



THE POWER OF COMMUNITY

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*Fiscal years ending December 31, 2015 and 2014*

**KANSAS CITY BOARD OF PUBLIC UTILITIES**

An enterprise fund of the Unified Government of Wyandotte County/Kansas City, Kansas  
Prepared by the Office of Accounting & Office of Marketing/Corporate Communications

**Kansas City Board of Public Utilities  
Kansas City, Kansas**

**Comprehensive Annual Financial Report  
For the Fiscal Years Ended  
December 31, 2015**

**2015 Board of Directors**

**President – Robert L. Milan, Sr.  
Vice President – Tom Groneman  
Secretary – Jeff Bryant**

**David Alvey  
Mary L. Gonzales  
Norman D. Scott**

**General Manager  
Don L. Gray**



**An Enterprise Fund of the:  
Unified Government of Wyandotte County, Kansas City, Kansas**

**Prepared by: Office of Accounting & Office of Corporate Communications**



**Kansas City Board of Public Utilities  
Comprehensive Annual Financial Report  
For the Fiscal Years Ended December 31, 2015**

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# INTRODUCTORY SECTION

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June 1, 2016

Members of the Board of Directors  
Kansas City Board of Public Utilities

The Charter Ordinance of the Unified Government of Wyandotte County/Kansas City, Kansas requires that the Kansas City Board of Public Utilities (BPU) publish within six months of the close of each fiscal year a Comprehensive Annual Financial Report (CAFR). This report is presented in conformity with generally accepted accounting principles (GAAP) and audited by a certified public accounting firm. This report is published to fulfill that requirement for the fiscal year ended December 31, 2015.

The CAFR consists of management's representation concerning the finances of the BPU. As a result, responsibility for this report for the fiscal year ended with respect to both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the BPU. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the BPU. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. To enhance the reader's understanding of these financial statements, note disclosures have been included as an integral part of this document.

The BPU's financial statements have been audited by KPMG, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the BPU are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. KPMG concluded, based upon the audit, the financial statements present fairly, in all material respects, the financial position of the BPU as of December 31, 2015, and the results of BPU's operations and cash flows for the year then ended in conformity with U. S. generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The BPU's MD&A can be found immediately following the report of the independent auditors.

### **Profile**

The Utility System is comprised of the electric and water utilities and is, by statute and charter ordinance, under the operational control and administration of the Board of Directors for the BPU. The Unified Government of Wyandotte County/KCK, as authorized by state statutes,

reserves the right to incur debt on behalf of the BPU. However, the statutes vest the BPU with exclusive day-to-day control of the utility system. The Utility presently serves approximately 63,000 electric customers and 50,000 water customers.

The Electric Utility has two active electric power generating stations, a 17 percent ownership interest in a combined cycle power generating station, and six purchase power agreements to provide the capacity and energy needed by its retail customers. The active generating stations are the Nearman Creek Power Station (“Nearman Station”) and the Quindaro Power Station (“Quindaro Station”), and the 17 percent ownership interest is in the Dogwood Generating Facility (Dogwood) described herein. Purchased power agreements, which are also described herein, have been executed and include renewable low impact hydro power from the only hydro project in the State of Kansas as well as 25 MW of wind each from the Smoky Hills Wind Farm and the Alexander wind farm, both in Kansas.

The Nearman Station has two units; the first is a coal-fired steam electric generating station. Commercial operation of the Nearman coal-fired unit began in 1981. The second unit is a simple cycle combustion turbine which can be fired on either natural-gas or No. 2 fuel oil. The combustion turbine plant, known as the Nearman CT4, functions as a peaking plant and was placed in service during February of 2006.

The Quindaro Station has five units; the coal-fired steam generating facility consists of two units, each having a single coal-fired steam generating boiler and a turbine generation unit. Commercial operation of such units began in 1966 and 1971. In order to comply with certain environmental regulations, the two coal-fired steam generating units were switched to natural gas fired only as of April 15, 2015. These two units will more likely to be peaking units. In addition, the Quindaro Station also has three combustion turbines, which function as peaking units. The units were placed in commercial operation in 1969, 1974 and 1977 respectively and are designed to burn No. 2 fuel oil. One of the units is also designed to burn natural gas.

In December, 2012, the Utility acquired an undivided 17% ownership interest in the assets of Dogwood, a natural gas-fired combine cycle generating plant. The Utility’s share is approximately 110 MW. Generation and operating expenses from Dogwood are allocated to the utility based on the 17% interest. The Utility is also required to provide its share of financing any capital additions.

The Utility generating stations are interconnected by a network of 161 kV and 69 kV transmission lines. The Utility’s transmission and distribution network includes 61.20 miles of 161 kV line, 60.03 miles of 69 kV line, and 2,677.91 miles of overhead line and 313.70 miles of underground cable. The system has 28 electric distribution substations and four industrial substations. The Utility is interconnected with two other area utilities, Kansas City Power & Light and Westar Energy.

The Utility System is a member of the Southwest Power Pool (SPP), which is a Regional Transmission Operator (RTO), located in Little Rock, Arkansas. SPP’s primary purpose is to facilitate the movement of power throughout the RTO’s footprint through an integrated marketplace. The integrated marketplace is intended to provide for the reliable movement of power during all times but especially during emergency events while providing cost savings to those load serving utilities through a more efficient process of resource dispatch. Many of the efficiencies are driven by SPP becoming the balancing authority for the region, whereas under the Energy Imbalance marketplace each load serving entity acted as its own balancing authority. SPP’s current footprint covers much of the south central portion of the United States.



The Utility has contracts with the Southwestern Power Administration (SPA) entitling the Utility to annually purchase 38.6 MW of hydroelectric peaking capacity, and 5 MW of hydroelectric power from the Western Area Power Administration (WAPA). The Utility also has entered into four Renewable Energy Purchase Agreements. BPU's agreement with TradeWind Energy is to receive 25% of the energy output of Phase 1 of the Smoky Hills Wind Farm. Phase I of the project has a name plate of approximately 100 MW of wind capacity. The wind farm was built approximately 25 miles west of Salina, Kansas in Lincoln and Ellsworth Counties in Kansas. BPU also has an agreement with Oak Grove Power Producers to provide 3.55 MW of landfill gas from Arcadia, Kansas. The BPU maintains a contract with the Bowersock Mills & Power Company ("Bowersock") to purchase the capacity and energy of an existing 2.15 MW run of the river hydroelectric facility on the Kansas River in Lawrence, Kansas and 4.70 MW of capacity from an expansion of Bowersock's existing hydroelectric facilities. In October 2015, the BPU began receiving 25 MW of energy generated by wind turbines from OwnEnergy, Inc. The wind farm is located south of Alexander, Kansas in Rush County in Kansas. Lastly, BPU has an agreement with Tenaska Power Services Company to both purchase and market excess wholesale energy for BPU.

The Water Utility serves approximately 50,000 water customers in the service area of approximately 152 square miles. This service area includes Kansas City, Kansas, Edwardsville, southern Leavenworth County, parts of Bonner Springs and a small section of northern Johnson County. BPU's current average day and maximum day are approximately 31 million gallons per day (MGD) and 52 MGD, respectively. The water utility utilizes the state-of-the-art Nearman Water Treatment Plant (NWTP) to draw water from an aquifer below the Missouri River via two horizontal collector wells. These wells are each capable of supplying over 40 million gallons of raw water per day. The Nearman Water Treatment Plant is a conventional water treatment facility with a firm capacity of 54 MGD. Through the process of riverbed filtration, the Nearman Water Treatment Plant horizontal collector wells supply water from the aquifer, which is hydraulically connected to the Missouri River. The plant contains a 24 MGD sand-ballasted sedimentation basin and a Polymer feed system to help optimize the process. Additional projects that were completed include a 2 MG elevated tank; 6 MG reservoir pump station and 48 inch transmission main; control system improvements to the Argentine and Parallel pump station as well as the Nearman WTP; cleaning of the lateral screens in Horizontal Collector Well No. 1 and the construction of a 4 MG reservoir at the NWTP. Additional improvements at NWTP in 2015 include an upgrade to a high service pump, backwash pump, and two filter improvements.

The Water distribution system consists of a network of underground mains, reservoirs, and a series of booster district systems. The water transmission network consists of 72.5 miles of primary and trunk lines ranging in size from 24 to 48 inches. From these mains, water is delivered through a system of 900 miles of secondary water mains. The Utility has approximately 32.5 million gallons of water stored in reservoirs and elevated tanks at various locations in the distribution system. There are five booster-pumping stations, which increase water pressure to higher elevations.

The Utility's annual budget represents the plan for providing electric and water services for each fiscal year. An annual budget consisting of operating and maintenance expenses as well as a five-year capital plan is submitted by the General Manager and Manager's to the Board of Directors. The Board of Directors adopts the budget no later than December of each year. Budgetary control is maintained at the departmental level by comparing budgeted expenses with actual expenses on a periodic and year-to-date basis.

## **Economic Conditions**

The Unified Government is the government for both Wyandotte County and the City of Kansas City, KS. Wyandotte County accounts for a large number of manufacturing, transportation and distribution, including rail, and health care jobs in the metropolitan area. Many of these jobs are high paying and contribute to the positive statistics regarding gross payroll and gross sales. Development remains an important priority for the Unified Government.

The County of Wyandotte County covers 155.7 square miles. It is located on the eastern border of the State and along with three other Kansas counties and eight Missouri counties, comprise the Kansas City Metropolitan Statistical Area with a population of approximately 1.2 million.

According to the 2015 U. S. Census Bureau, Wyandotte County's population was 163,369. Compared to population trends in the prior decades, the current estimates indicate a more stable population. The median age is 33 versus a national average of 34 years. Approximately, 35 percent of the population is greater than 45 years old.

In recent years, efforts have been directed toward the development of a 1,600-acre tract of land located directly northwest of the intersection of Interstate Highways I-70 and I-435. The Unified Government successfully lobbied for special state legislation establishing the boundaries of the Tourism District, now named Village West. State authorized Sales Tax Revenue Bonds (STAR Bonds) were used to fund eligible costs within the district for land acquisition, site improvements, streets, utilities, and landscaping. The Unified Government attracted the Kansas Speedway as the economic catalyst for development of this tract using the STAR Bond financing incentive. The speedway project, totaling more than \$280 million, is a 1.5-mile tri-oval on approximately 1,100 acres of land, with 72 luxury hospitality suites and grandstand seating for 82,000. Joining Kansas Speedway at Village West are major destination retailers and entertainment businesses that attract approximately 10 million visitors and shoppers annually. The initial anchor businesses and attractions include: Cabela's, Nebraska Furniture Mart, Great Wolf Lodge and Resort, Hollywood Casino, Sporting Park, home of the Kansas City MLS soccer team Sporting KC Soccer Club and Community America Ballpark, home of the Northern League's Kansas City T-Bones, an independent, minor league baseball team.

On March 30, 2011, Kansas City, Kansas was selected from 1,100 other applicants to be the pilot community that will bring ultra-high-speed broadband Internet access to the region. BPU staff played a critical role securing this partnership between Google and the Unified Government (UG), helping create a new data superhighway that will help our community grow. Google Fiber will deliver 1 gigabit internet speeds – that's roughly 20,000 times faster than dial-up and more than 100 times faster than a typical broadband connection. Google has installed fiber optic cable for its services throughout the community and continues to expand its availability.

Adjacent to Kansas University Medical Center is a \$39 million mixed-use economic development project. The first phase of this development included approximately 10,000 square feet of first-floor retail space and on the second through fourth floors, an 83-room Holiday Inn Express & Suites. The second phase was completed in May 2014 and has a healthcare tenant focus. Kansas University Hospital operates an inpatient acute rehabilitation center along with Kansas City Transitional Care Center, a post-acute nursing rehabilitation facility and Hanger Prosthetics & Orthotics. In total the second phase of this redevelopment project is 100,000 square feet within a four-story building. The area draws more than 10,000 persons daily and expects to attract new retail development due to the area's dense resident population and the proximity to the KU Medical Center and Hospital.

### **Long Term Financial Planning**

BPU's goals for the future include meeting the needs of the community as development continues within the county. BPU utilizes a five-year capital improvement program to prioritize projects, which will be scheduled over a number of years as financial resources are available. The electric capital improvement plan identifies approximately \$417.1 million in generation, transmission, and distribution projects; of which \$124 million for continued construction of environmental upgrades to a coal fired plant. Approximately 100% of the environmental upgrade and 60% of the remaining capital plan is expected to be bond financed. The Environmental Surcharge Rider will be applied to collect the principal and interest payments for the environmental upgrades. The water capital improvement plan identifies approximately \$70.7 million in projects, of which 60% are projected to be financed.

### **Cash Management and Investment Policy**

The Utility's cash management practice encourages investment of all cash not needed for immediate expenditures. It is the policy of the Utility to invest public funds in a manner that provides the highest investment return with the maximum security while complying with all Kansas statutes governing the investment of public funds. The Utility's investment policy was adopted by the Board of Directors.

### **Internal Control**

Management of the Board of Public Utilities (BPU) is responsible for establishing and maintaining internal controls to ensure that assets of the BPU are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgements by Management.

### **Major Initiatives**

The Board of Public Utilities is currently investing in significant capital improvements to update and improve service to our customers. Projects underway include a filter expansion at the Nearman Water Treatment Plant, as well as electric substation and transmission improvements in the Muncie and Fairfax areas.

The 161 kV transmission line from the Wolcott substation to the Piper West substation has been completed and will support new development. These new assets will help ensure reliable service to the Kansas Speedway/Village West Area and existing residential housing surrounding the western portion of the county. Several major developments are operating near the area which include; a \$147 million, 18,000 seat capacity soccer stadium for the Kansas City MLS franchise, Sporting Kansas City Soccer Club and the Hollywood Casino overlooking Turn 2 at the Kansas Speedway located near the soccer stadium. In addition, the opening of two office towers consisting of nine stories each which house Cerner Corporation, a medical software company with an estimated 4,000 employees.



The electric utility is working on upgrading the Fisher and Barber substations to support the expansion of the University of Kansas Medical Center which is constructing a \$75 million medical education building as well as a \$280 million patient tower which will be a seven-story facility.

The water utility has increased efforts to replace aging water mains in the Water distribution system. The additional effort will allow approximately 5 miles of pipe each year to be replaced over the next 4 years. Additionally, the NWTP is increasing capacity by 18 million gallons per day (MGD) with media and piping improvements to the existing filters. The project also required replacement of a high service pump and backwash pump to ensure adequate operation of pumping to the distribution system and backwash of the filters at the treatment plant.

### **GFOA Certificate of Achievement Award**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kansas City Board of Public Utilities for its comprehensive annual financial report for the year ended December 31, 2014. This was the thirty-fourth consecutive year that the BPU received this prestigious award.

In order to be awarded a Certificate of Achievement, BPU must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe this 2015 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for the thirty-fifth consecutive year.

### **Acknowledgements**

In closing, I would like to thank the Accounting staff for their efforts in preparing and providing the financial information. Special thanks to David Mehlhaff, Chief Communications Officer, in coordinating the comments for the President's and General Manager's messages.

Respectfully submitted,



Lori C. Austin  
Manager of Accounting & Finance/  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

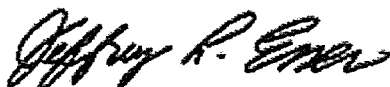
Presented to

**Kansas City Board of Public Utilities**

**Kansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**



Executive Director/CEO

## **PRESIDENT'S MESSAGE**

The municipal publicly-owned Kansas City Board of Public Utilities (BPU) has been providing service to Wyandotte County for more than 100 years. This utility's primary mission remains providing quality dependable utility services at the lowest possible price, working to identify and maintain the highest level of customer service, and being a socially responsible community partner.

BPU achieved a number of important initiatives and milestones in 2015, and remains one of the most successful public utilities in the nation. Both the Board of Directors and staff were committed to open transparent communications with key stakeholder groups, including customers, governmental partners, regulators, the business community, and regional development partners. Significant resources are committed to customer service and community outreach efforts, culminating in BPU being recognized for having one of the top Corporate Social Responsibility (CSR) programs in the country in 2015 by the American Business Awards, as well as several other notable recognitions.

Key BPU accomplishments in 2015 included:

- *Energy Engage Portal Development* – BPU staff developed the framework for a new online customer utility portal, providing customers with direct access to relevant, secure, up-to-date, information on all water and usage habits, costs, and even the environmental impact of a household's utility usage on the environment. The service, a result of the utility's previous deployment of the Advanced Metering Infrastructure (AMI), was tested and prepared for launch in early 2016 and has been eagerly anticipated in the community.
- *2<sup>nd</sup> Biennial Customer Survey* – This qualitative customer research consists of telephone surveys with residential, commercial and industrial customers, assessing BPU's performance on key measures associated with the customer experience. The purpose is to help BPU identify areas for improvement, educational opportunities, and customer preferences for communication and new programs to improve overall satisfaction. Results from the 2015 customer satisfaction study indicate that customers are generally satisfied with BPU's electric and water service, with customer service approval levels also increasing.
- *BPU's YouTube Channel* – To further communicate with customers, the utility recently added a YouTube channel to its social media network, which already includes Facebook, Twitter and LinkedIn platforms. Videos are an effective and easily accessible way to communicate information to the community. The current library of videos spotlight energy production, water treatment processes, energy efficiency tips, and career opportunities.
- Supporting economic development initiatives and residential, commercial, and industrial initiatives in BPU's service territory to further grow the community.



- Further promotion and building upon partnerships with businesses, civic groups, neighborhood organizations, the Unified Government, and state and federal officials.
- *American Business Award – Best Corporate Social Responsibility (CSR) Program* – BPU was presented with a *Silver Stevie* for Best CSR Program at the 13<sup>th</sup> Annual American Business Awards in 2015. The ABA's are the nation's premier business awards program, with a panel of judges recognizing BPU for its on-going efforts to better the community and the environment. As a municipally-owned utility, BPU is committed to maintaining, investing in, and protecting the local community, its customers, and the environment. In efforts to be a socially responsible organization, BPU and its employees support and continually give back to Wyandotte County in three core areas – Community Giving, Volunteerism, and Environmental Education/Advocacy. Giving back to the community and working to protect the environment remains a key part of BPU's culture and utility operations.

BPU remains committed to providing reliable and affordable utility services to the residents and businesses in Wyandotte County, while improving the overall quality of life in our community. As such, this utility will continue working to improve overall efficiencies and reduce costs, expand communications and outreach efforts with the community, while maintaining best-in-class customer service and customer satisfaction.

Respectfully,



Robert L. Milan Sr.  
Board President  
June 1, 2016

## **Board of Directors – 2015**

The Board of Directors is composed of six members, three of whom are elected at large and three of whom are elected by district. Every two years three members are elected for four-year terms. The Board chooses a president, vice president, and secretary from its own membership. The Board meets twice a month, on the first and third Wednesdays. Members receive a monthly salary of \$950. The treasurer of the Unified Government of Wyandotte County/Kansas City, Kansas is the ex-officio treasurer of the Board. The Board is charged with the duty to hire a General Manager, who serves as BPU's chief executive officer, and who administers the day-to-day operations of the utility.



**Robert L. Milan, Sr.**  
**President**  
**Member, First District**  
**Elected 1991-1995**  
**Re-elected 1995-1999**  
**Re-elected 1999-2003**  
**Re-elected 2003-2007**  
**Re-elected 2007-2011**  
**Re-elected 2011-2015**  
**Re-elected 2015-2019**

Mr. Milan has served on the BPU Board for 23 years, having been first elected in 1991. He is the current Board of Public Utilities (BPU) President. He has served as President of the Board three other times. In 2007, BPU recognized Mr. Milan's dedication to the utility by naming a new Water Division facility in his honor, the Robert L. Milan, Sr. Pump Station and Reservoir.

Mr. Milan worked at the U.S. Department of Labor for 32 years, retiring as a Federal Representative. He is active in the Northeast Optimist Club and NAACP. In 2001 he served as State President of AARP. In 2010, the Directors of the Heritage Registry of Who's Who announced the inclusion of Mr. Milan. He has received many awards including being selected by the Kansas City Globe as one of the 100 most influential people in 1998.

A native of Kansas City, Kansas, he owned Milan's Roller Arena and Bowling establishment for many years. Mr. Milan is a Sumner High School graduate and attended Kansas City Kansas Community College, the University of Kansas extension, Donnelly College, the University of Colorado, Temple University and Pioneer College.



**Tom Groneman**  
**Vice President**  
**Member, Second**  
**District**  
**Elected 2013-2017**

Mr. Groneman is a lifelong Wyandotte County resident, graduating from Wyandotte High School in 1965. He currently serves as Vice President for the Board of Public Utilities. In 1969 he graduated from Bethany College, Lindsborg, KS with a Bachelor's degree in Business/Economics. Following college he entered the United States Navy and was trained as a Vietnamese linguist. He was stationed for 15 months at the Naval Communications Station, Philippines where he was assigned to temporary active duty with the Commander of Carrier Division 5/Task Force 77 aboard the USS Enterprise, USS Kitty Hawk and USS Constellation. He finished his tour at the National Security Agency, Ft. Meade, MD.

## **Board of Directors – 2015 – (continued)**

After the military he returned to Wyandotte County and worked briefly as a probation officer for the 29<sup>th</sup> Judicial District. In 1975 he was appointed Register of Deeds to fill out the unexpired term of Jack Reardon who had been elected mayor. He was subsequently elected to seven consecutive four year terms as Register of Deeds. In 2003, Mr. Groneman joined the staff of Governor Kathleen Sebelius to become the Director of Alcoholic Beverage Control for the State of Kansas. He commuted for nearly eight years between Kansas City and Topeka until the change in administrations in 2011.

During his time in public service Tom has served in numerous positions on various state and national organizations.



**Jeff Bryant**  
**Secretary**  
**Member, Third**  
**District**  
**Elected 2011-2015**  
**Re-elected 2015-2019**

Mr. Bryant is the Estimator and Job Cost Analyst for Plastic Packaging Technologies in Kansas City, Kansas. He has been with the company for over 30 years serving in a variety of roles.

He is a member of the Armourdale Renewal Association and the Kansas City Chapter of the NAACP. He serves on the Unified Government's (UG) Public Works & Safety Committee, the Board of Directors of Leadership 2000 and the FL Schlagle Site Council. Mr. Bryant is a graduate of Turner High School and attended Donnelly College. He is a Leadership 2000 graduate.



**David Alvey**  
**Member at Large**  
**Elected 2009-2013**  
**Re-elected 2013-2017**

David is the fifth generation of his family to live in Wyandotte County. He is the Assistant Principal for Faculty Formation and Professional Development at Rockhurst High School. Mr. Alvey has previously served as the Board of Public Utilities (BPU) president, vice president and secretary.

He is a member of the American Public Power Association (APPA) and currently serves on the APPA Policy Makers Council. Mr. Alvey also served on the Planning and Zoning Commission of the Unified Government. He served as the dean of students and also taught U.S. history at Rockhurst High School and served as Program Director of the Student Support Program in Marin County, California. Mr. Alvey is the former National Chair of Dean's of Students of the Jesuit Secondary Education Association. He graduated from Savior of the World High School and attended Rockhurst College before graduating Summa Cum Laude in Philosophy and Letters from St. Louis University.

## **Board of Directors – 2015 – (continued)**



**Mary L. Gonzales**  
**Member at Large**  
**Elected 2001-2005**  
**Re-elected 2005-2009**  
**Re-elected 2009-2013**  
**Re-elected 2013-2017**

Ms. Gonzales retired from teaching school in 2006 after a 33-year career. For many of those years she was an eighth-grade language arts teacher at Piper Middle School.

Ms. Gonzales is the current Board of Public Utilities (BPU) president. She also served as President from 2005 to 2007 and previously as vice president and secretary of the BPU Board.

Besides her BPU Board and other community activities, she is a member of the American Public Power Association and the American Water Works Association. A graduate of Leadership 2000, she was also District 5 Coordinator in the successful effort to consolidate the Wyandotte County/city governments, and served on the advisory board of the Wyandotte County Library. In addition, she is past President of Delta Kappa Gamma International Educational Society and is a former board member for both El Centro and City Vision Ministries.

Ms. Gonzales has a Bachelor of Arts degree in Education from the University of Montevallo in Montevallo, Alabama, and a Master's degree in Curriculum and Instruction from Emporia State University.



**Norman Scott**  
**Member at Large**  
**Elected 2015-2019**

Norman is a native of Kansas City, Kansas and graduated from Wyandotte High School and attended Kansas City Kansas Community College.

For over 40 years, he worked in the construction industry helpin build the infrastructure of the Wyandotte County community. In 2001, he retired as a business agent from the International Union of Operating Engineers, Local 101.

Mr. Scott is an active chair member of the Missions for Wyandotte United Methodist Church, and the Wyandotte County Democrats. He previously served as President of Stoney Point Neighborhood Association, and on the Chair of Trustees for Grinter Chapel United Methodist Church. He also serves as a volunteer at Cross-Lines Community Outreach.



## GENERAL MANAGER'S MESSAGE

The Kansas City Board of Public Utilities (BPU) has provided water and electric utility services to Wyandotte County and its residents for more than a century. Today, it services over 63,000 commercial, industrial, and residential customers over a 130 sq. mile area, and is the largest public utility in the state.

This municipal, non-for-profit utility continues to be recognized as one of the top public utilities in the nation. In 2015, it received an American Business Award for having one of the top Corporate Social Responsibility (CSR) programs in the country. BPU was also recognized for its financial reporting, being presented the *Certificate of Achievement for Excellence in Financial Reporting* in 2015. Previously, the utility received the "Directors Award" from the Partnership for Safe Water, a national initiative developed by the Environmental Protection Agency (EPA) and other water organizations. BPU has also received the industry's "Gold" Award for its water system from the Association of Metropolitan Water Agencies (AMWA); and was voted as having the Best Tasting Water in the State of Kansas in recent years.

BPU implemented a number of important initiatives to improve internal efficiencies and reduce costs, manage existing customer demands on the electric and water systems, and ensure the long-term viability of this non-profit publicly-owned utility in 2015. These included, among others:

- Maintaining sound financial practices that produce positive net income, improve cash flow, enhance day's cash on hand and stabilize debt coverage.
- As noted above, in 2015 BPU was presented the *Certificate of Achievement for Excellence in Financial Reporting* by the Government Finance Officers Association (GFOA). This national award is the highest form of recognition in governmental accounting and financial reporting, and it represents a significant accomplishment by the utility and its management team.
- BPU continued implementation of \$250 million in new Air Quality Control equipment on the 235 MW Nearman Power Plant in order to comply with air emission standards. This massive project remained on schedule throughout the year, and at the end of 2015 was below original budget estimates by nearly \$15 million. It should be fully operational by January 2017.
- Providing reliable, low cost energy by maintaining and operating the generating plants efficiently to meet community energy demands.

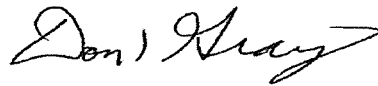
- After nearly 45 years of operation, BPU's Quindaro Power Plant no longer utilizes coal-fired burners to produce energy for the community. The last delivery of coal occurred in March 2015, with the plant converting strictly to gas. This conversion, coupled with upgrades at the Nearman Power Station, will assure BPU has a diversified fuel mix to generate reliable affordable energy for its customers in the future.
- Ensuring that BPU met and exceeded all EPA and KDHE Safe Drinking Water Regulations.
- Implementing demand side management and demand response programs, and energy efficiency and conservation programs to educate customers on cost saving technologies and reduce energy consumption to minimize environmental impacts.
- BPU relaunched its comprehensive *Home Energy Audit Program* in 2015 offering access to low-cost home energy audits for a second year, helping residents improve the efficiency of their home while reducing overall energy costs. The utility arranged for certified auditors to conduct an energy audit on a customer's home for only a \$50.00 fee, with other energy audits costing up to \$500.00, BPU made this service available to residential customers, helping nearly 300+ customers utilize this program.
- *Refrigerator Rebate Program* – BPU launched a program that encourages residential customers to replace their older, less efficient refrigerators with an Energy Star® qualified appliance that uses less electricity. Customers wanting to participate in the program must properly dispose of their old refrigerator before receiving a \$250.00 rebate check. Refrigerators use more electricity annually than any other appliance in the home. If made before 2001, investing in a newer model can save energy immediately and cut customer's utility costs significantly over time. BPU's new rebate program is intended to reduce energy consumption and further protect the environment, and can be used for both residential and commercial applications.
- *Energy Efficiency Workshops* – BPU present several free Energy Efficiency Workshops for the public in 2015. These events feature discussions about home improvement solutions that reduce home energy costs, offered industry experts who showcased displays, conducted demonstrations, and offered environmental upgrade advice for homes.
- Continuing to perform within the electric and water Cost of Service guidelines.



As the community BPU serves continued to grow and develop, the award-winning BPU remains focused on the sustainability of the utility, including maintenance and replacement of an aging infrastructure, ensuring future power generation and water production needs, environmental regulatory mandates, improving overall efficiencies to reduce costs, and continuing open and transparent communications.

BPU's primary mission remains much the same as it's been for the last 100 years: offering quality dependable utility services at the lowest possible price. We continually strive to remain one of the top-ranked public utilities in the country and remain committed to improving the quality of life in our community.

Sincerely,

A handwritten signature in black ink, appearing to read "Don L. Gray". The signature is fluid and cursive, with a long horizontal stroke at the end.

Don L. Gray  
General Manager

June 1, 2016

## **Senior Management – 2015**

### **Don L. Gray General Manager**

Don Gray has worked at BPU for over 45 years. Before being appointed General Manager of the utility in 2006, he was Manager of Water Operations.

In the late 1990s he led the research, design and construction of the Nearman Water Treatment Plant with its state-of-the-art horizontal collector well, the largest alluvial well of its kind in the U.S. The plant opened in 2000. He has also served on various task forces and committees at the utility, including the Leadership Team for the BPU Strategic Plan.

In 2005, Mr. Gray was awarded the prestigious George Warren Fuller Award from the American Water Works Association (AWWA). The award recognizes Mr. Gray's long career and management of the BPU Water Utility and his leadership role in AWWA. He also served on the Board of Directors of AWWA. Mr. Gray was also the recipient of The Richard Porter Service Award from the Kansas Section of the American Water Works Association.

This prestigious industry award recognized him for his leadership and commitment to the public water profession and the community it serves.

He also serves on the board of the Kansas City Kansas Chamber of Commerce and is Co-Chair of the Chamber's Economic Infrastructure Committee. He is also a member of the American Public Power Association and Kansas Municipal Utilities.

Over twenty-two years ago Mr. Gray turned his favorite recreational activity into a way to aid local children when he helped establish the BPU Charity Golf Tournament. Since then the tournament has raised over \$500,000 for various children's charities in Wyandotte County.

Mr. Gray has bachelor's degrees in chemistry and microbiology. In 2003 he earned his M.B.A. from the University of St. Mary.

