



**BUDGET  
FISCAL YEAR 2017**

**July 1, 2016 to June 30, 2017**

*BEC Adopted 5-11-16*



## MEMORANDUM

To: Burlington City Council  
Burlington Board of Finance  
Burlington Electric Commission

From: Neale F. Lunderville, General Manager

Date: May 6, 2016

Subject: **Fiscal Year 2017 Budget Proposal**

A handwritten signature in blue ink, appearing to read "Neale F. Lunderville", is written over the printed name in the "From:" field.

---

Please find within the proposed FY2017 budget for the Burlington Electric Department (BED). The proposed budget has been crafted to meet BED's core mission of serving the energy needs of our customers in a safe, reliable, affordable and socially responsible manner, while promoting energy efficiency and innovation. The proposed budget will not raise customer rates and is crafted to keep BED's financial condition stable through: (i) continued reduction in base operating expenses from pre-FY 2015 levels; (ii) sustained labor cost reduction achieved through the voluntary buyout; and (iii) further capital investments in infrastructure.

Here are the key components of BED's proposed FY2017 budget:

- **No Rate Increase:** We will achieve a balanced budget without raising customer rates. The last rate increase for Burlington customers was in 2009.
- **Reduced O&M Expenses:** We have reduced controllable operations and maintenance (O&M) to pre-FY2015 levels. This includes line item reductions in outside services and continued support for training and education.
- **Net Power Supply:** This has increased in FY2017 over FY 2016 budget by \$1.4 million, and is largely due to wholesale market prices being seriously depressed by low natural gas prices.
- **Robust Capital Program:** We have once again made a major investment in capital improvements designed to improve safety and reliability of our grid, aerial and underground distribution systems, as well as investments in critical information technology systems. We will also be making an additional investment in VELCO, which pays a very good return on investment increasing revenue from non-customer sources.
- **Improved Bond Rating Metrics:** We have designed the budget to meet Moody's "A" bond rating criteria for days cash on hand (greater than 90 days), debt service coverage (greater than 1.25) and adjusted debt service coverage (greater than 1.10).

Our proposed FY2017 budget will ensure that we can continue the work of providing our customers with the exceptional service they deserve, at a price they can afford, and without compromising safety and reliability. Thank you for your consideration.

# Key Assumptions

Burlington Electric Department  
Budget for the Year Ending June 30, 2017

**Key Assumptions**

**Revenues/Income**

- No rate filing. (June 2009 last filing)
- Rate re-design will be submitted to DPS.
- Sale of McNeil Renewable Energy Credits of \$6.6 million. (FY15 was \$5.8 million)
- Sale of Wind Renewable Energy Credits of \$3.1 million. (Similar level as FY16)

**Expenses**

- Labor per IBEW contract at 3% COLA.
- Interest expense should be reduced by refinancing of debt.

**Capital**

- Total Capital of \$10.5 million (Net of Customer anticipated Contribution, \$1.0 million)
- VT Transco Investment of \$2.9 million
- Airport Microgrid of \$3.9 million (Net of DOE Grant, \$2.2 million)
- Distribution Capital of \$3.7 million (Averaged \$3.2 for past 3 years)
- IT Capital of \$1.07 million (Averaged \$258,700 past 3 years)

**Cash/Financing**

- Beginning cash balance of \$10.8 million
- \$3 million General Obligation Bond (annual).

**Bond Indicators**

- 1.25 Debt Service Coverage met. (4.93 for FY17; 2.42 in FY13 trending up)
- 1.50 Adjusted Debt Service Coverage met. (1.50 for FY17; 1.39 in FY13)
- Days cash on hand 109 days for FY17 including \$5 million letter of credit. (64 days in FY13 continued upward trend)

# Sales to Customers

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017  
Sales to Customers**

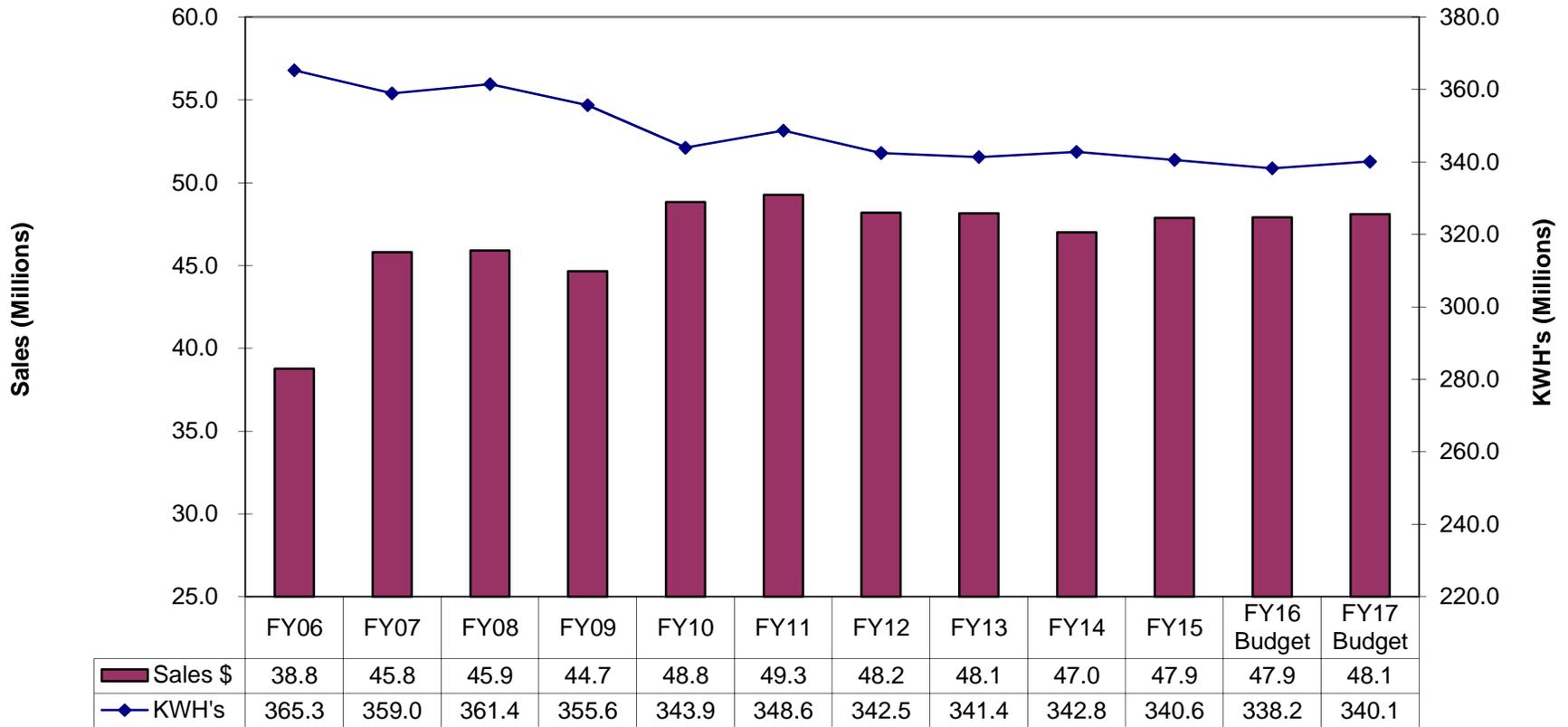
(\$000's)	Actual FY 13	Actual FY 14	Actual FY 15	Budget FY 16	Budget FY 17
<b>Dollars:</b>					
Residential	\$13,395	\$13,537	\$13,073	\$13,028	\$12,884
Commercial / Industrial	33,918	34,024	34,229	34,295	34,635
Street Lights (1)	835	(553)	574	575	578
Total Sales to Customers	\$48,147	\$47,009	\$47,875	\$47,898	\$48,098
<b>MWH:</b>					
Residential	85,222	85,783	83,519	82,564	81,737
Commercial / Industrial	251,619	252,309	254,494	253,137	255,895
Street Lights	4,512	4,668	2,559	2,539	2,475
Total Sales to Customers - MWH	341,353	342,759	340,572	338,241	340,107
<b>Revenue Per KWH:</b>					
Residential	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16
Commercial / Industrial	0.14	0.14	0.14	0.14	0.14
Street Lights (1)	0.18	0.18	0.23	0.23	0.23
Total Sales to Customers - Revenue Per KWH	0.14	0.14	0.14	0.14	0.14

(1) FY14 includes billing error adjustment (\$1,450,000). FY16 reflects revised billing.

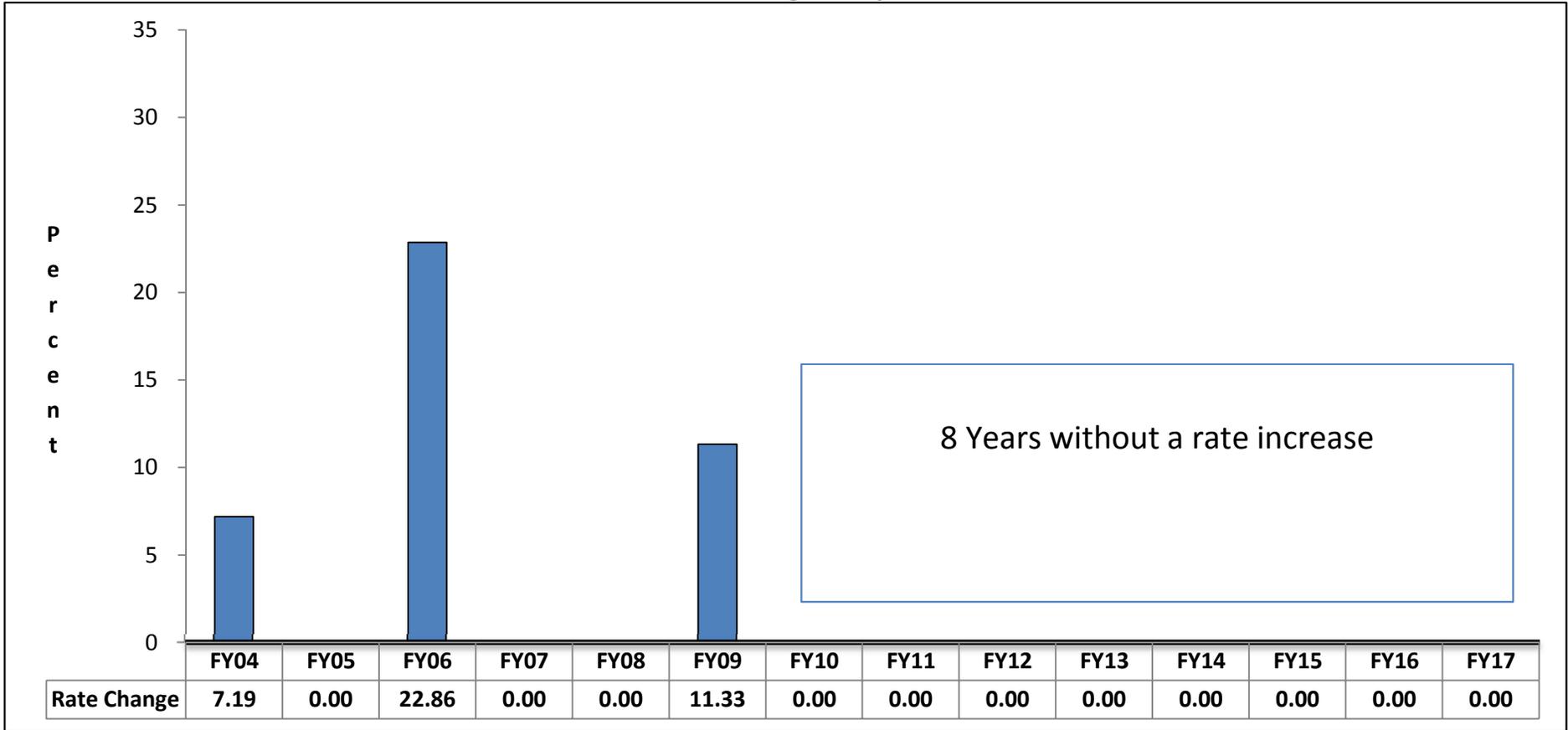
**Assumptions:**

- "Average" weather conditions.
- No rate adjustments.
- Energy efficiency program impacts.
- No rate design changes between classes.

### Burlington Electric Department Total Sales to Customers



**Burlington Electric Department  
Rate Filing History**



- 7.19% January 2004; 22.86% May 2006; 11.33% June 2009

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017**

<b>Miscellaneous Electric Revenues</b>	<b>Actual FY 13</b>	<b>Actual FY 14</b>	<b>Actual FY 15</b>	<b>Budget FY 16</b>	<b>Budget FY 17</b>
<b>Forfeited Discounts</b>					
Late Payment Fees	\$47,081	\$35,924	\$45,488	\$40,100	\$42,800
<b>Service Revenues</b>					
Initial Fees	166,985	202,462	213,350	188,600	194,300
Other Service Fees (1)	45,223	20,215	24,435	27,800	26,300
Total Service Revenues	212,208	222,677	237,785	216,400	220,600
<b>Rent from Electric Property</b>					
Leased Lights (2)	115,228	100,965	96,797	137,800	104,300
Smartlights Leased (3)	388	53	12	100	
Pole Attachments (4)	101,593	105,205	107,519	158,000	108,400
Conduit Rental (5)	23,784	23,784	23,784	24,000	23,800
Total Rent from Electric Property	240,993	230,007	228,112	319,900	236,500

\* Note, for most revenue projections we used a three year average.

(1) Includes reconnects, collections, temporary service and other fees.

(2) FY17 based on three year average. FY16 assumed \$25,000 of additional revenue.

(3) Program ended in January 2010. (Existing leases will continue until expired.)

(4) FY17 based on current billing. FY16 assumed \$50,000 additional revenue based on rate adjustment and additional attachments.

(5) FY17 based on current billing. Fees from VELCO and Burlington Telecom, per Agreements.

Rate of \$0.7175/foot effective July 1, 2010 includes all applicable taxes.

