

Proposed Annual Operating Budget Fiscal Years 2015 & 2016

Presentation 2

July 22, 2014

Today's Agenda

- Recap of expense reductions and revenue increases
- Personnel detail
- Rate alternatives
- Surcharge on Connection Fee options
- Ballot/Staff recommendation

Budget Highlights

- Reduced O&M from proposed FY15 budget \$10.6 million
- Reduced fuel expenses from proposed FY15 budget \$11.4 million
- Increased capital spending from proposed FY15 budget \$31.6 million
- Reduction in General Fund Transfer from proposed budget \$ 1.2 million
- Swap changes (2) \$ 900,000

Budget Highlights (Personnel)

- Eliminated 2% employee pay increase \$800,000
- Unfunded 59 positions (52 regular/7 overfills) \$3.7 million
- Reduction in pension \$2.1 million

Budget Highlights Revenue Increase

- Sale of Electric System Control building \$1.46 million
- Wholesale sales (Winter Park) \$ 495,000
- Union County property sale \$ 73,000

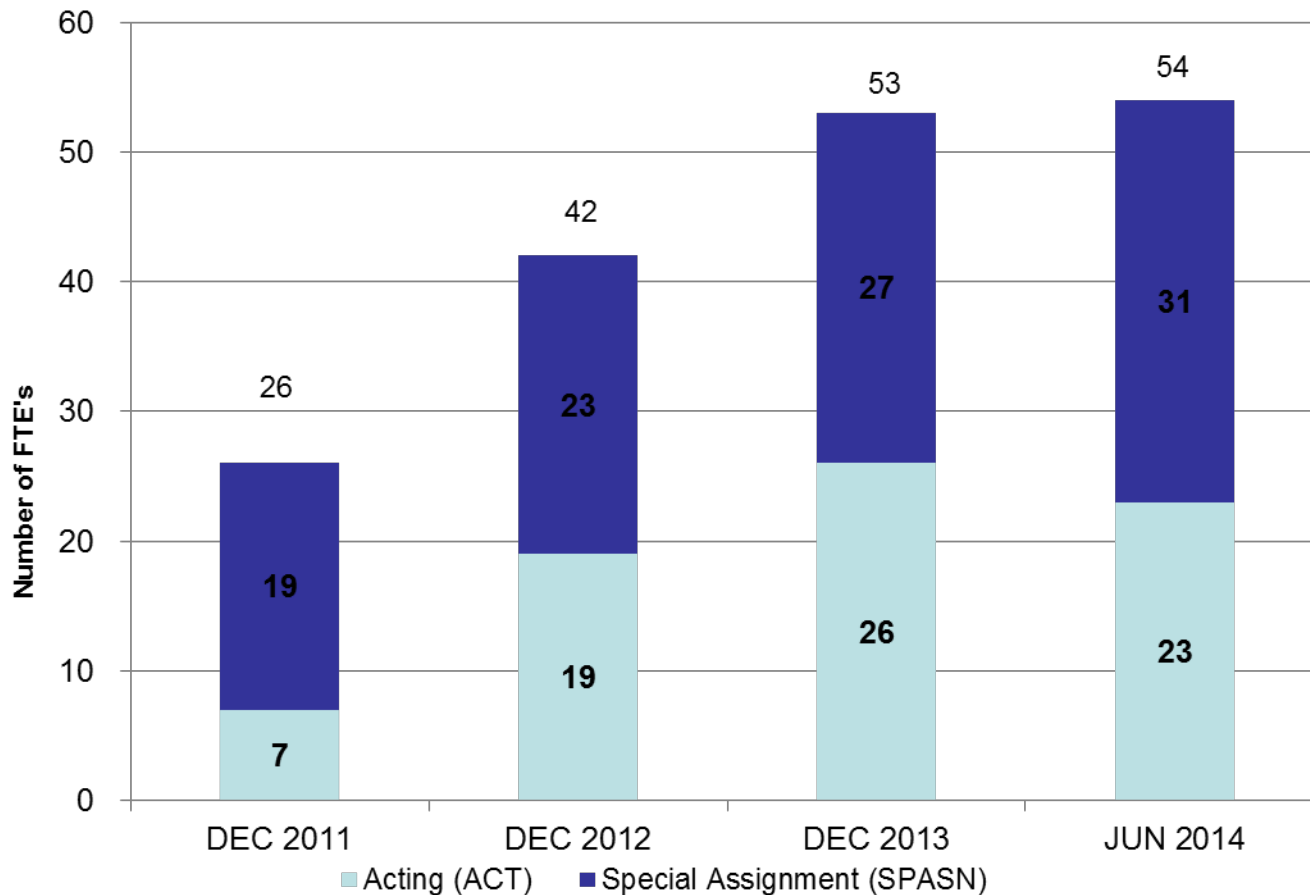
Personnel Trend

- FY15 (proposed) - unfunded 59 FTEs
 - 52 Regular positions and 7 Overfill positions
- FY14 – unfunded 55 FTEs
 - 45 Regular positions and 10 overfill positions
- FY13 – unfunded 7 FTEs
 - 7 Regular positions

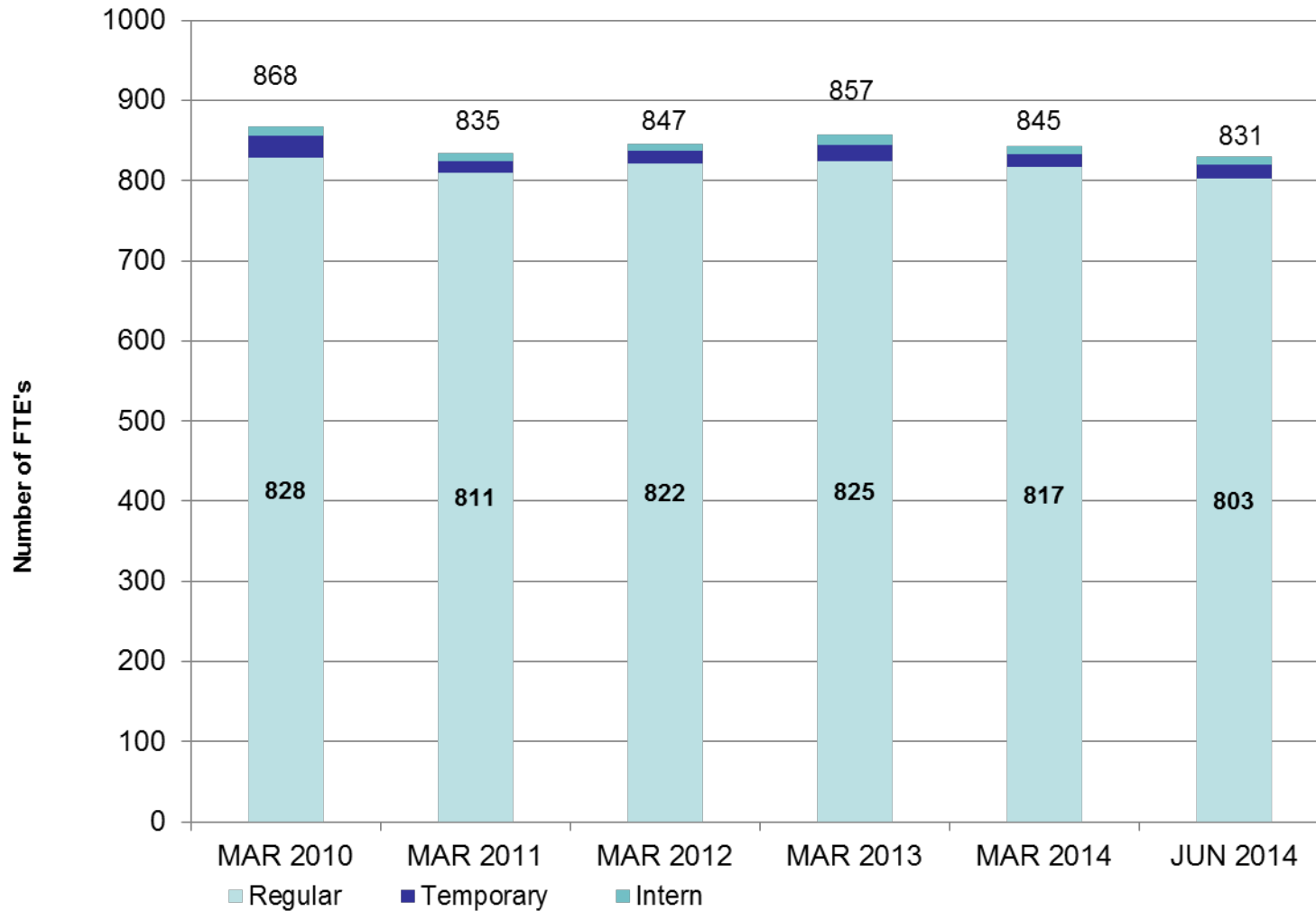
Unfunding Positions

- Temporary Expense Reduction
- Flexibility
 - Low bench strength/unanticipated vacancies with numerous acting and special assignments
 - Succession planning – Unfund now but use for pending vacancy
- Cyclical Hiring
 - Construction downturn
 - Building training “classes”
- Similar Budget Impact to Deleting Position
- Administrative Impact Significantly Less Than Delete Then Add Later

