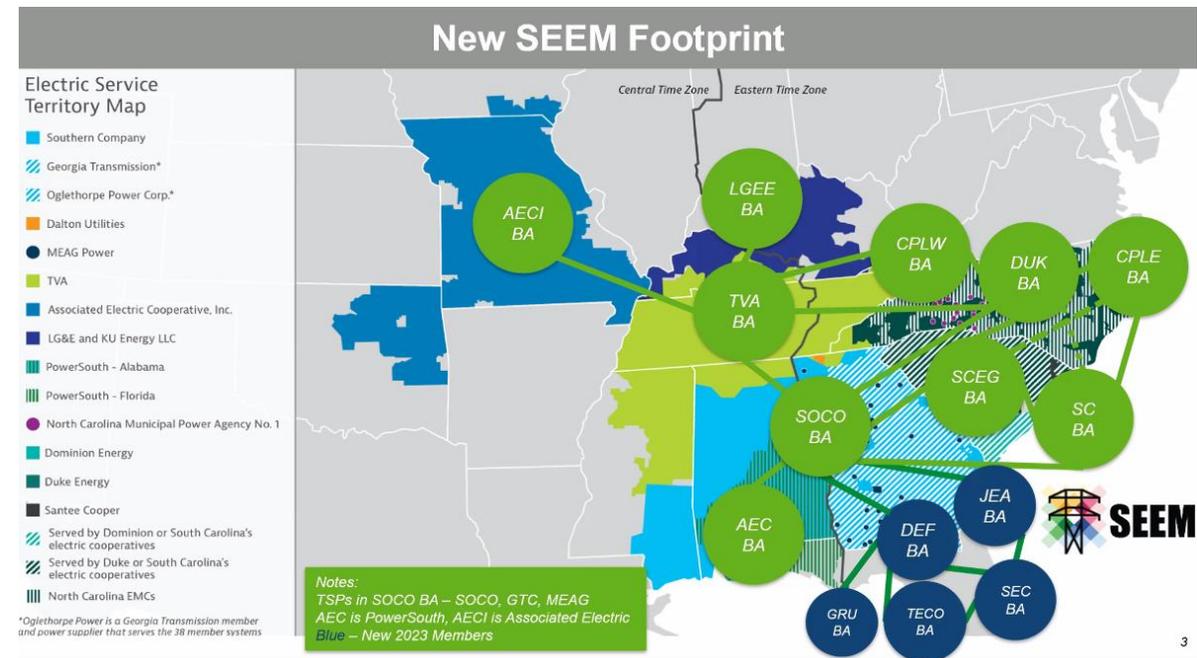


PURCHASES AND SALES BETWEEN UTILITIES

- Factors that affect interchange between utilities:
 - Marginal cost of resources:
 - How does the market compare to utility owned generation?
 - Electricity market is greater than marginal cost, GRU sells electricity into the marketplace
 - Electricity market is less than the marginal cost, GRU purchases electricity from the marketplace and displaces its generation (backs down or turns off a power plant)
 - Load forecast & unit commitments
 - Transmission cost:
 - GRU has only two transmission links to other market players (FPL and Duke Energy Florida)
 - Market liquidity – depth:
 - How many MWs can the market provide? Purchases
 - How many MWs can GRU sell? Sales
 - Credit capabilities:
 - Will GRU be paid by the counterparty and can GRU pay for the power?
 - Risk Management
 - Emergency needs:
 - Utility losses generation and needs power within 15 minutes

MARKET TRANSACTIONS

- Multiple lengths of time for transactions
 - Long-term Power Purchase Agreements (PPA)
 - Can vary in term – but are typically one year or greater through 30 years
 - Example: GRU/Origis PPA for solar
 - Term Transactions
 - Purchase or sell 3 months to one year
 - One-month transactions
 - Cash or Next Day Transactions
 - For tomorrow, or through a weekend and Monday
 - Hourly
 - Southeastern Energy Exchange Market
 - 15-minute increments within the Southeast only



INTEGRATED RESOURCE PLAN (IRP)

IRP PRIMARY OBJECTIVE



Forecasting future demand and supply requirements to determine the optimal mix of resources to minimize future costs while meeting reliability, regulatory, and social expectations



Develop a repeatable process for creating a 20-year strategic resource plan



The Strategic Resource Plan is a long-term “buy” or “build” plan for capacity resources needed to meet a utility/state/market capacity, or energy, obligation requirement

