



Florida Municipal Power Agency

MEETING AGENDA PACKAGE

Policy Makers Liaisons Committee

April 19, 2017

1:00 p.m. to 3:00 p.m.

Meeting Being Held at:

Florida Municipal Power Agency
8553 Commodity Circle
Orlando, FL 32819

Dial-in information: 866-411-8247, Code 91583#

+ + + + + + + + + + + + +

Policy Makers Liaisons Committee

- Mike Perri, Fort Pierce – Chairman
- Matt Thro, Town of Havana – Vice Chairman
- Bil Spaude, Bushnell
- Kristine Petersen, Clewiston
- Rick Cochrane, Fort Meade
- Tom Perona, Fort Pierce
- Robert Page, Green Cove Springs
- George Forbes, Jacksonville Beach
- Charles Bradford, Key West
- Tim Root, Key West
- Kathleen Thacker, Kissimmee
- Ethel Urbina, Kissimmee
- Scott Maxwell, Lake Worth
- Dan Robuck, Leesburg
- Bill Conrad, Newberry
- Jim Hilty, Ocala
- Donald Shroyer, St. Cloud
- Scott Roberts, Starke

Community Power + Statewide Strength



Florida Municipal Power Agency

Mark McCain
Assistant General Manager,
Member Services, Human Resources and Public Relations

MEMORANDUM

TO: Policy Makers Liaisons Committee
FROM: Mark McCain
DATE: April 12, 2017
RE: Policy Makers Liaisons Committee Meeting
Wednesday, April 19, 2017, 1 p.m. to 3 p.m.
PLACE: Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, FL
32819
PHONE: To participate by telephone, call 866-411-8247, Access Code 91583#
(If you have trouble connecting, please call 321-239-1033)

Chairman Mike Perri, Presiding

The mission of the Committee is to facilitate the education of elected or appointed governing body members of FMPA's member utility systems, and to foster opportunities for greater communication and knowledge among governing body members regarding the business and projects of FMPA.

AGENDA

1. Call to Order, Roll Call
2. Set Agenda (by vote)
3. Consent Agenda
 - a. Approval of the Minutes for the Meeting held January 18, 2017
4. Report from the General Manager and CEO (Jacob Williams)
5. Information Items
 - a. State Legislative Update (Bill Peebles)
 - b. Statewide Storm Preparedness (Amy Zubaly)
 - c. FMPA's Solar Market Assessment and Survey Results (Mark McCain and Frank Gaffney)

- d. Proposed All-Requirements Project Load Attraction Incentive Rate (Jason Wolfe)
 - e. Round Table Discussion by Policy Makers on the Most Important Electric Issue in Their Communities
6. Member Comments
7. Announcements
- a. Next Meeting: Thursday, July 20, 2017, at 3 p.m. at the FMEA Annual Conference, The Sawgrass Marriott, 1000 PGA Tour Blvd., Ponte Vedra Beach, FL
8. Adjourn

/mm

One or more participants in the above referenced public meeting may participate by telephone. At the above location there will be a speaker telephone so that any interested person can attend this public meeting and be fully informed of the discussions taking place either in person or by telephone communication. If anyone chooses to appeal any decision that may be made at this public meeting, such person will need a record of the proceedings and should accordingly ensure that a verbatim record of the proceedings is made, which includes the oral statements and evidence upon which such appeal is based. This public meeting may be continued to a date and time certain, which will be announced at the meeting. Any person requiring a special accommodation to participate in this public meeting because of a disability, should contact FMPA at (407) 355-7767 or 1-(888)-774-7606, at least two business days in advance to make appropriate arrangements.

**AGENDA ITEM 1 - CALL TO ORDER,
ROLL CALL**

**Policy Makers Liaisons Committee Meeting
April 19, 2017**

**AGENDA ITEM 2 – SET AGENDA (by
vote)**

**Policy Makers Liaisons Committee Meeting
April 19, 2017**

AGENDA ITEM 3 – CONSENT AGENDA

- a. Approval of Minutes for the Meeting
Held January 18, 2017**

**Policy Makers Liaisons Committee Meeting
April 19, 2017**

MINUTES
FMPA POLICY MAKERS LIAISONS COMMITTEE MEETING
FMPA
8553 COMMODITY CIRCLE
ORLANDO, FL 32819
DATE: WEDNESDAY, JANUARY 18, 2017
TIME: 12:30 P.M.

