

One-rdg. \_\_\_\_\_  
P. Hrngs. \_\_\_\_\_  
Pgs. 84  
Filed: 08-16-16

Sponsored by: Schilling

First Reading: \_\_\_\_\_

Second Reading: \_\_\_\_\_

COUNCIL BILL NO. 2016- 196

SPECIAL ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE

1 APPROVING the City Utilities Annual Operating Budget for the Fiscal Year ending  
2 September 30, 2017.  
3  
4

5 WHEREAS, the Board of Public Utilities has prepared and submitted to City  
6 Council a proposed budget documenting its estimated revenue for the coming fiscal  
7 year (October 1, 2016, through September 30, 2017) ("FY2017"), from all sources; as  
8 well as its estimated expenditures for operating expenses, for depreciation, for payment  
9 of all outstanding obligations, for transfer to the City of payments in lieu of taxes, and all  
10 other expenditures for FY2017; and  
11

12 WHEREAS, said budget has been on file with the City Clerk of the City of  
13 Springfield, Missouri, for more than 30 days prior to September 30, 2016, in accordance  
14 with the City Charter Section 16.8.  
15

16 NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF  
17 SPRINGFIELD, MISSOURI, as follows, that:  
18

19 Section 1 – The proposed budget for the fiscal year ending September 30, 2017,  
20 approved by the Board of Public Utilities on August 18, 2016, be deemed to be an  
21 appropriation of the money authorized for disbursement thereby and should be and is  
22 hereby approved. Attached hereto as "Exhibit A" is a copy of City Utilities' Resolution  
23 adopting its Fiscal Year 2017 Annual Operating Budget.  
24

25 Section 2 – This ordinance shall be in full force and effect from and after  
26 passage.  
27

28 Passed at meeting: \_\_\_\_\_  
29  
30

31 \_\_\_\_\_  
32 Mayor  
33

34 Attest: \_\_\_\_\_, City Clerk

35

36

37 Filed as Ordinance: \_\_\_\_\_

38

39

40 Approved as to form: Franklin Dan Bonin II, City Attorney

41

42 Approved for Council action: [Signature], City Manager

EXPLANATION TO COUNCIL BILL NO: 2016- 196

FILED: 8-16-16

ORIGINATING DEPARTMENT: City Utilities of Springfield, Missouri

PURPOSE: Approval of the City Utilities Annual Operating Budget for the 2017 Fiscal Year.

BACKGROUND INFORMATION: As required by the Springfield City Charter, article 16.8: The Springfield Board of Public Utilities shall prepare and submit to the council, not less than 30 days prior to the end of the fiscal year, a budget showing its estimated revenue for the coming year from all sources and its estimated expenditures for operating expenses, for depreciation, for payment of all outstanding obligations, for transfer to the City of payments in lieu of taxes, and all other estimated expenditures.

Article 16.9 of the Springfield City Charter further states that the approval of said budget by City Council shall be deemed to be an appropriation of the money authorized for disbursement thereby, and no further action needs to be taken by City Council.

REMARKS: The end of the current fiscal year and budget is Friday, September 30, 2016. The period included in City Utilities' 2017 Annual Operating Budget is October 1, 2016 through September 30, 2017.

Submitted by:



Michael Finch  
Associate General Manager – Finance  
and Chief Financial Officer



Scott Miller  
General Manager

# Exhibit A

## RESOLUTION

WHEREAS, the Board of Public Utilities of Springfield, Missouri, has the charter duty to take charge and exercise control over the public utilities, including the responsibility to prepare and submit to City Council an annual budget; and

WHEREAS, Staff has presented and received input on the proposed Fiscal Year 2017 Annual Operating Budget from the Board and City Council, as well as the public by virtue of a public hearing opportunity, and has now presented to the Board a proposed Fiscal Year 2017 Annual Operating Budget, in accordance with Charter Section 16.8, together with a form of Council Ordinance and Explanation, proposing Fiscal Year 2017 disbursement authority of \$537,802,884 said budget included in the 2017 Operating Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES OF THE CITY OF SPRINGFIELD, MISSOURI, that the 2017 Operating Plan, incorporated herein by reference, including the Fiscal Year 2017 Annual Operating Budget, copy attached, be approved, together with City Council Ordinance and Explanation in form similar to that also attached, and the Fiscal Year 2017 Operating Budget be submitted to City Council for approval.

## CERTIFICATE

The undersigned, Dean Young, Secretary of the Board of Public Utilities of the City of Springfield, Missouri, does hereby certify under his hand and seal of said Board of Public Utilities, that the above and foregoing is a true and correct copy of a resolution adopted by the Board of Public Utilities of the City of Springfield, Missouri, at its regular meeting held on the 18th day of August, 2016, pursuant to notice of time and place duly given to all members of said Board, at which meeting a quorum was present and voted throughout.

Dated this 18th day of August, 2016.

  
\_\_\_\_\_  
Dean Young, Secretary



One-rdg. \_\_\_\_\_  
P. Hrngs. \_\_\_\_\_  
Pgs. \_\_\_\_\_  
Filed: \_\_\_\_\_

Sponsored by: \_\_\_\_\_

First Reading: \_\_\_\_\_

Second Reading: \_\_\_\_\_

COUNCIL BILL NO. 2016- \_\_\_\_\_

GENERAL ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE

1 APPROVING the City Utilities Annual Operating Budget for the Fiscal Year  
2 ending September 30, 2017.  
3  
4

5 WHEREAS, the Board of Public Utilities has prepared and submitted to the City  
6 Council a proposed budget showing its estimated revenue for the coming fiscal year  
7 from all sources and its estimated expenditures for operating expenses, for  
8 depreciation, for payment of all outstanding obligations, for transfer to the City of  
9 payments in lieu of taxes, and all other estimated expenditures; and  
10

11 WHEREAS, said budget has been on file with the City Clerk of the City of  
12 Springfield, Missouri, for 30 days prior to the end of the fiscal year.  
13

14 NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF  
15 SPRINGFIELD, MISSOURI, as follows, that:  
16

17 Section 1 – The proposed budget for the fiscal year ending September 30, 2017,  
18 approved by the Board of Public Utilities on August 18, 2016, be deemed to be an  
19 appropriation of the money authorized for disbursement thereby and should be and is  
20 hereby approved.  
21

22 Section 2 – This ordinance shall be in full force and effect from and after  
23 passage.  
24

25 Passed at meeting: \_\_\_\_\_  
26  
27

28 \_\_\_\_\_  
29 Mayor  
30

31 Attest: \_\_\_\_\_, City Clerk  
32

33 Filed as Ordinance: \_\_\_\_\_

34

35

36 Approved as to form: \_\_\_\_\_, Assistant City Attorney

37

38 Approved for Council action: \_\_\_\_\_, City Manager

EXPLANATION TO COUNCIL BILL NO: 2016-\_\_\_\_\_

FILED: 8-30-16

ORIGINATING DEPARTMENT: City Utilities of Springfield, Missouri

PURPOSE: Approval of the City Utilities Annual Operating Budget for the 2017 Fiscal Year.

BACKGROUND INFORMATION: As required by the Springfield City Charter, article 16.8: The Springfield Board of Public Utilities shall prepare and submit to the council, not less than 30 days prior to the end of the fiscal year, a budget showing its estimated revenue for the coming year from all sources and its estimated expenditures for operating expenses, for depreciation, for payment of all outstanding obligations, for transfer to the City of payments in lieu of taxes, and all other estimated expenditures.

Article 16.9 of the Springfield City Charter further states that the approval of the said budget by the council shall be deemed to be an appropriation of the money authorized for disbursement thereby, and no further action needs to be taken by the council.

REMARKS: The end of the current fiscal year and budget is Friday, September 30, 2016. The period included in City Utilities' 2017 Annual Operating Budget is October 1, 2016 through September 30, 2017.

Submitted by:

  
\_\_\_\_\_  
Michael Finch  
Associate General Manager – Finance  
and Chief Financial Officer

  
\_\_\_\_\_  
Scott Miller  
General Manager



# 2017 Annual Operating Budget

## City Utilities of Springfield





July 29, 2016

Memo To: Chair and Members of the Board of Public Utilities

We are pleased to present City Utilities' 2017 Annual Operating Budget for your consideration and approval. This budget, for the fiscal year beginning October 1, 2016, requires approval by the Board of Public Utilities and by City Council. The proposed budget outlines project expenditures necessary to responsibly serve our customers and to meet the requirements of the City Charter.

This budget is presented by functional category, with all capital, fuel, and non-capital expenditures displayed for three years, including actual, projected, and budgeted expenditures for fiscal years 2015, 2016 and 2017, respectively. Included in each category are the labor costs necessary to carry out the work included in that function. Financial Statements are included in the budget document, specifically, a projected Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position for the total utility, and Statements of Operations for the individual business units.

A special Board meeting has been scheduled for Tuesday, August 9, 2016, at 3:00 p.m. in the City Utilities' Training Center Classroom for presentation of this budget.

A public hearing for the 2017 Annual Operating Budget followed by a joint Board/City Council study session has been scheduled for Tuesday, August 9, 2016, at 5:30 p.m. in the City Utilities' Training Center Classroom.

On behalf of our management team and all the City Utilities employees responsible for producing the 2017 Annual Operating Budget, we would like to thank you, along with the members of the CU Citizens' Advisory Council, for your support of this final part of our annual planning effort. The input you provide during the year, and especially during the budget process, is invaluable. We would be pleased to answer any questions you may have or provide any additional information you would find useful. Please call Mike Finch or me for clarification or comment while considering this budget.

Respectfully,

Scott Miller  
General Manager

c: Mayor and Members of the City Council  
CU Citizens' Advisory Council  
CU Executive Committee  
City Manager  
City Clerk

**ANNUAL  
OPERATING  
BUDGET**

<i>Executive Summary</i>	<i>A</i>
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Craig Fishel	Zone 4
Jan Fisk	General A
Craig Hosmer	General B
Kristi Fulnecky	General C
Ken McClure	General D

## Budget Format

Pursuant to the Springfield City Charter, City Utilities is required to prepare an Annual Operating Budget each year for consideration by the City Council of Springfield, MO. Approval of the Annual Operating Budget establishes the total amount of expenditures for that year. This amount is referred to as disbursement authority and represents the total amount of spending appropriated for the year for all purposes including the cost of fuels, labor, capital and non-capital spending.

To ensure that expenditures in any year do not exceed total disbursement authority, City Utilities budgets all expenditures within eighteen functional categories, which are groups of projects. These projects may be capital related such as the construction of a transit bus transfer facility or they may be

related to the operations and maintenance of the Utility. Included in the 2017 Annual Operating Budget are projects related to the purchase of fuels for electric generation as well as projects related to the maintenance of water mains, gas mains, electric poles and tree trimming. Each project includes all associated costs such as labor, contract services and purchased items. Each project is classified as capital, non-capital or fuels and is assigned to one functional category used in the Annual Operating Budget document.

Because labor expenditures are assigned to the specific projects for actual accounting practice and in the projected expenditures for the Annual Operating Budget, there is no single project or line item included for labor.

## Planning Approach

***“Plans are nothing. Planning is everything.”***  
*– Dwight D. Eisenhower*

City Utilities’ planning process is deliberate with an implicit focus on enabling sustainable financial strength while safely providing services at the lowest possible long-term costs for the Utilities’ customers. The process is dynamic and incorporates the impact of changing variables such as customer demands, fuel prices, regulatory changes and the economic climate.

The significance of City Utilities’ long-standing policy of intentional planning was especially evident during the 2016 fiscal year, which presented multiple unforeseen regulatory and economic obstacles. As a result of such planning, City Utilities was positioned to successfully respond to the contingencies in a responsible manner.

The annual planning process begins by evaluating and projecting certain economic assumptions and customer usage expectations. It progresses to the identification of the operating and maintenance needs of the utility systems, ensuring consistent service that safely meets customer requirements. Consideration of any replacement or renewal of the equipment that produces and delivers these services is then assessed. Regulatory and safety concerns are inherent throughout the process.

Continued preparation for the future needs of City Utilities’ customers, while ensuring that quality and reliable services are offered at competitive rates is ultimately the purpose of planning. The 2017 Operating Plan provides sound guidance for the operation of a utility that is recognized nationally for its outstanding planning process.

## Budget Review Schedule

<b>July 29, 2016</b>	Distribution of the preliminary 2017 Operating Plan
<b>August 9, 2016</b> <b>(3:00 - 5:00 PM)</b>	Presentation of the preliminary 2017 Operating Plan at a special-called Board Meeting ( <i>City Utilities’ Training Center Classroom</i> )
<b>August 9, 2016</b> <b>(5:30 PM)</b>	Public Hearing and Board/City Council Joint Study Session on the preliminary 2017 Annual Operating Budget ( <i>City Utilities’ Training Center Classroom</i> )
<b>August 10, 2016 -</b> <b>August 17, 2016</b>	Review comments, questions and/or study session with Board and City Council, as needed
<b>August 18, 2016</b> <b>(3:00 PM)</b>	Board Approval of the 2017 Operating Plan
<b>August 19, 2016</b>	Board-Approved 2017 Annual Operating Budget filed with City Clerk
<b>August 22, 2016</b> <b>(6:30 PM)</b>	First Reading and Public Hearing of Board-Approved 2017 Annual Operating Budget by City Council
<b>September 6, 2016</b> <b>(6:30 PM)</b>	Second Reading and Adoption of 2017 Annual Operating Budget by City Council

## Glossary

**APPROPRIATION** - An authorization granted by a governing body to make expenditures and incur obligations for specific purposes. An appropriation is usually limited in amount and time when it may be expended.

**BRITISH THERMAL UNIT (BTU)** - The amount of heat energy needed to raise the temperature of one pound of water by one degree. This is the standard measurement used to state the amount of energy that a fuel has.

**BUDGET** - A plan of financial operations that links all planned receipts and expenditures to activities to accomplish the goals of the organization. The term "budget" usually indicates a financial plan for a single year.

**BUDGET DOCUMENT** - The instrument used by the budget-making authority to present a comprehensive financial program to the appropriation (governing) body for approval.

**CAPITAL EXPENDITURE** - Expenditure on a long-term business asset, a fixed asset.

**CARRY-INS** - A funding process which allows for time-line movements from a previous fiscal year to the current year.

**COMMUNITY DIVIDEND** - A summary of the monetary value that the City Utilities provides to the City of Springfield and the customers of City Utilities for a given time period. This usually includes the payment in lieu of taxes, utility relocates, free utility services provided to the City, the Transit System support and the Customer Dividend.

**CONTINGENCY ITEM** - Potential project that is not included in funding solution and which may or may not be required (e.g., dependent on other actions).

**CUSTOMER DIVIDEND** - Projected customer savings based on average unit price for retail customers in the State of Missouri compared to customers of City Utilities.

**DAYS CASH** - Number of days of cash on hand (working capital) available to meet daily Utility operations. Excludes restricted funds. (1 Day of Cash = Operating Expense divided by 365 days)

**DEBT SERVICE** - The organization's obligation to pay the principal and interest of all debt instruments according to a pre-determined payment schedule.

**DEBT SERVICE COVERAGE** - Sum of Operating Income + depreciation and amortization + other income divided by Total Annual Debt Service. Measures how many times Utility's annual income will cover annual debt payments.

**DEBT SERVICE FUND** - A fund established to account for the accumulation of resources (cash) for the payment of principal and interest on debt. This is often called a Sinking Fund or Bond Fund.

**DEKATHERM (DTH)** - Unit of energy to measure natural gas. Equivalent to one million BTU and the energy contained in about one thousand cubic feet of natural gas.

**DISBURSEMENT AUTHORITY** - Amount of funds allowed to be spent in a given year. Approved by City Council.

**EXPENDITURE** - The actual outflow of funds paid for an asset, goods or services obtained. This is the accounting entry where disbursements or accruals are recognized.

**EXPENSES** - A decrease in total assets. Expenses represent the total cost of operations during a period regardless of the timing of the disbursement.

**FISCAL YEAR** - A calendar or fiscal year represented by a 12-month period to which the annual budget applies. Also known as the budget year. City Utilities' Fiscal Year is October 1 to September 30.

**FUND BALANCE** - The amount of money in an account at a specific point in time.

### FUND DESCRIPTIONS -

**PUBLIC UTILITY - OPERATING FUND** - The general fund for the Utility. All receipts and disbursements, except for some specific financings and direct interest earnings, are booked through the Operating Fund. Periodic transfers are made to/from other funds to settle-up on transactions incurred on their behalf with the Operating Fund.

**DESIGNATED IMPROVEMENT ACCOUNT (DIA)** - Funds in the DIA may be used for the maintenance and repair, construction, acquisitions, extensions, and improvements to a system.

**BOND FUNDS** - These are funds required to be set aside out of revenues to protect bondholders and City Utilities in the event of fund shortfalls. Reserves are required for Debt Service Reserves and Sinking Funds. These bond funds are found on the Statement of Net Position (Balance Sheet).

**CONSTRUCTION FUNDS** - These funds represent bond or financing proceeds held for construction of major capital projects. In addition to the initial bond proceeds deposited in this fund, yet-to-be consumed funds are invested and earnings on these investments are added to help fund the overall cost of the project. Project expenditures are reimbursed monthly to the Operating Fund.

**GIGABYTE (GB)** - A unit of computer memory or data storage capacity equal to roughly a thousand megabytes or one million bytes. This also applies to data transmission quantities over telecommunication circuits.

**INTEGRATED MARKET (IM)** - In March of 2014, SPP launched the IM that includes a consolidated balancing authority, a day-ahead energy market, a real-time energy market, an operating reserve market, and a market for Transmission Congestion Rights.

**KILOWATT HOUR (KWh)** - Equivalent to 1000 watts used over one hour.

**LIQUIDATED DAMAGES** - Charges associated with City Utilities railroad and coal contracts. Liquidated damages result upon failure to take sufficient quantities of coal to satisfy contracts with the coal supplier and the railroad.

**MAJOR PROJECT** - A project that 1) occurs only once (or every few years) and is a large dollar amount, 2) needs to be identified separately (e.g., is required by law, is a new kind of project, is politically sensitive) or 3) is a recurring project that needs additional funding (e.g., because of expected growth in the area).

**MEGAWATT HOUR (MWh)** - Equivalent to 1 million watts used over one hour.

**NON-UTILITY RECEIPTS/DISBURSEMENTS** - Items that are collected by City Utilities for the benefit of a different entity. These collections or receipts, such as sales tax and sewer billings, create a non-utility disbursement when paid over to the benefitting agency.

**OFF-SYSTEM (ELECTRIC) SALES** - Wholesale sales of electric power to an entity other than a City Utilities residential, commercial or industrial customer.

**OPERATING EARNINGS** - Operating Income excluding depreciation expense. This metric ensures that each business unit is generating enough cash flow to fund its capital improvements and debt payments.

**OPERATING INCOME** - The amount of profit realized from a business's operations after taking out operating expenses and depreciation. These operating expenses are costs which are incurred from operating activities and exclude income and expenses such as interest, gain or loss on investments, extraordinary items and miscellaneous items not directly related to business operations.

**OPERATING PLAN** - A plan of financial operations that links all planned receipts and expenditures to activities to accomplish the goals of the organization for a period exceeding one year.

**RECEIPT** - Funds that the organization receives as income either as designated or undesignated.

**RESERVE** - An account used to set aside a portion of a fund balance as segregated for a specific future use.

**REPROJECTED BUDGET** - The current year's budget updated for actual results through a portion of the year and new projections for the remainder of the fiscal year.

**SALES MARGIN** - The net profit on a transaction. Sales margin equals the sales price minus the cost of providing the commodity for sale.

**SOUTHWEST POWER POOL (SPP)** - The Southwest Power Pool is based in Little Rock, AR and oversees the bulk electric grid and wholesale power market in the central United States on behalf of a diverse group of utilities and transmission companies.

**STATEMENT OF NET POSITION (formerly the Balance Sheet)** - A financial statement that presents the assets, liabilities, reserves and balances of specific funds as of a specific date.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (formerly the Income Statement)** - A financial statement displaying the revenues less expenses of the organization for a given period of time, usually a month or year.

**THE ENERGY AUTHORITY (TEA)** - A power marketing joint venture based in Jacksonville, Florida. City Utilities benefits as a member of TEA by limiting financial exposure as a result of unexpected unit outages and volatile market prices. City Utilities also receives resource management services from TEA.



# 2017 ANNUAL OPERATING BUDGET

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## EXECUTIVE SUMMARY

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# EXECUTIVE SUMMARY

City Utilities' 2017 Annual Operating Budget is the product of the Utility's tradition of intentional planning. Despite facing multiple regulatory and economic obstacles in fiscal 2016, the financial position that is detailed in the 2017 Annual Operating Budget is improved from the previous plan. The present financial strength of the Utility, even amid continued regulatory and economic uncertainty, reinforces that these planning efforts are instrumental in City Utilities' continued delivery of safe, reliable, and affordable service to our customers. Although such uncertainty remains present, it is the previous planning efforts and the continued focus on financial integrity, which provide the operational flexibility for the Utility to respond to contingencies in a responsible manner.

