

K-2



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Electric Utility, Water and Wastewater Utility 1st Quarter FY07 Financial Reports (EUD/PW)

MEETING DATE: December 20, 2006

PREPARED BY: Electric Utility and Public Works Directors

RECOMMENDED ACTION: Receive a report prepared by the Electric Utility and Public Works departments summarizing the financial performance for the 1st quarter of FY07.

BACKGROUND INFORMATION: The Electric Utility, Wastewater and Water Departments (EUD) are responsible for reporting their quarterly financial results to the City Council. The attached PowerPoint reports summarize such results for the 1st quarter of FY07.

A summary of the electric utility's financial performance for this reporting period is as follows:

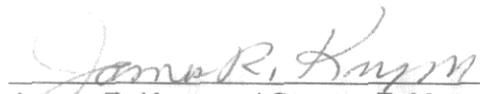
- Q1 Power Supply costs were \$638K under quarterly budget of \$11.8 million
- Non-Power costs declined \$674K from \$2.9 million budget
- Total revenues were about \$500K less than \$22.5 million projection
- NCPA General Operating reserves increased by \$365K
- Q1 budgeted cash position of utility improved by \$1.1 million to \$7.1 million
- Over 98% of projected power supply requirements for January – June 2007 have been acquired

The Wastewater and Water funds are broken down into individual funds in order to show the activity and financial condition for the operating activities separately from the Capital related activities. This represents a different presentation of these activities from those of previous quarters. Summary results are as follows:

- The Wastewater activities show a net increase in working capital of \$469,680 for the first quarter of Fiscal Year 2007.
- Water fund activities show a net decrease of working capital of \$107,089.

FISCAL IMPACT: None at this time.

FUNDING: Not applicable.

for 
James R. Krueger / George F. Morrow

Attachment

APPROVED: 
Blair King, City Manager



Electric Utility Department

FY07 Quarterly Update
(Through September 30, 2006)

City Council
December 20, 2006



Summary

- EUD had an excellent 1st Qtr of FY07
- Power Costs declined ~\$600K
- Non-power Costs decreased ~600K
- Revenues down about \$500K
- NCPA “GOR” up \$365K
- Overall increase in cash is about \$1.1M
- FY07 power costs almost 100% hedged



Q1 Financial Results

Cash Flow			
	1st Quarter		
Revenue	Projections	Actuals	Difference
Total Revenues	22,558,247	22,023,589	(534,658)
Expenses			
Purchase Power	11,893,600	11,255,082	638,518
Non Power	2,969,070	2,294,159	674,911
Total Expenses	14,862,670	13,549,241	1,313,429
Net Revenue for Debt Service	7,695,577	8,474,348	778,771
Debt Service	-	-	-
Net Revenue	7,695,577	8,474,348	778,771
In-lieu Transfer to General Fund	1,694,750	1,694,750	-
Other changes in working capital	3,662,161	3,662,161	-
Net Increase (Decrease) in Working Capital	2,338,666	3,117,437	778,771
Beginning Cash Balance	3,631,402	3,631,402	-
Changes in GOR	-	365,185	365,185
Ending Cash Balance	5,970,068	7,114,024	1,143,956



Q1 Power Supply

	Estimated	Actual	Change	% Change
Generation	\$ 10,274,546	\$ 11,336,824	\$ 1,062,278	10.3%
Transmission	\$ 1,467,554	\$ 1,465,702	\$ (1,852)	-0.1%
Management Services	\$ 533,418	\$ 536,451	\$ 3,033	0.6%
Third Party Revenue	\$ 381,918	\$ 2,083,895	\$ 1,701,977	445.6%
TOTAL	\$11,893,600	\$11,255,082	\$ (638,518)	-5.4%



