

Robyn Tice

From: Don Kraher
Sent: Thursday, October 28, 2021 11:48 AM
To: Jared Moore; Ann Hill; Sherri Myers; Jennifer Brahier; Casey Jones; Teniade Broughton; Delarian Wiggins
Cc: Elaine Mager; Sonja Gaines; Melanie Kruszona; Ericka Burnett; Robyn Tice
Subject: FW: [EXTERNAL] FW: power point
Attachments: Electr Utility 2021 Presentation - Ann Arbor.pptx

Council President and Members of City Council

Please see below and attached as information being forwarded at the request of a fellow Council Member.

Respectfully,

Don Kraher
Council Executive
Office of the City Council
222 W. Main Street
Pensacola, FL 32502
(850) 435-1686 – Office
(850) 384-6363 – Cell



City of Pensacola

----- Original message -----

From: Amy Lovoy <alovoy@cityofpensacola.com>
Date: 10/18/21 8:46 AM (GMT-06:00)
Subject: FW: [EXTERNAL] FW: power point

See Winter Park's response regarding the purchase of the utility company.

Amy Lovoy
Finance Director
City of Pensacola, Florida
222 W. Main St.
Pensacola, FL 32502
(850) 435-1821

From: Wes Hamil <whamil@cityofwinterpark.org>
Sent: Monday, October 18, 2021 8:32 AM
To: Amy Loyoy <aloyoy@cityofpensacola.com>
Subject: RE: [EXTERNAL] FW: power point

Absolutely! Our rates have rarely been higher than the predecessor utility and we have probably invested at least \$50,000,000 in undergrounding power lines since the 2005 purchase. This never would have happened without City ownership.

Our City Manager has given multiple presentations on the topic since then around the county. He was Assistant City Manager at the time and lead the effort from a staff perspective. I don't have a copy of the feasibility study but, try to get you one.

 City of Winter Park 401 Park Ave. South Winter Park, FL 32789 cityofwinterpark.org	Wes Hamil, CPA Director Financial Services p: 407.599.3381 f: 407.691.6732
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From: Amy Loyoy <aloyoy@cityofpensacola.com>
Sent: Monday, October 18, 2021 9:18 AM
To: Wes Hamil <whamil@cityofwinterpark.org>
Subject: [External] RE: [EXTERNAL] FW: power point

[Caution: This email originated from outside the City of Winter Park email system. Before clicking any hyperlinks, verify the real address by hovering over the link. Do not open attachments from unknown or unverified sources.]

This is great. Thank you so much. If you had it to do all over again, would you?

Amy Loyoy
Finance Director
City of Pensacola, Florida
222 W. Main St.
Pensacola, FL 32502
(850) 435-1821

From: Wes Hamil <whamil@cityofwinterpark.org>
Sent: Friday, October 15, 2021 7:36 PM
To: Amy Loyoy <aloyoy@cityofpensacola.com>
Subject: [EXTERNAL] FW: power point

THIS EMAIL IS FROM AN EXTERNAL EMAIL ACCOUNT

Amy,

Attached is a presentation our City Manager gave to Ann Arbor, Michigan recently. They are also considering buying their electric utility.



City of Winter Park
401 Park Ave. South
Winter Park, FL. 32789
cityofwinterpark.org

