AGENDA MINUTES
MEETING
AGENDA
MONDAY, MARCH 2, 2026 5:30 PM

1. CALL TO ORDER

The City of Leesburg Electric Advisory Board held a regular meeting on Monday, March 2, 2026, at Leesburg City Hall. Chairperson Braton called the meeting to order at 5:30 p.m. with the following members present:

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

Also, present were City Manager (CM) Al Minner, Electric Director (ED) Brad Chase, Finance Director (FD) Paul Austin, City Clerk (CC) J. Andi Purvis, the news media, and others.

INVOCATION

Chairperson Braton 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. APPROVAL OF MINUTES:

Chairperson Braton asked if there were any corrections to the December 1, 2025, 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 stated all in favor to signify by saying Aye, oppose same sign. The Motion carried unanimously.

A. Regular meeting held December 1, 2025

3. DISCUSSION / PRESENTATION:

A. Bulk Power Cost Adjustment Update

CM Minner said staff wanted to give a quick update on where we left off on the power cost adjustment. When we started this fiscal year, obviously fiscal year 26, we anticipated two minor adjustments. We started the year at 2 cents per kWh and went to 2 and a quarter and then 2 and a half, and we were incrementally jumping into that. December was a horrible month, the end of January, and the first two days of February were industry-changing, industry shockers and kind of the same mistakes of the past that we learned from where the weather is really a big influencer on what transpired. With the extreme cold that really the nation experienced the first two days of February, the gas market just went upside down. If we back up, think it was the 2001 or 2002 time frame when we had to do the big adjustment. At that time frame, we saw changes in the gas market and the thing that the utility did not do was we did not adjust the power cost adjustment because we tried to absorb those differentials with our cash. Ultimately, that was not a good decision because what happened was by the time we started to run out of cash, we had to make a quick adjustment. If you recall, think that was before the electric advisory board, but there was much public discussion about the increase from a power cost adjustment. Think it was around two cents to seven cents, and really that adjustment, some of the same ingredients of gas being shipped out, and the commodities market going crazy. It affected us again when we saw gas prices typically in the $3 Deca range jump to $15, so, we had seen that before. We were slow to react, trying to keep our rates down, but ultimately that caught up with us. We had to make the Draconian move to recoup so we could move forward, and then, of course, once we recovered that you saw rates drop back down. Again, that is almost four years ago now, and since that move we have been making little adjustments up and little adjustments down. We try to keep the power cost adjustment fund at a balance of around $3 million to absorb the ups and the downs of the market, and typically, that is a good number. He would not advise changing our strategy for that, because what we are going to get into is either if we want more cash on hand, we are going to over-recover at a greater pace than we need to, which artificially keeps your price high or if we keep your price low then we are going to be at a spot where we are not recovering enough money. So, what happens when we do not recover enough money? We are not profit-driven as you all know, but we are operations-driven. So, if we do not have enough cash on hand, we do not get to pay the bills. That big bill is obviously the power cost, a line, which is about $50 million of the $80 million budget. If we do not have enough cash on hand, reserves dwindle. When the power cost adjustment numbers are not there, then we start nipping into that $3 million to pay the power bill, and when that $3 million number decreases, we go to the reserve kind of as a cash management process. We do not want to go to the point where we are eating all our cash reserves. As of October, they are sitting at about $15 million, so that the cash has kind of rebounded, which is a good thing.

