

# Cedar Falls Utilities 2026 Annual Budget

Operating Budget

and

Capital Improvement Plan



Electric, Gas, Water and Communications Utilities



**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**



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<b>Director of Finance and Organizational Services/CFO</b>	<b>Wynette J. Froehner</b>
<b>Director of Technology/CTO</b>	<b>Charles T. Dostale</b>

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**

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**CEDAR FALLS UTILITIES**  
**2026 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**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Overview of the Budget Process**

**Budget Document**

This document is the Cedar Falls Utilities (CFU) 2026 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 Strategic Plan, approved by the Board of Trustees June 18, 2025, was incorporated in the budget decisions of each Business Unit Director and Department Manager while preparing the 2026 budget. With the community's continued growth, environmental goals and legislation, and competition in the communications field, long-range planning is imperative for CFU.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Overview of the Budget Process**

Starting in June 2025 the Finance department began working with Business Unit Directors, Department Managers, and Supervisors to prepare the 2026 budget. Each of the business units and their respective departments involved in the preparation of these budgets were as follows:

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

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 4% and union contract wages are budgeted at 3% in July 2026. 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 2025 and the completion of the 2026 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.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Overview of the Budget Process**

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 2026.

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**  
**2026 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.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Overview of the Budget Process**

**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**  
**2026 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 18, 2025

## **STRATEGIC PLAN 2025-2026**

### **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 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



**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Strategic Plan Summary**

**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 internal customer service across departments and among employees is exceptional

**Reliable and Resilient Operational Excellence [3]**

**Objective 1**

**Safety and Security is at the Forefront**

- 1.1 Employee safety
- 1.2 Cybersecurity
- 1.3 Facilities security
- 1.4 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 is 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 Energy resource management
- 4.4 Internet broadband and cable TV programming

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Strategic Plan Summary**

**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

**OPERATIONAL PLAN 2025-2026**

**Electric Operations**

1	2	3	4	
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Webster-N. Franklin 345 transmission line and substation
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Gas turbine 69kV substation rebuild
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Viking Road substation upgrades
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Power Plant DCS upgrade
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Unit #6 turbine inspection
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	VEC project progress
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Evaluate propane as backup to coal
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Union 69kV-12kV Transformer LTC replacement
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ArcGIS Expansion

**Gas Operations**

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	New 300 PSI gas distribution system
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Replace steel gas lines < 12" with plastic as convenient
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Evaluate new IAMU OQ and O&M programs
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Review and revise Gas Service Policy
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ArcGIS Expansion

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Strategic Plan Summary**

**Water Operations**

1	2	3	4	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Rural Water Territory Rights
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Evaluate getting Well #5 back in service
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Evaluate additional Variable Frequency Drives (VFDs) for wells
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Review and revise Water Service Policy
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ArcGIS Expansion

**Communications Ops/Network Engineering/IS/ITS**

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	CC&B/C2M implementation complete
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Wi-Fi 7 RG replacement
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	100G OTN to Minneapolis
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Complete 2022 Rural Expansion Project
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Managed Wi-Fi service penetration 5000 customers
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Cease RF video distribution
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	25% of systems moved out of Headend
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	OLT redundancy to Industrial Park customers
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Mitel phone system upgrade
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CFU email services terminated
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Evaluate and determine lifespan of CATV
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Deploy Command IQ
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ArcGIS expansion
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Research expansion and overbuild in surrounding rural areas

**ELS**

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Process Improvement Committee
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Continue with Critical Functions trainings to ensure continuity of service
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Workforce Plan (to be reviewed annually prior to budget to ensure financial resources are in place for staffing requests)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Transportation right-sizing of staff for the workload on the shop floor
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Evaluate automation/AI and how it aligns with CFU's workforce
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Reorganization and succession planning for Director level positions
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Identify likely successors for critical positions and create individual development plans
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	New Union Contract negotiated
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Evaluate total rewards, including possible benefits changes/enhancements
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Continued training and development for staff

