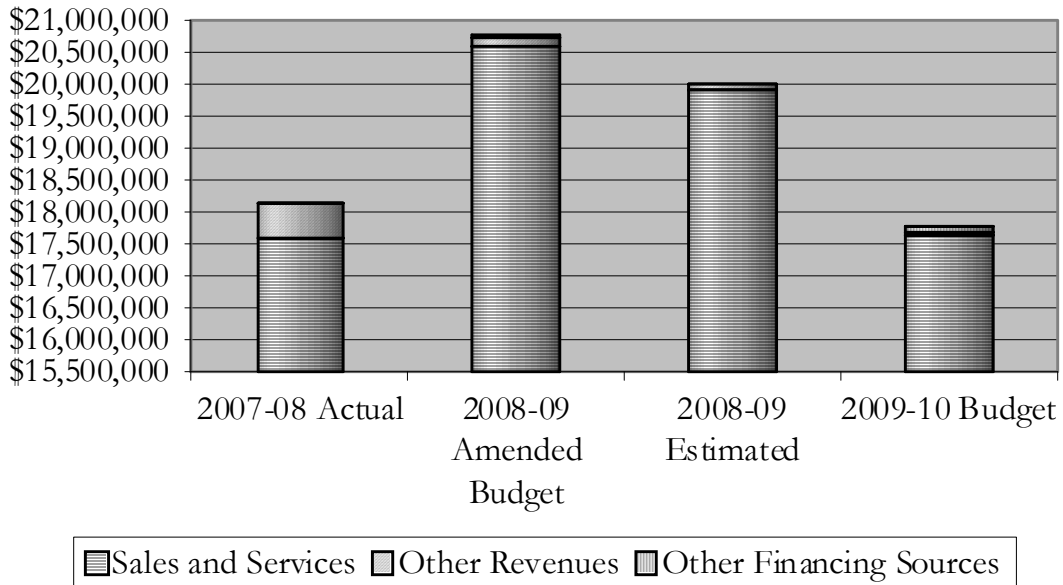


NATURAL GAS FUND REVENUE SUMMARY

Sources	2007-08 Actual	2008-09 Amended Budget	2008-09 Estimated	2009-10 Budget
Sales and Services	\$ 17,572,917	\$ 20,569,212	\$ 19,883,388	\$ 17,635,786
Other Revenues	534,518	164,909	94,584	56,999
Other Financing Sources	-	37,476	-	85,500
Total	\$ 18,107,435	\$ 20,771,597	\$ 19,977,972	\$ 17,778,285



NATURAL GAS DEPARTMENT ENTERPRISE FUND

Statement of Department's Purpose:

The mission of the City in the operation and reliability of the City's utilities is to "ensure that utility services are operated in a safe, effective, and efficient manner and to add quality of life to the community as well as provide for economic growth." This mission can be achieved by operating the natural gas utility in a business manner and to empower staff to react to industry changes. This empowerment will result in better management of risks, greater returns on investment, more stable and competitive pricing, and new growth; therefore, will provide a more positive image and value of natural gas to the City's customers.

Departmental Functions:

- Maintenance (388.65 miles of natural gas mains, 217.33 miles of service pipe, 9,713 services throughout Davidson County, 24 hour on call service for customers)
- Construction (install mains and services, oversee contractors who install mains and services on the City's system, relocate and repair mains and services)
- Purchasing (manage the purchasing, transportation, and distribution of approximately 2.2 million DTs of natural gas annually, gas purchases, hedging, storage withdrawals and injections, maintaining and running of a peak shaving facility, capacity/asset management)
- Engineering (engineering mains with the assistance of contracted engineers, encroachments and right-of-ways, permits, GIS mapping)
- Compliance and safety (meet all state and federal Office of Pipeline Safety (OPS) requirements, documentation and reporting of all pipeline activities, training and qualification of employees, Operator Qualifications (OQ), public awareness mandates, integrity management mandates)

2009-10 Objectives:

Meet the goals of the financial and business plans, which include the following:

- Add new customers, new load growth, and value to the natural gas system
- Continue expansion into the Tyro Region
- Continue Geographic Information System (GIS) Mapping Project
- Complete architect plans, debt fund, and begin construction of new utility operations facility
- Continue the Automated Meter Reading (AMR) program (change 977)
- Write and implement Distribution Integrity Management Program (DIMP)
- Incorporate prepaid gas into hedging portfolio
- Create and implement replacement program for gas lines
- Employ approved part-time position

**NATURAL GAS DEPARTMENT
ENTERPRISE FUND**

Performance Measures Summary:

Measures	FY 05-06	FY 06-07	FY 07-08
# of dept. employees	21	21	21
# of customers	8,760	8,696	8,845
Total DTs sold/year	\$2.39 Million	\$2.27 Million	\$2.15 Million
Miles of main line	337	383	389
Miles of service line	199	209	217
Yearly residential bill amount (59 therms/month)	\$1,186	\$1,032	\$1,197

Budget Summary:

Expenditure Summary	2007-08 Actual	2008-09 Amended Budget	2008-09 Estimated	2009-10 Budget
Personnel	\$ 1,072,569	\$ 1,194,284	\$ 1,156,603	\$ 1,255,278
Operations	2,943,491	3,142,917	3,020,453	3,486,776
Natural Gas Purchases	13,328,071	15,151,095	15,000,000	11,910,051
Capital Outlay	67,554	60,500	29,496	11,759
Other Financing Uses	844,038	1,222,801	1,032,801	1,114,421
Total	\$ 18,255,723	\$ 20,771,597	\$ 20,239,353	\$ 17,778,285

Personnel Positions	2007-08 Authorized	2008-09 Authorized	2009-10 Authorized	2009-10 Funded
Full Time	21	21	21	21

Capital Outlay:

<u>Item</u>	<u>New/Replacement</u>	<u>2009-10 Budget</u>
Close Interval Survey Equipment	N	<u>11,759</u>
Total		<u><u>\$ 11,759</u></u>

City of Lexington Natural Gas

