



Natural Gas

Communication is Key
Turn Information Into Action



Natural Gas: Cost of Service Overview

- Allocates all costs to individual rate classes to determine margin
 - Can be used to make strategic rate adjustments
 - Incorporates billing information and audited financials
 - Covers FY 2017 period

Revenues

Regular sales: \$1.016M

Total Revenues: \$1.016M

Expenses

Personnel: \$0.093M

Operations: \$0.060M

Supplies: \$0.487M

Depreciation: \$0.083M

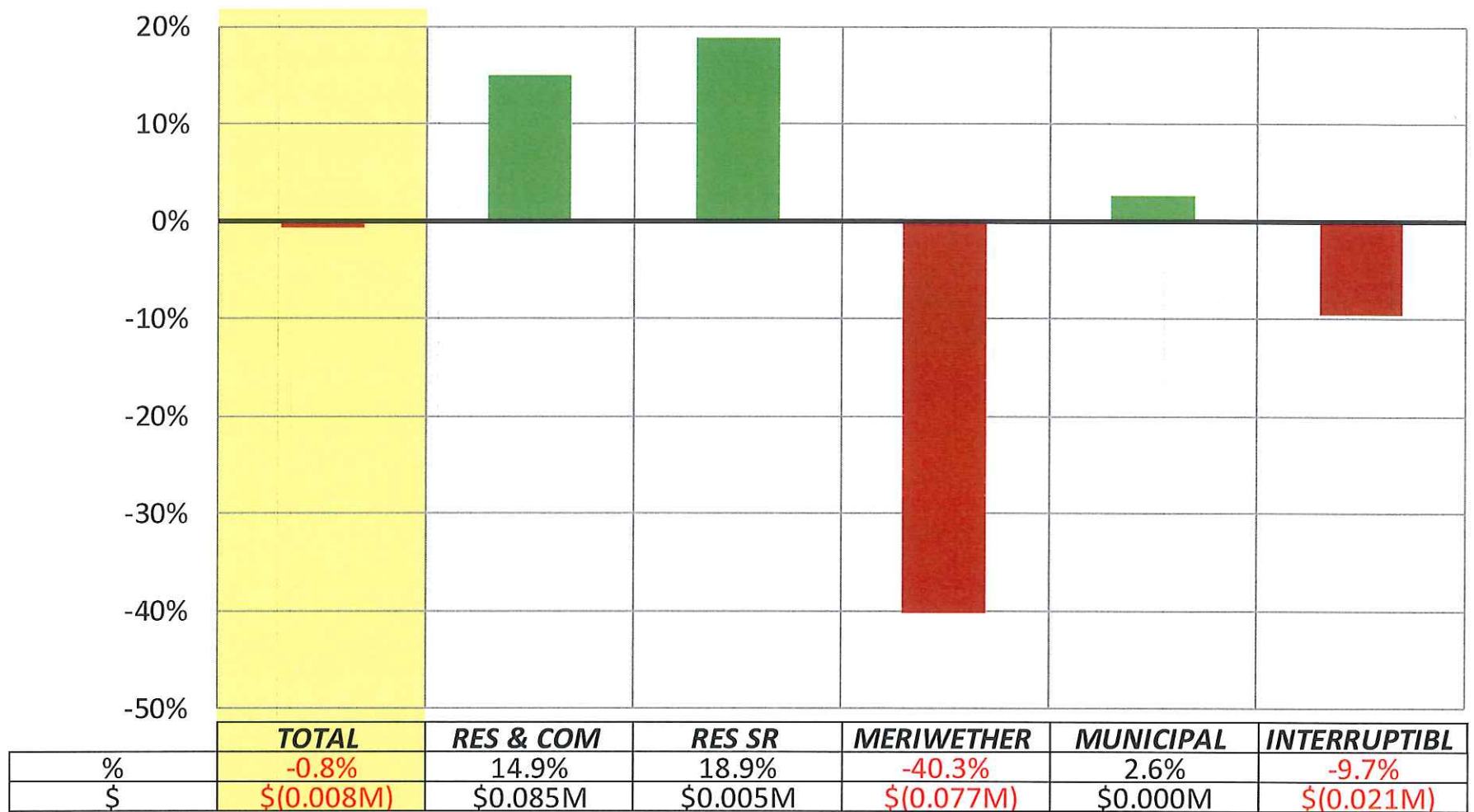
Debt Service: \$0.192M

Transfers: \$0.110M

Total Expenses: \$1.024M

Margin : -\$0.008M

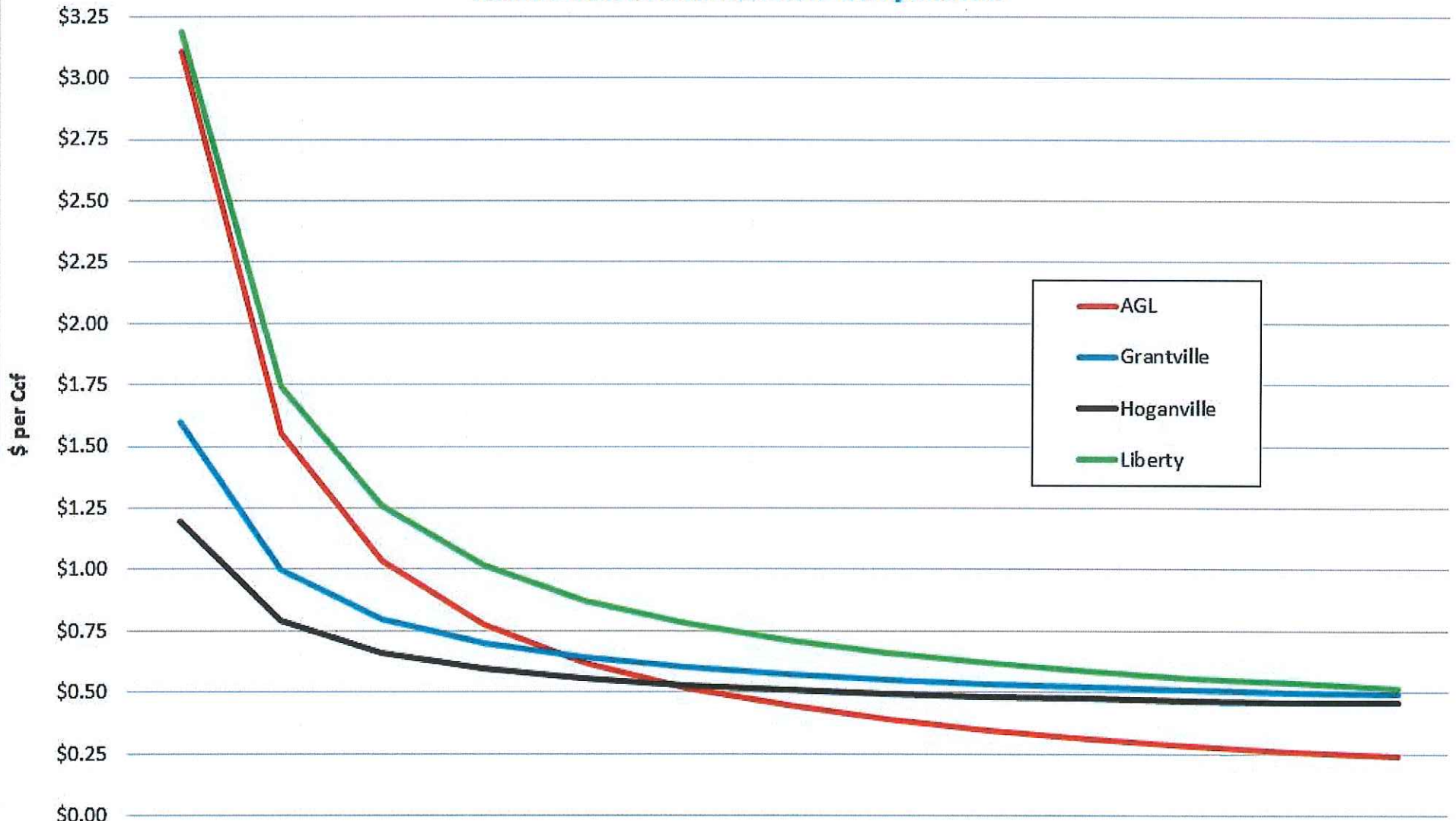
Natural Gas: Cost of Service Margin (% and \$)



