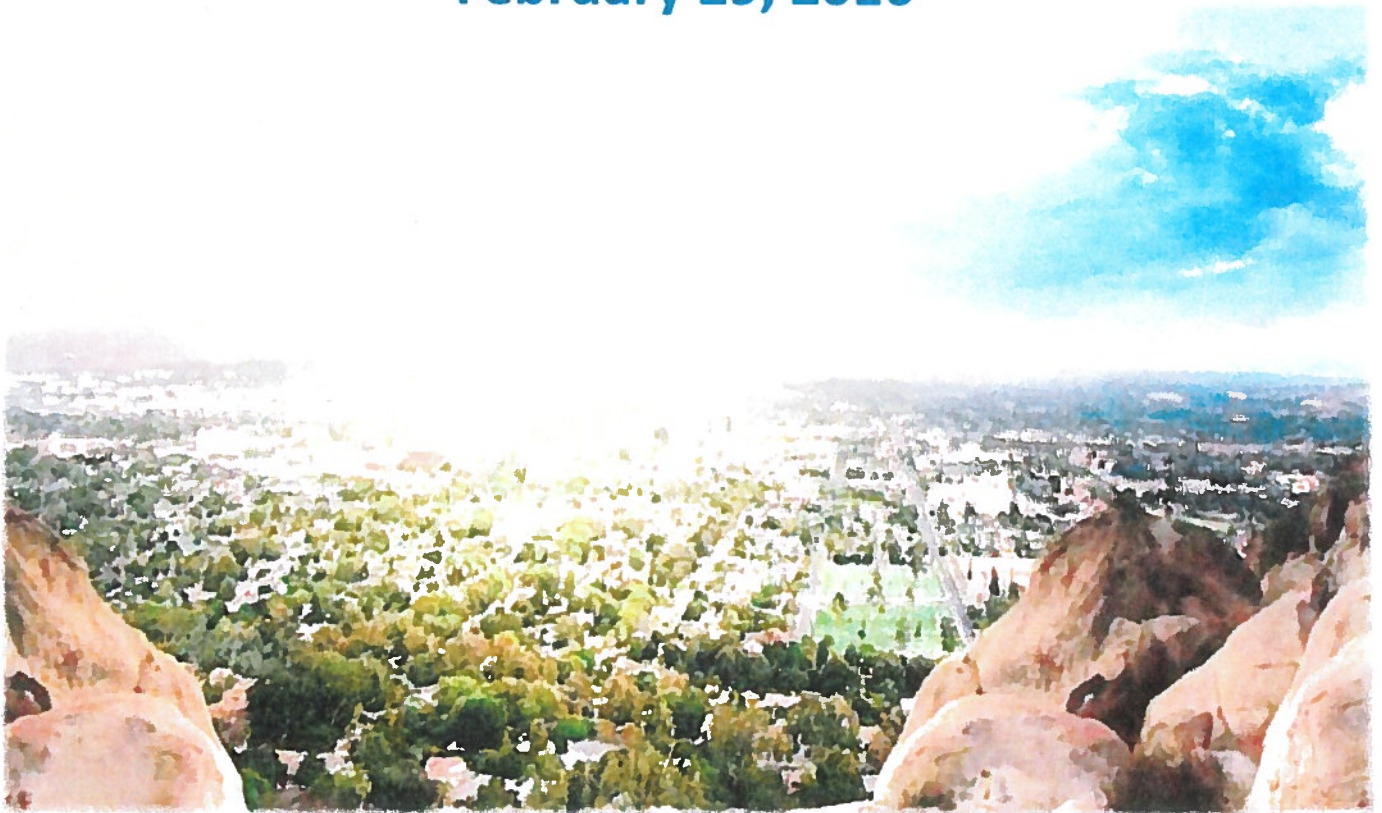
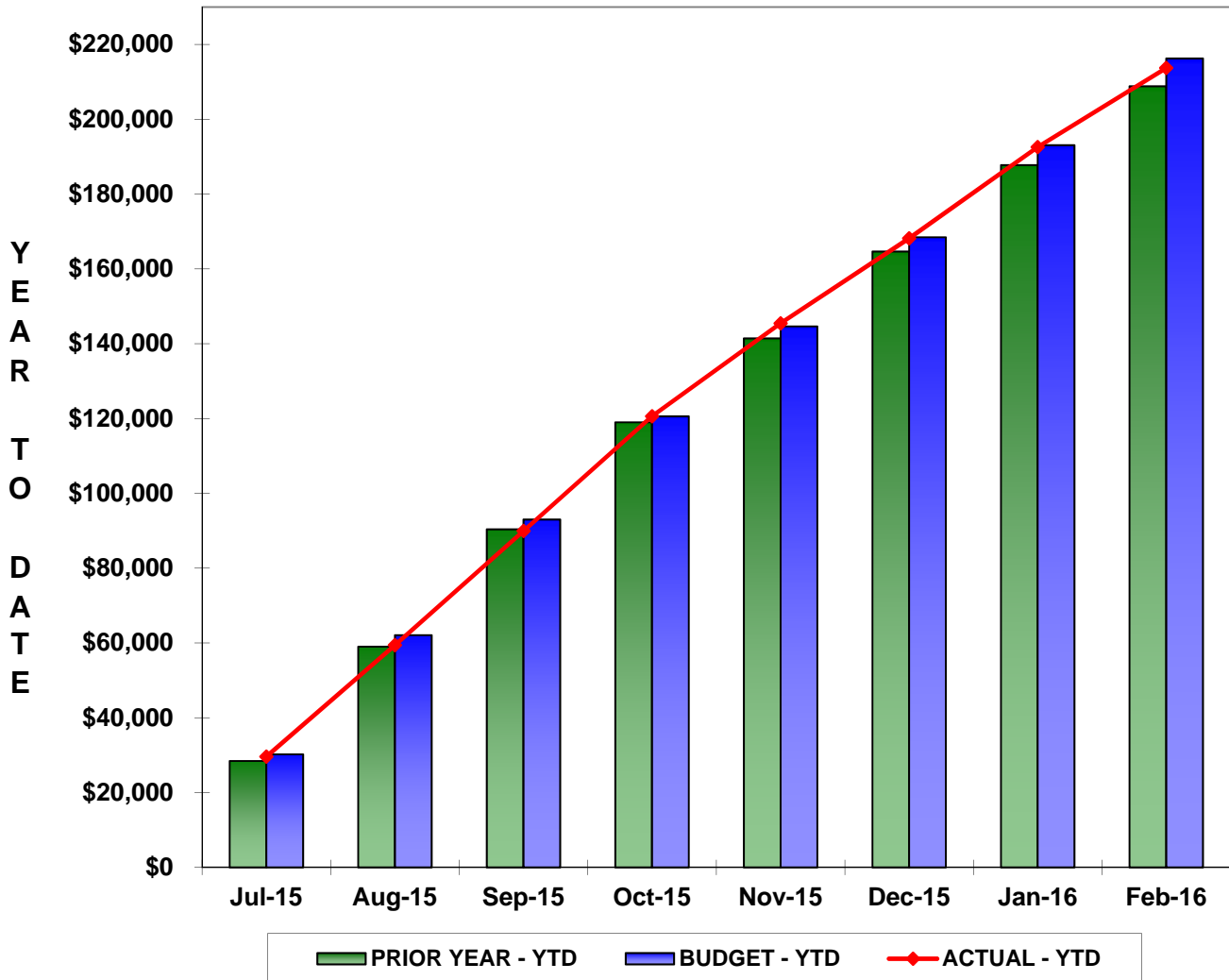


