



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown  
FROM: Mel Damewood, Engineering Manager  
DATE: April 23, 2015  
SUBJECT: Electric and Water Capital True Up and Budget Amendments  
OBJECTIVE: Board Action – Approval of 2015 Water and Electric Capital Budget Amendments

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## Issue

On May 5, 2015, EWEB management will present to the Board the Water & Electric Capital True Up along with the Water Utility Budget Amendment (BAM) No. 01 and the Electric Utility BAM No. 2 for approval. Amended updates of both the Electric and Water 10-Year Capital Improvement Plans (CIPs) have also been provided.

## Background

Each spring, the Board has asked that the Electric and Water Utilities present an updated view of the current year capital budget and updated 10-Year CIP based on projected expenses for the remainder of the year, along with any changes in revenue forecasts. Last year, the Board approved a revision to the EL1 Financial Policy, which states:

*Conditions may arise during any given budget year that cause projected expenditures for either Utility's O&M or capital budgets to be higher than those approved by the Board. In the following circumstances management is required to propose a budget amendment for Board approval:*

- 1. The O&M budget of either the Water or the Electric Utility is projected to exceed the authorized budget amount; or*
- 2. The capital budget of either the Water or the Electric Utility is projected to exceed the authorized budget amount.*

For various reasons including differences between estimated versus actual construction costs, emerging capital priorities, resource constraints, or permitting issues, the prior year-end capital project actual costs may differ from what was budgeted. For the purpose of understanding the driver(s) behind each of the proposed amendments, management groups them by the following categories:

- 1) Carryover: Funding for projects that did not close out by year-end as planned.
- 2) Revised Estimates: Revisions to project budgets caused by a variance in scope, labor, material or construction costs, or a schedule shift on a multi-year project.
- 3) Emergent Priority: Project additions resulting from equipment failures or past due improvements that have been put off because of resource constraints or higher priority

- work.
- 4) Deferral: Capital projects that are being deferred due to changing priorities or alternatives, resource constraints, or funding source shortfalls.
  - 5) Early Completion: Costs in excess of budget due to contractor completing work on a multi-year project ahead of schedule during the first year of budgeting.

## **Discussion**

In May of 2014, the revised EL1 Board Financial Policy took effect and this is the first year that the capital true up is being presented to comply with the revised policy. Since the EL1 policy was simplified to bring the capital funding needs into the highest level for both water and electric, i.e., the “total capital budget”, we are now focused on the bottom line of the water capital and electric capital budgets.

However, it is important to signal to the Board what are the drivers behind budget changes and it is imperative the Board be informed of any major shifts in capital priorities, even if the bottom line budget is not exceeded.

## **Water Capital Budget Summary**

The 2015 Water Utility Capital Budget (BAM no. 01) needs to be increased from \$14.4 million to \$16.86 million, an increase of \$2.45 million. In 2014, the Capital Budget was at \$16.98 million and \$13.75 million was spent, leaving approx. \$3.2 million in roll over money into the 2015 Capital Reserves.

Attachment 1, shows the detail of the projects that have carried over from 2014 to 2015, along with other projects that emerged or that were revised. The following is a summary of major drivers:

### Alternative Water Supply - (Emergent)

Property has been identified since the budget was produced in June 2014. Estimate includes potential property purchase, preliminary engineering planning studies, and staff time associated with project. This was not budgeted for 2015. Additional funds needed are \$1.65 million.

### Intake Improvements and Hayden Bridge Seismic Upgrades (Carryover)

A total of \$1.06 million in unspent funds in 2014 need to be carried over to 2015 in order to complete the intake improvements and seismic upgrades to the basins at Hayden Bridge. This work was planned to be completed in late 2014 but was pushed out due to contractor schedules. Work has progressed nicely and is now mostly completed. This carryover is partially offset by the deferment of \$350,000 in funds for the Hayden Bridge Filter Upgrades.

The notes in Attachment 1 identify the remainder of project adjustments for 2015. Staff is confident in the budget adjustment due to the amount of work that is on schedule this year and being contracted out. There are no major adjustments to the 10-Year CIP due to the funding being completely covered through carry-over funds. Projects that were deferred in 2015 will be increased appropriately in the 2016 capital budget, which are noted as the Filter Upgrades at Hayden Bridge

and Willamette 800 Reservoir Replacement.

### **Electric Capital Budget Summary**

The 2015 Electric Utility Capital Budget (BAM No. 2) is being reduced from \$39.2 million to \$36.0 million, a total decrease of \$3.2 million. In 2014, the capital budget was \$31.9 million and \$22.0 million was spent, leaving approximately \$9.9 million unspent in 2014, which some is available to roll over into 2015.