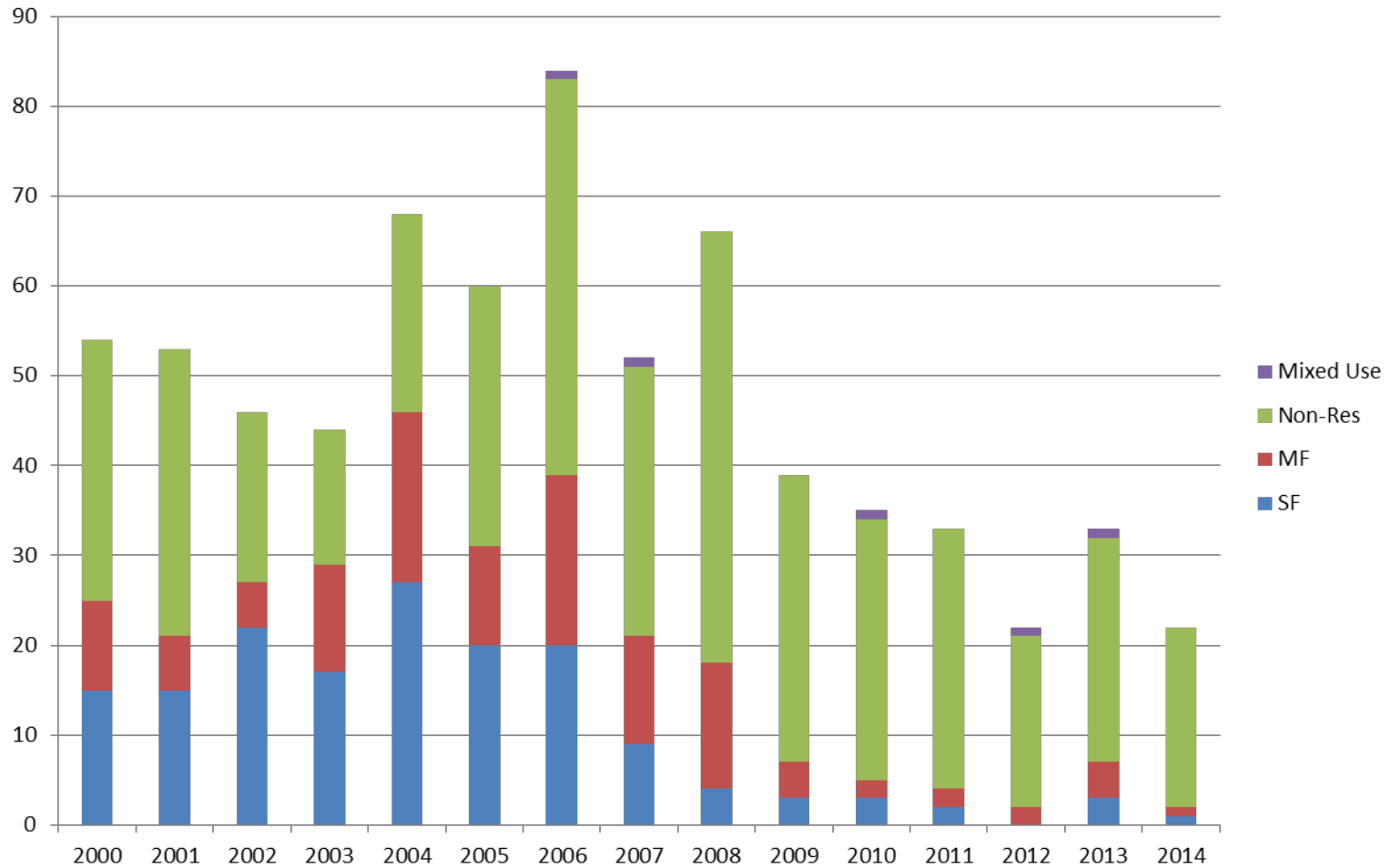
Acting & Special Assignment Trend



Filled FTE Trend



New Utility Construction Permits Issued June 2014



Budget Highlights (Personnel)