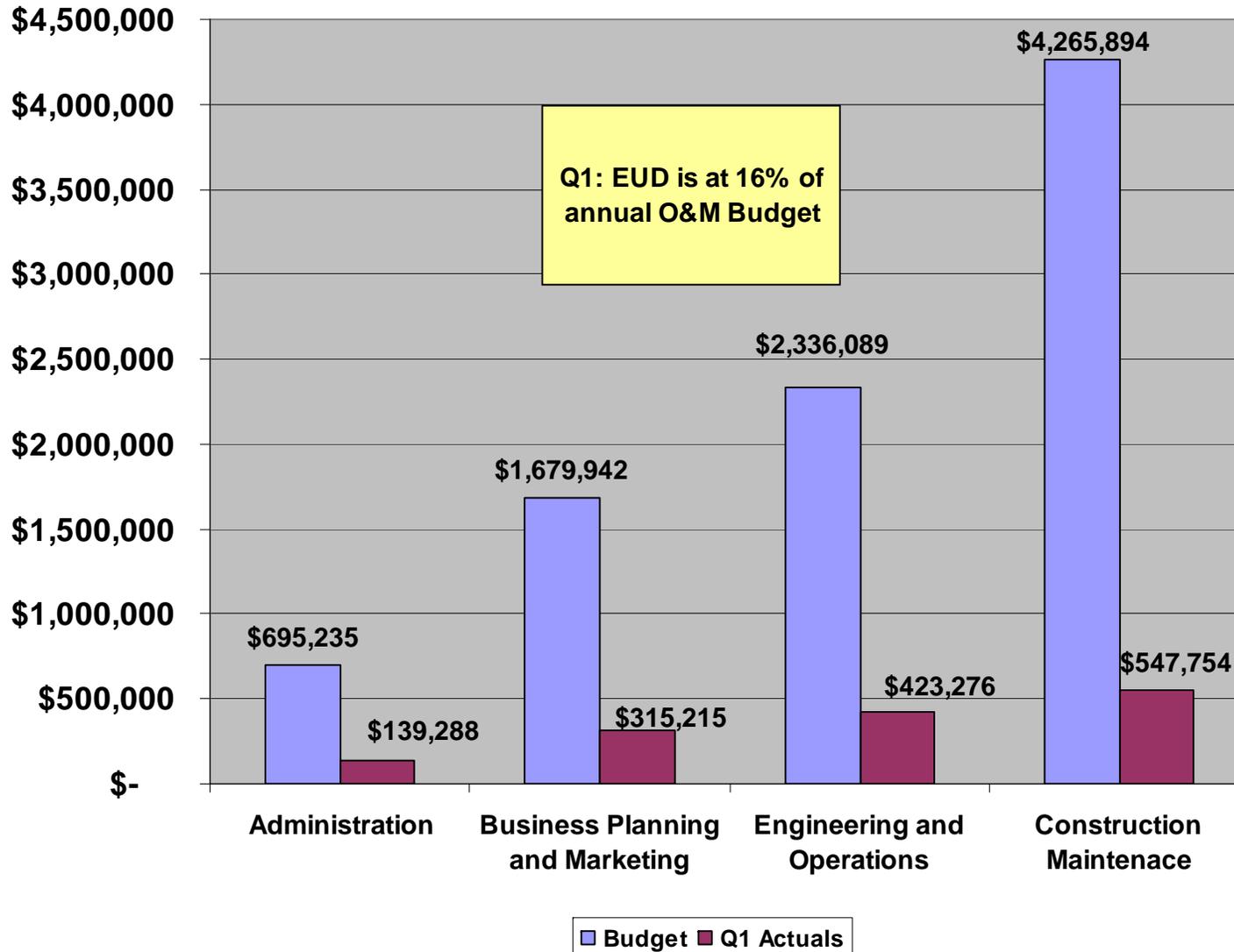
Electric Expenses by Series

	FY07 Budget	FY07 Q1	% of Budget
Personnel	\$ 6,162,788	\$ 1,176,873	19.1%
Supplies, Materials, Services	\$ 1,347,619	\$ 202,329	15.0%
Equipment, Land, Structures	\$ 905,041	\$ 68,513	7.6%
Other Payments	\$ 479,100	\$ 80,478	16.8%
Communication & Transportation	\$ 81,683	\$ 30,099	36.8%
Total Operating Expenses	\$ 8,976,231	\$ 1,558,292	17.36%