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017**

<b>Miscellaneous Electric Revenues</b>	<b>Actual FY 13</b>	<b>Actual FY 14</b>	<b>Actual FY 15</b>	<b>Budget FY 16</b>	<b>Budget FY 17</b>
<b>Electric Revenues - Other</b>					
Miscellaneous (1)	75,179	90,262	13,406	72,200	59,800
New England Power Co. (2)	1,948,464	1,948,464			
EEU Program Cost Reimbursement (3)	1,957,723	2,404,925	2,945,701	2,815,200	3,218,300
Winooski One Hydro - Fish Passage			5,693	16,800	6,800
Electric Vehicle Charging Stations				6,400	4,700
Residential Time of Sale	1,150	1,320	950	1,200	2,200
Demand Response Program Reimbursement (4)	23,544	14,915	13,710		
<b>Total Electric Revenues - Other</b>	<b>4,006,060</b>	<b>4,459,886</b>	<b>2,979,460</b>	<b>2,911,800</b>	<b>3,291,800</b>
<b>Electric Revenues - Power Supply</b>					
Highgate Transmission Credit	309,970	364,421	436,427	366,000	366,000
Renewable Energy Credits - McNeil (5)	5,240,679	7,571,163	6,866,937	5,823,000	6,610,200
Renewable Energy Credits - Wind (6)	1,857,268	3,543,373	3,730,767	3,162,100	3,065,500
Renewable Energy Credits - Hydro (7)	4,791	9,782	238,177	468,800	686,000
Renewable Energy Credits - Standard Offer/Solar (8)	20,710	112,846	83,611	270,900	315,400
Renewable Energy Credits - Landfill Gas			48,732		
<b>Total Electric Revenues - Power Supply</b>	<b>7,433,418</b>	<b>11,601,585</b>	<b>11,404,651</b>	<b>10,090,800</b>	<b>11,043,100</b>
<b>Total</b>	<b>\$11,939,760</b>	<b>\$16,550,079</b>	<b>\$14,895,496</b>	<b>\$13,579,000</b>	<b>\$14,834,800</b>

(1) Includes reimbursement for scrap metal.

(2) Debt service reimbursement from Newport contract buyout, July 2003 - July 2014.

(3) Energy Efficiency Charge funded for State energy efficiency programs, effective, January 2003. (PSB Budget/Order of Sept. 2014)

(4) Forward Capacity Market-Other Demand Response program. (Per PSB order of 12/06.) Complete May, 2014.

(5) FY17 assumes \$43 Mwh ; FY16 assumed \$41/Mwh.

(6) FY17 assumes \$43 Mwh ; FY16 assumed \$51/Mwh

(7) FY17 assumes \$23 Mwh ; FY16 assumed \$16/Mwh.

(8) FY17 assumes \$41 Mwh ; FY16 assumed \$52/Mwh. Includes BED-owned array on the airport parking garage (beginning Feb. '15) and on the roof at BED.

# Net Power Supply

**BURLINGTON ELECTRIC DEPARTMENT  
FY 2017  
BUDGET SOURCES OF POWER**

**PURCHASED POWER**

Source	Contract Expires	Nominal MW (1)	Market MW (2)	MWH	% of Total MWh	Type of Generation	Delivery Point	Comments
Vermont Wind	2021	16.000	1.853	35,086	10.0%	wind	NrthEast VT	Began operation in October 2011
ISO Exchange	n/a	n/a	34.979	(20,230)	-5.8%	exchange	VT Zone	Net purchases from (sales to) ISO-NE
Vermont Electric Power Producers, Inc.	2016-2020	2.236	0.186	7,140	2.0%	small hydro	Varies (in VT)	State mandated purchases from small Vermont power producers. Contracts with varying end dates
GMC Wind	2037	10.000	1.493	31,767	9.1%	wind	Milton/Georgia	Production began 12/31/12
Standard Offer	Various	3.201	(3)	6,395	1.8%	renewable	Varies (in VT)	Purchases under new feed-in contracts. Prices very high
NY Power Auth - St Law	2017	0.059	0.050	552	0.2%	lg hydro	NY-NE Border	Low cost contract through the Vermont Dpt of Public Svc
NY Power Auth - Niagara	2025	2.558	2.187	14,358	4.1%	lg hydro	NY-NE Border	Low cost contract through the Vermont Dpt of Public Svc
Nextera	2017	5.000	0.000	43,800	12.5%	small hydro	Maine	Purchase of energy & RECs from small Maine hydro
BED Solar	n/a	0.944	(3)	3,064	0.9%	solar	Burlington	BTV parking garage began production February, 2015. BED rooftop production began in October 2015. South 40 Solar expected to begin October 2016.
Hancock Wind	2025	13.500	0.000	17,298	4.9%	wind	VT Zone	The 10 year contract is projected to begin on January 1, 2017
HydroQuebec	2038	5.000	0.000	29,200	8.3%	lg hydro	Highgate	Deliveries commenced November 1, 2015

**GENERATION**

Source	Contract Expires	Nominal MW (1)	Market MW (2)	MWH	% of Total MWh	Type of Generation	Delivery Point	Comments
McNeil	N/A	25.000	26.000	152,173	43.5%	wood	McNeil Sub	Projected to continue operation for forecast period
BED Gas Turbine	N/A	25.000	18.767	237	0.1%	oil	Burlington	Projected to continue operation for forecast period
Winooski One	N/A	7.400	1.433	29,297	8.4%	small hydro	Burlington	Plant was purchased and sale was final as of September 1, 2014

**GRAND TOTAL SOURCES**

**86.948 350,139 100.0%**

(1) Nominal MW represents the nameplate of or entitlement to the resource

(2) Market MW represents the average monthly MW for the resource in the Forward Capacity Market (allowing for rating, reliability, partial periods and intermittent resource adjustment)

(3) Standard Offer and BED Solar does not have a market capacity rating. They reduce BED's load at peak hours.

**Burlington Electric Department  
Long Term Financial Forecast (FY17-FY21)  
Net Power Cost – Key Assumptions**

**OVERALL COMMENTS AND NOTES**

The most significant changes between the FY17 budget and the budget prepared one year ago are:

- BED has revised its five year energy market projections downwards to reflect current markets. The winter months continue to be projected to be more expensive than summer or shoulder months however the gap between them is less pronounced than before.
- This budget reflects any presold RECs at the actual value of the contracts. BED has revised its REC projections to reflect current markets. REC revenues have been projected to continue for the forecast period. The costs of Vermont’s RES have been explicitly modeled (but are not expected to significantly alter the budgeted net cost of REC sales and purchases).

**ENERGY MARKETS & RESOURCES**

**Spot Market Energy Prices**

- BED has revised its wholesale energy price projection in all periods covered by the five year budget to reflect current market expectations.
- Expected base load (around-the-clock) power price forecasts:

	<b><u>FY16 Budget</u></b>	<b><u>FY17 Budget</u></b>
○ FY17	\$42.62	\$37.58
○ FY18	\$42.32	\$35.14
○ FY19	\$43.24	\$36.09
○ FY20	\$44.29	\$37.38
○ FY21		\$38.39

## Hedge (Planned) Purchases

- There are currently no hedge contracts due to market exposure being minimal through the forecast period based on assumed resources. Additional hedge purchases can be made if needed.
- Based on McNeil's assumed operation during 70% of the hours, existing resources, and already executed contracts, BED expects to have contracted resources to meet the following percentages of BED's projected loads:

	<u>FY16 Budget</u>	<u>FY17 Budget</u>
○ FY17	108.8%	105.8%
○ FY18	101.6%	98.9%
○ FY19	95.1%	93.8%
○ FY20	97.4%	94.3%
○ FY21		98.6%

## McNeil

- 50% Ownership – 25 MW
- McNeil is assumed to operate at a 70% capacity factor. Falling energy prices combined with REC revenues are only marginally higher than projected variable costs in many hours. Further drops in either energy or REC markets would potentially warrant revisiting the capacity factor assumption.
- McNeil provides energy equal to approximately 43.5% of BED's load at a 70% capacity factor in FY2017 (41.1% of BED's total FY17 projected resources).
- Wood prices are assumed to be \$37.5 per ton, with +3% escalation per year thereafter.
- *REC sales are assumed for budget period*
- *REC sales for the forecast period include a 5 year contract with CT for 20% of BED's McNeil RECs*

## BED Gas Turbine

- Not a significant energy source. BED's Gas Turbine is expected to provide energy equal to 0.07% of Burlington Electric's load for FY17.
- Significant value in non-energy markets (capacity and reserves). This value will increase materially with the increase in wholesale capacity prices in June 2017.

## **NYPA**

- Contracts continue through 2017 (St Lawrence) and 2025 (Niagara). St Lawrence is expected to be renewed.
- Niagara is by far the larger resource.
- 65% capacity factor (i.e. no non-firm deliveries) assumed.
- NYPA is expected to provide energy equal to 4.3% of Burlington Electric's load for FY17.
- This resource is expected to qualify for VT Renewable Energy Standard Tier I.

## **VEPPI**

- Continues according to the contract term for each resource.
- VEPPI contracts will continue to expire by their terms:
  - o Going forward, Ryegate will not be assigned to BED as long as McNeil serves one-third of BED's load.
  - o Ryegate was not assigned to BED's load for FY16 and is not assumed to be assigned to BED in FY17.
- VEPPI is expected to provide energy equal to 2.0% of Burlington Electric's load for FY17.
- No additional generation has been assumed for short-term contracts or for the proposed large scale solar and wind contract requests pending before the PSB.

## **STANDARD OFFER**

- Standard Offer resource deliveries began in July 2010.
- Fuel types are currently a mix of solar, farm methane, biomass, wind, hydro, and landfill gas.
- Future volumes are hard to predict as the program consists of a large number of small units with uncertain development capabilities.
- BED has attempted to project future deliveries in the FY17 budget based on the assumption that the increased standard offer targets will be developed over the coming years.
- The long-term prices set under feed in tariffs are very high.

- Standard Offer resources are expected to provide energy equal to 1.8% of Burlington Electric's load for FY17.
- **REC sales assumed for budget period**

### **Vermont Wind**

- Vermont Wind became commercial on October 19, 2011.
- BED is entitled to 16 MW of 40 MW Project total (40%) for ten years from the commercial operations date.
- Estimated capacity factor approximately 25%.
- Vermont Wind is expected to provide energy equal to 10.0% of Burlington Electric's load for FY17.
- **REC sales assumed for budget period**

### **Nextera Hydro**

- Nextera Hydro had a unit contingent contract for 10 MW from January 2013 through December 2014 and has a 5 MW unit contingent contract from January 2015 through December 2017 from small hydro facilities located in Maine.
- The RECs from this resource will be retained by Burlington Electric for renewability purposes.
- Nextera Hydro is expected to provide energy equal to 12.5% of Burlington Electric's load for FY17.
- This resource is expected to qualify for VT Renewable Energy Standard Tier I.

### **Solar Generation**

- Currently, BED contracts to purchase 413 kW of output from six solar generators around the city of Burlington
- BED increased the amount of solar generation by 499 kW by adding the BED-owned array on the Burlington International Airport parking garage which began commercial operations in February 2015.
- BED further increased the amount of solar generation by 107 kW with a project on the roof of BED. This project began commercial operations in October 2015.

- BED has projected an additional increase in the amount of solar generation by 2500 kW to reflect the South Forty Solar project. This is expected to be complete and in production by October 2016
- Solar Generation is projected to provide energy equal to 0.9% of Burlington Electric's load for FY17.
- **REC sales assumed for budget period**

### **Georgia Mountain Community Wind**

- GMCW began commercial output on December 31, 2012.
- GMCW is budgeted to operate at a 36% capacity factor.
- Georgia Mountain Community Wind is projected to provide energy equal to 9.1% of Burlington Electric's load for FY17.
- **REC sales assumed for budget period**

### **Winooski One**

- The Winooski One VEPPI contract ended on March 31, 2013.
- BED attained full ownership of the facility beginning September 1, 2014. Winooski One is projected to provide energy equal to 8.4% of Burlington Electric's load for FY17.
- Winooski One qualifies to sell relatively valuable Massachusetts Class II (non-waste) RECs.
- **REC sales assumed for budget period**

### **Hydro Quebec**

- The BED portion of the Hydro Quebec contract began in November 2015. It is factored into market exposure for FY16 forward (see above under Hedge Purchases).
- Hydro Quebec is expected to provide energy equal to 8.3% of Burlington Electric's load for FY17.
- 90%+ of this resource is expected to qualify for VT Renewable Energy Standard Tier I.

## **Hancock Wind**

- Commercial operations are expected to begin January 2017 and is factored into market exposure for FY17 forward (see above under Hedge Purchases)
- BED will be entitled to 13.5 MW of the project.
- Estimated capacity factor 30%.
- Hancock Wind is expected to provide energy equal to 4.9% of Burlington Electric's load for FY17.

## CAPACITY MARKETS

### Capacity Market Prices

- New market rules changed BED's capacity position beginning June 1, 2010
- BED's capacity obligation may be charged a different price than its resources receive.
- The projected capacity charge for each kW-month of capacity obligation, and payment rate for each kW-month of market capacity provided by BED resources, for the period are:

<u>Capacity Period</u>	<u>Charge</u>	<u>Payment</u>
o June 16 to May 17	\$3.15	\$2.74
o June 17 to May 18	\$7.03**	\$7.45**
o June 18 to May 19	\$9.55	\$9.55
o June 19 to May 20	\$7.03	\$7.03

- BED is a net purchaser of capacity (i.e. total charges for load exceed resource payments) – see capacity position below
- \*\* Capacity charge and payment rates from June 2017 on are significantly increased over prior periods

### Projected Capacity Position

BED expects to be buying 35-40% of its capacity needs from the ISO-NE market over the next five fiscal years:

<b>Average Monthly Capacity Position</b>					
	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>
McNeil	26.0	26.0	26.0	26.0	26.0
BED Gas Turbine	18.8	18.8	18.8	18.8	18.8
NYPA	2.4	2.4	2.4	2.4	2.4
VEPPI	0.2	0.0	0.0	0.0	0.1
Vermont Wind	1.9	1.9	1.9	1.9	1.9
GMCW	1.5	1.5	1.5	1.5	1.5
Winooski One	1.4	2.0	2.0	2.0	2.0
HQICC	3.1	3.1	2.8	2.8	2.8
FCM Market Purchase	35.0	33.5	32.6	30.7	30.9
TOTAL REQUIREMENT	90.2	89.2	88.0	86.1	86.4
Percent Hedged	61.2%	62.4%	63.0%	64.4%	64.2%
Percent Market Purchase	38.8%	37.6%	37.0%	35.6%	35.8%

**RENEWABLE ENERGY CREDITS**

FY17 continues to benefit from the strong recovery FY13-FY16 observed in the projected market value per renewable energy credit. REC Revenues are forecasted to remain a significant offset to BED’s power costs over the forecast period. Historical and projected values are as follows:

<b>REC REVENUE SUMMARY</b>				
	<b><u>Actual REC Revenues</u></b>	<b><u>FY16 Budget REC Revenues</u></b>	<b><u>FY17 Budget REC Revenues</u></b>	<b><u>Notes</u></b>
FY2008	0			
FY2009	1,648,484			Partial Year - McNeil Qualified Q4-2008
FY2010	1,624,454			** See Note Below
FY2011	3,211,612			McNeil Only - VT Wind Delayed
FY2012	3,555,352			REC Value Falls, VT Wind Partial Year
FY2013	7,102,739			Recover in REC Prices - Full Yr VT Wind
FY2014	11,237,165			Increased REC Prices
FY2015	10,968,226			Winooski One Partial Year
FY2016		9,724,798	9,990,258	Winooski One Full Year
FY2017		10,774,164	10,677,154	

## TRANSMISSION

Transmission charges, particularly ISO-NE transmission charges for use of the New England transmission system, continue to be a significant expense (though this is by no means unique to BED). Beginning in 2010, BED is also paying VELCO transmission costs related to the East Avenue Project, which are included in the VELCO transmission charges shown below (these specific facilities charges are approximately \$500,000 per year and continuing for the forecast period).

