

# Budget & Forecast

**FY 2025 – 2030**

Finance Committee Meeting  
May 14, 2024

Board Meeting  
May 21, 2024



**Hometown People. Hometown Power.**

# Overview

- Strategic Objectives
- Key Budget & Forecast Assumptions
- Sales Volume History & Forecast by Utility
- Operating Budget & Forecast
- Capital Budget & Forecast
- Next Steps

# FY 2024 Major Accomplishments

## Customer & Community

- Opt-In to PA 95 (P1:S2)
- PRSA Excellence for Communicating Rate Strategy, Rolling Blackouts, Sustainability Report and DEP Going Commercial Event(P1:S3,P1:S4,P1:S5)
- Continued Community Resource Fairs generating \$3M in customer support to date (P1:S3)

## Workforce Engagement & Diversity

- REO - Facilities Best Practice Award for “Ladder Last” program (P2:S1, P4:S2)
- Capital Area United Way Marion Marshall Award (P1:S3, P2:S2)
- BWL Employees featured on Military Makeover episode of Montel Williams show (P1:S3)
- Positive trend in year over year minority and women employee representation (P2:S2)
- BWL was recognized as a champion for training model for our apprenticeship program (P2:S3)

## Climate & Environment

- APPA awards for Smart Energy Provider, Platinum Public Power Provider & Communications for Sustainability Report (P3:S1, P3:S3, P3:S4, P3:S5)
- Announcement in Summer of 2023 to add over 650 megawatts (MW) of clean energy projects to support BWL’s clean energy goals and meet future regional load growth
- Launch of new Electrification Rebate Programs to directly support customers interested in decarbonizing through purchase of electric lawn equipment, e-bikes, and other products
- Reduction of carbon intensity by over 50% from 2005 levels.

## • Strategic Objectives

- **BWL Year in Review**
- Target Metrics
- Budget & Forecast Cycle Focus

# FY 2024 Major Accomplishments

## Operational Resiliency & Continuous Improvement

- August Storm - Over 40,000 customers had power restored in 6 days (P4:S1)
- Executed gas prepay agreement expected to result in over \$2M annual savings (P5:S2)
- Procure to Pay process improvement expected to result in \$1.5M annual savings (P4:S3)
- Full implementation of ITD Project Management Office (PMO) (P4:S1)

## Financial Stability

- Implemented Time-of-Use rate strategy for customers (P5:S1, P5:S3)
- Grant position and framework implemented, \$77.4M funding awarded to date, additional \$105M being requested (P5:S2)
- Successful bond issuance for clean energy program (P3:S2)
  - \$5m savings from 2013A and 2019B bond refinancing (P5:S2)
- Vendor negotiations resulting in \$1.4M in savings

## Strategic Objectives

- **BWL Year in Review**
- Target Metrics
- Budget & Forecast Cycle Focus

- Strategic Objectives

- BWL Year in Review
- Target Metrics
- Budget & Forecast Cycle Focus

- Maintain high **credit rating**
  - BWL is currently rated AA- (S&P) and Aa3 (Moody's) with stable outlooks
- Generate adequate **return on assets (RoA)**
  - Adequate RoA is essential to municipal utilities
    - Ensures current rate payers are not deferring costs to future generations and infrastructure is invested in to maintain exceptional levels of service
  - An appropriate RoA recovers two main items:
    - Interest expense
    - Inflationary increase of infrastructure replacement costs
  - Regular calculations required by the Board of Commissioners (Resolution 2016-07-08)
    - Return on Assets FY 2025-2030 Target: 3.97%
      - **Forecasted to reach this target for all utilities by FY 2029**
- Ensure adequate **liquidity**
  - BWL must be able to pay current obligations
    - Minimum cash reserve requirement per policy: **149 days**
    - Debt service coverage minimum target: **2.00 x**