- FTEs unfunded in multiple years

The following positions were unfunded in FY13, FY14, and FY15 (proposed)

	Department	Position Title	FTE
Strategic Planning	STRATEGIC PLANNING	AGM STRATEGIC PLANNING	1
Energy Delivery	FIELD SERVICES	ANALYST	1
Energy Delivery	ELECTRIC TRANSMISSION & DISTRIBUTION	LEAD LINEWORKER	1
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Energy Delivery	ELECTRIC TRANSMISSION & DISTRIBUTION	ELECTRIC LINE WORKER	1
			5

RATES

Proposed FY15 Residential Rates

System	Usage Level	July 2014 Bill	Base Rate Change	Fuel Change	Total Change to Bill	Proposed FY15 Bill
Electric	1,000 kWh	\$139.15	(\$6.75)	\$ 9.00	\$ 2.25	\$141.40
Water*	7,000 gallons	\$ 26.55	\$ 0.50		\$ 0.50	\$ 27.05
Water	7,000 gallons	\$ 26.55	\$1.00		\$ 1.00	\$ 27.55
Wastewater	7,000 gallons	\$ 48.80	\$ 1.95		\$1.95	\$ 50.75
Gas	25 therms	\$ 32.83	\$ 0.86	\$ 1.50	\$ 2.36	\$ 35.19

*Assumes recommended Multi-family Water Rate adopted
 July 2014 Electric and Gas Bills based on FA of \$0.069/kWh and PGA of \$0.40/therm.
 Proposed FY15 Electric and Gas Bills based on FA of \$0.078/kWh and PGA of \$0.46/therm

Proposed FY15 Business Rate Changes

System/Class	Usage Level	Change to Bill
Electric - General Service Non-Demand	1,500 kWh	1.2%
Electric - General Service Demand	30,000 kWh, 75 kW	2.3%
Electric - Large Power	430,000 kWh, 1,000 kW	2.9%
Water	30,000 gallons	*1.38% / 2.72%
Wastewater	30,000 gallons	3.57%
Gas - Small Commercial	50 therms	6.8%
Gas - Commercial	300 therms	9.4%
Gas - Large Volume	30,000 therms	9.9%

*Assumes Multi-family Water Rate adopted

Proposed Residential Electric Rates

	<u>FY14</u>	<u>FY15</u>
Monthly Customer Charge	\$11.90 to \$12.90	
Energy Charge (\$/kWh)		
– Tier 1 (0 to 250 kWh)	\$0.039 to \$0.032	
– Tier 2 (251 to 750 kWh)	\$0.050 to \$0.045	
– Tier 3 (Over 750 kWh)	\$0.094 to \$0.080	
Fuel Adjustment (\$/kWh)	\$0.069 to \$0.078	

Residential Electric Bills by Usage FY 14 vs. Proposed FY15

Usage Level	FY14 Bill	Proposed FY15 Bill	Difference
0	\$ 11.90	\$ 12.90	\$ 1.00
250	\$ 38.90	\$ 40.40	\$ 1.50
500	\$ 68.65	\$ 71.15	\$ 2.50
750	\$ 98.40	\$ 101.90	\$ 3.50
1000	\$ 139.15	\$ 141.40	\$ 2.25
1250	\$ 179.90	\$ 180.90	\$ 1.00
1500	\$ 220.65	\$ 220.40	\$ (0.25)
1750	\$ 261.40	\$ 259.90	\$ (1.50)
2000	\$ 302.15	\$ 299.40	\$ (2.75)

Total Residential Bills at GRU Customer Average Use Levels

	Usage Levels	2015		2016		Change from 2015 - 2016		
		\$		\$		\$ Increase	% Increase	
Electric	911 kWh (Single Family Average)	\$	127.34	\$	132.49	\$	5.15	4.0%
Electric	757 kWh (Average of All Residential)	\$	102.89	\$	107.37	\$	4.48	4.4%
Gas	20 Therms	\$	30.10	\$	31.70	\$	1.60	5.3%
Water	6 kgals	\$	23.30	\$	24.10	\$	0.80	3.4%
WW	5 kgals	\$	38.65	\$	40.50	\$	1.85	4.8%

