CURE COMMISSION REPORT

FY 2025 GAS SYSTEM

RATE STUDY

AUGUST 2025

The Alexandria City Council is required by law to review and balance its utility rates, energy cost adjustment, and capital needs in regular intervals to ensure the viability of its enterprise operating as the Alexandria Utility Systems (AUS). The Alexandria City Council is Alexandria's Rate Making Authority for the utility departments, including electric, water, gas and wastewater. The rate making function includes immediate, intermediate and long-term resource planning using various outside subject matter experts.

Periodic evaluation of the adequacy of the City's existing rate charges for utility service and adjustments—including revenue requirements (the overall adjustment in rates needed to forecast the cash requirements of each utility, reduce inter-utility subsidies, and maintain appropriate cash reserves), cost of services (determining each class's equitable share of the utility revenue requirements), and rate design (the adjustment needed to reflect cost of services and remain sensitive to customer rate impacts). For this purpose, the City of Alexandria created the Commission on Utility Reform and Equity. Of the several purposes of the Commission, one is to evaluate the adequacy of the City's rate schedules for the existing utility services and recommend changes as needed.

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GAS SYSTEM RATE STUDY

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

AUS: Alexandria Utility System.

British Thermal Unit: A BTU is the amount of heat required to raise one pound of water (approximately a pint), one degree Fahrenheit at or close to its point of maximum density.

CCF: A unit of gas measurement that means 100 cubic feet of natural gas.

City Gate: a delivery hub referred to in gas purchase contracts. Any gas delivered to the City's gas distribution system is said to have been delivered at one of the City's City Gates.

CIP: Capital Improvement Program.

CPI-U: Consumer Price Index for all Urban consumers – the measure of changes in U.S. consumer prices as issued by the U.S. Department of Labor – Bureau of Labor Statistics.

Cross-bore: A cross-bore exists when one utility line has been drilled or "bored" through a portion of another line. Gas cross-bores can occur in sewer lines as a result of "horizontal boring" construction practices.

Cubic Feet: The standard unit of measurement for natural gas sales to customers, equal to 1,000 British Thermal Units.

Distribution: transportation of gas to customers.

EIA: U.S. Energy Information Administration.

GMR&R Program: Gas Main Replacement and Regulator Station Program.

Internal Combustion Engine Service: A separate billing account for installations of auxiliary power generators that utilize natural gas as a power source.

LDC: Local Distribution Company, or a utility that owns/operates its own natural gas pipeline network for the purpose of delivering gas to customers behind its system.

Local Transportation: transportation of gas to City of Alexandria distribution system from one of the City's Gate Stations.

MCF: A unit of gas measurement that means 1,000 cubic feet of natural gas.

MMBtu: Millions of British thermal units, a unit of gas measurement equal to ten therms. Commonly used for high volume gas measurement. Wholesale purchases of gas from suppliers are typically measured in MMBtu.

NDSM: Natural Gas Distribution Infrastructure Safety and Modernization grant program, established by the Infrastructure Investment and Jobs Act (IIJA). This program, managed by the Pipeline and Hazardous Materials Safety Administration (PHMSA), provides funding to municipalities and community-owned utilities for repairing, rehabilitating, or replacing natural gas distribution pipelines, aiming to reduce incidents and fatalities.

O&M: Operations and Maintenance.

PE or HDPE: Polyethylene, a gas main material (more specifically, High-Density Polyethylene).

PHMSA: The Pipeline and Hazardous Materials Safety Administration is a United States Department of Transportation agency created in 2004, responsible for developing and enforcing regulations for the safe, reliable, and environmentally sound transportation of energy and other hazardous materials.

PVC: Polyvinyl chloride, a plastic gas main material.

Therms: The standard unit of measurement for natural gas sales to customers, equal to 100,000 British thermal units. Therms measure the heating value of the gas, rather than its volume.

Transmission: transportation of gas between major gas delivery hubs via a gas transmission pipeline.

SECTION 2: EXECUTIVE SUMMARY AND RECOMMENDATIONS

The City of Alexandria Utility System (AUS) provides the following services to the residents of the City as authorized by its charter: Electricity, Gas, Water, Wastewater, and Waste Disposal.

The City of Alexandria Gas Department provides natural gas to approximately 15,800 customers for residential, industrial, and commercial use. The Gas Department maintains approximately 560.9 miles of main line and approximately 19,900 service lines that range in size from 1/2" to 12" pipe (PHMSA Annual Report – 2024).

Natural gas service is provided to these customers from 32 regulator stations, one (1) booster station, and one (1) meter/regulator station at the City of Alexandria, D.G. Hunter Power Plant.

The natural gas to supply the City's customers is purchased from four (4) City Gate stations.

Natural gas to supply the City of Alexandria, D.G. Hunter Power Plant is purchased from one (1) City Gate station.

The Gas Department also maintains and services three (3) bulk odorization tank stations as well as three (3) odorant injectors.

To assist in insuring the proper and safe operation of the City's natural gas system, the Gas Department utilizes an up-to-date SCADA System monitored 24 hours a day/365 days a year.

This document presents an analysis of the current financial operations of the Gas Department and provides recommendations to increase revenues to cover the costs of operating and maintaining the City's Gas Distribution System, as well as to provide financial resources for Capital Improvements.

We recommend the following modifications to the current rate structure for the Natural Gas System.

1. Increase the monthly Base Customer Charge and the monthly Volume Charge to cover projected expenses and transfers, as outlined in Section 3B: Current and Proposed Rates; and

2. Segregate the residential and commercial billings to create a separate Base Customer Charge for residential accounts and a separate Base Customer Charge for commercial accounts; and

3. Include in upcoming Capital Improvement budget line items a total of $1.6 million per year, annually increased by 5% per year, to offset depreciation and age of existing gas mains and regulators; and

4. To address deflationary or inflationary pressure on the Gas Utility, the Monthly Base Customer Charge and the Monthly Volume Charge are to be adjusted annually in February of each year by the percentage amount reported by the Consumer Price Index – Urban (CPI-U) as issued by the U.S. Department of Labor for the previous calendar year, being either a decrease or an increase; and

5. Eliminate the Infrastructure Renewal Assessment in which the proposed monthly Base Customer and monthly Volume Charges are developed to include funding of the above noted Capital Improvements budget.

SECTION 2A: OVERVIEW OF GAS SYSTEM RATE STRUCTURE

The City's current Gas Service Rates were last updated by Ordinance No. 203-2015 in December of 2015, over nine (9) years ago.

All customers pay a **Base Customer Charge** and a **Volume Charge**.

All customers also pay the cost of natural gas as a passthrough, including a Purchase Gas Adjustment and an Annual Adjustment.

Table 1 - Current Monthly Service Charge

Monthly Base Customer Charge	
All customers, residential and commercial, except those with service to internal combustion engines or large commercial/industrial customers	
Inside City	$4.50
Outside City	$6.00
Customers with internal combustion engine service	
Inside City	$10.00
Outside City	$13.00
Large Commercial/Industrial Customers. (Customers with an aggregated annual demand of 48,000,000 cubic feet or greater.)	
All large commercial/industrial customers	$175.00

Table 2 - Current Monthly Volume Charge

Monthly Volume Charge		
All customers except customers with service to internal combustion engines or large commercial/industrial customers		
Volume	**Inside City**	**Outside City**
First 20,000 cu. ft. (per 1,000 cu. ft.)	$1.87	$3.16
Next 30,000 cu. ft. (per 1,000 cu. ft.)	$1.79	$3.05
Next 50,000 cu. ft. (per 1,000 cu. ft.)	$1.66	$2.81
Next 250,000 cu. ft. (per 1,000 cu. ft.)	$1.38	$2.35
Over 350,000 cu. ft. (per 1,000 cu. ft.)	$1.31	$2.15
Customers with internal combustion engine service		
Volume	Inside City	Outside City
Volume charge (per 1,000 cu. ft.)	$2.17	$2.58
Large Commercial/Industrial Customers. (Customers with an aggregated annual demand of 48,000,000 cubic feet (48,000 Mcf) or greater.)		
First 20,000 cu. ft. (per 1,000 cu. ft.)		$1.87
Next 30,000 cu. ft. (per 1,000 cu. ft.)		$1.79

Monthly Volume Charge	
Next 50,000 cu. ft. (per 1,000 cu. ft.)	$1.66
Next 250,000 cu. ft. (per 1,000 cu. ft.)	$1.38
Next 350,000 cu. ft. (per 1,000 cu. ft.)	$1.31
Next 300,000 cu. ft. (per 1,000 cu. ft.)	$1.23
Next 2,000,000 cu. ft. (per 1,000 cu. ft.)	$1.15
Next 2,000,000 cu. ft. (per 1,000 cu. ft.)	$1.08
Next 2,500,000 cu. ft. (per 1,000 cu. ft.)	$1.00
Next 4,500,000 cu. ft. (per 1,000 cu. ft.)	$0.60
Next 4,500,000 cu. ft. (per 1,000 cu. ft.)	$0.55
Next 3,500,000 cu. ft. (per 1,000 cu. ft.)	$0.45
Over 20,000,000 cu. ft. (per 1,000 cu. ft.)	$0.10

In addition to the Base Customer Charge and the Monthly Volume Charge, customers are subject to these additional charges.

1. **Infrastructure Renewal Assessment.** There is imposed for gas service to all consumers located inside the city limits and to customers located adjacent to existing gas mains outside the city limits.

   Table 3 - Infrastructure Renewal Assessment

Monthly Infrastructure Renewal Assessment	
Inside City	$0.02507/ccf
Outside City	$0.03008/ccf

   The Infrastructure Renewal Assessment does not apply to large commercial/industrial customers with an aggregated annual demand of forty-eight million (48,000,000) cubic feet (cu. ft.) or greater.

2. **Demand Charge: Large commercial/industrial customers only.** If the aggregated demand for the preceding twelve (12) months for each fiscal year ending April 30 does not exceed forty-eight million (48,000,000) cubic feet, the customer shall pay a Demand Charge equal to forty-eight million (48,000,000) cubic feet minus the customer's actual aggregated annual demand in cubic feet of natural gas purchased multiplied by one dollar and sixty cents ($1.60) per one thousand (1,000) cubic feet.

The cost of gas that is transported and sold to the City is passed through directly to each customer based on metered usage and subject to the following adjustments:

1. **Purchase Gas Adjustment:** The commodity portion of gas rates will be increased by an amount equal to 1.075 times the cost per one thousand (1,000) cubic feet of natural gas purchased in the second month preceding the current billing month. For the purposes of this adjustment cost shall include the actual cost of gas purchased as well as any associated transportation, storage, and park and loan charges. (This adjustment also accommodates the unaccounted for lost gas throughout the system through line leaks, regulator station discharges, meter underreads, etc.)

2. **Annual Adjustment:** In addition, the commodity portion of gas rates will be increased or decreased by an amount equal to the annual adjustment. The annual adjustment shall be equal to the sum of the actual cost for natural gas less the amount billed to customers for recovery of such cost for each fiscal year ending April 30, with such sum divided by the total metered sales for such time period. (This adjustment works to align the City's staggered individual household meter reading dates and the gas supplier's meter reading dates and the associated volumes and cost for each.)

