



GROTON UTILITIES

ELECTRIC DIVISION

OPERATING AND CAPITAL
BUDGET

2018/2019

Proposed 4/17/2018

UC Approved 4/24/2018

City Council Approved 6/18/2018

Groton Utilities – Electric Division

2018 - 2019 Budget Draft Proposed April 26, 2018

The Fiscal Year 2019 Budget proposal for Groton Utilities is presented with Actual Fiscal Year 2016 and Fiscal Year 2017, Projected June 30, 2018, and the Approved 2018 Budget for comparison purposes.

Revenue and Power Cost Development

Revenues were developed using new rates effective April 1 of 2018 and 2019 including a TCA charge and a credit PPA applied to the period 12 months ended January 31, 2018. Because of the change in the structure of the HVLGS Rate, the unpredictable variances in monthly peak demand and energy use no longer impact the budget revenue development for the one Industrial Non-Manufacturing customer on that rate. Overall, FY 2019 budget kWh usage is approximately 3% lower than the FY 2018 budget. The new rates combined with declining kWh sales results in a 1% (\$402k) reduction in Total Electric Revenue.

Effective April 1, 2018 the power cost to CMEEC will be reduced from \$0.08350/kWh to \$0.07750. In accordance with the COSS the PPA will be set at -\$0.0027/kWh and the TCA will remain unchanged at \$0.00393/kWh. This will result in a utilization of approximately \$3 million of CMEEC Rate Stabilization Funds which will be offset by projected margins of \$1.6 million resulting in a \$1.4 million net reduction in the CMEEC RSF and will reduce the fund balance to approximately \$8 million at the end of FY 2019.

Revenues also include the Conservation and Load Management (CLM) charge of \$.0025, which is capped and unchanged since January 2011.

Non- Bonded Capital Projects

Non-Bonded Capital Projects total \$1.4 million for electric operations and include funding for normal purchases of transformers, meters, and equipment needed to provide services to the existing customer base and potential new customers. In addition, funding has been included for projects deemed a priority for the coming fiscal year:

- Replacement of Operation Center Roof cost shared 50/50 with Water Division
- AMI meters
- Reclosure Installations at various Locations
- SCADA Network Hardware Replacement and Software
- Purchase a Portable Three Phase Meter Tester
- Automation of Outage Management System in Vehicles
- Replacement of aging Substation protective relay equipment
- Capacitor Controllers/Switches for power factor correction and voltage control
- Non Bonded IT Capital projects totaling \$460k, of which \$276k is allocated to the Electric Division

- Non Bonded Customer Care Capital projects totaling \$156k of which \$94k is allocated to the electric Division

In addition, an estimated \$250k will be utilized from the vehicle replacement fund for the replacement vehicles which will be offset by a FY 2019 contribution of \$100k.

Bond Capital Projects

Planned Capital projects that are funded by approved 2016 bond funds total \$4 million and include:

- Transmission Line Pole replacements
- Buddington S/S Upgrade Relaying and Breaker replacements, SCADA IED replacement.
- Distribution Pole Replacements
- Military Highway Reconductoring with tree wire
- Reconductor Star Hill Rd. and Lestertown Rd.
- Pleasant Valley S/S replace electro Mechanical relays
- Traffic light and controller upgrade at three locations
- Network Infrastructure Upgrade (GCPD DC)

Electric/Water/Sewer Division Allocation

The ratio for dividing non-direct expenses between the Electric and Water and Sewer Divisions are 60/30/10% (Electric/Water/Sewer) and the cost associated with Promotions and Demonstrating & Selling expenses allocation will remain at 50/50% (Electric/Water) because the costs incurred in this area generally promote the utility as a whole and not necessarily based on customer segments. Expenses related specifically to an individual department will be allocated accordingly.

Operating Expenses

Expenses were developed using actual and historical information and adjusted for known changes. Total Operating & Maintenance Expense increased 3% net overall from last year's budget and 6% net overall from 2018 projected actual.

Electric Operations 2000-9000: Electric Operations payroll expense is 2% more than last year's budget. Aside from normal increases required by union contract, there are no new positions for the FY 2019 budget. There are currently six unfilled positions that remain in the budget: General Manager, Electrical Engineer, SCADA Engineer, CBYD/GIS Project Manager, Learner Lineperson, and Apprentice Electrician. Also, the electric and water division will 50/50 cost share the stock room personnel.

Non-labor Electric Operations Expenses increased 23% over last year's budget and again includes a full year of tree trimming service for two crews. The primary drivers of the increase are: Tree Trimmers/Climbers to maintain feeders to Pfizer, EB and the City of Groton in areas that cannot be accessed by Tree Trimming Equipment 10%, Cost for a Trimming Permissioner 2%, Pool Transmission Facilities (PTF) Relay Testing 4%, Timble/GIS 4%, and increased vehicle maintenance cost 3%.

Customer Care 4000-4800: Customer Care Payroll increased 1% net overall compared to last year's budget. Aside from normal increases required by union contract, there is one new position – Billing/Analytic Specialist. Reallocation of costs between the Electric Water and Sewer Division helped reduce the effect of increases.

Non-labor Customer Care expenses increased 5% net over last year's budget. The increase is primarily driven by a proposed incentive for customers to upgrade non-compliant electric service entrances to allow the installation of AMI meters. The Customer Care Economic Development cost center component remains the same as last year.

Conservation & Load Management 4900: Conservation and Load Management Expenses is the product of the total applicable kWh sales times \$0.0025 and charged as a separate statement line item to customers and in addition funds a considerable portion of the Key Account budget.

