AGENDA MINUTES
MEETING
AGENDA
MONDAY, MARCH 17, 2025 5:30 PM

1. CALL TO ORDER

The City of Leesburg Electric Advisory Board held a regular meeting on Monday, March 17, 2025, at Leesburg City Hall. City Manager Al Minner called the meeting to order at 5:32 p.m. with the following members present:

Board Member Bethany Burge-Bosbous
Board Member Jack Braton
Board Member Amanda McLea
Board Member Mike Rankin
Board Member Marc Schwartz

Also, present were City Manager (CM) Al Minner, City Clerk (CC) J. Andi Purvis, Electric department staff, and others.

INVOCATION

City Manager Minner gave the invocation followed by the Pledge of Allegiance to the Flag of the United States of America.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. INTRODUCTIONS BY AL MINNER, CITY MANAGER

CM Minner provided a brief update on the Electric Advisory Boards' functions.

3. SELECTION of OFFICERS:

CM Minner asked for nominations for Chairperson. Board member Schwartz nominated Jack Braton. No other nominations were received. Board member Braton is the new Chairperson.

CM Minner asked for nominations for Vice-Chair. Board member McLea nominated Marc Schwartz. No other nominations were received. Board member Schwartz is the new Vice-Chair.

4. APPROVAL OF MINUTES:

A. Regular meeting held November 4, 2024

Chairperson Braton asked if there were any corrections to the November 4, 2024, minutes. If not, he would entertain a motion. Board member Rankin made a motion to approve the minutes, seconded by Board member Schwartz. Chairperson Braton asked all in favor to signify by saying aye, oppose same sign. Motion carried unanimously.

5. DISCUSSION / PRESENTATION:

A. New Member Update

Chairperson Braton turned the meeting over to the City Manager. CM Minner welcomed our three new members to the Electric Advisory Board. He was at a little bit of a loss because he did not anticipate we were going to lose three members so quickly. Previously, we did a bunch of background information and had FMPA come in to describe all the little things that we do, so for Jack and Marc this will probably be a little bit of a repeat. He did not have that in mind for tonight, so, he is just going to jump right in.

He thinks we started the Electric Advisory board about this time last year or maybe a little before that and it kind of gave us good prep. The city runs on a fiscal year and the fiscal year for all cities and the county in the State of Florida is October 1 through September 30. That gives us a couple of months to where we talk not about city stuff, but just electrical stuff and the main phases of electricity. It starts in the power plants and from generation to transmission to distribution and all the stuff that the city manages. We are a member of the FMPA, Florida Municipal Power Agency, and the FMPA is a conglomerate of several municipal Electric utilities in the state; 43 altogether. FMPA is a conglomerate of most of the electric utilities in the State of Florida that are owned by a municipality or publicly owned or an authority: OUC, Orlando Utility Commission, KUA, Kissimmee Utility Authority, and probably the biggest GRU, Gainesville Regional Utilities, although GRU is special these days as they are now controlled by their own board that is appointed by the governor. Maybe next month, we can bring back some folks and give you that update again. This month we were planning, trying to coordinate the change with everybody and then juggle it within the schedule and kind of hit the wall as far as timing. Specifically, last year we talked about all sorts of different things and then we kind of got into budget operations. So, this being March, we will throw some information at you next month and then jump into the budget in May to bring the budget numbers.

B. Power Cost Adjustment for FY 25

CM Minner said jumping into where we are with the bulk power cost adjustment (BPCA) for this month, he is going to talk to everybody like they are new, but Marc, Jack, and Mike know some of this stuff as well. When you get your city electric bill, you have a bundled bill, and it breaks down a couple of things: it gives you a customer charge, and it gives your kilowatt usage. Your customer charge is a flat rate every month of $15.00. **Board member Schwartz** added it has been 15 for a really long time. **CM Minner** agreed and stated that you have your customer sales charge, and the sales are split, so your first thousand kilowatts is a specific rate. Right now we are charging about 9.2 cents a kilowatt for anything from zero to a thousand, and then we charge 11 and a half cents for anything over that. The industry likes to measure where everybody is, and the typical comparison is a residential rate at the first thousand, because the first thousand kilowatts of consumption is typically seen as the typical consumption. Our average consumption in Leesburg, by the way, is about 1342 kilowatts. Heand he thinks the last time we looked this up, about 43% of our electric customers on the residential side use a thousand or less. About 80 to 85% of our customers are all residential and most of our industrial customers are within corporate limits.

