



2016 2017

ANNUAL BUDGET

PUBLIC WORKS COMMISSION
OF THE CITY OF FAYETTEVILLE
NORTH CAROLINA





DARSWEIL L. ROGERS, COMMISSIONER
WADE R. FOWLER, JR., COMMISSIONER
MICHAEL G. LALLIER, COMMISSIONER
EVELYN O. SHAW, COMMISSIONER
DAVID W. TREGO, CEO/GENERAL MANAGER

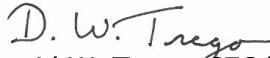
PUBLIC WORKS COMMISSION
OF THE CITY OF FAYETTEVILLE

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ELECTRIC & WATER UTILITIES

May 3, 2016

MEMO: Commissioners Darsweil L. Rogers, Wade R. Fowler, Jr,
Michael G. Lallier and Evelyn O. Shaw

FROM: 
David W. Trego, CEO/General Manager

SUBJECT: Transmittal of the Fayetteville PWC FY 2017 Budget

Herein I present to you the proposed FY 2017 Operations and Capital Improvement Plan (CIP) budgets for the Public Works Commission of the City of Fayetteville. This budget has been developed using the priorities identified in the recently completed Strategic Planning sessions and one that is consistent with our Vision and Mission Statements. It is designed to continue the Commission's long term direction and goal of providing safe and reliable utility services to our customers and to do so at the lowest responsible rates possible.

The budget as presented has several focus areas that are consistent with the strategic direction of the Commission, provides long term benefits to our customers and are in the best interests of the City of Fayetteville. These include:

- Maintaining or improving the long-term financial standing of both the Electric and Water/Wastewater operations of PWC.
- Providing training opportunities for our employees to improve their skills and prepare them for future opportunities.
- Proactively replacing aging infrastructure.
- Preparing for future regional expansion of our utility systems.
- Providing long-term rate stability for our customers.

In the following sections of this memo I highlight the critical aspects of the budget for FY 2017.

❖ **Capital Improvement Plan (CIP) Summary**

The six year Capital Improvement Plan has been updated based upon specific projects identified by PWC or third parties such as the City of Fayetteville and NCDOT which PWC will have involvement. Funding for these projects has likewise been identified and comes from a combination of operating funds, bonds/low interest state loans and reserve funds such as the Renewable Energy Portfolio Standards (REPS) fund. For

FY2017, the total CIP budget is \$102.9 Million, a 12% decrease from the \$117.0 Million budget for FY2016. The year over year reduction in expenditures is being driven primarily by the winding down of several larger multi-year projects. Following are a few of the more notable projects that contributed to this variance.

- The Connect project will require \$13.2 Million in FY2017 \$4.8 Million less than FY2016
- Moving from Phase 1A to Phase 1B of the Hoffer reliability projects. In FY2017 \$3.5 Million is budgeted for the Hoffer plant which is \$2.3 Million less than was budgeted in FY2016
- NCDOT Projects that require electric/water relocations are budgeted at \$6.8 Million in FY 2017 which is \$1.6 Million less than was required in FY2016.

The \$102.9 Million for FY2017 is funded with \$21.8 Million from the Electric Fund, \$15.0 Million from the Water Fund, \$120,000 from Fleet Maintenance Internal Service Fund and the balance of \$66.1 Million from bonds, state loans and reserve funds.

The FY2017 CIP budget reflects the continued priority of providing safe and reliable utility services to our customers, while being a catalyst for economic growth through ensuring that our infrastructure can support the growing needs of Fayetteville and the surrounding areas of Cumberland County. To meet these goals, we continue our focus on extending service into the Phase V annexation areas, rehabilitating water and wastewater lines to extend their useful life and increasing the available capacity of our electric, water and wastewater facilities. Funding in these areas comprise nearly 70% of the proposed CIP spending in FY2017.

We also continue to work with the City of Fayetteville and NCDOT on various multi-year improvement projects that will impact our utility operations. Almost 10% of this year's CIP budget is dedicated to these types of improvement projects. The remaining 20% of the FY2017 CIP expenditures are associated with the utilization of technological advances that will help PWC and our customers support the Commission's goals of leveraging technology for the benefit of our customers as well as supporting long-term sustainability. These efforts are being led by the completion in FY2017 of our Advanced Metering Infrastructure (AMI) project that will provide tools for our customers to help them conserve and better manage their use of water and electricity and the ongoing conversion of city streetlights to LED technology that use less than 50% of the electricity than the lights they are replacing.

Following are some additional details on the CIP Budget for FY2017:

❖ **System Replacement, Expansion and Rehabilitation CIP Projects**

The FY2017 CIP budget has over \$72 Million earmarked for projects that expand plant and infrastructure capacity, replace aging and obsolete infrastructures and extend services to new customers. The Water and Wastewater Division continues their

ongoing rehabilitation program that extends the life, by up to 40 years, of existing structurally sound pipes by investing \$14.7 Million in this multi-year initiative. PWC has been utilizing an industry standard epoxy/resin technology for over 10 years in support of these rehabilitation efforts. We also have several projects starting in FY2017 to provide for added capacity in high growth areas, these include the following significant projects;

- A \$4.2 Million investment to address declining water pressure in the Eureka Springs area in North Fayetteville.
- A six-year \$13 Million project to expand system wastewater capacity and eliminate several lift-stations in the North Fayetteville area. This will support the expected growth in this area due to the completion of the Outer Loop project.
- The Water/Wastewater Division is starting Phase 1B of the Hoffer Water Plant upgrade dealing with our residuals handling.

