

2023

Fiscal Year 3rd Quarter Report



Rolla Municipal Utilities

Provided to Rolla City Council

August 21, 2023

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A STATEMENT BY THE BOARD OF PUBLIC WORKS

The Electric Power and Water System of the City of Rolla will be known as the **ROLLA MUNICIPAL UTILITIES**. Mr. J. B. Bronson will continue as general manager.

It will be the policy of the Board to operate the Rolla Municipal Utilities strictly on a business basis. There will be no change in the general policies of the management. All rates will be the same for the present.

The Board has three primary obligations:

1. To give the best possible service to the Citizens of Rolla.
2. To accumulate funds for the payment of the indebtedness. (Bond Issue and Revenue Certificates).
3. To build up reserve funds for any emergency and for replacement of machinery and equipment.

Regarding Service Interruptions:

This trouble is not in the local system, but in the source of supply. We hope eventually to have other sources of supply available and improve the electric service in Rolla.

Beginning immediately, \$1000.00 per month from the profits will be paid to the General Fund of the City of Rolla, which is to replace the Franchise Tax formerly paid by the Missouri General Utilities.

No merchandise will be sold in competition with local merchants.

No repair service will be maintained in competition with local Electric Service men.

Next Monday, November 12th, our offices will open in our new building, formerly the Negro U. S. O. Building, 102 W. 9th Street. All business will be transacted from this location after that date. The Rolla Free Public Library will occupy the second floor, and the State Board of Health and the County Agent the basement of this building. These quarters are furnished to the above organizations without cost as a public service of the Rolla Municipal Utilities.

Rolla Board of Public Works

H. E. CASTLEMAN, President
F. H. FRAME, Vice-President
R. E. SCHUMAN, Secretary
F. A. CAMERON, Member

THIRD QUARTER FINANCIAL RECAP (Unaudited)

OPERATING INCOME and EXPENSES

	3rd Quarter FYTD 2022	3rd Quarter FYTD 2023	CHANGE
OPERATING REVENUES	\$22,921,751	\$23,017,880	\$96,129
OPERATING EXPENSES	(\$23,356,019)	(\$23,870,659)	\$514,640
OPERATING INCOME	(\$434,269)	(\$852,779)	(\$418,510)
OTHER INCOME & EXP.	\$650,388	\$807,347	\$156,959
NET INCOME	\$216,119	(\$45,432)	(\$261,551)

At the end of the 3rd quarter of Fiscal Year 2023, we are showing a total operating income of \$23,017,880. This is an increase of \$96,129 compared to Fiscal Year 2022.

Total operating expenses through the 3rd quarter of 2023 is \$23,870,659. Our operating expenses increased \$514,640 from the end of 3rd quarter of 2022.

Total Net Loss year-to-date through the 3rd quarter of 2023 is (\$45,432). The overall loss is largely due to an increase in wholesale cost and an increase in MWh purchased.



STATUS OF WORK PROJECTS



ELECTRIC DEPARTMENT

- RMU Pole Audit
Each pole owned by RMU and others to which RMU is attached is reviewed for its current condition. At this point, of the 6,700 poles in the GIS system, approximately 4,245 have been audited. RMU has 314 poles so far that have been identified as needing attention. Repairs to poles include anchoring, crossarms, insulators or replacement of the entire pole system if necessary. Some work will be completed on an emergency basis while others will take place over time depending upon the severity of the problem.
- McCutchen Drive
Relocate existing overhead. Added underground feed to St. Maria's Subdivision. New lines are in service and the demolition of old lines is in progress.
- RMU Generators
Installation of louvers over openings to better retain heat in the units during winter when not in operation. Improvements for air flow. Quarterly testing and preventative maintenance completed.
- Pole Attachment Agreements
Additional pole attachments by multiple companies expanding telecommunication infrastructure in Rolla area.
- Alley west of Rolla Street between 8th & 9th Streets
New underground service south of 9th Street is in service, and existing transformer replaced. Removed all overhead lines to accommodate new multi-story residential housing unit. Waiting on other communication companies to remove their lines to remove RMU poles.

WATER DEPARTMENT

- HyPoint Well 3
 - HyPoint Well 3 has been put into operation. Installed motor and pump, new electric service to building. Refurbish electrical, control and chemical feed systems.
- Completed Projects
 - Replacement of old water main
 - Holloway Street from Arkansas Avenue to 18th Street
 - 18th Street from Maxwell Street to Farrar Drive
 - Service lines replaced on:
 - east portion of Green Acres Drive
 - 7th Street from Holloway Street to Murry Lane
- Upcoming Projects – Replacement of old water main
 - Eastwood Drive
 - Elmwood Drive
 - Sycamore Drive from Cypress to Cedar Hill Court
 - Cedar Hill Court
 - Mimosa Court
 - South Olive Street

FIBER

- Completed installation of fiber service to new MO S&T General Services Building
- Well 7 – Converted SCADA connectivity from radio to fiber.



MISCELLANEOUS

➤ Awards

American Public Power Association (APPA) Award – RMU received an award for achieving exceptional electric reliability in 2022 acknowledging that RMU’s reliability is above average nationwide.

MIRMA 100% Loss Prevention Evaluation Score – RMU was awarded a perfect loss prevention score for 2022, which is the 21st consecutive year to receive the award.

