

Cedar Falls Utilities 2025 Annual Budget

Operating Budget

and

Capital Improvement Plan



Electric, Gas, Water and Communications Utilities

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan



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CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan

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CEDAR FALLS UTILITIES
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Vision, Mission, and Core Value Statements

CFU MISSION STATEMENT

To provide our customers with innovative, high-quality utility services that bring the best value to the community.

CFU VISION STATEMENT

Cedar Falls Utilities strives to achieve a standard of excellence as an industry leader and a trusted provider of utility services to its customers and community.



CFU CORE VALUES

Customer Focus

CFU employees value knowing and serving the expectations of their community. Decisions are based on exceeding the customer's expectations with a continuous focus on maintaining our infrastructure and positioning ourselves to quickly respond to all customer needs.

Ethical and Responsible Behavior

CFU employees will act at all times with professionalism, integrity, trust, honesty and respect for our customers and co-workers. CFU's employees and Trustees have been entrusted with the responsibility of providing for our community's electric, natural gas, water, and communications needs. We will be good stewards of the financial resources entrusted to us by our community, CFU's physical assets and the environment.

Innovation

Anticipation of new ideas and technology allow us to be innovative and timely in adapting to a rapidly evolving industry.

Employee Teamwork and Personal Growth

CFU values the cooperative sharing of resources in a supportive environment in order to utilize each individual's unique talents to create a unified approach to carry out our mission. CFU values employee diversity, employee experience and employee safety; provides opportunities to develop and grow; and cultivates a sense of individual and organizational pride.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Overview of the Budget Process

Budget Document

This document is the Cedar Falls Utilities (CFU) 2025 Annual Operating Budget and Capital Improvement Plan for the Municipal Electric, Gas, Water, and Communications Utilities, of the City of Cedar Falls, Iowa. The Operating Budget and Capital Improvement Plan are considered one Annual Budget. CFU management believes these budgets reflect the most accurate data available at this time, and the documents have been prepared in a manner consistent with generally accepted accounting principles and methods. This budget will serve as a financial tool to maintain efficient management of CFU’s resources, while continuing to provide the level of service customers have come to expect.

Development of the Annual Budget

CFU is a combination municipal utility comprised of separate Electric, Gas, Water, and Communications Utilities dedicated to meeting the needs of the citizens of Cedar Falls, Iowa. Each utility is a separate legal entity, and budgets are developed for each utility on an individual basis. This includes projected operating revenue and expenses (Operating Budget) plus capital expenditures (Capital Improvement Plan) for each.

The Strategic Plan, approved by the Board of Trustees June 19, 2024, was incorporated in the budget decisions of each Business Unit Director and Department Manager while preparing the 2025 budget. With the community’s continued growth, environmental goals and legislation, and competition in the communications field, long-range planning is imperative for CFU.

In July 2024, Business Unit Directors, Department Managers, and Supervisors received instructions for preparation of the 2025 budget documents and a schedule for completion of various steps in the process. Each of the business units and their respective departments involved in the preparation of these budgets were as follows:

<i>Business Unit</i>	<i>Departments</i>
<i>Administration</i>	Administration
<i>Communication Services</i>	Communication Field Operations, Network Engineering, Meter Reading, Information Systems, Information Technology & Security
<i>Customer Service and Business Development</i>	Customer Service, Energy Service, Sales & Business Development, Marketing
<i>Electric, Gas and Water Operations</i>	Electric Production, Electric Distribution, Electric Operations, Gas & Water Operations, Gas & Water Construction
<i>Employee and Legal Services</i>	Employee & Legal Services
<i>Finance and Organizational Services</i>	Finance, Purchasing & Warehousing, Maintenance Support Services – Facilities and Transportation

CEDAR FALLS UTILITIES
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Overview of the Budget Process

The Capital Improvement Plan (CIP) and Operations & Maintenance (O&M) budget forms were returned to Finance in August. These workbooks include the reforecasting of 2024 and the completion of the 2025 budget. They were the basis for budget meetings held in August.

August '24				
M	T	W	T	F
			1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30

<< CIP Budget Forms Due
 << CIP Meetings
 << O&M Budget Forms Due
 << O&M Meetings

CIP Budget Forms were prepared by department managers, planners, and engineers by divisional categories of expenditure, such as transmission, distribution, or general plant. Finance compiles the separate categories into one summary in the Capital Improvement Plan section of this book.

To streamline the process, O&M expenses are not estimated by account but rather on a function-level basis. Joint costs of the business units are allocated to the four utilities via overhead allocation percentages, which are calculated based on revenues, payroll, total plant, and number of meters. These allocations are prepared and updated on an annual basis. All operating expenses are either budgeted directly to a utility category or allocated to the major account categories based on historical expenses.

Part of the Operating Budget preparation includes a personnel request process and estimation of 2025 wages. Wage increases and step adjustments, based on performance, average approximately 4% and union contract wages are also budgeted at 4% in July 2025. CFU continues to be impacted by a tight labor market, particularly for technology-related positions on which CFU depends. The actual wage increases will be recommended to and approved by the Board of Trustees separate from the budget approval process.

Finance works with the department managers and revenue teams, to calculate the projected revenues and compile the information into one document for each utility, called the cash flow. Finance also reviews the budgets for compliance with budget directives and revenue requirements for each utility. System requirements are based on normalized weather conditions, and revenue forecasts are based on rates anticipated to be in effect during year 2025.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Overview of the Budget Process

Prior to being presented to the Board of Trustees, the General Manager and the Director of Finance and Organizational Services review the proposed budget documents with the budget preparers and other Directors. Department managers complete requested revisions based on these reviews. Preliminary reviews of the budget categories were reviewed with the Board of Trustees in the last week of August to allow for recommendations and strategy decisions regarding capital improvement projects, wages, and benefits that warrant detailed discussions.

The four utilities are enterprise funds and rates in each utility are set at levels that allow for future capital expansion. If revenues exceed expenses, there is an increase in the fund balances that will be used for future capital expenditures. If revenues are less than expenses, enterprise fund balances are used to balance the budget. It is the Board of Trustees' responsibility to set rates that will produce adequate revenues for capital additions, expected operating expenses, including debt service requirements and other designated reserves.

Budget Adoption

State code gives the Board of Trustees the authority to adopt the Annual Budget and Amendments. The Board of Trustees sets the date for the public hearing on the Annual Budget during an October board meeting. After the Board of Trustees sets the date for the public hearing, copies of the detailed budget are made available to city offices, and the budget certification form is published in the local newspaper 10 to 20 days prior to the public hearing. This allows the public time to ask questions about the budget, and to attend the public hearing held in November. Final approval of the Budget rests with the Board of Trustees in November at the public hearing.

Once approved, the Annual Budget becomes the basis for operating and capital expenditures during the ensuing year. Total expenditures may not exceed the adopted budget as presented to the Board of Trustees. Budgetary control is provided by monthly revenue and expense reports and budget vs. actual variance reports completed by the managers, compiled by the Finance department and provided to the General Manager and Directors. The General Manager provides quarterly financial reports to the Board of Trustees.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Overview of the Budget Process

Budget Amendments

Sec. 384.18 of Iowa Code provides that a municipal budget may be amended for any of the following purposes:

1. To permit the appropriation and expenditure of unexpended unencumbered cash balances on hand at the end of the preceding year, which had not been anticipated in the budget.
2. To permit the appropriation and expenditure of amounts anticipated being available from sources other than property taxation and which had not been anticipated in the budget.
3. To permit transfers from the debt service fund, the capital improvements reserve fund, the emergency fund, or other funds established by state law, to any other city fund unless specifically prohibited by state law.
4. To permit transfers between programs within the general fund.

A municipal utility's budget becomes effective January 1 of each year unless amended under the conditions listed above. A budget amendment must be prepared and adopted in the same manner as the original budget described above. A municipal utility's budget must be amended by November 30 of the current year to allow for a protest hearing to be held and a decision rendered before December 31.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Strategic Plan Summary

The Strategic Plan serves as a platform for CFU's Board of Trustees, management, and employees from which to make the many business decisions that must be made in the course of day-to-day operations of the Municipal Electric, Gas, Water and Communications Utilities and for the planning of future growth and development. The identified goals and objectives guide the Trustees and employees in achieving the vision and mission of CFU and provide the basis for the budgeting process.

The Strategic Plan is made up of nine sections: Customer Satisfaction, Fiscal Responsibility, Employee Enthusiasm, Planning the Energy Supply Future for Cedar Falls, Electric Utility, Gas Utility, Water Utility, Communications Utility and Corporate Support Services.

Summarized below are the goals and objectives outlined in the 2024-2033 Strategic Plan adopted by the board on June 19, 2024:

Key Result Area: Customer Satisfaction

Goal #1: Pursue load and revenue growth that benefits CFU, our customers and the community.

- Objective #1: Support economic development and the expansion of existing and new businesses in Cedar Falls.
- Objective #2: Continue to dominate the market share for Internet, traditional pay TV, and land-line phone customers, maintain above 90% of the market for residential customers.
- Objective #3: Seek expansion opportunities to maximize the value and service offerings of our Communications Utility, to the benefit of Cedar Falls residents and CFU customers.
- Objective #4: Work with the City of Cedar Falls to maximize the value of Cable Division Programming

Goal #2: Provide exceptional customer service, receiving overall quality of service ratings above 9 in the voice of the customer survey.

- Objective #1: Improve service provided to prospective customers and to customers after they are connected.
- Objective #2: Enhance services to Key Accounts, commercial and industrial customers.

Goal #3: Effectively communicate Cedar Falls Utilities' value to the community and initiate proper messaging and promotional activities in support of CFU's products, services, and community safety.

- Objective #1: Reinforce community perception of CFU as a valued, reliable, and trustworthy provider of services and initiate promotional activities to encourage customer acceptance and safe use of our products and services.
- Objective #2: Communicate safety messages to the community so that utility-related hazards are known, and accidents prevented.

CEDAR FALLS UTILITIES
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Strategic Plan Summary

Key Result Area: Fiscal Responsibility

Goal #1: Be fiscally responsible and plan for future fiscal strength.

- Objective #1: Annually establish 5 and 10-year plans to control costs and be fiscally responsible.
- Objective #2: Maintain strong credit rating to enhance ability to obtain additional capital.
- Objective #3: Annually, review capacity and large capital replacement needs due to retiring key units of property to recommend savings necessary to minimize the impact of future borrowings.
- Objective #4: In the annual budgeting process, review and propose transfer payments to the City of Cedar Falls (PILOT), which are fiscally responsible and maintain our role within the community as a good corporate citizen.
- Objective #5: Determine the financial metrics to be utilized in evaluation of the viability of the Cable Television business.

Goal #2: Maintain competitive rates.

- Objective #1: Annually, strive to achieve and maintain rates in the lowest 10% of peer communities in Iowa for both residential and commercial rate report cards.

Key Result Area: Employee Enthusiasm

Goal #1: Develop and maintain a positive, dynamic, efficient, skilled, and progressive workforce.

- Objective #1: Use best practices to recruit and retain a diverse workforce to meet the existing and future challenges of delivering essential utility services to Cedar Falls.
- Objective #2: Provide a positive working environment that fuels job productivity, communication, and personal satisfaction for all employees and that fosters positive, collaborative relations between labor and management and between departments.
- Objective #3: Provide opportunity and support for employees' personal growth and development by implementing a formalized training program and developing a workforce plan to prepare for the next 3-5 years.
- Objective #4: Maintain a fair and competitive compensation and benefits program for all employee groups to support the company's mission, vision, and core values.

Goal #2: Promote a culture of healthy, ethical, and safe employees dedicated to living the CFU vision and mission in service to our customers.

- Objective #1: Maintain a safe working environment for all employees.
- Objective #2: Maintain, support, and enhance the wellness culture for all employees in order to facilitate a healthy and productive workforce.

Goal #3: Provide a workforce strategy to be able to effectively respond to and address personnel and staffing needs of the departments in the next five years.

- Objective #1: Focus on raising career awareness in the utility industry for our future workforce.
- Objective #2: Maintain comprehensive database of critical functions/positions in order to assess succession planning needs and business continuity readiness.
- Objective #3: Develop a Workforce Continuity Program.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Strategic Plan Summary

Key Result Area: Planning The Energy Supply Future for Cedar Falls

Goal #1: Plan for and provide reliable and cost-competitive electric energy supply for our customers.

- Objective #1: Evaluate our existing generation fleet annually, including a review of capital and O&M expenditures, and the value provided from both capacity availability and energy production.
- Objective #2: Project the future electrical energy needs of our customers, both energy and capacity.
- Objective #3: Study, plan for and implement a strategy to meet the electrical capacity and energy needs of our customers in time periods covering the next 5, 10 and 25 years.

Goal #2: Plan for and provide reliable and cost-competitive natural gas or alternate replacement fuel supply for our customers.

- Objective #1: Project the future natural gas or replacement fuel needs of our customers.

Goal #3: Practice effective load management and energy resource stewardship and encourage and assist our customers in doing the same.

- Objective #1: Lead our community energy efficiency efforts with the purpose of conserving resources, reducing long-term energy costs, and minimizing the environmental impact of energy consumption and production. Reduce emissions from CFU-provided and customer-consumed electric energy and natural gas. Reduce emissions the following percentages, from 2010 levels by 2030:
 - o CO₂e: 45%
 - o NO_x: 63%
 - o SO_x: 90%

CFU's long-term goal for CFU-provided services and operations is to be carbon-neutral by 2050. Achievement of carbon-neutrality is heavily dependent on technology innovations in areas such as fuels, power generation and carbon removal. CFU's strategy will adapt based on future economics and evolving energy technology. These goals will be re-evaluated annually by the Board to ensure that they remain relevant based on a wide range of changing variables.

- Objective #2: Prepare our electric and gas distribution systems, and our customers, for future load changes in order to minimize disruptions and minimize system infrastructure expenses.

Key Result Area: Electric Utility

Goal #1: Improve internal system reliability.

- Objective #1: Assess and publish customer reliability statistics.
- Objective #2: Improve the reliability of the internal transmission and distribution system.
- Objective #3: Analyze the Red Team report to address attacks of terrorism or vandalism. Identify economically feasible mitigation improvements.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Strategic Plan Summary

Key Result Area: Gas Utility

Goal #1: Provide safe, reliable supply and delivery of natural gas to our customers.

- Objective #1: Provide timely planning, design, construction, operation and maintenance for reliable gas system delivery, expansion, and improvement. Annually review and update 10-year Capital Improvement Plan (CIP).
- Objective #2: Provide a well-qualified workforce and succession planning to achieve the Gas Utility's Strategic Plan, provide high quality customer service.
- Objective #3: Evaluate projects for application submission for funding from the Infrastructure Investment and Jobs Act or other similar grant sources.

Goal #2: Provide high-quality field and informational services that promote the safe use of natural gas by our customers.

- Objective #1: Increase public awareness and education regarding natural gas including its safety, characteristics, and uses and system reliability.
- Objective #2: Utilize new technologies where it may benefit CFU customers.

Goal #3: Maintain financial health of the gas utility.

- Objective #1: Manage gas commodity purchasing to minimize cost and risk.
- Objective #2: Minimize gas transportation and distribution costs, while retaining operational benefits of our pipeline contract.

Key Result Area: Water Utility

Goal #1: Provide high-quality drinking water that meets or exceeds industry standards and regulatory requirements.

- Objective #1: Provide high-quality drinking water with safe and reliable delivery.
- Objective #2: Provide a well-qualified workforce and succession planning to achieve the Water Utility's Strategic Plan and provide high-quality customer service.

Goal #2: Develop and implement infrastructure improvements and O&M plans to meet current and future demand.

- Objective #1: Provide timely planning, design, construction, operation and maintenance for water system operation, expansion, and improvement. Annually review and update 10-year Capital Improvement Plan (CIP).
- Objective #2: Monitor and evaluate new technologies, materials, and construction methods. Implement where beneficial to CFU.
- Objective #3: Evaluate projects for application submission for funding from the Infrastructure Investment and Jobs Act or other similar grant sources.

CEDAR FALLS UTILITIES
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Strategic Plan Summary

Key Result Area: Communications Utility

Goal #1: Evaluate and implement innovative, high-quality telecommunications technology to remain competitive and efficient.

- Objective #1: Evaluate the technology roadmap for video services.
- Objective #2: Evaluate the technology roadmap for data services.
- Objective #3: Evaluate the technology roadmap for phone services.
- Objective #4: Prepare and implement a plan to end cfu.net email services.

Goal #2: Provide reliable delivery of services to our internal and external customers.

- Objective #1: Ensure the redundancy and resiliency within our systems are adequate.
- Objective #2: Establish metrics for communications network service quality.
- Objective #3: Expand our fiber footprint to rural areas surrounding Cedar Falls

Key Result Area: Corporate Support Services

Goal #1: Monitor and address cyber and physical insurance risks.

- Objective #1: Assure adequate insurance in the risk management plan to protect for various eventualities.

Goal #2: Monitor and address cyber security risks.

- Objective #1: Using a committee approach, identify improvements that will allow CFU culture to embrace security awareness.
- Objective #2: Review and complete changes to key systems and security that are needed to continue to maintain operations and data in a secure and responsible manner.

Goal #3: Construct and maintain high quality, safe and secure, facilities and grounds for our employees, customers, and community.

- Objective #1: Plan, construct, and update facilities in a fiscally responsible manner to provide adequate space and environmental controls for employees to perform job duties safely, efficiently, and productively.
- Objective #2: Provide physical security controls to protect customers, employees, and company assets.

Goal #4: Evaluate opportunities for business process improvements.

- Objective #1: Identify improvements in business processes to obtain efficiencies and promote customer service.
- Objective #2: Continue to test and verify our disaster recovery and business continuity plan.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Strategic Plan Summary

Goal #5: Provide excellent legal services to the Board of Trustees and General Manager in order to support the Mission, Vision, and Core Values

- Objective #1: Provide timely and thorough review of all contract documents.
- Objective #2: Provide information to the Board and Executive Management regarding state and federal legislative matters and relationships in order to advance issues of importance to the Utilities.
- Objective #3: Review Board's Bylaws and governance policies to ensure legal compliance and consistency.
- Objective #4: Consider and evaluate level of transparency to the public with respect to Board meetings and actions.

CEDAR FALLS UTILITIES
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Financial Summary

Rates

In the 2025 budget, management remained mindful of the goal of having CFU’s rates in the lowest 10% when compared to other utility service providers. Given CFU’s need for substantial long-term investments, along with the directive to keep rates competitive while experiencing a growing local economy, management has a formidable task in balancing these goals. According to the residential rate report card completed in June 2024, for the period June 2023 to May 2024 the average Cedar Falls Utilities residential customer spent:

Basic Plus Cable & Internet	\$ 1,938
Electric Service	\$ 1,023
Gas Service	\$ 563
Water Service	\$ 332
Annual Total	\$ 3,856

During the same period, the average annual bill for the twenty peer communities was \$5,065.

A 7.0% increase to base electric rates is recommended in anticipation of issuing debt in 2025 for the Reciprocating Engine Generation project. In 2024 we project that 65% of a customer’s electricity bill is for base rates and 35% is for cost recovery. Although the 2025 Budget projects an increase in commodity costs, if these costs would remain stable and sales were similar to 2024, the 7.0% base rate increase would result in an overall bill increase of 5.0% for our base customers. More details on the Reciprocating Engine Generation project can be found in the following sections: Financial Summary–Debt Service, Electric Utility–Generation, Electric Utility–Generation & Acquisition Fund and Capital Improvement Plan–Electric Production Budget Item 116-Reciprocating Engine Generation.

A 7.0% increase to base gas rates is recommended. The largest cost to the Gas Utility is the cost of natural gas, which include commodity costs and pipeline fees. In the 2024 reforecast and 2025 budget natural gas represents approximately 65% and 68%, respectively of the total cost of operations for the Gas Utility. These expenses are passed on to customers through the Purchased Gas Adjustment (PGA) without markup. See the Financial Summary-Ratios and Gas Utility sections for more information. Natural gas costs are projected to be approximately 62% of a customer’s 2024 gas bill. These costs are predicted to increase for 2025 but if natural gas costs remain stable and sales were similar to 2024, the 7.0% base rate increase results in an overall bill increase of 3.0% for our base customers. The 7.0% increase is recommended to ensure the Utility meets its minimum recommended cash reserve level, move the Utility closer to achieving its Key Financial Ratio targets, and fund anticipated capital expenditures. More detail can be found in the Capital Improvement Plan (CIP) section of this book.

CEDAR FALLS UTILITIES
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Financial Summary

Staff continues to explore ways to control natural gas costs. CFU’s rates also include some services, such as furnace checks, which are either not offered or are separately charged by our peers. Conservatively, the value of these additional services is estimated to be \$254,000 per year.

A 9.9% increase to base water rates is recommended. The Water Utility has large capital expenditures anticipated for the next ten years and future rate increases are anticipated for each of the projected years. More detail can be found in the Capital Improvement Plan (CIP) section. These expenditures will allow CFU to replace water mains at the same time the City of Cedar Falls is doing street repairs or reconstruction. This provides a substantially less expensive alternative to the Water Utility for replacing water mains. While we do receive reimbursement for these new water mains if they are in a tax increment financing (TIF) district, this accounts for only 6% of the anticipated water main replacement, relocation, and extension projects in the ten-year plan. The rate increases will help achieve more desirable cash reserves levels for this utility and address concerns with net operating income and projected capital demands.

Staff performs an annual analysis of the Communications Utility’s cost of service and evaluation of current offerings to strategize improvements in services, generate new revenues and/or reduce expenses. This is done with the customer in mind and the impact on the Utility overall.

Programming costs are approximately 77% of cable television’s retail revenues. Since 2014, CFU has experienced programming cost increases that average around 9% annually, and this is the main driver for the rate changes proposed for TV rates. To keep pace with programming cost increases, we are recommending an \$3 per month increase in Basic and Basic Plus services. See tables below.

Increase in Basic and Basic Plus Costs & Rates

	2014	2024	Change
Cost	\$ 41.06	\$ 99.59	\$ 58.53
Rate	\$ 60.50	\$ 121.00	\$ 60.50

We continue to see declines in TV subscribers, but our pricing strategies greatly minimize the impact of TV subscriber losses. When renewing contracts with TV programmers we continue to seek to control programming costs, minimize bulk floor costs and secure advanced video rights that enable our PowerDVR and App based delivery.

CEDAR FALLS UTILITIES
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The 2025 budget includes rate increases to tv and data services as follows:

Service Description	Current Rates Per Month	New Rates Per Month	Change
Basic (Last increase January 2024)	\$52.00	\$55.00	\$3.00
Basic Plus (Last increase January 2024)	\$69.00	\$69.00	
FiberHome Quantum (Last decrease January 2017)	\$117.00	\$125.00	\$8.00

No rate increases are being recommended for WaveNet Wireless or Phone services in 2025.

Ratios

CFU monitors several key standard financial indicators used by rating agencies as measures of its financial health. Except for the debt service coverage ratios, which reflect bond covenant requirements of 1.25 plus a 50-basis point safety margin, the goals are financial targets for each utility to maintain strong financial positions. These measures relate to debt service coverage, cash as a percent of operating expenses, and net operating income/net income as a percent of revenue and Board designated cash reserves. Details are shown in the cash flow statement for each utility in its individual section of the budget document and a summary of the goals and ratios are shown in the following table.

2025 Key Financial Ratios

Measure	Goal	Electric	Gas	Water	Communications
Debt Service Coverage-Revenue Debt	1.75+	15.14	N/A	N/A	N/A
Debt Service Coverage-All Debt	1.75+	15.14	N/A	N/A	N/A
Cash as a % of Operating Expenses (without Depreciation, PILOT & IPERS/OPEB liability expenses)	50%+	94.19%	50.14%	108.38%	143.45%
Net Operating Income as a % of Revenue (NOI)	6%+	14.59%	4.77%	18.18%	16.06%
Net Income as a % of Revenue	6%+	16.11%	8.13%	25.82%	20.39%
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	Zero	\$31,597,611	\$3,281,934	\$2,032,888	\$15,767,753

CEDAR FALLS UTILITIES
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These indicators are used to understand the view of the financial health of each utility, which is particularly important if future borrowing is anticipated, and they are used to prompt discussion with potential lenders and rating agencies. Some of these standard indicators must be evaluated with care as variation from the standard may be acceptable or achieving one goal may alter the impact on one of the other goals in a way that is not acceptable. As an example, in the Electric and Gas Utilities the cash as a percent of operating expenses could fall below the desired goal, but due to high commodity costs, it can be explained to the lenders and rating agencies that the Electric and Gas Utilities' operating expense is made up of energy, fuel and purchase power costs that are significantly high in general. The existence of a cost adjustment mechanism in both Utilities allows them to deal with the recovery of these costs without raising rates.