MONTHLY FINANCIAL REPORT

February 29, 2016



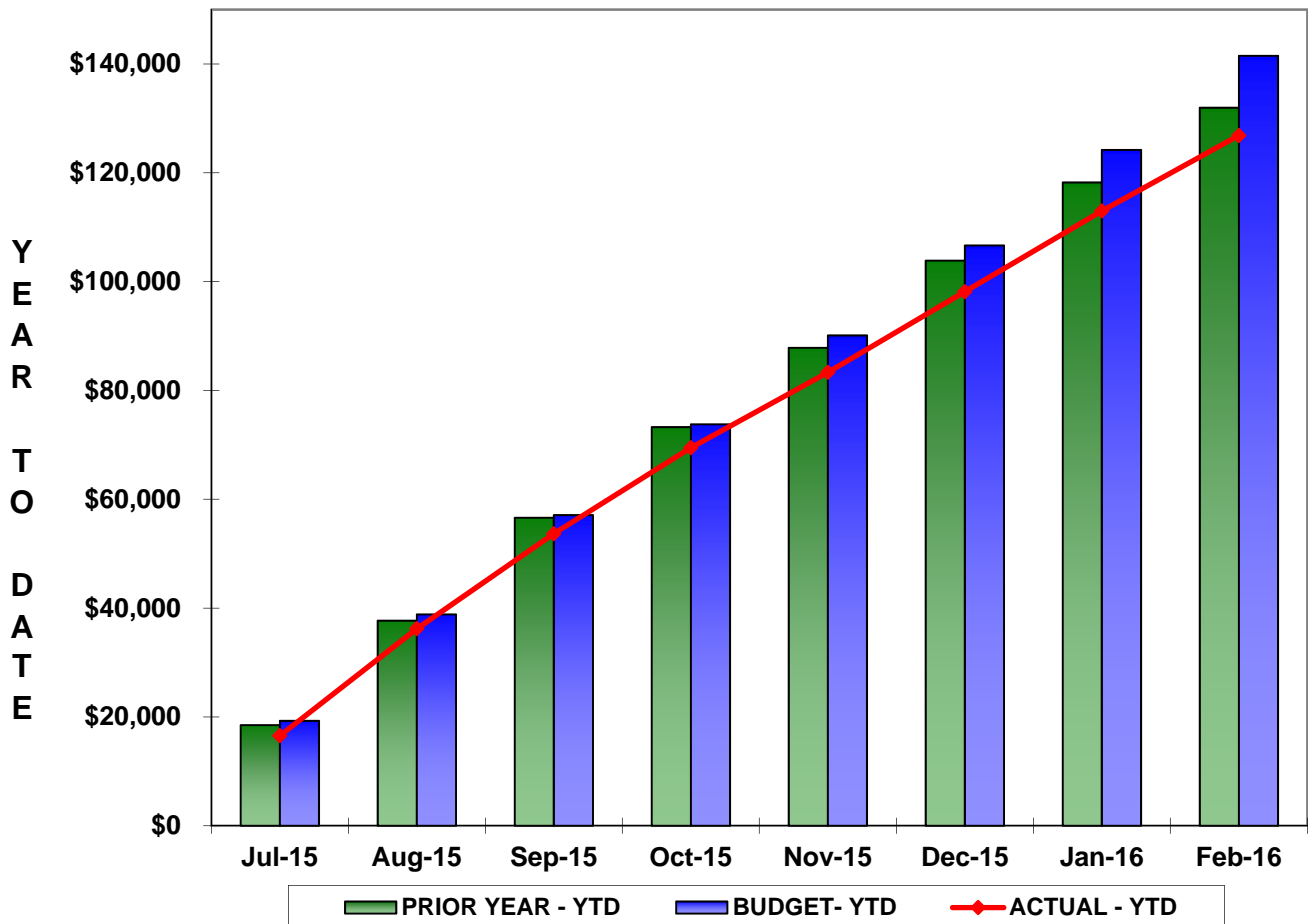
ELECTRIC UTILITY RETAIL SALES REVENUE FOR THE PERIOD ENDED FEBRUARY 29, 2016 (In Thousands)



