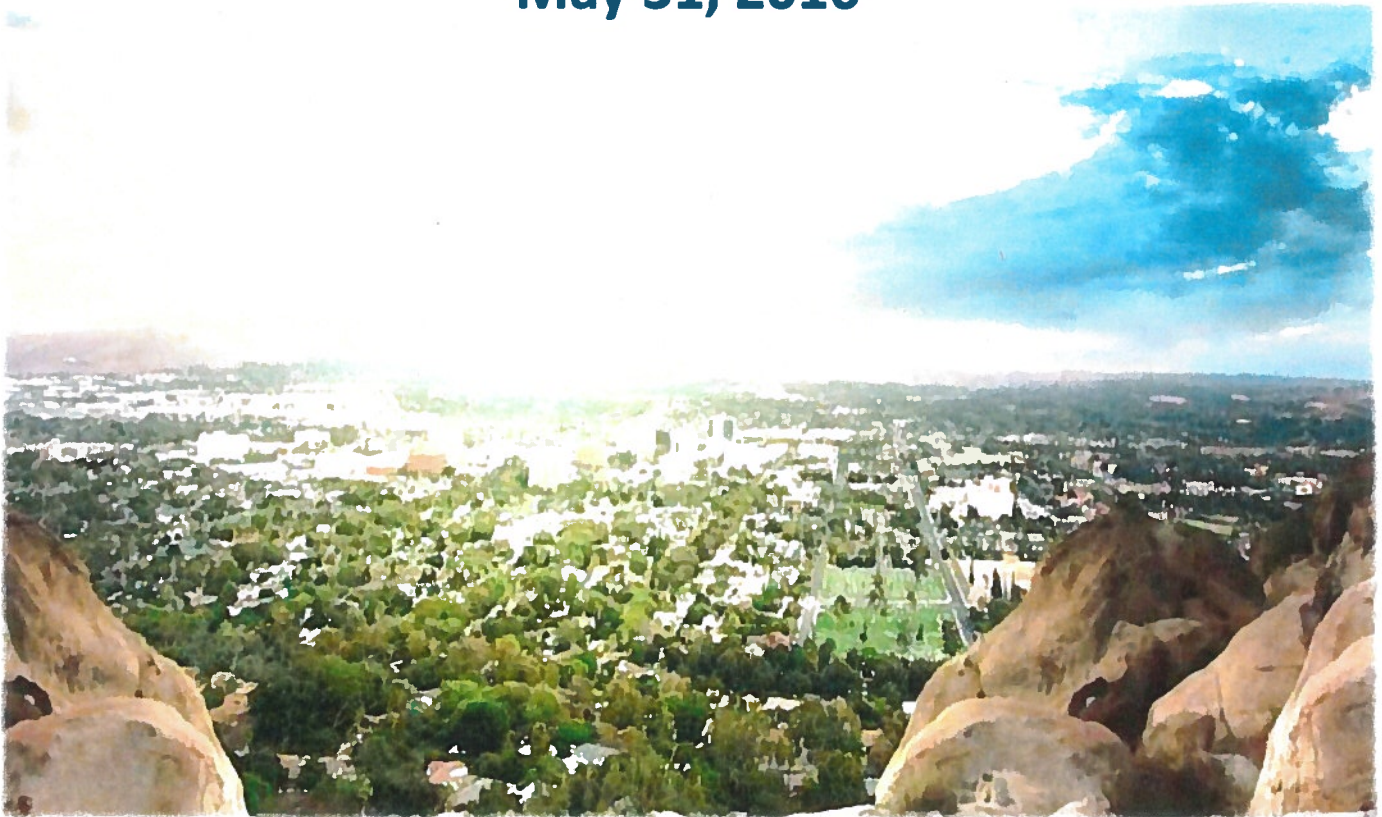


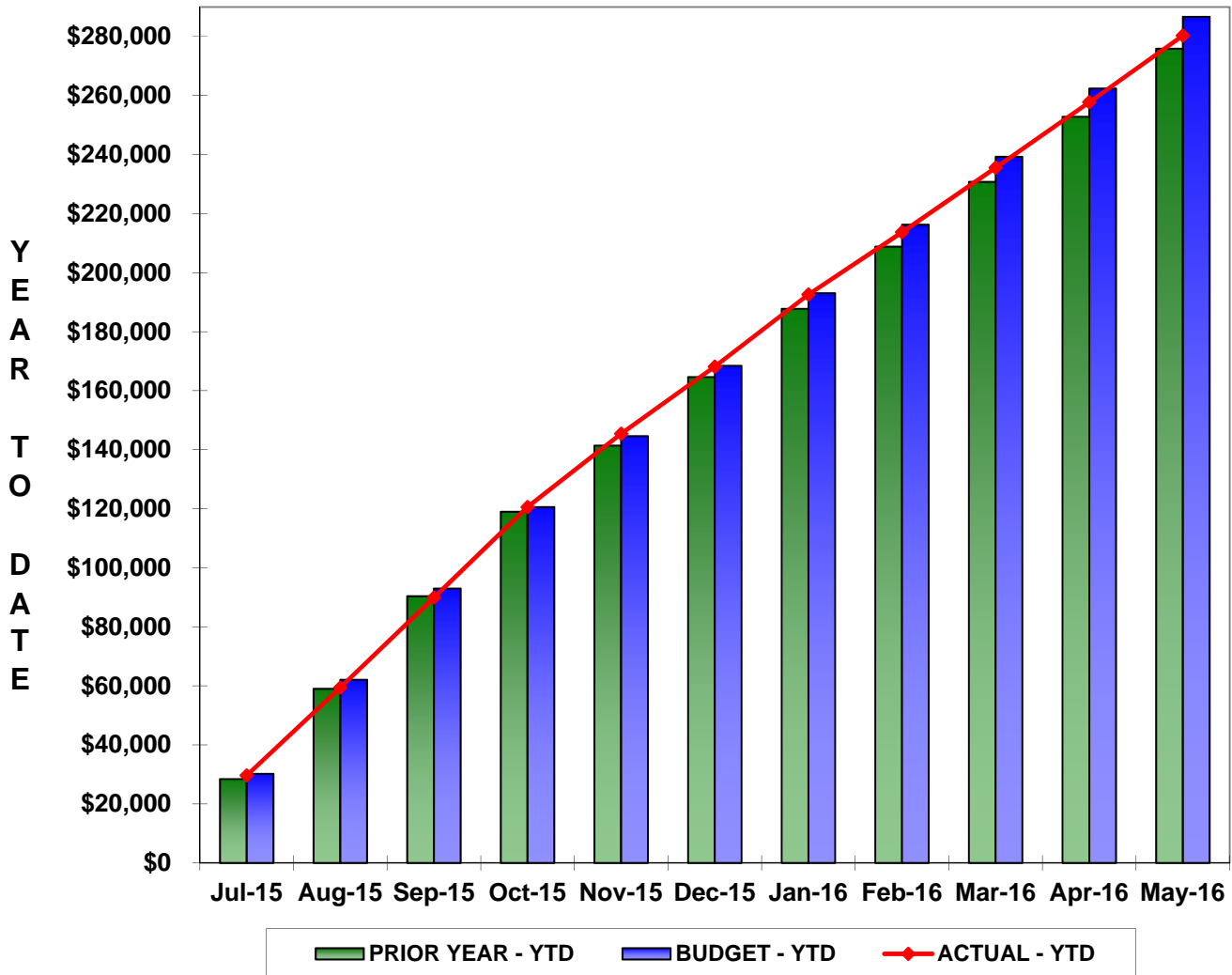
Arts & Innovation

MONTHLY FINANCIAL REPORT

May 31, 2016



