

Capital "EL1" Report: Electric, 2016 -Q2

Type 1 - General Capital	2016 thru Q2			Note - Changes from previous report(s) are in BOLD	
	Capital Category	Budget	YTD Actual	Year-End Projection	Status/Comments
Electric Infrastructure - Generation	\$916,000 (Note 2)	\$152,462	\$650,000	●	Public safety cable installed at Leaburg Lake, LB Dam fish ladder 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 & Telecom	\$1,650,000	\$693,295	\$1,920,000	●	Major planned project work includes transmission and distribution breaker replacements at Monroe Substation (Friendly Street Area), an RTU replacement at Spring Creek Substation (River Road), as well as replacement of five station battery banks. A telecommunications enhancement includes the design for a future tower at ROC (planned for 2017). Emergent work includes replacement of a leaking SF6 breaker at the Bethel Substation, replacment of deteriorating 115kV switches at Weyco 1 substation, a sound deadening wall at the Spring Creek substation, and a Micro-Grid Battery and solar pilot project (design 2016). Schedule and budget targets are on track on a per project basis, however, overall capital spending is projected to be over due to emergent work related to condition. (NICE)
Electric Infrastructure - Transmission & Distribution	\$8,350,000	\$3,814,784 (1)	\$7,600,000	●	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 at a run rate of 21% through Q2. (NICE)

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.

Type 2 Rehabilitation & Expansion Projects	2016 thru Q2			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	
Leaburg Roll Gate #2 Re-Build	\$0	\$13,020	\$200,000	\$1,600,000	\$3,027,080	\$2,950,000	Jul-2012	Jun-2014	Feb-2015	● Substantial completion attained in February 2015, final construction work and system adjustments to occur in Fall 2016. (ZINNIKER)
Leaburg Roll Gate #1 Re-Build	\$0	\$12,081	\$70,000	\$2,000,000	\$1,927,427	\$2,000,000	Mar-2015	Nov-2015	Dec-2015	● Substantial completion attained in November 2015, punch list and final commissioning activities to complete in Fall 2016. (ZINNIKER)
Leaburg Roll Gate #3 Re-Build	\$1,550,000 (Note 2)	\$12,615	\$1,190,000	\$1,550,000	\$440,895	\$1,550,000	Dec-2015	Nov-2016	Nov-2016	● Work scheduled to start in June with final completion expected by the end of 2016. (ZINNIKER)
LTD EmX Project (Electric)	\$6,175,000	\$2,266,547	\$5,000,000	\$5,700,000	\$3,616,363	\$6,500,000	Sep-2013	---	Nov-2016	● EWEB resolved all known electric conflicts west of Seneca on W.11th ahead of LTD's work. Scheduled completion for substructure installation is Sept. 15th. Completed work continues to come in under cost previous cost estimates. (THOMAS)
Upriver Re-Configuration/Holden Ck. Substation	\$1,500,000 (Note 2)	\$166,095	\$2,000,000	\$3,000,000	\$281,060	\$5,700,000	Jan-2014	Oct-2015	Jul-2017	● Some potential delays in FERC licensing requirements may delay construction scheduled for summer 2016, however equipment procurements are still movng forward and we will receive equipment before the end of the year. That is boosting the overall spending or 2016. (Damewood).
Downtown Distribution Network	\$2,000,000 (Note 2)	\$7,103	\$500,000	\$15,000,000	\$4,594,248	\$20,000,000	Sep-2010	Dec-2015	Dec-2019	● Worked planned for 2016 is progressing: Hospital 480V network re-configuration is planned awaiting hospital for scheduling; Installation of arc-flash disconnects needed for 480V spot network; Primary conductor re-design for future year replacement. All this work is required independent of Radial versus Network decision. (FRASER)

