



September 4, 2024

ELECTRIC UTILITY FEASIBILITY STUDY CITY OF CLEARWATER, FLORIDA

resourceful. naturally.
engineering and environmental consultants



**Duncan
& Allen** LLP

**NewGen
Strategies & Solutions**

AGENDA

- Introductions/Project Team Organizations
 - NewGen Project Team Leads
 - Project Structure
- Project Plan
 - Technical, Financial, Legal Approach
 - Project Schedule
- Reference Projects
- Questions



PROJECT LEADS



NewGen Strategies and Solutions, LLC

- Prime Consultant; Financial and Economic Analysis
- Scott Burnham, Project Manager
- 25 years of experience in project management, COSA/rate design, financial feasibility analysis, and asset evaluation



Barr Engineering Company

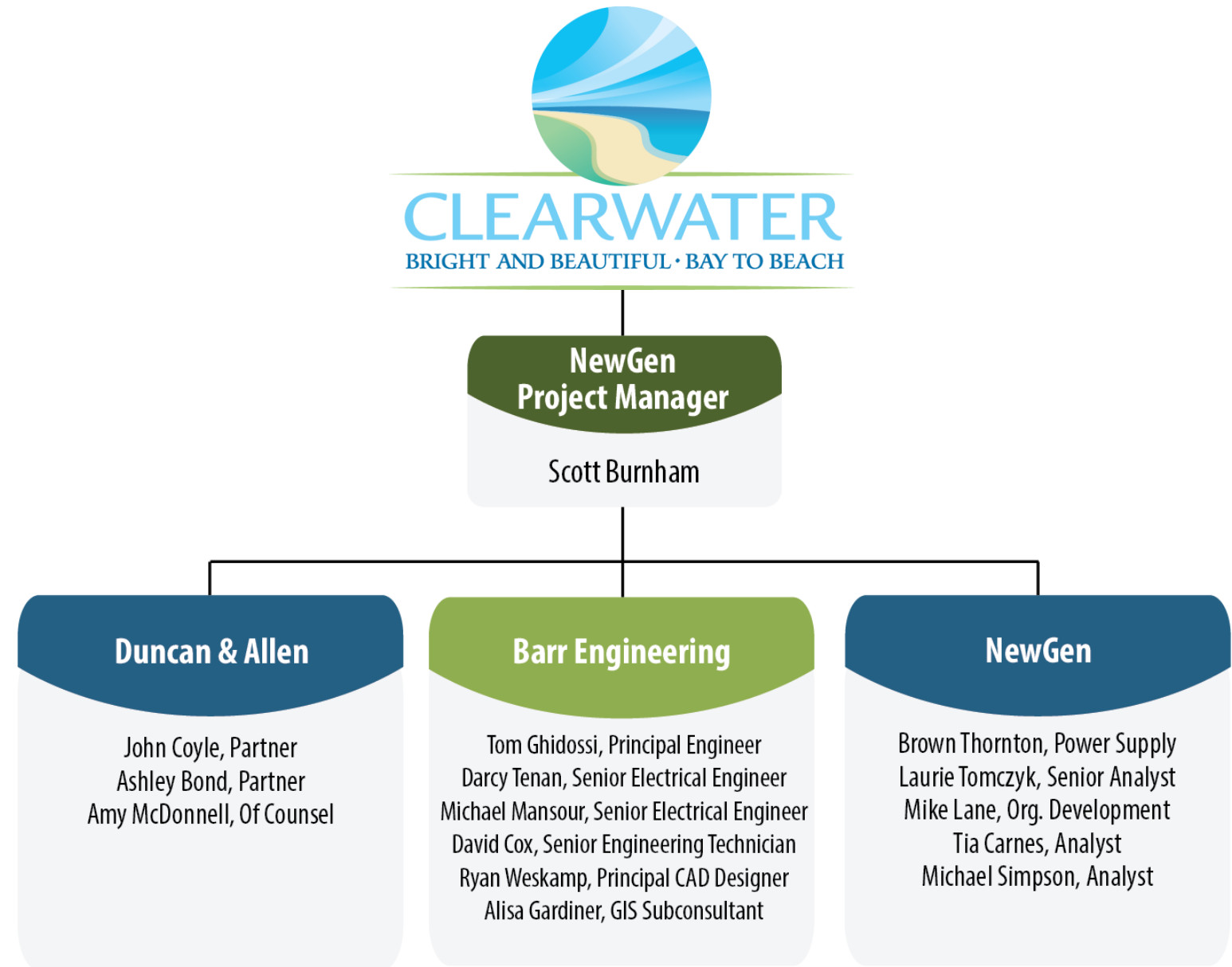
- Subconsultant; Engineering
- Tom Ghidossi
- Extensive background in the design and analysis of power generation, transmission, and distribution systems



Duncan & Allen, LLP

- Subconsultant; Legal
- John Coyle, Esq.
- 35 years representing municipalities, consumer-owned utilities, and other consumer interests in legal proceedings