As projected in the upcoming years, Electric Type 1 General Capital work remains relatively constant and represents consistent infrastructure replenishment. In 2015, some contracted carryover work drives the Electric Type 1 capital from a typical \$12 million up to \$14 million. Adjustments made to Electric Type 1 capital generally reflect the consistency of available resources and long-term refurbishment needs. Electric Type 2 capital shows some shifting of projects to accommodate resources and funding. Each project will generally maintain its total funding needs, but scheduling allows for single year adjustments. Many of this year's electric adjustments are in Type 2 capital.

Attachment 2 shows the detail of the projects that have carried over from 2014 to 2015, along with other projects that emerged or that were revised. The following is a summary of major drivers:

#### Leaburg Roll Gate No. 2 and No 1 & 3 (carry-over and emergent work)

\$1.6 million was not spent in 2014 on Roll Gate No. 2 due to scheduling delays by the contractor, however, the remainder work occurred in 2015 and relatively quickly. The Roll Gate No. 1 failure has resulted in emergent work of approximately \$2.0 million and is estimated to be completed in November of 2015. Roll Gate No. 3 if approved, will likely add \$400,000 for production of hoist system and other equipment in 2015. Installation of RG3 will not occur until 2016. Total estimated increase for the Leaburg Roll Gate Improvements is \$4.0 million in 2015. Essentially, these projects are being funded through deferments of other projects in 2015, but in reality, they are emergent and are being funded through capital reserves.

#### Downtown Network (Project Deferral)

The downtown network upgrade is being deferred and reduced in 2015 from \$4.0 million to \$1.0 million due to availability of labor resources in 2015 (EmX Project) and a need to complete technology selection. Although there has been great attention paid to the downtown network over the past few years in rehabilitation work (feeder replacements and increases maintenance) there is still some research being conducted on Distributed Generation potential for network systems. This technology will be a game changer in the direction taken for the Network. Only moderate improvements will be made in 2015.

#### LTD EmX (Revised Estimates)

Due to delays in design and easement acquisition, actual construction of electric relocations will be occurring in both 2015 and 2016. Original schedule had EWEB completing all work in 2015. This resulted in a reduction of over \$2.1 million. This money will be re-budgeted for in 2016. These expenditures are reimbursed by LTD.

### Holden Creek Substation (Deferral)

No construction will occur on this substation in 2015. Project costs were deferred from \$1.5 million to \$500,000 in 2015 and mostly contained to design, specifications and bidding in 2015.

### Carmen Smith (Deferral – schedule shift)

A reduction from \$7.9 million to \$6.8 million in 2015 due to more construction planned in 2016. Design work is targeted to support the 2016-2018 powerhouse upgrade schedule. Adjustments to the Carmen-Smith schedule, along with long-term financial planning will be presented at the July Board meeting.

### ***Shared Capital***

Several corporate-level projects are for services or systems shared by both utilities, and are included on budget amendments for both Electric and Water. Typically, the costs for these projects are divided 82% Electric and 18% Water unless otherwise noted.

### ***Summary of Updated Ten-Year Capital Improvement Plan (CIP):***

The Water Budget Amendment has an increase of \$2.45 million which will have no impact of the year end capital reserves since the funds are coming from available carry-over in 2014. The water utility is improving its capital reserve position due primarily to a good water sales year in 2014. Capital reserves maintain a healthy balance until 2020 when AWS is in construction progress. Borrowing is anticipated in 2016 in order to support this plan.

The Electric Budget Amendment has a favorable 2015 impact on predicted year-end Capital Reserve Balance, partially due to carryover reflected in reserve balance at the beginning of 2015. Total 10-Year capital expenditures will be updated as part of the July Capital Improvement Plan (CIP) presentation for Board approval, but the presently proposed budget amendment shows a minor impact on the 10-year total.

### **Recommendation/Requested Board Action**

Management is recommending and requesting Board approval of:

- 1) Budget Amendment No. 1 – 2015 Water Utility Capital Budget
- 2) Budget Amendment No. 2 – 2015 Electric Utility Capital Budget

Please contact Mel Damewood, Engineering Manager, at 541-685-7145 or [mel.damewood@eweb.org](mailto:mel.damewood@eweb.org) to discuss this material.