Residential Electric Cost per kWh

Base Rate

- Customer Charge at \$12.90
- All additional revenue requirement to be collected through kWh charge at flat rate
 - Base rate cost per kWh in FY15: **\$0.051** (decrease from FY14)
 - Base rate cost per kWh in FY14: \$0.059 cents

Tier Pricing

	<u>2014</u>	<u>2015</u>	<u>(Below)/Above Cost in FY 15</u>	
– Tier 1 (0 to 250 kWh)	\$0.039	\$0.032	(\$0.019)	(37.3%)
– Tier 2 (251 to 750 kWh)	\$0.050	\$0.045	(\$0.006)	(11.8%)
– Tier 3 (Over 750 kWh)	\$0.094	\$0.080	\$0.029	56.9%

Residential Electric Distribution of Bills CY 2013

Range of kWh Billed	Number of Bills Issued Annually	Monthly Average Number of Bills	Percent of Bills in Range Annually
0 – 250	125,215	10,435	12.06%
251 – 500	218,248	18,187	21.95%
501 – 750	231,982	19,332	23.34%
751 – 1000	171,016	14,251	17.20%
1001 – 1250	107,483	8,957	10.81%
1251 – 1500	61,374	5,115	6.17%
1501 – 2000	33,900	2,825	3.41%
Over 2000	26,562	2,214	2.67%

Alternative Residential Electric Rates

	<u>FY14</u>	<u>FY15</u>
Monthly Customer Charge	\$11.90 to \$12.95	
Energy Charge (\$/kWh)		
– Tier 1 (0 to 250 kWh)	\$0.039 to \$0.032	
– Tier 2 (251 to 750 kWh)	\$0.050 to \$0.043	
– Tier 3 (Over 750 kWh)	\$0.094 to \$0.083	
Fuel Adjustment (\$/kWh)	\$0.069 to \$0.078	

Residential Electric Bills by Usage FY 14 vs. Alternative FY15

Usage Level	FY14 Bill		Alternative FY15 Bill		Difference
0	\$	11.90	\$	12.95	\$ 1.05
250	\$	38.90	\$	40.45	\$ 1.55
500	\$	68.65	\$	70.70	\$ 2.05
750	\$	98.40	\$	100.95	\$ 2.55
1000	\$	139.15	\$	141.20	\$ 2.05
1250	\$	179.90	\$	181.45	\$ 1.55
1500	\$	220.65	\$	221.70	\$ 1.05
1750	\$	261.40	\$	261.95	\$ 0.55
2000	\$	302.15	\$	302.20	\$ 0.05

Residential Electric Bills Under Rate Alternatives

Usage Level	FY14 Bill		Proposed FY15 Bill	Difference Between FY14 and Proposed FY15			Alternative FY15 Bill	Difference Between FY14 and Alternative FY15		
0	\$	11.90	\$	12.90	\$	1.00	\$	12.95	\$	1.05
250	\$	38.90	\$	40.40	\$	1.50	\$	40.45	\$	1.55
500	\$	68.65	\$	71.15	\$	2.50	\$	70.70	\$	2.05
750	\$	98.40	\$	101.90	\$	3.50	\$	100.95	\$	2.55
1000	\$	139.15	\$	141.40	\$	2.25	\$	141.20	\$	2.05
1250	\$	179.90	\$	180.90	\$	1.00	\$	181.45	\$	1.55
1500	\$	220.65	\$	220.40	\$	(0.25)	\$	221.70	\$	1.05
1750	\$	261.40	\$	259.90	\$	(1.50)	\$	261.95	\$	0.55
2000	\$	302.15	\$	299.40	\$	(2.75)	\$	302.20	\$	0.05

RATE OPTION

ADD \$600K TO WATER RESERVES

REDUCE ELECTRIC RESERVES \$600K

Alternative Residential Electric Rates

Add \$600k to Water Reserves, Reduce Electric Reserves by \$600K

	<u>FY14</u>	<u>FY15</u>
Monthly Customer Charge	\$11.90 to \$12.70	
Energy Charge (\$/kWh)		
– Tier 1 (0 to 250 kWh)	\$0.039 to \$0.032	
– Tier 2 (251 to 750 kWh)	\$0.050 to \$0.043	
– Tier 3 (Over 750 kWh)	\$0.094 to \$0.083	
Fuel Adjustment (\$/kWh)	\$0.069 to \$0.078	

