

MEETING AGENDA – AUGUST 10, 2022

COMMUNITY ROOM
4000 EAST RIVER ROAD NE
ROCHESTER, MN 55906

4:00 PM

Attending and Viewing the Meeting:

Attend the Meeting in Person: RPU Service Center Community Room, 4000 East River Road NE

View Meeting / Livestream via Teams: [Teams](#)

(A video of the meeting will be available on the City's website following the meeting)

Call in to the Meeting: 1-347-352-4853 Conference ID: 983 504 235#

For Open Comment: Press *6 to mute and unmute your phone

Call to Order

NEW BUSINESS

Open Comment Period

(This agenda section is for the purpose of allowing citizens to address the Utility Board. Comments are limited to 4 minutes, total comment period limited to 15 minutes. Any speakers not having the opportunity to be heard will be the first to present at the next Board meeting.)

1. Informational

1. Recommended 2023 Water and Electric Utility Budgets

2. Other Business

3. Adjourn

The agenda and board packet for Utility Board meetings are available on-line at www.rpu.org and <http://rochestercitymn.iqm2.com/Citizens/Default.aspx>

FOR BOARD ACTION

Agenda Item # (ID # 14933)

Meeting Date: 8/10/2022

SUBJECT: Recommended 2023 Water and Electric Utility Budgets

PREPARED BY: Peter Hogan

ITEM DESCRIPTION:

Attached is a copy of the preliminary 2023 Electric and Water Capital and Operating Budgets.

Based on the current proposed budget, management will be recommending adjustments to the currently approved rate tariffs for 2023. The rate design is informed by the water utility cost of service study currently in process, and electric utility cost of service study that was conducted in 2020 and accepted by the Board at the September 29, 2020 meeting. The Board will be asked to approve the operating budgets, capital projects for 2023, multi-year projects continuing beyond 2023, and proposed rate adjustments at the November 29, 2022 Board meeting. The time between now and November will be dedicated for continued input from the public, the Board, and City Council. If the Board approves, management will forward the budgets and rate adjustment recommendations to the City Council for their approval in December.

2023 Water Utility (in thousands):

Revenue	\$13,734
Capital (Rate Funded)	\$ 5,448

Historically, the water utility has funded capital projects through rates each year between \$2.5M and \$3.0M. The 2023 budget proposes capital expenditures is \$5.448M. There are three major capital initiatives that are putting upward pressure on our rates. These are City related projects which range from \$410K to \$1.68M per year; a potential meter replacement project, which is currently estimated between \$6M and \$15.5M, and water main replacement, which we are working to increase to \$1M per year to address the aging water infrastructure. The timing, cost and funding of these long-term investments may require borrowing in the future.

The main drivers for the Water budget are:

- Growth in customers (1.0%) and consumption (3.3%) for 2023 - this is due to the assumption of average weather and rainfall; the 2023 average cooling degree days (CDD) projected for 2023 is 537.3 CDD
- The reduction of Internally funded capital project requests for 2023 by \$636K, a reduction from \$14.7M AMI metering solution to \$6.0M meter replacement over the next 5 years (this change increased rate funded capital for the next 5 years by \$1.2M and reduced debt service for the next 10 years by \$2.3M per year)
- Increased inflation, vendor and supplies availability
- Water main replacements to address aging infrastructure
- City planned street reconstruction

FOR BOARD ACTION

Agenda Item # (ID # 14933)

Meeting Date: 8/10/2022

- Distribution system expansion
- Water conservation programs and education

For the water utility, management is recommending a 5.0% general rate adjustment for 2023, followed by 5.0% rate increases in subsequent years, which is a reduction from 6.5% projected last year. This is a monthly increase of \$0.72 per month for the average residential customer.

2023 Electric Utility (in thousands):

Revenue	\$174,190
Capital (Rate Funded)	\$ 26,282

The current electric utility budget shows slow and steady growth of both customers (1.3%) and consumption (1.0%). There is a planned increased spend down of cash reserves in both 2022 and 2023, which is driven by inflation and the Marion Road Substation, which reduces the need for additional borrowing or additional rate increase.

The second large capital project is a proposed AMI metering system. This project is currently being evaluated and will be brought to the Board for final determination in 2023. Current budgetary information anticipates a cost to the electric utility of \$10.65M over 5 years. The budget includes borrowing of \$13.6M to fund the AMI project over 10 years, which increases debt service by \$1.8M per year. The customer impact would be \$2.56 per month, which would be added to the customer charge.

Two major assumptions in 2026 and 2027 are a reduction in wholesale power costs, due to the retirement of the debt on Sherco 3 by SMMPA in 2026, and an increase in debt (\$300M) and debt service for RPU in anticipation of the implementation of the 2030 infrastructure plan. These two changes will largely offset each other.

Cash reserves are above the minimum target in 2023, and are projected to grow modestly in 2024 - 2027. Cash reserves will support RPU's post-2030 infrastructure and funding plan.

The Debt Coverage Ratio is close to our target of 3.0 times in 2023 through 2026, however this ratio is projected to be below target in 2027. This is an important metric when considering future borrowing needs. The 2027 to 2030 financial plan will be refined further as part of our long term financial modeling.

The 2023 significant business drivers for the Electric Utility are:

- 2030 Energy Resource Plan
- Inflation, vendor and supplies availability
- The reduction of Internally funded capital project requests for 2023 by \$2.492M, major maintenance requests by \$747K, and cost centers by \$899K
- The Marion Road substation and feeder system
- Electric AMI meter system and borrowing
- Continued investments in distribution system expansion and reliability, including the new Marion Road substation, tree trimming, new services, and replacement

FOR BOARD ACTION

Agenda Item # (ID # 14933)

Meeting Date: 8/10/2022

of aging infrastructure

In order to support the proposed electric utility budget, management is recommending a 2.5% general rate adjustment for 2023, followed by 2.5% rate increases in subsequent years. This is consistent with what was projected last year, even with unanticipated inflationary pressures. The impact to the average residential customer is \$2.27 per month.

Both utility budgets reflect the need to meet financial targets based on the Utility Method of rate setting:

- Change in Net Assets (Net Income)
- Debt Service Coverage Ratio
- Equity Percent
- Minimum cash reserves per Board policy

Management will review the proposed rate design for water and electric utility customer classes and seek Board approval to give public notice of the proposed rate changes at the September 27, 2022 Board meeting.

Members of the public may provide comments to the RPU Board directly or at the regularly scheduled August, September, October or November meetings.

UTILITY BOARD ACTION REQUESTED:

No action required. Staff will be available to present more details and receive input on the proposed budgets.

Final budget approval will be requested during the November 29, 2022 Board meeting, followed by a request for final Council approval in December 2022.

ROCHESTER PUBLIC UTILITIES *RECOMMENDED*
2023 WATER UTILITY OPERATING BUDGET



ROCHESTER PUBLIC UTILITIES
RECOMMENDED

**2023 WATER UTILITY
OPERATING BUDGET**

Attachment: Board Packet Wtr 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2023 OPERATING BUDGET**

INDEX

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Assumptions	1
Forecast by Year 2022 through 2027	2
Condensed Income Statement	3
Revenue Sources & Expense Categories	4
Operating Expenditures Graph	5
Production & Sales Statistics Forecast	6

Attachment: Board Packet Wtr 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2023 OPERATING BUDGET**

ASSUMPTIONS

- Interest Earnings Rate: 1.25%
- Average Salary Expense Change: 2.4%
(excluding headcount additions) (consists of COLA, merit and promotion increases)
- Change in Full-time Equivalents: 0
- Minimum Cash Reserve Requirement: Current policy amount \$7,367,400

RETAIL REVENUES / SALES

- Revenue Adjustment: 5.0% proposed general rate increase
- Water CCF Sales Forecast 3.0% Increase from 2022 Year End Projected Sales
- Total Water Utility Customers 1.0% Increase over Year End 2022 Projected Customers
- Forecast Assumes Normal Weather : 538 Cooling Degree Days
27.85 Inches Summer Rainfall

