

Composite Exhibit "A"

## Indian River Shores Sale/Transfer Rate Impact Analysis

### Assumptions

Effective Date  
Shores Allocation

10/1/2016  
8.7%

Assumes sale/transfer would occur at beginning of FY 2017  
Based on Shores kWh sale revenues as a percent of total, probably conservative because Shores has 8.5% of kWh sales but also Shores has a higher percentage of residential customers and significantly higher average use per residential customer than Vero Beach average, both factors increasing revenue percentage.

Cost Categories	Shores Allocation Methodology	FY 2016 Vero Beach Budget Amount	Pro Forma FY 2016 Budget without IRS (VB Staff analysis)	Shores Allocation	Assumed Annual Escalation Rate	Time Period for Present Value	PV of Impact of Shores Departure
General Fund Transfer (Return on Equity)	Shores percentage of total revenues	\$5,440,000	\$5,440,000	\$473,280	2.50%	30 years	\$11,175,961
Outstanding Electric Fund Debt Series 2003A	Shores percentage of total revenues	\$5,500,000	\$5,500,000	\$478,500	N/A; used actual debt service values for all years, 2017-2022	Through 2022, i.e., remaining term of City electric debt	\$2,457,738
Non Departmental Fixed Costs (Primarily A&G, Prof Svcs, Insurance)	Pro forma budget values per Vero Beach Staff estimates ; allocated on basis of Shores percentage of total revenues	\$8,749,109	\$7,289,921	\$634,223	2.50%	30 years	\$14,976,447
Other Electric Fund Expenses (Cust Svc, T&D, Elect. Sys Design, Elect. Metering)	Pro forma budget values per Vero Beach Staff estimates ; allocated on basis of Shores percentage of total revenues	\$8,704,000	\$8,374,000	\$728,538	2.50%	30 years	\$17,203,583
Bulk Power Supply Differential Cost w/o IRS	PV of Differential Power Supply Costs with and without Shores thru 2043, which is the last year of the expected term of FMPA contracts					Analysis based on production cost model in attached spreadsheets entitled BPS with Shores and BPS without Shores	26 years \$18,646,800
						<b>TOTAL</b>	<b>\$64,460,529</b>

### Contingent Liabilities - Not Quantified - To Be Addressed

Big Blue Site Remediation  
St. Lucie II early retirement  
Stanton 2 early retirement for Clean Power Plan  
Stanton 1 early retirement for Clean Power Plan

**Customer Billing Data - 11 months Sep 13-Jul 14**

Customer Class	Number of Accts			
	INSIDE	OUTSIDE	IRS	TOTAL
Residential	9,865	15,916	2,775	28,556
Commercial	2,701	2,206	179	5,086
Commercial Demand	302	260	16	578
Industrial	1	-	-	1
Outdoor Lighting	32	41	7	80
	12,901	18,423	2,977	34,301

Customer Class	Percentage of Total Accounts			
	INSIDE	OUTSIDE	IRS	TOTAL
Residential	34.5%	55.7%	9.7%	100%
Commercial	53.1%	43.4%	3.5%	100%
Commercial Demand	52.2%	45.0%	2.8%	100%
Industrial	100.0%	0.0%	0.0%	100%
Outdoor Lighting	40.0%	51.3%	8.8%	100%
	37.6%	53.7%	8.7%	100%

Customer Class	kWh Sales - Not full FY -11 mos				
	INSIDE	OUTSIDE	IRS	TOTAL	
Residential	102,366,572	165,276,926	46,177,422	313,820,920	
Commercial	46,312,538	34,457,389	2,222,764	82,992,691	
Commercial Demand	95,726,656	128,926,750	6,695,643	231,349,049	
<i>Total Commercial</i>	<i>142,039,194</i>	<i>163,384,139</i>	<i>8,918,407</i>	<i>314,341,740</i>	
Industrial	17,976,400	-	-	17,976,400	
Outdoor Lighting	-	-	-	-	not available converted to 12 months
	262,382,166	328,661,065	55,095,829	646,139,060	704,878,975

Customer Class	kWh Sales percentage of total				
	INSIDE	OUTSIDE	IRS	TOTAL	
Residential	32.6%	52.7%	14.7%	100%	
Commercial	55.8%	41.5%	2.7%	100%	
Commercial Demand	41.4%	55.7%	2.9%	100%	
<i>Total Commercial</i>	<i>45.2%</i>	<i>52.0%</i>	<i>2.8%</i>	<i>100%</i>	
Industrial	100.0%	0.0%	0.0%	100%	
Outdoor Lighting	40.0%	51.3%	8.8%		1 use % of customer accounts

