

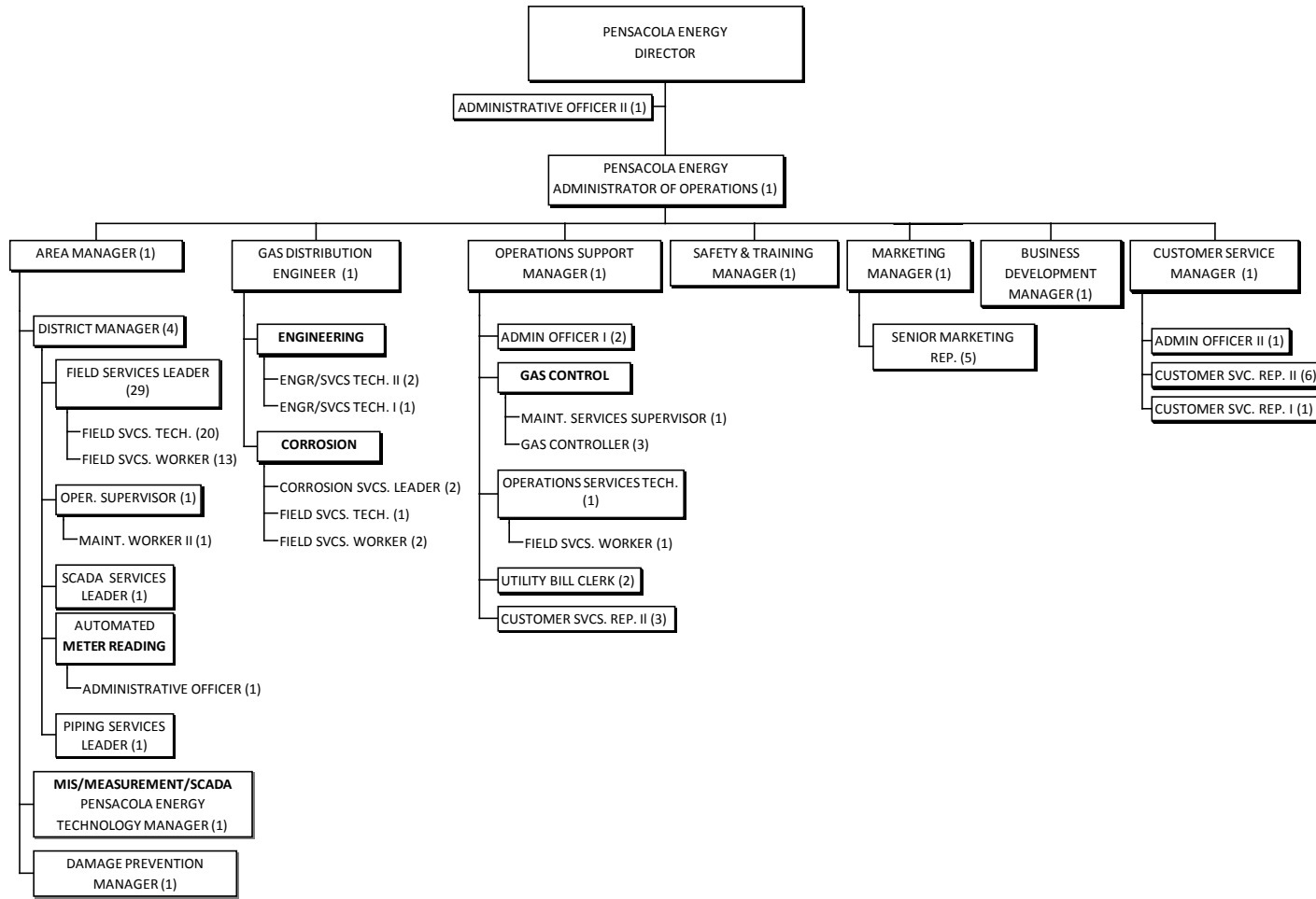


# PENSACOLA ENERGY

City Council Presentation  
Fiscal Year 2014 Budget



# Fiscal Year 2014 Organization Chart



Total Positions: 117



# Fiscal Year 2014 Proposed Budget

	ACTUAL FY 2011	ACTUAL FY 2012	BEGIN BGT FY 2013	PROPOSED FY 2014
BEGINNING FUND BALANCE	\$ 2,876,058	7,172,921	0	0
REVENUES:				
GAS CHARGES	40,325,024	37,638,869	53,350,000	41,725,000
TOTAL REVENUES AND FUND BALANCE	<u>\$ 43,201,082</u>	<u>44,811,790</u>	<u>53,350,000</u>	<u>41,725,000</u>
	ACTUAL FY 2011	ACTUAL FY 2012	BEGIN BGT FY 2013	PROPOSED FY 2014
GAS OPERATION & MAINTENANCE				
Personal Services	\$ 8,785,243	6,807,026	8,048,600	8,327,800
Operating Expenses	22,783,089	16,281,900	33,529,300	21,453,200
Capital Outlay	595,675	2,061,236	483,200	505,000
SUB-TOTAL	<u>32,164,007</u>	<u>25,150,162</u>	<u>42,061,100</u>	<u>30,286,000</u>
GAS DEBT SERVICE				
Interest	381,119	420,935	364,400	333,900
Principal	1,405,000	1,405,000	1,779,300	1,955,000
SUB-TOTAL	<u>1,786,119</u>	<u>1,825,935</u>	<u>2,143,700</u>	<u>2,288,900</u>
TRANSFERS OUT				
