

Bryan Texas Utilities

FY16 Budget Presentation

July 28, 2015

Gary Miller
General Manager
Bryan Texas Utilities

- Top management is **visibly** committed.
- Middle management is actively **involved**.
- Front-line supervision is **performance**-focused.
- Employees are **actively** participating.
- System is **flexible** to accommodate the culture.
- Safety system is **positively** perceived by the workforce.

 CATERPILLAR®

- Safety Steering Team
- Continuous Improvement Team #1
- These teams are leading the effort for safety improvement at BTU

FY16 Budget Highlights

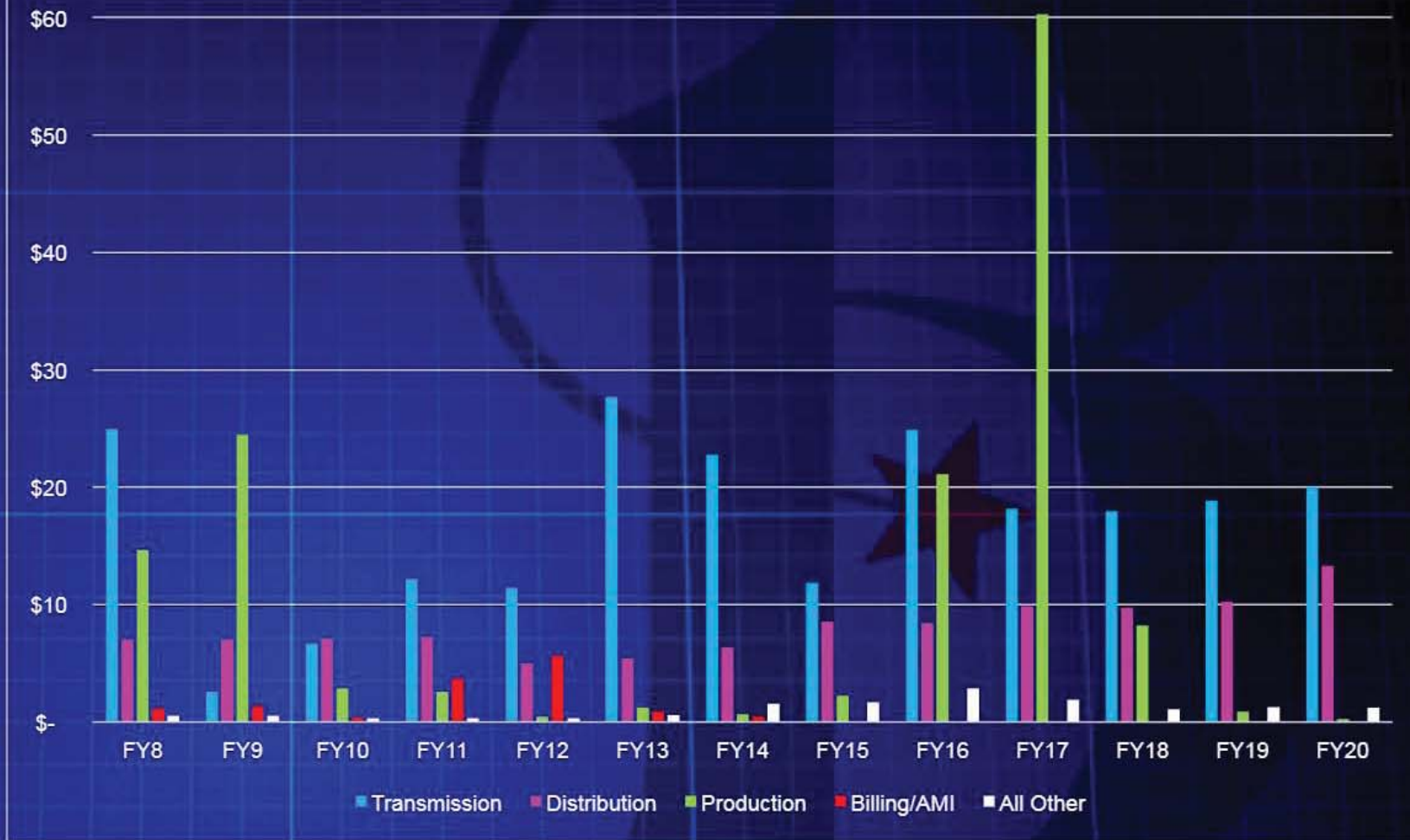
4



Capital Spending



\$70



Transmission Projects



- FY16-17 Dansby Conversion \$ 6.5 mm
 Tabor Rayburn Rebuild \$ 4.5 mm
 Attitash Rebuild \$ 5.0 mm

Atkins to Briarcrest \$ 5.0 mm
TAMU West Campus Substation \$ 6.3 mm
& Loop-in

- FY17-20 Nall to Briarcrest \$ 4.5 mm
Annex Sub \$ 8.0 mm
Snook to Steele Store Line \$ 7.1 mm
Atkins Substation Upgrade \$ 6.1 mm
Triangle Park #2 \$ 6.0 mm
Steel Store Upgrade \$ 5.0 mm
Future Substations/Lines \$5.1/5.1mm



Reconfigure Dansby 69 kV Bus



Financial Measures

22



BTU Credit Ratings



S&P

- A+
- Stable Outlook

Fitch

- A+
- Stable Outlook

Moody's

- A2
- Stable Outlook

'AA'—Very strong capacity to meet financial commitments.

