

# Proposed Budget

Fiscal Year 2019-20

April 16, 2019



*Always There for You!*

# Policy

**Reliability**

**Sustainability**

**Affordability**

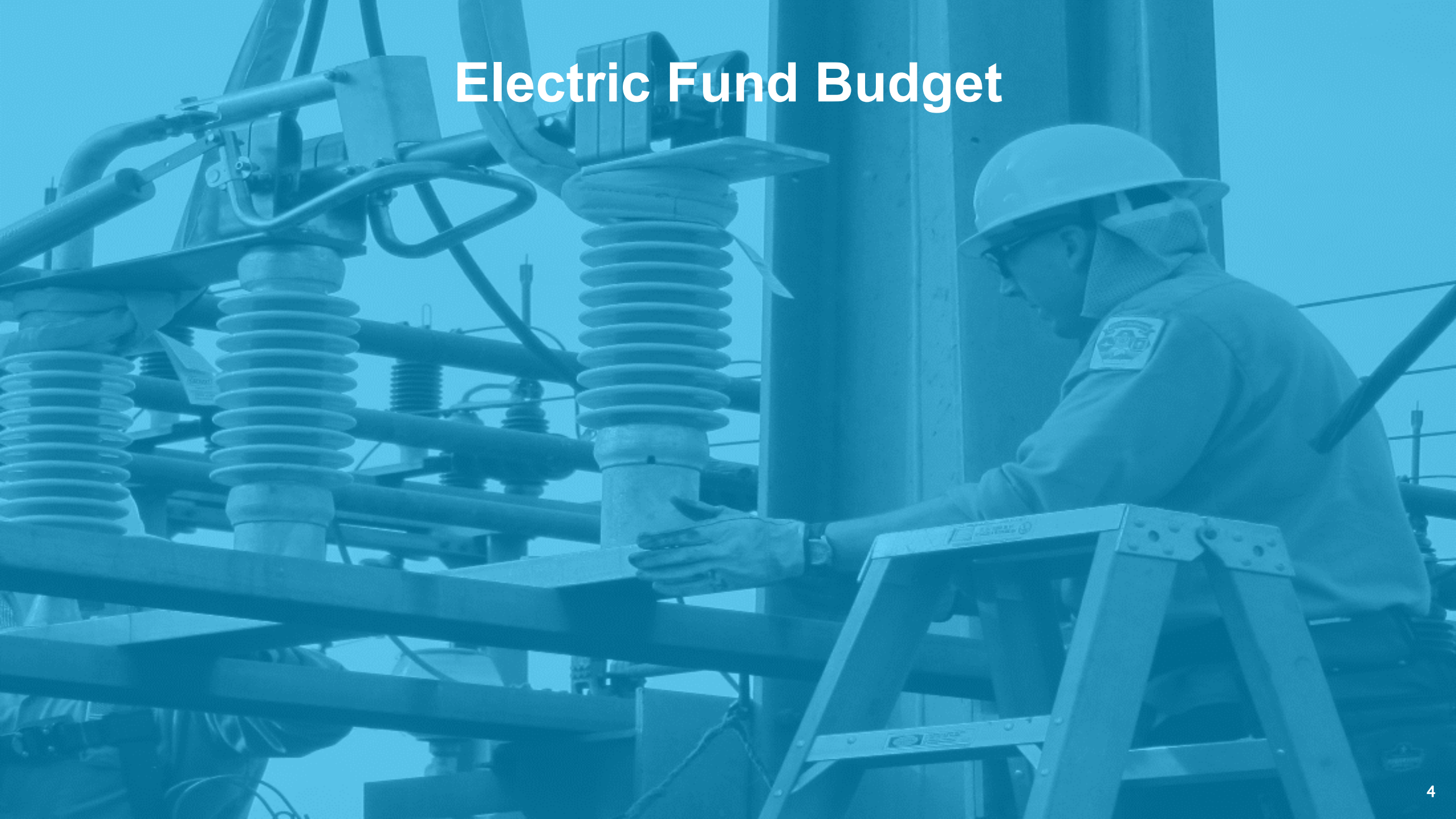


# Budget Authority by Fund

(\$ in 000's)	FY 2018-19 Adopted	FY 2019-20 Proposed	Decrease / (Increase) in Budget
Electric Fund (496)	\$246,590	\$253,891	(\$7,301)
Water Fund (497)	\$36,649	\$41,029	(\$4,380)
MPP Operating Fund (483)	\$21,647	\$21,716	(\$69)
Tieton Hydro Operating (133)	\$2,615	\$4,096	(\$1,481)
Street Lighting Fund (129)	\$2,948	\$3,344	(\$396)
Communications Fund (535)	\$6,635	\$3,559	\$3,076
Total Authority	\$317,084	\$327,635	(\$10,551)



# Electric Fund Budget



# Electric Budget Highlights

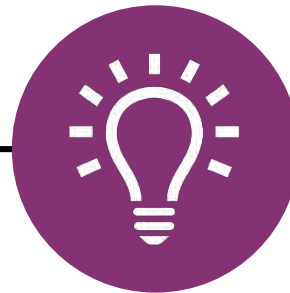
( 2019 – 2020 )

Rate Plan Below  
Long-Term  
Inflation



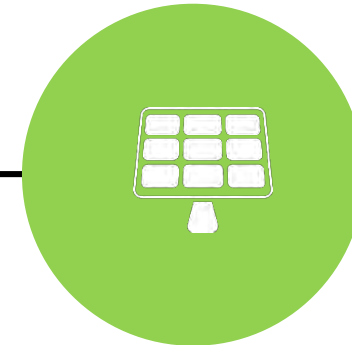
Affordability

Reliability



>99.99%

33.6% RPS



Sustainability



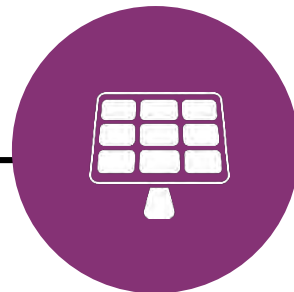
# Electric Budget Assumptions

( 2019 – 2020 )



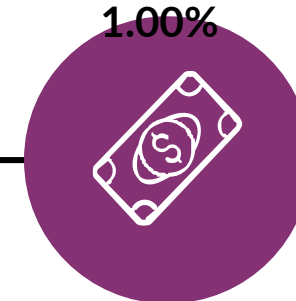
No Change in  
Staffing Levels

RPS at 33.6%



Continue Capital  
Replacement Plan;  
No Deferred  
Maintenance

Electric Rate  
Increase of  
1.00%



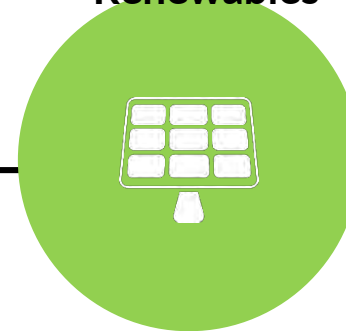
# Electric Budget Assumptions

( 2019 – 2020 )

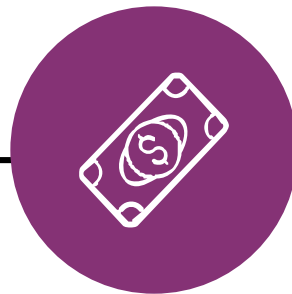
Increased Cost  
of Natural Gas



Investment in  
Integration of  
Renewables



Using Cash  
Reserves to  
Stabilize Rates



Unfunded Pension Liability





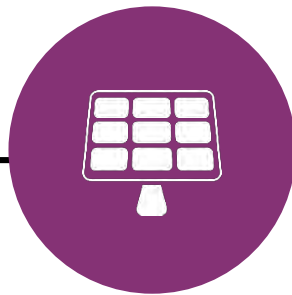
# Electric Forecast Assumptions

( Years 2 – 5 )

Slight Reduction in  
Load Growth due to  
Conservation



Renewable Energy  
up to 44%



Unfunded Pension  
Liability



Rate Plan Less  
than Long-  
Term Inflation



Continue Capital  
Additions; No  
Deferred Maintenance





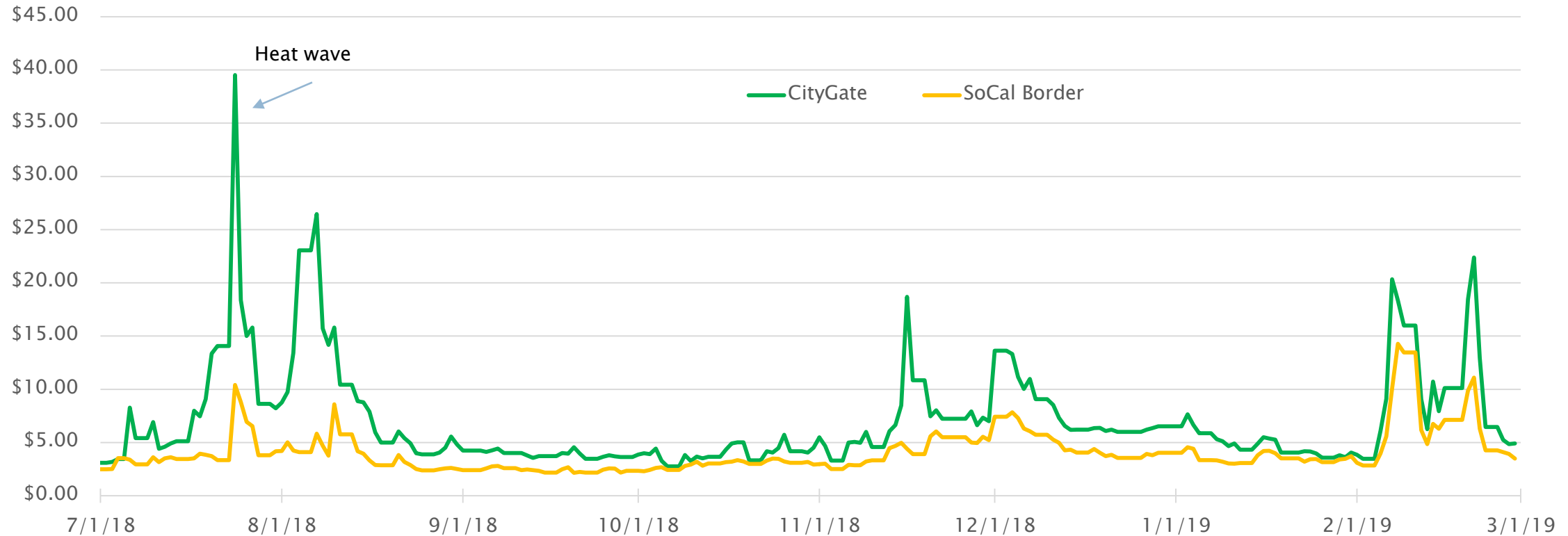
# Electric Budget Drivers (19-20)

( \$ in 000's )

	\$	% of Rev. Req.
2018-19 Carry-over to 2019-20	1,737	1.06%
Higher Power Supply Costs	4,539	2.76%
Higher Operations & Maintenance Costs	988	0.60%
Unfunded Pension Liability Payments	3,321	2.02%
2019-20 Rate Requirement	10,585	6.43%
2019-20 Rate Increase	(1,646)	-1.00%
2019-20 Carry-over to 2020-21	8,939	5.43%

# Effects of Constraints on Natural Gas Prices (FY 2018-19)

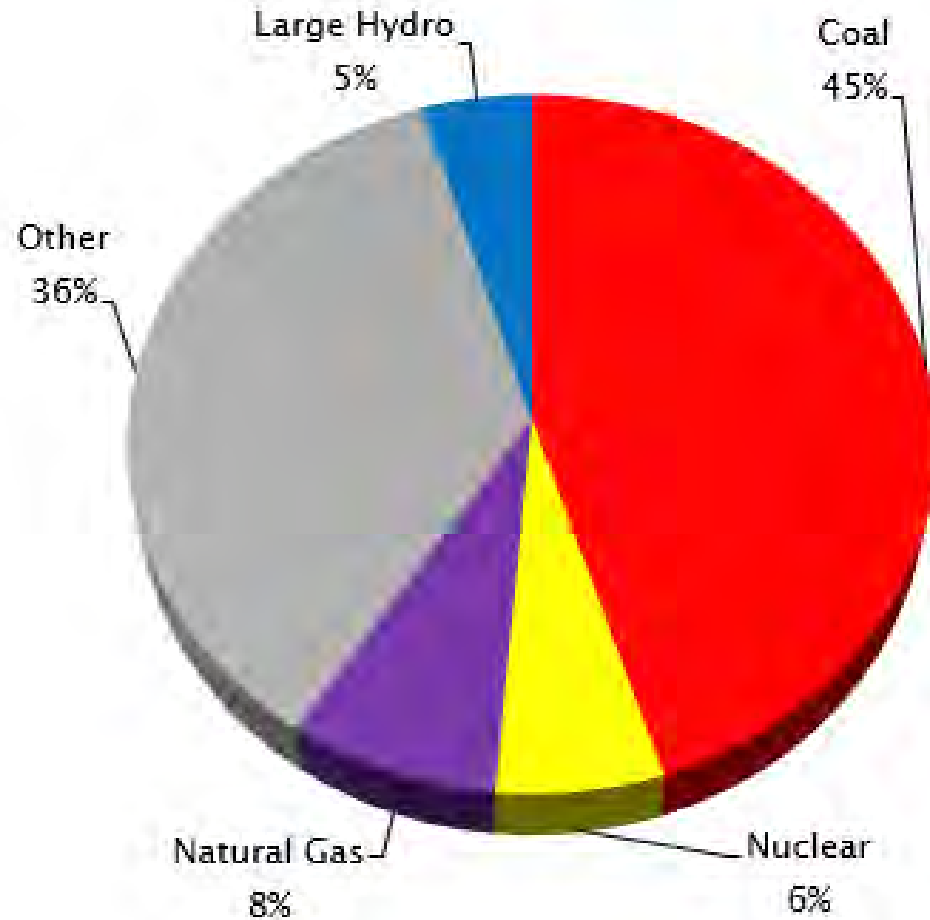
SoCal Border and Citygate Daily Gas Prices