**MEMBERS
PRESENT**

Bil Spaude, Bushnell
Mike Perri, Fort Pierce
Bob Page, Green Cove Springs
Matt Thro, Town of Havana (via telephone) *
Kathleen Thacker, Kissimmee (via telephone) *
Dan Robuck, Leesburg (via telephone)
Bill Conrad, Newberry *
Jim Hilty, Ocala
Donald Shroyer, St. Cloud

*joined after roll call

**OTHERS
PRESENT**

Amy Zubaly, FMEA (via telephone)
Michael Nolan, MJN Consulting (via telephone)
Al Minner, Leesburg (via telephone)
Patrick Foster, Leesburg
Mike Poucher, Ocala
Dylan Reingold, Indian River County Attorney (via telephone)

**STAFF
PRESENT**

Jacob Williams, General Manager and CEO
Mark McCain, Assistant General Manager, Member Services,
Human Resources and Public Relations
Fred Bryant, General Counsel
Jody Finklea, Assistant General Counsel/Manager of Legal Affairs
Sue Utley, Executive Assistant to CEO / Asst. Secretary to Board
Frank Gaffney, Assistant General Manager, Power Resources
Mark Larson, Assistant General Manager, Finance, and CFO (via
telephone)
Tom Richards, Executive Consultant

Item 1 – Call to Order, Roll Call

Chairman Mike Perri, Fort Pierce, called the meeting to order at 12:32 p.m. on Wednesday, January 18, 2017 at FMPA, 8553 Commodity Circle, Orlando, FL. A roll call was taken and 9 members were present.

Item 2 – Set Agenda (By Vote)

MOTION: Bob Page, Green Cove Springs, moved to set the agenda as presented. Jim Hilty, Ocala, seconded the motion. Motion carried 9-0.

Item 3 – Consent Agenda

3a – Approval of the Minutes for the Meeting held October 19, 2016

MOTION: Jim Hilty, Ocala, moved approval of the Minutes of October 19, 2016. Bob Page, Green Cove Springs, seconded the motion. Motion carried 9-0.

Item 4 – Report from the General Manager and CEO

Jacob Williams reported on the following topics:

1. The status of FMPA's Top 10 Management Goals for fiscal 2017
2. FMPA's Strategic Planning Workshop February 15th
3. Engagement with Vero Beach and next steps
4. The ARP workshop on rates in FMPA's Board Room starting at 2 p.m. and invited PMLC members to stay for the workshop

Item 5 – Information Items

5a – Federal Legislative Update

Michael Nolan reported on the outgoing 114th Congress and the incoming 115th Congress. He gave an update on legislation that passed and failed and updated the Policy Makers on upcoming legislative issues affecting municipal utilities.

5b – Update on Wholesale Cost of Service Comparison and Cost-Cutting Measures

Frank Gaffney presented information on FMPA's wholesale cost of power against Duke Energy Florida and Florida Power & Light along with cost-cutting measures the FMPA staff is taking to reduce costs to the ARP members.

5c – Update on Solar Survey Results

Mark McCain updated the Policy Makers on where the survey company, GreatBlue Research, stands on completing the surveys to customers of 10 of FMPA's member cities and outlined the next steps in the process.

5d – Round Table Discussion by Policy Makers on the Most Important Electric Issue in Their Communities

None shared in the interest of time.

Item 6 – Member Comments

None

Item 7 – Announcements

7a – Next Meeting: Wednesday, April 19, 2017, at 1 p.m. at FMPA

Item 8 - Adjourn

There being no further business, the meeting was adjourned at 2:03 p.m.

Mike Perri
Chairman

Matt Thro
Vice Chairman

Date Approved _____

MP/MT/su

**AGENDA ITEM 4 – REPORT FROM
THE GENERAL MANAGER AND CEO**

**Policy Makers Liaisons Committee Meeting
April 19, 2017**

Non-Course of Business Tactical and Strategic Priorities

1. **Vero Beach**
 - A. Acknowledge Indian River Shores load can be sold
 - B. Provide a potential option to allow Vero Beach to sell entire utility that:
 - 1) Does not raise rates to the ARP members
 - 2) Does not increase ARP member risk for which they are not compensated
2. **Sell excess capacity** to lower costs to ARP members and provide value to other municipals
 - A. Bid to municipals who issue RFPs
 - B. Implement Load Attraction Rate for ARP members
3. **Provide Business Model Alternative** to allow ARP and non-ARP members to participate in non-economic solar projects in a way that will not increase the rates to non-participating ARP members
4. **Enhancement of Member Services** offerings in operational and technical areas to:
 - A. Ensure viability of municipal utilities struggling to attract and retain operational staff
 - B. Enable some municipal utilities to provide higher level of service, reliability and outage restoration
5. **Maintaining bond ratings and reduce debt**
6. **Continue exploring rate options** or cost reductions to reduce cost disparity
7. **Tell the positive story of FMPA** and minimize negative issues