Past and projected transmission charges in this forecast (and the values from last year's budget runs) are:

<b>TRANSMISSION TRENDS</b>							
Historical & FY17 Forecast Transmission Expense							
					<b>TOTAL</b>	<b>Notes</b>	<b>FY16 Budget Comparison</b>
	<b>ISO-NE</b>	<b>VELCO</b>	<b>GMP</b>	<b>Other</b>	<b>Transmission</b>		
FY2005	\$ 1,354,865	\$ 329,616	\$ 333,696	\$ 55,606	\$ 2,073,783	Actual	
FY2006	\$ 1,317,881	\$ 438,484	\$ 333,696	\$ 67,746	\$ 2,157,806	Actual	
FY2007	\$ 1,492,208	\$ 165,659	\$ 333,696	\$ 69,383	\$ 2,060,946	Actual	
FY2008	\$ 1,727,499	\$ 1,138,279	\$ 259,589	\$ 68,569	\$ 3,193,937	Actual	
FY2009	\$ 2,513,582	\$ 584,002	\$ 329,270	\$ 49,406	\$ 3,476,260	Actual	
FY2010	\$ 3,220,858	\$ 838,421	\$ 277,204	\$ 58,268	\$ 4,394,751	Actual	
FY2011	\$ 3,584,512	\$ 108,169	\$ 1,351	\$ 54,108	\$ 3,748,140	Actual	
FY2012	\$ 3,341,192	\$ 1,340,648	\$ 16,630	\$ 4,940	\$ 3,748,140	Actual	
FY2013	\$ 3,990,748	\$ 758,461	\$ 125,710	\$ 5,233	\$ 4,880,153	Actual	
FY2014	\$ 4,621,302	\$ 1,626,381	\$ 316,841	\$ 431	\$ 6,564,955	Actual	\$ 6,501,112
FY2015	\$ 4,810,330	\$ 1,172,223	\$ 291,645	\$ 26,052	\$ 6,300,250	Actual	\$ 6,163,900
FY2016	\$ 5,143,220	\$ 1,018,692	\$ 306,100	\$ 77,059	\$ 6,545,071	6 Act + 6 Mo. Fcst	\$ 6,517,460
FY2017	\$ 5,519,230	\$ 1,172,150	\$ 309,526	\$ 145,478	\$ 7,146,385	FY17 Forecast	\$ 6,821,338
FY2018	\$ 6,054,356	\$ 1,383,384	\$ 317,264	\$ 158,325	\$ 7,913,330	FY17 Forecast	\$ 7,045,021
FY2019	\$ 6,489,070	\$ 1,749,978	\$ 325,196	\$ 175,455	\$ 8,739,699	FY17 Forecast	\$ 7,740,492
FY2020	\$ 6,731,973	\$ 1,421,005	\$ 333,325	\$ 192,584	\$ 8,678,887	FY17 Forecast	

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017**

<b>Production Fuel Expense</b>	<b>Budget FY 13</b>	<b>Budget FY 14</b>	<b>Budget FY 15</b>	<b>Budget FY 16</b>	<b>Budget FY 17</b>
<b>COST OF FUEL (McNeil @ 50%)</b>					
<b>McNeil - Fuel Purchases</b>					
Wood (1)	\$6,471,150	\$6,492,000	\$7,108,280	\$8,396,790	\$8,479,830
Gas for Start-up (2)	80,230	36,270	47,020	11,800	20,140
Gas for NOx Reduction (2)	69,030	71,980	114,750	76,130	15,400
Oil for Start-up (3)	119,490	63,680	79,510	73,600	52,960
Sub-Total	6,739,900	6,663,930	7,349,560	8,558,320	8,568,330
<b>McNeil - Other Costs</b>					
Labor - Yardworkers (4)	212,420	209,630	251,650	242,150	313,100
Labor - Foresters	255,510	234,290	239,470	242,970	233,920
Swanton Yard/NECRR (train deliveries)	1,619,530	1,372,260	1,454,730	1,646,920	1,642,810
Wood Ash Removal	38,080	42,880	41,510	37,570	42,160
Other (5)	230,550	201,260	241,350	239,050	219,150
Total Other Costs	2,356,090	2,060,320	2,228,710	2,408,660	2,451,140
<b>Total McNeil Fuel</b>	<b>9,095,990</b>	<b>8,724,250</b>	<b>9,578,270</b>	<b>10,966,980</b>	<b>11,019,470</b>
<b>Gas Turbine (Oil) (3)</b>	<b>109,740</b>	<b>113,790</b>	<b>35,270</b>	<b>80,110</b>	<b>36,630</b>
<b>Total Production Fuel Expense</b>	<b>\$9,205,730</b>	<b>\$8,838,040</b>	<b>\$9,613,540</b>	<b>\$11,047,090</b>	<b>\$11,056,100</b>
(1) <b>Wood</b>					
# Tons:	198,054	200,000	200,000	230,000	230,000
Average Price/Ton \$:	\$32.67	\$32.46	\$35/\$36.25	\$36.50/\$37.25	\$37.50
(2) <b>Gas</b> (includes Gas for Generation)					
# MCF:	28,112	28,790	35,200	29,449	6,375
Price \$:	\$5.25	\$5.00	\$6.52	\$5.17	\$4.83
(3) <b>Oil</b> (per gallon)	\$3.33	\$3.27	\$3.27	\$2.52	\$2.52

(4) FY17 includes "Temporary Laborer" position instead of using outside services. Offset in "Other". FY15 included the addition of a temporary position (July - March) to cover an employee on leave.

(5) Includes fuel assessment, oil tank integrity testing, aerial survey, general maintenance, unloading trestle lease, railcar storage, RR switching/repair and emission fees.

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017**

<b>Purchased Power</b>	<b>Actual FY 13</b>	<b>Actual FY 14</b>	<b>Actual FY 15</b>	<b>Budget FY 16</b>	<b>Budget FY 17</b>
<b>Energy Charges</b>					
VT Wind	\$3,319,472	\$3,569,244	\$3,814,037	\$3,917,244	\$3,885,864
Georgia Mountain Wind	1,096,319	3,159,944	3,345,631	2,801,611	3,368,377
Nextera		4,244,901	3,205,812	2,151,546	2,181,732
Hancock Wind				1,577,302	1,574,151
Hydro Quebec				1,251,552	1,572,157
Standard Offer (1)	444,967	671,912	1,031,423	1,051,074	1,423,937
VEPPI (2)	1,323,039	897,174	725,037	1,026,580	853,258
In City Solar Generators	62,809	93,037	94,516	133,532	469,045
NYPA	77,733	80,188	79,443	250,389	75,193
ISO Exchange	(2,438,240)	(2,009,664)	778,505	(1,610,892)	(671,501)
Bilateral	9,631,427	2,405,057	610,160		
VELCO Exchange (NYPA)	(9,605)	(11,560)	(5,162)		
Sub-Total Energy Charges	13,507,921	13,100,233	13,679,402	12,549,937	14,732,213
<b>Capacity Charges</b>					
ISO Settlement	713,338	758,996	925,058	1,434,484	1,681,558
NYPA	399,196	654,603	443,243	188,699	134,816
VEPPI (2)	127,369	82,370	73,139	7,253	67,998
Winooski 1					45,668
GMC Wind					41,641
EnerNOC	49,012	83,139			
Standard Offer	5,325	10,696	2,799	7,976	
Sub-Total Capacity Charges	1,294,240	1,589,804	1,444,239	1,638,412	1,971,681
Net Ancillary Services	46,398	130,849	233,686	215,323	68,951
Miscellaneous (3)	434,779	602,497	469,009	1,216,117	954,695
McNeil Buyout - New England Power (4)	(572,148)	(572,148)			
VEPPI MOU Settlement Rebates	(15,802)	(12,240)	(7,770)	(3,815)	(1,942)
Total Credits	(587,950)	(584,388)	(7,770)	(3,815)	(1,942)
	<u>\$14,695,388</u>	<u>\$14,838,995</u>	<u>\$15,818,566</u>	<u>\$15,615,975</u>	<u>\$17,725,598</u>

(1) New purchases under State feed-in contracts beginning in July 2010.

(2) Two major VEPPI contracts expired during FY13; Ryegate (10/31/2012) and Winooski One (3/31/2013).

(3) Includes Renewable Energy Credit purchases, ISO-NE dispatch, administration, and misc/other charges.

(4) Debt related amount (\$1,948,500) recorded under Misc. Revenues (July 2003-July 2014).

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017**

Net Power Supply Costs (000's)	FY 13	FY 14	FY 15	Budget FY 16	Budget FY 17
<b><u>Expenses:</u></b>					
Fuel (p. 20 )	\$8,304	\$10,561	\$9,609	\$11,047	\$11,056
Purchased Power (p. 21 )	14,695	14,839	15,819	15,616	17,726
Transmission Fees	4,883	6,569	6,306	6,517	6,725
Highgate (1)	98	119	125	143	134
<b>Total Power Supply - Expenses</b>	<b>27,981</b>	<b>32,088</b>	<b>31,859</b>	<b>33,324</b>	<b>35,641</b>
<b><u>Revenues:</u></b>					
Transmission Contracts (2)	310	364	436	366	366
Renewable Energy Credits - McNeil (3)	5,241	7,571	6,867	5,823	6,610
Renewable Energy Credits - Wind (4)	1,857	3,543	3,731	3,162	3,066
Renewable Energy Credits - Hydro (5)	5	10	238	469	686
Renewable Energy Credits - Standard Offer/Solar (6)	21	113	84	271	315
<b>Total Power Supply - Revenues</b>	<b>7,433</b>	<b>11,602</b>	<b>11,356</b>	<b>10,091</b>	<b>11,043</b>
<b>Net Power Supply Costs</b>	<b>\$20,547</b>	<b>\$20,487</b>	<b>\$20,503</b>	<b>\$23,233</b>	<b>\$24,598</b>

(1) Includes Operations & Maintenance expenses and Property Taxes.

(2) Includes Highgate Transmission from ISO-NE.

(3) FY17 assumes \$43/Mwh ; FY16 assumed \$41/Mwh.

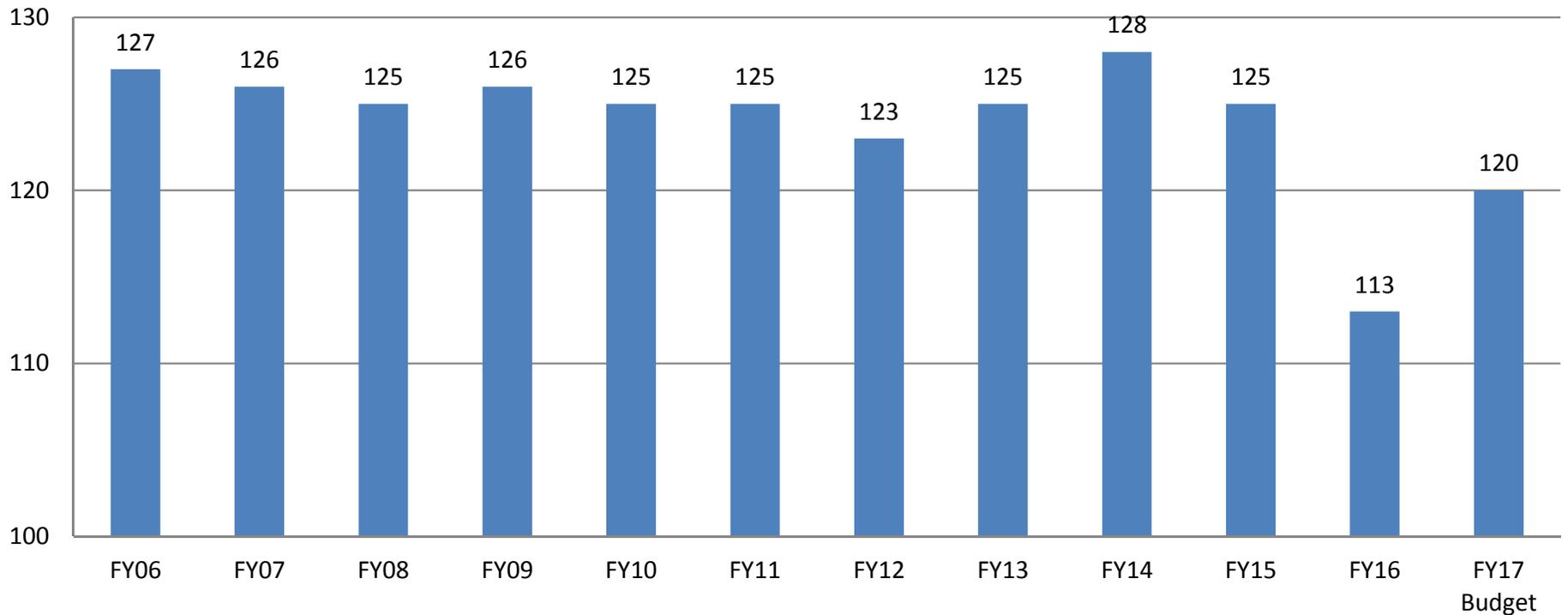
(4) FY17 assumes \$43 Mwh ; FY16 assumed \$51/Mwh.

(5) FY17 assumes 23 Mwh ; FY16 assumed \$16/Mwh..

(6) FY17 assumes \$41 Mwh. FY16 assumed \$52/Mwh. Includes BED-owned array on the airport parking garage (beginning Feb. '15) and on the roof at BED.

