### FOR BOARD ACTION

Agenda Item # 3 **Meeting Date:** 

11/09/10

SUBJECT:

Approval of the 2011 Electric and Water Budgets

PREPARED BY:

Sue Parker, Director of Corporate Services

### **ITEM DESCRIPTION:**

In October, management reviewed the preliminary 2011 electric and water budgets with the finance committee and the Board as a whole. The board was presented with recommendations for no rate increase in the electric or water utility and approval of operating budgets in the amount of \$141,415,000 and \$8,180,000, respectively.

The significant current year business drivers are:

- Commitment to community to have no rate increase during tough economic times;
- Continuation of the cost reductions made during 2009 and 2010 into 2011;
- Continue our strategic initiatives of safety, reliability and fiscal strength;
- Purchased power costs from our wholesale provider, SMMPA, continues to be a significant operating expense at approximately \$90 million or about 68% of our operating costs;
- Lack of demand in MISO market has made it difficult to sell energy from the Silver Lake Plant this past year and RPU is projecting few wholesale sales from this facility in 2011;
- Increasing our energy conservation goals to achieve a 1.5% reduction in KWh sales;
- Continuing our participation in CAPX 2020 initiative to expand the electric transmission grid to ensure reliable and affordable service; and
- Implementing Smart Grid education and possible pilot projects.

Summary financial sheets are attached reflecting the recommended operating and capital budgets.

### UTILITY BOARD ACTION REQUESTED:

The Board is requested to approve and recommend that the City Council approve the 2011 RPU electric and water budgets.

General Manager Date

### ROCHESTER PUBLIC UTILITIES **ELECTRIC UTILITY 2011 OPERATING BUDGET**

#### **BASIC ASSUMPTIONS**

Cost center budgets maintained at reduced 2010 level

Interest Earnings Rate: 3.0%

1.4% Average Salary Expense Change:

(consists of COLA, merit and promotion increases)

• Change in Full-time Equivalents:

SMMPA Wholesale Power Cost: 0.0% increase

SMMPA CROD Level: 216 MW

Cash Reserve Requirements: Target amount \$37,100,000

Policy amount \$31,400,000

**RETAIL REVENUES / SALES** 

• Revenue Adjustment: 0% Proposed

Electric KWH Sales Forecast: 0.1 % Decrease over 2010 F2 Year End Projected Sales

0.8% Increase over Year End 2010 F2 Projected Customers Total Electric Utility Customers:

524 Cooling Degree Days Forecast Assumes Normal Weather:

#### WHOLESALE REVENUES / SALES & EXPENSES

• Wholesale Revenue Forecasts

\$1,941,533 o Silver Lake Plant o Cascade Creek Gas Turbines \$464,336

o Steam Generation \$5,368,861

> Total \$7,774,730 (11.7% decrease from Y/E 2010 F2 Projected Revenue)