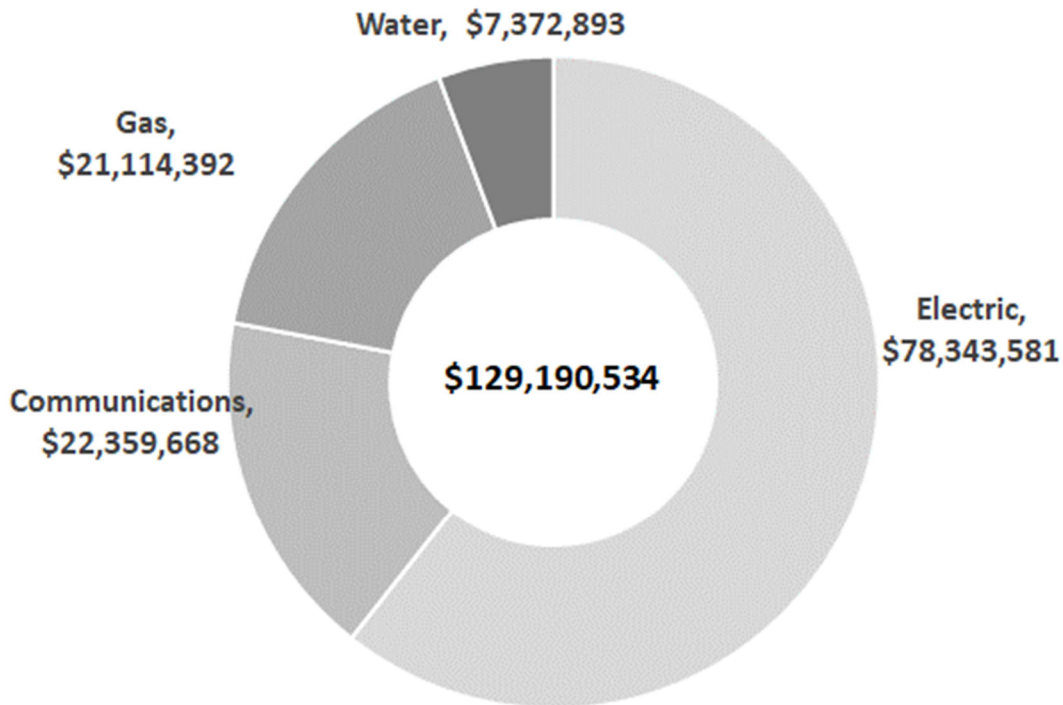
The Electric, Water and Communications Utility's key financial ratios all meet or exceed recommended minimum goals. The Gas Utility's Net Operating Income as a % of Revenue is lower than the desired goal. This is discussed in more detail in the Gas Utility section. Purchased Gas Supply expenses, natural gas commodity costs and pipeline fees, are passed on to customers through the Purchased Gas Adjustment (PGA) without markup. In illustration with the table below, increased purchased gas supply expenses result in increased operating revenue but do not add to net income. This pass-through revenue is the majority of operating revenue for the Gas Utility. Assuming the same 2025 operating expenses the Utility would need an additional base rate increase of approximately 4.2% or a 11.2% total in 2025 to meet the Net Operating Income as a % of Revenue goal of 6%.

Gas Operating Revenue	Total Op. Rev.	Cost Recovery Revenue	Cost Rcvry % of Total Op. Rev.
2022	\$ 22,789,226	\$ 16,914,428	74.22%
2023	\$ 17,818,104	\$ 11,686,185	65.59%
2024 Reforecast	\$ 17,069,634	\$ 10,543,537	61.77%
2025 Budget	\$ 21,114,392	\$ 13,736,033	65.06%
2025 Budget NOI	\$ 1,007,214		
2025 Additional NOI Needed	\$ 276,164		
Total	\$ 1,283,378		

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Operating Revenues

Revenues for the Electric, Gas, and Water Utilities were budgeted based on normalized weather conditions.



Electric Operating Revenue

	Amount	Increase (Decrease)	
2024 Original Budget	\$ 71,731,713	-	-
2024 Reforecast	\$ 66,181,601	\$ (5,550,112)	-7.7%
2025 Budget	\$ 78,343,581	\$ 12,161,980	18.4%
'24 Budget to '25 Budget		\$ 6,611,868	9.2%

The changes above are primarily due to changes in purchased power and fuel expenses that are passed on via the Energy Cost Adjustment (ECA) and expected Western Unit MISO sales.

The 2025 budgeted amount reflect a 7.0% increase to base rates, expected normalized weather and other anticipated changes in CFU’s customer base.

See the Electric Utility section for more information.

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Gas Operating Revenue

	Amount	Increase (Decrease)	
2024 Original Budget	\$ 21,230,903	-	-
2024 Reforecast	\$ 17,069,634	\$ (4,161,269)	-19.6%
2025 Budget	\$ 21,114,392	\$ 4,044,758	23.7%
'24 Budget to '25 Budget		\$ (116,511)	-0.5%

The changes above are primarily due to changes in natural gas and related pipeline fees that are passed on to customers through the Purchased Gas Adjustment (PGA) without markup.

The 2025 budgeted amount reflects a 7.0% increase to base rates, expected normalized weather and other anticipated changes in CFU's customer base.

See the Gas Utility section for more information.

Water Operating Revenue

	Amount	Increase (Decrease)	
2024 Original Budget	\$ 6,738,439	-	-
2024 Reforecast	\$ 6,633,797	\$ (104,642)	-1.6%
2025 Budget	\$ 7,372,893	\$ 739,096	11.1%
'24 Budget to '25 Budget		\$ 634,454	9.4%

The 2025 budgeted amount reflect a 9.9% increase to base rates, expected normalized weather and other anticipated changes in CFU's customer base.

Communications Operating Revenue

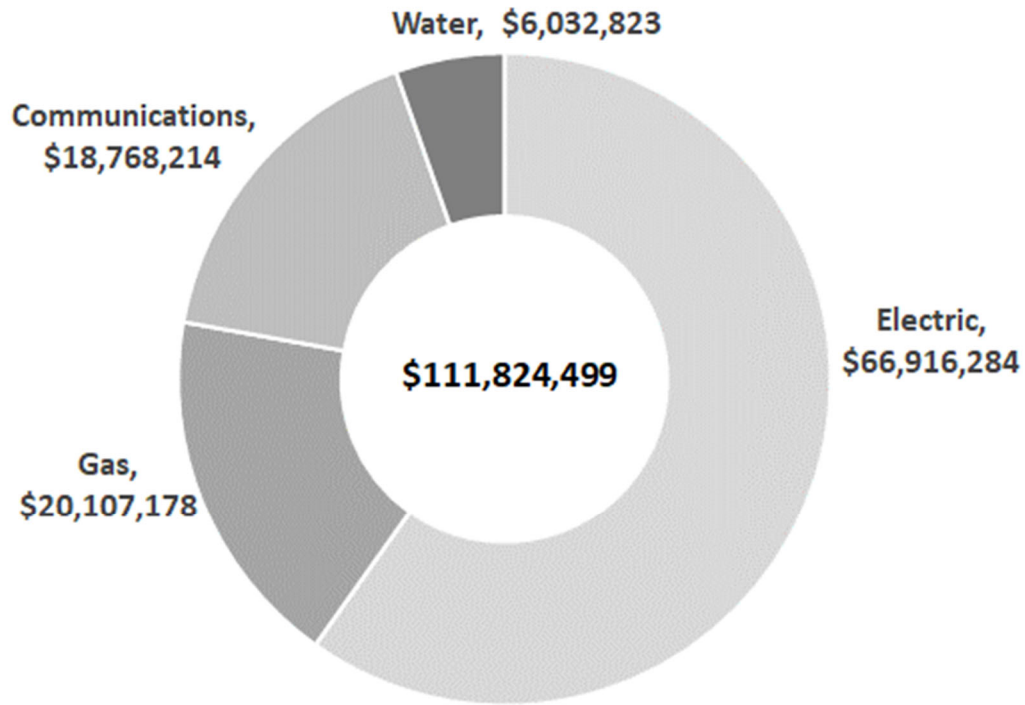
	Amount	Increase (Decrease)	
2024 Original Budget	\$ 22,165,995	-	-
2024 Reforecast	\$ 22,258,446	\$ 92,451	0.4%
2025 Budget	\$ 22,359,668	\$ 101,222	0.5%
'24 Budget to '25 Budget		\$ 193,673	0.9%

The 2025 budgeted amount reflect a \$3 per month increase in the Basic Cable rate, the elimination of the \$5 Cable Multi-Service Discount, and anticipated changes in CFU's customer base.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Financial Summary

Operating Expenses

Expenses for the Electric, Gas, and Water Utilities are budgeted based on normalized weather conditions for anticipated temperatures and rainfall.



Electric Operating Expenses

	Amount	Increase (Decrease)	
2024 Original Budget	\$ 64,184,047	-	-
2024 Reforecast	\$ 55,798,577	\$ (8,385,470)	-13.1%
2025 Budget	\$ 66,916,284	\$ 11,117,707	19.9%
'24 Budget to '25 Budget		\$ 2,732,237	4.3%

The changes are primarily due to changes in purchased power and fuel expenses that are passed on via the ECA. See the Electric Utility section for more information.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Financial Summary

Gas Operating Expenses

	Amount	Increase (Decrease)	
2024 Original Budget	\$ 20,594,011	-	-
2024 Reforecast	\$ 16,256,932	\$ (4,337,079)	-21.1%
2025 Budget	\$ 20,107,178	\$ 3,850,246	23.7%
'24 Budget to '25 Budget		\$ (486,833)	-2.4%

The 2024 Reforecast change and the 2025 Budget change are primarily due to changes in natural gas costs which are the largest cost to the Gas Utility. See the Gas Utility section for more information.

Water Operating Expenses

	Amount	Increase (Decrease)	
2024 Original Budget	\$ 5,802,882	-	-
2024 Reforecast	\$ 5,585,420	\$ (217,462)	-3.7%
2025 Budget	\$ 6,032,823	\$ 447,403	8.0%
'24 Budget to '25 Budget		\$ 229,941	4.0%

The changes are primarily due to changes in labor & benefits. See the Water Utility section for more information.

Communications Operating Expenses

	Amount	Increase (Decrease)	
2024 Original Budget	\$ 18,129,503	-	-
2024 Reforecast	\$ 17,508,912	\$ (620,591)	-3.4%
2025 Budget	\$ 18,768,214	\$ 1,259,302	7.2%
'24 Budget to '25 Budget		\$ 638,711	3.5%

Slightly over half of the anticipated change between 2024 and 2025 can be attributed to projected increases in labor and benefit expenses.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Financial Summary

Personnel

Excluding commodity costs, which require 54.0% of the operating budget, CFU’s second largest expense is labor and benefit costs, which require 22.3% of the operating expense budget. See the Operating Budget Expense Comparison section of this book. Staffing levels are managed in a way to control costs, improve our competitive position, and provide for succession planning.

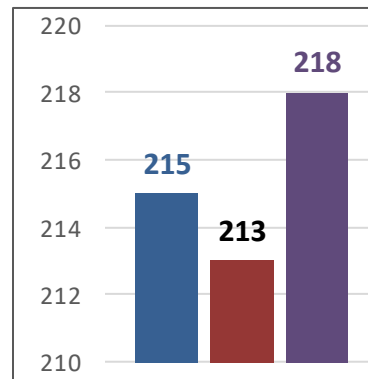
Supplementing our regular workforce with outside contractors, consultants, students, and part-time help during the busy construction season and for large projects will continue. This has been an economical way to help manage labor costs and attract some high-quality candidates for job-training opportunities.

Compensation Expenditures

	Amount	Increase (Decrease)	
2024 Original Budget	\$ 25,505,475	-	-
2024 Reforecast	\$ 24,323,793	\$ (1,181,682)	-4.6%
2025 Budget	\$ 27,114,320	\$ 2,790,527	11.5%
'24 Budget to '25 Budget		\$ 1,608,845	6.3%

Similar to many other companies, in the last few years CFU has continued to have higher volumes of hiring and onboarding activities due to employee shifts to retirement and employees seeking new opportunities. Retirements have led to new opportunities for employees in other departments and new regulatory requirements as well as succession planning are creating a shift in workloads and needs of the company. As these shifts have continued to occur, management reviews each situation for the best course of action to meet today’s needs in each area. Staffing counts reflective of the costs above are detailed in the Personnel Summary section of this document and are as follows:

Employees	2024 Original Budget	2024 Current*	2025 Budget
Temporary PT	1	2	2
Temporary FT	0	0	0
Seasonal	12	12	13
Part Time	11	12	12
Full Time	191	187	191
Total	215	213	218



* As of September 6, 2024

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Financial Summary

Debt Service

Currently the Electric Utility has one outstanding Revenue Bond, Series 2015. The debt could be called but there are no plans to do so as the last payment is scheduled to be paid in 2026 and at Dec. 31, 2024, total interest to be paid is less than \$120,000. It is anticipated that the Electric Utility will issue \$67,255,000 in new debt in 2025 to fund the Reciprocating Engine Generation project. More details can be found in the following sections: Electric Utility–Generation, Electric Utility–Generation & Acquisition Fund and Capital Improvement Plan–Electric Production–Budget item 116–Reciprocating Engine Generation.

The Gas, Water & the Communications Utilities have no debt outstanding and there are no plans to issue debt in the near future.

Expected Outstanding Debt

	Outstanding Debt as of Dec. 31, 2024	2025 Payments (Principal Only)	Outstanding Debt as of Dec. 31, 2025
Electric	\$2,625,000	\$1,290,000	\$68,590,000
Gas	\$0	\$0	\$0
Water	\$0	\$0	\$0
Communications	\$0	\$0	\$0
Total	\$2,625,000	\$1,290,000	\$68,590,000

Transfers to City – Payments in Lieu of Taxes (PILOT)

CFU budgets for an annual transfer to the City of Cedar Falls as a payment in lieu of taxes (PILOT). In the 2025 Electric budget, CFU will accrue \$1,323,400 in a transfer to the City and have budgeted \$393,155 in property tax for a total of \$1,716,555 which is 2.7% of the 2025 budgeted Electric retail revenues of \$63,308,779. In the 2025 Gas budget CFU will accrue \$499,200 for this annual transfer.

Energy Efficiency

The 2025 budget includes \$650,000 in the electric and gas energy efficiency incentives, an 8.7% decrease from the 2024 budget of \$712,000. CFU employs significant expertise in commercial and industrial energy efficiency and the budget funds significant CFU incentives associated with expected energy reduction projects of our customers. If cost-effective projects are identified which would exceed the budget, CFU staff will request authorization from the CFU Board for additional funding.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Financial Summary

Cash Balances and Reserves

Cash & investment balances as of December 31 are detailed in the table below:

	Electric	Gas	Water	Comm.	Total
2022 Actuals	\$ 53,455,980	\$ 13,150,871	\$ 7,208,396	\$ 19,333,077	\$ 93,148,324
2023 Actuals	\$ 59,927,705	\$ 15,499,280	\$ 6,900,367	\$ 21,942,093	\$ 104,269,445
2024 Reforecast	\$ 71,358,434	\$ 18,220,674	\$ 6,278,709	\$ 19,146,762	\$ 115,004,579
2025 Budget	\$ 127,047,687	\$ 18,739,181	\$ 6,056,662	\$ 23,398,255	\$ 175,241,785

The breakdown of the 2025 year-end cash & investment balances is detailed here:

	Electric	Gas	Water	Comm.	Total
Unrestricted	\$ 54,288,561	\$ 9,411,066	\$ 5,455,690	\$ 22,666,258	\$ 91,821,575
Board Designated	\$ 17,925,269	\$ 8,810,557	\$ 205,040	\$ -	\$ 26,940,866
Legally Restricted	\$ 54,833,857	\$ 517,558	\$ 395,932	\$ 731,997	\$ 56,479,344
Total	\$ 127,047,687	\$ 18,739,181	\$ 6,056,662	\$ 23,398,255	\$ 175,241,785

The legally restricted reserves are the cash amounts required to be restricted per debt covenants or legal designations. The Board has also made specific designations for special funds, and these are labeled as Board Designated reserves. These include the Electric Generation & Transmission Acquisition Fund, Gas Utility Capital Replacement Fund, and a Water Reserve Fund. Staff is directed to transfer cash to assist in funding large capital expenditures and the amount is determined in the budget process and subject to change annually. More information about these reserve funds can be found in the Electric, Gas, and Water sections.

The Board of Trustees has determined the minimum desired level of reserves for each utility via a cash reserve policy last updated October 9, 2024. The Board has also determined, by formula, recommended targets for each utility that consist of liability insurance, operating expenses, and CIP reserves. The table below shows the budgeted Board recommended cash reserve balances by each utility for 2025. Details are shown in the cash flow statement for each utility in its specific section of the budget.

	Electric	Gas	Water	Comm.	Total
Unrestricted	\$ 54,288,561	\$ 9,411,066	\$ 5,455,690	\$ 22,666,258	\$ 91,821,575
Board Recommended	\$ 22,690,950	\$ 6,129,132	\$ 3,422,802	\$ 6,898,505	\$ 39,141,389
Surplus (Deficit)	\$ 31,597,611	\$ 3,281,934	\$ 2,032,888	\$ 15,767,753	\$ 52,680,186

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Budget Summary by Utility

	ELECTRIC	GAS	WATER	COMM.	TOTAL
Operating Revenue					
Retail Sales	\$ 63,308,779	\$ 21,097,112	\$ 6,967,293	\$ 21,621,376	\$ 112,994,560
Sales for Resale - FTR	1,503,500				1,503,500
Sales for Resale - MISO	834,952				834,952
Sales for Resale - Western Units	6,765,350				6,765,350
Transmission Revenue	3,810,600				3,810,600
Other Operating Revenue	2,120,400	17,280	405,600	738,292	3,281,572
Total Operating Revenue	\$ 78,343,581	\$ 21,114,392	\$ 7,372,893	\$ 22,359,668	\$ 129,190,534
Operating Expense					
Cash Expenses	\$ 59,112,845	\$ 19,349,075	\$ 5,033,808	\$ 15,800,392	\$ 99,296,120
Non-Cash Expenses	7,803,439	758,103	999,015	2,967,822	12,528,379
Total Operating Expense*	\$ 66,916,284	\$ 20,107,178	\$ 6,032,823	\$ 18,768,214	\$ 111,824,499
Net Operating Income (NOI)	\$ 11,427,297	\$ 1,007,214	\$ 1,340,070	\$ 3,591,454	\$ 129,190,534
NOI as a % of Revenue	14.59%	4.77%	18.18%	16.06%	100.00%

Non-Operating Revenue					
Interest Income	\$ 1,884,600	\$ 644,640	\$ 326,640	\$ 720,000	\$ 3,575,880
TIF Reimbursements	489,622	0	10,378	0	500,000
Other	353,000	65,000	210,000	208,000	836,000
Non-Cash	112,800	1,400	17,640	39,825	171,665
Total Non-Operating Revenue	\$ 2,840,022	\$ 711,040	\$ 564,658	\$ 967,825	\$ 5,083,545

Non-Operating Expenses					
Debt Interest Expense	\$ 78,750				\$ 78,750
Debt Issue Costs	1,245,775				1,245,775
Other	142,500	2,000	1,000		145,500
Non-Cash	180,900	0	0		180,900
Total Non-Operating Expenses*	\$ 1,647,925	\$ 2,000	\$ 1,000		\$ 1,650,925

Total Non-Operating Revenue (Expense)	\$ 1,192,097	\$ 709,040	\$ 563,658	\$ 967,825	\$ 3,432,620
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Net Income (Loss)	\$ 12,619,394	\$ 1,716,254	\$ 1,903,728	\$ 4,559,279	\$ 132,623,154
Net Income as a % of Op. Revenue	16.11%	8.13%	25.82%	20.39%	102.66%

*See Operating Budget Expense Comparison on the next page

Cash Impact - Sources / (Uses)					
Operating Revenue	\$ 78,343,581	\$ 21,114,392	\$ 7,372,893	\$ 22,359,668	\$ 129,190,534
Operating Expense	(59,112,845)	(19,349,075)	(5,033,808)	(15,800,392)	(99,296,120)
Miscellaneous Adjustments	153,900	78,700			232,600
Operating Cash Flow	\$ 19,384,636	\$ 1,844,017	\$ 2,339,085	\$ 6,559,276	\$ 30,127,014
Non-Operating Revenue	\$ 2,727,222	\$ 709,640	\$ 547,018	\$ 928,000	\$ 4,911,880
Non-Operating Expenses	(1,467,025)	(2,000)	(1,000)	0	(1,470,025)
Non-Operating Cash Flow	\$ 1,260,197	\$ 707,640	\$ 546,018	\$ 928,000	\$ 3,441,855
Other					
Capital Expenditures	\$ (30,920,580)	\$ (2,033,150)	\$ (3,107,150)	\$ (5,474,120)	\$ (41,535,000)
Debt					
Bond Issues for Capital	67,255,000				67,255,000
Bond Principal Payment	(1,290,000)				(1,290,000)
Grant Revenue				2,238,337	2,238,337
Annual Cashflow Surplus / (Deficit)	\$ 55,689,253	\$ 518,507	\$ (222,047)	\$ 4,251,493	\$ 60,237,206

Expenditures per The Budget Certification	\$ (92,636,550)	\$ (21,305,525)	\$ (8,141,958)	\$ (21,274,512)	\$ (143,358,545)
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CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Operating Budget Expense Comparison

	Reforecast 2024	%	Budget 2025	%	Net Change	
		of Total		of Total		
Commodities						
Natural Gas	\$ 10,543,599		\$ 13,736,035		\$ 3,192,436	30.3%
Fuel	4,311,507		4,815,227		503,720	11.7%
Purchases For Resale	19,038,606		26,740,089		7,701,483	40.5%
Joint Ownership	2,850,000		3,400,000		550,000	19.3%
Transmission Network Svc.	4,552,365		4,942,800		390,435	8.6%
Cable Programming	5,978,075		5,905,570		(72,505)	-1.2%
Bandwidth & Telephone Cost	851,691		966,673		114,982	13.5%
Other Inventory	692,601		754,100		61,499	8.9%
Total Commodities	\$ 48,818,444	51.2%	\$ 61,260,494	54.0%	\$ 12,442,050	25.5%
Wages and Benefits						
O&M Salaries & Labor	\$ 15,796,405		\$ 17,636,737		\$ 1,840,332	11.7%
Benefits						
Medical & Dental	3,132,777		3,262,182		129,405	4.1%
FICA/IPERS/457	3,159,632		3,551,455		391,823	12.4%
Severance & Retirement Pension	580,110		528,460		(51,650)	-8.9%
Other Benefits	299,350		318,190		18,840	6.3%
Total Wages and Benefits	\$ 22,968,274	24.1%	\$ 25,297,024	22.3%	\$ 2,328,750	10.1%
Depreciation & Amortization	\$ 11,592,247	12.2%	\$ 12,025,279	10.6%	\$ 433,032	3.7%
Materials, Supplies, Services, Other	9,701,403	10.2%	11,265,736	9.9%	1,564,333	16.1%
PILOT/Transfer to the City	1,590,000	1.7%	1,822,600	1.6%	232,600	14.6%
Property & Liability Insurances	1,458,645	1.5%	1,545,657	1.4%	87,012	6.0%
Interest Expense*	(132,651)	-0.1%	1,536,758	1.4%	1,669,409	-1258.5%
Property Taxes	374,575	0.4%	393,155	0.3%	18,580	5.0%
Regulatory & Compliance	200,462	0.2%	201,750	0.2%	1,288	0.6%
Other Expenses & Net Accruals	(1,314,589)	-1.4%	(1,873,029)	-1.7%	(558,440)	42.5%
Total Budget Expenses	\$ 95,256,810	100.0%	\$ 113,475,424	100.0%	\$ 18,218,614	19.1%

Per the Budget Summary by Utility on the Previous Page

Operating Expense	\$ 111,824,499	98.5%
Non-Operating Expenses	1,650,925	1.5%
Total Budget Expenses	\$ 113,475,424	100.0%

Cedar Falls Municipal Utilities
NAME OF ENTERPRISE

REVENUES DETAIL

		Calendar		
		<i>(specify if budget is fiscal or calendar year)</i>		
		Budget	Re-Estimated	Actual
		2025	2024	2023
<i>(specify budget years)</i>				
Beginning Fund Balance	390	115,004,579	104,269,445	93,148,324
Use of Money & Property	398	3,575,880	5,305,586	4,347,269
Charges for Services:				
Hospital	411			
Water	404	7,372,893	6,633,797	6,547,056
Sewer	405			
Electric	406	78,343,581	66,181,601	61,050,075
Gas	407	21,114,392	17,069,634	17,818,104
Telecommunications	408	22,359,668	22,258,446	21,608,757
Total Charges for Services	414	129,190,534	112,143,478	107,023,992
Miscellaneous	416	3,574,337	5,702,874	2,440,773
Other Financing Sources:				
Operating Transfers In	417			
Proceeds of Long Term Debt	418	67,255,000		
Proceeds of Fixed Asset Sales	419			
Total Revenues - All Sources	421	318,600,330	227,421,383	206,960,358

EXPENDITURES DETAIL

		Budget	Re-Estimated	Actual
		2025	2024	2023
<i>(specify budget years)</i>				
Expenditures:				
Hospital	338			
Water	360	8,141,958	7,809,499	7,464,257
Sewer	357			
Electric	361	92,636,550	62,459,415	58,401,652
Gas	362	21,305,525	16,783,659	16,209,039
Telecommunications	363	21,274,512	25,364,231	20,615,965
Total Expenditures:	386	143,358,545	112,416,804	102,690,913
Transfers Out	387			
Ending Fund Balance	388	175,241,785	115,004,579	104,269,445
Total Expenditures & Transfers Out	389	318,600,330	227,421,383	206,960,358

ADOPTED BUDGET SUMMARY

			Calendar <small>(specify fiscal or calendar year budget)</small>		YEAR	2025	
Cedar Falls Municipal Utilities NAME OF ENTERPRISE							
	<small>(specify budget years)</small>	Budget 2025		Re-Estimated 2024		Actual 2023	
REVENUES & OTHER FINANCING SOURCES							
Use of Money and Property	(line 398)	241	3,575,880	271	5,305,586	301	4,347,269
Charges for Services	(line 414)	243	129,190,534	273	112,143,478	303	107,023,992
Miscellaneous	(line 416)	245	3,574,337	275	5,702,874	305	2,440,773
Operating Transfers In	(line 417)	247	0	277	0	307	0
Proceeds of Long Term Debt	(line 418)	248	67,255,000	278	0	308	0
Proceeds of Fixed Asset Sales	(line 419)	249	0	279	0	309	0
Total Revenues & Other Financing Sources		250	203,595,751	280	123,151,938	310	113,812,034
EXPENDITURES & TRANSFERS OUT							
Expenditures	(line 386)	255	143,358,545	285	112,416,804	315	102,690,913
Transfers Out	(line 387)	259	0	289	0	319	0
Total Expenditures & Transfers Out		260	143,358,545	290	112,416,804	320	102,690,913
Excess of Revenues & Other Sources Over (Under) Expenditures & Transfers Out							
		261	60,237,206	291	10,735,134	321	11,121,121
BEGINNING Fund Balance	(line 390)	262	115,004,579	292	104,269,445	322	93,148,324
ENDING Fund Balance	(line 388)	263	175,241,785	293	115,004,579	323	104,269,445

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Electric Utility

Generation

On March 13, 1913, Cedar Falls voters passed a \$50,000 revenue bond issue by more than a 2-to-1 margin, to fund the building of the city's own power plant. By March 1914, two engines (Unit 1) and three fire-tube boilers were installed, and a business office for the new utility was leased on Third Street. By the following month, the power plant was producing electricity, and the first customers were served. The City Council then formally established an Electric Light & Power Department and named Clark Streeter as superintendent of the Municipal Light Plant.

