



**Fiscal Year 2014
Proposed
Electric & Water Capital Budgets**



**FY 2014
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Electric & Water Capital Budgets**

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Discussion of Significant Proposed Budget Items and Changes:

The Canby Utility Proposed Capital Budgets for FY14 have been prepared with the input of management and staff. There have been various estimates and assumptions used to determine total Capital Project costs. The Proposed Capital Budget documents are meant to be used as planning tools and a point of reference for comparison to actual FY14 results.

The following points have been deemed important enough to be discussed at the beginning of the budget documents. Throughout the budget documents you will find further discussion and explanation that should be read to facilitate a more complete understanding of the Proposed Capital Budgets.

- Capital projects are paid for with funds set aside in various restricted fund reserve accounts. These funds were generated through Electric and Water sales revenues, development charges such as line extension fees and water SDCs, interest income on invested funds and miscellaneous revenue sources.
- Capital projects are identified through various processes. Engineering studies are performed to analyze the existing Electrical & Water systems for reliability, ability to manage growth, and requested or required improvements. Projects are also identified through a review of current equipment for replacement or necessary upgrades.
- During the time that capital projects are being purchased and/or constructed, the related expenditures are charged against the appropriate reserve at year end. At completion, the new asset is entered in our depreciation records and depreciation started.
- Many of the proposed capital projects are subject to further review prior to initiating the project. Generally, this review process results in the proposed project being brought to the Board for final approval. Some projects, such as subdivisions, will be initiated based on contractor timing and requests.

Electric & Water Reserves and Estimated Cash Flow Summary:

Canby Utility maintains the following reserves:

- Annual Operating & Maintenance (O&M) Expenditures – Electric & Water, a 180 days of cash to cover O&M expenditures.
- High month power supply – Electric, power cost payment, separate from the O&M reserve.
- Power Supply Risk – Electric, for the possibility of a power supply adjustment due to variations in market prices.
- Catastrophic – Electric & Water, designated to replace damaged assets due an unforeseen event.
- Annual Debt Service – Water, to fund the debt service payment when payment is due.
- Capital Improvement Program – Electric & Water, replacement or construction of assets.
- Vehicle/equipment replacement program – Electric & Water, replacement of vehicles on a rolling schedule.
- Building Reserve - Electric & Water, designated funds for specific capital projects in subsequent fiscal year, for example the new facility on South Pine.

Debt Summary:

Canby Utility issued \$2,900,000 of Series 2004 Water Revenue bonds during FY 05 and issued \$3,200,000 of Series 2007 Water Revenue bonds during FY 08. The 2004 and 2007 bond proceeds have been fully utilized. The proceeds of both issues were used to finance improvements to the water system, including storage, treatment, and security improvements, and to pay the costs of bond issuance.

Canby Utility is required by the debt covenants to maintain a Debt Service Coverage ratio of 1.25, (i.e. Gross Water Revenues, less Operating Expenses, divided by the debt service payment).

**Proposed FY14 Water Operating Budget
Debt Summary Through FY14**

Fiscal Year	Operating	Operating	Net Water	Debt	Debt Service Requirements		Net Water Revenues Needed for 1.25	Net Water Revenues Gain/(Deficit)
	Revenues (1)	Expenses (2)	Revenues	Outstanding	Annual Debt	DSC		
				At year end	Service			
2013	2,258,309	1,432,707	825,602	4,630,000	441,709	1.87	\$ 552,137	\$ 273,465
2014	2,426,333	1,749,404	676,929	4,370,000	442,625	1.53	553,281	123,648

(1) Operating Revenues, ("Gross Water Revenues") as defined in the Master Water Revenue Bond Declaration.

(2) Operating Expenses as defined in the Master Water Revenue Bond Declaration.

Note: The Master Water Revenue Bond Declaration requires a Debt Service Coverage ratio of no less than 1.25 be maintained annually when there are transfers to and from the Rate Stabilization Account.

