

ENERGY RESOURCES DEPARTMENT

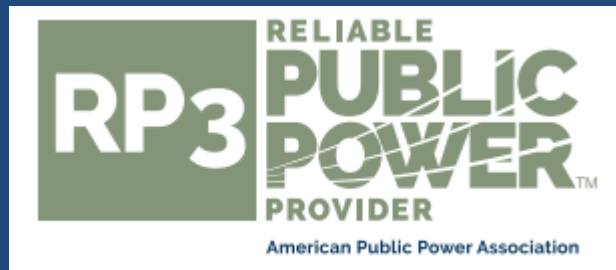
FY 19/20 BUDGET REVIEW

PROVIDE
SAFE, RELIABLE & ECONOMICAL
ELECTRIC & NATURAL GAS
UTILITY SERVICES
TO OUR CUSTOMERS

Frank McRae
John Petrof

STRATEGIC PRIORITY ALIGNMENT

	COMMUNITY SAFETY	SUSTAINABLE ECONOMY	TRANSFORM NEIGHBORHOODS	PLACE-MAKING
SAFETY	X	X	X	
RELIABILITY	X	X	X	X
ECONOMICS		X	X	X



2017-2020 Platinum Level



2017-2020 Silver

PROPOSED FY 19/20 BUDGET

- No material changes unique to the Energy Resources Department.
- Funding system expansions to meet customer growth with a combination of contributions from customers and bonds.
- Supplementing our crews with contractors and temporary employees where effective.
- Compensation – recruiting and retention of qualified employees is critical to meeting the challenges and capitalizing on the opportunities for innovation and technology.

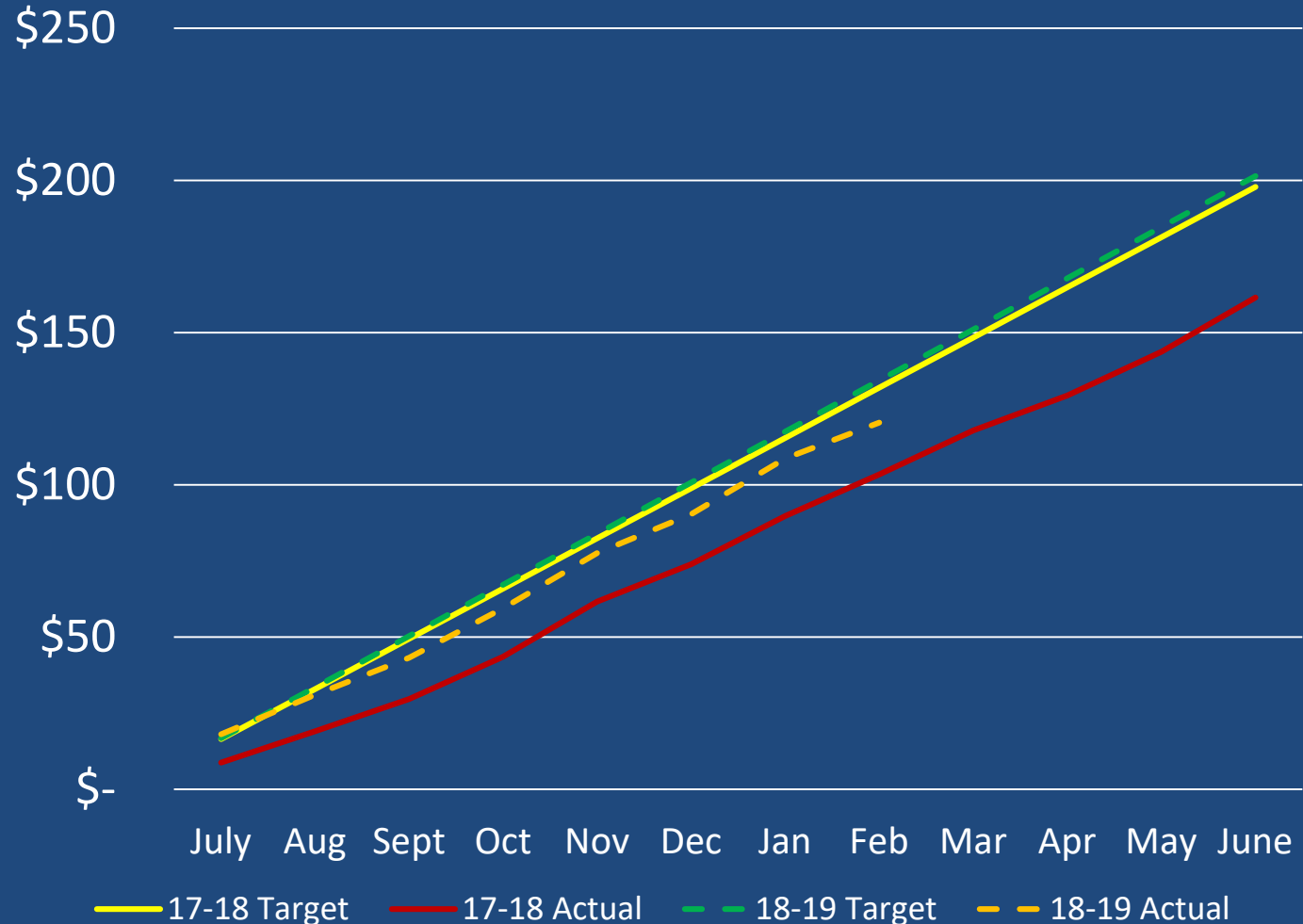


HIGHLIGHTED PROGRAMS/PROJECTS

- SEA – Summer Energy Assistance Program (Electric Low Income)
- Small Business Assistance Program (Downtown)
- Electric Economic Development Rate
- Enhanced Employee Training
 - Succession Planning
 - Safety – Technology for Inspections (IR Cameras)
 - System Integrity (Corrosion Control)
 - Operations & Maintenance (CNG station)
- Vehicle & Equipment Replacements

