

Mt. Pleasant Natural Gas Department Rate Study

October 2025

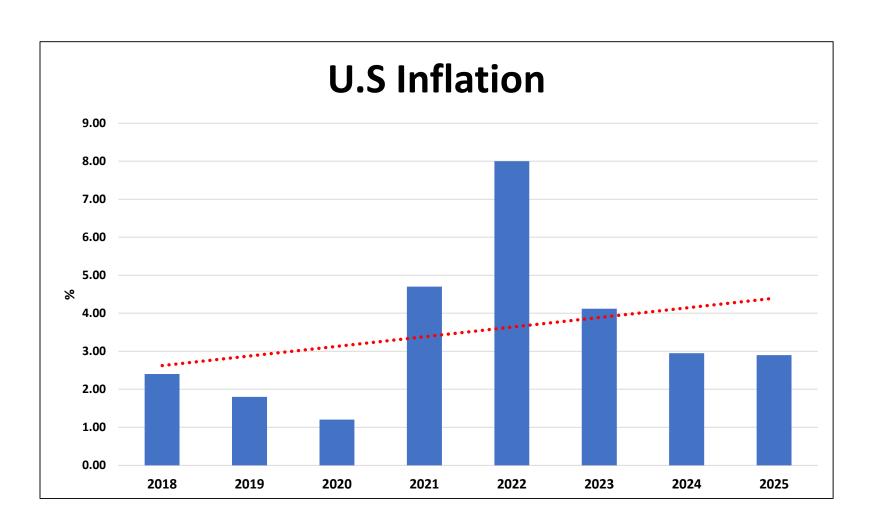


Agenda

- Offsetting Inflation
 - Customer Growth
 - Rate Increase
- Rate Study Findings
 - Deficit driven by cost increases
 - Deficit is not weather-driven
- Rate Adjustment Recommendations
- Summary



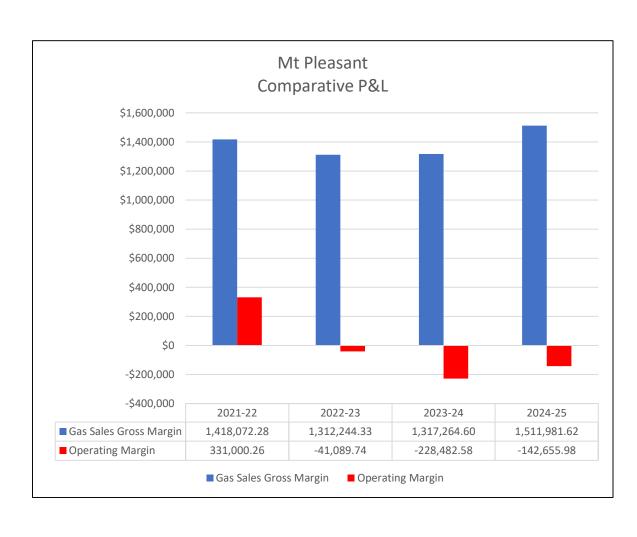
Inflation Impact on Utility Operating Costs



 U.S. CPI Cumulative inflation rate since 2018 is 27%

Profit & Loss Changes





2021-2024 Primary Expense Drivers:

- 117% increase in Salaries Permanent Hourly Wages
- 35% Increase in Wages Hourly
- 265% Increase in Overtime Hourly
- 68% Increase FICA Employer's share
- 144% Hospital/Health Insurance
- 76% Increase in Depreciation

Utility Rates and Cost Recovery Frequency Analysis

Mt. Pleasant Gas											
VARIABLES:					Δ						
Base Annual Sales Volume		904,618									
Base Annual Operating Income		\$ (179,920)		\$	(179,920)						
Resi/Comm Sales volume change		0%	-	\$	-						
Residential customer growth		0%	-	\$	-						
Inflation		0%		\$	-						
								. ,			ustomer charge
	# Customers	Mcf	Vol %		Total evenue	Rev %	venue 'Unit	argin / Mcf	/ Customer Charge		annual evenue
Total Residential 22	1,321	57,718	6%		710,220	13%	 12.31	\$ 7.10	\$	7.00	\$ 110,964
Total Commercial 50	131	29,046	3%	-	329,682	6%	11.35	\$ 6.14	\$	35.00	\$ 55,020
Indiustrial 55	36	88,483	10%		1,002,855	18%	11.33	\$ 6.13	\$	250.00	\$ 108,000
Interruptible Industrial Tegrant/Ventek	1	170,955	19%	-	699,289	12%	4.09	\$ (1.12)	-	250.00	\$ 3,000
Firm Indistrial UST	1	441,536	49%	\$ 2	2,793,511	50%	\$ 6.33	\$ 1.12	\$	250.00	\$ 3,000
Transportation Customer TAP/SCA	1	116,881	13%		82,501	1%	\$ 0.71	\$ 0.71	\$	250.00	\$ 3,000
TOTAL	1,454	904,618	100%	\$!	5,618,058	100%					\$ 282,984
Total Sales Volume DTH		787,737									
Budgeted Expenses											
Gas Cost			\$ 5.21	\$ 4	4,100,789	71%					
Operating Expense				\$ 1	1,697,189	29%					
Operating Income			ĺ	\$	(179,920))					



