



GROTON UTILITIES

ELECTRIC DIVISION

OPERATING AND CAPITAL  
BUDGET

2020/2021

Proposed 4/8/2020

UC Approved 4/15/2020

City Council Approved 6/1/2020

## **Groton Utilities – Electric Division**

### **2020-2021 Budget Proposed April 8, 2020**

The Fiscal Year 2021 Budget proposal for Groton Utilities – Electric Division is presented with Actual Fiscal Year 2018, Actual Fiscal Year 2019, Projected June 30, 2020, and the Approved 2020 Budget for comparison purposes.

#### **Revenue and Power Cost Development**

Revenues are developed using the new rates effective April 1, 2020 and the historical sales data ended December 31, 2019. The new rates with a 1% increase is the last rate increase of an approved three-year rate increases started on April 1 of 2018. Overall FY 2021 budget kWh usage is 0.2% higher than FY 2020 budget. The new rates combined with increasing kWh sales, results in a 1% or \$422K increase in total Electric Revenue of \$56 million.

Power Cost proposed for FY 2021 will remain the same as current year's rate. In accordance with the Cost of Service Study (COSS), the Power Purchased Adjustment (PPA) will be set at  $-\$0.0069/\text{kWh}$  and the Transmission Cost Adjustment (TCA) will remain unchanged at  $\$0.00393/\text{kWh}$ . This will result in a utilization of approximately \$1.1 million of CMEEC Rate Stabilization Funds (RSF).

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

#### **Non-Bonded Capital Projects**

Non-Bonded Capital Project proposed for FY 2021 total \$2.4 million, which is an increase of 7% or \$154K over FY 2020.

- Electric Operations Non-Bonded Capital Projects total \$2 million
- Customer Care Non-Bonded Capital projects total \$154K, of which \$92K is allocated to the Electric Division
- IT Non-Bonded Capital projects total \$455K, of which \$273K is allocated to the Electric Division

In addition, an estimated \$401K will be utilized from the Vehicle Replacement Fund.

#### **Bond Capital Projects**

Bonded Capital projects proposed for FY 2021 are \$2.5 million. These projects are part of a five-year bonding plan that has been proposed by GU Management. The five-year bonding plan in the amount of \$12.5 million has been approved by the Utility Commission at their March 18, 2020 meeting and will be presented to the City Council and City Freeman.

### **Electric/Water/Sewer Division Allocation**

The ratio for allocating non-direct expenses among the Electric, Water, and Sewer Divisions are 60/30/10% (Electric/Water/Sewer) based on customer counts per Division. 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**

Operating Expenses are developed using historical information and adjusted for known changes. Total Operating and Maintenance Expenses proposed for FY 2021 are \$16.4 million, which is a 5% or \$815K increase over FY 2020.

Labor expenses increased by 10% or \$412K from FY 2020 budget which includes, one new position budgeted in Electric Operations and one new position budgeted in IT Operations.

Non-Labor expenses increased by 4% or \$403K from FY 2020 budget which includes an increase of benefit and insurance expenses of \$130K, an increase of City service charge of \$46K, bond issuing and interest expenses of \$135K related to the new bonding and an increase of IT expenses of \$62K for dark fiber connection between the Municipal Building to the Operation Complex and professional service for system upgrading and support.

### **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 15, 2020. A conservative projection of the FY 2020 earnings for the Electric Division at that time resulted in earnings that are expected to be approximately 13% over FY 2020 budget, about \$656K. 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 2021 Budget may be set at 115% of the previous years' 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. **The proposed Return to the City amount included in the FY 2021 budget remains at \$4.1 million, same as the approved FY 2020 budget.**

*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 \$2.4 million for a total value to the City of \$6.4 million.*

### **Operating Earnings and Net Cash Flow**

Operating Earnings resulting from the proposed budget are \$3.1 million which is a decrease of 11% or \$370K from FY 2020 and 26% below the COSS target Operating Earnings of \$4.2 million. Proposed FY 2021 Net Income combined with Depreciation

Cash, Receipt from Issuing Bonds, and Vehicle Reserves, provides approximately \$7.1 million to fund Reserve Contributions, Capital Investments, and Debt Service Requirements. This results in a Net Decrease in Cash Flow from Operations of \$1.9 million. FY 2021 proposed budget projects a Total Ending Cash Balance of \$11.8 million which is about 36% less than the COSS Projected Cash Balance of \$18.4 million but is 19% more than the COSS Recommended Minimum Cash Balance of \$9.9 million.

**Approval Recommendation**

The Proposed budgets for FY 2021 will afford the Electric Division to:

1. 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.
2. Allow for the efficient operation and maintenance of the electric distribution system.
3. Meet debt service requirements and fund growing infrastructure and technology needs.
4. Support compensation plans sufficient to attract and retain skilled, high-tech workers.

Management recommends the proposed operations and capital budgets for FY 2021 and cash flow plan be approved as proposed.