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Strategic Plan Summary**

**Customer Service/Marketing/Energy Services/Communications Sales**

1	2	3	4	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	C2M conversion, support project, staff training, change management
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Updated customer portal and online tools
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Educate customers on demand and time of use rates for electricity
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Viking Energy Center support and customer education
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Workforce purpose and CFU strategy tie in
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Career paths
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Workforce skills assessment to tap under-utilized potential
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Critical functions assessment and succession planning
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Provide support for email termination
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Reprice video to eliminate cross subsidization and prepare to end video
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	End or reprice bulk video services

**Finance/Purchasing**

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Inventory improvements (paperless requisitions/inventory issues/put-aways, forecasting, holds, quoting, stock status upgrades, pick orders)
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	GL integration into new billing system. Process improvements where possible (e.g. refunds)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	New generation debt
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Reduced paper-based workflows
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Develop more in-depth financial metrics
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Internal Control Committee development/expansion

**Facilities/Transportation**

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Phase 2 of LRFP #2 (connecting link or operations)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Employee/customer parking lot reconstruction
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Upgrade fire alarms at PP and integrate systems for CROs
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Improve processes and methods for Facilities maintenance schedules and record keeping
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Asphalt site improvements (fitness center & PP front office parking area)
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Fire alarms in warehouse
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	GT site road repairs
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	GT tanks removed & site regraded or repair tanks & site for operation
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Union Substation fencing & security upgrades
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Improve Transportation processes for vehicle replacements and parts management to reach total cost of operations (TCO) metrics reporting capabilities
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Continue to evaluate hybrid offerings and evaluate if cost effective and suitable for CFU applications
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Acquire RR land around CFU campus & Western Home property to west

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Financial Summary**

**Rates**

In the 2026 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 2025, for the period June 2024 to May 2025 the average Cedar Falls Utilities residential customer spent:

Basic Plus Cable & Internet	\$ 2,178
Electric Service	\$ 1,092
Gas Service	\$ 689
Water Service	\$ 343
<b>Annual Total</b>	<b>\$ 4,302</b>

During the same period, the average annual bill for the twenty peer communities was \$5,150.

A 5.1% increase to base electric rates is recommended in anticipation of issuing debt in 2027 for the Reciprocating Engine Generation project. More details on the Reciprocating Engine Generation project can be found in the following sections: Electric Utility–Generation and Capital Improvement Plan–Electric Production Budget Item 116–Reciprocating Engine Generation. 2026 ECA costs and Revenue Giveback are anticipated to be similar to amounts reforecast for 2025. When these impacts are combined with the 5.1% base increase the overall increase to base customers is anticipated to be 3.6%. See the Electric Utility - Operating Revenue & Rates section for more information.

A 5.0% increase to base gas rates is recommended. The 5.0% increase is recommended 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 2026 natural gas expenses were the same as reforecast for 2025 the predicted overall impact to base customers would be 2.1%. Unfortunately, 2026 natural gas expenses are anticipated to be significantly higher compared to the amounts reforecast for 2025. When these impacts are combined with the 5.0% base increase the overall increase to base customers is anticipated to be 11.8%. See the Gas Utility - Operating Revenue & Rates section for more information.



**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Financial Summary**

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 peers. Conservatively, the value of these additional services is estimated to be \$261,000 per year.

A 7.2% increase to base water rates is recommended. 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 provides a substantially less expensive alternative to the Water Utility for replacing water mains. While we do receive reimbursement for these new 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 2026 Communications budget includes rate changes for TV and Data services as follows:

Service Description	Current Rates Per Month	New Rates Per Month	Change
Basic (Last increase January 2025)	\$55.00	\$72.00	\$17.00
Basic Plus (Last increase January 2024)	\$69.00	\$69.00	
FiberHome (Last updated January 2015)	\$57.50	\$54.00	(\$3.50)
FiberHome Plus (Last updated January 2015)	\$76.50	\$74.00	(\$2.50)
FiberOffice Enterprise (Last updated January 2017)	\$440.00	\$350.00	(\$90.00)

No rate increases are being recommended for Phone services in 2026.