The Electric Division is also continuing several multi-year infrastructure replacement and modernization projects to meet the growing needs of our customers and improve reliability. These projects include:

- Upgrade and replace aging/obsolete equipment at our substations and Points of Delivery (POD) with the interstate electric transmission system. In FY2017, we have budgeted \$2.3 Million to replace major components at our POD located adjacent to the Butler Warner Generation Plant.
- Replace our 66KV high voltage poles. We have budgeted \$1.5 Million to replace aging wood poles with new steel poles that are more storm resistant and last longer than wood poles.
- Following a successful pilot project, the Electric Division will be expanding our efforts to improve the power quality delivered to our customers. We will be investing \$1 Million in FY2017 to install controls that will allow PWC to supply a constant voltage over long distances without fluctuation, addressing the needs of customers that have electronic devices that are more sensitive to voltage deviations that occur primarily during peak usage times.

❖ **North Carolina Department of Transportation (NCDOT) CIP Projects**

PWC continues to be involved with numerous NCDOT projects. Several projects scheduled to start during FY2016 have been delayed by NCDOT and moved into FY2017. Based upon timelines given to PWC from NCDOT, we have included in the CIP budget a total of \$6.8 Million for DOT projects in FY2017. Of that total, \$4.9 Million is related to water/wastewater relocations and the balance, \$1.9 Million, is for electric. In most cases PWC's electric facilities are in private right-of-way and because of this, we are anticipating receiving reimbursements from NCDOT for in-kind relocation for the majority of the Electric projects.

Of specific note for FY2017, PWC will begin preliminary evaluation and engineering associated with the widening of Raeford Road. This project will have a considerable impact on PWC, the City of Fayetteville and customers along this corridor. Early estimates of the impact on PWC, based upon preliminary plans and conversations with NCDOT could exceed \$18 Million over the next four years. PWC and the City of Fayetteville have been coordinating efforts to communicate to NCDOT our concerns about the financial impact this project will have on PWC, the City as well as the property owners along the route.

❖ **City of Fayetteville CIP Supported Projects**

There are various CIP projects that directly or indirectly support initiatives undertaken by the City of Fayetteville including streetscape projects, relocations associated with City storm water projects and various other improvement projects such as sidewalks and paving. In FY2017, over \$3.0 Million is budgeted for such projects. The City and PWC continue to effectively coordinate our efforts to allow for the smooth completion of projects.

In addition to the type of projects identified above, PWC is also supporting the following efforts:

- Phase V Annexation projects into the Southgate and Arran Lakes West neighborhoods with \$14.6 Million being budgeted in FY2017.
- The LED lighting program for streets and thoroughfares totaling \$6.5 Million. This program includes increasing the number of fixtures in areas where current lighting does not meet the new City of Fayetteville lighting standards. Multiple studies have shown that having adequate street lighting in neighborhoods is a deterrent to crime.

❖ **Operating Funds Revenues & Expenditures**

For FY2017, total Electric and Water/Wastewater Fund revenues/expenditures are budgeted to be \$341.6 Million which is 2.2% less the FY2016 budget. The main driver in the year over year difference in the Operating Budget is a reduction of \$13 Million in anticipated Electric Power Supply Costs from Duke Energy due to lower natural gas and coal prices.

The Fleet Maintenance Internal Service Fund which is used for the combined fleet operations of the City of Fayetteville and PWC is budgeted to have expenditures of \$9.2 Million in FY2017, a 3.1% decrease compared to the FY2016 budget. The main driver in the reduction in Fleet Maintenance expenses are lower year over year gasoline and diesel prices.

Following is some additional detail on Operating Revenue and Expenditures.

❖ **City of Fayetteville Transfer**

The net transfer to the City of Fayetteville based upon the Transfer Agreement between the City and PWC is budgeted at \$9,449,700, which is 1.1% more than the net transfer forecasted for FY2016. In conjunction with the transfer to the City, \$2,666,100 will be added to the Phase V Annexation Capital Project Fund from the Electric Fund representing the City's portion under the Phase V Annexation Funding Agreement.

Not included in the above is an additional \$85,000 which PWC, through its Community Relations budget, provides support to the City of Fayetteville's government access channel FayTV7.

❖ **Economic Development and Community Support Funding**

In FY2017, PWC maintains its commitment to supporting economic development initiatives in Fayetteville and Cumberland County. These efforts include maintaining funding levels for supporting regional economic development, having staff participate in and work with the various economic development agencies in Fayetteville/Cumberland County and having competitive electric, water and wastewater rates and available capacity to support and encourage growth and development.

For FY2017, Community Relations, plans to "Showcase our value to the Community" through our maintaining our current level of support to community and professional events that are complimentary to PWC's mission and are in support of our efforts to inform and educate our customers about PWC operations, our sustainability efforts and the different programs we have available. Consideration of all requests will follow the Commission's approved Sponsorship Policy. We are also budgeting to increase our customer education outreach and communications related to the functionality our customers will have available to them associated with the completion of the CONNECT advanced metering project.

❖ **Personnel Funding**

Benefit programs available to employees are anticipated to essentially remain the same during FY2017. Due to claims history and trends, the budgeted costs for medical insurance coverage and claims are \$1.2 Million less than the amount budgeted in FY2016. This would be the second consecutive budget decrease in medical expenses.

