Cedar Falls Utilities
2027 Annual Budget

Operating Budget

and

Capital Improvement Plan

Electric, Gas, Water and Communications Utilities

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan



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CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan

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CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Vision, Mission, and Core Value Statements

CFU MISSION STATEMENT

To provide our customers with innovative, high-quality utility services that bring the best value to the community.

CFU VISION STATEMENT

Cedar Falls Utilities strives to achieve a standard of excellence as an industry leader and a trusted provider of utility services to its customers and community.

CFU CORE VALUES

Customer Focus

CFU employees value knowing and serving the expectations of their community. Decisions are based on exceeding the customer's expectations with a continuous focus on maintaining our infrastructure and positioning ourselves to quickly respond to all customer needs.

Ethical and Responsible Behavior

CFU employees will act at all times with professionalism, integrity, trust, honesty and respect for our customers and co-workers. CFU's employees and Trustees have been entrusted with the responsibility of providing for our community's electric, natural gas, water, and communications needs. We will be good stewards of the financial resources entrusted to us by our community, CFU's physical assets and the environment.

Innovation

Anticipation of new ideas and technology allow us to be innovative and timely in adapting to a rapidly evolving industry.

Employee Teamwork and Personal Growth

CFU values the cooperative sharing of resources in a supportive environment in order to utilize each individual's unique talents to create a unified approach to carry out our mission. CFU values employee diversity, employee experience and employee safety; provides opportunities to develop and grow; and cultivates a sense of individual and organizational pride.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Overview of the Budget Process

Budget Document

This document is the Cedar Falls Utilities (CFU) 2027 Annual Operating Budget and Capital Improvement Plan for the Municipal Electric, Gas, Water, and Communications Utilities, of the City of Cedar Falls, Iowa. The Operating Budget and Capital Improvement Plan are considered one Annual Budget. CFU management believes these budgets reflect the most accurate data available at this time, and the documents have been prepared in a manner consistent with generally accepted accounting principles and methods. This budget will serve as a financial tool to maintain efficient management of CFU's resources, while continuing to provide the level of service customers have come to expect.

Development of the Annual Budget

CFU is a combination municipal utility comprised of separate Electric, Gas, Water, and Communications Utilities dedicated to meeting the needs of the citizens of Cedar Falls, Iowa. Each utility is a separate legal entity, and budgets are developed for each utility on an individual basis. This includes projected operating revenue and expenses (Operating Budget) plus capital expenditures (Capital Improvement Plan) for each.

The 2026-2027 Strategic Plan, approved by the Board of Trustees June 10, 2026, was incorporated in the budget decisions of each Business Unit Director and Department Manager while preparing the 2027 budget. With the community's continued growth, environmental goals and legislation, and competition in the communications field, long-range planning is imperative for CFU.

Starting in June 2026, the Finance department began working with Business Unit Directors, Department Managers, and Supervisors to prepare the 2027 budget. Each of the business units and their respective departments involved in the preparation of these budgets were as follows:

Business Unit	*Departments*
Administration	Administration
Employee and Legal Services	Employee & Legal Services
Energy Resources	Energy Services, Operational Technology, Electric Operations, Electric Production
Finance and Organizational Services	Finance, Customer Service, Marketing, Meter Reading, Purchasing & Warehousing, Maintenance Support Services – Facilities and Transportation
Operations	Communications Operations, Electric Distribution, Gas & Water Construction, Gas & Water Operations, GIS Services
Technology	Communication Sales, Information Systems, Information Technology & Security, Network Engineering

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Overview of the Budget Process

Personnel request forms were returned to Finance and reviewed by the General Manager and the Director of Finance & Organizational Services in July. Wage increases and step adjustments, based on performance, are budgeted at 3.5% and union contract wages are budgeted at 3% in July 2027. The actual wage increases will be recommended to and approved by the Board of Trustees separate from the budget approval process.

Capital Improvement Plan (CIP), Operations & Maintenance (O&M) budget forms and revenue inputs were returned to Finance in August. These workbooks include the reforecasting of 2026 and the completion of the 2027 budget. These CIP and O&M budget forms were the basis for budget meetings held in August.

CIP Budget Forms were prepared by department managers, planners, and engineers by divisional categories of expenditure, such as transmission, distribution, or general plant. Finance compiles the separate categories into one summary in the Capital Improvement Plan section of this book.

To streamline the process, O&M expenses are not estimated by account but rather on a function-level basis. Joint costs of the business units are allocated to the four utilities via overhead allocation percentages, which are calculated based on revenues, payroll, total plant, and number of meters. These allocations are prepared and updated on an annual basis. All operating expenses are either budgeted directly to a utility category or allocated to the major account categories based on historical expenses.

Finance works with the department managers and revenue teams, to calculate the projected revenues and compile the information into one document for each utility, called the cash flow. Finance also reviews the budgets for compliance with budget directives and revenue requirements for each utility. System requirements are based on normalized weather conditions, and revenue forecasts are based on rates anticipated to be in effect during year 2027.

Preliminary reviews of the budget categories were reviewed with the Board of Trustees toward the end of August to allow for recommendations and strategy decisions regarding capital improvement projects, wages, and benefits that warrant detailed discussions.

In September, the General Manager, Directors, and other members of Finance meet to discuss the preliminary cash flows and discuss rates. The four utilities are enterprise funds and rates in each utility are set at levels that allow for future capital expansion. If revenues exceed expenses, there is an increase in the fund balances that will be used for future capital expenditures. If revenues are less than expenses, enterprise fund balances are used to balance the budget. It is the Board of Trustee's responsibility to set rates that will produce adequate revenues for capital additions, expected operating expenses, including debt service requirements and other designated reserves.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Overview of the Budget Process

Budget Adoption

State code gives the Board of Trustees the authority to adopt the Annual Budget and Amendments. The Board of Trustees sets the date for the public hearing on the Annual Budget during an October Board meeting. After the Board of Trustees sets the date for the public hearing, copies of the detailed budget are made available to city offices, and the budget certification form is published in the local newspaper 10 to 20 days prior to the public hearing. This allows the public time to ask questions about the budget, and to attend the public hearing held in November. Final approval of the Budget rests with the Board of Trustees in November at the public hearing.

Once approved, the Annual Budget becomes the basis for operating and capital expenditures during the ensuing year. Total expenditures may not exceed the adopted budget as presented to the Board of Trustees. Budgetary control is provided by monthly revenue and expense reports and budget vs. actual variance reports completed by the managers, compiled by the Finance department and provided to the General Manager and Directors. The General Manager provides quarterly financial reports to the Board of Trustees.

Budget Amendments

Sec. 384.18 of Iowa Code provides that a municipal budget may be amended for any of the following purposes:

1. To permit the appropriation and expenditure of unexpended unencumbered cash balances on hand at the end of the preceding year, which had not been anticipated in the budget.
2. To permit the appropriation and expenditure of amounts anticipated being available from sources other than property taxation and which had not been anticipated in the budget.
3. To permit transfers from the debt service fund, the capital improvements reserve fund, the emergency fund, or other funds established by state law, to any other city fund unless specifically prohibited by state law.
4. To permit transfers between programs within the general fund.

A municipal utility's budget becomes effective January 1 of each year unless amended under the conditions listed above. A budget amendment must be prepared and adopted in the same manner as the original budget described above. A municipal utility's budget must be amended by November 30 of the current year to allow for a protest hearing to be held and a decision rendered before December 31.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Strategic Plan Summary

The Strategic Plan serves as a platform for CFU's Board of Trustees, management, and employees from which to make the many business decisions that must be made in the course of day-to-day operations of the Municipal Electric, Gas, Water and Communications Utilities and for the planning of future growth and development. The identified goals and objectives guide the Trustees and employees in achieving the vision and mission of CFU and provide the basis for the budgeting process.

The Strategic Plan contains a Dashboard of Objectives, a 1-2 Year Operational Plan, and Long-Term Goals for 3 years and beyond, and a Key Metrics/Reporting Plan. The Strategic Plan Dashboard is made up of four sections: Premier Workforce, Exceptional Local Customer Service, Reliable and Resilient Operational Excellence, and Prepare for the Future with Sustainable and Fiscally Responsible Planning. The Strategic Plan was adopted by the Board on June 10, 2026.

STRATEGIC PLAN DASHBOARD 2026-2027

Premier Workforce [1]

Objective 1

Recruit and Retain Highly Skilled and Engaged Employees

1.1 Ensure competitive compensation and benefits
1.2 Develop a pipeline of future employees
1.3 Emphasize culture of safety and engagement

Objective 2

Train and Support Growth for Employees

2.1 Provide onboarding and skills training for new employees to ensure consistency and quality control
2.2 Integrate cross training of critical functions for business continuity
2.3 Provide training opportunities for future growth and leadership opportunities

Objective 3

Ensure Succession Planning

3.1 Develop a workforce plan with potential successors identified and leadership training programs
3.2 Enhance internal efficiency, process improvement, and internal customer service

Exceptional Local Customer Service [2]

Objective 1

Provide Local, Personalized Assistance to Customers that Exceeds Expectations

1.1 Answer customer questions and timely provide solutions upon first point of contact
1.2 Provide expertise and service above and beyond typical bill collection
1.3 Ensure customer experience with all office and field staff is professional

Objective 2

Provide Timely and Relevant Information to Customers

2.1 Communicate with customers regarding new products, services and projects
2.2 Engage with customers during critical events
2.3 Educate customers on the utility industry, opportunities, safety and challenges

Objective 3

Enhance CFU's Reputation and Brand and Maintain Customers' Trust

3.1 Determine needs and priorities of customers, plan accordingly, provide deliverables
3.2 Ensure clear communications across departments to support CFU's brand and customer trust

Reliable and Resilient Operational Excellence [3]

Objective 1

Safety and Security is at the Forefront

1.1 Foster uncompromising employee safety
1.2 Cultivate cybersecurity vigilance
1.3 Reinforce facilities security
1.4 Proactive enterprise risk management

Objective 2

Efficient and Effective Operational Processes

2.1 Employees have the tools they need in the office and the field
2.2 Employees have the data and analytics to perform work
2.3 Processes, work orders, and coordination between departments are efficient and cooperative

Objective 3

Maintain and Update Infrastructure, Equipment, and Systems

3.1 Schedule and perform regular maintenance of infrastructure, equipment and systems
3.2 Plan and implement infrastructure improvements, equipment replacements and systems updates

Objective 4

Sustain and Enhance Utility Resource Management

4.1 Gas supply
4.2 Water supply
4.3 Electric energy resource management
4.4 Internet broadband

Prepare for the Future with Sustainable and Fiscally Responsible Planning [4]

Objective 1

Be Fiscally Responsible and Plan for Future Fiscal Strength

1.1 Establish short-term and long-term financial plans that control costs and provide adequate reserves for current and future capital needs
1.2 Maintain a strong credit rating
1.3 Ensure competitive rates that also appropriately reinvest in infrastructure to ensure operational resilience and reliability

Objective 2

Prepare for a Thriving and Sustainable Future

2.1 Prepare for the future customer and anticipate their needs (load growth, transmission needs, generation needs, water quality, changing communications services)
2.2 Reduce emissions through customer conservation and generation optimization

Objective 3

Plan, Support and Prepare for Growth in our Community

3.1 Support and work with the City of Cedar Falls to ensure appropriate growth
3.2 Engage with economic development organizations to provide opportunities for businesses to prosper
3.3 Collaborate with IAMU, APPA and other municipalities
3.4 Provide a transfer (PILOT) to the City of Cedar Falls which is fiscally responsible and maintains our role as a good corporate citizen

Rates

In the 2027 budget, management remained mindful of the goal of having CFU's rates in the lowest 10% when compared to other utility service providers. Given CFU's need for substantial long-term investments, along with the directive to keep rates competitive while experiencing a growing local economy, management has a formidable task in balancing these goals. According to the residential rate report card completed in June 2026, for the period June 2025 to May 2026 the average Cedar Falls Utilities residential customer spent:

Electric Service	$ 1,228
Gas Service	$ 794
Water Service	$ 366
Internet + WiFi	$ 744
Annual Total	**$ 3,132**

During the same period, the average annual bill for the twenty peer communities was $3,453.

A 5.0% increase to base electric rates is planned in anticipation of issuing debt in 2027 for the Viking Energy Center Reciprocating Engine Generation project. More details on this project can be found in the following sections: Electric Utility–Generation and Capital Improvement Plan–Electric Production Budget Item 116-Reciprocating Engine Generation. ECA costs and RGA revenues in 2027 are anticipated to be less than amounts reforecast for 2026. When these impacts are combined with the 5.0% base increase the overall increase to base customers is anticipated to be -2.9%. See the Electric Utility-Operating Revenue & Rates section for more information.

A 5.0% increase to base gas rates is planned. The 5.0% increase is to ensure the Utility meets its minimum recommended cash reserve level, move the Utility closer to achieving its Key Financial Ratio targets, and fund anticipated capital expenditures. More detail can be found in the Financial Summary–Ratios and Capital Improvement Plan (CIP) section of this book. If 2027 natural gas expenses were the same as reforecast for 2026 the predicted overall impact to base customers would be 2.0%. Natural gas expenses are anticipated to be lower in 2027 compared to the amounts reforecast for 2026 and when these impacts are combined with the 5.0% base increase the overall change to base customers is anticipated to be -1.3%. See the Gas Utility-Operating Revenue & Rates section for more information.

Staff continues to explore ways to control natural gas costs. CFU's rates also include some services, such as furnace checks, which are either not offered or are separately charged by our utility peers. Conservatively, the value of these additional services is estimated to be $258,000 per year.

A 6.1% increase to base water rates is planned. The Water Utility has large capital expenditures anticipated for the next ten years and future rate increases are anticipated for each of the projected years. More detail can be found in the Capital Improvement Plan (CIP) section. These expenditures will allow CFU to replace water mains at the same time the City of Cedar Falls is doing street repairs or reconstruction. This joint work provides a substantially less expensive alternative to the Water Utility for replacing water mains. While we do receive reimbursement for these replaced water mains if they are in a tax increment financing (TIF) district, this accounts for only 6% of the anticipated water main replacement, relocation, and extension projects in the ten-year plan. The rate increases will help achieve more desirable cash reserves levels for this utility and address concerns with net operating income and projected capital demands.

Staff performs an annual analysis of the Communications Utility's cost of service and evaluation of current offerings to strategize improvements in services, generate new revenues and/or reduce expenses. This is done with the customer in mind and the impact on the Utility overall.

The 2027 Communications budget includes rate changes services as follows:

Service Description	Current Rates Per Month	New Rates Per Month	Change
FiberHome (Last updated January 2026)	$54.00	$49.00	($5.00)
FiberHome Plus (Last updated January 2026)	$74.00	$69.00	($5.00)
FiberHome Quantum (Last updated January 2025)	$125.00	$99.00	($26.00)

No rate increases are being recommended for Phone services in 2027.

Ratios

CFU monitors several key standard financial indicators used by rating agencies as measures of its financial health. Except for the debt service coverage ratios, which reflect bond covenant requirements of 1.25 plus a 50-basis point safety margin, the goals are financial targets for each utility to maintain strong financial positions. These measures relate to debt service coverage, cash as a percent of operating expenses, and net operating income/net income as a percent of revenue and Board designated cash reserves. Details are shown in the cash flow statement for each utility in its individual section of the budget document and a summary of the goals and ratios are shown in the following table.

2027 Key Financial Ratios

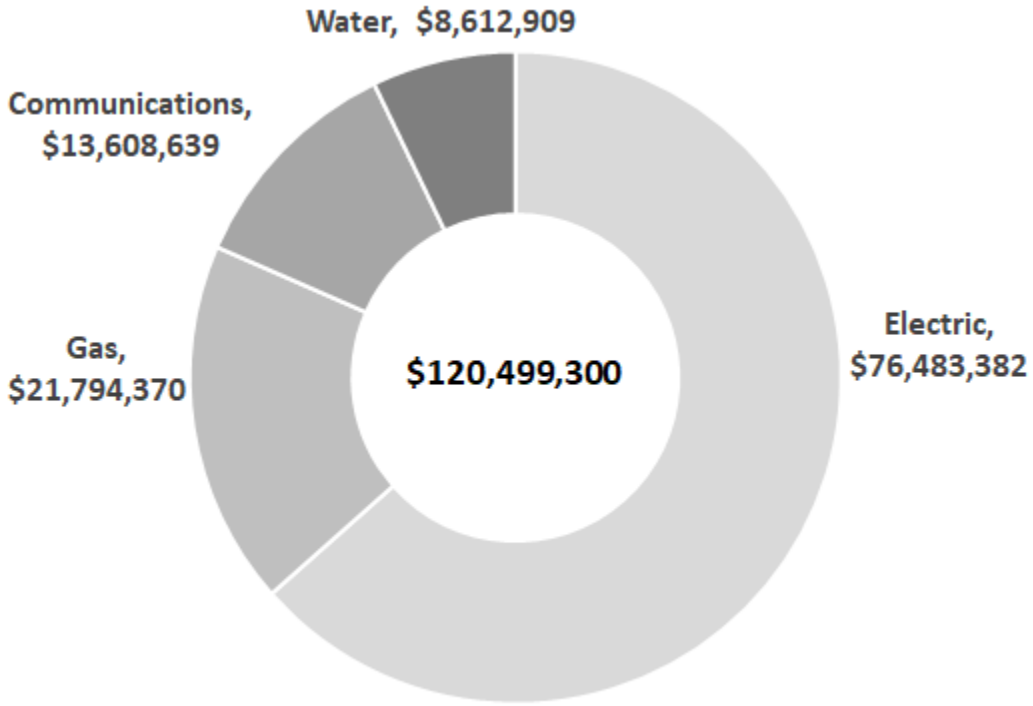
Measure	Goal	Electric	Gas	Water	Communications
Debt Service Coverage-Revenue Debt	1.75+	15.20	N/A	N/A	N/A
Debt Service Coverage-All Debt	1.75+	6.05	N/A	N/A	N/A
Cash as a % of Operating Expenses (without Depreciation, PILOT & IPERS/OPEB liability expenses)	50%+	136.75%	40.84%	168.88%	184.10%
Net Operating Income as a % of Revenue (NOI)	6%+	12.58%	6.60%	21.99%	15.59%
Net Income as a % of Revenue	6%+	14.81%	13.38%	29.26%	28.41%
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	Zero	$45,799,280	$1,114,095	$ 4,015,004	$7,537,702

These indicators are used to understand the view of the financial health of each utility, which is particularly important if future borrowing is anticipated, and they are used to prompt discussion with potential lenders and rating agencies. Some of these standard indicators must be evaluated with care as variation from the standard may be acceptable or achieving one goal may alter the impact on one of the other goals in a way that is not acceptable. As an example, in the Electric and Gas Utilities the cash as a percent of operating expenses could fall below the desired goal, but due to high commodity costs, it can be explained to the lenders and rating agencies that the Electric and Gas Utilities' operating expense is made up of energy, fuel and purchase power costs that are significantly high in general. The existence of a cost adjustment mechanism in both Utilities allows for the recovery of these costs without raising rates.

The Electric, Water and Communications Utility's key financial ratios all meet or exceed recommended minimum goals. The Gas Utility's Cash as a % of Operating Expenses is lower than the desired goal.

Operating Revenues

Revenues for the Electric, Gas, and Water Utilities were budgeted based on normalized weather conditions.



Electric Operating Revenue

	Amount	Increase (Decrease)	
2026 Original Budget	$ 81,993,589	-	-
2026 Reforecast	$ 84,494,551	$ 2,500,962	3.1%
2027 Budget	$ 76,483,382	$ (8,011,169)	-9.5%
'26 Budget to '27 Budget		$ (5,510,207)	-6.7%

The changes above are primarily due to changes in purchased power and fuel expenses that are passed on via the Energy Cost Adjustment (ECA) and Sales for Resale.

The 2027 budgeted amount reflects a 5.0% increase to base rates, expected normalized weather and other anticipated changes in CFU's customer base.

See the Electric Utility section for more information.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Financial Summary

Gas Operating Revenue

	Amount	Increase (Decrease)	
2026 Original Budget	$ 22,479,237	-	-
2026 Reforecast	$ 21,847,697	$ (631,540)	-2.8%
2027 Budget	$ 21,794,370	$ (53,327)	-0.2%
'26 Budget to '27 Budget		$ (684,867)	-3.0%

The changes above are primarily due to changes in natural gas and related pipeline fees that are passed on to customers through the Purchased Gas Adjustment (PGA) without markup.

The 2027 budgeted amount reflects a 5.0% increase to base rates, expected normalized weather and other anticipated changes in CFU's customer base.

See the Gas Utility section for more information.

Water Operating Revenue

	Amount	Increase (Decrease)	
2026 Original Budget	$ 7,923,849	-	-
2026 Reforecast	$ 8,104,095	$ 180,246	2.3%
2027 Budget	$ 8,612,909	$ 508,814	6.3%
'26 Budget to '27 Budget		$ 689,060	8.7%

The 2027 budgeted amount reflects a 6.1% increase to base rates, expected normalized weather and other anticipated changes in CFU's customer base.

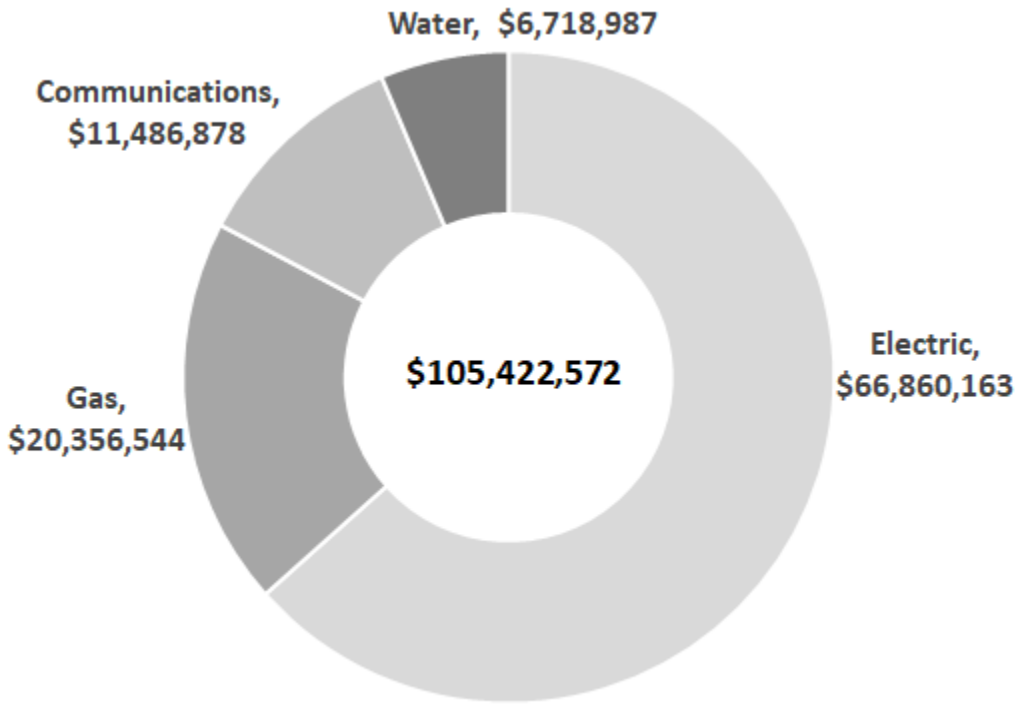
Communications Operating Revenue

	Amount	Increase (Decrease)	
2026 Original Budget	$ 18,162,114	-	-
2026 Reforecast	$ 17,927,687	$ (234,427)	-1.3%
2027 Budget	$ 13,608,639	$ (4,319,048)	-24.1%
'26 Budget to '27 Budget		$ (4,553,475)	-25.1%

The 2027 budgeted amount reflects a $5 per month decrease in the FiberHome and FiberHome Plus rate as well as a reduction in revenue due to the discontinuation of the cable TV service in 2026.

Operating Expenses

Expenses for the Electric, Gas, and Water Utilities are budgeted based on normalized weather conditions for anticipated temperatures and rainfall.



