



**Public Utility Board Agenda
Rochester Boards & Commissions - Public Utility Board
August 8, 2023
4:00 p.m.**

Attending and Viewing the Meeting

This is a special budget review meeting of the Rochester Public Utility Board.
Attend in-person at 4000 E River Rd NE, RPU Community Room, Rochester, MN or via [MS Teams](#).
Call in audio only number: 347-352-4853 Conference ID: 494 103 272#
A recording is made available after the meeting at the [City's website](#).

Call to Order/Roll Call

1. Approval of Agenda

2. Regular Agenda

2.A. Authorized Banking Representative

Approve a resolution with the updated schedule of authorized banking representatives for Rochester Public Utilities.

3. Informational

3.A. Recommended 2024 - 2025 Water and Electric Utility Budgets

The proposed 2024-2025 Water and Electric Utility Budgets will be presented to the Board. No action required.

Budget approval will be requested during the October 24, 2023, Board meeting, followed by a request for final Council approval in December 2023.

4. Other Business

5. Adjournment



REQUEST FOR ACTION

Authorized Banking Representative

MEETING DATE:

August 8, 2023

ORIGINATING DEPT:

Rochester Public Utilities

AGENDA SECTION:

Regular Agenda

PRESENTER:

Peter Hogan

Action Requested:

Approve a resolution with the updated schedule of authorized banking representatives for Rochester Public Utilities.

Report Narrative:

Financial institutions that are authorized to do business with Rochester Public Utilities (RPU), a division of the City of Rochester, require an approved resolution designating those employees RPU authorizes to conduct financial business on behalf of the Utility.

Tim McCollough, General Manager, assumed his current position on July 31, 2023. Mark Kotschevar, the current General Manager, will be retiring effective August 23, 2023. The attached resolution removes Mark Kotschevar's authorization upon retirement and adds Tim McCollough upon approval of the Board.

Prepared By:

Peter Hogan

Attachments:

[Res Bank Authorized Signers 2023 08 08.pdf](#)



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester to approve the following persons are hereby authorized for and on behalf of the City of Rochester, doing business as, Rochester Public Utilities, to endorse or cause to be endorsed such documents regarding deposits, checks, drafts, investments or any other matter necessary for or pertaining to the financial operation of Rochester Public Utilities.

Tim McCollough, General Manager

Mark Kotschevar, General Manager (authorization to expire 8/23/2023)

Peter Hogan, Chief Financial Officer

Judy Anderson, Controller

Lani Towne, Accounting Supervisor

Brian Ehlenfeldt, Senior Financial Analyst

Tina Livingston, Senior Financial Analyst

PASSED AND ADOPTED BY THE PUBLIC UTILITY BOARD OF THE CITY OF
ROCHESTER, MINNESOTA, THIS 8th DAY OF August, 2023.

PRESIDENT

SECRETARY



REQUEST FOR ACTION

Recommended 2024 - 2025 Water and Electric Utility Budgets

MEETING DATE:

August 8, 2023

ORIGINATING DEPT:

Rochester Public Utilities

AGENDA SECTION:

Informational

PRESENTER:

Peter Hogan

Action Requested:

The proposed 2024-2025 Water and Electric Utility Budgets will be presented to the Board. No action required.

Budget approval will be requested during the October 24, 2023, Board meeting, followed by a request for final Council approval in December 2023.

Report Narrative:

Attached is a copy of the recommended 2024 and 2025 Electric and Water Capital and Operating Budgets.

The total revenue requirement for the Electric and Water Utilities is determined through the budget process. The rate design for each individual customer class is informed by the Water Utility cost of service study conducted in 2022 and accepted by the Board at the September 27, 2022 meeting, and Electric Utility cost of service study that is in process now. The Electric Utility cost of service study results will be presented to the Board at the September 26, 2023 meeting.

The Board will be asked to approve the 2024 and 2025 operating budgets, capital projects budgets, multi-year projects continuing beyond 2025, and proposed rate adjustments at the October 24, 2023, Board meeting. 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):	2024	2025
Revenue	\$14,656	\$16,220
Capital (Rate Funded)	\$ 5,718	\$ 5,239

Historically, the Water Utility has funded capital projects through rates each year between \$2.5M and \$3.0M. The 2024 and 2025 proposed rate funded capital expenditures of \$5.718M and \$5.239, respectively. There are three major capital initiatives that are putting upward pressure on our Water Utility rates. These are City road related projects, a proposed Automatic Metering (AMI) project and water main replacements. We are working to increase the water main replacement to \$1M per year to address reliability and aging water infrastructure. The proposed AMI project is viewed as a long-term strategic investment that will enable future capabilities, such as greater demand side management, greater visibility for near real-time consumption for our customers, and a greater ability to manage our distribution systems. The Water Utility is at a point where significant meter replacements are needed due to the failure of the current meter communication systems.

The main drivers for the Water budget are:

- Growth in customers (0.8%) and consumption (3.2% / 1.3%) for 2024 and 2025. This is due to the assumption of average weather and rainfall. The 2022 average cooling degree days of 530(CDD) projected for 2024 and 2025 is 536 CDD.
- The reduction of internally funded capital project requests for 2024 and 2025 by \$1.053M, and \$900K, respectively.
- The proposed AMI project would require an investment of \$14.6M over five years with an increase in operational expenses of \$556K once fully deployed. The operating costs are expected to be offset by cost savings and additional revenue once fully deployed.
- Increased inflation, vendor and supplies availability. The start of the water AMI was delayed by one year to smooth out the impact on cash reserves.
- Water main replacements to address aging infrastructure.
- City planned street reconstruction projects.
- Distribution system expansion.
- Water conservation programs and education.

For the Water Utility, management is recommending a 5.5% general rate adjustment, plus an AMI related increase in the customer charge of \$1.32 per month for 2024 and 2025. This is a monthly increase of \$1.65 and \$1.67 per month for the average residential customer in 2024 and 2025, respectively.

Electric Utility (in thousands):	2024	2025
Revenue	\$170,614	\$199,093
Capital (Rate Funded)	\$ 23,468	\$ 21,874

The current electric utility budget shows slow and steady growth of both customers (2024: 2.2%; 2025: 1.8%) and consumption (2024: 4.0% 2025: 1.3%). There is a planned spend down of cash reserves in 2023, which is driven by the Marion Road Substation project.

The proposed AMI metering system for our electric customers would require an investment of \$13.6M over the next 5 years, with an annual operating cost increase of \$801K once fully deployed. The operating expense is expected to be offset by cost savings and additional revenue from a more accurate metering system.

A major assumption in 2026 and 2027 is a reduction in the wholesale power costs, due to the retirement of the debt on Sherco 3 by SMMPA in 2026. A second major assumption is an increase in debt (\$410M) in 2027 and related debt service. This debt is for the implementation of the 2030 Resource Plan and a potential investment in transmission upgrades (\$33M). While the final decision on the direction of the 2030 Resource Plan has not been made, we are showing these estimated costs related to the purchase of capacity to offset the capacity currently provided through the SMMPA contract which ends in 2030. The debt service on the transmission investment is offset by additional transmission revenues.

Cash reserves are expected to go down at the end of 2023 due to the planned Marion Rd investment, then are projected to grow in 2024 - 2028. As we approach 2026, our power cost adjustment will be adjusted based on the actual cost of the 2030 Resource Plan to smooth out the rate impact during the transition leading up to 2030.

The Debt Coverage Ratio is above our target of 3.0 times in 2023 through 2026, however this ratio is projected to be below target in 2027 and 2028. 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 following the current infrastructure update.

The 2024 and 2025 significant business drivers for the Electric Utility are:

- 2030 Resource Plan.
- Inflation, vendor and supplies availability.
- The reduction of internally funded capital project requests for 2024 and 2025 by \$0.911M, and \$1,149M, respectively. Reductions to cost center and major maintenance requests by \$1,002K and \$291K in 2024 and 2025, respectively.
- The Marion Road substation and feeder system.
- Electric AMI meter system.
- Continued investments in distribution system expansion and reliability, including the new Marion Road substation, tree trimming, new services, and replacement of aging infrastructure.

In order to support the proposed Electric Utility budget, management is recommending a 3.2% general rate adjustment for 2024, plus an AMI related increase in the customer charge of \$1.94 per month, followed by 4.0% general rate increases in 2025. The impact to the average residential customer is \$2.17 and \$2.91 per month in 2024 and 2025, respectively.

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 August 29, 2023 Board meeting. Members of the public may provide comments to the RPU Board directly or at the regularly scheduled August, September, or October Board meetings.

Prepared By:

Peter Hogan

Attachments:

[Budget Book \(w-o blank pages\) v3 2023 07 28.pdf](#)



ROCHESTER PUBLIC UTILITIES
RECOMMENDED

2024-2025 ANNUAL OPERATING PLAN

ROCHESTER PUBLIC UTILITIES 2024 - 2025 ANNUAL OPERATING PLAN

CONTENTS

	SECTION
ELECTRIC UTILITY – OPERATING BUDGET	1
<hr/>	
ELECTRIC UTILITY – CAPITAL IMPROVEMENT & MAJOR MAINTENANCE BUDGET	2
<hr/>	
WATER UTILITY – OPERATING BUDGET	3
<hr/>	
WATER UTILITY – CAPITAL IMPROVEMENT & MAJOR MAINTENANCE BUDGET	4
<hr/>	
PERSONNEL BUDGET – TOTAL RPU	5
<hr/>	
SUPPLEMENTAL DATA – CAPITAL/OPERATING BUDGETS	6
<hr/>	

ROCHESTER PUBLIC UTILITIES *RECOMMENDED*

2024-2025 ELECTRIC UTILITY OPERATING BUDGET



ROCHESTER PUBLIC UTILITIES
RECOMMENDED

2024-2025 ELECTRIC UTILITY OPERATING BUDGET

**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2024 - 2025 OPERATING BUDGET**

INDEX

<u>Title</u>	<u>Pages</u>
Assumptions	1
Forecast by Year 2024 through 2028	2
Condensed Income Statement - 2024	3
Condensed Income Statement - 2025	4
Revenue Sources & Expense Categories - 2024	5
Revenue Sources & Expense Categories - 2025	6
Operating Expenditures Graph	7
Production & Sales Statistics Forecast	8

**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2024 - 2025 OPERATING BUDGET**

ASSUMPTIONS

	<u>2024</u>	<u>2025</u>
• Interest Earnings Rate:	3.0%	3.0%
• Average Salary Expense Change: (excluding headcount additions)	2.8%	5.5%
	(consists of COLA, merit and promotion increases)	
• Anticipated Bonding	None	None
• Change in Full-time Equivalents:	2 Incremental	2 Incremental
	2 Replacements of Contract Work	
	4 Incremental due to AMI	
• SMMPA Wholesale Power Cost:	0.0% increase	0.0% increase
• SMMPA CROD Level:	216 MW	216 MW
• Minimum Cash Reserve Requirement:	\$62,628,938	\$64,057,738
• In Lieu of Tax	\$10,758,822	\$11,338,353
Consumer Price Index (Average)	6.0%	4.0%

RETAIL REVENUES / SALES

	<u>2024</u>	<u>2025</u>
• Revenue Adjustment:	3.2% Proposed General Rate Increase Plus \$1.94 Customer Charge Increase	4.0% Proposed General Rate Increase
• Electric KWH Sales Forecast:	4.0% Increase from 2023 F2 Projected Sales	1.3% Increase from 2024 Projected Sales
• Total Electric Utility Customers:	2.2% Increase over Y/E 2023 F2 Projected Customers	1.8% Increase over Y/E 2024 Projected Customers
• Forecast Assumes Normal Weather :	30 Yr Average Heating/Cooling Degree Days per Year	

