

# Metropolitan Utilities District

## Report on Income & Finance



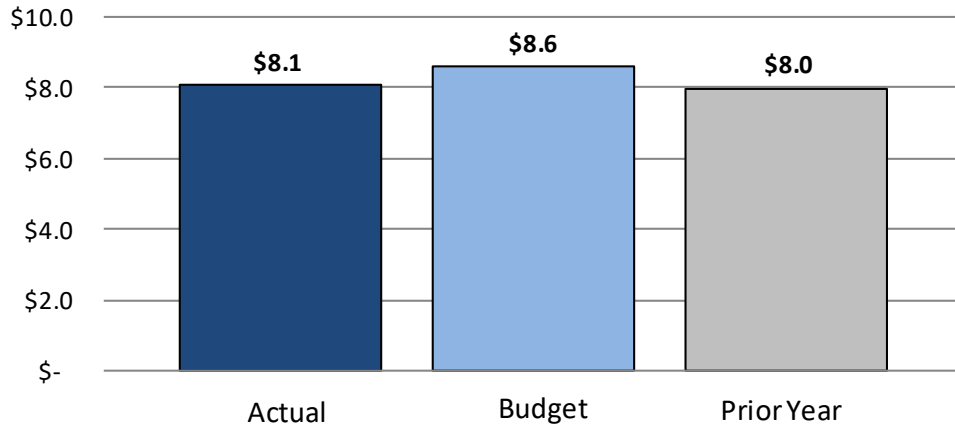
November 2018

# Water Operations

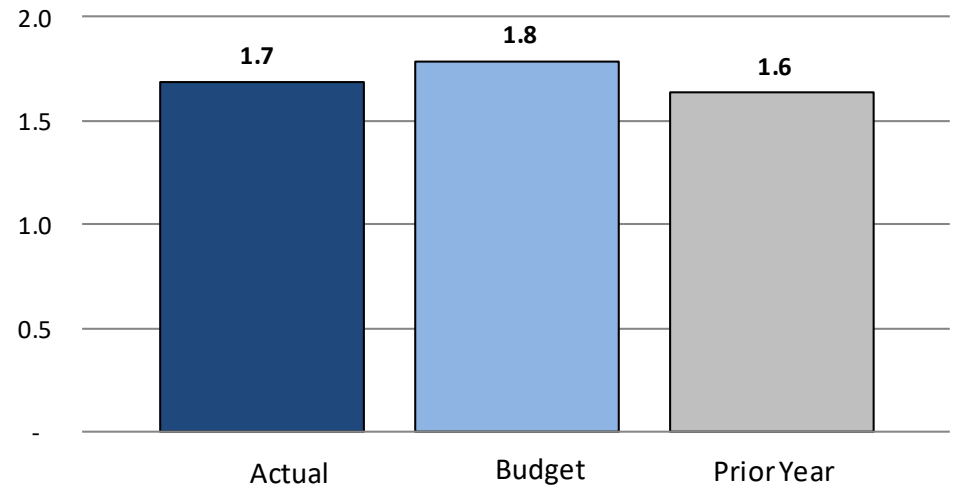
## Current Month - November 2018

### Net Operating Revenue

(Net of Bad Debt)  
(in millions)

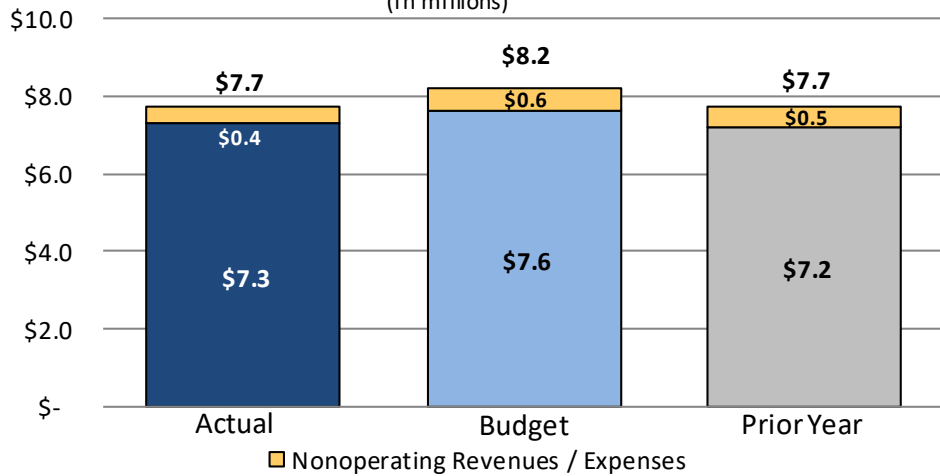


### Volumes - Billions of Gallons Sold



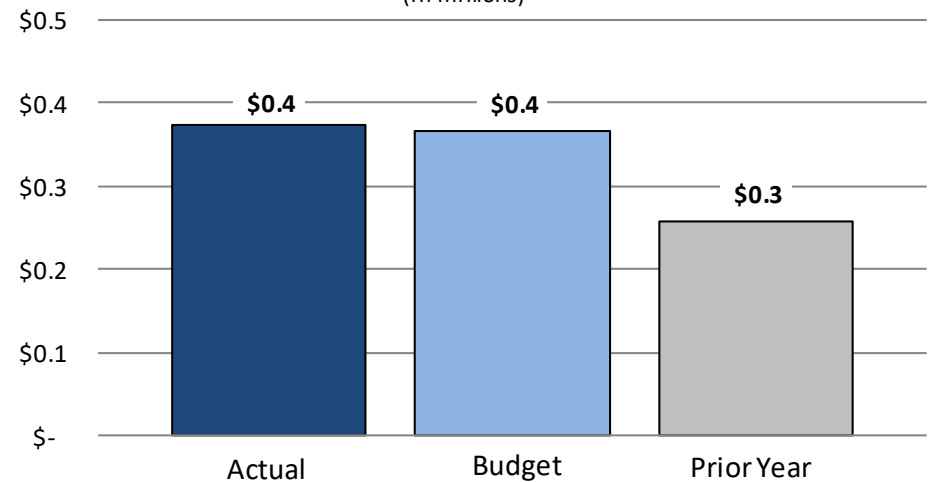
### Operating Expenses & Other

(Includes Nonoperating Revenues / Expenses)  
(in millions)



### Net Income

(in millions)



# Water Operations Executive Summary

November 2018

## Revenue:

- November Water sales revenues of \$8.1 million were unfavorable to budget by \$.5 million, or 5.5%, as follows:

	<u>Millions</u>
Decreased metered sales of water due to 5.7% decrease in volumes vs. budget	\$ (0.5)

- November Water sales revenues of \$8.1 million were favorable to prior year by \$.1 million, or 1.4%, as follows:

Increased metered sales of water due to 3.1% increase in volumes vs. prior year coupled with 2.5% increase to Commodity component of rates	\$ 0.1
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## Volumes:

- Water volumes were unfavorable to budget by 5.7% and favorable to prior year by 3.1%

## Operating Expenses & Other:

- November operating and other expenses of \$7.7 million were favorable to budget by \$.5 million, or 6.2%, as follows:

Decreased Customer Accounting and Collecting expense due primarily to reduced employee count in Customer Service (7 less than budget) and Credit Services (3 less than budget)	\$ 0.2
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Decreased Distribution maintenance expense due primarily to reduced WIR water service reconnections/ replacements	\$ 0.2
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Decreased Distribution Operating expense due primarily to Removing and Resetting meters	\$ 0.1
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Decreased Purification operating expense due to reduced volumes	\$ 0.1
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Other income - interest income on cash balances	\$ 0.2
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Increased Admin & General expense due to adjustment related to amounts capitalized to jobs exceeding \$2 million in cost (adjustment occurs one month in arrears)	\$ (0.4)
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All other, net	\$ 0.1
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- November operating and other expenses of \$7.7 million were virtually equal to prior year, with variances that served to offset one another, as follows:

Decreased Customer Accounting and Collecting expense due primarily to reduced employee count in Meter Reading (3 less than prior year) and Credit Services (3 less than prior year)	\$ 0.1
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Other income - interest income on cash balances	\$ 0.2
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Increased Admin & General expense due to adjustment related to amounts capitalized to jobs exceeding \$2 million in cost (adjustment occurs one month in arrears)	\$ (0.3)
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Increased interest expense due to 2018 bond	\$ (0.1)
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All other, net	\$ 0.1
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## Net Income:

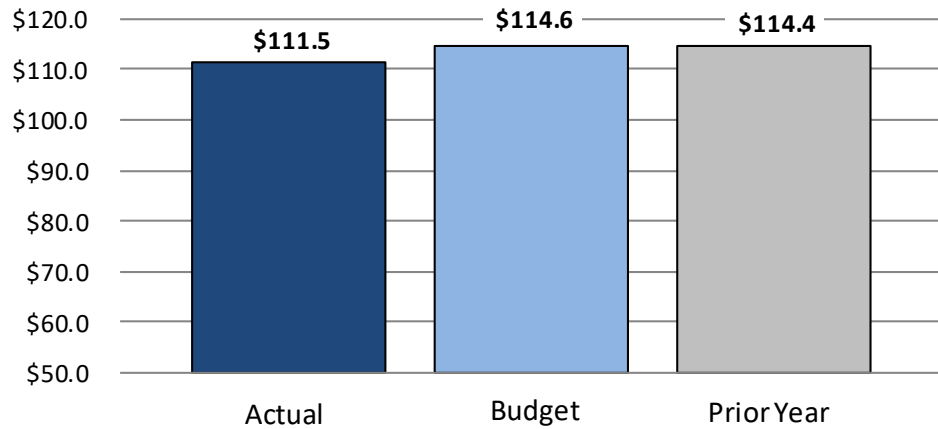
- November net income of \$.4 million is virtually equal to budget and \$.1 million favorable to prior year.

