

# Energy Price Risk Management Update

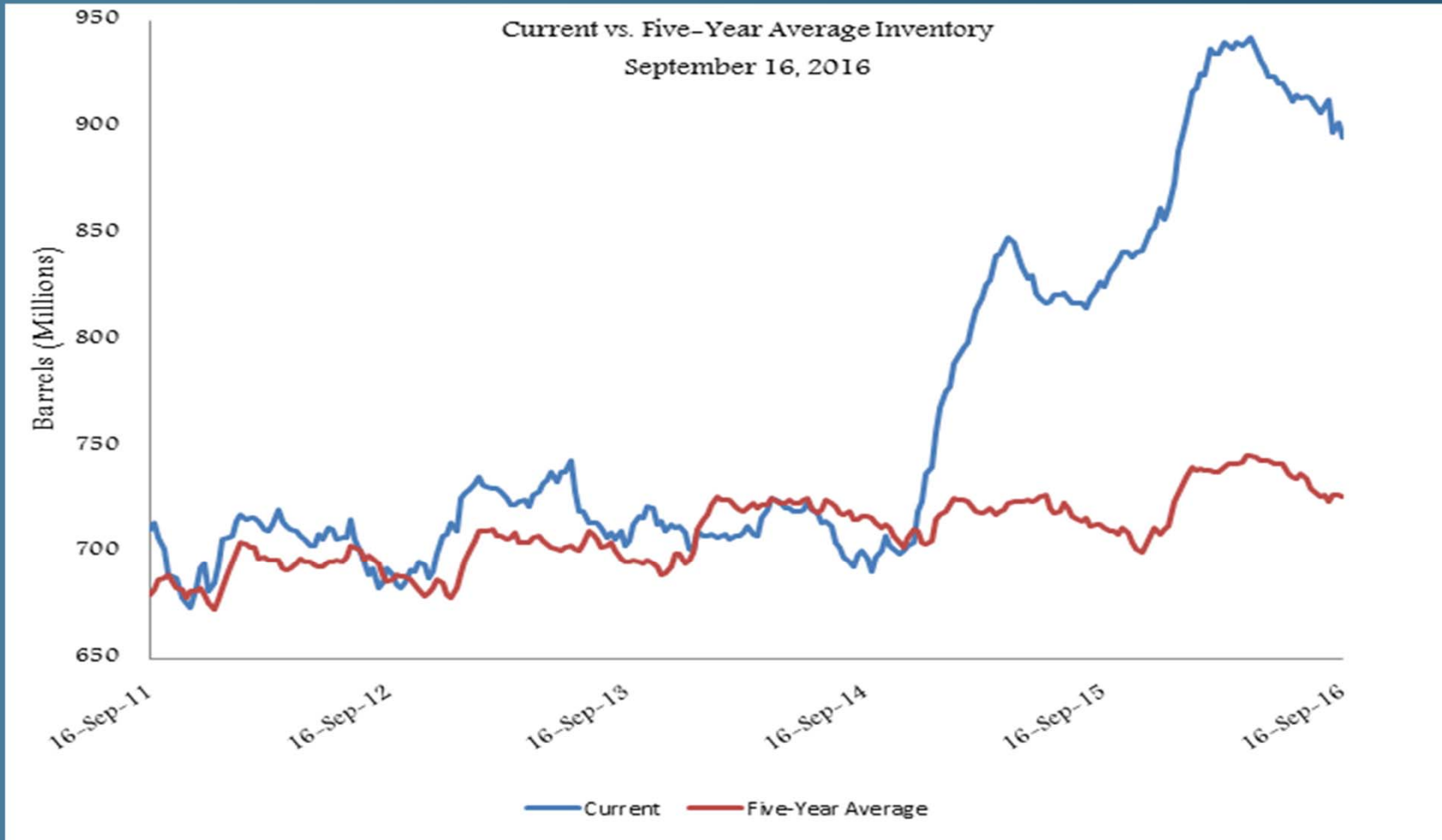


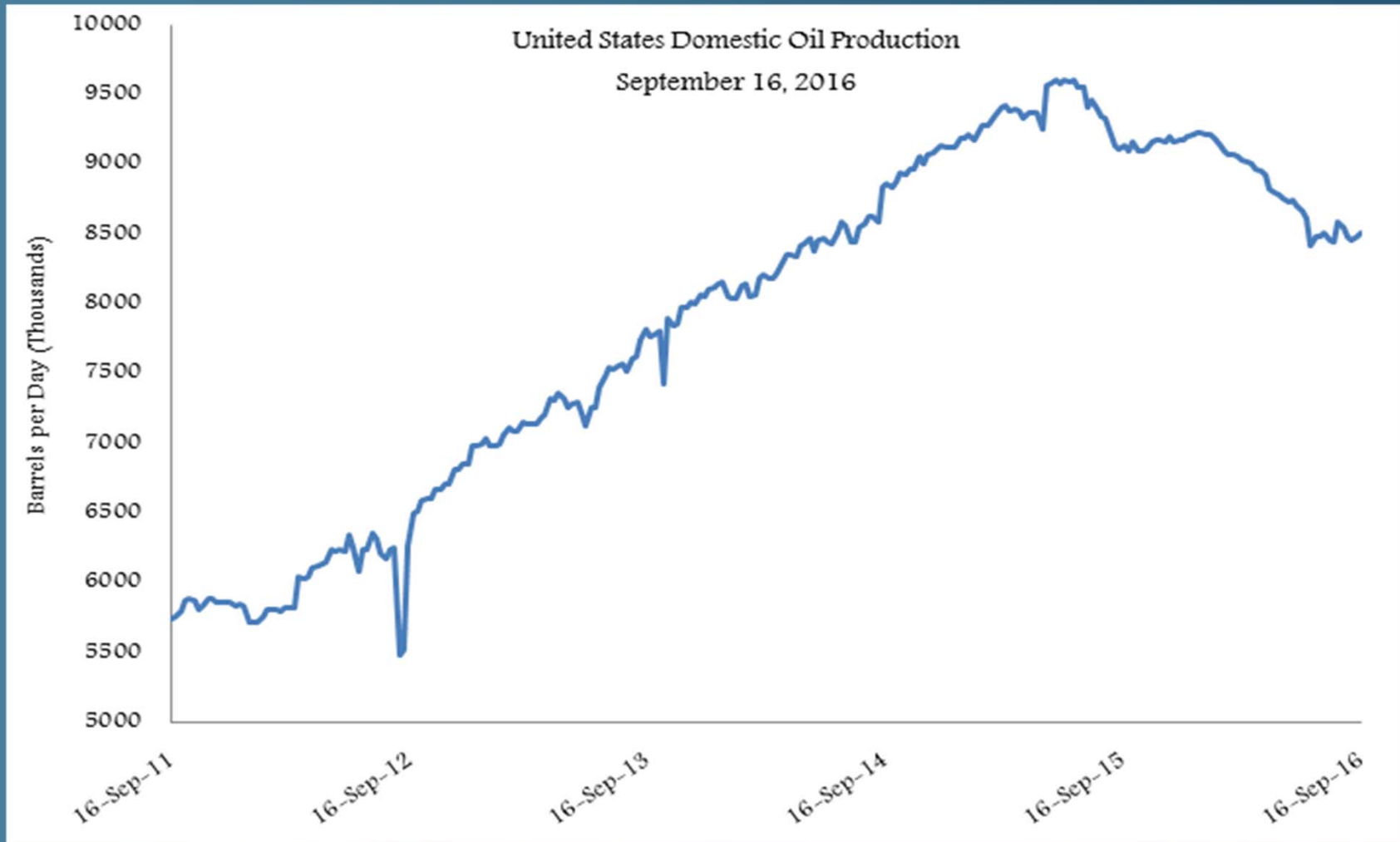
