



City Commission Meeting Study Session Agenda

Thursday, October 16, 2025 at 6:00 PM

The Tom Hardin Room – 100 Public Square, Mount Pleasant, TN

1. **Call to Order**
2. **Awards/Presentations/Appointments**
 - A. Proclamation for Sanofi.
3. **Completion / Review of Unfinished Business from prior meeting**
4. **Monthly report from Mayor**
5. **Monthly Financial / Budget report**
6. **Monthly report from City Manager**
7. **Special reports from other City Departments or Committees if applicable**
 - A. Wastewater Liaison Report - Barge Design Monthly Report
 - B. Mount Pleasant Gas System Report
8. **New Business**

(Comments from citizens may or may not be included, dependent on the issues.)

 - A. Ordinance 2025-1136 - (First Reading) - An Ordinance regarding model codes.
 - B. Ordinance 2025-1137 - (First Reading) - An Ordinance regarding Gas Rate.
 - C. Resolution 2025-48 - A Resolution to set public hearing for plan of services and annexation. (Old Zion/Trotwood)
 - D. Resolution 2025-49 - A Resolution authorizing the City of Mount Pleasant, Tennessee, to participate in Public Entity Partners "Safety Partners" Matching Grant Program.
 - E. Resolution 2025-50 - A Resolution regarding Firehouse Subs Public Safety Foundation Grant Award - (Mount Pleasant Fire Department).
 - F. Resolution 2025-51 - A Resolution to approve the THSO Grant.
 - G. Downtown Change Order #4
9. **General comments from citizens (May be limited in time and/or number of comments.)**
10. **Board / Staff Comments / Adjournment**



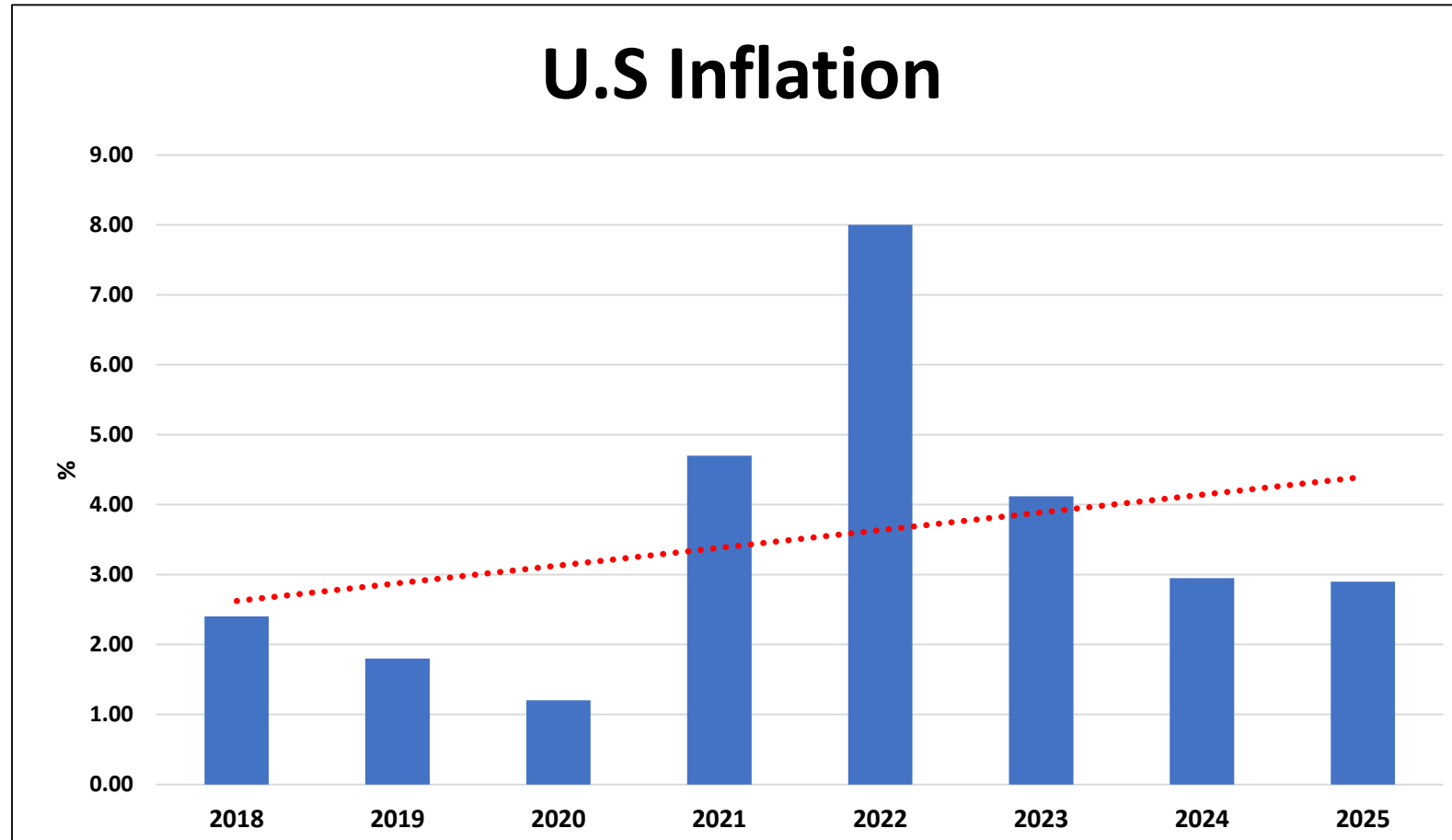
Mt. Pleasant Natural Gas Department Rate Study