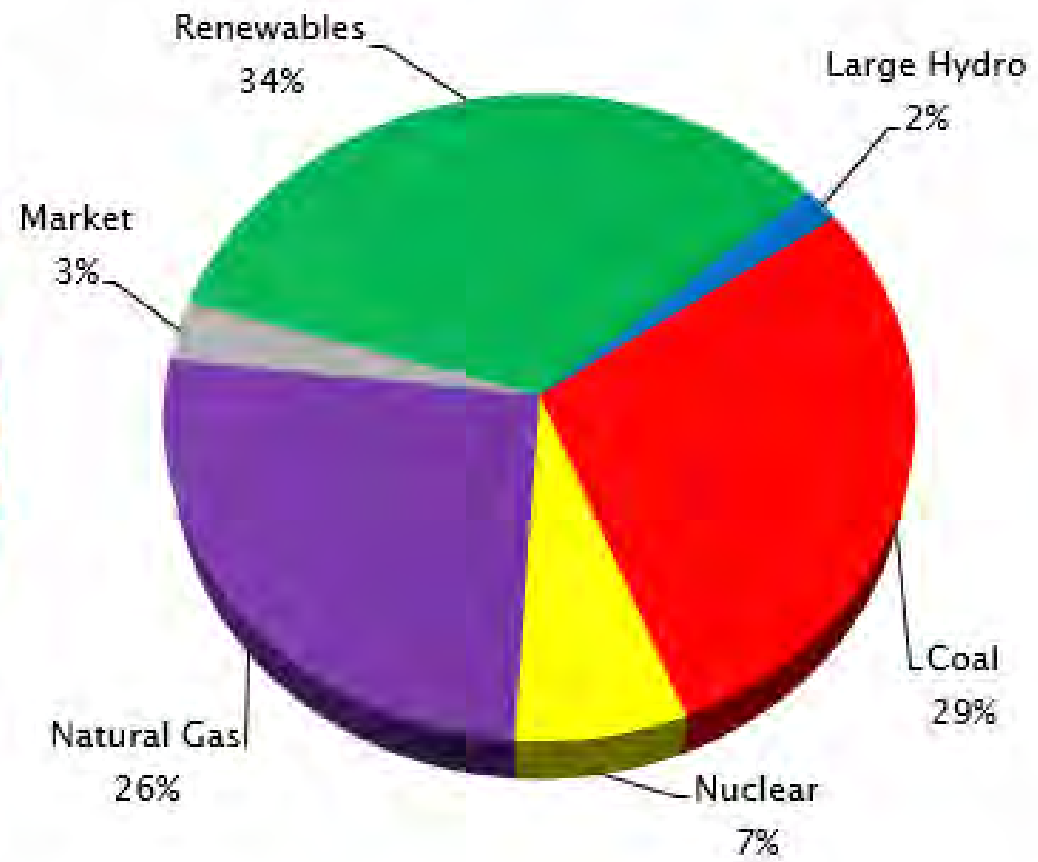


# Energy Planning

FY 2001-2002

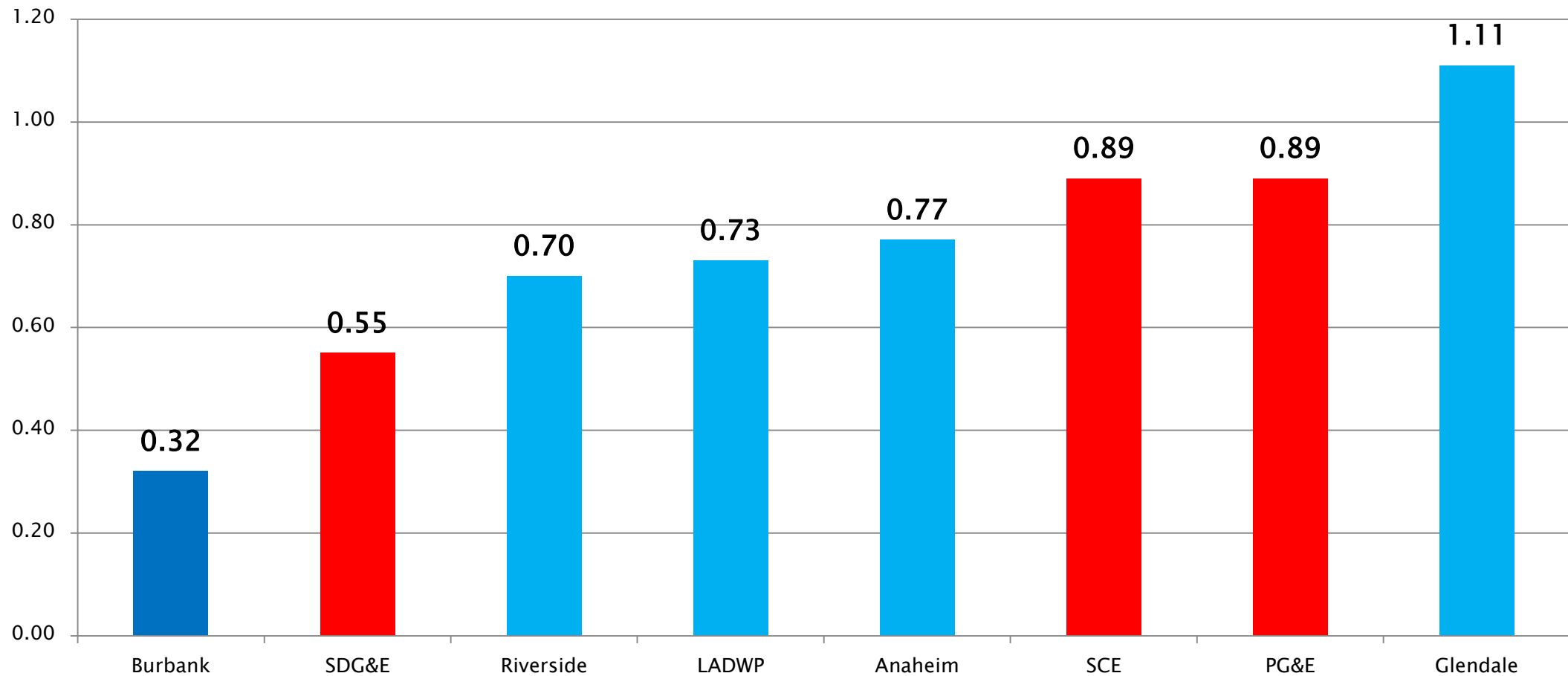


FY 2019-2020



# Outages Per Year

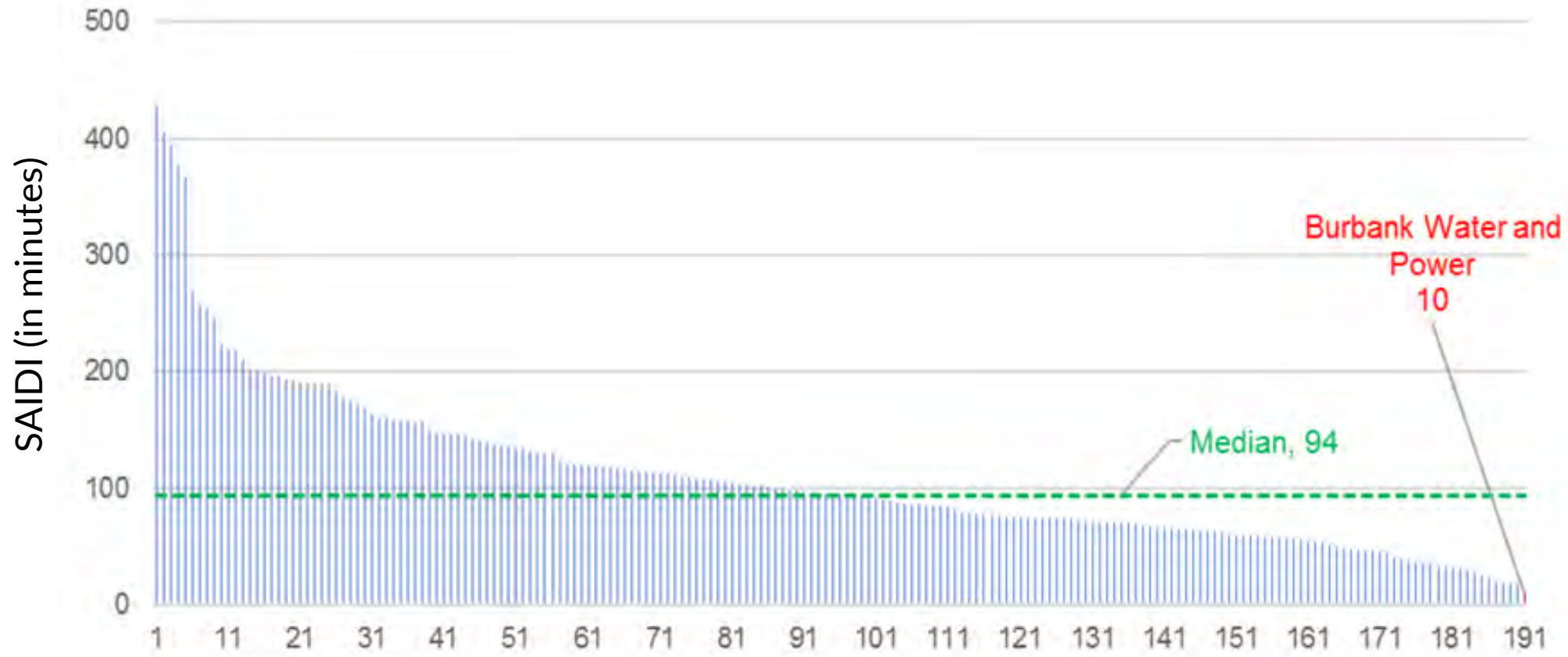
5 Year Average 2013 - 2017





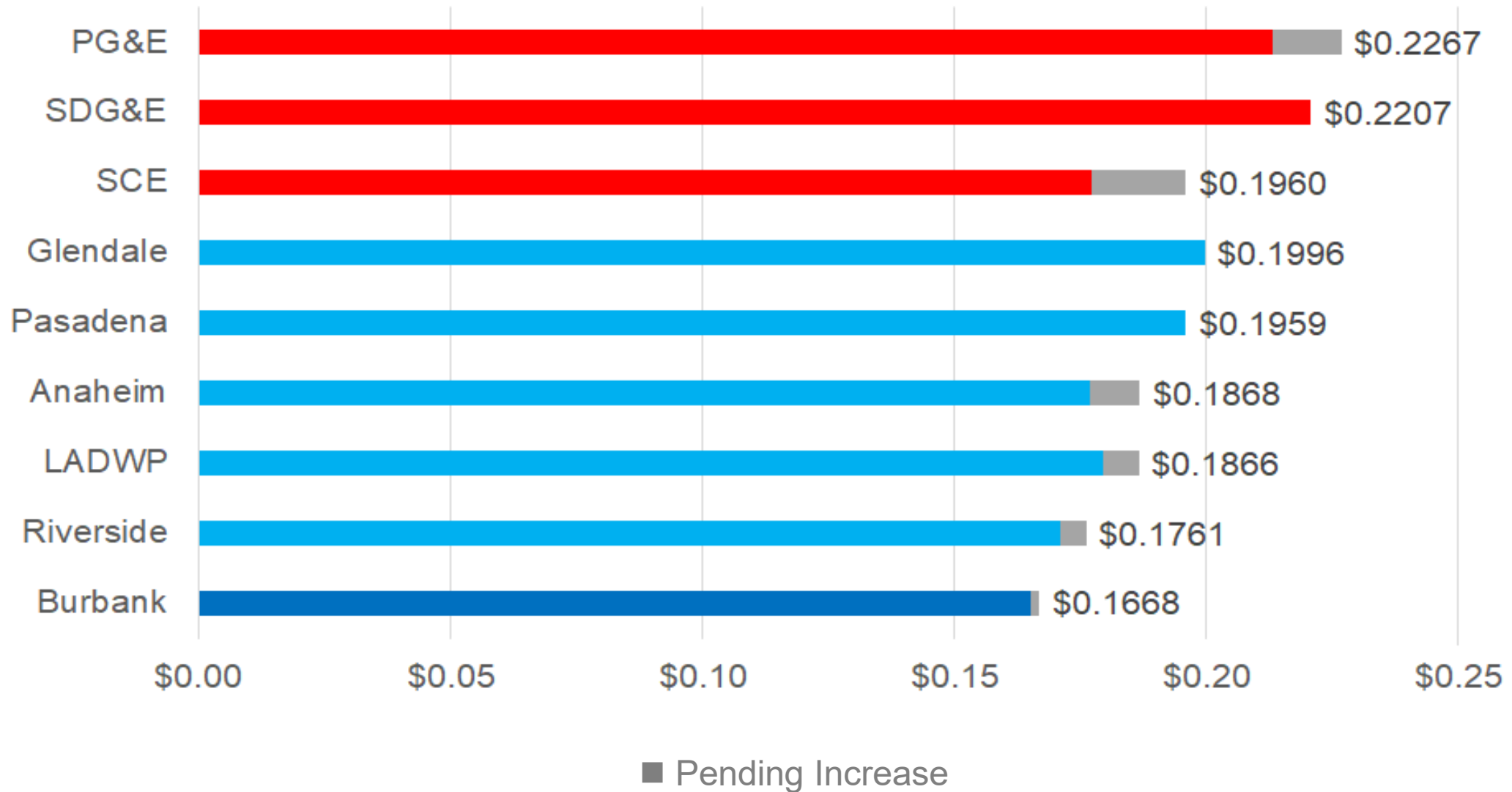
# Reliability

## System Average Interruption Duration Index (SAIDI) 2017 Industry Benchmark



2017 PA Consulting Group

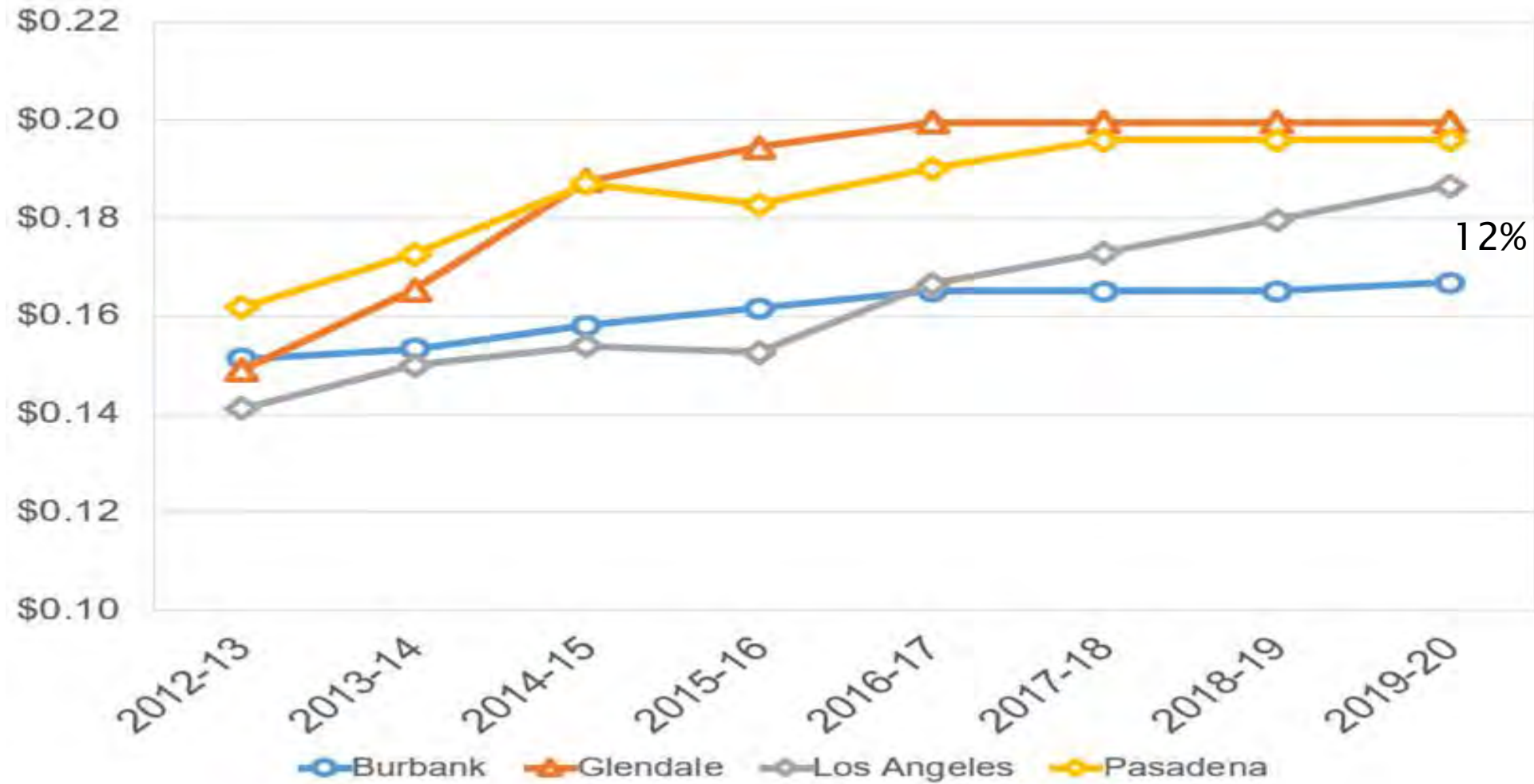
# Average Revenue Per kWh





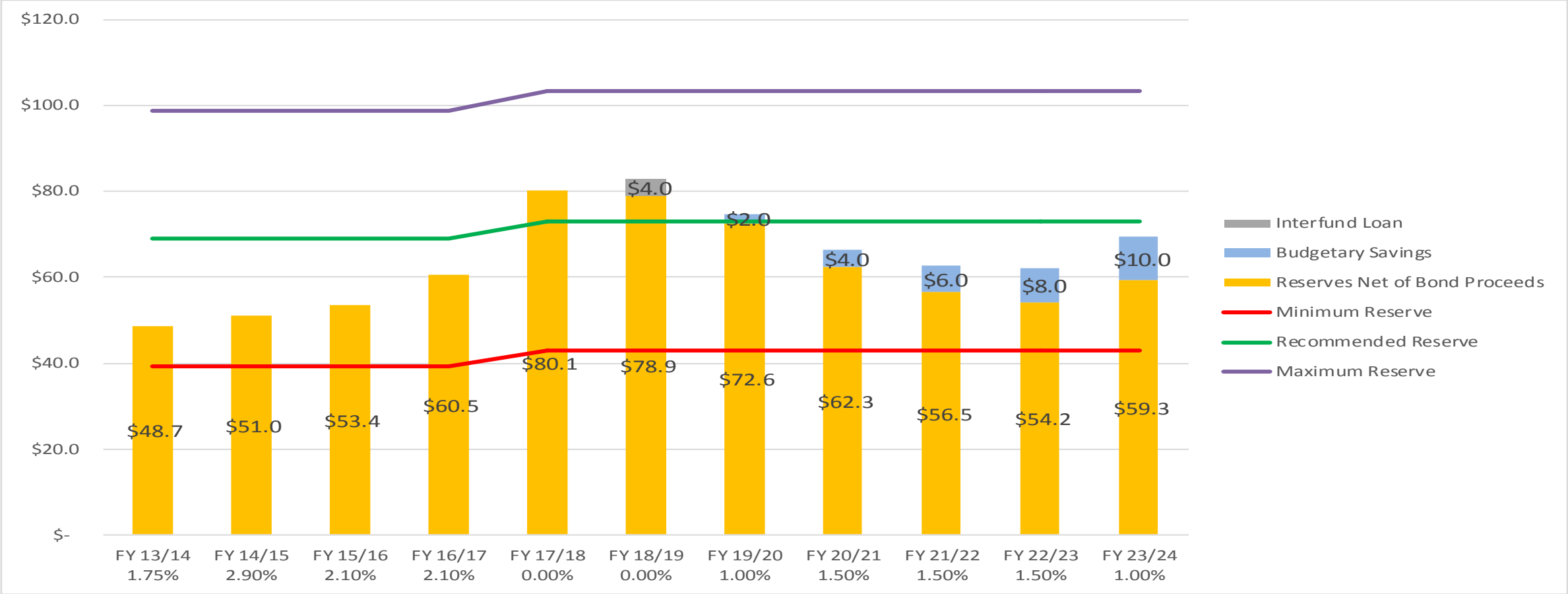
# Electric Bill Comparison

Average Revenue per kWh



# Electric Cash Reserves

( \$ in millions )



Actual and Planned Rate Increases

# Estimated Impact of Proposed 1.0% Rate Increase on Residential Electric Charge

( Small Service Size )

## Change on 350 kWh

2018-19	\$51.84
---------	---------

2019-20	\$52.46
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<b>Estimated Impact</b>	<b>\$0.62</b>
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About 49% of residential bills use 350 kWh or less





# Estimated Impact of Proposed 1.0% Rate Increase on Residential Electric Charge

( Medium Service Size )

## Change on 550 kWh

2018-19	\$85.81
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2019-20	\$86.63
