



City of Hogansville
Natural Gas, Water & Wastewater, Electric
Rate Study FY2017

04.19.18

Communication is Key
Turn Information Into Action



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Agenda

- Financial Health
- Utilities
 - Natural Gas
 - Water & Wastewater
 - Electric
- *Cost of Service Overview*
- *Cost of Service Margins*
- *Rate Comparisons*
- *Future Outlook*
- *Rate Adjustments*
- *Recommendations*

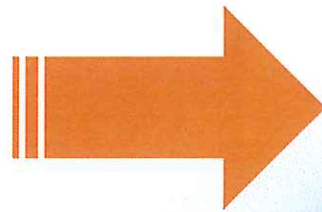
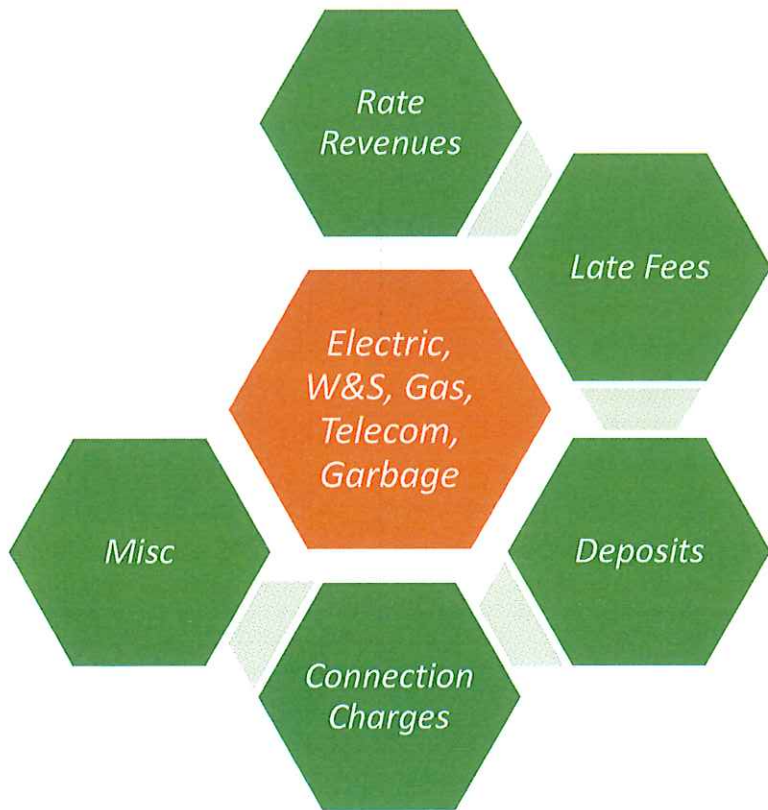
Definitions

- General Fund

- Primary or catchall fund of a government, government agency, or nonprofit entity such as a municipality

- Enterprise Fund

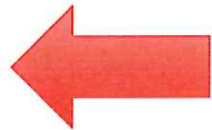
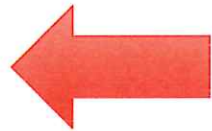
- Fund that provides goods or services to the public for a fee that makes the entity self-supporting
- May be permissible to use funds in an enterprise fund for other purposes and to use other funds to pay costs otherwise payable from the enterprise fund