# Water Operations

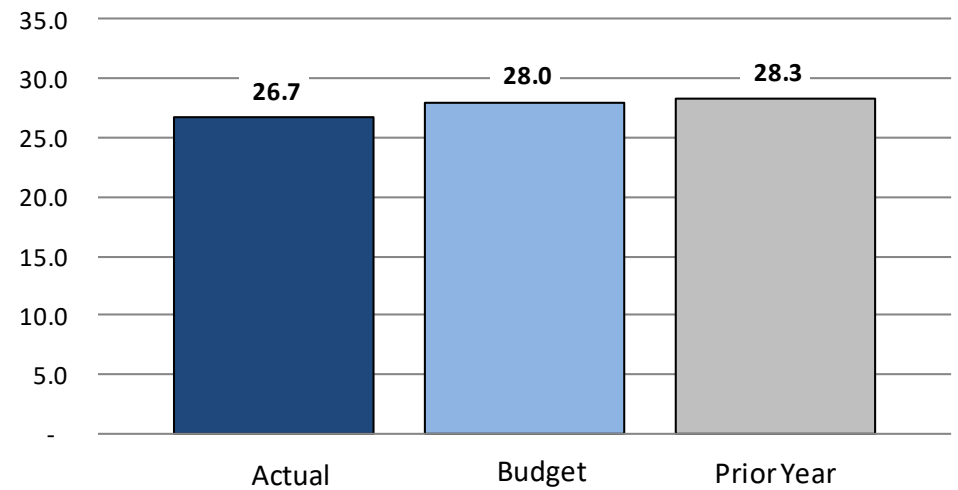
## Year-To-Date November 2018

### Net Operating Revenue

(Net of Bad Debt)  
(in millions)

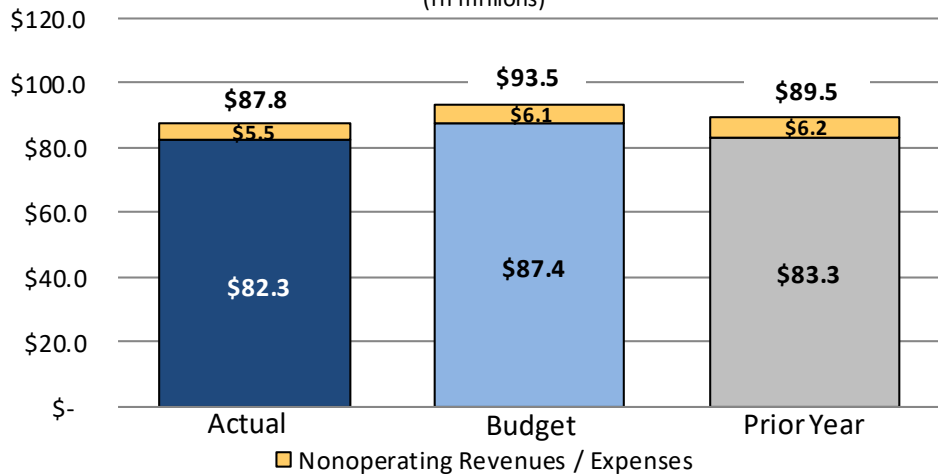


### Volumes - Billions of Gallons Sold



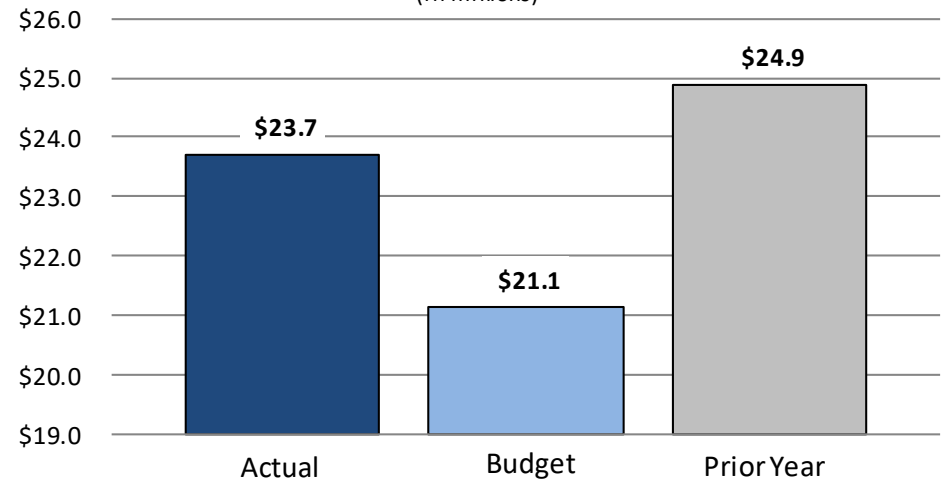
### Operating Expenses & Other

(Includes Nonoperating Revenues / Expenses)  
(in millions)



### Net Income

(in millions)

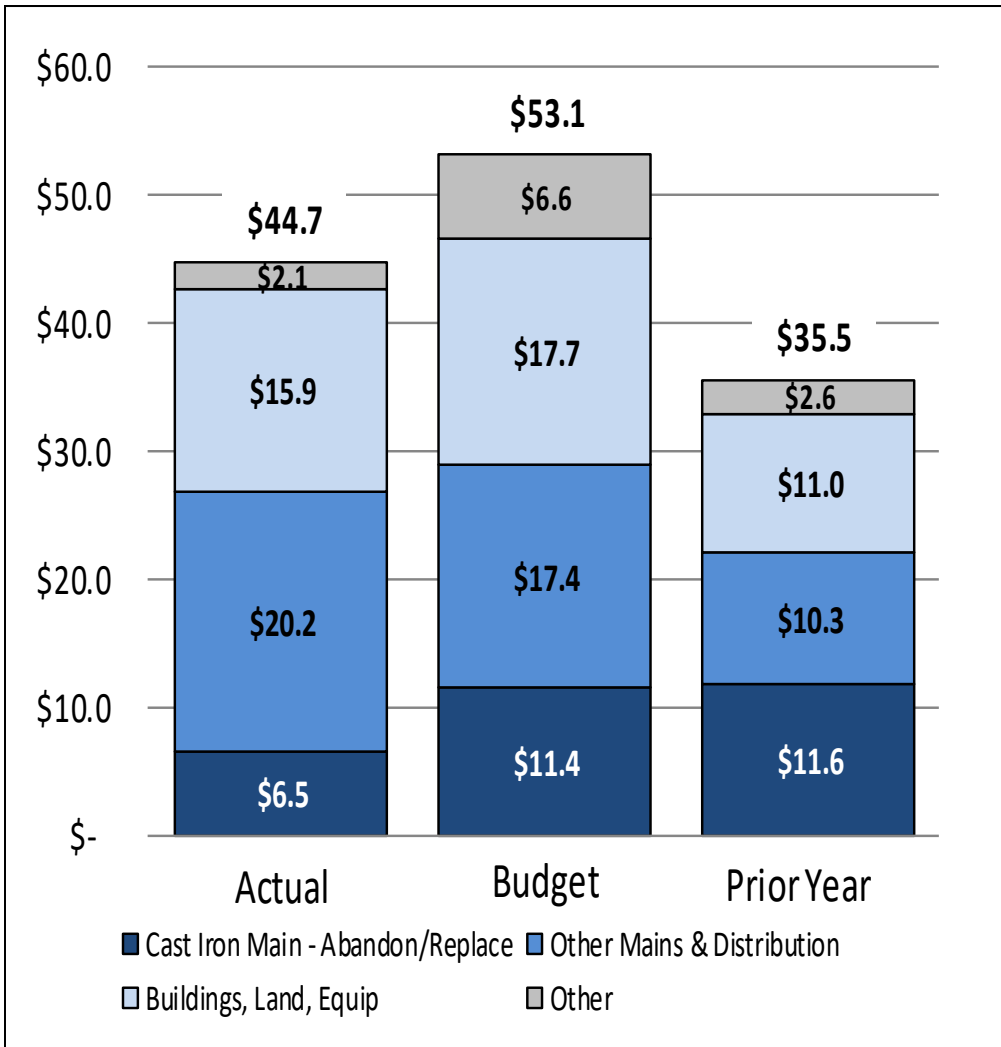


# Water Capital Expenditures

## Year-To-Date November 2018

(\$ in millions)

