



Rochester Public Utilities

2018 Annual Operating Plan

ROCHESTER PUBLIC UTILITIES 2018 ANNUAL OPERATING PLAN

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ROCHESTER PUBLIC UTILITIES

2018

ELECTRIC UTILITY

OPERATING BUDGET

**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2018 OPERATING BUDGET**

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**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2018 OPERATING BUDGET**

BASIC ASSUMPTIONS

- Cost center budgets and non-bonded projects set at level used in cost-of-service study
- Other than specifically identified projects, no assumptions have been made with regards to DMC
- Interest Earnings Rate: 0.25%
- Average Salary Expense Change: 3.5%
(consists of COLA, merit and promotion increases)
- Anticipated Bonding none
- Change in Full-time Equivalents: 2
- SMMPA Wholesale Power Cost: 0.0% increase
- SMMPA CROD Level: 216 MW
- Minimum Cash Reserve Requirement: Current policy amount \$53,954,000

RETAIL REVENUES / SALES

- Revenue Adjustment: 1.50%
- Electric KWH Sales Forecast: 0.8 % Increase from 2017 F2 Year End Projected Sales
- Total Electric Utility Customers: 2.0% Increase over Year End 2017 F2 Projected Customers
- Forecast Assumes Normal Weather : 523 Cooling Degree Days

WHOLESALE REVENUES / SALES & EXPENSES

- Estimated Cost of Fuel 2018 \$3.705 / mmBtu
- Budgeted Cost of Fuel 2017 F2 \$3.650 / mmBtu

OTHER ITEMS

- In Lieu of Tax forecast increasing \$243,800 to a total of \$8,655,429.

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

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	Historical Data		2017 F2						
	2015	2016		2018	2019	2020	2021	2022	
in 000's									
	RPU Rate Increase	3.5%	1.7%	3.7%	1.5%	1.9%	2.5%	2.5%	2.5%
Revenue									
Retail Electric	\$133,560	\$142,011	\$150,769	\$153,878	\$156,695	\$160,352	\$164,057	\$167,481	
Wholesale Electric	\$2,579	\$2,311	\$1,666	\$2,759	\$3,073	\$3,133	\$3,197	\$3,268	
Wholesale Steam	\$5,412	\$4,039	\$4,259	\$4,349	\$4,456	\$4,565	\$4,675	\$4,768	
Transmission	\$1,387	\$4,917	\$4,526	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
Other Services & Fees	\$2,917	\$3,157	\$3,125	\$3,624	\$3,712	\$3,942	\$3,904	\$3,946	
Total Revenue	\$145,856	\$156,435	\$164,344	\$169,610	\$172,936	\$176,991	\$180,832	\$184,463	
Cost of Revenue									
Power Supply	\$86,639	\$92,700	\$92,959	\$94,661	\$95,064	\$95,352	\$95,540	\$95,571	
Generation Fuel	\$3,871	\$3,563	\$3,304	\$4,099	\$4,341	\$4,416	\$4,493	\$4,569	
Total Cost of Revenue	\$90,510	\$96,262	\$96,263	\$98,760	\$99,405	\$99,767	\$100,033	\$100,139	
Gross Margin									
Retail Electric	\$46,921	\$49,311	\$57,810	\$59,217	\$61,631	\$65,000	\$68,517	\$71,910	
Wholesale	\$4,120	\$2,787	\$2,620	\$3,009	\$3,188	\$3,282	\$3,379	\$3,467	
Transmission	\$1,387	\$4,917	\$4,526	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
Other Services & Fees	\$2,917	\$3,157	\$3,125	\$3,624	\$3,712	\$3,942	\$3,904	\$3,946	
TOTAL GROSS MARGIN	\$55,346	\$60,172	\$68,081	\$70,850	\$73,532	\$77,224	\$80,800	\$84,324	
Controllable Costs									
Salaries & Benefits	\$18,819	\$20,303	\$22,056	\$23,998	\$25,565	\$26,952	\$27,910	\$29,313	
Other Operating Expenses	\$8,408	\$8,655	\$9,163	\$9,602	\$10,335	\$10,349	\$10,548	\$10,755	
Major Maintenance	\$3,890	\$1,690	\$3,133	\$3,257	\$3,850	\$2,351	\$2,630	\$2,407	
Non-Bonded Capital Projects	\$5,908	\$9,888	\$13,995	\$9,365	\$13,900	\$14,459	\$11,958	\$15,871	
TOTAL CONTROLLABLE COSTS	\$37,026	\$40,536	\$48,347	\$46,221	\$53,650	\$54,111	\$53,046	\$58,346	
Depreciation & Amortization	\$10,589	\$9,804	\$11,322	\$12,948	\$14,494	\$15,224	\$15,383	\$15,756	
Less Non Bonded Projects (capitalized)	(\$5,908)	(\$9,888)	(\$13,995)	(\$9,365)	(\$13,900)	(\$14,459)	(\$11,958)	(\$15,871)	
Less Total Internal Costs (capitalized)	(\$3,439)	(\$3,292)	(\$5,406)	(\$3,811)	(\$4,166)	(\$5,167)	(\$5,753)	(\$5,121)	
Interutility Allocation	(\$1,211)	(\$1,230)	(\$1,229)	(\$1,449)	(\$1,478)	(\$1,508)	(\$1,538)	(\$1,569)	
Total Operating Expenses	\$37,058	\$35,931	\$39,038	\$44,545	\$48,600	\$48,201	\$49,180	\$51,541	
Net Operating Income (Loss)	\$18,288	\$24,242	\$29,042	\$26,305	\$24,931	\$29,023	\$31,619	\$32,783	
Financing & Other Non-Operating Items:									
Bond & Interest Related Expenses	(\$3,495)	(\$3,507)	(\$5,011)	(\$4,854)	(\$6,271)	(\$7,307)	(\$7,136)	(\$6,949)	
Interest Income	\$240	\$256	\$1,066	\$536	\$373	\$414	\$413	\$412	
Misc Non-Operating Income (Expense)	(\$610)	(\$367)	(\$31)	(\$53)	(\$54)	(\$56)	(\$57)	(\$58)	
Total Financing & Non-Operating Items	(\$3,865)	(\$3,617)	(\$3,977)	(\$4,371)	(\$5,953)	(\$6,948)	(\$6,780)	(\$6,594)	
Income Before Transfers or Capital Contributions	\$14,423	\$20,625	\$25,065	\$21,934	\$18,979	\$22,074	\$24,839	\$26,189	
Transfers (In Lieu of Taxes)	(\$8,384)	(\$8,470)	(\$8,412)	(\$8,655)	(\$8,801)	(\$8,948)	(\$9,096)	(\$9,242)	
Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Revenues	\$0	\$3,062	\$2,809	\$401	\$171	\$40	\$40	\$40	
Special Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	
NET INCOME	\$6,040	\$15,217	\$19,463	\$13,680	\$10,349	\$13,166	\$15,783	\$16,987	
TARGET NET INCOME	\$ 14,370	\$ 14,880	\$ 15,550	\$ 14,370	\$ 14,880	\$ 15,550	\$ 16,300	\$ 17,010	
Excess (Deficit) from Target	\$ (690)	\$ (4,531)	\$ (2,384)	\$ (2,384)	\$ (4,531)	\$ (2,384)	\$ (517)	\$ (23)	
1/01 Cash Balance	\$ 41,698	\$ 40,753	\$ 47,578	\$ 47,578	\$ 54,079	\$ 52,408	\$ 55,137	\$ 59,687	
Change in Net Assets		15,217	19,463	13,680	10,349	13,166	15,783	16,987	
Depreciation & Amortization		9,804	11,322	12,948	14,494	15,224	15,383	15,756	
Capital Additions/Service Territory Comp		(39,037)	(69,704)	(34,465)	(20,973)	(29,626)	(26,711)	(21,042)	
Bond Principal Payments		(3,895)	(3,685)	(5,460)	(5,725)	(6,422)	(6,738)	(7,065)	
Bond Proceeds		13,350	125,227	-	(0)	22,800	-	-	
Net Change in Other Assets/Liabilities		3,616	(75,798)	19,799	183	(12,413)	6,832	(1,625)	
Net Changes in Cash		(945)	6,825	6,501	(1,672)	2,730	4,550	3,011	
12/31 Cash Balance	\$ 40,753	\$ 47,578	\$ 47,578	\$ 54,079	\$ 52,408	\$ 55,137	\$ 59,687	\$ 62,698	
Reserve Target	\$ 50,419	\$ 52,561	\$ 53,954	\$ 53,954	\$ 54,627	\$ 54,418	\$ 54,426	\$ 54,877	
Excess (Deficit) from Target	\$ (9,666)	\$ (4,983)	\$ 125	\$ 125	\$ (2,219)	\$ 719	\$ 5,261	\$ 7,821	
Cash Balance as % of Reserve Target			90.5%	100.2%	95.9%	101.3%	109.7%	114.3%	
Debt Service Coverage Ratio				2.8	2.8	2.9	3.1	3.2	

