

# **Natural Gas Financial Analysis and Rate Study**

For

**City of Coalinga** 

October 26, 2021

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Principal

#### I. Overview: Purpose, Approach, and Proposed Rate Options

The purpose of this rate study is to evaluate the natural gas enterprise fund to assess expenses, especially wholesale natural gas costs, and to reset rates such that revenue is adequate for operations over the next few years.

Audited financials have been reviewed to observe the history of revenues, expenses, and changing fund balances. Additionally, accounting reports have been examined in order to bridge the gap between the end of the last audit and the current fiscal year. Operating expense projections have been developed for the next three years through FY24/25. Revenues are adjusted upward to cover rising operating costs, primarily the increased cost of wholesale natural gas.

Three rate options are proposed based on increasing revenue 35 percent, 40 percent, or 45 percent. If chosen, the 35 percent option will likely require a subsequent increase next summer. Whereas as the 45 percent option would most likely be adequate to cover limited capital improvement over the next few years.

Procedurally, increases in natural gas rates are exempt from the noticing requirements of Proposition 218. This means letters are not required by law to be sent to customers, there is no 45-day waiting period, and no formal protest process. However, in the event a rate increase is approved by City Council, customers should be notified, at a minimum, with a note on their monthly billing statements.

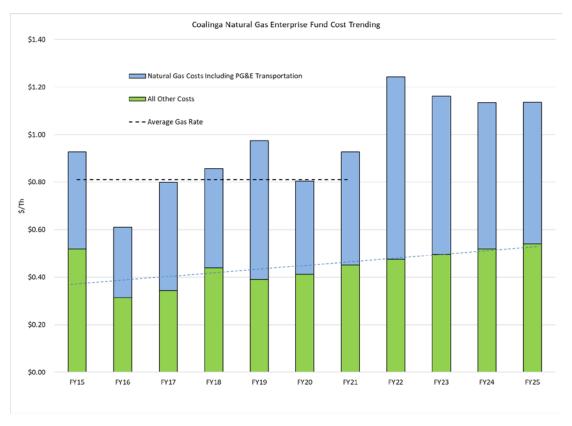
### II. Background

Natural gas rates in Coalinga have been constant for the past 10 years. Rates were last *decreased* by 25 percent in October 2011, and before that, *decreased* by 17 percent in November of 2009. The aim of these decreases in rates was to lower cash in the natural gas fund from its approximate \$2.5 million balance, toward a more reasonable balance of \$1 million. However, over the past 10 years wholesale natural gas prices have stayed historically low and Coalinga's natural gas system has needed little capital investment. The result of this combination is that additional time, beyond what was expected has passed, benefiting Coalinga gas customers. However, mainly due to a spike in wholesale gas costs, there is now a need to evaluate and reset gas prices. Coalinga is a wholesale gas customer on the PG&E gas system. PG&E provides gas transportation for the city, but not gas supply. The city purchases all gas supply through Shell Energy on the wholesale market. This gives the city the option to structure its purchases. As market prices have been low with little volatility for so long, all gas has been purchased at monthly and daily market prices, taking full advantage of ongoing low rates.

#### III. Wholesale Gas Status

During the peak of Covid, wholesale natural gas prices reached historical lows due to very low demand. As a result, producers curtailed production and reduced drilling. Then, in February 2021, "The Great Texas Freeze" hit, creating a huge demand for natural gas and revealing the extent of elasticity in the gas market, which resulted in gas prices skyrocketing. Further, in August 2021, an El Paso Natural Gas pipeline explosion occurred near Coolidge, Arizona, removing a 30-inch transmission line from service for months to come. These combined factors have caused near-term gas prices in the West to increase significantly, especially this winter. For Coalinga, the average wholesale gas cost of the past three years has been \$720,000, or \$0.32 per Therm, not including PG&E transportation. In contrast, the projected cost for this fiscal year 21/22 is \$1,256,000, or \$0.57 per Therm. This is a 76 percent increase for gas only. Fortunately, for the following fiscal years, prices move lower, yet higher than the historical trend. See Attachments 1 and 2 for detail.

The bar chart below illustrates cost trending for the gas enterprise. The bottom section includes all fixed costs for operation such as labor, parts, and equipment. The top section includes variable costs, which are wholesale gas costs and PG&E transportation. The chart reveals a reasonably gradual increase in fixed costs, on top of which is the unpredictable nature of variable gas costs, mostly driven by the wholesale gas market, not PG&E. Specifically, FY22 shows the large increase in wholesale gas costs. Finally, the chart shows the average gas rate collected over the past seven years, which has approximated total operating costs.



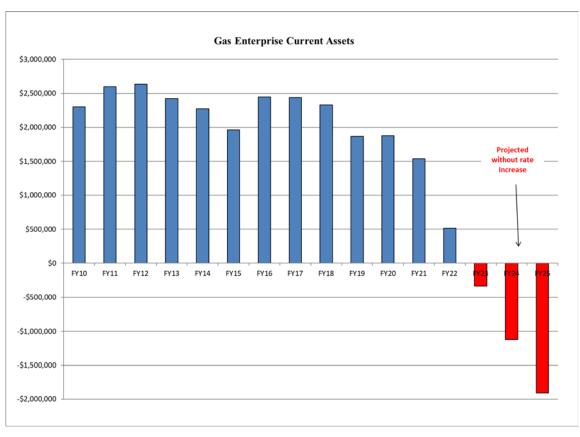
### IV. Natural Gas Revenue, Expense, and Fund Balance

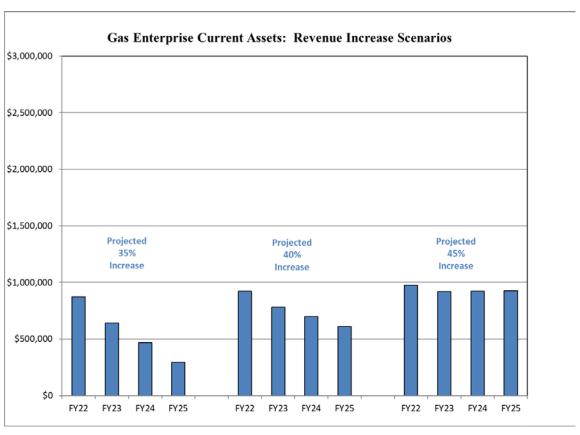
Historical and projected annual revenues, expenses, and fund balances are shown in Attachments 3, 4, 5, and 6, each of which shows a different revenue and fund balance scenario, as follows.

