



Electric

Communication is Key
Turn Information Into Action



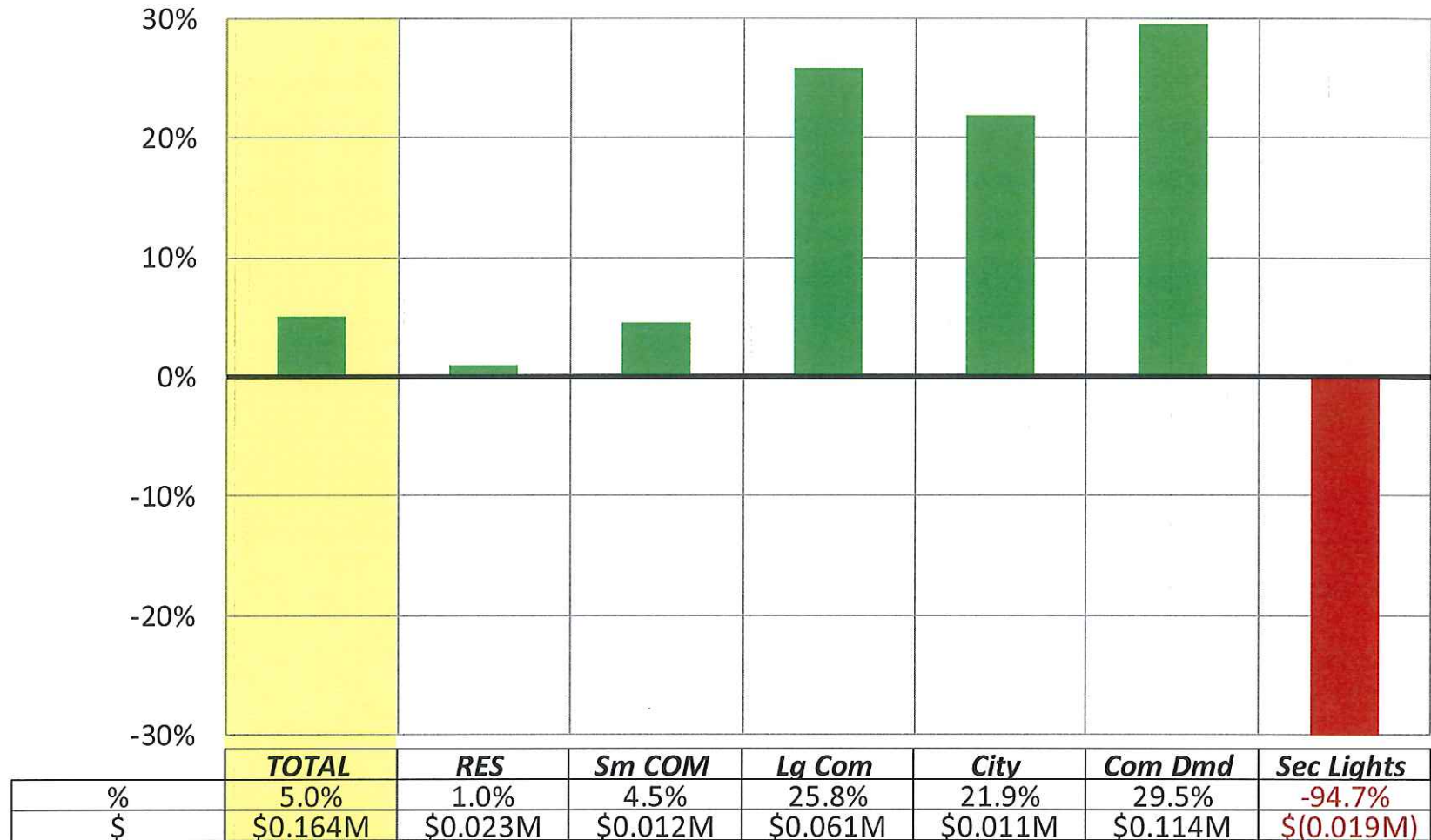
Electric: Cost of Service Overview

- Allocates all operating costs to individual rate classes to determine margin
 - Can be used to make strategic rate adjustments
 - Incorporates billing information and audited financials
 - Covers FY2017 period

<u>Revenues</u>		<u>Expenses</u>	
❑ Sales:	\$3.232M	❑ Power:	\$2.101M
❑ Other:	\$0.072M	❑ O&M:	\$0.278M
		❑ Depreciation:	\$0.092M
		❑ Debt Service	\$0.265M
		❑ Capital/Admin/Other:	\$0.128M
Total Revenues:	\$3.304M	Total Expenses:	\$2.864M
Transfers: \$0.276M			
Margin <u>After</u> Transfers: \$0.164M			

* Debt service: MEAG lease/1993 Revenue Bond interest & principal; includes interest not paid (\$185K) but added to long-term accrued interest.

