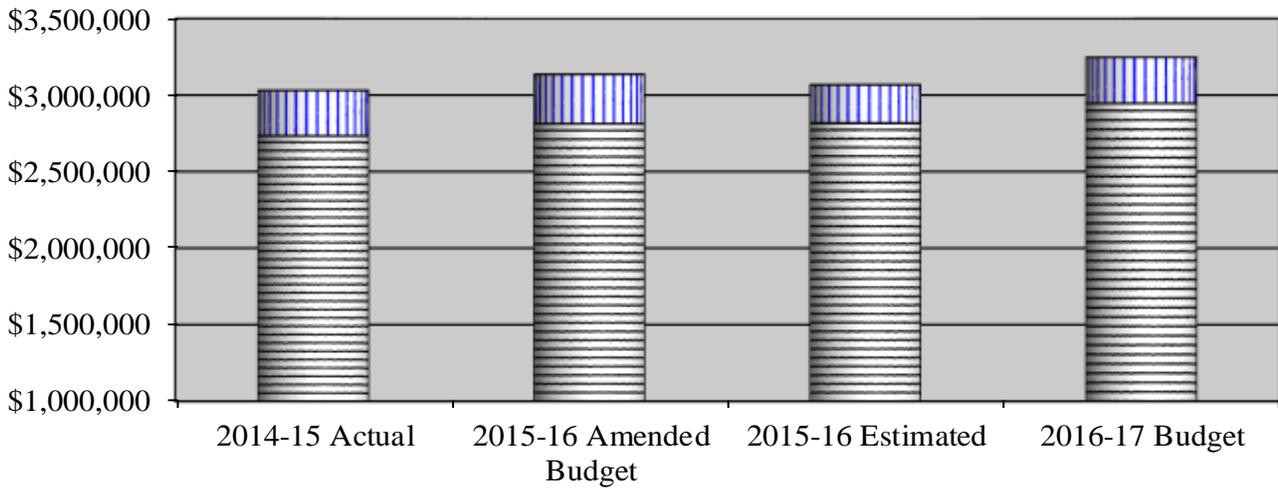


**UTILITY ADMINISTRATION FUND
REVENUE SUMMARY**

| Sources | 2014-15 Actual | 2015-16 Amended Budget | 2015-16 Estimated | 2016-17 Budget |
|--------------------------------|---------------------|------------------------------|----------------------|---------------------|
| Charges for Sales and Services | \$ 2,733,208 | \$ 2,811,769 | \$ 2,815,652 | \$ 2,945,249 |
| Other Revenues | 635 | 720 | 1,193 | 1,186 |
| Other Financing Sources | 296,226 | 322,853 | 250,000 | 300,000 |
| Total | \$ 3,030,069 | \$ 3,135,342 | \$ 3,066,845 | \$ 3,246,435 |



| | |
|----------------------------------|--------------------------------|
| ▣ Charges for Sales and Services | ▣ Other Revenues |
| ▣ Other Financing Sources | ▣ Restricted Intergovernmental |

**PUBLIC UTILITIES ADMINISTRATION DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Public Utilities Administration Department is to account for administrative supervisory and overhead costs, which are shared by the Electric, Natural Gas, Warehouse, Marketing, Customer Service, Billing and Utility Meter Technician utility departments and support functions. This department also includes the Utilities Commission, which acts as an advisory board by monitoring operational activities of the City’s utilities, reporting findings and making recommendations for approval to the City Council on a monthly basis.

2016-17 Objectives:

- Enhance supervisory oversight of utility functions to produce cost savings and efficiencies
- Promote growth of the utility customer base by aggressively marketing utility services
- Continue to advocate system growth to meet the goals of the financial and business plans, including building of cash reserves to ensure financial stability
- Pursue new technology that will improve organizational efficiency
- Support funding for utility capital improvement projects to improve reliability issues in all utilities
- Maintain a strong working relationship with Davidson County Economic Development Commission
- Enhance utility energy services via key customer accounts, Natural Gas Vehicles (NGVs), energy efficiency and audit programs
- Enhance department administrative efficiency by better managing common functions
- To update internal service department cost allocations annually based on services provided to other city departments
- To account for health and life insurance for utility retirees
- Make recommendations with regard to annual budget, rate changes, as well as utility based contracts and bids so as to reduce the burden placed on the City Council
- Provide forum for customer complaints, appeals on customer utility issues, extensions and billing

