



# Energy Price Risk Management Update

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March 4, 2014

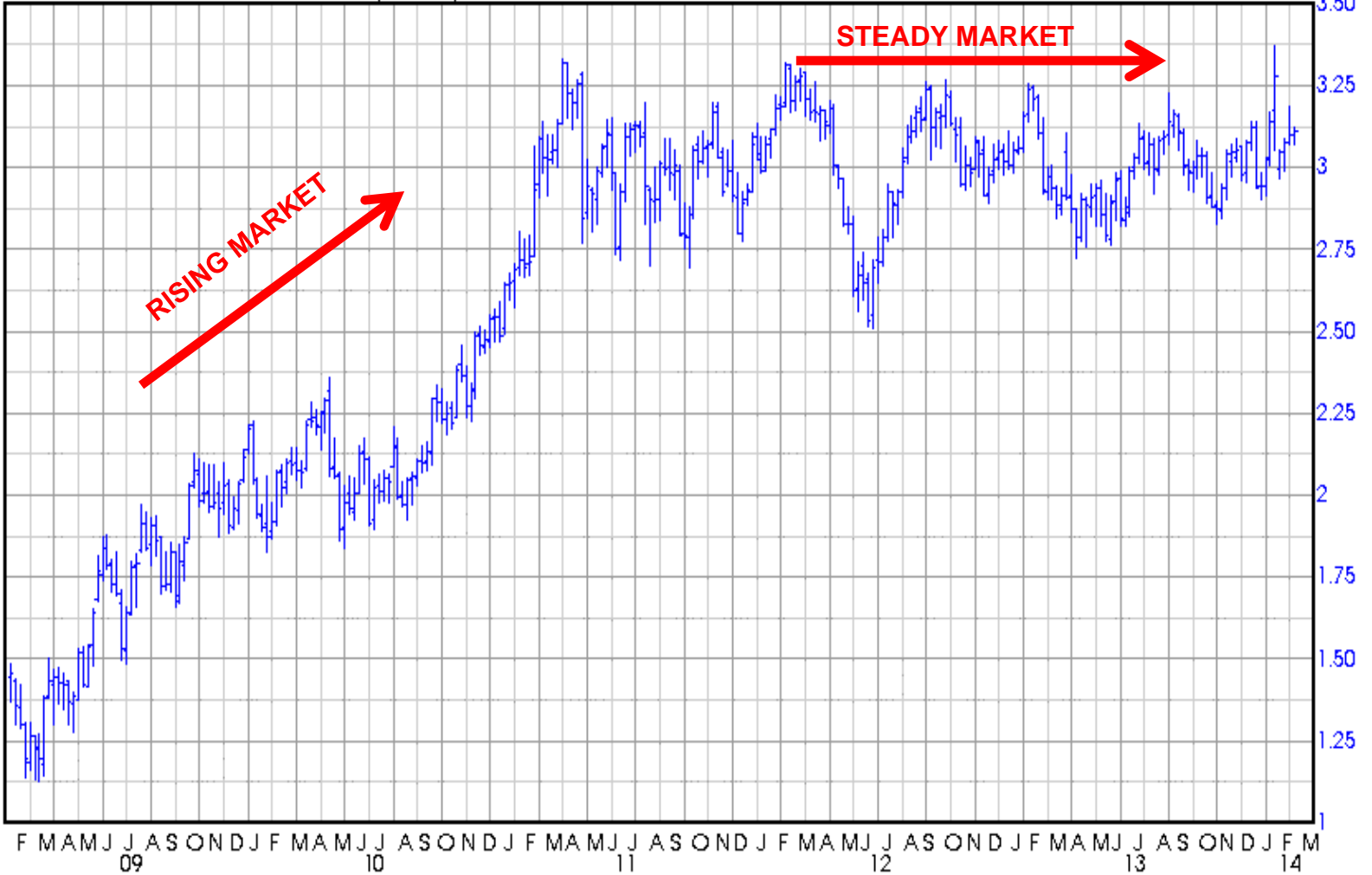
Greater Cleveland  
Regional Transit Authority