**Groton Utilities Current vs. Benchmark  
Residential Bills  
(various kWh usage levels)**



GU will be 30% below the benchmark on 04-1-2020 at 700kWh

**kWh Usage**

# GROTON UTILITIES

## Contributions To The City of Groton PROPOSED BUDGET 2020-2021

| Description                                | FY 2021                    |
|--|----------------------------|
| Rent 295 Meridian                          | \$ 135,048                 |
| Free Service - Utility                     | 295,000                    |
| Gravel Sales contributed by Water Division | 27,000                     |
| City Day                                   | 15,000                     |
| Concerts in Park                           | 12,000                     |
| City Services                              | 5,000                      |
| Rent on Watershed Property                 | 10,000                     |
| City Safety Program                        | 39,677                     |
| Building Maintenance Labor                 | 87,800                     |
| Building Maintenance Allocation            | 19,000                     |
| Maint. City Assessment                     | 47,000                     |
| City Service - Finance Dept. Allocation    | 367,805                    |
| City Service - HR 50%                      | 162,532                    |
| Financial Software                         | 19,433                     |
| IT Support                                 | 963,630                    |
| IT Capital Projects for City               | 157,144                    |
| <b>Non Cash Contribution Subtotal</b>      | <b>\$ 2,363,069</b>        |
| <b>Cash Contribution</b>                   | <b>\$ 4,071,140</b>        |
| <b>GU Contribution to City Total</b>       | <b><u>\$ 6,434,209</u></b> |

GROTON UTILITIES  
ELECTRIC DIVISION  
2020/2021 BUDGET

|                                   |                  |
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**GROTON UTILITIES**

Electric Division 005 Budget Revenue

|                                       | <b>FY 2018<br/>Actual</b> | <b>FY 2019<br/>Actual</b> | <b>FY 2020<br/>Projected</b> | <b>Approved<br/>FY 2020<br/>Budget</b> | <b>Proposed<br/>FY 2021<br/>Budget</b> | <b>Variance<br/>2021 Budget vs.<br/>2020 Budget</b> |           | <b>Variance<br/>2021 Budget vs.<br/>2019 Actual</b> |            |
|---------------------------------------|---------------------------|---------------------------|------------------------------|--|--|---|-----------|---|------------|
| <b>OPERATING REVENUES</b>             |                           |                           |                              |  |  |   |           |   |            |
| Residential & Solar Customers         | \$ 15,754,422             | \$ 16,273,498             | 15,969,587                   | \$ 16,213,790                          | <b>\$16,046,432</b>                    | \$ (167,358)  | -1%       | \$ (227,065)  | -1%        |
| Commercial                            | 14,093,420                | 14,259,460                | 14,001,685                   | 14,247,674                             | <b>14,328,301</b>                      | 80,627  | 1%        | 68,841  | 0%         |
| Commercial - Flat Rate                | 89,140                    | 95,297                    | 92,863                       | 89,742                                 | <b>90,014</b>                          | 272   | 0%        | (5,283)   | -6%        |
| Industrial - Non Manufacturing        | 9,030,680                 | 9,215,330                 | 8,937,142                    | 8,897,400                              | <b>9,184,975</b>                       | 287,575   | 3%        | (30,355)  | 0%         |
| Industrial - Manufacturing            | 6,896,151                 | 6,990,784                 | 6,929,849                    | 6,930,091                              | <b>7,189,313</b>                       | 259,222   | 4%        | 198,529   | 3%         |
| Street and Area Lighting              | 542,376                   | 553,081                   | 549,496                      | 554,101                                | <b>548,514</b>                         | (5,587)   | -1%       | (4,568)   | -1%        |
| Sales for Resale                      | 788,460                   | 850,891                   | 842,027                      | 855,232                                | <b>836,019</b>                         | (19,213)  | -2%       | (14,872)  | -2%        |
| <b>TOTAL ELECTRIC REVENUE</b>         | <b>\$ 47,194,650</b>      | <b>\$ 48,238,342</b>      | <b>\$ 47,322,649</b>         | <b>\$ 47,788,030</b>                   | <b>\$ 48,223,569</b>                   | <b>\$ 435,539</b>                                   | <b>1%</b> | <b>\$ (14,773)</b>                                  | <b>0%</b>  |
| Industrial Pass Through Revenue       | 6,682,269                 | 7,487,277                 | 6,717,303                    | 6,994,333                              | <b>6,980,301</b>                       | \$ (14,032)   | 0%        | \$ (506,976)  | -7%        |
| <b>Total Sale of Electricity</b>      | <b>\$ 53,876,919</b>      | <b>\$ 55,725,618</b>      | <b>\$ 54,039,953</b>         | <b>\$ 54,782,363</b>                   | <b>\$ 55,203,870</b>                   | <b>\$ 421,507</b>                                   | <b>1%</b> | <b>\$ (521,749)</b>                                 | <b>-1%</b> |
| <b>OTHER OPERATING REVENUES</b>       |                           |                           |                              |  |  |   |           |   |            |
| Late Payment Penalties                | \$ 62,647                 | 71,324                    | 78,681                       | \$ 90,000                              | <b>90,000</b>                          | \$ -  | 0%        | \$ 18,676   | 26%        |
| Miscellaneous Service Revenue         | 67,990                    | 57,779                    | 72,945                       | 85,000                                 | <b>85,000</b>                          | -   | 0%        | 27,221  | 47%        |
| Customer Service Charges              | 2,420                     | 1,500                     | 2,570                        | 3,500                                  | <b>3,500</b>                           | -   | 0%        | 2,000   | 133%       |
| CATV Pole Rental Revenue              | 55,757                    | 55,772                    | 55,886                       | 56,000                                 | <b>56,000</b>                          | -   | 0%        | 228   | 0%         |
| Rent from TVC Rental Space            | 34,548                    | 35,243                    | 35,314                       | 35,000                                 | <b>35,000</b>                          | -   | 0%        | (243)   | -1%        |
| BL&P AMI System Rental                | 56,003                    | 56,124                    | 56,239                       | 56,200                                 | <b>56,200</b>                          | -   | 0%        | 76  | 0%         |
| cash over/ short                      | (134)                     | (202)                     | 50                           | 0                                      | <b>0</b>                               | -   | 0%        | 201.64  | -1         |
| <b>Total Other Operating Revenues</b> | <b>\$ 279,230</b>         | <b>\$ 277,541</b>         | <b>\$ 301,685</b>            | <b>\$ 325,700</b>                      | <b>\$ 325,700</b>                      | <b>\$ -</b>   | <b>0%</b> | <b>\$ 48,159</b>                                    | <b>17%</b> |
| <b>TOTAL REVENUE</b>                  | <b>\$ 54,156,149</b>      | <b>\$ 56,003,159</b>      | <b>\$ 54,341,638</b>         | <b>\$ 55,108,063</b>                   | <b>\$ 55,529,570</b>                   | <b>\$ 421,507</b>                                   | <b>1%</b> | <b>\$ (473,590)</b>                                 | <b>-1%</b> |

