

2024

Fiscal Year 3rd Quarter Report



Rolla Municipal Utilities

Provided to Rolla City Council

August 19, 2024

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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)

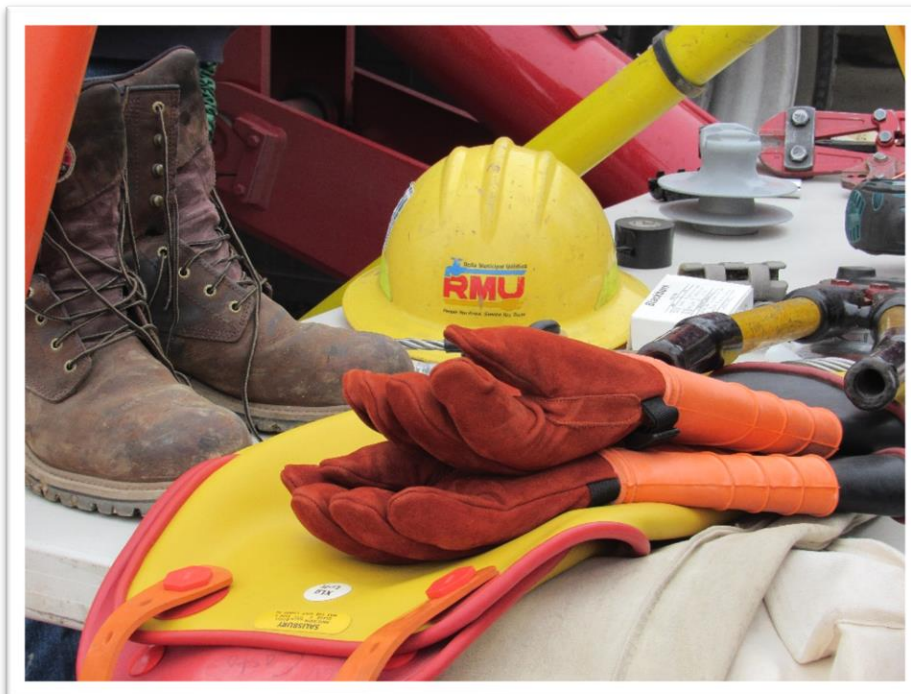
OPERATING INCOME and EXPENSES

	3rd Quarter FYTD 2023	3rd Quarter FYTD 2024	CHANGE
OPERATING REVENUES	\$23,017,880	\$24,237,631	\$1,219,751
OPERATING EXPENSES	(\$23,870,659)	(\$25,079,861)	\$1,209,202
OPERATING INCOME	(\$852,779)	(\$842,230)	(\$10,549)
OTHER INCOME & EXP.	\$807,347	\$1,309,674	\$502,327
NET INCOME	(\$45,432)	\$467,444	\$512,876

At the end of the 3rd quarter of Fiscal Year 2024, we are showing a total operating income of \$24,237,631. This is an increase of \$1,219,751 compared to Fiscal Year 2023.

Total operating expenses through the 3rd quarter of 2024 are \$25,079,861. Our operating expenses increased \$1,209,202 from the end of 3rd quarter of 2023. This is mainly due to purchased power cost.

Total Net Income year-to-date through the 3rd quarter of 2024 is \$467,444 which is an increase of \$512,876 compared to Fiscal Year 2023.



STATUS OF WORK PROJECTS



ELECTRIC DEPARTMENT

- Pine Street from 16th Street to Bishop Avenue
In conjunction with the City of Rolla street project, RMU reconfigured the system to minimize the amount of overhead distribution lines. Converted to underground distribution and removed poles. New roadway lighting is being coordinated with Public Works.
- Main Street from 10th to 11th Street
Installed new underground distribution system to eliminate overhead in the alleyway and provide service to newly constructed four-story multi-housing unit.
- Aesthetic Work
 - Removal of poles no longer in use by Fidelity (7), RMU (2) and Brightspeed(1).
 - Installed additional roadway lighting in Timber Creek area.
 - Painting fire hydrants
 - Removal of overhead electric lines no longer in use or conversion to underground distribution.
- Pole Attachment Agreements
Work on additional pole attachments by multiple companies expanding telecommunication infrastructure in Rolla area.
- Pole Audit
Repairs & replacement of poles as needed that were identified by the pole audit. Work includes repairs to anchoring, crossarms, insulators and replacement of the entire pole system if necessary. Some have been on an emergency basis while others will be completed over time depending on the severity of the issue.