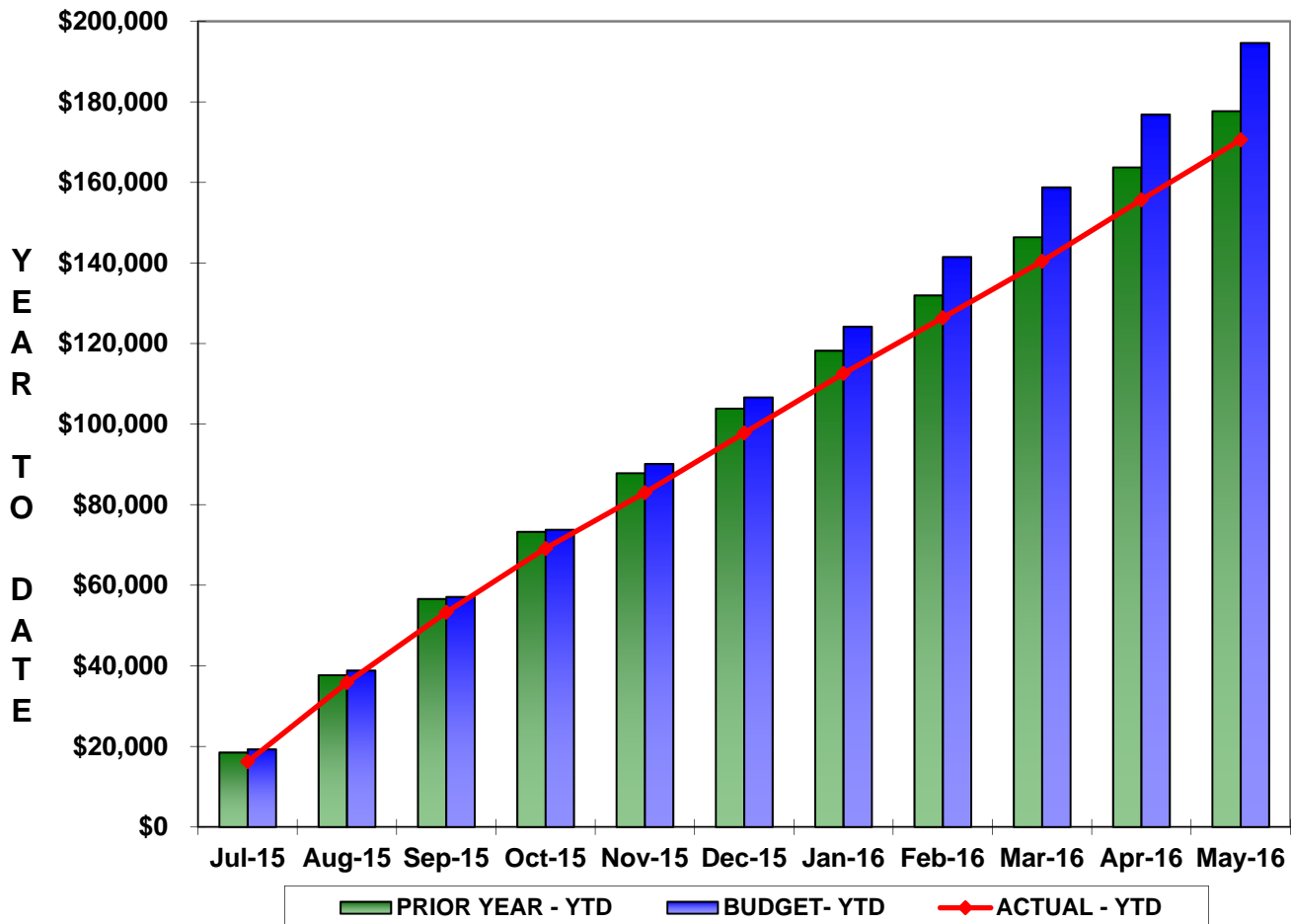
ELECTRIC UTILITY RETAIL SALES REVENUE FOR THE PERIOD ENDED MAY 31, 2016 (In Thousands)



