

MINUTES
November 5, 2024
2:00 P.M.

Present:

COMMISSIONERS:

Larry Mills, President

Roger Chapin, First Vice President

Britta Gross, Immediate Past President

Linda Landman Gonzalez, Commissioner

Buddy Dyer, Mayor

Clint Bullock, General Manager & Chief Executive Officer

Attila Miszti, Chief Operating Officer

Mindy Brenay, Chief Financial Officer – Ex Officio

Christopher McCullion, Chief Financial Officer

Linda Ferrone, Chief Customer & Marketing Officer

Latisha Thompson, Chief Employee Experience Officer

Michael Murtagh, Chief Transformation & Technology Officer

Luz Aviles, LeMoyné Adams, Wade Gillingham, Jenise Osani, Ken Zambito, & Jaison Busby, Vice Presidents

Frances Johnson, Recording Secretary

The November 5, 2024 Commission Meeting was held in person at the Orlando Utilities Commission's Reliable Plaza Commission Chambers.

President Mills asked Vince Preston to provide the Safety and Security protocols for the meeting.

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Moment of Reflection

President Mills asked Endy Ortiz to provide the moment of reflection.

* * *

Pledge of Allegiance

President Mills asked Gerald Hesselman to lead the Pledge of Allegiance to the Flag.

* * *

Call to Order

The Commission Meeting was called to order at 2:05 P.M. President Mills acknowledged a quorum was present.

* * *

Consideration of the Minutes

MOTION: On a motion by Commissioner Gross, seconded by Commissioner Landman Gonzalez, and unanimously carried, the reading of the September 10, 2024 Commission Meeting minutes was waived, and the minutes were approved.

Service Awards

Christopher McCullion presented a 25-year service award to Lawrence Strawn, Director of CAP & Grants Administration.



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Employee / Community Recognition

Latisha Thompson provided a recap of activities OUC conducts during the month of November in observance of Veterans Day, and National Veterans and Military Families Month. She specified that OUC has 123 employees who are military veterans, which is approximately 10 percent of the employee population.

* * *

Jenise Osani presented OUC's PROUD Volunteer program, which recognizes OUC employees who provided their skills, time, and dedication to various non-profit organizations throughout Central Florida in Fiscal Year 2024. There were no comments from the Commissioners. Refer to the video in the appendix for more on the top three PROUD volunteers.

* * *

Luz Aviles provided an overview of Customer Service Appreciation Week, which took place from October 21st through October 25th as it was delayed due to Hurricane Milton's impact on OUC's service territory. Ms. Aviles described the various celebratory activities in which team members participated and highlighted the team's important contributions to OUC. There were no comments from the Commissioners. Refer to the appendix for more information.

* * *

Affirmative Items

President Mills presented the affirmative items for Approval.

MOTION: On a motion by Mayor Dyer and seconded by Commissioner Chapin, Affirmative Items A-1 through A-17 were approved as follows:

1. Ratification of the fuel procurements to the most responsive and responsible bidders in June and July 2024 in the aggregate amount of \$29,481,031.09 follows:

NATURAL GAS PURCHASES:

June 2024	Clarke-Mobil Counties	\$ 564,000.00
June 2024	ConocoPhillips	\$ 542,761.88
June 2024	EDF Trading	\$ 1,654,568.31
June 2024	ECO Energy	\$ 464,415.00
June 2024	Municipal Gas Authority of Georgia	\$ 4,168,087.88
June 2024	Pathpoint Energy	\$ 1,289,066.69
June 2024	Tenaska Marketing Ventures	\$ 140,475.90
June 2024	Tenaska Gas Storage, LLC	\$ 417,328.37
June 2024	Texla Energy Management	\$ 989,256.72
July 2024	Clarke-Mobil Counties	\$ 483,600.00
July 2024	ConocoPhillips	\$ 670,935.13
July 2024	EDF Trading	\$ 1,947,839.81
July 2024	ECO Energy	\$ 502,378.00
July 2024	Municipal Gas Authority of Georgia	\$ 4,041,586.06
July 2024	Pathpoint Energy	\$ 1,422,334.82
July 2024	Tenaska Marketing Ventures	\$ 152,913.39
July 2024	Tenaska Gas Storage, LLC	\$ 444,628.66
July 2024	Texla Energy Management	\$ 1,337,128.83



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COAL PURCHASES:

June 2024	Crimson Coal Corporation	\$ 2,514,006.84
July 2024	Crimson Coal Corporation	\$ 5,733,718.80

2. Approval of a Capital Expenditure Estimate for the Stanton Energy Center Spare Generator Rotor Rewind Project in the amount of \$2,521,325. Approval of a sole source Purchase Order to Siemens Energy Inc to provide rewind services for Stanton Energy Center in the amount of \$2,502,925;
3. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Environmental Systems Corporation d/b/a ESC Spectrum Corporation in the amount of \$162,397 to continue providing mercury continuous emissions monitoring system maintenance and support services, increasing the total Purchase Order amount to \$525,117;
4. Approval of a Purchase Order to Black & Veatch Corporation to provide engineering design, permitting, construction, and commissioning support services for the Indian River Plant in the amount of \$375,000;
5. Approval of Change Request No. 3 to the Capital Expenditure Estimate in the amount of \$3,168,084.40 for additional engineering, construction, and administration costs for the Airport Substation to Narcoossee Road Project - Phase 1, increasing the total project cost to \$11,534,496.89. Approval of an OUC initiated scope change and conforming Change Order No. 3 to GAI Consultants, Inc. in the amount of \$382,200 to provide additional engineering, permitting services, and construction plans for the project, increasing the total Purchase Order amount to \$1,145,600;
6. Approval of an OUC initiated scope change and conforming Change Order No. 2 to All Terrain Tractor Service, Inc. in the amount of \$665,700 to continue to provide asphalt and concrete surface restoration services, increasing the total Purchase Order amount to \$1,430,769.51;
7. Approval of the Capital Expenditure Estimate for the installation of the underground electric distribution system to serve the Brack Ranch Subdivision – Phase 2 in the amount of \$502,669.50, with a customer contribution in the amount of \$111,940;
8. Authorization for the General Manager & CEO to execute the Joint Participation Agreement Task Order No. 2 with the City of Orlando for the Haralson Subdivision Water Main Improvements Project. Approval of Change Request No. 1 to the Capital Expenditure Estimate in the amount of \$2,976,524.80 for construction, administration, and inspection costs necessary for the Project, increasing the total project cost to \$3,043,189.14. Approval of an OUC initiated scope change and conforming Change Order No. 1 to the City of Orlando in the amount of \$2,627,575.53 for construction, administration, and inspection costs, increasing the total Purchase Order amount to \$2,689,301.77;
9. Approval of a Capital Expenditure Estimate for the installation of underground electric distribution facilities to serve the Lake Nona Medical City area west of Medical City Drive in the amount of \$884,953.93;
10. Approval of the Capital Expenditure Estimate for the Smart Fault Indicators Installation Project located in the Orlando service territory in the amount of \$694,078.20;
11. Approval of RFP #7898 – Contract award to Thomas Electrical Systems & Testing, Inc and Titan Utility Services, LLC, the most responsive and responsible proposals to provide on-site testing of electrical personal protection equipment and insulated devices in the aggregate amount of \$577,211;



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12. Approval of a Capital Expenditure Estimate for the Interval Read Billing Quality Interface Project in the amount of \$760,399;
13. Approval of a sole source Purchase Order to Carahsoft Technology Corporation to provide LinkedIn recruitment subscription and analysis services in the amount of \$173,484.04;
14. Approval of RFP #7600 – Contract award to Gallup, Inc., the lowest, most responsive, and responsible proposal to provide an interactive employee engagement survey platform and consultative services in the amount of \$599,475;
15. Authorization for the General Manager & CEO to execute the Partial Release of Easement for property located south of West Sand Lake Road, east and west of Kirkman Road Extension, and north of Universal Boulevard;
16. Authorization for the General Manager & CEO to execute the Release of Easement for property located south of Lockheed Martin Boulevard and west of Kirkman Road Extension; and
17. Authorization for the General Manager & CEO to execute the Release of Easement for property located south of West Sand Lake Road and west of Kirkman Road Extension.