Attachment	Revenue Increase Scenario	Fund Balance FYE 22	Fund Balance FYE 23
3	None	\$510,000	(\$330,000)
4	35%	\$870,000	\$640,000
5	40%	\$920,000	\$780,000
6	45%	\$975,000	\$919,000

Regarding expenses, the gas enterprise fund has no debt. Conversely, it has provided a loan to police and fire for \$378,000, which is owed back to natural gas. The gas enterprise has not incurred significant capital costs over the past decade but is expected to incur capital costs in the next several years for replacement of anode beds for cathodic protection steel gas pipes. Accordingly, \$100,000 per year is allowed going forward for capital expenses. Depreciation is shown as an annual expense item such that the presentation reconciles with audited financial statements, but then depreciation is backed out in the bottom of the table since it is not a cash operating expense. Values for FY21 are based on trial balance reports provided by the city. Wholesale gas values for FY22 are based on actual costs through October and detailed projections from market data for the remainder of the year. Wholesale gas values for FY23, FY24, and FY25 are based on NYMEX gas futures data, combined with basis adjustments to translate the NYMEX prices to the PG&E Citygate delivery point. Other operating costs are escalated annually at three percent, with the exception of personnel costs, which are escalated at five percent.

The bar chart below illustrates the outcome without any rate increase. It shows how the fund balance has remained healthy over the past 10 years, above \$1M, but that it will dive quickly from high gas costs this winter and continuing. Using the same scale for comparison purposes, the next bar chart shows the projections for 35, 40, and 45 percent increases. In summary, the 35 percent scenario will require a subsequent rate adjustment next summer to protect the fund balance. The 40 percent scenario could be sustained in the event wholesale gas prices drop through this winter. The 45 percent scenario maintains the fund balance at roughly \$1 million assuming the relatively high, current gas futures outlook. All the increase scenarios assuming the increase is effective with the November/December billing cycle. (The revenue worksheets show lower annual values because the rate increase in place in FY221/22 for only six billing cycles in the fiscal year.)





### V. Existing Natural Gas Rates and Increase Options

The existing gas rate structure is straightforward as the cost of service for gas system customers is essentially the same. The gas system serves residential and small commercial customers within the city limit. All customers tend to be winter peaking from heating load.

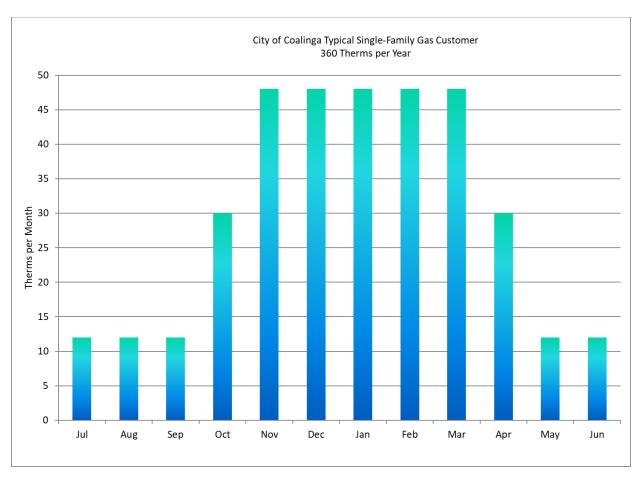
The proposed rate design is unchanged, such that most customers always pay the lower baseline rates. The summer allocation of 15 Therms per month covers water heating, cooking, and clothes drying needs in a typical home. Similarly, the winter allocation of 50 Therms per month covers the added demand of heating in a typical home.

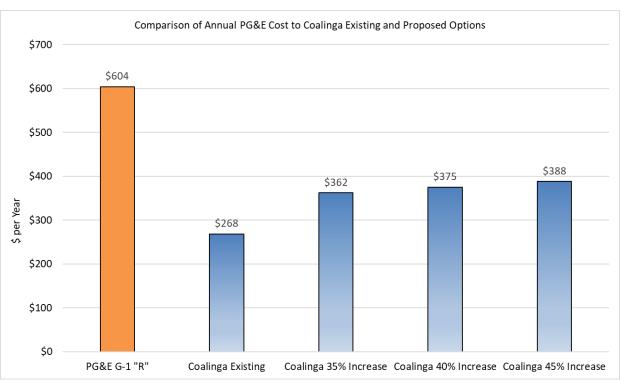
The following table shows the current gas rates, which have been in place since November 2011. The table also includes options for rate increases to meet the revenue scenarios above. All existing rate components are increased uniformly by the percentages shown.

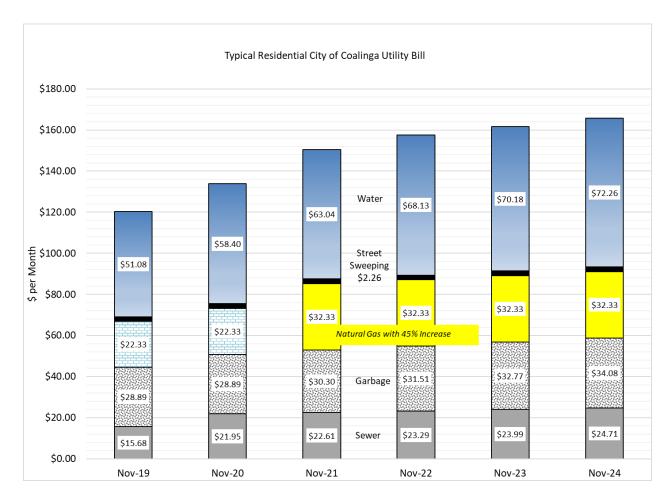
City of Co	alinga Existir	ng Gas Rates	and Increase C	ptions		
	Summer	Winter	Existing	Rate Ir	ncrease	Options
	Therms	Therms	Rates	35%	40%	45%
Monthly Charge (\$/Mo)			\$7.00	\$9.45	\$9.80	\$10.15
Residential Single- Family Baseline (\$/Th)	15	50	\$0.50	\$0.68	\$0.70	\$0.73
Residential Single- Family Excess (\$/Th)	Over 15	Over 50	\$0.75	\$1.01	\$1.05	\$1.09
Commercial and All Other (\$/Th)	All Si	upply	\$0.75	\$1.01	\$1.05	\$1.09