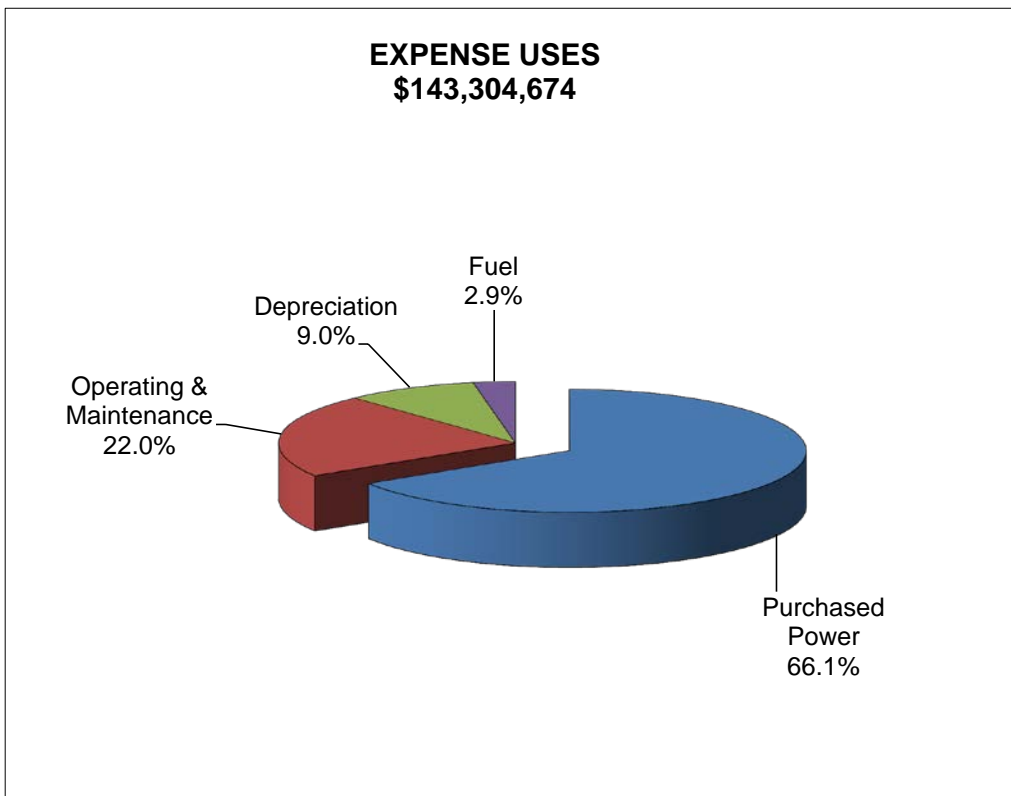
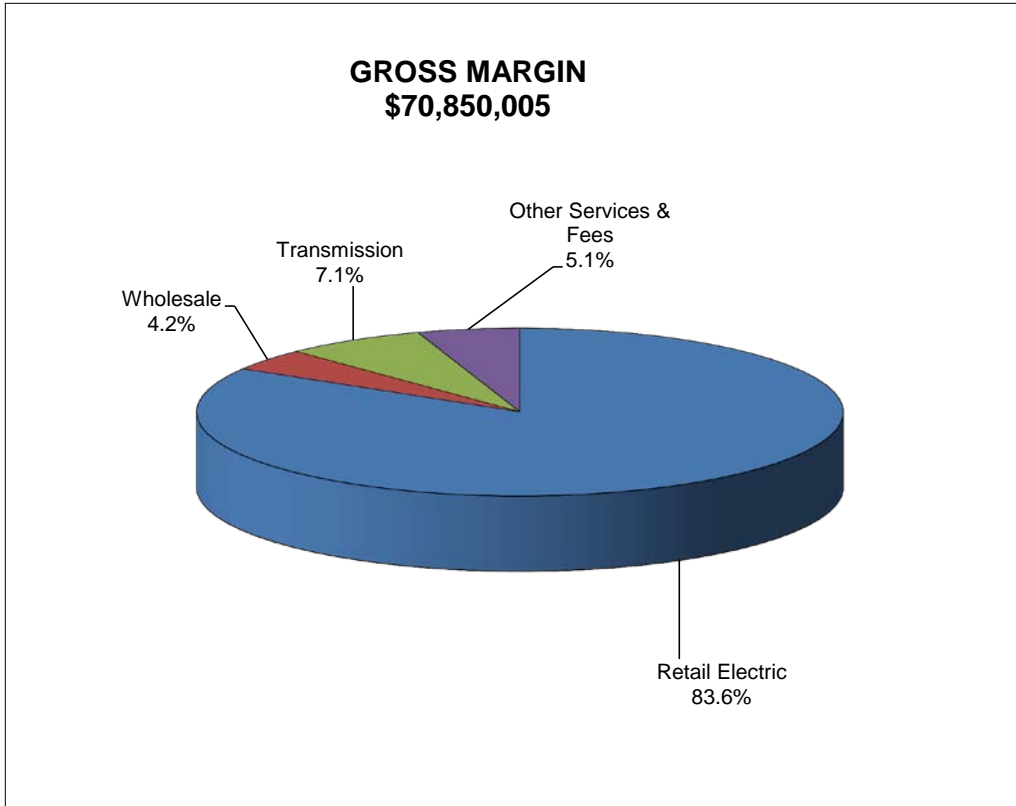
**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
Management Reporting P&L**

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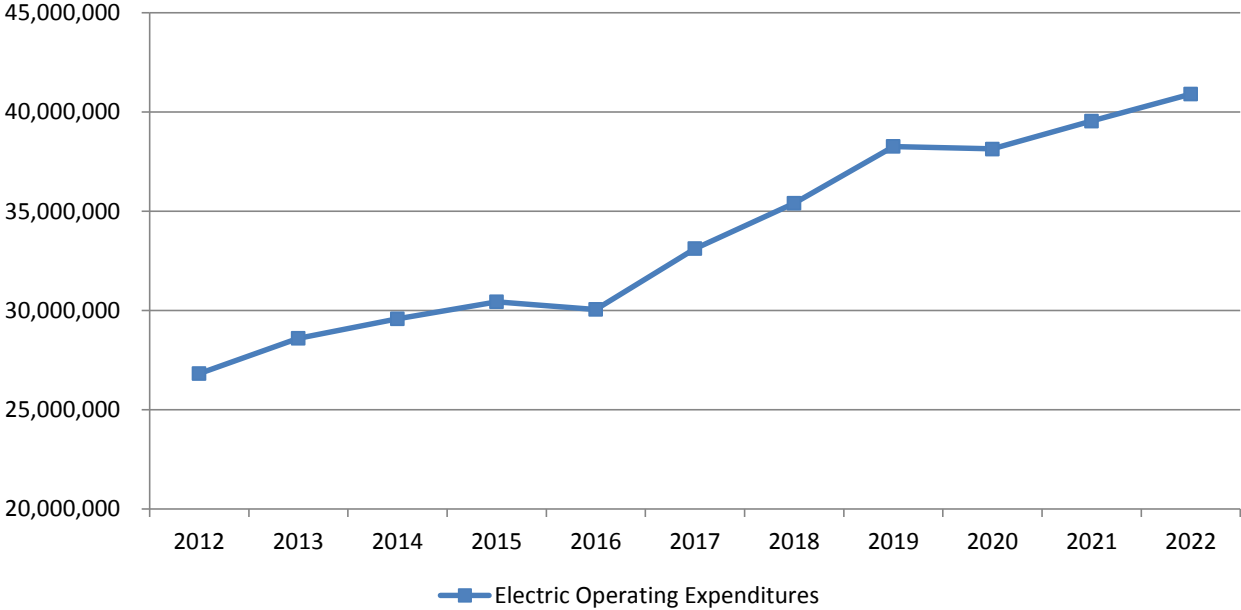
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	Historical Data		2017		2018		Variance	%
	2015	2016	Orig Bdgt	2017 F2	2018	Orig Bdgt	2018 to Orig Bdgt	Variance
Revenue								
Retail Electric	\$133,560	\$142,011	\$151,254	\$150,769	\$153,878	\$160,424	(\$6,546)	-4.1%
Wholesale Electric	\$2,579	\$2,311	\$603	\$1,666	\$2,759	\$1,622	\$1,137	70.1%
Wholesale Steam	\$5,412	\$4,039	\$4,246	\$4,259	\$4,349	\$3,799	\$550	14.5%
Transmission	\$1,387	\$4,917	\$4,739	\$4,526	\$5,000	\$5,000	\$0	0.0%
Other Services & Fees	\$2,917	\$3,157	\$3,205	\$3,125	\$3,624	\$3,300	\$325	9.8%
Total Revenue	\$145,856	\$156,435	\$164,046	\$164,344	\$169,610	\$174,144	(\$4,534)	-2.6%
Cost of Revenue								
Power Supply	\$86,639	\$92,700	\$96,957	\$92,959	\$94,661	\$98,257	(\$3,596)	-3.7%
Generation Fuel	\$3,871	\$3,563	\$2,522	\$3,304	\$4,099	\$3,343	\$756	22.6%
Total Cost of Revenue	\$90,510	\$96,262	\$99,479	\$96,263	\$98,760	\$101,599	(\$2,839)	-2.8%
Gross Margin								
Retail Electric	\$46,921	\$49,311	\$54,297	\$57,810	\$59,217	\$62,167	(\$2,950)	-4.7%
Wholesale	\$4,120	\$2,787	\$2,326	\$2,620	\$3,009	\$2,078	\$931	44.8%
Transmission	\$1,387	\$4,917	\$4,739	\$4,526	\$5,000	\$5,000	\$0	0.0%
Other Services & Fees	\$2,917	\$3,157	\$3,205	\$3,125	\$3,624	\$3,300	\$325	9.8%
TOTAL GROSS MARGIN	\$55,346	\$60,172	\$64,567	\$68,081	\$70,850	\$72,545	(\$1,695)	-2.8%
Controllable Costs								
Salaries & Benefits	\$18,819	\$20,303	\$21,276	\$22,056	\$23,998	\$22,834	\$1,164	5.1%
Other Operating Expenses	\$8,408	\$8,655	\$9,602	\$9,163	\$9,602	\$9,603	(\$2)	0.0%
Major Maintenance	\$3,890	\$1,690	\$3,585	\$3,133	\$3,257	\$3,388	(\$131)	-3.9%
Non-Bonded Capital Projects	\$5,908	\$9,888	\$14,552	\$13,995	\$9,365	\$15,794	(\$6,429)	-40.7%
TOTAL CONTROLLABLE COSTS	\$37,026	\$40,536	\$49,015	\$48,347	\$46,221	\$51,619	(\$5,398)	-10.5%
Depreciation & Amortization	\$10,589	\$9,804	\$9,963	\$11,322	\$12,948	\$10,928	\$2,020	18.5%
Less Non Bonded Projects (capitalized)	(\$5,908)	(\$9,888)	(\$14,552)	(\$13,995)	(\$9,365)	(\$15,794)	\$6,429	-40.7%
Less Total Internal Costs (capitalized)	(\$3,439)	(\$3,292)	(\$4,631)	(\$5,406)	(\$3,811)	(\$4,285)	\$474	-11.1%
Interutility Allocation	(\$1,211)	(\$1,230)	(\$1,389)	(\$1,229)	(\$1,449)	(\$1,417)	(\$32)	2.3%
Total Operating Expenses	\$37,058	\$35,931	\$38,406	\$39,038	\$44,545	\$41,051	\$3,493	8.5%
Net Operating Income (Loss)	\$18,288	\$24,242	\$26,161	\$29,042	\$26,305	\$31,494	(\$5,188)	-16.5%
Financing & Other Non-Operating Items:								
Bond & Interest Related Expenses	(\$3,495)	(\$3,507)	(\$6,818)	(\$5,011)	(\$4,854)	(\$6,376)	\$1,521	-23.9%
Interest Income	\$240	\$256	\$213	\$1,066	\$536	\$154	\$383	248.9%
Misc Non-Operating Income (Expense)	(\$610)	(\$367)	(\$107)	(\$31)	(\$53)	(\$109)	\$56	-51.1%
Total Financing & Non-Operating Items	(\$3,865)	(\$3,617)	(\$6,712)	(\$3,977)	(\$4,371)	(\$6,331)	\$1,960	-31.0%
Income Before Transfers or Capital Contributions	\$14,423	\$20,625	\$19,449	\$25,065	\$21,934	\$25,163	(\$3,228)	-12.8%
Transfers (In Lieu of Taxes)	(\$8,384)	(\$8,470)	(\$8,667)	(\$8,412)	(\$8,655)	(\$9,137)	\$482	-5.3%
Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Other Revenues	\$0	\$3,062	\$575	\$2,809	\$401	\$257	\$144	55.9%
Special Items	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	0.0%
NET INCOME	\$6,040	\$15,217	\$11,358	\$19,463	\$13,680	\$16,283	(\$2,603)	-16.0%
1/01 Cash Balance	\$ 41,698		\$ 42,937	\$ 40,753	\$ 47,578	\$ 39,688	\$ 7,891	19.9%
Change in Net Assets		15,217	11,358	19,463	13,680	\$ 16,283	(2,603)	-16.0%
Depreciation & Amortization		9,804	9,963	11,322	12,948	\$ 10,928	2,020	18.5%
Capital Additions/Service Territory Comp		(39,037)	(72,682)	(69,704)	(34,465)	\$ (41,357)	6,891	-16.7%
Bond Principal Payments		(3,895)	(4,201)	(3,685)	(5,460)	\$ (6,460)	1,000	-15.5%
Bond Proceeds		13,350	129,300	125,227	-	\$ -	-	0.0%
Net Change in Other Assets/Liabilities		3,616	(76,987)	(75,798)	19,799	\$ 21,717	(1,919)	-8.8%
Net Changes in Cash		(945)	(3,250)	6,825	6,501	1,111	5,390	485.3%
12/31 Cash Balance	\$ 40,753		\$ 39,687	\$ 47,578	\$ 54,079	\$ 40,798	\$ 13,281	32.6%
Reserve Target	\$ 50,419		\$ 51,466	\$ 52,561	\$ 53,954	\$ 48,187	\$ 5,767	12.0%
Excess (Deficit) from Target	\$ (9,666)		\$ (11,779)	\$ (4,983)	\$ 125	\$ (7,389)	\$ 7,514	-101.7%
Cash Balance as % of Reserve Target			90.5%		100.2%	84.7%		