Attachments:

1. Revised Water CIP
2. Revised Electric CIP
3. Budget Amendment No. 1 Water
4. Budget Amendment No. 2 Electric

**Attachment 1**

	Notes	2015 Revised	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	5 Year Total 2015-2019	5 Year Total 2020-2024	10 Year Total
<b>Funds Available</b>															
Capital Reserve Balance - Prior Year End	(0)	\$ 4,916,447	\$ 7,367,447	\$ 7,276,447	\$ 15,945,447	\$ 10,318,447	\$ 57,458,447	\$ 30,659,447	\$ 3,176,447	\$ 5,998,449	\$ 5,047,449	\$ 4,068,449			
<u>Annual Revenue</u>															
Customer Contributions		\$ 3,424,000	\$ 3,824,000	\$ 849,000	\$ 874,000	\$ 900,000	\$ 927,000	\$ 955,000	\$ 984,000	\$ 1,013,000	\$ 1,044,000	\$ 1,075,000	\$ 6,974,000	\$ 5,071,000	\$ 12,445,000
Water Rates		\$ 11,024,500	\$ 10,033,000	\$ 8,066,000	\$ 7,082,000	\$ 7,419,000	\$ 8,922,000	\$ 8,747,000	\$ 9,571,000	\$ 10,578,000	\$ 11,117,000	\$ 11,010,000	\$ 42,513,500	\$ 51,023,000	\$ 92,545,000
SDC		\$ 464,000	\$ 464,000	\$ 477,000	\$ 492,000	\$ 506,000	\$ 522,000	\$ 537,000	\$ 553,000	\$ 570,000	\$ 587,000	\$ 605,000	\$ 2,461,000	\$ 2,852,000	\$ 5,313,000
Subtotal - Annual Revenue		\$ 14,912,500	\$ 14,321,000	\$ 9,392,000	\$ 8,448,000	\$ 8,825,000	\$ 10,371,000	\$ 10,239,000	\$ 11,108,000	\$ 12,161,000	\$ 12,748,000	\$ 12,690,000	\$ 51,948,500	\$ 58,946,000	\$ 110,303,000
<b>Total Funds</b>		\$ 19,828,947	\$ 28,911,447	\$ 41,362,447	\$ 45,480,447	\$ 92,087,447	\$ 126,007,447	\$ 70,828,447	\$ 37,239,447	\$ 16,065,449	\$ 13,167,449	\$ 9,520,449	\$ 51,948,500	\$ 58,946,000	\$ 110,303,000

<b>Expenditures</b>																
<b>Type 1 - General Capital (rate funded)</b>																
Source - Intake and Hayden Bridge	(1)	\$ 575,000	\$ 292,000	\$ 764,000	\$ 158,000	\$ 162,000	\$ 584,000	\$ 602,000	\$ 842,000	\$ 1,026,000	\$ 1,057,000	\$ 1,089,000	\$ 2,243,000	\$ 4,616,000	\$ 6,576,000	
Distribution - Pump Stations & Reservoirs	(2)	\$ 775,000	\$ 375,000	\$ 458,000	\$ 639,000	\$ 810,000	\$ 1,043,000	\$ 1,075,000	\$ 1,107,000	\$ 1,140,000	\$ 1,175,000	\$ 1,210,000	\$ 3,725,000	\$ 5,707,000	\$ 9,032,000	
Distribution - Pipelines	(3)	\$ 4,307,500	\$ 3,764,000	\$ 3,876,000	\$ 4,052,000	\$ 4,173,000	\$ 4,800,000	\$ 4,944,000	\$ 5,534,000	\$ 6,270,000	\$ 6,458,000	\$ 6,653,000	\$ 21,208,500	\$ 29,859,000	\$ 50,524,000	
Distribution - Services & Meters		\$ 927,000	\$ 927,000	\$ 955,000	\$ 984,000	\$ 1,013,000	\$ 1,043,000	\$ 1,075,000	\$ 1,107,000	\$ 1,140,000	\$ 1,175,000	\$ 1,210,000	\$ 4,922,000	\$ 5,707,000	\$ 10,629,000	
Information Technology	(4)	\$ 427,000	\$ 335,000	\$ 289,000	\$ 110,000	\$ 376,000	\$ 320,000	\$ 178,000	\$ 97,000	\$ 178,000	\$ 260,000	\$ 65,000	\$ 1,522,000	\$ 778,000	\$ 2,208,000	
Buildings & Land	(5)	\$ 288,000	\$ 113,000	\$ 44,000	\$ 81,000	\$ 97,000	\$ 105,000	\$ 102,000	\$ 97,000	\$ 203,000	\$ 130,000	\$ 130,000	\$ 615,000	\$ 662,000	\$ 1,102,000	
Fleet	(6)	\$ 513,000	\$ 413,000	\$ 536,000	\$ 549,000	\$ 563,000	\$ 577,000	\$ 591,000	\$ 607,000	\$ 621,000	\$ 637,000	\$ 653,000	\$ 2,738,000	\$ 3,109,000	\$ 5,747,000	
<b>Total Type 1 Expenditures</b>		\$ 7,812,500	\$ 6,219,000	\$ 6,922,000	\$ 6,573,000	\$ 7,194,000	\$ 8,472,000	\$ 8,567,000	\$ 9,391,000	\$ 10,578,000	\$ 10,892,000	\$ 11,010,000	\$ 36,973,500	\$ 50,438,000	\$ 85,818,000	