Electric: Cost of Service Margin (% and \$)



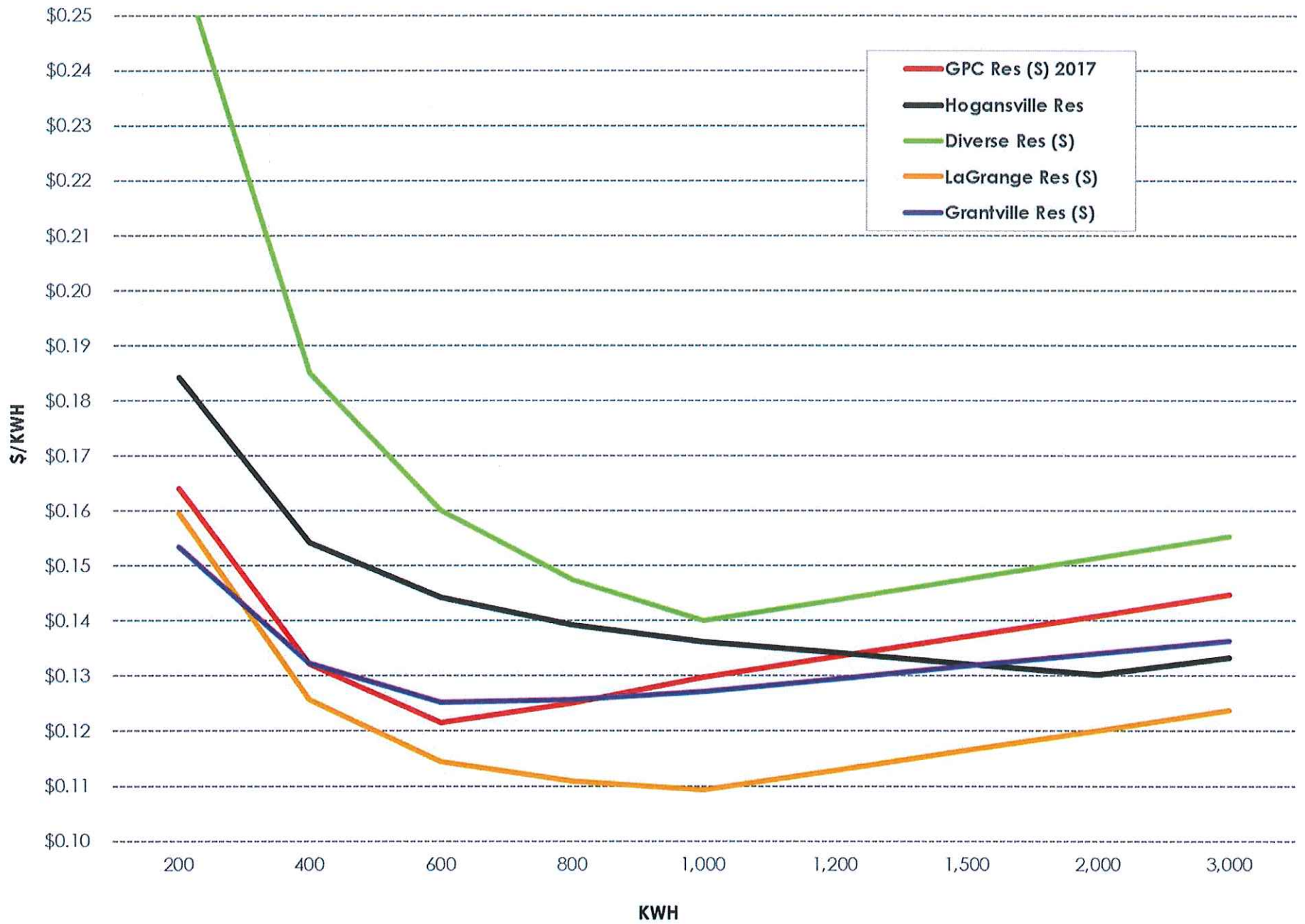
