



**2014-2015
Approved Operating Budget
Regular Board Meeting
June 24, 2014**

**Prepared by
Mary L. Anderson**

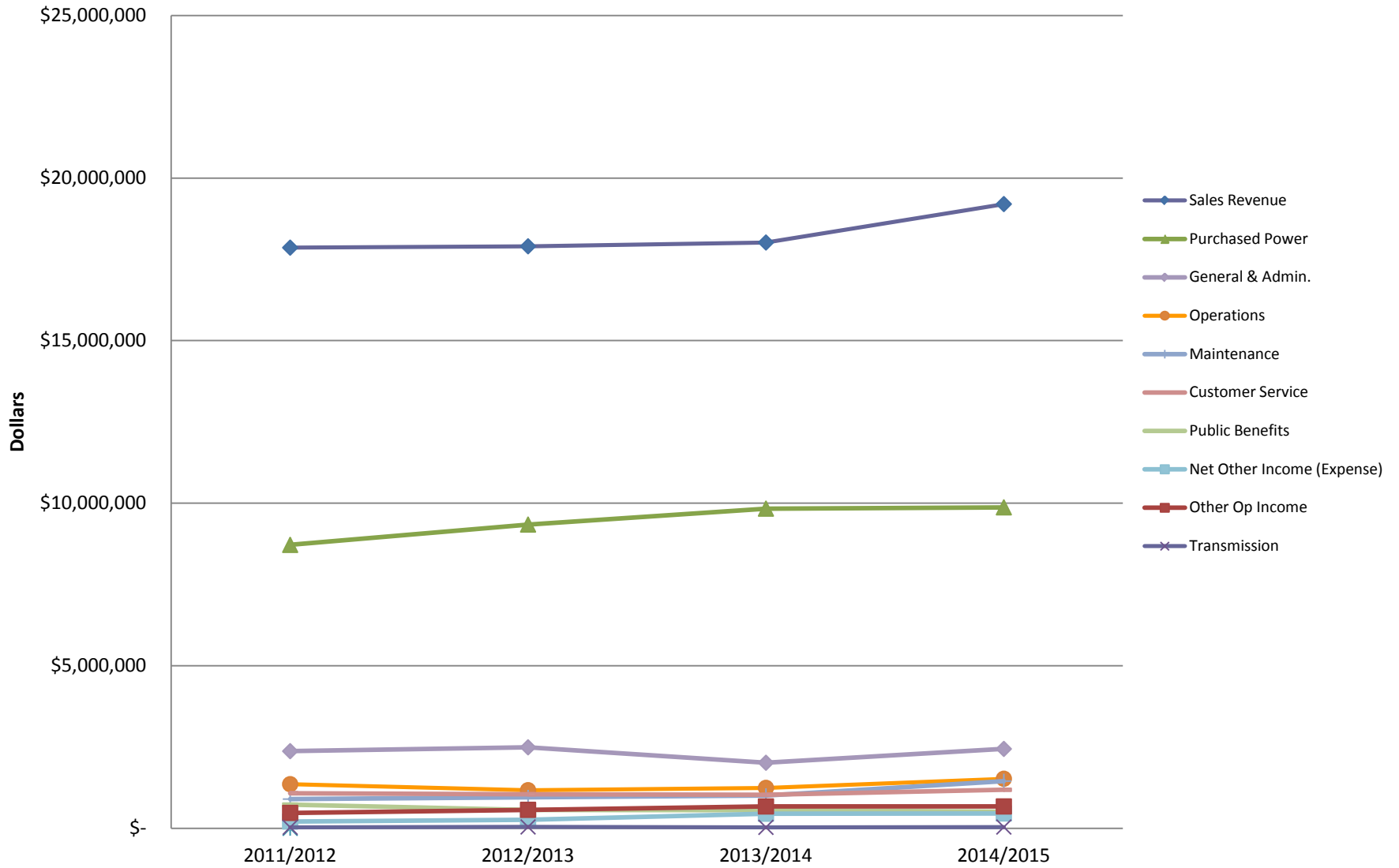
**Budget Committee
William H. Stewart
Doug Smith
David Folce
Keri Richards
Karen Rollings
Theresa Phillips
Nick Dominguez
Cady Schroeder
Cort Cortez**