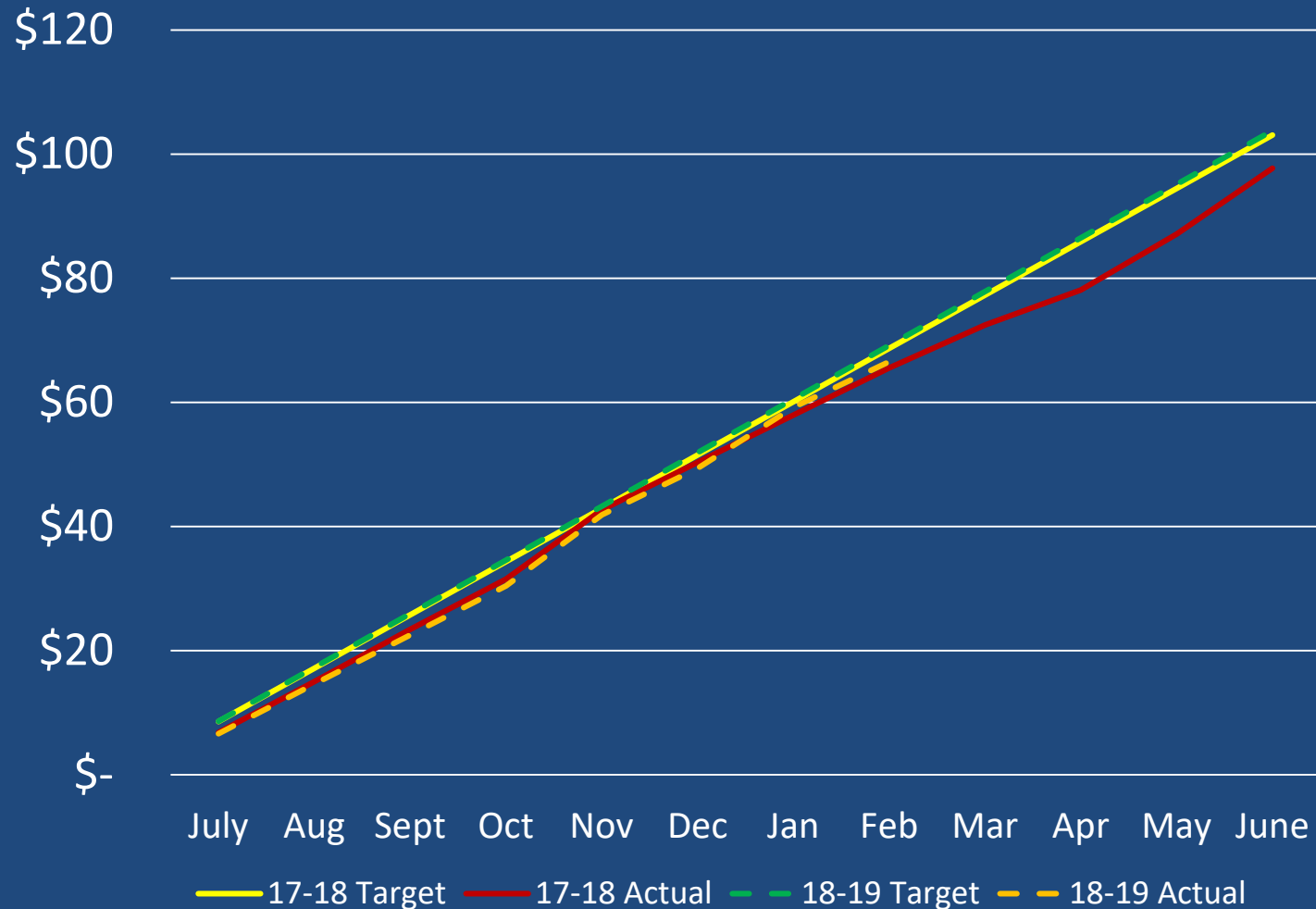


ELECTRIC O&M PER CUSTOMER



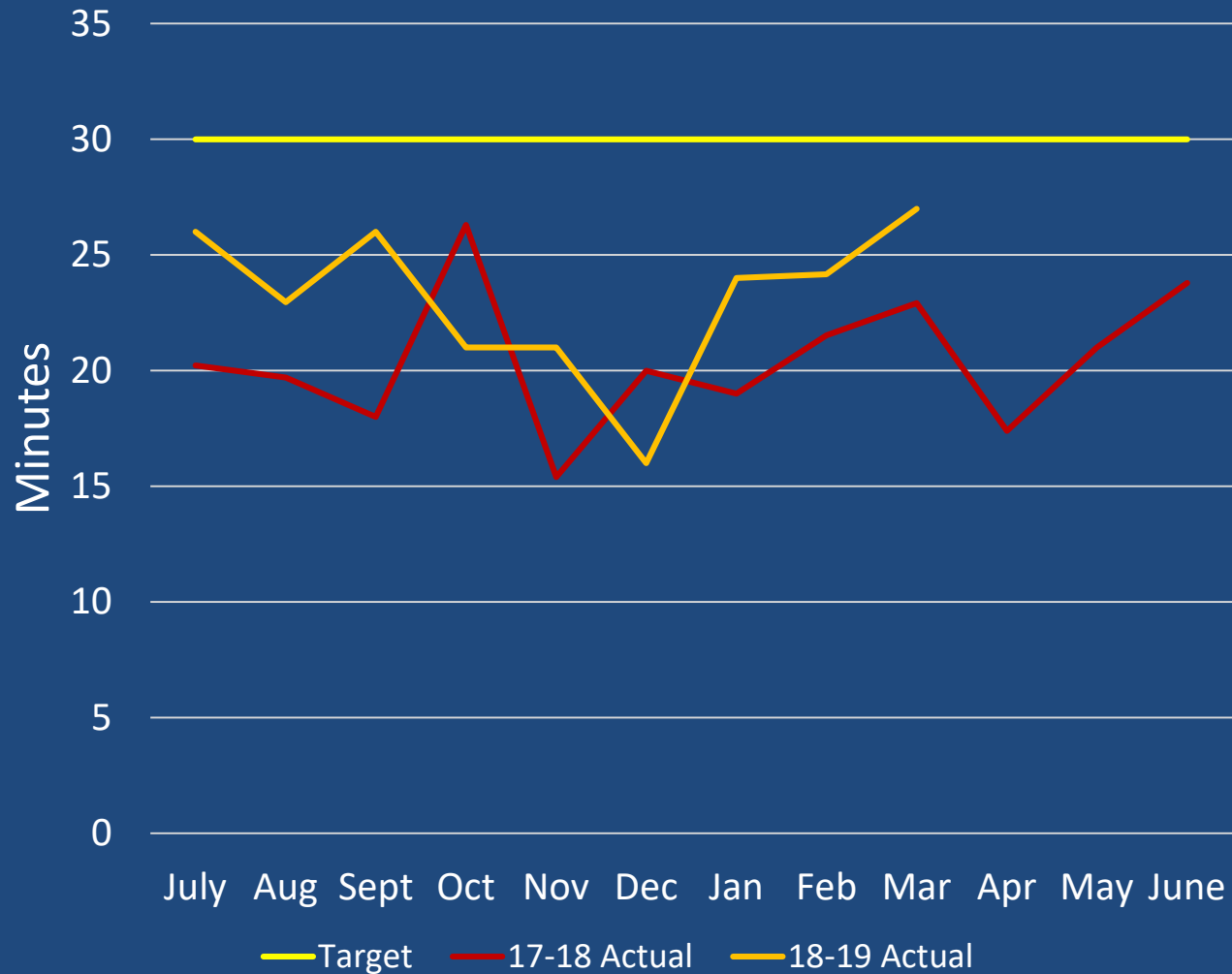
- Measure of efficiency
- Target is based on prior year budgeted expenditures and forecasted customers
- Direct labor, materials & equipment
 - T&D Ops & Maint
 - Substation Ops & Maint
 - Meter Ops & Maint

