

**CITY OF WINTER PARK
UTILITIES ADVISORY BOARD**

Regular Meeting
500 N. Virginia Ave
Public Safety Community Room

September 28, 2016
12:00 pm

MINUTES

Present: Lawrie Platt Hall, Richard James (chair), David Gevorgyan, Hugh James, Tara Tedrow
Cheryl Forney

Absent: Rick Baldocchi, Jennifer Lyons

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

Guests: Ms. Jody Lazar, Winter Park Library

Call to Order.

Chm. R. James called the September 28, 2016, Utility Advisory Board meeting to order at 12:04 p.m.

ADMINISTRATIVE ITEMS

New Board member

Chm. R. James requested that board members and staff introduce themselves for new board member, David Gevorgyan, who then told a little bit about himself.

Approval of Minutes:

Chair R. James asked for approval of the minutes from the August 24, 2016, regular meeting.
Motion by Ms. Platt-Hall, seconded by Mr. H. James to approve as presented, motion carried
unanimously (6-0).

Citizen Comments: None

Mr. Attaway reminded the Board that the 2016 Board Appreciation Event is scheduled for tomorrow night (Thursday, September 29) at the Civic Center.

NEW BUSINESS

None

ACTION ITEMS

Objectives for the Upcoming Year

Chm. R. James stated that the objectives were discussed at the August meeting, however, objectives can change and the Board should feel free to suggest new ones.

Report of Finance Subcommittee

Mr. H. James reviewed the changes the subcommittee is recommending in the monthly financial report. The Board liked the new changes and thanked the subcommittee for their efforts. .

Update of Sewer Policy

Mr. Zusi reported on the status of the sewer policy creation. He is continuing to work with the city’s attorney to develop a policy. The attorney is doing research into what Orange County has in place. He also reported that the city is looking into options for converting septic tanks to sewer that will reduce cost and construction time. Mr. Zusi announced that he will bring the new Water/Wastewater Asst. Director, Jason Riegler, to the next meeting

REPORTS

Financial Report

Mr. Hamil presented the financial report for August.

Water and Sewer Fund

The bottom line reflects a positive \$2,677,038 and debt service coverage is projected to be a strong 2.02 for the fiscal year.

Electric Services Fund

Electric kWh sales are projected to be ahead of forecast by about 3%. Our fuel over-recovery for the eleven months ended August 31 is about \$400,000. Fuel cost recovery rates were reduced November 1 and again on February 1 in an effort to return some of that to the customers. Fuel costs will be adjusted downward effective October 1 in an effort to return approximately \$150,000 over the October to December time frame. Rate will likely be adjusted again January 1, 2017 to adopt annual rates.

The bottom line with only one month remaining in the fiscal year is a positive \$382,327. The cash balance at the end of August is a positive \$162,861. We are projecting cash to be about \$500,000 at fiscal year-end which will be a very nice improvement from the deficit of (\$916,075) in the prior year. Debt service coverage is forecast at 2.36.

Electric Utility Report

Mr. Attaway reported that the revised undergrounding plan discussed at the August meeting was presented to the City Commission of Sept 12. It was well received by the Commission who understood the value of this approach. One Commissioner expressed concern with “unintended consequences” so a small modification was made to one area. Mr. Attaway responded to questions regarding undergrounding services say he will is going to look into that. He will be asking the Board for their input over the next few months. He hopes to present a recommendation to the City Commission after the first of the year.

F/A Update

Mr. Attaway reviewed the Fuel Cost Recovery

F/A Update August 2016	
Beginning Balance (May 31, 2016)	\$2,084,221
Fuel Revenues Collected (August)	\$1,421,603
Fuel Cost Purchased Power (August) est	\$1,432,955
Over/(Under) Collected	(\$11,352)

Ending Balance

\$2,072,869

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

Key Observations

- Began fiscal year with Balance of \$1.688 million slightly above our limit
- Reduced F/A effective Nov 1 and Feb 1.
- Current Balance is \$2.073 million
- Change in Balance = +\$385k
- Fiscal year fuel Cost true-ups through June = -\$571k
- Increased balance is entirely due to supplier true-ups resulting from lower natural gas prices