- The Water Department's November year-to-date capital expenditures of \$44.7 million are \$8.4 million less than budget, as follows:



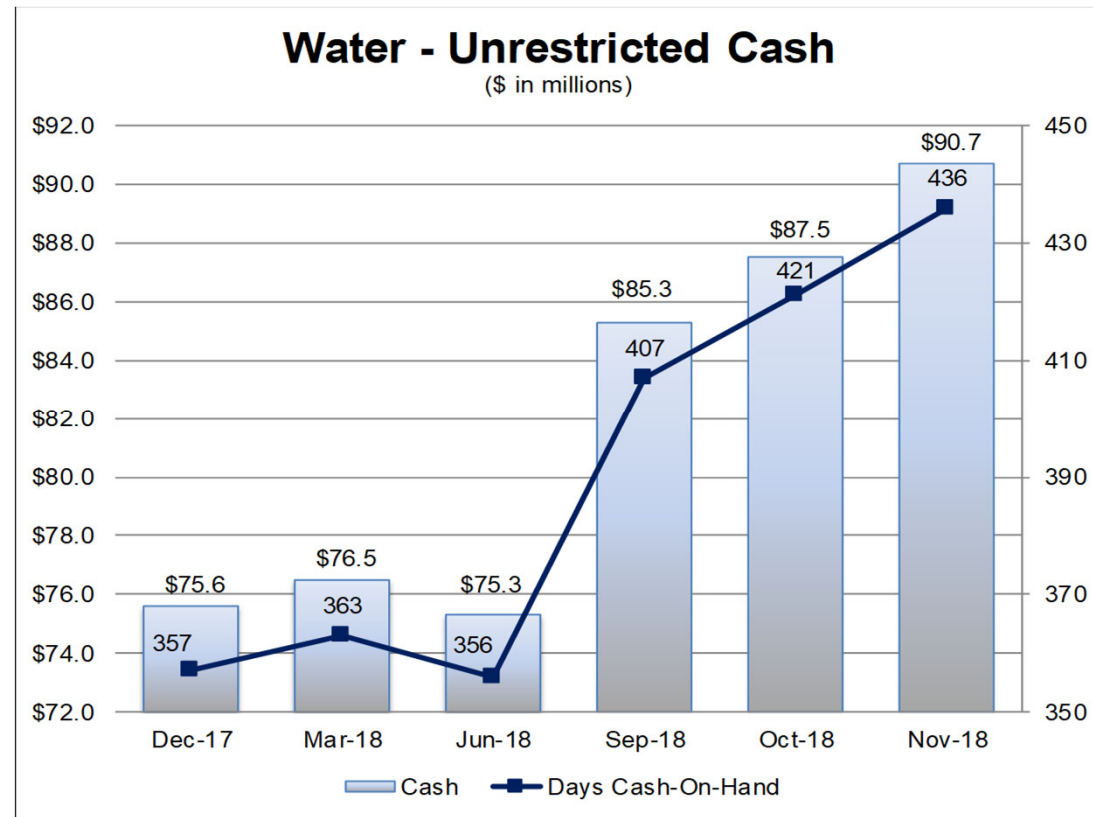
	Millions Over (Under) Budget
Florence - Minne Lusa high service pump station improvements (timing)	\$ (0.6)
Florence - Basin 1 Rehabilitation (timing)	\$ (0.6)
Florence - Chemical feed building (AMSEI improvements & feed system improvement (timing-ahead of schedule)	\$ 1.8
Florence - All other	\$ (0.5)
Platte South - Replace wellfield electrical - design & construction (timing)	\$ (0.6)
Platte South - Replace Valves & Operators - timing - shifted to 2019	\$ (0.3)
Platte South - Fluoride fill station #2	\$ (0.3)
Platte South - All other	\$ (0.5)
Platte West - Water-air line replacement (timing)	\$ (0.1)
Platte West - All other	\$ (0.1)
Mains - Cast Iron (Abandon/Replace)	\$ (4.9)
Mains - All other	\$ 2.9
Other Mains & Distribution - All Other	\$ (0.1)
Pumping & Purification - West Dodge zone 3 pumping station - design (timing)	\$ (0.4)
Pumping & Purification - West Dodge zone 3 pumping station - construction (timing)	\$ (2.5)
Construction Machines (timing)	\$ (0.5)
All other, net	\$ (1.1)
<b>Total</b>	<b>\$ (8.4)</b>

# Cash Position – Water Department

## November 30, 2018

- On November 30, 2018, the Water Department cash and restricted funds totaled \$139.8 million; unrestricted cash totaled \$90.7 million, as depicted below:

Water Department - Total Cash (\$ in millions)			
	12/31/2017	11/30/2018	Change
Cash Per Balance Sheet	\$ 89.3	\$ 139.8	\$ 50.5
Less Restricted Cash:			
2015 Bond Project Fund (proceeds remaining)	\$ 9.0	\$ -	\$ (9.0)
2018 Bond Project Fund (proceeds remaining)	\$ -	\$ 31.9	\$ 31.9
Bond Sinking Fund - 2012, 2015 & 2018 bonds (To pay interest & principal payments)	\$ 1.5	\$ 14.0	\$ 12.5
Bond Reserve Fund - Deposit in Lieu of Insurance (2012 bonds)	\$ 3.0	\$ 3.0	\$ -
Platte West Environmental Fund	\$ 0.2	\$ 0.2	\$ -
Subtotal Restricted Cash	\$ 13.7	\$ 49.1	\$ 35.4
<b>Unrestricted Cash</b>	<b>\$ 75.6</b>	<b>\$ 90.7</b>	<b>\$ 15.1</b>
Components of Unrestricted Cash			
Customer Deposits and Credit Balances	\$ 4.3	\$ 4.9	\$ 0.6
Sewer Fees Collected but not Remitted	\$ 12.9	\$ 13.9	\$ 1.0
Customer Advances for Construction	\$ 18.3	\$ 24.9	\$ 6.6
WIR Funds Collected but not Expended	\$ 26.2	\$ 31.4	\$ 5.2
Cash Reserves	\$ 13.9	\$ 15.6	\$ 1.7
Days Cash on Hand (Unrestricted Cash)	357	436	79
Cash Required to meet 180 Day Goal	\$ 38.2	\$ 37.0	
Unrestricted Cash Balance Over (Short) of 180 Day Goal	\$ 37.5	\$ 53.7	

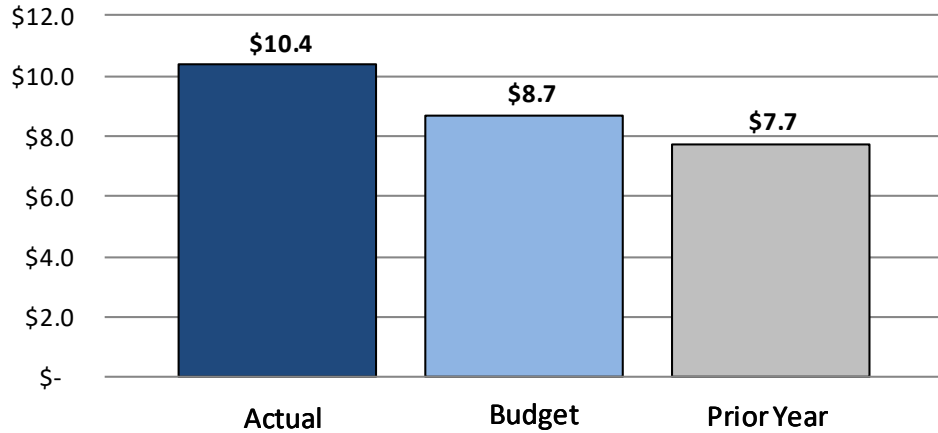


# Gas Operations

## Current Month - November 2018

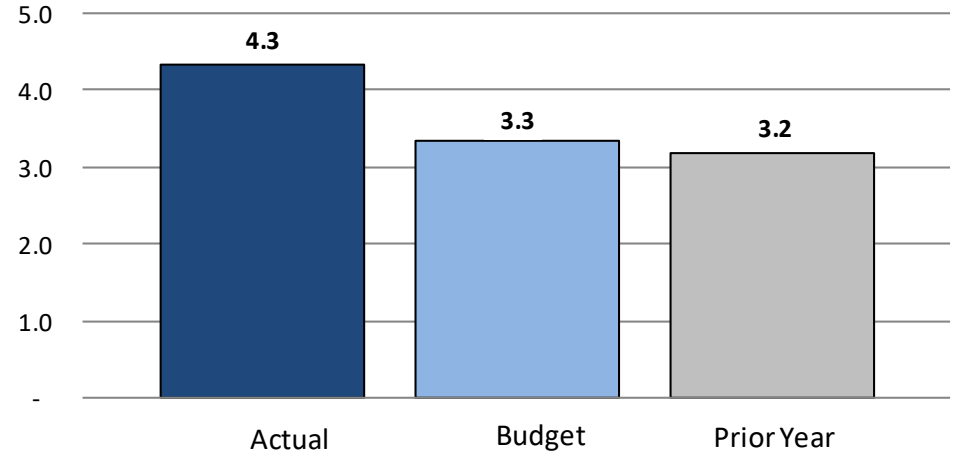
### Net Operating Revenue

(Net of Gas Costs & Bad Debt)  
(in millions)



