

Burlington Electric Department
Budget for the Year Ending June 30, 2018
Income Statement (000's)

Schedule 1	Actual FY 14	Actual FY 15	Actual FY 16	Budget FY 17	Budget FY 18
OPERATING REVENUES:					
Sales to Customers	\$47,009	\$47,875	\$47,801	\$48,098	\$49,095
Misc Revenues - Power Supply	11,602	11,405	12,309	11,043	9,248
Misc Revenues - Other	4,948	3,491	2,549	3,792	3,851
Total Operating Revenues	63,559	62,771	62,659	62,932	62,194
OPERATING EXPENSES:					
Fuel	10,561	9,609	10,810	11,056	9,090
Purchased Power	14,839	15,819	16,866	17,726	18,106
Transmission Expense	6,569	6,306	6,674	6,725	7,593
Operation and Maintenance	15,799	19,826	16,852	16,687	17,577
Depreciation & Amortization	7,561	4,842	6,381	6,117	6,423
Taxes	2,482	2,938	3,169	3,253	3,355
Total Operating Expenses	57,811	59,339	60,752	61,563	62,144
NET OPERATING INCOME	5,748	3,432	1,907	1,369	51
OTHER INCOME & DEDUCTIONS:					
Dividends	2,908	3,129	3,236	3,415	3,805
Interest Income	206	73	102	79	131
Grant/Customer Income	255	949	1,483	2,641	928
Other Income, Net	200	85	93	36	12
Total Other Income/Deductions	3,570	4,236	4,915	6,171	4,876
INCOME BEFORE INTEREST EXPENSE	9,318	7,668	6,822	7,540	4,927
INTEREST EXPENSE	7,427	3,219	3,316	3,517	2,988
NET INCOME (LOSS)	\$1,890	\$4,449	\$3,506	\$4,023	\$1,939