WHOLESALE FUEL COSTS

	<u>2024</u>	<u>2025</u>
• Estimated Cost of Fuel:	\$4.55/mcf	\$5.26/mcf

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

in 000's

RPU Rate Increase
Plus AMI Customer Charge

	Historical Data		2023 F2					
	2021	2022		2024	2025	2026	2027	2028
	0.0%	1.5%	2.5%	3.2%	4.0%	4.0%	4.0%	4.0%
				\$1.94				
1 Revenue								
2 Retail Electric	\$146,719	\$149,439	\$163,416	\$170,177	\$178,571	\$189,071	\$200,212	\$209,327
3 Wholesale Electric	\$6,621	\$8,864	\$4,922	\$4,436	\$4,711	\$4,323	\$4,323	\$4,323
4 Wholesale Steam	\$6,841	\$7,871	\$5,207	\$5,161	\$5,602	\$5,580	\$5,580	\$5,580
5 Transmission	\$6,456	\$7,367	\$6,255	\$6,684	\$6,000	\$6,117	\$8,498	\$8,498
6 Other Services & Fees	\$8,617	\$1,652	\$4,173	\$4,156	\$4,209	\$4,265	\$4,321	\$4,378
7 Total Revenue	\$175,254	\$175,193	\$183,972	\$190,614	\$199,093	\$209,357	\$222,935	\$232,107
8 Cost of Revenue								
9 Power Supply	\$87,766	\$88,583	\$98,846	\$101,388	\$102,445	\$93,607	\$82,827	\$83,062
10 Generation Fuel	\$8,958	\$9,833	\$5,213	\$5,473	\$6,307	\$5,902	\$5,906	\$5,911
11 Total Cost of Revenue	\$96,723	\$98,417	\$104,059	\$106,861	\$108,752	\$99,509	\$88,734	\$88,973
12 Gross Margin								
13 Retail Electric	\$58,954	\$60,856	\$64,570	\$68,789	\$76,126	\$95,464	\$117,385	\$126,265
14 Wholesale	\$4,505	\$6,902	\$4,915	\$4,124	\$4,006	\$4,002	\$3,997	\$3,993
15 Transmission	\$6,456	\$7,367	\$6,255	\$6,684	\$6,000	\$6,117	\$8,498	\$8,498
16 Other Services & Fees	\$8,617	\$1,652	\$4,173	\$4,156	\$4,209	\$4,265	\$4,321	\$4,378
17 TOTAL GROSS MARGIN	\$78,531	\$76,776	\$79,914	\$83,753	\$90,341	\$109,848	\$134,202	\$143,134
18 Controllable Costs								
19 Salaries & Benefits	\$23,470	\$26,879	\$27,073	\$29,288	\$31,846	\$33,507	\$35,231	\$37,036
20 Other Operating Expenses	\$10,208	\$9,651	\$11,924	\$12,378	\$12,440	\$12,783	\$13,219	\$13,576
21 Major Maintenance	\$3,681	\$6,479	\$5,224	\$5,174	\$6,793	\$6,222	\$5,101	\$5,372
22 Non-Bonded Capital Projects	\$12,062	\$19,713	\$53,323	\$19,941	\$18,513	\$21,254	\$21,094	\$18,865
23 TOTAL CONTROLLABLE COSTS	\$49,420	\$62,723	\$97,545	\$66,781	\$69,592	\$73,765	\$74,645	\$74,850
24 Depreciation & Amortization	\$14,744	\$15,017	\$15,700	\$16,707	\$17,995	\$18,346	\$18,724	\$19,113
25 Less Non Bonded Projects (capitalized)	(\$12,062)	(\$19,713)	(\$53,323)	(\$19,941)	(\$18,513)	(\$21,254)	(\$21,094)	(\$18,865)
26 Less Total Internal Costs (capitalized)	(\$4,857)	(\$4,193)	(\$4,642)	(\$8,358)	(\$6,212)	(\$6,306)	(\$6,388)	(\$4,749)
27 Interutility Allocation	(\$1,876)	(\$1,874)	(\$1,962)	(\$1,971)	(\$2,030)	(\$2,091)	(\$2,154)	(\$2,219)
28 Total Operating Expenses	\$45,370	\$51,959	\$53,317	\$53,218	\$60,832	\$62,460	\$63,733	\$68,130
29 Net Operating Income (Loss)	\$33,161	\$24,818	\$26,597	\$30,535	\$29,510	\$47,388	\$70,469	\$75,004
30 Financing & Other Non-Operating Items:								
31 Bond & Interest Related Expenses	(\$5,656)	(\$5,463)	(\$5,320)	(\$5,138)	(\$4,942)	(\$6,462)	(\$27,593)	(\$26,997)
32 Interest Income	(\$388)	(\$2,621)	\$2,378	\$3,011	\$3,100	\$3,373	\$12,192	\$11,314
33 Misc Non-Operating Income (Expense)	(\$659)	(\$356)	(\$17)	(\$24)	(\$24)	(\$25)	(\$25)	(\$26)
34 Total Financing & Non-Operating Items	(\$6,703)	(\$8,440)	(\$2,959)	(\$2,151)	(\$1,866)	(\$3,113)	(\$15,427)	(\$15,709)
35 Income Before Transfers or Capital Contributions	\$26,458	\$16,378	\$23,638	\$28,384	\$27,644	\$44,275	\$55,042	\$59,296
36 Transfers (In Lieu of Taxes)	(\$8,469)	(\$8,756)	(\$9,745)	(\$10,759)	(\$11,338)	(\$11,869)	(\$12,431)	(\$12,848)
37 Capital Contributions/Intercompany	\$4,933	\$8,824	\$22,485	\$4,832	\$2,852	\$615	\$626	\$399
38 NET INCOME	\$22,922	\$16,446	\$36,378	\$22,457	\$19,157	\$33,021	\$43,237	\$46,846
39 NET INCOME (Excluding Capital Contributions)			\$13,893	\$17,625	\$16,305	\$32,406	\$42,611	\$46,448
40 TARGET NET INCOME			\$ 18,503	\$ 19,947	\$ 21,232	\$ 22,325	\$ 21,928	\$ 19,982
41 Excess (Deficit) from Target			\$ (4,610)	\$ (2,322)	\$ (4,926)	\$ 10,081	\$ 20,683	\$ 26,466
42 1/01 Cash Balance	\$ 103,773	\$ 103,856	\$ 103,856	\$ 90,699	\$ 93,028	\$ 96,718	\$ 111,548	\$ 131,134
43 Change in Net Assets		16,446	36,378	22,457	19,157	33,021	43,237	46,846
44 Depreciation & Amortization		15,017	15,700	16,707	17,995	18,346	18,724	19,113
45 Capital Additions/Service Territory Comp		(23,906)	(57,966)	(28,299)	(24,726)	(47,560)	(119,483)	(146,614)
46 Bond Principal Payments		(7,085)	(7,395)	(7,730)	(8,005)	(8,305)	(34,691)	(14,957)
47 Bond Proceeds		-	-	-	-	20,000	410,400	-
48 Net Change in Other Assets/Liabilities		(389)	125	(806)	(731)	(672)	(298,602)	122,506
49 Net Changes in Cash		83	(13,157)	2,329	3,690	14,830	19,586	26,894
50 12/31 Cash Balance	\$ 103,856	\$ 90,699	\$ 90,699	\$ 93,028	\$ 96,718	\$ 111,548	\$ 131,134	\$ 158,029
51 Minimum Cash Reserve	\$ 52,102	\$ 53,826	\$ 53,826	\$ 62,629	\$ 64,058	\$ 62,726	\$ 54,308	\$ 55,897
52 Excess (Deficit) from Minimum Cash Reserve	\$ 51,754	\$ 36,873	\$ 36,873	\$ 30,399	\$ 32,660	\$ 48,822	\$ 76,827	\$ 102,131
53 Debt Service Coverage Ratio		2.7	3.3	3.7	3.7	4.6	2.4	2.5

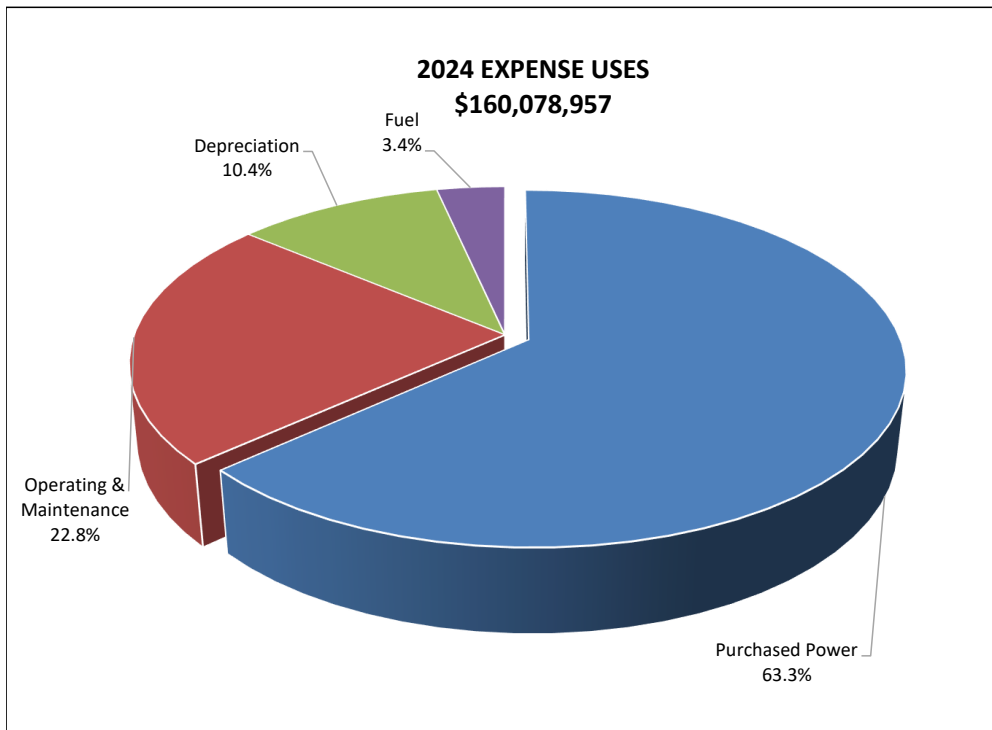
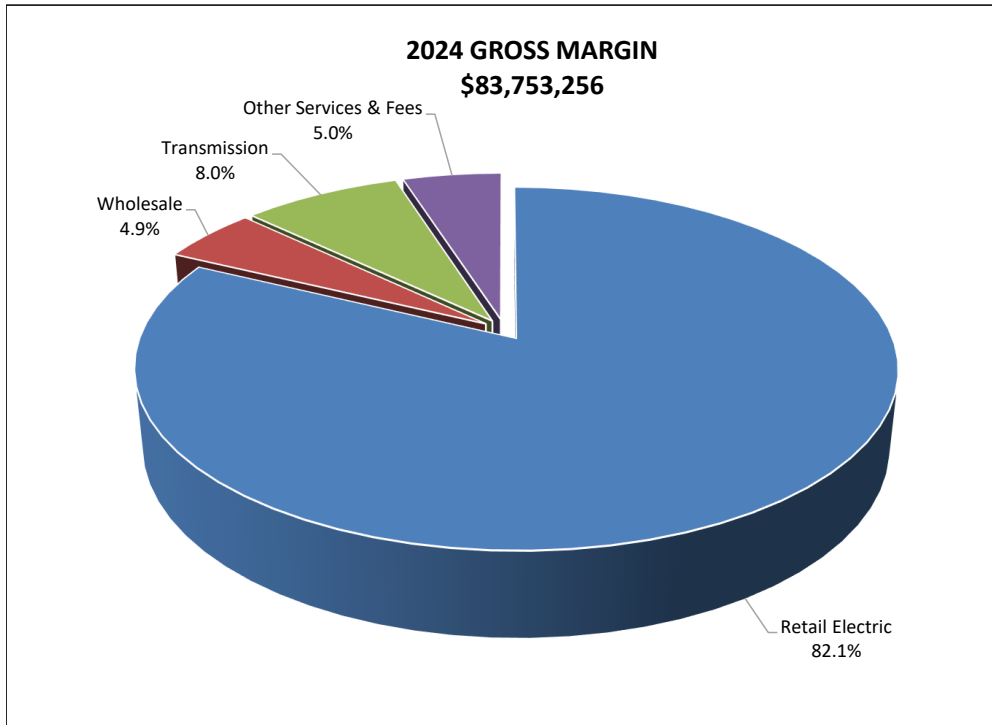
**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
Management Reporting P&L**

	Historical Data		2023		2024		Variance	%
	2021	2022	Orig Bdgt	2023 F2	2024	Orig Bdgt	2024 to Orig Bdgt	Variance
in 000's								
1 Revenue								
2 Retail Electric	\$146,719	\$149,439	\$151,922	\$163,416	\$170,177	\$156,959	\$13,218	8.4%
3 Wholesale Electric	\$6,621	\$8,864	\$5,840	\$4,922	\$4,436	\$4,932	(\$496)	-10.0%
4 Wholesale Steam	\$6,841	\$7,871	\$6,342	\$5,207	\$5,161	\$5,708	(\$547)	-9.6%
5 Transmission	\$6,456	\$7,367	\$6,000	\$6,255	\$6,684	\$6,000	\$684	11.4%
6 Other Services & Fees	\$8,617	\$1,652	\$4,086	\$4,173	\$4,156	\$4,137	\$19	0.4%
7 Total Revenue	\$175,254	\$175,193	\$174,190	\$183,972	\$190,614	\$177,736	\$12,878	7.2%
8 Cost of Revenue								
9 Power Supply	\$87,766	\$88,583	\$88,392	\$98,846	\$101,388	\$88,473	\$12,914	14.6%
10 Generation Fuel	\$8,958	\$9,833	\$7,570	\$5,213	\$5,473	\$6,937	(\$1,464)	-21.1%
11 Total Cost of Revenue	\$96,723	\$98,417	\$95,963	\$104,059	\$106,861	\$95,411	\$11,450	12.0%
12 Gross Margin								
13 Retail Electric	\$58,954	\$60,856	\$63,529	\$64,570	\$68,789	\$68,486	\$303	0.4%
14 Wholesale	\$4,505	\$6,902	\$4,612	\$4,915	\$4,124	\$3,702	\$421	11.4%
15 Transmission	\$6,456	\$7,367	\$6,000	\$6,255	\$6,684	\$6,000	\$684	11.4%
16 Other Services & Fees	\$8,617	\$1,652	\$4,086	\$4,173	\$4,156	\$4,137	\$19	0.4%
17 TOTAL GROSS MARGIN	\$78,531	\$76,776	\$78,227	\$79,914	\$83,753	\$82,326	\$1,427	1.9%
18 Controllable Costs								
19 Salaries & Benefits	\$23,470	\$26,879	\$27,308	\$27,073	\$29,288	\$29,297	(\$9)	0.0%
20 Other Operating Expenses	\$10,208	\$9,651	\$11,983	\$11,924	\$12,378	\$11,958	\$419	3.5%
21 Major Maintenance	\$3,681	\$6,479	\$4,850	\$5,224	\$5,174	\$6,895	(\$1,721)	-25.0%
22 Non-Bonded Capital Projects	\$12,062	\$19,713	\$55,804	\$53,323	\$19,941	\$16,645	\$3,296	19.8%
23 TOTAL CONTROLLABLE COSTS	\$49,420	\$62,723	\$99,944	\$97,545	\$66,781	\$64,796	\$1,986	3.1%
24 Depreciation & Amortization	\$14,744	\$15,017	\$15,657	\$15,700	\$16,707	\$16,293	\$415	2.5%
25 Less Non Bonded Projects (capitalized)	(\$12,062)	(\$19,713)	(\$55,804)	(\$53,323)	(\$19,941)	(\$16,645)	(\$3,296)	19.8%
26 Less Total Internal Costs (capitalized)	(\$4,857)	(\$4,193)	(\$5,076)	(\$4,642)	(\$8,358)	(\$7,339)	(\$1,019)	13.9%
27 Interutility Allocation	(\$1,876)	(\$1,874)	(\$1,983)	(\$1,962)	(\$1,971)	(\$2,023)	\$52	-2.6%
28 Total Operating Expenses	\$45,370	\$51,959	\$52,738	\$53,317	\$53,218	\$55,081	(\$1,863)	-3.4%
29 Net Operating Income (Loss)	\$33,161	\$24,818	\$25,489	\$26,597	\$30,535	\$27,245	\$3,290	12.1%
30 Financing & Other Non-Operating Items:								
31 Bond & Interest Related Expenses	(\$5,656)	(\$5,463)	(\$5,316)	(\$5,320)	(\$5,138)	(\$5,930)	\$792	-13.4%
32 Interest Income	(\$388)	(\$2,621)	\$1,278	\$2,378	\$3,011	\$1,267	\$1,743	137.5%
33 Misc Non-Operating Income (Expense)	(\$659)	(\$356)	(\$23)	(\$17)	(\$24)	(\$24)	-	0.0%
34 Total Financing & Non-Operating Items	(\$6,703)	(\$8,440)	(\$4,062)	(\$2,959)	(\$2,151)	(\$4,687)	\$2,536	-54.1%
35 Income Before Transfers or Capital Contributions	\$26,458	\$16,378	\$21,427	\$23,638	\$28,384	\$22,558	\$5,826	25.8%
36 Transfers (In Lieu of Taxes)	(\$8,469)	(\$8,756)	(\$9,607)	(\$9,745)	(\$10,759)	(\$10,197)	(\$562)	5.5%
37 Capital Contributions/Intercompany	\$4,933	\$8,824	\$17,200	\$22,485	\$4,832	\$7,373	(\$2,541)	-34.5%
38 NET INCOME	\$22,922	\$16,446	\$29,020	\$36,378	\$22,457	\$19,735	\$2,722	13.8%
39 1/01 Cash Balance	\$ 103,773		\$ 94,334	\$ 103,856	\$ 90,699	\$ 86,988	\$ 3,711	4.3%
40 Change in Net Assets		16,446	29,020	36,378	22,457	19,735	2,722	13.8%
41 Depreciation & Amortization		15,017	15,657	15,700	16,707	16,293	415	2.5%
42 Capital Additions/Service Territory Comp		(23,906)	(60,945)	(57,966)	(28,299)	(25,899)	(2,401)	9.3%
43 Bond Principal Payments		(7,085)	(7,395)	(7,395)	(7,730)	(8,786)	1,056	-12.0%
44 Bond Proceeds		-	13,600	-	-	-	-	0.0%
45 Net Change in Other Assets/Liabilities		(389)	2,718	125	(806)	1,078	(1,884)	-174.7%
46 Net Changes in Cash		83	(7,346)	(13,157)	2,329	2,421	(92)	-3.8%
47 12/31 Cash Balance	\$ 103,856		\$ 86,988	\$ 90,699	\$ 93,028	\$ 89,409	\$ 3,619	4.0%
48 Minimum Cash Reserve	\$ 52,102		\$ 53,826	\$ 53,826	\$ 62,629	\$ 55,577	\$ 7,052	12.7%
49 Excess (Deficit) from Minimum Cash Reserve	\$ 51,754		\$ 33,162	\$ 36,873	\$ 30,399	\$ 33,832	\$ (3,433)	-10.1%

