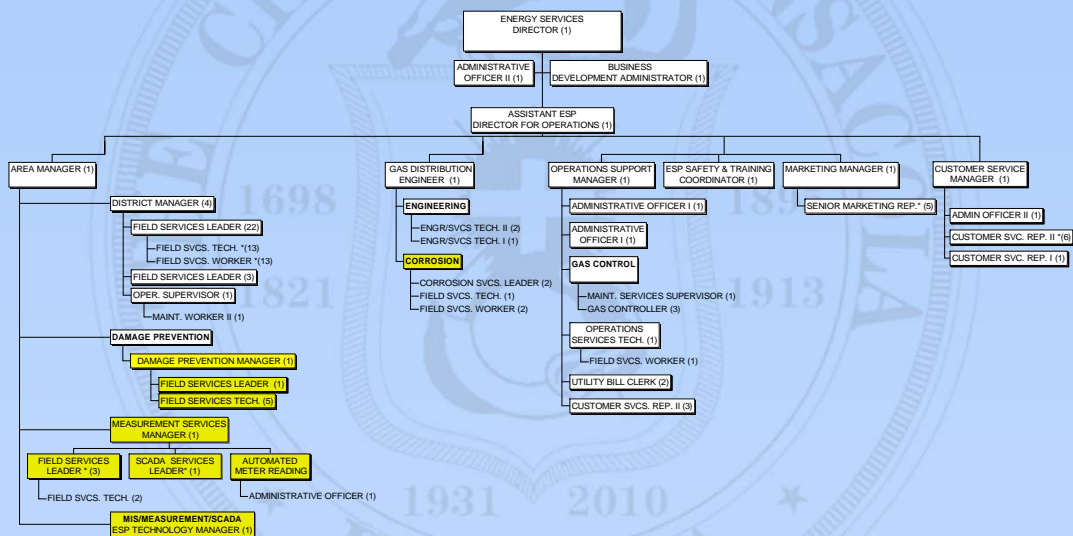


PENSACOLA
ENERGY

City Council Presentation
Fiscal Year 2013 Budget

Fiscal Year 2013 Organization Chart



Total Positions: 117

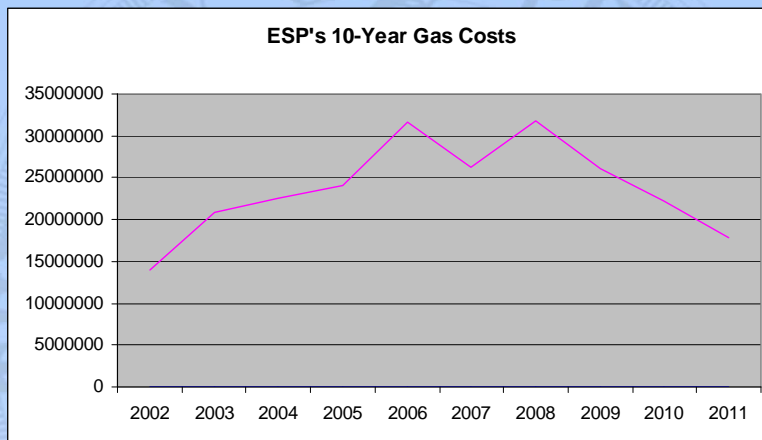
Fiscal Year 2013 Proposed Budget

	ACTUAL FY 2010	ACTUAL FY 2011	BEGIN BGT FY 2012	PROPOSED FY 2013
BEGINNING FUND BALANCE	\$ 1,678,965	2,876,058	0	0
REVENUES:				
GAS CHARGES	46,209,499	40,325,024	54,621,100	53,350,000
TOTAL REVENUES AND FUND BALANCE	\$ 47,888,464	43,201,082	54,621,100	53,350,000
	ACTUAL FY 2010	ACTUAL FY 2011	BEGIN BGT FY 2012	PROPOSED FY 2013
GAS OPERATION & MAINTENANCE				
Personal Services	\$ 7,936,453	8,785,243	8,095,500	8,048,800
Operating Expenses	26,527,198	22,783,089	34,901,300	33,529,100
Capital Outlay	349,795	595,675	559,800	483,200
SUB-TOTAL	34,813,446	32,164,007	43,556,600	42,061,100
GAS DEBT SERVICE				
Interest	390,717	381,119	338,300	364,400
Principal	525,000	1,405,000	1,405,000	1,779,300
SUB-TOTAL	915,717	1,786,119	1,743,300	2,143,700
TRANSFERS OUT				
