



9/1/2017

To:

Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RECEIVED-FPSC
2017 SEP -5 AM 8:40
COMMISSION
CLERK

RE: Winter Park Electric Utility Tariff Change

Dear Florida Public Service Commission,

The City of Winter Park Electric Utility (Utility) is attaching this cover letter and supplemental materials to be in compliance with PSC regulations outlining tariff changes that alter rate structure. We have provided legislative format and included four additional "clean" copies of our proposed changes. Thank you for taking the time to review our proposal and we appreciate your feedback.

As a municipally owned utility, it is always our number one priority to supply our residents and businesses with reliable power at a fair cost. As the use of electricity has changed in recent years due to conservation, spending habits, and the advent of new technologies like solar power, the city has evaluated its revenue sources and cost structure to determine the best path toward a financially sustainable future. Through the city's annual budget process it has been determined that \$2.85 million in additional revenues is required to meet all objectives in fiscal year 2018. While the Utility has done an excellent job of reducing operating costs, the rising price of non-fuel power costs and capital improvement requirements, and variability in weather related energy sales, have created a shortfall in the current budget year. Because so much of the Utility's revenue is dependent upon variable sources, the city has determined that it is in its best interest to adjust its rate structure to bring it closer in-line with recouping those costs that are fixed with customer charge revenues. As part of this effort, the Utility recognizes that to make so large a shift in a single year would cause undue hardship on its customers. This proposed change represents our first step towards correcting this inequity. We have provided you supplementary information on our cost structure to aid you in determining how we have derived this rate structure (See Attached Exhibit A - Revenue & Cost Structure). As can be seen from the cost structure, even with our proposed rates generating \$2.45 million in customer charges revenue we still fall short of our fixed costs total of \$3.52 million. (See Attached Exhibit B - Proposed Rates)

CITY OF WINTER PARK

401 South Park Avenue

Winter Park, Florida

32789-4386

OFFICE OF THE CITY MANAGER

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COM ___
AFD ___
APA ___
ECO 2
ENG ___
GCL 1
IDM ___
CLK ___

To summarize the tariff changes, we are proposing to increase residential customer charges by \$4.50, while mitigating the impact on smaller residential consumers by dropping the non-fuel energy rate on the first 1,000 kWh sold. Rates on usage above 1,000 kWh will be increased to encourage sustainability. For commercial classes we are making a smaller change to the customer charges at 15%, but raising all energy charges by 9% across the board. While this seems like a significant disparity in customer charges between residential and commercial customers, we made this change in order to narrow the severity of impact on any one type of customer. Our residential rate provides for a two-tiered system of billing in which smaller users of power may pay a lesser rate. Therefore, any changes in the customer charge can be offset by a reduction in the first tier. Commercial billing has no multi-tier system so making an equally large change to the customer charge would cause undo hardship for lower consuming commercial customers. As we considered rate scenarios, we ran numerous examples to keep the total effect of any rate change for the majority of customers within a range of 4% -7%. (See Attached Exhibit C – Rate Scenario Analysis.)

The Winter Park Electric Utility customer has long enjoyed favorable rates while benefiting from the increased investment in reliability through the city's effort to underground all electric lines. As the city has reached the halfway point on this project, reliability measured through SAIDI has improved from 82.27 in 2015, to 58.86 in 2016, and a 2017 year-end estimate of 29.98. This has been done at overall rates that are less for consumers than those charged by the predecessor utility. In a comparison against all municipally owned utilities a 1,000 kWh user in Winter Park pays 3% less than the average and has a 7.5% advantage over Duke, the nearest largest investor owned utility. On the commercial side, a 1,500 kWh Non-Demand user in Winter Park pays about 4% less than the municipal average. We are estimating that the proposed rate change will bring us in-line with municipal averages going forward. (See Attached Exhibit D – Rate Comparisons) Even with the proposed increase to the Residential customer charge, Winter Park's charge is not out of line with the customer charges of the other Florida utilities. (See Attached Exhibit E - Florida Municipal Electric Association Bill Comparison.)

We understand that a change to rate structure is an important consideration, so that is why we have done our best to analyze the universal impact to all our customer types and classes, while maintaining a competitive rate, as we consistently invest in capital improvements that improve our reliability, and make sure that we develop a structure that creates revenue stability in light of changing industry pressures. We look forward to hearing any comments you may have and if you require any further information please do not hesitate to contact us.