Management strives to develop a plan that balances the need to maintain systems to adequately serve customer needs while ensuring a sound financial position. Evident in the 2017 Annual Operating Budget and the encompassing five-year Operating Plan is a continued focus on community investment. In fiscal 2016, the new transit bus transfer station began operation, which is a notable and visible investment in the community. The five-year Operating Plan continues the investment in the transit system with regular and consistent funding for transit bus replacement.

Investment in renewing and replacing aging infrastructure continues to be a focus in the Operating Plan. In 2012, the Utility began an initiative towards achieving a 100-year water main renewal cycle. As a result of this initiative, and by con-

sequence of the practice of joint trench installations, gas main renewals have also increased. Increased investment in electric pole replacement and reinforcement is also funded in the Operating Plan. Infrastructure investments in developing and improving SpringNet® and the trunked radio systems, which provide critical services to our community, are also funded in the Operating Plan.

Participation in the integrated market, and factors such as the accelerated proliferation of wind generation within the Southwest Power Pool, significantly impacted revenue forecasts for the electric system and the electric off-system as compared to previous Operating Plans. Revenue forecasts for the natural gas system are expected to decrease as compared to previous plans, primarily due to lower natural gas prices.

The accompanying sections of the Annual Operating Budget include further detail of the revenue assumptions, planned capital improvements, and expenditures associated with the day to day operation and maintenance of the Utility.

The Annual Operating Budget is presented to the Board of Public Utilities for consideration and approval. Following approval by the Board of Public Utilities, the Budget is then presented to City Council for consideration and approval.

## Financial Targets

City Utilities has adopted three financial strategies to enable sustainable financial strength while providing for the lowest possible long-term costs for our customers. These strategies are integral to developing the Annual Operating Budget and corresponding five-year Operating Plan. Three financial targets must be achieved to implement these strategies: adequate working capital, an appropriate debt service coverage ratio, and sufficient operating earnings by service. These targets provide a measurement to assess the projected financial results and ensure that assumptions for revenues, rates, disbursements, and financing decisions will not adversely impact the financial strength and stability of City Utilities. Adherence to these financial targets contributes to City Utilities maintaining its recently affirmed "AA" bond rating.

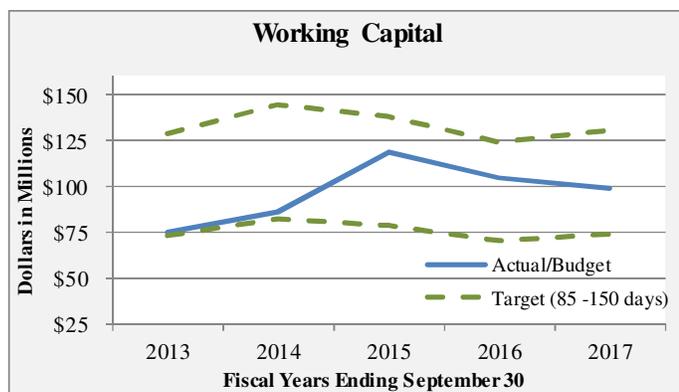
These targets, described in the following sections, focus on cash and debt management for the Utility as a whole and operating results for each business unit. It is important that decisions impacting rates, cash, capital spending, and debt can be associated with the proper business unit so that subsidization between the business units can be avoided.

## Financial Targets (continued)

### Working Capital

Working capital is the cash used to meet the budgeted and operational needs of the Utility throughout the year. For the 2017 fiscal year, the average daily cash requirement is projected to be \$870,000. These are the funds required to purchase fuels and materials, and to fund capital investments, employee expenses, and debt service payments. City Utilities recently completed a comprehensive review of the Utility’s historical use of working capital to develop a methodology to review and update the working capital target levels, based on CU’s current operational and financial condition. The review resulted in implementation of a working capital target based on three factors: Operational Cash Flow Model, Debt Service Adjustment, and Financial Stability. The target level is a range of 85 to 150 days of cash on hand. This aligns City Utilities’ working capital target with other “AA” rated public utilities. The working capital balance is reflected on the summary of fund balances as cash, short-term investments, and the working capital/rate stabilization fund. Cash designated for certain projects, contingencies, or reserves required by bond ordinances are not included in working capital.

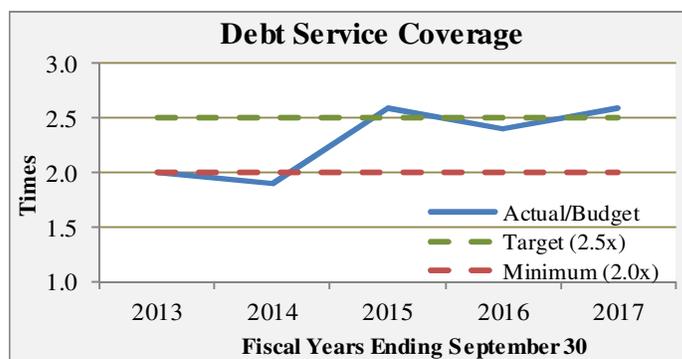
For the 2017 Annual Operating Budget, City Utilities is projected to end 2017 with 109 days of working capital. Projections for the five-year Operating Plan show working capital will remain within the target range, ending 2021 at 125 days of working capital.



### Debt Service Coverage

Debt Service Coverage (DSC), the second financial target, is the ratio of total Operating Income (excluding depreciation) to total debt service. This ratio is expressed as a measure of how many times the Utility’s annual income will cover the annual debt payments.

City Utilities has set a target, based on financial standards for strongly rated utilities, for the DSC to be at least 2.5 times debt service, with a minimum required level of 2.0 times. For the 2017 Annual Operating Budget, DSC is projected to be 2.6 times and is projected to be at or above target of 2.5 times DSC during 2018-2021.



### Operating Earnings

The final financial strategy is related to Operating Earnings. Operating Earnings is Operating Income excluding depreciation expense. Management uses this as a tool to ensure that each business unit is generating enough income and cash flow to cover the area’s capital improvements and debt payments.

Each year, as the five-year Operating Plan is created, Operating Earnings targets are established for each business unit based on the earnings requirements. Each business unit must support its operating expenses, debt service, capital renewal and replacements, and a portion of the Transit System. Any business unit that is projected to be below the established Operating Earnings target may be scrutinized for budget reductions, additional revenue sources, or possible financing alternatives. It is also common for Operating Earnings to fall below the target in a year when large capital improvements are planned. This is considered acceptable if future years show that the business unit will meet its Operating Earnings targets.

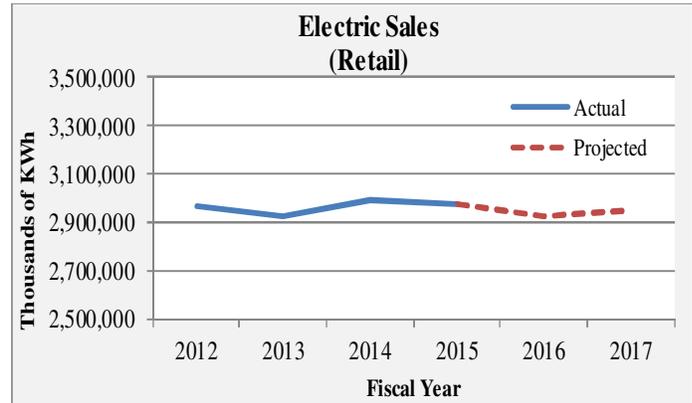
For the 2017 Annual Operating Budget, Electric and Spring-Net® business units are projected to meet their Operating Earnings targets. Natural Gas and Water will not meet the targets due to large capital projects.

## Customer Growth and Use

### Electric

The Electric Sales chart demonstrates the impact of customer growth and usage projections on system sales included in this Annual Operating Budget. The number of new residential customers added in 2017 is estimated at 880 and non-residential customers added to the Electric System are projected to be approximately 152. Use per residential customer is projected to increase from 2015 projections, whereas use per nonresidential customer is projected to decrease from 2015 projections, resulting in the Electric System expected unit sales to modestly increase compared to 2016 levels.

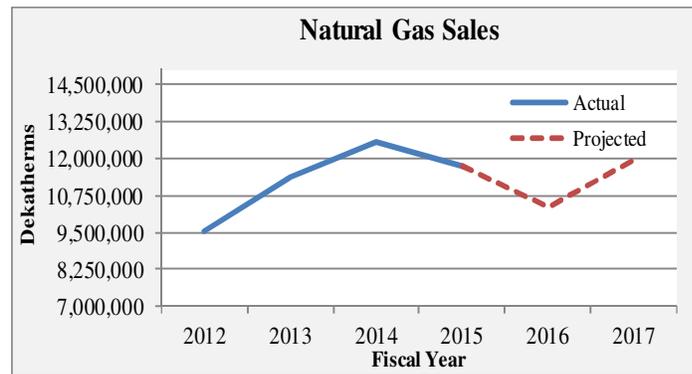
Sales projections for 2016 and 2017 are based on normal weather conditions.



### Natural Gas

In 2015 the number of natural gas customers increased for the third year in a row. This increase is expected to continue at a slow pace through 2017. Use per customer is projected to increase from 2015 projections.

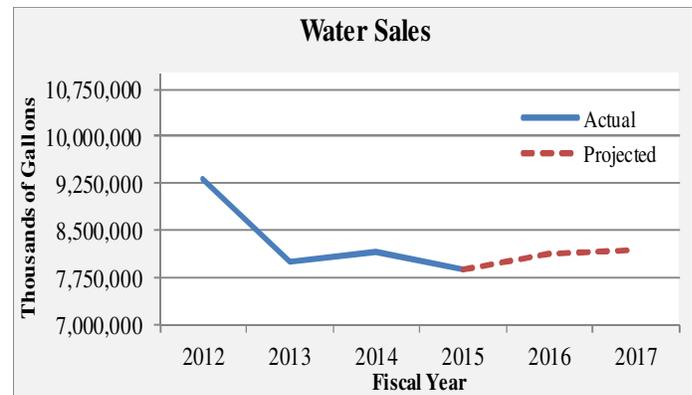
Natural gas sales projections for 2017 are based on normal weather, while 2015 depicts actual sales and 2016 includes the impact of lower natural gas prices and a warmer than normal winter.



### Water

The Water System continues to experience modest growth in customers, but is still much lower than the early 2000s. Residential customer growth is projected to continue to increase slightly through 2017 with the addition of approximately 294 new customers. Non-residential customer growth is expected to increase by about 28 customers.

Water use per residential customer in 2015 was the lowest in the previous 15 years. Minor growth in water usage per customer is projected, due to adjustments for normal weather. Projections in the five-year Operating Plan continue to show a decrease in use per customer.



### Broadband

The Broadband area has seen steady customer growth in recent years. Services provided by the Trunked Radio System should remain constant during this timeframe.

### Transit

Transit ridership for fiscal 2017 is projected to remain relatively constant compared to 2016.

## Economic Assumptions

The 2017 Annual Operating Budget includes multiple economic assumptions to assist in projecting expenditure levels. These assumptions include projections for inflation, fuel prices, borrowing costs, and investment returns. The assumptions for 2017 are conservative, based on the Federal Reserve’s current monetary policy and target inflation rate.

The rate of inflation for operating and maintenance expenses, and construction costs for the budget is 2.25% for 2017. For planning and budgeting purposes, this rate was applied to current expenditure trends to project future expenditures except where other known variables appeared likely to impact costs. Inflation rates are used by project managers as a guideline to help them budget their projects as accurately as possible. Select economic projections used to create the 2017 Annual Operating Budget are presented in the table to the right.

Economic Projections	
	2017
Inflation Rate	2.25%
Interest Borrowing Rate:	
15 year	3.00%
30 year	3.35%
Portfolio Interest Earnings Rate	2.85%

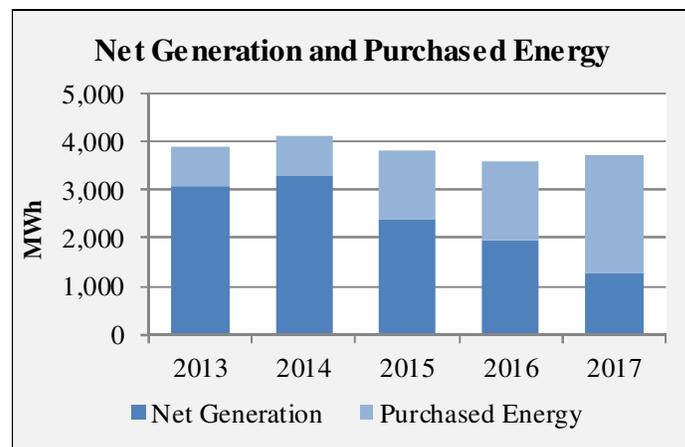
## Fuels and Purchased Energy Assumptions

Assumptions for fuels, purchased energy costs, and purchased quantity estimates are an integral part of the budgeting process. Fuels, purchased energy, and renewable costs account for 32% of City Utilities’ total 2017 budgeted expenditures. Most of these costs will be paid by City Utilities’ customers through fuel cost adjustment mechanisms impacting revenues and receipts for the year. The following chart includes a summary of fuels and purchased energy assumptions.

Assuming normal weather conditions, natural gas purchases for 2017 are projected to be more than 2016. Prices for natural gas, including capacity charges, are projected higher in 2017 than 2016 and have a projected average price per Dth of \$2.76 for 2017 as compared to \$2.08 in 2016.

Purchased energy costs for 2017 are budgeted at \$62.6 million. This is driven by economic decisions to purchase energy when it is more economical than to produce it.

Fuels and Purchased Energy	
	2017
<b>Coal:</b>	
Tons Purchased	0.7 million
Cost of Coal Purchases	\$28.1 million
Delivered Price per Ton	\$41.71
<b>Natural Gas:</b>	
Dth Purchased	13.9 million
Cost of Natural Gas Purchases	\$51.4 million
Average Supply Cost per Dth	\$2.76
<b>Purchased Energy (incl. renewables):</b>	
MWh Purchased	2.5 million
Cost of Purchased Energy	\$62.6 million
Average Price per MWh	\$27.47



Current projections reflect the assumption that coal from the Powder River Basin in Wyoming will be consumed at JTEC coal-fired generating units. The average delivered cost of coal is projected to be \$2.37 per million BTU with freight costs included.

The historical mix of net generation and purchased energy has shifted. This is a result of participation in the Integrated Market and other factors such as the accelerated proliferation of wind energy within the Southwest Power Pool and lower natural gas prices. Current projections for fiscal 2017 include purchasing 66% of the energy needs for City Utilities, compared to 21% in 2013.

## Capital Improvements

Capital Improvement projects are a major component in planning for the future of City Utilities. Capital improvements are necessary to ensure flexibility of supply, as well as extending service when demand warrants. Capital improvements are needed to maintain and restore aging infrastructure, thus continuing to meet the safety and reliability standards that our customers expect. In recent years, City Utilities modified its planning process to better prioritize projects in a manner that best serves the goals of the Utility and the needs of our customers. Category Managers from each of City Utilities' eighteen budget spending categories are tasked with reviewing, ranking, and recommending projects that should be funded given the limits in funding.

Capital expenditures for the 2017 Annual Operating Budget have a projected cost of \$69.1 million. This is a decrease from the \$82.1 million included in the 2016 Reprojected Budget. Many of the capital projects are recurring in nature, due to the on-going process of maintaining City Utilities' infrastructure. These recurring projects include such items as, preventive maintenance of electric lines, water main renewals, and natural gas service renewals.

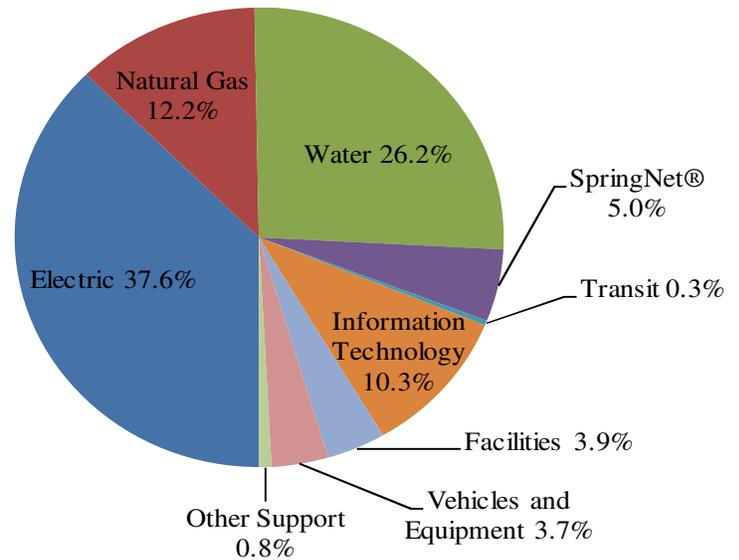
The Environmental Protection Agency (EPA) enacted the Coal Combustion Residual Rule in 2015. In order to comply with the new ruling \$6.5 million in capital spending is included in 2017.

Capital Improvements include \$8.1 million to be invested to install Advanced Metering Infrastructure for Electric, Gas, and Water customers.

Investment in renewing and replacing aging infrastructure continues to be a focus of the Utility. Capital improvements includes \$3.7 million for gas main and service renewals and \$5.4 million for water main and service renewals.

For more information on the Capital Budgeting process or a further description of the capital projects included in the 2017 Annual Operating Budget, see Section C.

### Capital Expenditures by Category



# Revenue Forecast

Total receipts for the Utility are projected at \$508.3 million (see pg. B-1) for fiscal year 2017, an increase of \$32.6 million compared to the 2016 reprojected budget. The majority of this expected increase is due to increased operating revenues for electric and natural gas due to the planning assumption of normal weather.

This Annual Operating Budget reflects the final of three electric rate adjustments approved by the Board of Public Utilities and City Council in 2013. No base natural gas or water rate increases are planned for 2017.

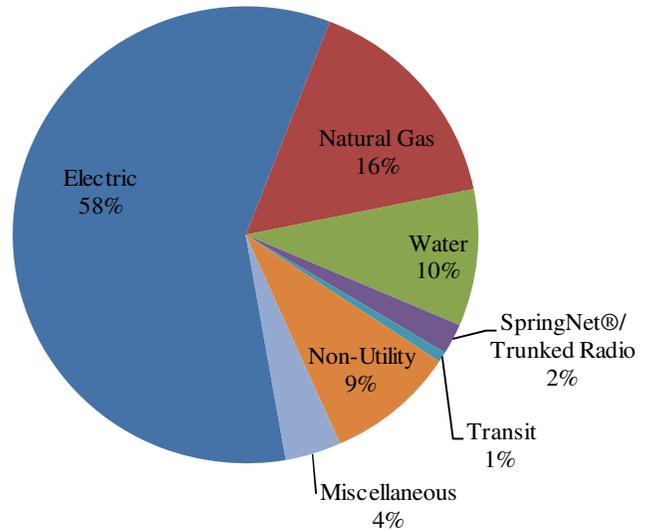
SpringNet® revenues are expected to increase slightly in fiscal 2017, as shown on page B-5, as a result of continued steady growth in customer acquisitions and bandwidth usage.

Transit operating revenues are forecasted to remain relatively flat from 2016 to 2017, as shown on page B-6. Revenues from ridership and bus advertising do not include any fare or rate increases. It is expected that the Transit System will continue to receive federal and state operating subsidies, which are also reflected in total Transit receipts.

Non-utility receipts are items that City Utilities collects and remits to a third party. These items include sales taxes collected, wastewater billings for the City of Springfield, and donations to the Project SHARE program (see pg. B-7).

Miscellaneous billings in 2017 are projected to decrease when compared to 2016. Miscellaneous billings include financing proceeds, interest income, customer contributions for service extensions, and capital grants (see pg. B-8). Proceeds from capital reimbursements from the Federal Transit Administration (FTA) are also included here.

