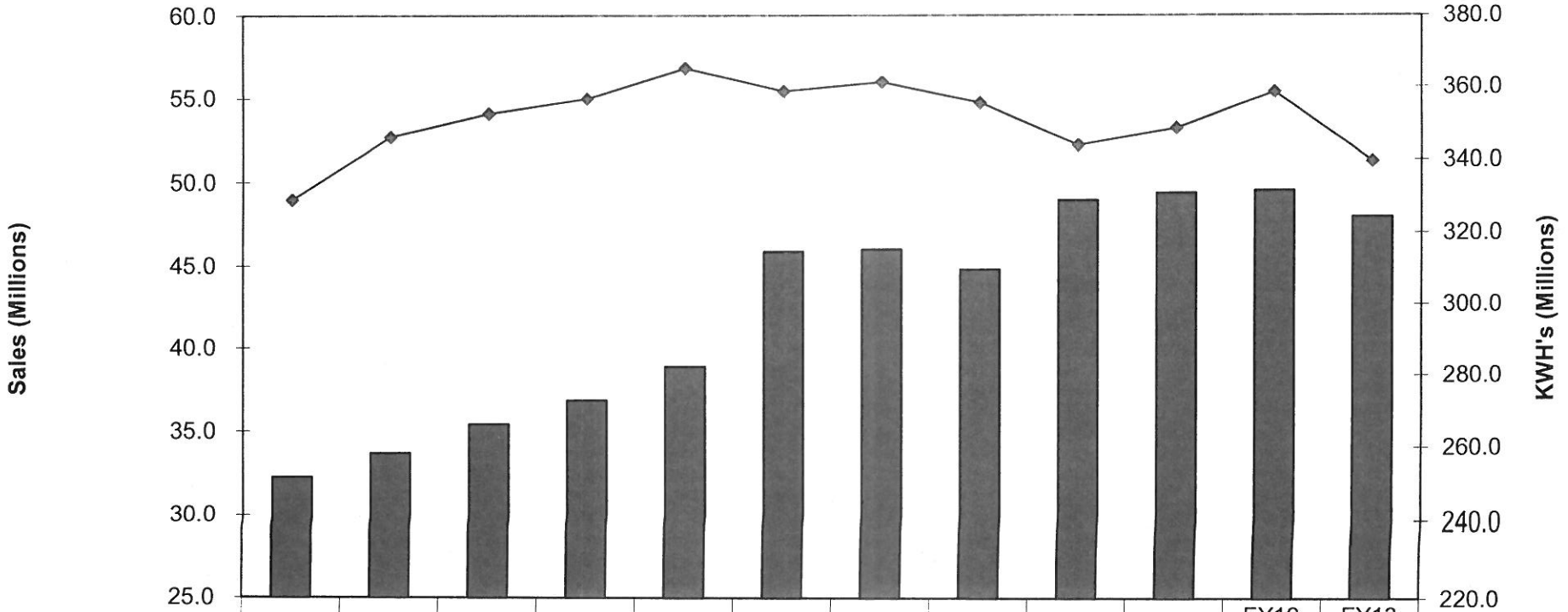
FY13 Budget Presentation

Sales to Customers Assumptions

- *"Normal" Weather*
- *No rate adjustment modeled (TBD)*
- *Energy efficiency program impacts*

Burlington Electric Department
Total Sales to Customers



	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12 Budget	FY13 Budget
Sales $	32.2	33.6	35.3	36.7	38.8	45.8	45.9	44.7	48.8	49.3	49.4	47.8
KWH's	329.5	346.6	352.9	356.9	365.3	359.0	361.4	355.6	343.9	348.6	358.6	339.6

Other Revenues Assumptions

- ***General Rule***
  - Three Year Average
- ***Pole Attachment & Conduit Rentals***
  - Comcast, Burlington Telecom, VELCO & UVM Telecom
  - $10.97 plus taxes per attachment
  - $0.7175/per foot of conduit
- ***New England Power Company***
  - $1.9M for Newport debt payments
- ***Energy Efficiency Charge***
  - Based on EEU program expenses
  - Per PSB approved budgets
- ***Highgate***
  - Transmission contracts

Miscellaneous Electric Revenues

	Actual FY 09	Actual FY 10	Actual FY 11	Budget FY 12	Budget FY 13
Forfeited Discounts					
Late Payment Fees	$33,083	$33,145	$40,288	$34,400	$36,700
Service Revenues					
Total Service Revenues	84,052	94,068	204,505	229,500	222,800
Rent from Electric Property					
Total Rent from Electric Property	246,251	235,216	255,933	269,100	259,100
Electric Revenues - Other					
Miscellaneous	39,312	46,172	102,735	32,400	33,300
New England Power Co.	1,948,464	1,948,464	1,948,464	1,948,500	1,948,500
Residential Time of Sale	1,040	420	660	2,400	2,400
EEU Program Cost Reimbursement	1,292,019	1,089,466	2,111,386	2,404,400	2,421,800
Demand Response Program Reimbursement	19,110	39,308	28,152	25,000	18,400
Total Electric Revenues - Other	3,299,945	3,123,830	4,191,397	4,412,700	4,424,400
Electric Revenues - Power Supply					
Total Electric Revenues - Power Supply	1,976,680	1,984,783	3,515,933	2,939,500	4,579,800
Total	$5,640,011	$5,471,042	$8,208,056	$7,885,200	$9,522,800

Net Power Cost – Base Case Assumptions

McNeil

- 50% McNeil ownership – 25 MW's power
- 61% Capacity Factor
- Assumes 400,000 tons of wood at average $32.67/ton

Vermont Wind

- Became commercial October 19, 2011
- Entitled to 16 MW of 40MW Project

BED Gas Turbine

- Not a significant energy source
- 260 MWH/year

Renewable Energy Credits

- McNeil ($20 per REC)
- Wind ($20 per REC)

Net Power Cost – Base Case Assumptions

SPEED

- Deliveries began in July 2010
- Solar, farm methane, biomass, wind, hydro & LFG

NYPA

- 4% of total energy needs
- St. Lawrence Contract through 2017
- Niagara Contract through 2025