Wes Hamil, CPA

Director
Financial Services

p: 407.599.3381
f: 407.691.6732



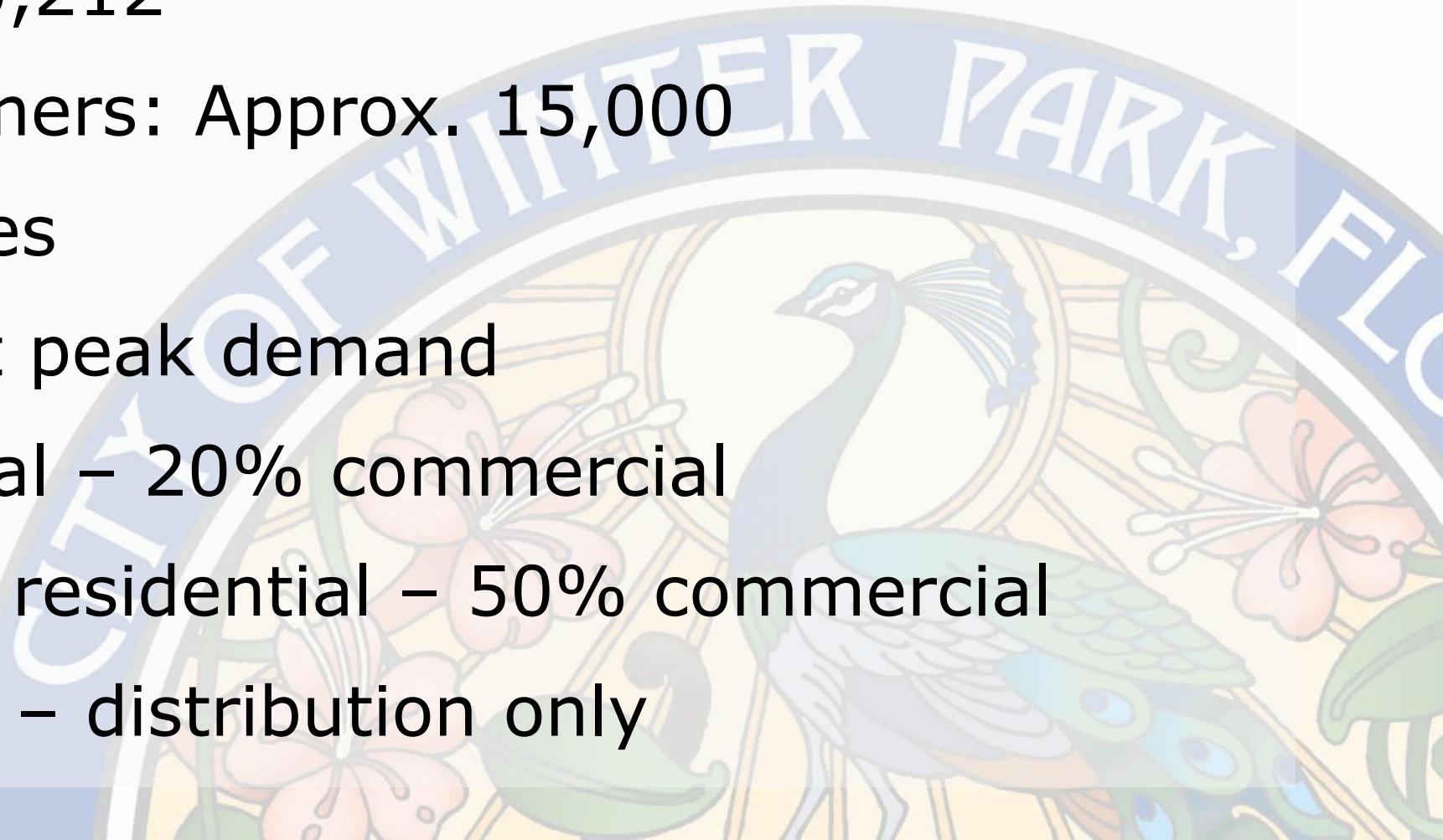
City of Winter Park, FL

Our Municipalization Story

Randy Knight, City Manager

OVERVIEW

- Population: 30,212
- Electric customers: Approx. 15,000
- 10 square miles
- 100 megawatt peak demand
- 80% residential – 20% commercial
- Revenue 50% residential – 50% commercial
- No generation – distribution only



OVERVIEW

- 1913: City built the original electric system
- 1927: City sold to an Investor Owned Utility (IOU)
- 1947: Held vote to repurchase the system. Vote failed and renewed franchise for 30 years

OVERVIEW

- 1971: Early renewal of franchise for 30 yrs.
- 2001: Franchise expired
Commission authorizes study
- 2001-02: Legal Battles & Feasibility Study
- 2002-03: Arbitration