Note: Includes Capital Expenditures



Operating Expenditures





Q1 Sales

	YTD Projections	YTD Actuals	% Difference
kWh	144,996,070	141,659,894	-2.3%
Revenue	\$ 22,306,106	\$ 22,023,663	-1.3%

Q1	Year	HDD	Normal	CDD	Normal
July	2006	0	0	650	504
August	2006	0	0	449	430
September	2006	3	13	288	263
Q1 Total		3	13	1,387	1,197



Q1 Billing Statistics

Customer Class	kWh Sales	Revenue	Average Rate
Residential	53,865,602	\$ 9,796,827	\$ 0.1819
Small Commercial	49,077,324	\$ 7,985,249	\$ 0.1627
Large Commercial/Small Industrial	11,930,434	\$ 1,667,100	\$ 0.1397
Industrial	26,786,534	\$ 2,574,487	\$ 0.0961
TOTAL	141,659,894	\$ 22,023,663	\$ 0.1555



NCPA “GOR”

- **General Operating Reserve**
- **Provides funding for contingencies**
- **GOR levels**
 - \$3,113,432 (June 30, 2006)
 - \$3,478,617 (September 30, 2006)

\$365,185 Increase

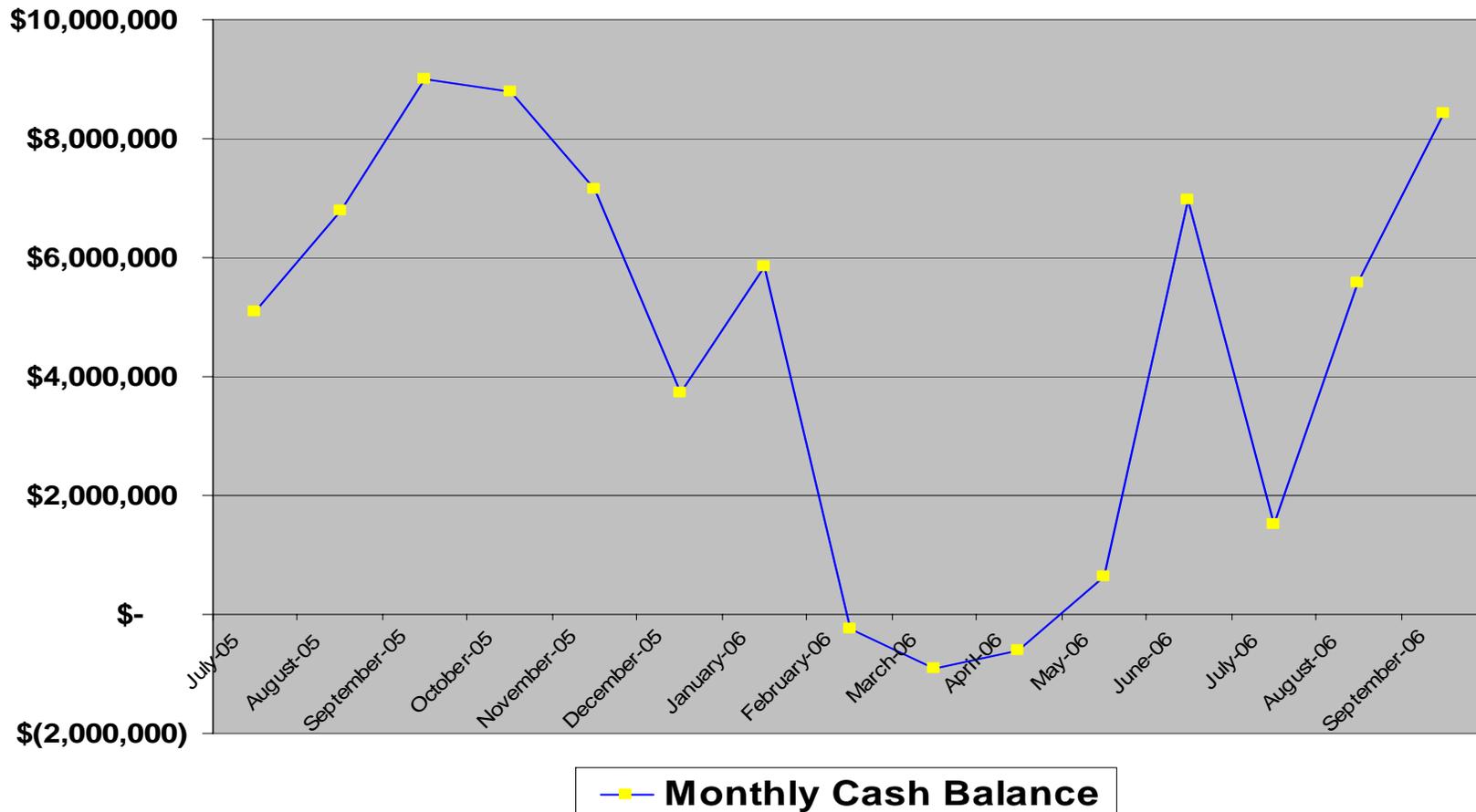


FY07 Financials

	FY07 Budget	Last FY07 Projection	Q1 Actuals + Projections
Revenue			
Total Revenues	66,884,564	67,034,402	66,499,744
Expenses			
Purchase Power	41,955,968	43,183,492	42,544,974
Non-Power Costs	11,874,477	11,874,477	11,201,370
Total Expenses	53,830,445	55,057,969	53,746,344
Net Revenue for Debt Service	13,054,119	11,976,433	12,753,400
Debt Service	6,265,777	6,265,778	6,265,778
Net Revenue	6,788,342	5,710,655	6,487,622
In-lieu Transfer To General Fund	6,779,000	6,779,000	6,779,000
Other changes in working capital	-	-	-
Net Increase (Decrease)	9,342	(1,068,345)	(291,378)
Working Capital BOY	1,704,184	3,631,402	3,631,402
NCPA GOR	-	-	365,185
Bond Funds	-	-	-
Working Capital FYE	1,713,526	2,563,057	3,705,209



