



Carson Power Plant



Campbell Power Plant



Cosumnes Power Plant



Procter & Gamble Power Plant



McClellan Power Plant

2024 Budget Sacramento Municipal Utility District Financing Authority



SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY
P.O. Box 15830, Sacramento, CA 95852-1830

November 08, 2023
SFA JPA 23-002

TO: DISTRIBUTION

SUBJECT: 2024 PROPOSED JPA BUDGETS (as follows):
SFA – Cosumnes Power Plant Budget
SFA – Campbell Power Plant Budget (includes McClellan Power Plant)
SFA – Procter & Gamble Power Plant Budget
SFA – Carson Power Plant Budget

We are pleased to present the proposed 2024 Operating Budgets for the Sacramento Municipal Utility District Financing Authority (SFA). These budgets represent the anticipated expenses for the operation of the SFA Fleet.

The Operating Budgets for SFA for the period of January 1, 2024 to December 31, 2024, totals \$305,828,000 for Operations & Maintenance, \$13,097,000 for Administrative & General, \$17,760,000 for Principal & Interest and \$7,625,000 for Capital Expenditures. The Budgets' assumptions and supporting financial schedules are included for your information and review. Should you have any questions regarding these proposed 2024 Operating Budgets, please don't hesitate to contact me at (916) 732-6139.

Sincerely,

Pedro Juarez Digitally signed by Pedro Juarez
Date: 2023.10.16
08:48:05 -07'00'

Pedro Juarez
Manager, Thermal Generation Assets

SFA THERMAL FLEET

The Sacramento Municipal Utility District Financing Authority (SFA) is a Joint Powers Agency (JPA) formed by Sacramento Municipal Utility District (SMUD) and currently consists of five separate thermal plants: Campbell Power Plant, Carson Power Plant, Cosumnes Power Plant, McClellan Power Plant, and Procter & Gamble Power Plant. On November 1, 2021, these plants transferred individual JPA ownerships to SFA.

CAMPBELL POWER PLANT / MCCLELLAN POWER PLANT

The plant is located at 3215 47th Avenue, Sacramento, CA. The plant consists of a 160 MW clean-burning gas-fired combined cycle turbine generator unit. Besides electricity, the plant can generate steam, which could be sold to a suitable steam host. The plant's original steam host, Campbell Soup Supply Company, closed their factory in 2013 and no suitable replacement has been identified. The plant burns natural gas, which is supplied through natural gas pipelines owned and operated by SMUD. SMUD has designed and built transmission and telecommunications facilities to integrate the plant into SMUD's electrical system.

On May 11, 2007, the McClellan Gas Turbine (McClellan) facility was acquired through an Asset Sales Agreement. At that time, the operation and maintenance of McClellan became a secondary function of Campbell Power Plant. The McClellan gas turbine is a 72 MW simple cycle combustion turbine with both fast and black start capabilities. McClellan has been in commercial operation at the McClellan business park in Sacramento County since 1986. All electricity produced by McClellan is sold to SMUD.

CARSON POWER PLANT

The plant is a cogeneration plant located adjacent to the wastewater treatment plant, a subsidiary of Sacramento Regional County Sanitation District (SRCSD) in southern Sacramento County. The plant consists of one clean-burning gas-fired combined cycle gas turbine generator unit, one steam turbine generator unit, and one simple cycle gas turbine for a combined capacity of 107.5 MW. Besides electricity, the plant generates steam that is sold to SRCSD and an adjacent ice producing facility owned by the Glacier Valley Ice Company (Glacier Ice). The units are permitted to burn both digester gas from SRCSD facility, which was previously flared, and natural gas. SMUD has designed and built transmission and telecommunications facilities to integrate the plant into SMUD's electrical system. Since January 2012, Carson Power Plant has been cleaning the digester gas it receives from SRCSD to pipeline quality and selling it to SMUD for use in the Cosumnes Power Plant, where it can be used more efficiently.

COSUMNES POWER PLANT

Cosumnes is located on a property adjacent to the decommissioned Rancho Seco Nuclear Generating Station near the town of Herald, in the County of Sacramento. The plant consists of two ultra-low emissions, F-class, high efficiency gas-fired combined cycle gas turbine generator units, two heat recovery boilers, and one steam turbine generator unit with a combined, net capacity of 602 MW. The plant burns natural gas, which is supplied through a natural gas pipeline owned and operated by SMUD. SMUD has designed and built transmission and telecommunications facilities to integrate the plant into SMUD's electrical system.