TEA IRP Services Since 2017

Pacific Northwest: Bi-annually

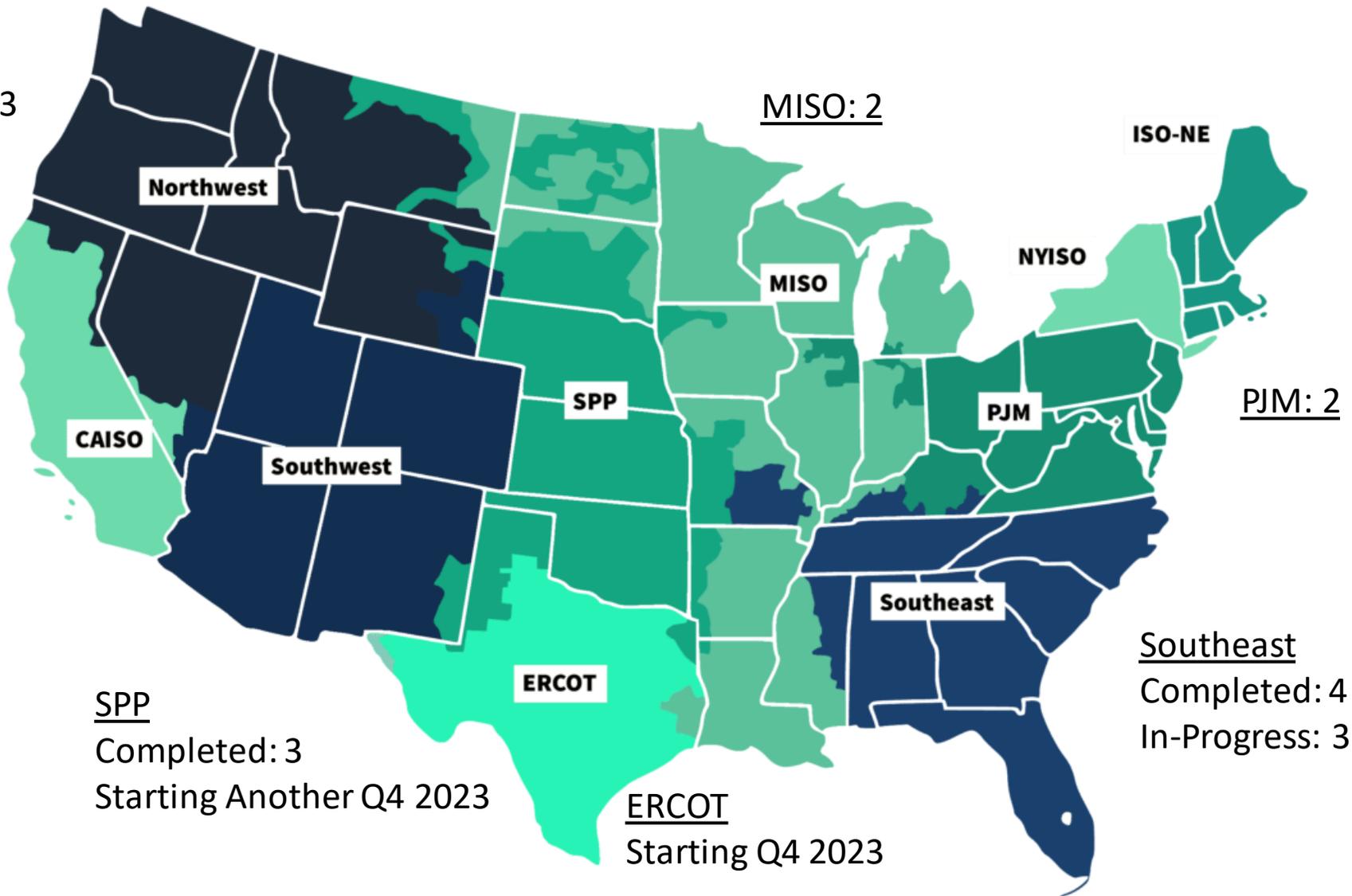
Full: 6

Updates: 3

Starting 2-3 Q4 2023

WECC: 1

CAISO: Annually



SPP

Completed: 3

Starting Another Q4 2023

ERCOT

Starting Q4 2023

Southeast

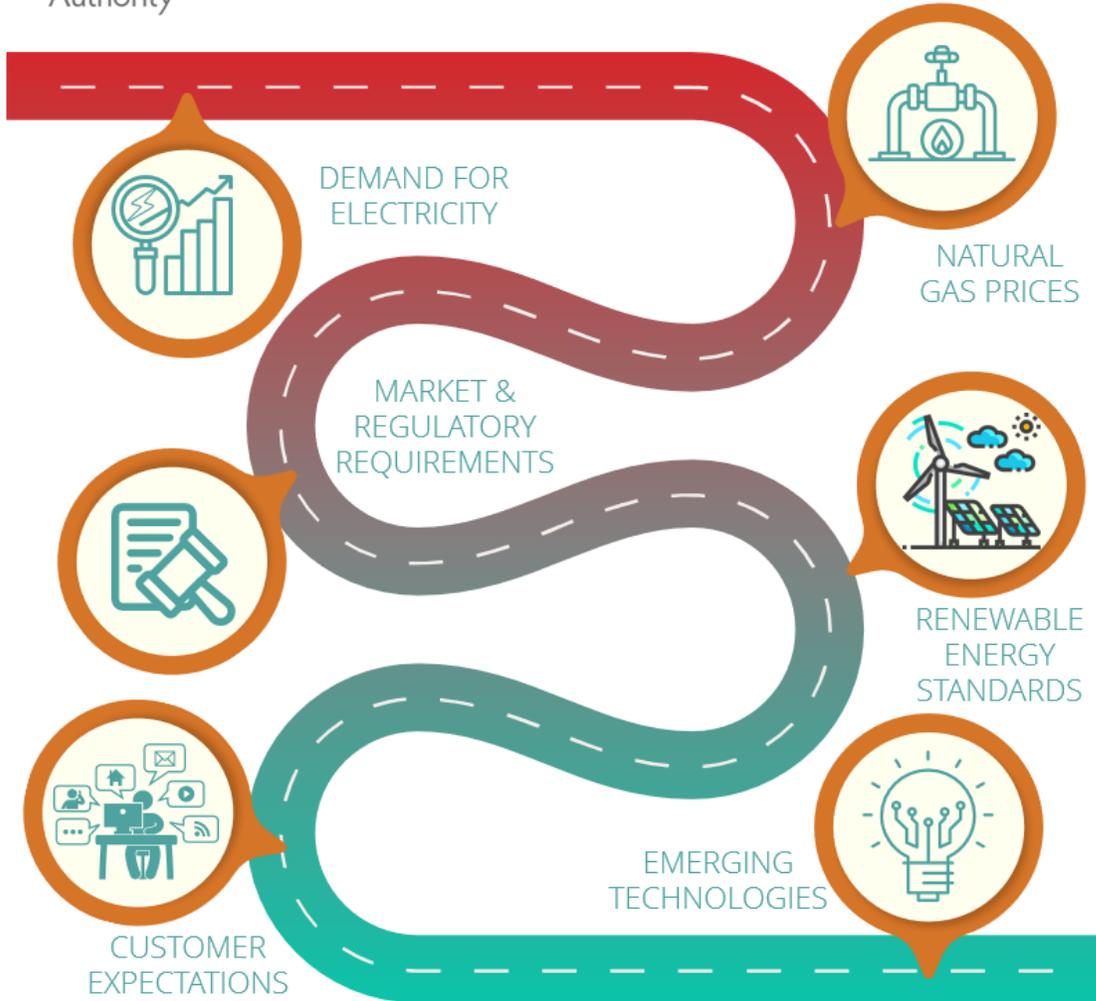
Completed: 4

In-Progress: 3

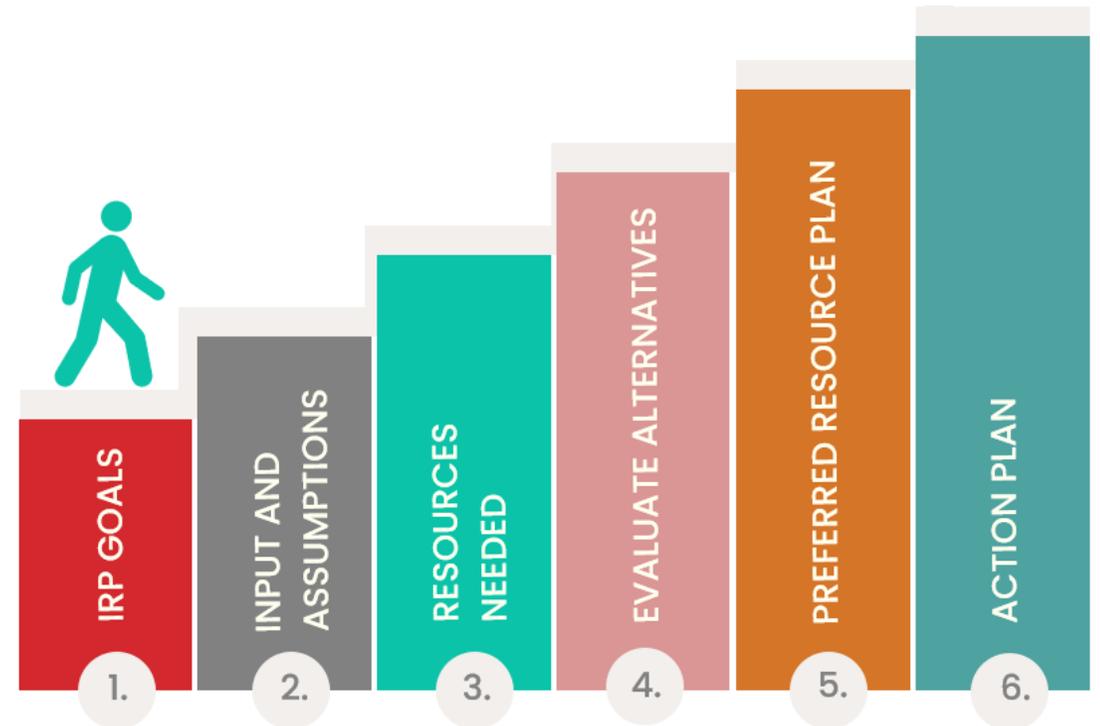
GENERAL IRP PROCESS AND ROADMAP



IRP ROADMAP

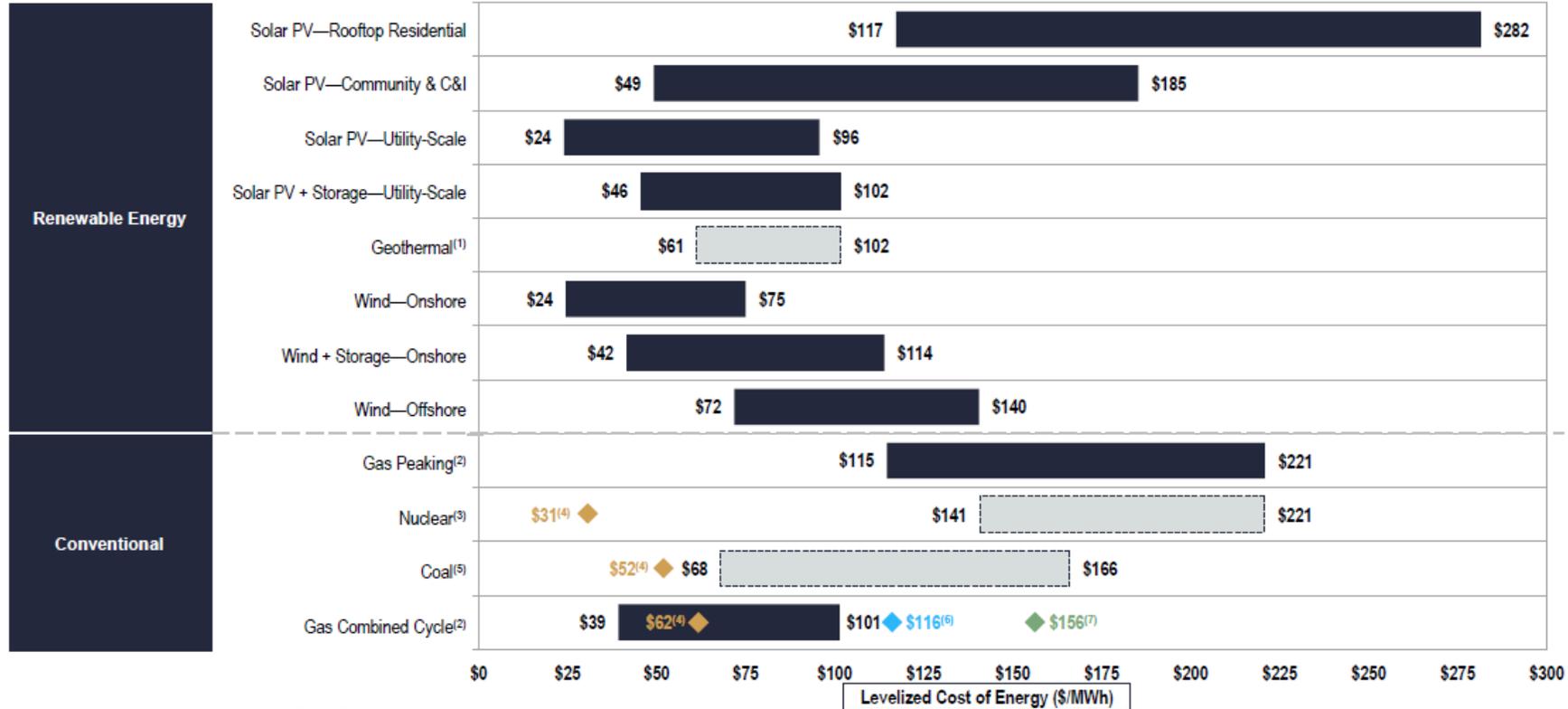


6-Step IRP Process



Levelized Cost of Energy Comparison—Unsubsidized Analysis

Selected renewable energy generation technologies are cost-competitive with conventional generation technologies under certain circumstances



Source: Lazard and Roland Berger estimates and publicly available information.

Note: Here and throughout this presentation, unless otherwise indicated, the analysis assumes 60% debt at an 8% interest rate and 40% equity at a 12% cost. See page titled "Levelized Cost of Energy Comparison—Sensitivity to Cost of Capital" for cost of capital sensitivities.