Electric Operating Expenses

	Amount	Increase (Decrease)	
2026 Original Budget	$ 70,553,253	-	-
2026 Reforecast	$ 69,731,548	$ (821,705)	-1.2%
2027 Budget	$ 66,860,163	$ (2,871,385)	-4.1%
'26 Budget to '27 Budget		$ (3,693,090)	-5.2%

The 2026 Reforecast and 2027 Budget changes are primarily due to changes in purchased power and fuel expenses that are passed on via the ECA. See the Electric Utility section for more information.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Financial Summary

Gas Operating Expenses

	Amount	Increase (Decrease)	
2026 Original Budget	$ 21,228,163	-	-
2026 Reforecast	$ 21,903,914	$ 675,751	3.2%
2027 Budget	$ 20,356,544	$ (1,547,370)	-7.1%
'26 Budget to '27 Budget		$ (871,619)	-4.1%

The 2026 Reforecast change and the 2027 Budget change are primarily due to changes in natural gas costs which are the largest cost to the Gas Utility. See the Gas Utility section for more information.

Water Operating Expenses

	Amount	Increase (Decrease)	
2026 Original Budget	$ 6,341,634	-	-
2026 Reforecast	$ 6,401,587	$ 59,953	0.9%
2027 Budget	$ 6,718,987	$ 317,400	5.0%
'26 Budget to '27 Budget		$ 377,353	6.0%

The 2027 change is primarily due to changes in Labor & Benefits which include anticipated wage increases, filling of open or new positions and changes in expenses between the utilities. See the Water Utility section for more information.

Communications Operating Expenses

	Amount	Increase (Decrease)	
2026 Original Budget	$ 16,119,177	-	-
2026 Reforecast	$ 15,791,826	$ (327,351)	-2.0%
2027 Budget	$ 11,486,878	$ (4,304,948)	-27.3%
'26 Budget to '27 Budget		$ (4,632,299)	-28.7%

The majority of the 2027 change is due to the discontinuation of cable TV service.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Financial Summary

Personnel
Excluding commodity costs, which makeup 48.0% of the operating budget, CFU's second largest expense is labor and benefit costs, which require 24.3% of the operating expense budget. See the Operating Budget Expense Comparison section of this book. Staffing levels are managed in a way to control costs, improve our competitive position, and provide for succession planning.

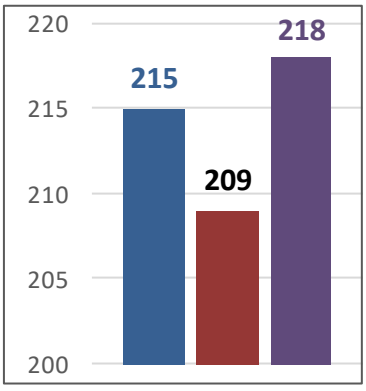
Supplementing our regular workforce with outside contractors, consultants, students, and part-time help during the busy construction season and for large projects will continue. This has been an economical way to help manage labor costs and attract some high-quality candidates for job-training opportunities.

Compensation Expenditures

	Amount	Change from Last Year	
2026 Original Budget	$ 27,395,655	-	
2026 Reforecast	$ 26,669,652	$ (726,003)	-2.7%
2027 Budget	$ 28,331,324	$ 1,661,672	6.2%
2026 to 2027 Budget		$ 935,669	3.4%

Similar to many other companies, in the last few years CFU has continued to have higher volumes of hiring and onboarding activities due to employee shifts from retirements and employees seeking new opportunities. Retirements have led to new opportunities for employees in other departments and new regulatory requirements as well as succession planning are creating a shift in workloads and needs of the company. As these shifts have continued to occur, management reviews each situation for the best course of action to meet today's needs in each area. Staffing counts reflective of the costs above are detailed in the Personnel Summary section of this document and are as follows:

Employees	2026 Original Budget	2026 Reforecast	2027 Budget
Temporary PT	2	0	0
Temporary FT	0	0	0
Seasonal	11	9	11
Part Time	12	14	13
Full Time	190	186	194
Total	215	209	218



Debt Service

Expected Outstanding Debt

	Outstanding Debt as of Dec. 31, 2026	2027 Payments (Principal Only)	Outstanding Debt as of Dec. 31, 2027
Electric	$13,500,000	$2,000,000	$55,860,000
Gas	$0	$0	$0
Water	$0	$0	$0
Communications	$0	$0	$0
Total	**$13,500,000**	**$2,000,000**	**$55,860,000**

Current debt of the Electric Utility includes one Revenue Bond, Series 2015 and a 2025 loan from the Communications Utility. The utility will pay off the Revenue Bond in 2026, but it is anticipated that the Utility will issue additional debt in 2027 to help fund the Viking Energy Center (VEC) project.

	2015 Series	2025 Loan	Total
Dec. 31, 2025	$ 1,335,000	$ 15,000,000	$ 16,335,000
2026 Payments	$ (1,335,000)	$ (1,500,000)	$ (2,835,000)
Dec. 31, 2026	$ -	$ 13,500,000	$ 13,500,000

	2025 Loan	2027 Series	Total
Dec. 31, 2026	$ 13,500,000	$ -	$ 13,500,000
New Debt		$ 44,360,000	$ 44,360,000
2027 Payments	$ (1,500,000)	$ (500,000)	$ (2,000,000)
Dec. 31, 2027	$ 12,000,000	$ 43,860,000	$ 55,860,000

More details can be found in the following sections: Electric Utility–Generation, Electric Utility–Generation & Acquisition Fund and Capital Improvement Plan–Electric Production–Budget item 116–Reciprocating Engine Generation (VEC).

The Gas, Water & the Communications Utilities have no debt outstanding and there are no plans to issue debt in the near future.

Transfers to City – Payments in Lieu of Taxes (PILOT)

CFU budgets for an annual transfer to the City of Cedar Falls as a payment in lieu of taxes (PILOT). Reforecast 2026 and Budgeted 2027 PILOT expenses include:

Budget Year	Year Paid	Electric	Gas	Water	Comm.	Total
2026	2027	$ 1,899,600	$ 543,500	$ -	$ 200,000	**$ 2,643,100**
2027	2028	$ 1,858,400	$ 544,500	$ -	$ -	**$ 2,402,900**

In addition to the PILOT, the Electric Utility has also budgeted $354,060 in property tax for a total of $2,212,460 which is 3.6% of the 2027 budgeted Electric retail revenues of $60,652,206.

Energy Efficiency

The 2027 budget includes $520,000 in the electric and gas energy efficiency incentives, the same amount as the 2026 budget. CFU employs significant expertise in commercial and industrial energy efficiency and the budget funds significant CFU incentives associated with expected energy reduction projects of our customers. If cost-effective projects are identified which would exceed the budget, CFU staff will request authorization from the CFU Board for additional funding.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Financial Summary

Cash Balances and Reserves

Cash & investment balances as of December 31 are detailed in the table below:

	Electric	Gas	Water	Comm.	Total
2024 Actuals	$ 72,115,747	$ 16,934,072	$ 7,917,476	$ 22,299,315	**$ 119,266,610**
2025 Actuals	$ 95,335,714	$ 17,532,764	$ 8,586,850	$ 15,844,005	**$ 137,299,333**
2026 Reforecast	$ 92,755,503	$ 16,851,851	$ 9,462,483	$ 17,951,645	**$ 137,021,482**
2027 Budget	$ 102,491,654	$ 17,621,430	$ 10,323,193	$ 16,434,902	**$ 146,871,179**

The breakdown of the 2027 year-end cash & investment balances is detailed here:

	Electric	Gas	Water	Comm.	Total
Unrestricted	$ 78,275,890	$ 7,773,285	$ 9,365,219	$ 15,922,185	**$ 111,336,579**
Board Designated	$ 19,708,747	$ 9,476,792	$ 634,374	$ -	**$ 29,819,913**
Legally Restricted	$ 4,507,017	$ 371,353	$ 323,600	$ 512,717	**$ 5,714,687**
Total	**$ 102,491,654**	**$ 17,621,430**	**$ 10,323,193**	**$ 16,434,902**	**$ 146,871,179**

The Legally Restricted reserves are the cash amounts required to be restricted per debt covenants or legal designations. The Board has also made specific designations for special funds, and these are labeled as Board Designated reserves. These include the Electric Generation & Transmission Acquisition Fund, Gas Reserve Fund, and a Water Reserve Fund. Staff is directed to transfer cash to assist in funding large capital expenditures and the amount is determined in the budget process and subject to change annually. More information about these reserve funds can be found in the Electric, Gas, and Water sections.

The Board of Trustees has determined the minimum desired level of reserves for each utility via a Cash Reserve Policy last updated March 11, 2026. The Board has also determined, by formula, recommended targets for each utility that consist of CIP reserves, Catastrophe reserves, and Operating Expense reserves. These reserves are called Board Designated Unrestricted reserves and by their title, they are a classification of Unrestricted cash, and the table below shows the budgeted reserve balances by each utility for 2027. Details are shown in the cash flow statement for each utility in its specific section of the budget.

	Electric	Gas	Water	Comm.	Total
Unrestricted	$ 78,275,890	$ 7,773,285	$ 9,365,219	$ 15,922,185	**$ 111,336,579**
Board Recommended	$ 32,476,610	$ 6,659,190	$ 5,350,215	$ 8,384,483	**$ 52,870,498**
Surplus (Deficit)	**$ 45,799,280**	**$ 1,114,095**	**$ 4,015,004**	**$ 7,537,702**	**$ 58,466,081**

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Budget Summary by Utility

	ELECTRIC	GAS	WATER	COMM.	TOTAL
Operating Revenue					
Retail Sales	$ 60,652,206	$ 21,434,370	$ 7,832,909	$ 13,373,491	**$ 103,292,976**
Sales for Resale - ARR/FTR	1,140,384				**1,140,384**
Sales for Resale - Capacity	1,200,000				**1,200,000**
Sales for Resale - Streeter	628,042				**628,042**
Sales for Resale - Western Units	7,144,750				**7,144,750**
Transmission Revenue	4,878,000				**4,878,000**
Other Operating Revenue	840,000	360,000	780,000	235,148	**2,215,148**
Total Operating Revenue	$ 76,483,382	$ 21,794,370	$ 8,612,909	$ 13,608,639	**$ 120,499,300**
Operating Expense					
Cash Expenses	$ 59,099,647	$ 19,579,248	$ 5,545,539	$ 8,648,842	**$ 92,873,276**
Non-Cash Expenses	7,760,516	777,296	1,173,448	2,838,036	**12,549,296**
Total Operating Expense*	$ 66,860,163	$ 20,356,544	$ 6,718,987	$ 11,486,878	**$ 105,422,572**
Net Operating Income (NOI)	**$ 9,623,219**	**$ 1,437,826**	**$ 1,893,922**	**$ 2,121,761**	**$ 15,076,728**
NOI as a % of Revenue	**12.58%**	**6.60%**	**21.99%**	**15.59%**	**12.51%**
Non-Operating Revenue					
Interest Income	$ 2,358,900	$ 525,960	$ 281,160	$ 1,080,000	**$ 4,246,020**
Interest Income - Intercompany Note				537,300	**537,300**
TIF Reimbursements	543,524	10,277	11,520	0	**565,321**
Other	1,247,000	941,100	333,400	664,420	**3,185,920**
Total Non-Operating Revenue	$ 4,149,424	$ 1,477,337	$ 626,080	$ 1,744,420	**$ 7,997,261**
Non-Operating Expenses					
Bond Interest	$ 1,013,522				**$ 1,013,522**
Intercompany Interest	537,300				**537,300**
Other	897,450				**897,450**
Total Non-Operating Expenses*	$ 2,448,272	$ -	$ -	$ -	**$ 2,448,272**
Total Non-Operating Revenue (Expense)	$ 1,701,152	$ 1,477,337	$ 626,080	$ 1,744,420	**$ 5,548,989**
Net Income (Loss)	**$ 11,324,371**	**$ 2,915,163**	**$ 2,520,002**	**$ 3,866,181**	**$ 20,625,717**
Net Income as a % of Op. Revenue	**14.81%**	**13.38%**	**29.26%**	**28.41%**	**17.12%**

See Operating Budget Expense Comparison on the next page

Cash Impact - Sources / (Uses)					
Operating Revenue	$ 76,483,382	$ 21,794,370	$ 8,612,909	$ 13,608,639	**$ 120,499,300**
Operating Expense	(59,099,647)	(19,579,248)	(5,545,539)	(8,648,842)	**(92,873,276)**
Operating Cash Flow	$ 17,383,735	$ 2,215,122	$ 3,067,370	$ 4,959,797	**$ 27,626,024**
Non-Operating Revenue (Excluding Debt)	$ 4,149,424	$ 572,837	$ 626,080	$ 1,207,120	**$ 6,555,461**
Non-Operating Expenses (Excluding Debt)	(6,550)	0	0	0	**(6,550)**
Non-Operating Cash Flow	$ 4,142,874	$ 572,837	$ 626,080	$ 1,207,120	**$ 6,548,911**
Other					
Capital Expenditures	$ (50,971,420)	$ (2,922,880)	$ (2,832,740)	$ (9,720,960)	**$ (66,448,000)**
Debt					
Bond Issues for Capital	44,360,000				**44,360,000**
Bond Issues Costs	(890,900)				**(890,900)**
Bond Principal Payment	(500,000)				**(500,000)**
Bond Interest Payment	(846,338)				**(846,338)**
Intercompany Activity*					-
Principal Payment	(1,500,000)			1,500,000	-
Interest Payment	(537,300)			537,300	-
CIAC -- Electric to Gas	(904,500)	904,500			-
Annual Cashflow Surplus / (Deficit)	**$ 9,736,151**	**$ 769,579**	**$ 860,710**	**$ (1,516,743)**	**$ 9,849,697**
Expenditures per The Budget Certification	**$ (112,314,855)**	**$ (22,502,128)**	**$ (8,378,279)**	**$ (18,369,802)**	**$ (161,565,064)**

* Note: Intercompany activity is not included in the Budget Certification

CEDAR FALLS UTILITIES

2027 Annual Operating Budget and Capital Improvement Plan

Operating Budget Expense Comparison

	Budget 2027	% of Total	Reforecast 2026	% of Total	Net Change	
Commodities						
Natural Gas	$ 13,564,523		$ 15,550,052		$ (1,985,529)	-12.8%
Fuel	4,323,660		4,978,907		(655,247)	-13.2%
Purchases For Resale	23,297,640		27,153,768		(3,856,128)	-14.2%
Joint Ownership	3,333,960		3,656,295		(322,335)	-8.8%
Transmission Network Svc.	5,796,000		5,479,300		316,700	5.8%
Cable Programming	-		2,775,491		(2,775,491)	-100.0%
Bandwidth & Telephone Cost	795,000		757,536		37,464	4.9%
Other Inventory	700,944		670,760		30,184	4.5%
Total Commodities	**$ 51,811,727**	**48.0%**	**$ 61,022,109**	**53.4%**	**$ (9,210,382)**	**-15.1%**
Wages and Benefits						
O&M Salaries & Labor	$ 18,721,858		$ 17,449,596		$ 1,272,262	7.3%
Benefits						
Medical & Dental	3,246,632		3,137,843		108,789	3.5%
FICA/IPERS/457	3,720,517		3,491,977		228,540	6.5%
Severence & Retirement Pension	186,096		200,700		(14,604)	-7.3%
Other Benefits	349,176		309,521		39,655	12.8%
Total Wages and Benefits	**$ 26,224,279**	**24.3%**	**$ 24,589,637**	**21.5%**	**$ 1,634,642**	**6.6%**
Depreciation & Amortization	$ 12,395,252		$ 12,179,115		$ 216,137	1.8%
Materials, Supplies, Services, Other	11,534,138		11,875,337		(341,199)	-2.9%
PILOT/Transfer to the City	2,402,900		2,643,100		(240,200)	-9.1%
Property & Liability Insurances	1,531,955		1,500,293		31,662	2.1%
Interest Expense*	2,449,722		488,165		1,961,557	401.8%
Property Taxes	354,216		392,300		(38,084)	-9.7%
Regulatory & Compliance	168,156		262,598		(94,442)	-36.0%
Other Expenses & Net Accruals	(1,001,501)		(614,663)		(386,838)	62.9%
Total Budget Expenses	**$ 107,870,844**	**72.3%**	**$ 114,337,991**	**74.9%**	**$ (6,467,147)**	**-5.7%**

Per the Budget Summary by Utility on the Previous Page

Operating Expense	$ 105,422,572	97.7%
Non-Operating Expenses	2,448,272	2.3%
Total Budget Expenses	**$ 107,870,844**	**100.0%**

Note: Interest Expense = Interest Expense on Long-Term Debt + Interest Expense on Customer Deposits*

Cedar Falls Municipal Utilities

NAME OF ENTERPRISE

REVENUES DETAIL

			Budget	Re-Estimated	Calendar Actual
		(specify budget years)	2027	2026	2025
Beginning Fund Balance		390	137,021,482	137,299,333	119,266,610
Use of Money & Property		398	4,246,020	4,968,919	5,896,652
Charges for Services:	Hospital	411			
	Water	404	8,612,909	8,104,095	7,620,684
	Sewer	405			
	Electric	406	76,483,382	84,494,551	82,461,214
	Gas	407	21,794,370	21,847,697	19,632,944
	Telecommunications	408	13,608,639	17,927,687	22,267,708
Total Charges for Services		414	120,499,300	132,374,030	131,982,550
Miscellaneous		416	2,309,441	1,656,998	4,012,656
Other Financing Sources:					
Operating Transfers In		417			
Proceeds of Long Term Debt		418	44,360,000		
Proceeds of Fixed Asset Sales		419			
Total Revenues - All Sources		421	308,436,243	276,299,280	261,158,468

EXPENDITURES DETAIL

			Budget	Re-Estimated	Actual
		(specify budget years)	2027	2026	2025
Expenditures:					
	Hospital	338			
	Water	360	8,378,279	7,550,850	7,292,524
	Sewer	357			
	Electric	361	112,314,855	88,624,391	79,377,241
	Gas	362	22,502,128	24,024,900	19,807,324
	Telecommunications	363	18,369,802	19,077,657	17,382,046
Total Expenditures:		386	161,565,064	139,277,798	123,859,135
Transfers Out		387			
Ending Fund Balance		388	146,871,179	137,021,482	137,299,333
Total Expenditures & Transfers Out		389	308,436,243	276,299,280	261,158,468

ADOPTED BUDGET SUMMARY

Cedar Falls Municipal Utilities
NAME OF ENTERPRISE

Calendar
(specify fiscal or calendar year budget)

YEAR 2027

	(specify budget years)		Budget 2027		Re-Estimated 2026		Actual 2025
REVENUES & OTHER FINANCING SOURCES							
Use of Money and Property	(line 398)	241	4,246,020	271	4,968,919	301	5,896,652
Charges for Services	(line 414)	243	120,499,300	273	132,374,030	303	131,982,550
Miscellaneous	(line 416)	245	2,309,441	275	1,656,998	305	4,012,656
Operating Transfers In	(line 417)	247	0	277	0	307	0
Proceeds of Long Term Debt	(line 418)	248	44,360,000	278	0	308	0
Proceeds of Fixed Asset Sales	(line 419)	249	0	279	0	309	0
Total Revenues & Other Financing Sources		250	171,414,761	280	138,999,947	310	141,891,858
EXPENDITURES & TRANSFERS OUT							
Expenditures	(line 386)	255	161,565,064	285	139,277,798	315	123,859,135
Transfers Out	(line 387)	259	0	289	0	319	0
Total Expenditures & Transfers Out		260	161,565,064	290	139,277,798	320	123,859,135
Excess of Revenues & Other Sources Over (Under) Expenditures & Transfers Out		261	9,849,697	291	-277,851	321	18,032,723
BEGINNING Fund Balance	(line 390)	262	137,021,482	292	137,299,333	322	119,266,610
ENDING Fund Balance	(line 388)	263	146,871,179	293	137,021,482	323	137,299,333

Generation

On March 13, 1913, Cedar Falls voters passed a $50,000 revenue bond issue by more than a 2-to-1 margin, to fund the building of the city's own power plant. By March 1914, two engines (Unit 1) and three fire-tube boilers were installed, and a business office for the new utility was leased on Third Street. By the following month, the power plant was producing electricity, and the first customers were served. The City Council then formally established an Electric Light & Power Department and named Clark Streeter as superintendent of the Municipal Light Plant.

Cedar Falls Municipal Light Company built one of the first rural electric lines in Iowa, to serve a group of farmers living along South Main Street, at a cost of $700 per mile. Demand for electrical service kept increasing at a rapid rate, with service being extended to the North Cedar area in 1922. Growth continued into the 1930's, with the addition of a 1,500-kW steam turbine (Unit 2) installed in a brick addition to the power plant, which doubled the generating capacity of the plant. The municipal utilities purchased the First Street Electric Company in 1936 and added a new 2,500 kW steam turbine (Unit 3) in 1937 to handle the increased load.

In 1941, a hydroelectric plant was built and was able to provide about 60 percent of the city's electrical needs during its first year of service. While useful as a reliable source of emergency alternative power, the hydro-plant never materialized as a viable and economical generating source. The hydroelectric plant was retired in 1968. In 1948 and 1954, 5,000 kW steam turbines (Units #4 and #5) and dedicated boilers were added.

In the 1950's the voters created a separate governance structure for the Electric, Gas, and Water Utilities that were formerly departments of the City of Cedar Falls. There was additional work done to the power plant, to bring the total capacity to 15,500 kW. In 1956 an agreement was reached with the Iowa Public Service Company (IPS), now MidAmerican Energy (MEC), for the establishment of a 69 kV electric tie line. This agreement made it possible to tie in with IPS and eventually the Iowa Power Pool and the national grid.

A 16,500-kW turbine-generator (Unit 6) was commissioned in 1963 at Streeter Station. Following this in 1968 a combustion turbine was commissioned to burn fuel oil or gas (GT1). After these additions and retirements of older units, a large expansion was started in 1971 to add a 306' high stack, pollution control equipment, cooling towers, coal unloading facilities, and rail line for the commissioning of a new steam turbine generating unit (Unit 7) in 1973 with a capacity of 35,000 kW. In 1975, the Electric Utility invested in a share (3.1%) of the Walter J. Scott Jr Energy Center Unit 3 (WS3). The Electric Utility invested in additional capacity by purchasing a share (2.5%) of the George A. Neal Generating Station Unit 4 (Neal 4) in 1985. Streeter Units 4 and 5 were then retired in 1985. A combustion turbine was acquired in 2000 to increase capacity.

In June of 2007, Walter J Scott Jr. Energy Center Unit 4 (WS4) began commercial operations. CFU invested in a 2.02% ownership of this coal-fired generation plant constructed by MEC, who is also the operator for WS3 and Neal 4. All of these units are located along the Missouri River. In addition, a new substation and 161 kV line was built to provide for capacity and reliability needs and was placed in service in August 2006. In 2011, CFU invested in additional capacity of WS4 by purchasing 0.96 MW, which became available to owners when Pella Municipal Electric Utility decided to sell their ownership share. This increased CFU's initial share of ownership in WS4 from 2.02% to the current 2.14%), WS3, Neal 4, and WS4 are collectively referred to as the Western Units. MidAmerican Energy (MEC) operates the Western Units and bids the energy into the MISO market and dispatches the units at the direction of Midwest Independent Transmission System Operator (MISO). CFU then purchases energy from MISO as needed to serve the native load retail customers.

CFU is committed to cost-effective renewable energy as part of the Strategic Plan. In 1997, CFU became a joint owner in the Iowa Distributed Wind Generation Project (IDWGP) located near Algona, Iowa. The project consisted of three 750 kW wind turbines, for a site capacity of 2,250 kW. CFU's share of the project was 1,482 kW or about 66%. In 2016, the joint owners elected to dispose of the assets and the sale of these wind towers was completed in 2017. In 2003, CFU entered into a 20-year purchase power agreement with NextEra Energy for 6 MW of wind from the Hancock Wind Farm which was sold into the MISO markets.

In 2016, CFU completed the construction of a photovoltaic solar farm and interested customers invested in this community solar project managed by CFU. A Federal tax credit equaling 30% of the project's cost and a State of Iowa tax credit of up to 60% of the Federal credit were available. These incentives, coupled with a recent, rapid decline in the cost of solar panels has brought the overall cost of installing solar systems down dramatically. This solar array is owned by a private, taxable entity (to take advantage of tax credits and accelerated depreciation), with CFU purchasing the electrical output from the solar array. Interested customers have invested in the solar array through an upfront contribution in return for monthly credits on their electric bill. These credits are in proportion to the output of the solar array and the customer's level of contribution. Customers were able to invest at levels much lower than it would cost to install a solar system on their own home, and enough customers subscribed so that nearly all the solar energy produced is paid for by these customer investments.