As mentioned in last year's budget memo, we did not increase the salary scales in FY2016 in anticipation that a complete, position-by-position compensation review would be completed during the year. This type of review is completed periodically to make sure that PWC is offering competitive salaries in each job classification as compared to a peer group with whom PWC competes for employees. Based upon the results of that comprehensive analysis, salary ranges and grades would be adjusted as needed. We are on schedule to complete this review and will report the results to the Commission once all recommendations are finalized. Likewise, based on the results of the study

staff will make a recommendation to the Commissioners on the targeted salary increase for FY2017.

Within the FY 2017 budget several departments have requested increases in training related expenses (tuition/certification and general training) in order to meet both the current skill development needs of the departments as well as preparing for future skills development and succession planning/career development opportunities. We have revised several job descriptions and based upon peer reviews and best practices, are requiring additional third-party certifications be obtained for some of our professional positions. To facilitate employees obtaining these certifications, we are increasing the applicable training budgets at the department level.

❖ **Rate Changes**

During the development of the electric rates approved by the Commission for implementation in May 1, 2016, much time was devoted to discussing and planning for the potential impact that Duke Energy's state and federally required coal ash remediation could have on PWC and our customers. Duke Energy has indicated publicly that they will seek appropriate regulatory approval to recover these costs from their customers. This includes petitioning the Federal Energy Regulatory Commission (FERC) to recover applicable costs from wholesale electric customers, which includes PWC. Based upon published estimates by Duke, this could have a potential \$70+ Million impact over 10 years on PWC's wholesale electric rates.

In order to be proactive and plan for the impact this could have on our customers, the Commissioners took actions that will stabilize rates and make future increases more manageable by building appropriate reserves in anticipation of these future costs. Specifically, Duke Energy started to incur expenses beginning in 2015 and started cleanup efforts at several plants in order to comply with the State law. Duke has indicated that when they file at FERC, they intend to request reimbursement of these expenses via a one-time payment due from PWC. Based upon projections provided by Duke and an anticipated FERC ruling in calendar 2017, PWC could owe Duke in excess of \$10 Million. By building this reserve, PWC will have funds available to pay this obligation without disrupting operations or having a significant rate increase.

Due to lower natural gas and coal prices, PWC's wholesale power costs are anticipated to be lower than budgeted in calendar 2016. This trend is anticipated to continue into 2017 and PWC will be able to build appropriate reserve funds for future coal ash costs, while at the same time having a 0% increase in revenues from electric rates effective May 1, 2016.

Water/Wastewater rates approved in March 2015 have a scheduled 6.9% increase in revenues from water rates and 5.6% from wastewater rates going into effect May 1,

2016. Additionally, the outside city rate differential when compared to rates for those inside the city limits of Fayetteville will increase to 165% on May 1, 2016.

❖ **Net Assets and Cash Reserves**

The FY2017 Budget maintains all Commission approved reserve balances in an effort to maintain and/or improve PWC's overall long term financial position and bond credit rating.

Electric, W/WW & Fleet Maintenance Internal Service

Public Works Commission

DESCRIPTION	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 BUDGET	FY 2016 ESTIMATE	FY 2017 RECOMMENDED
ELECTRIC UTILITY OPERATING FUND	\$221,432,686	\$218,902,313	\$221,194,900	\$217,527,700	\$221,542,900
ELECTRIC CAPITAL OUTLAY	\$17,234,864	\$18,965,224	\$24,865,400	\$21,329,000	\$20,785,850
TOTAL ELECTRIC FUND	\$238,667,550	\$237,867,536	\$246,060,300	\$238,856,700	\$242,328,750
WATER/WASTEWATER UTILITIES OPERATING FD	\$89,036,862	\$78,433,919	\$85,160,580	\$84,161,550	\$81,760,450
WATER & WASTEWATER CAPITAL OUTLAY	\$11,205,027	\$19,664,542	\$18,107,190	\$16,470,100	\$17,545,500
TOTAL WATER & WASTEWATER FUND	\$100,241,889	\$98,098,460	\$103,267,770	\$100,631,650	\$99,305,950
TOTAL ELECTRIC & W/WW FUNDS	\$338,909,439	\$335,965,997	\$349,328,070	\$339,488,350	\$341,634,700
FLEET MAINT INTERNAL SVC. OPERATING FUND	\$8,798,000	\$8,135,393	\$9,518,900	\$8,788,100	\$9,122,500
FLEET MAINT INTERNAL SVC. CAPITAL OUTLAY	\$257,374	\$350,594	\$20,000	\$20,000	\$120,000
TOTAL FLEET MAINT INTERNAL SVC FD	\$9,055,374	\$8,485,987	\$9,538,900	\$8,808,100	\$9,242,500
TOTAL BUDGET	\$347,964,812	\$344,451,983	\$358,866,970	\$348,296,450	\$350,877,200