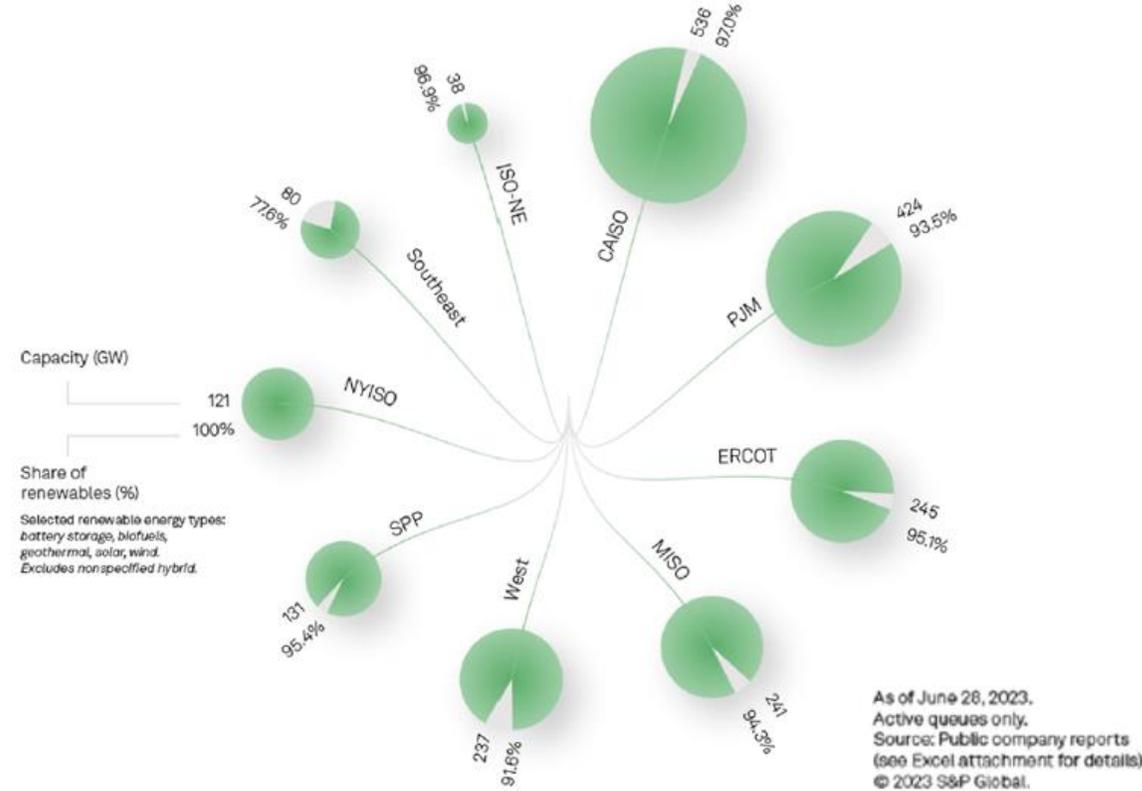
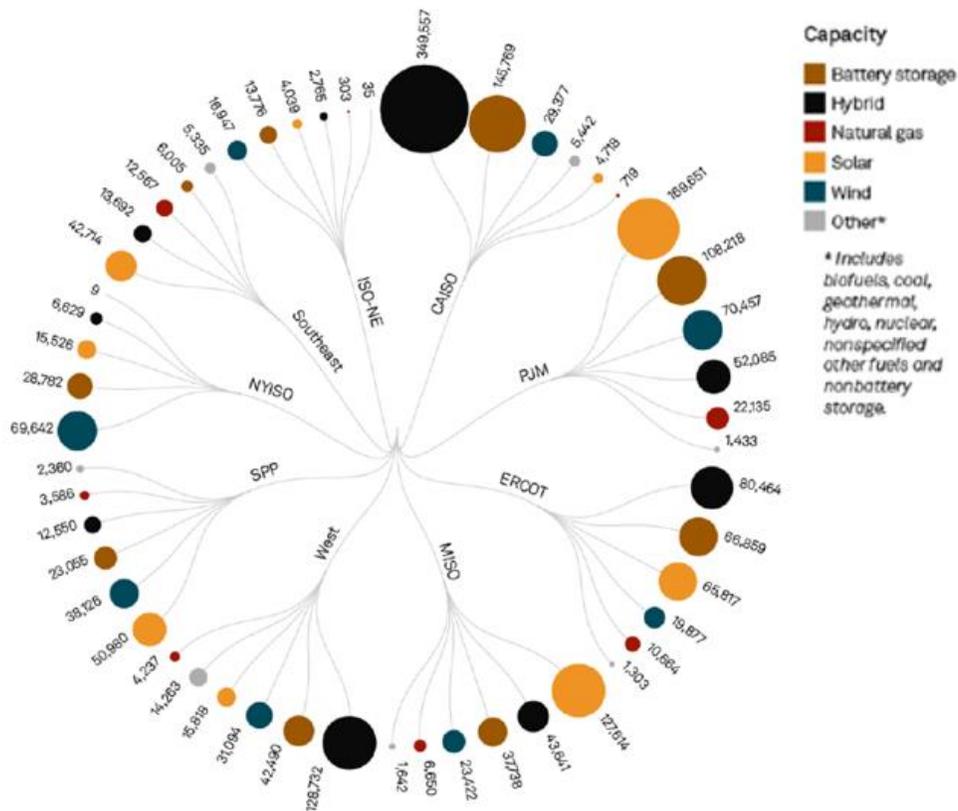
- (1) Given the limited data set available for new-build geothermal projects, the LCOE presented herein represents Lazard's LCOE v15.0 results adjusted for inflation.
- (2) The fuel cost assumption for Lazard's unsubsidized analysis for gas-fired generation resources is \$3.45/MMBTU for year-over-year comparison purposes. See page titled "Levelized Cost of Energy Comparison—Sensitivity to Fuel Prices" for fuel price sensitivities.
- (3) Given the limited public and/or observable data set available for new-build nuclear projects and the emerging range of new nuclear generation strategies, the LCOE presented herein represents Lazard's LCOE v15.0 results adjusted for inflation (results are based on then-estimated costs of the Vogtle Plant and are U.S.-focused).
- (4) Represents the midpoint of the unsubsidized marginal cost of operating fully depreciated gas combined cycle, coal and nuclear facilities, inclusive of decommissioning costs for nuclear facilities. Analysis assumes that the salvage value for a decommissioned gas combined cycle or coal asset is equivalent to its decommissioning and site restoration costs. Inputs are derived from a benchmark of operating gas combined cycle, coal and nuclear assets across the U.S. Capacity factors, fuel, variable and fixed operating expenses are based on upper- and lower-quartile estimates derived from Lazard's research. See page titled "Levelized Cost of Energy Comparison—Renewable Energy versus Marginal Cost of Selected Existing Conventional Generation Technologies" for additional details.
- (5) Given the limited public and/or observable data set available for new-build coal projects, the LCOE presented herein represents Lazard's LCOE v15.0 results adjusted for inflation. High end incorporates 90% carbon capture and storage ("CCS"). Does not include cost of transportation and storage.
- (6) Represents the LCOE of the observed high case gas combined cycle inputs using a 20% blend of "Blue" hydrogen, (i.e., hydrogen produced from a steam-methane reformer, using natural gas as a feedstock, and sequestering the resulting CO₂ in a nearby saline aquifer). No plant modifications are assumed beyond a 2% adjustment to the plant's heat rate. The corresponding fuel cost is \$5.20/MMBTU, assuming ~\$1.40/kg for Blue hydrogen.
- (7) Represents the LCOE of the observed high case gas combined cycle inputs using a 20% blend of "Green" hydrogen, (i.e., hydrogen produced from an electrolyzer powered by a mix of wind and solar generation and stored in a nearby salt cavern). No plant modifications are assumed beyond a 2% adjustment to the plant's heat rate. The corresponding fuel cost is \$10.05/MMBTU, assuming ~\$4.15/kg for Green hydrogen.

CAPACITY TRENDS ACROSS THE US

- Renewable capacity is actively undergoing impact studies for grid connectivity above 90% across all regions except the Southeast (77.6%)

Interconnection queue capacity by region, type (MW)

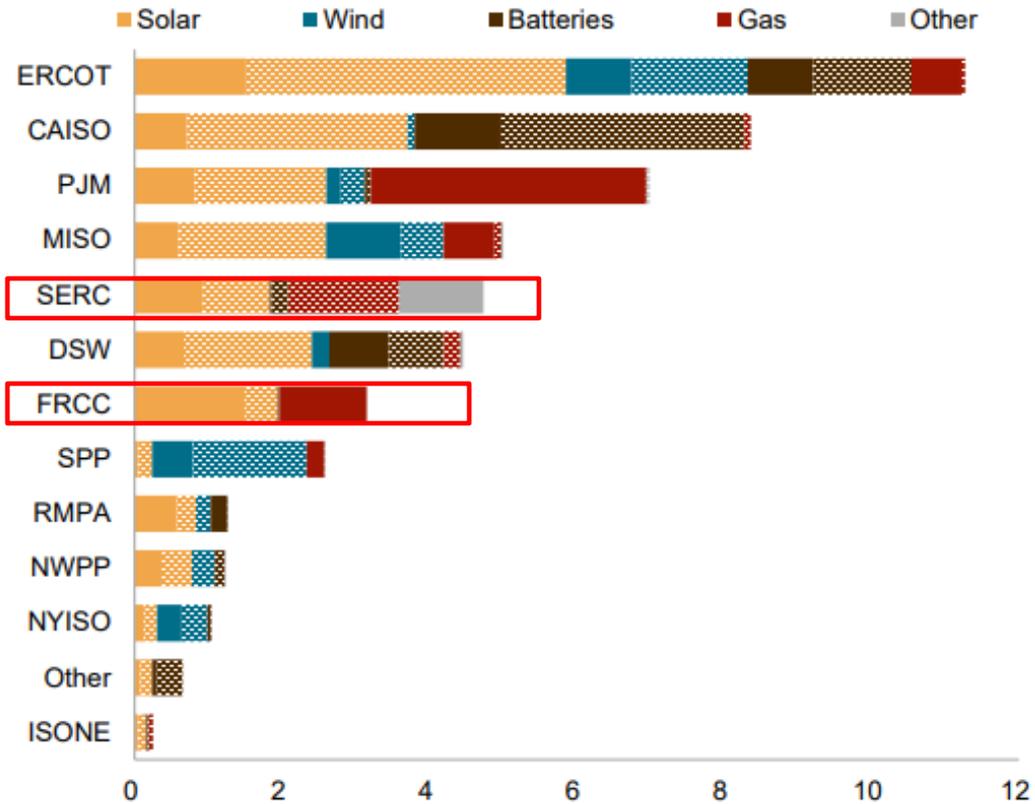
Share of renewables in interconnection queue by region



