

Energy Price Risk Management Update



October 3, 2017

Greater Cleveland
Regional Transit Authority

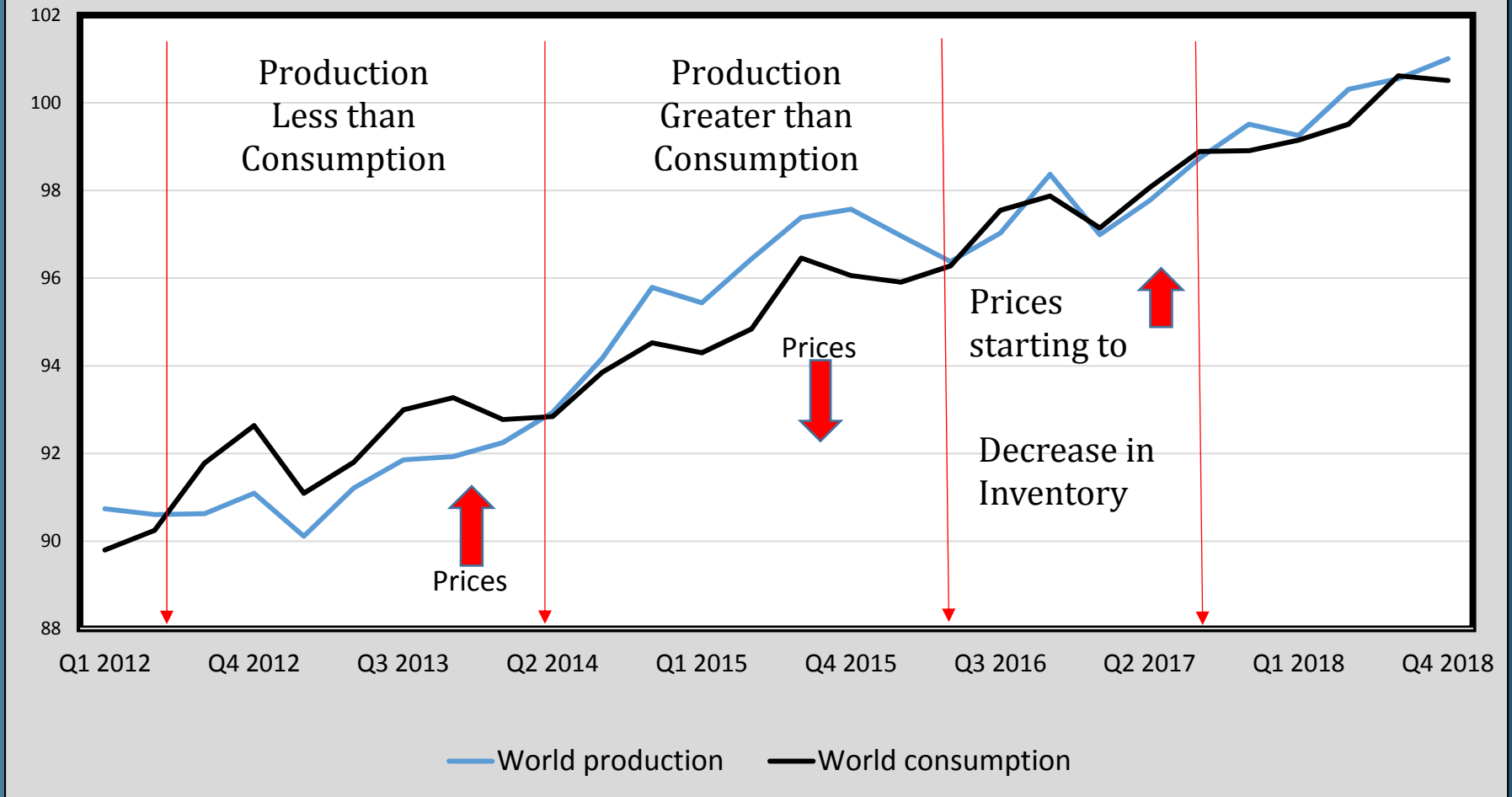
Presented by:
Natalie Ulrich



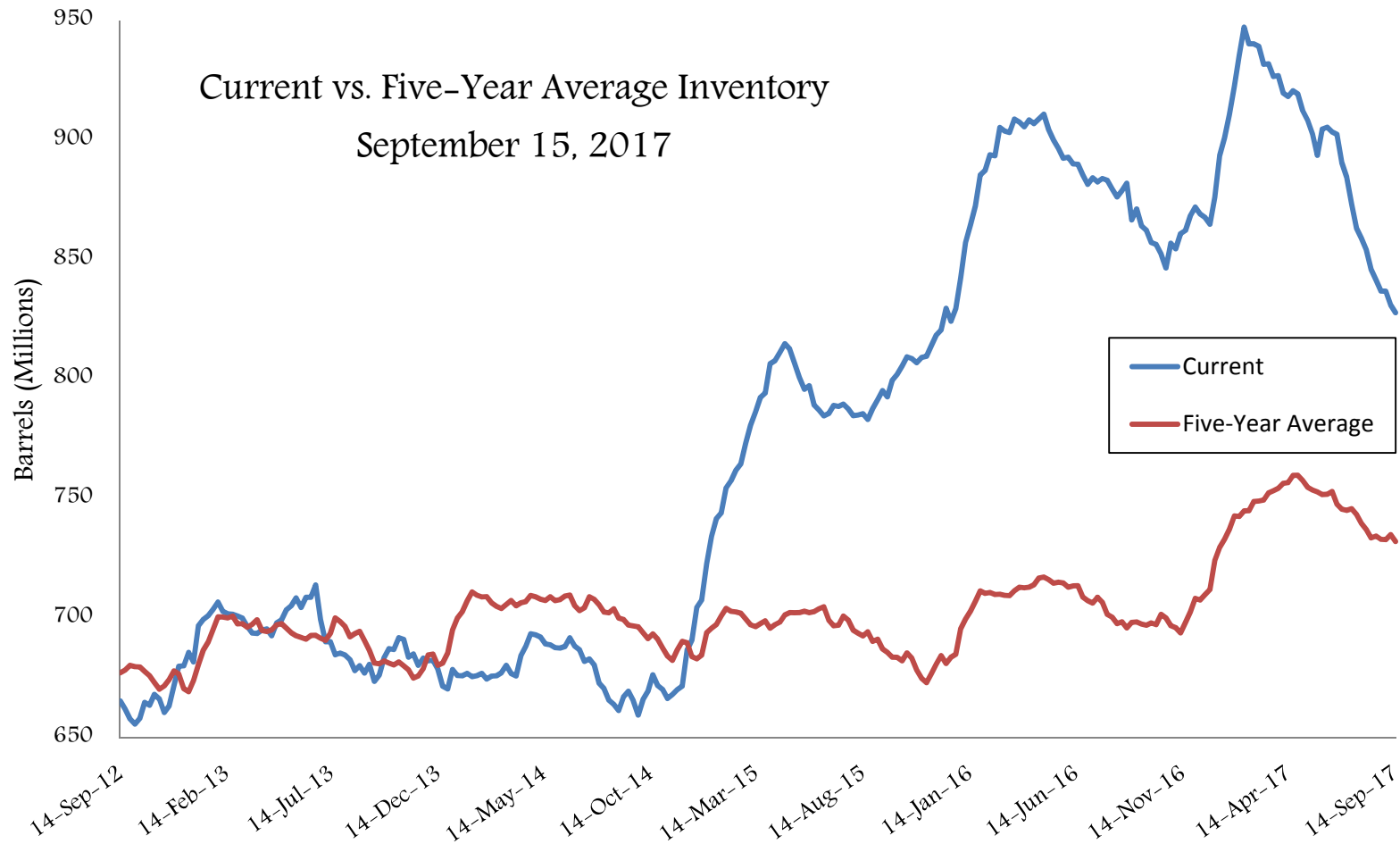
Energy Price Risk Management Program Market Update

- Global surplus of production starting to disappear
- Inventory levels decreasing
- Prices starting to increase

World liquid fuel production and consumption



Current vs. Five-Year Average Inventory September 15, 2017



Energy Price Risk Management Program

- Diesel Fuel – prices remain volatile
- 2017 prices variances - 35% spread
- Hurricane Harvey and Irma – 14% price increase in 2.5 weeks

Energy Price Risk Management Program

- Original Objectives
 - Increase Budget certainty
 - Protect against sharp price increases

Projected 2017 Diesel Fuel

■ Budgeted Cost	\$ 7,742,000
■ Projected Net Cost	<u>\$ 6,639,000</u>
■ Projected (Over)/under	\$ 1,103,000

• Total % under budget - 14.2%

Gallons - 5.4%

Price - 8.8%

Fuel Hedge Status – 09/29/17

<u>Year</u>	<u>Status</u>	<u>Avg Monthly Price</u>
Bal 2017	84% Hedged	\$1.99
2018	76% Hedged	\$1.73
2019	52% Hedged	\$1.64
2020	7 Contracts	\$1.64

Total Diesel & CNG Fueling Expenses 000's

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Projected 2017</u>
Diesel Gallons	4,778	4,432	3,392	3,069
CNG Diesel Gallon Equiv	<u>0</u>	<u>388</u>	<u>1,181</u>	<u>1,403</u>
Total	4,778	4,820	4,573	4,472
Total Net \$ Diesel + CNG	\$14,746	\$12,264	\$9,131	\$7,946
Cost per Gallon/DGE	\$3.09	\$2.54	\$2.00	\$1.78



Questions & Answers

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Presentation

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