



Discounted Natural Gas Supply

City of Lake City

April 17, 2023

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
- 25 Municipal Members throughout Florida
 - The City of Lake City 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
- The City of Lake City is currently participating in 4 discounted gas deals through FGU
- MGAG is preparing two (2) more transactions



Key Terms

- Recommended Remaining Quantity
 - Winter 418 dth/day
 - Summer 496 dth/day
- Discount
 - \$0.45/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 of Lake City

Breakout of Contract Quantities

Existing Daily Contract Quantity (Dths/day)		
<u>Winter</u>	<u>Summer</u>	5-yr Historical Average Consumption
750	432	48%

Proposed Daily Contract Quantity (Dths/day)		
<u>Winter</u>	<u>Summer</u>	5-yr Historical Average Consumption
1,246	850	80%

Discount Savings

Existing Annual Prepay Savings	
Total Annual Prepay Supply (dth)	Total Annual Savings
205,698	\$131,566

Proposed Annual Prepay Savings	
Total Annual Prepay Supply (dth)	Total Annual Savings
370,046	\$254,721

Recommendation

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

