



REPORT TO: SUA

MEETING DATE: MARCH 23, 2020

Agenda Item:	SUA-20-08
Background / Issue:	<p>The Stillwater Utility Authority (SUA) has benefitted from lower than expected wholesale purchase power cost from Grand River Dam Authority (GRDA) in Fiscal Year (FY) 20.</p> <p>The lower than expected costs come from an abundance of hydro power due to excessive rain fall earlier this FY, lower than expected natural gas prices, as well as a reconfiguration of GRDA's rate structure.</p> <ul style="list-style-type: none"> • Hydro electricity is considerably cheaper to produce than other types of generation. • Natural gas prices are lower than expected. • GRDA provided a rate stabilization credit of .00055 per kWh to offset any variability in purchase power cost until its customers could budget for any potential difference in the new rate structure. <p>Combined, these factors have all contributed to lower than expected costs in FY20.</p>
Proposal/Solution:	Decrease purchased power budget by \$3,250,000.
Financial Impact/Funding Source(s):	By decreasing the FY20 purchased power budget, those dollars can be considered for deployment during the preparation of the FY21 budget.
Related Strategic Priority:	Strategic Priority #1 – Effective Services & Accountable Government
Recommended Action/Motion:	Motion to approve the attached budget amendment reducing the FY20 purchased power budget from \$28,900,000 to \$25,650,000.
Prepared By:	Christy Cluck, Finance Director Loren Smith, Electric Utility Director
Submitted By:	Norman McNickle, City Manager
Attachment(s):	Budget Amendment – Purchased Power Reduction