Generating Revenues

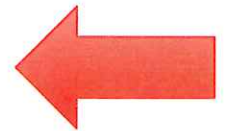
■ General Fund

- Fees
- Licenses
- Franchise Fees
- Taxes
- Transfers from Enterprise Funds



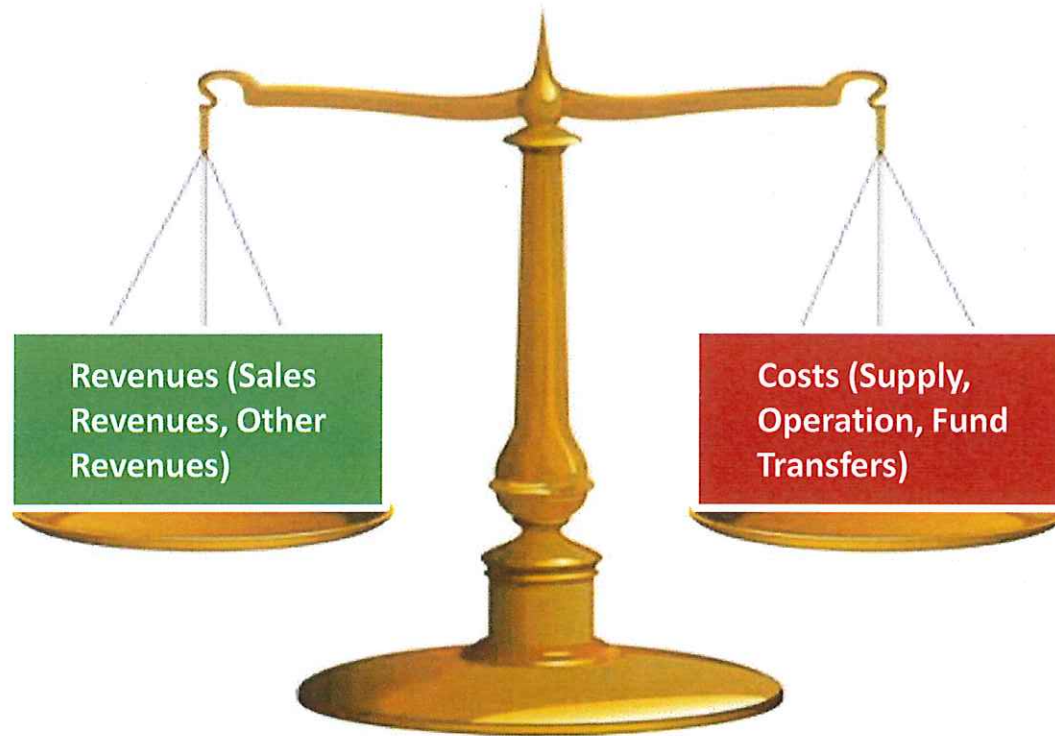
■ Enterprise Fund

- Late Fees
- Deposits
- Connection Charges
- Rates



Enterprise Utility Funds

- Revenues must be sufficient to pay for budget expenses



General Fund Transfers: Caution

- General Fund Transfers may negatively affect credit factor:
 - Transfer hurts the competitiveness of the utility
 - Transfer reduces the flexibility for utility capital improvements
 - Transfer is held hostage to political debate and it becomes a distraction to the detriment to the overall objectives of the utility
 - Transfer is increased without assessing whether rates produce sufficient margin to support transfer.

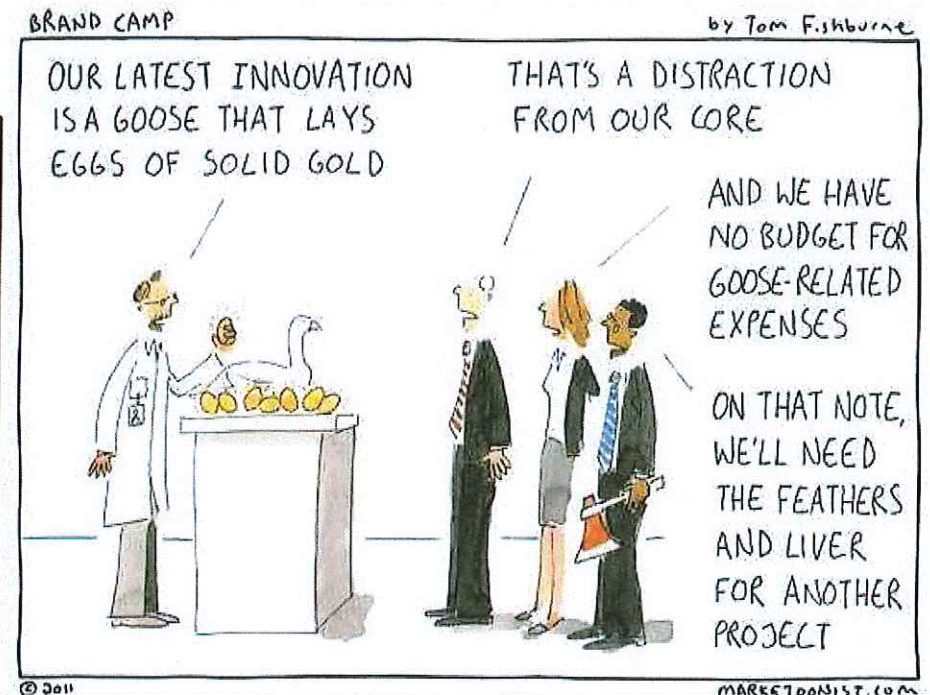
Source: Moody's Presentation: Municipal Electric Utility Financial Credit Factors, Dan Aschenbach