* * *

Presentation

Commissioner Chapin provided the October 24, 2024 Audit–Finance Committee Report.

The Committee received an Internal Audit Update, including a presentation on the results of the Annual Risk Assessment and the proposed Fiscal Year 2025 Audit Plan. The Committee approved the proposed Fiscal Year 2025 Audit Plan.

The Committee heard an update on the estimated costs related to restoration efforts for Hurricanes Helene and Milton and reviewed those estimates in relation to the costs for other storms.

The Committee was informed of a credit rating downgrade for TD Bank, which is the liquidity provider for OUC's variable rate bonds. Disclosure Counsel is assisting with the preparation of a material event notice, which will be filed pursuant to OUC's continuing disclosure obligations.

The Committee was advised that there will be two proposed tariff changes on the December Board agenda. The first is an amendment to the Electric Line Extension Policy to remove the requirement for a Contribution in Aid of Construction fee for homes served by natural gas. The second is an amendment to the solar interconnection agreement that will permit the use of a meter collar to connect the customer's solar panels to OUC's grid.

The Committee received a report from OUC's external auditor, Ernst & Young, regarding the FY 2023 Pension and OPEB Audit Report, and the plan for the FY 2024 financial audit.

The Committee received quarterly updates for the Energy Risk Management Oversight Committee, Treasury, Accounting, Fuel Stabilization Reserve, and grant activities.

* * *

Mr. McCullion presented the 2024 Preliminary Year-End Financial Report. Refer to the appendix for more information.

* * *



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Public Comments

President Mills acknowledged that commissioners were provided several communications submitted for the record as follows:

Email from customer Robert Nelson related to concerns about OUC's performance during Hurricane Milton.

Letters of support for PeakSHIFT from Jean Perpillant, Jr of the Greater Haitian American Chamber of Commerce of Orlando and Jeff Hayward of United Way.

Letter from Ed Merrick of Trinity Solar related to OUC's Proposed PeakSHIFT Program.

Emails of support for alternative approaches to net metering from Walter Paeans and Eric Neiberger.

Letter co-signed by Reverend Kathryn Schmitz of League of Women Voters of Orange County, Jeff Dorian of Citizen's Climate Lobby, Tom Caffery of Third Act Florida, Heaven Campbell of Solar United Neighbors of FL, and Brooke Alexander-Goss of Sierra Club FL related to the OUC Rate Change Process.

Letter from Jennifer Carpenter of The Nature Conservancy on Proposed Rate Changes.

Justin Harvey spoke about the risks in water fluoridation.

* * *

General Manager's Comments

Mr. Bullock provided introduction remarks related to PeakSHIFT, reminding Commissioners and the public that the PeakSHIFT Update is only informational, and a vote will be taken at the December Commission Meeting.

Linda Ferrone, Mindy Brenay, and Craig Brown, Senior Project Manager Utility Finance and Rate Advisor for 1898 & Co., provided an update on OUC's PeakSHIFT roadmap proposal that was presented at the June 13, 2024 Pricing Roadmap Workshop. They discussed details on the process OUC underwent to reevaluate the original proposal including, receiving and evaluating public feedback, conducting stakeholder engagement sessions, and incorporating the recommended changes to the original proposal. Ms. Brenay pointed out that the cost of fuel is a pass-through cost that is not considered for the TruNet Solar Program, as eluded by a public attendee at the July 9th Commission meeting. Commissioner Chapin expressed an interest in knowing how public attendees feel about the grandfather provision for TruNet Solar and stressed how increased peak demand results in higher rates to build additional infrastructure. Refer to the appendix for more information.

PeakSHIFT Public Comments

Sterling Clifford, Government Affairs Director at Sunnova Energy spoke about residential solar contributions to generation needs and PeakSHIFT impact on the growth of the solar industry.

Michael Cohen, an OUC customer, spoke in support of rooftop solar and net metering. He also requested for Mayor Dyer to ask his Sustainability Director to hire a consultant to conduct a workshop for the Board, OUC, and the general public regarding virtual power plants.

Val Mobley, an OUC customer, expressed appreciation to OUC for setting a gold standard and requested additional information regarding PeakSHIFT. President Mills assured Ms. Mobley her inquiries would be addressed.

Janet Bowman, a representative of the Nature Conservancy spoke about the potential impact of the PeakSHIFT program could have on solar programs such as the Solar For All program that helps provide solar as an energy option to low-income residents.

Patty Sheehan, an OUC customer, expressed concerns about the grandfathering option proposed in the PeakSHIFT program and conveyed she would like for OUC to continue the PV metering summary on their bills, and accurately compensate at the fuel and nonfuel rates.



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Wendy Parker, the Executive Director of the Florida Solar Energy Industries Association, discussed the economic impact the solar industry provides to the state of Florida.

Tyson Peterson, a representative for Trinity Solar discussed his concerns about the PeakSHIFT program and possible impacts to the solar industry and the community.

Bill Johnson, the current Board Chair of the Florida Solar Energy Industry Association spoke about his and the association's disagreement with the cost analysis OUC performed in support of the PeakSHIFT program. He offered to engage with OUC staff to revisit the cost analysis and discuss alternative program options.

Thad Culley, the Regulatory Director for Sunrun, spoke about virtual power plants.

Richard Black expressed his gratitude for the assistance provided by Jenise Osani, Queen Massaline, Derek Hudson, Janet Velazquez, and Harmonie Wilson related to the community education outreach effort for Energy Efficiency and proposed PeakSHIFT Shift and Save programs.

Heaven Campbell, Director of Solar United Neighbors, expressed her gratitude to OUC staff for their time when meeting with Solar United Neighbors and discussed her concerns regarding the PeakSHIFT proposal.

Brian Miller spoke about his lack of understanding of the PeakSHIFT presentation and expressed his concerns about the possible impact the proposed PeakSHIFT program could have on the solar industry in the area.

Joshua Nagel spoke about challenges in the solar industry he has encountered and his concerns that the proposed PeakSHIFT program could have on the solar industry.

Christopher Maingot, a representative for Solar Source, a solar contractor, expressed his concern about OUC cutting out net metering.

Tom Caffery, a climate activist from Third Act expressed his concerns with the proposed PeakSHIFT program.

* * *

Mr. Brown clarified that other municipal utilities in Florida do not have permanent grandfathering, but rather 20-year limits.

Mr. Bullock provided closing remarks, thanking public attendees for their participation in the meeting. Mr. Bullock reiterated the changing utility industry and the challenges OUC and other utilities face with balancing sustainability, affordability, and reliability. He emphasized that OUC is aggressively trying to move forward with reducing CO₂ emissions while continuing to balance affordability.

Commissioners' Comments

Mayor Dyer expressed his appreciation for the work done by OUC and the extensive information provided regarding the PeakSHIFT program since well before June 2024. He thanked the public attendees for their time and concluded by stating that he was listening.

