



## City of Fairburn Work Session

### Agenda

March 25, 2024

6:00 PM

### ***The Honorable Mayor Mario Avery***

The Honorable Mayor Pro-Tem James Whitmore

The Honorable Alex Heath

The Honorable Hattie Portis-Jones

Mr. Tony Phillips

Mr. Rory Starkey

Ms. Brenda B. James

The Honorable Linda J. Davis

The Honorable Samantha Hudson

The Honorable Ulysses J. Smallwood

City Administrator

City Attorney

City Clerk

I. Meeting Called to Order:

The Honorable Mayor Avery

II. Roll Call:

City Clerk

III. Agenda Items:

1. Electric Rate Overview: Discussion of Weather and Usage **(City Administrator's Office)**

IV. Adjournment:

When an Executive Session is required, one will be called for for the following Issues:

**(1) Personnel (2) Real Estate or (3) Litigation**



# SUPPORTING GREATNESS. DEVELOPING OPPORTUNITIES.

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## City of Fairburn

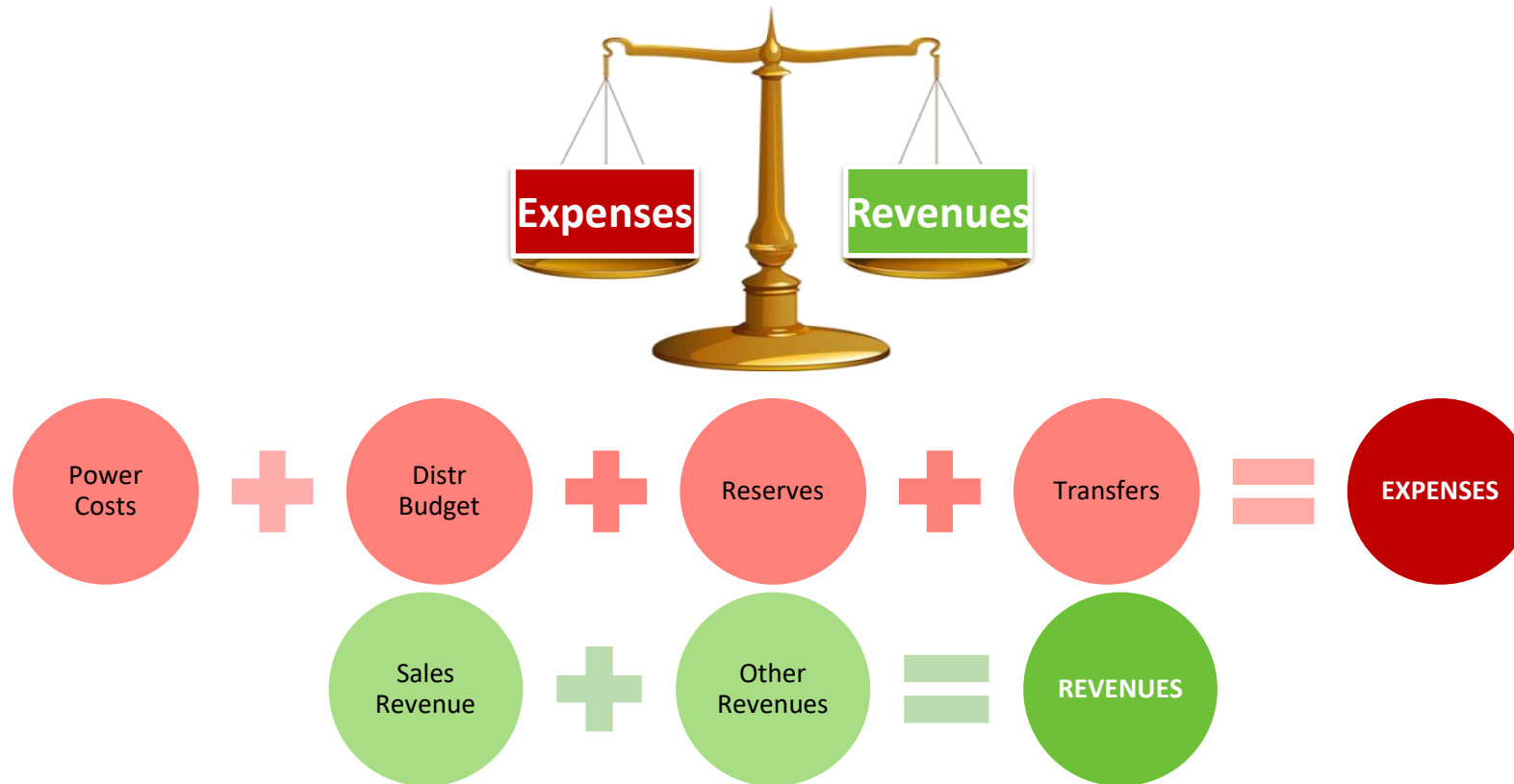
Electric Rate Overview

Discussion of Weather and Usage

*Presented by ECG Analytical Services*

03.25.24

# Electric Fund: Revenue Requirement



- There must be sufficient revenues to pay for approved expenses
- Revenue Requirement = Power Costs + Distribution Budget + Reserves (if applicable) + Transfers

Note: Cities may include Reserves to build or replenish Reserve funds.

- Reserve funds are critical to fund unexpected costs, ensure timely payment of bills, and maintain stable rates.
- A healthy cash reserve is important to bond rating agencies.

# Overview Adopted Rate Plan

- 2023 Rate Plan adopted to address \$2.7M shortfall
  - No change in electric rates since 2012-2013
  - Power costs increased \$3M since 2012 (60%)
- Use MCT reserve funds 2024-2026 + rate adjustments to meet shortfall
  - % increase is based on total Electric Fund

| FAIRBURN PROJECTION |                      | 2024      | 2025      | 2026      | 2027      | 2028      | 2029      | 2030      | 2031      | 2032      | 2033      |