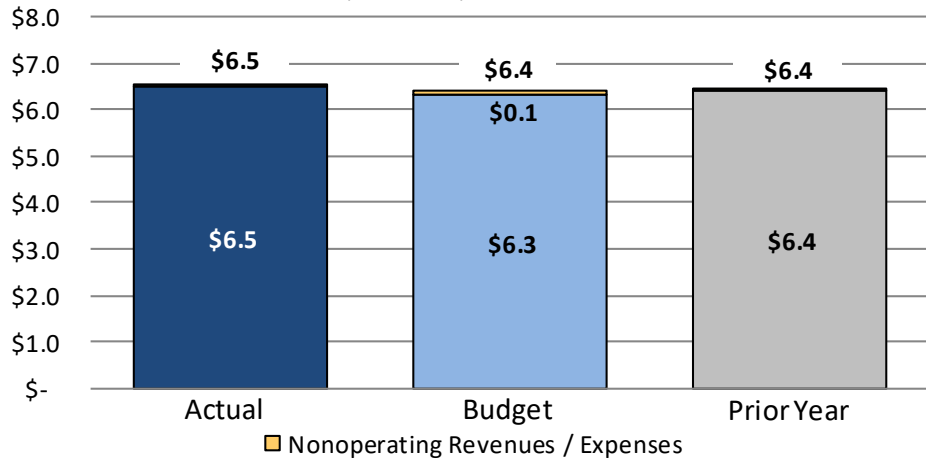
### Volumes - Dth Sold

(in millions)



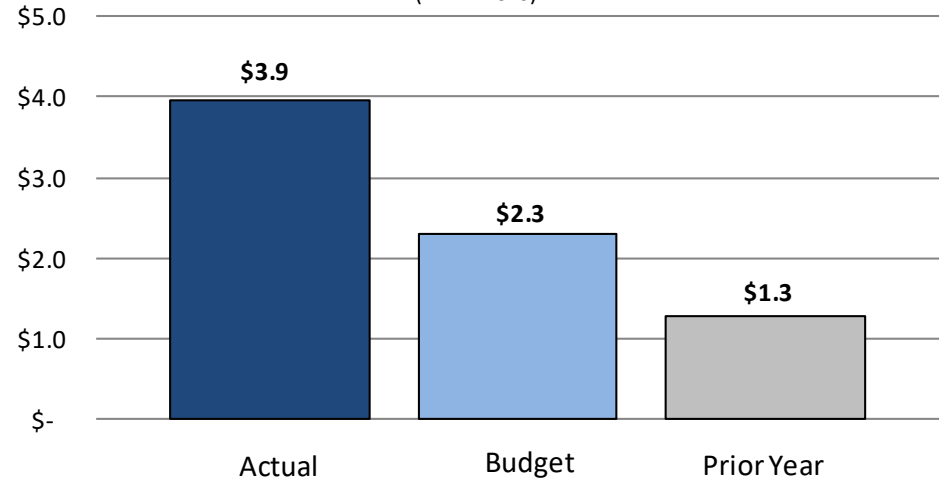
### Operating Expenses & Other

(Includes Nonoperating Revenues / Expenses)  
(in millions)



### Net Income

(in millions)



# Gas Operations Executive Summary

November 2018

## Revenue:

- November Gas sales net revenues of \$10.4 million were favorable to budget by \$1.7 million, or 19.2%, as follows:

	<u>Millions</u>
Increased net revenues due primarily to increased margin associated with 29.9% favorable volume variance	\$ 1.7

- November Gas sales net revenues of \$10.4 million were favorable to prior year by \$2.7 million, or 34.6%, as follows:

Increased net revenues due primarily to increased margin associated with 36.0% favorable volume variance	\$ 2.7
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## Volumes:

- Gas volumes were favorable to budget by 29.9% and favorable to prior year by 36.0%

## Operating Expenses & Other:

- November operating and other expenses of \$6.5 million were unfavorable to budget by \$.1 million, as follows:

Increased Admin & General expense due primarily to adjustment related to amounts capitalized to jobs exceeding \$2 million in cost (adjustment occurs one month in arrears)	\$ (0.5)
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Decreased Customer Accounting and Collecting expense due primarily to reduced employee count in Customer Service (7 less than budget) and Credit Services (3 less than budget)	\$ 0.2
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Other income - interest income on cash balances	\$ 0.2
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- November operating and other expenses of \$6.5 million were unfavorable to prior year by \$.1 million, as follows:

Increased Admin & General expense due primarily to adjustment related to amounts capitalized to jobs exceeding \$2 million in cost (adjustment occurs one month in arrears)	\$ (0.2)
---	----------

Decreased Customer Accounting and Collecting expense due primarily to reduced employee count in Meter Reading (3 less than prior year) and Credit Services (3 less than prior year)	\$ 0.1
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Other income - interest income on cash balances	\$ 0.2
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All other, net	\$ (0.2)
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## Net Income:

- November's net income of \$3.9 million is \$1.6 million favorable to budget and \$2.6 million favorable to prior year

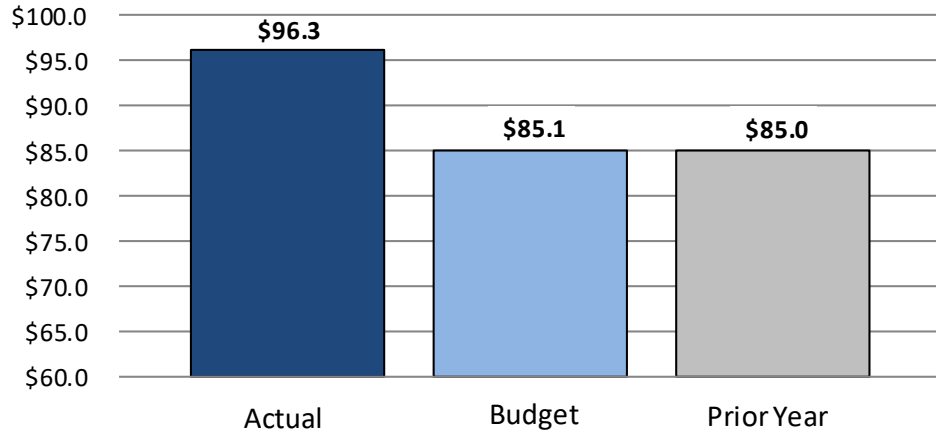


# Gas Operations

## Year-To-Date November 2018

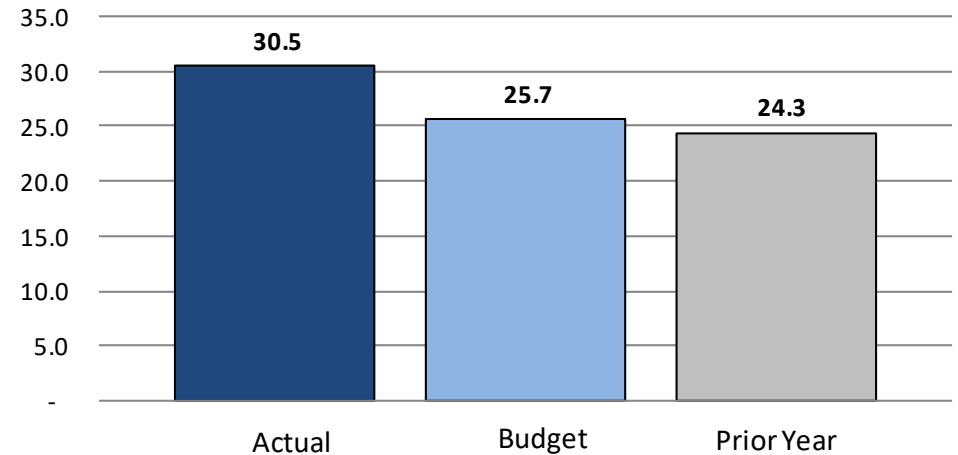
### Net Operating Revenue

(Net of Gas Costs & Bad Debt)  
(in millions)