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<b>Estimated Impact</b>	<b>\$0.82</b>
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About 21% of residential bills use between 351 kWh and 550 kWh

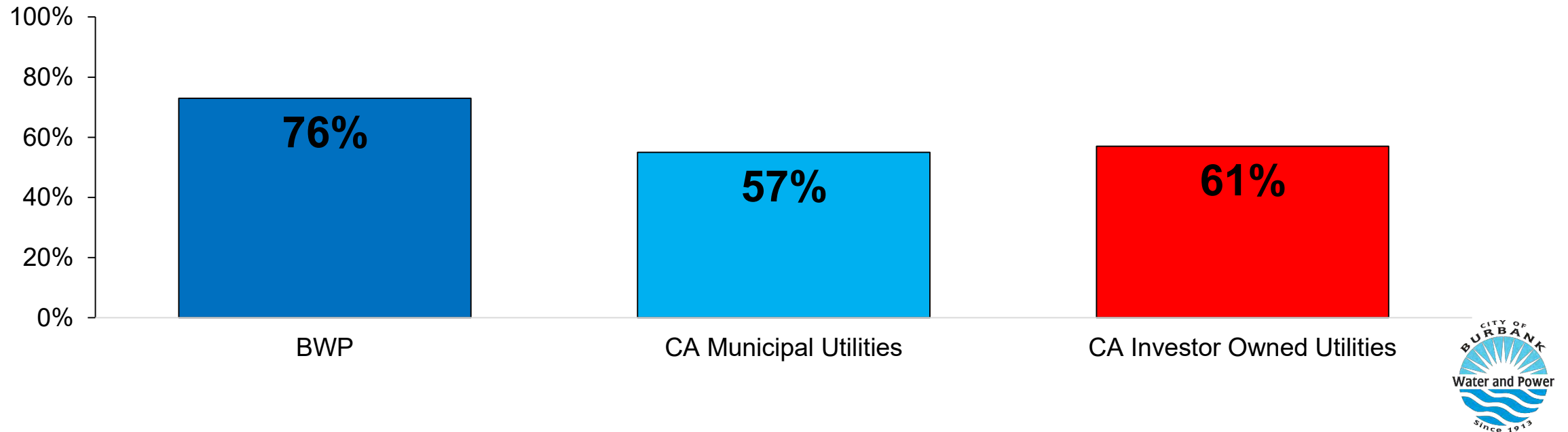


# Residential Customer Satisfaction

2019 Independent Survey of Residential Customer Satisfaction

**“Thinking about (your utility), please rate your overall satisfaction with them at the present time.”**

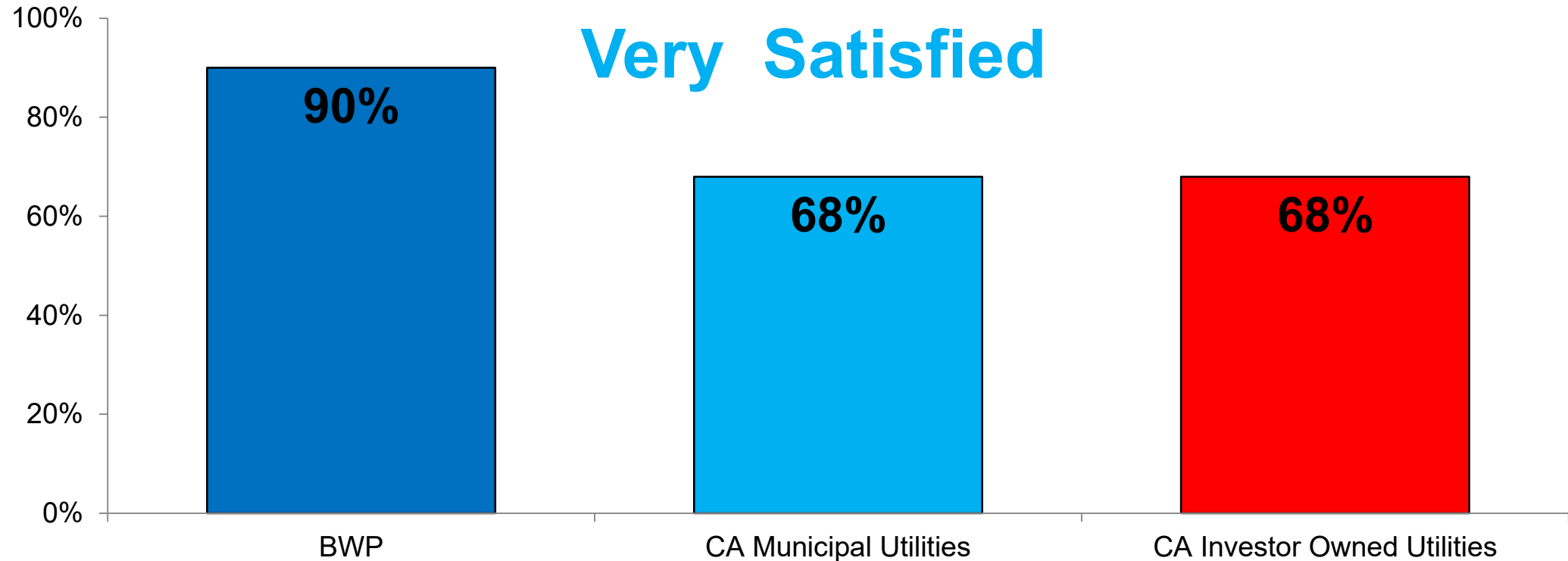
**Very Satisfied**



# Commercial Customer Satisfaction

2017 Independent Survey of Commercial Customer Satisfaction

**“Thinking about (your utility), please rate your overall satisfaction with them at the present time.”**





# Electric Income Statement

(\$ in thousands)	Adopted Budget FY 18-19	Proposed Budget FY 19-20
<b>MWh NEL</b>	<b>1,143,543</b>	<b>1,143,543</b>
Total Operating Revenues	\$ 225,076	\$ 226,624
Total Power Expenses	\$ 163,188	\$ 168,485
<b>Gross Margin</b>	<b>\$ 61,888</b>	<b>\$ 58,139</b>
Total Operating Expenses before Depreciation	\$ 36,845	\$ 37,388
Depreciation Expense	\$ 18,799	\$ 18,895
<b>Operating Income/(Loss)</b>	<b>\$ 6,243</b>	<b>\$ 1,856</b>