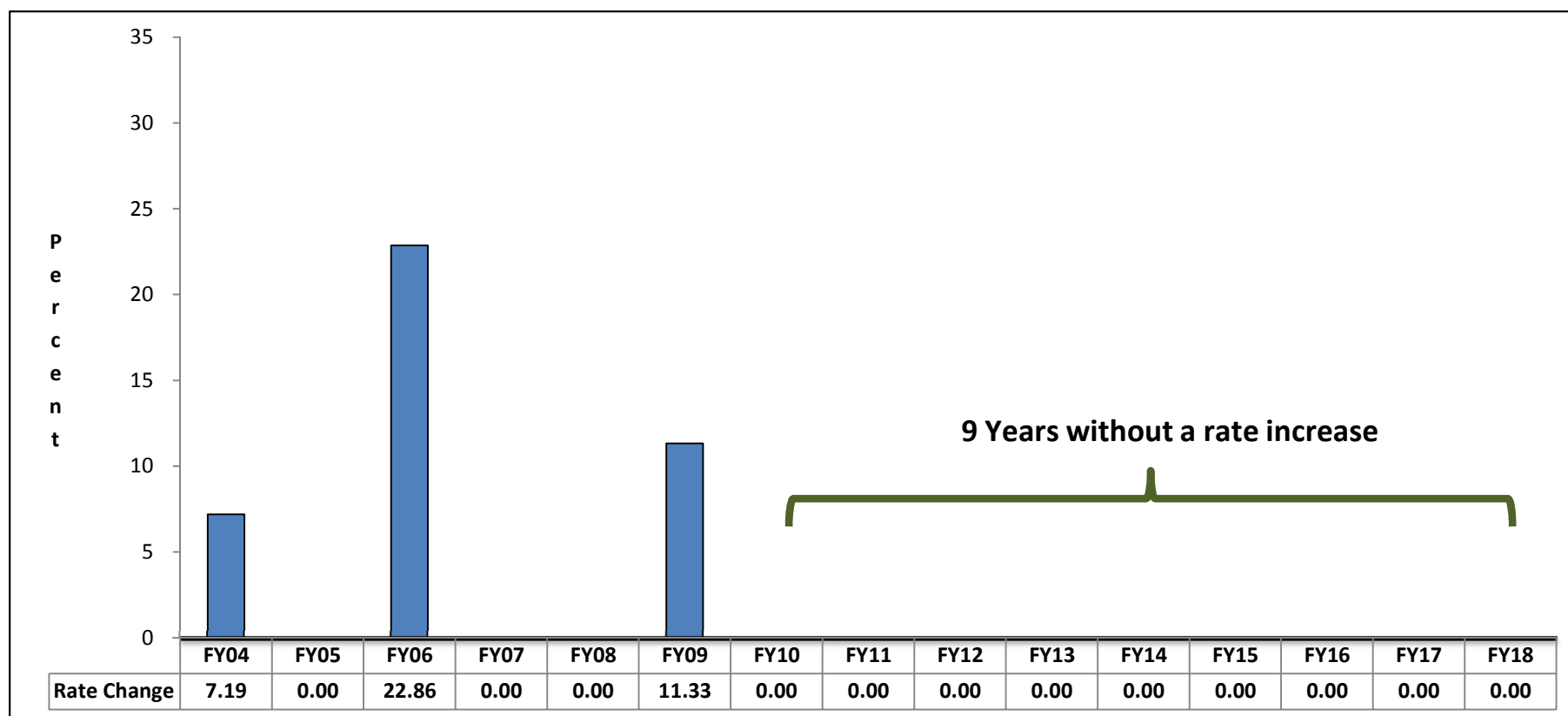
Burlington Electric Department

FY18 Proposed Budget

May 25, 2017



Ninth Consecutive Year Without a Rate Increase



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



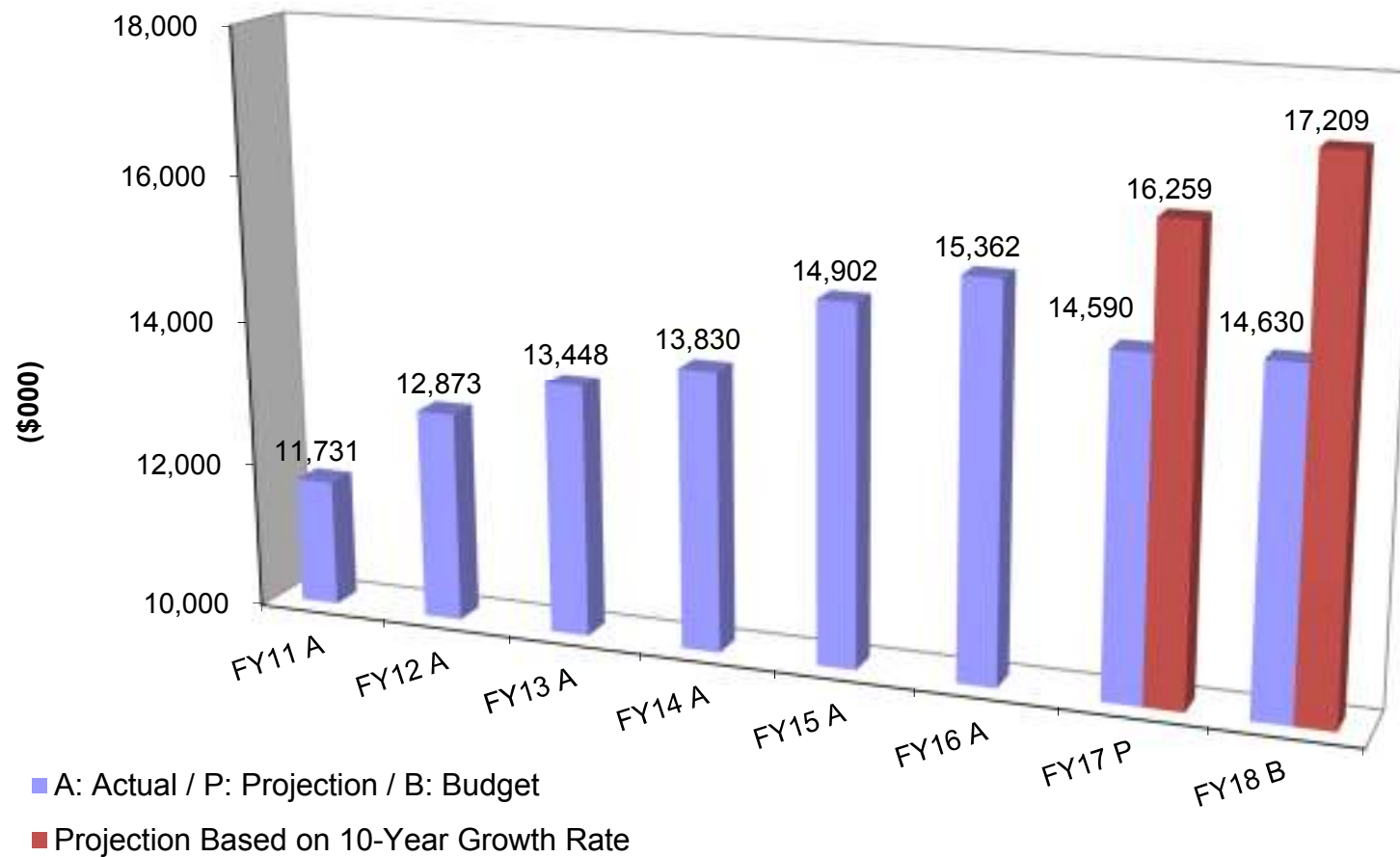
Major FY18 Budget Drivers

	FY17	FY18	Variance	%
Revenues				
RECs	\$ 10,677,100	\$ 8,837,300	\$ (1,839,800)	-17.23%
Expenses				
Transmission	\$ 6,725,200	\$ 7,593,200	\$ 868,000	12.91%
Capacity	\$ 1,971,681	\$ 2,612,788	\$ 641,107	32.52%
Tier 3	\$ 99,045	\$ 378,361	\$ 279,316	282.01%
Health Insurance	\$ 1,308,062	\$ 1,568,485	\$ 260,423	19.91%
Pension	\$ 1,544,200	\$ 1,734,200	\$ 190,000	12.30%