<b>Type 2 - Rehabilitation &amp; Expansion Projects (rate &amp; bond funded)</b>																
<b>Rate Funded Type 2 Projects</b>																
Information Technology	(7)	\$ 248,000	\$ 450,000	\$ 855,000	\$ 350,000	\$ 225,000	\$ 450,000	\$ 180,000	\$ 180,000	\$ -	\$ 225,000	\$ -	\$ 2,128,000	\$ 585,000	\$ 2,915,000	
AMI		\$ 364,000	\$ 364,000	\$ 289,000	\$ 159,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 812,000	\$ -	\$ 812,000	
LTD-EMX	(8)	\$ 2,600,000	\$ 3,000,000										\$ 2,600,000	\$ -	\$ 3,000,000	
Subtotal - Rate Funded Projects		\$ 3,212,000	\$ 3,814,000	\$ 1,144,000	\$ 509,000	\$ 225,000	\$ 450,000	\$ 180,000	\$ 180,000	\$ -	\$ 225,000	\$ -	\$ 5,540,000	\$ 585,000	\$ 6,727,000	
<b>Bond Eligible Type 2 Projects</b>																
Source - Intake and Hayden Bridge	(9)	\$ 3,132,500	\$ 2,421,000	\$ 2,525,000	\$ 1,639,000	\$ 1,688,000	\$ 348,000	\$ 1,910,000	\$ 1,968,000	\$ -	\$ -	\$ -	\$ 9,332,500	\$ 3,878,000	\$ 12,499,000	
Distribution - Pump Stations & Reservoirs	(10)	\$ 1,002,500	\$ 1,803,000	\$ 1,826,000	\$ 3,387,000	\$ 3,230,000	\$ 3,942,000	\$ 3,582,000	\$ 123,000	\$ 1,267,000	\$ 1,305,000	\$ 1,344,000	\$ 13,387,500	\$ 7,621,000	\$ 21,809,000	
Distribution - Pipelines	(11)	\$ -	\$ 103,000	\$ -	\$ 1,858,000	\$ 3,095,000	\$ 4,637,000	\$ 3,582,000	\$ 2,460,000	\$ 1,267,000	\$ 1,305,000	\$ 1,344,000	\$ 9,590,000	\$ 9,958,000	\$ 19,651,000	
Subtotal - Bond Eligible Projects		\$ 4,135,000	\$ 4,327,000	\$ 4,351,000	\$ 6,884,000	\$ 8,013,000	\$ 8,927,000	\$ 9,074,000	\$ 4,551,000	\$ 2,534,000	\$ 2,610,000	\$ 2,688,000	\$ 32,310,000	\$ 21,457,000	\$ 53,959,000	
Percent funded by rates			0%	11%	13%	23%	22%	22%	22%	47%	0%	0%				
<b>Total Type 2 Expenditures</b>		\$ 7,347,000	\$ 8,141,000	\$ 5,495,000	\$ 7,393,000	\$ 8,238,000	\$ 9,377,000	\$ 9,254,000	\$ 4,731,000	\$ 2,534,000	\$ 2,835,000	\$ 2,688,000	\$ 37,850,000	\$ 22,042,000	\$ 60,686,000	

<b>Type 3 - Strategic Projects &amp; Programs</b>																
Alternative Water Supply	(12)	\$ 1,702,000	\$ 52,000	\$ 106,000	\$ 109,000	\$ 6,753,000	\$ 19,321,000	\$ 19,901,000	\$ 20,498,000	\$ -	\$ -	\$ -	\$ 27,991,000	\$ 40,399,000	\$ 66,740,000	
<b>Total Type 3 Expenditures</b>		\$ 1,702,000	\$ 52,000	\$ 106,000	\$ 109,000	\$ 6,753,000	\$ 19,321,000	\$ 19,901,000	\$ 20,498,000	\$ -	\$ -	\$ -	\$ 27,991,000	\$ 40,399,000	\$ 66,740,000	

