

# Capital "EL1" Report: Electric, 2016 -Q3

<b>Type 1 - General Capital</b>				2016 thru Q3						Note - Changes from previous report(s) are in <b>BOLD</b>		
Capital Category	Budget	YTD Actual	Year-End Projection	Status/Comments								
Electric Infrastructure - Generation	\$916,000 (Note 2)	\$444,177	\$750,000	● Public safety cable at Leaburg Lake, fish ladder/screen improvements, and WV pond modifications complete. Other miscellaneous Type 1 improvements at LB-WV and Carmen-Smith progressing slightly slower than anticipated (ZINNIKER)								
Electric Infrastructure - Substations	\$1,500,000	\$1,158,950	\$1,782,000	● Planned work is on schedule, and tracking towards budget targets on an individual project basis. Emergent substation work has resulted in an estimated overall variance of \$282k. Major drivers include: Spring Creek Sound Wall installation, Bethel SF6 Breaker Replacement, Weyco 1 Switch Replacements and Relay Testing equipment purchases. (NICE)								
Electric Infrastructure - Telecom	\$150,000	\$315,521	\$369,000	● Telecom spending is on track with the original budget estimate. Of the \$369k expected expenditures, \$260k is customer reimbursable. The year end projection includes design phase work for the ROC communication tower. (NICE)								
Electric Infrastructure - Transmission & Distribution	\$8,350,000	\$5,353,303 (1)	\$7,200,000	● PUC and basic compliance work is slightly behind of estimated pace YTD, partially due to ongoing work on LTD EmX. Customer-Driven Capital is behind pace for the year. See Note 1. (FRASER)								
<b>Type 2 Rehabilitation &amp; Expansion Projects</b>				2016 thru Q3			Project Total			Schedule		
Project	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	Status/Comments		
Leaburg Dam Roll Gate Hoists	\$1,570,000	\$281,369	\$1,720,000	\$5,150,000	\$5,639,055	\$7,359,000	Jul-2012	Nov-2014	Nov-2016	● Substantial completion for RG2 attained in February 2015, final construction work and system adjustments occurring Fall 2016. Substantial completion for RG1 attained in November 2015, punch list and final commissioning activities to complete in Fall 2016. Contractor nearing substantial completion on RG3, final completion expected by the end of 2016. (ZINNIKER)		
LTD EmX Project (Electric)	\$6,175,000	\$3,647,092	\$4,850,000	\$5,700,000	\$4,996,908	\$6,500,000	Sep-2013	---	Nov-2016	● Substructure installation by contractor is complete. EWEB Operations work anticipated complete by November 2016. Finished work is under cost estimates. (THOMAS)		
Upriver Re-Configuration/Holden Ck. Substation	\$1,500,000 (Note 2)	\$332,320	\$1,250,000	\$3,000,000	\$447,285	\$5,700,000	Jan-2014	Oct-2015	Oct-2017	● FERC license amendment processes have resulted in a delay in construction (originally scheduled for summer 2016). Major equipment procurements are in progress but only the transformers will be received and billed in Q4 2016. Other major equipment (switchgear and control house) has been delayed to 2017. Site construction is scheduled for spring through fall of 2017 following FERC approval to license amendment reflecting substation re-design. (NICE)		
Downtown Distribution Network	\$2,000,000 (Note 2)	\$24,548	\$350,000	\$15,000,000	\$4,611,693	\$20,000,000	Sep-2010	Dec-2015	Dec-2019	● Hospital spot network work progressing as planned. Hospital 480V network re-configuration and arc-flash isolation are scheduled for November 2016. All this work is required independent of Radial versus Network decision. See Note 1. (FRASER)		
<b>Type 3 - Strategic Projects &amp; Programs</b>				2016 thru Q3			Project Total			Schedule		
Project	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	Status/Comments		
Carmen Smith License Implementation	\$10,590,000	\$3,239,480	\$7,000,000	\$135,000,000	\$41,100,636	\$181,000,000	May-2009	Dec-2021	Dec-2025	● Settlement Agreement re-negotiation efforts nearly complete. Project NPV projections are improved based on reduced capital costs and despite declining forward power pricing forecasts. Board action scheduled for November 1st. Carmen gantry crane construction on schedule for fall completion. Turbine shut-off valve procurement remains on schedule for delivery Spring 2017 however staff is working closely with the contractor/supplier on potential fabrication issues. Heavy plant upgrade planning and design efforts underway. Fish passage detailed options analysis has entered the contracting phase of the effort. (ZINNIKER/BOYLE)		
<b>Total Electric Capital (Excluding Shared Services)</b>	<b>\$32,601,000</b>	<b>\$14,481,239</b>	<b>\$ 25,271,000</b>							<b>78%</b>		

These categories match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Type 1 Capital includes categorized collections of projects of less than \$1 million. Typical examples include "pole replacements" as part of Transmission & Distribution. This work typically involves many small projects that up to \$1.2-\$1.7 million per year.

Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life.

Note(s) 1. Distribution transformers and network protectors are being capitalized when received in inventory, therefore some projects in T&D and Downtown network are understated.

2. Budget amounts are adjusted to reflect changes presented to the Board on April 19, 2016.

Management Notes: The Electric Capital Budget expenditure rate is under projection to date, although in the last half of 2016 there should be an uptick of expenditures due to major components of the Leaburg Roll Gates, Holden Creek Substation and other type 1 equipment being purchased. Although Carmen Smith is lagging in overall expenditures compared to 2016 budget, expenditures are picking up pace due to work being conducted by our engineering consultant and turbine shut off valve procurements. The total project-end cost for Carmen has not yet been adjusted downward to account for potential re-negotiations of settlement agreement. Year end projections of total expenditures vs. budget are hovering in the 80% range, excluding Shared Services.

### Water Capital Projects Quarterly Status Report 2016-Q3

**Type 1 - General Capital**

Project	2016			Status/Comments
	Budget	YTD Actual	Year-End Projection	
Source - Water Intakes & Filtration Plant	\$312,000	\$27,000	\$80,000	● Includes treatment trailer equipment and beginning work on SCADA upgrade.. Budget originally included painting of intakes but this work was moved to O&M.
Mains - Replacements, Improvements, & Trans.	\$4,213,000	\$2,987,900	\$4,381,000	● Will track this area closely as overages occurred last year. Currently a slight overage is projected this year.
Services and Meters	\$1,703,000	\$1,354,000	\$1,700,000	● Includes both new services and meters as well as replacement of existing service lines
Pump Stations	\$1,322,000	\$852,000	\$1,200,000	● Bulk of work is new Shasta 1150 pump station and emergent work at Santa Clara.
Reservoirs	\$33,000	\$0	\$20,000	● Only minor work anticipated this year.

*These categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.*

*Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Typical Type 1 Capital includes categorized collections of projects of less than \$1 million.*

*Typical examples include "main replacements". This work typically involves dozens of jobs that add up to \$3-\$3.5 million per year.*

**Type 2 Rehabilitation & Expansion Projects**

Project	2016			Project Total			Schedule			Status/Comments
	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Hayden Bridge Filter S1-S6 Upgrades	\$3,513,000	\$3,121,000	\$3,700,000	\$7,713,000	\$8,030,690	\$8,610,000	2011	YE-2017	Q4-2016	● Upgrade of Filters N1-N6 Complete. Upgrade of Filters S1-S6 in construction. Seismic upgrades added costs for S1-S6. (Initial Plan - 2011 CIP)
Hayden Bridge Seismic Upgrades	\$0	\$0	\$0	\$1,215,529	\$1,117,067	\$1,760,000	2014	YE-2015	YE-2018	● Phase 1 (Basins and Filters) is complete. Phase 2 (Headhouse) deferred to 2017-2018. Phase 1 costs more expensive than anticipated. (Initial Plan - 2013 CIP)
Distribution System Scada/PLC Upgrades	\$309,000	\$132,000	\$225,000	\$3,079,780	\$449,109	\$1,970,000	2013	YE-2016	YE-2019	● Multi-Year upgrade project. Completed Crest System. Currently working on Shasta and Willamette system. (Initial Plan 2013 CIP)
Hayden Bridge Standby Power Improvements	\$213,000	\$10,000	\$50,000	\$1,728,000	\$25,666	\$1,660,000	2015	YE-2017	YE-2017	● Completed preliminary design. Currently in design for Hayden Bridge. Also working on purchase specifications for mobile generator to be shared between Santa Clara PS and Intake. Sizing criteria for new HB disinfection system affecting near term schedule (Initial Plan - 2015 CIP)
LTD EMX	\$140,000	\$351,000	\$370,000	\$0	\$2,968,862	\$2,990,000	2014	YE-2015	Q4-2016	● 2016 work turned out to be more than anticipated. Nearing completion on the water side. This work is reimbursable.