VERBAL REPORT

AGENDA ITEM 5 – INFORMATION ITEMS

a. State Legislative Update

**Policy Makers Liaisons Committee Meeting
April 19, 2017**

VERBAL REPORT

AGENDA ITEM 5 – INFORMATION ITEMS

b. Statewide Storm Preparedness

**Policy Makers Liaisons Committee Meeting
April 19, 2017**

**AGENDA ITEM 5 – INFORMATION
ITEMS**

**c. FMPA’s Solar Market Assessment and
Survey Results**

**Policy Makers Liaisons Committee Meeting
April 19, 2017**



AGENDA PACKAGE MEMORANDUM

TO: Policy Makers Liaisons Committee
FROM: Mark McCain
DATE: April 12, 2017
ITEM: 5c – FMPPA’s Solar Market Assessment Survey Results

Executive Summary

- FMPPA’s Board of Directors approved the use of the Agency’s Development Fund for the development of a joint-action solar photovoltaic (PV) project.
- As part of the development effort, the Board of Directors authorized a survey of retail customers for any interested FMPPA member. The purpose of the survey was to better understand customer opinion related to solar energy. Ten FMPPA members requested a survey of their customers.
- The survey results—composite results for all 10 cities, as well as individual city reports—were presented to FMPPA’s Board of Directors on Feb. 16, 2017. Highlights from the composite survey results are shared below and will be discussed at the Policy Makers Liaisons Committee meeting on April 19, 2017, along with next steps for the joint-action solar PV project.

Key Survey Finding

A majority of electric customers in 10 Florida cities believe utilities should investigate solar power (72%), but if solar power increases electric bills, only a small percentage of customers are willing to pay more (13%).

About the Survey

The 10 municipal utilities that participated in the survey included: Gainesville, Green Cove Springs, Havana, Key West, Kissimmee, Leesburg, Newberry, Ocala, Orlando and Vero Beach. Many of these cities plus other municipal utilities in the state are considering joining together through FMPPA in a large solar project to help lower the cost of solar power.

To assist cities in understanding their customers’ views on solar power, FMPPA commissioned GreatBlue Research to conduct telephone interviews of electric customers in each city. A total of 2,565 surveys were completed. The composite survey results have a 95% confidence level with a margin of error of less than 2%.

Interest in Solar

Most residents, 72%, want their community to investigate solar, but one quarter of survey respondents have the impression that solar will lower electric rates. When

customers understand that solar often adds costs to the electric bill, the percentage of customers who would willingly pay more for electricity decreased significantly.

Cost Reduces Interest Only 13% of respondents reported that they are “very likely” to participate in a utility’s solar program that increases their electric bill, and 25% reported they would be “somewhat likely” to participate. A sizable 45% of respondents said they are “not at all likely” to pay more, while 7% were “somewhat unlikely” and 10 percent “didn’t know.”

Willingness to Pay Among customers willing to pay more for solar, 19% reported being willing to pay an additional “\$20 or more” on their monthly electric bill, while 11% said “\$15 to \$19.99” and 14% said “\$10 to \$14.99.”

Voluntary Participation Among respondents who were interested in paying more for solar, more than half, 56%, preferred a “voluntary” participation model where customers could choose to pay extra for solar power, rather than a “universal” participation model where the utility supplies solar power to all customers and the extra cost for solar is applied to all customer bills.

Likely to Participate Customers most likely to participate in a solar program are college graduates, age 18 to 44, who make \$60,000 or more. Willingness to pay correlated to finances more than any other demographic characteristic.

Next Steps The survey results will help municipal electric utilities in Florida decide whether to participate in FMPA’s joint solar project. FMPA plans to purchase a share of a large-scale solar project and will negotiate with potential power providers in the coming months.

