

City of West Wendover

Municipal Gas Financial Feasibility Analysis



Bonneville Research





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Chris J. Melville
City Manager
City of West Wendover
1111 N. Gene L. Jones Way
West Wendover NV 89883

Bonneville Research is pleased to submit our Phase 1 Financial Feasibility study of the acquisition of Wendover Gas and Propane of Wendover and related assets by West Wendover City.

This report focuses upon the organization and management of the gas and propane service to the residents and businesses of West Wendover City, and summarizes our findings and conclusions regarding the acquisition and operation of Wendover Gas and Propane of Wendover by West Wendover City

The effort was conducted at the direction of the City of West Wendover.

We are excited about the opportunity to work with you in shaping the future of West Wendover City.

We understand the importance of the results of this project as it will provide an appropriate and reasonable solution to the ongoing difficulties of Wendover Gas and set the groundwork for future economic development opportunities for West Wendover City.

Respectfully,

Bonneville Research

Bonneville Research
Robert Springmeyer

West Wendover Gas Project Phase 1 Feasibility Study

Executive Summary - West Wendover Gas

Currently Liquefied Petroleum Gas (LP) is provided to West Wendover, Nevada and Wendover, Utah by Wendover Gas Company and Propane of Wendover (both owned by Mrs. Nancy Green). The two companies provide LP in the form of a utility (Wendover Gas) through a pipeline and related systems and a tank service (Propane of Wendover) which provides LP in tanks placed on individual properties. Both companies are part of the "Wendover Gas Project Phase 1". Currently, Natural Gas is not available in either community.

Wendover Gas operates a storage and distribution system. This system consists of:

- Approximately 30,000 gallons of storage via main tanks and related appurtenances.
- Approximately 16 miles of pipeline of various sizes within the community

Propane of Wendover operates

- A 15,000 gallon storage facility tank, and has additional assets including:
- Trucks – Delivery 1991 Chevrolet, 1975 Ford; Service 2000 Ford
- Approximately 420 various sized LP tanks and related service equipment.

The Main assets and related facilities for both companies are co-located on real property located at 430 and 460 Mesa Street in West Wendover, NV.

Wendover Gas has been operating under receivership as first directed by the Public Utility Commission of Nevada on 10/24/08, followed by the 4th Judicial District Court, Elko, NV on 11/10/08 then permanently as directed by the Court in February 2009.

The City of West Wendover, NV is examining the feasibility of acquiring Wendover Gas and Propane of Wendover and establishing a municipal gas utility, much as the City currently operate Water, Sewer and Garbage utilities.

The purpose of this feasibility study is to examine whether such an entity would be legally, physically and financially feasible.

The City of West Wendover expects the facilities and equipment would continue to be used in their current form to provide LP Gas to the residents/customers of the community.

With the completion of the acquisition (Phase 1), the City intends to pursue reasonable cost reductions of LP gas to the community as well as pursue viable options to convert the system to Natural Gas providing further savings and reliability of heating fuels to the community under Phase 2.



West Wendover Gas Project Phase 1 Feasibility Study

Procurement of the facilities and real property would be accomplished through a purchase agreement between the City of West Wendover and Wendover Gas/Propane of Wendover; Nancy J. Green, Owner.

Additionally, West Wendover City as part of the acquisition may complete the construction and connection of additional residential/commercial areas within the community which are not capable of receiving service under the utility due to the lack of installed facilities. The cost associated with these proposed facility additions is part of the total loan request.

The project is "motivated by what is best for our community, economically and environmentally."

Alternatives:

1. **No Action Alternative.** Under this alternative the City of West Wendover takes no action with regard to Wendover Gas/Propane of Wendover. Under this alternative, based upon the experience of the past three years and the involvement the City has had since the fall of 2012 with regard to Emergency Gas Protocols, the financial conditions of the two companies will continue to deteriorate eventually resulting in bankruptcy and short and long-term service disruptions. Under this alternative the timing of bankruptcy and related service disruptions are an unknown due to the variables involved including:
 - a. Bankruptcy Filings
 - b. Court Proceedings
 - c. Liquidation Sales
 - d. Etc.

2. **Private Sale of the Companies Alternative.** Under this alternative Wendover Gas/Propane of Wendover would be sold to another private entity (Gas Company) that would assume the operations of Wendover Gas (utility) and Propane of Wendover (tank company). Under this alternative the assumption is that there are private entities interested in acquiring the companies and operating the facilities. As documented at the City Council Meeting of November 20, 2012, there are **no** entities interested in acquiring and operating the gas utility. The potential buyers included:
 - Southwest Gas Corporation
 - Wells Propane
 - NGL Energy Partners LP
 - Wells Rural Electric Company

One of those companies (NGL Energy Partners LP) expressed interest in acquiring Wendover Propane (tank company) and continuing to operate propane supply to customers via tank but none of the companies were interested in acquiring or operating Wendover Gas (utility). As is provided for in the study and related research of the issue, the two companies are financially



West Wendover Gas Project Phase 1 Feasibility Study

and operationally intertwined and cannot be operated successfully on an individual/independent basis.

- 3. Acquisition of Companies by City of West Wendover Alternative.** Under this alternative Wendover Gas/Propane of Wendover would be acquired by the City of West Wendover which would assume the operations of Wendover Gas (utility) and Propane of Wendover (tank company). The operation would be structured similar to other utilities operated by the City which include: Water, Sewer and Garbage. Under this alternative, the City would also pursue a Phase 2, the construction of a natural gas lateral line connecting the community to the Ruby Natural Gas Pipeline located approximately 62 miles north.

Alternatives Conclusion:

Alternative 3 is the most feasible alternative in not only ensuring current service of propane fuel to a broad segment of the community but, the only alternative which can adequately address the financial issues and long-term development of natural gas for economic and community development needs.

Summary of Findings:

- The creation of the municipal gas utility to serve West Wendover residents and businesses is legally feasible based on compliance with federal, state and local legislation;
- The municipal utility is physically feasible through the acquisition of the assets and customer base of the Wendover Gas Company and Propane of Wendover;
- Creating a municipal utility would not affect the existing propane gas distribution network;
- The creation of a municipal utility is financially feasible. This finding is based in part on the following assumptions:
 - Reasonable acquisition costs for Wendover Gas Company and Propane of Wendover;
 - Availability of low cost financing from the USDA – Rural Development.
- The creation of a municipal gas utility could open new alternatives to connect to the Ruby Natural gas interstate pipeline thereby providing further savings and reliability of heating fuels to the community.



West Wendover Gas Project Phase 1 Feasibility Study

Introduction

This West Wendover municipal gas feasibility study outlines the acquisition, start-up and operation of the municipal gas utility. The costs are based on estimates and the experiences of Wendover Gas and Propane of Wendover and other similar municipal gas utilities.

This document has been prepared to provide the USDA – Rural Development with the following required financial feasibility information as required for Rural Development financed facilities:

- Legal feasibility
- Need for the facility
- Description of existing facilities
- Description of proposed facility, including
 - Service area
 - Population trends
 - Similar facilities and services in the area
 - Usage trends
 - Community support
 - Regulatory agency approval
 - Analysis of staff and consultants

- Financial information
- Financial statements

A secondary purpose of this document is to provide the Nevada Public Utilities Commission (NPUC) and the Utah Public Services Commission with information about the proposed West Wendover municipal gas utility, including management structure, goals, projected growth, capital requirements, start-up costs, and operational expenses and revenues.

The City of West Wendover, Nevada, is located on Interstate 80 just west of the Utah/Nevada border. With a population today of 4,425, the West Wendover community has progressed from a mere way station in the desert to a viable tourist destination, which on weekends hosts as many as 25,000 visitors. While the economy of West Wendover is heavily dependent on the casino industry (it is estimated that two out of every five wage earners work directly for a casino) the City is steadily working to diversify its economy and provide a good base of community services and amenities.

Currently, the cities of West Wendover, NV and Wendover, UT, like much of rural northern Nevada are dependent on propane for heating and cooling energy.

Due to the financial difficulties of Wendover Propane and general propane market disruptions, the City of West Wendover during the period of mid December 2012 and end of January 2013, has had to arrange and provide for emergency fuel delivery and payments in order to insure adequate heating for West Wendover residents and small businesses.



West Wendover Gas Project Phase 1 Feasibility Study

The City of West Wendover, Nevada cites the following reason for examining the feasibility of developing a Municipal Gas Utility:

“the desire to maintain critical heating and cooking service continuity due to the potential bankruptcy of the existing franchised private gas utility and propane service companies serving the community”

Further, the potential of converting the propane gas utility into a natural gas utility as a Phase II of the project are also significant in the feasibility analysis.

- The proximity of a natural gas supply line less than 62 miles from the city;
- Market disruptions and related propane supply issues recently experienced;
- The interest from potential major customers which may make the proposal financially viable;
- The economic development constraints of dependence on propane for heating and cooling.

Bonneville Research was assisted in this project by:

- Chris Melville, City Manager, City of West Wendover
- Michelle Giovo, Chief Financial Officer, City of West Wendover
- Bryce Kimber, Public Works Director, City of West Wendover
- Steven Shute, Receiver Wendover Gas

I. NEED FOR THE FACILITY

The US has discovered enormous amounts of natural gas lately -shale gas, combined with more discoveries of conventional gas from traditional wells. These discoveries have radically transformed the energy equation in the United States and many other countries for years to come. This energy revolution will have dramatic economic implications in the middle and long term, and investors should pay close attention to investment opportunities surging from the new energy paradigm.

Municipal gas is becoming more abundant than ever before, and with the “decoupling” of pricing with petroleum, has produced historically low prices which make it a more competitive alternative to other fossil fuels like oil or coal. According to The Economist, quoting a study by IEA, Municipal gas usage could rise by a spectacular 50% through 2035.

Officials estimate the alternative energy source could save area residents, public entities and businesses close to \$500,000 on their annual heating costs.

