



**CITY OF RICHLAND, WASHINGTON**  
**Electric Utility Financial Statements**

**For the Quarter Ended**  
**December 31, 2016**  
(Unaudited)

*Prepared by:*  
Administrative Services Department

*Issued on:*  
July 18, 2017

**CITY OF RICHLAND, WASHINGTON**  
**ELECTRIC UTILITY FINANCIAL STATEMENTS**  
**December 31, 2016**

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**CITY OF RICHLAND, WASHINGTON**  
**ELECTRIC UTILITY**  
**December 31, 2016**

**Current Financial Developments**

The following comments address events impacting the Electric utility's financial position. These comments clarify certain financial activity, including the environment in which the financial transactions occur.

1<sup>st</sup> Quarter

- City Council approved an electric utility rate increase effective January 1, 2016. The rate change is projected to generate an 8.7% increase in revenues. The last rate increase was effective July 1, 2015.
- RES staff closely monitors the difference between retail sales revenue and wholesale power costs, comparing actuals to projections on a monthly basis. This is done because weather and other variables affecting energy usage can cause a wide swing in this difference, which we refer to as the "gross margin". This gross margin is a fundamental influence on the utility's cash flow. The actual to projected difference in "gross margin" through this reporting period is \$28,654.

2<sup>nd</sup> Quarter

- The actual to projected difference in "gross margin" through this reporting period is (\$376,015). The change from last quarter was due to mild weather and some higher than average peak demand wholesale power costs.
- In April, a one-time expense of \$594,000 was incurred to acquire property for the new Leslie Road electrical substation.

3<sup>rd</sup> Quarter

- The gross margin for this reporting period is (\$44,363) with the September contributing to most of the rebound with a positive monthly gross margin of \$609,500. This was primarily caused by a substantially lower wholesale power expense in September than projected which, due to a time lag for customer billing, represents the very mild (low demand peak charges) weather experienced the end of July and all of August.

4<sup>th</sup> Quarter

- Ended the year with over \$1 million in negative gross margin status (defined as the difference between actual retail rate revenues minus wholesale power expenses and the cost of service analysis projection for that calculation). This is believed to be superficial due to a short December 2016 billing cycle with most or all of that to be recovered in January 2017.
- Continued steady investment in capital improvement projects, including another \$1.1 million of bond revenues expended the fourth quarter of 2016.

**CITY OF RICHLAND, WASHINGTON**  
**ELECTRIC UTILITY**  
**December 31, 2016**

**Current Business Developments**

The following comments address events impacting the operations of the Electric utility. These comments provide additional information not specifically addressed or identified in the financial statement presentation.

1<sup>st</sup> Quarter

- The approved 2016 budget included two additional RES full-time staff: a Business Services Assistant and an Energy Services Project Manager. These positions were filled through internal promotions and their vacancies were in the process of being backfilled at the end of the 1<sup>st</sup> quarter.
- Three key leadership staff left RES employment with recruitment and applicant processing well underway at the end of the 1<sup>st</sup> quarter.
- Preliminary planning, siting / land acquisition and application for interconnection to the Bonneville Power Administration transmission grid occurred related to the new Leslie Road electrical substation.
- Smart Grid / Automated Meter Infrastructure (AMI) planning continued in the 1st quarter of 2016 and is expected to receive project funding beginning in 2017.
- A project continuing from the end of 2015, for underground boring to replace old direct-buried electrical cable, was substantially completed by the end of the 1st quarter of 2016.

2<sup>nd</sup> Quarter

- Major project activities were performed on the Snyder substation expansion project, new Leslie Road substation planning and design, and planning for the new transmission power line from Benton PUD's Reata substation to the future Dallas Road substation.
- Implemented Energy Services Department reorganization plan to address field division supervision vacancies.
- Named new Project Manager and implemented new project management plan.
- Continued with Smart Grid project scoping / planning and assisted with several City-wide planning efforts including a new Enterprise Resource Plan, and update of the City's Comprehensive Land Use Plan.

**CITY OF RICHLAND, WASHINGTON**  
**ELECTRIC UTILITY**  
**December 31, 2016**

**Current Business Developments**

3<sup>rd</sup> Quarter

- The City notified Bonneville Power Administration (BPA) of its intention to serve up to 50% of its wholesale Tier 2 power needs for years 2020 through 2024 with non-federal power resources. The intent is to provide flexibility to work with other utilities forming Northwest Energy Management Services (NEMS) to take advantage of longer term market purchases and/or specific resources and also leverage shorter term market advantages through BPA's Short Term Tier 2 rates set with each two year BPA rate period.
- RES' conservation loan program continues at a steady pace from previous years. The cash balance, for this revolving loan program, continues to grow and is now topping \$2 million.

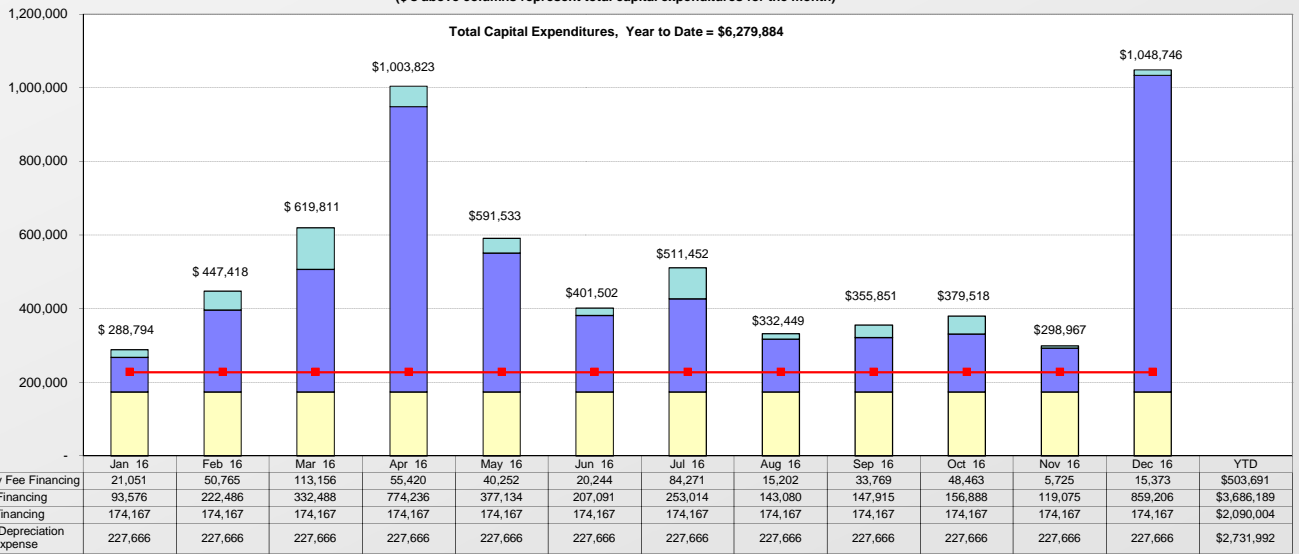
4<sup>th</sup> Quarter

- Collaborated with other northwest electric utilities through NEMS to revise a governance framework for joint purchasing of wholesale electricity and transmission services.
- Completed major equipment purchases for the Snyder substation expansion project.
- Hired several new department employees, effectively recovering from an approximate 10% staffing deficit at the beginning of 2016.
- Implemented a major project management initiative to assist in an approximate 100% increase in capital project investment projected over the next several years.

**CITY OF RICHLAND, WASHINGTON**  
**ELECTRIC UTILITY FINANCIAL TREND INFORMATION**  
**December 31, 2016**

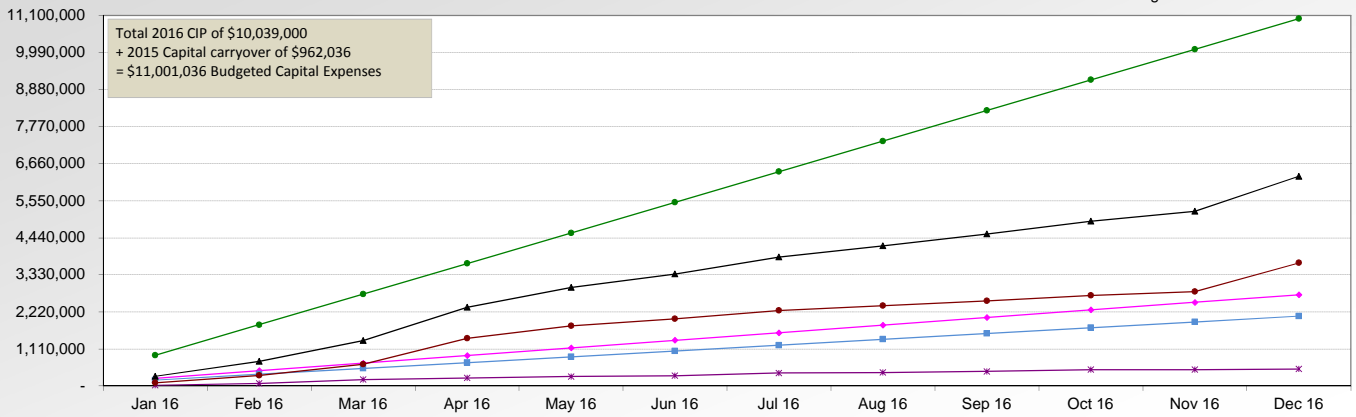
**Richland Energy Services**  
**2016 Monthly Capital Expenditure Financing by Source**

Facility Fee Financing  
 Bond Financing  
 Rate Financing  
 1/2 of Depreciation Expense

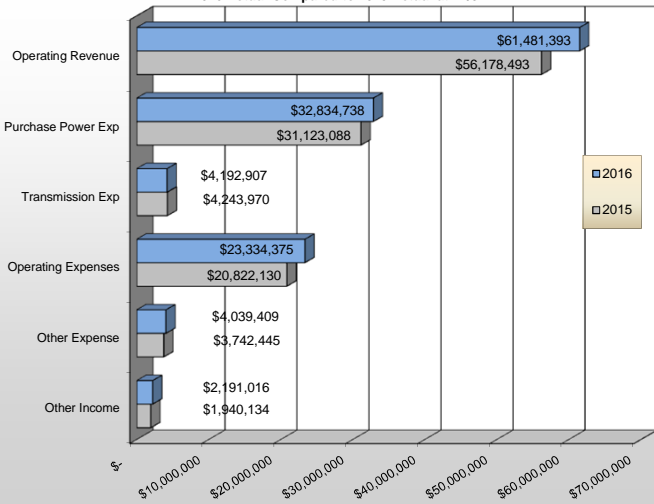


**Richland Energy Services**  
**Capital Expenditure Financing by Source**  
**in Comparison to Projected Amounts,**  
**Cumulative 2016 Totals by Month**  
**(Budgeted Expenditures Based on CIP)**

1/2 of Depreciation Expense (Projected)  
 Rate Financing  
 Actual Capital Expenditures  
 Budgeted Capital Expenditures  
 Facility Fee Financing  
 Bond Financing