 Estimated Cost of Fuel 2011 \$3.950 / mmBtu

\$4.580 / mmBtu • Budgeted Cost of Fuel 2010 F2

### **OTHER ITEMS**

• In Lieu of Tax forecast increasing \$18,000

### ROCHESTER PUBLIC UTILITIES ELECTRIC UTILITY

### Management Reporting P&L

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4		Historic	al Data							
5	in 000's	2008	2009	2010 F2		2011	2012	2013	2014	2015
6	RPU Rate Increase	4.0%	5.0%	0.0%	_	0.0%	6.0%	3.5%	3.5%	3.5%
7	Revenue									
8	Retail Electric	\$119,169	\$120,960	\$125,280		\$126,606	\$135,607	\$141,138	\$147,030	\$153,217
9	Wholesale Electric	\$19,130	\$4,507	\$3,473		\$2,406	\$2,483	\$2,566	\$2,658	\$2,502
10	Wholesale Steam	\$3,772	\$5,178	\$5,328		\$5,369	\$7,769	\$7,941	\$8,116	\$8,297
11	Other Services & Fees	\$5,391	\$5,504	\$6,546	_	\$7,035	\$6,712	\$6,781	\$6,850	\$6,397
12 <b>T</b> o	otal Revenue	\$147,462	\$136,149	\$140,626	_	\$141,415	\$152,571	\$158,426	\$164,655	\$170,413
4-	Coat of Decrees	2 000		4 000		0.004	2 001	2.007	2.004	2.0%
13	Cost of Revenue SMMPA Rate Increase	2.5% \$79,935	6.0% \$81 139	4.0% \$89.271		0.0% \$90,251	2.0% \$92,404	2.0% \$94,482	2.0% \$96,602	\$98,737
14 15	Power Supply Generation Fuel	\$79,935 \$16,734	\$81,139 \$4,489	\$89,271 \$4,202		\$90,251 \$3,246	\$92,404 \$4,556	\$94,482 \$4,737	\$96,602	\$98,737 \$5,076
15 16 <b>To</b>	Generation Fuel  otal Cost of Revenue	\$16,734	\$4,489	\$4,202	_	\$3,246	\$96,960	\$99,218	\$101,515	\$103,813
10 16	Joseph Marchael	755,005	733,020	755,775	_	,-0,.01	,,	, ,		
17	Gross Margin									
18	Retail Electric	\$39,235	\$39,821	\$36,008		\$36,355	\$43,203	\$46,656	\$50,429	\$54,480
19	Wholesale	\$6,167	\$5,196	\$4,598		\$4,528	\$5,695	\$5,770	\$5,862	\$5,724
20	Other Services & Fees	\$5,391	\$5,504	\$6,546	_	\$7,035	\$6,712	\$6,781	\$6,850	\$6,397
21 <b>TC</b>	OTAL GROSS MARGIN	\$50,793	\$50,521	\$47,153	_	\$47,917	\$55,611	\$59,207	\$63,141	\$66,600
					_		_			
8										
22	Controllable Costs	A-0	44.5	A		¢40 ===	¢20.700	624 555	¢22.200	622.42=
23	Salaries & Benefits	\$18,074	\$18,548	\$18,053		\$19,598	\$20,788	\$21,525	\$22,308	\$23,125
24	Other Operating Expenses	\$11,939	\$11,232	\$10,617		\$10,847	\$11,145	\$11,391	\$11,671	\$11,969
25	Major Maintenance	\$1,390 \$6,030	\$1,805 \$196	\$3,216 \$5,575		\$2,287 \$7,842	\$3,044 \$6,265	\$2,735 \$6,516	\$2,769 \$8,123	\$2,683 \$7,323
26 27 <b>TO</b>	Non-Bonded Capital Projects  OTAL CONTROLLABLE COSTS	\$6,030 \$37,432	\$196	\$5,575 \$37,461	_	\$40,574	\$6,265	\$42,168	\$8,123	\$45,100
21 10	ZANE CONTROLLABLE COSTS	421,422	731,700	437,401	-	4-10,014	J471	+ .=j±00	7.7,071	+ 10,200
28	Depreciation & Amortization	\$7,808	\$8,221	\$9,334		\$9,722	\$10,098	\$10,122	\$10,211	\$10,504
29	Less Non Bonded Projects (capitalized)	(\$6,030)	(\$196)	(\$5,575)		(\$7,842)	(\$6,265)	(\$6,516)	(\$8,123)	(\$7,323)
30	Less Total Internal Costs (capitalized)	(\$5,585)	(\$3,639)	(\$2,595)		(\$1,166)	(\$932)	(\$1,229)	(\$1,433)	(\$1,279)