Info. & Tech. 5000: IT payroll expense is decreased by 14% overall compared to last year's budget primarily due to the elimination of the Information Security compliance Administrator position that was not filled combined with the reallocation of costs between the Electric, Water and Sewer Division.

Non-labor IT expenses decreased 5% primarily due to a reduction in planned projects that would normally be expensed. Reallocation of costs to the Sewer Division also helped reduce the effect of increases.

Administration 9000: Administration payroll expense Increased 8% net overall compared to last year's budget and includes \$25k split between the Electric, Water and Sewer Divisions to provide for discretionary merit increases. In addition there is one new position proposed (Financial Manager I) needed to more equitably distribute the work flow in the understaffed Utility Financial Section as well as overlap funding for the FY 2019 replacement of a key utility financial personnel retirement. Offset by the reallocation of costs to the Sewer Division. The General Manager – Utility Finance will officially retire February 1, 2019.

Non-labor Administration expenses overall net decreased of 1% compared to last year's budget is primarily driven by the reallocation of expenses between the Electric, Water and Sewer Divisions. The budget continues to fund a \$50k discretionary fund line item in cost center 9000 as previously authorized by Resolution-06-6-63 which is allocated between the Electric, Water and Sewer Divisions.

Administrative and General Expenses 9900: Administrative and General Expenses budget increased 3% over last year. Many of the expenses in this cost center are specific to the department and are offset by the reallocation of costs between the Electric, Water and Sewer Division where applicable. General Insurances estimated to increase 26%, and Medical Insurance is estimated to increase 3%. Pension expense, estimated to

increase 21%, is offset by the OPEB adjustment for FY 2019 estimated to decline 31% from FY 2018 and fully offset the pension expense increase. Rent expense increased 13% for the Electric Division share (\$75,000 x 60%) of the proposed relocation of the GU Administration, GU Finance, Key Accounts and IT departments out of the Municipal Building which does not provide the space requirement of the departments. Furniture requirement for the new location will be funded by current cash availability estimated at \$75k.

Return to the City: The return to the city is based on the current fiscal year projected earnings of the electric division as of February 15th. A conservative projection of the FY 2018 earnings for the Electric Division at that time resulted in earnings that are expected to exceed FY 2018 budget earnings by about \$400k. According to the provision the range of contributions could not be greater than 85% of the current year's projected earnings but not less than 90% or not more than 115% of the previous years' payment. Therefore, the Return to the City for the FY 2019 Budget may be set at 115% of the previous year's payment, the maximum allowed by the guiding formula. This would increase the payment to the City an estimated \$600k from \$4.1 million to \$4.7 million which would have a severely detrimental impact on the cash requirements of the Electric Division to meet debt service obligations and invest in capital improvements necessary for continued quality of service. Consequently, **the City will not require any increase in contribution from the Electric Division for FY 2019.**

In addition to the required cash contribution, the utility pays the city for rent and services and provides the city with other services valued in excess of \$2 million for a total value of the Electric Division to the city of \$6.1 million.

Operating Earnings and Net Cash Flow: Operating Earnings resulting from the proposed budget are \$4.6 million. The COSS targeted Operating Earnings were \$5.3 million. The FY 2019 Budget is proposing Operating Earnings just slightly below the COSS target. Proposed FY 2019 Net Income combined with depreciation cash, vehicle reserves and bond funds provides approximately \$9 million to fund Reserve Contributions, Capital Investments, and Debt Service requirements. This results in a Net Increase in Cash Flow from Operation in the proposed FY 2019 Budget of approximately \$202k which increases the FY 2019 Total Ending Cash Balance to \$17.8 million which is on target with the COSS Projected Cash Balance of \$18 million.

Approval Recommendation

The Proposed budgets for FY 2019 will afford the Electric Division to:

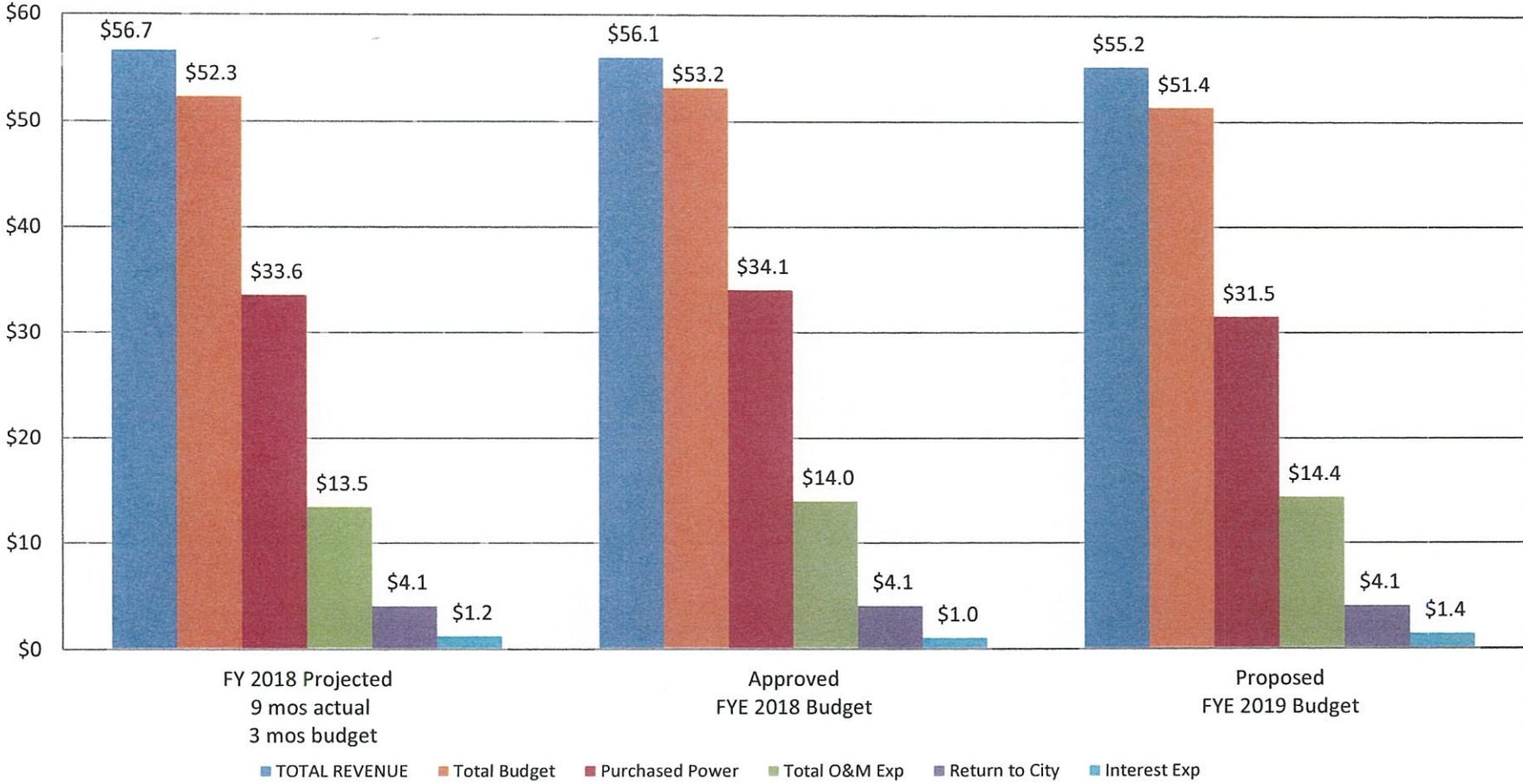
1. Meet debt service requirements and fund growing infrastructure and technology needs.
2. Allow for the efficient operation and maintenance of the electric distribution system.
3. Support compensation plans sufficient to attract and retain skilled, high-tech workers.
4. Continue to provide highly reliable and responsive service that the customers expect and at rates that are fair, competitive and viewed as providing value to the customer.

GROTON UTILITIES

Contributions To The City of Groton PROPOSED BUDGET 2018 - 2019

Rent 295 Meridian	Electric	\$	81,029	
Rent 295 Meridian	Water		40,514	
Rent 295 Meridian	Sewer		13,505	
Free Electric			275,000	
Free Water			9,500	
Free Sewer			9,874	
Gravel Sales contributed by Water Division			50,000	
City Day Electric			6,000	
City Day Water			3,000	
City Day Sewer			1,000	
Concerts in Park Electric			9,000	
Concerts in Park Water			9,000	
City Services - Electric			5,000	
City Services - Water			10,000	
Rent on Watershed Property			10,000	
City Safety Program Electric			22,440	
City Safety Program Water			11,220	
City Safety Program Sewer			3,740	
Building Maintenance Labor 25%			33,000	Not Including Benefits
Building Maintenance Allocation			19,100	
Maint. City Assessment			47,000	
Accounting Service Electric	}		198,910	
Finance Dept Allocation			99,455	
			33,152	
HR 50%			110,343	
IT Support			854,525	User Based
IT Capital Projects for City			<u>225,758</u>	
Subtotal		\$	2,191,065	
Cash Contribution		\$	4,071,140	
Total		<u>\$</u>	<u>6,262,205</u>	
		\$	6,136,302	

Groton Utilities Electric Division Budget Comparisons (in millions)