Budget Summary:

| Expenditure Summary | 2014-15 Actual | 2015-16 Amended Budget | 2015-16 Estimated | 2016-17 Budget |
|----------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 577,891 | \$ 520,115 | \$ 504,722 | \$ 606,350 |
| Operations | 193,909 | 246,509 | 235,550 | 259,651 |
| Debt Service | - | 125,634 | - | 229,897 |
| Other Financing Uses | 296,226 | 250,000 | 250,000 | - |
| Total | \$ 1,068,026 | \$ 1,142,258 | \$ 990,272 | \$ 1,095,898 |

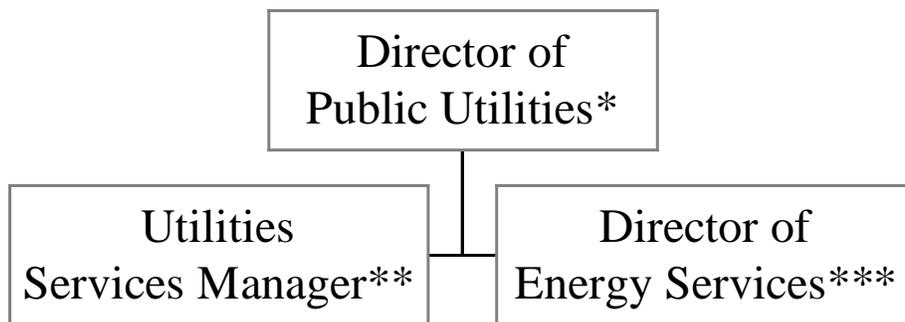
**PUBLIC UTILITIES ADMINISTRATION DEPARTMENT
INTERNAL SERVICE FUND**

| Personnel Positions | 2014-15 Authorized | 2015-16 Authorized | 2016-17 Authorized | 2016-17 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 3 | 3 | 3 | 3 |
| Board Members | 5 | 5 | 5 | 5 |

Capital Outlay: None.



City of Lexington Public Utilities Administration



*Director of Public Utilities funded in Public Utilities Administration but provides leadership over the following departments: Electric, Natural Gas, Public Utilities Administration, Customer Service, Warehousing, Meter Reading and Marketing.

**Utilities Services Manager funded in Public Utilities Administration but provides leadership over the departments of Natural Gas and Marketing.

***Director of Energy Services funded in Public Utilities Administration but provides leadership over the departments of Customer Service and Meter Reading.

**CUSTOMER SERVICE DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department's Purpose:

The purpose of the Customer Service Department is to assist customers with utility service, answer utility questions, facilitate bill payment and provide for timely billings, while concentrating at all times on quality customer service.

Departmental Functions:

Answer incoming lines for all departments and maintain city-wide phone system, processing of all City receivables including bank drafts and online payments, debt setoff program, utility billing, payment arrangements, connection and disconnection of service, answering of bill questions, automated outage reporting and key account program.

2016-17 Objectives:

- Provide 100% on time and accurate billing
- Keep satisfaction level at or above 95% based on survey response
- Maintain collection level of 99.3%
- Increase efficiency through the use of innovative ideas and technology such as online energy audits, online service requests, automated phone payments and offsite kiosk

Performance Measures Summary:

| Measures | FY 12-13 | FY 13-14 | FY 14-15 |
|---|----------|----------|----------|
| # of dept. employees | 13 | 13 | 13 |
| # of bills/month | 22,754 | 22,900 | 23,195 |
| Cost of generating a bill (includes labor) | \$0.78 | \$0.80 | \$0.70 |
| # of walk-in payments | 105,914 | 109,887 | 104,577 |
| # of dr/cr card payments | 13,759 | 18,533 | 21,069 |
| # of web payments | 29,495 | 38,405 | 46,830 |
| # of automated phone payments | 20,374 | 12,328 | 13,528 |
| # of pay arrangements | 26,039 | 26,459 | 25,271 |
| # of disconnect notices processed/month | 5,498 | 6,212 | 5,044 |

**CUSTOMER SERVICE DEPARTMENT
INTERNAL SERVICE FUND**

Budget Summary:

| Expenditure Summary | 2014-15 Actual | 2015-16 Amended Budget | 2015-16 Estimated | 2016-17 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 581,977 | \$ 705,445 | \$ 671,516 | \$ 733,765 |
| Operations | 365,010 | 339,646 | 321,418 | 474,729 |
| Capital Outlay | - | 43,353 | 43,353 | 8,000 |
| Total | \$ 946,987 | \$ 1,088,444 | \$ 1,036,287 | \$ 1,216,494 |

