



## ***FY15 Budget Presentation***

***June 9, 2014***

***(Abbreviated Version)***

*Revised*

# Assumptions – Revenues/Income

- *No rate filing*
- *Rate re-design not modeled;  
Assumed to be revenue neutral*
- *Sale of McNeil Renewable Energy Credit's, \$5.8M*
- *Sale of Wind Renewable Energy Credit's, \$3.5M*

## **Key Assumptions – Expenses**

- *Labor and benefits per contracts and City assumptions*
  
- *New – Winooski One acquisition*
  - (a) *Property Taxes, \$400,000*
  - (b) *Depreciation, \$640,000 (25 years)*
  - (c) *Labor & Other, \$936,000*
  
- *Depreciation and Amortization down \$1.8M*
  - (a) *Sinking Fund payments for 1996 RB's complete*
  
- *Net Power Supply costs down \$1.4M (5.7%)*

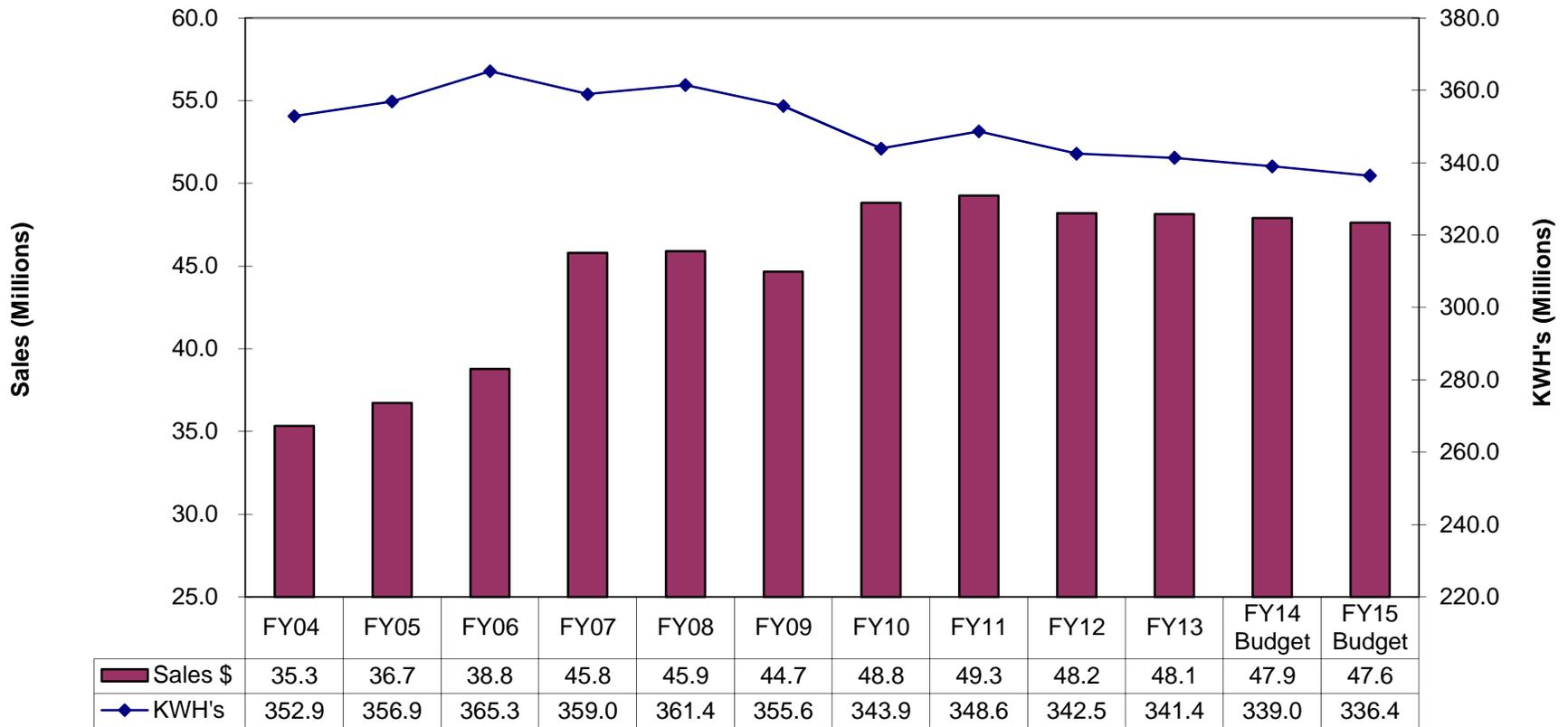
## Key Assumptions – Capital

- *Winooski One \$16 million purchase (June 30)*
- *Airport Solar Project \$1.6 million*
- *Gas Turbine Control upgrade \$1.0 million*
- *Waterfront North Access \$1.6 million*
- *Other Distribution Capital \$3.4 million*