PROCTER & GAMBLE POWER PLANT

The Procter & Gamble Power Plant is located adjacent to the Procter & Gamble Manufacturing Company (Procter & Gamble) in Sacramento County. The plant consists of two clean-burning gas-fired combined cycle gas turbine generator units, one steam turbine generator unit, and one simple cycle gas turbine for a combined capacity of 190.3 MW. Besides electricity, the plant generates steam, which is sold to Procter & Gamble. The plant burns natural gas, which is supplied through a natural gas pipeline owned and operated by SMUD. SMUD has designed and built transmission and telecommunications facilities to integrate the plant into SMUD's electrical system.

SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY
BUDGET SUMMARY
Dollars in Thousands

	2023	2024	NET CHANGE
	PLANT TOTAL	PLANT TOTAL	
GENERATION (MWh)	5,156,103	6,322,212	23%
FUEL			
Combined Cycle Gas Expenses	\$ 135,699	\$ 218,910	61%
Combined Cycle Biogas Expense	46,852	29,742	-37%
Peaker Plant Gas Expenses	2,069	2,567	24%
Digester Gas for Resale	1,292	1,501	16%
Auxiliary Boiler Fuel Costs	353	314	-11%
TOTAL FUEL EXPENSES	186,265	253,034	36%
OPERATIONS & MAINTENANCE			
Operator Fees & Bonuses	14,564	15,024	3%
Operator Reimbursable Expenses	17,360	17,698	2%
Operating Expenses	13,246	19,536	47%
Other Expenses	427	537	26%
TOTAL OPERATIONS & MAINTENANCE	45,597	52,795	16%
TOTAL OPERATING EXPENSES	231,862	305,829	32%
ADMINISTRATIVE & GENERAL			
SMUD Labor	1,571	1,528	-3%
Outside Services	173	127	-27%
Insurance	6,884	11,442	66%
TOTAL ADMINISTRATIVE & GENERAL	8,628	13,097	52%
INTEREST EXPENSE			
Interest on Bonds	4,441	4,067	-8%
DEBT SERVICE PRINCIPAL REPAYMENT			
Principal Repayment	7,480	13,693	45%
TOTAL PRINCIPAL & INTEREST	11,921	17,760	49%
CAPITAL EXPENDITURES			
Capital Improvements	20,758	7,625	-63%
TOTAL CAPITAL EXPENDITURES	20,758	7,625	-63%

2024 SFA – Thermal Fleet Budget

The 2024 SFA – Thermal Fleet Budget covers the expected financial operations of all the thermal plants. These budgets represent expenses to be incurred and/or paid by SFA in 2024 while running and conducting the business of each plant. The second part of the budget lists capital and other expenditures proposed for 2024. Also included in this document is a pro forma financial statement. This statement incorporates SFA revenues and non-cash expenses such as depreciation to show the complete financial results of operations for the year.

The operation of SFA is governed by a series of agreements, among the JPA members and outside parties. A description of these agreements follows:

JOINT POWERS AGREEMENT, SMUD will provide technical and administrative services for SFA pursuant to the Power Purchase Agreement (PPA), as SFA has no employees. The SFA Board consists primarily of the SMUD Board with one non-voting member representing Modesto Irrigation District (MID).

POWER PURCHASE AGREEMENT (PPA) between SMUD and SFA. SFA has agreed to sell to SMUD and SMUD has agreed to purchase the energy and capacity from the Thermal Fleet. SMUD will pay SFA for its costs whether the plants are operating or not. This agreement will be in effect until terminated by SMUD, but in no case before the bonds for Cosumnes Power Plant is paid in full. This agreement covers the terms of how the fleet will be operated (SMUD will dispatch) and the calculation of payments from SMUD to SFA for operation of the plants.

GAS SUPPLY AGREEMENT (GSA) between SMUD and SFA. SMUD will arrange for all-natural gas supply and transportation requirements for the SFA, and SMUD will charge SFA for SMUD's actual supply and transportation costs properly allocable to each plant.