We will get back to that another time.

Our rate per thousand right now is like $127.92, which is a regionally competitive rate. Duke hangs out right now in the $160s. SECO, our next regional competitor, pretty similar to us, is typically a dollar or two cheaper. Less cheap, Mount Dora has been pretty lucky there and there are some different dynamics on why they are a little bit lower. I want to say Mount Dora right now is hanging out around 110, so they are pretty competitive statewide.

Most of the investor-owned utilities are already petitioning the Public Service Commission to increase their rates. A note about that, the Public Service Commission is a body that reviews all utility issues in the state. There are five members on the Public Service Commission who are appointed by the governor. The main purpose of the Public Service Commission is to monitor the investor-owned utilities and regulate electric usage and electric issues. When it comes to Municipal Electric utilities and Cooperative Electric utilities, we govern ourselves with rules that we follow that the state puts out. For territorial issues, which you know, in the State of Florida, every square inch of Florida is fought over and carved out over who serves that area. It is not like McDonald's or Burger King where you can pick what you want, where you live is in somebody's territory and that is your electric provider, which is called a regulated system. So, the Public Service Commission manages all that for the investor-owned utilities, so when the investor-owned utilities need to increase their rates, they have to go to the Public Service Commission, and they do rate studies and then the Public Service Commission approves or doesn't approve their rate increase. Typically, they are approved with some modifications, so they might not get everything they want, but typically, when they go before the Public Service Commission, they get an increase; they have been turned down on occasion. For municipalities, us, and co-ops, we have a body that does that so, for the city, it is the city commission, and you have all been appointed to be their advisors in their role. The big reason for the Electric Advisory Board is that we recognize as a city that we have different customer bases and some of those customer bases are not in the city, they are unincorporated. Mike, you represent the unincorporated customers, Bethany, small business, Jack, residential Leesburg, Mark residential Fruitland Park, and Amanda, big business. The purpose of the dichotomy there is to make sure that all of our branches or all of our customer classes have some sort of input on what is going on in the electric department, which serves the city.

Going back to the two parts of your electric bill, we have the customer base, sorry, I lied there are three parts. The customer charge, the use charge, and then the power cost adjustment charge. The electric customer charge and the base charges are fixed by the city commission on an annual basis by resolution. We typically do not change those until it comes to the fiscal year. All our requirements are wrapped up into that bill, so our requirements are generation, transmission, distribution, and then our customer service component which is metering and billing. All those costs that we pay to do all those things are lumped into your customer charge and your use charge. The third animal that you see on the bill is the bulk power cost and, for every kilowatt we assign a rate per kilowatt. What the bulk power cost represents or what it pays for is the cost to buy power, so, that is specific. We have a cost to pay linemen, we have a cost for debt, which is typically when we went out and built lines or transformers. We have a cost to pay the folks who collect build, so, all those are woven in there. One of the most elastic costs we have is when we buy power and so that is a portion of your fixed cost, but because it is elastic, meaning it can go up or can go down, and it goes up and down every month, we have a make good if you will a true up. Every month, we adjust the bulk power cost on your power bill to ensure that we do not charge you too much, which we call an over-recovery, or if we did not charge you enough, it is an under-recovery. We keep track, we have a separate account for our bulk power cost, which is that flexible port. We true up those costs on a regular basis and we want to keep your bulk power cost as flat as possible, meaning keep it the same so you do not see big increases or big decreases in your power bill. Unfortunately, this month we have to increase your power cost. This should not be a surprise to Jack and Marc because back

in October, we thought come the middle of the fiscal year, April, we were going to have to increase our cost. Think I reported back in January, yay, it looks really good then February got bad, and we do not know where we are with March, which is what I want to talk to you about today.

