



2010 Budget and Rates Review

Lincoln City Council

**As recommended by Lincoln Electric System
Administrative Board**

October 16, 2009

Top Ten Challenges

- Climate Change Legislation (Cap & Trade).
- Regulatory compliance and enforcement.
- Renewable energy development and integration.
- Aging work force.
- Customer interface for load control & energy management.
- Customer involvement and education on electric rates.
- Electric markets development.
- High voltage transmission expansion.
- New technology load impact.
- Internal operational efficiencies.

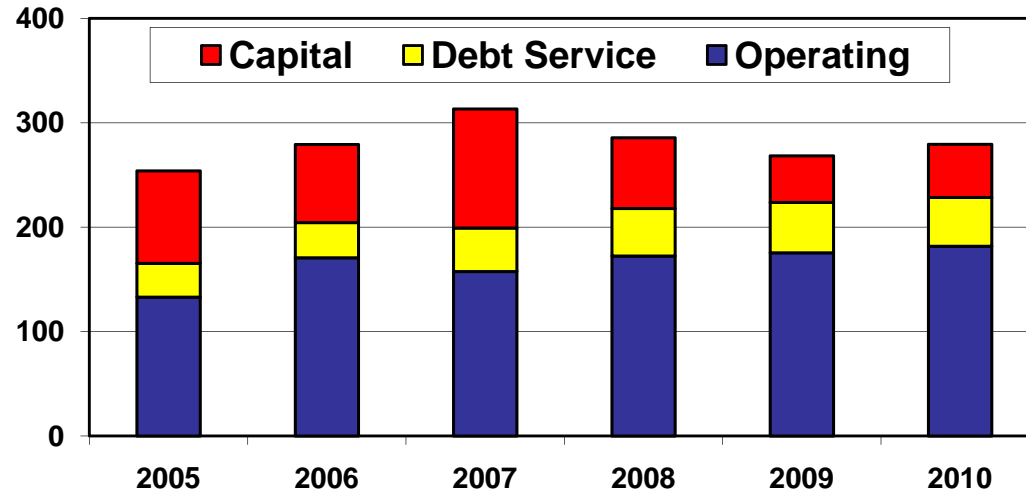


2010 Operating Plan

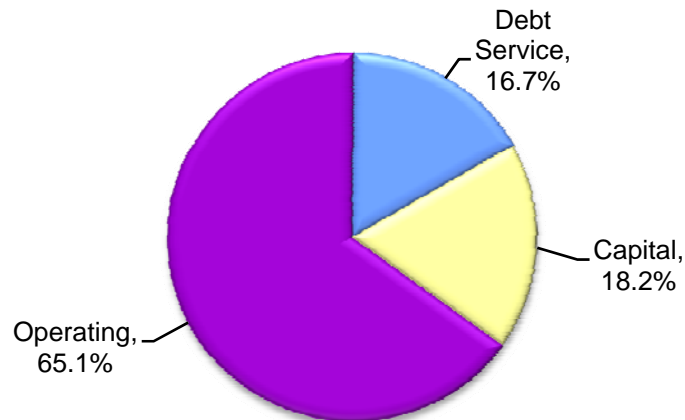
- Fund rate stabilization with \$2 million.
- Meet debt service coverage target of 1.90.
- Continue to improve on debt equity ratio target 70%.
- Increase Sustainable Energy Program funding by \$1 million.
- No long-term borrowing for capital construction.
- Rate adjustment of 2.9% on January 1, 2010.
- No additional full time staff.

2010 Total Authorization - \$279,412,700

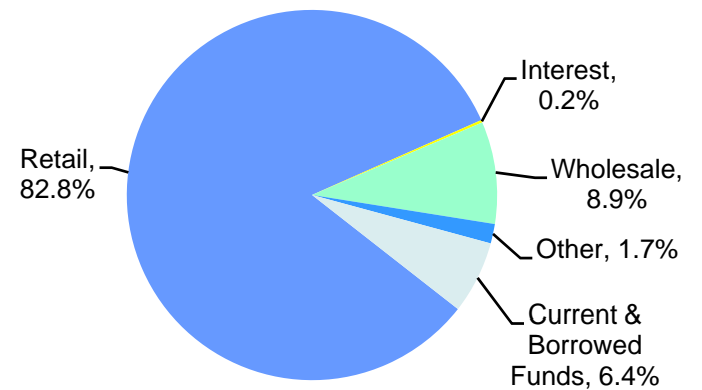
Total Authorization (Millions)