GAS O&M PER CUSTOMER

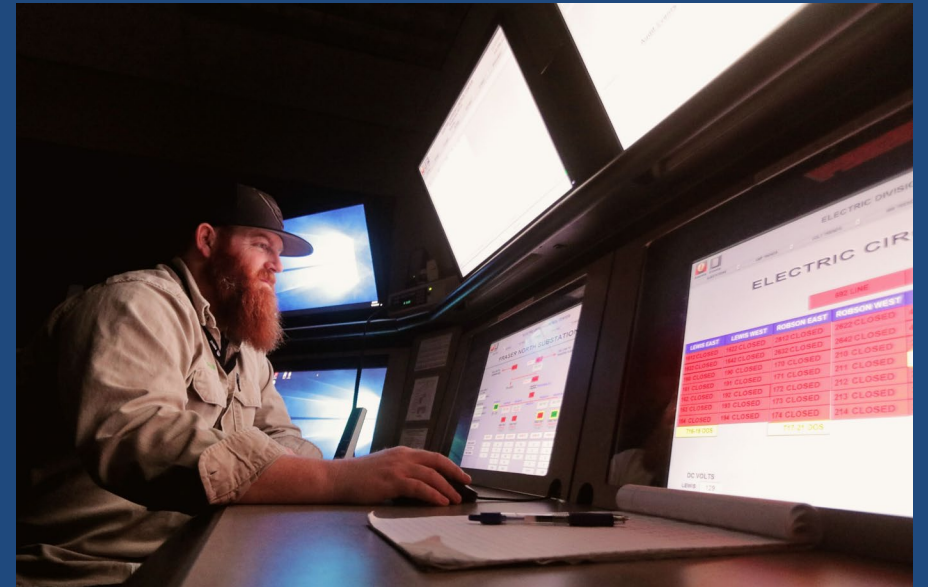


- Measure of efficiency
- Target is based on prior year budgeted expenditures and forecasted customers
- Direct labor, materials & equipment
 - System Ops & Maint
 - Emergency Response
 - Meter Ops & Maint
 - Regulatory Compliance
 - Utility Locating
 - Property Damages

AVERAGE RESPONSE TIME-ELECTRIC

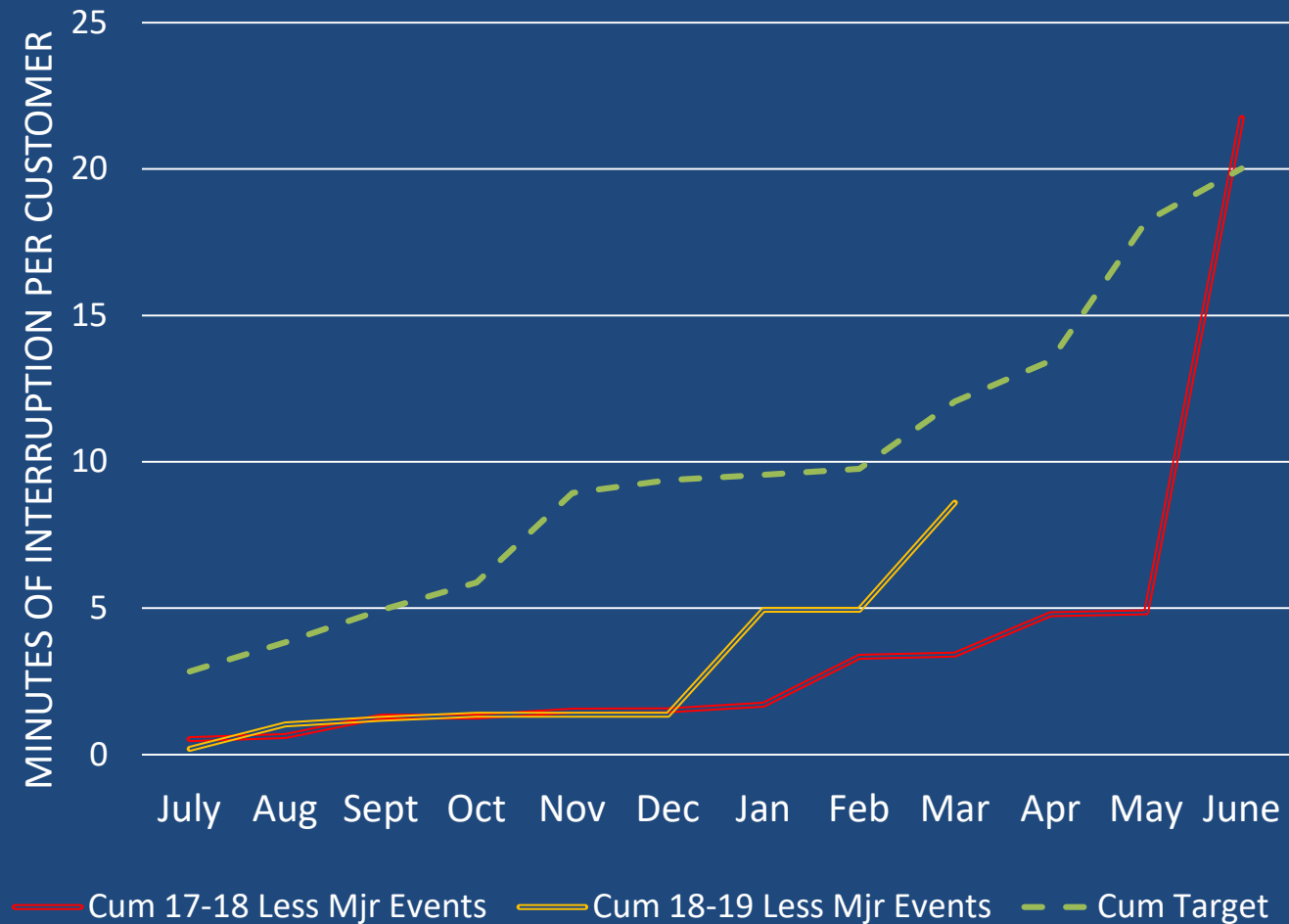


- Measure of safety & reliability
- Time taken to respond to a customer call for emergencies or interruptions of service
- Number of calls in most recent 12 months - 456



ELECTRIC RELIABILITY

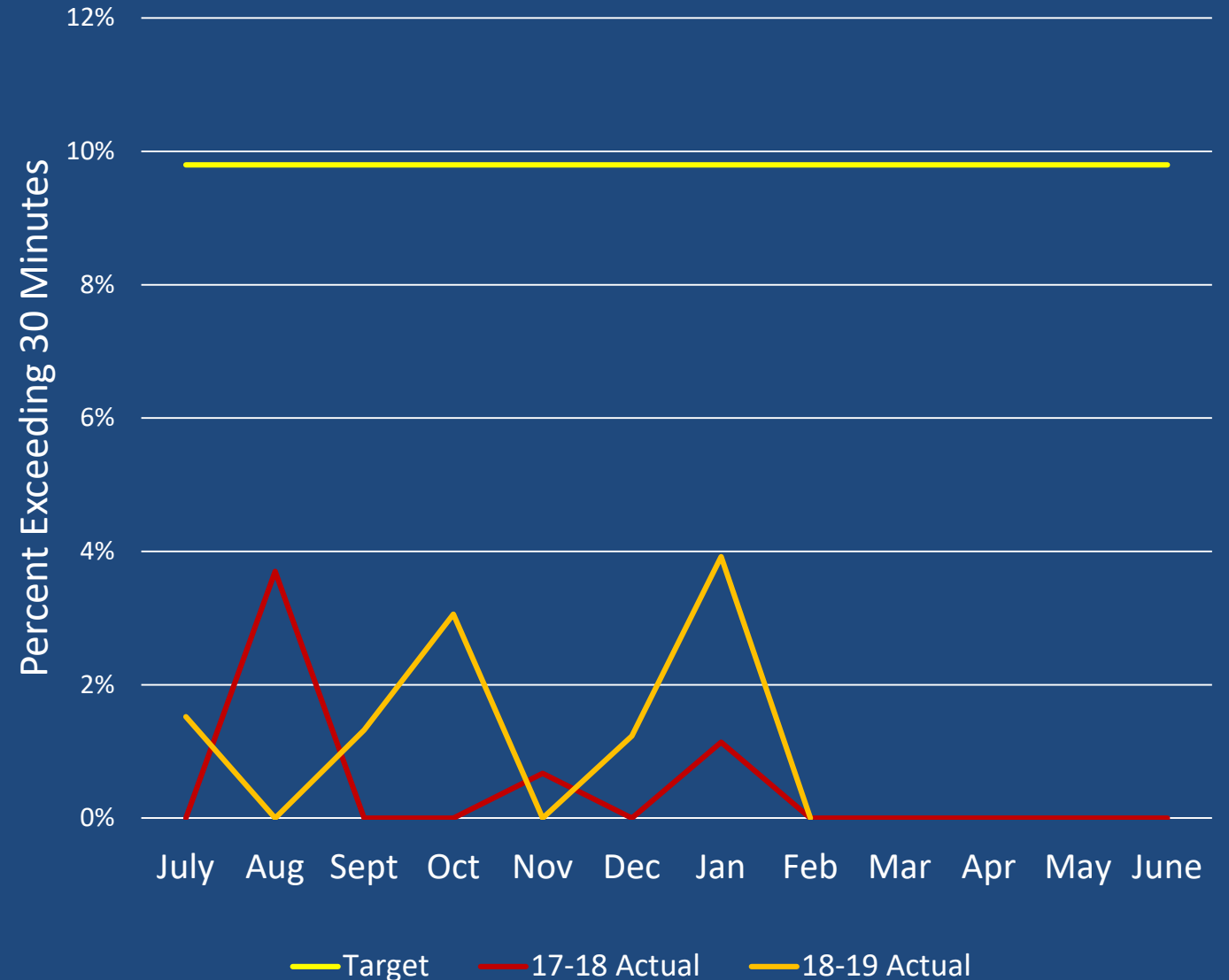
DURATION OF OUTAGES (CUMULATIVE)