OVERVIEW

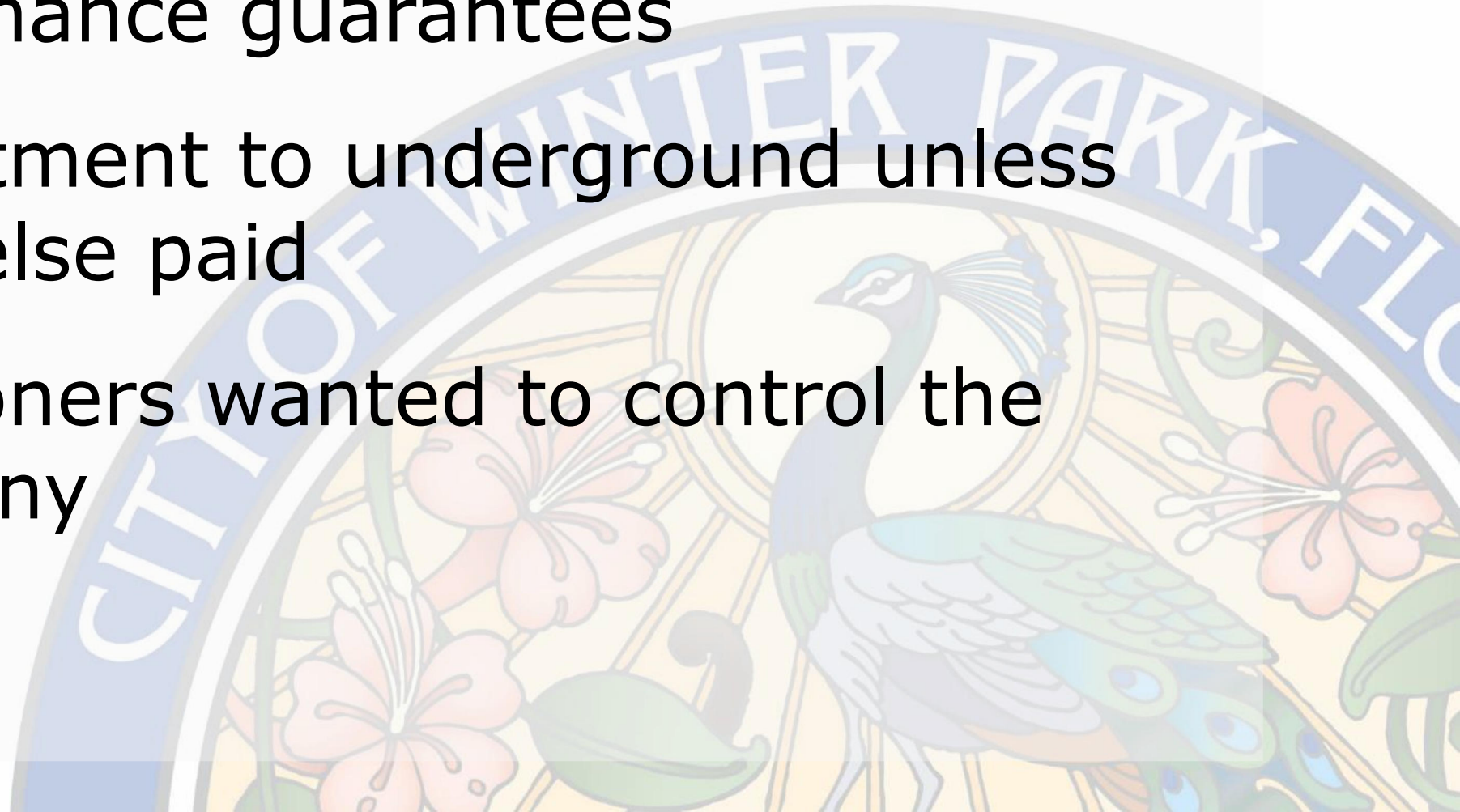
- 2003: Bond referendum (passed 69%)
- 2004: Began transition efforts
Signed Bulk Power Contract
- 2005: Hired outside contractor to maintain system
- June 1, 2005: “Flipped the Switch”
Began serving customers


WHY WAS THE PREDECESSOR UTILITY NOT GIVEN ANOTHER FRANCHISE?

- Predecessor IOU put a take-it-or-leave-it franchise proposal on table
- 30-year term with no out-clause for poor-performance
- Took away city's right to repurchase
- Reliability was poor

WHY WAS PROGRESS ENERGY NOT GIVEN ANOTHER FRANCHISE?

- No performance guarantees
- No commitment to underground unless someone else paid
- Commissioners wanted to control the city's destiny



The background of the slide features a large, semi-transparent seal of the City of Winter Park, Florida. The seal is circular and contains a central illustration of a peacock standing on a branch. The peacock is surrounded by various flowers, including hibiscus and other tropical blooms. The text "CITY OF WINTER PARK, FLORIDA" is visible around the perimeter of the seal, though partially obscured by the text overlay.