**Revenue Assumptions:**

Revenues are based on adjusted 3 years average ended December 31, 2019 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 PPA of  $-\$0.0069$  Effective 4/1/2020

Include current TCA of  $\$0.003930$

Include  $\$0.0025$  CLM.

**GROTON UTILITIES**  
**Electric Division 005 Budget Summary**  
**OPERATING EARNINGS**

|  |             | <b>FY 2018<br/>Actual</b> | <b>FY 2019<br/>Actual</b> | <b>FY 2020<br/>Projected</b> | <b>Approved<br/>FY 2020<br/>Budget</b> | <b>Proposed<br/>FY 2021<br/>Budget</b> | <b>Variance<br/>2021 Budget vs.<br/>2020 Budget</b> |      | <b>Variance<br/>2021 Budget vs.<br/>2019 Actual</b> |      |
|--|-------------|---------------------------|---------------------------|------------------------------|--|--|---|------|---|------|
| TOTAL REVENUE  |             | \$ 54,156,149             | \$ 56,003,159             | \$ 54,341,638                | \$ 55,108,063                          | \$ 55,529,570                          | \$ 421,507  | 1%   | \$ (473,590)  | -1%  |
| EXPENSES:  |             |                           |                           |                              |  |  |   |      |   |      |
| PURCHASED POWER  |             | 26,439,980                | 26,284,606                | 25,379,392                   | 25,142,788                             | 24,994,618                             | (148,170)   | -1%  | (1,289,988)   | -5%  |
| PASS THROUGH COST  |             | 6,682,269                 | 7,487,277                 | 6,717,303                    | 6,994,333                              | 6,980,301                              | (14,032)  | 0%   | (506,976)   | -7%  |
| TOTAL POWER COST   |             | \$ 33,122,249             | \$ 33,771,883             | \$ 32,096,695                | \$ 32,137,121                          | \$ 31,974,919                          | \$ (162,202)  | -1%  | \$ (1,796,964)                                      | -5%  |
| OPERATION & MAINTENANCE EXPENSE                            |             |                           |                           |                              |  |  |   |      |   |      |
| Electric Operations 2000-2900                              | Payroll     | 2,842,963                 | 2,746,625                 | 2,632,267                    | 2,498,300                              | 2,874,475                              | 376,175   | 15%  | 127,850   | 5%   |
| Customer Care 4000 - 4900                                  | Payroll     | 794,802                   | 794,341                   | 779,062                      | 612,315                                | 633,545                                | 21,230  | 3%   | (160,796)   | -20% |
| Info & Tech 5000   | Payroll     | 453,700                   | 440,000                   | 476,391                      | 517,800                                | 539,400                                | 21,600  | 4%   | 99,400  | 23%  |
| Administration 9000  | Payroll     | 514,140                   | 455,529                   | 446,872                      | 489,805                                | 483,048                                | (6,757)   | -1%  | 27,519  | 6%   |
| Administrative & General 9900                              | Payroll     | -                         | -                         | -                            | -                                      | -                                      | -   | -    | -   | -    |
|  | Subtotal    | \$ 4,605,605              | \$ 4,436,495              | \$ 4,334,592                 | \$ 4,118,220                           | \$ 4,530,468                           | \$ 412,248  | 10%  | \$ 93,973   | 2%   |
| Electric Operations 2000-2900                              | Other       | 1,381,218                 | 1,396,186                 | 1,449,865                    | 1,836,400                              | 1,880,339                              | 43,939  | 2%   | 484,153   | 35%  |
| Customer Care 4000 - 4800                                  | Other       | 229,964                   | 361,292                   | 434,081                      | 682,385                                | 666,300                                | (16,085)  | -2%  | 305,008   | 84%  |
| Conservation & Load Management 4900                        | Other       | 925,859                   | 1,066,030                 | 932,023                      | 940,088                                | 930,215                                | (9,873)   | -1%  | (135,815)   | -13% |
| Info & Tech 5000   | Other       | 534,546                   | 330,425                   | 482,802                      | 684,600                                | 746,800                                | 62,200  | 9%   | 416,375   | 126% |
| Administration 9000  | Other       | 142,512                   | 174,187                   | 206,011                      | 243,780                                | 239,940                                | (3,840)   | -2%  | 65,753  | 38%  |
| Administrative & General 9900                              | Other       | 2,602,010                 | 2,605,187                 | 3,026,791                    | 3,021,099                              | 3,347,693                              | 326,594   | 11%  | 742,506   | 29%  |
| Return to the City   | Other       | 4,071,162                 | 4,071,140                 | 4,071,140                    | 4,071,140                              | 4,071,140                              | -   | 0%   | 0   | 0%   |
|  | Subtotal    | \$ 9,887,271              | \$ 10,004,446             | \$ 10,602,712                | \$ 11,479,493                          | \$ 11,882,427                          | \$ 402,934  | 4%   | \$ 1,877,981  | 19%  |
| Total Operating & Maintenance Expense                      |             | 14,492,875                | 14,440,941                | 14,937,304                   | 15,597,712                             | 16,412,895                             | 815,182   | 5%   | 1,971,954   | 14%  |
| DEPRECIATION   |             | 1,948,844                 | 1,938,727                 | 1,993,325                    | 1,994,668                              | 2,117,748                              | 123,080   | 6%   | 179,021   | 9%   |
| TAXES  |             |                           |                           |                              |  |  |   |      |   |      |
| Electric Operations 2000-2900                              | Payroll Tax | 314,688                   | 289,469                   | 318,279                      | 331,900                                | 357,600                                | 25,700  | 8%   | 68,131  | 24%  |
| Customer Care 4000 - 4900                                  | Payroll Tax | 54,772                    | 55,742                    | 54,945                       | 59,600                                 | 64,100                                 | 4,500   | 8%   | 8,358   | 15%  |
| Info & Tech 5000   | Payroll Tax | 33,542                    | 33,149                    | 37,485                       | 39,600                                 | 41,300                                 | 1,700   | 4%   | 8,151   | 25%  |
| Administration 9000  | Payroll Tax | 33,224                    | 31,151                    | 33,825                       | 37,100                                 | 36,960                                 | (140)   | 0%   | 5,809   | 19%  |
| Administrative & General 9900                              | Payroll Tax | -                         | -                         | -                            | -                                      | -                                      | -   | -    | -   | -    |
|  |             | \$ 436,226                | \$ 409,512                | \$ 444,534                   | \$ 468,200                             | \$ 499,960                             | \$ 31,760   | 7%   | \$ 90,448   | 22%  |
| Gross Receipts Tax Est at 2.225% of total Electric Revenue |             | 1,226,808                 | 1,374,994                 | 1,420,173                    | 1,433,414                              | 1,416,640                              | \$ (16,774)   | -1%  | \$ 41,646   | 3%   |
| Total Taxes  |             | 1,663,034                 | 1,784,506                 | 1,864,707                    | 1,901,614                              | 1,916,600                              | 14,986  | 1%   | 132,094   | 7%   |
| TOTAL OPERATING EXPENSE                                    |             | \$ 51,227,002             | \$ 51,936,057             | \$ 50,892,032                | \$ 51,631,115                          | \$ 52,422,162                          | \$ 791,047  | 2%   | \$ 486,105  | 1%   |
| OPERATING EARNINGS   |             | \$ 2,929,147              | \$ 4,067,103              | \$ 3,449,606                 | \$ 3,476,948                           | \$ 3,107,408                           | \$ (369,540)  | -11% | \$ (959,695)  | -24% |