General Fund	8,000,000	8,000,000	8,000,000	8,000,000
SUB-TOTAL	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>
ALLOCATED OVERHEAD/(COST RECOVERY)	<u>1,055,400</u>	<u>1,161,400</u>	<u>1,145,200</u>	<u>1,150,100</u>
SUB-TOTAL GAS OPERATIONS	<u>43,005,526</u>	<u>36,137,497</u>	<u>53,350,000</u>	<u>41,725,000</u>
GAS CONSTRUCTION BONDS	0	1,933,433	0	0
GAS CONSTRUCTION NAVY	1,526	0	0	0
TOTAL EXPENDITURES	<u>\$ 43,007,052</u>	<u>38,070,930</u>	<u>53,350,000</u>	<u>41,725,000</u>



# 2014 Budget Highlights

- Rates Increase By CPI 1.5%
- Reduction in Expenditures and Gas Cost
- Infrastructure Replacement and Cost Recovery
- Customer Growth
- Market Expansion Opportunities
  - Natural Gas System Expansion
  - Compressed Natural Gas Facilities



# Rate Increase Based on CPI Index

- CPI increase 1.5%
- Revenue from CPI Increase \$314,000
  - In City Residential Average Monthly Bill will Increase \$0.39
  - In City Commercial Average Monthly Bill will Increase \$4.14
  - County Residential Average Monthly Bill will Increase \$0.40
  - County Commercial Average Monthly Bill will Increase \$4.23