Electric, W/WW & Fleet Maintenance Internal Service Funds Summary

Public Works Commission

DESCRIPTION	FY 2014	FY 2015	FY 2016	FY 2016	FY 2017
ELECTRIC FUND:	ACTUAL	ACTUAL	BUDGET	ESTIMATE	RECOMMENDED
REVENUES	\$218,416,856	\$224,071,839	\$223,645,000	\$223,361,400	\$228,897,500
CONTRIBUTIONS AND/OR GRANTS	1,297,052	96,819	3,350,000	3,350,000	1,950,000
REMITTANCES FROM CITY	20,847	0	0	0	0
APPR. FROM RATE STABILIZATION FUND	15,642,480	12,050,000	13,840,000	6,920,000	0
ADV. FROM ELECT. RATE STABILIZATION FD.	2,401,000	0	0	0	0
TRANSFER FROM ELECTRIC CAPITAL PROJ.	810,907	11,583	2,000,000	2,000,000	0
TRANSFER FROM REPS	78,409	1,637,296	1,000,000	1,000,000	3,998,400
TRANSFER FROM WPCA RESERVE	0	0	2,225,300	2,225,300	0
APPR. FROM ELECTRIC NET POSITION	0	0	0	0	7,482,850
TOTAL REVENUES ELECTRIC	\$238,667,552	\$237,867,536	\$246,060,300	\$238,856,700	\$242,328,750
EXPENDITURES	\$33,425,134	\$29,964,197	\$40,633,610	\$36,312,710	\$42,175,000
PURCHASED POWER & GENERATION	163,806,369	157,248,396	158,534,870	147,928,670	145,605,400
BOND INTEREST EXPENSE	564,813	1,069,318	1,118,700	1,156,200	1,073,600
BOND INTEREST - AMORTIZATION	77,654	(153,266)	(173,000)	(166,600)	(191,800)
ALLOW FOR FDS USED DURING CPF	(48,129)	0	0	0	0
OTHER FINANCE COST	5,182	111,883	9,000	9,000	15,900
CAPITALIZED INTEREST EXPENSE	0	(91,250)	(360,000)	(360,000)	0
TRANSFER TO CITY	12,303,615	12,527,760	9,487,800	9,487,800	9,944,900
CAPITAL EXPENDITURES	17,234,864	18,965,224	24,865,400	21,329,000	20,785,850
TOTAL DEBT RELATED PAYMENTS	1,817,340	1,453,191	1,658,200	1,658,200	2,091,000
APPR. TO RATE STABILIZATION FUND	250,000	250,000	850,000	250,000	250,000
APPR. TO ELECTRIC CAPITAL RESERVE	0	0	0	0	0
TRANSFER TO REPS RESERVE	2,137,734	2,192,798	2,175,000	2,175,000	2,212,800
BWGP START COST RESERVE	0	667,463	0	0	100,000
TRANSFER TO LED CPF	0	1,490,000	0	0	0
TRANSFER TO ERSF - WPCW	0	3,761,580	0	0	0
TRANSFER TO WPCA RESERVE	0	2,233,068	0	0	0
TRANSFER TO CAPITAL INTEREST RES.	0	0	0	0	0
TRANSFER TO HEALTH INSURANCE RES.	0	1,500,000	0	0	0
XFER TO ANNEX PH V RES - CITY FD PORTION	0	0	3,101,200	3,101,200	2,666,100
TRANSFER TO COAL ASH RESERVE	0	0	0	10,000,000	15,540,000
TRANSFER TO FMISF	128,687	175,297	10,000	10,000	60,000
APPR. TO ELECTRIC NET POSITION	6,964,290	4,501,877	4,149,520	5,965,520	0
TOTAL EXPENDITURES ELECTRIC	\$238,667,552	\$237,867,536	\$246,060,300	\$238,856,700	\$242,328,750
WATER & WASTEWATER FUND:					
REVENUES	\$75,575,071	\$76,495,647	\$84,624,400	\$83,295,100	\$84,423,500
CONTRIBUTIONS AND/OR GRANTS	8,142,639	7,708,126	4,008,800	4,008,800	3,177,000
REMITTANCE FROM CITY	572,935	385,200	0	119,000	495,200
NOTE REC. - CUMBERLAND COUNTY	39,600	0	0	0	0
NOTE REC. - FORT BRAGG	7,295,019	103,982	0	0	0
ADV FROM ELEC RATE STAB FUND	6,481,297	0	0	0	0
NCDOT PROJECT LOAN ADVANCE	0	2,793,832	0	0	0
RESERVE FOR NCDOT PROJECTS	0	3,544,917	5,486,900	5,486,900	0

