

**CITY OF WINTER PARK
UTILITIES ADVISORY BOARD**

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

**August 22, 2018
12:00 pm**

MINUTES

Present: Karim Arja
Rick Baldocchi
Paul Conway
Richard James (Chair)
Jennifer Lyons
Jack Miles

Absent: Hugh James
Lawrie Platt Hall

City of Winter Park Staff: Dan D'Alessandro, Director Electric Utility
David Zusi, Director of Water & Wastewater Utility
Jason Riegler, Asst. Director of Water & Wastewater Utility
Justin Isler, Supervisor Electric Utility
Vanessa Balta-Cook, Sustainability Planner
Georgia St. Peter, Forestry
Linda Antonion, Recording Secretary

Guests: F.M.P.A. representatives; Jacob Williams, Sue Schumann, Navid Nowakhtar
Genean Hawkins McKinnon, Consultant

CALL TO ORDER:

- Meeting called to order 12:05 p.m.

ADMINISTRATIVE ITEMS:

- Amendment made to July 25th minutes, to be approved at the next meeting.

CITIZEN COMMENTS:

- None

NEW BUSINESS:

- The Florida Municipal Power Association (FMPA) representatives made a presentation on solar subscription services and residential rate structures which included the following:
 - Who the F.M.P.A is: a collection of 31 cities that are members of the not for profit inter-local agency. Twenty (20) cities receive some of their power from the F.M.P.A

(which generates 1650 megawatts) while 13 of the cities receive 100% of their power from the F.M.P.A. They are also a resource for information regarding power supply and rate structures.

- Increasing opportunity for electric utilities to provide solar power to the customers who want it without the considerable cost of installing their own panels.
- The public perception of solar power is that having their own solar panels will lower their power bills but that is not generally the case. In fact, it is cheaper for the utility to provide solar-generated power versus private, rooftop solar panels.
- The public likes the idea of solar power but they are not willing to pay more for it.
- Utility-supplied solar is less costly than rooftop but slightly more expensive than gas generated power.
- The fact that the service to supply power is a fixed cost not a variable cost and is being miscalculated as a variable cost to the customers.
- The only variable cost to customers is the cost of fuel.
- Due to current cost misalignment in rate structures, residential solar can shift the costs of maintaining the power infrastructure onto lower income customers (without solar), despite the solar users still needing the utility-supplied power when residential solar is not producing energy (i.e. rainy days, nighttime). To avoid this, need to change the alignment between fixed and variable costs on which rates are calculated.
- Other electric utilities are now changing their rate structures to align better with actual costs, and to cover the loss of revenue that is occurring due to an increase in energy efficiency and private solar power generation.
- The bulk of the actual cost of supplying electric power is in fixed costs not variable costs. Most electric utilities have incorrectly structured rates on variable costs instead of fixed costs for years.
- Increasing (gradually) the customer charge per month is a way to send both an appropriate price signal and better align costs with reality.

The board then discussed:

- Devising a strategy for the future rate adjustments, since Board recognizes cannot sustain current rate alignment between fixed and variable costs.
- Critical piece is an education initiative to communicate reasons to ratepayers.
- Strategy must include fairness for low-income customers.

Action Items

- Wes Hamil was asked to provide the current fixed cost analysis of the electric rate structure for the next meeting.

REPORTS:

Financial Reports (presented by Wes Hamil)

- Water usage is lower than last year; hence revenues are lower but the bottom line figure is positive. There was no index increase to rates last year but this year will be 1.76%. There are major costs still to occur in the near future such as Iron Bridge.
- More rain equals less power sales due to more cool days. Currently, on track to reach 415 MWh in sales which is 1% below budget projection. Fuel costs are under recovered, as planned, so should be close to target of \$1.4M for fuel cost stabilization fund by year end. The fiscal year is shaping up to be solid.

Water/Wastewater (presented by David Zusi)

- Reorganization of staff occurring. Recovery of costs for projects such as I-4 have been mostly successful.

Electric (presented by Dan D'Alessandro)

- Meeting with the D.O.T. and Duke every two weeks regarding the Fairbanks undergrounding project. A Town Hall meeting should be held in early October to meet with the customers who will be impacted by the project. Mr. D'Alessandro detailed some of the work that has to occur. Duke has majorly increased their estimate to the D.O.T. for the wreck-out of the overhead transmission lines but he would like to get Duke to agree to let Winter Park Electric arrange for it at what he believes will be a lower cost. Undergrounding project G is 50% complete but behind schedule. Design for project H is complete and construction should start this month. Still behind schedule in getting designs completed for future projects. Have received oral presentations from perspective new engineering firms.
- Eleven outages in July were caused by trees (probably vines), six outages due to equipment failure, and two due to lightning. Longest outage (4 hours) was due to lightning (direct strike) requiring underground cable to be replaced. A new switch unit failed on Denning Drive.
- The maintenance and installation of LED street lights is being negotiated.
- Sent out Invitation to Negotiate on May 26 for Bulk Power Suppliers – have seven suppliers with eleven proposals to consider. Plan to request Commission authorization to negotiate with all seven.

MEETING ADJOURNED:

- Meeting adjourned at 1:58 p.m.

R. A. James, PhD