## GROTON UTILITIES

Electric Division 005 Budget Interest & Other Charges

|   | FY 2018<br>Actual | FY 2019<br>Actual | FY 2020<br>Projected | Approved<br>FY 2020<br>Budget | Proposed<br>FY 2021<br>Budget | Variance<br>2021 Budget vs.<br>2020 Budget | Variance<br>2021 Budget vs.<br>2019 Actual |
|---|-------------------|-------------------|----------------------|-------------------------------|-------------------------------|--|--|
| <b>OPERATING EARNINGS</b>               | \$ 2,929,147      | \$ 4,067,103      | \$ 3,449,606         | \$ 3,476,948                  | \$ <b>3,107,408</b>           | \$ (369,540) -11%                          | \$ (959,695) -24%                          |
| <b>INTEREST &amp; OTHER CHARGES:</b>    |                   |                   |                      |                               |                               |  |  |
| Merchandising & Jobing Contract Expense | 1,103,366         | 39,308            | 232,359              | 177,096                       | <b>86,606</b>                 | (90,490) -51%                              | 47,299 120%                                |
| Bond Interest Expense GU                | 708,644           | 728,580           | 682,236              | 682,236                       | 732,374                       | 50,138 7%                                  | 3,794 1%                                   |
| Bond Interest Expense TVC               | 700,803           | 641,320           | 601,014              | 601,014                       | <b>537,764</b>                | (63,250) -11%                              | (103,557) -16%                             |
| Amort.Of Premium On Debt (Cr)           | (170,406)         | (129,222)         | (129,222)            | (129,222)                     | <b>(129,222)</b>              | - 0%                                       | - 0%                                       |
| Interest Expense Other                  | 14,474            | 14,561            | 15,064               | 15,000                        | <b>15,000</b>                 | - 0%                                       | 439 3%                                     |
| <b>Subtotal Other Expense</b>           | \$ 2,356,882      | \$ 1,294,547      | \$ 1,401,451         | \$ 1,346,124                  | \$ <b>1,242,522</b>           | \$ (103,602) -8%                           | \$ (52,025) -4%                            |
| Merchandising & Jobing Contract Income  | 1,255,810         | 39,308            | 224,525              | 177,096                       | <b>86,606</b>                 | (90,490) -51%                              | 47,299 120%                                |
| Interest Income                         | 359,457           | 447,911           | 373,173              | 373,217                       | <b>444,012</b>                | 70,795 19%                                 | (3,899) -1%                                |
| Misc. Non Operating Income TVC          | 157               | 116               | 7                    | -                             | -                             | - 0%                                       | (116) -100%                                |
| Misc. Income                            | 2,003,391         | 292,961           | 10,302               | 10,000                        | <b>10,000</b>                 | - 0%                                       | (282,961) -97%                             |
| Gain/(loss) on Disposition of Property  | 11,052            | 7,290             | 4,332                | -                             | -                             | - 0%                                       | (7,290) -100%                              |
| <b>Subtotal Other Income</b>            | \$ 3,629,866      | \$ 787,585        | \$ 612,340           | \$ 560,313                    | \$ <b>540,618</b>             | \$ (19,695) -4%                            | \$ (246,967) -31%                          |
| <b>TOTAL INTEREST AND OTHER CHARGES</b> | 1,272,985         | (506,961)         | (789,111)            | (785,811)                     | <b>(701,904)</b>              | 83,907 -11%                                | (194,943) 38%                              |
| <b>Sub Total Net Earnings</b>           | \$ 4,202,132      | \$ 3,560,142      | \$ 2,660,495         | \$ 2,691,137                  | \$ <b>2,405,504</b>           | \$ (285,633) -11%                          | \$ (1,154,638) -32%                        |
| Miscellaneous Income Deduction for TVC  | 3,962             | 3,732             | 1,932                | -                             | <b>4,000</b>                  | 4,000 0%                                   | 268 7%                                     |
| <b>NET EARNINGS</b>                     | \$ 4,198,171      | \$ 3,556,410      | \$ 2,658,563         | \$ 2,691,137                  | \$ <b>2,401,504</b>           | \$ (289,633) -11%                          | \$ (1,154,906) -32%                        |