|---------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1                   | MCT GEN FUND BALANCE | \$2.112M  | \$1.051M  | \$0.683M  | \$0.683M  | \$0.683M  | \$1.283M  | \$2.083M  | \$2.733M  | \$3.433M  | \$3.633M  |
| 2                   | Rate Increase        | \$0.808M  | \$0.632M  | \$0.664M  | \$0.604M  | \$0.447M  | \$0.474M  | \$0.409M  | \$0.425M  | \$0.442M  | \$0.460M  |
| 3                   | RATE INCREASE %      | 8%        | 6%        | 6%        | 5%        | 3%        | 3%        | 3%        | 3%        | 3%        | 3%        |
| REVENUES            |                      |           |           |           |           |           |           |           |           |           |           |
| 4                   | Sales Revenues       | \$9.727M  | \$9.634M  | \$9.974M  | \$10.432M | \$10.794M | \$10.965M | \$11.144M | \$11.328M | \$11.514M | \$11.707M |
| 5                   | Other Revenues       | \$0.077M  | \$0.077M  | \$0.077M  | \$0.077M  | \$0.077M  | \$0.077M  | \$0.077M  | \$0.077M  | \$0.077M  | \$0.077M  |
| 6                   | Late Charges         | \$0.083M  | \$0.084M  | \$0.085M  | \$0.086M  | \$0.088M  | \$0.089M  | \$0.090M  | \$0.092M  | \$0.093M  | \$0.094M  |
| 7                   | MEAG OSS/YES \$      | \$0.230M  | \$0.230M  | \$0.230M  |           |           |           |           |           |           |           |
| 8                   | MCT \$               | \$1.889M  | \$1.061M  | \$0.368M  |           |           |           |           |           |           |           |
| 9                   | CUM RATE INCREASE    | \$0.808M  | \$1.440M  | \$2.105M  | \$2.709M  | \$3.156M  | \$3.630M  | \$4.039M  | \$4.464M  | \$4.906M  | \$5.366M  |
| 10                  | TOTAL REVENUES       | \$12.813M | \$12.526M | \$12.839M | \$13.304M | \$14.114M | \$14.761M | \$15.349M | \$15.960M | \$16.590M | \$17.244M |