**2017 Receipts Budget**



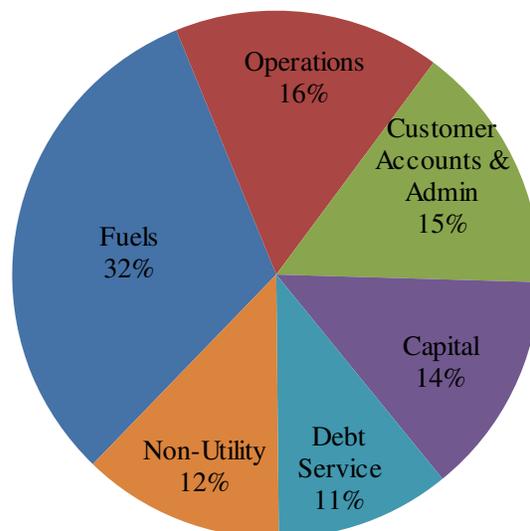
Receipts			
(\$ in millions)	Actual	Reprojected	Budget
	2015	2016	2017
Utility Operating Revenues/Receipts:			
Electric	\$ 289.3	\$ 271.0	\$ 298.2
Natural Gas	89.0	67.7	80.8
Water	44.2	49.3	49.2
SpringNet®/Trunked Radio	10.6	10.5	10.9
Transit (including subsidies)	3.6	3.7	3.7
Non-Utility Receipts	45.8	47.6	45.9
Miscellaneous Billings	66.5	25.9	19.6
<b>Total Receipts</b>	<b>\$ 549.0</b>	<b>\$ 475.7</b>	<b>\$ 508.3</b>

# Expenditures

Total expenditures for the 2017 Annual Operating Budget are projected at \$505.3 million (see pg. E-14), a decrease of \$22.3 million from the 2016 reprojected budget. Expenditures for fuels and purchased power are projected to increase in fiscal year 2017 as compared to 2016 (see pg. A-4 and D-3). Expenditures for fuels will account for approximately 32% of total 2017 expenditures.

Total Disbursement Authority for the year is presented on page E-14 of the 2017 Annual Operating Budget. In addition to expenditures, Total Disbursement Authority includes a fuels contingency, net operating expenses of The Energy Authority (reported as Loss/(Gain) on Investments), changes in payables balance sheet accounts, and other miscellaneous payments. For fiscal year 2017, disbursements for all funds total \$537.8 million, as shown in the table on page A-8.

## 2017 Expenditures by Category



Expenditures			
(\$ in millions)	Actual	Reprojected	Budget
	2015	2016	2017
<b>Fuels</b>	\$ 167.4	\$ 136.5	\$ 159.7
<b>Operations:</b> <sup>1</sup>			
Power Generation	25.7	21.9	17.3
Electric T&D	20.8	21.2	21.1
Natural Gas T&D	4.2	4.3	4.3
Water Supply & Treatment	4.8	6.0	6.2
Water Distribution	3.3	4.1	4.9
Transit	4.1	4.5	4.7
Facilities	5.3	5.4	5.6
Vehicles & Equipment	2.5	2.7	2.6
SpringNet®	4.1	3.7	3.7
Information Technology	7.2	7.3	7.8
General Operations	3.6	4.4	4.4
<b>Sub-total Operations</b>	<b>85.6</b>	<b>85.5</b>	<b>82.6</b>
<b>Customer Accounts and Admin:</b> <sup>1</sup>			
Human Resources	48.6	51.3	52.8
Finance	5.0	5.5	5.7
Administrative Support	5.4	14.1	6.6
Customer Support	10.6	10.8	12.1
<b>Sub-total Customer and Admin</b>	<b>69.6</b>	<b>81.7</b>	<b>77.2</b>
<b>Capital Improvements</b>	<b>76.0</b>	<b>82.1</b>	<b>69.1</b>
<b>Debt Service</b>	<b>46.3</b>	<b>70.8</b>	<b>54.2</b>
<b>Non-Utility</b>	<b>62.8</b>	<b>61.5</b>	<b>62.5</b>
<b>TEA Guarantees</b> <sup>2</sup>	<b>-</b>	<b>9.6</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 507.7</b>	<b>\$ 527.7</b>	<b>\$ 505.3</b>

<sup>1</sup> Expenditures for "Operations" and "Customer Accounts and Admin" consist of operations, maintenance, labor and administrative costs.

<sup>2</sup> TEA Guarantees represents equity membership guarantees to The Energy Authority (TEA). Although remittance is not anticipated, it is included as an expenditure for disbursement authority should a payment be needed. If no disbursement is required for 2016, the disbursement authority will move to 2017.

**Expenditures** (continued)

<b>Disbursement Authority</b>		
	<b>Reprojected 2016</b>	<b>Budget 2017</b>
<b>Disbursement Authority</b>		
Total Project Exp. (See chart pg. A-7)	\$ 527,678,834	\$ 505,338,055
Fuels Contingency <sup>1</sup>	35,000,000	35,000,000
Change in Payables Balances	3,108,686	(2,535,171)
<b>Total Disbursements</b>	<b>\$ 565,787,520</b>	<b>\$ 537,802,884</b>

<sup>1</sup> This disbursement will be offset by receipts through fuel adjustment mechanisms, should an increase in fuel costs occur.

**Financial Results**

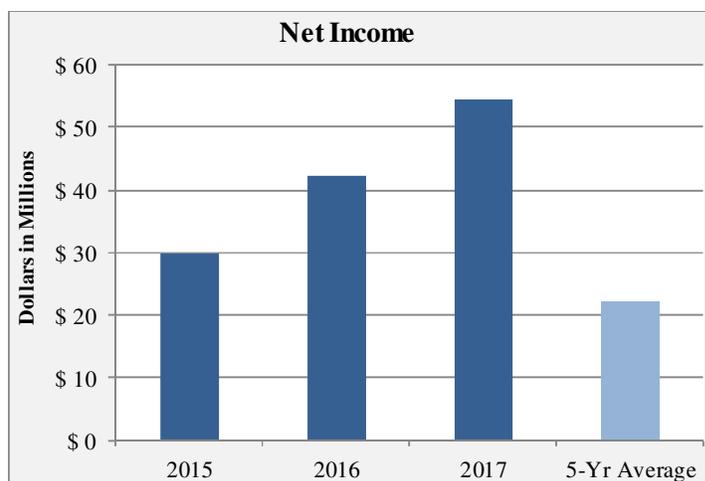
Budgeted net income for 2017 is projected at \$54.5 million, which is higher than the reprojected 2016 net income of \$42.3 million and higher than the actual 2015 net income after special item of \$29.8 million. Operating incomes from the different utility systems are projected to total \$71.4 million in 2017. This amount will be reduced by interest expense and other miscellaneous expenses and increased by interest, net capital contributions, and miscellaneous income to arrive at the net income projection of \$54.5 million. This level of operating and net income is very important for the Utility to fund its annual debt service payments and necessary capital expenditures.

The Electric System operating income is projected to increase to \$61.9 million in 2017. An electric rate increase, effective October 1, 2016, is reflected in operating income. Operating income from the Electric System is used to meet the debt service payments on the refinanced JTEC Unit 2 debt.

Natural gas operating income is projected at \$6.5 million for 2017. The 2017 Annual Operating Budget does not include any base rate increases for the Natural Gas System. The increase in operating income for 2017 is due to the planning assumption of normal weather.

The Water System expects a decrease in operating income to \$10.5 million. The 2017 Annual Operating Budget does not include any base rate increases for the Water System.

Transit revenues and subsidies are expected to remain fairly constant compared to 2016 levels. Inflationary increases in operations and maintenance are expected to cause a lower operating income for Transit operations compared to prior



years. Transit’s operating loss, after operating subsidies, is expected to be \$7.2 million in 2017. Anticipated capital contributions related to the major transit capital projects are included in Transit’s net loss but are lower than projected for 2016 due to less capital spending in 2017.

The 2017 operating income for the SpringNet® and Trunked Radio businesses is projected at \$2.5 million.

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## INTRODUCTION

This section provides key information by business unit related to revenues and receipts within the Utility. For the fiscal year beginning October 1, 2016, through September 30, 2017, a brief description is included for each section of budgeted receipts.

For comparison, actual receipts for the fiscal year beginning October 1, 2014, through September 30, 2015, are also presented.

Reprojected revenues and receipts are also included for the fiscal year beginning October 1, 2015, and ending September 30, 2016.

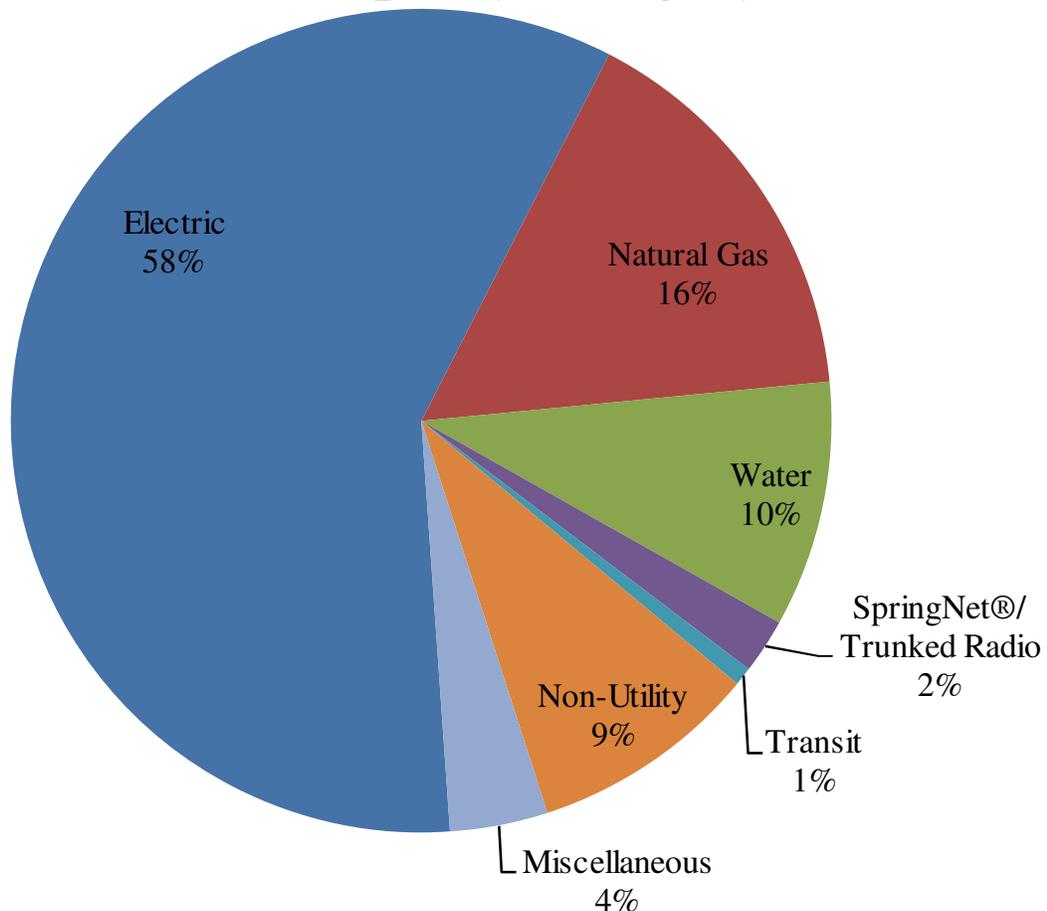
## RECEIPTS HIGHLIGHTS

<i>Summary of Receipts by Category</i>	1
<i>Electric Operating Revenues/Receipts</i>	2
<i>Natural Gas Operating Revenues/Receipts</i>	3
<i>Water Operating Revenues/Receipts</i>	4
<i>SpringNet®/Trunked Radio Revenues</i>	5
<i>Transit Revenues &amp; Operating Subsidies</i>	6
<i>Non-Utility Receipts</i>	7
<i>Miscellaneous Billings &amp; Receipts</i>	8

Summary of Receipts by Category

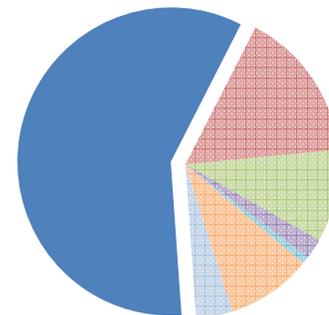
Receipts	2015 Actual	2016 Reprojected	2017 Budget
Electric Operating Revenues/Receipts	\$ 289,281,038	\$ 270,965,887	\$ 298,231,406
Natural Gas Operating Revenues/Receipts	88,978,051	67,703,657	80,854,630
Water Operating Revenues/Receipts	44,229,018	49,346,363	49,208,820
SpringNet/Trunked Radio Revenues/Receipts	10,569,955	10,496,038	10,890,060
Transit Revenues & Operating Subsidies	3,609,007	3,722,430	3,678,062
Non-Utility Receipts	45,815,942	47,628,293	45,861,456
Miscellaneous Billings & Receipts	66,490,429	25,866,411	19,562,172
<b>Total Receipts</b>	<b>\$ 548,973,440</b>	<b>\$ 475,729,079</b>	<b>\$ 508,286,606</b>

2017 Receipts by Category



## Electric Operating Revenues/Receipts

Receipts	2015	2016	2017
	Actual	Reprojected	Budget
Sales Revenues	\$ 283,478,144	\$ 272,632,775	\$ 290,800,471
Other Operating Revenues	7,108,970	8,224,702	9,416,189
Total Revenues	290,587,113	280,857,477	300,216,660
Less Non-Cash Adjustments to Sales Revenues	(1,306,076)	(9,891,590)	(1,985,254)
Total Receipts	\$ 289,281,038	\$ 270,965,887	\$ 298,231,406



### Description

Electric sales revenues are amounts billed to customers for the sale of electricity, adjusted to recognize revenue timing. Electric sales revenues also include interdepartmental sales charged to other operating areas of the Utility. Other operating revenues include miscellaneous service charges and rents.

Non-cash adjustments to sales revenues include unbilled revenues, interdepartmental sales, and recovery of electric fuel costs. These adjustments are included in sales revenues and are deducted to arrive at total receipts.

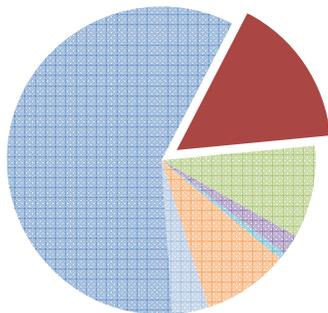
### Reprojected Adjustment

- Fiscal 2016 reprojected electric system sales revenues decreased from original budget projections by approximately \$18.3 million. Fuel costs in 2016 are \$20.7 million lower than original budget assumptions, which translate to lower fuel adjustments passed on to customers through the normal electric fuel adjustment factor process. Reprojected system sales volumes for 2016 are 3% lower than original budget projections and are expected to be slightly lower than 2015 system sales volumes.
- Off-system sales revenues for fiscal 2016 are reprojected at \$17.6 million, which is lower than original projections. Off-system sales volumes are reprojected lower while sales prices are reprojected slightly higher.

### Highlights

- Electric rates will increase by 3.7% at the beginning of fiscal 2017.
- Residential electric customers are projected to increase 0.90% to about 98,690 customers in 2017. Electric use per residential customer is projected to increase approximately 1.30% with residential electric sales budgeted at 1,005 gigawatt hours (GWh) in 2017.
- The average number of nonresidential electric customers is expected to increase by 1% to approximately 15,338 customers. Nonresidential electric use per customer is projected to decrease 0.59% from 2016 levels. Nonresidential electric sales are projected to increase to 1,945 GWh in 2017.
- Off-system sales include sales to Nixa, Missouri as well as energy sales through The Energy Authority and the Southwest Power Pool. Off-system sales for fiscal 2017 are forecasted at 538 GWh, up slightly from the projected forecast of 446 GWh in 2016.
- Non-cash adjustments include interdepartmental electric sales for electricity used in pumping water and charged to the water operating department, electricity used by other City Utilities facilities as well as unbilled revenues and under- or over-recovered fuel costs. Electricity for interdepartmental use is budgeted at \$3.7 million in 2017.

# Natural Gas Operating Revenues/Receipts



	2015	2016	2017
Receipts	Actual	Reprojected	Budget
Sales Revenues	\$ 94,880,490	\$ 74,139,928	\$ 84,198,269
Other Operating Revenues	1,330,777	1,059,759	1,677,504
Total Revenues	96,211,266	75,199,687	85,875,773
Less Non-Cash Adjustments to Sales Revenues	(7,233,215)	(7,496,030)	(5,021,143)
Total Receipts	\$ 88,978,051	\$ 67,703,657	\$ 80,854,630

## Description

Natural gas sales revenues are amounts billed to customers for the sale of natural gas, adjusted to recognize revenue timing. Natural gas sales revenues include interdepartmental sales charged to other operating areas of the Utility. Other operating revenues include miscellaneous service charges and rents.

Non-cash adjustments to sales revenues include unbilled revenues, interdepartmental sales and recovery of natural gas fuel costs. These adjustments are included in sales revenues and are deducted to arrive at total receipts.

## Reprojected Adjustment

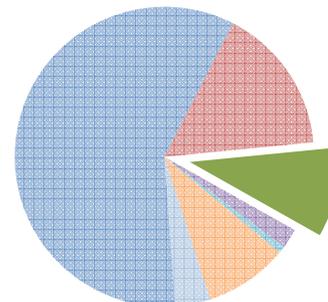
- Sales revenues for 2016 are expected to decrease from original budget projections by about \$15.3 million due to lower natural gas prices and the reprojection of lower sales volumes recognizing the warmer than normal winter.
- The expected system sales volumes in 2016 are 10.4 million dekatherms which represents a decrease from 2015 volumes of 11.7 million dekatherms. This decrease reflects slight growth in the average number of natural gas customers offset by a decrease in average use per customer.

## Highlights

- Residential natural gas customers are projected to increase 0.20% to 75,082 customers in 2017. Natural gas use per residential customer is projected to increase from 2016 levels with an expectation of normal weather. Residential natural gas sales are projected to increase slightly to 5.9 million dekatherms in 2017.
- Nonresidential natural gas customers are budgeted to increase 0.35% to approximately 8,388 customers in 2017. Nonresidential natural gas use per customer is budgeted to increase in 2017 and sales are budgeted at 6.1 million dekatherms.
- Non-cash adjustments include interdepartmental natural gas sales for natural gas used in power generation charged to the electric operating department, in addition, to natural gas used by other City Utilities facilities as well as unbilled revenues and under- or over-recovered fuel costs. Natural gas for power generation is budgeted at \$6.0 million in 2017 for approximately 1.3 million dekatherms.

## Water Operating Revenues/Receipts

Receipts	2015	2016	2017
	Actual	Reprojected	Budget
Sales Revenues	\$ 42,717,063	\$ 47,685,875	\$ 48,002,367
Other Operating Revenues	1,683,106	1,748,672	1,291,277
<b>Total Revenues</b>	<b>44,400,170</b>	<b>49,434,547</b>	<b>49,293,644</b>
Less Non-Cash Adjustments to Sales Revenues	(171,152)	(88,184)	(84,824)
<b>Total Receipts</b>	<b>\$ 44,229,018</b>	<b>\$ 49,346,363</b>	<b>\$ 49,208,820</b>



### Description

Water sales revenues are the amounts billed to customers for the sale of drinking water, adjusted to recognize revenue timing. Water sales revenues include interdepartmental sales charged to other operating areas of the Utility. Other operating revenues include miscellaneous service charges.

Non-cash adjustments to sales revenues include unbilled revenues and interdepartmental sales which are deducted from total revenues to arrive at total receipts.

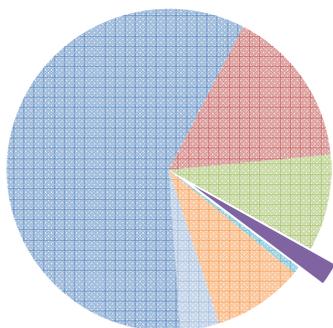
### Reprojected Adjustment

- Water sales volumes for 2016 are expected to decrease from the original budget projections. The growth in average number of residential customers was reprojected lower while average number of nonresidential customers was reprojected higher. A decrease in residential and nonresidential use per customer will result in lower sales volumes by approximately 354 million gallons.

### Highlights

- Residential water customers are budgeted to increase 0.40% to 73,893 customers in 2017. Water use per residential customer is budgeted to increase 2.15% with residential water sales increasing to 4.2 billion gallons in 2017.
- Nonresidential water customers are budgeted to increase 0.35% to approximately 8,061 customers in 2017. Nonresidential use per customer is budgeted to decrease 1.35% during 2017, with nonresidential water sales budgeted to decline slightly to 4.0 billion gallons.

# SpringNet®/Trunked Radio Revenues



Receipts	2015	2016	2017
	Actual	Reprojected	Budget
Sales Revenues	\$ 15,001,181	\$ 13,002,404	\$ 13,256,198
Less Non-Cash Adjustments to Revenues	(4,431,226)	(2,506,366)	(2,366,138)
<b>Total Receipts</b>	<b>\$ 10,569,955</b>	<b>\$ 10,496,038</b>	<b>\$ 10,890,060</b>

## Description

SpringNet® revenues are generated from providing external broadband services to the business community under the trademark SpringNet®. SpringNet® offers business solutions to high-end data users such as hospitals and healthcare facilities, banking institutions, on-line companies, and local Internet Service Providers.