**Lori C. Austin, Manager  
Accounting and Finance/CFO**

**James A. Epp, Manager  
Water Operations**

**William A. Johnson, Manager  
Electric Operations and Technology**

**Johnetta M. Hinson, Manager  
Customer Services**

**Gerald P. Ohmes, Sr., Acting Manager  
Electric Operations**

**Dong T. Quach, Manager  
Electric Production**

**Cherryl R. Johnson, Manager  
Purchasing and Supply**

## Executive Staff and Department Heads 2015

William R. Cobb, Acting Director  
Electric Production Maintenance

Samuel W. Deleon, Director  
Human Resources

Andrew Ferris, Director  
Electric Supply Planning

Jody Franchett, Director  
Administrative Services

John D. Frick, Director  
Electric Production Engineering

Robert (Bobby) Gray  
NERC Compliance Officer

Stephen E. Green, Director  
Water Distribution

Durward M. Johnson, Director  
Water Processing

Brian D. Laverack, Director  
Network Operations

David E. Mehlhaff  
Chief Communications Officer

Jason Moe, Director  
Electric Production Operations

Patrick J. Morrill, Director  
Electrical Engineering

Philip B. Musser, Director  
Electric Transmission & Distribution

Randal J. Otting, Director  
Accounting

Paul M. Pauesick, Director  
Information Technology

Jerin Purtee, Acting Director  
Electric System Control

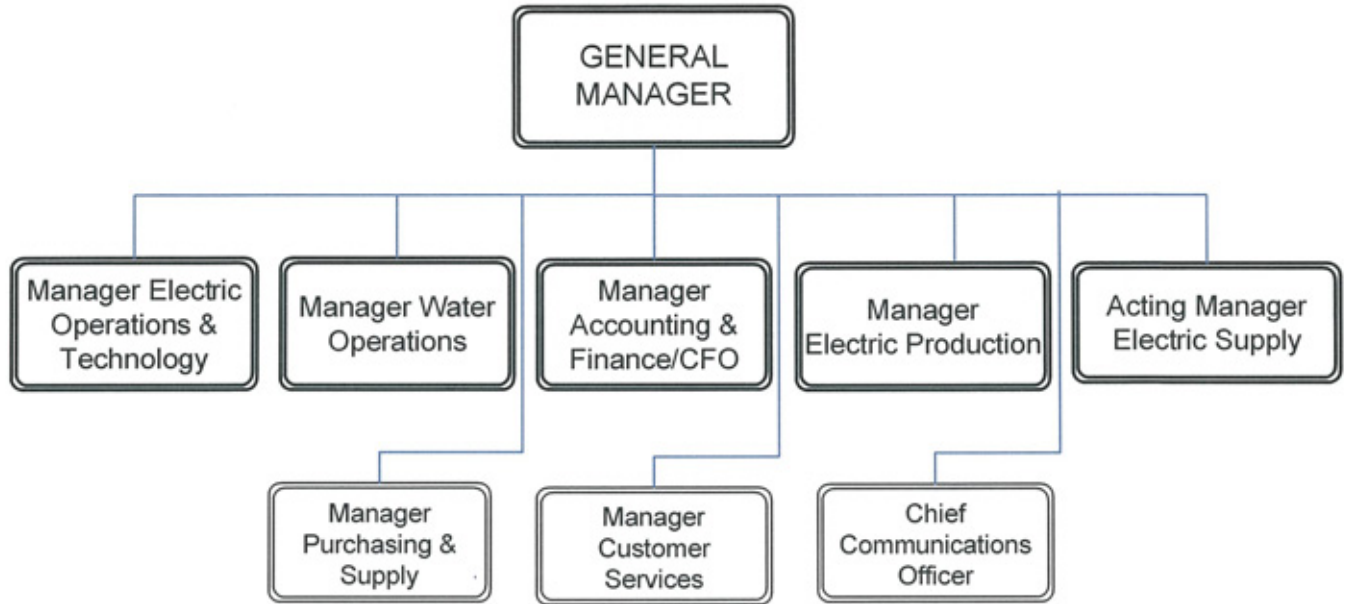
Ingrid Setzler, Director  
Environmental Services

Chris D. Stewart, Director  
Civil Engineering



# Kansas City Board of Public Utilities

## 2015 Organizational Chart



|   |  |  |
|---|--|--|
| Accounting<br>Civil Engineering<br>Cash Operations and Collections<br>Corporate Compliance<br>Customer Service<br>Electric Metering & Services<br>Electric Production Engineering<br>Electric Production Maintenance<br>Electric Production Operations<br>Electric Supply Planning<br>Electric System Control | Electric Transmission & Dist<br>Electrical Engineering<br>Employee Relations<br>Employment<br>Environmental Services<br>Grounds Maintenance<br>Information Technology<br>Network Support<br>OH / UG Lines<br>Production Support Services<br>Purchasing | Radio / Telecom & Cable<br>Stores<br>Street Lights<br>Substations<br>Traffic Signal<br>Transportation<br>Utility Services<br>Water Metering & Services<br>Water Distribution<br>Water Processing<br>Water System Support |
|---|--|--|

# FINANCIAL SECTION

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KPMG LLP  
Suite 1000  
1000 Walnut Street  
Kansas City, MO 64106-2162

## Independent Auditors' Report

The Board of Directors  
Board of Public Utilities:

### Report on the Financial Statements

We have audited the accompanying financial statements of the Board of Public Utilities of Kansas City, Kansas (the BPU), which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit Guide* (the Guide); and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Public Utilities of Kansas City, Kansas, as of December 31, 2015, and the changes in its financial position and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.





### ***Emphasis of Matters***

As discussed in note 1 to the financial statements, the financial statements present only the BPU enterprise fund and do not purport to, and do not, present fairly the financial position of the Unified Government of Wyandotte County and Kansas City, Kansas, as of December 31, 2015, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

As discussed in note 1 to the financial statements, effective January 1, 2015, the BPU implemented Governmental Accounting Standards Board (GASB) Statement No. 68: *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the Management Discussion and Analysis on pages 22 to 26 and the pension and other postretirement schedules on pages 60 to 62 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the BPU's financial statements. The combining information on pages 63 to 65 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining information on pages 63 to 65 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2016 on our consideration of the BPU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on



compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BPU's internal control over financial reporting and compliance.

KPMG LLP

Kansas City, Missouri  
June 1, 2016



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## **BOARD OF PUBLIC UTILITIES**

### **Management's Discussion and Analysis**

December 31, 2015

(Unaudited)

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Board of Public Utilities of Kansas City, Kansas's (BPU) financial statements. The BPU's financial statements comprise two components: 1) financial statements and 2) notes to the financial statements. Other required supplementary information is provided in addition to the financial statements.

#### ***Financial Statements***

The financial statements are designed to provide readers with a broad overview of the BPU's finances in a manner similar to a private-sector business.

The statement of net position presents information on BPU's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these reported as net position. Over time, increases/decreases in net position may serve as a useful indicator of whether the financial position of the BPU is improving/deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how BPU's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

#### ***Notes to the Financial Statements***

The notes provide additional information essential to a full understanding of the data provided in the financial statements.

#### ***Other Information***

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the BPU's progress in funding its obligation to provide pension and postretirement benefits to its employees.

The combining schedules for the BPU's electric and water utilities are presented immediately following the required supplemental information.

The BPU is an administrative agency of the Unified Government of Wyandotte County/Kansas City, Kansas (Unified Government).

The electric and water departments are reflected as an enterprise fund on the Unified Government's financial statements consisting of the statement of net position; statement of revenues, expenses, and changes in net position; and statement of cash flows. This management's discussion and analysis of the BPU's financial report presents the discussion and analysis of the BPU's financial performance for the years ended December 31, 2015 and 2014. This analysis should be read in conjunction with the financial statements and notes thereto.

**BOARD OF PUBLIC UTILITIES**

Management's Discussion and Analysis

December 31, 2015

(Unaudited)

The following tables summarize the financial condition and operations of the BPU as of December 31, 2015 and 2014 and for the years then ended:

**Statements of Net Position Summary**

|   | <u>2015</u>             | <u>2014</u>          |
|---|-------------------------|----------------------|
| Assets and deferred outflows of resources:                    |                         |                      |
| Capital assets, net   | \$ 931,359,985          | 866,886,249          |
| Current assets  | 138,253,318             | 144,486,313          |
| Other noncurrent assets                                       | 35,165,498              | 114,088,340          |
| Deferred outflows of resources                                | 24,102,493              | 13,379,769           |
|   | <u>\$ 1,128,881,294</u> | <u>1,138,840,671</u> |
| Liabilities, deferred inflows of resources, and net position: |                         |                      |
| Noncurrent liabilities  | \$ 610,058,905          | 633,453,161          |
| Current liabilities   | 72,290,734              | 75,486,200           |
| Deferred inflows of resources                                 | 2,112,487               | 5,129,895            |
| Net position:   |                         |                      |
| Net investment in capital assets                              | 350,960,044             | 347,346,161          |
| Restricted  | 21,926,702              | 26,101,848           |
| Unrestricted  | 71,532,422              | 51,323,406           |
|   | <u>\$ 1,128,881,294</u> | <u>1,138,840,671</u> |

**Statements of Revenues, Expenses, and Changes in Net Position Summary**

|                                | <u>2015</u>        | <u>2014</u>        |
|--------------------------------|--------------------|--------------------|
| Operating revenues:            |                    |                    |
| Residential                    | \$ 86,380,759      | 89,816,917         |
| Commercial                     | 101,468,567        | 104,306,455        |
| Industrial                     | 50,923,573         | 47,842,971         |
| Other                          | 35,805,009         | 43,412,193         |
| Energy rate component recovery | (2,112,487)        | (5,129,895)        |
| Payment-in-lieu of taxes       | 30,658,851         | 31,291,744         |
| Total operating revenues       | <u>303,124,272</u> | <u>311,540,385</u> |
| Operating expenses:            |                    |                    |
| Fuel                           | 40,073,878         | 68,256,346         |
| Purchased power                | 34,489,510         | 25,244,462         |
| Production                     | 44,297,044         | 46,150,561         |
| Transmission and distribution  | 47,304,341         | 41,865,301         |

**BOARD OF PUBLIC UTILITIES**  
Management's Discussion and Analysis  
December 31, 2015  
(Unaudited)

**Statements of Revenues, Expenses, and Changes in Net Position Summary (continued)**

|   | <u>2015</u>           | <u>2014</u>        |
|---|-----------------------|--------------------|
| General and administrative                            | \$ 35,096,181         | 34,179,058         |
| Depreciation and amortization                         | 47,538,375            | 32,939,640         |
| Total operating expenses                              | <u>248,799,329</u>    | <u>248,635,368</u> |
| Operating income                                      | <u>54,324,943</u>     | <u>62,905,017</u>  |
| Nonoperating income (expense):                        |                       |                    |
| Interest expense                                      | (24,614,127)          | (22,418,357)       |
| Payment-in-lieu of taxes                              | (30,658,851)          | (31,291,744)       |
| Other   | 913,825               | 141,760            |
| Other nonoperating expense                            | <u>(25,053)</u>       | <u>(1,053,209)</u> |
| Total nonoperating expense, net                       | (54,384,206)          | (54,621,550)       |
| Contributions and transfers:                          |                       |                    |
| Contributions from developers and others              | <u>951,950</u>        | <u>206,722</u>     |
| Change in net position                                | 892,687               | 8,490,189          |
| Net position, beginning of year (as restated in 2015) | <u>443,526,481</u>    | <u>416,281,226</u> |
| Net position, end of year                             | <u>\$ 444,419,168</u> | <u>424,771,415</u> |
| Total revenue   | \$ 304,038,096        | 311,682,145        |
| Total expense   | 304,097,361           | 303,398,678        |

**Financial Highlights**

The BPU's overall financial position and results of operations for the current and prior year are summarized in the paragraphs and exhibits to follow. The BPU implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* during the year ending December 31, 2015. GASB Statement No. 68 amends GASB Statement No. 27 and represents a significant departure from the requirements of the prior statement. In addition, BPU implemented GASB Statement No. 71, *Pension Translation for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB Statement No. 71 requires that upon implementation of GASB Statement No. 68, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. The financial impact of this new accounting guidance will be addressed in the paragraphs to follow as well as in the note 1(t) to our financial statements.



## BOARD OF PUBLIC UTILITIES

### Management's Discussion and Analysis

December 31, 2015

(Unaudited)

#### *2015 Compared to 2014*

- Net capital assets increased by \$64.5 million in 2015.
- Debt service coverage ratio for 2015 increased to 2.05 times in comparison with 1.94 for the year ended 2014.
- Other noncurrent assets decreased by \$78.9 million in 2015; this decrease is primarily related to the drawdown of the Construction fund to finance improvements for environmental upgrades to the Nearman power generating stations in 2015.
- Noncurrent liabilities decreased by \$23.4 million during 2015.
- Net position increased by \$19.6 million during 2015.

As of December 31, 2015, the BPU has drawn \$3.2 million from the Kansas Public Water Supply loan fund. The projects funded by this loan consist of filter media and pump replacement at the Nearman Water Treatment Plant and replacement of deteriorated water lines throughout the distribution system. In 2015, the BPU's revenues were approximately \$303.1 million, with the Electric Utility recognizing revenues of \$253.5 million and the Water Utility recognizing revenues of \$49.6 million. The average number of customer accounts remained stable from the prior year.

The BPU's total operating revenue decreased by approximately \$8.4 million to \$303.1 million in 2015. The Electric Utility experienced decreased electric sales of \$9.2 million compared to 2014. Recently, milder weather in 2015 had an impact on electricity demand, which was abnormally high in the first quarter of 2014 due to extreme cold temperatures in the Midwest. The average monthly residential consumption per customer for 2015 was 781 kilowatt hours, compared to 815 kilowatt hours in 2014. While less impacted by weather, the industrial load increased 4.7% in 2015 compared to 2014. Also, the Energy Rate Component Rider, which recovers fuel and purchase power costs, averaged approximately ten percent lower in 2015 compared to 2014.

The Water Utility experienced an additional \$800 thousand in water sales compared to 2014. In comparison to the 2015 budgeted revenue, overall, the BPU collected 95% of the projected Energy and Water sales and 97% of total operating revenue.

Operating expenses for 2015 and 2014 were approximately \$248.8 million and \$248.6 million, respectively. The Electric Utility represented \$211.7 million and \$216.3 million for 2015 and 2014, respectively, while the Water Utility represented \$37.1 million and \$32.3 million for 2015 and 2014 in operating expenses, respectively. The largest component of operating expenses is fuel, purchased power and production expense. Overall, in 2015, fuel, purchased power and production costs decreased by \$20.8 million over 2014. In 2015, the BPU recognized \$2.1 million of deferred revenue from the 2015 over collection of the Energy Rate Component. The BPU's power supply mix for fiscal years 2015 and 2014 was 47% and 59% coal, 39% and 28% net power purchases, 12% and 11% gas, and 2% and 2% oil, respectively.

## **BOARD OF PUBLIC UTILITIES**

### **Management's Discussion and Analysis**

December 31, 2015

(Unaudited)

#### **Capital Assets and Debt Administration**

##### ***2015 Compared to 2014***

Net capital assets increased by \$64.5 million in 2015. Capital asset additions were offset by approximately \$47.5 million of depreciation and amortization expense.

Refer to note 5 to the financial statements for additional information.

#### **Debt Administration**

##### ***2015 Compared to 2014***

Noncurrent liabilities outstanding as of December 31, 2015 and 2014 were \$610.1 million and \$633.5 million, respectively.

The BPU maintains a debt ratio that is consistent with the current provisions in the bond indenture document. This debt service ratio is a measure of the adequacy of cash to pay debt service and is the minimum amount necessary to prevent bond default. The BPU must maintain debt coverage of 1.2. The coverage requirement imposed by the bond indenture is that operating revenues be at least 120% of the maximum annual debt service.

The BPU also has a mandatory provision in its bond indentures for a debt service trigger when debt coverage is 1.3 times or below the annual debt service payment amounts.

As of December 31, 2015 and 2014, the BPU had debt coverage of 2.05 times and 1.94 times, respectively.

In 2015, the BPU's utility system bonds for both electric and water debt are rated A+ from both Fitch and Standard & Poor's Rating Services and A3 from Moody's Investors Service. The interest rate on the BPU's outstanding debt ranges from 2.00% to 5.20%. Interest on debt expense, net of amounts capitalized, for 2015 and 2014 was \$24.6 million and \$20.5 million, respectively.

Refer to note 6 to the financial statements for additional information.

**BOARD OF PUBLIC UTILITIES**

Statement of Net Position

December 31, 2015

**Assets and Deferred Outflows of Resources**

|   |                         |
|---|-------------------------|
| Noncurrent assets:                              |                         |
| Capital assets:                                 |                         |
| Property, plant, and equipment                  | \$ 1,537,846,270        |
| Less accumulated depreciation                   | <u>(744,410,469)</u>    |
| Plant in service, net                           | 793,435,801             |
| Construction work in progress                   | <u>137,924,184</u>      |
| Capital assets, net                             | <u>931,359,985</u>      |
| Restricted assets:                              |                         |
| Cash and cash equivalents                       | 32,738,584              |
| Investments                                     | <u>249,000</u>          |
| Total restricted assets                         | 32,987,584              |
| Other assets                                    | 61,589                  |
| System development costs, net                   | 1,580,006               |
| Regulatory assets                               | <u>536,319</u>          |
| Total noncurrent assets                         | <u>966,525,483</u>      |
| Current assets:                                 |                         |
| Cash and cash equivalents                       | 45,566,807              |
| Cash and cash equivalents – restricted          | 10,699,653              |
| Investments – restricted                        | 14,263,058              |
| Accounts receivable – customers and other       | 26,330,038              |
| Accounts receivable – unbilled                  | 10,117,262              |
| Allowance for doubtful accounts                 | (1,327,979)             |
| Inventories                                     | 29,918,940              |
| Prepayments and other current assets            | <u>2,685,539</u>        |
| Total current assets                            | <u>138,253,318</u>      |
| Total assets                                    | <u>1,104,778,801</u>    |
| Deferred outflows of resources:                 |                         |
| Deferred loss on bond refunding                 | 12,226,051              |
| Deferred outflows – pension related             | <u>11,876,442</u>       |
| Total deferred outflows of resources            | <u>24,102,493</u>       |
| Total assets and deferred outflows of resources | <u>\$ 1,128,881,294</u> |

(Continued)

## BOARD OF PUBLIC UTILITIES

### Statement of Net Position

December 31, 2015

#### Liabilities, Deferred Inflows of Resources, and Net Position

|  |                         |
|--|-------------------------|
| Net position:  |                         |
| Net investment in capital assets                                   | \$ 350,960,044          |
| Restricted – debt service  | 21,926,702              |
| Unrestricted   | 71,532,422              |
| Total net position   | <u>444,419,168</u>      |
| Liabilities:   |                         |
| Noncurrent liabilities:  |                         |
| Long-term debt – revenue bonds                                     | 555,460,051             |
| Government loans   | 31,193,378              |
| Capital lease  | 2,261,192               |
| Total long-term debt and capital lease obligations                 | <u>588,914,621</u>      |
| Postretirement benefit obligation                                  | 5,074,739               |
| Reserve for compensated absences                                   | 4,342,000               |
| Net pension liability  | 11,727,545              |
| Total noncurrent liabilities                                       | <u>610,058,905</u>      |
| Current liabilities:   |                         |
| Current maturities of revenue bonds                                | 19,340,000              |
| Current maturities of government loans                             | 2,081,722               |
| Current maturities of capital lease obligations                    | 1,551,182               |
| Accrued interest   | 8,271,836               |
| Customer deposits  | 4,103,492               |
| Accounts payable   | 24,794,225              |
| Payroll and payroll taxes  | 1,526,175               |
| Accrued claims payable   | 4,480,949               |
| Other accrued liabilities  | 3,910,259               |
| Payment-in-lieu of taxes   | 2,230,894               |
| Total current liabilities  | <u>72,290,734</u>       |
| Total liabilities  | <u>682,349,639</u>      |
| Deferred inflows of resources:                                     |                         |
| Recovery fuel purchased power                                      | 2,112,487               |
| Total deferred inflows of resources                                | <u>2,112,487</u>        |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 1,128,881,294</u> |

See accompanying notes to financial statements.

## BOARD OF PUBLIC UTILITIES

### Statement of Revenues, Expenses, and Changes in Net Position

Year ended December 31, 2015

|   |                       |
|---|-----------------------|
| Operating revenues:   |                       |
| Residential   | \$ 86,380,759         |
| Commercial  | 101,468,567           |
| Industrial  | 50,923,573            |
| Other   | 35,805,009            |
| Energy rate component recovery                                | (2,112,487)           |
| Payment-in-lieu of taxes                                      | 30,658,851            |
| Total operating revenues                                      | <u>303,124,272</u>    |
| Operating expenses:   |                       |
| Fuel  | 40,073,878            |
| Purchased power   | 34,489,510            |
| Production  | 44,297,044            |
| Transmission and distribution                                 | 47,304,341            |
| General and administrative                                    | 35,096,181            |
| Depreciation and amortization                                 | 47,538,375            |
| Total operating expenses                                      | <u>248,799,329</u>    |
| Operating income  | <u>54,324,943</u>     |
| Nonoperating revenue (expense):                               |                       |
| Interest expense  | (24,614,127)          |
| Payment-in-lieu of taxes                                      | (30,658,851)          |
| Other   | 888,772               |
| Total nonoperating expense, net                               | <u>(54,384,206)</u>   |
| Income before contributions and transfers                     | (59,263)              |
| Contributions and transfers:                                  |                       |
| Contributions from developers and others                      | <u>951,950</u>        |
| Change in net position  | 892,687               |
| Net position, beginning of year (as restated, see note 1 (t)) | <u>443,526,481</u>    |
| Net position, end of year                                     | <u>\$ 444,419,168</u> |

See accompanying notes to financial statements.

**BOARD OF PUBLIC UTILITIES**

Statement of Cash Flows

Year ended December 31, 2015

|   |                              |
|---|------------------------------|
| Cash flows from operating activities:   |                              |
| Receipts from customers   | \$ 268,853,291               |
| Payments to suppliers   | (103,418,599)                |
| Payments to employees   | (58,562,107)                 |
| Net cash provided by operating activities   | <u>106,872,585</u>           |
| Cash flows used in noncapital financing activities – payment-in-lieu of taxes           | (30,857,500)                 |
| Cash flows from capital and related financing activities:                               |                              |
| Purchases of property, plant, and equipment   | (104,615,370)                |
| Payments on capital lease obligation  | (1,232,216)                  |
| System development costs  | (467,639)                    |
| Accounts payable related to capital activities  | (3,621,691)                  |
| Debt issue cost paid  | (25,053)                     |
| Payments on revenue bonds   | (17,945,000)                 |
| Payments on government loans  | (2,325,612)                  |
| Issuance of government loans  | 3,151,850                    |
| Interest paid on utility system debt  | (28,471,245)                 |
| Net cash used in capital and related financing activities                               | <u>(155,551,976)</u>         |
| Cash flows from investing activities:   |                              |
| Purchases of investments  | (126,776,720)                |
| Proceeds from sales and maturities of investments                                       | 173,675,500                  |
| Interest received   | 203,006                      |
| Net cash provided by investing activities   | <u>47,101,786</u>            |
| Net decrease in cash and cash equivalents   | (32,435,105)                 |
| Cash and cash equivalents, beginning of year  | <u>121,440,149</u>           |
| Cash and cash equivalents, end of year  | \$ <u><u>89,005,044</u></u>  |
| Components of cash and cash equivalents at end of fiscal year:                          |                              |
| Restricted  | \$ 43,438,237                |
| Unrestricted  | 45,566,807                   |
|   | \$ <u><u>89,005,044</u></u>  |
| Reconciliation of operating income to net cash provided by operating activities:        |                              |
| Operating income  | \$ 54,324,943                |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                              |
| Depreciation and amortization   | 47,538,375                   |
| Changes in noncash assets and noncash liabilities:                                      |                              |
| Accounts receivable – customers and other, net  | 3,701,066                    |
| Inventories   | 1,113,443                    |
| Prepayments and other current assets  | (354,606)                    |
| Customer deposits   | 306,650                      |
| Accounts payable  | (513,299)                    |
| Payroll and payroll-related liabilities   | (389,471)                    |
| Accrued claims payable  | 222,061                      |
| Other accrued liabilities   | 607,910                      |
| Deferred fuel costs and deferred purchased power  | (3,017,408)                  |
| Deferred outflows – pension related   | (7,607,266)                  |
| Net pension liability   | 8,878,007                    |
| Other noncurrent assets, net  | 2,062,180                    |
| Net cash provided by operating activities   | \$ <u><u>106,872,585</u></u> |
| Supplemental noncash disclosure:  |                              |
| Contributions of capital assets from developers   | \$ 951,950                   |
| Capital lease initiation  | 3,590,371                    |

See accompanying notes to financial statements.



## BOARD OF PUBLIC UTILITIES

### Notes to Financial Statements

December 31, 2015

#### (1) Summary of Significant Accounting Policies

##### (a) *Description of Business*

The Board of Public Utilities of Kansas City, Kansas (the BPU) consists of the municipal electric and water utility, which provide services to approximately 63,000 electric and 50,000 water customers.

Under Charter Ordinance of the Unified Government of Wyandotte County, Kansas City, Kansas (the Unified Government), the BPU is an administrative agency of the Unified Government and, as such, is a part of the Unified Government's primary government. However, the BPU's operational and administrative control is under a six-member elected board of directors (the Board). The accompanying financial statements represent the combination of only those operations related to the Unified Government's electric and water utility.

##### (b) *Basis of Accounting*

The BPU accounts for the water and electric utility as an enterprise fund. Significant interdepartmental accounts, including interdepartmental sales, have been eliminated. BPU uses the economic resources measurement focus and accrual basis of accounting under which revenues are recognized when earned and expenses are recorded when liabilities are incurred. The BPU's accounting policies conform to the requirements for regulated operations. In accordance with these rules, certain costs or credits may be recorded as deferred charges or credits when it is probable that future rates established by the Board permit recovery of specific costs or require these credits to be returned to ratepayers. The BPU applies the provisions of GASB Accounting Standards Codification Section Re10, *Regulated Operations*, as appropriate.

Revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, including charges for services. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as grants, subsidies, and investment income. Operating expenses include the cost of service, payroll, administrative expenses, contractual services, and depreciation. All expenses not meeting the above criteria are classified as nonoperating.

##### (c) *Estimates and Assumptions*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of capital assets; allowances for doubtful accounts, and inventory; employee benefit obligations, environmental liabilities, and other contingencies.

## BOARD OF PUBLIC UTILITIES

### Notes to Financial Statements

December 31, 2015

**(d) Revenue Recognition**

Operating revenues are recognized when electric and water services are delivered to customers. Payment-in-lieu of taxes represents amounts billed and collected by the BPU on behalf of the Unified Government. The BPU remits all such amounts to the Unified Government.

Meters are read and bills are rendered on a cycle basis. Unbilled revenue represents services delivered to customers and not billed at the end of a period. Management accrues estimated delivered amounts each period.

Operating revenues reported in the statement of revenues, expenses, and changes in net position are shown net of discounts and estimated allowances for doubtful accounts.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased. Current restricted assets are assets that are scheduled to be disbursed within the year.

**(f) Capital Assets**

Capital assets are stated at cost to acquire or cost to construct. These costs include payroll-related costs, including pensions and other fringe benefits. When capital assets are disposed, the net book value of assets retired plus the cost of removal, less salvage, is charged against accumulated depreciation with no gain or loss recognized. Repairs and maintenance are charged to maintenance expense. Contributions from developers and others are stated at fair market value at the date donated. Currently, BPU has a capitalization threshold of \$5,000 for plant assets.

**(g) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The BPU has three items that meet the criterion for reporting as deferred outflows on the statement of net position, the deferred charge on bond refunding, the difference between projected and actual earnings on pension plan investments, and contributions made to retirement plans after the pension liability measurement date. A deferred charge on refunding results from the difference in the carrying value of refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The difference between projected and actual earnings on pension plan investments is recognized in pension expense over a five-year period, beginning in the current reporting period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue and/or contra expense) until that time. The BPU will report the over recovery of revenue from the Energy Rate Component (ERC) rider as a deferred inflow of resources on the statement of net position.

**BOARD OF PUBLIC UTILITIES**

Notes to Financial Statements

December 31, 2015

**(h) Depreciation**

The BPU depreciates plant and equipment on a composite basis over their estimated useful lives on a straight-line basis. In 2014, BPU engaged an independent third-party consulting firm to conduct a depreciation study to determine if existing depreciation rates remained applicable to the depreciable property groups. New depreciation rates resulting from the study was adopted during fiscal year 2015.

|                               | <u>Composite<br/>rates</u> | <u>Useful<br/>lives<br/>(in years)</u> |
|-------------------------------|----------------------------|--|
| Production plant              | 1.97%–9.69%                | 10–51                                  |
| Transmission and distribution | 1.36%–8.76%                | 11–74                                  |
| General plant                 | 2.52%–7.75%                | 13–40                                  |

**(i) Interest Capitalization**

Interest costs incurred to finance construction work in progress net of interest income from tax-exempt bonds are capitalized. The BPU capitalized \$2.5 million in 2015.

**(j) Accounts Receivable**

An estimate is made for the provision for uncollectible accounts based on an analysis of the aged accounts receivable and historical write-offs, net of recoveries. Additional amounts may be included based upon management’s evaluation of customer credit risks. Allowances for doubtful accounts totaled \$1.3 million at December 31, 2015.

**(k) Inventories**

Inventories are stated at the lower of average cost or market (net realizable value) and consist of the following:

|                       |                             |
|-----------------------|-----------------------------|
| Fuel                  | \$ 8,312,857                |
| Material and supplies | <u>21,606,083</u>           |
| Total                 | <u><u>\$ 29,918,940</u></u> |

**(l) Investments**

Investments consist of deposits, repurchase agreements, certificates of deposit, money market funds, and U.S. Treasury securities, which are recorded at estimated fair value as determined by market prices. BPU’s investment policies are governed by the BPU’s Charter Ordinance, management policies, and statutes established by the State of Kansas. Securities are held by BPU’s safekeeping agent. Cash deposits are held with banks insured by Federal Deposit Insurance Corporation (FDIC) and acceptable collateral is maintained for amounts above FDIC limits, equal to or greater than 102% of the funds deposited at all times.

## BOARD OF PUBLIC UTILITIES

### Notes to Financial Statements

December 31, 2015

**(m) *Brushy Creek Coal Company and Liberty Coal Company***

The BPU holds an indirect 50% interest in Brushy Creek Coal Company (BCCC) and a 50% indirect interest in Liberty Coal Company (Liberty). The other 50% interest is indirectly owned by the City of Sikeston, Missouri (Sikeston). BCCC was the owner and operator of a coal mine and related equipment located in Illinois. BCCC discontinued mining operations in 1997. BCCC did not have material operations during the year ended December 31, 2015. Upon cessation of operations at BCCC, the BPU became contractually responsible for 50% of asset retirement obligations and for 50% of certain postretirement benefits to mine workers. At December 31, 2015 the BPU has recorded an estimated liability of \$1.3 million within accrued claims payable for its estimated remaining share of these obligations. Funding provided for these obligations was \$235,000 in 2015.

The amounts recorded for the BPU's portion of the asset retirement obligation and the miners' benefits require significant judgment and involve a number of estimates. The BPU has recorded its estimated obligations for each of these items using information currently available to management. These estimates could change significantly over time.

**(n) *Customer Deposits***

Customer deposits are moneys that have been collected from customers that are held by the BPU until the customer either terminates their service or the customer is in good credit standing with the BPU for 12 months. The funds are held in an interest-bearing account; after 12 months, the deposit, plus interest, is credited back to the customer.

**(o) *Debt Issuance Costs***

Debt issuance costs are expensed as incurred with the exception that bond insurance premiums are capitalized and amortized over the life of the bonds.

**(p) *Pensions***

In accordance with the BPU's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 and GASB Statement No. 71, *Pension Transition for Contributions made subsequent to the measurement date – an amendment of GASB Statement No. 68 the net pension liability*, deferred outflows of resources, deferred inflows of resources and pension expense have been recognized in the financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

**BOARD OF PUBLIC UTILITIES**

Notes to Financial Statements

December 31, 2015

For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, pension expense, and information about the fiduciary net position of the Retirement Pension Plan for Employees of the Board of Public Utilities of Kansas City, Kansas (the Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**(q) Vacation and Sick Leave**

Under the terms of the BPU’s personnel policy, employees are granted vacation and sick leave. In the event of termination, an employee is paid for accumulated vacation days. Employees may carry over, from year to year, a maximum of 80 hours of vacation hours for bargaining unit employees and 120 hours for nonbargaining employees. The liability for accumulated vacation of \$1,142,000 includes current vacation of \$218,610 at December 31, 2015, which is included in reserve for compensated absences and payroll and payroll tax liabilities in the accompanying statement of net position. Sick leave can be accrued up to 1,760 hours. Employees who resign with at least 15 years of service are paid for 75% of accumulated sick leave. All employees are paid for accumulated sick leave upon retirement or death. The liability for accrued sick leave of \$4,241,000 includes current sick leave of \$822,390 at December 31, 2015, which is included in reserve for compensated absences and payroll and payroll taxes in the accompanying statement of net position.

|            | <u>Beginning<br/>balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>balance</u> |
|------------|------------------------------|------------------|-------------------|---------------------------|
| Sick leave | \$ 4,255,000                 | 822,390          | (836,390)         | 4,241,000                 |
| Vacation   | 1,099,000                    | 218,610          | (175,610)         | 1,142,000                 |

**(r) Net Position**

In the financial statements, net position is displayed in three components as follows:

- Net investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is generally the BPU’s policy to use restricted resources first, then unrestricted resources as they are needed.
- Unrestricted – This consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

## BOARD OF PUBLIC UTILITIES

### Notes to Financial Statements

December 31, 2015

(s) *New Accounting Pronouncements*

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The BPU is currently assessing the impact of this statement.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment benefits other than Pensions*, effective for periods beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The BPU is currently assessing the impact of this statement.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for periods beginning after June 15, 2015. The primary objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The BPU is currently assessing the impact of this statement.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – Amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for periods beginning after June 15, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The BPU is currently assessing the impact of this statement.

