

Rate Sufficiency Recommendations

May 16th, 2022



Fort Pierce Momentum

- St. Lucie County is the 5th fastest growing county in Florida
 - System expansion to grow the City (i.e. annexation)
 - Technological advances (AMI)
 - Digital Divide and internet access (fiber, Smart City)
- Wastewater Plant needs to be moved off the Indian River Lagoon
 - Environmental – waterfront utility risks sea level rise and natural disasters
 - Regulatory – Florida Department of Environmental Protection pressure
 - Renewed interest in the waterfront property for development



This Presentation – Part 1

1. FPUA's Positive Fiscal Position Today
2. A Review of Funding Needs
3. A Review of Funding Opportunities: Parallel Paths
 - Series 2022 Bond
 - Grants and Appropriations
4. Rate Sufficiency Recommendations and Sample Bills
5. Schedule



This Presentation – Part 2

1. Projected Capital Needs
2. 2022-27 Capital Improvement Plan
3. Rate Adjustments Over Time
4. Customer Notifications About Today's Proposed Rate Adjustments
5. Resolutions for Your Consideration and Vote



Today's Positive Fiscal Position

- FPUA has a very strong Bond Portfolio today
 - Rating: Fitch (A+) and S&P (A)
 - Outstanding Debt: \$49.1M
 - \$13.01M (1999 Bond) + \$28.25M (2009 Bond) + \$7.83M (2016 Bond)
- FPUA has a strong and growing Grant Portfolio
 - \$8.2M in awarded and/or active grants for various needs (sewer lining, septic to sewer conversion, seagrass restoration, etc.)
 - Building a team of FPUA grant writers and administrators



Funding is Needed For...

- Healthy operations of existing utilities (aging infrastructure)
- Expansion to accommodate projected growth
 - St. Lucie County is the 5th fastest growing county in FL
- To relocate IWRF
 - New debt at low rates
 - Sea level rise, severe weather, environmental & FDEP
 - Prime real estate development
 - Tax revenue potential
 - ~600 new jobs



Funding Opportunities

- **First Need: Series 2022 Bond – Low Interest Rate**

- System expansion for Water, Wastewater, Gas & FPUAnet (\$21M)
- Advanced Meter Infrastructure (\$6M)
- Wastewater Plant Relocation
 - \$100M – new plant construction & demo of existing plant
 - Future \$18M – conveyance system (goal to be offset by grants, government appropriations, etc.)

- **Parallel Pursuit: Grant and Appropriations Opportunities**

- Legislative Appropriations (potential State or Federal)
- South Florida Water Management Districts (application cycle starts in December)
- Resilient Florida (application cycle starts in July)



Grants & Appropriations Funding Schedule

TASK DESCRIPTION	PLAN START	PLAN END	Days
Resilient Florida Grant Program: \$50M+	7/1/2022	2/28/2023	242
Application Cycle Starts - Draft Application for FPUA Review	7/1/2022	7/26/2022	25
Finalize application and submit to FDEP	7/26/2022	9/1/2022	37
Approximate funding agency review period	9/1/2022	12/30/2022	120
Approximate agreement execution	12/30/2022	2/28/2023	60
FL Legislative Appropriations: \$3M+	11/17/2022	10/3/2023	320
Finalize Application and submit to legislative representative	11/17/2022	11/17/2022	0
Legislative Representative submits application for consideration - Regular Session Starts	11/17/2022	3/7/2023	110
Approximate Subcommittee Review	3/7/2023	6/5/2023	90
Approximate agreement execution	6/5/2023	10/3/2023	120
South Florida Water Management District: \$500K+	1/20/2023	5/15/2023	115
Application Cycle Starts - Draft Application for FPUA Review	12/15/2022	1/4/2023	20
Finalize Application	1/5/2023	3/1/2023	55
Approximate funding agency review period	3/1/2023	4/15/2023	45
Approximate agreement execution	4/15/2023	5/15/2023	30
US Legislative Appropriations: \$5M+	4/4/2023	9/11/2023	160
Finalize Application and submit to legislative representative	4/4/2023	4/4/2023	0
Legislative Representative submits application for consideration	4/4/2023	4/29/2023	25
Approximate Subcommittee Review	4/29/2023	5/14/2023	15
Approximate agreement execution	5/14/2023	9/11/2023	120

*The amounts shown are the maximum potential for funding. Exact amounts will be contingent on pre-application meetings and fund availability. Applications will be submitted targeting as much funding as possible per program. As Bipartisan Infrastructure Law grant programs develop, other funding opportunities will be investigated.

