

City of Kirkwood Electric Department

Kirkwood Electric Department has identified the following performance measures: Staffing levels, revenue per kilowatt-hour, debt to total assets, retail customers per employee, operations and maintenance expense per customer, customer service, accounting, and sales expense per customer, system load factor, and payment in lieu of taxes.

Staffing

During this past fiscal year, the electric department maintained a staffing level of 21 1/3 employees. Listed below are the current positions maintained in the electric department:

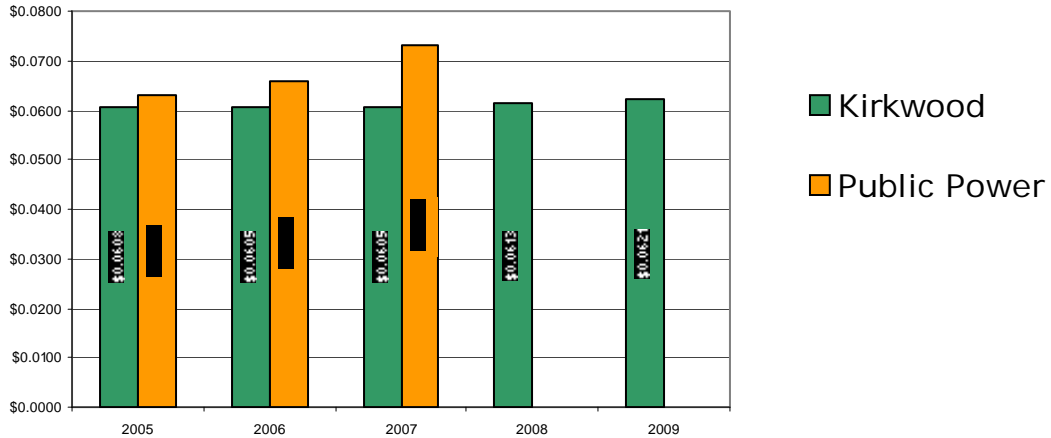
1	Electric Department Director
1/2	Electric Department Secretary
1	Electric Line Supervisor
12	Electric Linemen
1	Distribution Engineer
1	Distribution Planning Technician
1	Electric Meter Tester
1	Electric Metering Leadman
1 1/2	Electric Meter Readers (3 Full-time employees allocated 50% to Electric and 50% to Water)
1/3	Finance Office Manager (1 Full-time employee allocated 33% each to Electric, Water and Sanitation)
1	Customer Service Rep (3 Full-time employee allocated 33% each to Electric, Water and Sanitation)
<u>21 1/3</u>	Total

Revenue per Kilowatt Hour

This ratio shows the average level of rates. Investor owned utilities generally have higher rates than municipally owned utilities. This statistic shows that Kirkwood's rates are approximately 91.7% of the national average for municipal utilities for FY 2006.

City of Kirkwood Electric Department

Revenue per KWH



Debt to Total Assets

FY 2005	2005 APPA National Average	FY 2006	2006 APPA National Average	FY2007	2007 APPA National Average	FY 2008	FY 2009
.033	.261	.033	.250	.029	.292	.027	.055

Debt represented nearly 30% of assets on average for municipal utilities in 2007. The ratio is much higher for utilities that generate a large portion of their power. The relationship makes sense because an investment in a generating plant, which is typically large and used over many years, is logically financed through debt rather than from current rates. Distribution only systems, like Kirkwood, more often finance system upgrades from current rates. Kirkwood Electric has a miniscule amount of debt and is atypical in that we fund most major system improvements from current rates.

Retail Customers per Employee

FY 2005	2005 APPA National Average	FY2006	2006 APPA National Average	FY2007	2007 APPA National Average	FY 2008	FY 2009
484	303	494	324	494	357	477	471