Electric, W/WW & Fleet Maintenance Internal Service Funds Summary

DESCRIPTION	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 BUDGET	FY 2016 ESTIMATE	FY 2017 RECOMMENDED
TRANSFER FROM W/WW CAPITAL PROJ.	1,393,679	2,213,668	2,445,000	2,445,000	1,517,000
TRANSFER FROM ANNEX PH V RES. FUND	741,648	1,116,344	2,234,300	2,234,300	2,113,500
APPR. FROM RATE STABILIZATION FUND	0	2,167,000	840,000	0	0
APPR. FROM W/WW NET POSITION	0	1,569,745	3,628,370	3,042,550	7,579,750
TOTAL REVENUES WATER & WASTEWATER	\$100,241,889	\$98,098,460	\$103,267,770	\$100,631,650	\$99,305,950
EXPENDITURES	\$47,013,057	\$45,401,566	\$52,412,370	\$50,694,350	\$54,435,550
BOND INTEREST EXPENSE	5,409,987	8,504,527	8,078,900	8,041,400	7,444,900
BOND INTEREST EXPENSE - CITY ANNEX.	167,848	0	105,300	105,300	81,600
BOND INTEREST - AMORTIZATION	135,631	(705,700)	(760,000)	(766,400)	(764,200)
LOAN INTEREST EXPENSE	667,579	0	453,100	453,100	392,100
ALLOW FOR FDS USED DURING CPF	(328,751)	(699)	0	0	0
OTHER FINANCE COST	57,406	566,858	14,000	14,000	20,600
CAPITALIZED INTEREST EXPENSE	0	(403,981)	(1,426,000)	(1,426,000)	0
CAPITAL EXPENDITURES	11,205,027	19,664,542	18,107,190	16,470,100	17,545,500
DEBT RELATED PAYMENTS	9,967,660	10,691,809	11,981,900	11,981,900	13,354,000
BOND PRINCIPAL PAYMENTS - CITY ANNEX.	800,145	625,145	520,100	520,100	575,200
LOAN PRINCIPAL PAYMENTS	1,547,792	1,747,288	3,444,100	3,444,100	2,655,800
TOTAL CONTRACTS PAYABLE PAYMENT	0	3,347,353	331,200	331,200	0
APPR. TO RATE STABILIZATION FUND	250,000	250,000	250,000	250,000	250,000
APPR. TO W/WW CAPITAL RESERVE	0	0	0	662,700	0
APPR. TO ANNEXATION PHASE V RESERVE	1,688,263	1,738,911	1,791,100	1,791,100	1,844,900
TRANSFER TO ANNEXATION V RESERVE	1,620,596	1,670,842	2,780,000	2,899,000	1,410,000
TRANSFER TO NCDOT RESERVE	0	3,500,000	5,155,700	5,155,700	0
TRANSFER TO HEALTH INSURANCE RES.	0	1,500,000	0	0	0
TRANSFER TO FMISF	128,687	0	10,000	10,000	60,000
APPR. TO W/WW NET POSITION	19,910,962	0	18,810	0	0
TOTAL EXPEND. WATER & WASTEWATER	\$100,241,889	\$98,098,460	\$103,267,770	\$100,631,650	\$99,305,950
TOTAL ELECTRIC & W/WW	\$338,909,439	\$335,965,997	\$349,328,070	\$339,488,350	\$341,634,700
FLEET MAINTENANCE INTERNAL SERVICE FUND:					
REVENUES	\$8,798,000	\$8,135,393	\$9,518,900	\$8,788,100	\$9,122,500
TRANSFER FROM GENERAL FUND	257,374	350,594	20,000	20,000	120,000
APPROPRIATION FROM NET POSITION	0	0	0	0	0
TOTAL REVENUES FMISF	\$9,055,374	\$8,485,987	\$9,538,900	\$8,808,100	\$9,242,500
EXPENDITURES	\$8,249,385	\$7,947,811	\$9,361,400	\$8,630,600	\$8,915,800
CAPITAL EXPENDITURES	257,374	350,594	20,000	20,000	120,000
APPROPRIATION TO NET POSITION	548,615	187,583	157,500	157,500	206,700
TOTAL EXPENDITURES FMISF	\$9,055,374	\$8,485,987	\$9,538,900	\$8,808,100	\$9,242,500
TOTAL ELECTRIC, W/WW & FMISF	\$347,964,812	\$344,451,983	\$358,866,970	\$348,296,450	\$350,877,200

FY 2017 Recommended Budget Ordinance

Public Works Commission

PUBLIC WORKS COMMISSION REVENUE

Electric Fund

Operating and Other Revenue	\$228,897,500
Customer Contributions	1,950,000
Transfer from City	0
Budgetary Appropriations	11,481,250
Total Electric Fund Revenue	\$242,328,750

Water & Wastewater Fund

Operating and Other Revenue	\$84,423,500
Customer Contributions	3,177,000
*Transfer from City	495,200
Budgetary Appropriations	11,210,250
Total Water & Wastewater Fund Revenue	\$99,305,950

Fleet Maintenance Internal Service Fund

Operating and Other Revenue	\$9,122,500
Budgetary Appropriations	120,000
Total Fleet Maintenance Internal Service Fund Revenue	\$9,242,500

TOTAL PWC REVENUE

\$350,877,200

PUBLIC WORKS COMMISSION - EXPENDITURES

Electric Fund

Operating Expenses	\$190,769,100
Capital	20,785,850
Transfer to City	9,944,900
Transfer to Annexation Phase V Reserve - City Funding Portion	2,666,100
Budgetary Appropriations	18,162,800
Total Electric Fund Expenses	\$242,328,750

Water & Wastewater Fund

Operating Expenses	\$78,195,550
Capital	17,545,500
Budgetary Appropriations	3,564,900
Total Water & Wastewater Fund Expenses	\$99,305,950

Fleet Maintenance Internal Service Fund

Total Fleet Maintenance Internal Service Fund Expenses	\$9,242,500
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TOTAL PWC ELECTRIC, W/WW & FMISF

\$350,877,200

*This represents the Transfer from City for Annexation GO Debt and Interest Differential.