Actual to Prior: Year-to-date retail sales are \$213.7M and are \$4.9M (2.3%) higher than prior year due to a 1.3% increase in load.

Actual to Budget: Year-to-date actual retail sales are \$2.5M (1.2%) lower than budget due to lower than expected load from December to February.

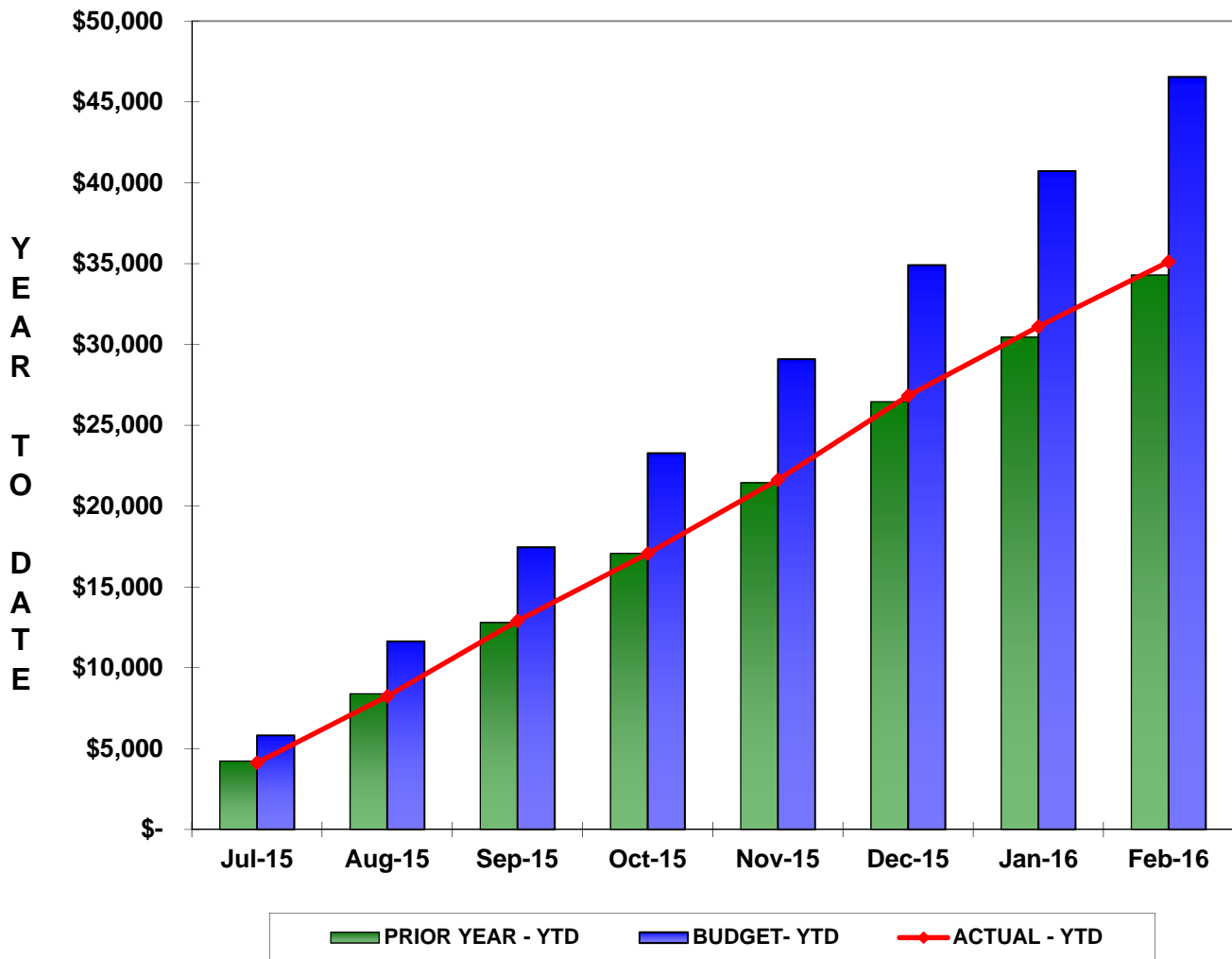
ELECTRIC UTILITY POWER SUPPLY EXPENSES FOR THE PERIOD ENDED FEBRUARY 29, 2016 (In Thousands)



Actual to Prior: Year-to-date power supply costs of \$126.9M are \$5.1M (3.9%) lower than prior year primarily due to decreased market prices, offset by increased transmission charges.