OTHER ITEMS

- In Lieu of Tax forecast increasing \$28,320 to a total of \$438,287

**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
Management Reporting P&L**

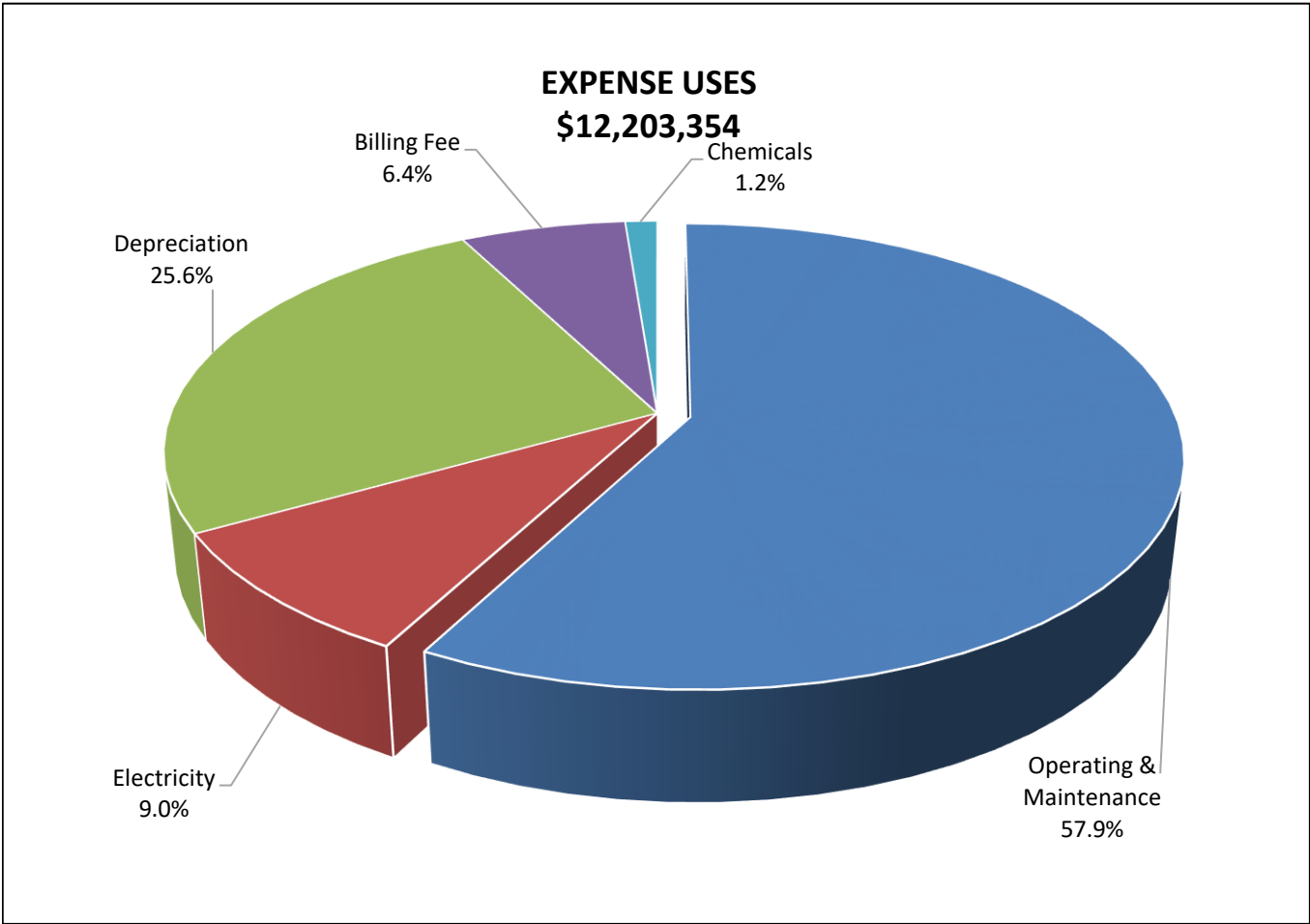
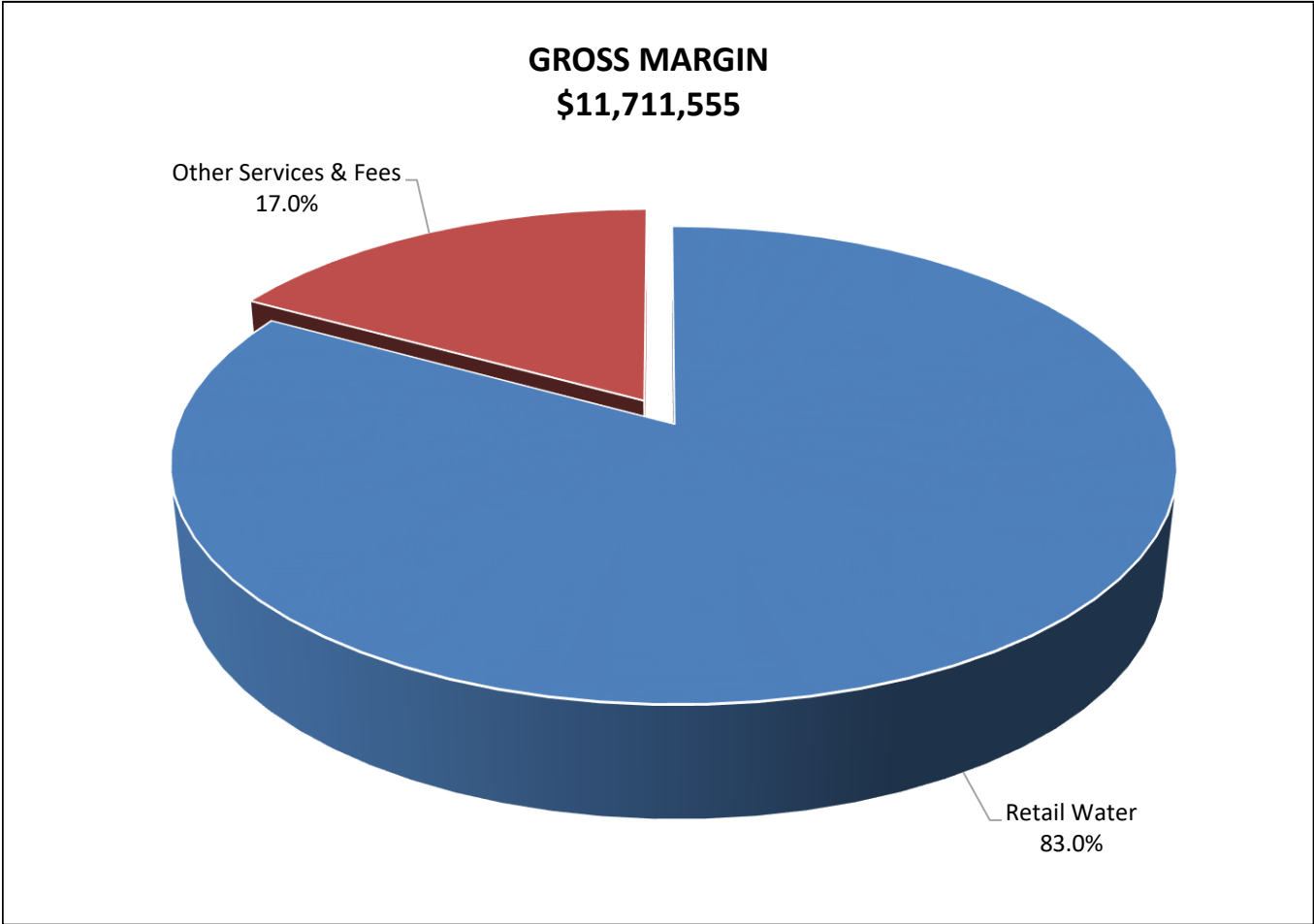
	Historical Data		2022 F2						
	2020	2021		2023	2024	2025	2026	2027	
in 000's									
	RPU Rate Increase	3.5%	0.0%	2.5%	5.0%	5.0%	5.0%	5.0%	
1	Revenue								
2	Retail Water	\$10,665	\$11,064	\$11,048	\$11,746	\$12,478	\$13,205	\$14,022	\$14,753
3	Other Services & Fees	\$1,423	\$1,543	\$1,932	\$1,989	\$2,022	\$2,055	\$2,089	\$2,123
4	Total Revenue	\$12,088	\$12,607	\$12,980	\$13,734	\$14,501	\$15,260	\$16,111	\$16,875
5	Cost of Revenue								
6	Water Supply	\$1,758	\$2,002	\$2,059	\$2,023	\$2,053	\$2,066	\$2,087	\$2,091
7	Total Cost of Revenue	\$1,758	\$2,002	\$2,059	\$2,023	\$2,053	\$2,066	\$2,087	\$2,091
8	Gross Margin								
9	Retail Water	\$8,908	\$9,062	\$8,988	\$9,723	\$10,425	\$11,139	\$11,935	\$12,662
10	Other Services & Fees	\$1,423	\$1,543	\$1,932	\$1,989	\$2,022	\$2,055	\$2,089	\$2,123
11	TOTAL GROSS MARGIN	\$10,331	\$10,605	\$10,920	\$11,712	\$12,448	\$13,195	\$14,024	\$14,784
12	Controllable Costs								
13	Salaries & Benefits	\$3,065	\$3,197	\$3,213	\$3,493	\$3,598	\$3,855	\$4,005	\$4,285
14	Other Operating Expenses	\$1,145	\$1,329	\$1,231	\$1,360	\$1,368	\$1,406	\$1,445	\$1,485
15	Major Maintenance	\$521	\$225	\$972	\$705	\$567	\$670	\$939	\$824
16	Non-Bonded Capital Projects	\$2,441	\$4,088	\$4,592	\$4,966	\$6,960	\$5,931	\$5,021	\$5,910
17	TOTAL CONTROLLABLE COSTS	\$7,172	\$8,840	\$10,009	\$10,524	\$12,493	\$11,863	\$11,410	\$12,503
18	Depreciation & Amortization	\$2,745	\$2,785	\$2,965	\$3,121	\$3,213	\$3,286	\$3,409	\$3,533
19	Less Non Bonded Projects (capitalized)	(\$2,441)	(\$4,088)	(\$4,592)	(\$4,966)	(\$6,960)	(\$5,931)	(\$5,021)	(\$5,910)
20	Less Total Internal Costs (capitalized)	(\$426)	(\$398)	(\$383)	(\$482)	(\$357)	(\$350)	(\$388)	(\$338)
21	Interutility Allocation	\$1,737	\$1,876	\$1,872	\$1,983	\$2,023	\$2,063	\$2,104	\$2,146
22	Total Operating Expenses	\$8,788	\$9,014	\$9,870	\$10,181	\$10,411	\$10,930	\$11,513	\$11,934
23	Net Operating Income (Loss)	\$1,543	\$1,591	\$1,050	\$1,531	\$2,036	\$2,265	\$2,511	\$2,851
24	Financing & Other Non-Operating Items:								
25	Bond & Interest Related Expenses	(\$1)	-	-	-	-	-	-	-
26	Interest Income	\$223	\$196	\$170	\$143	\$141	\$141	\$141	\$150
27	Misc Non-Operating Income (Expense)	(\$5)	(\$126)	-	-	-	-	-	-
28	Total Financing & Non-Operating Items	\$218	\$70	\$170	\$143	\$141	\$141	\$141	\$150
29	Income Before Transfers or Capital Contributions	\$1,761	\$1,660	\$1,220	\$1,674	\$2,177	\$2,405	\$2,652	\$3,001
30	Transfers (In Lieu of Taxes)	(\$385)	(\$407)	(\$410)	(\$438)	(\$471)	(\$492)	(\$509)	(\$516)
31	Capital Contributions	\$1,283	\$3,160	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
32	Cash Transfers from City/Intercompany	-	\$540	\$156	\$530	\$2,500	\$1,000	-	\$1,575
33	NET INCOME	\$2,660	\$4,953	\$2,067	\$2,866	\$5,306	\$4,013	\$3,243	\$5,160
34	NET INCOME (Excluding Contrib & Cash Tfrs from City)			\$811	\$1,236	\$1,706	\$1,913	\$2,143	\$2,485
35	TARGET NET INCOME			\$ 5,159	\$ 5,370	\$ 6,992	\$ 7,253	\$ 7,490	\$ 7,760
36	Excess (Deficit) from Target			\$ (4,349)	\$ (4,134)	\$ (5,286)	\$ (5,340)	\$ (5,347)	\$ (5,274)
37	1/01 Cash Balance	\$ 11,975	\$ 12,903	\$ 12,903	\$ 11,825	\$ 11,264	\$ 11,366	\$ 11,283	\$ 11,426
38	Change in Net Assets		4,953	2,067	2,866	5,306	4,013	3,243	5,160
39	Depreciation & Amortization		2,785	2,965	3,121	3,213	3,286	3,409	3,533
40	Capital Additions		(4,486)	(4,975)	(5,448)	(7,318)	(6,282)	(5,410)	(6,248)
41	Non-Cash Contributions		(3,160)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)
42	Debt Principal Payments		-	-	-	-	-	-	-
43	Debt Proceeds		-	-	-	-	-	-	-
44	Net Change in Other Assets/Liabilities		836	(34)	-	-	-	-	-
45	Net Changes in Cash		928	(1,078)	(561)	102	(83)	143	1,345
46	12/31 Cash Balance	\$ 12,903	\$ 11,825	\$ 11,825	\$ 11,264	\$ 11,366	\$ 11,283	\$ 11,426	\$ 12,771
47	Mimumum Cash Reserve	\$ 8,529	\$ 6,474	\$ 6,474	\$ 7,367	\$ 7,280	\$ 7,136	\$ 6,983	\$ 6,966
48	Excess (Deficit) from Mimumum Cash Reserve	\$ 4,374	\$ 5,351	\$ 5,351	\$ 3,897	\$ 4,086	\$ 4,147	\$ 4,443	\$ 5,805