The acquisition of Wendover Gas and Propane of Wendover is necessary due to its inability to operate with financial stability and as a result its inability to provide reliability to the public as a utility. History of this condition dates back several years beginning in the winter of 2008-09 in which the general public of the city was placed at risk due to the potential failure of Wendover Gas to provide reliable service to its



West Wendover Gas Project Phase 1 Feasibility Study

customers. As a result, Wendover Gas was evaluated and audited by the Nevada Public Utilities Commission and the Fourth Judicial District Court of Nevada; and as a result of that evaluation and audit the company was placed into Receivership in February 5, 2009 (*See Exhibit 11, Fourth Judicial District Court Order*). The Receivership's mission and what are considered the most viable of options for solving this important community issue are provided for in *Exhibit 12, Fourth Judicial District Court Order of February 22, 2012, Sections 5, 11, 13, 20, 25, and 26*. Notably in Section 13, the Court made particular reference to the purpose of the Receivership established in the original Court Order for Receivership February 5, 2009 and that such conditions had not been met.

Initial plans for the utility include serving three “anchor” customers -- area residents, public entities and local small businesses. The casinos, which own their own propane systems, are expected to remain independent until the system is converted to natural gas.

Municipal natural gas costs are expected to be about 60 percent less than heating with oil and 65 percent less than heating with propane, and about 10 percent cheaper than electricity.

The project is "motivated by what is best for our community, economically and environmentally."

Construction of the proposed 4 inch reinforced high pressure pipeline from the existing Ruby pipeline approximately 62 miles away could cost from \$8 million to \$9 million, depending on the route and related construction cost factors.

West Wendover looks to finance the project through a low interest loan from the USDA – Rural Development to be paid for by user fees/gas sales, **not general tax dollars**, much as other city owned and operated utilities function.

The municipal utility will rely on distribution of propane for the first 2 to 3 years until the natural gas lateral can be engineered and constructed.

After the initial start-up costs and development of the natural gas lateral, the utility is expected to generate additional administrative fees to West Wendover City to offset the costs of accounting, billing and administration.

Wendover Gas currently was issued a Certificate of Public Convenience (CPC - Franchise Agreement) in 1996, to provide services to the residents and businesses of Wendover Utah. The Utah Public Service Commission has said that this CPC is still in place even though they understand that Wendover Gas has never sent gas through the Utah part of the gas infrastructure. This CPC “excludes” Wendover City from the state-wide CPC owned by Questar.

There is a pronounced need for a Municipal Gas Utility in the City of West Wendover, Nevada.



West Wendover Gas Project Phase 1 Feasibility Study

The development of a Municipal Gas Utility in West Wendover is a logical response to this need and would be well used by residents.

The creation of a Municipal Gas Utility will not solve all of the community's economic development challenges; but it will directly or indirectly alleviate many of them.

In short, the proposed West Wendover Municipal Gas Utility will make a significant contribution to the economic prosperity and quality of life in West Wendover by:

1. Immediately solving the heating and cooking energy crisis for the residents and small businesses in the community;
 2. Providing reasonably priced source of natural gas long-term; and
 3. System reliability.
-



II. EXISTING FACILITIES

This section reviews the existing physical facilities with regard to distribution, operation, ancillary services and other resources.

Propane Gas

Propane, or Liquefied Petroleum Gas (LP), is a byproduct of natural gas processing and petroleum refining. It is normally a gas, but can be compressed to be transported as a liquid. It is one of a group of liquefied petroleum gasses and is commonly used as a fuel for central heating, engines and portable stoves.

It is extracted from natural gas during processing by a combination of pressure increase and temperature reduction that separates out the propane. This is due to the much lower boiling point of propane (-44°F), than ethane (-144°F), the other major component. Butane can also be drawn off the natural gas at this stage.

Propane is a byproduct of natural gas and crude oil processing, carried out in an oil refinery; however this is normally used as process gas in the plant.

Propane gas is currently provided to West Wendover, NV and Wendover UT by the Wendover Gas Company and its sister company Propane of Wendover.

Natural Gas

Natural gas is a fossil fuel found in different sources such as landfills and natural gas deposits like porous rocks. The main ingredient found in natural gas is methane, which is odorless; however butane, ethane and propane are also found in natural gas. A rotten egg smelling odorant is added to natural gas as a safety precaution so gas leaks can be detected. The United States Department of Energy lists propane as an alternative and advance fuel.

The way natural gas and propane are stored differs as well. Natural gas can be stored as liquid natural gas (LNG), compressed natural gas (CNG) or in its natural uncompressed form. Propane, on the other is stored as a liquid. Both fuels sources are considered relatively safe for the environment and are considered nonrenewable sources of energy by the U.S. Department of Energy.

Natural gas is not currently available in West Wendover, NV or Wendover, UT. The nearest natural gas facilities are in Grantsville, UT approximately 80 miles away and the Ruby Pipeline that goes north of Montello, approximately 62 miles away.

Both natural gas and propane prices fluctuate so there is no standard price for either of them. The price of propane is driven by the price of other crude oil-based fuels because it is in direct competition with

West Wendover Gas Project Phase 1 Feasibility Study

them. A lot of factors can affect the price of natural gas such as inclement weather but the primary driver is demand. When demand is low, prices tend fall, when demand is high prices generally rise.

A. WENDOVER GAS COMPANY

Wendover Gas Company was formed by the owner of Propane of Wendover (below) to develop an underground pipe system to deliver propane gas to the residents, businesses and public entities in West Wendover Nevada and Wendover Utah as a private, franchised utility. The system was designed and installed with the foresight to meet all needs and requirements of a natural gas system.

On 12/31/11 Wendover Gas reported 393 customers. For the purposes of determining the current rate design, the Nevada Public Utilities Commission used the following:

Customers

- Residential Customers 358
- Small Commercial Customers 35
- Large Commercial Customers 0

Financials

- Number of Employees: 2 (shared with Propane of Wendover)
- Current Real Estate: (shared with Propane of Wendover)
- Piped Distribution System 16.08 mi: \$1,462,500
- 2010 Gross Revenues: \$944,500
- 2010 EBITDA: \$147,331

Wendover Gas Company developed the underground pipe system in anticipation of two significant events occurring:

1. Contracts to provide propane gas service to the major casinos in West Wendover, and
2. The extension of a natural gas pipeline to West Wendover along the I-80 corridor.

Because these events did not occur, the cost of providing propane gas through the piped system is unreasonably expensive as Wendover Gas must now spread the additional cost of distributing propane gas to fewer and smaller use customers through the piped grid.

In 2009 Wendover Gas was placed in receivership and is currently operating under the direction of the Fourth Judicial District Court of Nevada in Elko, NV.



West Wendover Gas Project Phase 1 Feasibility Study

In 2012 Wendover Gas made application to and was approved for a general rate increase, and is currently charging customers the following:

- \$10/mo. Residential Basic Service
- \$.95 Residential Marginal Therm

- \$30/mo. Small Commercial Basic Service
- \$0.84 Small Commercial Marginal Therm

Theoretically, the “Basic Service Rate” should be sufficient to cover the “fixed” cost of the business and distribution system even if no gas was purchased, and the “Marginal Term” rate should cover the “variable” costs of purchasing or using the gas.

The investigation and analysis by the staff of the Nevada Public Utilities Commission also found that Wendover Gas was inappropriately subsidizing the operations of Propane of Wendover. Bonneville Research therefore used the adjusted financial statements prepared by the Commission staff as the basis for preparing the pro forma statements as part of this analysis.



West Wendover Gas Project Phase 1 Feasibility Study

PROPANE OF WENDOVER

Business Description

Propane of Wendover operates as a typical propane sales and distribution business that sells and delivers propane and tanks, repairs and replaces appliances.

The business was established in 1965 and serves Wendover, Utah and West Wendover, Nevada residential and commercial clients.

In 1996, Nancy Green assumed ownership of Propane of Wendover.

Propane of Wendover has 372 installed customers, including:

- Yard Tanks – 120 inventory
- Yard Meters – 58 inventory
- Nevada Tanks 115
- Utah Tanks 165
- Utah Meters 37
- Outside City Limit Tanks 55
- Total 372

Financials

- Year Established: 1965 (1998 Current ownership)
 - Number of Employees: 2 (shared with Wendover Gas)
 - Current Real Estate:(shared with Wendover Gas)
 - Owned: 2.289 acres Commercial/Industrial
 - Appraised Value: \$250,000
 - Rental Value: \$2,100/mo.
 - Tanks & Equipment: \$161,550
 - 2010 Gross Revenues: \$473,400
 - Inventory: 455 +/- tanks;
 - Company owned tanks: 83%
-



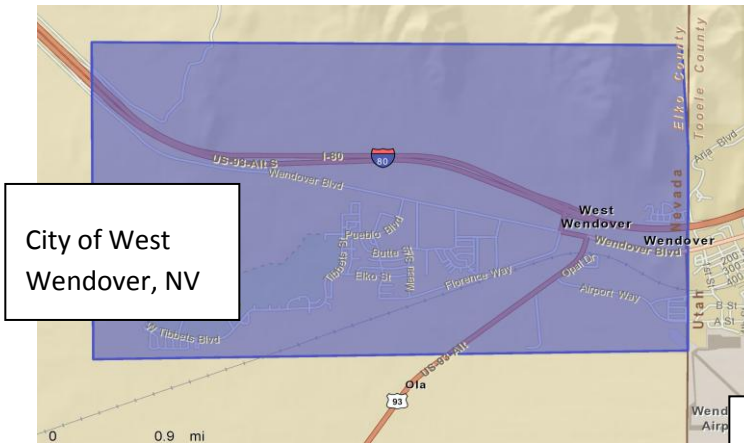
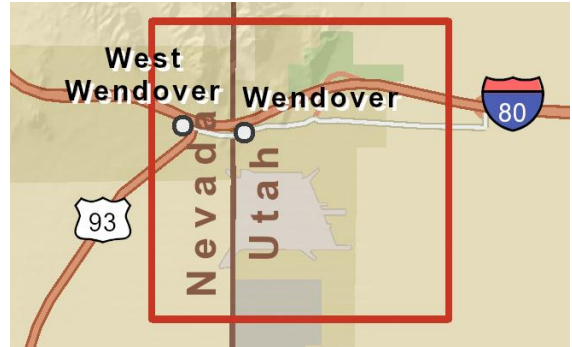
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III. PROPOSED FACILITY

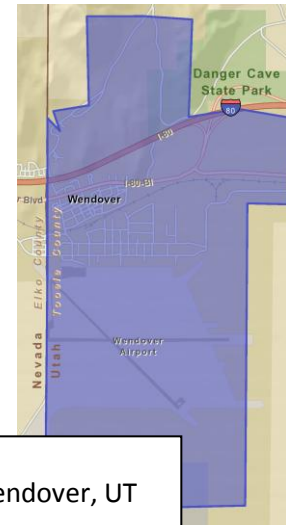
A. SERVICE AREA

West Wendover anticipates that the West Wendover Natural Gas Utility will be located in West Wendover, Elko County, NV and will have a positive impact on the local environment and economy.