Utility Rates and Cost Recovery Frequency Analysis

											Increase	Incremental
								Customer		Average	Customer	Margin from
								charge		Customer	Charge \$.25	\$.25
#			Total		Revenue	Margin /	Customer	annual	\$1.75 Rate	Increase per	Comm \$75	Transportation
Customers	Mcf	Vol %	Revenue	Rev %	/Unit	Mcf	Charge	revenue	Increase	month	Industrial	Rate increase
1,321	57,718	6%	\$ 710,220	13%	\$ 12.31	\$ 7.10	\$ 5.00	\$ 79,260	\$ 101,006	\$ 6		
131	29,046	3%	\$ 329,682	6%	\$ 11.35	\$ 6.14	\$ 5.00	\$ 7,860	\$ 50,830	\$ 32	\$ 31,440	
36	88,483	10%	\$ 1,002,855	18%	\$ 11.33	\$ 6.13	\$ -	\$ -	\$ 154,846	\$ 358	\$ 32,400	
1	170,955	19%	\$ 699,289	12%	\$ 4.09	\$ (1.12)	\$ -	\$ -				
1	441,536	49%	\$ 2,793,511	50%	\$ 6.33	\$ 1.12	\$ -	\$ -				
1	116,881	13%	\$ 82,501	1%	\$ 0.71	\$ 0.71	\$ -	\$ -				\$ 29,220
1,454	904,618	100%	\$ 5,618,058	100%				\$ 87,120	\$ 306,681		\$ 63,840	\$ 29,220
	787,737											
		\$ 5.21	\$ 4,100,789	71%								
			\$ 1,607,189	29%								
			\$ 219,822									
	1,321 131 36 1 1	Customers Mcf 1,321 57,718 131 29,046 36 88,483 1 170,955 1 441,536 1 116,881 1,454 904,618	Customers Mcf Vol % 1,321 57,718 6% 131 29,046 3% 36 88,483 10% 1 170,955 19% 1 441,536 49% 1 116,881 13% 1,454 904,618 100% 787,737 787,737	Customers Mcf Vol % Revenue 1,321 57,718 6% \$ 710,220 131 29,046 3% \$ 329,682 36 88,483 10% \$ 1,002,855 1 170,955 19% \$ 699,289 1 441,536 49% \$ 2,793,511 1 116,881 13% \$ 82,501 1,454 904,618 100% \$ 5,618,058 787,737 \$ 5.21 \$ 4,100,789 \$ 1,607,189 \$ 1,607,189	Customers Mcf Vol % Revenue Rev % 1,321 57,718 6% \$ 710,220 13% 131 29,046 3% \$ 329,682 6% 36 88,483 10% \$ 1,002,855 18% 1 170,955 19% \$ 699,289 12% 1 441,536 49% \$ 2,793,511 50% 1 116,881 13% \$ 82,501 1% 1,454 904,618 100% \$ 5,618,058 100% 787,737 \$ \$ 4,100,789 71% \$ 1,607,189 29%	Customers Mcf Vol % Revenue Rev % /Unit 1,321 57,718 6% \$ 710,220 13% \$ 12.31 131 29,046 3% \$ 329,682 6% \$ 11.35 36 88,483 10% \$ 1,002,855 18% \$ 11.33 1 170,955 19% \$ 699,289 12% \$ 4.09 1 441,536 49% \$ 2,793,511 50% \$ 6.33 1 116,881 13% \$ 82,501 1% \$ 0.71 1,454 904,618 100% \$ 5,618,058 100% 787,737 \$ 5.21 \$ 4,100,789 71% \$ 1,607,189 29%	Customers Mcf Vol % Revenue Rev % /Unit Mcf 1,321 57,718 6% \$ 710,220 13% \$ 12.31 \$ 7.10 131 29,046 3% \$ 329,682 6% \$ 11.35 \$ 6.14 36 88,483 10% \$ 1,002,855 18% \$ 11.33 \$ 6.13 1 170,955 19% \$ 699,289 12% \$ 4.09 \$ (1.12) 1 441,536 49% \$ 2,793,511 50% \$ 6.33 \$ 1.12 1 116,881 13% \$ 82,501 1% \$ 0.71 \$ 0.71 1,454 904,618 100% \$ 5,618,058 100% \$ 787,737 \$ 5.21 \$ 4,100,789 71% \$ 1,607,189 29%	