

GROTON UTILITIES
ELECTRIC DIVISION
OPERATING AND CAPITAL
BUDGET
FY 2026
Proposed 4/9/2025
UC Approved 4/16/2025
City Council Approved 5/19/2025

GROTON UTILITIES

ELECTRI DIVISION

FY 2026 BUDGET

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Groton Utilities – Electric Division

FY2026 Budget

Proposed April 9, 2025

The fiscal year 2026 proposed budget for Groton Utilities – Electric Division is presented with Actual FY2024, Projected FY2025, and Approved FY2025 Budget for comparison purposes.

Revenue Development

Revenues are developed using the historical sales data ended December 2024 and applying rates in effect April 1st, 2025, plus Purchased Power Adjustment (PPA) and Transmission Cost Adjustment (TCA). PPA/TCA adjustments reflect the difference between the base power costs included in the rates and the actual power costs charged. Current PPA/TCA will be reviewed periodically based on the wholesale market and adjusted as needed.

Revenues also include the Conservation and Load Management (CLM) charge of \$0.0025/kWh, which is unchanged since January 2011.

Overall, FY2026 budget kWh usage is approximately 3% lower than last year's budget excluding industrial pass-through kWh usage. Proposed FY2026 Electric revenue (excluding industrial pass-through sales) of \$51m is 1% or \$588k lower than last year's budget driven by the decreased kWh usage.

Rate Comparison

The GU average residential customer current electric bill for 700 kWh is 45% or \$103.06 below the Benchmark's current rate.

Power Cost Development

The base power cost in rates together with current PPA and TCA designed to recover fully the CMEEC purchased power cost is currently set at \$0.09656/ kWh. Proposed FY2026 power cost (excluding industrial pass-through sales) of \$23.1m is 5% or \$1.3m lower than last year's budget.

The CMEEC Rate Stabilization Fund (RSF) will be utilized going forward, as normal, to stabilize customer rates at the current level. Based on power cost projection from CMEEC and forecasted receipts to the fund of member margin, it is anticipated that the RSF balance at CMEEC would be \$13.5m by June 30, 2026.

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. Expenses related specifically to an individual department will be allocated accordingly.

Operation and Maintenance (O&M) Expenses

O&M expenses are developed using historical information and adjusted for known changes. Total O&M expenses of \$19m proposed for FY2026 is 3% or \$642k higher than last year's budget due to the changes as follows:

- Labor budget of \$6m is increased by 5% or \$310k due to:
 - Standard increases for union and non-union employees combined with proposed performance base step increases.
 - Add 1 FTE for IT to support City Police Department
 - Change of labor allocation of 2 GMs and 1 Business Development staff

- Non-Labor expenses budget of \$13m is increased by 3% or \$332k due to:
 - Electric Operations: +10% or +\$237k
 - Customer Care and Business Development: -5% or -\$43k
 - Conservation & Load Management: +3% or +\$23k
 - IT: -5% or -\$36k
 - Admin & Finance: +16% or +\$40k
 - Administrative & General: +3% or +\$111k

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, 2025. 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. The proposed Return to the City amount included in the FY2026 budget remains at \$4.1 million, same as approved FY2025 budget.

In addition to the required cash contribution, Groton Utility pays the City for rent and services and provides the City with other services valued in excess of \$2.9 million for a total value to the City of \$6.9 million.

Capital Projects

Total proposed capital budget for FY2026 is \$5.75m which will be funded by a combination of annual depreciation, receipts of \$100k from Regional Greenhouse Gas Initiative (RGGI) fund and a drawdown of \$500k from CMEEC RSF. FY2026 capital budget includes:

Non-Bonded Capital Projects of \$5.65m for

- Distribution System Upgrades - \$2.3m
- Substation Upgrades- \$1.1m
- Metering - \$305k
- Facility and Others - \$1.2m
- Vehicle Replacement - \$500k
- Customer Care Projects - \$60k
- IT projects - \$150k

(Regional Greenhouse Gas Initiative) RGGI Fund Projects of \$100k for

- LED Conversion Project

Cash Flow

Net cash flow provided from Operations by FY2026 proposed budget including the capital project financing results in a decrease of \$1.98m which will decrease the projected operating cash balance from \$17.5m to \$15.5m which will be \$568k above the minimum cash requirement recommended by the Cost-of-Service Study.