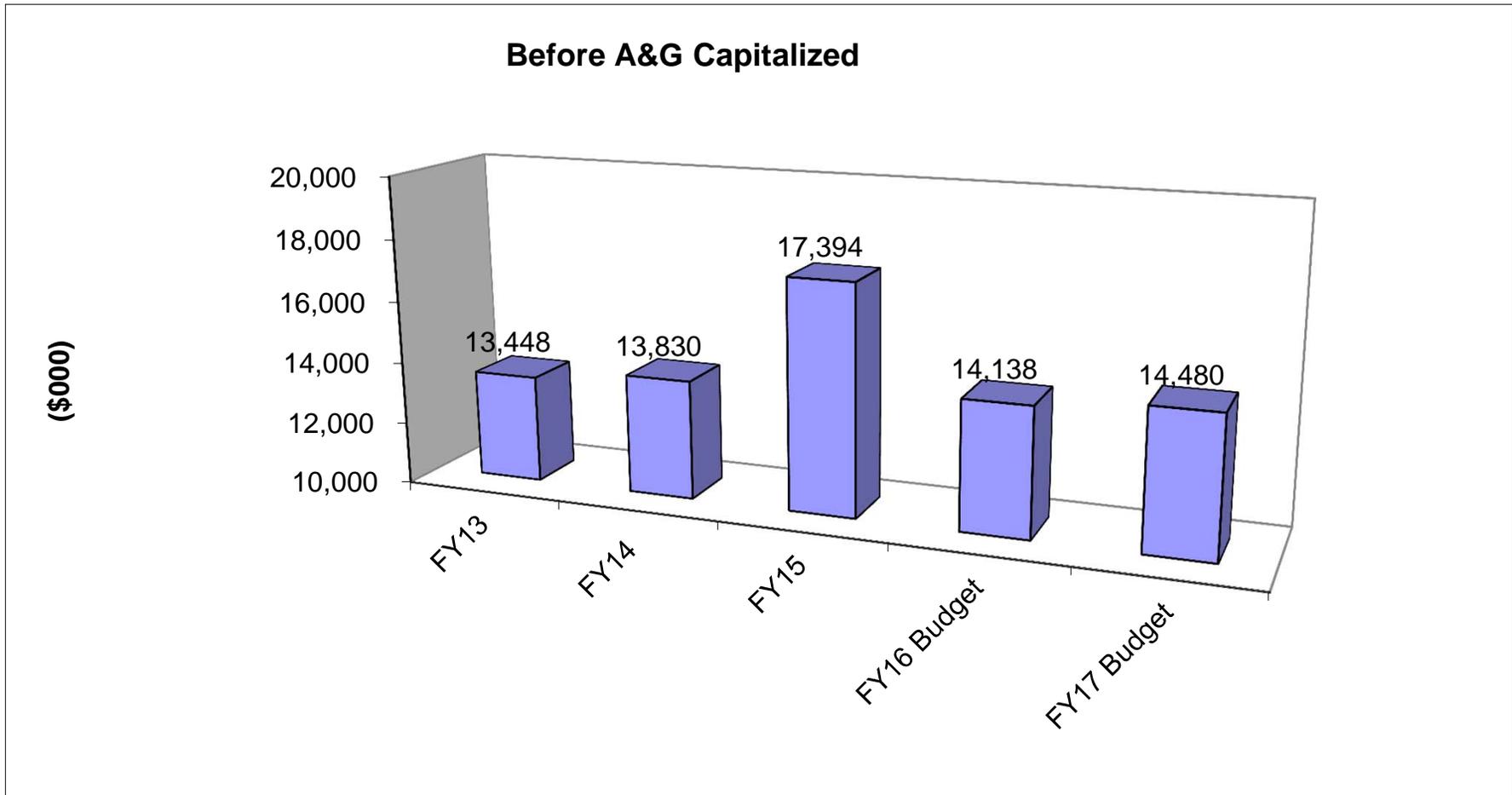
# Operating Expense

## Burlington Electric Department Staffing Analysis



- **FY14** - Vacancies filled.
- **FY16** - Actual as of April 20, 2016. Does not include vacancies or temporary positions (McNeil Laborer & Customer Care).
- **FY17** - Budgeted positions. Includes part-time. Does not include temporary/intern positions.

## Burlington Electric Department Operational Expense - Controllable Cost



- *FY15 would have been \$14,902,000 without the Voluntary Buyout expense of \$2,069,000 and the added expenses related to Winooski One Hydro, \$423,000.*

**Burlington Electric Department**  
**Budget for the Year Ending June 30, 2017**  
**Operational Expense**

	Actual FY 13	Actual FY 14	Actual FY 15	Budget FY 16	Budget FY 17	
<b>Labor Expense</b>						
Labor-Regular	\$6,244,606	\$6,778,268	\$6,874,436	\$7,242,400	\$6,843,000	(1)
Labor-Overtime	306,317	296,172	343,815	272,100	275,300	(2)
Labor-Temporary	0	0	0		5,300	(3)
Sub-Total Labor	6,550,923	7,074,440	7,218,251	7,514,500	7,123,600	
Labor-Overhead (p. 40)	2,694,998	3,374,388	2,742,971	3,032,800	2,989,700	
Total Labor w/ Overhead	9,245,921	10,448,828	9,961,222	10,547,300	10,113,300	
<b>Non-Labor Expense</b>						
Office Supplies	21,433	17,803	15,294	19,900	13,900	
Materials & Supplies	841,984	832,812	989,903	874,200	887,300	
Publications	3,815	5,299	9,099	4,100	7,000	
Training	72,566	89,662	63,189	230,500	219,300	(4)
Education	719	10,058	10,519	21,000	21,300	(5)
Business Meetings	18,921	14,936	80,031	19,400	24,000	
Phones	2,028	467	1,306	3,100	37,400	(6)
Maintenance Contracts	217,626	437,997	452,024	563,500	517,200	(7)
Dues and Fees	98,465	93,309	103,141	134,000	113,100	
Advertising	30,485	18,093	36,818	67,500	60,000	(8)
Building Clearing	410,286	375,221	385,723	404,200	312,500	
Transportation Clearing	240,383	249,717	207,733	260,700	195,000	(9)
Admin & General Capitalized	(681,634)	(504,056)	(587,339)	(724,200)	(1,089,400)	(10)
Allocations to McNeil	(3,996)	(4,302)	(7,608)	(7,900)	(7,900)	(11)
Outside Services (p. 28)	2,608,639	1,585,931	3,602,607	3,246,500	2,739,400	
Transmission	4,883,344	6,569,318	6,306,274	6,517,500	6,725,200	
Rentals & Leases	80,548	109,424	163,642	56,600	68,600	(12)
Group Insurance (p. 29)	376,437	388,706	354,274	406,300	488,600	
Printing and Forms	21,619	18,928	12,756	16,800	18,900	
Computer Supplies	47,529	43,183	61,996	46,900	44,900	
Computer Software	3,511	1,710	14,188	4,700	5,700	
Postage	103,256	118,816	103,797	113,400	103,100	
Utilities	89,089	59,177	79,636	57,100	69,400	
Highgate Billing	47,992	68,036	72,990	93,200	78,200	(13)
DSM Rebates	744,417	1,114,715	1,166,933	1,202,400	1,467,200	(14)
Uncollectible Accounts	121,863	177,164	148,617	180,000	135,000	
Claims Settlements	5,013	447	631	400	1,700	
OPEB			224,099			
Voluntary Buyout			2,068,992			
Other	3,406	27,219	29,364	(1,519,700)	41,900	(15)
Total Non-Labor Expense	10,409,744	11,919,790	16,170,629	12,292,100	13,298,500	
Total Operational Expense	\$19,655,665	\$22,368,618	\$26,131,851	\$22,839,400	\$23,411,800	
Less EEC Expenses (reimbursed)	(1,957,723)	(2,404,924)	(2,945,701)	(2,815,221)	(3,218,300)	
Less Power Supply - Transmission	(4,883,344)	(6,569,318)	(6,306,274)	(6,517,500)	(6,725,200)	
Less Power Supply - Highgate	(47,992)	(68,036)	(72,990)	(93,200)	(78,200)	
Total Operational Expense	\$12,766,606	\$13,326,340	\$16,806,886	\$13,413,479	\$13,390,100	
A & G Add Back	\$13,448,240	\$13,830,396	\$17,394,225	\$14,137,679	\$14,479,500	

See analysis page 27.

## Budget for the Year Ending June 30, 2017 - Operational Expense

- (1) **Labor – Regular** – FY17 includes effects of the voluntary buyout. Also, labor is impacted by the amount of capital (vs. expense) work. FY16 assumed approximately 8.7% of labor allocated to Capital and FY17 assumes 8.6%. FY17 includes cost-of-living per IBEW contract and merit pay.
- (2) **Labor – Overtime** – Impacted by the amount of capital (vs. expense) work and the amount of work we use contractors for.
- (3) **Labor – Temporary** – FY17 includes a temporary laborer position at the McNeil offset by the elimination of “Outside Services Temporary Help” and a summer Intern position at McNeil.
- (4) **Training** - includes personnel development for all areas of the department as well as specific safety and skills training.
- (5) **Education** – The Department’s Qualified Degree Program. Also includes Apprentice Lineworker Program costs of \$8,000 for FY17 and \$16,400 for FY16.
- (6) **Phones** – Prior to FY17 this category was only “long distance”. Beginning with FY17 this includes all phone related charges (local, long distance & conference calls). Also includes all cell phones (usage, new cell phone & accessories), formerly recorded under “Utilities”.
- (7) **Maintenance Contracts** – FY17 includes IT related contracts of \$393,000 and McNeil related contracts of \$56,000 including the turbine maintenance. FY14 included new agreements related to Smart Grid deployment.
- (8) **Advertising** – Budget assumes additional marketing and advertising.
- (9) **Transportation Clearing** – Vehicle maintenance and gasoline provided by the DPW. Impacted by the amount of Capital (vs. Expense) work and by the amount of work we use contractors for.
- (10) **Admin & General Capitalized** – Contingent on Capital projects.
- (11) **Allocations to McNeil** – Certain incidental BED administrative costs are allocated to McNeil joint owners. (Most costs are charged directly).
- (12) **Rentals & Leases** – Prior to FY16 this category included safety clothing which came to an end. Per the IBEW contract, reimbursement for employees begins in FY17. Includes copier leases.
- (13) **Highgate Billing** – FY17 budget is based on approved calendar year 2016 budget from Highgate.
- (14) **DSM Rebates** - \$3,218,300 is included in “Other Revenues” to cover these and other costs.
- (15) **Other** - FY16 included assumed savings from the voluntary buyout and efficiency study. This account also included meter reader mileage (prior to FY17) and employee recognition awards/lunch.

**Burlington Electric Department  
 Budget for the Year Ending June 30, 2017  
 Operational Expense - Outside Services**

	Actual FY 13	Actual FY 14	Actual FY 15	Budget FY 16	Budget FY 17	
Equipment Maintenance	\$252,675	\$234,260	\$449,453	\$268,400	\$371,500	(1)
Legal Services	406,242	(182,172)	149,691	164,900	150,000	(2)
Temporary Help	17,650	35,275	51,262	24,300	9,600	(3)
Technical	770,998	412,110	1,101,579	1,707,100	855,500	(4)
City of Burlington	90,083	167,269	326,276	361,900	310,300	(5)
Buildings & Grounds	16,802	25,645	15,170	31,100	15,500	
Financial Audit	93,750	96,500	78,580	80,600	95,500	(6)
Financial/Banking	73,947	107,208	447,758	121,900	160,900	(7)
Energy Efficiency Utility	564,536	607,178	864,232	233,400	405,600	(8)
Other	321,956	82,658	118,606	252,900	365,000	(9)
<b>Total Outside Services</b>	<b>\$2,608,639</b>	<b>\$1,585,931</b>	<b>\$3,602,607</b>	<b>\$3,246,500</b>	<b>\$2,739,400</b>	

(1) FY15 included the addition of maintenance costs for Winooski One Hydro, \$100,000. Also, increase in outage related maintenance costs at the McNeil Plant. This is reflected in FY17.

(2) FY13 included expenses related to Winooski One Hydro purchase, \$244,900. This was reversed and "capitalized" in FY14.

(3) FY17 includes coverage for Customer Care. Coverage for general maintenance at the McNeil Plant was eliminated and is reflected under Labor-Temporary.

(4) FY16 included \$500,000 of Professional fees and other expenses for Northbrook to operate Winooski One Hydro. Also, included \$510,000 for efficiency improvement review (Floyd & Associates). FY13 included \$121,000 related to Winooski One Hydro purchase. This was reversed and "capitalized" in FY14.

(5) FY13 invoices for workers compensation and indirect costs not resolved until FY14. (Plus larger credit for FY12).

(6) FY13-FY14 included "ARRA" A-133 "Single Audit", \$15,000 per year.

(7) FY15 included closing cost for City GOB. (No longer amortized per GASB).

(8) Offsetting revenues of \$3,218,300 are included in "Other Revenues" to cover these and other costs.

(9) FY17 includes \$200,000 for broker commissions for REC sales. FY13 included \$293,000 for broker commissions for REC Sales.

**Burlington Electric Department  
Budget for the year ending June 30, 2017  
Insurance**

	Actual FY13	Actual FY14	Actual FY15	Budget FY16	Budget FY17
Property Insurance (1)	\$227,524	\$222,940	\$172,461	\$191,000	\$271,100
Broker Fee	15,067	15,977	17,575	17,800	18,200
Public Officials (2)	9,112	22,441	35,097	36,100	35,500
Professional Liability	22,181	23,668	22,008	23,500	23,500
General Liability (3)	65,398	65,107	71,155	70,400	71,400
Excess Liability	53,559	61,347	57,018	55,700	57,200
Environmental Impairment Liability	8,259	8,027	7,544	10,700	10,600
Railroad Protective Policy (4)			1,343	1,100	1,100
Property Insurance - Allocated (5)	(24,664)	(30,802)	(29,927)		
<b>Total Insurance</b>	<b>\$376,436</b>	<b>\$388,705</b>	<b>\$354,274</b>	<b>\$406,300</b>	<b>\$488,600</b>

(1) Includes Insurance Reserve ("Claims & Expenses"), Crime, Auto/ME (McNeil only), Cyber Security and Employment Practices Liability. Insurance Reserve was not budgeted in FY16.

(2) FY14 includes billing for FY13.

(3) Includes Group Travel.

(4) New coverage effective FY15.

(5) Allocations to Stores Clearing (inventory and equipment) and Transportation Clearing (Auto/Mobile equipment).

Note: The budgeted FY 2017 insurance numbers are calculated by combining the current premium being paid along with the projected insurance premiums at the renewal date for that line of business.

