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Utilities District of Western Indiana REMC



# UDWI REMC

## 2023 Operating/Maintenance & Capital Budgets

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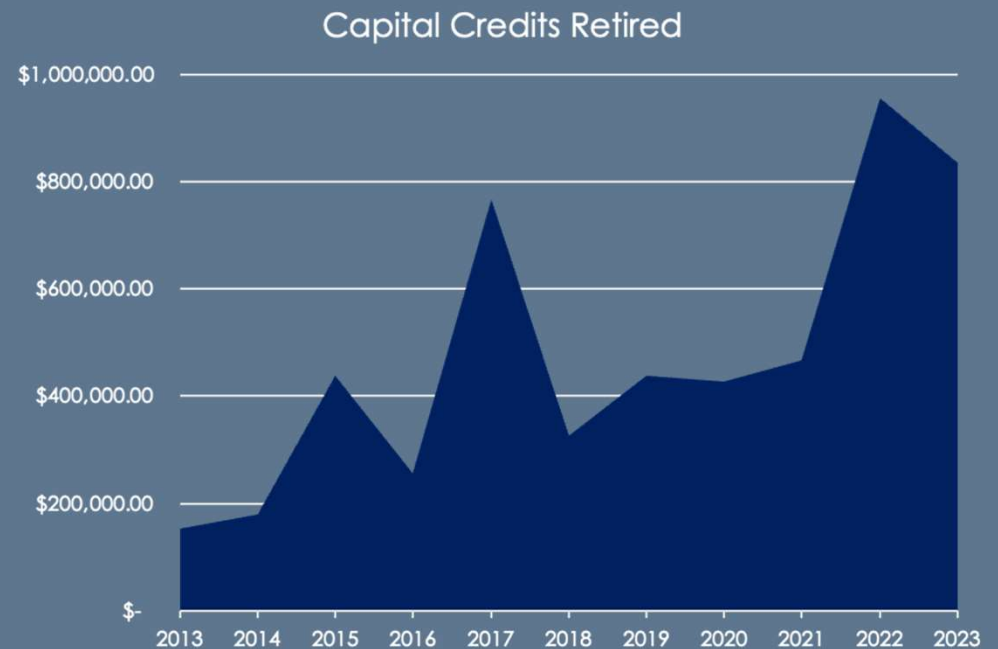
# Operating & Maintenance Budget Assumptions

- **Revenue & Purchased Power:**
  - Calculated using the most recent tracker projections by Hoosier which range from \$11.26 to \$15.19 per MWh.
  - Hoosier Energy's updated rates take effect April 1, 2023.
- **Utility Receipts Tax:**
  - Utility receipts tax has been zeroed out for 2023 due to its repeal as of July 1, 2022.
- **Labor:**
  - Wage increases of 3.8% for both union and non-union employees.
  - Hire new apprentice lineman in July 2023.
  - No budgeted retirements in 2023.
  - Engineering intern for summer of 2023.
  - Employee benefit costs budgeted to increase 6-7%.



# Operating & Maintenance Budget Assumptions

- Capital Credits:
  - Budgeted to retire 4 years of operating margins to get closer to a 30-year retirement schedule.



# Operating & Maintenance Budget Assumptions

- **Right-of-Way Maintenance:**
  - Hoosier Heritage Management's budgeted for \$1.7 million.
  - Haley Bros Tree Care LLC budgeted for \$1.2 million.
- **Outside Services:**
  - Increased due to changes in our outage management system through Milsoft and TextPower.
  - We will also be leasing the hardware for our upcoming network upgrade as compared to making a large capital budget purchase for the hardware.