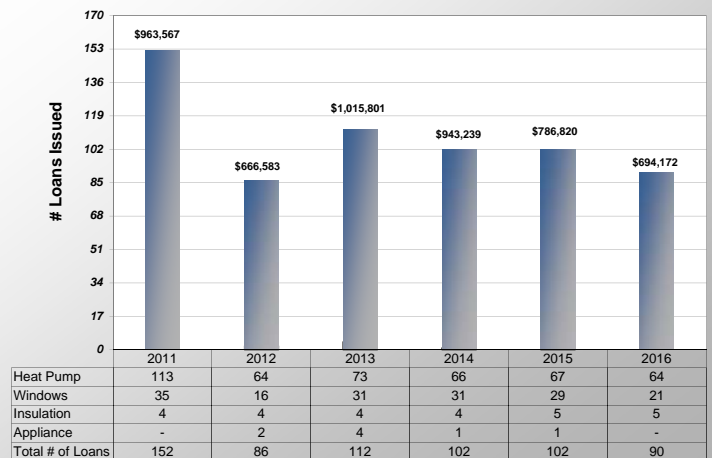


**Key Operational Components**  
**2016 Actual Compared to 2015 Actual at 12/31**



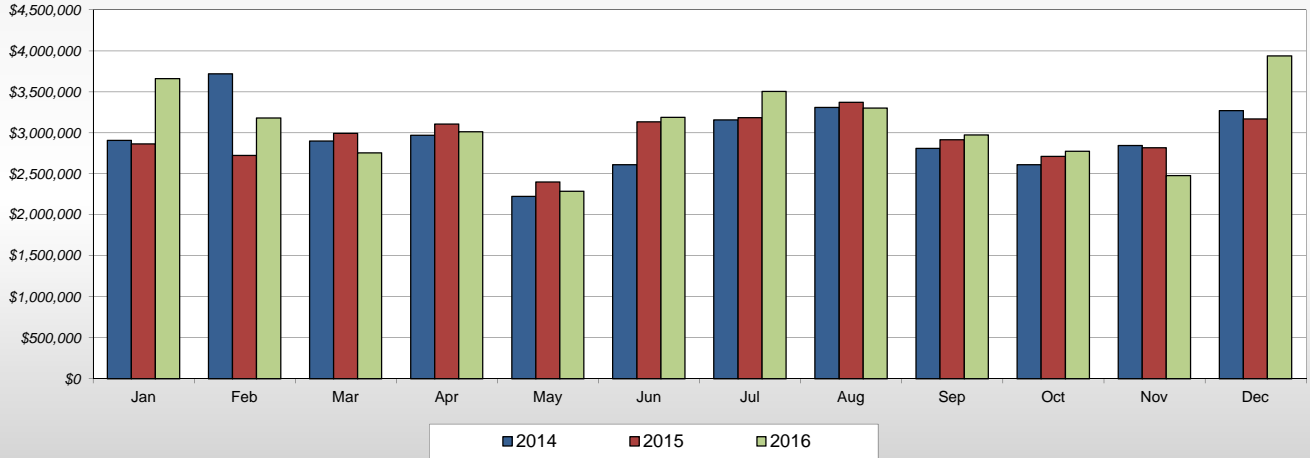
**Conservation Loan Program Activity**

Total # Of Loans Issued Each Year Through Current Month  
 \$'s represent amount of loans issued for each year as of 12/31

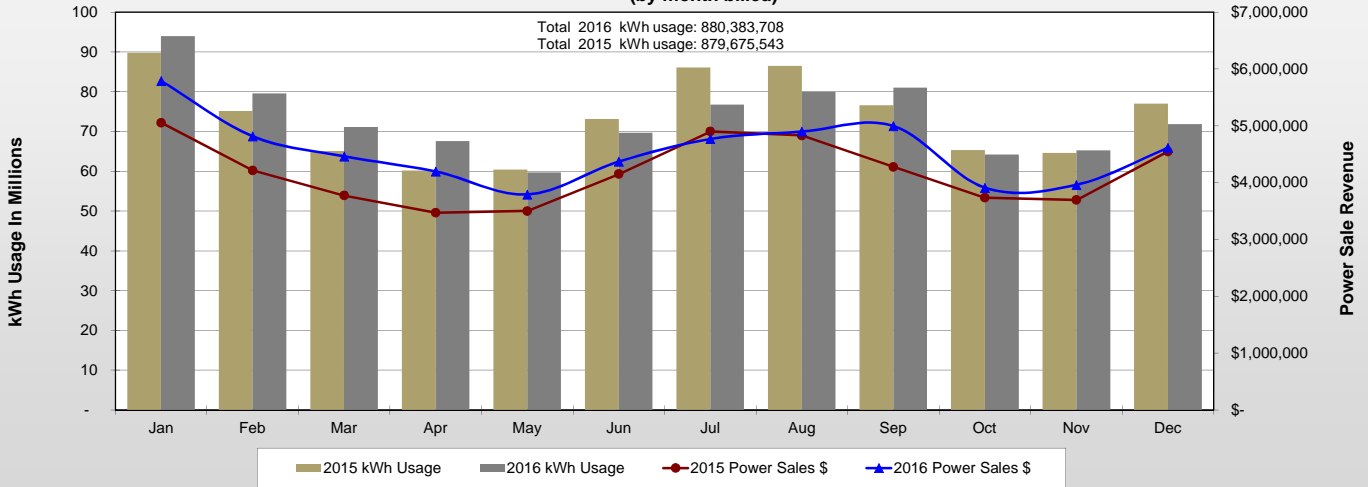


**CITY OF RICHLAND, WASHINGTON**  
**ELECTRIC UTILITY FINANCIAL TREND INFORMATION, CONTINUED**  
**December 31, 2016**

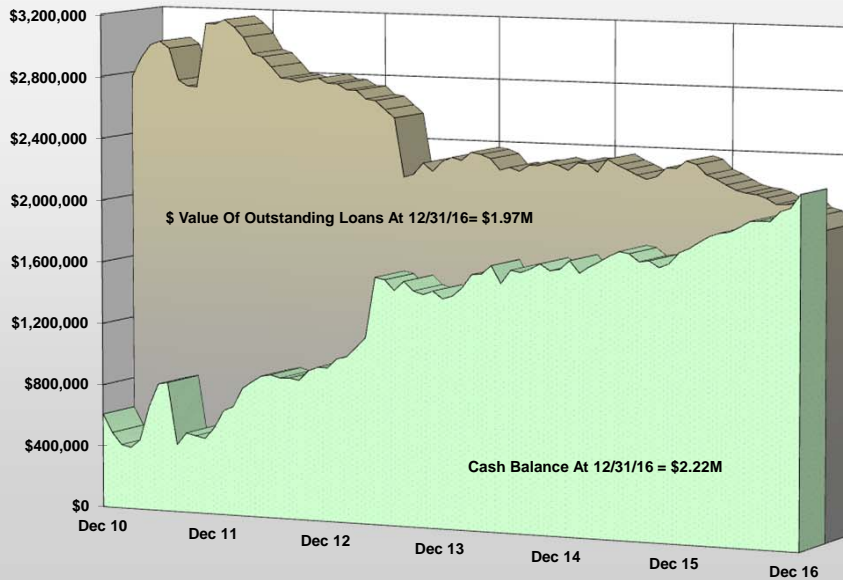
**Monthly Power & Transmission Costs**



**Energy kWh Usage & Power Sale Revenue (by month billed)**

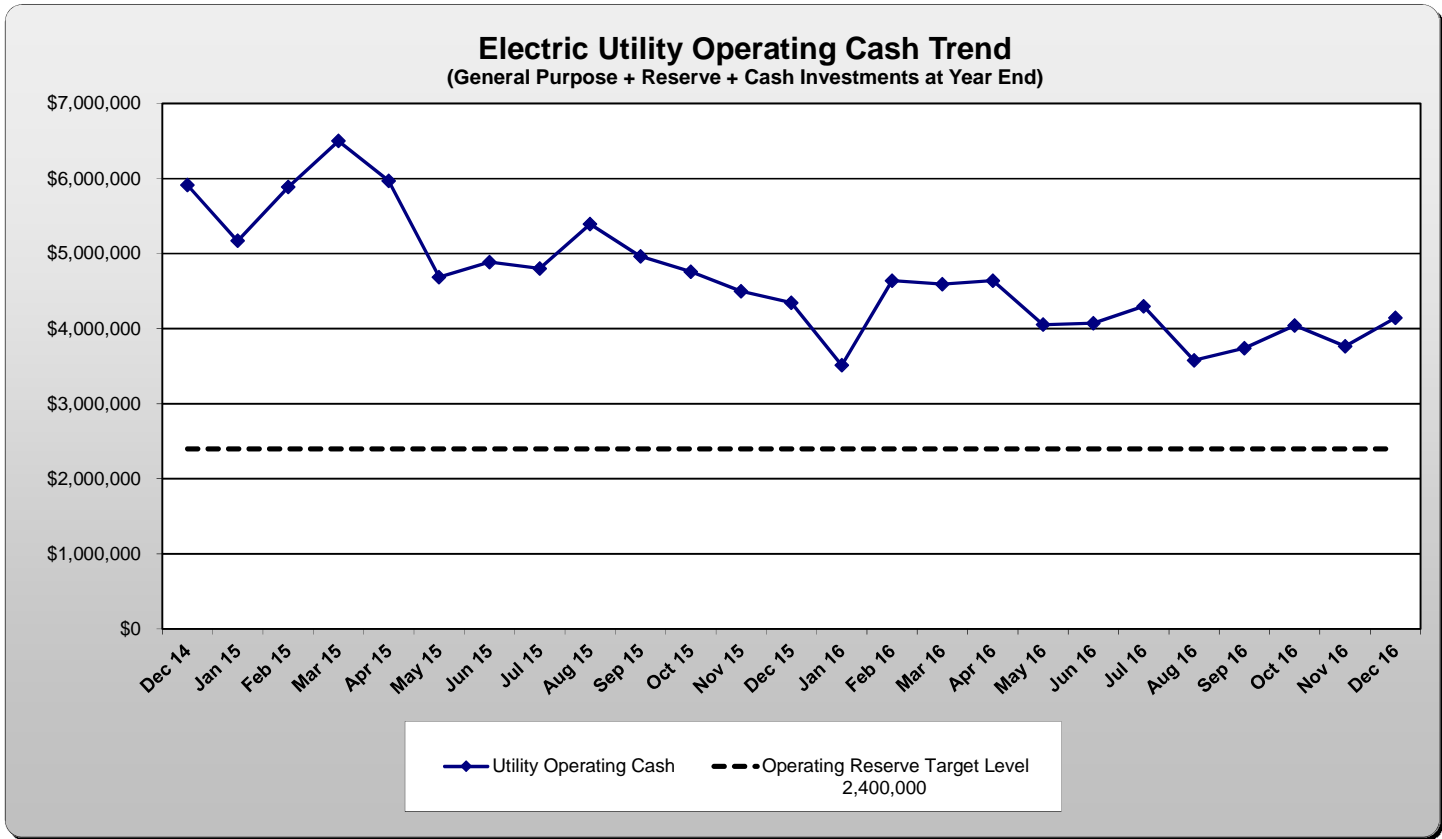


**Conservation Cash & Outstanding Loan Balance History**



**CITY OF RICHLAND, WASHINGTON  
ELECTRIC UTILITY  
CASH POSITION  
December 31, 2016**

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b>Unrestricted Cash and Investments:</b>		
Operating Cash, General Purpose	\$ 1,745,357	\$ 1,943,395
Operating Cash, Reserve	2,400,000	2,400,000
Conservation Loan Cash	2,223,948	1,829,776
Total Unrestricted Cash and Investments:	<u>6,369,304</u>	<u>6,173,171</u>
<b>Restricted Cash and Investments:</b>		
Revenue Bond Proceeds	14,802,427	18,293,030
Facility Development Fees (Large Project)	1,490,000	1,350,000
Facility Development Fees (Line Extension)	101,990	297,425
Construction Allowances Subject To Refund (Note 1)	346,335	348,402
Bond Redemption Set-Aside	1,004,369	1,002,302
Bond Reserve	4,762,486	4,913,901
Total Restricted Cash and Investments:	<u>22,507,606</u>	<u>26,205,060</u>
<b>Total Cash</b>	<b>\$ 28,876,911</b>	<b>\$ 32,378,231</b>





