





## Gainesville Regional Utilities Authority

Following the presentation, the board members will discuss the topics and prioritize them.

The board will then take a 15 minute comfort break.

After the break, staff will summarize what the board discussed and assist the members in developing a work plan for the coming year based on their stated priorities.

**Fiscal Note:** None at this time.

**Recommendation:** Staff recommends that the Authority prioritize the aforementioned items, including scope and timing, and begin to develop a work plan for the coming year.

F. MEMBER COMMENT

G. ADJOURNMENT

**File Number: 2023-1131**

**Agenda Date:** November 15, 2023

**Department:** Gainesville Regional Utilities

**Title: 2023-1131 GRU Authority Priority Setting and Work Plan Development (B)**

**Department:** GRU-GM/CEO

**Description:** Authority members have compiled a list of utility topics they want to study in order to be able to make informed decisions about utility policy. In their November 1, 2023 meeting, the board members agreed that they need time to delve more deeply into the details than is possible in the structure of a regular meeting and asked staff to schedule a workshop for that purpose.

Staff will give a brief overview on the board's requested topics, which include:

- Government Services Contribution
- GRU Net Debt-Reduction Plan
- GRU Utility Rates
- Independent Legal Counsel
- Integrated Resource Plan (IRP)
- Net Metering

Following the presentation, the board members will discuss the topics and prioritize them.

The board will then take a 15 minute comfort break.

After the break, staff will summarize what the board discussed and assist the members in developing a work plan for the coming year based on their stated priorities.

**Fiscal Note:** None at this time.

**Explanation:** Board members have requested information from staff on certain topics. The board agreed to hold a workshop in order to rank and prioritize the listed topics and begin to develop a work plan for the coming year.

GRU staff will give a brief overview on the following items:

- Government Services Contribution
- GRU Net Debt-Reduction Plan
- GRU Utility Rates
- Independent Legal Counsel

- Integrated Resource Plan (IRP)
- Net Metering

The presentations will provide an overview and context and allow the board members to discuss and ask questions or provide ideas. Following the discussion, staff will assist the board in summarizing consensus or direction on timing and next steps.

**Recommendation:** Staff recommends that the Authority prioritize the aforementioned items, including scope and timing, and begin to develop a work plan for the coming year.

# GRU Authority Workshop

Wednesday, Nov. 15



- **Urgency and Action**
- **Government Services Contribution**
- **Net Debt-Reduction Plan**
- **Rates Discussion**
- **Independent Legal Counsel**
- **Integrated Resource Plan**
- **Net Metering**
- **Priorities; Scope; Timing**



Tony Cunningham, CEO/GM

# Urgency & Action



## Ongoing Priorities

- **Lowering Bills**
  - Fuel Adjustment
  
- **Focusing on Core Service**
  - TRS
  - Power District

- **Reducing Expenses**
  - City Commission Expenses
  - Clerk's Office
  - Legal Fees
  - Eliminating Unfunded FTEs
  