**GROTON UTILITIES**  
**Electric Division**  
**PROJECTED CASH FLOW**  
**BASED ON PROPOSED BUDGET**

|   | FY 2018<br>Actual    | FY 2019<br>Actual     | FY 2020 Projected     | Approved<br>FY 2020 Budget | Proposed<br>FY 2021<br>Budget |
|---|----------------------|-----------------------|-----------------------|----------------------------|-------------------------------|
| <b>NET EARNINGS</b>   | \$ 4,198,171         | \$ 3,556,410          | \$ 2,658,563          | \$ 2,691,137               | \$ <b>2,401,504</b>           |
| PLUS:   |                      |                       |                       |                            |                               |
| DEPRECIATION  | 1,948,844            | 1,938,727             | 1,993,325             | 1,994,668                  | <b>2,117,748</b>              |
| Commission received from Energy upgrade projects            |                      |                       |                       |                            |                               |
| Receipt from Bond Funds                                     |                      |                       |                       |                            |                               |
| Receipt from Vehicle Replacement Reserve                    | 100,000              | 100,000               | 100,000               | 100,000                    | <b>100,000</b>                |
| Receipt from Issuing New Bonds                              | 2,343,220            |                       |                       |                            | <b>2,500,000</b>              |
| <b>TOTAL FUNDS GENERATED</b>                                | <b>\$ 8,590,234</b>  | <b>\$ 5,595,137</b>   | <b>\$ 4,751,888</b>   | <b>\$ 4,785,805</b>        | <b>\$ 7,119,252</b>           |
| LESS:   |                      |                       |                       |                            |                               |
| Operations Non-Bonded Capital:                              |                      |                       |                       |                            |                               |
| Projects  | 1,154,157            | 1,418,291             | 1,768,437             | 1,768,437                  | <b>2,039,837</b>              |
| Vehicles  | 100,013              | 138,043               | 400,000               | 400,000                    | <b>401,000</b>                |
| Operations Bonded Capital Projects                          | 470,407              | 741,281               | 3,266,173             | 3,266,173                  | <b>2,500,000</b>              |
| Amortization/Deferral of Commissions Received in 2016       | 558,876              | 279,453               | -                     | -                          | -                             |
| Bond Principal Requirements - GU Electric                   | 1,285,000            | 1,749,000             | 1,732,000             | 1,732,000                  | <b>1,732,500</b>              |
| Bond Principal Requirements - TVC                           | 1,725,000            | 1,720,000             | 1,740,000             | 1,740,000                  | <b>1,775,000</b>              |
| Restrict Cash for New Software                              |                      |                       |                       |                            |                               |
| Working Capital   | (871,999)            | 448,113               | 50,000                | 50,000                     | <b>50,000</b>                 |
| Cash Reserve for Vehicle Replacements                       | 100,000              | 100,000               | 100,000               | 100,000                    | <b>100,000</b>                |
| Road and Parking Lot Maintenance Expense Reserve            | -                    | -                     | -                     | -                          | -                             |
| IT Non Bonded Capital Projects Electric Division Allocation | 117,424              | 115,613               | 299,400               | 392,400                    | <b>273,000</b>                |
| CC Non Bonded Capital Projects Approved                     | -                    |                       | 19,800                | 90,000                     | <b>92,400</b>                 |
| Furniture For Relocations                                   |                      |                       | -                     | 75,000                     | <b>75,000</b>                 |
|   |                      |                       | -                     | -                          | -                             |
| <b>TOTAL FUNDS REQUIRED</b>                                 | <b>\$ 4,638,878</b>  | <b>\$ 6,709,795</b>   | <b>\$ 9,375,810</b>   | <b>\$ 9,614,010</b>        | <b>\$ 9,038,737</b>           |
| <b>NET INCREASE (DECREASE) IN CASH FROM OPERATIONS</b>      | <b>\$ 3,951,356</b>  | <b>\$ (1,114,658)</b> | <b>\$ (4,623,922)</b> | <b>\$ (4,828,205)</b>      | <b>(1,919,485)</b>            |
| Plus Total Beginning Cash Balance                           | \$ 15,477,193        | \$ 19,428,549         | \$ 18,313,891         | \$ 19,428,894              | <b>\$ 13,689,970</b>          |
| Total Ending Cash Balance                                   | <b>\$ 19,428,549</b> | <b>\$ 18,313,891</b>  | <b>\$ 13,689,970</b>  | <b>\$ 14,600,690</b>       | <b>\$ 11,770,484</b>          |