**CITY OF RICHLAND, WASHINGTON**  
**ELECTRIC UTILITY**  
**COMPARATIVE BALANCE SHEET**  
**December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>	<u>2016 - 2015 (+/-)</u>
<b>ASSETS:</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	\$ 6,369,304	\$ 5,880,656	\$ 488,649
Deposits With Third Parties	1,900	1,900	-
Investments	-	292,516	(292,516)
Receivables:			
Customer Utility Accounts, (net) (Note 8)	3,583,915	2,982,424	601,490
Customer Conservation Loans	2,267,920	2,489,751	(221,831)
Miscellaneous	206,504	264,949	(58,445)
Inventory	3,885,909	4,061,933	(176,024)
<b>Total Current Assets</b>	<b><u>16,315,452</u></b>	<b><u>15,974,128</u></b>	<b><u>341,323</u></b>
<b>Noncurrent</b>			
Restricted Cash	14,529,437	19,287,588	(4,758,151)
Restricted Investments (Note 12)	7,978,170	6,917,472	1,060,698
Capital:			
Land	469,284	449,197	20,087
Depreciable Assets (net)	2,605,162	3,455,596	(850,434)
Infrastructure	84,565,846	80,745,156	3,820,690
Construction in Progress	5,673,251	7,246,577	(1,573,326)
Total Capital Assets (net)	93,313,543	91,896,526	1,417,018
<b>Total Noncurrent Assets</b>	<b><u>115,821,150</u></b>	<b><u>118,101,585</u></b>	<b><u>(2,280,436)</u></b>
<b>TOTAL ASSETS</b>	<b><u>132,136,601</u></b>	<b><u>134,075,714</u></b>	<b><u>(1,939,112)</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized Loss - Reacquired Debt (Note 2)	306,415	372,636	(66,221)
Other Deferred Debits (Note 2)	891,402	520,466	370,936
<b>Total Deferred Outflows of Resources</b>	<b><u>1,197,817</u></b>	<b><u>893,102</u></b>	<b><u>304,715</u></b>
<b>LIABILITIES:</b>			
<b>Current Liabilities</b>			
Accounts Payable & Accrued Expenses	5,114,028	4,407,743	706,285
Current Portion of Compensated Absences	363,656	360,962	2,694
Current Portion of Bond Principal Payable	2,855,000	2,765,000	90,000
<b>Total Current Liabilities</b>	<b><u>8,332,684</u></b>	<b><u>7,533,705</u></b>	<b><u>798,979</u></b>
<b>Noncurrent Liabilities</b>			
Noncurrent Portion of Compensated Absences	363,656	360,962	2,694
Revenue Bonds Payable	68,065,568	71,076,413	(3,010,845)
Unearned Revenue	1,836,335	1,698,402	137,933
Net Pension Liability	5,296,995	4,371,971	925,024
<b>Total Noncurrent Liabilities</b>	<b><u>75,562,554</u></b>	<b><u>77,507,748</u></b>	<b><u>(2,870,218)</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>83,895,238</u></b>	<b><u>85,041,453</u></b>	<b><u>(2,071,238)</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Other Deferred Credits (Note 2)	123,477	706,630	(583,153)
<b>Total Deferred Outflows of Resources</b>	<b><u>123,477</u></b>	<b><u>706,630</u></b>	<b><u>(583,153)</u></b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	37,501,817	36,720,779	781,038
Restricted For:			
Debt Service	5,766,854	5,916,202	(149,348)
Capital Improvements	1,938,325	1,995,827	(57,502)
Unrestricted	4,108,706	4,587,925	(479,219)
<b>TOTAL NET POSITION</b>	<b><u>\$ 49,315,703</u></b>	<b><u>\$ 49,220,733</u></b>	<b><u>\$ 94,970</u></b>

**CITY OF RICHLAND, WASHINGTON  
ELECTRIC UTILITY  
COMPARATIVE STATEMENT OF OPERATIONS  
FOURTH QUARTER 2016**

	Quarter Ended 12/31/2016 <u>Actual</u>	Quarter Ended 12/31/2015 <u>Actual</u>	% Variance From 2015 <u>Actual</u>
<b>OPERATING REVENUES:</b>			
Power Sales Revenue	\$ 12,485,689	\$ 11,976,972	4%
Utility Occupation Tax	1,158,812	997,920	16%
Other Operating Revenues (Note 3)	<u>676,781</u>	<u>611,927</u>	11%
<b>Total Operating Revenues</b>	<u>14,321,281</u>	<u>13,586,819</u>	5%
<b>OPERATING EXPENSES:</b>			
Power (Net of BPA REP Lookback Credit) (Note 11)	8,146,481	7,680,978	6%
Transmission	<u>1,041,931</u>	<u>1,009,894</u>	3%
Total Purchased Power	<u>9,188,412</u>	<u>8,690,872</u>	6%
Distribution Operations and Maintenance (O&M)			
Distribution - Operations	802,532	972,771	-18%
Distribution - Maintenance	<u>516,576</u>	<u>120,887</u>	327%
Total Distribution O&M	<u>1,319,108</u>	<u>1,093,658</u>	21%
Customer Accounting			
Meter Reading Expense	229,810	116,402	97%
Customer Records & Collections	125,918	159,016	-21%
Bad Debt Expense (Note 9)	<u>(36,087)</u>	<u>(22,796)</u>	-58%
Total Customer Accounting	<u>319,641</u>	<u>252,622</u>	27%
Conservation & Customer Service (Note 10)	482,542	586,857	-18%
Administration & General	597,949	356,814	68%
Depreciation	1,365,994	1,320,331	3%
Taxes	1,678,790	1,493,436	12%
Operating Transfer to Equipment Replacement Fund	62,500	81,250	0%
Other Operating Expenses (Note 4)	<u>2,185</u>	<u>2,801</u>	-22%
Total Non-Power Operating Expenses	<u>5,828,709</u>	<u>5,187,768</u>	13%
<b>Total Operating Expenses</b>	<u>15,017,121</u>	<u>13,878,640</u>	8%
<b>OPERATING INCOME (LOSS):</b>	<u><b>(695,840)</b></u>	<u><b>(291,822)</b></u>	<b>-138%</b>
<b>OTHER INCOME:</b>			
Interest Income	57,749	35,452	63%
Gain / (Loss) on Fair Market Value (FMV) Adjustment	(61,478)	1,046	-5975%
Other Income (Note 5)	948,500	499,108	90%
City Shops Rental	<u>78,962</u>	<u>78,962</u>	0%
<b>Total Other Income:</b>	<u>1,023,733</u>	<u>614,568</u>	<b>67%</b>
<b>OTHER EXPENSE:</b>			
Interest on Long-Term Debt	799,269	748,995	7%
Debt Issuance Expense	-	216,200	-100%
Amortization of Bond Discount / Premium	(38,961)	(33,316)	-17%
Amortization of Loss on Recquired Debt	16,555	16,555	0%
Other Expenses (Note 6)	<u>293,989</u>	<u>260,660</u>	13%
<b>Total Other Expense:</b>	<u>1,070,852</u>	<u>1,209,095</u>	-11%
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u><b>(742,959)</b></u>	<u><b>(886,349)</b></u>	<b>16%</b>
Capital Contributions - Facility Development Fees (Note 7)	485,119	709,288	-32%
Transfers To Broadband Fund	<u>(7,500)</u>	<u>(7,500)</u>	0%
<b>Total of Capital Contributions and Transfers to Other Funds</b>	<u>477,619</u>	<u>701,788</u>	-32%
<b>CHANGE IN NET POSITION BEFORE PRIOR PERIOD ADJUSTMENTS</b>	<u><b>(265,341)</b></u>	<u><b>(184,561)</b></u>	<b>-44%</b>
Prior Period Adjustments	<u>-</u>	<u>-</u>	
<b>CHANGE IN NET POSITION</b>	<u><b>\$ (265,341)</b></u>	<u><b>\$ (184,561)</b></u>	<b>-44%</b>

**CITY OF RICHLAND, WASHINGTON  
ELECTRIC UTILITY  
COMPARATIVE STATEMENT OF OPERATIONS  
December 31, 2016**

	12/31/2016	12/31/2015	% Variance From 2015
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
<b>OPERATING REVENUES:</b>			
Power Sales Revenue	\$ 54,583,958	\$ 50,146,685	9%
Utility Occupation Tax	5,066,458	4,020,797	26%
Other Operating Revenues (Note 3)	<u>1,830,977</u>	<u>2,011,010</u>	-9%
<b>Total Operating Revenues</b>	<u>61,481,393</u>	<u>56,178,493</u>	9%
<b>OPERATING EXPENSES:</b>			
Power (Net of BPA REP Lookback Credit) (Note 11)	32,834,738	31,123,088	5%
Transmission	<u>4,192,907</u>	<u>4,243,970</u>	-1%
Total Purchased Power	<u>37,027,645</u>	<u>35,367,058</u>	5%
Distribution Operations and Maintenance (O&M)			
Distribution - Operations	3,116,142	3,169,540	-2%
Distribution - Maintenance	<u>1,615,018</u>	<u>762,344</u>	112%
Total Distribution O&M	<u>4,731,160</u>	<u>3,931,884</u>	20%
Customer Accounting			
Meter Reading Expense	523,672	401,392	30%
Customer Records & Collections	601,763	563,663	7%
Bad Debt Expense (Note 9)	<u>37,533</u>	<u>48,304</u>	-22%
Total Customer Accounting	<u>1,162,968</u>	<u>1,013,359</u>	15%
Conservation & Customer Service (Note 10)	1,423,527	1,344,227	6%
Administration & General	2,968,532	2,842,864	4%
Depreciation	5,463,975	5,281,322	3%
Taxes	7,326,110	6,226,030	18%
Operating Transfer to Equipment Replacement Fund	250,000	175,000	43%
Other Operating Expenses (Note 4)	<u>8,102</u>	<u>7,443</u>	9%
Total Non-Power Operating Expenses	<u>23,334,375</u>	<u>20,822,130</u>	12%
<b>Total Operating Expenses</b>	<u>60,362,020</u>	<u>56,189,188</u>	7%
<b>OPERATING INCOME (LOSS):</b>	<u>1,119,373</u>	<u>(10,695)</u>	<b>10566%</b>
<b>OTHER INCOME:</b>			
Interest Income	213,019	123,041	73%
Gain / (Loss) on Fair Market Value (FMV) Adjustment	(61,478)	1,046	-5975%
Other Income (Note 5)	1,723,630	1,500,201	15%
City Shops Rental	<u>315,846</u>	<u>315,846</u>	0%
<b>Total Other Income:</b>	<u>2,191,016</u>	<u>1,940,134</u>	<b>13%</b>
<b>OTHER EXPENSE:</b>			
Interest on Long-Term Debt	3,235,877	2,616,738	24%
Debt Issuance Expense	-	216,200	-100%
Amortization of Bond Discount / Premium	(155,141)	(99,389)	-56%
Amortization of Loss on Recquired Debt	66,221	66,221	0%
Other Expenses (Note 6)	<u>892,452</u>	<u>942,674</u>	-5%
<b>Total Other Expense:</b>	<u>4,039,409</u>	<u>3,742,445</u>	8%
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(729,019)</u>	<u>(1,813,005)</u>	<b>60%</b>
Capital Contributions - Facility Development Fees (Note 7)	853,989	988,288	-14%
Transfers To Broadband Fund	<u>(30,000)</u>	<u>(30,000)</u>	0%
<b>Total of Capital Contributions and Transfers to Other Funds</b>	<u>823,989</u>	<u>958,288</u>	-14%
<b>CHANGE IN NET POSITION BEFORE PRIOR PERIOD ADJUSTMENTS</b>	<u>94,970</u>	<u>(854,717)</u>	<b>111%</b>
Prior Period Adjustments	-	-	
<b>CHANGE IN NET POSITION</b>	<u>\$ 94,970</u>	<u>\$ (854,717)</u>	<b>111%</b>