Lassen Municipal Utility District Operating Budget

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Lassen Municipal Utility District Summary Income and Budget Plan - Fiscal Years 2011-2012 thru 2014-15



Lassen Municipal Utility District
Revenue and Expense Budget Plan - Summary
Fiscal Year July 1, 2014 through June 30, 2015

Projected Increase/Decrease in Energy Revenues per Kwh **0.5¢**
 Projected Change in Facilities Charge per meter **\$0.00**
 Average Change in Consumer Price Index Used for Budgeted Rate of Change **1.476%**

Line No.		A		B		C		D		E	
						PROJECTED	DRAFT		PROJECTED		
		ACTUAL	ACTUAL	ACTUAL	BUDGET	Expected Effect					
		2011/2012	2012/2013	2013/2014	2014/2015	to		Contrib. Margin			
	OPERATING REVENUES:										
1	Sales to Customers	\$ 17,860,270	\$ 17,901,717	18,018,234	\$ 19,200,815	\$ 1,182,581					
2	Other Operating Income	475,253	570,269	674,289	674,289	-					
3											
4	Total Operating Revenues	18,335,523	18,471,986	18,692,523	19,875,104	1,182,581					
5											
6	OPERATING EXPENSES:										
7	Purchased Power	8,718,480	9,343,692	9,833,909	9,873,104	(39,196)					
8	Transmission	32,002	43,817	31,597	41,209	(9,612)					
9	Operations	1,358,524	1,173,737	1,244,942	1,525,551	(280,610)					
10	Maintenance	900,099	957,746	1,008,922	1,453,740	(444,818)					
11	Customer Service	1,081,981	1,048,382	1,030,466	1,186,216	(155,750)					
12	Public Benefits & Solar	731,400	568,365	556,787	509,403	47,384					
13	General & Administrative	2,374,316	2,492,640	2,017,695	2,443,749	(426,054)					
14	Depreciation	1,375,637	1,469,239	1,603,496	2,067,156	(463,660)					
15											
16	Total Operating Expense	16,572,440	17,097,618	17,327,812	19,100,127	(1,772,315)					
17											
18											
19	Income (Loss) from Operations	1,763,083	1,374,368	1,364,711	774,977	(589,734)					
20											
21	Interest Expense	(50,162)	(59,877)	-	-	-					
22	Interest Income	35,296	32,272	31,380	31,843	463					
23	Capital Gains (Loss)	8,703	(1,352)	16,785	17,032	248					
24	Other Income	191,882	265,994	379,501	385,102	5,601					
25	Rental Income	24,186	25,569	23,867	24,220	352					
26	Total Other Income (Expense)	209,905	262,606	451,533	458,197	6,665					
27											
28	Net Contribution to Margins	\$ 1,972,988	\$ 1,636,974	\$ 1,816,243	\$ 1,233,174	\$ (583,069)					
29											
30	Add back non cash elements included above:										
31	Depreciation Included Above	\$ 1,375,637	\$ 1,469,239	\$ 1,603,496	\$ 2,067,156	\$ 463,660					
32	Amortization of Debt Acquisition Costs	135,294		-	-	-					
33	Expected Contribution to Cash	\$ 3,483,919	\$ 3,106,213	\$ 3,419,739	\$ 3,300,330	\$ (119,410)					

Notes:

Columns A & B: These are presented for historical perspective only.

Column C: Projected Actual is derived using the actual balances at March 31, 2014 (the most complete financial information at the time the budget process was begun), then dividing by nine months (the number of monthly periods in our fiscal year at that point) and multiplying by twelve, except when a known more accurate number is available, then the known amount is used. This is done at this point in time to provide a guide for planning purposes.

Column D: Draft Budget is based in part on historical data, projected specific items, labor based on expected hours worked at current hourly rates and other considerations.

Column E: The Expected Effect to Contribution to Margin (Column E) is simply the net change between the Projected Actual (Column C) and the Draft Budget (Column D).