**What did the
city see as the
benefit of
municipalization?**

PUBLIC POWER

- Local control and accountability
- Reinvest profits locally
- Customer first mission
- Improved reliability



UNDERGROUND UNSIGHTLY POWER LINES



FACE-TO-FACE CUSTOMER SERVICE



EMPLOYEES DEDICATED EXCLUSIVELY TO THE CITY



SEVERAL OBSTACLES

- Had not been done in Florida since 1940s
- Investor Owned Utility legal challenges
- Very expensive undertaking
- Predecessor IOU's community involvement
- Threatened to quit paying franchise fee
- City Commission was split on the issue

PREDECESSOR IOU'S ASSERTIONS

- Rates will go up
- City is too small
- City doesn't know how to run an electric utility
- City won't be able to handle storms



ARBITRATION

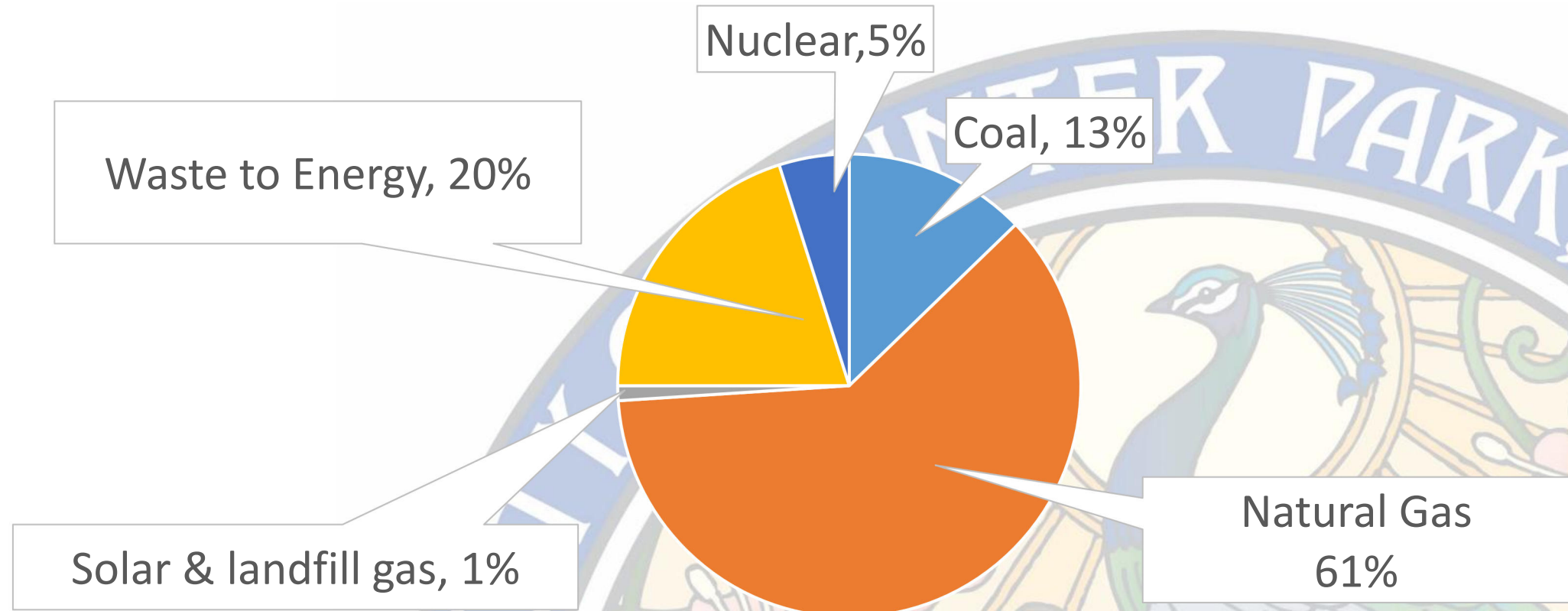
- Held December 2002 thru February 2003
- Arbitration Award May 2003
- Set price at \$42.3 million