# Fairburn Rates vs Other Georgia Utilities Residential Winter 2024

|                          | 500<br>kWh | Rank | Compare<br>to<br>statewide | 1000<br>kWh ‡ | Rank | Compare<br>to<br>statewide | 1500<br>kWh | Rank | Compare<br>to<br>statewide | 2000<br>kWh | Rank | Compare<br>to<br>statewide |
|--------------------------|------------|------|----------------------------|---------------|------|----------------------------|-------------|------|----------------------------|-------------|------|----------------------------|
| <b>WINTER 2024 ¢/KWH</b> |            |      |                            |               |      |                            |             |      |                            |             |      |                            |
| City of Fairburn         | 14.99      | 40   | -3.78%                     | 13.49         | 53   | -0.01%                     | 12.79       | 53   | 0.82%                      | 12.44       | 54   | 1.28%                      |
| Coweta-Fayette EMC       | 15.40      | 49   | -1.13%                     | 13.40         | 49   | -0.66%                     | 12.73       | 51   | 0.39%                      | 12.40       | 53   | 0.96%                      |
| Georgia Power Company    | 16.17      | 56   | 3.80%                      | 14.35         | 68   | 6.37%                      | 13.74       | 74   | 8.33%                      | 13.44       | 75   | 9.43%                      |
| State-wide Average       | 15.58      |      | 0.00%                      | 13.49         |      | 0.00%                      | 12.68       |      | 0.00%                      | 12.28       |      | 0.00%                      |
| MEAG Average             | 14.87      |      | -4.53%                     | 13.24         |      | -1.83%                     | 12.61       |      | -0.57%                     | 12.30       |      | 0.16%                      |
| EMC Average              | 16.78      |      | 7.69%                      | 13.91         |      | 3.11%                      | 12.85       |      | 1.33%                      | 12.32       |      | 0.31%                      |
| Others                   | 11.99      |      | -23.00%                    | 11.43         |      | -15.29%                    | 11.18       |      | -11.85%                    | 11.06       |      | -9.96%                     |

## Notes

‡ Typical residential usage in Georgia is approximately 1000 kWh.

Source: Georgia Public Service Commission

<https://psc.ga.gov/utilities/electric/residential-rate-survey/>

Note: The data is compiled by the Georgia Public Service Commission (PSC).

Included: 49 MEAG municipals, Others (Dalton, Hampton, Chickamauga), 41 EMC cooperatives and Georgia Power

When comparing City of Fairburn's winter rate with State-wide Average:

- 3.8% lower at 500 kWh
- Equal at 1000 kWh
- Within 1.3% at 1500 and 2000 kWh

# Georgia Power Rate Increases

## AVG RESIDENTIAL CUSTOMER BILL

|      | SUMMER \$ | %Δ  | WINTER \$ | %Δ  |
|------|-----------|-----|-----------|-----|
| 2020 | \$ 132.28 |     | \$ 111.89 |     |
| 2021 | \$ 133.59 | 1%  | \$ 112.03 | 0%  |
| 2022 | \$ 138.89 | 4%  | \$ 117.38 | 5%  |
| 2023 | \$ 168.16 | 21% | \$ 140.27 | 20% |
| 2024 | \$ 172.20 | 2%  | \$ 143.48 | 2%  |

27% rate increase for average Residential customer from 2021 to 2024

- 2023
  - 2022 Rate Case: 3% increase effective January
  - Fuel Cost Recovery: 1.54¢ increase (avg summer/winter) effective June
    - 15% increase for average Residential customer
  - Vogtle 3: 3% increase effective August
- 2024-2025
  - 2022 Rate Case: 4.5% increase 2024 + 4.5% increase 2025
  - Vogtle 4 go live: 3%? increase (2<sup>nd</sup> quarter 2024)