WATER DEPARTMENT

- Lead Service Line Inventory – EPA deadline is October 16, 2024
- Nagogami Pressure Zone Project – Engineering ongoing
- Completed Projects
 - Replacement of old water main
 - Sycamore Drive from Cypress to Cedar Hill Court
 - Southview Drive from Oak Knoll Road to Winchester – in advance of street resurfacing project by the City of Rolla
 - 18th Street from Maxwell Street to Farrar Drive
 - 10th Street from McCutchen to Condo Drive (completed by contractor)
 - Well Revisions – Identified the need for separate room for chlorine with an external entrance. Completed Wells 9, 10, and 11
 - Service lines replaced on:
 - 7th Street from Cedar Street to Holloway Street
- Upcoming Projects – Replacement of old water main
 - 10th Street from Main Street to State Street
 - Rolla Street from 10th Street to 11th Street
 - Vienna Road
 - New developments – Rt 66 RV Park, MO S&T Protoplex, HyPoint area

FIBER

- Alley behind 1102 and 1104 North Rolla Street – Removal of overhead fiber
- 9th Street Conversion Phase 1 – 9th and Rolla Street to 10th and State Street.



2024 Drinking Water Week

MISCELLANEOUS

➤ **Awards**

Mutual Aid Commendation - RMU received a national commendation from the American Public Power Association for our support of electric power restoration efforts in Waynesville, Missouri. RMU was able to send a crew of five electric linemen to Waynesville with two backyard machines to assist them in restoring power to the community which suffered widespread outages after the severe weather event on April 1st. RMU recognizes Connor Dillon, Jestin Casto, Jeremy Brown, Dalton Smith and Rick Booker for going the extra mile to assist a neighboring community.

American Public Power Association (APPA) Award – RMU received an award for achieving exceptional electric reliability in 2023 acknowledging that RMU’s reliability is above average nationwide.

MIRMA 100% Loss Prevention Evaluation Score – RMU was awarded a perfect loss prevention score for 2023, which is the 22nd consecutive year to receive the award.

➤ **Peak Alert Incentive Program**

RMU introduced a method to compensate customers who more actively participate in our Peak Alert Program with a small financial reward. Approximately 145 customers are participating in the compensated program including the RMU Water Department.

➤ **MPUA/MoPEP Updates**

➤ Regarding the Plum Point PPA Buyout and purchase of an additional 20MW of the facility, we have backed away from that purchase. MEC is exploring additional projects.

➤ As part of MEC’s power supply planning, they have engaged a firm to assist in developing a new Integrated Resource Plan (IRP). The last IRP was completed in 2016 and there have been many significant changes in the energy and capacity markets since then.

- FERC Order 1920 (1,300 pages) was recently issued which calls for simplified and streamlined transmission siting process. In addition, the order also calls for a 20-year planning horizon with federal back stop authority that can be used when bottlenecks do occur. This will be interesting to watch the implementation, as state and local authorities are making it harder to site new transmission.
- MoPSC – In March, Liberty Utilities filed a Water and Sewer Rate case. Of note is the consolidation of 14 water tariff rates with a special carveout for the system serving Bolivar, MO. Bolivar sold its system in 2022 to Liberty to avoid large investments in their water and sewer systems. If approved, the community may still make that investment thru higher rates. Bolivar is challenging the rate structure.