TEAM ORGANIZATION



CLEARWATER FEASIBILITY STUDY

Task 1

Project Kickoff, Develop Strategic Assessment



Task 2

Technical, Financial, and Legal Feasibility Assessment



Task 3

Prepare Report, Presentation

TASK 1: PROJECT KICKOFF, STRATEGIC ASSESSMENT

- Kickoff Meeting:
 - Scheduled for tomorrow (September 5, 2024)
 - Discuss/Develop Strategic Assessment
- Review documents/data:
 - Franchise Agreement
 - Duke Florida available data
 - City maps/GIS systems
- Review City utility data:
 - Customer mix (residential, commercial and industrial)
 - Estimate customer load (electricity usage)
- Data request for Duke Florida

TASK 2: TECHNICAL, FINANCIAL, LEGAL FEASIBILITY ASSESSMENT

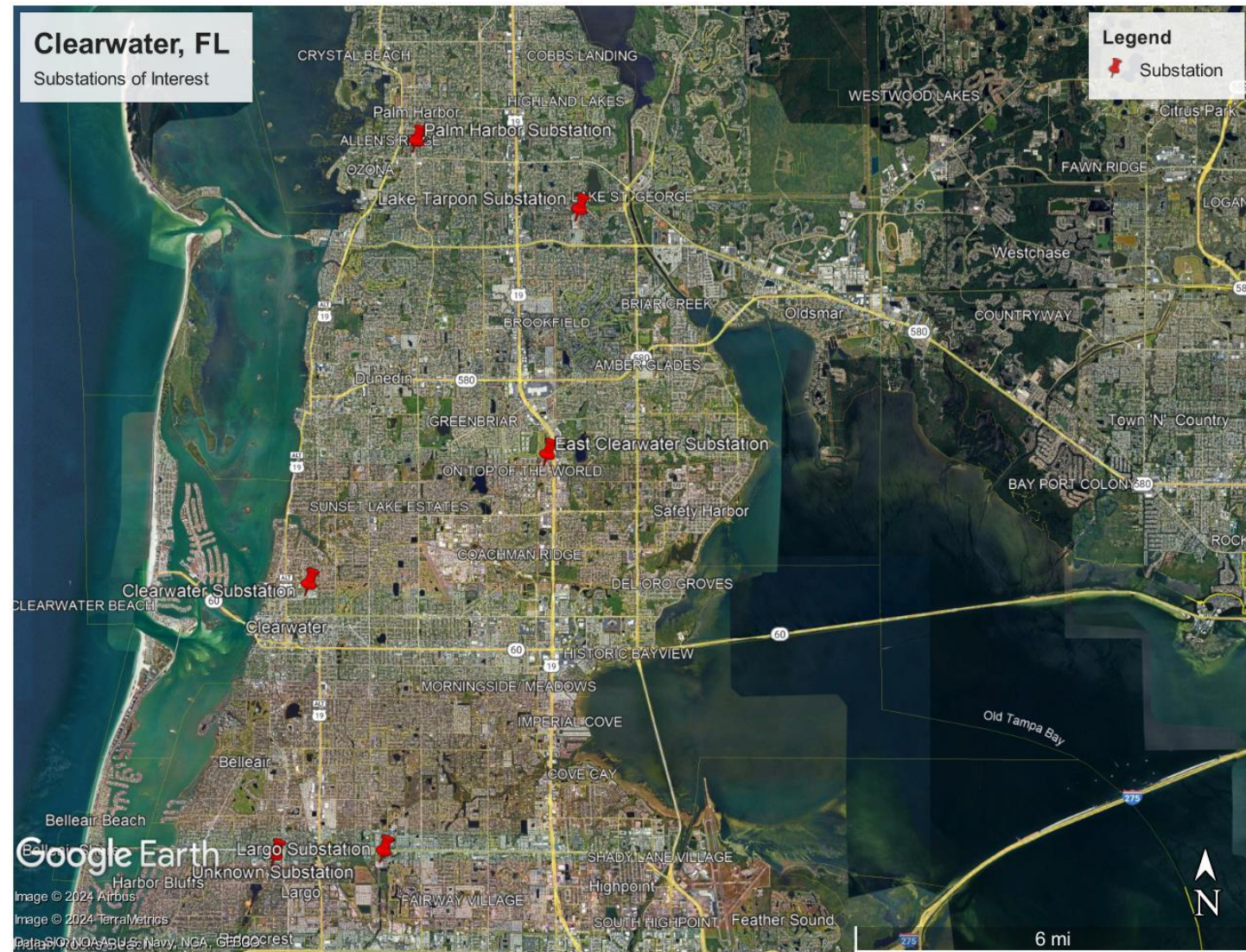
- Financial Model – Municipal utility costs over 30-year period:
 - Purchase price for delivery assets only
 - Severance/reintegration
 - Potential stranded cost
 - Load forecast
 - Power supply costs
 - Do not need to build power plant
 - Start-up/ongoing operations and maintenance
 - Long-range capital plan
 - Financing costs
 - Replacement of Municipal Revenues

