



City of Lawrenceville

Gas Rate Analysis

June 22, 2020

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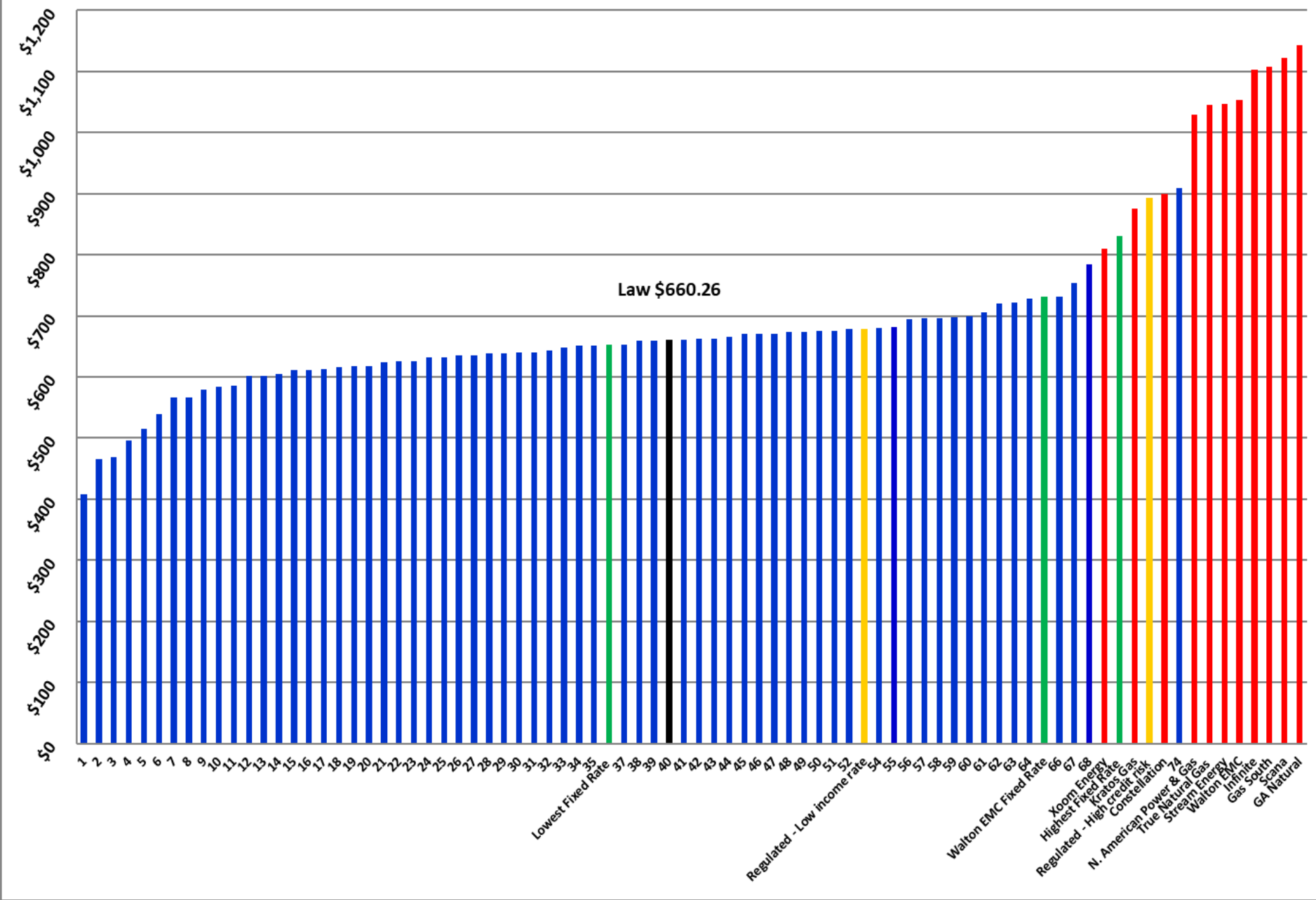


Where do we stand?