Actual to Budget: Year-to-date power supply costs are \$14.6M (10.3%) lower than budget primarily due to lower than anticipated market prices and load, offset by increased transmission charges.

ELECTRIC UTILITY DISTRIBUTION OPERATING EXPENSES FOR THE PERIOD ENDED FEBRUARY 29, 2016 (In Thousands)

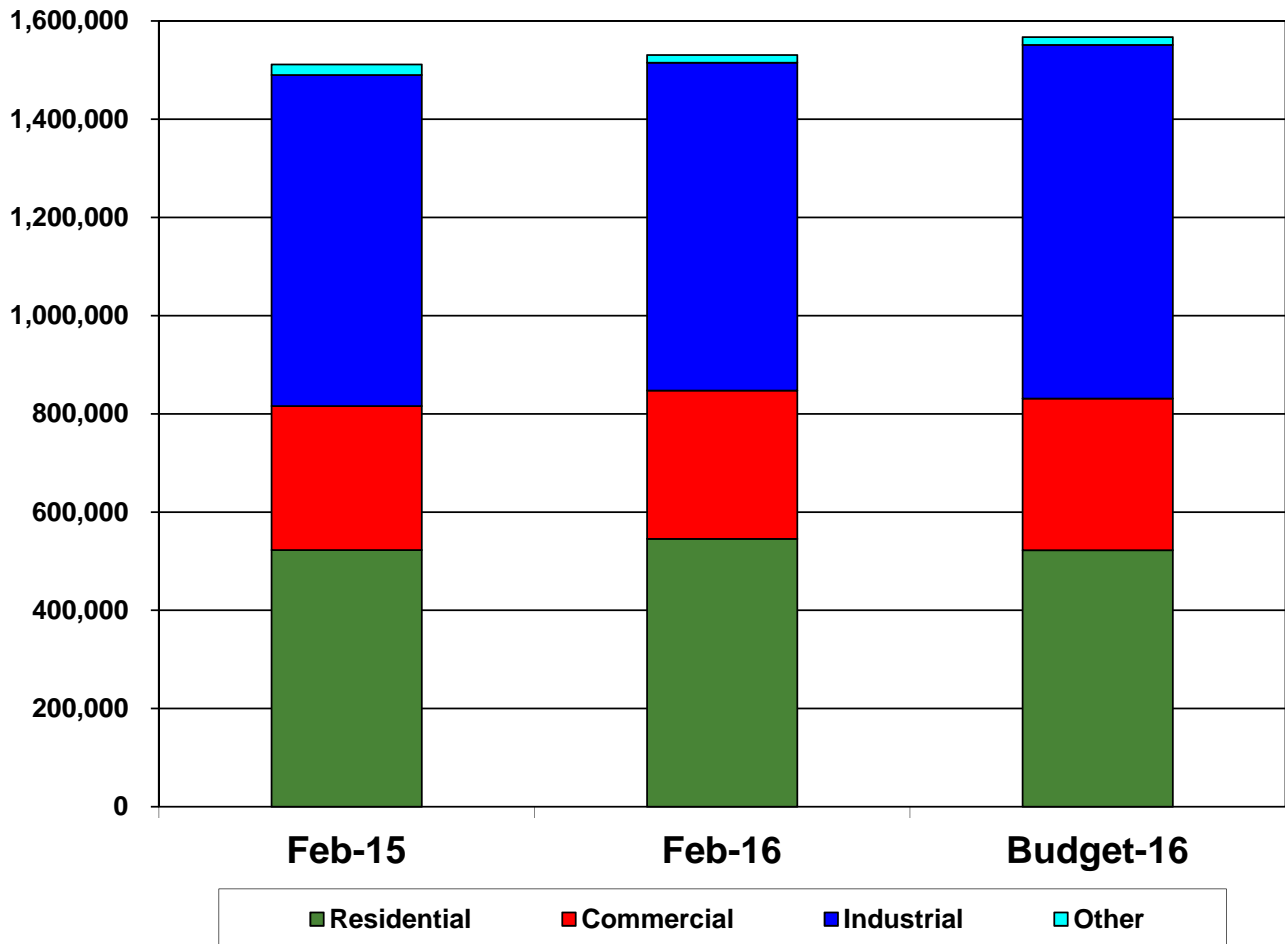


Actual to Prior: Year-to-date distribution operating expenses of \$35.1M are \$0.8M (2.4%) higher than prior year primarily due to an increase in personnel costs, mainly as a result of an increase in benefit costs and overtime.

Actual to Budget: Year-to-date operating expenses are \$11.4M (24.6%) below anticipated levels primarily due to timing of certain expenditures and savings in personnel costs, professional services, and other general operating expenses.

