



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



**FY 2014  
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Electric & Water Capital Budgets**

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## **Discussion of Significant Recommended Budget Items and Changes:**

The Canby Utility Recommended 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 Recommended 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 Recommended 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 Electric & 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 recommended capital projects are subject to further review prior to initiating the project. Generally, this review process results in the recommended 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).

**Recommended 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 At year end | Annual Debt Service       | DSC  |                                    |                                   |
| 2013        | 2,258,309    | 1,432,707    | 825,602   | 4,630,000               | 441,709                   | 1.87 | \$ 552,137                         | \$ 273,465                        |
| 2014        | 2,426,351    | 1,749,308    | 677,043   | 4,370,000               | 442,625                   | 1.53 | 553,281                            | 123,762                           |

(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 Recommended Capital Budget**

| Project Name   | Description of Project  | Labor  | Materials | Transportation Charges | Labor Overheads 64.39% | Contractor Costs | Project Cost |
|--|---|--------|-----------|------------------------|------------------------|------------------|--------------|
| <b>Executive - Projects</b><br>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 |
| <b>Operations - Projects</b><br>Knights Bridge Substation                    | Contingency carry over from FY13  | 26,000 | 5,000     | 5,000                  | 16,741                 | 5,000            | 57,741       |
| <b>Operations - Capital Equipment</b><br>Replace U28                         | Recommended 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 recommended 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       |
| <b>Distribution - Projects</b><br>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                  | 9,659                  | -                | 32,659       |
| 2<br>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                 | 16,098                 | 40,000           | 126,098      |
| 6<br>NW 8th Pl. 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                 | 9,659                  | -                | 54,659       |
| 3<br>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                 | 19,317                 | -                | 129,317      |
| 5<br>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 recommended 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                    | 1,932                  | -                | 49,979       |
| 1<br>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                  | 6,439                  | -                | 88,439       |
| 4<br><b>Distribution - Capital Equipment</b><br>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 Recommended Capital Budget         |  |                   |                   |                        |                        |                     |
| Project Name                             | Description of Project   | Labor             | Materials         | Transportation Charges | Labor Overheads 64.39% | Contractor Costs    |
|  |  |                   |                   |                        |                        | Project Cost        |
| Remote Connect/Disconnect Metering Trial | It is recommended to purchase 10 Iron 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                    | 644                    | 6,544               |
| 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 lamp. Electric's pole lamp 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               |
| 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               |
| 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               |
| Grounds and MAC repair and testing       | Grounding seats 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               |
| 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               |
| <b>CONTRIBUTED CAPITAL:</b>              |  |                   |                   |                        |                        |                     |
| 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                 | 38,634                 | 462,634             |
| 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 item 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                 | 19,317                 | 231,317             |
| 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                 | 9,659                  | 86,659              |
| Various residential connects             | Estimate of 30 connects / meter sets.  | 6,660             | 9,000             | 3,000                  | 4,288                  | 22,948              |
| Fred Meyer Gas Station                   | Provide electrical service to a new Fred Meyer Gas Station to be located at 99E and S. Locust.   | 4,400             | 10,000            | 2,200                  | 2,833                  | 19,433              |
| <b>Totals</b>                            |  | <b>\$ 241,060</b> | <b>\$ 834,347</b> | <b>\$ 102,300</b>      | <b>\$ 155,220</b>      | <b>\$ 1,490,909</b> |
|  |  |                   |                   |                        |                        | <b>\$ 2,823,836</b> |

| Canby Utility                         |   |                  |                  |                        |                        |                  |                  |  |  |
|---------------------------------------|---|------------------|------------------|------------------------|------------------------|------------------|------------------|--|--|
| Water System                          |   |                  |                  |                        |                        |                  |                  |  |  |
| FY 14 Recommended Capital Budget      |   |                  |                  |                        |                        |                  |                  |  |  |
| Project Name                          | Description of Project  | Labor            | Materials        | Transportation Charges | Labor Overheads 71.11% | Contractor Costs | Project Cost     |  |  |
| <b>Operations - Capital Equipment</b> |   |                  |                  |                        |                        |                  |                  |  |  |
| Replace U3 and U22                    | Recommended 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           |  |  |
| <b>Distribution - Projects</b>        |   |                  |                  |                        |                        |                  |                  |  |  |
| 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                  | 7,680                  | -                | 29,880           |  |  |
| <b>WTP</b>                            |   |                  |                  |                        |                        |                  |                  |  |  |
| Capital Expenditure Modifications     | Capital Draw-down upon request Per VEOLIA WATER O&M Service Agreement.  |                  |                  |                        |                        | 25,000           | 25,000           |  |  |
| <b>CONTRIBUTED CAPITAL</b>            |   |                  |                  |                        |                        |                  |                  |  |  |
| Fred Meyer Gas Station 5/8" x 3/4"    | Provide water service to a new Fred Meyer Gas Station to be located at 99E and S. Locust.   | 486              | 300              | 400                    | 346                    | -                | 1,532            |  |  |
| City Of Canby                         | City Dog Park on Territorial Road 2" Irrigation service and meter.  | 1,032            | 4,500            | 400                    | 734                    | 1,100            | 7,766            |  |  |
| Various residential connects          | Estimate of 30 new connects / meter sets.   | 1,000            | 1,000            | 1,000                  | 711                    | -                | 3,711            |  |  |
| <b>Total</b>                          |   | <b>\$ 13,318</b> | <b>\$ 11,800</b> | <b>\$ 7,200</b>        | <b>\$ 9,471</b>        | <b>\$ 51,100</b> | <b>\$ 92,889</b> |  |  |