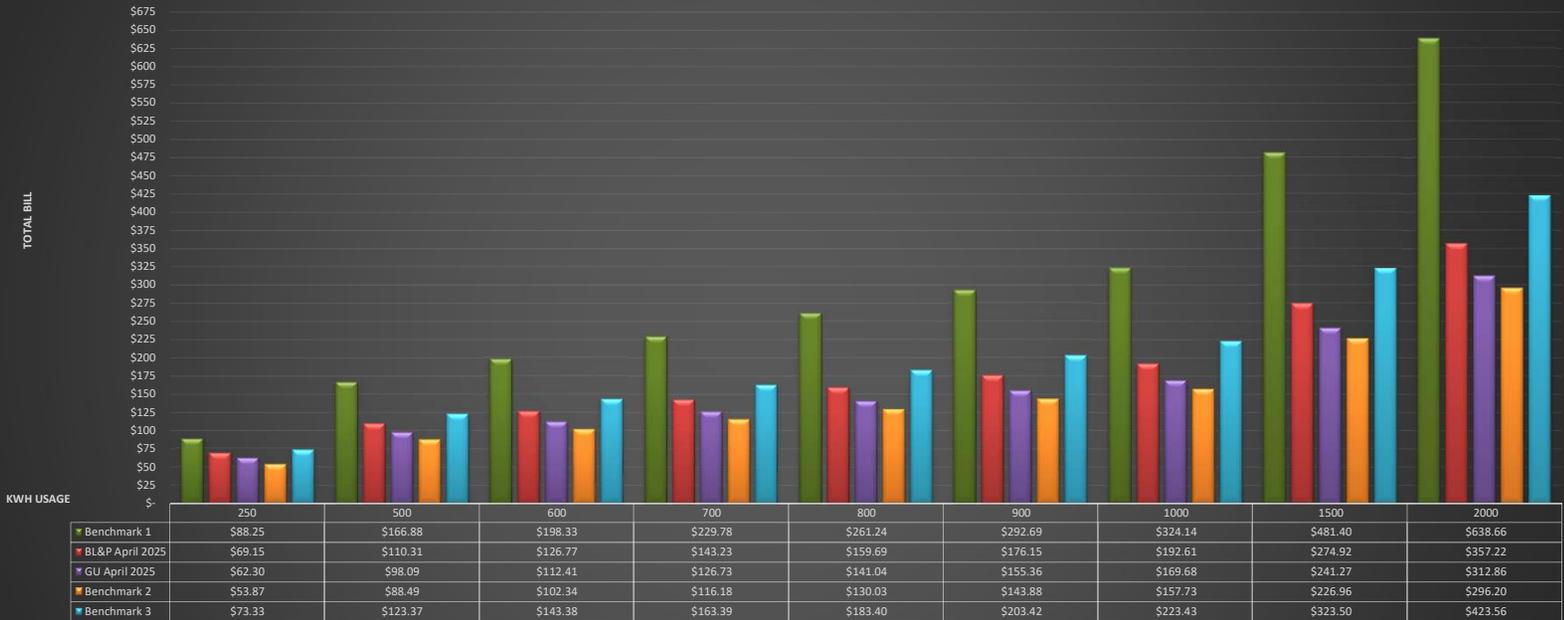
Approval Recommendation

The Proposed budgets for FY2026 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 FY2026 be approved as proposed.