## Key Assumptions – Financing

- *\$3 million General Obligation Bond (annual)*
- *\$12 million Revenue Bond for Winooski One Hydro*
- *Debt Service Reserve of \$8 million available*

### Burlington Electric Department Total Sales to Customers



## **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 \$35.62/ton

### **BED Gas Turbine**

- Not a significant energy source
- Scheduled to be out of service for maintenance (October 2014 - June 2015)
- Significant value in non-energy markets (capacity, reserves, black start, etc.)

### **Winooski One**

- Beginning July 1, 2014 BED will own the facility and its output

### **Renewable Energy Credits**

- McNeil (\$43 per REC)
- Wind (\$55 per REC)
- Winooski One (\$20 per REC)

Net Power Supply Costs (000's)	Actual FY 11	Actual FY 12	Actual FY 13	Budget FY 14	Budget FY 15
--------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------

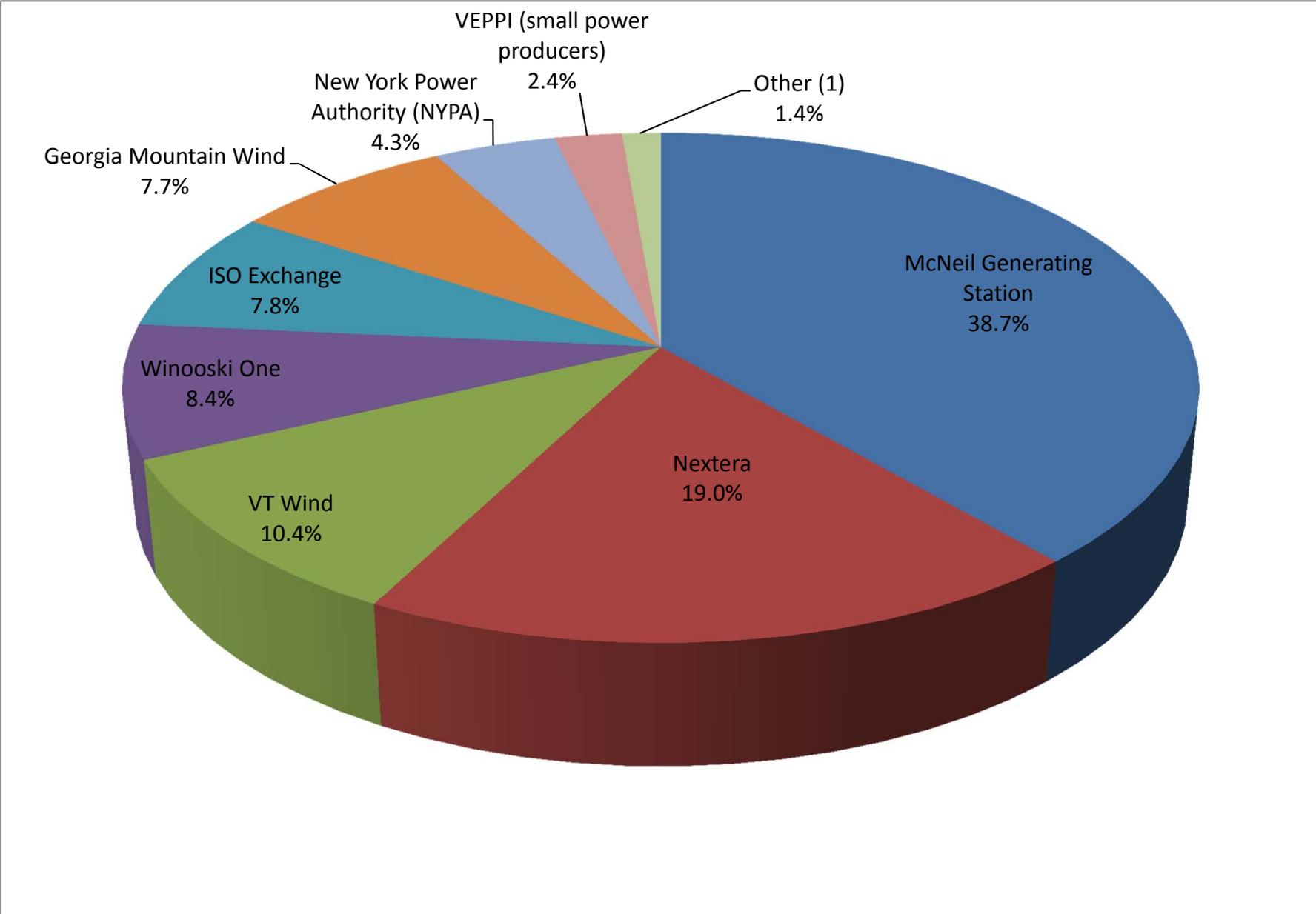
**Expenses:**

Fuel	\$7,117	\$7,136	\$8,304	\$8,838	\$9,614
Purchased Power	17,991	17,097	14,695	17,166	16,899
Transmission Fees	3,698	4,705	4,883	6,239	6,164