West Wendover also anticipates using the existing Wendover, Utah franchise agreement to be able to eventually provide natural gas services to the Wendover, UT residents and businesses.



City of West Wendover, NV



City of Wendover, UT

West Wendover Gas Project Phase 1 Feasibility Study

B. POPULATION TRENDS

West Wendover Demographics and Comparisons

The cities of West Wendover and Wendover, sit side by side on the Nevada/Utah borders along the major transportation and shipping corridor between Denver/Salt Lake City and Reno/San Francisco.

The major economic drivers are servicing the cars and trucks traveling on Interstate 80 east and west and casino gambling. On weekends, the population can soar to upwards of 25,000 visitors.

Population growth since 2000 has been stable in spite of the economic development constraints of high transportation and energy costs.

The West Wendover Municipal Gas therefore has the opportunity to serve:

	West Wendover	Utah Wendover	Total
• Population 2011	4,425	1,400	5,825
• Population 2016	4,441	1,465	5,906
• Households 2016	1,380	516	1,896

C. SIMILAR FACILITIES AND SERVICES IN THE AREA

The City of West Wendover expects the municipal utility to operate fundamentally the same as its other municipal enterprise funds - garbage collection, water and sewer systems.

The City of West Wendover currently provides municipal water services to:

- | | |
|-------------------------|-----|
| • Residential Customers | 906 |
| • Commercial Customers | 184 |

D. USAGE TRENDS

Because of the financial difficulties of Wendover Propane and Wendover Gas current usage trends are felt to be suppressed and the City of West Wendover has had to provide payments to gas suppliers on several occasions to insure winter gas delivery to residents.

Further, the underground gas lines need to be extended to some areas in West Wendover and the lines existing in Wendover will likely have some areas in need of repair/replacement before they can be used.



West Wendover Gas Project Phase 1 Feasibility Study

The attached budgets anticipate those capital budget expenditures.

Current usages are projected to only increase at 3% per year prior to conversion to Natural Gas.

E. REGULATORY AGENCY APPROVAL

The creation of a municipal utility appears to be consistent with federal, state, and local laws.

U.S. Government Regulatory Departments

U.S. Department of Transportation

The Department of Transportation seeks to serve the United States by ensuring a fast, safe, efficient, accessible and convenient transportation system that meets the nation's vital national interests and enhances the quality of life of the American people, today and into the future.

The primary agencies within DOT that regulate the propane industry are the Pipeline and Hazardous Materials Safety Administration (PHMSA) and the Federal Motor Carrier Safety Administration (FMCSA).

DOT's Pipeline and Hazards Material Safety Administration (PHMSA)

PHMSA's mission is to protect people and the environment from the risks inherent in transportation of hazardous materials - by highway, pipeline and other modes of transportation.

States

Nevada:

The Public Utilities Commission of Nevada regulates private gas service providers to ensure that customers receive reliable service at rates that are just and reasonable. Municipal utilities dictate their own rates and policies within municipal boundaries. The Commission oversees gas pipelines in a pipeline safety partnership between the Commission and the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration Office of Pipeline Safety.

The following liquid petroleum providing entities are supervised by the Nevada Public Utilities Commission:



West Wendover Gas Project Phase 1 Feasibility Study

Nevada private utility gas systems serving individual municipalities:

Company	Municipality	Population
• Wendover Gas	West Wendover	4,425
• AmeriGas Propane	Hawthorne	3,269
• Hesperia Liquid Gas	Pahrump	36,441

Company	Basic Per Meter/Mo	Marginal Cost per Gallon
• Lakeview 74 Mobile Home Park		
○ Bi-State Propane (2011)		
○ Residential (Only)	\$5.98	\$1.07
• Lockwood Mobile Home Park		
○ Bi-State Propane (2011)		
○ Residential (Only)	\$5.98	\$1.07
• Pahrump Valley Junction		
○ Bi-State Propane (2011)		
○ Commercial (Only)	\$8.50 + \$4.98 Hazmat	\$0.54
• Sierra Vista Inn		
○ AmeriGas Propane LP (2011)		
○ Residential (Only)	\$8.00	\$0.95

Utah:

Under Utah law, Government owned services are not regulated by the Utah Public Service Commission, therefore a municipal utility would dictate its own rates and policies within its distribution territory.

The following are the gas municipal utilities in Utah:

Utah Municipal Gas Systems: As of December 15, 2005

Municipality	County	Population
• Eagle Mountain	Utah	21,415
• Blanding	San Juan	3,375
• Hildale	Washington	2,726
• Mona	Juab	1,547
• Levan	Juab	841

West Wendover Gas Project Phase 1 Feasibility Study

- Nephi Juab 5,389¹
- Total Juab Rural Development Agency 7,777

Wendover Gas currently has a Certificate of Public Convenience (CPC) for the exclusive right to provide gas services to the residents and businesses of Wendover Utah. Wendover Utah has indicated that they will not exercise their “first right of refusal” to purchase Wendover Gas. Further the Utah Public Service Commission recognizes that Questar is uninterested in providing natural gas service to Wendover and that the UPSC would support the conversion.

The municipal utility would operate on a cost basis, which is fundamentally the same as other municipal enterprise funds such as garbage collection, water and sewer systems.

Accordingly, the creation of a municipal utility may be compliant with federal, state and local legislations.

F. UTILITY START-UP ANALYSIS

Utility Start-up

A municipal utility is created first as an administrative entity and, later as a functioning entity. The first step entails financing the legal setup, finalizing the negotiations for acquiring the existing companies (Wendover Gas and Propane of Wendover) and the related assets including the propane distribution system.

Once the legal, financial and technical feasibility studies are complete, the next steps include seeking approval for the loans required to initiate and operate the local municipal utility. If approved by the USDA – Rural Development, transition planning should begin.

The following are some of the strategic decisions and general outline of the steps necessary to start and govern the municipal utility.

There are many variables and some tasks may be taken on in a different order than is described here. If the City Council of West Wendover approves creation of the local utility, a transition and operating plan will need to be developed with specific and detailed guidance and work plans to govern the utility start-up.

Distribution and Safety System

¹ A portion of the municipality is served by Questar Gas Company



West Wendover Gas Project Phase 1 Feasibility Study

The distribution system includes the above-ground and underground gas distribution system, meters, easements, yards, service tools and spare supplies. The distribution system was designed, constructed and tested using non-corrodible PE pipe, meters, regulators and other components, materials and procedures that comply with all Federal and industry standards – a system similar to what Questar, NV Energy or Southwest Gas would use. The receiver and owner represent that it has been maintained over time and does not present any concern, and that it was sized to handle the current gas demands with an adequate capacity margin.

During Phase II of this project, West Wendover anticipates evaluating the feasibility of constructing a lateral line connection with the Ruby Natural Gas Pipeline located approximately 62 miles north of West Wendover.

The distribution operation and maintenance budget provides a cost guideline against which the City can measure:

- Operating and maintaining the system during the utility start-up.
- Providing on-call and emergency services.
- Continuing the maintenance, upgrade and operation of the distribution system.

The municipal utility will maintain the highest safety standards to ensure that preventable accidents are avoided and problems with the distribution network are remedied in a timely fashion. Proposed safety measures therefore include:

- **Leak Detection Equipment** – In place sophisticated leak detection equipment, designed to pick up on leaks of gas from the distribution network. If necessary, add odorants to the gas to make it easier to detect a leak.
- **Safety Education Programs** - Gas safety seminars in schools, community centers, and through other organizations to ensure customers are well versed in gas safety procedures and know what to do in the event of a leak or emergency.
- **Technicians on Call** - Maintain staff on call 24 hours a day, seven days a week to respond to emergencies, customers' problems and concerns.
- **Emergency Preparedness** - Local emergency preparedness programs, educating and preparing for emergency events such as Municipal disasters.
- **One Call Systems** - Provide customers, contractors, and excavators with a single phone number to call before commencing excavation or construction, to ensure that the pipelines, and other buried facilities are not damaged.

West Wendover Gas Project Phase 1 Feasibility Study

These are but a few of the safety measures proposed to be maintained by the municipal utility to ensure that the distribution of gas will remain one of the safest forms of energy transmission.

Utility Operations

The responsibilities of the proposed municipal utility would include operation and maintenance of the distribution infrastructure, meter reading, billing, supply scheduling and procurement, risk planning, regulatory compliance and reports, and accounting.

The initial utility operation does not present any unique challenge.

The City anticipates hiring two key employees as part of the acquisition of Wendover Gas and Propane of Wendover. The Operations Manager, who has extensive knowledge operationally of the system and is expected to be retained as a Public Works Supervisor; and the Finance - Administrative Assistant who has extensive knowledge of the billing components of the current system.

The City already successfully operates several utilities, including water, sewer and garbage collection. The City may contract with third parties to assist with some operations, including:

- Regulatory compliance may be carried under the supervision of qualified accounting and law firms.
- All other operation functions above can be handled under the direction of the Public Works Director and the City Manager.

The West Wendover Municipal Gas Utility is expected to provide customers with:

- A local municipal gas supply with cost-based rates tailored to its customers.
- Economies of scale with regard to operating expenses and public purpose incentive programs.
- Rate and service reliability
- Access to lower cost energy supplies.
- A local municipal utility that will be available and responsive to its customers.

Organization and Staff Description

The Municipal gas utility would be formed as part of the municipal utilities that report to the City Public Works Director and the City Manager. The City Council would have approval authority of the utility budget, rates, bonds, and policies.