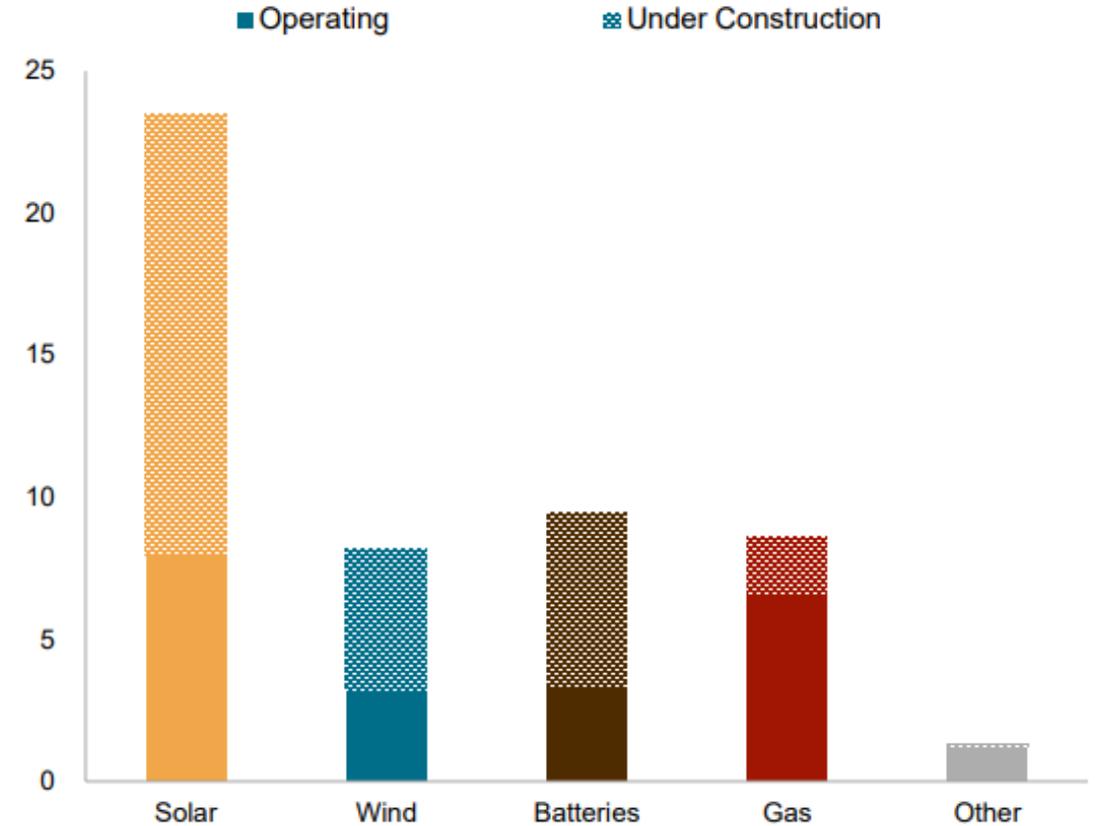
As of June 26, 2023.
Active queues only.
Source: Public company reports
(see Excel attachment for details).
© 2023 S&P Global.

2023 - ON TRACK TO SET RECORD FOR ANNUAL CAPACITY ADDITIONS

US capacity additions 2023, operating and under construction
GW



US capacity additions 2023, operating and under construction
GW

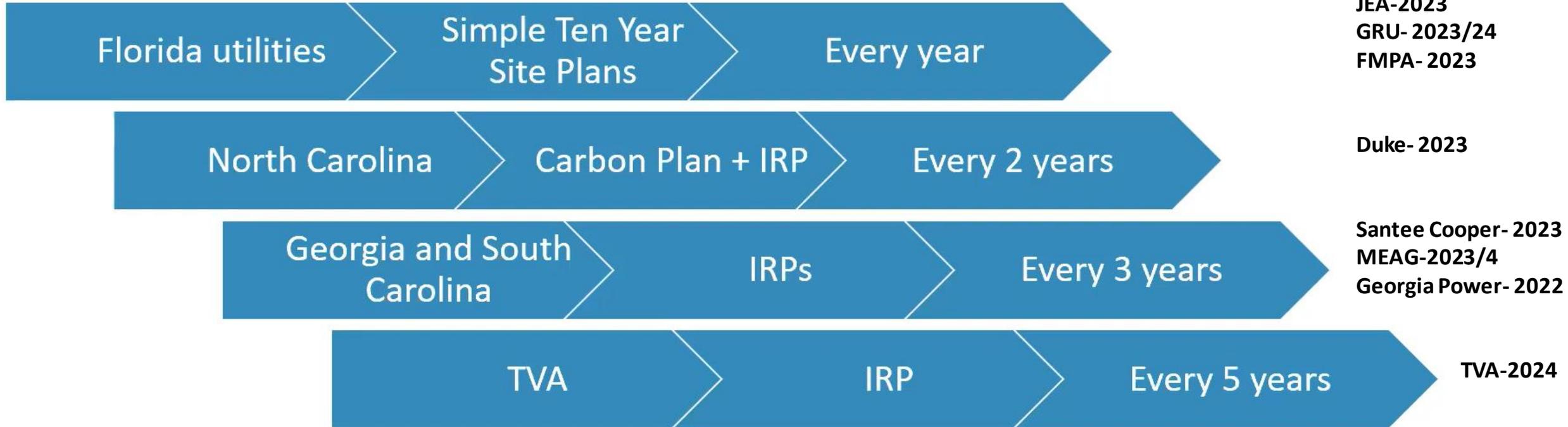


Date compiled September, 2023

Notes: reflects resources with 2023 planned operation dates from EIA's July 860M; Other includes Alaska and Hawaii; solar and battery totals do not include behind-the-meter capacity