MISO operates a capacity market in addition to an energy market through its Module E tariff. This is done through a voluntary residual Planning Reserve Auction (PRA) held annually to allow for the trading of Zonal Resource Credits (ZRCs). Each load serving entity in MISO must acquire enough ZRCs to supply their forecasted load plus losses and a reserve margin. ZRCs are produced by generating resources. The bulk of the ZRCs are traded in the bi-lateral market with the PRA serving as the market of last resort. Currently, CFU has an excess of ZRCs and has historically sold its excess in the PRA or in bi-lateral agreements. In 2022, there were insufficient ZRCs to meet the demand, so the price cleared the PRA at the maximum allowed by MISO. In 2023, MISO changed to a seasonal construct from an annual one, and more resources were available in the market, so the PRA cleared at a very low price, but the bi-lateral market remained high. MISO deployed a Reliability Based Demand Curve to the PRA in 2025 that resulted in much higher prices. Most indications from MISO and NERC are that capacity will be short for the next several years.

Total Projected Electric Utility Nameplate Generating capacity as of December 31, 2027, is:

SOURCE	YEAR INSTALLED	NAMEPLATE MW	FUEL SOURCE
STREETER UNIT 6	1963	16.5	NATURAL GAS
STREETER UNIT 7	1973	35.0	NATURAL GAS-COAL
WS3 (3.1% share of 690 MW)	1978	21.0	COAL
WS4 (2.14% share of 790 MW)	2007	16.9	COAL
NEAL 4 (2.5% share of 630 MW)(1)	1985	15.0	COAL
COMBUSTION TURBINE 1	1968	19.6	NATURAL GAS-OIL
COMBUSTION TURBINE 2 (2)	2000	23.8	NATURAL GAS-OIL
NAMEPLATE CAPACITY OWNED GENERATION		**147.8**	
UNI COGENERATION (ASSIGNED BY CONTRACT)	1984	7.5	NATURAL GAS-COAL
CEDAR FALLS SOLAR FARM, LLC	2016	1.5	SOLAR
TOTAL ELECTRIC NAMEPLATE GENERATION		**156.8**	

(1) Vintage 1979
(2) Vintage 1970

At first glance, it may appear that CFU's existing generating resources might be sufficient to meet projected load growth. However, MISO's changing accreditation requirements and uncertain energy and capacity market dynamics, in addition to the age of CFU's existing resources, mean that CFU must take steps now to mitigate the risk of future price increases. For this reason, CFU proposes adding new generating resources as soon as possible to avoid having to pass burdensome cost increases on to its customers.

MISO continues to adjust resource adequacy and generator accreditation requirements which further erodes the sufficiency of CFU's nominal capacity. On the demand side, there are increases in the planning reserve margin for CFU's load which increases the amount of

generation required and CFU is seeing load increases that are higher than historical levels. On the supply side, reduced start-up time requirements and increasing penalties for both planned and unplanned outages reduce the amount of generation available. Energy market prices have become much more volatile on an hourly basis, and this is forecast to worsen over time. CFU's current generation assets were not designed to operate under such increased volatility where they may be needed for just a few hours on short notice several times per week.

CFU is currently budgeting to add approximately 37 MW of efficient, fast responding generation to meet the requirements of the current market dynamics in MISO. This project, if approved, will be the largest capital project in CFU history projected to cost approximately $80 million. See Budget Item 116-Reciprocating Engine Generation in the Capital Improvement Plan-Electric Production Section.

Transmission

In 2009, CFU, along with MEC, turned over functional control of its transmission system to the non-profit Midcontinent Independent System Operator (MISO). MISO directs the operation of transmission systems in fifteen states and one Canadian province. CFU is now a transmission owner in MISO and receives revenue for its share of transmission revenue collected by MISO. This substantially changed CFU's business model. CFU purchases transmission service from MISO to serve the requirements of CFU customers. MISO operates Day Ahead and Real Time Energy Markets to control transmission system congestion. CFU sells power generated to MISO in these markets and purchases energy from them to serve CFU customers. As energy is scheduled, the difference between the Local Marginal Price (LMP) price at the point of injection into the network and the exit LMP price out of the network is billed as an hourly credit or charge. Therefore, the price of congestion and losses provide a strong price signal to limit transmission overloads.

CFU participated in a major MISO transmission upgrade in 2014 and 2015 after MISO determined that a major 345 kV transmission line across the northern half of Iowa would benefit all MISO members and approved a Multi-Value Project (MVP) to build the line that cost roughly $1 billion. This MVP project was constructed by both MEC and International Transmission Company (ITC). CFU participated in the MEC portion of the project with an 18.42% ownership of the west half of the line between Black Hawk and Hazelton substations for $3.8 million. The line was placed in service in late 2015. These assets allow the Utility to experience fewer congestion issues that impact wholesale market prices as well as providing a rate of return on invested transmission equity that offsets transmission network service charges.

In 2014, a $7 million project was submitted by CFU and approved by MISO to construct a new transmission substation and transmission line to increase the capacity and reliability of the local 69kV system. This project was completed in 2017.

In 2018, CFU switched to a Forward-Looking Rate from a Historical Rate for the collection of transmission revenues through MISO. This allows CFU to collect the revenues earlier and be in line with other transmission owners in the same transmission zone.

Like the MISO MVP project in 2015, MISO has implemented a Long-Range Transmission Plan (LRTP). Tranche 1 and 2.1 of the LRTP has been approved by MISO. One of the LRTP Tranche 1 projects will connect to existing CFU owned facilities in central Iowa and CFU plans to participate in this project at an estimated cost of $6.5 million over the next three years. CFU is also exploring ways to participate in Tranche 2.1 projects. CFU also plans to spend roughly $500,000 in 2027 to rebuild local 69kV transmission lines due to their age.

Overhead to Underground Conversion Program

CFU plans to convert additional overhead to underground (roughly 18 miles) over the next several years that will bring the in-city limits distribution feeders and services to near 100% underground. Transmission and primary distribution lines will remain 100% overhead. The plan also includes underground work of an additional 20 miles of rural line where conduits were installed in conjunction with the rural fiber project. Benefits of an underground system include significantly higher reliability, less maintenance, a safer system to the public and employees, with much improved aesthetics. In recent customer surveys, reliability is their highest priority. Most outages to the electric system are on the overhead system caused by trees, animals, lightning, and overhead equipment issues.

The City has an underground ordinance requiring all utilities in designated areas to remove their existing overhead systems and put them underground. The designated areas are those areas identified in CFU's conversion plan, which is available upon request.

The goal for the overhead to underground project is to minimize as much as possible the impact to the customer. Although the cost is higher, 80% of the underground system will be installed using boring rather than trenching, thereby minimizing the disturbance to the customer's lawn, landscape, buildings, fence, and driveways. Normally, the customer would contribute for the cost of the underground service and convert their meter socket. For customers within the conversion plan areas, there is no charge for either. CFU has contracted with an outside contractor to change out the meter socket at each customer premise. Total capital costs for the overhead to underground conversion projects 2026 through 2036 is estimated to be $9,542,000.

Generation & Transmission Acquisition Fund

The Electric Generation & Transmission Acquisition Fund was established for the purchase of new or replacement electric generation or transmission capacity. CFU budget plans include adding approximately 37 MW of efficient fast responding generation that fits into the purpose of this fund.

In addition, any future investment in renewable energy generation would also likely be sourced from these funds. The fund could also be used to acquire transmission assets. Transmission investments, such as the Black Hawk to Hazelton 345kv line from 2015, allow a FERC approved return on investment (ROI) through the MISO Multi-Value Project (MVP) reporting process.

CFU's annual transfer to the fund is determined during the budget process and subject to change annually based on revenue fluctuations.

The 2027 Electric cash flow projection includes Generation & Transmission Acquisition funds being used for the Viking Energy Center reciprocating engine generation project. This expenditure will temporarily reduce transfers to the fund with fund transfers resuming in 2030.

Generation & Transmission Acquisition Fund ($s in Millions):

	2025	2026	2027	2028	2029	2030	2031
Funding	$ -	$ -	$ -	$ -	$ -	$ 2.50	$ 2.50
Year-End Bal.	$ 15.84	$ 16.35	$ 16.88	$ 2.13	$ 2.13	$ 4.63	$ 7.13

Note: Viking Energy Center reciprocating engine generation project construction 2025 – 2028.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Electric Utility

Operating Expenses

	2027 Budget		2026 Reforecast		2026 Original Budget	
ECA Expenses	$ 27,352,314	40.9%	$ 31,883,851	45.7%	$ 32,826,864	46.5%
Other Expenses	$ 39,507,849	59.1%	$ 37,847,697	54.3%	$ 37,726,389	53.5%
Total Op. Exps.	$ 66,860,163	100.0%	$ 69,731,548	100.0%	$ 70,553,253	100.0%

	Change From 2026 Reforecast		Change From 2026 Original Budget	
ECA Expenses	$ (4,531,537)	-14.2%	$ (943,013)	-2.9%
Other Expenses	$ 1,660,152	4.4%	$ 121,308	0.3%
Total Op. Exps.	$ (2,871,385)	-4.1%	$ (821,705)	-1.2%

ECA Expenses
The cost the Utility pays for purchased power and fuel expenses are passed on to customers through the Energy Cost Adjustment (ECA). Power purchased from the MISO market is the Utility's largest operating expense and accounts for 34.4% of the total operating expenses budgeted for 2027.

	2027 Budget		2026 Reforecast		2026 Original Budget	
Purchased Power	$ 23,028,654	34.4%	$ 26,904,944	38.6%	$ 28,271,273	40.1%
Fuel Exps.	$ 4,323,660	6.5%	$ 4,978,907	7.1%	$ 4,555,591	6.5%
ECA Expenses	$ 27,352,314	40.9%	$ 31,883,851	45.7%	$ 32,826,864	46.5%

	Change From 2026 Reforecast		Change From 2026 Original Budget	
Purchased Power	$ (3,876,290)	-14.4%	$ (1,366,329)	-4.8%
Fuel Exps.	$ (655,247)	-13.2%	$ 423,316	9.3%
ECA Expenses	$ (4,531,537)	-14.2%	$ (943,013)	-2.9%

Purchased power prices for 2026 have been lower than were anticipated in the 2026 Original Budget. Note that some of the change in Energy Cost Adjustments Expenses are due to changes in sales.

Non-ECA Expenses
A large portion of the 2027 Budget increase, when compared to the 2026 Reforecast, can be attributed to changes in wages and benefits. These include anticipated wage increases and filling of open or new positions.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Electric Utility

Operating Revenue & Rates

	2027 Budget		2026 Reforecast		2026 Original Budget	
Rev. From Rates	$ 38,560,435	50.4%	$ 37,953,138	44.9%	$ 39,201,757	47.8%
ECA Recovery	$ 27,432,573	35.9%	$ 31,966,701	37.8%	$ 32,913,064	40.1%
RGA	$ (5,340,802)	-7.0%	$ (7,850,328)	-9.3%	$ (6,126,145)	-7.5%
Retail Revenue	$ 60,652,206	79.3%	$ 62,069,511	73.5%	$ 65,988,676	80.5%
Sales for Resale	$ 10,113,176	13.2%	$ 15,965,038	18.9%	$ 9,851,913	12.0%
Other	$ 5,718,000	7.5%	$ 6,460,002	7.6%	$ 6,153,000	7.5%
Total Op. Revenue	$ 76,483,382	100%	$ 84,494,551	100%	$ 81,993,589	100%
Rev. From Rates	$ 38,560,435	63.6%	$ 37,953,138	61.1%	$ 39,201,757	59.4%
ECA + RGA	$ 22,091,771	36.4%	$ 24,116,373	38.9%	$ 26,786,919	40.6%
Retail Revenue	$ 60,652,206	100%	$ 62,069,511	100%	$ 65,988,676	100%

	Change From 2026 Reforecast		Change From 2026 Original Budget	
Rev. From Rates	$ 607,297	1.6%	$ (1,248,619)	-3.2%
ECA Recovery	$ (4,534,128)	-14.2%	$ (946,363)	-2.9%
RGA	$ 2,509,526	-32.0%	$ (1,724,183)	28.1%
Retail Revenue	$ (1,417,305)	-2.3%	$ (3,919,165)	-5.9%
Sales for Resale	$ (5,851,862)	-36.7%	$ 6,113,125	62.1%
Other	$ (742,002)	-11.5%	$ 307,002	5.0%
Total Op. Revenue	$ (8,011,169)	-9.5%	$ 2,500,962	3.1%
Rev. From Rates	$ 607,297	1.6%	$ (1,248,619)	-3.2%
ECA + RGA	$ (2,024,602)	-8.4%	$ (2,670,546)	-10.0%
Retail Revenue	$ (1,417,305)	-2.3%	$ (3,919,165)	-5.9%

Note that usage for the Electric Utility is heavily dependent on temperature and budgeted sales are based on normalized temperatures.

As discussed in the Operating Expenses section, the cost the Utility pays for purchased power and fuel expenses are passed on to customers through the Energy Cost Adjustment (ECA). 2026 purchased power prices have been lower than were anticipated in the 2026 Original Budget.

Some of the Sales for Resale Revenue is given back to customers via the Revenue Giveback Adjustment (RGA). The majority of Sales for Resale are from Western Unit sales into the MISO market. The revenue can fluctuate significantly with the prices of energy and natural gas markets, and 2026 revenue has been higher than predicted in the 2026 Original Budget.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Electric Utility

Electric Operating Revenue - MISO Sales - Western Units

	Amount	Increase (Decrease)	
2024	$ 5,707,101	---	---
2025	$ 9,912,160	$ 4,205,059	73.7%
2026 Reforecast	$ 10,594,250	$ 682,090	6.9%
2027 Budget	$ 7,144,750	$ (3,449,500)	-32.6%

	Amount	Increase (Decrease)	
2026 Original Budget	$ 7,451,538	---	---
2026 Reforecast	$ 10,594,250	$ 3,142,712	42.2%

Fifty percent of this revenue is budgeted to be given back to the customers via the Revenue Giveback Adjustment (RGA).

Electric Operating Revenue – Base Rates and Net ECA

	2027 Sales With 2026 Rates and 2026 Net ECA		2027 Sales With 2027 Rates and 2026 Net ECA		Change	
Base Customers						
Base Revenue	$ 31,866,631	68.2%	$ 33,457,783	69.2%	$ 1,591,152	5.0%
ECA + RGA	$ 14,867,514	31.8%	$ 14,867,514	30.8%	$ -	0.0%
Base Customers	$ 46,734,145	100%	$ 48,325,297	100%	$ 1,591,152	3.4%

	2027 Sales With 2026 Rates and 2026 Net ECA		2027 Sales With 2027 Rates and 2027 Net ECA		Change	
Base Customers						
Base Revenue	$ 31,866,631	68.2%	$ 33,457,783	73.7%	$ 1,591,152	5.0%
ECA + RGA	$ 14,867,514	31.8%	$ 11,932,926	26.3%	$ (2,934,588)	-19.7%
Base Customers	$ 46,734,145	100%	$ 45,390,709	100%	$ (1,343,436)	-2.9%

The $607,297 increase in revenue from rates in the table on the previous page reflects a 5.0% increase to base rates and anticipated changes in the customer base and sales. If ECA costs and RGA revenue were to remain stable, an overall bill increase of 3.4% would be predicted for our base customers. In this budget, ECA expenses are anticipated to be lower in 2027 compared to the amounts reforecast for 2026 and when these impacts are combined with the 5.0% base increase the overall change to base customers is anticipated to be -2.9%.

Customers

As of July 31, 2026, CFU serves 20,442 electric customers.

Customer information at December 31, 2024 & 2025:

	2024		
	Customers	**Sales (kWh)**	**Revenue**
Residential	17,772	167,714,562	$ 17,475,739
Commercial	2,266	441,261,667	$ 24,554,686
Industrial	47	62,442,895	$ 4,409,778
Governmental	161	52,719,582	$ 3,365,914
Other	1	1,699,766	$ 504,064
Total	**20,247**	**725,838,471**	**$ 50,310,181**

	2025		
	Customers	**Sales (kWh)**	**Revenue**
Residential	17,746	177,962,721	$ 20,566,870
Commercial	2,289	546,566,075	$ 33,739,112
Industrial	47	61,483,600	$ 5,021,442
Governmental	161	52,540,901	$ 3,952,261
Other	1	1,698,969	$ 503,685
Total	**20,244**	**840,252,265**	**$ 63,783,370**

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Electric Utility Revenue and Expense Summary

	2024 ACTUAL	2025 ACTUAL	2026 REFORECAST	2027 BUDGET
OPERATING REVENUE				
Residential Sales	$ 17,475,739	$ 20,566,870	$ 22,026,444	$ 21,516,674
Commercial & Industrial Sales	$ 29,071,278	$ 38,865,750	$ 35,485,453	$ 34,600,323
Governmental Sales	$ 3,539,350	$ 4,108,062	$ 4,240,968	$ 4,149,285
Interdepartmental	$ 223,814	$ 242,688	$ 316,646	$ 385,924
Retail Sales Subtotal	$ 50,310,181	$ 63,783,370	$ 62,069,511	$ 60,652,206
Sales for Resale - ARR/FTR	$ 2,039,966	$ 1,591,916	$ 1,332,168	$ 1,140,384
Sales for Resale - Capacity	$ 0	$ 624,898	$ 1,511,614	$ 1,200,000
Sales for Resale - DRR	$ 433,057	$ 1,445,398	$ 1,305,972	$ 0
Sales for Resale - MISO	$ 611,700	$ 1,227,746	$ 1,221,034	$ 628,042
Sales for Resale - Western Units	$ 5,707,101	$ 9,912,160	$ 10,594,250	$ 7,144,750
Transmission Revenues	$ 3,406,847	$ 4,085,335	$ 5,615,171	$ 4,878,000
Miscellaneous Operating Revenues	$ 2,378,837	$ 1,007,666	$ 844,831	$ 840,000
TOTAL	**$ 64,887,689**	**$ 83,678,489**	**$ 84,494,551**	**$ 76,483,382**
OPERATING EXPENSE				
Fuel - Local	$ (1,044,071)	$ (1,476,860)	$ (1,322,610)	$ (989,707)
Fuel - Western Units	$ (3,359,766)	$ (3,924,196)	$ (3,656,297)	$ (3,333,953)
Other Production & Generation	$ (4,693,908)	$ (6,549,901)	$ (6,639,356)	$ (6,922,295)
Purchased Power	$ (18,143,484)	$ (28,405,137)	$ (27,154,750)	$ (23,297,640)
Transmission	$ (5,512,159)	$ (6,298,562)	$ (6,566,882)	$ (6,929,931)
Other Operating Expense	$ (21,117,386)	$ (21,148,879)	$ (24,391,653)	$ (25,386,637)
TOTAL	**$ (53,870,774)**	**$ (67,803,535)**	**$ (69,731,548)**	**$ (66,860,163)**
NET OPERATING INCOME (LOSS)	**$ 11,016,915**	**$ 15,874,954**	**$ 14,763,003**	**$ 9,623,219**
NON-OPERATING REVENUE (EXPENSE)				
Interest Expense On Long-Term Debt	$ 172,651	$ 25,856	$ (502,166)	$ (2,441,722)
Extraordinary Income	$ 545,400	$ 0	$ 0	$ 0
Interest Income	$ 3,230,469	$ 3,313,573	$ 3,052,100	$ 2,358,900
Other Non-Op. Revenue (Expense)*	$ 1,843,250	$ 1,339,481	$ 1,524,979	$ 1,783,974
TOTAL	**$ 5,791,770**	**$ 4,678,910**	**$ 4,074,913**	**$ 1,701,152**
NET INCOME (LOSS)	**$ 16,808,685**	**$ 20,553,864**	**$ 18,837,916**	**$ 11,324,371**
ADJUSTMENTS				
Operating Expense				
Depreciation and Amortization	$ 7,356,453	$ 7,140,868	$ 7,169,731	$ 7,642,516
IPERS Pension & OPEB Liability	$ (300,471)	$ (922,654)	$ 100,000	$ 100,000
Payment in Lieu of Taxes (PILOT)	$ 1,536,800	$ 1,939,400	$ 1,899,600	$ 1,858,400
Non-Operating				
AFUDC	$ (115,101)	$ (174,138)	$ (831,593)	$ (1,040,450)
Interest Expense On Long-Term Debt	$ (172,651)	$ (25,856)	$ 502,166	$ 2,441,722
TOTAL	**$ 8,305,030**	**$ 7,957,620**	**$ 8,839,904**	**$ 11,002,188**
REVENUE AVAILABLE FOR DEBT SERVICE	**$ 25,113,715**	**$ 28,511,484**	**$ 27,677,820**	**$ 22,326,559**
TOTAL DEBT SERVICE PAYMENT	**$ 3,353,625**	**$ 1,368,750**	**$ 3,472,050**	**$ 3,383,638**
DEBT SERVICE COVERAGE RATIO W/O PILOT	**7.49**	**20.83**	**7.97**	**6.60**
DEBT SERVICE COVERAGE RATIO WITH PILOT	**7.03**	**19.41**	**7.42**	**6.05**

Cedar Falls Utilities - Municipal Electric Utility Cash Flow History and Projections Summary	Audited 2024	Audited 2025	Budget 2026	Reforecast 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Average Rate Adjustments									
Historical / Projected Rate Adjustments	**7.0%**	**7.0%**	**5.1%**	**5.1%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**
Revenue & Expense									
Total Retail Sales	725,838,471	840,252,265	850,500,000	724,260,034	710,600,000	467,100,000	467,100,000	467,100,000	467,100,000
Total MISO Sales	196,135,385	229,967,580	205,789,622	225,275,125	204,442,000	213,572,700	267,412,700	268,492,700	269,592,700
Total Electric Energy Sales (Units)	**921,973,856**	**1,070,219,845**	**1,056,289,622**	**949,535,159**	**915,042,000**	**680,672,700**	**734,512,700**	**735,592,700**	**736,692,700**
Total Operating Revenues	64,887,689	83,678,489	81,993,589	84,494,551	76,483,382	67,989,338	75,859,256	77,940,683	80,003,632
Total Operating Expenses	53,870,774	67,803,535	70,553,253	69,731,548	66,860,163	64,186,757	68,954,657	71,568,685	73,415,265
Net Operating Income (Loss)	**11,016,915**	**15,874,954**	**11,440,336**	**14,763,003**	**9,623,219**	**3,802,581**	**6,904,599**	**6,371,998**	**6,588,367**
Total Non-Operating Revenue or (Expense)	5,791,770	4,678,910	1,985,334	4,074,913	1,701,152	1,203,724	636,187	895,600	332,026
Net Income (Loss)	**16,808,685**	**20,553,864**	**13,425,670**	**18,837,916**	**11,324,371**	**5,006,305**	**7,540,786**	**7,267,598**	**6,920,393**
NOI as a Percent of Revenue	**16.98%**	**18.97%**	**13.95%**	**17.47%**	**12.58%**	**5.59%**	**9.10%**	**8.18%**	**8.24%**
NI as a Percent of Revenue	**25.90%**	**24.56%**	**16.37%**	**22.29%**	**14.81%**	**7.36%**	**9.94%**	**9.32%**	**8.65%**
Cash Balance									
Adjust Net Income To Cash									
Capital									
Capital Outlays	(8,324,955)	(20,003,959)	(21,882,980)	(24,798,574)	(50,971,420)	(46,302,990)	(15,995,550)	(8,907,900)	(14,421,910)
Intercompany Asset Sale	2,653,418	0	0	0	0	0	0	0	0
Debt									
Bond or Note Proceeds	0	0	0	0	44,360,000	0	0	0	0
Debt Service Payments - Principal	(3,195,000)	(1,290,000)	(1,335,000)	(1,335,000)	(500,000)	(1,470,000)	(1,545,000)	(1,625,000)	(1,705,000)
Inter-Company Loan									
Loan Proceeds	0	15,000,000	0	0	0	0	0	0	0
Loan Repayment - Principal	0	0	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Revenue & Expense Adjustments	4,245,894	8,960,062	5,472,385	6,215,447	7,023,200	4,601,295	9,442,483	9,724,749	9,880,016
Adjust To Cash	**(4,620,643)**	**2,666,103**	**(19,245,595)**	**(21,418,127)**	**(1,588,220)**	**(44,671,695)**	**(9,598,067)**	**(2,308,151)**	**(7,746,894)**
Annual Cashflow Surplus / (Deficit)	**12,188,042**	**23,219,967**	**(5,819,925)**	**(2,580,211)**	**9,736,151**	**(39,665,390)**	**(2,057,281)**	**4,959,447**	**(826,501)**
Total Cash & Investments									
Beginning Balance	59,927,705	72,115,747	85,033,563	95,335,714	92,755,503	102,491,654	62,826,264	60,768,983	65,728,430
Annual Cashflow Surplus / (Deficit)	12,188,042	23,219,967	(5,819,925)	(2,580,211)	9,736,151	(39,665,390)	(2,057,281)	4,959,447	(826,501)
Ending Balance	**72,115,747**	**95,335,714**	**79,213,638**	**92,755,503**	**102,491,654**	**62,826,264**	**60,768,983**	**65,728,430**	**64,901,929**