The utility would likely be directed by the Public Works Supervisor and report directly to the City Public Works Director to run the utility operations in conformance with the City



West Wendover Gas Project Phase 1 Feasibility Study

Managers vision and strategic directions. The Public Works Director reports directly to the City Manager, Mayor and City Council.

West Wendover city has existing utility functions that may provide experience and resources for contracting, billing, accounting and meter reading. Functions handled by West Wendover City administrative staff would be compensated for those services out of service payments.

Cost and revenue forecasts, budget and rates will be prepared under the direction of the City Manager, Public Works Director, and Chief Financial Officer and approved by the City Council.

Distribution Operation

West Wendover has already initiated a survey and documentation of the existing propane distribution system, including acquisition, operation and maintenance.

While an initial inspection has been conducted, a detailed inspection and assessment of the distribution system has yet to be completed to uncover any safety issues or other operational deficiencies, especially identifying issues of deferred maintenance of system components.

Financial Feasibility

An annual budget has been developed for staffing, system upgrade, underground line extensions, maintenance and operation under current standards. The start-up budget includes capital spare parts.

Acquisition Costs

The City may acquire the distribution system from the incumbent utility for its municipal utility operation. An inventory and valuation study of the distribution assets was recently performed. A complete survey and valuation of the distribution assets has been conducted.

Start-up Costs

Projected start-up costs entail:

- Gas contract procurement
- Legal and engineering services
- Spare equipment purchases
- Utility operations set-up for metering, billing and scheduling.

The estimated start-up costs represent a small portion of the initial financing and can bear a high error percentage without affecting the feasibility substantially.



Legal and Engineering Costs

The City may incur legal and engineering costs to establish the municipal utility. These services may include bonding and any Nevada Public Utilities requirements.

Spare Equipment Costs

Spare equipment allows the utility to perform maintenance upgrades and repair promptly a failure without having to wait for long lead-time items. Some spare equipment is included in the acquisition of Wendover Gas and Propane of Wendover, but because of the financial challenges both businesses have faced in the past several years, deferred maintenance issues may be likely.

Logistics Costs

Logistics include the staffing effort and purchase of office, vehicles, tools, equipment, etc. to operate the municipal utility.

The City expects to benefit from utilizing its garbage, water and wastewater utilities staff.

Operating Cash Reserve

The municipal utility would need to carry a cash reserve to qualify for creditworthiness with wholesale propane distributors such as Kiva or Turner Gas, and to be prepared for unforeseen events. The cash reserve consists of:

- 2nd year operation and maintenance budget reserve for six months: \$ 500,000

A higher operating cash reserve is probably prudent, but it could impact rates. Interest revenue from the reserve is expected to be minimal and the City could consider reducing the reserve after 2 to 3 years of proven operation.

West Wendover Gas Project Phase 1 Feasibility Study

Utility Initial Costs

The initial cost to form the municipal utility is estimated at \$2.57 million.

Cost Estimate	
Phase 1 Acquisition of the Wendover Gas and Propane of Wendover businesses and assets	
Development and construction (Phase 1, additional service lines)	\$400,000
Equipment (Phase 1)	\$20,000
Other (Estimated Possible Acquisition of Wendover Gas Company and Propane of Wendover, Inc.)	\$2,100,000
Legal Fees (Phase 1)	\$25,000
Architect and Engineer (Phase 1)	\$25,000
Total (Phase 1)	\$2,570,000

The cost to construct a natural gas line is estimated at \$8.530 million.

Phase 2 Construction of a Natural Gas lateral line from West Wendover to the Ruby Gas Pipe Line located 62 miles north of West Wendover	
Development and construction (Phase 2)	\$8,140,000
Land and rights (Phase 2)	\$50,000
Legal & Administrative Fees (Phase 2)	\$80,000
Engineering, Surveying, Permitting and Project Management (Phase 2)	\$260,000
Total (Phase 2)	\$8,530,000

The City anticipates financing each phase of the Wendover Gas Project with low interest USDA – Rural Development loans:

Total Both Phases	\$11,100,000
--------------------------	---------------------



West Wendover Gas Project Phase 1 Feasibility Study

Gas Utility Operations Annual Budget

The gas utility pro forma operations budget includes the following cost components:

- Staffing
- Supplies
- Distribution system expansion
- Outside services and dues

Utility Financing Costs

The feasibility study is based on the following loan assumptions for Phase 1:

- 30 & 40 year terms
- Phase 1 Principal = \$2,570,000
- 3.5% simple interest
- 10% restricted debt service reserve of 10% of annual payment
 - 30 year term = \$13,735
 - 40 year term = \$12,035
- Projected annual payment Phase 1 with a 30 year term = \$139,735 @ \$54.38/\$1,000
- Projected annual payment Phase 1 with a 40 year term = \$120,345 @ \$46.83/\$1,000

Under the model assumptions, there are no ties to the City's General Obligation Bonding Capability as the loans will be Revenue Bonds supported by the users of the system and not the general tax payer.



West Wendover Gas Project Phase 1 Feasibility Study

IV. FINANCIAL INFORMATION

A. EXPECTED DEMAND

Demand for gas is expected to triple once the conversion to Natural Gas is completed and major users join the system.

Prior to conversion to Natural Gas, demand is projected to increase 3% per year.

B. USAGE

Retail propane usage is estimated to be:

FY 2013-14	\$1,316,134
FY 2014-15	\$1,355,618
FY 2015-16	\$1,396,286

C. INCOME AND EXPENSE

The following are consolidated operating income and expense pro formas using the City of West Wendover accounting format for the two options of a 30 year and a 40 year loan.

CITY OF WEST WENDOVER GAS FUND 30 Year Loan (Interest Expense)	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
REVENUES			
Operating Revenue	1,442,014	1,485,274	1,529,832
Non-operating Revenue	-	-	-
Total Revenues	\$1,442,014	\$1,485,274	\$1,529,832
EXPENDITURES			
Operating Expenditures			
Salaries and Wages	81,394	83,836	86,351
Employee Benefits	41,511	42,756	44,039
Services and Supplies	929,965	957,864	986,600
Depreciation/Amortization	45,800	60,000	65,000



West Wendover Gas Project Phase 1 Feasibility Study

Non-operating Expenditures			
Interest & Bond Expense	91,850	90,165	88,421
Capital Outlay	140,000	105,000	105,000
Expenditures Totals	\$1,330,520	\$1,339,621	\$1,375,411
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 111,494	\$ 145,653	\$ 154,421

CITY OF WEST WENDOVER GAS FUND 40 Year Loan (Interest Expense)	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
REVENUES			
Operating Revenue	1,442,014	1,485,274	1,529,832
Non-operating Revenue	-	-	-
Total Revenues	\$1,442,014	\$1,485,274	\$1,529,832
EXPENDITURES			
Operating Expenditures			
Salaries and Wages	81,394	83,836	86,351
Employee Benefits	41,511	42,756	44,039
Services and Supplies	929,965	957,864	986,600
Depreciation/Amortization	45,800	60,000	65,000
Non-operating Expenditures			
Interest & Bond Expense	91,850	90,842	89,801
Capital Outlay	140,000	105,000	105,000
Expenditures Totals	\$1,330,520	\$1,340,298	\$1,376,791
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 111,492	\$ 144,976	\$ 153,041



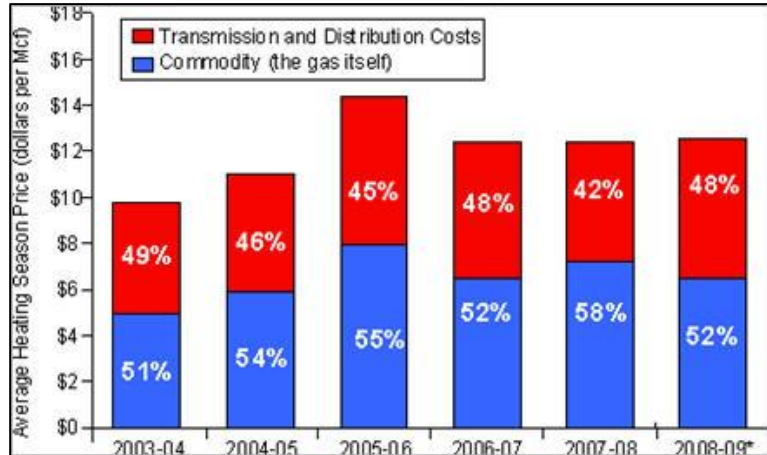
West Wendover Gas Project Phase 1 Feasibility Study

D. RATE STRUCTURE

Because of the transportation infrastructure required to move Municipal gas to many diverse customers across a reasonably wide geographic area, distribution costs typically make up about half of Municipal gas costs for households and small volume customers.

While large pipelines can reduce unit costs by transmitting large volumes of Municipal gas, distribution companies must deliver relatively small volumes to many more different locations.

According to the Energy Information Administration (EIA), transmission and distribution costs represented about half of a typical residential Municipal gas customer's monthly gas utility bill in 2009, with costs of the physical Municipal gas commodity itself representing the other half.



The rates analysis model uses operations costs calculated in the cost model, divided by energy load (\$/MWH), and compares the results to the incumbent utility's projected composite rates. Additionally, the rate calculations file is used to divide the City's total costs into customer segments. The construct of the customer segments is based on data from the Baseline Analysis.³⁶

From the Baseline Analysis, the current gas utility customers consist of Residential, Commercial, Industrial, and Other customers.