- **Increasing Revenues**
  - Net Metering
  - Natural Gas Expansion
  
- **Budgeting Process**
  
- **Liquidity Facilities**

Claudia Rasnick, Chief Financial Officer

# Government Services Contribution

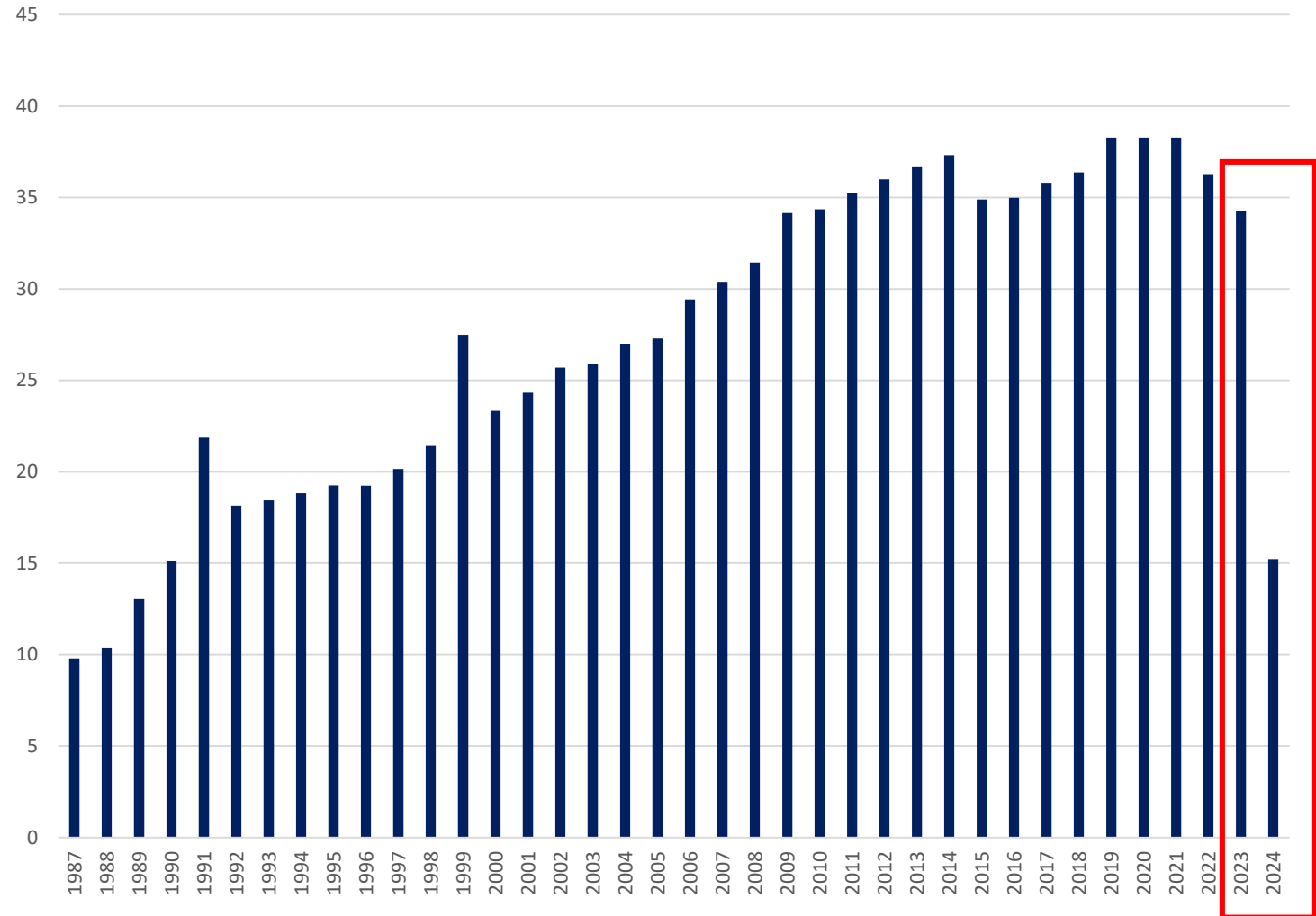
## Background

- Formula for former General Fund Transfer (GFT) has a complicated history
- Florida Auditor General report issued in January 2022 was critical of GFT as the Commission had moved away from a methodology to a flat amount
- Following February 2023 JLAC meeting, General Government and GRU staff developed a formula based on agreed to methodology that was approved in April 2023