'A'—Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.

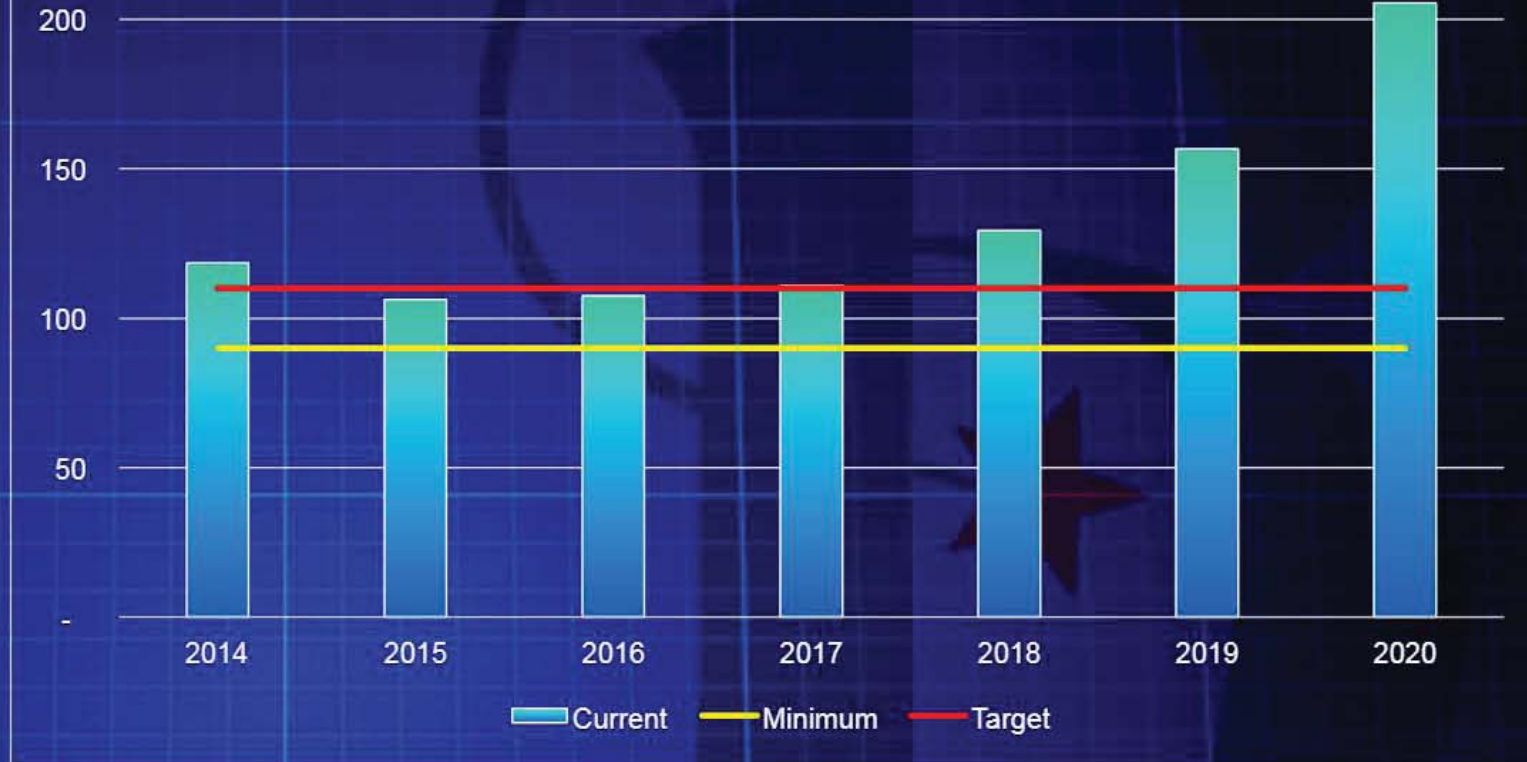
23



Days Operating Cash – City System

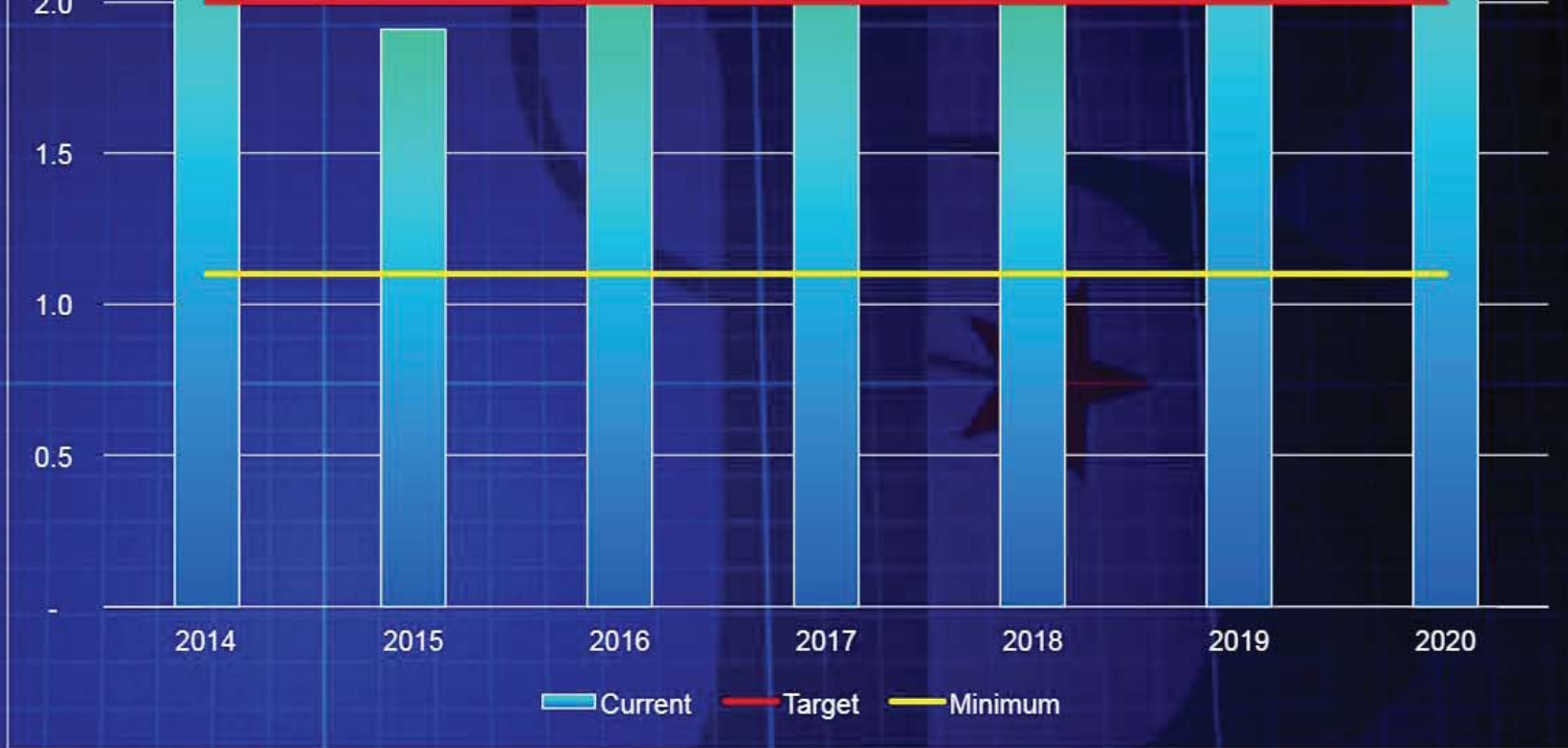


250



Debt Service Coverage – City System





25



Debt Service Coverage – Full City System

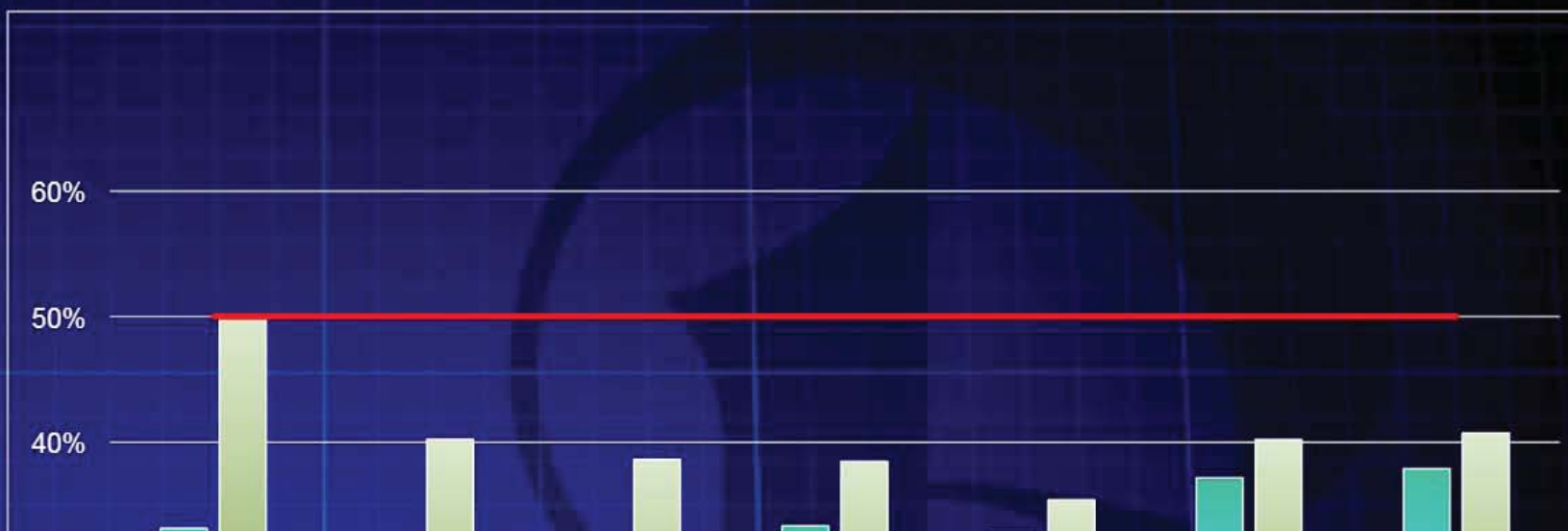


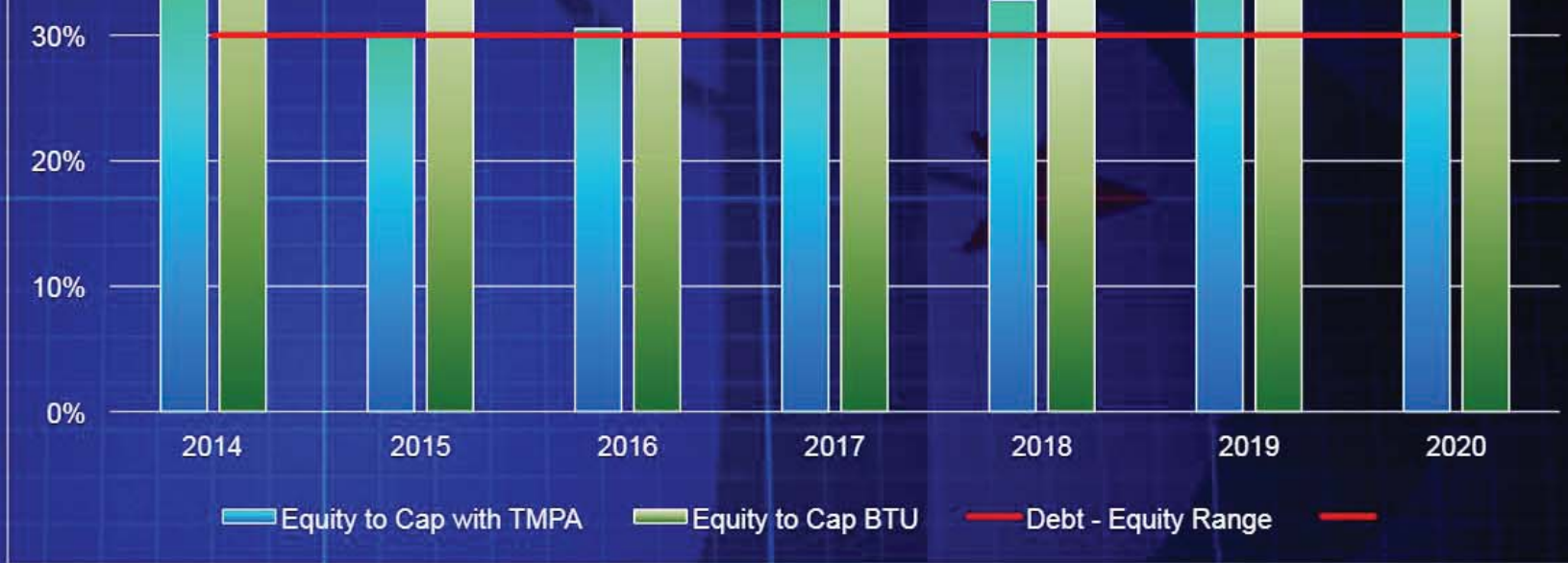


26

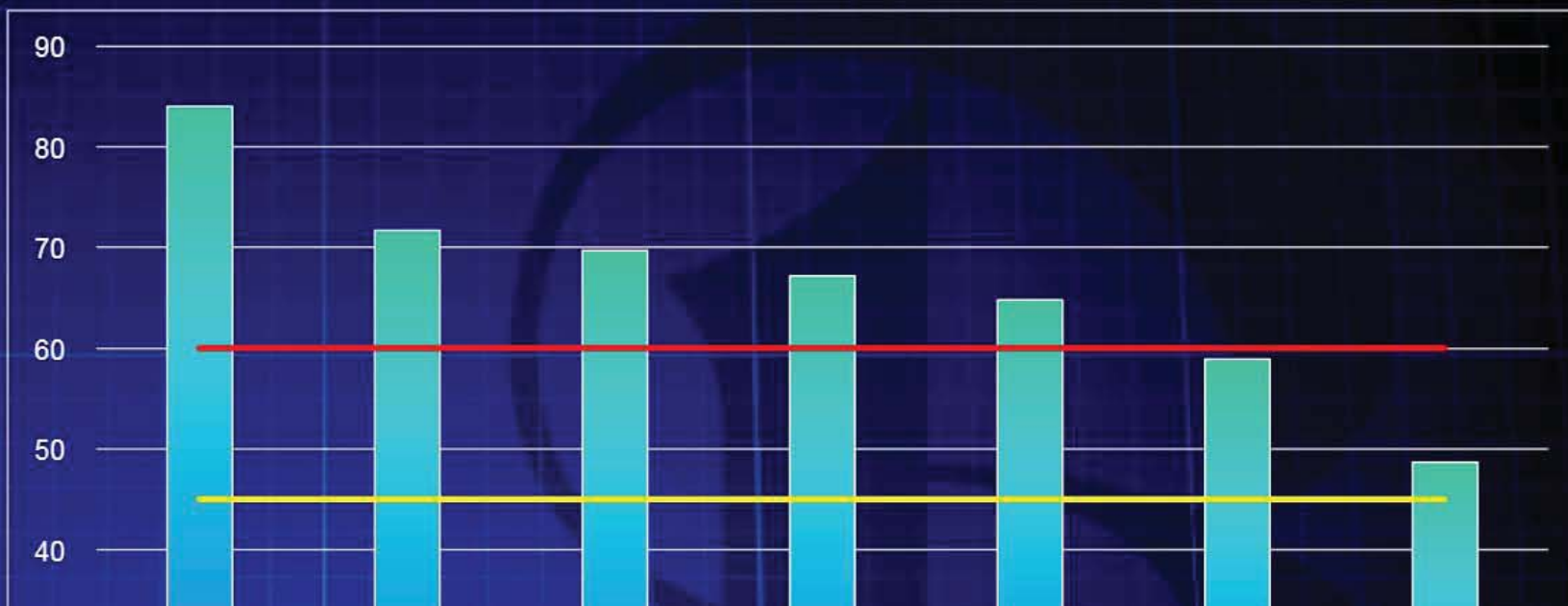