# Electric Income Statement (cont.)

(\$ in thousands)	Adopted Budget FY 18-19	Proposed Budget FY 19-20
Operating Income/(Loss)	\$ 6,243	\$ 1,856
Other Income / (Expense)	\$ (656)	\$ (3,994)
Net Income	\$ 5,587	\$ (2,138)
Capital Contributions (AIC)	\$ 3,828	\$ 2,905
Change in Net Position	\$ 9,415	\$ 767

# Electric Fund 5 Year Capital Plan

	2019-20 Proposed	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	FY 2019-20 to FY 2023-24 Forecast
Power Supply Improvement Projects	1,170,000	1,015,000	2,875,000	125,000	100,000	5,285,000
Operations Technology	25,000	450,000	200,000	350,000	-	1,025,000
Distribution Expansion Projects	2,812,597	2,668,719	1,766,047	2,868,020	10,224,109	20,339,492
Distribution Replacement Projects	10,673,164	10,218,000	15,092,419	14,930,000	9,744,589	60,658,173
Facility Renovations	540,000	325,000	200,000	175,000	175,000	1,415,000
ONE Burbank	300,000	360,000	1,050,000	300,000	300,000	2,310,000
Finance, Warehouse and Fleet Facility	675,000	-	-	-	230,357	905,357
Customer Service	800,000	750,000	750,000	750,000	500,000	3,550,000
Security	284,294	105,000	-	75,000	100,000	564,294
Safety	75,000	-	-	-	-	75,000
Water Fund's share of common projects	(288,644)	(163,700)	(139,750)	(131,500)	(120,616)	(844,210) (A)
<b>Total CIP</b>	<b>\$ 17,066,411</b>	<b>\$ 15,728,019</b>	<b>\$ 21,793,716</b>	<b>\$ 19,441,520</b>	<b>\$ 21,253,439</b>	<b>\$ 95,283,105</b>
New Customer Projects/AIC	2,904,997	8,385,140	7,239,919	7,000,000	2,500,000	28,030,056
<b>Total AIC</b>	<b>\$ 2,904,997</b>	<b>\$ 8,385,140</b>	<b>\$ 7,239,919</b>	<b>\$ 7,000,000</b>	<b>\$ 2,500,000</b>	<b>\$ 28,030,056</b>
<b>Total</b>	<b>\$ 19,971,408</b>	<b>\$ 24,113,159</b>	<b>\$ 29,033,635</b>	<b>\$ 26,441,520</b>	<b>\$ 23,753,439</b>	<b>\$ 123,313,161</b>

Note:

(A) Includes 15% for Safety, 12.5% for Customer Service, and 11.5% for Operations Technology, Facilities, and Finance when applicable.



# Electric Fund Capital Improvements

( \$ in 000's )

(\$ in 000's)

4 kV to 12 kV Conversions	\$ 5,000
Replace Deteriorated Overhead Electrical Dist. Lines	\$ 1,500
Pacific Northwest DC Intertie	\$ 1,100
Protective Relay Network Replacement	\$ 1,027
Replace Deteriorated Underground Electrical Dist. Lines	\$ 800
Electric Vehicle Charging Program	\$ 650
Reconfigure Golden State Transformers	\$ 625
Replace Services	\$ 500
Other Remaining Projects	<u>\$ 5,864</u>
Total CIP	\$17,066

Relocation of Facilities for Caltrans Burbank Bridge Replacement	\$ 1,000
Build Service to Large Project Over 1 MVA	\$ 900
Build New Customer Transformer Stations, 750 kVA & Under	\$ 573
Other AIC Projects	<u>\$ 432</u>
Total AIC	\$ 2,905



# Electric Fund 5 Year Capital Outlay



	2019-20	2020-21	2021-22	2022-23	2023-24	FY 2019-20 to FY 2023-24
	Proposed	Forecast	Forecast	Forecast	Forecast	Forecast
Capital Outlay	1,389,800	1,417,596	1,445,948	1,474,867	1,504,364	7,232,575
Information Technology	69,030	70,411	71,819	73,255	74,720	359,235
Master Fleet Plan	239,925	2,921,610	2,701,800	1,777,595	1,432,900	9,073,830
<b>Total Capital Outlay</b>	<b>\$ 1,698,755</b>	<b>\$ 4,409,617</b>	<b>\$ 4,219,567</b>	<b>\$ 3,325,717</b>	<b>\$ 3,011,985</b>	<b>\$ 16,665,640</b>

# ONE Burbank Customers

nickelodeon™

Disney

NBCUniversal

 CenturyLink™



BILZARD®  
ENTERTAINMENT



sohonet 



FOTOKEM  
FILM . VIDEO . DATA



ep Entertainment  
Partners

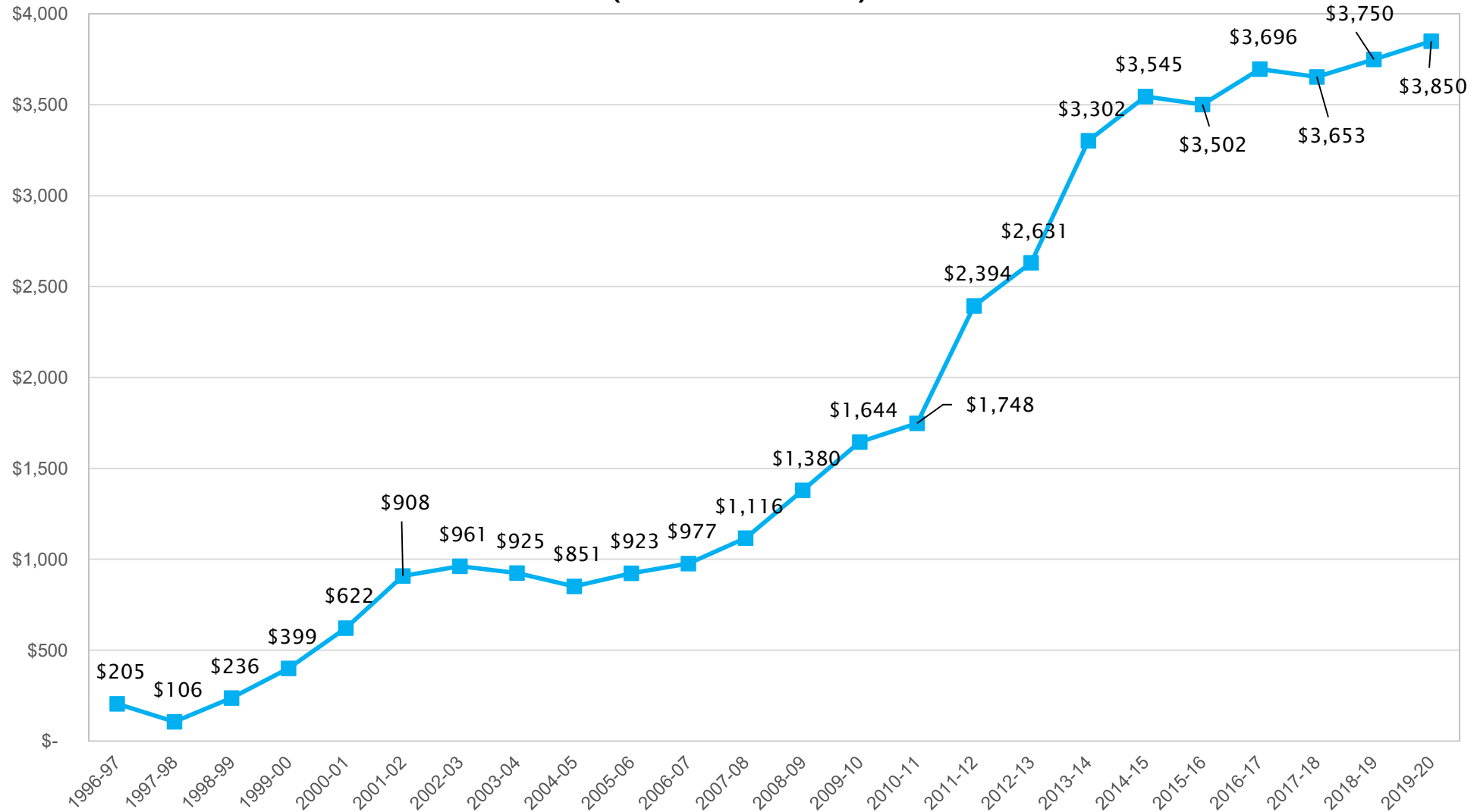
  
BURBANK TOWN CENTER

- Animation Guild
- Buddy's All Stars
- Cast & Crew
- Catalina Media
- CBS
- Digital Preservation Labs
- Dolby Laboratories
- Hasbro
- KCET
- Keycode Media
- Liberman
- Moviola
- Music Express
- Ole Music Publishing
- Producers/Writers Guild
- Radio Express
- SAG
- Technicolor
- Worthe Real Estate Group

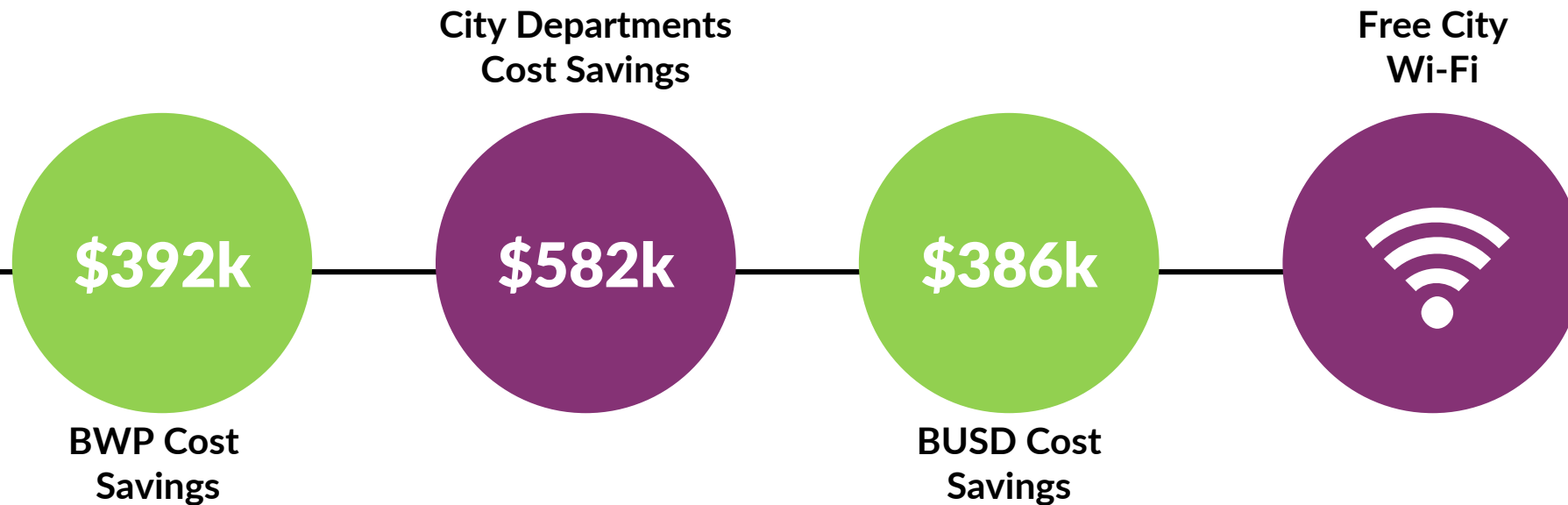


# ONE Burbank Revenues

( \$ in 000's )