Cedar Falls Municipal Light Company built one of the first rural electric lines in Iowa, to serve a group of farmers living along South Main Street, at a cost of \$700 per mile. Demand for electrical service kept increasing at a rapid rate, with service being extended to the North Cedar area in 1922. Growth continued into the 1930's, with the addition of a 1,500-kW steam turbine (Unit 2) installed in a brick addition to the power plant, which doubled the generating capacity of the plant. The municipal utilities purchased the First Street Electric Company in 1936 and added a new 2,500 kW steam turbine (Unit 3) in 1937 to handle the increased load.

In 1941, a hydroelectric plant was built and was able to provide about 60 percent of the city's electrical needs during its first year of service. While useful as a reliable source of emergency alternative power, the hydro-plant never materialized as a viable and economical generating source. The hydroelectric plant was retired in 1968. In 1948 and 1954, 5,000 kW steam turbines (Units #4 and #5) and dedicated boilers were added.

In the 1950's the voters created a separate governance structure for the Electric, Gas, and Water Utilities that were formerly departments of the City of Cedar Falls. There was additional work done to the power plant, to bring the total capacity to 15,500 kW. In 1956 an agreement was reached with the Iowa Public Service Company (IPS), now MidAmerican Energy (MEC), for the establishment of a 69 kV electric tie line. This agreement made it possible to tie in with IPS and eventually the Iowa Power Pool and the national grid.

A 16,500-kW turbine-generator (Unit 6) was commissioned in 1963 at Streeter Station. Following this in 1968 a combustion turbine was commissioned to burn fuel oil or gas (GT1). After these additions and retirements of older units, a large expansion was started in 1971 to add a 306' high stack, pollution control equipment, cooling towers, coal unloading facilities, and rail line for the commissioning of a new steam turbine generating unit (Unit 7) in 1973 with a capacity of 35,000 kW. In 1975, the Electric Utility invested in a share (3.1%) of the Walter J. Scott Jr Energy Center Unit 3 (WS3). The Electric Utility invested in additional capacity by purchasing a share (2.5%) of the George A. Neal Generating Station Unit 4 (Neal 4) in 1985. Streeter Units 4 and 5 were then retired in 1985. A combustion turbine was acquired in 2000 to increase capacity.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Electric Utility

In June of 2007, Walter J Scott Jr. Energy Center Unit 4 (WS4) began commercial operations. CFU invested in a 2.02% ownership of this coal-fired generation plant constructed by MEC, who is also the operator for WS3 and Neal 4. All of these units are located along the Missouri River. In addition, a new substation and 161 kV line was built to provide for capacity and reliability needs and was placed in service in August 2006. In 2011, CFU invested in additional capacity of WS4 by purchasing 0.96 MW, which became available to owners when Pella Municipal Electric Utility decided to sell their ownership share. This increased CFU's initial share of ownership in WS4 from 2.02% to the current 2.14%), WS3, Neal 4, and WS4 are collectively referred to as the Western Units. MidAmerican Energy (MEC) operates the Western Units and bids the energy into the MISO market and dispatches the units at the direction of Midwest Independent Transmission System Operator (MISO). CFU then purchases energy from MISO as needed to serve the native load retail customers.

CFU is committed to cost-effective renewable energy as part of the Strategic Plan. In 1997, CFU became a joint owner in the Iowa Distributed Wind Generation Project (IDWGP) located near Algona, Iowa. The project consisted of three 750 kW wind turbines, for a site capacity of 2,250 kW. CFU's share of the project was 1,482 kW or about 66%. In 2016, the joint owners elected to dispose of the assets and the sale of these wind towers was completed in 2017. In 2003, CFU entered into a 20-year purchase power agreement with NextEra Energy for 6 MW of wind from the Hancock Wind Farm which was sold into the MISO markets.

In 2016, CFU completed the construction of a photovoltaic solar farm and interested customers invested in this community solar project managed by CFU. A Federal tax credit equaling 30% of the project's cost and a State of Iowa tax credit of up to 60% of the Federal credit were available. These incentives, coupled with a recent, rapid decline in the cost of solar panels has brought the overall cost of installing solar systems down dramatically. This solar array is owned by a private, taxable entity (to take advantage of tax credits and accelerated depreciation), with CFU purchasing the electrical output from the solar array. Interested customers have invested in the solar array through an upfront contribution in return for monthly credits on their electric bill. These credits are in proportion to the output of the solar array and the customer's level of contribution. Customers were able to invest at levels much lower than it would cost to install a solar system on their own home, and enough customers subscribed so that nearly all the solar energy produced is paid for by these customer investments.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Electric Utility

MISO operates a capacity market in addition to an energy market through its Module E tariff. This is done through a voluntary residual Planning Reserve Auction (PRA) held annually to allow for the trading of Zonal Resource Credits (ZRCs). Each load serving entity in MISO must acquire enough ZRCs to supply their forecasted load plus losses and the reserve margin. ZRCs are produced by generating resources. The bulk of the ZRCs are traded in the bi-lateral market with the PRA serving as the market of last resort. Currently, CFU has an excess of ZRCs and has historically sold its excess in the PRA or in bi-lateral agreements. In 2018, CFU entered into a 5-year bi-lateral agreement to sell a portion of the excess ZRCs for \$2.67 million over the 5-year period from 2019 to 2024. In 2022, there were insufficient ZRCs to meet the demand, so the price cleared the PRA at the maximum allowed by MISO. In 2023, MISO changed to a seasonal construct from an annual construct and more resources were available in the market, so the PRA cleared at a very low price, but the bi-lateral market remained high. MISO plans to deploy a Reliability Based Demand Curve to the PRA next year that is intended to decrease the price separation seen between the PRA and bi-lateral agreements. CFU netted \$997,041 from ZRC sales in 2022, \$1,214,912 in 2023 and \$1,153,577 in 2024. Most indications from MISO and NERC are that capacity will be short for the next several years.

Total Projected Electric Utility Nameplate Generating capacity as of December 31, 2025, is:

SOURCE	YEAR INSTALLED	NAMEPLATE MW	FUEL SOURCE
STREETER UNIT 6	1963	16.5	NATURAL GAS-COAL
STREETER UNIT 7	1973	35.0	NATURAL GAS-COAL
WS3 (3.1% share of 690 MW)	1978	21.0	COAL
WS4 (2.14% share of 790 MW)	2007	16.9	COAL
NEAL 4 (2.5% share of 630 MW) ⁽¹⁾	1985	15.0	COAL
COMBUSTION TURBINE 1	1968	19.6	NATURAL GAS-OIL
COMBUSTION TURBINE 2 ⁽²⁾	2000	23.8	NATURAL GAS-OIL
NAMEPLATE CAPACITY OWNED GENERATION		147.8	
UNI COGENERATION (ASSIGNED BY CONTRACT)	1984	7.5	NATURAL GAS-COAL
CEDAR FALLS SOLAR FARM, LLC	2016	1.5	SOLAR
TOTAL ELECTRIC NAMEPLATE GENERATION		156.8	

(1) Vintage 1979

(2) Vintage 1970

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Electric Utility

Based solely on existing resources and currently projected load growth, CFU would not need to add capacity for over 30 years. However, changing accreditation requirements and market dynamics along with the age of its existing resources requires CFU to consider adding new resources much sooner than 30 years or risk significant cost increases to its customers. CFU is currently drafting preliminary plans to add approximately 30 MW of efficient fast responding generation to meet the requirements of the market dynamics in MISO. This project, if approved, will be the largest capital project in CFU history. See Budget Item 116-Reciprocating Engine Generation in the Capital Improvement Plan-Electric Production Section.

Transmission

In 2009, CFU, along with MEC, turned over functional control of its transmission system to the non-profit Midcontinent Independent System Operator (MISO). MISO directs the operation of transmission systems in fifteen states and one Canadian province. CFU is now a transmission owner in MISO and receives revenue for its share of transmission revenue collected by MISO. This substantially changed CFU's business model. CFU purchases transmission service from MISO to serve the requirements of CFU customers. MISO operates Day Ahead and Real Time Energy Markets to control transmission system congestion. CFU sells power generated to MISO in these markets and purchases energy from them to serve CFU customers. As energy is scheduled, the difference between the Local Marginal Price (LMP) price at the point of injection into the network and the exit LMP price out of the network is billed as an hourly credit or charge. Therefore, the price of congestion and losses provide a strong price signal to limit transmission overloads.

CFU participated in a major MISO transmission upgrade in 2014 and 2015 after MISO determined that a major 345 kV transmission line across the northern half of Iowa would benefit all MISO members and approved a Multi-Value Project (MVP) to build the line that cost roughly \$1 billion. This MVP project was constructed by both MEC and International Transmission Company (ITC). CFU participated in the MEC portion of the project with an 18.42% ownership of the west half of the line between Black Hawk and Hazelton substations for \$4.5 million. The line was placed in service in late 2015. These assets allow the Utility to experience fewer congestion issues that impact wholesale market prices as well as providing a rate of return on invested transmission equity that offsets transmission network service charges.

In 2014, a \$7 million project was submitted by CFU and approved by MISO to construct a new transmission substation and transmission line to increase the capacity and reliability of the local 69kV system. This project was completed in 2017.

In 2018, CFU switched to a Forward-Looking Rate from a Historical Rate for the collection of transmission revenues through MISO. This allows CFU to collect the revenues earlier and be in line with other transmission owners in the same transmission zone.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Electric Utility

Like the MISO MVP project in 2015, MISO has implemented a Long-Range Transmission Plan (LRTP). Tranche 1 of the LRTP has been approved by MISO and Tranche 2.1 is currently being considered by MISO. One of the LRTP projects will connect to existing CFU owned facilities in central Iowa and CFU plans to participate in this project at an estimated cost of \$6.259 million over the next four years. This project is currently delayed due to legal challenges regarding its ownership and construction rights.

Overhead to Underground Conversion Program

CFU plans to convert additional overhead to underground over the next several years that will bring the system to 20% overhead and 80% underground. The plan includes the Viking Road east of Union Road in conjunction with City Street reconstruction. It also includes installing conduits in the rural area in conjunction with the rural fiber project as it is more cost effective to install these conduits simultaneously. Progress has slowed significantly in terms of line distance converted inside the city limits due to supply chain issues, significant material cost increases and concentrating on the rural areas with the fiber project. Benefits of an underground system include significantly higher reliability, less maintenance, a safer system to the public and employees, with much improved aesthetics. In recent customer surveys, reliability is their highest priority. Most outages to the electric system are on the overhead system caused by trees, animals, lightning, and overhead equipment issues.

The City has an underground ordinance requiring all utilities in designated areas to remove their existing overhead systems and put them underground. The designated areas are those areas identified in CFU's conversion plan, which is available upon request.

The goal for the overhead to underground project is to minimize as much as possible the impact to the customer. Although the cost is higher, 80% of the underground system will be installed using boring rather than trenching, thereby minimizing the disturbance to the customer's lawn, landscape, buildings, fence, and driveways. Normally, the customer would contribute for the cost of the underground service and convert their meter socket. For customers within the conversion plan areas, there is no charge for either. CFU has contracted with an outside contractor to change out the meter socket at each customer premise. Total capital costs for the overhead to underground conversion projects 2024 through 2034 is estimated to be \$3,912,000.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Electric Utility

Generation & Acquisition Fund

The Electric Generation & Transmission Acquisition Fund was established for the purchase of new or replacement electric generation or transmission capacity. Presuming the continued availability of our existing generating units, and peak needs growth trending similarly to recent history, we would not be short of capacity until sometime in the 2060s but as discussed in the Electric Generation section CFU is currently drafting preliminary plans to add approximately 30 MW of efficient fast responding generation to meet the requirements of the market dynamics in MISO. See Budget Item 116-Reciprocating Engine Generation in the Capital Improvement Plan-Electric Production Section.

Any future investment in renewable energy generation would likely be sourced from these funds. This fund could also be used for transmission investments. Transmission investments, such as the Black Hawk to Hazelton 345kv line from 2015, allow a return through the MISO Multi-Value Project (MVP) reporting process.

The annual transfer amount is determined in the budget process and subject to change annually based on the projected surplus or deficit.

The 2025 Electric cash flow includes Generation & Acquisition funds being used for the Reciprocating Engine Generation project. Beyond the years included in the budget book, Generation & Acquisition funds are tentatively planned for the purchase of the Prairie Lakes Solar Farm and solar equipment installation at the Cedar Falls High School.

Generation & Acquisition Fund (\$s in Millions):

	2023	2024	2025	2026	2027	2028	2029
Funding	\$ 3.00	\$ -	\$ -	\$ -	\$ -	\$ 1.00	\$ 2.50
Year-End Bal.	\$14.38	\$15.16	\$15.70	\$16.05	\$ 6.98	\$ 8.05	\$10.62

Note: Reciprocating Engine Generation project construction 2025 – 2027.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Electric Utility

Operating Expenses

	2024 Original Budget		2024 Reforecast		2025 Budget	
ECA Expenses	\$ 29,351,886	45.7%	\$ 23,110,431	41.4%	\$ 31,296,646	46.8%
Other Expenses	\$ 34,832,161	54.3%	\$ 32,688,146	58.6%	\$ 35,619,638	53.2%
Total Op. Exps.	\$ 64,184,047	100.0%	\$ 55,798,577	100.0%	\$ 66,916,284	100.0%

	Change From 2024 Original Budget		Change From 2024 Reforecast	
ECA Expenses	\$ (6,241,455)	-21.3%	\$ 8,186,215	35.4%
Other Expenses	\$ (2,144,015)	-6.2%	\$ 2,931,492	9.0%
Total Op. Exps.	\$ (8,385,470)	-13.1%	\$ 11,117,707	19.9%

ECA Expenses

The cost the Utility pays for purchased power and fuel expenses are passed on to customers through the Energy Cost Adjustment (ECA). Purchased power prices this year have been lower than were anticipated in the 2024 Original Budget. The 2025 Budget anticipates that natural gas, the main driver for purchased power prices will increase, therefore purchased power costs are budgeted to be higher in 2025. See the Gas Utility section for more information regarding natural gas prices. Note that some of the anticipated 2025 increase in Energy Cost Adjustments Expenses are due to an increase in anticipated sales.

Non-ECA Expenses

Notable changes in non-ECA expenses include:

- A large portion of the 2025 Budget increase, when compared to the 2024 Reforecast, can be attributed to changes in wages and benefits. These include anticipated wage increases and filling of open or new positions.
- The 2025 Budget includes a \$550,000 increase Joint Ownership Expenses compared to the 2024 Reforecast.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Electric Utility

Operating Revenue & Rates

	2024 Original Budget	2024 Reforecast	Change
Base Rates	\$ 32,714,805 45.6%	\$ 33,986,575 51.4%	\$ 1,271,770 3.9%
Cost Recovery	\$ 26,830,627 37.4%	\$ 20,625,702 31.2%	\$ (6,204,925) -23.1%
Give Back	\$ (3,446,655) -4.8%	\$ (2,635,469) -4.0%	\$ 811,186 -23.5%
Retail Revenue	\$ 56,098,777 78.2%	\$ 51,976,808 78.5%	\$ (4,121,969) -7.3%
Sales for Resale	\$ 9,502,136 13.2%	\$ 8,367,488 12.6%	\$ (1,134,648) -11.9%
Other	\$ 6,130,800 8.5%	\$ 5,837,305 8.8%	\$ (293,495) -4.8%
Total Op. Revenue	\$ 71,731,713 100%	\$ 66,181,601 100%	\$ (5,550,112) -7.7%

Base Rates	\$ 32,714,805 58.3%	\$ 33,986,575 65.4%	\$ 1,271,770 3.9%
ECA + Giveback	\$ 23,383,972 41.7%	\$ 17,990,233 34.6%	\$ (5,393,739) -23.1%
Retail Revenue	\$ 56,098,777 100%	\$ 51,976,808 100%	\$ (4,121,969) -7.3%

	2024 Reforecast	2025 Budget	Change
Base Rates	\$ 33,986,575 51.4%	\$ 37,655,077 48.1%	\$ 3,668,502 10.8%
Cost Recovery	\$ 20,625,702 31.2%	\$ 29,035,877 37.1%	\$ 8,410,175 40.8%
Give Back	\$ (2,635,469) -4.0%	\$ (3,382,175) -4.3%	\$ (746,706) 28.3%
Retail Revenue	\$ 51,976,808 78.5%	\$ 63,308,779 80.8%	\$ 11,331,971 21.8%
Sales for Resale	\$ 8,367,488 12.6%	\$ 9,103,802 11.6%	\$ 736,314 8.8%
Other	\$ 5,837,305 8.8%	\$ 5,931,000 7.6%	\$ 93,695 1.6%
Total Op. Revenue	\$ 66,181,601 100%	\$ 78,343,581 100%	\$ 12,161,980 18.4%

Base Rates	\$ 33,986,575 65.4%	\$ 37,655,077 59.5%	\$ 3,668,502 10.8%
ECA + Giveback	\$ 17,990,233 34.6%	\$ 25,653,702 40.5%	\$ 7,663,469 42.6%
Retail Revenue	\$ 51,976,808 100%	\$ 63,308,779 100%	\$ 11,331,971 21.8%

	2024 Original Budget	2025 Budget	Change
Base Rates	\$ 32,714,805 45.6%	\$ 37,655,077 48.1%	\$ 4,940,272 15.1%
Cost Recovery	\$ 26,830,627 37.4%	\$ 29,035,877 37.1%	\$ 2,205,250 8.2%
Give Back	\$ (3,446,655) -4.8%	\$ (3,382,175) -4.3%	\$ 64,480 -1.9%
Retail Revenue	\$ 56,098,777 78.2%	\$ 63,308,779 80.8%	\$ 7,210,002 12.9%
Sales for Resale	\$ 9,502,136 13.2%	\$ 9,103,802 11.6%	\$ (398,334) -4.2%
Other	\$ 6,130,800 8.5%	\$ 5,931,000 7.6%	\$ (199,800) -3.3%
Total Op. Revenue	\$ 71,731,713 100%	\$ 78,343,581 100%	\$ 6,611,868 9.2%

Base Rates	\$ 32,714,805 58.3%	\$ 37,655,077 59.5%	\$ 4,940,272 15.1%
ECA + Giveback	\$ 23,383,972 41.7%	\$ 25,653,702 40.5%	\$ 2,269,730 9.7%
Retail Revenue	\$ 56,098,777 100%	\$ 63,308,779 100%	\$ 7,210,002 12.9%

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Electric Utility

2025’s budgeted amounts for Base Rate revenue reflects a 7.0% increase to base rates and anticipated changes in the customer base and sales. Note that usage for the Electric Utility is heavily dependent on temperature and budgeted sales are based on normalized temperatures.

The cost the Utility pays for purchased power and fuel expenses are passed on to customers through the Energy Cost Adjustment (ECA). As discussed in the Operating Expenses section the 2025 Budget anticipates an increase in these costs.

The majority of Sales for Resale are from Western Unit sales into the MISO market. The revenue can fluctuate significantly with the prices of energy and natural gas markets.

Electric Operating Revenue - MISO Sales - Western Units

	Amount	Increase (Decrease)	
2022	\$ 11,844,566	---	---
2023	\$ 5,636,621	\$ (6,207,945)	-52.4%
2024 Original Budget	\$ 6,893,310	\$ 1,256,689	22.3%
2024 Reforecast	\$ 5,507,705	\$ (128,916)	-2.3%
2025 Budget	\$ 6,765,350	\$ 1,257,645	22.8%
'24 Budget to '25 Budget		\$ (127,960)	-1.9%

Note: The Change % compares to the previous year’s actual / reforecast cost.

Fifty percent of this revenue is budgeted to be given back to the customers via the Net ECA.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Electric Utility

Customers

As of July 31, 2024, CFU serves 20,359 electric customers.