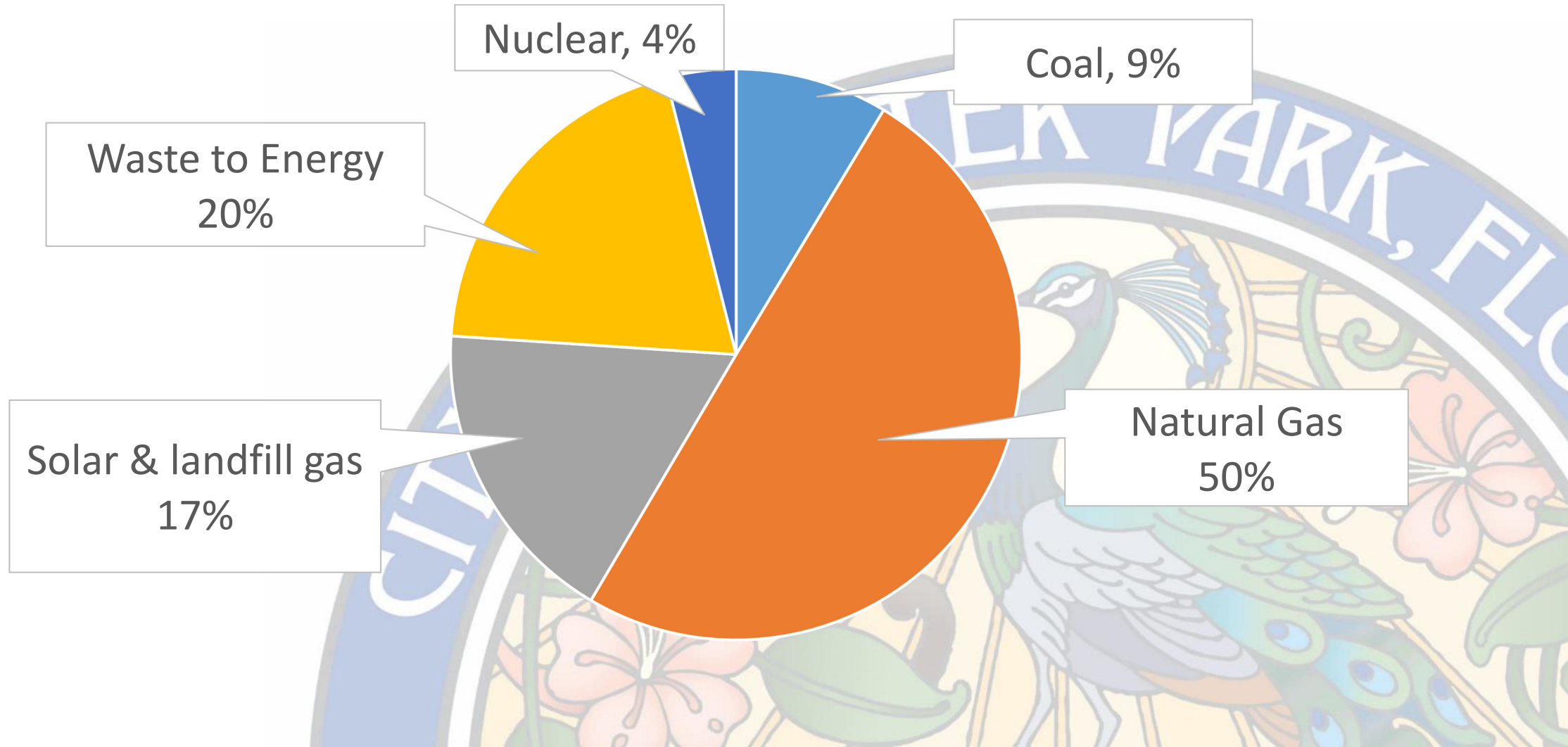
ARBITRATED COST

Equipment	\$ 8,218,447
Land and Easements	10,000,000
Books & Maps	350,000
Going Concern	12,000,000
Sep. & Reintegration	1,004,000
Stranded Costs	<u>10,737,000</u>
Total	\$42,309,447