***ELECTRIC UTILITY
RETAIL KWH SALES (In Thousands)
FOR THE PERIOD ENDED FEBRUARY 29, 2016***

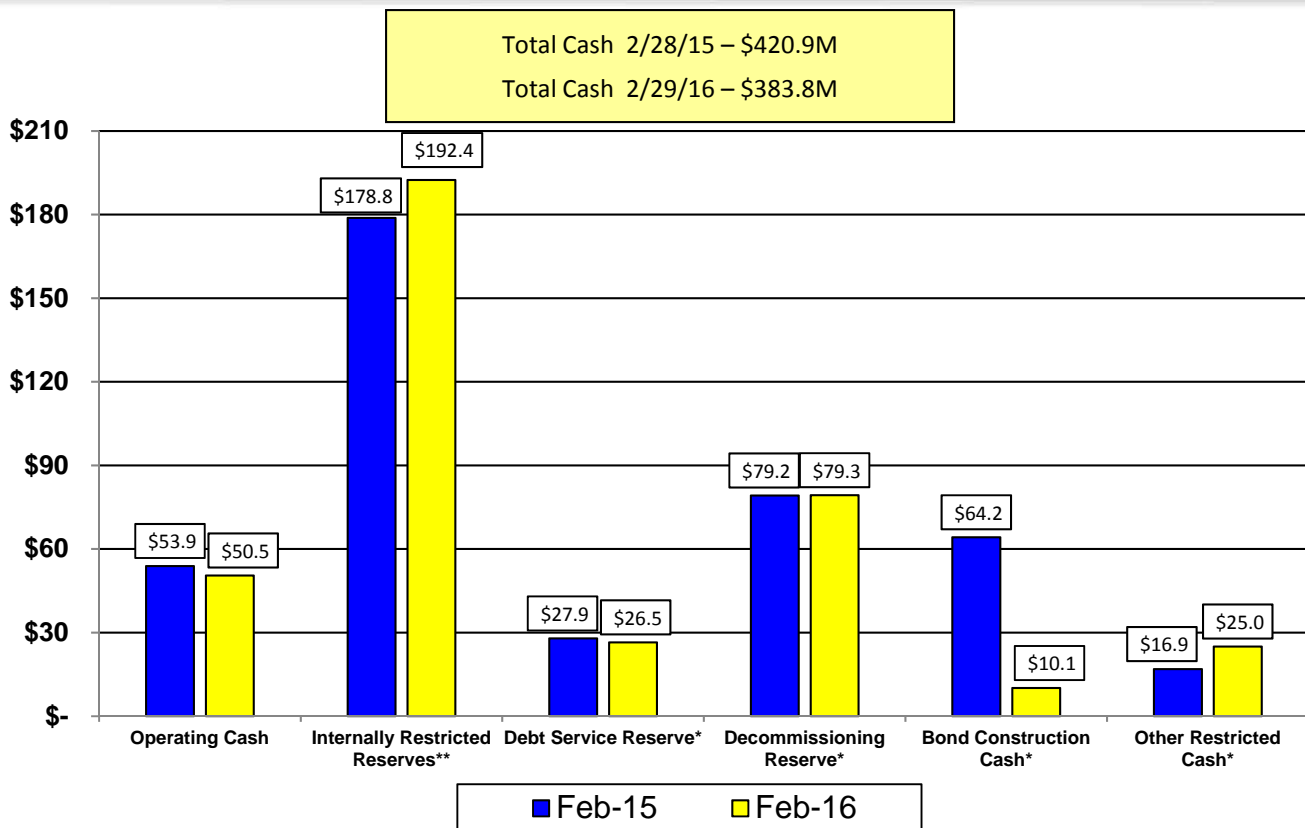
Total - YTD	<u>1,511,293</u>	<u>1,530,660</u>	<u>1,567,032</u>
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Actual to Prior: Retail kWh sales are 1.3% higher than prior year due to an increase in consumption in residential and commercial classes.

Actual to Budget: Retail kWh sales are 2.3% below budget primarily due to lower than anticipated industrial and commercial consumption.

ELECTRIC UTILITY CASH BALANCES FEBRUARY 29, 2015 AND 2016 (In Millions)

