

**CITY OF HOMESTEAD, FLORIDA**

**ORDINANCE NO. 2021-06-09**

**AN ORDINANCE OF THE CITY OF HOMESTEAD, FLORIDA, AMENDING THE CITY CODE OF ORDINANCES BY AMENDING CHAPTER 28, "UTILITIES", ARTICLE VIII, DIVISION 2, SECTION 28-252, "POWER COST ADJUSTMENT (PCA)," TO ALLOW THE CITY ELECTRIC UTILITY DEPARTMENT TO ADMINISTRATIVELY DETERMINE THE ENERGY CHARGE PERCENTAGE FACTOR OF THE POWER COST ADJUSTMENT (PCA) FORMULA; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE; PROVIDING FOR CONFLICTS; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City of Homestead ("City") Public Services Department Energy Division ("Electric Utility") has continued to lower the power generation component of the total energy costs over the last twelve (12) years; and

**WHEREAS**, many of the City's other operational costs for the Electric Utility continue to increase over time at a rate similar to the Consumer Price Index (CPI); and

**WHEREAS**, in order for the Electric Utility to quickly address necessary adjustments to how revenues are allocated to cover energy production costs and operational costs, the City Council finds that it is necessary to amend Section 28-252, "Power Cost Adjustment (PCA)" of Division 2, Article VIII of Chapter 28, "Utilities," of the City Code of Ordinances to allow the Electric Utility to administratively adjust the energy charge percentage factor of the power cost adjustment (PCA) formula within a certain pre-approved range; and

**WHEREAS**, this proposed Ordinance would continue to provide for the adequate protection of the City's Electric Utility; and

**WHEREAS**, City Council has held the required public hearing, duly noticed in accordance with law; and

**WHEREAS**, the City Council finds that this proposed Ordinance serves to further enhance the protection of the public health, safety and welfare and advances the public interest.

**NOW, THEREFORE, IT IS HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOMESTEAD, FLORIDA, AS FOLLOWS:<sup>1</sup>**

**Section 1. Recitals Adopted.** That each of the above stated recitals are hereby adopted and confirmed as the legislative intent of this Ordinance.

**Section 2. City Code Amended.** That Chapter 28, "Utilities," Article VIII, "Electricity," Division 2, "Deposits, Rates and Charges," Section 28-252 "Power cost adjustment (PCA)", is hereby amended to read, as follows:

CHAPTER 28 - UTILITIES

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ARTICLE VIII. - ELECTRICITY

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DIVISION 2. – DEPOSITS, RATES AND CHARGES.

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Sec. 28 - 252. Power cost adjustment (PCA)

- (a) Application. This energy cost adjustment clause is applicable to and becomes a part of all the city's retail rate schedules.
- (b) *Billing*. The monthly bill computed under the appropriate retail rate schedule will be increased or decreased by an amount equal to the result of multiplying the KWH measured or used by the energy cost adjustment factor F, determined as follows:

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<sup>1</sup> Proposed additions to existing City Code text are shown by underlining; proposed deletions from existing City Code text are shown by ~~striketrough~~.

$$F = ((F_m / S_m) - \$0.03720 P_m)$$

Where:

- (1) F = Energy cost adjustment factor in dollars per KWH rounded to the nearest one-hundredth of a cent applicable to bills rendered during the current billing period. The energy cost adjustment will be revised monthly, with each new figure being effective for bills for periods beginning the first day of each month.
- (2) F<sub>m</sub> = Total applicable energy costs for the billing period. Total applicable energy cost for the billing period is:
  - a. The estimated cost of fossil and nuclear fuel consumed in the city's generating units and the city's share of fossil and nuclear fuel consumed in jointly owned generating units, plus one-half of the annual amortization requirement associated with the disposal of spent nuclear fuel; plus
  - b. The estimated net cost of purchases for scheduled maintenance, and the net energy cost of energy purchases, exclusive of capacity or demand charges except when such demand or capacity charges are incurred for the displacement of oil or gas-fired generation on the city's system and not otherwise required as a normal generating capacity resource, when such energy is purchased on an economic dispatch basis to substitute for the city's own higher cost of energy; plus
  - c. The estimated identifiable fossil and nuclear energy costs associated with energy purchased for reasons other than identified in b. above; plus
  - d. An amount to correct for the over-recovery or under-recovery of total energy costs, such amount will be determined as the difference between energy costs billed, using estimated energy costs, and actual energy costs incurred. A "true up" amount will be included in the calculation of the energy cost adjustment for the succeeding twelve-month period; minus
  - e. The estimated energy costs of fossil and nuclear fueled generation recovered through inter-system sales including the fuel costs related to the economy energy sales and other energy sold on an economic dispatch basis.
- (3) S<sub>m</sub> = estimated net energy sales in KWH in the billing period equal to the sum of (a) net generation, (b) purchases, (c) inter-change in, less (d) inter-system sales referred to in (2)e. above, all as adjusted for system losses by a factor determined by the city.
- (4) P<sub>m</sub> = The percentage factor used to determine the portion of energy charges to be allocated to fund energy production costs. The city electric utility department may administratively adjust the energy charge percentage factor within the range of 40% to 55% after evaluating yearly operational costs. Adjustments to the energy charge percentage factor that would fall outside the range of 40% to 55% shall be submitted to the city council for approval.

The adjustment procedures for the power cost adjustment shall be ~~handled~~ determined administratively and incorporated into the city electric utility department's "Policies, Standards, and Specifications for Electric Service" manual, on a monthly basis (at the start of each month), with reports furnished to the city council as soon as said monthly adjustments have been made.

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**Section 3. Severability.** That the provisions of this Ordinance are declared to be severable and if any section, sentence, clause or phase of this Ordinance shall for any reason be held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining sections, sentences, clauses, and phrases of this Ordinance but they shall remain in effect, it being the legislative intent that this Ordinance shall stand notwithstanding the invalidity of any part.

**Section 4. Inclusion in the Code.** That it is the intention of the City Council, and it is hereby ordained that the provisions of this Ordinance shall become and be made a part of the Code of the City of Homestead; that the sections of this Ordinance may be renumbered or relettered to accomplish such intentions; and that the word "Ordinance" shall be changed to "Section" or other appropriate word

**Section 5. Conflicts.** That all ordinances or parts of ordinances, resolution or parts of resolutions, in conflict herewith, are repealed to the extent of such conflict.

**Section 6. Effective Date.** That this Ordinance shall be effective immediately upon adoption on second reading.

**PASSED** on first reading this 26<sup>th</sup> day of May, 2021.

**PASSED AND ADOPTED** on second reading this 16<sup>th</sup> day of June, 2021.

STEVEN D. LOSNER,  
Mayor

ATTEST:

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ELIZABETH SEWELL, MPA, MMC  
City Clerk

APPROVED AS TO FORM AND LEGAL SUFFICIENCY  
FOR THE USE AND BENEFIT OF THE CITY ONLY:

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WEISS SEROTA HELFMAN COLE & BIERMAN, P.L.  
City Attorney

Motion to adopt by Councilman Shelley, seconded by Councilman Roth.

***FINAL VOTE AT ADOPTION***

<i>Mayor Steven D. Losner</i>	<u>YES</u>
<i>Vice Mayor Patricia D. Fairclough- Staggers</i>	<u>YES</u>
<i>Councilwoman Erica G. Ávila</i>	<u>YES</u>
<i>Councilwoman Jenifer N. Bailey</i>	<u>YES</u>
<i>Councilman Sean L. Fletcher</i>	<u>ABSENT</u>
<i>Councilman Larry Roth</i>	<u>YES</u>
<i>Councilman Stephen R. Shelley</i>	<u>YES</u>