Cash Balance





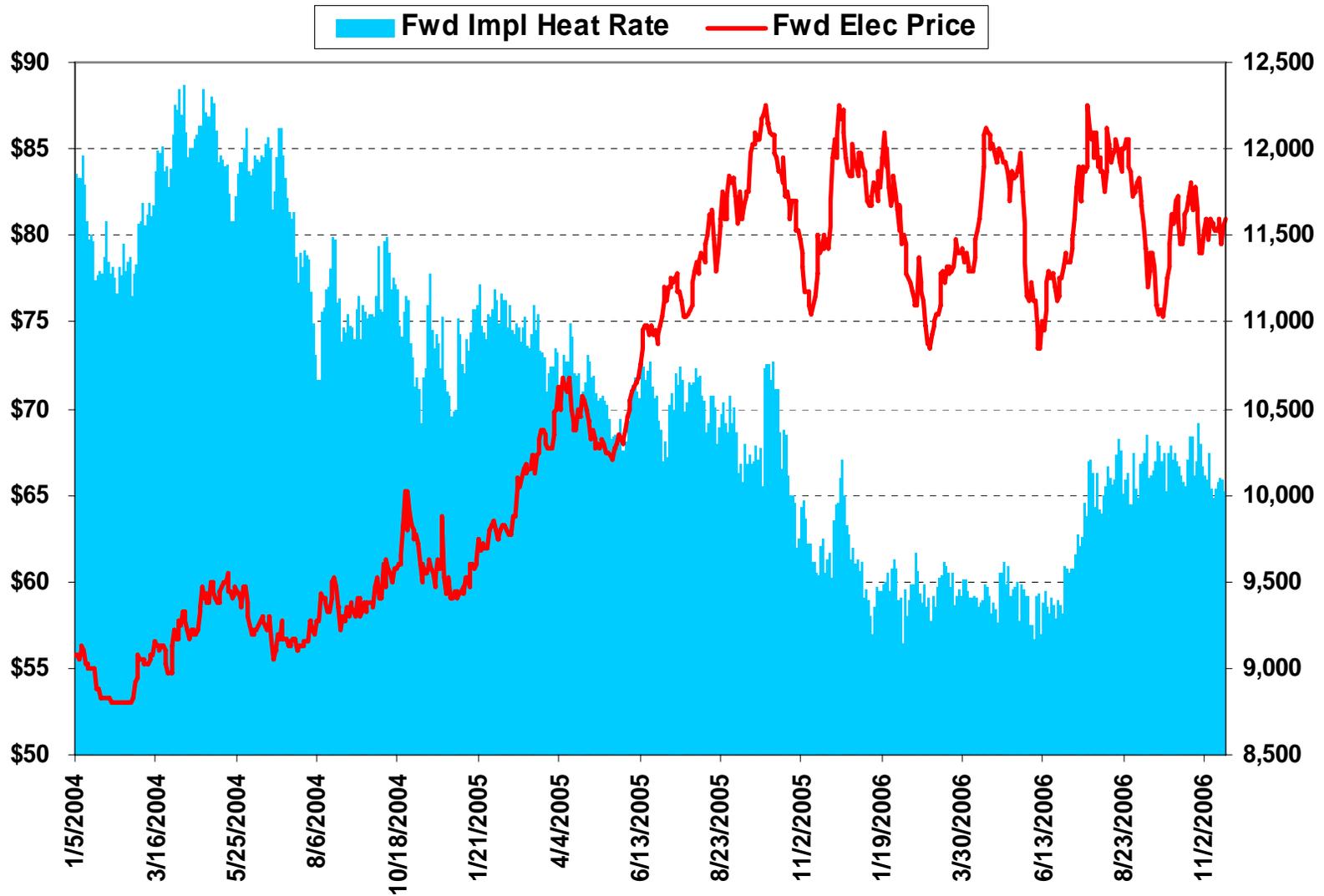
FY07 “Open Position”

	Lodi Total		Lodi HLH		Lodi LLH	
	Surplus/(Deficit)	Load	Surplus/(Deficit)	Load	Surplus/(Deficit)	Load
Jan 2007	2,089	37,596	1,940	23,956	149	13,640
February	(894)	33,538	179	21,714	(1,072)	11,824
March	(716)	36,706	(157)	24,249	(559)	12,457
April	(525)	35,749	(612)	22,653	86	13,096
May	(2,891)	40,080	(1,866)	25,606	(1,025)	14,474
June	(26)	43,732	106	29,416	(133)	14,316
Net Total	(2,963)	227,401	-409	147,594	-2,554	79,807

	FY 2007 (Q4 Report 10/10/06)	FY 2007 (Q1 Report 12/5/06)
Lodi Load	486,997	486,997
Generation	204,907	204,907
Net Open Position	(12,291)	(2,963)
Cost to Fill	\$ (776,137)	\$ (177,276)
\$/MWh	\$ 63.15	\$ 59.83