Summary of Rate Scenarios

Add \$600k to Water Reserves, Remove \$600k from Electric Reserves

Usage Level	FY14 Bill	Alternative FY15 Bill Budget as Proposed	Alternative FY15 Bill with \$600k Adjustment	Difference to FY15 Alternative due to \$600k Adjustment
0	\$ 11.90	\$ 12.95	\$ 12.70	\$ (0.25)
250	\$ 38.90	\$ 40.45	\$ 40.20	\$ (0.25)
500	\$ 68.65	\$ 70.70	\$ 70.45	\$ (0.25)
750	\$ 98.40	\$ 100.95	\$ 100.70	\$ (0.25)
1000	\$ 139.15	\$ 141.20	\$ 140.95	\$ (0.25)
1250	\$ 179.90	\$ 181.45	\$ 181.20	\$ (0.25)
1500	\$ 220.65	\$ 221.70	\$ 221.45	\$ (0.25)
1750	\$ 261.40	\$ 261.95	\$ 261.70	\$ (0.25)
2000	\$ 302.15	\$ 302.20	\$ 301.95	\$ (0.25)

Comparison of FY14 to FY15 Options

Add \$600k to Water Reserves, Remove \$600k from Electric Reserves

Usage Level	Proposed FY15 Bill Increase Budget as Proposed	Alternative FY15 Bill Increase Budget as Proposed	Alternative FY15 Bill Increase with \$600k Adjustment
0	\$ 1.00	\$ 1.05	\$ 0.80
250	\$ 1.50	\$ 1.55	\$ 1.30
500	\$ 2.50	\$ 2.05	\$ 1.80
750	\$ 3.50	\$ 2.55	\$ 2.30
1000	\$ 2.25	\$ 2.05	\$ 1.80
1250	\$ 1.00	\$ 1.55	\$ 1.30
1500	\$ (0.25)	\$ 1.05	\$ 0.80
1750	\$ (1.50)	\$ 0.55	\$ 0.30
2000	\$ (2.75)	\$ 0.05	\$ (0.20)

RATE OPTION

**MOVE CR3 RESERVE INTO
ELECTRIC REVENUES TO
REDUCE ELECTRIC RATES**

Alternative Residential Electric Rates

Add CR3 Reserve to Electric Revenues

	<u>FY14</u>	<u>FY15</u>
Monthly Customer Charge	\$11.90 to \$12.65	
Energy Charge (\$/kWh)		
– Tier 1 (0 to 250 kWh)	\$0.039 to \$0.031	
– Tier 2 (251 to 750 kWh)	\$0.050 to \$0.042	
– Tier 3 (Over 750 kWh)	\$0.094 to \$0.084	
Fuel Adjustment (\$/kWh)	\$0.069 to \$0.078	

Summary of Rate Alternatives

Add CR3 Reserve to Electric Revenues

Usage Level	FY14 Bill	Alternative FY15 Bill Budget as Proposed	Alternative FY15 Bill with CR3 Adjustment	Difference to FY15 Alternative due to CR3 Adjustment
0	\$ 11.90	\$ 12.95	\$ 12.65	\$ (0.30)
250	\$ 38.90	\$ 40.45	\$ 39.90	\$ (0.55)
500	\$ 68.65	\$ 70.70	\$ 69.90	\$ (0.80)
750	\$ 98.40	\$ 100.95	\$ 99.90	\$ (1.05)
1000	\$ 139.15	\$ 141.20	\$ 140.40	\$ (0.80)
1250	\$ 179.90	\$ 181.45	\$ 180.90	\$ (0.55)
1500	\$ 220.65	\$ 221.70	\$ 221.40	\$ (0.30)
1750	\$ 261.40	\$ 261.95	\$ 261.90	\$ (0.05)
2000	\$ 302.15	\$ 302.20	\$ 302.40	\$ 0.20

Comparison of FY14 to FY15 Options

Add CR3 Reserve to Electric Revenues

Usage Level	Proposed FY15 Bill Increase Budget as Proposed	Alternative Proposed FY15 Bill Increase Budget as Proposed	Alternative Proposed FY15 Bill Increase with CR3 Adjustment
0	\$ 1.00	\$ 1.05	\$ 0.75
250	\$ 1.50	\$ 1.55	\$ 1.00
500	\$ 2.50	\$ 2.05	\$ 1.25
750	\$ 3.50	\$ 2.55	\$ 1.50
1000	\$ 2.25	\$ 2.05	\$ 1.25
1250	\$ 1.00	\$ 1.55	\$ 1.00
1500	\$ (0.25)	\$ 1.05	\$ 0.75
1750	\$ (1.50)	\$ 0.55	\$ 0.50
2000	\$ (2.75)	\$ 0.05	\$ 0.25