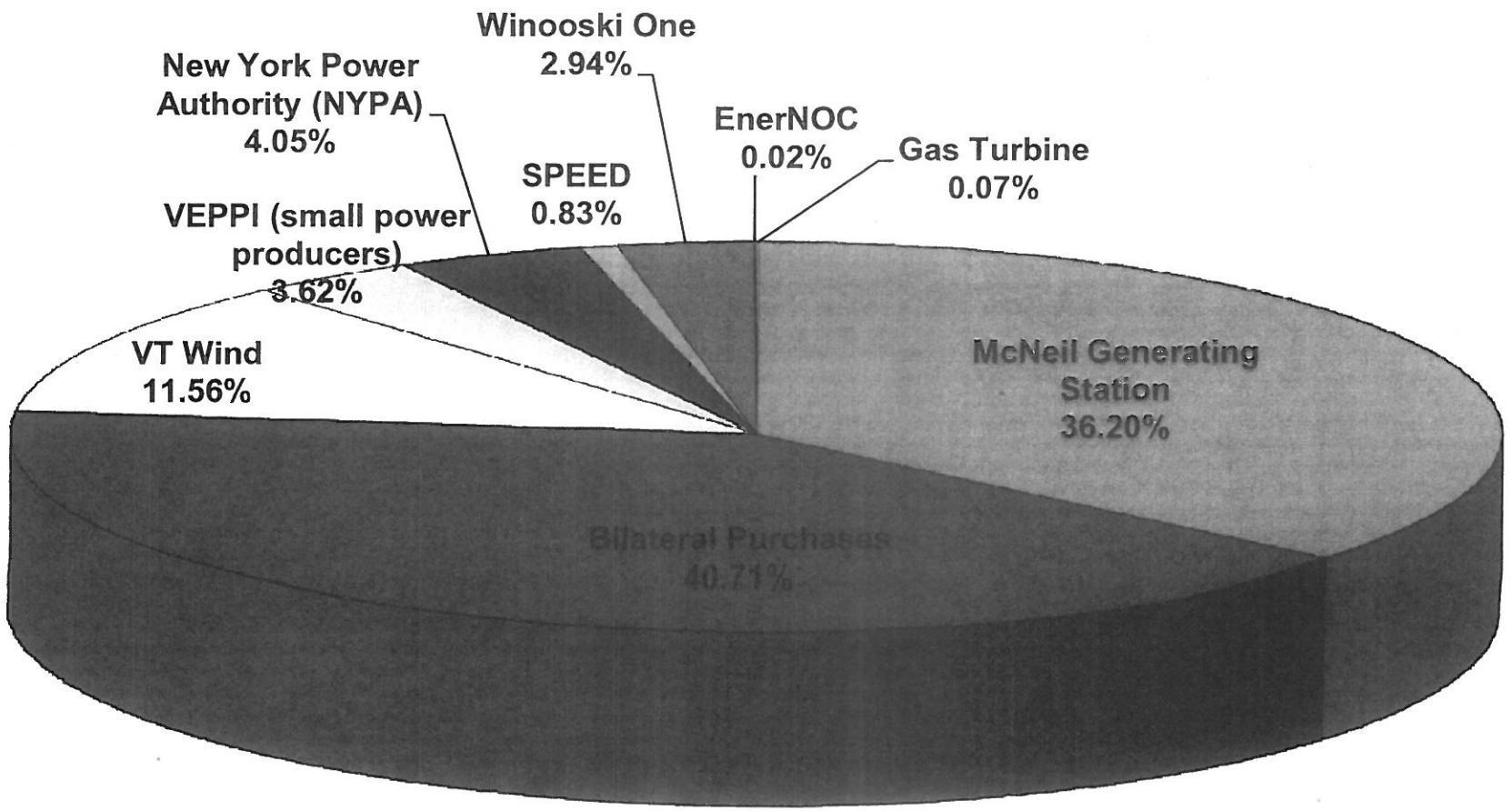
VEPPI

- 3.6% of energy requirement
- State mandated purchases
- Rates set by DPS

Newport Contract Termination

- $210,000 monthly through July, 2014.

Budget Power Supply - MWH by Source



Net Power Supply Costs

(000's)	Actual FY 09	Actual FY 10	Actual FY 11	Budget FY 12	Budget FY 13
Expenses:					
Fuel	$7,691	$7,260	$7,117	$8,432	$9,206
Purchased Power	20,096	19,213	17,991	18,162	16,307
Transmission Fees	3,429	4,337	3,698	6,118	5,434
Highgate	93	95	86	115	115
Total Power Supply - Expenses	31,310	30,906	28,892	32,827	31,062
Revenues:					
Transmission Contracts	328	360	304	300	402
Renewable Energy Credits - McNeil	1,648	1,624	3,212	2,468	3,277
Renewable Energy Credits - Wind				171	851
Renewable Energy Credits - Other					49
Total Power Supply - Revenues	1,977	1,985	3,516	2,940	4,580
Net Power Supply Costs	$29,333	$28,921	$25,376	$29,888	$26,482

Tax Assumptions

- **PILOT**
  - Assumes current rate $2.27
  - Based on 100% valuation

- **Gross Revenue Tax**
  - Funds DPS and PSB
  - 0.5% of total sales less resales

- **Gross Receipts Tax**
  - Began in July, 1990
  - Funds Home Weatherization Assistance Fund
  - 0.5% of sales to customers

Taxes

(000's)	Actual FY 09	Actual FY 10	Actual FY 11	Budget FY 12	Budget FY 13
Property Taxes					
Payment in Lieu of Taxes - BED	$1,020	$958	$1,015	$1,225	$1,348
Payment in Lieu of Taxes - McNeil	511	540	543	548	546
Property Taxes - Highgate	30	55	31	30	30
Sub-Total - Property Taxes	1,561	1,553	1,589	1,804	1,924
Tax Rates	**$2.13**	**$2.25**	**$2.26**	**$2.28**	**$2.27**
Revenue Taxes					
Gross Revenue Tax (.5%)	257	272	287	286	287
Gross Receipts Tax (.5%)	225	242	246	247	239
Sub-Total - Revenue Taxes	482	514	534	533	526
Over/Under Allocation of Social Security Taxes	5	9	(9)	0	0
Total Taxes	$2,048	$2,075	$2,114	$2,336	$2,450

Other Income Assumptions

- **Velco/VT Transco Income**
  - December '12 investment of $2,751,000
  - 12.5% average return
    - (11.5% A units;13.3% B units)