GROTON UTILITIES

ELECTRIC DIVISION

2018/2019 BUDGET

REVENUE *page 1*

OPERATING EARNINGS..... *page 2*

INTEREST & OTHER..... *page 3*

CASH FLOW..... *page 4*

PROFORMA..... *page 5*

CAPITOL PROJECTS *page 6 -8*

GROTON UTILITIES

Electric Division 005 Budget Revenue

	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected 9 mos actual 3 mos budget	Approved FYE 2018 Budget	Proposed FYE 2019 Budget	Variance 2018 Budget vs. 2019 Budget		Variance 2017 Actual vs. 2019 Budget	
OPERATING REVENUES									
Residential & Solar Customers	\$ 15,503,427	\$ 15,911,665	15,552,580	\$15,539,782	\$15,670,103	\$ 130,321	1%	\$ (241,562)	-2%
Commercial	14,754,945	14,803,729	14,202,082	\$14,520,598	\$14,322,920	(197,678)	-1%	(480,809)	-3%
Commercial - Flat Rate	88,552	88,552	87,023	\$87,025	\$89,724	2,699	3%	1,172	1%
Industrial - Non Manufacturing	10,860,860	10,205,933	9,258,981	\$9,762,994	\$9,343,766	(419,228)	-4%	(862,166)	-8%
Industrial - Manufacturing	6,355,283	6,809,347	6,832,880	\$6,754,214	\$6,828,802	74,588	1%	19,455	0%
Street and Area Lighting	542,950	545,015	539,453	\$543,706	\$536,804	(6,902)	-1%	(8,211)	-2%
Sales for Resale	779,632	798,277	776,967	\$774,320	\$788,834	14,514	0.0187	(9,443)	-1%
TOTAL ELECTRIC REVENUE	\$ 48,885,648	\$ 49,162,518	\$ 47,249,966	\$ 47,982,639	\$ 47,580,953	\$ (401,686)	-1%	\$ (1,581,565)	-3%
Industrial Pass Through Revenue	7,266,309	6,132,483	6,720,407	6,752,959	6,609,578	\$ (143,381)	-2%	\$ 477,095	8%
Total Sale of Electricity	\$ 56,151,956	\$ 55,295,001	\$ 53,970,373	\$ 54,735,598	\$ 54,190,531	\$ (545,067)	-1%	\$ (1,104,470)	-2%
OTHER OPERATING REVENUES									
Late Payment Penalties	93,344	79,709	73,681	90,000	90,000	\$ -	0%	\$ 10,291	13%
Miscellaneous Service Revenue	161,355	82,655	81,580	80,000	85,000	5,000	6%	2,345	3%
Customer Service Charges	1,685	2,340	2,960	3,000	3,500	500	17%	1,160	50%
CATV Pole Rental Revenue	41,650	55,741	55,741	56,000	56,000	-	0%	259	0%
Rent from TVC Rental Space	33,652	33,835	34,248	34,500	35,000	500	1%	1,165	3%
BL&P AMI System Rental	55,949	56,072	46,691	56,200	56,200	-	100%	128	0%
cash over/ short	(83)	(104)	(64)						
Total Other Operating Revenues	387,552	310,248	294,837	319,700	325,700	\$ 6,000	2%	\$ 15,452	5%

Revenue Assumptions:

Revenues are based on adjusted 12 mos ended January 31, 2018 with adjustments to residential for weather and normalization estimates for Industrial-Non-Manufacturing

Include PPA of $-\$0.0027$ Effective 4/1/2018

Include PPA of $-\$0.0055$ Effective 4/1/2019

Include current TCA of $\$0.003930$

Include $\$0.0025$ CLM.

GROTON UTILITIES
Electric Division 005 Budget Summary
OPERATING EARNINGS

	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected 9 mos actual 3 mos budget	Approved FYE 2018 Budget	Proposed FYE 2019 Budget	Variance 2018 Budget vs. 2019 Budget		Variance 2017 Actual vs. 2019 Budget		
REVENUE:										
TOTAL ELECTRIC REVENUE	\$ 48,885,648	\$ 49,162,518	\$ 47,249,966	\$ 47,982,639	\$ 47,580,953	\$ (401,686)	-1%	\$ (1,581,565)	-3%	
PASS THROUGH ENERGY	7,266,309	6,132,483	6,720,407	6,752,959	6,609,578	(143,381)	-2%	477,095	8%	
OTHER ELECTRIC REVENUE	387,552	310,248	294,837	319,700	325,700	6,000	2%	15,452	5%	
TOTAL REVENUE	\$ 56,539,508	\$ 55,605,249	\$ 54,265,210	\$ 55,055,298	\$ 54,516,231	\$ (539,067)	-1%	\$ (1,089,018)	-2%	
EXPENSES:										
PURCHASED POWER @ 8.6 base	29,702,191	28,483,407	26,855,847	27,301,924	24,894,039	(2,407,885)	-9%	(3,589,368)	-13%	
PASS THROUGH COST	7,266,609	6,132,482	6,720,407	6,752,959	6,609,578	(143,381)	-2%	477,095	8%	
TOTAL POWER COST	\$ 36,968,800	\$ 34,615,889	\$ 33,576,255	\$ 34,054,883	\$ 31,503,617	\$ (2,551,266)	-7%	\$ (3,112,272)	-9%	
OPERATION & MAINTENANCE EXPENSE										
Electric Operations 2000-2900 ²⁵⁰⁰	Payroll	2,294,777	2,665,946	2,724,287	2,386,409	2,424,097	37,688	2%	(241,849)	-9%
Customer Care 4000 - 4900	Payroll	744,923	735,808	641,613	651,400	657,600	6,200	1%	(78,208)	-11%
Info & Tech 5000	Payroll	311,964	395,611	487,569	586,300	503,300	(83,000)	-14%	107,689	27%
Administration 9000	Payroll	483,545	459,547	523,212	541,997	583,000	41,003	8%	123,453	27%
Administrative & General 9900	Payroll	-	-	-	-	-	-	-	-	-
Subtotal	\$ 3,835,209	\$ 4,256,913	\$ 4,376,681	\$ 4,166,106	\$ 4,167,997	\$ 1,891	0%	\$ (88,916)	-2%	
Electric Operations 2000-2900 ²⁸⁰⁰	Other	1,221,840	1,313,156	1,357,878	1,402,421	1,727,678	325,257	23%	414,522	32%
Customer Care 4000 - 4800	Other	274,006	352,950	343,717	540,215	567,450	27,235	5%	214,500	61%
Conservation & Load Management 4900	Other	896,048	915,777	929,353	875,661	917,228	41,567	5%	1,451	0%
Info & Tech 5000	Other	402,351	540,764	453,868	567,730	539,100	(28,630)	-5%	(1,664)	0%
Administration 9000	Other	116,555	151,738	156,807	259,802	256,800	(3,002)	-1%	105,062	69%
Administrative & General 9900	Other	1,984,776	2,142,605	2,365,304	2,630,953	2,717,666	86,713	3%	575,061	27%
Return to the City	Other	3,587,412	3,540,141	4,071,158	4,071,162	4,071,140	(22)	0%	530,999	15%
Subtotal	\$ 8,482,989	\$ 8,957,131	\$ 9,678,084	\$ 10,347,945	\$ 10,797,062	\$ 449,118	4%	\$ 1,839,931	21%	
Total Operating & Maintenance Expense	12,318,198	13,214,044	14,054,765	14,514,051	14,965,059	451,009	3%	1,751,015	13%	
DEPRECIATION	1,771,046	1,828,489	1,839,048	1,881,709	1,841,400	(40,309)	-2%	12,911	1%	
TAXES										
Electric Operations 2000-2900 ²⁸⁰⁰	Payroll Tax	298,845	315,077	318,615	325,000	321,100	(3,900)	-1%	6,023	2%
Customer Care 4000 - 4900	Payroll Tax	50,146	47,592	55,757	61,300	61,700	400	1%	14,108	30%
Info & Tech 5000	Payroll Tax	23,001	29,103	36,296	44,850	38,500	(6,350)	-14%	9,397	32%
Administration 9000	Payroll Tax	32,291	29,169	34,894	40,220	44,200	3,980	10%	15,031	52%
Administrative & General 9900	Payroll Tax	-	-	-	-	-	-	-	-	-
\$ 404,283	\$ 420,941	\$ 445,562	\$ 471,370	\$ 465,500	\$ (5,870)	-1%	\$ 44,559	11%		
Gross Receipts Tax Est at 2.225% of total Electric Revenue	1,226,455	1,229,261	1,185,537	1,198,376	1,181,190	(17,186)	-1%	(48,071)	-4%	
Total Taxes	1,630,738	1,650,201	1,631,099	1,669,746	1,646,690	(23,056)	-1%	(3,512)	0%	
TOTAL OPERATING EXPENSE	\$ 52,688,782	\$ 51,308,623	\$ 51,101,167	\$ 52,120,387	\$ 49,956,766	\$ (2,163,621)	-4%	\$ (1,351,857)	-3%	
OPERATING EARNINGS	\$ 3,850,726	\$ 4,296,626	\$ 3,164,043	\$ 2,934,911	\$ 4,559,465	\$ 1,624,554	55%	\$ 262,839	6%	