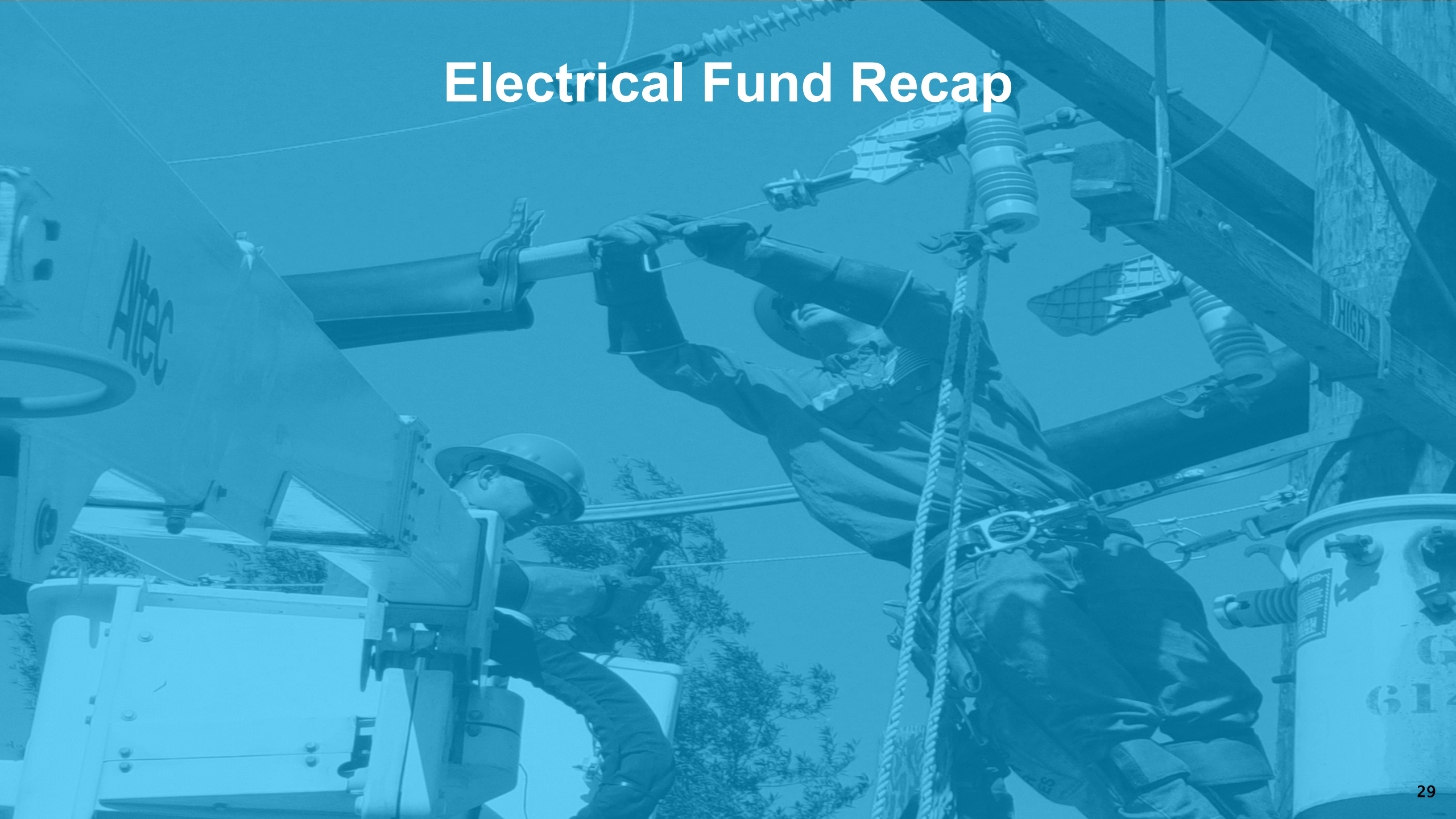


# Annual Broadband Benefits





# Electrical Fund Recap





# Water Fund Budget

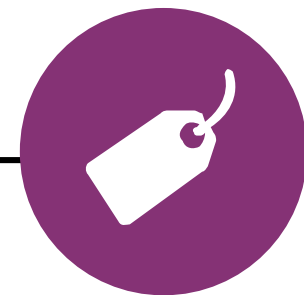




# Water Budget Highlights

( 2019 – 2020 )

Continue Rate Plan  
Toward Full Cost  
Recovery



Competitive  
Rates

Higher MWD  
Water Costs



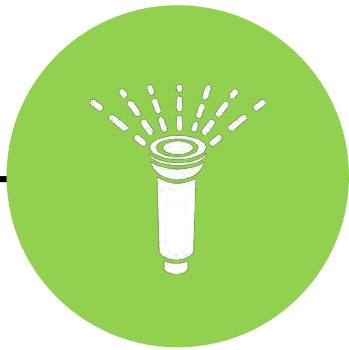
Low Cash  
Reserves



# Water Budget Assumptions

( 2019 – 2020 )

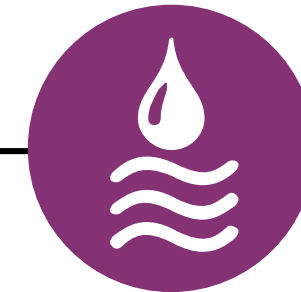
3 Day Per Week  
Watering



+1.0%

Potable Water  
Sales

No Change in  
Staffing Levels



Maximize Use of  
Groundwater

System Losses below  
National Average





# Water Budget Assumptions

( 2019 - 2020 )

Conservation  
Spending at  
1%

1.0%



Continue Capital  
Replacement Plan; No  
Deferred Maintenance

Unfunded Pension  
Liability



Water Rate  
Increase of  
4.90%



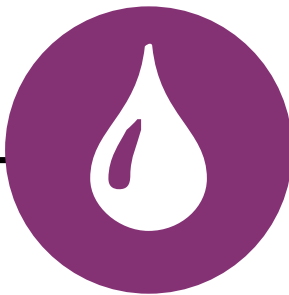
# Water Forecast Assumptions

( Years 2 - 5 )

Potable Water Sales

+1.6%

MWD Rate Increases



Volumes Below Pre-drought Levels



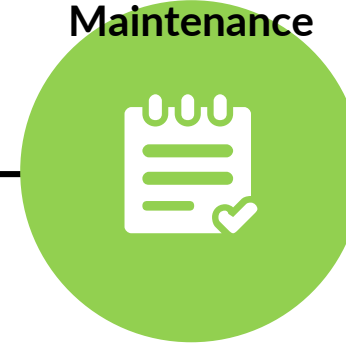
# Water Forecast Assumptions

( Years 2 - 5 )

Continue Rate Plan  
Toward Full Cost  
Recovery



Continue Capital  
Replacement Plan; No  
Deferred  
Maintenance



Unfunded Pension  
Liability





# Water Budget Carry-overs

	3.4%	3.4%	3.4%	4.9%
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Carry-over from Prior Year	-	551	1,105	1,370
New Drivers	2,532	3,506	2,318	1,618
New Reductions	(1,097)	(2,202)	(1,267)	(861)
Rate Increase	(884)	(750)	(786)	(1,215)
Carry-over to Next Year	551	1,105	1,370	912

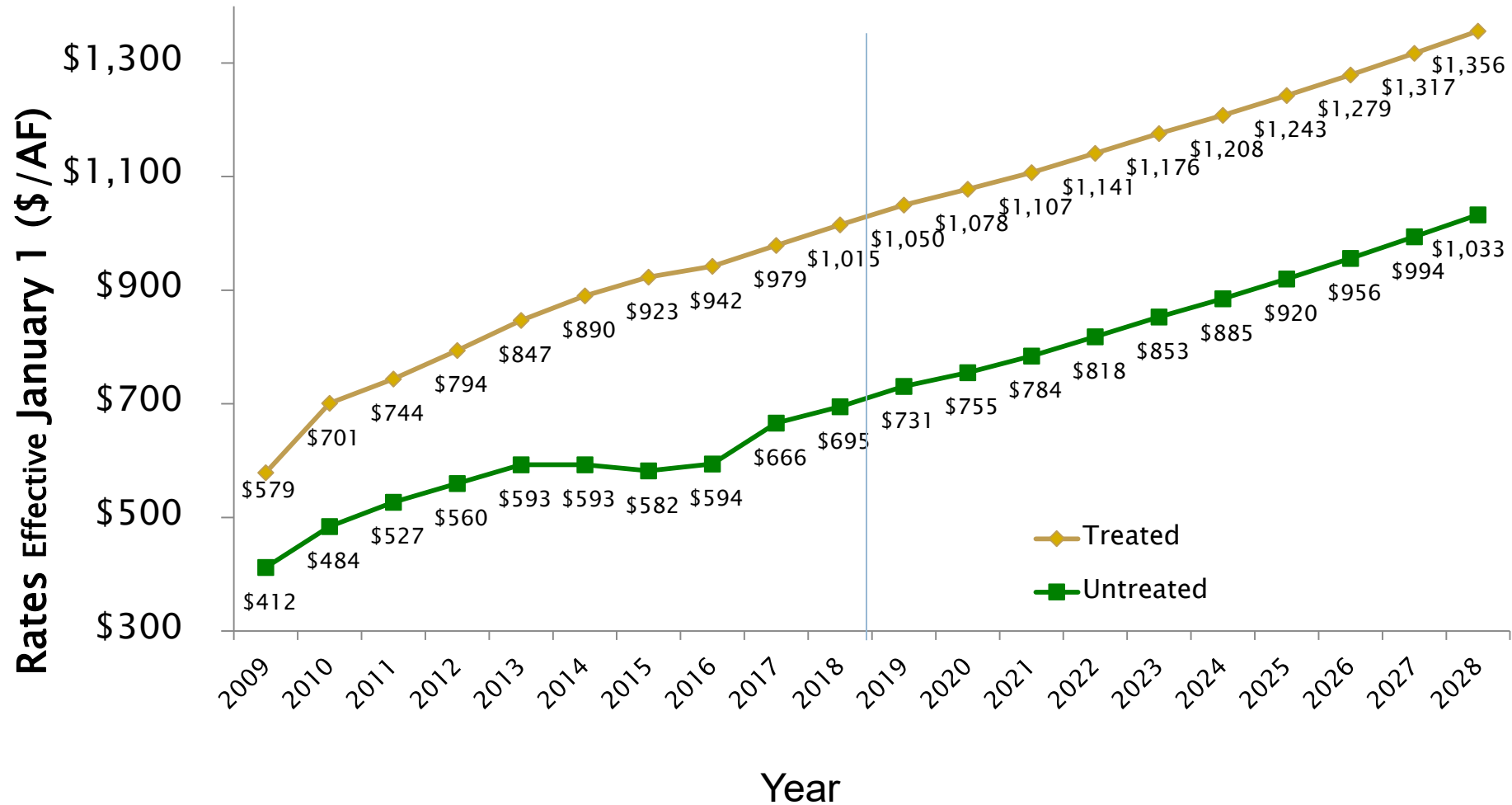
# Water Budget Drivers

( \$ in 000's )

	\$	% of Rev. Req.
2018-19 Carry-over to 2019-20	912	3.60%
Higher Water Supply Costs	732	2.89%
Higher Operations & Maintenance Costs	872	3.44%
Cost Allocation from City	72	0.28%
Unfunded Pension Liability Payments	666	2.63%
2019-20 Rate Requirement	3,254	12.83%
Cyclic Storage Water Savings	(125)	-0.49%
Higher Potable Sales Volume	(200)	-0.79%
2019-20 Rate Increase	(1,243)	-4.90%
FY 2019-20 Carry-over to 2020-21	1,686	6.65%

