

MOBIL FUEL SUPPLY CONTRACT

IMPACT ON RATES

TERM & VOLUME REQUIREMENT

BENEFITS

PRICING COMPARISONS

IMPACT ON RATES

Impact on 500 kWh/month consumer's
monthly billing is only \$.53 increase per
month

Commonwealth Utilities Corp			
Mobil Power Plant Fuel Contract			
Cost Comparisons (Weighted Average Cost Basis)			
(All costs are \$/gallon)			
	Current	New	CPUC/GCG
	<u>Contract</u>	<u>Contract</u>	<u>Option</u>
Base Fuel Price (MOPS 30 day average)	\$ 2.9003	\$ 2.9003	\$ 2.9003
Freight	0.1379	0.1370	0.1370
Product Quality	0.0238	0.0000	0.0000
Fixed Add-on	0.1260	0.1619	0.1119
Taxes & Fees	0.2150	0.2155	0.2127
Pay-off Mobil Obligation through LEAC over 24 months			0.1750
Total Delivered Cost	<u>\$ 3.4030</u>	<u>\$ 3.4147</u>	<u>\$ 3.5369</u>
Increase over current		\$ 0.0117	\$ 0.1339
Impact on 350 kWh/mo customer		\$ 0.37	\$ 4.22
Impact on 500 kWh/mo customer		\$ 0.53	\$ 6.03
Impact on 1000 kWh/mo customer		\$ 1.05	\$ 12.05



TERM & VOLUME REQUIREMENT

6 Year Contract

- Early termination option after 48 months

108 million gallons minimum volume purchase over term

- 18 million gallons per year
- Over 19 million gallons per year results in discount of \$.01 per gallon for all gallons purchased during year
- Rate drops by \$.0611 per gallon once total minimum purchase is reached at any time during term of contract

BENEFITS

- \$1.3 million “*take or pay*” low volume penalty forgiven
- \$3.0 million unsecured line of credit at no cost
- \$6.6 million Marketing Assistance Program at no interest

\$6.6 MILLION MARKETING ASSISTANCE PROGRAM

- Not normally provided to entity like CUC
- **\$6.3 million owed to Mobil paid via MAP**
 - \$5.7 million paid by June 6, 2014
 - \$0.9 million paid by April, 2015
 - Existing Letter of Credit will be retired
 - Customer deposits will no longer collateralize the Mobil Payable
 - Use \$3.0 million unsecured line of credit
- **\$300K for discretionary use as may be decided by Board and Management**

MOBIL OIL MARIANA ISLANDS, INC. FUEL CONTRACT PRICING COMPARISON

	SAIPAN	TINIAN	ROTA	TOTAL
FORMER PRICING				
Base Fuel	2.9003	2.9003	2.9003	
Transportation	0.0830	0.4392	0.4788	
Product Quality	0.0238	0.0238	0.0238	
Fixed Add-on	0.0905	0.3095	0.3810	
Taxes and Fees	0.2110	0.2439	0.2179	
Total/Gallon	3.3086	3.9167	4.0018	
NEW PRICING				
Base Fuel	2.9003	2.9003	2.9003	
Transportation	0.0821	0.4383	0.4780	
Product Quality	0	0	0	
Fixed Add-on	0.1619	0.1619	0.1619	
Taxes and Fees	0.2136	0.2339	0.204	
Total/Gallon	3.3579	3.7344	3.7442	
Gallons/YR	15,300,000	2,040,000	660,000	
Total FORMER	\$50,622,290	\$7,989,991	\$2,641,188	\$61,253,469
Total NEW	\$51,375,870	\$7,618,776	\$2,471,172	\$61,465,218
DIFFERENCE	\$753,580	\$(371,815)	\$(170,016)	\$211,749

MOBIL OIL MARIANA ISLANDS, INC. FUEL CONTRACT

PRICING COMPARISON

(WEIGHTED BLENDED COST)

	FORMER PRICING	NEW PRICING	DIFFERENCE
Base Fuel	2.9003	2.9003	0
Transportation	0.1379	0.1370	(0.0009)
Product Quality	0.0238	0	(0.0238)
Fixed Add-on	0.1260	0.1619	0.0359
Taxes and Fees	0.2150	0.2155	0.0005
Total/Gallon	3.4030	3.4147	0.0118
Gallons/YR	18,000,000	18,000,000	
Total COST	\$61,253,469	\$61,465,218	\$211,749