**GROTON UTILITIES**

**ELECTRIC DIVISION**

**2020/2021 BUDGET**

**PROFORMA ANALYSIS**

# GROTON UTILITIES - ELECTRIC DIVISION

## PROFORMA INCOME STATEMENT

|   | FY 2018<br>Actual     | FY 2019<br>Actual    | FY 2020<br>Projected | Approved<br>FY 2020<br>Budget | Proposed<br>FY 2021<br>Budget |
|---|-----------------------|----------------------|----------------------|-------------------------------|-------------------------------|
| REVENUE:                                |                       |                      |                      |                               |                               |
| Residential                             | \$ 15,754,422         | \$ 16,273,498        | \$ 15,969,587        | \$ 16,213,790                 | \$ 16,046,432                 |
| Commercial                              | 14,093,420            | 14,259,460           | 14,001,685           | 14,247,674                    | 14,328,301                    |
| Commercial - Flat Rate                  | 89,140                | 95,297               | 92,863               | 89,742                        | 90,014                        |
| Industrial - Non Manufacturing          | 9,030,680             | 9,215,330            | 8,937,142            | 8,897,400                     | 9,184,975                     |
| Industrial - Manufacturing              | 6,896,151             | 6,990,784            | 6,929,849            | 6,930,091                     | 7,189,313                     |
| Street and Area Lighting                | 542,376               | 553,081              | 549,496              | 554,101                       | 548,514                       |
| Sales for Resale                        | 788,460               | 850,891              | 842,027              | 855,232                       | 836,019                       |
| <b>TOTAL ELECTRIC REVENUE</b>           | <b>\$ 47,194,650</b>  | <b>\$ 48,238,342</b> | <b>\$ 47,322,649</b> | <b>\$ 47,788,030</b>          | <b>\$ 48,223,569</b>          |
| Industrial Pass Through Energy          | 6,682,269             | 7,487,277            | 6,717,303            | 6,994,333                     | 6,980,301                     |
| <b>OTHER ELECTRIC REVENUE</b>           | <b>279,230</b>        | <b>277,541</b>       | <b>301,685</b>       | <b>325,700</b>                | <b>325,700</b>                |
| <b>TOTAL REVENUE</b>                    | <b>\$ 54,156,149</b>  | <b>\$ 56,003,159</b> | <b>\$ 54,341,638</b> | <b>\$ 55,108,063</b>          | <b>\$ 55,529,570</b>          |
| EXPENSES:                               |                       |                      |                      |                               |                               |
| Purchased Power                         | 26,439,980            | 26,284,606           | 25,379,392           | 25,142,788                    | 24,994,618                    |
| Industrial Pass Through Power Cost      | 6,682,269             | 7,487,277            | 6,717,303            | 6,994,333                     | 6,980,301                     |
| Operation Expense                       | 9,341,166             | 9,284,793            | 9,792,144            | 10,311,484                    | 11,136,540                    |
| Return to the City                      | 4,071,162             | 4,071,140            | 4,071,140            | 4,071,140                     | 4,071,140                     |
| Conservation & Load Management Charge   | 811,584               | 811,584              | 813,857              | 940,088                       | 930,215                       |
| Less City Electric Service              | 268,964               | 273,424              | 260,164              | 275,000                       | 275,000                       |
| Depreciation                            | 1,948,844             | 1,938,727            | 1,993,325            | 1,994,668                     | 2,117,748                     |
| Taxes                                   | 1,663,034             | 1,784,506            | 1,864,707            | 1,901,614                     | 1,916,600                     |
| <b>TOTAL OPERATING EXPENSE</b>          | <b>\$ 51,227,003</b>  | <b>\$ 51,936,058</b> | <b>\$ 50,892,033</b> | <b>\$ 51,631,116</b>          | <b>\$ 52,422,162</b>          |
| <b>OPERATING EARNINGS</b>               | <b>\$ 2,929,146</b>   | <b>\$ 4,067,102</b>  | <b>\$ 3,449,605</b>  | <b>\$ 3,476,947</b>           | <b>\$ 3,107,408</b>           |
| INTEREST & OTHER CHARGES:               |                       |                      |                      |                               |                               |
| Plus Other Income & Deductions net      | 2,522,538             | 744,546              | 378,049              | 383,217                       | 450,012                       |
| Less Interest on Long Term Debt         | 1,239,041             | 1,240,678            | 1,154,028            | 1,154,028                     | 1,140,916                     |
| Less Other Interest                     | 14,474                | 14,561               | 15,064               | 15,000                        | 15,000                        |
| <b>TOTAL INTEREST AND OTHER CHARGES</b> | <b>\$ (1,269,023)</b> | <b>\$ 510,694</b>    | <b>\$ 791,043</b>    | <b>\$ 785,811</b>             | <b>\$ 705,904</b>             |
| <b>NET EARNINGS</b>                     | <b>\$ 4,198,169</b>   | <b>\$ 3,556,408</b>  | <b>\$ 2,658,562</b>  | <b>\$ 2,691,136</b>           | <b>\$ 2,401,504</b>           |