Lassen Municipal Utility District

Fiscal Year July 1, 2014 through June 30, 2015

Labor Budget Comparison

	Budget 2010-11	Budget 2011-12	(Note 1) Budget 2012-13	(Note 2) Budget 2013-14	(Note 3) Budget 2014-15
Administration	425,600	431,000	391,700	492,400	600,500
Customer Service	495,849	545,547	615,416	579,211	595,009
Public Benefits	100,300	101,000	100,800	102,600	77,900
Electrical Department	1,729,240	1,914,485	2,234,290	2,203,500	2,208,932
Performance Merit Program - PMP			30,000	40,000	40,000
	<u>2,750,989</u>	<u>2,992,032</u>	<u>3,372,206</u>	<u>3,417,711</u>	<u>3,522,341</u>
Percent Budgeted Change (Over Preceding Year)	-5.43%	8.76%	12.71%	1.35%	3.06%
Actual Gross Payroll Paid for the Fiscal Year	<u>2,772,515</u>	<u>2,729,980</u>	<u>3,059,749</u>	<u>3,098,710</u> Estimate	N/A
				<u>2,921,196</u>	
				<u>177,514</u>	
				<u>3,098,710</u>	

Note (1)

Compensation for Budget Year 2012-13 included a bargaining unit wage increase based on the bargaining unit's contract.

Compensation for Budget Year 2012-13 recognized and anticipated the following new positions:

- 1) Accounting and Finance Manager
- 2) Electric Superintendent
- 3) Storekeeper Trainee
- 4) Information Technology Operations Technician

Note (2)

Compensation for Budget Year 2013-14 included a bargaining unit wage increase based on the bargaining unit's contract.

Compensation for Budget Year 2013-14 recognized and anticipated the following new positions:

- 1) Assistant General Manager
- 2) Staking Technician Trainee
- 3) Replace Temporary Laborer with Full-time Laborer

Note(3)

Compensation for Budget Year 2014-15 includes a bargaining unit wage increase based on the bargaining unit's contract.

Compensation for Budget Year 2014-15 recognizes the following one new and two anticipated positions:

- 1) Assistant General Manager (Filled May 12, 2014)
- 2) Two (2) Apprentice Linemen 2/3 of the year

Lassen Municipal Utility District
Fiscal Year July 1, 2014 through June 30, 2015
Capital and Equipment Requests

Line No.	Control No.	Brief Description	(A)	(B)	(C)	(D)
			Estimated Capital Cost 2014-15	Capital Item Cary Over 2014-15	Capital Item 2014-15	Capital Item 2015-16
Engineering & Operations						
1	E-22	Westwood Breaker Replacement (2)	357,993		357,993	
2	E-23	Milwood Substation Capacitor Bank	663,820		663,820	
3	E-24	Relocate Distribution Line Fish & Game Rd.	112,645		112,645	
4	E-25	Replace 26 60kV Transmission Poles on the 100 Line	168,077		168,077	
5	E-26	Re-conductor Bronson Rd. to Lambert Substation	90,038		90,038	
6	E-16	Consulting Services-System Modeling & Protection Study	78,000		78,000	
7	E-17	NV Energy Interconnect - PG&E / CAISO SIS	80,000		80,000	
8	E-18	NV Energy Interconnect - Consulting	60,000		60,000	
9	E-19	SCADA Software & Configuration	68,300		68,300	
10			-			
11		Replace Line to Shaffer Mountain	-			80,000
12		Re-conductor Eagle Lake Line BLM Fire Station to Antelope Mtn	-			195,000
13		Shaffer Mtn. Mining Cable through Canyon 6000 ft. Wire Only	-			97,800
14		Shaffer Mtn. Mining Cable Entire Mtn. 22,000 ft. Wire Only	-			306,000
15		450 Line Tie Re-conductor 1/0 ACSR with 477AAC 22,500 x 3	-			70,000
16		Westwood 4,160 kV to 12,470kV Conversion Phase 1 & 2	-			750,000
17		Design and Rebuild Lava Beds Eagle Lake Engineering	-			25,000
18		Alternate feed Susanville Dump Rd to Sunnyside Rd	-			380,000
19			-			
20			\$ 1,678,873	\$ -	\$ 1,678,873	\$ 1,903,800
Facilities						
22	E-15	New Office Complex Consulting / Engineering	15,000		15,000	
23		Asphalt Warehouse Storage Yard (New)	-			86,500
24			\$ 15,000	\$ -	\$ 15,000	\$ 86,500
Information Technology						
26	IT-18	Scheduled Workstation\Server Replacements	31,000		31,000	
27	IT-19	Alienvault IDS	15,000		15,000	
28	IT-21	NIS Upgrade	45,000		45,000	
29	IT-22	NISC Security Assessment	15,000		15,000	
30	IT-23	Tablet PC	5,000		5,000	
31	IT-24	AMI Server	15,000		15,000	
32			-			
33			\$ 126,000	\$ -	\$ 126,000	\$ -
Customer Service						
35	CS-1	Itron Handheld Upgrade	30,000	30,000		
36	CS-2	Software Interface with PCS	6,000	6,000		
37	CS-3	GIS Interface with PCS (Phase one)	7,200	7,200		
38	CS-4	Upgrade Eagle Lake Meter Reading System	461,435		461,435	
39			\$ 504,635	\$ 43,200	\$ 461,435	
40						
41		2014-15 Capital Budget Year Totals	\$ 2,324,508	\$ 43,200	\$ 2,281,308	