** The Florida Legislative Appropriations and US Congressional Legislative Appropriations is an ongoing application process. Whereas the Resilient Florida Grant Program and South Florida Water Management District have definitive funding cycle beginning dates.



Rate Sufficiency Recommendations

	July 1, 2022		October 1, 2022	
	Sufficiency	WRF	Sufficiency	WRF
• Electric base	5%	0%	4.53% *	0%
• Gas base	5%	0%	4.53% *	0%
• Water	5%	5%	5%	5%
• Wastewater	5%	5%	5%	5%



How will the rates affect customer bills?

- The following slides will review a sample customer bill impact, based on the **Average All-Utility Customer** who is assumed to receive all utilities from FPUA (electric, gas, water, and wastewater) with the following monthly usage:
 - 1,000 kWh of electric at \$0.018 PCA
 - 13 CCF of natural gas at -\$0.02 PGA
 - 6,000 gallons of water/wastewater
- In reality, monthly usage will vary by customer (and season).



City Commission & FPUA Board Approval Required For:

	July 1 Sufficiency 5%	July 1 WRF 5%	October 1 Sufficiency 5%	October 1 WRF 5%
Electric	\$1.86	N/A	\$1.77*	N/A
Gas	\$1.36	N/A	\$1.32*	N/A
Water	\$1.89	\$1.96	\$1.80	\$2.44
Wastewater	\$2.55	\$2.55	\$2.45	\$3.18
Sub-Total	\$7.66	\$4.51	\$7.34	\$5.62
Sub-Total Combined	\$12.17		\$12.96	
Grand Total	\$25.13			

Overall Impact on
an all-utility
customer bill

RATE SUFFICIENCY
5.82%

TOTAL WITH WRF
9.74%

*FPUA Board Only (4.5%)



Electric, Gas, Water & Wastewater





Sample Bills

- House – 1,662 sq/ft, 3 bed/2 bath, 1959 build, gas generator, efficiencies
- House – 2,007 sq/ft, 3 bed/2 bath, 1969 build
- House – 2,400 sq/ft, 3 bed/2 bath, 1972 build, 2-stories, pool
Small Business –
Downtown Fort Pierce
- Small Business – Lawnwood Commercial District

1,662 sq/ft

3 bed/2 bat

1959 build

Efficiencies

Lincoln Park

Electric
441
kWh

Gas
7.903
CCF

Water
3,000
gallons

Wastewater
3,000
gallons

OVERALL

ELECTRIC SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$6.01
kWh USAGE	441 kWh @	0.10822	\$47.73
751 AND OVER	kWh @	0.11864	
POWER COST ADJUSTMENT	441 kWh @	0.018	\$7.94
ELEC GROSS RECEIPTS RES			\$1.58
CITY UTILITY TAX ELECTRIC			\$2.36
TOTAL ELECTRIC SERVICE:			\$65.62

GAS SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$17.26
CCF USAGE	7.903 CCF @	1.53	\$12.09
PURCHASED GAS ADJUSTMENT		7.903 CCF @	-(0.16)
GAS GROSS RECEIPTS RES			\$0.45
TOTAL GAS SERVICE:			\$29.65

WATER SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$15.07
WATER USAGE	3 K GALS @		\$11.58
WATER USAGE		3.86	
WATER USAGE		4.83	
16 AND OVER		5.79	
CITY UTILITY TAX WATER			\$2.67
TOTAL WATER SERVICE:			\$29.32

WASTEWATER SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$16.23
WASTEWATER	3 K GALS @	5.82	\$17.46
TOTAL WASTEWATER SERVICE:			\$33.69