As we continue to see declines in TV subscribers and rising programming costs, we have announced the end of cable TV in 2026. With the rise in streaming services and on demand platforms, many of the most popular shows and games are not available on cable TV anymore. The cost of cable TV has continued to increase, driven by rising content fees and complex agreements with network owners.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
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Programming costs are approximately 71% of cable television's retail revenues. Since 2014, CFU has experienced programming cost increases that average around 9% annually, and this is the main driver for the rate changes proposed for TV rates. To keep pace with cable TV costs and programming fees, we are recommending a \$17 per month increase in Basic and Basic Plus services. See tables below.

Increase in Basic and Basic Plus Costs & Rates

	2015	2025	Change
Cost	\$ 46.53	\$ 105.34	\$ 58.81
Rate	\$ 63.50	\$ 124.00	\$ 60.50

**CEDAR FALLS UTILITIES**  
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**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.

**2026 Key Financial Ratios**

Measure	Goal	Electric	Gas	Water	Communications
Debt Service Coverage-Revenue Debt	1.75+	5.95	N/A	N/A	N/A
Debt Service Coverage-All Debt	1.75+	5.95	N/A	N/A	N/A
Cash as a % of Operating Expenses (without Depreciation, PILOT & IPERS/OPEB liability expenses)	50%+	96.43%	39.39%	124.44%	82.08%
Net Operating Income as a % of Revenue (NOI)	6%+	13.98%	5.57%	19.97%	11.25%
Net Income as a % of Revenue	6%+	16.37%	17.01%	27.18%	22.18%
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	Zero	\$27,240,868	\$1,819,788	\$1,203,749	\$1,900,625

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 them to deal with the recovery of these costs without raising rates.

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The Electric, Water and Communications Utility's key financial ratios all meet or exceed recommended minimum goals. The Gas Utility's Net Operating Income as a % of Revenue is lower than the desired goal. This is discussed in more detail in the Gas Utility section. Purchased Gas Supply expenses, natural gas commodity costs and pipeline fees, are passed on to customers through the Purchased Gas Adjustment (PGA) without markup. In illustration with the table below, increased purchased gas supply expenses result in increased operating revenue but do not add to net income. This pass-through revenue is the majority of operating revenue for the Gas Utility. Assuming the same 2026 operating expenses the Utility would need an additional base rate increase of approximately 1.5% or a 6.5% total in 2026 to meet the Net Operating Income as a % of Revenue goal of 6%.

Gas Operating Revenue	Total Op. Rev.	Cost Recovery Revenue	Cost Rcvry % of Total Op. Rev.
2023	\$ 17,818,104	\$ 11,686,185	65.59%
2024	\$ 16,336,981	\$ 10,202,630	62.45%
2025 Reforecast	\$ 19,986,814	\$ 12,739,986	63.74%
2026 Budget	\$ 22,479,237	\$ 14,819,564	65.93%