# State-wide Utility Residential Rate Increases

Summer 2022 to Summer 2023 at 1000 kWh (48% of utilities had Residential rate increase)

| RATE CHANGE | #  | AVG |
|-------------|----|-----|
| Increase    | 45 | 10% |
| Decrease    | 27 | -6% |
| No Change   | 21 | 0%  |
| TOTAL       | 93 |     |

| PROVIDER            | 2023     | 2022     | Δ  |
|---------------------|----------|----------|----|
| State Average       | \$137.62 | \$133.49 | 3% |
| MEAG Average        | \$137.67 | \$133.05 | 3% |
| Cooperative Average | \$139.12 | \$134.86 | 3% |

Based on Public Service Commission Residential Rate Survey Summer 2022, Summer 2023

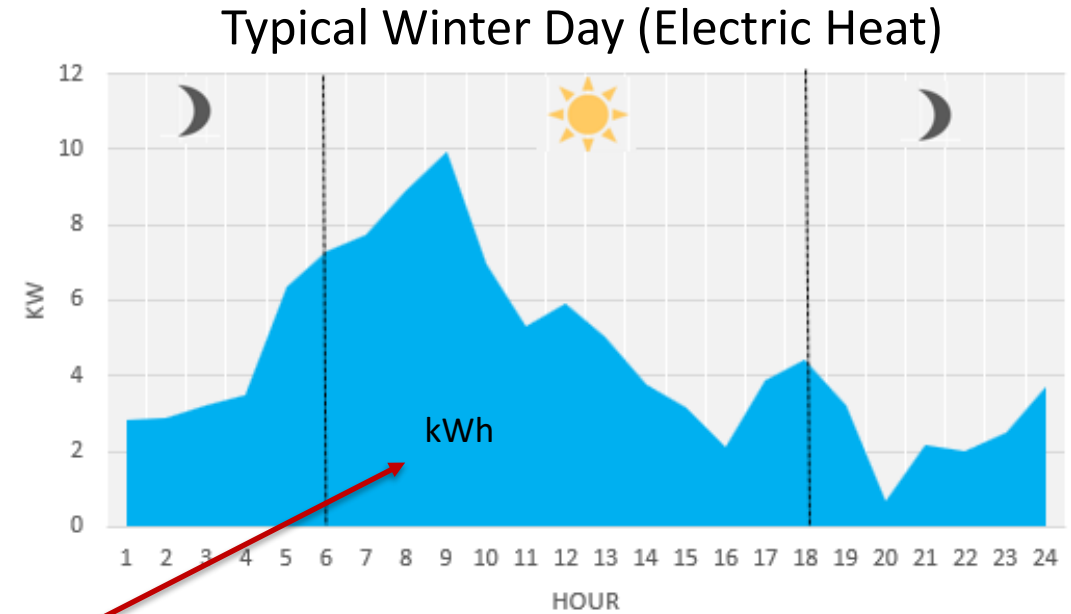
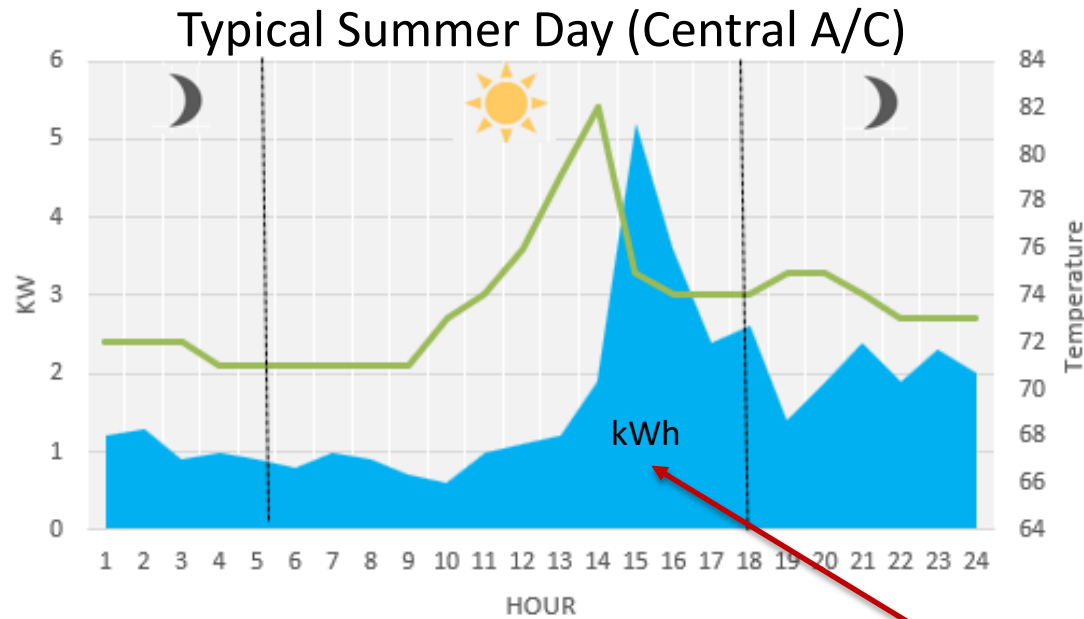
Winter 2023 to Winter 2024 at 1000 kWh (47% of utilities had Residential rate increase)

