



CITY OF OCALA ELECTRIC UTILITY

CURRENT MATTERS

NEWSLETTER FOR THE RESIDENTIAL COMMUNITY

WHY IS MY ELECTRIC BILL GOING UP?

Fuel costs are the largest variable operating expense for electric utilities and can vary greatly on the basis of supply and demand and other factors. Under utility regulations, fuel costs are passed along to the customers at cost, through a charge on their bill commonly referred to as a “fuel adjustment.” Since fuel is passed along at cost, utilities do not profit from increased fuel costs.



The Bulk Power Cost Adjustment (BPCA) is the fuel component portion of the total energy charge on the City of Ocala Electric Utility (OEU) monthly invoice and is determined by the price of natural gas and other sources used to generate electricity. As a public power utility, OEU is consumer-owned and not-for-profit. Providing affordable, reliable power is our first priority. However, when fuel costs increase, we are required to pass the increase through to our customers, after they are reviewed and approved by City Council. The BPCA as of June 1, 2008 is \$0.05427 per kilowatt hour (kwh) or \$54.72 for 1000 kwhs.

The City of Ocala Electric Utility is a member of the *Florida Municipal Power Agency (FMPA) All-Requirements Project that provides the power needs of Ocala, along with fourteen other Florida cities. As a non-profit organization, FMPA’s sole mission is to provide reliable, cost-effective power.

Hedging Fuel Costs

In order to offset risk, FMPA has hedged the price of natural gas for fuel in its power plants. The goal of FMPA’s hedging program is to remove sharp spikes in fuel prices to protect its wholesale customers from price volatility. The program is reducing the impact of rising natural gas prices, but the recent worldwide fuel price increases have been so dramatic that rates are still going up, just not as much as if there were no hedging strategy in place.

Improving Power Plant Fuel Economy

Along with fuel hedging, FMPA is modernizing its power plants. Like cars, some power plants use fuel more efficiently than others. FMPA is modernizing its energy sources to improve its power plant fuel economy.

On May 31, FMPA began operation of a new power plant that is one of the highest efficiency plants in Florida. Located in St. Lucie County, this plant generates electricity 40 percent more efficiently than the generation it replaces. This means the new plant uses less fuel, creates fewer emissions per kilowatt hour and generates more power than older, less efficient units.

Will the Cost to Generate Electricity Continue to Increase?

Costs vary depending on the type of fuel used to generate electricity, with coal fired plants being one of the least expensive to operate and natural gas being the most expensive. Those utilities producing or receiving generation from coal plants

will have fuel costs much less than those using natural gas. A number of variables, including the moratorium on the construction of coal-fired generating plants in Florida, will affect fuel costs. FMPA is in negotiations with Progress Energy and Florida Power and Light regarding the proposed construction of nuclear plants in Florida. However, it is anticipated that these plants won’t be on-line until 2016. FMPA is also actively looking into renewable energy sources, such as solar and biomass.

It is difficult to say with certainty what the cost to generate electricity will be in the future. OEU, together with FMPA and its member cities throughout Florida, are diligently working together to ensure reliable power is produced at the lowest possible costs.

What can I do to save money on my bill?

Customers are encouraged to use electricity as efficiently as possible to minimize their electric bill. There are free resources available to help customers learn ways to conserve electricity. City of Ocala Electric Utility offers free Energy Audits whereby a knowledgeable Energy Auditor comes out to your home or business and works with you on possible ways to save energy. OEU also offers Energy Depot, a set of on-line tools and resources designed to help you manage your home’s energy use. For more information on energy conservation or to schedule an Energy Audit, visit www.ocalaelectric.com or call Energy Management Services at 352-629-8525.

*Florida Power Municipal Power Agency (FMPA) is a wholesale power company owned by 30 municipal electric utilities. FMPA provides economics of scale in power generation and related services to support community-owned electric utilities.

The “City of Ocala Utility Bill” is more than just an “Electric Bill”

How many times have you caught yourself saying, “My Ocala Electric Bill.....” For customers residing in the City of Ocala, the monthly invoice is more than just an “electric bill.” Fees for City services such as water, sewer, solid waste, fire and storm water are also included on your monthly bill.

The City of Ocala Electric Utility’s service territory extends to areas outside of the City limits. However, since City services are not provided outside of City limits, these customers’ monthly invoices only include their electric charges. Many of these customers must make their own arrangements (and pay) for these services with private vendors.

So next time your bill comes, take a closer look to see all the services you receive by being a resident of the City of Ocala.





LIGHTNING HOT SPOT



Central Florida records more lightning bolts striking the ground per square mile than almost any other area around. Powered by the steamy summer temperatures and humidity, these electrical storms frequently knock out electric service to many homes in the Ocala area. When and if the power happens to go out at your home, OEU crews will work tirelessly to restore power as soon as weather conditions permit. In the meantime, many of our citizens like to crank up their electrical power generators to keep the lights on and their food cool.

Keep in mind, portable generators are less than foolproof. Improper set-up and operation can damage your home, your neighbors' homes and even hurt OEU power line crews. Other severe safety issues include fire hazards, carbon monoxide poisoning, and electrocution.

Always plug your appliances directly into your generator, never into your home's wiring. And always plug in your appliance cords before cranking a generator. Generators create enough electricity and heat to quickly produce a fire if they are not drawn down by the attached appliances.

Carbon Monoxide poisoning is another possible risk of improper use. Never use a portable generator within the home or garage since it can poison everyone inside the home.

Electrocution is the most common hazard associated with portable generator use. This most commonly occurs when uninformed users plug their generator into their home's main circuit breaker. When this happens, the power goes to places where it's not welcome, like a neighbor's home, or a fallen power line, or onto power lines in your neighborhood.



Surges in Thunder Alley

Not only do thunderstorms knock out the power, they also produce electrical surges that can cause damage to appliances and sensitive electronic equipment. Make sure you're protected by installing OEU's two-stage Surge Guard Protection. For a \$15 installation charge and \$5.50 monthly fee (\$7.50 for some satellite TV hook ups) you receive a meter-base device that helps protect your major motor-driven equipment, such as refrigerators, washing machines, etc. and an inside point-of-use device to help protect individual electronic equipment such as a computer or TV. (Extra inside units are available for purchase.) For more information or to schedule an appointment, call (352) 629-8525, Monday – Friday, between 7:30 a.m. – 4:30 p.m.



Your feedback is powerful.

This newsletter serves to inform and empower our customers and the community with the latest programs and services offered by Ocala Electric Utility. If there are any issues or topics you would like to see covered — or if you have any feedback — please contact us.

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E-mail us by logging on to the website and clicking on "Contact Us".