The current Utility System rate structure does not differentiate between a residential account and a commercial account. The typical rate structure for other natural gas systems in the region include a monthly Base Customer Charge for both residential and commercial accounts. By their nature commercial accounts are typically charged a higher monthly charge than the residential accounts. It is recommended that the City's rate structure be amended to include both a Residential Base Customer Charge and a Commercial Base Customer Charge.

SECTION 2B: OVERVIEW OF GAS SYSTEM FINANCIAL CONDITION

As shown in the tables below, for the prior 3 fiscal years Gas System Revenue has averaged $11,549,542 annually while Gas System Expenses have averaged $12,634,119. This results in an average annual shortfall of $1,084,577. Without a reduction in expenses, annual revenues need to increase by 9.4% just to achieve a break point. This does not take into account the need to establish and maintain funds for Capital Improvements, General Fund transfers (5% of revenues), or Utility System Fund transfers (8% of revenue).

Given that the largest single expenditure of the Gas Department is related to the purchase of natural gas for resale, which is subject to market conditions, a significant reduction in annual operating expenses would be difficult to achieve.

GAS SYSTEM REVENUE FY 2022-2024[1]

Table 4 - Gas System Revenue

Revenue Type	2021-2022	2022-2023	2023-2024	TOTAL
Residential	$1,803,986	$1,130,750	$2,628,365	$5,563,102
Commercial	$677,444	$778,096	$734,204	$2,189,746
Penalties	$481,887	$85,417	$471,618	$1,038,923
Fuel Pass Through	$8,793,032	$10,456,885	$6,162,261	$25,412,179
Tap Fees	$23,385	$16,900	$20,795	$61,080
Meters	$127,005	$104,548	$87,892	$319,445
Other	$26,985	$16,640	$20,526	$64,151
Total Revenue	**$11,933,726**	**$12,589,237**	**$10,125,664**	**$34,648,628**
			Average Annual Revenue	**$11,549,542**

[1] Based on reports provided by the City of Alexandria Utility Department

GAS SYSTEM EXPENSES FY 2022-2024[1]

Table 5 - Gas System Expenses

Expense Type	2021-2022	2022-2023	2023-2024	TOTAL
Natural Gas Purchases	$9,865,487	$10,517,801	$5,426,521	$25,809,809
Operating Costs[2]	$3,941,408	$4,082,819	$4,068,320	$12,092,547
Total Expenses[3]	**$13,806,895**	**$14,600,620**	**$9,494,841**	**$37,902,356**
			Average Annual Expenses	**$12,634,119**

[1] Based on reports provided by the City of Alexandria Utility Department.

[2] The reported Operating Costs do not include scheduled transfers to Fund 401 for billings, meter readings, administrative management, etc. which has historically been calculated based on percentage of revenue of the Gas Utility in proportion to the revenues of the entire Utility System, typically 8%. The reported Operating Costs also do not include the scheduled General Fund transfers of 5%, being the transfers similar to that typical of a franchise fee. These transfers were not possible because of the total expenses exceeding revenues.

[3] The Operating Costs reported includes depreciation expenses as follows:

1. 2021-2022: $1,349,742,
2. 2022-2023: $1,366,873, and
3. 2023-2024: $1,323,662.

SECTION 2C: GAS COMMODITY, DISTRIBUTION OPERATIONAL AND CAPITAL IMPROVEMENTS HISTORICAL COST AND PROJECTIONS

Gas commodity prices have substantially decreased from the unprecedented high levels in FY 2023 and have stabilized to “normal” levels in FY 2024. Experts are projecting that gas commodity prices are to decline by 2% on average for FY 2025. The uncertain nature of gas market prices and gas sales means these forecasts could change. Gas commodity costs are passed directly to customers through a Purchase Gas Adjustment (see Section 2A). Beyond FY 2025, gas total supply costs are projected to increase on average about 2% per year (though this forecast is uncertain) over the forecasting period from FY 2026 to FY 2027.

Distribution operational costs are expected to increase on average about 3% per year, primarily due to salary and benefit increases.

Capital Improvement Plan (CIP) costs are projected to increase on average about 5% per year, due to increasing construction costs.

SECTION 2D: CAPITAL IMPROVEMENT PLAN

The City's Capital Improvements Program (CIP) is recommended to budget approximately $1.6 million per year for needed pipeline replacements, regulator station upgrades, and other general improvements to continue the program of modernization of the gas system (refer to Section 6C: Capital Improvement Program (CIP)).

The $1.6 million recommended budget figure is significantly more than historically budgeted (approximately $300,000 per year) due to the acknowledgment of the age of the City's gas system and the requirements to control methane leakages and the costs attendant thereto.

Due to projected inflationary pressure, the $1.6 million annual recommended budgeted amount should be increased by 5% annually.

The expenditure annually of this amount indicates that at the end of a 50 year evaluation the system's current value is maintained and not significantly depreciated.

SECTION 2E: GENERAL FUND ADMINISTRATIVE TRANSFER

The Gas System rate structure should be developed to accommodate a transfer of funds to the City's General Fund totaling 5% of all revenues annually received. This transfer is similar to a typical franchise fee for operations of utility systems within public roads rights-of-way that are charged to other utility systems that may operate in the City. (It is typical that franchise fees range from 4% to 6% for other similar utility operations.)

SECTION 2F: UTILITY SYSTEM FUND TRANSFER

The expenses reported for the Gas System do not include expenses related to general system management, billings, meter readings, and capital improvements related to these operations.

The City has a Utilities System Fund (Fund 401) that is supported by transfers proportionally from each of the City's utilities, i.e. Water, Wastewater, Electric, and Natural Gas.

The natural gas system historically generates approximately 8% of the total revenues for the Utility System, therefore a transfer to cover the Gas System's proportional cost for general system management etc. totaling 8% of annual revenues is required.

SECTION 2G: SUMMARY OF RECOMMENDED PROPOSED ACTIONS

The following actions are recommended to be considered by the City Council for the prudent operation of the Gas Utility:

1. Increase the monthly Base Customer Charge and the monthly Volume Charge to cover projected expenses and transfers, as outlined in Section 3B: Current and Proposed Rates; and

2. Segregate the residential and commercial billings to create a separate Base Customer Charge for residential accounts and a separate Base Customer Charge for commercial accounts; and

3. Include in upcoming Capital Improvement budget line items a total of $1.6 million per year, annually increased by 5% per year, to offset depreciation and age of existing gas mains and regulators; and

4. To address deflationary or inflationary pressure on the Gas Utility, the Monthly Base Customer Charge and the Monthly Volume Charge are to be adjusted annually in February of each year by the percentage amount reported by the Consumer Price Index – Urban (CPI-U) as issued by the U.S. Department of Labor for the previous calendar year, being either a decrease or an increase; and

5. Eliminate the Infrastructure Renewal Assessment in that the proposed monthly Base Customer and monthly Volume Charges are developed to include funding of the above noted Capital Improvements budget.

SECTION 3: DETAIL OF FY 2025 RATE PROPOSALS

SECTION 3A: RATE DESIGN

The Gas System Utility's rates are evaluated based on:

1. An analysis of the Gas Department's historical revenue and expenses.
2. Acknowledgement of the cost associated with general system management (Fund 401), with a cost allocation of 8% of Gas System revenues.
3. Acknowledgement of the requirements for support of General Fund Cost with a 5% transfer of Gas System revenues.
4. Acknowledgement of the need for funding of Capital Improvements with an annual budget totaling $1.6 million, annually increased by 5% to maintain system integrity.
5. A comparison of City rates to industry averages.

The City's current natural gas rates are based on a 2015 Ordinance. Since 2015 Gas Department Expenses, excluding gas purchases, have increased by over 26%.

Table 6 - Gas System Expenditure Increases

Category	2015-2016 Actual Expenditures	FY 23/24 Adopted Budget	% Increase since 2015
Salaries and Fringes	$1,830,389	$2,347,651	28.3%
General Operating Costs (excluding natural gas purchases, General Fund transfers and Utility Fund transfers)	$397,466	$413,000	3.91%
Capital Outlays (vehicles, equipment, meters, building improvements, etc.)	$197,516	$303,025	53.42%
Totals	**$2,425,371**	**$3,063,676**	**26.3%**

As shown above, there has been a notable increase in the cost of operating the Gas Department since FY 15/16, approximately nine (9) year ago. There has been an increase in expenses related to salaries and benefits as well as rising supply costs. These factors have contributed to average expenses surpassing average revenues in recent years.

The following table presents a comparison of the monthly residential Base Customer Charge between the City, nine (9) gas systems regulated by the Louisiana Public Service Commission, and the City of Walker. The City of Walker's gas system is the second largest municipal-owned gas system in the state of Louisiana, providing service for 7,000 customers.

The average base monthly residential customer charge for the other gas systems is $13.38 per month compared to the City's $4.50 charge for inside customers and $6.00 per month for outside customers. The Average Monthly Residential Base Customer Charge for other gas systems is 3 times the City's current charge.

Table 7 - Comparison of Monthly Residential Customer Charges

Residential Base Customer Charge	
City of Alexandria - Inside	$4.50
City of Alexandria - Outside	$6.00
Atmos Energy	$25.00
Centerpoint Energy - North	$10.00
Centerpoint Energy - South	$11.25
Entergy	$12.46
Evangeline Gas	$13.00
Livingston Gas	$20.49
Pierre Part Gas	$12.84
South Coast Gas	$14.03
St. Amant Gas	$6.50
Walker Gas System	$8.25
Average Excluding Alexandria	**$13.38**

The following table presents a comparison of the monthly residential commodity charge between the City, nine (9) gas systems regulated by the Louisiana Public Service Commission, and the City of Walker.

Similar to the monthly customer charge, the City's commodity charge is less than the average of other gas systems. The average monthly residential commodity charge for the other gas systems is $5.43 per 1,000 cubic feet compared to the City's Commodity Charge which ranges from $1.87 to $1.31 per 1,000 cubic feet, depending on usage. The average monthly Commodity Charge by other gas systems is approximately 2.9 times the City's current Commodity Charge.

Table 8 - Comparison of Residential Commodity Charges

Residential Commodity Charge per 1,000 cu. ft.	
City of Alexandria – Inside (varies based on consumption)	$1.87
City of Alexandria – Outside (varies based on consumption)	$3.16
Atmos Energy	$5.97
Centerpoint Energy - North	$5.27
Centerpoint Energy - South	$6.32
Entergy	$6.01
Evangeline Gas	$3.10
Livingston Gas	$5.30
Pierre Part Gas	$2.94
South Coast Gas	$5.76
St. Amant Gas	$4.65
Walker Gas System	$9.00
Average Excluding Alexandria	**$5.43**

The following table shows a comparison of a monthly bill for the Residential Base Customer Charge and commodity charge. This comparison excludes fuel adjustment charges or other surcharges. Depending on the volume consumed the average residential bill for other gas systems is 2.5 to 2.8 times greater than the City's residential gas bill.