**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
Management Reporting P&L**

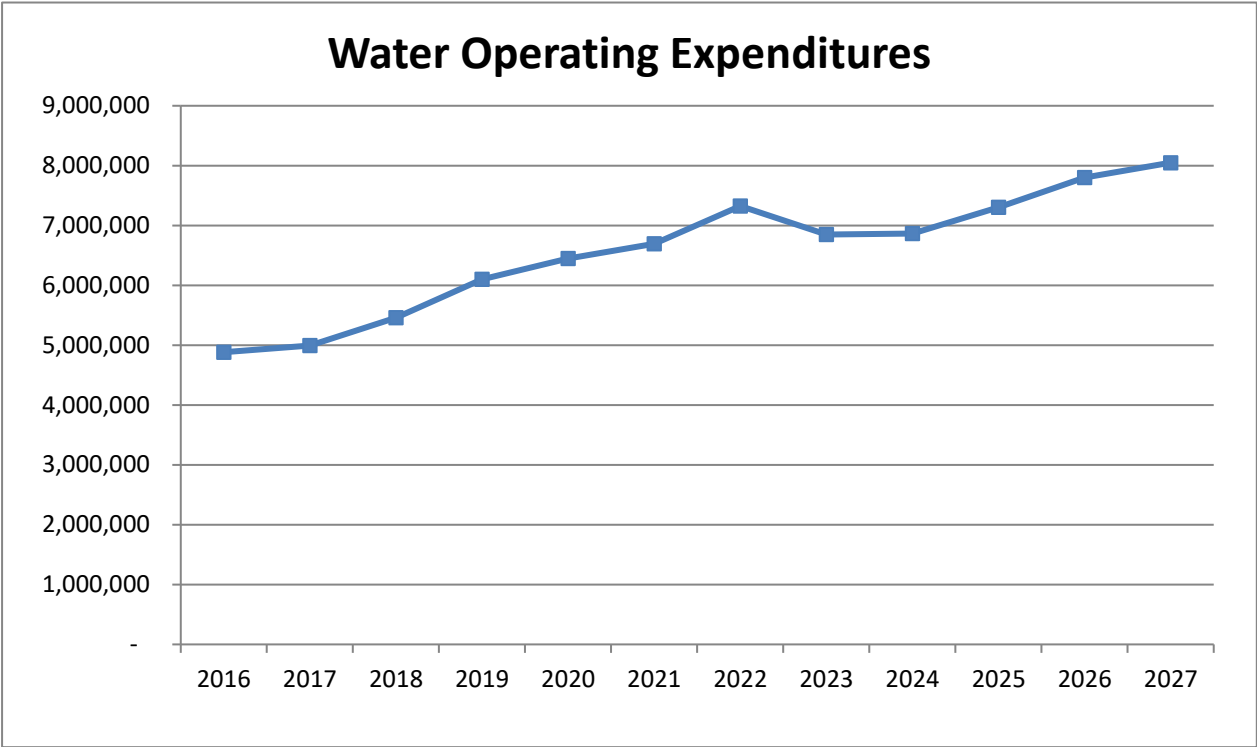
	Historical Data		2022		2023		Variance	%	
	2020	2021	Orig Bdgt	2022 F2	2023	Orig Bdgt	2022 to Orig Bdgt	Variance	
in 000's									
1	Revenue								
2	Retail Water	\$10,665	\$11,064	\$10,854	\$11,048	\$11,746	\$11,653	\$93	0.8%
3	Other Services & Fees	\$1,423	\$1,543	\$1,959	\$1,932	\$1,989	\$1,991	(\$2)	-0.1%
4	Total Revenue	\$12,088	\$12,607	\$12,812	\$12,980	\$13,734	\$13,643	\$91	0.7%
5	Cost of Revenue								
6	Water Supply	\$1,758	\$2,002	\$1,847	\$2,059	\$2,023	\$1,889	\$134	7.1%
7	Total Cost of Revenue	\$1,758	\$2,002	\$1,847	\$2,059	\$2,023	\$1,889	\$134	7.1%
8	Gross Margin								
9	Retail Water	\$8,908	\$9,062	\$9,007	\$8,988	\$9,723	\$9,764	(\$41)	-0.4%
10	Other Services & Fees	\$1,423	\$1,543	\$1,959	\$1,932	\$1,989	\$1,991	(\$2)	-0.1%
11	TOTAL GROSS MARGIN	\$10,331	\$10,605	\$10,965	\$10,920	\$11,712	\$11,754	(\$43)	-0.4%
12	Controllable Costs								
13	Salaries & Benefits	\$3,065	\$3,197	\$3,364	\$3,213	\$3,493	\$3,631	(\$138)	-3.8%
14	Other Operating Expenses	\$1,145	\$1,329	\$1,317	\$1,231	\$1,360	\$1,321	\$39	2.9%
15	Major Maintenance	\$521	\$225	\$1,015	\$972	\$705	\$686	\$19	2.8%
16	Non-Bonded Capital Projects	\$2,441	\$4,088	\$4,878	\$4,592	\$4,966	\$7,435	(\$2,469)	-33.2%
17	TOTAL CONTROLLABLE COSTS	\$7,172	\$8,840	\$10,575	\$10,009	\$10,524	\$13,073	(\$2,549)	-19.5%
18	Depreciation & Amortization	\$2,745	\$2,785	\$2,968	\$2,965	\$3,121	\$3,077	\$44	1.4%
19	Less Non Bonded Projects (capitalized)	(\$2,441)	(\$4,088)	(\$4,878)	(\$4,592)	(\$4,966)	(\$7,435)	\$2,469	-33.2%
20	Less Total Internal Costs (capitalized)	(\$426)	(\$398)	(\$391)	(\$383)	(\$482)	(\$301)	(\$180)	59.7%
21	Interutility Allocation	\$1,737	\$1,876	\$1,862	\$1,872	\$1,983	\$1,899	\$84	4.4%
22	Total Operating Expenses	\$8,788	\$9,014	\$10,136	\$9,870	\$10,181	\$10,313	(\$132)	-1.3%
23	Net Operating Income (Loss)	\$1,543	\$1,591	\$830	\$1,050	\$1,531	\$1,442	\$89	6.2%
24	Financing & Other Non-Operating Items:								
25	Bond & Interest Related Expenses	(\$1)	-	-	-	-	-	-	0.0%
26	Interest Income	\$223	\$196	\$200	\$170	\$143	\$206	(\$62)	-30.3%
27	Misc Non-Operating Income (Expense)	(\$5)	(\$126)	-	-	-	-	-	0.0%
28	Total Financing & Non-Operating Items	\$218	\$70	\$200	\$170	\$143	\$206	(\$62)	-30.3%
29	Income Before Transfers or Capital Contributions	\$1,761	\$1,660	\$1,030	\$1,220	\$1,674	\$1,647	\$27	1.6%
30	Transfers (In Lieu of Taxes)	(\$385)	(\$407)	(\$369)	(\$410)	(\$438)	(\$379)	(\$59)	15.6%
31	Capital Contributions	\$1,283	\$3,160	\$1,105	\$1,100	\$1,100	\$1,100	-	0.0%
32	Cash Transfers from City	-	\$540	\$85	\$156	\$530	\$4,010	(\$3,480)	-86.8%
33	NET INCOME	\$2,660	\$4,953	\$1,851	\$2,067	\$2,866	\$6,378	(\$32)	-0.5%
34	1/01 Cash Balance	\$ 11,975	\$ 11,283	\$ 12,903	\$ 11,825	\$ 11,194	\$ 631	\$ 631	5.6%
35	Change in Net Assets		4,953	1,851	2,067	2,866	6,378	(3,512)	-55.1%
36	Depreciation & Amortization		2,785	2,968	2,965	3,121	3,077	44	1.4%
37	Capital Additions/Service Territory Comp		(4,486)	(5,269)	(4,975)	(5,448)	(7,881)	2,433	-30.9%
38	Non-Cash Contributions		(3,160)	(1,105)	(1,100)	(1,100)	(1,100)	-	0.0%
39	Debt Principal Payments		-	-	-	-	-	-	0.0%
40	Debt Proceeds		-	-	-	-	12,150	(12,150)	-100.0%
41	Net Change in Other Assets/Liabilities		836	1,467	(34)	-	(11,953)	11,953	-100.0%
42	Net Changes in Cash		928	(88)	(1,078)	(561)	672	(1,232)	-183.5%
43	12/31 Cash Balance	\$ 12,903	\$ 11,994	\$ 11,825	\$ 11,264	\$ 11,866	\$ (601)	\$ (601)	-5.1%
44	Mimumum Cash Reserve	\$ 8,529	\$ 6,474	\$ 6,474	\$ 7,367	\$ 6,449	\$ 919	\$ 919	14.2%
45	Excess (Deficit) from Mimumum Cash Reserve	\$ 4,374	\$ 4,720	\$ 5,351	\$ 3,897	\$ 5,417	\$ (1,520)	\$ (1,520)	-28.1%