| RATE CHANGE | #  | AVG |
|-------------|----|-----|
| Increase    | 44 | 7%  |
| Decrease    | 24 | -6% |
| No Change   | 25 | 0%  |
| TOTAL       | 93 |     |

| PROVIDER            | 2024     | 2023     | Δ  |
|---------------------|----------|----------|----|
| State Average       | \$134.19 | \$132.21 | 2% |
| MEAG Average        | \$128.61 | \$128.34 | 0% |
| Cooperative Average | \$139.09 | \$138.00 | 1% |

Based on Public Service Commission Residential Rate Survey Winter 2023, Winter 2024

# Residential Electric Usage



## ENERGY (kWh)

- Base load usage running 24/7
- kWh varies hourly over the course of the day
- Highly dependent on weather
  - Driven by electric heating & cooling

# Weather's Impact on Electric Consumption

- **Weather's Impact:**

In heated or cooled structures such as homes/buildings, energy consumption tends to depend on the outside air temperature

- *The colder the outside air temperature, the more energy it takes to heat a building to a comfortable temperature.*
- *The warmer the outside air temperature, the more energy it takes to cool an air-conditioned building to a comfortable temperature.*

- Heating degree days (HDDs)

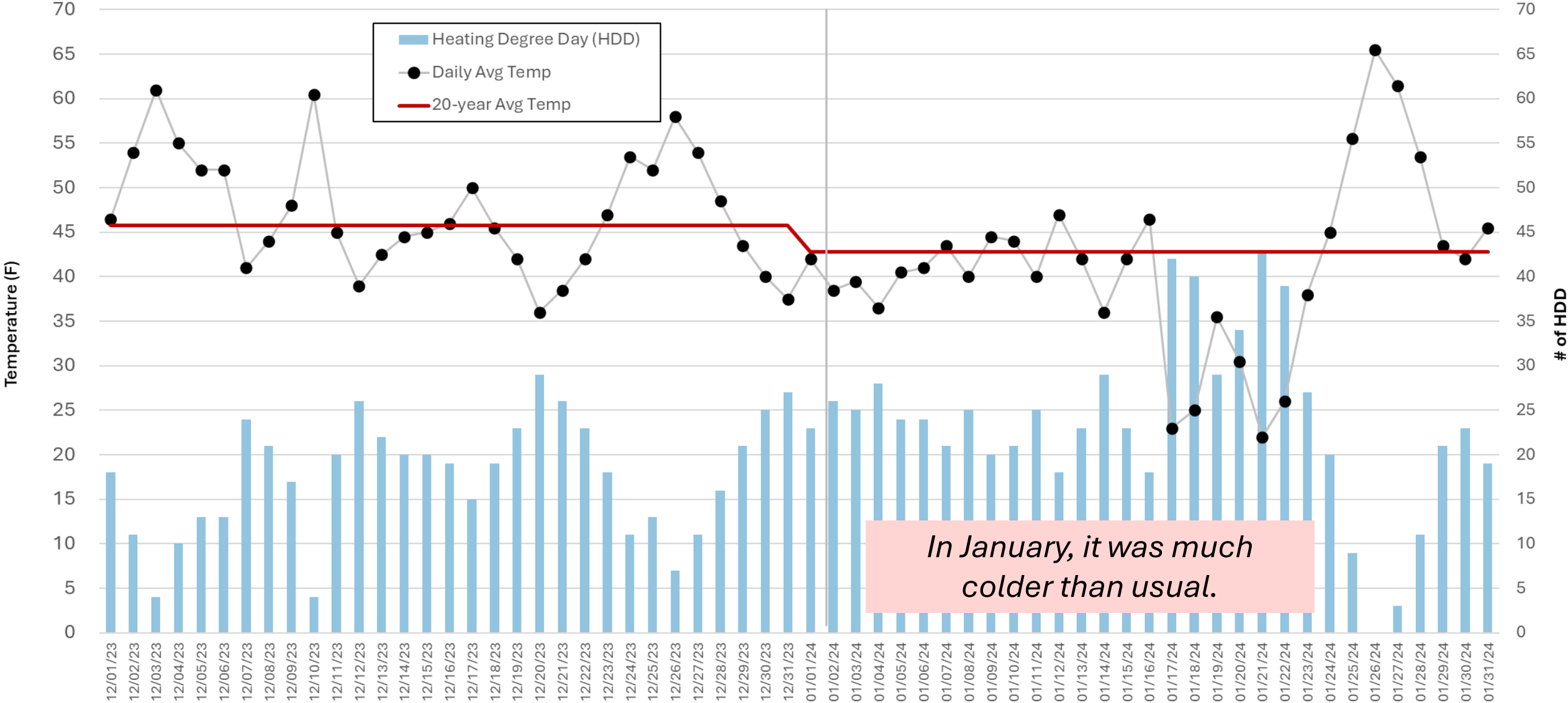
- measure of how cold the temperature was on a given day or during a period of days.