Commissioner Chapin echoed Mayor Dyer's remarks regarding appreciation to OUC staff for providing the information regarding the PeakSHIFT program, as well as the community feedback. He expressed appreciation for revenue neutral plan and low prices, stating he leans more toward the seven-year phase out option rather than the grandfathering option within the proposed PeakSHIFT program. He expressed interest in learning more about virtual power plants and battery storage.

Commissioner Landman Gonzalez thanked the OUC staff and the public for their attendance and the information provided. She emphasized that changes and shifts in the industry are occurring. She stated that the board and OUC are committed to doing the right thing for all, which is not easy.

Commissioner Gross thanked everyone for their feedback. She expressed her unwavering support for meeting the sustainability goals and reducing CO₂ emissions. She added that she would like OUC to look into the water fluoridation concern.

President Mills echoed the board's sentiments. He expressed gratitude for everyone's patience and respect during the meeting. He concluded by thanking the public for the information they provided and assured them



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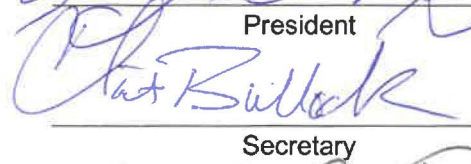
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that OUC staff have been taking notes and will continue to evaluate options to the proposed PeakSHIFT program.

President Mills adjourned the meeting at 4:44 P.M.


President


Secretary


Recording Secretary

APPENDIX

Community Recognition

Proud Volunteers – [Video](#)

Customer Service Week

Presentation

Financial Report

General Manager Comments

PeakSHIFT Update

Community Recognition

PROUD VOLUNTEERS

[Video](#)

Community Recognition

Customer Service Week

Customer Service Appreciation Week



Luz Aviles, VP Customer Experience & Sales	11/05/24
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Customer Service Appreciation Week



Customer Service Appreciation Week



Annual Achievements



750k+
CUSTOMER
CONTACTS

3M+
BILLS
GENERATED

99.55%
ACCURACY

3,120
HOME &
COMMERCIAL
ENERGY & WATER
AUDITS

\$31M
VALUE
IN COST
LETTERS

488
ONLINE &
MULTI-MEDIA
TRAINEES

Customer Service Appreciation Week



Customer Service Appreciation Week



Presentation

Financial Report.

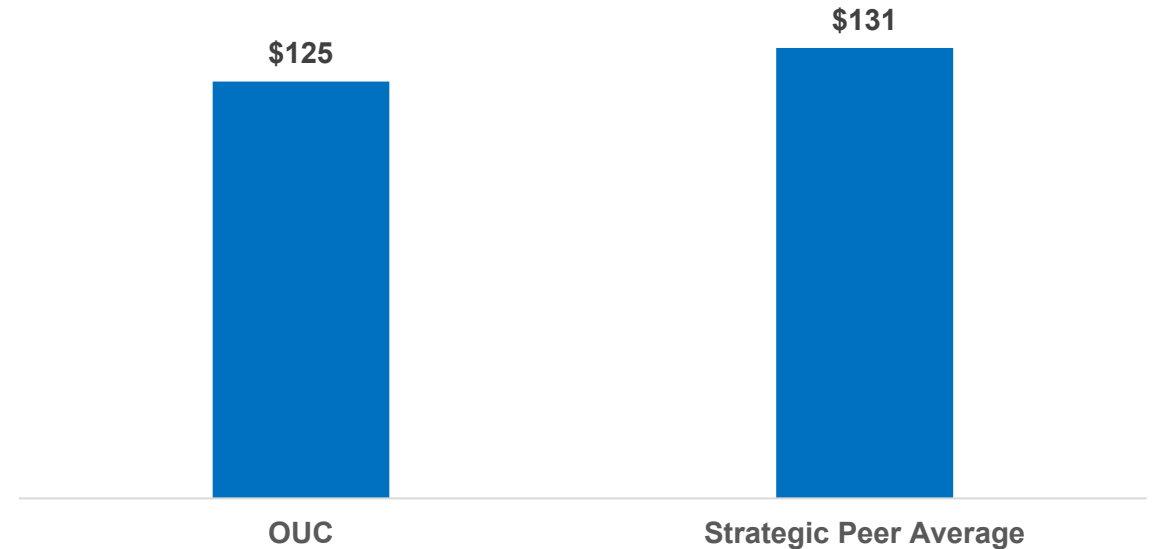
2024 Preliminary Year-End Results

Description (in millions)	2024 Budget	2024 Preliminary	Variance
Electric Retail Energy Revenues	\$ 530.3	\$ 537.7	\$ 7.4
Water Revenues	94.8	98.4	3.6
Chilled Water Revenues	43.3	42.1	(1.2)
Electric Wholesale Energy Revenues	27.7	28.2	0.5
Other Revenues	52.0	52.1	0.1
Total Revenues	748.1	758.5	10.4
Operating Expenses	(606.3)	(617.7)	(11.4)
Non-Operating Expenses	(18.6)	(17.4)	1.2
Income Before Contributions	\$ 123.2	\$ 123.4	\$ 0.2

- Total revenues, inclusive of regulatory actions, are projected to be \$10.4 million favorable to budget.
 - Electric is favorable due to weather variability and stronger than anticipated electric vehicle penetration.
 - Water is also favorable due to weather variability and less than normal rainfall.
- Operating expenses are \$11.4 million unfavorable due to rising labor and benefit costs, unplanned generation facility outages, and one-time water production costs to enhance operational efficiencies.

- In alignment with our strategic financial metrics, electric rates are less than the peer average + 5% (strategic peer average)
 - Electric rates include 1% for the recovery of costs associated with the “*Path to Net Zero CO₂ Emissions*”
- Several peer utilities have announced pending price increases including FPL, TECO, and JEA
 - No price changes are anticipated for OUC

Average Residential Customer Bill as of Nov. 2024
(based on 1,000 kWh per month)

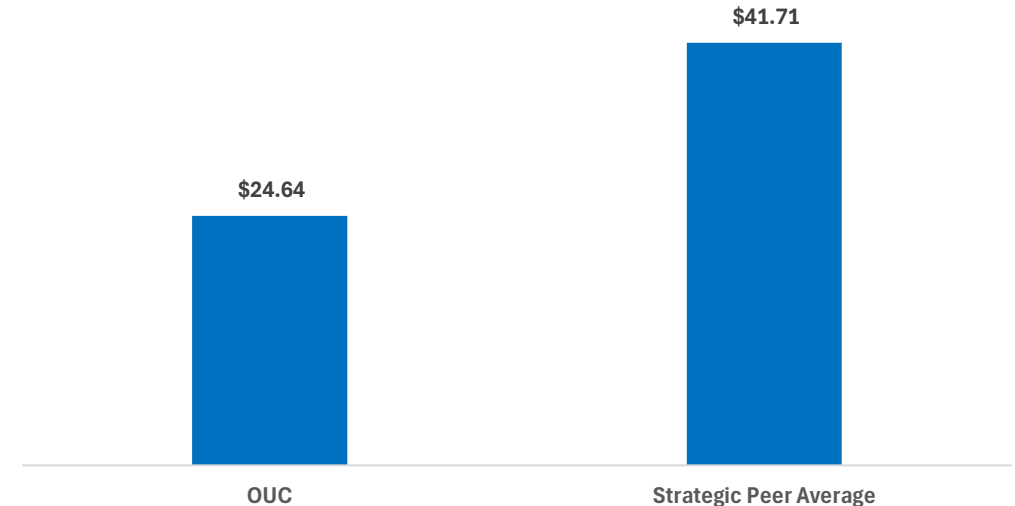


Peer average includes Duke, GRU, TECO, JEA, FPL, KUA, Lakeland, and Winter Park

2024 Water Bill Comparison

- In alignment with our strategic financial metrics, water rates are less than the peer average + 5% (strategic peer average)
- Peer utilities have not announced any price changes
 - No price changes are anticipated for OUC