# Other Revenues/ Expense

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017**

<b>Depreciation &amp; Amortization</b>	<b>Actual FY13</b>	<b>Actual FY14</b>	<b>Actual FY15</b>	<b>Budget FY16</b>	<b>Budget FY17</b>
--	------------------------	------------------------	------------------------	------------------------	------------------------

**Depreciation:**

Distribution (1)	\$1,680,194	\$2,027,544	\$2,126,472	\$2,109,300	\$2,183,100
General	366,234	425,965	458,324	460,400	458,000
Transmission	66,738	66,737	66,737	69,900	66,700
Gas Turbine (2)	158,799	162,407	199,237	200,300	389,100
McNeil	888,875	907,029	920,500	919,100	946,500
Highgate	111,875	121,130	123,820	124,000	205,300
Winooski One Hydro (3)			268,346	214,700	316,500
Subtotal	3,272,715	3,710,812	4,163,436	4,097,700	4,565,200
Deferred Depreciation Adjustment (4)	1,047,694	680,989	(866,933)	(96,000)	(356,700)
<b>Total Depreciation</b>	<b>4,320,409</b>	<b>4,391,801</b>	<b>3,296,503</b>	<b>4,001,700</b>	<b>4,208,500</b>

(1) FY14 increase due to ARRA meters using 10 year life (was 25) per PSB Order.

(2) Reflects \$1.4M upgrade in April, 2016.

(3) FY15 assumed \$16M over 25 years average remaining life; FY16 amortization included on next page.

(4) FY13 decrease is the result of Sinking Fund payments for 1996 Revenue Bond ending. FY16 includes \$12M for 2014 Revenue Bond.

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017**

<b>Depreciation &amp; Amortization</b>	<b>Actual FY13</b>	<b>Actual FY14</b>	<b>Actual FY15</b>	<b>Budget FY16</b>	<b>Budget FY17</b>
<b>Amortization:</b>					
Deferred Loss on Transfer of Moran Plant (1)	201,128	209,800			
Deferred Chace Hydro Costs (2)	435,585	458,726			
Deferred DSM Expense (3)	904,227	952,263			
Intangible Assets (Software) (4)	395,016	1,095,602	1,110,964	1,097,900	1,115,600
Winooski One Hydro (5)			201,204	458,600	459,400
Total Amortization	<u>1,935,956</u>	<u>2,716,391</u>	<u>1,312,168</u>	<u>1,556,500</u>	<u>1,575,000</u>
Loss on Disposition of Plant (6)	122,624	452,426	233,469	196,000	333,000
Total Depreciation & Amortization	<u>\$6,378,989</u>	<u>\$7,560,618</u>	<u>\$4,842,140</u>	<u>\$5,754,200</u>	<u>\$6,116,500</u>

(1) Deactivated in 1986 and transferred to the City. Undepreciated costs amortized through FY14 based on bonds used to finance improvements to the Plant.

(2) December 1991 agreement with Winooski One Partnership. BED costs (incl. land) amortized through 2016 based on bonds issued for BED's interest in project and as income is received from Partnership.

(3) 1992 Revenue Bond (\$11.3M) costs were deferred and now being amortized through the life of the bonds (2016).

(4) Increase in FY13-FY15 result of software upgrades for ARRA project.

(5) Plant acquisition adjustment (\$12M) for the life of the bond. This represents market value (paid) over book value.

(6) Retirement/loss of old meters amortized over 5 years per PSB Order.

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017**

Taxes (000's)	Actual FY 13	Actual FY 14	Actual FY 15	Budget FY 16	Budget FY 17
<b>Property Taxes</b>					
Payment in Lieu of Taxes - BED	\$1,209	\$1,293	\$1,331	\$1,366	\$1,623
Payment in Lieu of Taxes - McNeil	549	568	605	614	619
Property Taxes - Highgate Station	50	50	52	50	56
Property Taxes - Winooski One (1)			335	402	401
Sub-Total - Property Taxes	1,808	1,911	2,324	2,432	2,698
<b>PILT Tax Rates (2)</b>	<b>\$2.37</b>	<b>\$2.52</b>	<b>\$2.60</b>	<b>\$2.55</b>	<b>\$2.57</b>
<b>Revenue Taxes</b>					
Gross Revenue Tax (.5%) (3)	300	324	296	307	315
Gross Receipts Tax (.5%) (4)	241	243	241	239	240
Sub-Total - Revenue Taxes	541	567	537	547	555
Over/Under Allocation of Social Security Taxes	2	4	78	0	0
<b>Total Taxes</b>	<b>\$2,352</b>	<b>\$2,482</b>	<b>\$2,938</b>	<b>\$2,979</b>	<b>\$3,253</b>

(1) FY17 based on revised value of \$15.5M. FY16 based on \$16M value.

(2) FY17 based on City projection.

(3) Tax to finance operations of Public Service Department and Board. Effective for all utilities (electric, phone, gas, water & cable). Tax applies to total revenues less resales.

(4) Effective July 1, 1990 for deposit to State of VT "Home Weatherization Assistance Fund". Charged to sellers of heating oil, electricity, gas and coal (phone, cable and water excluded). Tax applies to "Sales to Customers" only.

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017  
Dividend Income**

	Actual FY 13	Actual FY 14	Actual FY 15	Budget FY 16	Budget FY 17
VT TRANSCO LLC (1)	2,452,221	2,740,691	\$ 2,961,614	\$ 3,069,000	\$ 3,248,000
VELCO (2)	\$165,945	\$165,945	165,945	166,200	166,224
VELCO (3)	1,119	1,194	1,194	1,200	1,200
Total Dividend Income	<u>\$2,619,285</u>	<u>\$2,907,830</u>	<u>\$ 3,128,753</u>	<u>\$ 3,236,400</u>	<u>\$ 3,415,424</u>

*(1) Assumes quartely dividends (distributions) and assumes December 31, 2016 investment of \$2,862,000.*

*(2) Assumes quarterly dividend of \$2.88/share on 14,038 shares of Class B and 392 shares of Class C Common Stock.*

*(3) VELCO Class C Preferred Stock, dividend \$0.04 on 7,464 shares.*

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017**

<b>Other Income, Net</b>	<b>Actual FY 13</b>	<b>Actual FY 14</b>	<b>Actual FY 15</b>	<b>Budget FY 16</b>	<b>Budget FY 17</b>
<b>Interest Income - Operating</b>					
Checking Accounts	\$7,104	\$8,437	\$10,553	\$6,200	\$8,700
Debt Service Reserve Fund (1)	182,389	182,688	47,744	46,200	64,600
Debt Service Funds (1)	356	470	59	3,300	3,200
Renewal & Replacement Fund	190	34	92	100	100
Construction Fund	17,427	14,328	11,412	200	200
Customer Loans RLF (2)		266	3,037	1,900	1,900
Other (3)	965				
Total Interest Income Operating	208,431	206,223	72,897	57,900	78,700

**Interest Rates (%)**

Checking Accounts	0.25	0.24	0.15	0.01	0.01
Debt Service Reserve (CD)	1.9	1.9	2.0	2.00	2.00
Debt Service Funds	0.01	0.01	0.01	0.01	0.01
Renewal & Replacement Fund	0.01	0.01	0.01	0.01	0.01
Construction Fund	0.01	0.01	0.20	0.01	0.01

(1) FY15 assumed DSF and DSRF invested balances reduced with expired 2001/02 Series Revenue Bonds.

(2) Revolving Loan Fund through PACE and Commercial loans.

(3) Lincoln Logging loan.

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017**

<b>Other Income, Net</b>	<b>Actual FY 13</b>	<b>Actual FY 14</b>	<b>Actual FY 15</b>	<b>Budget FY 16</b>	<b>Budget FY 17</b>
<b>Miscellaneous Non-Operating Income</b>					
City/Customer Contribution (1)	92,148	142,736	833,098	2,227,100	2,615,500
Street Light - LED Rebate	46,000	112,750	65,250	28,800	25,300
CSWD (Wastewood Yard) (2)	30,000	30,000	30,000	30,000	30,000
City Franchise Fee Admin Billing (3)	29,041	29,041	12,421	12,400	12,400
VELCO Director	14,000	19,000	15,000	15,000	15,000
Morrisville & Hardwick Electric Dispatch (4)				23,000	34,600
Grant Income - ARRA (5)	3,087,879		51,150		
Rental Income from Chase Hydro Property (6)	151,062	153,503			
Winooski River Water Rights - Sugarbush			4,000	4,000	4,000
<b>Total Miscellaneous Non-Operating Income</b>	<b>3,450,130</b>	<b>487,030</b>	<b>1,010,919</b>	<b>2,340,300</b>	<b>2,736,800</b>
<b>Other Deductions</b>					
BED Donation - UVM Energy Fellowship					(15,000)
BED Donation - BTV Ignite Inc					(25,000)
BED Donation - Warmth Program (7)	(12,000)	(12,000)	(12,000)	(20,000)	(20,000)
<b>Total Other Deductions</b>	<b>(12,000)</b>	<b>(12,000)</b>	<b>(12,000)</b>	<b>(20,000)</b>	<b>(60,000)</b>
<b>Total Other Income - Net</b>	<b>\$3,646,561</b>	<b>\$681,253</b>	<b>\$1,071,816</b>	<b>\$2,378,200</b>	<b>\$2,755,500</b>

(1) FY17 includes South Forty, Microgrid, UVM Chiller, UVM Dorm and UVM Stem projects. FY16 included Waterfront Lighting, UVM Medical Center, UVM, Shelburne St. Roundabout, EV Charging Stations and CCTA St. Paul St. upgrade.

(2) Agreement with Chittenden Solid Waste District, effective 1/1/16 through 12/31/20. (Annual payments to BED in consideration of BED's assumption of the operation and maintenance of the site).

(3) City contribution to BED for the cost of processing the franchise fee. Revised in FY15 to reflect lower admin. costs.

(4) FY16 reflects new contract.

(5) Smart Grid Project at 50% of actual cost.

(6) December 1991 agreement with Winooski One Partnership (lease of land and land/water rights). Ended with purchase of Winooski One.

(7) This is BED's donation (in addition to us forwarding customer donations on billing payments).

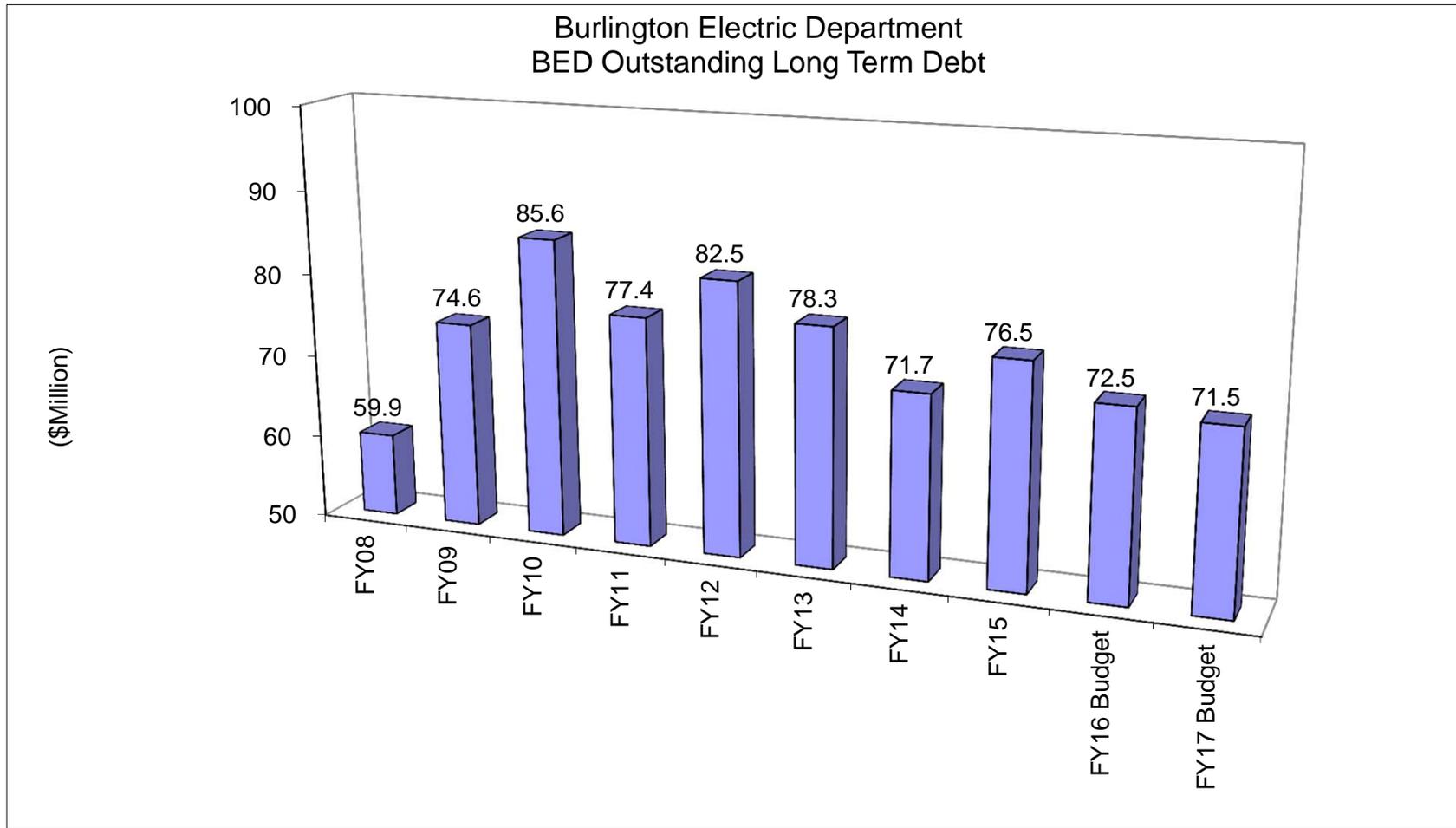
**Burlington Electric Department  
Budget for the Year Ending June 30, 2016  
Interest Expense**

	Actual FY 13	Actual FY 14	Actual FY 15	Budget FY 16	Budget FY 17
General Obligation Bonds (1)	\$1,806,381	\$1,975,066	\$2,036,718	\$2,066,700	\$2,332,000
Revenue Bonds (2)	1,747,642	1,362,776	1,268,347	1,260,100	1,212,400
<b>Total Long Term Debt Interest</b>	<b>3,554,023</b>	<b>3,337,842</b>	<b>3,305,065</b>	<b>3,326,800</b>	<b>3,544,400</b>
Amortization of Debt Discount	18,200	18,969	1,429	1,500	1,500
Amortization of Deferred Debt Costs (3)	4,315,745	4,326,293	2,162	2,200	2,200
Amortization of Debt Premium	(248,803)	(268,880)	(89,872)	(30,300)	(31,000)
Line-of-Credit	71,358				
Other Interest		13,211			
<b>Total Interest Expense</b>	<b>\$7,710,523</b>	<b>\$7,427,435</b>	<b>\$3,218,784</b>	<b>\$3,300,200</b>	<b>\$3,517,100</b>
<b>Debt Outstanding - Y/E</b>					
General Obligation Bonds (1)	\$44,685,000	\$45,810,000	\$46,770,715	\$45,558,000	\$46,022,900
Revenue Bonds (2)	\$33,600,000	\$25,910,000	\$29,730,000	\$26,960,000	\$25,485,000

(1) FY17 assumes \$3M annual GOB @ 3.5%.