Table 9 - Residential Bill Comparison

Residential Bill Comparison	1,000 Cubic Feet	2,000 Cubic Feet	5,000 Cubic Feet	10,000 Cubic Feet	20,000 Cubic Feet
City of Alexandria – Existing Inside	$6.62	$ 8.74	$15.10	$25.71	$46.91
City of Alexandria – Existing Outside	$9.46	$12.92	$23.30	$40.61	$75.22
Atmos Energy	$29.23	$35.21	$53.14	$83.03	$142.82
Centerpoint Energy - North	$15.28	$20.54	$36.36	$62.72	$115.43
Centerpoint Energy - South	$17.57	$23.90	$42.86	$74.49	$137.73
Entergy	$18.47	$24.49	$42.56	$72.65	$127.98
Evangeline Gas	$16.10	$19.20	$28.50	$44.00	$75.00
Livingston Gas	$25.79	$31.09	$46.99	$73.49	$126.49
Pierre Part Gas	$15.78	$18.72	$27.55	$42.25	$71.66
South Coast Gas	$17.24	$20.45	$30.07	$46.12	$78.21
St. Amant Gas	$11.15	$15.80	$29.75	$53.00	$99.50
Walker Gas System	$17.25	$26.25	$53.25	$98.25	$188.25
Average Excluding Alexandria	**$18.39**	**$23.57**	**$39.10**	**$65.00**	**$116.31**

SECTION 3B: CURRENT AND PROPOSED RATES

Gas rates have several drivers:

1. Supply Costs – these are costs related to the purchase of gas supply and transmission costs to bring the gas to the City's meters; and

2. Distribution Costs – these are costs related to day to day operations of the gas distribution system; and

3. Capital Improvement Costs – these are costs related to improvements to the gas system to maintain longevity of the system over a projected 50 year lifespan; and

4. Management Costs – these are costs related to executive management, billings, meter readings, insurance related to Capital Improvements for support facilities, computers, etc. (for the COA – Utilities System Fund 401); and

5. General Fund Cost – these are costs related to the utilization of the City's public road rights-of-way and operations of indirect costs related to the Gas System (this is equivalent to a typical utility operations franchise fee), and

6. State Sales and Use Tax (Commercial/Industrial Accounts) – These costs are related to a 2% sales tax on non-residential use of utilities, including natural gas, electricity, and water per Louisiana Revised Statutes 47:302.

Supply Costs are charged to customers via the actual cost of gas with two pass-through rate components:

1. **Purchase Gas Adjustment**: The customers monthly bill for the commodity portion of gas rates will be increased by an amount equal to 1.075 times the cost per one thousand (1,000) cubic feet of natural gas purchased in the second month preceding the current billing month. For the purposes of this adjustment cost shall include: The actual cost of gas purchased as well as any associated transportation, storage, and park and loan charges. (This adjustment also accommodates the unaccounted for lost gas throughout the system through line leaks, regulator station discharges, meter underreads, etc.)

2. **Annual Adjustment:** In addition, the commodity portion of gas rates will be increased or decreased by an amount equal to the annual adjustment. The annual adjustment shall be equal to the sum of the actual cost for natural gas less the amount billed to customers for recovery of such cost for each fiscal year ending April 30, with such sum divided by the total metered sales for such time period. (This adjustment works to align the City's staggered individual household meter reading dates and the gas supplier's meter reading dates and the associated volumes and cost for each.)

To recover Distribution Costs all customers pay a Monthly Base Customer Charge for operations and maintenance (O&M) costs for the Gas Department. This charge is the base charge for the Gas System assuming no gas sales. All customers are also assessed a Monthly Volume Charge for each cubic foot of gas used. All customers (residential, commercial, and industrial) are currently charged on a tiered basis based on the volume of gas used.

Customers are subject to two (2) additional charges.

1. Large commercial/industrial customers are also subject to a **Demand Charge**. If the aggregated demand for the preceding twelve (12) months for each fiscal year ending April 30 does not exceed forty-eight million (48,000,000) cubic feet, the customer shall pay a Demand Charge equal to forty-eight million (48,000,000) cubic feet minus the customer's actual aggregated annual demand in cubic feet of natural gas purchased multiplied by one dollar and sixty cents ($1.60) per one thousand (1,000) cubic feet. This charge shall be calculated no later than May 30 of each succeeding fiscal year and shall be billed no later than June 30 of each succeeding fiscal year.

2. All other customers are currently subject to **Infrastructure Renewal Assessment** charge. This charge is imposed for gas service to all consumers located inside the city limits and to customers located adjacent to existing gas mains outside the city limits a monthly gas service Infrastructure Renewal Assessment. **This Rate Study recommends elimination of the Infrastructure Renewal Assessment in that the proposed monthly Base and Volume Charges include projected revenues totaling $1.6 million per year for infrastructure improvements (i.e. Capital Improvements).**

The following table shows the current and proposed rates for the Monthly Base Customer Charge for all rate schedules.

Table 10 - Current and Proposed Monthly Service Charge

Current And Proposed Monthly Base Customer Charge		
Residential	**Current Rates**	**Proposed Rates**
Inside City	$4.50	**$12.00[4]**
Outside City	$6.00	**$16.00[4]**
Commercial		
Inside City	$4.50	**$24.00[4]**
Outside City	$6.50	**$35.00[4]**
Internal combustion engine service accounts		
Inside City	$10.00	**$30.00[4]**
Outside City	$13.00	**$40.00[4]**
Large Commercial/Industrial Customers. (Customers with an aggregated annual demand of 48,000,000 cubic feet or greater.)		
All large commercial/industrial customers	$175.00	**$225.00[4]**

[4] Annually adjusted in February by the CPI-U index.

Table 10 shows the Current Monthly Base Customer Charge for all rate schedules. Table 11 shows the Current and Proposed Volume Charges related to distribution.

As mentioned earlier, Commodity Charges change monthly, and transportation charges are tied to a negotiated contract. Some recent commodity price history is discussed in *Section 6A: Gas Purchase Costs.*

Table 11 – Current and Proposed Volume Charge

Current And Proposed Volume Charge				
Residential and Commercial Customers				
Volume	**Inside Current Rates**	**Outside Current Rates**	**Inside Proposed Rates**	**Outside Proposed Rates**
First 20,000 cu. ft. (per 1,000 cu. ft.)	$1.87	$3.16	**$5.50[4]**	**$6.25[4]**
Next 30,000 cu. ft. (per 1,000 cu. ft.)	$1.79	$3.05		
Next 50,000 cu. ft. (per 1,000 cu. ft.)	$1.66	$2.81		
Next 250,000 cu. ft. (per 1,000 cu. ft.)	$1.38	$2.35		
Over 350,000 cu. ft. (per 1,000 cu. ft.)	$1.31	$2.15		
Customers with internal combustion engine service				
Volume	**Inside Current Rates**	**Outside Current Rates**	**Inside Proposed Rates**	**Outside Proposed Rates**
Volume charge (per 1,000 cu. Ft.)	$2.17	$2.58	**$6.00[4]**	**$6.75[4]**
Large Commercial/Industrial Customers. (Customers with an aggregated annual demand of 48,000,000 cubic feet (48,000 Mcf) or greater.)				
			Current Rates	**Proposed Rates**
First 20,000 cu. ft. (per 1,000 cu. ft.)			$1.87	**$1.87[4]**
Next 30,000 cu. ft. (per 1,000 cu. ft.)			$1.79	**$1.79[4]**
Next 50,000 cu. ft. (per 1,000 cu. ft.)			$1.66	**$1.66[4]**
Next 250,000 cu. ft. (per 1,000 cu. ft.)			$1.38	**$1.38[4]**
Next 350,000 cu. ft. (per 1,000 cu. ft.)			$1.31	**$1.31[4]**
Next 300,000 cu. ft. (per 1,000 cu. ft.)			$1.23	**$1.23[4]**
Next 2,000,000 cu. ft. (per 1,000 cu. ft.)			$1.15	**$1.15[4]**
Next 2,000,000 cu. ft. (per 1,000 cu. ft.)			$1.08	**$1.08[4]**
Next 2,500,000 cu. ft. (per 1,000 cu. ft.)			$1.00	**$1.00[4]**
Next 4,500,000 cu. ft. (per 1,000 cu. ft.)			$0.60	**$0.60[4]**
Next 4,500,000 cu. ft. (per 1,000 cu. ft.)			$0.55	**$0.55[4]**
Next 3,500,000 cu. ft. (per 1,000 cu. ft.)			$0.45	**$0.45[4]**
Over 20,000,000 cu. ft. (per 1,000 cu. ft.)			$0.10	**$0.10[4]**

[4] Annually adjusted in February by the CPI-U index.

SECTION 3C: BILL IMPACT OF PROPOSED RATE CHANGES

The following table shows the impact of the proposed rate changes on the average monthly residential bill excluding fuel adjustment charges.

Table 12 - Impact of Proposed Rate Changes Residential Customer

Usage (cu. ft./month)	Bill Amount Current Rates[5,6]	Statewide Comparison Average[5]	Bill Amount Proposed Rates[5,7]	Change	
				$/mo.	%
Inside					
1,000	$6.62	**$18.39**	**$17.50**	$10.88	164%
2,000	$8.74	**$23.57**	**$23.00**	$14.26	163%
5,000	$15.10	**$39.10**	**$39.50**	$24.40	162%
10,000	$25.71	**$65.00**	**$67.00**	$41.29	161%
20,000	$46.91	**$116.31**	**$122.00**	$75.09	160%
Outside					
1,000	$9.46	**$18.39**	**$22.25**	$12.79	136%
2,000	$12.93	**$23.57**	**$28.50**	$15.58	121%
5,000	$23.30	**$39.10**	**$47.25**	$23.95	103%
10,000	$40.61	**$65.00**	**$78.50**	$37.89	93%
20,000	$75.22	**$116.31**	**$141.00**	$65.78	87%

[5] Excluding gas cost and adjustments.

[6] Including current Infrastructure Renewal Assessment

[7] Not including an Infrastructure Renewal Assessment

The following table shows the impact of the proposed rate changes on the average monthly commercial bill excluding fuel adjustment charges.

Table 13 - Impact of Proposed Rate Changes Commercial Customer

Usage (cu. ft./month)	Bill Amount Current Rates[5,6]	Bill Amount Proposed Rates[5,7]	Change	
			$/mo.	%
Inside				
1,000	$6.62	**$29.50**	$22.88	346%
2,000	$8.74	**$35.00**	$26.26	300%
5,000	$15.10	**$51.50**	$36.40	241%
10,000	$25.71	**$79.00**	$53.29	207%
20,000	$46.91	**$134.00**	$87.09	186%
Outside				
1,000	$9.46	**$41.25**	$31.79	336%
2,000	$12.93	**$47.50**	$34.57	267%
5,000	$23.30	**$66.25**	$42.95	184%
10,000	$40.61	**$97.50**	$56.89	140%
20,000	$75.22	**$160.00**	$84.78	113%

[5] Excluding gas cost and adjustments.
[6] Including current Infrastructure Renewal Assessment
[7] Not including an Infrastructure Renewal Assessment

SECTION 4: UTILITY OVERVIEW

This section provides an overview of the utility and its operations. It is intended as general background information.