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



GU will be 45% below Eversource on 04-1-2025 at 700kWh

GROTON UTILITIES

Contributions To City of Groton

FY 2026 PROPOSED BUDGET

Description	FY 2026
Rent 295 Meridian	\$ 135,000
Free Service - Utility	295,000
Gravel Sales contributed by Water Division	27,000
City Day	20,000
Concerts in Park	10,000
City Services	5,000
Rent on Watershed Property	10,000
City Safety Program	80,600
Building Maintenance Labor	69,400
Building Maintenance Allocation	20,000
Maint. City Assessment	47,000
City Service - Finance Service	477,100
City Service - HR Service	363,500
Financial Software	47,400
IT Support	1,123,300
IT Capital Projects for City	125,000
	<hr/>
	Non Cash Contribution \$ 2,855,300
	Cash Contribution \$ 4,071,140
	Total Contribution \$ <u>6,926,440</u>

GROTON UTILITIES

ELECTRIC DIVISION

FY 2026 BUDGET

PROFORMA ANALYSIS

GROTON UTILITIES

Electric Division

PROFORMA INCOME STATEMENT

	FY 2024 Actual	FY 2025 Projected	Approved FY 2025 Budget	Proposed FY 2026 Budget	FY26 Budget vs. FY25 Budget
OPERATING REVENUES:					
Residential	\$ 20,582,123	\$ 17,824,316	\$ 18,473,492	\$ 19,197,477	\$ 723,985 4%
Commercial	16,831,548	15,224,595	15,313,105	15,664,203	351,098 2%
Industrial	15,744,738	15,855,606	16,168,608	14,431,184	(1,737,424) -11%
Street and Area Lighting	608,781	607,921	601,488	616,287	14,799 2%
Sales for Resale	1,197,401	1,051,362	1,048,730	1,108,699	59,969 6%
Unbilled Revenue	(34,806)	-	-	-	
TOTAL ELECTRIC REVENUES	\$ 54,929,785	\$ 50,563,801	\$ 51,605,423	\$ 51,017,850	\$ (587,573) -1%
Industrial Pass Through Energy	\$ 9,773,766	\$ 9,220,715	\$ 9,776,215	\$ 9,252,809	\$ (523,406) -5%
OTHER ELECTRIC REVENUES	\$ 269,231	\$ 295,539	\$ 304,000	\$ 363,000	59,000 19%
TOTAL OPERATING REVENUES	\$ 64,972,782	\$ 60,080,054	\$ 61,685,638	\$ 60,633,659	\$ (1,051,979) -2%
OPERATING EXPENSES:					
Purchased Power	\$ 27,231,683	\$ 24,268,390	\$ 24,469,808	\$ 23,145,761	\$(1,324,047) -5%
Industrial Pass Through Power Cost	9,773,766	9,220,715	9,776,215	9,252,809	(523,406) -5%
Operation Expense	12,922,978	13,702,704	14,285,698	14,927,507	641,809 4%
Return to the City	4,071,140	4,071,140	4,071,140	4,071,140	- 0%
Depreciation	2,864,950	3,031,407	2,912,300	3,321,200	408,900 14%
Taxes	2,169,329	2,229,287	2,329,566	2,301,214	(28,352) -1%
TOTAL OPERATING EXPENSES	\$ 59,033,846	\$ 56,523,642	\$ 57,844,726	\$ 57,019,632	\$ (825,094) -1%
OPERATING EARNINGS	\$ 5,938,935	\$ 3,556,412	\$ 3,840,912	\$ 3,614,027	\$ (226,885) -6%
OTHER INCOME (EXPENSE)					
Plus: Other Income & Deductions net	\$ 1,655,293	\$ 4,212,394	\$ 2,508,017	\$ 1,191,217	\$(1,316,800) -53%
Less: Interest Expense on Long Term Debt	(1,147,142)	(1,028,318)	(1,028,400)	(874,900)	153,500 15%
Less: Other Interest Expense	(17,779)	(19,258)	(20,000)	(20,000)	- 0%
TOTAL OTHER INCOME (EXPENSE)	\$ 490,371	\$ 3,164,818	\$ 1,459,617	\$ 296,317	\$ (1,163,300) -80%
NET EARNINGS	\$ 6,429,306	\$ 6,721,230	\$ 5,300,529	\$ 3,910,344	\$ (1,390,185) -26%
PROFORMA CASH FLOW					
NET EARNINGS	\$ 6,429,306	\$ 6,721,230	\$ 5,300,529	\$ 3,910,344	\$ (1,390,185) -26%
PLUS:					
Depreciation	\$ 2,864,950	\$ 3,031,407	\$ 2,912,300	\$ 3,321,200	\$ 408,900 14%
FUNDS GENERATED	\$ 9,294,256	\$ 9,752,637	\$ 8,212,829	\$ 7,231,544	\$ (981,285) -12%
LESS:					
Capital Projects	\$ 4,810,082	\$ 6,668,622	\$ 7,189,000	\$ 5,748,167	\$(1,440,833) -20%
Transfer from Capital Bond Fund Reserve	(1,887,160)	(620,351)	-	-	- 0%
Bond Principal Requirements GU	2,004,500	2,004,500	2,004,500	1,989,500	(15,000) -1%
Bond Principal Requirements TVC	1,825,000	1,460,000	1,460,000	1,475,000	15,000 1%
Working Capital	1,796,157	-	-	-	- 0%
FUNDS REQUIRED	\$ 8,548,580	\$ 9,512,771	\$ 10,653,500	\$ 9,212,667	\$ (1,440,833) -14%
NET CASH FLOW FROM OPERATIONS	\$ 745,676	\$ 239,866	\$ (2,440,671)	\$ (1,981,123)	\$ 459,548 19%
Operating Fund - Beginning Balance	\$ 16,520,927	\$ 17,266,603	\$ 18,716,084	\$ 17,506,469	
Operating Fund - Ending Balance	\$ 17,266,603	\$ 17,506,469	\$ 16,275,413	\$ 15,525,346	