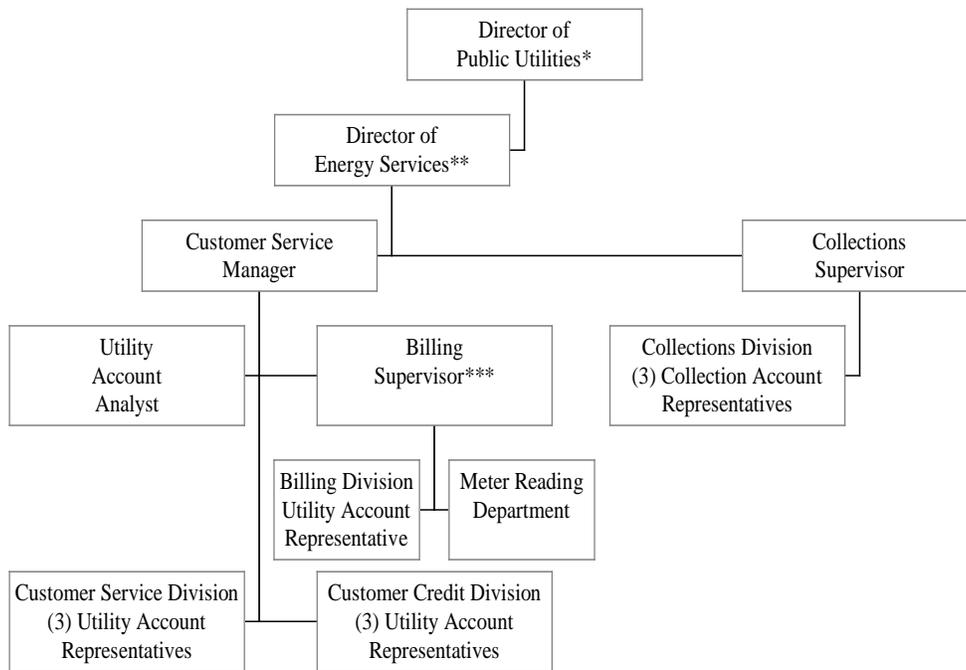
| Personnel Positions | 2014-15 Authorized | 2015-16 Authorized | 2016-17 Authorized | 2016-17 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 13 | 14 | 14 | 14 |

Capital Outlay:

| Item | New/Replacement | 2016-17 Budget |
|----------------------------------|-----------------|-------------------|
| Outage Management Server Upgrade | R | \$ 8,000 |
| Total | | <u>\$ 8,000</u> |



City of Lexington Customer Service



*Director of Public Utilities funded in Public Utilities Administration but provides leadership over the following departments: Electric, Natural Gas, Public Utilities Administration, Customer Service, Warehousing, Meter Reading and Marketing.

**Director of Energy Services funded in Public Utilities Administration but provides leadership over the departments of Customer Service and Meter Reading

***Billing Supervisor funded in Customer Service but provides direct supervision over the Utility Services Technicians and Meter Reader.

**WAREHOUSING DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department's Purpose:

The purpose of the Warehousing Department is to act as a central purchasing and warehousing operation for Electric, Natural Gas and the Public Works division of the Water and Wastewater utilities; and to maintain materials and equipment in support of utilities maintenance and construction projects.

Departmental Functions:

- Purchase all material for Natural Gas, Electric and Public Works
- Maintain adequate inventory levels for all three utilities
- Send quotations out for best pricing for all three utilities
- Review inventory levels and identify minimum reorder quantities
- Maintain clean and safe warehouses
- Monitor remote site, the Young Drive storage yard, for accurate inventory levels
- Dispose of PCB transformers and maintain required records

2016-17 Objectives:

- Complete and move to new Warehouse
- Reorganize and efficiently utilize the outside storage area at the central warehouse
- Continue training new employees in regard to receiving, storing, issuing and accountability
- Continue safe, accident-free and injury-free daily operations

Performance Measures Summary:

| Measures | FY 12-13 | FY 13-14 | FY 14-15 |
|---|----------------|---------------|---------------|
| # of dept. employees | 3 | 2 | 2 |
| \$ value of inventory | \$2.08 Million | \$2.3 Million | \$2.2 Million |
| # of inventory items | 1,944 | 2,097 | 2,138 |
| # of departments served | 3 | 3 | 3 |
| # of pick tickets or work orders/year | 850 | 990 | 802 |
| # of pick tickets or work orders/employee | 283 | 495 | 401 |

**WAREHOUSING DEPARTMENT
INTERNAL SERVICE FUND**

Budget Summary:

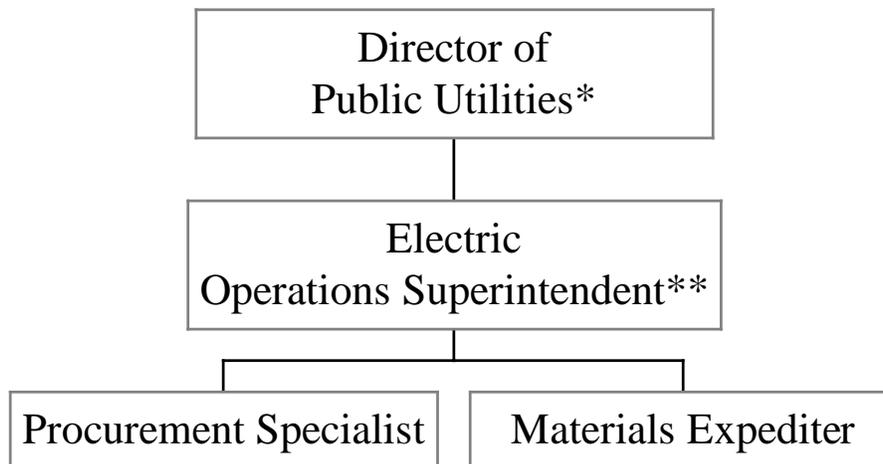
| Expenditure Summary | 2014-15 Actual | 2015-16 Amended Budget | 2015-16 Estimated | 2016-17 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 142,929 | \$ 134,222 | \$ 126,292 | \$ 143,516 |
| Operations | 15,968 | 14,875 | 15,229 | 14,903 |
| Total | \$ 158,897 | \$ 149,097 | \$ 141,521 | \$ 158,419 |

| Personnel Positions | 2014-15 Authorized | 2015-16 Authorized | 2016-17 Authorized | 2016-17 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 2 | 2 | 2 | 2 |

Capital Outlay: None.



City of Lexington Warehousing



*Director of Public Utilities funded in Public Utilities Administration but provides leadership over the following departments: Electric, Natural Gas, Public Utilities Administration, Customer Service, Warehousing, Meter Reading and Marketing.

**Electric Operations Superintendent funded in Electric but provides leadership over Warehousing.

**METER READING DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Meter Reading Department is to inspect and read all utility meters as scheduled, handle move-in and move-out service orders while providing excellent in-field customer service.

Departmental Functions:

Meter reading, non-pay disconnections, connect and disconnect services, notification of water leaks, medical alert, neighborhood watch and pulling and setting meters.

2016-17 Objectives:

- Provide accuracy levels of at least 99.5% on readings
- Continue to notify customers of consumption increases or irregularities
- Provide educated responses to customer questions in the field
- Increase value added services through quicker response times with Automated Meter Reading (AMR) implementation
- Cross train throughout the City to broaden knowledge with “valued employee” concept in mind

Performance Measures Summary:

| Measures | FY 12-13 | FY 13-14 | FY 14-15 |
|--|----------|----------|----------|
| # of employees reading meters | 2 | 2 | 4 |
| # of employees dedicated to disconnects, cut-offs, cut-ons | 2 | 2 | 4 |
| # of AMR meters | 40,165 | 40,176 | 40,816 |
| # of non-AMR meters | 417 | 315 | 267 |
| Non-AMR meters read per employee | 209 | 80 | 66 |
| # of disconnects per year for non-payment | 4,456 | 4,105 | 4,630 |

**METER READING DEPARTMENT
INTERNAL SERVICE FUND**

Budget Summary:

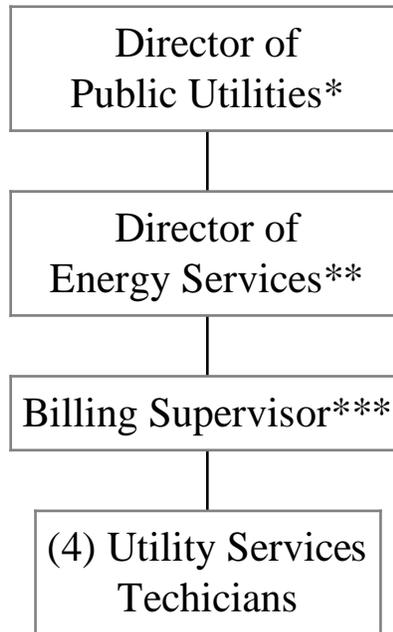
| Expenditure Summary | 2014-15 Actual | 2015-16 Amended Budget | 2015-16 Estimated | 2016-17 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 200,317 | \$ 159,194 | \$ 149,802 | \$ 178,552 |
| Operations | 36,996 | 49,367 | 39,248 | 52,259 |
| Capital Outlay | - | 29,500 | 29,500 | - |
| Total | \$ 237,313 | \$ 238,061 | \$ 218,550 | \$ 230,811 |

| Personnel Positions | 2013-14 Authorized | 2015-16 Authorized | 2016-17 Authorized | 2016-17 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 4 | 4 | 4 | 4 |

Capital Outlay: None.