## BOARD OF PUBLIC UTILITIES

### Notes to Financial Statements

December 31, 2015

(t) ***Impact of Adoption of New Accounting Standard***

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transitions for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, for the fiscal year ending December 31, 2015. GASB Statement No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, and requires that employers report a net pension liability (NPL) and related pension expense as determined by the plan under the requirements contained in GASB Statement No. 67. GASB Statement No. 71 requires that upon implementation of GASB Statement No. 68, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The Retirement Pension Plan for the Board of Public Utilities of Kansas City, Kansas (Plan) is a single-employer defined benefit pension plan as defined by GASB 68. The provisions of GASB 68 are effective for the BPU beginning with the year ending December 31, 2015.

In addition, in accordance with the provisions of these statements, beginning balances of deferred pension outflows of resources and deferred pension inflows of resources have not been reported, except for recognizing the beginning balance for deferred outflows of resources for pension contributions made subsequent to the measurement date of the beginning pension liability but before the start of the fiscal year. Disclosures required under GASB Statement No. 68 apply to the BPU Retirement Pension Plan for the Board of Public Utilities of Kansas City, Kansas Employees Retirement System defined benefit plan for which the BPU is required to fund its share of the Net pension liability. Implementation of these new financial reporting standards required that the BPU restate its beginning net position as of December 31, 2014, for the cumulative effects of applying these statements.

The effect of adopting Statement No. 68 and Statement No. 71 was as follows:

|  |                       |
|--|-----------------------|
| Net position December 31, 2014, as previously reported | \$ 424,771,415        |
| Restatement for pension accounting:                    |                       |
| Effect of net pension liability                        | 14,476,748            |
| Pension related deferred outflows of resources:        |                       |
| BPU contributions subsequent to the measurement date   | 4,278,318             |
| Total restatement                                      | <u>18,755,066</u>     |
| Net position December 31, 2014, as restated            | <u>\$ 443,526,481</u> |



## BOARD OF PUBLIC UTILITIES

### Notes to Financial Statements

December 31, 2015

#### (2) Cash and Investments

Kansas state statutes authorize the BPU, with certain restrictions, to invest in open accounts, time deposits, certificates of deposit, U.S. Treasury notes, and U.S. agency notes. All deposits with banks are collateralized at 102% of market value, as required by the BPU's Cash and Investment Policy and Kansas state statute, less insured amounts.

The following represents the BPU's total cash and investments at December 31, 2015:

|  |    |                           |
|--|----|---------------------------|
| Cash and certificates of deposit (CDs) | \$ | 841,843                   |
| Repurchase agreements                  |    | 52,192,337                |
| U.S. agency securities                 |    | 14,884,384                |
| Money market funds                     |    | <u>35,598,538</u>         |
| Total cash and investments             | \$ | <u><u>103,517,102</u></u> |

Cash and investments are included in the following statement of net position accounts at December 31, 2015:

|  |    |                           |
|--|----|---------------------------|
| Current assets:                        |    |                           |
| Cash and cash equivalents              | \$ | 45,566,807                |
| Cash and cash equivalents – restricted |    | 10,699,653                |
| Investments – restricted               |    | 14,263,058                |
| Noncurrent restricted assets:          |    |                           |
| Cash and cash equivalents              |    | 32,738,584                |
| Investments                            |    | <u>249,000</u>            |
|  | \$ | <u><u>103,517,102</u></u> |

#### (a) Deposits and Investments

The BPU maintains a cash and investment program to pay for operating and capital requirements as well as for debt service requirements. The investment program consists of deposits, repurchase agreements, certificates of deposit, and U.S. Treasury securities. Other investments using U.S. agency and money market fund securities for the debt service program are managed by the bond trustee. Nearly all maturities of securities were less than one year. At December 31, 2015, the bank balance and certificates of deposit were \$841,843, which were covered by federal depository insurance or collateral held in safekeeping in the BPU's name.

**BOARD OF PUBLIC UTILITIES**

Notes to Financial Statements

December 31, 2015

The fair values, as determined by market prices, of the BPU’s cash and investments at December 31, 2015 are as follows:

| <u>Investment type</u> | <u>Fair value</u> | <u>Investment maturities</u>  |                        |
|------------------------|-------------------|-------------------------------|------------------------|
|                        |                   | <u>Less than<br/>6 months</u> | <u>6–12<br/>months</u> |
| Cash and CDs           | \$ 841,843        | 841,843                       | —                      |
| Repurchase agreements  | 52,192,337        | 52,192,337                    | —                      |
| U.S. agency securities | 14,884,384        | 8,809,906                     | 6,074,478              |
| Money market funds     | 35,598,538        | 35,598,538                    | —                      |
| Total                  | \$ 103,517,102    | 97,442,624                    | 6,074,478              |

**Investment Policy**

The BPU has an investment policy that regulates investments in securities that have objectives of safety of principal, liquidity with all investments in U.S. dollars, and investment returns optimized within the constraints of safety and liquidity. Eligible securities are specific to Kansas state statutes and the BPU’s bond indenture agreements. All securities owned by the BPU are in conformance with the investment policy.

**Credit Risk**

Credit risk is the risk that an entity will not be able to honor its commitments in the event of liquidation. The BPU’s investment policy states that the investment portfolio be designed and managed in accordance with the responsibility of ensuring the public’s trust and is consistent with state and local laws. Two investment objectives that the BPU strives for are safety and liquidity. Investments are made so as to minimize the potential for realized losses arising from changes in market value or issuer default. Sufficient liquidity is also maintained in order to meet the anticipated cash needs of the utility. The BPU manages credit risk by requiring all investments meet the investment guidelines as established by the State of Kansas as described in K.S.A. 12-1675 and 10-131. These statutes require all investments be in (a) U.S. Treasury securities; (b) U.S. agency securities; (c) Money Market Mutual Funds; (d) Repurchase Agreement securities; (e) and any external investment pools and be the highest rated by nationally recognized rating agencies. All of the BPU’s securities including money market mutual funds are AAA rated by Moody’s. Any bank deposits and certificates of deposit are fully collateralized by the FDIC or other qualifying securities. All securities held by the BPU meet the credit quality objective.

**Custody Risk**

Custody risk is the risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The BPU believes it has no custodial risk. All securities are registered in the name of the BPU and held by a third-party safekeeping agent. Investments in money market mutual funds are not exposed to custodial risk because their existence is not evidenced by securities that exist in physical or book entry form.

## BOARD OF PUBLIC UTILITIES

### Notes to Financial Statements

December 31, 2015

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The BPU manages credit risk by requiring all investments meet the investment guidelines as established by the state of Kansas in K.S.A. 12-1675 and 10-131 and diversifying investment holdings to avoid high concentration of any one security issuer. The BPU has a concentration of credit risk where it holds more than 5% of its investment portfolio in any one security issuer other than U.S. Treasury securities and in investment pools.

The following U.S. agency securities held in safekeeping by the BPU's bond trustee are in excess of 5% of total investments as of December 31, 2015:

| <u>Issuer</u>                         | <u>Amount</u> | <u>Percentage of total portfolio</u> |
|---------------------------------------|---------------|--------------------------------------|
| Federal National Mortgage Association | \$ 5,354,890  | 5.17%                                |

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of the BPU's investments will decrease as a result of the increase in interest rates. The BPU investment policy requires the minimization of the risk of market value change. This is accomplished by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for debt service and other disbursement requirements for ongoing operations and by keeping maturities short.

#### Derivatives

The BPU has not used derivative instruments historically. Contracts containing derivatives, such as coal procurement and other commodity purchase contracts are routinely evaluated and amounts purchased have been used by the BPU in producing power and qualify as normal purchases.

#### (b) *Nonrestricted Designated Assets*

Certain cash and investment amounts have been designated by Board policy for specific purposes as follows:

|                                 |                      |
|---------------------------------|----------------------|
| Economic development fund       | \$ 500,000           |
| Capital debt reduction          | 6,290,000            |
| Reserve for liability insurance | 2,100,000            |
| Rate stabilization fund         | 9,156,273            |
| System development reserve      | 7,283,548            |
| Total                           | <u>\$ 25,329,821</u> |

**BOARD OF PUBLIC UTILITIES**

Notes to Financial Statements

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**(3) Restricted Assets**

Restricted assets were held in the following funds at December 31, 2015:

|                                |    |                          |
|--------------------------------|----|--------------------------|
| Debt service fund              | \$ | 20,859,219               |
| Customer deposits              |    | 4,103,492                |
| Construction funds             |    | 31,487,584               |
| Improvement and emergency fund |    | <u>1,500,000</u>         |
| Total restricted assets        | \$ | <u><u>57,950,295</u></u> |

The BPU is permitted to invest funds in specified types of investments in accordance with its investment policy until the time such funds are required to be disbursed for their designated purposes.

**(4) Dogwood Energy Facility (Dogwood)**

BPU owns an undivided 17% interest in the assets of the Dogwood Energy Facility (Dogwood), a natural gas-fired combined cycle generating plant located in Pleasant Hill, Missouri in Cass County, Missouri, operated by Dogwood Energy, LLC. In addition to the BPU, Kansas Power Pool (KPP), Missouri Joint Municipal Electric Utility Commission (MJMEUC) and the City of Independence, Missouri also own 7.0%, 8.2%, and 12.3%, respectively, of the Dogwood Energy Facility. Dogwood Energy, LLC maintains the remaining ownership (55.5%) in the facility.

The BPU's portion of the 630 megawatt (MW) rated capability of Dogwood is approximately 110 megawatts (MW). Generation from Dogwood and operating expenses incurred by Dogwood are allocated to the BPU based on the 17% ownership interest. The BPU's proportionate share of their plant operating expenses is included in the corresponding operating expenses in the statement of net position. In addition, the BPU is required to provide its share of financing for any capital additions to Dogwood. During 2015, BPU's portion of fuel expense was \$5,174,887, and its portion of operating and maintenance expense was \$2,379,909. BPU also receives a portion of the wholesale sales generated by the Dogwood plant. BPU received \$6,582,222 during 2015 in wholesale sales from Dogwood. These amounts are included in the accompanying statement of revenues, expenses and changes in net position.

The BPU's investment includes an acquisition adjustment of \$34.8 million, which is presented as property, plant, and equipment and amortized over the estimated life of the plant (29.1 years). The BPU paid 15 years of Payment-in-Lieu of Taxes (PILOT) to Cass County, Missouri in the amount of \$2.5 million. This was recorded as a prepayment and is being amortized until 2028.

The BPU Board of Directors has approved the recovery of amounts invested in this facility, including the acquisition adjustments in current rates.

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Information relative to the BPU's ownership interest in Dogwood as of December 31, 2015, is shown in the table below. These amounts are included in the 2015 Capital Assets table in note 5.

| <u>Facility (type)</u>   | <u>Percent ownership</u> | <u>NeMW</u> | <u>Plant in service</u> | <u>Accumulated depreciation</u> | <u>CWIP</u> |
|--------------------------|--------------------------|-------------|-------------------------|---------------------------------|-------------|
| Dogwood (combined cycle) | 17%                      | 110         | \$ 35,044,592           | 3,529,505                       | 1,307,283   |

The BPU has an operating agreement with Dogwood Energy, LLC, which provides for a management committee comprising one representative and an alternate from each participant. Dogwood Power Management, LLC, the project management company, controls the operating and maintenance decisions of Dogwood in its role as operator. The BPU and other participating entities have joint approval rights for the annual business plan, the annual budget, and material changes to the budget.

**(5) Capital Assets**

Capital asset activity for the year ended December 31, 2015 is as follows:

|   | <u>Beginning balance</u> | <u>Additions</u>   | <u>Retirements</u>  | <u>Transfers/ adjustments</u> | <u>Ending balance</u> |
|---|--------------------------|--------------------|---------------------|-------------------------------|-----------------------|
| Electric:                                       |                          |                    |                     |                               |                       |
| Production plant                                | \$ 672,154,931           | 2,736,533          | —                   | (1,240,130)                   | 673,651,334           |
| Transmission and distribution                   | 345,518,422              | 34,062,042         | (174,352)           | (9,495)                       | 379,396,617           |
| General plant                                   | 108,024,222              | 10,616,584         | (341,677)           | 31,642                        | 118,330,771           |
| Total electric                                  | <u>1,125,697,575</u>     | <u>47,415,159</u>  | <u>(516,029)</u>    | <u>(1,217,983)</u>            | <u>1,171,378,722</u>  |
| Water:  |                          |                    |                     |                               |                       |
| Production plant                                | 135,304,862              | 526,821            | —                   | —                             | 135,831,683           |
| Transmission and distribution                   | 177,043,685              | 10,312,558         | (171,304)           | —                             | 187,184,939           |
| General plant                                   | 42,629,232               | 1,209,956          | (252,962)           | (135,300)                     | 43,450,926            |
| Total water                                     | <u>354,977,779</u>       | <u>12,049,335</u>  | <u>(424,266)</u>    | <u>(135,300)</u>              | <u>366,467,548</u>    |
| Property, plant, and equipment                  | 1,480,675,354            | 59,464,494         | (940,295)           | (1,353,283)                   | 1,537,846,270         |
| Construction work in progress – not depreciable | 85,686,636               | 108,311,731        | (56,085,681)        | 11,498                        | 137,924,184           |
| Total capital assets                            | <u>1,566,361,990</u>     | <u>167,776,225</u> | <u>(57,025,976)</u> | <u>(1,341,785)</u>            | <u>1,675,770,454</u>  |

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|                                  | <u>Beginning<br/>balance</u> | <u>Additions</u>   | <u>Retirements</u>  | <u>Transfers/<br/>adjustments</u> | <u>Ending<br/>balance</u> |
|----------------------------------|------------------------------|--------------------|---------------------|-----------------------------------|---------------------------|
| Less accumulated depreciation:   |                              |                    |                     |                                   |                           |
| Electric:                        |                              |                    |                     |                                   |                           |
| Production plant                 | \$ 347,774,138               | 11,953,285         | —                   | —                                 | 359,727,423               |
| Transmission and<br>distribution | 199,700,894                  | 11,020,817         | (174,352)           | —                                 | 210,547,359               |
| General plant                    | <u>50,512,971</u>            | <u>13,342,473</u>  | <u>(351,854)</u>    | —                                 | <u>63,503,590</u>         |
| Total electric                   | <u>597,988,003</u>           | <u>36,316,575</u>  | <u>(526,206)</u>    | —                                 | <u>633,778,372</u>        |
| Water:                           |                              |                    |                     |                                   |                           |
| Production plant                 | 48,167,686                   | 2,841,343          | —                   | —                                 | 51,009,029                |
| Transmission and<br>distribution | 28,813,023                   | 3,131,994          | (171,304)           | —                                 | 31,773,713                |
| General plant                    | <u>24,507,029</u>            | <u>3,486,193</u>   | <u>(143,867)</u>    | —                                 | <u>27,849,355</u>         |
| Total water                      | <u>101,487,738</u>           | <u>9,459,530</u>   | <u>(315,171)</u>    | —                                 | <u>110,632,097</u>        |
| Combined total                   | <u>699,475,741</u>           | <u>45,776,105</u>  | <u>(841,377)</u>    | —                                 | <u>744,410,469</u>        |
| Capital assets, net              | \$ <u>866,886,249</u>        | <u>122,000,120</u> | <u>(56,184,599)</u> | <u>(1,341,785)</u>                | <u>931,359,985</u>        |

Depreciation and amortization expense in the statement of revenues, expenses, and changes in net position reflects a correction in the current period for additional depreciation expense of \$10,814,147 that should have been taken in previous years. This correction relates to adjusting certain capital assets to being depreciated at their proper useful life.

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**(6) Long-Term Debt**

The BPU's indebtedness as of December 31, 2015 and activity for the year ended consists of the following obligations:

|                                | <u>Beginning<br/>balance</u> | <u>Additions</u> | <u>Reductions</u>   | <u>Ending<br/>balance</u> | <u>Amount due<br/>in one year</u> |
|--------------------------------|------------------------------|------------------|---------------------|---------------------------|-----------------------------------|
| Revenue bonds:                 |                              |                  |                     |                           |                                   |
| 2001                           | \$ 8,350,000                 | —                | (1,015,000)         | 7,335,000                 | 1,075,000                         |
| 2009A                          | 50,790,000                   | —                | (1,535,000)         | 49,255,000                | 1,610,000                         |
| 2010 refunding                 | 23,085,000                   | —                | (3,330,000)         | 19,755,000                | 3,510,000                         |
| 2011                           | 88,000,000                   | —                | (3,110,000)         | 84,890,000                | 3,190,000                         |
| 2012 refunding                 | 110,830,000                  | —                | (1,785,000)         | 109,045,000               | 1,845,000                         |
| 2012B                          | 76,055,000                   | —                | (1,845,000)         | 74,210,000                | 1,870,000                         |
| 2014                           | 190,620,000                  | —                | (5,325,000)         | 185,295,000               | 6,240,000                         |
|                                | <u>547,730,000</u>           | <u>—</u>         | <u>(17,945,000)</u> | <u>529,785,000</u>        | <u>19,340,000</u>                 |
| Unamortized premium            | 47,198,295                   | —                | (2,111,216)         | 45,087,079                |                                   |
| Unamortized discount           | (85,533)                     | —                | 13,505              | (72,028)                  |                                   |
| Total revenue<br>bonds         | 594,842,762                  | —                | (20,042,711)        | 574,800,051               |                                   |
| Capital leases                 | 1,454,219                    | 3,590,371        | (1,232,216)         | 3,812,374                 | 1,551,182                         |
| Government loans – Unified KCK | 4,866,250                    | —                | (576,898)           | 4,289,352                 | 272,423                           |
| Government loans – KDHE        | 27,582,612                   | 3,151,850        | (1,748,714)         | 28,985,748                | 1,809,299                         |
|                                | <u>\$ 628,745,843</u>        | <u>6,742,221</u> | <u>(23,600,539)</u> | <u>611,887,525</u>        | <u>22,972,904</u>                 |

Details of utility system revenue bonds outstanding at December 31, 2015 are as follows:

| <u>Revenue bonds</u>   | <u>Interest<br/>rate</u> | <u>Original<br/>amount</u> | <u>Maturity</u> | <u>2015</u>           |
|--|--------------------------|----------------------------|-----------------|-----------------------|
| 2001 Series  | 4.00-5.00                | \$ 17,170,000              | 5/1/2021        | \$ 7,335,000          |
| 2009A  | 2.75-5.00                | 57,575,000                 | 9/1/2034        | 49,255,000            |
| 2010 Refunding   | 2.00-5.00                | 32,190,000                 | 9/1/2028        | 19,755,000            |
| 2011 Series  | 2.00-5.20                | 90,000,000                 | 9/1/2036        | 84,890,000            |
| 2012 Refunding   | 3.12-5.00                | 110,830,000                | 9/1/2032        | 109,045,000           |
| 2012B  | 2.00-5.00                | 79,540,000                 | 9/1/2037        | 74,210,000            |
| 2014 Refunding and improvement   | 3.00-5.00                | 190,620,000                | 9/1/2044        | 185,295,000           |
| Subtotal   |                          |                            |                 | 529,785,000           |
| Current maturities   |                          |                            |                 | (19,340,000)          |
| Unamortized premium  |                          |                            |                 | 45,087,079            |
| Unamortized discount   |                          |                            |                 | <u>(72,028)</u>       |
| Total utility system<br>revenue bonds, excluding<br>current maturities |                          |                            |                 | <u>\$ 555,460,051</u> |



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Interest on portions of the outstanding utility system revenue bonds is payable on a semiannual basis. As of December 31, 2015, the BPU was in compliance with all required debt covenant ratios.

The debt service to maturity on the outstanding BPU revenue bonds as of December 31, 2015 is as follows:

|                                  | <u>Principal</u>      | <u>Interest<br/>(including<br/>accreted)</u> |
|----------------------------------|-----------------------|--|
| Bond year(s) ending December 31: |                       |  |
| 2016                             | \$ 19,340,000         | 24,972,006                                   |
| 2017                             | 19,805,000            | 24,258,631                                   |
| 2018                             | 20,580,000            | 23,483,656                                   |
| 2019                             | 23,765,000            | 22,612,481                                   |
| 2020                             | 24,905,000            | 21,472,131                                   |
| 2021–2025                        | 118,560,000           | 89,146,163                                   |
| 2026–2030                        | 125,000,000           | 61,246,638                                   |
| 2031–2035                        | 105,485,000           | 30,993,450                                   |
| 2036–2040                        | 44,310,000            | 11,989,571                                   |
| 2041–2044                        | 28,035,000            | 3,589,754                                    |
|                                  | <u>\$ 529,785,000</u> | <u>313,764,481</u>                           |

The utility system revenue bond indebtedness requires special reserves and accounts as follows:

| <u>Account</u>            | <u>Authorized expenditure</u>   |
|---------------------------|---|
| Debt service and reserve  | Paying current principal and interest on bonds  |
| Construction              | Acquiring, constructing, and installing capital improvements                                      |
| Improvement and emergency | Financing major renewals, repairs, and replacements, and extraordinary or unforeseen expenditures |

The utility system revenue bond debt service and reserve account is held in escrow in a bank acting as trustee for the BPU. The utility system revenue bond indentures also provide for a bond reserve account to be held by the trustee for the future payments of principal and interest in the event that the net revenues of the utility system are less than or equal to 130% of the maximum annual debt service on the bonds. All amounts are reported on the accompanying statement of net position as restricted assets.

The current indentures also require the BPU to establish utility rates and collect fees sufficient to pay the operating, maintenance, and debt service costs of the utilities; to maintain the accounts listed above; and to provide net operating income, before depreciation and payment-in-lieu of taxes, of at least 120% of the maximum annual debt service due on the outstanding bonds. All of the BPU's utility plant facilities are pledged under the terms of the indentures.

Total indebtedness also includes government loans, which represent the amounts borrowed from Kansas Department of Health and Environment for the purpose of Water capital improvements to be repaid in

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installments over 20 years ending 2036. Governmental loans also include a \$4.3 million loan with the Unified Government of Wyandotte County and Kansas City, Kansas, for improvements to the radio tower system.

The debt service to maturity on the outstanding BPU government loans as of December 31, 2015 is as follows:

|                             | <u>Principal</u>     | <u>Interest<br/>(including<br/>accreted)</u> |
|-----------------------------|----------------------|--|
| Year(s) ending December 31: |                      |  |
| 2016                        | \$ 2,081,722         | 981,027                                      |
| 2017                        | 2,650,896            | 1,058,411                                    |
| 2018                        | 2,734,036            | 985,041                                      |
| 2019                        | 2,821,191            | 909,220                                      |
| 2020                        | 2,908,784            | 828,897                                      |
| 2021–2025                   | 14,760,373           | 2,842,029                                    |
| 2026–2030                   | 5,318,098            | 1,205,061                                    |
| 2030–2035                   | —                    | 364,004                                      |
| 2036                        | —                    | 4,650  |
|                             | <u>\$ 33,275,100</u> | <u>9,178,340</u>                             |

In May 2012, the BPU entered into a Kansas Public Water Supply loan fund agreement, which the amount is not to exceed \$12.3 million. As of December 31, 2015, the BPU has drawn the full amount of \$12.3 million, the balance of which is shown within the principal column of the above debt service schedule. The projects funded by this loan consist of a 4MG reservoir at the Nearman Water Treatment Plant and various waterline replacement projects. The 4MG reservoir at Nearman has been placed in service in 2014.

In July 2014, the BPU entered into a Kansas Public Water Supply load fund agreement, for which the amount is not to exceed \$13.0 million. The projects to be funded by this loan consist of filter media and pump replacement at the Nearman Water Treatment Plant and replacement of deteriorated water lines throughout the distribution system. As of December 31, 2015, the BPU has drawn approximately \$2.7 million of the \$13.0 million. This amount is included in the principal column of the above debt service schedule. Also in the above debt service schedule, the interest including accreted balances column includes \$3.2 million in accreted scheduled interest on the July 2014 Kansas Public Water Supply loan fund agreement.

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BPU has pledged specific revenue streams to secure the repayment of certain outstanding debt issuances. The corresponding debt issuances are for utility system revenue bonds and the purpose of the debt is for utility improvements. The following table lists those revenues, the amount and term of pledge remaining, the current year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year, and the approximate percentage of the revenue stream that has been committed:

| <u>Type revenue pledged</u>          | <u>Amount of pledge</u> | <u>Term of commitment</u> | <u>Percentage of revenue pledged</u> | <u>Principal and interest for the year ended 2015</u> | <u>Pledged revenue recognized for the year ended 2015</u> |
|--------------------------------------|-------------------------|---------------------------|--------------------------------------|---|---|
| Electric and water operating revenue | \$ 843,549,481          | Through 2044              | 14.9%                                | \$ 45,334,587   | 54,401,504  |

**(7) Regulatory Assets and Deferred Inflows**

The BPU is subject to the provisions of GASB Codification Section Re10, *Regulated Operations*, and has recorded assets and liabilities on its statement of net position resulting from the effects of the rate-making process, which would not be recorded under U.S. generally accepted accounting principles for nonregulated entities. Regulatory assets represent costs incurred that have been deferred because future recovery in customer rates is probable. Deferred inflows generally represent probable future reductions in revenue or refunds to customers. Management regularly assesses whether regulatory assets and deferred inflows are probable of future recovery or refund. If recovery or refund of regulatory assets or deferred inflows is not approved by the BPU Board of Directors, which is authorized to approve rates charged to customers or is no longer deemed probable, these regulatory assets or deferred inflows are recognized in the current period results of operations. Additionally, these factors could result in an impairment of utility plant assets if the cost of the assets could not be expected to be recovered in customer rates. Regulatory assets and deferred inflows as of December 31, 2015 are as follows:

|   | <u>Amortization ending</u> |    |           |
|---|----------------------------|----|-----------|
| Regulatory assets:                        |                            |    |           |
| Miner benefits and mine reclamation costs | 2016                       | \$ | 536,319   |
| Deferred inflows:                         |                            |    |           |
| Recovery fuel purchased power             | 2016                       | \$ | 2,112,487 |

BPU has an energy adjustment rate rider (ERC). Estimated retail tariffs are set to recover estimated fuel costs such as coal, natural gas, and purchased power. The ERC allows differences between these estimates and actual fuel and purchased power costs to be deferred as a regulatory asset or a deferred inflow depending on the nature of the variance between estimated and actual costs incurred.

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#### **(8) Payment-in-Lieu of Taxes (PILOT) and Community Contributions**

The BPU is exempt from federal and state income taxes and local property taxes because it is an administrative agency of the Unified Government. However, the BPU is required by a Charter Ordinance to pay a percentage of gross operating revenues to the Unified Government. The Charter Ordinance established a range of 5.0% – 15.0%. The payment-in-lieu of tax was established at 11.9% in 2015, which amounted to \$30,658,851. The PILOT is billed and collected by the BPU by a supplemental rate rider.

In addition to these payments to the Unified Government, the BPU also contributes services to the Unified Government, such as street lighting, fire hydrant services, traffic signals, and collection of the Unified Government sewer and trash charges at no charge. These service contributions approximated \$14,210,000 or 5.22% of total operating revenue, for 2015. Expenses associated with these service contributions are recorded in the relevant operating expense caption on the statement of revenues, expenses, and changes in net position.

#### **(9) Commitments and Contingencies**

##### **(a) Power Purchase and Sales Agreements**

In 1982, the BPU entered into a power agreement with the Kansas Municipal Energy Agency (KMEA). The agreement entitles KMEA to purchase 15.86% of the net available capacity of the BPU's Nearman power station. The power sales agreement with KMEA will terminate effective December 31, 2015 at the request of KMEA. The contracted 37.5 MW of electrical output to KMEA will be available for BPU's service territory. Total revenue from the power sales agreements for the year ended December 31, 2015 was \$4,122,535, and is included in other revenues in the statement of revenues, expenses, and changes in net position.

On November 1, 2006, BPU entered into an agreement with Tenaska Power Services Company (Tenaska) to both purchase and market excess wholesale energy for BPU. The BPU had no wholesale purchases and sales through Tenaska for the year ended December 31, 2015.

On December 21, 2006, the BPU entered into a Renewable Energy Purchase Agreement with TradeWind Energy to receive 25% of the energy output of Phase 1 of the Smoky Hills Wind Farm. This contract is a 20-year fixed price contract for 25% of the output of 100.8 MW of turbines as well as the Renewable Energy Credits associated with the output. The wind farm, which was built approximately 25 miles west of Salina, Kansas in Lincoln and Ellsworth Counties, began commercial operation in January 2008. Total power purchased under this agreement was \$4,037,651 in 2015.

On November 3, 2010, the BPU entered into an agreement with Lawrence, Kansas based Bowersock Mills and Power Company to purchase 7 MW of hydroelectric power over the next 25 years, providing additional renewable energy resources to BPU's existing power generating mix. Total power purchased under this agreement was \$2,098,706 in 2015.

In December 2013, the BPU completed negotiations with OwnEnergy Inc., a developer of mid-sized wind projects, for the purchase of 25 megawatts of energy generated by wind turbines. The wind farm will be located south of Alexander, Kansas in Rush County. Construction began in December 2013, and ties into the Southwest Power Pool (SPP) Midwest Energy transmission system. The contract between BPU and OwnEnergy Inc. is a 20-year renewable energy Purchase Power Agreement (PPA).

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The wind farm was completed in 2015 with commercial production beginning in December 2015. Total power purchased under this agreement was \$289,277 in 2015.

The BPU has determined these purchase contracts to be excluded from the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as these are normal purchase contracts.

#### **(b) Coal Contracts**

BPU purchases coal for Nearman generating stations through contracts with Western Fuels Association (WFA) and affiliates. WFA, in turn, contracts with coal producers and railroads to meet its coal supply and delivery commitments to the BPU. BPU is required to pay all costs incurred by WFA in acquiring and delivering the coal as well as a management fee.

Coal delivery to Nearman is contracted between WFA and Union Pacific Railroad which is effective until December 31, 2018. The delivery cost is established from a base price and is adjusted by indices set out in the contract.

The BPU is committed to purchase coal through WFA for the duration of the Nearman plant. The estimated coal purchase for Nearman station is \$20,000,000, \$29,000,000, and \$29,000,000 for 2016, 2017, and 2018, respectively. Any additional coal required will be bought through spot market.

The BPU has determined these coal contracts to be excluded from the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as these are normal purchase contracts.

#### **(c) Retirement Plan**

##### **Plan Description**

The Retirement Pension Plan for the Board of Public Utilities of Kansas City, Kansas (the Plan) is a single-employer defined benefit pension plan as defined by GASB 68.

The Plan is governed by Kansas State statutes, which, provide for the establishment of a Board of Pension Trustees and provides authorization for the Plan to take control and custody of all assets, property, and funds presently held, controlled, and in the possession of the Plan's Board of Pension Trustee. The Plan was established and may be amended only by the Board of Pension Trustees. The Board of Pension Trustees is represented equally by three management seats, appointed by the General Manager, and three nonmanagement seats elected by the BPU members. The Plan membership includes all persons employed by the BPU on a regular, permanent basis. The Plan is not subject to either minimum funding standards of the Employee Retirement Income Security Act of 1974 or the maximum funding limitations.

Separate, stand-alone financial statements of the Plan can be obtained from the Pension Administrator, in care of the Human Resources Department of the BPU, 540 Minnesota Avenue, Kansas City, KS 66101.