Non-cash adjustments represent interdepartmental sales. These adjustments are included in sales revenues and are deducted to arrive at total receipts.

## Reprojected Adjustment

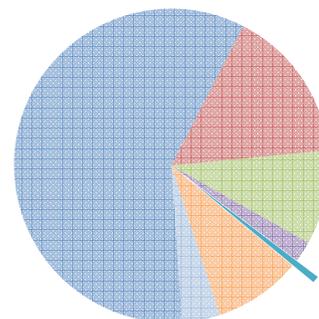
- The 2016 reprojected sales revenues, after non-cash adjustments, continue to indicate growth in SpringNet® business.

## Highlights

- External sales of SpringNet® broadband services are estimated to grow to \$10.0 million in 2017. Services available to the business community include Internet-type services (NetLink) and VLAN networking services (LANLink). External revenues from the Trunked Radio System (TRS) are projected to be approximately \$900,000.
- Internal SpringNet® services provided to City Utilities' operations will track at approximately \$2.4 million annually. Beginning in fiscal 2016, internal telecommunications services were not reported as a distinct business unit. Their costs are now treated as an internal expense. This resulted in a decrease in interdepartmental revenues after fiscal 2015.

## Transit Revenues & Operating Subsidies

Receipts	2015 Actual	2016 Reprojected	2017 Budget
Sales Revenues	\$ 1,069,970	\$ 1,149,201	\$ 1,102,562
Less Non-Cash Adjustments to Sales Revenues	(916)	0	0
Add Operating Subsidies	<u>2,539,953</u>	<u>2,573,229</u>	<u>2,575,500</u>
<b>Total Receipts</b>	<b><u>\$ 3,609,007</u></b>	<b><u>\$ 3,722,430</u></b>	<b><u>\$ 3,678,062</u></b>



### Description

Transit operating revenues are the cash fares collected from bus passengers, the sale of bus passes and discount cards, and the amounts collected for bus, bus map, bus bench, and shelter advertising.

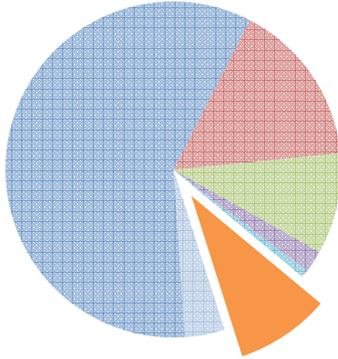
Non-cash adjustments include interdepartmental sales.

The Federal Transit Administration (FTA) and the State of Missouri provide partial funding for the operation of the transit system.

### Highlights

- Advertising sales are projected at \$100,000 in fiscal 2017.
- City Utilities is eligible to receive reimbursement (80%) from FTA for maintenance expenses, some portion of paratransit, and security expenses incurred.

## Non-Utility Receipts



Receipts	2015	2016	2017
	Actual	Reprojected	Budget
Reimbursements	\$ 1,580,552	\$ 3,000,000	\$ 3,000,000
Customer Meter Deposits	87,315	752,076	0
Project Share	93,171	100,000	100,000
Sales Tax Collections	11,182,618	10,507,142	11,306,056
Wastewater Revenue Billings	32,872,286	33,269,075	31,455,400
<b>Total Receipts</b>	<b>\$ 45,815,942</b>	<b>\$ 47,628,293</b>	<b>\$ 45,861,456</b>

### Description

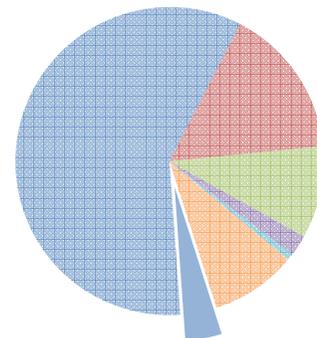
Non-Utility Receipts are funds City Utilities collects for third parties, including wastewater revenue billings, sales taxes and donations to the Project SHARE program. Upon collection, funds are subsequently remitted to the appropriate agency. Receipts of refundable customer deposits and other reimbursable items are also included in this category.

### Highlights

- City Utilities provides the City of Springfield with wastewater billing services. The Annual Operating Budget includes collecting \$31.5 million in 2017 from customers for the Clean Water Services Division of the City of Springfield.
- The Annual Operating Budget includes collection of \$11.3 million during 2017 from customers for the State of Missouri for various state and local sales taxes.
- Receipts from customers for the Project SHARE program are included in the 2017 Annual Operating Budget at \$100,000. Project SHARE is a voluntary program that relies on community donations to assist City Utilities' customers with satisfying their bill.
- The 2017 Annual Operating Budget includes \$3.0 million for other miscellaneous reimbursable receipts.

## Miscellaneous Billings & Receipts

Receipts	2015	2016	2017
	Actual	Reprojected	Budget
Interest Income	\$ 7,336,754	\$ 7,493,000	\$ 5,158,000
Financings	41,199,935	0	0
Capital Related Billings	4,487,548	4,558,769	2,283,932
Contributions in Aid of Construction	1,515,001	1,991,957	146,520
Other Receipts	11,951,191	11,822,685	11,973,720
<b>Total Receipts</b>	<b>\$ 66,490,429</b>	<b>\$ 25,866,411</b>	<b>\$ 19,562,172</b>



### Description

Miscellaneous Billings and Receipts are sources of funds for City Utilities not reflected in previous revenues/receipts. Sources include financing proceeds, interest income, customer contributions for extension of the distribution systems, and other miscellaneous billings.

### Highlights

- Interest income earned on City Utilities’ investment portfolio is projected to be \$5.2 million in 2017. Prior years included interest earned from the debt service reserve fund. Market value adjustments are not projected.
- Capital reimbursements of \$440,000 are budgeted for extension of the Electric System, \$625,000 for extension of the Natural Gas System, \$108,000 for SpringNet, and \$788,000 for extension of the Water System.
- Contributions in Aid of Construction include capital contributions of \$147,000 from FTA in 2017. These funds are projected to cover 85% of transit direct capital expenditures and 85% of administrative and general charges.
- The 2017 Annual Operating Budget includes \$10.0 million to offset the potential purchase of financial instruments included in the expenditures budget to manage natural gas prices.

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## INTRODUCTION

The Capital Improvements section provides information by functional category related to utility capital expenditures for the fiscal year beginning October 1, 2016, through September 30, 2017.

Capital project expenditures are presented as Major Capital and Recurring Capital and encompass all capital costs of the project, including labor. A brief description is provided for each Major Project, including the budgeted capital expenditures for fiscal 2017, as well as the total cost of the capital project since most Capital Improvements span more than one fiscal year.

## CAPITAL IMPROVEMENTS

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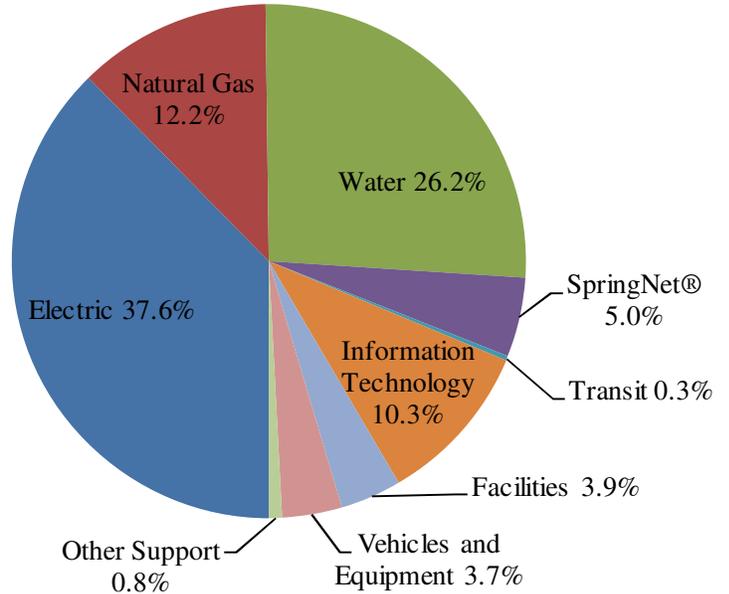
## Capital Improvements Budget

### Purpose

Capital budgeting is a fundamental part of the budgetary process for a municipal utility. City Utilities employs the capital budget as a tool for planning, controlling, and allocating scarce resources among competing demands. Capital improvements are necessary to continue to maintain and rehabilitate aging infrastructure in order to provide safe and reliable services to our existing customers, to prepare for future demand, and to meet environmental and regulatory requirements.

This section presents an overview of City Utilities' Capital Improvement Plan, including the planning process, the funding sources, and the capital projects funded in the 2017 Annual Operating Budget. Projects included in the 2017 Capital Improvements Plan have a projected cost of \$69.1 million and have been grouped by their functional service category.

### Capital Expenditures by Category



### Planning Process

#### Determine Revenue Projections

**Based upon:**

- Customer Growth/Usage
- Fuel Prices
- Rates

#### Project Managers Submit Project Requests

- Strategic Plan Objectives
- Operation and Maintenance of Systems
- Capital Improvements

#### Category Manager Committee Prioritizes Requests

- Financial Solution must include:**
- Adequate Cash Reserves
  - Financial Targets Satisfied

## Capital Budget Summary

Functional Service	Major Capital	Recurring Capital	2017 Capital Budget
Electric Power Generation	\$ 8,359,000	\$ 757,000	\$ 9,116,000
Electric Transmission & Distribution	5,426,000	8,603,000	14,029,000
Natural Gas Transmission & Distribution	5,255,000	2,243,000	7,498,000
Water Supply & Treatment	5,198,000	959,000	6,157,000
Water Distribution	7,648,000	2,344,000	9,992,000
Transit	-	165,000	165,000
SpringNet®	3,002,000	78,000	3,080,000
Information Technology	6,210,000	55,000	6,265,000
Facilities	838,000	1,532,000	2,370,000
Vehicles & Equipment	2,299,000	-	2,299,000
Other Support	-	539,000	539,000
Contingencies	-	7,580,000	7,580,000
<b>Totals</b>	<b>\$ 44,235,000</b>	<b>\$ 24,855,000</b>	<b>\$ 69,090,000</b>

### Contingencies

In 2014, a designated contingency fund was created for combined Revenue Producing and Municipal Improvements projects. The level of activity in both the public works and the residential housing and commercial development markets was difficult to project with a high degree of certainty. Should actual expenses for Revenue Producing and/or Municipal Improvement projects exceed the budgeted allocation within a category, money may be transferred from the designated contingency fund to supplement the budget for the affected project(s). For 2017, this portion of the \$7,580,000 available in the Contingencies budget is \$3,313,000.

### Project Detail

The following pages are a detailed listing of each Major Capital Project, including a general description, the estimated costs over the five-year operating plan, funding sources, and the recurring capital improvement costs. The recurring or small capital projects are listed without detail.

## Electric

### Electric Generation Major Capital Projects

	2017 Budget	Total Project Cost
<b>Environmental Improvements (JTEC)</b>	\$493,000	\$6,200,000
<p><b>Purpose:</b> This project provides funds for Selective Catalytic Reduction (SCR) system catalyst purchases and an effluent treatment system.</p> <p><b>Justification:</b> To replace expended catalysts in selective catalytic reactors and to add an effluent treatment system. These projects are required to comply with operating permits and environmental regulations.</p> <p><b>Duration:</b> Catalyst replacements will be ongoing. Effluent treatment system will be installed in 2018.</p>		
<b>Water Protection/Preservation and Ash Storage Expansion (JTEC)</b>	\$1,139,000	\$1,576,000
<p><b>Purpose:</b> The regulatory process and southwest Missouri’s karst geology necessitate extensive investigations, including geophysics, to verify preservation and protection of water resources in the expansion of dry ash storage capacity at JTEC.</p> <p><b>Justification:</b> Additional capacity will be required for permanent storage of dry fly ash through the operating life of the JTEC power station. The current storage space at JTEC is anticipated to be at capacity by 2034. Site investigation, permitting, and development are projected to take over five years. The work will involve significant effort, innovative geophysics, engineering analysis, and design to ensure the protection and preservation of water sources.</p> <p><b>Duration:</b> The geophysical investigations, conceptual design, and detailed site investigation are expected to be completed by 2018.</p>		
<b>Combustion Controls Upgrade (JTEC and JRPS)</b>	\$200,000	\$3,393,000
<p><b>Purpose:</b> Update of power generation automation controls systems hardware and software components. Replace JTEC Unit 2 turbine controls in 2020.</p> <p><b>Justification:</b> Control systems must be updated periodically to maintain safe and efficient operations of power generation equipment. These ongoing upgrades are necessary due to normal aging, regulatory requirements and to account for obsolescence of hardware and software components.</p> <p><b>Duration:</b> This is an on-going project planned for at least the next five years.</p>		
<b>Coal Combustion Residual (CCR) Rule Compliance (JTEC and JRPS)</b>	\$6,527,000	\$8,147,000
<p><b>Purpose:</b> The Environmental Protection Agency (EPA) enacted the Coal Combustion Residual (CCR) rule in 2015. To comply with the rule, well installations, ground water monitoring, statistical analysis and subsurface investigations are required. Additionally, ash ponds for collecting bottom ash will be cleaned and closed at JRPS and JTEC. The landfill at JRPS will need to be raised in order to handle the fill from the ash ponds being cleaned and closed.</p> <p><b>Justification:</b> City Utilities will need to comply with CCR regulations. The Missouri Department of Natural Resources (MDNR) will be establishing similar rules that will require parallel compliance efforts.</p> <p><b>Duration:</b> Most of the deadlines for compliance occur up to and including October 2018. Monitoring and closure plan requirements will extend several years beyond the October 2018 deadlines.</p>		

## Electric (continued)

### Electric Generation Recurring/Small Capital Projects

JTEC Quality Control/Environmental Requirements	\$357,000
Environmental Study	\$400,000

<b>Total Electric Generation Capital Budget</b>	\$9,116,000
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### Electric Transmission and Distribution Major Capital Projects

	2017 Budget	Total Project Cost
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<b>Transmission Line Right-of-Way (ROW) Purchase</b>	\$1,005,000	\$3,027,000
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**Purpose:** Acquire new rights-of-way to construct 161 kV and/or 345 kV electric transmission facilities.

**Justification:** Expand the transmission system along the perimeter of City Utilities' service territory to provide additional capacity to meet future load growth and relieve overloaded facilities.

**Duration:** This is an on-going project for the next three years.

<b>Power Circuit Breakers Replacement</b>	\$159,000	\$895,000
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**Purpose:** Replace older and ineffective power circuit breakers.

**Justification:** Parts for older power circuit breakers are difficult to find. Additionally, there have been improvements in the insulating mediums that more readily allow for compliance with the Environmental Protection Agency and Department of Energy Standards. Improvements in mechanism design also allow for maintenance intervals to be extended and monitoring enhanced.

**Duration:** This is an on-going project planned for at least the next five years.

<b>Advanced Metering Infrastructure Installation – Electric</b>	\$4,262,000	\$18,124,000
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**Purpose:** Install Advanced Metering Infrastructure (AMI) including meters and associated communication equipment.

**Justification:** City Utilities is in the process of moving to the Next Generation of Metering. This project includes upgrading older manual metering system to an Advanced Metering Infrastructure (AMI) which will provide customers with a variety of benefits including better customer service and better reliability. This will be a multi-year project, providing customers with up-to-date usage information, which could be helpful in understanding how to make smarter choices affecting their utilities.

**Duration:** This is an on-going project with completion anticipated by 2020, based on current planning efforts.

**Electric (continued)**

**Electric Transmission and Distribution Recurring/Small Capital Projects**

Revenue Producing/Developer	\$1,693,000
Distribution System Improvements	\$3,924,000
Municipal Improvements	\$1,119,000
Substation Improvements	\$1,602,000
Electric Measurement & Meter	\$175,000
Power Quality	\$90,000

<b>Total Electric Transmission and Distribution Capital Budget</b>	<u>\$14,029,000</u>
<b>Total Capital Budget - Electric System</b>	<u><u>\$23,145,000</u></u>

# Natural Gas

## Natural Gas Major Capital Projects

	2017 Budget	Total Project Cost
<b>Natural Gas Main and Service Renewals</b>	\$3,690,000	\$19,946,000

**Purpose:** The 2017 Annual Operating Budget includes \$3.7 million to replace approximately twelve miles of older natural gas mains, including a minimum of six miles of Aldyl A plastic mains and connected services.

**Justification:** Natural gas mains are being renewed due to age, failure history, and risk potential. The Aldyl A component is required by order of the Missouri Public Service Commission and will remain in effect until all affected piping has been replaced. Renewal of gas mains and services is necessary to ensure continuity of safe and reliable natural gas service.

**Duration:** This project will continue through the five-year Operating Plan and beyond. The budget requirements increase through the planning period to reflect additional work expected to be performed in conjunction with the Water Main Renewal effort.

<b>Advanced Metering Infrastructure Installation – Natural Gas</b>	\$1,565,000	\$9,637,000
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**Purpose:** Install Advanced Metering Infrastructure (AMI) including meter modules and associated communication equipment.

**Justification:** This project allows City Utilities to achieve the benefits of automated meter reading and future opportunities for system monitoring as well as allowing City Utilities to provide enhanced energy usage information to customers in the future.

**Duration:** This is an on-going project with completion anticipated by 2022, based on current planning efforts.

## Natural Gas Recurring Capital Projects

Revenue Producing	\$494,000
Natural Gas Measurement	\$305,000
Transmission and Distribution	\$646,000
Relocations and Municipal Improvements	\$798,000

<b>Total Capital Budget - Natural Gas System</b>	\$7,498,000
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# Water

## Water Supply and Treatment Major Capital Projects

	<b>2017 Budget</b>	<b>Total Project Cost</b>
<b>Clearwell Construction (BWTP)</b>	\$1,020,000	\$2,666,000
<p><b>Purpose:</b> As stated in the Department of Natural Resources’ (DNR) design guide, clearwells are required to provide adequate disinfection, backwash volume, and distribution flow and pressure. A clearwell allows for efficient operations in mitigating imbalanced flows from fluctuating demands, reduces chemical application points, enhances ability to comply with the disinfection byproduct rule, and allows a buffer between potential misfeeds or other anomalies prior to entering the distribution system.</p> <p><b>Justification:</b> The DNR has recommended construction of a clearwell based on “ample documentation and experience” and that “there is no reason for it to be delayed.” It is a Ten States Standard and an American Water and Wastewater Association (AWWA) accepted standard.</p> <p><b>Duration:</b> This project will be completed in 2018.</p>		
<b>Filter Upgrades (FWTP)</b>	\$600,000	\$1,049,000
<p><b>Purpose:</b> Fulbright Water Treatment Plant (FWTP) filter upgrades will replace antiquated equipment and depleted filter media.</p> <p><b>Justification:</b> A 2014 engineering study conducted by Burns &amp; McDonnell concluded filter upgrades will be necessary to maintain expected water quality from the FWTP.</p> <p><b>Duration:</b> The project will be completed in 2018.</p>		
<b>48-inch Raw Water Main Installation - Fellows Lake to Blackman Water Treatment Plant</b>	\$3,438,000	\$7,600,000
<p><b>Purpose:</b> This project will complete the 11-mile, 48-inch raw water main from Fellows Lake to the Blackman Water Treatment Plant.</p> <p><b>Justification:</b> The completion of this parallel pipeline will provide raw water supply redundancy to the Blackman Water Treatment Plant as well as additional raw water supply.</p> <p><b>Duration:</b> This project will be completed in 2019.</p>		
<b>Lab Instrumentation Upgrade</b>	\$140,000	\$548,000
<p><b>Purpose:</b> Much of the analytical equipment for running required water quality analyses is aged and outdated. Replacement parts and support is becoming more difficult to get.</p> <p><b>Justification:</b> The lab equipment is needed to run the required analyses to monitor water quality and is used daily.</p> <p><b>Duration:</b> This project will be ongoing through the next five years and beyond.</p>		
<b>Water Supply and Treatment Recurring/Small Capital Projects</b>		
Water Supply	\$580,000	
Water Treatment and Production	\$379,000	
<b>Total Water Supply and Treatment Capital Budget</b>	<b>\$6,157,000</b>	

## Water (continued)

### Water Distribution Major Capital Projects

2017 Budget	Total Project Cost
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#### Water Main and Service Renewal

	\$5,394,000	\$28,361,000
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**Purpose:** Replace water mains and associated services that are prone to leakage and breaks.

**Justification:** As City Utilities’ water infrastructure ages, the annual number of main breaks and service leaks increases. A significant portion of City Utilities’ lost and unaccounted for water is contributed by leakage and main breaks, the leading factors being the age of the pipes and weather-related soil movement. Upgrading the older mains and services will ultimately lead to a reduction in the number of main breaks and an improvement in the amount of lost and unaccounted for water. Many water main renewal projects are coordinated with natural gas main renewals.