Actual to Prior: Year-to-date retail sales of \$280.3 are \$4.5M (1.6%) higher than prior year due to a 0.4% increase in load.

Actual to Budget: Year-to-date actual retail sales are \$6.3M (2.2%) lower than budget due to lower than expected load.

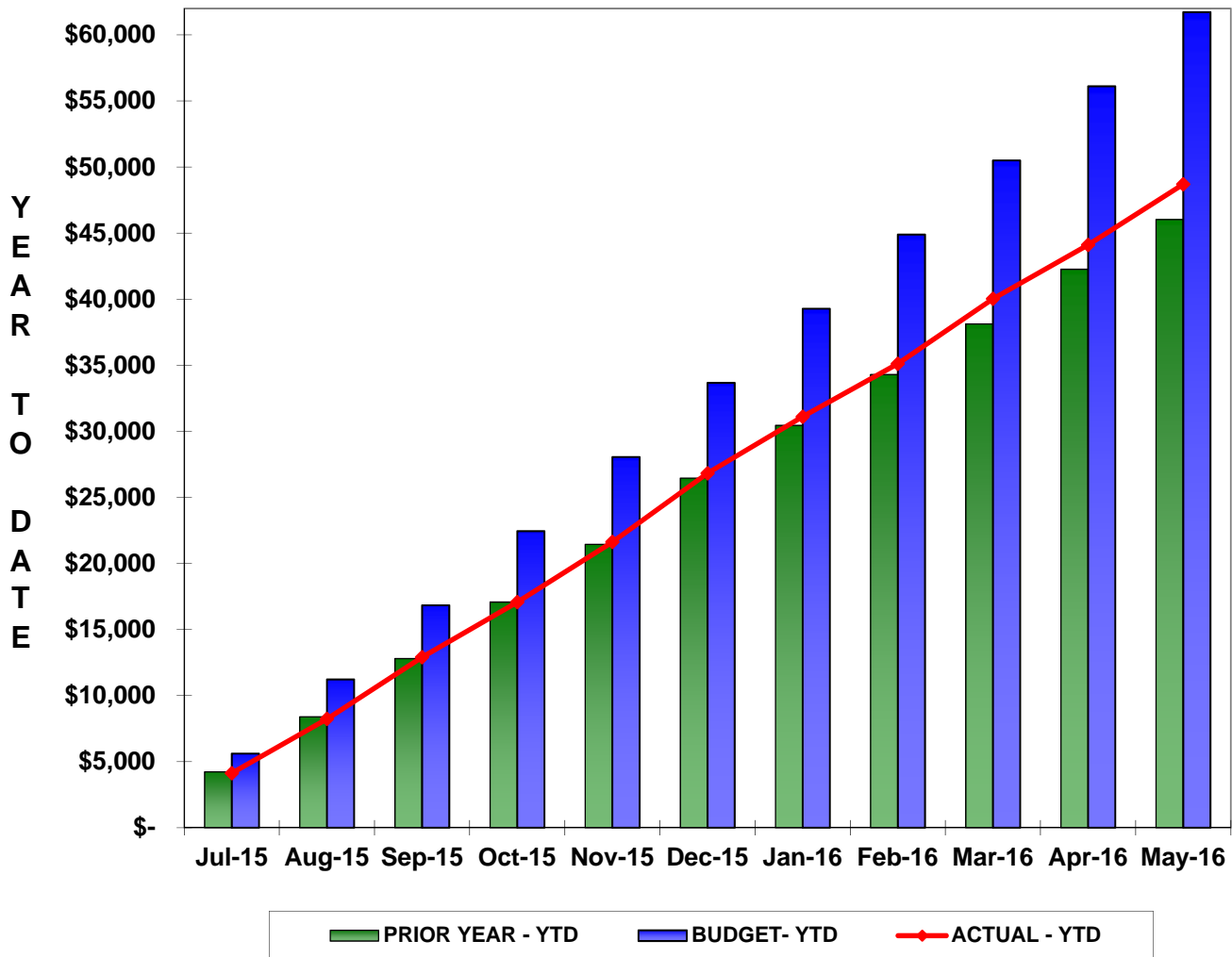
ELECTRIC UTILITY POWER SUPPLY EXPENSES FOR THE PERIOD ENDED MAY 31, 2016 (In Thousands)



Actual to Prior: Year-to-date power supply costs of \$170.6M are \$7.1M (4.0%) 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 \$24.0M (12.4%) lower than budget primarily due to lower than anticipated market prices and load.

