

# Proposed Annual Operating Budget FY2014 (2<sup>nd</sup> Revision)

July 25, 2013



# Summary of Staff's Previous Budget Submittal

- July 16 submittal included:
  - \$63.1 million of UPIF (Utility Plant Improvement Fund) for Debt Service through 2020
  - Staff's recommended Tier 1 and 2 budget cuts
  - Cost of Service study recommendations
    - Electric: One break at 1,000 kWh
    - Water:
      - Lower the tier of 7 kgal to 6 kgal
      - Add a Multi-Family rate
    - Gas: Establish a Small Commercial gas rate
- Subsequent City Commission direction to staff
  - Develop additional budget cuts targeted to O&M and Labor
  - Include option for electric tier break at 750 kWh

# Summary of July 22 Changes Presented to City Commission

- Included:
  - \$14.4 million of UPIF for Debt Service through 2020
  - Tier 3 and 4 reductions
  - Cost of Service study recommendations
  - 750 kWh break for Electric

# City Commission Direction (based on July 22 vote)

- These were favored by the majority (see matrix)
  - Level of UPIF presented is acceptable
  - Electric
    - Interest in a break at 1,000 kWh
    - Interest in a break at 750 kWh
  - Water
    - Lowering the 7 kgal tier to 6 kgal
    - Adding the Multi-Family water rate
  - Gas – adding the Small Commercial gas rate
  - Adding the following items back into the budget
    - Information Technology 3 and 4 cuts (\$351,149)
    - Additional LEEP funding of 20 percent (\$76,000)
    - Chamber of Commerce membership (\$5,200)
  - Keeping salary increases in the budget
  - Increasing the Fuel Adjustment to \$0.071/kWh in October 2013



# RESIDENTIAL RATES EXISTING TIERS

# Results of Budget Presentations of 16<sup>th</sup>, 22<sup>nd</sup> & 25<sup>th</sup>

Residential Electric Bills by Usage				
		2014 Existing Tiers		
Usage	Existing 2013 Rates	July 16 <sup>th</sup>	July 22 <sup>nd</sup>	July 25 <sup>th</sup>
250	\$ 29.92	\$ 39.15	\$ 39.30	\$ 39.40
500	\$ 59.67	\$ 68.15	\$ 69.55	\$ 69.65
750	\$ 89.42	\$ 97.15	\$ 99.80	\$ 99.90
1000	\$ 127.67	\$ 138.15	\$ 141.05	\$ 141.15
1250	\$ 165.92	\$ 179.15	\$ 182.30	\$ 182.40
1500	\$ 204.17	\$ 220.15	\$ 223.55	\$ 223.65
1750	\$ 242.42	\$ 261.15	\$ 264.80	\$ 264.90
2000	\$ 280.67	\$ 302.15	\$ 306.05	\$ 306.15

# Residential Electric Bills by Usage

## 2014 Modified Tiers – Break at 1000 kWh

Results of Budget Presentations of 16<sup>th</sup>, 22<sup>nd</sup> & 25<sup>th</sup>

2014 Modified Tiers – Break at 1,000 kWh				
Usage	Existing 2013 Rates	July 16 <sup>th</sup>	July 22 <sup>nd</sup>	July 25 <sup>th</sup>
250	\$ 29.92	\$ 40.15	\$ 41.15	\$ 41.25
500	\$ 59.67	\$ 69.65	\$ 70.40	\$ 70.50
750	\$ 89.42	\$ 99.15	\$ 99.65	\$ 99.75
1000	\$ 127.67	\$ 128.65	\$ 128.90	\$ 129.00
1250	\$ 165.92	\$ 171.90	\$ 172.15	\$ 172.25
1500	\$ 204.17	\$ 215.15	\$ 215.40	\$ 215.50
1750	\$ 242.42	\$ 258.40	\$ 258.65	\$ 258.75
2000	\$ 280.67	\$ 301.65	\$ 301.90	\$ 302.00