Customer information at December 31, 2022 & 2023:

	2022		
	Customers	Sales (kWh)	Revenue
Residential	17,555	177,577,797	\$ 20,765,797
Commercial & Industrial			
Small	2,286	209,286,601	\$ 20,007,840
Large	4	77,258,754	\$ 5,576,601
Other	153	52,753,602	\$ 4,748,129
Total	19,998	516,876,754	\$ 51,098,367

	2023		
	Customers	Sales (kWh)	Revenue
Residential	17,568	172,086,138	\$ 17,226,802
Commercial & Industrial			
Small	2,290	203,419,298	\$ 15,605,164
Large	4	168,280,300	\$ 8,096,775
Other	155	49,701,945	\$ 3,470,120
Total	20,017	593,487,681	\$ 44,398,861

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Electric Utility Revenue and Expense Summary

	2022 ACTUAL	2023 ACTUAL	2024 REFORECAST	2025 BUDGET
OPERATING REVENUE				
Residential Sales	\$ 20,765,797	\$ 17,226,804	\$ 17,939,353	\$ 20,340,107
Commercial & Industrial Sales	\$ 25,584,441	\$ 23,701,938	\$ 30,072,840	\$ 38,374,279
Governmental Sales	\$ 4,471,440	\$ 3,247,687	\$ 3,690,062	\$ 4,200,837
Interdepartmental	\$ 276,689	\$ 222,430	\$ 274,553	\$ 393,556
Retail Sales Subtotal	\$ 51,098,367	\$ 44,398,859	\$ 51,976,808	\$ 63,308,779
Sales for Resale - DRR	\$ 0	\$ 177,173	\$ 214,153	\$ 0
Sales for Resale - FTR	\$ 3,099,667	\$ 2,021,232	\$ 1,896,122	\$ 1,503,500
Sales for Resale - MISO	\$ 3,569,522	\$ 2,165,232	\$ 749,508	\$ 834,952
Sales for Resale - Western Units	\$ 11,844,566	\$ 5,636,621	\$ 5,507,705	\$ 6,765,350
Transmission Revenues	\$ 3,952,448	\$ 4,084,278	\$ 3,403,752	\$ 3,810,600
Other Operating Revenue	\$ 1,993,887	\$ 2,566,680	\$ 2,433,553	\$ 2,120,400
TOTAL	\$ 75,558,457	\$ 61,050,075	\$ 66,181,601	\$ 78,343,581
NET OPERATING EXPENSE				
Fuel - Western Units	\$ 3,967,581	\$ 2,968,730	\$ 3,141,453	\$ 3,204,508
Fuel - Local	\$ 1,710,951	\$ 896,116	\$ 1,170,054	\$ 1,610,719
Purchased Power	\$ 30,656,936	\$ 18,665,446	\$ 19,039,519	\$ 26,741,089
MISO/NITS Transmission Costs	\$ 3,862,235	\$ 3,567,143	\$ 4,548,692	\$ 4,942,800
Other Production O&M	\$ 4,787,267	\$ 5,071,603	\$ 5,874,684	\$ 6,899,801
Other Operating Expense*	\$ 13,775,317	\$ 15,067,987	\$ 15,565,737	\$ 15,560,028
TOTAL	\$ 58,760,287	\$ 46,237,025	\$ 49,340,139	\$ 58,958,945
CASH FLOW FROM OPERATIONS	\$ 16,798,170	\$ 14,813,050	\$ 16,841,462	\$ 19,384,636
NON-OPERATING REVENUE (EXPENSE)				
Investment Income	\$ 513,425	\$ 2,507,990	\$ 3,191,293	\$ 1,884,600
Interest Charges - Customer Deposits	\$ (1,539)	\$ (87,562)	\$ (50,000)	\$ (47,000)
TIF Reimbursements	\$ 499,047	\$ 248,556	\$ 745,432	\$ 489,622
Other Non-Op. Revenue (Expense)*	\$ 423,904	\$ 532,118	\$ 1,048,400	\$ (988,275)
TOTAL	\$ 1,434,837	\$ 3,201,102	\$ 4,935,125	\$ 1,338,947
REVENUE AVAILABLE FOR DEBT SERVICE	\$ 18,233,007	\$ 18,014,152	\$ 21,776,587	\$ 20,723,583

*Does not include Depreciation, GASB Related IPERS & OPEB Expenses or AFUDC but does include

Payment in Lieu of Taxes (PILOT) of...	\$ 2,543,741	\$ 2,346,200	\$ 1,169,500	\$ 1,323,400
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Cedar Falls Utilities - Municipal Electric Utility
Cash Flow History and Projections Summary

Audited 2022	Audited 2023	Budget 2024	Reforecast 2024	Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
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Average Rate Adjustments

Historical / Projected Rate Adjustments	0.2%	3.0%	7.0%	7.0%	7.0%	6.0%	3.0%	3.0%	3.0%
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Revenue & Expense

Total Retail Sales	516,876,754	593,487,681	680,550,000	721,976,419	835,000,000	835,000,000	470,000,000	472,217,000	472,217,000
Total MISO Sales	284,051,945	233,411,993	217,092,000	185,913,385	198,952,200	201,410,000	223,910,000	247,310,000	248,228,000
Total Electric Energy Sales (Units)	800,928,699	826,899,674	897,642,000	907,889,804	1,033,952,200	1,036,410,000	693,910,000	719,527,000	720,445,000
Total Operating Revenues	75,558,457	61,050,075	71,731,713	66,181,601	78,343,581	102,025,727	78,516,640	81,319,686	83,295,175
Total Operating Expenses	66,927,361	53,746,553	64,184,047	55,798,577	66,916,284	90,855,590	72,846,801	76,160,809	77,872,216
Net Operating Income (Loss)	8,631,096	7,303,522	7,547,666	10,383,024	11,427,297	11,170,137	5,669,839	5,158,877	5,422,959
Total Non-Operating Revenue or (Expense)	1,323,436	3,326,659	10,647,341	5,219,731	1,192,097	(4,214,414)	(2,114,895)	(1,373,867)	(570,886)
Net Income (Loss)	9,954,532	10,630,181	18,195,007	15,602,755	12,619,394	6,955,723	3,554,944	3,785,010	4,852,073
NOI as a Percent of Revenue	11.42%	11.96%	10.52%	15.69%	14.59%	10.95%	7.22%	6.34%	6.51%
NI as a Percent of Revenue	13.17%	17.41%	25.37%	23.58%	16.11%	6.82%	4.53%	4.65%	5.83%

Cash Balance

Adjust Net Income To Cash									
Capital									
Capital Outlays	(5,696,832)	(9,738,922)	(28,280,090)	(9,645,651)	(30,920,580)	(35,599,550)	(47,703,560)	(14,490,470)	(10,831,190)
Intercompany Asset Sale	0	0	0	2,653,418	0	0	0	0	0
Debt									
Bond or Note Proceeds	0	0	0	0	67,255,000	0	0	0	0
Debt Service Payments	(3,350,625)	(3,355,875)	(3,353,625)	(3,353,625)	(1,368,750)	(5,647,122)	(5,644,878)	(5,647,378)	(5,644,378)
Other Revenue & Expense Adjustments	4,504,334	8,936,341	7,433,745	6,173,832	8,104,189	12,166,724	12,637,607	13,400,812	13,554,765
Adjust To Cash	(4,543,123)	(4,158,456)	(24,199,970)	(4,172,026)	43,069,859	(29,079,948)	(40,710,831)	(6,737,036)	(2,920,803)
Annual Cashflow Surplus / (Deficit)	5,411,409	6,471,725	(6,004,963)	11,430,729	55,689,253	(22,124,225)	(37,155,887)	(2,952,026)	1,931,271
Total Cash & Investments									
Beginning Balance	48,044,571	53,455,980	56,919,256	59,927,705	71,358,434	127,047,687	104,923,462	67,767,576	64,815,550
Annual Cashflow Surplus / (Deficit)	5,411,409	6,471,725	(6,004,963)	11,430,729	55,689,253	(22,124,225)	(37,155,887)	(2,952,026)	1,931,271
Ending Balance	53,455,980	59,927,705	50,914,293	71,358,434	127,047,687	104,923,462	67,767,576	64,815,550	66,746,821

Cedar Falls Utilities - Municipal Electric Utility
Cash Flow History and Projections Summary

Audited 2022	Audited 2023	Budget 2024	Reforecast 2024	Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
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Breakout of Cash Balance

Unrestricted Cash & Investments	33,351,622	36,767,362	35,170,484	48,705,027	54,288,561	52,461,606	50,464,207	46,400,072	45,725,093
Board Designated Restricted Cash & Investments									
Generation & Transmission Acquisition Fund	10,879,007	14,384,524	7,000,000	15,155,438	15,695,438	16,048,538	6,983,938	8,046,838	10,619,238
PILOT Surplus Reserve	2,543,741	2,346,200	2,117,798	1,169,500	1,323,400	1,799,500	1,877,800	1,926,800	1,960,900
Security Deposit Fund	365,025	374,213	379,724	383,789	383,789	383,789	383,789	383,789	383,789
Western Units Landfill Closure Fund	813,519	522,642	813,519	522,642	522,642	522,642	522,642	522,642	522,642
Ending Balance	14,601,292	17,627,579	10,311,041	17,231,369	17,925,269	18,754,469	9,768,169	10,880,069	13,486,569
Legally Restricted Cash & Investments									
Bond & Interest Fund	278,157	339,155	279,469	279,469	114,063	470,593	470,406	470,615	470,365
Bond Reserve Fund	2,639,500	2,639,550	2,639,500	2,639,500	5,648,725	5,648,725	5,648,725	5,648,725	5,648,725
Construction Fund	0	0	0	0	46,597,000	26,143,000	0	0	0
Improvement & Extension Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0	0	0	0
Self-Funded Dental Insurance Plan	38,472	30,148	31,274	30,584	30,584	30,584	30,584	30,584	30,584
Self-Funded Health Insurance Plan	1,401,637	1,401,007	1,372,525	1,385,485	1,385,485	1,385,485	1,385,485	1,385,485	1,385,485
Streeter Landfill Closure Fund	145,300	122,904	110,000	87,000	58,000	29,000	0	0	0
Ending Balance	5,503,066	5,532,764	5,432,768	5,422,038	54,833,857	33,707,387	7,535,200	7,535,409	7,535,159
Total Cash & Investments	53,455,980	59,927,705	50,914,293	71,358,434	127,047,687	104,923,462	67,767,576	64,815,550	66,746,821

Board Designated Unrestricted Reserve Calculation

Unrestricted Cash & Investments	33,351,622	36,767,362	35,170,484	48,705,027	54,288,561	52,461,606	50,464,207	46,400,072	45,725,093
Board Recommended Reserves									
CIP (Five Year Average) [A]	11,530,192	14,884,264	14,785,803	13,230,162	13,467,270	12,975,796	11,624,282	10,561,580	9,440,138
Liability Insurance Deductible	1,500,000	1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Operating Expense Reserve [B]	7,007,535	5,461,661	6,754,159	5,874,245	7,223,680	10,082,762	7,736,952	8,032,523	8,206,897
Board Designated Unrestricted Reserves [C]	20,037,727	21,845,925	23,039,962	21,104,407	22,690,950	25,058,558	21,361,234	20,594,103	19,647,035
Reserves Surplus (Deficit)	13,313,895	14,921,437	12,130,522	27,600,620	31,597,611	27,403,048	29,102,973	25,805,969	26,078,058

[A] = Net of bond proceeds.

[B] = 12.5% of adjusted operating expenses, does not include PILOT & non-cash expenses (IE: depreciation; IPERS unfunded liability; OPEB).

[C] = Minimum Unrestricted Cash Reserve Level per the Cash Reserve Policy

**Cedar Falls Utilities - Municipal Electric Utility
Cash Flow History and Projections Summary**

Audited 2022	Audited 2023	Budget 2024	Reforecast 2024	Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
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Financial Ratios

	Goal									
Debt Service Coverage - Revenue Debt - Bond Covenant	1.25+	5.44	5.37	7.64	6.49	15.14	3.39	2.87	3.04	3.26
Debt Service Coverage - All Debt - Bond Covenant	1.75+	5.44	5.37	7.64	6.49	15.14	3.39	2.87	3.04	3.26
Unrestricted Cash Balances as % of Operating Expenses Without Depreciation, PILOT, & NPL/OPEB	50%+	59.33%	83.77%	65.09%	101.11%	94.19%	65.42%	81.63%	72.26%	69.68%
Net Operating Income (NOI) as a % of Revenue	6%+	11.42%	11.96%	10.52%	15.69%	14.59%	10.95%	7.22%	6.34%	6.51%
Net Income (NI) as a % of Revenue	6%+	13.17%	17.41%	25.37%	23.58%	16.11%	6.82%	4.53%	4.65%	5.83%
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	\$0	\$ 13,313,895	\$ 14,921,437	\$ 12,130,522	\$ 27,600,620	\$ 31,597,611	\$ 27,403,048	\$ 29,102,973	\$ 25,805,969	\$ 26,078,058

Assumptions Used in Cashflow

Sales (KWH) Growth					0.0%	0.0%	0.5%	0.0%
Projected Operating Expenses (If NOT Specifically Projected)					4.0%	3.5%	3.5%	3.5%
Interest Rate for Cash & Investments					2.5%	1.0%	1.0%	1.0%
Debt Interest Rate					3.0% - 5.0%	5.0%	5.0%	5.0%

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Electric Utility Historical and Projected Average Rate Adjustments

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
		15.0%		9.0%	5.0%			2.0%	
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
6.0%	5.0%	4.0%		0.5%					1.5%
2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
1.7%	0.1%	0.2%	3.0%	7.0%	7.0%	6.0%	3.0%	3.0%	3.0%

Notes:

2021 & 2022 = Adjustment only in Non-Profit & Governmental Rate due to planed phase out of rate.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Gas Utility

Distribution

The City of Cedar Falls, Iowa was previously served by the Citizens Gas and Electric Company. However, in the 1920's, public interest grew significantly in municipal ownership of a gas utility. A vote on the gas franchise passed by a 7-to-1 margin. Plans for a high-pressure manufactured gas system followed almost immediately. The gas distribution system was purchased from Iowa Public Service Company at a cost of \$83,000. When Northern Natural Gas Company announced plans to build a transmission pipeline near Cedar Falls in the 1950's, plans were developed to overhaul the entire gas system to use natural gas. The existing system was updated where possible and new gas mains and services were constructed. New gas meters were installed throughout the system and gas appliances at 2,750 customer locations were converted to natural gas. Cedar Falls continued to grow and the increases in industrial and residential customers required additional supplies of natural gas and the expansion of the distribution system.

Natural gas service was extended into northern Cedar Falls in 1982 and 1983. The Gas Utility unveiled a plan in 1983 to replace all cast iron and bare steel gas mains and services with polyethylene pipe. Polyethylene pipe was selected to prevent future corrosion problems. Customer gas meters were moved outside as part of this replacement project. This notable system improvement project greatly improved the safety and reliability of the CFU natural gas system, and annual operational and maintenance costs were reduced. This project began in 1984 and was completed in 1997.

In 2014, the Gas Utility financed the construction of Town Border Station (TBS#4) by Northern Natural Gas (NNG) to provide a new gas feed into the gas distribution system. This station is now the primary feed into Cedar Falls with the existing Town Border Station (TBS#1) placed into a secondary feed role for redundancy. TBS#4 required a system extension to tie into the distribution system and has supplied a more reliable feed into the system. In 2015 TBS#1 was upgraded by CFU to enhance its reliability and operation.

The Gas Utility distribution system is made up of over 233 miles of pipe ranging in size from 1" in diameter to 12" in diameter. The system piping materials include 201 miles of high-density polyethylene and 32 miles of wrapped steel. The distribution system also includes 12,746 gas services, including 11,500 high-density polyethylene services and 1,246 wrapped steel services. All the wrapped steel gas mains and services are cathodically protected. The system is operated at two different distribution pressures: high pressure at 55 psig and medium pressure at 5 psig.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Gas Utility

Gas main extension, relocation, abandonment, and replacement projects coincide with city and state road reconstruction, street restoration, drain tile installation, and sanitary and storm sewer repairs or replacements along with new developments. Minor gas main replacements in 2025 include: W. 23rd St, State St, Main St, and the North Cedar Heights. Possible steel gas main replacement will take place on Linwood Dr and Melrose Dr. Gas main extensions will continue in 2025 in the new West Industrial Park and W. Viking Rd.

Total capital costs for these gas main replacement, relocation, and extension projects 2025 through 2034 are estimated at \$3,183,000.

We do project a major extension in 2026 to serve natural gas to the proposed Reciprocating Engine Generation plant. More information regarding the Reciprocating Engine Generation plant can be found in the Electric Utility section of this book. The total extension is estimated to be \$6,055,000 but \$3,170,000 is anticipated to be paid by the Electric Utility. See Budget item 580—New 300 PSI Gas Distribution System in the Capital Improvement Plan section.

Supply of Natural Gas

The Gas Utility has a transportation contract with Northern Natural Gas Company (NNG) that expires in October 2027. The gas is transported to the Town Border Stations over NNG's interstate pipeline system. The contract is for 23,885 MMBTU per day January through March, November, and December. The remainder of the year is contracted for 12,000 MMBTU per day. This includes volumes specifically contracted for the Electric Utility to generate during the months of April through October. In addition, the Gas Utility contracts with Tenaska Marketing Ventures for our gas commodity purchases to function as CFU's agent for pipeline nominations through an Asset Management Agreement (AMA). The Gas Utility uses Tenaska's interruptible storage capacity for the flexibility required for our gas nomination process. The AMA with Tenaska allows Tenaska to market CFU's daily unused gas volumes.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Gas Utility

The Gas Utility continues exploring other means to secure reliable and cost-effective sources of natural gas for its customers. Membership in a joint arrangement with two municipal utilities in Nebraska has been established to secure gas under prepaid agreements. The Gas Utility has four prepay agreements with Central Plains Energy Project (CPEP). These agreements currently provide for 45-80% of the average daily usage at a discount to the monthly index for 2024. The agreements include:

Agreement	Ends
CPEP 2	2039
CPEP 3	2042
CPEP 4	2054
CPEP 5	2053

Capital Replacement Fund

The Gas Utility Capital Replacement Fund was established for the replacement of the gas distribution system as it reaches the end of its theoretical 40-year useful life in the next 10-20 years, at a cost of over \$50 million in 2024 dollars. Current research has indicated the polyethylene gas pipe may last substantially longer than the 10-20 year remaining theoretical life and in 2026 a thorough life expectancy analysis should be completed to determine the schedule for a cost-effective replacement program.

The annual funding amount is determined in the budget process and subject to change annually based on the projected surplus or deficit. Current projections are shown in the table below.

Capital Replacement Fund

	2023	2024	2025	2026	2027	2028	2029
Funding	\$500K	\$500K	\$500K	\$500K	\$300K	\$300K	\$300K
Year-End Bal.	\$6.57M	\$7.45M	\$8.31M	\$9.02M	\$9.41M	\$9.80M	\$10.20M

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Gas Utility

Operating Expenses

	2024 Original Budget		2024 Reforecast		Change	
Recovered via PGA						
Natural Gas	\$ 10,424,028	50.6%	\$ 6,649,769	40.9%	\$ (3,774,259)	-36.2%
Pipeline Fees	\$ 3,904,933	19.0%	\$ 3,893,830	24.0%	\$ (11,103)	-0.3%
Recovered via PGA	\$ 14,328,961	69.6%	\$ 10,543,599	64.9%	\$ (3,785,362)	-26.4%
Other	\$ 6,265,050	30.4%	\$ 5,713,333	35.1%	\$ (551,717)	-8.8%
Total Op. Expense	\$ 20,594,011	100%	\$ 16,256,932	100%	\$ (4,337,079)	-21.1%

	2024 Reforecast		2025 Budget		Change	
Recovered via PGA						
Natural Gas	\$ 6,649,769	40.9%	\$ 9,831,102	48.9%	\$ 3,181,333	47.8%
Pipeline Fees	\$ 3,893,830	24.0%	\$ 3,904,933	19.4%	\$ 11,103	0.3%
Recovered via PGA	\$ 10,543,599	64.9%	\$ 13,736,035	68.3%	\$ 3,192,436	30.3%
Other	\$ 5,713,333	35.1%	\$ 6,371,143	31.7%	\$ 657,810	11.5%
Total Op. Expense	\$ 16,256,932	100%	\$ 20,107,178	100%	\$ 3,850,246	23.7%

	2024 Original Budget		2025 Budget		Change	
Recovered via PGA						
Natural Gas	\$ 10,424,028	50.6%	\$ 9,831,102	48.9%	\$ (592,926)	-5.7%
Pipeline Fees	\$ 3,904,933	19.0%	\$ 3,904,933	19.4%	\$ -	0.0%
Recovered via PGA	\$ 14,328,961	69.6%	\$ 13,736,035	68.3%	\$ (592,926)	-4.1%
Other	\$ 6,265,050	30.4%	\$ 6,371,143	31.7%	\$ 106,093	1.7%
Total Op. Expense	\$ 20,594,011	100%	\$ 20,107,178	100%	\$ (486,833)	-2.4%

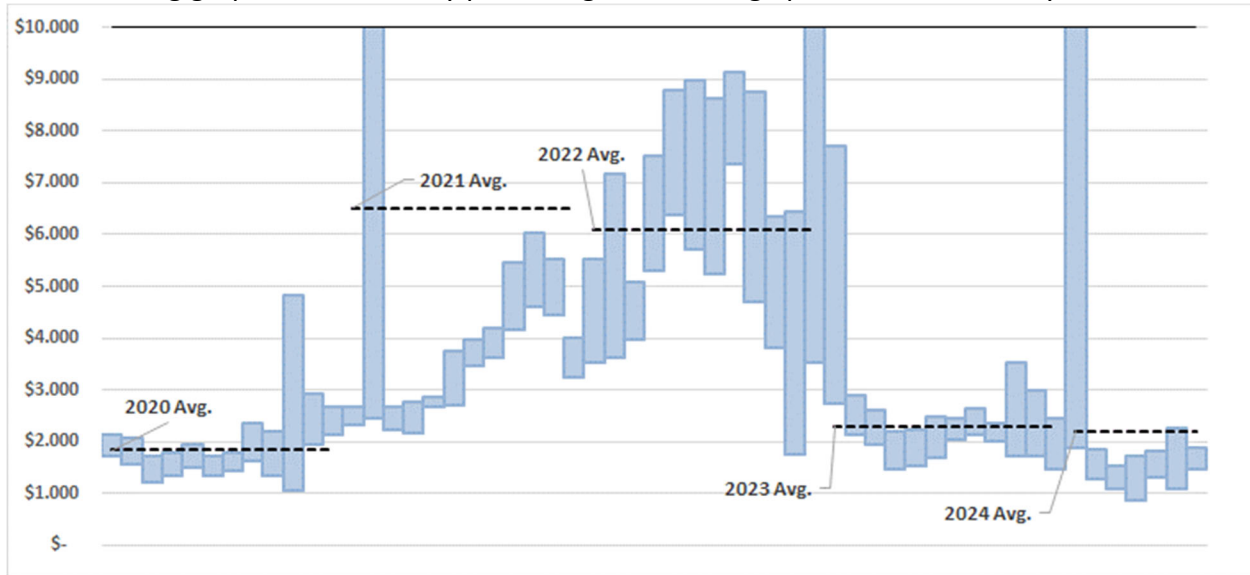
Purchased Gas Supply expenses, the largest cost to the Gas Utility, include natural gas and related pipeline fees. These expenses are passed on to customers through the Purchased Gas Adjustment (PGA) without markup. See Purchased Gas Supply Expenses & Revenue Compare section.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Gas Utility

Since 2021 there has been significant volatility and changes in the price the Utility pays for natural gas.

In 2022 natural gas price volatility hit record highs and the average market price the Utility paid for natural gas was over three times 2020's average. In 2023 the average market price decreased significantly.

The following graph is the monthly price range and average price for 2020 to July 2024.



The 2025 budget anticipates higher prices compared to 2024 but less than what was anticipated when the 2024 budget was set.

Gas Expenses - Average Natural Gas Cost (\$ per MCF)

	2023 Cost	2024 Budget	2024 YTD	2024 RFCST	2025 Budget
Amount	\$ 2.297	\$ 4.050	\$ 2.198	\$ 2.254	\$ 3.619
Change %	---	76.3%	-4.3%	-1.9%	60.6%

Note: The Change % compares to the previous year's actual or reforecast cost.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Gas Utility

Operating Revenue & Rates

	2024 Original Budget	2024 Reforecast	Change
Retail Revenue			
Base Revenue	\$ 6,882,742 32.4%	\$ 6,508,817 38.1%	\$ (373,925) -5.4%
PGA Revenue	\$ 14,328,961 67.5%	\$ 10,543,537 61.8%	\$ (3,785,424) -26.4%
Retail Revenue	\$ 21,211,703 99.9%	\$ 17,052,354 99.9%	\$ (4,159,349) -19.6%
Other	\$ 19,200 0.1%	\$ 17,280 0.1%	\$ (1,920) -10.0%
Total Op. Revenue	\$ 21,230,903 100%	\$ 17,069,634 100%	\$ (4,161,269) -19.6%

	2024 Reforecast	2025 Budget	Change
Retail Revenue			
Base Revenue	\$ 6,508,817 38.1%	\$ 7,361,079 34.9%	\$ 852,262 13.1%
PGA Revenue	\$ 10,543,537 61.8%	\$ 13,736,033 65.1%	\$ 3,192,496 30.3%
Retail Revenue	\$ 17,052,354 99.9%	\$ 21,097,112 99.9%	\$ 4,044,758 23.7%
Other	\$ 17,280 0.1%	\$ 17,280 0.1%	\$ - 0.0%
Total Op. Revenue	\$ 17,069,634 100%	\$ 21,114,392 100%	\$ 4,044,758 23.7%

	2024 Original Budget	2025 Budget	Change
Retail Revenue			
Base Revenue	\$ 6,882,742 32.4%	\$ 7,361,079 34.9%	\$ 478,337 6.9%
PGA Revenue	\$ 14,328,961 67.5%	\$ 13,736,033 65.1%	\$ (592,928) -4.1%
Retail Revenue	\$ 21,211,703 99.9%	\$ 21,097,112 99.9%	\$ (114,591) -0.5%
Other	\$ 19,200 0.1%	\$ 17,280 0.1%	\$ (1,920) -10.0%
Total Op. Revenue	\$ 21,230,903 100%	\$ 21,114,392 100%	\$ (116,511) -0.5%

The cost the Utility pays for natural gas and related pipeline fees are passed on to customers through the Purchased Gas Adjustment (PGA) without markup. Natural gas costs for 2024 have been lower than were anticipated when the 2024 Budget was set but the 2025 Budget projects that natural gas prices will increase. These changes are reflected in the PGA revenue. See Purchased Gas Supply Expenses & Revenue Compare in the next section.