ELECTRIC UTILITY DISTRIBUTION OPERATING EXPENSES FOR THE PERIOD ENDED MAY 31, 2016 (In Thousands)

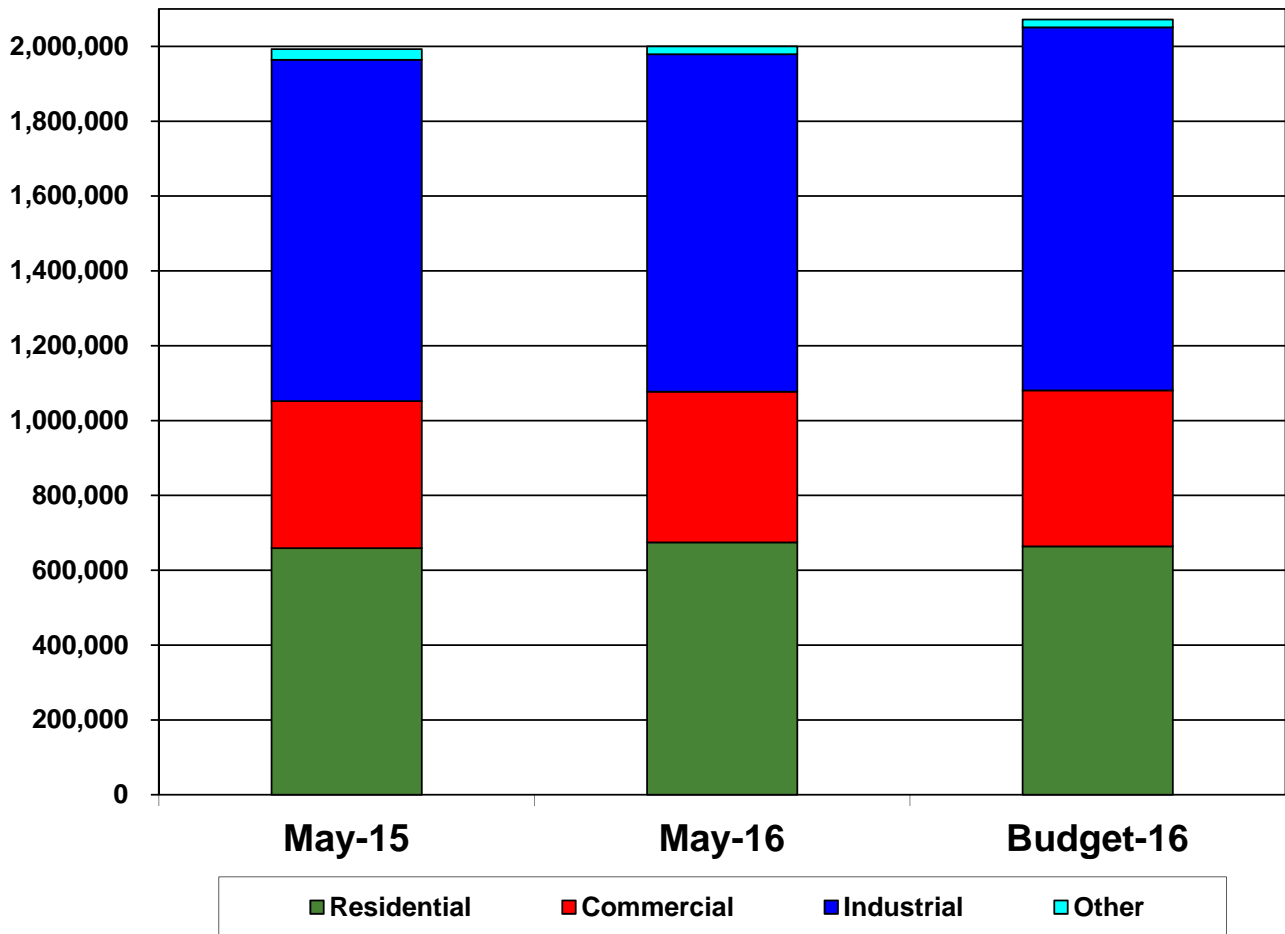


Actual to Prior: Year-to-date distribution operating expenses of \$48.7M are \$2.7M (5.8%) higher than prior year primarily due to an increase in personnel costs, mainly as a result of an increase in benefit costs and overtime.