# Residential Electric Bills by Usage

## 2014 Modified Tiers – Break at 750 kWh

### Results of Budget Presentations of 16<sup>th</sup>, 22<sup>nd</sup> & 25<sup>th</sup>

2014 Modified Tiers – Break at 750 kWh				
Usage	Existing 2013 Rates	July 16 <sup>th</sup>	July 22 <sup>nd</sup>	July 25 <sup>th</sup>
250	\$ 29.92	n/a	\$ 40.35	\$ 40.45
500	\$ 59.67	n/a	\$ 69.10	\$ 69.20
750	\$ 89.42	n/a	\$ 97.85	\$ 97.95
1000	\$ 127.67	n/a	\$ 140.35	\$ 140.45
1250	\$ 165.92	n/a	\$ 182.85	\$ 182.95
1500	\$ 204.17	n/a	\$ 225.35	\$ 225.45
1750	\$ 242.42	n/a	\$ 267.85	\$ 267.95
2000	\$ 280.67	n/a	\$ 310.35	\$ 310.45



# Comparison of Existing and Modified Tiers

## July 25 Rates

Bills by Usage				
Usage	2013	2014 Existing Tiers	2014 Modified Tiers 1000 kWh	2014 Modified Tiers – 750 kWh
250	\$ 29.92	\$ 39.40	\$ 41.25	\$ 40.45
500	\$ 59.67	\$ 69.65	\$ 70.50	\$ 69.20
750	\$ 89.42	\$ 99.90	\$ 99.75	\$ 97.95
1000	\$ 127.67	\$ 141.15	\$ 129.00	\$ 140.45
1250	\$ 165.92	\$ 182.40	\$ 172.25	\$ 182.95
1500	\$ 204.17	\$ 223.65	\$ 215.50	\$ 225.45
1750	\$ 242.42	\$ 264.90	\$ 258.75	\$ 267.95
2000	\$ 280.67	\$ 306.15	\$ 302.00	\$ 310.45

# FY14 Proposed Electric Rates

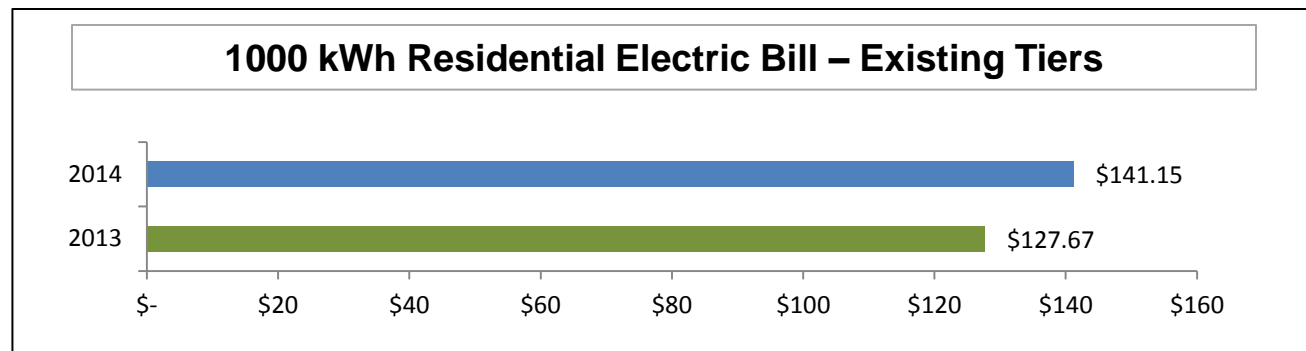
## Residential – Existing Tiers

Monthly Customer Charge                      \$8.67 to \$11.90

Energy Charge (\$/kWh)

- Tier 1 (0 to 250 kWh)                      \$0.034 to \$0.039
- Tier 2 (251 to 750 kWh)                      \$0.068 to \$0.050
- Tier 3 (Over 750 kWh)                      \$0.102 to \$0.094