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**Benefits Provided**

The primary benefits provided by the Plan are retirement benefits. However, the Plan also provides ancillary benefits in the event of pre-retirement death, disability, or termination of employment prior to meeting the eligibility requirements to retire. An employee of the BPU is eligible for coverage at the time of employment as a regular, permanent BPU employee. An employee remains a Member of the Plan as long as they continue employment with the BPU. Vesting is achieved upon the completion of five years of service. For Tier 1 members, retirement is at age 55, regardless of service. Benefits are calculated using the compensation for the three highest years of service within the last 10 years of service, multiplied by the total years of service and the formula factor of 1.80%, plus final average salary multiplied by the total years of service prior to January 1, 2004 and the formula factor of 0.40%. Benefits vest after 5 years of service. For Tier 2 members, retirement is at age 65, with 5 years of service or age 60, with 30 years of service. Benefits are calculated using the compensation for the member's entire career, multiplied by the formula factor of 1.50%. Benefits vest after 5 years of service.

**Cost of Living Adjustment (COLA)**

The COLA is an automatic, simple 3% for members who retired before January 1, 1993. The COLA is not automatic, but discretionary for members who retired on or after January 1, 1993. The COLA can vary from 0% to 3% of the previous year's pension as determined by the Pension Board every year. If, on the first January 1 following benefit commencement, benefits have been received for less than a full calendar year, the increase is a fraction of the determined increase equal to the ration of number of monthly benefit payments received divided by 12.

**Employees Covered by Benefit Terms**

The data required regarding the membership of the Plan were furnished by the Pension Administrator of the Plan. The following table summarizes the membership of the Plan as of January 1, 2014, the valuation date.

|  |              |
|--|--------------|
| Inactive members or beneficiaries currently receiving benefits | 773          |
| Disabled members   | 12           |
| Inactive members entitled to but not yet receiving benefits    | 23           |
| Active members   | 570          |
| Total  | <u>1,378</u> |

**Funding Policy**

Benefit and contribution provisions are established by and may only be amended by the Pension Board of Trustees. Contribution rates are determined annually by the Pension Board of Trustees. The BPU contributes a fixed contribution rate, equal to that of the members, currently 8.50% of pensionable earnings.

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**Pension Liabilities**

The net pension liability as of December 31, 2015 was measured as of December 31, 2014 (the measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 and rolled forward to the measurement date. As of December 31, 2015, the Plan reported a net pension liability of \$11,727,545.

|  | <b>Increase (decrease)</b>     |                                    |                              |
|--|--------------------------------|------------------------------------|------------------------------|
|  | <b>Total pension liability</b> | <b>Plan fiduciary net position</b> | <b>Net pension liability</b> |
|  | <b>(a)</b>                     | <b>(b)</b>                         | <b>(a)-(b)</b>               |
| Balances at December 31, 2014              | \$ 477,102,631                 | 474,253,091                        | 2,849,540                    |
| Changes for the year:                      |                                |                                    |                              |
| Service cost                               | 7,560,923                      | —                                  | 7,560,923                    |
| Interest on total pension liability        | 36,958,626                     | —                                  | 36,958,626                   |
| Employer contributions                     | —                              | 4,278,318                          | (4,278,318)                  |
| Employee contributions                     | —                              | 4,278,318                          | (4,278,318)                  |
| Net investment income                      | —                              | 27,423,709                         | (27,423,709)                 |
| Benefit payments, including member refunds | (30,832,788)                   | (30,832,788)                       | —                            |
| Administrative expenses                    | —                              | (338,801)                          | 338,801                      |
| Net changes                                | <u>13,686,761</u>              | <u>4,808,756</u>                   | <u>8,878,005</u>             |
| Balances at December 31, 2015              | <u>\$ 490,789,392</u>          | <u>479,061,847</u>                 | <u>11,727,545</u>            |



## BOARD OF PUBLIC UTILITIES

### Notes to Financial Statements

December 31, 2015

#### Actuarial Assumptions

Significant actuarial assumptions used in the valuation of the net pension liability were:

|   |  |
|---|--|
| Valuation date  | January 1, 2014  |
| Actuarial cost method   | Entry age normal   |
| Amortization method   | Level percentage of payroll, closed,<br>15-year floor; 30-year level percent<br>of payroll, open, if a surplus exists<br>on a funding basis                                      |
| Remaining amortization period   | 24 years   |
| Asset valuation method  | 8-year smoothed market   |
| Price inflation   | 3.10 percent   |
| Wage inflation  | 4.00 percent   |
| Long-term rate of return, net of investment expense,<br>and including inflation rate assumption | 8.00 percent   |
| Municipal bond index rate   | 3.70 percent   |
| Salary increases, including wage inflation  | 4.70 to 11.00 percent  |
| Cost-of-living adjustment   | Retired before January 1, 1993:<br>3.00 percent in all future years<br>retired on/after January 1, 1993<br>1.0 percent through 2020 and then<br>3.00 percent for 2021 and later. |

Pre-retirement mortality rates were based on the RP-2000 Employee Table with generational mortality projections using Scale AA. Post-retirement mortality rates were based on the RP-2000 Healthy Annuitant Table with generational mortality projections using Scale AA.

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the five-year period ending December 31, 2012. The experience study report is dated June 18, 2014.

The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the Plan. The results of the most recent experience study were presented in a report dated June 18, 2014. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Plan's investment consultant. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by some investment consultants are often intended for use over a 10-year investment horizon and are not always useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The investment consultant for the BPU does provide capital market assumptions for a 50-year period and those were used as part of our analysis. The long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to

## BOARD OF PUBLIC UTILITIES

### Notes to Financial Statements

December 31, 2015

change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class used for the experience study dated June 18, 2014, as provided by the Plan's investment consultant, Demarche, are summarized in the following table:

| <u>Asset class</u>             | <u>Target allocation</u> | <u>Long-term expected real rate of return*</u> |
|--------------------------------|--------------------------|--|
| Domestic large cap equity      | 20.0%                    | 5.9%   |
| Domestic large cap equity      | 20.0                     | 7.2  |
| International equity           | 13.0                     | 6.1  |
| International small cap equity | 4.0                      | 7.4  |
| Emerging market equities       | 3.0                      | 8.9  |
| Real estate                    | 14.0                     | 5.5  |
| Fixed income – intermediate    | 21.0                     | 3.4  |
| Fixed income – high yield      | 5.0                      | 5.2  |
| Cash and equivalents           | 0.0                      | 1.0  |
|                                | <u>100.0%</u>            |  |

\*Arithmetic mean, net of investment expenses, and of inflation factor of 3.1%

#### Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed the plan contributions from members and the District will be made at the current contribution rates as set out in the labor agreements in effect on the measurement date:

- i. Employee contribution rate: 8.5% of annual compensation
- ii. BPU contribution rate: Same as member contributions (8.5% of annual compensation)

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments of 8.0% was applied to all periods of projected benefit payments to determine the total pension liability.

**BOARD OF PUBLIC UTILITIES**

Notes to Financial Statements

December 31, 2015

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Plan, calculated using the discount rate of 8.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (7.00%) or one percentage-point higher (9.00%) than the current rate.

|                               | <u>1% Decrease<br/>(7.0%)</u> | <u>Current discount<br/>rate (8.0%)</u> | <u>1% Increase<br/>(9.0%)</u> |
|-------------------------------|-------------------------------|---|-------------------------------|
| Net pension (asset) liability | \$ 67,868,864                 | 11,727,545                              | (35,485,565)                  |

**Pension Expense**

For the fiscal year ended December 31, 2015, the BPU recognized pension expense of \$5,452,849. Annual pension expense consists of service cost, interest and administrative expenses on pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period. The pension expense for the fiscal year ended December 31, 2015 is summarized below.

|   |                     |
|---|---------------------|
| Service cost at end of year   | \$ 7,560,923        |
| Interest on the total pension liability   | 36,958,626          |
| Benefit changes   | —                   |
| Expensed portion of the current-period difference between expected and actual experience in the total pension liability | —                   |
| Expensed portion of current-period assumption changes   | —                   |
| Employee contributions  | (4,278,318)         |
| Projected earnings on plan investments  | (37,053,051)        |
| Expensed portion of the current-period difference between expected and actual earnings on plan investments              | 1,925,868           |
| Administrative expenses   | 338,801             |
| Other   | —                   |
| Recognition of beginning deferred outflows of resources   | —                   |
| Recognition of beginning deferred inflows of resources  | —                   |
| Total pension expense   | \$ <u>5,452,849</u> |

**Deferred Outflows/ Inflows of Resources Related to Pensions**

In accordance with GASB Statement No. 67 and 68, the BPU recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflow/inflows of resources.

**BOARD OF PUBLIC UTILITIES**

Notes to Financial Statements

December 31, 2015

As of December 31, 2015, the BPU reported deferred outflows of resources related to pensions from the following sources:

|  | <b>Deferred<br/>outflows of<br/>resources</b> | <b>Deferred<br/>inflows of<br/>resources</b> |
|--|---|--|
| Difference between expected and actual experience                              | \$ —  | —  |
| Changes in assumptions   | —   | —  |
| Difference between projected and actual earnings on<br>pension plan investment | 7,703,474                                     | —  |
| Contributions subsequent to the measurement date                               | 4,172,968                                     | —  |
| <b>Total</b>   | <b>\$ 11,876,442</b>                          | <b>—</b>                                     |

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date of \$4,172,968 will be recognized as a reduction in the net pension liability for the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

|                         | <b>Deferred<br/>outflow<br/>of resources</b> |
|-------------------------|--|
| Year ended December 31: |  |
| 2016                    | \$ 1,925,868                                 |
| 2017                    | 1,925,868                                    |
| 2018                    | 1,925,869                                    |
| 2019                    | 1,925,869                                    |
| Thereafter              | —  |
|                         | <b>\$ 7,703,474</b>                          |

**(d) Postretirement Healthcare Benefits**

**Plan Description**

The BPU provides certain postemployment healthcare and life insurance benefits to eligible retirees and their dependents in accordance with provisions established by the BPU's Board of Directors. The plan is a single-employer defined-benefit healthcare plan administered by the BPU. The plan does not issue separate financial statements. Employees are given a 90-day window to retire with medical coverage at ages 55 and above with 7 consecutive years of service. The retiree plan is a comprehensive major medical plan with a \$100 deductible per individual or \$200 per family. For individuals, the plan pays 80% of the next \$12,500 of allowable charges and 100% thereafter for the remainder of that calendar year. For families, the plan pays 80% of the next \$25,000 of allowable charges and 100% thereafter for the remainder of that calendar year. The plan has a lifetime maximum of \$750,000. Benefits cease at the first of the month that the retired employee attains age 65 or death. Spouse benefits end at the first of the month that the retired employee attains age 65, the end of the month of the

**BOARD OF PUBLIC UTILITIES**

Notes to Financial Statements

December 31, 2015

retiree’s death, or on the date of the spouse’s death. Retirees are not required to contribute toward the cost of the postretirement benefits. There were 363 participants eligible to receive benefits under this plan as of December 31, 2015.

**Funding Policy**

The contribution requirements of plan members and the BPU are established and can be amended by the BPU’s Board. Contributions are made to the plan based on a pay-as-you-go basis. For the year ended December 31, 2015, the BPU paid \$4,057,829 for retirees.

The BPU’s annual Other Postemployment Benefits (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The BPU’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 are as follows:

|                    | <u>Annual OPEB<br/>expense</u> | <u>Annual OPEB<br/>contributed</u> | <u>Net OPEB</u> |
|--------------------|--------------------------------|------------------------------------|-----------------|
| Fiscal year ended: |                                |                                    |                 |
| December 31, 2015  | \$ 4,863,731                   | 83%                                | \$ 5,074,739    |

The following table shows the components of BPU’s annual OPEB expense for the year, the amount actually contributed to the plan, and changes in the BPU’s net OPEB obligation:

|   |                            |
|---|----------------------------|
| Normal costs                            | \$ 1,946,310               |
| Amortization payment                    | <u>2,981,056</u>           |
| Annual required contribution (ARC)      | 4,927,366                  |
| Amortization of net OPEB obligation     | (266,405)                  |
| Interest on net OPEB obligation         | <u>202,770</u>             |
| Total OPEB expense                      | 4,863,731                  |
| Annual employer contribution            | <u>4,057,829</u>           |
| Change in OPEB obligation               | 805,902                    |
| Net OPEB obligation – beginning of year | <u>4,268,837</u>           |
| Net OPEB obligation – end of year       | <u><u>\$ 5,074,739</u></u> |

## BOARD OF PUBLIC UTILITIES

### Notes to Financial Statements

December 31, 2015

#### Funded Status and Funding Progress

The funded status of the plan as of December 31, 2015 is as follows:

|   |    |            |
|---|----|------------|
| Actuarial accrued liability (AAL)           | \$ | 45,945,465 |
| Actuarial value of plan assets              |    | —          |
| Unfunded actuarial accrued liability (UAAL) |    | 45,945,465 |
| Funded ratio                                |    | —%         |
| Covered payroll                             | \$ | 49,091,000 |
| UAAL as a percentage of covered payroll     |    | 93.6%      |

#### Actuarial Methods and Assumptions

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan member to that point. The actuarial methods used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations. The valuation of the liabilities is based on a closed group. In the actuarial valuation as of December 31, 2015, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.75% discount rate, which includes an annual healthcare cost trend of 7.5% in 2015, reduced by decrements to an ultimate rate of 5% in 2020. The projected salary increase is 2.5%. The unfunded actuarial accrued liability is being amortized over 20 years as a level percentage of payrolls.

#### (e) Risk Management

The BPU is exposed to various risks of loss related to tort claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The BPU is self-insured for workers' compensation, healthcare, certain general liability claims, and a portion of the automobile and small vehicle fleet. The BPU is responsible for the first \$750,000 of a workers' compensation claim per employee/per occurrence and workers' compensation claims greater than \$750,000 and up to \$35,000,000 per employee/per occurrence are fully insured. The BPU is essentially 100% self-insured for healthcare claims and is responsible for the first \$500,000 of general liability and automobile insurance claims. In addition, any general liability or automobile claims greater than \$35,000,000 are the responsibility of BPU. Settlements did not exceed insurance coverage

## BOARD OF PUBLIC UTILITIES

### Notes to Financial Statements

December 31, 2015

for the past three years. At December 31, 2015, the BPU has established a liability of \$3,154,000, which is based on estimates of the amounts needed to pay prior and current year claims. The liability is based on the requirement that a liability for claims incurred prior to the statement of net position date be recorded if information related to such claims is available prior to the issuance of the financial statements and the amount of loss can be reasonably estimated. The total amount of claims and judgments is expected to become due within one year. Changes in the claims liability for 2015 are as follows:

|                            |    |                     |
|----------------------------|----|---------------------|
| Beginning accruals         | \$ | 2,697,000           |
| Additional accruals        |    | 14,637,000          |
| Charges for claim payments |    | <u>(14,180,000)</u> |
| Ending accruals            | \$ | <u>3,154,000</u>    |

*(f) Environmental Compliance*

The BPU is subject to substantial regulation of air emissions and control equipment under federal, state, and county environmental laws and regulations. Nationwide, utilities with coal-fired generating units have been under heavy scrutiny and enforcement by the U.S. Environmental Protection Agency (EPA) and Department of Justice for matters related to permitting of modifications to those coal-fired units. This is referred to as “new source review permitting.”

In 2007, the BPU received from the EPA a Clean Air Act Section 114 information request seeking information about the types of projects that have been the subject of new source review permitting investigations. On November 25, 2008, EPA issued the BPU a Notice of Violation (NOV) alleging violation of Clean Air Act new source review permitting requirements. On December 19, 2008, the BPU received a supplemental Clean Air Act Section 114 information request to the 2007 information request. BPU responded to both information requests. The NOV alleges violations of the Clean Air Act new source review permitting requirements and corresponding requirements under the Kansas State Implementation Plan at the Utility’s Nearman plant dating back to 1994 (four violations) and Quindaro plant dating back to 2001 (two violations). The NOV states such fines and/or penalties could be as much as \$25,000 to \$32,500 per day (depending upon when the violation occurred) commencing from date of the violation. Settlements of numerous similar notice of violation have included penalties and injunctive relief requiring capital expenditures for air pollution control equipment in the hundreds of millions of dollars. The NOV issued to BPU offers opportunity for conference with EPA and the Department of Justice (DOJ) regarding the allegations and a first conference was held in February 2009. Subsequently, EPA and DOJ made an offer of settlement to the BPU and the parties have had exchanges regarding settlement, the most recent in August 2011. Recent court decisions have limited EPA’s ability to successfully enforce through imposition of penalties and injunctive relief allegations in notices of violation like those in NOV issued to BPU. In addition, pursuant to requirements of law, the utility has implemented measures and installed much of the pollution control equipment typically part of injunctive relief in enforcement of such notice of violation, the costs of which may be significant in addition to fines and penalties. BPU is not presently able to evaluate what, if any, liability might be imposed and has not accrued anything for this possible obligation.



## BOARD OF PUBLIC UTILITIES

### Notes to Financial Statements

December 31, 2015

On July 16, 2012, the BPU and the Unified Government received from the Kansas Chapter of the Sierra Club a notice of intent to sue the BPU, under the Clean Air Act citizen suit provisions, for alleged violations of opacity emissions limits at the Nearman Station and Quindaro Station. The Sierra Club and BPU signed a consent decree approved by the U.S. District Court on December 5, 2013. The Consent Decree requires that coal no longer be combusted at the Quindaro Station as of April 16, 2015 (which has been accomplished) and that the Nearman Station install and operate particulate matter pollution control equipment by June 1, 2017.

**(g) Other Legal Matters**

In the normal course of business, the BPU is subject to various lawsuits, actions, proceedings, claims, and other matters asserted under laws and regulations. Management believes the amounts provided in the financial statements, as prescribed by U.S. generally accepted accounting principles, are adequate in light of the probable and estimable contingencies. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims, and other matters, and to comply with applicable laws and regulations, will not exceed the amounts reflected in the BPU's financial statements. As such, costs, if any, that may be incurred in excess of those amounts provided as of December 31, 2015 cannot be reasonably determined.

**(10) Principal Customers**

Electric and water charges to the BPU's five largest retail customers and three largest wholesale customers expressed as a percentage of total operating revenues for the year ended December 31, 2015 were as follows:

Principal retail customers:

|                            |      |
|----------------------------|------|
| General Motors Corporation | 5.2% |
| Griffin Wheel              | 2.5  |
| CertainTeed Corp           | 2.4  |
| Owens Corning Sales, LLC   | 2.1  |
| University of KS Hospital  | 1.9  |

Total principal retail customers 14.1

Principal wholesale customers:

|                                   |     |
|-----------------------------------|-----|
| Dogwood                           | 2.4 |
| Kansas Municipal Energy Authority | 1.5 |
| Southwest Power Pool              | 1.0 |

Total principal wholesale customers 4.9

Principal customers 19.0%

**(11) Subsequent Event**

In January 2016, the BPU issued \$125 million of revenue bonds to finance environmental equipment upgrades to comply with new EPA regulations impacting the Nearman power generation stations. This debt has an average interest rate of 3.86 percent and is repayable through 2045.

**BOARD OF PUBLIC UTILITIES**

## Required Supplementary Information

## Schedule of Changes in Net Pension Liability and Related Ratios

Year ended December 31, 2015

(Unaudited)

|   |                      |
|---|----------------------|
| Total pension liability:  |                      |
| Service cost  | \$ 7,560,923         |
| Interest on total pension liability                                   | 36,958,626           |
| Benefit payments, including member refunds                            | <u>(30,832,788)</u>  |
| Net change in total pension liability                                 | 13,686,761           |
| Total pension liability, beginning                                    | <u>477,102,631</u>   |
| Total pension liability, ending (a)                                   | <u>490,789,392</u>   |
| Plan fiduciary net position:  |                      |
| Employer contributions  | 4,278,318            |
| Employee contributions  | 4,278,318            |
| Net investment income   | 27,423,709           |
| Benefit payments, including member refunds                            | (30,832,788)         |
| Administrative expenses   | <u>(338,801)</u>     |
| Net change in plan fiduciary net position                             | 4,808,756            |
| Plan fiduciary net position, beginning                                | <u>474,253,091</u>   |
| Plan fiduciary net position, ending (b)                               | <u>479,061,847</u>   |
| Net pension liability, ending (a) – (b)                               | \$ <u>11,727,545</u> |
| Fiduciary net position as a percentage of the total pension liability | 97.61%               |
| Covered payroll   | \$ 49,091,000        |
| Net pension liability as a percentage of covered payroll              | 23.89%               |

## Note:

Required schedule is intended to show 10-year trend. GASB 68 was adopted in 2015, as such, only one year presented herein.

See accompanying independent auditors' report.

**BOARD OF PUBLIC UTILITIES**  
 Required Supplementary Information  
 Schedule of Employer 10 Year Contributions  
 Year ended December 31, 2015  
 (Dollar amounts in thousands)  
 (Unaudited)

|  | 2015      | 2014   | 2013   | 2012   | 2011   | 2010   | 2009   | 2008   | 2007   | 2006   |
|--|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Actuarially determined employer contribution             | \$ 7,423  | 7,887  | 8,398  | 7,257  | 5,817  | 5,289  | 6,959  | 3,367  | 2,495  | 7,026  |
| Actual employer contributions                            | 4,170     | 4,278  | 4,269  | 4,332  | 4,255  | 4,155  | 3,365  | 2,812  | 2,811  | 2,832  |
| Contribution deficiency (excess)                         | \$ 3,253  | 3,609  | 4,129  | 2,925  | 1,562  | 1,114  | 3,594  | 555    | (316)  | 4,194  |
| Covered-employee payroll                                 | \$ 49,091 | 50,128 | 50,792 | 51,357 | 50,254 | 49,254 | 50,111 | 50,389 | 48,138 | 46,424 |
| Contribution as a percentage of covered employee payroll | 8.49%     | 8.53%  | 8.41%  | 8.43%  | 8.47%  | 8.44%  | 6.72%  | 5.58%  | 5.84%  | 6.10%  |

**Notes to Required Supplementary Information for Contributions**

The following actuarial methods and assumptions were used to determine the actuarially determined employer contribution reported in the most recent actuarial valuation (January 1, 2014):

- Actuarial cost method: Entry age normal cost
- Amortization method: Level percentage of payroll, closed, 15-year floor, 30-year level per cent 30-year level percent of payroll, open, if a surplus exists on a funding basis
- Remaining amortization period: 24 years
- Asset valuation method: 8 year smoothed market
- Inflation: 3.10%
- Salary increases: 4.70%–11.00%, including inflation
- Investment rate of return: 8.00%, net of investment expenses and including inflation
- Future cost-of-living adjustments: Retired before January 1, 1993: 3.00% in all future years  
 Retired on/after Jan Retired on/after January 1, 1993: 1.00% through 2020 and then 3.00% for and then 3.00% for 2021 and later.
- Mortality: Pre-retirement mortality rates based on the RP-2000 Employee Table with generational mortality projections using Scale AA.  
 Post-retirement mortality rates based on the RP-2000 Health Annuity Table with generational mortality projections using Scale AA.

See accompanying independent auditors' report.

**BOARD OF PUBLIC UTILITIES**  
 Required Supplementary Information  
 Schedule of Funding Progress – Postretirement  
 December 31, 2015  
 (In millions)  
 (Unaudited)

| Actuarial valuation<br>date, January 1 | Actuarial<br>value of<br>assets | Actuarial<br>accrued<br>liability<br>(AAL) | Funded<br>ratio | Unfunded<br>AAL | Covered<br>payroll | UAAL as a<br>percentage<br>of covered<br>payroll |
|--|---------------------------------|--|-----------------|-----------------|--------------------|--|
| 2015                                   | \$ —                            | 45.9                                       | —               | 45.9            | 49.1               | 93.6%  |

The actuarial assumptions included a 4.75% discount rate, which includes an annual healthcare cost trend of 7.5% initially, reduced by decrements to an ultimate rate of 5.0% in 2020. The projected salary increase is 2.5%. The unfunded actuarial accrued liability is being amortized over 20 years as a level percent of payroll.

See accompanying independent auditors' report.

## BOARD OF PUBLIC UTILITIES

Combining Schedule of Net Position

December 31, 2015

| Assets and Deferred Outflows of Resources       | Electric         | Water         | Total utility |
|---|------------------|---------------|---------------|
| Noncurrent assets:                              |                  |               |               |
| Capital assets:                                 |                  |               |               |
| Property, plant, and equipment                  | \$ 1,171,378,722 | 366,467,548   | 1,537,846,270 |
| Less accumulated depreciation                   | (633,778,372)    | (110,632,097) | (744,410,469) |
| Plant in service, net                           | 537,600,350      | 255,835,451   | 793,435,801   |
| Construction work in progress                   | 131,195,530      | 6,728,654     | 137,924,184   |
| Capital assets, net                             | 668,795,880      | 262,564,105   | 931,359,985   |
| Restricted assets:                              |                  |               |               |
| Cash and cash equivalents                       | 32,588,584       | 150,000       | 32,738,584    |
| Investments                                     | 249,000          | —             | 249,000       |
| Total restricted assets                         | 32,837,584       | 150,000       | 32,987,584    |
| Other assets                                    | 53,583           | 8,006         | 61,589        |
| System development costs, net                   | 1,479,976        | 100,030       | 1,580,006     |
| Regulatory assets                               | 536,319          | —             | 536,319       |
| Total noncurrent assets                         | 703,703,342      | 262,822,141   | 966,525,483   |
| Current assets:                                 |                  |               |               |
| Cash and cash equivalents                       | 30,362,775       | 15,204,032    | 45,566,807    |
| Cash and cash equivalents – restricted          | 8,802,740        | 1,896,913     | 10,699,653    |
| Investments – restricted                        | 11,457,118       | 2,805,940     | 14,263,058    |
| Accounts receivable – customers and other       | 22,108,855       | 4,221,183     | 26,330,038    |
| Accounts receivable – unbilled                  | 8,092,935        | 2,024,327     | 10,117,262    |
| Allowance for doubtful accounts                 | (1,111,300)      | (216,679)     | (1,327,979)   |
| Inventories                                     | 28,089,953       | 1,828,987     | 29,918,940    |
| Prepayments and other current assets            | 2,634,028        | 51,511        | 2,685,539     |
| Total current assets                            | 110,437,104      | 27,816,214    | 138,253,318   |
| Total assets                                    | 814,140,446      | 290,638,355   | 1,104,778,801 |
| Deferred outflows of resources:                 |                  |               |               |
| Deferred loss on bond refunding                 | 9,508,024        | 2,718,027     | 12,226,051    |
| Deferred outflows – pension related             | 9,480,084        | 2,396,358     | 11,876,442    |
| Total deferred outflow of resources             | 18,988,108       | 5,114,385     | 24,102,493    |
| Total assets and deferred outflows of resources | \$ 833,128,554   | 295,752,740   | 1,128,881,294 |

(Continued)

## BOARD OF PUBLIC UTILITIES

## Combining Schedule of Net Position

December 31, 2015

| <b>Liabilities, Deferred Inflows of<br/>Resources, and Net Position</b> | <b>Electric</b>       | <b>Water</b>       | <b>Total utility</b> |
|---|-----------------------|--------------------|----------------------|
| Net position:   |                       |                    |                      |
| Net investment in capital assets  | \$ 210,874,992        | 140,085,052        | 350,960,044          |
| Restricted – debt service   | 17,801,492            | 4,125,210          | 21,926,702           |
| Unrestricted  | 79,625,874            | (8,093,452)        | 71,532,422           |
| Total net position  | <u>308,302,358</u>    | <u>136,116,810</u> | <u>444,419,168</u>   |
| Liabilities:  |                       |                    |                      |
| Noncurrent liabilities:   |                       |                    |                      |
| Long-term debt – revenue bonds  | 470,073,317           | 85,386,734         | 555,460,051          |
| Government loans  | 2,245,980             | 28,947,398         | 31,193,378           |
| Capital lease   | 1,539,352             | 721,840            | 2,261,192            |
| Total long-term debt and capital lease obligations                      | <u>473,858,649</u>    | <u>115,055,972</u> | <u>588,914,621</u>   |
| Postretirement benefit obligation                                       | 3,905,878             | 1,168,861          | 5,074,739            |
| Reserve for compensated absences  | 3,777,540             | 564,460            | 4,342,000            |
| Net pension liability   | 10,812,808            | 914,737            | 11,727,545           |
| Noncurrent liabilities  | <u>492,354,875</u>    | <u>117,704,030</u> | <u>610,058,905</u>   |
| Current liabilities:  |                       |                    |                      |
| Current maturities of revenue bonds                                     | 14,280,746            | 5,059,254          | 19,340,000           |
| Current maturities of government loans                                  | 157,744               | 1,923,978          | 2,081,722            |
| Current maturities of capital lease obligations                         | 1,111,333             | 439,849            | 1,551,182            |
| Accrued interest  | 6,980,819             | 1,291,017          | 8,271,836            |
| Customer deposits   | 3,375,849             | 727,643            | 4,103,492            |
| Accounts payable  | 22,860,223            | 1,934,002          | 24,794,225           |
| Payroll and payroll taxes   | 360,134               | 1,166,041          | 1,526,175            |
| Accrued claims payable  | 3,657,611             | 823,338            | 4,480,949            |
| Other accrued liabilities   | 3,853,288             | 56,971             | 3,910,259            |
| Payment-in-lieu of taxes  | 1,835,526             | 395,368            | 2,230,894            |
| Interdepartmental balances  | (28,114,439)          | 28,114,439         | —                    |
| Total current liabilities   | <u>30,358,834</u>     | <u>41,931,900</u>  | <u>72,290,734</u>    |
| Total liabilities   | <u>522,713,709</u>    | <u>159,635,930</u> | <u>682,349,639</u>   |
| Deferred inflows of resources:  |                       |                    |                      |
| Recovery fuel purchased power   | 2,112,487             | —                  | 2,112,487            |
| Total deferred inflows of resources                                     | <u>2,112,487</u>      | <u>—</u>           | <u>2,112,487</u>     |
| Total liabilities, deferred inflows of resources,<br>and net position   | <u>\$ 833,128,554</u> | <u>295,752,740</u> | <u>1,128,881,294</u> |

See accompanying independent auditors' report.

## BOARD OF PUBLIC UTILITIES

## Combining Schedule of Revenues, Expenses, and Changes in Net Position

Year ended December 31, 2015

|   | <u>Electric</u>       | <u>Water</u>       | <u>Total utility</u> |
|---|-----------------------|--------------------|----------------------|
| Operating revenues:                           |                       |                    |                      |
| Residential                                   | \$ 62,913,435         | 23,467,324         | 86,380,759           |
| Commercial                                    | 90,640,767            | 10,827,800         | 101,468,567          |
| Industrial                                    | 45,014,967            | 5,908,606          | 50,923,573           |
| Other   | 31,557,692            | 4,247,317          | 35,805,009           |
| Energy rate component recovery                | (2,112,487)           | —                  | (2,112,487)          |
| Payment-in-lieu of taxes                      | 25,454,466            | 5,204,385          | 30,658,851           |
| Total operating revenues                      | <u>253,468,840</u>    | <u>49,655,432</u>  | <u>303,124,272</u>   |
| Operating expenses:                           |                       |                    |                      |
| Fuel  | 40,073,878            | —                  | 40,073,878           |
| Purchased power                               | 34,489,510            | —                  | 34,489,510           |
| Production                                    | 39,063,938            | 5,233,106          | 44,297,044           |
| Transmission and distribution                 | 32,767,363            | 14,536,978         | 47,304,341           |
| General and administrative                    | 27,474,553            | 7,621,628          | 35,096,181           |
| Depreciation and amortization                 | 37,875,085            | 9,663,290          | 47,538,375           |
| Total operating expenses                      | <u>211,744,327</u>    | <u>37,055,002</u>  | <u>248,799,329</u>   |
| Operating income                              | <u>41,724,513</u>     | <u>12,600,430</u>  | <u>54,324,943</u>    |
| Nonoperating income (expense):                |                       |                    |                      |
| Interest expense                              | (20,391,456)          | (4,222,671)        | (24,614,127)         |
| Payment-in-lieu of taxes                      | (25,454,466)          | (5,204,385)        | (30,658,851)         |
| Other   | 832,608               | 56,164             | 888,772              |
| Total nonoperating expense, net               | <u>(45,013,314)</u>   | <u>(9,370,892)</u> | <u>(54,384,206)</u>  |
| Income before contributions and transfers     | (3,288,801)           | 3,229,538          | (59,263)             |
| Contributions and transfers:                  |                       |                    |                      |
| Contributions from developers and others      | —                     | 951,950            | 951,950              |
| Change in net position                        | (3,288,801)           | 4,181,488          | 892,687              |
| Net position, beginning of year (as restated) | <u>311,591,159</u>    | <u>131,935,322</u> | <u>443,526,481</u>   |
| Net position, end of year                     | <u>\$ 308,302,358</u> | <u>136,116,810</u> | <u>444,419,168</u>   |

See accompanying independent auditors' report.