Presented by:  
Office of Management & Budget  
& Procurement



# Fuel Price - 5 Year History

HEATING OIL NEAREST FUTURES... weekly OHLC plot



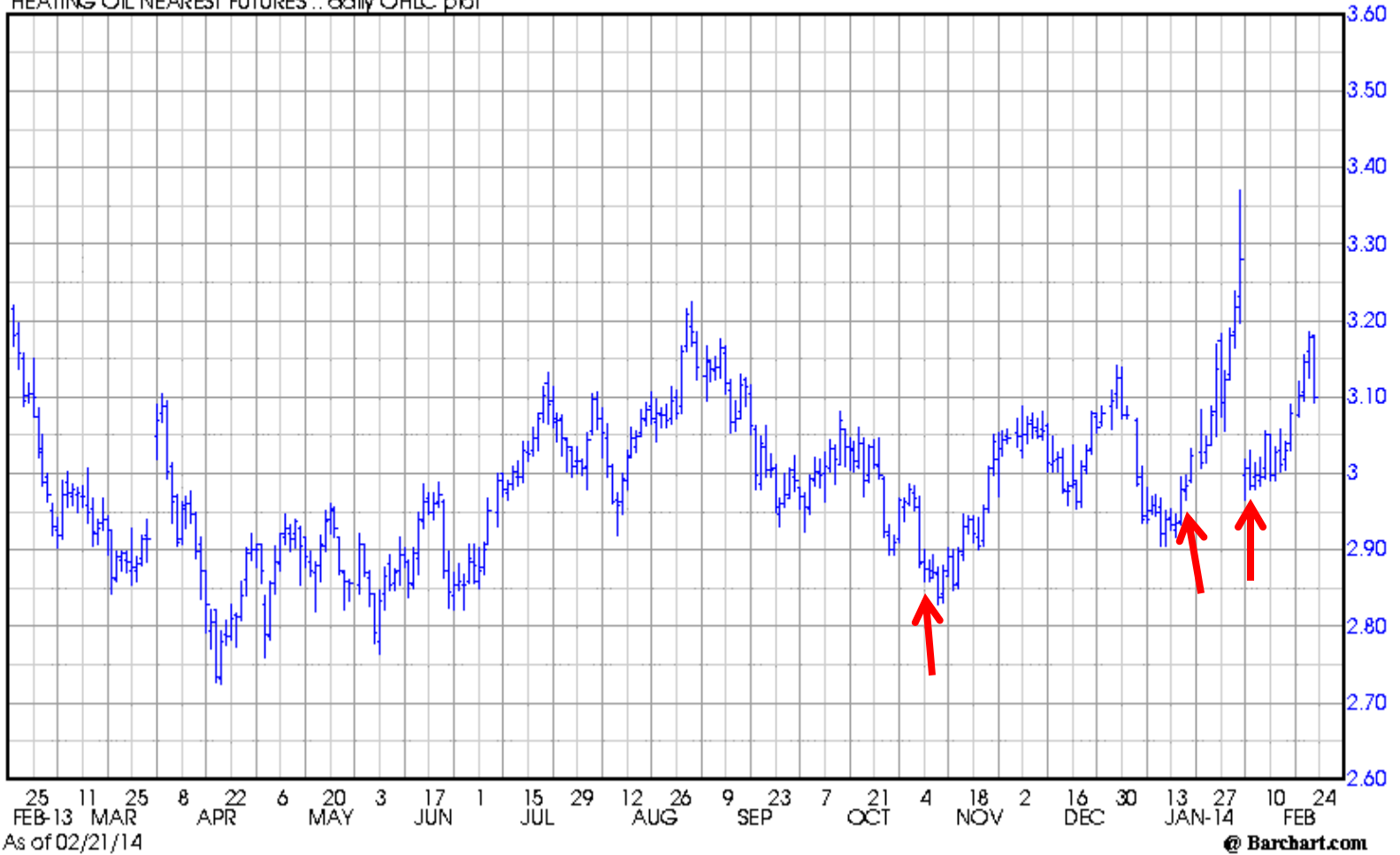
As of 02/24/14

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# Fuel Price - 1 Year History

HEATING OIL NEAREST FUTURES... daily OHLC plot





# Factors Affecting Markets

- Cold weather has reduced inventories for the last 7 weeks.
- Long Spec position up 46 MMbbls to 406 MMbbls. Cold weather dramatically increasing speculation. Speculators currently adding 46 cents/Gal to cost of fuel.
- Industrial production reduced over last 7 weeks because of weather, negative for price.
- US Crude production increased over last 3 years from 5.5 mbbls/day to 8.0 mbbls/day making US less dependent on foreign oil.