SECTION 4A: GAS UTILITY HISTORY

The gas system is comprised of:

- 560.9 miles of mains
- 19,891 service extensions
- 15,800 active meters

The Gas System is comprised of approximately 227 miles of cathodically protected steel mains and 333.9 miles of HDPE mains.

In the 1980's the City embarked on a major program of Capital Improvements to replace low pressure gas mains and aged and leaking steel gas mains. The gas system improvements were undertaken in a program of designated zones. During that time, the City constructed approximately $33 million of gas system improvements.

A map indicating the general limits of the City's natural gas distribution system is included as Appendix "A".

SECTION 4B: CUSTOMER BASE

The City of Alexandria, Gas Distribution Department provides natural gas to approximately 15,800 customers for residential, industrial, and commercial use.

Number of residential customers – 14,096. Percentage of residential customers – 89%.

Number of commercial customers – 1,618. Percentage of commercial customers – 10%.

Number of industrial/other customers – 86. Percentage of industrial/other customers - 1%.

SECTION 4C: CITY GATES AND GAS SUPPLIES

The Gas Utility receives gas at the four gate stations. These gate stations are jointly operated by the City and the pipeline supplier. The City purchases gas from various natural gas marketers.

The City does not produce or store any natural gas, and purchases gas in the monthly and daily spot markets. The cost of the purchased gas is passed through directly to customers through a fuel adjustment rate that varies monthly with market prices. The cost of purchased gas and local transportation usually accounts for approximately 65% to 75% of the Utility's expenditures.

SECTION 4D: DISTRIBUTION SYSTEM

To deliver gas from the City gates to its customers, the City owns 560.9 miles of gas mains (which transport the gas to various parts of the City) and close to 15,800 active meter gas services (which connect the gas mains to the customers' gas lines). These mains and services, along with their associated valves, regulators, and meters, represent the vast majority of the infrastructure used to deliver gas in the City.

The City has an ongoing CIP to repair and replace its infrastructure over time; however of recent years approximately $300,000 per year has been budgeted for Capital Improvements, which amount is significantly below that required to maintain the longevity of the system. Costs for main replacements have been going up in recent years.

The CIP is recommended to be significantly increased to deal with continuation of replacement of aged steel gas mains. The expenditure annually of approximately $1.6 million per year, is recommended. The $1.6 million annual expenditure for Capital Improvements figure is based on the estimated replacement value of the system totaling $78 million and assuming a 50-year straight line depreciation.

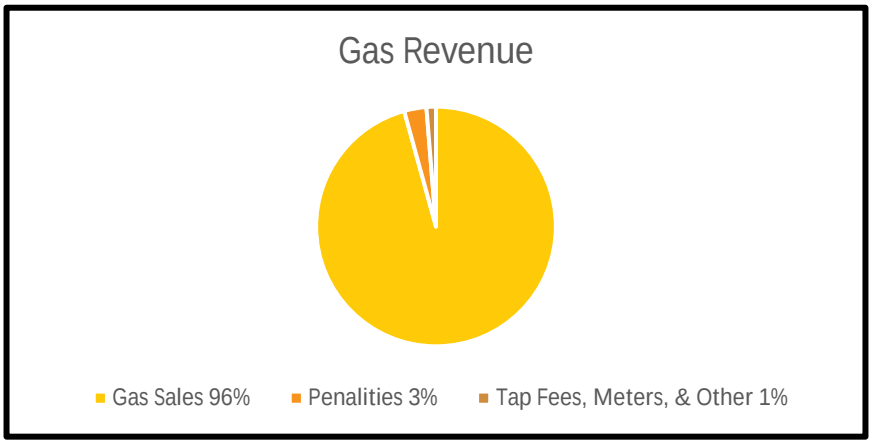
In addition to the CIP, the Gas Department performs a variety of maintenance activities related to the system, such as monitoring the system for leaks, testing and replacing meters, monitoring the condition of steel pipe, and building and replacing gas services for buildings being built or redeveloped throughout the City. The Gas Utility also shares the costs of other system-wide operational activities (such as customer service, billing, meter reading, supply planning, energy efficiency, equipment maintenance, and street restoration) with the City’s other utilities, through funding of Fund 401 and a transfer to the General Fund of 5% of revenues.

Recently coming to the fore, due to increased directional bore activities of gas mains and services, it is recommended that the City consider implementation of a cross-bore safety inspection program to identify and replace cross-bores. The cost of implementation of such a program has not been yet developed, however the enhanced operational safety provided by such a program warrants further consideration.

SECTION 4E: COST STRUCTURE AND REVENUE SOURCES

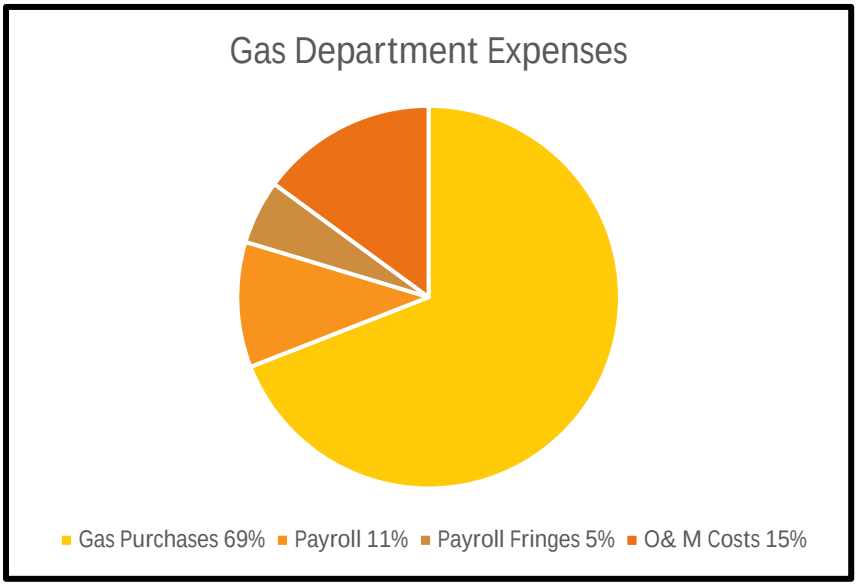
As shown in figure below, the Gas Department receives about 96% of its revenue from sales of gas and the remainder from connection fees, penalties, meters, and other sources.

Figure 1 - Gas System Revenue



As shown in the figure below, gas purchase costs accounted for about 69% of the Gas Department's costs. Payroll cost and payroll fringes account for 16% of the Gas Department's costs.

Figure 2 - Gas Department Expenses



These expenses do not include the expenses of Fund 401 for meter reading, billings, management, etc. (estimated at 8% of Gas System Revenues) or General Fund transfers (5% of Gas System Revenues).

SECTION 4F: COMPETITIVENESS

A review of residential rates for competitiveness indicates that the City's residential gas bill is significantly less than other Louisiana gas systems. The table below shows the current residential bill for City customers at various usage levels. The amounts shown below exclude fuel adjustment charges.

Table 14 – Current City Residential Gas Charges

Current City of Alexandria Gas Charges	1,000 Cubic Feet	2,000 Cubic Feet	5,000 Cubic Feet	10,000 Cubic Feet	20,000 Cubic Feet
City of Alexandria - Inside	$6.62	$ 8.74	$15.10	$25.71	$46.91
City of Alexandria - Outside	$9.46	$12.92	$23.30	$40.61	$75.22

The following table shows the residential gas bill for other gas systems in Louisiana. Depending on the volume consumed the average residential bill for other gas systems is 2.5 to 2.8 times greater than the City's residential gas bill. Again, the amounts shown exclude fuel adjustment charges and other gas supply surcharges.

Table 15 – Residential Gas Charges Other Gas Systems

Residential Gas Charges Other Gas Systems	1,000 Cubic Feet	2,000 Cubic Feet	5,000 Cubic Feet	10,000 Cubic Feet	20,000 Cubic Feet
Atmos Energy	$29.23	$35.21	$53.14	$83.03	$142.82
Centerpoint Energy - North	$15.28	$20.54	$36.36	$62.72	$115.43
Centerpoint Energy - South	$17.57	$23.90	$42.86	$74.49	$137.73
Entergy	$18.47	$24.49	$42.56	$72.65	$127.98
Evangeline Gas	$16.10	$19.20	$28.50	$44.00	$75.00
Livingston Gas	$25.79	$31.09	$46.99	$73.49	$126.49
Pierre Part Gas	$15.78	$18.72	$27.55	$42.25	$71.66
South Coast Gas	$17.24	$20.45	$30.07	$46.12	$78.21
St. Amant Gas	$11.15	$15.80	$29.75	$53.00	$99.50
Walker Gas System	$17.25	$26.25	$53.25	$98.25	$188.25
Average Monthly Bills	**$18.39**	**$23.57**	**$39.10**	**$65.00**	**$116.31**

The following table shows the proposed residential gas bills for both the City's inside and outside accounts. Again, the amounts shown below exclude fuel adjustment charges and other gas supply surcharges.

Table 16 – Proposed City Residential Gas Charges

Proposed Residential City of Alexandria Gas Charges	1,000 Cubic Feet	2,000 Cubic Feet	5,000 Cubic Feet	10,000 Cubic Feet	20,000 Cubic Feet
City of Alexandria - Inside	**$17.50**	**$ 23.00**	**$39.50**	**$67.00**	**$122.00**
City of Alexandria - Outside	**$22.25**	**$28.50**	**$47.25**	**$78.50**	**$141.00**

SECTION 4G: GAS SUPPLY PASS-THROUGH ADJUSTMENTS

The City has two (2) pass-through adjustments related to supplying gas to customers:

1. **Purchase Gas Adjustment**: The customers monthly bill for the commodity portion of gas rates will be increased by an amount equal to 1.075 times the cost per one thousand (1,000) cubic feet of natural gas purchased in the second month preceding the current billing month. For the purposes of this adjustment cost shall include: The actual cost of gas purchased, transportation, storage, and park and loan charges. (This adjustment also accommodates the unaccounted for lost gas throughout the system through line leaks, regulator station discharges, meter underreads, etc.)

2. **Annual Adjustment:** In addition, the commodity portion of gas rates will be increased or decreased by an amount equal to the annual adjustment. The annual adjustment shall be equal to the sum of the actual cost for natural gas less the amount billed to customers for recovery of such cost for each fiscal year ending April 30, with such sum divided by the total metered sales for such time period. (This adjustment works to align the City's staggered individual household meter reading dates and the gas supplier's meter reading dates and the associated volumes and cost for each.)