**Duration:** This project will continue through the next five years and beyond.

#### Advanced Metering Infrastructure Installation – Water

	\$2,254,000	\$12,760,000
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**Purpose:** Install Advanced Metering Infrastructure (AMI) including meter modules and associated communication equipment.

**Justification:** This project allows City Utilities to achieve the benefits of automated meter reading and future opportunities for system monitoring as well as allowing City Utilities to provide enhanced water usage information to customers in the future.

**Duration:** This is an on-going project with completion anticipated by 2022, based on current planning efforts.

### Water Distribution Recurring/Small Capital Projects

Revenue Producing	\$492,000
Distribution System Improvements	\$1,203,000
Municipal Improvements	\$649,000

#### Total Water Distribution Capital Budget

	\$9,992,000
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#### Total Capital Budget - Water System

	\$16,149,000
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## SpringNet®

### SpringNet® Major Capital Projects

	<b>2017 Budget</b>	<b>Total Project Cost</b>
<b>SpringNet®-Ethernet Infrastructure</b>	\$600,000	\$2,230,000
<p><b>Purpose:</b> Supports and enhances the Ethernet infrastructure of the SpringNet® broadband network.</p> <p><b>Justification:</b> Ensures the core network infrastructure of SpringNet® remains reliable and beneficial to the business community.</p> <p><b>Duration:</b> This project will continue through the next five years with \$2.2 million projected for 2017 through 2021.</p>		
<b>SpringNet®-Fiber/Outside Plant Infrastructure</b>	\$519,000	\$4,593,000
<p><b>Purpose:</b> Expands the fiber optic cable assets and funds construction of equipment shelters in high demand areas.</p> <p><b>Justification:</b> Enables the construction of fiber optic cable extensions as well as capacity additions.</p> <p><b>Duration:</b> This project will continue through the next five years with \$4.6 million projected for 2017 through 2021.</p>		
<b>SpringNet®-Revenue Generation</b>	\$1,883,000	\$9,976,000
<p><b>Purpose:</b> Provides funds necessary to extend SpringNet® broadband services to new and existing customers, where economically justified.</p> <p><b>Justification:</b> Enables SpringNet® to meet customer demand for SpringNet® broadband services and to generate revenue for the SpringNet® business unit.</p> <p><b>Duration:</b> This project will continue through the next five years with \$10.0 million projected for 2017 through 2021.</p>		
<b>SpringNet® Recurring/Small Capital Projects</b>		
	Facility Relocations	\$78,000
<b>Total Capital Budget - SpringNet®</b>	<u>\$3,080,000</u>	

## Information Technology

Information Technology Major Capital Projects	2017 Budget	Total Project Cost
<p><b>Operations Technology Implementation</b></p> <p><b>Purpose:</b> Continued implementation of Operations Technology systems.  <b>Justification:</b> The continued development and implementation of the new Job Order Tracking System (JOTS) is needed to replace an aging system with limited features. This system is being written internally by Information Technology staff.  <b>Duration:</b> This project is scheduled to conclude in fiscal 2017.</p>	\$304,000	\$304,000
<p><b>Purchasing and Inventory Replacement</b></p> <p><b>Purpose:</b> Develop a new Purchasing and Inventory system.  <b>Justification:</b> Replace the existing Purchasing and Inventory system with an internally developed application to reduce the scope of the PeopleSoft replacement effort scheduled in fiscal 2017 and 2018.  <b>Duration:</b> This project will conclude in fiscal 2017.</p>	\$240,000	\$240,000
<p><b>Panasonic Toughbook Replacement</b></p> <p><b>Purpose:</b> Replace the existing Panasonic Toughbooks with Windows 10 and 4G cellular Toughpads.  <b>Justification:</b> The existing Toughbooks do not meet Windows 10 requirements and will need to be replaced in order to upgrade to the new operating system. In addition, the new Toughpads need to have 4G cellular capabilities to be compatible with the new Mobile Work Management System that will be deployed in 2017.  <b>Duration:</b> The majority of the effort will be complete in fiscal 2017 with the project concluding in fiscal 2018.</p>	\$800,000	\$950,000
<p><b>CIS and Customer Portal Maintenance</b></p> <p><b>Purpose:</b> This will extend the life of the existing CIS.  <b>Justification:</b> The existing system utilizes aging technology and is written in an aging language. The new user interface will be written in current Microsoft tools. The customer portal will be created to adhere to PCI Compliance standards.  <b>Duration:</b> This project will conclude in fiscal 2017.</p>	\$594,000	\$594,000
<p><b>Mobile Work Management System Replacement</b></p> <p><b>Purpose:</b> Replace existing Mobile Work Management System with a system developed internally.  <b>Justification:</b> The existing system would require \$1.0 million in expenses over the next few years and would fall short of meeting all of the new business requirements of the utility.  <b>Duration:</b> This project will conclude in fiscal 2017.</p>	\$642,000	\$402,000

**Information Technology (continued)**

	<b>2017 Budget</b>	<b>Total Project Cost</b>
<b>Financial Supply Chain Management System (FSCM) Replacement Project</b>	\$3,630,000	\$8,027,000

**Purpose:** Replace Financial Supply Chain Management System (FSCM) which serves as City Utilities’ Financial and Purchasing system.

**Justification:** The existing FSCM system that was implemented in April 2000 is no longer supported by the vendor. FSCM serves as a mission-critical system for City Utilities’ Financial and Purchasing/Inventory information.

**Duration:** This project will begin in 2017 and span three years.

**Information Technology Recurring/Small Capital Projects**

IT Infrastructure	\$55,000
<b>Total Capital Budget - Information Technology</b>	<b>\$6,265,000</b>

# Facilities

Facilities Major Capital Projects	2017 Budget	Total Project Cost
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<b>Partnership Industrial Center West Infrastructure</b>	\$140,000	\$719,000
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**Purpose:** Funding for economic development of Partnership Industrial Center West which could include individual lot survey and topographical work, preparation of American Land Title Association (ALTA) standard surveys, site preparation and dirt work, individual lot utility infrastructure extension and/or service connections, and other administrative expenses related to preparing an individual lot for sale.

**Justification:** The Partnership Industrial Center West is a cooperative effort of Springfield’s Partnership for Economic Development and is comprised of City Utilities, the Springfield Area Chamber of Commerce (through its subsidiary the Springfield Business & Development Corporation), the City of Springfield, and Greene County.

**Duration:** This project will continue through the next five years with an additional \$579,000 projected for fiscal 2018 through 2021.

<b>Facilities Additions and Renovations</b>	\$546,000	\$3,544,000
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**Purpose:** The 2017 Annual Operating Budget includes \$546,000 to design and begin construction of a replacement building for the carpentry and print shop operations, with funding to complete construction in 2018.

**Justification:** Evolving needs within City Utilities, such as expansion of the main renewals, create the need for changes to facilities infrastructure to meet the operational demand. A replacement fleet management shop at Electric Operations and renovations at Electric Operations for SpringNet® offices have also been identified as potential projects.

**Duration:** This project will continue through the next five years with an additional \$2,998,000 projected for fiscal 2018 through 2021.

<b>Telecommunications-PBX Related Applications</b>	\$152,000	\$786,000
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**Purpose:** Provides funds to upgrade applications associated with City Utilities’ telephone switch.

**Justification:** These updates ensure the PBX and related applications remain able to be supported and will enhance City Utilities’ disaster recovery capabilities.

**Duration:** This project will continue through the next five years with an additional \$635,000 projected for fiscal 2018 through 2021.

## Facilities Recurring/Small Capital Projects

Other Facilities Improvements	\$934,000
Trunked Radio and Scada Systems	\$57,000
Facilities Security	\$315,000
Major Interior/Exterior Projects	\$226,000
<b>Total Capital Budget - Facilities</b>	<b>\$2,370,000</b>

## Vehicles & Equipment

### Vehicle & Equipment Major Capital Projects

	<b>2017 Budget</b>	<b>Total Project Cost</b>
<b>Small Vehicle and Equipment Replacement</b>	\$621,000	\$2,438,000
<p><b>Purpose:</b> This is an ongoing project that provides funding for the scheduled replacement of the small vehicle and equipment fleet.</p> <p><b>Justification:</b> Due to normal wear and tear, the vehicles are generally scheduled for replacement after ten years of service.</p> <p><b>Duration:</b> This project will continue through the next five years with an additional \$1.8 million projected for 2018 through 2021.</p>		
<b>Heavy Equipment Replacement</b>	\$1,678,000	\$6,548,000
<p><b>Purpose:</b> This is an ongoing project that provides funding for the scheduled purchase and replacement of heavy equipment.</p> <p><b>Justification:</b> A priority list for replacements is established annually by the operating areas and Fleet Management. This may include items such as digger/derricks, dump trucks, service trucks and backhoes. Replacements will be based on age, condition, work requirements, and useful life.</p> <p><b>Duration:</b> This project will continue through the next five years with an additional \$4.9 million projected for 2018 through 2021.</p>		
<b>Total Capital Budget - Vehicles and Equipment</b>	\$2,299,000	

## 2016 Reprojection Summary

**As part of the 2017 Operating Plan process, the current 2016 Annual Operating Budget is reviewed for possible rejections. Below is a summary of material capital rejections.**

### **Electric**

- The Environmental Protection Agency (EPA) issued the final Coal Combustion Residual (CCR) rule after the fiscal 2016 budget was submitted. Rejections from other projects in the amount of \$8,130,140 were required during fiscal 2016 in order to fund the items needed to ensure compliance with these requirements.
- In fiscal 2015, a study was completed to see how many poles in the electric system were in need of repair or needing replaced. Identified in this study were 370 poles to be replaced. The budget for preventive electric line maintenance was reprojected \$1.3 million higher, of which \$900,000 came from the Facilities category.

### **Water Supply and Treatment**

- The 48-inch raw water main from Fellows Water Treatment Plant (FWTP) to Blackman Water Treatment Plant (BWTP) has been reprojected \$3.4 million lower due to a timeline shift. The project is being continued in fiscal 2016, but will be completed in four distinct phases during the Operating Plan with completion scheduled for 2019.

### **Facilities**

- Facilities projects were reprojected \$1.2 million lower, of which \$300,000 was transferred to Transit for the completion of the transfer facility and the remaining \$900,000 was transferred to Electric Distribution for pole replacement projects.

### **Transit**

- The capital budget for Transit was increased during the reprojected process. The transit transfer facility was the beneficiary of the \$300,000 transfer from Facilities.

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## INTRODUCTION

City Utilities groups expenditures by functional category. Operating Expenditures are presented here for the fiscal year beginning October 1, 2016 through September 30, 2017. Operating Expenditures encompass operations, maintenance, and administrative costs. Expenditures for fuels and labor are also included.

For comparative purposes, actual expenditures for the year ended September 30, 2015 and reprojected expenditures for the year ending September 30, 2016 are also presented.

The Functional Responsibility sections include brief descriptions of each category and describe the functions of each.

The Reprojected Adjustment sections present significant changes to expenditures for the current fiscal 2016.

Major Budget Initiatives encompass the major expenditures for large, nonrecurring, and new projects for fiscal 2017.

Annual Initiatives describe the significant ongoing daily activities that are budgeted within the category.

## OPERATING EXPENDITURES

<i>Operating Expenditures by Category</i>	1
<i>Power Generation</i>	2
<i>Fuels, Purchased Energy, and Renewables</i>	3
<i>Electric Transmission &amp; Distribution</i>	4
<i>Natural Gas Transmission &amp; Distribution</i>	4
<i>Water Supply &amp; Treatment</i>	5
<i>Water Distribution</i>	6
<i>Transit</i>	6
<i>Facilities</i>	7
<i>SpringNet®</i>	8
<i>Vehicles &amp; Equipment</i>	8
<i>Information Technology</i>	9
<i>Human Resources</i>	10
<i>Finance</i>	11
<i>General Operations Support</i>	12
<i>Administrative Support</i>	13
<i>Customer Support</i>	14
<i>Debt Service</i>	15
<i>Non-Utility</i>	15

## Operating Expenditures by Category

Expenditures	2015 Actual	2016 Reprojected	2017 Budget
Power Generation	\$ 25,687,746	\$ 21,915,128	\$ 17,258,389
Fuels and Purchased Energy	167,384,605	136,533,472	159,686,525
Electric Transmission & Distribution	20,826,801	21,151,689	21,124,105
Natural Gas Transmission & Distribution	4,193,831	4,291,759	4,301,400
Water Supply & Treatment	4,817,997	5,954,217	6,205,906
Water Distribution	3,251,833	4,144,094	4,922,800
Transit	4,085,803	4,450,791	4,662,617
Facilities	5,315,936	5,431,992	5,628,438
Vehicles & Equipment	2,510,045	2,659,313	2,643,832
SpringNet®	4,149,164	3,707,766	3,663,800
Information Technology	7,153,571	7,341,722	7,807,025
Human Resources	48,576,936	51,147,094	52,749,090
Finance	4,947,520	5,485,486	5,740,600
General Operations Support	3,632,202	4,404,633	4,448,585
Administrative Support	5,394,851	14,094,211	6,613,865
Customer Support	10,602,078	10,881,599	12,059,070
Debt Service	46,294,762	70,835,035	54,188,280
Non-Utility	62,807,210	61,521,750	62,543,505
Sub-Total Project Expenditures	431,632,891	435,951,751	436,247,832
Guarantees – The Energy Authority	0	9,642,858	0
Total Expenditures	<u>\$ 431,632,891</u>	<u>\$ 445,594,609</u>	<u>\$ 436,247,832</u>

## Power Generation

### Functional Responsibility

Power Generation includes the generation and control of electric power through the operation of James River Power Station (JRPS), John Twitty Energy Center (JTEC), McCartney Generating Station (MGS), and Noble Hill Landfill Renewable Energy Center (NHLREC). These facilities encompass 255 MW of base load generation from five natural gas fired steam turbines, 503 MW of base load generation from two coal fired steam turbines and 359 MW of peaking capacity from six natural gas combustion turbines. The Power System Control area dispatches available energy sources to maintain a reliable and economical power supply in real time. The Power Marketing area plans and schedules off-system, wholesale electric transactions to optimize efficiency and maximize return on investment of the Utility’s resource portfolio. The Transmission Planning area evaluates the system’s future needs and develops plans necessary for the reliable delivery of bulk power to the CU system.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
JTEC Maintenance	\$ 11,934,738	\$ 6,840,813	\$ 7,336,752
JTEC Operations	3,515,783	4,317,501	4,116,901
JTEC Inventory	501,446	0	0
Sub-Total JTEC	15,951,967	11,158,314	11,453,653
JRPS Maintenance	3,941,254	4,297,593	616,809
JRPS Operations	2,338,467	2,352,557	532,670
JRPS Inventory	(41,611)	0	0
Sub-Total JRPS	6,238,110	6,650,150	1,149,479
Power Generation – Other	3,497,669	4,106,664	4,655,257
Total Expenditures	<u>\$ 25,687,746</u>	<u>\$ 21,915,128</u>	<u>\$ 17,258,389</u>

### Major Budget Initiatives

- Low natural gas prices coupled with the addition of wind generation in the SPP footprint drove the price of power down in 2015. These low prices kept the James River Power Station steam units from being called to run for market reasons. Additionally, it became more economical to purchase power from the grid than to produce it from these units. Due to these conditions, along with changes in EPA regulations, the James River Power Station air permit was changed to allow only natural gas to be used as a fuel source on the steam units. With the lack of runtime, most of the James River Power Station personnel were transferred to the John Twitty Energy Center.

### Annual Initiatives

- Operations and Maintenance expenditures for Power Generation include labor, goods, materials, and services required to maintain the reliable operation of the generating facilities.

### Reprojected Adjustment

- The reprojected decrease in Power Generation resulted from re-deploying labor from the power stations to other areas of the utility. In addition, operating and maintenance costs were decreased due to lower run time of the coal units and less emissions.

## Fuels, Purchased Energy, and Renewables

### Functional Responsibility

Coal is the primary fuel used in generating electricity by steam units the John Twitty Energy Center (JTEC). Natural gas is the primary fuel for the steam units at the James River Power Station (JRPS) and the combustion peaking turbines.

Beginning in March 2014, City Utilities became a market participant in the Southwest Power Pool (SPP) Regional Electric Market. City Utilities provides generation to the market and also purchases energy from the market when economical. City Utilities purchases supplemental hydroelectric energy from the Southwestern Power Administration (SWPA) when it is available.

In October 2013, City Utilities entered into a 25-year contract to purchase solar energy from a solar farm that is located east of the McCartney Generating Station.

In November 2015, City Utilities entered into a 22-year contract to purchase energy from Frontier Windpower, LLC, a wholly owned subsidiary of Duke Energy. It is estimated that this 200 MW contract will deliver 554,560 MWh in fiscal 2017. It is estimated in future years the contract will deliver 740,600 MWh.

Natural gas, for resale to customers and for electric generation, is transported to Springfield through pipelines operated by Southern Star Central Gas Pipeline, Inc. and Enable Gas Transmission, LLC. The Energy Authority (TEA), as an agent for City Utilities, purchases natural gas for City Utilities' customers.

### Annual Initiatives

- The Annual Operating Budget assumes that the John Twitty Energy Center will burn low-sulfur coal from the Powder River Basin in Wyoming. The 2017 Annual Operating Budget includes the purchase of approximately 672,000 tons of coal at a cost of \$28.0 million. Average delivered coal costs are budgeted at \$2.37 per million British Thermal Units (BTU). Included in the average delivered coal costs is the cost of freight.
- The Annual Operating Budget assumes a natural gas inventory of 2.3 million dekatherms valued at \$5.3 million on September 30, 2016. The inventory will be withdrawn during the 2016-17 heating season as needed to meet firm requirements for natural gas and will be replenished during the spring and summer of 2017. The budgeted natural gas inventory at September 30, 2017, is expected to increase in value to \$6.0 million for 2.3 million dekatherms.
- The budgeted coal inventory on September 30, 2017 is approximately 189,000 tons at a value of \$7.2 million.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Coal	\$ 62,534,040	\$ 39,660,868	\$ 32,360,206
Natural Gas	58,160,215	51,340,824	61,844,715
Other Fuels	749,044	237,550	355,500
Purchased Power	42,606,045	42,260,609	62,953,873
Emissions Consumables	1,969,965	1,372,689	738,320
Other Electric	979,819	1,224,250	1,011,426
Other Natural Gas	385,477	436,682	422,485
<b>Total Expenditures</b>	<b>\$ 167,384,605</b>	<b>\$ 136,533,472</b>	<b>\$ 159,686,525</b>

- Coal expenditures in 2016 and 2017 include costs associated within provisions of both coal and freight contracts to negate delivery of coal of approximately \$3.1 million in 2016 and \$4.3 million in 2017.
- The 2017 budgeted cost of 13.9 million dekatherms of natural gas is \$51.4 million, of which \$12.1 million is firm for transportation capacity and storage and \$5.1 million is for the purchase of 1.7 million dekatherms of natural gas used in power generation.
- In August 2008, City Utilities entered into a 20-year contract to purchase energy from the Smoky Hills Wind Project near Salina, Kansas. It is estimated that this 50 MW contract will deliver 185,000 MWh in fiscal 2017.
- In October 2013, City Utilities entered into a 25-year contract to purchase energy from Strata Solar. It is estimated that this 4.95 MW contract will deliver 9,000 MWh in fiscal 2017.
- The Annual Operating Budget assumes the purchase of 2.5 million MWh of electricity in 2017 or approximately 66% of system and off-system requirements. The budgeted cost of purchased power is \$62.6 million of which \$2.8 million is allocated to fund firm capacity charges for 50 MW from SWPA.

## Electric Transmission & Distribution

### Functional Responsibility

Electric Transmission & Distribution is responsible for the engineering, design, construction, and maintenance of approximately 1,800 miles of overhead and underground distribution lines, 210 miles of transmission lines, and 47 substation sites. Approximately 110,000 customers are served. Electric Transmission & Distribution is also responsible for street lighting in the community and the Tree Management Program, a program of urban forest and planting management that helps to prevent interference with the operation of the electric system.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Electric T & D	\$ 16,913,513	\$ 17,684,345	\$ 17,563,618
Electric T & D Storms	899,300	540,000	554,350
Measuring & Metering	529,327	532,902	452,896
Electric Substations	2,198,783	2,028,503	2,193,291
Power Quality	201,079	253,762	241,335
Electric Inventory	84,799	112,177	118,615
<b>Total Expenditures</b>	<b>\$ 20,826,801</b>	<b>\$ 21,151,689</b>	<b>\$ 21,124,105</b>

### Major Budget Initiatives

- Tree Management Programs will continue during 2017 to improve electric system reliability and are budgeted at \$3.5 million.