2025's budgeted amounts for Base Revenue reflects an 7.0% increase to base rates and anticipated changes in the customer base and sales. Note that usage for the Gas Utility is heavily dependent on temperature and budgeted sales are based on normalized temperatures.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Gas Utility

Purchased Gas Supply Expenses & Revenue Compare

	2024 Original Budget	2024 Reforecast	Change
PGA Expenses	\$ 14,328,961 69.6%	\$ 10,543,599 64.9%	\$ (3,785,362) -26.4%
PGA Revenue	\$ 14,328,961 67.5%	\$ 10,543,537 61.8%	\$ (3,785,424) -26.4%
Difference	\$ - 2.1%	\$ 62 3.1%	\$ 62 0.0%

	2024 Reforecast	2025 Budget	Change
PGA Expenses	\$ 10,543,599 64.9%	\$ 13,736,035 68.3%	\$ 3,192,436 30.3%
PGA Revenue	\$ 10,543,537 61.8%	\$ 13,736,033 65.1%	\$ 3,192,496 30.3%
Difference	\$ 62 3.1%	\$ 2 3.3%	\$ (60) 0.0%

	2024 Original Budget	2025 Budget	Change
PGA Expenses	\$ 14,328,961 69.6%	\$ 13,736,035 68.3%	\$ (592,926) -4.1%
PGA Revenue	\$ 14,328,961 67.5%	\$ 13,736,033 65.1%	\$ (592,928) -4.1%
Difference	\$ - 2.1%	\$ 2 3.3%	\$ 2 0.0%

Notes:

- Due to several factors including rounding the expenses are not exactly the same as the revenue.
- The % is the % of total Operating Expenses or Revenue.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Gas Utility

Customers

As of July 31, 2024, the CFU serves 15,064 natural gas customers.

Customer information at December 31, 2022 & 2023:

	2022		
	Customers	Sales (MCFs)	Revenue
Residential	13,498	933,345	\$ 10,924,201
Commercial & Industrial			
Small	1,205	534,906	\$ 5,499,906
Large	27	209,083	\$ 1,947,084
Other	89	507,457	\$ 4,347,576
Total	14,819	2,184,790	\$ 22,718,767

	2023		
	Customers	Sales (MCFs)	Revenue
Residential	13,568	823,886	\$ 8,980,040
Commercial & Industrial			
Small	1,194	456,996	\$ 3,928,524
Large	29	201,058	\$ 1,240,366
Other	86	971,696	\$ 3,615,249
Total	14,877	2,453,635	\$ 17,764,179

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Gas Utility Revenue and Expense Summary

	2022 ACTUAL	2023 ACTUAL	2024 REFORECAST	2025 BUDGET
OPERATING REVENUE				
Residential Sales	\$ 10,924,201	\$ 8,980,040	\$ 8,550,330	\$ 10,021,336
Commercial & Industrial Sales	\$ 7,944,021	\$ 5,326,207	\$ 5,375,436	\$ 6,439,782
Governmental Sales	\$ 2,027,728	\$ 2,455,645	\$ 1,916,359	\$ 2,693,353
Interdepartmental	\$ 1,822,817	\$ 1,002,287	\$ 1,210,229	\$ 1,942,641
Other Operating Revenue	\$ 70,459	\$ 53,925	\$ 17,280	\$ 17,280
TOTAL	\$ 22,789,226	\$ 17,818,104	\$ 17,069,634	\$ 21,114,392
NET OPERATING EXPENSE				
Purchased Gas Supply	\$ 16,966,996	\$ 11,691,627	\$ 10,543,599	\$ 13,736,035
Other Operating Expense*	\$ 4,236,079	\$ 5,104,233	\$ 5,082,070	\$ 5,534,340
TOTAL	\$ 21,203,075	\$ 16,795,860	\$ 15,625,669	\$ 19,270,375
CASH FLOW FROM OPERATIONS	\$ 1,586,151	\$ 1,022,244	\$ 1,443,965	\$ 1,844,017
NON-OPERATING REVENUE (EXPENSE)				
Investment Income	\$ 143,362	\$ 621,755	\$ 789,296	\$ 644,640
TIF Reimbursements	\$ 1,815	\$ 908	\$ 2,666	\$ 0
Other Non-Op. Revenue (Expense)*	\$ 6,704	\$ 116,223	\$ 374,574	\$ 63,000
TOTAL	\$ 151,881	\$ 738,886	\$ 1,166,536	\$ 707,640
REVENUE AVAILABLE FOR DEBT SERVICE	\$ 1,738,032	\$ 1,761,130	\$ 2,610,501	\$ 2,551,657

*Does not include Depreciation, GASB Related IPERS & OPEB Expenses or AFUDC but does include

Payment in Lieu of Taxes (PILOT) of...	\$ 604,416	\$ 513,200	\$ 420,500	\$ 499,200
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Cedar Falls Utilities - Municipal Gas Utility
Cash Flow History and Projections Summary

Audited 2022	Audited 2023	Budget 2024	Reforecast 2024	Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
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Average Rate Adjustments

Historical / Projected Rate Adjustments	0.0%	8.0%	7.0%	7.0%	7.0%	4.0%	4.0%	3.0%	6.0%
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Revenue & Expense

Total Gas Unit Sales (MCF)	2,184,790	2,453,635	2,573,968	2,410,028	2,610,024	2,610,024	2,765,463	2,927,120	2,933,461
Total Operating Revenues	22,789,226	17,818,104	21,230,903	17,069,634	21,114,392	21,929,477	23,605,128	25,229,027	26,326,172
Total Operating Expenses	22,494,382	17,457,398	20,594,011	16,256,932	20,107,178	20,777,332	22,502,905	24,082,508	24,958,929
Net Operating Income (Loss)	294,844	360,706	636,892	812,702	1,007,214	1,152,145	1,102,223	1,146,519	1,367,243
Total Non-Operating Revenue or (Expense)	153,404	744,435	2,934,562	1,167,856	709,040	3,585,400	211,800	216,100	220,300
Net Income (Loss)	448,248	1,105,141	3,571,454	1,980,558	1,716,254	4,737,545	1,314,023	1,362,619	1,587,543
NOI as a Percent of Revenue	1.29%	2.02%	3.00%	4.76%	4.77%	5.25%	4.67%	4.54%	5.19%
NI as a Percent of Revenue	1.97%	6.20%	16.82%	11.60%	8.13%	21.60%	5.57%	5.40%	6.03%

Cash Balance

Adjust Net Income To Cash									
Capital									
Capital Outlays	(1,013,521)	(1,293,971)	(1,590,540)	(1,155,990)	(2,033,150)	(7,197,900)	(1,368,040)	(1,503,060)	(1,762,340)
Intercompany Asset Sale	0	0	0	1,266,883	0	0	0	0	0
Debt									
Inter-Company Loan									
Other Revenue & Expense Adjustments	5,182,146	2,537,239	779,054	629,943	835,403	792,863	1,011,101	988,825	1,026,336
Adjust To Cash	4,168,625	1,243,268	(811,486)	740,836	(1,197,747)	(6,405,037)	(356,939)	(514,235)	(736,004)
Annual Cashflow Surplus / (Deficit)	4,616,873	2,348,409	2,759,968	2,721,394	518,507	(1,667,492)	957,084	848,384	851,539
Total Cash & Investments									
Beginning Balance	8,533,998	13,150,871	13,353,708	15,499,280	18,220,674	18,739,181	17,071,689	18,028,773	18,877,157
Annual Cashflow Surplus / (Deficit)	4,616,873	2,348,409	2,759,968	2,721,394	518,507	(1,667,492)	957,084	848,384	851,539
Ending Balance	13,150,871	15,499,280	16,113,676	18,220,674	18,739,181	17,071,689	18,028,773	18,877,157	19,728,696

Cedar Falls Utilities - Municipal Gas Utility
Cash Flow History and Projections Summary

Audited 2022	Audited 2023	Budget 2024	Reforecast 2024	Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
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Breakout of Cash Balance

Unrestricted Cash & Investments	6,148,713	7,910,847	7,830,975	9,851,899	9,411,066	7,028,574	7,520,858	7,949,942	8,370,681
Board Designated Cash & Investments									
Capital Replacement Fund	5,857,970	6,571,453	7,137,478	7,445,357	8,311,357	9,019,157	9,409,357	9,803,457	10,201,457
PILOT Surplus Reserve	604,416	513,200	587,653	420,500	499,200	493,500	562,800	582,600	610,000
Ending Balance	6,462,386	7,084,653	7,725,131	7,865,857	8,810,557	9,512,657	9,972,157	10,386,057	10,811,457
Legally Restricted Cash & Investments									
Bond & Interest Fund	0	0	0	0	0	0	0	0	0
Bond Reserve Fund	0	0	0	0	0	0	0	0	0
Improvement & Extension Fund	0	0	0	0	0	0	0	0	0
Self-Funded Dental Insurance Plan	13,712	10,511	10,133	9,459	9,699	9,899	9,999	10,099	10,199
Self-Funded Health Insurance Plan	526,060	493,269	547,437	493,459	507,859	520,559	525,759	531,059	536,359
Ending Balance	539,772	503,780	557,570	502,918	517,558	530,458	535,758	541,158	546,558
Total Cash & Investments	13,150,871	15,499,280	16,113,676	18,220,674	18,739,181	17,071,689	18,028,773	18,877,157	19,728,696

Board Designated Unrestricted Reserves Calculation

Unrestricted Cash & Investments	6,148,713	7,910,847	7,830,975	9,851,899	9,411,066	7,028,574	7,520,858	7,949,942	8,370,681
Board Recommended Reserves									
CIP (Five Year Average) [A]	1,309,076	2,331,148	2,436,882	2,651,628	2,772,898	2,664,492	1,494,364	1,476,736	1,434,292
Liability Insurance Deductible	600,000	600,000	600,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Operating Expense Reserve [B]	2,650,385	2,023,930	2,406,149	1,889,058	2,356,234	2,435,659	2,624,789	2,816,361	2,918,750
Board Designated Unrestricted Reserves [C]	4,559,461	4,955,078	5,443,031	5,540,686	6,129,132	6,100,151	5,119,153	5,293,097	5,353,042
Reserves Surplus (Deficit)	1,589,252	2,955,769	2,387,944	4,311,213	3,281,934	928,423	2,401,705	2,656,845	3,017,639

[A] = Net of bond proceeds

[B] = 12.5% of adjusted operating expenses, does not include PILOT & non-cash expenses (IE: depreciation; IPERS unfunded liability; OPEB).

[C] = Minimum Unrestricted Cash Reserve Level per the Cash Reserve Policy

**Cedar Falls Utilities - Municipal Gas Utility
Cash Flow History and Projections Summary**

Audited 2022	Audited 2023	Budget 2024	Reforecast 2024	Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
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Financial Ratios

	Goal									
Debt Service Coverage - Revenue Debt - Bond Covenant	1.25+	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Debt Service Coverage - All Debt - Bond Covenant	1.75+	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Unrestricted Cash Balances as % of Operating Expenses Without Depreciation, PILOT, & NPL/OPEB	50%+	29.85%	48.58%	40.74%	64.79%	50.14%	36.06%	35.94%	35.32%	35.89%
Net Operating Income (NOI) as a % of Revenue	6%+	1.29%	2.02%	3.00%	4.76%	4.77%	5.25%	4.67%	4.54%	5.19%
Net Income (NI) as a % of Revenue	6%+	1.97%	6.20%	16.82%	11.60%	8.13%	21.60%	5.57%	5.40%	6.03%
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	Zero	\$ 1,589,252	\$ 2,955,769	\$ 2,387,944	\$ 4,311,213	\$ 3,281,934	\$ 928,423	\$ 2,401,705	\$ 2,656,845	\$ 3,017,639

Assumptions Used in Cashflow

Projected Sales (MCFs) Growth					0.0%	0.0%	0.0%	0.0%
Projected Operating Expenses (If NOT Specifically Projected)					4.0%	3.5%	3.5%	3.5%
Interest Rate for Cash & Investments					2.5%	1.0%	1.0%	1.0%
Debt Interest Rate					N/A	N/A	N/A	N/A

CEDAR FALLS UTILITIES
2024 Annual Operating Budget and Capital Improvement Plan
Gas Utility Historical and Projected Average Rate Adjustments

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
		25.0%		-5.0%					
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
3.0%									
2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
2.0%	2.9%		8.0%	7.0%	7.0%	4.0%	4.0%	3.0%	6.0%

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Water Utility

Supply of Water

The Municipal Water Utility of the City of Cedar Falls, Iowa (Water Utility) was established in 1888. The springs below Pfeiffer Springs Park provided the water supply. Steam powered pumps at the east end of East 12th Street, housed near the present day CFU electric power plant, pumped the water to the 126,000-gallon capacity reservoir that provided the city's water storage. The distribution system consisted of nine miles of cast-iron pipe.

Three wells were dug in 1912 for a safer source of water. By 1928 two additional wells had been dug and a new 125-horsepower centrifugal pump was in operation, with a daily capacity of 1.5 million gallons. Over 1,600 water meters were in place during this time.

The Water Utility continued to expand along with the Electric and Gas Utilities. The original five wells were replaced with eight deeper wells for a combined maximum daily capacity of 21.6 million gallons. The water is pumped from the Silurian-Devonian Aquifer and is of high quality requiring minimal treatment. Direct injection of chlorine takes place at all eight wells and direct injection of fluoride takes place at four wells to supplement natural levels.

Distribution

CFU provides water service to most of the developed portions of the city through the distribution system that consists of 215 miles of cast iron and ductile iron mains ranging in size from 4-inch through 20-inch. Four elevated tanks provide a total storage capacity of 2.5 million gallons. There are 2,672 fire hydrants throughout the distribution system.

The Water Utility is committed to providing quality water to the customers of CFU. As reported in our 2024 Consumer Confidence Report, CFU water meets all Federal and State water quality standards.

There are major city and state reconstruction and construction projects that will continue through 2025. These road projects will require relocations, replacements, or abandonment of existing water mains and services as well as the extension of new water main. Water replacements planned in 2025 include the intersection of Main and 18th Streets, E. Ridgewood Dr, Timber Dr, Laurinda Dr, and Veralta Dr. New water main installation will continue on West Viking Rd. New water main extensions by developers in 2025 are likely to occur in West Fork Crossing, Arbors 6th, and Prairie Winds 6th. Total capital costs of these water main replacement, relocation, and extension projects 2025 through 2034 are estimated at \$14,592,000.

Reserve Fund

The Water Utility Reserve Fund was established by the Board of Trustees in 2024 for the expansion of water territory in the future. The annual funding amount is determined in the budget process and subject to change annually based on the projected surplus or deficit. Budgeted funding for 2025 is \$200,000.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Water Utility

Operating Expenses

	Total Operating Expenses	Labor & Benefits	Other Expenses
2024 Original Budget	\$ 5,802,882	\$ 2,903,420 50.0%	\$ 2,899,462 50.0%
2024 Reforecast	\$ 5,585,420	\$ 2,820,839 50.5%	\$ 2,764,581 49.5%
Change \$s	\$ (217,462)	\$ (82,581)	\$ (134,881)
Change %	-3.7%	-2.8%	-4.7%

2024 Reforecast	\$ 5,585,420	\$ 2,820,839 50.5%	\$ 2,764,581 49.5%
2025 Budget	\$ 6,032,823	\$ 3,135,215 52.0%	\$ 2,897,608 48.0%
Change \$s	\$ 447,403	\$ 314,376	\$ 133,027
Change %	8.0%	11.1%	4.8%

2024 Original Budget	\$ 5,802,882	\$ 2,903,420 50.0%	\$ 2,899,462 50.0%
2025 Budget	\$ 6,032,823	\$ 3,135,215 52.0%	\$ 2,897,608 48.0%
Change \$s	\$ 229,941	\$ 231,795	\$ (1,854)
Change %	4.0%	8.0%	-0.1%

Changes include anticipated wage increases, filling of open or new positions and changes in expenses between the utilities. It should be noted that any changes in labor expense may be due to variances in the projected use of labor. For example, labor hours that were projected as operating expenses can end up as a capital expense or vice versa.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Water Utility

Operating Revenue & Rates

Water Operating Revenue

	Amount	Increase (Decrease)	
2024 Original Budget	\$ 6,738,439	-	-
2024 Reforecast	\$ 6,633,797	\$ (104,642)	-1.6%
2025 Budget	\$ 7,372,893	\$ 739,096	11.1%
'24 Budget to '25 Budget		\$ 634,454	9.4%

Water Retail Sales - CCFs

	Amount	Increase (Decrease)	
2024 Original Budget	1,626,883	-	-
2024 Reforecast	1,525,577	(101,306)	-6.2%
2025 Budget	1,603,175	77,598	5.1%
'24 Budget to '25 Budget		(23,708)	-1.5%

2025's budgeted revenue reflects a 9.9% increase to base rates and anticipated changes in the customer base and sales. Note that usage for the Water Utility is heavily dependent on rainfall and budgeted sales are based on normalized rainfall.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Water Utility

Customers

As of July 31, 2024, the Water Utility serves 15,079 customers.

Customer information at December 31, 2022 & 2023:

	2022			
	Customers	Sales CCFs	Sales Gallons	Revenue
Residential	12,948	866,395	648,063,460	\$ 3,683,990
Commercial	1,525	456,577	341,519,596	\$ 1,165,803
Industrial	36	38,380	28,708,240	\$ 67,758
Governmental	191	143,138	107,067,224	\$ 241,796
Other	3	14,885	11,133,980	\$ 22,320
Total	14,703	1,519,376	1,136,492,500	\$ 5,181,667

	2023			
	Customers	Sales CCFs	Sales Gallons	Revenue
Residential	13,083	1,025,029	766,721,692	\$ 4,302,777
Commercial	1,545	478,732	358,091,536	\$ 1,317,564
Industrial	36	33,153	24,798,444	\$ 68,657
Governmental	190	170,606	127,613,288	\$ 318,134
Other	3	15,542	11,625,416	\$ 27,055
Total	14,857	1,723,063	1,288,850,376	\$ 6,034,187

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Water Utility Revenue and Expense Summary

	2022 ACTUAL	2023 ACTUAL	2024 REFORECAST	2025 BUDGET
OPERATING REVENUE				
Residential Sales	\$ 3,683,990	\$ 4,302,777	\$ 4,432,794	\$ 4,947,678
Commercial & Industrial Sales	\$ 1,233,561	\$ 1,386,221	\$ 1,446,189	\$ 1,576,037
Governmental Sales	\$ 241,796	\$ 318,134	\$ 319,467	\$ 406,099
Interdepartmental	\$ 22,320	\$ 27,055	\$ 29,747	\$ 37,479
Other Operating Revenue	\$ 508,389	\$ 512,869	\$ 405,600	\$ 405,600
TOTAL	\$ 5,690,056	\$ 6,547,056	\$ 6,633,797	\$ 7,372,893
NET OPERATING EXPENSE				
Other Operating Expense*	\$ 3,720,689	\$ 4,716,216	\$ 4,656,834	\$ 5,033,808
TOTAL	\$ 3,720,689	\$ 4,716,216	\$ 4,656,834	\$ 5,033,808
CASH FLOW FROM OPERATIONS	\$ 1,969,367	\$ 1,830,840	\$ 1,976,963	\$ 2,339,085
NON-OPERATING REVENUE (EXPENSE)				
Investment Income	\$ 82,216	\$ 322,201	\$ 342,200	\$ 326,640
TIF Reimbursements	\$ 0	\$ 0	\$ 326	\$ 10,378
Other Non-Op. Revenue (Expense)*	\$ 232,737	\$ 286,298	\$ 137,757	\$ 209,000
TOTAL	\$ 314,953	\$ 608,499	\$ 480,283	\$ 546,018
REVENUE AVAILABLE FOR DEBT SERVICE	\$ 2,284,320	\$ 2,439,339	\$ 2,457,246	\$ 2,885,103

*Does not include Depreciation, GASB Related IPERS & OPEB Expenses, AFUDC or Noncash Contributions in Aid of Construction

Cedar Falls Utilities - Municipal Water Utility
Cash Flow History and Projections Summary

Audited 2022	Audited 2023	Budget 2024	Reforecast 2024	Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
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Average Rate Adjustments

Historical / Projected Rate Adjustments	5.9%	9.5%	9.6%	9.6%	9.9%	9.9%	3.9%	3.9%	3.9%
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Revenue & Expense

Total Water Unit Sales (CCF)	1,519,376	1,723,063	1,626,883	1,525,577	1,603,175	1,603,175	1,603,175	1,603,175	1,603,175
Total Operating Revenues	5,690,056	6,547,056	6,738,439	6,633,797	7,372,893	8,062,656	8,361,280	8,671,551	8,993,925
Total Operating Expenses	4,486,653	5,659,746	5,802,882	5,585,420	6,032,823	6,189,943	6,406,784	6,631,166	6,862,893
Net Operating Income (Loss)	1,203,403	887,310	935,557	1,048,377	1,340,070	1,872,713	1,954,496	2,040,385	2,131,032
Total Non-Operating Revenue or (Expense)	1,101,704	1,304,929	1,397,397	497,083	563,658	311,778	258,020	273,671	288,923
Net Income (Loss)	2,305,107	2,192,239	2,332,954	1,545,460	1,903,728	2,184,491	2,212,516	2,314,056	2,419,955
NOI as a Percent of Revenue	21.15%	13.55%	13.88%	15.80%	18.18%	23.23%	23.38%	23.53%	23.69%
NI as a Percent of Revenue	40.51%	33.48%	34.62%	23.30%	25.82%	27.09%	26.46%	26.69%	26.91%

Cash Balance

Adjust Net Income To Cash									
Capital									
Capital Outlays	(1,236,150)	(3,000,727)	(4,725,030)	(2,995,890)	(3,107,150)	(2,239,550)	(2,315,080)	(2,365,270)	(2,690,830)
Intercompany Asset Sale	0	0	0	(83,014)	0	0	0	0	0
Debt									
Bond or Note Proceeds	0	0	0	0	0	0	0	0	0
Debt Service Payments	0	0	0	0	0	0	0	0	0
Other Revenue & Expense Adjustments	(240,831)	500,459	840,452	911,786	981,375	1,050,283	1,087,236	1,125,434	1,164,461
Adjust To Cash	(1,476,981)	(2,500,268)	(3,884,578)	(2,167,118)	(2,125,775)	(1,189,267)	(1,227,844)	(1,239,836)	(1,526,369)
Annual Cashflow Surplus / (Deficit)	828,126	(308,029)	(1,551,624)	(621,658)	(222,047)	995,224	984,672	1,074,220	893,586
Total Cash & Investments									
Beginning Balance	6,380,270	7,208,396	5,442,490	6,900,367	6,278,709	6,056,662	7,051,886	8,036,558	9,110,778
Annual Cashflow Surplus / (Deficit)	828,126	(308,029)	(1,551,624)	(621,658)	(222,047)	995,224	984,672	1,074,220	893,586
Ending Balance	7,208,396	6,900,367	3,890,866	6,278,709	6,056,662	7,051,886	8,036,558	9,110,778	10,004,364

Cedar Falls Utilities - Municipal Water Utility
Cash Flow History and Projections Summary

Audited 2022	Audited 2023	Budget 2024	Reforecast 2024	Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
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Breakout of Cash Balance

Unrestricted Cash & Investments	6,840,405	6,504,960	3,503,903	5,883,017	5,455,690	6,235,914	7,012,386	7,876,406	8,557,592
Board Designated Restricted Cash & Investments									
Water Reserve Fund	0	0	0	0	205,040	410,140	614,240	820,340	1,028,540
Ending Balance	0	0	0	0	205,040	410,140	614,240	820,340	1,028,540
Legally Restricted Cash & Investments									
Debt & Construction	0	0	0	0	0	0	0	0	0
Self-Funded Dental Insurance Plan	9,925	8,247	8,447	7,427	7,547	7,747	7,847	7,947	8,047
Self-Funded Health Insurance Plan	358,066	387,160	378,516	388,265	388,385	398,085	402,085	406,085	410,185
Ending Balance	367,991	395,407	386,963	395,692	395,932	405,832	409,932	414,032	418,232
Total Cash & Investments	7,208,396	6,900,367	3,890,866	6,278,709	6,056,662	7,051,886	8,036,558	9,110,778	10,004,364

Board Designated Unrestricted Reserve Calculation

Unrestricted Cash & Investments	6,840,405	6,504,960	3,503,903	5,883,017	5,455,690	6,235,914	7,012,386	7,876,406	8,557,592
Board Recommended Reserves									
CIP (Five Year Average) [A]	2,579,288	3,001,473	2,789,774	2,604,588	2,543,576	2,472,124	2,539,058	2,490,652	2,439,034
Liability Insurance Deductible	200,000	200,000	200,000	250,000	250,000	250,000	250,000	250,000	250,000
Operating Expense Reserve [B]	465,087	589,528	610,784	582,104	629,226	642,458	664,944	688,217	712,305
Board Designated Unrestricted Reserves [C]	3,244,375	3,791,001	3,600,558	3,436,692	3,422,802	3,364,582	3,454,002	3,428,869	3,401,339
Reserves Surplus (Deficit)	3,596,030	2,713,959	(96,655)	2,446,325	2,032,888	2,871,332	3,558,384	4,447,537	5,156,253

[A] = Net of bond proceeds.