- Strategic Objectives

- BWL Year in Review
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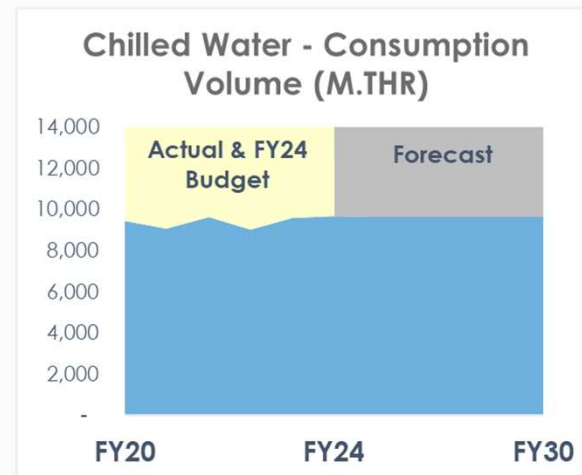
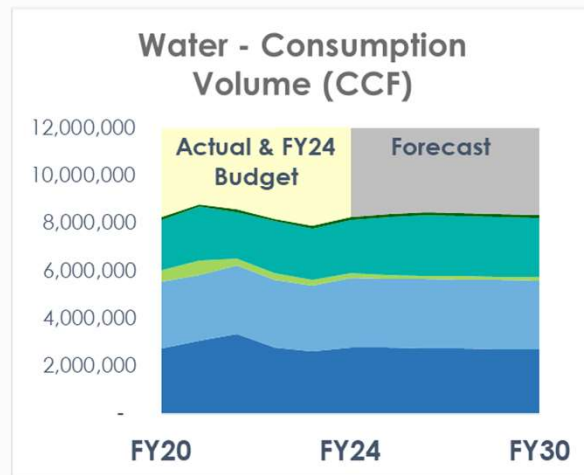
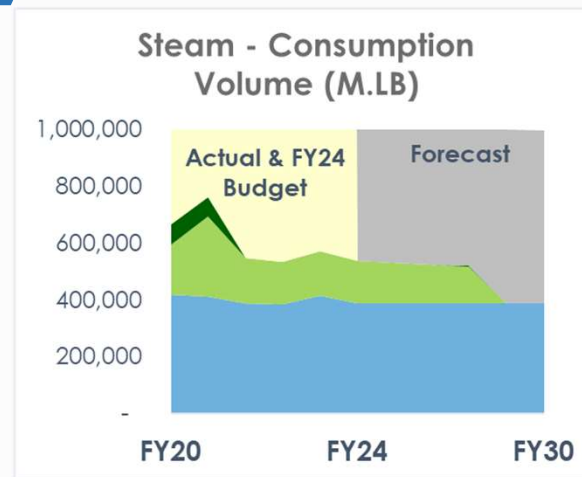
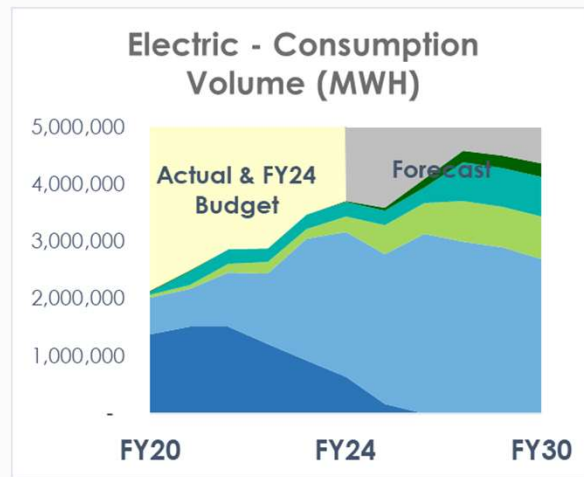
## FY2025 – FY2030

- **Operational Efficiencies**
  - Continued Transmission & Distribution (T&D) automation (LET)
  - Plant control system standardization and integration
  - 8 miles of water main replacement by FY2029
- **Lansing Energy Tomorrow**
  - These new T&D assets will decentralize load and reduce outage risk
  - Provide operational flexibility and growth potential
- **Clean Energy Projects Development to Achieve Carbon Neutrality by 2040 with up to 650MW additional capacity**
- **Continued Rate Structure Refinement**
- **Generative Safety Culture**
  - Implementing safety training programs that are specifically designed for BWL Executives, Managers, and Front-Line leaders to sustain company-wide safety.
- **Workforce Engagement**
  - Gallup employee engagement surveys and action plans
- **Implement Human Resource Information System (HRIS)**
- **Develop and Finalize FY26 Strategic Plan**
- **Pursue Infrastructure Grants**
  - Partnerships with local organizations to seek infrastructure bill funding
  - Grant administration and compliance

# Key Budget & Forecast Assumptions

- **Current Strategic Plan** is supported by this budget & forecast.
- Ultium ramps up to full capacity in FY2027.
- Includes Clean Energy Projects and expected commercial operation dates.
  - Additional FY2027 bond issuance planned
- Wholesale market price projections hold true.
- GM to leave Steam Utility in FY 2029
- Return on Equity assumes 6% of total operating revenue, less inter-utility sales.
- Belle River natural gas conversion completes by FY2027
- 2.7% inflation rate obtained from Federal Congressional Budget Office.
- Defined Benefit Plan and Post-Retirement Benefits Plan (DB & VEBA) achieve target investment return.
- Eckert/Erickson decommissioning costs not included.
- Does not include funding from pending grant applications.
- Water main replacements achieve 8 miles per year in FY2029.
- Forecast headcount total of 830.
- Bargaining unit wage increases not included due to contract negotiation year.

# Sales Volume History and Forecast



**Electric Key:** ■ Coal ■ Gas ■ Solar ■ Wind ■ Other  
**Steam, Water, & CW Key:** ■ Residential ■ Commercial ■ Industrial ■ Wholesale ■ Other