Fuel Adjustment (\$/kWh)                      \$0.051 to \$0.071



# FY14 Proposed Electric Rates Residential

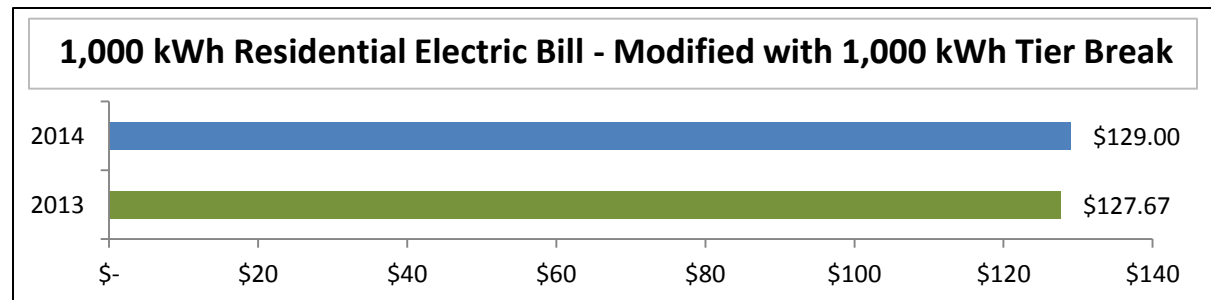
## Modified Tiers – 1,000 kWh Break

Monthly Customer Charge \$8.67 to \$12.00

Energy Charge (\$/kWh)

- Tier 1 (0 to 1,000 kWh) \$0.046
- Tier 2 (Over 1,000 kWh) \$0.102

Fuel Adjustment (\$/kWh) \$0.071



# FY14 Proposed Electric Rates

## Residential

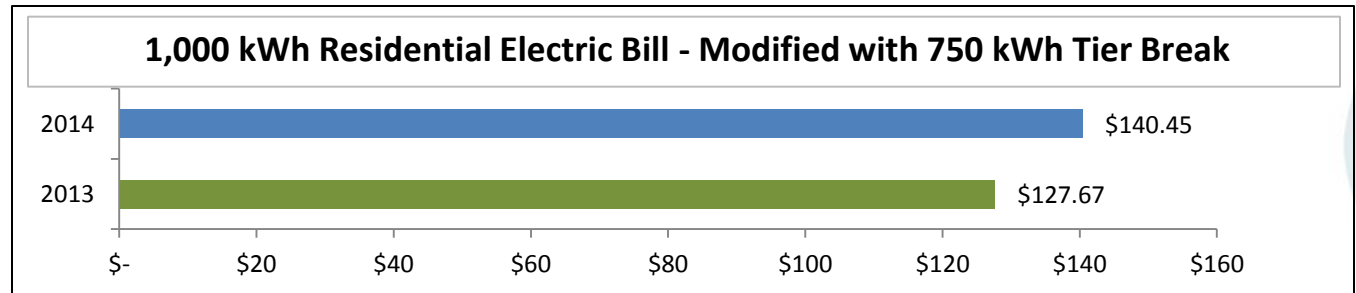
### Modified Tiers – 750 kWh Break

Monthly Customer Charge                      \$8.67 to \$11.70

Energy Charge (\$/kWh)

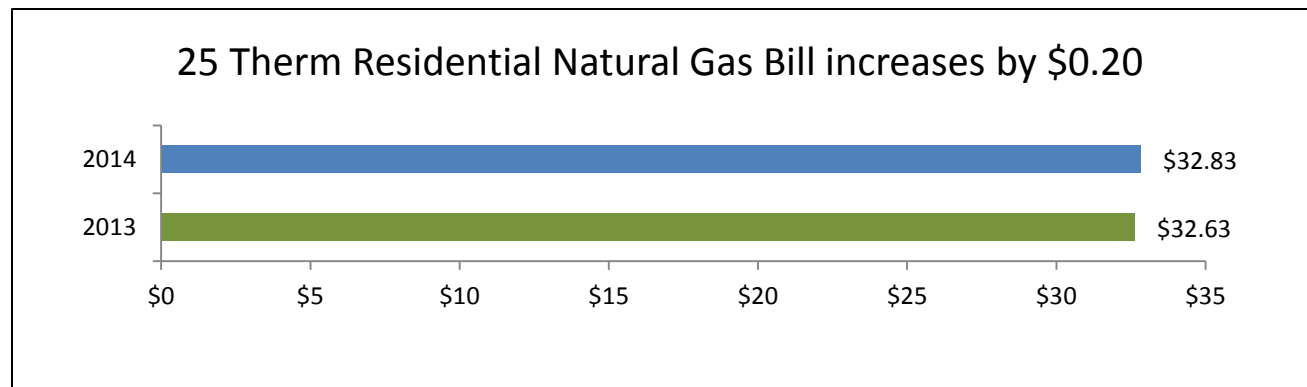
- Tier 1 (0 to 750 kWh)                      \$0.044
- Tier 2 (Over 750 kWh)                      \$0.099