Average Residential Customer Bill as of October 2024
(based on 10 kGal per month)



Peer average includes Cocoa, GRU, Lakeland, TOHO, Winter Park, Seminole and Orange County Utilities

General Manager Comments

PEAKSHIFT Update



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**Empowering people with new ways
to think about and use energy**
A Community-Optimized Energy System

OUC PeakSHIFT
Pending Board Approval

November 2024 Update

The OUC PeakSHIFT Program



- A multi-year program to better align costs equitably with how we all use electricity, empowering our customers with better information and more choices to create a more affordable, reliable, resilient, and sustainable grid
- Designed to encourage conservation, reduce peak demand, and help OUC achieve its clean energy goals to achieve net zero carbon emission by 2050
- Initial program recommendations presented in June 2024 at the Pricing Workshop

June 13 Original PeakSHIFT Proposal

SunChoice *Community Solar*

OUC will relaunch an optional community solar program that helps build new utility-scale solar generation and gives everyone access to solar energy

**Implemented
October 2024**

TruNet Solar *Net Metering*

OUC will change the billing process for all rooftop solar array owners to address cost inequalities created by current net metering

DemandLevel *Fixed Distribution*

OUC will reduce the variable cost per kWh of electricity and begin charging residential and small commercial customers a fixed amount based on each customer's use of the grid

Shift & Save *Time-of-Day Pricing*

OUC will introduce an industry-proven time-of-day pricing plan that enables customers to save money by shifting their electricity use into "off-peak" periods



Workshop Feedback on Original PeakSHIFT Program

Feedback By The Numbers

(as of September 30, 2024)



285,000 OUC's customer base



10,300 Net metering customers



143 **Comments received**
Most comments are focused on net metering changes.



29 **Links, articles, and studies**
Sent to OUC for consideration.

Positive Residential Customer Feedback

This sounds like a great idea! I would love to learn more about the program.

I look forward to the changes and if there's another trial period of testing, I'd be willing to try it out!

Yes I'm liking the idea 💡 my bill comes about \$500 dollars per month and I only get \$1,770 so anything would help with the cost of living. Thanks

Great idea! Can I opt in now for the on-demand pricing?

Great plan - excited to see how it goes.

OUC engaged with a broad range of Central Florida stakeholders and consulted industry experts

OUC met with stakeholders from the following

Community & Social Activist Groups

- Central Florida Foundation
- American Association of Retired People (AARP)
- Osceola Council on Aging
- NAACP of Orange County, FL
- Grassroot Impact
- PoderLatinx
- African American Council of Christian Clergy
- Lake Sunset Neighborhood Association
- Lift Orlando
- Shepherd's Hope
- Career Source
- Alianza for Progress / Alianza Center
- Seniors First
- United Way

Government Partners

- City of Orlando
- City of St. Cloud
- Orange County Government

Environmental, Renewable Energy, and Utility Industry Groups

- Solar United Neighbors
- The CLEO Institute
- Florida Clinicians for Climate Action
- Florida Solar Energy Industries Association (FlaSEIA)
- Esource
- SEPA

Economic Development Partners

- Orlando Economic Partnership
- Downtown Orlando Partnership
- GoSports
- Indian American Business Association
- Greater Haitian American Chamber of Commerce Orlando
- St. Cloud Chamber of Commerce
- National Entrepreneur Center

OUC provided information and sought feedback from the following

Economic Development & Chambers of Commerce

- East Orlando Chamber of Commerce
- Lake Nona Chamber of Commerce
- African American Chamber of Commerce
- Asian American Chamber of Commerce
- Prospera

Community & Social Activist Groups

- Sierra Club
- Central Florida Jobs With Justice
- Hispanic Federation
- Mayor's Veteran's Advisory Council
- Central Florida HANDS

Community & Solar Stakeholder Responses



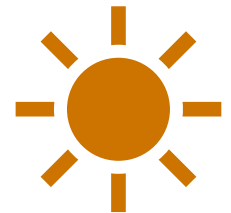
Senior, Environmental & Social
Advocacy Groups, Community
Groups, more

General Sentiment: Continued engagement and community meetings will help customers understand how shifting peak demand keeps prices affordable and how to take advantage of existing energy efficiency opportunities. Concerns about potential cost impacts alleviated by Shift & Save opt-out alternative.

Stakeholder's Recommended Alternative: Suggests OUC continue expanding access to energy efficiency and solar energy resources for low-income customers.

General Sentiment: People with rooftop solar or a business interest strongly oppose any change in solar compensation. DemandLevel saw some opposition but not from all solar stakeholders.

Stakeholder's Recommended Alternative: If Shift & Save is introduced with a higher cost differential and paired with battery storage, it would shift enough to avoid net metering changes. Support exists for energy storage rebates with the recommendation that a virtual power plant program be included in the PeakSHIFT program as soon as possible.



Solar Advocacy Groups,
Solar Installers &
Solar Customers

Updated Recommendations

PeakSHIFT: TruNet Solar Program Update

TruNet Solar

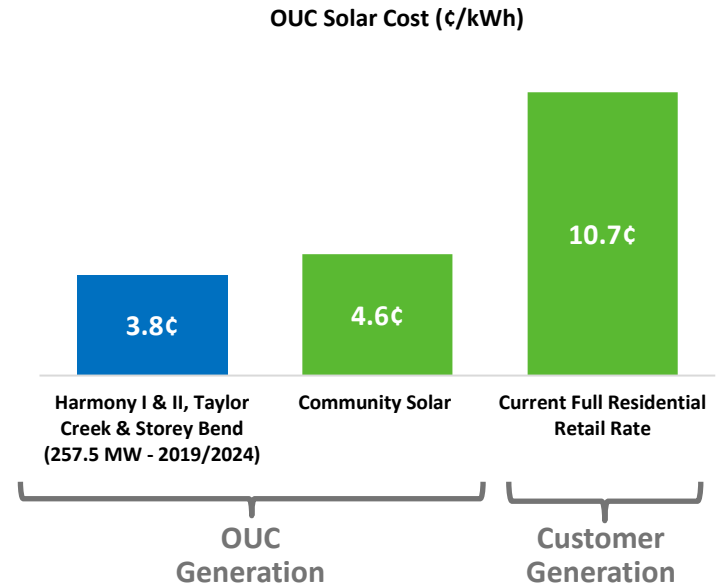
Net Metering
(10,300 customers)

Proposal provided for a separate charge for all energy supplied by OUC and a credit for customer exported energy to transition over a seven-year period from the full electric retail rate to the retail electric fuel rate

- Customer feedback focused on the lack of a grandfathering provision, the value assessed for the exported energy credit rate, and the lack of support for solar for all grant funding

Updated TruNet Solar:

- Grandfathered existing rooftop solar customers at the applicable full retail energy rate for twenty years
 - Currently 10.7¢/kWh credit for exported energy
 - Interconnection agreements received by June 30, 2025
- New rooftop solar customers credited for exported energy equivalent to the community solar farm rate for a five-year period
 - Currently 4.6¢/kWh
 - Interconnection agreements received on July 1, 2025 and after
- All rooftop solar customers will continue receiving full retail value for solar generation they consume themselves