	FY 15-16 PROPOSED BUDGET	FY 15-16 WITHOUT IR SHORES
<b>Operating Expenses</b>		
Power Resources		
Personnel	2,550,113	2,550,113
Operating	881,817	881,817
Transfer to Fund 405	335,000	335,000
Total	3,766,930	3,766,930
Purchased Power	59,250,000	59,250,000
Customer Service		
Personnel	1,466,846	1,353,824
Operating	521,833	474,868
Total	1,988,679	1,828,692
Transmission & Distribution		
Personnel	3,592,725	3,592,725
Operating	1,673,333	1,522,733
Total	5,266,058	5,115,458
Electric System Design		
Personnel	513,953	513,953
Operating	91,874	83,605
Total	605,827	597,558
Electric Metering		
Personnel	725,494	725,494
Operating	119,840	109,054
Total	845,334	834,548
Non-Departmental		
Personnel	292,840	292,840
Operating	4,456,269	3,420,269
Debt Service	5,500,000	5,500,000
Transfer to the R&R Fund (Fund 403)	4,000,000	3,576,812
Transfer to the General Fund (6% of customer revenue)	5,440,000	5,440,000
Total	19,689,109	18,229,921
<b>Total Operating Expenses</b>	<b>91,411,937</b>	<b>89,623,109</b>
<b>Op Expense Reduction (before changes to Purch Pwr and GF Xfr)</b>		<b>1,788,828</b>





## Electric Fund Long Term Debt

Fiscal Year	Principal	Interest	Debt Service
2017	\$4,225,000	\$1,251,000	\$5,476,000
2018	\$4,400,000	\$1,043,250	\$5,443,250
2019	\$4,600,000	\$818,250	\$5,418,250
2020	\$4,800,000	\$607,250	\$5,407,250
2021	\$5,000,000	\$386,250	\$5,386,250
2022	\$5,225,000	\$130,625	\$5,355,625
<b>Total</b>	<b>\$28,250,000</b>	<b>\$4,236,625</b>	<b>\$32,486,625</b>

Present Value Debt Service	\$28,249,858
IRS Allocation	\$2,457,738

## INDIAN RIVER SHORES AVERAGE RESIDENTIAL USAGE/REVENUES VS. CITY AVERAGES

### Indian River Shores Average Annual kWh/Residential Customer:

$$\begin{aligned} \text{Shores Total Residential kWh(11 months)} &= 46,177,422 \\ \text{Times 12 divided by 11 (to estimate annual kWh)} &= 50,375,369 \\ \text{Divided by 2,775 Shores Residential Customers} &= \\ &18,153 \text{ kWh/customer/year} \\ &1,513 \text{ kWh/customer/month} \end{aligned}$$

### City Average Annual kWh/Residential Customer:

$$\begin{aligned} \text{City Total Residential kWh} &= 313,820,920 \\ \text{Times 12 divided by 11 (to estimate annual kWh)} &= 342,350,095 \\ \text{Divided by 28,556 Total City Residential Customers} &= \\ &11,989/\text{kWh/customer/year} \\ &999 \text{ kWh/customer/month} \end{aligned}$$

### Combined Charges per kWh (Energy Charge + BPCA Charge:

$$\begin{aligned} 0 - 1,000 \text{ kWh/customer/month} &11.375 \text{ cents/kWh} \\ \text{Above 1,000 kWh/customer/month} &13.995 \text{ cents/kWh} \end{aligned}$$

$$\begin{aligned} \text{Shores Average Energy Revenues/month} &= \\ (\$0.11375 \times 1,000) + (\$0.13995 \times 513) &= \$ 185.53/\text{customer} \end{aligned}$$

$$\begin{aligned} \text{City Average Energy Revenues/month} &= \\ \$0.11375 \times 999 &= \$ 113.64/\text{customer} \end{aligned}$$

Shores Average Revenue/kWh (12.227 c/kWh) is 7.4% > City Average (11.375 c/kWh)

Supports assumption that Shores revenue % (assumed 8.7%) is slightly greater than Shores % of kWh consumed/sold (8.5%), probably conservative.

Source: Customer Billing Data, 11 months, Sept 2013-July 2014, provided by COVB Finance Department. Copy attached.