# Reduction in Expenditures

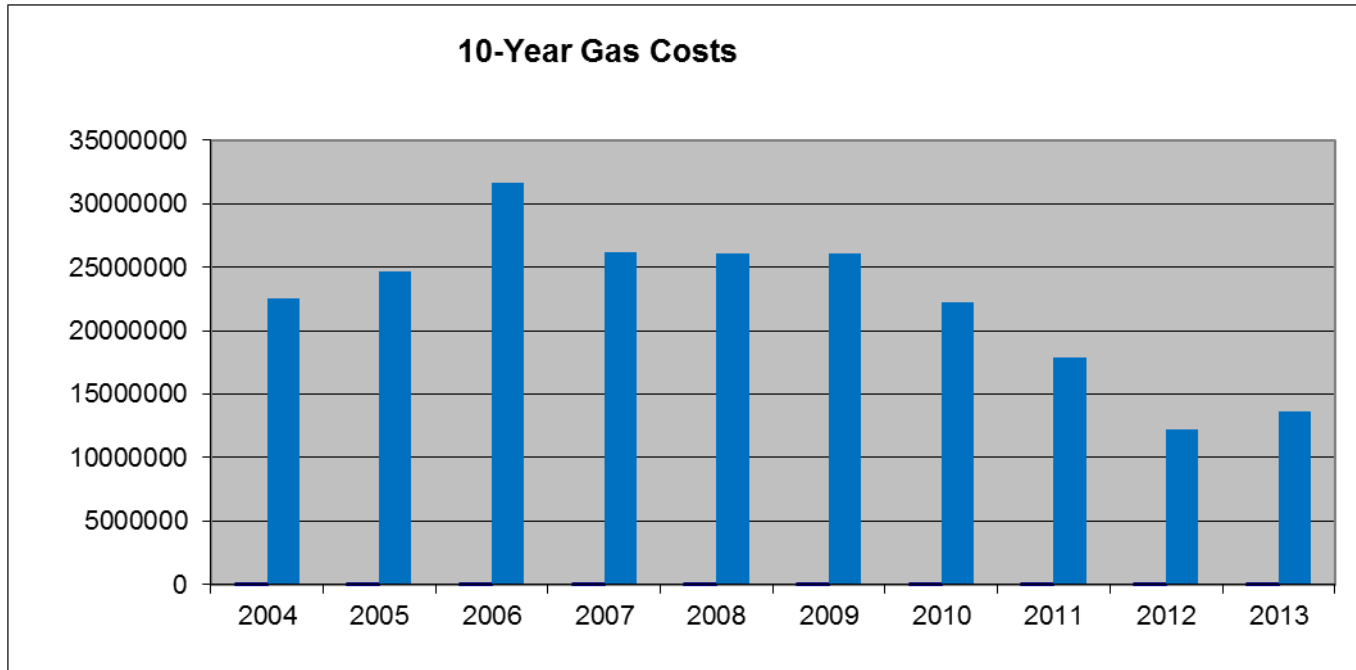
• 2013 Expenditure Reductions	(\$13,499,100)
• 2014 Reductions:	
• Advertising, Customer Incentives	(\$117,500)
• Pipe Fittings, Meter Parts, Miscellaneous	(\$729,300)
• Gas Cost	(\$11,995,000)
• Infrastructure Recovery Increase	\$610,000
• Contractual and Other Services Increase	\$456,700
• Allocated Overhead, Debt Service	<u>\$150,100</u>
Total	(\$11,625,000)

## Forced Actions Without CPI :

- Reductions That Will Hinder Long Term Growth
- New Rate Study



# Reduction in Gas Cost



- Winter Trends Showing Nymex Prices at \$4-\$4.50
- Shale Gas Production Continues to Stabilize Supply
- Gas Storage Slightly Higher Than 5-Year Average



# Infrastructure Replacement and Cost Recovery

- State and Federal Regulatory Improvements
  - FY 2013 Expenditures will be \$1,384,000
- Projects Include:
  - Barrancas/Live Oak Main Replacement; 6810 LF
    - Includes Dexter, Live Oak, Barrancas and Park
  - East Pensacola Heights Main Replacement; 10,824 LF
    - Includes portions of Cervantes, Desoto, Gonzales, Perry, Pickens, Watson and Knowles
  - Beach Haven Main Replacement
    - Includes portions of Beach Haven, Mills, Rentz, Graupera, Decatur, Fairfield, State, Lynwood, 47<sup>th</sup> and 63<sup>rd</sup>
  - Bayou Blvd/Dunwoody Main Replacement; 18,058 LF
    - Includes Tanglewood, Dunwoody, Gerhardt, Baisden, Firestone, Dunfires, Nagel, Drake, Piedmont, Tronjo and Hightower





