



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 21-00895

City Council

10/28/2021

LEGISLATIVE ACTION ITEM

SPONSOR: City Council Member Jennifer Brahier

SUBJECT:

PRELIMINARY FEASIBILITY STUDY ELECTRIC UTILITY

RECOMMENDATION:

That the City hire a consultant to conduct a preliminary feasibility study of the City regarding the acquisition and startup costs of an electric utility (i.e. poles and wires). Further that this preliminary feasibility study be completed prior to the signing of a Franchise Agreement with Florida Power and Light Co., whose parent company is NextEra Energy.

HEARING REQUIRED: No Hearing Required

SUMMARY:

Currently the City is in negotiations with Florida Power and Light Co., (FPL) regarding entering into a 30-year Franchise Agreement. Prior to the City encumbering itself and its citizens for 30 years, this item seeks to conduct a preliminary feasibility study to ascertain the acquisition and startup costs of the City purchasing the electric utility (i.e. poles and wires).

The first step in this process is to conduct a preliminary feasibility study to assess the advantages, disadvantages and feasibility of taking the next step. After a thorough review, the citizens, City and City Council together can discuss and consider whether it is in the people's interest to move forward.

One of the primary purposes of this enterprise would be to increase the resiliency within the City of electricity, especially during hurricane events, by having the ability for the City to begin an underground wiring system. The City of Pensacola is currently not within the 10-year plan to begin the process of underground wiring with FPL, and it appears that if this were to begin, the cost would be fully borne by the City.

The energy industry is rapidly changing and diversifying, entering into a long-term agreement could serve to preempt Pensacola from taking advantage of opportunities to improve electric service. A public owned utility could offer a number of advantages, including local control that is fully accountable to City residents, improved tree trimming practices, more undergrounding of electric lines, and more use of renewable energy under local control. It could also eliminate the need to provide profits to corporate shareholders, which could ultimately help keep rates affordable and

revenues to remain in Pensacola for local improvements and/or a return to customers.

There are over 30 municipal owned power companies within Florida, some 18 rural electric cooperatives and 4 investor-owned electric utilities, including FPL.

The first step in the process is for Council to approve the conducting of a preliminary feasibility study.

PRIOR ACTION:

None

FUNDING:

Budget: \$ 0

Actual: \$ 20,000

FINANCIAL IMPACT:

The cost of the preliminary feasibility study is estimated to be near \$20,000.

STAFF CONTACT:

Don Kraher, Council Executive

ATTACHMENTS:

- 1) Ord. No. 61-79
- 2) Ord. No. 62-79

PRESENTATION: No