Sincerely,



Randy Knight
City Manager

Exhibit A – Revenue & Cost Structure

Comparison of Projected Customer Service Charges to Administrative Costs Budget

Projected customer service charges using proposed electric rates:

Residential customers	2,003,561
Commercial customers	401,491
Public authority customers (government entities exempt from utility tax)	<u>50,483</u>
Total projected customer service charges	<u><u>2,455,535</u></u>

Administrative costs in FY 2018 budget:

Admin. Division (2901)	1,024,039
Utility Billing (2905)	577,939
Meter Reading (2906)	374,795
Reimbursement of indirect administrative costs reported in the General Fund	<u>1,544,341</u>
Total administrative costs	<u><u>3,521,114</u></u>

**Divisions 2901 and 2905 are part of Gen. and Admin. Costs in the following schedule. Division 2906 and indirect reimbursement are reported in Operating Expenses.*

**Winter Park Electric Utility Operations
FYs 2017 and 2018**

	FY 17 Original Budget	FY 2017 Projected Actual	FY 18 Proposed Budget
Revenues:			
Customer charges	1,756,855	1,752,963	2,455,535
Demand charges	2,696,702	2,608,503	2,900,725
Non-fuel energy charges	22,912,593	22,163,208	23,583,681
Fuel cost recovery charges	15,345,946	13,685,463	14,574,540
Franchise fee equivalent	2,691,780	2,603,742	2,635,399
Gross receipts tax	1,171,269	1,132,961	1,193,812
Street lights	381,810	381,810	408,843
Other miscellaneous charges	890,393	1,126,465	902,600
Transfers from other funds	151,088	151,088	146,561
Fund balance	450,000	-	-
Total revenues	<u>48,448,435</u>	<u>45,606,204</u>	<u>48,801,697</u>
Expenditures:			
Fixed costs:			
General and administrative costs	1,480,605	1,445,596	1,601,978
Operating expenses	6,718,631	6,283,549	6,897,038
Debt service	5,039,780	4,995,319	5,026,628
Capital	4,300,000	4,462,940	4,316,000
Transfers to General Fund	2,691,780	2,357,343	2,635,399
Transfers to other funds	298,718	298,717	243,205
Total fixed costs	<u>20,529,514</u>	<u>19,843,464</u>	<u>20,720,248</u>
Variable costs:			
Bulk power purchases	24,813,654	23,421,905	24,336,485
Transmission costs	3,105,267	3,332,328	3,493,178
Total variable costs	<u>27,918,921</u>	<u>26,754,233</u>	<u>27,829,663</u>
Total expenditures	<u>48,448,435</u>	<u>46,597,697</u>	<u>48,549,911</u>
Net gain (loss)	<u>(0)</u>	<u>(991,493)</u>	<u>251,786</u>
Projected kWh sales	434,504,964	422,113,563	420,251,336

Exhibit B – Proposed Rates

Comparison of Proposed Rates to Current Rates

	Current Rates	Proposed Rates
Residential:		
Customer charge	9.55	14.04
Energy charges:		
1st 1,000 kWh	0.06625	0.06559
Over 1,000 kWh	0.07815	0.08753
Fuel cost recovery factor:		
1st 1,000 kWh (non-taxable)	0.03081	0.03081
Over 1,000 kWh (non-taxable)	0.04081	0.04081
Commercial and Public Authority:		
Customer charge:		
Secondary delivery voltage (GS1) (Non Demand)	12.61	14.50
Primary delivery voltage (GS1) (Non Demand)	159.44	183.36
Secondary delivery voltage (GS2) (Non Demand)	13.21	15.19
Secondary delivery voltage (GSD-1) (Demand)	13.14	15.11
Primary delivery voltage (GSD-1) (Demand)	166.20	191.13
Fuel cost recovery factor:		
Non-taxable	0.03567	0.03567
GS-1 energy charge (Non Demand)	0.06693	0.07295
GS-2 energy charge (Non Demand)	0.03394	0.03699
GSD-1 energy charge (Demand)	0.03830	0.04175
GSD-1 demand charge (Demand)	4.59	5.00
GSD-1 primary demand voltage credit (Demand)	(0.35)	(0.35)
GSD-1 Metering Volage adjustment (primary) (Demand)	0.01	0.01
Time of use:		
Customer charge - secondary	21.99	23.97
Customer charge - primary	178.12	194.15
Base demand charge	1.15	1.25
On-peak demand charge	3.49	3.80
On-peak energy charge	0.06366	0.06939
Off-peak energy charge	0.02582	0.02814
On-peak fuel cost recovery factor	0.04568	0.04568
Off-peak fuel cost recovery factor	0.03242	0.03242
Taxable fuel cost recovery factor	0.00699	0.00699