Showing the bulk cost of power chart, he said this chart tracks how much we are paying for power over the course of a fiscal year. Looking at the tabs, you see our fiscal year 25 and then the older ones. Obviously, we are working on fiscal year 25 and this first column here October, the fiscal year starts in 21. To be more simplistic than what the numbers are showing, lines basically three through fourteen shows how much energy the entire city is buying. Lines 16 through 19 is how much we pay, so for example in October we paid a capacity of $16 a kilowatt-hour, we paid a transmission charge of $5.85 a kilowatt-hour, and our energy charge was $32.48 a megawatt hour, so those are all the charges that go in there. Then lines 22 through 30 take those components of your use times your unit charges to real dollars, and you add it up. The last few lines where we talk about power cost recovery, those are our formula matrix to figure out how we over or under recover monies. The important line to monitor is line 43 at the bottom. In these cases, what we have is that we monitor what goes over, what goes under; if we charge it too much or we charge it too little. The rule of thumb that we try to do is that we want to keep $3 million of cash on hand to absorb the yings and yangs. That was kind of the number that we came up with that keeps shifting your cost of power on a monthly basis to a minimum, so that the customers have a standard bill. Not too high in the summertime, when you use a lot of electricity, we like to keep the rate low as possible in the summer and then in the winter it is kind of the same. We peak in the winter and we peak in the summer because when it is really cold everybody turns on the power and when it is really hot and consistently hot everybody turns on the power. The cheaper times are kind of in the spring, but long story short, what we want to do is keep three million bucks here and if it gets too much then we are over recovering, and we try to slide money back to the customer by lowering the power cost adjustment and if it gets in the negative numbers, which you do not see here, which is good, then we are right on spot. For example, in October we over collected $362,000 bucks so, that banked on last year where we finished at 3.2 million and now, we are at 3.6, so this chart is actual through February. This chart is about a month in, so we are in the middle of March right now and we just got February's numbers. We had a pretty good month in February of we over recovered $45,000 and we are sitting on about 3.4 million bucks, so those are really good numbers, but what happens is as we get these red numbers that is when we under-recover. We typically see these as we move into the spring months and some of the winter months when we peek out so, we see losses of 550,000, we see losses of 717, and we see losses of 610. By the middle of May or the end of May we are only going to have 1.5 million in the power cost adjustment. When these numbers start leaking down that low, that starts to show we are not recovering enough. This was our projection when we started out the year. This next line is important because this is the actual number per kilowatt, so two cents per kilowatt or and you will hear me shift that around too I will say two cents so, if I say two cents, I am talking kilowatt-hours. If I go to dollars then I am talking in thousands so I will say two bucks, but two bucks means two cents and we are talking the same thing. You say that because if it is two cents a kilowatt and you use 1,000 kilowatts you are going to have a $2 additional charge for your power cost adjustment. When we mapped this out at the beginning of the year, in April, which is halfway through the fiscal year, we thought we would need to go to 2.50. See how these numbers are all nice and kind of smooth, we dip down, and then we rebound nicely by the end of the year at 2.50. Moving to another slide, he showed what that would look like if we did not adjust the power cost adjustment, so those shifted a little over a million bucks. He thinks we ended the fiscal year at 3.9. We lost a million and a half bucks, so at 2.5, this 2.5 number does not really wig us out too much because it is manageable and then if you wrap it back into October, November, where we typically have strong months, if we end the year at two and a half million that is like okay cool everybody is getting the low rate. The months that are worrisome are as we get in the summer where we start seeing higher declines and with the market not being as steady as we would like, this one is really kind of an iffy increase. This one is more precautionary than it has been in the past only because, when did we do the

big increase, what three or four years ago now, when we had to go up to seven cents and, we recovered all that back. We do not know exactly where our power costs are going, and moving to the next chart, he said we get these numbers from the FMPA, Florida Municipal Power Agency. What FMPA does for us is on a six-month quarterly interval they update what the all-requirements project costs are going to be. They have several different projects for municipalities where you get electricity and their flagship project is the all-requirements project, which is made up of 13 members. Different cities like KUA, Leesburg, Ocala, Key West. We purchase all our requirements from this project, so it is not just a generation because remember we have generation and transmission. This project buys generation and transmission wheeling, all those things that are associated with getting the power to the City of Leesburg's five substations, right to our front door. The City of Leesburg then takes it from the substations and gets it to your house or business. So, every quarter FMPA updates where we are as far as what we can anticipate our wholesale cost to be. Our wholesale cost over a fiscal year runs, if it is not crazy, around $50 million a year. So, of the city's $200 million dollar budget, $50 million is this one number, which is 25% of the budget right there, like the Lion Share of everything. What FMPA is saying, for the time frame we are talking March, April, May, June, the remainder of this fiscal year, this window we are looking at are costs of $86, $84, $86, $76, $77, and $78 a megawatt. Those are megawatt prices for the group and because there are 13 of us everybody pays a little bit differently in to the group based on whether you have generation. Some cities like KUA are in the group, and they provide transmission to the group, so when KUA is running their generation facilities, they get a credit on their power bill because they are running engines, they have generation. Leesburg is a non-generating city, so our price is not credited. Our prices actually run 5 to 10% higher than those numbers. If the group in April is projected to pay 86 bucks a megawatt, we are going to pay 86 bucks plus or minus 5 to 10 percent. How do we put that into the Matrix to figure this out? Moving to another chart, he showed our breakdown of comparing megawatt hours because you could say, Yo Minner, why do you need the 2.50 because you are fudging it somewhere else? You are overestimating your megawatt cost so you can increase the power cost adjustment. No, that is not the case. What we see here in March, our city cost is a little high there 98 and 88, but we are already under recovering in this column. When we get into April, we are saying 94 bucks, but FMPA says $90, so we start seeing some inverses going on as we get through the year, so, all things being equal, we kind of balance out. Long story short, he does think we need that extra half a cent.