# Infrastructure Replacement and Cost Recovery

- Planned Infrastructure Contractor Expenditures in FY 2014 of \$1,550,000. Projects Include:
  - Olive Road Replacement –Davis Hwy East to 9th Avenue
  - Sunset Avenue/Navy Blvd Replacement
  - Sanders Beach North Replacement
  - Aero Viste Replacement
  - Scenic Heights Replacement
  - East Pensacola Heights Replacement- North

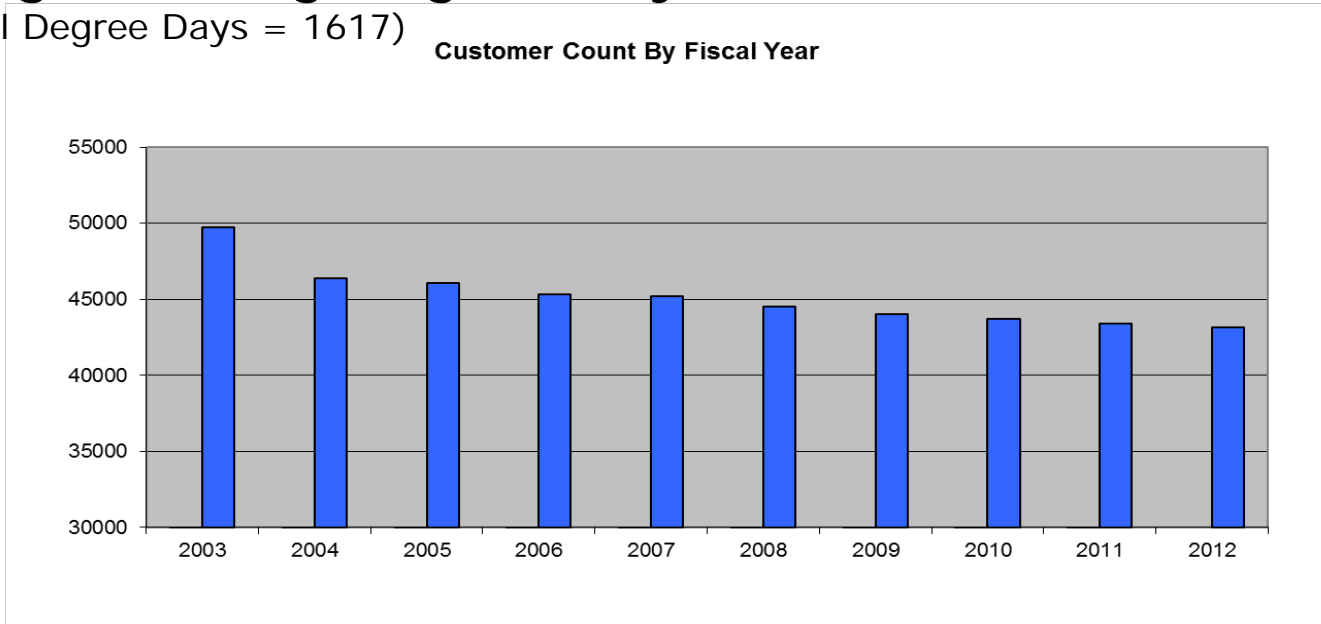


# Customer Growth

	2011	2012	2013 ytd
New Home Permits	347	318	427
Service Lines Installed	263	312	311
Average Appliances in Home	4.16	3.96	4.15
Average Heating Degree Days	1595	927	1181

(Normal Degree Days = 1617)

Customer Count By Fiscal Year



# Customer Growth

- Gas Piping Partnership

- Pensacola Energy Provides Quote, Ensures Existing Natural Gas Service, Provides Water Heater
- Program Includes Standard Installations
- Plumbers Schedule the Installation, Pull Permit
- After Final Inspection, Pensacola Energy Bills Customer and Pays Plumber for Installation
- Pensacola Energy Staff Performs Limited Installation Work