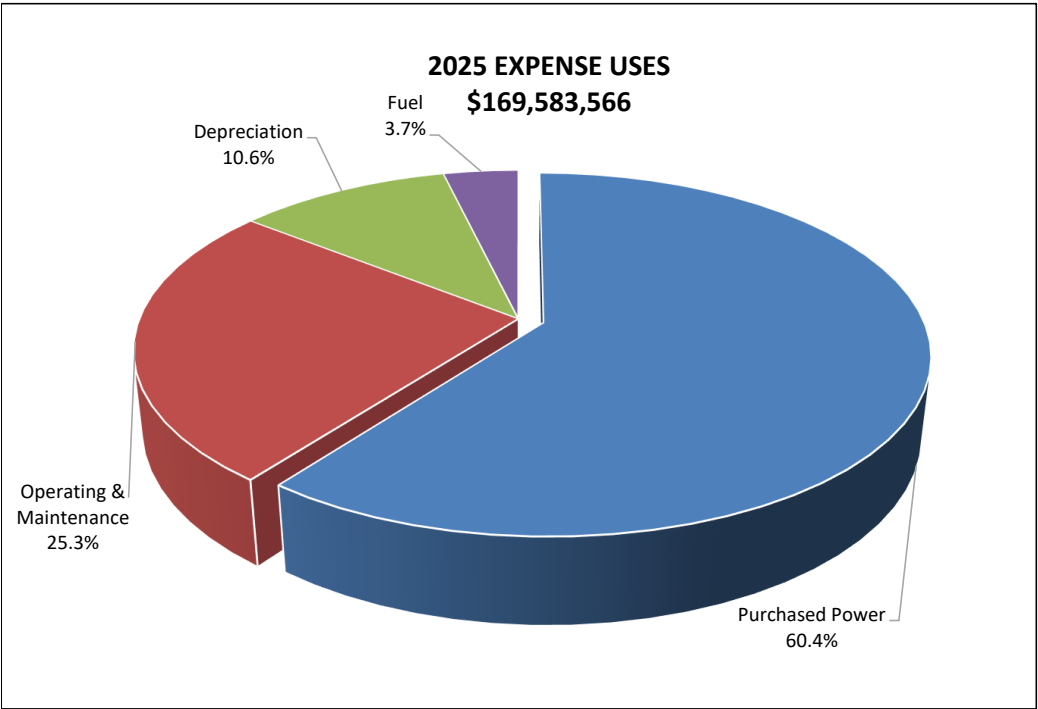
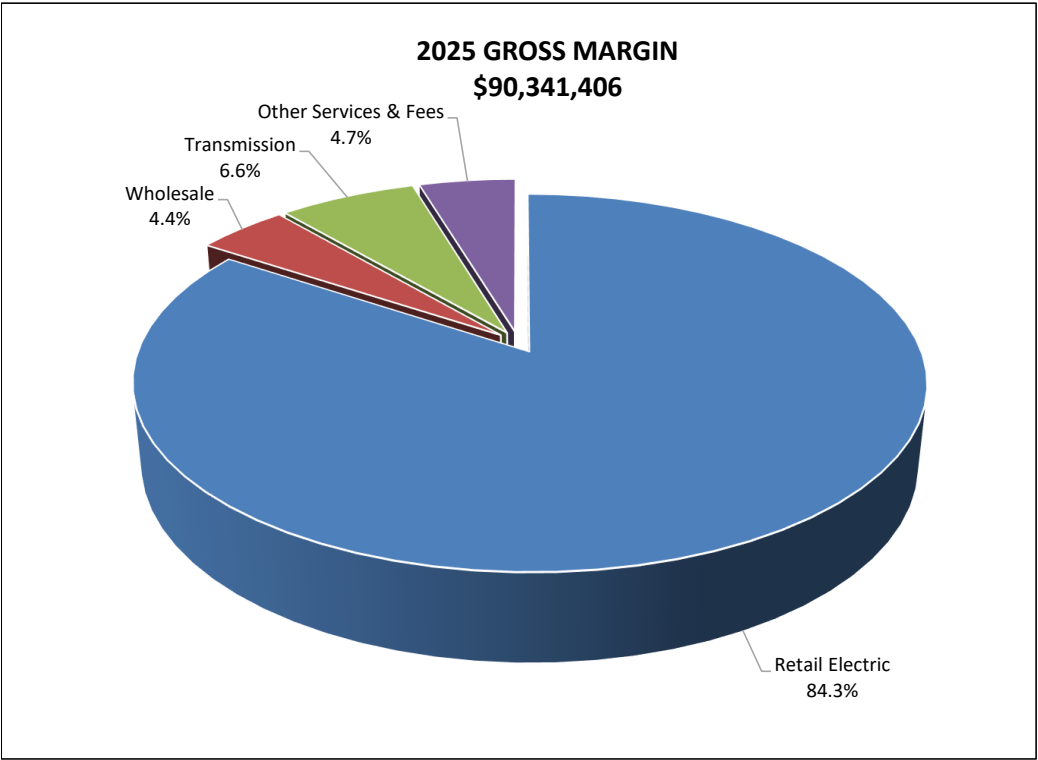
**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
Management Reporting P&L**

	Historical Data		2023		2025		Variance	%
	2021	2022	Orig Bdgt	2023 F2	2025	Orig Bdgt	2025 to Orig Bdgt	Variance
in 000's								
1 Revenue								
2 Retail Electric	\$146,719	\$149,439	\$151,922	\$163,416	\$178,571	\$161,737	\$16,834	10.4%
3 Wholesale Electric	\$6,621	\$8,864	\$5,840	\$4,922	\$4,711	\$4,932	(\$221)	-4.5%
4 Wholesale Steam	\$6,841	\$7,871	\$6,342	\$5,207	\$5,602	\$5,642	(\$40)	-0.7%
5 Transmission	\$6,456	\$7,367	\$6,000	\$6,255	\$6,000	\$6,000	-	0.0%
6 Other Services & Fees	\$8,617	\$1,652	\$4,086	\$4,173	\$4,209	\$4,191	\$18	0.4%
7 Total Revenue	\$175,254	\$175,193	\$174,190	\$183,972	\$199,093	\$182,502	\$16,591	9.1%
8 Cost of Revenue								
9 Power Supply	\$87,766	\$88,583	\$88,392	\$98,846	\$102,445	\$88,604	\$13,841	15.6%
10 Generation Fuel	\$8,958	\$9,833	\$7,570	\$5,213	\$6,307	\$6,876	(\$569)	-8.3%
11 Total Cost of Revenue	\$96,723	\$98,417	\$95,963	\$104,059	\$108,752	\$95,480	\$13,272	13.9%
12 Gross Margin								
13 Retail Electric	\$58,954	\$60,856	\$63,529	\$64,570	\$76,126	\$73,133	\$2,993	4.1%
14 Wholesale	\$4,505	\$6,902	\$4,612	\$4,915	\$4,006	\$3,699	\$308	8.3%
15 Transmission	\$6,456	\$7,367	\$6,000	\$6,255	\$6,000	\$6,000	-	0.0%
16 Other Services & Fees	\$8,617	\$1,652	\$4,086	\$4,173	\$4,209	\$4,191	\$18	0.4%
17 TOTAL GROSS MARGIN	\$78,531	\$76,776	\$78,227	\$79,914	\$90,341	\$87,022	\$3,319	4.3%
18 Controllable Costs								
19 Salaries & Benefits	\$23,470	\$26,879	\$27,308	\$27,073	\$31,846	\$30,833	\$1,013	3.3%
20 Other Operating Expenses	\$10,208	\$9,651	\$11,983	\$11,924	\$12,440	\$12,445	(\$5)	0.0%
21 Major Maintenance	\$3,681	\$6,479	\$4,850	\$5,224	\$6,793	\$5,088	\$1,705	33.5%
22 Non-Bonded Capital Projects	\$12,062	\$19,713	\$55,804	\$53,323	\$18,513	\$10,448	\$8,065	77.2%
23 TOTAL CONTROLLABLE COSTS	\$49,420	\$62,723	\$99,944	\$97,545	\$69,592	\$58,815	\$10,778	18.3%
24 Depreciation & Amortization	\$14,744	\$15,017	\$15,657	\$15,700	\$17,995	\$17,533	\$463	2.6%
25 Less Non Bonded Projects (capitalized)	(\$12,062)	(\$19,713)	(\$55,804)	(\$53,323)	(\$18,513)	(\$10,448)	(\$8,065)	77.2%
26 Less Total Internal Costs (capitalized)	(\$4,857)	(\$4,193)	(\$5,076)	(\$4,642)	(\$6,212)	(\$4,428)	(\$1,784)	40.3%
27 Interutility Allocation	(\$1,876)	(\$1,874)	(\$1,983)	(\$1,962)	(\$2,030)	(\$2,063)	\$33	-1.6%
28 Total Operating Expenses	\$45,370	\$51,959	\$52,738	\$53,317	\$60,832	\$59,408	\$1,424	2.4%
29 Net Operating Income (Loss)	\$33,161	\$24,818	\$25,489	\$26,597	\$29,510	\$27,615	\$1,895	6.9%
30 Financing & Other Non-Operating Items:								
31 Bond & Interest Related Expenses	(\$5,656)	(\$5,463)	(\$5,316)	(\$5,320)	(\$4,942)	(\$5,670)	\$729	-12.9%
32 Interest Income	(\$388)	(\$2,621)	\$1,278	\$2,378	\$3,100	\$1,318	\$1,782	135.2%
33 Misc Non-Operating Income (Expense)	(\$659)	(\$356)	(\$23)	(\$17)	(\$24)	(\$25)	\$1	-3.4%
34 Total Financing & Non-Operating Items	(\$6,703)	(\$8,440)	(\$4,062)	(\$2,959)	(\$1,866)	(\$4,377)	\$2,512	-57.4%
35 Income Before Transfers or Capital Contributions	\$26,458	\$16,378	\$21,427	\$23,638	\$27,644	\$23,237	\$4,407	19.0%
36 Transfers (In Lieu of Taxes)	(\$8,469)	(\$8,756)	(\$9,607)	(\$9,745)	(\$11,338)	(\$10,625)	(\$713)	6.7%
37 Capital Contributions/Intercompany	\$4,933	\$8,824	\$17,200	\$22,485	-	\$627	(\$627)	-100.0%
38 NET INCOME	\$22,922	\$16,446	\$29,020	\$36,378	\$19,157	\$13,239	\$5,918	44.7%
39 1/01 Cash Balance		\$ 103,773		\$ 94,334 \$ 103,856		\$ 93,028 \$ 89,409 \$ 3,619		4.0%
40 Change in Net Assets		16,446	29,020	36,378	19,157	13,239	5,918	44.7%
41 Depreciation & Amortization		15,017	15,657	15,700	17,995	17,533	463	2.6%
42 Capital Additions/Service Territory Comp		(23,906)	(60,945)	(57,966)	(24,726)	(19,419)	(5,307)	27.3%
43 Bond Principal Payments		(7,085)	(7,395)	(7,395)	(8,005)	(9,119)	1,114	-12.2%
44 Bond Proceeds		-	13,600	-	-	-	-	0.0%
45 Net Change in Other Assets/Liabilities		(389)	2,718	125	(731)	3,794	(4,525)	-119.3%
46 Net Changes in Cash		83	(7,346)	(13,157)	3,690	6,027	(2,337)	-38.8%
47 12/31 Cash Balance		\$ 103,856		\$ 86,988 \$ 90,699		\$ 96,718 \$ 95,436 \$ 1,282		1.3%
48 Mimumum Cash Reserve		\$ 52,102		\$ 53,826 \$ 53,826		\$ 64,058 \$ 57,293 \$ 6,765		11.8%
49 Excess (Deficit) from Mimumum Cash Reserve		\$ 51,754		\$ 33,162 \$ 36,873		\$ 32,660 \$ 38,143 \$ (5,483)		-14.4%

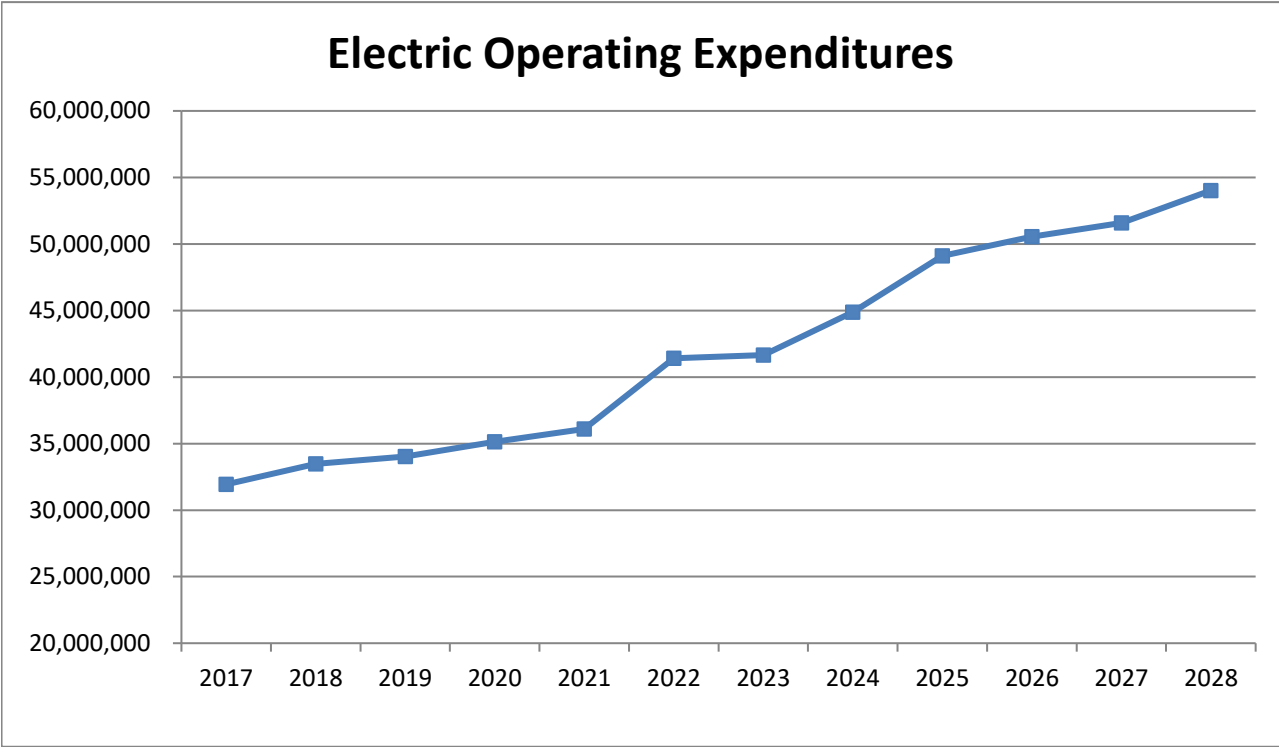
**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2024 - 2025 OPERATING BUDGET**