- **Interest Income**
  - Debt Service for all GO Bonds
  - Rates remain low

- **Contribution/Grant Income**
  - $1,085,600 Waterfront (North Access)
  - $2,473,500 for ARRA

Dividend Income

	Actual FY 09	Actual FY 10	Actual FY 11	Budget FY 12	Budget FY 13
VELCO	$165,945	$165,945	$165,801	$166,200	$166,200
VT TRANSCO LLC	1,013,690	1,805,386	2,133,438	2,300,700	2,449,300
VELCO	1,269	1,194	1,194	1,200	1,200
Total Dividend Income	$1,180,904	$1,972,525	$2,300,433	$2,468,100	$2,616,700

Other Income, Net

	Actual FY 09	Actual FY 10	Actual FY 11	Budget FY 12	Budget FY 13
Interest Income - Operating					
Checking Accounts	$10,183	$3,717	$4,153	4,400	$4,400
Debt Service Reserve Fund	225,668	244,908	241,535	240,500	182,600
Debt Service Funds	4,043	52	249	7,500	7,400
Renewal & Replacement Fund	3,462	2	45	2,500	2,600
Construction Fund		19,263	28,042	22,000	45,400
City Hall		69,186	5,030		
DSM Loans	1,805	643			
Lincoln Logging	3,630	5,934	3,915	1,200	400
Total Interest Income Operating	248,791	343,705	282,969	278,100	242,800

Other Income, Net

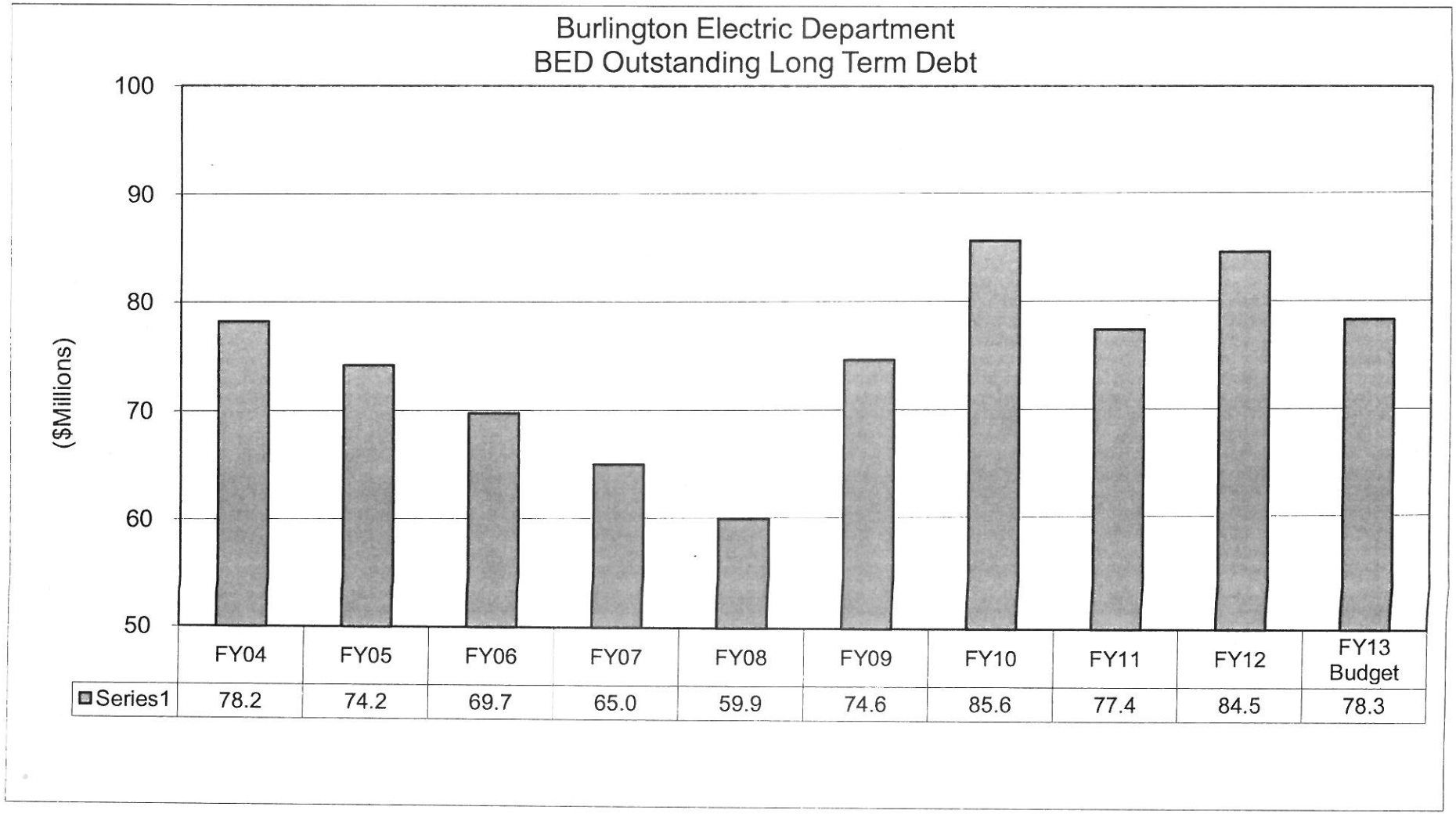
	Actual FY 09	Actual FY 10	Actual FY 11	Budget FY 12	Budget FY 13
Miscellaneous Non-Operating Income					
Grant Income - ARRA		1,036,830	818,818	3,652,700	2,473,500
Customer Contribution/Grant Income	258,289	357,524	213,611	987,900	1,085,600
Rental Income from Chace Hydro Property	70,000	70,000	70,000	70,000	110,000
CSWD (Wastewood Yard)				27,000	30,000
VELCO Director	22,972	34,000	21,000	22,000	22,000
Morrisville & Hardwick Electric Dispatch				11,500	11,500
Total Miscellaneous Non-Operating Income	351,261	1,498,354	1,123,429	4,771,100	3,732,600
Other Deductions					
Donation for Warmth Program	(10,000)	(10,000)	(12,000)	(12,000)	(12,000)
Total Other Deductions	(10,000)	(10,000)	(12,000)	(12,000)	(12,000)
Total Other Income - Net	**$590,052**	**$1,832,059**	**$1,394,398**	**$5,037,200**	**$3,963,400**