Highgate	86	88	98	124	148
<b>Total Power Supply - Expenses</b>	<b>28,892</b>	<b>29,026</b>	<b>27,981</b>	<b>32,367</b>	<b>32,825</b>

**Revenues:**

Transmission Contracts	304	284	310	415	366
Renewable Energy Credits - McNeil	3,212	3,123	5,241	4,878	5,796
Renewable Energy Credits - Wind		427	1,857	2,769	3,485
Renewable Energy Credits - Other		5	26	101	355
<b>Total Power Supply - Revenues</b>	<b>3,516</b>	<b>3,840</b>	<b>7,433</b>	<b>8,163</b>	<b>10,002</b>
<b>Net Power Supply Costs</b>	<b>\$25,376</b>	<b>\$25,187</b>	<b>\$20,547</b>	<b>\$24,204</b>	<b>\$22,823</b>

# Budget Power Supply - MWH by Source



## **Other Income Assumptions**

- **Velco/VT Transco Income**

- New investment of \$1,815,000
- 12.5% average return

- **Interest Income**

- Debt Service for all GO Bonds
- Rates remain low
- Debt Service Reserve Fund diminishing

- **Grant Income**

- \$1,256,500 Waterfront (North Access)

# Interest Expense Assumptions

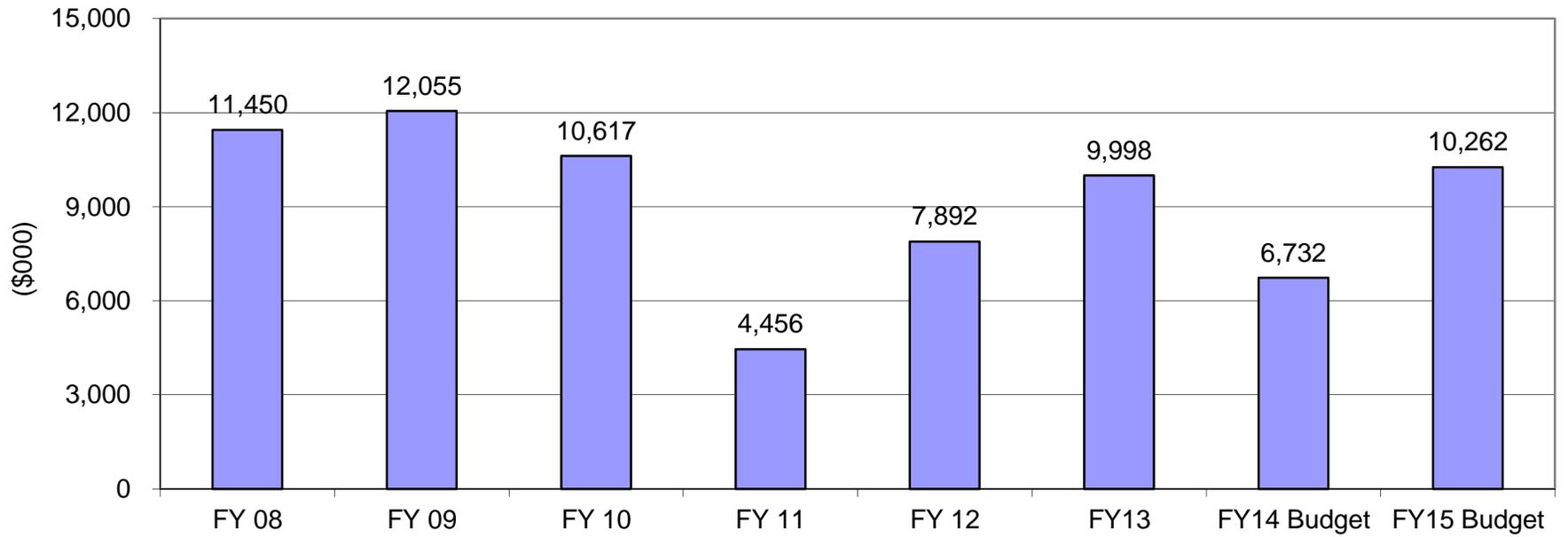
- **\$3M General Obligation Bond (annual)**
- **\$12M Revenue Bond for Winooski One**
- **2001/2002 Revenue Bonds now fully paid**