Equity Ratio City System



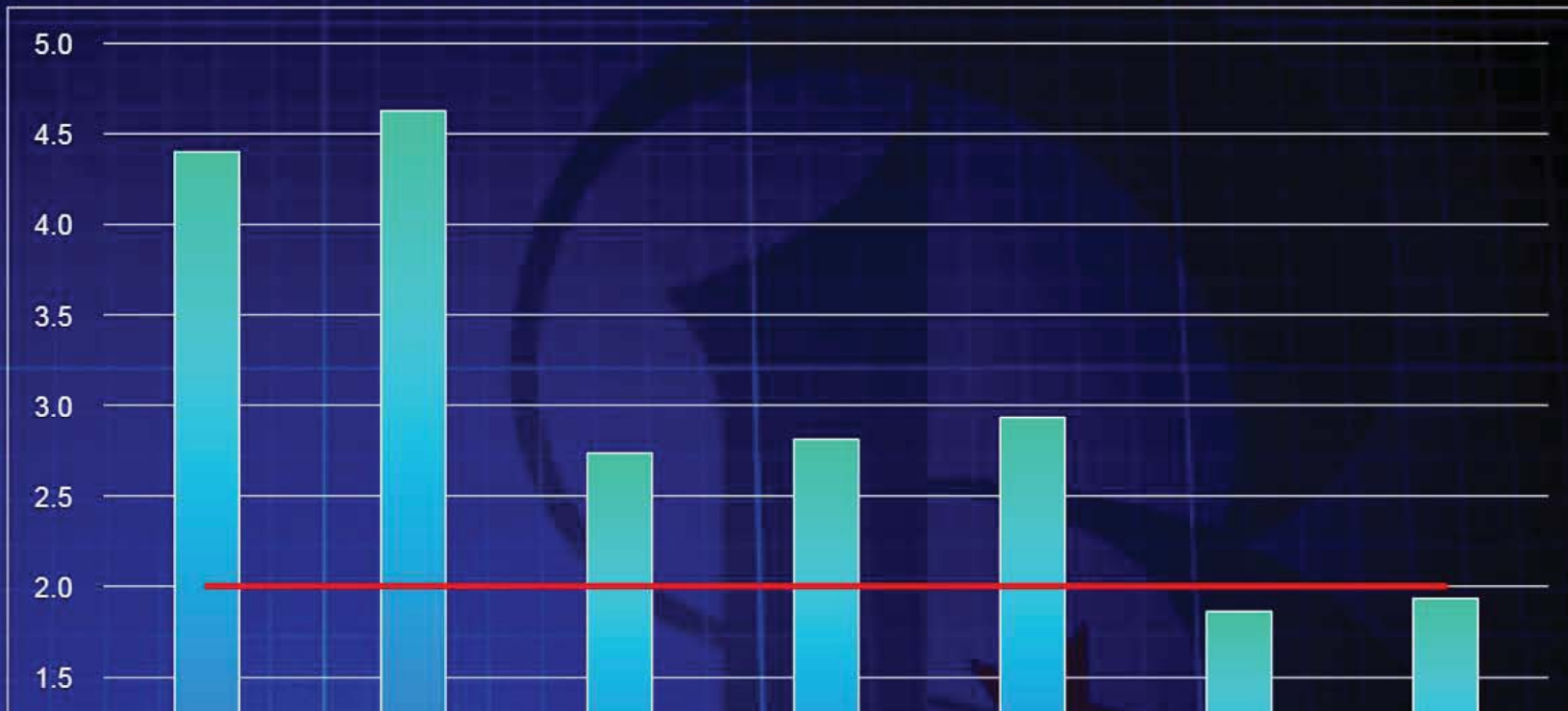


Days Operating Cash – Rural System



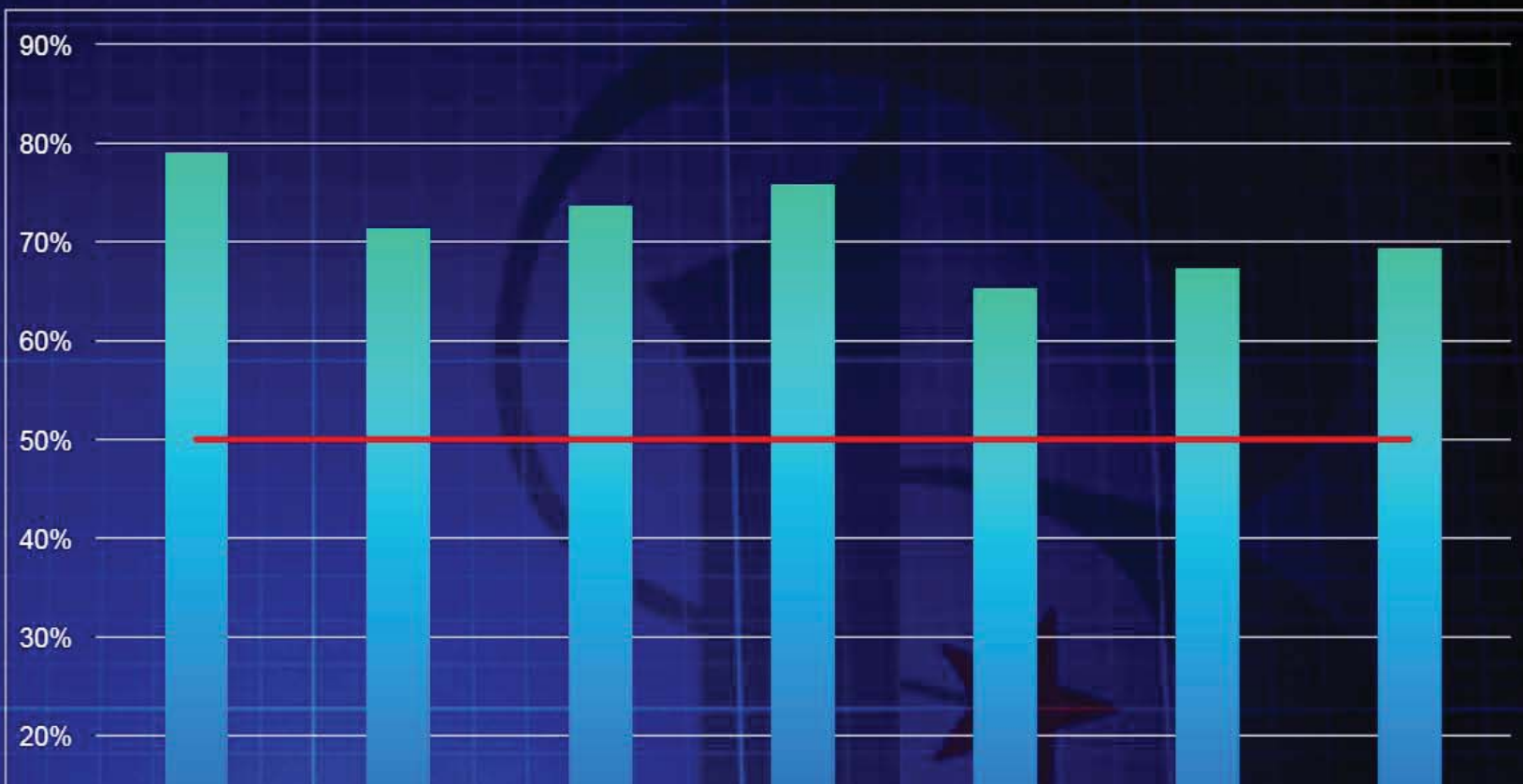


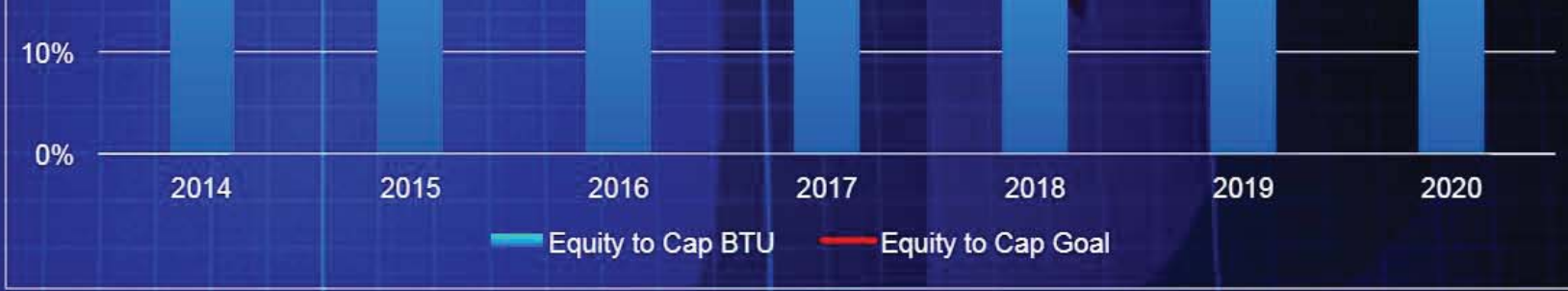
Debt Service Coverage – Rural System





Equity Ratio – Rural System





Budget Summary



FY16 Expenditure Assumptions



Overall Expenditures up \$3.1 mm

- Departmental O&M up \$2.2 mm:
 - Increased power generation O&M - \$1.3 mm