Go Forward Strategy

Month	Over/(Under) Recovery
Apr-16	-\$10,615.4
May-16	-\$81,119.2
Jun-16	-\$7,632.2
Jul-16	-\$97,267.3
Aug-16	-\$11,352.4

- The last five months have seen under-recovery totaling \$208k.
- F/A in February lowered to return \$926k over 12 mo's. Reduced natural gas prices worked against that.
- Expect continued under recoveries through the end of the year.
- Return \$150,000 over Oct-Dec period.
- Implement annual Fuel adjustments on a calendar year basis. Allows us to have up to date forecasts from our suppliers.
- Expect continued under-recovery through year end. With expected under recoveries + return of additional \$150k over next 3 months should be close to our limit.
- Implement a new 12 mo. fuel adjustment effective Jan 1. If necessary return additional over-recovery.

Residential Bill Comparison

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

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

	WPE September 2016	Duke September 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 Duke Energy rates effective April 1. The reduction is mostly due to lower natural gas prices.

October 1, 2016

	WPE	Duke	Difference	
			\$	%
Base Bill	\$75.80	\$78.82	\$3.02	4.0%
Fuel Adjustment	<u>26.74</u>	<u>26.79</u>	<u>+.05</u>	<u>+2%</u>
Base Electric Bill	\$102.54	\$105.61	\$3.07	+3.0%
Franchise Fee & Taxes	\$18.12	\$18.71	\$.59	+3.27%
Total Electric Bill	\$120.66	\$124.32	\$3.66	+3.04%

(1) WPE reflects \$150k reduction in fuel adjustment Oct-Dec \$1.40/1,000kWh

January 1, 2017

	Duke Oct 2016	Duke Jan 2017	Difference	
			\$	%
Base Bill	\$78.82	\$79.48	\$.66	+8.4%
Fuel Adjustment	<u>26.79</u>	<u>33.77</u>	<u>+.05</u>	<u>+26.05%</u>
Base Electric Bill	\$105.61	\$113.25	\$7.64	+7.23%
Franchise Fee & Taxes	\$18.71	\$19.51	\$.80	+4.28%
Total Electric Bill	\$124.32	\$132.76	\$8.44	+6.79%

- Duke requested Jan 1, 2017 in Fuel Cost Recovery Docket currently before FPSC.
- Expect change in WPE F/A January 1, depending on fuel cost forecast to come from FPL and OUC and true-up; could increase or decrease.

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
\$111.88	\$114.01	\$126.29	\$115.89	96.54%

Note:

- July 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 are well below City's objective to not exceed state averages by more than 5%

May Sales Results

Customer Class	July 2016 Vs. July 2015	3 mo's ending July 2016 vs. 3 mo's ending July 2015	12 mo's ending July 2016 vs. 12 mo's ending July 2015
Residential	+6.49%	+4.72%	+3.04%
Commercial	-.72%	-2.09%	+1.49%
Streetlights	+0.88%	+1.40%	+1.29%
Total	+2.60%	+0.99%	+2.16%

Declines in HDD+CDD

Mr. Attaway reviewed graphs which show rolling HDD+CDD, Commercial Sales 12 month rolling, 12 month Avg Customer Count, and Rolling 12 month Total kWh sales

Key Observations

- Average Usage in Commercial class has declined
 - Loss of large customers i.e. K-Mart, Mt. Vernon, Bowling Alley, Lombardi's
 - Conservation
- Positive growth in commercial since 2012
- Loss of large customers being replaced by additional smaller customers makes for increased revenue stability and reduced risk
- Well on track to exceed FY 2016 sales forecast included in budget.

The Board discussed making a big announcement about the change in the undergrounding process and decided it wasn't necessary. Mr. D'Alessandro updated the Board on current undergrounding, the Fairbanks Project and the status of Winter Park Electric after the transition.

Sustainability Report

Ms. Gulden offered to answer questions about the conservation program and reported usage of the City's electric charging stations is declining.

Chm. R. James introduced for discussion combining the November and December meetings into one meeting given their proximity to the holidays. Staff will poll Board members and find the best date.

Action Items

- Sewer Policy
- Service Undergrounding

ADJOURNMENT

Chair R. James adjourned the meeting at 1:07 p.m. Next regular meeting date is October 26, 2016.

Respectfully submitted,

Debbie Wilkerson, Recording Secretary