31	Interutility Allocation	(\$1,223)	(\$1,438)	(\$1,668)	_	(\$1,722)	(\$1,765)	(\$1,809)	(\$1,854)	(\$1,900)
	otal Operating Expenses	\$32,403	\$34,728	\$36,958	_	\$39,566	\$42,378	\$42,736	\$43,672	\$45,103
					_		4	1	4	4
33 Ne	et Operating Income (Loss)	\$18,390	\$15,793	\$10,195	_	\$8,352	\$13,233	\$16,472	\$19,469	\$21,498
	·									
34	Financing & Other Non-Operating Items:	164 774	164 000	ICA 222'		(\$4.07C)	(CE E02)	(CE 210)	(CF 102)	ICA DAC
35	Bond & Interest Related Expenses	(\$4,771)	(\$4,086) \$947	(\$4,239) \$1,364		(\$4,076) \$1,202	(\$5,503) \$2,056	(\$5,310) \$2,013	(\$5,103) \$1,785	(\$4,846) \$1,534
36 37	Interest Income Misc Non-Operating Income (Expense)	\$2,626 (\$262)	\$947 (\$622)	\$1,364 (\$156)		\$1,202 (\$165)	\$2,056 (\$168)	\$2,013 (\$172)	\$1,785 (\$176)	\$1,534 (\$180)
37 38 <b>To</b> f	Misc Non-Operating Income (Expense) tal Financing & Non-Operating Items	(\$2,408)	(\$622)	(\$3,030)	_	(\$165)	(\$3,615)	(\$3,469)	(\$3,494)	(\$3,492)
JO 10	mancing & Non-Operating Items	(42,700)	(42,701)	(43,030)	_	(40,000)	(40,010)	(40)400]	(4-)-13-1	(73)-134]
39 Inc	come Before Transfers or Capital Contributions	\$15,983	\$12,032	\$7,165	_	\$5,312	\$9,618	\$13,003	\$15,975	\$18,006
1110		. ,	,						,	
40	Transfers (In Lieu of Taxes)	(\$8,391)	(\$8,242)	(\$8,417)		(\$8,435)	(\$8,669)	(\$8,908)	(\$9,153)	(\$9,404)
41	Capital Contributions	\$3	\$0	\$0		\$0	\$0	\$0	\$0	\$0
-22/2					_					
42 NE	TINCOME	\$7,594	\$3,790	(\$1,252)	_	(\$3,123)	\$949	\$4,095	\$6,822	\$8,602
					_					
000-4				A ==				24.22- '	AF 700	20 427
43 1/0	01 Cash Balance	\$	27,025	\$ 37,948	\$	41,371 \$	35,142 \$	34,237 \$	35,732 \$	39,430
	Change in Not Asset		2 700	/4 252		12 1221	040	4.005	6 022	0 602
44	Change in Net Assets		3,790 8 221	(1,252)		(3,123)	949 10.098	4,095 10.122	6,822 10,211	8,602 10,504
45	Depreciation & Amortization		8,221 (15,150)	9,334		9,722	10,098 (11,999)	10,122 (15,710)	10,211 (22,273)	10,504 (20,317)
46 47	Capital Additions/Service Territory Comp		(15,150) (2,707)	(11,821) (3,858)		(9,008) (3,820)	(11,999)	(15,710)	(5,232)	(4,012)
47 48	Bond Principal Payments Bond Proceeds		6,007	(3,036)		(3,020)	39,500	(-,5//)	-	- (1,012)
48 49	Net Change in Other Assets/Liabilities		10,764	11,019		-	(34,724)	7,965	14,170	11,716
-10	Samuel Autor Autoral Laboration		,, 07	,010			. ,,			
50	Net Changes in Cash	_	10,924	3,423	_	(6,229)	(905)	1,495	3,698	6,493
	<b>⊌</b>						<u>*</u>			
51 <b>12</b> /	/31 Cash Balance	\$	37,948	\$ 41,371	\$	35,142 \$	34,237 \$	35,732 \$	39,430 \$	45,923
	serve Target	\$	32,600	\$ 35,000	\$		39,000 \$	41,000 \$		
	cess (Deficit) from Target	\$	5,348	\$ 6,371	\$	(1,958) \$	(4,763) \$		(3,570) \$	923
54 Cas	sh Balance as % of Reserve Target			118.2%		94.7%	87.8%	87.2%	91.7%	102.1%
				100 mm			,			
55 <b>De</b> l	bt Service Coverage Ratio		3.6	2.6		2.4	2.5	2.8	3.0	3.8

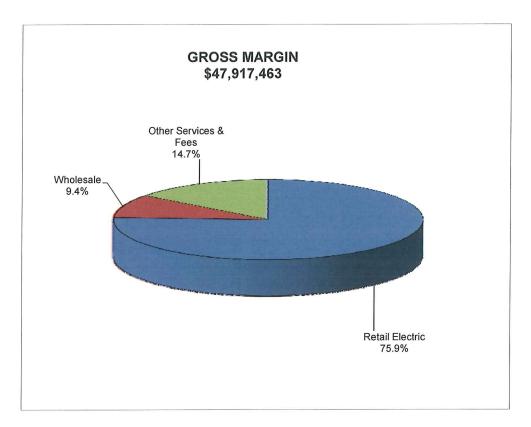
### ROCHESTER PUBLIC UTILITIES ELECTRIC UTILITY Management Reporting P&L