GROTON UTILITIES

Electric Division 005 Budget Interest & Other Charges

	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected 9 mos actual 3 mos budget	Approved FYE 2018 Budget	Proposed FYE 2019 Budget	Variance 2018 Budget vs. 2019 Budget		Variance 2017 Actual vs. 2019 Budget	
OPERATING EARNINGS	\$ 3,850,726	\$ 4,296,626	\$ 3,164,043	\$ 2,934,911	\$ 4,559,465	\$ 1,624,554	55%	\$ 262,839	6%
INTEREST & OTHER CHARGES:									
Merchandising & Jobing Contract Expense	106,556	214,984	145,678	174,418	171,027	(3,391)	-2%	(43,957)	-20%
Bond Interest Expense GU	503,833	510,160	646,326	457,044	747,209	290,165	63%	237,049	46%
Bond Interest Expense TVC	826,279	760,976	720,490	720,490	661,753	(58,738)	-8%	(99,223)	-13%
Amort.Of Premium On Debt (Cr)	(68,238)	(220,605)	(166,226)	(158,000)	(10,769)	147,231	-93%	209,836	-95%
Interest Expense Other	14,597	14,217	14,510	15,000	15,000	-	0%	783	6%
Subtotal Other Expense	\$ 1,383,028	\$ 1,279,732	\$ 1,360,778	\$ 1,208,951	\$ 1,584,219	\$ 375,268	31%	\$ 304,487	24%
Merchandising & Jobing Contract Income	106,556	213,009	161,214	227,662	226,027	(1,635)	-1%	13,018	6%
Interest Income	372,924	372,985	373,008	373,217	373,217	-	0%	232	0%
Misc. Non Operating Income TVC	12,383	218	191	300	-	(300)	-	(218)	-100%
Misc. Income	11,559	290,142	2,011,179	570,000	285,000	(285,000)	-50%	(5,142)	-2%
Gain/(loss) on Disposition of Property	(81,119)	(9,862)	5,203	-	-	-	-	9,862	-100%
Subtotal Other Income	\$ 422,303	\$ 866,492	\$ 2,550,795	\$ 1,171,179	\$ 884,243	\$ (286,935)	-24%	\$ 17,751	2%
TOTAL INTEREST AND OTHER CHARGES	(960,724)	(413,239)	1,190,017	(37,773)	(699,976)	(662,203)	1753%	(286,737)	69%
Sub Total Net Earnings	\$ 2,890,003	\$ 3,883,387	\$ 4,354,060	\$ 2,897,138	\$ 3,859,489	\$ 962,351	33%	\$ (23,897)	-1%
Miscellaneous Income Deduction for TVC	3,128	2,733	3,741	-	-	-	-	(2,733)	-100%
NET EARNINGS	\$ 2,886,874	\$ 3,880,654	\$ 4,350,319	\$ 2,897,138	\$ 3,859,489	\$ 962,351	33%	\$ (21,165)	-1%