- Operating Budget & Forecast

- FY 2025 Income Statement

- FY 2025 Operating Expenses by Category

- 6-Year Income Statement

- 6-Year KPIs

- 6-Year Return on Assets

- 6-Year Cash Flow

- 6-Year Bonded Debt Service

FY 2025 Income Statement	Electric	Water	Steam	Chilled Water	Total
Sales (MWh, CCF, MLB, MTHR)	3,705,161	8,278,622	538,859	9,697	
<b>Operating Revenue</b>					
Residential	\$ 99,387,498	\$ 25,072,627	\$ 18,110	\$ -	\$ 124,478,235
Commercial	\$ 147,055,800	\$ 21,914,349	\$ 10,792,404	\$ 6,480,543	\$ 186,243,096
Industrial	\$ 55,985,614	\$ 1,406,836	\$ 2,650,174	\$ -	\$ 60,042,624
Wholesale	\$ 67,785,651	\$ 4,997,912	\$ -	\$ -	\$ 72,783,563
Other	\$ 26,335,484	\$ 5,172,497	\$ 63,506	\$ -	\$ 31,571,487
<b>Total Operating Revenue</b>	<b>\$ 396,550,046</b>	<b>\$ 58,564,221</b>	<b>\$ 13,524,195</b>	<b>\$ 6,480,543</b>	<b>\$ 475,119,006</b>
<b>Operating Expenses</b>					
Fuel & Purchased Power	\$ (147,493,991)	\$ (5,751,691)	\$ (2,924,355)	\$ (2,104,741)	\$ (158,274,778)
Depreciation	\$ (52,211,211)	\$ (8,974,033)	\$ (2,957,317)	\$ (1,119,012)	\$ (65,261,573)
Other Operating Expenses	\$ (135,010,717)	\$ (38,503,938)	\$ (5,013,519)	\$ (1,687,103)	\$ (180,215,276)
<b>Total Operating Expenses</b>	<b>\$ (334,715,918)</b>	<b>\$ (53,229,662)</b>	<b>\$ (10,895,192)</b>	<b>\$ (4,910,856)</b>	<b>\$ (403,751,627)</b>
<b>Total Operating Income</b>	<b>\$ 61,834,128</b>	<b>\$ 5,334,560</b>	<b>\$ 2,629,003</b>	<b>\$ 1,569,688</b>	<b>\$ 71,367,378</b>
<b>Non Operating Income/(Expenses)</b>					
Return on Equity to City	\$ (23,417,418)	\$ (3,458,385)	\$ (798,642)	\$ (382,695)	\$ (28,057,140)
Interest Expense	\$ (38,812,325)	\$ (1,564,095)	\$ (1,720,547)	\$ (83,227)	\$ (42,180,194)
Other Non Operating Income/(Expenses)	\$ 9,267,364	\$ 1,709,355	\$ 563,126	\$ (110,211)	\$ 11,429,634
<b>Total Non Operating Income/(Expenses)</b>	<b>\$ (52,962,379)</b>	<b>\$ (3,313,125)</b>	<b>\$ (1,956,063)</b>	<b>\$ (576,133)</b>	<b>\$ (58,807,700)</b>
<b>Total Net Income</b>	<b>\$ 8,871,749</b>	<b>\$ 2,021,435</b>	<b>\$ 672,940</b>	<b>\$ 993,555</b>	<b>\$ 12,559,678</b>
<b>Proposed Rate Increase</b>	7.00%	9.50%	9.75%	2.00%	
<b>Return on Assets</b>	3.47%	0.96%	2.02%	4.90%	2.90%
<b>Target Return on Assets</b>	3.97%	3.97%	3.97%	3.97%	3.97%

- Operating Budget & Forecast

- FY 2025 Income Statement

- FY 2025 Operating Expenses by Category

- 6-Year Income Statement

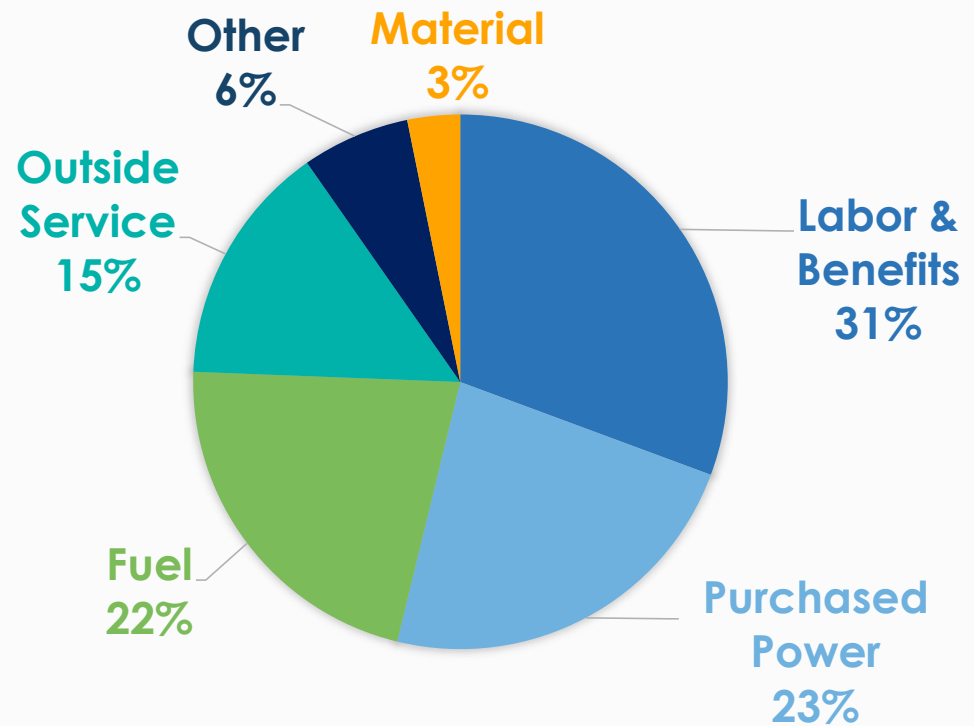
- 6-Year KPIs

- 6-Year Return on Assets

- 6-Year Cash Flow

- 6-Year Bonded Debt Service

## FY 2025 Operating Expenses by Category



- Operating Budget & Forecast

- FY 2025 Income Statement
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- 6-Year Income Statement
- 6-Year KPIs
- 6-Year Return on Assets
- 6-Year Cash Flow
- 6-Year Bonded Debt Service

