September 29, 2025

ELECTRIC UTILITY FEASIBILITY STUDY
CITY OF CLEARWATER, FLORIDA

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engineering and environmental consultants

BARR

Duncan & Allen LLP

NewGen Strategies & Solutions

AGENDA

1. Introduction / Summary of Results
2. Electric Utility Basics / Florida Market Specifics
3. Clearwater Feasibility Analysis
4. Comparison to Concentric Energy Advisors' Study
5. Conclusions / Next Steps

INTRODUCTION / SUMMARY OF RESULTS

PROJECT LEADS

NewGen Strategies and Solutions, LLC

- Scott Burnham, Project Manager
- Primary Consultant; Financial and Economic Analysis
- 25 years of experience in project management, cost of service (COS) analysis, rate design, financial feasibility analysis, and asset evaluation

Barr Engineering Company

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

Duncan & Allen, LLP

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

CLEARWATER FEASIBILITY STUDY

FEASIBILITY STUDY:
WHY NOW?

- Duke operates under a franchise agreement with the City
  - Allows Duke to provide services and utilize City rights of way / easements within the City
  - Franchise agreement negotiated with Florida Power in 1995
  - Expires December 31, 2025 (30-year term)

- What are the City's options?
  - Explore development of a municipally owned electric utility (Clearwater MEU)
  - Enter into a franchise agreement with Duke
    - Potential ability to adjust terms of agreement to reflect City policy objectives

FEASIBILITY STUDY:
FUNDAMENTAL QUESTIONS TO BE ANSWERED

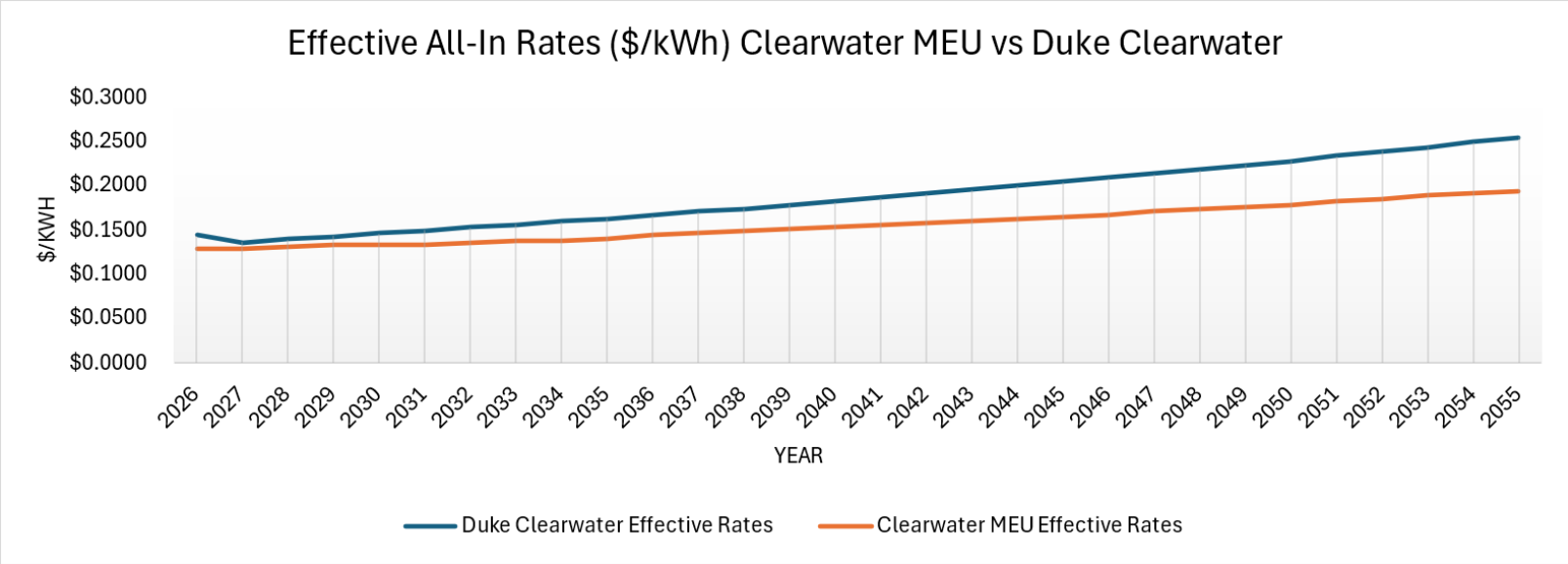
- Can the City purchase and operate the Clearwater MEU at a lower price than Duke?
  - Feasibility analysis suggests that the Clearwater MEU would have a lower effective all-in rate.
- How was feasibility determined?
  - Purchase price for power / transmission services
  - Price paid for Duke distribution assets, including “going concern” and real estate value
  - Costs for severance / reintegration of distribution system
  - Costs for Clearwater MEU to start-up, manage, operate, maintain, and invest in utility operations
  - Compare to Duke rates and customers power usage in Clearwater
- How would Clearwater MEU recover its costs?
  - Annual payment of revenue bonds remains constant over Study period
  - Charge retail rates to its customers