TASK 2: TECHNICAL, FINANCIAL, LEGAL FEASIBILITY ASSESSMENT

- Financial Model – Purchase Price:
 - Field investigation by Barr Engineering
 - Range of values
 - Create maps/GIS database
 - Categorize by FERC account
 - Condition assessment/estimated age
 - Develop Reproduction Cost for assets
 - Assign estimated depreciation to assets
 - Reproduction Cost Less Depreciation (RCLD)

TASK 2: TECHNICAL, FINANCIAL, LEGAL FEASIBILITY ASSESSMENT

- Field Investigation of Electric System



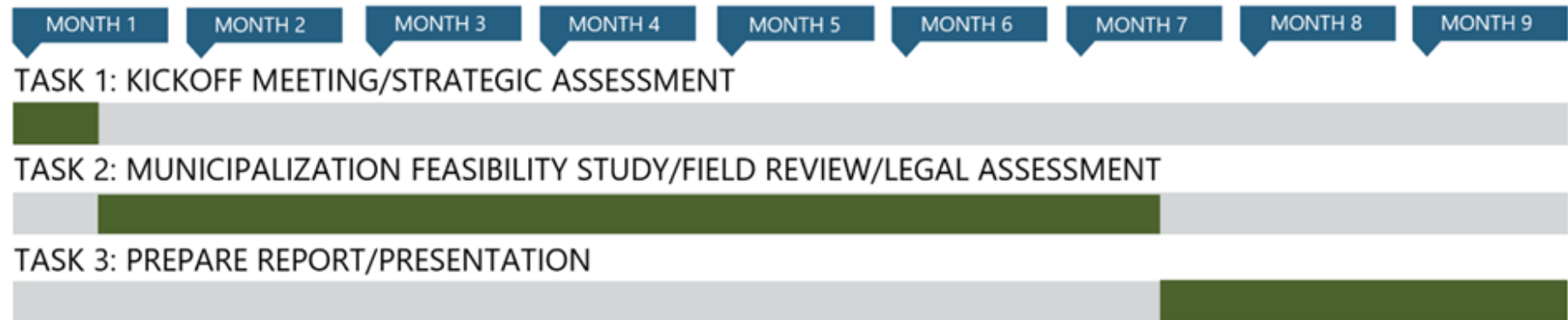
TASK 2: TECHNICAL, FINANCIAL, LEGAL FEASIBILITY ASSESSMENT

- Legal Analysis – FERC legal considerations – “Stranded Cost” claims, interconnection and severance, and related issues
- Stranded costs:
 - Under FERC’s 1996 Open Access Transmission rule (Order No. 888) new utilities using former incumbent’s transmission to access alternative power supply may be required to pay for the cost of “stranded” generation costs of the former incumbent utility, typically as part of their transmission bill
- Mitigation Strategies:
 - Keep power supply with incumbent
 - Behind-the-wholesale-meter generation competition does NOT create stranded costs
 - Obtain transmission from utility other than incumbent

TASK 3: REPORTS/ PRESENTATION

- Study draft/Final reports
- Process Roadmap
- Presentation of Study findings
 - Financial analysis
 - Engineering assessment
 - Legal strategy
- Recommendations

PROJECT SCHEDULE



PREVIOUS STUDIES/ EXPERIENCE

NewGen, Barr
Engineering,
Duncan & Allen

City of Chicago, IL

- Preliminary investigation
- Financial pro forma cash flow model
- Project not financially feasible due to costs/severance issues
- Completed in September 2020
- Report is available at the City's website

Created Kentucky Municipal Energy Agency (KyMEA)

- 12 Municipal clients
- Strategic Power Supply Planning/FERC review
- Online May 2019

City of San Diego, CA

- Phase I report July 2023
- Ongoing analysis for Phase II report (July 2025)

City of Ann Arbor, MI

- Phase I report February 2024
- Phase II RFP issued August 2024

PREVIOUS STUDIES/ EXPERIENCE

NewGen & Barr Engineering

CORE Electric Cooperative, CO

- Feasibility of acquiring municipal distribution system
- Engineering evaluation
- GIS map of the existing utility overhead facilities
- Sample existing facilities age/condition
- Reproduction Cost New/RCLND/OCLD (Original Cost)
- Severance/Separation requirements
- Preliminary designs/costs for new facilities.
- Long-range capital plan

PREVIOUS STUDIES/ EXPERIENCE

Duncan & Allen

Municipal Utility Formation

- Electric District No. 3 – Pinal County, AZ
- City of Clyde, OH
- Kanab, UT
- Village of Elbow Lake, MN

Feasibility Studies/Pre-Formation Advisories

- Wichita, KS
- City of Boulder, CO
- East Hampton, Riverhead, Shelter Island, Southampton, Southold, NY
- Brook Park, OH

PUBLIC POWER ENTITIES IN FLORIDA

Previous/Existing Florida Municipal Power Agency (FMPA) clients

- Jacksonville Energy Authority (JEA)
- Keys Energy Services (Key West)
- Reedy Creek Energy Services
- City of Tallahassee





QUESTIONS/REVIEW

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