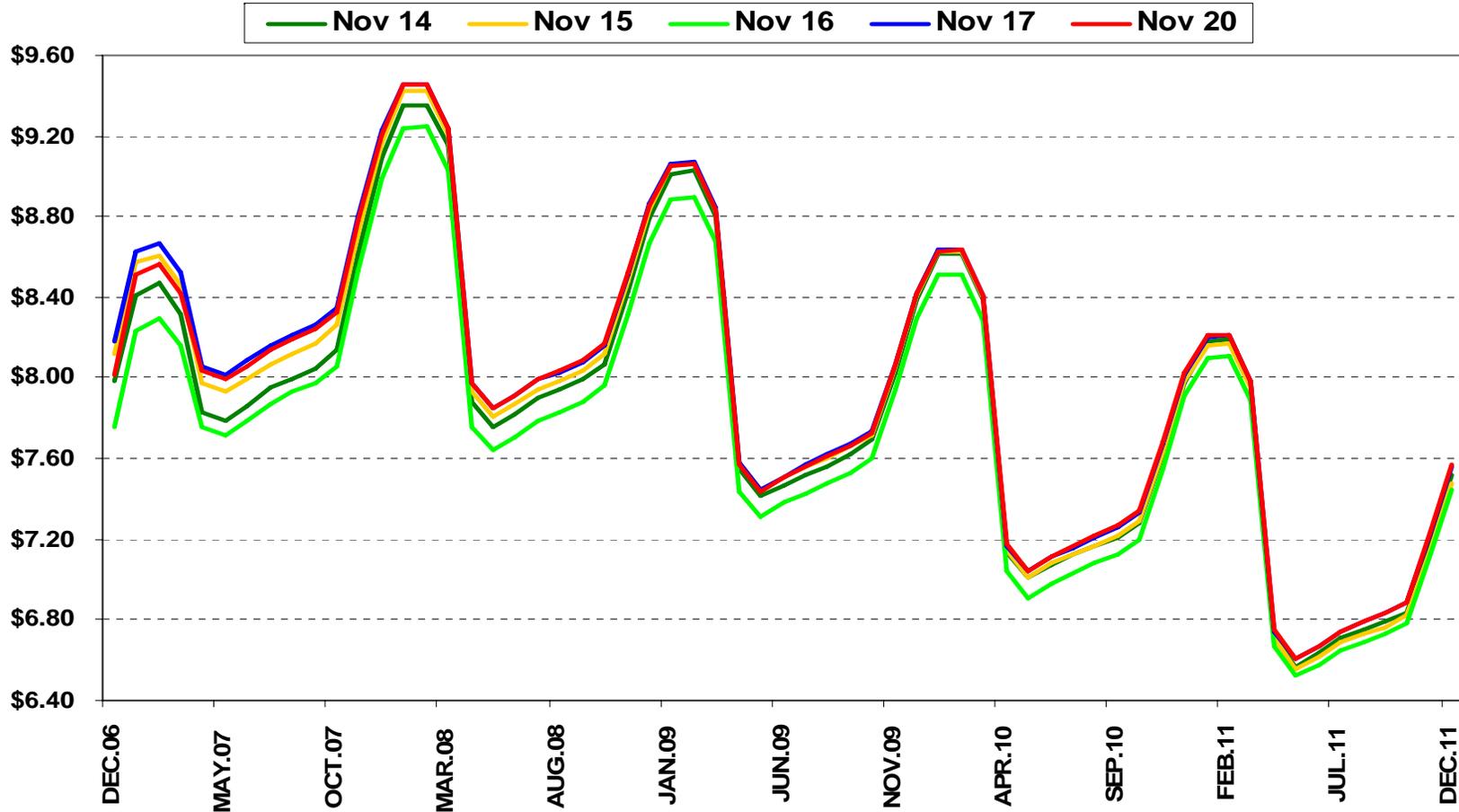


2008 Electric Prices





Natural Gas Forward Price Curves





Summary

- EUD had an excellent 1st Qtr of FY07
- Power Costs declined ~\$600K
- Non-power Costs decreased ~600K
- Revenues down about \$500K
- NCPA “GOR” up \$365K
- Overall increase in cash is about \$1.1M
- FY07 power costs almost 100% hedged



Public Works Department Water/Wastewater Quarterly Update

December 20, 2006

City Council Meeting

Wastewater Fund Financial Results

(Ending September 30, 2006)