- Measure of reliability of service
- SAIDI
- Target for 19/20 adjusted to promote continuous improvement
- All months and associated events where targets are exceeded are thoroughly assessed and root causes for extended outages are identified and remedies developed and implemented

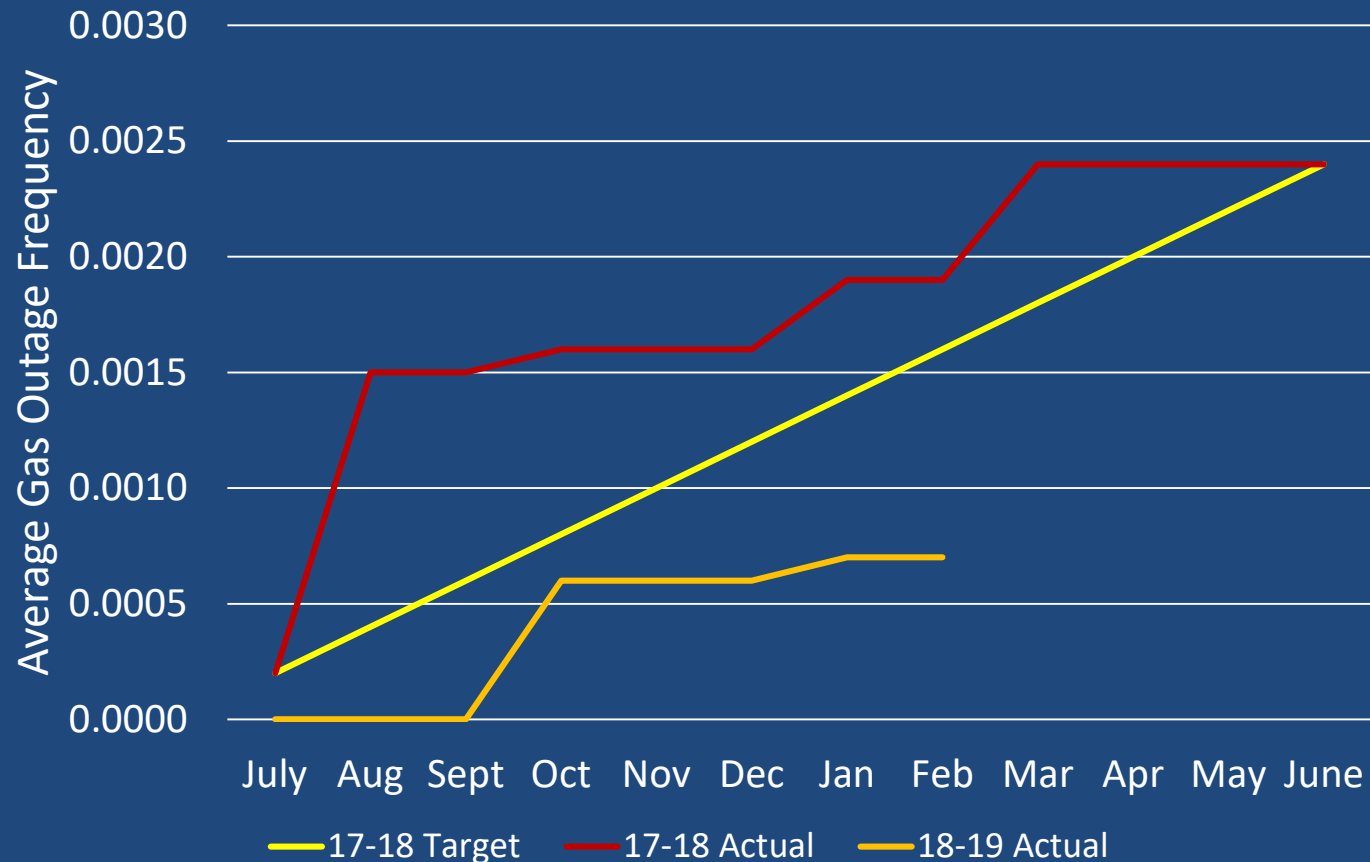
EMERGENCY RESPONSE MESA-GAS

- Measure of safety & reliability
- Time taken to respond to a customer call for emergencies or interruptions of service
- Number of calls in most recent 12 months 1,240