General Fund	8,000,000	8,000,000	8,000,000	8,000,000
SUB-TOTAL	8,000,000	8,000,000	8,000,000	8,000,000
ALLOCATED OVERHEAD/(COST RECOVERY)	1,121,500	1,055,400	1,321,200	1,145,200
SUB-TOTAL GAS OPERATIONS	44,850,663	43,005,526	54,621,100	53,350,000
GAS CONSTRUCTION BONDS	868,710	0	0	0
GAS CONSTRUCTION NAVY	1,852	1,526	0	0
TOTAL EXPENDITURES	\$ 45,721,225	43,007,052	54,621,100	53,350,000

2013 Budget Highlights

- Reduction in Gas Cost
- Infrastructure Replacement and Cost Recovery
- Customer Retention and Growth
 - FY 2012 Results
 - Home Warranties
 - Gas Piping Partnership
- Market Expansion Opportunities
 - Industrial/Commercial
 - Gulf South Acquisition
 - Navy Supply Contract
 - Natural Gas System Expansion
 - Compressed Natural Gas Facilities

Reduction in Gas Cost



- Since 2008 prices have remained in the \$2-\$5 MMBtu range.
- Shale gas production has increased supply.
- Gas storage levels coming out of winter are higher than average.
- A Gas Pre-pay arrangement is a multi-year hedging tool.