SECTION 5: UTILITY FINANCIAL PROJECTIONS

SECTION 5A: CURRENT GAS PRICE PROJECTIONS

Current Gas Price Projection:

After experiencing a notable price spike last winter, natural gas prices have seen a significant decline, returning to more typical ranges. This shift can be attributed to several factors, including milder temperatures nationwide that diminished demand for heating and an above-average level of gas storage. The combination of these factors has put downward pressure on natural gas prices. Looking ahead experts anticipated that gas prices will maintain a stable level in the long term. This is attributed to diminished demand resulting from electrification efforts and a consistent gas production that exerts a downward pressure on prices.

Historical trends based on the Energy Information Administration (EIA) reportings indicate the following Henry Hub averages:

- 2020: $2.00/MMBtu
- 2021: $3.50/MMBtu
- 2022: $6.50/MMBtu (Peak: $8.50/MMBtu (midyear)):
- 2023: $2.50/MMBtu
- 2024: $3.20/MMBtu (Peak: $13.49/MMBtu (Jan.) Low $1.51/MMBtu (March))

Using EIA data, the following projections are made for 2025 through 2027:

- 2025: $4.20/MMBtu
- 2026: $4.50/MMBtu
- 2027: $4.40/MMBtu

The volatility band for the projections include +/-$1.00/MMBtu around projections (e.g., 2025: $3.20–$5.20).

Several factors shaped natural gas supply and Henry Hub prices over this period:

1. **Production Growth:** Louisiana's proximity to prolific shale plays (e.g., Haynesville) and steady output growth ensured a strong regional supply base, minimizing shortages for Alexandria.
2. **Liquified Natural Gas (LNG) Exports:** Rising exports from South Louisiana terminals diverted gas from domestic use, particularly in 2022 and 2024, influencing Henry Hub prices upward.

3. **Weather Variability:** Cold winters (2021, 2022) and hot summers (2024) spiked demand, affecting price volatility, though supply to Alexandria remained consistent.

4. **Pipeline Infrastructure:** Robust connections to Henry Hub via Gulf South and other lines provided reliable delivery, with new capacity enhancing regional flow.

SECTION 5B: LOAD FORECAST

Gas usage on the City of Alexandria System is not expected to be impacted by either economic or weather conditions to any considerable degree.

The City's distribution system (LDC) has purchased natural gas volumes, in 2022 to 2024, ranging from a low of 1,535,885 MCF in FY2022-2023 ($9,674,442; $6.30/MCF) to a high of 1,658,551 MCF in FY2021-2022 ($8,887,198; $5.36/MCF).

SECTION 6: DETAILS AND ASSUMPTIONS

SECTION 6A: GAS PURCHASE AND TRANSMISSION COSTS

The Gas Utility purchases gas through Twin Eagle Resource Management, LLC (Twin Eagle). They also manage the nominations for supplies and deliveries. The Gas Utility purchases gas on a month ahead and day ahead basis on the spot market. For the past three (3) fiscal years the range of gas prices at the City Gate ranged from a low of $2.19 per MCF (April 2024) to a high of $9.64 per MCF (August 2022).

Acadian Gas Pipeline System (Acadian) is under contract to transport gas to Alexandria through the Acadian's natural gas pipeline that connects to the Alexandria System near Twin Bridges Road. The City also has a transportation contract EnLink LIG, LLC (EnLink) to transport natural gas to City Gates located at New York Avenue, Willow Glen River Road, and Cason Street. A fourth City Gate is located off of the EnLink 12" transmission main, from connection to the Acadian pipeline at Twin Bridges to the D.G. Hunter Power Plant (Power Plant). The flow on the 12" transmission main is metered at Twin Bridges and the flow directed to the Power Plant is metered at the Power Plant. Any flow that is not directed to the Power Plant is then directed to the LDC.

Transmission cost tends to remain more constant and certain with the current charge for transmission based on both a demand charge and a transportation charge per MMBtu charge from both Acadian and EnLink. For FY2023-2024 the average transportation and demand charges totaled approximately $0.66/MCF.

SECTION 6B: OPERATIONS

Operations costs include the Customer Service, Operations and Maintenance, and Administration. Operations costs are generally projected to increase by 5% per year on average.

Future operations cost may include funding for a cross-bore program. Cross-bore programs came to the fore as a result of horizontal directional boring of main lines and services lines as an alternative to trenching when installing new gas infrastructure. This creating the possibility of cross- bores, which occur when a gas line is bored through a service lateral. Though cross bores are very rare, they can create a dangerous situation when a plumbing contractor attempts to clear a blocked sewer line. If the cross-bore gas service is damaged during the line cleaning, it can result in a significant gas leak. The implementation of a cross-bore program would include developing a plan to closed circuit television camera existing sewer service lines throughout the City. Such a program would need to spread out over many years due to the cost of staffing and management. If such a program was implemented, additional funding would need to be allocated to the Gas Utility operations.

SECTION 6C: CAPITAL IMPROVEMENT PROGRAM (CIP)

The City's Gas Utility's CIP consists of the following programs and budgets:

- The Gas Main and Regulator Station Replacement Program, under which the Gas Utility replaces aging gas mains ranked to have the greatest risk scores within the system in accordance with the City's Distribution Integrity Management Plan (DIMP). The Program also replaces, repairs, and renovates the gas regulator stations throughout the City.

- Customer Connections, which cover the cost when the Gas Utility installs new services or upgrades existing services at a customer's request. The Gas Utility charges a fee to these customers to cover the cost of these projects.

- Ongoing Projects, which cover the cost of routine meter, regulator, and service replacement, minor projects to improve reliability or increase capacity, and other general improvements.

- Tools and Equipment, which cover the cost of capitalized equipment, such as directional boring, gas pipeline maintenance and emergency equipment.

- One-time Projects, which represent occasional large projects that do not fall into any other category.

The Gas Utility has noticed that construction costs for infrastructure improvements have been increasing over the past 3-5 years at a rate faster than historically observed. Several factors are contributing to the increase in construction costs in the Central Louisiana area, such as a greater focus on infrastructure improvement by many municipal agencies and the higher demand for utility contractors within these fields. Currently, the Utility Department plans to replace as many aging mains as possible within its current budget. However, if this trend of higher construction cost continues, the Gas Utility may require larger CIP budgets and as a result, an increase in rates to maintain an adequate rate of replacement to relieve the risks of aged steel pipe in the system.

In FY 2024 the City applied for a Pipeline and Hazardous Materials Safety Administration (PHMSA) Natural Gas Distribution Infrastructure Safety and Modernization (NGDISM) grant opportunity and was awarded $3.3 million in funding to replace leak prone steel pipe in the lower 3rd neighborhood area. Staff is actively engaged in the next steps in the funding process for the grant. The City intends to apply in future years for PHMSA grant funding opportunities, which would assist with replacement of aged steel distribution mains in the gas system.

The estimated replacement value of the Gas Utility, $78 million is based on the estimated cost of installing gas mains, a service line and tap, and a meter connection totaling $5,000 per meter plus the cost of $1 million each to replace four (4) City gate and regulator stations.

On a revenue based evaluation, we estimate the value of the Gas Utility System to total approximately $47 million. This is based on the average revenue per customer of approximately $50 per month times twelve (12) months times a multiplier of five (5). This results in an average value per customer of approximately $3,000. This value compares favorable with recent sales transactions where natural gas systems were sold, either public to private; or publicly traded to publicly traded.

The difference in valuation between the replacement value and the value based on revenue is a function of the significant increase in utility construction costs verses the relatively flat growth in customer base of the gas system.

Much of the system's infrastructure was installed 40 to 60 years ago, with some segments of the system being 70 years of age. The age of a large portion of the system places it near or beyond the typical expected service life for gas mains, service lines, regulators, and associated facilities. Despite the clear need for reinvestment, current annual capital spending is only approximately $300,000. This figure represents just 0.38% of the system's replacement value and is well below industry standards for utility reinvestment.

Best practices in utility asset management suggest that infrastructure systems require annual reinvestment of between 1.5% and 4% of their replacement value to maintain long-term performance. For the Alexandria Gas System, a 1.8% reinvestment rate based on replacement value, translates to an annual capital improvement target of $1.6 million. Based on a revenue valuation, the target of $1.6 million of capital improvements annually is a reinvestment rate of 3.2%.

The reinvestment target, based on replacement value, is supported by a straight-line depreciation model over a 50-year asset life, where:

Annual Capital Need = Total Asset Value / Useful Life = $78,000,000 / 50 = $1,560,000 per year.

This approach provides a planning-level estimate for long-term capital investment and is widely used by public utilities to maintain fiscal discipline and system resilience.

Over the next 50 years, continuing to invest at the current level of $300,000 annually will result in a cumulative replacement shortfall of approximately $270 million (See Calculation 1 and Chart 1 below) compared to the recommended reinvestment level. This shortfall will create a growing backlog of necessary improvements and increase the likelihood of costly, unplanned emergency repairs and system failures.

Deferred investment can ultimately lead to rate shocks, public safety concerns, and the need for emergency bond-funded projects to restore basic service levels. This approach is financially inefficient and places an undue burden on future ratepayers.

Adopting the $1.6 million per year reinvestment strategy positions the City to:

- Extend the service life of existing infrastructure.
- Reduce lifecycle costs through proactive maintenance.
- Improve system reliability and safety.
- Distribute costs equitably across current and future ratepayers.
- Avoid large-scale capital crises that require emergency funding.

These outcomes align with the principles of intergenerational equity, where today's system users contribute proportionally to the maintenance and renewal of the infrastructure they rely on.