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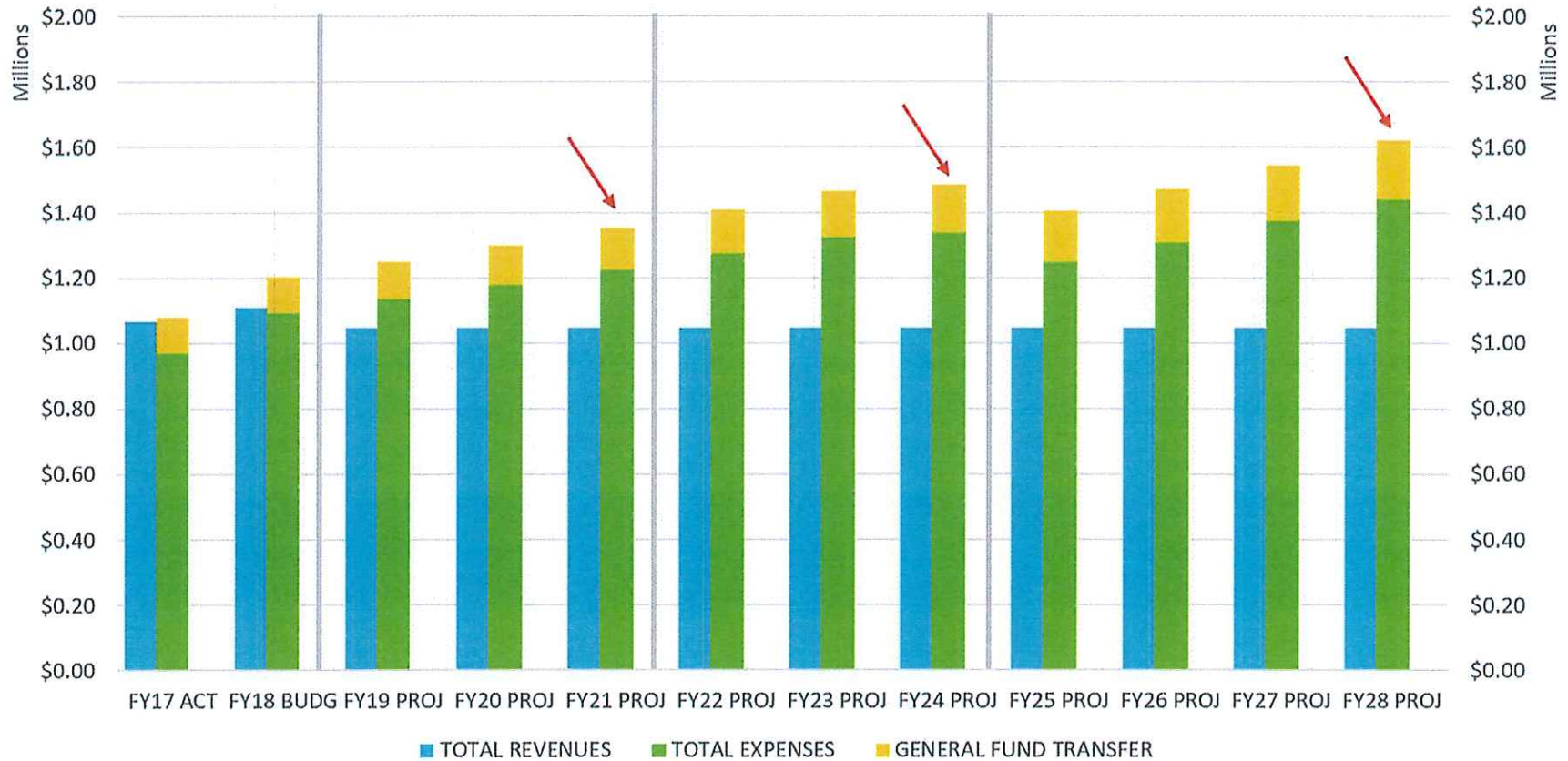
Natural Gas Residential Rate Comparisons



	Ccf Usage												
	10	20	30	40	50	60	70	80	90	100	110	120	130
AGL	\$3.11	\$1.55	\$1.04	\$0.78	\$0.62	\$0.52	\$0.44	\$0.39	\$0.35	\$0.31	\$0.28	\$0.26	\$0.24
Grantville	\$1.60	\$1.00	\$0.80	\$0.70	\$0.64	\$0.60	\$0.57	\$0.55	\$0.53	\$0.52	\$0.51	\$0.50	\$0.49
Hoganville	\$1.19	\$0.79	\$0.66	\$0.59	\$0.55	\$0.53	\$0.51	\$0.49	\$0.48	\$0.47	\$0.47	\$0.46	\$0.46
Liberty	\$3.19	\$1.74	\$1.26	\$1.02	\$0.87	\$0.78	\$0.71	\$0.66	\$0.62	\$0.59	\$0.56	\$0.54	\$0.52