Business Rate Changes Proposed FY15 and Options

System/Class	Under Proposed FY15 Budget	Move \$600k Water/Electric Reserve	CR3 Electric Reserve
Electric - General Service Non-Demand	1.2%	1.1%	1.0%
Electric - General Service Demand	2.3%	1.9%	1.5%
Electric - Large Power	2.9%	2.5%	1.7%

Summary of Rate Scenarios

Add Both Reserves to Electric Reserves

Usage Level	FY14 Bill	Alternative FY15 Bill with Both Reductions	FY 15 Bill Increase
0	\$ 11.90	\$ 12.45	\$ 0.55
250	\$ 38.90	\$ 39.70	\$ 0.80
500	\$ 68.65	\$ 69.70	\$ 1.05
750	\$ 98.40	\$ 99.70	\$ 1.30
1000	\$ 139.15	\$ 140.20	\$ 1.05
1250	\$ 179.90	\$ 180.70	\$ 0.80
1500	\$ 220.65	\$ 221.20	\$ 0.55
1750	\$ 261.40	\$ 261.70	\$ 0.30
2000	\$ 302.15	\$ 302.20	\$ 0.05

Electric FY 15 Proposed Time of Use Rates

Customer Class	Rate Component	July 2014 Rate	Proposed FY15 Rate
Residential	Customer Charge	\$17.60	Delete Rate
	On Peak \$/kWh	\$0.139	Delete Rate
	Off-Peak \$/kWh	\$0.035	Delete Rate
General Service Non-Demand	Customer Charge	\$35.00	\$40.00
	On Peak \$/kWh	\$0.169	\$0.162
	Off-Peak \$/kWh	\$0.042	\$0.038
General Service Demand	Customer Charge	\$55.00	\$100.00
	On Peak \$/kWh	\$0.064	\$0.072
	Off-Peak \$/kWh	\$0.016	\$0.023
	Demand Charge \$/kW	\$9.25	\$8.75
Large Power	Customer Charge	\$305.00	\$350.00
	On Peak \$/kWh	\$0.062	\$0.066
	Off-Peak \$/kWh	\$0.016	\$0.020
	Demand Charge \$/kW	\$9.25	\$8.75

Peak Hours: Weekdays, 6:00 am to 10:00 pm, excluding holidays.

Off-peak Hours: All other hours. Fuel Adjustment Applies to All TOU kWh.