Attachment: Board Packet Wtr 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

ROCHESTER PUBLIC UTILITIES WATER UTILITY 2023 OPERATING BUDGET



Attachment: Board Packet Wtr 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)



Attachment: Board Packet Wtr 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

**ROCHESTER PUBLIC UTILITIES
PRODUCTION & SALES STATISTICS FORECAST
WATER UTILITY**

	2022 F2	2023	2024	2025	2026	2027
1 CCF Pumped	5,779,565	5,972,755	6,036,057	6,060,581	6,128,464	6,092,549
2 % Change	-6.9%	3.3%	1.1%	0.4%	1.1%	-0.6%
3 Retail CCF	5,730,606	5,903,718	5,981,828	6,015,623	6,092,645	6,056,357
4 % Change	-3.2%	3.0%	1.3%	0.6%	1.3%	-0.6%
5 Number of Customers						
6 Residential	37,975	38,331	38,687	39,043	39,399	39,755
7 Commercial	3,820	3,883	3,935	3,988	4,042	4,098
8 Industrial	23	23	23	23	23	23
9 Interdepartmental	1	1	1	1	1	1
10 Total Customers	41,819	42,238	42,646	43,055	43,465	43,877
11 % Change	1.5%	1.0%	1.0%	1.0%	1.0%	0.9%

Attachment: Board Packet Wtr 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

ROCHESTER PUBLIC UTILITIES *RECOMMENDED*
2023 WATER UTILITY CAPITAL IMPROVEMENT & MAJOR MAINTENANCE BUDGET



ROCHESTER PUBLIC UTILITIES
RECOMMENDED

**2023 WATER UTILITY
CAPITAL IMPROVEMENT &
MAJOR MAINTENANCE
BUDGET**

Attachment: Board Packet Wtr 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2023 CAPITAL IMPROVEMENT AND
MAJOR MAINTENANCE BUDGET**

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<u>Title</u>	<u>Pages</u>
5 Year Project List:	
Major Maintenance	1
Capital	2

Attachment: Board Packet Wtr 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

Rochester Public Utilities
 Water Utility
 2023 - 2027 Major Maintenance Plan

	<u>Multiple-Year Project Total</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>5-Yr Total</u>
1 Core Services							
2 Municipal Well Abandonment		50,000	-	-	-	-	50,000
3 Service Assured-Water		212,885	294,200	302,600	311,300	320,300	1,441,285
4 Allocation - Water Distribution System Maintenance		295,000	150,000	200,000	500,000	375,000	1,520,000
5 Water Storage Facility Painting		295,000	150,000	200,000	500,000	375,000	1,520,000
6 Water Cost-of-Service/Rate Design Study		-	-	45,000	-	-	45,000
7 Operating Contingency Fund		85,000	90,000	90,000	95,000	95,000	455,000
8 Total Core Services	-	642,885	534,200	637,600	906,300	790,300	3,511,285
9 Compliance and Public Affairs							
10 Old Municipal Wells Sealing		30,000	-	-	-	-	30,000
11 Water Quality Data Management		12,000	12,360	12,730	13,112	13,500	63,702
12 Total Compliance and Public Affairs	-	42,000	12,360	12,730	13,112	13,500	93,702
13 Power Resources							
14 Allocation - RPU Water Facilities		20,000	20,000	20,000	20,000	20,000	100,000
15 Total Power Resources	-	20,000	20,000	20,000	20,000	20,000	100,000
16 Total Major Maintenance Plan - External Expenditures	-	704,885	566,560	670,330	939,412	823,800	3,704,987

Attachment: Board Packet Wtr 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

**Rochester Public Utilities
Water Utility
2023 - 2027 Capital Improvement Plan**

	Multi-Year Project Total	2023	2024	2025	2026	2027	5-Yr Total
1 Core Services							
2 Well & Booster Station Metering		10,000	11,000	11,000	-	-	32,000
3 Chlorine Sensor Replacement		24,633	-	-	-	-	24,633
4 Install New AC Units at Wells & Boosters		37,300	38,600	39,700	40,800	41,900	198,300
5 Water PLC		24,000	24,000	24,000	24,000	24,000	120,000
6 Meter ERT Replacement		510,000	510,000	510,000	510,000	510,000	2,550,000
7 Water Meter Replacements		690,000	690,000	690,000	690,000	690,000	3,450,000
8 Allocation - Water Distribution System Replacement		157,150	116,925	182,700	124,475	186,250	767,500
9 Replacement of Pumping Units		120,000	60,000	120,000	60,000	120,000	480,000
10 Well Motor Replacements		17,500	18,000	18,500	19,000	19,500	92,500
11 Installation of Variable Frequency Drive Units		19,650	15,225	19,800	20,375	20,950	96,000
12 Replacement of Booster Pumps		-	23,700	24,400	25,100	25,800	99,000
13 Allocation - Water Metering/AMR		290,160	200,500	180,800	160,500	139,600	971,560
14 Alloc - Residential Water Metering/AMR		158,400	137,400	115,800	93,500	70,600	575,700
15 Alloc - Commercial Water Metering/AMR		131,760	63,100	65,000	67,000	69,000	395,860
16 New Wells		280,000	135,000	395,000	850,000	150,000	1,810,000
17 Water Utility Contingency Fund		180,000	180,000	180,000	185,000	185,000	910,000
18 New Marion L 1.0MG Reservoir		-	-	-	-	1,575,000	1,575,000
19 1.0MG Baihly High Level Tower	4,030,000	530,000	2,500,000	1,000,000	-	-	4,030,000
20 DMC - Discovery Walk		200,000	-	-	-	-	200,000
21 DMC - Broadway N, Zumbro River Bridge N to Elton Hills Dr		-	400,000	200,000	-	-	600,000
22 DMC - 6th St SE Bridge Construction		-	-	-	210,000	-	210,000
23 DMC - 3rd Ave SW - 2nd St SW to 4th St SW		-	200,000	-	-	-	200,000
24 DMC - Rochester Rapid Transit 2nd St SW Recon		-	880,000	200,000	-	-	1,080,000
25 Willow Heights High Level Booster Station		100,000	-	-	-	-	100,000
26 Center St to 11th Ave NE		-	-	690,000	-	-	690,000
27 Center St to 16th Ave NW		-	-	-	600,000	-	600,000
28 Marion Rd Duct Project		665,000	-	-	-	-	665,000
29 Scenic Oaks Pressure Transient		100,000	-	-	-	-	100,000
30 Allocation - Water Distribution System Expansion		915,000	950,000	1,335,000	1,350,000	2,238,525	6,788,525
31 T&D City Projects		365,000	200,000	385,000	200,000	888,525	2,038,525
32 T&D Developer Projects		150,000	150,000	150,000	150,000	150,000	750,000
33 T&D RPU Projects		400,000	600,000	800,000	1,000,000	1,200,000	4,000,000
34 Total Core Services	4,030,000	4,713,243	6,836,025	5,638,200	4,744,775	5,740,275	27,672,513
36 Well #16 Conversion		50,000	-	-	-	-	50,000
37 Total Compliance & Public Affairs	-	50,000	-	-	-	-	50,000
38 Power Resources							
39 Water Pickup Truck		67,680	-	-	-	-	67,680
40 Allocation - Fleet		135,360	124,080	293,280	276,360	169,499	998,559
41 Total Power Resources	-	203,040	124,080	293,280	276,360	169,499	1,066,229
42 Total External Expenditures	4,030,000	4,966,283	6,960,105	5,931,480	5,021,135	5,909,774	28,788,711
43 Total Internal Expenditures		481,521	357,452	350,417	388,475	338,372	1,916,237
44 Total Contributed Assets		1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	5,500,000
45 Less: Water Accessibility Funds	(4,030,000)	(530,000)	(2,500,000)	(1,000,000)	-	(1,575,000)	(5,605,000)
46 Less: Bond Funded		-	-	-	-	-	-
47 Net Capital Expenditures	-	6,017,804	5,917,557	6,381,897	6,509,610	5,773,146	30,600,014