GROTON UTILITIES					
Electric Division					
PROJECTED CASH FLOW					
BASED ON PROPOSED BUDGET					
	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected 9 mos actual 3 mos budget	Approved FYE 2018 Budget	Proposed FYE 2019 Budget
NET EARNINGS	\$ 2,886,874	\$ 3,880,654	\$ 4,350,319	\$ 2,897,138	\$ 3,859,489
PLUS:					
DEPRECIATION	1,771,046	1,828,489	1,839,048	1,881,709	1,841,400
Commission received from Energy upgrade projects		1,117,767	1,117,767		
RECEIPT from Bond Funds	2,015,094	1,468,319	3,452,508	3,759,284	3,683,284
RECEIPT from Vehicle Replacement Reserve	40,533	330,502	281,977	270,000	250,000
TOTAL FUNDS GENERATED	\$ 6,713,547	\$ 8,625,731	\$ 11,041,619	\$ 8,808,131	\$ 9,634,173
LESS:					
Operations NONBONDED CAPITAL:					
Projects	988,433	1,176,788	825,518	1,023,250	1,353,848
Vehicles	40,533	346,303	281,977	270,000	250,000
Operations BOND FUNDED CAPITAL Projects	2,015,094	1,468,319	3,452,508	3,759,284	3,484,508
Amortization/Deferral of Commissions Received in 2016			279,438	558,876	279,438
BOND PRINCIPAL REQUIREMENTS GU Electric	1,200,000	1,355,000	1,355,000	1,285,000	1,749,000
BOND PRINCIPAL REQUIREMENTS TVC	1,625,000	1,695,000	1,695,000	1,725,000	1,720,000
Restrict Cash for New Software			500,000		
WORKING CAPITAL	(545,903)	311,984	50,000	50,000	50,000
CASH RESERVE FOR VEHICLE REPLACEMENTS	100,000	100,000	100,000	100,000	100,000
ROAD AND PARKING LOT MAINT. EXPENSE RESERVE	12,000	12,000	-	-	0
IT Non Bonded Capital Projects Electric Division Allocation	233,413	104,047	306,800	335,400	276,000
CC Non Bonded Capital Projects Approved		821	70,850		94,400
Furniture For Relocations					75,000
TOTAL FUNDS REQUIRED	\$ 5,668,570	\$ 6,570,262	\$ 8,917,091	\$ 9,106,810	\$ 9,432,194
NET INCREASE (DECREASE) IN CASH FROM OPERATIONS	\$ 1,044,978	\$ 2,055,469	\$ 2,124,528	\$ (298,679)	\$ 201,979
Plus Total Beginning Cash Balance	12,376,746	13,421,724	15,477,193	15,477,193	17,601,721
Total Ending Cash Balance	13,421,724	15,477,193	17,601,721	15,178,514	17,803,700
Less Funds Received for LED Conversion			(856,000)		(856,000)
Less Electric Restricted Fund	(1,246,409)	(1,127,908)	(1,227,908)	(1,227,908)	(1,127,908)
NET UNRESTRICTED CASH	12,175,315	14,349,285	15,517,813	13,950,606	15,819,792