**CITY OF RICHLAND, WASHINGTON  
ELECTRIC UTILITY  
MONTHLY STATEMENT OF OPERATIONS  
CY 2016 ACTUAL**

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total
<b>OPERATING REVENUES:</b>													
Power Sales Revenue	\$ 5,791,174	\$ 4,816,540	\$ 4,463,681	\$ 4,197,374	\$ 3,791,505	\$ 4,371,699	\$ 4,769,088	\$ 4,898,826	\$ 4,998,384	\$ 3,910,313	\$ 3,962,423	\$ 4,612,952	\$ 54,583,958
Utility Occupation Tax	537,577	447,105	414,278	389,581	351,866	405,803	442,695	454,747	463,994	362,917	367,733	428,163	5,066,458
Other Operating Revenues (Note 3)	70,599	164,833	97,607	63,986	132,491	192,086	136,883	76,181	219,530	194,279	210,619	271,882	1,830,977
<b>Total Operating Revenues</b>	<b>6,399,350</b>	<b>5,428,477</b>	<b>4,975,566</b>	<b>4,650,942</b>	<b>4,275,862</b>	<b>4,969,588</b>	<b>5,348,666</b>	<b>5,429,754</b>	<b>5,681,907</b>	<b>4,467,509</b>	<b>4,540,775</b>	<b>5,312,997</b>	<b>61,481,393</b>
<b>OPERATING EXPENSES:</b>													
Power (Net of BPA REP Lookback Credit) (Note 11)	3,223,528	2,793,650	2,473,819	2,713,950	1,985,884	2,764,472	3,080,342	2,969,038	2,683,574	2,499,266	2,180,886	3,466,329	32,834,738
Transmission	434,139	382,972	278,774	294,979	298,702	421,224	421,975	330,593	287,618	273,964	296,549	471,418	4,192,907
<b>Total Purchased Power</b>	<b>3,657,667</b>	<b>3,176,622</b>	<b>2,752,593</b>	<b>3,008,929</b>	<b>2,284,586</b>	<b>3,185,696</b>	<b>3,502,317</b>	<b>3,299,631</b>	<b>2,971,192</b>	<b>2,773,230</b>	<b>2,477,435</b>	<b>3,937,747</b>	<b>37,027,645</b>
Distribution Operations and Maintenance (O&M)													
Distribution - Operations	277,654	243,932	301,436	259,608	270,888	271,113	218,669	244,727	225,583	229,555	192,235	380,742	3,116,142
Distribution - Maintenance	111,203	121,868	106,373	108,702	118,069	132,515	134,491	149,388	115,833	149,351	158,215	209,010	1,615,018
<b>Total Distribution O&amp;M</b>	<b>388,857</b>	<b>365,800</b>	<b>407,809</b>	<b>368,310</b>	<b>388,957</b>	<b>403,628</b>	<b>353,160</b>	<b>394,114</b>	<b>341,417</b>	<b>378,906</b>	<b>350,451</b>	<b>589,751</b>	<b>4,731,160</b>
Customer Accounting													
Meter Reading Expense	30,942	29,637	30,410	30,459	27,912	40,120	29,696	32,288	42,399	51,762	73,923	104,125	523,672
Customer Records & Collections	49,770	48,955	49,038	50,186	53,153	54,386	50,308	57,538	62,511	21,344	60,052	44,521	601,763
Bad Debt Expense (Note 9)	8,180	8,180	8,180	8,180	8,180	8,180	8,180	8,180	8,180	8,180	8,180	(52,447)	37,533
<b>Total Customer Accounting</b>	<b>88,892</b>	<b>86,772</b>	<b>87,628</b>	<b>88,825</b>	<b>89,245</b>	<b>102,686</b>	<b>88,184</b>	<b>98,006</b>	<b>113,089</b>	<b>81,287</b>	<b>142,154</b>	<b>96,199</b>	<b>1,162,968</b>
Conservation & Customer Service (Note 10)	28,004	51,379	38,732	42,021	112,684	190,685	105,579	279,698	92,202	78,633	175,034	228,875	1,423,527
Administration & General	390,385	243,165	251,704	247,906	248,465	259,734	230,753	247,894	250,576	49,930	270,648	277,372	2,968,532
Depreciation	455,331	455,331	455,331	455,331	455,331	455,331	455,331	455,331	455,331	455,331	455,331	455,331	5,463,975
Taxes	789,818	647,730	603,417	561,745	497,527	581,890	640,182	656,286	668,726	517,431	541,295	620,064	7,326,110
Operating Transfer to Equipment Replacement Fund	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	250,000
Other Operating Expenses (Note 4)	1,068	-	1,514	-	560	493	1,090	592	599	-	571	1,614	8,102
<b>Total Non-Power Operating Expenses</b>	<b>2,163,188</b>	<b>1,871,010</b>	<b>1,866,968</b>	<b>1,784,972</b>	<b>1,813,603</b>	<b>2,015,282</b>	<b>1,895,112</b>	<b>2,152,755</b>	<b>1,942,774</b>	<b>1,582,352</b>	<b>1,956,317</b>	<b>2,290,041</b>	<b>23,334,375</b>
<b>Total Operating Expenses</b>	<b>5,820,855</b>	<b>5,047,632</b>	<b>4,619,561</b>	<b>4,793,901</b>	<b>4,098,189</b>	<b>5,200,978</b>	<b>5,397,429</b>	<b>5,452,386</b>	<b>4,913,966</b>	<b>4,355,582</b>	<b>4,433,752</b>	<b>6,227,788</b>	<b>60,362,020</b>
<b>OPERATING INCOME (LOSS):</b>	<b>578,495</b>	<b>380,845</b>	<b>356,004</b>	<b>(142,959)</b>	<b>177,672</b>	<b>(231,390)</b>	<b>(48,763)</b>	<b>(22,632)</b>	<b>767,941</b>	<b>111,927</b>	<b>107,023</b>	<b>(914,791)</b>	<b>1,119,373</b>
<b>OTHER INCOME :</b>													
Interest Income	15,509	20,806	15,719	12,835	16,837	26,554	18,403	14,468	14,139	15,171	15,510	27,069	213,019
Gain / (Loss) on Fair Market Value (FMV) Adjustment	-	-	-	-	-	-	-	-	-	-	-	(61,478)	(61,478)
Other Income (Note 5)	142,845	42,710	27,046	153,100	57,908	78,061	33,527	32,897	207,036	492,368	74,676	381,456	1,723,630
City Shops Rental	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	315,846
<b>Total Other Income</b>	<b>184,674</b>	<b>89,837</b>	<b>69,085</b>	<b>192,255</b>	<b>101,065</b>	<b>130,935</b>	<b>78,251</b>	<b>73,686</b>	<b>247,496</b>	<b>533,859</b>	<b>116,507</b>	<b>373,367</b>	<b>2,191,016</b>
<b>OTHER EXPENSE :</b>													
Interest on Long-Term Debt	270,734	270,734	270,734	270,734	270,734	270,734	270,734	270,734	270,734	270,734	270,734	264,268	3,235,877
Debt Issuance Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of Bond Discount / Premium	(12,283)	(12,987)	(12,987)	(12,987)	(12,987)	(12,987)	(12,987)	(12,987)	(12,987)	(12,987)	(12,987)	(12,987)	(155,141)
Amortization of Loss on Reacquired Debt	5,518	5,518	5,518	5,518	5,518	5,518	5,518	5,518	5,518	5,518	5,518	5,518	66,221
Other Expenses (Note 6)	69,786	68,130	68,380	61,782	60,307	84,621	58,172	67,368	59,916	81,002	69,831	143,155	892,452
<b>Total Other Expense:</b>	<b>333,756</b>	<b>331,396</b>	<b>331,646</b>	<b>325,048</b>	<b>323,573</b>	<b>347,887</b>	<b>321,438</b>	<b>330,633</b>	<b>323,181</b>	<b>344,268</b>	<b>326,630</b>	<b>399,954</b>	<b>4,039,409</b>
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>429,413</b>	<b>139,286</b>	<b>93,443</b>	<b>(275,752)</b>	<b>(44,835)</b>	<b>(448,342)</b>	<b>(291,950)</b>	<b>(279,580)</b>	<b>692,255</b>	<b>301,519</b>	<b>(103,100)</b>	<b>(941,377)</b>	<b>(729,019)</b>
Capital Contributions - Facility Development Fees (Note 7)	8,880	2,830	127,641	62,237	15,950	60,989	76,537	8,770	5,036	9,589	8,032	467,498	853,989
Transfers To Broadband Fund	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(30,000)
<b>Total of Capital Contributions and Transfers to Other Funds</b>	<b>6,380</b>	<b>330</b>	<b>125,141</b>	<b>59,737</b>	<b>13,450</b>	<b>58,489</b>	<b>74,037</b>	<b>6,270</b>	<b>2,536</b>	<b>7,089</b>	<b>5,532</b>	<b>464,998</b>	<b>823,989</b>
<b>CHANGE IN NET POSITION BEFORE PRIOR PERIOD ADJUSTMENT:</b>	<b>435,794</b>	<b>139,616</b>	<b>218,585</b>	<b>(216,015)</b>	<b>(31,386)</b>	<b>(389,853)</b>	<b>(217,913)</b>	<b>(273,309)</b>	<b>694,791</b>	<b>308,608</b>	<b>(97,568)</b>	<b>(476,380)</b>	<b>94,970</b>
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>\$ 435,794</b>	<b>\$ 139,616</b>	<b>\$ 218,585</b>	<b>\$ (216,015)</b>	<b>\$ (31,386)</b>	<b>\$ (389,853)</b>	<b>\$ (217,913)</b>	<b>\$ (273,309)</b>	<b>\$ 694,791</b>	<b>\$ 308,608</b>	<b>\$ (97,568)</b>	<b>\$ (476,380)</b>	<b>\$ 94,970</b>