### Annual Initiatives

- Ongoing preventive and scheduled maintenance of the electric system is reflected in several budgeted projects in fiscal 2017. Overhead, underground, and substation maintenance requires a significant amount of City Utilities' labor, as well as some contract labor for specific items.
- System expansion and relocation of facilities requires engineers and technicians to work with developers, contractors, and other utilities to quickly and efficiently provide service to new customers.

## Natural Gas Transmission & Distribution

### Functional Responsibility

Natural Gas Transmission & Distribution is responsible for the engineering, construction, operations, and maintenance of over 1,260 miles of natural gas mains, 49 miles of natural gas transmission lines, 170 regulator and gate stations, and more than 77,000 service lines. Department of Transportation and Public Service Commission safety regulations are strictly followed to ensure the safe and efficient supply of natural gas to approximately 83,000 customers.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Nat Gas T & D Maint	\$ 1,267,025	\$ 1,122,689	\$ 1,308,490
Natural Gas Measurement	1,587,999	1,659,260	1,515,471
Nat Gas T & D Operations	1,368,170	1,497,110	1,464,439
Nat Gas Inventory	(29,363)	12,700	13,000
<b>Total Expenditures</b>	<b>\$ 4,193,831</b>	<b>\$ 4,291,759</b>	<b>\$ 4,301,400</b>

### Annual Initiatives

- Natural Gas Transmission & Distribution non-capital expenditures include the labor, goods, materials, and services necessary to operate the natural gas system and maintain compliance with all federal and state safety regulations as they pertain to the operation of the natural gas system. Also included in non-capital expenditures are the performance and maintenance of the leak survey and cathodic protection programs, integrity management initiatives, purchase of odorant, as well as the labor, goods, and materials necessary to operate and maintain the Lake Springfield Natural Gas Peaking Station.

# Water Supply & Treatment

## Functional Responsibility

Water Source of Supply is responsible for overseeing collection and storage of raw water utilizing three lakes, two reservoirs, a river, two wells, and a spring. This includes engineering, operation, and maintenance of raw water pipelines, dams, intake structures, and pump stations. The laboratory at Blackman Water Treatment Plant (BWTP) also provides the scientific and technical support necessary to manage water quality in the Utility lakes and reservoirs to avoid taste and odor events.

	2015	2016	2017
Expenditures	Actual	Reprojected	Budget
Supply Operations	\$ 823,010	\$ 1,140,246	\$ 785,300
Supply Maintenance	261,833	288,042	607,144
Treatment Operations	1,723,176	2,151,597	2,342,339
Production Operations	815,097	897,670	949,877
Production Maintenance	1,194,881	1,476,662	1,521,246
Total Expenditures	<u>\$ 4,817,997</u>	<u>\$ 5,954,217</u>	<u>\$ 6,205,906</u>

Water Treatment and Production includes the process of treating 28 million gallons of raw water on average per day for approximately 81,000 customers to drinking water standards and pumping it through the distribution system. Included is the operation and maintenance of two treatment plants, eight pump stations and seven storage facilities to ensure production availability at rated capacities. The BWTP laboratory provides monitoring, technical assistance, and scientific support to ensure continuous compliance with state and federal drinking water regulations.

## Annual Initiatives

- Annual operating expenses at the Stockton Pump Station make up a considerable portion of this budget category. The 2017 Annual Operating Budget includes power costs, U.S. Army Corps of Engineers charges for City Utilities' share of the project to maintain the Stockton dam and reservoir, spare parts, and maintenance.
- BWTP and Fulbright Water Treatment Plant (FWTP) both have extensive pumping facilities, chemical feed equipment, processing equipment, piping, valves, electrical equipment, SCADA systems, controls, storage, mixing, and settling facilities. All of these facilities require continual monitoring and maintenance. Recurring projects in this category include budget funding for these needs, as well as for chemicals to treat the water to drinking water standards and to meet all state and federal regulations.
- Mowing and maintenance of approximately 2,800 acres, much of it at Fellows and McDaniel Lakes, is performed at 21 water site properties. This also includes fence repair and routine maintenance and repairs of boat docks and pavilions at Fellows Lake.
- Funds to inspect and maintain the dams, which form the reservoirs containing City Utilities' primary sources of drinking water, are included in this budget. Coordination with the State Dam and Reservoir Safety Program is required each year along with permitting activities and two inspections per dam.
- To support watershed management and education, funding for the Watershed Committee of the Ozarks has been budgeted at \$200,000.
- Funds to operate the certified water quality laboratory are included in this budget category. City Utilities' lab performs over 60,000 analyses on water samples each year and it is one of 13 certified labs in the state. Certified water plant operators work in concert with the lab to operate the treatment plants and to process and deliver treated water to the distribution system. Lab personnel also carry out a lakes management program that is a benchmark for the Midwest region in managing surface water sources for taste and odor.
- Each year, all water systems are required to pay the Drinking Water Primacy Fee to the Missouri Department of Natural Resources (DNR). The primacy fee provides critical funding for laboratory services and activities the state must perform in order to maintain delegation of the federal drinking water program. The payment for the City Utilities drinking water system, based on the number of customers served, is projected to be \$150,000 in fiscal 2017.

## Water Distribution

### Functional Responsibility

Water Distribution is responsible for engineering, construction, operations, and maintenance of the water distribution system, which consists of more than 1,250 miles of water mains, 7,900 fire hydrants and 27,000 valves. The delivery of a safe and reliable supply of potable water to approximately 81,000 customers is performed in compliance with the rules and regulations of the Missouri Department of Natural Resources (DNR).

The Measuring & Metering area is responsible for the purchase, installation, and maintenance of water meters, as well as disinfection of new mains, flushing, and chlorine testing for the distribution system. This group also monitors private backflow prevention and responds to individual customer requests such as water leaks, low pressure, water connects, and disconnects.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Distrib. Maintenance	\$ 1,668,916	\$ 2,465,313	\$ 3,110,808
Distrib. Operations	840,794	876,594	880,514
Measuring & Metering	693,357	795,437	924,478
Water Inventory	48,766	6,750	7,000
<b>Total Expenditures</b>	<b>\$ 3,251,833</b>	<b>\$ 4,144,094</b>	<b>\$ 4,922,800</b>

### Annual Initiatives

- Water distribution non-capital expenditures include the labor, equipment, and materials necessary to respond to main and service breaks, conduct a flushing program to maintain drinking water quality, systematically maintain over 81,000 meters in service, and monitor the timely testing of customers' backflow prevention assemblies.

## Transit

### Functional Responsibility

Transit is responsible for the operation and maintenance necessary to provide a public transportation system for the city of Springfield. City Utilities offers Fixed Route and Paratransit bus service. The Fixed Route program includes the operation of accessible buses on a fixed route schedule. The Paratransit program, Access Express, operates on a demand-responsive, origin-to-destination basis which transports disabled passengers on accessible coaches using a call-in reservation system.

A portion of operational and capital funding is provided by the Federal Transit Administration (FTA). Transit is responsible for compliance with regulations from FTA, Title VI, and the Americans with Disabilities Act (ADA).

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Transit Operations	\$ 3,194,215	\$ 3,308,528	\$ 3,548,335
Transit Maintenance	891,588	1,142,263	1,114,282
<b>Total Expenditures</b>	<b>\$ 4,085,803</b>	<b>\$ 4,450,791</b>	<b>\$ 4,662,617</b>

### Annual Initiatives

- Transit operations and maintenance expenditures include the labor, maintenance, fuel, and other ongoing expenses of daily Transit operations.

## Facilities

### Functional Responsibility

Facilities is responsible for the maintenance, repair, remodeling, select construction, and security of City Utilities' buildings and properties. The acquisition and maintenance of office furnishings and equipment, property acquisition, and internal mail services are also included in the Facilities category. Key functions include architectural services, engineering and design services, property management, and maintenance of facility records. Overall goals are to provide employees with a safe, clean, and productive work environment.

Telecommunications Operations is responsible for the operation and maintenance of a telephone system providing dial tone, automated voice services, and call center operations as well as operation of an Interactive Voice Response system providing Customer Account Information and Phone Pay services.

The Trunked Radio System Division operates and maintains a complex, computer-controlled two-way radio system that facilitates efficient sharing of scarce radio frequency channels among a large group of users. City Utilities, City of Springfield, and Greene County are partners in the county-wide system that serves 4,200 users in multiple government and vital non-profit agencies. The system is strictly utilized for public safety, emergency response, and operations of critical services.

### Annual Initiatives

- Facilities Maintenance continues at an annual total of \$2.8 million for 2017 and includes a broad spectrum of ongoing and anticipated maintenance and repairs to City Utilities' facilities. These include maintaining roofs, building exteriors, electrical systems, plumbing systems, HVAC systems, fire suppression and alarm systems, stand-by generators, elevators, uninterruptible power supply (UPS) systems, and air compressors. Also included are the costs for minor maintenance of building interiors, exteriors and grounds.
- Security Administration and Outside Services is budgeted at \$1.4 million for 2017. This includes the cost of contract guard services for primary facilities and the operation of the central security monitoring station.
- The Trunked Radio System operations and maintenance budget for 2017 is \$681,000. An in-house staff of five people, along with electric and technical service contractors, ensures this system operates at the highest level of reliability. The system includes a hardened central electronics facility, seven radio tower sites, and sixteen consoles at the E911 Center. The division also provides wireless communications to support 140 gas and water Supervisory Control and Data Acquisition (SCADA) sites.
- Telecommunications Operations are funded at \$581,000 for 2017. These expenditures are used to support voice services for City Utilities including telephone equipment, trunks and long distance.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Facilities and Grounds Maintenance	\$ 2,807,518	\$ 2,739,371	\$ 2,794,882
Office Services	181,307	117,870	140,163
Telecommunications Operations <sup>1</sup>	617,679	538,348	581,211
Trunked Radio System	589,197	652,969	680,757
Security	1,120,235	1,383,434	1,431,425
<b>Total Expenditures</b>	<b>\$ 5,315,936</b>	<b>\$ 5,431,992</b>	<b>\$ 5,628,438</b>

<sup>1</sup> Beginning in 2016 Telecommunications was moved from the SpringNet® category to the Facilities category. Actuals for 2015 have been adjusted to reflect this change.

## SpringNet®

### Functional Responsibility

The SpringNet® network maintains two focuses: internally provided services and an external business unit operated under the SpringNet® trademark. SpringNet® has provided external broadband services since 1997. It currently offers two distinct Internet-type high speed Broadband services, NETLink (Internet access) and LANLink (business to business), plus a wireless carrier service - small cell pole attachment.

SpringNet®’s internal services include “dark fiber” resources to the Electric department, and LANLink and NETLink to the Utility. In addition to providing these services to City Utilities, LANLink, and NETLink services are provided to the City of Springfield (the City).

### Annual Initiatives

- SpringNet®’s operational expenses for fiscal 2017 are budgeted at \$3.7 million. These expenditures are necessary for support, maintenance, and operations of the SpringNet® Broadband network. Major elements include interconnection fees, equipment maintenance, and right of way fees paid to the City.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
SpringNet® Operations	3,902,583	3,695,766	3,651,300
SpringNet® Inventory	246,581	12,000	12,500
Total Expenditures <sup>1</sup>	<u>\$ 4,149,164</u>	<u>\$ 3,707,766</u>	<u>\$ 3,663,800</u>

<sup>1</sup> Beginning in 2016 Telecommunications was moved from the SpringNet® category to the Facilities category. Actuals for 2015 have been adjusted to reflect this change.

## Vehicles & Equipment

### Functional Responsibility

The core function of managing City Utilities’ fleet of vehicles and equipment falls within the Vehicles & Equipment category. This includes optimizing the replacement cycles, providing the necessary equipment to operating departments, preparing specifications, as well as maintaining, repairing, and rebuilding all-wheeled and non-wheeled work equipment. This category excludes expenditures relating to buses, which are included in the Transit category.

### Annual Initiatives

- Fleet Operations and Maintenance expenditures in this category include Fleet Management labor, repair parts, equipment testing, and general operating expenses as well as fuel and tire repair/replacement for all vehicles excluding Transit buses.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Operations	\$ 648,646	\$ 630,144	\$ 730,917
Maintenance	1,875,187	2,025,069	1,908,665
Inventory	(13,788)	4,100	4,250
Total Expenditures	<u>\$ 2,510,045</u>	<u>\$ 2,659,313</u>	<u>\$ 2,643,832</u>

## Information Technology

### Functional Responsibility

Information Technology (IT) has three core functions: implementing new technology, the maintenance of existing technology, and internal customer support for technology.

IT maintains nine mission critical systems and nearly 80 smaller systems. The mission critical systems include the Customer Information System (CIS), Financial Supply Chain Management System (FSCM), Job Order Tracking System (JOTS), City Utilities Employee System (CUES), Energy Management System (EMS), Mobile Work Management, Outage Management System, Geographical Information System (GIS), and Exchange (Email).

	2015	2016	2017
Expenditures	Actual	Reprojected	Budget
Information Technology	7,153,571	7,341,722	7,807,025
Total Expenditures	\$ 7,153,571	\$ 7,341,722	\$ 7,807,025

### Reprojected Adjustment

- The Information Technology non-capital expenditures were reduced \$485,000 during the reprojected process. The elimination of an External Penetration Test, which was included in an IT Security Audit performed earlier this year by Auditing, resulted in a reduction of \$75,000. Another \$410,000 were saved through various reductions in costs associated with EMS, Energy Management Information System (EMIS) and Route Match consulting services, GIS hardware, FSCM replacement, CIS billing changes, software compliance costs, and Toughbook licenses.

### Annual Initiatives

- A substantial portion of the Information Technology budget is dedicated to developing and supporting the nearly 90 business applications in use at City Utilities. Through upgrades and enhancements, the systems improve the efficiency of business processes. These budgeted funds consist primarily of labor, ongoing hardware and software maintenance, development tools, and any upgrades planned during each year. Combined, these efforts total \$3.4 million for 2017.
- The centralized IT support center and network operations staff answer and resolve calls, address employee technology questions, install all corporate desktop hardware and software, conduct desktop application training, manage Linux and Windows operating systems, and administer network and printing services. The 2017 budget includes \$2.5 million for labor, desktop hardware and software, network licenses, and maintenance purchases.
- A significant portion of the Information Technology budget is dedicated to expanding, upgrading, and maintaining the corporate technical infrastructure of the Utility. In addition, supporting cyber security, securing systems, providing web operations, and database administration is performed by this team. In 2017, \$1.9 million has been budgeted for these responsibilities. This funding includes labor, new network equipment, contractual maintenance, and service obligations for the infrastructure assets and security tools.

# Human Resources

## Functional Responsibility

Human Resources administration functions include Workers' Compensation, Health Management, Benefits, Employee Labor Relations, Safety and Training, Employment, Human Resources Information Systems, and Compensation. Benefits includes the costs of employee-related insurance, employee sick and vacation usage, City Utilities' contributions for employment taxes, retirement contributions to the Missouri Local Government Employees Retirement System (LAGERS), and employee directed benefits.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Benefits	\$ 46,302,853	\$ 48,298,163	\$ 49,754,057
Admin. & Operations	2,274,083	2,848,931	2,995,033
Total Expenditures	<u>\$ 48,576,936</u>	<u>\$ 51,147,094</u>	<u>\$ 52,749,090</u>

## Annual Initiatives

- Health, life, and long-term disability insurance are projected at \$7.7 million. City Utilities promotes wellness within its workforce to help maintain high productivity and to assist with lowering healthcare costs. The Health Management team encourages our employees to participate in an annual Health Risk Assessment and to engage in regular exercise and healthy eating.
- LAGERS is projected at \$18.2 million. FICA, unemployment, and employee-owned and directed benefits are projected at \$10.5 million, and vacation/sick leave and holiday pay plans at \$12.3 million.
- Proactive safety programs focus on reducing the occurrence and severity of workplace accidents and injuries. Employees are afforded a safe work environment through assistance in the design of equipment and facilities, development of safe work procedures, safety training, and providing necessary personal protective equipment. The 2017 budget includes \$1,047,000 for implementing these programs.
- City Utilities is committed to maintaining highly skilled and knowledgeable employees. Toward this goal, the 2017 budget includes \$551,000 to provide various types of training. This training includes technical and professional development, regulatory compliance, safety, and an education assistance program.
- City Utilities' workers' compensation program is self-insured and administered by Human Resources. The 2017 budget for this project includes \$947,000 for medical treatment and indemnity payments that are incurred as a result of workplace injuries and illnesses.

## Finance

### Functional Responsibility

Financial Operations is responsible for the preparation and presentation of the Utility’s financial statements, the Operating Plan, the Annual Operating Budget, project manager reports, asset management, and internal control policies. Financial Operations also includes Treasury, which is responsible for cash management, payments for bonded indebtedness and financing agreements, as well as processing receipts and disbursements. Risk Management efforts include business continuation planning, risk assessments and other loss control activities, third party risk control, and Enterprise Risk Management process development.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Financial Operations	\$ 2,079,331	\$ 2,236,698	\$ 2,361,736
Risk Management and Insurance	2,661,984	3,048,788	3,189,654
External Fees	<u>206,205</u>	<u>200,000</u>	<u>189,210</u>
Total Expenditures	<u>\$ 4,947,520</u>	<u>\$ 5,485,486</u>	<u>\$ 5,740,600</u>

### Annual Initiatives

- City Utilities’ risk management and insurance program is budgeted at \$3.2 million for 2017, which includes risk management initiatives and property, casualty, and financial lines insurance coverage which protects the Utility from the potential impact of catastrophic losses and liabilities related to utility operations. This area continues to seek innovative approaches in the insurance marketplace, including the use of utility experienced brokers to aid in monitoring coverage options and to leverage new markets when needed, the use of higher deductibles, excess insurance markets, and reserves to help control expenses.
- For fiscal 2017 external fees, including City Utilities’ annual independent audit are budgeted at \$189,000. The budgeted amount for external fees also includes outside financing fees, banking fees, and investment manager fees.
- Finance Operations for ongoing financial management for the Utility is budgeted at \$2.4 million in 2017.

## General Operations Support

### Functional Responsibility

General Operations Support includes logistical operations such as mapping, damage prevention of underground utility facilities, purchasing, and materials management. Primary mapping functions include maintenance of permanent map records for the electric, natural gas, water, and SpringNet® fiber facilities. Purchasing is responsible for the procurement of equipment, materials, supplies, and services to support the Utility within governing rules and regulations. Materials Management provides physical storage and distribution services in six major storeroom locations, two material yards, and five unmanned locations. This area is also responsible for the cleanup, storage, and recording of hazardous materials.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Customer Engineering/ Contract Inspection	\$ 262,509	\$ 239,500	\$ 182,132
Drafting, Surveying, and Technical	669,124	1,152,740	1,292,145
Damage Prevention	862,782	1,123,700	1,122,171
Purchasing and Materials Management	1,837,787	1,888,693	1,852,137
<b>Total Expenditures</b>	<b>\$ 3,632,202</b>	<b>\$ 4,404,633</b>	<b>\$ 4,448,585</b>

### Annual Initiatives

- The Drafting/Surveying/Technical line item summarizes costs necessary for the Geographic Information System (GIS) area to administer and maintain electric, natural gas, water, and SpringNet® fiber asset data in the GIS. Also included is support and administration of GIS data used on laptops in the field.
- Purchasing and Materials Management expenditures include labor for buyers, storeroom technicians, and administrative personnel. Additionally, advertising costs, training, and other goods and services to support these functions are also included in this budget.
- Damage Prevention expenditures represent location and notification costs necessary for City Utilities to comply with state law. Missouri Statute 319 requires all underground facility owners to locate and mark their underground facilities before any known excavation within their service territory. Due to synergies, City Utilities also administers this function for the City of Springfield’s sanitary sewer and traffic signal systems. The associated costs for the City of Springfield are budgeted in the Non-Utility category.

