

**Borough of Madison
Electric Utility Budget Presentation
Wednesday, February 18, 2015**



Revised February 20, 2015

Borough of Madison
Schedule of Electric Utility Surplus Balances (in 000's)
as of December 31st

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Estimate | Estimate | Estimate |
| Balance at Beginning of Year | \$ 7,079 | \$ 7,387 | \$ 8,959 | \$ 4,477 | \$ 2,718 | \$ 4,822 | \$ 4,683 | \$ 5,373 | \$ 6,322 | \$ 6,519 | \$ 7,314 | \$ 7,887 |
| Less: Utilized in Municipal Budget | -4,360 | -4,360 | -3,450 | -3,450 | -2,656 | -3,356 | -3,516 | -3,722 | -5,796 | -6,233 | -6,933 | -6,910 |
| Add: Generated in Current Year | 4,668 | 5,932 | -1,032 | 1,691 | 4,760 | 3,217 | 4,206 | 4,671 | 5,993 | 7,028 | 7,506 | 7,854 |
| Balance at Year End | \$7,387 | \$8,959 | \$4,477 | \$2,718 | \$4,822 | \$4,683 | \$5,373 | \$6,322 | \$6,519 | \$7,314 | \$7,887 | \$ 8,831 |

Borough of Madison
Schedule of Electric Utility Sales and Performance (in 000's)

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Estimate | Estimate | Estimate |
| Revenues | | | | | | | | | | | | |
| Cash Collections | 14,450 | 15,342 | 16,623 | \$ 19,536 | \$ 23,184 | \$ 22,351 | \$ 22,694 | \$ 23,210 | \$ 22,440 | \$ 22,300 | \$ 22,300 | \$ 22,300 |
| MRNA + Fund Balance Realized | 573 | 610 | 453 | 232 | 406 | 188 | 135 | 162 | 763 | 100 | 100 | 100 |
| Cancellation of CY/PY Appropriations | 604 | 857 | 820 | 1,296 | 993 | 927 | 710 | 536 | 918 | 400 | 400 | 400 |
| Expenses | | | | | | | | | | | | |
| Purchased Power | 8,200 | 8,200 | 16,000 | 16,200 | 16,500 | 16,800 | 16,000 | 15,800 | 14,250 | 11,624 | 11,054 | 10,586 |
| Admin & Operating | 2,359 | 2,677 | 2,928 | 3,173 | 3,223 | 3,349 | 3,233 | 3,307 | 3,678 | 3,748 | 3,840 | 3,960 |
| Elec Utility Capital* | 400 | 0 | 0 | 0 | 100 | 100 | 100 | 100 | 200 | 400 | 400 | 400 |
| Total Surplus Generated | \$4,668 | \$5,932 | -\$1,032 | \$1,691 | \$4,760 | \$3,217 | \$4,206 | \$4,701 | \$5,993 | \$7,028 | \$7,506 | \$7,854 |

*The Electric Utility Capital Improvement Fund balance in 2015 will be \$1,130,000

Notes: The \$763,000 in MRNA in 2014 is due to FEMA reimbursement for storm expenses.

Borough of Madison
Schedule of Electric Utility Historical Numbers
1997 thru 2014 (in 000's)