<b>Interest Expense</b>	<b>Actual FY 11</b>	<b>Actual FY 12</b>	<b>Actual FY 13</b>	<b>Budget FY 14</b>	<b>Budget FY 15</b>
General Obligation Bonds	\$1,620,335	\$1,649,042	\$1,806,381	\$1,983,700	\$2,129,500
Revenue Bonds	1,895,365	1,985,360	1,747,642	1,362,800	1,411,700
Credit Enhancement Fee	207,468	206,584			
<b>Total Long Term Debt Interest</b>	<b>3,723,168</b>	<b>3,840,986</b>	<b>3,554,023</b>	<b>3,346,500</b>	<b>3,541,200</b>
Amortization of Debt Discount	5,743	6,425	18,200	19,000	1,400
Amortization of Deferred Debt Costs	2,139,313	2,264,280	4,315,745	4,536,800	2,200
Amortization of Debt Premium	(210,411)	(223,294)	(248,803)	(268,900)	(23,600)
Line-of-Credit	133,551	129,959	71,358		
Other Interest	234				
<b>Total Interest Expense</b>	<b>\$5,791,598</b>	<b>\$6,018,356</b>	<b>\$7,710,523</b>	<b>\$7,633,400</b>	<b>\$3,521,200</b>

## **Capital Assumptions**

- Winooski One purchase (by June 30)
- Total Capital Budget of \$11.5 million
- Airport Solar \$1.6 million
- Gas Turbine Control upgrade \$1.0 million
- Waterfront North Access \$1.6 million
- Other Distribution Capital \$3.4 million