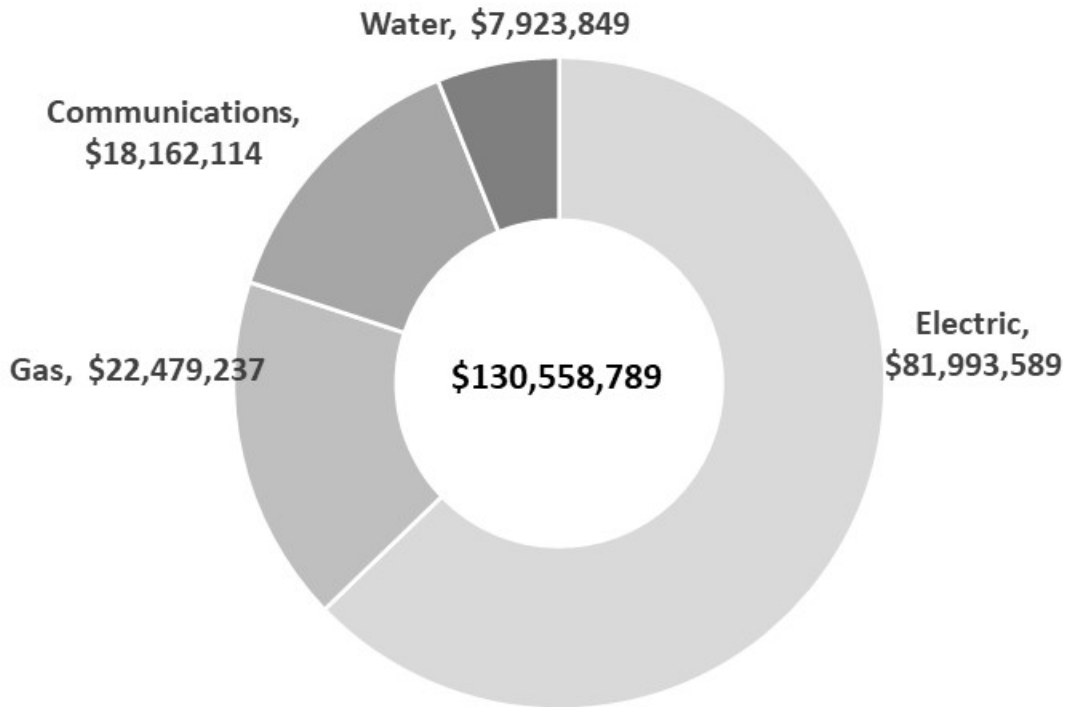
  

2026 Budget NOI	\$ 1,251,074
2026 Additional NOI Needed	\$ 103,893
Total	\$ 1,354,967

**CEDAR FALLS UTILITIES**  
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**Operating Revenues**

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



**Electric Operating Revenue**

	Amount	Increase (Decrease)	
2025 Original Budget	\$ 78,343,581	-	-
2025 Reforecast	\$ 82,399,238	\$ 4,055,657	5.2%
2026 Budget	\$ 81,993,589	\$ (405,649)	-0.5%
'25 Budget to '26 Budget		\$ 3,650,008	4.7%

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 expected Western Unit MISO sales.

The 2026 budgeted amount reflect a 5.1% increase to base rates, expected normalized weather and other anticipated changes in CFU's customer base.

See the Electric Utility section for more information.

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**Gas Operating Revenue**

	Amount	Increase (Decrease)	
2025 Original Budget	\$ 21,114,392	-	-
2025 Reforecast	\$ 19,986,814	\$ (1,127,578)	-5.3%
2026 Budget	\$ 22,479,237	\$ 2,492,423	12.5%
'25 Budget to '26 Budget		\$ 1,364,845	6.5%

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 2026 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)	
2025 Original Budget	\$ 7,372,893	-	-
2025 Reforecast	\$ 7,380,602	\$ 7,709	0.1%
2026 Budget	\$ 7,923,849	\$ 543,247	7.4%
'25 Budget to '26 Budget		\$ 550,956	7.5%

The 2026 budgeted amount reflect a 7.2% increase to base rates, expected normalized weather and other anticipated changes in CFU's customer base.