Source: S&P Global Commodity Insights, EIA

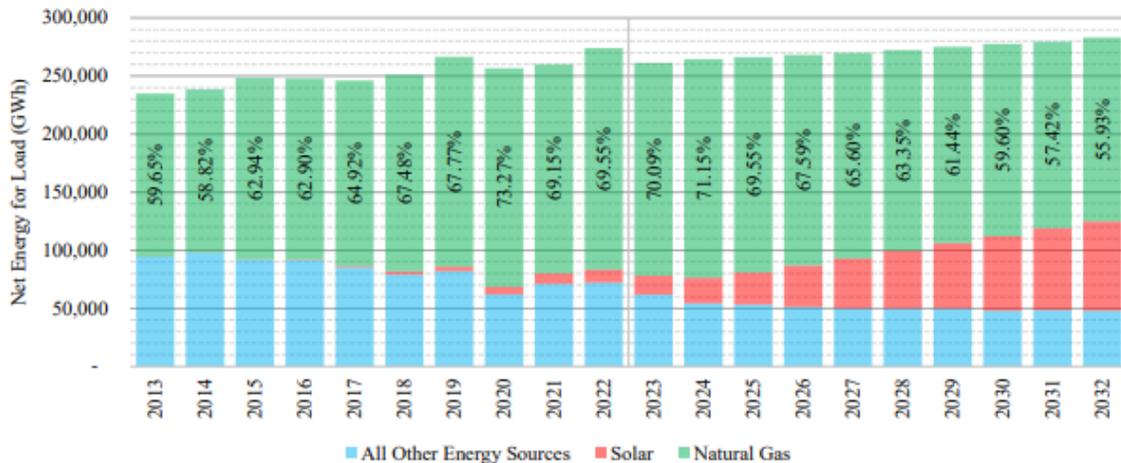
IRP - TIMELINE



FLORIDA 10-YEAR SITE PLANS

- Annual review of demand and supply side management to meet environmental and government mandates
- Update load forecast
- Provide generation expectations with site proposals for the next 10 years
- Calculate reserve margins and generation mix

Figure 2: State of Florida - Electricity Generation Sources



Source: FRCC 2014-2023 Regional Load and Resource Plans

Table 1: State of Florida - Renewable Energy Generation

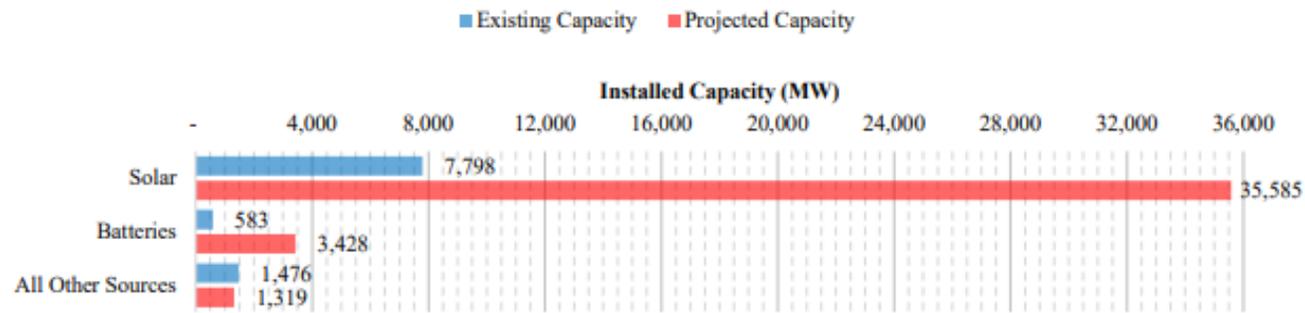
Utility	2022 Actual			2032 Projected		
	NEL	Renewables		NEL	Renewables	
	GWh	GWh	% NEL	GWh	GWh	% NEL
FPL	147,131	8,660	5.9%	152,225	54,303	35.7%
DEF	46,141	2,225	4.8%	44,705	10,973	7.2%
TECO	21,572	1,492	6.9%	22,822	4,535	19.9%
FMFA	7,097	148	2.1%	6,802	764	11.2%
GRU	1,895	622	32.8%	1,952	881	45.1%
JEA	12,930	150	1.2%	13,765	3,298	24.0%
LAK	3,406	17	0.5%	3,740	180	4.8%
OUC	7,764	346	4.5%	8,077	3,198	39.6%
TAL	2,611	114	4.4%	3,018	115	3.8%
SEC	16,330	463	2.8%	18,233	740	4.1%
State of Florida	274,025	15,786	5.8%	283,094	79,134	28.0%

Source: FRCC 2023 Regional Load and Resource Plan & TYSP Utilities' Data Responses

FLORIDA 10-YEAR SITE PLANS

- **Load growth: ~1.1%**
- **FPL:**
 - Plan for “Real Zero” goal by 2045
 - All of FPL’s coal-fired generation is retired by the end of the 10- year reporting period
 - FPL plans on adding ~20,000 MW of solar and ~2,000 MW of battery storage over the 10- year period
- **Duke Energy Florida:**
 - Adding 4,000 MW of solar and battery units in the next 10 years
- **JEA**
 - Adding 550 MW of Combined Cycle (by 2030) and 1275 MW of solar (by 2030)

Figure 11: State of Florida - Current and Projected Renewable Resources



Source: FRCC 2023 Regional Load and Resource Plan & TYSP Utilities' Data Responses