Previous Balance	New Charges	Total Due
\$0.00	\$158.27	\$158.27

	\$65.62	
+July	1.05	Electric Impact \$2.05
+Oct.	1.00	
Total	\$67.67	

	\$29.65	
+July	1.26	Gas Impact \$2.47
+Oct.	1.21	
Total	\$32.12	

	\$29.32	
+July	2.93	Water Impact \$6.15
+Oct.	3.22	
Total	\$35.47	

	\$33.69	
+July	3.37	WW Impact \$7.07
+Oct.	3.71	
Total	\$40.76	

	\$158.27	Cumulative Impact \$17.75
+July	8.61	
+Oct.	9.14	11.2%
Total	\$176.02	

1,762 sq/ft

3 bed/2 bath

1962 build

Pool

South Beach

Electric
1,229
kWh

Gas
N/A
CCF

Water
4,000
gallons

Wastewater
4,000
gallons

OVERALL

ELECTRIC SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$6.01
kWh USAGE	750 kWh @	0.10822	\$81.17
751 AND OVER	479 kWh @	0.11864	56.83
POWER COST ADJUSTMENT	1229 kWh @	0.018	\$22.12
ELEC GROSS RECEIPTS RES			\$4.25
CITY UTILITY TAX ELECTRIC			\$6.00

TOTAL ELECTRIC SERVICE: \$176.38

GAS SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$17.26
CCF USAGE		1.53	
PURCHASED GAS ADJUSTMENT		-0.02	
GAS GROSS RECEIPTS RES			

TOTAL GAS SERVICE: \$33.56

WATER SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$15.07
WATER USAGE	3 K GALS @		\$11.58
WATER USAGE	1 K GALS @	3.86	\$3.86
WATER USAGE		4.83	
16 AND OVER		5.79	
CITY UTILITY TAX WATER			\$3.05

TOTAL WATER SERVICE: \$33.56

WASTEWATER SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$16.23
WASTEWATER	4 K GALS @	5.82	\$23.28

TOTAL WASTEWATER SERVICE: \$39.51

Previous Balance	New Charges	Total Due
\$0.00	\$249.45	\$249.45

	\$176.38	
+July	2.61	Electric Impact \$5.09
+Oct.	2.48	
Total	\$181.47	

	\$33.56	
+July	3.36	Water Impact \$7.05
+Oct.	3.69	
Total	\$40.61	

	\$39.51	
+July	3.95	WW Impact \$8.30
+Oct.	4.35	
Total	\$47.81	

	\$249.45	Cumulative Impact \$20.44
+July	9.92	
+Oct.	10.52	
Total	\$269.89	8.2%

2,400 sq/ft 3 bed/2 bath 1972 build 2-stories Pool Paradise Park

Electric
1,659
kWh

Gas
N/A
CCF

Water
17,000
gallons

Wastewater
N/A
gallons

OVERALL

ELECTRIC SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$6.01
kWh USAGE	750 kWh @	0.10822	\$81.17
751 AND OVER	909 kWh @	0.11864	\$107.84
POWER COST ADJUSTMENT	1659 kWh @	0.018	\$29.86
ELEC GROSS RECEIPTS RES			\$5.76
CITY UTILITY TAX ELECTRIC			\$8.16
TOTAL ELECTRIC SERVICE:			\$238.80

GAS SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$17.26
CCF USAGE		1.53	
PURCHASED GAS ADJUSTMENT		-0.02	
GAS GROSS RECEIPTS RES			
TOTAL GAS SERVICE:			

WATER SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$15.07
WATER USAGE	3 K GALS @		\$11.58
WATER USAGE	7 K GALS @	3.86	\$27.02
WATER USAGE	5 K GALS @	4.83	\$24.15
16 AND OVER	2 K GALS @	5.79	\$11.58
CITY UTILITY TAX WATER			\$8.94
TOTAL WATER SERVICE:			\$98.34

WASTEWATER SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$16.23
WASTEWATER		5.82	
TOTAL WASTEWATER SERVICE:			