Moving to the handout, he said now we hit this latest weather conundrum and again a lot of the same ingredients were there four years ago. The overseas stuff with gas moving, getting shipped off, and driving the commodity price up. There are strategies about well are we drilling more, is there more gas on the market. He does not know, he will let Brad handle that one if you want to get into that in more detail but essentially what we saw for those few days was extreme cold, extreme demand, and we saw the prices surge not to $15 but to $50 and $60 a Deca therm for shorter windows, but at that higher cost level that is a huge shock. We immediately saw losses, so this first chart is presented to you by FMPA, and it just shows you where we are as far as what they projected, and those projections are what we used and reviewed during our budget process for ‘26. That spike of 134 we were talking about is coming down. But those immediate spikes that immediately hit because of the volatility of the gas market for those two days really incurred the significant losses which we saw for January, which we will see in February and Paul should have that bill in about a couple of weeks, mid-March, around the 10th of every month. So, what we did on a staff level was we immediately adjusted and did the calculations so that we were not in a situation where we were 5 years ago where we had to do some Draconian types of recovery. We are also not sitting on a reserve level that we were back five years ago, so, up went the power cost adjustment. The magic number with the backup in your packets was three cents, which, based on our projections, we think we will need until the end of the fiscal year. It could change and hopefully, it does change, but we thought we needed to weave those three cents in immediately, especially for the bills of March and April when your usage is still down. We can recover without your high usage, high usage, high rate, low usage, higher rate kind of balancing it out is the theme. What you really see is we are about a million dollars a delta, not a huge number, but the quicker we can adjust to it, the lower we can keep the rate. He thinks the bad side of this is, and you, as the board, probably see or hear, oh, here we go again. The city is again raising rates. We never hear the good side when the adjustment comes down, but he thinks honestly, now this is perhaps a bad word choice, but it really is a modest increase and gets us where we need to be. The reason for the adjustments is really trying to get our customers the lowest price we can and keeping it at that lowest price. You are going to see fluctuations, and he does not think there is a need for the utility to sit on more than three million bucks. The change would be to increase it, keep that reserve a little higher, but then you are going to see your rate go up as well. He thinks the fluctuations in a minor adjustment are better than high adjustments. Trucking down the road if the fund starts pulling 5 to 10 million, that starts where you were in those phases years ago, but he does not think that is reasonable for the customers. We think three is the magic number and FMPA is working with us. We are again starting to see that commodity kind of head back to where it was, so, hopefully this was a blip and as we cover again based on usage and price and where the market is, we will continue to look at the power cost adjustment. Hopefully, we can get it down, which obviously is the goal. When we immediately see that we can lower it, we will. He thinks our history and our transparency, on the website where you see our projections and our actual sites, if people actually go to that and read the numbers, they see what we are doing. We are actually very consistent with the philosophy and that philosophy is getting the customer the lowest price we can while the utility pays the bills.

Chairperson Braton asked if these projections on total power costs were based on what the typical cost for electricity is versus an inflated projection, and based on this scare concern from the spike that happened. **CM Minner** replied yes. On the second page of the handout, you see the second yellow line and right above that you see the energy charge of 39.22, 40.99, 44.03, and 45, and then, in February, the 75 bucks. That is our energy charge from FMPA. That 75 bucks is the spike. So, we will probably see that, and that is an estimate for now until we get the numbers based on the first page. Really what we see is we are nip and tuck with the actual versus budget, and then you see the spike in red. Kind of the new estimate versus the blue was the original estimate that we balanced everything off of. Where that shows up is in that energy line. Out in March, April, May, you see us going to 40 bucks, 37, 32, 33 and that kind of fluctuates, but all those numbers are a tick higher than the original. So, the assumption of the three cents for the kilowatt cost for the power cost is fixed into that new assessment adjustment estimates.

Board member McLea asked if there was a base price, like we talked about, having that a little bit higher to kind of help with the fluctuation? **CM Minner** answered we have talked about that, but the base price is not going to cover the fluctuations of fuel, and we want to keep base price costs and fuel costs separate. He thinks really our strategy has been to keep that base price as low as possible because the base price is fixed pursuant to our tariff, which covers those operational expenses that we can plan for our capital improvements, our personnel, and our debt. The fuel component of the rate is that power cost. He digresses slightly because there are some fuel ingredients in that base price number. Our base price number is 107 per thousand. So, if we build in an increase to the base price, he does not think there is a good way to smooth the curve because we are still going to be guessing at what that actual fuel cost is. If we build in the base rate, we are going to have an artificially high rate and will not have a way to track it pursuant to the bulk power cost account. If it is built into the base rate, if it is too high, A) Brad will spend it all, or B) we will start seeing reserves grow. We want reserves to grow, but we do not want reserves to grow too much because then our prices are too high. He thinks for tracking purposes, for transparency purposes, the fluctuations show that when the cost of energy is high, we have the documentation; we have the evidence. If it is buried in that base rate, you are not going to be able to demonstrate that.