FEASIBILITY STUDY:
OBJECTIVES OF CLEARWATER MEU

- Affordability
  - Potential opportunity to provide electric services at lower rates
  - Would benefit seniors on fixed income
  - Economic development opportunity (hospitality and health care workers)
  - Promote affordable housing
- Promote business in the City
  - Offer lower electric rates / attract desired businesses
- Efficient government
  - Collaborate with other City / county agencies
- Local control / local policies
  - Protect tree canopy
  - Provide for more undergrounding of electric lines

SUMMARY OF RESULTS

- Financially feasible to establish Clearwater Municipal Electric Utility (MEU)
  - Clearwater MEU annual effective all-in rates are less than Duke Energy Florida (Duke) annual effective all-in rates for all years of the Study period
- How can Clearwater MEU offer rates cheaper than Duke?
  - Clearwater MEU can issue tax exempt bonds for portion of project costs
  - Clearwater MEU would not have to pay return to shareholders
  - Clearwater MEU would not pay income taxes



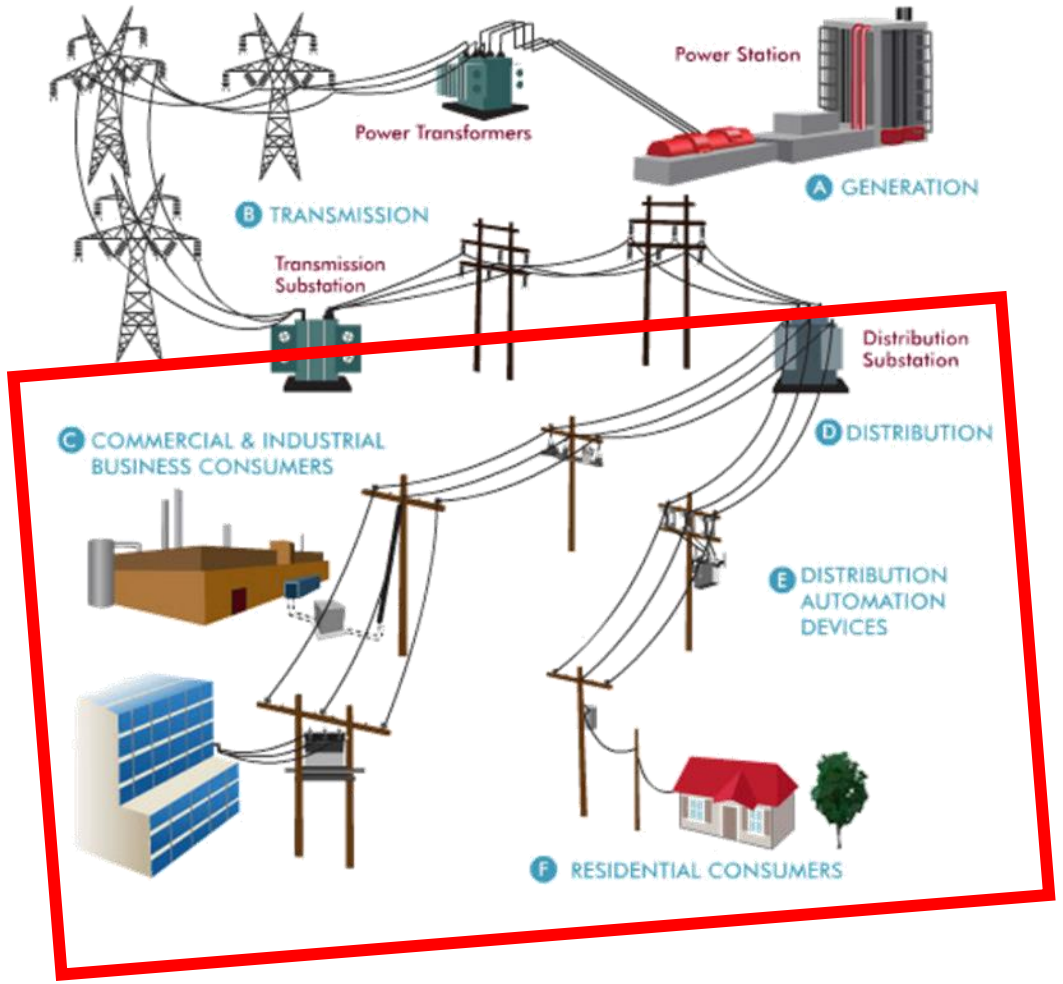
SUMMARY OF RESULTS

- Study Period: 2026–2055 (30 years)
- Duke annual effective all-in rates
  - 2026–2027 Florida Public Service Commission (Florida PSC) settlement
  - Inflation thereafter
- Clearwater MEU effective all-in rates
  - Total annual operational / non-operational costs
  - Bond payment for purchase of assets remains constant
- Limitations on Study
  - Feasibility level estimate of purchase price to reproduce assets and other acquisition-related costs
  - Assumes Clearwater MEU ability to service enclave areas
  - Costs will vary depending on negotiations / litigation with Duke

ELECTRIC UTILITY BASICS / FLORIDA MARKET SPECIFICS

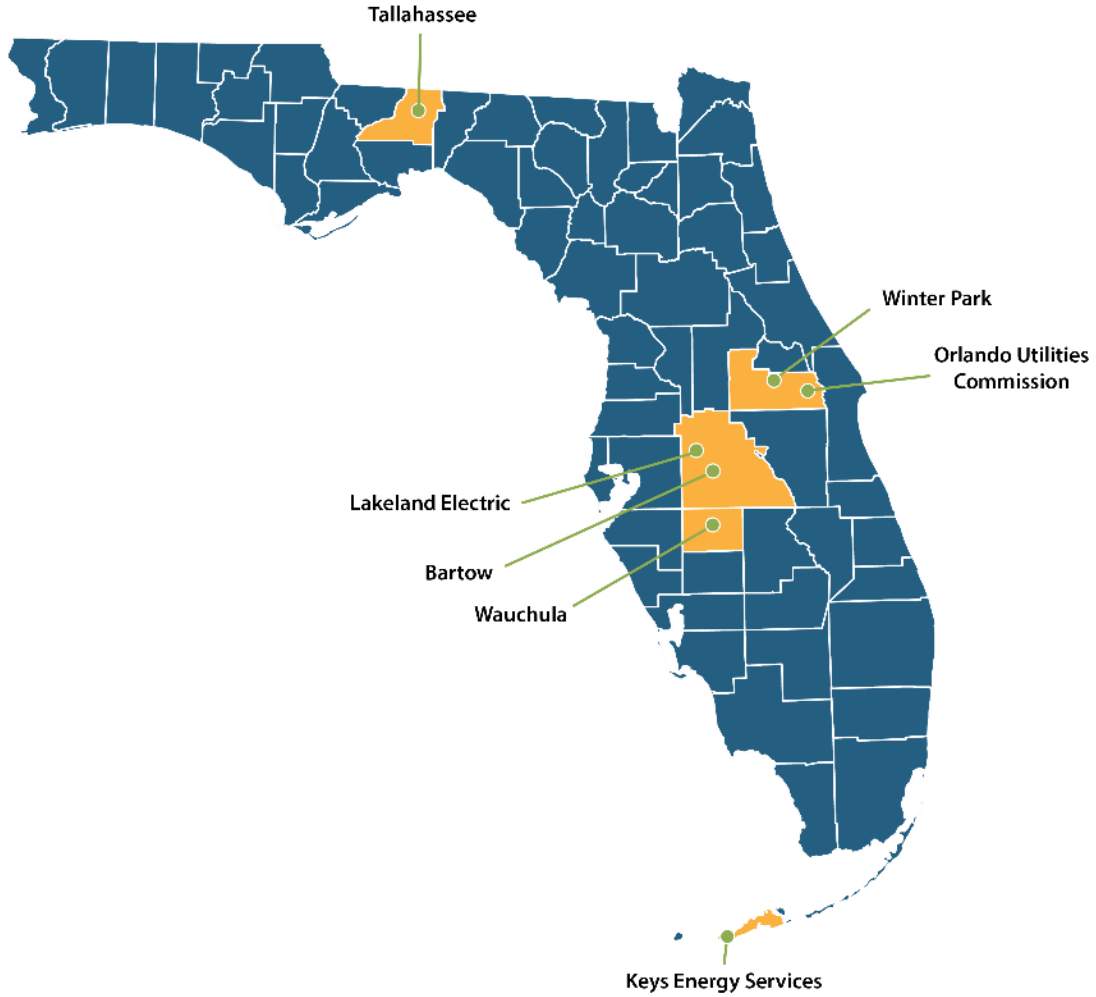
BASICS OF ELECTRICITY:
FUNCTIONAL ELEMENTS