Previous Balance	New Charges	Total Due
\$0.00	\$337.14	\$337.14

	\$238.80	
+July	3.56	<u>Electric Impact</u>
+Oct.	3.39	\$6.95
Total	\$245.75	

	\$98.34	
+July	9.83	<u>Water Impact</u>
+Oct.	10.82	\$20.65
Total	\$118.99	

	\$337.14	<u>Cumulative Impact</u>
+July	13.39	\$27.60
+Oct.	14.20	8.2%
Total	\$364.74	

Small Business – Downtown Fort Pierce

Electric
1,456
kWh

Gas
N/A
CCF

Water
3,000
gallons

Wastewater
3,000
gallons

OVERALL

ELECTRIC SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$5.84
kWh USAGE	1456 kWh @	0.11906	\$173.35
POWER COST ADJUSTMENT	1456 kWh @	0.018	\$26.21
ELEC GROSS RECEIPTS RES			\$5.26
ELECT SALES TAX			\$14.64
LOCAL GOVT SURTAX			\$1.05
SCHOOL SALES TAX			\$1.05
CITY UTILITY TAX ELECTRIC			\$7.99

TOTAL ELECTRIC SERVICE: \$235.39

GAS SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$17.26
GAS GROSS RECEIPTS RES			\$5.11

TOTAL GAS SERVICE: \$22.37

WATER SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$15.07
WATER USAGE	3 K GALS @		\$11.58
WATER USAGE		3.86	\$3.86
WATER USAGE		4.83	\$14.54
16 AND OVER		5.79	\$17.38
CITY UTILITY TAX WATER			\$2.67

TOTAL WATER SERVICE: \$29.32

WASTEWATER SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$16.23
WASTEWATER	3K GALS @	5.82	\$17.46

TOTAL WASTEWATER SERVICE: \$33.69

Previous Balance	New Charges	Total Due
\$0.00	\$298.40	\$298.40

	\$235.39	
+July	3.84	<u>Electric Impact</u>
+Oct.	3.65	\$7.48
Total	\$242.88	

	\$29.32	
+July	2.93	<u>Water Impact</u>
+Oct.	3.22	\$6.16
Total	\$35.47	

	\$33.69	
+July	3.37	<u>WW Impact</u>
+Oct.	3.71	\$7.07
Total	\$40.76	

	\$298.40	<u>Cumulative Impact</u>
+July	10.14	\$20.71
+Oct.	10.58	
Total	\$319.11	6.9%

Small Business – Lawnwood Commercial District

Electric
4,660
kWh

Gas
170
CCF

Water
13,000
gallons

Wastewater
13,000
gallons

OVERALL

ELECTRIC SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$12.92
kWh USAGE	4660 kWh @	0.11906	\$554.82
POWER COST ADJUSTMENT	4660 kWh @	0.018	\$83.88
ELEC GROSS RECEIPTS RES			\$16.68
ELECT SALES TAX			\$46.45
LOCAL GOVT SURTAX			\$3.34
SCHOOL SALES TAX			\$3.34
CITY UTILITY TAX ELECTRIC			\$24.98

GAS SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$31.05
CCF USAGE	100 CCF @	1.53	\$153.00
CCF USAGE	70 CCF @	1.02	\$71.40
PGA	170 CCF @	-0.02	\$(3.40)
GAS GROSS RECEIPTS RES			\$4.89
GAS SALES TAX			\$15.42
LOCAL GOVT SURTAX			\$1.28
SCHOOL SALES TAX			\$1.28

WATER SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$15.07
WATER USAGE	3 K GALS @		\$11.58
WATER USAGE	7 K GALS @	3.86	\$27.02
WATER USAGE	5 K GALS @	4.83	\$14.49
CITY UTILITY TAX WATER			\$6.82