WATER SUPPLY AGREEMENT between SMUD and SFA covers the terms under which SMUD supplies all water to the Cosumnes Power Plant.

OPERATIONS & MANAGEMENT AGREEMENT (O&M AGREEMENT) between SFA and Ethos Energy Power Plant Services (Ethos), the plant operator. SFA has contracted with Ethos to operate, repair, overhaul and maintain the thermal fleet for a five-year term effective January 1, 2016, in exchange for payments tied to specified plant performance standards. On August 21, 2020, SFA exercised a one-sided renewal clause extending the agreement for a second five-year term.

GROUND LEASE AGREEMENT between SMUD and SFA covers the terms of SFA's ground lease for the property on which the plants are located.

INDENTURE OF TRUST (INDENTURE) between SFA – Cosumnes Power Plant and U.S. Bank National Association. This agreement covers the terms and conditions of the Trust Estate executed on behalf of the bondholders. It secures and pledges revenues to the payment of principal and interest on the bonds and ensures compliance by SFA with all covenants contained therein.

COMMODITY AGREEMENT between SFA – Carson Power Plant and SRCSD. This agreement covers the terms and conditions of the sale of digester gas from the SRCSD to SFA and the sale of steam from SFA to SRCSD.

THERMAL ENERGY SALES AND SUBLEASE AGREEMENT between SFA – Carson Power Plant and Glacier Ice. This agreement covers the terms and conditions of energy sales from SFA to Glacier Ice. In September 2016, the second amendment to this agreement was signed wherein SFA replaced the steam driven

refrigeration equipment with electrically driven motors. The electrification project was completed in February 2017.

STEAM SALES AGREEMENT between SMUD and Procter & Gamble, and Steam Services Agreement assigning SMUD's rights to SFA. These agreements cover the terms and conditions of steam sales from SFA to Procter & Gamble.

NATURAL GAS PRICES are based on SMUD's actual costs obligated to firm natural gas purchases and estimates for the non-firm portion prepared by SMUD's Energy Trading & Contracts group. The variable rate is based on the latest available Petroleum Industry Research Associates forecast of commodity prices by month for 2024, plus 3.2% fuel use. The fixed component represents SFA's pro rata share of fixed capacity costs on the Alberta Gas Company/NOVA Corporation of Alberta/Pacific Gas Transmission Company (ANG/NOVA/PGT) interstate pipelines, and its pro rata share of depreciation, interest, and O&M costs on SMUD's ownership interest in the Pacific Gas & Electric (PG&E) Line 300/401 interstate pipeline and SMUD's local gas pipeline. The monthly prices are shown on the Operating Assumptions page.

FIXED OPERATING FEE to be paid from SFA to Ethos is based on the flat annual base operating fee per the O&M Agreement. This payment is assumed to cover all direct and indirect labor costs, including benefits, taxes, insurance, home office support, management and supervision incurred by Ethos. This payment escalates in future years at 2.5% per year in accordance with the existing O&M Agreement.

REIMBURSABLE & MAINTENANCE OVERHAUL OPERATING COSTS to be paid from SFA to Ethos are based on estimated variable plant operating costs, excluding fuel, to be incurred by Ethos in 2024.

2024 SFA – THERMAL FLEET BUDGET

LINE-ITEM DETAIL

FUEL

This schedule shows details of the budgeted expenses for fuel to be burned at each plant.

OPERATION & MAINTENANCE

- **OPERATOR FEES & BONUSES:** The budget for operator fees and plant operating expenses represent fees to be paid to Ethos under the terms of the O&M Agreement, plus actual plant operating expenses incurred by Ethos and reimbursed from SFA without markup. The budget shows the portion paid to Ethos as an operation and maintenance expense. Under the terms of the O&M Agreement, Ethos is reimbursed for all plant operating and maintenance expenses. Ethos will earn performance bonuses under the O&M Agreement if the combined cycle Equivalent Forced Outage Factor is less than five percent (5%). Ethos will also earn bonuses for maintaining a peaking plant successful call-up ratio based on how successfully the unit starts and generates electricity when needed. The 2024 budget assumes that Ethos will successfully earn these bonuses.
- **OPERATOR REIMBURSEABLE EXPENSES:** Under the terms of the O&M Agreement and PPA, various tests (heat rate, NDC, etc.) of plant operations may be required by SMUD or SFA during the year. This line item covers the estimated reimbursement to Ethos for performing such tests, or for other items not covered by the O&M Agreement.
- **OPERATING EXPENSES:** This represents the estimated cost of various expenses required to keep the plants within operational expectations. This includes Water/Sewage, Station Service Electricity, and the Site Lease.