<b>Total Expenditures</b>		\$ 16,861,500	\$ 14,412,000	\$ 12,523,000	\$ 14,075,000	\$ 22,185,000	\$ 37,170,000	\$ 37,722,000	\$ 34,620,000	\$ 13,112,000	\$ 13,727,000	\$ 13,698,000	\$ 102,814,500	\$ 112,879,000	\$ 213,244,000
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<b>Predicted Year End Capital Reserve Balance</b>	(13)	\$ 7,367,447	\$ 7,276,447	\$ 15,945,447	\$ 10,318,447	\$ 57,458,447	\$ 30,659,447	\$ 3,176,447	\$ 5,998,449	\$ 5,047,449	\$ 4,068,449	\$ 3,060,449			
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- (0) Year-End Capital Reserve increased \$1.5 Million due to spending deferrals and delays in 2014 spending.
- (1) Type 1 source funding increased to account for early AWS expenditures and carryover for Emergency Water Trailer (\$50K)
- (2) Carryover from 2014 of unspent funds, primarily for Shasta 1150 Pump Station (\$450K)
- (3) Carryover from 2014 of unspent funds, primarily for the Owl Road to WM 1325 Connector Main (\$500K)
- (4) Carryover from 2014 of unspent funds for Water Shared IT Capital (\$92K)
- (5) Carryover from 2014 of unspent funds for work on Headquarters Building (\$175K)
- (6) Carryover from 2014 of unspent funds for purchase of one backhoe (\$100K)
- (7) Decrease in projected expenditures for WAM (-\$202K)
- (8) Decrease in projected expenditures for LTD EmX project (-\$400K)
- (9) Carryover of unspent funds for Intake Improvements (\$890K) and Seismic Upgrades. Also reduction in Filter Upgrades to reflect anticipated schedule (\$350K) - shifted to 2016
- (10) Decrease in projected expenditures for SCADA Upgrades (-\$200K) and WM 800 Reservoir Replacement due to delay in schedule (-\$500K) - shifted to 2016
- (11) Removal of Type 2 Transmission work from Budget
- (12) Addition of Property Purchase and Initial AWS Property Acquisition and Permitting Costs (\$1,650,000)
- (13) Anticipated reserve transfers and borrowing in 2015, 2016, 2018, and 2021