**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2024 - 2025 OPERATING BUDGET**



**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2024 - 2025 OPERATING BUDGET**



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

	2023 F2	2024	2025	2026	2027	2028
1 Peak MW						
2 SMMPA	216	216	216	216	216	216
4 Market	24	77	81	86	91	92
5 Total Peak MW	240	293	297	302	307	308
6 % Change	-10.3%	22.4%	1.4%	1.4%	1.7%	0.4%
7 Retail MWH	1,157,542	1,204,079	1,219,926	1,239,769	1,260,589	1,264,383
8 % Change	2.7%	4.0%	1.3%	1.6%	1.7%	0.3%
9 Purchased Power MWH						
10 SMMPA	1,167,905	1,225,266	1,241,751	1,262,144	1,283,681	1,288,085
11 Other	3,270	3,402	3,450	3,502	3,562	3,574
12 Total Purchased Power MWH	1,171,175	1,228,669	1,245,201	1,265,645	1,287,243	1,291,659
13 % Change	1.1%	4.9%	1.3%	1.6%	1.7%	0.3%
14 Generation MWH						
15 Total Generation MWH	68,412	69,780	69,780	69,780	69,780	69,780
16 % Change	-9.5%	2.0%	0.0%	0.0%	0.0%	0.0%
17 Number of Service Points						
18 Residential	55,893	57,128	58,198	59,300	60,435	61,604
19 Small General Service	4,241	4,328	4,397	4,467	4,538	4,611
20 Medium General Service	947	954	959	960	961	969
21 Large General Service	13	13	13	13	13	12
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	61,099	62,428	63,572	64,745	65,952	67,201
26 % Change		2.2%	1.8%	1.8%	1.9%	1.9%
27 Blended cost per MWH for retail supply	\$ 84.40	\$ 82.52	\$ 82.27	\$ 73.96	\$ 64.34	\$ 64.31
28 Steam Generation MLBS	419,136	438,000	438,000	438,000	438,000	438,000
29 % Change	-6.1%	4.5%	0.0%	0.0%	0.0%	0.0%



ROCHESTER PUBLIC UTILITIES
RECOMMENDED

2024-2025 ELECTRIC UTILITY CAPITAL IMPROVEMENT & MAJOR MAINTENANCE BUDGET

**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2024 - 2025 CAPITAL IMPROVEMENT AND
MAJOR MAINTENANCE BUDGET**

INDEX

<u>Title</u>	<u>Pages</u>
5 Year Project List:	
Major Maintenance Projects	1
Capital Projects	2 - 3

**Rochester Public Utilities
Electric Utility
2024 - 2028 Major Maintenance Plan**

		Multi-Year						
		Project Total	2024	2025	2026	2027	2028	5-Yr Total
Core Services								
1	Substation Asset Management Services		80,000	80,000	80,000	80,000	80,000	400,000
2	Arc Flash Assessment Services		40,000	40,000	40,000	40,000	40,000	200,000
3	Vegetation Management Program Improvements		75,000	75,000	75,000	-	-	225,000
4	Tree Trimming		1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	8,500,000
5	Asbestos Mitigation in Manholes		75,000	100,000	100,000	-	-	275,000
6	Service Assured - Electric		19,500	19,500	19,500	19,500	19,500	97,500
7	T&D Inspection Services		85,000	87,550	90,175	92,900	95,670	451,295
8	Allocation - New Services		290,000	300,000	300,000	300,000	300,000	1,490,000
9	Transmission Lines & Equipment Maintenance		50,000	50,000	50,000	50,000	50,000	250,000
10	Distribution Lines & Equipment Maintenance		240,000	250,000	250,000	250,000	250,000	1,240,000
11	Capacitor Bank Controls Replacement		10,000	5,000	-	-	-	15,000
12	Allocation - Substation Asset Management (Maint)		225,000	185,000	169,000	148,500	160,000	887,500
13	AMI Ongoing Operational Requirements		367,910	368,360	368,810	369,411	370,015	1,844,506
14	Distribution System Planning Study		130,000	-	-	-	-	130,000
15	ArcFlash Study for Downtown		50,000	-	-	-	-	50,000
16	DER Hosting Capacity Study		-	-	150,000	-	-	150,000
17	DER Software Portal		100,000	50,000	-	-	-	150,000
18	Engineering Records in ImageNow		-	-	-	-	200,000	200,000
19	Transmission LIDAR & Clearance Analysis		-	270,000	-	-	-	270,000
20	Pole Attachment & Clearance Violation Survey		(80,000)	-	-	-	-	(80,000)
21	Stray Voltage Survey		45,000	-	-	-	-	45,000
22	Downtown Electric Reconfiguration Study		40,000	120,000	-	-	-	160,000
23	Joint Pole Use Software		80,000	50,000	-	-	-	130,000
24	AMI and Outage Management Integration		-	-	85,000	-	-	85,000
25	Total Core Services	-	3,332,410	3,450,410	3,177,485	2,750,311	2,965,185	15,675,801
Customer Relations								
27	Customer Portal		50,350	100,000	165,000	165,000	165,000	645,350
28	Bill Print Redesign		-	-	125,000	-	-	125,000
29	Phone Tech Upgrade		20,000	-	-	-	-	20,000
30	Cayenta Application Enhancements		120,000	70,000	100,000	100,000	100,000	490,000
31	SEW Modifications		45,000	-	-	-	-	45,000
32	Total Customer Relations	-	235,350	170,000	390,000	265,000	265,000	1,325,350
Corporate Services								
34	Elec Cost-of-Srvcs/Rate Design Study		-	-	95,000	-	-	95,000
35	Rates Modeling		20,000	20,000	20,000	20,000	20,000	100,000
36	Budgeting System		61,700	33,075	34,750	36,465	38,300	204,290
37	SAP ERP/HCM		-	-	-	479,000	479,000	958,000
38	Integration (HPC) Support Contract		75,000	75,000	75,000	75,000	75,000	375,000
39	SAP Technical Upgrade		-	-	100,000	-	-	100,000
40	Sharepoint Site		30,000	30,000	30,000	30,000	30,000	150,000
41	ImageNow Upgrade		-	45,000	-	45,000	-	90,000
42	SCADA Pen Test		25,000	25,000	25,000	25,000	25,000	125,000
43	Allocation - Technology		44,500	54,500	44,500	45,000	55,000	243,500
44	Info Risk & Security/City Shared Infrastructure		4,500	14,500	4,500	5,000	15,000	43,500
45	Business Systems/Applications		40,000	40,000	40,000	40,000	40,000	200,000
46	Total Corporate Services	-	256,200	282,575	424,250	755,465	722,300	2,440,790
Compliance and Public Affairs								
48	WES Emissions Testing		-	-	-	-	75,000	75,000
49	Website Upgrade		50,000	150,000	-	-	-	200,000
50	Total Compliance and Public Affairs	-	50,000	150,000	-	-	75,000	275,000
Power Resources								
48	SLP Decommissioning		30,000	400,000	200,000	200,000	125,000	955,000
49	Silver Lake Dam Modification		50,000	1,240,000	760,000	-	-	2,050,000
50	Allocation - Power Resources		650,000	430,000	690,000	550,000	640,000	2,960,000
51	Master Plan		-	95,000	-	-	-	95,000
52	Allocation - Facilities		210,000	215,000	220,000	220,000	220,000	1,085,000
53	Total Power Resources	-	940,000	2,380,000	1,870,000	970,000	985,000	7,145,000
General Management								
55	Operating Contingency Fund		360,000	360,000	360,000	360,000	360,000	1,800,000
56	Total General Management	-	360,000	360,000	360,000	360,000	360,000	1,800,000
57	Total Major Maintenance Plan - External Expenditures	-	5,173,960	6,792,985	6,221,735	5,100,776	5,372,485	28,661,941

**Rochester Public Utilities
Electric Utility
2024 - 2028 Capital Improvement Plan**

		Multi-Year					5-Yr Total	
		Project Total	2024	2025	2026	2027		2028
1	Core Services							
2	OSI SCADA Version Upgrade		115,000	10,000	11,000	12,000	593,000	741,000
3	Work Management		100,000	-	-	-	-	100,000
4	Web-Based Service Application		75,000	25,000	25,000	25,000	25,000	175,000
5	Ground Protection Mats		73,000	-	-	-	-	73,000
4	Allocation - New Services		1,226,715	1,255,901	1,218,339	1,244,520	1,226,182	6,171,657
5	New Service Installations		818,046	833,205	812,480	830,359	821,317	4,115,407
6	Distribution Lines & Equipment - Capital		243,720	254,012	241,758	247,597	240,387	1,227,474
7	Property Damage - Repair/Replace		110,949	114,437	114,318	117,398	118,431	575,533
8	T&D Equipment Upgrade/Replace		54,000	54,247	49,783	49,166	46,047	253,243
9	Load Management Installations		7,500	7,500	7,500	7,500	-	30,000
10	Substation/Shop Test Equipment Upgrade/Repl		40,000	30,000	30,000	30,000	30,000	160,000
11	Substation Spares and Replacements		62,500	20,000	20,000	20,000	20,000	142,500
12	Demand Side Management System & Software		-	-	1,400,000	1,200,000	100,000	2,700,000
13	Cascade Creek Control Bldg Improvements		76,500	-	-	-	-	76,500
14	Allocation - Substation Asset Management Capital		200,000	220,000	307,100	290,250	284,000	1,301,350
15	Metering/Shop Test Equipment Upgrade/Repl		55,000	45,000	-	-	65,000	165,000
16	AMI Implementation Services	13,616,624	3,917,779	4,814,648	4,147,558	736,639	-	13,616,624
17	Primary Metering Replacement - Kemps		-	28,000	-	-	-	28,000
18	Primary Metering Replacement - Federal Medical		26,000	-	-	-	-	26,000
19	Allocation - Metering		151,811	150,000	-	-	-	301,811
20	Feeder 306 Install		-	-	-	-	400,000	400,000
21	Feeder 615 Install		-	-	400,000	250,000	-	650,000
22	Feeder 913 Install		-	-	-	700,000	-	700,000
23	Feeder 914 Install		-	-	-	-	600,000	600,000
24	Feeder 1315 Install		-	-	-	600,000	-	600,000
25	Feeder 1602 Install		-	-	-	300,000	300,000	600,000
26	Feeder 1913 Install		245,000	-	-	-	-	245,000
27	Feeder 1914 Install		-	-	2,000,000	-	-	2,000,000
28	65th St - 50th to 60th Ave		-	400,000	-	-	-	400,000
29	Downtown New Duct Systems		-	-	1,500,000	2,250,000	2,800,000	6,550,000
30	65th St - 34th to 50th Ave NW		200,000	-	-	-	-	200,000
31	Q2 Rebuild from Bear Creek - RCTC		-	-	-	750,000	-	750,000
32	Q4 Rebuild from BV Sub to Salem Rd		-	-	280,000	540,000	-	820,000
33	Q7 Rebuild to Grade B		-	-	-	500,000	500,000	1,000,000
34	Q11 W.C. to new St. Bridget Sub - ROW	725,000	125,000	600,000	-	-	-	725,000
35	Fiber Cascade Creek to Westside		50,000	-	-	-	-	50,000
36	Hydro Line Reconfig for New Hydro Sub		-	-	-	-	300,000	300,000
37	New Padmount Hydro Sub		-	-	-	-	600,000	600,000
38	New Mayo Feeders	3,400,000	2,000,000	1,400,000	-	-	-	3,400,000
39	Volt/VAR Optimization		-	-	-	-	150,000	150,000
40	Capacitor Control Replacement (10/yr)		-	-	-	-	100,000	100,000
41	Grid North Partners-N Rochester 345kV Line		280,000	432,000	1,855,000	12,000,000	9,000,000	23,567,000
42	DMC-BRT West Transit Village	500,000	400,000	100,000	-	-	-	500,000
43	DMC-BRT Route Corridor	700,000	300,000	400,000	-	-	-	700,000
44	Fiber-Crosstown to Silver Lake		75,000	-	-	-	-	75,000
45	Fiber-Marion to Cty PW/St Bridget Twr to WC		-	-	400,000	400,000	-	800,000
46	WCS 9QB6 Circuit Breaker Replacement		100,000	-	-	-	-	100,000
47	Fiber Relocation Silver Lake	300,000	230,000	70,000	-	-	-	300,000
48	FDR 803 & 812 Reconfiguration at 18th Ave		320,000	-	-	-	-	320,000
49	BRT 6th St SE OH to Underground Conversion		400,000	-	-	-	-	400,000
50	Q6 NESC Clearance Mitigation W of E River Rd	110,000	40,000	70,000	-	-	-	110,000
51	Q6 Galloping Dampers	265,000	140,000	125,000	-	-	-	265,000
52	Mayo Downtown Feeder Rework	-	100,000	100,000	200,000	200,000	200,000	800,000
53	Feeder Extension 50th Ave - S of 50th St NW		-	145,000	-	-	-	145,000
54	N Broadway between Elton Hills & the Bridge		400,000	-	-	-	-	400,000
55	CSAH 44 and Hwy 14 Interchange	610,000	435,000	175,000	-	-	-	610,000
56	EV Bus Charging Expansion		-	-	150,000	-	225,000	375,000
57	6th St SE Bridge	950,000	50,000	250,000	650,000	-	-	950,000
58	E Center Street		-	625,000	-	-	-	625,000
59	50th Ave NW - 19th St to Valleyhigh		-	-	-	1,050,000	1,050,000	2,100,000
60	18th Ave SW - Mayowood to 40th		-	75,000	1,100,000	-	-	1,175,000
61	Eastwood Rd SE		-	-	-	570,000	-	570,000
62	DMC - South Broadway from 4th St to 9th St		-	50,000	400,000	-	-	450,000
63	TH 14E and S Broadway Intersection		-	-	300,000	-	-	300,000
64	Replace 20kA, 161kV Circuit Breakers	210,000	200,000	10,000	-	-	-	210,000
65	Bamber Valley Sub Capacitor Bank		-	-	-	185,000	-	185,000
66	Replace 161kV Disconnect Switches		-	90,000	95,000	100,000	100,000	385,000
67	KEMPS Metering Replacement & 406 Reconfiguration		-	105,000	-	-	-	105,000
68	NE Substation		-	-	-	200,000	2,000,000	2,200,000
69	Allocation - Distribution Expansion		2,547,742	2,706,097	2,710,669	2,802,751	2,942,820	13,710,079
70	Feeder Extensions		109,189	117,656	117,490	124,752	127,429	596,516
71	Feeder Rebuilds		104,639	113,131	109,098	112,277	111,501	550,646
72	Transmission Projects		40,950	45,253	41,961	45,742	47,786	221,692
73	Substation Projects		104,639	185,535	146,863	124,742	119,465	681,244
74	Road Projects		113,737	135,757	167,843	187,128	199,108	803,573
75	Road Projects - DMC		90,992	95,030	92,314	95,643	95,572	469,551
76	Manhole Switch Replacements		95,540	99,555	96,510	99,802	99,554	490,961

