

UTA Policy – UTA.02.09 – Fuel Price Risk Management Program

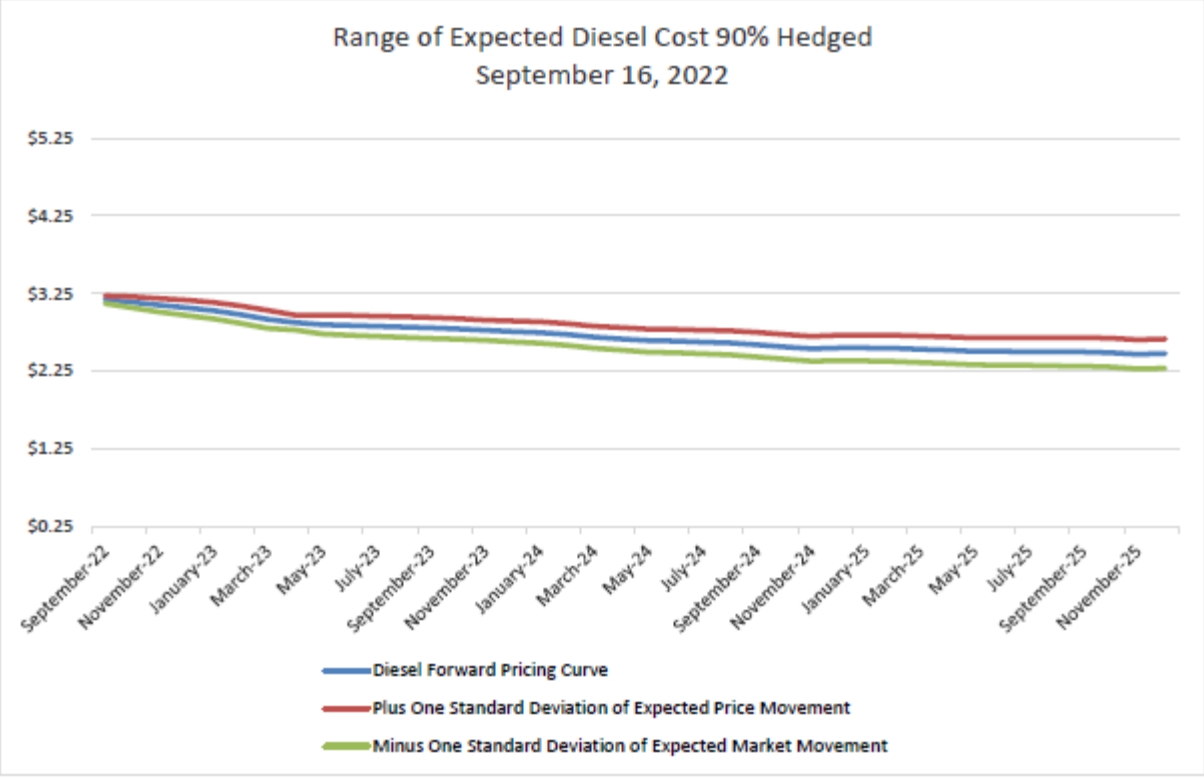
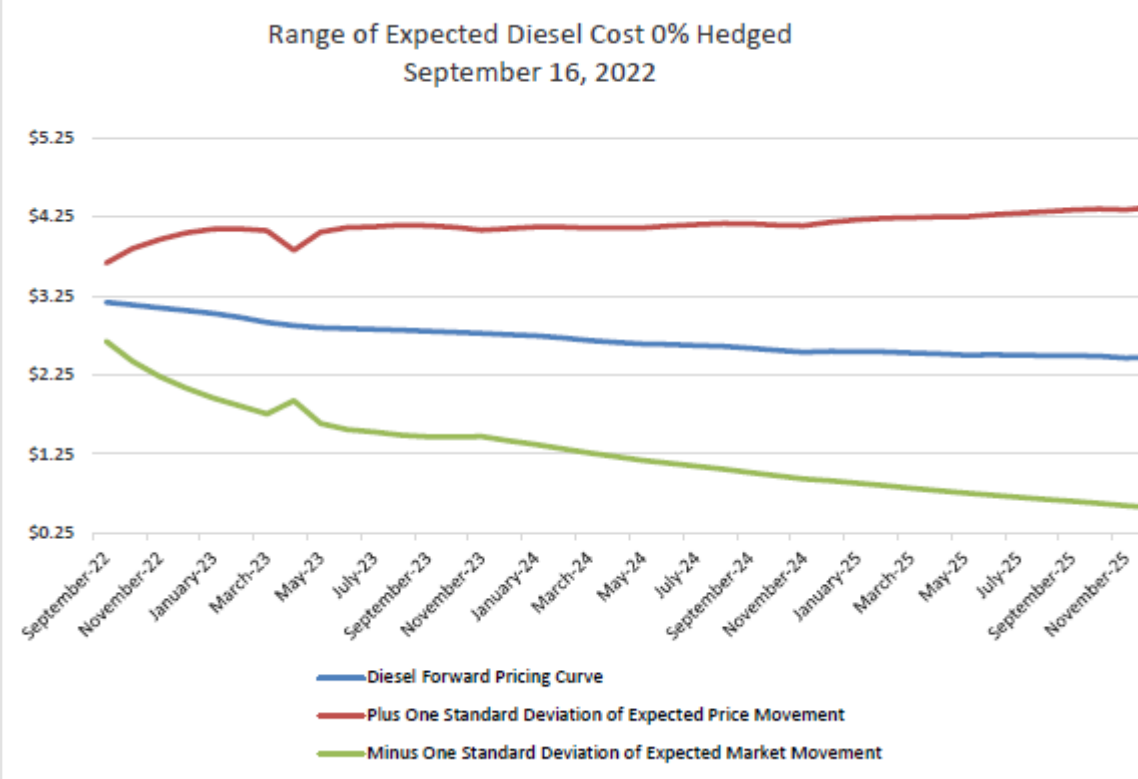


Why Consider Fuel Hedging?

- UTA buys approximately 6,000,000+ gallons of diesel every year
- Budgeted 2022 cost is \$15.9 million
- UTA per gallon diesel price is based upon current price “rack rate” plus \$0.02 freight
- Diesel prices since January 2022 have ranged from \$2.52 to \$4.64 per gallon
- Price spikes can have a detrimental effect on annual expenditures
- Hedging provides a smoothing effect to fuel expense



Unhedged vs. Hedged



What Does The Fuel Price Risk Management Policy Do?

1. Establish a contract with an expert in transit fuel hedging to advise the CFO on all hedging practices.
2. Establish this policy for fuel hedging with the following criteria:
 - a. Instruments that can be purchased
 - b. The maximum hedging ratio (Gallons of Fuel Purchased Monthly/Gallons of Heating Oil Hedged in Forward Purchase)
 - c. Duration of hedge instruments
 - d. Defines who will create a strategy on how the program objectives will be achieved
 - e. Execution, monitoring & reporting



Recommended Action

(by acclamation)

Motion to approve UTA Policy – UTA.02.09
Fuel Price Risk Management Program, as presented