Attachment: Board Packet Wtr 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

ROCHESTER PUBLIC UTILITIES *RECOMMENDED*
2023 ELECTRIC UTILITY OPERATING BUDGET



ROCHESTER PUBLIC UTILITIES
RECOMMENDED

**2023 ELECTRIC UTILITY
OPERATING BUDGET**

Attachment: Board Packet E/c 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2023 OPERATING BUDGET**

INDEX

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Forecast by Year 2023 through 2027	2
Condensed Income Statement	3
Revenue Sources & Expense Categories	4
Operating Expenditures Graph	5
Production & Sales Statistics Forecast	6

Attachment: Board Packet E/c 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2023 OPERATING BUDGET**

ASSUMPTIONS

- Other than specifically identified projects, no assumptions have been made with regards to DMC
- Interest Earnings Rate: 1.25%
- Average Salary Expense Change: 3.0%
(excluding headcount additions) (consists of COLA, merit and promotion increases)
- Anticipated Bonding \$13,600,000 in 2023 (AMI)
- Change in Full-time Equivalents: 0
- SMMPA Wholesale Power Cost: 0.0% increase
- SMMPA CROD Level: 216 MW
- Minimum Cash Reserve Requirement: Current policy amount \$53,825,818

RETAIL REVENUES / SALES

- Revenue Adjustment: 2.5% proposed general rate increase
- Electric KWH Sales Forecast: 0.4% Increase from 2022 Year End Projected Sales
- Total Electric Utility Customers: 1.3% Increase over Year End 2022 Projected Customers
- Forecast Assumes Normal Weather : 30 Yr Average Heating/Cooling Degree Days per Year

WHOLESALE FUEL COSTS

- Estimated Cost of Fuel 2023 \$6.48 / mcf
- Budgeted Cost of Fuel 2022 \$3.61 / mcf
- Budgeted Cost of Fuel 2022 F2 (updated) \$8.65 / mcf

OTHER ITEMS

- In Lieu of Tax forecast increasing \$734,139 to a total of \$9,606,922

Attachment: Board Packet Elic 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
Management Reporting P&L**

	Historical Data		2022 F2						
	2020	2021		2023	2024	2025	2026	2027	
in 000's									
	RPU Rate Increase	0.0%	0.0%	1.5%	2.5%	2.5%	2.5%	2.5%	2.5%
1 Revenue									
2 Retail Electric	\$143,975	\$146,719	\$149,684	\$151,922	\$156,959	\$161,737	\$164,981	\$169,940	
3 Wholesale Electric	\$1,939	\$6,621	\$6,972	\$5,840	\$4,932	\$4,932	\$4,932	\$4,932	
4 Wholesale Steam	\$4,812	\$6,841	\$7,561	\$6,342	\$5,708	\$5,642	\$5,642	\$5,642	
5 Transmission	\$11,152	\$6,456	\$6,236	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	
6 Other Services & Fees	\$7,315	\$8,617	\$1,490	\$4,086	\$4,137	\$4,191	\$4,245	\$4,300	
7 Total Revenue	\$169,193	\$175,254	\$171,944	\$174,190	\$177,736	\$182,502	\$185,800	\$190,814	
8 Cost of Revenue									
9 Power Supply	\$85,673	\$87,766	\$88,549	\$88,392	\$88,473	\$88,604	\$79,928	\$69,684	
10 Generation Fuel	\$3,784	\$8,958	\$9,556	\$7,570	\$6,937	\$6,876	\$6,879	\$6,883	
11 Total Cost of Revenue	\$89,456	\$96,723	\$98,105	\$95,963	\$95,411	\$95,480	\$86,808	\$76,567	
12 Gross Margin									
13 Retail Electric	\$58,302	\$58,954	\$61,135	\$63,529	\$68,486	\$73,133	\$85,052	\$100,257	
14 Wholesale	\$2,967	\$4,505	\$4,978	\$4,612	\$3,702	\$3,699	\$3,695	\$3,691	
15 Transmission	\$11,152	\$6,456	\$6,236	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	
16 Other Services & Fees	\$7,315	\$8,617	\$1,490	\$4,086	\$4,137	\$4,191	\$4,245	\$4,300	
17 TOTAL GROSS MARGIN	\$79,737	\$78,531	\$73,839	\$78,227	\$82,326	\$87,022	\$98,992	\$114,247	
18 Controllable Costs									
19 Salaries & Benefits	\$24,042	\$23,470	\$26,003	\$27,308	\$29,297	\$30,833	\$32,422	\$34,076	
20 Other Operating Expenses	\$8,859	\$10,208	\$11,110	\$11,830	\$11,958	\$12,445	\$12,790	\$13,233	
21 Major Maintenance	\$3,112	\$3,681	\$7,958	\$4,712	\$6,895	\$5,088	\$4,680	\$4,903	
22 Non-Bonded Capital Projects	\$12,441	\$12,062	\$35,185	\$38,508	\$16,822	\$10,629	\$12,235	\$21,136	
23 TOTAL CONTROLLABLE COSTS	\$48,453	\$49,420	\$80,255	\$82,358	\$64,972	\$58,995	\$62,127	\$73,349	
24 Depreciation & Amortization	\$14,959	\$14,744	\$15,194	\$15,657	\$16,293	\$17,533	\$17,669	\$18,054	
25 Less Non Bonded Projects (capitalized)	(\$12,441)	(\$12,062)	(\$35,185)	(\$38,508)	(\$16,822)	(\$10,629)	(\$12,235)	(\$21,136)	
26 Less Total Internal Costs (capitalized)	(\$3,696)	(\$4,857)	(\$5,908)	(\$4,974)	(\$7,343)	(\$4,432)	(\$4,693)	(\$6,883)	
27 Interutility Allocation	(\$1,737)	(\$1,876)	(\$1,872)	(\$1,983)	(\$2,023)	(\$2,063)	(\$2,104)	(\$2,146)	
28 Total Operating Expenses	\$45,538	\$45,370	\$52,484	\$52,550	\$55,077	\$59,404	\$60,764	\$61,237	
29 Net Operating Income (Loss)	\$34,199	\$33,161	\$21,355	\$25,677	\$27,249	\$27,619	\$38,228	\$53,010	
30 Financing & Other Non-Operating Items:									
31 Bond & Interest Related Expenses	(\$6,421)	(\$5,656)	(\$5,481)	(\$5,316)	(\$5,930)	(\$5,670)	(\$5,390)	(\$23,221)	
32 Interest Income	\$2,180	(\$388)	\$800	\$1,278	\$1,267	\$1,318	\$1,452	\$1,852	
33 Misc Non-Operating Income (Expense)	(\$6)	(\$659)	(\$20)	(\$23)	(\$24)	(\$25)	(\$25)	(\$26)	
34 Total Financing & Non-Operating Items	(\$4,248)	(\$6,703)	(\$4,700)	(\$4,062)	(\$4,687)	(\$4,377)	(\$3,964)	(\$21,396)	
35 Income Before Transfers or Capital Contributions	\$29,951	\$26,458	\$16,654	\$21,615	\$22,562	\$23,241	\$34,264	\$31,615	
36 Transfers (In Lieu of Taxes)	(\$8,370)	(\$8,469)	(\$8,873)	(\$9,607)	(\$10,197)	(\$10,625)	(\$10,857)	(\$11,094)	
37 Capital Contributions/Intercompany	\$2,363	\$4,933	\$14,211	\$17,200	\$7,373	\$627	\$355	\$6,755	
38 NET INCOME	\$23,944	\$22,922	\$21,992	\$29,208	\$19,739	\$13,243	\$23,762	\$27,276	
39 NET INCOME (Excluding Capital Contributions)			\$7,782	\$12,008	\$12,366	\$12,616	\$23,407	\$20,521	
40 TARGET NET INCOME			\$ 15,415	\$ 17,541	\$ 19,575	\$ 20,334	\$ 21,250	\$ 27,100	
41 Excess (Deficit) from Target			\$ (7,633)	\$ (5,532)	\$ (7,209)	\$ (7,718)	\$ 2,156	\$ (6,579)	
42 1/01 Cash Balance		\$ 90,413	\$ 103,773	\$ 94,334	\$ 87,345	\$ 89,589	\$ 95,436	\$ 111,152	
43 Change in Net Assets		22,922	21,992	29,208	19,739	13,243	23,762	27,276	
44 Depreciation & Amortization		14,744	15,194	15,657	16,293	17,533	17,669	18,054	
45 Capital Additions/Service Territory Comp		(16,919)	(41,093)	(43,547)	(26,079)	(19,603)	(21,168)	(28,885)	
46 Bond Principal Payments		(6,515)	(7,085)	(7,395)	(8,786)	(9,119)	(9,481)	(14,315)	
47 Bond Proceeds		-	-	13,600	-	-	-	322,300	
48 Net Change in Other Assets/Liabilities		(872)	1,553	(14,511)	1,078	3,794	4,934	(320,412)	
49 Net Changes in Cash		13,360	(9,439)	(6,989)	2,244	5,847	15,716	4,018	
50 12/31 Cash Balance		\$ 103,773	\$ 94,334	\$ 87,345	\$ 89,589	\$ 95,436	\$ 111,152	\$ 115,170	
51 Mimumum Cash Reserve		\$ 52,569	\$ 52,102	\$ 53,826	\$ 55,577	\$ 57,293	\$ 57,005	\$ 56,059	
52 Excess (Deficit) from Mimumum Cash Reserve		\$ 51,204	\$ 42,231	\$ 33,519	\$ 34,012	\$ 38,143	\$ 54,147	\$ 59,111	
53 Debt Service Coverage Ratio		3.6	2.7	3.1	2.9	3.0	3.7	1.9	