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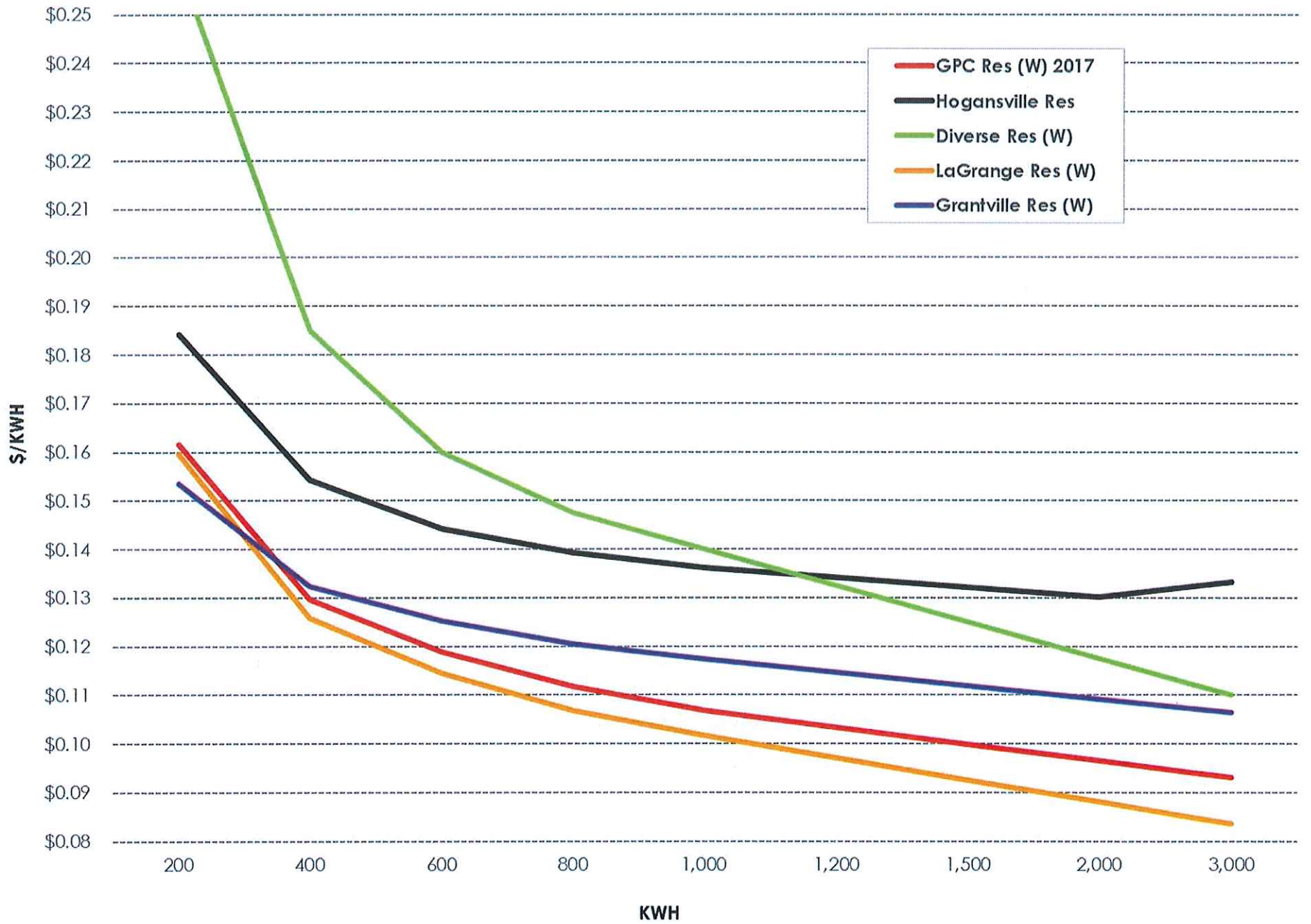
Rate Comparison: Residential