- Generation / Production
  - Natural gas, coal, uranium, hydro, solar
  - Pinellas County Waste-to-Energy Facility
  - Some FMEA members generate power. Most do not.
- Transmission
  - High voltage (pressure) moves large volumes of power
  - Move power from generation closer to load (usage)
  - Example: US 19 corridor (not to be acquired)
- Distribution
  - Localized power delivery system
  - Connects transmission system to customers
- Customer energy usage (load)



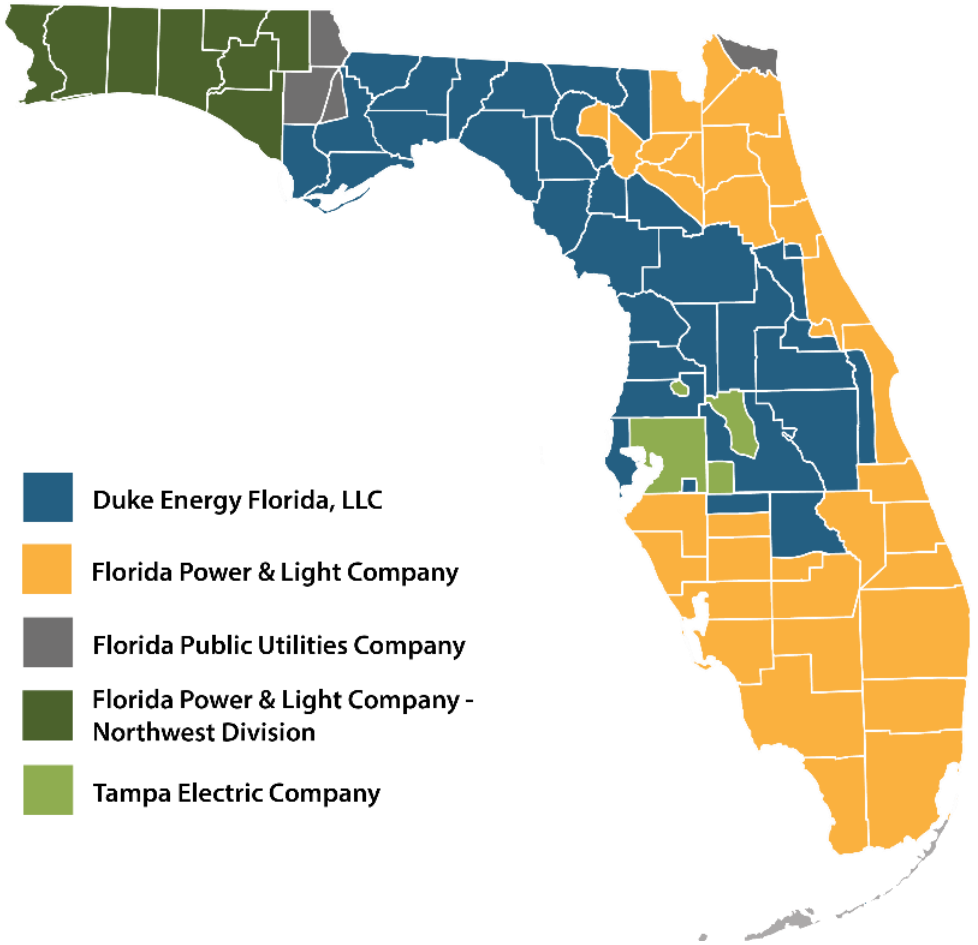
ELECTRICITY MARKET IN FLORIDA

- 4 investor-owned utilities (IOUs)
  - Duke Energy Florida (Duke)
  - Florida Power & Light
  - Florida Public Utilities Company
  - Tampa Electric Company
- 34 municipal electric utilities (public power)
  - Bartow
  - Winter Park
  - Lakeland
  - Wauchula
  - Tallahassee
  - Key West
  - Orlando
- 17 rural electric cooperatives (public power)
  - Withlacoochee River (Dade City)
  - Sumter (Sumterville)
  - Peace River (Wauchula)



ELECTRIC UTILITY GOVERNANCE IN FLORIDA

- Florida PSC
  - Commissioners appointed by governor
    - In some states, they are elected
  - Reviews rate cases filed by IOUs
  - Outside parties (intervenors) file challenges to proposed rates
  - Litigated process often resolved in settlement discussions
- Municipal electric utilities rates are governed by City Council / Board instead of Florida PSC