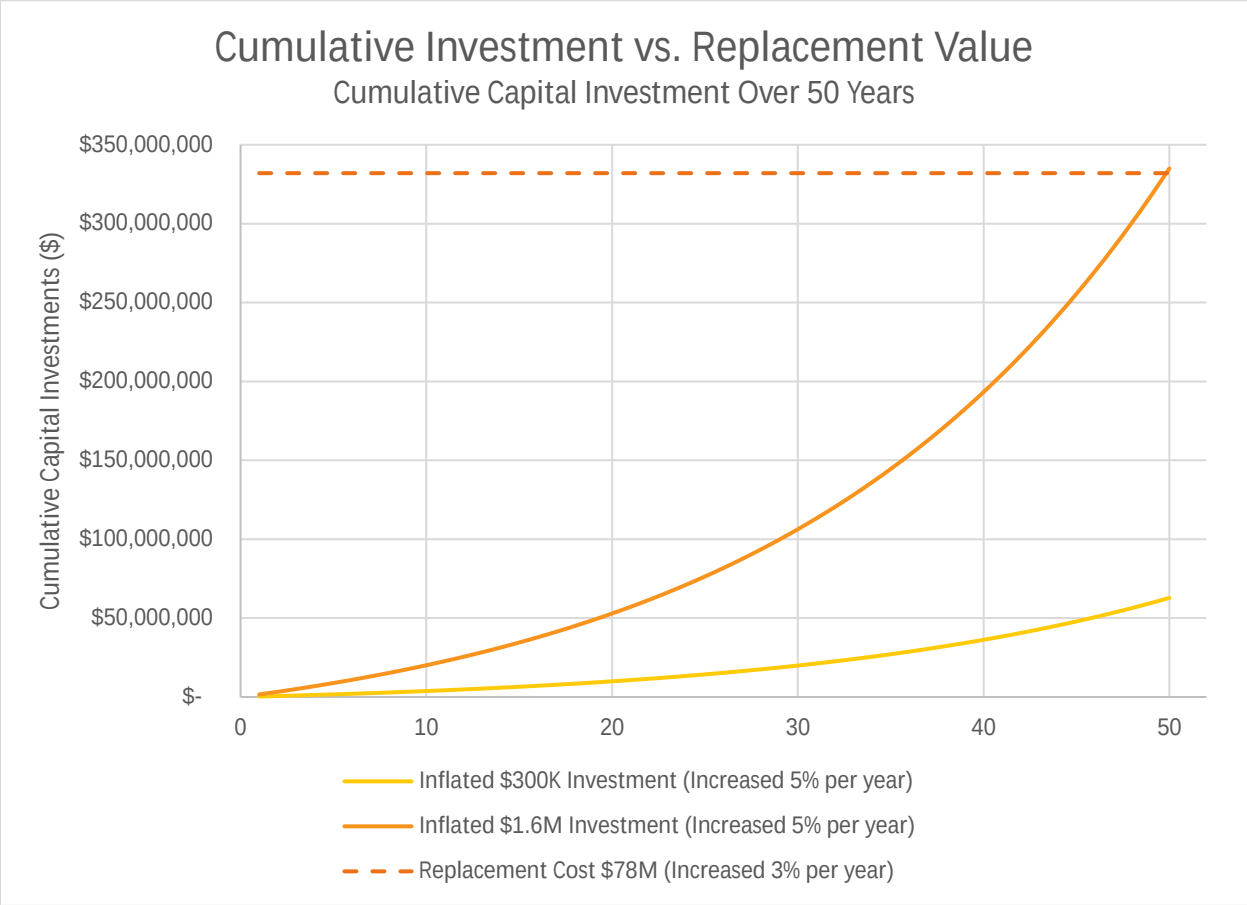
The following table presents a detailed 50-year schedule comparing two capital improvement investment strategies: $300,000 per year and $1,600,000 per year, both adjusted annually for inflation at 3%. Each year's investment is discounted to present-day value using a 3% discount rate. All figures are rounded to the nearest dollar and formatted for clarity.

Table 17 – Capital Improvements Budget Annually & Replacement Costs

Year	Inflated $300k Investment (Increased 5% Per Year)	Inflated $1.6m Investment (Increased 5% Per Year)	Replacement Cost $78m (Increased 3% Per Year)
1	$300,000	$1,600,000	$78,000,000
2	$615,000	$3,280,000	$80,340,000
3	$945,750	$5,044,000	$82,750,200
4	$1,293,038	$6,896,200	$85,232,706
5	$1,657,689	$8,841,010	$87,789,687
6	$2,040,574	$10,883,061	$90,423,378
7	$2,442,603	$13,027,214	$93,136,079
8	$2,864,733	$15,278,574	$95,930,162
9	$3,307,969	$17,642,503	$98,808,066
10	$3,773,368	$20,124,628	$101,772,308
11	$4,262,036	$22,730,859	$104,825,478
12	$4,775,138	$25,467,402	$107,970,242
13	$5,313,895	$28,340,773	$111,209,349
14	$5,879,590	$31,357,811	$114,545,630
15	$6,473,569	$34,525,702	$117,981,999
16	$7,097,248	$37,851,987	$121,521,458
17	$7,752,110	$41,344,586	$125,167,102
18	$8,439,715	$45,011,815	$128,922,115
19	$9,161,701	$48,862,406	$132,789,779
20	$9,919,786	$52,905,527	$136,773,472
21	$10,715,776	$57,150,803	$140,876,676
22	$11,551,564	$61,608,343	$145,102,977

23	$12,429,143	$66,288,760	$149,456,066
24	$13,350,600	$71,203,198	$153,939,748
25	$14,318,130	$76,363,358	$158,557,940
26	$15,334,036	$81,781,526	$163,314,679
27	$16,400,738	$87,470,602	$168,214,119
28	$17,520,775	$93,444,132	$173,260,542
29	$18,696,814	$99,716,339	$178,458,359
30	$19,931,654	$106,302,156	$183,812,109
31	$21,228,237	$113,217,264	$189,326,473
32	$22,589,649	$120,478,127	$195,006,267
33	$24,019,131	$128,102,033	$200,856,455
34	$25,520,088	$136,107,135	$206,882,149
35	$27,096,092	$144,512,492	$213,088,613
36	$28,750,897	$153,338,116	$219,481,271
37	$30,488,442	$162,605,022	$226,065,710
38	$32,312,864	$172,335,273	$232,847,681
39	$34,228,507	$182,552,037	$239,833,111
40	$36,239,932	$193,279,639	$247,028,105
41	$38,351,929	$204,543,621	$254,438,948
42	$40,569,525	$216,370,802	$262,072,116
43	$42,898,002	$228,789,342	$269,934,280
44	$45,342,902	$241,828,809	$278,032,308
45	$47,910,047	$255,520,249	$286,373,277
46	$50,605,549	$269,896,262	$294,964,476
47	$53,435,827	$284,991,075	$303,813,410
48	$56,407,618	$300,840,629	$312,927,812
49	$59,527,999	$317,482,660	$322,315,647
50	$62,804,399	$334,956,793	**$331,985,115**
Total Present Value	**$62,804,399**	**$334,956,793**	

Chart 1 – Replacement Value vs. Annual Capital Improvement Investments



The proposed Capital Improvement Plan is a necessary, data-driven strategy to protect a $78 million public asset and to ensure the long-term sustainability of the City's Natural Gas Utility. A commitment to annual reinvestment at the $1.6 million level reflects a responsible stewardship of public resources and aligns with modern utility asset management practices.

SECTION 6D: DEBT SERVICE

The Gas Utility currently has no long-term debt service directly attributed to the Gas System.

SECTION 6E: REVENUES

Gas system revenue for the most recent three (3) fiscal years is shown in the attached table.

GAS SYSTEM REVENUE FY 2022-2024[1]

Table 18 – Gas System Revenue FY 2022-2024

Revenue Type	2021-2022	2022-2023	2023-2024	Total
Residential	$1,803,987	$1,130,750	$2,628,365	$5,563,103
Commercial	$677,445	$778,096	$734,205	$2,189,746
Penalties	$481,887	$85,417	$471,619	$1,038,923
Fuel Cost	$8,793,033	$10,456,885	$6,162,261	$25,412,180
Tap Fees	$23,385	$16,900	$20,795	$61,080
Meters	$127,005	$104,548	$87,893	$319,446
Other	$26,985	$16,640	$20,526	$64,151
Total Revenue	**$11,933,727**	**$12,589,237**	**$10,125,664**	**$34,648,628**
			Average Annual Revenue	**$11,549,543**

[1] Based on reports provided by the City of Alexandria Utility Department

When fuel costs is subtracted from the total revenue, the average annual revenue totals $3,079,716. The average operating cost over the preceding three (3) years after extracting fuel purchases totals $4,030,850. This high level analysis indicates that the Utility System is losing approximately $1 million per year; and, not able to generate sufficient revenue to cover Fund 401 proportional expenses or the General Fund 5% transfer.

Residential customers make up approximately 72% of revenue from monthly service and volume charges.

Table 19 – Monthly Service and Volume Charges FY 2022-2024

Monthly Service and Volume Charges	2021-2022	2022-2023	2023-2024	Total	%
Residential	$1,803,986	$1,130,750	$2,628,365	$5,563,102	72%
Commercial	$677,444	$778,096	$734,204	$2,189,746	28%

SECTION 6F: COMMUNICATIONS PLAN

The City of Alexandria Utilities (AUS) communication methods include the utility bill inserts, messaging on bills and envelopes, informational fliers and brochures, email newsletters, social media, print and digital ads in local publications, and participation in community outreach events.

The City purchases gas as a commodity on the market, therefore monthly gas rates can fluctuate for customers due to factors affecting the market. The commodity charges are reported to the public as part of the monthly utility billing process.

The City promotes gas use efficiency incentives year-round, but most heavily during winter months to impact heating activities. Messaging emphasizes the importance of saving energy to keep utility costs low even if gas prices are high or utility rates are increasing.

The City communicates about safety for all utility services year-round including the need to call Louisiana One Call (811) before digging to check for underground utility lines.

Every year, the City publishes an updated gas safety awareness brochure and mails it to all customers in the City as well as other stakeholders. While print materials and webpages still feature prominently, the City is increasing use of other outreach channels such as email, newsletters, and social media.

APPENDICES

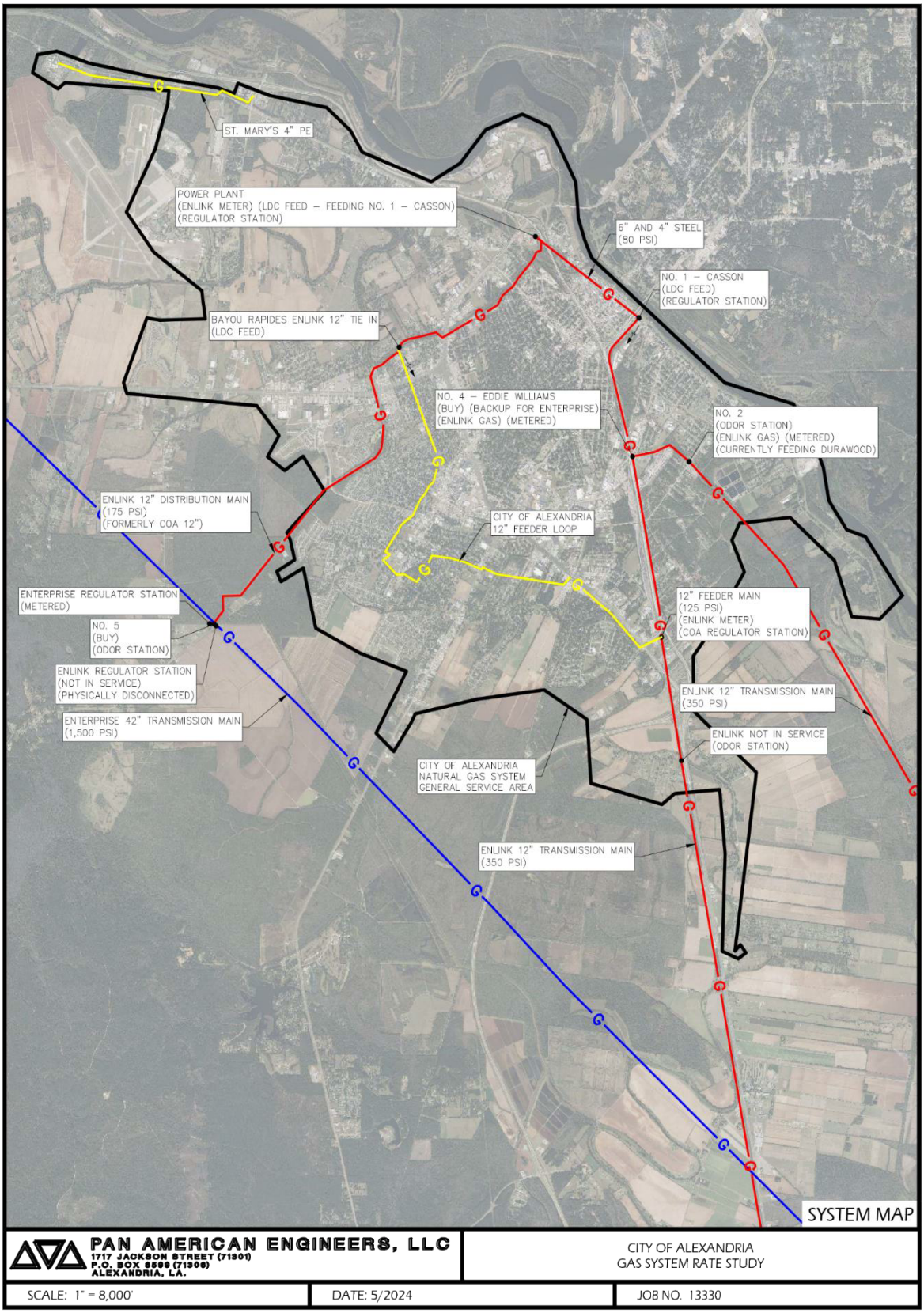
Appendix A: Drawings Indicated General Limits of Gas Distribution System