WASTEWATER SERVICE		RATE	CHARGE
CUSTOMER CHARGE			\$16.23
WASTEWATER	13 K GALS @	5.82	\$75.66

Previous Balance	New Charges	Total Due
\$0.00	\$1,188.20	\$1,188.20

	\$746.41	
+July	11.93	<u>Electric Impact</u>
+Oct.	11.34	\$23.27
Total	\$769.68	

	\$274.92	
+July	9.12	<u>Gas Impact</u>
+Oct.	8.67	\$17.79
Total	\$292.72	

	\$74.98	
+July	7.50	<u>Water Impact</u>
+Oct.	8.25	\$15.74
Total	\$90.72	

	\$91.89	
+July	9.19	<u>WW Impact</u>
+Oct.	10.11	\$19.30
Total	\$111.19	

	\$1,188.20	<u>Cumulative Impact</u>
+July	37.73	\$76.11
+Oct.	38.38	6.4%
Total	\$1,264.30	



Schedule

- May 3rd – FPUA Board Public Hearing for Rate Recommendations
- May 16th – COFP Public Hearing for Rate Recommendations
- May 17th – FPUA Board Adoption of Bond Resolution
- May 18th – Post Preliminary Official Statement
- May 24th – Price Bonds (lock in the interest rate)
- June 6th & 9th – Pre-closing & Closing



Resolutions for Consideration

Resolution #	Utility and Rate
UA 2022-06	Electric base rate – 5% in July, 4.53% in October
UA 2022-07	Gas base rate – 5% in July and 4.53% in October
UA 2022-08	Water rate – 10% in July and 10% in October
UA 2022-09	Wastewater rate – 10% in July and 10% in October



Projected Capital Needs

- ❖ Total Six-Year Capital Improvement Plan (CIP) FY 2022-2027 \$242.5M
 - ❖ Rate Funded \$70.7M
 - ❖ Capital Improvement Charges (CIC) and Contributions in Aid (CIA) \$20.9M
 - ❖ Other (Grants and Contingency) \$6.0M
 - ❖ Series 2022 Refunding and Revenue Bonds \$126.9M
 - ❖ Future Grants (Debt) \$18.0M

- ❖ Rate funded projects average \$11.8 million per year for the six-year CIP
 - ❖ Spending on rate funded projects is determined by each system's rate sufficiency

- ❖ Series 2022 Bond Funding will cover AMI, utility expansion, and WRF relocation

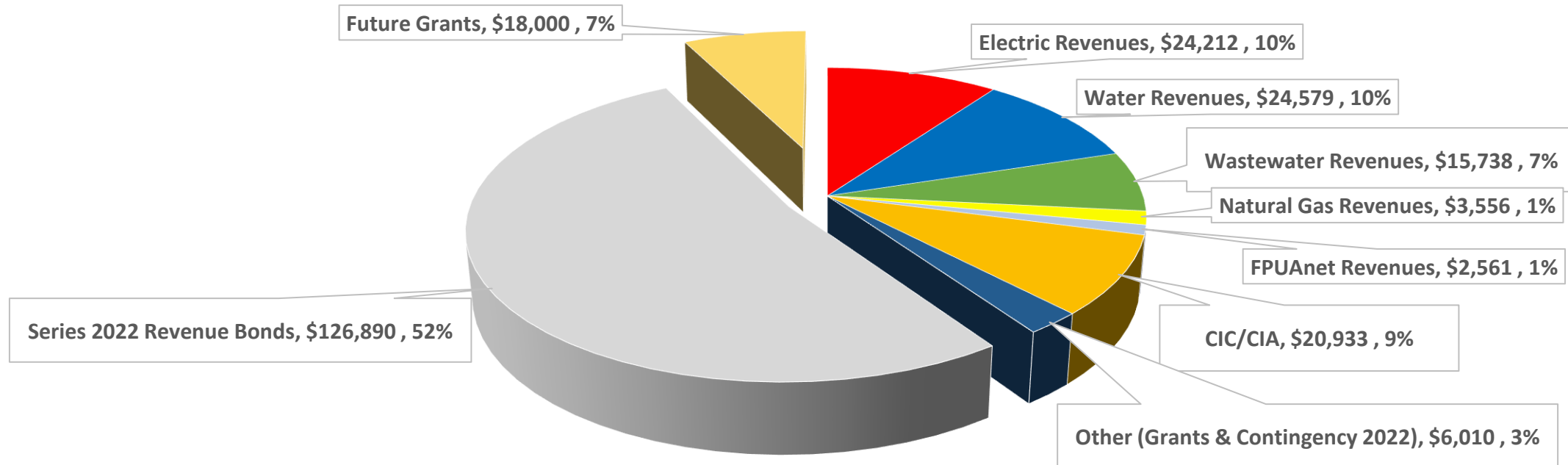
- ❖ Future Grants of \$18.0M will be pursued to the extent available before other debt options