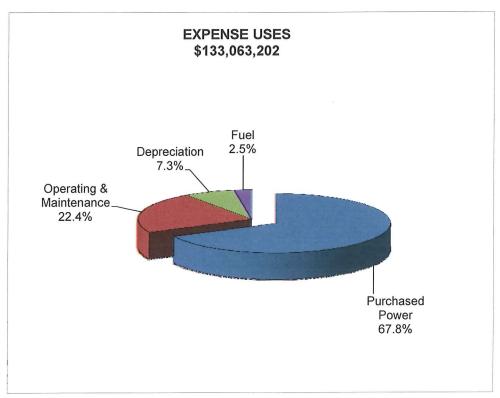
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3		Iviana	yen	ient iveb	orti	ilg i di					
4		Histori	cal D	Data		2010				ariance	%
5	in 000's	2008		2009	(	Orig Bdgt	2010 F2		2011	011 to 10 Orig	Variance
6	<u>Revenue</u>										
7	Retail Electric	\$119,169	,	\$120,960		\$127,976	\$125,280		\$126,606	(\$1,371)	-1.1%
8	Wholesale Electric	\$19,130		\$4,507		\$2,889	\$3,473		\$2,406	(\$483)	-16.7%
9	Wholesale Steam	\$3,772		\$5,178		\$5,382	\$5,328		\$5,369	(\$13)	-0.2%
10		\$5,391		\$5,504		\$6,191	\$6,546		\$7,035	\$843	13.6%
	Total Revenue	\$147,462	,	\$136,149		\$142,439	\$140,626		\$141,415	(\$1,024)	-0.7%
12	Cost of Revenue										
13	Power Supply	\$79,935		\$81,139		\$90,957	\$89,271		\$90,251	(\$706)	-0.8%
14	Generation Fuel	\$16,734		\$4,489	-	\$3,135	\$4,202	_	\$3,246	\$112	3.6%
15	Total Cost of Revenue	\$96,669		\$85,628		\$94,092	\$93,473	-	\$93,497	(\$595)	-0.6%
16		400 225		ć20 024		ć27.010	¢26.000		למני מדד	(\$664)	-1.8%
17		\$39,235		\$39,821		\$37,019	\$36,008		\$36,355	98 0	-11.8%
18		\$6,167		\$5,196		\$5,136	\$4,598		\$4,528	(\$608)	
19		\$5,391		\$5,504	_	\$6,191	\$6,546	_	\$7,035	\$843	13.6%
20	TOTAL GROSS MARGIN	\$50,793		\$50,521	_	\$48,346	\$47,153	_	\$47,917	 (\$429)	-0.9%
21	Controllable Costs										
22		\$18,074		\$18,548		\$18,687	\$18,053		\$19,598	\$911	4.9%
23		\$11,939		\$11,232		\$11,343	\$10,617		\$10,847	(\$497)	-4.4%
24		\$1,390		\$1,805		\$2,998	\$3,216		\$2,287	(\$711)	-23.7%
25	The state of the s	\$6,030		\$196		\$4,291	\$5,575		\$7,842	\$3,551	82.8%
	TOTAL CONTROLLABLE COSTS	\$37,432		\$31,780		\$37,319	\$37,461	_	\$40,574	\$3,254	8.7%
27	Depreciation & Amortization	\$7,808		\$8,221		\$10,096	\$9,334		\$9,722	(\$374)	-3.7%
28	The state of the s	(\$6,030)		(\$196)		(\$4,291)	(\$5,575)		(\$7,842)	(\$3,551)	82.8%
29		(\$5,585)		(\$3,639)		(\$2,012)	(\$2,595)		(\$1,166)	\$846	-42.0%
30	A STANDARD CONTRACTOR OF THE STANDARD CONTRACTOR	(\$1,223)		(\$1,438)		(\$1,668)	(\$1,668)		(\$1,722)	(\$54)	3.2%
31	Total Operating Expenses	\$32,403		\$34,728	_	\$39,445	\$36,958		\$39,566	\$121	0.3%
32	Net Operating Income (Loss)	\$18,390		\$15,793	_	\$8,901	\$10,195	_	\$8,352	(\$550)	-6.2%
33		(4. 774)		(\$4.00C)		/¢ 4 420\	(64.220)		/¢ 4 07C\	\$352	-8.0%
34		(\$4,771)		(\$4,086)		(\$4,429)	(\$4,239)		(\$4,076)		2.4%
35		\$2,626		\$947		\$1,173	\$1,364		\$1,202	\$28	
36	Misc Non-Operating Income (Expense)	(\$262)		(\$622)	_	(\$146)	(\$156)	-	(\$165)	 (\$19)	13.1%
37	Total Financing & Non-Operating Items	(\$2,408)		(\$3,761)		(\$3,401)	(\$3,030)		(\$3,039)	\$362	-10.6%
38	Income Before Transfers or Capital Contributions	\$15,983		\$12,032		\$5,500	\$7,165	_	\$5,312	(\$188)	-3.4%
39	Transfers (In Lieu of Taxes)	(\$8,391)		(\$8,242)		(\$8,541)	(\$8,417)		(\$8,435)	\$106	-1.2%
40	Capital Contributions	\$3		\$0		\$0	\$0		\$0	\$0	0.0%
41	NET INCOME	\$7,594		\$3,790	_	(\$3,041)	(\$1,252)		(\$3,123)	(\$82)	2.7%
42	1/01 Cash Balance		\$	27,025	\$	33,316 \$	37,948	\$	41,371	\$ 8,055	24.2%
43	Change in Net Assets			3,790		(3,041)	(1,252)		(3,123)	(82)	2.7%
44	Depreciation & Amortization			8,221		10,096	9,334		9,722	(374)	-3.7%
45	Capital Additions/Service Territory Comp			(15,150)		(11,173)	(11,821)		(9,008)	2,164	-19.4%
46	Bond Principal Payments			(2,707)		(3,858)	(3,858)		(3,820)	38	-1.0%
47	Bond Proceeds			6,007		-	-		1,=	-	0.0%
48	Net Change in Other Assets/Liabilities			10,764		7,342	11,019		-	(7,342)	-100.0%
49	Net Changes in Cash			10,924	_	(634)	3,423		(6,229)	(5,596)	883.1%
	12/31 Cash Balance		\$	37,948	\$	32,682 \$		\$	35,142	2,460	7.5%
	Reserve Target		\$	32,600	\$	35,000 \$	V 1 V 1 V 1 V 1 V 1 V 1	\$	37,100	2,100	6.0%
	Excess (Deficit) from Target		\$	5,348	\$	(2,318) \$		\$	(1,958)	\$ 360	-15.5%
53	Cash Balance as % of Reserve Target						118.2%		94.7%		

