

**CITY OF WINTER PARK  
UTILITIES ADVISORY BOARD**

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

**May 25, 2016  
12:00 pm**

**MINUTES**

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

**Absent:** None

**City of Winter Park Staff:** Troy Attaway, Director, Public Works; David Zusi, Director, Water/Wastewater; Wes Hamil, Director, Finance; Franco Catalan, Chief Accountant; Dan D'Alessandro, Electric Utility Operations Manager; Terry Hotard, Asst. Electric Utility Director; Kris Stenger, Asst. Building Dir.; Debbie Wilkerson, Recording Secretary

**Guests:** None

**Call to Order.**

Chm Johnson called the May 25, 2016, Utility Advisory Board meeting to order at 12:05 p.m.

**ADMINISTRATIVE ITEMS**

Retiring Board Recognition

Mr. Attaway thanked Ms. Johnson for her years of service and presented her with a certificate of appreciation and electric utility mementos.

Approval of Minutes:

Chair Johnson asked for approval of the minutes from the March 23, 2016, regular meeting. Motion by Ms. Platt Hall, seconded by Mr. R. James to approve as presented, Motion carried unanimously.

Citizen Comments:

None

**NEW BUSINESS**

Water/Wastewater Utility Graphs

Mr. Zusi reviewed quarterly water and sewer graphs which cover changes in water sales, irrigation sales and the consumptive use permit. Mr. Zusi commented that rainfall is a little below normal but water usage is well below our CUP. Mr. Zusi responded to questions.

**ACTION ITEMS**

Update of Sewer Policy

Mr. Zusi explained that the City desires an ordinance that requires homeowners to connect to sewer, if it is available, when they are doing renovations to their house that exceed 50% of the value of the house. The challenge is that 2/3 of our service area is in Orange County and the City doesn't have any way to enforce the ordinance in the County. Mr. Zusi is currently working with the City Attorney to determine if Orange County has already approved something that allows the City to enforce an ordinance. Discussion ensued as to current enforcement practices for non-payment and reasons for installing sewer in the

county.

## REPORTS

### Financial Report

Mr. Hamil reviewed the March 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 \$613,900 and debt service coverage is projected to be a strong 1.78 for the fiscal year.

### Electric Services Fund

Electric kWh sales for the first quarter of the fiscal year are ahead of forecast. We over recovered on fuel costs by about \$530,000 for the first half of the fiscal year. Fuel cost recovery rates were reduced November 1 and again on February 1 in an effort to return some of that to the customers. We expect to be at break even on fuel for the fiscal year and will adjust rates as necessary to aim at the target. Mr. D'Alessandro responded to questions regarding the underground budget.

The bottom line for half the year is \$553,611. About \$530,000 of this is over recovery in fuel costs which is expected to go away over the next six months. Debt service coverage is forecast at 2.49. Mr. Hamil responded to questions.

Mr. Hamil commented that the City is currently working on putting together its 2017 budget. He explained that the Water/Wastewater and the Electric Utility budgets are close to balancing. Discussion ensued regarding rate increases and the possibility of adopting the same rate policy as Water/Waterwater.

### Water/Wastewater

None

### Electric Utility Report

#### Fuel Adjustment Update

Mr. Attaway reviewed the fuel adjustment. He explained the impact of “true-up” invoices from our suppliers and possible solutions to deal with the discrepancies in original invoices and trued-up invoices.

F/A Update April 2016	
Beginning Balance (March 31, 2016)	\$2,280,855
Fuel Revenues Collected (April)	\$1,009,817
Fuel Cost Purchased Power (April)	\$1,108,156

Over/(Under) Collected	(\$98,339)
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 April.
- 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.

Fuel Cost Recovery	
Fuel Cost Originally Invoiced for March	\$1,085,443
Fuel Revenues Collected (March)	\$995,590
Over/(Under) Collected	(\$89,853)
March Fuel Cost (trued up with April Invoice)	\$989,348
Retail Fuel Revenues Collected	\$995,590
Over/(Under) Collected	\$6,242

Note: Trued-up March fuel cost took us from an \$89 .9k under recovery to a \$6.2K over-recovery.