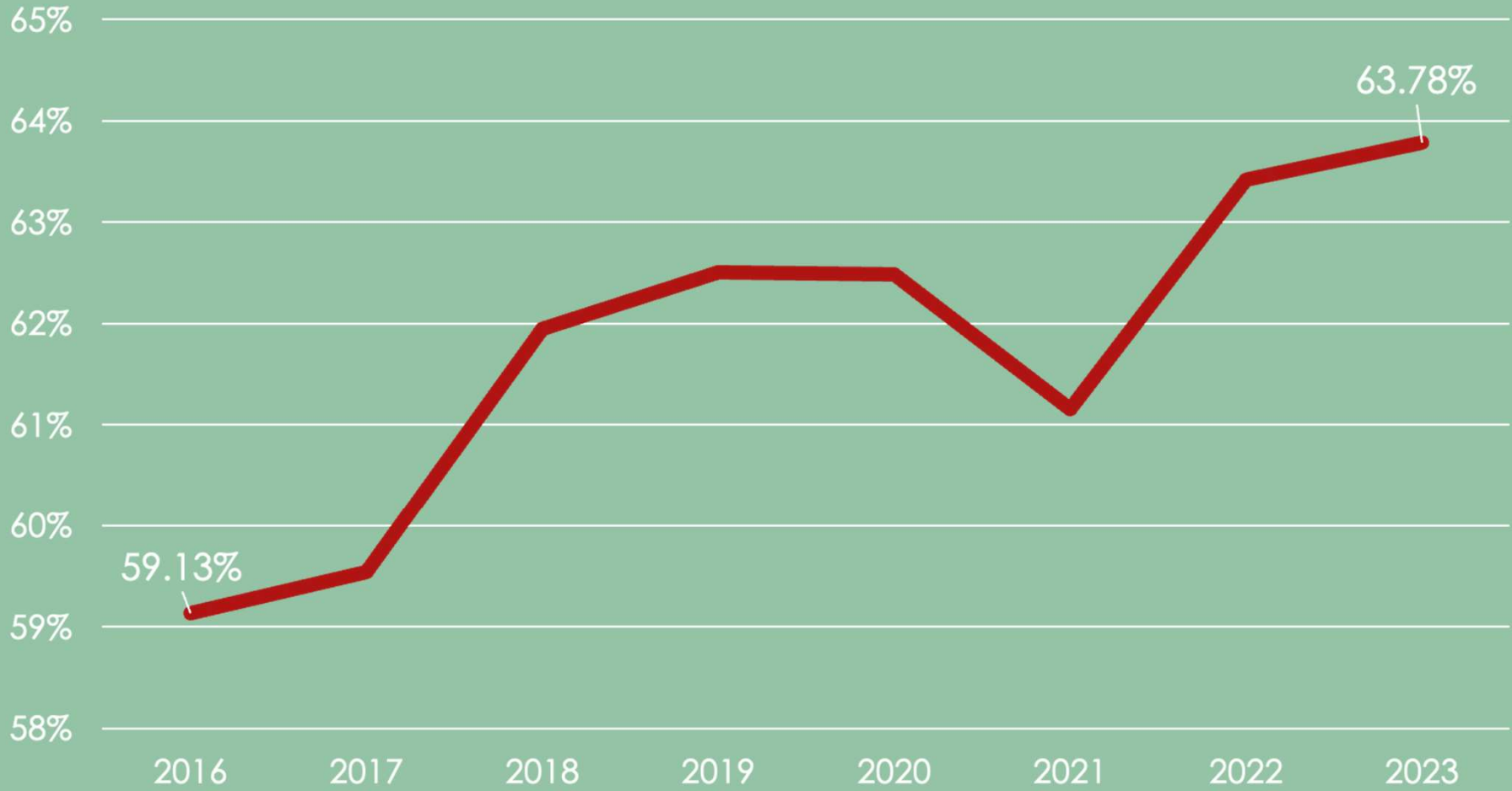


# Operating & Maintenance Budget Assumptions

- **Other Personnel Expenses:**
  - Increased training to make up for COVID years and investing in smaller workforce.
  - We have budgeted for 3 employees to receive educational reimbursement for 2023.
- **Member Services:**
  - Credit card fees were budgeted to increase 10% as credit cards continue to become a more popular form of payment by members.
- **The 2023 Budget for Total Earnings and Benefits and Other O&M Expenses is 3.7% higher than 2022 Projected and 2.7% higher than 2022 Budget.**