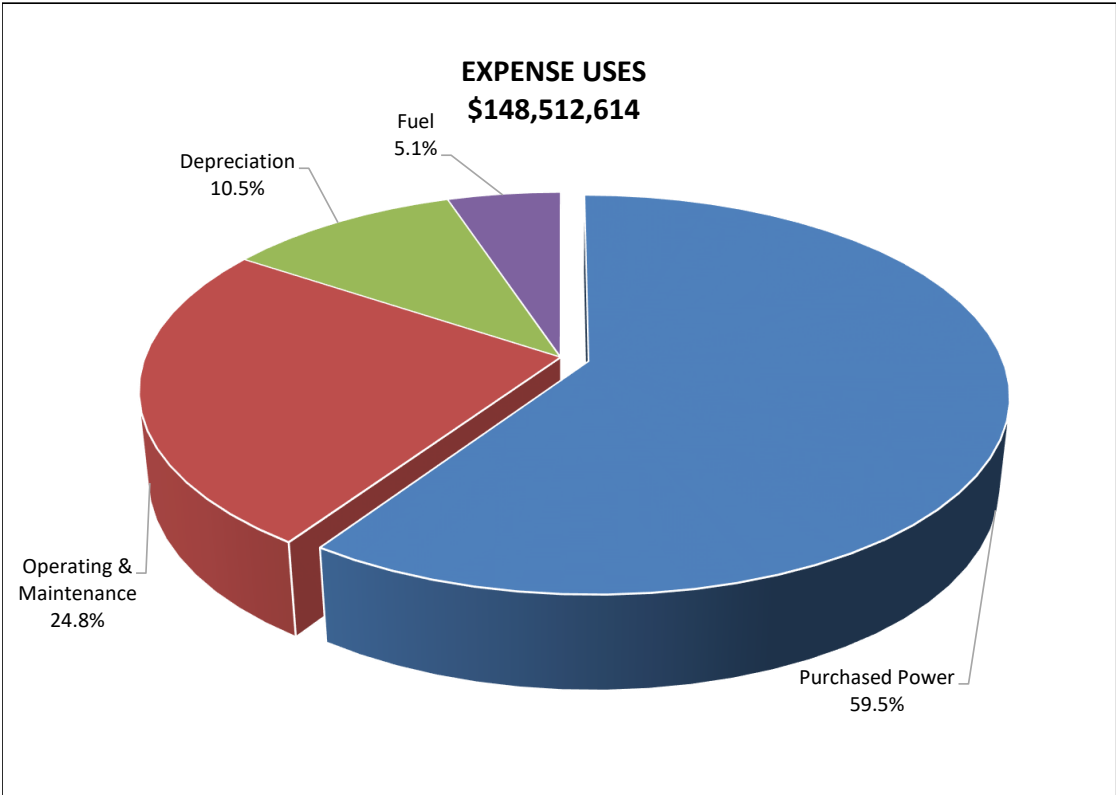
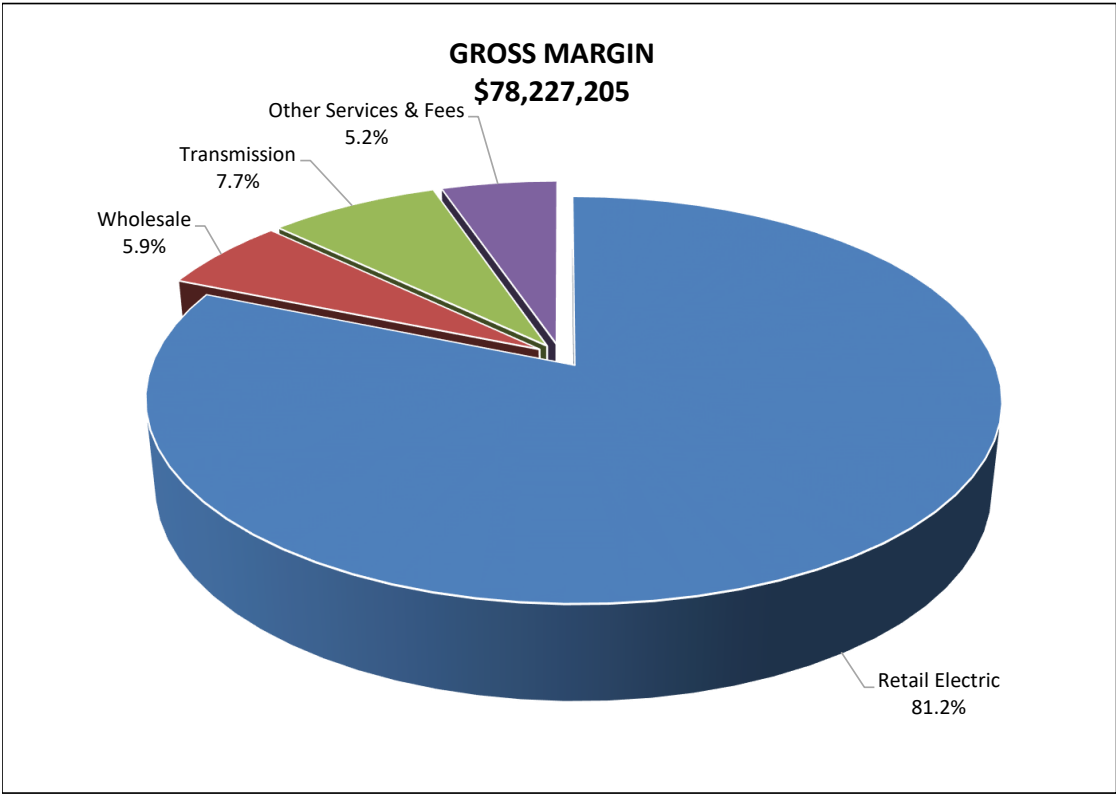
Attachment: Board Packet Eic 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
Management Reporting P&L**