### VI. Effect on a Residential Customer and Comparison to PG&E

Based on existing rates, a typical single-family residential customer uses 360 Therms per year, is winter peaking, and pays \$268 per year for natural gas service. The annual increases in natural gas cost for each scenario for a typical residential customer are shown below, also compared to what would be paid on the PG&E system. This comparison is important to demonstrate that Coalinga rates are drastically lower; in fact, existing rates are 56 percent lower than PG&E (Attachment 7). The proposed 45 percent increase rate scenario is still 36 percent lower than PG&E. The final bar chart below illustrates the combined average monthly utility costs for a typical single-family resident; the 45 percent gas rate increase scenario increases the average monthly gas cost of a typical single-family resident by about \$10.







### VII. Recommendation of this report

The 45 percent increase is recommended; however, the 35 and 40 percent increases are also options. The higher increase of 45 percent is recommended because the difference in customer impact is minimal, and 45 percent is justified by the analysis in the rate study, based on:

- The projected increased gas cost of \$536,000 for FY22
- Projected elevated gas costs for FY23, FY24, and FY25
- Maintaining the cash balance in the gas enterprise fund at approximately \$1 million
- The need to provide some funding for future capital improvements
- The average of \$10 per month per single family home is bearable
- The 45 percent increase is still 36 percent more affordable than PG&E

### Attachment 1: FY21/22 Wholesale Gas Cost

			Gas Volumes	nes							ř	Total FY21/22 Gas Cost	Gas Cost			
	FY19	FY20	FY21	3 YR Avg	Malin	99	% of Total	Nymex Prem	rem	Malin Basis	Malin	Nymex+ Premium	Nymex+ PG&E CG Premium Basis	CG Price	Malin Cost	CG Cost
Ιης	5,935	6,800	7,786	6,800	6,800		3%	Actual Cost	Cost		3.23				\$21,964	
Ang	6,439	7,053	6,673	6,700	6,700		3%	Actual Cost	Cost		3.35				\$22,445	
Sep	7,675	8,549	7,813	8,000	8,000		4%	Actual Cost	Cost		3.82				\$30,560	
Oct	11,059	13,605	10,626	11,800	11,800		2%	Estimated Cost	Cost		00.9				\$70,800	
Nov	21,821	22,810	26,216	23,600	16,560	7,040	11%	5.11	0.10	\$0.41	5.62	\$5.21	\$1.75	96.9	\$93,067	\$48,998
Dec	33,492	33,269	38,779	35,200	17,112	18,088	16%	5.35	0.10	\$1.22	6.67	\$5.45	\$1.64	7.09	\$114,137	\$128,244
Jan	34,814	40,972	38,351	38,000	17,112	20,888	17%	5.46	0.10	\$1.18	6.74	\$5.56	\$1.54	7.10	\$115,335	\$148,305
Feb	36,788	29,672	29,956	32,100	15,456	16,644	15%	5.37	0.10	\$1.03	6.50	\$5.47	\$1.51	6.98	\$100,464	\$116,175
Mar	25,439	27,265	27,493	26,700	16,560	10,140	12%	2.09	0.10	\$0.01	5.20	\$5.19	\$0.93	6.12	\$86,112	\$62,006
Apr	12,447	15,938	12,536	13,600	13,600		%9	4.00	0.10	-\$0.28	3.83				\$52,020	
Мау	11,560	10,200	9,436	10,400	10,400		2%	3.92	0.10	-\$0.26	3.76				\$39,104	
Jun	7,439	7,100	7,735	7,400	7,400		3%	3.96	0.10	-\$0.29	3.77				\$27,898	
	214,908	223,233	223,400	220,300	220,300	00	100%									
												She	Shell Redwood Path Credit: (\$21,241)	ath Credit:	(\$21,241)	
				NYMEX:	NYMEX: As of 10/21/21	Σ.					Proje	cted Malin C	Projected Malin Cost = 3 YR Avg x price:	Avg x price:	\$1,256,000	6,000
				Basis:	Basis: As of 1019/21	_					Ő	st Weighted	Cost Weighted between Malin and CG:	lin and CG:	\$5.70	70

