

Reading Municipal Light Department

RMLD FINANCIAL REVIEW

June 18, 2020

FINANCIAL HIGHLIGHTS CY2019

- CY 2019 ENDED AT 9.33% RATE OF RETURN – 1.33% over allowed 8%
- CY 2019 ENDED UNDER BUDGET
 - ❖ Annual budgeted emergencies based on past averages of storms fell underbudget due to continued mild weather trends which eliminated the additional costs of resources
 - RMLD storm overtime
 - Mutual aid
 - Tree trimming
 - Emergency supplies
 - Crane rentals
 - Additional equipment rental
 - ❖ Multiple vacancies within the Department
 - ❖ Energy Conservation resources and timing of projects
 - ❖ Diligence on finalizing construction jobs and bringing in the funds owed
 - ❖ Interest Income based on rate increases
- \$1,077,737 or 1.33% over 8% TRANSFERRED TO THE RATE STABILIZATION FUND
- THE RATE STABILIZATION FUND HELPS TO STABILIZE RATE FLUCTUATION

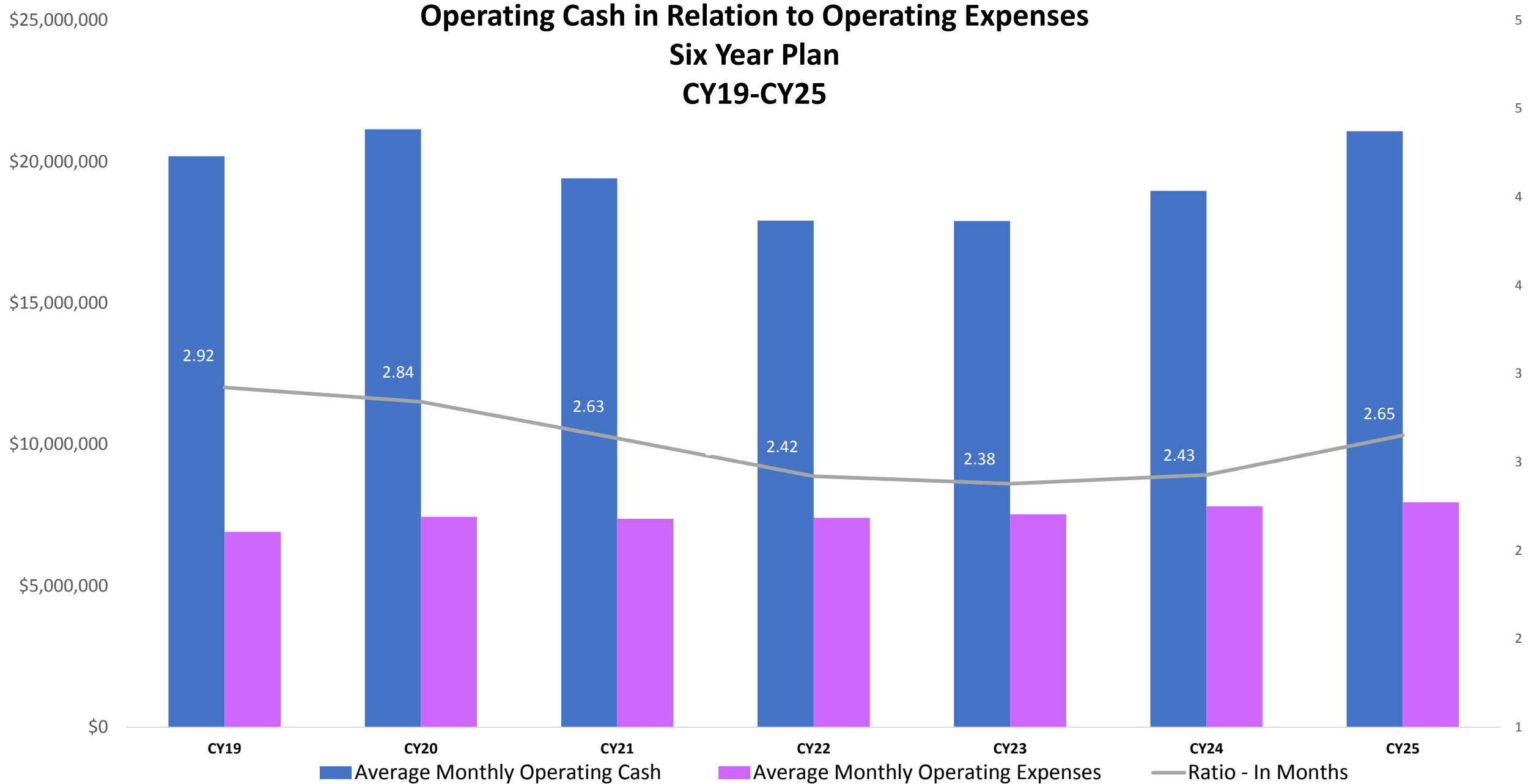
STRATEGIC PLANNING

- FINANCIAL STRATEGIC PLANNING FOR RE-FORECAST EFFORTS OF THE 6-YEAR PLAN BASED ON COVID AND ONGOING MILD WEATHER CONDITIONS - CONSIDERATIONS FOR BALANCING:
 - ❖ Base Revenue impact
 - ❖ Rate of Return – between 4% to 6%
 - ❖ Funding Below-the-line Town of Reading obligation
 - ❖ Funding Capital Projects with Operating Fund transfers
 - ❖ Maintaining the Operating Fund at 2 to 3 months of available cash per monthly average of operating expenses
 - ❖ Rate Stabilization Fund balance
 - ❖ Rate increase to customers
- RMLD WILL SUPPLEMENT THE ENTIRE RE-FORECASTED BASE RATE INCREASE OF 7.7% IN CY21 WITH RATE STABILIZATION FUNDS OF \$2M
- RMLD WILL CONTINUE TO SUPPLEMENT A PORTION OF BASE RATE INCREASES FOR YEARS CY22 AND CY23
- RMLD WILL CONTINUE TO STAY ON TARGET FOR CAPITAL PROJECTS