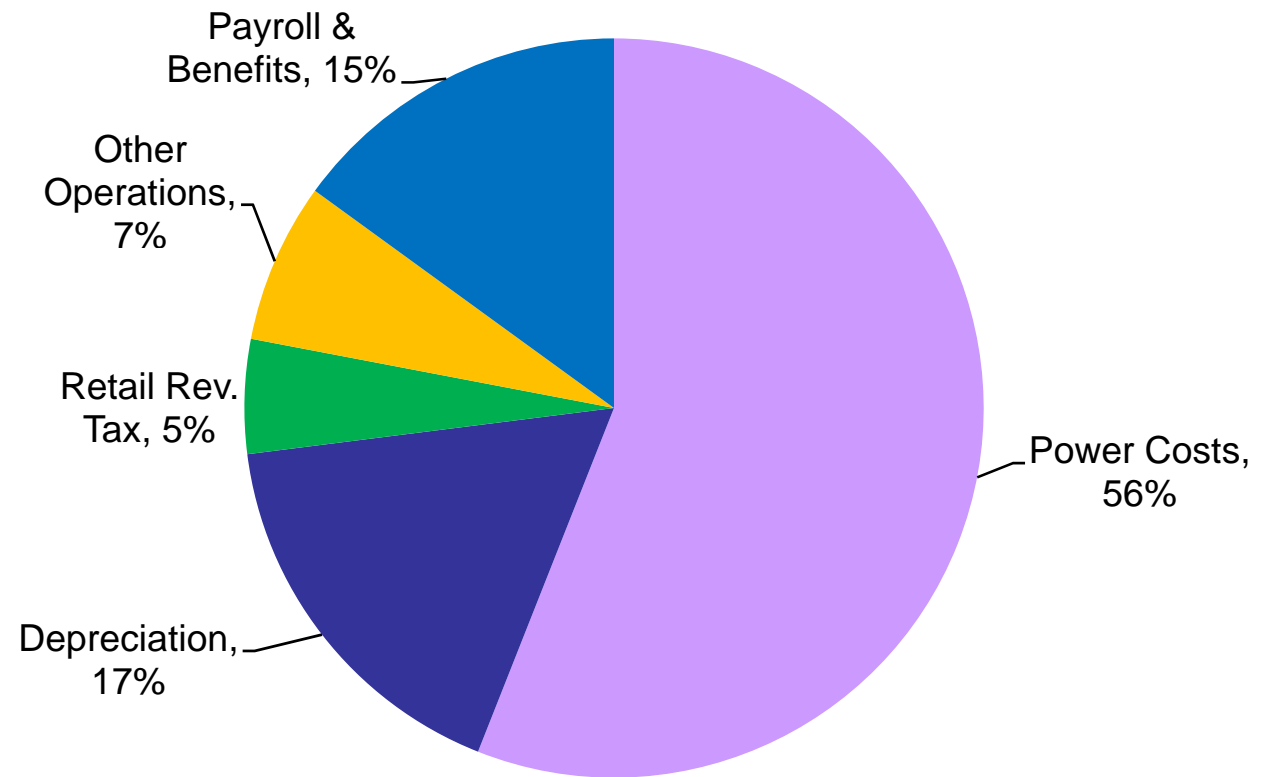
Uses of Funds



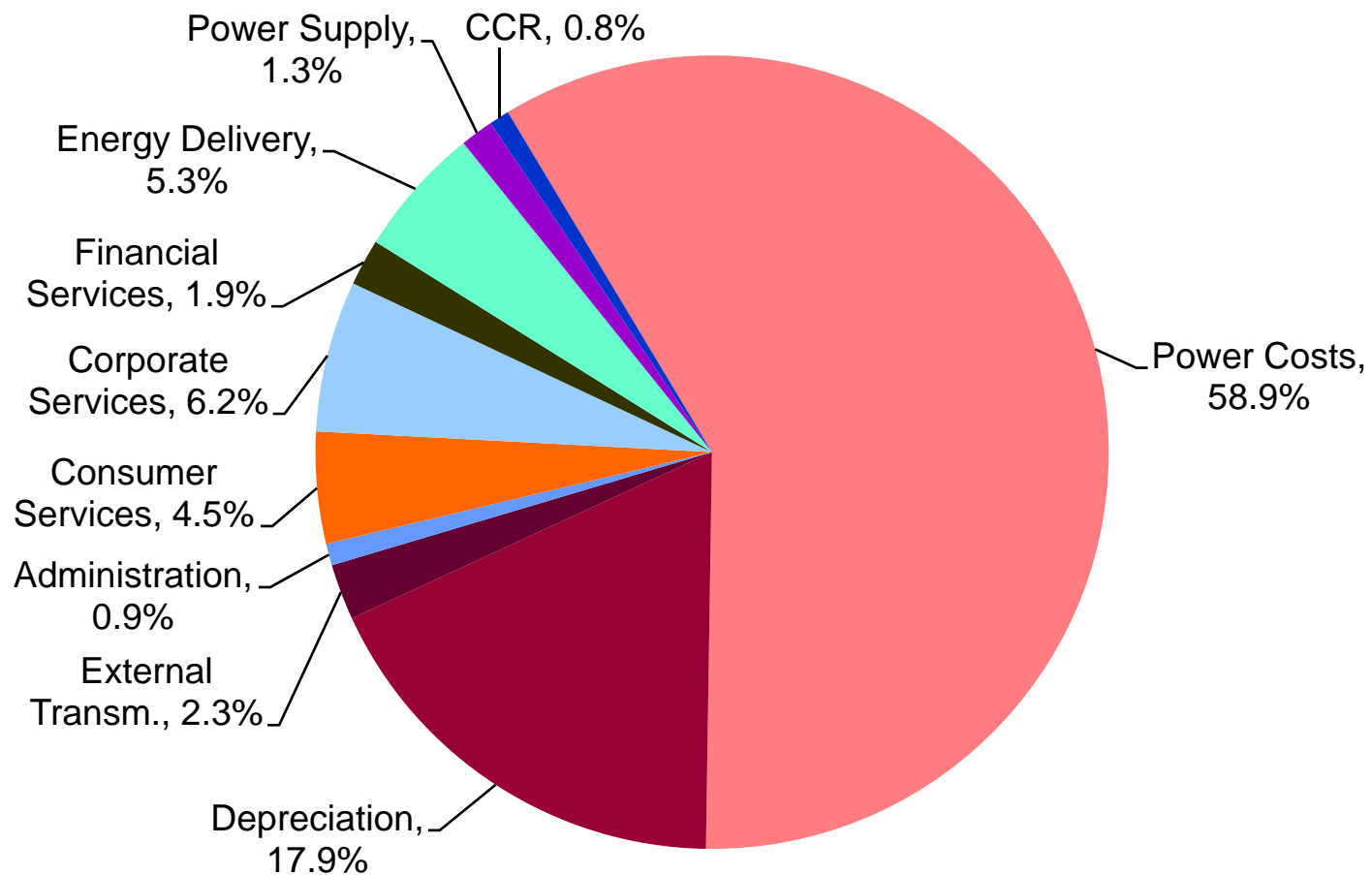