- Home Warranties

- Vendor Administered Program, Approximately \$5 Per Month
- Pensacola Energy Provides Branding, Reviews Marketing Plan and Material
- Vendor Uses Local Contractors



# Market Expansion Opportunities Natural Gas System

- Perdido Key System Expansion
  - Schedule Underwater Boring by Year End
  - Phase 1 targets 7 Commercial Properties and 224 Residential Home Conversions
- Beulah System Expansion
  - From Interstate 10 North to Future Growth Areas
- University of West Florida Growth



# Market Expansion Opportunities

## Compressed Natural Gas Facilities

### Pine Forest Facility

- Serving over 94 Vehicles
- YTD Sales       \$293,400
- YTD Volume     326,000 DGE
- Projections for FY 2014:  
Volume           424,400 DGE



# Market Expansion Opportunities Compressed Natural Gas Facilities

## City Facility

Opened February 2013

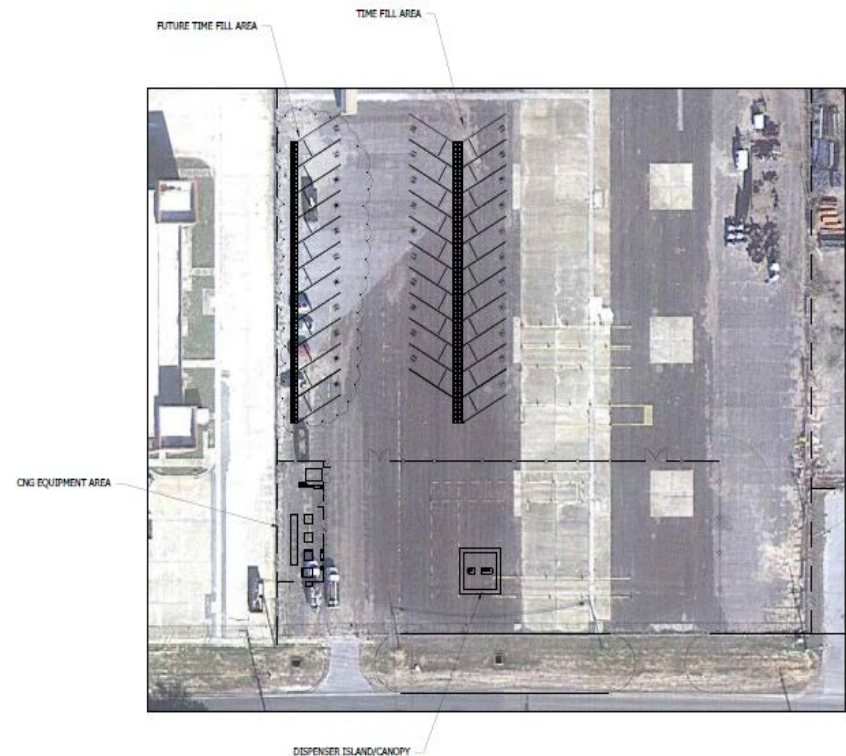
- Serving over 21 Vehicles
- YTD Sales           \$27,900
- YTD Volume        15,000 DGE
- Projections for FY 2014:  
  Volume        36,000 DGE



# Market Expansion Opportunities Compressed Natural Gas Facilities

## Ellyson Industrial Park Facility

- Scheduled to Open Fall 2013
- Initially 25 Large Utility and Semi Trucks
- Additional 14 Vehicles Per Year for 4 Years
- Targeting Commercial Fleet Transportation, Transit, Beverage Distributors, Laundry Delivery vans, Small Repair and Installation Companies
- Projected Volume 67,000 DGE