Cedar Falls Utilities - Municipal Electric Utility Cash Flow History and Projections Summary		Audited 2024	Audited 2025	Budget 2026	Reforecast 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Breakout of Cash Balance										
Unrestricted Cash & Investments		**49,253,148**	**71,449,648**	**58,731,027**	**72,477,739**	**78,275,890**	**53,276,291**	**51,218,581**	**52,810,084**	**49,305,454**
Board Designated Restricted Cash & Investments										
Generation & Transmission Acquisition Fund		15,050,489	15,835,864	16,211,956	16,349,752	16,877,752	2,127,752	2,127,752	4,627,752	7,127,752
PILOT Surplus Reserve		1,536,800	1,939,400	2,024,400	1,899,600	1,858,400	1,652,800	1,653,000	2,521,048	2,699,198
Security Deposit Fund		396,907	423,812	407,583	422,583	422,583	422,583	422,583	422,583	422,583
Western Units Landfill Closure Fund		531,463	550,012	531,463	550,012	550,012	550,012	550,012	550,012	550,012
Ending Balance		**17,515,659**	**18,749,088**	**19,175,402**	**19,221,947**	**19,708,747**	**4,753,147**	**4,753,347**	**8,121,395**	**10,799,545**
Legally Restricted Cash & Investments										
Bond & Interest Fund		184,749	195,737	0	0	0	289,809	290,038	289,934	289,913
Bond Reserve Fund		2,639,500	2,639,500	0	0	3,480,900	3,480,900	3,480,900	3,480,900	3,480,900
Construction Fund		0	0	0	0	0	0	0	0	0
Improvement & Extension Fund		1,000,000	1,000,000	0	0	0	0	0	0	0
Self-Funded Dental Insurance Plan		34,637	32,253	32,828	37,247	37,247	37,247	37,247	37,247	37,247
Self-Funded Health Insurance Plan		1,394,904	1,200,748	1,244,681	988,870	988,870	988,870	988,870	988,870	988,870
Streeter Landfill Closure Fund		93,150	68,740	29,700	29,700	0	0	0	0	0
Ending Balance		**5,346,940**	**5,136,978**	**1,307,209**	**1,055,817**	**4,507,017**	**4,796,826**	**4,797,055**	**4,796,951**	**4,796,930**
Total Cash & Investments		**72,115,747**	**95,335,714**	**79,213,638**	**92,755,503**	**102,491,654**	**62,826,264**	**60,768,983**	**65,728,430**	**64,901,929**
Board Designated Unrestricted Reserve Calculation										
Unrestricted Cash & Investments		**49,253,148**	**71,449,648**	**58,731,027**	**72,477,739**	**78,275,890**	**53,276,291**	**51,218,581**	**52,810,084**	**49,305,454**
Board Recommended Reserves										
CIP Reserve (Five Year Average)	**[A]**	12,966,023	13,142,757	12,867,690	13,897,667	14,089,154	14,285,206	13,323,976	12,257,132	11,951,180
Catastrophe Reserve		1,500,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Operating Expense Reserve (45 days)	**[B]**	5,849,397	7,695,847	7,878,042	7,805,477	7,387,456	6,943,417	7,438,217	7,729,646	7,941,019
Board Designated Unrestricted Reserves	**[C]**	**20,315,420**	**31,838,604**	**31,745,732**	**32,703,144**	**32,476,610**	**32,228,623**	**31,762,193**	**30,986,778**	**30,892,199**
Reserves Surplus (Deficit)		**28,937,728**	**39,611,044**	**26,985,295**	**39,774,595**	**45,799,280**	**21,047,668**	**19,456,388**	**21,823,306**	**18,413,255**

[A] = Net of bond proceeds.

[B] = 12.5% of adjusted operating expenses, does not include PILOT & non-cash expenses (IE: depreciation; IPERS unfunded liability; OPEB).

[C] = Minimum Unrestricted Cash Reserve Level per the Cash Reserve Policy

Cedar Falls Utilities - Municipal Electric Utility Cash Flow History and Projections Summary		Audited 2024	Audited 2025	Budget 2026	Reforecast 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Financial Ratios										
	Goal									
Debt Service Coverage - Revenue Debt - Bond Covenant	1.25+	7.03	19.41	15.61	18.75	15.20	4.36	5.48	5.48	5.36
Debt Service Coverage - All Debt - Bond Covenant	1.75+	7.03	19.41	5.92	7.42	6.05	2.78	3.53	3.57	3.54
Unrestricted Cash Balances as % of Operating Expenses Without Depreciation, PILOT, & NPL/OPEB	50%+	108.83%	119.83%	96.28%	119.71%	136.75%	98.85%	88.53%	89.03%	81.06%
Net Operating Income (NOI) as a % of Revenue	6%+	16.98%	18.97%	13.95%	17.47%	12.58%	5.59%	9.10%	8.18%	8.24%
Net Income (NI) as a % of Revenue	6%+	25.90%	24.56%	16.37%	22.29%	14.81%	7.36%	9.94%	9.32%	8.65%
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	$0	$ 28,937,728	$ 39,611,044	$ 26,985,295	$ 39,774,595	$ 45,799,280	$ 21,047,668	$ 19,456,388	$ 21,823,306	$ 18,413,255
Assumptions Used in Cashflow										
Projected Sales (KWH) Change %							-34.3%	0.0%	0.0%	0.0%
Projected Operating Expenses (If NOT Specifically Projected)							4.0%	3.5%	3.5%	3.5%
Debt Interest Rate							4.0% - 5.0%	4.0% - 5.0%	4.0% - 5.0%	4.0% - 5.0%

CEDAR FALLS UTILITIES

2027 Annual Operating Budget and Capital Improvement Plan

Electric Utility Historical and Projected Average Rate Adjustments

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
		15.0%		9.0%	5.0%			2.0%	

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
6.0%	5.0%	4.0%		0.5%					1.5%

2020	2021	2022	2023	2024	2025	2026	**2027**	2028	2029
1.7%	0.1%	0.2%	3.0%	7.0%	7.0%	5.1%	**5.0%**	5.0%	5.0%

2030	2031
5.0%	5.0%

Notes:

2021 & 2022 = Adjustment only in Non-Profit & Governmental Rate due to planed phase out of rate.

Distribution

The City of Cedar Falls, Iowa was previously served by the Citizens Gas and Electric Company. However, in the 1920's, public interest grew significantly in municipal ownership of a gas utility. A vote on the gas franchise passed by a 7-to-1 margin. Plans for a high-pressure manufactured gas system followed almost immediately. The gas distribution system was purchased from Iowa Public Service Company at a cost of $83,000. When Northern Natural Gas Company announced plans to build a transmission pipeline near Cedar Falls in the 1950's, plans were developed to overhaul the entire gas system to use natural gas. The existing system was updated where possible and new gas mains and services were constructed. New gas meters were installed throughout the system and gas appliances at 2,750 customer locations were converted to natural gas. Cedar Falls continued to grow and the increases in industrial and residential customers required additional supplies of natural gas and the expansion of the distribution system.

Natural gas service was extended into northern Cedar Falls in 1982 and 1983. The Gas Utility unveiled a plan in 1983 to replace all cast iron and bare steel gas mains and services with polyethylene pipe. Polyethylene pipe was selected to prevent future corrosion problems. Customer gas meters were moved outside as part of this replacement project. This notable system improvement project greatly improved the safety and reliability of the CFU natural gas system, and annual operational and maintenance costs were reduced. This project began in 1984 and was completed in 1997.

In 2014, the Gas Utility financed the construction of Town Border Station (TBS#4) by Northern Natural Gas (NNG) to provide a new gas feed into the gas distribution system. This station is now the primary feed into Cedar Falls with the existing Town Border Station (TBS#1) placed into a secondary feed role for redundancy. TBS#4 required a system extension to tie into the distribution system and has supplied a more reliable feed into the system. In 2015 TBS#1 was upgraded by CFU to enhance its reliability and operation.

The Gas Utility distribution system is made up of over 236 miles of pipe ranging in size from 1" in diameter to 12" in diameter. The system piping materials include 204 miles of high-density polyethylene and 32 miles of wrapped steel. The distribution system also includes 12,882 gas services, including 11,672 high-density polyethylene services and 1,210 wrapped steel services. All the wrapped steel gas mains and services are cathodically protected. The system is operated at two different distribution pressures: high pressure at 55 psig and medium pressure at 5 psig.

Gas main extension, relocation, abandonment, and replacement projects coincide with city and state road reconstruction, street restoration, drain tile installation, and sanitary and storm sewer repairs or replacements along with new developments. Potential gas main extensions in 2027 include 1st and Walnut Condos, Meadow Ridge, Panther West, West Fork Crossing Phase IV, Creekside Luxury Condos, W 12th St Extension, Franklin St box culvert, and uprate the gas pressure for Quail Ridge/Lexington Hts. Gas main replacements and relocations include W 23rd St steel main replaced, W 27th St/Union roundabout, Linwood Dr steel gas main replacement.

Total capital costs for these gas main replacement, relocation, and extension projects 2027 through 2031 are estimated at $2,278,000.

We do project a major gas main extension in 2027 & 2028 to serve natural gas to the proposed Viking Energy Center reciprocating engine generation plant and to serve the Industrial Park for increasing customer demand. More information regarding the new plant can be found in the Electric Utility section of this book. The total extension is estimated to be $6,700,000 but $5,900,000 is anticipated to be paid by the Electric Utility. See Budget item 580–New 300 PSI Gas Distribution System in the Capital Improvement Plan section.

Supply of Natural Gas

The Gas Utility has a transportation contract with Northern Natural Gas Company (NNG) that expires in October 2027. The gas is transported to the Town Border Stations over NNG's interstate pipeline system. The contract is for 23,885 MMBTU per day January through March, November, and December. The remainder of the year is contracted for 12,000 MMBTU per day. This includes volumes specifically contracted for the Electric Utility to generate during the months of April through October. In addition, the Gas Utility contracts with Tenaska Marketing Ventures for our gas commodity purchases to function as CFU's agent for pipeline nominations through an Asset Management Agreement (AMA). The Gas Utility uses Tenaska's interruptible storage capacity for the flexibility required for our gas nomination process. The AMA with Tenaska allows Tenaska to market CFU's daily unused gas volumes.

CEDAR FALLS UTILITIES
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Gas Utility

The Gas Utility continues exploring other means to secure reliable and cost-effective sources of natural gas for its customers. Membership in a joint arrangement with two municipal utilities in Nebraska has been established to secure gas under prepaid agreements. The Gas Utility has four prepay agreements with Central Plains Energy Project (CPEP). These agreements currently provide for 45-80% of the average daily usage at a discount to the monthly index for 2026. The agreements include:

Agreement	Ends
CPEP 2	2055
CPEP 3	2042
CPEP 4	2054
CPEP 5	2053

Gas Reserve Fund

The Gas Utility Capital Replacement Fund was established for the replacement of the gas distribution system as it reaches the end of its theoretical 40-year useful life, and the PGA Contingency Fund was established to fund a significant future gas market event. In 2026 the Gas Utility Capital Replacement Fund and the PGA Contingency Fund were combined into the Gas Reserve Fund.

The Gas Reserve Fund is in place to fund a significant future gas market event or a future large capital project that could require bond issuance or a significant financial investment in a short period of time. Annual deposits to the Gas Reserve Fund are determined during the budget process in addition to revenues received by the Gas Utility third party sharing agreements and CPEP rebates. Current projections are shown in the table below.

Year	Starting Balance	Annual Contributions	Use	Other	Ending Balance
2026	$ 9,013,794	$ -	$ (1,000,000)	$ 460,498	$ 8,474,292
2027	$ 8,474,292	$ -	$ -	$ 458,000	$ 8,932,292
2028	$ 8,932,292	$ 300,000	$ -	$ 414,800	$ 9,647,092
2029	$ 9,647,092	$ 750,000	$ -	$ 414,800	$ 10,811,892
2030	$ 10,811,892	$ 500,000	$ -	$ 414,800	$ 11,726,692
2031	$ 11,726,692	$ 500,000	$ -	$ 414,800	$ 12,641,492

- Starting Balance for 2026: $8,296,439 from the Capital Replacement Fund and $717,355 from the PGA Contingency Fund.
- $1,000,000 was used in 2026 to offset high Natural Gas prices incurred during Winter Storm Fern.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Gas Utility

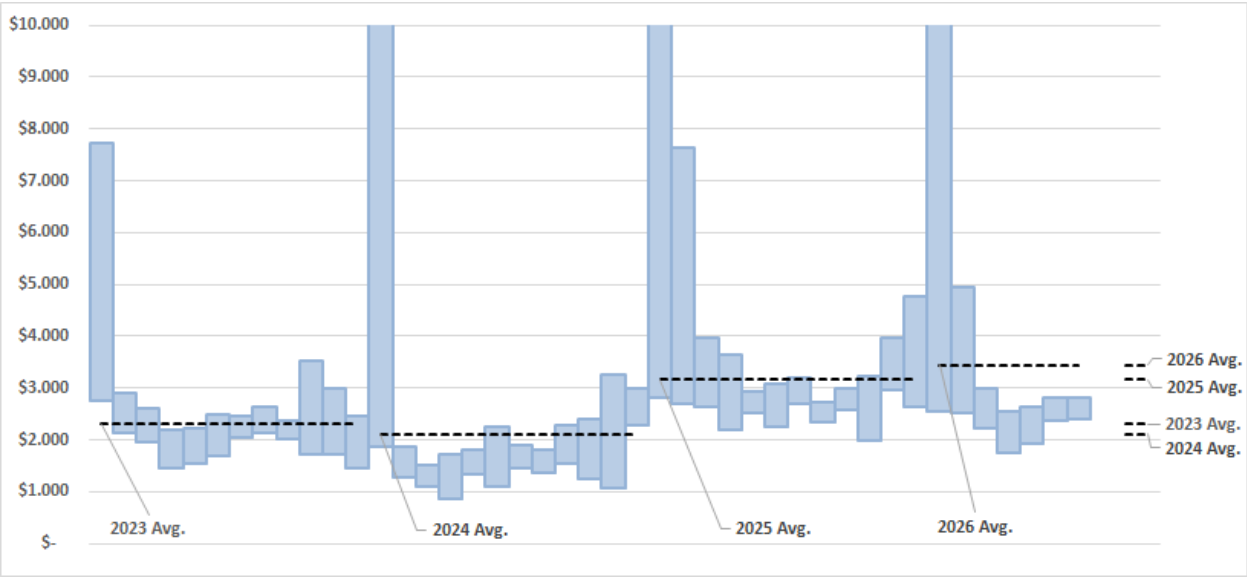
Operating Expenses

Purchased Gas Supply expenses, the largest cost to the Gas Utility, include natural gas and related pipeline fees. These expenses are passed on to customers through the Purchased Gas Adjustment (PGA) without markup. See Purchased Gas Supply Expenses & Revenue Compare section.

	2027 Budget		2026 Reforecast		2026 Original Budget	
Recovered via PGA						
Natural Gas	$ 8,520,483	41.9%	$ 10,506,012	48.0%	$ 9,603,036	45.2%
Pipeline Fees	$ 5,044,040	24.8%	$ 5,044,040	23.0%	$ 5,216,530	24.6%
Recovered via PGA	$ 13,564,523	66.6%	$ 15,550,052	71.0%	$ 14,819,566	69.8%
Other	$ 6,792,021	33.4%	$ 6,353,862	29.0%	$ 6,408,597	30.2%
Total Op. Expense	$ 20,356,544	100%	$ 21,903,914	100%	$ 21,228,163	100%

	Change From 2026 Reforecast		Change From 2026 Original Budget	
Recovered via PGA				
Natural Gas	$ (1,985,529)	-18.9%	$ 902,976	9.4%
Pipeline Fees	$ -	0.0%	$ (172,490)	-3.3%
Recovered via PGA	$ (1,985,529)	-12.8%	$ 730,486	4.9%
Other	$ 438,159	6.9%	$ (54,735)	-0.9%
Total Op. Expense	$ (1,547,370)	-7.1%	$ 675,751	3.2%

Natural gas purchased by the utility is a mix of gas purchased via a daily rate or a monthly rate. The following graph is the range of daily market prices by month (capped at $10) and the average price for 2023 to July 2026.



CEDAR FALLS UTILITIES
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Gas Utility

Daily natural gas prices since 2020:

Year	Average per DTH	Change	Max. for Year	Days Over $10	Note
2020	$ 1.85	---	$ 4.83	0	
2021	$ 6.51	$ 4.66	$ 231.67	7	[A]
2022	$ 6.11	$ (0.40)	$ 33.28	2	[B]
2023	$ 2.30	$ (3.81)	$ 7.72	0	
2024	$ 2.12	$ (0.18)	$ 31.24	4	
2025	$ 3.15	$ 1.04	$ 10.63	4	
2026	$ 3.43	$ 0.28	$ 52.20	6	[C]

[A] = In 2021, Winter Storm Uri's impacts caused record-breaking natural gas prices, up to 100 times the normal price.

[B] = In 2022 natural gas price volatility hit record highs and the average market price the Utility paid for natural gas was over three times 2020's average.

[C] = In 2026, Winter Storm Fern caused a significant increase in the daily price. For a 10-day period the daily price averaged $20.77/DTH peaking at $52.20/DTH.

The 2027 budget anticipates lower prices compared to 2026.

Gas Expenses - Average Natural Gas Cost (per MCF):

	2025 Cost	2026 Budget	2026 YTD	2026 RFCST	2027 Budget
Amount	$ 3.745	$ 3.957	$ 5.315	$ 4.488	$ 3.523
Change %	---	5.7%	41.9%	19.9%	-21.5%

Note: The Change % compares to the previous year's actual or reforecast cost.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Gas Utility

Operating Revenue & Rates

The cost the Utility pays for natural gas and related pipeline fees are passed on to customers through the Purchased Gas Adjustment (PGA) without markup. Natural gas costs for 2026 have been higher than were anticipated when the 2026 Budget was set but the 2027 Budget projects that natural gas prices will decrease. These changes are reflected in the PGA revenue.

	2027 Budget		2026 Reforecast		2026 Original Budget	
Retail Revenue						
Rev. From Rates	$ 7,869,847	36.1%	$ 7,258,221	33.2%	$ 7,509,673	33.4%
PGA Revenue	$ 13,564,523	62.2%	$ 14,050,052	64.3%	$ 14,819,564	65.9%
Retail Revenue	$ 21,434,370	98.3%	$ 21,308,273	97.5%	$ 22,329,237	99.3%
Other	$ 360,000	1.7%	$ 539,424	2.5%	$ 150,000	0.7%
Total Op. Revenue	$ 21,794,370	100%	$ 21,847,697	100%	$ 22,479,237	100%

	Change From 2026 Reforecast		Change From 2026 Original Budget	
Retail Revenue				
Rev. From Rates	$ 611,626	8.4%	$ (251,452)	-3.3%
PGA Revenue	$ (485,529)	-3.5%	$ (769,512)	-5.2%
Retail Revenue	$ 126,097	0.6%	$ (1,020,964)	-4.6%
Other	$ (179,424)		$ 389,424	
Total Op. Revenue	$ (53,327)	-0.2%	$ (631,540)	-2.8%

Note that usage for the Gas Utility is heavily dependent on temperature and budgeted sales are based on normalized temperatures.

Purchased Gas Supply - Revenue Comparison to Expenses

	2027 Budget	2026 Reforecast	Change	
PGA Expenses	$ 13,564,523	$ 15,550,052	$ (1,985,529)	-12.8%
PGA Revenue	$ 13,564,523	$ 14,050,052	$ (485,529)	-3.5%
Difference	$ -	$ 1,500,000	$ (1,500,000)	

- In 2026 $1,000,000 from the Gas Reserve Fund was used to offset high Natural Gas prices incurred during Winter Storm Fern. See the Gas Reserve Fund section & discussion of Natural Gas prices in the Operating Expenses section.
- In 2026 $500,000 that was budgeted to be transferred to the Gas Reserve Fund was used to offset high Natural Gas prices incurred during Winter Storm Fern. See the discussion of Natural Gas prices in the Operating Expenses section.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Gas Utility

Gas Operating Revenue – Base Rates and PGA

	2027 Sales With 2026 Rates and 2026 PGA		2027 Sales With 2027 Rates and 2026 PGA		Change	
Base Customers						
Base Revenue	$ 7,228,701	40.5%	$ 7,587,442	41.7%	$ 358,741	5.0%
Natural Gas	$ 6,171,925	34.6%	$ 6,171,925	33.9%	$ -	0.0%
Pipeline Fees	$ 4,440,323	24.9%	$ 4,440,323	24.4%	$ -	0.0%
Base Customers	$ 17,840,949	100%	$ 18,199,690	100%	$ 358,741	2.0%

	2027 Sales With 2026 Rates and 2026 PGA		2027 Sales With 2027 Rates and 2027 PGA		Change	
Base Customers						
Base Revenue	$ 7,228,701	40.5%	$ 7,587,442	43.1%	$ 358,741	5.0%
Natural Gas	$ 6,171,925	34.6%	$ 5,578,746	31.7%	$ (593,179)	-9.6%
Pipeline Fees	$ 4,440,323	24.9%	$ 4,440,323	25.2%	$ -	0.0%
Base Customers	$ 17,840,949	100%	$ 17,606,511	100%	$ (234,438)	-1.3%

The $611,626 increase in revenue from rates on the previous page reflects a 5.0% increase to base rates and anticipated changes in the customer base and sales. If PGA costs were to remain stable, an overall bill increase of 2.0% for our base customers would be predicted, but the 2027 Budget projects commodity costs will be lower in 2027, so the increase for base customers is anticipated to be -1.3%.

Customers

As of July 31, 2026, the CFU serves 15,177 natural gas customers.