Board member McLea asked where we were on budget billing? **CM Minner** said budget billing, a totally different topic, has been very difficult, and we are still kind of in house. We rolled out a program internally for a select number of customers, who, by the way, are our employees, kind of using them as our guinea pigs and our system is struggling with it. We have not rolled out the kinks. Paul could probably give you more detail on some of the computer and software glitches, but at the end of the day, our system is struggling with rolling it out and keeping it level. **Board member McLea** said those questions are because she needs to be able to answer those questions specifically. **CM Minner** replied the bottom line is our software is older, and we are having problems adjusting how we adjust over and under billings. So, what that will end up for the customer is that they will get too far in arrears, or they will pay too much. Kind of the same thing with the power cost adjustment. **Board member McLea** said the constant question she is asked is about budget billing because the majors do that, and she just wants to be able to answer intelligently. **FD Paul Austin** stated yeah, like Al said, there have been some technical challenges getting the math to square up at the end. Obviously, we can do it manually, but once you add 5 to 10,000 customers, that becomes awesome, so, we have changed all the parameters. It appears the vendor that we use thinks we are the only one asking for this because they do not seem to be much help; we are doing a lot of learning on our own. We recently changed some parameters and our hope is that is going to fix what is tabulating correctly. We will know by April if that pans out and do a larger test shortly after that. **Board member McLea** thanked him for the information. **CM Minner** added the only thing he is going to quibble with about the “majors” do it, is that our cost is still lower than the majors, but especially Duke. The majors put a lot of PR into programs that he does not think provides better service because at the end of the day, especially as board members, when you guys get hit up, we are still regionally one of the best utilities as far as price and when the storms come, we get you back up. When you have complaints, they are before people, before decision makers. You do not get that at the majors and everybody on this board needs to keep that in mind. We constantly have to defend public power because public power has been under attack and continues to be under attack and that fight is driven by the majors. The majors, while they may have more whistles than we do, their price is not better than us, and we get your power back on after the storm quicker than they do and we have to constantly remind our customers of that. He thinks the primary reason we get those type of customer-driven complaints is because you can complain to your local elected official, you can complain to your city manager, you can complain to the electric advisory board members, and you guys touch the people that keep your power on. When you complain to Duke, you are complaining to somebody on the telephone, or you are complaining to the public service commission that is in Tallahassee. The same thing that makes public power great is also one of our biggest challenges. He asked them as board members to be our frontline soldiers and to constantly remember that. If Duke was beating us and more competitive than us, that would be a different story, but he thinks we are beating Duke right now by 30 bucks, a thousand and that is including their power reductions. They are bragging about coming down, and we went up a tick, but we are still beating them and that is important to remember. Those who are going to complain about Mount Dora, our neighbor who is still cheap, remember they are buying spine market energy. We need to ask them what their rate is going to be in 10 years because it is not going to be 105 bucks. **FD Austin** added another caveat to the budget billing is that Duke offers one service, electric. We offer multiple. We have a customer that has maybe four services. We have to pull out that electric piece and do a bunch of math on the back end, which makes the bill a little more challenging. **CM Minner** pointed out that is super important because people are going to come to you with a bill that has five services on it; water, sewer, electric, trash, stormwater, and they say, "My electric bill was $500." No, your electric bill was probably $250. So again, the thing that makes us great, being responsive to the public, is also a negative. He thinks the biggest underscore is, why do we need the funds? Because we have to pay the bills. This is not a profit-generating utility. Tallahassee argues a lot about transfer numbers and that has been on and off the agenda, but our transfer from the electric fund to the general fund has been the lowest it has been historically. It is 3%, which represents 6% of city usage, but a 3% transfer overall is probably one of the lowest he would say of the municipal transfers in the state. We are doing a super job of making sure electric is paying for itself and not kicking into the general fund. So, people like Mark, being an outside customer, we have done a tremendous job trying to get the electric fund to look like a little Muni “major”. **Board member Schwartz** asked if he could clarify those numbers. Did you say that 3% transfer represents 6% of the budget? **CM Minner** said to clarify we have a 3% transfer, meaning gross revenues in the formula. It is gross revenue minus power supply is the transfer. Typically, that number is 6% and 6% represents a non-electric city's franchise fee. Our transfer is 3%, so it is the budget minus the power cost. It is like 80 million minus 50 divided by the total, it is 3%. We are transferring think it is like four million-ish out of $80 million that is getting transferred to the general fund, so, that represents the 3%, if his math is correct. But what that 3% overall represents is a 6% franchise fee. So, in the spirit of full disclosure, there is a little bit of a misnomer, because the unincorporated resident is paying into that transfer. You still have unincorporated dollars going into the general fund, but those unincorporated dollars going into the general fund are significantly lower than many other municipal utilities. Then, on the positive side, what that represents is the general fund is spending within its means. Meaning that if we did not operate, if the city did not operate its own electric utility, there would presumably be a franchise fee to its electric supplier, and that would be 6%. So, if there was no electric utility, that $4 million would still be coming into the general fund, but instead of being a transfer, it would be a franchise fee. **Board member Schwartz** said, for instance, if he recalls, Fruitland Park pays a franchise fee or charges a franchise fee to its residents, and they determine that rate. **CM Minner** replied it does. **Board member Schwartz** then asked, Do they need any kind of approval or whatever from the electrical utility to raise or decrease that rate or is that entirely independent? **CM Minner** answered it is entirely dependent on the Fruitland Park City Commission. That number is woven into their budget process so they can change it at any time. Their number is 8%, which is above industry standard. The city commission sets that two-ways; through their budget process and through the franchise agreement they have with the city of Leesburg. He needed to check the date when that comes up, think it was a series of five-year extensions, so it might be close to that. It is in their franchise agreement with us that they charge 8%, and we pass that on. So, your bill as a Fruitland Park resident is going to have an 8% franchise fee. Our rate is roughly $139 per thousand. You are going to pay 8% to Fruitland Park, so, we are going to charge you 8% of a buck-forty, and we take that money from you and then give it to Fruitland Park. **Board member Schwartz** said, Okay, can you also remind me of the surplus that we do have when we have it. Is that invested? Is that working for us at all? **CM Minner** replied yes, it is invested and it kind of goes into the pool of all our investments. We have kind of tier investment strategies. We have our typical checking account getting one to two percent, our CDs and longer-term stuff are in the three to four percent range. It is not super crazy, better than it has been in the past. Not sure how aggressive you want to be with those types of things either, but that is about what we get on those. **Board member Schwartz** thanked him for the information.