- Consider the analogy of walking on a path at a set pace of 3 mph

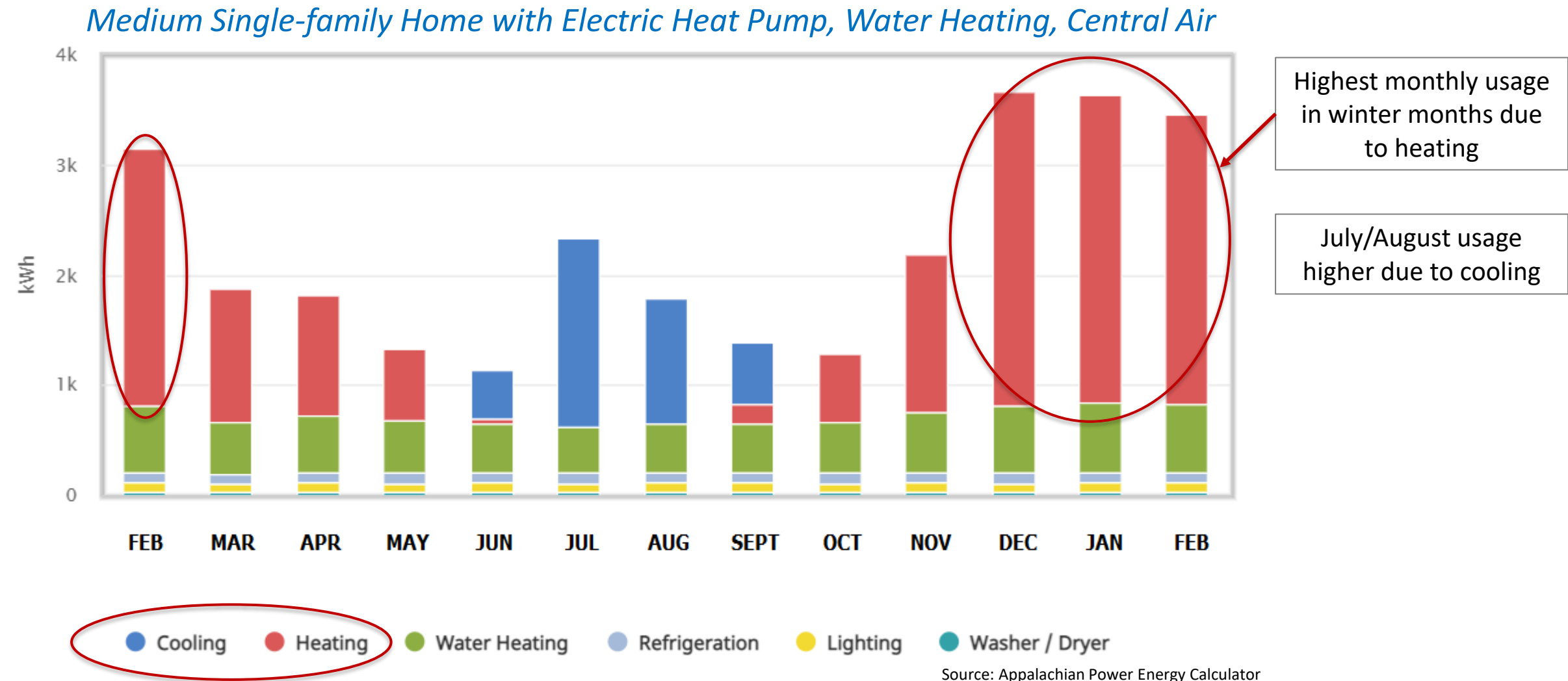
- On a flat section: It is relatively easy to walk without significant effort.
- On a set of stairs: It takes more effort to walk at the same pace, and it is common to get out of breath.
  - Our bodies have to work harder, and it requires more energy to walk up stairs.