Electric Fund Summary

DESCRIPTION	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 BUDGET	FY 2016 ESTIMATE	FY 2017 RECOMMENDED
ELECTRIC OPERATING REVENUE	\$216,438,747	\$222,573,574	\$222,350,900	\$221,485,600	\$227,405,900
OTHER ELECTRIC REVENUE	1,978,109	1,498,264	1,294,100	1,875,800	1,491,600
TOTAL OPERATING & OTHER REVENUE	\$218,416,856	\$224,071,839	\$223,645,000	\$223,361,400	\$228,897,500
CONTRIBUTIONS AND/OR GRANTS	\$1,297,052	\$96,819	\$3,350,000	\$3,350,000	\$1,950,000
REMITTANCES FROM CITY	20,847	0	0	0	0
APPR. FROM RATE STABILIZATION FUND	15,642,480	12,050,000	13,840,000	6,920,000	0
ADV. FROM ELECT. RATE STABILIZATION FD.	2,401,000	0	0	0	0
TRANSFER FROM ELECTRIC CAPITAL PROJ.	810,907	11,583	2,000,000	2,000,000	0
TRANSFER FROM REPS	78,409	1,637,296	1,000,000	1,000,000	3,998,400
TRANSFER FROM WPCA RESERVE	0	0	2,225,300	2,225,300	0
APPR. FROM ELECTRIC NET POSITION	0	0	0	0	7,482,850
TOTAL ELECTRIC REVENUE	\$238,667,552	\$237,867,536	\$246,060,300	\$238,856,700	\$242,328,750
ELECTRIC DIVISION - DISTRIBUTION	\$13,908,004	\$12,577,177	\$16,690,890	\$14,179,590	\$16,685,500
ELECT. DIV. - PURCHASED POWER & GEN. MANAGEMENT DIVISION	163,806,369	157,248,396	158,534,870	147,928,670	145,605,400
COMMUNICATION & COMMUNITY REL. DIV.	2,416,161	2,029,108	3,099,440	2,694,340	3,588,850
HUMAN RESOURCES DIVISION	628,656	557,415	615,150	585,250	622,500
CUSTOMER PROGRAMS DIVISION	681,655	779,665	738,750	680,250	667,000
CORPORATE SERVICES DIVISION	2,012,977	2,082,285	2,410,300	2,271,550	2,567,600
FINANCIAL DIVISION	5,728,156	7,965,553	7,796,320	7,336,520	8,615,300
GENERAL & ADMINISTRATION	5,462,771	6,179,020	6,702,260	6,568,950	6,571,700
DEPRECIATION EXPENSE	5,390,546	2,072,846	8,017,400	6,187,950	7,968,750
OVERHEAD CLEARING	15,832,672	15,274,856	17,351,100	15,892,200	15,520,000
BOND INTEREST EXPENSE	(2,898,063)	(4,416,678)	(5,436,900)	(4,335,000)	(5,112,200)
BOND INTEREST - AMORTIZATION	564,813	1,069,318	1,118,700	1,156,200	1,073,600
ALLOW FOR FDS USED DURING CPF	77,654	(153,266)	(173,000)	(166,600)	(191,800)
OTHER FINANCE COST	(48,129)	0	0	0	0
CAPITALIZED INTEREST EXPENSE	5,182	111,883	9,000	9,000	15,900
TRANSFER TO CITY	0	(91,250)	(360,000)	(360,000)	0
TOTAL OPERATING & OTHER EXPENSES	\$225,873,037	\$215,814,087	\$226,602,080	\$210,116,670	\$214,143,000
NET OPERATING RESULTS	(\$7,456,181)	\$8,257,752	(\$2,957,080)	\$13,244,730	\$14,754,500
OTHER DEDUCTIONS	\$172,856	(\$16,253)	\$0	\$143,310	\$0
CAPITAL EXPENDITURES	17,234,864	18,965,224	24,865,400	21,329,000	20,785,850
TOTAL DEBT RELATED PAYMENT	1,817,340	1,453,191	1,658,200	1,658,200	2,091,000
DEPRECIATION/AMORTIZATION ADJUSTMENT	(15,911,256)	(15,120,795)	(17,351,100)	(15,892,200)	(15,520,000)
TOTAL SUPPLEMENTAL EXPENDITURES	\$3,313,804	\$5,281,367	\$9,172,500	\$7,238,310	\$7,356,850
TOTAL EXPENSES & SUPPLEMENTAL EXP.	\$229,186,841	\$221,095,453	\$235,774,580	\$217,354,980	\$221,499,850

Electric Fund Summary

DESCRIPTION	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 BUDGET	FY 2016 ESTIMATE	FY 2017 RECOMMENDED
APPR. TO RATE STABILIZATION FUND	\$250,000	\$250,000	\$850,000	\$250,000	\$250,000
APPR. TO ELECTRIC CAPITAL RESERVE	0	0	0	0	0
TRANSFER TO REPS RESERVE	2,137,734	2,192,798	2,175,000	2,175,000	2,212,800
BWGP START COST RESERVE	0	667,463	0	0	100,000
TRANSFER TO LED CPF	0	1,490,000	0	0	0
TRANSFER TO ERSF - WPCW	0	3,761,580	0	0	0
TRANSFER TO WPCA RESERVE	0	2,233,068	0	0	0
TRANSFER TO CAPITAL INTEREST RES.	0	0	0	0	0
TRANSFER TO HEALTH INSURANCE RES.	0	1,500,000	0	0	0
XFER TO ANNEX PH V RES - CITY FD PORTION	0	0	3,101,200	3,101,200	2,666,100
TRANSFER TO COAL ASH RESERVE	0	0	0	10,000,000	15,540,000
TRANSFER TO FMISF	128,687	175,297	10,000	10,000	60,000
APPR. TO ELECTRIC NET POSITION	6,964,290	4,501,877	4,149,520	5,965,520	0
TOTAL BUDGETARY APPROPRIATIONS	\$9,480,711	\$16,772,083	\$10,285,720	\$21,501,720	\$20,828,900
TOTAL ELECTRIC EXPENDITURES	\$238,667,552	\$237,867,536	\$246,060,300	\$238,856,700	\$242,328,750