Actual to Budget: Year-to-date operating expenses are \$12.6M (20.5%) 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 MAY 31, 2016***

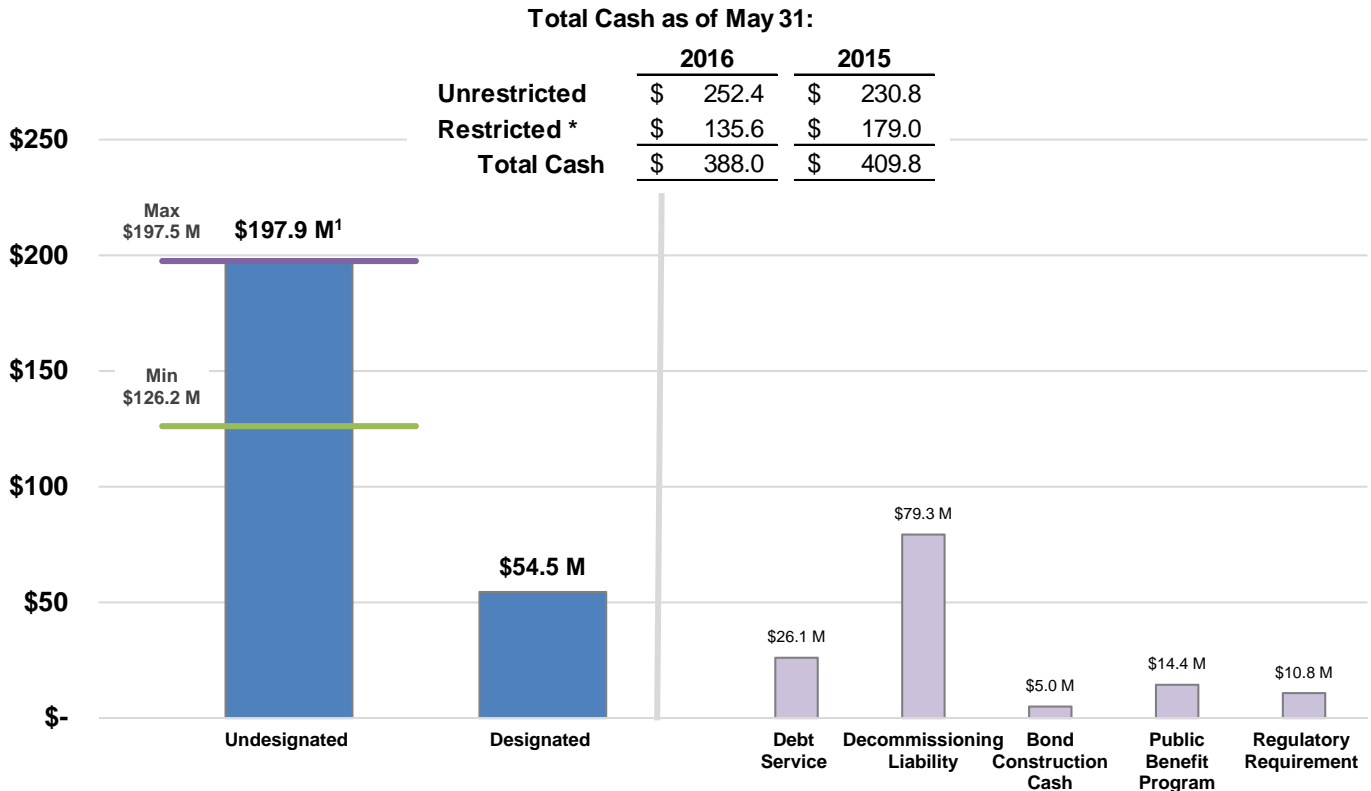
Total - YTD	<u>1,992,826</u>	<u>1,999,901</u>	<u>2,072,025</u>
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Actual to Prior: Retail kWh sales are 0.4% higher than prior year due to an increase in consumption in residential and commercial classes.

Actual to Budget: Retail kWh sales are 3.5% below budget primarily due to lower than anticipated industrial and commercial consumption.

ELECTRIC UTILITY CASH BALANCE MAY 31, 2016 (In Millions)



* Legally restricted for specific purposes.