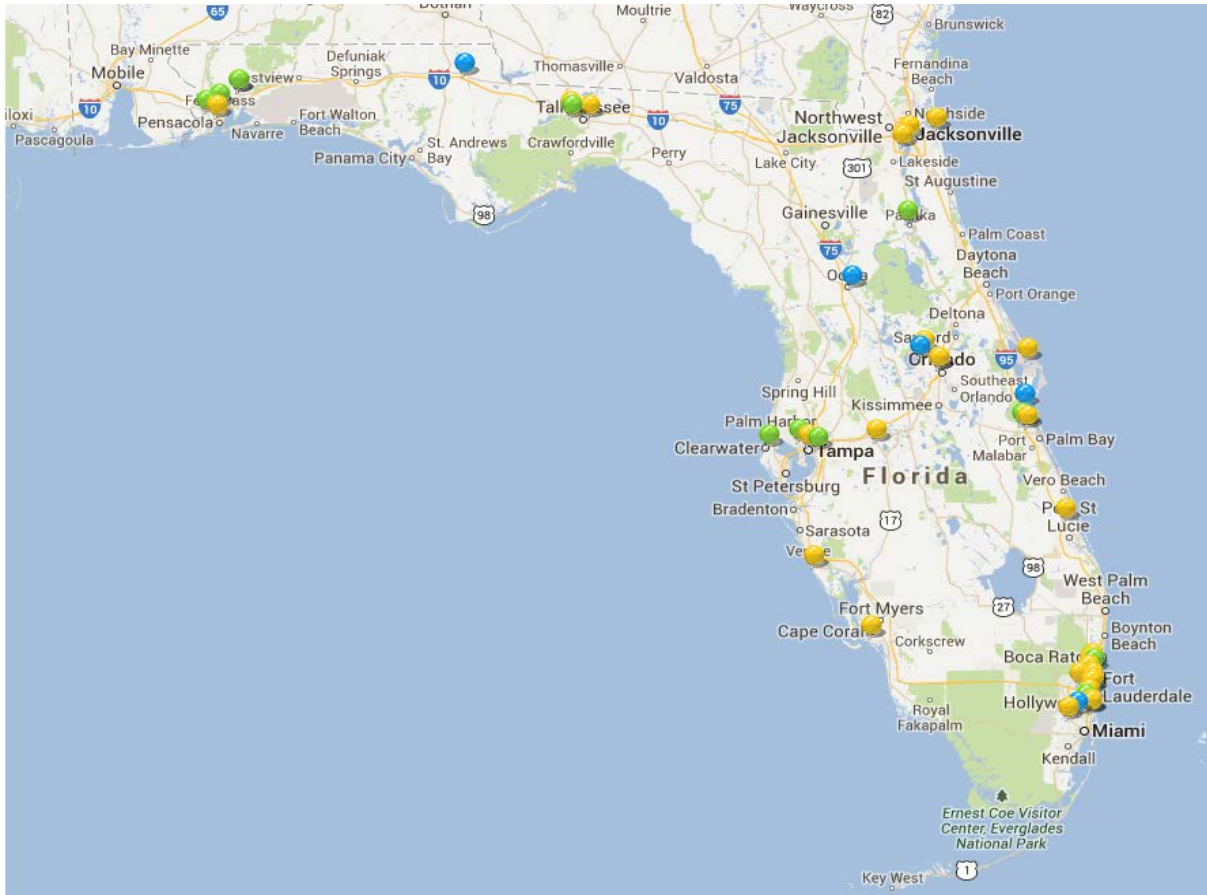
# Market Expansion Opportunities Compressed Natural Gas Facilities

- RFQ for Services to Build Future Fueling Facilities
  - 5-Year Agreement to Assist in Developing the Local CNG Market
  - Perform Feasibility and Design Services for Private and Public Access Stations
  - Approximately 10 Sites Not to Exceed \$20,000,000
  - Projects Sent to Council for Approval





# Market Expansion Opportunities Compressed Natural Gas Facilities GetGasFL.com





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# Discussion