[B] = 12.5% of adjusted operating expenses, does not include PILOT & non-cash expenses (IE: depreciation; IPERS unfunded liability; OPEB).

[C] = Minimum Unrestricted Cash Reserve Level per the Cash Reserve Policy

**Cedar Falls Utilities - Municipal Water Utility
Cash Flow History and Projections Summary**

Audited 2022	Audited 2023	Budget 2024	Reforecast 2024	Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
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Financial Ratios

	Goal									
Debt Service Coverage - Revenue Debt - Bond Covenant	1.25+	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt Service Coverage - All Debt - Bond Covenant	1.75+	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unrestricted Cash Balances as % of Operating Expenses Without Depreciation, PILOT, & NPL/OPEB	50%+	183.85%	137.93%	71.71%	126.33%	108.38%	121.33%	131.82%	143.06%	150.17%
Net Operating Income (NOI) as a % of Revenue	6%+	21.15%	13.55%	13.88%	15.80%	18.18%	23.23%	23.38%	23.53%	23.69%
Net Income (NI) as a % of Revenue	6%+	40.51%	33.48%	34.62%	23.30%	25.82%	27.09%	26.46%	26.69%	26.91%
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	Zero	\$ 3,596,030	\$ 2,713,959	\$ (96,655)	\$ 2,446,325	\$ 2,032,888	\$ 2,871,332	\$ 3,558,384	\$ 4,447,537	\$ 5,156,253

Assumptions Used in Cashflow

Projected Sales Growth					0.0%	0.0%	0.0%	0.0%
Projected Operating Expenses (If NOT Specifically Projected)					4.0%	3.5%	3.5%	3.5%
Interest Rate for Cash & Investments					2.5%	1.0%	1.0%	1.0%
Debt Interest Rate					0.0%	0.0%	0.0%	0.0%

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Water Utility Historical and Projected Average Rate Adjustments

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
					9.0%		9.0%	9.0%	9.0%
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
9.0%	9.0%		7.0%	4.0%	5.0%	5.0%		4.9%	
2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
7.4%	5.8%	5.9%	9.5%	9.6%	9.9%	9.9%	3.9%	3.9%	3.9%

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Communications Utility

Backbone

The Communications Utility was established in 1994 after a Cedar Falls citizen referendum passed, by a 70 percent majority. Originally, CFU constructed and operated a city-wide hybrid-fiber-coax (HFC) system consisting of 21 service areas or nodes providing a range of communications and entertainment services. There were approximately 310 miles of coaxial cable and 97 miles of fiber in the distribution system.

In 2009 the Communications Utility began an overbuild of the entire communications plant to a fiber-to-the-premises (FTTP) infrastructure which was completed in 2013. The Passive Optical Network (PON) architecture used provides the ability to continually increase bandwidth delivered to homes and businesses without changes to the outside plant compared to copper-based technologies used by other competing cable TV or traditional telephone service providers. Services are delivered to homes and businesses through an optical network terminal (ONT) driven by an optical line terminal (OLT) at eight different locations. The FTTP infrastructure offers flexibility to offer reliable services such as internet connectivity, television, phone, point-to-point (PTP) business connections, cellular backhaul, and automated metering infrastructure (AMI) backhaul without the maintenance issues and asymmetric bandwidth of copper-based systems. As the International Telecommunications Union (ITU) standards have progressed, available bandwidth on a PON has increased from Broadband Passive Optical Network (BPON) downstream speed of 622 Mbps (megabits per second) and Gigabit Passive Optical Network (GPON) downstream speed of 2,500 Mbps (2.5 gigabits per second (Gbps)), to our current 10 Gigabit Symmetrical Passive Optical Network (XGS-PON) standard of a symmetrical 10 Gbps. Future standards are planned with support for 50 Gbps and 100 Gbps. Remote work, distance learning, and tele-health use cases require high upstream bandwidth provided by the symmetrical bandwidth capability of the newer PON standards, something even the latest Data Over Cable Service Interface Specifications (DOCSIS) standards cannot provide. Fifth-generation cellular data service (5G) or newer fixed-wireless technologies can compete with older GPON (Gigabit PON) technology but struggle on reliability, latency, and suffer variability in delivered bandwidth due to issues with location, obstructions, distance, and the number of connections to aggregation points in the system.

In August 2010, CFU received notice that Rural Utilities Service (RUS), an arm of United States Department of Agriculture (USDA), approved our application to extend high speed internet services to rural Cedar Falls customers. The design was a combination of FTTP and fixed wireless with FTTP being built to areas with higher customer density and the remaining being served with fixed wireless. The fiber system made available both cable and high-speed internet whereas the wireless system provides internet only. FTTP is a far superior service providing the highest bandwidth options and high reliability. Fixed wireless is price competitive with rural customers' satellite options and provides higher speeds compared to digital subscriber line (DSL) technology. Construction began in the fall of 2012 and was completed in 2015. Upgrades to the fixed wireless transmitting and receiving equipment was completed in 2019 providing higher bandwidth.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Communications Utility

We are working through a multi-year project to migrate off two core switches installed in 2010. The secondary legacy core router located at the ConnectCV data center has been decommissioned. Work continues to migrate off the primary legacy core router in the head end hut. The features and functionality of our core network becomes more important as more services become IP-enabled. All customer data, video, and voice traffic flows through our core routers, as well as PTP business connections and other services. The three core routers provide 100 Gbps connections throughout the metro area, as well as to edge routers in Des Moines and Chicago. These routers increase the resiliency of the network compared to the previous equipment, and the increased capacity is there to keep up with bandwidth usage of our customers.

We began a multi-year project in 2020 to replace our aging, unsupported Motorola GPON system of over 10,000 Motorola ONT's and completed it in 2023. Most customers got a cost-saving compact XGS-PON ONT capable of a maximum 2.5 gigabit data connection and one plain old telephone line (POTS). Other ONT models will be used for customers subscribing to the 10-gigabit service, or locations where the ONT had to be mounted outside, or where multiple services need to be delivered such as businesses or multiple dwelling units. We have been moving outside mounted ONTs to indoors whenever possible as they are less expensive, provide greater reliability and stay in service longer. New Calix modular OLTs in our fiber hut sites support the XGS-PON standard in addition to the legacy GPON standard used by the original Calix equipment. The equipment allows us to mix and match 1 Gbps and 10 Gbps services seamlessly across our network and migrate off the Calix equipment installed in 2012. Our PON network serves 32 customers now and can support up to 128 when needed.

Services

In 1994 the first fiber optic installation was to Doerfer Engineering and the first residential cable television customer was connected in 1996. Following the introduction of cable television service, the Communications Utility introduced CyberNet, its own high-speed Internet access via cable modem instead of a phone line. The first CyberNet customer was connected in 1997. The Utility also began offering high-speed data services such as Fiber CyberNet, Point-to-Point service, and other Specialized Telecommunications Services (STS) for residential, commercial, and industrial customers.

The Communications Utility launched digital cable television service in November 2001 and high-definition cable service in November 2003. Then in 2006, introduced FTTP technology using the BPON standard in several new commercial and residential developments. With the complete fiber upgrade to the system finished in 2013, new FiberNet services using the higher bandwidth GPON standard replaced the previous CyberNet services.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Communications Utility

In May 2013, CFU became the first provider in Iowa to offer internet service at 1 gigabit per second as a standard product available community wide. The service is available to residential and business customers. With this upgrade from CFU, Cedar Falls ranks among the top communities in the nation for broadband speed and availability. CFU was one of the first ISPs in the nation and the first provider in Iowa to provide 10 gigabit service in 2020. That same year we were also recognized by PC Mag as the fastest ISP and best ISP for gaming in the nation.

In 2015, the Communications Utility received approval from the Board of Trustees to provide telephone service to the community of Cedar Falls. This new service was available to subscribers starting in the second quarter of 2016. CFU selected ImOn from Cedar Rapids, Iowa as the wholesale telephone-switching provider for this new service.

Our partnership with Waverly Utilities in a new internet protocol television (IPTV) video head end began in 2015, was expanded to include Bellevue Municipal Utilities in 2017, Indianola Municipal Utilities in 2018, Vinton Municipal Utilities in 2019, Pella Utilities and New Hampton Municipal Utilities in 2020, and Waterloo Telecommunications Utility in 2023.

In 2021, we began switching all video customers to IPTV while converting to Calix ONTs as part of the plan to discontinue traditional radio frequency (RF) cable TV service. Current plans are to shut down the RF system December 31, 2026. The main equipment providing the RF signal will be unsupported by the vendor in 2025. Other equipment used by the RF system has already gone end of life status by the vendor. This legacy technology would require more maintenance, has higher equipment costs, and limited staff knowledgeable to support it. Customers who have RF set top boxes (STB) will get new IP-based STBs which have a video guide driven by rich metadata and advanced video features.

In 2022, we migrated to a new adaptive bit rate (ABR) delivery system for IPTV which allows us to provide our video service through an application which runs on the popular Android TV and Fire TV platforms. This system is similar to technology used by streaming services such as Netflix or Hulu. Delivery through the CFU TV App will match the way customers are consuming video content on streaming devices and can be used with adjunct streaming services. The range of recommended devices was introduced to the public in September 2023.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Communications Utility

Rural Grant

In 2021, the State of Iowa opened a new broadband grant opportunity. The Empower Rural Iowa Broadband Program was developed to provide high speed internet service, with a minimum of 100 Mbps upload and download, in rural unserved and underserved areas of the state. CFU was awarded a grant for over \$2.3 million to extend fiber to over 700 rural customers west, northwest, north and northeast of Cedar Falls. The grant covers 44% of the original 3-year project estimated costs to extend fiber to the premise in these areas. Conduit installation began in June of 2022 and finished in January 2024 using new to CFU duct technology that allows longer conduit and fiber runs between vaults and pedestals. Fiber jetting into the conduit ducts started in October of 2022, and fiber splicing began in November of 2023. The first customer install occurred in December of 2023. The entire project will continue through Spring of 2025.

Customers

As of July 31, 2024, the Communications Utility serves 5,232 retail TV customers, 16,721 internet customers, and 2,847 phone lines.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Communications Utility Revenue and Expense Summary

	2022 ACTUAL	2023 ACTUAL	2024 REFORECAST	2025 BUDGET
OPERATING REVENUE				
Cable Services	\$ 8,403,291	\$ 7,849,291	\$ 7,816,971	\$ 7,639,006
Data/Phone Services	\$ 13,100,101	\$ 13,379,370	\$ 13,701,828	\$ 13,982,370
Other Cable Operating Revenue	\$ 496,374	\$ 623,435	\$ 479,634	\$ 475,108
Other Data Operating Revenue	\$ 251,692	\$ 312,848	\$ 260,013	\$ 263,184
TOTAL	\$ 22,251,458	\$ 22,164,944	\$ 22,258,446	\$ 22,359,668
NET OPERATING EXPENSE				
Programming Expenses	\$ 6,355,258	\$ 6,078,894	\$ 5,978,075	\$ 5,905,570
Data/Phone Bandwidth Access Expenses	\$ 882,805	\$ 866,755	\$ 874,969	\$ 989,953
Other Operating Expense*	\$ 7,285,977	\$ 7,601,035	\$ 7,888,118	\$ 8,904,869
TOTAL	\$ 14,524,040	\$ 14,546,684	\$ 14,741,162	\$ 15,800,392
CASH FLOW FROM OPERATIONS	\$ 7,727,418	\$ 7,618,260	\$ 7,517,284	\$ 6,559,276
NON-OPERATING REVENUE (EXPENSE)				
Investment Income	\$ 188,084	\$ 895,323	\$ 982,797	\$ 720,000
Contributions In Aid of Construction	\$ 9,492	\$ 33,068	\$ 4,796	\$ -
TIF Reimbursements	\$ 1,073	\$ 537	\$ 1,576	\$ -
Other Non-Op. Revenue (Expense)*	\$ 912,125	\$ 687,296	\$ 91,316	\$ 208,000
TOTAL	\$ 1,110,774	\$ 1,616,224	\$ 1,080,485	\$ 928,000
REVENUE AVAILABLE FOR DEBT SERVICE	\$ 8,838,192	\$ 9,234,484	\$ 8,597,769	\$ 7,487,276

*Does not include Depreciation, GASB Related IPERS & OPEB Expenses or AFUDC

Payment in Lieu of Taxes (PILOT) of...	\$	-	\$	-	\$	-	\$	-
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CFU - Municipal Communications Utility
Cash Flow History and Projections Summary

Audited 2022	Audited 2023	Budget 2024	Reforecast 2024	Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
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Revenue & Expense

Cable Operating Revenues	8,899,665	8,472,726	8,021,665	8,296,605	8,114,114	7,933,106	7,713,804	7,691,428	7,476,058
Data Operating Revenues	13,351,793	13,692,218	14,144,330	13,961,841	14,245,554	14,859,826	15,095,789	15,333,876	15,540,980
Total Operating Revenues	22,251,458	22,164,944	22,165,995	22,258,446	22,359,668	22,792,932	22,809,593	23,025,304	23,017,038
Cable Operating Expenses	11,530,862	11,327,799	10,423,580	9,732,210	10,090,471	9,955,414	10,052,683	10,154,267	10,250,467
Data Operating Expenses	6,684,225	7,310,743	7,705,923	7,776,702	8,677,743	9,070,375	9,432,199	9,860,938	10,297,953
Total Operating Expenses	18,215,087	18,638,542	18,129,503	17,508,912	18,768,214	19,025,789	19,484,882	20,015,205	20,548,420
Net Operating Income (Loss)	4,036,371	3,526,402	4,036,492	4,749,534	3,591,454	3,767,143	3,324,711	3,010,099	2,468,618
Total Non-Operating Revenue or (Expense)	1,133,419	1,783,037	1,002,806	1,238,960	967,825	435,045	262,090	272,565	277,775
Net Income (Loss)	5,169,790	5,309,439	5,039,298	5,988,494	4,559,279	4,202,188	3,586,801	3,282,664	2,746,393
NOI as a Percent of Revenue	18.14%	15.91%	18.21%	21.34%	16.06%	16.53%	14.58%	13.07%	10.73%
NI as a Percent of Revenue	23.23%	23.95%	22.73%	26.90%	20.39%	18.44%	15.72%	14.26%	11.93%

Cash Balance

Adjust Net Income To Cash									
Net Income (Loss)	5,169,790	5,309,439	5,039,298	5,988,494	4,559,279	4,202,188	3,586,801	3,282,664	2,746,393
Capital Outlays	(7,227,820)	(6,899,761)	(15,558,340)	(10,623,069)	(5,474,120)	(5,327,000)	(4,523,320)	(4,159,200)	(3,883,640)
Other Revenue & Expense Adjustments	2,112,135	4,199,338	2,023,305	1,839,244	5,166,334	3,060,933	3,274,149	3,446,680	3,614,041
Adjust To Cash	(5,115,685)	(2,700,423)	(13,535,035)	(8,783,825)	(307,786)	(2,266,067)	(1,249,171)	(712,520)	(269,599)
Annual Cashflow Surplus / (Deficit)	54,105	2,609,016	(8,495,737)	(2,795,331)	4,251,493	1,936,121	2,337,630	2,570,144	2,476,794
Total Cash & Investments									
Beginning Balance	19,278,972	19,333,077	19,233,612	21,942,093	19,146,762	23,398,255	25,334,376	27,672,006	30,242,150
Annual Cashflow Surplus / (Deficit)	54,105	2,609,016	(8,495,737)	(2,795,331)	4,251,493	1,936,121	2,337,630	2,570,144	2,476,794
Ending Balance	19,333,077	21,942,093	10,737,875	19,146,762	23,398,255	25,334,376	27,672,006	30,242,150	32,718,944

**CFU - Municipal Communications Utility
Cash Flow History and Projections Summary**

Audited 2022	Audited 2023	Budget 2024	Reforecast 2024	Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
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Breakout of Cash Balance

Unrestricted Cash & Investments	18,650,515	21,204,937	10,037,122	18,414,765	22,666,258	24,602,379	26,940,009	29,510,153	31,986,947
Board Designated Restricted Cash & Investments									
PILOT Surplus Reserve	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0
Legally Restricted Cash & Investments									
Bond & Interest Fund	0	0	0	0	0	0	0	0	0
Bond Reserve Fund	0	0	0	0	0	0	0	0	0
Improvement & Extension Fund	0	0	0	0	0	0	0	0	0
Self-Funded Dental Insurance Plan	18,310	15,168	14,488	13,702	13,702	13,702	13,702	13,702	13,702
Self-Funded Health Insurance Plan	664,252	721,988	686,265	718,295	718,295	718,295	718,295	718,295	718,295
Construction Fund	0	0	0	0	0	0	0	0	0
Ending Balance	682,562	737,156	700,753	731,997	731,997	731,997	731,997	731,997	731,997
Total Cash & Investments	19,333,077	21,942,093	10,737,875	19,146,762	23,398,255	25,334,376	27,672,006	30,242,150	32,718,944

Board Designated Unrestricted Reserves Calculation

Unrestricted Cash & Investments	18,650,515	21,204,937	10,037,122	18,414,765	22,666,258	24,602,379	26,940,009	29,510,153	31,986,947
Board Recommended Reserves									
CIP (Five Year Average) [A]	5,177,308	7,167,300	6,782,506	6,021,342	4,673,456	4,569,388	4,292,496	4,094,232	3,970,536
Liability Insurance Deductible	200,000	200,000	200,000	250,000	250,000	250,000	250,000	250,000	250,000
Operating Expense Reserve [B]	1,815,505	1,818,336	1,924,054	1,842,645	1,975,049	1,990,139	2,022,455	2,067,333	2,114,026
Board Designated Unrestricted Reserves [C]	7,192,813	9,185,636	8,906,560	8,113,987	6,898,505	6,809,527	6,564,951	6,411,565	6,334,562
Reserves Surplus (Deficit)	11,457,702	12,019,301	1,130,562	10,300,778	15,767,753	17,792,852	20,375,058	23,098,588	25,652,385

[A] = Net of bond proceeds.

[B] = 12.5% of adjusted operating expenses, does not include PILOT & non-cash expenses (IE: depreciation; IPERS unfunded liability; OPEB).

[C] = Minimum Unrestricted Cash Reserve Level per the Cash Reserve Policy

**CFU - Municipal Communications Utility
Cash Flow History and Projections Summary**

Audited 2022	Audited 2023	Budget 2024	Reforecast 2024	Budget 2025	Projection 2026	Projection 2027	Projection 2028	Projection 2029
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Financial Ratios

	Goal									
Debt Service Coverage - Revenue Debt - Bond Covenant	1.25+	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Debt Service Coverage - All Debt - Bond Covenant	1.75+	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Unrestricted Cash Balances as % of Operating Expenses Without Depreciation, PILOT, & NPL/OPEB	50%+	128.41%	145.77%	65.21%	124.92%	143.45%	154.53%	166.51%	178.43%	189.14%
Net Operating Income (NOI) as a % of Revenue	6%+	18.14%	15.91%	18.21%	21.34%	16.06%	16.53%	14.58%	13.07%	10.73%
Net Income (NI) as a % of Revenue	6%+	23.23%	23.95%	22.73%	26.90%	20.39%	18.44%	15.72%	14.26%	11.93%
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	\$0	11,457,702	12,019,301	1,130,562	10,300,778	15,767,753	17,792,852	20,375,058	23,098,588	25,652,385

Assumptions Used in Cashflow

Projected Operating Expenses (If NOT Specifically Projected)				4.0%	3.5%	3.5%	3.5%
Interest Rate for Cash & Investments				2.5%	1.0%	1.0%	1.0%
Debt Interest Rate				N/A	N/A	N/A	N/A

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Personnel Summary

Overview

The organizational structure of Cedar Falls Utilities (CFU) reflects its commitment to its Mission Statement “To provide our customers with innovative, high-quality utility services that bring the best value to the community” and its Vision Statement to “achieve a standard of excellence as an industry leader and a trusted provider of utility services to our customers and community.” These statements guide CFU in making further changes and progressing forward as an effective and efficient organization. The current structure divides the organization into Administration and five business units.

Business Unit	Departments
Administration	Administration
Communication Services	Communication Operations, Meter Reading, Information Systems, Information Technology & Security
Customer Service and Business Development	Customer Service, Energy Service, Sales & Business Development, Marketing
Electric, Gas and Water Operations	Electric Production, Electric Distribution, Electric Operations, Gas & Water Operations, Gas & Water Construction
Employee and Legal Services	Employee & Legal Services
Finance and Organizational Services	Finance, Purchasing & Warehousing, Maintenance Support Services-Facilities and Transportation

The CFU organization continually evaluates staffing needs for technical talent and expertise to successfully meet the complex challenges of a four-utility service provider and achieving the outcomes of the capital improvement plan, operating budget maintenance plans and succession planning.

CFU relies on seasonal and part time staffing to help during the busy construction season and as a supplement to the regular CFU workforce. These positions are used in support of various projects for all four utilities and staffing of the help desk and administrative duties.

Staffing count comparisons and projections are below. The actuals for 2020-2023 reflect the employee count at mid-September each year and does not include all of the budgeted positions that were unfilled at that time. Similarly for 2024, we currently have five unfilled positions in the current count of 213 of which we are conducting active recruitment and these may be filled as of this publication.

EMPLOYEES	2020	2021	2022	2023	2024 Original	2024 Current	2025 Budget	2026	2027	2028	2029	2030
SEASONAL	6	6	10	10	12	12	13	13	13	13	13	13
TEMPORARY PT	1	1	2	0	1	2	2	1	1	1	1	1
TEMPORARY FT	1	1	1	0	0	0	0	0	0	0	0	0
PART TIME	14	12	12	12	11	12	12	12	12	12	12	12
FULL TIME	179	181	178	186	191	187	191	191	191	190	190	190
TOTALS	201	201	203	208	215	213	218	217	217	216	216	216

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
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In addition, this table includes overlap, or succession planning positions, of which there are two overlap positions in 2025 and one continues as an overlap into 2027. There are currently no overlap positions beyond 2027, but it is likely some will be added as individual retirements become clearer and major projects get closer to completion.

Our current 2024 full-time staffing count of 187 employees is less than we budgeted for 2024, in part because of delays or lack of candidates for some positions, such as an Electric Production Engineer, a Senior Software Engineer, a Construction Specialist, and an Electric Line Supervisor. The current count does include five positions in the hiring process currently: Property Maintenance Worker, two Line Workers, a part-time Meter Reader, and a System Technician. Of these four full-time and one part-time positions currently open, the Property Maintenance Worker was an additional budgeted position, the part-time Meter Reader was open due to seasonal workload needs, and the other three positions were open due to employees leaving for employment outside of CFU.

The increase of four in full time staffing from 187 to 191 for 2025 are for succession planning, and for new or delayed position hirings as described here:

Succession Planning:

For the past three years we have considered the need to add an engineer position for our power plant and power supply operations, largely for succession planning. Our three engineers directly involved in power supply and transmission are all 55 years or older. The complexities of power supply, transmission and our specific generation units warrant us planning for their retirements and investing in their replacements. We attempted to add one engineer in 2023 and then adjusted the plan for 2024 to hire an Electric Production Specialist and a student Engineering Intern. During 2024 the full-time position was filled internally, and two student Engineering Interns were on staff during the summer season. The plan for 2025 is to repeat having a student intern, but if the opportunity to fill a full-time engineer position occurs, we will adjust from this plan.

Over the next few years, we expect at least four retirements in the group of 13 Control Room Operators, Assistant Operators, or Relief Operators. We currently have two overlap employees in training and one additional Control Room Operator is planned in 2025, as it takes a couple of years to become proficient and able to perform individually as a Control Room Operator.