- Similarly, even though the Heating Thermostat is set at a constant temperature, the heating unit will run more frequently and longer to keep it warm inside as the outside gets colder.

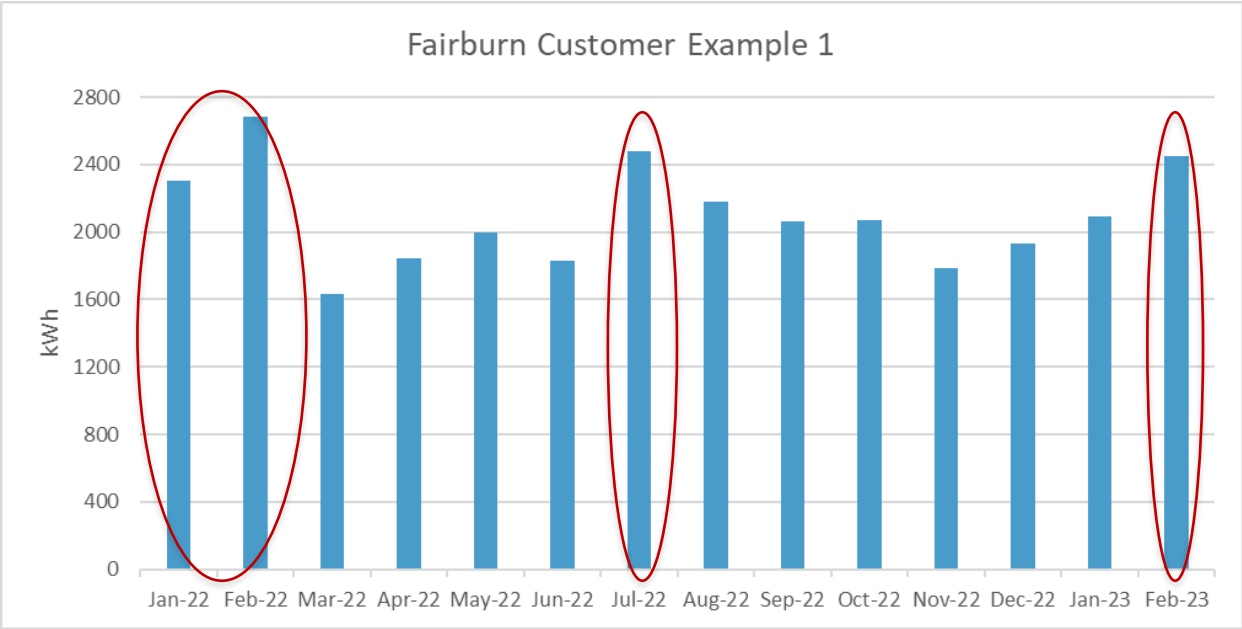
Daily Average Temperature vs. 20-year Average Temperature and Heating Degree Day (HDD)