DUKE AND TVA IRP SUMMARIES

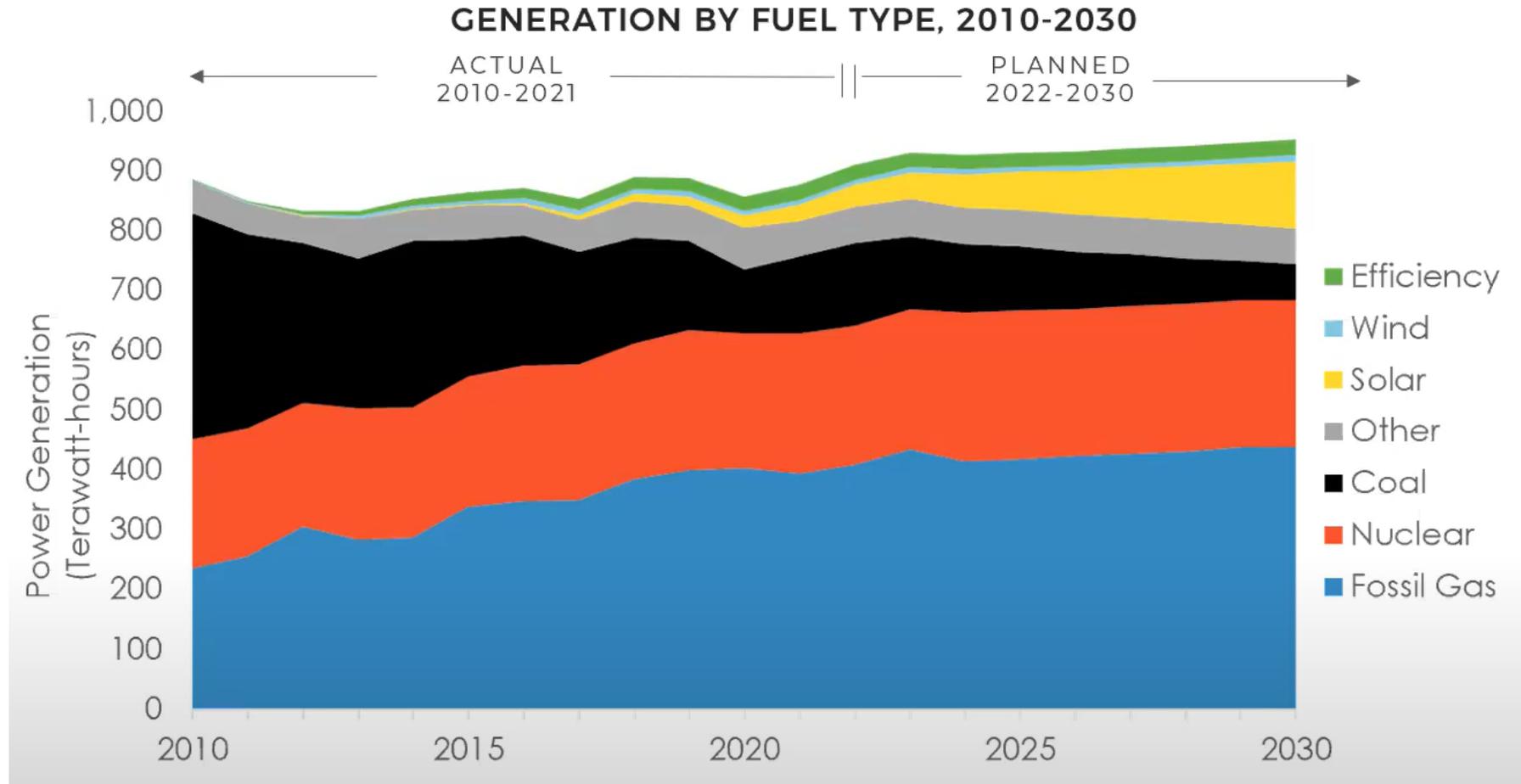
DUKE:

- IRP recently releasedupdate from previous Carbon Plan
- Larger load growth than previously forecasted - “Large site developments” – between now and 2030 - Industrial, manufacturing, commercial, institutional customer
- Increasing planning reserve margin from 17% to 22%
 - Winter capacity risk, increase in load forecast error, increase in unit outages and lower reliance on neighboring utilities
 - 6,000 MW of solar and 2,700 MW battery storage additions by 2031
 - 5,800 MW of hydrogen-capable gas capacity by 2032
 - Retiring Roxboro and Marshall coal plants
 - 1,200 MW of onshore wind by 2033 (some offshore wind)
 - 1,700 MW of pumped-storage hydro by 2034

TVA:

- TVA board recently approved \$15 billion for system improvements and investments in new generation
- Forecasting roughly 30% load growth in the next 10 years
- Among new resources planned or under consideration:
 - 10,000 MW of solar to be online by 2035
 - Up to 1,200 MW of potential small modular nuclear reactors
 - And a 1,400 MW combined cycle natural gas plant to replace the retiring coal fired Cumberland Fossil Plant.

SOUTHEAST GENERATION

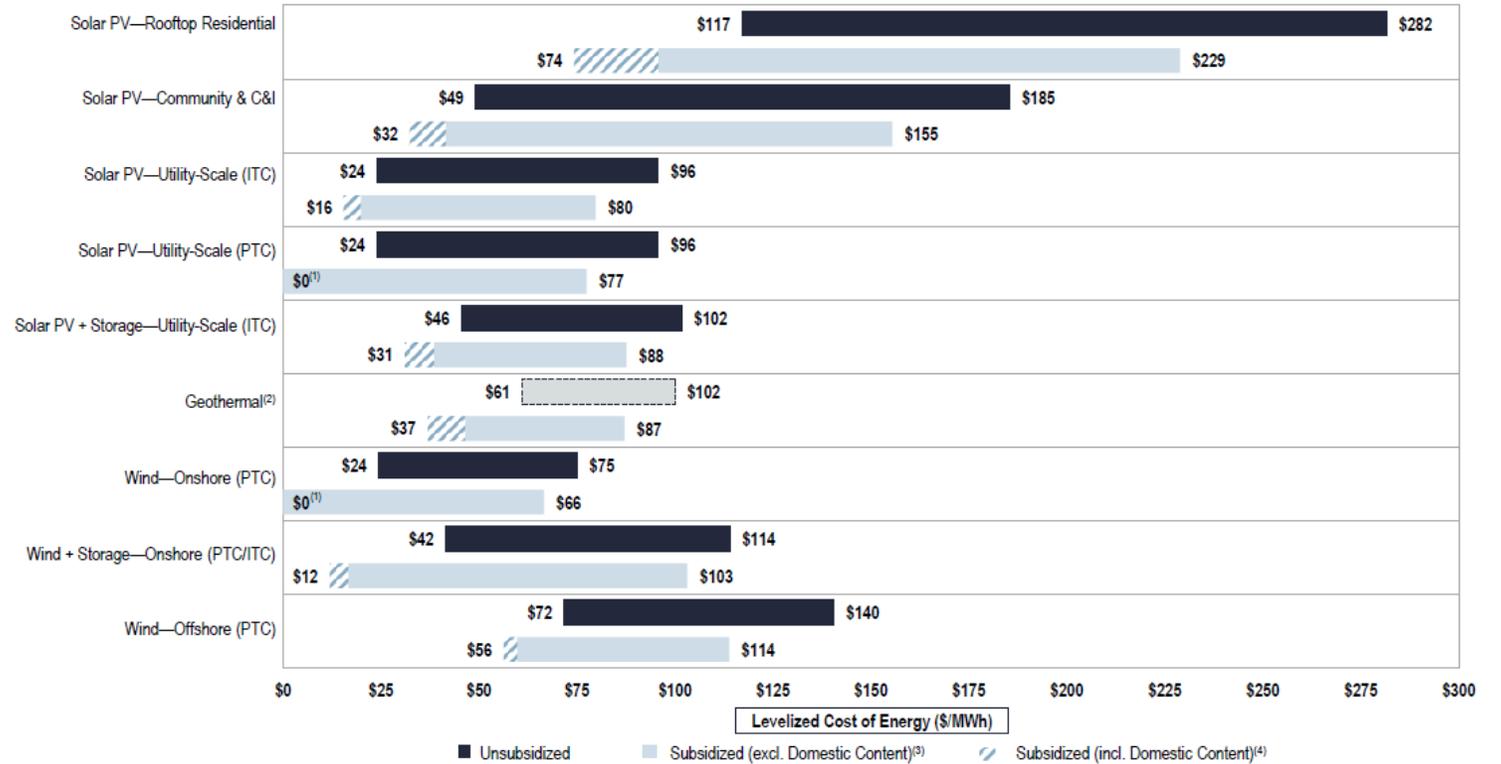


APPENDIX

Current prices for Wind and Solar Are Up 34% (66% according to Lazard)-But Inflation Reduction Act Will likely Have Prices Falling Again