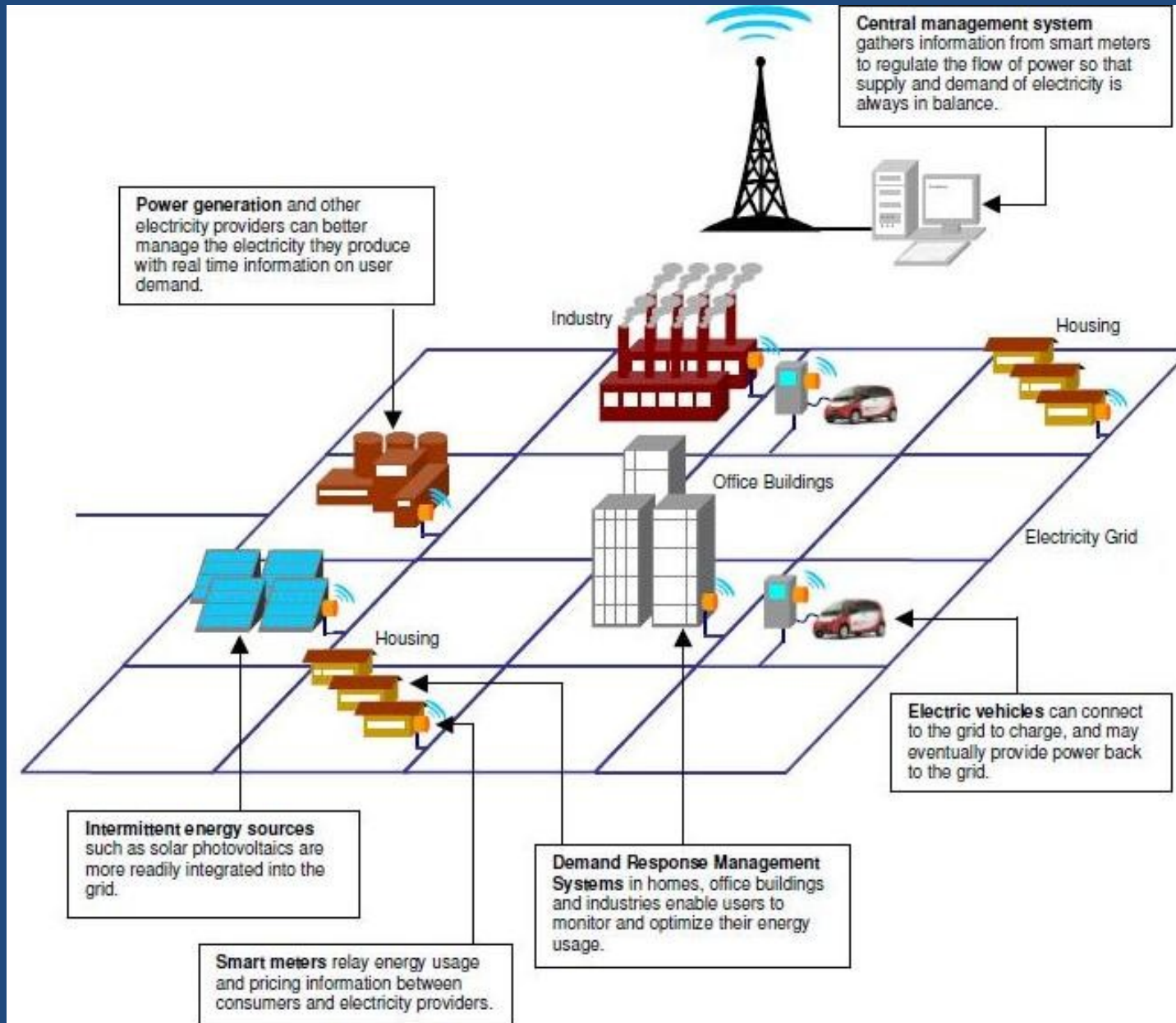


GAS RELIABILITY

FREQUENCY OF OUTAGES (CUMULATIVE)



- Measure of reliability of service
- SAIFI
- All months and associated events where targets are exceeded are thoroughly assessed and root causes for extended outages are identified and remedies developed and implemented

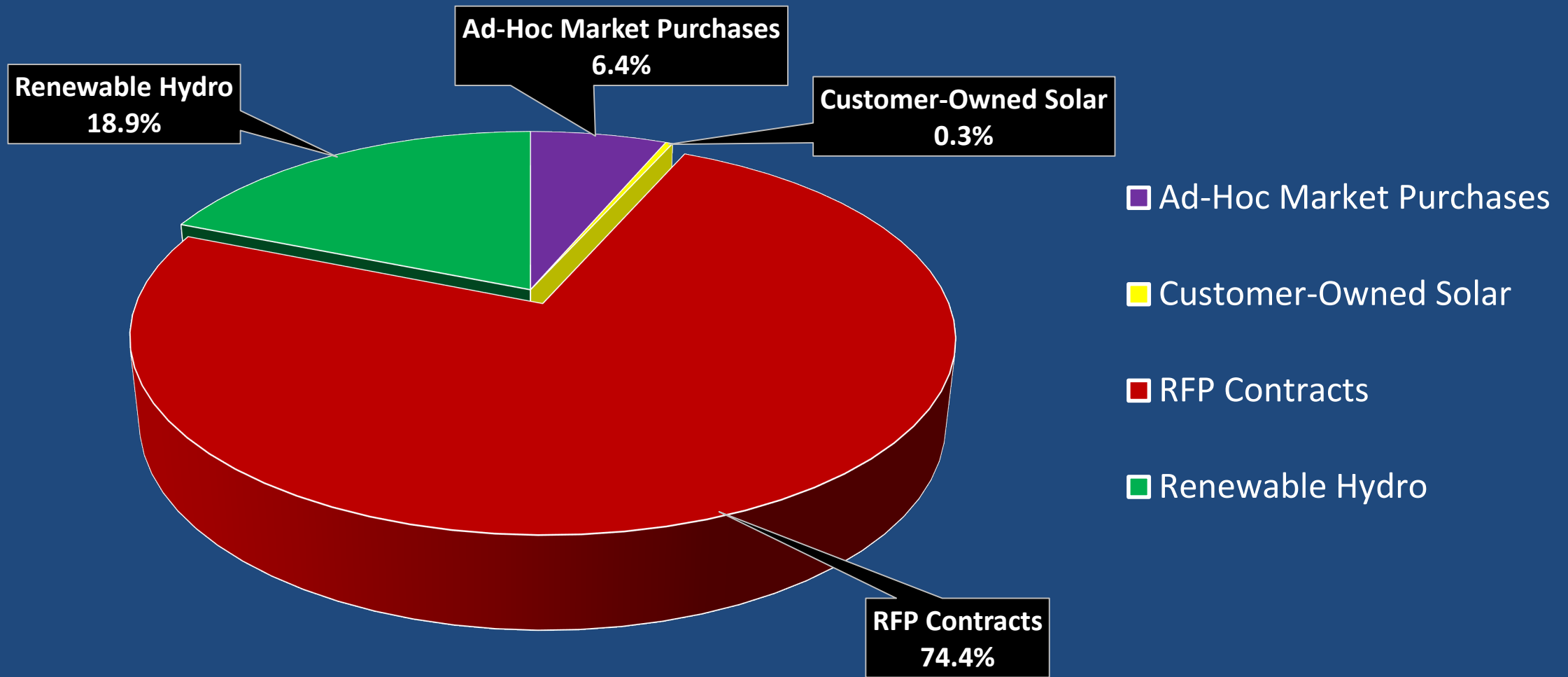


- Smart grid technologies provide tools to solve our challenges & opportunities:
- Aging infrastructure
 - Growing demand
 - Integration of renewable energy sources
 - Integration of electric vehicles as energy storage resource
 - Improve supply security
 - Lower carbon emissions

SMART CITY & SMART GRID

- AMI Smart Meters are a critical component of Smart Grid & Smart City
- Utility Analytics & System Operations / Outage Management
- Optimization of renewable resources & other innovative technologies
- Achieving full potential of Smart Grid will require investment beyond the AMI Project
 - Professional Development
 - Energy Control Room - to identify & maximize the value of the data that AMI & Smart Grid generates