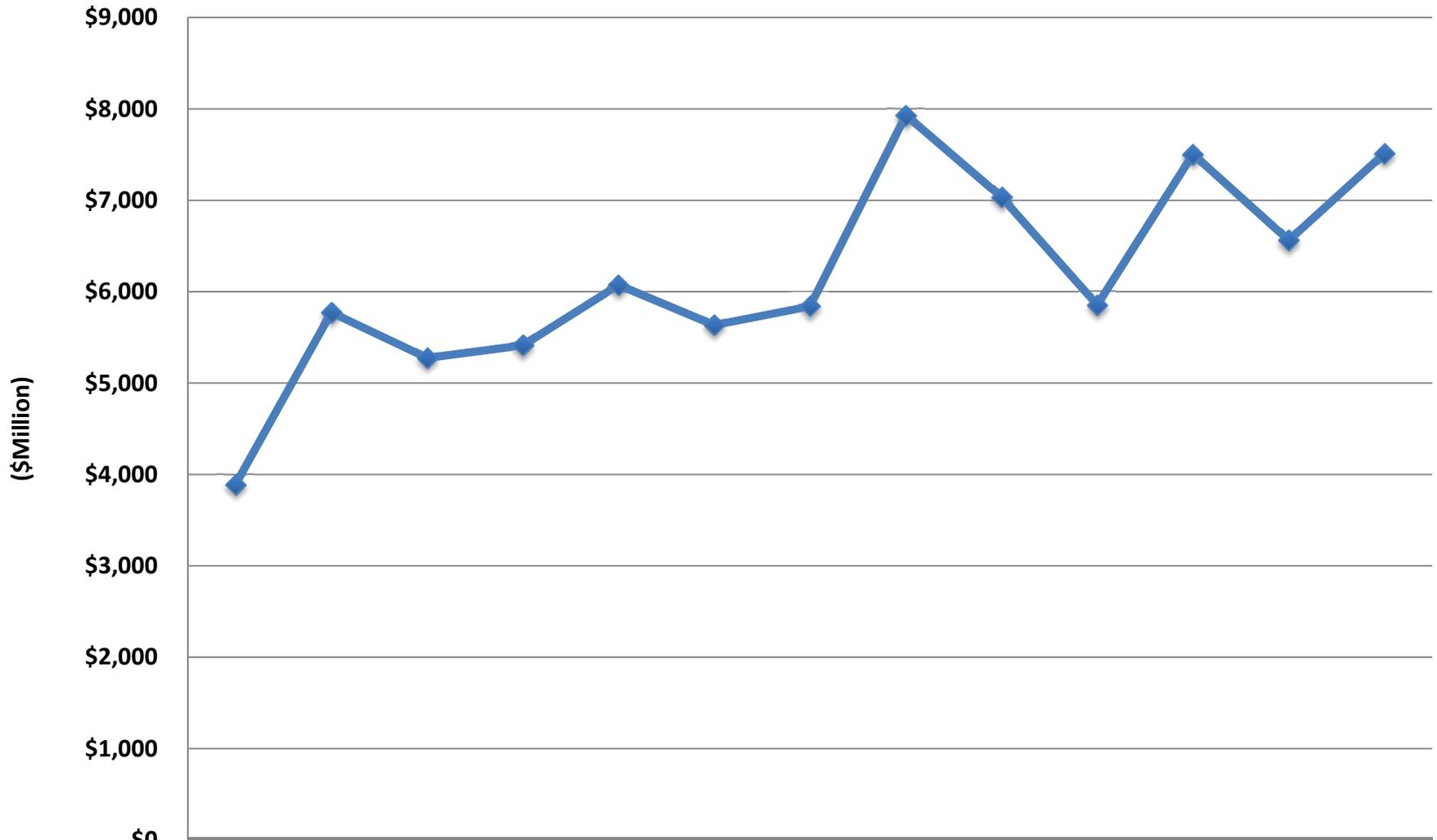
### Burlington Electric Department Capital Spending



## **Cash Assumptions**

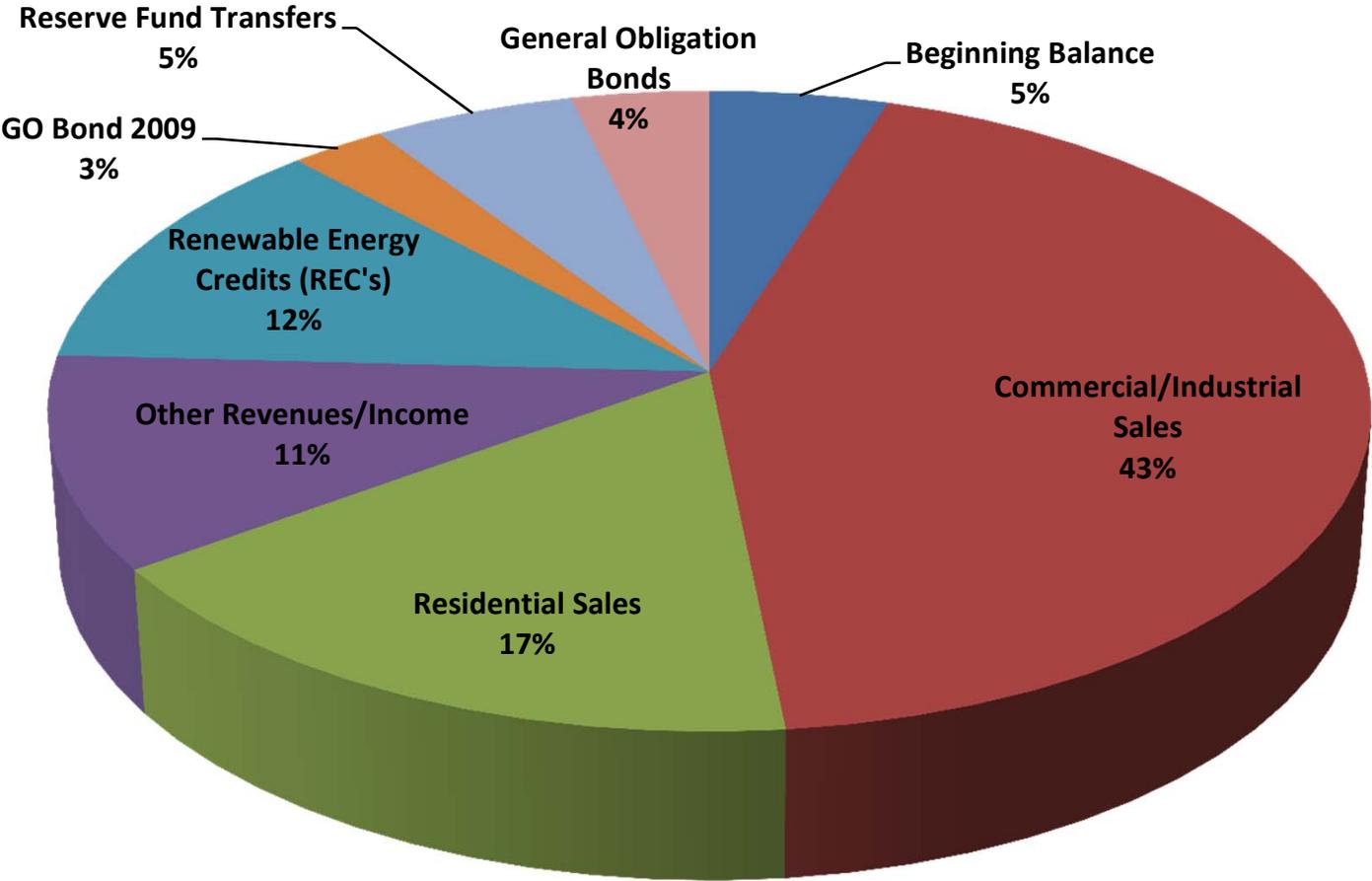
- Starting Balance \$3.9 million
- Capital budget cost of \$10.3 million
- \$3 million GO Bonds
- Debt Service Reserve of approximately \$8 million available