Customer information at December 31, 2024 & 2025:

	2024			
	Customers	**Sales (MCFs)**		**Revenue**
Residential	13,624	737,021	$	8,375,340
Commercial	1,188	449,409	$	3,832,776
Industrial	28	159,897	$	1,175,903
Governmental	85	865,612	$	2,937,280
Total	**14,925**	**2,211,939**	**$**	**16,321,299**

	2025			
	Customers	**Sales (MCFs)**		**Revenue**
Residential	13,663	841,971	$	9,951,154
Commercial	1,193	523,522	$	4,828,597
Industrial	28	158,099	$	1,286,512
Governmental	87	991,722	$	4,460,810
Total	**14,971**	**2,515,314**	**$**	**20,527,073**

CEDAR FALLS UTILITIES

2027 Annual Operating Budget and Capital Improvement Plan

Gas Utility Revenue and Expense Summary

	2024 ACTUAL	2025 ACTUAL	2026 REFORECAST	2027 BUDGET
OPERATING REVENUE				
Residential Sales	$ 8,375,340	$ 9,951,154	$ 10,709,897	$ 10,465,220
Commercial & Industrial Sales	$ 5,008,679	$ 6,115,109	$ 6,418,666	$ 6,590,272
Governmental Sales	$ 1,898,679	$ 2,898,799	$ 2,694,993	$ 3,013,161
Interdepartmental	$ 1,038,601	$ 1,562,011	$ 1,484,717	$ 1,365,717
Other Operating Revenue	$ 16,153	$ 337,313	$ 539,424	$ 360,000
TOTAL	**$ 16,337,452**	**$ 20,864,386**	**$ 21,847,697**	**$ 21,794,370**
OPERATING EXPENSE				
Purchased Gas Supply	$ (10,199,716)	$ (13,573,856)	$ (15,550,052)	$ (13,564,523)
Other Operating Expense	$ (5,643,593)	$ (5,513,056)	$ (6,353,862)	$ (6,792,021)
TOTAL	**$ (15,843,309)**	**$ (19,086,912)**	**$ (21,903,914)**	**$ (20,356,544)**
NET OPERATING INCOME (LOSS)	**$ 494,143**	**$ 1,777,474**	**$ (56,217)**	**$ 1,437,826**
NON-OPERATING REVENUE (EXPENSE)				
Contributions in Aid of Construction - Cash	$ 9,963	$ 6,063	$ 937,400	$ 904,500
Interest Income	$ 789,033	$ 708,440	$ 533,313	$ 525,960
Extraordinary Income	$ 311,574	$ 0	$ 0	$ 0
Other Non-Op. Revenue (Expense)*	$ 71,872	$ 8,956	$ 25,577	$ 46,877
TOTAL	**$ 1,182,442**	**$ 723,459**	**$ 1,496,290**	**$ 1,477,337**
NET INCOME (LOSS)	**$ 1,676,585**	**$ 2,500,933**	**$ 1,440,073**	**$ 2,915,163**
ADJUSTMENTS				
Operating Expense				
Depreciation & Amortization	$ 676,863	$ 656,342	$ 689,242	$ 767,296
IPERS Pension & OPEB Liability	$ (158,313)	$ (287,248)	$ 10,000	$ 10,000
Payment in Lieu of Taxes (PILOT)	$ 436,300	$ 510,400	$ 543,500	$ 544,500
Non-Operating				
AFUDC	$ (2,248)	$ (5,734)	$ (14,800)	$ (36,600)
TOTAL	**$ 952,602**	**$ 873,760**	**$ 1,227,942**	**$ 1,285,196**
REVENUE AVAILABLE FOR DEBT SERVICE	**$ 2,629,187**	**$ 3,374,693**	**$ 2,668,015**	**$ 4,200,359**

Cedar Falls Utilities - Municipal Gas Utility Cash Flow History and Projections Summary	Audited 2024	Audited 2025	Budget 2026	Reforecast 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Average Rate Adjustments									
Historical / Projected Rate Adjustments	**7.0%**	**7.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**4.0%**
Revenue & Expense									
Total Gas Unit Sales (MCF)	2,211,939	2,515,314	2,423,846	2,340,935	2,418,310	2,418,400	2,602,040	2,793,030	2,800,520
Total Operating Revenues	16,337,452	20,864,386	22,479,237	21,847,697	21,794,370	24,673,800	26,427,700	28,117,380	28,521,109
Total Operating Expenses	15,843,309	19,086,912	21,228,163	21,903,914	20,356,544	22,835,200	24,444,100	25,968,700	26,386,661
Net Operating Income (Loss)	**494,143**	**1,777,474**	**1,251,074**	**(56,217)**	**1,437,826**	**1,838,600**	**1,983,600**	**2,148,680**	**2,134,448**
Total Non-Operating Revenue or (Expense)	1,182,442	723,459	2,572,978	1,496,290	1,477,337	4,522,900	490,900	490,900	621,219
Net Income (Loss)	**1,676,585**	**2,500,933**	**3,824,052**	**1,440,073**	**2,915,163**	**6,361,500**	**2,474,500**	**2,639,580**	**2,755,667**
NOI as a Percent of Revenue	**3.02%**	**8.52%**	**5.57%**	**-0.26%**	**6.60%**	**7.45%**	**7.51%**	**7.64%**	**7.48%**
NI as a Percent of Revenue	**10.26%**	**11.99%**	**17.01%**	**6.59%**	**13.38%**	**25.78%**	**9.36%**	**9.39%**	**9.66%**
Cash Balance									
Adjust Net Income To Cash									
Capital									
Capital Outlays	(847,031)	(1,553,180)	(2,852,080)	(1,914,330)	(2,922,880)	(7,150,490)	(1,861,800)	(1,783,400)	(1,712,660)
Intercompany Asset Sale	1,266,883								
Debt									
Inter-Company Loan									
Other Revenue & Expense Adjustments	(661,645)	(349,061)	(160,218)	(206,656)	777,296	537,100	676,500	712,800	747,600
Adjust To Cash	**(241,793)**	**(1,902,241)**	**(3,012,298)**	**(2,120,986)**	**(2,145,584)**	**(6,613,390)**	**(1,185,300)**	**(1,070,600)**	**(965,060)**
Annual Cashflow Surplus / (Deficit)	**1,434,792**	**598,692**	**811,754**	**(680,913)**	**769,579**	**(251,890)**	**1,289,200**	**1,568,980**	**1,790,607**
Total Cash & Investments									
Beginning Balance	15,499,280	16,934,072	17,847,601	17,532,764	16,851,851	17,621,430	17,369,540	18,658,740	20,227,720
Annual Cashflow Surplus / (Deficit)	1,434,792	598,692	811,754	(680,913)	769,579	(251,890)	1,289,200	1,568,980	1,790,607
Ending Balance	**16,934,072**	**17,532,764**	**18,659,355**	**16,851,851**	**17,621,430**	**17,369,540**	**18,658,740**	**20,227,720**	**22,018,327**

Cedar Falls Utilities - Municipal Gas Utility Cash Flow History and Projections Summary		Audited 2024	Audited 2025	Budget 2026	Reforecast 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Breakout of Cash Balance										
Unrestricted Cash & Investments		**8,616,636**	**7,591,411**	**7,861,004**	**7,462,706**	**7,773,285**	**6,806,588**	**6,880,388**	**7,521,068**	**8,276,814**
Board Designated Cash & Investments										
Gas Reserve Fund		7,388,801	8,296,439	9,029,107	8,474,292	8,932,292	9,647,092	10,811,892	11,726,692	12,641,492
PGA Contingency Fund		0	695,093	722,865	0	0	0	0	0	0
PILOT Surplus Reserve		436,300	510,400	522,600	543,500	544,500	544,500	595,100	608,600	728,661
Ending Balance		**7,825,101**	**9,501,932**	**10,274,572**	**9,017,792**	**9,476,792**	**10,191,592**	**11,406,992**	**12,335,292**	**13,370,153**
Legally Restricted Cash & Investments										
Bond & Interest Fund		0	0	0	0	0	0	0	0	0
Bond Reserve Fund		0	0	0	0	0	0	0	0	0
Improvement & Extension Fund		0	0	0	0	0	0	0	0	0
Self-Funded Dental Insurance Plan		11,842	11,423	12,477	12,286	12,286	12,290	12,290	12,290	12,290
Self-Funded Health Insurance Plan		480,493	427,998	511,302	359,067	359,067	359,070	359,070	359,070	359,070
Ending Balance		**492,335**	**439,421**	**523,779**	**371,353**	**371,353**	**371,360**	**371,360**	**371,360**	**371,360**
Total Cash & Investments		**16,934,072**	**17,532,764**	**18,659,355**	**16,851,851**	**17,621,430**	**17,369,540**	**18,658,740**	**20,227,720**	**22,018,327**
Board Designated Unrestricted Reserves Calculation										
Unrestricted Cash & Investments		**8,616,636**	**7,591,411**	**7,861,004**	**7,462,706**	**7,773,285**	**6,806,588**	**6,880,388**	**7,521,068**	**8,276,814**
Board Recommended Reserves										
CIP (Five Year Average)	**[A]**	2,589,836	1,594,411	1,544,868	1,945,988	2,279,846	2,002,156	1,700,776	1,633,582	1,589,830
Catastrophe Reserve		600,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Operating Expense Reserve	**[B]**	1,861,058	2,275,928	2,496,348	2,582,649	2,379,344	2,719,202	2,896,565	3,080,915	3,113,803
Board Designated Unrestricted Reserves	**[C]**	**5,050,894**	**5,870,339**	**6,041,216**	**6,528,637**	**6,659,190**	**6,721,358**	**6,597,341**	**6,714,497**	**6,703,633**
Reserves Surplus (Deficit)		**3,565,742**	**1,721,072**	**1,819,788**	**934,069**	**1,114,095**	**85,230**	**283,047**	**806,571**	**1,573,181**

[A] = Net of bond proceeds

[B] = 12.5% of adjusted operating expenses, does not include PILOT & non-cash expenses (IE: depreciation; IPERS unfunded liability; OPEB).

[C] = Minimum Unrestricted Cash Reserve Level per the Cash Reserve Policy

Cedar Falls Utilities - Municipal Gas Utility Cash Flow History and Projections Summary	Audited 2024	Audited 2025	Budget 2026	Reforecast 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Financial Ratios									
	Goal								
Debt Service Coverage - Revenue Debt - Bond Covenant	**1.25+**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Debt Service Coverage - All Debt - Bond Covenant	**1.75+**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Unrestricted Cash Balances as % of Operating Expenses Without Depreciation, PILOT, & NPL/OPEB	**50%+**	**57.58%**	**41.69%**	**39.39%**	**36.12%**	**40.84%**	**31.29%**	**29.69%**	**30.51%**	**33.23%**
Net Operating Income (NOI) as a % of Revenue	**6%+**	**3.02%**	**8.52%**	**5.57%**	**-0.26%**	**6.60%**	**7.45%**	**7.51%**	**7.64%**	**7.48%**
Net Income (NI) as a % of Revenue	**6%+**	**10.26%**	**11.99%**	**17.01%**	**6.59%**	**13.38%**	**25.78%**	**9.36%**	**9.39%**	**9.66%**
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	**Zero**	**$ 3,565,742**	**$ 1,721,072**	**$ 1,819,788**	**$ 934,069**	**$ 1,114,095**	**$ 85,230**	**$ 283,047**	**$ 806,571**	**$ 1,573,181**
Assumptions Used in Cashflow									
Projected Sales (MCF) Change %						**0.0%**	**7.6%**	**7.3%**	**0.3%**
Projected Operating Expenses (If NOT Specifically Projected)						**4.0%**	**3.5%**	**3.5%**	**3.5%**
Debt Interest Rate						**N/A**	**N/A**	**N/A**	**N/A**

CEDAR FALLS UTILITIES

2027 Annual Operating Budget and Capital Improvement Plan

Gas Utility Historical and Projected Average Rate Adjustments

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
		25.0%		-5.0%					

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
3.0%									

2020	2021	2022	2023	2024	2025	2026	**2027**	2028	2029
2.0%	2.9%		8.0%	7.0%	7.0%	5.0%	**5.0%**	5.0%	5.0%

2030	2031
5.0%	4.0%

Supply of Water

The Municipal Water Utility of the City of Cedar Falls, Iowa (Water Utility) was established in 1888. The springs below Pfeiffer Springs Park provided the water supply. Steam powered pumps at the east end of East 12th Street, housed near the present day CFU electric power plant, pumped the water to the 126,000-gallon capacity reservoir that provided the city's water storage. The distribution system consisted of nine miles of cast-iron pipe.

Three wells were dug in 1912 for a safer source of water. By 1928 two additional wells had been dug and a new 125-horsepower centrifugal pump was in operation, with a daily capacity of 1.5 million gallons. Over 1,600 water meters were in place during this time.

The Water Utility continued to expand along with the other utilities. The original five wells were replaced with eight deeper wells for a combined maximum daily capacity of 21.6 million gallons. The water is pumped from the Silurian-Devonian Aquifer and is of high-quality requiring minimal treatment. Direct injection of chlorine takes place at all eight wells and direct injection of fluoride takes place at four wells to supplement natural levels.

Distribution

CFU provides water service to most of the developed portions of the city through the distribution system that consists of 215 miles of cast iron and ductile iron mains ranging in size from 4-inch through 20-inch. Four elevated tanks provide a total storage capacity of 2.5 million gallons. There are 2,795 fire hydrants throughout the distribution system.

The Water Utility is committed to providing quality water to the customers of CFU. As reported in our 2026 Consumer Confidence Report, CFU water meets all Federal and State water quality standards.

There are major city and state reconstruction and construction projects that will continue through 2027. These road projects will require relocations, replacements, or abandonment of existing water mains and services as well as the extension of new water main. Water replacements planned in 2027 include Picturesque Dr, West 12th St, Madison St, McClain St, Hawthorne Dr, Huntington Dr, and Franklin St box culvert. New water main extensions by developers in 2027 are likely to occur in Arbors 7th, West Fork Crossing, West Viking Industrial Park, Panther West, W 12th St Extension, Meadow Ridge, and Northview Reserve. Total capital costs of these water main replacement, relocation, and extension projects 2027 through 2031 are estimated at $6,245,000.

Reserve Fund

The Water Utility Reserve Fund was established by the Board of Trustees in 2024 for the expansion of water territory in the future and for the unexpected replacement of water mains. The annual funding amount is determined in the budget process and subject to change annually based on the projected surplus or deficit. Budgeted funding for 2027 is $200,000.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Water Utility

Operating Expenses

	2027 Budget		2026 Reforecast		2026 Original Budget	
Labor & Benefits	$ 3,506,195	52.2%	$ 3,280,317	51.2%	$ 3,238,668	51.1%
Other Expenses	$ 3,212,792	47.8%	$ 3,121,270	48.8%	$ 3,102,966	48.9%
Total Op. Expense	$ 6,718,987	100%	$ 6,401,587	100%	$ 6,341,634	100%

	Change From 2026 Reforecast		Change From 2026 Original Budget	
Labor & Benefits	$ 225,878	6.9%	$ 41,649	1.3%
Other Expenses	$ 91,522	2.9%	$ 18,304	0.6%
Total Op. Expense	$ 317,400	5.0%	$ 59,953	0.9%

Changes include anticipated wage increases, filling of open or new positions and changes in expenses between the utilities. It should be noted that any changes in labor expense may be due to variances in the projected use of labor. For example, labor hours that were projected as operating expenses can end up as a capital cost or vice versa.

Operating Revenue & Rates

Water Operating Revenue & CCF Sales

	2027 Budget	2026 Reforecast	2026 Original Budget
Retail Sales - CCFs	1,534,397	1,487,138	1,578,261
Retail Revenue	$ 7,832,909	$ 7,324,095	$ 7,438,089
Total Op. Revenue	$ 8,612,909	$ 8,104,095	$ 7,923,849

	Change From 2026 Reforecast		Change From 2026 Original Budget	
Retail Sales - CCFs	47,259	3.2%	(91,123)	-5.8%
Retail Revenue	$ 508,814	6.9%	$ (113,994)	-1.5%
Total Op. Revenue	$ 508,814	6.3%	$ 180,246	2.3%

2027's budgeted revenue reflects a 6.1% increase to base rates and anticipated changes in the customer base and sales. Note that usage for the Water Utility is heavily dependent on rainfall and budgeted sales are based on normalized rainfall. In 2027 58% of Water's budgeted retail revenue is from service/meter charges and not CCF sales.

Customers

As of July 31, 2026, the Water Utility serves 15,381 customers.

Customer information at December 31, 2024 & 2025:

	2024			
	Customers	Sales CCFs	Sales Gallons	Revenue
Residential	13,201	897,777	671,537,196	$ 4,466,090
Commercial	1,552	443,703	331,889,844	$ 1,424,549
Industrial	37	30,921	23,128,908	$ 74,307
Governmental	190	144,750	108,273,000	$ 315,235
Other	3	15,791	11,811,668	$ 30,805
Total	**14,983**	**1,532,943**	**1,146,640,616**	**$ 6,310,986**

	2025			
	Customers	Sales CCFs	Sales Gallons	Revenue
Residential	13,294	894,590	669,153,320	$ 4,913,016
Commercial	1,569	437,168	327,001,664	$ 1,539,694
Industrial	36	23,970	17,929,560	$ 68,275
Governmental	193	148,197	110,851,356	$ 355,308
Other	3	21,970	16,433,560	$ 45,359
Total	**15,095**	**1,525,895**	**1,141,369,460**	**$ 6,921,652**

CEDAR FALLS UTILITIES

2027 Annual Operating Budget and Capital Improvement Plan

Water Utility Revenue and Expense Summary

	2024 ACTUAL	2025 ACTUAL	2026 REFORECAST	2027 BUDGET
OPERATING REVENUE				
Residential Sales	$ 4,466,090	$ 4,913,016	$ 5,236,185	$ 5,606,176
Commercial & Industrial Sales	$ 1,498,856	$ 1,607,969	$ 1,664,930	$ 1,774,177
Governmental Sales	$ 315,235	$ 355,308	$ 390,503	$ 407,875
Interdepartmental	$ 30,805	$ 45,359	$ 32,477	$ 44,681
Other Operating Revenue	$ 460,061	$ 799,288	$ 780,000	$ 780,000
TOTAL	**$ 6,771,047**	**$ 7,720,940**	**$ 8,104,095**	**$ 8,612,909**
OPERATING EXPENSE				
Other Operating Expense	$ (5,257,937)	$ (5,693,333)	$ (6,401,587)	$ (6,718,987)
TOTAL	**$ (5,257,937)**	**$ (5,693,333)**	**$ (6,401,587)**	**$ (6,718,987)**
NET OPERATING INCOME (LOSS)	**$ 1,513,110**	**$ 2,027,607**	**$ 1,702,508**	**$ 1,893,922**
NON-OPERATING REVENUE (EXPENSE)				
Interest Income	$ 344,557	$ 315,344	$ 267,410	$ 281,160
Contributions in Aid of Construction - TIF	$ 326	$ 10,378	$ 10,378	$ 11,520
Other Non-Op. Revenue (Expense)*	$ 1,775,080	$ 1,641,163	$ 44,600	$ 333,400
TOTAL	**$ 2,119,963**	**$ 1,966,885**	**$ 322,388**	**$ 626,080**
NET INCOME (LOSS)	**$ 3,633,073**	**$ 3,994,492**	**$ 2,024,896**	**$ 2,520,002**
ADJUSTMENTS				
Operating Expense				
Depreciation & Amortization	$ 881,486	$ 984,418	$ 1,053,267	$ 1,163,448
IPERS Pension & OPEB Liability	$ (67,989)	$ (207,719)	$ 10,000	$ 10,000
Non-Operating				
AFUDC	$ (22,379)	$ (22,909)	$ (24,600)	$ (39,400)
TOTAL	**$ 791,118**	**$ 753,790**	**$ 1,038,667**	**$ 1,134,048**
REVENUE AVAILABLE FOR DEBT SERVICE	**$ 4,424,191**	**$ 4,748,282**	**$ 3,063,563**	**$ 3,654,050**

Cedar Falls Utilities - Municipal Water Utility Cash Flow History and Projections Summary	Audited 2024	Audited 2025	Budget 2026	Reforecast 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Average Rate Adjustments									
Historical / Projected Rate Adjustments	**9.6%**	**9.9%**	**7.2%**	**7.2%**	**6.1%**	**6.0%**	**6.0%**	**6.0%**	**6.0%**
Revenue & Expense									
Total Water Unit Sales (CCF)	1,532,943	1,525,895	1,578,261	1,487,138	1,534,397	1,534,397	1,534,397	1,534,397	1,534,397
Total Operating Revenues	6,771,047	7,720,940	7,923,849	8,104,095	8,612,909	9,082,885	9,581,059	10,109,120	10,668,870
Total Operating Expenses	5,257,937	5,693,333	6,341,634	6,401,587	6,718,987	6,989,531	7,236,342	7,490,133	7,757,540
Net Operating Income (Loss)	**1,513,110**	**2,027,607**	**1,582,215**	**1,702,508**	**1,893,922**	**2,093,354**	**2,344,717**	**2,618,987**	**2,911,330**
Total Non-Operating Revenue or (Expense)	2,119,963	1,966,885	571,460	322,388	626,080	255,871	163,323	185,879	866,034
Net Income (Loss)	**3,633,073**	**3,994,492**	**2,153,675**	**2,024,896**	**2,520,002**	**2,349,225**	**2,508,040**	**2,804,866**	**3,777,364**
NOI as a Percent of Revenue	**22.35%**	**26.26%**	**19.97%**	**21.01%**	**21.99%**	**23.05%**	**24.47%**	**25.91%**	**27.29%**
NI as a Percent of Revenue	**53.66%**	**51.74%**	**27.18%**	**24.99%**	**29.26%**	**25.86%**	**26.18%**	**27.75%**	**35.41%**
Cash Balance									
Adjust Net Income To Cash									
Capital									
Capital Outlays	(2,971,912)	(2,245,602)	(2,806,140)	(2,212,530)	(2,832,740)	(2,613,530)	(2,608,650)	(2,975,060)	(2,255,130)
Intercompany Asset Sale	(83,014)	0	0	0	0	0	0	0	0
Debt									
Bond or Note Proceeds	0	0	0	0	0	0	0	0	0
Debt Service Payments	0	0	0	0	0	0	0	0	0
Other Revenue & Expense Adjustments	438,962	(1,079,516)	1,111,019	1,063,267	1,173,448	1,222,171	1,267,124	1,311,993	1,363,164
Adjust To Cash	**(2,615,964)**	**(3,325,118)**	**(1,695,121)**	**(1,149,263)**	**(1,659,292)**	**(1,391,359)**	**(1,341,526)**	**(1,663,067)**	**(891,966)**
Annual Cashflow Surplus / (Deficit)	**1,017,109**	**669,374**	**458,554**	**875,633**	**860,710**	**957,866**	**1,166,514**	**1,141,799**	**2,885,398**
Total Cash & Investments									
Beginning Balance	6,900,367	7,917,476	6,796,410	8,586,850	9,462,483	10,323,193	11,281,059	12,447,573	13,589,372
Annual Cashflow Surplus / (Deficit)	1,017,109	669,374	458,554	875,633	860,710	957,866	1,166,514	1,141,799	2,885,398
Ending Balance	**7,917,476**	**8,586,850**	**7,254,964**	**9,462,483**	**10,323,193**	**11,281,059**	**12,447,573**	**13,589,372**	**16,474,770**

Cedar Falls Utilities - Municipal Water Utility Cash Flow History and Projections Summary	Audited 2024	Audited 2025	Budget 2026	Reforecast 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Breakout of Cash Balance									
Unrestricted Cash & Investments	**7,520,392**	**8,032,191**	**6,482,722**	**8,721,110**	**9,365,219**	**10,108,785**	**11,067,699**	**11,999,998**	**14,673,996**
Board Designated Restricted Cash & Investments									
Water Reserve Fund	0	201,909	414,842	417,814	634,374	848,674	1,056,274	1,265,774	1,477,174
Ending Balance	**0**	**201,909**	**414,842**	**417,814**	**634,374**	**848,674**	**1,056,274**	**1,265,774**	**1,477,174**
Legally Restricted Cash & Investments									
Debt & Construction	0	0	0	0	0	0	0	0	0
Self-Funded Dental Insurance Plan	9,547	9,169	8,300	11,273	11,300	11,300	11,300	11,300	11,300
Self-Funded Health Insurance Plan	387,537	343,581	349,100	312,286	312,300	312,300	312,300	312,300	312,300
Ending Balance	**397,084**	**352,750**	**357,400**	**323,559**	**323,600**	**323,600**	**323,600**	**323,600**	**323,600**
Total Cash & Investments	**7,917,476**	**8,586,850**	**7,254,964**	**9,462,483**	**10,323,193**	**11,281,059**	**12,447,573**	**13,589,372**	**16,474,770**

Board Designated Unrestricted Reserve Calculation									
Unrestricted Cash & Investments		**7,520,392**	**8,032,191**	**6,482,722**	**8,721,110**	**9,365,219**	**10,108,785**	**11,067,699**	**11,999,998**	**14,673,996**
Board Recommended Reserves									
CIP (Five Year Average)	**[A]**	2,995,710	2,545,044	2,627,770	2,648,502	2,657,022	2,507,762	2,423,504	2,326,364	2,160,964
Catastrophe Reserve		200,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Operating Expense Reserve	**[B]**	555,555	614,579	651,203	667,291	693,193	720,921	746,153	772,269	799,298
Board Designated Unrestricted Reserves	**[C]**	**3,751,265**	**5,159,623**	**5,278,973**	**5,315,793**	**5,350,215**	**5,228,683**	**5,169,657**	**5,098,633**	**4,960,262**
Reserves Surplus (Deficit)		**3,769,127**	**2,872,568**	**1,203,749**	**3,405,317**	**4,015,004**	**4,880,102**	**5,898,042**	**6,901,365**	**9,713,734**

[A] = Net of bond proceeds.

[B] = 12.5% of adjusted operating expenses, does not include PILOT & non-cash expenses (IE: depreciation; IPERS unfunded liability; OPEB).