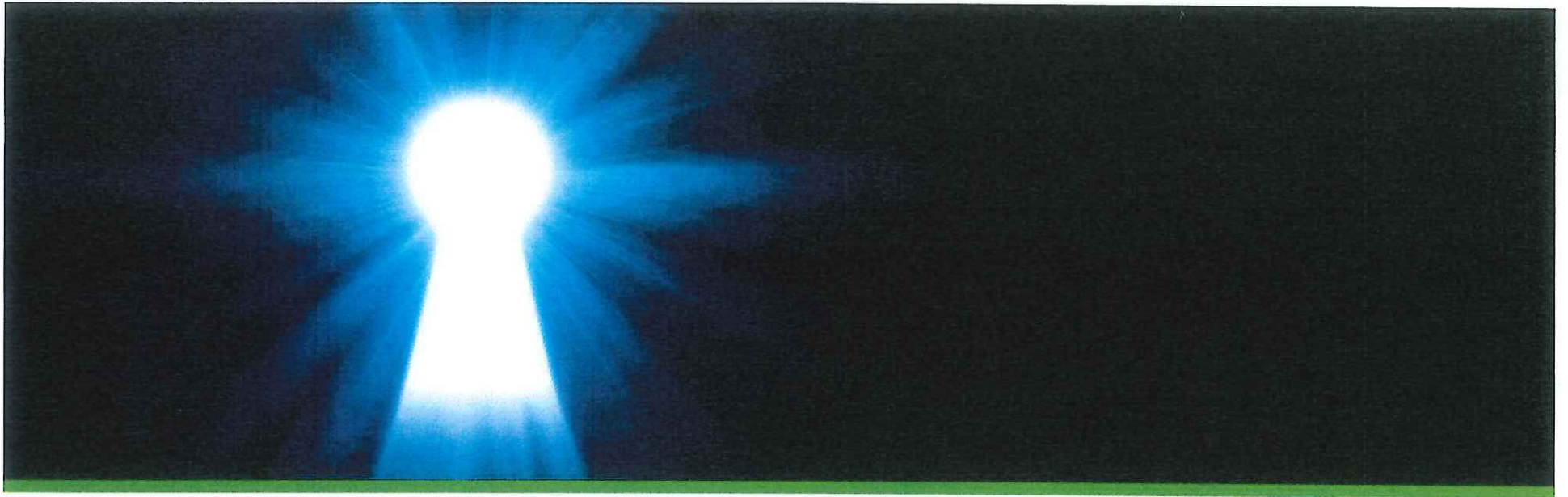
General Fund Transfers: Caution

- Oftentimes, enterprise fund is forced to transfer to general fund regardless of whether enterprise fund has sufficient money
- This will force enterprise fund to make tough choice :
 - Repairs and maintenances (R&M) tend to be the easiest item to trim
- Delaying R&M year after year may be expensive
 - Example: Atlanta water system)



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