**Rochester Public Utilities
Electric Utility
2024 - 2028 Capital Improvement Plan**

		Multi-Year						
		Project Total	2024	2025	2026	2027	2028	5-Yr Total
77	Cable Replacement		227,475	226,262	209,804	187,128	179,197	1,029,866
78	Manhole Repair/Replace		245,675	248,889	234,981	241,187	238,930	1,209,662
79	Capacitor Bank Installations		-	18,101	41,961	41,584	23,893	125,539
80	Fiber Optic Projects		200,180	122,182	159,451	112,277	143,358	737,448
81	Distribution Transformers		809,815	859,797	839,216	914,848	955,720	4,379,396
82	Overhead to Underground Conversion		300,270	316,767	314,706	332,671	338,484	1,602,898
83	Pole Replacements		50,045	54,303	54,549	58,218	63,715	280,830
84	Upgrades Due to Electrification		54,596	67,879	83,922	124,752	199,108	530,257
85	Survey GPS Replacement		40,000	-	-	-	-	40,000
86	GIS Utility Network Implementation	410,000	160,000	250,000	-	-	-	410,000
87	Drone Replacement		-	15,000	-	-	-	15,000
88	Service Territory Payments		383,157	436,454	507,596	590,334	686,559	2,604,100
89	Service Territory Payments - SMMPA Reimbursement		(191,572)	(218,227)	(253,798)	(295,167)	(343,280)	(1,302,044)
90	Designer XI Implementation		-	-	500,000	-	-	500,000
91	Responder Grid Ops Implementation		-	-	-	800,000	-	800,000
92	Total Core Services	21,796,624	15,156,132	15,017,373	19,960,964	28,058,827	23,954,281	102,147,577
93	Customer Relations							
94	Payment Kiosk		11,090	-	-	-	-	11,090
95	Total Customer Relations	-	11,090	-	-	-	-	11,090
96	Corporate Services							
97	SAP ERP/HCM		-	-	300,000	1,500,000	1,500,000	3,300,000
98	Work Management Solution		-	-	-	500,000	-	500,000
99	Racking Replacement in Stockyard		20,000	20,000	20,000	-	-	60,000
100	NSX Implementation	184,000	42,000	42,000	100,000	-	-	184,000
101	Business Intelligence/Reporting		45,000	45,000	45,000	45,000	45,000	225,000
102	Core Switch Replacement		1,400,000	-	-	-	-	1,400,000
103	Allocation - Technology		639,001	927,001	837,001	683,000	303,001	3,389,004
104	Network Management		121,494	194,509	131,165	97,838	68,669	613,675
105	Output Management		34,315	20,874	20,760	34,476	18,884	129,309
106	Server Management		126,131	152,761	147,206	182,630	52,360	661,088
107	Workstation Management		143,752	128,091	146,263	125,791	115,878	659,775
108	Backup/DR		-	33,209	-	-	-	33,209
109	Storage Management		-	-	-	163,063	-	163,063
110	Operation Technology		213,309	397,557	391,607	79,202	47,210	1,128,885
111	Total Corporate Services	184,000	2,146,001	1,034,001	1,302,001	2,728,000	1,848,001	9,058,004
112	Power Resources							
113	2030 Resource Plan		-	-	18,145,000	80,000,000	114,000,000	212,145,000
114	Lake Zumbro Hydro Controls and Electrical Upgrade	900,000	350,000	450,000	-	-	-	800,000
115	Allocation - Power Resources		40,000	100,000	125,000	550,000	200,000	1,015,000
116	Fleet Hoist Addition		204,000	-	-	-	-	204,000
117	UPS #2 Backup Replacement - CSC		85,000	-	-	-	-	85,000
118	Replace East Driveway		138,000	-	-	-	-	138,000
119	Replace Sky Lights		66,000	-	-	-	-	66,000
120	Business Services Cubicles		50,000	-	-	-	-	50,000
121	UPS #3 Main Replacement - BUCC		-	75,600	-	-	-	75,600
122	Allocation - Facilities		30,000	30,000	30,000	30,000	30,000	150,000
123	Fleet Van		65,000	-	-	-	-	65,000
124	Allocation - Fleet		800,264	1,006,320	890,713	927,252	1,032,676	4,657,225
125	Total Power Resources	900,000	1,828,264	1,661,920	19,190,713	81,507,252	115,262,676	219,450,825
126	General Management							
127	Project Contingency Fund		800,000	800,000	800,000	800,000	800,000	4,000,000
128	Total General Management	-	800,000	800,000	800,000	800,000	800,000	4,000,000
129	Total External Expenditures	22,880,624	19,941,487	18,513,294	41,253,678	113,094,079	141,864,958	334,667,496
130	Less: Bonding				(20,000,000)	(92,000,000)	(123,000,000)	(235,000,000)
131	Less: Contributions in Aid of Construction		(4,831,867)	(2,851,617)	(614,855)	(626,427)	(398,770)	(9,323,536)
132	Net Capital External Expenditures (Rate Funded)	22,880,624	15,109,620	15,661,677	20,638,823	20,467,652	18,466,188	90,343,960
133	Total Internal Expenditures (Capital Labor)		8,357,975	6,212,463	6,306,234	6,388,435	4,749,072	32,014,179
134	Net Capital Expenditures	22,880,624	23,467,595	21,874,140	26,945,057	26,856,087	23,215,260	122,358,139



ROCHESTER PUBLIC UTILITIES
RECOMMENDED

2024-2025 WATER UTILITY OPERATING BUDGET

**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2024 - 2025 OPERATING BUDGET**

INDEX

<u>Title</u>	<u>Pages</u>
Assumptions	1
Forecast by Year 2024 through 2028	2
Condensed Income Statement - 2024	3
Condensed Income Statement - 2025	4
Revenue Sources & Expense Categories - 2024	5
Revenue Sources & Expense Categories - 2025	6
Operating Expenditures Graph	7
Production & Sales Statistics Forecast	8

**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2024 - 2025 OPERATING BUDGET**

ASSUMPTIONS

	<u>2024</u>	<u>2025</u>
• Interest Earnings Rate:	3.0%	3.0%
• Average Salary Expense Change: (excluding headcount additions)	2.6%	5.0%
	(consists of COLA, merit and promotion increases)	
• Anticipated Bonding	None	None
• Change in Full-time Equivalents:	0	0
• Minimum Cash Reserve Requirement:	\$8,970,600	\$8,767,100
• In Lieu of Tax	\$486,869	\$512,349
• Consumer Price Index (Average)	6.0%	4.0%

RETAIL REVENUES / SALES

	<u>2024</u>	<u>2025</u>
• Revenue Adjustment:	5.5% Proposed General Rate Increase Plus \$1.32 Customer Charge Increase	5.5% Proposed General Rate Increase Plus \$1.32 Customer Charge Increase
• Water CCF Sales Forecast:	3.2% Increase from 2023 F2 Projected Sales	1.3% Increase from 2024 Projected Sales
• Total Water Utility Customers:	0.8% Increase over Y/E 2023 F2 Projected Customers	0.8% Increase over Y/E 2024 Projected Customers
• Forecast Assumes Normal Weather :	536 Cooling Dregree Days 27.85 Inches Summer Rainfall	

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

	Historical Data		2023 F2					
	2021	2022		2024	2025	2026	2027	2028
in 000's								
RPU Rate Increase	0.0%	2.5%	5.0%	5.5%	5.5%	9.0%	7.0%	7.0%
Plus AMI Customer Charge				\$1.32	\$1.32			
1 Revenue								
2 Retail Water	\$11,064	\$11,026	\$11,390	\$12,506	\$14,037	\$15,479	\$16,903	\$18,280
3 Other Services & Fees	\$1,543	\$2,154	\$2,107	\$2,150	\$2,184	\$2,218	\$2,252	\$2,287
4 Total Revenue	\$12,607	\$13,180	\$13,497	\$14,656	\$16,220	\$17,697	\$19,156	\$20,567
5 Cost of Revenue								
6 Water Supply	\$2,002	\$2,120	\$2,130	\$2,182	\$2,176	\$2,194	\$2,214	\$2,230
7 Total Cost of Revenue	\$2,002	\$2,120	\$2,130	\$2,182	\$2,176	\$2,194	\$2,214	\$2,230
8 Gross Margin								
9 Retail Water	\$9,062	\$8,907	\$9,260	\$10,324	\$11,860	\$13,286	\$14,690	\$16,050
10 Other Services & Fees	\$1,543	\$2,154	\$2,107	\$2,150	\$2,184	\$2,218	\$2,252	\$2,287
11 TOTAL GROSS MARGIN	\$10,605	\$11,060	\$11,367	\$12,474	\$14,044	\$15,504	\$16,942	\$18,337
12 Controllable Costs								
13 Salaries & Benefits	\$3,197	\$3,338	\$3,414	\$3,506	\$3,677	\$3,946	\$4,099	\$4,388
14 Other Operating Expenses	\$1,329	\$1,176	\$1,309	\$1,289	\$1,370	\$1,453	\$1,539	\$1,630
15 Major Maintenance	\$225	\$448	\$782	\$908	\$1,075	\$858	\$1,333	\$1,083
16 Non-Bonded Capital Projects	\$4,088	\$2,890	\$4,956	\$9,458	\$5,239	\$8,750	\$7,611	\$4,113
17 TOTAL CONTROLLABLE COSTS	\$8,840	\$7,852	\$10,462	\$15,161	\$11,361	\$15,007	\$14,581	\$11,213
18 Depreciation & Amortization	\$2,785	\$2,862	\$3,020	\$3,233	\$3,421	\$3,722	\$4,085	\$4,333
19 Less Non Bonded Projects (capitalized)	(\$4,088)	(\$2,890)	(\$4,956)	(\$9,458)	(\$5,239)	(\$8,750)	(\$7,611)	(\$4,113)
20 Less Total Internal Costs (capitalized)	(\$398)	(\$291)	(\$319)	(\$242)	(\$274)	(\$304)	(\$287)	(\$204)
21 Interutility Allocation	\$1,876	\$1,874	\$1,962	\$1,971	\$2,030	\$2,091	\$2,154	\$2,219
22 Total Operating Expenses	\$9,014	\$9,408	\$10,169	\$10,665	\$11,299	\$11,766	\$12,923	\$13,448
23 Net Operating Income (Loss)	\$1,591	\$1,652	\$1,198	\$1,810	\$2,745	\$3,738	\$4,019	\$4,889
24 Financing & Other Non-Operating Items:								
26 Interest Income	\$196	\$676	\$702	\$799	\$770	\$729	\$679	\$723
27 Misc Non-Operating Income (Expense)	(\$126)	(\$34)	-	-	-	-	-	-
28 Total Financing & Non-Operating Items	\$70	\$642	\$702	\$799	\$770	\$729	\$679	\$723
29 Income Before Transfers or Capital Contributions	\$1,660	\$2,294	\$1,900	\$2,608	\$3,515	\$4,467	\$4,698	\$5,612
30 Transfers (In Lieu of Taxes)	(\$407)	(\$402)	(\$454)	(\$487)	(\$512)	(\$531)	(\$553)	(\$569)
31 Capital Contributions	\$3,160	\$3,271	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
32 Cash Transfers from City/Intercompany	\$540	\$193	\$230	\$3,740	-	-	-	-
33 NET INCOME	\$4,953	\$5,357	\$2,776	\$6,961	\$4,103	\$5,036	\$5,245	\$6,143
34 NET INCOME (Excluding Contrib & Cash Tfrs from City)			\$1,446	\$2,121	\$3,003	\$3,936	\$4,145	\$5,043
35 TARGET NET INCOME			\$ 5,431	\$ 5,732	\$ 5,903	\$ 6,183	\$ 6,428	\$ 6,562
36 Excess (Deficit) from Target			\$ (3,985)	\$ (3,610)	\$ (2,900)	\$ (2,247)	\$ (2,283)	\$ (1,519)
37 1/01 Cash Balance	\$ 12,903	\$ 14,147	\$ 14,147	\$ 13,194	\$ 12,158	\$ 12,659	\$ 10,876	\$ 10,845
38 Change in Net Assets	5,357	2,776	2,776	6,961	4,103	5,036	5,245	6,143
39 Depreciation & Amortization	2,862	3,020	3,020	3,233	3,421	3,722	4,085	4,333
40 Capital Additions	(3,181)	(5,275)	(5,275)	(9,700)	(5,513)	(9,054)	(7,898)	(4,317)
41 Non-Cash Contributions	(3,464)	(1,100)	(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	(329)	(374)	(374)	(430)	(410)	(387)	(363)	(338)
45 Net Changes in Cash	1,244	(954)	(954)	(1,036)	502	(1,783)	(31)	4,722
46 12/31 Cash Balance	\$ 14,147	\$ 13,194	\$ 13,194	\$ 12,158	\$ 12,659	\$ 10,876	\$ 10,845	\$ 15,566
47 Minimum Cash Reserve	\$ 6,474	\$ 7,367	\$ 7,367	\$ 8,971	\$ 8,767	\$ 7,878	\$ 7,300	\$ 7,335
48 Excess (Deficit) from Minimum Cash Reserve	\$ 7,673	\$ 5,826	\$ 5,826	\$ 3,187	\$ 3,892	\$ 2,998	\$ 3,545	\$ 8,231