6-Year Income Statement	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Operating Revenue</b>						
Electric	\$ 396,550,046	\$ 429,576,869	\$ 474,734,680	\$ 523,637,509	\$ 544,674,549	\$ 563,951,411
Water	\$ 58,564,221	\$ 64,160,496	\$ 70,268,274	\$ 76,686,834	\$ 82,862,782	\$ 85,894,543
Steam	\$ 13,524,195	\$ 14,790,628	\$ 16,469,667	\$ 17,401,794	\$ 15,683,192	\$ 17,146,834
Chilled Water	\$ 6,480,543	\$ 6,647,675	\$ 6,802,259	\$ 6,955,548	\$ 7,116,515	\$ 7,212,352
<b>Total Operating Revenue</b>	<b>\$ 475,119,006</b>	<b>\$ 515,175,668</b>	<b>\$ 568,274,881</b>	<b>\$ 624,681,684</b>	<b>\$ 650,337,039</b>	<b>\$ 674,205,141</b>
<b>Operating Expenses</b>						
Fuel & Purchased Power	\$ (158,274,778)	\$ (170,057,296)	\$ (198,578,261)	\$ (233,969,395)	\$ (239,731,095)	\$ (243,599,649)
Depreciation	\$ (65,261,573)	\$ (70,961,282)	\$ (74,703,812)	\$ (74,495,851)	\$ (72,314,313)	\$ (73,819,078)
Other Operating Expenses	\$ (180,215,276)	\$ (200,254,862)	\$ (203,232,033)	\$ (215,594,179)	\$ (230,889,015)	\$ (247,644,239)
<b>Total Operating Expenses</b>	<b>\$ (403,751,627)</b>	<b>\$ (441,273,441)</b>	<b>\$ (476,514,106)</b>	<b>\$ (524,059,425)</b>	<b>\$ (542,934,424)</b>	<b>\$ (565,062,965)</b>
<b>Total Operating Income</b>	<b>\$ 71,367,378</b>	<b>\$ 73,902,227</b>	<b>\$ 91,760,775</b>	<b>\$ 100,622,259</b>	<b>\$ 107,402,615</b>	<b>\$ 109,142,176</b>
<b>Non Operating Income/(Expenses)</b>						
Return on Equity to City	\$ (28,057,140)	\$ (30,460,540)	\$ (33,646,493)	\$ (37,030,901)	\$ (38,570,222)	\$ (40,002,308)
Interest Expense	\$ (42,180,194)	\$ (43,195,278)	\$ (44,734,625)	\$ (44,031,813)	\$ (43,194,894)	\$ (42,293,917)
Other Non Operating Income/(Expenses)	\$ 11,429,634	\$ 5,931,518	\$ 3,663,777	\$ 3,690,084	\$ 3,578,943	\$ 3,631,783
<b>Total Non Operating Income/(Expenses)</b>	<b>\$ (58,807,700)</b>	<b>\$ (67,724,300)</b>	<b>\$ (74,717,341)</b>	<b>\$ (77,372,630)</b>	<b>\$ (78,186,173)</b>	<b>\$ (78,664,442)</b>
<b>Total Net Income</b>	<b>\$ 12,559,678</b>	<b>\$ 6,177,926</b>	<b>\$ 17,043,435</b>	<b>\$ 23,249,630</b>	<b>\$ 29,216,442</b>	<b>\$ 30,477,733</b>

- Operating Budget & Forecast

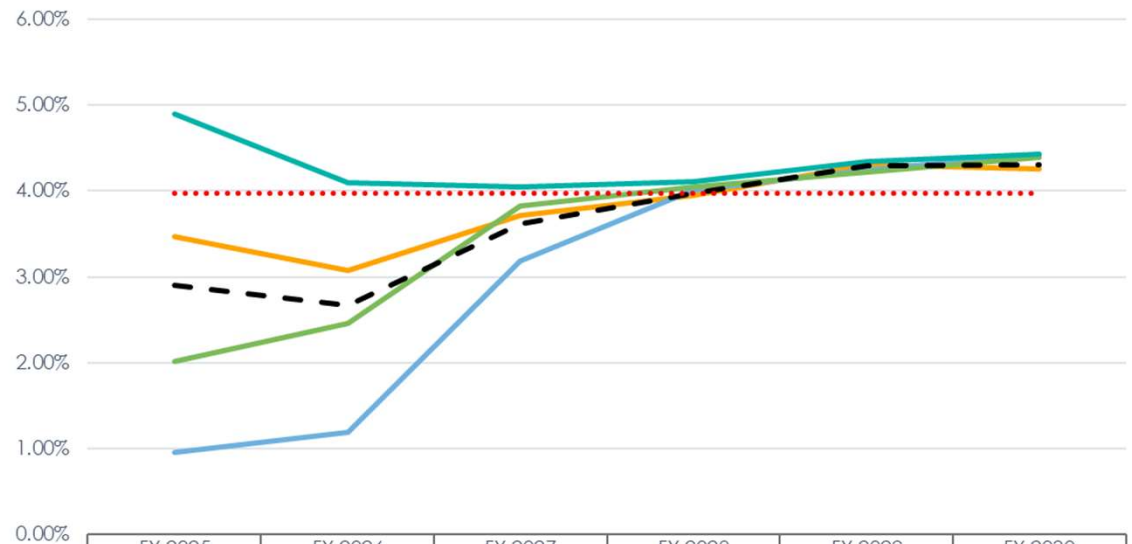
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	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Return on Assets	2.90%	2.67%	3.62%	3.97%	4.29%	4.31%
Target Return on Assets	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%
Debt Service Coverage Ratio	2.16	2.10	2.12	2.20	2.25	2.28
Days Cash on Hand	160	163	156	151	150	150
Minimum Cash Reserve Requirement	149	144	138	129	126	124
Full Time Employees	830	830	830	830	830	830
<b>Rate Increases</b>	<b>Forecast</b>					
Electric	7.00%	6.00%	5.00%	4.00%	4.00%	4.00%
Water	9.50%	9.50%	9.50%	9.50%	8.00%	2.50%
Steam	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%
Chilled Water	2.00%	1.50%	1.50%	1.50%	1.50%	0.00%