Attachment 2: FY22/23, 23/24, and 24/25 Gas Cost Forecast

	MMBtu Projected	Projected	NYMEX plus		Premium	Malin	a	Citygate	gate	Gas	Gas Cost Forecast		
	Malin	၅	NYMEX 10/19/21	Prem	NYMEX + Prem	Malin Basis	Malin Price	CG Basis	CG Price	Malin Cost	CG Cost	Total Cost	
Jul-22	6,800	0	\$3.92	\$0.10	\$4.02	\$0.00	\$4.02			\$27,336		\$27,336	
Aug-22	6,700	0	\$3.92	\$0.10	\$4.02	\$0.01	\$4.03			\$27,001		\$27,001	
Sep-22	8,000	0	\$3.90	\$0.10	\$4.00	\$0.00	\$4.00			\$32,000		\$32,000	
Oct-22	11,800	0	\$3.94	\$0.10	\$4.04	-\$0.14	\$3.91			\$46,079		\$46,079	
Nov-22	16,560	7,040	\$4.01	\$0.10	\$4.11	\$0.25	\$4.36	\$1.28	\$5.39	\$72,119	\$37,946	\$110,064	
<b>Dec-22</b>	17,112	18,088	\$4.18	\$0.10	\$4.28	\$0.65	\$4.93	\$1.34	\$5.62	\$84,362	\$101,655	\$186,017	
Jan-23	17,112	20,888	\$4.29	\$0.10	\$4.39	\$0.65	\$5.04	\$1.28	\$5.67	\$86,244	\$118,435	\$204,679	
Feb-23	15,456	16,644	\$4.19	\$0.10	\$4.29	\$0.49	\$4.78	\$1.30	\$5.59	\$73,880	\$93,040	\$166,920	
Mar-23	16,560	10,140	\$3.95	\$0.10	\$4.05	\$0.11	\$4.16	\$1.12	\$5.17	\$68,890	\$52,424	\$121,313	
Apr-23	13,600	0	\$3.30	\$0.10	\$3.40	-\$0.27	\$3.13			\$42,568		\$42,568	
May-23	10,400	0	\$3.23	\$0.10	\$3.33	-\$0.29	\$3.04			\$31,616		\$31,616	FY22/23 Total
Jun-23	7,400	0	\$3.30	\$0.10	\$3.40	-\$0.27	\$3.13			\$23,162		\$23,162	\$1,019,000
Jul-23	6,800	0	\$3.30	\$0.10	\$3.40	-\$0.14	\$3.26			\$22,168		\$22,168	
Aug-23	6,700	0	\$3.30	\$0.10	\$3.40	-\$0.12	\$3.28			\$21,976		\$21,976	
Sep-23	8,000	0	\$3.30	\$0.10	\$3.40	-\$0.08	\$3.32			\$26,560		\$26,560	
Oct-23	11,800	0	\$3.38	\$0.10	\$3.48	-\$0.20	\$3.28			\$38,704		\$38,704	
Nov-23	16,560	7,040	\$3.46	\$0.10	\$3.56	\$0.20	\$3.76	\$1.15	\$4.71	\$62,266	\$33,158	\$95,424	
Dec-23	17,112	18,088	\$3.66	\$0.10	\$3.76	\$0.51	\$4.27	\$1.15	\$4.91	\$73,068	\$88,812	\$161,880	
Jan-24	17,112	20,888	\$3.76	\$0.10	\$3.86	\$0.50	\$4.36	\$1.15	\$5.01	\$74,608	\$104,649	\$179,257	
Feb-24	15,456	16,644	\$3.70	\$0.10	\$3.80	\$0.50	\$4.30	\$1.15	\$4.95	\$66,461	\$82,388	\$148,849	
Mar-24	16,560	10,140	\$3.50	\$0.10	\$3.60	\$0.10	\$3.70	\$1.15	\$4.75	\$61,272	\$48,165	\$109,437	
Apr-24	13,600	0	\$3.10	\$0.10	\$3.20	-\$0.20	\$3.00			\$40,800		\$40,800	
May-24	10,400	0	\$3.10	\$0.10	\$3.20	-\$0.20	\$3.00			\$31,200		\$31,200	\$31,200 FY23/24 Total
Jun-24	7,400	0	\$3.10	\$0.10	\$3.20	-\$0.20	\$3.00			\$22,200		\$22,200	\$898,000
Jul-24	008'9	0	\$3.10	\$0.10	\$3.20	-\$0.20	\$3.00			\$20,400		\$20,400	
Aug-24	6,700	0	\$3.10	\$0.10	\$3.20	-\$0.20	\$3.00			\$20,100		\$20,100	
Sep-24	8,000	0	\$3.10	\$0.10	\$3.20	-\$0.20	\$3.00			\$24,000		\$24,000	
Oct-24	11,800	0	\$3.10	\$0.10	\$3.20	-\$0.20	\$3.00			\$35,400		\$35,400	
Nov-24	16,560	7,040	\$3.10	\$0.10	\$3.20	\$0.20	\$3.40	\$0.75	\$3.95	\$56,304	\$27,808	\$84,112	
Dec-24	17,112	18,088	\$3.60	\$0.10	\$3.70	\$0.50	\$4.20	\$0.75	\$4.45	\$71,870	\$80,492	\$152,362	
Jan-25	17,112	20,888	\$3.60	\$0.10	\$3.70	\$0.50	\$4.20	\$0.75	\$4.45	\$71,870	\$92,952	\$164,822	
Feb-25	15,456	16,644	\$3.50	\$0.10	\$3.60	\$0.50	\$4.10	\$0.75	\$4.35	\$63,370	\$72,401	\$135,771	
Mar-25	16,560	10,140	\$3.50	\$0.10	\$3.60	\$0.10	\$3.70	\$0.75	\$4.35	\$61,272	\$44,109	\$105,381	
Apr-25	13,600	0	\$3.10	\$0.10	\$3.20	-\$0.20	\$3.00			\$40,800		\$40,800	
May-25	10,400	0	\$3.10	\$0.10	\$3.20	-\$0.20	\$3.00			\$31,200		\$31,200	\$31,200 FY24/25 Total
Jun-25	7,400	0	\$3.10	\$0.10	\$3.20	-\$0.20	\$3.00			\$22,200		\$22,200	\$837,000