GROTON UTILITIES

Electric Division

REVENUE BUDGET

	FY 2024 Actual	FY 2025 Projected	Approved FY 2025 Budget	Proposed FY 2026 Budget	FY26 Budget vs. FY25 Budget	
OPERATING REVENUES						
Residential	\$ 20,582,123	17,824,316	\$ 18,473,492	\$ 19,197,477	\$ 723,985	4%
Commercial	16,831,548	15,224,595	15,313,105	15,664,203	351,098	2%
Industrial	15,744,738	15,855,606	16,168,608	14,431,184	(1,737,424)	-11%
Street and Area Lighting	608,781	607,921	601,488	616,287	14,799	2%
Sales for Resale	1,197,401	1,051,362	1,048,730	1,108,699	59,969	6%
TOTAL ELECTRIC REVENUE	\$ 54,929,785	\$ 50,563,801	\$ 51,605,423	\$ 51,017,850	\$ (587,573)	-1%
Industrial Pass Through Revenue	9,773,766	9,220,715	9,776,215	9,252,809	\$ (523,406)	-5%
TOTAL ELECTRIC REVENUES	\$ 64,703,551	\$ 59,784,515	\$ 61,381,638	\$ 60,270,659	\$ (1,110,979)	-2%
OTHER OPERATING REVENUES						
Late Payment Penalties	\$ 76,503	84,437	\$ 90,000	\$ 90,000	\$ -	0%
Miscellaneous Service Revenue	61,150	78,977	85,000	85,000	-	0%
Customer Service Charges	4,525	6,830	4,000	6,000	2,000	50%
CATV Pole Rental Revenue	56,922	56,841	56,000	56,000	-	0%
ABB Space Rental	11,485	11,688	12,000	12,000	-	0%
BL&P AMI System Rental	56,806	56,767	57,000	114,000	57,000	100%
Salvage Sales	1,820	-	-	-	-	0%
Cash Over/ Short	19	(2)	-	-	-	0%
TOTAL OTHER OPERATING REVENUES	\$ 269,231	\$ 295,539	\$ 304,000	\$ 363,000	\$ 59,000	19%
TOTAL OPERATING REVENUES	\$ 64,972,782	\$ 60,080,054	\$ 61,685,638	\$ 60,633,659	\$ (1,051,979)	-2%

Revenue Assumptions:

Revenues are based on the historic data ended December 31, 2024 with adjustments for weather and normalization.

Approved Rates effective on 4/1/2025 with 1.3% increase

Include \$0.0025 CLM.