**Attachment 2 (REVISED - May 2015)**

	Notes	2015 Revised	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	5-Year Total 2014-2018	5-Year Total 2019-2023	10-Year Total
<b>General Funding</b>															
Capital Reserve Balance	(0)	\$18,900,000	\$13,000,000	\$12,533,500	\$7,613,478	\$9,246,317	\$9,723,854	\$7,490,531	\$5,438,545	\$6,065,911	\$3,855,725	\$4,649,904	\$13,000,000	\$7,490,531	\$13,000,000 (a)
Electric Rates - Operational Funding		\$18,665,000	\$18,665,000	\$18,665,000	\$18,665,000	\$18,665,000	\$18,665,000	\$18,665,000	\$18,665,000	\$18,665,000	\$18,665,000	\$18,665,000	\$93,325,000	\$93,325,000	\$186,650,000
Interest Earnings on Reserve Fund (0.4% of Reserve Balance)		\$76,000	\$52,000	\$50,000	\$30,000	\$37,000	\$39,000	\$30,000	\$22,000	\$24,000	\$15,000	\$19,000	\$208,000	\$110,000	\$318,000
<b>Total Funds:</b>		<b>\$37,641,000</b>	<b>\$31,717,000</b>	<b>\$31,248,500</b>	<b>\$26,308,478</b>	<b>\$27,948,317</b>	<b>\$28,427,854</b>	<b>\$26,185,531</b>	<b>\$24,125,545</b>	<b>\$24,754,911</b>	<b>\$22,535,725</b>	<b>\$23,333,904</b>	<b>\$106,533,000</b>	<b>\$100,925,531</b>	<b>\$199,968,000</b>
<b>Type 1 - General Capital</b>															
Electric Infrastructure - Generation		\$1,200,000	\$1,595,000	\$1,916,000	\$641,000	\$690,000	\$712,000	\$2,680,000	\$1,560,000	\$1,115,000	\$120,000	\$120,000	\$5,554,000	\$5,595,000	\$11,149,000
Customer-Driven Capital Expense		\$4,000,000	\$3,900,000	\$3,934,944	\$3,974,069	\$4,017,286	\$4,064,528	\$4,115,746	\$4,277,336	\$4,445,743	\$4,622,285	\$4,806,291	\$19,890,828	\$22,267,402	\$42,158,229
Customer-Driven Capital Re-Imbursement		(\$2,587,500)	(\$2,587,500)	(\$2,687,563)	(\$2,791,708)	(\$2,900,123)	(\$3,013,005)	(\$3,130,560)	(\$3,253,002)	(\$3,380,558)	(\$3,514,464)	(\$3,653,969)	(\$13,979,899)	(\$16,932,551)	(\$30,912,450)
Electric Infrastructure - Transmission & Distribution		\$6,350,000	\$6,250,000	\$6,375,000	\$6,503,000	\$6,633,000	\$6,766,000	\$6,901,000	\$7,039,000	\$7,180,000	\$7,324,000	\$7,470,000	\$32,527,000	\$35,914,000	\$68,441,000
Shared Information Technology	(1)	\$1,945,000	\$1,697,000	\$1,005,000	\$557,000	\$1,031,000	\$1,467,000	\$901,000	\$493,000	\$902,000	\$1,318,000	\$1,384,000	\$5,757,000	\$4,998,000	\$10,755,000
Electric-Specific Information Technology		\$380,000	\$100,000	\$480,000	\$65,000	\$0	\$314,000	\$1,130,000	\$630,000	\$0	\$100,000	\$0	\$959,000	\$1,860,000	\$2,819,000
General Plant - Buildings & Land	(2)	\$1,712,000	\$685,000	\$510,000	\$774,000	\$492,000	\$533,000	\$515,000	\$492,000	\$572,000	\$656,000	\$656,000	\$2,994,000	\$2,891,000	\$5,885,000
General Plant - Fleet		\$1,200,000	\$1,200,000	\$1,230,000	\$1,260,000	\$1,290,000	\$1,320,000	\$1,350,000	\$1,390,000	\$1,420,000	\$1,460,000	\$1,500,000	\$6,300,000	\$7,120,000	\$13,420,000
<b>Total Type 1 Net Expenditures</b>		<b>\$14,199,500</b>	<b>\$12,839,500</b>	<b>\$12,763,382</b>	<b>\$10,982,361</b>	<b>\$11,253,163</b>	<b>\$12,163,523</b>	<b>\$14,462,187</b>	<b>\$12,628,334</b>	<b>\$12,254,186</b>	<b>\$12,085,821</b>	<b>\$12,282,323</b>	<b>\$60,001,929</b>	<b>\$63,712,850</b>	<b>\$123,714,779</b>
<b>Type 2 - Rehabilitation &amp; Expansion Projects</b>															
<u>Type 2 - Bond (Non-Rate) Funds Allocated</u>															
Downtown Distribution Network		\$1,000,000	\$4,000,000	\$4,000,000	\$4,500,000	\$2,000,000							\$14,500,000	\$0	\$14,500,000
LTD EmX Project (Electric)		\$3,370,000	\$5,477,000	\$100,000									\$5,577,000	\$0	\$5,577,000
<b>Total Type 2 Bond (Non-Rate) Funds</b>		<b>\$4,370,000</b>	<b>\$9,477,000</b>	<b>\$4,100,000</b>	<b>\$4,500,000</b>	<b>\$2,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,077,000</b>	<b>\$0</b>	<b>\$20,077,000</b>