ENERGY RESOURCES ELECTRIC SUPPLY PORTFOLIO



SMART CITY & RENEWABLE ENERGY

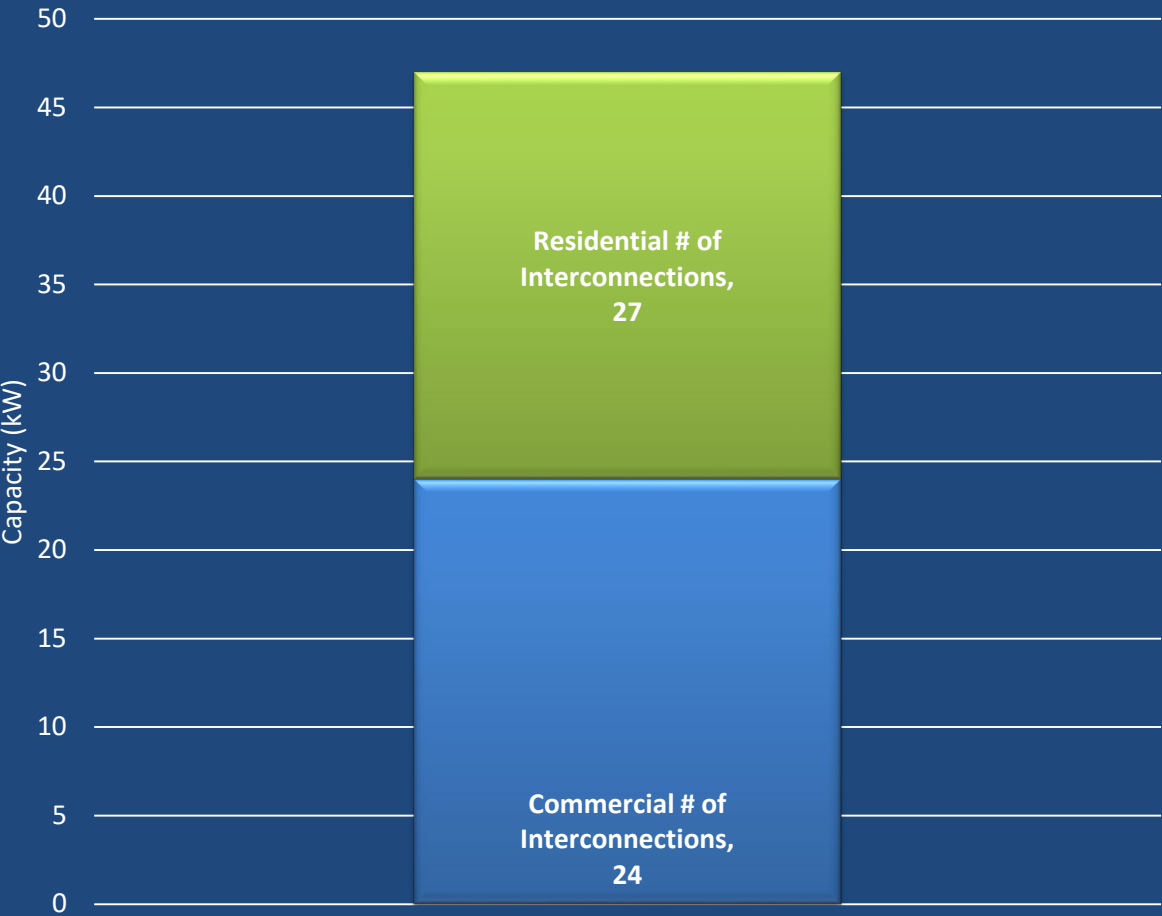
- Proposed 2019 Integrated Resource (IRP)
 - Customers & Community engagement
 - Enhanced focus on Solar & energy conservation
 - Continue existing customer owned solar program
 - Competitive RFP process
- April 2019 RFP
 - RFP for replacement of two contract components of portfolio

SMART CITY & RENEWABLE ENERGY

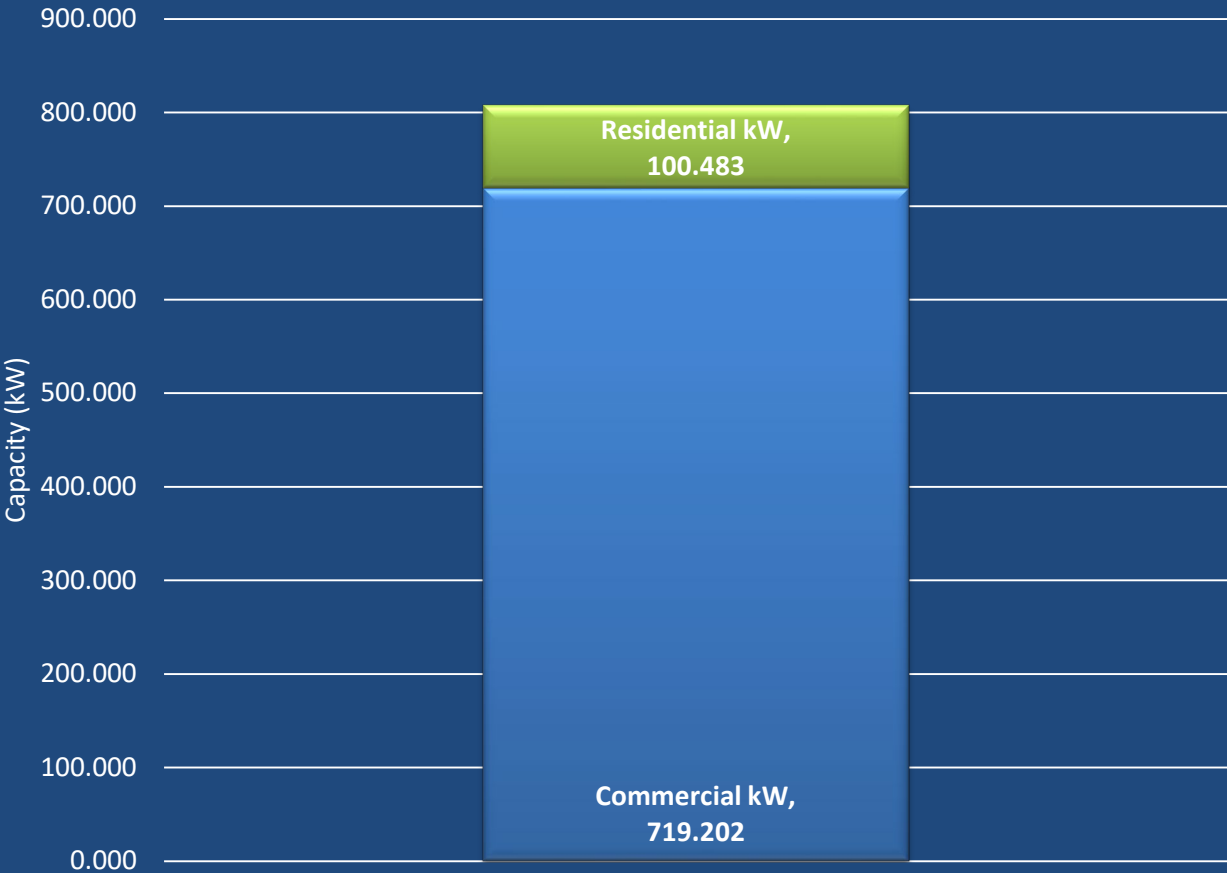
- June – July 2019: Purchase 10 MW utility scale solar
- Late 2019: With Sustainability, renew offers for utility solar generation within the ESA
- 2020: 10 MW of Renewable with storage for 2021-2022 delivery
- 2021: Replace two contracts