Exhibit C – Rate Scenario Analysis

Customer Types	Current Rates	Proposed Rates	Dollar Change	Percentage Change*
Residential - 800 kWh/Month	102.37	107.11	4.73	4.62%
Residential - 1200 kWh/Month	152.89	159.71	6.82	4.46%
Residential - 2,500 kWh/Month	333.44	354.83	21.40	6.42%
Commercial - Non-Demand - 1,500 kWh/Month	209.34	223.38	14.04	6.71%
Commercial - Non-Demand - 6,000 kWh/Month	788.75	837.63	48.87	6.20%
Commercial - Demand - 30,000 kWh/Month, Demand 150	3,660.68	3,875.72	215.04	5.87%
Commercial - Demand - 60,000 kWh/Month, Demand 150	6,419.75	6,767.67	347.92	5.42%
Commercial - Demand - 120,000 kWh/Month, Demand 300	12,822.62	13,515.93	693.31	5.41%
Commercial - Demand - 200,000 kWh/Month, Demand 500	21,359.78	22,513.60	1,153.82	5.40%

**Change to customer total bill.*

Exhibit D – Rate Comparisons

Rate Comparisons 1,000 kWh Residential Consumer (12 mo. Rolling avg)

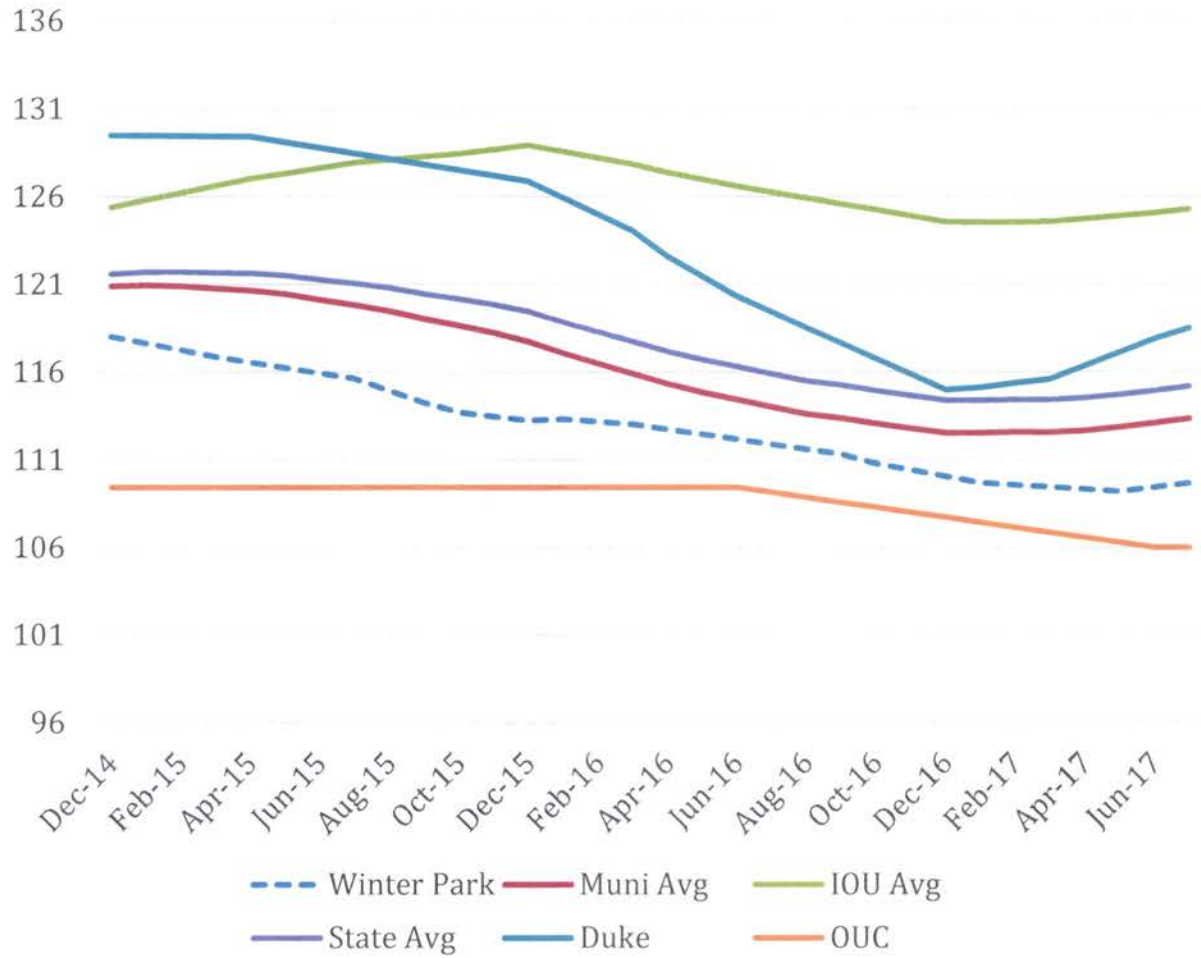


Exhibit E – FMEA Bill Comparison

July 2017		1,000 KWH			***	
CITY		Customer Charge	Base Rate (Includes Customer Charge)	Fuel or Cost Adjustment	Total	Total with franchise or transfer fee payment
ALACHUA		9.14	102.40	11.00	113.40	
BARTOW		8.00	54.70	76.55	131.25	
BLOUNTSTOWN		3.50	118.85	0.00	118.85	
BUSHNELL		7.40	98.05	32.00	130.05	
CHATTAHOOCHEE		6.50	90.10	25.09	115.19	
CLEWISTON		6.50	93.20	15.07	108.27	
FORT MEADE		12.96	89.56	39.00	128.56	
FORT PIERCE		6.01	116.84	2.00	118.84	
GAINESVILLE	G	14.25	60.40	70.00	130.40	
GREEN COVE SPRINGS		12.00	95.00	32.00	127.00	
HAVANA		6.00	89.50	32.68	122.18	
HOMESTEAD	G	5.60	77.60	36.63	114.23	
JACKSONVILLE	G	5.50	76.00	32.50	108.50	
JACKSONVILLE BEACH		4.50	83.07	33.84	116.91	
KEY WEST	G	15.03	137.03	2.97	140.00	
KISSIMMEE	G	10.17	133.27	-31.80	101.47	112.53
LAKE WORTH	G	10.53	75.73	39.00	114.73	
LAKELAND	G	9.50	63.02	38.75	101.77	