## ROCHESTER PUBLIC UTILITIES ELECTRIC UTILITY 2011 OPERATING BUDGET





# ROCHESTER PUBLIC UTILITIES WATER UTILITY 2011 OPERATING BUDGET

### **BASIC ASSUMPTIONS**

Cost center budgets maintained at reduced 2010 level

• Interest Earnings Rate:

3.0%

• Average Salary Expense Change:

1.4%

(consists of COLA, merit and promotion increases)

• Change in Full-time Equivalents:

0

• Cash Reserve Requirements:

Policy Amount

\$2,481,000

(1yr Operating and Maintenance costs is being proposed

in current rate study, approx. \$5.9M)

### RETAIL REVENUES / SALES

• Revenue Adjustment:

0.0%

Water CCF Sales Forecast:

0.6% Decrease from 2010 Projected Sales

• Total Water Utility Customers:

0.9% Increase over Y/E 2010 Projected Customers

• Forecast Assumes Normal Weather:

524 Cooling Degree Days,

18.67 Inches Summer Rainfall

### **OTHER ITEMS**

- In Lieu of Tax forecast decreasing \$2,000, driven by a projected decrease in ccf sales.
- RPU water projects are greatly dependent on the plans of the City Public Works Department and developers.
- Developer-installed subdivision water infrastructure assets and City-installed water towers
  are contributed to RPU at no cost. RPU records depreciation expense on these assets
  and is responsible for ongoing maintenance and replacement costs.

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

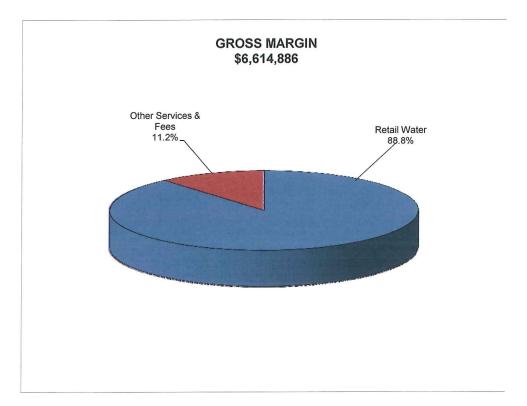
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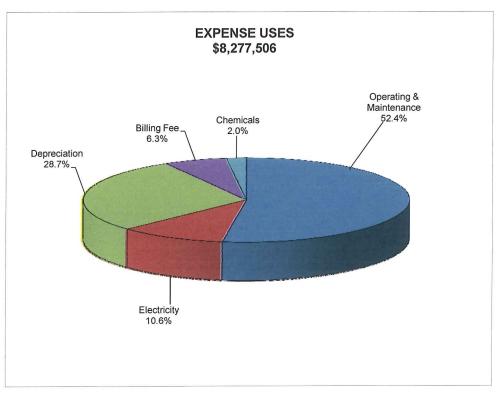
3			gom							
4	1	Historic	al Data							
5	in 000's	2008	2009	2010 F2		2011	2012	2013	2014	2015
6	RPU Rate Increase	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%
7	Revenue						21			W 500
8	Retail Water	\$7,508	\$7,425	\$7,481		\$7,437	\$7,480	\$7,527	\$7,574	\$7,618
9	Other Services & Fees	\$666	\$768	\$750		\$743	\$759	\$775	\$792	\$809
10 <b>T</b>	otal Revenue	\$8,174	\$8,192	\$8,230	-	\$8,180	\$8,239	\$8,302	\$8,366	\$8,427
11	Cost of Revenue						es as benefities		National Conference	· • · · · · · · · · · · · · · · · · · ·
12	Water Supply	\$1,601	\$1,656	\$1,624		\$1,565	\$1,637	\$1,719	\$1,811	\$1,913
13 T	otal Cost of Revenue	\$1,601	\$1,656	\$1,624		\$1,565	\$1,637	\$1,719	\$1,811	\$1,913
14	Gross Margin								4= ===	45 705
15	Retail Water	\$5,907	\$5,768	\$5,857		\$5,872	\$5,842	\$5,808	\$5,763	\$5,705
16	Other Services & Fees	\$666	\$768	\$750	_	\$743	\$759	\$775	\$792	\$809
17 T	OTAL GROSS MARGIN	\$6,573	\$6,536	\$6,606	-	\$6,615	\$6,601	\$6,583	\$6,555	\$6,514
40	Cantuallable Costs									
18	Controllable Costs Salaries & Benefits	\$1,712	\$1,794	\$1,814		\$1,899	\$2,086	\$2,198	\$2,256	\$2,315
19 20	Other Operating Expenses	\$391	\$455	\$507		\$580	\$642	\$655	\$671	\$687
21	Major Maintenance	\$273	\$184	\$217		\$424	\$232	\$378	\$459	\$260
22	Non-Bonded Capital Projects	\$1,231	\$1,124	\$2,108		\$1,950	\$1,564	\$2,035	\$3,003	\$1,953
	OTAL CONTROLLABLE COSTS	\$3,607	\$3,557	\$4,646		\$4,853	\$4,524	\$5,266	\$6,388	\$5,215
24	Depreciation & Amortization	\$2,112	\$2,110	\$2,124		\$2,376	\$2,283	\$2,355	\$2,407	\$2,445
25	Less Non Bonded Projects (capitalized)	(\$1,231)	(\$1,124)	(\$2,108)		(\$1,950)	(\$1,564)	(\$2,035)	(\$3,003)	(\$1,953)
26	Less Total Internal Costs (capitalized)	(\$326)	(\$448)	(\$489)		(\$288)	(\$209)	(\$188)	(\$214)	(\$178)
27	Interutility Allocation	\$1,223	\$1,438	\$1,668		\$1,722	\$1,765	\$1,809	\$1,854	\$1,900
28	Total Operating Expenses	\$5,385	\$5,533	\$5,841	_	\$6,713	\$6,799	\$7,207	\$7,432	\$7,429
29 N	let Operating Income (Loss)	\$1,189	\$1,003	\$765	_	(\$98)	(\$198)	(\$624)	(\$877)	(\$915)
30	Financing & Other Non-Operating Items:	. Process				4.	40	40	40	ćo
31	Bond & Interest Related Expenses	(\$60)	(\$43)	(\$26)		\$0	\$0	\$0	\$0 \$113	\$0 \$73
32	Interest Income	\$196	\$155	\$169		\$161	\$161	\$152	\$113	\$72
33	Misc Non-Operating Income (Expense)	\$1	(\$111)	\$0	_	\$0	\$0	\$0 <b>\$152</b>	\$0 <b>\$113</b>	\$0 <b>\$72</b>
34 T	otal Financing & Non-Operating Items	\$136	\$2	\$143	_	\$161	\$161	\$152	3113	\$12
35 lr	ncome Before Transfers or Capital Contributions	\$1,325	\$1,005	\$908		\$64	(\$37)	(\$471)	(\$764)	(\$843)
36	Transfers (In Lieu of Taxes)	(\$374)	(\$360)	(\$356)		(\$355)	(\$356)	(\$358)	(\$360)	(\$361)
37	Capital Contributions	\$1,091	\$2,595	\$1,100		\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
38 <b>N</b>	ET INCOME	\$2,042	\$3,241	\$1,651		\$809	\$707	\$271	(\$23)	(\$105)
39 <b>1</b> ,	/01 Cash Balance		\$ 5,332	\$ 5,869	\$	5,538 \$	5,385 \$	5,502 \$	4,804 \$	2,871
40	Change in Net Assets		3,241	1,651		809	707	271	(23)	(105)
41	Depreciation & Amortization		2,110	2,124		2,376	2,283	2,355	2,407	2,445
42	Capital Additions/Service Territory Comp		(1,572)	(2,597)		(2,238)	(1,773)	(2,223)	(3,217)	(2,132)
43	Non-Cash Contributions		(2,595)	(1,100)		(1,100)	(1,100)	(1,100)	(1,100)	(1,100)
44	Debt Principal Payments		(390)	(410)		-	<b>≅</b> 0	•	-	-
45	Debt Proceeds		-	-		i.e	g =	Ä.	*	-
46	Net Change in Other Assets/Liabilities		(256)	•		:=	-	<b>\$</b> .	=	-
47	Net Changes in Cash	-	537	(331)		(153)	117	(697)	(1,933)	(891)
48 12	2/31 Cash Balance		\$ 5,869	\$ 5,538	\$	5,385 \$	5,502 \$		2,871 \$	1,980
	eserve Policy	_	\$ 2,538	\$ 2,576	\$	2,481 \$	2,502 \$		2,603 \$	2,615
50 Ex	ccess (Deficit) from Policy	_	\$ 3,331	\$ 2,962	\$	2,903 \$	3,000 \$		269 \$	(635)
51 <b>C</b> a	ash Balance as % of Reserve Policy	_		215.0%		217.0%	219.9%	187.4%	110.3%	75.7%