Levelized Cost of Energy Comparison—Sensitivity to U.S. Federal Tax Subsidies

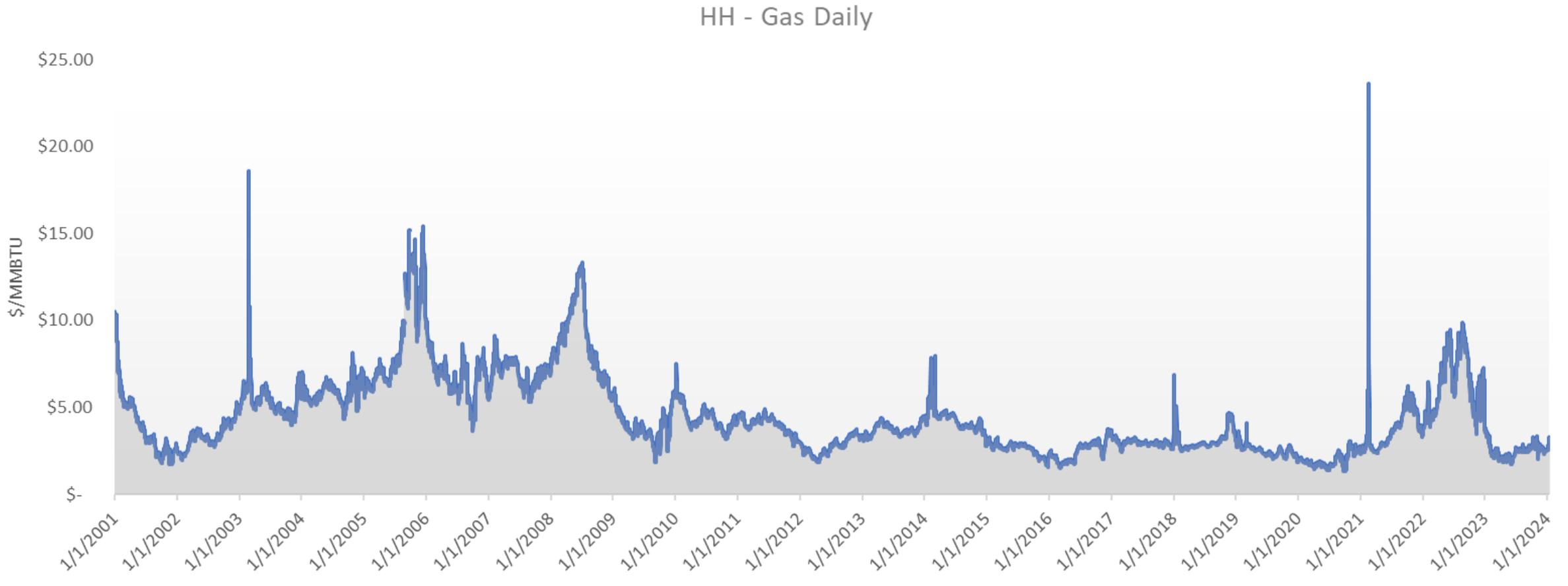
The Investment Tax Credit (“ITC”), Production Tax Credit (“PTC”) and domestic content adder, among other provisions in the IRA, are important components of the levelized cost of renewable energy generation technologies



Source: Lazard and Roland Berger estimates and publicly available information.
 Note: Unless otherwise indicated, this analysis does not include other state or federal subsidies (e.g., energy community adder, etc.). The IRA is comprehensive legislation that is still being implemented and remains subject to interpretation—important elements of the IRA are not included in our analysis and could impact outcomes.
 (1) Results at this level are driven by Lazard’s approach to calculating the LCOE and selected inputs (see Appendix for further details). Lazard’s Unsubsidized LCOE analysis assumes, for year-over-year reference purposes, 60% debt at an 8% interest rate and 40% equity at a 12% cost (together implying an after-tax IRR/WACC of 7.7%). Implied IRRs at this level for Solar PV—Utility-Scale (PTC) equals 17% (excl. Domestic Content) and 22% (incl. Domestic Content) and implied IRRs at this level for Wind—Onshore (PTC) equals 17% (excl. Domestic Content) and 25% (incl. Domestic Content).
 (2) Given the limited public and/or observable data set available for new-build geothermal projects, the LCOE presented herein represents Lazard’s LCOE v15.0 results adjustment for inflation.
 (3) This sensitivity analysis assumes that projects qualify for the full ITC/PTC and have a capital structure that includes sponsor equity, debt and tax equity.
 (4) This sensitivity analysis assumes the above and also includes a 10% domestic content adder.

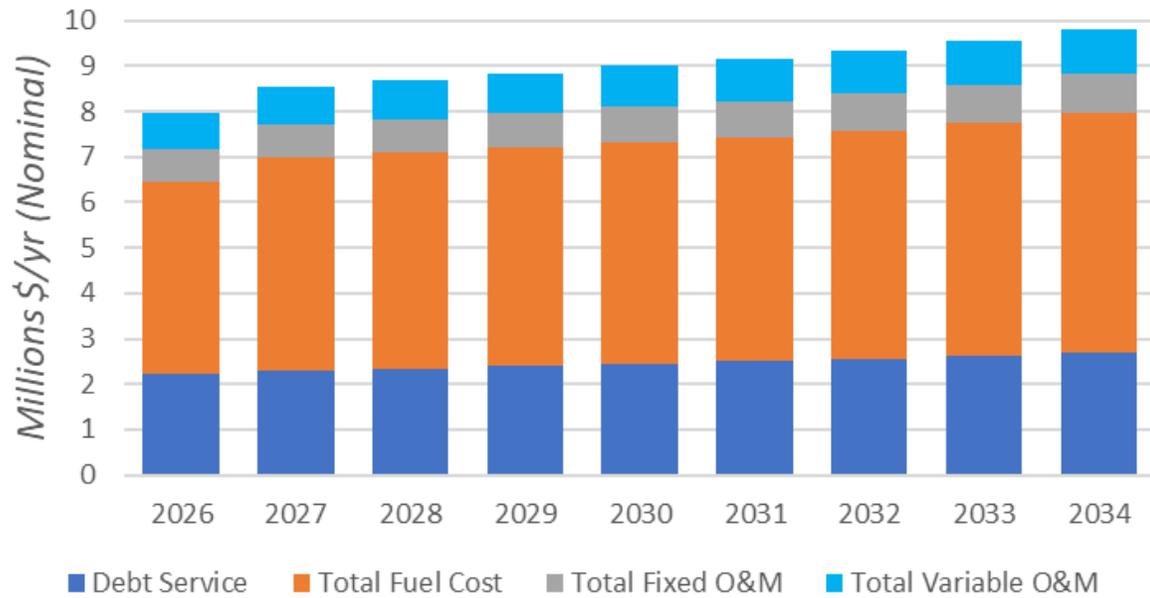
This study has been prepared by Lazard for general informational purposes only, and it is not intended to be, and should not be construed as, financial or other advice. No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior consent of Lazard.

NATURAL GAS PRICING



RICE AND SOLAR PPA COST COMPARISON

RICE - 19.7 MW, 112,172 MWh/yr



Solar - 45.7 MW Nameplate, 112,172 MWh/yr