ELECTRIC CUSTOMER OWNED SOLAR PROGRAM

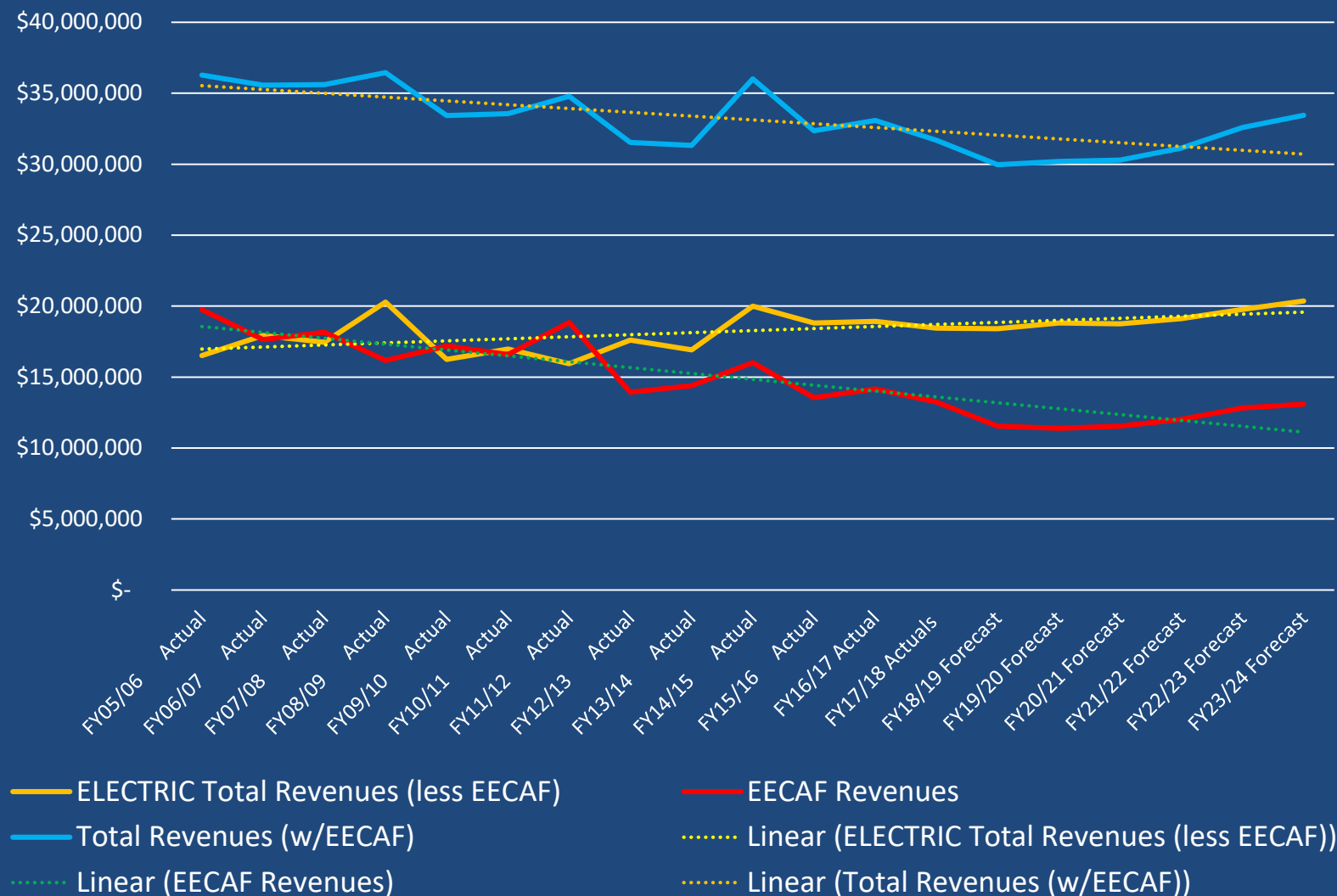
INSTALLED # AS OF 3.31.19 Total= 51



INSTALLED NAMEPLATE DC CAPACITY (kW) AS OF 3.31.19
Total= 819.685 kW

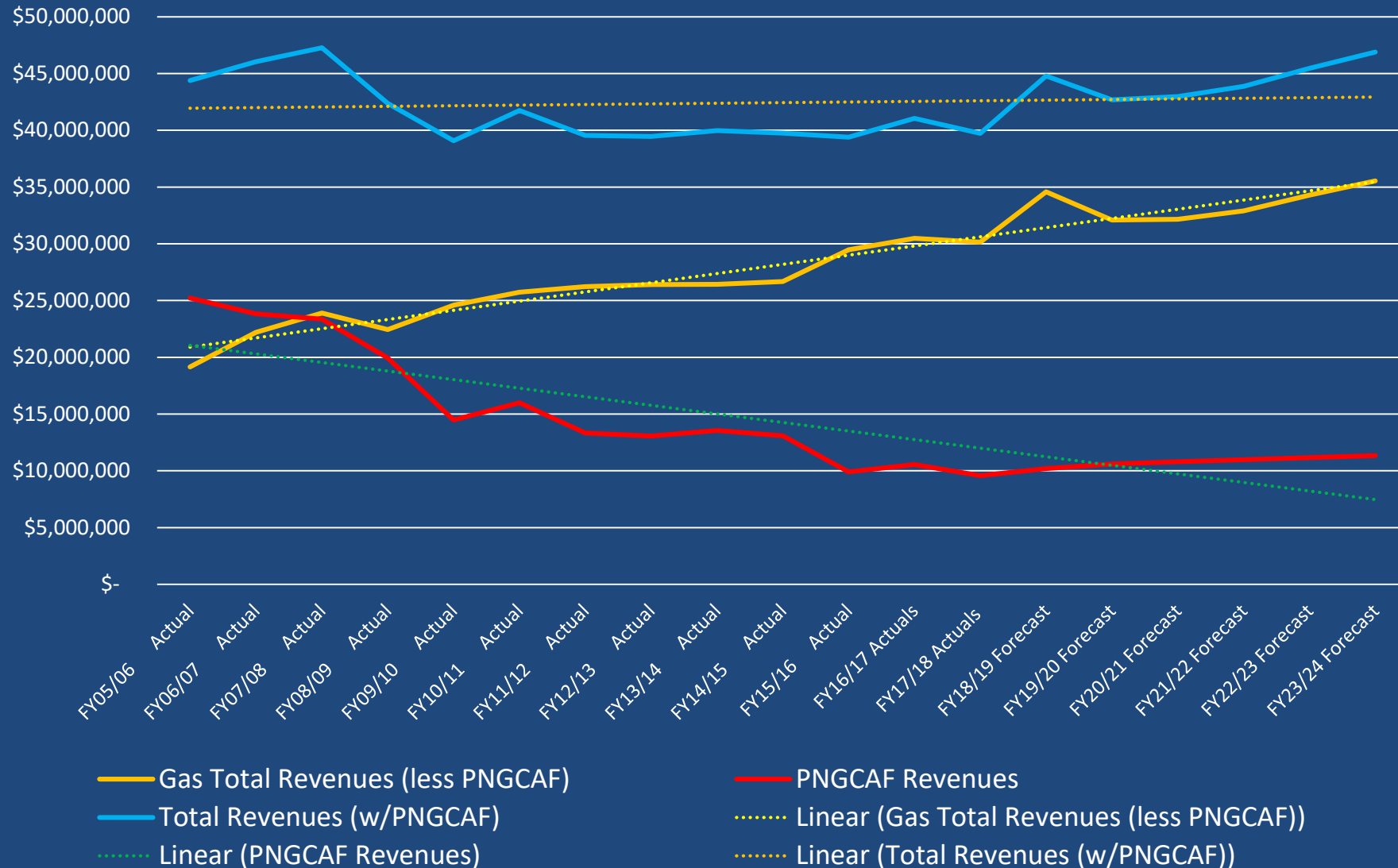


ELECTRIC REVENUE HISTORY AND FORECAST



- The rate component (EECAF) is adjusted monthly to timely pass through changes in energy supply costs
- Decreases in electric energy supply costs have offset increases in general rates such that customers bills over time have decreased