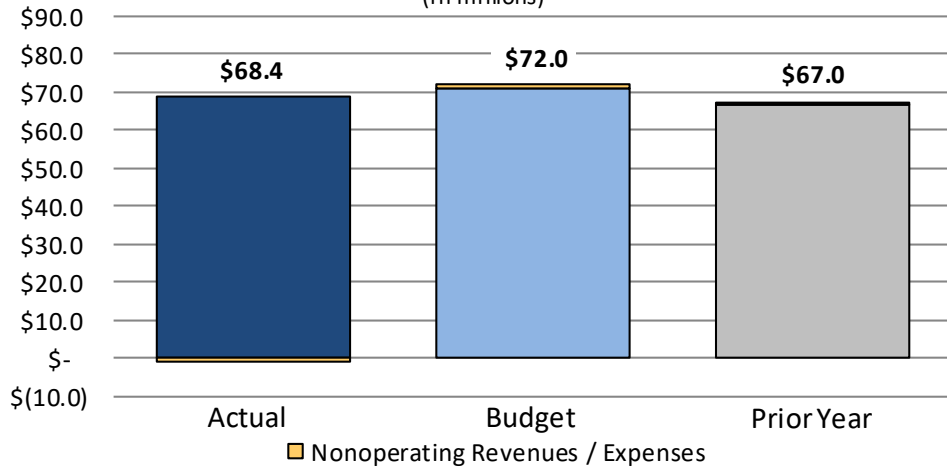
### Volumes - Dth Sold

(in millions)



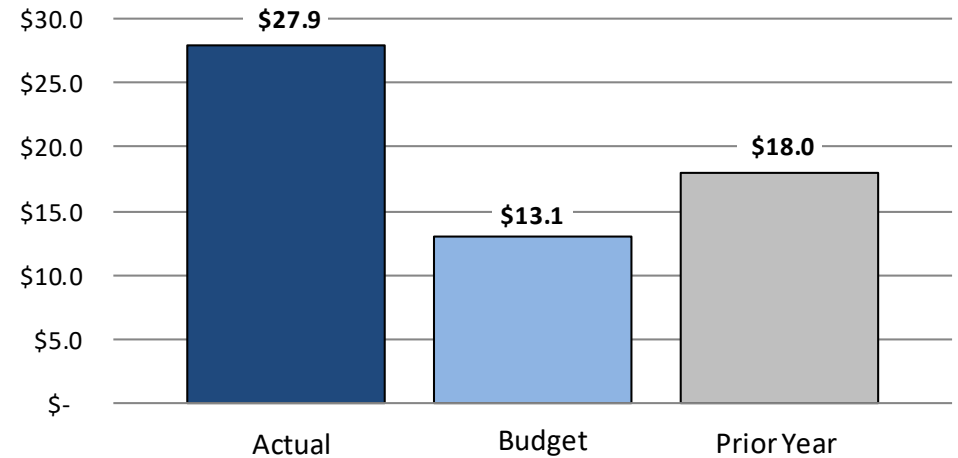
### Operating Expenses & Other

(Includes Nonoperating Revenues / Expenses)  
(in millions)



### Net Income

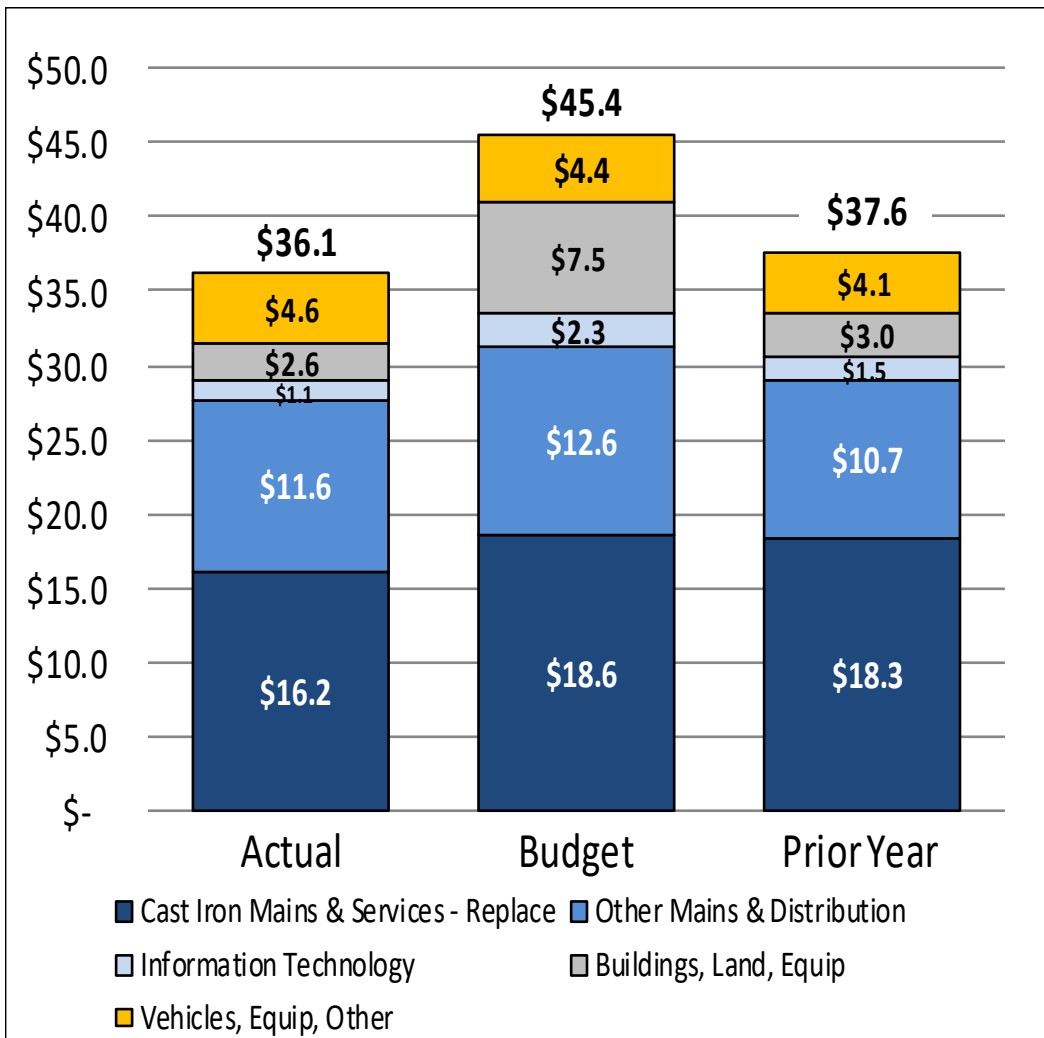
(in millions)



# Gas Capital Expenditures Year-To-Date November 2018

(\$ in millions)

- The Gas Department's November year-to-date capital expenditures of \$36.1 million are \$9.3 million less than budget, as follows:



	Millions Over (Under) Budget
Buildings, Land and Equipment - 117th & Fort Propane Air - Logging, casing, sleeve, water pump replacement (timing)	\$ (1.1)
Buildings, Land and Equipment - LNG boil-off compressor (cost less than budget)	\$ (0.9)
Buildings, Land and Equipment - Remodel & Design Costs - Operating Center & Downtown	\$ (0.6)
Buildings, Land and Equipment - LNG fence replacement and detection systems (timing)	\$ (0.4)
Buildings, Land and Equipment - Perimeter fence replacement at Operating center	\$ (0.3)
Buildings, Land and Equipment - LNG Delaval oil turn down unit (timing)	\$ (0.3)
Buildings, Land and Equipment - 117th & Fort Propane cavern reduction project (timing)	\$ (0.2)
Buildings, Land and Equipment - LNG tank modifications	\$ (0.2)
Buildings, Land and Equipment - all other	\$ (0.9)
Information Technology - SAP Hana	\$ (0.5)
Information Technology - SAP Invoice Redesign	\$ (0.5)
Information Technology - All Other	\$ (0.2)
Cast Iron Mains and Services (Abandon/Replace)	\$ (2.4)
Other Mains & Distribution	\$ (1.0)
Motor Vehicles (timing)	\$ (1.0)
Furniture, Equipment - All Other	\$ 1.2
<b>Total</b>	<b>\$ (9.3)</b>