Water & Wastewater Fund Summary

DESCRIPTION	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 BUDGET	FY 2016 ESTIMATE	FY 2017 RECOMMENDED
WATER OPERATING REVENUE	\$32,853,459	\$34,172,006	\$37,969,600	\$37,066,600	\$37,919,600
SANITARY SEWER OPERATING REVENUE	38,432,407	39,038,289	42,986,300	41,688,100	42,375,000
OTHER OPERATING REVENUE	3,056,678	3,362,549	2,995,600	3,363,500	3,416,300
OTHER WATER & SAN. SEWER REVENUE	1,232,527	(77,197)	672,900	1,176,900	712,600
TOTAL OPERATING & OTHER REVENUE	\$75,575,071	\$76,495,647	\$84,624,400	\$83,295,100	\$84,423,500
CONTRIBUTIONS AND GRANTS	\$8,142,639	\$7,708,126	\$4,008,800	\$4,008,800	\$3,177,000
REMITTANCES FROM CITY	572,935	385,200	0	119,000	495,200
NOTE REC. - CUMBERLAND COUNTY	39,600	0	0	0	0
NOTE REC. - FORT BRAGG	7,295,019	103,982	0	0	0
ADV FROM ELEC RATE STAB FUND	6,481,297	0	0	0	0
NCDOT PROJECT LOAN ADVANCE	0	2,793,832	0	0	0
RESERVE FOR NCDOT PROJECTS	0	3,544,917	5,486,900	5,486,900	0
TRANSFER FROM W/WW CAPITAL PROJECTS	1,393,679	2,213,668	2,445,000	2,445,000	1,517,000
TRANS. FROM ANNEX PH V RES. FUND	741,648	1,116,344	2,234,300	2,234,300	2,113,500
APPR. FROM RATE STABILIZATION FUND	0	2,167,000	840,000	0	0
APPR. FROM W/WW NET POSITION	0	1,569,745	3,628,370	3,042,550	7,579,750
TOTAL WATER & WASTEWATER REV.	\$100,241,889	\$98,098,460	\$103,267,770	\$100,631,650	\$99,305,950
WATER RESOURCES DIVISION	\$27,679,132	\$27,951,550	\$30,322,670	\$29,361,100	\$31,397,500
MANAGEMENT DIVISION	1,377,064	1,482,264	2,178,730	2,007,180	2,001,350
COMMUNICATION & COMMUNITY REL. DIV.	586,127	598,067	615,150	585,250	622,500
HUMAN RESOURCES DIVISION	624,441	762,121	738,750	680,250	667,000
CUSTOMER PROGRAMS DIVISION	2,012,197	1,968,718	2,112,400	2,074,050	2,321,800
CORPORATE SERVICES DIVISION	6,110,024	8,410,197	7,796,320	7,336,520	8,615,300
FINANCIAL DIVISION	4,606,671	5,039,755	5,542,450	5,493,950	5,521,700
GENERAL & ADMINISTRATION	6,906,646	3,724,159	8,265,000	7,546,050	8,171,500
DEPRECIATION EXPENSE - WATER	10,584,911	9,587,343	9,531,400	9,531,400	9,146,200
DEPRECIATION EXPENSE - SEWER	8,245,541	11,446,470	10,968,800	10,968,800	11,052,900
AMORTIZATION OF BOND ISSUE COSTS	0	0	0	0	0
AMORTIZATION - UNDISTRIBUTED	461,226	514,621	502,800	502,800	492,600
OVERHEAD CLEARING	(3,083,955)	(5,242,430)	(5,159,100)	(4,390,000)	(4,883,100)
BOND INTEREST EXPENSE	5,409,987	8,504,527	8,078,900	8,041,400	7,444,900
BOND INTEREST EXPENSE - CITY ANNEX.	167,848	0	105,300	105,300	81,600
BOND INTEREST - AMORTIZATION	135,631	(705,700)	(760,000)	(766,400)	(764,200)
LOAN INTEREST EXPENSE	667,579	0	453,100	453,100	392,100
ALLOW FOR FDS USED DURING CPF	(328,751)	(699)	0	0	0
OTHER FINANCE COST	57,406	566,858	14,000	14,000	20,600
CAPITALIZED INTEREST EXPENSE	0	(403,981)	(1,426,000)	(1,426,000)	0
TOTAL OPERATING & OTHER EXPENSES	\$72,219,725	\$74,203,838	\$79,880,670	\$78,118,750	\$82,302,250
NET OPERATING RESULTS	\$3,355,346	\$2,291,809	\$4,743,730	\$5,176,350	\$2,121,250

