

**CITY OF WINTER PARK  
UTILITIES ADVISORY BOARD**

**Regular Meeting**  
**500 N. Virginia Ave**  
**Public Safety Community Room**

**March 23, 2016**  
**12:00 p**

**MINUTES**

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**Present:** Katherine Johnson (Chair), Jennifer Lyons, Richard James (Vice chair), Tara Tedrow, Lawrie Platt Hall, Hugh James, Cheryl Forney

**Absent:** Barbara Devane, Rick Baldocchi

**City of Winter Park Staff:** Troy Attaway, Director, Public Works; David Zusi, Director, Water/Wastewater; Wes Hamil, Finance Director; Dan D'Alessandro, Electric Utility Operations Manager; Terry Hotard, Asst. Electric Utility Director; Abby Gulden, Sustainability Coordinator; Debbie Wilkerson, Recording Secretary

**Guests:** Commissioner Greg Seidel

**Call to Order.**

Chm Johnson called the March 23, 2016, Utility Advisory Board meeting to order at 12:02 p.m.

**ADMINISTRATIVE ITEMS**

Approval of Minutes:

Chair Johnson asked for approval of the minutes from the February 24, 2016, regular meeting. Mr. H. James moved to approve as presented, seconded by Dr. D. James. Motion carried unanimously 7-0.

Citizen Comments:

None

**NEW BUSINESS**

None

**ACTION ITEMS**

None

**REPORTS**

**Financial Report**

Mr. Hamil reviewed the January financial report for the water and sewer fund and the electric fund.

Water/Sewer Fund

Sales in terms of thousands of gallons are tracking closely with forecast. The bottom line reflects a positive \$473,472 and debt service coverage is projected to be a strong 1.99 for the fiscal year.

Electric Services Fund

Electric kWh sales for the first quarter of the fiscal year are ahead of forecast. Mr. Hamill reviewed the City billing cycle and how it impacts the financial report. We over recovered on fuel costs by about \$460,000 for the first quarter. Fuel cost recovery rates were reduced November 1 and again on February 1 in an effort to return some of that to the customers. Our target for the fiscal year is to bring the balance of the fuel cost stabilization fund to about \$1,500,000. This will involve an under recovery for the fiscal 2016 of about \$200,000. This amount is built into the FY'16 Annualized

column of the report.

Crews working on undergrounding were scaled back in the last few months of FY 2015 as we had been getting ahead of budget. Spending on undergrounding will pick up the next few months.

The bottom line for the first quarter is \$780,265 with a forecast to add \$285,351 for the fiscal year. Debt service coverage is forecast at 2.32.

Mr. Hamil reported that the City is in the process of issuing refunding bonds to refund Electric Refunding Revenue Bonds, Series 2007. They will go on sale April 12, which should save about \$100,000 in debt service.

The City received updates from bond rating agency, Moody Investor Services and Fitch Ratings. The good news is that both agencies kept the City's rating at AA- for Moody, and AA3 for Fitch. The not so good news is that due to the City's lack of cash in the electric fund they changed the outlook from stable to negative. Mr. Hamil explained the reasons behind that decision and the City's future plan to deal with this. Mr. Hamil responded to questions.

### **Water/Wastewater**

Mr. Zusi reported that he is working on creating the sewer policy. He answered questions regarding the impact offering sewer has on development/redevelopment. Mr. Zusi responded to Commissioner Seidel questions regarding installing sewer priority and possible grant funding opportunities.

### **Electric Utility Report**

#### **Fuel Adjustment**

Mr. Attaway reviewed the fuel adjustment.

F/A Update February 2016	
Beginning Balance	\$2,187,760
Fuel Revenues Collected	\$1,040,823
Fuel Cost Purchased Power	\$1,009,637
Over/(Under) Collected	\$31,186
Ending Balance	\$2,218,946
Balance Max (FY 2016)*	\$1,600,000
Target Minimum Balance	\$500,000

\*Max permitted per F/A tariff is 10% of annual fuel budget rounded up to the next \$100k.

- Fuel adjustment was reduced by \$2.72/1,000 kWh effective Feb 1 to reduce fuel cost recovery balance. Still over-recovered in February.
- Continued softening in natural gas prices is lowering our fuel cost below the estimates previously provided by our suppliers.
- May- September fuel costs are highest fuel cost of the year and are expected to be higher than

the 12 mo. fuel cost estimate for the current fuel adjustment.

- Covanta fuel cost for February is estimated (invoice not yet available.)

Mr. Attaway presented the residential bill comparison graph compiled by FMEA.