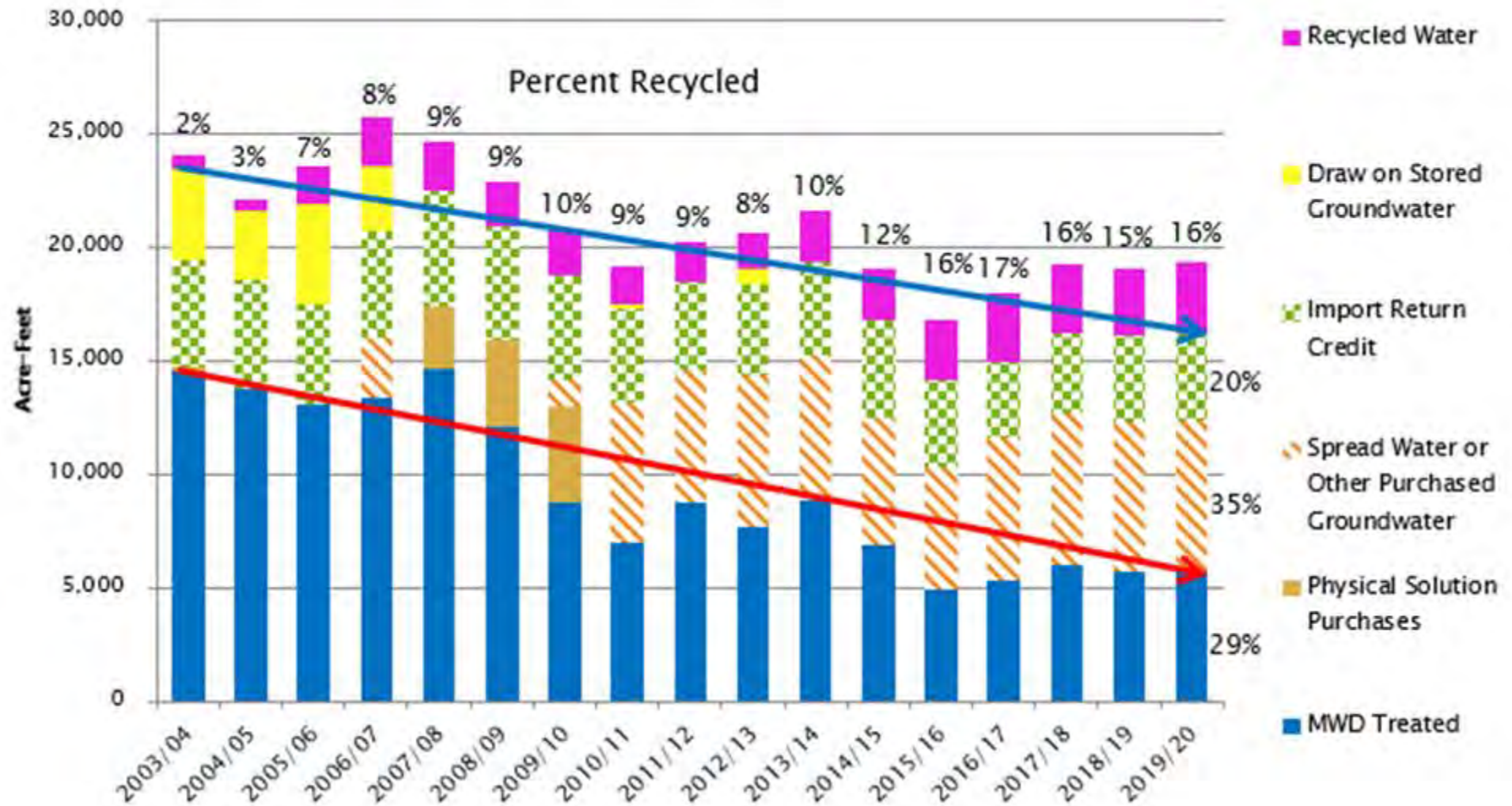
# MWD Rate Outlook

Treated Water Costs and Untreated Water Costs per AF





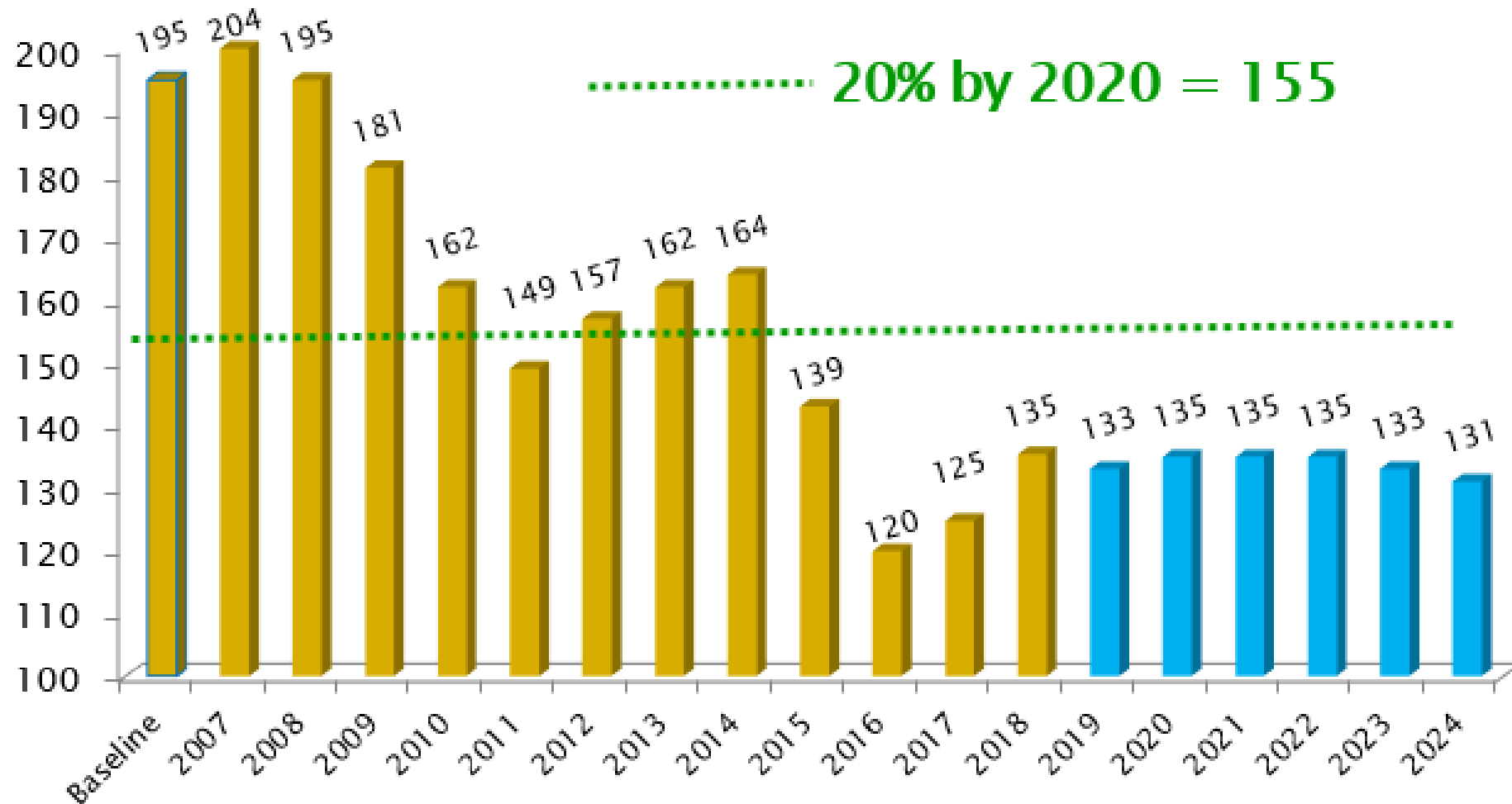
# BWP Projected Water Sources



3 days per week watering

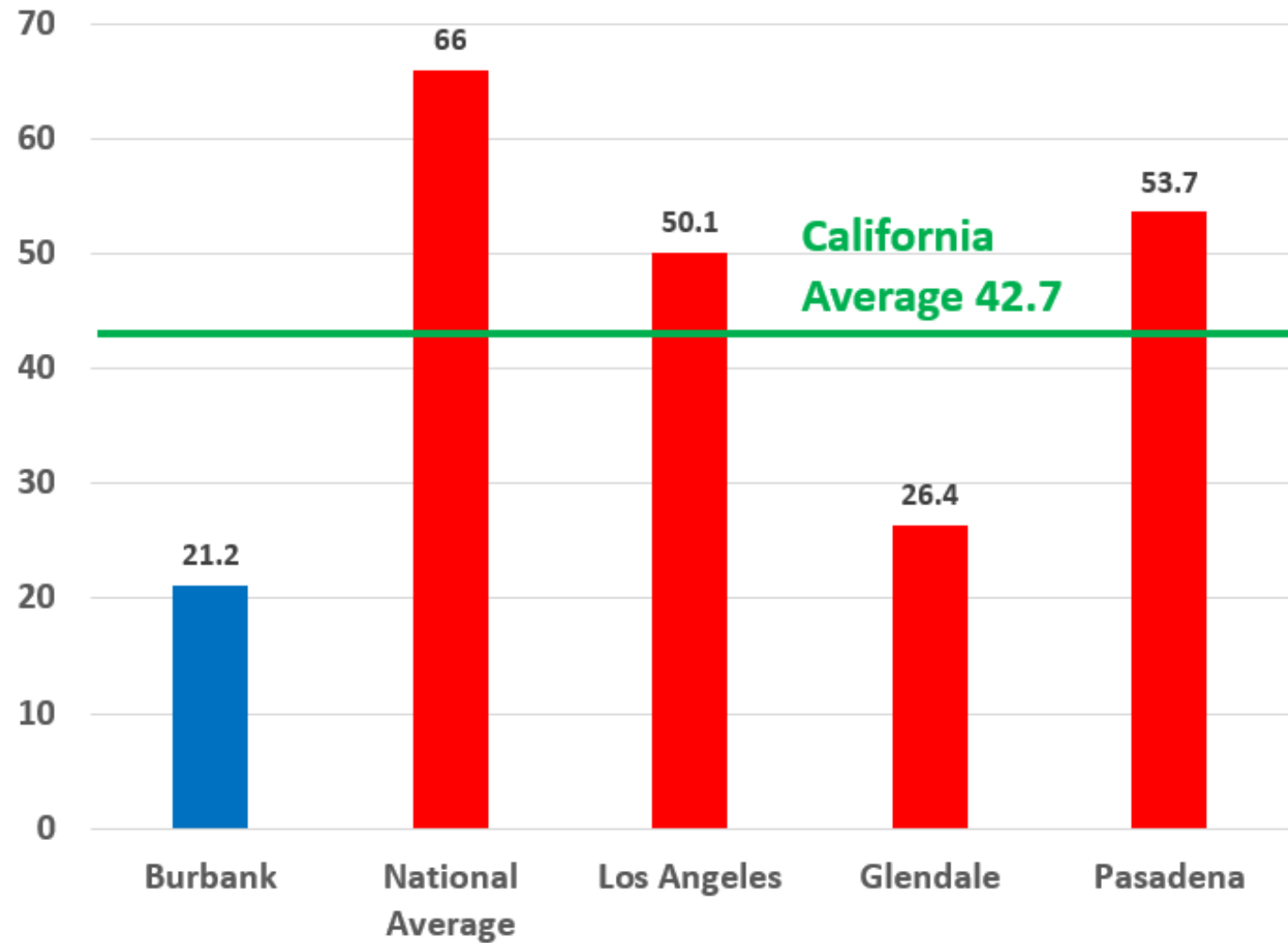
# Water Use Per Capita Under Order

( gallons per day for fiscal years ending June 30th )