Lassen Municipal Utility District

Projected Cash Availability (See Note 1, below)

Fiscal Year July 1, 2014 through June 30, 2015

Line No.		A Available Cash	B Budgeted 2014-15
1	Budgeted Net Income (From Line 28, Budget Plan - Summary)		\$ 1,233,174
2			
3	Add Non-Cash Income Statement Items:		
4	Depreciation		2,067,156
5	Amortization Debt Expense		
6	Projected Net Cash from Budgeted Operations (FYE 2014-15)		3,300,330
7			
8			
9	Deduct Expected Non-Income Statement Items:		
10	Board Designated Reserve for Viewland Interconnection		(1,300,000)
11	Board Designated Reserve for OPEB CERBT Contribution		(300,000)
12	Capital & Equipment Requests (See Schedule)		(2,324,508)
13	Misc. Capital Projects Labor & OH		(581,335)
14	Total Expected Cash Expenditures from Other than Operations		(4,505,843)
15			
16	Cash Required from Savings (Reserves) (Line 6 + Line 12)		\$ (1,205,514)
17			
18	Available Cash (Period Ended April 30, 2014):		
19	Board Restricted Funds - US Bank CD	1,500,000	
20	Board Restricted Funds - L.A.I.F.	1,500,000	
21	Board Restricted Funds - Viewland Interconnection	5,461,145	
22	Board Restricted Funds - Medical Reserve Fund	120,567	
23	Board Restricted Funds - Public Benefits	149,931	
24	Board Restricted Funds - SB-1 Solar Rebate Funds	122,707	
25	U.S. Bank and Other - Unrestricted	1,021,244	
26	LAIF Savings - Unrestricted	477,074	
27	Plumas Bank - Unrestricted	4,338	
28	L.A.I.F. FMV Adjustment	2,989	
29	Available Cash	\$ 10,359,995	
30	Cash Added (Used) to/from Savings (Reserves) (Line 15)	(1,205,514)	
31	Cash Deposited into Reserve for Viewland Interconnect fund	1,300,000	
32	Remaining Cash Reserves (Note 3)	\$ 10,454,481	

Note 1: This "Projected Cash Availability" schedule does not attempt to account for changes in operating assets and liabilities which also give rise to sources or uses of cash (i.e. Accounts Receivable, Accounts Payable, etc.). Accordingly, this is not a Cash Flow Statement in the traditional sense as would be presented with the District's annual financial statements.

Note 2: It is important to note that the "Cash Required from Savings" (Line 15) is based largely on expected operations for the fiscal year 2014-15. As such, this schedule identifies the use of "short-term" cash for "long-term" assets and improvements.

Note 3: Cash Reserves. Industry "Rules-of-Thumb" indicate cash reserves should be three to six months of operating expenses; or 20% of historical investment in Plant. Six months operating expense would equate to approximately \$9.6 million, twenty percent of net plant would be \$9.6 million.