Customers Mcf Vol % Revenue Rev % /Unit Mcf Charge 1,321 57,718 6% \$ 710,220 13% \$ 12.31 \$ 7.10 \$ 5.00 131 29,046 3% \$ 329,682 6% \$ 11.35 \$ 6.14 \$ 5.00 36 88,483 10% \$ 1,002,855 18% \$ 11.33 \$ 6.13 \$ - 1 170,955 19% \$ 699,289 12% \$ 4.09 \$ (1.12) \$ - 1 441,536 49% \$ 2,793,511 50% \$ 6.33 \$ 1.12 \$ - 1 116,881 13% \$ 82,501 1% \$ 0.71 \$ 0.71 \$ - 1,454 904,618 100% \$ 5,618,058 100% \$ - \$ - 787,737 \$ 5.21 \$ 4,100,789 71% \$ - \$ 1,607,189 29% \$ 1,607,189 29%	# Customers Mcf Vol % Revenue Rev % /Unit Mcf Charge annual revenue 1,321 57,718 6% \$ 710,220 13% \$ 12.31 \$ 7.10 \$ 5.00 \$ 79,260 131 29,046 3% \$ 329,682 6% \$ 11.35 \$ 6.14 \$ 5.00 \$ 7,860 36 88,483 10% \$ 1,002,855 18% \$ 11.33 \$ 6.13 \$ - \$ - \$ - 1 170,955 19% \$ 699,289 12% \$ 4.09 \$ (1.12) \$ - \$ - \$ - 1 441,536 49% \$ 2,793,511 50% \$ 6.33 \$ 1.12 \$ - \$ - \$ - 1 116,881 13% \$ 82,501 1% \$ 0.71 \$ 0.71 \$ - \$ - \$ - 1 1,454 904,618 100% \$ 5,618,058 100%	# Total Revenue Rev % /Unit Mcf Customer charge annual revenue lincrease 1,321 57,718 6% \$ 710,220 13% \$ 12.31 \$ 7.10 \$ 5.00 \$ 79,260 \$ 101,006 131 29,046 3% \$ 329,682 6% \$ 11.35 \$ 6.14 \$ 5.00 \$ 7,860 \$ 50,830 36 88,483 10% \$ 1,002,855 18% \$ 11.33 \$ 6.13 \$ - \$ - \$ 154,846 1 170,955 19% \$ 699,289 12% \$ 4.09 \$ (1.12) \$ - \$ - \$ 154,846 1 141,536 49% \$ 2,793,511 50% \$ 6.33 \$ 1.12 \$ - \$ - \$ - \$ 116,881 13% \$ 82,501 1% \$ 0.71 \$ 0.71 \$ 0.71 \$ - \$ - \$ 1,454 904,618 100% \$ 5,618,058 100% \$ 710,000 \$ 100,0	# Customers Mcf Vol % Revenue Rev % /Unit Mcf Charge revenue flore ase per month	Mcf Vol Revenue Rev /Unit Mcf Customer Charge annual \$1.75 Rate Increase month Industrial

- 14% Rate increase based on June 2025 rates \$12.13 to 13.88
 - Average Residential monthly bill increase of \$6
- Increase Commercial Customer Charge to \$25 and Industrial to \$75
- Industrial Transportation rate increase \$.25- \$29,220



Other Rate Recommendations

 Retain MuniGas Discount 	\$103,860
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- Add UST to MuniGas \$132,461
- New Customer Connect Fees \$45,000
- Convert Ventek to Firm \$382,939
- Total Incremental Revenue \$664,260



Future Gas Department Impacts

- ETNG 123% Rate increase effective November 2025
 - Transportation rate increase from \$1.23 to \$2.74
 - Residential Customer increase \$5.50 per month
- Incorporate the cost of Interconnecting UST tap with existing distribution system to provide incremental supply and accommodate Residential and Industrial growth



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