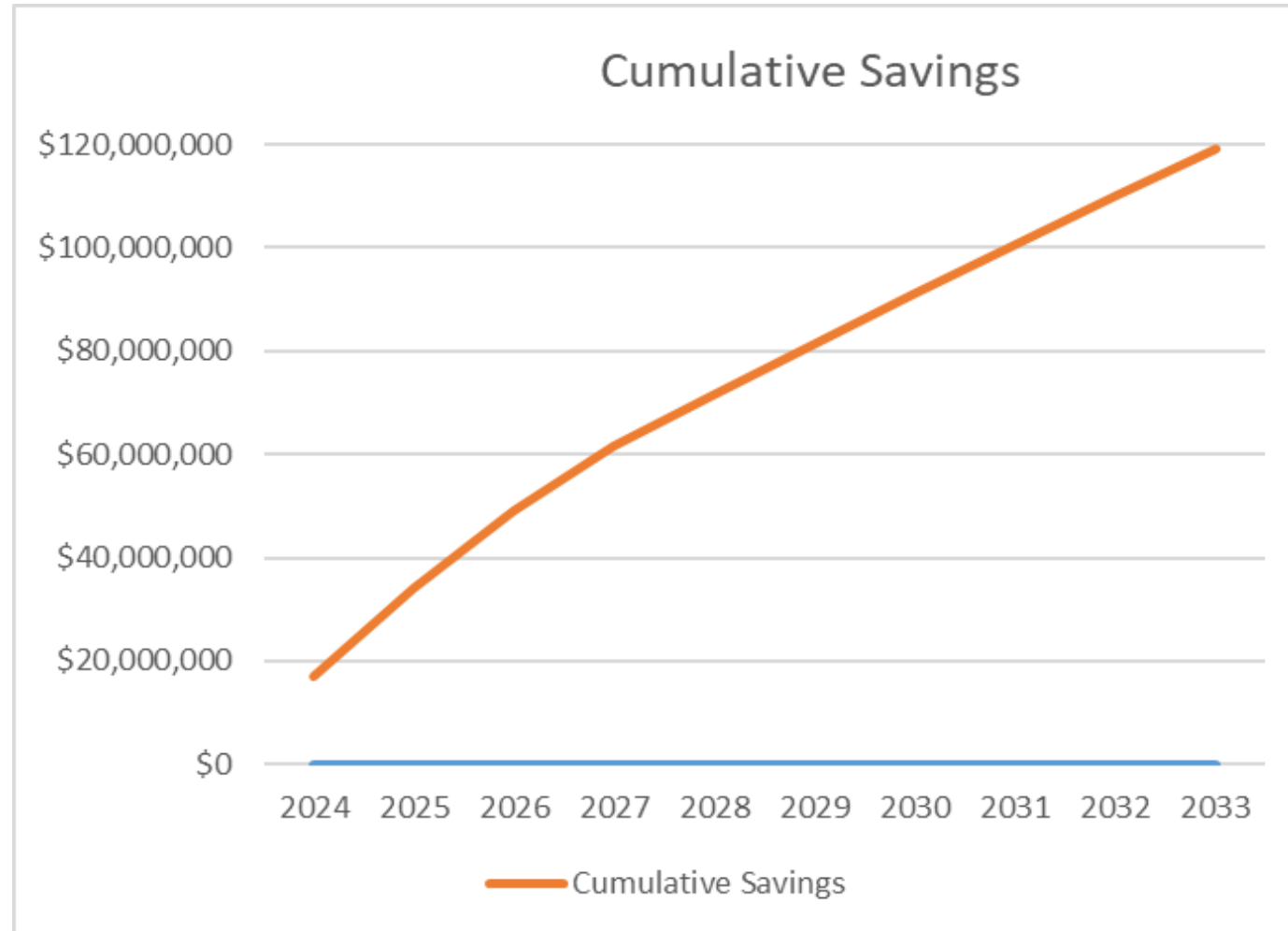
## Current Status

- Commission changes name of GFT to Government Services Contribution (GSC)
- New formula reduces FY24 payment from \$32.3 million to \$15.3 million
- Savings projections are incorporated into GRU's debt reduction plans

Trend in GFT (millions)



## Future Direction





Claudia Rasnick, Chief Financial Officer

# Net Debt-Reduction Plan

## Background:

State Auditor General Cited (January 2022):

1. GRU's debt was significantly high
2. No formal methodology by the City Commission for GFT payments to General Government for city services in recent years

## Current Status:

- Plan Developed (April 2023):
  - 70% debt-to-capitalization ratio
  - Ten years projected to achieve
  - \$315 million net reduction
- GSC Formula Developed
  - Property tax
  - Franchise fee

**Net Debt Reduction Plan approved in April 2023 is in addition to debt defeasance activities begun in 2020**

## Future Direction

- Stay the Course
- Staff Brings Options
- Board Gives Direction

Claudia Rasnick, Chief Financial Officer

# Rates Discussion



## Background

### Rates over 11-year period

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Electric	-5.6%	-8.5%	0.00%	0.0%	2.00%	2.00%	6.40%	0.00%	3.00%	3.00%	3.00%
Water	3.90%	3.80%	3.80%	3.00%	0.00%	0.00%	0.40%	0.00%	0.00%	0.00%	0.00%
Wastewater	2.40%	4.90%	4.90%	3.00%	0.00%	0.00%	0.40%	0.00%	5.00%	5.00%	5.00%
Gas	.90%	4.30%	4.80%	9.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Tony Cunningham, CEO/GM

# Independent Legal Counsel

## Background

- City attorney represents GRU based on City Charter
- GRU has received multiple questions regarding attorney services

## Current Status

- Inquiring about hiring additional counsel to represent GRU and Authority

## Future Direction

- Seeking legislative solution

Eric Walters, Chief Sustainability Officer

# Integrated Resource Plan

## Background

- An Integrated Resource Plans (IRP) develops strategy for energy needs
- Utility industry best practice
- GRU last completed an IRP in 2019
- Redone every 3-5 years



## Current Status

- Started current process in January 2024
  
- Team of experts – internal and external
  - Acuity Design Group (ADG): community outreach
  - The Energy Authority (TEA): technical/modeling
  
- Modeling 10-15 scenarios and sensitivities
  
- Reviewing preliminary results

## Future Direction

- Modeling complete in December 2023
- Bring to Authority in January 2024
- Create a recommended path forward from results
- Recommendations to the Authority in Spring 2024

Eric Walters, Chief Sustainability Officer

# Net Metering

## Background

- **Public Utility Regulatory Policies Act of 1978 (PURPA)**
- **Utilities are required to purchase renewable generation**
- **Most utilities paid full retail rate (including GRU)**
- **Current scale of customer-sited generation was never foreseen**
- **Proposed changes to policy have met resistance**

## Current Status

- IOUs are required to compensate at full retail rate
- FPL filed bill to change this, but governor vetoed in 2022
- Municipal utilities and co-ops still have latitude to set purchase price
- Number of customer-sited PV applications has exploded
- Non-solar owners subsidize solar owners



## Future Direction

- Most utilities still pay full retail, but not all
- JEA pays fuel rate; Lakeland requires demand rate
- Investigate options to minimize subsidization
- Could include new rate structure, payment rate, fees
- Review cutoff dates and grandfathering periods
- Report findings and provide recommendations

Tony Cunningham, CEO/GM

# CEO/GM Final Thoughts

- **Priorities**
- **Scope**
- **Timing**