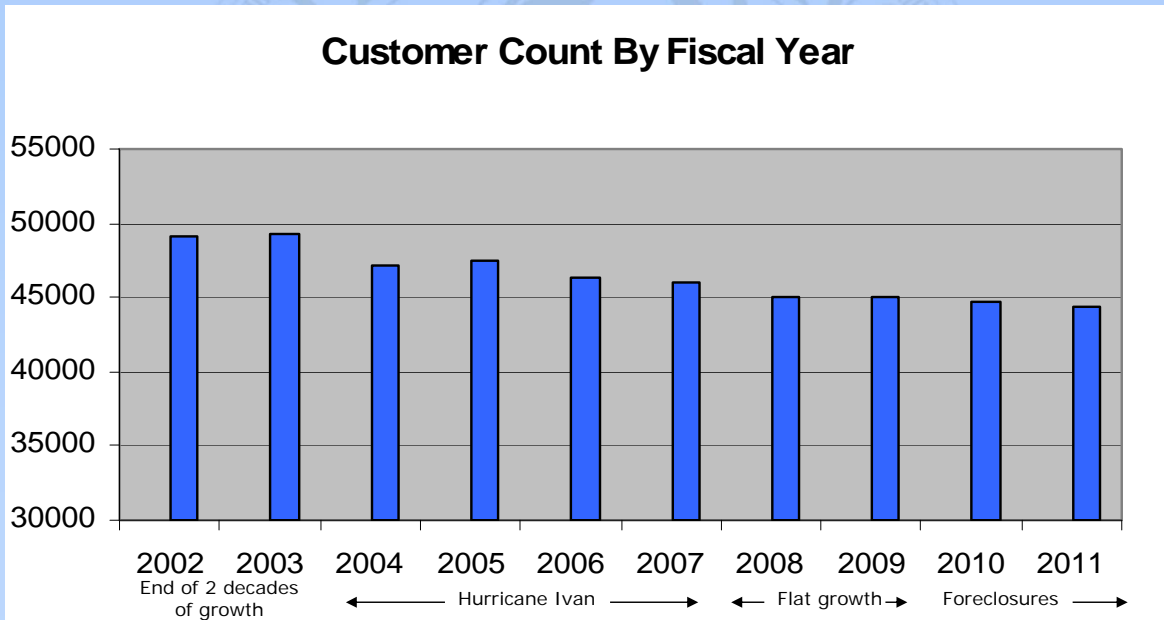
Gas Cost Market Outlook

- Gas prices trend with supply and demand.
- Shale gas production will continue to stabilize supply.
 - There is potential for LNG exporting.
 - New rules on emissions from coal-fired power plants will force construction of more gas-fired power plants.

Infrastructure Replacement and Cost Recovery

- Florida PSC submitted plan allows Pensacola Energy to discontinue electrical survey, install cathodic protection to extend the useful life, and replace sections of obsolete bare steel pipe.
- Planned infrastructure expenditures of \$1,000,000 in FY 2013. Projects include:
 - East Pensacola Heights Area
 - Gulf Beach/Lillian Highway Area
 - Pensacola Blvd/Stumpfield Road Area
 - Bayou Blvd/Dunwoody Area
 - Barrancas/Live Oak Area

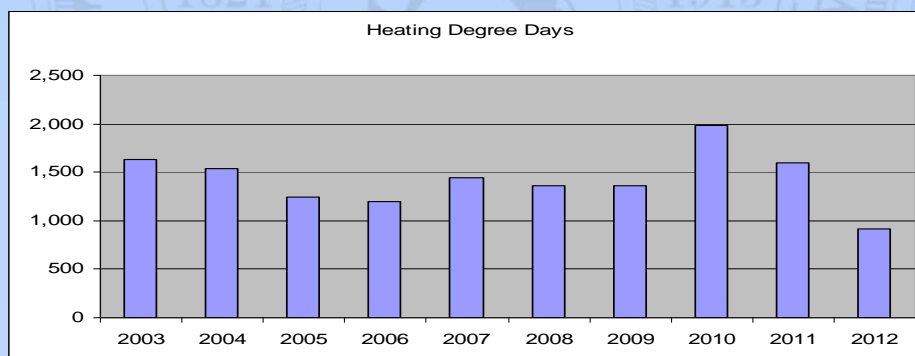
Customers



Customer Retention and Growth

- FY 2012 Results

2012 YTD May	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Revenue Net of Gas Costs	\$18,672,100	\$17,687,948	(\$984,152)
MCF Sales	2,923,874	2,369,234	(554,640)



Customer Retention and Growth

- Home Warranties
 - Vendor administered program, approximately \$4-\$5 per month.
 - Pensacola Energy provides branding, reviews marketing plan and material.
 - Vendor uses local contractors.
 - Pensacola Energy receives small annual fee.

Customer Retention and Growth

- Gas Piping Partnership
 - Pensacola Energy provides quote to customer, ensures there is an existing natural gas service, provides the water heaters.
 - This program includes standard installations only.
 - Plumbers are used on a rotating basis.
 - Plumbers schedule the installation, pull permits.
 - After final inspection, Pensacola Energy bills the customer and pays the plumber for the installation.
 - Pensacola Energy staff will do limited installation work.