## Administrative Support

### Functional Responsibility

Administrative Support includes the senior management administration of several City Utilities’ departments, including operating areas. General Administration includes services of the General Management, Legal, Internal Auditing, Records Management, Public Policy/Governmental Relations, Environmental Affairs, and Economic Development areas. Operations Administration includes the management of the Operations Department including Damage Prevention and System Claims, and Management Services.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
General Admin.	\$ 4,695,288	\$ 13,450,227	\$ 5,929,066
Operations Admin.	699,563	643,984	684,799
Total Expenditures	<u>\$ 5,394,851</u>	<u>\$ 14,094,211</u>	<u>\$ 6,613,865</u>

### Reprojected Adjustment

- Environmental is currently involved in the remediation of a Former Manufactured Gas Plant (FMGP) near Main Street. In 2015, City Utilities management committed to remediate soils from CU owned property (referred to as Subsite 3). City Utilities entered the site into the Missouri Department of Natural Resources (MDNR) Voluntary Clean-up Program (VCP). Impacted soils and remaining underground holder structures were safely removed including environmental controls and disposal of materials found. Costs included completion of the Removal Action Plan (RAP), development of bid specifications for remediation activities, listing the site in MDNR VCP, legal services, remediation/excavation contractor, ambient air monitoring, disposal, and project oversight. Demolition of the 320 N. Main building was completed in October 2015. Excavation/removal activities began January 2016. Final grading, compaction, and site restoration was completed June 2016. Replacement of Water Street and streetscape work along Main Street remain and will be completed under a separate contract. Installation of a groundwater monitoring system will be determined following submission, and approval by MDNR, of the final Remedial Action Completion report. The initial project budget was \$7.2 million, and current estimates are approaching \$7.6 million.
- Economic Development works to help existing utility business customers grow, to attract new industrial and commercial businesses to the area, and to positively influence Springfield's quality of life. Economic Development also provides administrative support and oversight for both Partnership Industrial Centers. Economic Development works closely with the Springfield Business Development Corporation (SBDC) and City Utilities has committed to funding SBDC at \$165,000 for 2017. The SBDC provides resources and assistance to new and existing businesses seeking to create jobs within City Utilities service territory. The SBDC engages with site location consultants, the Missouri Partnership and the Missouri Department of Economic Development to recruit new industry, jobs and capital investment to Springfield and Greene County.
- The areas of Public Policy/Governmental Relations and Environmental Affairs represent the Utility in state and national legislative and regulatory processes and monitor compliance with environmental policy.
- Records Management assists the Utility in the efficient administration of records. This includes the proper retention and disposition of records.

### Annual Initiatives

- Legal advises management and the Board of Public Utilities on issues concerning Utility rights and obligations. Legal is also responsible for setting injury and damages reserves, defending and paying claims arising from personal injuries, property damage, contract and warranty disputes, workers’ compensation settlements, employment disputes, and Utility territorial issues. Legal handles collections for the damage claims to Utility property.
- Internal Auditing assists management in the review of controls and processes throughout the Utility and presents an annual audit plan for approval by the Board Audit Committee. In addition, Internal Auditing coordinates work with the external auditors on the annual financial audit.

# Customer Support

## Functional Responsibility

Customer Support includes Communications & Community Relations, Customer Services, Field Services, Developer Support, Energy Services and Renewables, and other services provided to the community.

## Major Budget Initiatives

- From the recommendation made by the Power Supply Community Task Force, City Utilities continues implementation of cost effective programs to encourage customers to use energy and water wisely. These dollars are a product of the rate increase packages passed by the Board of Public Utilities and City Council since 2006. These will generate approximately \$1.5 million per year for energy management and conservation programs.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Communications & Community Relations	\$ 1,032,011	\$ 1,031,694	\$ 1,093,673
Customer Services & Collections	5,300,128	5,427,594	6,336,949
Field Services & Developer Support	1,965,626	2,092,358	2,211,619
Street Lighting	857,148	435,000	629,000
Energy Services & Renewables	1,447,165	1,894,953	1,787,829
<b>Total Expenditures</b>	<b>\$ 10,602,078</b>	<b>\$ 10,881,599</b>	<b>\$ 12,059,070</b>

## Annual Initiatives

- Customer Services establishes customer accounts and is responsible for Billing, Meter Reading, Credit and Collections, Scheduling, and Field Services. These departments provide services to customers by phone, the Internet, walk-in lobby, and field visits to customers' homes.
- Communications & Community Relations builds awareness of Utility programs and services and provides educational information to help customers do business with the Utility, save energy and water, and access resources about electricity, natural gas, water, transit, and broadband. Energy management, water conservation, rebates and incentives, customer services programs, and consumer safety are among the issues communicated on-line and in traditional and social media.
- On-going customer research facilitates planning, development, implementation, and evaluation of Utility communications by providing insights into customer priorities and opinions. The research also measures key customer opinions about the Utility's performance.
- EnergyWise and WaterWise programs provide cost effective solutions to encourage customers to efficiently manage their energy and water use. This is done by offering rebates to customers for the purchase and installation of energy and water efficient appliances and products and by providing customer education through Utility communications and community outreach.

## Debt Service

### Functional Responsibility

Expenditures for Debt Service encompass the interest payments and principal retirements on City Utilities' outstanding revenue bonds and lease obligations.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Debt Service	\$ 46,294,762	\$ 70,835,035	\$ 54,188,280
Total Expenditures	\$ 46,294,762	\$ 70,835,035	\$ 54,188,280

### Reprojected Adjustment

- Refinancing of the 2006 Public Utility Certificates of Participation took place in early fiscal 2016. The refinancing of this debt resulted in \$2.9 million in savings over the remaining term. The original Certificates of Participation were for the construction of the McCartney Generating Station, Lake Springfield Natural Gas Peaking Station, and Noble Hill Landfill Renewable Energy Center.

### Annual Initiatives

- The lease/purchase agreement, which provided funds for the emissions control financing, 48-inch raw water main, Blackman Water Treatment Plant (BWTP) expansion, Concrete Main Renewal at BWTP, southwest water storage tank, cooling tower at James River Power Station, and the Trunked Radio System, requires annual debt service payments of \$7.5 million for 2017.
- The debt service payment for the 2014 Environmental Financing will total \$3.4 million for 2017.
- Debt service for the 2015 Refunding Revenue Bonds for the construction of JTEC Unit 2 (SW2) will be \$37.1 million for 2017.
- Lease payments for the 2015 Refunding Certificates of Participation for McCartney Generating Station, Lake Springfield Natural Gas Peaking Station, and Noble Hill Landfill Renewable Energy Center are budgeted at \$6.2 million for 2017.

## Non-Utility

### Functional Responsibility

Non-Utility represents disbursements to customers and third parties, including meter deposit and credit balance refunds to customers, reimbursement items, sales tax remitted to the State of Missouri, sewer revenues collected on behalf of the City of Springfield, and payments in lieu of taxes.

Expenditures	2015	2016	2017
	Actual	Reprojected	Budget
Third Party Payments	\$ 62,807,210	\$ 61,521,750	\$ 62,263,505
Non-Capital Contingencies	0	0	280,000
Total Expenditures	\$ 62,807,210	\$ 61,521,750	\$ 62,543,505

Remittance items are expenditures that City Utilities must make on behalf of another party and will receive full reimbursement for the expenditure.

### Annual Initiatives

- On behalf of the City of Springfield, wastewater charges are billed by City Utilities and City Utilities collects the revenues. These revenues, less an administrative fee, are remitted monthly to the City of Springfield. For 2017, wastewater remittances are estimated at \$31.5 million.
- City Utilities pays the City of Springfield a percentage of gross revenues in lieu of taxes. For the Annual Operating Budget, the rates are 3% for electric revenue, 4% for natural gas revenue, 4% for water revenue, and 4% for transit revenue. The budget projection for payments in lieu of taxes for 2017 is \$14.2 million.
- Sales taxes are collected from customers for utility usage and are, in turn, remitted to the State of Missouri less a 2% processing discount. This project is based on budgeted revenues and the various tax rates for each taxing jurisdiction served by City Utilities. For 2017, the estimated sales tax to be remitted is \$11.3 million.

## INTRODUCTION

The Financial Statements show the projected results of anticipated operational and financial decisions that will be made during the budget year.

The Statement of Net Position, formerly known as the Balance Sheet, reflects the projected financial position of the Utility. The Statement of Revenues, Expenses and Changes in Net Position, formerly known as the Income Statement is provided for the Total Utility, as well as, Statements of Operations for the individual business units: Electric, Natural Gas, Transit, SpringNet®, Trunked Radio, and Water. The individual Statements of Operations reflect the impact of the allocation of budgeted expenditures and receipts.

The Designated Improvement Account, an account established by ordinance, is utilized for identification of special purpose funds. Uses of funds in the Designated Improvement Account include specified projects, special purpose accounts, and funds for future requirements.

The Key Financial Ratios serve as additional information regarding the financial position of the Utility. Financial ratios are an important tool for analysis of projected operating results and identification of financial trends.

The All Funds Cash Receipts and Disbursements reports summarize the budgeted receipts, expenditures and transfers for the various Utility funds. These reports reflect the timing differences between billing of revenues and cash receipts and between project charges and cash payments for those charges.

## FINANCIAL STATEMENTS

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## STATEMENT OF NET POSITION

Fiscal Years Ending September 30

	Actual 2015	Reprojected 2016	Budget 2017
Utility Plant, At Cost:			
Plant In Service	\$ 2,188,776,169	\$ 2,229,818,814	\$ 2,126,750,684
Less Accumulated Depreciation	819,643,572	838,399,789	890,053,014
Net Plant In Service	1,369,132,597	1,391,419,025	1,236,697,670
Construction Work In Progress	52,627,244	63,335,201	241,778,594
Net Utility Plant	1,421,759,841	1,454,754,226	1,478,476,264
Funds For Bonded Indebtedness	6,071,013	6,178,847	6,287,263
Construction Funds	372	0	0
JTEC Equity Fund	4,483,828	0	0
Designated Improvement Account	129,930,720	93,604,546	101,373,438
Working Capital - Other	78,845,328	72,864,283	66,766,616
Price Risk Management Assets	194,940	194,940	194,940
Equity Interest In Partnership Industrial Center	1,897,106	2,039,763	2,190,254
Equity Interest In Electric Power Alliance	2,561,880	12,204,738	12,204,738
Regulatory Assets - Asset Retirement Obligations	1,228,362	1,263,612	1,299,880
Other Noncurrent Assets	9,651,013	9,994,889	9,927,484
Total Noncurrent Assets	1,656,624,404	1,653,099,844	1,678,720,877
Current Assets:			
Cash, Cash Equivalents And Short-term Investments	44,119,553	32,000,000	32,500,000
Accounts Receivable:			
Customers, Less Allowance For Doubtful Accounts	20,962,452	21,187,604	22,087,745
Unbilled Revenues	15,447,000	16,541,000	17,371,000
Accounts Receivable Other	2,174,094	3,948,339	4,343,221
Recoverable Fuel Costs	(3,213,663)	4,051,266	465,875
Inventories:			
Materials And Supplies	25,119,312	25,449,184	25,822,650
Coal	11,658,867	7,214,660	7,175,303
Natural Gas	6,333,280	5,272,250	6,011,520
Emissions Consumables	143,720	135,331	130,424
Prepayments	1,378,910	621,280	621,511
Total Current Assets	124,123,523	116,420,914	116,529,249
<b>Total Assets</b>	<b>1,780,747,927</b>	<b>1,769,520,758</b>	<b>1,795,250,126</b>
Deferred Outflows of Resources:			
Unamortized Loss on Reacquired Debt	19,598,662	17,984,800	17,043,394
GASB 68 Contributions after Measurement & Exp Vs. Actual Experience	29,967,770	29,967,770	29,967,770
Total Deferred Outflows of Resources	49,566,432	47,952,570	47,011,164
<b>Total Assets and Deferred Outflows</b>	<b>\$ 1,830,314,359</b>	<b>\$ 1,817,473,328</b>	<b>\$ 1,842,261,290</b>

## STATEMENT OF NET POSITION

Fiscal Years Ending September 30

	Actual 2015	Reprojected 2016	Budget 2017
Net Position (Equity)	\$ 998,767,070	\$ 1,041,066,085	\$ 1,095,631,406
Long-term Obligations:			
Total Long-term Obligations Outstanding	618,525,000	588,185,000	558,860,000
Unamortized Premium (Discount)	50,130,569	48,809,540	45,135,553
Total Long-term Obligations	668,655,569	636,994,540	603,995,553
Asset Retirement Obligations	1,228,362	1,263,612	1,299,880
Price Risk Management Liabilities	1,956,977	1,956,977	1,956,977
Pension Liability	34,294,328	34,294,328	34,294,328
Other Noncurrent Liabilities	27,845,250	18,822,422	19,428,773
Total Noncurrent Liabilities	733,980,486	693,331,878	660,975,511
Current Liabilities:			
Current Portion of Long-term Obligations	26,155,000	27,655,000	29,325,000
Accounts Payable:			
Trade	18,169,422	16,910,430	18,289,645
Other Accounts Payable	21,330,332	5,810,674	5,879,354
Customer Deposits	5,600,859	6,028,730	5,269,103
Accruals:			
Interest	5,191,074	4,888,613	4,576,676
Salaries And Wages	1,861,427	1,154,427	558,427
Payment In Lieu Of Taxes	1,155,996	1,483,937	1,539,844
Purchased Power	2,111,488	557,179	1,830,474
Purchased Fuels	6,785,246	7,141,069	7,038,140
Vacation And Sick Leave	0	9,559,127	9,559,127
Gas Holder Site Remediation	7,240,000	0	0
Other	1,965,961	1,886,180	1,788,584
Total Current Liabilities	97,566,803	83,075,365	85,654,373
<b>Total Net Position and Liabilities</b>	<b>1,830,314,359</b>	<b>1,817,473,328</b>	<b>1,842,261,290</b>
Deferred Inflows of Resources:			
Total Deferred Inflows of Resources	0	0	0
<b>Total Net Position, Liabilities and     Deferred Inflows</b>	<b>\$ 1,830,314,359</b>	<b>\$ 1,817,473,328</b>	<b>\$ 1,842,261,290</b>

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Fiscal Years Ending September 30

	Actual 2015	Reprojected 2016	Budget 2017
<b>Operating Revenue</b>	\$ 447,269,701	\$ 419,643,316	\$ 449,744,837
<b>Operating Expense</b>			
Production Fuel And Purchased Power	106,772,621	92,717,547	101,053,030
Natural Gas Purchased	61,987,112	42,799,695	51,391,220
Other Production	21,304,664	22,621,754	19,386,610
Distribution And Transmission	34,803,240	33,130,631	33,317,512
Bus And Garage Operations	6,175,567	5,621,319	5,900,798
Other Services	5,430,523	4,918,584	4,786,013
Customer Accounts	12,175,473	12,354,234	14,158,576
Administrative And General	30,354,985	33,433,279	34,729,704
Maintenance	43,713,907	39,854,127	37,945,611
Depreciation And Amortization	59,316,722	61,785,006	61,001,715
(Gain) Loss On Other Activities	(90,389)	0	0
Payment In Lieu Of Taxes	14,173,023	13,747,652	14,157,780
Other Taxes	379,159	233,380	483,500
<b>Total Operating Expense</b>	<u>396,496,607</u>	<u>363,217,208</u>	<u>378,312,069</u>
<b>Operating Income (Loss)</b>	<u>50,773,094</u>	<u>56,426,108</u>	<u>71,432,768</u>
<b>Other Income (Expense)</b>			
Interest Income	7,336,754	7,047,501	5,158,000
Net Increase (Decrease) In Fair Market Value Of Investments	1,861,126	0	0
Gain Or (Loss) On Investments	(624,699)	(1,200,000)	(1,200,000)
Interest Expense	(31,814,593)	(27,543,562)	(26,221,342)
Allowance For Funds Used During Construction	1,893,261	1,123,289	1,123,284
Operation Of Recreational Facilities	(308,367)	(352,161)	(678,519)
Long-Term Obligations Related Amortization	1,578,558	2,345,696	2,354,258
Net Capital Contributions	1,515,001	1,991,957	146,520
Miscellaneous Income (Expense)	1,330,471	2,460,187	2,450,353
<b>Total Other Income (Expense)</b>	<u>(17,232,489)</u>	<u>(14,127,093)</u>	<u>(16,867,447)</u>
<b>Change in Net Position Before Special Item</b>	33,540,605	42,299,015	54,565,321
Special Item	(3,721,810)	0	0
<b>Change in Net Position</b>	29,818,795	42,299,015	54,565,321
<b>Net Position At Beginning Of Period</b>	<u>968,948,274</u>	<u>998,767,070</u>	<u>1,041,066,085</u>
<b>Net Position At End Of Period</b>	<u>\$ 998,767,070</u>	<u>\$ 1,041,066,085</u>	<u>\$ 1,095,631,406</u>

**STATEMENT OF OPERATIONS - ELECTRIC***Fiscal Years Ending September 30*

	<b>Actual 2015</b>	<b>Reprojected 2016</b>	<b>Budget 2017</b>
<b>Operating Revenue</b>			
Sales:			
Customer	\$ 255,071,942	\$ 245,117,145	\$ 268,725,929
For Resale	27,100,126	17,624,040	20,089,288
Interdepartmental	3,606,429	3,285,872	3,669,219
Under (Over) Recovered Fuel Cost	(3,813,353)	5,799,718	(2,412,965)
Unbilled	1,513,000	806,000	729,000
Total Sales	<u>283,478,144</u>	<u>272,632,775</u>	<u>290,800,471</u>
Other Operating Revenue	<u>7,108,970</u>	<u>8,224,702</u>	<u>9,416,189</u>
<b>Total Operating Revenue</b>	<u>290,587,113</u>	<u>280,857,477</u>	<u>300,216,660</u>
<b>Operating Expense</b>			
Production Fuel And Purchased Power	106,772,621	92,717,547	101,053,030
Other Production	14,371,663	14,895,028	11,677,000
Distribution And Transmission	22,034,310	21,892,596	22,956,812
Other Services	4,352	136,499	9,211
Customer Accounts	5,334,006	5,369,025	6,199,041
Administrative And General	17,176,596	19,980,361	20,026,972
Maintenance	33,307,613	27,431,147	23,677,555
Depreciation And Amortization	42,249,842	44,112,419	43,778,679
(Gain) Loss On Other Activities	(90,389)	0	0
Payment In Lieu Of Taxes	8,781,136	8,557,736	8,928,823
Other Taxes	24,949	0	0
<b>Total Operating Expense</b>	<u>249,966,700</u>	<u>235,092,357</u>	<u>238,307,122</u>
<b>Operating Income (Loss)</b>	<u>\$ 40,620,413</u>	<u>\$ 45,765,120</u>	<u>\$ 61,909,537</u>

**STATEMENT OF OPERATIONS - NATURAL GAS***Fiscal Years Ending September 30*

	<u>Actual</u> <u>2015</u>	<u>Reprojected</u> <u>2016</u>	<u>Budget</u> <u>2017</u>
<b>Operating Revenue</b>			
Sales:			
Customer	\$ 87,647,274	\$ 66,643,898	\$ 79,177,126
Interdepartmental	7,702,799	5,759,819	6,109,569
Under (Over) Recovered Fuel Cost	(214,584)	1,465,211	(1,172,426)
Unbilled	<u>(255,000)</u>	<u>271,000</u>	<u>84,000</u>
Total Sales	94,880,490	74,139,928	84,198,269
Other Operating Revenue	<u>1,330,777</u>	<u>1,059,759</u>	<u>1,677,504</u>
<b>Total Operating Revenue</b>	<u>96,211,266</u>	<u>75,199,687</u>	<u>85,875,773</u>
<b>Operating Expense</b>			
Natural Gas Purchased	61,987,112	42,799,695	51,391,220
Distribution And Transmission	8,348,121	7,164,933	6,924,873
Customer Accounts	3,506,219	3,574,721	4,068,418
Administrative And General	3,996,239	4,015,774	4,333,792
Maintenance	3,581,775	3,387,749	3,504,651
Depreciation And Amortization	5,793,762	5,791,052	5,914,068
Payment In Lieu Of Taxes	3,579,964	3,131,617	3,216,501
Other Taxes	<u>29,561</u>	<u>15,000</u>	<u>15,000</u>
<b>Total Operating Expense</b>	<u>90,822,752</u>	<u>69,880,541</u>	<u>79,368,523</u>
<b>Operating Income (Loss)</b>	<u>\$ 5,388,515</u>	<u>\$ 5,319,146</u>	<u>\$ 6,507,250</u>

**STATEMENT OF OPERATIONS - TRANSIT***Fiscal Years Ending September 30*

	<b>Actual 2015</b>	<b>Reprojected 2016</b>	<b>Budget 2017</b>
<b>Operating Revenue</b>			
Sales:			
Passenger Fare	\$ 1,037,628	\$ 1,061,782	\$ 1,002,562
Advertising	31,427	87,419	100,000
Interdepartmental Shuttle Service	916	0	0
<b>Total Operating Revenue</b>	<u>1,069,970</u>	<u>1,149,201</u>	<u>1,102,562</u>
<b>Operating Expense</b>			
Bus And Garage Operation	6,175,567	5,621,319	5,900,798
Administrative And General	1,592,631	1,576,419	1,727,645
Maintenance	1,435,575	1,628,839	1,583,543
Depreciation And Amortization	1,562,193	2,074,330	1,807,464
Payment In Lieu Of Taxes	42,762	44,102	44,102
<b>Total Operating Expense</b>	<u>10,808,729</u>	<u>10,945,010</u>	<u>11,063,553</u>
<b>Operating Income (Loss)</b>	<b>(9,738,759)</b>	<b>(9,795,809)</b>	<b>(9,960,991)</b>
<b>Transit Subsidies</b>	2,539,953	2,573,229	2,575,500
<b>Net Capital Contributions</b>	<u>1,515,001</u>	<u>1,991,957</u>	<u>146,520</u>
<b>Net Amount Absorbed by</b>			
Electric, Natural Gas, Water & SpringNet Customers	<u><u>\$ (5,683,805)</u></u>	<u><u>\$ (5,230,623)</u></u>	<u><u>\$ (7,238,971)</u></u>

**STATEMENT OF OPERATIONS - SPRINGNET/TRUNKED RADIO***Fiscal Years Ending September 30*

<b>SpringNet®</b>	<b>Actual</b>	<b>Reprojected <sup>1</sup></b>	<b>Budget</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Operating Revenue</b>			
Customer-External	\$ 10,582,309	\$ 9,730,354	\$ 9,996,414
Interdepartmental	4,418,872	1,641,060	1,548,790
<b>Total Operating Revenue</b>	<u>15,001,181</u>	<u>11,371,414</u>	<u>11,545,204</u>
<b>Operating Expense</b>			
Other Services	5,426,170	3,961,103	3,941,194
Customer Accounts	8,318	4,605	12,236
Administrative And General	2,418,187	1,556,862	1,595,576
Depreciation And Amortization	3,782,110	2,782,203	2,885,400
Other Taxes	306,391	218,380	468,500
<b>Total Operating Expense</b>	<u>11,941,176</u>	<u>8,523,153</u>	<u>8,902,906</u>
<b>Operating Income (Loss)</b>	<u>\$ 3,060,005</u>	<u>\$ 2,848,261</u>	<u>\$ 2,642,298</u>

<b>Trunked Radio</b>	<b>Reprojected <sup>1</sup></b>	<b>Budget</b>
	<b>2016</b>	<b>2017</b>
<b>Operating Revenue</b>		
Customer-External	\$ 778,038	\$ 906,000
Interdepartmental	852,952	804,994
<b>Total Operating Revenue</b>	<u>1,630,990</u>	<u>1,710,994</u>
<b>Operating Expense</b>		
Other Services	820,982	835,608
Administrative And General	458,962	457,201
Depreciation And Amortization	601,799	556,896
<b>Total Operating Expense</b>	<u>1,881,743</u>	<u>1,849,705</u>
<b>Operating Income (Loss)</b>	<u>\$ (250,753)</u>	<u>\$ (138,711)</u>
<b>Total Operating Income (Loss)</b>	<u>\$ 2,597,508</u>	<u>\$ 2,503,587</u>

<sup>1</sup> Beginning with Fiscal Year 2016 Telecommunications operations will only provide support internally with the exception of the Trunked Radio division. Financial Statements will reflect these changes with separately reporting SpringNet and Trunked Radio operations.