<u>Type 2 - Rehabilitation &amp; Expansion Project Expenditures</u>															
Downtown Distribution Network	(3)	\$1,000,000	\$4,000,000	\$4,000,000	\$4,500,000	\$4,000,000	\$1,000,000						\$17,500,000	\$0	\$17,500,000
LTD EmX Project (Electric)	(4)	\$3,370,000	\$5,477,000	\$2,207,000									\$7,684,000	\$0	\$7,684,000
Meters (Electric)		\$0	\$375,000	\$688,000	\$750,000	\$750,000	\$750,000	\$650,000	\$525,000	\$525,000	\$525,000	\$525,000	\$3,313,000	\$2,750,000	\$6,063,000
Generation - Type 2 Strategic Project(s)	(5)	\$4,100,000	\$200,000	\$1,170,000	\$275,000	\$20,000	\$2,600,000	\$0	\$1,500,000	\$5,620,000	\$1,500,000	\$1,500,000	\$4,265,000	\$10,120,000	\$14,385,000
Electric T & D - Type 2 Strategic Project(s)	(6)	\$500,000	\$1,500,000	\$2,500,000	\$1,000,000	\$2,500,000	\$2,000,000	\$2,250,000	\$2,000,000	\$2,500,000	\$2,500,000	\$2,500,000	\$9,500,000	\$11,750,000	\$21,250,000
Information Technology - Type 2 Strategic Project(s)	(7)	\$3,443,000	\$4,269,000	\$4,406,640	\$4,054,800	\$1,701,300	\$2,423,800	\$3,384,800	\$1,406,300	\$0	\$1,275,000	\$2,081,000	\$16,855,540	\$8,147,100	\$25,002,640
<b>Type 2 Capital Expenditures (Bond, Customer, &amp; Rate Funded)</b>		<b>\$12,413,000</b>	<b>\$15,821,000</b>	<b>\$14,971,640</b>	<b>\$10,579,800</b>	<b>\$8,971,300</b>	<b>\$8,773,800</b>	<b>\$6,284,800</b>	<b>\$5,431,300</b>	<b>\$8,645,000</b>	<b>\$5,800,000</b>	<b>\$6,606,000</b>	<b>\$59,117,540</b>	<b>\$32,767,100</b>	<b>\$91,884,640</b>
<b>Type 2 - Rate-Funded Capital Expenditures</b>		<b>\$8,043,000</b>	<b>\$6,344,000</b>	<b>\$10,871,640</b>	<b>\$6,079,800</b>	<b>\$6,971,300</b>	<b>\$8,773,800</b>	<b>\$6,284,800</b>	<b>\$5,431,300</b>	<b>\$8,645,000</b>	<b>\$5,800,000</b>	<b>\$6,606,000</b>	<b>\$39,040,540</b>	<b>\$32,767,100</b>	<b>\$71,807,640</b>
<b>Type 1 + Type 2 Rate-Funded Capital Expenditures</b>		<b>\$22,242,500</b>	<b>\$19,183,500</b>	<b>\$23,635,022</b>	<b>\$17,062,161</b>	<b>\$18,224,463</b>	<b>\$20,937,323</b>	<b>\$20,746,987</b>	<b>\$18,059,634</b>	<b>\$20,899,186</b>	<b>\$17,885,821</b>	<b>\$18,888,323</b>	<b>\$99,042,469</b>	<b>\$96,479,950</b>	<b>\$195,522,419</b>
<b>Type 3 - Strategic Projects &amp; Programs</b>															
<u>Type 3 - Bond (Non-Rate) Funds Allocated</u>															
Carmen-Smith Dedicated Funds		\$6,800,000	\$7,940,000	\$3,565,000	\$5,780,000	\$2,375,000	\$1,355,000	\$2,045,000	\$1,245,000	\$6,210,000	\$17,580,000	\$32,160,000	\$21,015,000	\$59,240,000	\$80,255,000
<u>Type 3 - Expenditures</u>															
Carmen-Smith Total		\$6,800,000	\$7,940,000	\$3,565,000	\$5,780,000	\$2,375,000	\$1,355,000	\$2,045,000	\$1,245,000	\$6,210,000	\$17,580,000	\$32,160,000	\$24,305,000	\$59,240,000	\$80,255,000
<b>Total Expenditures</b>		<b>\$33,412,500</b>	<b>\$36,600,500</b>	<b>\$31,300,022</b>	<b>\$27,342,161</b>	<b>\$22,599,463</b>	<b>\$22,292,323</b>	<b>\$22,791,987</b>	<b>\$19,304,634</b>	<b>\$27,109,186</b>	<b>\$35,465,821</b>	<b>\$51,048,323</b>	<b>\$140,134,469</b>	<b>\$155,719,950</b>	<b>\$295,854,419</b>
<b>Total Expenditures without Customer Re-Imbursement</b>		<b>\$36,000,000</b>	<b>\$39,188,000</b>	<b>\$33,987,584</b>	<b>\$30,133,869</b>	<b>\$25,499,586</b>	<b>\$25,305,328</b>	<b>\$25,922,546</b>	<b>\$22,557,636</b>	<b>\$30,489,743</b>	<b>\$38,980,285</b>	<b>\$54,702,291</b>	<b>\$154,114,368</b>	<b>\$172,652,502</b>	<b>\$326,766,869</b>
<b>Predicted Year-End Reserve Balance</b>		<b>\$15,398,500</b>	<b>\$12,533,500</b>	<b>\$7,613,478</b>	<b>\$9,246,317</b>	<b>\$9,723,854</b>	<b>\$7,490,531</b>	<b>\$5,438,545</b>	<b>\$6,065,911</b>	<b>\$3,855,725</b>	<b>\$4,649,904</b>	<b>\$4,445,581</b>	<b>\$7,490,531</b>	<b>\$4,445,581</b>	<b>\$4,445,581</b>
(a) - Capital Reserve Uses Starting Value													End of 2019	End of 2024	End of 2024