GROTON UTILITIES

ELECTRIC DIVISION

2018/2019 BUDGET

PROFORMA ANALYSIS

1 GROTON UTILITIES - ELECTRIC DIVISION						
2 PROFORMA INCOME STATEMENT						
	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected 9 mos actual 3 mos budget	Approved FYE 2018 Budget	Proposed FYE 2019 Budget	
11						
12	REVENUE:					
13	Residential	\$ 15,503,427	\$ 15,911,665	\$ 15,552,580	\$ 15,539,782	\$ 15,670,103
14	Commercial	14,754,945	14,803,729	14,202,082	14,520,598	14,322,920
15	Commercial - Flat Rate	88,552	88,552	87,023	87,025	89,724
16	Industrial - Non Manufacturing	10,860,860	10,205,933	9,258,981	9,762,994	9,343,766
17	Industrial - Manufacturing	6,355,283	6,809,347	6,832,880	6,754,214	6,828,802
18	Street and Area Lighting	542,950	545,015	539,453	543,706	536,804
19	Sales for Resale	779,632	798,277	776,967	774,320	788,834
20						
22	TOTAL ELECTRIC REVENUE	\$ 48,885,648	\$ 49,162,518	\$ 47,249,966	\$ 47,982,639	\$ 47,580,953
23						
24	Industrial Pass Through Energy	7,266,309	6,132,483	6,720,407	6,752,959	6,609,578
25						
26	OTHER ELECTRIC REVENUE	387,552	310,248	294,837	319,700	325,700
27						
28	TOTAL REVENUE	\$ 56,539,508	\$ 55,605,249	\$ 54,265,210	\$ 55,055,298	\$ 54,516,231
29						
30	EXPENSES:					
31	Purchased Power	29,702,191	28,483,407	26,855,847	27,301,924	24,894,039
32	Industrial Pass Through Power Cost	7,266,609	6,132,482	6,720,407	6,752,959	6,609,578
33	Operation Expense	7,645,614	8,598,014	8,921,235	9,267,228	9,701,691
34	Return to the City	3,587,412	3,540,141	4,071,158	4,071,162	4,071,140
35	Conservation & Load Management Charge	811,584	811,584	813,857	875,661	917,228
36	Less City Electric Service	273,588	264,305	248,516	300,000	275,000
37	Depreciation	1,771,046	1,828,489	1,839,048	1,881,709	1,841,400
38						
39	Taxes	1,630,738	1,650,201	1,631,099	1,669,746	1,646,690
40						
41	TOTAL OPERATING EXPENSE	\$ 52,688,783	\$ 51,308,624	\$ 51,101,168	\$ 52,120,388	\$ 49,956,766
42						
43	OPERATING EARNINGS	\$ 3,850,725	\$ 4,296,625	\$ 3,164,042	\$ 2,934,910	\$ 4,559,465
44						
45	INTEREST & OTHER CHARGES:					
46	Plus Other Income & Deductions net	312,618	648,775	2,401,376	996,761	713,217
47						
48	Less Interest on Long Term Debt	1,261,874	1,050,531	1,200,590	1,019,534	1,398,193
49						
50	Less Other Interest	14,597	14,217	14,510	15,000	15,000
51						
52	TOTAL INTEREST AND OTHER CHARGES	\$ 963,853	\$ 415,973	\$ (1,186,276)	\$ 37,773	\$ 699,976
53						
54	NET EARNINGS	\$ 2,886,872	\$ 3,880,652	\$ 4,350,318	\$ 2,897,137	\$ 3,859,489
55						
60	PROFORMA CASH FLOW					
61	NET EARNINGS	\$ 2,886,872	\$ 3,880,652	\$ 4,350,318	\$ 2,897,137	\$ 3,859,489
62						
63	PLUS:					
64	DEPRECIATION	1,771,046	1,828,489	1,839,048	1,881,709	1,841,400
65						
66	Commission Received from Energy Upgrade Project		1,117,767	1,117,767		
67	RECEIPT from Vehicle Replacement Reserve	40,533	330,502	281,977	270,000	250,000
68	RECEIPT from Bond Funds	2,015,094	1,468,319	3,452,508	3,759,284	3,683,284
69						
70	TOTAL FUNDS GENERATED	\$ 6,713,545	\$ 8,625,729	\$ 11,041,618	\$ 8,808,130	\$ 9,634,173
71						
72	LESS:					
73	NONBONDED CAPITAL PROJECTS	988,433	1,176,788	825,518	1,023,250	1,353,848
74	Operations Bond funded Capital Projects	2,015,094	1,468,319	3,452,508	3,759,284	3,484,508
75	Vehicle Replacements	40,533	346,303	281,977	270,000	250,000
76	Amortization/Deferral of Commissions Received in 2016			279,438	558,876	279,438
77	BOND PRINCIPAL REQUIREMENTS	1,200,000	1,355,000	1,355,000	1,285,000	1,749,000
78	Restrict Cash for New Software			500,000		
79	Bond Principal Requirements TVC	1,625,000	1,695,000	1,695,000	1,725,000	1,720,000
80	WORKING CAPITAL	(545,903)	311,984	50,000	50,000	50,000
81	CAPITAL RESERVE FOR VEHICLE REPLACEMENTS	100,000	100,000	100,000	100,000	100,000
82	ROAD & PARKING LOT MAINT RESERVE	12,000	12,000	-	-	-
83	IT Projects	233,413	104,047	306,800	335,400	276,000
84	CC Software Replacement funded with restricted fund	-	-			
85	CC Non Bonded Capitol Projects		821	70,850	-	94,400
86	Furniture for Relocation				-	75,000
87						
88	TOTAL FUNDS REQUIRED	\$ 5,668,570	\$ 6,570,262	\$ 8,917,091	\$ 9,106,810	\$ 9,432,194
89						
90	NET INCREASE (DECREASE) IN CASH FROM OPERATIONS	\$ 1,044,976	\$ 2,055,467	\$ 2,124,527	\$ (298,680)	\$ 201,979
91						
92	Plus Total Beginning Cash Balance	12,376,746	13,421,724	15,477,193	15,477,193	17,601,721
93	Total Ending Cash Balance	13,421,724	15,477,193	17,601,721	15,178,514	17,803,700
94						
95	Less Funds Received for LED Conversion	-	-	-	-	(856,000)
96	Less Electric Restricted Fund	(1,246,409)	(1,127,908)	(1,227,908)	(1,227,908)	(1,127,908)
97						
98	NET UNRESTRICTED CASH	12,175,315	14,349,285	15,517,813	13,950,606	15,819,792

GROTON UTILITIES

ELECTRIC DIVISION

2018/2019 BUDGET

CAPITAL PROJECTS

**COST ESTIMATE SUMMARY
BUDGET - FISCAL YEAR 2017/2018**

NON-BONDED CAPITAL PROJECTS						
Project #	PROJECT	GL Act #	LABOR COSTS	MATERIAL COSTS	TOTAL COSTS	NOTES
	Mass Assets - Poles, Anchors, Cross arms	364	\$ -	\$ -	\$ -	Install poles, anchors and cross arms for new services, pole extensions and pole replacements
	Mass Assets - Various OH Distribution Projects	365	\$ 196,532	\$ 49,536	246,068	Install OH distribution conductors for new services and pole line extensions.
	Mass Assets - Various UG Distribution Projects	366	\$ 18,657	\$ 5,344	24,000	Install underground conductors for new services and UG distribution extensions.
	Mass Assets - Various OH Services	369	\$ 26,231	\$ 3,738	29,969	Install OH service conductors to new buildings.
	Mass Assets - Various UG Services	369	\$ 19,568	\$ 6,478	26,046	Install UG service conductors to new buildings.
	Mass Assets - OH Streetlights	373	\$ 18,389	\$ 4,851	23,241	Install new OH streetlight fixtures as needed.
	Mass Assets - UG Streetlights	373	\$ 18,509	\$ 10,751	29,260	Install new UG development streetlight fixtures as needed.
	Mass Assets - Transformers	368	\$ 62,092	\$ 76,525	138,617	Install transformers for new services.
	Mass Asset Total		\$ 359,977	\$ 157,223	517,200	
	50% Operation Center Roof Replacement			\$ 50,000	50,000	Replacement of Operations Roof 50/50 share with Water Division
	New AMI Meter Purchases	370	\$ 25,000	\$ 87,992	112,992	AMI meter replacements and new customer installations
	Recloser Installations	365	\$ 26,302	\$ 154,680	180,982	Install reclosers at various locations to improve reliability
	SCADA Network Hardware Replacement	353		\$ 75,000	\$ 75,000	To allow direct communications to CONVEX with OP 18 data, status and telemetry and eliminate the virtual remote
	SCADA - Prism Software/Hardware	353		\$ 150,000	\$ 150,000	purchase test equipment to detect power quality issues prior to failure, test and report power quality issues and test relays that contractors currently perform
	Meter Field Commercial Three Phase Tester			\$ 35,000	\$ 35,000	Portable Commercial Three Phase Meter Tester
	Insulation Tester, Megger		\$ -	\$ 65,000	\$ 65,000	Purchase test equipment to detect power quality issues
	Trimble AVL Project			\$ 62,000	\$ 62,000	Automation of Outage Management System in Vehicles
	Substation Replacement Equipment		\$ 14,500	\$ 24,500	\$ 39,000	Replace various aging protection relays at electric
	Capacitor Controllers/Switches		\$ 31,562	\$ 35,112	\$ 66,674	Power factor correction and voltage control
	Total Non-Bonded Projects		\$ 457,341	\$ 896,507	\$ 1,353,848	