**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2018 OPERATING BUDGET**



Electric Operating Expenditures



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

	2017 F2	2018	2019	2020	2021	2022
5 Peak MW						
6 SMMPA	216	216	216	216	216	216
7 Self Generation	-	-	-	-	-	-
8 Market	50	58	60	62	64	66
9 Total Peak MW	266	274	276	278	280	282
10 % Change	2.8%	3.0%	0.7%	0.7%	0.8%	0.8%
11 Retail MWH	1,185,799	1,194,931	1,191,030	1,187,247	1,183,029	1,178,379
12 % Change	-2.0%	0.8%	-0.3%	-0.3%	-0.4%	-0.4%
13 Purchased Power MWH						
14 SMMPA	1,201,786	1,207,745	1,203,679	1,199,570	1,195,091	1,190,059
15 Other	3,661	3,519	3,751	3,983	4,276	4,585
16 Total Purchased Power MWH	1,205,447	1,211,264	1,207,429	1,203,553	1,199,366	1,194,644
17 % Change	-2.8%	0.5%	-0.3%	-0.3%	-0.3%	-0.4%
18 Generation MWH						
19 Others	24,763	46,197	50,656	50,656	50,656	50,656
20 RPU	12,645	15,072	15,072	15,072	15,072	15,072
21 Total Generation MWH	37,409	61,269	65,728	65,728	65,728	65,728
22 % Change	-32.5%	63.8%	7.3%	0.0%	0.0%	0.0%
23 Number of Customers						
24 Residential	49,620	50,689	51,732	52,771	53,818	54,878
25 Small General Service	4,452	4,482	4,512	4,542	4,572	4,602
26 Medium General Service	428	437	445	456	465	474
27 Large General Service	13	13	13	13	13	13
28 Large Industrial Service	2	2	2	2	2	2
29 Street & Hwy Lightings	3	3	3	3	3	3
30 Interdepartmental	1	1	1	1	1	1
31 Total Customers	54,519	55,627	56,708	57,788	58,874	59,973
32 % Change	2.3%	2.0%	1.9%	1.9%	1.9%	1.9%
33 Blended cost per MWH for retail supply	\$ 77.12	\$ 78.15	\$ 78.73	\$ 79.23	\$ 79.66	\$ 80.00
34 Steam Generation MLBS	434,842	438,000	438,326	442,000	438,000	442,000
35 % Change	-4.2%	0.7%	0.1%	0.8%	-0.9%	0.9%

ROCHESTER PUBLIC UTILITIES

2018

ELECTRIC UTILITY

**CAPITAL IMPROVEMENT AND
MAJOR MAINTENANCE BUDGET**

**ROCHESTER PUBLIC UTILITIES
ELECTRIC UTILITY
2018 CAPITAL IMPROVEMENT AND
MAJOR MAINTENANCE BUDGET**

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**ROCHESTER PUBLIC UTILITIES
CAPITAL AND MAJOR MAINTENANCE PLAN
MATERIALS, SUPPLIES & SERVICES
5 YEAR SUMMARY (2018 - 2022)**

**ELECTRIC UTILITY
MAJOR MAINTENANCE
(\$000's)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>5-Yr Total</u>
Allocations	1,007	1,041	596	843	890	4,377
Operating Contingency Fund	500	300	300	300	300	1,700
<u>Other</u>						
Tree Trimming	1,001	800	800	800	800	4,201
Downtown Resource Planning Study	110	-	-	-	-	110
Distribution System Planning Study	-	70	-	70	-	140
Substation Switchgear Analysis Report	55	-	-	-	-	55
Transmission Coordination Study	25	-	-	-	-	25
Document Management Solution	50	25	25	25	25	150
Elec Cost-of-Srvc/Rate Design Study	-	-	65	-	-	65
CIAC/AFUDC Asset Accounting Conversion	80	-	-	-	-	80
KPIT Support Contract	284	284	284	142	142	1,136
Zumbro River Dredging	120	700	81	-	-	901
SLP Decommissioning	25	630	200	450	250	1,555
Total External Expenditures	3,257	3,850	2,351	2,630	2,407	14,495
Total Internal Expenditures	332	174	125	144	133	909
Total Major Maintenance Plan	3,589	4,024	2,476	2,774	2,540	15,404

**ROCHESTER PUBLIC UTILITIES
CAPITAL AND MAJOR MAINTENANCE PLAN
MATERIALS, SUPPLIES & SERVICES
5 YEAR SUMMARY (2018 - 2022)**