RESIDENTIAL SUMMER 1000 KWH					
	GPC	Hogansville	Diverse	LaGrange	Grantville
	Res (S) 2017	Res	Res (S)	Res (S)	Res (S)
TOTAL \$	\$129.67	\$136.23	\$140.00	\$109.28	\$127.20
\$/KWH	\$0.130	\$0.136	\$0.140	\$0.109	\$0.127
\$/DAY	\$4.18	\$4.39	\$4.52	\$3.53	\$4.10
RESIDENTIAL WINTER 1000 KWH					
	Res (W) 2017	Res	Res (W)	Res (W)	Res (W)
TOTAL \$	\$106.78	\$136.23	\$140.00	\$101.65	\$117.40
\$/KWH	\$0.107	\$0.136	\$0.140	\$0.102	\$0.117
\$/DAY	\$3.44	\$4.39	\$4.52	\$3.28	\$3.79

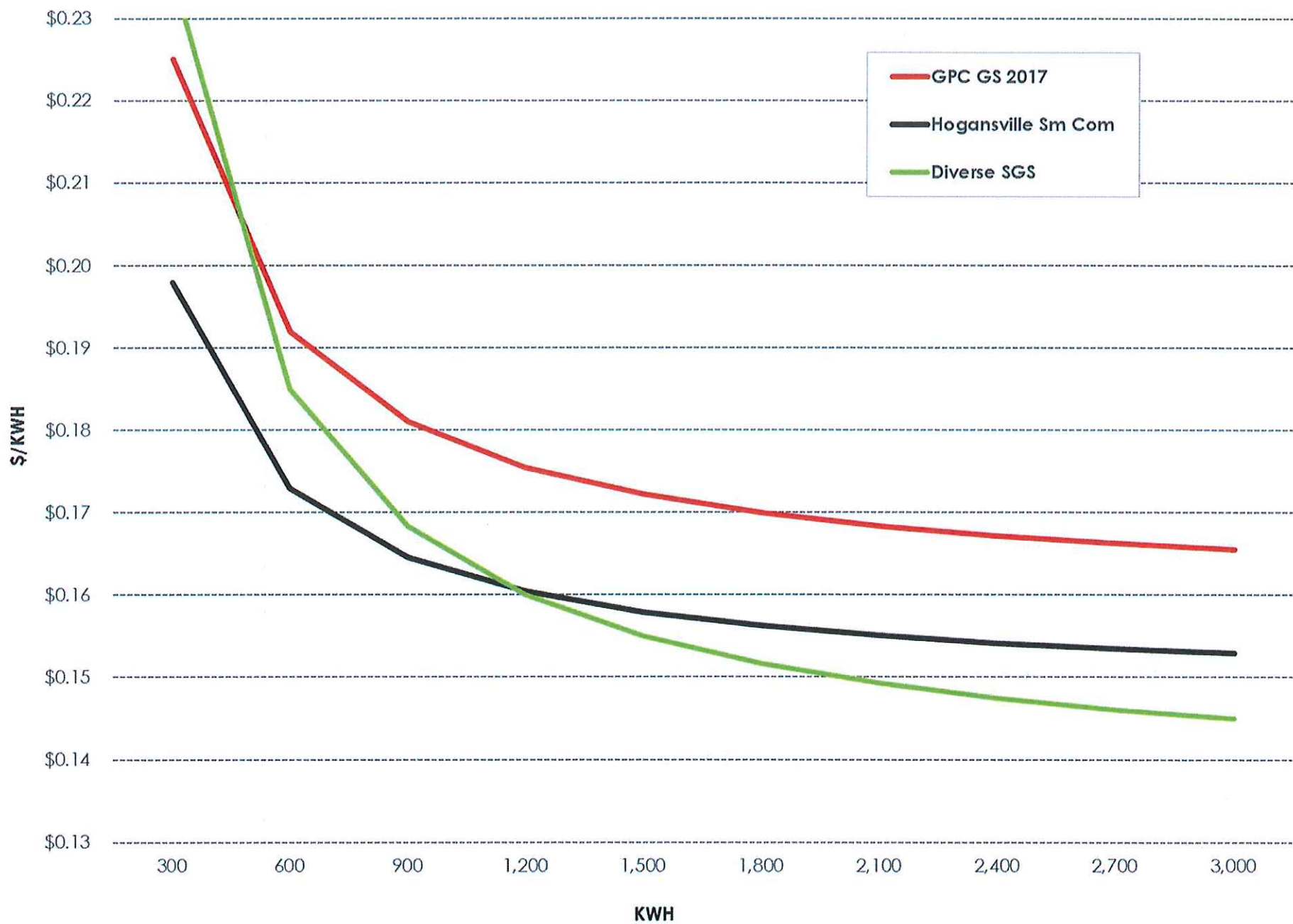
RESIDENTIAL SUMMER