Type 3 - Strategic Projects & Programs	2016 thru Q2			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	
Carmen Smith License Implementation	\$10,590,000	\$1,118,999	\$6,800,000	\$135,000,000	\$38,980,155	\$181,000,000	May-2009	Dec-2021	Dec-2025	● Settlement Agreement re-negotiation efforts (of scope) continue to move forward with expected revisions completed in fall of 2016. Project NPV projections are improved based on reduced capital costs and despite declining forward power pricing forecasts. Carmen gantry crane construction preparation on schedule for fall completion. Turbine shut-off valve procurement on schedule for delivery Spring 2017. Heavy plant upgrade planning and design efforts underway. (ZINNIKER/BOYLE)

Total Electric Capital (Excluding Shared Services) **\$32,731,000** **\$8,257,001** **25%**

Note(s) 1. Distribution transformers 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-Q2

Type 1 - General Capital

Project	2016			Status/Comments
	Budget	YTD Actual	Year-End Projection	
Source - Water Intakes & Filtration Plant	\$312,000	\$19,000	\$170,000	● Includes painting of intakes, treatment trailer equipment, beginning work on SCADA upgrade
Mains - Replacements, Improvements, & Trans.	\$4,213,000	\$2,135,000	\$3,963,000	● Will track this area closely as overages occurred last year. Keeping slightly under
Services and Meters	\$1,703,000	\$823,000	\$1,500,000	● Includes both new services and meters as well as replacement of existing service lines
Pump Stations	\$1,322,000	\$688,000	\$1,200,000	● Bulk of work is new Shasta 1150 pump station and emergent work at Santa Clara.
Reservoirs	\$33,000	\$0	\$15,000	● 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	\$2,179,000	\$3,700,000	\$7,713,000	\$7,088,690	\$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	\$105,000	\$225,000	\$3,079,780	\$422,109	\$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	\$1,800	\$100,000	\$1,728,000	\$17,466	\$1,710,000	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. (Initial Plan - 2015 CIP)
LTD EMX	\$140,000	\$310,000	\$350,000	\$0	\$2,927,862	\$2,970,000	2014	YE-2015	Q3-2016	● 2016 work turned out to be more than anticipated. Nearing completion on the water side.

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	\$119,000	\$1,600,000	Varied from \$52M to \$120M	\$419,000	\$67,000,000	2014 with Planning	YE-2021	YE-2021	● Assumes property purchase in 2016. Currently in preliminary design for Filtration Plant and Related Facilities

Total Water Capital (Excluding Shared Services) \$13,573,000 \$6,379,800 \$12,823,000 94%

Management Notes: Water will slightly underspend in Type 1 projects this year, as 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 Q3. Expenditures in AWS are appearing as pre-design work that is underway. Overall, looking to be in the mid-90% range of expended budget for Water Capital, excluding Shared Services Capital.

Capital "EL1" Report: Shared Services, 2016-Q2

Type 1 - General Capital		2016 - Q2			Note - Changes from previous report(s) are in BOLD				
Capital Category	Budget	YTD Actual	Year-End Projection	Status/Comments					
General Plant - Information Technology (I.T.)	\$1,328,913	\$276,908	\$900,000		Capital refreshes to Occur in Q3 and Q4 of 2016				
General Plant - Buildings & Land Management	\$557,744	\$259,441	\$557,744		EWEB HQ HVAC System is complete, and in final review and closeout phase. Staff is re-crafting the HQ elevator contracts to make use of state contracts, and is behind schedule. (Damewood)				
General Plant - Electric& Water Fleet Capital	\$1,722,124	\$816,291	\$1,722,124		All vehicles/equipment for electric operations were received and completed in 2016. All completed on Budget. (Lentsch)				

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

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AMI Information Technology & Integration	\$2,977,005	\$1,113,923	\$2,977,005	\$6,475,700	\$1,962,778	\$6,475,700	May-2015	Dec-2017	May-2018	Project is progressing to field trials. Both electric and water meters have been deployed in limited quantities in the field (<100). 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	\$0	\$1,250,000	\$9.7M	\$0	\$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 finalized. This is a 3 month delay over earlier projections, impacted by needs for additional due diligence prior to final vendor selection.	

Total Shared Services Capital (This Report)	\$9,085,835	\$2,466,563	\$7,406,873							
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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. AMI, Fleet and Buildings are moving forward with slight schedule issues.