Appendix B: Current Gas Rate Ordinance

Appendix C: Proposed Gas Rate Ordinance

Appendix D: Gas Utility Communications Samples

APPENDIX A: DRAWINGS INDICATED GENERAL LIMITS OF GAS DISTRIBUTION SYSTEM



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APPENDIX B: CURRENT GAS RATE ORDINANCE

The current gas rates were adopted by Ordinance No. 203-2015 on December 15, 2015. This ordinance amended the rates for electric, water, gas and sewer/wastewater. The gas rates adopted by this ordinance are listed below.

Be it further ordained that the Alexandria City Council hereby amends, reenacts, modifies and implements its new utility services rate structures and the following sections of the Code of Ordinances Chapter 26 , Utilities Services […] Article IV. Sections 26-62 and 26-62.1(GAS RATES); […] are amended and reenacted to read as follows:

CHAPTER 26 UTILITIES AND SERVICES

****

ARTICLE IV GAS

****

Sec. 26-62. - Service rates-Schedules.

NOTE: All subsections not enumerated herein remain in force and effect without amendment.

(a) Monthly rate: All customers except service to internal combustion engines:

	Inside City	*Outside City*
Customer Charge	*$4.50*	*$6.00*
Volume Charge	*Inside City*	*Outside City*
First 20,000 cu. ft. (per 1,000 cu. ft.)	*$1.87*	*$3.16*
Next 30,000 cu. ft. (per 1,000 cu. ft.)	*$1.79*	*$3.05*
Next 50,000 cu. ft. (per 1,000 cu. ft.)	*$1.66*	*$2.81*
Next 250,000 cu. ft. (per 1,000 cu. ft.)	*$1.38*	*$2.35*
Over 350,000 cu. ft. (per 1,000 cu. ft.)	*$1.31*	*$2.15*

(b) Monthly rate: Internal combustion engine service:

Customer Charge	*$10.00*	*$13.00*
Volume Charge (per 1,000 cu. ft.)	*$2.17*	*$2.58*

(c) Purchase gas adjustment: The commodity portion of gas rates will be increased or decreased by an amount equal to 1.075 times the cost per one thousand (1,000) cubic

feet of natural gas purchased in the second month preceding the current billing month. For the purposes of this adjustment cost shall include: the actual cost of gas purchased as well as any associated transportation, storage, and park and loan charges.

****

(e) Infrastructure renewal assessment. There is imposed for gas service to all consumers located inside the city limits and to customers located adjacent to existing gas mains outside the city limits a monthly gas service infrastructure renewal assessment:

Inside city limits	*Outside city limits*
$0.02507/Ccf	*$0.03008/Ccf*

Ccf = 100 cubic feet

Sec. 26-62.1 - Service rates-Large commercial/industrial schedule.

(a) Monthly rate: All customers with an aggregated annual demand of forty-eight million (48,000,000) cubic feet (cu. ft.) or greater:

Customer Charge	*$175. 00*
Volume Charge	
First 20,000 cu. ft. (per 1,000 cu. ft.)	*$1.87*
Next 30,000 cu. ft. (per 1,000 cu. ft.)	*$1.79*
Next 50,000 cu. ft. (per 1,000 cu. ft.)	*$1.66*
Next 250,000 cu. ft. (per 1,000 cu. ft.)	*$1.38*
Next 350,000 cu. ft. (per 1,000 cu. ft.)	*$1.31*
Next 300,000 cu. ft. (per 1,000 cu. ft.)	*$1.23*
Next 2,000,000 cu. ft. (per 1,000 cu. ft.)	*$1.15*
Next 2,000,000 cu. ft. (per 1,000 cu. ft.)	*$1.08*
Next 2,500,000 cu. ft. (per 1,000 cu. ft.)	*$1.00*
Next 4,500,000 cu. ft. (per 1,000 cu. ft.)	*$0.60*
Next 4,500,000 cu. ft. (per 1,000 cu. ft.)	*$0.55*
Next 3,500,000 cu. ft. (per 1,000 cu. ft.)	*$0.45*
Over 20,000,000 cu. ft. (per 1,000 cu. ft.)	*$0.10*

(b) Purchase gas adjustment: The commodity portion of gas rates will be increased or decreased by an amount equal to 1.075 times the cost per one thousand (1,000) cubic feet of natural gas purchased in the second month preceding the current billing month. For the purposes of this adjustment cost shall include: the actual cost of gas purchased as well as any associated transportation, storage, and park and loan charges.

APPENDIX C: PROPOSED GAS RATE ORDINANCE

A draft Ordinance for the proposed gas rates is shown below.

City of Alexandria Natural Gas Rate Ordinance

This document serves as an amendment to the City of Alexandria Code of Ordinances regarding natural gas utility rates. It reflects changes to the customer charge, replaces tiered volume charges with a single flat rate, and removes the infrastructure renewal assessment. It also establishes a provision for annual rate adjustments based on the Consumer Price Index for All Urban Consumers (CPI-U).

AN ORDINANCE AMENDING AND RE-ENACTING THE FOLLOWING SECTIONS OF THE CODE OF ORDINANCES: CHAPTER 26 , UTILITIES SERVICES ARTICLE IV . SECTION 26-62 AND 26-62.1(GAS RATES); AND OTHERWISE PROVIDING FOR ALL MATTERS RELATED THERETO.

WHEREAS, A comprehensive study of all aspects of the City of Alexandria's Gas Utility System, has been performed and includes recommendations for rate reform;

NOW THEREFORE:

Section I.

Be it ordained that the Alexandria City Council hereby determines to enact rate reform effective _____, 2025, and as provided herein, in part for the reasons provided by the recitals herein and as more fully stated in the reports related to rate reform, including but not limited to the FY 2025 Gas System Rate Study dated April 2025.

Section II.

Be it further ordained that the Alexandria City Council hereby amends, reenacts, modifies and implements its new utility services rate structures and the following sections of the Code of Ordinances Chapter 26, Utilities Services Article IV. Sections 26-62 and 26-62.1(GAS RATES); are amended and reenacted to read as follows:

Section 26-62. Service Rates – Schedules – Monthly Rates

a. Residential Rates –

i. Residential Rates – Inside City Limits:

- *Base Customer Charge: $12.00*
- *Volume Charge: All usage shall be charged at a flat rate of $5.50 per Ccf.*

ii. Residential Rates – Outside City Limits:

- *Base Customer Charge: $16.00*
- *Volume Charge: All usage shall be charged at a flat rate of $6.25 per Ccf.*

b. Commercial Rates –

i. Commercial Rates – Inside City Limits:

- *Base Customer Charge: $24.00*
- *Volume Charge: All usage shall be charged at a flat rate of $5.50 per Ccf.*

ii. Commercial Rates – Outside City Limits:

- *Base Customer Charge: $35.00*
- *Volume Charge: All usage shall be charged at a flat rate of $6.25 per Ccf.*

c. Internal Combustion Engine Service (related to an account that alone serves a natural gas auxiliary power generator) –

i. Internal Combustion Engine Service – Inside City Limits:

- *Base Customer Charge: $30.00*
- *Volume Charge: All usage shall be charged at a flat rate of $6.00 per Ccf.*

ii. Internal Combustion Engine Service – Outside City Limits:

- *Base Customer Charge: $40.00*
- *Volume Charge: All usage shall be charged at a flat rate of $6.75 per Ccf.*

d. Infrastructure Renewal Assessment:

- *This assessment is hereby repealed in its entirety.*

Section 26-61.1. Automatic Adjustment Based on CPI-U

Beginning in February 2026 and each February thereafter, the Customer Charge and Volume Charges established in this ordinance shall be automatically adjusted by the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U), published by the U.S. Department of Labor, Bureau of Labor Statistics.

1. *The adjustment shall reflect the 12-month percentage change in the CPI-U for the calendar year ending the previous December.*

2. *If the CPI-U increases, the charges shall be increased by the same percentage, rounded to the nearest cent.*

3. *If the CPI-U decreases, the charges shall be reduced accordingly.*

4. *The Director of Utilities shall publish the adjusted rates annually no later than February 15.*

5. *The Director of Utilities shall issue a memorandum to the City Council stating the adjusted rates and the applicable CPI-U data supporting the adjustment, no later than February 15th of each year.*

Sec. 26-62.1 - Service rates—Large commercial/industrial schedule.

(a) Monthly rate: All customers with an aggregated annual demand of forty-eight million (48,000,000) cubic feet (cu. ft.) or greater:

Customer Charge	*$225.00*
Volume Charge	
First 20,000 cu. ft. (per 1,000 cu. ft.)	*$1.87*
Next 30,000 cu. ft. (per 1,000 cu. ft.)	*$1.79*
Next 50,000 cu. ft. (per 1,000 cu. ft.)	*$1.66*
Next 250,000 cu. ft. (per 1,000 cu. ft.)	*$1.38*
Next 350,000 cu. ft. (per 1,000 cu. ft.)	*$1.31*
Next 300,000 cu. ft. (per 1,000 cu. ft.)	*$1.23*
Next 2,000,000 cu. ft. (per 1,000 cu. ft.)	*$1.15*
Next 2,000,000 cu. ft. (per 1,000 cu. ft.)	*$1.08*
Next 2,500,000 cu. ft. (per 1,000 cu. ft.)	*$1.00*
Next 4,500,000 cu. ft. (per 1,000 cu. ft.)	*$0.60*
Next 4,500,000 cu. ft. (per 1,000 cu. ft.)	*$0.55*
Next 3,500,000 cu. ft. (per 1,000 cu. ft.)	*$0.45*
Over 20,000,000 cu. ft. (per 1,000 cu. ft.)	*$0.10*

APPENDIX D: GAS UTILITY COMMUNICATIONS SAMPLES

PREVENTING PIPELINE EMERGENCIES

Planting a tree, building a fence, installing a mailbox, or performing any other type of work that requires digging? Statistics show that dig-related damages are a leading cause of pipeline accidents, and gas pipelines are not the only service lines that could be buried near you. Many utilities, such as power, water, and sewer services, are delivered underground.