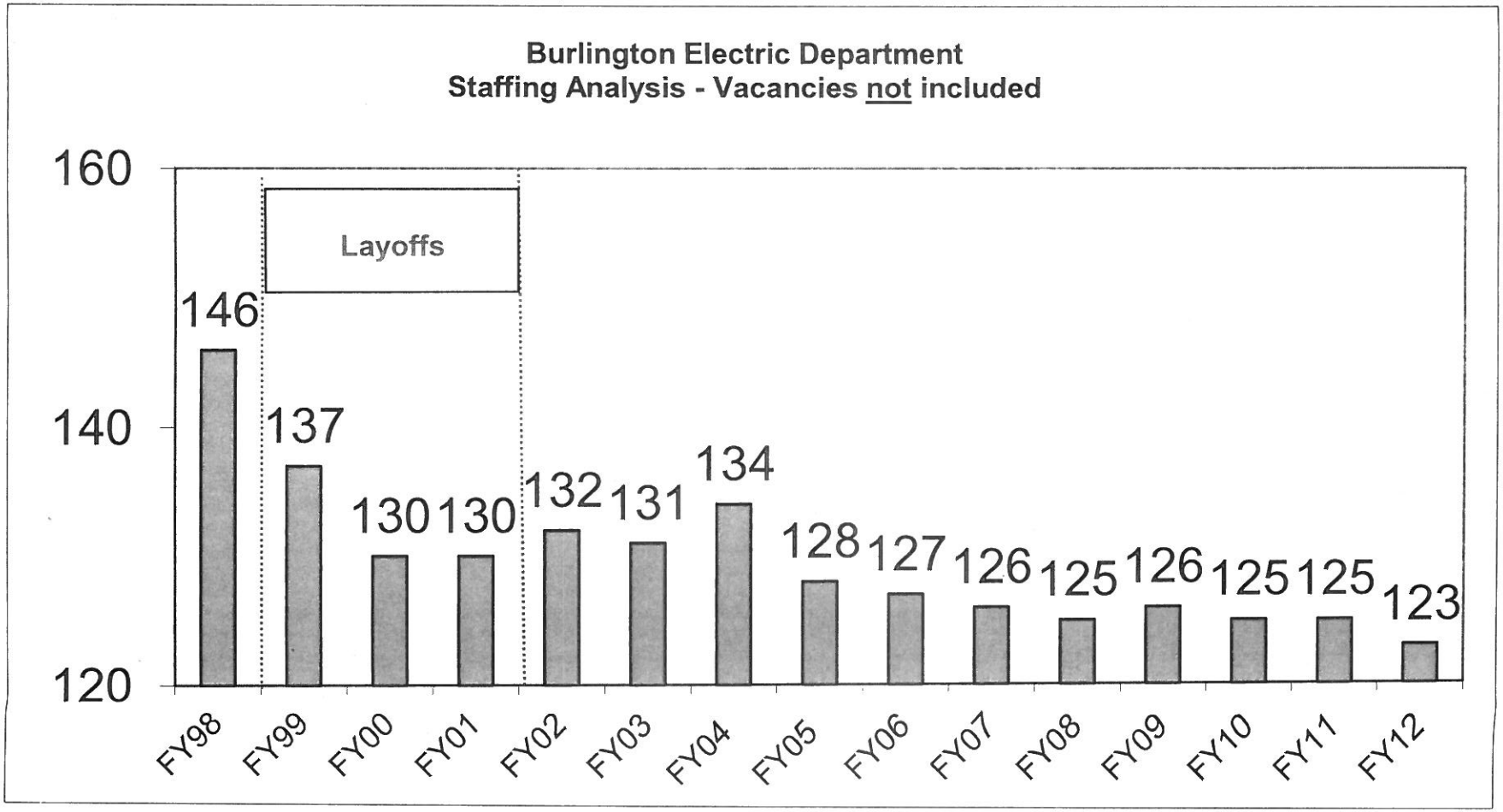
Interest Expense Assumptions

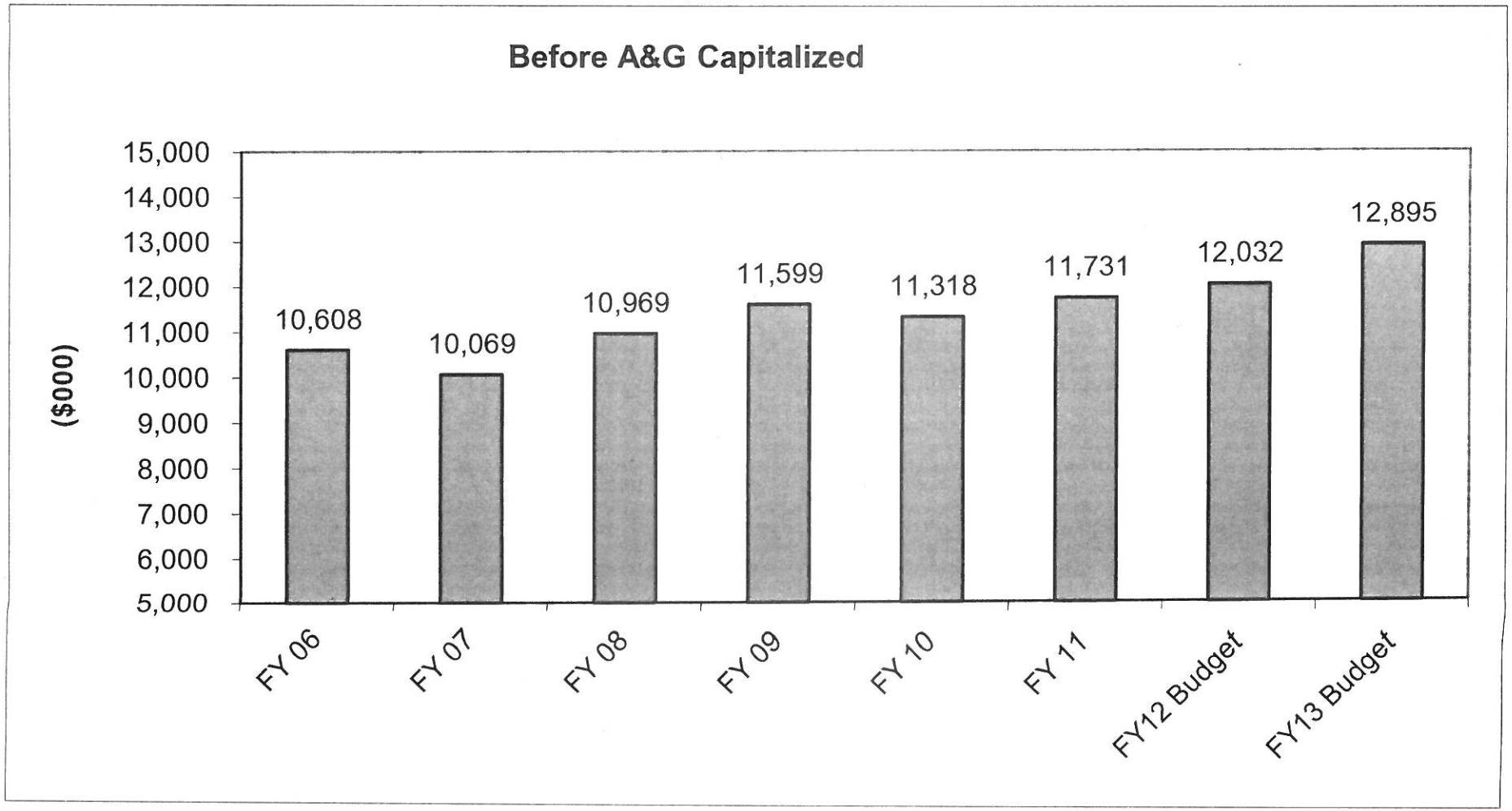
- **$3M General Obligation Bond** (annual)
- **$2M BAN** (FY12).
- **$11.9M Revenue Bond**
  - $8.775M Highgate/ARRA projects
  - $3.135M VELCO Investment
- **Other Interest Expense**
  - $3.4M Line-of-Credit
  - Credit Enhancement Fee (City) not included (FY13)
  - Capital Leases

Interest Expense

	Actual FY 09	Actual FY 10	Actual FY 11	Budget FY 12	Budget FY 13
General Obligation Bonds	$326,246	$1,565,862	$1,620,335	$1,683,500	$1,809,400
Revenue Bonds	2,650,420	2,285,183	1,895,365	2,192,600	1,747,600
Credit Enhancement Fee	38,512	196,254	207,468	203,600	0
Total Long Term Debt Interest	3,015,178	4,047,299	3,723,168	4,079,700	3,557,000
Amortization of Debt Discount	4,589	4,770	5,743	6,400	18,200
Amortization of Deferred Debt Costs	1,912,897	2,017,309	2,139,313	2,264,300	4,292,300
Amortization of Debt Premium	(182,338)	(192,944)	(210,411)	(223,300)	(248,800)
Short Term Loan	418,697	76,776	133,551	77,200	80,600
Other Interest	1,723	719	234	0	0
Total Interest Expense	$5,170,746	$5,953,929	$5,791,598	$6,204,300	$7,699,300


Burlington Electric Department
BED Outstanding Long Term Debt
($Millions)
100
90
80
70
60
50
FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 Budget
Series1 78.2 74.2 69.7 65.0 59.9 74.6 85.6 77.4 84.5 78.3


Burlington Electric Department
Staffing Analysis - Vacancies not included
160
140
120
Layoffs
146
137
130
130
132
131
134
128
127
126
125
126
125
125
123
FY98
FY99
FY00
FY01
FY02
FY03
FY04
FY05
FY06
FY07
FY08
FY09
FY10
FY11
FY12


Before A&G Capitalized
($000)
15,000
14,000
13,000
12,000
11,000
10,000
9,000
8,000
7,000
6,000
5,000
10,608
10,069
10,969
11,599
11,318
11,731
12,032
12,895
FY 06
FY 07
FY 08
FY 09
FY 10
FY 11
FY12 Budget
FY13 Budget

Operational Expense

	Actual FY 09	Actual FY 10	Actual FY 11	Budget FY 12	Budget FY 13