Capital Improvement Plan - \$242.5 Million

Six-Year Capital Improvement Plan FY 2022 - 2027

\$'s in thousands



- Electric Revenues
- Water Revenues
- Wastewater Revenues
- Natural Gas Revenues
- FPUAnet Revenues
- CIC/CIA
- Other (Grants & Contingency 2022)
- Series 2022 Revenue Bonds
- Future Grants



History of Rate Adjustments

❖ Basis for Adjustments

- ❖ Adjustments affect the Customer and usage charges only
- ❖ Support the Operational and Capital needs of each system

❖ Electric System Rates

- ❖ Over past 15 years Electric System's net increase 0.6%
- ❖ FY 2007 – 2008 - Two rate increases 6.0% and 3.0% respectively
- ❖ FY 2011 – 2014 - Three rate decreases totaling (8.4%)

❖ Water, Wastewater and Natural Gas System Rates

- ❖ Water and wastewater last requested increase was 5 years ago;
- ❖ Gas last requested increase was 7 years ago
- ❖ FY 2007 – 2009 - Steady but not annual rate increases
- ❖ FY 2011 – 2014 - Rate increases were offset by electric decreases
- ❖ FY 2015 – 2016 - Water had adjustments of 3% to maintain self-sufficiency



Customer Notifications

- ❖ Bill insert included with all April bills mailed
- ❖ Paperless customers received online notice with April bill
- ❖ Homepage of FPUA website (www.FPUA.com)
- ❖ St Lucie News Tribune
 - ❖ Display Ad & Legal Section Ad-4/17/2022
- ❖ Facebook announcement
- ❖ Public Hearing – 5/3/2022, 4:00 pm
- ❖ Community Meetings 5/5 & 5/14
- ❖ Public Hearing – 5/16/2022, 4:30 pm

FPUA NOTICE OF PUBLIC HEARING

On Tuesday, May 3, 2022, Fort Pierce Utilities Authority (FPUA) will hold a public hearing to discuss proposed changes to utility rates. The meeting will be held at 4:00 p.m. in the City Commission Chambers, 100 North U.S. 1, Fort Pierce, Florida. If the FPUA Board approves the changes, the proposed rates will be presented to the Fort Pierce City Commission for approval at their meeting on Monday, May 16, 2022 at 4:30 pm, also to be held in the City Commission Chambers.

Based on a monthly residential usage equal to the following, the proposed rate changes are as follows:

Service Description	Current Bill	Increase	Proposed July Bill	Increase	Proposed October Bill
Electric (1,000 kWh, +\$18.00 PCA)	\$ 134.84	\$ 1.86	\$ 136.70	\$ 1.78	\$ 138.48
Water (6,000 Gallons)	\$ 38.23	\$ 3.85	\$ 42.08	\$ 4.24	\$ 46.32
Wastewater (6,000 Gallons)	\$ 51.15	\$ 5.10	\$ 56.25	\$ 5.63	\$ 61.88
Natural Gas (13 ccf, -\$0.02 PGA)	\$ 33.73	\$ 1.36	\$ 35.09	\$ 1.32	\$ 36.41
Total	\$ 257.95	\$ 12.17	\$ 270.12	\$ 12.97	\$ 283.09

If changes are approved, the July proposed rates will become effective July 1, 2022 and the October proposed rates will become effective October 1, 2022.

Any person seeking to appeal the decision of FPUA as to the foregoing is advised that a record of proceedings is required in any such appeal and that such person may need to insure that a verbatim record of proceedings is made including the testimony and evidence upon which the appeal is to be based.



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Questions