KPMG LLP  
Suite 1000  
1000 Walnut Street  
Kansas City, MO 64106-2162

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

The Board of Directors  
Board of Public Utilities:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Board of Public Utilities of Kansas City, Kansas (the BPU), which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 1, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the BPU's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BPU's internal control. Accordingly, we do not express an opinion on the effectiveness of BPU's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described below that we consider to be a significant deficiency.

- Ineffective periodic review of the assignment of depreciation rates, indicated by a third party depreciation rate study, to Federal Energy Regulatory Commission (FERC) asset categories within the BPU's fixed asset financial reporting system.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the BPU's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,





contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **The BPU's Response to Finding**

The BPU's period ended December, 31 2015 statement of revenues, expenses, and changes in net position reflect corrections in the current period for additional depreciation expense of \$10,814,147 that should have been taken in previous years. This correction adjusts certain computer and software capital assets to being depreciated at their recommended useful life according to a third party study. Further, the BPU has fully reconciled all recommended depreciation rates provided by the most recently implemented third party rate study across all Federal Energy Regulatory Commission (FERC) asset categories as of December 31, 2015. The BPU has also revised their policy for periodic review of depreciation rate assignments to a quarterly review control covering all FERC asset categories and available rate studies. BPU's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BPU's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BPU's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

Kansas City, Missouri  
June 1, 2016

# **STATISTICAL SECTION**

**(Unaudited)**

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**Financial Trends  
Revenue Capacity  
Debt Capacity  
Demographic and Economic Information  
Operating Information**





## Statistical Section (Unaudited)

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the utility's overall financial health.

| <i>Contents</i>   | Page |
|---|------|
| <b><u>Financial Trends</u></b>  | 69   |
| These schedules contain trend information to help the reader understand how the utility's financial performance and well-being have changed over time.  |      |
| <b><u>Revenue Capacity</u></b>  | 71   |
| These schedules contain information to help the reader assess the utility's most significant local revenue source.  |      |
| <b><u>Debt Capacity</u></b>   | 73   |
| These schedules present information to help the reader assess the affordability of the utility's current levels of outstanding debt and the utility's ability to issue additional debt in the future.                     |      |
| <b><u>Demographic and Economic Information</u></b>  | 79   |
| These schedules offer demographic and economic indicators to help the reader understand how the information in the utility's financial activities takes place.  |      |
| <b><u>Operating Information</u></b>   | 85   |
| These schedules contain service and infrastructure data to help the readers understand how the information in the utility's financial report relates to the services the utility provides and the activities it performs. |      |



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# Financial Trends

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## Net Position By Component

Last Ten Fiscal Years

|  | 2006           | 2007           | 2008           | 2009           | 2010           | 2011            | 2012           | 2013           | 2014           | 2015           |
|--|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|
| <b>Net Position invested in Capital Assets, net of related Debt:</b> |                |                |                |                |                |                 |                |                |                |                |
| Capital assets, net of depreciation                                  | \$ 691,579,477 | \$ 693,982,594 | \$ 694,016,598 | \$ 689,463,474 | \$ 678,544,095 | \$ 706,397,621  | \$ 823,905,500 | \$ 840,462,907 | \$ 866,886,249 | \$ 931,359,985 |
| Bonds and notes payable:   |                |                |                |                |                |                 |                |                |                |                |
| Principal, long term   | (324,102,885)  | (314,495,795)  | (308,110,760)  | (321,601,392)  | (311,697,479)  | (333,859,746)   | (445,759,661)  | (448,634,819)  | (467,692,007)  | (523,972,467)  |
| Government Loans   | (19,666,793)   | (22,713,285)   | (21,693,505)   | (20,657,540)   | (19,645,748)   | (18,701,155)    | (17,633,390)   | (25,897,005)   | (30,415,148)   | (31,193,378)   |
| Capital Leases   | (1,637,046)    | (187,671)      | (650,043)      | (367,952)      | (74,989)       | -               | -              | (690,070)      | (854,126)      | (2,261,192)    |
| Principal, current   | (10,952,986)   | (9,958,765)    | (6,736,709)    | (7,951,515)    | (13,935,000)   | (15,680,000)    | (16,970,000)   | (19,030,000)   | (18,230,000)   | (19,340,000)   |
| Government Loans, current  | (804,415)      | (976,882)      | (1,014,400)    | (1,053,360)    | (1,071,373)    | (1,112,511)     | (1,155,230)    | (1,688,935)    | (1,748,714)    | (2,081,722)    |
| Capital Leases, current  | (1,704,964)    | (1,550,395)    | (368,879)      | (282,091)      | (292,964)      | (74,989)        | -              | (321,746)      | (600,093)      | (1,551,182)    |
| Bond proceeds for construction (unspent) (B)                         | 19,609,783     | -              | -              | -              | -              | -               | -              | -              | -              | -              |
| <b>Net Investment in Capital Assets:</b>                             | \$ 352,320,171 | \$ 344,102,801 | \$ 355,442,301 | \$ 337,549,623 | \$ 331,826,542 | \$ 336,909,220  | \$ 342,387,219 | \$ 344,200,332 | \$ 347,346,161 | \$ 350,960,044 |
| <b>Restricted Net Position (A)</b>                                   |                |                |                |                |                |                 |                |                |                |                |
| Bond covenant requirements   | \$ 37,190,172  | \$ 4,546,604   | \$ 15,508,357  | \$ 55,170,663  | \$ 50,980,822  | \$ 97,519,802   | \$ 66,873,587  | \$ 46,162,140  | \$ 135,307,603 | \$ 53,414,286  |
| Bond proceeds designated for project construction (B)                | -              | -              | -              | 37,936,865     | 34,560,938     | 78,919,255      | 28,148,696     | 25,458,437     | (109,205,755)  | (31,487,584)   |
| Bond principal unspent   | (19,609,783)   | -              | -              | (37,936,865)   | (34,560,938)   | (78,919,255)    | (28,148,696)   | (25,458,437)   | -              | -              |
| Funds segregated under City Ordinance due to                         | 3,219,427      | 3,442,049      | 3,446,669      | 3,270,411      | 3,345,722      | 3,388,815       | 3,579,724      | 3,612,072      | 3,796,842      | 4,103,492      |
| Liability for customer deposits                                      | (3,219,427)    | (3,442,049)    | (3,446,669)    | (3,270,411)    | (3,345,722)    | (3,388,815)     | (3,579,724)    | (3,612,072)    | (3,796,842)    | (4,103,492)    |
| <b>Total Restricted Net Position</b>                                 | \$ 17,580,389  | \$ 4,546,604   | \$ 15,508,357  | \$ 55,170,663  | \$ 50,980,822  | \$ 97,519,802   | \$ 66,873,587  | \$ 46,162,140  | \$ 26,101,848  | \$ 21,926,702  |
| <b>Unrestricted Net Position</b>                                     |                |                |                |                |                |                 |                |                |                |                |
| Other designated funds   | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -            | \$ -           | \$ -           | \$ -           | \$ -           |
| Reserve funds  | -              | -              | -              | -              | -              | -               | -              | -              | -              | -              |
| Funds held for future improvements                                   | -              | -              | -              | -              | -              | -               | -              | -              | -              | -              |
| Project construction accounts  | -              | -              | -              | -              | -              | -               | -              | -              | -              | -              |
| Unrestricted - Other   | 13,831,492     | 61,896,774     | 43,426,745     | (2,784,373)    | 23,941,008     | (27,779,967)    | (3,311,855)    | 25,918,754     | 51,323,406     | 71,532,422     |
| <b>Total Unrestricted Net Position</b>                               | \$ 13,831,492  | \$ 61,896,774  | \$ 43,426,745  | \$ (2,784,373) | \$ 23,941,008  | \$ (27,779,967) | \$ (3,311,855) | \$ 25,918,754  | \$ 51,323,406  | \$ 71,532,422  |
| <b>Total Net Position</b>  | \$ 383,732,052 | \$ 410,546,179 | \$ 414,377,403 | \$ 389,935,914 | \$ 406,748,372 | \$ 406,709,054  | \$ 405,948,951 | \$ 416,281,236 | \$ 424,771,415 | \$ 444,419,168 |

**Footnote A**  
 Per Question 95 of "Guide to Implementation of GASB Statement 34 on Basic Financial Statements - and Management's discussion and Analysis - For State and Local Governments" (Implementation Guide), restricted Net Position should be reported when constraints placed on net asset use are either:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments.
- Imposed by law through constitutional provisions or enabling legislation.

The basic concept is that restrictions are not unilaterally established by the reporting government itself, and cannot be removed without the consent of those imposing the restrictions or through formal due process.

**Footnote B**  
 Per the Implementation Guide, if there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds should not be included in the "calculation of net investment in capital assets". . . . The unspent portion of the debt would be included in the calculation of Net Position restricted for capital projects.

**Combined Operating Statements**  
Last Ten Fiscal Years

|                                | 2006          | 2007          | 2008          | 2009          | 2010            | 2011          | 2012          | 2013          | 2014          | 2015          |
|--------------------------------|---------------|---------------|---------------|---------------|-----------------|---------------|---------------|---------------|---------------|---------------|
| Operating Revenues             |               |               |               |               |                 |               |               |               |               |               |
| Residential                    | \$ 71,900,832 | \$ 69,103,742 | \$ 69,179,353 | \$ 67,889,344 | \$ 72,383,530   | \$ 79,631,157 | \$ 86,729,958 | \$ 86,654,645 | \$ 89,816,917 | \$ 86,380,759 |
| Commercial                     | 79,590,974    | 75,088,103    | 77,719,820    | 76,989,419    | 74,233,899      | 88,910,745    | 101,859,200   | 99,649,009    | 104,306,455   | 101,468,567   |
| Industrial                     | 55,822,224    | 44,340,186    | 46,366,895    | 45,520,902    | 44,277,063      | 43,860,628    | 45,902,344    | 44,178,102    | 47,842,971    | 50,923,573    |
| Other                          | 33,221,762    | 40,250,336    | 45,392,688    | 32,001,538    | 33,932,880      | 31,057,374    | 28,121,275    | 28,305,763    | 43,412,193    | 35,805,009    |
| Deferred Energy Rate Component | -             | -             | -             | (12,332,254)  | 12,332,254      | -             | (1,296,801)   | 1,296,801     | (5,129,895)   | (2,112,487)   |
| Payment-in-lieu of taxes       | 18,374,439    | 17,230,192    | 17,562,272    | 21,540,269    | 27,831,160      | 28,303,139    | 28,052,962    | 27,333,943    | 31,291,744    | 30,658,851    |
| Total Operating Revenues       | 258,910,231   | 246,012,559   | 256,221,028   | 231,609,218   | 264,990,786     | 271,763,043   | 289,368,938   | 287,418,263   | 311,540,385   | 303,124,272   |
| Operating Expenses             |               |               |               |               |                 |               |               |               |               |               |
| Production                     | (1)           | 118,999,005   | 108,022,193   | 124,590,074   | 116,062,263     | 104,447,219   | 133,651,887   | 122,778,881   | 139,651,369   | 118,860,432   |
| Transmission & Distribution    |               | 31,680,256    | 36,188,822    | 34,655,585    | 34,548,626      | 37,287,338    | 41,157,088    | 42,336,766    | 41,865,301    | 47,304,341    |
| General and Administrative     |               | 31,056,425    | 36,197,159    | 30,965,312    | 34,518,980      | 29,900,838    | 29,832,976    | 31,747,806    | 34,179,058    | 35,096,181    |
| Depreciation & Amortization    |               | 30,550,474    | 31,703,397    | 31,291,634    | 31,986,166      | 31,705,944    | 32,818,565    | 33,613,655    | 32,939,640    | 47,538,375    |
| Purchased Power Amortization   |               | -             | -             | -             | -               | -             | -             | -             | -             | -             |
| Total Operating Expense        | (2)           | 212,286,160   | 212,111,571   | 221,502,605   | 217,116,035     | 203,341,339   | 237,460,724   | 230,477,108   | 248,635,368   | 248,799,329   |
| Operating Income               |               | 46,624,071    | 33,900,988    | 34,718,423    | 14,493,183      | 61,649,447    | 51,908,214    | 56,941,155    | 62,905,017    | 54,324,943    |
| Interest Income/(Expense)      | (3)           | (15,549,762)  | (15,663,027)  | (14,791,096)  | (17,604,368)    | (17,306,717)  | (19,288,063)  | (19,509,494)  | (23,329,806)  | (23,725,356)  |
| Payment-in-lieu of taxes       |               | (18,374,439)  | (17,230,192)  | (17,562,272)  | (21,540,269)    | (28,303,139)  | (28,052,962)  | (27,333,943)  | (31,291,744)  | (30,658,851)  |
| Nonoperating Income/(Expense)  | (4)           | (33,924,201)  | (32,893,219)  | (32,353,368)  | (39,144,637)    | (46,867,571)  | (47,341,025)  | (46,843,437)  | (54,621,550)  | (54,384,206)  |
| Income/Loss                    |               | 12,699,870    | 1,007,769     | 2,365,055     | (24,651,454)    | 16,511,570    | 4,567,189     | 10,097,718    | 8,283,467     | (59,263)      |
| Contributions                  | (5)           | 1,403,996     | 880,873       | 1,466,171     | 209,965         | 300,888       | 130,878       | 234,557       | 206,722       | 951,950       |
| Change In Net Position         |               | \$ 14,103,866 | \$ 1,888,642  | \$ 3,831,226  | \$ (24,441,489) | \$ 16,812,458 | \$ 4,698,067  | \$ 10,332,275 | \$ 8,490,189  | \$ 892,687    |

Footnotes:

- (1) Includes fuel, purchased power and production.
- (2) Purchased power costs amortization added beginning in 2002.
- (3) Includes other non operating income.
- (4) 2005 - Recognized Loss on Disposal of Assets.



# Revenue Capacity

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**ELECTRIC UTILITY SYSTEM SALES**

**LAST TEN FISCAL YEARS**

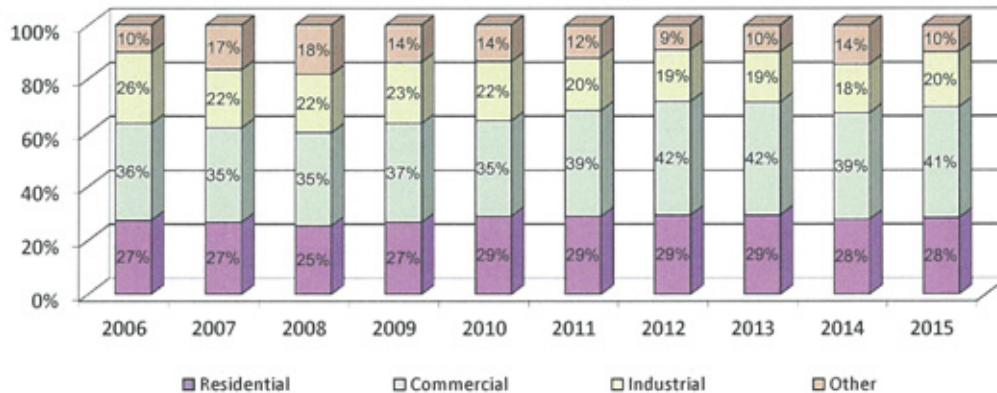
|      | Residential   |             |           |             |                     | Commercial    |               |           |             |                     |
|------|---------------|-------------|-----------|-------------|---------------------|---------------|---------------|-----------|-------------|---------------------|
|      | Dollars/\$'s  | (Kwh)       | Customers | Average kWh | Average Sales /\$'s | Dollars/\$'s  | (Kwh)         | Customers | Average kWh | Average Sales /\$'s |
| 2006 | \$ 54,131,458 | 562,349,076 | 57,500    | 9,780       | \$ 941.42           | \$ 71,126,503 | 910,094,493   | 6,733     | 135,169     | \$ 10,563.8         |
| 2007 | \$ 50,728,377 | 569,938,677 | 57,267    | 9,952       | \$ 885.82           | \$ 66,484,533 | 896,367,753   | 6,799     | 131,838     | \$ 9,778.5          |
| 2008 | \$ 50,853,676 | 544,166,628 | 57,187    | 9,516       | \$ 889.25           | \$ 69,292,240 | 856,957,838   | 6,905     | 124,107     | \$ 10,035.0         |
| 2009 | \$ 49,968,396 | 536,644,287 | 56,907    | 9,430       | \$ 878.07           | \$ 69,038,969 | 864,936,202   | 6,952     | 124,415     | \$ 9,930.8          |
| 2010 | \$ 53,468,956 | 609,507,300 | 56,357    | 10,815      | \$ 948.75           | \$ 65,639,995 | 880,896,928   | 6,905     | 127,574     | \$ 9,506.1          |
| 2011 | \$ 58,399,854 | 593,262,827 | 56,297    | 10,538      | \$ 1,037.35         | \$ 79,123,112 | 947,700,453   | 6,782     | 139,738     | \$ 11,666.6         |
| 2012 | \$ 63,637,856 | 575,632,270 | 56,161    | 10,250      | \$ 1,133.13         | \$ 90,921,884 | 1,002,859,658 | 6,824     | 146,961     | \$ 13,323.8         |
| 2013 | \$ 62,720,564 | 570,101,207 | 56,607    | 10,071      | \$ 1,108.00         | \$ 88,739,827 | 974,198,305   | 6,867     | 141,867     | \$ 12,922.6         |
| 2014 | \$ 66,175,299 | 570,452,010 | 57,104    | 9,990       | \$ 1,158.86         | \$ 93,289,110 | 972,781,805   | 6,897     | 141,044     | \$ 13,526.0         |
| 2015 | \$ 62,913,435 | 553,722,235 | 57,138    | 9,691       | \$ 1,101.08         | \$ 90,640,767 | 971,810,982   | 6,946     | 139,909     | \$ 13,049.3         |

|      | Industrial    |             |           |             |                     | Other         |             |           |             |                     |
|------|---------------|-------------|-----------|-------------|---------------------|---------------|-------------|-----------|-------------|---------------------|
|      | Dollars/\$'s  | (Kwh)       | Customers | Average kWh | Average Sales /\$'s | Dollars/\$'s  | (Kwh)       | Customers | Average kWh | Average Sales /\$'s |
| 2006 | \$ 52,357,554 | 897,258,438 | 94        | 9,545,303   | \$ 556,995.26       | \$ 19,978,877 | 457,359,735 | 242       | 1,889,916   | \$ 82,557.3         |
| 2007 | \$ 41,001,666 | 759,651,447 | 94        | 8,081,398   | \$ 436,187.94       | \$ 31,468,641 | 502,448,866 | 225       | 2,233,106   | \$ 139,860.6        |
| 2008 | \$ 43,507,292 | 742,247,845 | 94        | 7,896,254   | \$ 462,843.53       | \$ 36,760,714 | 482,736,551 | 222       | 2,174,489   | \$ 165,588.8        |
| 2009 | \$ 42,666,801 | 689,322,900 | 94        | 7,333,222   | \$ 453,902.14       | \$ 26,074,666 | 419,910,237 | 232       | 1,809,958   | \$ 112,390.8        |
| 2010 | \$ 40,758,341 | 751,421,546 | 94        | 7,993,846   | \$ 433,599.38       | \$ 25,318,233 | 417,673,813 | 233       | 1,792,591   | \$ 108,661.9        |
| 2011 | \$ 39,556,941 | 617,010,984 | 94        | 6,563,947   | \$ 420,818.52       | \$ 24,325,345 | 375,029,948 | 203       | 1,847,438   | \$ 119,829.2        |
| 2012 | \$ 41,183,223 | 558,120,634 | 93        | 6,001,297   | \$ 442,830.35       | \$ 19,663,998 | 209,451,130 | 203       | 1,031,779   | \$ 96,866.9         |
| 2013 | \$ 39,454,295 | 539,561,698 | 90        | 5,995,130   | \$ 438,381.06       | \$ 21,028,399 | 264,080,917 | 203       | 1,300,891   | \$ 103,588.1        |
| 2014 | \$ 42,828,672 | 554,090,099 | 90        | 6,156,557   | \$ 475,874.13       | \$ 34,251,771 | 397,969,989 | 199       | 1,999,849   | \$ 172,119.4        |
| 2015 | \$ 45,014,967 | 622,671,779 | 88        | 7,075,816   | \$ 511,533.72       | \$ 21,934,068 | 352,047,700 | 195       | 1,805,373   | \$ 112,482.4        |

\*Other includes Schools, Wholesale Sales, Highway Lighting and Public Authorities

|      | Total          |               |           |             |                     |
|------|----------------|---------------|-----------|-------------|---------------------|
|      | Dollars/\$'s   | (Kwh)         | Customers | Average kWh | Average Sales /\$'s |
| 2006 | \$ 197,594,392 | 2,827,061,742 | 64,569    | 43,784      | \$ 3,060.21         |
| 2007 | \$ 189,683,217 | 2,728,406,743 | 64,385    | 42,376      | \$ 2,946.08         |
| 2008 | \$ 200,413,922 | 2,626,108,862 | 64,408    | 40,773      | \$ 3,111.63         |
| 2009 | \$ 187,748,832 | 2,510,813,626 | 64,185    | 39,118      | \$ 2,925.12         |
| 2010 | \$ 185,185,525 | 2,659,499,587 | 63,589    | 41,823      | \$ 2,912.23         |
| 2011 | \$ 201,405,252 | 2,533,004,212 | 63,376    | 39,968      | \$ 3,177.94         |
| 2012 | \$ 215,406,961 | 2,346,063,692 | 63,281    | 37,074      | \$ 3,403.98         |
| 2013 | \$ 211,943,085 | 2,347,942,127 | 63,767    | 36,821      | \$ 3,323.71         |
| 2014 | \$ 236,544,852 | 2,495,293,903 | 64,290    | 38,813      | \$ 3,679.34         |
| 2015 | \$ 220,503,237 | 2,500,252,696 | 64,367    | 38,844      | \$ 3,425.72         |

**Percentage of Electric Utility Sales**



**Water Utility Sales  
Last Ten Fiscal Years**

| Fiscal Year | Gallons Pumped | Gallons Sold  | Operating Revenue | Average Number of Customers | Average Revenue Per Customer |
|-------------|----------------|---------------|-------------------|-----------------------------|------------------------------|
| 2006        | 12,754,110,000 | 7,317,225,371 | \$ 34,270,444     | 50,765                      | \$675.08                     |
| 2007        | 11,387,530,000 | 7,000,978,000 | \$ 34,445,314     | 50,691                      | \$679.52                     |
| 2008        | 11,703,670,000 | 6,260,264,000 | \$ 33,488,102     | 50,530                      | \$662.74                     |
| 2009        | 10,867,240,000 | 6,015,566,000 | \$ 31,545,660     | 50,483                      | \$624.88                     |
| 2010        | 11,088,290,000 | 6,422,126,000 | \$ 34,731,824     | 49,987                      | \$694.82                     |
| 2011        | 11,435,840,000 | 6,662,349,000 | \$ 38,855,138     | 49,833                      | \$779.71                     |
| 2012        | 12,373,150,000 | 6,848,172,000 | \$ 43,178,953     | 49,982                      | \$863.89                     |
| 2013        | 11,239,380,000 | 6,217,618,000 | \$ 43,245,833     | 49,927                      | \$866.18                     |
| 2014        | 10,708,060,000 | 6,240,941,000 | \$ 43,714,822     | 50,384                      | \$867.63                     |
| 2015        | 10,335,230,000 | 6,377,958,000 | \$ 44,451,047     | 51,060                      | \$870.56                     |

**NOTE:** Gallons sold excludes internal BPU department use and water services provided to the Unified Government of Wyandotte County/Kansas City, Kansas.



# Debt Capacity

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**BPU**  
**Utility System Revenue Bonded Indebtedness**

Last Ten Fiscal Years

| Fiscal Year | Gross Revenue<br>(1) | Operating Expenses<br>(2) | Current Year Net Revenue Available for Debt Service | Maximum Outstanding Annual Debt Service<br>(3) | Debt Service     |                 |                |                 | Percentage of Personal Income<br>(5) | Per Capita<br>(6) |
|-------------|----------------------|---------------------------|---|--|------------------|-----------------|----------------|-----------------|--------------------------------------|-------------------|
|             |                      |                           |   |  | Principal<br>(3) | Interest<br>(3) | Total<br>(3)   | Coverage<br>(4) |                                      |                   |
| 2006        | \$ 262,047,645       | \$ 181,735,688            | \$ 80,311,957                                       | \$ 34,463,496                                  | \$ 354,426,183   | \$ 265,065,016  | \$ 619,491,199 | 2.33            | 9.0%                                 | \$ 2,340          |
| 2007        | \$ 249,572,589       | \$ 180,408,175            | \$ 69,164,414                                       | \$ 33,557,926                                  | \$ 346,692,157   | \$ 242,696,750  | \$ 589,388,907 | 2.06            | 8.2%                                 | \$ 2,271          |
| 2008        | \$ 259,099,083       | \$ 191,646,089            | \$ 67,452,994                                       | \$ 33,557,926                                  | \$ 335,751,130   | \$ 220,158,825  | \$ 555,909,955 | 2.01            | 7.6%                                 | \$ 2,184          |
| 2009        | \$ 233,062,328       | \$ 185,129,869            | \$ 47,932,459                                       | \$ 34,270,503                                  | \$ 385,592,415   | \$ 243,196,901  | \$ 628,789,316 | 1.39            | 9.0%                                 | \$ 2,484          |
| 2010        | \$ 265,907,854       | \$ 171,635,396            | \$ 94,272,458                                       | \$ 33,934,990                                  | \$ 376,147,121   | \$ 214,362,010  | \$ 590,509,131 | 2.78            | 8.5%                                 | \$ 2,390          |
| 2011        | \$ 273,231,435       | \$ 192,613,493            | \$ 80,617,942                                       | \$ 38,594,328                                  | \$ 440,913,666   | \$ 255,860,571  | \$ 696,774,237 | 2.07            | 9.7%                                 | \$ 2,791          |
| 2012        | \$ 290,217,990       | \$ 204,642,159            | \$ 85,575,831                                       | \$ 44,144,619                                  | \$ 498,523,619   | \$ 285,077,454  | \$ 783,601,073 | 1.94            | 10.2%                                | \$ 3,126          |
| 2013        | \$ 287,771,566       | \$ 196,863,453            | \$ 90,908,113                                       | \$ 44,144,619                                  | \$ 490,350,940   | \$ 264,673,442  | \$ 755,024,382 | 2.06            | 9.7%                                 | \$ 3,047          |
| 2014        | \$ 311,682,145       | \$ 215,695,728            | \$ 95,986,417                                       | \$ 49,344,896                                  | \$ 580,178,862   | \$ 348,063,141  | \$ 928,242,003 | 1.94            | 11.7%                                | \$ 3,582          |
| 2015        | \$ 304,013,043       | \$ 201,260,954            | \$ 102,752,089                                      | \$ 50,117,164                                  | \$ 563,060,100   | \$ 322,942,821  | \$ 886,002,921 | 2.03            | 11.1%                                | \$ 3,456          |

**NOTE:** The most restrictive bond ordinance provides for historical net revenue coverage at 120 percent of the Maximum Outstanding Annual Debt Service.

- (1) Total operating revenues, interest on investments, other interest and income (excluding Construction Fund) and other.
- (2) Total operating expenses exclusive of depreciation and amortization.
- (3) Beginning in 2004 the maximum outstanding annual debt service and debt service includes the payments required for the government loans.
- (4) Current Year Net Revenue Available for Debt Service divided by Maximum Outstanding Annual Debt Service
- (5) Details regarding outstanding debt can be found in the notes to the financial statements.
- (6) Population and personal income data can be found in the Demographic Schedule.