Residential Rates

<u>Gas Provider</u>	<u>Base Rate</u>	<u>Dist Charge/Mcf</u>	<u>12 Month Bill (500 Therms)</u>
Comparable City	\$17.00	\$1.00	\$468.59
Comparable City	\$11.95	\$3.45	\$566.98
Comparable City	\$12.00	\$3.75	\$616.56
**AGL - Marketer (Lowest 12 Month Fixed)	\$37.07	N/A	\$652.13
Lawrenceville (Current Rates)	\$21.00	\$4.00	\$660.26
Comparable City	\$13.64	\$4.93	\$666.05
**AGL - Marketer (Walton EMC)	\$36.48	N/A	\$707.23
Comparable City	\$22.00	\$5.50	\$731.62
**AGL - Marketer (Highest 12 Month Fixed)	\$41.16	N/A	\$830.97

Apr19-Mar20 Average Residential Bill (500 Therms) Municipals and Marketers (Law Current Rate Structure)





On Our Website for Direct Comparison Versus Marketers

LAWRENCEVILLE VARIABLE GAS RATE/BILL COMPARISON (April 2020)

Based on April 2020 Period Using PSC/AGL Consumption of 42 Therms)(Lawrenceville bills in CCF and numbers have been converted to match "therm")

Monthly Base Charge Total and Average		Average Marketer Variable Rates (Price/Therm)		Marketer Variable Rates (Customer Charge)		Total Bill	
AGL Customer Base Charge (1.3 DDDC) 12 Month Avg	\$ 31.21	True Natural Gas	\$ 1.19	True Natural Gas	\$ 5.95	True Natural Gas	\$ 84.38
April	\$ 28.45	Walton EMC	\$ 1.15	Walton EMC	\$ 5.95	Walton EMC	\$ 82.49
		Stream Energy	\$ 1.19	Stream Energy	\$ 6.95	Stream Energy	\$ 85.30
		Constellation	\$ 0.90	Constellation	\$ 5.95	Constellation	\$ 72.16
Lawrenceville 12 Month Avg	\$ 21.00	Scana Energy	\$ 1.28	Scana Energy	\$ 5.95	Scana Energy	\$ 88.12
April	\$ 21.00	Gas South	\$ 0.99	Gas South	\$ 9.95	Gas South	\$ 79.98
		Infinite Energy	\$ 1.31	Infinite Energy	\$ 5.95	Infinite Energy	\$ 89.38
		Georgia Natural	\$ 1.42	Georgia Natural	\$ 6.99	Georgia Natural	\$ 95.04
		Generations Energy	\$ 1.49	Generations Energy	\$ 6.95	Generations Energy	\$ 97.98
		Kratos Gas and Power	\$ 0.85	Kratos Gas and Power	\$ 5.95	Kratos Gas and Power	\$ 70.10
		North American	\$ 1.16	North American	\$ 5.95	North American	\$ 83.08
		Xoom Energy	\$ 0.78	Xoom Energy	\$ 5.85	Xoom Energy	\$ 67.02
		Average	\$ 1.14	Average	\$ 6.53	Average	\$ 82.92
		Lawrenceville	\$ 0.73	Lawrenceville	N/A	Lawrenceville	\$ 51.79

The seal of Lawrenceville, Georgia, is located in the top left corner. It features a circular design with a blue background and a white border. Inside the circle is a white clock tower with a flag on top. The words "LAWRENCEVILLE, GEORGIA" are written in white around the bottom of the circle.