BOND FUNDED CAPITAL PROJECTS							
	PROJECT	GL Act #	LABOR COSTS	MATERIAL COSTS	TOTAL COSTS	NOTES	Bond Fund
1	Transmission Line Pole Replacements	354, 355	\$ -	\$ 478,500	\$ 478,500	Replace aging infrastructure; poles, cross arms and insulators	2016
2	Buddington S/S - Upgrade Relaying	362	\$ 97,557	\$ 262,789	\$ 360,346	Design and install new protection scheme	2016
3	Buddington S/S - (3) Breakers 33kV bus #1	362	\$ 67,500	\$ 53,801	\$ 121,301	Replace three aging breakers on bus #1 at Buddington S/S	2016
4	Pleasant Valley S/S - Replace Electro Mechanical Relays	362	\$ 28,423	\$ 42,636	\$ 71,059	Upgrade existing electro mechanical relays	2016
5	Distribution Pole Replacement	364, 365	\$ 175,890	\$ 195,236	\$ 371,126	Replace aging infrastructure; poles, cross arms and insulators	2016
6	Military Highway - Reconductor - Phase 1		\$ 129,979	\$ 74,216	\$ 204,195	Reconductor with tree wire	2016
7	Military Highway - Reconductor - Phase 2		\$ 151,923	\$ 47,864	\$ 199,787	Reconductor with tree wire	2016
8	Star Hill Rd. and Lestertown Rd. Reconductor		\$ 336,686	\$ 115,889	\$ 452,575	Reconductor with tree wire	2016
9	Rt. #12 - 13.8 kV tie line - Trails to Pleasant Valley S/S	367	\$ 181,907	\$ 495,098	\$ 677,005	Install underground conduit and cable connecting two substations	2016
10	SCADA Replace field devices	365	\$ 14,500	\$ 50,000	\$ 64,500	Upgrade capacitor and install air-brake switch controllers	2016
11	Buddington S/S - SCADA - Replace IEDs	362	\$ 17,550	\$ 40,000	\$ 57,550	Replace existing Intelligent Electronic Devices	2016
12	Buddington S/S - Replace 400-16L-2 breaker	353	\$ 8,400	\$ 55,520	\$ 63,920	Replace aging infrastructure - 400 breaker	2016
12	Traffic Light - Smith and Thames St. - Upgrade	373	\$ 63,283	\$ 72,397	\$ 135,680	Replace aging infrastructure- traffic and controller	2016
13	Traffic Light - School and Thames St. - Upgrade	373	\$ 54,560	\$ 75,166	\$ 129,726	Replace aging infrastructure- traffic and controller	2016
14	Traffic Light - Broad St. and Thames St. - Upgrade	373	\$ 49,426	\$ 72,588	\$ 122,014	Replace aging infrastructure- traffic and controller	2016
15	Network Infrastructure Upgrade (GCPD DC)	IT		\$ 174,000	\$ 174,000		2016
Total Bond Funded Projects			\$ 1,377,584	\$ 2,305,700	\$ 3,683,284		
Total Bonded/Non-Bonded			1,834,925	3,202,207	5,037,132		

CAPITAL BUDGET- FY 2018/2019	
Corrected	
ELECTRIC DIVISION	
IT Department	
Proposed Non-Bonded Capital Projects	2087-2019
	Proposed
New for 2018-2019 Budget:	
Network Security Enhancement	\$ 45,000
Renovations to Office Space	65,000
OPS Network Switch	150,000
Carry-over from 2017-2018 Budget:	
Replace HVAC in Ops Data Center	40,000
Document Management System Phase 2	75,000
GCPD Data Center (excess over bond issue)	85,000
TOTAL	\$ 460,000
Electric Allocation	\$ 276,000
Water Allocation	\$ 138,000
Sewer Allocation	46,000
Total	460,000
Customer Care Department	
Carry over from 2018-2019 Budget	\$ 107,000.00
Carpeting	\$ 12,000
Asbestos Removal	\$ 15,000
Key Accounts Software (Smart Works)	\$ 22,000.00
Total	\$ 156,000.00
Electric Allocation	\$ 94,400.00
Water Allocation	\$ 46,800.00
Sewer Allocation	\$ 15,600.00