**CITY OF RICHLAND, WASHINGTON  
ELECTRIC UTILITY  
STATEMENT OF CASH FLOWS  
December 31, 2016**

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Year To Date
<b>Cash Flows From Operating Activities</b>													
Receipts from power sales to customers	\$ 4,711,475	\$ 6,582,955	\$ 5,279,287	\$ 4,547,374	\$ 4,363,656	\$ 4,414,551	\$ 5,162,619	\$ 5,165,741	\$ 5,280,310	\$ 4,615,984	\$ 4,457,066	\$ 4,795,265	\$ 59,376,285
Other operating cash receipts	232,078	282,561	222,201	275,352	134,789	321,354	249,386	151,187	369,936	158,425	289,419	499,994	3,186,684
Receipts from interfund rents and services	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	315,846
Payments for power	(2,821,102)	(3,223,528)	(2,793,650)	(2,473,819)	(2,713,950)	(1,985,884)	(2,764,472)	(3,080,342)	(2,969,038)	(2,683,574)	(2,499,266)	(2,180,886)	(32,189,511)
Payment for transmission	(345,443)	(434,139)	(382,972)	(278,774)	(294,979)	(298,702)	(421,224)	(421,975)	(330,593)	(287,618)	(273,964)	(273,964)	(4,066,932)
Payments to suppliers	(1,238,574)	(626,992)	(953,254)	(602,117)	(777,159)	(1,003,157)	(563,648)	(1,098,361)	(796,022)	(820,148)	(878,732)	(376,885)	(9,735,049)
Payments for utility tax	(545,480)	(447,714)	(414,627)	(389,891)	(344,341)	(406,088)	(443,002)	(455,054)	(464,302)	(356,600)	(374,688)	(428,495)	(5,070,280)
Payments to employees	(83,781)	(94,839)	(79,621)	(103,202)	(85,821)	(139,795)	(50,887)	(83,402)	(90,235)	(110,260)	(92,837)	(233,025)	(1,247,705)
Payments for interfund services	(115,544)	(238,030)	(239,514)	(246,044)	(217,061)	(223,270)	(231,649)	(242,412)	(205,224)	(205,224)	481,339	(237,311)	160,860
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(180,049)</b>	<b>1,826,597</b>	<b>664,172</b>	<b>755,200</b>	<b>91,454</b>	<b>705,330</b>	<b>963,443</b>	<b>(38,297)</b>	<b>821,152</b>	<b>1,023,870</b>	<b>416,008</b>	<b>1,966,599</b>	<b>9,015,478</b>
<b>Cash Flows From Noncapital Financing Activities</b>													
Transfer (to) / from Broadband Fund (Note 13)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(30,000)
<b>Net Cash Used by Noncapital Financing Activities</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(30,000)</b>
<b>Cash Flows From Capital and Related Financing Activities</b>													
Principal Paid on Long-Term Debt	-	-	-	-	-	-	-	-	-	-	(2,765,000)	-	(2,765,000)
Interest Paid on Long-Term Debt	-	-	-	-	(1,613,466)	-	-	-	-	-	(1,635,344)	-	(3,248,810)
Capital Contributions	8,880	2,830	127,641	62,237	15,950	60,989	76,537	8,770	5,036	9,589	8,032	(133,611)	252,880
Deferred Capital Contributions	16,800	-	13,800	19,200	-	-	37,200	-	-	-	-	-	87,000
Capital Contributions Refunded	-	(87,867)	(1,200)	-	-	-	-	-	-	-	-	-	(89,067)
Sale of Land	-	-	-	-	-	-	-	-	8,989	-	-	-	8,989
Acquisition and Construction of Capital Assets	(288,794)	(447,418)	(619,811)	(1,003,823)	(591,553)	(401,502)	(511,452)	(332,449)	(355,851)	(379,518)	(298,967)	(1,649,854)	(6,880,993)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(263,114)</b>	<b>(532,455)</b>	<b>(479,569)</b>	<b>(922,387)</b>	<b>(2,189,070)</b>	<b>(340,513)</b>	<b>(397,715)</b>	<b>(323,678)</b>	<b>(341,826)</b>	<b>(369,929)</b>	<b>(4,691,279)</b>	<b>(1,783,465)</b>	<b>(12,635,001)</b>
<b>Cash Flows From Investing Activities</b>													
Interest Received on Investments	15,509	20,806	15,719	12,835	16,837	26,554	18,403	14,468	14,139	15,171	15,510	23,730	209,680
Investments Sold *	7,209,987	-	-	-	-	-	-	-	-	-	-	(89,103)	7,120,885
Investments Purchased *	-	-	-	-	-	-	-	-	-	-	-	(7,950,545)	(7,950,545)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>7,225,496</b>	<b>20,806</b>	<b>15,719</b>	<b>12,835</b>	<b>16,837</b>	<b>26,554</b>	<b>18,403</b>	<b>14,468</b>	<b>14,139</b>	<b>15,171</b>	<b>15,510</b>	<b>(8,015,918)</b>	<b>(619,980)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>6,779,832</b>	<b>1,312,448</b>	<b>197,821</b>	<b>(156,852)</b>	<b>(2,083,279)</b>	<b>388,870</b>	<b>581,631</b>	<b>(350,007)</b>	<b>490,966</b>	<b>666,612</b>	<b>(4,262,261)</b>	<b>(7,835,284)</b>	<b>(4,269,503)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>25,168,244</b>	<b>31,948,076</b>	<b>33,260,524</b>	<b>33,458,345</b>	<b>33,301,493</b>	<b>31,218,215</b>	<b>31,607,085</b>	<b>32,188,716</b>	<b>31,838,708</b>	<b>32,329,674</b>	<b>32,996,286</b>	<b>28,734,025</b>	<b>25,168,244</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 31,948,076</b>	<b>\$ 33,260,524</b>	<b>\$ 33,458,345</b>	<b>\$ 33,301,493</b>	<b>\$ 31,218,215</b>	<b>\$ 31,607,085</b>	<b>\$ 32,188,716</b>	<b>\$ 31,838,708</b>	<b>\$ 32,329,674</b>	<b>\$ 32,996,286</b>	<b>\$ 28,734,025</b>	<b>\$ 20,898,741</b>	<b>\$ 20,898,741</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>													
Net Operating Income	\$ 578,495	\$ 380,845	\$ 356,004	\$ (142,959)	\$ 177,672	\$ (231,390)	\$ (48,763)	\$ (22,632)	\$ 767,941	\$ 111,927	\$ 107,023	\$ (914,791)	\$ 1,119,373
Adjustments to reconcile net operating income to net cash provided by operating activities:													
Depreciation & Amortization	455,331	455,331	455,331	455,331	455,331	455,331	455,331	455,331	455,331	455,331	455,331	455,331	5,463,975
Accrued Pension Expense	-	-	-	-	-	-	-	-	-	-	-	(29,065)	(29,065)
Other Income, Net	99,379	900	(15,014)	117,638	23,921	19,760	1,675	(8,150)	148,300	437,686	31,165	885,221	1,742,482
Changes in operating assets and liabilities:													
(Increase) / Decrease in Receivables	(1,501,169)	1,371,064	438,959	(37,407)	102,226	(349,439)	8,697	(231,239)	(210,187)	267,870	104,594	(285,184)	(321,214)
(Increase) / Decrease in Inventory	167,062	(171,203)	168,868	77,427	119,102	62,963	209,972	(31,482)	(16,396)	(34,933)	(418,151)	42,795	176,024
(Increase) / Decrease in Prepaid Expenses	(263,956)	23,996	23,996	23,996	23,996	23,996	23,996	23,996	23,996	23,996	23,996	23,996	23,996
Increase / (Decrease) in Power & Transmission AP	491,122	(481,045)	(424,029)	256,336	(724,343)	901,110	316,621	(202,686)	(328,439)	(197,962)	(285,795)	1,460,312	771,202
Increase / (Decrease) in Accounts Payable	(175,760)	277,281	(320,746)	57,900	(54,154)	(74,279)	53,224	9,938	12,373	(42,493)	386,910	(213,700)	(83,506)
Increase / (Decrease) in Accrued Wages	(1,446)	-	-	-	-	-	-	-	-	-	-	-	36,207
Increase / (Decrease) in Unearned Facility Fees	-	-	-	-	-	-	-	-	-	-	-	-	140,000
(Increase) / Decrease in Deferred Charges	(29,108)	(30,573)	(19,198)	(53,063)	(32,297)	(102,722)	(57,311)	(31,374)	(31,768)	2,447	20,934	364,032	(0)
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (180,049)</b>	<b>\$ 1,826,597</b>	<b>\$ 664,172</b>	<b>\$ 755,200</b>	<b>\$ 91,454</b>	<b>\$ 705,330</b>	<b>\$ 963,443</b>	<b>\$ (38,297)</b>	<b>\$ 821,152</b>	<b>\$ 1,023,870</b>	<b>\$ 416,008</b>	<b>\$ 1,966,599</b>	<b>\$ 9,015,478</b>
<b>Contribution of Capital Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 601,109</b>	<b>\$ 601,109</b>

\* The Electric Utility's cash is invested along with the City's cash in pooled investments. Pooled cash and investments are maintained in a separate fund for investment and are shown in individual funds as purchased on December 31 and sold on January 1. The rest of the year pooled cash and investments are shown as a component of cash and cash equivalents on interim cash flow statements.

**City of Richland, Washington**  
 Electric Utility  
 Notes to the Financial Statements  
 December 31, 2016

1. The construction allowance is the portion of line extension costs paid for by the Utility, assuming the expected number of permanent connections to the system result. The developer bears the full cost of the line extension up front, and the Utility pays its portion by refunding the developer based on the number of permanent connections to the line extension over a five-year period.

The refundable portion of fees collected is a deposit to guarantee connections to the line extension. Deposits are not characterized as revenue. Instead, a Deferred Revenue: Facility Fee Deposits account is included in the liability section of the balance sheet to offset the cash balance of these potentially refundable amounts. Five years from the date the line extension is energized, unused deposits expire and are recognized as revenue.

Reported separately from these traditional line extension projects are large, customer requested projects, facilitating customer specific needs as opposed to improvements to the utility system as a whole. Customer payments are received in advance and are recorded as Facility Development Fees - Large Projects with an offset to Unearned Facility Fee Revenue. Cash is depleted and fees are reclassified as revenue when expenses are incurred by the Utility.

Year-to-date facility fees collected from customers totaled \$481,647 of which \$394,647 was recognized as revenue and \$87,000 represents refundable construction allowances recorded as deferred revenue.

2. Deferred outflows of resources represent expenses of the Utility that apply to future periods. The primary purpose of the deferred outflow of resources accounts is to accumulate expenditures that are to be recognized in future periods or allocated to more than one account number. Deferred outflow of resources includes unamortized loss on reacquired bond debt. Other Deferred Debits includes clearing accounts that are used to hold warehousing, overhead, and equipment costs pending final allocation.

GASB Statement 68, *Accounting and Financial Reporting for Pensions*, requires reporting the fund's proportionate share the State's retirement plan net pension assets and liabilities. Other Deferred Debits also includes contributions after the State retirement plan measurement date and Other Deferred Credits include the net difference between projected and actual investments earnings on pension plan investments.

3. Other Operating Revenue includes the items listed below, with year-to-date comparisons to the prior year.

<b>Other Operating Revenue YTD Through:</b>	<b>December 2016</b>	<b>December 2015</b>	<b>Difference</b>
Permanent Service Fees	\$ 190,167	\$ 156,217	\$ 33,950
New Account Fees	75,855	85,725	(9,870)
Rewire / Charges to Repair Damage	55,421	16,473	38,948
Delinquent Account Fees	209,219	208,361	858
Disconnect Fees	148,661	108,967	39,694
Pole Contracts	96,110	91,232	4,879
BPA - Conservation Program (EEI)	958,182	1,234,585	(276,403)
Other	97,362	109,450	(12,089)
<b>Total Other Operating Revenue</b>	<b>\$ 1,830,977</b>	<b>\$ 2,011,010</b>	<b>\$ (180,033)</b>

4. Other Operating Expenses as reported on the Comparative Statement of Operations consist of power costs paid to Benton PUD for three customer accounts provided power through the Benton PUD system.