- Operating Budget & Forecast

- FY 2025 Income Statement
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## 6-Year Return on Assets (%)



	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Electric	3.47%	3.08%	3.72%	3.95%	4.31%	4.26%
Water	0.96%	1.20%	3.18%	4.01%	4.24%	4.42%
Steam	2.02%	2.45%	3.82%	4.05%	4.22%	4.40%
Chilled Water	4.90%	4.10%	4.05%	4.11%	4.34%	4.43%
Total	2.90%	2.67%	3.62%	3.97%	4.29%	4.31%
Target	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%

- Operating Budget & Forecast

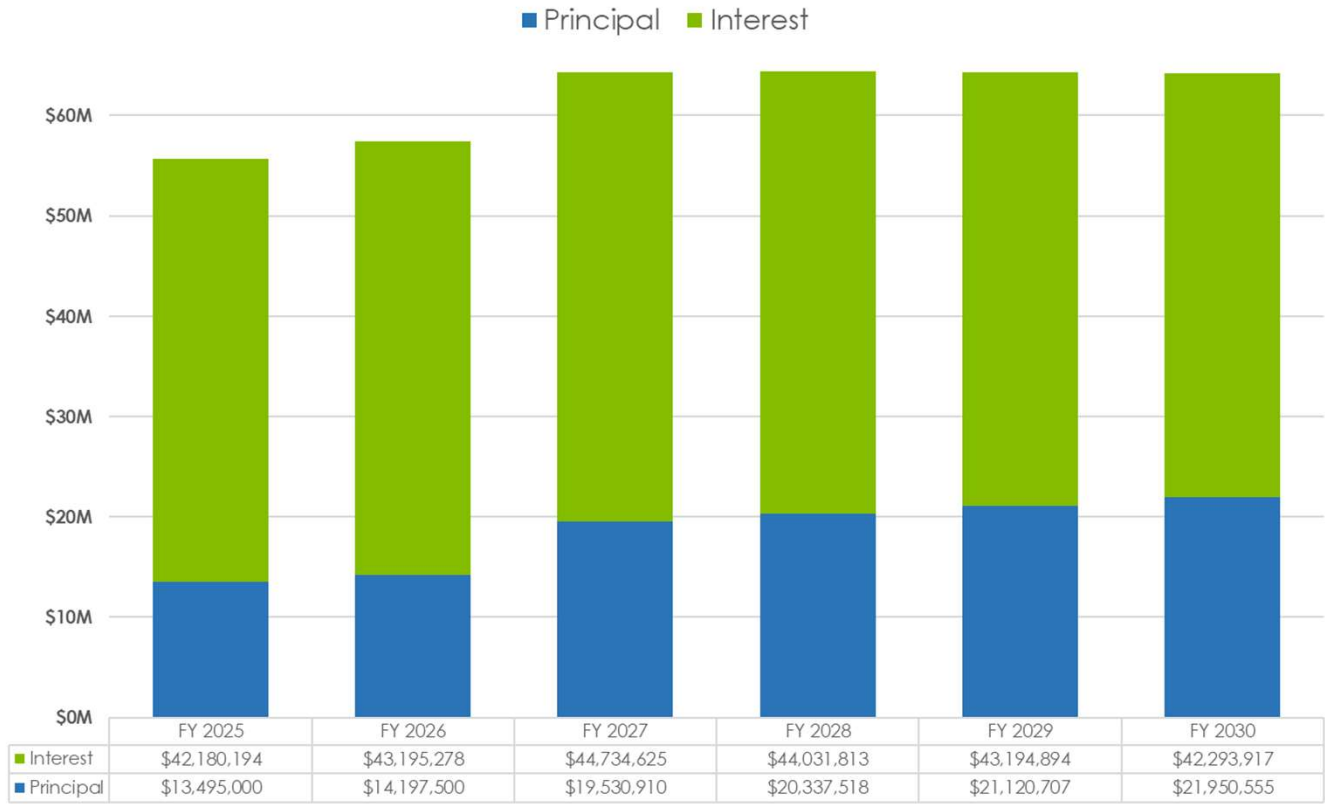
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6-Year Cash Flow	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Beginning Cash (O&amp;M &amp; Receiving Fund)</b>	<b>\$ 57,734,652</b>	<b>\$ 107,054,258</b>	<b>\$ 129,217,146</b>	<b>\$ 141,010,482</b>	<b>\$ 160,070,857</b>	<b>\$ 169,467,114</b>
Net Income	\$ 12,559,678	\$ 6,177,926	\$ 17,043,435	\$ 23,249,630	\$ 29,216,442	\$ 30,477,733
Depreciation	\$ 65,261,573	\$ 70,961,282	\$ 74,703,812	\$ 74,495,851	\$ 72,314,313	\$ 73,819,078
Loss on Disposal of Assets	\$ 4,108,717	\$ 4,308,872	\$ 2,840,091	\$ 2,916,234	\$ 2,994,418	\$ 3,074,698
DB and VEBA	\$ (4,252,599)	\$ 8,343,143	\$ 580,094	\$ 2,111,481	\$ 1,882,692	\$ 2,158,950
Borrowing	\$ 131,576,459	\$ 124,425,999	\$ 42,000,000	\$ -	\$ -	\$ -
Commodity Cost Adjustment	\$ 22,365,612	\$ (44,108)	\$ -	\$ -	\$ -	\$ -
Gas Pipeline Payment Refunds	\$ 6,769,540	\$ 6,769,540	\$ 11,421,554	\$ -	\$ -	\$ -
Grants / Tax Credits	\$ 13,076,211	\$ 8,085,911	\$ 15,848,936	\$ 18,193,754	\$ -	\$ -
<b>Total Sources of Cash</b>	<b>\$ 251,465,192</b>	<b>\$ 229,028,565</b>	<b>\$ 164,437,922</b>	<b>\$ 120,966,950</b>	<b>\$ 106,407,865</b>	<b>\$ 109,530,459</b>
Principal Payments on Bonds	\$ (13,495,000)	\$ (14,197,500)	\$ (19,530,910)	\$ (20,337,518)	\$ (21,120,707)	\$ (21,950,555)
Environmental Projects	\$ (4,120,966)	\$ (2,574,533)	\$ (1,774,533)	\$ (1,724,533)	\$ (1,719,533)	\$ (1,704,533)
Capital Expenditures	\$ (184,642,012)	\$ (189,516,925)	\$ (131,885,630)	\$ (80,440,625)	\$ (74,306,198)	\$ (74,716,548)