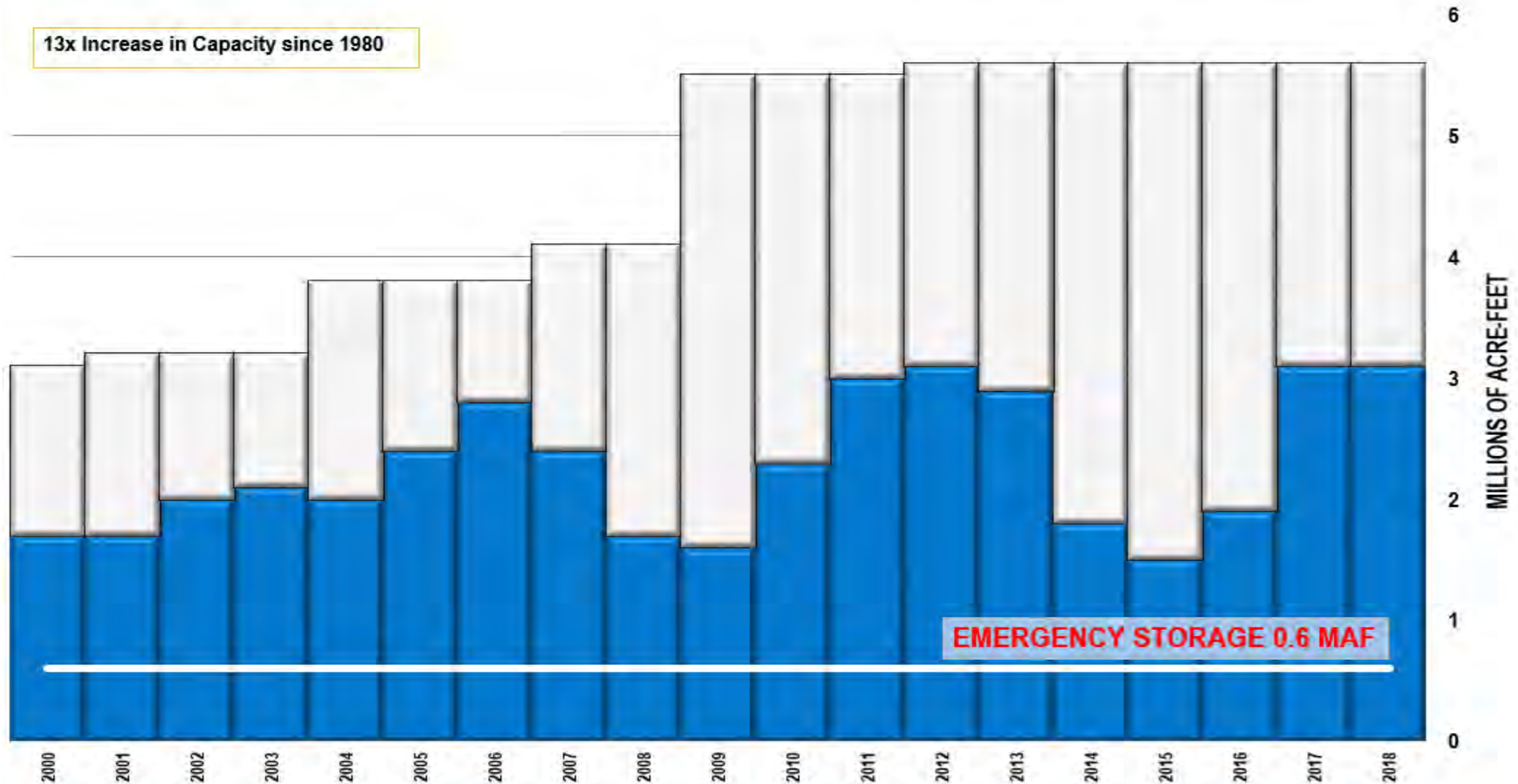


# Water Losses

Water Loss Per Service in GPD – 2017/18

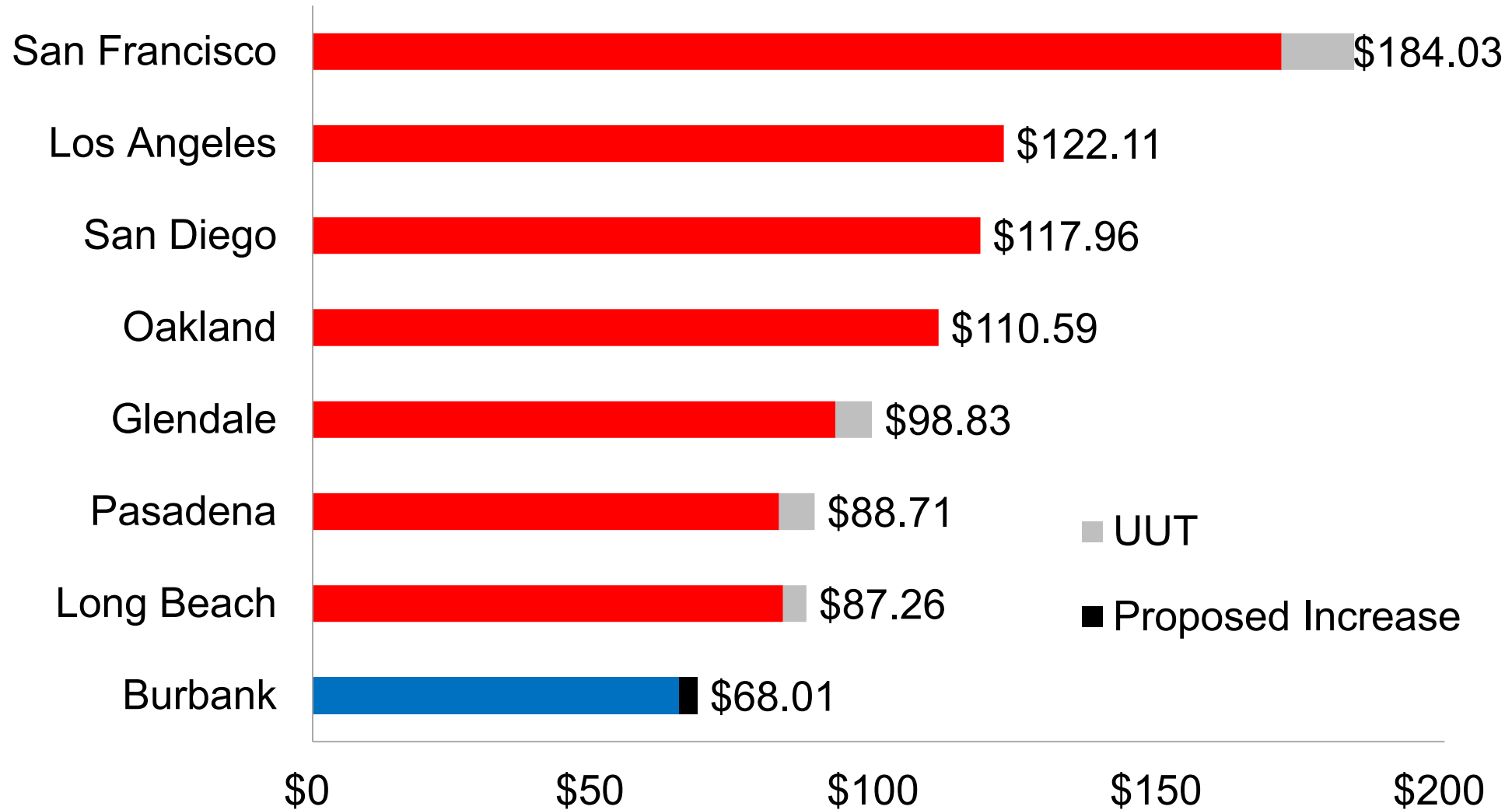


# MWD's Water Supply Reliability



# Water Bill Comparison

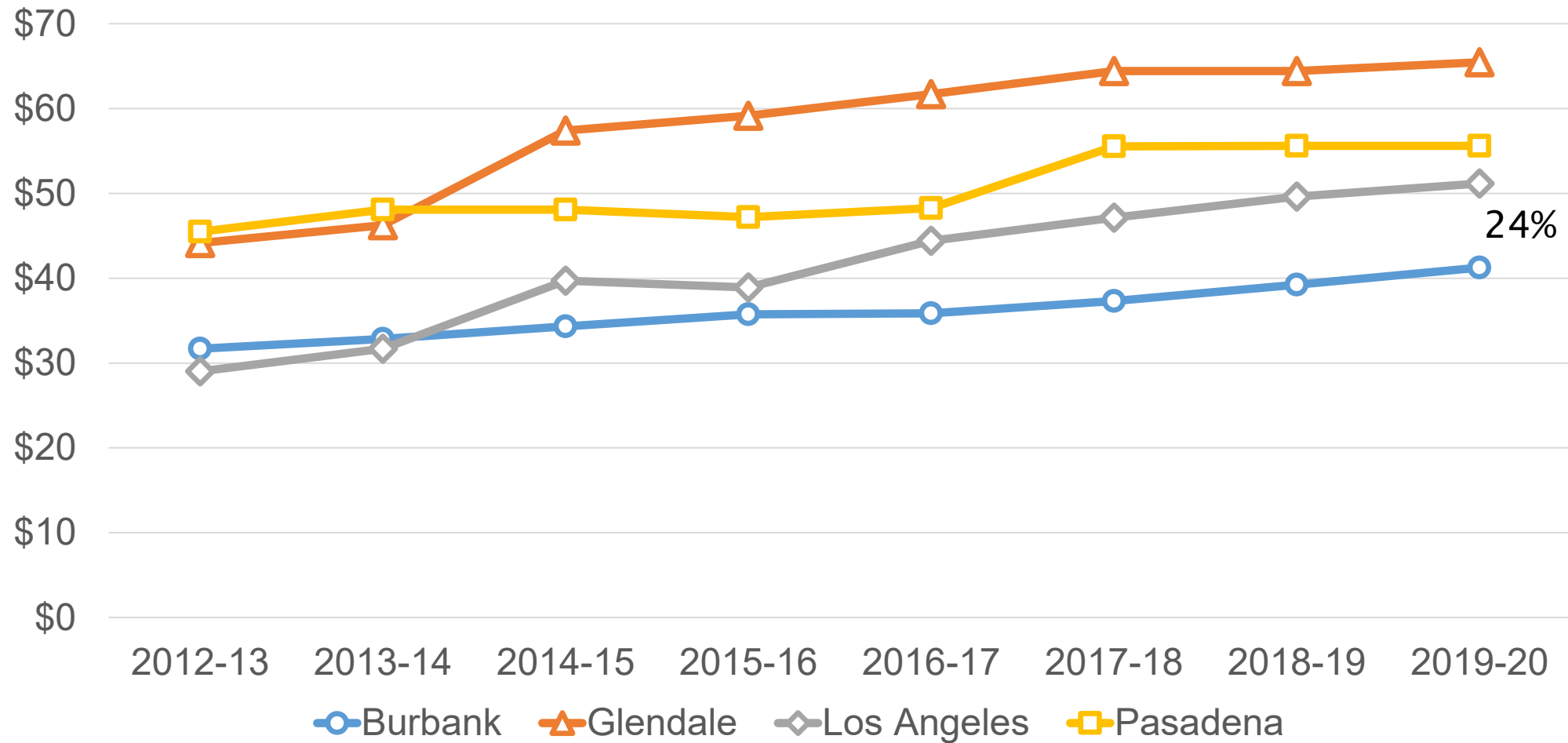
( 12,000 gallons )





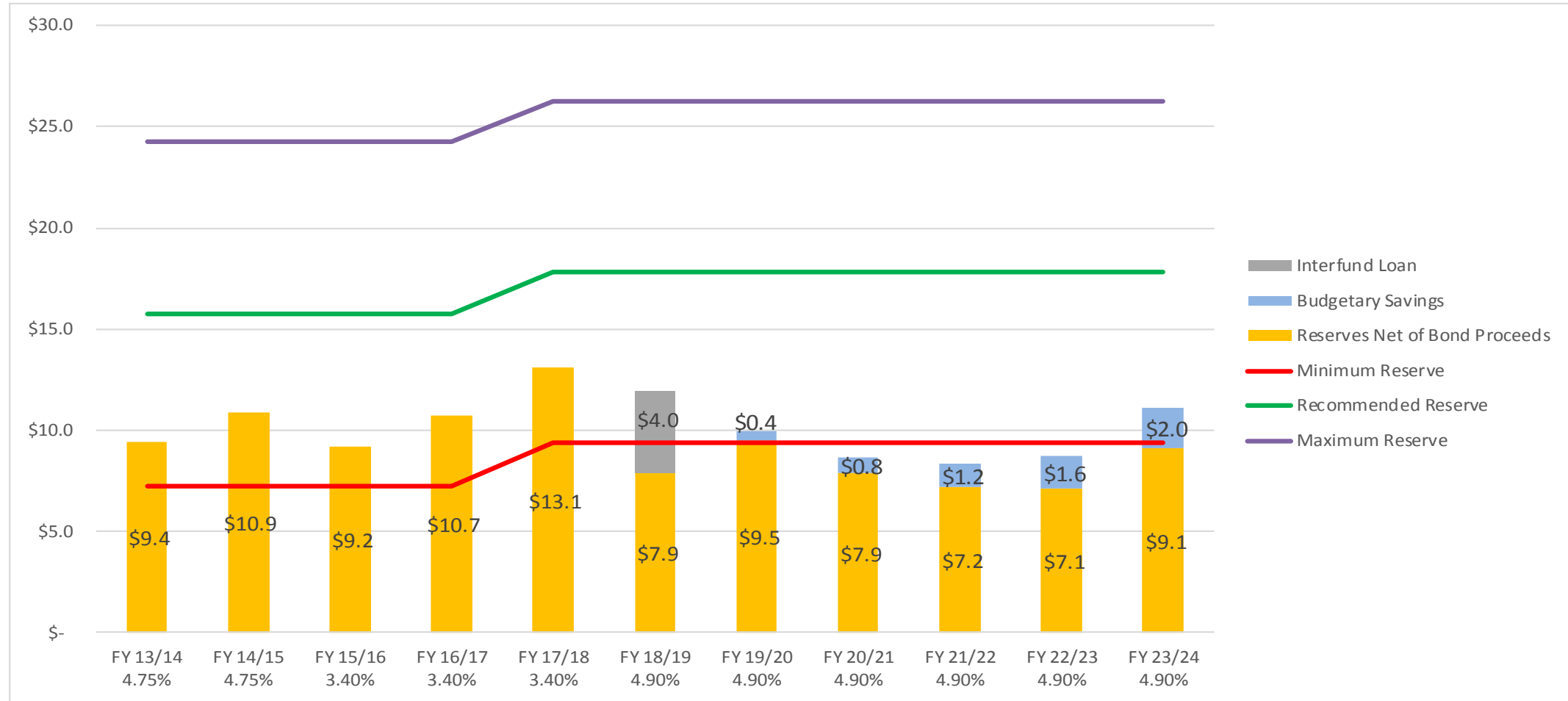
# Water Bill Comparison

6,000 gallons Bill Comparison



# Water Cash Reserves

( \$ in millions )



Actual and Planned Rate Increases

# Estimated Impact of Proposed 4.9% Rate Increase on Residential Water Charges

( 1" service below)

## Change on 6,000 Gallons

2018-19	\$39.24
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2019-20	\$41.24
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<b>Estimated Impact</b>	<b>\$2.00</b>
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About 29% of residential bills use 6,000 gallons or less



# Estimated Impact of Proposed 4.9% Rate Increase on Residential Water Charges

( 1" service below)

## Change on 12,000 Gallons

2018-19	\$64.84
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2019-20	\$68.01
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<b>Estimated Impact</b>	<b>\$3.17</b>
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About 37% of residential bills use between 6,001 and 12,000 gallons



# Water Income Statement

(\$ in thousands)	Adopted Budget FY 18-19	Proposed Budget FY 19-20
Potable Sales in Billions of Gallons	5.039	5.089
Recycled Sales in Billions of Gallons	1.002	1.002
Total Operating Revenues	\$ 32,074	\$ 33,572
WCAC Expense	\$ 11,890	\$ 12,622
<b>Gross Margin</b>	<b>\$ 20,184</b>	<b>\$ 20,949</b>
Total Operating Expenses before Depreciation	\$ 13,302	\$ 14,246
Depreciation Expense	\$ 4,175	\$ 4,437
<b>Operating Income/(Loss)</b>	<b>\$ 2,708</b>	<b>\$ 2,266</b>





# Water Income Statement (cont.)

(\$ in thousands)

	Adopted Budget FY 18-19	Proposed Budget FY 19-20
Operating Income/(Loss)	<u>\$ 2,708</u>	<u>\$ 2,266</u>
Other Income / (Expenses)	<u>\$ (1,188)</u>	<u>\$ (1,779)</u>
<b>Net Income</b>	<u><b>\$ 1,519</b></u>	<u><b>\$ 487</b></u>
Capital Contributions (AIC)	<u>\$ 334</u>	<u>\$ 484</u>
<b>Change in Net Position</b>	<u><b>\$ 1,853</b></u>	<u><b>\$ 971</b></u>

# Water Fund 5 Year Capital Plan

	2019-20	2020-21	2021-22	2022-23	2023-24	FY 2019-20 to FY 2023-24
	Proposed	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Potable CIP</b>						
Small Water Mains	2,561,486	2,506,486	2,141,063	1,876,063	2,131,063	11,216,161
Large Water Mains	625,000	925,000	1,125,000	1,350,000	1,060,000	5,085,000
Plant Replacement	35,000	35,000	35,000	35,000	35,000	175,000
Automation and Control	195,000	65,000	20,000	20,000	65,000	365,000
Boosters	1,520,000	475,000	100,000	-	-	2,095,000
Production Facilities	100,000	25,000	115,000	125,000	75,000	440,000
Miscellaneous Facilities	150,000	105,000	90,000	150,000	50,000	545,000
Storage - Reservoirs and Tanks	580,000	330,000	395,000	880,000	280,000	2,465,000
Water Fund's share of common projects	288,644	163,700	139,750	131,500	120,616	844,210 (A)
<b>Total Potable CIP</b>	<b>\$ 6,055,130</b>	<b>\$ 4,630,186</b>	<b>\$ 4,160,813</b>	<b>\$ 4,567,563</b>	<b>\$ 3,816,679</b>	<b>\$ 23,230,371</b>
<b>Potable AIC</b>						
New Customer Projects/AIC	483,762	1,008,762	683,762	333,762	333,762	2,843,810
<b>Total Potable AIC</b>	<b>\$ 483,762</b>	<b>\$ 1,008,762</b>	<b>\$ 683,762</b>	<b>\$ 333,762</b>	<b>\$ 333,762</b>	<b>\$ 2,843,810</b>
<b>Recycled CIP</b>						
Recycled Water	334,105	134,105	274,105	259,105	649,105	1,650,525
<b>Total Recycled CIP</b>	<b>\$ 334,105</b>	<b>\$ 134,105</b>	<b>\$ 274,105</b>	<b>\$ 259,105</b>	<b>\$ 649,105</b>	<b>\$ 1,650,525</b>
<b>Total CIP</b>	<b>\$ 6,872,997</b>	<b>\$ 5,773,053</b>	<b>\$ 5,118,680</b>	<b>\$ 5,160,430</b>	<b>\$ 4,799,546</b>	<b>\$ 27,724,706</b>

(A) Includes 15% for Safety, 12.5% for Customer Service, and 11.5% for Operations Technology, Facilities, and Finance when applicable.