Fuel Adjustment (\$/kWh)                      \$0.071



# FY14 Proposed Natural Gas Rates Residential

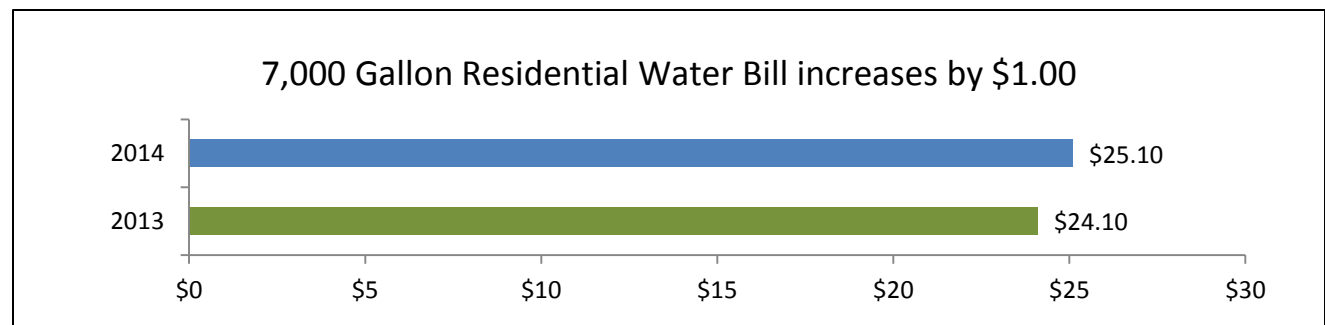
Monthly Customer Charge	\$9.52
Energy Charge (\$/therm)	\$0.4737 to \$0.4820
Manufactured Gas Plant Cost Recovery Factor (Depot Park) (\$/therm)	\$0.0505 no change
Purchased Gas Adjustment (\$/therm)	\$0.40 no change



# FY14 Proposed Water Rates

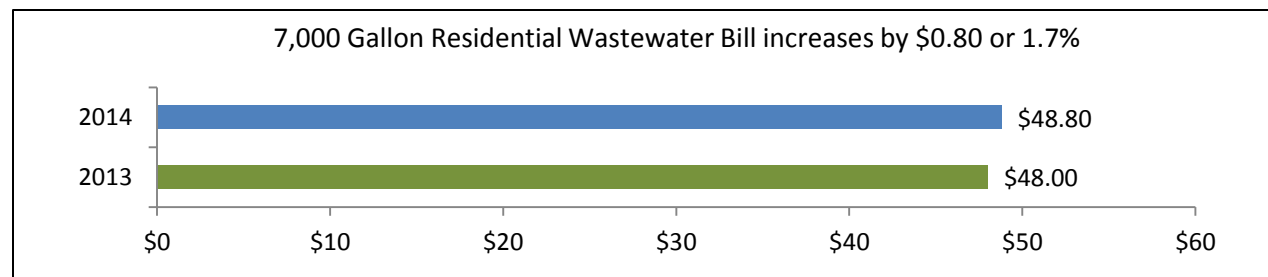
## Residential - Existing Tiers

Monthly Customer Charge	\$8.70 to \$9.00
Usage Charge (\$/1,000 gallons)	
– Tier 1 (0 to 7,000 gallons)	\$2.20 to \$2.30
– Tier 2 (8,000 to 20,000 gallons)	\$3.75 no change
– Tier 3 (Over 20,000 gallons)	\$6.00 no change