CLEARWATER FEASIBILITY ANALYSIS

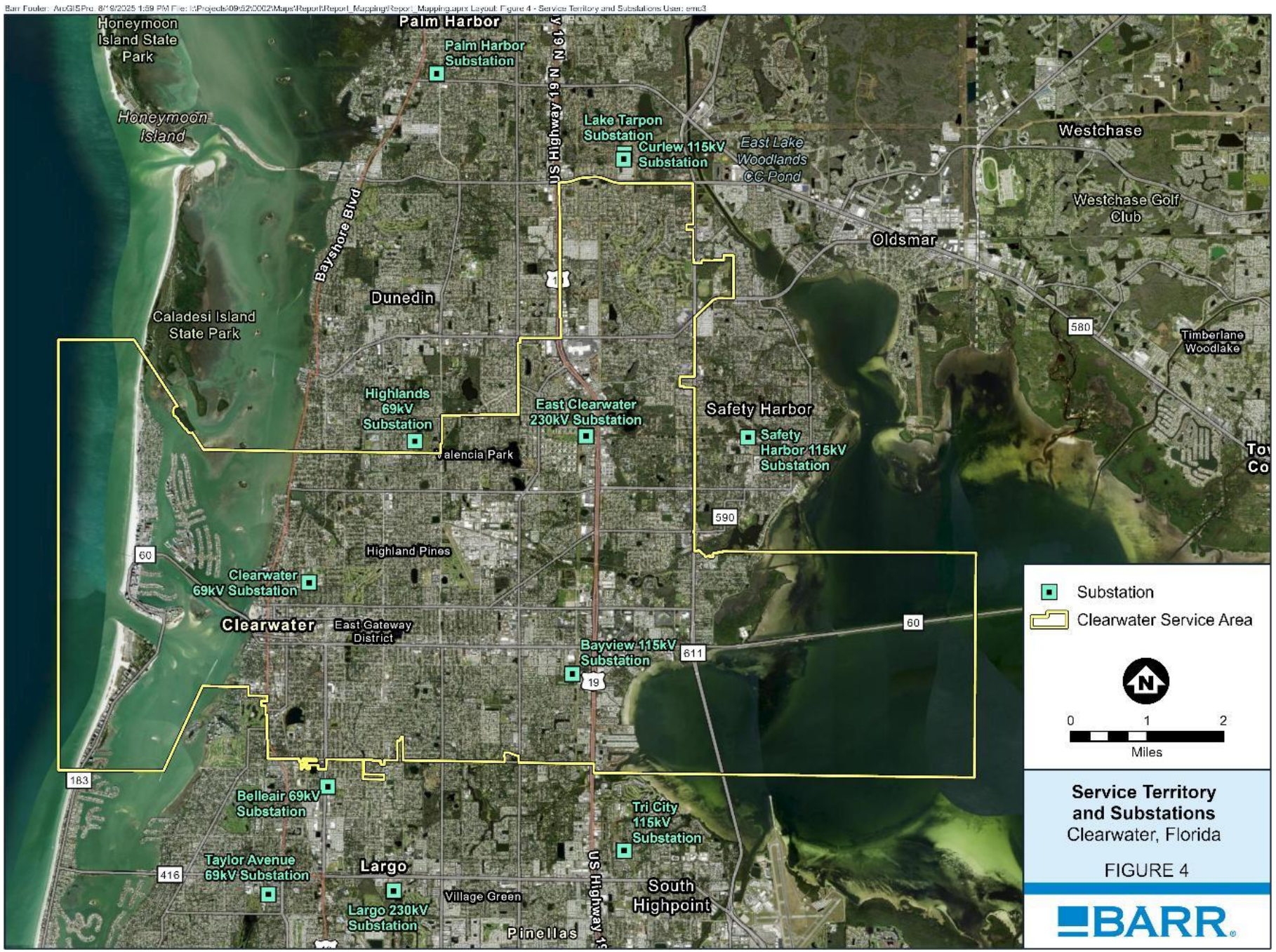
CLEARWATER MUNICIPAL ELECTRIC UTILITY

- Clearwater MEU would not own generation / transmission assets
  - Buy generation / transmission services from Duke
  - Rates charged by Duke based on cost principles
  - Regulated by Federal Energy Regulatory Commission (FERC)
- Clearwater MEU would acquire distribution assets from Duke
  - Substations, feeders, service lines / meters