**Type 3 - Strategic Projects & Programs**

Project	2016			Project Total			Schedule			Status/Comments
	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Alternative Water Supply	\$1,815,000	\$361,000	\$500,000	Varied from \$52M to \$120M	\$661,000	\$67,000,000	2014 with Planning	YE-2021	YE-2021	● Property purchase pushed to 2017 due to both land use issues and schedule for condemnation. Currently in preliminary design for Filtration Plant and Related Facilities. Yellow due to property issues.

Total Water Capital (Excluding Shared Services)      \$13,573,000      \$9,195,900      \$12,226,000      90%      year end projection to budget

**Management Notes:** Water will slightly underspend in Type 1 projects this year, slightly more EmX work than anticipated has impacted some work on Type 1. Type 2 projects are tracking well with Hayden Bridge Filter upgrades expected to be completed in Q4. Purchase of property for the new Water Treatment Plant has been delayed to 2017 which affects 2016 capital spending. Even with this deferred spending, looking to be at approximately 90% of expended budget for Water Capital, excluding Shared Services Capital.

# Capital "EL1" Report: Shared Services, 2016-Q3

<b>Type 1 - General Capital</b>		2016 - Q3		Note - Changes from previous report(s) are in <b>BOLD</b>	
Capital Category	Budget	YTD Actual	Year-End Projection	Status/Comments	
General Plant - Information Technology (I.T.)	\$1,328,913	<b>\$276,908</b>	\$700,000	●	Commvault Project complete and under budget. Staff turnover results in lower capital project execution, potential for roll-over funds in 2017. (Barton)
General Plant - Buildings & Land Management	\$557,744	<b>\$275,686</b>	\$350,000	●	EWEB HQ HVAC System is complete, final close-out documents received. Final invoice paid and closed out. Staff is re-crafting the HQ elevator Contracts to make use of state contracts, behind schedule, likely to be bid in early 2017 and roll over of unspent 2016 funds. (Damewood)
General Plant - Electric& Water Fleet Capital	\$1,722,124	<b>\$516,460</b>	\$1,250,000	●	Water and electric deferring some vehicle purchases until next year. Anticipate roll over of some funds from 2016 to 2017 to cover deferred purchases. (Damewood)

*In the future, these categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.*

*Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Type 1 Capital includes categorized collections of projects of less than \$1 million. Typical examples include "pole replacements" as part of Transmission & Distribution. This work typically involves many small projects that add up to \$1.2-\$1.7 million per year.*

*Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life.*

<b>Type 2 Rehabilitation &amp; Expansion Projects</b>		2016 - Q3			Project Total		Schedule			Status/Comments
Project	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
AMI Information Technology & Integration	\$2,977,005	<b>\$1,525,826</b>	\$2,977,005	\$6,475,700	<b>\$2,374,402</b>	\$6,475,700	May-2015	Dec-2017	May-2018	● Multiple field trials are now well underway. Meter availability issues have been resolved. The focus of the effort right now is getting ~50 employee-customers equipped with both electric and water meters, along with deploying meters to selected unoccupied commercial locations. Including maintenance change outs, total number of smart meters deployed is >200.  Spending is running slightly behind schedule, with major vendor payment milestones that may occur in Q4 of this year or Q1 of next, depending on testing cycles.(Armstead)
Customer Information System (CIS) Replacement	\$2,500,049	<b>\$0</b>	\$0	\$9.7M	<b>\$0</b>	\$9.7M	Sep-2016	Aug-2018	Jun-2018	● Estimated start of capital spending is not expected to start until early 2017. Finalizing vendor selection and contract negotiations (O&M expenses) are expected to take until year-end to finalize. This is a 3 month delay over earlier projections, impacted by change in Project Mgmt personnel and needs for additional due diligence prior to final vendor selection.

**Total Shared Services Capital (This Report)**      **\$9,085,835**      **\$2,594,880**      **\$5,277,005**      **58%**

Note(s) 1. Financials are based on year-end un-audited reporting. Any substantial adjustments during the year-end audit will be noted on the next EL-1 Report.

**Management Notes:** Delays are causing large underruns for the IT Type 1 and CIS Replacement projects, but Management is confident that recalibrating and re-organizing these areas is needed for long term success. Other type 1 projects are being managed with deferrals to manage costs and scope. AMI, Fleet and Buildings are moving forward with slight schedule issues. Overall % spent anticipated in the 70% range.