The complete composite report of the [FMPA Solar Energy Survey and Market Assessment Study](#) is available at www.fmpa.com.

/mm

**AGENDA ITEM 5 – INFORMATION
ITEMS**

**d. Proposed All-Requirements Project
Load Attraction Incentive Rate**

**Policy Makers Liaisons Committee Meeting
April 19, 2017**



Florida Municipal Power Agency

AGENDA PACKAGE MEMORANDUM

TO: Policy Makers Liaisons Committee
FROM: Jason Wolfe
DATE: April 12, 2017
ITEM: 5d – Overview of Proposed ARP Load Attraction Incentive Rate

Discussion Based on FMPA’s recently filed Ten-Year Site Plan, the ARP is projected to have 190 MW of excess capacity this summer (capacity above its 18% planning reserve margin) and is not projected to need additional capacity until at least 2024. As the ARP Participants pay the fixed costs of this excess capacity in rates, load growth will benefit all Participants through a reduction in the demand rate. With average energy usage per customer trending downward in recent years, load growth is now being driven primarily by adding new customers. One way to encourage this growth is to offer a financial incentive to an ARP Participant that is able to attract a large, new load to its service territory.

Based on Executive Committee direction during the February 2017 strategic planning session, staff has developed a proposed incentive that it has termed the ARP Load Attraction Incentive Rate (LAIR). Conceptually, the LAIR is similar to an economic development rate, although the LAIR program does not include certain requirements that are common with economic development rate programs, such as minimum job creation requirements.

Staff outlined an initial proposal for this program at the March 2017 Executive Committee meeting. Based on positive feedback from Participants, staff is bringing forth a final proposed tariff for approval this month. Key features of the LAIR are summarized as follows:

- The LAIR would be a rider to the existing ARP Rate Schedule.
- For ARP Participants greater than 35 MW, the LAIR would provide a 50% discount on the ARP demand rate for new customer loads that meet the following minimum size requirements: (1) at least 500 kW for new customer load at a single delivery point for ARP Participants greater than 35 MW, (2) at least 250 kW for new customer load at a single delivery point for ARP Participants less than 35 MW, (3) or a total of at least 1 MW for new service territory at multiple delivery points.
- The discount would decrease by 10% each year, thereafter, through the fifth year. After the fifth year, the new load would be charged the full ARP demand rate.

- The load must continue to meet the minimum size requirements in order to continue to receive the discount.
- Staff has placed no restrictions on the Participants' use of any credits received under the proposed rider. For example, the Participant could pass the credits through to the new customer, or the credit could be used to reduce costs for all of the Participant's retail customers.
- The LAIR rider would automatically sunset September 30, 2023, after which service date no further LAIR credits would be provided. This date, as well as any other provision of the rider, can be modified by the Executive Committee at any date if necessary or desired.

While the LAIR would provide the greatest financial benefit to the Participant adding the load, this program would effectively benefit all ARP Participants by lowering the "legacy" ARP demand rate for all Participants (i.e., the "bucket" of existing fixed costs would not increase, but it would be spread over a larger amount of on-peak load).