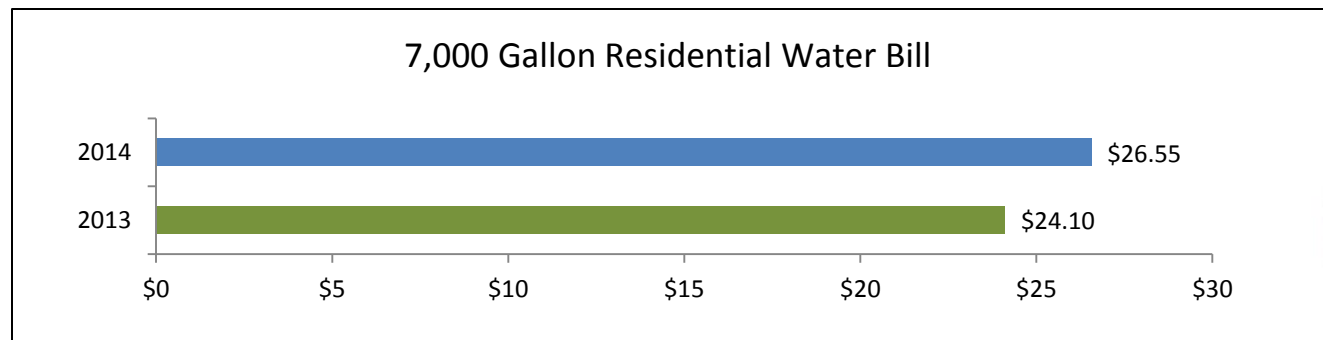
# FY14 Proposed Wastewater Rates Residential & Commercial

Monthly Customer Charge	\$7.40 to \$7.85
Kgal (1,000 gallons) Charge	\$5.80 to \$5.85
Reclaimed Water	
– Customer Charge	\$7.40 to \$7.85
– Kgal (1,000 gallons) Charge	\$0.63 to \$0.65



# FY14 Proposed Water Rates Residential with Modified Tiers

Monthly Customer Charge	\$8.70 to \$9.00
Usage Charge (\$/1,000 gallons)	
– Tier 1 (0 to <b>6,000</b> gallons)	\$2.20 to \$2.30
– Tier 2 ( <b>7,000</b> to 20,000 gallons)	\$3.75 no change
– Tier 3 (Over 20,000 gallons)	\$6.00 no change





# FY14 Proposed Water Rates

## Add Multi-Unit Residential Rate

Monthly Customer Charge \$9.00

Usage Charge (\$/1,000 gallons) \$3.75

- Equal to Second Tier of Residential Water Rate
- Cost study analysis showed costs for multi-unit dwellings are not being fully recovered
  - Calculated use per unit includes vacancies, keeping billing in the first tier
  - Only one customer charge is billed on multi-unit installations
  - Tiered structure intended to send price signal to shape use
    - Many end users (tenants) are billed by complex, not GRU, so don't get pricing signals



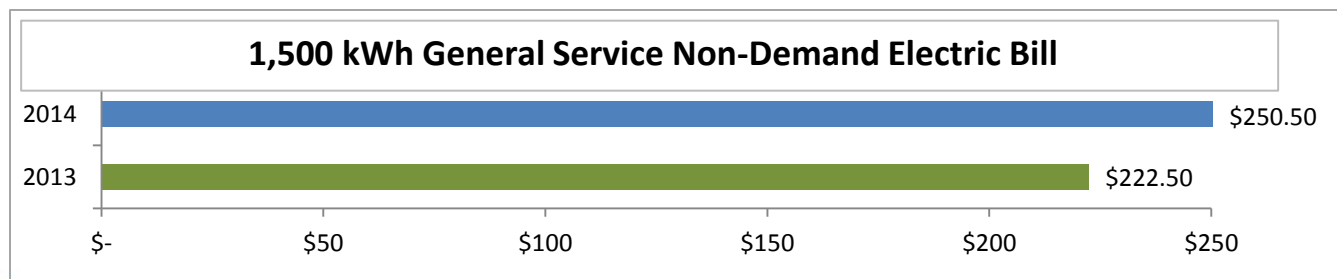
# RATE RECOMMENDATIONS COMMERCIAL

# Results of Budget Presentations of 16<sup>th</sup>, 22<sup>nd</sup> & 25<sup>th</sup>

Commercial Electric Bills				
Usage	Existing 2013 Rates	July 16 <sup>th</sup>	July 22 <sup>nd</sup>	July 25 <sup>th</sup>
GSN	\$ 222.50	\$ 246.00	\$ 250.50	\$ 250.50
GSD	\$ 3,803.75	\$ 4,208.75	\$ 4,268.75	\$ 4,273.75
Large Power	\$ 51,260.00	\$ 56,900.00	\$ 57,495.00	\$ 57,495.00