## PROFORMA CASH FLOW

|  |                      |                      |                       |                       |                       |
|--|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| <b>NET EARNINGS</b>                                    | \$ 4,198,169         | \$ 3,556,408         | \$ 2,658,562          | \$ 2,691,136          | \$ 2,401,504          |
| PLUS:  |                      |                      |                       |                       |                       |
| DEPRECIATION   | 1,948,844            | 1,938,727            | 1,993,325             | 1,994,668             | 2,117,748             |
| RECEIPT from Vehicle Replacement Reserve               | 100,000              | 100,000              | 100,000               | 100,000               | 100,000               |
| RECEIPT from Bond Funds                                | 2,343,220            | -                    | -                     | -                     | 2,500,000             |
| <b>TOTAL FUNDS GENERATED</b>                           | <b>\$ 8,590,232</b>  | <b>\$ 5,595,135</b>  | <b>\$ 4,751,887</b>   | <b>\$ 4,785,804</b>   | <b>\$ 7,119,252</b>   |
| LESS:  |                      |                      |                       |                       |                       |
| Operations Non-Bonded Capital Projects                 | 1,154,157            | 1,418,291            | 1,768,437             | 1,768,437             | 2,039,837             |
| Operations Bond funded Capital Projects                | 470,407              | 741,281              | 3,266,173             | 3,266,173             | 2,500,000             |
| Vehicle Replacements                                   | 100,013              | 138,043              | 400,000               | 401,000               | 401,000               |
| Bond Principal Requirements GU                         | 1,285,000            | 1,749,000            | 1,732,000             | 1,732,000             | 1,732,500             |
| Bond Principal Requirements TVC                        | 1,725,000            | 1,720,000            | 1,740,000             | 1,740,000             | 1,775,000             |
| Working Capital  | (871,999)            | 448,113              | 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 Maintenance Expense Reserve       | -                    | -                    | -                     | -                     | -                     |
| IT Projects  | 117,424              | 115,613              | 299,400               | 392,400               | 273,000               |
| CC Non Bonded Capitol Projects                         | -                    | -                    | 19,800                | 90,000                | 92,400                |
| Furniture for Relocation                               | -                    | -                    | -                     | 75,000                | 75,000                |
| <b>TOTAL FUNDS REQUIRED</b>                            | <b>\$ 4,080,002</b>  | <b>\$ 6,430,342</b>  | <b>\$ 9,375,810</b>   | <b>\$ 9,615,010</b>   | <b>\$ 9,038,737</b>   |
| <b>NET INCREASE (DECREASE) IN CASH FROM OPERATIONS</b> | <b>\$ 4,510,230</b>  | <b>\$ (835,207)</b>  | <b>\$ (4,623,923)</b> | <b>\$ (4,829,206)</b> | <b>\$ (1,919,485)</b> |
| Plus Total Beginning Cash Balance                      | 15,477,193           | 19,428,549           | 18,313,891            | 19,428,894            | 13,689,970            |
| <b>Total Ending Cash Balance</b>                       | <b>\$ 19,428,549</b> | <b>\$ 18,313,891</b> | <b>\$ 13,689,970</b>  | <b>\$ 14,600,690</b>  | <b>\$ 11,770,484</b>  |

