

## **Savings by switching to Vanguard**

### **I. Customer Charge**

- a. \$120 month, \$1,440/year. The \$20/school/month charge will go away when switched to Vanguard.

### **II. Storage usage**

- a. North Boone SD has 41,615 therms of storage capacity assigned them by Nicor. Vanguard would allow your district to use this capacity to save money, as opposed to being used to make supplier money.
- b. A realistic expectation is to turn it once and save 6 cents/therm.  $\$.06 \times 41,615$  is a savings of \$2,496.90. That savings is a conservative estimate. It could be 10 cents per therm! On the flip side, there is always a chance that the savings is 3 cents per therm.

### **III. Price**

- a. Spot pricing is a market price mechanism that utilizes the daily cash market for gas in lieu of a monthly Index (NGI Index). Spot pricing, like index pricing, is convertible to fixed pricing at any time when the market is favorable. Our spot price has been working wonderfully. Spot pricing has beaten the flat index price(NGI first of the month index) by an average of \$.014/therm over the last 6 years. Take that savings x usage (162,440 in typical year) = \$2,274.16 savings!

### **IV. Total Savings**

- a. Annual Savings total(adding savings of I, II, and III above) by switching to Vanguard = **\$6,211.06!**

### **V. Fixed prices currently available:**

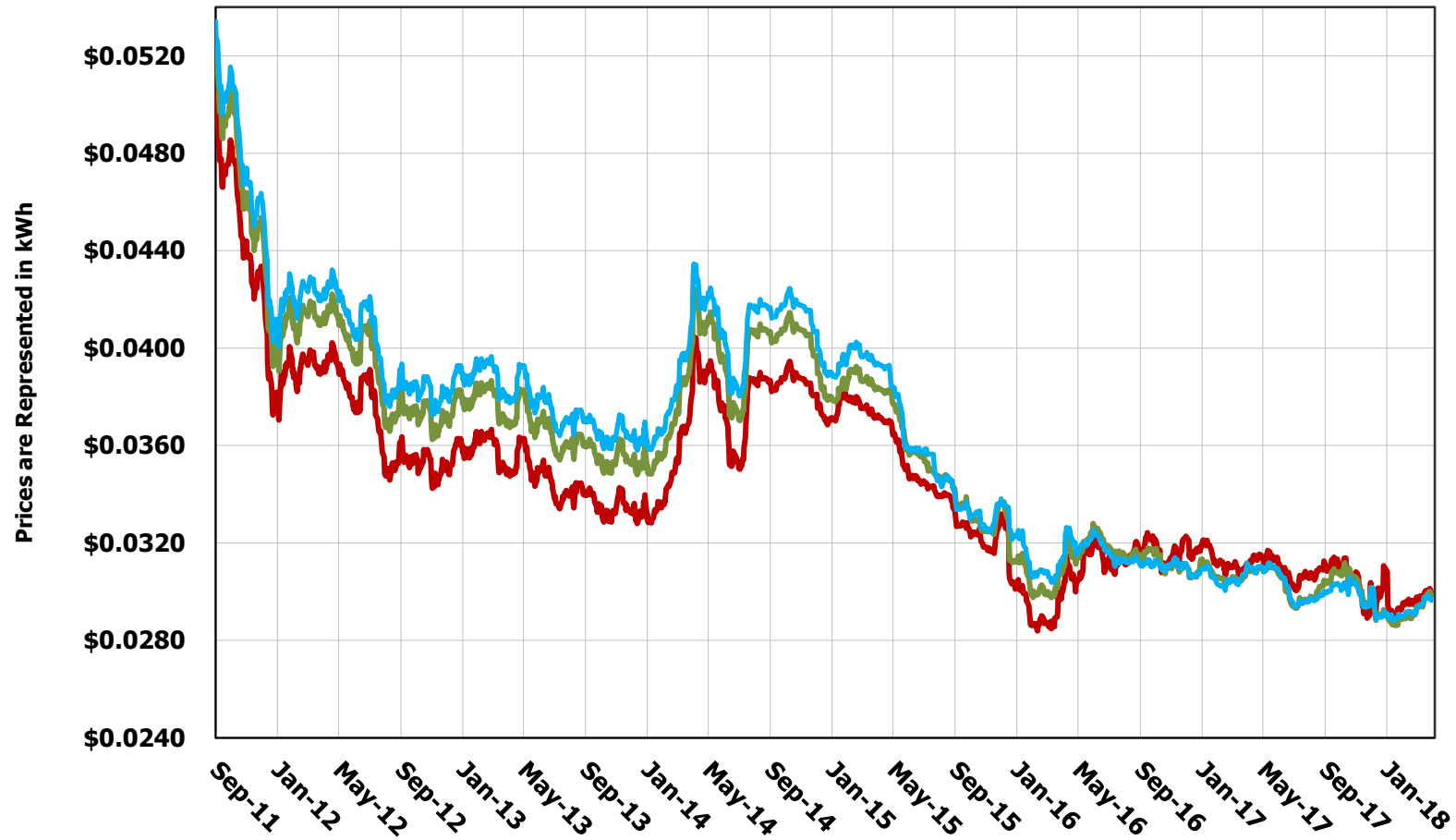
- a. One year (11/1/18 – 10/31/19)      \$.293/therm
- b. Two year (11/1/18 – 10/31/20)      \$.289/therm
- c. Three year (11/1/18 – 10/31/21)      \$.291/therm

**Recommendation** – Vanguard Energy Services is a very large believer in diversification in this volatile market. Based on that, our recommendation would be to split your volume between fixed pricing and Spot pricing 50/50, while using storage capacity. By using that approach, North Boone is protected from upside risk, while also able to take advantage of price moves to the downside!



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## 2018/2019/2020 Electric Strip Pricing



## Nymex Natural Gas 12-Month Strip