 - 3.5% Merit - \$398k
 - 4 staff additions - \$311k
 - Increased safety and regulatory compliance - \$395k
- TMPA capacity cost up - \$1.9 mm
- Increased capital spending - \$1.0 mm
- Higher Transmission costs - \$944k
- Increased General Fund Transfer - \$681k

- Energy cost down \$3.7 mm due to lower gas prices



FY16 Budget Proposal – City System

(in thousands of \$)



<u>Revenues</u>	<u>FY 2015 Budget</u>	<u>FY 2016 Proposal</u>
Operating Revenues		
Base Revenue	\$ 70,624	\$ 72,400
Fuel Pass Through	84,941	81,237
Regulatory Charge Pass Through	14,783	15,721
Other Operating Revenue	25,989	29,140
Total Operating Revenue	196,338	198,498
Non-Operating Revenues	188	187
Total Revenues	196,526	198,685
<u>Expenditures</u>		
Operating Expenses		
Energy Cost	84,941	81,237
Capacity Cost	28,745	30,673
TCOS Expense - BTU	14,778	15,721
TCOS Expense - Wholesale	3,257	3,474
Departmental Expenses - Net	21,151	23,295
Total Operating Expenses	152,872	154,400
Non-Operating Expenses		
Annual Capital	8,573	9,584
Right-of-Way Payments	11,619	12,300
Debt Service	22,370	22,241
Total Non-Operating Expenditures	42,562	44,125
Total Expenditures	195,434	198,525
Net Increase (Decrease)	1,091	161
Beginning Unrestricted Cash	40,747	35,249
Release of Restrictd Collateral	1,000	8,379
Ending Unrestricted Cash	\$ 42,838	\$ 43,789
# of Days of Reserve (90 day min)	106	107



FY16 Budget Proposal – City System - Cont.

(in thousands of \$)



CIP Summary

	<u>FY 2015 Budget</u>	<u>FY 2016 Proposal</u>
Bonds Issued	\$ -	\$ 127,494
Capital Expenditures from Bonds	17,527	47,731
Net Increase (Decrease)	<u>(17,527)</u>	<u>79,763</u>
Beginning Bond Funds	17,527	2,448
Ending Bond Funds	<u>\$ -</u>	<u>\$ 82,212</u>