Labor-Regular	$5,698,761	$5,749,255	$5,835,912	$5,826,300	$5,996,700
Labor-Overtime	364,819	226,189	234,086	286,100	287,100
Labor-Overhead	2,258,623	2,109,569	2,552,750	2,374,100	2,571,900
Outside Services	1,252,136	1,244,323	1,403,671	1,660,600	1,856,400
DSM Rebates / Other	729,716	609,315	1,504,181	1,488,900	1,511,100
Group Insurance	369,247	321,014	332,155	381,100	385,000
Building Clearing	314,446	337,305	348,302	360,400	391,300
Materials & Supplies	588,922	482,068	513,197	765,500	759,600
Admin & General Capitalized	(387,700)	(633,280)	(433,063)	(1,172,200)	(982,100)
Other	1,377,262	1,368,951	1,172,976	1,378,300	1,576,800
Total Operational Expense	$12,566,232	$11,814,709	$13,464,167	$13,349,100	$14,353,800
Less EEC Expenses (reimbursed)	(1,292,019)	(1,089,466)	(2,111,386)	(2,404,370)	(2,421,800)
Total Operational Expense	**$11,274,213**	**$10,725,243**	**$11,352,781**	**$10,944,730**	**$11,932,000**

Labor Overhead

	Actual FY 09	Actual FY 10	Actual FY 11	Budget FY 12	Budget FY 13
TOTAL LABOR	$8,597,133	$8,562,470	$9,188,095	$9,590,600	$9,813,200
LABOR OVERHEAD					
Medical Insurance	1,080,608	1,127,293	1,203,323	1,355,600	1,323,700
Dental Insurance	94,210	92,303	91,632	99,300	100,800
Life Insurance	14,152	14,246	14,430	15,800	15,900
Social Security Taxes	640,486	646,520	668,209	733,700	750,700
Workers Compensation Ins.	211,470	326,223	480,997	309,600	529,100
Pension	1,245,318	1,006,532	1,327,843	1,425,700	1,535,600
Sub-total Labor Overhead	3,286,244	3,213,117	3,786,434	3,939,700	4,255,800
Health Ins (*Employee Contribution*)	(192,719)	(202,317)	(215,713)	(231,049)	(255,206)
Pension (Employee Contribution)	(220,432)	(225,845)	(245,169)	(271,680)	(277,347)
Health Care Buyout	16,137	14,303	19,893	15,998	15,998
Total Labor Overhead	$2,889,231	$2,799,259	$3,345,445	$3,452,969	$3,739,246
Labor Overhead Rate	**36.17%**	**35.33%**	**39.08%**	**38.84%**	**40.93%**
Pension Rate	**14.1% - 16%**	**14.00%**	**15.38%**	**15.41%**	**16.50%**