GROTON UTILITIES  
ELECTRIC DIVISION

2020/2021 BUDGET

CAPITAL PROJECTS

**COST ESTIMATE SUMMARY  
BUDGET - FISCAL YEAR 2021**

| <b>NON-BONDED CAPITAL PROJECTS</b> |                                  |                     |   |
|------------------------------------|----------------------------------|---------------------|---|
| <b>No.</b>                         | <b>PROJECT</b>                   | <b>TOTAL COSTS</b>  | <b>NOTES</b>  |
| 1                                  | Distribution                     | 1,095,913           | Mass Assets, Capacitors, Switches, Cable Replacements   |
| 2                                  | Substation                       | 97,402              | SS Equipment, IED Replacements  |
| 3                                  | Meters                           | 168,961             | Meter Farm, New Revenue Meters, Misc. Meter   |
| 4                                  | Other                            | 677,561             | SCADA, Flir, Mass Assets, PT/CT Tester, Software, Tools, Trailers & Equip, Facility maintenance |
| 5                                  | Other - Vehicle Replacements     | 401,000             | Need to update fleet vehicles   |
|                                    | <b>Total Non-Bonded Projects</b> | <b>\$ 2,440,837</b> |   |

| <b>BOND FUNDED CAPITAL PROJECTS</b> |                |                     |   |                  |
|-------------------------------------|----------------|---------------------|---|------------------|
| <b>No.</b>                          | <b>PROJECT</b> | <b>TOTAL COSTS</b>  | <b>NOTES</b>  | <b>Bond Fund</b> |
| 1                                   | Distribution   | 350,957             | Distribution Infrastructure Upgrades, Switchgears, Reconductors, SCADA, Reclosers, Capacitors, Switches | 2020 Bond Fund   |
| 2                                   | Facilities     | 446,000             | Upgrades and Expansion of facilities  | 2020 Bond Fund   |
| 3                                   | Transmission   | 176,980             | Cable upgrades, Line upgrades, transmission upgrades  | 2020 Bond Fund   |
| 4                                   | Metering       | 331,559             | AMI Replacements, upgrades  | 2020 Bond Fund   |
| 5                                   | Substation     | 743,118             | Substation upgrades, equipment upgrades, SS infrastructure upgrades                                     | 2020 Bond Fund   |
| 6                                   | Other          | 451,386             | Infrastructure upgrades, LED upgrades   | 2020 Bond Fund   |
|                                     | <b>Totals</b>  | <b>\$ 2,500,000</b> |   |                  |

|                                |                     |
|--------------------------------|---------------------|
| <b>Total Bonded/Non-Bonded</b> | <b>\$ 4,940,837</b> |
|--------------------------------|---------------------|

| <b>CAPITAL BUDGET- FY 2021</b>                     |                         |  |
|--|-------------------------|--|
|  |                         |  |
| <b>ELECTRIC DIVISION</b>                           |                         |  |
|  |                         |  |
| <b>IT Department</b>                               |                         |  |
| <b>Proposed Non-Bonded Capital Projects</b>        | <b>2020-2021</b>        |  |
|  | <b>Proposed</b>         | <b>Necessity and Purpose</b>                     |
| New host servers - Ops                             | \$ 40,000               | Replace existing EOL/EOS equipment               |
| New storage array - Ops                            | 180,000                 | Replace existing EOL/EOS equipment               |
| Network Security Enhancement/Upgrades              | 55,000                  | Replace existing EOL/EOS equipment               |
| Wi-Fi Upgrades/Enhancements/Replacements           | 25,000                  | Upgrades to existing only - does not include WTP |
|  |                         |  |
| <b>CARRY OVER FROM PRIOR :</b>                     |                         |  |
| Replace HVAC in Ops Data Center                    | 40,000                  | Carried over pending space plan                  |
| Doc Mgmt System Phase 2                            | 50,000                  | On-going   |
| Renovations to Office Space                        | 65,000                  | Placeholder pending space plan                   |
|  |                         |  |
|  | <b>TOTAL \$ 455,000</b> |  |
|  |                         |  |
|  | Electric Allocation     | 273,000  |
|  | Water Allocation        | 136,500  |
|  | Sewer Allocation        | 45,500   |
|  |                         |  |
|  |                         |  |
| <b>Customer Care Department</b>                    |                         |  |
| Re-design CC office -Carry over from FY2020 Budget | \$ 117,000              |  |
| Carpeting  | 15,000                  |  |
| Asbestos Removal                                   | 22,000                  |  |
|  |                         |  |
| Total  | <b>\$ 154,000</b>       |  |
|  |                         |  |
|  | Electric Allocation     | 92,400   |
|  | Water Allocation        | 46,200   |
|  | Sewer Allocation        | 15,400   |