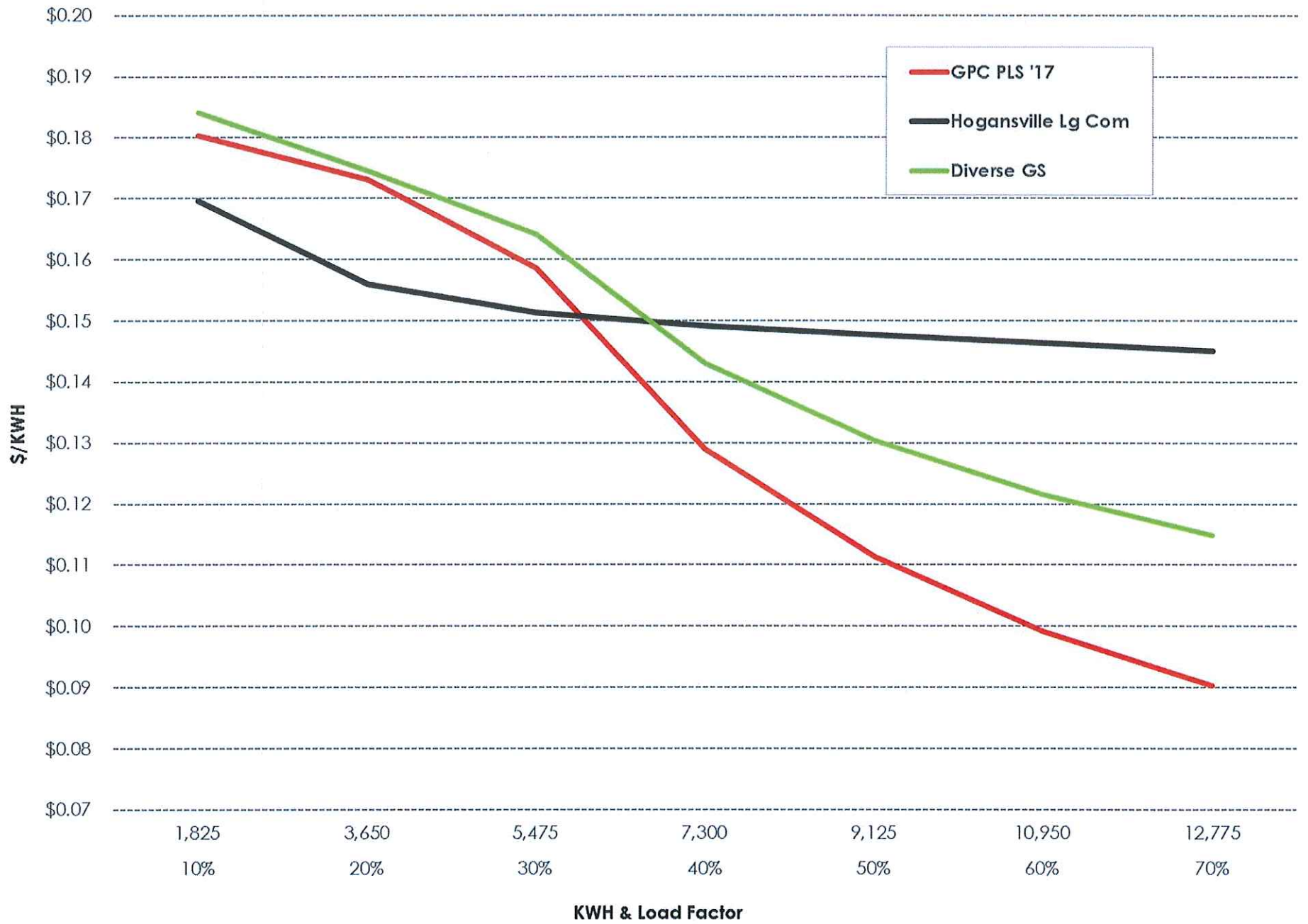
RESIDENTIAL WINTER



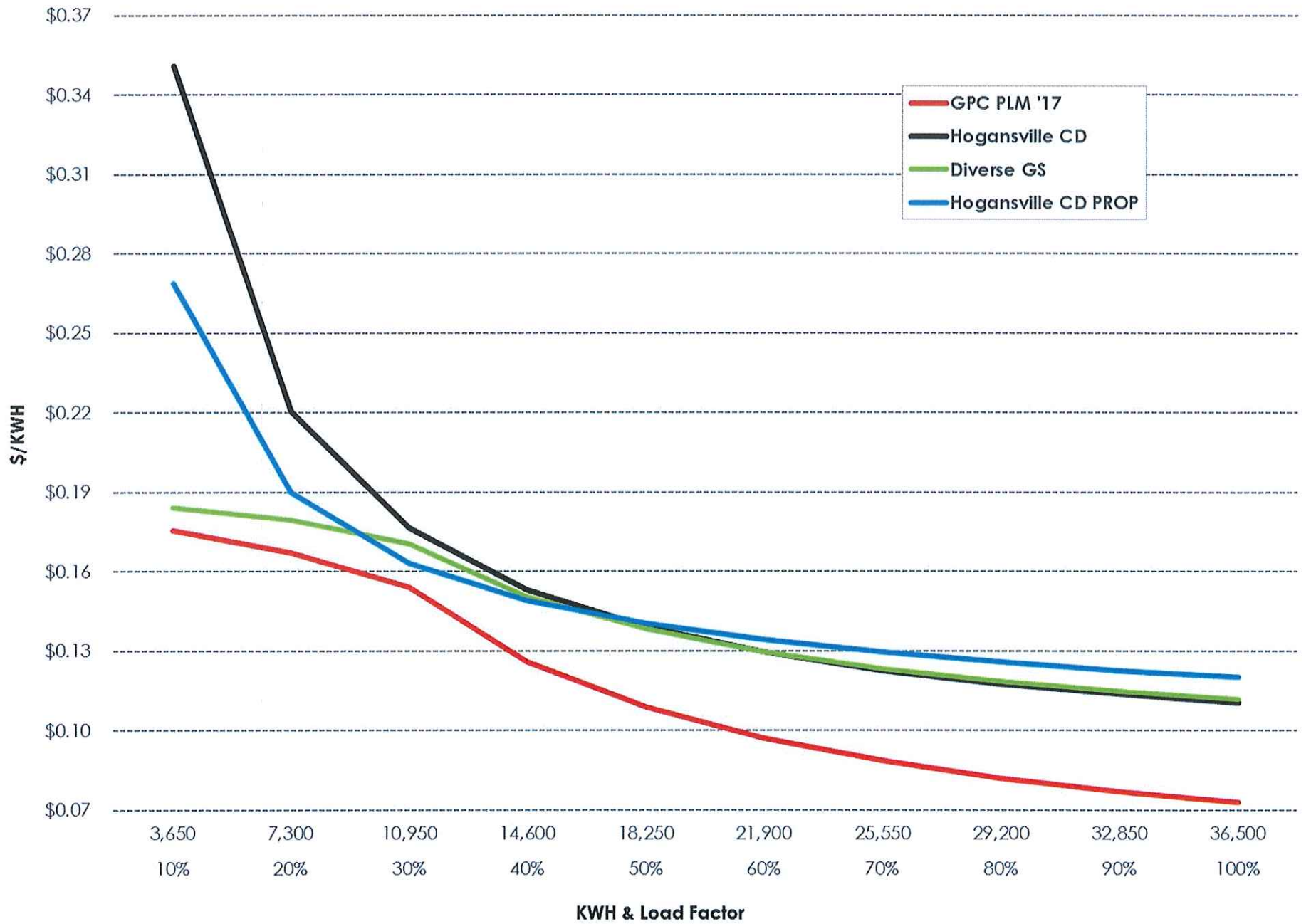
SMALL COMMERCIAL



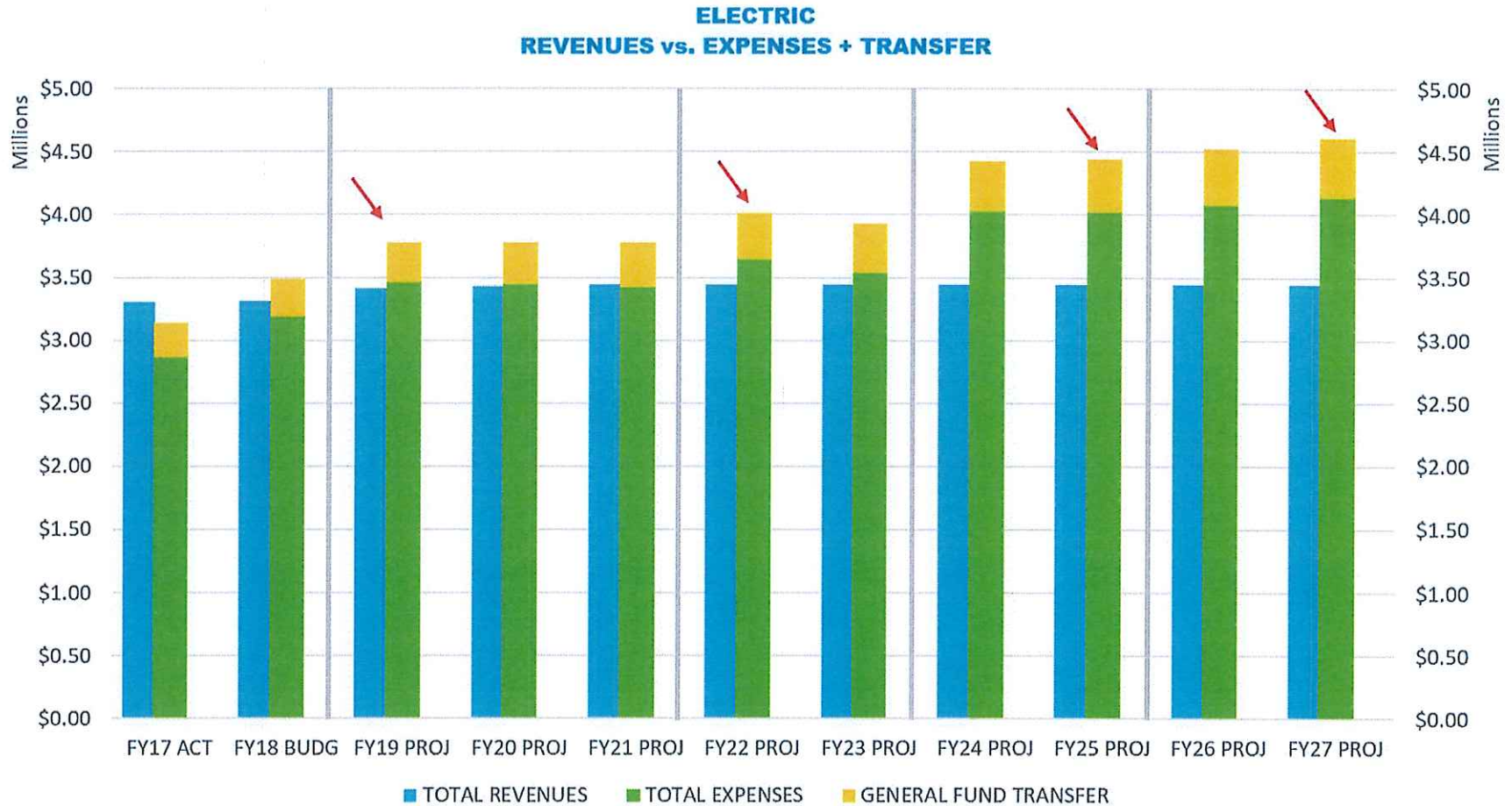
LARGE COMMERCIAL @ 25 KW



COMMERCIAL DEMAND @ 50 KW



Electric: Enterprise Fund Future Outlook