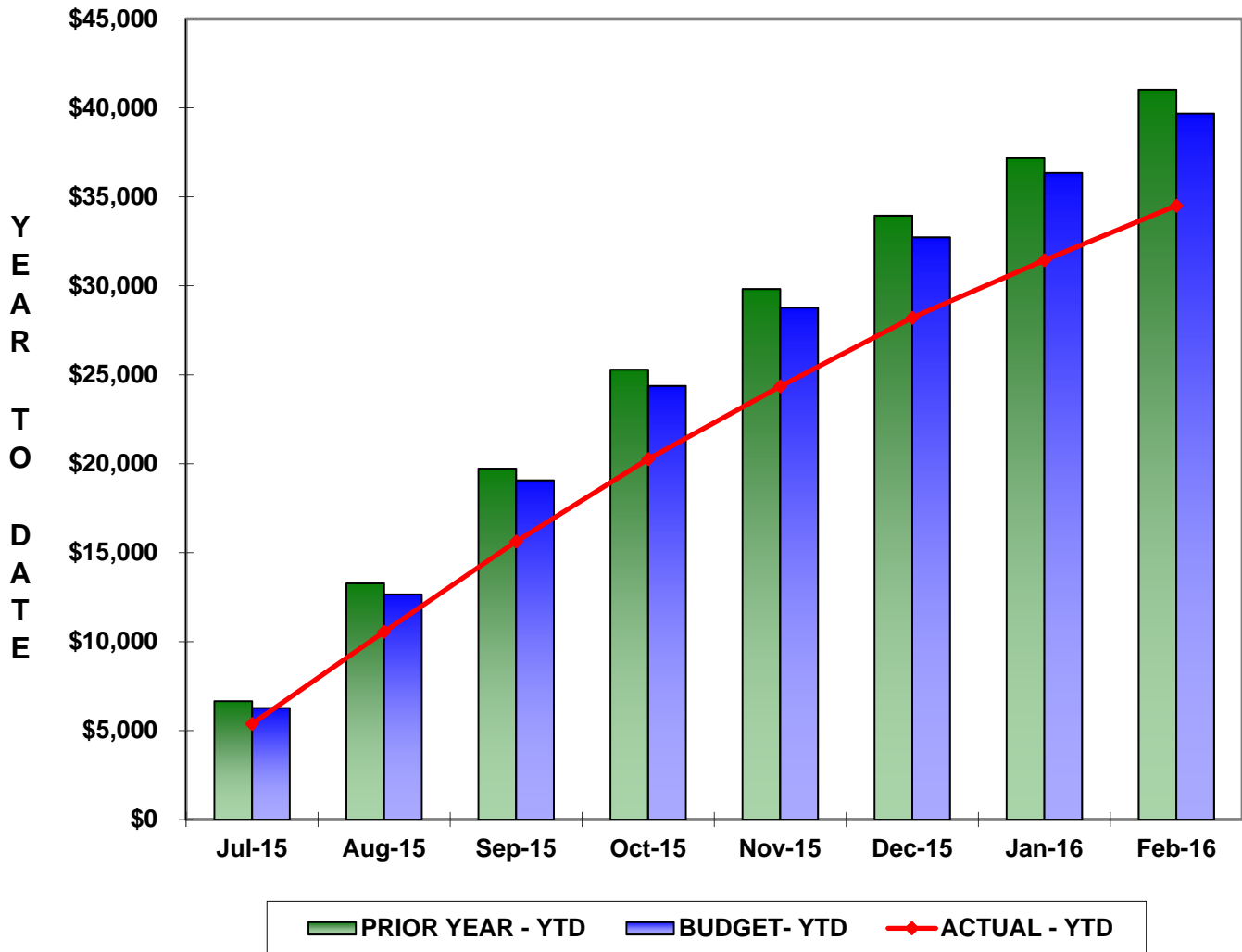


Total cash balances are \$37.1M lower than prior year primarily due to the purchase of the Mission Square Building on October 13, 2015 for \$37.4M as approved by the Board and City Council. The purchase was made with a combination of operating cash and bond proceeds supported by the private versus public use of the building.

* Legally restricted for specific purposes. Other Restricted Cash includes reserves for Public Benefits and Regulatory Requirements.

** The components of these accounts are as follows:	FY 14/15	FY 15/16
Regulatory Risk Reserve	\$ 15.0	\$ 15.0
Energy Risk Management Reserve	\$ 30.0	\$ 30.0
Operating Reserve	\$ 131.0	\$ 143.0
Decommissioning Reserve	\$ 2.8	\$ 4.4
Total Reserves	\$ 178.8	\$ 192.4

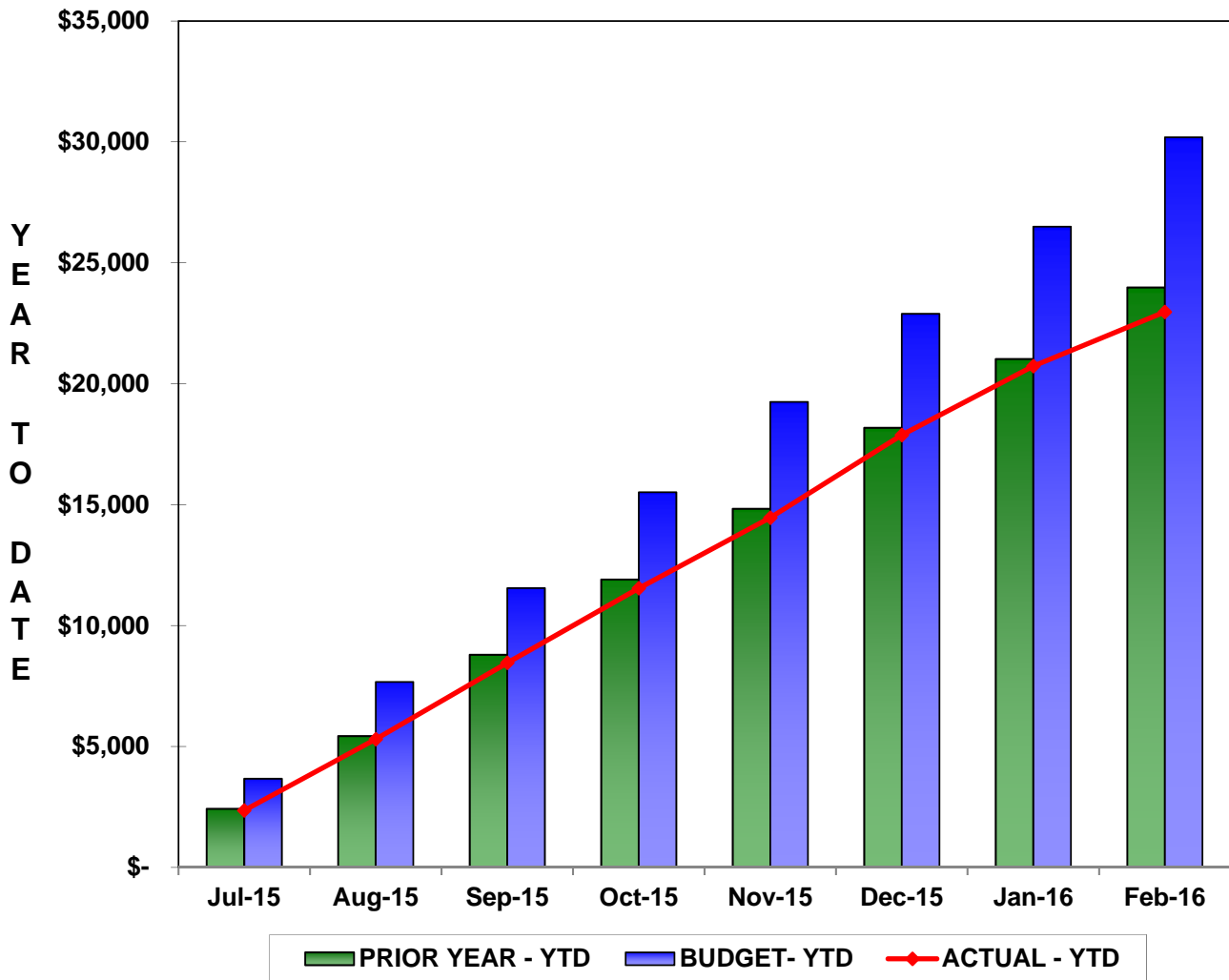
WATER UTILITY RETAIL SALES REVENUE FOR THE PERIOD ENDED FEBRUARY 29, 2016 (In Thousands)