| Year | Municipal Budget | Municipal Surplus Balance | Electric Revenue Collections | Actual Appropriations | Electric Surplus Generated | Electric Surplus Balance | Electric Transfers to Operating | Electric Transfers to Capital | Total Transfers |
|------|------------------|---------------------------|------------------------------|-----------------------|----------------------------|--------------------------|---------------------------------|-------------------------------|-----------------|
| 2014 | \$ 29,558 | \$ 7,250 | \$ 22,420 | \$ 16,726 | \$ 5,993 | \$ 6,322 | \$ 4,218 | \$ 1,578 | \$ 5,796 |
| 2013 | \$ 25,682 | \$ 5,592 | \$ 23,210 | \$ 19,012 | \$ 4,701 | \$ 5,373 | \$ 3,722 | \$ - | \$ 3,722 |
| 2012 | \$ 25,150 | \$ 4,366 | \$ 22,694 | \$ 18,880 | \$ 4,206 | \$ 4,684 | \$ 3,516 | \$ - | \$ 3,516 |
| 2011 | \$ 24,452 | \$ 4,410 | \$ 22,351 | \$ 19,922 | \$ 3,217 | \$ 4,822 | \$ 3,356 | \$ - | \$ 3,356 |
| 2010 | \$ 24,763 | \$ 6,006 | \$ 23,184 | \$ 19,217 | \$ 4,760 | \$ 2,718 | \$ 2,656 | \$ - | \$ 2,656 |
| 2009 | \$ 25,181 | \$ 7,790 | \$ 19,535 | \$ 18,910 | \$ 1,691 | \$ 4,477 | \$ 3,450 | \$ - | \$ 3,450 |
| 2008 | \$ 25,138 | \$ 8,936 | \$ 16,623 | \$ 18,490 | \$ (1,032) | \$ 8,959 | \$ 3,450 | \$ - | \$ 3,450 |
| 2007 | \$ 23,972 | \$ 9,468 | \$ 15,342 | \$ 10,292 | \$ 5,932 | \$ 7,387 | \$ 3,360 | \$ 1,000 | \$ 4,360 |
| 2006 | \$ 23,407 | \$ 8,375 | \$ 14,450 | \$ 10,286 | \$ 4,668 | \$ 7,080 | \$ 3,360 | \$ 1,000 | \$ 4,360 |
| 2005 | \$ 20,622 | \$ 7,865 | \$ 14,937 | \$ 9,244 | \$ 5,981 | \$ 5,388 | \$ 3,290 | \$ 1,000 | \$ 4,290 |
| 2004 | \$ 19,730 | \$ 8,092 | \$ 13,139 | \$ 9,945 | \$ 2,984 | \$ 6,524 | \$ 3,023 | \$ 1,097 | \$ 4,120 |
| 2003 | \$ 19,332 | \$ 7,471 | \$ 12,907 | \$ 9,975 | \$ 1,926 | \$ 8,598 | \$ 3,000 | \$ 1,000 | \$ 4,000 |
| 2002 | \$ 19,233 | \$ 7,415 | \$ 12,559 | \$ 8,874 | \$ 3,683 | \$ 8,915 | \$ 3,000 | \$ 1,000 | \$ 4,000 |
| 2001 | \$ 23,692 | \$ 6,648 | \$ 11,499 | \$ 6,905 | \$ 5,176 | \$ 12,738 | \$ 3,000 | \$ 6,000 | \$ 9,000 |
| 2000 | \$ 19,777 | \$ 6,173 | \$ 11,133 | \$ 6,572 | \$ 5,387 | \$ 12,351 | \$ 3,000 | \$ 2,000 | \$ 5,000 |
| 1999 | \$ 21,890 | \$ 8,576 | \$ 11,433 | \$ 6,124 | \$ 4,707 | \$ 11,444 | \$ 3,000 | \$ 2,000 | \$ 5,000 |
| 1998 | \$ 18,576 | \$ 7,898 | \$ 10,981 | \$ 6,212 | \$ 4,390 | \$ 10,854 | \$ 3,000 | \$ 2,000 | \$ 5,000 |
| 1997 | \$ 18,020 | \$ 7,438 | \$ 11,341 | \$ 5,585 | \$ 5,193 | \$ 9,461 | \$ 3,000 | \$ 2,000 | \$ 5,000 |