**STATEMENT OF OPERATIONS - WATER***Fiscal Years Ending September 30*

	<b>Actual 2015</b>	<b>Reprojected 2016</b>	<b>Budget 2017</b>
<b>Operating Revenue</b>			
Sales:			
Customer	\$ 42,545,912	\$ 47,597,691	\$ 47,917,543
Interdepartmental	59,152	71,184	67,824
Unbilled	112,000	17,000	17,000
Total Sales	<u>42,717,063</u>	<u>47,685,875</u>	<u>48,002,367</u>
Other Operating Revenue	<u>1,683,106</u>	<u>1,748,672</u>	<u>1,291,277</u>
<b>Total Operating Revenue</b>	<u>44,400,170</u>	<u>49,434,547</u>	<u>49,293,644</u>
<b>Operating Expense</b>			
Production	6,933,000	7,726,725	7,709,610
Distribution And Transmission	4,420,809	4,073,102	3,435,827
Customer Accounts	3,326,930	3,405,884	3,878,881
Administrative And General	5,171,332	5,844,901	6,588,519
Maintenance	5,388,944	7,406,393	9,179,862
Depreciation And Amortization	5,928,814	6,423,203	6,059,208
Payment In Lieu Of Taxes	1,769,161	2,014,196	1,968,353
Other Taxes	18,259	0	0
<b>Total Operating Expense</b>	<u>32,957,250</u>	<u>36,894,404</u>	<u>38,820,260</u>
<b>Operating Income (Loss)</b>	<u>\$ 11,442,920</u>	<u>\$ 12,540,143</u>	<u>\$ 10,473,384</u>

**KEY FINANCIAL RATIOS***Fiscal Years Ending September 30*

	<b>Actual 2015</b>	<b>Reprojected 2016</b>	<b>Budget 2017</b>
<b>Current Ratio</b>	<b>2.2</b>	<b>2.2</b>	<b>2.1</b>
The Current Ratio measures the utility's ability to meet current obligations in a timely manner. <i>([Current Assets - Short Term Construction Funds + Working Capital + Funds for Clean Air Compliance] / Current Liabilities)</i>			
<b>Return On Equity</b>	<b>3.0%</b>	<b>4.1%</b>	<b>5.0%</b>
Return on Equity indicates the amount of return in relation to the utility's net equity. <i>(Net Income / Equity)</i>			
<b>Operating Margin</b>	<b>11.3%</b>	<b>13.4%</b>	<b>15.9%</b>
Operating Margin measures the utility's operating performance. <i>(Operating Income / Operating Revenue)</i>			
<b>Net Margin</b>	<b>6.7%</b>	<b>10.1%</b>	<b>12.1%</b>
Net Margin shows how well the utility converts sales into income which can then be re-invested in to the utility. <i>(Net Income / Operating Revenue)</i>			
<b>Debt Service Coverage</b>	<b>2.6</b>	<b>2.4</b>	<b>2.6</b>
Debt Service Coverage measures the utility's ability to cover the its principal and interest payments. <i>([Operating Income + Depreciation + Other Income] / [Principal and Interest Payments])</i>			
<b>Debt Ratio</b>	<b>37.5%</b>	<b>36.0%</b>	<b>33.6%</b>
The Debt Ratio measures the percentage of assets financed by long-term debt. <i>(Long Term Obligations / Total Assets)</i>			
<b>Debt to Equity</b>	<b>66.9%</b>	<b>61.2%</b>	<b>55.1%</b>
The Debt to Equity Ratio measures the degree of financial leverage. <i>(Long Term Obligations / Equity)</i>			
<b>Equity to Capitalization</b>	<b>59.9%</b>	<b>62.0%</b>	<b>64.5%</b>
The Equity to Capitalization Ratio "provides a measure of cost recovery, leverage and additional debt capacity," <sup>1</sup> <i>(Equity/[Equity + Long Term Obligations])</i>			

<sup>1</sup> Description provided by Fitch U.S Public Power Peer Study, 2013.

**ALL FUNDS CASH RECEIPTS AND DISBURSEMENTS**

*Fiscal Years Ending September 30*

	Actual 2015	Reprojected 2016	Budget 2017
<b>Operating Fund</b>			
Receipts (A)	\$ 512,510,190	\$ 506,984,382	\$ 540,082,525
Disbursements (C)	(499,390,637)	(519,103,935)	(539,582,525)
Excess Receipts (Disbursements)	13,119,553	(12,119,553)	500,000
Beginning Balance	31,000,000	44,119,553	32,000,000
Ending Balance	44,119,553	32,000,000	32,500,000
<b>Designated Improvement Account</b>			
Receipts (B)	41,199,935	0	0
Disbursements (D)	7,075,772	(42,307,218)	1,671,224
Excess Receipts (Disbursements)	48,275,707	(42,307,218)	1,671,224
Beginning Balance	160,500,341	208,776,048	166,468,830
Ending Balance	208,776,048	166,468,830	168,140,054
<b>Construction Accounts</b>			
Receipts (B)	0	0	0
Disbursements (D)	(1,515,800)	(4,484,200)	0
Excess Receipts (Disbursements)	(1,515,800)	(4,484,200)	0
Beginning Balance	6,000,000	4,484,200	0
Ending Balance	4,484,200	0	0
<b>Bond Funds</b>			
Receipts (B)	0	0	0
Disbursements (D)	103,977	107,833	108,417
Excess Receipts (Disbursements)	103,977	107,833	108,417
Transfer to Trustee	(52,812,502)	0	0
Beginning Balance	58,779,538	6,071,013	6,178,846
Ending Balance	6,071,013	6,178,846	6,287,263
<b>Balance of Utility Funds</b>	<b>\$ 263,450,814</b>	<b>\$ 204,647,676</b>	<b>\$ 206,927,317</b>

**TOTAL RECEIPTS & DISBURSEMENTS**

A. Utility Operating Fund	\$ 512,510,190	\$ 506,984,382	\$ 540,082,525
B. Other Funds	41,199,935	0	0
<b>Total Receipts</b>	<b>\$ 553,710,125</b>	<b>\$ 506,984,382</b>	<b>\$ 540,082,525</b>
C. Utility Operating Fund	\$ (499,390,637)	\$ (519,103,935)	\$ (539,582,525)
D. Other Funds	5,663,949	(46,683,585)	1,779,641
<b>Total Disbursements</b>	<b>\$ (493,726,688)</b>	<b>\$ (565,787,520)</b>	<b>\$ (537,802,884)</b>

**STATEMENT OF CASH FLOWS***Fiscal Years Ending September 30*

	<b>Actual 2015</b>	<b>Reprojected 2016</b>	<b>Budget 2017</b>
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Net Operating Income (Loss)	\$ 50,773,094	\$ 56,426,108	\$ 71,432,768
Adjustments To Reconcile Net Operating Income To Net Cash Provided By Operating Activities:			
Depreciation & Amortization Expense	59,316,722	61,785,006	61,001,715
Auto Depreciation Included In Vehicle Expense	2,001,517	2,186,291	2,186,304
Miscellaneous Income (Expense)	12,191	(113,042)	(125,147)
Operation Of Recreational Facilities	(308,367)	(352,161)	(678,519)
Change In Assets And Liabilities:			
Accounts Receivable	3,228,974	(1,999,397)	(1,295,023)
Unbilled Revenues	(1,370,000)	(1,094,000)	(830,000)
Price Risk Management Assets	1,555,756	0	0
Recoverable Fuel Costs	2,321,159	(7,264,929)	3,585,391
Inventories	(5,530,364)	5,183,752	(1,068,472)
Prepayments and Prepaid Insurance	(201,575)	757,630	(231)
Other Noncurrent Assets	(329,469)	(542,979)	(398,557)
Deferred Outflows - GASB 68 Contrib	(25,276,861)	0	0
Accounts Payable	2,945,375	(325,138)	1,447,895
Customer Deposits	47,094	427,871	(759,627)
Accrued Liabilities	(862,396)	(8,897,329)	532,678
GASB 68 Net Pension Liability	29,257,804	0	0
Other Noncurrent Liabilities	1,345,709	536,298	606,352
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>118,926,363</b>	<b>106,713,983</b>	<b>135,637,526</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Receipts from Federal & State Grants	2,323,468	2,573,229	2,575,500
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>2,323,468</b>	<b>2,573,229</b>	<b>2,575,500</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>			
Net Proceeds From Issuance Of Capital Obligations	41,479,551	0	0
Trsf Of Financing Proceeds To Construction Funds	(41,174,399)	0	0
Debt Issuance Costs	(1,721,781)	0	0
Trsf Of Financing Proceeds From Construction Funds	41,174,027	372	0
Trsf Of Financing Proceeds From JTEC Equity Fund	1,516,172	4,483,828	0
Capital Grants And Contributions	6,002,550	6,550,726	2,430,452
Additions To Utility Plant, Net Of Removal	(90,850,902)	(100,313,530)	(87,983,066)
Surplusing of SpringNet Underground	8,063,999	0	0
Proceeds from issuance of 2015 Revenue Bonds	572,137,398	0	0
Transfer to Trustee - Defeased 2006 Revenue Bonds	(572,053,910)	0	0
Repayment Of Long-term Capital Obligations	(13,620,000)	(26,090,000)	(27,655,000)
Interest Paid	(32,674,763)	(27,846,023)	(26,533,280)
<b>Net Cash Provided (Used For) Capital Financing Activities</b>	<b>(81,722,058)</b>	<b>(143,214,627)</b>	<b>(139,740,894)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Sale And Maturities Of Investment Securities	22,822,834	42,950,643	0
Purchase Of Investment Securities	(68,626,652)	0	(1,779,642)
Interest Received	7,979,429	7,047,501	5,158,000
Arbitrage Payable	13,260,804	(16,453,512)	0
Equity Interest In Electric Power Alliance	(934,408)	(10,842,858)	(1,200,000)
Equity Interest In Partnership Industrial Centers	(2,240)	(217,657)	(225,490)
Distribution From Partnership Industrial Centers	0	75,000	75,000
<b>Net Cash Provided From (Used For) Investing Activities</b>	<b>(25,500,233)</b>	<b>22,559,117</b>	<b>2,027,868</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>14,027,540</b>	<b>(11,368,298)</b>	<b>500,000</b>
<b>Cash And Cash Equivalents At Beginning Of Period</b>	<b>29,340,758</b>	<b>43,368,298</b>	<b>32,000,000</b>
<b>Cash And Cash Equivalents At End Of Period</b>	<b>\$ 43,368,298</b>	<b>\$ 32,000,000</b>	<b>\$ 32,500,000</b>

## ALL FUND SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS ACTUAL

Fiscal Year Ending September 30, 2015

	Operating Fund	Other Funds	Total Funds
<b>RECEIPTS</b>			
Total Revenues And Other Billings	\$ 507,773,505	\$ 0	\$ 507,773,505
Natural Gas Hedging Receipts	0	0	0
Financing Agreement Receipts	0	41,199,935	41,199,935
Total Revenues And Other Receipts	507,773,505	41,199,935	548,973,440
Receivable and Other Balance Sheet Accounts	4,736,685	0	4,736,685
Total Receipts	<u>\$ 512,510,190</u>	<u>\$ 41,199,935</u>	<u>\$ 553,710,125</u>
<b>DISBURSEMENTS</b>			
Non-capital And Capital Project Expenditures	\$ 340,630,424	\$ 1,025,580	\$ 341,656,004
Fuels And Purchased Power	166,019,309	0	166,019,309
Total Project Expenditures	506,649,733	1,025,580	507,675,313
Natural Gas Hedging Expenditures	0	0	0
Fuels Contingency	0	0	0
Loss (Gain) On Investments	1,629,887	0	1,629,887
Arbitrage Payable	(13,938,499)	0	(13,938,499)
Change In Payables Balances	(1,640,013)	0	(1,640,013)
Intrafund Transfers	6,689,529	(6,689,529)	0
Total Disbursements	<u>\$ 499,390,637</u>	<u>\$ (5,663,949)</u>	<u>\$ 493,726,688</u>
<b>Receipts Net Of Disbursements</b>	<b>\$ 13,119,553</b>	<b>\$ 46,863,884</b>	<b>\$ 59,983,437</b>
Transfer to Trustee for Defeased 2006 Revenue Bonds	0	(52,812,502)	(52,812,502)
Beginning Balance All Funds	31,000,000	225,279,879	256,279,879
<b>Ending Balance All Funds</b>	<b><u>\$ 44,119,553</u></b>	<b><u>\$ 219,331,261</u></b>	<b><u>\$ 263,450,814</u></b>

## ALL FUND SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS REPROJECTED

Fiscal Year Ending September 30, 2016

	<u>Operating Fund</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>RECEIPTS</b>			
Total Revenues And Other Billings	\$ 465,729,079	\$ 0	\$ 465,729,079
Natural Gas Hedging Receipts	10,000,000	0	10,000,000
Total Revenues And Other Receipts	475,729,079	0	475,729,079
Receivable And Other Balance Sheet Accounts:			
Change In Accounts Receivable	(3,744,697)	0	(3,744,697)
Over(Under) Recovered On Fuels Contingency	35,000,000	0	35,000,000
 Total Receipts	 <u>\$ 506,984,382</u>	 <u>\$ 0</u>	 <u>\$ 506,984,382</u>
<b>DISBURSEMENTS</b>			
Non-capital And Capital Project Expenditures	\$ 383,163,436	\$ 0	\$ 383,163,436
Fuels And Purchased Power	134,872,540	0	134,872,540
Total Project Expenditures	518,035,976	0	518,035,976
Guarantees - The Energy Authority	9,642,858	0	9,642,858
Fuels Contingency	35,000,000	0	35,000,000
Change In Payables Balances	3,108,686	0	3,108,686
Intrafund Transfers	(46,683,585)	46,683,585	0
 Total Disbursements	 <u>\$ 519,103,935</u>	 <u>\$ 46,683,585</u>	 <u>\$ 565,787,520</u>
 <b>Receipts Net Of Disbursements</b>	 <u>\$ (12,119,553)</u>	 <u>\$ (46,683,585)</u>	 <u>\$ (58,803,138)</u>
Beginning Balance All Funds	44,119,553	219,331,261	263,450,814
 <b>Ending Balance All Funds</b>	 <u>\$ 32,000,000</u>	 <u>\$ 172,647,676</u>	 <u>\$ 204,647,676</u>

## ALL FUND SUMMARY OF CASH RECEIPTS AND DISBURSEMENT BUDGET

Fiscal Year Ending September 30, 2017

	<u>Operating Fund</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>RECEIPTS</b>			
Total Revenues And Other Billings	\$ 498,286,606	\$ 0	\$ 498,286,606
Natural Gas Hedging Receipts	10,000,000	0	10,000,000
Total Revenues And Other Receipts	508,286,606	0	508,286,606
Receivable And Other Balance Sheet Accounts:			
Change In Accounts Receivable	(3,204,081)	0	(3,204,081)
Over(Under) Recovered On Fuels Contingency	35,000,000	0	35,000,000
 Total Receipts	 <u>\$ 540,082,525</u>	 <u>\$ 0</u>	 <u>\$ 540,082,525</u>
<b>DISBURSEMENTS</b>			
Non-capital And Capital Project Expenditures	\$ 347,085,441	\$ 0	\$ 347,085,441
Fuels And Purchased Power	158,252,614	0	158,252,614
Total Project Expenditures	505,338,055	0	505,338,055
Fuels Contingency	35,000,000	0	35,000,000
Change In Payables Balances	(2,535,171)	0	(2,535,171)
Intrafund Transfers	1,779,641	(1,779,641)	0
 Total Disbursements	 <u>\$ 539,582,525</u>	 <u>\$ (1,779,641)</u>	 <u>\$ 537,802,884</u>
 <b>Receipts Net Of Disbursements</b>	 <u>\$ 500,000</u>	 <u>\$ 1,779,641</u>	 <u>\$ 2,279,641</u>
Beginning Balance All Funds	32,000,000	172,647,676	204,647,676
 <b>Ending Balance All Funds</b>	 <u>\$ 32,500,000</u>	 <u>\$ 174,427,317</u>	 <u>\$ 206,927,317</u>

**SUMMARY OF FUND BALANCES***Fiscal Years Ending September 30*

	<b>Actual 2015</b>	<b>Reprojected 2016</b>	<b>Budget 2017</b>
Cash And Short-term Investments	\$ 39,676,767	\$ 32,000,000	\$ 32,500,000
Market Value Adjustment	4,442,786	0	0
Working Capital/Rate Stabilization	78,845,328	72,864,283	66,766,616
Funds For Bonded Indebtedness	6,071,013	6,178,847	6,287,263
Construction Funds	372	0	0
Designated Improvement Account:			
Funds For Electric Clean Air Compliance	8,506,250	0	0
Funds For Electric Clean Air Compliance-NHLREC	2,850,000	2,490,000	2,115,000
Reserves And Current Funding Requirements:			
Disaster Recovery Fund	18,769,057	19,800,438	20,893,502
Contingency Fund	11,267,363	11,885,710	12,541,068
Pollution Reserve Fund	28,094,209	24,656,093	28,186,963
Fuel Over Recovery	4,899,581	0	0
Carry-in Project Transit	4,547	0	0
Electric Power Alliance Guarantees	9,642,858	0	0
Arbitrage Payable	1,848,924	0	0
DSRF FDA Arbitrage	13,493,000	0	0
Trunked Radio System Capital Reserve	1,922,596	2,641,292	3,116,292
Trunked Radio O&M Reserves	75,000	75,000	75,000
Revenue Reserves	12,500,000	0	0
Water Capacity Reserve	643,335	0	0
McDaniel Lake Bridge Retirement Reserve	172,000	0	0
Health Claims Fluctuation Reserve	1,910,000	0	0
Capacity Project Equity Reserve	9,300,000	0	0
Capital Reserves	4,032,000	32,056,013	34,445,613
Total Designated Improvement Account	129,930,720	93,604,546	101,373,438
SW2 Equity Fund	4,483,828	0	0
Total Fund Balances	\$ 263,450,814	\$ 204,647,676	\$ 206,927,317