Customer Type	Wendover Gas	Propane of Wendover	Total
# Gallons	397,000	192,600	589,600
Ave Margin \$	\$ 0.7975	\$1.21	\$549,654

The City of West Wendover currently operates Water, Sewer, Garbage collection utilities. The following are the current rate schedules for residential and small commercial customers and the proposed rates for propane service are the same as approved by the Nevada Public Utilities Commission in 2012:

West Wendover Gas Project Phase 1 Feasibility Study

Utility	Residential					
	Connection Fee	Meter Fee	Service Initiation Fee	Deposit	Reconnection Fee	Minimum Use Rate per Month
Water:	\$3,400.28	\$340.03	\$20.00	\$36.00	\$25.00	\$18.00
Sewer:	\$2,720.22					\$24.48
Garbage:			\$50.00			\$13.69
Propane						
Piped System:	Proposed Impact fee that existing users will not be charged: \$1,000.00		\$20.00	\$20.00	\$25.00	\$10.00
Leased Tank:			\$20.00	\$20.00	\$25.00	\$10.00
Owned Tank:			\$20.00			\$10.00

Utility	Small Commercial					
	Connection Fee	Meter Fee	Service Initiation Fee	Deposit	Reconnection Fee	Minimum Use Rate per Month
Water:	\$3,400.28	\$340.03	\$100.00	\$100.00	\$25.00	\$18.00
Sewer:	\$2,720.22					\$24.48
Garbage:			\$50.00			\$68.41
Propane						
Piped System:	Proposed Impact fee that existing users will not be charged: \$1,000.00		\$20.00	\$100.00	\$25.00	\$30.00
Leased Tank:	\$50.00		\$20.00	\$100.00	\$25.00	\$10.00
Owned Tank:			\$20.00			\$10.00

Summary of Customer Segmentation

The rate analysis model utilizes allocated administrative, customer, distribution costs to each customer equally and charges for gas (energy) use as used. Each customer segment therefore is allocated the systems revenue requirements fairly. For transparency, the rates used to collect the revenue are designed to be representative of the budget items that they intend to collect. A summary of invoice rate items, current collection method selection, and the operations costs collected under each are as follows:



West Wendover Gas Project Phase 1 Feasibility Study

Customer Type	Wendover Gas	Propane of Wendover	Total
All Customers #	393	372	765
All Customers \$	\$ 938,090	\$466,375	\$1,404,465
Customers \$15K+	\$ 524,515	\$153,188	\$ 677,703
% \$15K+	55.9%	32.8%	48.3%
All Major	\$ 577,392	\$228,617	\$ 806,009
Commercial	\$ 296,096	\$140,006	\$ 436,102
Industrial	\$-	\$ 28,504	\$ 28,504
Public	\$ 281,296	\$ 60,107	\$ 341,403
Other			

Invoice	Fee Basis	Operations Budget Line Items
Admin	Fixed Fee per Month	General Administration Billing & Paying Scheduling
Customer Charge	Fixed Fee per Month	Meter Management, Debt Service, Interest, Depreciation and Amortization
Distribution	Fixed Fee Per Month	Distribution Services
Gas	Wholesale cost	Delivered wholesale costs (labor and equipment)
Residential	\$Cost/Therm	Resources
Small Commercial	\$Cost/Therm	Resources
Large Commercial	Wholesale cost	Resources

E. ALLOWANCE FOR UNCOLLECTABLE ACCOUNTS

The current rate schedules for residential and small commercial customers and the proposed rates for propane service including proposed connection fees, service initiation fee (nonrefundable), deposits and reconnection fees were discussed earlier. Therefore, because of the service initiation, deposits and reconnection fees, City of West Wendover anticipates uncollectable accounts to represent 0.4% of revenues.



West Wendover Gas Project Phase 1 Feasibility Study

F. DEPRECIATION LIFE AND METHOD

The City of West Wendover is tax exempt municipality and even though utility services are handled through an enterprise (like a business) account, they are tax exempt and therefore use depreciation as way to spread the expense of a large capital purchase over the number of years it will be in use, and therefore is included in the proposed budget. The West Wendover City Capital Purchases and Capitalization Threshold Policy will cover budgets for and approvals for capital purchases (i.e., equipment or furniture with a useful life of more than one year) and establishes a cost above which a purchase should be capitalized as a fixed asset rather than expensed outright.

West Wendover is proposing creating a capital replacement account to adequately provide for necessary capital to replenish depleted assets by bringing in cash income to cover a non-cash expense, thus avoiding the problem of eroding net assets.

G. LONG TERM DEBT

The City of West Wendover is seeking long term low interest loans from the USDA – Rural Development to cover the following:

Phase 1: The acquisition of the Wendover Gas and Propane of Wendover businesses and assets, and

Phase 2: The proposed construction of the Natural Gas lateral line from West Wendover to the connection with the Ruby Gas Pipe Line located 62 miles north of West Wendover.

Cost Estimate	
Phase 1 Acquisition of the Wendover Gas and Propane of Wendover businesses and assets	
Development, construction, and supplies (Phase 1, additional service lines and initial gas supply)	\$400,000
Equipment (Phase 1)	\$20,000
Other (Estimated Possible Acquisition of Wendover Gas Company and Propane of Wendover, Inc.)	\$2,100,000
Legal Fees (Phase 1)	\$25,000
Architect and Engineer (Phase 1)	\$25,000
Total (Phase 1)	\$2,570,000



West Wendover Gas Project Phase 1 Feasibility Study

Phase 2 Construction of a Natural Gas lateral line from West Wendover to the Ruby Gas Pipe Line located 62 miles north of West Wendover	
Development and construction (Phase 2)	\$8,140,000
Land and rights (Phase 2)	\$50,000
Legal & Administrative Fees (Phase 2)	\$80,000
Engineering, Surveying, Permitting and Project Management (Phase 2)	\$260,000
Total (Phase 2)	\$8,530,000
Phase 2 Construction of a Natural Gas lateral line from West Wendover to the Ruby Gas Pipe Line located 62 miles north of West Wendover	
Total Both Phases	\$11,100,000

H. OTHER PRIVATE COMPANY ACQUISITION ALTERNATIVES

Wendover Gas/Propane of Wendover has unsuccessfully sought other alternatives for private company acquisition. Attached in the Appendix is correspondence from Wells Rural Electric Company, Southwest Gas, Wells Propane and NGL Energy indicating they are not interested in such an acquisition at this time.



West Wendover Gas Project Phase 1 Feasibility Study

V. FINANCIAL STATEMENTS

An annual budget was developed for staffing, system upgrade, line undergrounding, maintenance and operation under current standards. The start-up budget includes capital spare parts.

A. BALANCE SHEET FOR ALL FUNDS

Pro Forma Balance Sheet 30 Year Loan	
Assets	
Cash	50,000
Restricted Cash	13,975
Accounts receivable, net	90,725
Inventories	25,000
Other	
Prepaid expenses	180,000
Total Current Assets	359,700
Mains and meters	1,545,000
Land and buildings	250,000
Equipment and Vehicles	550,000
Other	
Less: accumulated depreciation	
Other Assets, net	
Total Assets	\$2,704,700
Liabilities and Shareholders' Equity	
Accounts payable	
Accrued liabilities	
Current portion of long term debt – annual payment 30 yr term	49,785
Total Current Liabilities	49,785
Short term notes payable	
Long term notes payable	2,570,000
Other long term liabilities	
Less: current portion of long term debt	49,785



West Wendover Gas Project Phase 1 Feasibility Study

Total Long-Term Liabilities	2,520,215
Total Liabilities	2,570,000
Capital stock	
Additional paid-in capital	
Retained earnings (deficit)	
Total Liabilities and Shareholders' Equity	134,700
Total Liabilities and Shareholders' Equity	\$2,704,700

Pro Forma Balance Sheet 40 Year Loan	
Assets	
Cash	50,000
Restricted Cash	12,035
Accounts receivable, net	90,725
Inventories	25,000
Other	
Prepaid expenses	180,000
Total Current Assets	357,760
Mains and meters	1,545,000
Land and buildings	250,000
Equipment and Vehicles	550,000
Other	
Less: accumulated depreciation	
Other Assets, net	
Total Assets	\$2,702,760
Liabilities and Shareholders' Equity	
Accounts payable	
Accrued liabilities	
Current portion of long term debt – annual payment 30 yr term	30,395
Total Current Liabilities	30,395
Short term notes payable	



West Wendover Gas Project Phase 1 Feasibility Study

Long term notes payable	2,570,000
Other long term liabilities	
Less: current portion of long term debt	30,395
Total Long-Term Liabilities	2,539,605
Total Liabilities	2,570,000
Capital stock	
Additional paid-in capital	
Retained earnings (deficit)	
Shareholders' Equity	132,760
Total Liabilities and Shareholders' Equity	\$2,702,760



West Wendover Gas Project Phase 1 Feasibility Study

STATEMENTS OF INCOME AND EXPENSE

CITY OF WEST WENDOVER GAS FUND 30 Year Loan (Interest Expense)	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
REVENUES			
Operating Revenue	1,442,014	1,485,274	1,529,832
Non-operating Revenue	-	-	-
Total Revenues	\$1,442,014	\$1,485,274	\$1,529,832
EXPENDITURES			
Operating Expenditures			
Salaries and Wages	81,394	83,836	86,351
Employee Benefits	41,511	42,756	44,039
Services and Supplies	929,965	957,864	986,600
Depreciation/Amortization	45,800	60,000	65,000
Non-operating Expenditures			
Interest & Bond Expense	91,850	90,165	88,421
Capital Outlay	140,000	105,000	105,000
Expenditures Totals	\$1,330,520	\$1,339,621	\$1,375,411
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$111,494	\$145,653	\$154,421

CITY OF WEST WENDOVER GAS FUND CAPITAL IMPROVEMENTS/PURCHASES 30 Year Loan (Interest Expense)	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
Capital Improvements	50,000	50,000	50,000
Vehicles	40,000	40,000	40,000
Equipment	15,000	15,000	15,000
Acquisition/Loan Expenses	35,000		
Total	\$140,000	\$105,000	\$105,000



West Wendover Gas Project Phase 1 Feasibility Study

CITY OF WEST WENDOVER GAS FUND 40 Year Loan (Interest Expense)	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
REVENUES			
Operating Revenue	1,442,014	1,485,274	1,529,832
Non-operating Revenue	-	-	-
Total Revenues	\$1,442,014	\$1,485,274	\$1,529,832
EXPENDITURES			
Operating Expenditures			
Salaries and Wages	81,394	83,836	86,351
Employee Benefits	41,511	42,756	44,039
Services and Supplies	929,965	957,864	986,600
Depreciation/Amortization	45,800	60,000	65,000
Non-operating Expenditures			
Interest & Bond Expense	91,850	90,842	89,801
Capital Outlay	140,000	105,000	105,000
Expenditures Totals	\$1,330,520	\$1,340,298	\$1,376,791
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$111,494	\$144,976	\$153,041

CITY OF WEST WENDOVER GAS FUND CAPITAL IMPROVEMENTS/PURCHASES 40 Year Loan (Interest Expense)	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
Capital Improvements	50,000	50,000	50,000
Vehicles	40,000	40,000	40,000
Equipment	15,000	15,000	15,000
Acquisition/Loan Expenses	35,000		
Total	\$140,000	\$105,000	\$105,000

A detailed Three year Pro Forma Income and Expenditure statement is in appendix.