**BPU  
Debt per Customer**

| Year         | Total Electric     |                    |                    |               |                 |
|--------------|--------------------|--------------------|--------------------|---------------|-----------------|
|              | Principal          | Interest           | Total              | Customers     | Debt / Customer |
| 2015         | 13,374,647         | 23,175,436         | 36,550,082         | 64,367        | 568             |
| 2016         | 14,433,303         | 21,142,880         | 35,576,183         | 64,367        | 553             |
| 2017         | 14,941,729         | 20,607,489         | 35,549,217         | 64,367        | 552             |
| 2018         | 15,530,748         | 20,015,498         | 35,546,246         | 64,367        | 552             |
| 2019         | 18,478,851         | 19,357,519         | 37,836,370         | 64,367        | 588             |
| 2020         | 19,346,988         | 18,476,063         | 37,823,051         | 64,367        | 588             |
| 2021         | 20,264,870         | 17,552,678         | 37,817,548         | 64,367        | 588             |
| 2022         | 20,384,029         | 16,614,837         | 36,998,865         | 64,367        | 575             |
| 2023         | 21,370,644         | 15,602,761         | 36,973,405         | 64,367        | 574             |
| 2024         | 16,592,834         | 14,541,225         | 31,134,058         | 64,367        | 484             |
| 2025         | 17,920,566         | 13,744,595         | 31,665,162         | 64,367        | 492             |
| 2026         | 18,807,840         | 12,854,921         | 31,662,761         | 64,367        | 492             |
| 2027         | 19,915,715         | 11,970,859         | 31,886,574         | 64,367        | 495             |
| 2028         | 21,073,257         | 11,032,874         | 32,106,131         | 64,367        | 499             |
| 2029         | 22,374,587         | 10,038,622         | 32,413,209         | 64,367        | 504             |
| 2030         | 23,356,234         | 8,945,717          | 32,301,951         | 64,367        | 502             |
| 2031         | 21,126,053         | 7,795,599          | 28,921,652         | 64,367        | 449             |
| 2032         | 22,177,408         | 6,749,440          | 28,926,848         | 64,367        | 449             |
| 2033         | 17,720,049         | 5,662,199          | 23,382,248         | 64,367        | 363             |
| 2034         | 18,550,026         | 4,830,661          | 23,380,687         | 64,367        | 363             |
| 2035         | 13,344,000         | 3,947,888          | 17,291,888         | 64,367        | 269             |
| 2036         | 14,067,600         | 3,337,163          | 17,404,763         | 64,367        | 270             |
| 2037         | 11,070,000         | 2,698,263          | 13,768,263         | 64,367        | 214             |
| 2038         | 5,700,000          | 2,206,413          | 7,906,413          | 64,367        | 123             |
| 2039         | 5,945,000          | 1,964,163          | 7,909,163          | 64,367        | 123             |
| 2040         | 6,195,000          | 1,711,500          | 7,906,500          | 64,367        | 123             |
| 2041         | 6,505,000          | 1,401,750          | 7,906,750          | 64,367        | 123             |
| 2042         | 6,830,000          | 1,076,500          | 7,906,500          | 64,367        | 123             |
| 2043         | 7,170,000          | 735,000            | 7,905,000          | 64,367        | 123             |
| 2044         | 7,530,000          | 376,500            | 7,906,500          | 64,367        | 123             |
| <b>Total</b> | <b>462,096,977</b> | <b>300,167,011</b> | <b>762,263,987</b> | <b>64,367</b> | <b>11,842</b>   |

| Year         | Total Water        |                   |                    |               |                 |
|--------------|--------------------|-------------------|--------------------|---------------|-----------------|
|              | Principal          | Interest          | Total              | Customers     | Debt / Customer |
| 2015         | 6,528,435          | 5,080,064         | 11,608,499         | 51,060        | 227             |
| 2016         | 7,232,021          | 4,810,153         | 12,042,174         | 51,060        | 236             |
| 2017         | 7,514,167          | 4,709,553         | 12,223,720         | 51,060        | 239             |
| 2018         | 7,783,287          | 4,453,199         | 12,236,487         | 51,060        | 240             |
| 2019         | 8,107,340          | 4,164,182         | 12,271,522         | 51,060        | 241             |
| 2020         | 8,466,796          | 3,824,965         | 12,291,761         | 51,060        | 241             |
| 2021         | 8,829,671          | 3,469,945         | 12,299,616         | 51,060        | 241             |
| 2022         | 8,161,708          | 3,101,849         | 11,263,557         | 51,060        | 221             |
| 2023         | 8,238,246          | 2,758,925         | 10,997,171         | 51,060        | 215             |
| 2024         | 6,155,042          | 2,413,879         | 8,568,922          | 51,060        | 168             |
| 2025         | 5,402,763          | 2,187,497         | 7,590,260          | 51,060        | 149             |
| 2026         | 5,625,748          | 1,969,697         | 7,595,444          | 51,060        | 149             |
| 2027         | 5,626,728          | 1,748,699         | 7,375,418          | 51,060        | 144             |
| 2028         | 5,631,570          | 1,528,300         | 7,159,871          | 51,060        | 140             |
| 2029         | 5,672,819          | 1,297,845         | 6,970,664          | 51,060        | 137             |
| 2030         | 5,825,510          | 1,064,174         | 6,889,684          | 51,060        | 135             |
| 2031         | 4,625,300          | 822,440           | 5,447,741          | 51,060        | 107             |
| 2032         | 4,814,407          | 638,530           | 5,452,937          | 51,060        | 107             |
| 2033         | 3,803,101          | 445,005           | 4,248,106          | 51,060        | 83              |
| 2034         | 3,190,392          | 302,046           | 3,492,439          | 51,060        | 68              |
| 2035         | 2,182,103          | 163,645           | 2,345,748          | 51,060        | 46              |
| 2036         | 1,745,877          | 76,727            | 1,822,603          | 51,060        | 36              |
| 2037         |                    |                   |                    |               |                 |
| 2038         |                    |                   |                    |               |                 |
| 2039         |                    |                   |                    |               |                 |
| 2040         |                    |                   |                    |               |                 |
| 2041         |                    |                   |                    |               |                 |
| 2042         |                    |                   |                    |               |                 |
| 2043         |                    |                   |                    |               |                 |
| 2044         |                    |                   |                    |               |                 |
| <b>Total</b> | <b>131,163,033</b> | <b>51,031,311</b> | <b>182,194,343</b> | <b>51,060</b> | <b>3,568</b>    |

| Year         | Total Combined     |                    |                    |                |                 |
|--------------|--------------------|--------------------|--------------------|----------------|-----------------|
|              | Principal          | Interest           | Total              | Customers      | Debt / Customer |
| 2015         | 19,903,081         | 28,255,500         | 48,158,582         | 115,427        | 795             |
| 2016         | 21,665,324         | 25,853,033         | 47,518,357         | 115,427        | 789             |
| 2017         | 22,455,896         | 25,317,042         | 47,772,938         | 115,427        | 792             |
| 2018         | 23,314,036         | 24,468,697         | 47,782,733         | 115,427        | 792             |
| 2019         | 26,586,191         | 23,521,701         | 50,107,892         | 115,427        | 828             |
| 2020         | 27,813,784         | 22,301,028         | 50,114,812         | 115,427        | 828             |
| 2021         | 29,094,541         | 21,022,623         | 50,117,164         | 115,427        | 828             |
| 2022         | 28,545,737         | 19,716,686         | 48,262,423         | 115,427        | 795             |
| 2023         | 29,608,890         | 18,361,686         | 47,970,576         | 115,427        | 790             |
| 2024         | 22,747,876         | 16,955,104         | 39,702,980         | 115,427        | 652             |
| 2025         | 23,323,330         | 15,932,092         | 39,255,422         | 115,427        | 641             |
| 2026         | 24,433,588         | 14,824,618         | 39,258,206         | 115,427        | 641             |
| 2027         | 25,542,443         | 13,719,548         | 39,261,992         | 115,427        | 640             |
| 2028         | 26,704,828         | 12,561,174         | 39,266,002         | 115,427        | 639             |
| 2029         | 28,047,405         | 11,336,468         | 39,383,873         | 115,427        | 640             |
| 2030         | 29,181,744         | 10,009,890         | 39,191,634         | 115,427        | 637             |
| 2031         | 25,751,353         | 8,618,040          | 34,369,393         | 115,427        | 556             |
| 2032         | 26,991,815         | 7,387,971          | 34,379,786         | 115,427        | 556             |
| 2033         | 21,523,150         | 6,107,203          | 27,630,354         | 115,427        | 446             |
| 2034         | 21,740,418         | 5,132,708          | 26,873,126         | 115,427        | 432             |
| 2035         | 15,526,103         | 4,111,533          | 19,637,635         | 115,427        | 315             |
| 2036         | 15,813,477         | 3,413,889          | 19,227,366         | 115,427        | 306             |
| 2037         | 11,070,000         | 2,698,263          | 13,768,263         | 64,367         | 214             |
| 2038         | 5,700,000          | 2,206,413          | 7,906,413          | 64,367         | 123             |
| 2039         | 5,945,000          | 1,964,163          | 7,909,163          | 64,367         | 123             |
| 2040         | 6,195,000          | 1,711,500          | 7,906,500          | 64,367         | 123             |
| 2041         | 6,505,000          | 1,401,750          | 7,906,750          | 64,367         | 123             |
| 2042         | 6,830,000          | 1,076,500          | 7,906,500          | 64,367         | 123             |
| 2043         | 7,170,000          | 735,000            | 7,905,000          | 64,367         | 123             |
| 2044         | 7,530,000          | 376,500            | 7,906,500          | 64,367         | 123             |
| <b>Total</b> | <b>593,260,009</b> | <b>351,198,321</b> | <b>944,458,331</b> | <b>101,811</b> | <b>15,411</b>   |

Notes:  
2014 customer count



**BPU  
Debt Maturity Schedules - Unaudited**

**Combined**

| Year         | 2001 Issue Industrial Revenue Bonds |                  | 2009A Issue - Revenue Debt Service Bonds |                   | 2010 Issue Refunding Bond |                  | 2011 Issue        |                   |
|--------------|-------------------------------------|------------------|--|-------------------|---------------------------|------------------|-------------------|-------------------|
|              | Principal                           | Interest         | Principal                                | Interest          | Principal                 | Interest         | Principal         | Interest          |
| 2015         | 1,015,000                           | 397,200          | 1,535,000                                | 2,583,750         | 3,330,000                 | 943,400          | 3,110,000         | 4,163,244         |
| 2016         | 1,075,000                           | 339,875          | 1,610,000                                | 2,507,000         | 3,510,000                 | 776,900          | 3,190,000         | 4,069,944         |
| 2017         | 1,130,000                           | 284,750          | 1,690,000                                | 2,426,500         | 2,875,000                 | 671,600          | 3,255,000         | 3,958,294         |
| 2018         | 1,190,000                           | 226,750          | 1,775,000                                | 2,342,000         | 2,980,000                 | 570,975          | 3,365,000         | 3,860,644         |
| 2019         | 1,250,000                           | 165,750          | 1,865,000                                | 2,253,250         | 825,000                   | 451,775          | 5,780,000         | 3,709,219         |
| 2020         | 1,310,000                           | 101,750          | 1,955,000                                | 2,160,000         | 890,000                   | 418,775          | 6,060,000         | 3,420,219         |
| 2021         | 1,380,000                           | 34,500           | 2,055,000                                | 2,062,250         | 925,000                   | 383,175          | 6,360,000         | 3,117,219         |
| 2022         |                                     |                  | 2,155,000                                | 1,959,500         | 960,000                   | 343,863          | 4,870,000         | 2,799,219         |
| 2023         |                                     |                  | 2,265,000                                | 1,851,750         | 995,000                   | 303,063          | 2,220,000         | 2,555,719         |
| 2024         |                                     |                  | 2,380,000                                | 1,738,500         | 1,055,000                 | 260,775          | 995,000           | 2,444,719         |
| 2025         |                                     |                  | 2,500,000                                | 1,619,500         | 1,115,000                 | 213,300          | 1,785,000         | 2,403,675         |
| 2026         |                                     |                  | 2,625,000                                | 1,494,500         | 1,170,000                 | 163,125          | 1,870,000         | 2,314,425         |
| 2027         |                                     |                  | 2,755,000                                | 1,363,250         | 1,200,000                 | 110,475          | 2,300,000         | 2,220,925         |
| 2028         |                                     |                  | 2,890,000                                | 1,225,500         | 1,255,000                 | 56,475           | 2,735,000         | 2,105,925         |
| 2029         |                                     |                  | 3,035,000                                | 1,081,000         |                           |                  | 6,120,000         | 1,969,175         |
| 2030         |                                     |                  | 3,190,000                                | 929,250           |                           |                  | 6,415,000         | 1,678,475         |
| 2031         |                                     |                  | 3,355,000                                | 761,775           |                           |                  | 1,895,000         | 1,373,763         |
| 2032         |                                     |                  | 3,530,000                                | 585,638           |                           |                  | 1,990,000         | 1,283,750         |
| 2033         |                                     |                  | 3,715,000                                | 400,313           |                           |                  | 6,980,000         | 1,184,250         |
| 2034         |                                     |                  | 3,910,000                                | 205,275           |                           |                  | 7,330,000         | 835,250           |
| 2035         |                                     |                  |  |                   |                           |                  | 4,570,000         | 468,750           |
| 2036         |                                     |                  |  |                   |                           |                  | 4,805,000         | 240,250           |
| 2037         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2038         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2039         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2040         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2041         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2042         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2043         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2044         |                                     |                  |  |                   |                           |                  |                   |                   |
| <b>Total</b> | <b>8,350,000</b>                    | <b>1,550,575</b> | <b>50,790,000</b>                        | <b>31,550,500</b> | <b>23,085,000</b>         | <b>5,667,675</b> | <b>88,000,000</b> | <b>52,177,050</b> |

| Year         | 2012A Refunding Issue |                   | 2012B Issue       |                   | 2014 Refunding Issue & New Money |                    | BPU Portion UG Radio Debt |                  |
|--------------|-----------------------|-------------------|-------------------|-------------------|----------------------------------|--------------------|---------------------------|------------------|
|              | Principal             | Interest          | Principal         | Interest          | Principal                        | Interest           | Principal                 | Interest         |
| 2015         | 1,785,000             | 5,236,150         | 1,845,000         | 3,451,350         | 5,325,000                        | 10,614,494         | 209,367                   | 96,970           |
| 2016         | 1,845,000             | 5,164,750         | 1,870,000         | 3,377,550         | 6,240,000                        | 8,735,988          | 272,423                   | 114,766          |
| 2017         | 2,155,000             | 5,090,950         | 1,665,000         | 3,340,150         | 7,035,000                        | 8,486,388          | 277,044                   | 109,317          |
| 2018         | 2,210,000             | 5,004,750         | 1,735,000         | 3,273,550         | 7,325,000                        | 8,204,988          | 283,363                   | 104,393          |
| 2019         | 2,310,000             | 4,916,350         | 1,805,000         | 3,204,150         | 9,930,000                        | 7,911,988          | 291,092                   | 99,352           |
| 2020         | 2,390,000             | 4,823,950         | 1,875,000         | 3,131,950         | 10,425,000                       | 7,415,488          | 296,562                   | 92,225           |
| 2021         | 2,465,000             | 4,728,350         | 1,950,000         | 3,056,950         | 10,960,000                       | 6,894,238          | 302,405                   | 84,968           |
| 2022         | 1,195,000             | 4,629,750         | 2,030,000         | 2,978,950         | 14,240,000                       | 6,346,238          | 310,796                   | 76,482           |
| 2023         | 3,860,000             | 4,570,000         | 2,130,000         | 2,877,450         | 14,945,000                       | 5,634,238          | 318,152                   | 67,753           |
| 2024         | 8,915,000             | 4,377,000         | 3,085,000         | 2,770,950         | 3,020,000                        | 4,886,988          | 328,242                   | 58,208           |
| 2025         | 9,360,000             | 3,931,250         | 3,240,000         | 2,616,700         | 3,150,000                        | 4,756,388          | 338,333                   | 49,102           |
| 2026         | 9,820,000             | 3,463,250         | 3,405,000         | 2,454,700         | 3,310,000                        | 4,598,888          | 346,724                   | 38,952           |
| 2027         | 10,285,000            | 3,000,375         | 3,545,000         | 2,312,550         | 3,475,000                        | 4,433,388          | 358,700                   | 28,550           |
| 2028         | 10,770,000            | 2,512,375         | 3,690,000         | 2,166,200         | 3,650,000                        | 4,259,638          | 369,827                   | 17,629           |
| 2029         | 9,650,000             | 1,998,250         | 3,845,000         | 2,015,500         | 3,830,000                        | 4,077,138          | 189,439                   | 6,202            |
| 2030         | 10,110,000            | 1,533,000         | 4,035,000         | 1,823,250         | 4,020,000                        | 3,885,638          |                           |                  |
| 2031         | 10,600,000            | 1,045,725         | 4,235,000         | 1,621,500         | 4,220,000                        | 3,684,638          |                           |                  |
| 2032         | 11,105,000            | 534,925           | 4,450,000         | 1,409,750         | 4,435,000                        | 3,473,638          |                           |                  |
| 2033         |                       |                   | 4,670,000         | 1,187,250         | 4,640,000                        | 3,266,238          |                           |                  |
| 2034         |                       |                   | 4,885,000         | 970,625           | 4,825,000                        | 3,080,638          |                           |                  |
| 2035         |                       |                   | 5,115,000         | 744,188           | 5,030,000                        | 2,875,575          |                           |                  |
| 2036         |                       |                   | 5,350,000         | 507,188           | 5,245,000                        | 2,661,800          |                           |                  |
| 2037         |                       |                   | 5,600,000         | 259,375           | 5,470,000                        | 2,438,888          |                           |                  |
| 2038         |                       |                   |                   |                   | 5,700,000                        | 2,206,413          |                           |                  |
| 2039         |                       |                   |                   |                   | 5,945,000                        | 1,964,163          |                           |                  |
| 2040         |                       |                   |                   |                   | 6,195,000                        | 1,711,500          |                           |                  |
| 2041         |                       |                   |                   |                   | 6,505,000                        | 1,401,750          |                           |                  |
| 2042         |                       |                   |                   |                   | 6,830,000                        | 1,076,500          |                           |                  |
| 2043         |                       |                   |                   |                   | 7,170,000                        | 735,000            |                           |                  |
| 2044         |                       |                   |                   |                   | 7,530,000                        | 376,500            |                           |                  |
| <b>Total</b> | <b>110,830,000</b>    | <b>66,561,150</b> | <b>76,055,000</b> | <b>51,551,775</b> | <b>190,620,000</b>               | <b>132,095,344</b> | <b>4,492,469</b>          | <b>1,044,869</b> |

**BPU  
Debt Maturity Schedules - Unaudited**

**Combined (continued)**

| Year         | KDHE Loan #1     |                  |                | KDHE Loan #2     |                |               | KDHE Loan #3     |                  |                |
|--------------|------------------|------------------|----------------|------------------|----------------|---------------|------------------|------------------|----------------|
|              | Principal        | Interest         | Service Fee    | Principal        | Interest       | Service Fee   | Principal        | Interest         | Service Fee    |
| 2015         | 589,629          | 246,217          | 24,207         | 247,129          | 102,517        | 10,136        | 408,901          | 202,335          | 21,790         |
| 2016         | 612,909          | 225,021          | 22,123         | 256,836          | 93,684         | 9,263         | 423,754          | 188,926          | 20,346         |
| 2017         | 637,108          | 202,988          | 19,957         | 266,924          | 84,503         | 8,355         | 439,147          | 175,030          | 18,849         |
| 2018         | 662,263          | 180,085          | 17,705         | 277,408          | 74,962         | 7,412         | 455,098          | 160,630          | 17,299         |
| 2019         | 688,410          | 156,278          | 15,364         | 288,304          | 65,046         | 6,431         | 471,629          | 145,706          | 15,691         |
| 2020         | 715,590          | 131,531          | 12,931         | 299,629          | 54,741         | 5,412         | 488,761          | 130,240          | 14,026         |
| 2021         | 743,843          | 105,807          | 10,402         | 311,397          | 44,031         | 4,353         | 506,514          | 114,212          | 12,300         |
| 2022         | 773,212          | 79,067           | 7,773          | 323,629          | 32,900         | 3,253         | 524,913          | 97,602           | 10,511         |
| 2023         | 803,740          | 51,272           | 5,041          | 336,340          | 21,333         | 2,109         | 543,980          | 80,389           | 8,657          |
| 2024         | 835,473          | 22,379           | 2,200          | 349,551          | 9,310          | 921           | 563,740          | 62,551           | 6,736          |
| 2025         |                  |                  |                |                  |                |               | 584,217          | 44,064           | 4,745          |
| 2026         |                  |                  |                |                  |                |               | 605,438          | 24,906           | 2,682          |
| 2027         |                  |                  |                |                  |                |               | 310,916          | 5,052            | 544            |
| 2028         |                  |                  |                |                  |                |               |                  |                  |                |
| 2029         |                  |                  |                |                  |                |               |                  |                  |                |
| 2030         |                  |                  |                |                  |                |               |                  |                  |                |
| 2031         |                  |                  |                |                  |                |               |                  |                  |                |
| 2032         |                  |                  |                |                  |                |               |                  |                  |                |
| 2033         |                  |                  |                |                  |                |               |                  |                  |                |
| 2034         |                  |                  |                |                  |                |               |                  |                  |                |
| 2035         |                  |                  |                |                  |                |               |                  |                  |                |
| 2036         |                  |                  |                |                  |                |               |                  |                  |                |
| 2037         |                  |                  |                |                  |                |               |                  |                  |                |
| 2038         |                  |                  |                |                  |                |               |                  |                  |                |
| 2039         |                  |                  |                |                  |                |               |                  |                  |                |
| 2040         |                  |                  |                |                  |                |               |                  |                  |                |
| 2041         |                  |                  |                |                  |                |               |                  |                  |                |
| 2042         |                  |                  |                |                  |                |               |                  |                  |                |
| 2043         |                  |                  |                |                  |                |               |                  |                  |                |
| 2044         |                  |                  |                |                  |                |               |                  |                  |                |
| <b>Total</b> | <b>7,062,177</b> | <b>1,400,644</b> | <b>137,704</b> | <b>2,957,148</b> | <b>583,028</b> | <b>57,644</b> | <b>6,327,008</b> | <b>1,431,643</b> | <b>154,177</b> |

| Year         | KDHE Loan #4      |                  |                | KDHE Loan #5      |                  |                | Total            | Total P&I          |                    |                    |
|--------------|-------------------|------------------|----------------|-------------------|------------------|----------------|------------------|--------------------|--------------------|--------------------|
|              | Principal         | Interest         | Service Fee    | Principal         | Interest         | Service Fee    | Service Fee      | Principal          | Interest           | Total              |
| 2015         | 503,055           | 217,874          | 39,717         |                   |                  |                | 95,849           | 19,903,081         | 28,255,500         | 48,158,582         |
| 2016         | 509,550           | 212,380          | 38,715         | 249,852           | 146,250          | 22,750         | 113,196          | 21,665,324         | 25,953,033         | 47,618,357         |
| 2017         | 521,182           | 202,542          | 36,922         | 509,490           | 284,031          | 44,183         | 128,265          | 22,455,896         | 25,317,042         | 47,772,938         |
| 2018         | 533,080           | 192,478          | 35,087         | 522,823           | 272,493          | 42,388         | 119,890          | 23,314,036         | 24,468,697         | 47,782,733         |
| 2019         | 545,250           | 182,185          | 33,211         | 536,505           | 260,653          | 40,546         | 111,244          | 26,586,191         | 23,521,701         | 50,107,892         |
| 2020         | 557,697           | 171,657          | 31,292         | 550,545           | 248,503          | 38,656         | 102,317          | 27,813,784         | 22,301,028         | 50,114,812         |
| 2021         | 570,429           | 160,888          | 29,329         | 564,952           | 236,035          | 36,717         | 93,101           | 29,094,541         | 21,022,623         | 50,117,164         |
| 2022         | 583,451           | 149,874          | 27,321         | 579,736           | 223,241          | 34,726         | 83,585           | 28,545,737         | 19,716,686         | 48,262,423         |
| 2023         | 596,771           | 138,608          | 25,267         | 594,907           | 210,112          | 32,684         | 73,758           | 29,608,890         | 18,361,686         | 47,970,576         |
| 2024         | 610,394           | 127,085          | 23,167         | 610,475           | 196,640          | 30,588         | 63,612           | 22,747,876         | 16,955,104         | 39,702,980         |
| 2025         | 624,329           | 115,299          | 21,018         | 626,451           | 182,815          | 28,438         | 54,201           | 23,323,330         | 15,932,092         | 39,255,422         |
| 2026         | 638,582           | 103,244          | 18,820         | 642,845           | 168,628          | 26,231         | 47,734           | 24,433,588         | 14,824,618         | 39,258,206         |
| 2027         | 653,160           | 90,913           | 16,573         | 659,667           | 154,070          | 23,966         | 41,084           | 25,542,443         | 13,719,548         | 39,261,992         |
| 2028         | 668,071           | 78,301           | 14,274         | 676,930           | 139,131          | 21,643         | 35,916           | 26,704,828         | 12,561,174         | 39,266,002         |
| 2029         | 683,322           | 65,402           | 11,922         | 694,645           | 123,801          | 19,258         | 31,180           | 28,047,405         | 11,336,468         | 39,383,873         |
| 2030         | 698,921           | 52,207           | 9,517          | 712,823           | 108,070          | 16,811         | 26,328           | 29,181,744         | 10,009,890         | 39,191,634         |
| 2031         | 714,877           | 38,712           | 7,057          | 731,477           | 91,927           | 14,300         | 21,357           | 25,751,353         | 8,618,040          | 34,369,393         |
| 2032         | 731,197           | 24,909           | 4,541          | 750,619           | 75,362           | 11,723         | 16,264           | 26,991,815         | 7,387,971          | 34,379,786         |
| 2033         | 747,889           | 10,790           | 1,967          | 770,261           | 58,364           | 9,079          | 11,046           | 21,523,150         | 6,107,203          | 27,630,354         |
| 2034         |                   |                  |                | 790,418           | 40,920           | 6,365          | 6,365            | 21,740,418         | 5,132,708          | 26,873,126         |
| 2035         |                   |                  |                | 811,103           | 23,020           | 3,581          | 3,581            | 15,526,103         | 4,111,533          | 19,637,635         |
| 2036         |                   |                  |                | 413,477           | 4,652            | 724            | 724              | 15,813,477         | 3,413,889          | 19,227,366         |
| 2037         |                   |                  |                |                   |                  |                |                  | 11,070,000         | 2,698,263          | 13,768,263         |
| 2038         |                   |                  |                |                   |                  |                |                  | 5,700,000          | 2,206,413          | 7,906,413          |
| 2039         |                   |                  |                |                   |                  |                |                  | 5,945,000          | 1,964,163          | 7,909,163          |
| 2040         |                   |                  |                |                   |                  |                |                  | 6,195,000          | 1,711,500          | 7,906,500          |
| 2041         |                   |                  |                |                   |                  |                |                  | 6,505,000          | 1,401,750          | 7,906,750          |
| 2042         |                   |                  |                |                   |                  |                |                  | 6,830,000          | 1,076,500          | 7,906,500          |
| 2043         |                   |                  |                |                   |                  |                |                  | 7,170,000          | 735,000            | 7,905,000          |
| 2044         |                   |                  |                |                   |                  |                |                  | 7,530,000          | 376,500            | 7,906,500          |
| <b>Total</b> | <b>11,691,207</b> | <b>2,335,347</b> | <b>425,715</b> | <b>13,000,000</b> | <b>3,248,721</b> | <b>505,357</b> | <b>1,280,596</b> | <b>593,260,009</b> | <b>351,198,321</b> | <b>944,458,331</b> |

**BPU  
Debt Maturity Schedules - Unaudited**

**Electric System**

| Year         | 2001 Issue Industrial Revenue Bonds |                  | 2009A Issue - Revenue Debt Service Bonds |                   | 2010 Issue Refunding Bond |                  | 2011 Issue        |                   |
|--------------|-------------------------------------|------------------|--|-------------------|---------------------------|------------------|-------------------|-------------------|
|              | Principal                           | Interest         | Principal                                | Interest          | Principal                 | Interest         | Principal         | Interest          |
| 2015         | 883,050                             | 345,564          | 1,456,101                                | 2,450,845         | 1,531,800                 | 433,964          | 2,177,000         | 2,914,271         |
| 2016         | 935,250                             | 295,691          | 1,527,246                                | 2,378,140         | 1,614,600                 | 357,374          | 2,233,000         | 2,848,961         |
| 2017         | 983,100                             | 247,733          | 1,603,134                                | 2,301,778         | 1,322,500                 | 308,936          | 2,278,500         | 2,770,806         |
| 2018         | 1,035,300                           | 197,273          | 1,683,765                                | 2,221,621         | 1,370,800                 | 262,649          | 2,355,500         | 2,702,451         |
| 2019         | 1,087,500                           | 144,203          | 1,769,139                                | 2,137,433         | 379,500                   | 207,617          | 4,046,000         | 2,596,453         |
| 2020         | 1,139,700                           | 88,523           | 1,854,513                                | 2,046,976         | 409,400                   | 192,637          | 4,242,000         | 2,394,153         |
| 2021         | 1,200,600                           | 30,015           | 1,949,373                                | 1,956,250         | 425,500                   | 176,261          | 4,452,000         | 2,182,053         |
| 2022         |                                     |                  | 2,044,233                                | 1,858,782         | 441,600                   | 158,177          | 3,409,000         | 1,959,453         |
| 2023         |                                     |                  | 2,148,579                                | 1,756,570         | 457,700                   | 139,409          | 1,554,000         | 1,789,003         |
| 2024         |                                     |                  | 2,257,668                                | 1,649,141         | 485,300                   | 119,957          | 696,500           | 1,711,303         |
| 2025         |                                     |                  | 2,371,500                                | 1,536,258         | 512,900                   | 98,118           | 1,249,500         | 1,682,573         |
| 2026         |                                     |                  | 2,490,075                                | 1,417,683         | 538,200                   | 75,038           | 1,309,000         | 1,620,098         |
| 2027         |                                     |                  | 2,613,393                                | 1,293,179         | 552,000                   | 50,819           | 1,610,000         | 1,554,648         |
| 2028         |                                     |                  | 2,741,454                                | 1,162,509         | 577,300                   | 25,979           | 1,914,500         | 1,474,148         |
| 2029         |                                     |                  | 2,879,001                                | 1,025,437         |                           |                  | 4,284,000         | 1,378,423         |
| 2030         |                                     |                  | 3,026,034                                | 891,467           |                           |                  | 4,490,500         | 1,174,933         |
| 2031         |                                     |                  | 3,182,553                                | 722,620           |                           |                  | 1,326,500         | 961,634           |
| 2032         |                                     |                  | 3,348,558                                | 555,536           |                           |                  | 1,393,000         | 898,625           |
| 2033         |                                     |                  | 3,524,049                                | 379,736           |                           |                  | 4,886,000         | 828,975           |
| 2034         |                                     |                  | 3,709,026                                | 194,724           |                           |                  | 5,131,000         | 584,675           |
| 2035         |                                     |                  |  |                   |                           |                  | 3,199,000         | 328,125           |
| 2036         |                                     |                  |  |                   |                           |                  | 3,472,600         | 168,175           |
| 2037         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2038         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2039         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2040         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2041         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2042         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2043         |                                     |                  |  |                   |                           |                  |                   |                   |
| 2044         |                                     |                  |  |                   |                           |                  |                   |                   |
| <b>Total</b> | <b>7,284,500</b>                    | <b>1,349,000</b> | <b>48,179,394</b>                        | <b>29,928,804</b> | <b>10,619,100</b>         | <b>2,607,131</b> | <b>61,709,100</b> | <b>36,523,935</b> |

| Year         | 2012A Refunding Issue |                   | 2012B Issue       |                   | 2014 Refunding Issue & New Money |                    | BPU Portion UG Radio Debt |                |
|--------------|-----------------------|-------------------|-------------------|-------------------|----------------------------------|--------------------|---------------------------|----------------|
|              | Principal             | Interest          | Principal         | Interest          | Principal                        | Interest           | Principal                 | Interest       |
| 2015         | 1,374,450             | 4,031,836         | 1,845,000         | 3,451,350         | 3,990,000                        | 9,493,203          | 117,246                   | 54,303         |
| 2016         | 1,420,650             | 3,976,858         | 1,870,000         | 3,377,550         | 4,680,000                        | 7,844,038          | 152,557                   | 64,269         |
| 2017         | 1,659,350             | 3,920,032         | 1,665,000         | 3,340,150         | 5,275,000                        | 7,656,838          | 155,145                   | 61,218         |
| 2018         | 1,701,700             | 3,853,658         | 1,735,000         | 3,273,550         | 5,490,000                        | 7,445,838          | 158,683                   | 58,460         |
| 2019         | 1,778,700             | 3,785,590         | 1,805,000         | 3,204,150         | 7,450,000                        | 7,226,236          | 163,012                   | 55,637         |
| 2020         | 1,840,300             | 3,714,442         | 1,875,000         | 3,131,950         | 7,820,000                        | 6,853,736          | 166,075                   | 51,646         |
| 2021         | 1,898,050             | 3,640,830         | 1,950,000         | 3,056,950         | 8,220,000                        | 6,462,738          | 169,347                   | 47,582         |
| 2022         | 920,150               | 3,564,908         | 2,030,000         | 2,978,950         | 11,365,000                       | 6,051,738          | 174,046                   | 42,830         |
| 2023         | 2,972,200             | 3,518,900         | 2,130,000         | 2,877,450         | 11,930,000                       | 5,483,488          | 178,165                   | 37,942         |
| 2024         | 6,864,550             | 3,370,290         | 3,085,000         | 2,770,950         | 3,020,000                        | 4,886,988          | 183,816                   | 32,596         |
| 2025         | 7,207,200             | 3,027,063         | 3,240,000         | 2,616,700         | 3,150,000                        | 4,756,388          | 189,466                   | 27,497         |
| 2026         | 7,561,400             | 2,666,703         | 3,405,000         | 2,454,700         | 3,310,000                        | 4,598,888          | 194,165                   | 21,813         |
| 2027         | 7,919,450             | 2,310,289         | 3,545,000         | 2,312,550         | 3,475,000                        | 4,433,388          | 200,872                   | 15,988         |
| 2028         | 8,292,900             | 1,934,529         | 3,690,000         | 2,166,200         | 3,650,000                        | 4,259,638          | 207,103                   | 9,872          |
| 2029         | 7,430,500             | 1,538,653         | 3,845,000         | 2,015,500         | 3,830,000                        | 4,077,138          | 106,086                   | 3,473          |
| 2030         | 7,784,700             | 1,180,410         | 4,035,000         | 1,823,250         | 4,020,000                        | 3,885,638          |                           |                |
| 2031         | 8,162,000             | 805,208           | 4,235,000         | 1,621,500         | 4,220,000                        | 3,684,638          |                           |                |
| 2032         | 8,550,850             | 411,892           | 4,450,000         | 1,409,750         | 4,435,000                        | 3,473,638          |                           |                |
| 2033         |                       |                   | 4,670,000         | 1,187,250         | 4,640,000                        | 3,266,238          |                           |                |
| 2034         |                       |                   | 4,885,000         | 970,625           | 4,825,000                        | 3,060,638          |                           |                |
| 2035         |                       |                   | 5,115,000         | 744,188           | 5,030,000                        | 2,875,575          |                           |                |
| 2036         |                       |                   | 5,350,000         | 507,188           | 5,245,000                        | 2,661,800          |                           |                |
| 2037         |                       |                   | 5,600,000         | 259,375           | 5,470,000                        | 2,438,888          |                           |                |
| 2038         |                       |                   |                   |                   | 5,700,000                        | 2,206,413          |                           |                |
| 2039         |                       |                   |                   |                   | 5,945,000                        | 1,964,163          |                           |                |
| 2040         |                       |                   |                   |                   | 6,195,000                        | 1,711,500          |                           |                |
| 2041         |                       |                   |                   |                   | 6,505,000                        | 1,401,750          |                           |                |
| 2042         |                       |                   |                   |                   | 6,830,000                        | 1,076,500          |                           |                |
| 2043         |                       |                   |                   |                   | 7,170,000                        | 735,000            |                           |                |
| 2044         |                       |                   |                   |                   | 7,530,000                        | 376,500            |                           |                |
| <b>Total</b> | <b>85,339,100</b>     | <b>51,252,086</b> | <b>76,055,000</b> | <b>51,551,775</b> | <b>170,415,000</b>               | <b>126,369,153</b> | <b>2,515,783</b>          | <b>585,127</b> |

| Year         | Total P&I          |                    |                    |
|--------------|--------------------|--------------------|--------------------|
|              | Principal          | Interest           | Total              |
| 2015         | 13,374,647         | 23,175,436         | 36,550,082         |
| 2016         | 14,433,303         | 21,142,880         | 35,576,183         |
| 2017         | 14,941,729         | 20,607,489         | 35,549,217         |
| 2018         | 15,530,748         | 20,015,498         | 35,546,246         |
| 2019         | 16,478,851         | 19,357,519         | 37,836,370         |
| 2020         | 19,346,988         | 18,476,063         | 37,823,051         |
| 2021         | 20,264,870         | 17,552,678         | 37,817,548         |
| 2022         | 20,384,029         | 16,614,837         | 36,998,865         |
| 2023         | 21,370,644         | 15,602,761         | 36,973,405         |
| 2024         | 16,592,834         | 14,541,225         | 31,134,058         |
| 2025         | 17,920,566         | 13,744,595         | 31,665,162         |
| 2026         | 18,807,840         | 12,854,921         | 31,662,761         |
| 2027         | 19,915,715         | 11,970,859         | 31,886,574         |
| 2028         | 21,073,257         | 11,032,874         | 32,106,131         |
| 2029         | 22,374,587         | 10,038,622         | 32,413,209         |
| 2030         | 23,356,234         | 8,945,717          | 32,301,951         |
| 2031         | 21,126,053         | 7,795,599          | 28,921,652         |
| 2032         | 22,177,408         | 6,749,440          | 28,926,848         |
| 2033         | 17,720,049         | 5,662,199          | 23,382,248         |
| 2034         | 18,550,026         | 4,830,661          | 23,380,687         |
| 2035         | 13,344,000         | 3,947,888          | 17,291,888         |
| 2036         | 14,067,600         | 3,337,163          | 17,404,763         |
| 2037         | 11,070,000         | 2,698,263          | 13,768,263         |
| 2038         | 5,700,000          | 2,206,413          | 7,906,413          |
| 2039         | 5,945,000          | 1,964,163          | 7,909,163          |
| 2040         | 6,195,000          | 1,711,500          | 7,906,500          |
| 2041         | 6,505,000          | 1,401,750          | 7,906,750          |
| 2042         | 6,830,000          | 1,076,500          | 7,906,500          |
| 2043         | 7,170,000          | 735,000            | 7,905,000          |
| 2044         | 7,530,000          | 376,500            | 7,906,500          |
| <b>Total</b> | <b>462,096,977</b> | <b>300,167,011</b> | <b>762,263,987</b> |