**ELECTRIC UTILITY
CAPITAL
(\$000's)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>5-Yr Total</u>
Allocations	5,583	6,653	6,704	6,799	7,007	32,746
Project Contingency Fund	700	700	700	700	700	3,500
Other						
Load Management Installations	1	15	15	15	15	61
Mobile Meter Reader	30	-	32	-	34	96
Metering/Shop Test Equipment Upgrade/Repl	15	15	15	15	15	75
Substation/Shop Test Equipment Upgrade/Repl	25	15	15	15	15	85
SF-6 Gas Cart	65	-	-	-	-	65
Substation Spares and Replacements	70	-	-	-	-	70
345KV Transmission Project HC/Roch/LaCrosse	(239)	-	-	-	-	(239)
Hydro Line Rebuild	45	-	-	-	50	95
Northern Hills 65th St Feeder	-	-	250	-	-	250
Feeder 306 Install	-	-	-	-	300	300
Feeder 615 Install	-	-	350	-	-	350
Feeder 715 Install	-	200	200	-	-	400
Feeder 913 Install	-	-	300	-	-	300
Feeder 914 Install	-	-	-	300	-	300
Feeder 1315 Install	-	-	250	-	-	250
Feeder 1602 Install	-	-	-	-	300	300
Feeder 1732 Install	-	70	-	-	-	70
Feeder 1733 Install	-	-	200	-	-	200
Feeder 1734 Install	-	-	-	-	300	300
1st Ave SE Duct Relocation	228	-	-	-	-	228
Miracle Mile Feeder Relocation	65	-	-	-	-	65
Downtown New Duct Systems	-	300	2,000	200	1,000	3,500
Downtown New Feeder Extensions	-	-	-	500	500	1,000
65th St - 50th to 60th Ave	-	-	-	-	250	250
48th St NE	-	-	100	125	-	225
60th Ave Duct Banks	-	-	-	-	300	300
55th St NW - 60th Ave to CR #3	-	-	-	-	200	200
75th St NW	-	-	-	150	200	350
FDR 712 - Tie to 711/19th St	-	150	-	-	-	150
40th St SW	-	-	-	100	-	100
FDR Tie - 713/401	-	85	-	-	-	85
Hwy 14 E	-	-	-	-	85	85
FDR 302 to 406 Load Transfer	-	-	-	150	-	150
1305 Feed into N Walmart Loop	75	-	-	-	-	75
FDR 811 Extension to 55th St	-	-	-	-	100	100
FDR 301 Load Relief	-	-	-	-	200	200
Feeder 401 - Reconfigure	110	125	-	-	-	235
Q2 Rebuild from Bear Creek - RCTC	-	-	-	250	-	250
Q4 Rebuild from BV Sub to Salem Rd	150	670	-	-	-	820
Q7 Rebuild to Grade B	-	-	-	450	500	950
Q11 W.C. to new St. Bridget Sub - ROW	-	350	-	-	-	350
Q11 W.C. to new St. Bridget Sub - Constr	-	-	-	200	750	950
Transmission Extension to New Downtown Sub	20	650	5,000	4,000	50	9,720
Willow Creek Expansion for Q11	-	-	-	750	1,000	1,750
St. Bridget Sub	-	-	-	-	1,000	1,000
Downtown Capacity Addition	150	1,250	5,000	5,000	-	11,400
Crosstown - Install Capacitor Bank	-	-	-	-	90	90
Fiber Willow Creek to Bamber Valley	45	-	-	-	-	45
Fiber Cascade Creek to Westside	-	195	-	-	-	195
Fiber Cascade Creek to Crosstown	75	-	-	-	-	75
Fiber OWEF Splice to Chester	-	-	-	165	-	165
Verizon Small Cell	50	50	-	-	-	100
Survey GPS Replacement	33	-	-	-	-	33
GIS Integration with Cayenta	-	80	85	90	95	350
Communication Platform	150	-	-	-	-	150
Service Territory Payments	308	308	310	315	320	1,561
CRM	725	-	-	-	-	725
Racking for Storage Yard Expansion	25	-	-	-	-	25
ERP/Work Mgmt Implementation	-	1,741	1,483	124	-	3,348
Substation Communications	-	1,000	725	40	40	1,805
Operation Technology	150	150	130	110	110	650
Enterprise Systems and Applications	-	300	300	300	300	1,200
Electric Safety Exhibit	65	-	-	-	-	65
West Side Energy Station	6,845	-	-	-	-	6,845
Building Expansion	12,887	1,117	-	-	-	14,005
Substation Physical Security	-	95	95	95	95	380
Customer Service Desk Modifications	90	-	-	-	-	90
Fleet Hoist Replacement	158	-	-	-	-	158
Design Study to Replace AHU 1-4	25	250	200	-	-	475
SC Canopy Roof Replacement	135	-	-	-	-	135
Total External Expenditures	28,858	16,535	24,459	20,958	15,921	106,730
Capitalized Interest	1,796	272	-	-	-	2,069
Total Internal Expenditures	3,811	4,166	5,167	5,753	5,121	24,018
Less Bonding	(21,289)	(2,907)	(10,000)	(9,000)	(50)	(43,246)
Net Capital Plan	13,176	18,066	19,626	17,711	20,992	89,571
Net Capital and Major Maintenance Plan	16,765	22,090	22,103	20,485	23,532	104,975

ROCHESTER PUBLIC UTILITIES
CAPITAL AND MAJOR MAINTENANCE PLAN
MATERIALS, SUPPLIES & SERVICE
PROJECT BREAKDOWN ON 5 YEAR SUMMARY

ELECTRIC UTILITY
MAJOR MAINTENANCE
(\$000's)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>5-Yr Total</u>
8 Core Services						
9 Tree Trimming	1,001	800	800	800	800	4,201
10 Downtown Resource Planning Study	110	-	-	-	-	110
11 Distribution System Planning Study	-	70	-	70	-	140
12 Substation Switchgear Analysis Report	55	-	-	-	-	55
13 Transmission Coordination Study	25	-	-	-	-	25
14 Allocation - Distribution System Maintenance	200	240	180	195	210	1,025
15 Total Core Services	1,391	1,110	980	1,065	1,010	5,556
16 Corporate Services						
17 Document Management Solution	50	25	25	25	25	150
18 Elec Cost-of-Srv/Rate Design Study	-	-	65	-	-	65
19 CIAC/AFUDC Asset Accounting Conversion	80	-	-	-	-	80
20 KPIT Support Contract	284	284	284	142	142	1,136
21 Total Corporate Services	414	309	374	167	167	1,431
22 Compliance and Public Affairs						
23 Zumbro River Dredging	120	700	81	-	-	901
24 Total Compliance and Public Affairs	120	700	81	-	-	901
25 Power Resources						
26 SLP Decommissioning	25	630	200	450	250	1,555
27 Allocation - Power Resources	665	657	270	500	530	2,622
28 Allocation - Facilities	142	144	146	148	150	730
29 Total Power Resources	832	1,431	616	1,098	930	4,907
30 General Management						
31 Operating Contingency Fund	500	300	300	300	300	1,700
32 Total General Management	500	300	300	300	300	1,700
33 Total Outside Expenditures	3,257	3,850	2,351	2,630	2,407	14,495
34 Total Internal Expenditures	332	174	125	144	133	909
35 Total Major Maintenance Plan	3,589	4,024	2,476	2,774	2,540	15,404

ROCHESTER PUBLIC UTILITIES
CAPITAL AND MAJOR MAINTENANCE PLAN
MATERIALS, SUPPLIES & SERVICE
PROJECT BREAKDOWN ON 5 YEAR SUMMARY

ELECTRIC UTILITY
CAPITAL
(\$000's)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>5-Yr Total</u>
9 Core Services						
10 Allocation - New Services	1,343	1,371	1,398	1,426	1,454	6,991
11 New Service Installations	483	-	-	-	-	-
12 Overhead Replacements	40	-	-	-	-	-
13 Pole Replacement	30	-	-	-	-	-
14 Annual Underground Cable Replacements (URD)	600	-	-	-	-	-
15 Other Projects	80	-	-	-	-	-
16 Property Damage - Repair/Replace	80	-	-	-	-	-
17 Other Equipment Failures	30	-	-	-	-	-
18 Load Management Installations	1	15	15	15	15	61
19 Mobile Meter Reader	30	-	32	-	34	96
20 Metering/Shop Test Equipment Upgrade/Repl	15	15	15	15	15	75
21 Substation/Shop Test Equipment Upgrade/Repl	25	15	15	15	15	85
22 SF-6 Gas Cart	65	-	-	-	-	65
23 Substation Spares and Replacements	70	-	-	-	-	70
24 Allocation - Metering/AMR	651	650	650	650	650	3,251
25 345kV Transmission Project HC/Roch/LaCrosse	(239)	-	-	-	-	(239)
26 Hydro Line Rebuild	45	-	-	-	50	95
27 Northern Hills 65th St Feeder	-	-	250	-	-	250
28 Feeder 306 Install	-	-	-	-	300	300
29 Feeder 615 Install	-	-	350	-	-	350
30 Feeder 715 Install	-	200	200	-	-	400
31 Feeder 913 Install	-	-	300	-	-	300
32 Feeder 914 Install	-	-	-	300	-	300
33 Feeder 1315 Install	-	-	250	-	-	250
34 Feeder 1602 Install	-	-	-	-	300	300
35 Feeder 1732 Install	-	70	-	-	-	70
36 Feeder 1733 Install	-	-	200	-	-	200
37 Feeder 1734 Install	-	-	-	-	300	300
38 1st Ave SE Duct Relocation	228	-	-	-	-	228
39 Miracle Mile Feeder Relocation	65	-	-	-	-	65
40 Downtown New Duct Systems	-	300	2,000	200	1,000	3,500
41 Downtown New Feeder Extensions	-	-	-	500	500	1,000
42 65th St - 50th to 60th Ave	-	-	-	-	250	250
43 48th St NE	-	-	100	125	-	225
44 60th Ave Duct Banks	-	-	-	-	300	300
45 55th St NW - 60th Ave to CR #3	-	-	-	-	200	200
46 75th St NW	-	-	-	150	200	350
47 FDR 712 - Tie to 711/19th St	-	150	-	-	-	150
48 40th St SW	-	-	-	100	-	100
49 FDR Tie - 713/401	-	85	-	-	-	85
50 Hwy 14 E	-	-	-	-	85	85
51 FDR 302 to 406 Load Transfer	-	-	-	150	-	150
52 1305 Feed into N Walmart Loop	75	-	-	-	-	75
53 FDR 811 Extension to 55th St	-	-	-	-	100	100
54 FDR 301 Load Relief	-	-	-	-	200	200
55 Feeder 401 - Reconfigure	110	125	-	-	-	235
56 Q2 Rebuild from Bear Creek - RCTC	-	-	-	250	-	250
57 Q4 Rebuild from BV Sub to Salem Rd	150	670	-	-	-	820
58 Q7 Rebuild to Grade B	-	-	-	450	500	950
59 Q11 W.C. to new St. Bridget Sub - ROW	-	350	-	-	-	350
60 Q11 W.C. to new St. Bridget Sub - Constr	-	-	-	200	750	950
61 Transmission Extension to New Downtown Sub	20	650	5,000	4,000	50	9,720
62 Willow Creek Expansion for Q11	-	-	-	750	1,000	1,750
63 St. Bridget Sub	-	-	-	-	1,000	1,000
64 Downtown Capacity Addition	150	1,250	5,000	5,000	-	11,400
65 Crosstown - Install Capacitor Bank	-	-	-	-	90	90
66 Fiber Willow Creek to Bamber Valley	45	-	-	-	-	45
67 Fiber Cascade Creek to Westside	-	195	-	-	-	195
68 Fiber Cascade Creek to Crosstown	75	-	-	-	-	75
69 Fiber OWEF Splice to Chester	-	-	-	165	-	165
70 Verizon Small Cell	50	50	-	-	-	100

