



Discounted Natural Gas Supply

City of Chipley

May 13, 2025

Florida Gas Utility (FGU)

- Non-profit municipal joint action agency
- Providing natural gas services for over 30 years
 - Specializing in gas supply and capacity management
- 26 Municipal Members throughout Florida
 - Chipley has been a member of FGU since 1991
- One of the largest shippers on Florida Gas Transmission pipeline system



Discounted Natural Gas Supply

- Discounted natural gas supply is achieved through a prepay transaction
 - Does NOT require prepayment by City
 - 30-year commitment
- Chipley is currently participating in 5 discounted gas transactions
- Opportunity to participate in new MGAG transaction

Key Terms

- Recommended Remaining Quantity
 - Winter 12 dth/day
 - Summer 8 dth/day
- Discount
 - \$0.60/dth minimum discount
- Term of Contract
 - Will periodically reprice, with initial discount period of at least 5 years
- Exit Clause
 - Permanent cessation of the use of natural gas
 - Permanent reduction in the use of natural gas by the City

Discount Savings

Discounted Gas Transaction	Monthly Discount per Dth	Current Month Volume Dth/Day	Discount Current Month	Discount FY to Date	Discount Since Inception
MGAG RBC 2019	(\$0.47)	19	\$276.83	\$1,435.85	\$11,143.51
MGAG Mac 2019	(\$0.29)	13	\$116.87	\$623.21	\$5,754.77
BBE MS 2019	(\$0.30)	24	\$223.20	\$1,336.58	\$11,352.04
MGAG CITI 2021	(\$0.33)	14	\$143.22	\$789.69	\$4,073.28
MGAG Citi 2023D	(\$0.50)	12	\$186.00	\$1,030.00	\$1,762.00
System Supply			\$119.67	\$2,573.67	\$9,994.88
		Total	\$1,065.79	\$7,789.00	\$44,080.48

Proposed MGAG transaction will provide additional savings of \$2,055 /year

Recommendation

Florida Gas Utility
recommends that Chipley
authorize the execution of the
Directive related to this
opportunity



Directive to Extend Discounted Gas Transactions

- Some discounted gas transactions have entered the first repricing period
- Larger discounts can be achieved if the initial transaction is extended another repricing period (approx. 5-10 years)
- FGU will contact the City in advance of making a final decision regarding the term extension for final approval or rejection.

Recommendation

Florida Gas Utility
recommends that Chipley
authorize the execution of the
Directive to extend discounted
gas transactions



Hedging Update

City of Chipley
Hedges Placed vs. Target