CLEARWATER MUNICIPAL ELECTRIC UTILITY

- Clearwater MEU would operate similarly to existing city utilities
  - Natural gas utility (CGS Energy)
    - City does not own natural gas wells / pumping
    - Customers in Pinellas / Pasco counties
  - Water utility
    - Purchases treated water and distributes to customers in the City and beyond

CLEARWATER MEU SERVICE TERRITORY



FEASIBILITY STUDY:
MEU ANNUAL EFFECTIVE ALL-IN RATE ($/KWH)

- Operational Costs
  - Purchase of wholesale power / transmission services
  - Operation of distribution system / customer billing / customer care services
  - Payment of administrative and general (A&G) costs
- Non-Operational Costs
  - Contributions to government and community non-profit groups for lost revenue (taxes, franchise fees, community organizations)
  - Cash payments for system improvements
  - Bond payment for assets (taxable and non-taxable bonds)
  - Bond payment for operations / reserves (taxable and non-taxable bonds)
- Total annual dollars divided by total annual energy sales
  - Annual effective all-in rate ($/kWh)

FEASIBILITY STUDY:
CITY'S ABILITY TO PAY FOR ACQUISITION / STRUCTURE OF MEU

- Issue bonds
  - Revenue bonds pledged to MEU revenues from rates
  - Taxable bonds used for acquiring private assets, reserves
  - Tax-free bonds used for improvements, start-up costs
  - Reviewed with City's bond counsel Byrant, Miller, & Olive (BMO)
  - Reviewed with City's municipal advisor Public Resources Advisory Group (PRAG)
- Utility structure / organization options
  - Department of the City
    - Similar to natural gas (CGS Energy)
    - Potential synergies with existing customer systems
  - Utility authority / commission
    - Independent system from City

FEASIBILITY STUDY:

OPPORTUNITY COSTS FOR CONSIDERATION (DUKE INVESTMENTS IN THE COMMUNITY)

- Since 2020, Duke and the Duke Energy Foundation have provided
  - $1.3 million in Donations and Sponsorships
  - $1.0 million in Grants / Employee Matching / Volunteer Rewards
- Duke contributes to charitable organizations in the Clearwater area
  - Over $150,000 a year
- Duke contributes to Pinellas County area organizations including
  - Pinellas County Urban League
  - Pinellas County Education Foundation
  - Habitat for Humanity
  - New World Reading
  - St. Pete College
- Duke “Share the Light” Fund (low-income assistance)

FEASIBILITY STUDY

REVENUE REQUIREMENT FOR CLEARWATER MEU YEAR 1 (2026)

Line Item	2026 Cost ($000) (1)
Operating Revenues	$230,000
Projected Operating Expenses	
Power Supply	$88,000
Transmission Expense	$20,000
Distribution Expense	$12,000
Customer Expense	$9,000
General and Administrative Expense	$13,000
Total Operating Expenses	$142,000
Non-Operating Expenses	
Taxes / Franchise Fee / Community Replacement	$19,000
Renewals and Replacements (Cash)	$17,000
Annual Debt Service (2)	$47,000
Total Non-Operating Expenses	$83,000
Cash Required for Debt Service Coverage (3)	$0
Cash Required for Reserves	$5,000
Total Expenses	$230,000

(1) Numbers may not add due to rounding.
(2) System annual bond payment based on estimated value, including "going concern" and estimated value of land / easements, as well as severance / reintegration and initial reserve contributions.
(3) Cash Required for Debt Service Coverage included in issuance costs for Year 1 and becomes a revenue requirement (cash) item in subsequent years.

FEASIBILITY STUDY:

ANNUAL EFFECTIVE ALL-IN RATE FOR CLEARWATER MEU COMPARISON TO DUKE

Item	Year 1 (2026)	Year 5 (2030)	Year 10 (2035)	Year 20 (2045)
Total Clearwater MEU Revenue ($000)	$230,141	$250,805	$280,412	$374,388
Total Annual Sales (MWh)	1,778,491	1,872,967	1,995,432	2,264,006
Clearwater MEU Effective Rates ($/kWh)	$0.1294	$0.1339	$0.1405	$0.1654
Total Duke Revenue in Clearwater ($000)	$255,587	$273,237	$325,558	$461,976
Total Annual Sales (MWh)	1,778,491	1,872,967	1,995,432	2,264,006
Duke Effective Rate in Clearwater ($/kWh)	$0.14	$0.15	$0.16	$0.20
Difference between Clearwater MEU and Duke Revenue (Savings) – $000 (1)	$25,445	$22,432	$45,146	$87,587
% Difference	(10.0%)	(8.2%)	(13.9%)	(19.0%)

(1) Numbers may not add due to rounding.