City of Lexington Meter Reading



*Director of Public Utilities funded in Public Utilities Administration but provides leadership over the following departments: Electric, Natural Gas, Public Utilities Administration, Customer Service, Warehousing, Meter Reading and Marketing.

**Director of Energy Services funded in Public Utilities Administration but provides leadership over the departments of Customer Service and Meter Reading.

***Billing Supervisor funded in Customer Service but provides direct supervision over the Utility Services Technicians and Meter Reader.

**MARKETING DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Marketing Department is to promote Lexington Utilities to existing and potential customers.

Departmental Functions:

- Electric and Natural Gas Sales & Marketing
- Awareness through festivals, events, and individual contact
- Public awareness through school visits
- Energy audits
- Energy conservation
- Utility incentive rebates
- Utility advertisements – TV, radio, newspapers, magazines, internet and sponsorships

2016-17 Objectives:

- Promote growth of the Lexington Utilities customer base
- Market Electric to new subdivisions and businesses
- Market natural gas service to potential customers in emerging markets
- Market natural gas “infill” to grow base
- Provide incentive rebates to customers
- Improve safety awareness program for schools and community organizations
- Explore new avenues of marketing our utilities to help generate revenues

Performance Measures Summary:

| Measures | FY 12-13 | FY 13-14 | FY 14-15 |
|--|-----------|-----------|-----------|
| # of staff hours dedicated to marketing/week | 70 | 80 | 80 |
| Advertising budget | \$147,300 | \$181,132 | \$195,187 |
| Water heater rebates | \$29,700 | \$36,900 | \$41,250 |
| Heat pump rebates | \$35,450 | \$84,650 | \$60,000 |
| Natural Gas incentives | \$60,250 | \$51,400 | \$42,350 |
| New Electric customers | 50 | 131 | 120 |
| New Natural Gas customers | 154 | 138 | 296 |

**MARKETING DEPARTMENT
INTERNAL SERVICE FUND**

Budget Summary:

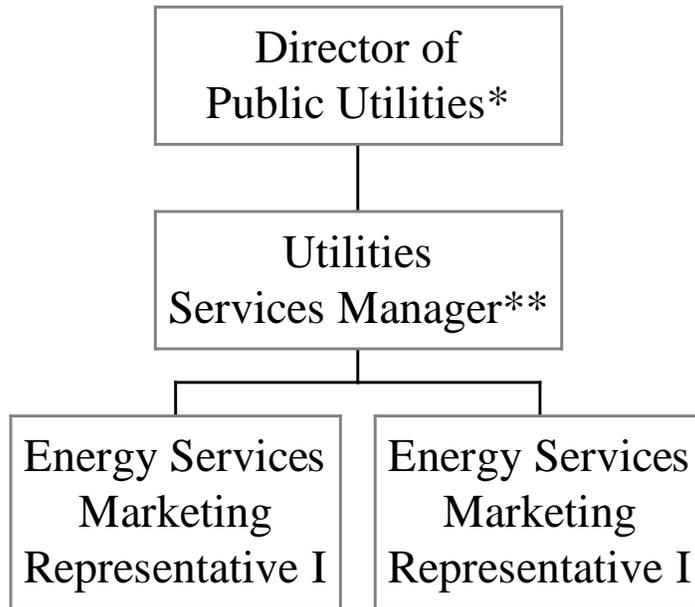
| Expenditure Summary | 2014-15 Actual | 2015-16 Amended Budget | 2015-16 Estimated | 2016-17 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 114,847 | \$ 118,916 | \$ 110,232 | \$ 121,816 |
| Operations | 326,431 | 398,566 | 341,030 | 422,997 |
| Capital Outlay | - | - | - | - |
| Total | \$ 441,278 | \$ 517,482 | \$ 451,262 | \$ 544,813 |

| Personnel Positions | 2014-15 Authorized | 2015-16 Authorized | 2016-17 Authorized | 2016-17 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 2 | 2 | 2 | 2 |

Capital Outlay: None.



City of Lexington Marketing



*Director of Public Utilities funded in Public Utilities Administration but provides leadership over the following departments: Electric, Natural Gas, Public Utilities Administration, Customer Service, Warehousing, Meter Reading and Marketing.

**Utilities Services Manager funded in Public Utilities Administration but provides leadership over the departments of Natural Gas and Marketing.