#### F/A Update

FY 2016 Month	Orig. Fuel Bill \$/MWh	Final (trued – up) \$/MWh	Difference in \$
October	33.49	33.26	(\$8,414)
November	33.92	32.43	(\$50,139)
December	33.48	30.75	(\$92,747)
January	32.96	30.78	(\$42,717)
February	33.33	31.50	(\$55,663)
March	33.26	30.31	(\$96,096)
6-Month Total			(\$345,779)

- Final trued-up costs for the 6 months ending March were \$345,779 below amounts originally invoiced.

#### F/A Update

- For the 6 months ending March, declining natural gas prices have resulted in true-ups from our suppliers reducing fuel costs \$345,780 below estimates previously provided.
- Winter Park Electric Fuel Cost recovery fund is currently \$582,517 above the target

balance of \$1.6 million. Sixty percent of the problem is due to fuel prices declining below estimates previously provided by our suppliers.

- Current fuel adjustment needs to refund at least \$600k to our customers is based on bad fuel forecasts.

### Fuel Adjustment Strategies to Consider

Strategy	Pro's	Con's
1. Increase existing policy amount (10% of annual fuel budget rounded up to next \$100k)	<ul style="list-style-type: none"> <li>• Near term improves City's cash position</li> <li>• Immediately brings us into compliance with our F/A tariff</li> </ul>	<ul style="list-style-type: none"> <li>• Justification for change is difficult</li> <li>• Customers may view as inconsistent with our fuel pass through philosophy</li> </ul>
2. Guess at Suppliers' fuel cost reductions and lower F/A for remaining months of Fiscal Year (may still result in over or under recovery.) <b>This is Randy's Preference</b>	<ul style="list-style-type: none"> <li>• Consistent with existing F/A tariff</li> <li>• Reinforces city pass through policy</li> </ul>	<ul style="list-style-type: none"> <li>• "Guess" is the correct word.</li> <li>• Equity issues abound for customers that have departed and new customers</li> </ul>
3. Evaluate fuel cost recovery balance at year end and return excess over the following month.	<ul style="list-style-type: none"> <li>• Easy to return exact amount, no guess work.</li> </ul>	<ul style="list-style-type: none"> <li>• Same equity issues noted in 2 above.</li> <li>• May require a change in billing software to issue a refund to all customers.</li> </ul>

Mr. Attaway reviewed the Residential Bill Comparison, March 2016 for all municipal owner utilities and with Duke Energy.

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

April 2016	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
\$113.01	\$115.88	\$127.85	\$117.72	96%

Note:

- March 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	April 2016 Vs. April 2015	3 mo’s ending April 2016 vs. 3 mo’s ending April 2015	12 mo’s ending April 2016 vs. 12 mo’s ending April 2015
Residential	-4.67%	+0.52%	+4.49%
Commercial	-2.59%	+2.87%	+3.73%
Streetlights	+1.59%	+1.66%	+0.30%
Total	-3.43%	+1.85%	+4.05%

**Key Observations**

- Declines in April Sales (residential and commercial) are most certainly due to decline in heating and cooling degree days for March-April i.e. (2015 HDD+CDD=638; 2016=550=-13.7%)
- Historically multi-month declines in HDD+CDD on a 12 month rolling basis have tended to precede continued declines.
- Still on track to exceed FY 2016 sales forecast included in budget.

Mr. D’Alessandro updated the Board on the transition from the original project driven undergrounding plan to the new quarter point plan, continuing challenges with the Fairbanks project and the transition from ENCO to in-house operations and management.

**Sustainability Report**

Mr. Stenger thanked Ms. Johnson for her assistance to the sustainability program. He updated the Board on the Georgetown Energy Prize, requesting sample RFQ’s for a performance based contract to place solar on City water plants, looking at using part of the sustainability funds included in the 2017 budget (hopefully) to commission a study to measure and verification energy use of 5 city facilities.

**Action Items**

- Sewer Policy

**ADJOURNMENT**

Chair Johnson adjourned the meeting at 1:15 p.m. Next regular meeting date is June 22, 2016.

Respectfully submitted,

*Debbie Wilkerson*

Debbie Wilkerson, Recording Secretary

Appv'd June 22, 2016