FUEL MIX TODAY



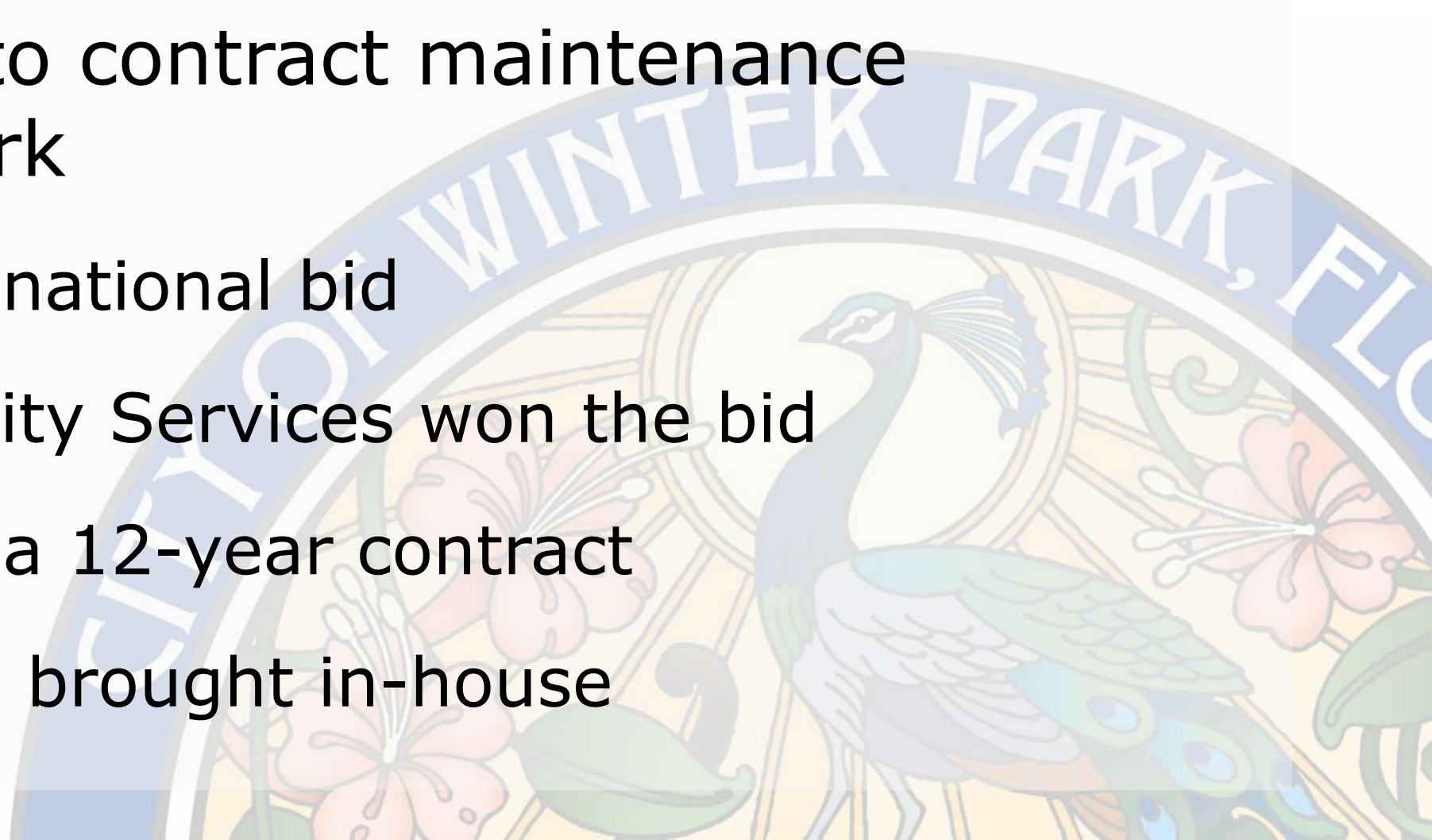
FUEL MIX PROJECTED 2025



DISTRIBUTION SERVICES CONTRACT

City chose to contract maintenance and CIP work

- Put out a national bid
- ENCO Utility Services won the bid
- Executed a 12-year contract
- Have now brought in-house



SUCCESSSES

- Undergrounded over 68.3% of the city's overhead lines, with a plan to completely underground all power lines by the end of 2026
- Reliability improved
- Coordinated storm response
- Rates competitive
- Bond rating A+