PeakSHIFT: TruNet Solar Revenue Shortfall

- One-size fits all pricing does not equitably provide for full cost recovery
 - Results in an under-recovery of \$63.33 per month per roof-top solar customer or 42% of the cost to serve
- PeakSHIFT pricing proposal provides for the recovery of a portion of these costs and enhances customer equity

	Cost of Service ("COS")					Revenue ²			COS vs Revenue
	Units ¹			Unit Cost	Total	(Current Net Metering)			
	Gross	Solar Adj	Net			kWh	c/kWh	Total	
Customer (\$/month)									\$ 18.50
Fixed Demand (\$/kW)									
Production	15.3	(2.2)	13.1	\$ 3.69	48.34				
Transmission	15.3	(2.2)	13.1	\$ 1.39	18.21				
Distribution	15.3	-	15.3	\$ 2.36	36.11				
Non-fuel energy (¢/kWh)									
All kWh	1,690	(1,040)	650	0.685¢	4.45	650	6.783¢	44.09	
1st 1,000 kWh						-	9.283¢	-	
All additional kWh									
Fuel (¢/kWh)	1,690	(1,040)	650	3.867¢	25.14	650	3.867¢	25.14	
Total (Rooftop Solar Customer)									\$ 87.73
Customer without rooftop solar									\$ 151.06
									\$ 209.57
									\$ 215.74
									\$ (6.16)

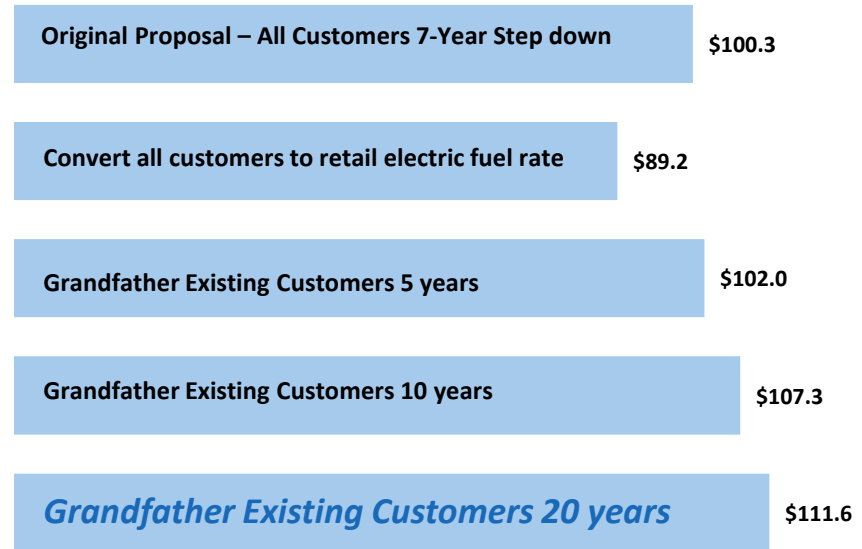
\$63 / month / rooftop solar customer shifted to non-rooftop solar customers

(1) Units:
 • Gross demand (kW) calculated using average residential load factor of 15.1%
 • Solar adjustment: 8.9 kW_{DC} rooftop solar system is assumed to be 25% coincident with OUC's system peak

(2) Revenue calculated using proposed rates effective October 1, 2024

- Net present cost of current net metering policy over a 20-year period is \$185.8 million
 - Represents 4.6% of total residential customers
 - 6.8% and 12.1% of single family homes in Orange and Osceola counties
- Net present cost assumption based on National Realty data and homeowner turnover every 9-years
- Grandfather provision does not extend to the premise

TruNet Solar 20-Year Net Present Cost
(\$ in millions)



PeakSHIFT: DemandLevel Program Update

DemandLevel

*Fixed Distribution
(280,000 Customers*)*

Proposal provided for a reduction in the non-fuel variable energy rate per kWh offset by a new fixed charge based on each customer's use of the grid

- Customer feedback focused on the fixed charge being set for a 12-month period

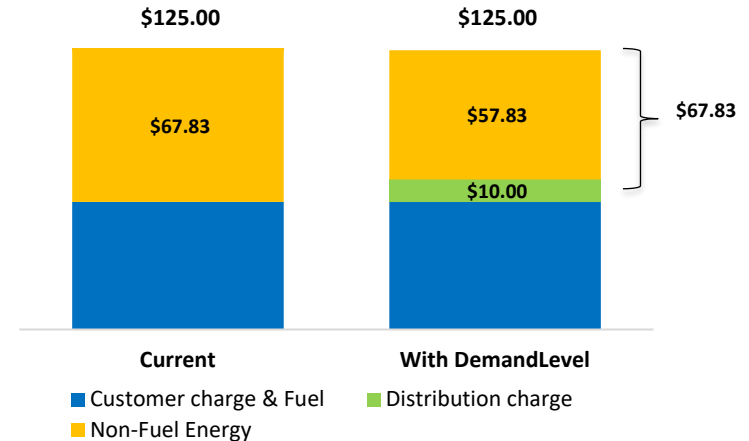
Updated DemandLevel: Continues to be revenue neutral

Residential	Original	Revised
Non-Fuel Energy Rate	~ 1 cent / kWh REDUCTION	~ 1 cent / kWh REDUCTION
Tiers based on maximum 15-minute kW demand	Reset annually	Reset monthly
Tier Level 1 - \$ 5.00	≥0 and <11 kW	≥0 and <8 kW
Tier Level 2 - \$10.00	≥11 and <16 kW	≥8 and <12 kW
Tier Level 3 - \$15.00	≥16 kW	≥12 kW

* Includes residential and small commercial customers

Revenue Neutral - Monthly Residential Bill

(1,000 kWh \$10 Tier 2 offset by \$10.00 lower Non-Fuel Energy)



Initial DemandLEVEL pricing based on FY2025 electric cost of service recovers 42% of distribution costs

Shift & Save

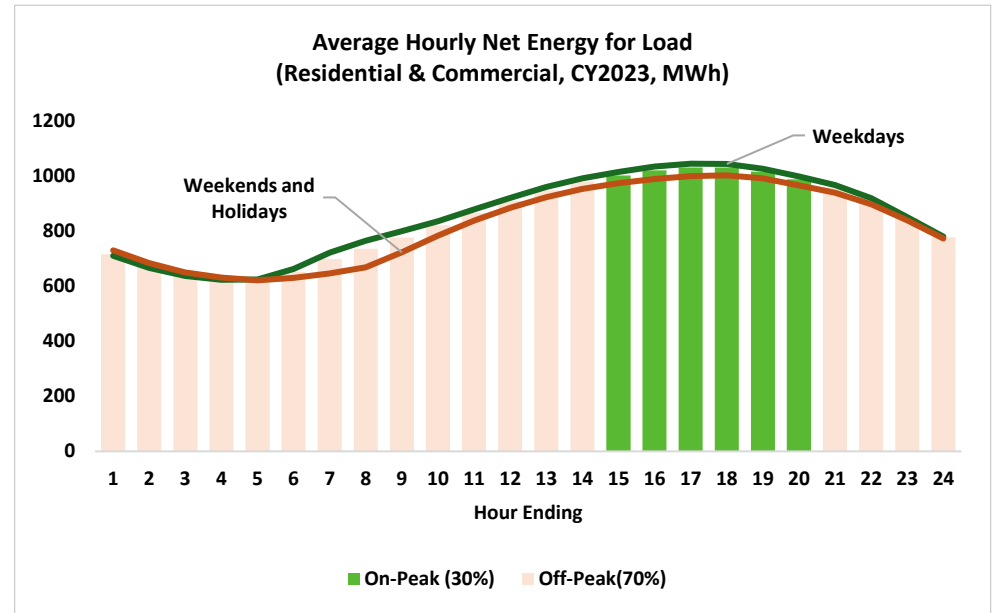
*Time-of-Day Pricing
(280,000 Customers*)*