Borough Of Madison
Estimated Purchased Power Budget for 2015 thru 2017

| | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-----------------|----------------------|----------------------|----------------------|
| January | 912,000 | 874,000 | 857,000 |
| February | 822,000 | 793,000 | 727,000 |
| March | 829,000 | 810,000 | 677,000 |
| April | 795,000 | 769,000 | 644,000 |
| May | 863,000 | 845,000 | 727,000 |
| June | 988,000 | 922,000 | 952,000 |
| July | 1,243,000 | 1,400,000 | 1,340,000 |
| August | 1,083,000 | 1,004,000 | 967,000 |
| September | 907,000 | 781,000 | 779,000 |
| October | 827,000 | 632,000 | 673,000 |
| November | 798,000 | 633,000 | 662,000 |
| December | 859,000 | 873,000 | 863,000 |
| Subtotal | 10,926,000 | 10,336,000 | 9,868,000 |
| | | | |
| NYPA | \$ 150,000 | \$ 170,000 | \$ 170,000 |
| Contingency | \$ 500,000 | \$ 500,000 | \$ 500,000 |
| APN Fee | \$ 48,000 | \$ 48,000 | \$ 48,000 |
| | | | |
| Total | \$ 11,624,000 | \$ 11,054,000 | \$ 10,586,000 |