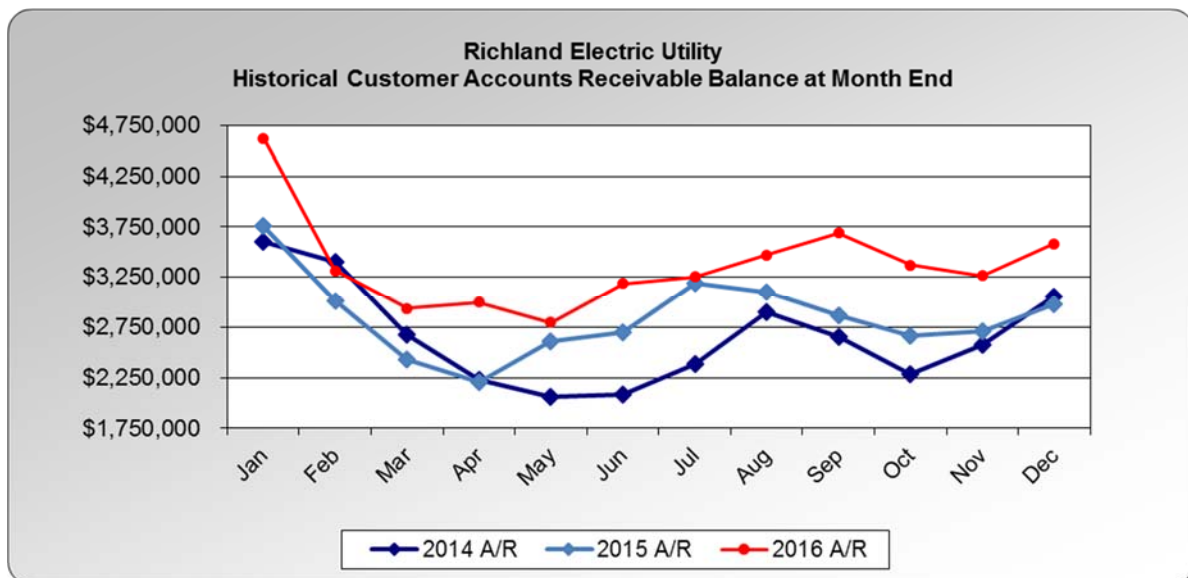
**City of Richland, Washington**  
 Electric Utility  
 Notes to the Financial Statements  
 December 31, 2016

5. Other Income as reported on the Comparative Statement of Operations includes federal interest subsidies received relative to 2009 Build America Bonds issued as well as the following revenue sources:

<b>Other Income YTD Through:</b>	<b>December 2016</b>	<b>December 2015</b>	<b>Difference</b>
Interest Collected on Conservation Loan Payments	\$ 72,536	\$ 78,474	\$ (5,938)
BPA - Conservation Admin Fee	183,774	266,242	(82,468)
Meter Reading Revenue	(4,283)	218,586	(222,870)
Work Performed for City Departments	1,196,243	683,879	512,364
Gain / (Loss) on Land sales and Disposition of Assets	81,580	34,476	47,104
Other	193,779	218,544	(24,765)
<b>Total Other Income</b>	<b>\$ 1,723,630</b>	<b>\$ 1,500,201</b>	<b>\$ 223,428</b>

Other Income also includes revenues allocated to the Electric Utility for its share of Horn Rapids Industrial Park sale proceeds. In 1982, work was undertaken by the City to develop the Horn Rapids Industrial Park, Phase One. Proceeds from the sale of land at Horn Rapids Industrial Park are allocated to City Utility Funds from the Industrial Development Fund based on each utility's proportionate share of total improvement costs. The remaining maximum reimbursement due to the Electric Utility, contingent upon sale of Horn Rapids Industrial Park Phase One property as of December 2016 is \$237,541.

6. The Other Expenses reported on the Comparative Statement of Operations includes the cost of Non-Electric Utility Operations work. Some of the Non-Utility Operations costs are those charged to other City departments through the Interdepartmental Billing (IDB) process.
7. The Electric Utility recognized \$25,777 in facility development fee revenue (capital contributions) in the fourth quarter of 2016. According to Governmental Accounting Standard Board (GASB) Statement No. 33, capital contributions from external sources are to be recognized as revenue in the current year rather than as a direct increase to contributed capital. Year-to-date facility development fee revenue of \$394,647 is comprised of \$394,647 in fees paid during the year and \$0 of previously unearned large project revenue being recognized as current revenue.
8. The outstanding utility accounts receivable balance, net of allowance for doubtful accounts at December 31, 2016, is \$3,583,915. This represents a \$105,240 decrease from the previous quarter. The following graph presents month-end customer accounts receivable balances during the last three calendar years.



**City of Richland, Washington**  
 Electric Utility  
 Notes to the Financial Statements  
 December 31, 2016

Write-offs, recoveries, and accounts receivable balances for the year-to-date, with prior year comparisons are as follows:

<b>Accounts Receivable YTD Through:</b>	<b>December 2016</b>	<b>December 2015</b>	<b>Difference</b>
Write-Offs	\$ 53,624	\$ 66,649	\$ (13,025)
Recoveries	22,781	6,565	16,216
Balance	\$ 3,583,915	\$ 2,982,424	\$ 601,491

9. Customer Accounting Expense includes bad debt expense. Customer accounts receivable are written off using the allowance method as prescribed by generally accepted accounting principles. Under this method, the projected uncollectible portion of customer accounts receivable is presented on the balance sheet based on a study of prior years' actual write-offs. Uncollectible accounts are written off against this estimated allowance rather than to bad debt expense. The monthly expense is 1/12 of the estimated annual allowance. Periodically, actual write-offs as a percentage of billings are analyzed, and the allowance is adjusted with an offset to bad debts expense, or the monthly entry may be temporarily suspended if the allowance becomes too high.
10. Conservation expenses may vary greatly from month-to-month and from budgeted amounts, as expenses for conservation supplies, educational materials, and payment of incentives to customers do not follow a regular schedule. In the fourth quarter of 2016, a total of \$416,139 was spent on ductless heat pumps, windows, insulation, and appliance conservation programs. Year-to-date expenses on conservation measures total \$999,393.
11. In 2008, the Electric Utility received Residential Exchange Program (REP) payments totaling \$3,662,901 from the Bonneville Power Administration (BPA) as part of a return to public utilities of wholesale power overcharges during fiscal years 2007-2008. An additional payment of \$204,686 was received in November 2009. Between May 2009 and June 2010 \$3,740,631 of the proceeds were utilized to reduce customers' bills through a monthly billing credit program. Due to the nature of the billing schedule and billing software design, an exact cutoff of the credit sufficient to bring the balance to zero was not possible.

In addition to the above payments, BPA applies a "look-back" credit to Richland's monthly wholesale power bills. This is a return of overcharges related to the REP program in years prior to 2007. These billing credits reimburse for overcharges during fiscal years 2001-2006. Following recent industry negotiations, the monthly credit changed from \$98,575 to \$98,427 and should remain at this level through September 2020. The related settlement agreement resolves issues associated with overcharge reimbursement while limiting the amount of REP payments to Investor Owned Utilities (IOUs). The look-back credit is reported as a net of purchased power to be consistent.

12. Bond ordinances require either maintenance of a cash Bond Reserve or purchase of bond insurance with an AAA rated provider in order to ensure debt is serviced in the event of financial hardship. The utility has historically purchased bond sureties to fulfill this requirement. However, due to the current economic climate, none of the surety companies currently enjoy an AAA rating. As a result, the utility funded a Bond Reserve, in 2008, in order to stay in compliance until the bond surety companies' ratings recover. The bond reserve was initially funded using \$993,000 in Facility Fee cash and \$2,111,575 in unrestricted cash. The amount of the bond reserve is adjusted annually and when additional debt is issued.
13. Monthly transfers to the Broadband Fund are presented in the financial statements as non-operating transfers to other funds.





**CITY OF RICHLAND, WASHINGTON  
ELECTRIC UTILITY  
COMPARATIVE REVENUE AND CONSUMPTION  
FOR THE PERIOD ENDED  
FOURTH QUARTER 2016**

	CURRENT		VARIANCE	% VARIANCE	2016 - 2015	2016 YEAR	2016 - 2015
<u>POWER SALE REVENUE (Net of City Utility Tax):</u>	<u>QUARTER</u>	<u>BUDGET</u>	<u>FROM BUDGET</u>	<u>FROM BUDGET</u>	<u>CURRENT QTR.</u>	<u>TO</u>	<u>YTD</u>
					<u>(+/-)</u>	<u>DATE</u>	<u>(+/-)</u>
Residential	\$ 5,521,698	\$ 6,304,295	\$ (782,597)	-12%	\$ 161,872	\$ 25,542,843	\$ 2,179,332
Small General Service	1,258,948	1,272,951	(14,003)	-1%	127,991	5,475,529	883,723
Medium General Service	1,868,694	1,918,560	(49,866)	-3%	(27,230)	7,834,651	299,312
Large General Service	1,802,183	1,747,699	54,484	3%	56,716	7,518,624	445,803
Small Industrial	408,706	815,543	(406,837)	-50%	114,587	1,330,639	289,546
Large Industrial	1,273,082	1,320,617	(47,536)	-4%	92,496	5,216,411	282,910
Small Irrigation	28,955	25,987	2,968	11%	4,668	124,555	13,829
Large Irrigation	181,225	289,971	(108,746)	-38%	(9,810)	971,421	13,840
Cable TV Amp	10,805	10,767	38	0%	(13)	43,220	102
Street Lighting	88,090	110,939	(22,848)	-21%	(15,849)	353,218	10,702
Security Lighting	34,196	36,753	(2,557)	-7%	2,597	138,349	15,567
Traffic Lights	9,109	6,309	2,800	44%	642	35,902	3,757
<b>TOTAL POWER SALE REVENUE:</b>	<b>\$ 12,485,689</b>	<b>\$ 13,860,390</b>	<b>\$ (1,374,701)</b>	<b>-10%</b>	<b>\$ 508,667</b>	<b>\$ 54,585,362</b>	<b>\$ 4,438,422</b>
<b><u>CONSUMPTION (kWh):</u></b>							
Residential	67,452,654	81,588,234	(14,135,580)	-17%	(6,378,136)	320,330,340	(6,632,631)
Small General Service	18,516,269	18,849,506	(333,237)	-2%	286,142	79,742,787	(117,684)
Medium General Service	36,424,955	36,756,444	(331,489)	-1%	(1,259,813)	155,255,892	999,269
Large General Service	36,670,980	35,138,177	1,532,803	4%	(1,569,640)	155,941,636	(2,013,164)
Small Industrial	9,410,200	16,727,645	(7,317,445)	-44%	3,402,600	31,582,100	10,233,700
Large Industrial	27,361,200	27,612,893	(251,693)	-1%	88,800	112,186,800	(546,000)
Small Irrigation	516,836	459,941	56,895	12%	31,966	1,921,574	(68,953)
Large Irrigation	2,975,327	4,668,453	(1,693,126)	-36%	(525,222)	17,119,431	(1,757,141)
Cable TV Amp	223,839	223,839	-	0%	-	895,356	-
Street Lighting	1,304,514	1,165,321	139,193	12%	223,853	4,218,910	632,193
Security Lighting	237,386	217,158	20,228	9%	(7,264)	776,909	(6,958)
Traffic Lights	106,467	111,071	(4,604)	-4%	(2,501)	411,973	(14,466)
<b>TOTAL CONSUMPTION (kWh):</b>	<b>201,200,627</b>	<b>223,518,680</b>	<b>(22,318,053)</b>	<b>-10%</b>	<b>(5,709,215)</b>	<b>880,383,708</b>	<b>708,165</b>
<b><u>METERED DEMAND (kW):</u></b>							
Residential	641	-	641		(87)	2,602	272
Small General Service	53,581	-	53,581		(10,340)	193,275	(21,970)
Medium General Service	98,240	113,489	(15,249)		(5,259)	416,679	1,172
Large General Service	85,134	88,917	(3,783)		(519)	340,469	(4,408)
Small Industrial	18,323	36,353	(18,030)		6,393	64,277	21,172
Large Industrial	53,259	62,991	(9,732)		(572)	219,055	(12,001)
Small Irrigation	1,590	-	1,590		86	5,060	38
Large Irrigation	10,681	18,316	(7,635)		(2,132)	49,478	(2,009)
<b>TOTAL METERED DEMAND (kW):</b>	<b>321,449</b>	<b>320,066</b>	<b>1,383</b>		<b>(12,430)</b>	<b>1,290,895</b>	<b>(17,734)</b>