# Potable Capital Improvements

(\$ in 000's)

VPP Booster Station Upgrade	\$ 1,200
Meter Replacements	\$ 784
Hollywood Way, Pacific to Victory Large Water Main	\$ 425
Monterey, Lincoln to Orchard Small Water Main	\$ 325
Exterior Painting – Reservoirs & Tanks	\$ 300
Ford, Clark to Magnolia Small Water Main	\$ 280
Pass, Burbank to Chandler Small Water Main	\$ 275
McClure Booster Upgrade	\$ 250
Toluca Lake, Olive to Rose Small Water Main	\$ 200
Replace Transmission Main Valve	\$ 200
Interior Joint Replacement – Reservoirs & Tanks	\$ 200
Other Remaining Projects	<u>\$ 1,616</u>
Total CIP	\$ 6,055
System Expansion (AIC)	<u>\$ 484</u>
Total AIC	\$ 484

# Recycled Capital Improvements

(\$ in 000's)

Retrofit Main – Hollywood Way, Winona to Thornton	\$ 150
Painting Program – Steel Tanks	\$ 125
Other Remaining Projects	<u>\$ 59</u>
Total CIP	\$ 334

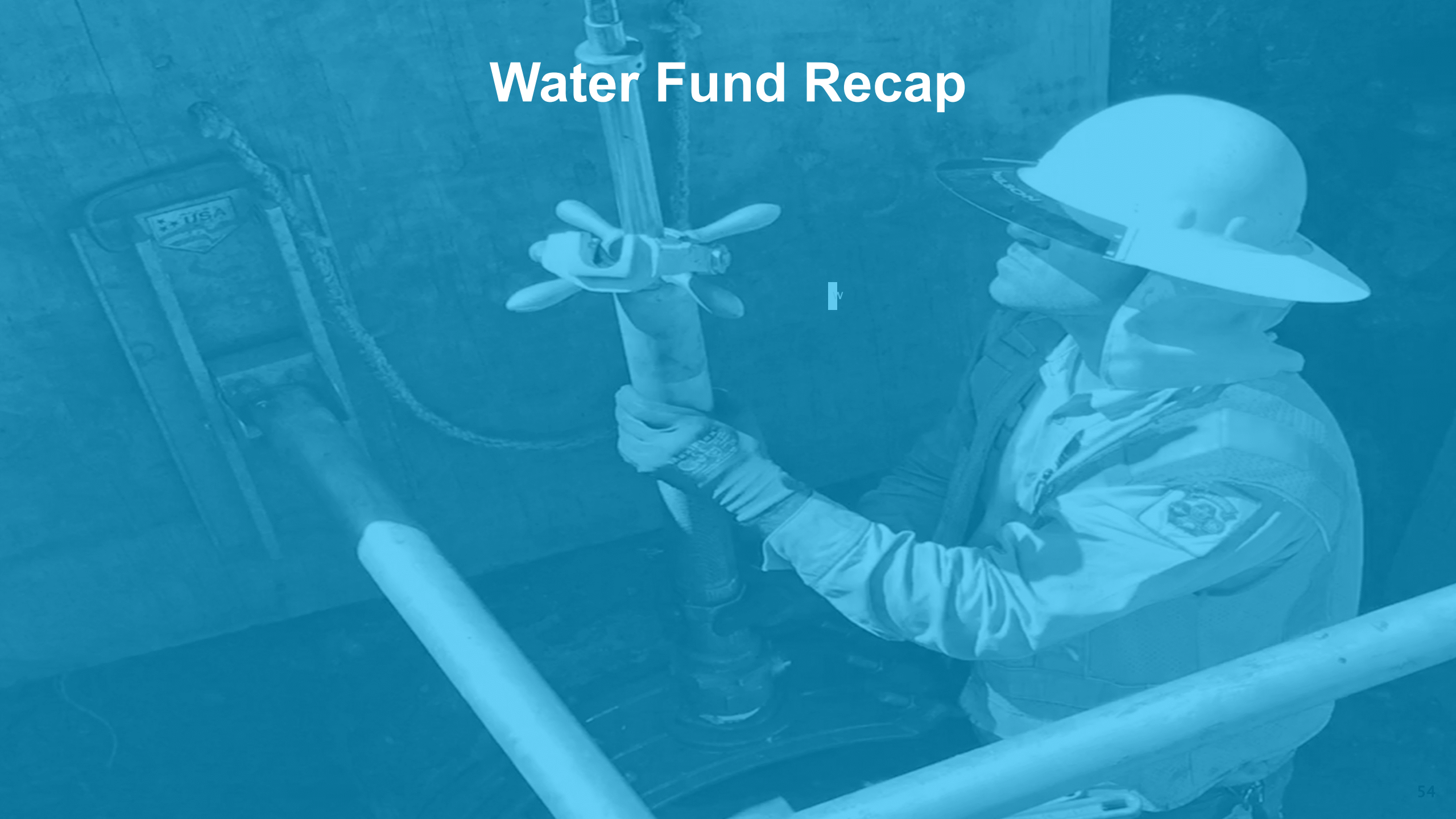
# Water Fund 5 Year Capital Outlay



	2019-20	2020-21	2021-22	2022-23	2023-24	FY 2019-20 to FY 2023-24
	Proposed	Forecast	Forecast	Forecast	Forecast	Forecast
Capital Outlay	10,000	10,200	10,404	10,612	10,824	52,040
Information Technology	8,970	9,149	9,332	9,519	9,709	46,680
Master Fleet Plan	262,075	466,390	921,200	371,905	202,100	2,223,670
<b>Subtotal Capital Outlay</b>	<b>281,045</b>	<b>485,739</b>	<b>940,936</b>	<b>392,036</b>	<b>222,634</b>	<b>2,322,391</b>



# Water Fund Recap





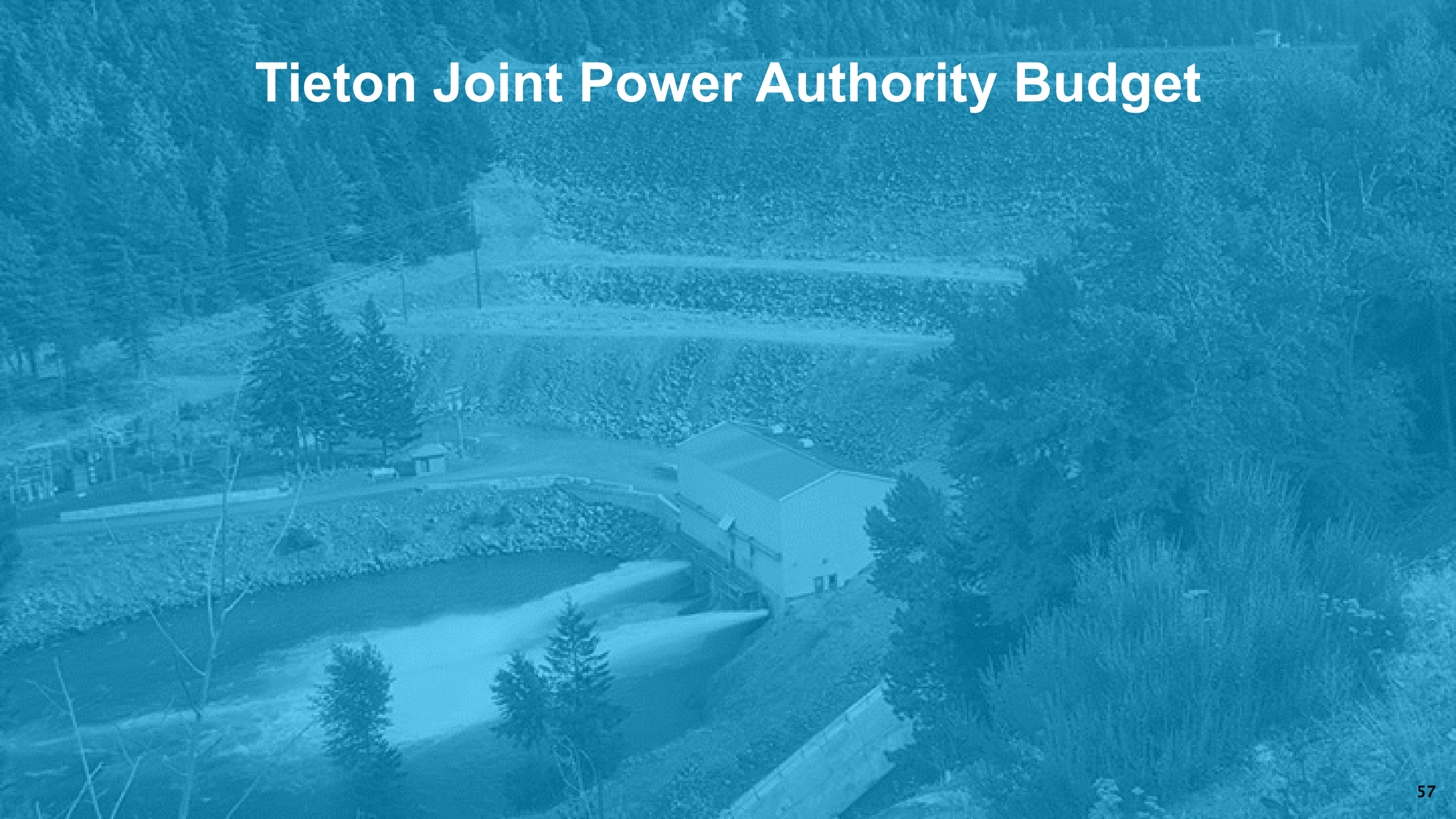
# MPP Joint Power Authority Budget



# MPP Joint Power Authority Budget

(\$ in 000's)	FY 18-19	FY 19-20
	Adopted	Proposed
<u>Description</u>	<u>Budget</u>	<u>Budget</u>
Est. Net Generation in MWh	1,572,636	1,572,636
Operating and Maintenance Expenses	21,207	21,096
Capital Expenditures	\$440	\$620
<b>Operating Agent Budget (Fund 483)</b>	<b><u>\$21,647</u></b>	<b><u>\$21,716</u></b>

# Tieton Joint Power Authority Budget



# Tieton Joint Power Authority Budget

(\$ in 000's)		
	FY 18-19	FY 19-20
	Adopted	Proposed
Description	Budget	Budget
Est. Generation in MWh	52,000	52,000
Operating and Maintenance Expenses	\$2,320	\$3,381
Transmission Expenses	\$90	\$93
Capital Expenditures	\$206	\$623
Operating Agent Budget (Fund 133)	\$2,615	\$4,096



# Street Lighting (Fund 129) Budget



# Street Lighting (Fund 129)

(\$ in 000's)

	Adopted FY 18-19	Proposed FY 19-20
<b>Operating Revenues</b>		
Transfer	\$ 2,584	\$ 2,544
<b>Operating Expenses</b>		
Utilities	\$ 1,157	\$ 1,114
Maintenance	\$ 487	\$ 503
Other Operating Expenses	\$ 200	\$ 214
Total Operating Expenses	\$ 1,843	\$ 1,831
<b>Net Income</b>	<b>\$ 741</b>	<b>\$ 713</b>
<b>Other Income</b>		
Interest Income and Other Income	\$ 31	\$ 285
Aid in Construction	\$ 165	\$ 180
Total Other Income	\$ 196	\$ 465
<b>Net Change in Net Assets</b>	<b>\$ 937</b>	<b>\$ 1,178</b>
Capital Expenditures	\$ 1,025	\$ 1,110
Final Loan Repayment to the Electric Fund	\$ 80	\$ 403



# Communications (Fund 535)



# Communications (Fund 535)

(\$ in 000's)

	Adopted Budget FY 18-19	Proposed Budget FY 19-20
<b>Revenues</b>		
Charges for Services	\$ 2,991	\$ 3,065
Total Operating Revenues	<b>\$ 2,991</b>	<b>\$ 3,065</b>
<b>Operating Expenses</b>		
Operations and Maintenance	\$ 2,639	\$ 2,717
Depreciation	\$ 496	\$ 387
Total Operating Expenses	\$ 3,135	\$ 3,104
<b>Operating Income (Loss)</b>	<b>\$ (144)</b>	<b>\$ (39)</b>
Interest & Other Income	\$ 72	\$ 23
Total Operating Income (Loss)	\$ (72)	\$ (16)
<b>Extraordinary Expenses</b>		
Pension Repayment Plan	\$ -	\$ (70)
<b>Net Change in Net Assets (Net Income)</b>	<b>\$ (72)</b>	<b>\$ (86)</b>
Capital Expenditures	\$ 3,500 <sup>(a)</sup>	\$ 385 <sup>(b)</sup>

(a) Telephone system replacement - \$500k, Police safety radios purchases - \$1.5m, and microwave and network infrastructure replacement - \$1.5m

(b) Fire Department VHF BK mobile radio replacement - \$250k, site UPS and test equipment - \$120k, electric cart - \$15k





# Proposed Budget

Fiscal Year 2019-20

April 16, 2019