## Recent Purchases

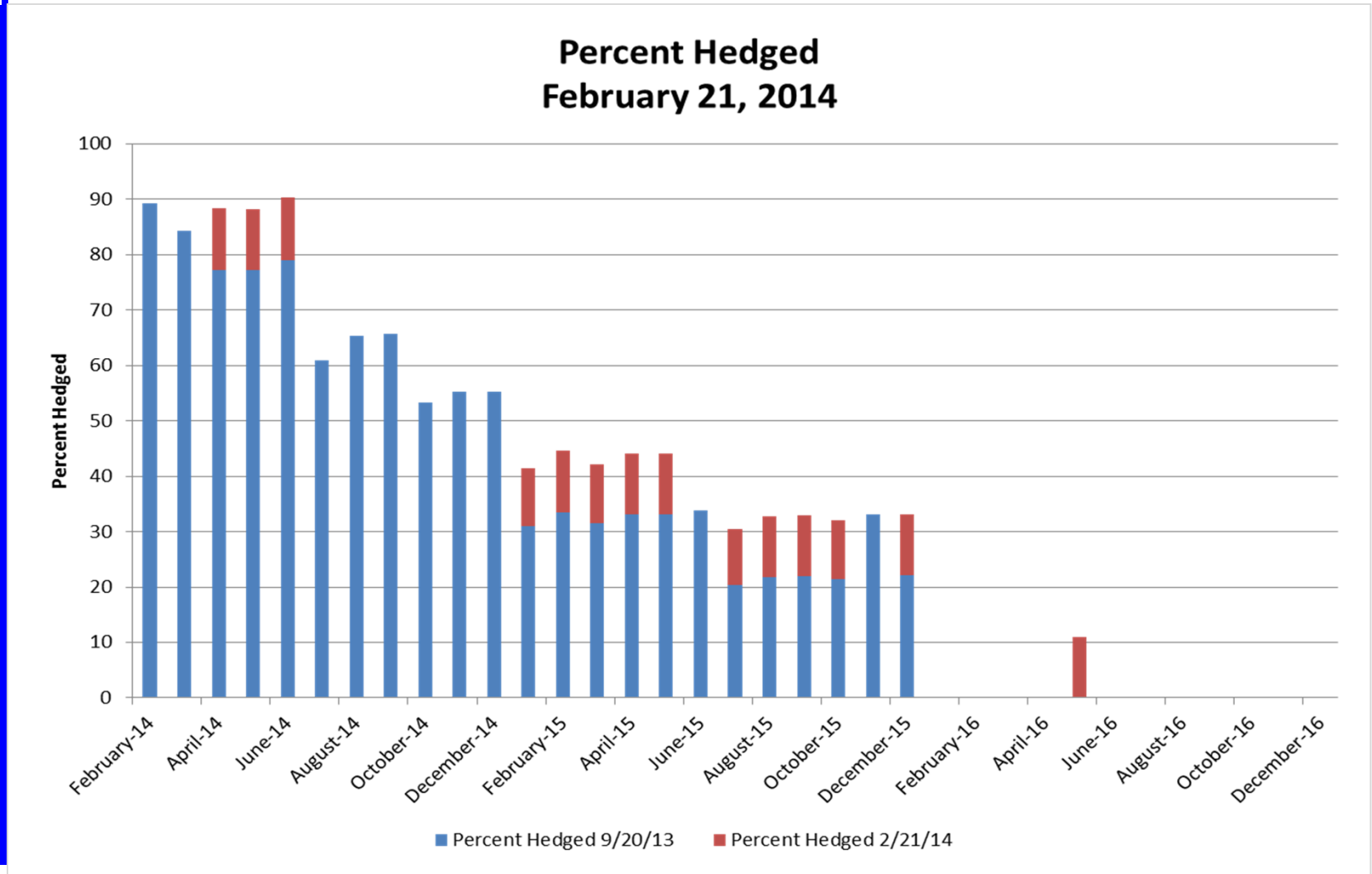
- **11/5/13**
  - Aug 15-Jan 16 - \$2.75
  - 210,000 GALS
  
- **1/17/14**
  - May 14-Jul 14 - \$2.89
  - 126,000 GALS
  
- **2/4/14**
  - Feb 15-Jun 15 - \$2.80
  - 210,000 GALS
  - Jun 16 - \$2.66
  - 42,000 GALS

**588,000 GALS**



# Energy Price Risk Execution

## Monthly Percentage Hedged





## 2013 Results

- Gallons = **4,675,534**
- Cost/Gal = **\$3.13**
- Actual Cost = \$14,646,024
- Realized Gains = **\$617,677**
- Net Cost/Gal = **\$3.00**

**Savings = \$0.13/GAL**



# 2013 – 2014 Fuel

## 2013 Results

	<b>GALS</b>	<b>Benchmark</b>	<b>Cost</b>	<b>Net Cost</b>
Budget	4,650,000	\$3.05	\$2.975	\$13,835,135
Estimate	4,668,314	\$3.13	\$2.99	\$13,981,600
Actual	4,675,534	\$3.13	\$3.00	\$14,028,347

## 2014 Projection

	<b>GALS</b>	<b>Benchmark</b>	<b>Cost</b>	<b>Net Cost</b>
Budget	4,650,000	\$3.20	\$3.05	\$14,182,500





# EPRM History

<b>Year</b>	<b>Actual Cost</b>	<b>Net Cost</b>	<b>Net Price/Gal</b>
2009	\$17,357,364	\$17,357,364	\$3.18
2010	\$10,256,308	\$7,995,921	\$1.76
2011	\$13,646,451	\$9,954,453	\$2.23
2012	\$14,661,084	\$12,552,953	\$2.74
2013	\$14,646,024	\$14,028,347	\$3.00



# CNG Effect on Fuel Purchasing

Date	CNG Bus Delivery	Diesel (GAL)	Natural Gas (BTU)
<b>2014</b>		<b>4.7 MGALs</b>	
Mar–May 2015	60 Buses		100,000 MMBTUs
Nov–Dec 2015	29 Buses		
Jan 2016			
Nov-Dec 2016	22 Buses		
Jan 2017			
<b>2017</b>		<b>3.4 MGALs</b>	<b>185,000 MMBTUs</b>



# Questions & Answers

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## Energy Price Risk Management Presentation

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Regional Transit Authority

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