FEASIBILITY STUDY:

WHAT DOES SAVINGS MEAN FOR INDIVIDUAL CUSTOMERS AND CLASSES

Item	Unit	Duke	Clearwater MEU
2026 Effective All-In Rate	**$/kWh**	**$0.1437**	**$0.1294**
Residential	$/kWh	$0.1778	$0.1601
Commercial	$/kWh	$0.1159	$0.1044
Industrial	$/kWh	$0.0734	$0.0661
Public Authority	$/kWh	$0.1229	$0.1107
Lighting	$/kWh	$0.3119	$0.2809

Note: Analysis assumes same classification / proportionality as current Duke rates. City Council can change the proportion based on its policy objectives. Numbers may not add due to rounding.

FEASIBILITY STUDY:

ANNUAL EFFECTIVE ALL-IN RATE FOR CLEARWATER MEU COMPARISON TO DUKE

- In other words, 10% savings for customers in Year 1
- Over time, savings tend to increase

- Savings based on 2026 estimated effective all-in rates:
  - Residential using 1,000 kWh (month): $17.70 savings
  - Commercial using 10,000 kWh (month): $115.00 savings

- Clearwater MEU can customize rate classes

COMPARISON TO CONCENTRIC ENERGY ADVISORS' STUDY

FEASIBILITY STUDY:

COMPARISON TO CONCENTRIC ENERGY ADVISORS' (CEA) REPORT ($/MILLION)

Line Item	CEA Report [1]	NewGen Report	Variance
Assets to be Acquired			
High Value	$540	$371	($169)
Low Value	$477	$371	($106)
Separation & Reintegration Costs			
High Value	$342	$68	($274)
Low Value	$305	$68	($237)
Stranded Generation	$230	$0	($230)
Start-Up Costs [2]			
High Value	$136	$133	($3)
Low Value	$122	$133	$11
Preliminary High-Level Valuation Costs			
High Value	**$1,248**	**$572**	**($676)**
Low Value	**$1,134**	**$572**	**($562)**

(1) CEA report in 2029 values.
(2) Start-up costs include transaction costs.

FEASIBILITY STUDY:
NEWGEN COMPARISON TO CEA REPORT

- Timing
  - 2029 (CEA)
  - 2026 (NewGen)
- Distribution-related asset cost
  - “Market” value (CEA)
  - Estimated RCNLD (NewGen) – inclusive of “going concern” per state law
- Separation / reintegration cost
  - City municipal boundaries (CEA)
  - MEU service territory (NewGen)
    - Inclusive of enclaves within City municipal boundary

FEASIBILITY STUDY:
NEWGEN COMPARISON TO CEA REPORT

- "Stranded generation" costs
  - Lost revenue for Duke (CEA)
  - No stranded generation costs (NewGen)
    - Not entitled under State law
    - Clearwater MEU to purchase wholesale generation / transmission from Duke
- Preliminary valuation estimates (all-in cost)
  - $1.1–$1.2 billion (CEA)
  - $572 million (NewGen)
- Feasibility Study level estimates

FEASIBILITY STUDY:

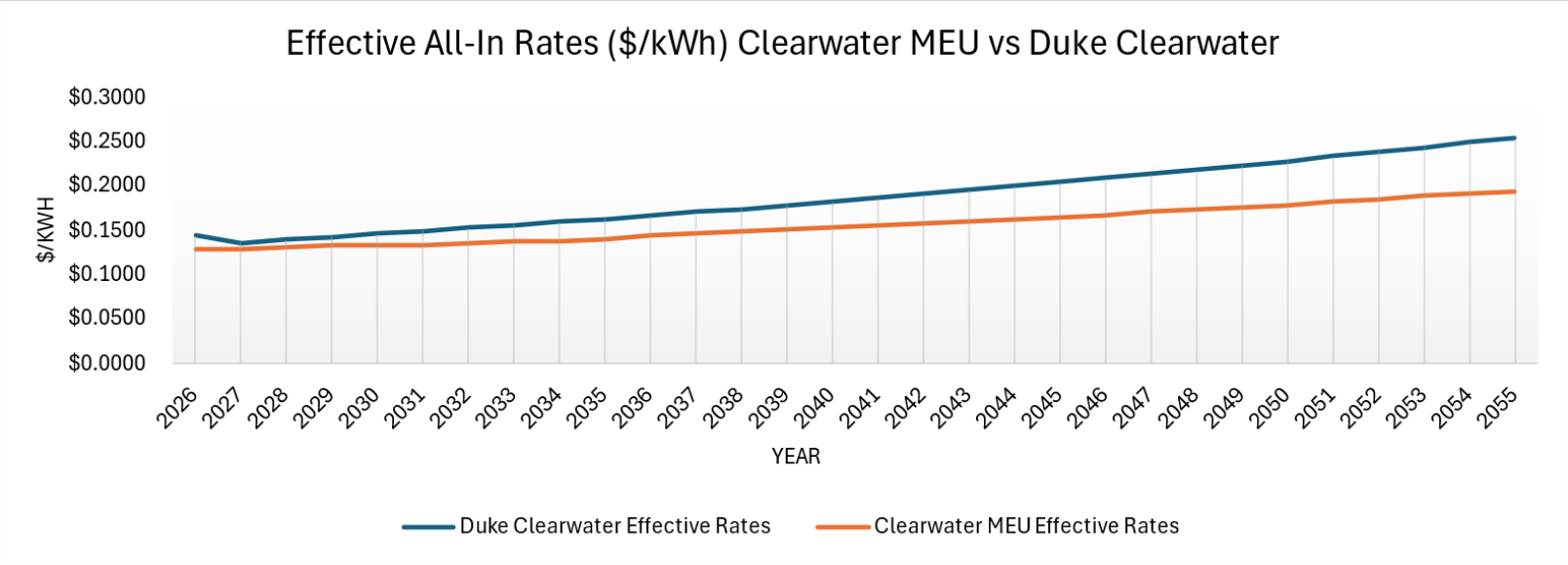
YES, WE THOUGHT OF THAT.

- ✓ Budgeted for professional management of distribution operation
  - ✓ Focused on Clearwater area
- ✓ Storm Response
  - ✓ Mutual aid available
  - ✓ Contract for services
- ✓ Non-profit contributions
- ✓ Protecting general fund through revenue bonds
- ✓ Access to generation / transmission services at regulated rates

Public Power Mutual Aid Guide. American Public Power Association

CONCLUSIONS / NEXT STEPS

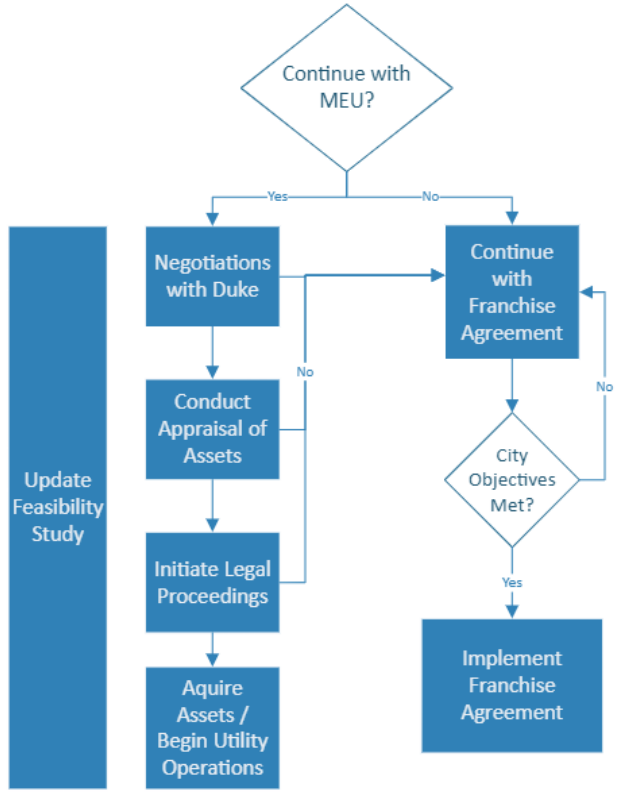
FEASIBILITY STUDY:
CLEARWATER MEU RATE COMPARISON TO DUKE



- Duke's annual effective all-in rates are higher than Clearwater MEU rates for all years of the Study
- Duke's effective all-in rates decrease in Year 2, consistent with the Florida PSC settlement
- Clearwater MEU effective all-in rates increase at slower pace than Duke due to fixed amounts associated with bond payments

FEASIBILITY STUDY:
NEXT STEPS

- Move forward with the Clearwater MEU or proceed with franchise agreement?
- If moving forward with Clearwater MEU, then:
  - Appraisal followed by negotiations with Duke
    - Mutually agreed purchase price, wholesale power agreement, and start date
  - Initiate legal proceedings
- If not moving forward with Clearwater MEU, then:
  - Enter franchise agreement negotiations



QUESTIONS

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