CM Minner said that was really the presentation and, to tee it up, maybe for next month, Brad and his team were in his office today already prepping for fiscal year 27. On top of Brad's list is more personnel, the west substation, and then in addition to his other capital projects, which run somewhere in the neighbor of, you will see in our discussions, I like $5 million, he likes $8 million. Those are various projects of the three-legged stool. We explained the make-ready projects, fixing things when they go bump in the night, and the system expansions. Those are going to be rooted in what our propensity is for that base rate. If we want to be more aggressive with capital improvements or changes, then that base rate needs to come up. And that is the balancing act of working with what you have. We could do a lot of different things if we want to bring that base rate up. Ultimately, your recommendation is the city commission's final call. Again, his strategy going into the '27 budget is to keep the base rate where it is, maximize it, and keep it rolling as providing; we want to provide a good product. We want to have safety when we work, and we want to sell it to you. We want to be reliable; we want to be safe, and we want to be affordable. We will see where we end up, but you know, next month might be kind of the first start leaking into the budget process, maybe a little early, and start planning where we head this year. Could be a very interesting budget year. A lot of the utility stuff in the legislature has eased back as far as transfers, keeping the transfers, the 10%. That does not look like it is going to change. The legislature here has started to go towards that which affects us on the water and sewer side. We have a tiered system for inside and outside rates. We have a 25% search charge for outside customers, and it is looking like that might get rolled back by the state legislature. If that is ultimately rolled back, that would be a deficit for the water and sewer funds on those outside customers. So, the reaction to that legislative change is going to be to blend the rate so that there is not a loss. What you will see is the unincorporated water sewer rate coming down, but you will see the inside rate go up and, just rough guess, that is probably going to be a delta in the three-to-five-million-dollar range. If they say no surcharge, then we have to find three to five million and we will adjust the rates. That will be our proposal. And then the general fund is anybody's guess with where they go with taxes. The goal will be not to go back to the old business and increase transfers being now at three percent. We probably could go up, but he does not think that is going to be the right strategy. We have a difficult budget year ahead.

Board member Rankin said if he recalls, Fruitland Park's window is in about 18 months for the franchise. **CM Minner** said, Yeah, that sounds about right. **ED Chase** asked if that was just a standard commission approval process? **CM Minner** replied that it is both, the franchise agreement gets negotiated between the cities on the staff level, and then it gets approved by the respective legislative bodies; both city commissions.

Chairperson Braton thanked Al for tonight's presentation.

4. ROLL CALL:

Board member Rankin said, just considering what we have been through in a short period of time while watching the weather, he thinks the city has done an outstanding job as usual.

Board member Burge-Bosbous, said with our political situation in the United States, and everything that is going on, do you think that is a factor for the gas? **CM Minner** replied, Yes, he absolutely does. For at least his position, he thinks the Trump administration policy is to drill, drill, drill. Environmentally, maybe that is bad long term for us. Probably electric fossil fuels are going to result in lower energy prices. Having said that, there are market issues about where gas will be. He thinks there is a direct correlation as the administration kind of hits on Western Europe not to buy Russian gas, then they buy our natural gas. So that does not help the supply and demand curve. And then, the third leg in there, you have heard a lot of talk recently, too, about these AI facilities being power hogs. He thinks Trump mentioned this the other day about putting the AI facilities where they can be on their own suppliers and off the grid. That is probably a good policy for us because then that allows our resources to stay stable, and we do not have to look to other resources. Is that going to increase our costs or make us do different things? Yes it does, it has an effect.

Board member Schwartz had nothing further.

Board member McLea had no further comments.

Chairperson Braton had nothing further.

5. 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 by Board member Schwartz and a second by Board member Burge-Bosbous, the meeting adjourned at 6:02 p.m.