Actual to Prior: Year-to-date actual retail sales of \$34.5M are \$6.5M (15.9%) lower than prior year primarily due to a 17.0% decrease in consumption as a result of water conservation measures enacted due to the current drought conditions.

Actual to Budget: Year-to-date actual retail sales are \$5.2M (13.0%) lower than budget due to lower-than-anticipated consumption levels as a result of conservation measures taken by customers.

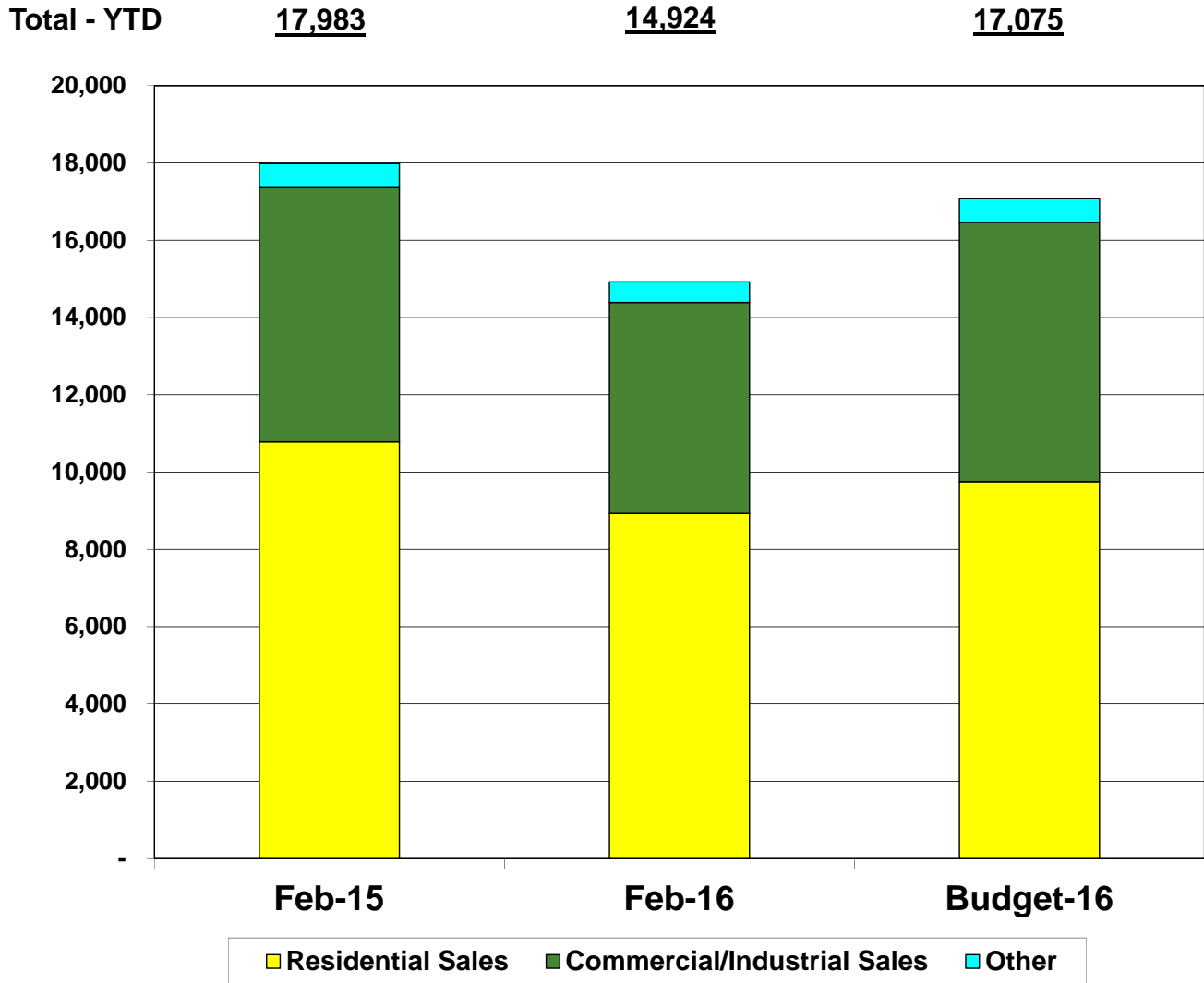
WATER UTILITY DISTRIBUTION OPERATING EXPENSES FOR THE PERIOD ENDED FEBRUARY 29, 2016 (In Thousands)



Actual to Prior: Year-to-date distribution operating expenses of \$23.0M are \$1.0M (4.2%) lower than prior year due to a reduction in expenses related to water pumping and production costs associated with the lower consumption levels.