New Positions:

The remaining three full-time additions are for a Senior Software Engineer that was previously attempted to fill and then delayed, an Instrument Control Technician in the Power Plant needed for changes in generation technology, and an additional System Technician is planned for the Gas & Water departments to cover workload that is not being accomplished at the needed interval with current staff.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Personnel Summary

Administration (ADMIN) Business Unit

The Administration business unit is responsible for carrying out the CFU Mission, Vision, and Core Values. Strategic initiatives which accomplish the department objectives are driven by the General Manager/Chief Executive Officer.

The Administration business unit has the following staffing in September 2024:

BOARD OF TRUSTEES		
Jeff Engel, Richard McAlister, MaraBeth Soneson, Deb lehl, Nick Evens		
General Manager (CEO) Susan Abernathy	Executive Assistant	Renee Weber
	Director of Customer Service & Business Development (CRO)	Mike Litterer
	Director of Communications Services (CTO)	Charles Dostale
	Director of Electric, Gas, & Water Operations (COO)	William Skubal Jr.
	Director of Employee & Legal Services (General Counsel)	Missy Timmermans
	Director of Finance & Organizational Services (CFO)	Wynette Froehner

Employee and Legal Services (ELS) Business Unit

The Employee and Legal Services business unit provides the legal and personnel development necessary for CFU’s ongoing success in support of CFU’s Vision. The Director of Employee and Legal Services serves as the General Counsel of CFU for the daily activities and contracts.

In addition to providing legal counsel for the CFU organization, the human resources and employee development area is charged with the responsibility of providing innovative, high-quality administration, coordination, and promotion of CFU’s benefits, insurance, job search, service recognition, compensation, and employee development programs.

The Health and Safety Coordinator is responsible for establishing an accident prevention and safety program leading to zero employee accidents and identifying safety measures and training to achieve a safe environment for CFU’s customers and employees.

The ELS business unit has the following staffing in September 2024:

Director of Employee & Legal Services	
Human Resources Manager	Compensation & Benefits Specialist
	Employee Services Specialist (2)
Health & Safety Coordinator	

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
Personnel Summary

Customer Service and Business Development (CSBD) Business Unit

The Customer Services and Business Development business unit provides the business platform for CFU as based upon customer needs and development of the CFU Vision. The Director of this business unit functions as the Chief Relationship Officer.

The Energy Services department is charged with providing services intended to assist CFU customers in energy management and conservation such that additional energy capacity can be deferred, and the economic value of existing utility facilities can be maximized. Department efforts are to serve the needs of commercial and key accounts through personal attention, special programs, and contractual relationships. The staff also hosts regular key accounts meetings, allowing time to thank these customers and provide useful industry-related presentations.

The Customer Service department is charged with customer relations services and billing. This department is the main sources of customer contact and is responsible for updating of the customer records, and the offering of credit services that are designed to be fair and relationship-enhancing.

The Marketing department is responsible for providing a dedicated marketing function capable of enabling CFU to offer products its customers desire, at a cost-effective price and in a timely manner. In addition, this department assembles market demographic information as required so that CFU can offer innovative, high-quality, and targeted services and products across the spectrum of its products. The CFU business development function defines, models, and coordinates strategic scenarios as they may relate to future activity in the competitive marketplace. One such scenario started in 2019 is the Motorola and advanced video conversion project, which occurred over multiple years in the Communications Utility.

The Communication Sales department is responsible for direct sales and customer support of CFU's cable TV and data services. Communications Services Specialists field most residential customer inquiries for our FiberNet TV, phone and internet products, including product offering questions and billing. This department is also responsible for the sales of business-class communication services. Business-class services include fiber-based internet or point-to-point products, commercial TV products, business phone, and wholesale transactions with other municipal communication providers.

This department also includes the Communications Help Desk, providing phone support seven days a week for customers who may be experiencing TV, internet, or phone problems.

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
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The CSBD business unit has the following staffing in September 2024:

Director of Customer Service & Business Development		
Energy Services Manager	Energy Services Specialist Energy Services Engineer Energy Services Administrative Specialist	
Marketing Manager	Marketing Specialist	
Communications Sales Manager	Help Desk Services Specialist (2) Help Desk Services Assistant (8) Lead Communications Services Specialist Communications Services Specialist Communications Sales Specialist	
Customer Service Manager	Customer Service Supervisor Customer Service Analyst Billing Systems Assistant Lead Credit Services Specialist Credit Services Specialist	Lead Customer Service Specialist Customer Service Assistant (2) Customer Service Specialist (4) Administrative Assistant

Communication Services (CS) Business Unit

The Communications Services organization, through its four departments, provides the product and services using the guidelines within the CFU Mission Vision Statements and the initiatives outlined in the Strategic Plan. The Director of this business unit functions as the Chief Technology Officer.

Communications Field Operations and the Network Engineering departments provide communications and technology applications for CFU. Their main functions include the engineering, planning, design and operations and maintenance of the Communications Utility transmission and distribution systems, as well as video and internet service infrastructure.

The Information Systems (IS) department provides development and maintenance of computer networks, intranet computer operational support and other value-added platforms. IS also provides support for engineering, operations, customer service and financial services systems. The Information Technology & Security (ITS) department provides end-user computer needs. Cyber security of the internal CFU systems is vested in this department also, which works with all business units to achieve company-wide security and secure software integrations.

CEDAR FALLS UTILITIES
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The Meter Reading department provides for timely and accurate meter reading services to customers for billing purposes.

The CS business unit has the following staffing in September 2024:

Director of Communication Services					
Network Engineering Manager	Network Engineer II (2) Network Engineer I (3) Network Technician Headend Communications Technician				
Information Systems and Meter Reading Manager	Meter Reader (5) Meter Reader Part Time Senior Software Engineer (1) Software Engineer II Software Engineer I (2) Senior Systems Analyst Systems Analyst II Systems Analyst I Software Engineer Intern				
Information Technology & Security Manager	Security Analyst I Systems Administrator II Systems Administrator I (3) IT Support Technician				
Communications Field Operations Manager	<table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;">Communications Supervisor</td> <td style="border-left: 1px solid black; padding-left: 10px;"> Lead Communications Technicians (2) Communications Technician (10) </td> </tr> <tr> <td colspan="2" style="padding-top: 10px;"> Senior Communications Planner Communications Planner Communications Administrative Specialist </td> </tr> </table>	Communications Supervisor	Lead Communications Technicians (2) Communications Technician (10)	Senior Communications Planner Communications Planner Communications Administrative Specialist	
Communications Supervisor	Lead Communications Technicians (2) Communications Technician (10)				
Senior Communications Planner Communications Planner Communications Administrative Specialist					

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
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Electric, Gas & Water Operations (OPS) Business Unit

The Electric, Gas & Water Operations organization, through its six departments, provides the products and services using the guidelines within the CFU Mission Vision Statements and the initiatives outlined in Strategic Plan. The Director of Operations functions as the Chief Operations Officer.

The Electric Production department is responsible for providing the competitive electric energy supply required to meet the needs for CFU's customers. Functions include operation and maintenance of CFU's generating facilities, dispatching of generation resources and wholesale power transactions, energy resource procurement, monitoring CFU's interest in jointly owned facilities, load forecasting, energy forecasting-sales/purchases and strategic analysis for future generation requirements that meet CFU environmental goals and State or Federal Renewable Portfolio Standards.

The Electric Distribution department is responsible for services that include the planning, design, construction and maintenance of the transmission and distribution systems of the Electric Utility. This department is managed by the Construction Services Manager along with the Gas & Water Construction department.

The Gas & Water Construction department is responsible for construction and maintenance of the Gas and Water Utilities. Gas service provides customers with a wide variety of in-home services, some of which include leak investigation and mitigation, annual furnace inspection, carbon monoxide investigation, and new piping inspection.

The Electric Operations department provides engineering and planning services to the CFU organization in support of major projects and health and safety services affecting electric, gas, and water and communications utilities. Functions include planning, standards, project management, SCADA, GIS, design, mapping and drafting, electric metering, NERC compliance and operation of CFU's transmission and distribution system for the Electric Utility. In addition, there is shared responsibility for cyber security of SCADA and other key systems.

The Gas & Water Operations department provides competitive, dependable natural gas and water to CFU's customers. Gas operations include the purchase and safe distribution of natural gas. Water operations include the pumping, treatment, testing, and delivery of high-quality water meeting all federal and state regulations. The department also provides the gas and water metering, engineering, planning and design for the Gas and Water Utilities.

The OPS business unit has the following staffing in September 2024:

CEDAR FALLS UTILITIES
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Director of Electric, Gas, & Water Operations		
Principal Transmission Engineer		
Electric Substation and Metering Manager	GIS Supervisor	Right of Way & GIS Specialist GIS Analyst GIS Tech Intern
	Compliance Specialist Distribution System Engineer II Electrical Engineering Technician Electric Meter Technician (2) Operational Technology Systems Engineer II	
Construction Services Manager	Electric Construction & Line Supervisor	Line Crew Leader (2) Electric Line Worker (11)
	Gas & Water Construction Supervisor	Welder Water & Gas Crew Leader (2) Construction Specialist II Construction Specialist I (6) System Locator/Relief Meter Reader
	Electric Services Specialist Office Assistant Part Time Senior Electric Distribution Planner Electric Distribution Planner (2)	
Gas & Water Operations Manager	Water Operations Supervisor	Water Systems Operator (2)
	Gas & Water Planning Supervisor	Systems Technician Gas & Water Distribution Senior Planner Gas & Water Distribution Planner
	Gas Operations Supervisor	Senior Gas Distribution Specialist Gas & Water Administrative Specialist Lead Gas Service Technician Gas Service Technicians (4)
	Gas & Water Administrative Specialist	
Electric Production Manager	Power Plant Maintenance Supervisor	Instrument & Control Technician Power Plant Electrician Maintenance Mechanic (5)
	Control Room Operator Supervisor	Control Room Operator (4) Assistant Control Room Operator (5) Relief Control Room Operator (4)
	Electric Production Engineer Specialist Environmental Compliance Coordinator Power Plant Administrative Specialist	

CEDAR FALLS UTILITIES
2025 Annual Operating Budget and Capital Improvement Plan
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Finance and Organizational Services (FOS) Business Unit

The Finance and Organizational Services business unit consists of four departments and provides the business assessments and measures for the business platform to succeed in addition to providing corporate services for CFU. The Director of this business unit functions as the Chief Financial Officer and Board of Trustees Treasurer.

The Finance department provides service in financial reporting, budgeting, analysis, rate development and monitoring, and accounting management of CFU physical and financial assets. It also provides the basis for development of the business assessment and measurement tools necessary for the CFU organization’s ongoing success.

The Purchasing & Warehousing department is charged with providing innovative, high-quality management and control of the inventory procurement processes and management of CFU inventory assets. This department provides for the procurement of goods and services for CFU for general operations.

The Maintenance Support Services department is made up of two divisions. Facilities provides high-quality service to the CFU organization for the ongoing maintenance of all CFU buildings and grounds and facilitates planning for the efficient use of these facilities. Transportation is responsible for providing maintenance and upkeep of all CFU vehicles and equipment. This includes coordinating the purchase and use of the CFU fleet and assisting in filing insurance claims for vehicles and equipment.

The FOS business unit has the following staffing in September 2024:

Director of Finance & Organizational Services		
Finance & Rates Coordinator		
Internal Audit Specialist		
Finance Manager	Senior Finance Specialist (2) Finance Specialist Finance Assistant	
Purchasing & Warehousing Manager	Warehouse Supervisor Purchasing Specialist	Warehouse Worker (2)
Maintenance Support Services Manager	Lead Garage Technician Garage Technician II Garage Technician I (2) Part Time Vehicle Washer	
	Lead Property Maintenance Worker Property Maintenance Worker (2)	

CEDAR FALLS UTILITIES CAPITAL IMPROVEMENT PLAN

SUMMARY BY UTILITY (INCLUDING INFLATION)										
Item	2022 Actual	2023 Actual	2024 Published	2024 Reforecast	2025 Budget	2026	2027	2028	2029	2025-2029 TOTALS
Electric Production	\$ 974,164	\$ 3,108,031	\$ 18,710,000	\$ 2,212,500	\$ 20,656,000	\$ 23,199,000	\$ 36,888,000	\$ 5,735,000	\$ 2,143,000	\$ 88,621,000
Electric Transmission	182,141	404,936	1,838,000	1,000,400	601,000	3,278,000	3,312,000	224,000	390,000	7,805,000
Electric Distribution	3,543,609	4,579,663	4,738,000	4,200,500	6,518,000	6,095,000	3,822,000	4,501,000	4,561,000	25,497,000
General Plant and Vehicles	996,918	1,646,291	2,994,090	2,232,251	3,145,580	3,027,550	3,681,560	4,030,470	3,737,190	17,622,350
ELECTRIC UTILITY Totals	\$ 5,696,831	\$ 9,738,922	\$ 28,280,090	\$ 9,645,651	\$ 30,920,580	\$ 35,599,550	\$ 47,703,560	\$ 14,490,470	\$ 10,831,190	\$ 139,545,350
Gas	\$ 964,367	\$ 1,236,575	\$ 1,175,000	\$ 934,100	\$ 1,652,000	\$ 6,837,000	\$ 985,000	\$ 1,108,000	\$ 1,333,000	\$ 11,915,000
General Plant	49,154	57,397	415,540	221,890	381,150	360,900	383,040	395,060	429,340	1,949,490
GAS UTILITY Totals	\$ 1,013,521	\$ 1,293,972	\$ 1,590,540	\$ 1,155,990	\$ 2,033,150	\$ 7,197,900	\$ 1,368,040	\$ 1,503,060	\$ 1,762,340	\$ 13,864,490
Water	\$ 1,183,650	\$ 2,811,085	\$ 4,340,000	\$ 2,774,000	\$ 2,726,000	\$ 1,898,000	\$ 1,953,000	\$ 1,991,000	\$ 2,283,000	\$ 10,851,000
General Plant	52,501	189,642	385,030	221,890	381,150	341,550	362,080	374,270	407,830	1,866,880
WATER UTILITY Totals	\$ 1,236,151	\$ 3,000,727	\$ 4,725,030	\$ 2,995,890	\$ 3,107,150	\$ 2,239,550	\$ 2,315,080	\$ 2,365,270	\$ 2,690,830	\$ 12,717,880
Communications	\$ 7,178,563	\$ 6,830,069	\$ 14,803,000	\$ 10,157,100	\$ 4,654,000	\$ 4,613,000	\$ 3,791,000	\$ 3,376,000	\$ 3,028,000	\$ 19,462,000
General Plant	49,255	69,689	755,340	465,969	820,120	714,000	732,320	783,200	855,640	\$ 3,905,280
COMMUNICATIONS UTILITY Totals	\$ 7,227,819	\$ 6,899,759	\$ 15,558,340	\$ 10,623,069	\$ 5,474,120	\$ 5,327,000	\$ 4,523,320	\$ 4,159,200	\$ 3,883,640	\$ 23,367,280
TOTAL UTILITY PLANT	\$ 14,026,494	\$ 18,970,360	\$ 45,604,000	\$ 21,278,600	\$ 36,807,000	\$ 45,920,000	\$ 50,751,000	\$ 16,935,000	\$ 13,738,000	\$ 164,151,000
TOTAL GENERAL PLANT	\$ 1,147,828	\$ 1,963,020	\$ 4,550,000	\$ 3,142,000	\$ 4,728,000	\$ 4,444,000	\$ 5,159,000	\$ 5,583,000	\$ 5,430,000	\$ 25,344,000
TOTAL CIP PLAN	\$ 15,174,322	\$ 20,933,379	\$ 50,154,000	\$ 24,420,600	\$ 41,535,000	\$ 50,364,000	\$ 55,910,000	\$ 22,518,000	\$ 19,168,000	\$ 189,495,000

**CAPITAL BUDGET REQUEST FY 2025
CIP BUDGET ITEM SUMMARY
ELECTRIC PRODUCTION**

Budget Item	Project Title or Asset Name	2022 Actual	2023 Actual
102	WS #4 Generation (CFU Share 2.14%)	209,935	187,366
103	WS #3 Generation (CFU Share 3.1%)	308,094	2,111,186
104	Neal #4 Generation (CFU Share 2.5%)	309,704	559,703
112	Streeter Station Upgrades	134,448	60,064
114	Combustion Turbine Upgrades	1,722	12,434
115	Unit #6 Turbine Inspection		
116	Reciprocating Engine Generation	150	95,371
118	Solar Equipment at CF High School	195	393
119	Production Environmental	275	81,514
138	Power Plant DCS Replacement		
139	Unit #7 Turbine Inspection	9,640	-
	Budget Year 2025 CIP Budget	974,164	3,108,031
	2024 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2024 Published Budget	2024 Reforecast Budget	2025	2026	2027	2028	2029	2025-2029 TOTAL
357,000	305,800	1,682,000	535,000	127,000	255,000	1,376,000	3,975,000
586,000	611,600	306,000	489,000	866,000	1,962,000	255,000	3,878,000
662,000	662,500	764,000	1,070,000	280,000	280,000	280,000	2,674,000
273,000	263,600	218,000	198,000	205,000	212,000	219,000	1,052,000
61,000	52,700	82,000	57,000	58,000	3,026,000	13,000	3,236,000
-	-	655,000	-	-	-	-	655,000
16,389,000	316,300	16,403,000	20,454,000	35,352,000	-	-	72,209,000
-	-	-	-	-	-	-	-
-	-	-	396,000	-	-	-	396,000
382,000	-	546,000	-	-	-	-	546,000
-	-	-	-	-	-	-	-
18,710,000	2,212,500	20,656,000	23,199,000	36,888,000	5,735,000	2,143,000	88,621,000
	18,710,000	27,209,000	39,152,000	4,509,000	2,729,000	2,151,000	75,750,000
	(16,497,500)	(6,553,000)	(15,953,000)	32,379,000	3,006,000	(8,000)	12,871,000

**CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)**

ELECTRIC PRODUCTION – 2025

Budget Item 102: Walter J. Scott Jr. Energy Center Unit 4 (WS4) Generation - \$1,682,000

CFU was originally a 2.02% shareholder in WS4. After purchasing 0.96 MW from Pella's share in 2011, CFU now has a 2.14% share (16 MW). WS4 began commercial operations in June 2007 and is the first new coal-fired utility electric generator built in Iowa since 1977. This 750 MW unit has a super-critical high-pressure boiler and turbine generator and obtains maximum efficiency and lower emissions to the environment. This budget item is for production-related capital additions required to continue the efficient and environmentally conscious operation of the unit. As an owner of the generating unit, CFU is contractually required to contribute 2.14% of the annual capital additions to maintain the plant.

Budget Item 103: Walter J. Scott Jr. Energy Center Unit 3 (WS3) Generation - \$306,000

The 3.1% CFU ownership (21 MW) in WS3 provides CFU with an economical base load source of electricity. This budget item is for production-related capital additions required to continue the efficient and environmentally conscious operation of the unit. As an owner of the generating unit, CFU is contractually required to contribute 3.1% of the annual capital additions to maintain the plant.

Budget Item 104: George A. Neal Generating Station Unit 4 (Neal 4) Generation - \$764,000

The 2.5% CFU ownership (16 MW) in Neal Unit 4 provides CFU with an economical base load source of electricity. This budget item is for production-related capital additions required to continue the efficient and environmentally conscious operation of the unit. As an owner of the generating unit, CFU is contractually required to contribute 2.5% of the annual capital additions to maintain the plant.

Budget Item 112: Streeter Station Upgrades - \$218,000

This budget item reflects the cost of upgrades to the Streeter Station generating facility.

Budget Item 114: Combustion Turbine Upgrades - \$82,000

This budget item reflects the cost of upgrades to the combustion turbine generating facility.

Budget Item 115: Unit #6 Turbine Inspection - \$655,000

This budget item reflects the cost for inspection of the turbine for Unit #6 to ensure reliability and availability.

Budget Item 116: Reciprocating Engine Generation - \$16,403,000

This budget item reflects the cost of a new efficient, fast-starting, dispatchable generation to ensure a reliable supply of electric power.

Budget Item 138: Power Plant DCS Replacement - \$546,000

This budget item reflects the cost of controllers for the Streeter Station and Gas Turbine generating units.

**CAPITAL BUDGET REQUEST FY 2025
CIP BUDGET ITEM SUMMARY
ELECTRIC TRANSMISSION**

Budget Item Number	Project Title or Asset Name	2022 Actual	2023 Actual
151	Network Transmission Upgrades	69,628	72,570
152	Network Transmission GT 69kV	-	141,381
153	HWY 58 Corridor Improvements - TRANSMISSION - TIF	78,180	-
154	CIP Medium Impact Control Center Software	-	41,049
192	WS #4 Transmission (CFU Share 2.140%)	29,638	66,747
193	WS #3 Transmission (CFU Share 3.1%)	(19,832)	4,208
194	Neal #4 Transmission (CFU Share 2.5%)	24,528	78,981
195	Webster - N. Franklin 345 Transmission Line and Substation		-
	Budget Year 2025 CIP Budget	182,141	404,936
	2024 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2024 Published Budget	2024 Reforecast Budget	2025	2026	2027	2028	2029	2025-2029 TOTAL
316,000	247,700	99,000	67,000	69,000	71,000	74,000	380,000
956,000	747,700	-	-	-	-	-	-
-	-	-	-	-	-	163,000	163,000
170,000	-	106,000	-	-	-	-	106,000
51,000	100	51,000	51,000	51,000	51,000	51,000	255,000
51,000	200	51,000	51,000	51,000	51,000	51,000	255,000
51,000	4,700	51,000	51,000	51,000	51,000	51,000	255,000
243,000	-	243,000	3,058,000	3,090,000	-	-	6,391,000
1,838,000	1,000,400	601,000	3,278,000	3,312,000	224,000	390,000	7,805,000
	1,838,000	3,315,000	3,315,000	384,000	230,000	232,000	7,476,000
	(837,600)	(2,714,000)	(37,000)	2,928,000	(6,000)	158,000	329,000

**CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)**

ELECTRIC TRANSMISSION – 2025

Budget Item 151: Network Transmission Upgrades - \$99,000

This budget item provides for the upgrades on network transmission equipment, which includes both 69kV and 161kV systems equipment. (6) 69kV disconnect switches at Gas Turbine Substation will be replaced.

Budget Item 154: CIP Medium Impact Control Center Software - \$106,000

This budget item reflects the cost to purchase 2 software packages to comply with NERC CIP Medium Impact requirements for our Control Center.

Budget Item 192: Walter J. Scott Jr. Energy Center Unit 4 (WS4) Transmission - \$51,000

CFU was originally a 2.02% shareholder in WS4. After purchasing 0.96 MW from Pella's share in 2011, CFU now has a 2.14% share (16 MW). WS4 began commercial operations in June 2007 and is the first new coal-fired utility electric generator built in Iowa since 1977. This budget item is for capital improvements to transmission built for WS4. As an owner of the unit, CFU is contractually required to contribute 2.14% of the annual capital additions.

Budget Item 193: Walter J. Scott Jr. Energy Center Unit 3 (WS3) Transmission - \$51,000

The 3.1% CFU ownership (21 MW) in WS3 provides CFU with an economical base load source of electricity. This budget item is for capital improvements to transmission built for WS3. As an owner of the unit, CFU is contractually required to contribute 3.1% of the annual capital additions.

Budget Item 194: George A. Neal Generating Station Unit 4 (Neal 4) Transmission - \$51,000

The 2.5% CFU ownership (16 MW) in Neal Unit 4 provides CFU with an economical base load source of electricity. This budget item is for capital additions required to continue the operation of Neal 4 transmission and Lehigh-Webster transmission lines. As an owner of the unit, CFU is contractually required to contribute 2.5% of the annual capital additions.

Budget Item 195: Webster – N. Franklin 345 Transmission Line & Substation - \$243,000

This budget item reflects CFU's partner percentage with MEC to build the MISO LRTP 345kV line between Webster and the new North Franklin substation.