Board member Schwartz asked while on that slide, for entertainment value, if you were to split the difference and do 0.225 instead of 0.25, what would that end of the year number look like? **CM Minner** showed it using both numbers. **Board member Schwartz** said you are still $3 million. **CM Minner** replied we are still 3.1 and saving you 2.50. **Board member Schwartz** asked, is that an option? Is there anything magical about them being round numbers? **CM Minner** answered no, and the reason we went 2.50 is that is what we projected. We probably could go to two and a quarter, but the negatives to two and a quarter is when we get into May, we are sitting down there now at 1.36, and we start getting low in those months, so I would rather go in with the extra two and a half cents because then I think we can roll something off. If we over collect more now when it is cheaper, then we have more flexibility to peel it off in the summer.
What that means in English is, if the utility gets a little bit more from the customer now and over recovers in the spring, your customer is going to feel it less because you are not using as many kilowatts that allow the utility to over recover. Then in the summer, if the utility is in a good position, we can peel the power cost adjustment off and save you more in the summer when you are using more. He is superconservative by going with two and a half.

Board member Schwartz said so, along the same lines then and this is where it is tricky, because obviously, everybody's usage varies. What is your best guess, the difference between the 0.25 and the 0.225, as to what that amounts to in dollars on a monthly bill on a residential home? **Electric Director**

(ED) Brad Chase answered 20 bucks. If it is 0.2 on 1,000 kilowatts, you are getting a $20 charge on your BPCA and if it is .25 you would get a $25 charge on your first thousand kilowatt hours. **Board member Schwartz** asked what the impact is? We are splitting hairs over a quarter of a penny, and what is that a dozen eggs for a household? **CM Minner** stated it is 2.50 based on a thousand. The average use a month is 1364 kilowatts. Going your method of two and a quarter versus two and a half is on the average user $3.36. We understand it is not a lot, but now times 25,000 for the utility and you see the number difference. The two and a quarter might have been a good one, but what worries him are the future numbers. **Board member Schwartz** asked him to explain between the two yellow lines, the city and the FMPA, why isn't there a more consistent difference, like why isn't there like a 5% swing from month to month to month? Some months there is no swing at all and other months where it is a five, six, or seven percent swing. Why isn't there a more consistent deviation? **CM Minner** said there are two answers. Answer number one is that the gas market itself is going to fluctuate, and you are going to see that peak time in summer and winter gas going more expensive. In the day, we tried to keep gas typically seen as good around $2 a dekatherm, a measurement unit for gas. Right now, what are we paying is probably around three and some change. **Board member Schwartz** said, but you were saying the FMPA number is what is projected for the group, but because we do not generate our own, we have to add on, think you said somewhere between 5 and 10%, which is what gives us the city number on that spreadsheet. Why isn't there a more consistent percentage from month to month, like why not use 8% as sort of a consistent difference between the FMPA and the city number? **CM Minner** responded what we are getting from FMPA, so FMPA has a delta of the low up there $70 bucks, and the high up there of $95 bucks. You see where the peaks are and that is just all totally based on the market. Whatever gas they are buying is affecting that rate, but the utility then tries to smooth it out. What we are seeing, this year too, which is different than past years, is because of our hedging program and because gas has been up and down all over the place a little bit, FMPA has been kicking stuff back to us unexpectedly, so that is good because want our money. On our energy chart right now from FMPA, look at what it has done this year. This number is the unit number they charge us so this is what we are doing on this chart, we are trying to keep it flat here, manipulating it so that you do not have those ups and downs, but when FMPA can get us a discount, we are seeing that. We started out the year thinking we were going to pay $32.48 for our energy charge from FMPA. Look at November, $17.81, woohoo, that is because there was a surplus of gas, gas got super cheap, and FMPA passed that back to us and then look what happened the next month we went up to $36. So, when I came to you guys singing whistle and Dixie saying it was going to be really great, we had a great November; well I spoke too soon. December was bad, January jumped up to $39, and now a lot of that is going to be how cold was the winter up north and it almost has more of an impact on how cold the winner is for us down here. That is another reason why the extra quarter of a cent, because this is the first time, he has seen these numbers. One month we are paying $39 bucks and then in February we came back to $26, so these numbers just kind of flatlined $32 bucks on the energy charge. If gas gets super cheap again, we will see this energy charge drop, and then we will give it back to the customer in the power cost adjustment over the summer.