### **Attachment 3: No Revenue Increase**

		City of Coali	linga Natu	ral Gas Re	inga Natural Gas Revenue and Expense Model	xpense Mo	del				
		FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25		
		Audited	Audited	Audited	Unaudited	Projected	Projected	Projected	Projected		
Op	Operating Revenue			Reve	Revenue Increases:	%0	%0	%0	%0		
	Natural Gas Sales		1,730,518	1,845,219	1,708,227	1,760,000	1,760,000	1,760,000	1,760,000		
	Other Customer Revenue		75,310	15,956	693	50,000	50,000	50,000	50,000		
	Totals	1,675,386	1,805,828	1,861,175	1,708,920	1,810,000	1,810,000	1,810,000	1,810,000		
Opp	Operating Expenses										
	Wholes ale Gas Cost	543,714	916,329	570,220	679,156	1,256,000	1,019,000	898,000	837,000	From Worksheet	rksheet
	PG&E Transportation	311,803	338,815	335,358	376,979	433,000	446,000	459,000	473,000	3%	Inflation
	Personnel Services	590,171	532,503	099,629	671,618	705,000	740,000	777,000	816,000	5%	Inflation
	Bad Debt Expense	23,610	0	17,815	20,000	21,000	22,000	23,000	24,000	3%	Inflation
	Contract Svc	148,572	152,252	185,842	154,761	159,000	164,000	169,000	174,000	3%	Inflation
	Supplies and Materials	134,771	154,192	118,000	159,519	164,000	169,000	174,000	179,000	3%	Inflation
	Depreciation	44,425	48,821	62,087	000'09	60,000	000'09	000'09	000,000	Estimates	ates
	Totals	1,797,066	2,142,912	1,918,982	2,122,033	2,798,000	2,620,000	2,560,000	2,563,000		
Op	Operating Income	(121,680)	(337,084)	(57,807)	(413,113)	(988,000)	(988,000) (810,000)	(750,000)	(753,000)		
No	Nonoperating revenue										
	Interest	12,790	19,739	10,069	2,515	3,000	3,000	3,000	3,000		
Adj	Adjustments for Balance Sheet										
	Total Income w/Depreciation	(108,890)	(317,345)	(47,738)	(410,598)	(985,000)	(807,000)	(747,000)	(750,000)		
	Remove Depreciation	44,425	48,821	62,087	000,000	60,000	000'09	000'09	000'09		
	Capital/Adjust to Bal Sheet	(74,232)	(97,693)	(2,180)	10,321	(100,000)	(100,000)	(100,000)	(100,000)		
	Yr End Current Cash Asset	2,427,432	1,866,403	1,878,572	1,538,295	513,295	(333,705)	(1,120,705)	(1,910,705)		
	DTh Sales	204,379	214,877	230,588	222,403	220,300	220,300	220,300	220,300		
	Therm Sales	2,043,790	2,148,770	2,305,880	2,224,030	2,203,000	2,203,000	2,203,000	2,203,000		
	Average Cost of Supply (\$/Th)*	\$0.27	\$0.43	\$0.25	\$0.31	\$0.57	\$0.46	\$0.41	\$0.38		
	* Not including PG&E Transportation	tion									