West Wendover Gas Project Phase 1 Feasibility Study

STATEMENT OF CASH FLOW

Pro Forma Cash Flow Statement 30 year loan	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
Cash paid to suppliers and employees	\$1,100,570	\$1,146,413	\$1,184,006
Cash generated from operations (sum)	1,442,014	1,485,274	1,529,832
Interest & principle payments	139,735	139,735	139,735
Income taxes paid	-	-	-
Required capital improvements/purchases	140,000	105,000	105,000
Net cash flows from operating activities	201,444	233,861	240,826
Net increase in cash and cash equivalents	61,709	94,126	101,091
Cash and cash equivalents, beginning of year	50,000	111,709	205,835
Cash and cash equivalents, end of year	\$111,709	\$205,835	\$306,926

Pro Forma Cash Flow Statement 40 year loan	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
Cash paid to suppliers and employees	\$1,100,570	\$1,146,413	\$1,184,006
Cash generated from operations (sum)	1,442,014	1,485,274	1,529,832
Interest & principle payments	120,345	120,345	120,345
Income taxes paid	-	-	-
Required capital improvements/purchases	140,000	105,000	105,000
Net cash flows from operating activities	201,444	233,861	240,826
Net increase in cash and cash equivalents	81,099	113,516	120,481
Cash and cash equivalents, beginning of year	50,000	131,099	244,615
Cash and cash equivalents, end of year	\$131,099	\$244,615	\$365,096



West Wendover Gas Project Phase 1 Feasibility Study

B. COMPARISON DATA FOR FACILITIES IN SERVICE AREA

The municipality of West Wendover Nevada will be the sole provider of propane and possibly natural gas in the service area.

Wendover Gas is the franchise provider of propane and natural gas in West Wendover, NV and Wendover, UT. If the municipality of West Wendover acquires Wendover Gas they will assume the franchised certificates of convenience and necessity.

Nevada private utility gas systems serving individual municipalities:

Company	Municipality	Population
• Wendover Gas	West Wendover	4,425
• AmeriGas Propane	Hawthorne	3,269
• Hesperia Liquid Gas	Pahrump	36,441

Company	Basic Per Meter/Mo	Marginal Cost per Gallon
• Lakeview 74 Mobile Home Park <ul style="list-style-type: none">○ Bi-State Propane (2011)○ Residential (Only)	\$5.98	\$1.07
• Lockwood Mobile Home Park <ul style="list-style-type: none">○ Bi-State Propane (2011)○ Residential (Only)	\$5.98	\$1.07
• Pahrump Valley Junction <ul style="list-style-type: none">○ Bi-State Propane (2011)○ Commercial (Only)	\$8.50 + \$4.98 Hazmat	\$0.54
• Sierra Vista Inn <ul style="list-style-type: none">○ AmeriGas Propane LP (2011)○ Residential (Only)	\$8.00	\$0.95



West Wendover Gas Project Phase 1 Feasibility Study

APPENDIX:

- Population and Demographic Information
- Financials
- Pro Forma Income Statement 30 year loan
- Pro Forma Income Statement 40 year loan
- Pro Forma Cash Flow Statement 30 year loan
- Pro Forma Cash Statement 40 year loan
- Pro Forma Balance Sheet 30 year loan
- Pro Forma Balance 40 year loan
- Loan Payment Schedule 30 year loan
- Loan Payment Schedule 40 year loan
- Note: PUCN - Nevada Propane Pricing
- Wendover Propane Appraisal Revised Letter, 8.8.12
- Summary appraisal Report – Propane of Wendover, 4.26.12
- Wells Rural Electric Company – Letter 11.15.12
- USDA-Rural Development Applicant Feasibility Report – 4.20.12
- City of West Wendover Mayor and City Council Emergency Action Memo – 11.16.12
- Wendover Gas & Propane of Wendover Inventory – 10.8.12
- Wendover Gas Application for a Certificate of Public Convenience and Necessity – 2.6.97
- USDA Rural Development Financial Feasibility Information - 8.9.12



West Wendover Gas Project Phase 1 Feasibility Study

Population and Demographic Information

West Wendover, NV - 2011

• Population 2011	4,425
• Population 2016	4,441
• Households 2011	1,359
• Households 2016	1,380
• Ave Household size 2011	3.26
• Median HH Income 2011	\$41,534

Wendover, UT - 2011

• Population 2011	1,400
• Population 2016	1,465
• Households 2011	491
• Households 2016	516
• Ave Household size 2011	2.87
• Median HH Income 2011	\$38,915

Source: U.S. Census Bureau, Census 2010 Data. Esri forecasts for 2011 and 2016.



West Wendover Gas Project Phase 1 Feasibility Study

PRO FORMA INCOME STATEMENT THREE YEARS – 30 YR LOAN							
CITY OF WEST WENDOVER GAS FUND							
Acct No	Account Description	FY 2013-2014	%	FY 2014-2015	%	FY 2015-2016	%
REVENUES							
55-30-100	CHARGES FOR SERVICES	1,316,134	91.3%	1,355,618	91.3%	1,396,286	91.3%
55-30-150	GAS HOOKUPS	-	0.0%	-	0.0%	-	0.0%
55-30-152	MONTHLY SERVICE FEE	95,880	6.6%	98,756	6.6%	101,719	6.6%
55-30-154	EQUIPMENT SALES & SERVICES	30,000	2.1%	30,900	2.1%	31,827	2.1%
55-30-160	IMPACT FEE	-	0.0%	-	0.0%	-	0.0%
55-30-200	INTEREST REVENUE	-	0.0%	-	0.0%	-	0.0%
55-30-250	SPECIAL GRANT REVENUE	-	0.0%	-	0.0%	-	0.0%
55-30-300	MISCELLANEOUS REVENUE	-	0.0%	-	0.0%	-	0.0%
55-30-600	SALE OF FIXED ASSETS	-	0.0%	-	0.0%	-	0.0%
	Revenue Totals	1,442,014	100.0%	1,485,274	100.0%	1,529,832	100.0%
EXPENSES							
55-40-110	SALARIES AND WAGES	81,394	5.6%	83,836	5.6%	86,351	5.6%
55-40-210	GROUP INSURANCE	18,476	1.3%	19,031	1.3%	19,602	1.3%
55-40-220	FICA CONTRIBUTION	1,140	0.1%	1,174	0.1%	1,209	0.1%
55-40-230	RETIREMENT CONTRIBUTION	17,907	1.2%	18,444	1.2%	18,997	1.2%
55-40-260	WORKERS COMPENSATION	3,988	0.3%	4,108	0.3%	4,231	0.3%
55-40-316	LEGAL SERVICES	5,000	0.3%	5,150	0.3%	5,305	0.3%
55-40-334	OUTSIDE ENGINEERING	15,000	1.0%	15,450	1.0%	15,914	1.0%
55-40-338	LABORATORY CONSULTING FEE		0.0%	-	0.0%	-	0.0%
55-40-430	REPAIR & MAINT - FACILITIES	5,000	0.3%	5,150	0.3%	5,305	0.3%
55-40-435	REPAIR & MAINT - VEHICLES	5,000	0.3%	5,150	0.3%	5,305	0.3%
55-40-440	REPAIR & MAINT - EQUIPMENT	7,000	0.5%	7,210	0.5%	7,426	0.5%



West Wendover Gas Project Phase 1 Feasibility Study

55-40-442	RENTAL OF EQUIPMENT	10,000	0.7%	10,300	0.7%	10,609	0.7%
55-40-450	BAD DEBT EXPENSE	6,000	0.4%	6,180	0.4%	6,365	0.4%
55-40-510	MISCELLANEOUS EXPENSES		0.0%	-	0.0%	-	0.0%
55-40-520	INSURANCE	38,500	2.7%	39,655	2.7%	40,845	2.7%
55-40-530	COMMUNICATIONS/TELEPHONE	900	0.1%	927	0.1%	955	0.1%
55-40-540	ADVERTISING	500	0.0%	515	0.0%	530	0.0%
55-40-550	PRINTING & BINDING		0.0%	-	0.0%	-	0.0%
55-40-560	RIGHT-OF-WAY TOLL/FRANCHISE	41,635	2.9%	42,884	2.9%	44,171	2.9%
55-40-570	PERMITS & FEES	500	0.0%	515	0.0%	530	0.0%
55-40-575	MEMBERSHIP & DUES	700	0.0%	721	0.0%	743	0.0%
55-40-580	TRAVEL/TRAINING	2,000	0.1%	2,060	0.1%	2,122	0.1%
55-40-600	LAND RENT		0.0%	-	0.0%	-	0.0%
55-40-610	OFFICE SUPPLIES	1,000	0.1%	1,030	0.1%	1,061	0.1%
55-40-612	UNIFORMS	1,250	0.1%	1,288	0.1%	1,326	0.1%
55-40-613	POSTAGE	2,500	0.2%	2,575	0.2%	2,652	0.2%
55-40-614	SPECIAL SUPPLIES	4,000	0.3%	4,120	0.3%	4,244	0.3%
55-40-615	TELEMETER GAS METERS		0.0%	-	0.0%	-	0.0%
55-40-623	PROPANE		0.0%	-	0.0%	-	0.0%
55-40-626	GASOLINE	5,000	0.3%	5,150	0.3%	5,305	0.3%
55-40-650	BOOKS/COMPUTER PROGRAMS	1,000	0.1%	1,030	0.1%	1,061	0.1%
55-40-720	BUILDINGS		0.0%	-	0.0%	-	0.0%
55-40-730	IMPR OTHER THAN BUILDINGS		0.0%	-	0.0%	-	0.0%
55-40-742	VEHICLES		0.0%	-	0.0%	-	0.0%
55-40-744	EQUIPMENT		0.0%	-	0.0%	-	0.0%
55-40-746	TOOLS	5,000	0.3%	5,150	0.3%	5,305	0.3%
55-40-747	LEASED EQUIPMENT	1,500	0.1%	1,545	0.1%	1,591	0.1%
55-40-748	LEASED VEHICLES	4,500	0.3%	4,635	0.3%	4,774	0.3%
55-40-800	GAS PURCHASES	766,480	53.2%	789,474	53.2%	813,159	53.2%