LEESBURG		12.30	105.09	15.00	120.09	
MOORE HAVEN		8.50	83.30	21.40	104.70	
MOUNT DORA		8.95	49.24	62.83	112.07	
NEW SMYRNA BEACH	G	5.65	82.10	22.68	104.78	
NEWBERRY		7.50	107.50	20.00	127.50	
OCALA		9.33	93.64	18.96	112.60	
ORLANDO	G	8.00	72.18	33.82	106.00	
QUINCY		6.00	98.41	18.70	117.11	
ST. CLOUD	G	8.32	75.07	35.17	110.24	
STARKE		N/A	75.95	36.22	112.17	
TALLAHASSEE	G	7.41	75.98	32.90	108.88	
VERO BEACH	G	8.33	54.43	61.65	116.08	
WAUCHULA		11.50	89.90	14.00	103.90	
WILLISTON		8.00	89.84	26.60	116.44	
WINTER PARK		9.55	75.80	30.81	106.61	113.01
FL POWER & LIGHT *	G	7.87	75.14	24.91	100.05	106.05
GULF POWER *	G	19.50	102.56	31.63	134.19	142.24
DUKE ENERGY*	G	8.76	81.68	33.77	115.45	122.38
TAMPA ELECTRIC**	G	16.62	68.62	26.42	102.06	108.18
FLORIDA PUBLIC UTILITIES-NE*	G	14.00	33.60	100.55	134.15	142.20
FLORIDA PUBLIC UTILITIES-NW*	G	14.00	33.60	100.55	134.15	142.20



**RATE SCHEDULE RS – 1
RESIDENTIAL SERVICE**
(Continued from Page No. 1)

Rate Per Month:

Customer Charge:	\$ <u>14.049.55</u>
Energy and Demand Charges:	
Non-Fuel Energy Charges:	
First 1,000 kWh	6. <u>559625</u> cents per kWh
All additional kWh	<u>8.7537.815</u> cents per kWh
Additional Charges	
Fuel Cost Recovery Factor	See Sheet No. 3.100
Gross Receipts Tax Factor:	See Sheet No. 3.100
Franchise Fee Equivalent:	See Sheet No. 3.100
Municipal Tax:	See Sheet No. 3.101
Sales Tax	See Sheet No. 3.101

Minimum Monthly Bill:

The Minimum Monthly Bill shall be the Customer Charge.

Terms of Payment:

Bills rendered hereunder are payable within the time limit specified on bill at City-designated locations.

Term of Service:

From billing period to billing period, until receipt of notice by the City from the Customer to disconnect, or upon disconnect by the City under Florida Public Service Commission rules or City Electric Service Policies.