FINANCIALS

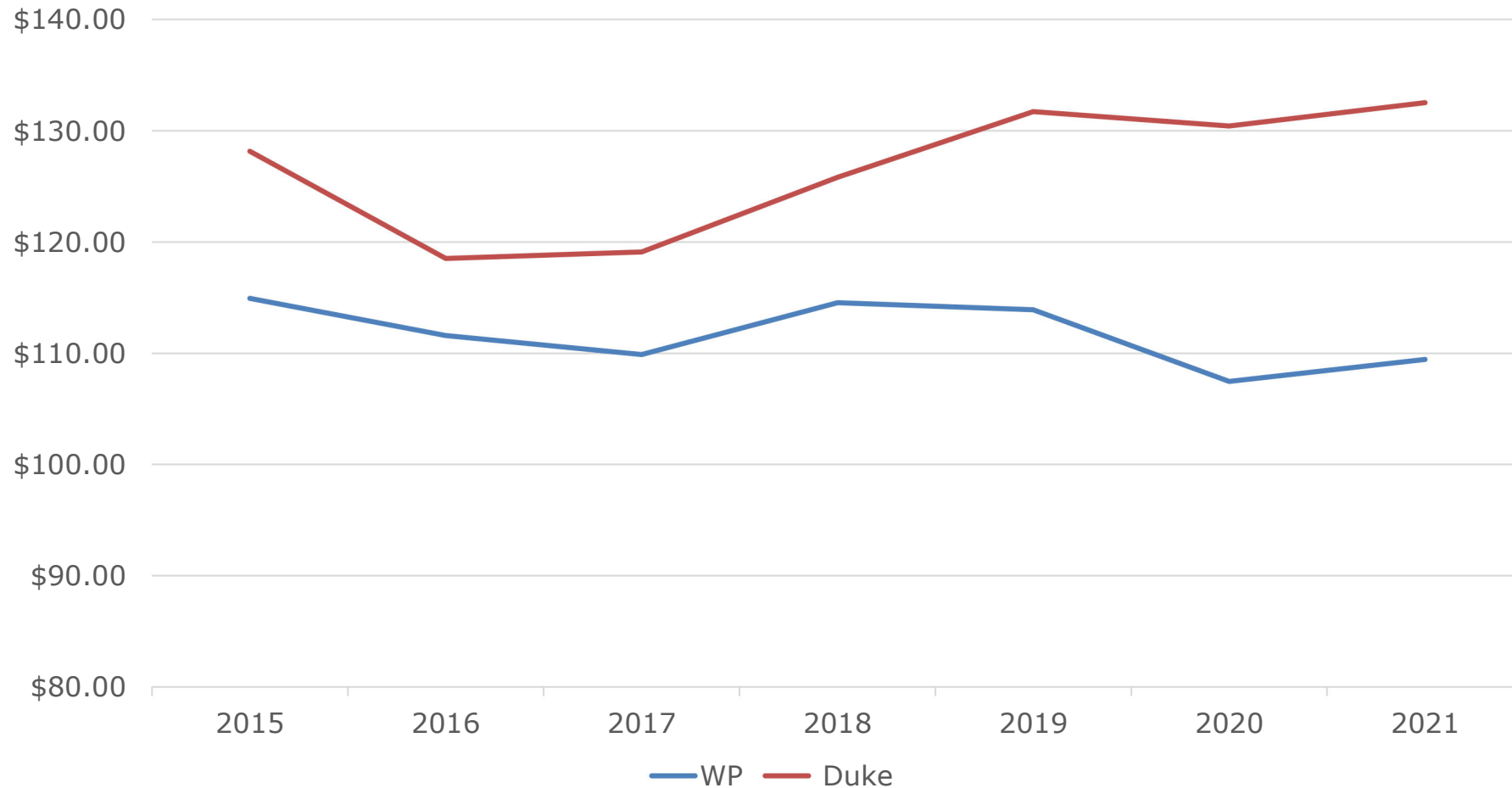
- Gross Revenue – Approx. \$48M per year
- Net income last 5 years
 - 2017 \$1.1 million
 - 2018 \$4.8 million
 - 2019 \$5.1 million
 - 2020 \$8.1 million
 - 2021 (preliminary) \$8.8 million
- Transfer 6% of Gross to General Fund to replace former franchise fee