* Purchase Power Estimates generated by American PowerNet

Madison Electric Utility
Annual Revenue from Top 50 Customers

| Acct | Name | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------|------------------------|----------------|----------------|----------------|----------------|----------------|
| 05753 | Drew- Drew | \$1,940,066.93 | \$1,818,635.87 | \$1,759,930.10 | \$1,771,876.24 | \$1,708,529.73 |
| 13942 | Pfizer- 5 Giralda | 1,453,798.72 | 1,525,526.38 | 1,418,296.20 | 1,472,439.10 | \$ 747,339.12 |
| 14270 | Giralda 7 multi-tenant | 636,606.88 | 634,755.46 | 654,235.05 | 690,489.13 | 627,646.05 |
| 12723 | 3 Giralda Frm (Quest) | 652,482.20 | 681,341.18 | 662,942.16 | 654,947.36 | 710,316.15 |
| 10516 | Maersk/Merck | 666,688.97 | 650,253.47 | 592,693.89 | 571,550.21 | 492,867.88 |
| 14002 | Verizon Switching Stn | 318,577.93 | 344,005.00 | 307,328.25 | 560,031.58 | 312,803.73 |
| 13148 | Stop N Shop | 439,747.18 | 417,643.19 | 418,021.88 | 387,272.14 | 397,780.22 |
| 06725 | Giralda 1 - Pfizer + | 305,710.74 | 359,916.23 | 365,792.88 | 366,378.34 | 494,493.30 |
| 05639 | WO Madison | 389,120.88 | 371,337.81 | 368,405.28 | 348,980.62 | 356,551.90 |
| 05749 | YMCA | 247,377.49 | 243,908.19 | 234,694.59 | 237,238.82 | 234,312.68 |
| 05750 | Verizon/Realogy | 395,912.19 | 34,841.92 | 33,371.02 | 226,120.01 | 437,211.19 |
| 14472 | Drew- New Arts | 183,653.05 | 177,966.24 | 199,930.57 | 200,849.61 | 199,873.68 |
| 14506 | Sunrise | 182,817.83 | 186,669.91 | 183,846.38 | 189,412.41 | 189,875.43 |
| 14570 | BOE- Ridgedale | 164,716.57 | 160,664.86 | 169,497.60 | 170,242.26 | 161,699.18 |
| 01294 | Water Dept - Well D | 166,923.94 | 63,770.08 | 125,732.56 | 111,111.08 | 137,869.57 |
| 05524 | Madison Library | | | 66,859.49 | 106,804.48 | 109,820.27 |
| 05553 | Pine Acres | 93,816.44 | 90,935.32 | 84,395.38 | 95,658.94 | 94,664.09 |
| 14144 | Well A | 38,140.40 | 213,507.70 | 80,463.81 | 85,838.45 | 78,135.85 |
| 05646 | BOE- Jr School | 84,362.54 | 85,187.72 | 87,402.40 | 83,142.74 | 82,945.05 |
| 05526 | BOE- Torey Sabatini | 70,256.54 | 77,267.94 | 71,832.52 | 79,737.87 | 80,735.73 |
| 14544 | Police-Fire | | | 69,422.85 | 74,973.74 | 76,336.46 |
| 05671 | Nautilus | 69,741.77 | 71,036.03 | 74,601.21 | 73,429.24 | 68,266.58 |
| 05619 | Plaza Lanes | 67,148.74 | 67,654.17 | 66,177.98 | 70,042.83 | 68,949.43 |
| 01262 | Hartley Dodge | 28,607.36 | | 62,419.07 | 68,815.90 | 72,486.64 |
| 14537 | Madison Honda | 76,875.17 | 73,616.78 | 71,299.18 | 67,762.77 | 66,069.71 |
| 05597 | Burger King | 64,698.82 | 64,500.07 | 67,407.99 | 66,020.26 | 63,031.85 |
| 05632 | Quick Check | 64,729.11 | 65,097.90 | 64,073.40 | 63,062.38 | 62,510.98 |
| 05654 | Gary's Wine | 79,164.55 | 63,710.67 | 62,672.92 | 61,681.81 | 60,071.37 |
| 05559 | Bayley Ellard | 51,110.05 | 49,898.72 | 50,777.32 | 55,665.70 | 53,965.07 |
| 01297 | Well C | 39.00 | 45,549.09 | 67,910.84 | 52,358.00 | 29,637.80 |
| 12522 | 54 Main Bar & Grill | 50,680.24 | 51,056.60 | 51,422.63 | 52,018.07 | 51,897.43 |
| 05694 | BOE- Central | 51,577.97 | 51,662.35 | 50,168.82 | 51,972.27 | 49,607.32 |
| 14279 | St Vincents | 44,950.44 | 46,636.51 | 47,008.89 | 51,232.50 | 48,084.83 |
| 05624 | Staples | 47,183.89 | 47,421.61 | 49,713.58 | 51,107.94 | 44,932.33 |
| 10752 | YMCA- Loveland | 57,724.43 | 58,178.61 | 55,671.91 | 51,080.54 | 54,398.67 |
| 05587 | EP Heller | 42,842.17 | 47,637.78 | 51,082.10 | 49,723.61 | 48,988.47 |
| 09898 | Housing Authority | 43,193.92 | 44,130.28 | 44,319.13 | 47,417.98 | 44,295.72 |
| 14141 | Pfizer- Day Care | 35,117.67 | 35,144.97 | 37,570.66 | 45,016.00 | 36,201.06 |
| 05631 | Dunkin Donuts | 43,692.26 | 40,534.95 | 43,026.37 | 41,447.55 | 34,886.84 |
| 05594 | Madison Car Wash | 40,038.05 | 39,271.68 | 39,293.94 | 39,672.74 | 40,729.58 |
| 05592 | BOE- Kings Rd | 33,325.82 | 34,359.75 | 32,689.83 | 38,318.41 | 36,768.37 |
| 05595 | Jaguar | 30,462.37 | 30,021.36 | 33,631.15 | 35,954.79 | 35,919.85 |
| 05556 | Pfizer- Carriage | 39,800.85 | 40,701.34 | 34,650.04 | 34,468.27 | 23,336.98 |
| 13100 | Clearview Cinema | 34,063.35 | 32,894.06 | 30,606.79 | 32,558.51 | 36,158.24 |
| 05666 | JP Morgan | 37,498.51 | 33,040.02 | 30,753.91 | 30,072.77 | 29,713.53 |
| 05629 | Madison Vet | 32,906.00 | 46,949.56 | 29,648.47 | 29,926.57 | 29,549.38 |
| 05551 | Grace Espiscopal | 29,300.58 | 29,193.91 | 29,170.88 | 28,232.43 | 26,298.84 |
| 08412 | Provident Bank | 27,279.51 | 26,316.99 | 24,217.72 | 24,389.38 | 25,529.94 |
| 13968 | Verizon Cell Tower | 25,621.87 | 26,022.32 | 26,653.30 | 20,436.73 | 16,286.88 |
| 14518 | AT&T Cell Tower | 21,421.25 | 23,273.31 | 23,943.01 | 19,477.96 | 16,402.81 |