ADMINISTRATION & GENERAL COSTS

Under the terms of the JPA, SMUD will provide staff to perform administrative and technical support services to SFA and arrange for insurance coverage, and SMUD will be reimbursed for the cost of providing these services subject to available funds per the priority of distribution of SFA revenues. SMUD will contract with engineering specialists to assist in technical engineering and regulatory compliance issues which arise during operation. Also, SFA retains the services of an Independent Auditor to audit and certify the SFA financial statements and evaluate internal controls applicable to SFA.

SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY
BUDGET SUMMARY
Dollars in Thousands

	2023	2024				PLANT TOTAL	NET CHANGE
	PLANT TOTAL	CAMPBELL	CARSON	COSUMNES	PROCTER & GAMBLE		
GENERATION (MWh)	5,156,103	951,079	429,135	4,177,740	764,258	6,322,212	23%
FUEL							
Combined Cycle Gas Expenses	\$ 135,699	\$ 40,741	\$ 18,619	\$ 130,567	\$ 28,983	\$ 218,910	61%
Combined Cycle Biogas Expense	46,852			29,742		29,742	-37%
Peaker Plant Gas Expenses	2,069				2,567	2,567	24%
Digester Gas for Resale	1,292		1,501			1,501	16%
Auxiliary Boiler Fuel Costs	353				314	314	-11%
TOTAL FUEL EXPENSES	186,265	40,741	20,120	160,309	31,864	253,034	36%
OPERATIONS & MAINTENANCE							
Operator Fees & Bonuses	14,564	3,868	2,410	4,989	3,757	15,024	3%
Operator Reimbursable Expenses	17,360	4,123	2,831	7,210	3,534	17,698	2%
Operating Expenses	13,246	2,254	4,764	5,015	7,503	19,536	47%
Other Expenses	427	197	34	147	159	537	26%
TOTAL OPERATIONS & MAINTENANCE	45,597	10,442	10,039	17,361	14,953	52,795	16%
TOTAL OPERATING EXPENSES	231,862	51,183	30,159	177,670	46,817	305,829	32%
ADMINISTRATIVE & GENERAL							
SMUD Labor	1,571	269	340	612	307	1,528	-3%
Outside Services	173	28	4	77	18	127	-27%
Insurance	6,884	2,409	2,007	4,417	2,609	11,442	66%
TOTAL ADMINISTRATIVE & GENERAL	8,628	2,706	2,351	5,106	2,934	13,097	52%
INTEREST EXPENSE							
Interest on Bonds	4,441			4,067		4,067	-8%
DEBT SERVICE PRINCIPAL REPAYMENT							
Principal Repayment	7,480			13,693		13,693	45%
TOTAL PRINCIPAL & INTEREST	11,921			17,760		17,760	49%
CAPITAL EXPENDITURES							
Capital Improvements	20,758	-	350	7,125	150	7,625	-63%
TOTAL CAPITAL EXPENDITURES	20,758	-	350	7,125	150	7,625	-63%

**SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY
2024 CAPITAL EXPENDITURES
(Dollars in Thousands)**

	<u>CAMPBELL</u>	<u>CARSON</u>	<u>COSUMNES</u>	<u>PROCTER & GAMBLE</u>	<u>TOTAL</u>
CAPITAL EXPENSES					
SCR Nox/Catalyst		\$ 350			\$ 350
MKVI HMI Upgrade				\$ 150	\$ 150
DCS Control Upgrade			\$ 200		\$ 200
CT Rotor LTE			\$ 2,000		\$ 2,000
PRV Upgrade			\$ 675		\$ 675
Unit 3 Hot Reheat Bypass Replacement			\$ 2,500		\$ 2,500
CT Hardware CA and Repair			\$ 1,000		\$ 1,000
FSC MCC Upgrade			\$ 300		\$ 300
Sample Lab			\$ 250		\$ 250
A/C Swaps			\$ 200		\$ 200
TOTAL CAPITAL EXPENSES	\$ -	\$ 350	\$ 7,125	\$ 150	\$ 7,625

2024 SFA BUDGET

PRO FORMA FINANCIAL SCHEDULES

SFA maintains its accounting records in accordance with Generally Accepted Accounting Principles and generally follows the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC). The following schedules are the Statements of Revenues, Expenses and Changes in Net Position and Revenue Detail Schedule, which show the projected results of operations, for SFA during the 2024 budget period based on the 2024 budget assumptions and expense and capital budgets.