Actual to Budget: Year-to-date operating expenses are \$7.2M (23.9%) below anticipated levels due to savings in water pumping and production costs as a result of lower consumption levels and reducing controllable expenses resulting in savings in personnel costs, professional services, and other general operating expenses.

WATER UTILITY
CCF SALES (In Thousands)
FOR THE PERIOD ENDED FEBRUARY 29, 2016

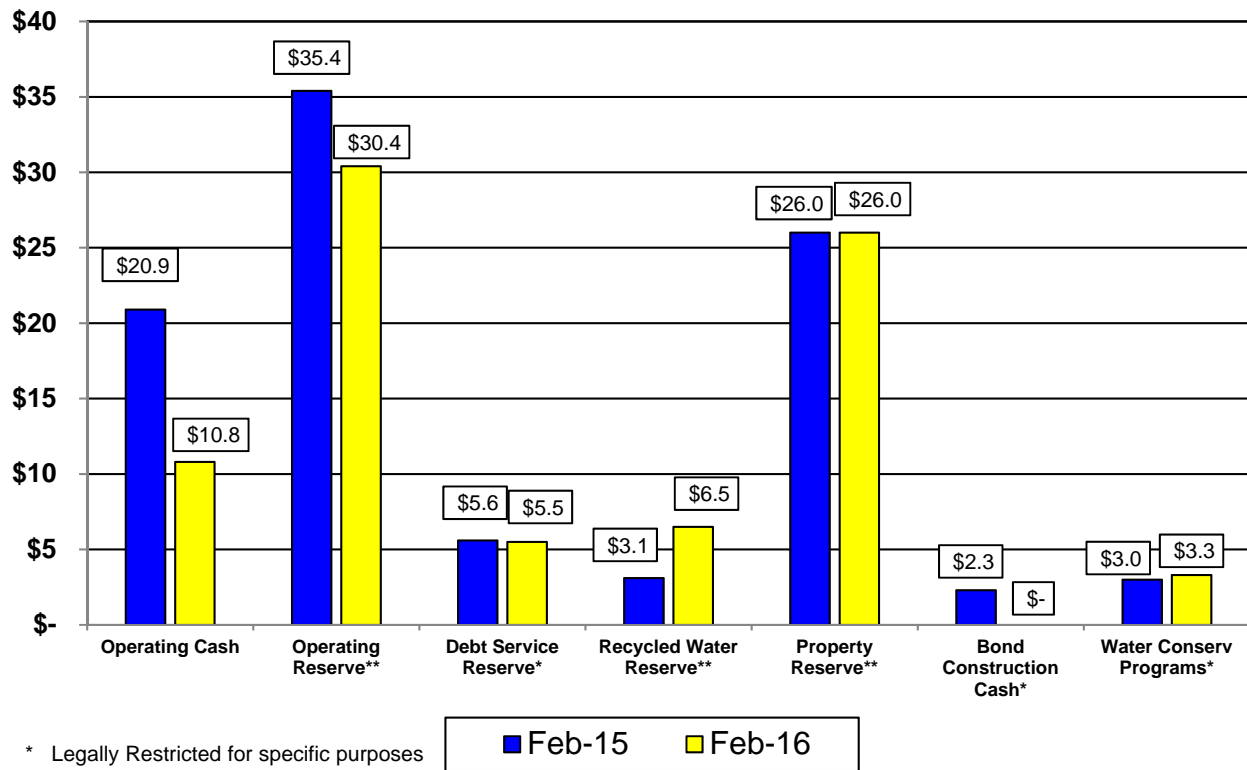


Actual to Prior: Retail CCF sales are 17.0% lower than prior year due to water conservation measures enacted for the current drought conditions.

Actual to Budget: Retail CCF sales are 12.6% below budget due to lower-than-anticipated consumption levels as a result of conservation measures taken by customers.

WATER UTILITY CASH BALANCES FEBRUARY 29, 2015 AND 2016 (In Millions)

Total Cash 2/28/15 – \$96.3M
Total Cash 2/29/16 – \$82.5M



Cash balances are \$13.8M lower than prior year primarily due to the depletion of available bond proceeds to fund capital projects and the use of operating cash and reserve for capital projects customarily funded by bonds. Staff is currently analyzing the Water Utility's future infrastructure needs including the source of funding. With the City Council approved Reimbursement Resolution, use of operating cash and reserve currently for capital projects may be reimbursed by future bond proceeds should the City decide that a bond issuance will be beneficial for capital financing.

The decrease in cash balances is offset by an increase in recycled water reserve resulting from the receipt of \$3.3M for the second of three payments from a settlement agreement from the City.