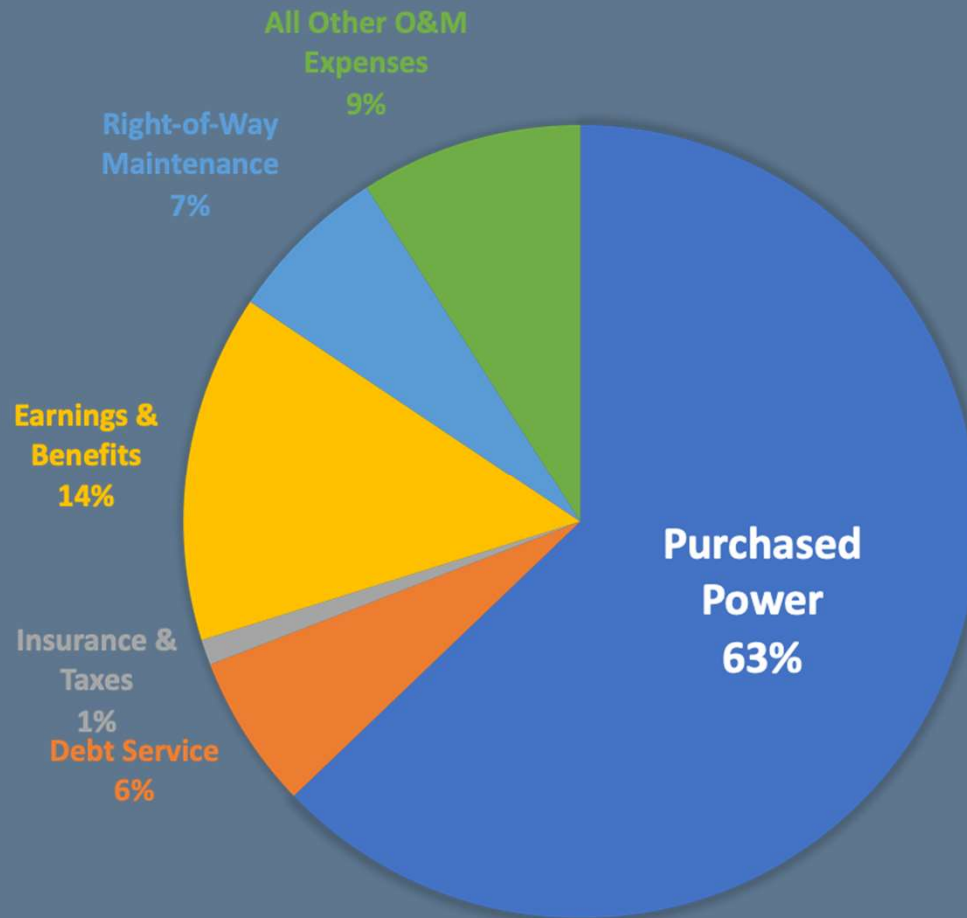
# Purchased Power as a % of Total Expenses



Utilities District of Western Indiana REMC					
Operating Budget					
2023					
	2023 Budget	2022 Projected	2022 Budget	2021 Actual	2020 Actual
<b>Total Revenue</b>	<b>48,988,000</b>	<b>47,625,900</b>	<b>44,470,600</b>	<b>44,603,300</b>	<b>45,508,900</b>
Purchased Power	29,385,500	28,287,100	25,860,800	25,294,900	26,012,700
Debt Service	2,941,700	2,923,300	2,936,400	2,915,100	2,895,300
Insurance & Taxes	484,300	790,700	1,073,600	1,073,400	1,077,000
<b>Total Fixed Expenses</b>	<b>32,811,500</b>	<b>32,001,100</b>	<b>29,870,800</b>	<b>29,283,400</b>	<b>29,985,000</b>
Wages & Salaries	4,576,100	4,307,300	4,456,200	4,225,000	3,968,800
Benefits	1,680,800	1,604,700	1,659,700	1,518,400	1,461,100
Required Employer Expenses	388,800	376,900	386,800	350,200	342,600
<b>Total Earnings &amp; Benefits</b>	<b>6,645,700</b>	<b>6,288,900</b>	<b>6,502,700</b>	<b>6,093,600</b>	<b>5,772,500</b>
Right-of-Way Maintenance	3,076,000	2,868,400	3,331,800	2,972,500	2,935,600
Outside Services	1,722,200	1,698,700	1,594,700	1,558,000	1,364,500
Capital Credits	834,600	954,300	684,900	466,100	427,000
Materials & Supplies	442,600	518,600	503,400	430,900	334,800
Equipment Maintenance	374,500	380,100	313,500	258,900	259,100
Other Personnel Expenses	155,300	91,900	45,700	48,700	44,900
Member Services	479,400	449,400	415,900	409,000	364,700
Director Costs	72,200	62,000	62,300	56,100	68,000
Utilities	149,900	141,800	133,100	130,700	129,500
<b>Total Other O&amp;M Expenses</b>	<b>7,306,700</b>	<b>7,165,200</b>	<b>7,085,300</b>	<b>6,330,900</b>	<b>5,928,100</b>
<b>Total Expenses</b>	<b>46,763,900</b>	<b>45,455,200</b>	<b>43,458,800</b>	<b>41,707,900</b>	<b>41,685,600</b>
<b>Non-operating Income/(Expense)</b>	<b>11,900</b>	<b>11,100</b>	<b>12,600</b>	<b>3,776</b>	<b>7,900</b>
<b>Net Cash Flow</b>	<b>2,236,000</b>	<b>2,181,800</b>	<b>1,024,400</b>	<b>2,899,176</b>	<b>3,831,200</b>