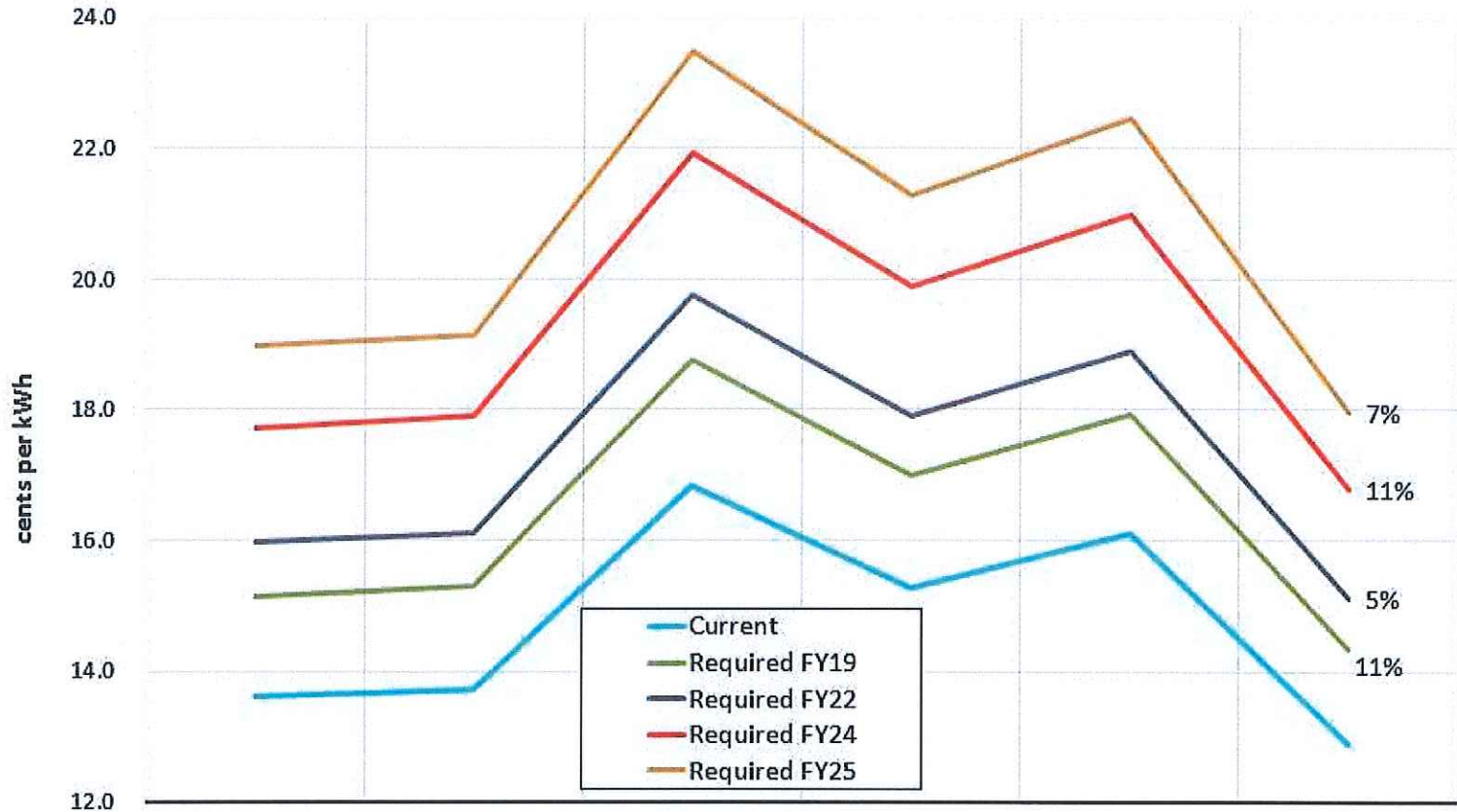


*** MEAG Lease debt service payment will increase five fold to \$750K from 2024 to 2040.

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

*** 10-year cumulative negative margin of \$7.6M.

Electric: Rate Adjustments (Required)