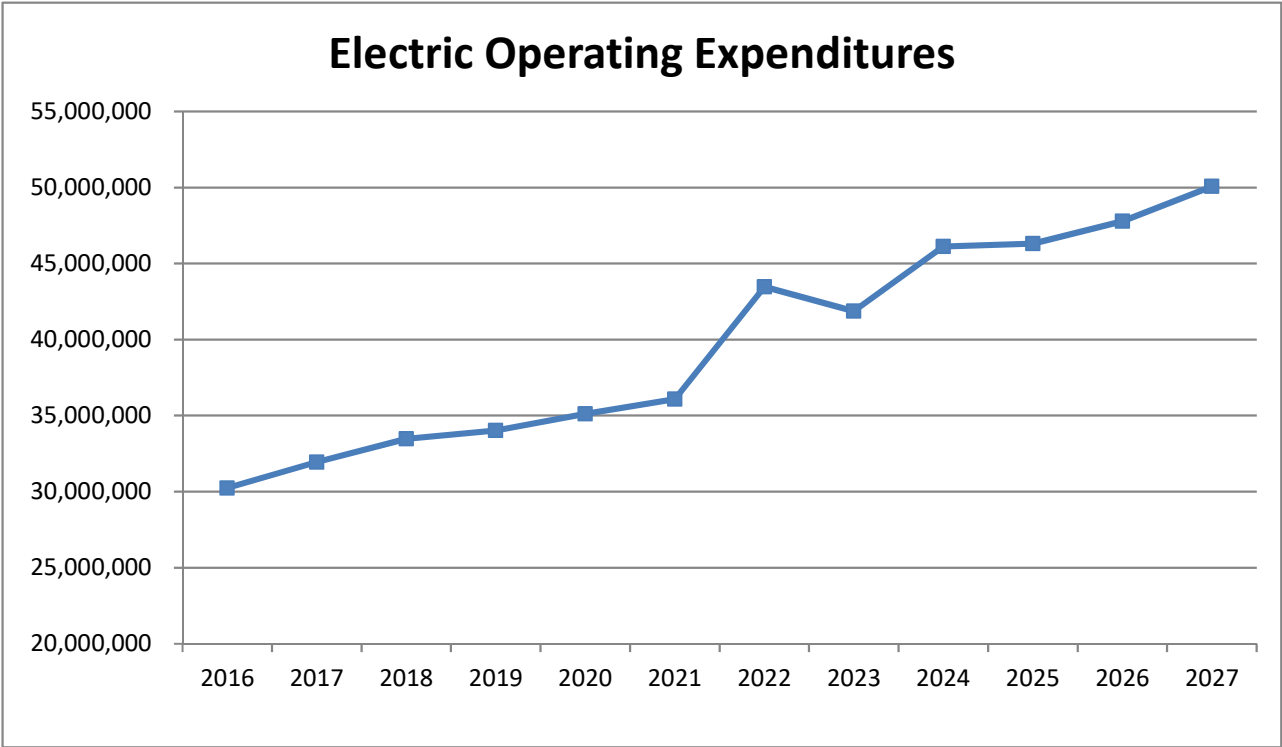
	Historical Data		2022		2023		Variance	%	
	2020	2021	Orig Bdgt	2022 F2	2023	Orig Bdgt	2023 to Orig Bdgt	Variance	
in 000's									
1	Revenue								
2	Retail Electric	\$143,975	\$146,719	\$152,326	\$149,684	\$151,922	\$155,871	(\$3,949)	-2.5%
3	Wholesale Electric	\$1,939	\$6,621	\$3,310	\$6,972	\$5,840	\$3,856	\$1,984	51.4%
4	Wholesale Steam	\$4,812	\$6,841	\$4,167	\$7,561	\$6,342	\$3,824	\$2,518	65.8%
5	Transmission	\$11,152	\$6,456	\$6,000	\$6,236	\$6,000	\$6,000	-	-
6	Other Services & Fees	\$7,315	\$8,617	\$8,512	\$1,490	\$4,086	\$5,257	(\$1,171)	-22.3%
7	Total Revenue	\$169,193	\$175,254	\$174,315	\$171,944	\$174,190	\$174,808	(\$618)	-0.4%
8	Cost of Revenue								
9	Power Supply	\$85,673	\$87,766	\$90,673	\$88,549	\$88,392	\$91,248	(\$2,855)	-3.1%
10	Generation Fuel	\$3,784	\$8,958	\$4,328	\$9,556	\$7,570	\$4,179	\$3,392	81.2%
11	Total Cost of Revenue	\$89,456	\$96,723	\$95,001	\$98,105	\$95,963	\$95,427	\$536	0.6%
12	Gross Margin								
13	Retail Electric	\$58,302	\$58,954	\$61,653	\$61,135	\$63,529	\$64,623	(\$1,094)	-1.7%
14	Wholesale	\$2,967	\$4,505	\$3,150	\$4,978	\$4,612	\$3,502	\$1,110	31.7%
15	Transmission	\$11,152	\$6,456	\$6,000	\$6,236	\$6,000	\$6,000	-	-
16	Other Services & Fees	\$7,315	\$8,617	\$8,512	\$1,490	\$4,086	\$5,257	(\$1,171)	-22.3%
17	TOTAL GROSS MARGIN	\$79,737	\$78,531	\$79,314	\$73,839	\$78,227	\$79,382	(\$1,155)	-1.5%
18	Controllable Costs								
19	Salaries & Benefits	\$24,042	\$23,470	\$28,023	\$26,003	\$27,308	\$29,495	(\$2,187)	-7.4%
20	Other Operating Expenses	\$8,859	\$10,208	\$10,933	\$11,110	\$11,830	\$11,024	\$806	7.3%
21	Major Maintenance	\$3,112	\$3,681	\$7,567	\$7,958	\$4,712	\$6,507	(\$1,796)	-27.6%
22	Non-Bonded Capital Projects	\$12,441	\$12,062	\$39,004	\$35,185	\$38,508	\$22,983	\$15,525	67.6%
23	TOTAL CONTROLLABLE COSTS	\$48,453	\$49,420	\$85,527	\$80,255	\$82,358	\$70,010	\$12,348	17.6%
24	Depreciation & Amortization	\$14,959	\$14,744	\$15,176	\$15,194	\$15,657	\$15,367	\$289	1.9%
25	Less Non Bonded Projects (capitalized)	(\$12,441)	(\$12,062)	(\$39,004)	(\$35,185)	(\$38,508)	(\$22,983)	\$15,525	67.6%
26	Less Total Internal Costs (capitalized)	(\$3,696)	(\$4,857)	(\$5,878)	(\$5,908)	(\$4,974)	(\$6,389)	\$1,415	-22.1%
27	Interutility Allocation	(\$1,737)	(\$1,876)	(\$1,862)	(\$1,872)	(\$1,983)	(\$1,899)	(\$84)	4.4%
28	Total Operating Expenses	\$45,538	\$45,370	\$53,960	\$52,484	\$52,550	\$54,107	(\$1,557)	-2.9%
29	Net Operating Income (Loss)	\$34,199	\$33,161	\$25,354	\$21,355	\$25,677	\$25,275	\$402	1.6%
30	Financing & Other Non-Operating Items:								
31	Bond & Interest Related Expenses	(\$6,421)	(\$5,656)	(\$5,494)	(\$5,481)	(\$5,316)	(\$5,325)	\$9	-0.2%
32	Interest Income	\$2,180	(\$388)	\$1,965	\$800	\$1,278	\$1,982	(\$705)	-35.6%
33	Misc Non-Operating Income (Expense)	(\$6)	(\$659)	(\$24)	(\$20)	(\$23)	(\$24)	\$1	-3.0%
34	Total Financing & Non-Operating Items	(\$4,248)	(\$6,703)	(\$3,552)	(\$4,700)	(\$4,062)	(\$3,367)	(\$695)	20.6%
35	Income Before Transfers or Capital Contributions	\$29,951	\$26,458	\$21,802	\$16,654	\$21,615	\$21,908	(\$293)	-1.3%
36	Transfers (In Lieu of Taxes)	(\$8,370)	(\$8,469)	(\$9,010)	(\$8,873)	(\$9,607)	(\$9,240)	(\$367)	4.0%
37	Capital Contributions/Intercompany	\$2,363	\$4,933	\$14,204	\$14,211	\$17,200	\$11,843	\$5,356	45.2%
38	NET INCOME	\$23,944	\$22,922	\$26,996	\$21,992	\$29,208	\$24,511	\$4,697	19.2%
39	1/01 Cash Balance	\$ 90,413		\$ 98,117	\$ 103,773	\$ 94,334	\$ 97,275	\$ (2,941)	-3.0%
40	Change in Net Assets		22,922	26,996	21,992	29,208	24,511	4,697	19.2%
41	Depreciation & Amortization		14,744	15,176	15,194	15,657	15,367	289	1.9%
42	Capital Additions/Service Territory Comp		(16,919)	(44,881)	(41,093)	(43,547)	(32,356)	(11,191)	34.6%
43	Bond Principal Payments		(6,515)	(7,085)	(7,085)	(7,395)	(7,395)	-	-
44	Bond Proceeds		-	-	-	13,600	18,000	(4,400)	-
45	Net Change in Other Assets/Liabilities		(872)	6,952	1,553	(14,511)	(15,392)	881	-5.7%
46	Net Changes in Cash		13,360	(2,842)	(9,439)	(6,989)	2,735	(9,723)	-355.6%
47	12/31 Cash Balance	\$ 103,773		\$ 95,275	\$ 94,334	\$ 87,345	\$ 100,009	\$ (12,664)	-12.7%
48	Minimum Cash Reserve	\$ 52,569		\$ 52,102	\$ 52,102	\$ 53,826	\$ 52,834	\$ 992	1.9%
49	Excess (Deficit) from Minimum Cash Reserve	\$ 51,204		\$ 43,172	\$ 42,231	\$ 33,519	\$ 47,175	\$ (13,656)	-28.9%

Attachment: Board Packet Eic 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

ROCHESTER PUBLIC UTILITIES ELECTRIC UTILITY 2023 OPERATING BUDGET



Attachment: Board Packet Elc 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)



Attachment: Board Packet Eic 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

**ROCHESTER PUBLIC UTILITIES
PRODUCTION & SALES STATISTICS FORECAST
ELECTRIC UTILITY**

	2022 F2	2023	2024	2025	2026	2027
1 Peak MW						
2 SMMPA	216	216	216	216	216	216
3 Self Generation	-	-	-	-	-	-
4 Market	51	54	55	56	57	58
5 Total Peak MW	267	270	271	272	273	274
6 % Change	-1.2%	1.0%	0.4%	0.5%	0.3%	0.3%
7 Retail MWH	1,136,976	1,141,331	1,142,041	1,144,109	1,146,088	1,147,978
8 % Change	-0.4%	0.4%	0.1%	0.2%	0.2%	0.2%
9 Purchased Power MWH						
10 SMMPA	1,146,180	1,158,958	1,160,479	1,162,775	1,164,883	1,166,908
11 Other	3,142	3,160	3,171	3,182	3,191	3,201
12 Total Purchased Power MWH	1,149,322	1,162,118	1,163,650	1,165,957	1,168,074	1,170,108
13 % Change	-2.0%	1.1%	0.1%	0.2%	0.2%	0.2%
14 Generation MWH						
15 Total Generation MWH	63,820	65,271	65,271	65,271	65,271	65,271
16 % Change	-35.9%	2.3%	0.0%	0.0%	0.0%	0.0%
17 Number of Customers						
18 Residential	53,550	54,254	54,989	55,724	56,459	57,194
19 Small General Service	4,744	4,819	4,882	4,945	5,010	5,076
20 Medium General Service	478	482	488	495	501	508
21 Large General Service	13	13	13	13	13	13
22 Large Industrial Service	1	1	1	1	1	1
23 Street & Hwy Lightings	3	3	3	3	3	3
24 Interdepartmental	1	1	1	1	1	1
25 Total Customers	58,790	59,573	60,377	61,182	61,988	62,796
26 % Change	1.0%	1.3%	1.3%	1.3%	1.3%	1.3%
27 Blended cost per MWH for retail supply	\$ 77.04	\$ 76.06	\$ 76.03	\$ 75.99	\$ 68.43	\$ 59.55
28 Steam Generation MLBS	431,550	438,000	438,000	438,000	438,000	438,000
29 % Change	-5.6%	1.5%	0.0%	0.0%	0.0%	0.0%