ROCHESTER PUBLIC UTILITIES
CAPITAL AND MAJOR MAINTENANCE PLAN
MATERIALS, SUPPLIES & SERVICE
PROJECT BREAKDOWN ON 5 YEAR SUMMARY

ELECTRIC UTILITY
CAPITAL
(\$000's)

	2018	2019	2020	2021	2022	5-Yr Total
Allocation - Distribution Expansion	2,030	2,955	2,580	2,825	3,160	13,550
Feeder Extensions	95	-	-	-	-	-
Feeder Rebuilds	55	-	-	-	-	-
Minor Transmission Projects	30	-	-	-	-	-
Substation Projects	385	-	-	-	-	-
Road Projects	175	-	-	-	-	-
Capacitor Bank Installations	165	-	-	-	-	-
Fiber Optic Projects	100	-	-	-	-	-
Distribution Transformers	600	-	-	-	-	-
Overhead to Underground Conversion	50	-	-	-	-	-
Manhole Switch Replacements	75	-	-	-	-	-
Mainline Cable Replacement	300	-	-	-	-	-
Survey GPS Replacement	33	-	-	-	-	33
GIS Integration with Cayenta	-	80	85	90	95	350
Communication Platform	150	-	-	-	-	150
Service Territory Payments	308	308	310	315	320	1,561
Total Core Services	5,495	9,504	18,750	17,691	12,933	64,372
Customer Relations						
CRM	725	-	-	-	-	725
Total Customer Relations	725	-	-	-	-	725
Corporate Services						
Racking for Storage Yard Expansion	25	-	-	-	-	25
ERP/Work Mgmt Implementation	-	1,741	1,483	124	-	3,348
Substation Communications	-	1,000	725	40	40	1,805
Operation Technology	150	150	130	110	110	650
Enterprise Systems and Applications	-	300	300	300	300	1,200
Allocation - Technology	650	768	806	846	889	3,958
Network Management	237	-	-	-	-	-
Output Management	12	-	-	-	-	-
Server Management	50	-	-	-	-	-
Workstation Management	88	-	-	-	-	-
Backup/DR	33	-	-	-	-	-
Information Risk and Security	80	-	-	-	-	-
Storage Management	40	-	-	-	-	-
Business Systems/Applications	60	-	-	-	-	-
City Shared Infrastructure	50	-	-	-	-	-
Total Corporate Services	825	3,958	3,444	1,420	1,339	10,986
Compliance and Public Affairs						
Electric Safety Exhibit	65	-	-	-	-	65
Total Compliance and Public Affairs	65	-	-	-	-	65
Power Resources						
West Side Energy Station	6,845	-	-	-	-	6,845
Allocation - Power Resources	200	250	510	325	120	1,405
Building Expansion	12,887	1,117	-	-	-	14,005
Substation Physical Security	-	95	95	95	95	380
Customer Service Desk Modifications	90	-	-	-	-	90
Fleet Hoist Replacement	158	-	-	-	-	158
Design Study to Replace AHU 1-4	25	250	200	-	-	475
SC Canopy Roof Replacement	135	-	-	-	-	135
Allocation - Facilities	76	78	80	82	84	400
Allocation - Fleet	633	582	680	645	651	3,191
Total Power Resources	21,048	2,372	1,565	1,147	950	27,083
General Management						
Project Contingency Fund	700	700	700	700	700	3,500
Total General Management	700	700	700	700	700	3,500
Total Outside Expenditures	28,858	16,535	24,459	20,958	15,921	106,730
Capitalized Interest	1,796	272	-	-	-	2,069
Total Internal Expenditures	3,811	4,166	5,167	5,753	5,121	24,018
Less Bonding	(21,289)	(2,907)	(10,000)	(9,000)	(50)	(43,246)
Net Capital Plan	13,176	18,066	19,626	17,711	20,992	89,571
Net Capital and Major Maintenance Plan	16,765	22,090	22,103	20,485	23,532	104,975

ROCHESTER PUBLIC UTILITIES

2018

WATER UTILITY

OPERATING BUDGET

**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2018 OPERATING BUDGET**

INDEX

<u>Title</u>	<u>Pages</u>
Basic Assumptions	1
Forecast by Year 2017 through 2022	2
Condensed Income Statement	3
Revenue Sources & Expense Categories	4
Operating Expenditures Graph	5
Production & Sales Statistics Forecast	6

**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2018 OPERATING BUDGET**

BASIC ASSUMPTIONS

- Interest Earnings Rate: 0.25%
- Average Salary Expense Change: 3.2%
(consists of COLA, merit and promotion increases)
- Change in Full-time Equivalents: 1
- Minimum Cash Reserve Requirement: Policy Amount \$6,063,120

RETAIL REVENUES / SALES

- Revenue Adjustment: 6.0%
- Water CCF Sales Forecast: 5.59% Increase from 2017 Projected Sales
- Total Water Utility Customers: 1.0% Increase over Y/E 2017 Projected Customers
- Forecast Assumes Normal Weather : 523 Cooling Degree Days,
23.9 Inches Summer Rainfall

OTHER ITEMS

- In Lieu of Tax forecast increasing \$19,700 to a total of \$390,290.
- RPU water projects are greatly dependent on the plans of the City Public Works Department and developers.
- Developer-installed subdivision water infrastructure assets are contributed to RPU at no cost. RPU records depreciation expense on these assets and is responsible for ongoing maintenance and replacement costs.

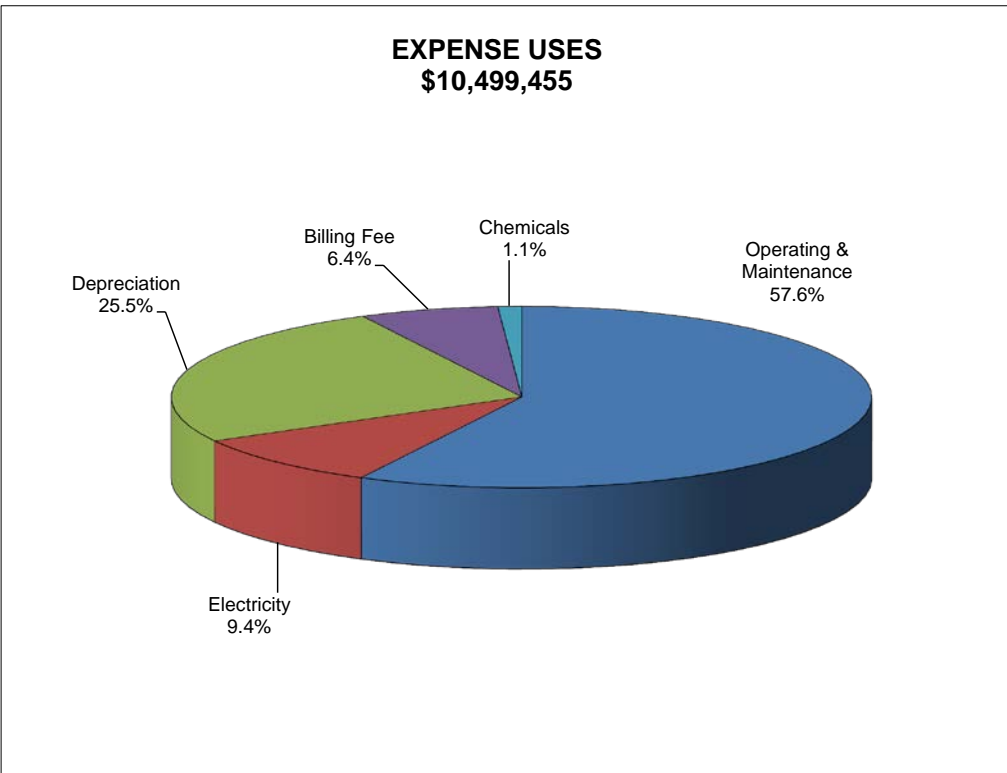
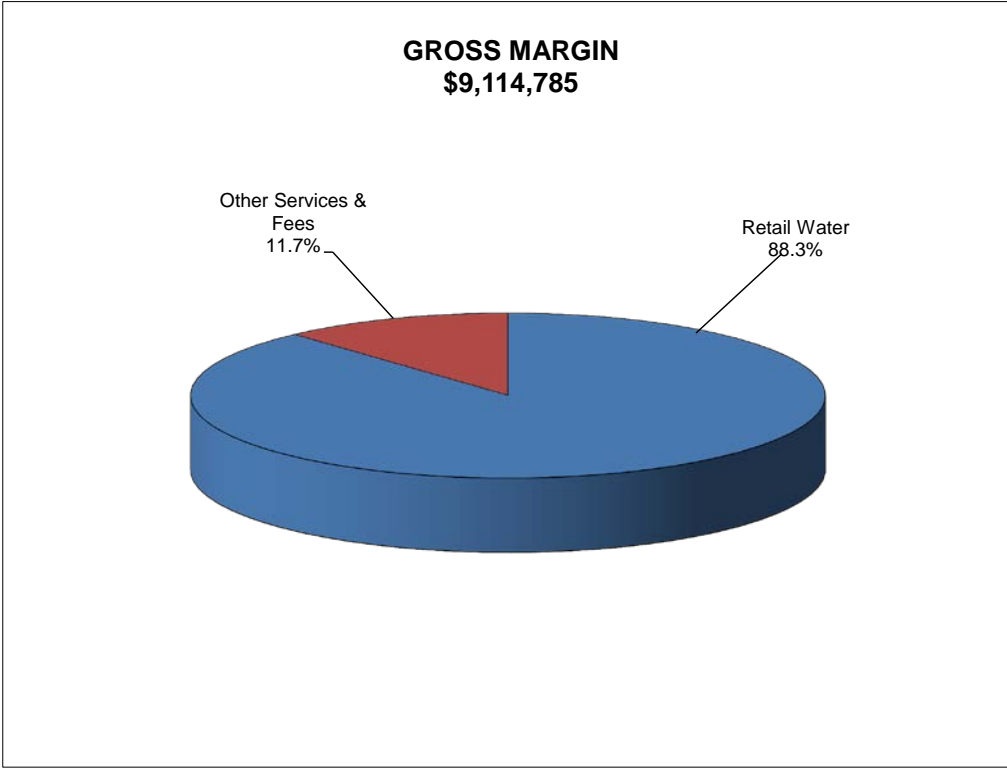
**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
Management Reporting P&L**