October 4, 2016

Greater Cleveland  
Regional Transit Authority

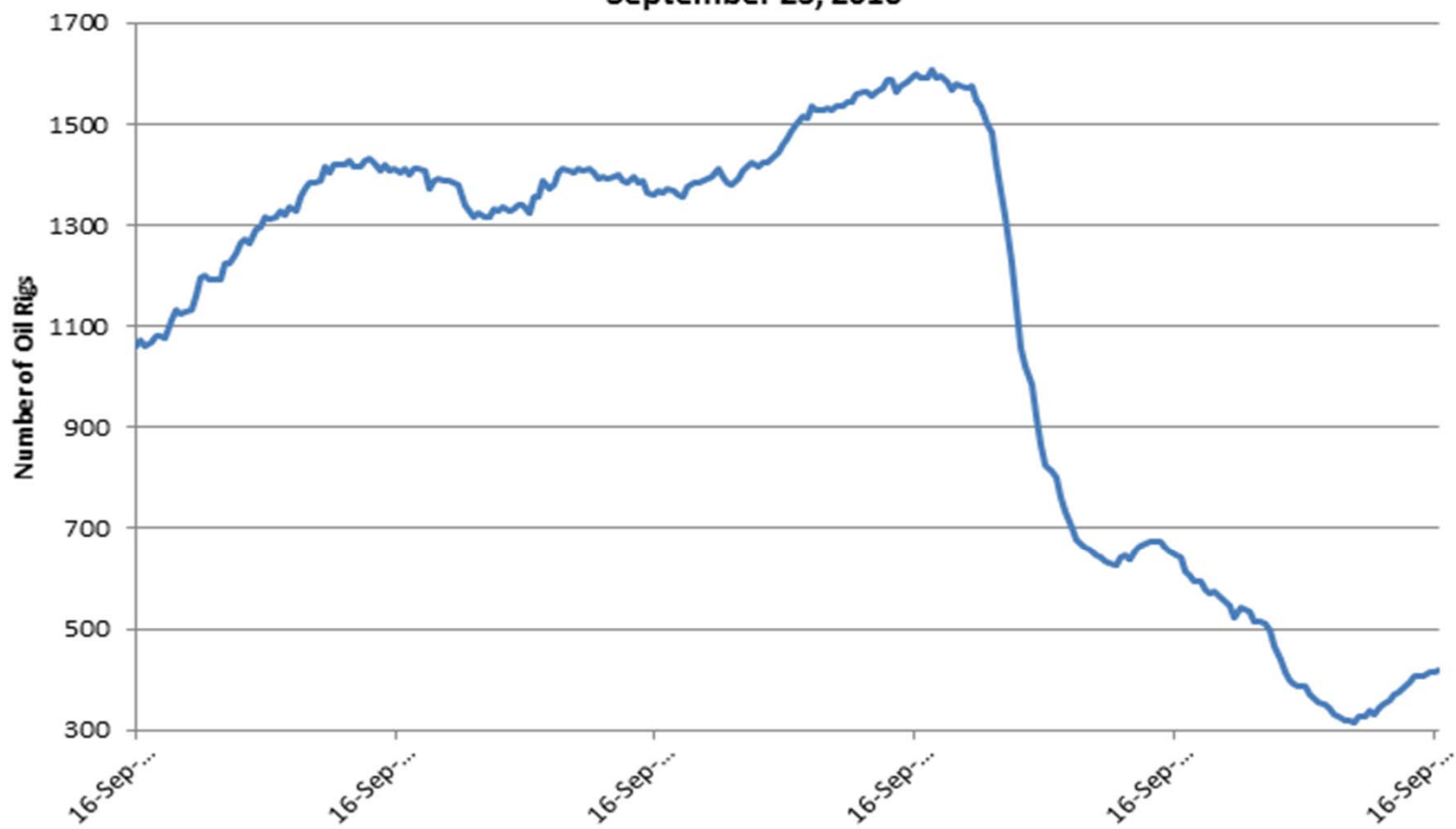
Presented by:  
Office of Management and Budget Procurement  
Finance Committee



