

April 10, 2020

Greenbush Energy Group Members,

It is the time of year to renew your agreement for transportation of natural gas. The advisory committee is recommending members extend their contracts for another year with our current suppliers. Current market conditions, the uncertainty of business operations within the energy sector and challenges of the Coronavirus pandemic all indicate maintaining our positive relationship with current suppliers is to the benefit of members. Changes in upstream pipeline transportation rates have necessitated an increase of approximately \$0.02/Mcf beginning July 1, 2020. Current low market prices are felt to more than make up for the increase and it is recommended that budgets remain flat for the 2020/21 fiscal year.

Your supplier will provide updated contracts. Please have them signed and returned in a timely fashion to avoid in any interruptions to transport service.

By participating in the Greenbush Energy Group, your district received the following services:

- Cooperative buying
 1. Vendor qualifications
 2. Volumetric discounts
 3. Contract standardization & risk indemnification
 4. Error rectification
- Market analysis
 1. Trending
 2. Hedging advice
 3. Budget projections
- Regulatory advocacy
 1. KCC interventions
 2. Legislative updates

Cost is billed to members at a rate of \$450.00/year plus \$0.05/Mcf of consumption for the previous twelve months.

Attached is the renewal agreement. If your district would like to continue participation in this program, or if you like to join the Greenbush Energy Group, please return a signed agreement to:

Southeast Kansas Education Service Center
Attn: Cinda Holmes
PO Box 189
Girard, KS 66743

Budget recommendations:

- *Natural Gas:* I recommend the cost of commodity plus LDC delivery services for 2020/2021 budget purposes be \$5.30/Mcf. This reflects a slight increase to contracted rates by suppliers for increases to FERC approved pipeline rates and the current lower cost of natural gas. This is a flat overall price but should be adjusted for any changes in load when calculating your budget.
- *Electricity:* I recommend schools increase their electricity budgets by 3% plus any anticipated load growth. This reflects anticipated increases to the Transmission and Delivery Surcharge and the Retail Cost Recovery Adjustment portions of your electric rates.

If you have questions concerning the natural gas renewal or any of the information or budget projections included in the Utility Update, please email or call me.

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