Proposal provided for the implementation of time-of-day pricing plan with an introductory price differential of 2.0¢/kWh between the on-peak and off-peak periods

- Customer feedback focused on the pricing differential and the peak period

No Program Changes

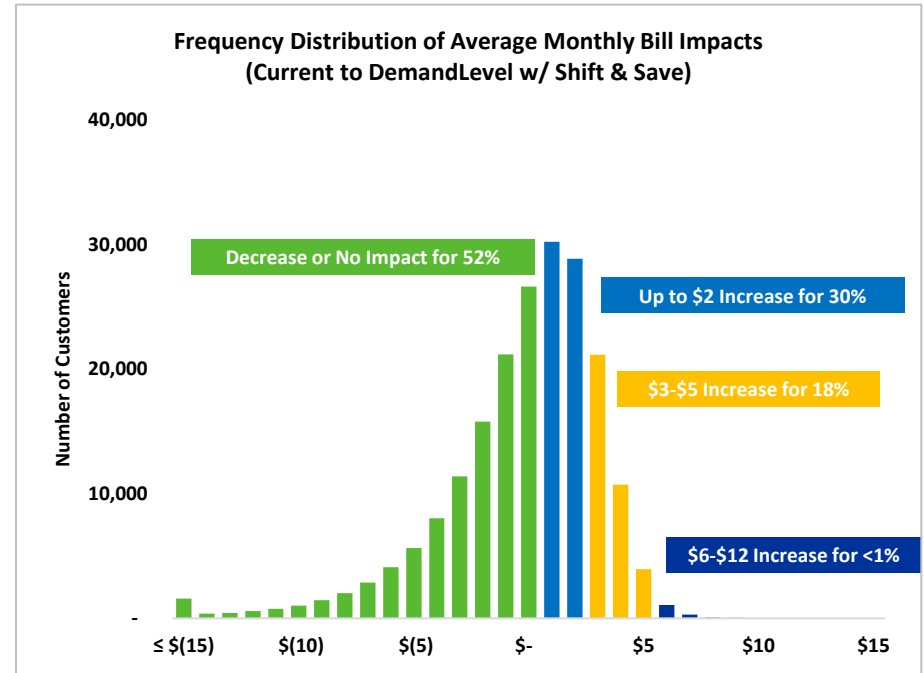
- Customers will have the option to opt-out at pricing based on higher annual on-peak usage
- Opt-out (levelized) pricing is projected to be \$3/month higher than the average monthly bill or \$128/month



* Includes residential and small commercial customers

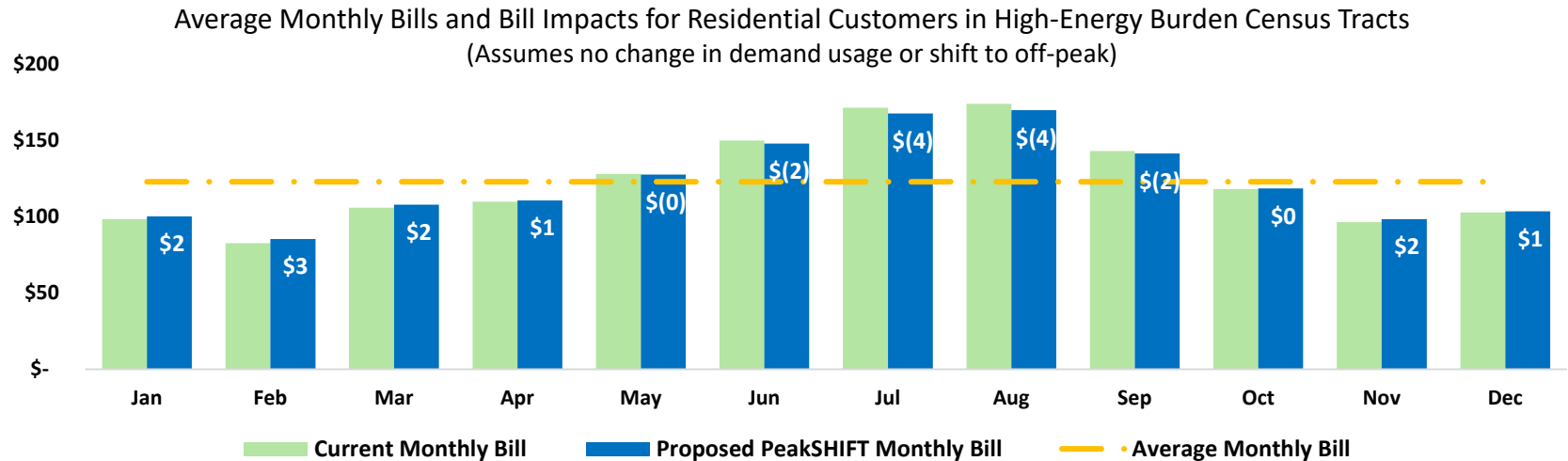
Minimal Projected Residential Bill Impacts

- Overall impact is revenue neutral
 - Assumes no change in behavior to shift peak usage or lower demand
- Analyzed monthly bills for all residential customers comparing current rates to proposed **DemandLevel with Shift & Save**
 - Average monthly change for 80% of residential customers is +/- \$3.00
- Reviewed samples for customers on medical alert, with energy storage and living in urban heat zones
 - Projected average monthly savings of \$2.70 and \$2.35 for medical alert and energy storage respectively
 - Projected average monthly increase of 30 cents for urban heat zones



Based on 2023 calendar year 15-minute interval data (approximately 9 billion records)

Average monthly bill remains consistent at \$123 with lower monthly variability



Based on actual 15-minute interval data from 2023 for 78 randomly chosen customers in the high-energy burden census tracts

1898 & Co. Feedback on Stakeholder Material Provided

1898 & Co., part of Burns & McDonnell Engineering Company, is a global business, technology, and security consultancy serving critical infrastructure industries

- The 1898 & Co. Utility Finance and Rate Advisory Team provides consulting services to electric, gas, water, and wastewater utilities in the areas of cost of service and rate design, financial planning and forecasting, regulatory support, and guiding policy on emerging trends
- Engagement was limited to reviewing stakeholder feedback provided in response to the pricing workshop held in June 2024
 - Stakeholder feedback was focused on valuing solar generation, rate design for distributed energy resources (DERs), and customer demand response and energy efficiency programs
 - 35 websites, articles, and studies were evaluated and aligned with the updated PeakSHIFT program (1,400 pages of materials)
 - Some articles dated prior to 2018 were excluded as the industry has changed significantly since this time

Value of DER and California's Net Metering policies

- Materials focused on the need to ensure all customers are considered when structuring rates, the continued need to educate customers on the changing energy landscape, and the need to continue to move to eliminate subsidies across rate segments