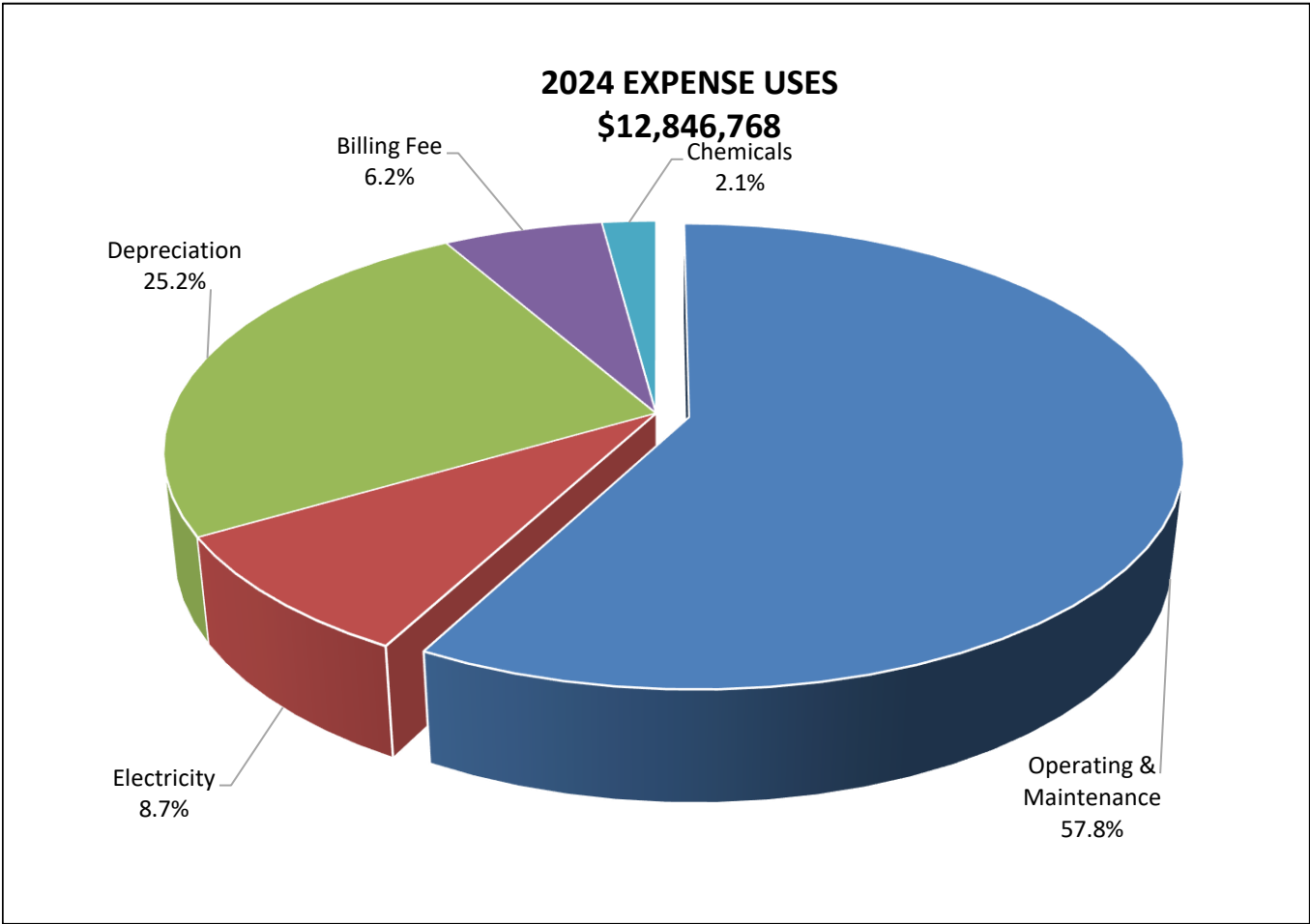
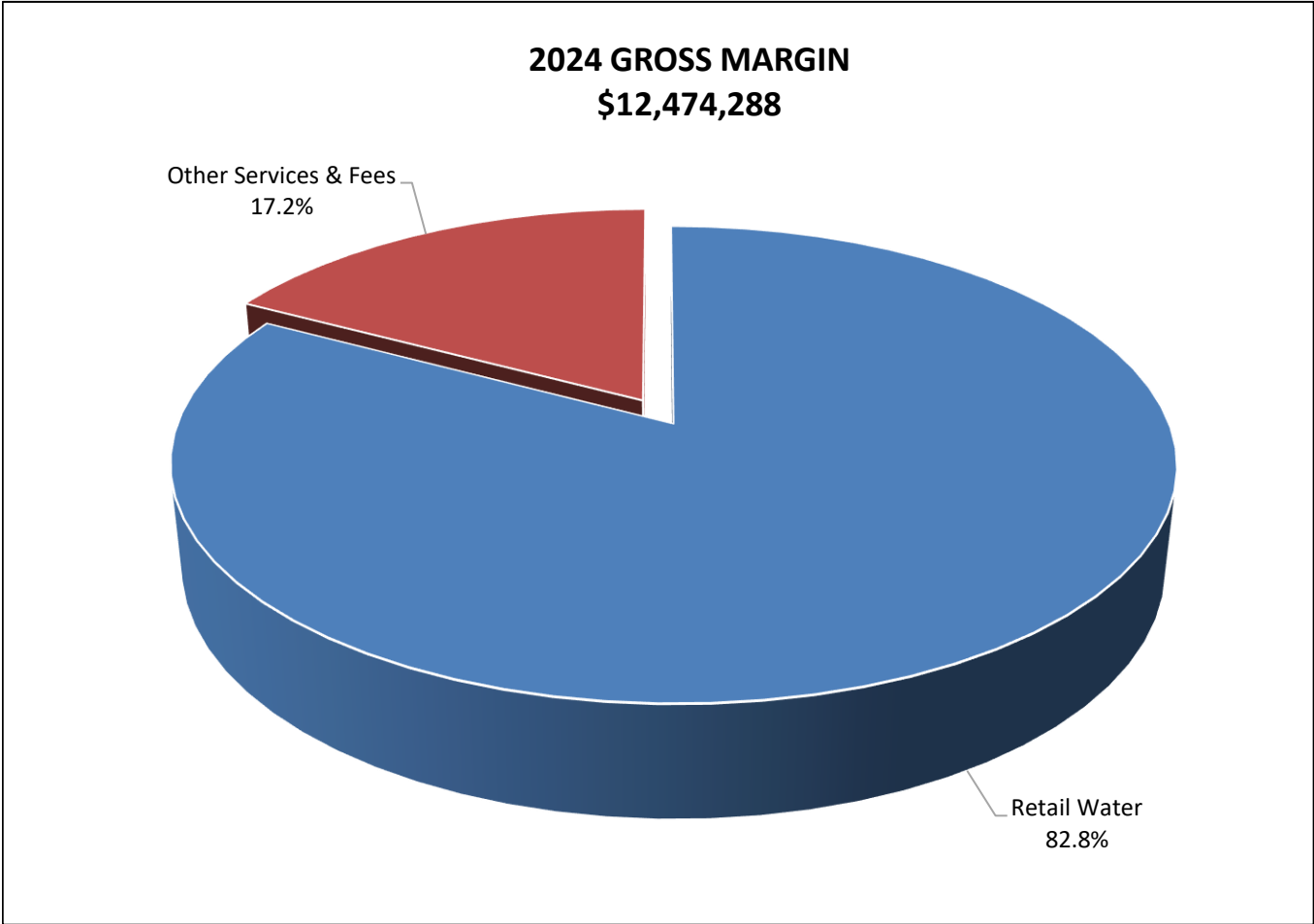
**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
Management Reporting P&L**

	Historical Data		2023		2024		Variance 2023 to 2024	%
	2021	2022	Orig Bdgt	2023 F2	2024	Orig Bdgt	Orig Bdgt	Variance
in 000's								
1 Revenue								
2 Retail Water	\$11,064	\$11,026	\$11,746	\$11,390	\$12,506	\$12,478	\$28	0.2%
3 Other Services & Fees	\$1,543	\$2,154	\$1,989	\$2,107	\$2,150	\$2,022	\$128	6.3%
4 Total Revenue	\$12,607	\$13,180	\$13,734	\$13,497	\$14,656	\$14,501	\$156	1.1%
5 Cost of Revenue								
6 Water Supply	\$2,002	\$2,120	\$2,023	\$2,130	\$2,182	\$2,053	\$129	6.3%
7 Total Cost of Revenue	\$2,002	\$2,120	\$2,023	\$2,130	\$2,182	\$2,053	\$129	6.3%
8 Gross Margin								
9 Retail Water	\$9,062	\$8,907	\$9,723	\$9,260	\$10,324	\$10,425	(\$101)	-1.0%
10 Other Services & Fees	\$1,543	\$2,154	\$1,989	\$2,107	\$2,150	\$2,022	\$128	6.3%
11 TOTAL GROSS MARGIN	\$10,605	\$11,060	\$11,712	\$11,367	\$12,474	\$12,448	\$27	0.2%
12 Controllable Costs								
13 Salaries & Benefits	\$3,197	\$3,338	\$3,493	\$3,414	\$3,506	\$3,598	(\$93)	-2.6%
14 Other Operating Expenses	\$1,329	\$1,176	\$1,360	\$1,309	\$1,289	\$1,368	(\$79)	-5.7%
15 Major Maintenance	\$225	\$448	\$796	\$782	\$908	\$567	\$341	60.2%
16 Non-Bonded Capital Projects	\$4,088	\$2,890	\$6,508	\$4,956	\$9,458	\$6,960	\$2,498	35.9%
17 TOTAL CONTROLLABLE COSTS	\$8,840	\$7,852	\$12,158	\$10,462	\$15,161	\$12,493	\$2,668	21.4%
18 Depreciation & Amortization	\$2,785	\$2,862	3121	\$3,020	\$3,233	\$3,213	\$20	0.6%
19 Less Non Bonded Projects (capitalized)	(\$4,088)	(\$2,890)	(\$6,508)	(\$4,956)	(\$9,458)	(\$6,960)	(\$2,498)	35.9%
20 Less Total Internal Costs (capitalized)	(\$398)	(\$291)	(\$482)	(\$319)	(\$242)	(\$357)	\$115	-32.2%
21 Interutility Allocation	\$1,876	\$1,874	1983	\$1,962	\$1,971	\$2,023	(\$52)	-2.6%
22 Total Operating Expenses	\$9,014	\$9,408	\$10,272	\$10,169	\$10,665	\$10,411	\$253	2.4%
23 Net Operating Income (Loss)	\$1,591	\$1,652	\$1,440	\$1,198	\$1,810	\$2,036	(\$227)	-11.1%
24 Financing & Other Non-Operating Items:								
26 Interest Income	\$196	\$676	\$143	\$702	\$799	\$141	\$658	468.2%
27 Misc Non-Operating Income (Expense)	(\$126)	(\$34)	-	-	-	-	-	0.0%
28 Total Financing & Non-Operating Items	\$70	\$642	\$143	\$702	\$799	\$141	\$658	468.2%
29 Income Before Transfers or Capital Contributions	\$1,660	\$2,294	\$1,583	\$1,900	\$2,608	\$2,177	\$431	19.8%
30 Transfers (In Lieu of Taxes)	(\$407)	(\$402)	(\$438)	(\$454)	(\$487)	(\$471)	(\$16)	3.4%
31 Capital Contributions	\$3,160	\$3,271	\$1,100	\$1,100	\$1,100	\$1,100	-	0.0%
32 Cash Transfers from City	540	\$193	\$530	\$230	\$3,740	\$2,500	\$1,240	49.6%
33 NET INCOME	\$4,953	\$5,357	\$2,775	\$2,776	\$6,961	\$5,306	\$415	7.8%
34 1/01 Cash Balance	\$ 12,903		\$ 11,825	\$ 14,147	\$ 13,194	\$ 11,264	\$ 1,929	17.1%
35 Change in Net Assets		5,357	2,775	2,776	6,961	5,306	1,655	31.2%
36 Depreciation & Amortization		2,862	3,121	3,020	3,233	3,213	20	0.6%
37 Capital Additions/Service Territory Comp		(3,181)	(6,990)	(5,275)	(9,700)	(7,318)	(2,383)	32.6%
38 Non-Cash Contributions		(3,464)	(1,100)	(1,100)	(1,100)	(1,100)	-	0.0%
39 Debt Principal Payments		-	-	-	-	-	-	0.0%
40 Debt Proceeds		-	-	-	-	-	-	0.0%
41 Net Change in Other Assets/Liabilities		(329)	1,633	(374)	(430)	-	(430)	0.0%
42 Net Changes in Cash		1,244	(561)	(954)	(1,036)	102	(1,138)	-1119.1%
43 12/31 Cash Balance	\$ 14,147		\$ 11,264	\$ 13,194	\$ 12,158	\$ 11,366	\$ 792	7.0%
44 Minimum Cash Reserve	\$ 6,474		\$ 7,367	\$ 7,367	\$ 8,971	\$ 7,280	\$ 1,691	23.2%
45 Excess (Deficit) from Minimum Cash Reserve	\$ 7,673		\$ 3,897	\$ 5,826	\$ 3,187	\$ 4,086	\$ (899)	-22.0%