CALLING BEFORE YOU DIG

- The law requires that you call the state One-Call System (811) or (800) 272-3020 at least 48 hours before you dig.
- Be prepared to give information (such as the nearest intersection or address) so that locators can identify your work site. You may also outline the area of proposed excavation with white paint to show its exact location.
- The One-Call System will provide you with a ticket number and a verbal list of utility companies being notified. Companies that own buried lines near your work site will then locate the underground facilities and mark them accordingly.
- Be sure that all applicable utilities have marked their service lines before digging. All paint, stakes, or flags should remain in place until your project is complete.

811

Call 811 Before You Dig
Await the Required Time
Respect the Marks
Excavate (Dig) with Care
Safety is Everyone's Responsibility

RESPECTING THE RIGHT-OF-WAY

Although distribution lines do not always have designated Right-of-Way (ROW), it is important to be mindful to not create an obstruction when planting or building. ROW encroachments increase chances of third-party damages and inhibit the operator's ability to perform critical activities, such as maintenance and inspections. Please contact City of Alexandria if there are any questions regarding the pipeline or the ROW.

Alexandria Louisiana
P.O. Box 71
Alexandria, LA 71309

Alexandria Louisiana

SAFETY AWARENESS
LIVING AND WORKING NEAR PIPELINES

HAVE A MOMENT?

ANSWER A SHORT SURVEY AND YOU COULD WIN...

SCAN THE QR CODE BELOW AND FILL OUT A QUICK SURVEY FOR A CHANCE TO WIN!

OR FOLLOW THE LINK BELOW:
https://www.surveymonkey.com/r/AlexandriaAP24

DEVELOPED BY PipeSuite®

Alexandria Louisiana

You are receiving this brochure because you live or work near the City of Alexandria pipeline system. Though pipelines are the safest, most reliable, and efficient manner of transporting natural gas, it is very important that you and your family know the dos and don'ts of pipeline safety in case a leak occurs.

KEEPING OUR PIPELINES SAFE

Our pipelines are monitored through a combination of systems and safety programs, including inspections on foot, and evaluation by state officials to ensure that operators are meeting regulatory requirements and making necessary repairs. City of Alexandria is committed to the safety of the public and care of the environment. We take great pains to follow the highest industry standards in order to provide top-quality services to the residents of Rapides Parish.

RECOGNIZING A PIPELINE

Line markers are placed at intervals along pipeline right-of-ways. Our markers give an approximate location of the pipeline system and display our telephone numbers. More specific inquiries about the location of our pipelines can be directed to City of Alexandria.

If you would like more information on the subjects found in this brochure or about the pipeline industry in general, visit the following websites:

www.aga.org (American Gas Association)

www.apga.org (American Public Gas Association)

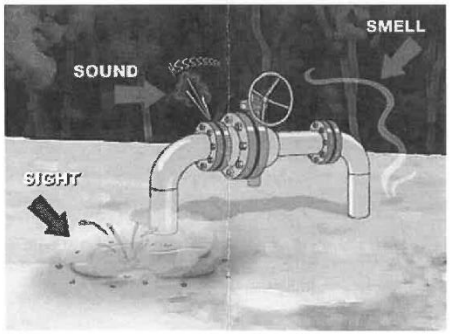
www.lagas.com (Lousiana Gas Assocation)

www.laonecall.com (Lousiana One Call)

www.pipeline101.com (American Petroleum Institute)

RECOGNIZING PIPELINE LEAK

Using your sense of sight, sound, and smell will help you in recognizing a suspected leak.



SIGHT Blowing gas, dead or dry vegetation, or bubbles in the water near the pipeline.

SOUND Whistling, hissing, or roaring noise.

SMELL Odorized to smell like rotten eggs.

POTENTIAL HAZARDS

Fortunately, pipeline accidents resulting in leaks are relatively rare. You should be mindful, however, of that hazards you might encounter in the event of a leak.

Flammable, explosive mixtures may travel to an ignition source in the air; inhaling vapors may cause dizziness, headache, loss of coordination, and narcosis; and contact with the product may cause burns or severe injury.

Be aware and be safe!

To see pipeline location information and pipeline operators in your area:

www.npms.phmsa.dot.gov

IF YOU SUSPECT A PIPELINE LEAK

DO:

- Immediately leave the area.
- If possible, turn off any vehicles or equipment being used in or near the suspected leak. Abandon any equipment being used and move upwind from the suspected leak.
- From a safe location, call 911, your local emergency response number, or City of Alexandria. Give your name, phone number, location, and a description of the leak.
- Warn others to stay away when possible.

DO NOT:

- **DO NOT** touch, breathe, or make contact with the leaking gas. Stay upwind if possible.
- **DO NOT** light a match, start an engine, use a telephone, turn on/off any type of electrical switch or do anything that may create static or spark.
- **DO NOT** drive into a leak or vapor cloud area. Automobile engines may ignite vapors.
- **DO NOT** start or attempt to operate valves.

ALEXANDRIA
24-HOUR EMERGENCY CONTACT

(318) 441-6026

Call Before You Dig: 811

Website: www.cityofalexandriala.com

Please call us if...

- You observe any suspicious activity on or near the pipeline system.
- You notice or cause any damage to a pipeline; even a little dent or small scrape in the pipeline coating can result in a dangerous leak later on.
- You have any questions or concerns about our pipelines.

We appreciate your cooperation in helping us maintain a safe system; public awareness is an important part of our business.

Living Safely with Natural Gas

Alexandria Louisiana

P.O. Box 71
Alexandria, LA 71309
Emergency Phone
318-441-6026

Alexandria Louisiana

P.O. Box 71
Alexandria, LA 71309

IN THE EVENT OF AN EMERGENCY...

If you smell natural gas or suspect an emergency call:

318-441-6026

Call Before You Dig 811

Know what's below. Call before you dig.

For More Information

If you would like more information on the subjects found in this brochure or about the pipeline industry in general, visit the following web sites:

www.aga.org (American Gas Association)
www.apga.org (American Public Gas Association)
www.lagas.org (Louisiana Gas Association)
www.laonecall.com (Louisiana One Call)
www.pipeline101.com (American Petroleum Institute)

LA one Call 811

Call Before You Dig

Before you begin any project, use our state's One-Call System (811). This service is available free of charge so that you can proceed safely with digging, trenching, blasting, excavating, drilling or plowing. Never guess where a pipeline is located.

811
Know what's **below.**
Call before you dig.

DIG SAFELY - It's The LAW

An important message to ANYONE who performs excavation work.

People doing excavation, or any digging are the most frequent causes of pipeline damage. Whether you are planning to build a major development or landscape your property, protect your safety and the safety of those around you by notifying our state's One-Call Center (811) 2-5 days before you begin any work on or near a pipeline.

The One-Call Center will contact your pipeline company and other utilities who will mark the exact location of the pipeline. This free service will insure that your safety will not be compromised and our pipeline will not be damaged.

What is a pipeline right-of-way?

A pipeline right-of-way is the strip of land over a pipeline. The granted land used for public utility authorizing access is an easement. Easements provide limited access to test, inspect, maintain and protect the pipeline. They must be kept free from structures and obstructions. Do not plant trees or high shrubs on or near any right-of-way. Any damage to a pipe or its coating may cause a future safety problem.

If you damage or hit our pipeline, no matter how minor it may seem...call the EMERGENCY NUMBERS listed in this brochure.

Signs of a Natural Gas Pipeline Leak:

It is important to know how to recognize the signs of a possible leak in our area. Call immediately if you...

SEE

- **Vegetation** over or near the pipeline which appears to be dead or dying for no apparent reason.

HEAR

- **Water bubbling** at a creek, pond, river or any wet area. • **Dirt being blown** or appearing thrown into the air. • **Fire or explosion** near or involving the pipeline. • **Exposed pipeline** possibly caused by a natural disaster. • A **hissing, whistling** or **roaring** sound along the pipeline right-of-way.

SMELL

- **A "rotten egg" odor.**
  Natural gas is usually colorless and odorless. The chemical mercaptan is added to produce this smell.

DO's When Suspecting a Gas Leak

✓ **Do**...alert others and leave the area immediately.
✓ **Do**...leave open any doors you pass through for ventilation.
✓ **Do...**call the emergency number provided, once away from the area.
✓ **Do...**remain away from the area until authorities give the OK to return.

DO NOT's When Suspecting a Gas Leak

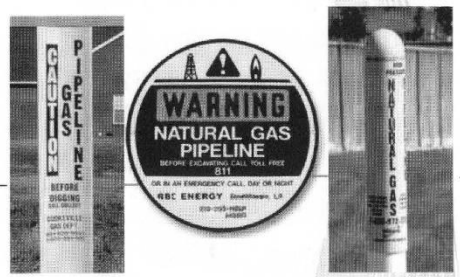
× **Do Not...**operate any electrical switches.
× **Do Not...**use an open flame (lighters, etc.)
× **Do Not...**use telephones, cell phones, intercoms, walkie-talkies, flash lights, or any other electrical device (don't even bring them in the area).
× **Do Not...** go near the area. Keep all untrained individuals away.
× **Do Not...** turn off the ignition or attempt to move any motorized equipment in the area of a natural gas leak. Leave it alone.

What is Natural Gas?

Natural gas is the cleanest burning fossil fuel. It moves safely and efficiently through an extensive network of interstate pipelines in the United States. Our pipeline system is part of that network. Here are some reassuring facts about natural gas.

NATURAL GAS IS.....

- Not a poison or toxic.
- Colorless and odorless in its natural state.
- Lighter than air and will rise and diffuse rapidly.
- Will not ignite on its own. To burn, gas requires both a precise mixture of gas to oxygen, and an ignition source.



Pipeline markers are important safety warnings. They identify buried, underground natural gas pipelines, are commonly seen at railway crossings, street intersections, along highways and fence lines. Emergency phone numbers are visible on the markers in case an emergency is discovered or suspected. Use caution because pipeline markers are not always available, and do not always mark the exact location or depth of the pipeline. Always call LA One Call (811) before any digging, especially around underground pipelines.

For Emergency Officials:
Public safety and environmental protection is your highest priority in any emergency response. Contact this operator for more gas emergency information or training. Use our Emergency Number on other side to contact us.

BUILDING COMMUNITIES SINCE 1942

www.paealex.com