Gas Rate Increase Drivers

- Based on current market
 - Increased costs of system maintenance, improvements and contract pricing (up over 10% since last rate increase in 2017)
 - AGL customer base charge was \$44.45 for March. AGL has an approved rate case increase of around 4% or \$30-\$45 per customer per year (started in January)



Recommendation

- Proposing a \$1.00 increase to the monthly base rate, for each of the next three (3) years for all residential and commercial customers
 - \$0 increase to the MCF/CCF distribution charge for all customers
- This keeps our gas competitive, below marketer price, and allows us to give the best customer service field experience at an excellent level.
- Will help to sustain the gas system and cover increasing costs



Recommendation of Large Meter Rate Structure

- Recommending an increase to the base rate for customers with large rotary style meters over 1,500 CFH. These customers represent 0.7% of our total 50,000 customers, but are the largest demand on the gas system.
 - This is due to the costs of installation, required maintenance and yearly testing, telemetry and will include contract customers
 - Examples would be for lower end would be Gwinnett Historic Courthouse, schools, Walmart, Kroger
 - Examples for the larger end would be Atlanta Attachment, Ricoh, GJAC, Gwinnett Jail, Mission Food, Braves Stadium
 - Most businesses downtown would not be affected, as most are in the 400-1,000 CFH demand, so only the \$1 increase would apply.



Recommendation of Large Meter Rate Structure

- This is highly competitive with other cities.
- Base charges were determined by different factors including:
 - Meter and equipment costs (meter, meter set, regulator, relief, labor)
 - Any associated telemetry/monthly costs
 - Third party testing for accuracy
 - Preventive maintenance
 - Annual leakage survey required by code
 - Life expectancy of meter per industry expert

Where Do We Need To Be? Commercial Rates



*PROPOSED NEW BASE RATE FOR LARGE METER CUSTOMERS

METER SIZE	TOTAL (ACTIVE IN SYSTEM)	NEW RATE ANALYSIS		
		NEW	OLD BASE RATE	NEW NET REVENUE PER YEAR
1.5M	34	\$38.00	\$27.00	\$4,488.00
2M	71	\$38.00	\$27.00	\$9,372.00
3M	100	\$40.00	\$27.00	\$15,600.00
5M	70	\$65.00	\$27.00	\$31,920.00
7M	24	\$65.00	\$27.00	\$10,944.00
11M	14	\$65.00	\$27.00	\$6,384.00
16M	0	\$200.00	\$27.00	\$0.00
23M	3	\$225.00	\$27.00	\$7,128.00
TOTAL	316	\$188,220.00	\$102,384.00	\$85,836.00

- ❖ This will include our contract customers (Ricoh, Publix, Hospital)