REVENUE DETAIL:

Schedule details expected SFA Revenue during the 2024 budget period.

- **ELECTRIC REVENUE:** Under the terms of the PPA, SMUD is obligated to make monthly payments to SFA for energy provided by SFA. These payments are based on certain assumptions and rates, which were detailed under Budget Assumptions. The estimate assumes the plant operator will maintain the minimum availability factor for the combined cycle plant necessary to qualify for maximum payments.
- **OPERATING PAYMENT:** Under the terms of the PPA, SMUD will pay SFA an amount equal to the sum of all costs and expenses payable by SFA pursuant to the Lease and Property Agreement, the O&M Agreement, the GSA, all insurance costs and any cost or expense otherwise incurred in the operation and maintenance SFA, including capital improvements and overhaul expenses, plus approximately \$650,000 allocated between the plants to cover other SFA obligations.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY
2024 OPERATING ASSUMPTIONS**

	<u>CAMPBELL</u>	<u>CARSON</u>	<u>COSUMNES</u>	<u>PROCTER & GAMBLE</u>	<u>TOTAL (OR AVERAGE)</u>
Resource Operating Plan:					
<u>Combined Cycle Power Plant:</u>					
Capacity (Megawatts Net)	164	57	576	120	917
Generation (MWh)	927,031	396,422	4,177,740	714,660	6,215,853
Natural Gas (1000's of MMBtu)	7,714	3,282	25,106	5,966	42,068
Carson Digester Gas (1000's of MMBtu)			403		403
Biogas (1000's of MMBtu)			2,708		2,708
Average Heat Rate (Btu/kWh)	8,324	8,287	6,765	8,360	7,934
<i>Availability (IEEE)</i>	<i>90.0%</i>	<i>94.6%</i>	<i>86.3%</i>	<i>93.8%</i>	<i>91.2%</i>
<u>Peaking Power Plant:</u>					
Peaker Capacity (Megawatts Net)	72	43		50	165
Peaker Generation (MWh)	24,048	32,713		49,598	106,359
Peaker Natural Gas (1000's of MMBtu)	314	338		497	1,149
Peaker Average Heat Rate (Btu/kWh)	13,093	10,374		10,096	11,188
<i>Peaker Budgeted Availability (IEEE)</i>	<i>97.4%</i>	<i>94.6%</i>		<i>95.0%</i>	<i>95.6%</i>
<u>Price Per MMBtu</u>					
Natural Gas Variable Price (\$/MMBtu)	\$3.76	\$3.76	\$3.76	\$3.76	
Carson Digester Gas Variable Price (\$/MMBtu)			\$3.73		
Biogas Variable Price (\$/MMBtu)			\$10.43		
Biogas Gas Variable Price (\$/MMBtu) - Carson		\$4.41			
Biogas Gas Costs for Resale, excluding depreciation (\$1,000's)		\$1,501			
Total Capacity MW	236	100	576	170	1,082
Total Generation MWh	951,079	429,135	4,177,740	764,258	6,322,212

2024 SFA BUDGET**PRO FORMA FINANCIAL STATEMENTS****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The Pro Forma Statement of Revenues, Expenses and Changes in Net Position is a projected summary of the results of operations prepared on a FERC basis for SFA in 2024. The Statements of Revenues, Expenses and Changes in Net Position incorporates revenues as shown on the Revenue Detail, expenses as shown on the Budget Summary, and non-cash expenses such as depreciation and amortization.