### **ROCHESTER PUBLIC UTILITIES** WATER UTILITY

3		Mana	gement R							
4		Historic	al Data		2010		Г		Variance 2011 to	%
5	in 000's	2008	2009	0	rig Bdgt	2010 F2		2011	2011 to 2010 Orig	Variance
6	Revenue									
7	Retail Water	\$7,508	\$7,425		\$7,122	\$7,481		\$7,437	\$315	4.4%
8	Other Services & Fees	\$666	\$768		\$790	\$750		\$743	(\$47)	-5.9%
9 <b>T</b> o	otal Revenue	\$8,174	\$8,192	_	\$7,911	\$8,230	_	\$8,180	\$268	3.4%
10	Cost of Revenue	ć1 CO1	¢1.050		¢1 40C	¢1.624		Ć1 FCF	ć70	F 30/
11	Water Supply	\$1,601 \$1,601	\$1,656 <b>\$1,656</b>		\$1,486 <b>\$1,486</b>	\$1,624 <b>\$1,624</b>		\$1,565 <b>\$1,565</b>	\$79 <b>\$79</b>	5.3% 5.3%
12 10	otal Cost of Revenue	\$1,601	\$1,030	_	\$1,460	\$1,024	_	\$1,505	3/3	3.376
13 14	<u>Gross Margin</u> Retail Water	\$5,907	\$5,768		\$5,636	\$5,857		\$5,872	\$236	4.2%
15	Other Services & Fees	\$666	\$768		\$5,030	\$750		\$743	(\$47)	-5.9%
	OTAL GROSS MARGIN	\$6,573	\$6,536		\$6,425	\$6,606		\$6,615	\$190	3.0%
17	Controllable Costs									
18	Salaries & Benefits	\$1,712	\$1,794		\$1,786	\$1,814		\$1,899	\$114	6.4%
19	Other Operating Expenses	\$391	\$455		\$465	\$507		\$580	\$115	24.8%
20	Major Maintenance	\$273	\$184		\$364	\$217		\$424	\$60	16.4%
21	Non-Bonded Capital Projects	\$1,231	\$1,124	-	\$2,448	\$2,108		\$1,950	(\$498)	-20.3%
22 <b>TC</b>	OTAL CONTROLLABLE COSTS	\$3,607	\$3,557	_	\$5,062	\$4,646	,- <u></u>	\$4,853	(\$209)	-4.1%
23	Depreciation & Amortization	\$2,112	\$2,110		\$2,258	\$2,124		\$2,376	\$118	5.2%
24	Less Non Bonded Projects (capitalized)	(\$1,231)	(\$1,124)		(\$2,448)	(\$2,108)		(\$1,950)	\$498	-20.3%
25	Less Total Internal Costs (capitalized)	(\$326)	(\$448)		(\$337)	(\$489)		(\$288)	\$49	-14.6%
26	Interutility Allocation	\$1,223	\$1,438		\$1,668	\$1,668		\$1,722	\$54	3.2%
27 <b>T</b>	otal Operating Expenses	\$5,385	\$5,533		\$6,203	\$5,841		\$6,713	\$719	11.6%
28 <b>N</b> 6	et Operating Income (Loss)	\$1,189	\$1,003		\$222	\$765		(\$98)	(\$529)	-238.4%
		\$1,189	\$1,003		\$222	\$765		(\$98)	(\$529)	-238.4%
29	Financing & Other Non-Operating Items:									
29 30	Financing & Other Non-Operating Items: Bond & Interest Related Expenses	(\$60)	(\$43)		(\$41)	\$765 (\$26) \$169		\$0 \$161	(\$529) \$41 \$4	-238.4% -100.0% 2.2%
29	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income					(\$26)		\$0	\$41	-100.0%
29 30 31 32	Financing & Other Non-Operating Items: Bond & Interest Related Expenses	(\$60) \$196	(\$43) \$155		(\$41) \$158	(\$26) \$169		\$0 \$161	\$41 \$4	-100.0% 2.2%
29 30 31 32 33 To	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items	(\$60) \$196 \$1 <b>\$136</b>	(\$43) \$155 (\$111) \$2		(\$41) \$158 \$0 <b>\$117</b>	(\$26) \$169 \$0 <b>\$143</b>		\$0 \$161 \$0 <b>\$161</b>	\$41 \$4 \$0 <b>\$45</b>	-100.0% 2.2% 0.0% 38.1%
29 30 31 32 33 To	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense)	(\$60) \$196 \$1	(\$43) \$155 (\$111)		(\$41) \$158 \$0	(\$26) \$169 \$0		\$0 \$161 \$0	\$41 \$4 \$0	-100.0% 2.2% 0.0%
29 30 31 32 33 To	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items	(\$60) \$196 \$1 <b>\$136</b>	(\$43) \$155 (\$111) \$2		(\$41) \$158 \$0 <b>\$117</b>	(\$26) \$169 \$0 <b>\$143</b> <b>\$908</b> (\$356)		\$0 \$161 \$0 <b>\$161</b>	\$41 \$4 \$0 <b>\$45</b>	-100.0% 2.2% 0.0% 38.1% -143.0%
29 30 31 32 33 To	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) otal Financing & Non-Operating Items come Before Transfers or Capital Contributions	(\$60) \$196 \$1 \$136 \$1,325	(\$43) \$155 (\$111) \$2 \$1,005		(\$41) \$158 \$0 <b>\$117</b>	(\$26) \$169 \$0 <b>\$143</b> <b>\$908</b>		\$0 \$161 \$0 \$161	\$41 \$4 \$0 \$45 (\$484)	-100.0% 2.2% 0.0% 38.1%
29 30 31 32 33 To 34 Inc 35 36	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items come Before Transfers or Capital Contributions Transfers (In Lieu of Taxes)	(\$60) \$196 \$1 <b>\$136</b> <b>\$1,325</b> (\$374)	(\$43) \$155 (\$111) <b>\$2</b> <b>\$1,005</b>		(\$41) \$158 \$0 <b>\$117</b> <b>\$339</b> (\$329)	(\$26) \$169 \$0 <b>\$143</b> <b>\$908</b> (\$356)		\$0 \$161 \$0 \$161 \$64 (\$355)	\$41 \$4 \$0 \$45 (\$484)	-100.0% 2.2% 0.0% 38.1% -143.0%
29 30 31 32 33 To 34 Inc 35 36	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items come Before Transfers or Capital Contributions Transfers (In Lieu of Taxes) Capital Contributions	(\$60) \$196 \$1 \$136 \$1,325 (\$374) \$1,091 \$2,042	(\$43) \$155 (\$111) <b>\$2</b> <b>\$1,005</b> (\$360) \$2,595		(\$41) \$158 \$0 \$117 \$339 (\$329) \$1,100	(\$26) \$169 \$0 <b>\$143</b> <b>\$908</b> (\$356) \$1,100		\$0 \$161 \$0 <b>\$161</b> <b>\$64</b> (\$355) \$1,100	\$41 \$4 \$0 \$45 (\$484) (\$25) \$0	-100.0% 2.2% 0.0% 38.1% -143.0% 7.7% 0.0%