- On April 24th, EPA released four separate power sector rules to reduce pollution from fossil fuel power plants.
 - For the existing coal fleet, 90% carbon capture by 2032 if expected to operate past 2039.
 - Or 40% natural gas co-firing by 2030 if expected to shut down by 2039
 - Natural gas also affected based on existing or new units; and also for low, intermediate and base load operation.
 - There are additional rules for Mercury and Air Toxics, Effluent Limitations, and Legacy Coal Combustion Residuals Surface Impoundments.
 - MoDNR had two years from the publication date to submit plans to EPA for monitoring and enforcement.
 - States also have two options to address reliability concerns. Short-term reliability option for declared grid emergencies and another for addressing units planned for retirement but need to operate longer due to documented reliability needs.



*APPA Reliability Award
(Photo courtesy of Phelps County Focus)*

FY2025 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 - FY2025 BUDGETED			
	FY2025 - BUDGETED		
	ELECTRIC & PWR PROD	WATER	TOTAL
OPERATING REVENUE	\$29,987,902	\$4,420,682	\$34,408,584
OPERATING EXPENSE	-\$31,082,847	-\$3,831,800	-\$34,914,647
BUDGETED OPERATING MARGIN	-\$1,094,945	\$588,882	-\$506,063
OTHER REVENUE & EXPENSE	\$1,195,875	\$398,625	\$1,594,500
BUDGETED NET INCOME	\$100,930	\$987,507	\$1,088,437
NON-CASH REVENUE			
Donated Capital Assets (Contractor Mains)	-----	\$0	\$0
NON-CASH EXPENSE			
Depreciation - RMU **	\$1,469,200	\$1,000,800	\$2,470,000
Depreciation - City	\$0	\$0	\$0
CAPITAL EXPENDITURES **	-\$4,673,880	-\$2,608,120	-\$7,282,000
LEASE OBLIGATIONS	\$0	\$0	\$0
BUDGETED RESERVE TRANSFER	-\$3,103,750	-\$619,813	
<u>CASH ACCOUNT FOR FY2025</u>			
AS OF OCTOBER 1, 2025 - budgeted			\$27,638,144
Less OCTOBER 1, 2024 - projected			-\$31,361,707
CHANGE IN CASH			-\$3,723,563
<u>RESTRICTED ELECTRIC RESERVES</u>			
Available Funds			\$13,185,000
Identified Projects			-\$1,600,000
BALANCE			\$11,585,000

Planned Water & Electric Rate Adjustments

Water rates have been adjusted sporadically since the 2013 Cost of Service Study (COSS). An updated COSS was completed in May 2023 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 were planned over a two-year period.

In 2022, Toth and Associates completed an Electric Cost of Service Study. For FY2024 and FY 2025, the Board implemented electric rate adjustments based on the 2022 COSS and updated expense projections. This is the second year of a possible 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 July 30th to be implemented beginning October 1, 2024.

Suggested Rate Increases FY2025

Description	Rate Class	Current	FY2025
Water Service	All	\$4.05	\$4.35
SAF Water	< 1" meter	\$10.00	\$11.00
	1.0" meter	\$13.00	\$15.00
	1.5" meter	\$21.00	\$25.00
	2.0" meter	\$30.00	\$35.00
	3.0" meter	\$63.00	\$75.00
	4.0" meter	\$100.00	\$125.00
	6.0" meter	\$200.00	\$270.00
Fire Sprinkler Line	<or= 4"	\$35.00	Same
	6"	\$50.00	\$60.00
	8"	\$75.00	\$100.00
	10"	\$125.00	\$200.00

Electric Service	Rate Class	Current	FY2025
Residential	kWh	\$0.082	\$0.085
	SAF Single Phase	\$26.00	Same
	SAF Three Phase	\$50.00	Same
Commercial	kWh	\$0.082	\$0.085
	SAF Single Phase	\$26.00	Same
	SAF Three Phase	\$50.00	Same
Power Service	kWh	\$0.062	\$0.065
	Demand	\$8.50	\$9.00
	SAF	\$250.00	Same
Industrial	kWh	\$0.060	\$0.063
	Demand	\$8.75	\$9.50
	SAF	\$1,000.00	Same