Operating Cash in Relation to Operating Expenses

Six Year Plan

CY19-CY25

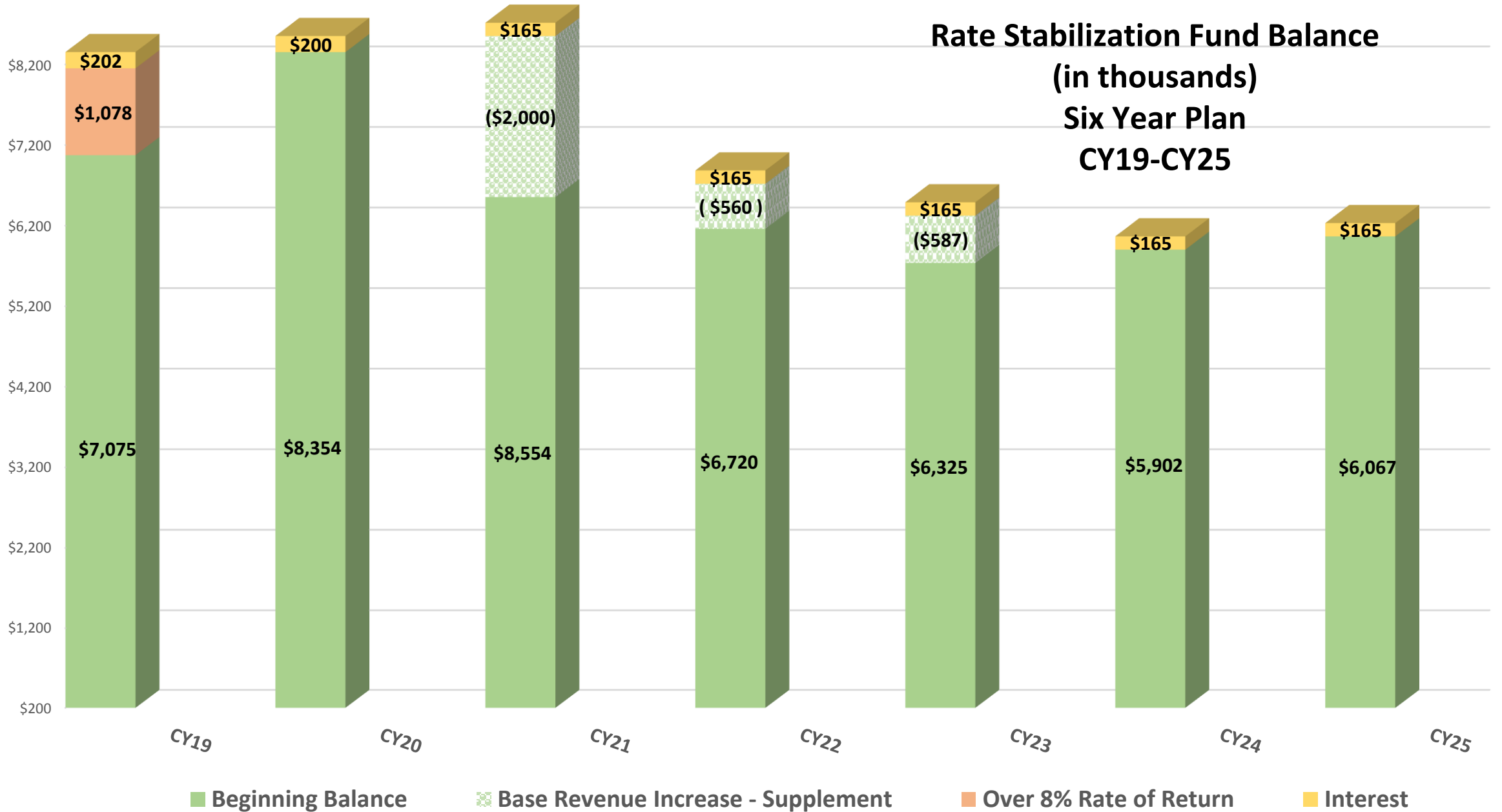


■ Average Monthly Operating Cash

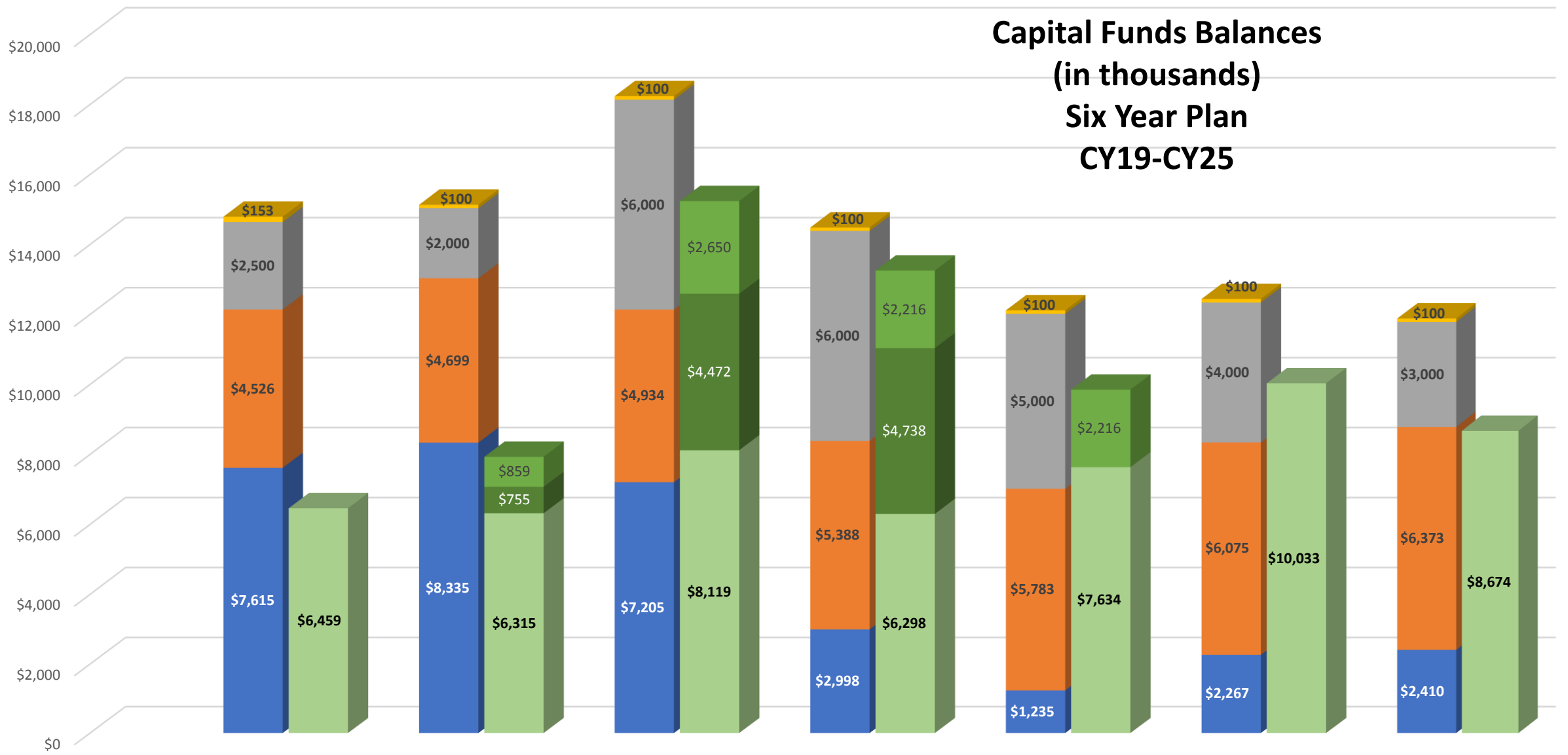
■ Average Monthly Operating Expenses

— Ratio - In Months

Rate Stabilization Fund Balance (in thousands) Six Year Plan CY19-CY25



Capital Funds Balances (in thousands) Six Year Plan CY19-CY25



- Beginning Balance
- Depreciation
- Operating Fund Transfers
- Other Additions
- Capital Improvement Other
- Capital Improvement Wilmington Sub
- Capital Improvement Meters