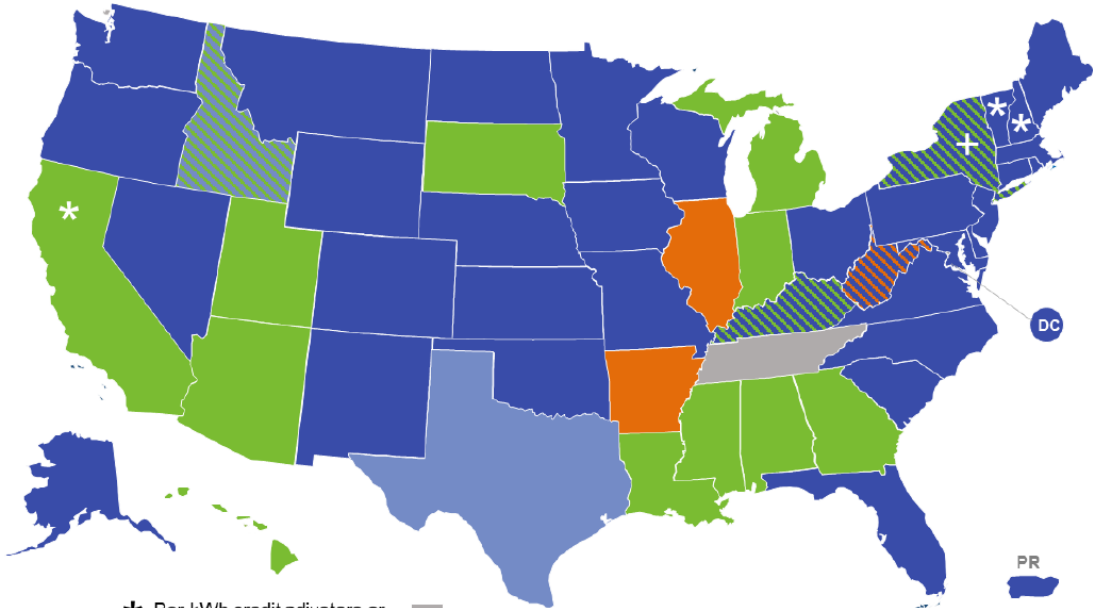
Value of Solar

- Materials focused on the fact that there are multiple approaches to determine the value of solar rate ranging from avoided costs (energy or fuel costs, generation, transmission, etc.) to costs associated with environmental and societal benefits






Customer Programs

- Materials focused on a wide-range of current customer programs to promote energy efficiency, reduce usage, and lower demand during peak periods including pilot programs to evaluate new technologies

OUC's PeakSHIFT program is aligned with the recommendations outlined in the articles while also preparing for the future with advanced grid technologies and distributed resources



- * Per-kWh credit adjusters or non-bypassable charges
- + Other DG compensation rules are for large customer-generators

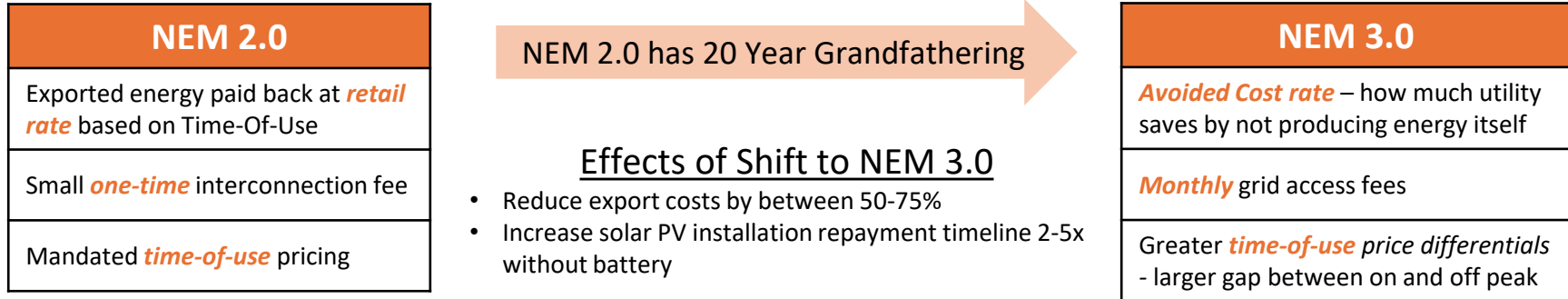
-  No statewide DG compensation rules
-  Statewide DG compensation rules other than net metering
-  In transition from net metering to other statewide DG compensation rules
-  No statewide mandatory net metering rules, but some utilities offer net metering
-  State-developed mandatory net metering rules for certain utilities

While just a few years ago dramatic changes to net metering policies were being discussed in only a handful of states, in 2023 major reforms were under consideration or already adopted in more than half of U.S. states, including California, the largest state solar market.

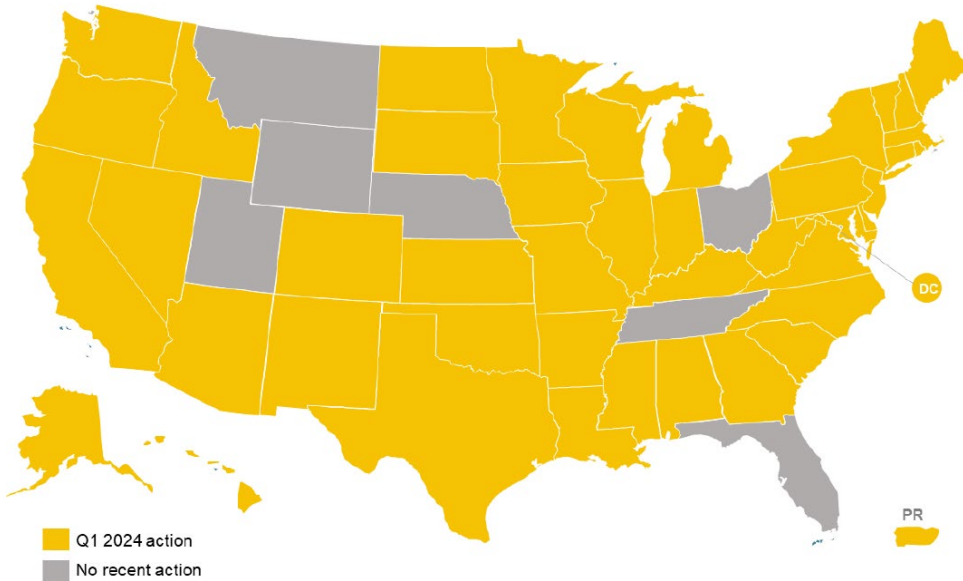
Source: NC Clean Energy Technology Center, *The 50 States of Solar: Q1 2024 Quarterly Report*, April 2024

NEM 3.0 Driver

In 2023, California approved NEM 3.0 to address structural issues with its existing net metering framework that failed to account for the *growing infrastructure costs* of the green energy transition, *peak demand misalignment* with solar generation and *equity concerns* around the perception of rate subsidization for solar-equipped homes.