GROTON UTILITIES

Electric Division OPERATING EARNINGS

		FY 2024 Actual	FY 2025 Projected	Approved FY 2025 Budget	Proposed FY 2026 Budget	FY26 Budget vs. FY25 Budget	
TOTAL OPERATING REVENUES		\$ 64,972,782	\$ 60,080,054	\$ 61,685,638	\$ 60,633,659	\$ (1,051,979)	-2%
OPERATING EXPENSES:							
Purchased Power		\$ 27,231,683	\$ 24,268,390	\$ 24,469,808	\$ 23,145,761	\$ (1,324,047)	-5%
Pass Through Power Cost		9,773,766	9,220,715	9,776,215	9,252,809	(523,406)	-5%
Total Power Cost		\$ 37,005,449	\$ 33,489,104	\$ 34,246,023	\$ 32,398,570	\$ (1,847,452)	-5%
OPERATION & MAINTENANCE EXPENSE							
Electric Operations 2000-2900	Payroll	\$ 3,701,039	\$ 3,679,268	\$ 3,654,388	\$ 3,819,355	\$ 164,967	5%
Customer Care 4000 - 4900	Payroll	692,121	827,062	794,283	906,797	112,514	14%
Info & Tech 5000	Payroll	525,009	607,708	628,728	693,766	65,038	10%
Administration 9000	Payroll	494,512	564,591	626,400	593,760	(32,640)	-5%
Administrative & General 9900	Payroll	-	-	-	-	-	-
Subtotal		\$ 5,412,681	\$ 5,678,628	\$ 5,703,799	\$ 6,013,677	\$ 309,878	5%
Electric Operations 2000-2900	Other	\$ 1,865,190	\$ 2,202,236	\$ 2,457,100	\$ 2,693,603	\$ 236,503	10%
Customer Care 4000 - 4800	Other	791,662	771,751	827,360	784,530	(42,830)	-5%
Conservation & Load Management 4900	Other	957,355	829,523	907,758	931,062	23,304	3%
Info & Tech 5000	Other	446,776	780,096	786,700	750,800	(35,900)	-5%
Administration 9000	Other	201,855	231,927	241,380	281,100	39,720	16%
Administrative & General 9900	Other	3,247,459	3,208,542	3,361,600	3,472,735	111,135	3%
Return to the City	Other	4,071,140	4,071,140	4,071,140	4,071,140	-	0%
Subtotal		\$ 11,581,437	\$ 12,095,216	\$ 12,653,039	\$ 12,984,970	\$ 331,931	3%
TOTAL OPERATION & MAINTENANCE EXPENSE		\$ 16,994,118	\$ 17,773,844	\$ 18,356,838	\$ 18,998,647	\$ 641,809	3%
DEPRECIATION		\$ 2,864,950	\$ 3,031,407	\$ 2,912,300	\$ 3,321,200	\$ 408,900	14%
TAXES							
Electric Operations 2000-2900	Payroll Tax	\$ 348,925	\$ 373,571	\$ 421,600	\$ 422,400	\$ 800	0%
Customer Care 4000 - 4900	Payroll Tax	61,856	73,534	76,560	75,720	(840)	-1%
Info & Tech 5000	Payroll Tax	38,652	42,110	48,166	53,154	4,988	10%
Administration 9000	Payroll Tax	32,879	40,280	47,940	44,040	(3,900)	-8%
Administrative & General 9900	Payroll Tax	-	-	-	-	-	-
Subtotal		\$ 482,312	\$ 529,495	\$ 594,266	\$ 595,314	\$ 1,048	0%
Gross Receipts Tax		\$ 1,687,017	\$ 1,699,792	\$ 1,735,300	\$ 1,705,900	\$ (29,400)	-2%
TOTAL TAXES		\$ 2,169,329	\$ 2,229,287	\$ 2,329,566	\$ 2,301,214	\$ (28,352)	-1%
TOTAL OPERATING EXPENSES		\$ 59,033,846	\$ 56,523,642	\$ 57,844,726	\$ 57,019,632	\$ (825,094)	-1%
OPERATING EARNINGS		\$ 5,938,935	\$ 3,556,412	\$ 3,840,912	\$ 3,614,027	\$ (226,885)	-6%