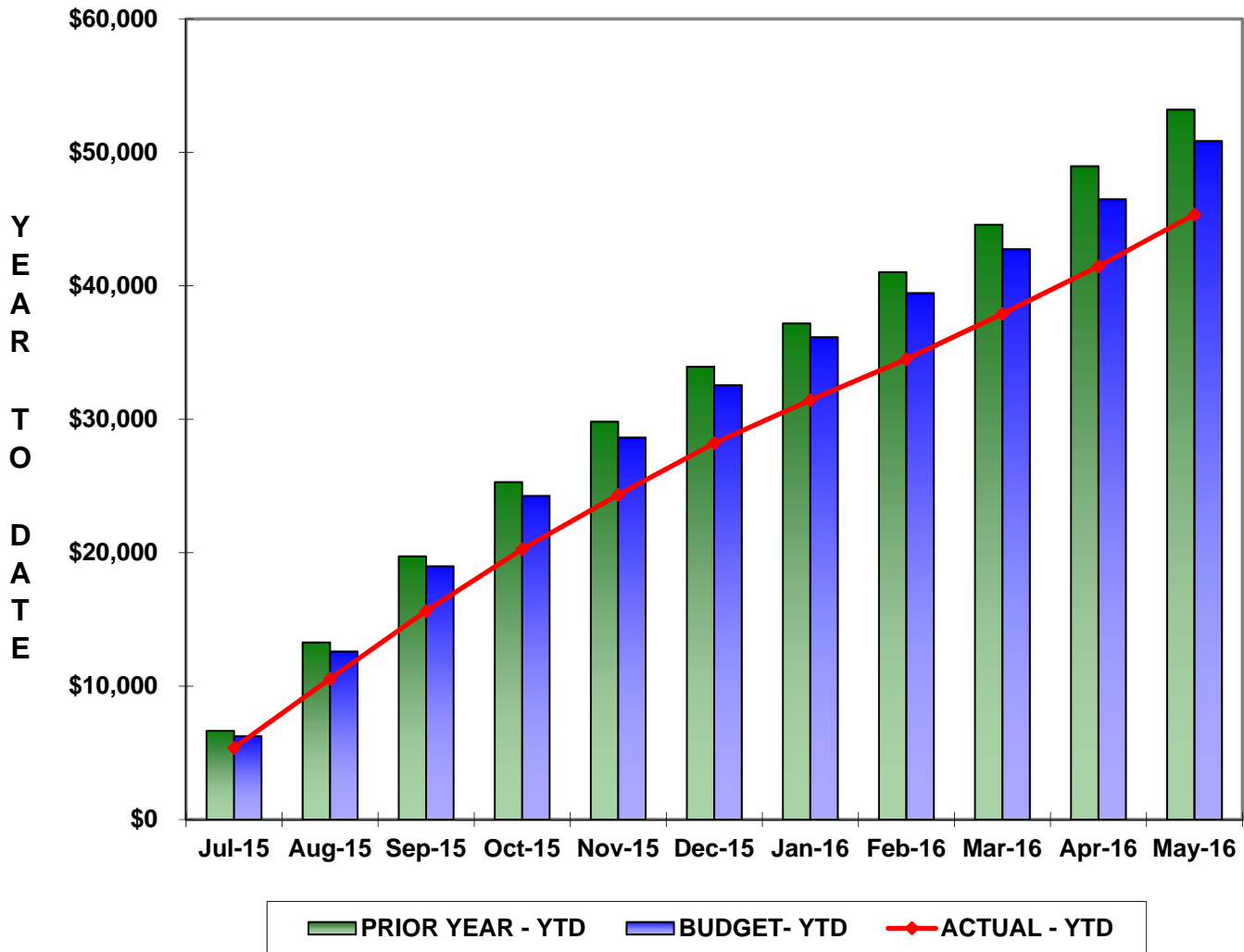
The components of Unrestricted Designated Reserves are:

	FY 15/16
Electric Reliability Fund	\$ 43.9
Add'l Decommissioning Liability Reserve	\$ 4.8
Customer Deposits Reserve	\$ 3.6
Capital Repair/Replacement Reserve	\$ 2.0
Mission Square Improvement Fund	\$ 0.2
Total Designated Reserves	\$ 54.5

On March 22, 2016, the City Council approved a new cash reserve policy. Prior year amounts are not comparable in specific categories due to the new unrestricted designated and undesignated reserve structure. Overall cash balances are \$21.8M 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 undesignated reserves and bond proceeds supported by the private versus public use of the building. This was offset by a net increase of \$15.6M related to positive operating results, settlement recoveries and funding of capital projects with bond proceeds..

¹Undesignated cash reserve exceeds the maximum level by \$0.4M in May due to timing of operating expenditures. Reserve balance will return to below maximum levels in June.

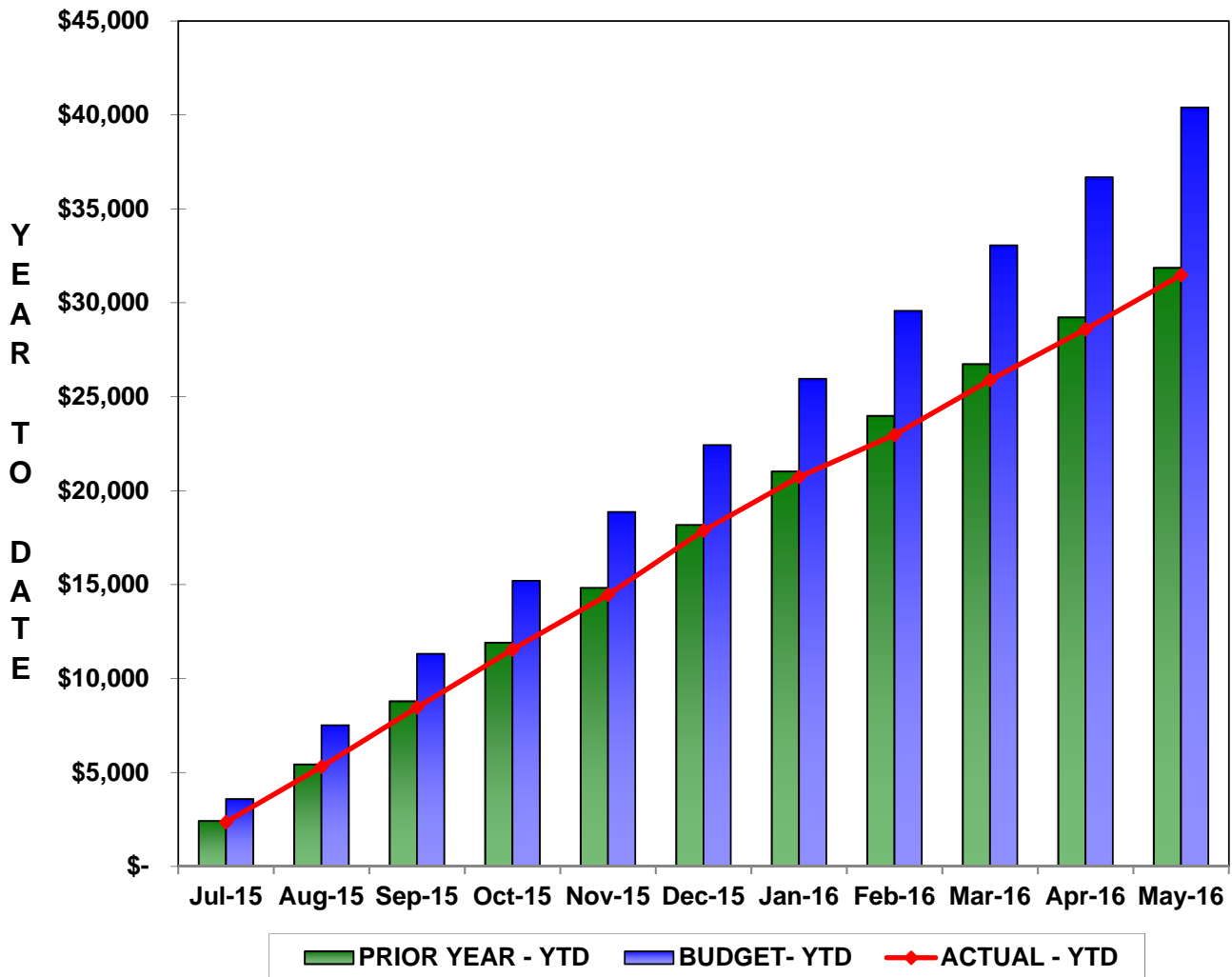
WATER UTILITY RETAIL SALES REVENUE FOR THE PERIOD ENDED MAY 31, 2016 (In Thousands)