### Attachment 4: 35% Revenue Increase

FV18         FV20         FV21         FV22         FV23         FV24         FV25           Audited         Audited         Unaudited         Projected         Projected         Projected         Projected           1,730,518         1,845,219         1,708,227         2,118,000         2,376,000         2,376,000         2,376,000           1,673,86         1,845,219         1,708,227         2,118,000         2,426,000         2,426,000         2,426,000           543,714         1,805,828         1,861,175         1,708,920         2,168,000         2,426,000         2,426,000         2,426,000           543,714         916,329         570,220         679,156         1,256,000         1,019,000         888,000         3,4000           390,171         532,603         679,156         1,256,000         1,019,000         473,000         174,000         174,000           184,572         152,252         185,842         15,4761         15,000         174,000         174,000         174,000           184,572         153,888         35,388         35,388         18,842         2,122,033         2,100         2,500         2,500         2,400           184,572         18,870         1,870         1,9			City of Coa	linga Natu	ral Gas Re	City of Coalinga Natural Gas Revenue and Expense Model	xpense Mo	odel				
Audited Audited Audited Cunaudited Projected Projected Projected Projected On Audited Audited Audited Cunaudited Projected Projected Projected On Audited Cunaudited Projected On			FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25		
1,73,18   1,845,219   1,708,227   2,118,000   2,376,			Audited	Audited	Audited	Unaudited	Projected	Projected	Projected	Projected		
1,73,518   1,545,219   1,708,227   2,118,000   2,376	Орел	rating Revenue			Reven	nue Increases:	20%	12%	%0	%0	OEO Efforting	004
1,675,386   1,805,828   1,801,175   1,708,920   5,0,00		Natural Gas Sales		1,730,518	1,845,219	1,708,227	2,118,000	2,376,000	2,376,000	2,376,000	Nov/Dec 2021	2021
1,675,386   1,805,828   1,861,175   1,708,920   2,426,000   2,422,000   2,42		Other Customer Revenue		75,310	15,956	693	50,000	50,000	50,000	50,000		
543,714       916,329       570,220       679,156       1,256,000       1,019,000       898,000         311,803       338,815       335,358       376,979       433,000       446,000       459,000         590,171       532,603       629,660       671,618       705,000       740,000       777,000         148,572       152,252       188,842       154,761       159,000       164,000       174,000         134,771       154,192       118,000       159,519       164,000       169,000       174,000         1,797,066       2,142,912       1,918,982       2,122,033       2,798,000       2,620,000       2,560,000         1,797,066       2,142,912       1,918,982       2,122,033       2,798,000       1,94,000       1,134,000         1,797,066       2,142,912       1,918,982       2,122,033       2,798,000       1,94,000       1,134,000         1,797,066       2,142,912       1,918,982       2,122,033       2,798,000       1,94,000       1,134,000         1,797,066       2,142,912       1,918,982       2,122,033       2,798,000       1,94,000       1,134,000         1,797,066       2,142,912       19,739       10,069       2,132,000       1,000,000       1		Totals	1,675,386	1,805,828	1,861,175	1,708,920	2,168,000	2,426,000	2,426,000	2,426,000		
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	Орел	rating Expenses										
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		Wholes ale Gas Cost	543,714	916,329	570,220	679,156	1,256,000	1,019,000	898,000	837,000	From Worksheet	rksheet
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		PG&E Transportation	311,803	338,815	335,358	376,979	433,000	446,000	459,000	473,000	3%	Inflation
23.610         0         17.815         20.000         21.000         22.000         23.000           148,572         152,252         185,842         154,761         159,000         164,000         169,000         174,000           134,771         154,192         118,000         159,519         164,000         169,000         174,000           44,425         48,821         62,087         60,000         60,000         60,000         60,000           1,797,066         2,142,912         1,918,982         2,122,033         2,798,000         2,60,000         2,560,000           1,797,066         2,142,912         1,918,982         2,122,033         2,798,000         1,34,000           1         1,797,066         19,739         10,069         2,515         3,000         1,34,000           1         44,425         48,821         62,087         60,000         60,000         60,000         60,000           1         74,223         (97,693)         (2,180)         10,321         10,000         10,10,000         100,000           1         74,22         1,866,403         1,878,572         1,538,295         871,295         640,295         469,295           1         2,043,790		Personnel Services	590,171	532,503	629,660	671,618	705,000	740,000	777,000	816,000	5%	Inflation
148,572         185,842         154,761         159,000         164,000         169,000         169,000           134,771         154,192         118,000         159,519         164,000         169,000         174,000           44,425         48,821         62,087         60,000         60,000         60,000         60,000           1,797,066         2,142,912         1,918,982         2,122,033         2,798,000         2,620,000         2,560,000           1,797,066         2,142,912         1,918,982         2,122,033         2,798,000         1,940,000         1,34,000           1         1,2790         19,739         10,069         2,515         3,000         3,000         3,000           1         1,2790         19,739         10,069         2,515         3,000         1,131,000           1         1,2790         3,77,453         47,738         4410,598         66,000         60,000         60,000           1         44,425         48,821         62,087         60,000         60,000         100,000           1         7,423         1,866,403         1,878,572         1,538,295         871,295         640,295         469,295           2,043,790         2,148,770 </td <td></td> <td>Bad Debt Expense</td> <td>23,610</td> <td>0</td> <td>17,815</td> <td>20,000</td> <td>21,000</td> <td>22,000</td> <td>23,000</td> <td>24,000</td> <td>3%</td> <td>Inflation</td>		Bad Debt Expense	23,610	0	17,815	20,000	21,000	22,000	23,000	24,000	3%	Inflation
134,771   154,192   118,000   159,519   164,000   169,000   174,		Contract Svc	148,572	152,252	185,842	154,761	159,000	164,000	169,000	174,000	3%	Inflation
1,797,066   2,142,912   1,918,982   2,122,033   2,798,000   60,000   60,000   2,560,000		Supplies and Materials	134,771	154,192	118,000	159,519	164,000	169,000	174,000	179,000	3%	Inflation
1,797,066 2,142,912 1,918,982 2,122,033 2,798,000 2,620,000 2,560,000 2,560,000 2,142,912 1,918,982 2,122,033 2,798,000 2,620,000 2,560,000 3,000 1,2790 1,2790 1,0739 10,069 2,515 3,000 3,000 3,000 1,31,000 1,31,000 1,31,000 1,31,000 1,31,000 1,31,000 1,31,000 1,31,345 4,4425 4,8,821 62,087 60,000 60,000 60,000 60,000 60,000 60,000 60,000 1,00,000 1,2427,432 1,866,403 1,878,572 1,538,295 871,295 640,295 469,295 1,048,770 2,305,880 2,222,403 2,203,000		Depreciation	44,425	48,821	62,087	000'09	000'09	900'09	000'09	000'09	Estimates	ates
nn (108,890) (317,345) (57,807) (413,113) (630,000) (194,000) (134,000) (134,000) (12,790 19,739 10,069 2,515 3,000 3,000 3,000 3,000 (131,000) (131,000) (100,000) (100,000) (100,000) (100,000 60,000 60,000 60,000 60,000 (100,000) (100,		Totals	1,797,066	2,142,912	1,918,982	2,122,033	2,798,000	2,620,000	2,560,000	2,563,000		
nn (108,890) (337,084) (57,807) (413,113) (630,000) (194,000) (134,000) (134,000) (121,680) (19,739) 10,069 2,515 3,000 3,000 3,000 3,000 (131,000) (131,000) (131,000) (100,000												
nn (108,890) (317,345) (47,738) (410,598) (627,000) (191,000) (131,000)  t (74,232) (97,693) (2,180) (1,538,295) (410,000) (100,000) (100,000) (100,000)  t (74,232) (97,693) (2,180) (1,538,295) (1,00,000) (100,000) (	Оре	rating Income	(121,680)	(337,084)	(57,807)	(413,113)	(630,000)		(134,000)	(137,000)		
nu (108,890) (317,345) (47,738) (410,598) (627,000) (191,000) (131,000) (100	Non	operating revenue										
nn (108,890) (317,345) (47,738) (410,598) (627,000) (191,000) (131,000) (131,000) (174,232) (97,693) (2.180) (1,538,295) (1,538,295) (1,00,000)		Interest	12,790	19,739	10,069	2,515	3,000	3,000	3,000	3,000		
(108,890)         (317,345)         (47,738)         (410,598)         (627,000)         (191,000)         (131,000)           44,425         48,821         62,087         60,000         60,000         60,000         60,000           (74,232)         (97,693)         (2,180)         10,321         (100,000)         (100,000)         (100,000)           2,427,432         1,866,403         1,878,572         1,538,295         871,295         640,295         469,295           204,379         214,877         230,588         222,403         220,300         220,300         220,300           2,043,790         2,148,770         2,305,880         2,224,030         2,203,000         2,203,000         2,203,000           80,27         \$0.43         \$0.45         \$0.46         \$0.41         \$0.41	Adju	stments for Balance Sheet										
44,425         48,821         62,087         60,000         60,000         60,000         60,000         60,000           (74,232)         (97,693)         (2,180)         10,321         (100,000)         (100,000)         (100,000)           2,427,432         1,866,403         1,878,572         1,538,295         871,295         640,295         469,295           204,379         214,877         230,588         222,403         220,300         220,300         220,300           2,043,790         2,148,770         2,305,880         2,224,030         2,203,000         2,203,000         2,203,000           80,27         \$0.43         \$0.25         \$0.31         \$0.57         \$0.46         \$0.41		Total Income w/Depreciation	(108,890)	(317,345)	(47,738)	(410,598)	(627,000)	(191,000)	(131,000)	(134,000)		
(74,232)         (97,693)         (2,180)         10,321         (100,000)         (100,000)         (100,000)         (100,000)         (100,000)           2,427,432         1,866,403         1,878,572         1,538,295         871,295         640,295         469,295           204,379         214,877         230,588         222,403         220,300         220,300         220,300           2,043,790         2,148,770         2,305,880         2,224,030         2,203,000         2,203,000         2           80,27         \$0.43         \$0.25         \$0.31         \$0.57         \$0.46         \$0.41		Remove Depreciation	44,425	48,821	62,087	000'09	900009	000'09	000'09	000'09		
2,427,432         1,866,403         1,878,572         1,538,295         871,295         640,295         469,295         29           204,379         214,877         230,588         222,403         220,300         2		Capital/Adjust to Bal Sheet	(74,232)	(62,693)	(2,180)	10,321	(100,000)	(100,000)	(100,000)	(100,000)		
204,379       214,877       230,588       222,403       220,300       220,300       220,300         2,043,790       2,148,770       2,305,880       2,224,030       2,203,000       2,203,000       2,203,000         80,27       \$0.43       \$0.45       \$0.41       \$0.41		Yr End Current Cash Asset	2,427,432	1,866,403	1,878,572	1,538,295	871,295	640,295	469,295	295,295		
204,379         214,877         230,588         222,403         220,300         22,200         220,300         22,200												
2,043,790       2,148,770       2,305,880       2,224,030       2,203,000       2,203,000       2,203,000       2,203,000       2,203,000       2,20         \$0.27       \$0.43       \$0.25       \$0.31       \$0.57       \$0.46       \$0.41		DTh Sales	204,379	214,877	230,588	222,403	220,300	220,300	220,300	220,300		
\$0.27     \$0.43     \$0.25     \$0.31     \$0.57     \$0.46     \$0.41		Therm Sales	2,043,790	2,148,770	2,305,880	2,224,030	2,203,000	2,203,000	2,203,000	2,203,000		
* Not including PC&E Transportation		Average Cost of Supply (\$/Th)*	\$0.27	\$0.43	\$0.25	\$0.31	\$0.57	\$0.46	\$0.41	\$0.38		
		* Not including PG&E Transportation	tion									