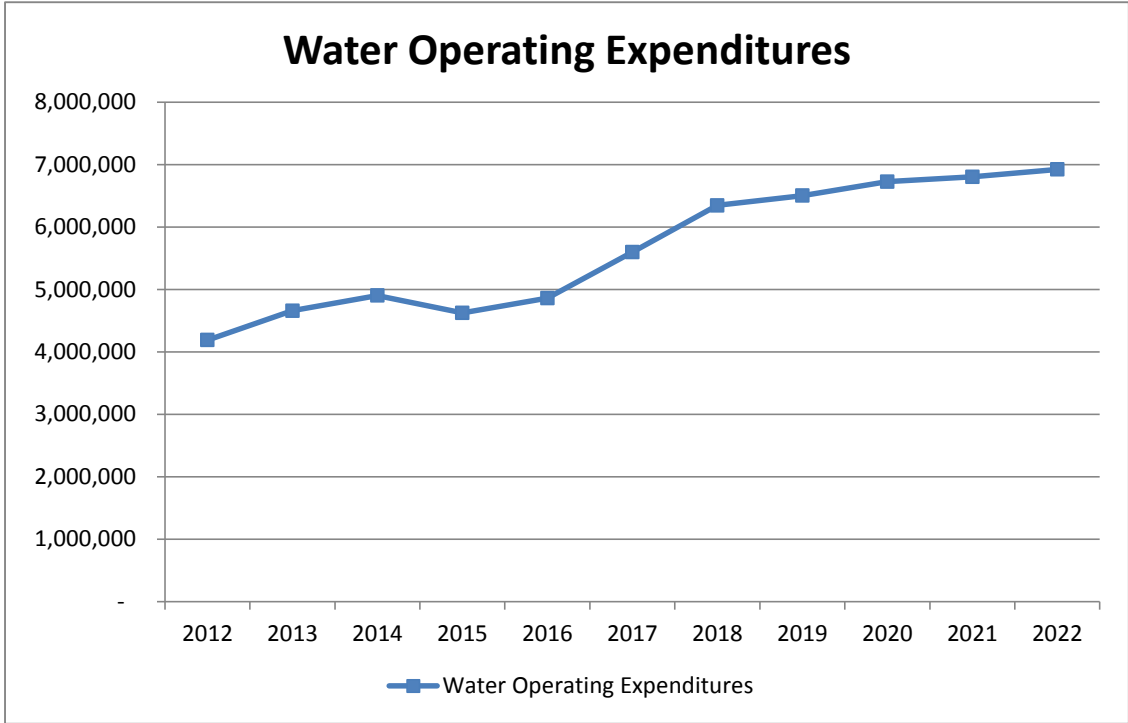
	Historical Data							
	2015	2016	2017 F2	2018	2019	2020	2021	2022
5 in 000's								
6 RPU Rate Increase	3.5%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
7 Revenue								
8 Retail Water	\$7,788	\$8,519	\$8,674	\$9,818	\$10,477	\$11,184	\$11,930	\$12,728
9 Other Services & Fees	\$873	\$942	\$947	\$1,071	\$1,090	\$1,110	\$1,130	\$1,150
10 Total Revenue	\$8,661	\$9,461	\$9,621	\$10,889	\$11,567	\$12,294	\$13,060	\$13,878
11 Cost of Revenue								
12 Water Supply	\$1,830	\$1,970	\$1,940	\$1,774	\$1,778	\$1,764	\$1,750	\$1,734
13 Total Cost of Revenue	\$1,830	\$1,970	\$1,940	\$1,774	\$1,778	\$1,764	\$1,750	\$1,734
14 Gross Margin								
15 Retail Water	\$5,958	\$6,549	\$6,734	\$8,044	\$8,699	\$9,420	\$10,181	\$10,994
16 Other Services & Fees	\$873	\$942	\$947	\$1,071	\$1,090	\$1,110	\$1,130	\$1,150
17 TOTAL GROSS MARGIN	\$6,831	\$7,491	\$7,681	\$9,115	\$9,789	\$10,529	\$11,310	\$12,144
18 Controllable Costs								
19 Salaries & Benefits	\$2,194	\$2,368	\$2,633	\$2,989	\$3,225	\$3,358	\$3,492	\$3,638
20 Other Operating Expenses	\$900	\$1,016	\$1,174	\$1,403	\$1,310	\$1,304	\$1,332	\$1,366
21 Major Maintenance	\$375	\$226	\$564	\$507	\$497	\$549	\$441	\$333
22 Non-Bonded Capital Projects	\$2,676	\$1,957	\$2,110	\$3,146	\$3,469	\$2,677	\$4,672	\$3,557
23 TOTAL CONTROLLABLE COSTS	\$6,145	\$5,567	\$6,480	\$8,045	\$8,501	\$7,888	\$9,937	\$8,893
24 Depreciation & Amortization	\$2,417	\$2,525	\$2,643	\$2,682	\$2,725	\$2,772	\$2,822	\$2,878
25 Less Non Bonded Projects (capitalized)	(\$2,676)	(\$1,957)	(\$2,110)	(\$3,146)	(\$3,469)	(\$2,677)	(\$4,672)	(\$3,557)
26 Less Total Internal Costs (capitalized)	(\$399)	(\$282)	(\$313)	(\$305)	(\$254)	(\$256)	(\$245)	(\$258)
27 Interutility Allocation	\$1,211	\$1,230	\$1,229	\$1,449	\$1,478	\$1,508	\$1,538	\$1,569
28 Total Operating Expenses	\$6,697	\$7,083	\$7,930	\$8,725	\$8,980	\$9,235	\$9,380	\$9,525
29 Net Operating Income (Loss)	\$134	\$408	(\$249)	\$390	\$809	\$1,294	\$1,930	\$2,619
30 Financing & Other Non-Operating Items:								
31 Bond & Interest Related Expenses	\$0	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0
32 Interest Income	\$53	\$63	\$85	\$13	\$12	\$12	\$14	\$17
33 Misc Non-Operating Income (Expense)	(\$67)	(\$17)	\$0	\$0	\$0	\$0	\$0	\$0
34 Total Financing & Non-Operating Items	(\$13)	\$45	\$85	\$13	\$12	\$12	\$14	\$17
35 Income Before Transfers or Capital Contributions	\$120	\$453	(\$165)	\$403	\$820	\$1,306	\$1,944	\$2,635
36 Transfers (In Lieu of Taxes)	(\$344)	(\$363)	(\$371)	(\$390)	(\$402)	(\$414)	(\$426)	(\$438)
37 Capital Contributions	\$2,077	\$2,242	\$1,100	\$1,100	\$1,100	\$1,100	\$2,400	\$1,100
38 Cash Transfers from City	\$742	\$513	\$0	\$0	\$0	\$0	\$0	\$0
39 NET INCOME	\$2,595	\$2,845	\$565	\$1,112	\$1,518	\$1,992	\$3,918	\$3,297
40 TARGET NET INCOME				\$ 3,192	\$ 3,148	\$ 3,097	\$ 3,061	\$ 3,017
41 Excess (Deficit) from Target				\$(2,080)	\$(1,630)	\$(1,105)	\$ 857	\$ 280
42 1/01 Cash Balance	\$ 4,918	\$ 5,705	\$ 5,534	\$ 4,921	\$ 4,539	\$ 5,346	\$ 6,069	\$ 6,069
43 Change in Net Assets	2,845	565	1,112	1,518	1,992	3,918	3,297	
44 Depreciation & Amortization	2,525	2,643	2,682	2,725	2,772	2,822	2,878	
45 Capital Additions	(2,238)	(2,423)	(3,451)	(3,723)	(2,933)	(4,917)	(3,815)	
46 Non-Cash Contributions	(2,242)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(2,400)	(1,100)
47 Debt Principal Payments	-	-	-	-	-	-	-	-
48 Debt Proceeds	-	-	-	-	-	-	-	-
49 Net Change in Other Assets/Liabilities	(103)	144	144	198	76	1,300	-	
50 Net Changes in Cash	787	(171)	(613)	(382)	807	723	1,261	
51 12/31 Cash Balance	\$ 5,705	\$ 5,534	\$ 4,921	\$ 4,539	\$ 5,346	\$ 6,069	\$ 7,330	
52 Reserve Policy	\$ 5,577	\$ 5,852	\$ 6,063	\$ 6,187	\$ 6,481	\$ 6,406	\$ 6,565	
53 Excess (Deficit) from Policy	\$ 129	\$ (318)	\$(1,142)	\$(1,648)	\$(1,136)	\$(337)	\$ 764	
54 Cash Balance as % of Reserve Policy		94.6%	81.2%	73.4%	82.5%	94.7%	111.6%	