West Wendover Gas Project Phase 1 Feasibility Study

55-40-810	INTEREST EXPENSE	89,950	6.2%	88,208	5.9%	86,405	5.6%
55-40-811	INTEREST EXP - CAPITAL LEASES		0.0%	-	0.0%	-	0.0%
55-40-812	BOND EXP - ACQUISITION	1,900	0.1%	1,957	0.1%	2,016	0.1%
55-40-820	AMORTIZATION EXPENSE		0.0%	-	0.0%	-	0.0%
55-40-835	GRANT EXPENSES		0.0%	-	0.0%	-	0.0%
55-40-850	DEPRECIATION EXPENSE	45,800	3.2%	60,000	4.0%	65,000	4.2%
55-40-900	SETTLEMENT OF JUDGEMENT		0.0%	-	0.0%	-	0.0%
	Expenditure Totals	1,190,520	82.6%	1,234,621	83.1%	1,270,411	83.0%
Income Statement Summary		FY 2012-2013		FY 2013-2014		FY 2014-2015	
	Revenues						
	Operating Revenue	1,442,014	100.0%	1,485,274	100.0%	1,529,832	100.0%
	Non-operating Revenue	-	0.0%	-	0.0%	-	0.0%
	Total Revenues	1,442,014	100.0%	1,485,274	100.0%	1,529,832	100.0%
	Expenditures						
	Operating Expenditures						
	Salaries and Wages	81,394	5.6%	83,836	5.6%	86,351	5.6%
	Employee Benefits	41,511	2.9%	42,756	2.9%	44,039	2.9%
	Services and Supplies	929,965	64.5%	957,864	64.5%	986,600	64.5%
	Depreciation/Amortization	45,800	3.2%	60,000	4.0%	65,000	4.2%
	Non-operating Expenditures		0.0%		0.0%		0.0%
	Interest & Bond Expense	91,850	6.4%	90,165	6.1%	88,421	5.8%
	Capital Outlay	140,000	9.7%	105,000	7.1%	105,000	6.9%
	Expenditures Totals	1,330,520	92.3%	1,339,621	90.2%	1,375,411	89.9%
EXCESS (DEFICIENCY) OF REVS OVER EXPS		111,493	7.7%	145,652	9.8%	154,421	10.1%



West Wendover Gas Project Phase 1 Feasibility Study

PRO FORMA INCOME STATEMENT THREE YEARS – 40 YR LOAN							
CITY OF WEST WENDOVER GAS FUND							
Acct No	Account Description	FY 2013-2014	%	FY 2014-2015	%	FY 2015-2016	%
REVENUES							
55-30-100	CHARGES FOR SERVICES	1,316,134	91.3%	1,355,618	91.3%	1,396,286	91.3%
55-30-150	GAS HOOKUPS	-	0.0%	-	0.0%	-	0.0%
55-30-152	MONTHLY SERVICE FEE	95,880	6.6%	98,756	6.6%	101,719	6.6%
55-30-154	EQUIPMENT SALES & SERVICES	30,000	2.1%	30,900	2.1%	31,827	2.1%
55-30-160	IMPACT FEE	-	0.0%	-	0.0%	-	0.0%
55-30-200	INTEREST REVENUE	-	0.0%	-	0.0%	-	0.0%
55-30-250	SPECIAL GRANT REVENUE	-	0.0%	-	0.0%	-	0.0%
55-30-300	MISCELLANEOUS REVENUE	-	0.0%	-	0.0%	-	0.0%
55-30-600	SALE OF FIXED ASSETS	-	0.0%	-	0.0%	-	0.0%
	Revenue Totals	1,442,014	100.0%	1,485,274	100.0%	1,529,832	100.0%
EXPENSES							
55-40-110	SALARIES AND WAGES	81,394	5.6%	83,836	5.6%	86,351	5.6%
55-40-210	GROUP INSURANCE	18,476	1.3%	19,031	1.3%	19,602	1.3%
55-40-220	FICA CONTRIBUTION	1,140	0.1%	1,174	0.1%	1,209	0.1%
55-40-230	RETIREMENT CONTRIBUTION	17,907	1.2%	18,444	1.2%	18,997	1.2%
55-40-260	WORKERS COMPENSATION	3,988	0.3%	4,108	0.3%	4,231	0.3%
55-40-316	LEGAL SERVICES	5,000	0.3%	5,150	0.3%	5,305	0.3%
55-40-334	OUTSIDE ENGINEERING	15,000	1.0%	15,450	1.0%	15,914	1.0%
55-40-338	LABORATORY CONSULTING FEE		0.0%	-	0.0%	-	0.0%
55-40-430	REPAIR & MAINT - FACILITIES	5,000	0.3%	5,150	0.3%	5,305	0.3%
55-40-435	REPAIR & MAINT - VEHICLES	5,000	0.3%	5,150	0.3%	5,305	0.3%
55-40-440	REPAIR & MAINT - EQUIPMENT	7,000	0.5%	7,210	0.5%	7,426	0.5%



West Wendover Gas Project Phase 1 Feasibility Study

55-40-442	RENTAL OF EQUIPMENT	10,000	0.7%	10,300	0.7%	10,609	0.7%
55-40-450	BAD DEBT EXPENSE	6,000	0.4%	6,180	0.4%	6,365	0.4%
55-40-510	MISCELLANEOUS EXPENSES		0.0%	-	0.0%	-	0.0%
55-40-520	INSURANCE	38,500	2.7%	39,655	2.7%	40,845	2.7%
55-40-530	COMMUNICATIONS/TELEPHONE	900	0.1%	927	0.1%	955	0.1%
55-40-540	ADVERTISING	500	0.0%	515	0.0%	530	0.0%
55-40-550	PRINTING & BINDING		0.0%	-	0.0%	-	0.0%
55-40-560	RIGHT-OF-WAY TOLL/FRANCHISE	41,635	2.9%	42,884	2.9%	44,171	2.9%
55-40-570	PERMITS & FEES	500	0.0%	515	0.0%	530	0.0%
55-40-575	MEMBERSHIP & DUES	700	0.0%	721	0.0%	743	0.0%
55-40-580	TRAVEL/TRAINING	2,000	0.1%	2,060	0.1%	2,122	0.1%
55-40-600	LAND RENT		0.0%	-	0.0%	-	0.0%
55-40-610	OFFICE SUPPLIES	1,000	0.1%	1,030	0.1%	1,061	0.1%
55-40-612	UNIFORMS	1,250	0.1%	1,288	0.1%	1,326	0.1%
55-40-613	POSTAGE	2,500	0.2%	2,575	0.2%	2,652	0.2%
55-40-614	SPECIAL SUPPLIES	4,000	0.3%	4,120	0.3%	4,244	0.3%
55-40-615	TELEMETER GAS METERS		0.0%	-	0.0%	-	0.0%
55-40-623	PROPANE		0.0%	-	0.0%	-	0.0%
55-40-626	GASOLINE	5,000	0.3%	5,150	0.3%	5,305	0.3%
55-40-650	BOOKS/COMPUTER PROGRAMS	1,000	0.1%	1,030	0.1%	1,061	0.1%
55-40-720	BUILDINGS		0.0%	-	0.0%	-	0.0%
55-40-730	IMPR OTHER THAN BUILDINGS		0.0%	-	0.0%	-	0.0%
55-40-742	VEHICLES		0.0%	-	0.0%	-	0.0%
55-40-744	EQUIPMENT		0.0%	-	0.0%	-	0.0%
55-40-746	TOOLS	5,000	0.3%	5,150	0.3%	5,305	0.3%
55-40-747	LEASED EQUIPMENT	1,500	0.1%	1,545	0.1%	1,591	0.1%
55-40-748	LEASED VEHICLES	4,500	0.3%	4,635	0.3%	4,774	0.3%
55-40-800	GAS PURCHASES	766,480	53.2%	789,474	53.2%	813,159	53.2%



West Wendover Gas Project Phase 1 Feasibility Study

55-40-810	INTEREST EXPENSE	89,950	6.2%	88,885	6.0%	87,785	5.7%
55-40-811	INTEREST EXP - CAPITAL LEASES		0.0%	-	0.0%	-	0.0%
55-40-812	BOND EXP - ACQUISITION	1,900	0.1%	1,957	0.1%	2,016	0.1%
55-40-820	AMORTIZATION EXPENSE		0.0%	-	0.0%	-	0.0%
55-40-835	GRANT EXPENSES		0.0%	-	0.0%	-	0.0%
55-40-850	DEPRECIATION EXPENSE	45,800	3.2%	60,000	4.0%	65,000	4.2%
55-40-900	SETTLEMENT OF JUDGEMENT		0.0%	-	0.0%	-	0.0%
	Expenditure Totals	1,190,520	82.6%	1,235,298	83.2%	1,271,791	83.1%
Income Statement Summary		FY 2012-2013		FY 2013-2014		FY 2014-2015	
	Revenues						
	Operating Revenue	1,442,014	100.0%	1,485,274	100.0%	1,529,832	100.0%
	Non-operating Revenue	-	0.0%	-	0.0%	-	0.0%
	Total Revenues	1,442,014	100.0%	1,485,274	100.0%	1,529,832	100.0%
	Expenditures						
	Operating Expenditures						
	Salaries and Wages	81,394	5.6%	83,836	5.6%	86,351	5.6%
	Employee Benefits	41,511	2.9%	42,756	2.9%	44,039	2.9%
	Services and Supplies	929,965	64.5%	957,864	64.5%	986,600	64.5%
	Depreciation/Amortization	45,800	3.2%	60,000	4.0%	65,000	4.2%
	Non-operating Expenditures		0.0%		0.0%		0.0%
	Interest & Bond Expense	91,850	6.4%	90,842	6.1%	89,801	5.9%
	Capital Outlay	140,000	9.7%	105,000	7.1%	105,000	6.9%
	Expenditures Totals	1,330,520	92.3%	1,340,298	90.2%	1,376,791	90.0%
EXCESS (DEFICIENCY) OF REVS OVER EXPS		111,493	7.7%	144,975	9.8%	153,041	10.0%