[C] = Minimum Unrestricted Cash Reserve Level per the Cash Reserve Policy

Cedar Falls Utilities - Municipal Water Utility Cash Flow History and Projections Summary	Audited 2024	Audited 2025	Budget 2026	Reforecast 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Financial Ratios									
	Goal								
Debt Service Coverage - Revenue Debt - Bond Covenant	**1.25+**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Debt Service Coverage - All Debt - Bond Covenant	**1.75+**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Unrestricted Cash Balances as % of Operating Expenses Without Depreciation, PILOT, & NPL/OPEB	**50%+**	**169.21%**	**163.37%**	**124.44%**	**163.37%**	**168.88%**	**175.28%**	**185.41%**	**194.23%**	**229.48%**
Net Operating Income (NOI) as a % of Revenue	**6%+**	**22.35%**	**26.26%**	**19.97%**	**21.01%**	**21.99%**	**23.05%**	**24.47%**	**25.91%**	**27.29%**
Net Income (NI) as a % of Revenue	**6%+**	**53.66%**	**51.74%**	**27.18%**	**24.99%**	**29.26%**	**25.86%**	**26.18%**	**27.75%**	**35.41%**
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	**Zero**	**$ 3,769,127**	**$ 2,872,568**	**$ 1,203,749**	**$ 3,405,317**	**$ 4,015,004**	**$ 4,880,102**	**$ 5,898,042**	**$ 6,901,365**	**$ 9,713,734**
Assumptions Used in Cashflow									
Projected Sales Growth						**0.0%**	**0.0%**	**0.0%**	**0.0%**
Projected Operating Expenses (If NOT Specifically Projected)						**4.0%**	**3.5%**	**3.5%**	**3.5%**
Interest Rate for Cash & Investments						**2.5%**	**1.0%**	**1.0%**	**1.0%**
Debt Interest Rate						**0.0%**	**0.0%**	**0.0%**	**0.0%**

CEDAR FALLS UTILITIES

2027 Annual Operating Budget and Capital Improvement Plan

Water Utility Historical and Projected Average Rate Adjustments

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
					9.0%		9.0%	9.0%	9.0%

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
9.0%	9.0%		7.0%	4.0%	5.0%	5.0%		4.9%	

2020	2021	2022	2023	2024	2025	2026	**2027**	2028	2029
7.4%	5.8%	5.9%	9.5%	9.6%	9.9%	7.2%	**6.1%**	6.0%	6.0%

2030	2031
6.0%	6.0%

Backbone

The Communications Utility was established in 1994 after a Cedar Falls citizen referendum passed, by a 70 percent majority. Originally, CFU constructed and operated a city-wide hybrid-fiber-coax system providing communications and entertainment services. There were approximately 310 miles of coaxial cable and 97 miles of fiber in the distribution system.

In 2009-2013, the Communications Utility overbuilt the entire system to a fiber-to-the-premises (FTTP) infrastructure. The Passive Optical Network (PON) architecture provides the ability to continually increase bandwidth delivered to customers without changes to the outside plant. Services are delivered through an optical network terminal (ONT) at each home or business which are driven by an optical line terminal (OLT) at various locations in the community. The FTTP infrastructure and symmetrical bandwidth allow CFU to offer reliable services such as internet connectivity, phone, point-to-point (PTP) business connections, cellular backhaul, and automated metering infrastructure (AMI) backhaul without the maintenance issues of copper-based systems. Over the years, available bandwidth on a PON has increased to the current 10 Gigabit Symmetrical Passive Optical Network (XGS-PON). Upgrades to 50 Gbps (50G-PON) and 100 Gbps are planned for 2027 and beyond. Remote work, distance learning, and tele-heath require high upstream bandwidth. Fifth-generation cellular data service (5G) or newer fixed-wireless technologies can compete with older Gigabit PON (GPON) technology but struggle on reliability, latency, and suffer variability in delivered bandwidth compared to the XGS-PON system.

In August 2010, CFU's application to extend high speed internet services to rural Cedar Falls customers was approved by Rural Utilities Service (RUS), an arm of United States Department of Agriculture (USDA). The design was a combination of FTTP and fixed wireless service. FTTP is a superior service providing the highest bandwidth options and reliability. Fixed wireless was price competitive with rural customers' satellite options and provided higher speeds compared to copper digital subscriber line (DSL) technology. Construction began in the fall of 2012 and was completed in 2015. Fixed wireless upgrades were completed in 2019 and then ultimately replaced with FTTP infrastructure by early 2025 with the completion of the Empower Rural Iowa Grant expansion.

The core network provides connections throughout the metro area, as well as to edge routers in Des Moines, Chicago and Minneapolis. All customer data, and voice traffic flows through the core routers, as well as PTP business connections and other services. The legacy 10 Gbps core network, installed in 2010, was upgraded to a 100 Gbps network in 2019. Work has started on upgrading the core network to 400 Gbps and expected to finish in 2027. This will increase the resiliency of the network and the capacity to keep up with continually increasing bandwidth usage of customers.

In 2016, the utility secured a pair of fiber strands on redundant paths connecting Cedar Falls to Des Moines from Unite Private Networks. CFU installed eight optical transport network (OTN) nodes establishing a resilient ring, allowing multiple protected 10 Gbps circuits to be provisioned. This has reduced recurring costs for bandwidth and provided a platform for serving other municipalities across Iowa. In 2018, in partnership with ImOn Communications, the OTN was extended to Minneapolis, adding four new nodes. This new path provided redundant direct connectivity to large companies such as Amazon, Microsoft, and Apple, as well as content providers such as Netflix and gaming networks like Twitch or Steam. Equipment was added in 2022 that allowed a 100 Gbps circuit both to Des Moines and Minneapolis. The OTN equipment was replaced on the Minneapolis link in 2025, with additional nodes added to support circuits up to 400 Gbps. The current budget reflects a similar equipment swap on the Des Moines ring to increase capacity.

In 2020-2023, over 10,000 end-of-life (EOL) Motorola GPON ONTs were replaced with primarily cost-saving compact XGS-PON ONTs. New Calix modular OLTs were also deployed to fiber huts during this time that can manage GPON, XGS-PON as well as 50G-PON service in the future. This allowed a mix and match of various speeds of service seamlessly across the network and migration off the GPON equipment installed in 2012. The current budget reflects continued replacement of remaining legacy GPON equipment.

The Empower Rural Iowa Broadband Program was developed by the State of Iowa to provide high speed internet service in rural unserved and underserved areas of the state. In 2021, CFU was awarded a grant for over $2.3 million to extend fiber to over 700 rural customers adjacent to Cedar Falls. The grant covered 44% of the estimated costs to extend FTTP to specified rural areas. Conduit installation began in 2022 and finished in early 2024. Fiber jetting into the conduit ducts started in 2022 and fiber splicing in 2023. The first customer install occurred in December of 2023 with the entire project completed in early 2025 with a total of 882 customers added to the system during this program.

Services

In 1994, the first fiber optic installation was to Doerfer Engineering and the first residential cable television customer was connected in 1996. Following the introduction of cable television service, the Communications Utility introduced CyberNet, its own high-speed Internet access via cable modem instead of a phone line. The first CyberNet customer was connected in 1997. The Utility also began offering high-speed data services such as Fiber CyberNet, Point-to-Point service, and other Specialized Telecommunications Services (STS) for residential, commercial, and industrial customers.

The Communications Utility launched digital cable television service in 2001 and high-definition cable service in 2003. Then in 2006, introduced FTTP technology using the BPON standard in new commercial and residential developments. With the complete fiber upgrade to the system finished in 2013, new FiberNet services using the higher bandwidth GPON standard replaced the previous CyberNet services.

In May 2013, CFU became the first provider in Iowa to offer 1 gigabit per second internet service as a standard product available community wide to both residential and business customers. With this upgrade from CFU, Cedar Falls ranks among the top communities in the nation for broadband speed and availability. CFU was one of the first ISPs in the nation and the first provider in Iowa to provide 10 gigabit service in 2020. That same year, CFU was also recognized by PC Mag as the fastest ISP and best ISP for gaming in the nation.

In 2015, the Communications Utility received approval from the Board of Trustees to provide telephone service to the community of Cedar Falls. This new service was available to subscribers starting in 2016. CFU selected ImOn from Cedar Rapids, Iowa as the wholesale telephone-switching provider for this service.

A partnership with Waverly Utilities in an internet protocol television (IPTV) video head end began in 2015, was expanded to include Bellevue Municipal Utilities in 2017, Indianola Municipal Utilities in 2018, Vinton Municipal Utilities in 2019, Pella Utilities and New Hampton Municipal Utilities in 2020, and Waterloo Telecommunications Utility in 2023.

In 2016, CFU began offering Managed Wireless service, providing customers with hassle-free connectivity using WiFi 5. The Calix RGs (Residential Gateways) can be managed remotely, allowing changes and most problems to be resolved without a technician visit. Upgrades to WiFi 6 capable equipment started being deployed in 2022 and WiFi 7 upgrades in 2026.

In 2021, the Communications Utility began switching all video customers from RF set top boxes (STB) to IP-based STBs which offered advanced video features.

In 2022, migration to adaptive bit rate (ABR) delivery system for IPTV was done to offer video service through a CFU TV App, more like a streaming service such as Netflix or Hulu and was introduced to customers in 2023.

In 2025, CFU announced that cable TV service would be discontinued in October of 2026 as it was evident CFU could no longer provide a video service that brought value to customers. The IPTV head-end partnership is being dissolved in 2026, as a result of this decision.

Customers
As of July 31, 2026, the Communications Utility serves 2,257 retail TV customers, 17,141 internet customers, and 2,479 phone lines.

CEDAR FALLS UTILITIES

2027 Annual Operating Budget and Capital Improvement Plan

Communications Utility Revenue and Expense Summary

	2024 ACTUAL	2025 ACTUAL	2026 REFORECAST	2027 BUDGET
OPERATING REVENUE				
Cable Services	$ 7,764,755	$ 7,289,576	$ 3,540,837	$ -
Data/Phone Services	$ 13,928,733	$ 14,228,511	$ 13,892,740	$ 13,373,491
Other Cable Operating Revenue	$ 436,919	$ 411,775	$ 245,519	$ -
Other Data Operating Revenue	$ 276,377	$ 246,623	$ 248,591	$ 235,148
TOTAL	**$ 22,406,784**	**$ 22,176,485**	**$ 17,927,687**	**$ 13,608,639**
OPERATING EXPENSE				
Programming Expenses	$ (6,010,712)	$ (5,777,920)	$ (2,775,491)	$ -
Data/Phone Bandwidth Access Expenses	$ (841,106)	$ (759,135)	$ (774,536)	$ (812,000)
Other Operating Expense	$ (10,030,023)	$ (11,118,010)	$ (12,241,799)	$ (10,674,878)
TOTAL	**$ (16,881,841)**	**$ (17,655,065)**	**$ (15,791,826)**	**$ (11,486,878)**
NET OPERATING INCOME (LOSS)	**$ 5,524,943**	**$ 4,521,420**	**$ 2,135,861**	**$ 2,121,761**
NON-OPERATING REVENUE (EXPENSE)				
Interest - Investments & Reserves	$ 1,006,074	$ 1,104,637	$ 1,116,096	$ 1,080,000
Interest - Intercompany Loan	$ -	$ -	$ 597,000	$ 537,300
Contribution In Aid of Construction - Cash	$ 75,541	$ 11,184	$ 12,758	$ -
Intergovernmental Grants	$ 870,031	$ -	$ -	$ -
Utility Asset Buy In	$ (788,213)	$ -	$ -	$ -
Other Non-Op. Revenue (Expense)*	$ 175,490	$ (78,064)	$ 31,756	$ 127,120
TOTAL	**$ 1,338,923**	**$ 1,037,757**	**$ 1,757,610**	**$ 1,744,420**
NET INCOME (LOSS)	**$ 6,863,866**	**$ 5,559,177**	**$ 3,893,471**	**$ 3,866,181**
ADJUSTMENTS				
Operating Expense				
Depreciation	$ 2,530,072	$ 3,034,244	$ 3,248,875	$ 2,803,992
IPERS NPL & OPEB Expense	$ (194,119)	$ (362,445)	$ 47,860	$ 34,044
Non-Operating				
AFUDC	$ (67,273)	$ (19,502)	$ (66,435)	$ (127,120)
Intergovernmental Grants	$ (870,031)	$ 0	$ 0	$ 0
TOTAL	**$ 1,398,649**	**$ 2,652,297**	**$ 3,230,300**	**$ 2,710,916**
REVENUE AVAILABLE FOR DEBT SERVICE	**$ 8,262,515**	**$ 8,211,474**	**$ 7,123,771**	**$ 6,577,097**

CFU - Municipal Communications Utility Cash Flow History and Projections Summary	Audited 2024	Audited 2025	Budget 2026	Reforecast 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Revenue & Expense									
Cable Operating Revenues	8,201,674	7,701,351	4,110,640	3,786,356	0	0	0	0	0
Data Operating Revenues	14,205,110	14,475,134	14,051,474	14,141,331	13,608,639	13,768,728	13,861,702	13,959,773	14,066,543
Total Operating Revenues	**22,406,784**	**22,176,485**	**18,162,114**	**17,927,687**	**13,608,639**	**13,768,728**	**13,861,702**	**13,959,773**	**14,066,543**
Cable Operating Expenses	9,431,646	9,217,834	5,935,383	4,397,077	0	0	0	0	0
Data Operating Expenses	7,450,195	8,437,231	10,183,794	11,394,749	11,486,878	12,076,689	12,562,440	13,018,915	13,482,340
Total Operating Expenses	**16,881,841**	**17,655,065**	**16,119,177**	**15,791,826**	**11,486,878**	**12,076,689**	**12,562,440**	**13,018,915**	**13,482,340**
Net Operating Income (Loss)	**5,524,943**	**4,521,420**	**2,042,937**	**2,135,861**	**2,121,761**	**1,692,039**	**1,299,262**	**940,858**	**584,203**
Total Non-Operating Revenue or (Expense)	1,338,923	1,037,757	1,985,042	1,757,610	1,744,420	736,101	537,838	490,215	691,774
Net Income (Loss)	**6,863,866**	**5,559,177**	**4,027,979**	**3,893,471**	**3,866,181**	**2,428,140**	**1,837,100**	**1,431,073**	**1,275,977**
NOI as a Percent of Revenue	**24.66%**	**20.39%**	**11.25%**	**11.91%**	**15.59%**	**12.29%**	**9.37%**	**6.74%**	**4.15%**
NI as a Percent of Revenue	**30.63%**	**25.07%**	**22.18%**	**21.72%**	**28.41%**	**17.64%**	**13.25%**	**10.25%**	**9.07%**
Cash Balance									
Adjust Net Income To Cash									
Net Income (Loss)	**6,863,866**	**5,559,177**	**4,027,979**	**3,893,471**	**3,866,181**	**2,428,140**	**1,837,100**	**1,431,073**	**1,275,977**
Capital Outlays	(9,352,249)	(3,212,849)	(10,421,800)	(6,582,566)	(9,720,960)	(5,441,990)	(3,783,000)	(3,329,640)	(4,241,300)
Other Revenue & Expense Adjustments	2,845,605	(8,801,638)	4,447,191	4,796,735	4,338,036	4,605,038	4,751,381	4,854,345	4,944,580
Adjust To Cash	**(6,506,644)**	**(12,014,487)**	**(5,974,609)**	**(1,785,831)**	**(5,382,924)**	**(836,952)**	**968,381**	**1,524,705**	**703,280**
Annual Cashflow Surplus / (Deficit)	**357,222**	**(6,455,310)**	**(1,946,630)**	**2,107,640**	**(1,516,743)**	**1,591,188**	**2,805,481**	**2,955,778**	**1,979,257**
Total Cash & Investments									
Beginning Balance	21,942,093	22,299,315	13,293,367	15,844,005	17,951,645	16,434,902	18,026,090	20,831,571	23,787,349
Annual Cashflow Surplus / (Deficit)	357,222	(6,455,310)	(1,946,630)	2,107,640	(1,516,743)	1,591,188	2,805,481	2,955,778	1,979,257
Ending Balance	**22,299,315**	**15,844,005**	**11,346,737**	**17,951,645**	**16,434,902**	**18,026,090**	**20,831,571**	**23,787,349**	**25,766,606**

CFU - Municipal Communications Utility Cash Flow History and Projections Summary	Audited 2024	Audited 2025	Budget 2026	Reforecast 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Breakout of Cash Balance									
Unrestricted Cash & Investments	**21,568,705**	**14,931,337**	**10,679,673**	**17,238,928**	**15,922,185**	**17,513,373**	**20,318,854**	**23,274,632**	**25,253,889**
Board Designated Restricted Cash & Investments									
PILOT Surplus Reserve	0	300,000	0	200,000	0	0	0	0	0
Ending Balance	**0**	**300,000**	**0**	**200,000**	**0**	**0**	**0**	**0**	**0**
Legally Restricted Cash & Investments									
Bond & Interest Fund	0	0	0	0	0	0	0	0	0
Bond Reserve Fund	0	0	0	0	0	0	0	0	0
Improvement & Extension Fund	0	0	0	0	0	0	0	0	0
Self-Funded Dental Insurance Plan	17,741	16,168	14,184	16,328	16,328	16,328	16,328	16,328	16,328
Self-Funded Health Insurance Plan	712,869	596,500	652,880	496,389	496,389	496,389	496,389	496,389	496,389
Construction Fund	0	0	0	0	0	0	0	0	0
Ending Balance	**730,610**	**612,668**	**667,064**	**512,717**	**512,717**	**512,717**	**512,717**	**512,717**	**512,717**
Total Cash & Investments	**22,299,315**	**15,844,005**	**11,346,737**	**17,951,645**	**16,434,902**	**18,026,090**	**20,831,571**	**23,787,349**	**25,766,606**
Board Designated Unrestricted Reserves Calculation									
Unrestricted Cash & Investments	**21,568,705**	**14,931,337**	**10,679,673**	**17,238,928**	**15,922,185**	**17,513,373**	**20,318,854**	**23,274,632**	**25,253,889**
Board Recommended Reserves									
CIP Reserve (Five Year Average) **[A]**	5,767,178	5,158,532	5,152,680	5,771,631	5,303,378	4,211,676	3,963,144	4,065,722	4,273,626
Catastrophe Reserve	200,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Operating Expense Reserve (45 days) **[B]**	1,818,236	1,835,408	1,626,368	1,536,886	1,081,105	1,121,456	1,163,882	1,208,071	1,254,720
Board Designated Unrestricted Reserves [C]	**7,785,414**	**8,993,940**	**8,779,048**	**9,308,517**	**8,384,483**	**7,333,132**	**7,127,026**	**7,273,793**	**7,528,346**
Reserves Surplus (Deficit)	**13,783,291**	**5,937,397**	**1,900,625**	**7,930,411**	**7,537,702**	**10,180,241**	**13,191,828**	**16,000,839**	**17,725,543**

[A] = Net of bond proceeds.

[B] = 12.5% of adjusted operating expenses, does not include PILOT & non-cash expenses (IE: depreciation; IPERS unfunded liability; OPEB).

[C] = Minimum Unrestricted Cash Reserve Level per the Cash Reserve Policy

CFU - Municipal Communications Utility Cash Flow History and Projections Summary	Audited 2024	Audited 2025	Budget 2026	Reforecast 2026	Budget 2027	Projection 2028	Projection 2029	Projection 2030	Projection 2031
Financial Ratios									
	Goal								
Debt Service Coverage - Revenue Debt - Bond Covenant	**1.25+**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Debt Service Coverage - All Debt - Bond Covenant	**1.75+**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Unrestricted Cash Balances as % of Operating Expenses Without Depreciation, PILOT, & NPL/OPEB	**50%+**	**148.28%**	**101.69%**	**82.08%**	**140.21%**	**184.10%**	**195.21%**	**218.22%**	**240.82%**	**251.59%**
Net Operating Income (NOI) as a % of Revenue	**6%+**	**24.66%**	**20.39%**	**11.25%**	**11.91%**	**15.59%**	**12.29%**	**9.37%**	**6.74%**	**4.15%**
Net Income (NI) as a % of Revenue	**6%+**	**30.63%**	**25.07%**	**22.18%**	**21.72%**	**28.41%**	**17.64%**	**13.25%**	**10.25%**	**9.07%**
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	**$0**	**$13,783,291**	**$5,937,397**	**$1,900,625**	**$7,930,411**	**$7,537,702**	**$10,180,241**	**$13,191,828**	**$16,000,839**	**$17,725,543**
Assumptions Used in Cashflow									
Projected Operating Expenses (If NOT Specifically Projected)						**0.0%**	**0.0%**	**0.0%**	**0.0%**
Interest Rate for Cash & Investments						**2.5%**	**1.0%**	**1.0%**	**1.0%**
Debt Interest Rate						**N/A**	**N/A**	**N/A**	**N/A**

Overview

The organizational structure of Cedar Falls Utilities (CFU) reflects its commitment to its Mission Statement "To provide our customers with innovative, high-quality utility services that bring the best value to the community" and its Vision Statement to "achieve a standard of excellence as an industry leader and a trusted provider of utility services to our customers and community." These statements guide CFU in making further changes and progressing forward as an effective and efficient organization. The current structure divides the organization into Administration and five business units.

Business Unit	Departments
Administration	Administration
Technology	Information Systems, Information Technology & Security, Network Engineering, Communication Sales
Operations	Electric Distribution, Gas & Water Operations, Gas & Water Construction, Communications Operations, GIS Services
Employee and Legal Services	Employee & Legal Services
Energy Resources	Energy Services, Operational Technology, Electric Operations, Electric Production
Finance and Organizational Services	Finance, Customer Service, Marketing, Meter Reading, Purchasing & Warehousing, Maintenance Support Services-Facilities and Transportation

Administration Business Unit

The Administration business unit is responsible for carrying out the CFU Mission, Vision, and Core Values. Strategic initiatives which accomplish the department objectives are driven by the General Manager/Chief Executive Officer.

The business unit has the following staffing in the 2026 Reforecast:

BOARD OF TRUSTEES		
Nick Evens, Deb Iehl, Richard McAlister, MaraBeth Soneson, Jeff Engel		
General Manager (CEO)	**Executive Assistant**	Renee Weber
Susan Abernathy	**Director of Technology (CTO)**	Charles Dostale
	Director of Operations (COO)	Lane Peters
	Director of Energy Resources	William Skubal
	Director of Employee & Legal Services (General Counsel)	Missy Timmermans
	Director of Finance & Organizational Services (CFO)	Wynette Froehner

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Personnel Summary

The CFU organization continually evaluates staffing needs for technical talent and expertise to successfully meet the complex challenges of a four-utility service provider and achieving the outcomes of the capital improvement plan, operating budget maintenance plans and succession planning.

CFU relies on seasonal and part-time staffing to help during the busy construction season and as a supplement to the regular CFU workforce. These positions are used in support of various projects for all four utilities and staffing of the help desk and administrative duties.

Staffing count comparisons and projections are below. The actual figures for 2022-2025 reflect the employee count in the third quarter each year. Current counts include all positions filled or in the recruitment process as part of the reforecast budget and are as follows:

EMPLOYEES	2022	2023	2024	2025	2026 Budget	2026 Reforecast	2027 Budget	2028	2029	2030	2031
SEASONAL	10	10	12	10	11	9	11	11	11	11	11
TEMPORARY PT	2	0	2	2	2	0	0	0	0	0	0
TEMPORARY FT	1	0	0	0	0	0	0	0	0	0	0
PART TIME	12	12	12	12	12	14	13	12	12	12	12
FULL TIME	178	186	187	188	190	186	194	191	190	190	190
TOTALS	203	208	213	212	215	209	218	214	213	213	213

Our reforecast 2026 staffing of 209 employees is less than the budgeted 215 for 2026 due to two retirements, two resignations, and two intern positions that were unfilled.

The 2027 budgeted increase of nine in staffing from 209 to 218 are described here:

- Filling of a retirement vacancy with a Health & Safety Manager
- Filling of a retirement vacancy with a legal support position in Employee & Legal Services
- Adding an Operational Technology Engineer to support growing needs and changes in OT security
- Adding a GIS Technician for the growing needs in mapping and GIS support
- Adding positions to support the new generation plant: Utility Electrician and Instrument Control Technician
- Adding three positions to prefill for upcoming retirements in the Control Room
- Reduction in staffing for retirements occurring in Sales and Warehousing
- Adding back two intern positions to be filled in 2027 that were not filled in 2026

Technology Business Unit

The Technology organization, through its four departments, provides the product and services using the guidelines within the CFU Mission Vision Statements and the initiatives outlined in the Strategic Plan. The Director of this business unit functions as the Chief Technology Officer.

The Information Systems (IS) department provides development and maintenance of computer applications, intranet computer operational support and other value-added platforms. IS also provides support for engineering, operations, customer service and financial services systems.

The Information Technology & Security (ITS) department provides end-user computer needs as well as server and cloud systems. These systems support all business units and corporate communications such as e-mail, chat, phone, and mobile devices. Cyber security of the internal CFU systems and physical security technology is vested in this department, which works with all business units to achieve company-wide security.