**RATE SCHEDULE GS-1
GENERAL SERVICE – NON-DEMAND**

Availability:

Available throughout the entire territory served by the City.

Applicable:

To any customer, other than residential, for light and power purposes for which no other rate schedule is specifically applicable.

Character of Service:

Continuous service, alternating current, 60 cycle, single-phase or three-phase, at the City's standard distribution voltage available.

Limitation of Service:

Standby or resale service not permitted hereunder. Service under this rate is subject to the City's currently effective Electric Service Policies.

Rate Per Month:

Customer Charge:

Unmetered Account:	\$7.11
Secondary Metering Voltage:	\$14.50 ^{\$2.61}
Primary Metering Voltage:	\$183.36 ^{\$59.44}

Energy and Demand Charges:

Non-Fuel Energy Charge:	7.29 ^{56.693} cents per kWh
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Metering Voltage Adjustment:

Metering voltage will be at the option of the City. When the City meters at a voltage above standard distribution secondary, the applicable following reduction factor shall apply to the Non-Fuel Energy Charge and Fuel Cost Recovery Factor hereunder:

(Continued on Page 2)



**RATE SCHEDULE GS-2
GENERAL SERVICE – NON-DEMAND
100% LOAD FACTOR USAGE**

Availability:

Available throughout the entire territory served by the City.

Applicable:

To any customer, other than residential, with fixed wattage loads operating continuously throughout the billing period (such as traffic signals, cable TV amplifiers, and gas transmission substations).

Character of Service:

Continuous service, alternating current, 60 cycle, single-phase or three-phase, at the City's standard distribution voltage available.

Limitation of Service:

Standby or resale service not permitted hereunder. Service under this rate is subject to the City's currently effective Electric Service Policies.

Rate Per Month:

Customer Charge:

Unmetered Account:	\$ 7.45
Secondary Metering Voltage:	\$ 15.1943.21

Energy and Demand Charges:

Non-Fuel Energy Charge:	3. 699394 cents per kWh
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Additional Charges:

Fuel Cost Recovery Factor:	See Sheet No. 3.100
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Gross Receipts Tax Factor:	See Sheet No. 3.100
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**RATE SCHEDULE GSD-1
GENERAL SERVICE – DEMAND**

Availability:

Available throughout the entire territory served by the City.

Applicable:

To any customer, other than residential, for light and power purposes for which no other rate schedule is specifically applicable with a measured annual kWh consumption of 24,000 kWh or greater per year.

Character of Service:

Continuous service, alternating current, 60 cycle, single-phase or three-phase, at the City's standard distribution voltage available.

Limitation of Service:

Standby or resale service not permitted hereunder. Service under this rate is subject to the City's currently effective Electric Service Policies.

Rate Per Month:

Customer Charge:

Secondary Metering Voltage:	\$15.11 ^{13.14}
Primary Metering Voltage:	\$191.13 ^{166.20}

Demand Charge: ~~\$5.00~~^{4.59} per kW of Billing Demand

Energy Charge:

Non-Fuel Energy Charge: ~~4.17~~^{5.83} cents per kWh

Determination of Billing Demand:

The billing demand shall be the maximum 30 minute kW demand established during the current billing period.

Continued on Page 2



**RATE SCHEDULE GSDT-1
GENERAL SERVICE – DEMAND
OPTIONAL TIME OF USE RATE**

Availability:

Available throughout the entire territory served by the City.

Applicable:

At the option of the customer, otherwise eligible for service under Rate Schedule GSD-1, provided that all of the electrical load requirements on the Customer's premises are metered through one point of delivery.

Character of Service:

Continuous service, alternating current, 60 cycle, single-phase or three-phase, at the City's standard distribution voltage available.

Limitation of Service:

Standby or resale service not permitted hereunder. Service under this rate is subject to the City's currently effective Electric Service Policies.

Rate Per Month:

Customer Charge:

Secondary Metering Voltage: \$ ~~23.97~~^{21.99}
Primary Metering Voltage: \$ ~~194.15~~^{178.12}

Demand Charge:

Base Demand Charge \$ ~~1.2~~^{1.5} per kW of Base Demand
On-Peak Demand \$ ~~3.8~~^{0.49} per kW of On-Peak Demand

Energy Charge:

Non-Fuel Energy Charge: ~~6.93~~^{3.66} cents per On-Peak kWh
~~2.8~~^{1.45}~~82~~ cents per Off-Peak kWh

The On-Peak rate shall apply to energy use during On-Peak Periods. The Off-Peak rate shall apply to all other energy use.

Continued on Page 2