RATE COMPARISON

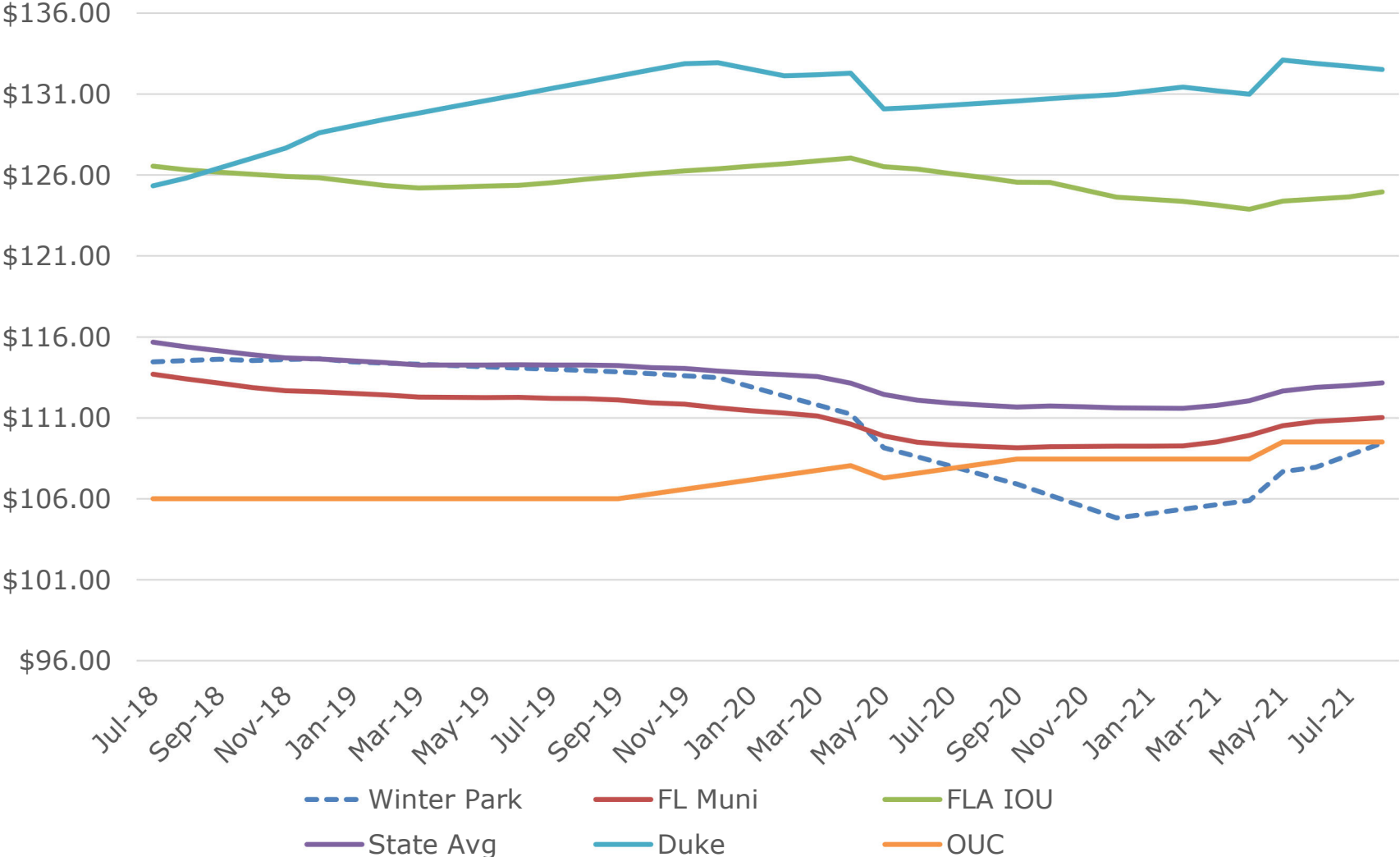
Winter Park vs. Predecessor IOU

Electric Rate Comparison for Residential Consumers 1,000kWh
(12 mo. rolling avg August Data)



RATE COMPARISON

Rate Comparisons 1,000 kWh Residential Consumer
(12 mo. Rolling avg as of August 2021)



SUMMARY

- Has Winter Park been successful? **YES**
- Are we glad we did it? **YES**
- Was it hard? **VERY**
- Has Winter Park had Failures? **YES**
- Is it right for You? **Maybe/maybe not**, but it is definitely worth exploring.





Electric utility services

Operation & Maintenance Services provided by ENCO Utility Services