### Attachment 5: 40% Revenue Increase

		City of Coalin	linga Natu	ral Gas Re	nga Natural Gas Revenue and Expense Model	xpense Mo	odel				
		FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25		
		Audited	Audited	Audited	Unaudited	Projected	Projected	Projected	Projected		
Ope	Operating Revenue			Reve	Revenue Increases:	%87	14%	%0	%0	40% Effective	04/100
	Natural Gas Sales		1,730,518	1,845,219	1,708,227	2,170,000	2,464,000	2,464,000	2,464,000	40% Effective Nov/Dec 2021	2021
	Other Customer Revenue		75,310	15,956	693	50,000	50,000	50,000	50,000		
	Totals	1,675,386	1,805,828	1,861,175	1,708,920	2,220,000	2,514,000	2,514,000	2,514,000		
Ope	Operating Expenses										
	Wholesale Gas Cost	543,714	916,329	570,220	679,156	1,256,000	1,019,000	898,000	837,000	From Worksheet	rksheet
	PG&E Transportation	311,803	338,815	335,358	376,979	433,000	446,000	459,000	473,000	3%	Inflation
	Personnel Services	590,171	532,503	629,660	671,618	705,000	740,000	777,000	816,000	5%	Inflation
	Bad Debt Expense	23,610	0	17,815	20,000	21,000	22,000	23,000	24,000	3%	Inflation
	Contract Svc	148,572	152,252	185,842	154,761	159,000	164,000	169,000	174,000	3%	Inflation
	Supplies and Materials	134,771	154,192	118,000	159,519	164,000	169,000	174,000	179,000	3%	Inflation
	Depreciation	44,425	48,821	62,087	60,000	000'09	000'09	000'09	000'09	Estimates	ates
	Totals	1,797,066	2,142,912	1,918,982	2,122,033	2,798,000	2,620,000	2,560,000	2,563,000		
Ope	Operating Income	(121,680)	(337,084)	(57,807)	(413,113)	(578,000)	(106,000)	(46,000)	(46,000)		
Non	Nonoperating revenue										
	Interest	12,790	19,739	10,069	2,515	3,000	3,000	3,000	3,000		
Adjı	Adjustments for Balance Sheet										
	Total Income w/Depreciation	(108,890)	(317,345)	(47,738)	(410,598)	(575,000)	(103,000)	(43,000)	(46,000)		
	Remove Depreciation	44,425	48,821	62,087	900'09	000'09	000'09	000'09	000'09		
	Capital/Adjust to Bal Sheet	(74,232)	(64,663)	(2,180)	10,321	(100,000)	(100,000)	(100,000)	(100,000)		
	Yr End Current Cash Asset	2,427,432	1,866,403	1,878,572	1,538,295	923,295	780,295	697,295	611,295		
	DTh Sales	204,379	214,877	230,588	222,403	220,300	220,300	220,300	220,300		
	Therm Sales	2,043,790	2,148,770	2,305,880	2,224,030	2,203,000	2,203,000	2,203,000	2,203,000		
	Average Cost of Supply (\$/Th)*	\$0.27	\$0.43	\$0.25	\$0.31	\$0.57	\$0.46	\$0.41	\$0.38		
	* Not including PG&E Transportation	tion									