Source of Funds



2010 Components of Operating Expense



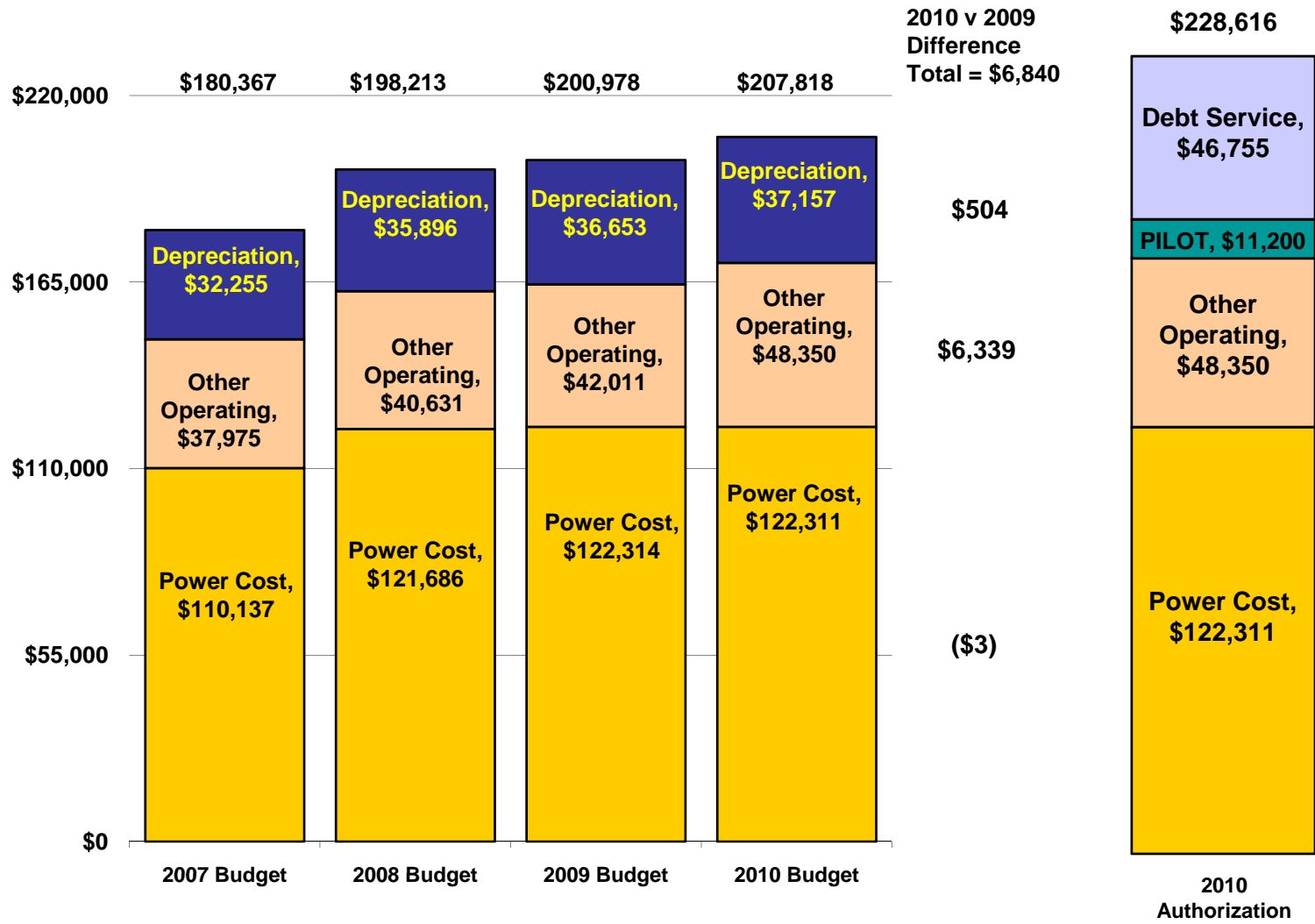
2010 Operating Budget



2010 Operating Budget Changes

Operating Budget in (\$000)