(2) FY15 Includes \$12M for Winooski One; offset by \$8M of other bonds being paid off.

(3) 2001/2002 Revenue Bonds now fully paid. FY15-17 is remaining Loss on Advance Refunding of GOB #32 through 2017.



- (1) FY09 and FY10 includes \$36.6M GOB's issued 4/09 and 10/09.
- (2) FY12 includes \$11.9M Revenue Bond for ARRA, Highgate and VELCO investment.
- (3) FY13 forward includes \$3M annual GOB. (Voters approved March 2012).
- (4) At the end of FY14 all Revenue Bonds and GOB's issued prior to 2004 are now paid off.
- (5) FY15 includes \$12M Revenue Bond for Winooski One Hydro.

# LOH/ Payments to the City

**Burlington Electric Department  
Budget - FY2017  
Labor Overhead**

	<b>Actual FY 13</b>	<b>Actual FY 14</b>	<b>Actual FY 15</b>	<b>Budget FY16</b>	<b>Budget FY17</b>
<b>TOTAL LABOR (1)</b>	\$9,555,602	\$9,645,869	\$10,197,419	\$10,825,500	\$10,313,900
<b>LABOR OVERHEAD</b>					
Medical Insurance (2)	1,349,085	1,401,248	1,406,789	1,571,100	1,685,800
Dental Insurance (2)	93,567	92,896	88,347	90,000	100,400
Life Insurance (2)	13,518	13,160	13,185	11,200	11,200
Social Security Taxes	708,298	721,213	847,549	828,200	789,000
Workers Compensation Ins. (2)	307,524	843,255	379,922	559,700	459,100
Pension (3)	1,565,372	1,577,271	1,643,849	1,643,800	1,544,200
<b>Sub-total Labor Overhead</b>	4,037,364	4,649,043	4,379,641	4,704,000	4,589,700
Health Ins (Employee Contribution) (4)	(242,588)	(246,768)	(260,286)	(351,511)	(377,738)
Pension (Employee Contribution) (5)	(248,549)	(268,503)	(268,522)	(301,753)	(367,107)
Health Care Buyout (6)	16,830	16,606	17,402	17,198	11,599
<b>Total Labor Overhead</b>	\$3,563,057	\$4,150,378	\$3,868,235	\$4,067,935	\$3,856,454
<b>Labor Overhead Rate</b>	<b>39.89%</b>	<b>45.81%</b>	<b>40.57%</b>	<b>40.36%</b>	<b>40.95%</b>
<b>Pension Rate</b>	<b>16.91%</b>	<b>17.80%</b>	<b>16.12%</b>	<b>16.18%</b>	<b>15.98%</b>

(1) Includes Overtime, and McNeil @ 100%.

(2) FY17 provided by the City.

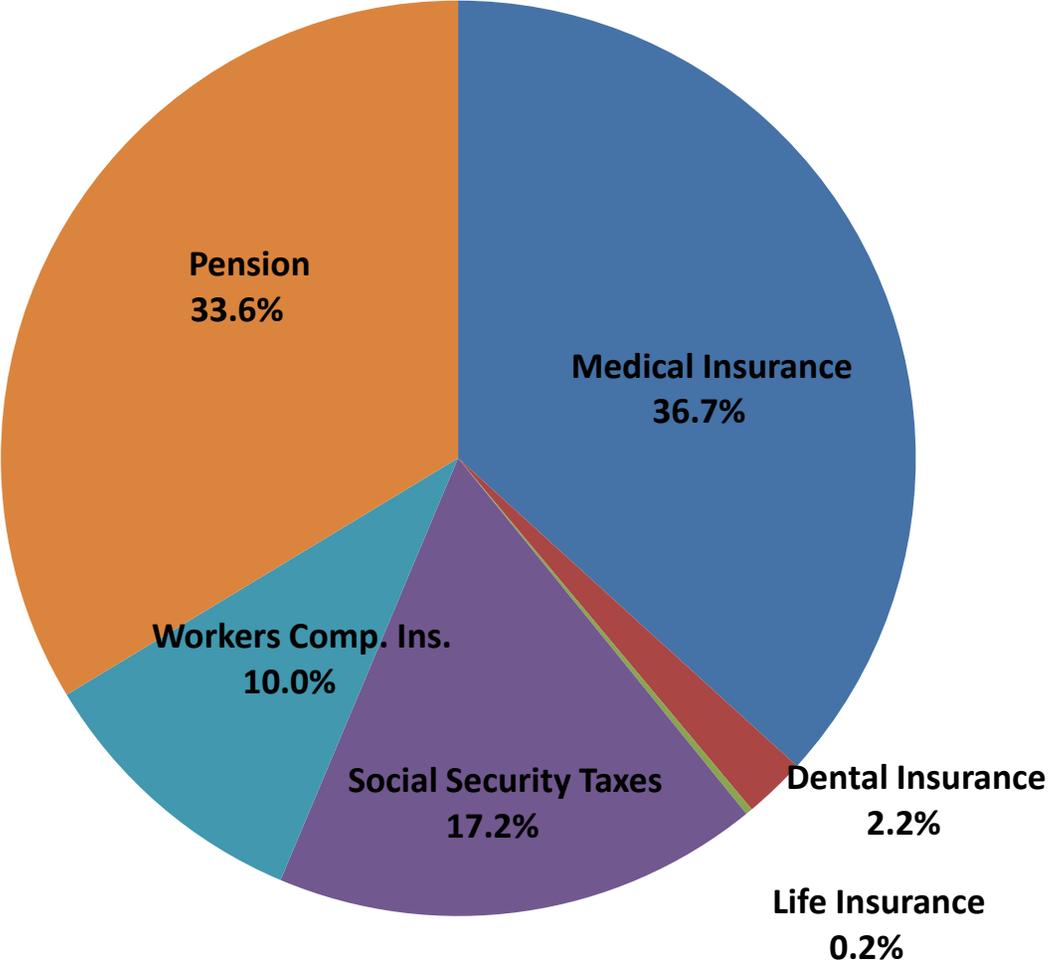
(3) FY17 amount per actuarial valuation is \$1,507,600. Difference is administrative.

(4) FY17 projected at 4.41% based on IBEW contract. FY16 assumed 4.16%.

(5) FY17 based on IBEW contract. FY16 assumed 3% for non-union employees; 4% for IBEW employees electing to remain with the same plan.

(6) \$1,000 for IBEW employees; \$800 non-union.

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017  
Labor Overhead**



**Burlington Electric Department  
Budget for the Year Ending June 30, 2017  
Payments to the City**

	<b>Actual FY13</b>	<b>Actual FY14</b>	<b>Actual FY15</b>	<b>Budget FY16</b>	<b>Budget FY17</b>
Payments In Lieu of Taxes - BED	\$1,221,776	\$1,304,765	\$1,345,093	\$1,365,958	\$1,623,000
Payments In Lieu of Taxes - McNeil	\$548,925	\$568,202	\$605,340	\$613,704	\$619,000
Health Insurance	1,349,085	1,401,248	1,406,789	1,571,000	1,685,800
Pension	1,565,372	1,577,271	1,643,849	1,643,800	1,544,200
Workers Compensation	307,524	843,255	379,922	559,700	459,100
Dental Insurance	93,567	92,896	88,347	90,000	100,400
Life Insurance	13,518	13,160	13,185	11,200	11,200
<b>Subtotal - Total Fringe Benefits</b>	<b>3,329,066</b>	<b>3,927,830</b>	<b>3,532,092</b>	<b>3,875,700</b>	<b>3,800,700</b>
Insurance Reserve (Claims & Expenses) (1)	6,508	38,792	17,462	0	74,717
Auto/Mobile Equipment Insurance	26,105	40,293	38,004	39,200	31,963
Crime/Emp. Practice Insurance (2)	13,480	786	0	18,000	15,643
<b>Subtotal - Liability/Property Ins.</b>	<b>46,093</b>	<b>79,871</b>	<b>55,466</b>	<b>57,200</b>	<b>122,323</b>
Vehicle Maintenance (DPW)	130,914	129,860	103,247	121,700	128,228
Risk Management Fee (3)	19,851	27,116	27,116	27,900	0
Indirect Cost (4)	443,529	310,658	357,937	385,500	367,724
<b>Subtotal - City Services</b>	<b>594,294</b>	<b>467,634</b>	<b>488,300</b>	<b>535,100</b>	<b>495,952</b>
Tree Trimming (Parks & Rec.)	24,145	25,012	24,968	25,500	80,000
<b>Subtotal - Other</b>	<b>24,145</b>	<b>25,012</b>	<b>24,968</b>	<b>25,500</b>	<b>80,000</b>
<b>Total</b>	<b>\$5,764,299</b>	<b>\$6,373,314</b>	<b>\$6,051,259</b>	<b>\$6,473,162</b>	<b>\$6,740,975</b>

**Note: This schedule does not include franchise fees, which are collected on behalf of the City.  
Includes McNeil at 100%.**

(1) Eliminated in FY15. FY13 includes credit for July-May, 2012 (\$60,200).

(2) Per City, EPLI combined with Crime October 2014. FY13 includes true-up for Jul-May, 2012, \$8,500.

(3) Allocated by the Clerk/Treasurer's Office and managed by the Human Resources Department. Provides oversight and administration of the workers' compensation, health, dental, life and general insurance.

(4) FY16 includes the addition of City Attorney's office. Covers government support services to all City Departments at varying levels. The following are included in this allocation; General Administration, Human Resources, General Governmental Activity, City Hall Occupancy Costs, and Assessor's Office.

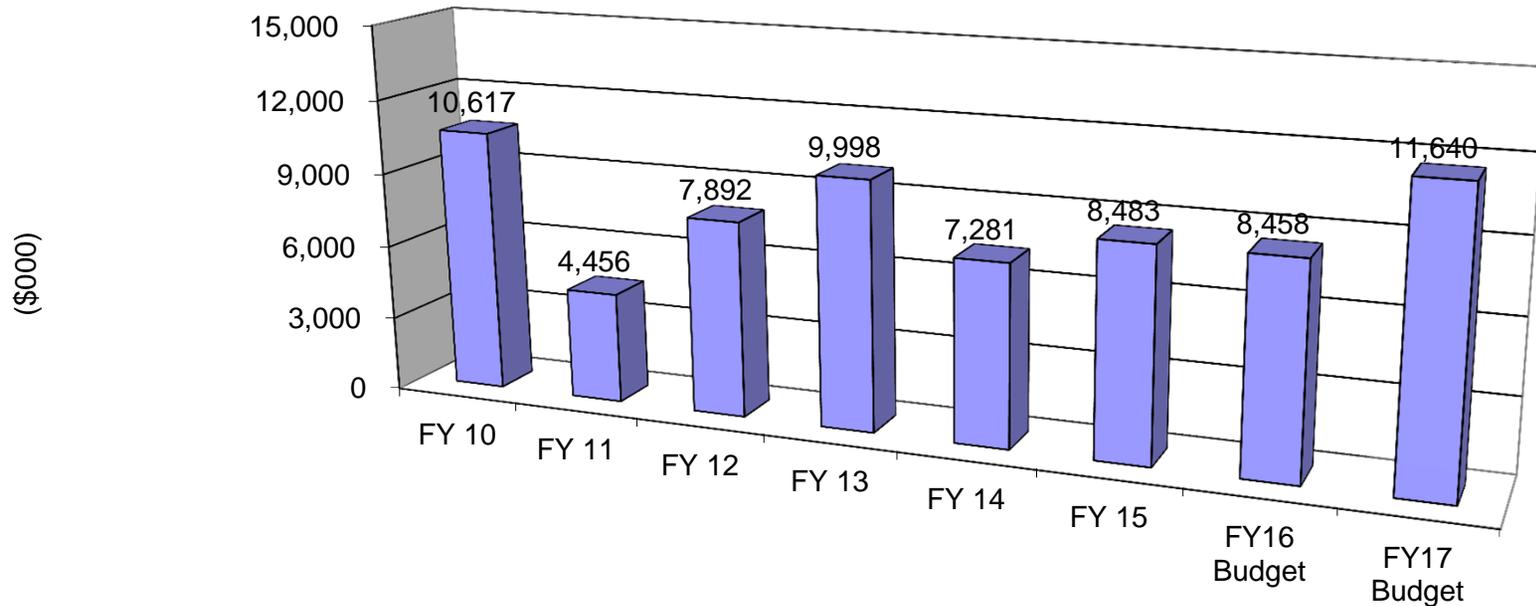
# Income Statement

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017  
Income Statement (000's)**

<b>Schedule 1</b>	<b>Actual FY 13</b>	<b>Actual FY 14</b>	<b>Actual FY 15</b>	<b>Budget FY 16</b>	<b>Budget FY 17</b>
<b>OPERATING REVENUES:</b>					
Sales to Customers	\$48,147	\$47,009	\$47,875	\$47,898	\$48,098
Misc Revenues - Power Supply	7,433	11,602	11,405	10,091	11,043
Misc Revenues - Other	4,506	4,948	3,491	3,488	3,792
<b>Total Operating Revenues</b>	<b>60,087</b>	<b>63,559</b>	<b>62,771</b>	<b>61,477</b>	<b>62,932</b>
<b>OPERATING EXPENSES:</b>					
Fuel	8,304	10,561	9,609	11,047	11,056
Purchased Power	14,695	14,839	15,819	15,616	17,726
Transmission Expense	4,883	6,569	6,306	6,517	6,725
Operation and Maintenance	14,772	15,799	19,826	16,322	16,687
Depreciation & Amortization	6,379	7,561	4,842	5,754	6,117
Taxes	2,352	2,482	2,938	2,979	3,253
<b>Total Operating Expenses</b>	<b>51,386</b>	<b>57,811</b>	<b>59,339</b>	<b>58,236</b>	<b>61,563</b>
<b>NET OPERATING INCOME</b>	<b>8,701</b>	<b>5,748</b>	<b>3,432</b>	<b>3,241</b>	<b>1,369</b>
<b>OTHER INCOME &amp; DEDUCTIONS:</b>					
Dividends	2,619	2,908	3,129	3,236	3,415
Interest Income	208	206	73	58	79
Grant/Customer Income	3,226	255	949	2,256	2,641
Other Income, Net	332	200	85	64	36
<b>Total Other Income/Deductions</b>	<b>6,386</b>	<b>3,570</b>	<b>4,236</b>	<b>5,615</b>	<b>6,171</b>
<b>INCOME BEFORE INTEREST EXPENSE</b>	<b>15,087</b>	<b>9,318</b>	<b>7,668</b>	<b>8,856</b>	<b>7,540</b>
<b>INTEREST EXPENSE</b>	<b>7,711</b>	<b>7,427</b>	<b>3,219</b>	<b>3,300</b>	<b>3,517</b>
<b>NET INCOME (LOSS)</b>	<b>\$7,376</b>	<b>\$1,890</b>	<b>\$4,449</b>	<b>\$5,556</b>	<b>\$4,023</b>