29 30 31 32 33 To 34 Inc 35 36 37 NE	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items  come Before Transfers or Capital Contributions  Transfers (In Lieu of Taxes) Capital Contributions  ET INCOME	(\$60) \$196 \$1 \$136 \$1,325 (\$374) \$1,091 \$2,042	(\$43) \$155 (\$111) \$2 \$1,005 (\$360) \$2,595 \$3,241		(\$41) \$158 \$0 \$117 \$339 (\$329) \$1,100 \$1,110	(\$26) \$169 \$0 \$143 \$908 (\$356) \$1,100 \$1,651		\$0 \$161 \$0 \$161 \$64 (\$355) \$1,100 \$809	\$41 \$4 \$0 \$45 (\$484) (\$25) \$0 (\$510)	-100.0% 2.2% 0.0% 38.1% -143.0% 7.7% 0.0%
29 30 31 32 33 To 34 Inc 35 36 37 NE	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items  come Before Transfers or Capital Contributions  Transfers (In Lieu of Taxes) Capital Contributions  ET INCOME  O1 Cash Balance  Change in Net Assets	(\$60) \$196 \$1 \$136 \$1,325 (\$374) \$1,091 \$2,042	(\$43) \$155 (\$111) \$2 \$1,005 (\$360) \$2,595 \$3,241		(\$41) \$158 \$0 \$117 \$339 (\$329) \$1,100 \$1,110	(\$26) \$169 \$0 \$143 \$908 (\$356) \$1,100 \$1,651		\$0 \$161 \$0 \$161 \$64 (\$355) \$1,100 \$809	\$41 \$4 \$0 \$45 (\$484) (\$25) \$0 (\$510)	-100.0% 2.2% 0.0% 38.1% -143.0% 7.7% 0.0% -45.9%
29 30 31 32 33 Ta 34 Inu 35 36 37 NE 38 1/	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items  come Before Transfers or Capital Contributions  Transfers (In Lieu of Taxes) Capital Contributions  ET INCOME	(\$60) \$196 \$1 \$136 \$1,325 (\$374) \$1,091 \$2,042	(\$43) \$155 (\$111) \$2 \$1,005 (\$360) \$2,595 \$3,241 \$5,332		(\$41) \$158 \$0 \$117 \$339 (\$329) \$1,100 \$1,110	(\$26) \$169 \$0 \$143 \$908 (\$356) \$1,100 \$1,651		\$0 \$161 \$0 \$161 \$64 (\$355) \$1,100 \$809 5,538	\$41 \$4 \$0 \$45 (\$484) (\$25) \$0 (\$510)	-100.0% 2.2% 0.0% 38.1% -143.0% 7.7% 0.0% -45.9% -4.6%
29 30 31 32 33 To 34 Inc 35 36 37 NE	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items come Before Transfers or Capital Contributions  Transfers (In Lieu of Taxes) Capital Contributions  ET INCOME  O1 Cash Balance  Change in Net Assets Depreciation & Amortization	(\$60) \$196 \$1 \$136 \$1,325 (\$374) \$1,091 \$2,042	(\$43) \$155 (\$111) \$2 \$1,005 (\$360) \$2,595 \$3,241 \$5,332		(\$41) \$158 \$0 \$117 \$339 (\$329) \$1,100 \$1,110 5,805 \$	(\$26) \$169 \$0 \$143 \$908 (\$356) \$1,100 \$1,651 5,869		\$0 \$161 \$0 \$161 \$64 (\$355) \$1,100 \$809 5,538 809 2,376	\$41 \$4 \$0 \$45 (\$484) (\$25) \$0 (\$510) (\$268) (300) 118	-100.0% 2.2% 0.0% 38.1%  -143.0%  7.7% 0.0%  -45.9%  -4.6%  -27.1% 5.2%
29 30 31 32 33 To 34 Ini 35 36 37 NE 38 1/ 39 40 41	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items come Before Transfers or Capital Contributions  Transfers (In Lieu of Taxes) Capital Contributions  ET INCOME  O1 Cash Balance  Change in Net Assets Depreciation & Amortization Capital Additions/Service Territory Comp	(\$60) \$196 \$1 \$136 \$1,325 (\$374) \$1,091 \$2,042	(\$43) \$155 (\$111) \$2 \$1,005 (\$360) \$2,595 \$3,241 \$5,332 3,241 2,110 (1,572)		(\$41) \$158 \$0 \$117 \$339 (\$329) \$1,100 \$1,110 5,805 \$ 1,110 2,258 (2,785)	(\$26) \$169 \$0 \$143 \$908 (\$356) \$1,100 \$1,651 2,124 (2,597)		\$0 \$161 \$0 \$161 \$64 (\$355) \$1,100 \$809 5,538 809 2,376 (2,238)	\$41 \$4 \$0 \$45 (\$484) (\$25) \$0 (\$510) (\$268) (300) 118 547	-100.0% 2.2% 0.0% 38.1%  -143.0%  7.7% 0.0%  -45.9%  -27.1% 5.2% -19.6%
29 30 31 32 33 To 34 In 35 36 37 NE 38 1/4 39 40 41 42	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items  come Before Transfers or Capital Contributions  Transfers (In Lieu of Taxes) Capital Contributions  ET INCOME  O1 Cash Balance  Change in Net Assets Depreciation & Amortization Capital Additions/Service Territory Comp Non-Cash Contributions	(\$60) \$196 \$1 \$136 \$1,325 (\$374) \$1,091 \$2,042	(\$43) \$155 (\$111) <b>\$2</b> <b>\$1,005</b> (\$360) \$2,595 <b>\$3,241</b> 2,110 (1,572) (2,595) (390)		(\$41) \$158 \$0 \$117 \$339 (\$329) \$1,100 \$1,110 5,805 \$ 1,110 2,258 (2,785) (1,100)	(\$26) \$169 \$0 \$143 \$908 (\$356) \$1,100 \$1,651 2,124 (2,597) (1,100)	\$	\$0 \$161 \$0 \$161 \$64 (\$355) \$1,100 \$809 5,538 809 2,376 (2,238) (1,100)	\$41 \$4 \$0 \$45 (\$484) (\$25) \$0 (\$510) (\$268) (300) 118 547	-100.0% 2.2% 0.0% 38.1%  -143.0%  7.7% 0.0%  -45.9%  -4.6%  -27.1% 5.2% -19.6% 0.0% -100.0% 0.0%
29 30 31 32 33 To 34 In 35 36 37 NE 38 1/1 39 40 41 42 43	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items  come Before Transfers or Capital Contributions  Transfers (In Lieu of Taxes) Capital Contributions  ET INCOME  O1 Cash Balance  Change in Net Assets Depreciation & Amortization Capital Additions/Service Territory Comp Non-Cash Contributions Debt Principal Payments	(\$60) \$196 \$1 \$136 \$1,325 (\$374) \$1,091 \$2,042	(\$43) \$155 (\$111) <b>\$2</b> <b>\$1,005</b> (\$360) \$2,595 <b>\$3,241</b> 2,110 (1,572) (2,595)		(\$41) \$158 \$0 \$117 \$339 (\$329) \$1,100 \$1,110 5,805 \$ 1,110 2,258 (2,785) (1,100) (410)	(\$26) \$169 \$0 \$143 \$908 (\$356) \$1,100 \$1,651 2,124 (2,597) (1,100) (410)		\$0 \$161 \$0 \$161 \$64 (\$355) \$1,100 \$809 5,538 809 2,376 (2,238) (1,100)	\$41 \$4 \$0 \$45 (\$484) (\$25) \$0 (\$510) (\$268) (300) 118 547 - 410	-100.0% 2.2% 0.0% 38.1%  -143.0%  7.7% 0.0%  -45.9%  -4.6%  -27.1% 5.2% -19.6% 0.0% -100.0%