**Communications Operating Revenue**

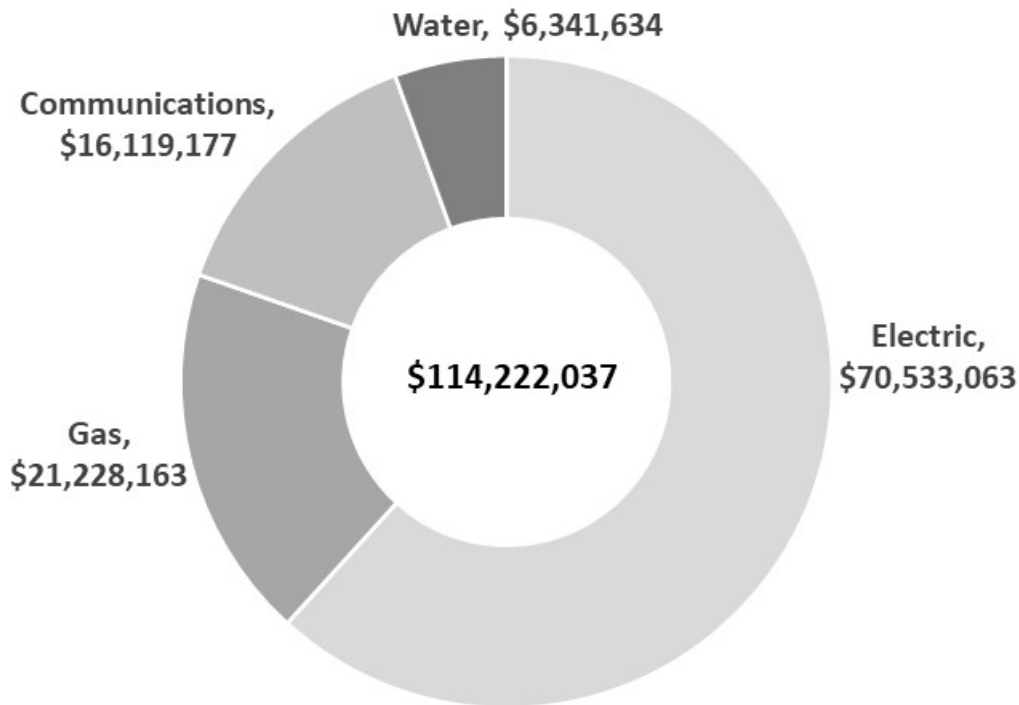
	Amount	Increase (Decrease)	
2025 Original Budget	\$ 22,359,668	-	-
2025 Reforecast	\$ 22,228,713	\$ (130,955)	-0.6%
2026 Budget	\$ 18,162,114	\$ (4,066,599)	-18.3%
'25 Budget to '26 Budget		\$ (4,197,554)	-18.8%

The 2026 budgeted amount reflect a \$17 per month increase in the Basic Cable rate and anticipated monthly reductions in the customer base as we stop offering cable TV late 2026.

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**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)	
2025 Original Budget	\$ 66,916,284	-	-
2025 Reforecast	\$ 68,534,672	\$ 1,618,388	2.4%
2026 Budget	\$ 70,533,063	\$ 1,998,391	2.9%
'25 Budget to '26 Budget		\$ 3,616,779	5.4%

The 2025 Reforecast changes are primarily due to changes in purchased power and fuel expenses that are passed on via the ECA. The 2026 Budget changes are primarily due to changes in labor and benefits as well as general increases in material, supplies and services purchased by the Utility. See the Electric Utility section for more information.

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**Gas Operating Expenses**

	Amount	Increase (Decrease)	
2025 Original Budget	\$ 20,107,178	-	-
2025 Reforecast	\$ 18,782,815	\$ (1,324,363)	-6.6%
2026 Budget	\$ 21,228,163	\$ 2,445,348	13.0%
'25 Budget to '26 Budget		\$ 1,120,985	5.6%

The 2025 Reforecast change and the 2026 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)	
2025 Original Budget	\$ 6,032,823	-	-
2025 Reforecast	\$ 6,295,371	\$ 262,548	4.4%
2026 Budget	\$ 6,341,634	\$ 46,263	0.7%
'25 Budget to '26 Budget		\$ 308,811	5.1%

The 2025 change is primarily due to changes in Others Property Repair Services which includes customer owned water service replacements and street and sidewalk replacement expenses. See the Water Utility section for more information.

**Communications Operating Expenses**

	Amount	Increase (Decrease)	
2025 Original Budget	\$ 18,768,214	-	-
2025 Reforecast	\$ 18,810,165	\$ 41,951	0.2%
2026 Budget	\$ 16,119,177	\$ (2,690,988)	-14.3%
'25 Budget to '26 Budget		\$ (2,649,037)	-14.1%

The majority of the 2026 change is from anticipated changes in cable programming expense as we stop offering cable TV late 2026.



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**Personnel**

Excluding commodity costs, which require 53.0% of the operating budget, CFU's second largest expense is labor and benefit costs, which require 22.3% 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.