Market Expansion Opportunities

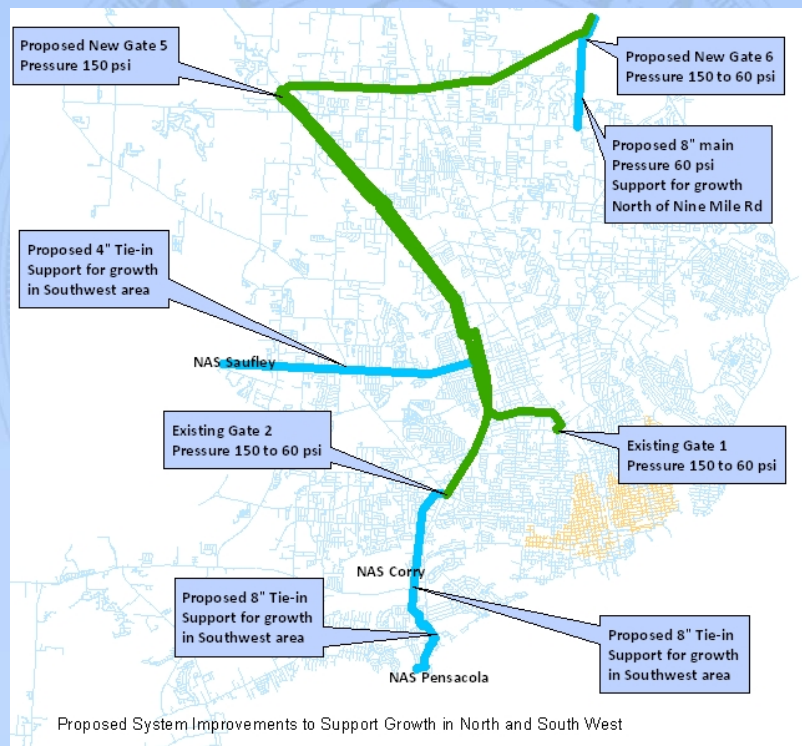
- Industrial/Commercial:
 - Pensacola International Airport - potential co-generation and chilled water system
 - University of West Florida - potential natural gas co-generation plant
 - University Mall - 1 new retail anchor store, 1 restaurant, 16 smaller commercial stores
 - Cordova Commons, 4 new retail stores

Market Expansion Opportunities

- Gulf South Acquisition
 - Closing expected by 10/1/2012
 - Compliments distribution system, improve service territory
 - Obtain needed real estate for West Side response and equipment storage

- Navy Supply Contract
 - New industrial customer, 450,000 annual MCF load

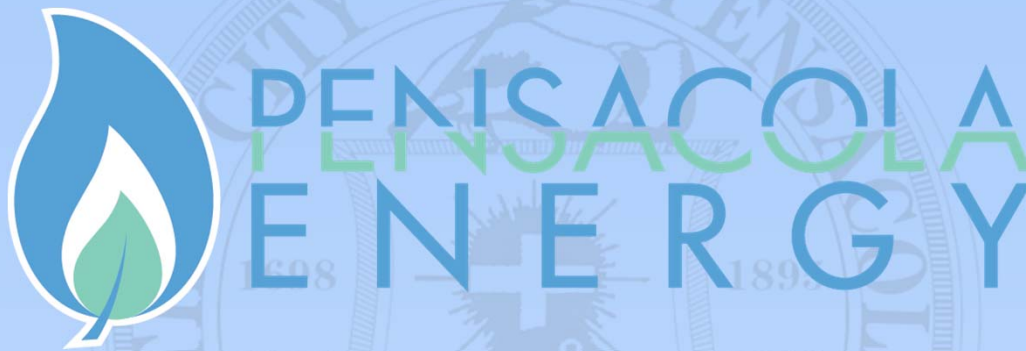
Natural Gas System Expansion



Compressed Natural Gas Facilities

- City CNG Vehicle Fleet
 - 2011 Honda Civic, 2012 Transit Connect, 2 F-150 Pick Ups dual fuel. Converting an C1500 truck to a dual fuel application.
 - 5 Garbage trucks, 4 1-ton utility trucks, 1 Ford Fusion Sedan on order.
- Pine Forest Fueling Station in partnership with ECUA, operational September 2012. Will support ECUA fleets as well as other commercial fleets.
- Other planned stations Ellyson Industrial Park (another partnership sight with ECUA) and City's Public Works Facility on Palafox Street. Both should be completed early FY 2013.





*An Enterprise Business that returns
\$8 Million in annual dividends to it's
shareholders.*

Discussion