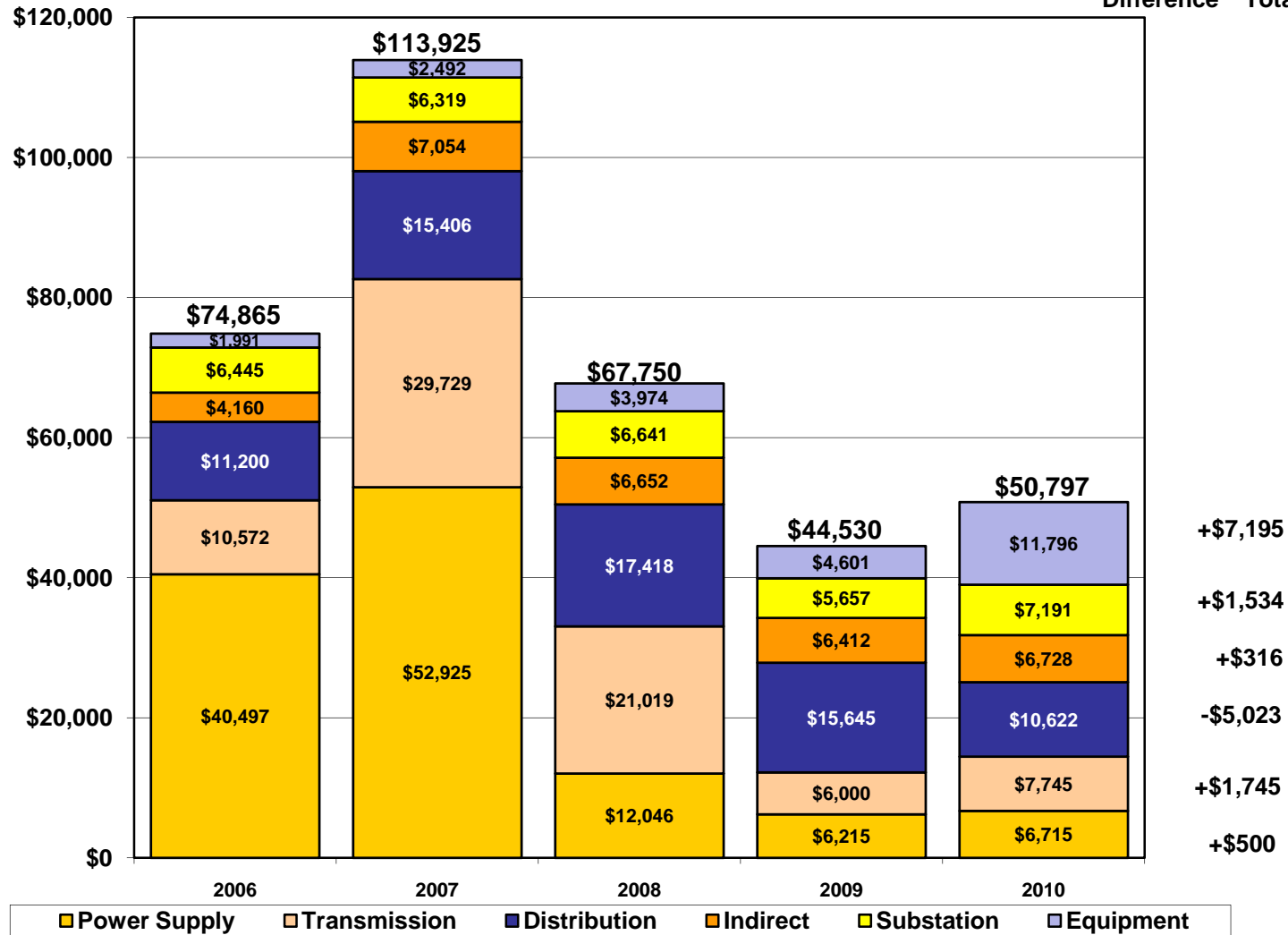
Operating Authorization



2010 Capital Budget

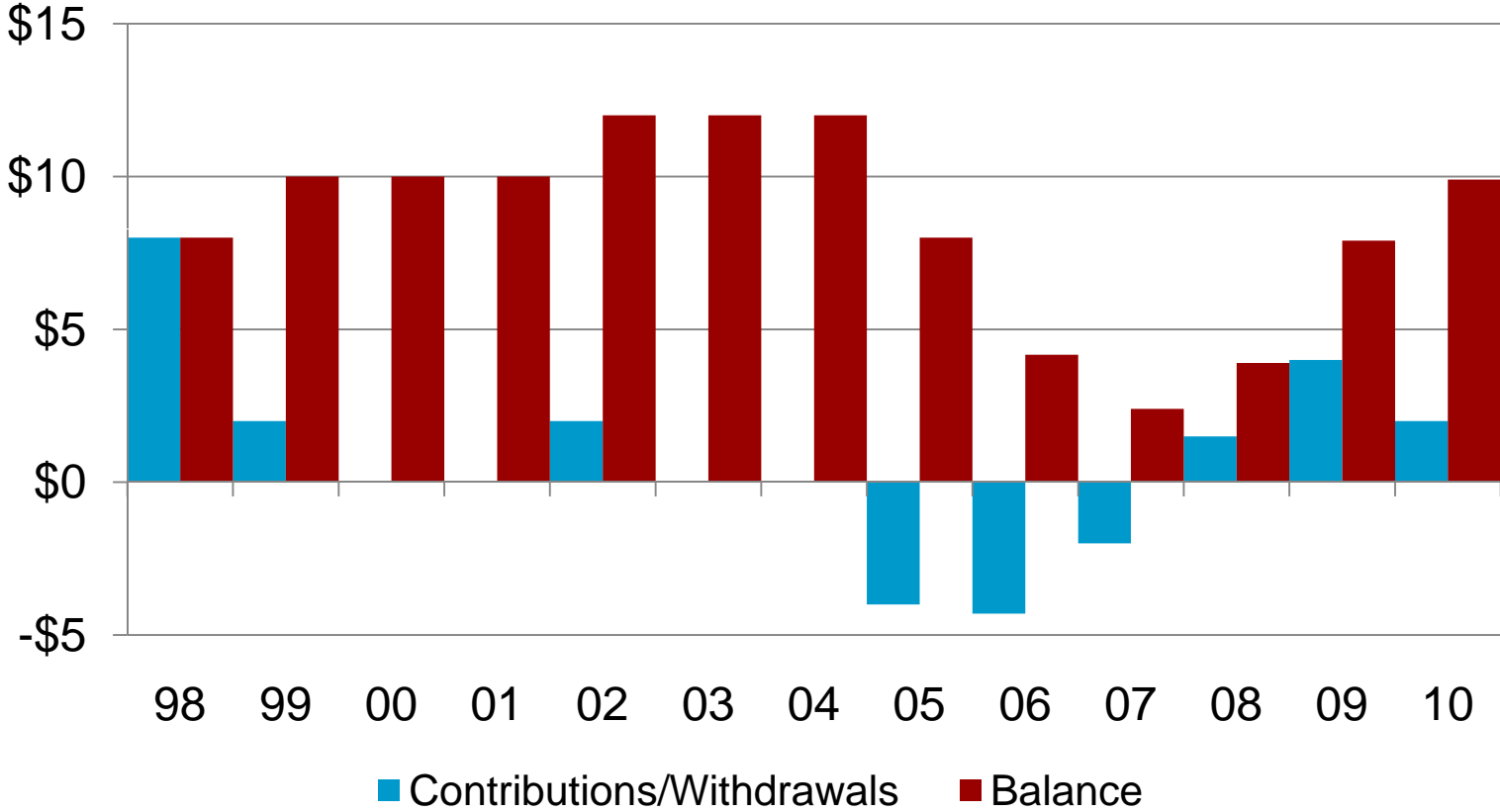
2010 v 2009

Difference Total = \$6,267



Rate Stabilization

Millions



2010 Budget Request Summary

(Amounts in Thousands)

	<u>BUDGET REQUEST</u>		
OPERATING BUDGET (including PILOT)		219,017.6	
Less Depreciation & Amortization		(37,156.6)	
			\$181,861.0
DEBT SERVICE			
2002 Bonds		15,705.4	
2003 Bonds		8,657.2	
2005 Bonds		5,615.7	
2007A Bonds		4,549.2	
2007B Bonds		11,419.5	
Commercial Paper & AFUDC		807.9	
			46,754.9
CAPITAL BUDGET			
Previously Authorized Projects	18,919.0		
2008 Construction of Previously Authorized Projects		6,099.0	
Currently Authorized Projects	53,498.8		
2008 Construction of New Authorizations		44,697.8	
2008 Construction Cashflow/Appropriations Request			50,796.8
Authorization Carryover to 2009	21,621.0		
TOTAL BUDGET REQUEST			\$279,412.7
	<u>SOURCE OF FUNDS</u>		
CASH RECEIPTS			
Operating Revenue		\$261,050.4	
Interest & Other Income		630.0	
			\$261,680.4
To be provided from current or borrowed funds			17,732.3
TOTAL SOURCE OF FUNDS			\$279,412.7



Rate Adjustment

2.9% System-Wide

Start for bills rendered after
January 1, 2010



Adjustment by Customer Class

Residential	2.5%
General Service	3.2%
Large Light & Power	3.4%
Large Power Contract	3.2%

Average Residential Change \$2.10/mo



Rate Schedules

- Delete “Applicable” Transfer Language for Non Qualified Customers
- Update Security Lighting Schedule to allow for replacement of existing poles
- Adjust Maximum Bill Provision to \$0.17/kWh
- Minimum demand of 25 kW for GSD
- “Short Billing” credit for first and final bills.
- Finals bills are due on previous last payment date



Service Regulations

- Update references to current divisional names
- Update language to include New Temporary Service Calculations
- Consider adjustment of Aid to Construction for new installations