

Utility / Other Rates Discussion

ELECTRIC CITIES OF GEORGIA (ECG) RATE PROPOSAL OVERVIEW

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ECG President & CEO John Giles presented to the City Council at its Monday, May 7, 2018 meeting a proposal to provide the City of Hogansville with the following services:

- 4kV to 12kV Conversion
- System Operation & Maintenance
- New Construction
- Switching & Load Balancing
- Outage & Emergency Response
- Electric Meter Purchase & Installation
- Schedule Right of Way Trimming, Pole & Pad mount Inspection, Meter Testing

At the May 7th meeting, Mr. Giles left the City Council and its City Manager a copy of ECG's "Supplemental Contract" (System O&M Service) to be approved to begin establishing ECG's support on July 1, 2018.

The attached "Hogansville-ECG Supplemental Contract" is amended only to now include Attachment A-2, which is the specific "Annual Budget" for these services. Mr. Giles requests the City Council approve the Supplemental Contract at its May 14th Work Session to afford ECG adequate time to start putting the proposed solution into action.

Then ECG Analytical staff can facilitate with the city the desired electric rate schedule strategies based on information below. Mr. Giles has provided proposed rates that include recovering for General Fund (GF) Transfers, however there are options to adjust rates based on the dollar amount of GF desired by the Governing Body.

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For Hogansville to properly recover the electric service costs related to existing budgeted revenue requirements, including ECG's proposal for System O&M services during the period July 1, 2018 thru June 30, 2019, the following impacts shall be realized:

- Each fiscal year (FY), the City of Hogansville is “short” on income necessary to cover all costs “plus” the General Fund transfer requirements; however
- The City Council can strategize whether to incorporate reducing the General Fund transfers to offset rate increases necessary; furthermore
- ECG staff did not assume any “new” revenues or future rate increases in the sales revenue calculations (it is flat).

	FY19 PROJ (no ECG)	FY19 PROJ (w/ ECG)	FY20 PROJ	FY21 PROJ	FY22 PROJ	FY23 PROJ	FY24 PROJ
REVENUES							
Sales Revenues	\$3.248M	\$3.248M	\$3.248M	\$3.248M	\$3.248M	\$3.248M	\$3.248M
Benefit from Losses	\$0.000M	\$0.070M	\$0.088M	\$0.105M	\$0.105M	\$0.105M	\$0.105M
Other Revenues	\$0.092M	\$0.092M	\$0.092M	\$0.092M	\$0.092M	\$0.092M	\$0.092M
TOTAL REVENUES	\$3.340M	\$3.410M	\$3.427M	\$3.445M	\$3.445M	\$3.445M	\$3.445M
EXPENSES							
Operating:							
Personnel Costs	\$0.201M	\$0.201M	\$0.211M	\$0.222M	\$0.233M	\$0.244M	\$0.257M
Purchased Power	\$2.182M	\$2.182M	\$2.192M	\$2.082M	\$2.173M	\$2.262M	\$2.200M
Contractual Services	\$0.364M	\$0.062M	\$0.065M	\$0.069M	\$0.072M	\$0.076M	\$0.079M
Other Purchased Services	\$0.102M	\$0.071M	\$0.075M	\$0.079M	\$0.082M	\$0.087M	\$0.091M
Supplies & Materials	\$0.012M	\$0.009M	\$0.009M	\$0.010M	\$0.010M	\$0.011M	\$0.011M
ECG Work Plan	\$0.000M	\$0.640M	\$0.526M	\$0.532M	\$0.580M	\$0.300M	\$0.300M
TOTAL OPERATING	\$2.860M	\$3.165M	\$3.079M	\$2.993M	\$3.151M	\$2.980M	\$2.938M
Non-Operating							
Capital Outlay	\$0.043M	\$0.023M	\$0.024M	\$0.025M	\$0.027M	\$0.028M	\$0.029M
Contingency	\$0.011M	\$0.011M	\$0.011M	\$0.012M	\$0.012M	\$0.013M	\$0.013M
TOTAL NON-OPER	\$0.054M	\$0.034M	\$0.035M	\$0.037M	\$0.039M	\$0.041M	\$0.043M
DEPRECIATION	\$0.000M	\$0.000M	\$0.000M	\$0.000M	\$0.000M	\$0.000M	\$0.000M
1993 REVENUE BOND	\$0.036M	\$0.036M	\$0.036M	\$0.036M	\$0.036M	\$0.036M	\$0.000M
MEAG LEASE PAYMENTS	\$0.095M	\$0.095M	\$0.119M	\$0.146M	\$0.180M	\$0.220M	\$0.752M
TOTAL DEPR & DEBT SVC	\$0.132M	\$0.132M	\$0.155M	\$0.183M	\$0.216M	\$0.256M	\$0.752M
TOTAL EXPENSES	\$3.046M	\$3.331M	\$3.269M	\$3.212M	\$3.406M	\$3.276M	\$3.733M
INCOME BEFORE TRANSFER	\$0.294M	\$0.079M	\$0.158M	\$0.232M	\$0.039M	\$0.169M	\$(0.288M)
GENERAL FUND TRANSFER	\$0.318M	\$0.318M	\$0.334M	\$0.351M	\$0.369M	\$0.387M	\$0.406M
INCOME AFTER TRANSFER	\$(0.024M)	\$(0.239M)	\$(0.176M)	\$(0.119M)	\$(0.330M)	\$(0.219M)	\$(0.694M)

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