# FY14 Proposed Electric Rates General Service Non-Demand

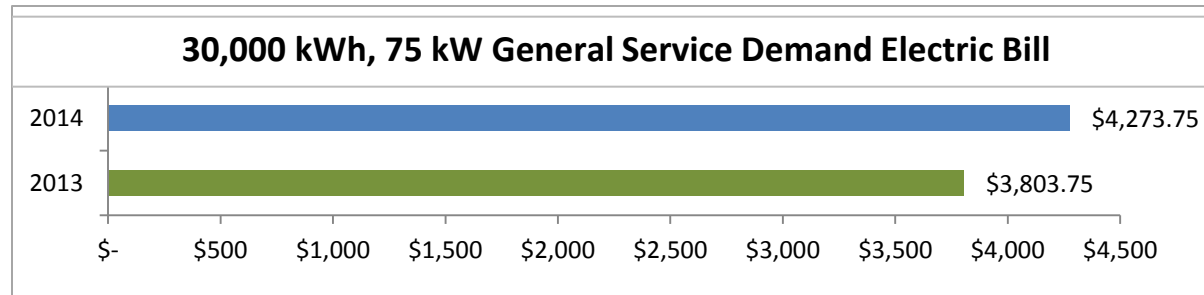
Monthly Customer Charge	\$26.00 to \$30.00
Energy Charge (\$/kWh)	
– Tier 1 (0 to 1500 kWh)	\$0.080 to \$0.076
– Tier 2 (over 1500 kWh)	\$0.108 to \$0.106
Fuel Adjustment (\$/kWh)	\$0.051 to \$0.071



# FY14 Proposed Electric Rates

## General Service Demand

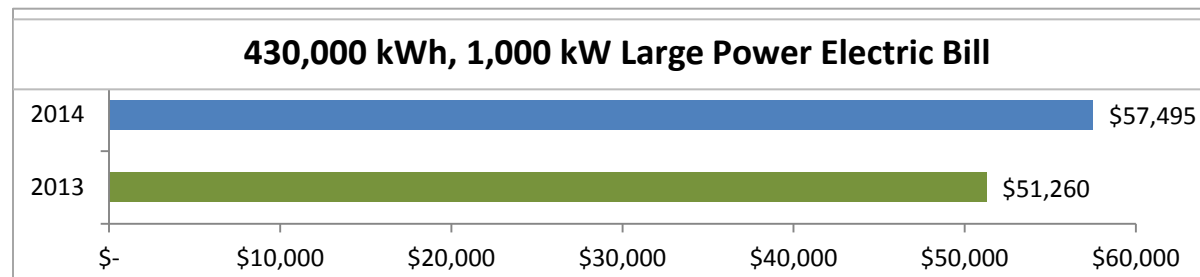
Monthly Customer Charge	\$50.00 to \$100.00
Energy Charge (\$/kWh)	\$0.051 to \$0.045
Demand Charge (\$/kW-mo.)	\$9.25 no change
Fuel Adjustment (\$/kWh)	\$0.051 to \$0.071