Other	\$ 112,392	\$ (576,718)	\$ 546,488	\$ 596,102	\$ 134,830	\$ 108,022
<b>Total Uses of Cash</b>	<b>\$ (202,145,586)</b>	<b>\$ (206,865,677)</b>	<b>\$ (152,644,585)</b>	<b>\$ (101,906,574)</b>	<b>\$ (97,011,608)</b>	<b>\$ (98,263,614)</b>
<b>Net Cash Increase (Decrease)</b>	<b>\$ 49,319,606</b>	<b>\$ 22,162,888</b>	<b>\$ 11,793,336</b>	<b>\$ 19,060,375</b>	<b>\$ 9,396,257</b>	<b>\$ 11,266,846</b>
<b>Ending Cash (O&amp;M &amp; Receiving Fund)</b>	<b>\$ 107,054,258</b>	<b>\$ 129,217,146</b>	<b>\$ 141,010,482</b>	<b>\$ 160,070,857</b>	<b>\$ 169,467,114</b>	<b>\$ 180,733,960</b>
<b>Days Cash on Hand</b>	<b>160</b>	<b>163</b>	<b>156</b>	<b>151</b>	<b>150</b>	<b>150</b>
<b>Minimum Cash Reserve Requirement</b>	<b>149</b>	<b>144</b>	<b>138</b>	<b>129</b>	<b>126</b>	<b>124</b>

- Operating Budget & Forecast

- FY 2025 Income Statement
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- 6-Year Bonded Debt Service

## 6-Year Bonded Debt Service



- Capital Portfolio Budget & Forecast

- Clean Energy Spending

- Capital Portfolio Spending by Utility and Location
- Capital Portfolio Major Projects and Annuals
- Capital Portfolio Designed Budget Amounts

Clean Energy Projects						
Project	FY 2025	FY 2026	FY 2027	FY 2028	Forecast Total	Current Project Budget
Dynamic RICE	\$ 43,565,000	\$ 71,000,000	\$ 43,000,000	\$ 12,000,000	\$ 169,565,000	\$ 171,200,000
Dynamic Storage	\$ 21,526,899	\$ 6,757,596	\$ -	\$ -	\$ 28,284,496	\$ 34,000,000
Dynamic Solar	\$ 7,759,258	\$ 7,759,258	\$ 3,316,683	\$ -	\$ 18,835,199	\$ 24,682,640
Comfort Landfill Solar	\$ 4,498,328	\$ -	\$ -	\$ -	\$ 4,498,328	\$ 8,922,650
North Lansing Landfill Solar	\$ 5,693,064	\$ 1,571,294	\$ -	\$ -	\$ 7,264,357	\$ 14,589,726
NorthEast Solar	\$ 10,822,666	\$ 10,822,666	\$ 5,426,833	\$ -	\$ 27,072,165	\$ 32,440,000
NorthWest Solar Larsen	\$ 2,559,215	\$ 5,001,421	\$ -	\$ -	\$ 7,560,636	\$ 11,893,000
NorthWest Solar Franchino	\$ 3,340,107	\$ 6,605,211	\$ -	\$ -	\$ 9,945,317	\$ 15,667,500
<b>Total</b>	<b>\$ 99,764,537</b>	<b>\$ 109,517,446</b>	<b>\$ 51,743,516</b>	<b>\$ 12,000,000</b>	<b>\$ 273,025,498</b>	<b>\$ 313,395,516</b>