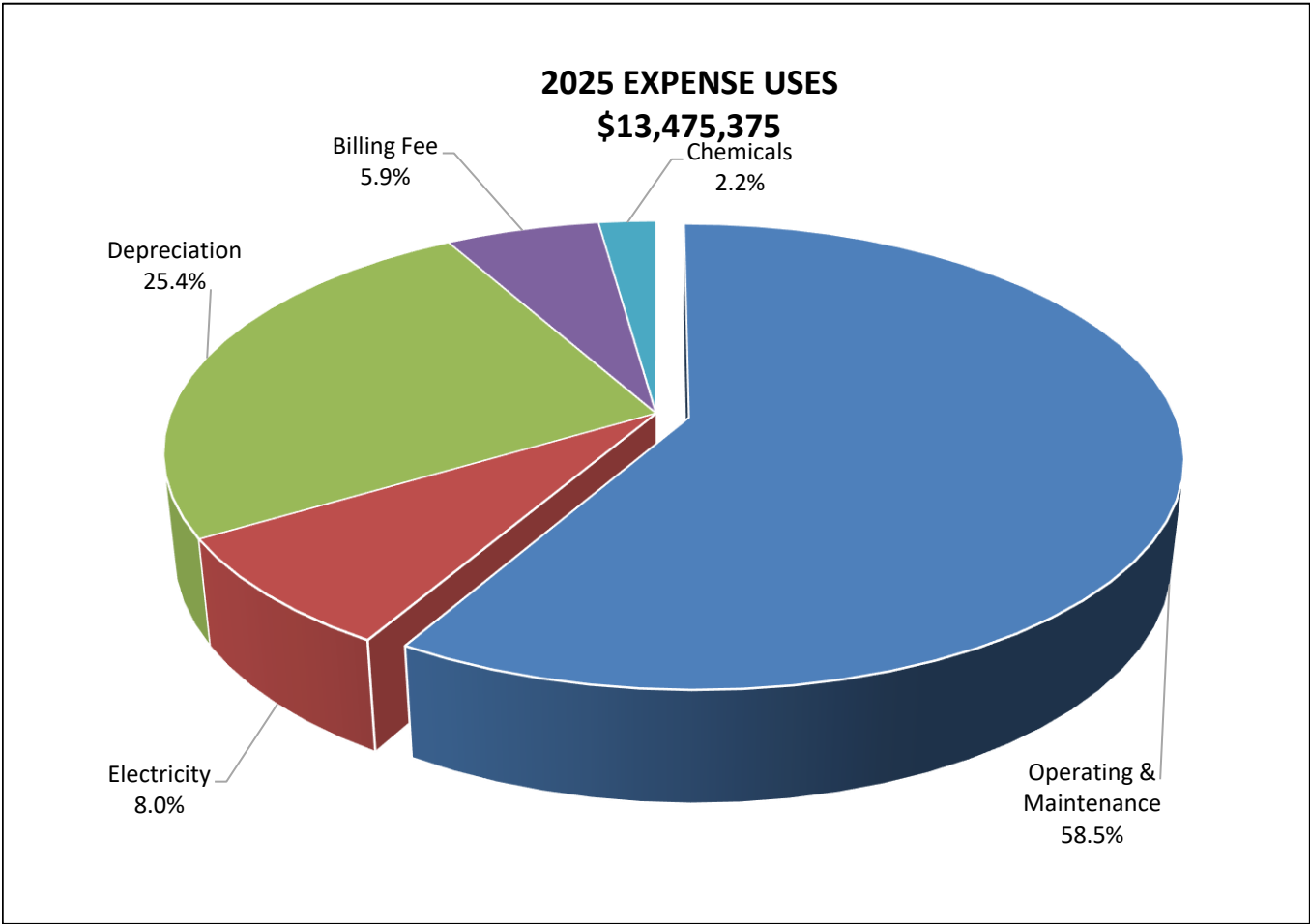
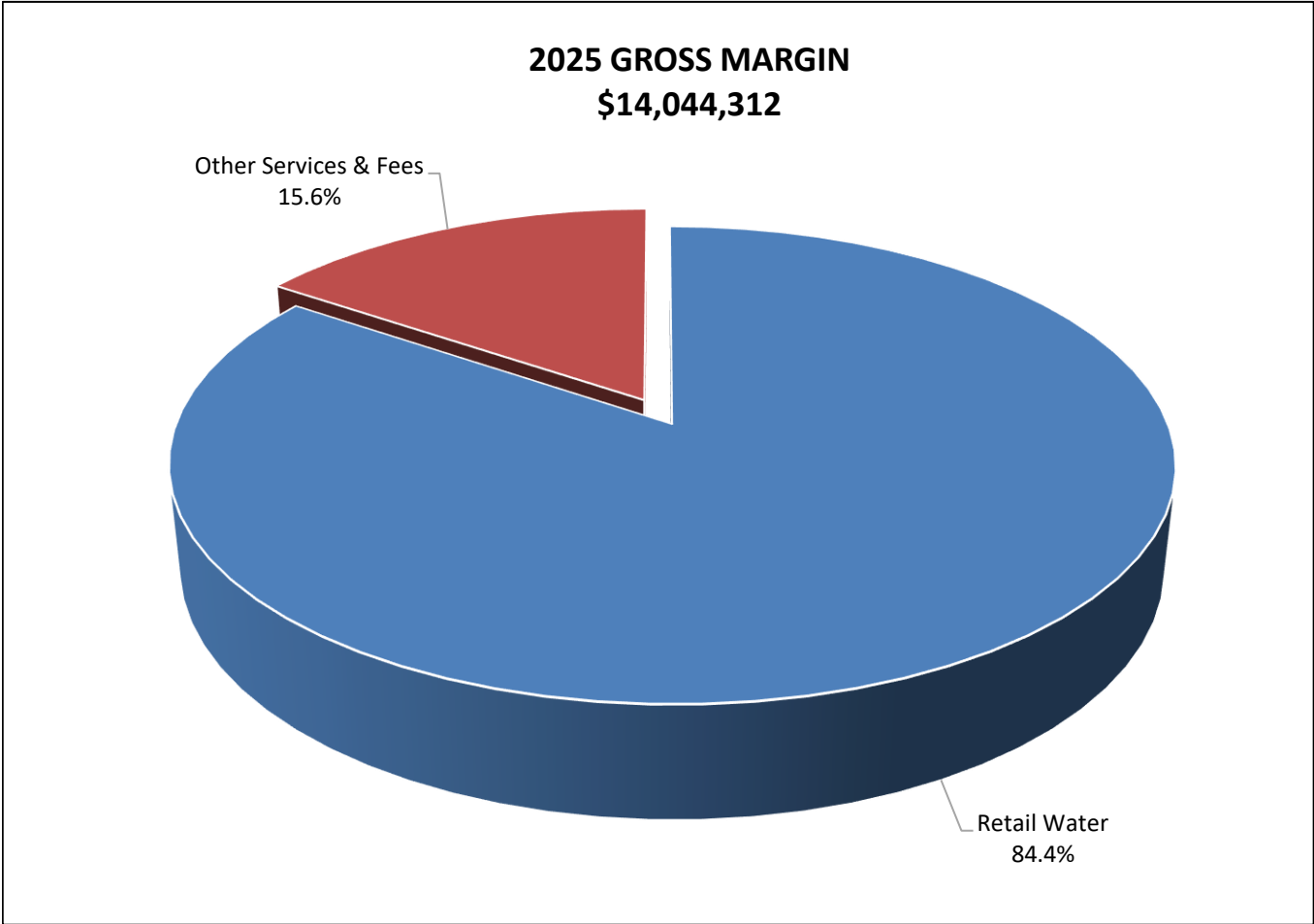
**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
Management Reporting P&L**

	Historical Data		2023		2025		Variance	%
	2021	2022	Orig Bdgt	2023 F2	2025	Orig Bdgt	2025 to Orig Bdgt	Variance
in 000's								
1 <u>Revenue</u>								
2 Retail Water	\$11,064	\$11,026	\$11,746	\$11,390	\$14,037	\$13,205	\$832	6.3%
3 Other Services & Fees	\$1,543	\$2,154	\$1,989	\$2,107	\$2,184	\$2,055	\$129	6.3%
4 Total Revenue	\$12,607	\$13,180	\$13,734	\$13,497	\$16,220	\$15,260	\$960	6.3%
5 <u>Cost of Revenue</u>								
6 Water Supply	\$2,002	\$2,120	\$2,023	\$2,130	\$2,176	\$2,066	\$111	5.4%
7 Total Cost of Revenue	\$2,002	\$2,120	\$2,023	\$2,130	\$2,176	\$2,066	\$111	5.4%
8 <u>Gross Margin</u>								
9 Retail Water	\$9,062	\$8,907	\$9,723	\$9,260	\$11,860	\$11,139	\$721	6.5%
10 Other Services & Fees	\$1,543	\$2,154	\$1,989	\$2,107	\$2,184	\$2,055	\$129	6.3%
11 TOTAL GROSS MARGIN	\$10,605	\$11,060	\$11,712	\$11,367	\$14,044	\$13,195	\$850	6.4%
12 <u>Controllable Costs</u>								
13 Salaries & Benefits	\$3,197	\$3,338	\$3,493	\$3,414	\$3,677	\$3,855	(\$178)	-4.6%
14 Other Operating Expenses	\$1,329	\$1,176	\$1,360	\$1,309	\$1,370	\$1,406	(\$35)	-2.5%
15 Major Maintenance	\$225	\$448	\$796	\$782	\$1,075	\$670	\$405	60.4%
16 Non-Bonded Capital Projects	\$4,088	\$2,890	\$6,508	\$4,956	\$5,239	\$5,931	(\$693)	-11.7%
17 TOTAL CONTROLLABLE COSTS	\$8,840	\$7,852	\$12,158	\$10,462	\$11,361	\$11,863	(\$502)	-4.2%
18 Depreciation & Amortization	\$2,785	\$2,862	\$3,121	\$3,020	\$3,421	\$3,286	\$135	4.1%
19 Less Non Bonded Projects (capitalized)	(\$4,088)	(\$2,890)	(\$6,508)	(\$4,956)	(\$5,239)	(\$5,931)	\$693	-11.7%
20 Less Total Internal Costs (capitalized)	(\$398)	(\$291)	(\$482)	(\$319)	(\$274)	(\$350)	\$76	-21.8%
21 Interutility Allocation	\$1,876	\$1,874	\$1,983	\$1,962	\$2,030	\$2,063	(\$33)	-1.6%
22 Total Operating Expenses	\$9,014	\$9,408	\$10,272	\$10,169	\$11,299	\$10,930	\$369	3.4%
23 Net Operating Income (Loss)	\$1,591	\$1,652	\$1,440	\$1,198	\$2,745	\$2,265	\$481	21.2%
24 <u>Financing & Other Non-Operating Items:</u>								
26 Interest Income	\$196	\$676	\$143	\$702	\$770	\$141	\$630	447.5%
27 Misc Non-Operating Income (Expense)	(\$126)	(\$34)	-	-	-	-	-	0.0%
28 Total Financing & Non-Operating Items	\$70	\$642	\$143	\$702	\$770	\$141	\$630	447.5%
29 Income Before Transfers or Capital Contributions	\$1,660	\$2,294	\$1,583	\$1,900	\$3,515	\$2,405	\$1,110	46.2%
30 Transfers (In Lieu of Taxes)	(\$407)	(\$402)	(\$438)	(\$454)	(\$512)	(\$492)	(\$20)	4.1%
31 Capital Contributions	\$3,160	\$3,271	\$1,100	\$1,100	\$1,100	\$1,100	-	0.0%
32 Cash Transfers from City	\$540	\$193	\$530	\$230	-	\$1,000	(\$1,000)	-100.0%
33 NET INCOME	\$4,953	\$5,357	\$2,775	\$2,776	\$4,103	\$4,013	\$1,090	27.2%
34 1/01 Cash Balance	\$ 12,903		\$ 11,825	\$ 14,147	\$ 12,158	\$ 11,366	\$ 792	7.0%
35 Change in Net Assets		5,357	2,775	2,776	4,103	4,013	90	2.2%
36 Depreciation & Amortization		2,862	3,121	3,020	3,421	3,286	135	4.1%
37 Capital Additions/Service Territory Comp		(3,181)	(6,990)	(5,275)	(5,513)	(6,282)	769	-12.2%
38 Non-Cash Contributions		(3,464)	(1,100)	(1,100)	(1,100)	(1,100)	-	0.0%
39 Debt Principal Payments		-	-	-	-	-	-	0.0%
40 Debt Proceeds		-	-	-	-	-	-	0.0%
41 Net Change in Other Assets/Liabilities		(329)	1,633	(374)	(410)	-	(410)	0.0%
42 Net Changes in Cash		1,244	(561)	(954)	502	(83)	585	-704.6%
43 12/31 Cash Balance	\$ 14,147		\$ 11,264	\$ 13,194	\$ 12,659	\$ 11,283	\$ 1,376	12.2%
44 Minimum Cash Reserve	\$ 6,474		\$ 7,367	\$ 7,367	\$ 8,767	\$ 7,136	\$ 1,631	22.9%
45 Excess (Deficit) from Minimum Cash Reserve	\$ 7,673		\$ 3,897	\$ 5,826	\$ 3,892	\$ 4,147	\$ (255)	-6.1%

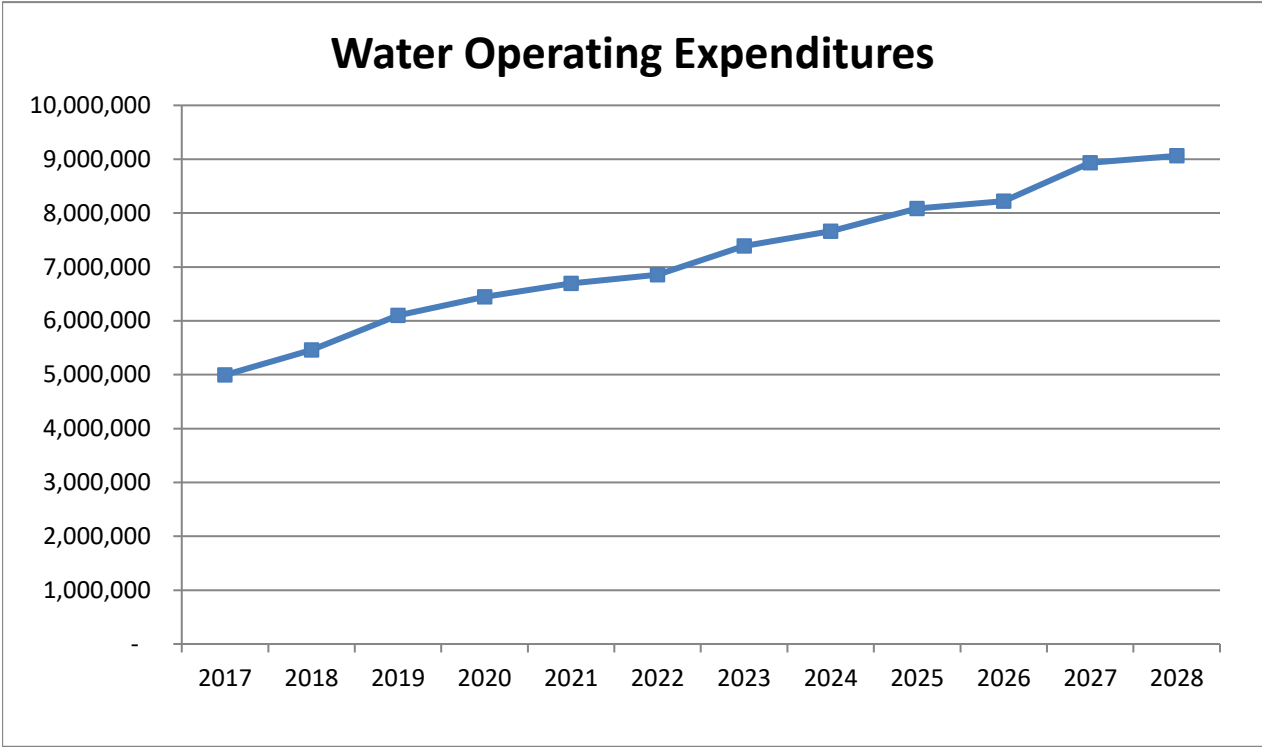
**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2024 - 2025 OPERATING BUDGET**



**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2024 - 2025 OPERATING BUDGET**



**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2024 - 2025 OPERATING BUDGET**



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

	2023 F2	2024	2025	2026	2027	2028
1 CCF Pumped	5,857,409	5,911,627	5,981,747	6,018,216	6,088,472	6,077,421
2 % Change	0.3%	0.9%	1.2%	0.6%	1.2%	-0.2%
3 Retail CCF	5,759,339	5,942,901	6,021,181	6,057,379	6,137,250	6,106,783
4 % Change	3.1%	3.2%	1.3%	0.6%	1.3%	-0.5%
5 Number of Service Points						
6 Residential	37,876	38,133	38,386	38,633	38,875	39,111
7 Commercial	3,885	3,976	4,046	4,119	4,194	4,269
8 Industrial	22	22	22	22	22	22
9 Interdepartmental	1	1	1	1	1	1
10 Total Customers	41,784	42,132	42,455	42,775	43,092	43,403
11 % Change		0.8%	0.8%	0.8%	0.7%	0.7%



ROCHESTER PUBLIC UTILITIES
RECOMMENDED

2024-2025 WATER UTILITY CAPITAL IMPROVEMENT & MAJOR MAINTENANCE BUDGET

**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2024 - 2025 CAPITAL IMPROVEMENT AND
MAJOR MAINTENANCE BUDGET**

INDEX

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

Rochester Public Utilities
Water Utility
2024 - 2028 Major Maintenance Plan

		Multiple-Year						5-Yr Total
		<u>Project Total</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	
1	<u>Core Services</u>							
2	Municipal Well Abandonment		80,000	-	-	-	-	80,000
3	Service Assured-Water		260,800	260,800	260,800	335,000	335,000	1,452,400
4	Water AMI Ongoing Operational Expenses		260,095	259,646	259,195	258,594	257,990	1,295,520
5	Allocation - Water Distribution System Maintenance		175,000	375,000	200,000	600,000	300,000	1,650,000
6	Water Storage Facility Painting		175,000	375,000	200,000	600,000	300,000	1,650,000
7	Water Cost-of-Service/Rate Design Study		-	47,500	-	-	50,000	97,500
8	Operating Contingency Fund		90,000	90,000	95,000	95,000	95,000	465,000
9	Total Core Services		865,895	1,032,946	814,995	1,288,594	1,037,990	5,040,420
10	<u>Power Resources</u>							
11	Allocation - RPU Water Facilities		42,000	42,000	43,000	44,000	45,000	216,000
12	Total Power Resources		42,000	42,000	43,000	44,000	45,000	216,000
13	Total Major Maintenance Plan - External Expenditures		907,895	1,074,946	857,995	1,332,594	1,082,990	5,256,420