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

	Historical Data		2017		2018		Variance	%
	2015	2016	Orig Bdgt	2017 F2	2018	Orig Bdgt (from 2015 COSS)	2018 to Orig Bdgt	Variance
in 000's								
Revenue								
Retail Water	\$7,788	\$8,519	\$8,919	\$8,674	\$9,818	\$8,689	\$1,129	13.0%
Other Services & Fees	\$873	\$942	\$927	\$947	\$1,071	\$798	\$273	34.2%
Total Revenue	\$8,661	\$9,461	\$9,846	\$9,621	\$10,889	\$9,487	\$1,402	14.8%
Cost of Revenue								
Water Supply	\$1,830	\$1,970	\$1,789	\$1,940	\$1,774	\$2,140	(\$366)	-17.1%
Total Cost of Revenue	\$1,830	\$1,970	\$1,789	\$1,940	\$1,774	\$2,140	(\$366)	-17.1%
Gross Margin								
Retail Water	\$5,958	\$6,549	\$7,131	\$6,734	\$8,044	\$6,549	\$1,495	22.8%
Other Services & Fees	\$873	\$942	\$927	\$947	\$1,071	\$798	\$273	34.2%
TOTAL GROSS MARGIN	\$6,831	\$7,491	\$8,058	\$7,681	\$9,115	\$7,347	\$1,768	24.1%
Controllable Costs								
Salaries & Benefits	\$2,194	\$2,368	\$2,602	\$2,633	\$2,989	\$2,518	\$471	18.7%
Other Operating Expenses	\$900	\$1,016	\$1,222	\$1,174	\$1,403	\$1,041	\$362	34.7%
Major Maintenance	\$375	\$226	\$669	\$564	\$507	\$400	\$107	26.8%
Non-Bonded Capital Projects	\$2,676	\$1,957	\$2,339	\$2,110	\$3,146	\$1,830	\$1,316	71.9%
TOTAL CONTROLLABLE COSTS	\$6,145	\$5,567	\$6,832	\$6,480	\$8,045	\$5,789	\$2,256	39.0%
Depreciation & Amortization	\$2,417	\$2,525	\$2,633	\$2,643	\$2,682	\$2,548	\$134	5.3%
Less Non Bonded Projects (capitalized)	(\$2,676)	(\$1,957)	(\$2,339)	(\$2,110)	(\$3,146)	(\$1,830)	(\$1,316)	71.9%
Less Total Internal Costs (capitalized)	(\$399)	(\$282)	(\$334)	(\$313)	(\$305)	(\$255)	(\$50)	19.7%
Interutility Allocation	\$1,211	\$1,230	\$1,389	\$1,229	\$1,449	\$1,499	(\$50)	-3.3%
Total Operating Expenses	\$6,697	\$7,083	\$8,181	\$7,930	\$8,725	\$7,751	\$974	12.6%
Net Operating Income (Loss)	\$134	\$408	(\$123)	(\$249)	\$390	(\$404)	\$794	-196.3%
Financing & Other Non-Operating Items:								
Bond & Interest Related Expenses	\$0	\$0	\$0	(\$0)	\$0	\$0	\$0	0.0%
Interest Income	\$53	\$63	\$13	\$85	\$13	\$0	\$13	0.0%
Misc Non-Operating Income (Expense)	(\$67)	(\$17)	\$0	\$0	\$0	(\$1)	\$1	-100.0%
Total Financing & Non-Operating Items	(\$13)	\$45	\$13	\$85	\$13	(\$1)	\$14	-1767.0%
Income Before Transfers or Capital Contributions	\$120	\$453	(\$111)	(\$165)	\$403	(\$405)	\$808	-199.4%
Transfers (In Lieu of Taxes)	(\$344)	(\$363)	(\$370)	(\$371)	(\$390)	(\$391)	\$0	-0.1%
Capital Contributions	\$2,077	\$2,242	\$1,100	\$1,100	\$1,100	\$1,100	\$0	0.0%
Cash Transfers from City	\$742	\$513	\$0	\$0	\$0	\$0	\$0	0.0%
NET INCOME	\$2,595	\$2,845	\$619	\$565	\$1,112	\$304	\$808	265.6%
1/01 Cash Balance	\$ 4,918		\$ 5,334	\$ 5,705	\$ 5,534	\$ 2,204	\$ 3,330	151.1%
Change in Net Assets		2,845	619	565	1,112	304	808	265.6%
Depreciation & Amortization		2,525	2,633	2,643	2,682	2,548	134	5.3%
Capital Additions/Service Territory Comp		(2,238)	(2,673)	(2,423)	(3,451)	(2,085)	(1,366)	65.5%
Non-Cash Contributions		(2,242)	(1,100)	(1,100)	(1,100)	(1,100)	-	0.0%
Debt Principal Payments		-	-	-	-	-	-	0.0%
Debt Proceeds		-	-	-	-	-	-	0.0%
Net Change in Other Assets/Liabilities		(103)	(21)	144	144	-	144	0.0%
Net Changes in Cash		787	(542)	(171)	(613)	(333)	(280)	84.2%
12/31 Cash Balance	\$ 5,705		\$ 4,792	\$ 5,534	\$ 4,921	\$ 1,871	\$ 3,050	163.0%
Reserve Policy	\$ 5,577		\$ 5,429	\$ 5,852	\$ 6,063	\$ 2,757	\$ 3,307	120.0%
Excess (Deficit) from Policy	\$ 129		\$ (638)	\$ (318)	\$ (1,142)	\$ (886)	\$ (257)	29.0%
Cash Balance as % of Reserve Policy			88.3%	94.6%	81.2%	67.9%		

**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2018 OPERATING BUDGET**





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

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4	2017 F2	2018	2019	2020	2021	2022
5 CCF Pumped	5,911,355	6,241,731	6,302,454	6,366,318	6,419,688	6,474,069
6 % Change	-1.5%	5.6%	1.0%	1.0%	0.8%	0.8%
7 Retail CCF	5,650,762	5,966,574	6,024,620	6,085,669	6,136,686	6,188,670
8 % Change	-1.4%	5.6%	1.0%	1.0%	0.8%	0.8%
9 Number of Customers						
10 Residential	36,137	36,516	36,880	37,283	37,658	38,038
11 Commercial	3,591	3,626	3,657	3,704	3,740	3,780
12 Industrial	32	32	32	32	32	32
13 Interdepartmental	1	1	1	1	1	1
14 Total Customers	39,761	40,175	40,570	41,020	41,431	41,851
15 % Change	1.1%	1.0%	1.0%	1.1%	1.0%	1.0%

ROCHESTER PUBLIC UTILITIES

2018

WATER UTILITY

**CAPITAL IMPROVEMENT AND
MAJOR MAINTENANCE BUDGET**

**ROCHESTER PUBLIC UTILITIES
WATER UTILITY
2018 CAPITAL IMPROVEMENT AND
MAJOR MAINTENANCE BUDGET**

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**ROCHESTER PUBLIC UTILITIES
CAPITAL AND MAJOR MAINTENANCE PLAN
MATERIALS, SUPPLIES & SERVICES
5 YEAR SUMMARY (2018 - 2022)**

**WATER UTILITY
MAJOR MAINTENANCE
(\$000's)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>5-Yr Total</u>
Allocations	305	322	474	326	253	1,680
Operating Contingency Fund	70	70	75	75	80	370
<u>Other</u>						
Municipal Well Abandonment	37	45	-	-	-	82
Water Cost-of-Service/Rate Design Study	35	-	-	40	-	75
Old Municipal Wells Sealing Project	60	60	-	-	-	120
Total External Expenditures	507	497	549	441	333	2,327
Total Internal Expenditures	34	23	18	24	19	119
Total Major Maintenance Plan	541	520	567	465	352	2,446

**WATER UTILITY
CAPITAL
(\$000's)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>5-Yr Total</u>
Allocations	1,737	1,934	1,893	2,440	2,482	10,485
Project Contingency Fund	150	150	200	200	250	950
<u>Other</u>						
Well & Booster Station Metering	27	14	8	8	9	66
Bulk Water Dispensing Station	38	-	39	-	40	117
Well House Manual Switchgear	15	15	16	17	18	81
Portable Backup Power Generator	-	117	-	-	-	117
Water Meter Test Bench	53	-	-	-	-	53
Portable Sand Blaster	18	-	-	-	-	18
Water Leak Correlator	-	-	25	-	-	25
New Wells	422	500	125	500	525	2,072
New Marion L 1.0MG Reservoir	-	-	25	1,300	-	1,325
DMC Discovery Square Projects	-	256	296	207	233	993
DMC - 12th Ave SW from Center St W to 2nd St SW	-	135	-	-	-	135
DMC - 5th St SW from 2nd Ave SW to 9th Ave SW	-	273	-	-	-	273
Building Replacement - Well #26	325	75	50	-	-	450
DMC - 4th St SW from 1st Ave SW to 6th Ave SW	140	-	-	-	-	140
Upgraded Hydro Vac Unit	222	-	-	-	-	222
Total External Expenditures	3,146	3,469	2,677	4,672	3,557	17,521
Total Internal Expenditures	305	254	256	245	258	1,318
Total Contributed Assets	1,100	1,100	1,100	1,100	1,100	5,500
Total Capital Plan	4,551	4,823	4,033	6,017	4,915	24,339
Total Capital & Major Maintenance Plan	5,092	5,344	4,600	6,482	5,267	26,785

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**ROCHESTER PUBLIC UTILITIES
 CAPITAL AND MAJOR MAINTENANCE PLAN
 MATERIALS, SUPPLIES & SERVICES
 PROJECT BREAKDOWN ON 5 YEAR SUMMARY**

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**WATER UTILITY
 MAJOR MAINTENANCE
 (\$000's)**

8	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>5-Yr Total</u>
9 Core Services						
10 Municipal Well Abandonment	37	45	-	-	-	82
11 Allocation - Water Distribution System Maintenance	235	250	400	250	175	1,310
12 Water Cost-of-Service/Rate Design Study	35	-	-	40	-	75
13 Operating Contingency Fund	70	70	75	75	80	370
14 Total Core Services	377	365	475	365	255	1,837
15 Compliance and Public Affairs						
16 Old Municipal Wells Sealing Project	60	60	-	-	-	120
17 Total Compliance and Public Affairs	60	60	-	-	-	120
18 Power Resources						
19 Allocation - RPU Water Facilities	70	72	74	76	78	370
20 Total Power Resources	70	72	74	76	78	370
21 Total Outside Expenditures	507	497	549	441	333	2,327
22 Total Internal Expenditures	34	23	18	24	19	119
23 Total Major Maintenance Plan	541	520	567	465	352	2,446

**ROCHESTER PUBLIC UTILITIES
CAPITAL AND MAJOR MAINTENANCE PLAN
MATERIALS, SUPPLIES & SERVICES
PROJECT BREAKDOWN ON 5 YEAR SUMMARY**