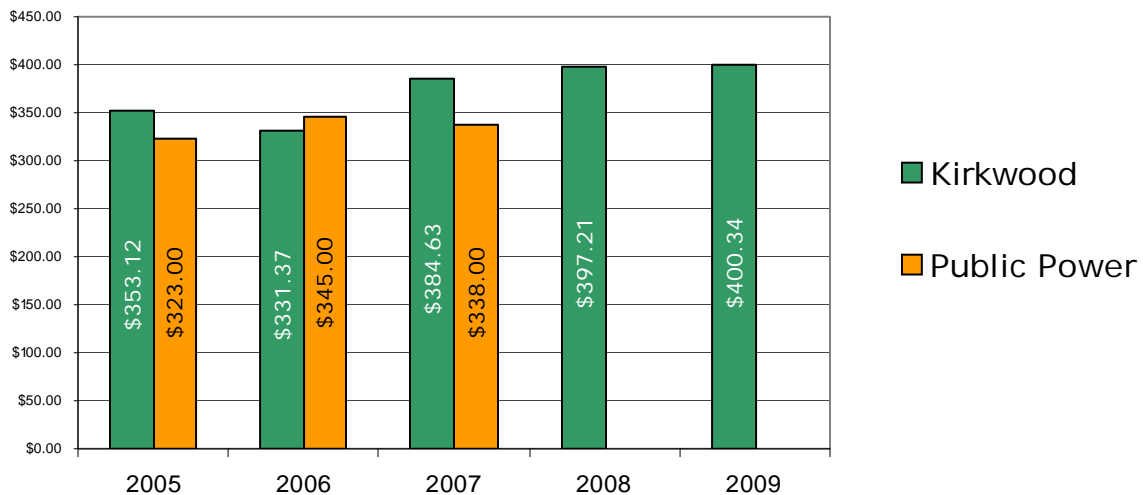
This is a general measure of staffing levels. It is not a perfect measure because variables such as customer mix, territory density and how a utility counts employees shared with other departments all affect the measure. Kirkwood's ratio shows that we are "lean" relative to other municipal utilities. Some factors contributing to this are the economies of scale we possess by splitting billing costs with water and sanitation, our system is older, has a low growth rate, and we have high customer density.

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Operations and Maintenance Expense per Customer

This ratio looks at non-power expenses compared to the number of retail customers served. The high average age of our system dictates more replacement and maintenance work and drives our O&M costs up. In recent years we have made an effort to categorize expenses more appropriately. In years past significant capital expenditures were lumped in with O&M. This had the affect of raising the ratio. One major advantage that Kirkwood has in this area is our extremely high customer density. Kirkwood has approximately 121 customers per mile of distribution line, triple the average for municipal utilities.

Operations & Maintenance Expense
per Customer

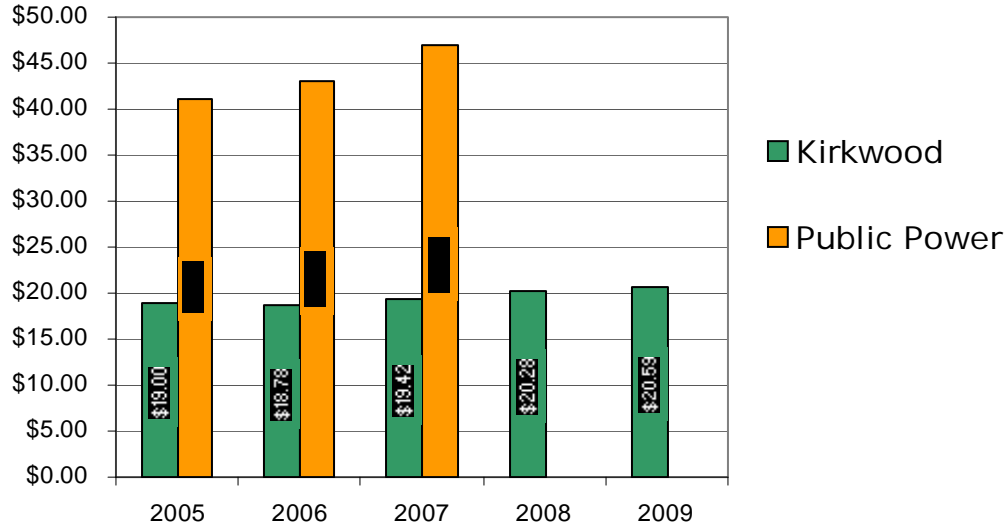


Customer Service, Accounting, and Sales Expense per Customer

These expenses are lumped together because they are small and all associated with customer relations. They are expressed on a per customer basis because these expenses are more closely related to the number of customers than to the amount of kilowatt-hours sold. This expense for Kirkwood is lower than the national municipal average because we divide billing and accounting expenses with general government, water and sanitation. This arrangement provides greater economies of scale.

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Customer Service, Accounting and Sales Expenses per Customer



System Load Factor

2005	2005 APPA National Average	2006	2006 APPA National Average	2007	2007 APPA National Average	2008	2009
42.8%	56.0%	44.0%	55.2%	42.2%	56.9%	43.1%	41.0%

This is not a financial ratio, but has a large impact on Kirkwood's cost of power. It is a measure of system utilization. A utility with a 100% load factor would use a uniform amount of power every hour of the year. Kirkwood's load factor is poor because of the large proportion of residential load we have. A utility with a large industrial base typically has a better load factor. Weather also has a significant influence on load factor. Every 1% improvement in load factor improves our annual margin approximately \$50,000.

Payment in Lieu of Taxes (PILOT)

Kirkwood Electric has transferred over \$16.8 Million to the General Fund over the past 10 years. This year Kirkwood Electric is on pace to transfer \$1.5 Million.