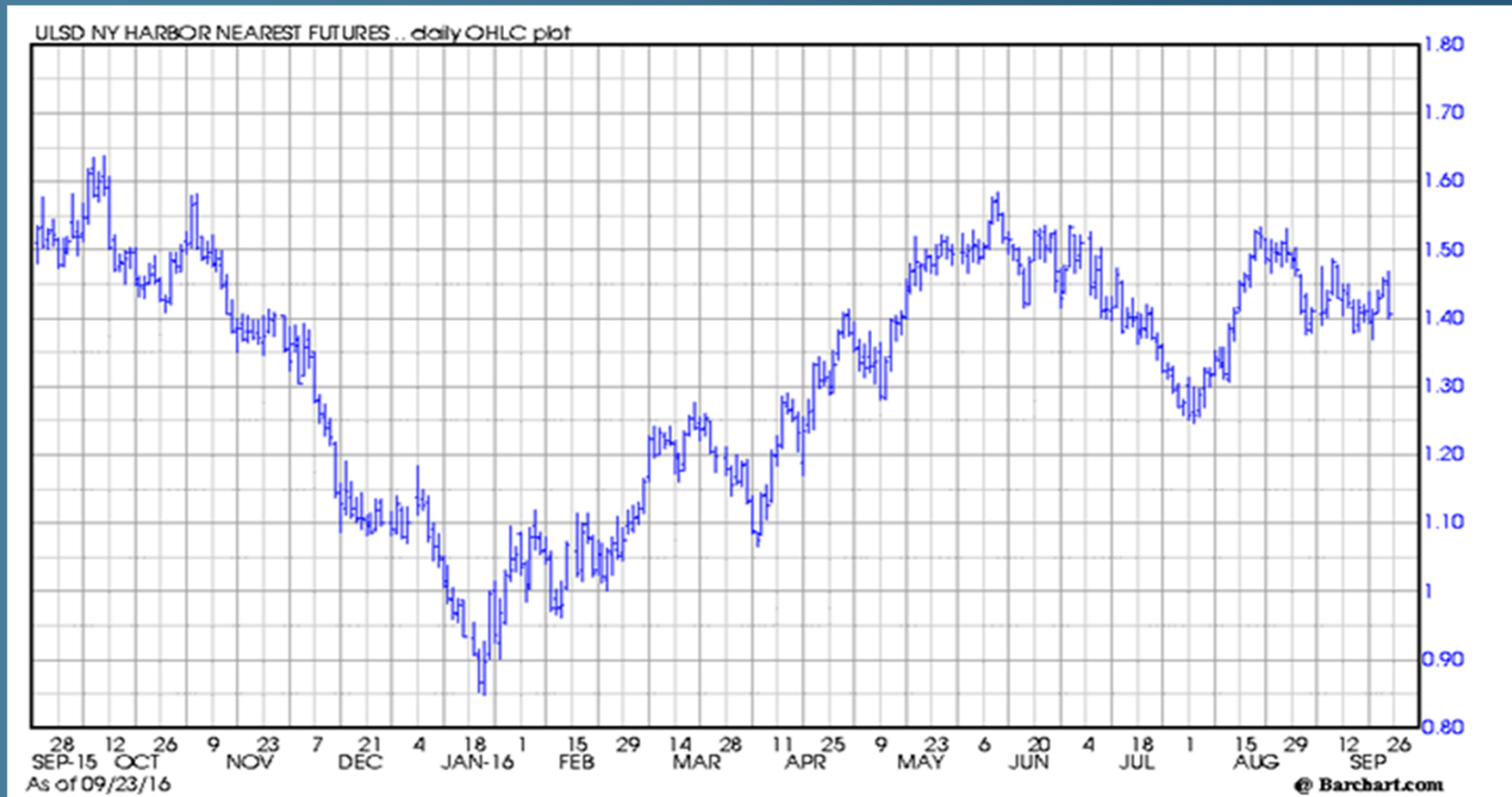




**Oil Rigs Operating in the U.S.  
September 23, 2016**



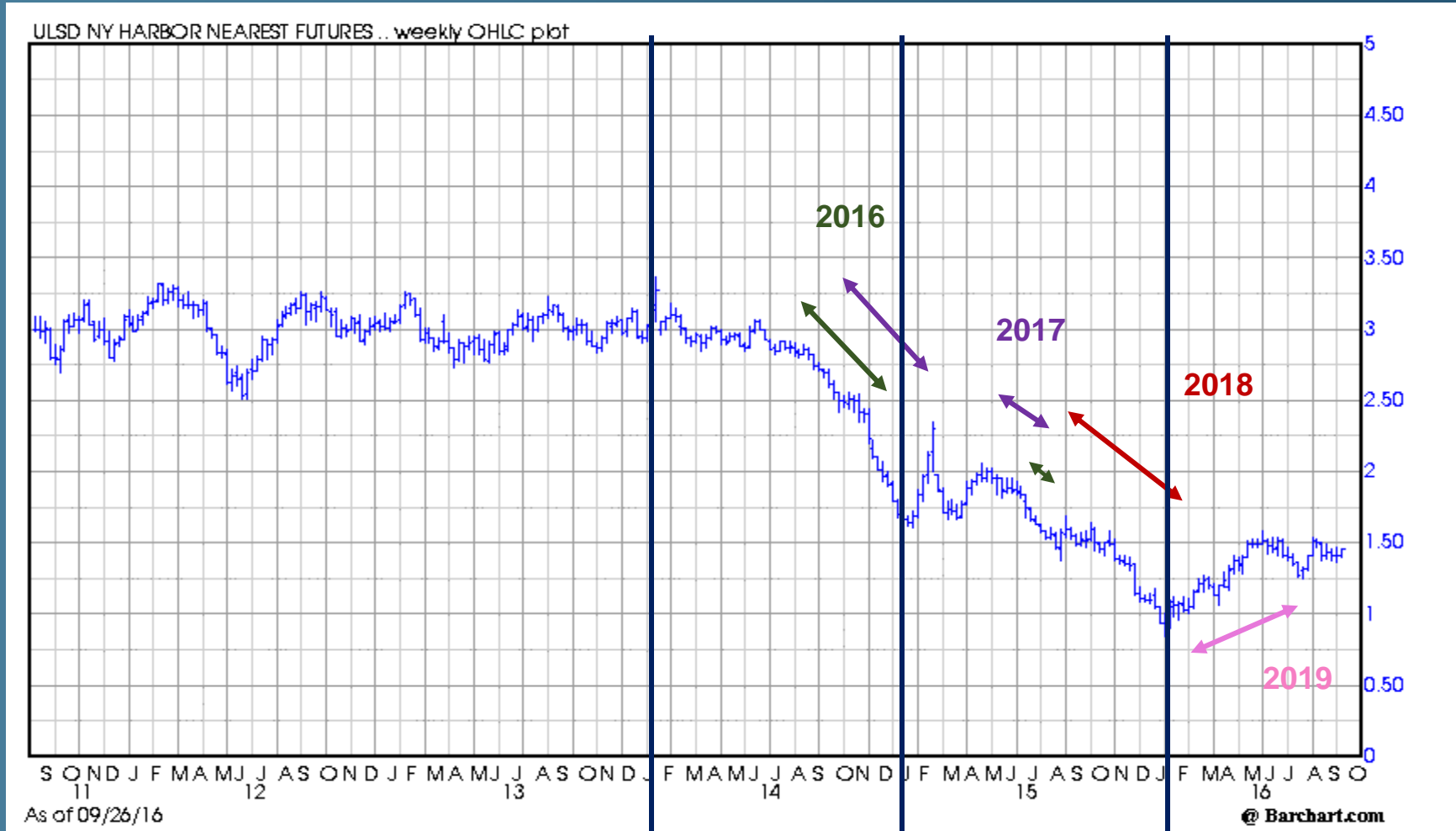
## One-year chart of spot diesel futures prices as of Sept 23rd



# Energy Price Risk Management Program Original Objectives

- Increase Budget certainty
- Protect against sharp price increases

# Five year chart of spot diesel futures prices



## Fuel Hedge Status – 09/29/16

<u>Year</u>	<u>Status</u>	<u>Avg Monthly Price</u>
2016 Bal	Fully Hedged	\$2.02
2017	Fully Hedged	\$2.17
2018	Fully Hedged	\$1.73
2019	Partially Hedged	\$1.65



# YTD August 2016 Diesel Fuel Results

■ Budgeted Cost	\$ 6,246,000
■ Net Cost	\$ <u>6,094,000</u>
■ (Over)/under	\$152,000

## CNG Summary

Jan 16 – Aug 16

Natural Gas	\$556,000
Electricity	\$ 70,000
Operations/Maintenance	<u>\$ 163,000</u>
Total Cost	\$789,000
Diesel Gallon Equivalent (DGE)	800,000
Cost per DGE - Before Tax and Credits	\$0.99
Cost per DGE – After Tax and Credits	\$0.43

## Total Diesel & CNG Fleet Fueling Expenses

	Jan-Aug 2015	Jan-Aug 2016
Net Diesel Fuel Expense	\$8,661,000	\$6,094,000
CNG Expenses	\$39,000	\$790,000
CNG Taxes & Credits	<u>(\$14,000)</u>	<u>(\$446,000)</u>
Net Cost	\$8,686,000	\$6,438,000
Net Cost Reduction		<b>\$2,248,000</b>



# Questions & Answers

Energy Price Risk Management  
Presentation

Greater Cleveland  
Regional Transit Authority

Presented by:  
**Office of Management and Budget  
Procurement**