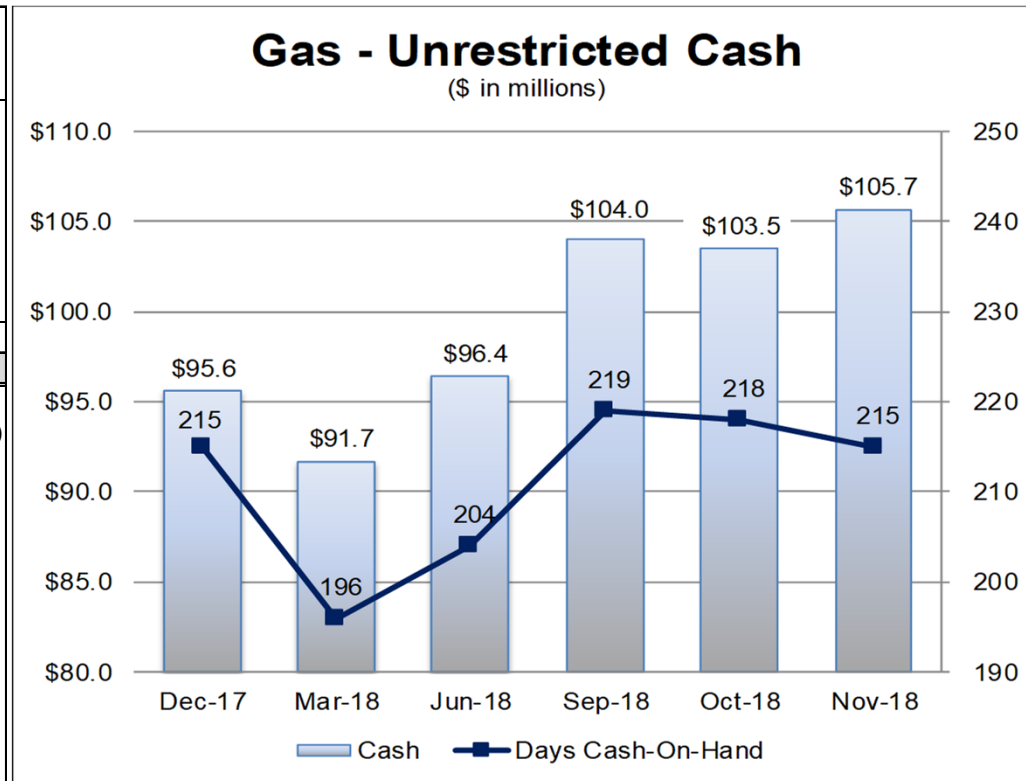
# Cash Position – Gas Department

## November 30, 2018

- On November 30, 2018, the Gas Department cash and restricted funds totaled \$124.0 million; unrestricted cash totaled \$105.7 million, as depicted below.

<b>Gas Department - Total Cash</b>			
(\$ Millions)			
	12/31/2017	11/30/2018	Change
Cash per Balance Sheet	\$ 95.6	\$ 124.0	\$ 28.4
Less Restricted Cash:			
2018 Bond Project Funds (proceeds remaining)	\$ -	\$ 17.8	\$ 17.8
Bond Sinking Fund-2018 (To pay interest & principal payments)	\$ -	\$ 0.5	\$ 0.5
2018 Bond Closing Fund (additional issuance costs)	\$ -	\$ -	\$ -
Subtotal Restricted Cash	\$ -	\$ 18.3	\$ 18.3
<b>Unrestricted Cash</b>	<b>\$ 95.6</b>	<b>\$ 105.7</b>	<b>\$ 10.1</b>
Components of Unrestricted Cash			
Customer Deposits and Credit Balances	\$ 21.7	\$ 19.4	\$ (2.3)
Customer Advances for Construction	\$ 0.5	\$ 1.0	\$ 0.5
Cash Reserves	\$ 73.4	\$ 85.3 *	\$ 11.9
Days Cash on Hand (Unrestricted Cash)	215	215	-
Cash Required to meet 180 Day Goal	\$ 80.1	\$ 88.3	
Unrestricted Cash Balance Over (Short) of 180 Day Goal	\$ 15.5	\$ 17.4	

\*Note: Cash reserves were negatively impacted by \$5.5 million due to the fact that cumulative amounts spent on gas infrastructure projects exceed the cumulative revenue collected.

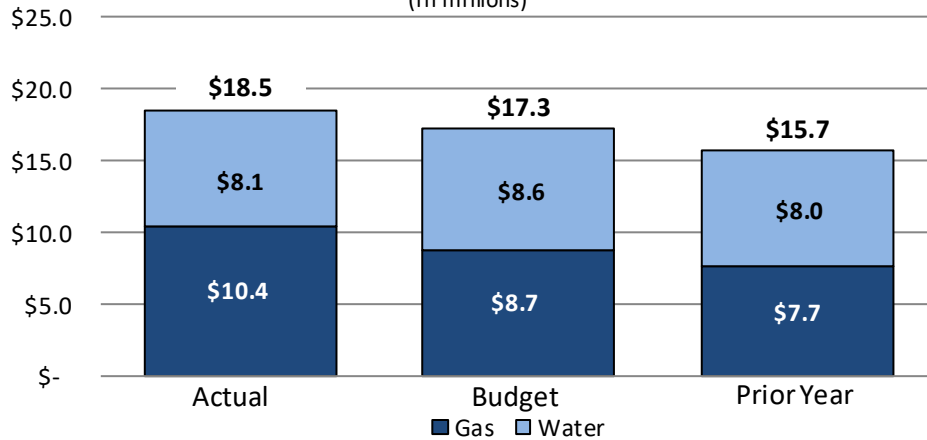


# Gas & Water Combined

## Current Month - November 2018

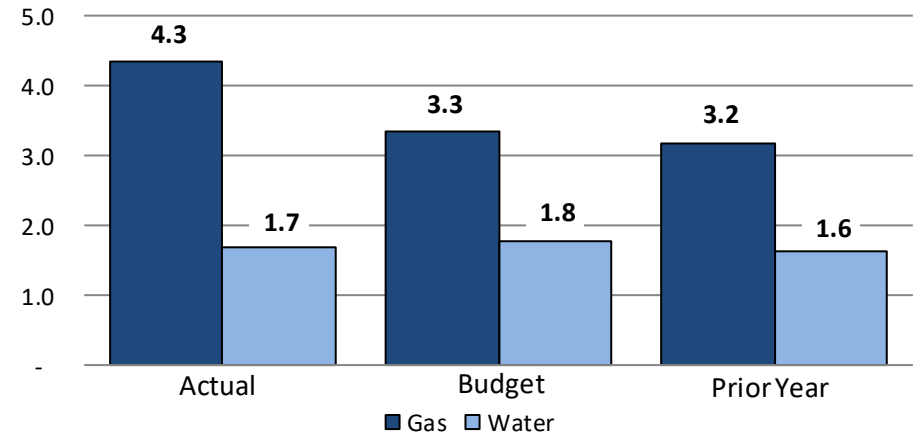
### Net Operating Revenue

(Net of Gas Costs & Bad Debt)  
(in millions)



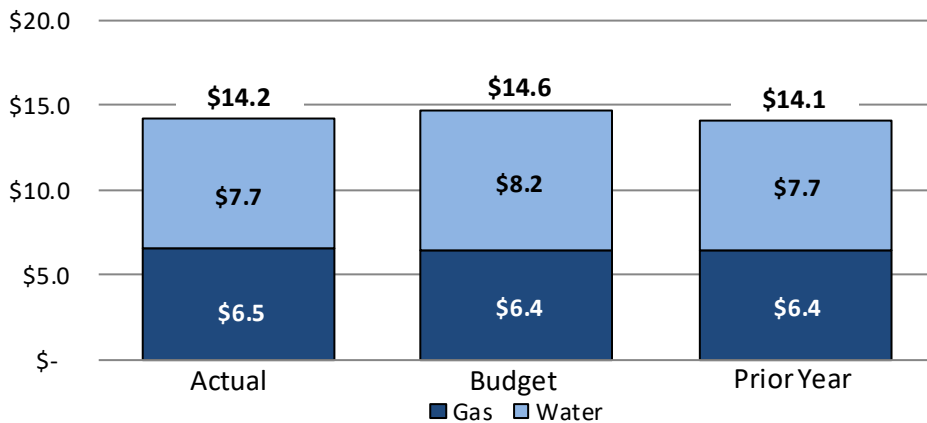
### Volumes

(Gas: Dth Sold; Water: Billions of Gallons Sold)



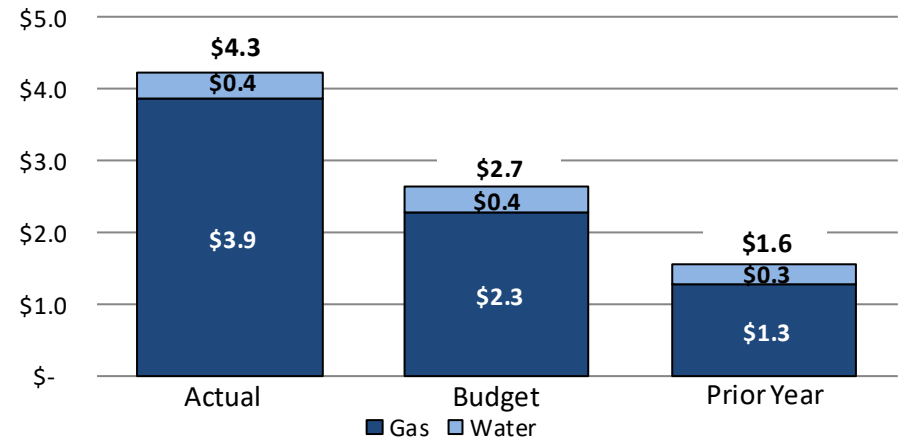
### Operating Expenses & Other

(Includes Nonoperating Revenues / Expenses)  
(in millions)