**Burlington Electric Department  
Budget for the Year Ending June 30, 2015  
MONTHLY CASH**

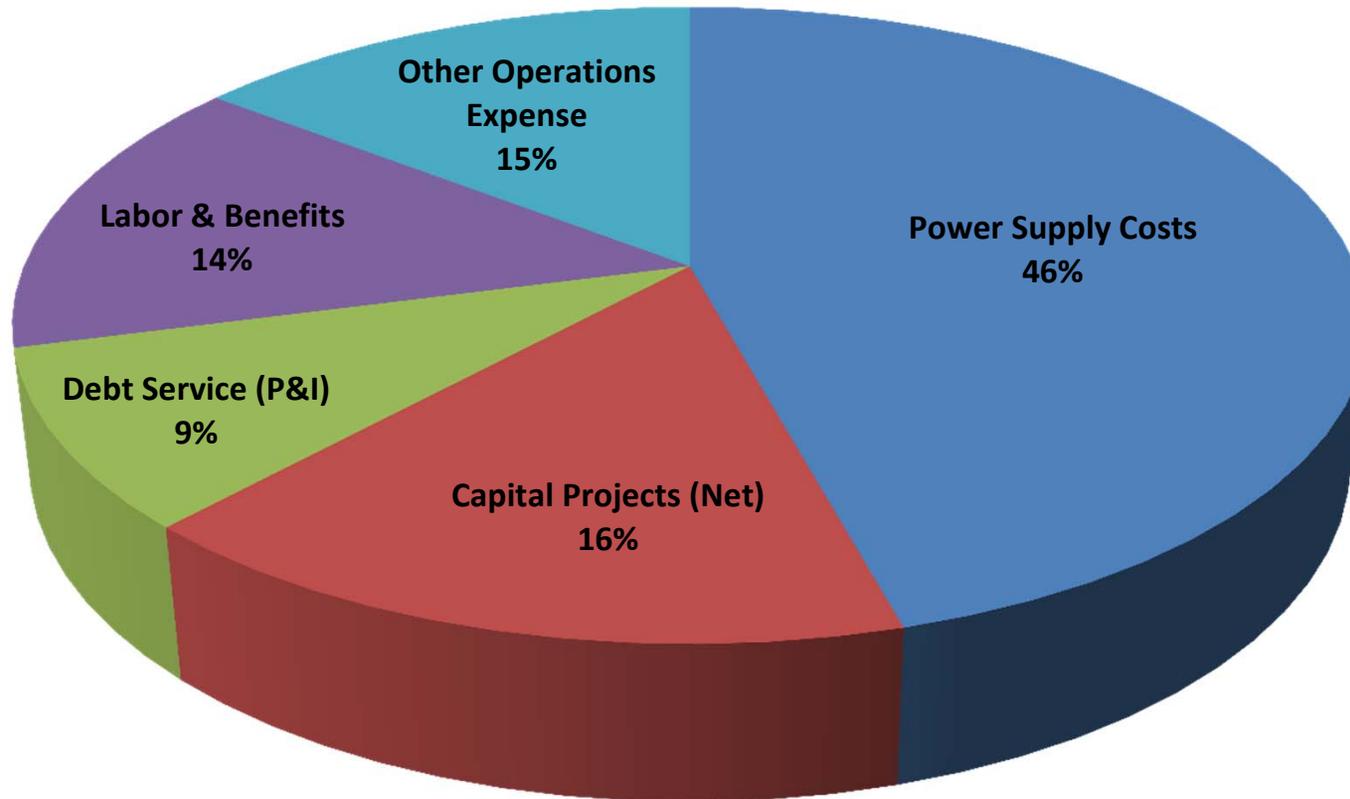


	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Ending Balance</b>	<b>\$3,893</b>	<b>5,772</b>	<b>5,275</b>	<b>5,412</b>	<b>6,073</b>	<b>5,634</b>	<b>5,840</b>	<b>7,932</b>	<b>7,035</b>	<b>5,855</b>	<b>7,506</b>	<b>6,562</b>	<b>7,514</b>

# Sources



# Uses



## Income Statement

(000's)	Actual FY 11	Actual FY 12	Actual FY 13	Budget FY 14	Budget FY 15
<b>OPERATING REVENUES:</b>					
Sales to Customers	\$49,262	\$48,190	\$48,147	\$47,896	\$47,619
Misc Revenues - Power Supply	3,516	3,840	7,433	8,163	10,002
Misc Revenues - Other	4,692	4,544	4,506	5,263	3,616
<b>Total Operating Revenues</b>	<b>57,470</b>	<b>56,574</b>	<b>60,087</b>	<b>61,321</b>	<b>61,236</b>
<b>OPERATING EXPENSES:</b>					
Fuel	7,117	7,136	8,304	8,838	9,614
Purchased Power	17,991	17,097	14,695	17,166	16,899
Transmission Expense	3,698	4,705	4,883	6,239	6,164
Operation and Maintenance	13,464	14,185	14,772	15,787	17,546
Depreciation & Amortization	6,588	6,987	6,379	7,245	5,410
Taxes	2,114	2,194	2,352	2,443	3,076
<b>Total Operating Expenses</b>	<b>50,973</b>	<b>52,304</b>	<b>51,386</b>	<b>57,717</b>	<b>58,710</b>
<b>NET OPERATING INCOME</b>	<b>6,497</b>	<b>4,270</b>	<b>8,701</b>	<b>3,604</b>	<b>2,526</b>
<b>OTHER INCOME &amp; DEDUCTIONS:</b>					
Dividends	2,300	2,400	2,619	2,795	3,135
Interest Income	283	200	208	165	80
Grant/Customer Income	214	525	138	1,265	1,293
Grant Income - ARRA	819	2,220	3,088		
Other Income, Net	191	292	332	196	72
<b>Total Other Income/Deductions</b>	<b>3,806</b>	<b>5,638</b>	<b>6,386</b>	<b>4,420</b>	<b>4,580</b>
<b>INCOME BEFORE INTEREST EXPENSE</b>	<b>10,304</b>	<b>9,908</b>	<b>15,087</b>	<b>8,024</b>	<b>7,106</b>
<b>INTEREST EXPENSE</b>	<b>5,792</b>	<b>6,018</b>	<b>7,711</b>	<b>7,633</b>	<b>3,521</b>
<b>NET INCOME (LOSS)</b>	<b>\$4,512</b>	<b>\$3,890</b>	<b>\$7,376</b>	<b>\$391</b>	<b>\$3,585</b>

## Closing Highlights

- *Cash above \$5.3 million each month*
- *\$11.6M in new capital without need for additional bonds*
  - *Other than \$3M GOB*
  - *Includes \$1.8M more of VELCO equity at 12.5%*
- *Adjusted debt service coverage ratio of 1.73*
  - *First time above 1.5 required for “A” rating*
- *Days Cash on Hand at 89 (with Line of Credit)*
- *Days Cash on Hand at 55 (without Line of Credit)*
- *Net Income of \$3.6 million with less reliance on grant income*