### Attachment 6: 45% Revenue Increase

		City of Coa	linga Natu	ral Gas Re	City of Coalinga Natural Gas Revenue and Expense Model	xpense Mo	odel				
		FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25		
		Audited	Audited	Audited	Unaudited	Projected	Projected	Projected	Projected		
Орел	Operating Revenue			Reve	Revenue Increases:	26%	15%	%0	%0	15% Effective	004
	Natural Gas Sales		1,730,518	1,845,219	1,708,227	2,221,000	2,552,000	2,552,000	2,552,000	45 % Effective Nov/Dec 2021	2021
	Other Customer Revenue		75,310	15,956	693	50,000	50,000	50,000	50,000		
	Totals	1,675,386	1,805,828	1,861,175	1,708,920	2,271,000	2,602,000	2,602,000	2,602,000		
Орел	Operating Expenses										
	Wholes ale Gas Cost	543,714	916,329	570,220	679,156	1,256,000	1,019,000	898,000	837,000	From Worksheet	rksheet
	PG&E Transportation	311,803	338,815	335,358	376,979	433,000	446,000	459,000	473,000	3%	Inflation
	Personnel Services	590,171	532,503	629,660	671,618	705,000	740,000	777,000	816,000	5%	Inflation
	Bad Debt Expense	23,610	0	17,815	20,000	21,000	22,000	23,000	24,000	3%	Inflation
	Contract Svc	148,572	152,252	185,842	154,761	159,000	164,000	169,000	174,000	3%	Inflation
	Supplies and Materials	134,771	154,192	118,000	159,519	164,000	169,000	174,000	179,000	3%	Inflation
	Depreciation	44,425	48,821	62,087	000'09	000'09	000'09	000'09	000,009	Estimates	ates
	Totals	1,797,066	2,142,912	1,918,982	2,122,033	2,798,000	2,620,000	2,560,000	2,563,000		
Орел	Operating Income	(121,680)	(337,084)	(57,807)	(413,113)	(527,000)	(18,000)	42,000	39,000		
Nonc	Nonoperating revenue										
	Interest	12,790	19,739	10,069	2,515	3,000	3,000	3,000	3,000		
Adju	Adjustments for Balance Sheet										
	Total Income w/Depreciation	(108,890)	(317,345)	(47,738)	(410,598)	(524,000)	(15,000)	45,000	42,000		
	Remove Depreciation	44,425	48,821	62,087	000'09	000'09	000'09	000'09	000'09		
	Capital/Adjust to Bal Sheet	(74,232)	(62,693)	(2,180)	10,321	(100,000)	(100,000)	(100,000)	(100,000)		
	Yr End Current Cash Asset	2,427,432	1,866,403	1,878,572	1,538,295	974,295	919,295	924,295	926,295		
	DTh Sales	204,379	214,877	230,588	222,403	220,300	220,300	220,300	220,300		
	Therm Sales	2,043,790	2,148,770	2,305,880	2,224,030	2,203,000	2,203,000	2,203,000	2,203,000		
	Average Cost of Supply (\$/Th)*	\$0.27	\$0.43	\$0.25	\$0.31	\$0.57	\$0.46	\$0.41	\$0.38		
	* Not including PG&E Transportation	ion									

## Attachment 7: PG&E Comparison

	PG&E G-1	, Territory	R, Last 1	2 Month	PG&E G-1, Territory R, Last 12 Months (As of Oct 2021)	t 2021)									
Month	Month Therms	G-PPPS	S	Base Th/d	Base Base Th Th/d Allowed	Base Th	Excess	Baseline Rate	Excess Rate	Excess Baseline Rate Cost	Excess	Total Transp ort	Procuremen (\$)	Procurement Charge (\$)	Mo Total
Nov-20	48	0.03651	\$1.75	1.28	38.4	38.40	9.60	\$1.13416	\$1.65280	\$43.55	\$15.87	\$59.45	\$0.46046	\$22.10	\$83.27
Dec-20	48	0.03651	\$1.75	1.97	61.1	48.00	0.00	\$1.13416	\$1.65280	\$54.44	\$0.00	\$54.44	\$0.48474	\$23.27	\$79.46
Jan-21	48	0.07021	\$3.37	1.97	61.1	48.00	0.00	\$1.09586	\$1.53752	\$52.60	\$0.00	\$52.60	\$0.49332	\$23.68	\$79.65
Feb-21	48	0.07021	\$3.37	1.28		35.84	12.16	\$1.09586	\$1.09586 \$1.53752	\$39.28	\$18.70	\$57.97	\$0.49073	\$23.56	\$84.90
Mar-21	48	0.07021	\$3.37	1.28	39.7	39.68	8.32	\$1.19868	\$1.68034	\$47.56	\$13.98	\$61.54	\$0.42316	\$20.31	\$85.23
Apr-21	30	0.07021	\$2.11	0.36		10.80	19.20	\$1.19868	\$1.19868 \$1.68034	\$12.95	\$32.26	\$45.21	\$0.22304	\$6.69	\$54.01
May-21	12	0.07021	\$0.84	0.36		11.16	0.84	\$1.19868	\$1.68034	\$13.38	\$1.41	\$14.79	\$0.21063	\$2.53	\$18.16
Jun-21	12	0.07021	\$0.84	0.36		10.80	1.20	\$1.20019	\$1.68243	\$12.96	\$2.02	\$14.98	\$0.21778	\$2.61	\$18.44
Jul-21	12	0.07021	\$0.84	0.36	11.2	11.16	0.84	\$1.20019	\$1.68243	\$13.39	\$1.41	\$14.81	\$0.19109	\$2.29	\$17.94
Aug-21	12	0.07021	\$0.84	0.36		11.16	0.84	\$1.20019	\$1.68243	\$13.39	\$1.41	\$14.81	\$0.22551	\$2.71	\$18.36
Sep-21	12	0.07021	\$0.84	0.36	10.8	10.80	1.20	\$1.20019	\$1.68243	\$12.96	\$2.02	\$14.98	\$0.44379	\$5.33	\$21.15
Oct-21	30	0.07021	\$2.11	0.36	11.2	11.16	18.84	\$1.20019	\$1.68243	\$13.39	\$31.70	\$45.09	\$0.68120	\$20.44	\$67.63
	360		\$22.04			360	•					\$450.64		\$155.51	\$628.19
	360												Less annual CARB Credit	ARB Credit	-\$24.62
Procurement	ment	\$155.51													\$603.57
Transport	Ħ	\$450.64											City of Coa	City of Coalinga is less by:	\$335.82
G-PPPS		\$22.04												Percent Less:	%99
CARB Credit	Credit	-\$24.62													
Total PG&E	G&E	\$603.57													