**CITY OF RICHLAND, WASHINGTON  
ELECTRIC UTILITY  
COMPARATIVE REVENUE AND CONSUMPTION  
FOR THE PERIOD ENDED  
FOURTH QUARTER 2016**

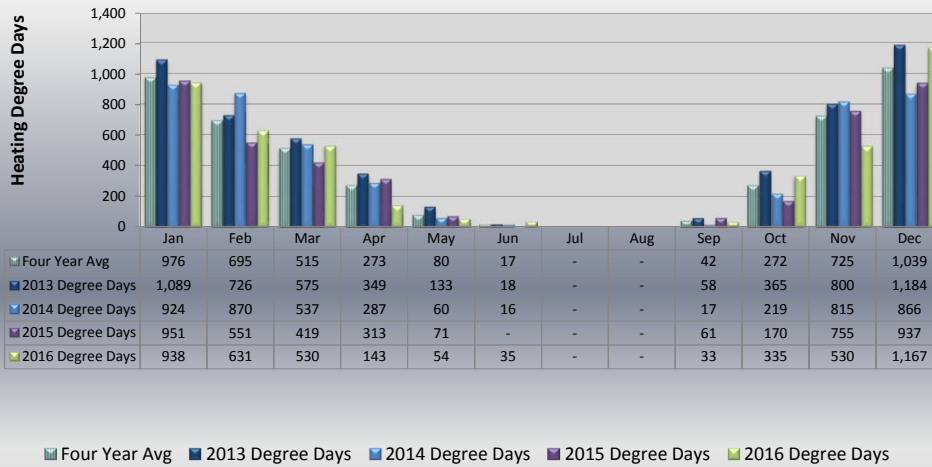
	CURRENT QUARTER	QUARTERLY BUDGET	% VARIANCE FROM BUDGET	MONTHLY AVERAGE		% VARIANCE FROM BUDGET
				Y-T-D	Y-T-D	
				ACTUAL	BUDGET	
<b><u>POWER SALE REVENUE PER METER:</u></b>						
(Net of Utility Tax)						
Residential	\$ 235	\$ 264	-12%	\$ 91	\$ 93	-2%
Small General Service	552	545	1%	201	187	7%
Medium General Service	6,056	6,180	-2%	2,112	2,017	4%
Large General Service	31,072	30,028	3%	10,803	10,093	7%
Small Industrial	82,853	89,491	-8%	22,177	33,167	-50%
Large Industrial	424,361	415,299	2%	144,900	137,591	5%
Small Irrigation	357	283	21%	128	129	-1%
Large Irrigation	9,538	15,618	-64%	4,261	5,690	-34%
Cable TV Amp	10,805	10,767	0%	3,602	3,589	0%
Street Lighting	88,090	110,939	-26%	29,435	29,301	0%
Security Lighting	85	92	-7%	29	30	-3%
Traffic Lights	170	114	33%	56	36	36%
System Average Per Customer	<u>\$ 156</u>	<u>170</u>	-9%	<u>\$ 171</u>	<u>\$ 176</u>	-3%
<b><u>POWER SALE REVENUE PER KILOWATT HOUR:</u></b>						
	(\$/kWh)	(\$/kWh)		(\$/kWh)	(\$/kWh)	
(Net of Utility Tax)						
Residential	\$ 0.2482	\$ 0.2359	5%	\$ 0.0797	\$ 0.0763	4%
Small General Service	0.2038	0.2028	0%	0.0687	0.0672	2%
Medium General Service	0.1541	0.1566	-2%	0.0505	0.0515	-2%
Large General Service	0.1476	0.1492	-1%	0.0482	0.0489	-1%
Small Industrial	0.1335	0.1462	-10%	0.0421	0.0484	-15%
Large Industrial	0.1396	0.1435	-3%	0.0465	0.0471	-1%
Small Irrigation	0.1682	0.1695	-1%	0.0648	0.0650	0%
Large Irrigation	0.2269	0.2117	7%	0.0567	0.0582	-3%
Cable TV Amp	0.1448	0.1443	0%	0.0483	0.0481	0%
Street Lighting	0.2037	0.2856	-40%	0.0837	0.0952	-14%
Security Lighting	0.4318	0.5096	-18%	0.1781	0.2050	-15%
Traffic Lights	0.2569	0.1704	34%	0.0871	0.0568	35%
System Average Per Customer	<u>\$ 0.0621</u>	<u>\$ 0.0620</u>	0%	<u>\$ 0.0620</u>	<u>\$ 0.0614</u>	1%
<b><u>KILOWATT HOURS PER METER:</u></b>						
	(kWh)	(kWh)		(kWh)	(kWh)	
Residential	2,873	3,421	-19%	1,142	1,220	-7%
Small General Service	8,120	8,063	1%	2,934	2,780	5%
Medium General Service	118,094	118,407	0%	41,848	39,158	6%
Large General Service	632,258	603,369	5%	224,054	206,570	8%
Small Industrial	1,904,240	1,836,010	4%	526,368	685,838	-30%
Large Industrial	9,120,400	8,683,526	5%	3,116,300	2,921,317	6%
Small Irrigation	6,381	5,009	21%	1,969	1,988	-1%
Large Irrigation	156,596	251,453	-61%	75,085	97,719	-30%
Cable TV Amp	223,839	223,839	0%	74,613	74,613	0%
Street Lighting	1,304,514	1,165,321	11%	351,576	307,788	12%
Security Lighting	593	543	9%	162	144	11%
Traffic Lights	1,984	2,001	-1%	644	629	2%
System Average Per Customer	<u>2,513</u>	<u>2,746</u>	-9%	<u>2,761</u>	<u>2,870</u>	-4%



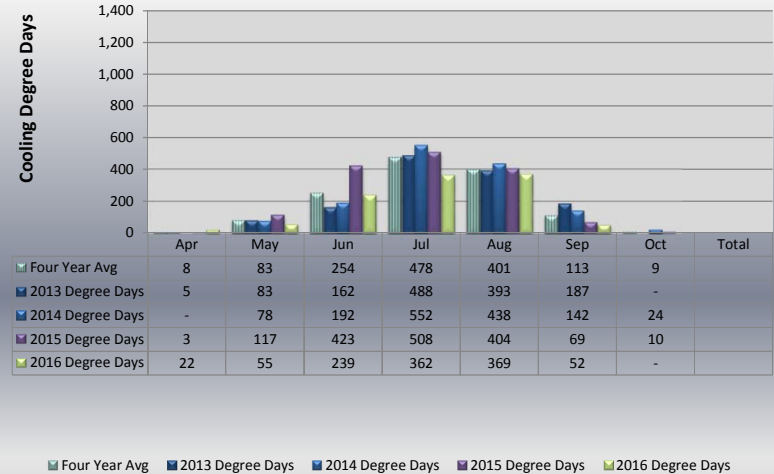
## City of Richland, Washington Electric Utility December 31, 2016

Climatological Data From Hanford Meteorology Station Located 25 Miles N.W. of Richland, WA

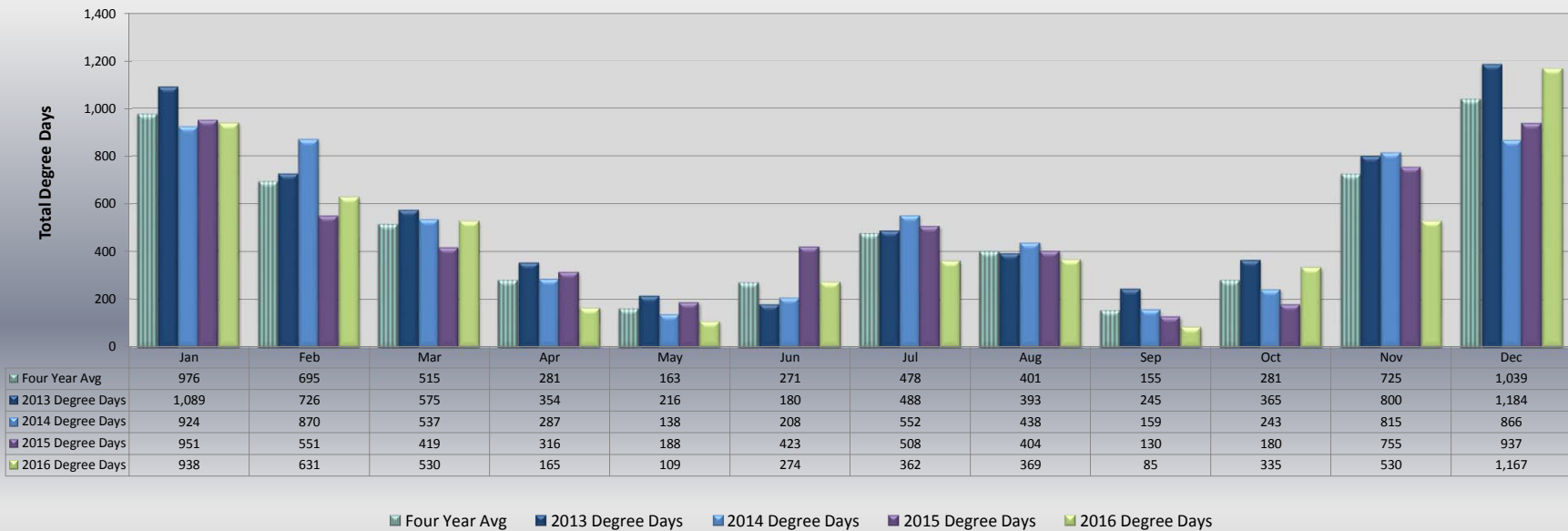
### Heating Degree Days By Month



### Cooling Degree Days By Month



### Total Degree Days By Month



Degree days are indicators of how much energy a typical household will use for heating or cooling. Degree days are based on the assumption that when the outside temperature is 65° F, a household would not need heating or cooling to be comfortable. An increase in heating or cooling degrees days correlates with increased energy consumption. Degree days are the difference between the average daily temperature and 65° F. Cooling degree days result when the daily temperature average is above 65°F. Heating degree days result when the daily temperature average is below 65°F.









