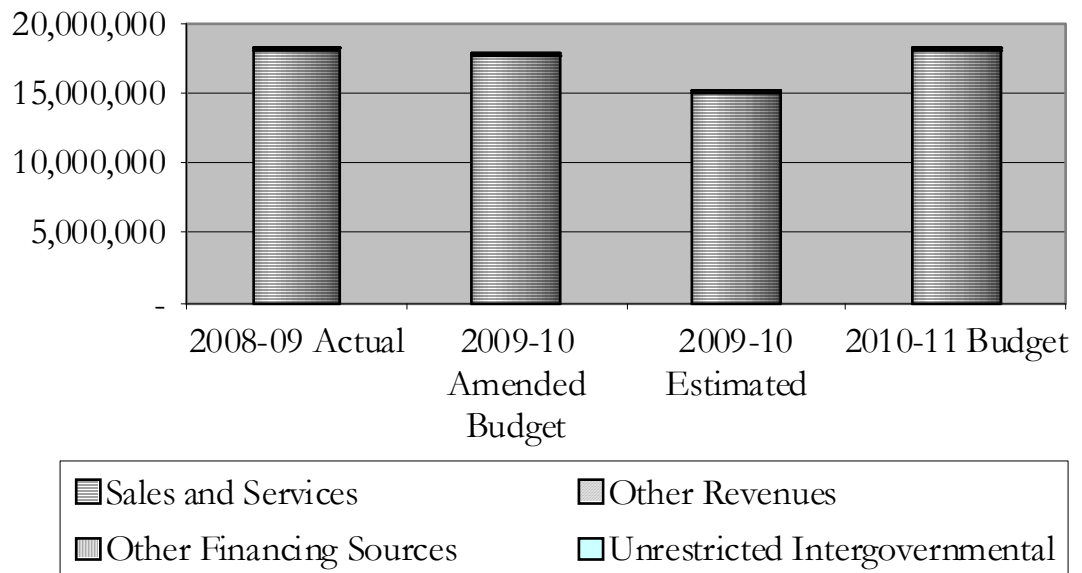


NATURAL GAS FUND REVENUE SUMMARY

Sources	2008-09 Actual	2009-10 Amended Budget	2009-10 Estimated	2010-11 Budget
Unrestricted Intergovernmental	\$ -	\$ -	\$ -	\$ 35,788
Sales and Services	18,059,453	17,635,786	14,961,854	18,008,460
Other Revenues	129,685	56,999	213,206	50,563
Other Financing Sources	106,967	115,169	-	151,378
Total	\$ 18,296,105	\$ 17,807,954	\$ 15,175,060	\$ 18,246,189



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 (total of 628 miles of pipe to maintain: 405 miles of natural gas mains and 223 miles of service pipe, 10,366 services throughout Davidson County, 24 hour on call service for customers)
- Construction (install mains and services, manage contractors who install mains and services on the City's system, relocate and repair mains and services, repair leaks)
- Purchasing (manage the purchasing, transportation, and distribution of approximately 2.06 million DTs of natural gas annually, gas purchases, hedging, storage withdrawals and injections, capacity/asset management)
- Engineering (engineering mains with the assistance of contracted engineers, encroachments and right-of-ways, permits, Geographic Information System (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, Distribution Integrity Management Program (DIMP) mandates)

2010-11 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
- Write and implement Distribution Integrity Management Program (Feb 2010 thru Aug 2011)
- Expand to Kurz Transport (if required)
- Complete "physical" gathering of GPS coordinates of the entire system
- Continue implementation of GIS mapping project
- Continue the Automated Meter Reading (AMR) program (change 1,174 meters)
- Incorporate prepaid gas into hedging portfolio when the financial markets allow
- Create and implement replacement program for gas lines
- Employ two Gas Technician Apprentices
- Advise and assist management team in oversight of construction of Natural Gas/Public Works Utilities Operations Center

**NATURAL GAS DEPARTMENT
ENTERPRISE FUND**

Performance Measures Summary:

Measures	FY 06-07	FY 07-08	FY 08-09
# of dept. employees	21	21	21
# of customers	8,696	8,845	8,949
Total DTs sold/year	2.27 Million	2.14 Million	2.06 Million
Miles of main line	383	389	405
Miles of service line	209	217	221
Yearly residential bill amount (59 therms/month)	\$1,032	\$1,197	\$972

Budget Summary:

Expenditure Summary	2008-09 Actual	2009-10 Amended Budget	2009-10 Estimated	2010-11 Budget
Personnel	\$ 1,152,019	\$ 1,255,278	\$ 1,166,268	\$ 1,267,695
Operations	2,872,497	3,508,534	3,002,162	3,721,104
Natural Gas Purchases	12,755,356	11,910,051	8,987,891	12,277,873
Capital Outlay	29,495	19,670	19,709	24,695
Other Financing Uses	1,329,768	1,114,421	1,114,421	954,822
Total	\$ 18,139,135	\$ 17,807,954	\$ 14,290,451	\$ 18,246,189

Personnel Positions	2008-09 Authorized	2009-10 Authorized	2010-11 Authorized	2010-11 Funded
Full Time	21	21	22	22

Capital Outlay:

<u>Item</u>	<u>New/Replacement</u>	<u>2010-11 Budget</u>
Remote Methane Leak Detector	N	19,000
GPS Unit	N	5,695
Total		<u>\$ 24,695</u>

City of Lexington Natural Gas