Attachment: Board Packet Eic 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

ROCHESTER PUBLIC UTILITIES *RECOMMENDED*
2023 ELECTRIC UTILITY CAPITAL IMPROVEMENT & MAJOR MAINTENANCE BUDGET



ROCHESTER PUBLIC UTILITIES
RECOMMENDED

**2023 ELECTRIC UTILITY
CAPITAL IMPROVEMENT &
MAJOR MAINTENANCE
BUDGET**

Attachment: Board Packet E/c 2022 08 04 (14933 : Recommended 2023 Water and Electric Utility Budgets)

**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2023 CAPITAL IMPROVEMENT AND
MAJOR MAINTENANCE BUDGET**

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**Rochester Public Utilities
Electric Utility
2023 - 2027 Major Maintenance Plan**

	Multi-Year Project Total	2023	2024	2025	2026	2027	5-Yr Total	
1 Core Services								
2 Tree Trimming		1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	8,500,000	
3 Asbestos Mitigation in Manholes		-	95,000	95,000	95,000	95,000	380,000	
4 Service Assured - Electric		18,000	18,000	18,000	18,000	18,000	90,000	
5 Allocation - New Services		307,500	290,000	225,000	225,000	225,000	1,272,500	
6 Transmission Lines & Equipment Maintenance		50,000	50,000	50,000	50,000	50,000	250,000	
7 Distribution Lines & Equipment Maintenance		257,500	240,000	175,000	175,000	175,000	1,022,500	
8 Capacitor Bank Controls Replacement		10,000	10,000	10,000	10,000	10,000	50,000	
9 Allocation - Substation Asset Management (Maint)		165,000	158,500	175,500	118,500	118,500	736,000	
10 AMI Timing Study		55,000	-	-	-	-	55,000	
11 AMI Headend		1,799	84,708	83,649	81,256	83,895	335,307	
12 AMI MDM		3,117	146,774	144,938	140,792	145,365	580,986	
13 AMI Ongoing Operational Expenses		12,520	127,568	236,852	237,234	237,621	851,795	
14 Distribution System Planning Study		35,000	-	-	-	-	35,000	
15 ArcFlash Study for Downtown		-	-	-	100,000	-	100,000	
16 DER Hosting Capacity Study		-	100,000	-	-	-	100,000	
17 Downtown Duct & Feeder Routing Study		-	120,000	-	-	-	120,000	
18 Engineering Records in ImageNow		-	200,000	-	-	-	200,000	
19 Transmission LIDAR & Clearance Analysis		-	250,000	-	-	-	250,000	
20 Pole Attachment & Clearance Violation Survey		60,000	-	-	-	-	60,000	
21 Stray Voltage Survey		-	42,000	-	-	-	42,000	
22 Downtown Electric Reconfiguration Study		80,000	-	-	-	-	80,000	
23 Grid North		120,000	-	-	-	-	120,000	
24 Work Management Solution		35,000	120,000	-	-	-	155,000	
25 Total Core Services		-	2,602,936	3,462,550	2,688,939	2,725,782	2,633,381	14,113,588
26 Customer Relations								
27 DSM - EV TOU Rate *		35,664	9,823	10,118	10,421	10,734	76,760	
28 DSM - DLC Smart Thermostat Program *		204,740	207,762	245,737	285,769	327,970	1,271,979	
29 Energy Sustainability for Elderly *		87,000	89,610	92,298	95,067	97,919	461,895	
30 Cayenta Application Enhancements		140,500	173,200	175,000	175,000	175,000	838,700	
31 SEW Modifications		58,200	69,200	75,000	75,000	75,000	352,400	
32 RPU Program Changes		258,850	200,900	200,000	200,000	200,000	1,059,750	
33 Total Customer Relations		-	784,954	750,495	798,153	841,258	886,624	4,061,484
34 Corporate Services								
35 HCM Replacement		-	100,000	-	-	-	100,000	
36 Elec Cost-of-Srv/Rate Design Study		92,000	-	-	95,000	-	187,000	
37 Rates Modeling		20,000	20,000	20,000	20,000	20,000	100,000	
38 Budgeting System		50,000	50,000	50,000	50,000	50,000	250,000	
39 Utegration (HPC) Support Contract		75,000	75,000	75,000	75,000	75,000	375,000	
40 SAP Technical Upgrade		100,000	-	-	100,000	-	200,000	
41 Sharepoint Site		40,000	30,000	20,000	20,000	20,000	130,000	
42 ImageNow Upgrade		30,000	-	30,000	-	30,000	90,000	
43 SCADA Pen Test		25,000	25,000	25,000	25,000	25,000	125,000	
44 ERP Replacement Discovery		-	-	-	-	300,000	300,000	
45 Allocation - Technology		44,500	44,500	54,500	44,500	44,500	232,500	
46 Info Risk & Security/City Shared Infrastructure		4,500	4,500	14,500	4,500	4,500	32,500	
47 Business Systems/Applications		40,000	40,000	40,000	40,000	40,000	200,000	
48 Total Corporate Services		-	476,500	344,500	274,500	429,500	564,500	2,089,500
49 Compliance and Public Affairs								
50 WES Emissions Testing		73,500	-	-	-	80,000	153,500	
51 Total Compliance and Public Affairs		-	73,500	-	-	80,000	153,500	
49 Power Resources								
50 SLP Decommissioning		155,000	375,000	175,000	200,000	250,000	1,155,000	
51 Silver Lake Dam Ownership		-	1,240,000	-	-	-	1,240,000	
52 Allocation - Power Resources		415,000	520,000	985,000	355,000	400,000	2,675,000	
53 Allocation - Facilities		205,000	210,000	215,000	220,000	225,000	1,075,000	
54 Total Power Resources		-	775,000	2,345,000	1,375,000	775,000	875,000	6,145,000
55 General Management								
56 Operating Contingency Fund		300,000	300,000	300,000	300,000	300,000	1,500,000	
57 Total General Management		-	300,000	300,000	300,000	300,000	1,500,000	
58 Total Major Maintenance Plan - External Expenditures		-	5,012,890	7,202,545	5,436,592	5,071,540	5,339,505	28,063,072

* A portion of these project costs are included in the Other Operating Expenses on the Management Reporting P&L.

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**Rochester Public Utilities
Electric Utility
2023 - 2027 Capital Improvement Plan**

1.1.b

		Multi-Year Project Total	2023	2024	2025	2026	2027	5-Yr Tot
86	Network Management		132,000	202,000	110,000	110,000	110,000	664,000
87	Output Management		16,000	16,000	16,000	16,000	16,000	80,000
88	Server Management		261,000	61,000	61,000	196,000	61,000	640,000
89	Workstation Management		138,000	145,000	145,000	145,000	145,000	718,000
90	Backup/DR		50,000	-	35,000	-	150,000	235,000
91	Storage Management		-	-	-	-	175,000	175,000
92	Operation Technology		60,000	180,000	130,000	240,000	80,000	690,000
93	Total Corporate Services	142,000	839,000	2,169,000	562,000	772,000	802,000	5,144,000
94	Power Resources							
95	Hydro Controls and Electrical Upgrade		300,000	200,000	200,000	200,000	-	900,000
96	Allocation - Power Resources		100,000	375,000	495,000	925,000	1,025,000	2,920,000
97	A-Wing Renovation	789,476	432,340	176,800	180,336	-	-	789,476
98	UPS Replacement Program-Unit 1		113,709	-	-	-	-	113,709
99	Allocation - Facilities		30,000	30,000	30,000	30,000	30,000	150,000
100	Underground Equipment Trailer		50,760	-	-	-	-	50,760
101	Allocation - Fleet		800,880	870,252	830,208	761,400	873,072	4,135,800
102	Total Power Resources	789,476	1,827,689	1,652,052	1,735,544	1,916,400	1,928,072	9,059,700
103	General Management							
104	Project Contingency Fund		700,000	700,000	700,000	700,000	700,000	3,500,000
105	Total General Management	-	700,000	700,000	700,000	700,000	700,000	3,500,000
106	Total External Expenditures	54,245,028	38,573,208	18,736,271	15,170,747	16,474,720	22,001,453	110,956,300
107	Less: Bonding		(65,472)	(1,914,224)	(4,542,104)	(4,240,198)	(865,343)	(11,627,340)
108	Less: Contributions in Aid of Construction	(31,752,884)	(17,199,722)	(7,373,000)	(627,000)	(355,000)	(6,755,000)	(32,309,720)
109	Net Capital External Expenditures (Rate Funded)	22,492,144	21,308,014	9,449,047	10,001,643	11,879,522	14,381,110	67,019,300
110	Total Internal Expenditures (Capital Labor)		4,973,884	7,343,198	4,432,358	4,692,983	6,883,321	28,325,740
111	Net Capital Expenditures	22,492,144	26,281,898	16,792,245	14,434,001	16,572,505	21,264,431	95,345,000

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