# Capital Projects

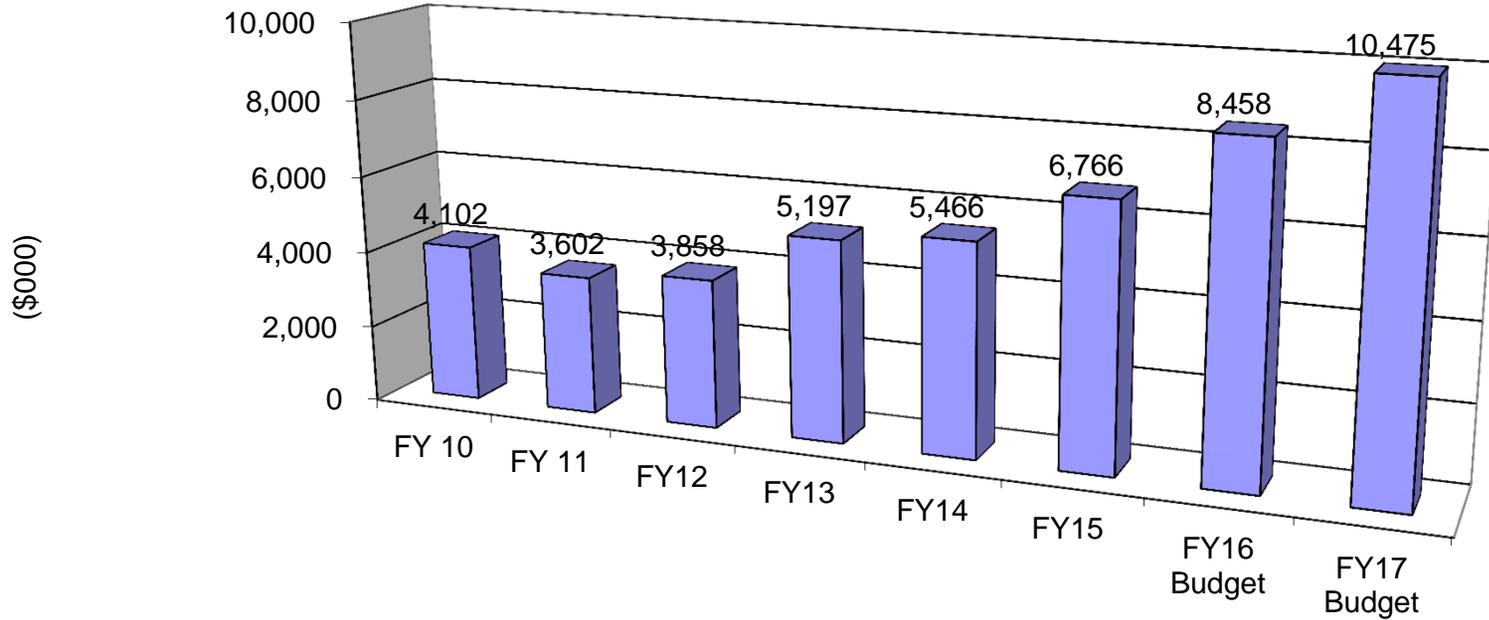
### Burlington Electric Department Capital Spending - Net



Plant Type	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	Budget FY 16	Budget FY 17
Production	363	739	172	999	566	3,912	2,991	3,280
Distribution	1,884	2,189	2,983	2,857	3,939	2,261	3,384	3,639
Transmission	6,896	250	1,572	3,800	1,815	1,717	0	2,862
General	204	424	281	338	961	593	2,083	1,860
ARRA	1,270	854	2,884	2,004	0	0	0	0
<b>Total</b>	<b>\$10,617</b>	<b>\$4,456</b>	<b>\$7,892</b>	<b>\$9,998</b>	<b>\$7,281</b>	<b>\$8,483</b>	<b>\$8,458</b>	<b>\$11,640</b>

- FY10 includes \$5,245,000 for VT Transco Investment and \$1,270,000 for ARRA (50% share of costs).
- FY11 includes \$854,000 for ARRA (50% share of costs).
- FY12 includes \$1,150,000 for VT Transco Investment, \$398,000 for Highgate Converter Station and \$2,884,000 for ARRA (50% share).
- FY13 includes \$2,797,000 for VT Transco Investment, \$1,002,000 for Highgate Converter Station and \$2,004,000 for ARRA (50% share).
- FY14 includes \$1,815,000 for VT Transco investment and \$1,460,000 for Queen City Sub switchgear replacement.
- FY15 includes \$1,717,000 for VT Transco Investment, \$1,355,000 for Gas Turbine Control Upgrade and \$1,481,000 for Airport Solar.
- FY16 assumed no VT Transco investment, \$1,765,000 for Community Solar and Storage and \$765,000 for Efficiency Improvement.
- FY17 assumes \$2,862,000 for VT Transco Investment and \$2,183,000 for Microgrid project.

**Burlington Electric Department  
Capital Spending (less Velco Equity & ARRA)**



Plant Type	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	Budget FY 16	Budget FY 17
Production	363	739	172	999	566	3,912	2,991	4,951
Distribution	1,884	2,189	2,983	2,857	3,939	2,261	3,384	3,664
Transmission	1,651	250	422	1,003	0	0	0	0
General	204	424	281	338	961	593	2,083	1,860
<b>Total</b>	<b>\$4,102</b>	<b>\$3,602</b>	<b>\$3,858</b>	<b>\$5,197</b>	<b>\$5,466</b>	<b>\$6,766</b>	<b>\$8,458</b>	<b>\$10,475</b>

- FY12 includes \$398,000 for Highgate Converter Station .
- FY13 includes \$1,002,000 for Highgate Converter Station.
- FY14 includes \$1,460,000 for Queen City Sub switchgear replacement.
- FY15 includes \$1,355,000 for Gas Turbine Control Upgrade and \$1,481,000 for Airport Solar.
- FY16 assumed \$1,765,000 for Community Solar and Storage.

**Burlington Electric Department  
Capital Projects - FY 2017**

<b>Project Description</b>	<b>Project Total</b>	<b>Customer Contribution/ Grants</b>	<b>Net Cost</b>
<b>McNeil Plant (BED 50% Share)</b>			
Cooling Water Circulating Pumps and Motors	225,000		225,000
Electrostatic Precip. Mechanical Field Rebuild	187,500		187,500
Plant PLC 5 Upgrade-Phase Three	137,538		137,538
Station Lighting Upgrade	125,000		125,000
Routine Station Improvements	57,000		57,000
Elevator Modernization	77,500		77,500
New Water Well Connection to Station	35,000		35,000
Room Under Floor Fire Extinguisher System	27,500		27,500
Condensate Pump Motor	26,500		26,500
Generator Stator Partial Discharge Monitoring	25,000		25,000
Station Service Air Compressor	17,500		17,500
PH Meter Replacement	8,420		8,420
Chemical Pump Replacment	5,105		5,105
<b>Total McNeil Plant</b>	<b>954,563</b>	<b>0</b>	<b>954,563</b>
<b>Transmission Plant</b>			
VT Transco Investment	2,862,000		2,862,000
<b>Total Transmission Plant</b>	<b>2,862,000</b>	<b>0</b>	<b>2,862,000</b>
<b>Hydro Production Plant</b>			
ISO NE Remote Dispatch (new RIG RTU)	59,783		59,783
New Operating Terminals (Computers)	5,000		5,000
<b>Total Hydro Production Plant</b>	<b>64,783</b>	<b>0</b>	<b>64,783</b>
<b>Gas Turbine Plant</b>			
Fire Alarm & Call Box & Security System	53,900		53,900
Upgrade GT Furnace to Gas	23,000		23,000
<b>Total Gas Turbine Plant</b>	<b>76,900</b>	<b>0</b>	<b>76,900</b>

**Burlington Electric Department  
Capital Projects - FY 2017**

<b>Project Description</b>	<b>Project Total</b>	<b>Customer Contribution/ Grants</b>	<b>Net Cost</b>
<b>Solar Power Plant</b>			
South Forty Solar Project	262,847		262,847
South Forty Solar Project (CAFC)	0	(262,847)	(262,847)
<b>Total Solar Power Plant</b>	<b>262,847</b>	<b>(262,847)</b>	<b>0</b>
<b>Other</b>			
Microgrid	3,855,227		3,855,227
Microgrid (CAFC)	0	(1,671,903)	(1,671,903)
<b>Total Other</b>	<b>3,855,227</b>	<b>(1,671,903)</b>	<b>2,183,324</b>
<b>Distribution Plant</b>			
<b><u>Aerial</u></b>			
Convert GMP's Line to BED's Circuit	339,058		339,058
Rebuild Manhattan Drive (Pole 1845 to 1979)	232,714		232,714
Install Animal Guards	223,853		223,853
Replace Condemned Poles	201,435		201,435
Rebuild Jackson Court	91,903		91,903
<b>Total Aerial</b>	<b>1,088,963</b>	<b>0</b>	<b>1,088,963</b>
<b><u>Underground</u></b>			
Rebuild Harrington Terrace (Aerial to UG)	251,241		251,241
Replace Cables at Franklin Square	44,906		44,906
<b>Total Underground</b>	<b>296,147</b>	<b>0</b>	<b>296,147</b>

**Burlington Electric Department  
Capital Projects - FY 2017**

<b>Project Description</b>	<b>Project Total</b>	<b>Customer Contribution/ Grants</b>	<b>Net Cost</b>
<b><u>Other</u></b>			
UVM Chiller Project	630,640		630,640
UVM Chiller Project (CAFC)	0	(630,640)	(630,640)
UVM Lafayette Switch Replacment	307,602		307,602
SCADA Backup Control Center	251,632		251,632
Distribution Transformers	205,385		205,385
Capacitor Banks Control Units	188,104		188,104
Multi Position Meter Qualification Board	135,000		135,000
Install a Recloser	56,096		56,096
Relay Test Unit	55,000		55,000
Install Capacitor Banks	41,082		41,082
Electric Vehicle Chargers	39,265		39,265
Substation Maintenance	34,939		34,939
UVM New Dorm Project	28,726		28,726
UVM New Dorm Project (CAFC)	0	(28,726)	(28,726)
UVM STEM Project	21,373		21,373
UVM STEM Project (CAFC)	0	(21,373)	(21,373)
SCADA Hardware	12,712		12,712
 Total Other	<hr/> 2,007,556	(680,739)	1,326,816
 Total Distribution Plant - General	<hr/> 3,392,665	(680,739)	2,711,926
 <b>Distribution Plant - Blanket</b>			
<b><u>Meters</u></b>			
Three Phase Meter Installation	14,944		14,944
Single Phase Meter Installation	8,444		8,444
 Total Meters	<hr/> 23,389	0	23,389

**Burlington Electric Department  
Capital Projects - FY 2017**

<b>Project Description</b>	<b>Project Total</b>	<b>Customer Contribution/ Grants</b>	<b>Net Cost</b>
<b><u>Underground</u></b>			
Infrastructure Maintenance	104,497		104,497
UG Construction	71,838		71,838
Replace UG Utility Holes and Handholes	38,007		38,007
<b>Total Underground</b>	<b>214,342</b>	<b>0</b>	<b>214,342</b>
<b><u>Aerial</u></b>			
Overhead Replacement	70,057		70,057
Overhead Construction	52,622		52,622
Pole Replacements	25,710		25,710
<b>Total Aerial</b>	<b>148,389</b>	<b>0</b>	<b>148,389</b>
<b><u>Lighting</u></b>			
Street Lighting	405,673		405,673
Street Lighting (LED Rebate)	0	(25,280)	(25,280)
Leased Lighting	32,233		32,233
<b>Total Lighting</b>	<b>437,907</b>	<b>(25,280)</b>	<b>412,627</b>
<b><u>Other</u></b>			
Field Device Component	52,234		52,234
Tools & Equipment - Distribution/Technicians	35,000		35,000
Emergency Repair	30,053		30,053
Permanent Services	10,629		10,629
<b>Total Other</b>	<b>127,916</b>	<b>0</b>	<b>127,916</b>
<b>Total Distribution Plant - Blanket</b>	<b>951,942</b>	<b>(25,280)</b>	<b>926,662</b>
<b>Total Distribution Plant</b>	<b>4,344,608</b>	<b>(706,019)</b>	<b>3,638,588</b>

**Burlington Electric Department  
Capital Projects - FY 2017**

<b>Project Description</b>	<b>Project Total</b>	<b>Customer Contribution/ Grants</b>	<b>Net Cost</b>
<b>General Plant</b>			
<b><u>Vehicle Replacements</u></b>			
Digger / Derick Vehicle Replacemnet (C-4)	330,000		330,000
Total Vehicle Replacements	330,000	0	330,000
<b><u>Computer Equipment/Software</u></b>			
CIS-MDM-Web Portal	636,836		636,836
CYMDIST Gateway	92,514		92,514
BED-City Joint IT Infrastructure	99,673		99,673
Business VMWare Infrastructure	72,340		72,340
Desktop Replacements	59,308		59,308
Photon DB Cluster	52,956		52,956
McNeil Core Switch	18,565		18,565
Lake Street Core Switch	16,158		16,158
CYMDIST License	13,000		13,000
Southwire SAG10 License	5,000		5,000
Total Computer Equipment/Software	1,066,351	0	1,066,351
<b><u>Buildings &amp; Grounds</u></b>			
Open Office Design Completion	209,000		209,000
HVAC Phase 3	90,000		90,000
Pine St Emergency Generator	79,713		79,713
Security Cameras	29,018		29,018
Expanded Proximity Locks	16,000		16,000
Repairing Asphalt	4,000		4,000
Replacement of Hot Water Tank	3,000		3,000
Total Buildings & Grounds	430,732	0	430,732
<b><u>Other Equipment</u></b>			
Trailer Mover	6,500		6,500
Hydrostatic Mower	26,000		26,000
Total Other Equipment	32,500	0	32,500
Total General Plant	1,859,583	0	1,859,583
<b>Total Plant</b>	<b>\$14,280,509</b>	<b>(\$2,640,769)</b>	<b>\$11,639,740</b>

# Financial Indicators

**Burlington Electric Department**  
**Budget for the Year Ending June 30, 2017**  
**Debt Coverage (000's)**

	Actual FY 13	Actual FY 14	Actual FY 15	Budget FY 16	Budget FY 17
Total Operating Revenues	\$60,087	\$63,559	\$62,771	\$61,477	\$62,932
Total Operating Expenses	51,386	57,811	59,339	58,236	61,563
Less: Depreciation & Amortization (1)	(6,379)	(7,561)	(4,842)	(5,754)	(6,117)
Less: Payment in Lieu of Taxes	(1,758)	(1,861)	(1,937)	(1,980)	(2,241)
Total Operating Expenses - Adjusted	43,249	48,390	52,561	50,502	53,206
Net Operating Income - Adjusted	16,838	15,169	10,210	10,975	9,727
Total Other Income	6,386	3,570	4,236	5,615	6,171
(Less) Grant/Customer Income	(3,226)	(255)	(949)	(2,256)	(2,641)
Net Income Available for Debt Service	19,998	18,484	13,497	14,334	13,257
Debt Service on Revenue Bonds - NEPCO (100%) (2)	1,948	1,949	0	0	0
Net Income Available for Other Debt Service	18,096	16,534	13,497	14,334	13,257
Debt Service on Revenue Bonds - Other (125%)	7,490	7,484	2,653	2,690	2,687
Debt Service Coverage Ratio (3)	2.42	2.21	5.09	5.33	4.93

(1) Deducted as a non-cash expense.