**WATER UTILITY
CAPITAL
(\$000's)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>5-Yr Total</u>
Core Services						
Well & Booster Station Metering	27	14	8	8	9	66
Bulk Water Dispensing Station	38	-	39	-	40	117
Well House Manual Switchgear	15	15	16	17	18	81
Portable Backup Power Generator	-	117	-	-	-	117
Water Meter Test Bench	53	-	-	-	-	53
Portable Sand Blaster	18	-	-	-	-	18
Water Leak Correlator	-	-	25	-	-	25
Allocation - Water Distribution System Replacement	143	137	124	142	141	686
Replacement of Pumping Units	73	-	-	-	-	-
Well Motor Replacements	18	-	-	-	-	-
Installation of Variable Frequency Drive Units	25	-	-	-	-	-
Replacement of Booster Pumps	28	-	-	-	-	-
Allocation - Water Metering/AMR	293	298	304	310	316	1,521
New Wells	422	500	125	500	525	2,072
Water Utility Contingency Fund	150	150	200	200	250	950
New Marion L 1.0MG Reservoir	-	-	25	1,300	-	1,325
DMC Discovery Square Projects	-	256	296	207	233	993
DMC - 12th Ave SW from Center St W to 2nd St SW	-	135	-	-	-	135
DMC - 5th St SW from 2nd Ave SW to 9th Ave SW	-	273	-	-	-	273
Building Replacement - Well #26	325	75	50	-	-	450
DMC - 4th St SW from 1st Ave SW to 6th Ave SW	140	-	-	-	-	140
Allocation - Water Distribution System Expansion	1,181	1,440	1,248	1,731	1,817	7,417
T&D City Projects	696	-	-	-	-	696
T&D Developer Projects	249	-	-	-	-	249
T&D RPU Projects	236	-	-	-	-	236
Total Core Services	2,804	3,410	2,460	4,415	3,349	16,438
Power Resources						
Allocation - RPU Water Facilities	40	42	44	46	48	220
Upgraded Hydro Vac Unit	222	-	-	-	-	222
Allocation - Fleet	80	17	173	211	160	641
Total Field Services	342	59	217	257	208	1,083
Total Outside Expenditures	3,146	3,469	2,677	4,672	3,557	17,521
Total Internal Expenditures	305	254	256	245	258	1,318
Total Contributed Assets	1,100	1,100	1,100	1,100	1,100	5,500
Total Capital Plan	4,551	4,823	4,033	6,017	4,915	24,339
Total Capital & Major Maintenance Plan	5,092	5,344	4,600	6,482	5,267	26,785

ROCHESTER PUBLIC UTILITIES

2018

PERSONNEL BUDGET

**ROCHESTER PUBLIC UTILITIES
2018 PERSONNEL BUDGET**

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Permanent Staff Per Customer Served/Retail Sales	1
Permanent and Temporary Staffing Comparison	2

**ROCHESTER PUBLIC UTILITIES
2018 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>
2018	95,802 ⁽¹⁾	161,519,228 ⁽¹⁾	198 ⁽²⁾	484	815,754
2017	94,280 ⁽¹⁾	158,237,197 ⁽¹⁾	195 ⁽²⁾	483	811,473
2016	92,608	150,530,034	186	498	809,301
2015	90,607	141,348,745	184	492	768,200
2014	89,130	137,951,085	189	472	729,900

NOTES: Numbers include combined water and electric utilities.

For Electric Utilities, APPA 2015 Retail Customers per Non-Power-Generation Employee for customer size class of 20K-50K customers, is 323. RPU comparison using this criteria and 2016 data is 320.

(1) Forecasted

(2) Staff changes:

Two additional positions in 2017 dedicated to the Storm Water Utility:

GIS Specialist - Storm Water Utility

Customer Relations Representative

One potential reclassification in 2018

Adding three new positions in 2018:

Senior Substation Electrician

IT System Admin

Water Project Engineer

**ROCHESTER PUBLIC UTILITIES
2018 PERSONNEL BUDGET
Regular and Temporary Staffing
Total Costs**

<u>Year</u>	<u>2017 Original budget</u>	<u>2017 Projected</u>	<u>2018 Estimated</u>	<u>Difference 2017 original to 2018</u>	<u>% Change</u>
Regular Employees	\$22,917,101	\$23,719,979	\$26,165,337	\$3,248,236	14.2%
Limited-Term Employees	\$365,710	\$366,776	\$161,914	-\$203,796	-55.7%
Temporary/Contract Labor	<u>\$595,192</u>	<u>\$602,185</u>	<u>\$660,051</u>	<u>\$64,859</u>	<u>10.9%</u>
Total	\$23,878,003	\$24,688,940	\$26,987,302	\$3,109,299	13.0%

NOTE: Estimated cost include base salaries, salary increases, overtime, RPU's share of employee pensions, payroll taxes, and benefits.

ROCHESTER PUBLIC UTILITIES

2018

SUPPLEMENTAL DATA

CAPITAL / OPERATING BUDGETS

**ROCHESTER PUBLIC UTILITIES
2018 SUPPLEMENTAL DATA
CAPITAL / OPERATING BUDGETS**

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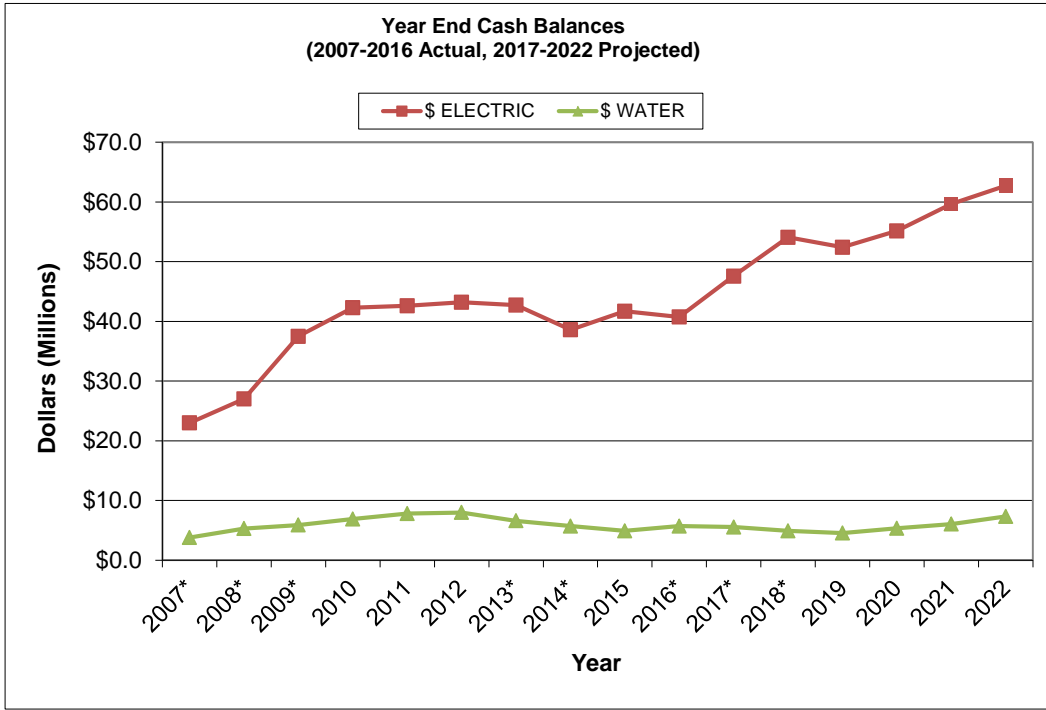
<u>Title</u>	<u>Pages</u>
Electric & Water Rate Increases vs. Inflation	1
Year End Cash Balances	2
RPU Tax and Tax Equivalents	3

**ROCHESTER PUBLIC UTILITIES
2018 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>
2018*	2.0%	1.5%	6.0%	0.0%
2017*	2.3%	3.7%	6.0%	2.0%
2016	1.3%	1.7%	6.0%	6.0%
2015	0.1%	3.5%	3.5%	0.0%
2014	1.6%	3.0%	1.5%	0.0%
2013	1.5%	0.0%	0.0%	0.0%
2012	2.1%	0.0%	0.0%	0.0%
2011	3.2%	0.0%	0.0%	0.0%
2010	1.7%	0.0%	0.0%	4.0%
2009	-0.4%	5.0%	0.0%	6.0%
Annualized Average	1.5%	1.8%	2.3%	1.8%

*Estimated Yearly Values

**ROCHESTER PUBLIC UTILITIES
2018 CAPITAL/OPERATING BUDGETS
YEAR END CASH BALANCES**



Millions of Dollars

<u>Year</u>	<u>YEAR-END REMAINING</u>		<u>\$ WATER</u>
	<u>\$ ELECTRIC</u>	<u>DEBT PROCEEDS ELECTRIC</u>	
2007*	23.0	31.8	3.8
2008*	27.0	8.9	5.3
2009*	37.5	3.6	5.9
2010	42.3		6.9
2011	42.6		7.8
2012	43.2		8.0
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*	47.6	22.2	5.5
2018*	54.1	0.9	4.9
2019	52.4		4.5
2020	55.1	9.1	5.3
2021	59.7	0.1	6.1
2022	62.7		7.3

* 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, and \$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. The Water Utility has had debt financings of \$1.5 million in August 2006. Proposed future debt financings include a \$22.8 million borrowing in 2020 for the Electric Utility.

**ROCHESTER PUBLIC UTILITIES
2018 CAPITAL / OPERATING BUDGETS
RPU ESTIMATED TAX AND TAX EQUIVALENTS**

Utility Licenses, Permits & Penalties	286,315
Water Appropriation Fees	57,522
Payment to General Fund	
Electric	8,655,429
Water	<u>390,290</u>
Total	<u>9,045,719</u>
Sales Tax - Electric & Water	771,737
SMMPA Property Taxes (\$10,853,000 x 42%)	<u>4,558,260</u>
Total Tax & Tax Equivalents	<u><u>14,719,553</u></u>
Electric/Water Retail Sales	<u><u>163,696,294</u></u>
% of Electric/Water Retail Sales	9.0%