	FY 06/07 Budget	FY 06/07 Actuals
Revenue		
Sales	8,030,500	2,036,100
Impact Mitigation Fees	1,607,000	304,962
Other	470,400	279,729
Total Revenues	10,107,900	2,620,791
Expenses		
Operating	4,667,252	922,935
Capital (rate based)	831,855	163,130
Other	908,793	227,198
Total Expenses	6,407,900	1,313,263
Net Revenue for Debt Service	3,700,000	1,307,528
Less Debt Service	3,339,110	411,775
Net Revenue	360,890	895,753
Less Capital Expenditures (from reserve)	15,275,002	202,948
Less In-lieu Transfer To General Fund	892,500	223,125
Net Increase (Decrease)	(15,806,612)	469,680
Working Capital BOY	2,956,954	2,613,947
Bond Fund Reserve	14,402,508	14,402,508
Working Capital FYE	1,552,850	17,486,135

Wastewater Operating Results

(Ending September 30, 2006)

	FY 06/07 Budget	FY 06/07 Actuals
Personnel	\$ 2,468,321	\$ 495,886
Supplies, Materials, Services	\$ 859,147	\$ 152,572
Equipment, Land, Structures	\$ 49,200	\$ -
Other Payments	\$ 343,666	\$ 82,058
Communication & Transportation	\$ 819,558	\$ 191,335
Work for Others	\$ 127,360	\$ 1,140
Total Operating Expenses	\$ 4,667,252	\$ 922,991

Wastewater Cash Balance

(Ending September 30, 2006)

		FY 06/07 Budget
Operating (170)	\$	(3,096,566)
Due from Water Fund 183	\$	2,384,895
Utility Capital (171)	\$	7,066,476
Capital Reserve (172)	\$	(4,359,333)
(172)	\$	14,402,508
IMF (173)	\$	1,088,155
Total	\$	17,486,135

Water Funds
Financial Results
(Ending September 30, 2006)

	FY 06/07 Budget	FY 06/07 Actuals
Revenue		
Sales	\$ 9,707,100	\$ 2,650,684
Impact Mitigation Fees	234,000	13,575
Other	399,900	4,549
Total Revenues	10,341,000	2,668,808
Expenses		
Operating	2,953,821	573,886
Capital	4,040,642	341,617
Other	909,259	227,315
Total Expenses	7,903,722	1,142,818
Net Revenue for Debt Service	2,437,278	1,525,990
Net Revenue	227,976	17,754
Net Revenue	2,209,302	1,508,236
In-lieu Transfer To General Fund	767,040	191,760
Less Expenditures from Reserve	4,136,106	1,209,387
Net Increase (Decrease)	(2,693,844)	(107,089)
Working Capital BOY	9,529,000	8,664,450
Working Capital FYE	\$ 6,835,156	8,557,361

Water

Operating Results

(Ending September 30, 2006)

	FY 06/07 Budget	FY 06/07 Actuals
Personnel	\$ 1,211,337	\$ 227,450
Supplies, Materials, Services	535,025	74,480
Equipment, Land, Structures	3,851	0
Other Payments	143,868	6,213
Communication & Transportation	879,740	265,743
Work for Others	180,000	0
Total Operating Expenses	\$ 2,953,821	\$ 573,886

Water Funds Cash Balance

(Ending September 30, 2006)

	FY 06/07 Budget
Operating (180)	\$ 5,027,364
Capital (181)	5,631,285
IMF (182)	1,032,868
Due from Fire IMF	1,225,173
PCE/TCE (183-past expense)	-11,300,342
Due to Wastewater Fund	-2,384,895
PCE/TCE (184-settlements)	-285,438
PCE/TCE Rates (185)	866,284
Net	\$ (187,701)
PLUME FUNDS	
Central	\$ 8,602,179
Busy Bee	82,001
South Central Western	60,882
Net	\$ 8,745,062
Total	\$ 8,557,361