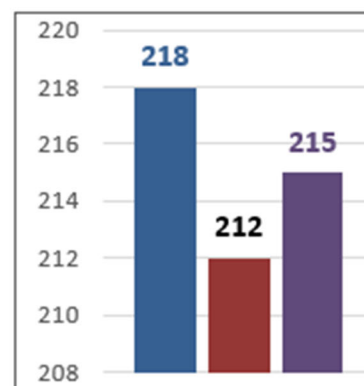
Supplementing our regular workforce with outside contractors, consultants, students, and part-time help during the busy construction season and for large projects will continue. This has been an economical way to help manage labor costs and attract some high-quality candidates for job-training opportunities.

**Compensation Expenditures**

	Amount	Increase (Decrease)	
2025 Original Budget	\$ 27,114,320	-	-
2025 Reforecast	\$ 25,275,816	\$ (1,838,504)	-6.8%
2026 Budget	\$ 27,395,655	\$ 2,119,839	8.4%
'25 Budget to '26 Budget		\$ 281,335	1.0%

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 to retirement 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	2025 Original Budget	2025 Reforecast	2026 Budget
Temporary PT	2	2	2
Temporary FT	0	0	0
Seasonal	13	10	11
Part Time	12	12	12
Full Time	191	188	190
<b>Total</b>	<b>218</b>	<b>212</b>	<b>215</b>



**CEDAR FALLS UTILITIES**  
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**Debt Service**

Currently the Electric Utility has one outstanding Revenue Bond, Series 2015, but it is anticipated that the Electric Utility will borrow \$15,000,000 from the Communications Utility in 2025 and issue additional debt in 2027 to fund the Viking Energy Center (VEC) project. 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.

**Expected Outstanding Debt**

	<b>Outstanding Debt as of Dec. 31, 2025</b>	<b>2026 Payments (Principal Only)</b>	<b>Outstanding Debt as of Dec. 31, 2026</b>
Electric	\$16,335,000	\$2,835,000	\$13,500,000
Gas	\$0	\$0	\$0
Water	\$0	\$0	\$0
Communications	\$0	\$0	\$0
<b>Total</b>	<b>\$16,335,000</b>	<b>\$2,835,000</b>	<b>\$13,500,000</b>

**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).

In the 2026 Electric budget, CFU will accrue \$2,024,400 in a transfer to the City and have budgeted \$387,872 in property tax for a total of \$2,412,272 which is 3.7% of the 2026 budgeted Electric retail revenues of \$65,988,676.

In the 2026 Gas budget CFU will accrue \$522,600 for this annual transfer.

**Energy Efficiency**

The 2026 budget includes \$520,000 in the electric and gas energy efficiency incentives, a 20.0% decrease from the 2025 budget of \$650,000. 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**  
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**Cash Balances and Reserves**

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

	Electric	Gas	Water	Comm.	Total
<b>2023 Actuals</b>	\$ 59,927,705	\$ 15,499,280	\$ 6,900,367	\$ 21,942,093	\$ <b>104,269,445</b>
<b>2024 Actuals</b>	\$ 72,115,748	\$ 16,934,072	\$ 7,917,476	\$ 22,299,314	\$ <b>119,266,610</b>
<b>2025 Reforecast</b>	\$ 85,033,563	\$ 17,847,601	\$ 6,796,410	\$ 13,293,367	\$ <b>122,970,941</b>
<b>2026 Budget</b>	\$ 79,213,638	\$ 18,659,355	\$ 7,254,964	\$ 11,346,737	\$ <b>116,474,694</b>

The breakdown of the 2026 year-end cash & investment balances is detailed here:

	Electric	Gas	Water	Comm.	Total
Unrestricted	\$ 58,731,027	\$ 7,861,004	\$ 6,482,722	\$ 10,679,673	\$ <b>83,754,426</b>
Board Designated	\$ 19,175,402	\$ 10,274,572	\$ 414,842	\$ -	\$ <b>29,864,816</b>
Legally Restricted	\$ 1,307,209	\$ 523,779	\$ 357,400	\$ 667,064	\$ <b>2,855,452</b>
<b>Total</b>	<b>\$ 79,213,638</b>	<b>\$ 18,659,355</b>	<b>\$ 7,254,964</b>	<b>\$ 11,346,737</b>	<b>\$ 116,474,694</b>

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 Utility Capital Replacement Fund, PGA Contingency 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 October 8, 2025. 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 2026. Details are shown in the cash flow statement for each utility in its specific section of the budget.