- (0) Year-End Capital Reserve increased \$5 Million due to spending deferrals and delays in 2014 spending.
- (1) Carryover from 2014 deferrals including Disaster Recovery for Telephones, LB/WV Rolm Replacement
- (2) Approximately \$962K rollover from 2014, HQ HVAC, Elevator, Fire Alarm Improvements
- (3) 2015 Downtown distribution network emphasis includes transformer refurbishment & network protector replacements
- (4) EmX anticipating some delays due to easements, but no change in scope. 2015 delays will push to 2016.
- (5) \$2 Million added for Rollgate #1; \$1.6 Million carryover for Rollgate #2
- (6) \$1 Million Construction pushed to 2016; Design in 2015.
- (7) 2015 WAM increased by \$725K (mostly rollover from 2014), CIS (\$1.6MM) deferred until 2016.

# Budget Amendment Form

Date: APRIL 24, 2015

Amendment # 1

**Contact Information:**

Name/Title/E-mail: Mel Damewood, Engineering Manager  
 Wally McCullough, Water Engineering Supervisor

**Amendment Type:** *(Check all that Apply)*

Utility: Electric  Water

Category: TYPE 1  TYPE 2  TYPE 3

**Description and Justification for Budget Amendment:** See Board Backgrounder

<i>Category: Type &amp; Description</i>	<i>2015 Projected Year-End Expenditures</i>	<i>Amount Currently Budgeted</i>	<i>Funds Transferred In / (Transferred Out)</i>	<i>Funding Source (job transfer, reserves, bond funds, new revenue)</i>
Water Type 1 & Type 2 Rate-Funded Capital	\$11,024,500	\$10,033,000	\$991,500	From Capital Reserve
Water Type 2 Bond-Funded Capital (Intake & Hayden Bridge)	\$4,135,000	\$4,327,000	(\$192,000)	Deferred Bond Draw
Water Type 3 Bond-Funded Capital (AWS)	\$1,702,000	\$52,000	\$1,650,000	From Reserve
<b>Total</b>	<b>\$16,861,500</b>	<b>\$14,412,000</b>	<b>\$2,449,500</b>	

**Department Manager Approval:** \_\_\_\_\_

**Fiscal Services Supervisor Approval:** \_\_\_\_\_

**Finance Manager Approval:** \_\_\_\_\_

**Board Approval Date:** \_\_\_\_\_

# Budget Amendment Form

Date: APRIL 24, 2015

Amendment # 2

**Contact Information:**

Name/Title/E-mail: Mel Damewood, Engineering Manager  
 Frank Lawson, Systems Engineering Supervisor

**Amendment Type:** *(Check all that Apply)*

Utility: Electric  Water

Category: TYPE 1  TYPE 2  Type 3

**Description and Justification for Budget Amendment:** See Board Backgrounder

<i>Category: Type &amp; Description</i>	<i>2015 Projected Year-End Expenditures</i>	<i>Amount Currently Budgeted</i>	<i>Funds Transferred In / (Transferred Out)</i>	<i>Funding Source (job transfer, reserves, bond funds, new revenue)</i>
Electric Type 1 & Type 2 Rate-Funded Capital	\$28,200,000	\$27,248,000	\$952,000	From Capital Reserve
Electric Type 2 Bond-Funded Capital (Downtown Network)	\$1,000,000	\$4,000,000	(\$3,000,000)	Deferred Bond Draw
Electric Type 3 Carmen-Smith Project(s)	\$6,800,000	\$7,940,000	(\$1,140,000)	Deferred, Carmen Dedicated Fund(s) Draw
<b>Total</b>	<b>\$36,000,000</b>	<b>\$39,188,000</b>	<b>(\$3,188,000)</b>	

Department Manager Approval: \_\_\_\_\_

Fiscal Services Supervisor Approval: \_\_\_\_\_

Finance Manager Approval: \_\_\_\_\_

Board Approval \_\_\_\_\_

Date: \_\_\_\_\_