**Rate Comparison w/Duke Energy, 1,000 kWh Residential Customer**

	WPE March 2016	Duke March 2016*	Difference	
			\$	%
Base Bill	\$75.80	\$77.77	\$1.97	2.6%
Fuel Adjustment	<u>28.14</u>	<u>33.53</u>	<u>+\$5.39</u>	<u>+19.2%</u>
Base Electric Bill	\$103.94	\$111.30	\$7.36	+7.1%
Franchise Fee & Taxes	\$18.25	\$19.15	\$.90	+4.9%
Total Electric Bill	\$122.19	\$130.45	\$8.26	+6.8%

The FPSC approved a mid-year reduction in Dukes rates effective April 1. The reduction is mostly due to lower natural gas prices.

	WPE April 2016	Duke April 2016	Difference	
			\$	%
Base Bill	\$75.80	\$78.82	\$3.02	+4.0%
Fuel Adjustment	<u>28.14</u>	<u>26.79</u>	<u>-1.35</u>	<u>-4.8%</u>
Base Electric Bill	\$103.94	\$105.61	\$1.67	+1.6%
Franchise Fee & Taxes	\$18.25	\$18.71	\$.46	+2.5%
Total Electric Bill	\$122.19	\$124.32	\$2.13	+1.74%

The FPSC approved a mid-year reduction in Dukes rates effective April 1. The reduction is mostly due to lower natural gas prices.

**Rate Comparison 1,000 kWh Residential Customer 12-month rolling**

City of Winter Park	Muni Avg	IOU Avg	State Avg	City of Winter Park % State Avg
\$113.32	\$117.07	\$128.57	\$118.84	95.35%

Note: January is the latest data available for Muni and IOU averages.  
 Above rate information does not include Florida electric cooperatives which is not published.

- Winter Park rates well below City’s objective to not exceed state averages by more than 5%.

**February Sales Results**

Customer Class	Feb 2016 Vs. Feb 2015	3 mo’s ending Feb 2016 vs. 3 mo’s ending Feb 2015	12 mo’s ending Feb 2016 vs. 12 mo’s ending Feb 2015
Residential	+12.51%	+4.94%	+6.85%
Commercial	+7.65%	+8.80%	+3.66%
Streetlights	+2.08%	+2.48%	+1.10%
Total	+9.77%	+7.09%	+5.02%

**Key Observations**

- Natural gas prices and therefore Florida fuel costs continue to decline. Duke’s mid-year reduction is dramatic. Is there another fuel adjustment decrease for Winter Park coming?
- If we have any growth this summer in sales, we will significantly exceed the forecast included in the FY 2016 budget
- In spite of significant expenditures in undergrounding Winter Park is maintaining excellent rates compared to other utilities in the state. We are significantly beating our rate objective.

Mr. D’Alessandro updated the Board on the transition away from ENCO which will take place April 4. He reported that ENCO’s supervisor, Tim Whitesides, was hired by the City. Todd Hemphill is on board as project manager, he will oversee projects including undergrounding. Four linemen have also been hired. Mr. D’Alessandro is happy with the quality of the City’s Electric Utility team. Mr. D’Alessandro provided information about the equipment the utility will have. The warehouse is up and functioning and a manager is in place. The lease on the building at Metric will be cancelled and we will have about a month to get everything moved over. He explained changes in lineman schedule that will provide 7-day coverage until midnight depending on the season. He clarified that some contractors will still need to be utilized for undergrounding and support and he confirmed that the current contractors have the resources needed. Call Center services will still be handled by ENCO, since they are a separate division.

Mr. D’Alessandro announced that a public meeting for the Fairbanks project will be held at the Civic Center on March 24 to answer questions. Two thousand invitations were sent out notifying people of the meeting. Mr. D’Alessandro summarized the project stating that the City is ready to go, however, there are still some unresolved issues with questions received from bidders that Duke Energy is working on. Mr. D’Alessandro responded to questions.

Mr. Attaway presented a PowerPoint presentation “Update on the City’s Electric Undergrounding Plan” that will be presented at the March 28 City Commission meeting. The PowerPoint summarized the established plan, the established project priority, where they are today, modified undergrounding plan and

current projects, issues with the current plan, and suggested new methods. Mr. Attaway and Mr. D'Alessandro responded to questions.

### **Sustainability Report**

Ms. Gulden reminded the Board that Earth Day is April 10. The UAB will have a booth and she is looking for volunteers to staff it. She updated the Board on the status of the Georgetown Energy Prize.

### **Action Items**

- Update on presentation to the Commission
- Sewer Policy

### **ADJOURNMENT**

Chair Johnson adjourned the meeting at 1:35 p.m. Next regular meeting date is April 27, 2016.

Respectfully submitted,

**Debbie Wilkerson**

Debbie Wilkerson, Recording Secretary

Approved at May 25, 2016