

# Proposition 1: Electric Bond Fact Sheet



**Election:** On April 7, 2015, voters will decide if the projects outlined on the next page will be paid for with bond funds. A simple majority is needed to pass this initiative.

**Purpose:** Columbia Water & Light is requesting \$63.1 million to be borrowed to pay for projects throughout the electric service territory. See the next page for more details.

**Use of Bond Funds:** Columbia Water & Light pays for large capital projects with a combination of cash and borrowed money. Historically voters are asked to approve bond financing every 5 years. The last election when bond funding was requested for electric system upgrades was in 2006 for \$60 million. Borrowing money to pay for large scale capital improvement projects spreads the cost of the projects over time so current and future users of the system pay for the improvements.

**Rate Impact:** If the bond issue passes, electric customers will see a total 6% increase over a five year period: 3% in 2015, 2% in 2017 and 1% in 2018. Taxes will not be impacted by this bond initiative. If the bond issue does not pass, more dramatic rate increases will be needed to cover the costs of the project. It is estimated that the increases will need to be 3 to 4 times higher (20 to 25%) with some reductions possible in five years.

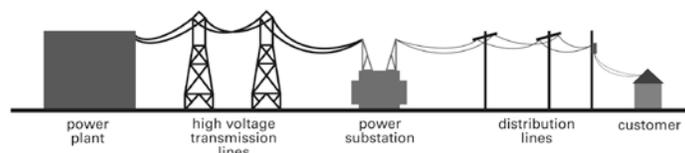
**Use of Cash:** The amount of money set aside in Columbia Water & Light cash reserves has been dipping below the policy's target level. Cash or reserves will be used to fund some projects on the \$87.5 million Capital Improvement Plan list for the next five years. These projects include items like street lights and new connections. The City Council will review the cash funded projects each year through the budget process.

**Ballot Language:** Shall the City of Columbia, Missouri issue its Waterworks and Electric System Revenue Bonds in the amount of \$63,100,000 for the purpose of extending, expanding, improving, repairing, replacing and equipping the City owned electric system? YES ( ) NO ( )

The authorization of the bonds will authorize the City to fix, establish, maintain and collect rates and charges for the use and service provided by the City through its Waterworks and Electric Systems, including all extensions and improvements thereto hereafter constructed or acquired by the City, in addition to the other rates and charges for such services provided by law, as will produce income and revenues sufficient to provide funds to pay the costs of operation and maintenance of the Waterworks and Electric Systems and the principal of and interest on the bonds as they become due and to retire the same within thirty-five (35) years from the date thereof, and to provide for the establishment of reasonable reserves therefor.

## Electric System Basics

After electricity is produced, the voltage is stepped up so transmission lines can carry a large amount of power over a distance. Transmission lines go into a substation where the voltage can be lowered. The power is then ready to be shipped to homes and businesses through the electric distribution system.



*Electric transmission and distribution systems are interconnected. This design enables utility staff members to isolate a problem on one line and bring in power from another line to limit service interruptions.*

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## Electric Bond Project List

<b>Replacement &amp; Upgrade Infrastructure Total</b>	<b>\$10,350,000</b>
Distribution transformers & capacitors	\$3,800,000
Replace existing transmission	\$500,000
Replace existing underground	\$1,250,000
Replace existing overhead	\$2,750,000
Replace circuit breakers	\$500,000
Replace substation switchgear	\$350,000
Substation transformer replacement	\$1,200,000
<b>Transmission &amp; Substation Project Total</b>	<b>\$36,150,000</b>
Millcreek 161/69 kV substation	\$5,000,000
Millcreek, Grindstone & Perche interconnection	\$18,000,000
Substation upgrades Grindstone & Perche	\$1,000,000
Underground distribution lines in transmission corridor	\$5,000,000
Substation feeder reconfiguration	\$7,150,000
<b>System Modernization Total</b>	<b>\$4,900,000</b>
Power plant substation upgrades	\$1,500,000
Natural gas boiler #8 upgrades	\$1,900,000
Columbia Energy Center – controls upgrade	\$1,500,000
<b>System Expansion Total</b>	<b>\$6,600,000</b>
Landfill gas generator unit 4	\$1,600,000
Extend Hinkson Creek substation feeder	\$5,000,000

Total for projects: \$58,000,000

Contingency fund: \$2,000,000

Bond issuance plus reserve requirement (for 1<sup>st</sup> issuance only, 2<sup>nd</sup> issuance funded by cash): \$3,100,000

**TOTAL BOND ISSUE: \$63,100,000**