### Net Income

(in millions)

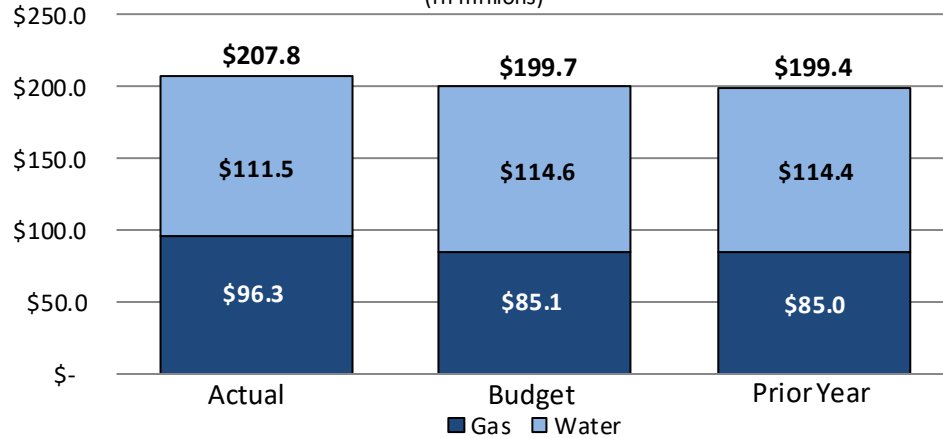


# Gas & Water Combined

## Year-To-Date November 2018

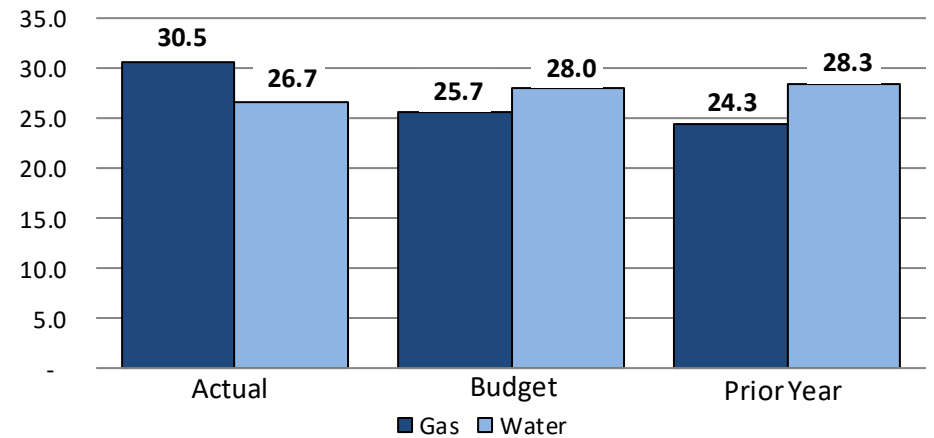
### Net Operating Revenue

(Net of Gas Costs & Bad Debt)  
(in millions)



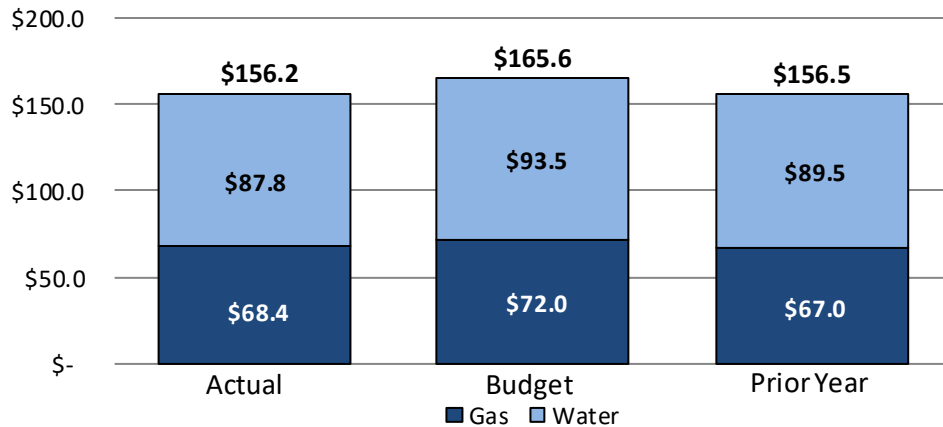
### Volumes

(Gas: Dth Sold; Water: Billions of Gallons Sold)



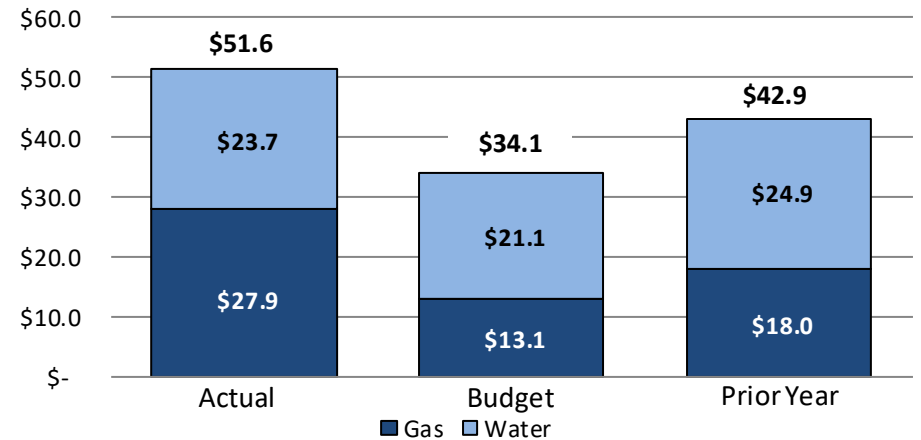
### Operating Expenses & Other

(Includes Nonoperating Revenues / Expenses)  
(in millions)



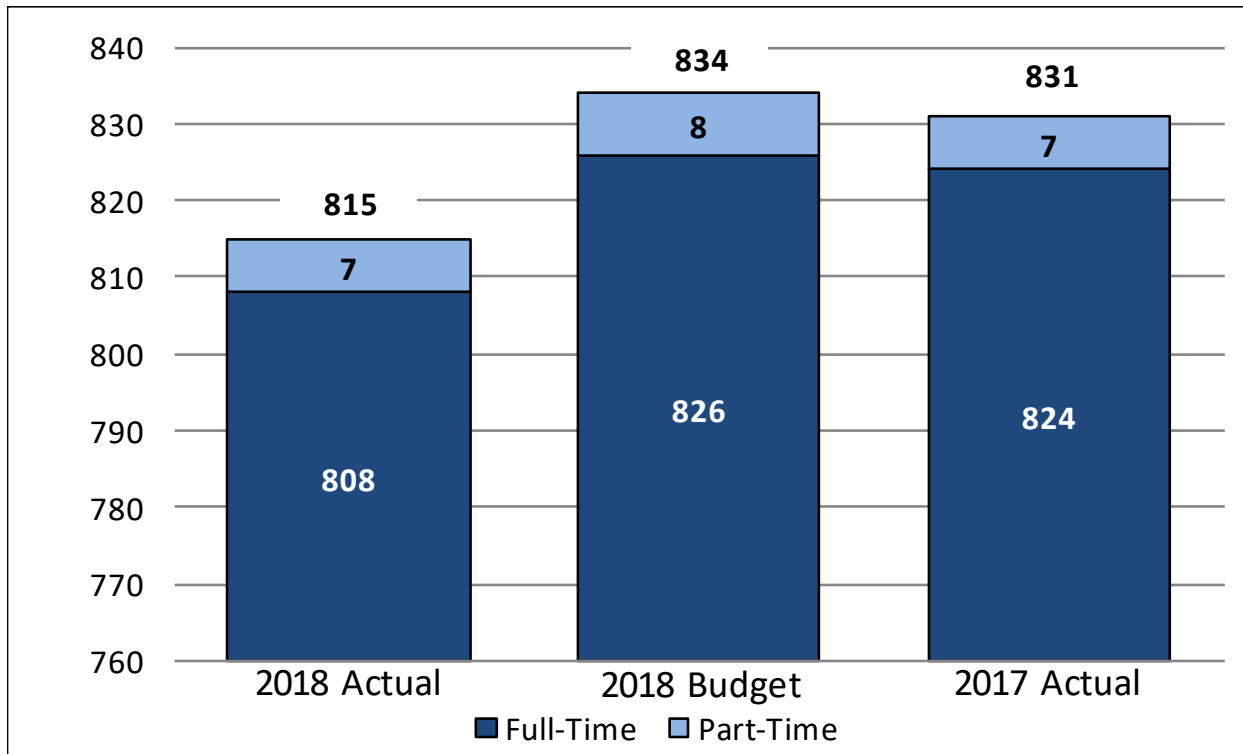
### Net Income

(in millions)