West Wendover Gas Project Phase 1 Feasibility Study

Pro Forma Cash Flow Statement 30 year loan	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
Cash paid to suppliers and employees	\$1,100,570	\$1,146,413	\$1,184,006
Cash generated from operations (sum)	1,442,014	1,485,274	1,529,832
Interest & principle payments	139,735	139,735	139,735
Income taxes paid	-	-	-
Required capital improvements/purchases	140,000	105,000	105,000
Net cash flows from operating activities	201,444	233,861	240,826
Net increase in cash and cash equivalents	61,709	94,126	101,091
Cash and cash equivalents, beginning of year	50,000	111,709	205,835
Cash and cash equivalents, end of year	\$111,709	\$205,835	\$306,926

Pro Forma Cash Flow Statement 40 year loan	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
Cash paid to suppliers and employees	\$1,100,570	\$1,146,413	\$1,184,006
Cash generated from operations (sum)	1,442,014	1,485,274	1,529,832
Interest & principle payments	120,345	120,345	120,345
Income taxes paid	-	-	-
Required capital improvements/purchases	140,000	105,000	105,000
Net cash flows from operating activities	201,444	233,861	240,826
Net increase in cash and cash equivalents	81,099	113,516	120,481
Cash and cash equivalents, beginning of year	50,000	131,099	244,615
Cash and cash equivalents, end of year	\$131,099	\$244,615	\$365,096



West Wendover Gas Project Phase 1 Feasibility Study

Pro Forma Balance Sheet 30 Year Loan	
Assets	
Cash	50,000
Restricted Cash	13,975
Accounts receivable, net	90,725
Inventories	25,000
Other	
Prepaid expenses	180,000
Total Current Assets	359,700
Mains and meters	1,545,000
Land and buildings	250,000
Equipment and Vehicles	550,000
Other	
Less: accumulated depreciation	
Other Assets, net	
Total Assets	\$2,704,700
Liabilities and Shareholders' Equity	
Accounts payable	
Accrued liabilities	
Current portion of long term debt – annual payment 30 yr term	49,785
Total Current Liabilities	49,785
Short term notes payable	
Long term notes payable	2,570,000
Other long term liabilities	
Less: current portion of long term debt	49,785
Total Long-Term Liabilities	2,520,215
Total Liabilities	2,570,000
Capital stock	
Additional paid-in capital	
Retained earnings (deficit)	
Total Liabilities and Shareholders' Equity	134,700
Total Liabilities and Shareholders' Equity	\$2,704,700



West Wendover Gas Project Phase 1 Feasibility Study

Pro Forma Balance Sheet 40 Year Loan	
Assets	
Cash	50,000
Restricted Cash	12,035
Accounts receivable, net	90,725
Inventories	25,000
Other	
Prepaid expenses	180,000
Total Current Assets	357,760
Mains and meters	1,545,000
Land and buildings	250,000
Equipment and Vehicles	550,000
Other	
Less: accumulated depreciation	
Other Assets, net	
Total Assets	\$2,702,760
Liabilities and Shareholders' Equity	
Accounts payable	
Accrued liabilities	
Current portion of long term debt – annual payment 30 yr term	30,395
Total Current Liabilities	30,395
Short term notes payable	
Long term notes payable	2,570,000
Other long term liabilities	
Less: current portion of long term debt	30,395
Total Long-Term Liabilities	2,539,605
Total Liabilities	2,570,000
Capital stock	
Additional paid-in capital	
Retained earnings (deficit)	
Shareholders' Equity	132,760
Total Liabilities and Shareholders' Equity	\$2,702,760



West Wendover Gas Project Phase 1 Feasibility Study

Loan Payment Schedule			
30 Year Loan			
Number	Interest Payment	Principal Payment	Balance
			2,570,000.00
1	89,950.00	49,784.32	2,520,215.68
2	88,207.55	51,526.77	2,468,688.90
3	86,404.11	53,330.21	2,415,358.69
4	84,537.55	55,196.77	2,360,161.93
5	82,605.67	57,128.65	2,303,033.27
6	80,606.16	59,128.16	2,243,905.11
7	78,536.68	61,197.64	2,182,707.47
8	76,394.76	63,339.56	2,119,367.91
9	74,177.88	65,556.45	2,053,811.46
10	71,883.40	67,850.92	1,985,960.54
11	69,508.62	70,225.70	1,915,734.84
12	67,050.72	72,683.60	1,843,051.24
13	64,506.79	75,227.53	1,767,823.71
14	61,873.83	77,860.49	1,689,963.22
15	59,148.71	80,585.61	1,609,377.61
16	56,328.22	83,406.11	1,525,971.50
17	53,409.00	86,325.32	1,439,646.18
18	50,387.62	89,346.71	1,350,299.47
19	47,260.48	92,473.84	1,257,825.63
20	44,023.90	95,710.43	1,162,115.21
21	40,674.03	99,060.29	1,063,054.92
22	37,206.92	102,527.40	960,527.52
23	33,618.46	106,115.86	854,411.66
24	29,904.41	109,829.91	744,581.74
25	26,060.36	113,673.96	630,907.78
26	22,081.77	117,652.55	513,255.23
27	17,963.93	121,770.39	391,484.84
28	13,701.97	126,032.35	265,452.49
29	9,290.84	130,443.49	135,009.01
30	4,725.32	135,009.01	0



West Wendover Gas Project Phase 1 Feasibility Study

Payment Schedule 40 Year Loan			
Number	Interest Payment	Principal Payment	Balance
			2,570,000.00
1	89,950.00	30,396.12	2,539,603.88
2	88,886.14	31,459.98	2,508,143.91
3	87,785.04	32,561.08	2,475,582.83
4	86,645.40	33,700.72	2,441,882.11
5	85,465.87	34,880.24	2,407,001.87
6	84,245.07	36,101.05	2,370,900.82
7	82,981.53	37,364.59	2,333,536.23
8	81,673.77	38,672.35	2,294,863.88
9	80,320.24	40,025.88	2,254,838.00
10	78,919.33	41,426.79	2,213,411.22
11	77,469.39	42,876.72	2,170,534.50
12	75,968.71	44,377.41	2,126,157.09
13	74,415.50	45,930.62	2,080,226.47
14	72,807.93	47,538.19	2,032,688.28
15	71,144.09	49,202.03	1,983,486.26
16	69,422.02	50,924.10	1,932,562.16
17	67,639.68	52,706.44	1,879,855.72
18	65,794.95	54,551.17	1,825,304.56
19	63,885.66	56,460.46	1,768,844.10
20	61,909.54	58,436.57	1,710,407.53
21	59,864.26	60,481.85	1,649,925.68
22	57,747.40	62,598.72	1,587,326.96
23	55,556.44	64,789.67	1,522,537.29
24	53,288.81	67,057.31	1,455,479.98
25	50,941.80	69,404.32	1,386,075.66
26	48,512.65	71,833.47	1,314,242.19
27	45,998.48	74,347.64	1,239,894.56
28	43,396.31	76,949.81	1,162,944.75
29	40,703.07	79,643.05	1,083,301.70
30	37,915.56	82,430.56	1,000,871.14
31	35,030.49	85,315.63	915,555.52
32	32,044.44	88,301.67	827,253.85
33	28,953.88	91,392.23	735,861.62
34	25,755.16	94,590.96	641,270.66
35	22,444.47	97,901.64	543,369.01
36	19,017.92	101,328.20	442,040.81
37	15,471.43	104,874.69	337,166.13
38	11,800.81	108,545.30	228,620.83
39	8,001.73	112,344.39	116,276.44
40	4,069.68	116,276.44	0.00



West Wendover Gas Project Phase 1 Feasibility Study

Note on other Nevada Propane Pricing:

Bob, in response to your inquiry, here is the information I said I would provide. It is based on information provided by each entity for calendar year 2011:

Lakeview 74 Mobile Home Park (operated by Heritage Operating LP d/b/a Bi-State Propane) - Highest price charged to customers during calendar year 2011 was \$3.07/gallon. The highest price paid by the operator for bulk gas was \$2.00/gallon. This results in an implied mark-up of \$1.07 per gallon (\$3.07-\$2.00). Monthly meter read fee: \$5.98

Lockwood Mobile Home Park (operated by Heritage Operating LP d/b/a Bi-State Propane) - Highest price charged to customers during calendar year 2011 was \$3.07/gallon. The highest price paid by the operator for bulk gas was \$2.00/gallon. This results in an implied mark-up of \$1.07 per gallon (\$3.07-\$2.00). Monthly meter read fee: \$5.98

Pahrump Valley Junction (operated by Heritage Operating LP d/b/a Bi-State Propane) Highest price charged to customers during calendar year 2011 was \$2.51/gallon. The highest price paid by the operator for bulk gas was \$1.97/gallon. This results in an implied mark-up of \$0.54 per gallon (\$2.51-\$1.97). Monthly Service Fee: \$8.50; Monthly Hazmat Fee Meter: \$4.98

Sierra Vista Inn (operated by AmeriGas Propane, LP) Highest price charged to customers during calendar year 2011 was \$3.04/gallon. The highest price paid by the operator for bulk gas was \$2.09/gallon. This results in an implied mark-up of \$0.95 per gallon (\$3.04-\$2.09). Monthly fee: \$8.00

Please let me know if I can be of further assistance.

Rex Bosier, Manager
Financial Analysis Division
Public Utilities Commission of Nevada
Ph: 775-684-6148

Email 2/12/2013

Note: These data were reported by the entities to the PUCN Regulatory Operations Staff.