GROTON UTILITIES
Electric Division
OTHER INCOME & EXPENSE

	FY 2024 Actual	FY 2025 Projected	Approved FY 2025 Budget	Proposed FY 2026 Budget	FY26 Budget vs. FY25 Budget	
OPERATING EARNINGS	\$ 5,938,935	\$ 3,556,412	\$ 3,840,912	\$ 3,614,027	\$ (226,885)	-6%
OTHER INCOME (EXPENSE)						
Merchandising & Jobbing Expense	\$ 196,137	\$ 207,691	\$ 257,400	\$ 123,900	\$ (133,500)	-52%
Bond Interest Expense GU	1,060,974	989,659	989,700	896,700	(93,000)	-9%
Bond Interest Expense TVC	277,688	233,763	233,800	172,700	(61,100)	-26%
Amort.Of Premium On Debt (Cr)	(191,520)	(195,104)	(195,100)	(194,500)	600	0%
Interest Expense Other	17,779	19,258	20,000	20,000	-	0%
Subtotal Other Expense	\$ 1,361,058	\$ 1,255,266	\$ 1,305,800	\$ 1,018,800	\$ (287,000)	-22%
Merchandising & Jobbing Income	\$ 186,777	\$ 298,406	\$ 257,400	\$ 123,900	\$ (133,500)	-52%
Interest Income	664,655	516,360	553,017	591,217	38,200	7%
Misc. Income	992,983	3,603,152	1,955,000	600,000	(1,355,000)	-69%
Gain/(loss) on Disposition of Property	6,813	2,141	-	-	-	0%
Subtotal Other Income	\$ 1,851,229	\$ 4,420,059	\$ 2,765,417	\$ 1,315,117	\$ (1,450,300)	-52%
TOTAL OTHER INCOME (EXPENSE)	\$ 490,171	\$ 3,164,793	\$ 1,459,617	\$ 296,317	\$ (1,163,300)	-80%
Subtotal Net Earnings	\$ 6,429,106	\$ 6,721,205	\$ 5,300,529	\$ 3,910,344	\$ (1,390,185)	-26%
Miscellaneous Income Deduction for TVC	\$ (200)	\$ (25)	\$ -	\$ -	-	0%
NET EARNINGS	\$ 6,429,306	\$ 6,721,230	\$ 5,300,529	\$ 3,910,344	\$ (1,390,185)	-26%

GROTON UTILITIES

ELECTRIC DIVISION

FY 2026 BUDGET

CAPITAL PROJECTS

GROTON UTILITIES

Electric Division CAPITAL BUDGET

PROJECT	FY 2026 PROPOSED	DESCRIPTION
NON-BONDED CAPITAL PROJECTS		
Operations		
Distribution	\$ 2,347,492	Distribution Infrastructure, Switchgears, Reconductors, Cable and Poles, Reclosers, Capacitors, Switches
Substation	1,110,425	Substation Equipment Upgrades, SS infrastructure Upgrades, IED Replacement
Metering	305,250	AMI Meters, Meter Farm, Revenue Meters, Misc. Meters
Vehicle	500,000	Fleet Vehicle Replacement
Others	1,175,000	SCADA, Software, Tools, Facility Maintenance, Expansion of facilities, Cityworks and etc.
Subtotal	\$ 5,438,167	
IT		
Servers	\$ 90,000	
Network Monitoring Tool	\$ 36,000	
Data Centers Rewiring Project	24,000	
Subtotal	\$ 150,000	
Customer Care		
Office Renovation	\$ 60,000	
Subtotal	\$ 60,000	
TOTAL NON-BONDED CAPITAL PROJECTS	\$ 5,648,167	
OTHER FUND CAPITAL PROJECTS		
LED Conversion - RGGI Fund	\$ 100,000	LED Lights Conversion
TOTAL CAPITAL PROJECTS	\$ 5,748,167	