# FY14 Proposed Electric Rates

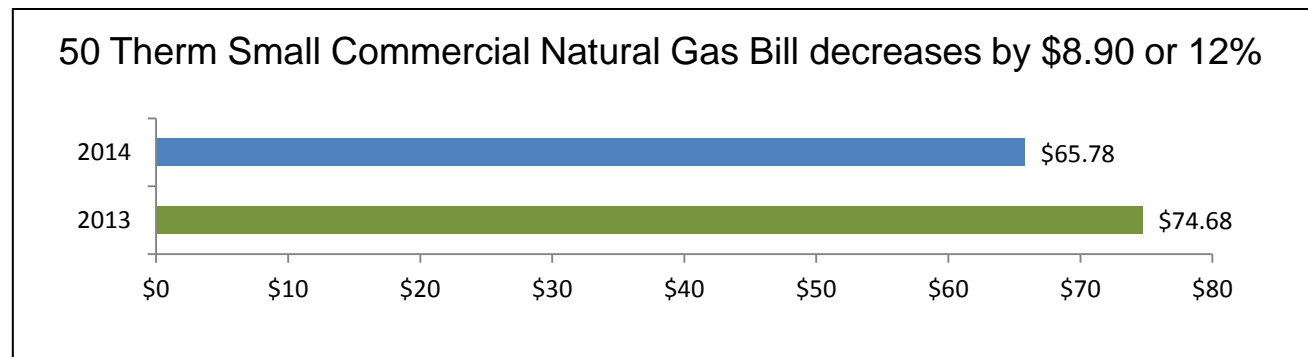
## Large Power

Monthly Customer Charge	\$300.00 to \$350.00
Energy Charge (\$/kWh)	\$0.046 to \$0.0405
Demand Charge (\$/kW-mo.)	\$9.25 no change
Fuel Adjustment (\$/kWh)	\$0.051 to \$0.071



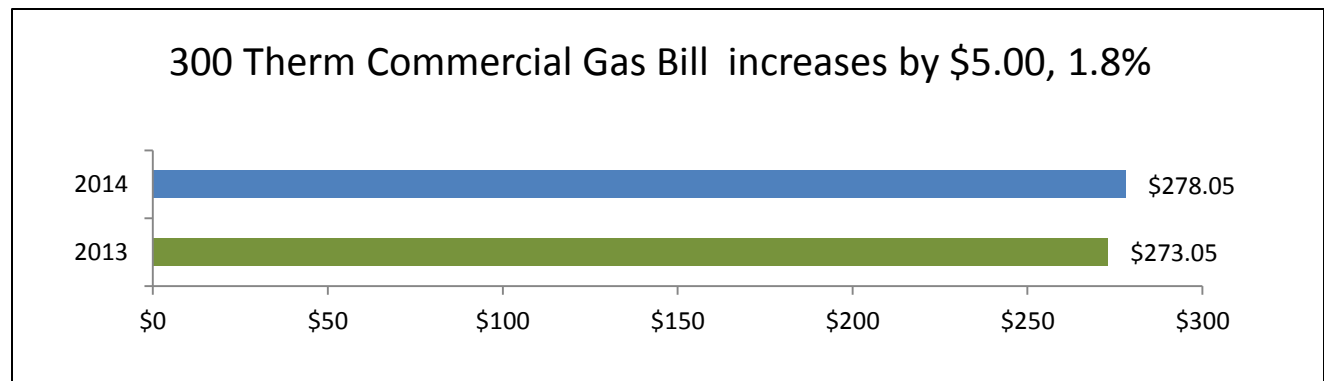
# FY14 Proposed Natural Gas Rates – Small Commercial

Monthly Customer Charge	\$20.00
Energy Charge (\$/therm)	\$0.465
Manufactured Gas Plant Cost Recovery Factor (Depot Park) (\$/therm)	\$0.0505
Purchased Gas Adjustment (\$/therm)	\$0.40



# FY14 Proposed Natural Gas Rates Commercial – General Service

Monthly Customer Charge	\$35.00 to \$40.00
Energy Charge (\$/therm)	\$0.343 no change
Manufactured Gas Plant Cost Recovery Factor (Depot Park) (\$/therm)	\$0.0505 no change
Purchased Gas Adjustment (\$/therm)	\$0.40 no change





# FY14 Proposed Natural Gas Rates Commercial – Large Volume

No proposed changes

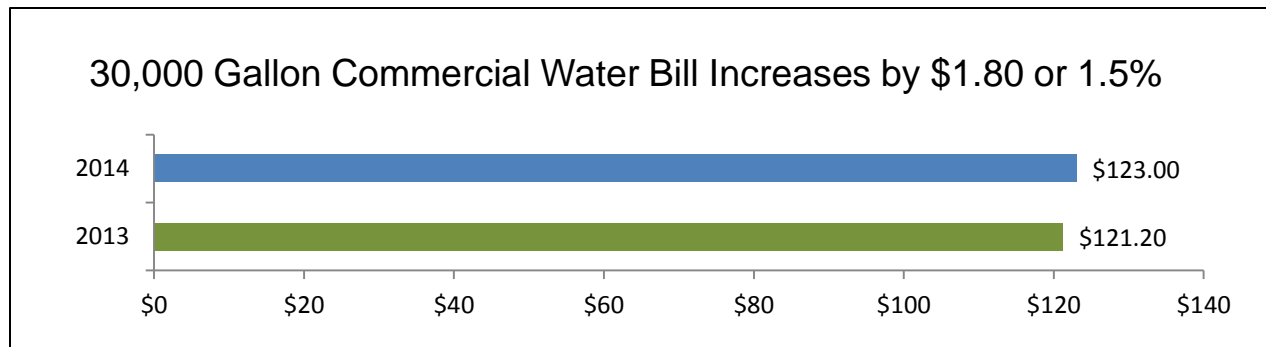
Monthly Customer Charge	\$375.00
Energy Charge (\$/therm)	\$0.20394
Manufactured Gas Plant Cost Recovery Factor (Depot Park) (\$/therm)	\$0.0505
Purchased Gas Adjustment (\$/therm)	\$0.40