	Electric	Gas	Water	Comm.	Total
Unrestricted	\$ 58,731,027	\$ 7,861,004	\$ 6,482,722	\$ 10,679,673	\$ <b>83,754,426</b>
Board Recommended	\$ 31,490,159	\$ 6,041,216	\$ 5,278,973	\$ 8,779,048	\$ <b>51,589,396</b>
<b>Surplus (Deficit)</b>	<b>\$ 27,240,868</b>	<b>\$ 1,819,788</b>	<b>\$ 1,203,749</b>	<b>\$ 1,900,625</b>	<b>\$ 32,165,030</b>

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Budget Summary by Utility**

	ELECTRIC	GAS	WATER	COMM.	TOTAL
<b>Operating Revenue</b>					
Retail Sales	\$ 65,988,676	\$ 22,329,237	\$ 7,438,089	\$ 17,675,578	\$ 113,431,580
Sales for Resale - FTR	1,639,500				1,639,500
Sales for Resale - MISO	760,875				760,875
Sales for Resale - Western Units	7,451,538				7,451,538
Transmission Revenue	3,993,000				3,993,000
Other Operating Revenue	2,160,000	150,000	485,760	486,536	3,282,296
<b>Total Operating Revenue</b>	\$ 81,993,589	\$ 22,479,237	\$ 7,923,849	\$ 18,162,114	\$ 130,558,789
<b>Operating Expense</b>					
Cash Expenses	\$ 62,932,247	\$ 20,493,383	\$ 5,209,615	\$ 13,010,944	\$ 101,646,189
Non-Cash Expenses	7,600,816	734,780	1,132,019	3,108,233	12,575,848
<b>Total Operating Expense*</b>	\$ 70,533,063	\$ 21,228,163	\$ 6,341,634	\$ 16,119,177	\$ 114,222,037
<b>Net Operating Income (NOI)</b>	\$ 11,460,526	\$ 1,251,074	\$ 1,582,215	\$ 2,042,937	\$ 130,558,789
<b>NOI as a % of Revenue</b>	13.98%	5.57%	19.97%	11.25%	100.00%
<b>Non-Operating Revenue</b>					
Interest Income	\$ 1,848,780	\$ 635,520	\$ 245,100	\$ 960,000	\$ 3,689,400
Interest Income - Intercompany Note				\$ 750,000	750,000
TIF Reimbursements	489,622	0	10,378	0	500,000
Other	625,000	1,935,960	297,000	114,000	2,971,960
Non-Cash	130,000	4,000	21,000	161,042	316,042
<b>Total Non-Operating Revenue</b>	\$ 3,093,402	\$ 2,575,480	\$ 573,478	\$ 1,985,042	\$ 8,227,402
<b>Non-Operating Expenses</b>					
Bond Interest	\$ 36,713				\$ 36,713
Intercompany Interest	750,000				750,000
Other	214,074	2,502	2,018		218,594
Non-Cash	127,471	0	0		127,471
<b>Total Non-Operating Expenses*</b>	\$ 1,128,258	\$ 2,502	\$ 2,018		\$ 1,132,778
<b>Total Non-Operating Revenue (Expense)</b>	\$ 1,965,144	\$ 2,572,978	\$ 571,460	\$ 1,985,042	\$ 7,094,624
<b>Net Income (Loss)</b>	\$ 13,425,670	\$ 3,824,052	\$ 2,153,675	\$ 4,027,979	\$ 137,653,413
<b>Net Income as a % of Op. Revenue</b>	16.37%	17.01%	27.18%	22.18%	105.43%