Actual to Prior: Year-to-date actual retail sales of \$45.3M are \$7.8M (14.8%) lower than prior year primarily due to a 16.8% 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 \$5.5M (10.8%) lower than budget due to lower-than-anticipated consumption levels as a result of conservation measures taken by customers.

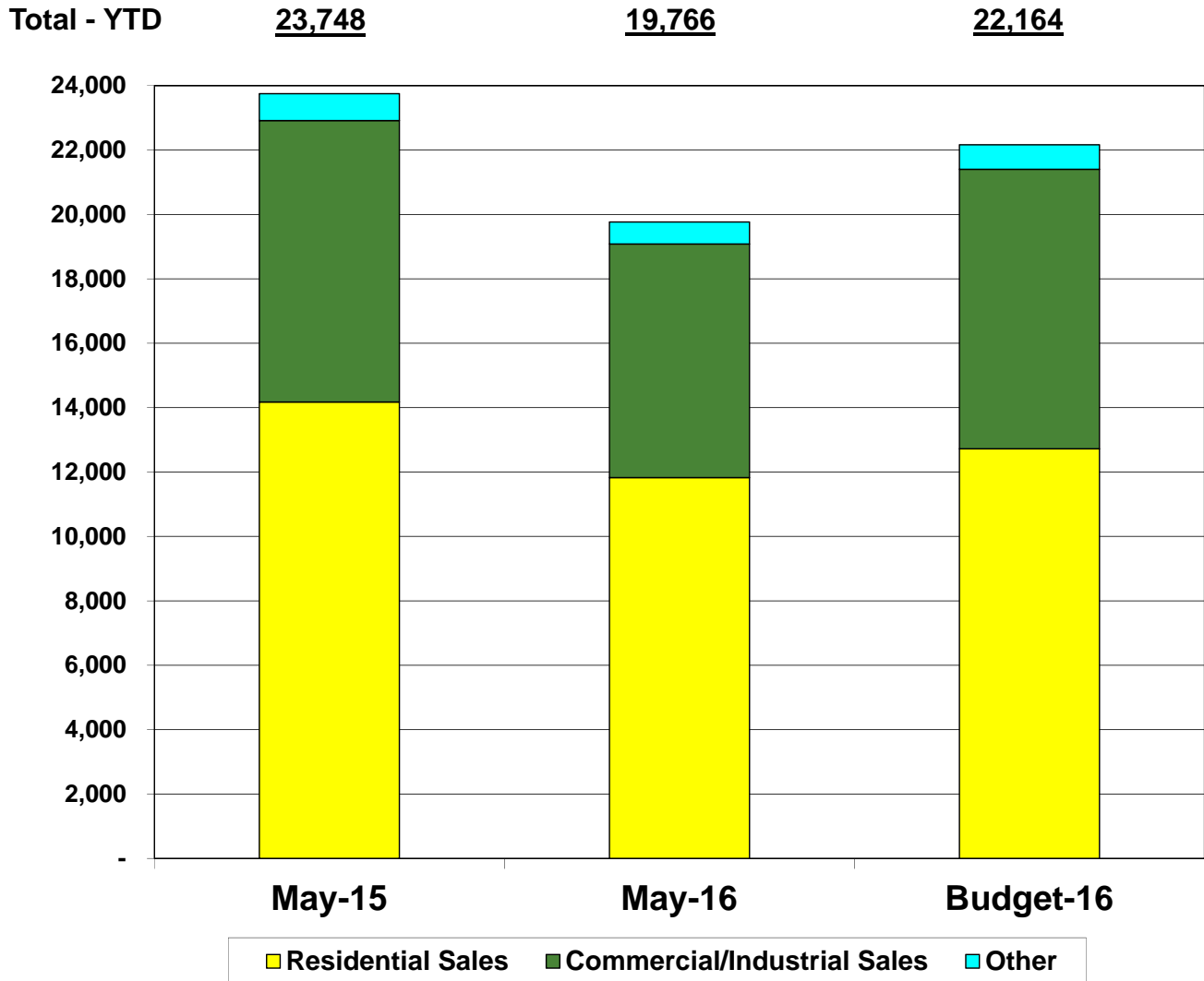
WATER UTILITY DISTRIBUTION OPERATING EXPENSES FOR THE PERIOD ENDED MAY 31, 2016 (In Thousands)