Also: Labor cost-of-living up 2.75% per IBEW contract

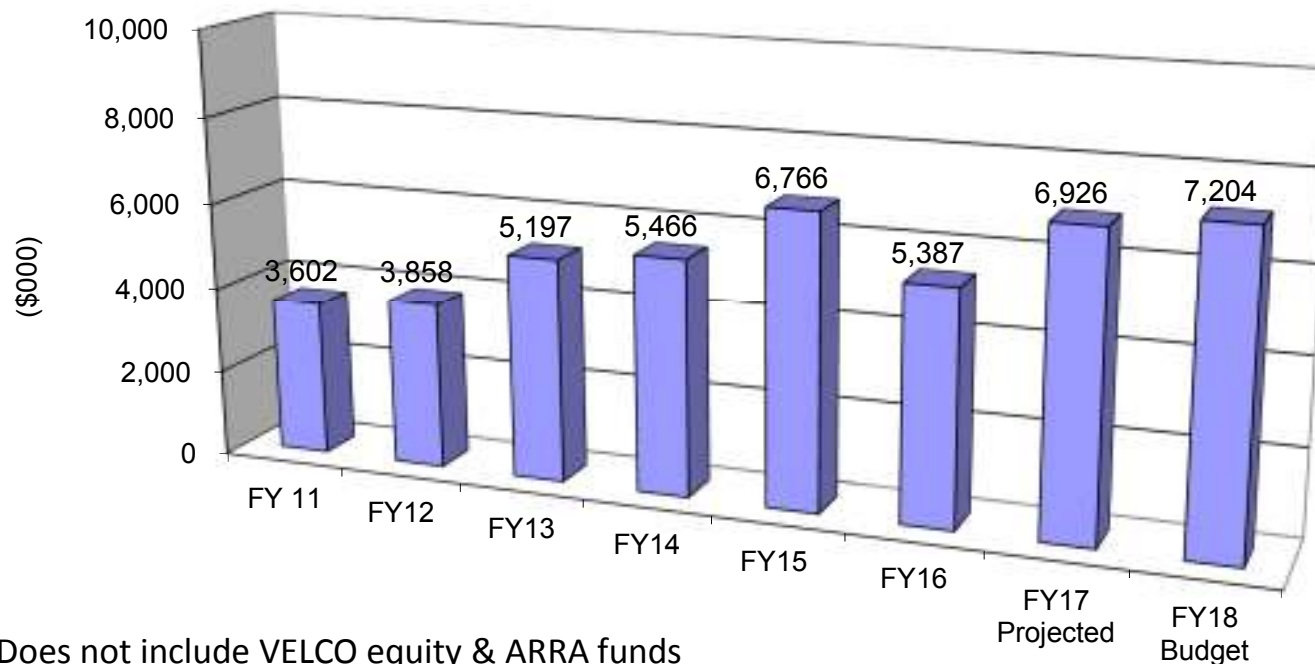


Controllable Expenses Below FY15 Levels





Capital Spending Continues to Track Upward

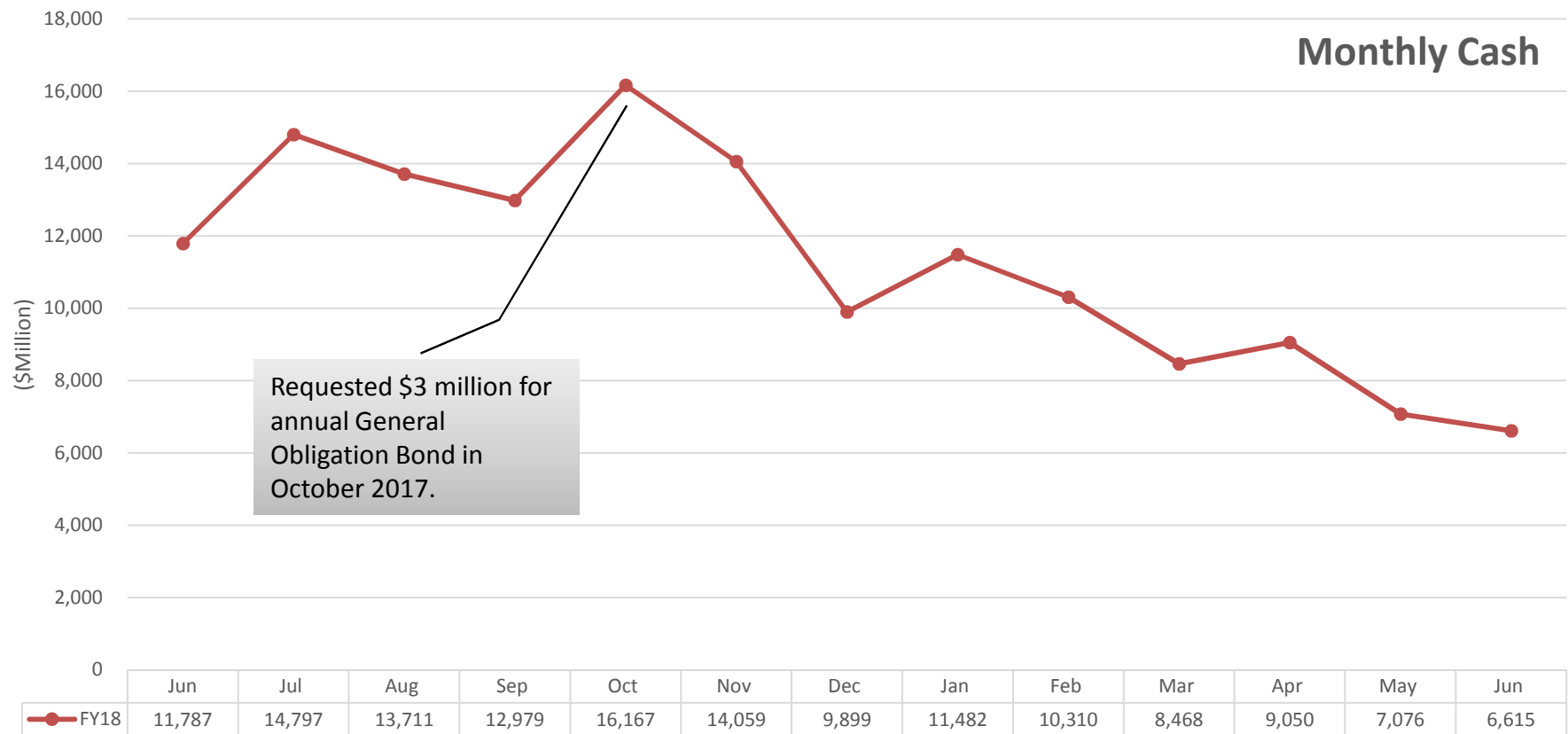


- Total Capital of \$10.3 million, net of \$618,000 expected customer contribution
- VELCO Investment of \$3.1 million
- Distribution Capital averaged \$3.0 for past 3 years

Plant Type	FY11	FY 12	FY 13	FY 14	FY 15	FY 16	Projected FY 17	Budget FY 18
Production	739	172	999	566	3,912	1,630	1,114	1,618
Distribution	2,189	2,983	2,857	3,939	2,261	3,088	3,664	3,747
Transmission	250	422	1,003	0	0	0	0	0
General	424	281	338	961	593	669	2,148	1,839
Total	\$3,602	\$3,858	\$5,197	\$5,466	\$6,766	\$5,387	\$6,926	\$7,204



Cash Reserves Remain Strong Thru Year



—●— FY18



Bond Rating Metrics

	<i>Moody's "A" Metric</i>	<i>FY2018</i>	<i>3-year Avg. FY16- FY18</i>
Days cash on hand	>90 days	110 days	113 days
Debt service coverage	>1.25	4.75	5.13
Adjusted debt service coverage	>1.50	1.43*	1.59

** This metric is projected below the benchmark. Management will monitor closely through the year and look for ways to increase revenue or trim costs to raise metric. A positive swing of \$500,000 will bring metric to 1.50.*



Strategic Initiatives Funded

- Asset Management Approach
 - Condemned poles
 - Animal guards
 - Switch & recloser replacements
 - Underground cable replacements
- McNeil Major Overhaul
- Winooski One Major Overhaul
- IT Projects
 - Adv. Metering Infrastructure
 - IT Forward (CIS) Phase 1.0
 - Shared Data Center
 - Field computing devices
- Customer Outreach and Marketing
- Energy Innovation
 - District Energy
 - Grow Local Energy: Solar Spotlight program
 - Defeat the Peak
 - energyChamp platform
 - Tier 3 innovations
 - Microgrid (scaled back from full Airport project)
- Employee Training & Education