Natural Gas: Enterprise Fund Future Outlook

**NATURAL GAS
REVENUES vs. EXPENSES + TRANSFER**



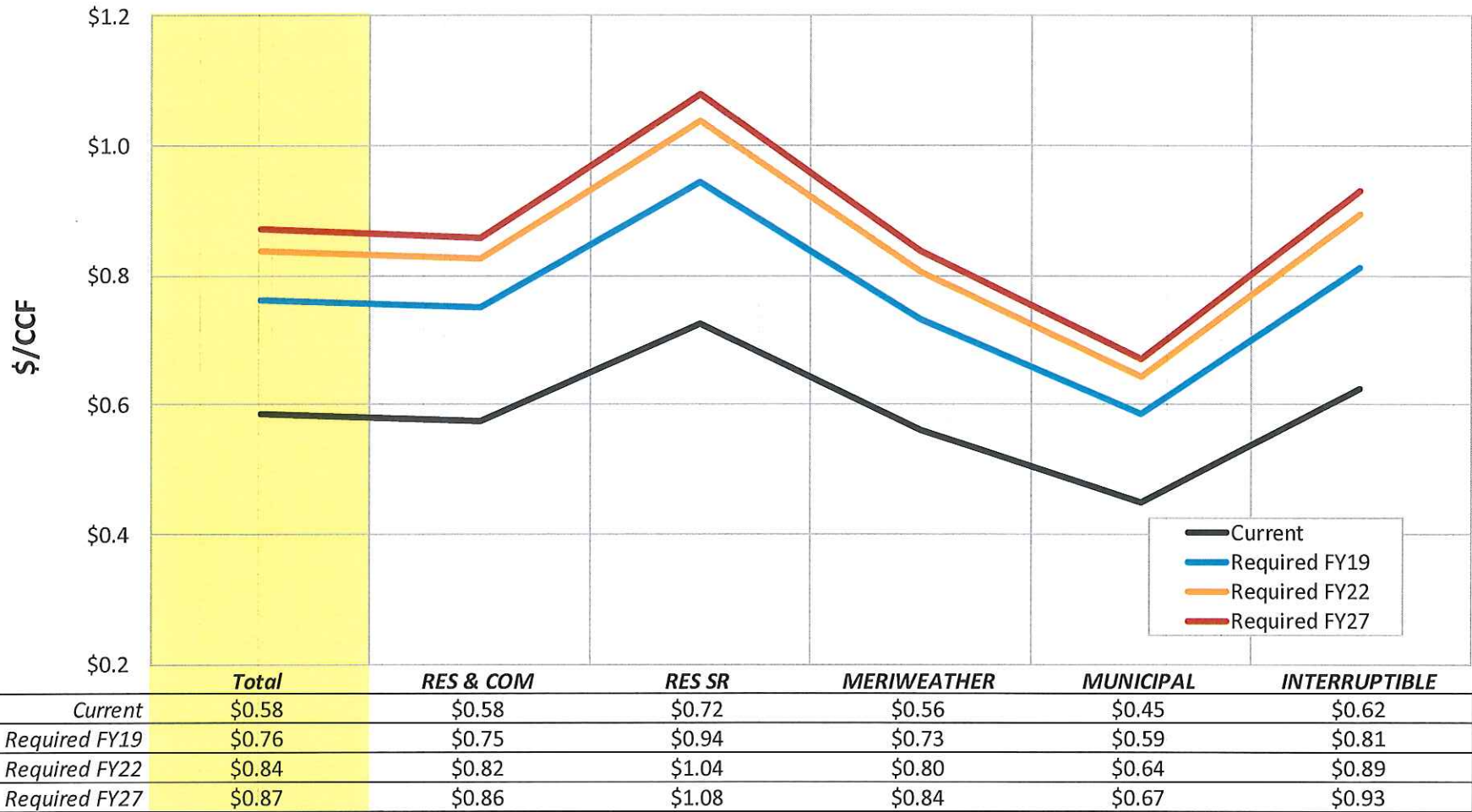
*** Expenses already surpassed revenues.