Attachment

Overview of Proposed ARP Load Attraction Incentive Rate



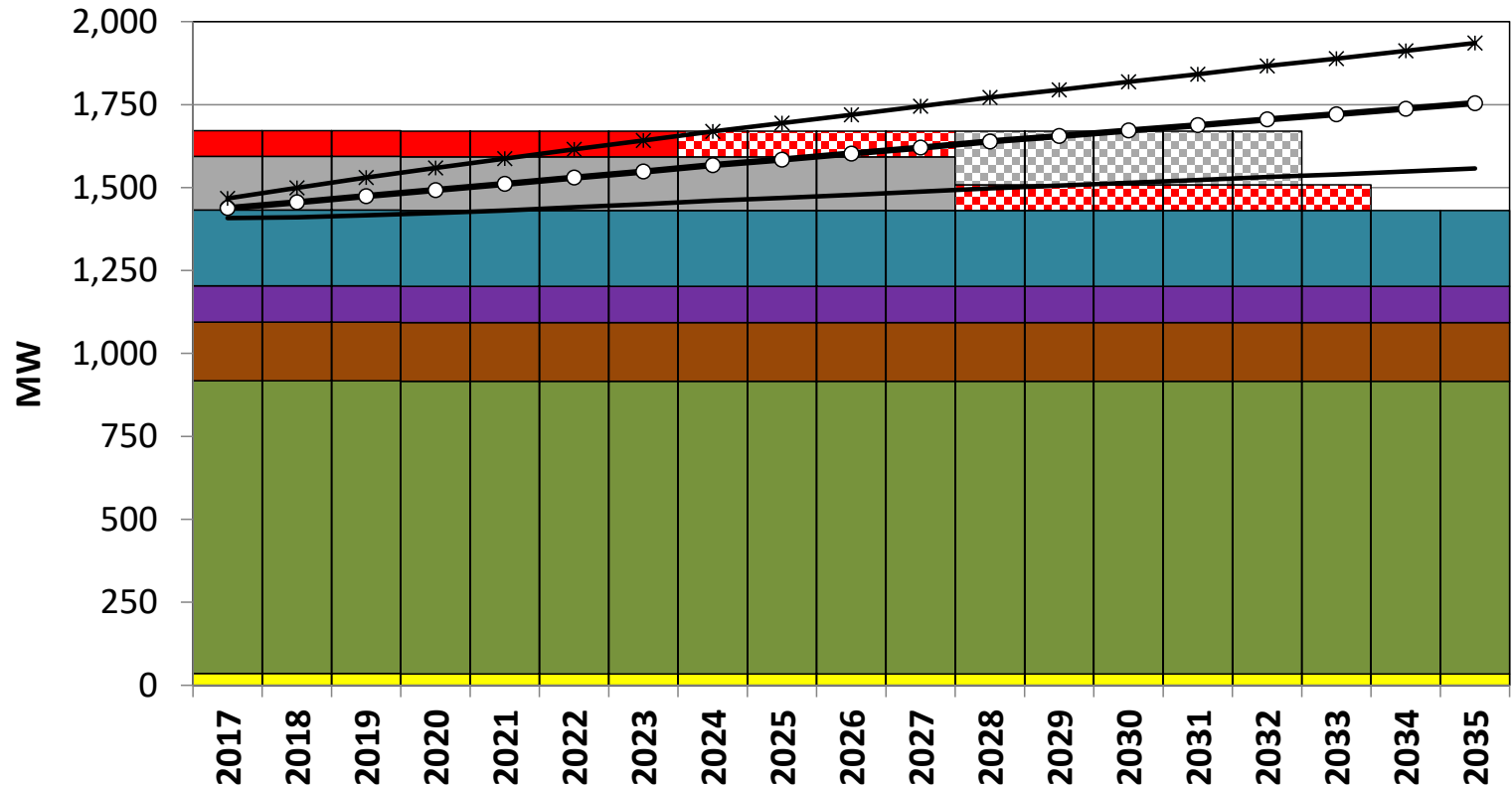
Florida Municipal Power Agency
Community Power. Statewide Strength.