Income Statement

(000's)	Actual FY 09	Actual FY 10	Actual FY 11	Budget FY 12	Budget FY 13
OPERATING REVENUES:					
Sales to Customers	$44,658	$48,833	$49,262	$49,410	$47,842
Misc Revenues - Power Supply	1,977	1,985	3,516	2,940	4,580
Misc Revenues - Other	3,663	3,486	4,692	4,946	4,943
Total Operating Revenues	50,298	54,304	57,470	57,295	57,365
OPERATING EXPENSES:					
Fuel	7,691	7,260	7,117	8,432	9,206
Purchased Power	20,096	19,213	17,991	18,162	16,307
Transmission Expense	3,429	4,337	3,698	6,118	5,434
Operation and Maintenance	12,566	11,815	13,464	13,349	14,420
Depreciation & Amortization	5,562	6,041	6,588	6,900	5,409
Taxes	2,048	2,075	2,114	2,336	2,450
Total Operating Expenses	51,392	50,741	50,973	55,298	53,225
NET OPERATING INCOME	(1,095)	3,562	6,497	1,998	4,140
OTHER INCOME & DEDUCTIONS:					
Dividends	1,181	1,973	2,300	2,468	2,617
Interest Income	249	344	283	278	243
Grant/Customer Income	258	358	214	988	1,086
Grant Income - ARRA		1,037	819	3,653	2,473
Other Income, Net	279	(46)	191	118	161
Total Other Income/Deductions	1,967	3,665	3,806	7,505	6,580
INCOME BEFORE INTEREST EXPENSE	873	7,227	10,304	9,503	10,720
INTEREST EXPENSE	5,171	5,954	5,792	6,204	7,699
NET INCOME (LOSS)	($4,298)	$1,273	$4,512	$3,299	$3,021
GRANT/CUSTOMER INCOME IMPACT				($1,342)	($538)

Burlington Electric Department
Budget for the Year Ending June 30, 2013
Debt Coverage (000's)

	Actual FY 09	Actual FY 10	Actual FY 11	Budget FY 12	Budget FY 13
Total Operating Revenues	$50,298	$54,304	$57,470	$57,295	$57,365
Total Operating Expenses	51,392	50,741	50,973	55,298	53,225
Less: Depreciation & Amortization *(1)*	(5,562)	(6,041)	(6,588)	(6,900)	(5,409)
Less: Payment in Lieu of Taxes *(2)*	(1,531)	(1,498)	(1,558)	(1,773)	(1,894)
Total Operating Expenses - Adjusted	44,298	43,202	42,826	46,625	45,922
Net Operating Income - Adjusted	6,000	11,101	14,643	10,671	11,443
Total Other Income	1,967	3,665	3,806	7,505	6,580
(Less) Grant/Customer Income	(258)	(1,394)	(1,032)	(4,641)	(3,559)
Net Income Available for Debt Service	7,709	13,372	17,417	13,535	14,464
Debt Service on Revenue Bonds - NEPCO (100%) (3)	1,948	1,948	1,948	1,948	1,948
Net Income Available for Other Debt Service	5,760	11,424	15,469	11,587	12,516
Debt Service on Revenue Bonds - Other (125%)	7,072	7,077	7,077	8,197	7,489
Debt Service Coverage Ratio *(4)*	0.81	1.61	2.19	1.41	1.67

(1) Deducted as a non-cash expense.
(2) Lower priority than debt service per bond covenants.
(3) 100% because paid for by 3rd party (NEPCO).
(4) Revenue bond covenants require a minimum debt ratio of 1.25.

Capital Assumptions

- ARRA ($4,947,000)
- Distribution ($3,861,800)
- McNeil Plant ($998,800)
- Investment in VT Transco of ($2,751,000) (December)
- Highgate Converter Station ($1,058,600)