Water & Wastewater Fund Summary

DESCRIPTION	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 BUDGET	FY 2016 ESTIMATE	FY 2017 RECOMMENDED
OTHER DEDUCTIONS	\$331,806	\$0	\$0	\$0	\$0
CAPITAL EXPENDITURES	11,205,027	19,664,542	18,107,190	16,470,100	17,545,500
BOND PRINCIPAL PAYMENTS	9,967,660	10,691,809	11,981,900	11,981,900	13,354,000
BOND PRINCIPAL PAYMENT - CITY ANNEX.	800,145	625,145	520,100	520,100	575,200
LOAN PRINCIPAL PAYMENTS	1,547,792	1,747,288	3,444,100	3,444,100	2,655,800
TOTAL CONTRACTS PAYABLE PAYMENT	0	3,347,353	331,200	331,200	0
DEPRECIATION/AMORTIZATION ADJUSTMENT	(19,428,774)	(20,841,267)	(21,003,000)	(21,003,000)	(20,691,700)
TOTAL SUPPLEMENTAL EXPENDITURES	\$4,423,656	\$15,234,870	\$13,381,490	\$11,744,400	\$13,438,800
TOTAL EXPENSES & SUPPLEMENTAL EXP.	\$76,643,379	\$89,438,708	\$93,262,160	\$89,863,150	\$95,741,050
APPR. TO RATE STABILIZATION FUND	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
APPR. TO W/WW CAPITAL RESERVE	0	0	0	662,700	0
APPR. TO ANNEXATION PHASE V RESERVE	1,688,263	1,738,911	1,791,100	1,791,100	1,844,900
TRANSFER TO ANNEXATION V RESERVE	1,620,596	1,670,842	2,780,000	2,899,000	1,410,000
TRANSFER TO NCDOT RESERVE	0	3,500,000	5,155,700	5,155,700	0
TRANSFER TO HEALTH INSURANCE RESERVE	0	1,500,000	0	0	0
TRANSFER TO FMISF	128,687	0	10,000	10,000	60,000
APPR. TO W/WW NET POSITION	19,910,962	0	18,810	0	0
TOTAL BUDGETARY APPROPRIATIONS	\$23,598,508	\$8,659,753	\$10,005,610	\$10,768,500	\$3,564,900
TOTAL WATER & W/W EXPENDITURES	\$100,241,889	\$98,098,460	\$103,267,770	\$100,631,650	\$99,305,950

Fleet Maintenance Internal Service Fund Summary

FUND DIVISION/DEPARTMENT
055

DESCRIPTION	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 BUDGET	FY 2016 ESTIMATE	FY 2017 RECOMMENDED
5101 CITY SERVICES	\$5,843,400	\$5,707,583	\$5,667,300	\$5,458,200	\$5,632,300
5102 CITY SERVICES - FUEL REVENUE	791,700	480,791	800,000	390,900	457,400
5103 CITY SERVICES - SUPPLEMENTAL	0	0	0	0	0
5104 PWC SERVICES	2,160,500	1,946,858	3,051,600	2,939,000	3,032,800
5105 PWC SERVICES - SUPPLEMENTAL	0	0	0	0	0
5106 OTHER OPERATING REVENUE	2,400	0	0	0	0
TOTAL OPERATING REVENUES	\$8,798,000	\$8,135,232	\$9,518,900	\$8,788,100	\$9,122,500
2021 MERCHANDISING & CONTRACT WORK	\$0	\$333	\$0	\$0	\$0
2025 OTHER NON-OPERATING REVENUE	0	1	0	0	0
2027 GAIN (LOSS) ON SALE OF PROPERTY	0	(173)	0	0	0
TOTAL NON-OPERATING REVENUES	\$0	\$161	\$0	\$0	\$0
TOTAL REVENUES	\$8,798,000	\$8,135,393	\$9,518,900	\$8,788,100	\$9,122,500
2049 TRANSFER FROM GENERAL FUND	\$257,374	\$350,594	\$20,000	\$20,000	\$120,000
APPR. FROM FMISF NET ASSETS	0	0	0	0	0
TOTAL BUDGETARY APPROPRIATIONS	\$257,374	\$350,594	\$20,000	\$20,000	\$120,000
TOTAL FMISF REVENUE	\$9,055,374	\$8,485,987	\$9,538,900	\$8,808,100	\$9,242,500
FMISF OPERATING EXPENSES	\$8,249,385	\$7,947,811	\$9,361,400	\$8,630,600	\$8,915,800
DEPRECIATION EXPENSE	183,800	187,534	157,500	157,500	206,700
TOTAL OPERATING EXPENSES	\$8,433,185	\$8,135,345	\$9,518,900	\$8,788,100	\$9,122,500
NET OPERATING RESULTS	\$364,815	(\$113)	\$0	\$0	\$0
CAPITAL IMPROVEMENT PROGRAM	\$0	\$343,434	\$0	\$0	\$120,000
CAPITAL OPERATING BUDGET	257,374	7,160	20,000	20,000	0
TOTAL CAPITAL EXPENDITURES	\$257,374	\$350,594	\$20,000	\$20,000	\$120,000
DEPRECIATION ADJUSTMENT	(\$183,800)	(\$187,534)	(\$157,500)	(\$157,500)	(\$206,700)
TOTAL ADJUSTMENTS	(\$183,800)	(\$187,534)	(\$157,500)	(\$157,500)	(\$206,700)
TOTAL SUPPLEMENTAL EXPENDITURES	\$73,574	\$163,059	(\$137,500)	(\$137,500)	(\$86,700)
TOTAL EXPENDITURES	\$8,506,759	\$8,298,404	\$9,381,400	\$8,650,600	\$9,035,800
APPR. TO FMISF NET ASSETS	\$548,615	\$187,583	\$157,500	\$157,500	\$206,700
TOTAL BUDGETARY APPROPRIATIONS	\$548,615	\$187,583	\$157,500	\$157,500	\$206,700
TOTAL FMISF EXPENDITURES	\$9,055,374	\$8,485,987	\$9,538,900	\$8,808,100	\$9,242,500