Canby Utility
Electric System
FY 14 Proposed Capital Budget

Project Name	Description of Project	Labor	Materials	Transportation Charges	Labor Overheads 64.66%	Contractor Costs	Project Cost
Executive - Projects Future Facility	Tasks include design services; schematic design, design development, construction document development, land use approvals, and mobilization and grading for construction of administration building on S. Pine Street.	\$ -	\$ -	\$ -	\$ -	\$ 1,400,000	\$ 1,400,000
Operations - Projects Knights Bridge Substation	Contingency carry over from FY13	26,000	5,000	5,000	16,812	5,000	57,812
Operations - Capital Equipment Replace U28	Proposed to replace Unit 28, a 1991 Ford F250, used as the mechanic's response vehicle and for general use and job site material delivery. It is proposed to replace U28 with a 2013 1 Ton flat bed with under bed storage boxes. This configuration would make this unit much more versatile, allowing it to transport bulky loads such as pad mounted switchgear.	-	-	-	-	30,000	30,000
Distribution - Projects SW Cable Replacement	Continuation of cable replacement in area of SW Canby between SW 9th to 11th and Ivy to Grant known for its failing UG primary cables.	15,000	5,000	3,000	9,699	-	32,699
NW Cable Replacement	Replace and upgrade approximately 4000' of aging primary cable at NW 9th Ave. to NW 13th Ave. and N. Aspen St. Relocate transformers from rear to front lot line and create loop source.	25,000	30,000	15,000	16,165	40,000	126,165
NW 8th PI, Cable Replacement	Replace and upgrade approximately 800 feet of deteriorated UG primary cable. Relocate transformers and line segments from rear lot line to front lot line. This area has experienced many cable and equipment failures in recent years.	15,000	20,000	10,000	9,699	-	54,699
AMR Metering	Purchase and install approximately 1,000 AMR electric meters during FY 14. In addition to providing radio read meter reading, these meters provide improved metering accuracy and tampering indication.	30,000	70,000	10,000	19,398	-	129,398
Replace Failed Cooper Power VFI Switchgear	Another Cooper Power switchgear with evidence of moisture penetration due to poor product design failed to operate correctly during switching operations. This resulted in very serious power quality issues for several of our Pioneer Industrial Park customers and customer side equipment damage. It is proposed to replace this switch with another brand and style of switch as we recently did with another identical and similarly malfunctioning Cooper Power switch.	3,000	44,447	600	1,940	-	49,987
Smart Switches	Purchase and install two overhead smart distribution switches. This will further CU's smart switch program and enhance our ability to restore power to effected portions of our system. The FY14 switches will provide automatic sectionalization and return to service options for Feeders F and 4. This equipment will provide increased service reliability to a mix of commercial and residential customers.	10,000	67,000	5,000	6,466	-	88,466
Distribution - Capital Equipment Tesco Desk Top Meter Station	Addition of this equipment will allow programming, re-programming and or interrogation of all of our electric meter forms at a work station at the Operations Center. The device's built in safety features and removing these activities from the field will make this work much safer and the results more accurate.	-	2,800	-	-	-	2,800
Purchase UG Cable Identification Tool	This device will assist our crews in the identification of underground (UG) secondary and de-energized primary cables. It can also indicate the integrity of underground neutral conductors and overhead secondary connectors. This device will improve repair crew safety and decrease repair times and unnecessary customer service interruptions.	-	2,500	-	-	-	2,500