**BPU  
Debt Maturity Schedules - Unaudited**

**Water System**

| Year         | 2001 Issue Industrial Revenue Bonds |                | 2009A Issue - Revenue Debt Service Bonds |                  | 2010 Issue Refunding Bond |                  | 2011 Issue        |                   | 2012A Refunding Issue |                   |
|--------------|-------------------------------------|----------------|--|------------------|---------------------------|------------------|-------------------|-------------------|-----------------------|-------------------|
|              | Principal                           | Interest       | Principal                                | Interest         | Principal                 | Interest         | Principal         | Interest          | Principal             | Interest          |
| 2015         | 131,950                             | 51,635         | 78,899                                   | 132,805          | 1,798,200                 | 509,436          | 933,000           | 1,248,973         | 410,550               | 1,204,315         |
| 2016         | 139,750                             | 44,184         | 82,754                                   | 128,860          | 1,895,400                 | 419,526          | 957,000           | 1,220,993         | 424,350               | 1,187,893         |
| 2017         | 146,900                             | 37,018         | 86,866                                   | 124,722          | 1,552,500                 | 362,664          | 976,500           | 1,187,488         | 495,650               | 1,170,919         |
| 2018         | 154,700                             | 29,478         | 91,235                                   | 120,379          | 1,609,200                 | 308,327          | 1,009,500         | 1,158,193         | 508,300               | 1,151,093         |
| 2019         | 162,500                             | 21,548         | 95,861                                   | 115,817          | 445,500                   | 243,959          | 1,734,000         | 1,112,766         | 531,300               | 1,130,761         |
| 2020         | 170,300                             | 13,228         | 100,487                                  | 111,024          | 480,600                   | 226,139          | 1,818,000         | 1,026,066         | 549,700               | 1,109,509         |
| 2021         | 179,400                             | 4,485          | 105,627                                  | 106,000          | 499,500                   | 206,915          | 1,908,000         | 935,166           | 566,950               | 1,087,521         |
| 2022         |                                     |                | 110,787                                  | 100,718          | 518,400                   | 185,686          | 1,461,000         | 839,766           | 274,850               | 1,064,843         |
| 2023         |                                     |                | 116,421                                  | 95,180           | 537,300                   | 163,654          | 668,000           | 766,716           | 887,800               | 1,051,100         |
| 2024         |                                     |                | 122,332                                  | 89,359           | 569,700                   | 140,819          | 298,500           | 733,416           | 2,050,450             | 1,006,710         |
| 2025         |                                     |                | 128,500                                  | 83,242           | 602,100                   | 115,182          | 535,500           | 721,103           | 2,152,800             | 904,188           |
| 2026         |                                     |                | 134,925                                  | 76,817           | 631,800                   | 88,088           | 561,000           | 694,328           | 2,258,600             | 796,548           |
| 2027         |                                     |                | 141,607                                  | 70,071           | 648,000                   | 59,657           | 690,000           | 666,278           | 2,365,550             | 690,086           |
| 2028         |                                     |                | 148,546                                  | 62,991           | 677,700                   | 30,497           | 820,500           | 631,778           | 2,477,100             | 577,846           |
| 2029         |                                     |                | 155,999                                  | 55,563           |                           |                  | 1,836,000         | 590,753           | 2,219,500             | 459,598           |
| 2030         |                                     |                | 163,966                                  | 47,763           |                           |                  | 1,924,500         | 503,543           | 2,325,300             | 352,590           |
| 2031         |                                     |                | 172,447                                  | 39,155           |                           |                  | 568,500           | 412,129           | 2,438,000             | 240,517           |
| 2032         |                                     |                | 181,442                                  | 30,102           |                           |                  | 597,000           | 385,125           | 2,554,150             | 123,033           |
| 2033         |                                     |                | 190,951                                  | 20,576           |                           |                  | 2,094,000         | 355,275           |                       |                   |
| 2034         |                                     |                | 200,974                                  | 10,551           |                           |                  | 2,199,000         | 250,575           |                       |                   |
| 2035         |                                     |                |  |                  |                           |                  | 1,371,000         | 140,625           |                       |                   |
| 2036         |                                     |                |  |                  |                           |                  | 1,332,400         | 72,075            |                       |                   |
| 2037         |                                     |                |  |                  |                           |                  |                   |                   |                       |                   |
| 2038         |                                     |                |  |                  |                           |                  |                   |                   |                       |                   |
| 2039         |                                     |                |  |                  |                           |                  |                   |                   |                       |                   |
| 2040         |                                     |                |  |                  |                           |                  |                   |                   |                       |                   |
| 2041         |                                     |                |  |                  |                           |                  |                   |                   |                       |                   |
| 2042         |                                     |                |  |                  |                           |                  |                   |                   |                       |                   |
| 2043         |                                     |                |  |                  |                           |                  |                   |                   |                       |                   |
| 2044         |                                     |                |  |                  |                           |                  |                   |                   |                       |                   |
| <b>Total</b> | <b>1,085,500</b>                    | <b>201,575</b> | <b>2,610,606</b>                         | <b>1,821,696</b> | <b>12,465,900</b>         | <b>3,060,544</b> | <b>26,290,900</b> | <b>15,653,115</b> | <b>25,490,900</b>     | <b>15,309,065</b> |

| Year         | 2014 Refunding Issue & New Money |                  | BPU Portion UG Radio Debt |                | KDHE Loan #1     |                  |                | KDHE Loan #2     |                |               |
|--------------|----------------------------------|------------------|---------------------------|----------------|------------------|------------------|----------------|------------------|----------------|---------------|
|              | Principal                        | Interest         | Principal                 | Interest       | Principal        | Interest         | Service Fee    | Principal        | Interest       | Service Fee   |
| 2015         | 1,335,000                        | 1,121,290        | 92,121                    | 42,667         | 589,629          | 246,217          | 24,207         | 247,129          | 102,517        | 10,136        |
| 2016         | 1,560,000                        | 891,950          | 119,866                   | 50,497         | 612,909          | 225,021          | 22,123         | 256,836          | 93,684         | 9,263         |
| 2017         | 1,760,000                        | 829,550          | 121,899                   | 48,099         | 637,108          | 202,988          | 19,957         | 266,924          | 84,503         | 8,355         |
| 2018         | 1,835,000                        | 759,150          | 124,680                   | 45,933         | 662,263          | 180,085          | 17,705         | 277,408          | 74,962         | 7,412         |
| 2019         | 2,480,000                        | 685,750          | 128,080                   | 43,715         | 688,410          | 156,278          | 15,364         | 288,304          | 65,046         | 6,431         |
| 2020         | 2,605,000                        | 561,750          | 130,487                   | 40,579         | 715,590          | 131,531          | 12,931         | 299,629          | 54,741         | 5,412         |
| 2021         | 2,740,000                        | 431,500          | 133,058                   | 37,386         | 743,843          | 105,807          | 10,402         | 311,397          | 44,031         | 4,353         |
| 2022         | 2,875,000                        | 294,500          | 136,750                   | 33,652         | 773,212          | 79,067           | 7,773          | 323,629          | 32,900         | 3,253         |
| 2023         | 3,015,000                        | 150,750          | 139,987                   | 29,811         | 803,740          | 51,272           | 5,041          | 336,340          | 21,333         | 2,109         |
| 2024         |                                  |                  | 144,426                   | 25,612         | 835,473          | 22,379           | 2,200          | 349,551          | 9,310          | 921           |
| 2025         |                                  |                  | 148,867                   | 21,605         |                  |                  |                |                  |                |               |
| 2026         |                                  |                  | 152,559                   | 17,139         |                  |                  |                |                  |                |               |
| 2027         |                                  |                  | 157,828                   | 12,562         |                  |                  |                |                  |                |               |
| 2028         |                                  |                  | 162,724                   | 7,757          |                  |                  |                |                  |                |               |
| 2029         |                                  |                  | 83,353                    | 2,729          |                  |                  |                |                  |                |               |
| 2030         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2031         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2032         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2033         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2034         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2035         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2036         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2037         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2038         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2039         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2040         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2041         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2042         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2043         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| 2044         |                                  |                  |                           |                |                  |                  |                |                  |                |               |
| <b>Total</b> | <b>20,205,000</b>                | <b>5,726,190</b> | <b>1,976,686</b>          | <b>459,742</b> | <b>7,062,177</b> | <b>1,400,644</b> | <b>137,704</b> | <b>2,957,148</b> | <b>583,028</b> | <b>57,644</b> |

| Year         | KDHE Loan #3     |                  |                | KDHE Loan #4      |                  |                | KDHE Loan #5      |                  |                |
|--------------|------------------|------------------|----------------|-------------------|------------------|----------------|-------------------|------------------|----------------|
|              | Principal        | Interest         | Service Fee    | Principal         | Interest         | Service Fee    | Principal         | Interest         | Service Fee    |
| 2015         | 408,901          | 202,335          | 21,790         | 503,055           | 217,874          | 39,717         |                   |                  |                |
| 2016         | 423,754          | 188,926          | 20,346         | 509,550           | 212,380          | 38,715         | 249,852           | 146,250          | 22,750         |
| 2017         | 439,147          | 175,030          | 18,849         | 521,182           | 202,542          | 36,922         | 509,490           | 284,031          | 44,183         |
| 2018         | 455,098          | 160,630          | 17,299         | 533,080           | 192,478          | 35,087         | 522,823           | 272,493          | 42,388         |
| 2019         | 471,629          | 145,706          | 15,691         | 545,250           | 182,185          | 33,211         | 536,505           | 260,653          | 40,546         |
| 2020         | 488,761          | 130,240          | 14,026         | 557,697           | 171,657          | 31,292         | 550,545           | 248,503          | 38,656         |
| 2021         | 506,514          | 114,212          | 12,300         | 570,429           | 160,888          | 29,329         | 564,952           | 236,035          | 36,717         |
| 2022         | 524,913          | 97,602           | 10,511         | 583,451           | 149,874          | 27,321         | 579,736           | 223,241          | 34,726         |
| 2023         | 543,980          | 80,389           | 8,657          | 596,771           | 138,608          | 25,267         | 594,907           | 210,112          | 32,684         |
| 2024         | 563,740          | 62,551           | 6,736          | 610,394           | 127,085          | 23,167         | 610,475           | 196,640          | 30,588         |
| 2025         | 584,217          | 44,064           | 4,745          | 624,329           | 115,299          | 21,018         | 626,451           | 182,815          | 28,438         |
| 2026         | 605,438          | 24,906           | 2,682          | 638,582           | 103,244          | 18,820         | 642,845           | 168,628          | 26,231         |
| 2027         | 310,916          | 5,052            | 544            | 653,160           | 90,913           | 16,573         | 659,667           | 154,070          | 23,966         |
| 2028         |                  |                  |                | 668,071           | 78,301           | 14,274         | 676,930           | 139,131          | 21,643         |
| 2029         |                  |                  |                | 683,322           | 65,402           | 11,922         | 694,645           | 123,801          | 19,258         |
| 2030         |                  |                  |                | 698,921           | 52,207           | 9,517          | 712,823           | 108,070          | 16,811         |
| 2031         |                  |                  |                | 714,877           | 38,712           | 7,057          | 731,477           | 91,927           | 14,300         |
| 2032         |                  |                  |                | 731,197           | 24,909           | 4,541          | 750,619           | 75,362           | 11,723         |
| 2033         |                  |                  |                | 747,889           | 10,790           | 1,967          | 770,261           | 58,364           | 9,079          |
| 2034         |                  |                  |                |                   |                  |                | 790,418           | 40,920           | 6,365          |
| 2035         |                  |                  |                |                   |                  |                | 811,103           | 23,020           | 3,581          |
| 2036         |                  |                  |                |                   |                  |                | 413,477           | 4,652            | 724            |
| 2037         |                  |                  |                |                   |                  |                |                   |                  |                |
| 2038         |                  |                  |                |                   |                  |                |                   |                  |                |
| 2039         |                  |                  |                |                   |                  |                |                   |                  |                |
| 2040         |                  |                  |                |                   |                  |                |                   |                  |                |
| 2041         |                  |                  |                |                   |                  |                |                   |                  |                |
| 2042         |                  |                  |                |                   |                  |                |                   |                  |                |
| 2043         |                  |                  |                |                   |                  |                |                   |                  |                |
| 2044         |                  |                  |                |                   |                  |                |                   |                  |                |
| <b>Total</b> | <b>6,327,008</b> | <b>1,431,643</b> | <b>154,177</b> | <b>11,691,207</b> | <b>2,335,347</b> | <b>425,715</b> | <b>13,000,000</b> | <b>3,248,721</b> | <b>505,357</b> |

# Demographic and Economic Information

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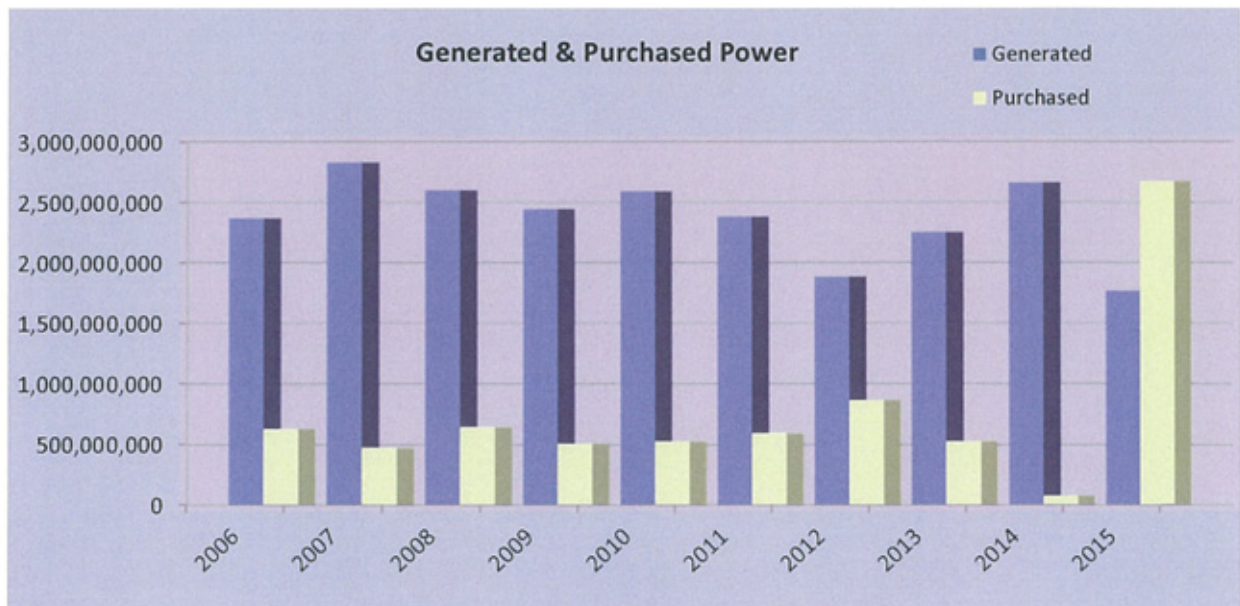
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## Electric Load Statistics in Kilowatts

### Last Ten Fiscal Years

| Fiscal Year | <u>Generated</u> | <u>Purchased</u> | <u>Interchanged</u> | <u>Total Kilowatts Available</u> | <u>Maximum System Gross Demand kW</u> | <u>Maximum Net Capability</u> |
|-------------|------------------|------------------|---------------------|----------------------------------|---------------------------------------|-------------------------------|
| 2006        | 2,368,434,000    | 627,907,900      | -357,109,000        | 2,639,232,900                    | 529,000                               | 579,000                       |
| 2007        | 2,830,038,000    | 476,192,000      | -719,077,000        | 2,587,153,000                    | 512,000                               | 611,000                       |
| 2008        | 2,599,420,000    | 646,850,000      | -733,169,000        | 2,513,101,000                    | 492,000                               | 611,000                       |
| 2009        | 2,444,808,000    | 505,584,800      | -575,205,000        | 2,375,187,800                    | 471,000                               | 593,500                       |
| 2010        | 2,590,447,000    | 525,043,000      | -585,246,000        | 2,530,244,000                    | 501,000                               | 632,500                       |
| 2011        | 2,382,961,000    | 596,205,000      | -513,891,000        | 2,465,275,000                    | 502,000                               | 599,300                       |
| 2012        | 1,887,972,000    | 867,055,000      | -329,983,000        | 2,425,044,000                    | 495,000                               | 747,000                       |
| 2013        | 2,252,961,000    | 525,148,000      | -412,638,000        | 2,365,471,000                    | 454,000                               | 747,000                       |
| 2014        | 2,661,052,000    | 81,518,000       | -56,899,000         | 2,685,671,000                    | 459,000                               | 728,400                       |
| 2015        | 1,767,688,000    | 2,675,379,000    | -2,052,624,000      | 2,390,443,000                    | 485,000                               | 717,900                       |

**NOTES:** Generated amounts are net of system usage.  
Purchased amounts are net of borderline.  
Interchanged amounts include sales for resale which reduces total kilowatts available.  
Starting in 2013, BPU's portion of Dogwood's generations is included in the generated amounts.



**PRINCIPAL CUSTOMERS (Ten year history)**

| <b>2006</b>                                    |    | <b>Revenue</b> | <b>2007</b>                                    |    | <b>Revenue</b> |
|--|----|----------------|--|----|----------------|
| Owens Corning Fiberglass (Insulation)          | \$ | 9,651,500      | General Motor's (Auto Production)              | \$ | 8,013,000      |
| General Motor's Corp. (Auto Production)        | \$ | 9,347,800      | Owens Corning Fiberglass (Insulation)          | \$ | 6,713,100      |
| CertainTeed Corp. (Insulation)                 | \$ | 9,283,300      | CertainTeed Corp. (Insulation)                 | \$ | 6,227,200      |
| WaterOne of Johnson County (Water Utility)     | \$ | 7,236,500      | WaterOne of Johnson County (Water Utility)     | \$ | 4,928,200      |
| Griffin Wheel (Railroad Wheels)                | \$ | 5,468,500      | Univ. of Kansas Medical Ctr. (Hospital)        | \$ | 4,493,400      |
| Univ. of Kansas Medical Ctr. (Hospital)        | \$ | 4,860,400      | Griffin Wheel (Railroad Wheels)                | \$ | 4,344,100      |
| USD#500 KCK (Public School Dist.)              | \$ | 4,649,700      | Procter & Gamble Co. (Cleaning Products)       | \$ | 4,246,200      |
| Procter & Gamble Co. (Cleaning Products)       | \$ | 4,648,100      | Constar Plastics (Plastic Containers)          | \$ | 1,694,200      |
| Magellan Pipeline Company (Petroleum Pipeline) | \$ | 1,879,354      | GNB Battery (Battery Manufacturer)             | \$ | 1,679,300      |
| Constar Plastics (Plastic Containers)          | \$ | 1,862,998      | Burlington Northern/Sante Fe (Railroad)        | \$ | 1,663,400      |
| <b>2008</b>                                    |    |                |  |    |                |
| <b>2008</b>                                    |    | <b>Revenue</b> | <b>2009</b>                                    |    | <b>Revenue</b> |
| General Motor's (Auto Production)              | \$ | 8,636,200      | Owens Corning Fiberglass (Insulation)          | \$ | 8,411,448      |
| Owens Corning Fiberglass (Insulation)          | \$ | 8,114,700      | General Motor's (Auto Production)              | \$ | 7,775,949      |
| Univ. of Kansas Medical Ctr. (Hospital)        | \$ | 6,577,700      | CertainTeed Corp. (Insulation)                 | \$ | 4,980,249      |
| CertainTeed Corp. (Insulation)                 | \$ | 5,120,500      | Procter & Gamble Co. (Cleaning Products)       | \$ | 4,678,197      |
| Griffin Wheel (Railroad Wheels)                | \$ | 4,819,500      | Griffin Wheel (Railroad Wheels)                | \$ | 4,131,327      |
| WaterOne of Johnson County (Water Utility)     | \$ | 4,557,700      | Univ. of Kansas Medical Ctr. (Hospital)        | \$ | 3,849,712      |
| Procter & Gamble Co. (Cleaning Products)       | \$ | 4,539,400      | WaterOne of Johnson County (Water Utility)     | \$ | 3,394,275      |
| Sunshine Biscuit (Food Manufacturer)           | \$ | 1,798,000      | Univ. of Kansas Hospital Authority (Hospital)  | \$ | 3,224,570      |
| Burlington Northern/Sante Fe (Railroad)        | \$ | 1,785,000      | Magellan Pipeline Company (Petroleum Pipeline) | \$ | 1,866,769      |
| GNB Battery (Battery Manufacturer)             | \$ | 1,649,300      | Burlington Northern/Sante Fe (Railroad)        | \$ | 1,855,297      |
| <b>2010</b>                                    |    |                |  |    |                |
| <b>2010</b>                                    |    | <b>Revenue</b> | <b>2011</b>                                    |    | <b>Revenue</b> |
| General Motor's (Auto Production)              | \$ | 9,175,537      | General Motor's (Auto Production)              | \$ | 10,095,840     |
| Owens Corning Fiberglass (Insulation)          | \$ | 7,616,293      | CertainTeed Corp. (Insulation)                 | \$ | 6,959,810      |
| CertainTeed Corp. (Insulation)                 | \$ | 4,839,908      | Owens Corning Fiberglass (Insulation)          | \$ | 5,345,680      |
| Griffin Wheel (Railroad Wheels)                | \$ | 3,987,251      | Griffin Wheel (Railroad Wheels)                | \$ | 5,183,123      |
| Procter & Gamble Co. (Cleaning Products)       | \$ | 3,720,138      | WaterOne of Johnson County (Water Utility)     | \$ | 4,744,739      |
| WaterOne of Johnson County (Water Utility)     | \$ | 3,643,474      | Univ. of Kansas Hospital Authority (Hospital)  | \$ | 3,979,728      |
| Univ. of Kansas Hospital Authority (Hospital)  | \$ | 3,455,220      | Procter & Gamble Co. (Cleaning Products)       | \$ | 3,912,967      |
| Univ. of Kansas Medical Center (Hospital)      | \$ | 2,679,192      | Univ. of Kansas Medical Center (Hospital)      | \$ | 3,406,181      |
| Constar Plastics (Plastic Containers)          | \$ | 1,666,777      | Sara Lee Foods Corporation (Packaged Foods)    | \$ | 1,770,958      |
| Magellan Pipeline Company (Petroleum Pipeline) | \$ | 1,642,803      | Magellan Pipeline Company (Petroleum Pipeline) | \$ | 1,731,142      |
| <b>2012</b>                                    |    |                |  |    |                |
| <b>2012</b>                                    |    | <b>Revenue</b> | <b>2013</b>                                    |    | <b>Revenue</b> |
| General Motor's (Auto Production)              | \$ | 11,109,840     | General Motor's (Auto Production)              | \$ | 9,270,426      |
| WaterOne of Johnson County (Water Utility)     | \$ | 6,403,823      | Griffin Wheel (Railroad Wheels)                | \$ | 5,630,110      |
| CertainTeed Corp. (Insulation)                 | \$ | 5,991,417      | Owens Corning Fiberglass (Insulation)          | \$ | 5,399,261      |
| Owens Corning Fiberglass (Insulation)          | \$ | 5,880,369      | WaterOne of Johnson County (Water Utility)     | \$ | 5,058,926      |
| Griffin Wheel (Railroad Wheels)                | \$ | 5,568,105      | Univ. of Kansas Hospital Authority (Hospital)  | \$ | 4,338,344      |
| Univ. of Kansas Hospital Authority (Hospital)  | \$ | 4,786,604      | CertainTeed Corp. (Insulation)                 | \$ | 4,070,531      |
| Procter & Gamble Co. (Cleaning Products)       | \$ | 4,584,365      | Univ. of Kansas Medical Center (Hospital)      | \$ | 3,933,091      |
| Univ. of Kansas Medical Center (Hospital)      | \$ | 4,060,018      | Procter & Gamble Co. (Cleaning Products)       | \$ | 3,900,600      |
| Sara Lee Foods Corporation (Packaged Foods)    | \$ | 2,303,146      | Magellan Pipeline Company (Petroleum Pipeline) | \$ | 2,018,430      |
| Kebleer Company (Food Manufacturer)            | \$ | 2,024,924      | Sara Lee Foods Corporation (Packaged Foods)    | \$ | 1,958,357      |
| <b>2014</b>                                    |    |                |  |    |                |
| <b>2014</b>                                    |    | <b>Revenue</b> | <b>2015</b>                                    |    | <b>Revenue</b> |
| General Motor's (Auto Production)              | \$ | 11,111,432     | General Motor's (Auto Production)              | \$ | 14,149,360     |
| Griffin Wheel (Railroad Wheels)                | \$ | 6,616,049      | Griffin Wheel (Railroad Wheels)                | \$ | 6,847,075      |
| Owens Corning Fiberglass (Insulation)          | \$ | 5,787,124      | CertainTeed Corp. (Insulation)                 | \$ | 6,584,360      |
| WaterOne of Johnson County (Water Utility)     | \$ | 5,086,239      | Owens Corning Fiberglass (Insulation)          | \$ | 5,622,261      |
| Univ. of Kansas Hospital Authority (Hospital)  | \$ | 4,582,043      | Univ. of Kansas Hospital Authority (Hospital)  | \$ | 5,135,283      |
| CertainTeed Corp. (Insulation)                 | \$ | 4,168,566      | WaterOne of Johnson County (Water Utility)     | \$ | 4,637,054      |
| Univ. of Kansas Medical Center (Hospital)      | \$ | 4,128,363      | Univ. of Kansas Medical Center (Hospital)      | \$ | 4,406,627      |
| Procter & Gamble Co. (Cleaning Products)       | \$ | 3,581,800      | Procter & Gamble Co. (Cleaning Products)       | \$ | 4,373,082      |
| Magellan Pipeline Company (Petroleum Pipeline) | \$ | 2,277,962      | P Q Corporation (Chemicals Manufacturer)       | \$ | 2,430,849      |
| Kebleer Company (Food Manufacturer)            | \$ | 2,088,604      | Hillshire Brands (Food Manufacturer)           | \$ | 2,274,983      |

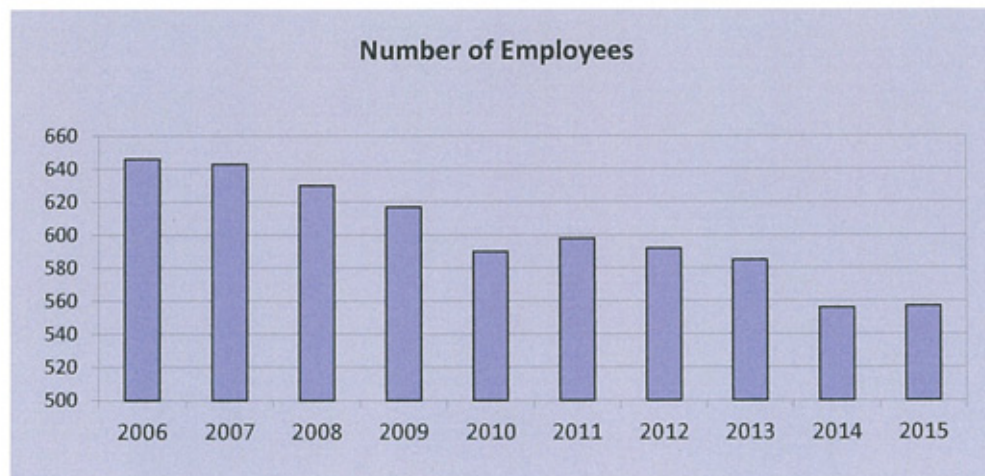


## Employee Data

### Last Ten Fiscal Year

| Fiscal Year | Salaries      | Employee Benefits and Payroll Taxes (1) | Total Salary And Benefits (2) | Number of Employees As of December 31, (3) |
|-------------|---------------|---|-------------------------------|--|
| 2006        | \$ 46,424,254 | \$ 27,000,469                           | \$ 65,114,208                 | 646  |
| 2007        | \$ 48,138,161 | \$ 27,744,880                           | \$ 67,634,617                 | 643  |
| 2008        | \$ 50,389,000 | \$ 27,197,277                           | \$ 68,694,751                 | 630  |
| 2009        | \$ 50,111,000 | \$ 29,879,099                           | \$ 70,923,124                 | 617  |
| 2010        | \$ 49,253,884 | \$ 28,047,842                           | \$ 68,758,964                 | 590  |
| 2011        | \$ 50,254,375 | \$ 29,605,619                           | \$ 71,778,420                 | 598  |
| 2012        | \$ 51,356,748 | \$ 39,509,248                           | \$ 82,877,013                 | 592  |
| 2013        | \$ 50,791,860 | \$ 24,823,381                           | \$ 67,604,414                 | 585  |
| 2014        | \$ 50,128,257 | \$ 28,327,841                           | \$ 70,156,566                 | 556  |
| 2015        | \$ 49,616,092 | \$ 26,999,213                           | \$ 69,373,164                 | 557  |

- (1) Includes compensated absences that are also included in salaries
- (2) Excludes paid time not worked.
- (3) Excludes temporary employees and employees on long-term disability.