(2) 100% because paid for by 3rd party (NEPCO).

(3) Revenue bond covenants require a minimum debt ratio of 1.25.

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017**

<b>Debt Coverage Adjusted (\$000)</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>Budget FY16</b>	<b>Budget FY17</b>
Total Operating Revenues	60,087	63,559	62,771	61,477	62,932
Total Operating Expenses	51,386	57,811	59,339	58,236	61,563
Less: Depreciation & Amortization	(6,379)	(7,561)	(4,842)	(5,754)	(6,117)
Less: Payment in Lieu of Taxes	(1,758)	(1,861)	(1,937)	(1,980)	(2,241)
Total Operating Expenses - Adjusted	43,249	48,390	52,561	50,502	53,206
Net Operating Income - Adjusted	16,838	15,169	10,210	10,975	9,727
Total Other Income	6,386	3,570	4,236	5,615	6,171
(Less) Grant/Customer Income	(3,226)	(255)	(949)	(2,256)	(2,641)
Net Income Available for Debt Service	19,998	18,484	13,497	14,334	13,257
Deduct: Payment in Lieu of Taxes	(1,758)	(1,861)	(1,937)	(1,980)	(2,241)
Adjusted Net Income Available for Debt Service	18,240	16,623	11,560	12,354	11,016
Debt Service					
Revenue Bonds (NEPCO)	1,948	1,949	0	0	0
Revenue Bonds (Other)	7,490	7,484	2,653	2,690	2,687
General Obligation Bonds	3,681	4,014	4,293	4,349	4,643
Total Debt Service	13,119	13,447	6,946	7,039	7,330
<b>Adjusted Debt Service Coverage Ratio</b>	<b>1.39</b>	<b>1.24</b>	<b>1.66</b>	<b>1.76</b>	<b>1.50</b>

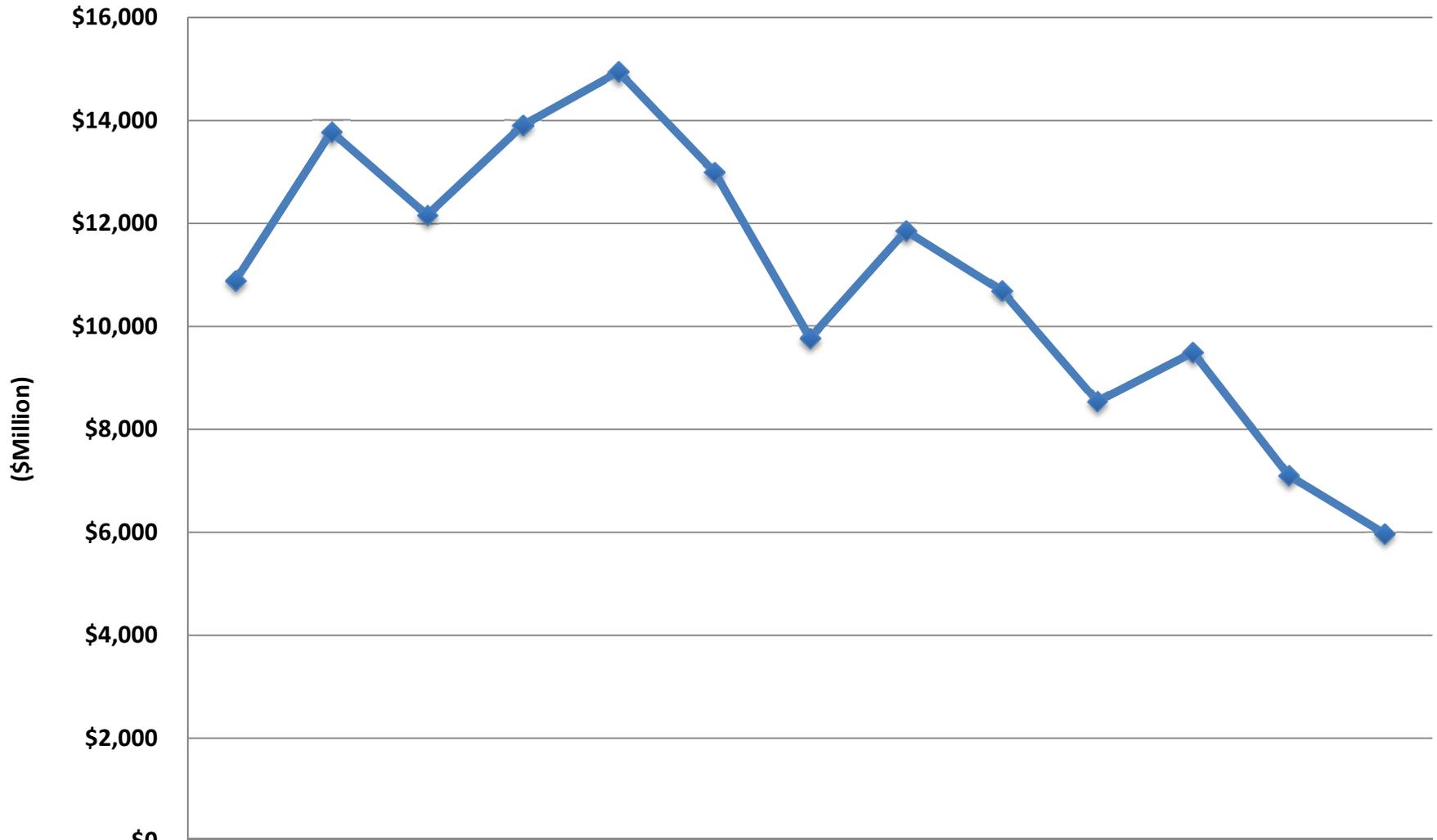
**Burlington Electric Department  
Budget for the Year Ending June 30, 2017  
Cash Flow (000's)**

<b>Schedule 2</b>	<b>Jul 2016</b>	<b>Aug 2016</b>	<b>Sep 2016</b>	<b>Oct 2016</b>	<b>Nov 2016</b>	<b>Dec 2016</b>	<b>Jan 2017</b>	<b>Feb 2017</b>	<b>Mar 2017</b>	<b>Apr 2017</b>	<b>May 2017</b>	<b>Jun 2017</b>	<b>Budget FY 17</b>
<b>BEGINNING BALANCE</b>	\$10,890	\$13,781	\$12,163	\$13,908	\$14,944	\$12,999	\$9,774	\$11,858	\$10,692	\$8,539	\$9,493	\$7,101	\$10,890
<b>SOURCES OF FUNDS:</b>													
<b>Total Operating Revenues</b>	7,824	4,796	4,407	6,521	3,870	4,514	7,147	4,271	4,424	6,587	3,937	4,636	62,932
<b>Other Income</b>													
Dividends	767	0	42	767	0	42	767	0	42	857	0	42	3,326
Interest and Other Income	9	10	(5)	(3)	14	9	22	9	14	17	9	9	115
Customer Contribution/Grant Income	85	340	466	86	217	222	119	91	91	253	336	335	2,641
<b>Total Other Income</b>	<b>861</b>	<b>349</b>	<b>502</b>	<b>850</b>	<b>230</b>	<b>273</b>	<b>908</b>	<b>101</b>	<b>148</b>	<b>1,127</b>	<b>345</b>	<b>386</b>	<b>6,081</b>
<b>Other Sources of Funds</b>													
GOB Annual			3,000										3,000
Renewal & Replacement Fund Transfer						134						134	269
<b>Total Other Sources of Funds</b>	<b>0</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>134</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>134</b>	<b>3,269</b>
<b>TOTAL SOURCES OF FUNDS</b>	<b>19,575</b>	<b>18,926</b>	<b>20,072</b>	<b>21,280</b>	<b>19,044</b>	<b>17,920</b>	<b>17,829</b>	<b>16,229</b>	<b>15,264</b>	<b>16,253</b>	<b>13,775</b>	<b>12,257</b>	<b>83,173</b>

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017  
Cash Flow (000's)**

<b>Schedule 2</b>	<b>Jul 2016</b>	<b>Aug 2016</b>	<b>Sep 2016</b>	<b>Oct 2016</b>	<b>Nov 2016</b>	<b>Dec 2016</b>	<b>Jan 2017</b>	<b>Feb 2017</b>	<b>Mar 2017</b>	<b>Apr 2017</b>	<b>May 2017</b>	<b>Jun 2017</b>	<b>Budget FY 17</b>
<b>USES OF FUNDS:</b>													
Total Operating Expenses	4,364	4,158	3,831	4,790	4,125	3,984	4,802	4,289	4,722	4,552	4,345	4,102	52,065
Taxes - Gross	57	661	56	65	661	0	57	100	560	377	100	560	3,253
Net Operations Expenses	4,421	4,819	3,887	4,856	4,786	3,984	4,859	4,390	5,282	4,928	4,445	4,662	55,318
<b>Capital Spending</b>													
BED	646	1,272	1,540	813	612	653	496	492	526	947	1,464	1,003	10,464
McNeil	60	5	69	0	31	31	0	39	301	269	149	0	955
VT Transco, LLC	0	0	0	0	0	2,862	0	0	0	0	0	0	2,862
Total Capital Spending	706	1,277	1,609	813	643	3,546	496	531	827	1,216	1,613	1,003	14,281
<b>Debt Service</b>													
G.O. Bonds	421	421	421	421	370	370	370	370	370	370	370	370	4,643
Revenue Bonds	224	224	224	224	224	224	224	224	224	224	224	224	2,687
Total Debt Service	645	645	645	645	594	594	594	594	594	594	594	594	7,330
Renewal & Replacement Fund	22	22	22	22	22	22	22	22	22	22	22	22	269
<b>TOTAL USES OF FUNDS</b>	<b>5,794</b>	<b>6,763</b>	<b>6,163</b>	<b>6,336</b>	<b>6,045</b>	<b>8,147</b>	<b>5,971</b>	<b>5,537</b>	<b>6,725</b>	<b>6,760</b>	<b>6,674</b>	<b>6,282</b>	<b>77,197</b>
<b>ENDING BALANCE - OPERATING</b>	<b>\$13,781</b>	<b>\$12,163</b>	<b>\$13,908</b>	<b>\$14,944</b>	<b>\$12,999</b>	<b>\$9,774</b>	<b>\$11,858</b>	<b>\$10,692</b>	<b>\$8,539</b>	<b>\$9,493</b>	<b>\$7,101</b>	<b>\$5,975</b>	<b>\$5,975</b>

**Burlington Electric Department  
Budget for the Year Ending June 30, 2017  
MONTHLY CASH**



**Burlington Electric Department**  
**Budget for the Year Ending June 30, 2017**

Cash Coverage	FY13	FY14	FY15	Budget FY16	Budget FY17
Cash Accounts - Operating	2,033,804	4,465,716	8,249,824	7,844,887	10,935,591
Cash Accounts - McNeil (1)	857,032	642,860	721,228	579,800	615,200
(Plus) Line-of-Credit Available	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Unrestricted Cash and Investments</b>	<b>7,890,836</b>	<b>10,108,576</b>	<b>13,971,052</b>	<b>13,424,687</b>	<b>16,550,791</b>
Total Operating Expenses	51,358,217	57,811,274	59,338,620	58,235,642	61,563,455
(less) Depreciation Expense	(4,633,426)	(4,844,228)	(3,529,972)	(4,197,700)	(4,541,500)
(less) Amortization Expense	(1,745,563)	(2,716,391)	(1,312,167)	(1,556,500)	(1,575,000)
<b>Adjusted Operating Expenses</b>	<b>44,979,228</b>	<b>50,250,655</b>	<b>54,496,481</b>	<b>52,481,442</b>	<b>55,446,955</b>
Days Cash on Hand (with LOC)	64	73	94	93	109

(1) McNeil FY16 and FY17 budgets based on 3 year average actual balances.

<b>A</b>	<b>Baa</b>
90-149	30-89

# GOB Resolution



## MEMORANDUM

To: Burlington Board of Electric Commissioners

From: Neale F. Lunderville, General Manager

A handwritten signature in blue ink, appearing to read "Neale F. Lunderville", is written over the printed name.

Date: May 2, 2016

Subject: **General Obligation Bond FY'16**

---

### **Discussion:**

In March 2012 Burlington voters approved a City Charter change to allow \$3,000,000 of General Obligation Bonds to be issued by the City annually for capital improvements on behalf of the Burlington Electric Department. As part of our budget review and approval each year, we include a line item for this \$3,000,000 General Obligation Bond. Bond Counsel of the City requires a formal approval by the Electric Commission before forwarding to the City.

### **Recommendation:**

We are asking the Board of Electric Commissioners to *"recommend to the Board of Finance and the City Council the authorization for and to direct the Chief Administrative Officer to pledge the credit of the City by issuing bonds in an amount of three million dollars (\$3,000,000) for the 2017 fiscal year for electric capital improvements."*