	TOTAL	RESIDENTIAL	SM COMM	LG COMM	CITY	COMM DMD
<i>Current</i>	13.6	13.7	16.8	15.3	16.1	12.9
<i>Required FY19</i>	15.2	15.3	18.8	17.0	17.9	14.4
<i>Required FY22</i>	16.0	16.1	19.8	17.9	18.9	15.1
<i>Required FY24</i>	17.7	17.9	21.9	19.9	21.0	16.8
<i>Required FY25</i>	19.0	19.1	23.5	21.3	22.5	18.0

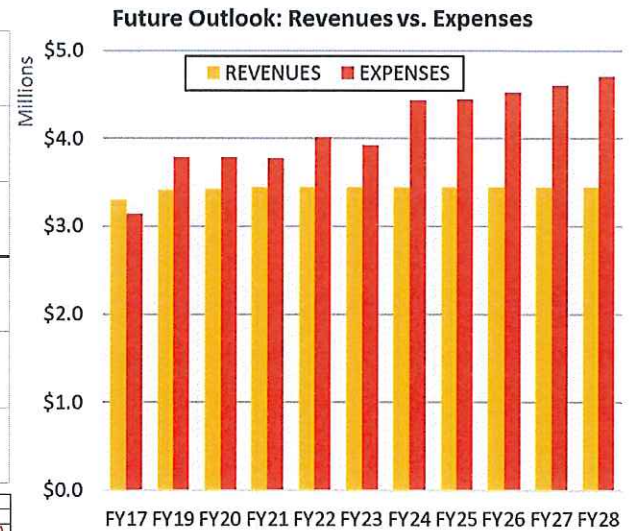
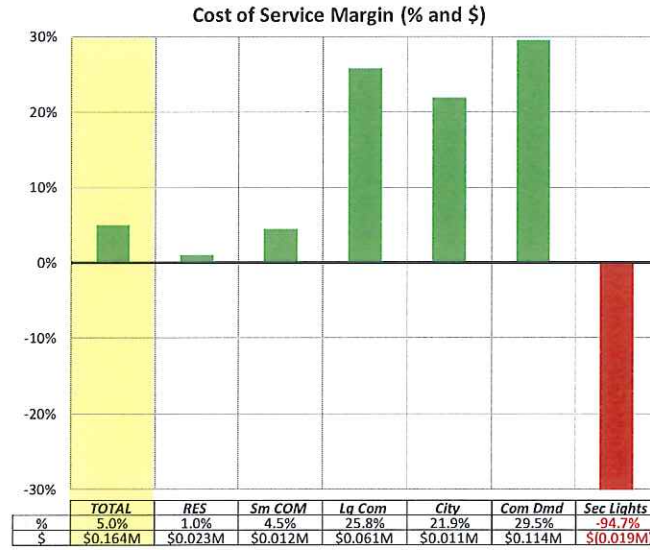
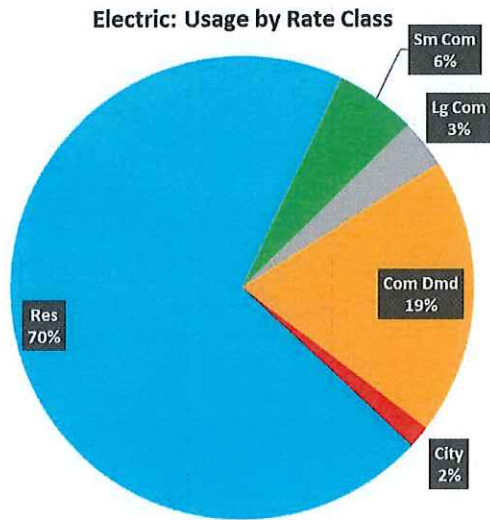
*** Rate Adjustments assume a rate increase occurs proportionally across the board.

Recommendations

- Adjust rates to increase revenues to cover expenses
- Eliminate transfer to General Fund until such time when the Electric Utility becomes solvent
- Reduce inequities between rate classes, including when a class earns a lower margin than the system average
- Increase fixed rates while reducing variable rates to align with costs
- Evaluate rates annually
- Senior discount should be a percentage discount off the base charge only



UTILITY: ELECTRIC



OBSERVATION:

- Expenses are projected to surpass revenues beginning in Fiscal Year 2019
- Municipal Electric Authority of Georgia (MEAG) Lease debt service payment will increase five-fold to \$750K from 2024 to 2040

RECOMMENDATION:

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