# FY14 Proposed Water Rates Commercial

Monthly Customer Charge \$8.70 to \$9.00

Usage Charge (\$/1,000 gallons) \$3.75 to \$3.80

Commercial Irrigation (\$/1,000 gallons) \$4.45 to \$4.50



# FY14 Proposed Wastewater Rates Residential & Commercial

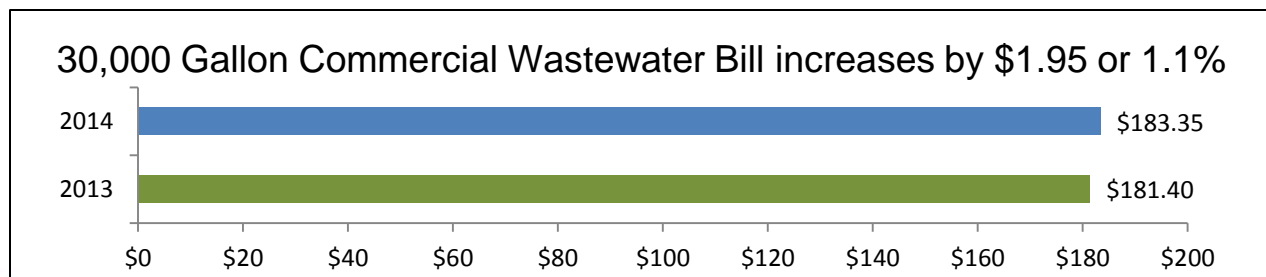
Monthly Customer Charge                      \$7.40 to \$7.85

Kgal (1,000 gallons) Charge                      \$5.80 to \$5.85

## Reclaimed Water

– Customer Charge                                      \$7.40 to \$7.85

– Kgal (1,000 gallons) Charge                      \$0.63 to \$0.65



# FY14 Proposed Water Connection Charges

- Residential (5/8") Water Connection
  - Meter Only \$240 no change
  - Total Plant, T&D and Meter \$1,510 to \$1,550
- Commercial (1") Water Connection
  - Meter Only \$430 to \$440
  - Total Plant, T&D and Meter \$4,010 to \$4,110
- Inspection Fees
  - Flat Fee \$660 to \$680
  - \$/Linear Foot \$2.14 to \$2.20

# FY14 Proposed Wastewater Connection Charges

- Residential (5/8") Wastewater Connection
  - Collection & Treatment Plant \$3,590 to \$3,680
- Commercial (1") Wastewater Connection
  - Collection & Treatment Plant \$12,030 to \$12,360
- Inspection Fees
  - Flat Fee \$1,186 to \$1,220
  - \$/Linear Foot \$5.26 to \$5.41
- Temporary Wastewater Connection Charge
  - \$/gpd ADF \$0.3337 to \$0.3427

# FY14 Proposed Water Tapping & Standby Fire Line Fees

## Tapping Fees

<u>Size</u>	<u>2013</u>	<u>2014 proposed</u>
1.5"	\$874	\$900
2"	\$874	\$900
4"	\$4,393	\$4,510
6"	\$4,734	\$4,860
8"	\$5,483	\$5,630
12"	\$8,730	\$8,970

## Standby Fire Lines

<u>Size</u>	<u>2013</u>	<u>2014 proposed</u>
6"	\$6,900	\$7,100
8"	\$9,700	\$10,000

# Recommendation

- The City Commission direct the City Attorney to draft, and the City Clerk to advertise ordinances to adopt the recommended rates, charges and language revisions for Electric, Water, Wastewater and Gas.