Net Billing combined with a time-of-use rate structure provides a strong signal for homeowners to consider installing battery storage with solar under the NEM 3.0 program



Policy Type	# of Actions	% by Type	# of States
DG Compensation Rules	56	34%	24 + DC, PR
Residential Fixed Charges	42	26%	28 + DC
Community Solar	37	23%	20 + DC
DG valuation or net metering	15	9%	12 + DC, PR
Third-Party ownership of solar	8	5%	6
Residential demand or solar charge	3	2%	2
Utility-led rooftop PV programs	2	1%	2
Total	163	100%	43 + DC, PR

A great majority of states have made some type of policy change regarding utility customer solar programs

Source: NC Clean Energy Technology Center, *The 50 States of Solar: Q1 2024 Quarterly Report*, April 2024

Stakeholder Feedback on Proposed Changes

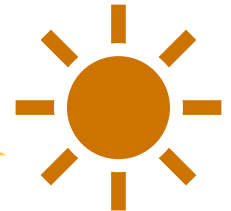
Stakeholder Feedback on Proposed Changes



Senior, Environmental & Social
Advocacy Groups, Community
Groups, more

- Support for the objective of the program
- OUC should continue to provide and create new energy efficiency programs
 - Ensure those who have already invested in efficiency and are low users are not negatively impacted
 - Proactively offer programs for any customers who fall into the margins to help ensure they can attain savings
- Customer education and outreach is necessary before the DemandLevel and Shift & Save roll-out

- Some appreciation for the 20-year grandfather period from majority
- Five-year step down at community solar rate is worse than original proposal
- Continued concern that OUC does not want to leverage Solar for All federal grant funds
- Proposed energy storage rebate is too low and will not be available to enough customers
- Some remain concerned about DemandLevel impacts to customers but appreciate the change to monthly tiering



Solar Advocacy Groups,
Solar Installers &
Solar Customers

Customer, Employee and Community Engagement to Navigate Change

Leveraging “Time of Use” Pilot Learnings

Lessons Learned

- Customer requested TOD rate comparisons to standard rates
- Satisfaction improved through the course of the program as customers used tools and adapted behavior
- TOD customer call volume was higher than control but call handle times were comparable
- Savings across customer segments varied

Recommendations

- Provide individualized communications including bill comparisons and relevant alerts
- Enhance and develop new education, videos, tools, and technology used during the pilot
- Invest in call center training and development -- ensure representatives also have meaningful tools to use
- Consider various roll-out approaches to limit customer change and call volume



Key Constituencies for Project Success

Employees



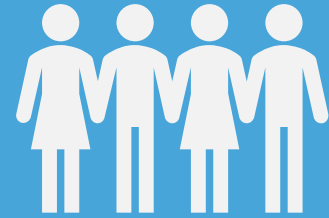
Implementing internal change management and education to embrace and lead changes

Customers



Delineating most impacted customers for each program to focus communications and solutions

Community



Engaging to build strong two-way communications to improve program delivery and enduring relationships

Stakeholder Engagement / External Change Management Process



Engage community-based organizations



Host in-person events in customers' neighborhoods



Hold online educational workshops



Work with community planning groups



Conduct ongoing surveys to identify customers' needs



Provide new educational tools and technologies to enable behavior change



Maintain *OUCPeakSHIFT.com* as a customer resource

Supporting Programs

- **Energy Storage Rebate**

- Rebate program will be paired with participation in the TruNet Solar program with the Community Solar Energy Export Rate
 - Grandfather customers may elect to opt-in to the rebate program in tandem with opting-out of the grandfather program
- Rebate based on \$150 / kWh up to a maximum of \$2,000 per premise
- July 2025

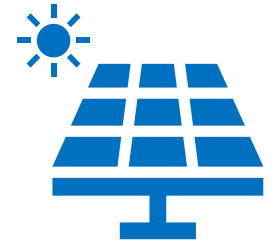
- **Efficiency Delivered for Renters**

- Refresh and new program modifications specifically targeting customers who live in rental properties
 - Offering \$2,500 in home energy and water conservation upgrades via OUC's 'Efficiency Delivered' program for as little as \$375 – payable on bill over 24 months for income qualified individuals
- Expected in 2026



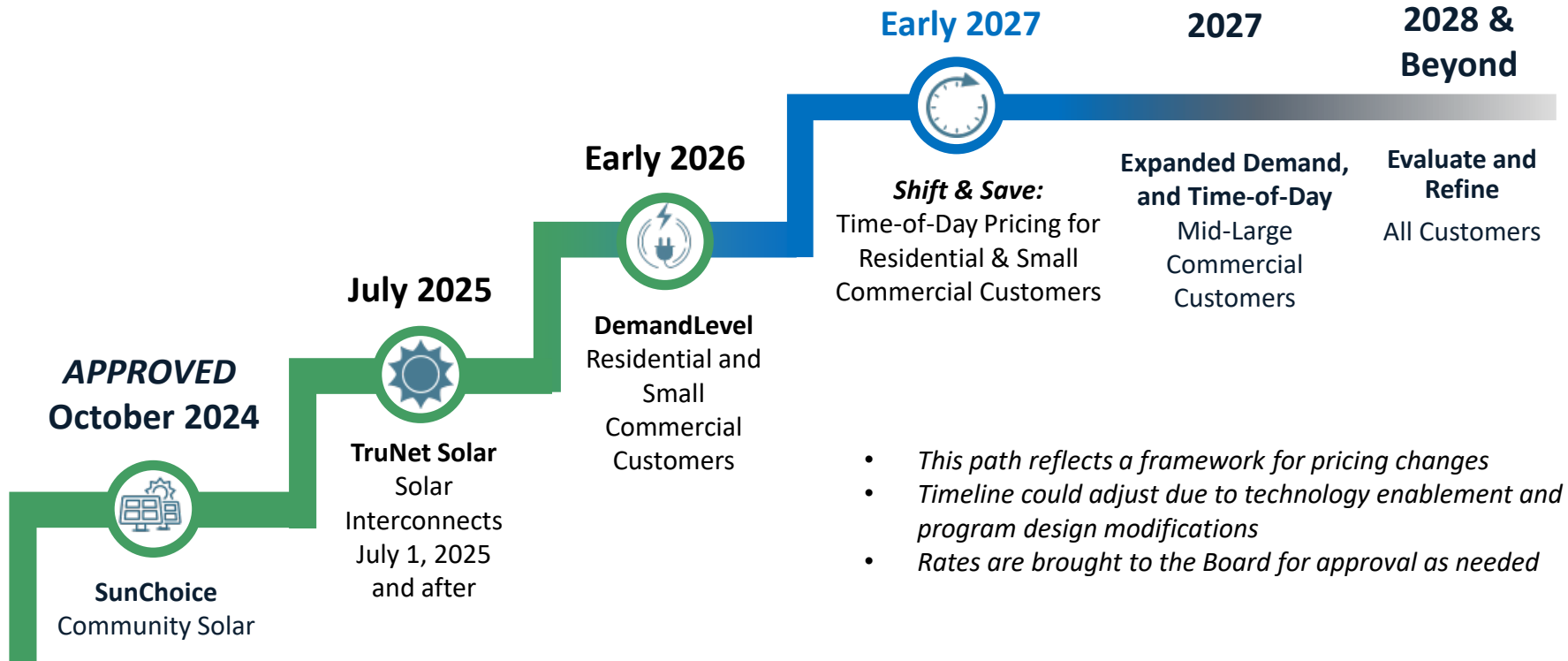
PeakSHIFT
synergies with
ongoing OUC
initiatives

- **Low- to Moderate- Income Community Solar Program**
 - Considering the creation of a Low- to Moderate- Income Solar Fund to develop projects
- **Virtual Power Plant (VPP)**
 - Program is complex, requires many technology advancements, and is currently in the pilot phase at a limited number of utilities nationwide
 - Short-term and long-term strategic roadmap plans are being developed to fully facilitate distributed energy resources, energy storage systems, controllable loads, and information and communication technologies



PeakSHIFT Timeline & Approvals

PeakSHIFT Timeline



- *This path reflects a framework for pricing changes*
- *Timeline could adjust due to technology enablement and program design modifications*
- *Rates are brought to the Board for approval as needed*

- **November 2024**
 - Update at Commission Meeting, No Board Action
- **December 2024**
 - Commission Adoption of PeakSHIFT Pricing program and supporting tariffs including:
 - TruNet Solar (Revised Net Metering Policy)
 - DemandLevel
 - Shift & Save

OUC PEAK SHIFT