DEPRECIATION represents the pro rata expensing of the capital cost of SFA. Estimated service life is based on the remaining life of the Plants at the time a capital project is placed in service, the original life of the Plants being 30 years

SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY
2024 BUDGET SUMMARY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Period January 1, 2024 to December 31, 2024
Dollars in Thousands

	2023	CAMPBELL	CARSON	COSUMNES	PROCTER & GAMBLE	2024
OPERATING REVENUES:						
Sale of Electricity	\$ 273,700	\$ 54,372	\$ 31,087	\$ 208,603	\$ 49,115	\$ 343,177
Sale of Digester Gas	1,567	-	1,775	-	-	1,775
Sale of Steam / Energy	2,998	-	948	-	6,357	7,305
TOTAL OPERATING REVENUES	278,265	54,372	33,810	208,603	55,472	352,257
OPERATING EXPENSES						
Fuel	186,265	40,741	20,120	160,309	31,864	253,034
Operation and Maintenance	45,597	10,442	10,038	17,361	14,953	52,794
Administrative & General	8,628	2,706	2,351	5,106	2,934	13,097
Total Operations	240,490	53,889	32,509	182,776	49,751	318,925
Depreciation	36,223	10,435	5,958	15,479	5,844	37,716
Amortization of Regulatory Asset-Debt Issuance	104	-	-	104	-	104
TOTAL OPERATING EXPENSES	276,817	64,324	38,467	198,359	55,595	356,745
NET OPERATING INCOME/(LOSS)	1,448	(9,952)	(4,657)	10,244	(123)	(4,488)
INTEREST EXPENSE						
Interest on Long-Term Debt	4,441	-	-	4,067	-	4,067
Amortization of Premium/Discount Costs	(1,575)	-	-	(1,418)	-	(1,418)
NET INTEREST EXPENSE	2,866	-	-	2,649	-	2,649
CHANGE IN NET POSITION	\$ (1,418)	\$ (9,952)	\$ (4,657)	\$ 7,595	\$ (123)	\$ (7,137)

**SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY
DEBT SERVICE
Revenue Bonds (Series 2015)
Dollars in Thousands**

<u>Current Year</u>	<u>COSUMNES</u>
INTEREST ON BONDS	\$ 4,067
PRINCIPAL REPAYMENT	13,693
DEBT SERVICE ACCRUALS	<u>\$ 17,760</u>

	<u>Period Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
2023	July 01, 2023	\$ 1,845	\$ 2,243	\$ 4,487	\$ 4,088	\$ 6,332
	January 01, 2024	\$ -	\$ 2,197	\$ -	\$ 2,197	\$ -
2024	July 01, 2024	\$ 13,115	\$ 2,197	\$ 4,395	\$ 15,312	\$ 17,510
	January 01, 2025	\$ -	\$ 1,869	\$ -	\$ 1,869	\$ -

DRAFT

RESOLUTION NO. _____

BE IT RESOLVED BY THE COMMISSIONERS
OF THE
JPA THERMAL FLEET BUDGETS

Section 1. This resolution may be referred to as the 2024 JPA budget resolution for:

- SFA – Cosumnes Power Plant Budget**
- SFA – Campbell Power Plant Budget (includes McClellan Power Plant)**
- SFA – Procter & Gamble Power Plant Budget**
- SFA – Carson Power Plant Budget**

Section 2. There is hereby appropriated from the Revenue Fund, Operating Fund, Debt Service Fund, and other funds as appropriate, sufficient monies for the payment of demands against the Authority which relate to obligations incurred for the purposes and within the amount specified for such purposes in the following projection of the Authority’s programs for the period January 1, 2024 through December 31, 2024.

Operation and Maintenance	\$305,828,000
Administrative & General	\$ 13,097,000
Principal and Interest	\$ 17,760,000
Capital Expenditures	\$ 7,625,000

There shall be deemed added to the O&M and Capital line items a +20% increase with no limit to a decrease in the Operations and Maintenance Expense line items, plus an additional \$2 million each applicable to the overall budgets.

Section 3. Demands against the Authority may be paid without the prior specific approval of this Commission, if they relate to obligations incurred for the purpose and within the amounts specified in Section 2, provided such demands are approved by the General Manager of the Authority, or his designee. It is the purpose and intent of this paragraph to delegate to the General Manager, or his designee, authority to make purchases, to negotiate and execute contracts, and expend funds in any manner necessary or appropriate to the administration of the business affairs of the Authority, within the amounts and for the purposes set forth above, subject to duly adopted delegations of authority.