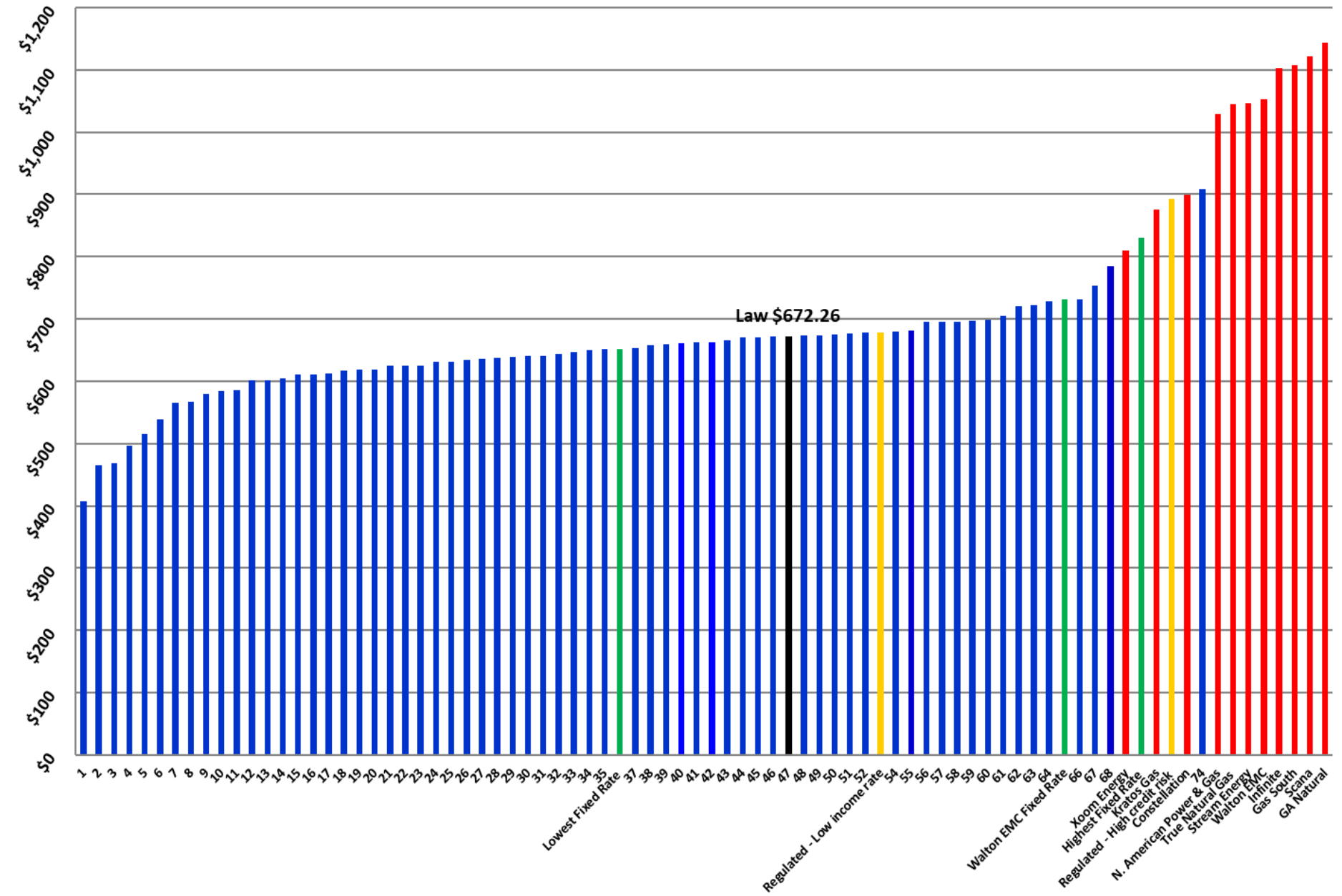
Comparison With New Rate 2020

Residential and Commercial



<u>Gas Provider</u>	<u>Residential</u>		<u>Small Commercial</u>	
	<u>Base Rate</u>	<u>Dist Charge/Mcf</u>	<u>Base Rate</u>	<u>Dist Charge/Mcf</u>
Comparable City	\$17.00	\$1.00	\$17.00	\$1.00
Comparable City	\$11.95	\$3.45	\$13.50	\$3.45
Comparable City	\$12.00	\$3.75	\$20.00	\$3.75
**AGL - Marketer (Lowest 12 Month Fixed)	\$36.48	N/A		
Lawrenceville (Current Rates)	\$21.00	\$4.00	\$27.00	\$4.00
Comparable City	\$13.64	\$4.93	\$14.65	\$4.93
Lawrenceville (\$1.00/month Base Rate Increase)	\$22.00	\$4.00	\$28.00	\$4.00
**AGL - Marketer (Walton EMC)	\$36.48	N/A		
Comparable City	\$22.00	\$5.50	\$26.00	\$5.50
**AGL - Marketer (Highest 12 Month Fixed)	\$36.48	N/A		

Apr19-Mar20 Average Residential Bill (500 Therms) Municipals and Marketers (Law \$1/month increase)





Additional Revenue with Base Rate Increases

(Based on “Warm” Winter Forecast)

Customer Class	Customer Count	Base Rate	Distribution Margin/MCF	Avg Annual Cust Bill	Additional Margin From Current Base Rates	Proposed Monthly Increase Per Cust/Per Year
Residential	46,500	\$ 22.00	\$ 4.00	\$672	\$558,000.00	\$1
Small Com/Ind	2,714	\$ 28.00	\$ 4.00	\$2,430	\$32,568.00	\$1
Large Meter	316	\$38-\$225	\$4.00/Variable	Variable	\$85,836.00	Stays On Proposed Schedule
Total FY21	49,530				\$526,404.00	
Total FY22	50,355				\$1,286,772.00	
Total FY23	51,180				\$1,916,940.00	