**CITY OF RICHLAND, WASHINGTON  
ELECTRIC UTILITY  
DETAILED REVENUE SHEET  
CY 2016 ACTUAL**

**REVENUES**

Acct. No	Account Title	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Year To Date
41900	Interest Income	(15,413.49)	(20,709.95)	(15,609.03)	(12,733.26)	(16,732.42)	(26,436.21)	(18,282.72)	(14,348.53)	(14,016.08)	(15,054.10)	(15,398.55)	(23,604.74)	(208,339.08)
41900	(Gain)/Loss on Fair Market Value (FMV) Adjustment	-	-	-	-	-	-	-	-	-	-	-	61,478.23	61,478.23
41910	Interest (Consu Loan Int Payments)	(6,488.50)	(6,340.65)	(5,861.65)	(6,248.79)	(1,645.16)	(10,639.48)	(5,951.28)	(6,099.31)	(6,102.38)	(5,756.33)	(5,853.94)	(5,548.72)	(72,536.19)
41911	Interest on Conservation Loan Investment	(95.01)	(96.45)	(110.19)	(101.94)	(104.22)	(117.41)	(120.37)	(119.36)	(123.08)	(116.69)	(111.37)	(125.04)	(1,341.13)
41912	Other Interest Thru Collection Agency	(360.95)	(272.84)	(570.99)	(273.07)	(312.22)	(319.71)	(328.38)	(181.65)	(222.18)	(168.09)	(225.29)	(103.49)	(3,338.86)
41920	BPA - Conservation Admin Fee	(836.87)	(16,239.28)	(3,712.20)	(198.10)	(23,402.04)	(30,336.08)	(9,549.27)	-	(18,801.80)	(8,480.09)	(34,727.61)	(37,491.08)	(183,774.42)
41921	BPA - Conservation Program (EEI)	(10,031.67)	(112,262.39)	(32,117.07)	(6,924.05)	(78,226.36)	(135,912.27)	(67,993.77)	(7,346.77)	(156,149.17)	(31,602.73)	(158,407.69)	(161,208.28)	(958,182.22)
41922	LSO Lighting	-	-	-	-	-	-	-	-	-	-	-	-	-
42100	Miscellaneous Revenue	-	(3,401.85)	-	-	-	-	-	(10.00)	-	-	-	-	(3,411.85)
42100	Other Operating Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
42100	Transfers From Industrial Development	-	-	-	-	-	-	-	-	-	-	-	-	-
43400	Insurance Recovery	-	-	-	-	-	-	-	-	-	-	-	-	-
43401	Bonneville Power Admin. REP Agreement	-	-	-	-	-	-	-	-	-	-	-	-	-
43902	Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
44000	Electric Utility Tax	(537,577.42)	(447,104.59)	(414,278.29)	(389,581.35)	(351,865.84)	(405,802.53)	(442,695.31)	(454,747.36)	(463,993.63)	(362,916.60)	(367,732.57)	(428,162.61)	(5,066,458.10)
44010	Energy: Residential	(3,444,996.20)	(2,409,573.03)	(2,235,420.48)	(1,914,955.41)	(1,584,283.90)	(1,928,874.07)	(2,107,623.54)	(2,154,768.44)	(2,240,649.95)	(1,461,169.15)	(1,723,351.96)	(2,337,176.93)	(25,542,843.06)
44210	General Service	-	-	772.74	-	-	-	-	630.65	-	-	-	-	1,403.39
44211	Small Gen Service	(494,651.44)	(477,127.77)	(429,486.81)	(400,263.16)	(435,731.94)	(548,053.49)	(453,450.68)	(493,596.08)	(484,219.55)	(425,624.31)	(365,710.63)	(467,613.32)	(5,475,529.18)
44212	Medium Gen Service	(646,718.24)	(692,793.48)	(623,541.38)	(721,796.14)	(502,873.51)	(639,695.01)	(692,089.76)	(719,113.74)	(727,335.93)	(649,839.59)	(580,027.30)	(638,826.77)	(7,834,650.85)
44213	Large Gen Service	(591,834.09)	(604,078.64)	(591,919.72)	(590,646.46)	(624,875.71)	(641,197.49)	(669,958.96)	(704,864.52)	(697,064.90)	(630,191.38)	(590,973.80)	(581,017.84)	(7,518,623.51)
44215	Cable TV Amp	(3,601.65)	(3,601.65)	(3,601.65)	(3,601.65)	(3,601.65)	(3,601.65)	(3,601.65)	(3,601.65)	(3,601.65)	(3,601.65)	(3,601.65)	(3,601.65)	(43,219.80)
44220	Large Commercial	-	-	-	-	-	-	-	-	-	-	-	-	-
44221	Small Industrial	(95,202.61)	(96,130.73)	(100,840.96)	(97,557.42)	(56,659.74)	(1,123.75)	(154,319.96)	(159,844.66)	(160,253.36)	(147,051.13)	(141,385.98)	(120,268.73)	(1,330,639.03)
44222	Large Industrial	(465,582.78)	(488,519.55)	(425,143.28)	(384,397.53)	(424,272.62)	(422,775.68)	(461,752.31)	(425,259.16)	(445,626.18)	(425,057.66)	(440,779.04)	(407,244.85)	(5,216,410.64)
44225	Large Irrigation	(1,179.87)	(1,155.18)	(2,602.26)	(31,085.46)	(103,170.08)	(129,748.84)	(166,453.40)	(177,471.62)	(177,329.91)	(108,755.76)	(65,139.95)	(7,328.93)	(971,421.26)
44230	Small Irrigation	(2,628.63)	(1,816.19)	(1,185.18)	(12,453.97)	(13,006.27)	(13,278.47)	(15,546.92)	(17,487.56)	(18,197.47)	(15,762.06)	(9,319.44)	(3,873.04)	(124,555.20)
44410	Street Lighting	(29,383.35)	(27,487.65)	(35,073.71)	(26,939.10)	(29,404.43)	(28,440.60)	(30,448.82)	(29,349.25)	(28,601.10)	(29,554.47)	(28,752.87)	(29,752.87)	(353,218.25)
44420	Traffic Lighting	(3,328.40)	(3,511.13)	(3,151.59)	(3,116.60)	(2,874.86)	(2,596.76)	(2,710.70)	(2,689.86)	(2,813.17)	(3,006.06)	(2,928.70)	(3,173.74)	(35,901.57)
44700	Sales for Resale	-	-	-	-	-	-	-	-	-	-	-	-	-
45100	Misc Service Revenue	(450.00)	(1,125.00)	(675.00)	(900.00)	(675.00)	-	225.00	125.69	-	-	-	(74,827.92)	(78,302.23)
45110	New Accounts	(4,470.00)	(5,310.00)	(6,345.00)	(6,165.00)	(6,375.00)	(7,635.00)	(9,000.00)	(5,430.00)	(8,640.00)	(6,180.00)	(3,135.00)	(7,170.00)	(75,855.00)
45112	Accounts Transfer Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
45120	Reimb Loan Service Fees	(1,132.60)	(896.00)	(1,573.00)	(1,997.92)	(1,133.00)	(2,811.00)	(1,980.00)	(1,347.00)	(749.00)	(462.00)	(924.00)	(642.00)	(15,647.52)
45121	Temp Service Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
45122	Permanent Service Fees	(14,112.80)	(11,364.75)	(19,964.50)	(16,675.40)	(14,291.77)	(12,983.69)	(12,910.35)	(23,206.06)	(13,342.90)	(23,491.80)	(15,073.00)	(12,750.00)	(190,167.02)
45123	Damages & Claims	(1,988.86)	(1,982.57)	4,875.98	-	(1,782.78)	-	-	-	-	-	-	-	878.23
45124	Rewires & Underground Conversion	(7,993.70)	(2,368.39)	(10,388.49)	(4,278.87)	(999.18)	(1,123.60)	(19,400.13)	(4,332.23)	-	(100.00)	(4,436.16)	-	(55,420.75)
45125	Facilities Fees	(8,880.38)	(2,830.25)	(127,641.47)	(62,236.57)	(15,949.55)	(60,988.52)	(76,537.07)	(8,770.46)	(5,035.77)	(9,589.29)	(8,032.02)	133,611.22	(252,880.13)
45126	Contributed Capital (NonCash)	-	-	-	-	-	-	-	-	-	-	-	(601,108.82)	(601,108.82)
45150	Disconnect/Reconnect Fees	(12,450.00)	(8,650.00)	(13,400.00)	(9,850.00)	(10,175.00)	(14,350.00)	(11,150.00)	(14,750.00)	(22,225.00)	(12,075.00)	(16,825.00)	425.00	(145,475.00)
45152	Operations Disconnect/Rec Fees	(150.00)	(299.08)	(250.00)	(200.00)	(300.00)	-	(363.38)	(250.00)	(300.00)	(150.00)	(300.00)	(623.86)	(3,186.32)
45154	Delinquent Account Fees	(17,819.55)	(17,172.73)	(17,769.62)	(16,995.00)	(18,533.08)	(17,270.61)	(14,310.00)	(19,635.00)	(18,123.75)	(19,500.00)	(15,870.00)	(16,219.36)	(209,218.70)
45160	Security Lights Contract	(12,066.36)	(10,744.95)	(11,713.51)	(11,334.25)	(10,750.14)	(12,313.14)	(11,131.47)	(11,409.69)	(12,690.33)	(10,700.11)	(10,421.89)	(13,073.52)	(138,349.36)
45170	Land Sales	-	-	-	-	-	-	-	-	(8,989.04)	-	-	-	(8,989.04)
45440	Pole Contacts-Telecable	-	-	-	-	-	-	-	-	-	(100,817.75)	15.25	4,692.20	(96,110.30)
45601	ECCBG/ARRA Grant Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
45602	BAB Federal Interest Subsidy	-	-	-	(96,889.68)	-	-	-	-	(96,889.68)	-	-	-	(193,779.36)
45610	Gain/Loss on Sale of Scrapped Assets	-	-	-	(31,455.54)	-	(12,650.34)	-	(6,498.00)	-	-	(16,547.99)	(5,438.75)	(72,590.62)
45629	Meter Reading Revenue	(18,530.26)	(18,473.33)	(16,900.71)	(18,034.60)	(17,046.20)	(23,240.68)	(17,698.04)	(20,118.23)	(16,151.53)	(17,136.26)	(16,641.70)	204,254.87	4,283.33
45630	Work For City Depts	(116,628.39)	(1,383.72)	-	-	(15,502.40)	(874.66)	-	-	(59,879.54)	(460,827.04)	(679.83)	(540,467.64)	(1,196,243.22)
45653	City Shops Rental	(26,320.50)	(26,320.50)	(26,320.50)	(26,320.50)	(26,320.50)	(26,320.50)	(26,320.50)	(26,320.50)	(26,320.50)	(26,320.50)	(26,320.50)	(26,320.50)	(315,846.00)
45654	Solar Project Land Lease	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>		<b>(6,592,904.57)</b>	<b>(5,521,144.27)</b>	<b>(5,172,292.26)</b>	<b>(4,905,434.05)</b>	<b>(4,392,876.57)</b>	<b>(5,161,511.24)</b>	<b>(5,503,453.74)</b>	<b>(5,512,210.35)</b>	<b>(5,934,438.53)</b>	<b>(5,010,957.60)</b>	<b>(4,665,314.05)</b>	<b>(6,153,861.41)</b>	<b>(64,526,398.64)</b>