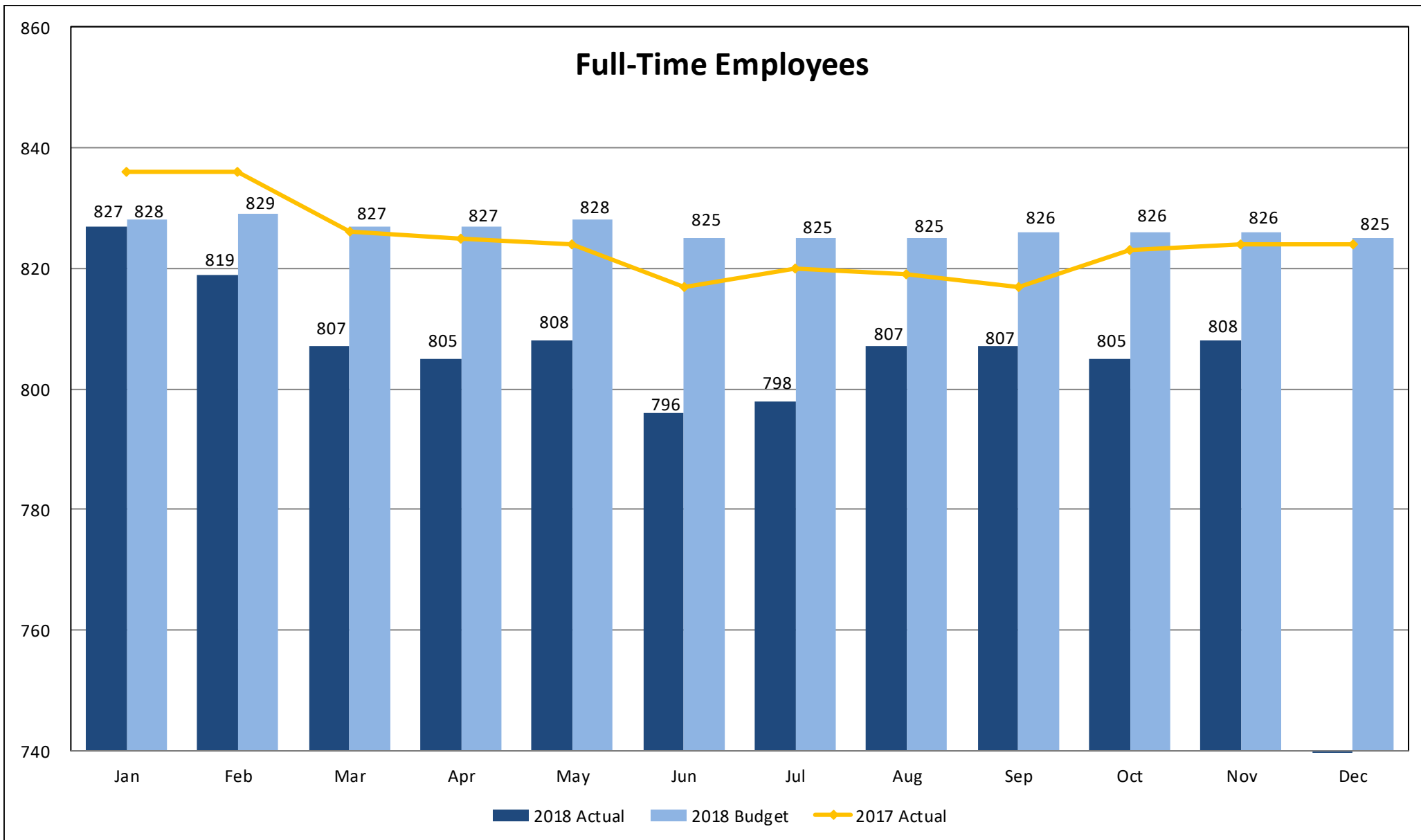
# Personnel

As of November 30, 2018  
(Water & Gas Combined)



- The active payroll for November was \$5.5 million, compared with \$5.7 million in budget and \$5.6 million in prior year.
- At November 30th, there were 808 regular full-time employees, compared with 826 in budget and 824 at November 30, 2017.
- At November 30th, there were 7 regular part-time employees, compared with 8 in budget and 7 at November 30, 2017.

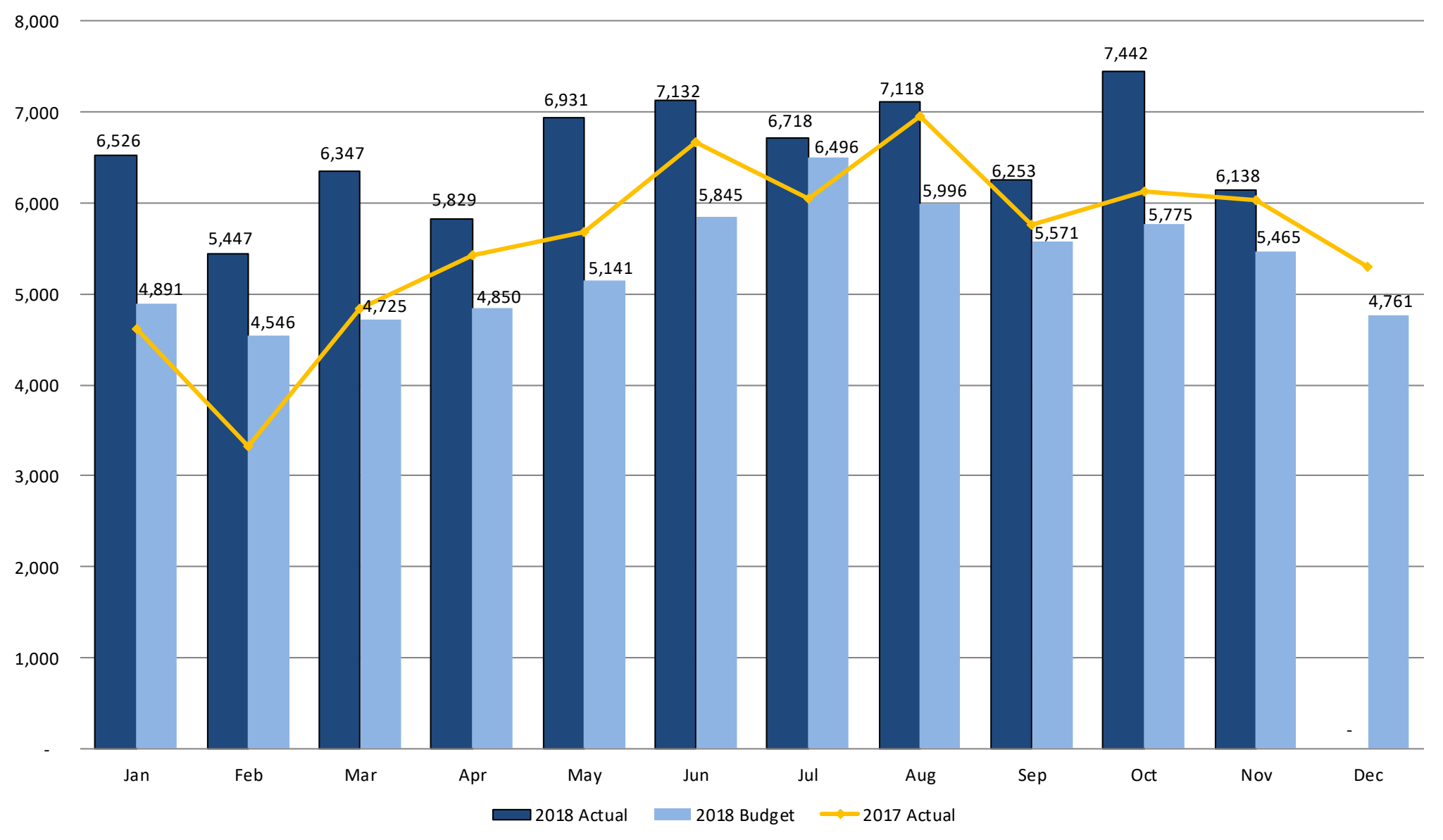
# Personnel Trend Through November 2018 (Water & Gas Combined)



# Overtime Hours Trend

## Through November 2018

(Water & Gas Combined)





# Overtime Hours Trend (continued)

November 2018

(Water & Gas Combined)

Overtime hours for the month totaled 6,137.6 as compared with 5,465 in budget and 6,025 in prior year.

Overtime hours were 672.6 greater than budget, as follows:

	Favorable (Unfavorable) vs. Budget
Construction (1)	(510.6)
Field Services (2)	(314.0)
Water Distribution (3)	(194.5)
All other, net	346.5
	<u>(672.6)</u>

- (1) Overtime associated with staff shortages (7 below budget) and time sensitive projects
- (2) Overtime associated with covering vacation for other Field Services personnel
- (3) Overtime due primarily to water main breaks, hydrant/valve maintenance activities and staffing vacancies (3 below budgeted levels)