Policy Makers Liaisons Committee

April 19, 2017

ARP Has No Capacity Needs over Next 10 Years

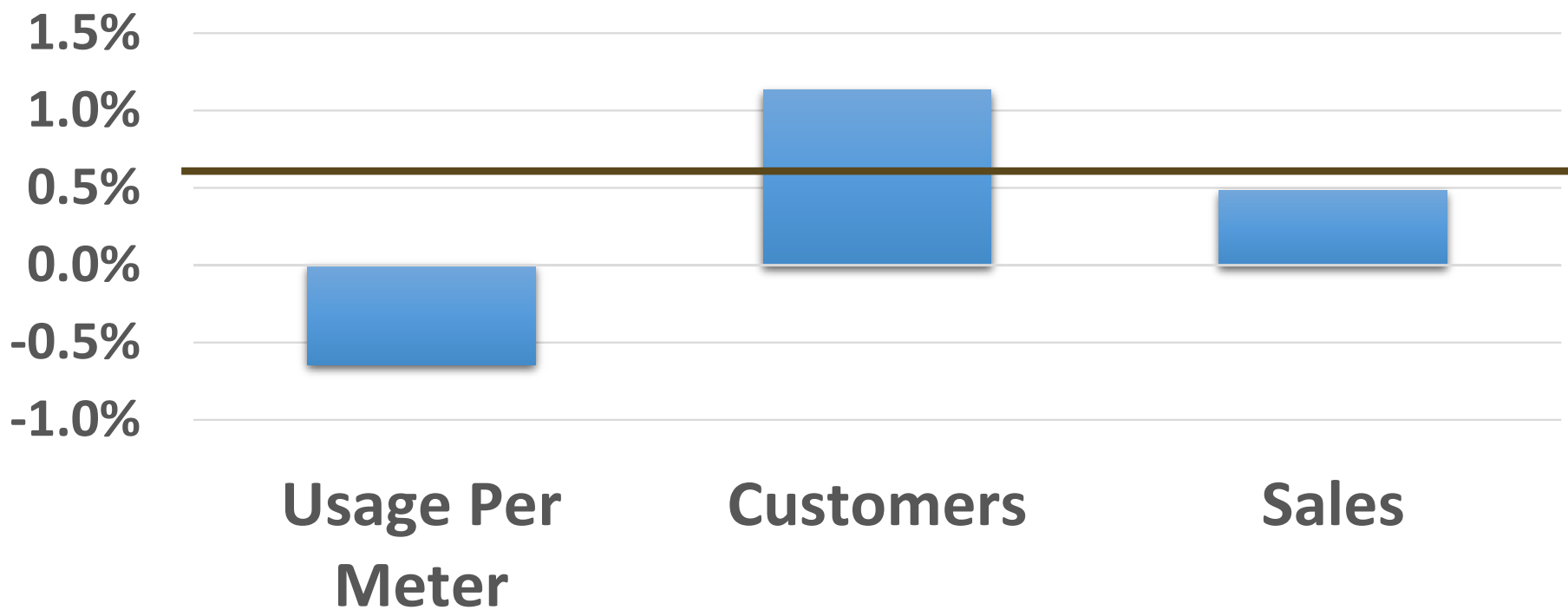
2016 ARP Load Forecasts and Existing Resources - Summer (15% Reserve Margin)



- Stanton A PPA Extension
- Stanton A PPA
- Oleander PPA Extension
- Oleander PPA
- Peaking
- Small CC
- Stanton Coal
- Large CC
- Nuclear (Excluded)
- Base Fcst
- High Econ Fcst
- Low Econ Fcst

Key Trend: Usage per Meter is Declining

Aggregated - Average Annual Growth Rates (Weather-Normalized)
2011-2015 (Fiscal Year)



Over the past 5 years, load growth has depended on new customers because usage per customer has declined.

How Can the ARP Reduce Its Excess Capacity?

- Per EC strategic direction, a proposed Load Attraction Incentive Rate was developed
 - Can be utilized by Participants to financially incentivize new, large loads to come to their service territories
 - Existing load for all Participants would benefit through a decrease in the ARP demand rate
 - 50% reduction in demand charge for 1st year declining 10% each of next 5 years
 - Similar to an economic development rate but excludes some typical requirements

New Load Must Meet Minimum Size Requirements to Qualify

- ARP cities > 35 MW, minimum size is:
 - 500 kW for new loads at single delivery point
 - 1 MW for new service territory at multiple delivery points
- ARP cities < 35 MW, minimum size is:
 - 250 kW for new loads at single delivery point
 - 1 MW for new service territory at multiple delivery points

Other Key Features

- New load must maintain the minimum load requirements to continue to receive the discount
- FMPA has not proposed any restrictions on Participant use of any credits received
- LAIR would sunset on September 30, 2023
 - Designed to prevent incentivizing load growth once the ARP is projected to need new capacity
 - No credits paid for service beyond this date
 - Can be modified by the EC at any time

**AGENDA ITEM 5 – INFORMATION
ITEMS**

- e. Round Table Discussion by Policy
Makers on the Most Important Electric
Issue in Their Communities**

**Policy Makers Liaisons Committee Meeting
April 19, 2017**

AGENDA ITEM 6 – MEMBER COMMENTS

**Policy Makers Liaisons Committee Meeting
April 19, 2017**

AGENDA ITEM 7 – ANNOUNCEMENTS

- a. Next Meeting: Thursday, July 20, 2017, at the FMEA Annual Conference, The Sawgrass Marriott, 1000 PGA Tour Blvd., Ponte Vedra Beach, FL**

**Policy Makers Liaisons Committee Meeting
April 19, 2017**

AGENDA ITEM 8 – ADJOURN

**Policy Makers Liaisons Committee Meeting
April 19, 2017**