| | | | | | |
|-------|----------------|----------------|----------------|----------------|----------------|
| TOTAL | \$9,701,573.14 | \$9,423,645.86 | \$9,307,677.90 | \$9,838,459.04 | \$9,006,783.76 |
|-------|----------------|----------------|----------------|----------------|----------------|

| | | | | | |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| Total Electric Revenue | \$ 23,184,000 | \$ 22,351,000 | \$ 22,694,000 | \$ 23,210,000 | \$ 22,420,000 |
| Top 50% of total Rev | 41.8% | 42.2% | 41.0% | 42.4% | 40.2% |

PFIZER **5 Giralda** **Monthly electric bill**

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------|------------------------|------------------------|------------------------|------------------------|----------------------|
| Jan | \$ 95,887.10 | \$ 158,508.12 | \$ 107,809.25 | \$ 100,139.95 | \$ 145,643.16 |
| Feb | 98,407.78 | 131,135.52 | 108,728.26 | 122,494.15 | 113,569.39 |
| Mar | 97,131.36 | 115,319.35 | 100,899.77 | 128,378.00 | 73,172.64 |
| Apr | 110,354.02 | 115,178.23 | 110,707.39 | 109,328.88 | 47,089.35 |
| May | 193,320.84 | 109,400.02 | 107,367.82 | 102,313.27 | 43,378.32 |
| Jun | 113,764.73 | 119,419.90 | 122,918.67 | 111,785.59 | 48,645.12 |
| Jul | 131,047.47 | 116,928.19 | 129,262.51 | 135,164.93 | 50,836.51 |
| Aug | 144,000.48 | 175,473.63 | 153,914.23 | 152,535.72 | 52,462.27 |
| Sep | 130,075.39 | 147,198.94 | 144,459.99 | 142,215.53 | 53,928.84 |
| Oct | 132,973.54 | 120,480.03 | 125,198.11 | 120,727.27 | 48,397.87 |
| Nov | 103,497.60 | 111,979.78 | 103,850.98 | 101,712.65 | 35,496.77 |
| Dec | 103,338.41 | 104,504.67 | 103,179.22 | 145,643.16 | 34,718.88 |
| Total | \$ 1,453,798.72 | \$ 1,525,526.38 | \$ 1,418,296.20 | \$ 1,472,439.10 | \$ 747,339.12 |

Reliability Pricing Model (RPM) Factors

These figures drive demand charges, which cost the Borough \$2-3 million a year.

We are in the JCPL Zone.

for more info on RPM, visit <http://www.rosenet.org/gov/electric/pages/the-cost-of-peak-energy>

| Zone | 2007/2008 | 2008/2009 | 2009/2010 | 2010/2011 | 2011/2012 | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 |
|-------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| JCPL | \$177.00 | \$145.24 | \$193.79 | \$182.85 | \$116.15 | \$143.06 | \$248.30 | \$138.36 | \$166.40 | \$118.89 | \$120.00 |
| PS | \$177.00 | \$145.24 | \$193.83 | \$182.85 | \$116.15 | \$157.73 | \$248.30 | \$171.46 | \$166.18 | \$177.61 | \$215.00 |
| | | | | | | | | | ** | ** | ** |

** Results not final until all incremental auctions complete

Assumptions and Important Factors Impacting Projections

- **PJM Polar Vortex**
- **JCPL Pending Settlement**
- **Consumption is down 4,700,000 (6%) from 2013 to 2014**
- **PSEG just announced a 2.1% increase effective 6/1/15**
- **Local generation**

**Madison's Portfolio of Contracts vs the Investor Owned Utilities (IOU)
as of February 11, 2015**