October 2025

Agenda

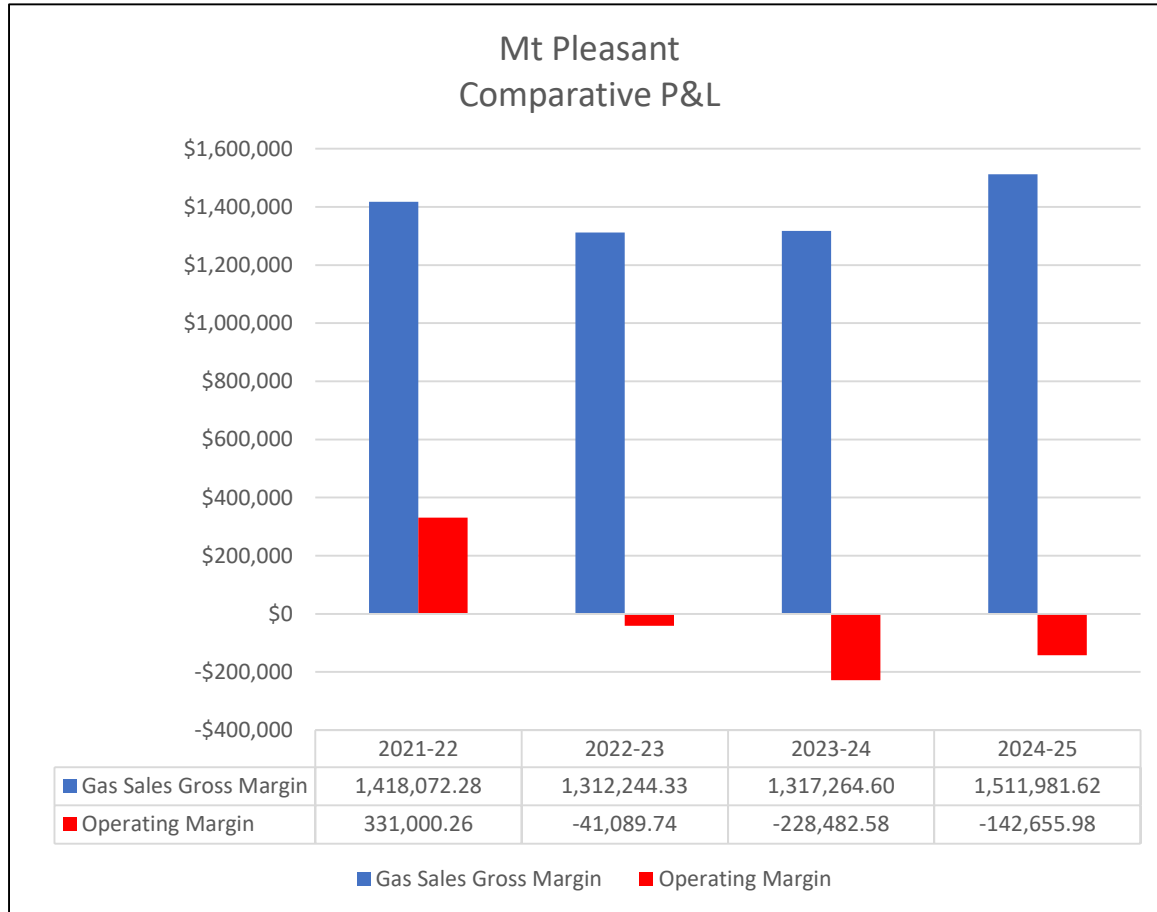
- Offsetting Inflation
 - Customer Growth
 - Rate Increase
- Rate Study Findings
 - Deficit driven by cost increases
 - Deficit is not weather-driven
- Rate Adjustment Recommendations
- Summary

Inflation Impact on Utility Operating Costs



- U.S. CPI Cumulative inflation rate since 2018 is 27%

Profit & Loss Changes



2021-2024 Primary Expense Drivers:

- 117% increase in Salaries Permanent Hourly Wages
- 35% Increase in Wages Hourly
- 265% Increase in Overtime Hourly
- 68% Increase FICA Employer's share
- 144% Hospital/Health Insurance
- 76% Increase in Depreciation

Utility Rates and Cost Recovery Frequency Analysis

Mt. Pleasant Gas									
VARIABLES:				Δ					
Base Annual Sales Volume		904,618							
Base Annual Operating Income		\$ (179,920)		\$ (179,920)					
Resi/Comm Sales volume change		0%	-	\$ -					
Residential customer growth		0%	-	\$ -					
Inflation		0%		\$ -					
	# Customers	Mcf	Vol %	Total Revenue	Rev %	Revenue /Unit	Margin / Mcf	Customer Charge	Customer charge annual revenue
Total Residential 22	1,321	57,718	6%	\$ 710,220	13%	\$ 12.31	\$ 7.10	\$ 7.00	\$ 110,964
Total Commercial 50	131	29,046	3%	\$ 329,682	6%	\$ 11.35	\$ 6.14	\$ 35.00	\$ 55,020
Industrial 55	36	88,483	10%	\$ 1,002,855	18%	\$ 11.33	\$ 6.13	\$ 250.00	\$ 108,000
Interruptible Industrial Tegrant/Ventek	1	170,955	19%	\$ 699,289	12%	\$ 4.09	\$ (1.12)	\$ 250.00	\$ 3,000
Firm Industrial UST	1	441,536	49%	\$ 2,793,511	50%	\$ 6.33	\$ 1.12	\$ 250.00	\$ 3,000
Transportation Customer TAP/SCA	1	116,881	13%	\$ 82,501	1%	\$ 0.71	\$ 0.71	\$ 250.00	\$ 3,000
TOTAL	1,454	904,618	100%	\$ 5,618,058	100%				\$ 282,984
Total Sales Volume DTH		787,737							
Budgeted Expenses									
Gas Cost			\$ 5.21	\$ 4,100,789	71%				
Operating Expense				\$ 1,697,189	29%				
Operating Income				\$ (179,920)					

Utility Rates and Cost Recovery Frequency Analysis

Mt. Pleasant	# Customers	Mcf	Vol %	Total Revenue	Rev %	Revenue /Unit	Margin / Mcf	Customer Charge	Customer charge annual revenue	\$1.75 Rate Increase	Average Customer Increase per month	Increase Customer Charge \$.25 Comm \$75 Industrial	Incremental Margin from \$.25 Transportation Rate increase
Total Residential 22	1,321	57,718	6%	\$ 710,220	13%	\$ 12.31	\$ 7.10	\$ 5.00	\$ 79,260	\$ 101,006	\$ 6		
Total Commercial 50	131	29,046	3%	\$ 329,682	6%	\$ 11.35	\$ 6.14	\$ 5.00	\$ 7,860	\$ 50,830	\$ 32	\$ 31,440	
Industrial 55	36	88,483	10%	\$ 1,002,855	18%	\$ 11.33	\$ 6.13	\$ -	\$ -	\$ 154,846	\$ 358	\$ 32,400	
Interruptible Industrial Tegrant/Ventek	1	170,955	19%	\$ 699,289	12%	\$ 4.09	\$ (1.12)	\$ -	\$ -				
Firm Industrial UST	1	441,536	49%	\$ 2,793,511	50%	\$ 6.33	\$ 1.12	\$ -	\$ -				
Transportation Customer TAP/SCA	1	116,881	13%	\$ 82,501	1%	\$ 0.71	\$ 0.71	\$ -	\$ -				\$ 29,220
TOTAL	1,454	904,618	100%	\$ 5,618,058	100%				\$ 87,120	\$ 306,681		\$ 63,840	\$ 29,220
Total Sales Volume DTH		787,737											
Budgeted Expenses													
Gas Cost			\$ 5.21	\$ 4,100,789	71%								
Operating Expense				\$ 1,607,189	29%								
Operating Income				\$ 219,822									

- 14% Rate increase based on June 2025 rates \$12.13 to 13.88
 - Average Residential monthly bill increase of \$6
- Increase Commercial Customer Charge to \$25 and Industrial to \$75
- Industrial Transportation rate increase \$.25- \$29,220

Other Rate Recommendations

• Retain MuniGas Discount	\$103,860
• Add UST to MuniGas	\$132,461
• New Customer Connect Fees	\$45,000
• Convert Ventek to Firm	<u>\$382,939</u>
• Total Incremental Revenue	\$664,260

Future Gas Department Impacts

- ETNG 123% Rate increase effective November 2025
 - Transportation rate increase from \$1.23 to \$2.74
 - Residential Customer increase \$5.50 per month
- Incorporate the cost of Interconnecting UST tap with existing distribution system to provide incremental supply and accommodate Residential and Industrial growth

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