Cash Assumptions

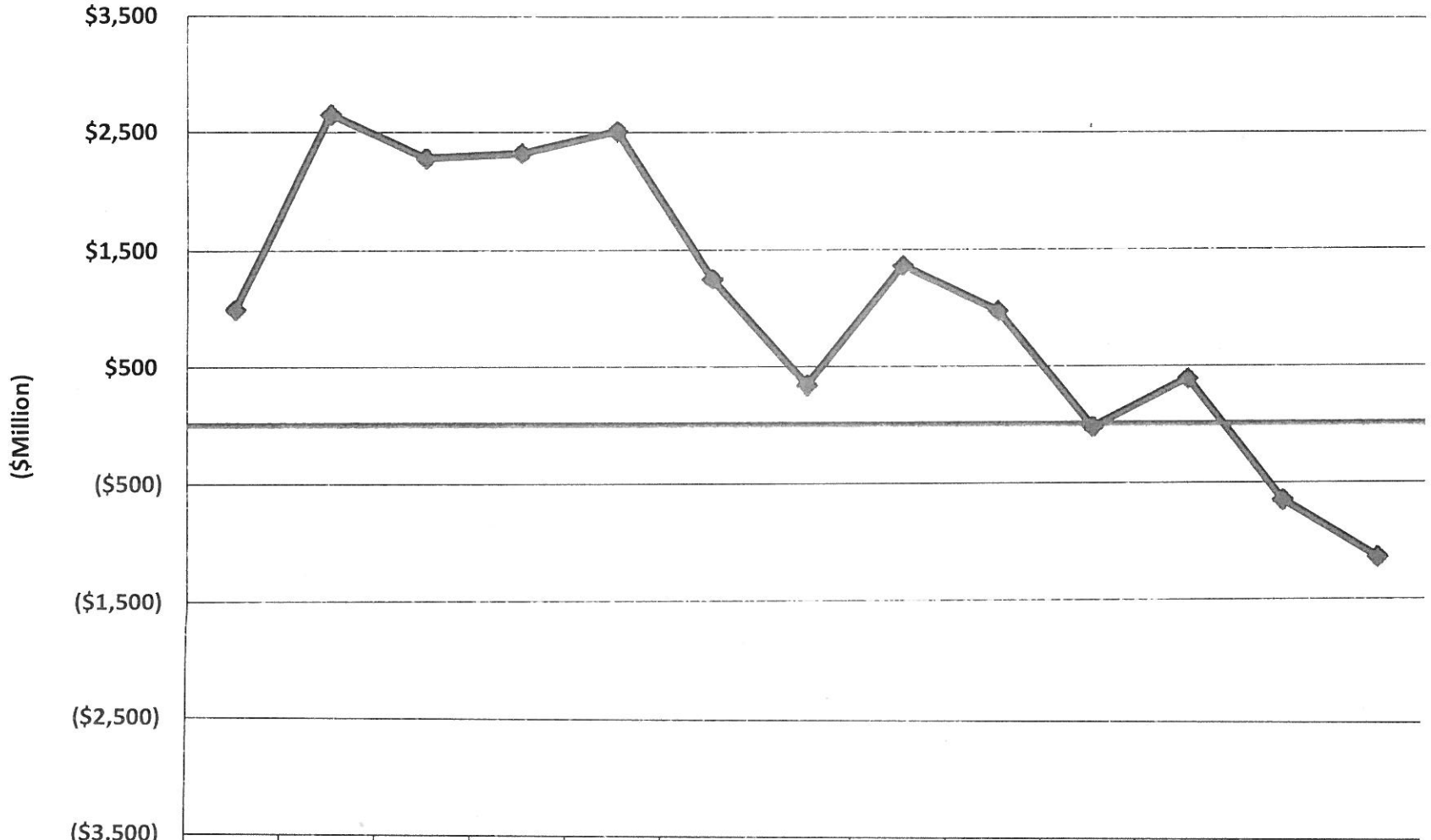
- Starting Balance $1,000,000

- Capital budget of:
  - $4,947,000 (ARRA)
  - $6,401,000 (Other)
  - $2,751,000 (Velco)
  - $1,059,000 (Highgate)

- $3,000,000 GO Bonds (FY13)

- $2,000,000 BAN (FY12)

Burlington Electric Department
Budget for the Year Ending June 30, 2013
MONTHLY CASH



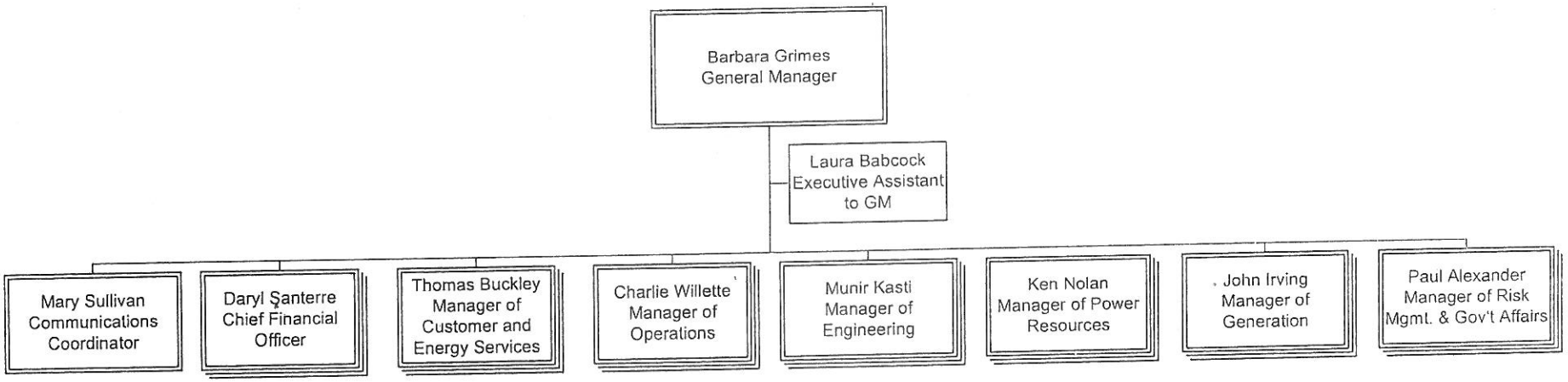
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Ending Balance	$1,000	2,651	2,279	2,319	2,508	1,254	341	1,364	978	(21)	392	(646)	(1,132)

Revenue Requirement

($000)	11.33%	Budget FY12	Budget FY13
OPERATING EXPENSES			
Power Supply Expenses			
Fuel	8,155	8,432	9,206
Purchased Power	19,211	18,162	16,307
Transmission Fees	3,432	6,118	5,434
Highgate	83	115	115
Total Power Supply Expenses	30,880	32,827	31,062
Less: Other Power Supply Revenues	3,690	2,940	4,580
Net Power Supply Expense	27,190	29,888	26,482
Operation and Maintenance Expense	13,243	13,264	14,335
Taxes	2,076	2,306	2,420
Total Operating Expenses	42,510	45,458	43,236
OTHER INCOME/EXPENSE			
Dividends (VELCO)	1,843	2,468	2,617
Interest Income	454	278	243
Other Income	4,067	5,064	5,104
Total Other Income	6,364	7,811	7,964
Net Utility Expense	36,146	37,648	35,272
Debt Coverage			
G.O. Bonds @ 100%	3,476	3,627	3,509
Key Bank - Line of Credit	261	77	81
Revenue Bonds at 100%	1,948	1,948	1,948
Revenue Bonds at 125%	8,846	10,246	9,362
Total Debt Coverage	14,531	15,898	14,900
TOTAL COST OF SERVICE	50,677	53,546	50,172
Revenue at Existing Rates	50,677	49,410	47,842
Revenue Surplus/(Deficit)		($4,136)	($2,330)
Surplus/(Deficit) as %		**(8.4)**	**(4.9)**