*** Fund is unsustainable. Acquiring more revenues & reducing expenses are paramount to survival.

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Natural Gas: Rate Adjustments (Required)



*** Rate Adjustments assume a rate increase occurs proportionally across the board.

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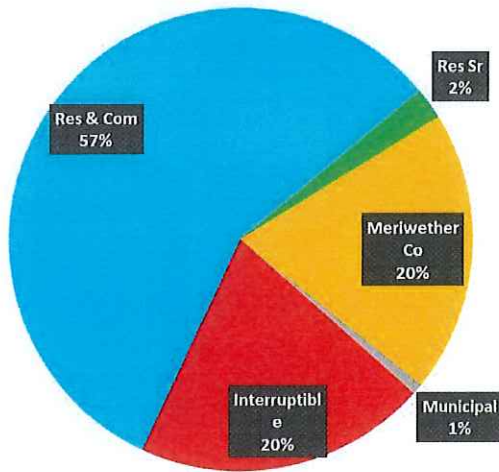
Natural Gas: Recommendations

- Eliminate transfer to the General Fund until such time when the Natural Gas Utility becomes solvent
- Adjusting base and distribution rates to increase revenues to cover expenses
- Senior discount should be a percentage discount off the base charge only
- Evaluate rates annually
- Review wholesale agreement with Meriwether

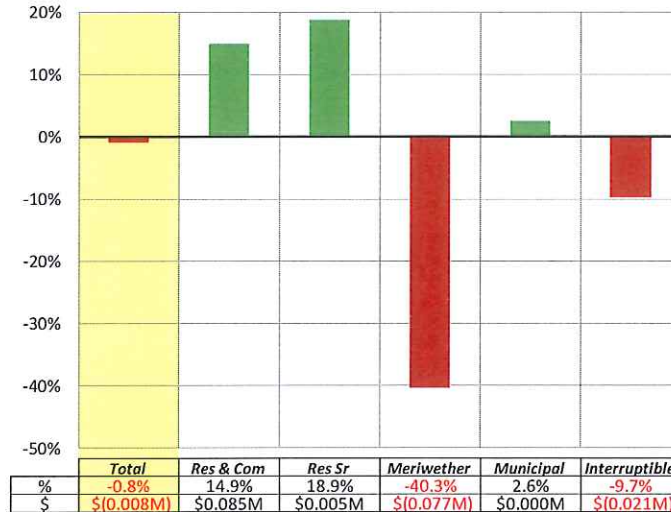


UTILITY: NATURAL GAS

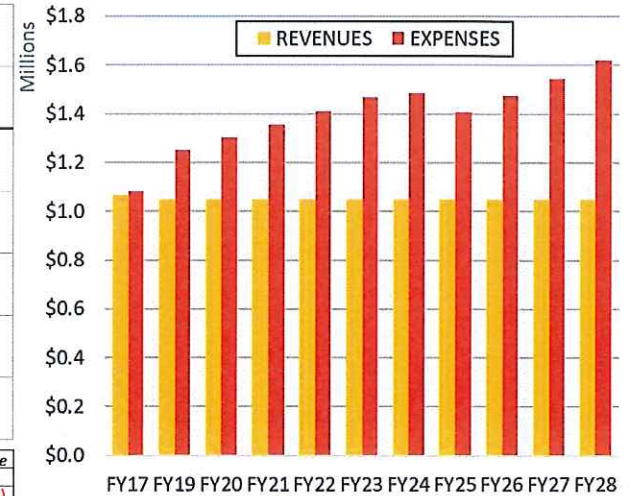
Natural Gas: Usage by Rate Class



Cost of Service Margin (% and \$)



Future Outlook: Revenues vs. Expenses



OBSERVATION:

- In Fiscal Year 2017, expenses and revenues were almost even
- Expenses are expected to surpass revenues in future years

RECOMMENDATION:

- Eliminate transfer to the General Fund until such time when the Natural Gas Utility becomes solvent
- Adjusting base and distribution rates to increase revenues to cover expenses
- Senior Discount should be a percentage discount off base charge only
- Evaluate rates annually
- Review Wholesale agreement with Meriwether



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