\*Gross capital spend, not including any Contribution in Aid of Construction (CIAC) or tax credits

- Capital Portfolio Budget & Forecast

- Clean Energy Spending

- Capital Portfolio Spending by Utility and Location

- Capital Portfolio Major Projects and Annuals

- Capital Portfolio Designed Budget Amounts

6-Year Capital by Utility and Location							
Utility	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Forecast Total
Electric	\$ 49,292,501	\$ 44,482,948	\$ 50,989,545	\$ 30,277,777	\$ 39,847,857	\$ 31,700,000	\$ 246,590,628
Water	\$ 21,056,156	\$ 21,228,761	\$ 17,412,501	\$ 18,913,157	\$ 24,900,457	\$ 25,723,098	\$ 129,234,130
Steam	\$ 4,123,722	\$ 2,957,277	\$ 2,641,546	\$ 2,686,292	\$ 3,650,561	\$ 368,000	\$ 16,427,398
Chilled Water	\$ 2,225,609	\$ 50,574	\$ 52,008	\$ 53,069	\$ 54,594	\$ 54,594	\$ 2,490,448
Common	\$ 11,093,530	\$ 8,938,266	\$ 9,793,090	\$ 12,769,453	\$ 8,739,648	\$ 16,126,600	\$ 67,460,587
<b>Total Capital Portfolio</b>	<b>\$ 87,791,518</b>	<b>\$ 77,657,826</b>	<b>\$ 80,888,690</b>	<b>\$ 64,699,748</b>	<b>\$ 77,193,117</b>	<b>\$ 73,972,292</b>	<b>\$ 462,203,191</b>
<b>Location</b>							
REO Plant	\$ 750,000			\$ 6,000,000			\$ 6,750,000
Delta Energy Park	\$ 450,000		\$ 2,000,000			\$ 10,000,000	\$ 12,450,000
Water Production	\$ 6,163,353	\$ 4,698,773	\$ 3,356,454	\$ 2,790,325	\$ 2,802,491	\$ 2,815,016	\$ 22,626,412
Electric T&D	\$ 47,493,341	\$ 44,482,948	\$ 48,989,545	\$ 24,277,777	\$ 39,847,857	\$ 21,700,000	\$ 226,791,468
Water T&D	\$ 14,892,803	\$ 16,529,988	\$ 14,056,047	\$ 16,122,832	\$ 22,097,966	\$ 22,908,082	\$ 106,607,718
Steam T&D	\$ 4,123,722	\$ 2,957,277	\$ 2,641,546	\$ 2,686,292	\$ 3,650,561	\$ 368,000	\$ 16,427,398
Chilled Water T&D		\$ 50,574	\$ 52,008	\$ 53,069	\$ 54,594	\$ 54,594	\$ 264,839
Other	\$ 13,918,299	\$ 8,938,266	\$ 9,793,090	\$ 12,769,453	\$ 8,739,648	\$ 16,126,600	\$ 70,285,356
<b>Total Capital Portfolio</b>	<b>\$ 87,791,518</b>	<b>\$ 77,657,826</b>	<b>\$ 80,888,690</b>	<b>\$ 64,699,748</b>	<b>\$ 77,193,117</b>	<b>\$ 73,972,292</b>	<b>\$ 462,203,191</b>

\* Total Capital Expenditures are shown net of any grant funding

Regular CIP projects. Does not include Clean energy projects

- Capital Portfolio Budget & Forecast

- Clean Energy Spending
- Capital Portfolio Spending by Utility and Location
- Capital Portfolio Major Projects and Annuals
- Capital Portfolio Designed Budget Amounts