The Network Engineering department provides communications and technology applications for CFU. Its main functions include the engineering, planning, and design of the Communications Utility product offerings to all external and internal customers.

The Sales department is responsible for direct sales and customer support of CFU's broadband services with Help Desk staff that provide support seven days a week. Communications Services Specialists field most residential customer inquiries for product offering questions and billing. This department defines, models, and coordinates strategic scenarios as they may relate to future activity in the competitive marketplace and is also responsible for the sales of business-class communication services.

The Technology business unit has the following staffing in the 2026 Reforecast:

Director of Technology	
- Network Engineering Manager	Network Engineer II (2) Network Engineer I (2) Network Technician Headend Communications Technician
- Information Systems Manager	Senior Software Engineer (2) Software Engineer I (3) Senior Systems Analyst Systems Analyst II (2)
- Information Technology & Security Manager	Security Analyst I Systems Administrator II Systems Administrator I (3) IT Support Technician
- Communications Sales Manager	Lead Communications Services Specialist Communications Sales Specialist Communications Services Specialist Help Desk Services Specialist (3) Help Desk Services Assistant (6)

Operations (OPS) Business Unit

The Operations organization, through its five departments, provides the products and services using the guidelines within the CFU Mission Vision Statements and the initiatives outlined in Strategic Plan. The Director of Operations functions as the Chief Operations Officer.

The Electric Distribution department is responsible for services that include the planning, design, construction and maintenance of the transmission and distribution systems of the Electric Utility. This department is managed by the Construction Services Manager.

The Gas & Water Construction department is responsible for construction and maintenance of the Gas and Water Utilities. This department is also managed by the Construction Services Manager.

The Gas & Water Operations department provides competitive, dependable natural gas and water to CFU's customers. Gas service technicians provide customers with a wide variety of in-home services, some of which include leak investigation and mitigation, annual furnace inspection, carbon monoxide investigation, and new piping inspection. Gas operations include the purchase and safe distribution of natural gas. Water operations include the pumping, treatment, testing, and delivery of high-quality water meeting all federal and state regulations. The department also provides gas and water metering, engineering, planning and design for the Gas and Water Utilities.

Communications Field Operations provides communications and technology applications for CFU. Its main functions include the engineering, planning, design and operations and maintenance of the Communications Utility transmission and distribution systems. They also provide in-home services that include installation, maintenance, and replacement of customer premise equipment for all communication services.

GIS Services provides a dedicated GIS framework to plan and maintain a real-time mapping and data repository to strategically provide organizational actionable data to facilitate operational planning, regulatory compliance, and informed field decisions.

CEDAR FALLS UTILITIES
2027 Annual Operating Budget and Capital Improvement Plan
Personnel Summary

The Operations business unit has the following staffing in the 2026 Reforecast:

Director of Operations		
- Construction Services Manager	Electric Construction & Line Supervisor (2)	Line Crew Leader (2) Electric Line Worker (9)
	Electric Planning Supervisor	Electric Distribution Planner (2)
	Gas & Water Construction Supervisor	Water & Gas Crew Leader (2) Construction Specialist II Construction Specialist I (6) System Locator
	Electric Services Specialist Office Assistant Part Time	
- Gas & Water Operations Manager	Gas & Water Planning Supervisor	Gas & Water Distribution Senior Planner Gas & Water Distribution Planner Systems Technician (2)
	Water Operations Supervisor	Water Systems Operator (2)
	Gas Operations Supervisor	Senior Gas Distribution Specialist Lead Gas Service Technician Gas Service Technicians (5) Gas & Water Administrative Specialist
	Gas & Water Administrative Specialist	
- Communications Field Operations Manager	Communications Supervisor	Lead Communications Technician (2) Communications Technician (8)
	GIS Supervisor	GIS Analyst GIS Technician Right of Way & GIS Specialist
	Senior Communciation Planner Communications Planner Communications Administrative Specialist	

Employee and Legal Services (ELS) Business Unit

The Employee and Legal Services business unit provides the legal and personnel development necessary for CFU's ongoing success in support of CFU's Vision. The Director of Employee and Legal Services serves as the General Counsel of CFU for the daily activities and contracts.

In addition to providing legal counsel for the CFU organization, the human resources and employee development area is charged with the responsibility of providing innovative, high-quality administration, coordination, and promotion of CFU's benefits, insurance, job search, service recognition, compensation, and employee development programs.

The Health and Safety Manager (currently vacant) is responsible for establishing an accident prevention and safety program leading to zero employee accidents and identifying safety measures and training to achieve a safe environment for CFU's customers and employees.

This ELS business unit has the following staffing in the 2026 Reforecast:

Director of Employee & Legal Services	
- Human Resources Manager	**Employee Services Specialist (2)**

Energy Resources Business Unit

The Energy Resources organization, through its four departments, provides the products and services using the guidelines within the CFU Mission Vision Statements and the initiatives outlined in Strategic Plan.

The Electric Production department is responsible for providing competitive electric energy supply as required to meet the needs for CFU's customers. Functions include operation and maintenance of CFU's generating facilities, dispatching of generation resources and wholesale power transactions, energy resource procurement, monitoring CFU's interest in jointly owned facilities, environmental compliance, daily energy forecasting of sales/purchases through MISO, strategic analysis for future generation requirements to meet CFU environmental goals and State or Federal Renewable Portfolio Standards, and is also responsible for meeting resource adequacy requirements in MISO.

The Electric Operations department provides engineering and planning services to the CFU organization in support of major projects for the Electric Utility. Functions include planning, project management, metering, substations, system protection and operation of CFU's transmission and distribution systems.

The Energy Services department is charged with providing services intended to assist CFU customers in energy management and conservation such that additional energy capacity can be deferred, and the economic value of existing utility facilities can be maximized. Department efforts are to serve the needs of commercial and key accounts through personal attention, special programs, and contractual relationships. The staff also host regular key-account meetings, allowing time to thank these customers and provide useful industry-related presentations. Energy Services also analyze data sets to assist with load forecasting and rate design.

The Operational Technology department manages the hardware and software infrastructure to support the SCADA and DCS systems along with all associated network requirements. This includes patch management and software upgrades along with the selection of new/replacement hardware and software systems. The department is also responsible for NERC compliance obligations and the cyber security of operational technology networks and other key systems.

The Energy Resources business unit has the following staffing in the 2026 Reforecast:

Director of Energy Resources

- **Principal Transmission Engineer**
- **Viking Energy Center Project Manager**

- **Electric Production & Substation Manager**
  - **Power Plant Superintendent**
    - **Control Room Operator Supervisor**
      - **Control Room Operator (4)**
      - **Assistant Control Room Operator (5)**
      - **Relief Control Room Operator (4)**
    - **Power Plant Maintenance Supervisor**
      - **Instrument Control Technician**
      - **Power Plant Electrician**
      - **Maintenance Mechanic (5)**
  - **Distribution Systems Engineer II**
  - **Distribution Systems Engineer I**
  - **Electric Production Engineer I**
  - **Electric Engineering Technician**
  - **Senior Electric Meter Technician**
  - **Electric Meter Technician**
  - **Environmental Compliance Specialist**
  - **Power Plant Administrative Specialist**

- **Energy Services Manager**
  - **Energy Services Engineer II**
  - **Energy Services Specialist**
  - **Energy Services Administrative Specialist**

- **Operational Technology Supervisor**
  - **Operational Technology Systems Engineer**
  - **Compliance Specialist**

Finance and Organizational Services (FOS) Business Unit

The Finance and Organizational Services business unit consists of seven departments and provides business assessments and measures for the business platform to succeed in addition to providing corporate services for CFU. The Director of this business unit functions as the Chief Financial Officer and Board of Trustees Treasurer.

The Finance department provides service in financial reporting, budgeting, analysis, rate development and monitoring, and accounting management of CFU physical and financial assets. It also provides the basis for development of the business assessment and measurement tools necessary for the CFU organization's ongoing success.

The Purchasing & Warehousing department is charged with providing innovative, high-quality management and control of the inventory procurement processes and management of CFU inventory assets. This department provides for the procurement of goods and services for CFU for general operations.

The Maintenance Support Services-Facilities department provides high-quality service to the CFU organization for the ongoing maintenance of all CFU buildings and grounds and facilitates planning for the efficient use of these facilities.

The Maintenance Support Services-Transportation department is responsible for providing maintenance and upkeep of all CFU vehicles and equipment. This includes coordinating the use of the CFU fleet and assisting in filing insurance claims for vehicles and equipment.

The Customer Service department is charged with customer relation services and utility billing. This department is the main source of customer contact and is responsible for updating of the customer records, and the offering of credit services that are designed to be fair and relationship-enhancing.

The Meter Reading department provides for timely and accurate meter reading services to customers for billing purposes.

The Marketing department is responsible for providing safety messaging and has a dedicated marketing function capable of enabling CFU to offer products its customers desire, at a cost-effective price and in a timely manner. In addition, this department assembles market demographic information as required so that CFU can offer innovative, high-quality, and targeted services and products across the spectrum of its products.

The FOS business unit has the following staffing in the 2026 Reforecast:

Director of Finance & Organizational Services

- **Controller**
  - **Purchasing & Warehousing Manager**
    - **Warehouse Supervisor**
      - **Warehouse Worker (2)**
    - **Purchasing Specialist**
  - **Finance & Rates Coordinator**
  - **Internal Audit Specialist**
  - **Senior Finance Specialist (2)**
  - **Finance Specialist**
  - **Finance Assistant**
- **Maintenance Support Services Manager**
  - **Transportation Services Supervisor**
    - **Lead Garage Technician**
    - **Garage Technician II**
    - **Garage Technician I (3)**
    - **Vehicle Washer**
  - **Lead Facilities Maintenance Worker**
  - **Facilities Maintenance Worker (2)**
  - **Part Time Laborer (2)**
- **Marketing & Public Affairs Manager**
  - **Marketing Specialist**
- **Customer Service Manager**
  - **Customer Service Supervisor**
    - **Lead Customer Service Specialist**
    - **Customer Service Assistant (3)**
    - **Customer Service Specialist (3)**
  - **Billing Supervisor**
    - **Meter Data Specialist**
    - **Meter Reader (5)**
    - **Billing Systems Specialist**
  - **Credit Services Specialist (2)**

CEDAR FALLS UTILITIES CAPITAL IMPROVEMENT PLAN

SUMMARY BY UTILITY (INCLUDING INFLATION)

Item	2024 Actual	2025 Actual	2026 Published	2026 Reforecast	2027 Budget	2028	2029	2030	2031	2027-2031 TOTALS
Electric Production	$ 1,661,700	$ 13,901,286	$ 8,472,000	$ 11,846,900	$ 35,315,000	$ 32,329,000	$ 6,222,000	$ 1,242,000	$ 4,880,000	$ 79,988,000
Electric Transmission	986,757	94,359	1,776,000	962,200	4,078,000	3,100,000	1,448,000	288,000	223,000	9,137,000
Electric Distribution	4,043,319	4,198,876	8,482,000	8,509,700	9,169,000	8,068,000	6,504,000	5,509,000	5,724,000	34,974,000
General Plant and Vehicles	1,633,178	1,809,438	3,152,980	3,479,774	2,409,420	2,805,990	1,821,550	1,868,900	3,594,910	12,500,770
ELECTRIC UTILITY Totals	$ 8,324,955	$ 20,003,959	$ 21,882,980	$ 24,798,574	$ 50,971,420	$ 46,302,990	$ 15,995,550	$ 8,907,900	$ 14,421,910	$ 136,599,770
Gas	$ 701,882	$ 1,395,051	$ 2,421,000	$ 1,499,300	$ 2,597,000	$ 6,786,000	$ 1,662,000	$ 1,579,000	$ 1,239,000	$ 13,863,000
General Plant	145,150	158,129	$ 431,080	415,030	325,880	364,490	199,800	204,400	473,660	1,568,230
GAS UTILITY Totals	$ 847,032	$ 1,553,180	$ 2,852,080	$ 1,914,330	$ 2,922,880	$ 7,150,490	$ 1,861,800	$ 1,783,400	$ 1,712,660	$ 15,431,230
Water	$ 2,693,603	$ 2,055,977	$ 2,358,000	$ 1,797,500	$ 2,544,000	$ 2,281,000	$ 2,442,000	$ 2,805,000	$ 1,817,000	$ 11,889,000
General Plant	278,308	189,625	448,140	415,030	288,740	332,530	166,650	170,060	438,130	1,396,110
WATER UTILITY Totals	$ 2,971,912	$ 2,245,602	$ 2,806,140	$ 2,212,530	$ 2,832,740	$ 2,613,530	$ 2,608,650	$ 2,975,060	$ 2,255,130	$ 13,285,110
Communications	$ 4,464,840	$ 2,838,202	$ 9,566,000	$ 5,669,500	$ 9,311,000	$ 4,945,000	$ 3,543,000	$ 3,085,000	$ 3,583,000	$ 24,467,000
General Plant	4,887,407	374,647	855,800	913,066	409,960	496,990	240,000	244,640	658,300	$ 2,049,890
COMMUNICATIONS UTILITY Totals	$ 9,352,248	$ 3,212,849	$ 10,421,800	$ 6,582,566	$ 9,720,960	$ 5,441,990	$ 3,783,000	$ 3,329,640	$ 4,241,300	$ 26,516,890
TOTAL UTILITY PLANT	$ 14,552,102	$ 24,483,751	$ 33,075,000	$ 30,285,100	$ 63,014,000	$ 57,509,000	$ 21,821,000	$ 14,508,000	$ 17,466,000	$ 174,318,000
TOTAL GENERAL PLANT	$ 6,944,044	$ 2,531,839	$ 4,888,000	$ 5,222,900	$ 3,434,000	$ 4,000,000	$ 2,428,000	$ 2,488,000	$ 5,165,000	$ 17,515,000
TOTAL CIP PLAN	$ 21,496,146	$ 27,015,590	$ 37,963,000	$ 35,508,000	$ 66,448,000	$ 61,509,000	$ 24,249,000	$ 16,996,000	$ 22,631,000	$ 191,833,000

CAPITAL BUDGET REQUEST FY 2027
CIP BUDGET ITEM SUMMARY
ELECTRIC PRODUCTION

Budget Item	Project Title or Asset Name	2024 Actual	2025 Actual	2026 Published Budget	2026 Reforecast Budget	2027	2028	2029	2030	2031	2027-2031 TOTAL
102	WS #4 Generation (CFU Share 2.14%)	370,748	1,232,142	409,000	409,500	118,000	703,000	1,568,000	146,000	112,000	2,647,000
103	WS #3 Generation (CFU Share 3.1%)	681,792	304,014	102,000	102,400	409,000	1,740,000	471,000	133,000	246,000	2,999,000
104	Neal #4 Generation (CFU Share 2.5%)	225,896	676,561	1,023,000	870,100	64,000	164,000	42,000	134,000	479,000	883,000
112	Streeter Station Upgrades	245,343	197,021	285,000	633,900	854,000	634,000	657,000	679,000	311,000	3,135,000
114	Combustion Turbine Upgrades	21,258	36,228	144,000	580,700	358,000	393,000	3,484,000	150,000	3,732,000	8,117,000
115	Unit #6 Turbine/Generator		1,486,176	-	368,200	-	449,000	-	-	-	449,000
116	Reciprocating Engine Generation	127,744	9,617,424	5,548,000	8,375,600	33,154,000	27,853,000	-	-	-	61,007,000
118	Solar Equipment at CF High School	(11,080)		-	-	-	-	-	-	-	-
119	Production Environmental		92,254	60,000	-	33,000	393,000	-	-	-	426,000
138	Power Plant DCS Replacement		259,467	563,000	70,800	325,000	-	-	-	-	325,000
139	Unit #7 Turbine/Generator			338,000	435,700	-	-	-	-	-	-
	Budget Year 2027 CIP Budget	1,661,700	13,901,286	8,472,000	11,846,900	35,315,000	32,329,000	6,222,000	1,242,000	4,880,000	79,988,000
	2026 CIP Budget - As Amended				8,472,000	50,697,000	15,628,000	6,248,000	851,000	7,565,000	80,989,000
	Current Year Increase / (Decrease) Prior Year				3,374,900	(15,382,000)	16,701,000	(26,000)	391,000	(2,685,000)	(1,001,000)

CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)

ELECTRIC PRODUCTION – 2027

Budget Item 102: Walter J. Scott Jr. Energy Center Unit 4 (WS4) Generation - $118,000
CFU was originally a 2.02% shareholder in WS4. After purchasing 0.96 MW from Pella's share in 2011, CFU now has a 2.14% share (16 MW). WS4 began commercial operations in June 2007 and is the first new coal-fired utility electric generator built in Iowa since 1977. This 750 MW unit has a super-critical high-pressure boiler and turbine generator and obtains maximum efficiency and lower emissions to the environment. This budget item is for production-related capital additions required to continue the efficient and environmentally conscious operation of the unit. As an owner of the generating unit, CFU is contractually required to contribute 2.14% of the annual capital additions to maintain the plant.

Budget Item 103: Walter J. Scott Jr. Energy Center Unit 3 (WS3) Generation - $409,000
The 3.1% CFU ownership (21 MW) in WS3 provides CFU with an economical base load source of electricity. This budget item is for production-related capital additions required to continue the efficient and environmentally conscious operation of the unit. As an owner of the generating unit, CFU is contractually required to contribute 3.1% of the annual capital additions to maintain the plant.

Budget Item 104: George A. Neal Generating Station Unit 4 (Neal 4) Generation - $64,000
The 2.5% CFU ownership (16 MW) in Neal Unit 4 provides CFU with an economical base load source of electricity. This budget item is for production-related capital additions required to continue the efficient and environmentally conscious operation of the unit. As an owner of the generating unit, CFU is contractually required to contribute 2.5% of the annual capital additions to maintain the plant.

Budget Item 112: Streeter Station Upgrades - $854,000
This budget item reflects the cost of upgrades to the Streeter Station generating facility. Upgrades to flame scanners, air registers, attemperator control valves, and steam valves within Streeter Station.

Budget Item 114: Combustion Turbine Upgrades - $358,000
This budget item reflects the cost of upgrades to the combustion turbine generating facility. New flame scanners on gas turbines #1 and #2.

Budget Item 116: Reciprocating Engine Generation - $33,154,000
This budget item reflects the cost of a new efficient, fast-starting, dispatchable generation to ensure a reliable supply of electric power. Initial costs for engineering, site grading and foundations for the transformer and engines.

Budget Item 119: Production Environmental - $33,000
This budget item reflects the cost of new stack probe and CEMS updates.

Budget Item 138: Power Plant DCS Replacement - $325,000
This budget item reflects the cost of upgrading the original 2018 Distributed Control System (DCS) system for the Streeter Station and Gas Turbine generating units.

CAPITAL BUDGET REQUEST FY 2027
CIP BUDGET ITEM SUMMARY
ELECTRIC TRANSMISSION

Budget Item Number	Project Title or Asset Name	2024 Actual	2025 Actual	2026 Published Budget	2026 Reforecast Budget	2027	2028	2029	2030	2031	2027-2031 TOTAL
151	Network Transmission Upgrades	209,185	79,947	244,000	309,000	513,000	319,000	232,000	67,000	70,000	1,201,000
152	Network Transmission GT 69kV	753,554		-	-	-	-	-	-	-	-
153	TIF			-	-	-	211,000	-	-	-	211,000
154	CIP Medium Impact Control Center Software			-	-	-	110,000	-	-	-	110,000
192	WS #4 Transmission (CFU Share 2.140%)	6,454	9,886	51,000	30,700	51,000	51,000	51,000	51,000	51,000	255,000
193	WS #3 Transmission (CFU Share 3.1%)	829	13,340	51,000	30,700	51,000	51,000	51,000	51,000	51,000	255,000
194	Neal #4 Transmission (CFU Share 2.5%)	16,734	(8,814)	51,000	20,500	51,000	51,000	51,000	51,000	51,000	255,000
195	Webster - N. Franklin 345 Transmission Line and Substation			1,379,000	571,300	3,236,000	2,105,000	651,000	-	-	5,992,000
196	Lehigh Substation Upgrade LRTP 39			-	-	176,000	202,000	412,000	68,000	-	858,000
	Budget Year 2027 CIP Budget	986,757	94,359	1,776,000	962,200	4,078,000	3,100,000	1,448,000	288,000	223,000	9,137,000
	2026 CIP Budget - As Amended				1,776,000	4,237,000	980,000	494,000	447,000	733,000	6,891,000
	Current Year Increase / (Decrease) Prior Year				(813,800)	(159,000)	2,120,000	954,000	(159,000)	(510,000)	2,246,000

CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)

ELECTRIC TRANSMISSION – 2027

Budget Item 151: Network Transmission Upgrades - $513,000
This budget item provides for the upgrades on network transmission equipment, which includes both 69kV and 161kV systems equipment. We will be rebuilding a large section of the Greenhill Sub to Deere Switch 69kV line and relocation of 161/69kV poles and line at W 27th and Union Rd for a new roundabout.

Budget Item 192: Walter J. Scott Jr. Energy Center Unit 4 (WS4) Transmission - $51,000
CFU was originally a 2.02% shareholder in WS4. After purchasing 0.96 MW from Pella's share in 2011, CFU now has a 2.14% share (16 MW). WS4 began commercial operations in June 2007 and is the first new coal-fired utility electric generator built in Iowa since 1977. This budget item is for capital improvements to transmission built for WS4. As an owner of the unit, CFU is contractually required to contribute 2.14% of the annual capital additions.

Budget Item 193: Walter J. Scott Jr. Energy Center Unit 3 (WS3) Transmission - $51,000
The 3.1% CFU ownership (21 MW) in WS3 provides CFU with an economical base load source of electricity. This budget item is for capital improvements to transmission built for WS3. As an owner of the unit, CFU is contractually required to contribute 3.1% of the annual capital additions.

Budget Item 194: George A. Neal Generating Station Unit 4 (Neal 4) Transmission - $51,000
The 2.5% CFU ownership (16 MW) in Neal Unit 4 provides CFU with an economical base load source of electricity. This budget item is for capital additions required to continue the operation of Neal 4 transmission and Lehigh-Webster transmission lines. As an owner of the unit, CFU is contractually required to contribute 2.5% of the annual capital additions.

Budget Item 195: Webster – N. Franklin 345 Transmission Line & Substation - $3,236,000
This budget item reflects CFU's partner percentage with MEC to build the MISO LRTP 345kV line between Webster and the new North Franklin substation.

Budget Item 196: Lehigh Substation Upgrade LRTP 39 - $176,000
This budget item reflects CFU's partner percentage with MEC to modify the substation to accommodate the new Lehigh-Marshalltown line.

CAPITAL BUDGET REQUEST FY 2027
CIP BUDGET ITEM SUMMARY
ELECTRIC DISTRIBUTION

Budget Item	Project Title or Asset Name	2024 Actual	2025 Actual	2026 Published Budget	2026 Reforecast Budget	2027	2028	2029	2030	2031	2027-2031 TOTAL
111	SCADA System Upgrades	42,706	103,169	53,000	129,000	74,000	417,000	57,000	59,000	61,000	668,000
144	Distribution Substation Upgrades	215,720	820,567	527,000	266,300	564,000	158,000	628,000	97,000	175,000	1,622,000
145	Gas Turbine 69kV Substation Rebuild	162,226	275,950	-	-	-	-	-	-	-	-
150	12 kV Protective Relay Replacement	30,733	51,749	-	10,100	-	-	-	-	-	-
161	Viking Road Substation - Distribution	58,724	3,239	1,962,000	2,958,500	2,659,000	1,841,000	647,000	-	-	5,147,000
204	UG Cable Replacement	61,136	154,975	226,000	125,200	222,000	229,000	237,000	246,000	254,000	1,188,000
206	UG Electric Facilities - New Residential	198,435	166,886	471,000	470,200	463,000	479,000	241,000	249,000	258,000	1,690,000
210	OH Line Ext, Upgrades and Removals	388,539	276,839	356,000	344,100	360,000	373,000	386,000	400,000	361,000	1,880,000
213	TIF	127,084	10,109	666,000	382,700	638,000	902,000	695,000	719,000	745,000	3,699,000
305	UG Line Extensions	708,582	214,789	323,000	494,100	501,000	519,000	537,000	556,000	575,000	2,688,000
306	OH to UG Conversions	288,357	488,077	1,062,000	1,026,600	1,096,000	1,076,000	1,114,000	1,153,000	1,193,000	5,632,000
320	Underground Services	291,815	289,117	506,000	507,500	482,000	518,000	536,000	555,000	574,000	2,665,000
360	New Distribution Transformers	563,301	205,238	605,000	177,500	895,000	941,000	974,000	1,008,000	1,044,000	4,862,000
370	New Electric Meters	620,739	956,666	1,373,000	1,327,000	871,000	259,000	83,000	86,000	89,000	1,388,000
381	Street Light Facilities	257,767	155,977	319,000	258,600	311,000	322,000	334,000	345,000	357,000	1,669,000
390	Security Lighting	27,455	25,529	33,000	32,300	33,000	34,000	35,000	36,000	38,000	176,000
	Budget Year 2027 CIP Budget	4,043,319	4,198,876	8,482,000	8,509,700	9,169,000	8,068,000	6,504,000	5,509,000	5,724,000	34,974,000
	2026 CIP Budget - As Amended				8,482,000	10,448,000	7,027,000	5,394,000	5,529,000	5,817,000	34,215,000
	Current Year Increase / (Decrease) Prior Year				27,700	(1,279,000)	1,041,000	1,110,000	(20,000)	(93,000)	759,000

CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)

ELECTRIC DISTRIBUTION – 2027

Budget Item 111: Status Control and Data Acquisition System Upgrades (SCADA) - $74,000
This budget item includes upgrading SCADA server software and hardware.