CAPITAL BUDGET REQUEST FY 2025
 CIP BUDGET ITEM SUMMARY
 ELECTRIC DISTRIBUTION

Budget Item	Project Title or Asset Name	2022 Actual	2023 Actual
111	SCADA System Upgrades	243,520	125,329
144	Distribution Substation Upgrades	83,215	49,497
145	Gas Turbine 69kV Substation Rebuild		
150	12 kV Protective Relay Replacement		
161	Viking Road Substation - Distribution		2,929
162	Streeter Switch 12kV Switchgear replacement		
204	UG Cable Replacement	331,527	360,016
206	UG Electric Facilities - New Residential	46,396	222,181
210	OH Line Ext, Upgrades and Removals	363,390	413,201
213	HWY 58 Corridor Improvements - TIF		64,446
305	UG Line Extensions	600,411	544,251
306	OH to UG Conversions	247,129	308,348
320	Underground Services	298,441	222,918
360	New Distribution Transformers	6,841	1,295,416
370	New Electric Meters	883,298	516,776
381	Street Light Facilities	414,670	425,248
390	Security Lighting	24,770	29,105
	Budget Year 2025 CIP Budget	3,543,609	4,579,663
	2024 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2024 Published Budget	2024 Reforecast Budget	2025	2026	2027	2028	2029	2025-2029 TOTAL
40,000	41,000	53,000	41,000	43,000	176,000	46,000	359,000
65,000	148,600	502,000	514,000	70,000	72,000	74,000	1,232,000
27,000	83,200	304,000	-	-	-	-	304,000
29,000	31,400	59,000	-	-	-	-	59,000
27,000	83,200	902,000	1,636,000	-	-	-	2,538,000
-	-	-	-	-	-	1,199,000	1,199,000
254,000	253,400	257,000	227,000	235,000	244,000	252,000	1,215,000
334,000	334,000	458,000	232,000	240,000	248,000	257,000	1,435,000
334,000	333,800	346,000	359,000	329,000	340,000	352,000	1,726,000
754,000	218,000	780,000	399,000	125,000	542,000	118,000	1,964,000
578,000	553,300	326,000	325,000	337,000	349,000	361,000	1,698,000
537,000	536,800	459,000	473,000	489,000	507,000	524,000	2,452,000
267,000	266,900	271,000	279,000	289,000	299,000	309,000	1,447,000
829,000	549,500	842,000	618,000	639,000	662,000	685,000	3,446,000
370,000	463,800	728,000	754,000	780,000	808,000	120,000	3,190,000
274,000	272,400	198,000	204,000	211,000	218,000	226,000	1,057,000
19,000	31,200	33,000	34,000	35,000	36,000	38,000	176,000
4,738,000	4,200,500	6,518,000	6,095,000	3,822,000	4,501,000	4,561,000	25,497,000
	4,738,000	5,719,000	5,666,000	2,766,000	3,422,000	4,064,000	21,637,000
	(537,500)	799,000	429,000	1,056,000	1,079,000	497,000	3,860,000

**CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)**

ELECTRIC DISTRIBUTION – 2025

Budget Item 111: Status Control and Data Acquisition System Upgrades (SCADA) - \$53,000

This budget item includes upgrading SCADA server software and hardware.

Budget Item 144: Substation Upgrades - \$502,000

This budget item reflects the cost of upgrades to various substations as needed throughout the year. This includes capacitors, regulators, re-closers, relays, batteries, and other equipment for the substations.

Budget Item 145: Gas Turbine 69kV Substation Rebuild - \$304,000

This budget item reflects the cost of increasing the reliability of the Gas Turbine Substation.

Budget Item 150: 12kV Protective Relay Replacement - \$59,000

This budget item includes replacing legacy relays with new modern relays with enhanced security.

Budget Item 161: Viking Road Substation - \$902,000

This budget item reflects the cost of engineering and planning the replacement of a new circuit breaker, buswork, switches, transformer, relay panel, switchgear, and building for supplying distribution circuits out of the Viking Substation.

Budget Item 204: Underground Cable Replacement - \$257,000

This budget item reflects the cost of replacing underground facilities in areas that have faulted several times. Areas include Pheasant Ridge and Oak Park along with other replacements as needed.

Budget Item 206: Underground Electric Facilities for New Residential - \$458,000

This budget item provides funding for the installation of underground electric facilities to residential lots in new developments. Anticipated projects include Panther West, Hidden Pines, Arbors 6th, and Sands Addition.

Budget Item 210: Overhead Line Extension, Upgrades, and Removals - \$346,000

This budget item provides for overhead line extensions to serve new customers as well as the installation and removal of poles and overhead line equipment associated with upgrades and replacements. Areas include 18th and Main and 120th and V Ave.

Budget Item 213: HWY 58 Corridor Improvements (TIF) - \$780,000

This budget item reflects the cost of the new Western Industrial Park extensions.

Budget Item 305: Underground Line Extensions - \$326,000

This budget item reflects the cost of installing underground facilities for industrial, commercial, rural, and residential customers requiring electric service. It does not include projects in the TIF areas but does include laterals to feed customers in these areas.

**CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)**

ELECTRIC DISTRIBUTION – 2025

Budget Item 306: Overhead to Underground Conversions - \$459,000

This budget item reflects the cost of replacing old overhead electric lines with new underground lines to provide our customers with a more reliable system that requires less maintenance. Planned areas include Horseshoe Drive and Veralta Drive.

Budget Item 320: Underground Services - \$271,000

This budget item provides for the installation of underground services to residential customers. Costs include installing approximately 120 new underground services and 50 replacement services.

Budget Item 360: New Distribution Transformers - \$842,000

This budget item provides funding for the purchase, first-time installation, and permanent retirement of transformers. Areas requiring transformers are new residential developments and new commercial and industrial buildings.

Budget Item 370: New Electric Meters - \$728,000

This budget item provides for the purchase of AMI electric meters, first-time installation, and instrument transformers for new customers or failed units. This includes new and replacement meters.

Budget Item 381: Streetlight Facilities - \$198,000

This budget item reflects the cost of installing new streetlights in residential developments and other areas of the city as approved by the city engineer. It also includes the replacement of aging streetlights and streetlight circuits throughout the city. Planned lighting to be installed at Starbeck Circle and Main Street.

Budget Item 390: Security Lighting - \$33,000

This budget item provides for the replacement, installation, and conversion of rental lights.

**CAPITAL BUDGET REQUEST FY 2025
CIP BUDGET ITEM SUMMARY
GAS OPERATIONS**

Budget Item	Project Title or Asset Name	2022 Actual	2023 Actual
480	New Gas Service	180,295	173,428
498	Gas Main Relocate, Replace and Abandon	164,396	101,817
501	Gas Main Installation and Changes - TIF	-	108,282
530	Gas Main Extensions	85,972	414,216
540	Gas Services Relocate, Replace and Abandon	150,220	70,321
550	Cathodic Protection	2,372	-
560	New Gas Meters	306,204	326,177
570	New Gas Regulators	74,908	42,333
580	New 300 PSI Gas Distribution System	-	-
590	New Gas Peak Shaving Plant	-	-
	Budget Year 2025 CIP Budget	964,367	1,236,575
	2024 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2024 Published Budget	2024 Reforecast Budget	2025	2026	2027	2028	2029	2025-2029 TOTAL
204,000	182,400	229,000	214,000	222,000	229,000	237,000	1,131,000
133,000	218,400	182,000	121,000	125,000	130,000	134,000	692,000
196,000	37,700	193,000	78,000	-	-	283,000	554,000
153,000	61,400	159,000	164,000	157,000	163,000	168,000	811,000
95,000	76,100	93,000	97,000	100,000	103,000	107,000	500,000
-	-	-	-	-	-	-	-
315,000	167,300	481,000	314,000	325,000	415,000	341,000	1,876,000
79,000	81,000	49,000	60,000	56,000	68,000	63,000	296,000
-	-	266,000	5,789,000	-	-	-	6,055,000
-	109,800	-	-	-	-	-	-
1,175,000	934,100	1,652,000	6,837,000	985,000	1,108,000	1,333,000	11,915,000
	1,175,000	5,477,000	1,043,000	1,080,000	1,532,000	1,157,000	10,289,000
	(240,900)	(3,825,000)	5,794,000	(95,000)	(424,000)	176,000	1,626,000

**CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)**

GAS UTILITY – 2025

Budget Item 480: New Gas Service - \$229,000

This budget item provides for the installation of approximately 130 new gas services throughout the distribution system.

Budget Item 498: Gas Main Relocate, Replace, and Abandon - \$182,000

This budget item covers the cost of relocation, replacement, and abandonment of gas mains. Projects include valve installation, gas main repair and replacements.

Budget Item 501: Gas Main Installation and Changes (TIF) - \$193,000

The budget item covers the cost of the gas main extension in the West Industrial Park.

Budget Item 530: Gas Main Extensions - \$159,000

This budget item includes gas main extensions requested by customers or developers of new subdivisions and areas presently not served by the gas distribution system. Potential developments include the West Fork Crossing Phase II, North Cedar Estates, Arbors 6th, and Prairie Winds 6th.

Budget Item 540: Gas Service Relocate, Replace, and Abandon - \$93,000

This budget item is for the relocation, replacement or abandonment of existing services required by customer requests, street reconstruction, sanitary and storm sewer construction, or other related activities. Anticipate 20 services abandoned and 25 services replaced.

Budget Item 560: New Gas Meters - \$481,000

This budget item provides for gas meters for system expansion or meter replacement. Advanced Metering Infrastructure (AMI) meters for new residential customers include electronic radio transmitters (ERTs). The balance of new meters is compatible with the AMI system but requires ERT attachments in the future.

Budget Item 570: New Gas Regulators - \$49,000

This budget item covers the purchase of natural gas regulators for system expansion and meter replacement.

Budget Item 580: New 300 PSI Gas Distribution System - \$266,000

This budget item covers the professional engineering and surveying for right of way and construction of the proposed 300 PSI gas distribution systems to serve the new West Industrial Park Electric Generation Plant and supplement the 55 PSI Industrial Park gas distribution system.

**CAPITAL BUDGET REQUEST FY 2025
CIP BUDGET ITEM SUMMARY
WATER OPERATIONS**

Budget Item Number	Project Title or Asset Name	2022 Actual	2023 Actual
601	Water TIF Improvements	-	-
630	Water Main Extensions	7,470	14,504
640	Water Tower Coating System Replacement	-	543,204
647	Well House Improvements	8,836	27,717
655	Water Main Relocate, Replace and Abandon	1,020,583	2,005,168
680	New Water Meters	63,681	132,958
690	Hydrants - New Installs and Replacements	83,079	87,534
	Budget Year 2025 CIP Budget	1,183,650	2,811,085
	2024 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2024 Published Budget	2024 Reforecast Budget	2025	2026	2027	2028	2029	2025-2029 TOTAL
-	-	-	-	-	-	469,000	469,000
53,000	33,700	29,000	35,000	36,000	37,000	39,000	176,000
715,000	654,700	11,000	-	-	-	-	11,000
438,000	62,800	29,000	30,000	31,000	32,000	33,000	155,000
2,812,000	1,551,000	2,200,000	1,368,000	1,343,000	1,299,000	1,220,000	7,430,000
198,000	294,100	310,000	313,000	386,000	460,000	354,000	1,823,000
124,000	177,700	147,000	152,000	157,000	163,000	168,000	787,000
4,340,000	2,774,000	2,726,000	1,898,000	1,953,000	1,991,000	2,283,000	10,851,000
	4,340,000	2,503,000	2,035,000	1,610,000	1,665,000	1,723,000	9,536,000
	(1,566,000)	223,000	(137,000)	343,000	326,000	560,000	1,315,000

**CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)**

WATER UTILITY – 2025

Budget Item 630: Water Main Extensions - \$29,000

This budget item provides for water main extensions to areas that are not currently served by the distribution system. Developers are responsible for the cost of the water extension. CFU inspects the water system installation. Potential extensions include West Fork Crossing, West Viking Rd, Arbors 6th, and Prairie Winds 6th.

Budget Item 640: Water Tower Coating System Replacement - \$11,000

This budget item covers the remaining site restoration from last year's recoating project of the Lone Tree Road water tower.

Budget Item 647: Well House Improvements - \$29,000

This budget item is for various well house and water treatment improvements including upgrading the CL-17 monitoring equipment at Well #11.

Budget Item 655: Water Main Relocate, Replace and Abandon - \$2,200,000

This budget item provides for water system improvements including the relocation and abandonment of existing water mains and water valve replacements required in connection with the City of Cedar Falls street reconstruction projects including Main and 18th intersection, E. Ridgewood Dr, Laurinda Dr, and Veralta Dr.

Budget Item 680: New Water Meters - \$310,000

This budget item covers the cost of water meter replacements and installations for new customers. Advanced Metering Infrastructure (AMI) meters for new residential customers include electronic radio transmitters (ERTs). Some existing meters are compatible with the AMI system but require ERT attachments in the future.

Budget Item 690: Hydrants – New Installs and Replacements - \$147,000

This budget item covers the cost of installation, relocation, or replacement of an estimated 16 hydrants. These improvements are generally done in connection with other construction projects, replacement of damaged hydrants, or replacement of the old-style Matthews hydrants.

**CAPITAL BUDGET REQUEST FY 2025
CIP BUDGET ITEM SUMMARY
COMMUNICATIONS OPERATIONS**

Budget Item Number	Project Title or Asset Name	2022 Actual	2023 Actual
703	Special Telecommunications Services (STS)	18,503	67,597
801	Optical Network & Line Terminals ONTs and OLTs	2,364,971	1,152,774
802	Communications Facilities Improvements		
804	Video Streaming	12,117	171,532
805	Digital Set-Top Boxes	693,454	82,344
806	Headend Data Equipment	388,607	410,043
807	Ad Insertion Equipment	359,250	
820	Customer Service drops for CATV and Data	164,011	106,637
828	28E CFU IPTV Assets from Joint Ownership agreements	271,535	72,289
851	Industrial Parks Improvements - Unified HWY 58 - TIF	150,665	18,213
852	Overhead to Underground Conversions	94,897	170,754
854	FTTP infrastructure for New Developments	14,867	187,450
856	New Rural Broad Band (Non-Grant)	244,489	868,970
857	Rural Broad Band (Grant)	2,239,634	3,158,336
858	Special Telecom Build-Out (Outside City Limits)	5,128	97,919
860	Headend Video Transmission Equipment	-	12,863
864	Phone Equipment	-	-
865	Managed Wireless Routers	156,437	252,350
870	Fiber Replacement	-	-
880	Structures & Improvements Buy-In	-	-
	Budget Year 2025 CIP Budget	7,178,563	6,830,069
	2024 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2024 Published Budget	2024 Reforecast Budget	2025	2026	2027	2028	2029	2025-2029 TOTAL
74,000	83,600	93,000	75,000	78,000	81,000	83,000	410,000
933,000	751,500	907,000	931,000	957,000	793,000	677,000	4,265,000
-	-	228,000	167,000	54,000	37,000	38,000	524,000
35,000	56,500	194,000	377,000	228,000	40,000	42,000	881,000
741,000	358,200	747,000	1,546,000	514,000	532,000	551,000	3,890,000
205,000	198,500	219,000	220,000	227,000	235,000	244,000	1,145,000
131,000	151,900	137,000	39,000	41,000	42,000	182,000	441,000
-	6,900	-	-	401,000	415,000	-	816,000
204,000	197,500	181,000	177,000	183,000	189,000	196,000	926,000
175,000	168,700	217,000	186,000	192,000	199,000	206,000	1,000,000
181,000	174,600	266,000	140,000	145,000	150,000	156,000	857,000
888,000	2,437,400	532,000	-	-	-	-	532,000
93,000	124,900	212,000	210,000	217,000	90,000	93,000	822,000
106,000	153,500	213,000	55,000	57,000	59,000	-	384,000
6,000	2,800	3,000	3,000	3,000	3,000	3,000	15,000
377,000	418,200	423,000	407,000	412,000	426,000	469,000	2,137,000
64,000	62,200	82,000	80,000	82,000	85,000	88,000	417,000
10,590,000	4,810,200	-	-	-	-	-	-
14,803,000	10,157,100	4,654,000	4,613,000	3,791,000	3,376,000	3,028,000	19,462,000
	4,213,000	3,148,000	3,966,000	3,959,000	4,417,000	3,451,000	18,941,000
	5,944,100	1,506,000	647,000	(168,000)	(1,041,000)	(423,000)	521,000

**CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)**

COMMUNICATIONS UTILITY – 2025

Budget Item 703: Special Telecommunications Services (STS) - \$93,000

This budget item covers installing special fiber services for businesses such as internet, wholesale internet bandwidth, point-to-point, cellular backhaul, dark fiber, and fiber ring connections.

Budget Item 801: Optical Network and Line Terminals ONT and OLT - \$907,000

This budget item is for optical network terminals (ONTs) used at houses, businesses, or apartments. Optical line terminals (OLTs) are installed at each fiber hut and will serve up to 2,500 customers. Replacement of End-of-Life ONTs, migration to XGS-PON, plus NID (Network Interface Device) equipment used for STS circuit delivery.

Budget Item 802: Communications Facilities Improvements - \$228,000

This budget item is new in 2025 covering HVAC (Heating, Ventilation, Air Conditioning) systems, as well as electrical power delivery such as UPS (Uninterruptible Power Supply) systems, rectifiers, and inverters.

Budget Item 805: Digital Set-Top Boxes - \$194,000

This budget item allows for the purchase of Digital Set-Tops and Digital Video Recorders used to view cable TV channels. Replacing set-top boxes will be in conjunction with the ONT and RG replacement and retirement of RF cable delivery.

Budget Item 806: Headend Data Equipment - \$747,000

This budget item includes replacements and upgrades of servers, routers, switches, and OTN (Optical Transport Network) equipment that are necessary to maintain the growth and stability of the communications data network.

Budget Item 820: Customer Service drops for CATV and Data - \$219,000

This budget item provides for installing service drops to connect new customers to CFU's fiber network as well as reconnecting existing customers. The material required to provide these services includes conduit and fiber. However, the cost of the ONTs is reflected in budget item 801. Many of these connections are in new subdivisions.

Budget Item 828: 28E Jointly Owned IPTV Assets - \$137,000

This budget item is for the jointly owned IPTV assets, the budget item only includes CFU's share of the ownership. Additional storage and licenses are needed due to growth in jointly owned IPTV assets. Also includes the replacement of EOL equipment by the vendor, or equipment to add capacity.

Budget Item 852: Overhead to Underground Conversions - \$181,000

The Communication Utility is converting fiber and conduit from an overhead to an underground system in conjunction with the Electric Utility conversions. This also includes work due to City street reconstruction or changes. Areas planned are Roundabout construction at Prairie Parkway and Viking Road and Main Street Roundabouts.

**CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)**

COMMUNICATIONS UTILITY – 2025

Budget Item 854: Fiber-to-the-Premise infrastructure for new developments - \$217,000

This budget item enables CFU to provide fiber to new subdivisions, retail, and business areas. Projects include West Fork, Autumn Ridge 9th and 10th additions, Ashworth, Hidden Pines Addition, and Panther West Addition.

Budget Item 856: Rural Broad Band (Non-Grant) - \$266,000

This budget covers completing fiber and wireless (Broadband) network improvements in rural areas.

Budget Item 857: Rural Broad Band (Grant) - \$532,000

This budget item covers extending fiber to rural customers in areas covered under grants such as the Empower Rural Iowa Broadband Grant. Current areas include rural areas west of Cedar Falls, south of Hwy 20, and northeast of Cedar Falls.

Budget Item 858: Special Telecom Build-Out (Outside City Limits) - \$212,000

This budget item covers infrastructure projects located in the Waterloo area. Besides new fiber, there is need to relocate due to road construction and for MetroNet. The portion of the construction in Cedar Falls city limits is reflected in budget item 703.

Budget Item 860: Headend and Transmission System Equipment - \$213,000

This budget item is for enhancements and replacements to the Headend and Hut RF video transmission equipment.

Budget Item 864: Phone Equipment - \$3,000

This budget item includes customer premise equipment required for delivery of phone service.

Budget Item 865: Managed Wireless Routers - \$423,000

This budget item is for new wireless routers or RGs (Residential Gateways) or replacing End-of-Life devices. CFU provides customer-premise routers that are manageable and supported by CFU.

Budget Item 870: Fiber Replacement - \$82,000

This budget item is to repair broken or damaged infrastructure.

**CAPITAL BUDGET REQUEST FY 2025
CIP BUDGET ITEM SUMMARY
GENERAL PLANT - TECHNOLOGY**

Budget Item Number	Project Title or Asset Name	2022 Actual	2023 Actual
905	Meter Reading System Upgrade	-	-
906	Enterprise Systems Software (All Depts)	-	-
910	Shared Computer System Infrastructure	162,046	33,041
911	General Computer Equipment (All Depts)	75,495	403,332
971	New Phone System	-	-
	Budget Year 2025 CIP Budget	237,542	436,373
	2024 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2024 Published Budget	2024 Reforecast Budget	2025	2026	2027	2028	2029	2025-2029 TOTAL
-	-	-	-	89,000	-	-	89,000
1,598,000	367,000	1,613,000	1,088,000	61,000	156,000	657,000	3,575,000
-	-	629,000	-	914,000	-	722,000	2,265,000
380,000	366,800	369,000	497,000	298,000	713,000	168,000	2,045,000
364,000	251,400	-	-	-	404,000	-	404,000
2,342,000	985,200	2,611,000	1,585,000	1,362,000	1,273,000	1,547,000	8,378,000
	2,342,000	1,756,000	2,082,000	1,263,000	972,000	2,472,000	8,545,000
	(1,356,800)	855,000	(497,000)	99,000	301,000	(925,000)	(167,000)

**CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)**

GENERAL PLANT – TECHNOLOGY - 2025

Budget Item 906: Enterprise Systems/Software (All Depts.) - \$1,613,000

This budget item covers all critical and enterprise software for customer information and billing, finance, payroll, information retention and workflow management. Costs include Customer Care and Billing, PeopleSoft/PeopleTools, and related data infrastructure.

Budget Item 910: Shared Computer System Infrastructure - \$629,000

This budget item includes all backend server and storage hardware, backup systems, and other infrastructure to complete the virtualization environment.

Budget Item 911: General Computer Equipment - \$369,000

This budget item provides for the end point computer equipment needs for employees, VDI infrastructure, equipment and software for the wired and wireless networks, mobile devices, printers, systems security, and disaster recovery.

**CAPITAL BUDGET REQUEST FY 2025
CIP BUDGET ITEM SUMMARY
GENERAL PLANT - FACILITIES AND EQUIPMENT**

Budget Item	Project Title or Asset Name	2022 Actual	2023 Actual
915	Facilities and Security	197,759	518,660
916	Office Furniture And Equipment	39,006	46,544
917	Heavy-Duty Shelving for General Use	-	-
919	Technical And Educational Equipment	-	-
920	Tools And Equipment	130,060	121,281
970	Fleet Replacement	543,461	840,162
	Budget Year 2025 CIP Budget	910,286	1,526,646
	2024 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2024 Published Budget	2024 Reforecast Budget	2025	2026	2027	2028	2029	2025-2029 TOTAL
735,000	690,800	666,000	1,271,000	1,703,000	1,869,000	2,071,000	7,580,000
83,000	109,400	26,000	81,000	33,000	87,000	36,000	263,000
57,000	55,300	10,000	5,000	6,000	6,000	6,000	33,000
57,000	55,300	104,000	108,000	111,000	115,000	12,000	450,000
339,000	322,900	263,000	215,000	223,000	231,000	239,000	1,171,000
937,000	923,100	1,048,000	1,179,000	1,721,000	2,002,000	1,519,000	7,469,000
2,208,000	2,156,800	2,117,000	2,859,000	3,797,000	4,310,000	3,883,000	16,966,000
	2,208,000	3,219,000	3,598,000	2,901,000	2,980,000	1,981,000	14,679,000
	(51,200)	(1,102,000)	(739,000)	896,000	1,330,000	1,902,000	2,287,000

**CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)**

GENERAL PLANT – FACILITIES AND EQUIPMENT - 2025

Budget Item 915: Facilities and Security - \$666,000

This budget item is for improvements to buildings, security, and grounds. Planned improvements include new construction, paving, remodeling, and security upgrades.

Budget Item 916: Office Furniture and Equipment - \$26,000

This budget item provides for purchases as needed for additional workstations, equipment, and accessories. These expenses will enhance work environments, improve workflow, and improve employee efficiency and productivity.

Budget Item 917: Heavy-Duty Shelving for General Use - \$10,000

This budget item covers shelving needs in various areas of operation.

Budget Item 919: Technical and Educational Equipment - \$104,000

This budget item provides for unanticipated requests for technical and educational equipment, to facilitate employee and customer training and development. Planned upgrades include updating equipment in training rooms and conference rooms.

Budget Item 920: Tools and Equipment (All Depts.) - \$263,000

This budget item provides for the purchase of small tools and equipment for all utilities as needed. This category covers 'durable goods' typically with a longer service life than tools purchased via O&M.

Budget Item 970: Fleet Replacement - \$1,048,000

This budget item provides funding for replacements and additions to the fleet. Purchases will follow the approved process for purchasing vehicles and equipment. Replacements will be purchased for units that are no longer cost-effective for the Utilities to operate and maintain.