



Legislation Text

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Department: Electric Utility

STAFF REPORT:

Power Cost Adjustment Report - May 2024

OCALA'S RELEVANT STRATEGIC GOALS:

Fiscally Sustainable

PROOF OF PUBLICATION:

N/A

BACKGROUND:

The Power Cost Adjustment (PCA) rate is the mechanism by which the positive and negative fluctuations in the cost of power are passed through to the customer. Power costs and sales are reviewed monthly to project over or under-collections for the year. While the PCA can be adjusted as often as monthly, the recent practice has been to make minimal adjustments to maintain stable customer rates.

As requested by the City Council, a monthly report on the projected over or under-collection of the PCA is attached.

On June 12, 2024, staff participated in a rate call with the Florida Municipal Power Agency (FMPPA). Based on rate projections at that time, and our sales projections, an over-collection of \$14,125,353 is projected for the end of Fiscal Year 2023-24. This over-collection will assist in recovering and replenishing Rate Stabilization Reserve funds.

The current balance in the rate stabilization reserve is \$12,945,306, or approximately 12 percent of the \$107.5 million Fiscal Year 2023-24 fuel costs. Policy sets the rate stabilization reserve funding range at 15 to 25 percent of projected fuel costs. Currently, the reserve is approximately 3 percent below the minimum policy requirement.