➤ MO S&T Electric Vehicle (EV) Charging Station

The City received grant information from MRPC regarding opportunities to apply for EV Charging grants as part of the massive Infrastructure Investment & Jobs Act (IIJA). We determined RMU would not be applying for this grant during this cycle due to the short window to apply. MS&T plans to apply for a station to be located on the west side of campus with up to ten chargers.

➤ MPUA/MoPEP Updates

A Community Solar Project for the Rolla/St. James area is being discussed. This would be an ongoing project with some MoPEP contract implications. No action has been taken.

An opportunity to convert the 51MW Plum Point PPA into an ownership position was explored. This could result in up to \$30M in savings through 2040 depending on financing options along with obtaining an additional 20MW of capacity to meet SPP capacity requirements. Action was taken by the MoPEP Board at the July 13th meeting.



FY2024 Budget

RMU Budget Timeline

- RMU's Fiscal Year is October 1 through September 30
- RMU starts the budget process in March with input from Board on:
 - Capital Projects
 - Operating Expenses
 - Rate Restructuring & Adjustments
 - Fees/Policy Changes
- Then staff completes:
 - Projections for Current Fiscal Year
 - Projections for the Upcoming Fiscal Year
- The Board reviews a preliminary budget in May
- Public Hearing on the budget and any proposed rate adjustments is held in June
- Final Budget Approval in July by RBPW
- RMU General Manager presents the approved budget and any approved rate changes to City Council for comment 30 days prior to effective date (Rolla City Code, Sec. 35-158)

BUDGET SUMMARY ANALYSIS - FY2024 BUDGETED

	FY2024 - BUDGETED		
	ELECTRIC & PWR PROD	WATER	TOTAL
OPERATING REVENUE	\$29,241,392	\$3,845,753	\$33,087,144
OPERATING EXPENSE	-\$31,355,761	-\$3,440,500	-\$34,796,261
BUDGETED OPERATING MARGIN	-\$2,114,369	\$405,253	-\$1,709,117
OTHER REVENUE & EXPENSE	\$1,105,125	\$368,375	\$1,473,500
BUDGETED NET INCOME	-\$1,009,244	\$773,628	-\$235,617
NON-CASH REVENUE			
Donated Capital Assets (Contractor Mains)	-----	\$0	\$0
NON-CASH EXPENSE			
Depreciation - RMU **	\$1,395,500	\$788,500	\$2,184,000
Depreciation - City	\$55,000	\$182,000	\$237,000
CAPITAL EXPENDITURES **	-\$3,482,500	-\$1,527,500	-\$5,010,000
LEASE OBLIGATIONS	\$0	\$0	\$0
BUDGETED RESERVE TRANSFER	-\$3,041,244	\$216,628	
CASH ACCOUNT FOR FY2024			
AS OF OCTOBER 1, 2024 - budgeted			\$28,111,963
Less OCTOBER 1, 2023 - projected			-\$30,936,579
CHANGE IN CASH			-\$2,824,617
RESTRICTED ELECTRIC RESERVES			
Available Funds			\$12,510,000
Identified Projects			-\$750,000
BALANCE			\$11,760,000

Planned Water & Electric Rate Adjustments

Water rates have been adjusted sporadically since the last water Cost of Service Study (COSS) in 2013, with the last increase occurring in October 2020. Because of the age of the last COSS, it was updated in May based on current costs and projections. Overall, the results indicate water rates should be increased in preparation of several projects that would collectively affect future reserve balances. Rate increases are planned over a two-year period.

In 2022, Toth and Associates completed an Electric Cost of Service Study. For FY2024, the Board is implementing electric rate adjustments based on the 2022 COSS and updated expense projections for FY2024. The Board approved the first of a tentative four-year plan to increase electric revenues.

If results indicate we should pause or modify adjustments, the plan will be modified annually. If completely implemented, RMU's residential retail electric energy rate will increase to \$0.091 after four years assuming no other changes. Essentially, this would bring us back to a similar rate which was in existence ten years ago.

RBPW approved the rate increases on August 1st to be implemented beginning October 1, 2023.

Suggested Rate Increases FY2024

Description	Rate Class	Rates	
		Current	FY2024
Water Service	All	\$3.75	\$4.05
SAF Water	< 1" meter	\$9.00	\$10.00
	1.0" meter	\$11.00	\$13.00
	1.5" meter	\$17.00	\$21.00
	2.0" meter	\$25.00	\$30.00
	3.0" meter	\$50.00	\$63.00
	4.0" meter	\$75.00	\$100.00
	6.0" meter	\$125.00	\$200.00
Fire Sprinkler Line	<or= 4"	\$30.00	\$35.00
	6"	\$35.00	\$50.00
	8"	\$40.00	\$75.00
	10"	\$45.00	\$125.00

Description	Rate Class	Rates	
		Current	FY2024
Electric Service	kWh	\$0.079	\$0.082
	SAF Single Phase	\$24.00	\$26.00
	SAF Three Phase	\$38.00	\$50.00
Commercial	kWh	\$0.079	\$0.082
	SAF Single Phase	\$24.00	\$26.00
	SAF Three Phase	\$38.00	\$50.00
Power Service	kWh	\$0.059	\$0.062
	Demand	\$8.00	\$8.50
	SAF	\$200.00	\$250.00
Industrial	kWh	\$0.057	\$0.060
	Demand	\$8.00	\$8.75
	SAF	\$500.00	\$1,000.00
Area Lighting	kWh	\$0.074	\$0.078
	LR10	\$4.55	\$4.90
	LR25	\$7.15	\$7.70
	LR40	\$18.70	\$20.00