CONNECTFREE/ SURCHARGE ON CONNECTION FEES

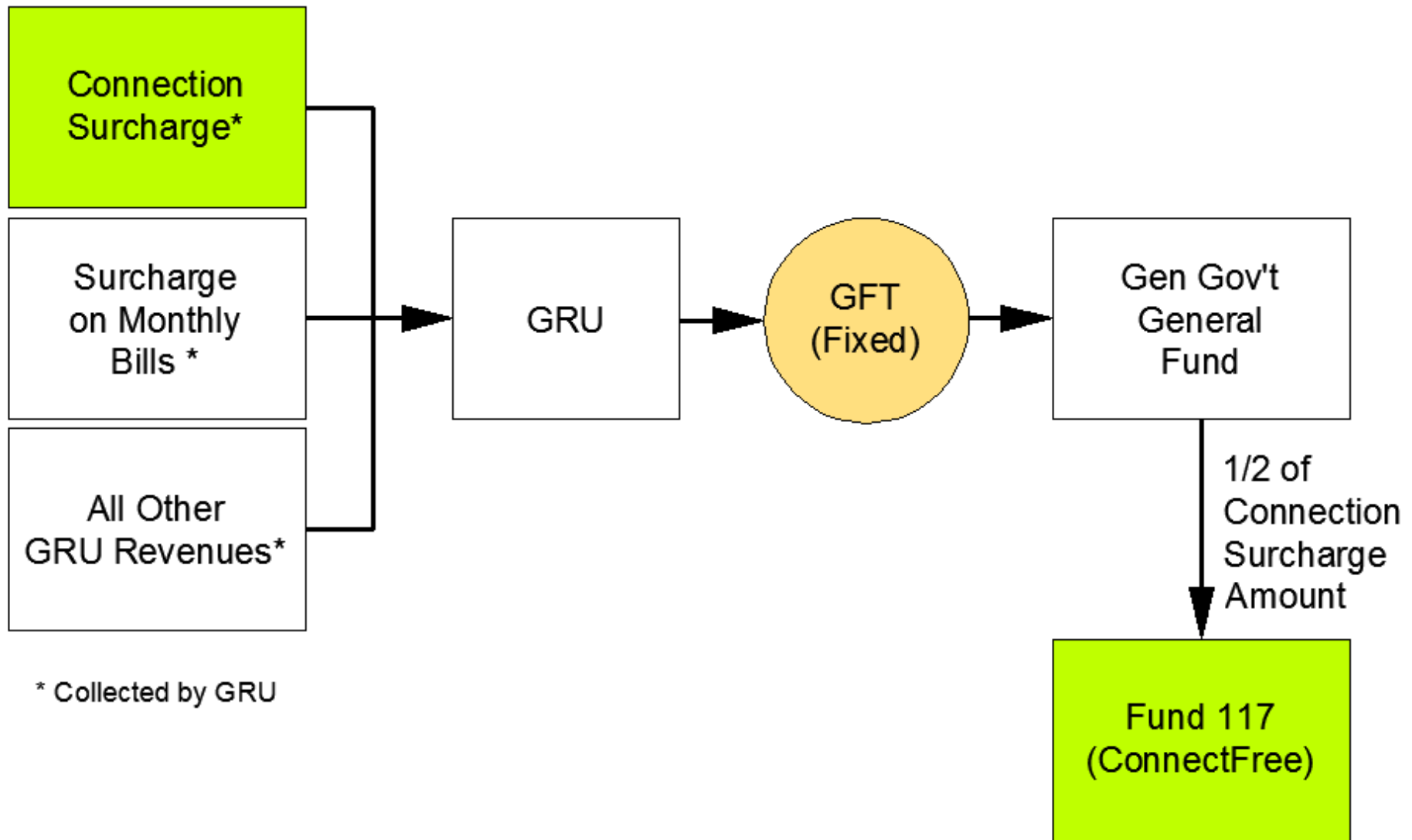
ConnectFree Resolution Overview

- Passed July 2003; Revised November 2005; Revised January 2014
- ½ of proceeds from surcharge on W/WW connection charges outside City go to General Government ConnectFree fund
- Extension of Water, WW & Reclaimed water to residences inside City
- Prioritization

Source of Funds: Surcharge on W/WW Connection Charges Outside City

Connection Charge for 5/8" meter outside City limits

	<u>Connect Charge</u>	<u>25% Surcharge</u>
Water	\$1,550	\$387.50
Wastewater	\$3,680	\$920.00
<hr/> Total	<hr/> \$5,230	<hr/> \$1,307.50



Connection Surcharge : Flow of Funds Under Current GFT System

2014 & Projected 2015 ConnectFree Balances

Total Fund Balance	\$1,297,469
Empowerment Homeless Center	- \$625,000
Arbour Valley Affordable Housing Project	- \$46,000
Reichert House	- \$10,000
2014 Net Available Balance	\$616,469
Allocation of ½ of 2014 W/WW Surcharge Rev	\$125,000
Other ConnectFree Projects (approximate)	-\$80,000
Projected 2015 Net Available Balance	\$661,469

Surcharge on Connection Fees

Surcharge on Connection Fee Options

- Continue as is - refer to committee for further discussion
- Continue as is - discuss at a future City Commission meeting
- Moratorium in FY15, reduce GFT \$250,000
- Discontinue in FY15, reduce GFT \$250,000

ConnectFree/ Surcharge on Connection Fees

Surcharge on Connection Fee Balance (about \$600,000)

- Maintain in GG budget and continue to use for ConnectFree
- Transfer funds to GRU's water reserve fund and use the same amount of funding to offset electric rates

General Fund Transfer

- Maintain GFT at \$35,142,000 as agreed by resolution on April 17, 2014
- Reduce GFT to \$34,892,000 if elimination of surcharge on Connection Fees

Recommendation

The City Commission direct the City Attorney to draft, and the Clerk of the Commission to advertise an ordinance to adopt the recommended rates and charges for Electric, Water, Wastewater and Gas.