Actual to Prior: Year-to-date distribution operating expenses of \$31.5M are \$0.4M (1.2%) lower than prior year due to a reduction in professional services and expenses related to water pumping and production costs associated with the lower consumption levels.

Actual to Budget: Year-to-date operating expenses are \$8.9M (22.1%) 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 MAY 31, 2016**



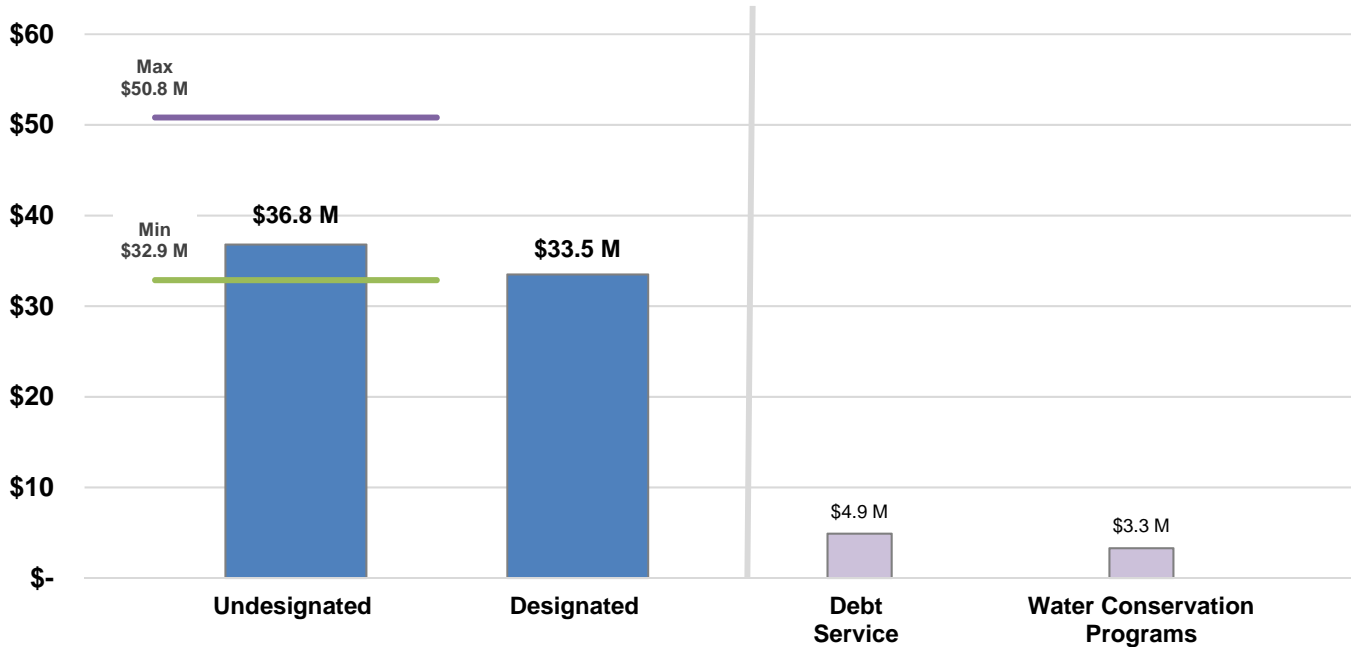
Actual to Prior: Retail CCF sales are 16.8% lower than prior year due to water conservation measures enacted for the current drought conditions.

Actual to Budget: Retail CCF sales are 10.8% below budget due to lower-than-anticipated consumption levels as a result of conservation measures taken by customers.

WATER UTILITY CASH BALANCE MAY 31, 2016 (In Millions)

Total Cash as of May 31 :

	2016	2015
Unrestricted	\$ 70.3	\$ 82.4
Restricted *	\$ 8.2	\$ 7.9
Total Cash	\$ 78.5	\$ 90.3



* Legally restricted for specific purposes.

The components of Unrestricted Designated Reserves are:

	FY 15/16
Property Reserve	\$ 26.0
Recycled Water Reserve	\$ 6.5
Capital Repair/Replacement Reserve	\$ 0.7
Customer Deposits Reserve	\$ 0.3
Total Designated Reserves	\$ 33.5

On March 22, 2016, the City Council approved a new cash reserve policy. Prior year amounts are not comparable due to the new unrestricted designated and undesignated structure. Overall cash balances are \$11.8M lower than prior year primarily due to the use of undesignated 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 undesignated 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.