Electric System
FY 14 Proposed Capital Budget

Project Name	Description of Project	Labor	Materials	Transportation Charges	Labor Overheads 64.66%	Contractor Costs	Project Cost
Remote Connect/Disconnect Metering Trial	It is proposed to purchase 10 Itron electric meters with "Nighthawk" radio option. These meters will allow remote disconnect/reconnect. They are customer reset, have an electrical current limit option, pay-as-you-go option and tamper detection. There is a \$2/Mo. Per meter fee for the connect/disconnect option, and a \$3 per Mo. fee for the pay-as-you-go option. It is expected that these meters will reduce field and office personnel exposure to personal safety issues and provide quicker and lower cost response.	1,000	4,400	500	647	-	6,547
Subsite 950R Locator	This device is used to locate UG facilities and replaces a vintage unit that is now becoming unreliable. It is vitally important that CU be able to accurately locate our facilities when requested by the One Call Locating system or as needed for our own construction.	-	4,200	-	-	-	4,200
Hydraulic Pole Tamp	Replace failed hydraulic pole tamp. Electric's pole tamp became inoperable in 2011, and they have been sharing water's unit. As construction activity is picking up that will become problematic and inefficient.	-	-	-	-	1,705	1,705
Large Cable Pulling Sheaves and Guides	This set of sheaves, guides and hangers is necessary to safely and to correctly install the large diameter UG cables used on our mainline extensions and feeder get-a-ways. It is felt that the current equipment may be putting personnel and the cable integrity both in jeopardy.	-	-	-	-	5,954	5,954
Thumper Repair	The primary tool for determining the location of a fault in buried primary cable. Our unit has become unreliable and is in need of maintenance and repair.	-	-	-	-	2,500	2,500
Grounds and MAC repair and testing	Grounding sets are used to ground out primary wire to create a safer work zone when working OH feeders. They consist of short cable lengths terminated with hot stick operable clamps that allow safe placement and removal and are rated to withstand the available fault current while keeping voltage rise in the work zone to a minimum. MACs are used to bypass line currents when jumpers need to be worked or removed. Our MAC's and Grounds are suspect of not meeting current standards, and this testing and repair will remedy this.	-	-	-	-	4,700	4,700
Portable Honda Generator	The battery - inverter system on U18 is not capable of maintaining adequate power delivery to the portable electric tools used on our larger jobs when the crew is on site for more than 1/2 a day. This Honda EU2000 generator will solve this and eliminate repair and maintenance costs we have been experiencing with the inverter systems.	-	-	-	-	1,050	1,050
CONTRIBUTED CAPITAL:							
Sequoia Extension	City of Canby is extending S. Sequoia Parkway from its dead end at American Steel on to SE 13th Ave. Canby Utility will need to install the required ducts, vaults and cables to extend Feeder G into this developing area.	60,000	340,000	24,000	38,796	-	462,796
Old Castle Injection Molding	We have been contacted by an electrical firm representing Old Castle stating that they have purchased the Bowen Building on Hazeldell Way and intend to place a large firm injection molding machine there. The stated load increase for this location may be as much as 2,000 kW. CU's existing electrical system along Hazeldell Way will need to be upgraded to full feeder capacity.	30,000	170,000	12,000	19,398	-	231,398
Northwoods Phase 2	Developers have announced they are moving forward with a 33 lot addition to the Northwoods residential development in NW Canby.	15,000	50,000	12,000	9,699	-	86,699
Various residential connects	Estimate of 30 connects / meter sets.	6,660	9,000	3,000	4,306	-	22,966
Fred Meyer Gas Station	Provide electrical service to a proposed new Fred Meyer Gas Station to be located at 99E and S. Locust.	4,400	10,000	2,200	2,845	-	19,445
Totals		\$ 241,060	\$ 634,347	\$ 102,300	\$ 155,670	\$ 1,490,909	\$ 2,824,486

Canby Utility							
Water System							
FY 14 Proposed Capital Budget							
Project Name	Description of Project	Labor	Materials	Transportation Charges	Labor Overheads 70.43%	Contractor Costs	Project Cost
Operations - Capital Equipment							
Replace U3 and U22	Proposed to replace both Unit 3, a 2001 GMC compact pickup, and Unit 22, a 1991 Ford mini-van, with one 2013 half ton, extended cab, short bed, two wheel drive pickup. These are meter reading/repair and meter reader trucks being replaced with a truck suited to the tasks..					25,000	25,000
Distribution - Projects							
City Street Resurfacing	In advance of City street resurfacing projects at various locations throughout the year Canby Utility will need to replace 60 damaged/deteriorated valve cans.	10,800	6,000	5,400	7,606	-	29,806
WTP							
Capital Expenditure Modifications	Capital Draw-down upon request Per VEOLIA WATER O&M Service Agreement.					25,000	25,000
CONTRIBUTED CAPITAL							
Fred Meyer Gas Station 5/8" x 3/4"	Provide water service to a proposed new Fred Meyer Gas Station to be located at 99E and S. Locust.	486	300	400	342	-	1,528
City Of Canby	City Dog Park on Territorial Road 2" Irrigation service and meter.	1,032	4,500	400	727	1,100	7,759
Various residential connects	Estimate of 30 new connects / meter sets.	1,000	1,000	1,000	704	-	3,704
Total		\$ 13,318	\$ 11,800	\$ 7,200	\$ 9,379	\$ 51,100	\$ 92,797