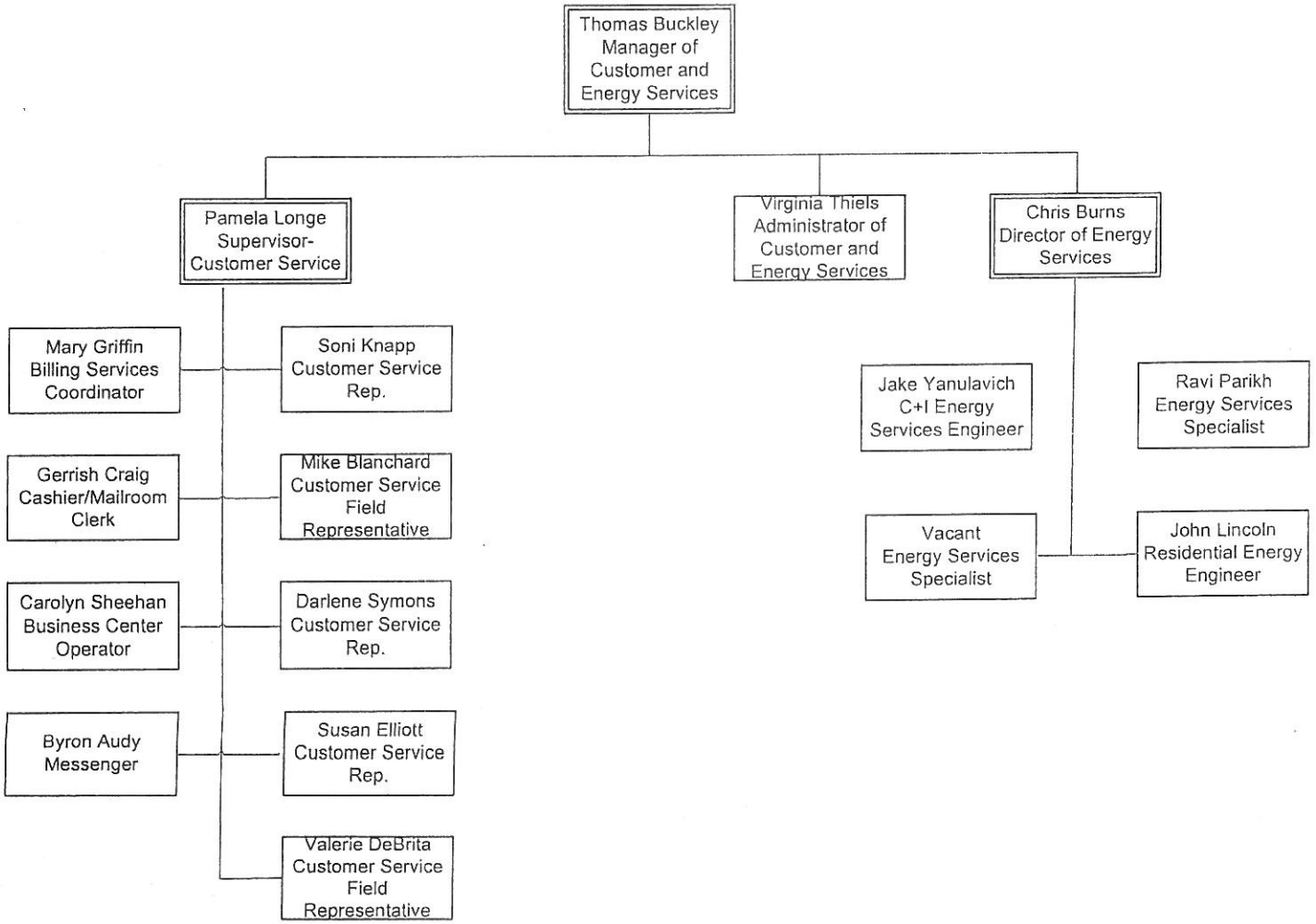
Burlington Electric Department

City of Burlington, Vermont
Organizational Chart
May 2012



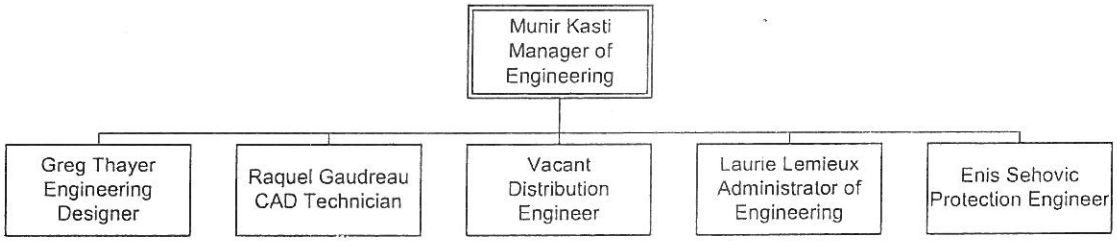
Customer & Energy Services

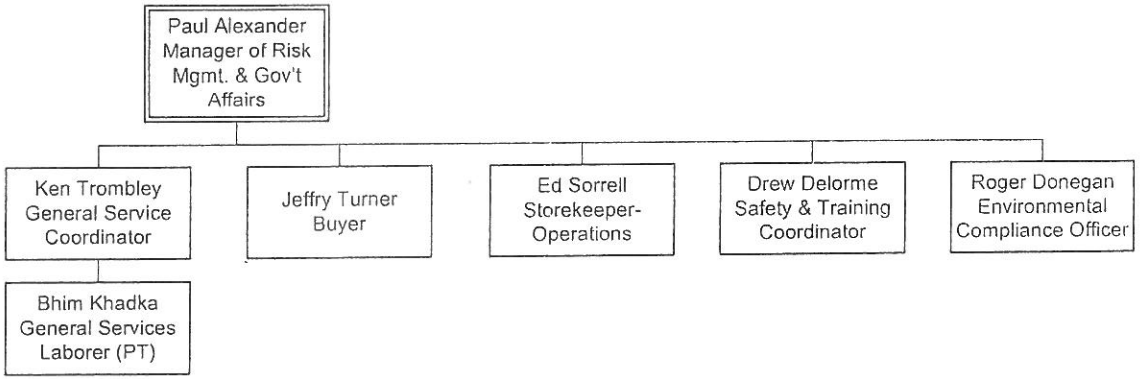
Burlington Electric Department



Engineering

Burlington Electric Department



Risk Management & Government Affairs

Burlington Electric Department