# Operating & Maintenance Budget Assumptions





# Capital Budget Assumptions

- **Maintenance:**
  - We have been increasing inspections and maintenance the latter half of 2022.
  - Pole test failure rate was 3.1% in 2021, but another 5.8% of poles showed decay and needed treatment.
- **Construction Work Plan:**
  - Budget is based on 25 miles of line at \$120,000 per mile.
  - Our strategic goal is to complete 30 miles per year, but it is expected that it may take 1-2 years to get to that level of production.



# Capital Budget Assumptions

- **Special Equipment:**
  - Transformers are higher simply because of costs escalating.
  - Budgeted for 3 Electronic Reclosers which we've made a strategic decision to phase in each year. These units require more setup work, but ultimately provide better reliability and better information for decisions.
- **Meter Replacements:**
  - Approximately \$106,000 in meters have already been ordered with delivery expected in 2023.

# Capital Budget Assumptions

- Vehicles:
  - Service Truck # 4 is due to be replaced. The old unit will move to a support vehicle for the line crews.
  - Our existing forklift is approaching 20 years old and is undersized to handle our larger transformers.
  - Pickup 21 (Engineering) is a 2009 F150, and currently has over 200,000 miles on it.
- Communications:
  - Our existing microwave links equipment is out of warranty, and needs replaced. One link is currently failed.



# Capital Budget Assumptions

- Information Technology:
  - The cost budgeted is to replace the backup equipment on-site
- SCADA:
  - This cost is to install Distribution Fault Anticipation (DFA) equipment at three substations
- Property Improvements:
  - We would like to move towards a fuel island replacement in 2023, with construction commencing in 2024.

UTILITIES DISTRICT OF WESTERN INDIANA REMC				
CAPITAL BUDGET				
2023				
Description	2023 Budget	2022 Projected	2021 Actual	2020 Actual
<b>NEW CONSTRUCTION</b>	\$ 1,160,000	\$ 1,187,000	\$ 1,118,988	\$ 1,062,755
<b>MAINTENANCE</b>	\$ 800,000	\$ 585,000	\$ 1,266,630	\$ 664,165
<b>CONSTRUCTION WORK PLAN</b>	\$ 3,000,000	\$ 1,086,000	\$ 1,686,555	\$ 2,758,955
<b>SUBSTATION IMPROVEMENTS</b>	\$ -	\$ -	\$ 33,770	\$ -
<b>SPECIAL EQUIPMENT</b>	\$ 586,000	\$ 460,700	\$ 387,887	\$ 376,781
<b>METER REPLACEMENTS</b>	\$ 319,500	\$ 180,000	\$ 168,633	\$ 233,045
<b>VEHICLES</b>	\$ 353,000	\$ 200,000	\$ 230,969	\$ 332,566
<b>COMMUNICATIONS</b>	\$ 180,000	\$ 50,000	\$ -	\$ 5,706
<b>TOOLS</b>	\$ -	\$ -	\$ -	\$ -
<b>INFORMATION TECHNOLOGY</b>	\$ 250,000	\$ -	\$ 101,621	\$ -
<b>ENGINEERING</b>	\$ -	\$ 25,000	\$ -	\$ -
<b>SCADA</b>	\$ 165,000	\$ 128,000	\$ -	\$ 179,930
<b>PROPERTY IMPROVEMENTS</b>	\$ 30,000	\$ 27,000	\$ 47,360	\$ 11,022
<b>TOTAL CAPITAL BUDGET</b>	<b>\$ 6,843,500</b>	<b>\$ 3,928,700</b>	<b>\$ 5,042,413</b>	<b>\$ 5,624,925</b>