FY16 Budget Proposal – Rural System

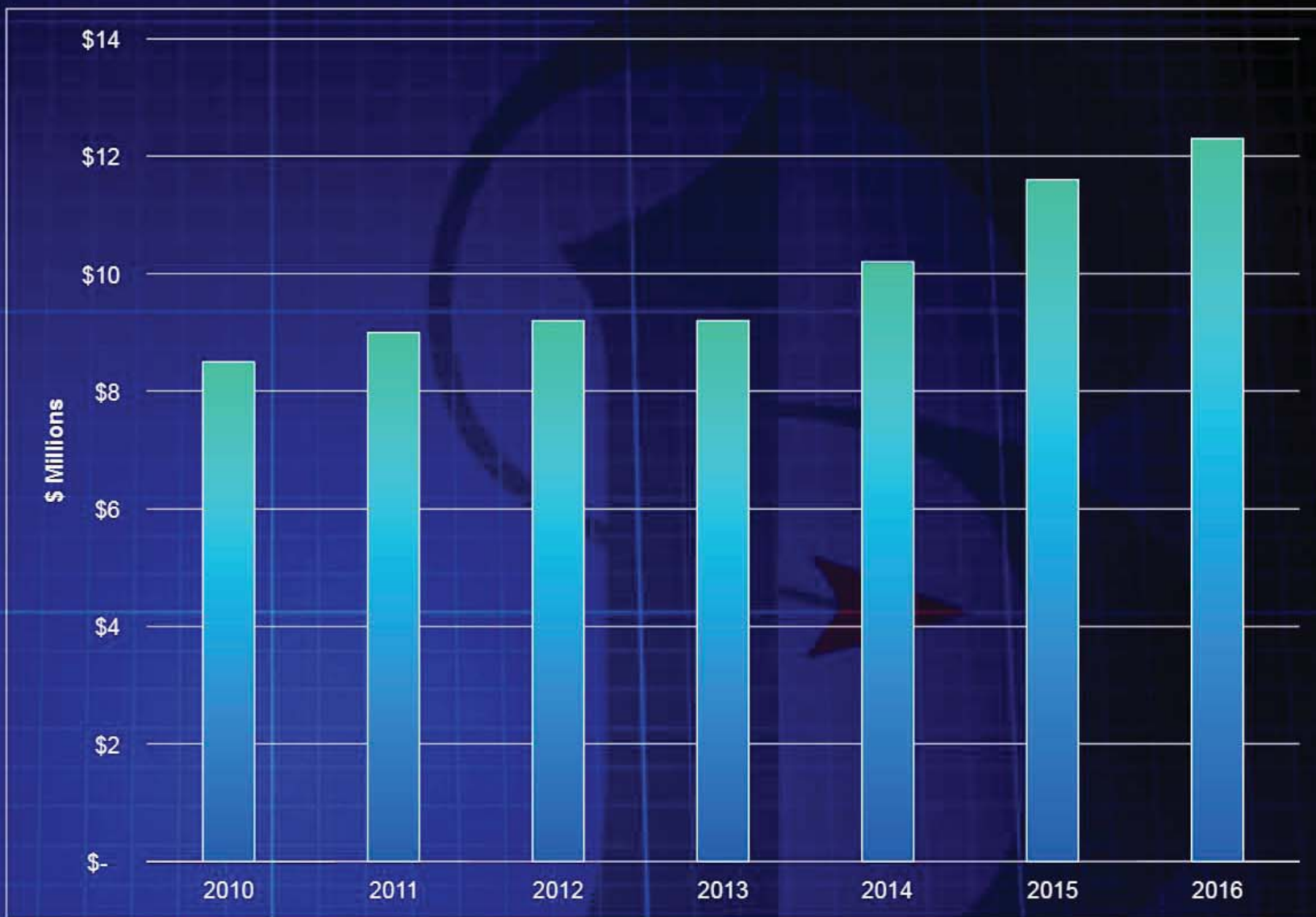
(in thousands of \$)



	<u>FY 2015 Budget</u>	<u>FY 2016 Proposal</u>
<u>Revenues</u>		
Operating Revenues		
Base Revenue	\$ 21,465	\$ 23,096
Fuel Pass Through	14,093	14,468
Regulatory Charge Pass Through	4,041	4,469
Miscellaneous	309	316
Total Operating Revenues	<u>39,907</u>	<u>42,349</u>
Non-Operating Revenues		
Interest Income	36	44
Total Revenues	<u>39,943</u>	<u>42,393</u>
<u>Expenditures</u>		
Operating Expenses		
Purchased Power - Base	14,818	16,531
Purchased Power - Fuel	14,093	14,468
Purchased Power - Regulatory Charge	4,041	4,469
Departmental Expenses and Other	1,564	1,726
Total Operating Expenses	<u>34,515</u>	<u>37,195</u>
Non-Operating Expenses		
Annual Capital	3,339	2,817
Debt Service	1,205	1,891
Total Non-Operating Expenditures	<u>4,543</u>	<u>4,708</u>
Total Expenditures	<u>39,059</u>	<u>41,903</u>
Net Increase (Decrease)	884	490
Beginning Unrestricted Cash	5,857	6,234
Ending Unrestricted Cash	<u>\$ 6,741</u>	<u>\$ 6,725</u>
# of Days of Reserve (45 day min)	71	66

CIP Summary

	<u>FY 2015 Budget</u>	<u>FY 2016 Proposal</u>
Bonds Issued	\$ -	\$ 8,813
Capital Expenditures from Bonds	2,135	4,225
Net Increase (Decrease)	<u>(2,135)</u>	<u>4,588</u>
Beginning Bond Funds	2,145	100
Ending Bond Funds	<u>\$ 10</u>	<u>\$ 4,688</u>



- Council Feedback
- Incorporate BTU Budget into total City Budget