6-Year Major Capital Projects and Annuals

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Forecast Total
<b>Planned Projects</b>							
South Reinforcement - Transmission Line (LET)	\$ 18,000,000	\$ 18,668,446	\$ -	\$ -	\$ -	\$ -	\$ 36,668,446
Stanley Substation - Construct a New 138kV Sub (LET)	\$ 414,903	\$ 3,435,097	\$ 4,725,000	\$ 3,957,143	\$ 22,817,857	\$ 750,000	\$ 36,100,000
Rundle Substation - Construct a New 138kV Sub (LET)	\$ 5,524,057	\$ 1,850,000	\$ 15,355,000	\$ 480,000	\$ -	\$ -	\$ 23,209,057
LGR Substation (LET)	\$ 3,100,000	\$ 3,545,455	\$ 12,464,545	\$ -	\$ -	\$ -	\$ 19,110,000
DEP - CTG "B" Inspection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000	\$ 10,000,000
Elevated Water Storage Tank	\$ 4,942,194	\$ 1,698,595	\$ -	\$ -	\$ -	\$ -	\$ 6,640,789
REO - CTG Hot Section	-	-	-	\$ 6,000,000	-	-	\$ 6,000,000
SAP Replacement	-	-	-	-	-	\$ 5,743,934	\$ 5,743,934
Utility Network Implementation	-	-	\$ 1,227,324	\$ 3,238,175	\$ 65,554	\$ -	\$ 4,531,053
Canal Substation - Transformer #1 Installation	\$ 940,970	\$ 209,217	\$ 65,000	\$ 2,222,765	\$ -	\$ -	\$ 3,437,952
<b>Total Major Planned Projects</b>	<b>\$ 32,922,124</b>	<b>\$ 29,406,810</b>	<b>\$ 33,836,869</b>	<b>\$ 15,898,083</b>	<b>\$ 22,883,411</b>	<b>\$ 16,493,934</b>	<b>\$ 151,441,231</b>
<b>Annual Projects <sup>1</sup></b>							
Electric	\$ 14,638,000	\$ 15,588,000	\$ 15,880,000	\$ 15,980,000	\$ 15,830,000	\$ 19,950,000	\$ 97,866,000
Water	\$ 14,380,662	\$ 18,672,847	\$ 16,211,406	\$ 18,913,157	\$ 24,900,457	\$ 25,723,098	\$ 118,801,627
Steam	\$ 4,123,722	\$ 2,957,277	\$ 2,641,546	\$ 2,686,292	\$ 3,650,561	\$ 368,000	\$ 16,427,398
Chilled Water	\$ -	\$ 50,574	\$ 52,008	\$ 53,069	\$ 54,594	\$ 54,594	\$ 264,839
Common	\$ 6,632,830	\$ 6,152,716	\$ 6,375,631	\$ 7,609,433	\$ 6,522,715	\$ 8,231,287	\$ 41,524,612
<b>Total Annual Projects</b>	<b>\$ 39,775,214</b>	<b>\$ 43,421,414</b>	<b>\$ 41,160,591</b>	<b>\$ 45,241,951</b>	<b>\$ 50,958,327</b>	<b>\$ 54,326,979</b>	<b>\$ 274,884,476</b>

(LET) - Projects support the Lansing Energy Tomorrow initiative

<sup>1</sup> Annual projects have some level of spending each year

**10** Largest Planned Projects make up 89% of Total Planned Capital

Regular CIP projects. Does not include Clean energy projects

- Capital Portfolio Budget & Forecast

- Clean Energy Spending
- Capital Portfolio Spending by Utility and Location
- Capital Portfolio Major Projects and Annuals

• Capital Portfolio Designed Budget Amounts

Designed Budget Amounts & Latest Estimates			
Project Name	Designed Budget	Latest Estimate <sup>1</sup>	Current Phase
Ultium	\$ 34,186,068	\$ 34,670,369	Construction
Wise Substation - Rebuild	\$ 31,520,194	\$ 31,170,058	Construction
Customer Information System	\$ 17,425,255	\$ 14,797,771	Construction
WP Elevated Storage	\$ 16,063,520	\$ 13,261,603	Construction
Dye-Cedar Dry Chemical Handling	\$ 13,707,307	\$ 4,933,306	Construction
ADMS-Advanced Distribution Management System	\$ 6,315,943	\$ 5,950,702	Construction
Magnolia Ave. - 4160V Sub Cutover and Retirement	\$ 4,262,000	\$ 4,145,198	Construction
Ammonia System Replacement	\$ 2,896,995	\$ 2,760,286	Construction
Dye Filter Controls Upgrade <sup>2</sup>	\$ 2,165,755	\$ 3,074,619	Construction
Eckert 13 & 15 Cutover (John Bean) <sup>2</sup>	\$ 1,882,818	\$ 2,180,972	Construction
PMIS	\$ 1,519,157	\$ 1,507,811	Construction
HACO Roof Restoration	\$ 1,369,355	\$ 1,361,018	Construction
Allen Street Microgrid	\$ 1,055,809	\$ 1,044,152	Construction
LabHVAC	\$ 803,257	\$ 862,229	Construction
Cedar Street - 4160V Sub Cutover Circuit 24	\$ 702,495	\$ 698,000	Construction
ESRI Release 4	\$ 696,365	\$ 696,365	Construction
S. Creyts Line Relay Upgrade	\$ 618,470	\$ 742,255	Construction
Wise Sludge Tank Roof	\$ 596,579	\$ 626,424	Construction
HACO Customer Parking Improvements	\$ 450,326	\$ 464,002	Construction
DavisSubstationHydrogenSensor	\$ 98,538	\$ 76,984	Construction

<sup>1</sup> Latest Estimates are gross spend and do not include any CIAC

<sup>2</sup> Eckert Cutover exceedance approved Jan-24; Dye Filter Control exceedance approved March-24

# Next Steps



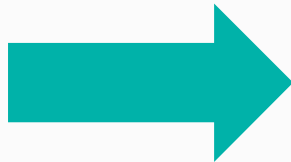
## November 2023 – February 2024

- Budget Process Start
- Set Financial Targets
- Prepare Capital Budget
- Request Department Budgets
- Revenue Projections



## March 2024 – April 2024

- Compile Budget & Forecast
- Internal Review and Approval



## May 2024

- Finance Committee to approve the Operating and Capital Budget & Forecast for FY 2025 – 2030 and recommend it for the Board of Commissioners' approval on May 21, 2024.
- Board of Commissioners to approve, Corporate Secretary to file FY25-30 budget with the City Clerk within 10 days of approval and submit the Capital Improvement Plans for FY 2025 – 2030 to the Mayor prior to October 1, 2024.