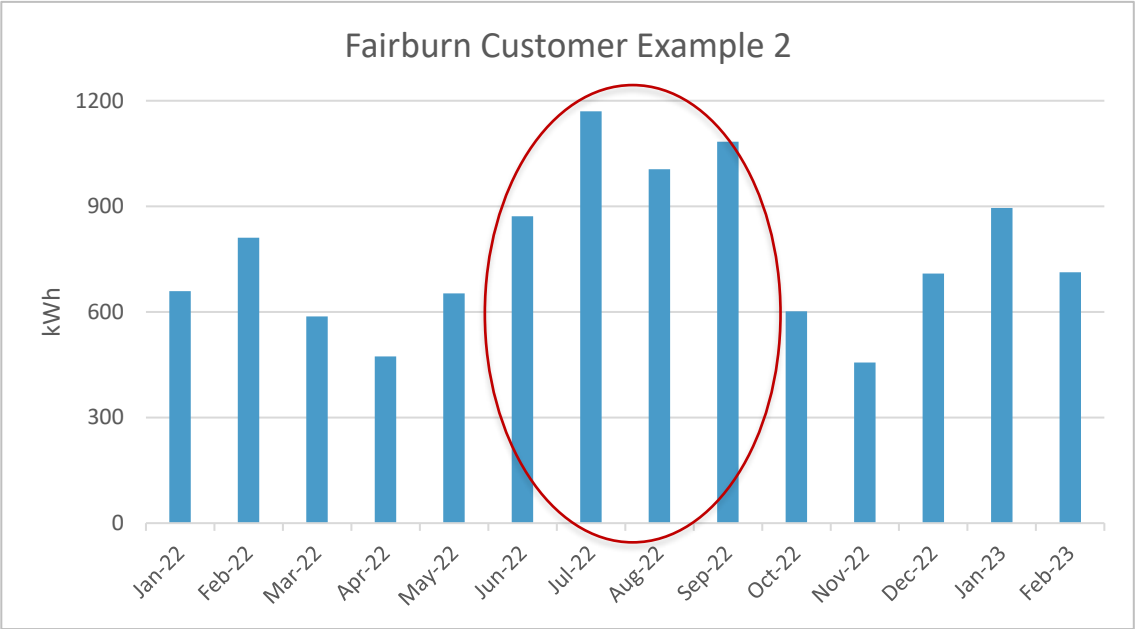
# Key Drivers of Residential Electric Usage



# Residential Electric Usage Fairburn Examples



Electric Heating & Cooling  
Peak Months January, February, July



Electric Cooling  
Peak Months July, August, September

# Contact

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