GAS REVENUE HISTORY AND FORECAST



- The rate component (PNGCAF) is adjusted monthly to timely pass through changes in energy supply costs
- Decreases in natural gas supply costs have offset increases in general rates such that customers bills over time have decreased

Financial Overview

ELECTRIC	FY 17/18 Actuals	FY 18/19 Revised Budget	FY 18/19 Projected	FY 19/20 Proposed Budget
Sources of Funding				
Revenues	\$18,453,285	\$18,286,468	\$18,411,785	\$18,751,282
EECAF Revenues	\$13,233,811	\$12,616,573	\$11,548,700	\$11,395,504
Total Sources	\$31,687,097	\$30,903,041	\$29,960,485	\$30,146,786
Uses of Funding				
Operating Expenditures	\$7,012,138	\$7,813,262	\$7,422,475	\$7,419,254
EECAF Expenditures	\$13,131,317	\$12,631,573	\$11,093,915	\$11,395,504
Expenditure Subtotal	\$20,143,454	\$20,444,835	\$18,516,390	\$18,814,758
Project Costs	\$43,303	\$181,997	\$181,267	\$24,000
General Fund Transfer	\$6,656,624	\$6,776,087	\$6,776,087	\$6,913,974
Debt Service Transfer	\$1,316,892	\$1,488,572	\$988,334	\$1,982,893
Lifecycle/ Infrastructure Transfers	\$633,213	\$637,773	\$599,210	\$602,936
Capital Transfer	\$0	\$149,468	\$149,468	\$124,539
Economic Investment Fund Transfer	\$233,430	\$466,860	\$466,860	\$0
Other Transfers	\$9,000	\$0	\$0	\$0
Total Uses	\$29,035,917	\$30,145,592	\$27,677,615	\$28,463,100
Net Sources and Uses	\$2,651,180	\$757,449	\$2,282,870	\$1,683,686

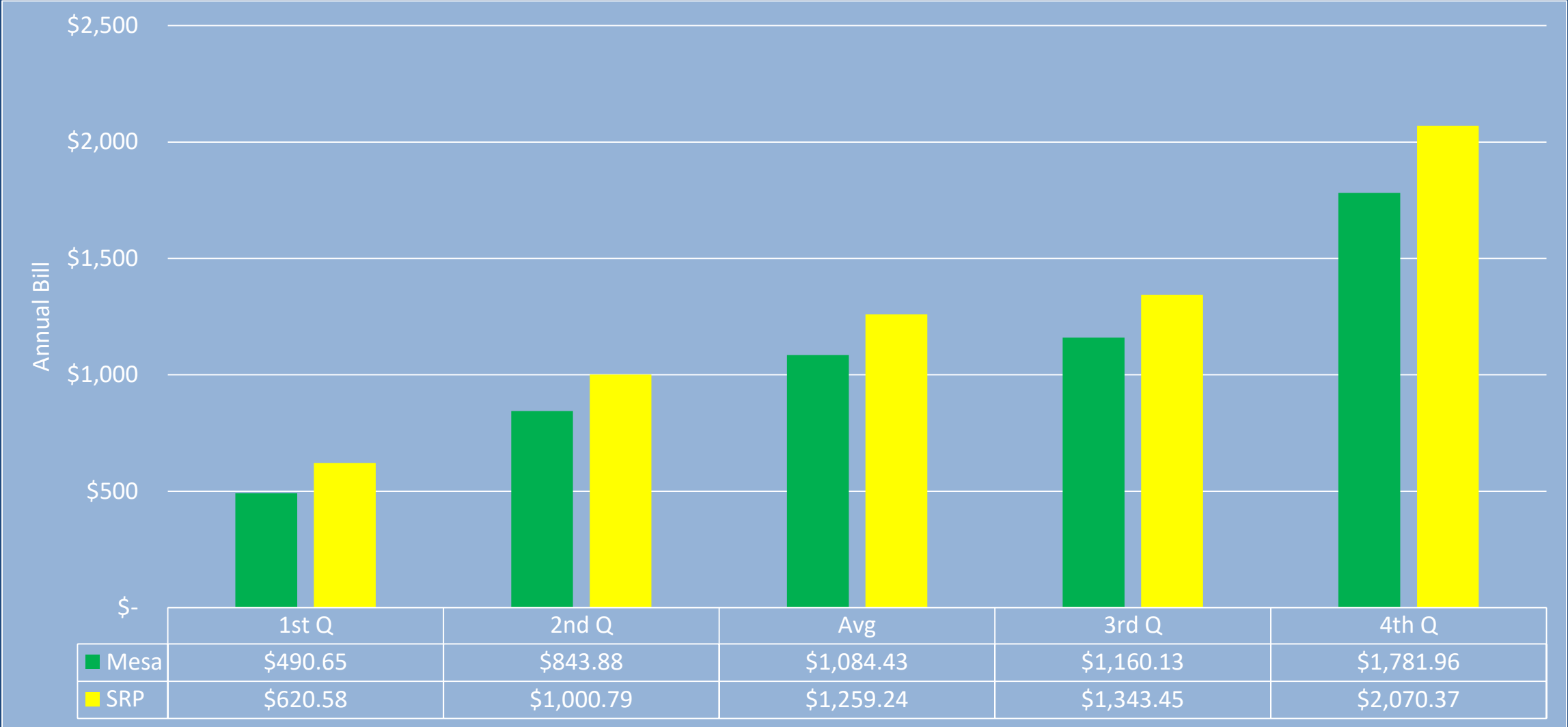
Financial Overview

NATURAL GAS	FY 17/18 Actuals	FY 18/19 Revised Budget	FY 18/19 Projected	FY 19/20 Proposed Budget
Sources of Funding				
Revenues	\$30,152,251	\$31,199,482	\$34,586,914	\$32,283,311
PNGCAF Revenues	\$9,572,586	\$12,517,481	\$10,194,487	\$10,512,645
Total Sources	\$39,724,838	\$43,716,963	\$44,781,401	\$42,795,956
Uses of Funding				
Operating Expenditures	\$12,489,955	\$14,068,723	\$14,147,736	\$14,202,481
PNGCAF Expenditures	\$9,760,743	\$12,517,481	\$10,301,087	\$10,702,645
Expenditure Subtotal	\$22,250,698	\$26,586,204	\$24,448,823	\$24,905,126
Project Costs	\$179,682	\$350,984	\$282,297	\$29,000
General Fund Transfer	\$7,955,552	\$8,098,326	\$8,098,326	\$8,263,120
Debt Service Transfer	\$5,460,468	\$5,647,463	\$4,601,402	\$5,800,347
Lifecycle/ Infrastructure Transfers	\$794,686	\$888,887	\$895,628	\$855,919
Capital Transfer	\$0	\$0	\$2,116,520	\$0
Economic Investment Fund Transfer	\$278,980	\$557,961	\$557,961	\$0
Total Uses	\$36,920,066	\$42,129,825	\$41,000,957	\$39,853,513
Net Sources and Uses	\$2,804,772	\$1,587,138	\$3,780,444	\$2,942,443



Questions?

Mesa Residential Electric Bill Comparison January 2018 to December 2018



Mesa Residential Gas Bill Comparison January 2018 to December 2018