**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

| Year | Population |     | Personal<br>Income<br>( <i>thousands<br/>of dollars</i> ) |     | Per<br>Capita<br>Personal<br>Income | Public<br>School<br>Enrollment | Unemployment<br>Rate |       |   |
|------|------------|-----|---|-----|-------------------------------------|--------------------------------|----------------------|-------|---|
| 2006 | 152,900    | (1) | \$ 3,970,858  | (3) | \$ 25,837                           | (3)                            | 27,970               | 7.6%  |   |
| 2007 | 153,454    | (1) | \$ 4,223,792  | (3) | \$ 27,380                           | (3)                            | 27,877               | 7.6%  | * |
| 2008 | 154,233    | (1) | \$ 4,415,768  | (3) | \$ 28,472                           | (3)                            | 27,867               | 8.1%  | * |
| 2009 | 155,499    | (1) | \$ 4,310,940  | (3) | \$ 27,561                           | (3)                            | 28,538               | 10.7% | * |
| 2010 | 157,505    | (2) | \$ 4,420,281  | (3) | \$ 28,010                           | (3)                            | 28,455               | 10.1% | * |
| 2011 | 158,031    | (1) | \$ 4,562,495  | (3) | \$ 28,836                           | (3)                            | 28,462               | 9.5%  | * |
| 2012 | 159,472    | (1) | \$ 4,875,180  | (3) | \$ 30,637                           | (3)                            | 29,284               | 8.4%  | * |
| 2013 | 161,009    | (1) | \$ 5,036,061  | (3) | \$ 29,996                           | (3)                            | 29,753               | 8.0%  | * |
| 2014 | 162,147    | (1) | \$ 4,945,590  | (3) | \$ 29,119                           | (3)                            | 30,200               | 6.9%  |   |
| 2015 | 163,369    | (1) | \$ 5,069,230  | (4) | \$ 29,498                           | (4)                            | 30,414               | 6.1%  |   |

Includes Kansas City Kansas #500, Turner #202, Piper #203, Bonner Springs #204

Notes:

<sup>1</sup> U.S. Dept of Commerce, Bureau of Census, Local Population Estimates, revisions post-2010 Census data release.

<sup>2</sup> 2010 U.S. Census Counts

<sup>3</sup> Bureau of Economic Analysis

<sup>4</sup> Estimates based on trends

\* Updated in 2015 for final figures

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

|  | <b>Fiscal Year 2015</b>                       |             |  | <b>Fiscal Year 2006</b>                       |             |
|--|---|-------------|--|---|-------------|
|  | <b>Employees in County (Employment Range)</b> | <b>Rank</b> | <b>Percentage of Total County Employment</b> | <b>Employees in County (Employment Range)</b> | <b>Rank</b> |
| Kansas University Hospital             | 5,000+  | 1           | 6.44%  | 2500-3499                                     | 2           |
| University of Kansas Medical Center    | 3500-4000                                     | 2           | 3.90%  | 2500-3499                                     | 3           |
| General Motors Corporation             | 3500-4000                                     | 3           | 3.47%  | 2500-3499                                     | 5           |
| Kansas City, KS School District #500   | 2500-4000                                     | 4           | 3.65%  | 3500-4000                                     | 1           |
| Burlington Northern/Santa Fe Railroad  | 2500-4000                                     | 5           | 2.69%  | 2500-3499                                     | 4           |
| Cerner                                 | 1000-2499                                     | 6           | 2.69%  | -   | -           |
| Unified Government of Wyandotte Co/KCK | 1000-2499                                     | 7           | 2.52%  | 2500-3499                                     | 6           |
| Associated Grocers                     | 1000-2499                                     | 8           | 1.28%  | 1000-2499                                     | 9           |
| Providence Medical Center              | 1000-2499                                     | 9           | 1.27%  | 1000-2499                                     | 7           |
| Nebraska Furniture Mart                | 1000-2499                                     | 10          | 0.97%  | 750-999                                       | 8           |
| United Parcel Service                  | -   | -           | -  | 750-999                                       | 10          |
|  | <b>26,892</b>                                 |             | <b>28.89%</b>                                | <b>-</b>                                      |             |

Source: Unified Government of Wyandotte County.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS**  
**RATIOS OF OUTSTANDING DEBT**  
**Last Ten Fiscal Years**

| Fiscal<br>Year | Revenue<br>Bonds | Capital<br>Leases | Revolving<br>Loan | Total<br>Debt <sup>1</sup> | Percentage<br>of Personal<br>Income <sup>2</sup> | Per<br>Capita <sup>2</sup> |
|----------------|------------------|-------------------|-------------------|----------------------------|--|----------------------------|
| 2006           | 333,954,975      | 3,342,010         | 20,471,208        | 357,768,193                | 9.0%   | \$ 2,340                   |
| 2007           | 323,001,990      | 1,738,066         | 23,690,167        | 348,430,223                | 8.2%   | \$ 2,271                   |
| 2008           | 313,043,225      | 1,018,921         | 22,707,905        | 336,770,051                | 7.6%   | \$ 2,184                   |
| 2009           | 363,881,515      | 650,042           | 21,710,900        | 386,242,457                | 9.0%   | \$ 2,484                   |
| 2010           | 355,430,000      | 367,952           | 20,717,121        | 376,515,073                | 8.5%   | \$ 2,390                   |
| 2011           | 421,100,000      | 74,989            | 19,813,666        | 440,988,655                | 9.7%   | \$ 2,791                   |
| 2012           | 479,735,000      | -                 | 18,788,619        | 498,523,619                | 10.2%  | \$ 3,126                   |
| 2013           | 462,765,000      | 321,746           | 27,585,940        | 490,672,686                | 9.7%   | \$ 3,047                   |
| 2014           | 547,730,000      | 600,092           | 32,448,862        | 580,778,954                | 11.7%  | \$ 3,582                   |
| 2015           | 529,785,000      | 1,551,182         | 33,268,850        | 564,605,032                | 11.1%  | \$ 3,456                   |

<sup>1</sup> Details regarding outstanding debt can be found in the notes to the financial statements.

<sup>2</sup> Population and personal income data can be found in the Demographic Schedule.

# Operating Information

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**Electric Rate Schedules  
2006 thru 2015**

|   | May-06    |           | Jan-07    |           | Jul-10    |           | Jan-11    |           | Jan-12    |           | Jan-13    |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | Summer    | Winter    | Summer    | Winter    | Summer    | Winter    | Summer    | Winter    | Summer    | Winter    | Summer    | Winter    |
| <b>Residential</b>                      |           |           |           |           |           |           |           |           |           |           |           |           |
| <b>Rate Code 100</b>                    |           |           |           |           |           |           |           |           |           |           |           |           |
| Customer Charge                         | \$ 6.43   | \$ 6.43   | \$ 6.60   | \$ 6.60   | \$ 7.06   | \$ 7.06   | \$ 13.00  | \$ 13.00  | \$ 14.50  | \$ 14.50  | \$ 16.00  | \$ 16.00  |
| Energy Charge:                          |           |           |           |           |           |           |           |           |           |           |           |           |
| First 1,000 kWh                         | 0.0548    | 0.0548    | 0.0563    | 0.0563    | 0.0602    | 0.0602    | 0.0640    | 0.0495    | 0.0679    | 0.0526    | 0.0724    | 0.0561    |
| Next 1,000 kWh                          | 0.0655    | 0.0259    | 0.0672    | 0.0266    | 0.0719    | 0.0285    | 0.0750    | 0.0480    | 0.0796    | 0.0510    | 0.0848    | 0.0543    |
| All Additional kWh                      | 0.0966    | 0.0259    | 0.0992    | 0.0266    | 0.1061    | 0.0285    | 0.0940    | 0.0480    | 0.0998    | 0.0510    | 0.1063    | 0.0543    |
| <b>Residential Electric Heating</b>     |           |           |           |           |           |           |           |           |           |           |           |           |
| <b>Rate Code 101 (Started Jan-2011)</b> |           |           |           |           |           |           |           |           |           |           |           |           |
| Customer Charge                         |           |           |           |           |           |           | 13.00     | 13.00     | 14.50     | 14.50     | 16.00     | 16.00     |
| Energy Charge:                          |           |           |           |           |           |           |           |           |           |           |           |           |
| First 1,000 kWh                         |           |           |           |           |           |           | 0.0640    | 0.0495    | 0.0679    | 0.0526    | 0.0724    | 0.0561    |
| Next 1,000 kWh                          |           |           |           |           |           |           | 0.0750    | 0.0350    | 0.0796    | 0.0372    | 0.0848    | 0.0396    |
| All Additional kWh                      |           |           |           |           |           |           | 0.0940    | 0.0300    | 0.0998    | 0.0319    | 0.1063    | 0.0340    |
| <b>Small General Service</b>            |           |           |           |           |           |           |           |           |           |           |           |           |
| <b>Rate Code 200</b>                    |           |           |           |           |           |           |           |           |           |           |           |           |
| Customer Charge                         | 16.07     | 16.07     | 16.50     | 16.50     | 17.66     | 17.66     | 25.00     | 25.00     | 27.50     | 27.50     | 30.00     | 30.00     |
| Energy Charge:                          |           |           |           |           |           |           |           |           |           |           |           |           |
| First 3,500 kWh                         | 0.0690    | 0.0690    | 0.0708    | 0.0708    | 0.0758    | 0.0758    | 0.0760    | 0.0660    | 0.0808    | 0.0702    | 0.0857    | 0.0745    |
| All Additional kWh                      | 0.0109    | 0.0109    | 0.0112    | 0.0112    | 0.0120    | 0.0120    | 0.0320    | 0.0220    | 0.0340    | 0.0234    | 0.0361    | 0.0248    |
| Facilities Charge:                      |           |           |           |           |           |           |           |           |           |           |           |           |
| Secondary Service                       | 2.41      | 2.41      | 2.47      | 2.47      | 2.64      | 2.64      | 2.40      | 2.40      | 2.55      | 2.55      | 2.71      | 2.71      |
| Primary Service                         | 1.26      | 1.26      | 1.29      | 1.29      | 1.38      | 1.38      | 1.90      | 1.90      | 2.02      | 2.02      | 2.14      | 2.14      |
| Demand Charge:                          |           |           |           |           |           |           |           |           |           |           |           |           |
| First 10 kW                             | No Charge | No Charge | No Charge | No Charge | No Charge | No Charge | No Charge | No Charge | No Charge | No Charge | No Charge | No Charge |
| All Additional kW                       | 5.89      | 5.89      | 6.05      | 6.05      | 6.47      | 6.47      | 6.50      | 6.50      | 6.91      | 6.91      | 7.33      | 7.33      |
| *Metering Adjustment:                   |           |           |           |           |           |           |           |           |           |           |           |           |
| Primary                                 | -2.30%    | -2.30%    | -2.30%    | -2.30%    | -2.30%    | -2.30%    | -2.00%    | -2.00%    | -2.00%    | -2.00%    | -2.00%    | -2.00%    |
| Secondary                               | NA        | NA        | NA        | NA        | NA        | NA        | NA        | NA        | NA        | NA        | NA        | NA        |
| Customers without Demand Meters         | 0.0762    | 0.0762    | 0.0762    | 0.0762    | 0.0815    | 0.0815    | 0.0910    | 0.0840    | 0.0967    | 0.0893    | 0.1026    | 0.0947    |
| <b>Medium General Service Rate</b>      |           |           |           |           |           |           |           |           |           |           |           |           |
| <b>Rate Code 250 (Started Jan-2011)</b> |           |           |           |           |           |           |           |           |           |           |           |           |
| Customer Charge                         |           |           |           |           |           |           | 55.00     | 55.00     | 60.00     | 60.00     | 65.00     | 65.00     |
| Energy Charge:                          |           |           |           |           |           |           |           |           |           |           |           |           |
| First 300 kWh per kW                    |           |           |           |           |           |           | 0.0450    | 0.0350    | 0.0473    | 0.0368    | 0.0495    | 0.0385    |
| All Additional kWh                      |           |           |           |           |           |           | 0.0150    | 0.0130    | 0.0158    | 0.0137    | 0.0165    | 0.0143    |
| Facilities Charge:                      |           |           |           |           |           |           |           |           |           |           |           |           |
| Secondary Service                       |           |           |           |           |           |           | 2.96      | 2.96      | 3.11      | 3.11      | 3.26      | 3.26      |
| Primary Service                         |           |           |           |           |           |           | 2.34      | 2.34      | 2.46      | 2.46      | 2.58      | 2.58      |
| Demand Charge:                          |           |           |           |           |           |           |           |           |           |           |           |           |
| All Additional kW                       |           |           |           |           |           |           | 6.55      | 6.55      | 6.88      | 6.88      | 7.21      | 7.21      |
| *Metering Adjustment:                   |           |           |           |           |           |           |           |           |           |           |           |           |
| Primary                                 |           |           |           |           |           |           | NA        | NA        | NA        | NA        | NA        | NA        |
| Secondary                               |           |           |           |           |           |           | 2.0%      | 2.0%      | 2.0%      | 2.0%      | 2.0%      | 2.0%      |

\*Metering Adjustment: For years 2006-2010 when a meter was installed, which did not compensate for transformer losses, the customer's total bill, including any adjustments, was adjusted according to the percentages. For years 2011-Current when a meter is installed which does not compensate for transformer losses, the customer's metered kWh and kW is adjusted according to the percentages.

Notes:  
Source: Board of Public Utilities approved rate tariffs.  
Rate Component Information Available for 2006-2014  
Years represented are for years with rate tariff adjustments.

**Electric Rate Schedules  
2006 thru 2015**

|  | May-06  |         | Jan-07  |         | Jul-10  |         | Jan-11  |         | Jan-12  |         | Jan-13 |        |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|--------|
|  | Summer  | Winter  | Summer  | Winter  | Summer  | Winter  | Summer  | Winter  | Summer  | Winter  | Summer | Winter |
| <b>Large General Service Rate</b>          |         |         |         |         |         |         |         |         |         |         |        |        |
| Rate Code 300                              | 37.49   | 37.49   | 38.48   | 38.48   | 41.17   | 41.17   | 120.00  | 120.00  | 130.00  | 130.00  | 140.00 | 140.00 |
| Customer Charge                            | 0.0338  | 0.0338  | 0.0347  | 0.0347  | 0.0371  | 0.0371  | 0.0390  | 0.0300  | 0.0413  | 0.0317  | 0.0436 | 0.0334 |
| Energy Charge:                             | 0.0059  | 0.0059  | 0.0102  | 0.0102  | 0.0109  | 0.0109  | 0.0130  | 0.0130  | 0.0138  | 0.0138  | 0.0146 | 0.0146 |
| First 300 kWh per kW                       |         |         |         |         |         |         |         |         |         |         |        |        |
| All Additional kWh                         |         |         |         |         |         |         |         |         |         |         |        |        |
| Facilities Charge:                         |         |         |         |         |         |         |         |         |         |         |        |        |
| Secondary Service                          | 2.36    | 2.36    | 2.42    | 2.42    | 2.59    | 2.59    | 2.96    | 2.96    | 3.13    | 3.13    | 3.3    | 3.3    |
| Primary Service                            | 1.23    | 1.23    | 1.26    | 1.26    | 1.35    | 1.35    | 2.34    | 2.34    | 2.48    | 2.48    | 2.62   | 2.62   |
| Demand Charge:                             |         |         |         |         |         |         |         |         |         |         |        |        |
| All Additional kW                          | 5.62    | 5.62    | 5.77    | 5.77    | 6.17    | 6.17    | 7.55    | 7.55    | 7.99    | 7.99    | 8.43   | 8.43   |
| *Metering Adjustment:                      |         |         |         |         |         |         |         |         |         |         |        |        |
| Secondary                                  | 2.3%    | 2.3%    | 2.3%    | 2.3%    | 2.3%    | 2.3%    | 2.0%    | 2.0%    | 2.0%    | 2.0%    | 2.0%   | 2.0%   |
| Primary                                    | NA      | NA      | NA      | NA      | NA      | NA      | NA      | NA      | NA      | NA      | NA     | NA     |
| <b>Large Power Service Rate</b>            |         |         |         |         |         |         |         |         |         |         |        |        |
| Rate Code 400                              | 107.10  | 107.10  | 109.94  | 109.94  | 117.64  | 117.64  | 250.00  | 250.00  | 275.00  | 275.00  | 300.00 | 300.00 |
| Customer Charge                            | 0.0198  | 0.0198  | 0.0203  | 0.0203  | 0.0217  | 0.0217  | 0.0214  | 0.0194  | 0.0231  | 0.0210  | 0.0249 | 0.0226 |
| Energy Charge:                             | 0.0098  | 0.0098  | 0.0101  | 0.0101  | 0.0108  | 0.0108  | 0.0102  | 0.0092  | 0.0110  | 0.0100  | 0.0119 | 0.0108 |
| First 300 kWh per kW                       |         |         |         |         |         |         |         |         |         |         |        |        |
| All Additional kWh                         |         |         |         |         |         |         |         |         |         |         |        |        |
| Facilities Charge:                         |         |         |         |         |         |         |         |         |         |         |        |        |
| Secondary Service                          | 2.36    | 2.36    | 2.42    | 2.42    | 2.59    | 2.59    | 2.42    | 2.42    | 2.62    | 2.62    | 2.83   | 2.83   |
| Primary Service                            | 1.23    | 1.23    | 1.26    | 1.26    | 1.35    | 1.35    | 1.93    | 1.93    | 2.09    | 2.09    | 2.25   | 2.25   |
| Substation Service                         | 0.37    | 0.37    | 0.38    | 0.38    | 0.41    | 0.41    | 0.73    | 0.73    | 0.79    | 0.79    | 0.85   | 0.85   |
| Demand Charge:                             |         |         |         |         |         |         |         |         |         |         |        |        |
| All Additional kW                          | 6.64    | 6.64    | 6.82    | 6.82    | 7.30    | 7.30    | 7.94    | 7.94    | 8.59    | 8.59    | 9.26   | 9.26   |
| *Metering Adjustment:                      |         |         |         |         |         |         |         |         |         |         |        |        |
| Primary                                    | NA      | NA      | NA      | NA      | NA      | NA      | NA      | NA      | NA      | NA      | NA     | NA     |
| Secondary                                  | 2.0%    | 2.0%    | 2.0%    | 2.0%    | 2.0%    | 2.0%    | 2.0%    | 2.0%    | 2.0%    | 2.0%    | 2.0%   | 2.0%   |
| Substation Service                         | -3.8%   | -3.8%   | -3.8%   | -3.8%   | -3.8%   | -3.8%   | -2.8%   | -2.8%   | -2.8%   | -2.8%   | -2.8%  | -2.8%  |
| Transmission                               | -4.3%   | -4.3%   | -4.3%   | -4.3%   | -4.3%   | -4.3%   | -3.3%   | -3.3%   | -3.3%   | -3.3%   | -3.3%  | -3.3%  |
| <b>Average Energy Rate Component (ERC)</b> | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    |        |        |
|  | 0.03256 | 0.02445 | 0.02896 | 0.03102 | 0.02370 | 0.02761 | 0.03445 | 0.03038 | 0.03490 | 0.03139 |        |        |
| <b>Environmental Surcharge (ESC)</b>       |         |         |         |         |         |         |         |         |         |         |        |        |
| Rate Code 100 (kWh)                        | NA      | NA      | NA      | NA      | NA      | NA      | 2012    | 2013    | 2014    | 2015    |        |        |
| Rate Code 200 (kWh)                        | NA      | NA      | NA      | NA      | NA      | 0.00068 | 0.00094 | 0.00097 | 0.00124 | 0.00304 |        |        |
| Rate Code 250 (kW)                         | NA      | NA      | NA      | NA      | NA      | 0.00101 | 0.00140 | 0.00144 | 0.00179 | 0.00443 |        |        |
| Rate Code 300 (kW)                         | NA      | NA      | NA      | NA      | NA      | 0.20896 | 0.38985 | 0.38662 | 0.47525 | 1.19839 |        |        |
| Rate Code 400 (kW)                         | NA      | NA      | NA      | NA      | NA      | 0.20896 | 0.38985 | 0.38662 | 0.47525 | 1.19839 |        |        |
| Rate Code USD500 (kWh)                     | NA      | NA      | NA      | NA      | NA      | 0.20033 | 0.40618 | 0.43575 | 0.56661 | 1.50282 |        |        |
|  | NA      | NA      | NA      | NA      | NA      | 0.00090 | 0.00136 | 0.00142 | 0.00168 | 0.00382 |        |        |

\*Metering Adjustment:  
For years 2006-2010 when a meter was installed, which did not compensate for transformer losses, the customer's total bill, including any adjustments, was adjusted according to the percentages. For years 2011-Current when a meter is installed which does not compensate for transformer losses, the customer's metered kWh and kW is adjusted according to the percentages.

Notes:  
Source: Board of Public Utilities approved rate tariffs.  
Rate Component Information Available for 2006-2013  
Years represented are for years with rate tariff adjustments.





**Capital Operating Indicators  
LAST 10 FISCAL YEARS**

| <b>Water System:</b>            | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Miles of Water Mains            | 962.63      | 964.33      | 965.39      | 963.18      | 964.75      | 966.56      | 965.55      | 967.55      | 967.04      | 966.85      |
| Number of New Service Taps      | 554         | 398         | 280         | 129         | 117         | 123         | 117         | 166         | 155         | 187         |
| Max. Day Pumped (Gallons)       | 47,870,000  | 45,470,000  | 43,640,000  | 39,050,000  | 40,250,000  | 45,860,000  | 49,270,000  | 46,450,000  | 39,880,000  | 36,390,000  |
| Min. Day Pumped (Gallons)       | 26,420,000  | 24,220,000  | 24,220,000  | 24,620,000  | 24,620,000  | 24,220,000  | 24,290,000  | 23,950,000  | 24,400,000  | 22,230,000  |
| Max. Rate (MGD)                 | 54          | 54          | 54          | 54          | 54          | 54          | 54          | 54          | 54          | 54          |
| Water Main Breaks               | 599         | 633         | 505         | 457         | 570         | 637         | 736         | 590         | 606         | 499         |
| Avg daily consumption (gallons) | 34,880,000  | 33,130,000  | 32,040,000  | 29,770,000  | 30,350,000  | 31,320,000  | 33,755,000  | 30,850,000  | 29,326,000  | 28,251,482  |

Source: Various water divisions.

**Staffing By Division**  
2007 - 2015 Budget

| Department  | 2007<br>Approved | 2008<br>Approved | 2009<br>Approved | 2010<br>Approved | 2011<br>Approved | 2012<br>Approved | 2013<br>Approved | 2014<br>Approved | 2015<br>Approved |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 1000 ES Administration                            | 1                | 6                | 6                | 6                | 5                | 4                | 4                | 4                | 4                |
| 1600 Electric System Control                      | 23               | 22               | 22               | 22               | 22               | 24               | 25               | 25               | 25               |
| <b>Total Electric Supply</b>                      | <b>24</b>        | <b>28</b>        | <b>28</b>        | <b>28</b>        | <b>27</b>        | <b>28</b>        | <b>29</b>        | <b>29</b>        | <b>29</b>        |
| 1100 EP Administration                            | 11               | 9                | 9                | 9                | 7                | 6                | 6                | 7                | 7                |
| 1101 Maintenance and Planning                     | 6                | 3                | 3                | 3                | 3                | 3                | 3                | 2                | 2                |
| 1103 EP Engineers Common                          | 3                | 3                | 4                | 4                | 4                | 4                | 5                | 5                | 5                |
| 1200 KAW Plant Common                             | 1                | 1                | 1                | 1                | 1                | 1                | 1                | 1                | 0                |
| 1301 EP Maintenance-Quindaro                      | 23               | 23               | 21               | 21               | 20               | 21               | 21               | 21               | 20               |
| 1302 EP Operations-Quindaro                       | 38               | 38               | 38               | 38               | 38               | 38               | 38               | 38               | 38               |
| 1303 EP Engineering - Quindaro                    | 3                | 3                | 3                | 3                | 3                | 3                | 3                | 3                | 3                |
| 1401 EP Maintenance-Nearman                       | 22               | 22               | 20               | 20               | 17               | 16               | 16               | 20               | 20               |
| 1402 EP Operations-Nearman                        | 35               | 35               | 35               | 35               | 35               | 35               | 35               | 35               | 35               |
| 1403 EP Engineering - Nearman                     | 3                | 2                | 3                | 3                | 3                | 3                | 2                | 2                | 2                |
| 1500 Common Plant Maintenance                     | 47               | 46               | 41               | 41               | 45               | 45               | 45               | 38               | 35               |
| 1700 Environmental Services                       | 6                | 5                | 5                | 5                | 7                | 6                | 6                | 5                | 5                |
| 1701 Environmental Air Quality                    | 0                | 0                | 0                | 0                | 0                | 3                | 3                | 3                | 3                |
| <b>Total Electric Production</b>                  | <b>198</b>       | <b>190</b>       | <b>183</b>       | <b>183</b>       | <b>183</b>       | <b>184</b>       | <b>184</b>       | <b>180</b>       | <b>175</b>       |
| 1900 EO Administration                            | 2                | 2                | 2                | 2                | 3                | 3                | 4                | 2                | 2                |
| 2000 EO Planning                                  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 4                | 4                |
| 2100 EO Transmission                              | 89               | 87               | 86               | 87               | 87               | 87               | 86               | 85               | 85               |
| 2200 EO Substation / Relay                        | 12               | 12               | 12               | 12               | 12               | 12               | 13               | 13               | 13               |
| 2300 Telecommunications                           | 7                | 7                | 7                | 7                | 7                | 7                | 7                | 7                | 8                |
| 2410 IT Administration                            | 1                | 1                | 1                | 1                | 1                | 1                | 1                | 1                | 1                |
| 2420 Desktop                                      | 2                | 2                | 2                | 2                | 4                | 6                | 7                | 7                | 9                |
| 2430 Applications                                 | 8                | 8                | 8                | 8                | 12               | 12               | 12               | 12               | 15               |
| 2500 EO Grounds / Claims                          | 1                | 1                | 1                | 1                | 2                | 2                | 1                | 1                | 1                |
| 2600 EO Fleet Maintenance                         | 26               | 26               | 24               | 24               | 23               | 23               | 23               | 23               | 23               |
| 2700 EO Electrical Engineering                    | 23               | 23               | 24               | 24               | 24               | 24               | 25               | 25               | 25               |
| 2800 EO Elec Meters & Services                    | 25               | 24               | 23               | 23               | 21               | 19               | 16               | 15               | 23               |
| 2810 Meter Reading                                | 0                | 0                | 0                | 0                | 0                | 16               | 15               | 8                | 0                |
| 2820 Revenue Protection                           | 0                | 0                | 0                | 0                | 0                | 4                | 3                | 5                | 0                |
| 2900 EO Traffic Signal                            | 6                | 6                | 6                | 5                | 5                | 5                | 5                | 5                | 5                |
| <b>Total Electric Operations &amp; Technology</b> | <b>202</b>       | <b>199</b>       | <b>196</b>       | <b>196</b>       | <b>201</b>       | <b>221</b>       | <b>218</b>       | <b>213</b>       | <b>214</b>       |
| 3700 Water Meters/Services                        | 31               | 31               | 25               | 26               | 26               | 23               | 23               | 24               | 24               |
| 3900 Maintenance Nearman                          | 7                | 7                | 7                | 7                | 6                | 7                | 6                | 6                | 7                |
| 4000 Process Administration                       | 3                | 2                | 2                | 3                | 3                | 3                | 3                | 3                | 3                |
| 4100 Laboratory                                   | 10               | 10               | 10               | 9                | 9                | 9                | 10               | 9                | 9                |
| 4200 WO Mains                                     | 27               | 27               | 33               | 33               | 33               | 39               | 39               | 37               | 39               |
| 4400 WP Support Services                          | 6                | 6                | 6                | 6                | 6                | 6                | 6                | 6                | 4                |
| 4500 Water Administration                         | 2                | 2                | 2                | 1                | 1                | 1                | 1                | 1                | 1                |
| 4600 Water Civil Engineering                      | 16               | 16               | 15               | 15               | 15               | 15               | 15               | 16               | 16               |
| 4800 Operations Nearman                           | 9                | 9                | 8                | 8                | 9                | 8                | 8                | 8                | 8                |
| <b>Total Water</b>                                | <b>111</b>       | <b>110</b>       | <b>108</b>       | <b>108</b>       | <b>108</b>       | <b>111</b>       | <b>111</b>       | <b>110</b>       | <b>111</b>       |
| 5000 Customer Relations                           | 13               | 13               | 13               | 12               | 12               | 15               | 14               | 14               | 15               |
| 5100 Cash Operations                              | 8                | 8                | 8                | 8                | 8                | 8                | 8                | 8                | 8                |
| 5200 Collections                                  | 19               | 19               | 19               | 19               | 19               | 19               | 19               | 15               | 15               |
| 5300 Meter Reading - Moved to Electric Ops        | 28               | 28               | 28               | 27               | 22               | 0                | 0                | 0                | 0                |
| 5600 Revenue Protection - Moved to Electric Ops   | 6                | 5                | 5                | 5                | 4                | 0                | 0                | 0                | 0                |
| 5800 CS Administration                            | 6                | 6                | 6                | 6                | 6                | 5                | 6                | 7                | 6                |
| 6200 Customer Accounting                          | 8                | 8                | 8                | 8                | 8                | 8                | 8                | 8                | 8                |
| 7900 Utility Svcs                                 | 3                | 3                | 2                | 2                | 3                | 3                | 3                | 3                | 3                |
| <b>Total Customer Service</b>                     | <b>91</b>        | <b>90</b>        | <b>89</b>        | <b>87</b>        | <b>82</b>        | <b>58</b>        | <b>58</b>        | <b>55</b>        | <b>55</b>        |
| 6100 Accounting                                   | 18               | 18               | 18               | 18               | 18               | 18               | 18               | 18               | 18               |
| 6300 Purchasing                                   | 5                | 5                | 5                | 5                | 4                | 4                | 4                | 4                | 5                |
| 6400 Stores                                       | 27               | 27               | 26               | 26               | 24               | 24               | 24               | 24               | 23               |
| 6900 Corp Compliance                              | 0                | 0                | 0                | 0                | 0                | 0                | 3                | 3                | 3                |
| 7000 General Managers Office                      | 5                | 5                | 5                | 7                | 5                | 7                | 6                | 6                | 5                |
| 7100 Marketing & Corporate Communications         | 1                | 1                | 1                | 1                | 2                | 2                | 3                | 3                | 4                |
| 7200 HR Administration                            | 1                | 2                | 1                | 0                | 0                | 0                | 0                | 0                | 0                |
| 7300 Internal Audit                               | 3                | 3                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| 7400 Employee Relations                           | 6                | 6                | 7                | 5                | 5                | 6                | 6                | 6                | 6                |
| 7500 Employment Wage/Salary                       | 4                | 1                | 1                | 1                | 1                | 1                | 1                | 1                | 1                |
| 7600 Safety & Security                            | 1                | 2                | 2                | 2                | 2                | 2                | 2                | 2                | 2                |
| 7700 Training & Career Development                | 2                | 2                | 1                | 1                | 1                | 1                | 1                | 1                | 1                |
| 8600 Administrative Services                      | 3                | 3                | 3                | 3                | 3                | 3                | 3                | 3                | 3                |
| 8700 Image Processing                             | 5                | 5                | 5                | 5                | 5                | 5                | 5                | 7                | 8                |
| 8800 Central Mail                                 | 2                | 2                | 2                | 2                | 2                | 2                | 2                | 0                | 0                |
| <b>Total Administrative</b>                       | <b>83</b>        | <b>82</b>        | <b>77</b>        | <b>76</b>        | <b>72</b>        | <b>75</b>        | <b>78</b>        | <b>78</b>        | <b>79</b>        |
| <b>Overall Total Number Of Approved Positions</b> | <b>709</b>       | <b>699</b>       | <b>681</b>       | <b>678</b>       | <b>673</b>       | <b>677</b>       | <b>678</b>       | <b>665</b>       | <b>663</b>       |

Source: Board of Public Utilities approved annual budget.

Staffing Information available for 2007-2015.



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