Budget Item 144: Substation Upgrades - $564,000
This budget item reflects the cost of upgrades to various substations as needed throughout the year. This includes capacitors, regulators, re-closers, relays, batteries, and other equipment for the substations.

Budget Item 161: Viking Road Substation - $2,659,000
This budget item reflects the cost of engineering and planning the replacement of a new circuit breaker, bus work, switches, transformer, relay panel, switchgear, and building for supplying distribution circuits out of the Viking Substation.

Budget Item 204: Underground Cable Replacement - $222,000
This budget item reflects the cost of replacing underground facilities in areas that have been faulted several times. Areas include Pheasant Ridge and Oak Park along with other replacements as needed.

Budget Item 206: Underground Electric Facilities for New Residential - $463,000
This budget item provides funding for the installation of underground electric facilities to residential lots in new developments. Anticipated projects include Panther West, Arbors 7th, and Wild Horse 8th.

Budget Item 210: Overhead Line Extension, Upgrades, and Removals - $360,000
This budget item provides for overhead line extensions to serve new customers as well as the installation and removal of poles and overhead line equipment associated with upgrades and replacements.

Budget Item 213: TIF - $638,000
This budget item reflects the cost of new extensions in the TIF areas.

Budget Item 305: Underground Line Extensions - $501,000
This budget item reflects the cost of installing underground facilities for industrial, commercial, rural, and residential customers requiring electric service. It does not include projects in the TIF areas but does include laterals to feed customers in these areas.

Budget Item 306: Overhead to Underground Conversions - $1,096,000
This budget item reflects the cost of replacing old overhead electric lines with new underground lines to provide our customers with a more reliable system that requires less maintenance. Planned areas include ½ of the planned North Cedar OH to UG conversion project and 27th and Union.

CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)

ELECTRIC DISTRIBUTION – 2027

Budget Item 320: Underground Services - $482,000
This budget item provides for the installation of underground services to residential customers. Costs include installing approximately 120 new underground services and 50 replacement services.

Budget Item 360: New Distribution Transformers - $895,000
This budget item provides funding for the purchase, first-time installation, and permanent retirement of transformers. Areas requiring transformers are new residential developments and new commercial and industrial buildings.

Budget Item 370: New Electric Meters - $871,000
This budget item provides for the purchase of AMI electric meters, first-time installation, and instrument transformers for new customers or failed units. This includes new and replacement meters.

Budget Item 381: Streetlight Facilities - $311,000
This budget item reflects the cost of installing new streetlights in residential developments and other areas of the city as approved by the city engineer. It also includes the replacement of aging streetlights and streetlight circuits throughout the city. Planned lighting to be installed at West Industrial Park and ½ of the North Cedar OH to UG project.

Budget Item 390: Security Lighting - $33,000
This budget item provides for the replacement, installation, and conversion of rental lights.

CAPITAL BUDGET REQUEST FY 2027
CIP BUDGET ITEM SUMMARY
GAS OPERATIONS

Budget Item	Project Title or Asset Name	2024 Actual	2025 Actual	2026 Published Budget	2026 Reforecast Budget	2027	2028	2029	2030	2031	2027-2031 TOTAL
480	New Gas Service	159,699	156,187	146,000	116,600	188,000	195,000	202,000	209,000	216,000	1,010,000
498	Gas Main Relocate, Replace and Abandon	174,820	239,218	215,000	146,500	246,000	227,000	235,000	244,000	252,000	1,204,000
501	TIF		323,325	192,000	277,800	-	-	268,000	150,000	-	418,000
530	Gas Main Extensions	90,506	97,155	170,000	200,900	215,000	204,000	211,000	218,000	226,000	1,074,000
540	Gas Services Relocate, Replace and Abandon	66,683	121,681	79,000	86,700	117,000	121,000	125,000	129,000	134,000	626,000
560	New Gas Meters	145,465	441,087	376,000	554,400	548,000	580,000	587,000	608,000	375,000	2,698,000
570	New Gas Regulators	64,708	4,739	28,000	15,800	26,000	24,000	34,000	21,000	36,000	141,000
580	New 300 PSI Gas Distribution System		11,659	1,215,000	100,600	1,206,000	5,376,000	-	-	-	6,582,000
590	Town Border Station Improvements			-	-	51,000	59,000	-	-	-	110,000
	Budget Year 2027 CIP Budget	701,882	1,395,051	2,421,000	1,499,300	2,597,000	6,786,000	1,662,000	1,579,000	1,239,000	13,863,000
	2026 CIP Budget - As Amended				2,421,000	5,814,000	1,067,000	1,266,000	1,155,000	1,044,000	10,346,000
	Current Year Increase / (Decrease) Prior Year				(921,700)	(3,217,000)	5,719,000	396,000	424,000	195,000	3,517,000

CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)

GAS UTILITY – 2027

Budget Item 480: New Gas Service - $188,000
This budget item provides for the installation of approximately 130 new gas services throughout the distribution system.

Budget Item 498: Gas Main Relocate, Replace, and Abandon - $246,000
This budget item covers the cost of relocation, replacement, and abandonment of gas mains. Projects include valve installation, gas main repair and replacements.

Budget Item 530: Gas Main Extensions - $215,000
This budget item includes gas main extensions requested by customers or developers of new subdivisions and areas presently not served by the gas distribution system. Potential developments include the West Fork Crossing Phase IV, Panther West, uprate of Lexington Heights, 1st and Walnut Condos, Meadow Ridge, W 12th St extension, Franklin St Box Culvert, and Creekside Luxury Condos.

Budget Item 540: Gas Service Relocate, Replace, and Abandon - $117,000
This budget item is for the relocation, replacement or abandonment of existing gas services necessitated by customer requests, street reconstruction, sanitary and storm sewer construction, or other related activities. Anticipate 20 services abandoned and 25 services replaced.

Budget Item 560: New Gas Meters - $548,000
This budget item provides for gas meters for system expansion or meter replacement. Advanced Metering Infrastructure (AMI) meters for new residential customers include electronic radio transmitters (ERTs). The balance of new meters is compatible with the AMI system but requires ERT attachments in the future.

Budget Item 570: New Gas Regulators - $26,000
This budget item covers the purchase of natural gas regulators for system expansion and meter replacement.

Budget Item 580: New 300 PSI Gas Distribution System - $1,206,000
This budget item covers the costs to acquire permanent and construction easements for the pipeline route from TBS4 to VEC. Included is the remainder of engineering and consulting work to complete topographic/boundary surveys and layout/design of plans. Also included is the new odorizer and odorant building.

Budget Item 590: Town Border Station Improvements - $51,000
This budget item covers the upgrade to the Remote Operations Controller at Town Border Station #2.

CAPITAL BUDGET REQUEST FY 2027
CIP BUDGET ITEM SUMMARY
WATER OPERATIONS

Budget Item Number	Project Title or Asset Name	2024 Actual	2025 Actual	2026 Published Budget	2026 Reforecast Budget	2027	2028	2029	2030	2031	2027-2031 TOTAL
601	TIF			-	-	66,000	92,000	289,000	170,000	-	617,000
630	Water Main Extensions	28,521	20,716	34,000	24,500	18,000	18,000	19,000	19,000	20,000	94,000
640	Water Tower Coating System Replacement	553,284	43,715	-	-	294,000	-	-	-	-	294,000
647	Well House Improvements	46,861	59,915	85,000	78,500	330,000	36,000	37,000	507,000	40,000	950,000
655	Water Main Relocate, Replace and Abandon	1,695,317	1,518,597	1,662,000	1,002,500	1,057,000	1,334,000	1,251,000	1,233,000	1,276,000	6,151,000
680	New Water Meters	227,450	369,763	416,000	649,400	667,000	685,000	726,000	752,000	353,000	3,183,000
690	Hydrants - New Installs and Replacements	142,171	43,271	161,000	42,600	112,000	116,000	120,000	124,000	128,000	600,000
	Budget Year 2027 CIP Budget	2,693,603	2,055,977	2,358,000	1,797,500	2,544,000	2,281,000	2,442,000	2,805,000	1,817,000	11,889,000
	2026 CIP Budget - As Amended				2,358,000	2,170,000	2,262,000	2,472,000	2,426,000	1,830,000	11,160,000
	Current Year Increase / (Decrease) Prior Year				(560,500)	374,000	19,000	(30,000)	379,000	(13,000)	729,000

CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)

WATER UTILITY – 2027

Budget Item 601: TIF - $66,000
This budget item is for engineering and design work in conjunction with the Highway 58/Greenhill Road intersection.

Budget Item 630: Water Main Extensions - $18,000
This budget item provides for water main extensions to areas that are not currently served by the distribution system. Developers are responsible for the cost of the water extension. CFU inspects the water system installation. Potential extensions include West Fork Crossing, Arbors 7th, West Viking Industrial Park, Panther West, West 12th Street Extension, Meadow Ridge, and Northview Reserve.

Budget Item 640: Water Tower Coating System Replacement - $294,000
This budget item is for the UNI logo update and partial recoat for Tower #3 at Lloyd Lane. This item is expected to be fully reimbursed by UNI.

Budget Item 647: Well House Improvements - $330,000
This budget item is for various well house and water treatment improvements including replacement of the motor and pump at Well #3 and improvements at Wells #9 and #10 including the replacement of the chlorine and fluoride analyzers and the installation of a nitrate sensor.

Budget Item 655: Water Main Relocate, Replace and Abandon - $1,057,000
This budget item provides for water system improvements including the relocation and abandonment of existing water mains and water valve replacements required in connection with the City of Cedar Falls Street reconstruction projects including Picturesque Dr, Huntington Dr, W 12th St, Madison St, McClain St, Hawthorne Dr, and the replacement of the Franklin Street Box culvert.

Budget Item 680: New Water Meters - $667,000
This budget item covers the cost of water meter replacements and installations for new customers and installation of Advanced Metering Infrastructure (AMI) meters for existing customers.

Budget Item 690: Hydrants – New Installs and Replacements - $112,000
This budget item covers the cost of installation, relocation, or replacement of an estimated 16 hydrants. These improvements are generally made in connection with other construction projects, replacement of damaged hydrants, or replacement of the old-style Mathews hydrants.

CAPITAL BUDGET REQUEST FY 2027
CIP BUDGET ITEM SUMMARY
COMMUNICATIONS OPERATIONS

Budget Item Number	Project Title or Asset Name	2024 Actual	2025 Actual	2026 Published Budget	2026 Reforecast Budget	2027	2028	2029	2030	2031	2027-2031 TOTAL
703	Special Telecommunications Services (STS)	43,307	18,363	72,000	58,600	72,000	77,000	80,000	82,000	85,000	396,000
801	Optical Network Terminals (ONTs)	378,608	617,743	828,000	939,400	939,000	571,000	591,000	482,000	809,000	3,392,000
802	Communications Facilities Improvements		6,306	189,000	589,300	1,268,000	462,000	539,000	138,000	179,000	2,586,000
805	Digital Set-Top Boxes	47,142	-	-	-	-	-	-	-	-	-
806	Headend Data Equipment	300,183	435,497	1,987,000	1,115,300	1,545,000	1,291,000	691,000	585,000	752,000	4,864,000
820	Customer Service Drops	224,703	296,912	468,000	444,200	488,000	505,000	268,000	277,000	287,000	1,825,000
828	28E CFU IPTV Assets from Joint Ownership Agreements	118,000		62,000	-	-	-	-	-	-	-
851	TIF	39,192	14,273	136,000	131,900	79,000	82,000	-	-	-	161,000
852	Overhead to Underground Conversions	119,193	333,646	996,000	708,300	749,000	795,000	256,000	265,000	274,000	2,339,000
854	FTTP Infrastructure for New Developments	144,518	134,617	284,000	454,600	518,000	255,000	235,000	243,000	252,000	1,503,000
856	New Rural Broad Band (Non-Grant)	343,836	239,067	359,000	279,800	339,000	209,000	160,000	166,000	171,000	1,045,000
857	Rural Broad Band (Grant)	1,959,742	87,074	-	-	-	-	-	-	-	-
858	Special Telecom Build-Out (Outside City Limits)	160,352	213,730	110,000	111,900	304,000	117,000	122,000	126,000	130,000	799,000
860	Headend Video Transmission Equipment	142,655		107,000	-	-	-	-	-	-	-
864	Phone Equipment		989	-	-	-	-	-	-	-	-
865	Managed Wireless Routers	359,718	371,949	424,000	430,600	506,000	490,000	507,000	623,000	543,000	2,669,000
870	Fiber Replacement	83,692	68,036	81,000	77,700	88,000	91,000	94,000	98,000	101,000	472,000
875	Rural Expansion Opportunities			3,463,000	327,900	2,416,000	-	-	-	-	2,416,000
	Budget Year 2027 CIP Budget	4,464,840	2,838,202	9,566,000	5,669,500	9,311,000	4,945,000	3,543,000	3,085,000	3,583,000	24,467,000
	2026 CIP Budget - As Amended				9,566,000	4,478,000	3,672,000	2,670,000	2,779,000	3,147,000	16,746,000
	Current Year Increase / (Decrease) Prior Year				(3,896,500)	4,833,000	1,273,000	873,000	306,000	436,000	7,721,000

CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)

COMMUNICATIONS UTILITY – 2027

Budget Item 703: Special Telecommunications Services (STS) - $72,000
This budget item covers installing special fiber services for businesses such as internet, wholesale internet bandwidth, point-to-point, cellular backhaul, dark fiber, and fiber ring connections.

Budget Item 801: Optical Network Terminals (ONTs) - $939,000
This budget item is for Optical Network Terminals (ONTs) used at houses, businesses, or apartments. Projects include replacement of at least 2,500 End-of-Life ONTs and migration to XGS-PON.

Budget Item 802: Communications Facilities Improvements - $1,268,000
This budget item is for Heating, Ventilation, and Air Conditioning (HVAC) systems, as well as electrical power delivery such as Uninterruptible Power Supply (UPS) systems, rectifiers, and inverters. This also includes land and structures for housing Data Equipment. Projects include a new Hut to house equipment migrated out of the Headend and replacement of UPS and HVAC units at existing Huts.

Budget Item 806: Headend Data Equipment - $1,545,000
This budget item includes replacements and upgrades of servers, routers, switches, Optical Transport Network (OTN) equipment, and Optical Line Terminals (OLTs) that are necessary to maintain the growth and stability of the communications data network. This also includes Network Interface Devices (NIDs) used for STS circuit delivery and specialized phone equipment. Projects include replacement of OTN equipment in service for over ten years, aggregation routers, and additional OLT capacity.

Budget Item 820: Customer Service Drops - $488,000
This budget item provides for installing service drops to connect new customers to CFU's fiber network as well as reconnecting existing customers. The material required to provide these services includes conduit and fiber. However, the cost of the ONTs is reflected in budget item 801. Many of these connections are in new subdivisions.

Budget Item 851: TIF - $79,000
This budget item is for projects in the Unified Highway 58 and South Cedar Falls TIF districts.

Budget Item 852: Overhead to Underground Conversions - $749,000
The Communication Utility is converting fiber and conduit from an overhead to an underground system in conjunction with the Electric Utility conversions. This also includes work due to the City of Cedar Falls Street reconstruction or changes. Areas planned are potential Roundabout's, North Cedar, and Horseshoe Dr.

Budget Item 854: Fiber-to-the-Premise Infrastructure for New Developments - $518,000
This budget item enables CFU to provide fiber to new subdivisions, retail, and business areas. Projects include Wastewater Fiber Replacement, Sands North Cedar Estates, and Meadow Ridge Apartments.

CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)

COMMUNICATIONS UTILITY – 2027

Budget Item 856: Rural Broad Band (Non-Grant) - $339,000
This budget covers mainline fiber, drops, and ONTs in rural areas. Projects include Jepsen Rd and New Hartford backbone.

Budget Item 858: Special Telecom Build-Out (Outside City Limits) - $304,000
This budget item covers infrastructure projects located in the Waterloo area. Besides new fiber, there is need to relocate due to road construction and to migrate off Windstream Fiber. The portion of the construction in Cedar Falls city limits is reflected in budget item 703.

Budget Item 865: Managed Wireless Routers - $506,000
This budget item is for new wireless routers or Residential Gateways (RGs) and replacing End-of-Life devices. CFU provides customer-premise routers that are manageable and supported by CFU. Projects include replacing almost 2,000 EOL RGs and mesh devices.

Budget Item 870: Fiber Replacement - $88,000
This budget item is to replace broken or damaged infrastructure.

Budget Item 875: Rural Expansion Opportunities - $2,416,000
This budget item is for the rural building of fiber and installation of services for new customers.

CAPITAL BUDGET REQUEST FY 2027
CIP BUDGET ITEM SUMMARY
GENERAL PLANT - TECHNOLOGY

Budget Item Number	Project Title or Asset Name	2024 Actual	2025 Actual	2026 Published Budget	2026 Reforecast Budget	2027	2028	2029	2030	2031	2027-2031 TOTAL
905	Meter Reading System Upgrade			-	-	26,000	-	-	-	-	26,000
906	Enterprise Systems Software (All Depts)	96,952	551,136	2,110,000	1,951,000	1,029,000	65,000	557,000	864,000	-	2,515,000
910	Shared Computer System Infrastructure			626,000	1,411,600	-	882,000	-	-	1,848,000	2,730,000
911	General Computer Equipment (All Depts)	153,171	193,182	323,000	192,000	433,000	767,000	185,000	184,000	94,000	1,663,000
971	New Phone System	56,358	67,076	2,000	2,000	14,000	-	-	-	358,000	372,000
	Budget Year 2027 CIP Budget	306,481	811,394	3,061,000	3,556,600	1,502,000	1,714,000	742,000	1,048,000	2,300,000	7,306,000
	2026 CIP Budget - As Amended				3,061,000	910,000	1,715,000	945,000	1,099,000	265,000	4,934,000
	Current Year Increase / (Decrease) Prior Year				495,600	592,000	(1,000)	(203,000)	(51,000)	2,035,000	2,372,000

CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)

GENERAL PLANT – TECHNOLOGY – 2027

Budget Item 905: Meter Reading System Upgrade - $26,000
This budget item is for updating the Itron Field Collection System to a newer system to support manual meter reading as some services are either difficult or expensive to convert to AMI, so we will need to maintain a manual reading system. The existing handhelds are past EOL.

Budget Item 906: Enterprise Systems/Software (All Depts.) - $1,029,000
This budget item supports the modernization and ongoing operation of core enterprise software systems that are critical to business continuity, customer service, and strategic innovation. It aligns with the operational plan for the C2M Conversion and works toward achieving long term strategic goals related to customer experience, enterprise data management, full AMI deployment, and continued workflow automation.

Key initiatives include:

- **Migration to Oracle Cloud Infrastructure (OCI):** Transitioning from on-premise hosting to OCI improves system scalability, reliability, and security while reducing infrastructure overhead. This cloud migration is foundational to enabling future enhancements and integrations.
- **Customer to Meter Conversion (C2M):** Continued investment in C2M supports accurate billing, service management, and customer services capabilities.
- **Meter Data Management (MDM):** Implementing MDM capabilities within C2M will improve the accuracy and granularity of usage data and enables trigger-based capabilities between C2M and meters. These are critical for supporting TOU billing and future smart grid initiatives.
- **PeopleSoft/PeopleTools:** These platforms remain central to financial operations. Migrating to OCI will improve performance, reduce maintenance complexity, and support integration with other enterprise systems. CFU must continue to upgrade to supported versions of PeopleTools before an alternative is selected.
- **Advanced Analytics Enablement:** Upgrades to data infrastructure will support predictive analytics, operational dashboards, and data-driven decision-making across departments, enhancing both strategic planning and day-to-day operations.

Budget Item 911: General Computer Equipment - $433,000
This budget item provides for the end point computer equipment needs for employees, Virtual Desktop Infrastructure (VDI), equipment and software for the wired and wireless networks, mobile devices, printers, systems security, and disaster recovery. Projects include replacement of EOL mobile devices, wireless infrastructure in the Streeter Plant to support a new Lock-Out-Tag-Out system, and replacement of the current Virtual Private Network (VPN) access to Zero Trust Network Access (ZTNA).

Budget Item 971: New Phone System - $14,000
This budget item provides for the replacement of the phone system. For 2027, some additional handsets and professional services to assist with the migration of the virtualization infrastructure to Hyper-V.

CAPITAL BUDGET REQUEST FY 2027
CIP BUDGET ITEM SUMMARY
GENERAL PLANT - FACILITIES AND EQUIPMENT

Budget Item	Project Title or Asset Name	2024 Actual	2025 Actual	2026 Published Budget	2026 Reforecast Budget	2027	2028	2029	2030	2031	2027-2031 TOTAL
915	Facilities and Security	349,481	379,430	584,000	200,700	681,000	963,000	523,000	242,000	1,419,000	3,828,000
916	Office Furniture And Equipment	133,252	34,966	63,000	60,500	31,000	32,000	33,000	35,000	36,000	167,000
917	Heavy-Duty Shelving for General Use	27,866	6,612	27,000	28,200	37,000	40,000	11,000	7,000	7,000	102,000
919	Technical And Educational Equipment		13,032	83,000	110,900	83,000	86,000	11,000	12,000	12,000	204,000
920	Tools And Equipment	286,848	197,457	176,000	193,400	220,000	188,000	195,000	202,000	209,000	1,014,000
970	Fleet Replacement	1,062,841	1,088,949	894,000	1,072,600	880,000	977,000	913,000	942,000	1,182,000	4,894,000
904	Intercompany Transfers	4,777,275	-	-	-						-
	Budget Year 2027 CIP Budget	6,637,563	1,720,445	1,827,000	1,666,300	1,932,000	2,286,000	1,686,000	1,440,000	2,865,000	10,209,000
	2026 CIP Budget - As Amended				1,827,000	1,954,000	2,156,000	1,736,000	1,968,000	3,283,000	11,097,000
	Current Year Increase / (Decrease) Prior Year				(160,700)	(22,000)	130,000	(50,000)	(528,000)	(418,000)	(888,000)

CEDAR FALLS UTILITIES
CAPITAL IMPROVEMENTS PLAN (CIP)

GENERAL PLANT – FACILITIES AND EQUIPMENT - 2027

Budget Item 915: Facilities and Security - $681,000
This budget item is for improvements to buildings, security, and grounds. Planned improvements include main campus and external site infrastructure, and limited remodeling of the BDC area.

Budget Item 916: Office Furniture and Equipment - $31,000
This budget item provides for purchases as needed for additional workstations, equipment, and accessories. These expenses will enhance work environments, improve workflow, and improve employee efficiency and productivity.

Budget Item 917: Heavy-Duty Shelving for General Use - $37,000
This budget item covers shelving needs in various areas of operation.

Budget Item 919: Technical and Educational Equipment - $83,000
This budget item provides for technical and educational equipment, to facilitate employee and customer training and development. Planned upgrades include updating equipment in Board Room and Visitors Conference Room.

Budget Item 920: Tools and Equipment (All Depts.) - $220,000
This budget item provides for the purchase of small tools and equipment for all utilities as needed. This category covers 'durable goods' typically with a longer service life than tools purchased via O&M.

Budget Item 970: Fleet Replacement - $880,000
This budget item provides funding for replacements and additions to the fleet. Purchases will follow the approved process for purchasing vehicles and equipment. Replacements will be purchased for units that are no longer cost-effective for the Utilities to operate and maintain.