**Rochester Public Utilities
Water Utility
2024 - 2028 Capital Improvement Plan**

	Multi-Year Project Total	2024	2025	2026	2027	2028	5-Yr Total
1 Core Services							
2 Well & Booster Station Metering		11,000	11,000	12,000	13,000	14,000	61,000
3 Install New AC Units at Wells & Boosters		38,600	39,800	41,000	42,200	43,500	205,100
4 Water PLC		24,000	25,000	26,000	27,000	28,000	130,000
5 Water AMI Implementation	14,569,571	2,093,061	2,349,130	4,201,482	4,183,673	1,742,225	14,569,571
6 Allocation - Water Distribution System Replacement		121,692	185,827	151,817	156,050	159,575	774,961
7 Replacement of Pumping Units		60,000	120,000	90,000	90,000	90,000	450,000
8 Well Motor Replacements		19,500	20,050	20,600	21,150	21,750	103,050
9 Installation of Variable Frequency Drive Units		18,492	21,377	16,067	19,000	21,125	96,061
10 Replacement of Booster Pumps		23,700	24,400	25,150	25,900	26,700	125,850
11 Allocation - Water Metering/AMR		112,668	118,306	124,221	128,977	135,426	619,598
12 Alloc - Residential Water Metering/AMR		66,000	69,300	72,765	74,948	78,695	361,708
13 Alloc - Commercial Water Metering/AMR		46,668	49,006	51,456	54,029	56,731	257,890
14 New Wells		135,000	385,000	525,000	475,000	125,000	1,645,000
15 Water Utility Contingency Fund		180,000	180,000	185,000	185,000	185,000	915,000
16 1.0MG Baihly High Level Tower		3,000,000	-	-	-	-	3,000,000
17 DMC - Broadway N, Zumbro River Bridge N to Elton Hills Dr	700,000	400,000	300,000	-	-	-	700,000
18 DMC - 6th St SE Bridge Construction		-	-	250,000	-	-	250,000
19 DMC - 3rd Ave SW - 2nd St SW to 4th St SW		250,000	-	-	-	-	250,000
20 DMC - Rochester Rapid Transit 2nd St SW Recon	880,000	440,000	440,000	-	-	-	880,000
21 Willow Heights High Level Booster Station		185,000	-	-	-	-	185,000
22 Center St to 11th Ave NE		-	-	690,000	-	-	690,000
23 Center St to 16th Ave NW		-	-	600,000	-	-	600,000
24 Marion Rd Duct Project		115,000	-	-	-	-	115,000
25 4th Ave SW (14th to 16th St SW)		1,300,000	-	-	-	-	1,300,000
26 11th Ave E (4th St SE to Silver Creek)		-	-	400,000	400,000	-	800,000
27 Wilder Rd NW Reconstruction		-	-	-	-	870,000	870,000
28 13th and 14th St NW Reconstruction		-	-	-	-	100,000	100,000
29 S Broadway 4th St-9th St		-	-	-	750,000	-	750,000
30 Allocation - Water Distribution System Expansion		910,000	995,000	1,250,000	1,130,000	650,000	4,935,000
31 T&D City Projects		760,000	445,000	600,000	480,000	-	2,285,000
32 T&D Developer Projects		150,000	150,000	150,000	150,000	150,000	750,000
33 T&D RPU Projects		-	400,000	500,000	500,000	500,000	1,900,000
34 Total Core Services	16,149,571	9,316,021	5,029,063	8,456,520	7,490,900	4,052,726	34,345,230
35 Power Resources							
36 Retaining Wall - Country Low		40,000	-	-	-	-	40,000
37 Allocation - Fleet		101,830	209,650	293,510	120,117	59,900	785,007
38 Total Power Resources		141,830	209,650	293,510	120,117	59,900	825,007
39 Total External Expenditures		9,457,851	5,238,713	8,750,030	7,611,017	4,112,626	35,170,237
40 Less: Bonding		-	-	-	-	-	-
41 Less: Contribution in Aid of Construction		(740,000)	-	-	-	-	(740,000)
42 Less: WAC Funds		(3,000,000)					(3,000,000)
43 Net Capital External Expenditures (Rate Funded)		5,717,851	5,238,713	8,750,030	7,611,017	4,112,626	31,430,237
44 Total Internal Expenditures (Capital Labor)		242,223	274,137	304,189	286,522	204,466	1,311,538
45 Total Contributed Assets		1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	5,500,000
46 Net Capital Expenditures		7,060,074	6,612,850	10,154,219	8,997,539	5,417,092	38,241,775



ROCHESTER PUBLIC UTILITIES
RECOMMENDED

PERSONNEL BUDGET

**ROCHESTER PUBLIC UTILITIES
2024 - 2025 PERSONNEL BUDGET**

INDEX

<u>Title</u>	<u>Pages</u>
Full-Time Staff Per Customer Served/Retail Sales	1
Full-Time and Temporary Staffing Comparison	2

**ROCHESTER PUBLIC UTILITIES
2024 - 2025 PERSONNEL BUDGET
Regular Staff Per Customer Served
And Dollars of Retail Sales**

<u>Year</u>	<u>Total Service Points</u>	<u>Retail Sales \$'s</u>	<u>Authorized Number of Utility Employees</u>	<u># Customers Served Per Employee</u>	<u>\$'s of Retail Sales Per Employee</u>
2025	106,027 ⁽¹⁾	192,607,723 ⁽¹⁾	221 ⁽²⁾	480	871,528
2024	104,560 ⁽¹⁾	182,682,852 ⁽¹⁾	219 ⁽²⁾	477	834,168
2023	102,883 ⁽¹⁾	174,805,852 ⁽¹⁾	211 ⁽²⁾	488	828,464
2022	99,950	160,465,198	211	474	760,499
2021	99,386	157,782,929	208	478	758,572
2020	98,503	154,640,308	207	476	747,055

NOTES: Numbers include combined water and electric utilities.

For Electric Utilities, APPA 2021 Retail Customers per Non-Power-Generation Employee for customer size class of 50K-100K customers, is 308. RPU comparison using this criteria and 2022 data is 350.

(1) Forecasted

(2) Staff changes:

2024

Four potential reclassifications

Adding two new positions:

- Tech Services Utility Technician
- NERC Program Coordinator

Replacement of two existing contract positions with FTE's

Adding four new positions for AMI:

- AMI MDM Support Specialist
- AMI Operations Specialist
- IT Analyst
- IT System Administrator

2025

Adding two new positions

**ROCHESTER PUBLIC UTILITIES
2024 - 2025 PERSONNEL BUDGET
Regular and Temporary Staffing
Total Costs**

<u>Year</u>	<u>2023 Original budget</u>	<u>2023 Projected</u>	<u>2024 Estimated</u>	<u>2025 Estimated</u>	<u>Difference 2023 original to 2024</u>	<u>% Change</u>	<u>Difference 2024 to 2025</u>	<u>% Change</u>
Regular Employees	\$30,133,171	\$29,179,109	\$32,018,108	\$34,657,839	\$1,884,937	6.3%	\$2,639,731	8.2%
Limited-Term Employees	\$174,561	\$159,262	\$372,141	\$449,522	\$197,580	113.2%	\$77,381	20.8%
Temporary/Contract Labor	<u>\$493,390</u>	<u>\$470,295</u>	<u>\$403,520</u>	<u>\$415,975</u>	<u>(\$89,870)</u>	<u>-18.2%</u>	<u>\$12,455</u>	<u>3.1%</u>
Total	\$30,801,122	\$29,808,665	\$32,793,769	\$35,523,337	\$1,992,647	6.5%	\$2,729,568	8.3%

NOTE: Estimated cost include base salaries, salary increases, overtime, RPU's share of employee pensions, payroll taxes, and benefits. Excludes accrual adjustment for unfunded PERA liability.



ROCHESTER PUBLIC UTILITIES
RECOMMENDED

SUPPLEMENTAL DATA CAPITAL/OPERATING BUDGETS

**ROCHESTER PUBLIC UTILITIES
2024 - 2025 SUPPLEMENTAL DATA
CAPITAL / OPERATING BUDGETS**

INDEX

<u>Title</u>	<u>Pages</u>
Electric & Water Rate Increases vs. Inflation	1
Year End Cash Balances	2
RPU Tax and Tax Equivalents	3

**ROCHESTER PUBLIC UTILITIES
2024 - 2025 CAPITAL / OPERATING BUDGETS
ELECTRIC AND WATER REVENUE CHANGE
VERSUS INFLATION**

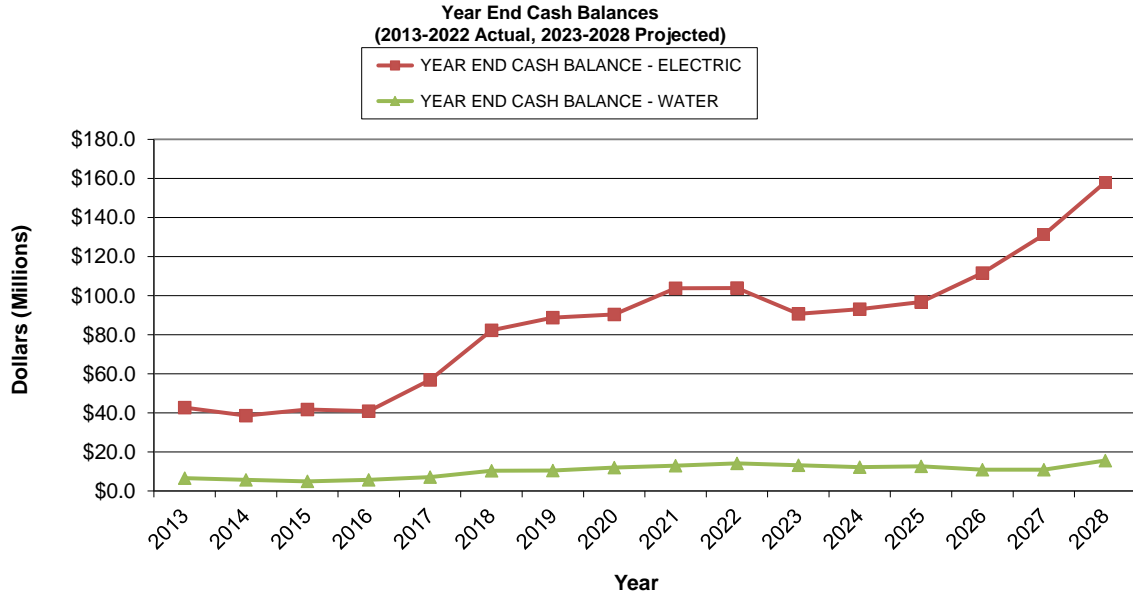
<u>Year</u>	<u>Inflation %</u>	<u>Electric Rates %</u>	<u>Water Rates %</u>	<u>SMMPA Rates %</u>
2023*	3.3%	2.5%	5.0%	10.0%
2022	8.0%	1.5%	2.5%	0.0%
2021	4.7%	0.0%	0.0%	0.0%
2020	1.2%	0.0%	3.5%	-4.0%
2019	1.8%	1.9%	6.0%	0.0%
2018	2.4%	1.5%	6.0%	2.0%
2017	2.1%	3.7%	6.0%	6.0%
2016	1.3%	1.7%	6.0%	0.0%
2015	0.1%	3.5%	3.5%	0.0%
2014	1.6%	3.0%	1.5%	0.0%
10-Year Annualized Average	2.6%	1.9%	4.0%	1.4%
2024*		3.2% **	5.5% ***	0.0%
2025*		4.0%	5.5% ***	0.0%

*Estimated Yearly Values

**Plus AMI Customer Charge of \$1.94 for 2024

***Plus AMI Customer Charge of \$1.32 for 2024 and 2025

**ROCHESTER PUBLIC UTILITIES
2024 - 2025 CAPITAL / OPERATING BUDGETS
YEAR END CASH BALANCES**



(Millions of Dollars)

Year	YEAR END CASH BALANCE - ELECTRIC	YEAR END REMAINING DEBT PROCEEDS ELECTRIC	YEAR END CASH BALANCE - WATER	YEAR END REMAINING DEBT PROCEEDS WATER
2013 *	42.7	25.9	6.6	
2014	38.6	15.7	5.7	
2015 *	41.7	3.1	4.9	
2016 *	40.8		5.7	
2017 *	56.8	23.1	7.1	
2018	82.3		10.4	
2019	88.7		10.5	
2020	90.4		12.0	
2021 *	103.8		12.9	
2022	103.9		14.1	
2023	90.7		13.2	
2024	93.0		12.2	
2025	96.7		12.7	
2026	111.5		10.9	
2027 *	131.1	261.4	10.8	
2028	158.0	138.4	15.6	

* The Electric Utility has had debt financings of \$34 million in December 2000, \$9.9 million in August 2002, \$5.7 million in March 2005, \$76.7 million in March 2007 which included an advance refunding of the 2000 bond issue in the amount of \$30.2 million, \$6.7 million in September 2009, \$4.0 million in February 2013 to refinance the remaining 2002 issue, \$38.4 million in May 2013, \$39.97 in November 2015 to advance refund the new money portion of the 2007C bond issue, a \$25.0 million temporary borrowing in April 2016, \$108.3 in February 2017, which included \$23.6 million to refund the remaining portion of the 2007C bond issue and \$20.9 million to pay off the 2016 temporary borrowing, and \$37.17 in February 2021 to advance refund the 2013B bond issue. The Water Utility has had debt financings of \$1.5 million in August 2006. There is proposed future debt financings in 2026 of \$20.0 million in short-term borrowing for the Electric Utility, replaced by long-term borrowing of \$410.4 million in 2027 for the Grid North Partners transmission investment and 2030 Resource Plan.

**ROCHESTER PUBLIC UTILITIES
2024 - 2025 CAPITAL / OPERATING BUDGETS
RPU ESTIMATED TAX AND TAX EQUIVALENTS**

	<u>2024</u>	<u>2025</u>
Utility Licenses, Permits & Penalties	312,007	792,520
Water Appropriation Fees	65,073	67,025
Payment to General Fund		
Electric	10,758,822	11,338,353
Water	<u>486,869</u>	<u>512,349</u>
Total	<u>11,245,691</u>	<u>11,850,702</u>
Sales Tax - Electric & Water	1,658,988	1,598,457
SMMPA Property Taxes ¹	<u>3,958,021</u>	<u>3,997,601</u>
Total Tax & Tax Equivalents	<u><u>17,239,781</u></u>	<u><u>18,306,305</u></u>
Electric/Water Retail Sales	<u><u>182,682,852</u></u>	<u><u>192,607,723</u></u>
% of Electric/Water Retail Sales	9.4%	9.5%

¹Value represents RPU's 42% membership share in SMMPA.