29 30 31 32 33 To 34 Inc 35 36 37 NE 38 1/1 39 40 41 42 43 44	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items  come Before Transfers or Capital Contributions  Transfers (In Lieu of Taxes) Capital Contributions  ET INCOME  O1 Cash Balance  Change in Net Assets Depreciation & Amortization Capital Additions/Service Territory Comp Non-Cash Contributions Debt Principal Payments Debt Proceeds	(\$60) \$196 \$1 \$136 \$1,325 (\$374) \$1,091 \$2,042	(\$43) \$155 (\$111) <b>\$2</b> <b>\$1,005</b> (\$360) \$2,595 <b>\$3,241</b> 2,110 (1,572) (2,595) (390)		(\$41) \$158 \$0 \$117 \$339 (\$329) \$1,100 \$1,110 5,805 \$ 1,110 2,258 (2,785) (1,100) (410)	(\$26) \$169 \$0 \$143 \$908 (\$356) \$1,100 \$1,651 2,124 (2,597) (1,100) (410)		\$0 \$161 \$0 \$161 \$64 (\$355) \$1,100 \$809 5,538 809 2,376 (2,238) (1,100)	\$41 \$4 \$0 \$45 (\$484) (\$25) \$0 (\$510) (\$268) (300) 118 547 - 410	-100.0% 2.2% 0.0% 38.1%  -143.0%  7.7% 0.0%  -45.9%  -4.6%  -27.1% 5.2% -19.6% 0.0% -100.0% 0.0%
29 30 31 32 33 To 34 In 35 36 37 NE 38 1/3 39 40 41 42 43 44 45 46 47 12 46	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items come Before Transfers or Capital Contributions  Transfers (In Lieu of Taxes) Capital Contributions  ET INCOME  O1 Cash Balance  Change in Net Assets Depreciation & Amortization Capital Additions/Service Territory Comp Non-Cash Contributions Debt Principal Payments Debt Proceeds Net Change in Other Assets/Liabilities  Net Changes in Cash  //31 Cash Balance	(\$60) \$196 \$1 \$136 \$1,325 (\$374) \$1,091 \$2,042	(\$43) \$155 (\$111) \$2 \$1,005 (\$360) \$2,595 \$3,241 2,110 (1,572) (2,595) (390) - (256) 537	\$	(\$41) \$158 \$0 \$117 \$339 (\$329) \$1,100 \$1,110 2,258 (2,785) (1,100) (410) - (927) 4,878 \$	(\$26) \$169 \$0 \$143 \$908 (\$356) \$1,100 \$1,651 2,124 (2,597) (1,100) (410) - - (331) 5,538	<u> </u>	\$0 \$161 \$0 \$161 \$64 (\$355) \$1,100 \$809 5,538 809 2,376 (2,238) (1,100) - - (153) 5,385	\$41 \$4 \$0 \$45 (\$484) (\$25) \$0 (\$510) (\$268) (300) 118 547 - 410 - - 774 \$ 506	-100.0% 2.2% 0.0% 38.1%  -143.0%  7.7% 0.0%  -45.9%  -4.6%  -27.1% 5.2% -19.6% 0.0% -100.0% 0.0% 0.0% 100.0% 100.0%
29 30 31 32 33 To 34 Ini 35 36 37 NE 38 1/4 42 43 44 45 46 47 12 48 Re	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items  come Before Transfers or Capital Contributions  Transfers (In Lieu of Taxes) Capital Contributions  ET INCOME  O1 Cash Balance  Change in Net Assets Depreciation & Amortization Capital Additions/Service Territory Comp Non-Cash Contributions Debt Principal Payments Debt Proceeds Net Change in Other Assets/Liabilities  Net Changes in Cash  /31 Cash Balance serve Policy	(\$60) \$196 \$1 \$136 \$1,325 (\$374) \$1,091 \$2,042	(\$43) \$155 (\$111) \$2 \$1,005 (\$360) \$2,595 \$3,241 2,110 (1,572) (2,595) (390) - (256) 537 \$5,869 \$2,538	\$	(\$41) \$158 \$0 \$117 \$339 (\$329) \$1,100 \$1,110 2,258 (2,785) (1,100) (410) - (927) 4,878 \$2,576 \$	(\$26) \$169 \$0 \$143 \$908 (\$356) \$1,100 \$1,651 2,124 (2,597) (1,100) (410) - - (331) 5,538 2,576	\$	\$0 \$161 \$0 \$161 \$64 (\$355) \$1,100 \$809 5,538 809 2,376 (2,238) (1,100) - - (153) 5,385 2,481	\$41 \$4 \$0 \$45 (\$484) (\$25) \$0 (\$510) (\$268) (300) 118 547 - 410 - - - 774 \$ 506 \$ (95)	-100.0% 2.2% 0.0% 38.1%  -143.0%  7.7% 0.0%  -45.9%  -4.6%  -27.1% 5.2% -19.6% 0.0% -100.0% 0.0% 0.0% -83.5%  10.4% -3.7%
29 30 31 32 33 To 34 Ini 35 36 37 NE 38 1/4 40 41 42 43 44 45 46 47 12 48 Re 49 Exc	Financing & Other Non-Operating Items: Bond & Interest Related Expenses Interest Income Misc Non-Operating Income (Expense) stal Financing & Non-Operating Items come Before Transfers or Capital Contributions  Transfers (In Lieu of Taxes) Capital Contributions  ET INCOME  O1 Cash Balance  Change in Net Assets Depreciation & Amortization Capital Additions/Service Territory Comp Non-Cash Contributions Debt Principal Payments Debt Proceeds Net Change in Other Assets/Liabilities  Net Changes in Cash  //31 Cash Balance	(\$60) \$196 \$1 \$136 \$1,325 (\$374) \$1,091 \$2,042	(\$43) \$155 (\$111) \$2 \$1,005 (\$360) \$2,595 \$3,241 2,110 (1,572) (2,595) (390) - (256) 537	\$	(\$41) \$158 \$0 \$117 \$339 (\$329) \$1,100 \$1,110 2,258 (2,785) (1,100) (410) - (927) 4,878 \$	(\$26) \$169 \$0 \$143 \$908 (\$356) \$1,100 \$1,651 2,124 (2,597) (1,100) (410) - - (331) 5,538	<u> </u>	\$0 \$161 \$0 \$161 \$64 (\$355) \$1,100 \$809 5,538 809 2,376 (2,238) (1,100) - - (153) 5,385	\$41 \$4 \$0 \$45 (\$484) (\$25) \$0 (\$510) (\$268) (300) 118 547 - 410 - - - 774 \$ 506 \$ (95)	-100.0% 2.2% 0.0% 38.1%  -143.0%  7.7% 0.0%  -45.9%  -4.6%  -27.1% 5.2% -19.6% 0.0% -100.0% 0.0% 0.0% 100.0% 100.0%

## ROCHESTER PUBLIC UTILITIES WATER UTILITY 2011 OPERATING BUDGET







### RESOLUTION

President

Secretary