Board member Burge-Bosbous asked if the price of a barrel of oil goes down, would that impact that cost? **CM Minner** replied yes, but do not mix oil and gas. **Board member Burge-Bosbous** asked how often you make these adjustments. **CM Minner** answered we look at it every month and we try to keep the adjustments to a minimum. All these inputs are going in here, and then we are trying to come up with one cost to be less evasive, so you have a consistent bill. That was the other thing too Marc, which we fell back to the 2.50 for the quarter cent change. Frankly, I felt like let's go with that, because if we stay higher now, hopefully, come June to July, if stuff gets cheaper, we can peel some off in the summer, which is what we said from the get-go, so we were kind of close. Then the team changed a little bit this month, and that was another reason for my conservative approach. Jim Williams, our long-term Finance director, who was pretty diverse in the electric stuff, who was managing the chart for us along with me, retired. Paul Austin, you might know Paul was our customer service manager downstairs, and he is now our new Finance director. This was Paul's first power cost adjustment month, and it so happened to come

at the middle of the fiscal year when I was ultimately a little more conservative than I probably needed to be, knowing we were only talking about two bucks, but I think it is where it needs to be. That is all I have for you this evening and for the new members there are a million things, so hopefully you caught most of the discussion, but it would probably be good to get everybody back in, and bring back the charts next month.

For staff introduction, **CM Minner** said you probably already know Andi Purvis is our city clerk, Maria Carter is our administrative services coordinator, she does all the budgeting and stuff for the electric department. Then you have Brad Chase as our electric director and Chris Atkins is one of the deputies. The electric director reports to the City manager and then the commission. Brad divides his house into the IT and design side of the house, which is Chris and IT being SCADA. When your power goes out, there is what I call the Star Wars room in the electric department, and we should probably give you all a tour of that. So, when your power goes out, we know it before you do 99.99% of the time, because our system talks. When a meter goes out it tells us and then Chris's board lights up with an address, a pole or whatever, and the guys go out and fix it, which is the other side of the house. Design of system and surveillance of the system is Chris's side of the house and then keeping the electric flowing, the poles up and the wires up is kind of the lineman construction side of the house, which is under Greg David.

ED Chase said going on topics, you talked about the budget, you talked about maybe governing or legislation a little bit and then some gas prices. There are some pretty good DECA slides that FMPA put together that we can bring in if you are interested. **CM Minner** stated we will go back unless you guys want to skip the tutorial and go right into the budget. **Chairperson Braton** stated he has a good grasp on it, but would not have if we had not gone through everything last year. **Board member Schwartz** thinks it is valuable.

CM Minner said we will hit that next month. **Board member McLea** mentioned that she, sorry, will not be here next month. **CM Minner** said we will then push that off until May. **Board member Schwartz** suggested maybe she have a tutor session with Al. Both CM Minner and Board member McLea were in agreement.

6. ROLL CALL:

No member had anything further to discuss.

7. ADJOURN:

PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE HUMAN RESOURCES DEPARTMENT, ADA COORDINATOR, AT 728-9740, 48 HOURS IN ADVANCE OF THE MEETING.

F.S.S. 286.0105 "If a person decides to appeal any decision made by the Commission with respect to any matter considered at this meeting, they will need a record of the proceedings, and that for such purpose they may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based." The City of Leesburg does not provide this verbatim record.

With a motion to adjourn made by Board member Rankin and a second by Board member McLea, the meeting adjourned at 6:20 p.m.