\*See Operating Budget Expense Comparison on the next page

<b>Cash Impact - Sources / (Uses)</b>					
Operating Revenue	\$ 81,993,589	\$ 22,479,237	\$ 7,923,849	\$ 18,162,114	\$ 130,558,789
Operating Expense	(62,932,247)	(20,493,383)	(5,209,615)	(13,010,944)	(101,646,189)
Miscellaneous Adjustments	(1,870,960)	(890,998)			(2,761,958)
<b>Operating Cash Flow</b>	\$ 17,190,382	\$ 1,094,856	\$ 2,714,234	\$ 5,151,170	\$ 26,150,642
Non-Operating Revenue	\$ 2,963,402	\$ 2,571,480	\$ 552,478	\$ 1,824,000	\$ 7,911,360
Non-Operating Expenses (Excluding Debt)	(465,679)	(2,502)	(2,018)	0	(470,199)
<b>Non-Operating Cash Flow</b>	\$ 2,497,723	\$ 2,568,978	\$ 550,460	\$ 1,824,000	\$ 7,441,161
Other					
Capital Expenditures	\$ (21,882,980)	\$ (2,852,080)	\$ (2,806,140)	\$ (10,421,800)	\$ (37,963,000)
Debt					
Bond Issues for Capital	-				-
Bond Principal Payment	(1,335,000)				(1,335,000)
Bond Interest Payment	(40,050)				(40,050)
Grant Revenue					-
Intercompany Loan*					-
Principal Payment	(1,500,000)			1,500,000	-
Interest Payment	(750,000)				(750,000)
<b>Annual Cashflow Surplus / (Deficit)</b>	\$ (5,819,925)	\$ 811,754	\$ 458,554	\$ (1,946,630)	\$ (6,496,247)
<b>Expenditures per The Budget Certification</b>	\$ (88,526,916)	\$ (24,238,963)	\$ (8,017,773)	\$ (23,432,744)	\$ (144,926,346)

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

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Operating Budget Expense Comparison**

	Budget 2026	% of Total	Reforecast 2025	% of Total	Net Change
Commodities					
Natural Gas	\$ 14,819,566		\$ 12,739,988		\$ 2,079,578 16.3%
Fuel	4,555,591		4,918,781		(363,190) -7.4%
Purchases For Resale	28,526,727		28,038,683		488,044 1.7%
Joint Ownership	3,235,163		3,500,000		(264,837) -7.6%
Transmission Network Svc.	5,554,600		5,422,835		131,765 2.4%
Cable Programming	2,745,491		5,771,070		(3,025,579) -52.4%
Bandwidth & Telephone Cost	903,922		964,764		(60,842) -6.3%
Other Inventory	843,920		759,501		
<b>Total Commodities</b>	<b>\$ 61,184,980</b>	<b>53.0%</b>	<b>\$ 62,115,622</b>	<b>55.0%</b>	<b>\$ (930,642) -1.5%</b>
Wages and Benefits					
O&M Salaries & Labor	\$ 17,953,398		\$ 16,652,360		\$ 1,301,038 7.8%
Benefits					
Medical & Dental	3,288,765		3,037,983		250,782 8.3%
FICA/IPERS/457	3,584,955		3,303,852		281,103 8.5%
Severance & Retirement Pension	498,260		492,990		5,270 1.1%
Other Benefits	363,996		324,515		39,481 12.2%
<b>Total Wages and Benefits</b>	<b>\$ 25,689,374</b>	<b>22.3%</b>	<b>\$ 23,811,700</b>	<b>21.1%</b>	<b>\$ 1,877,674 7.9%</b>
Depreciation & Amortization	\$ 12,042,778		\$ 11,835,601		\$ 207,177 1.8%
Materials, Supplies, Services, Other	12,155,173		11,463,247		691,926 6.0%
PILOT/Transfer to the City	2,547,000		2,460,200		86,800 3.5%
Property & Liability Insurances	1,527,566		1,492,425		35,141 2.4%
Interest Expense*	663,355		(35,416)		698,771 -1973.0%
Property Taxes	387,872		363,887		23,985 6.6%
Regulatory & Compliance	267,051		240,215		26,836 11.2%
Other Expenses & Net Accruals	(1,110,334)		(912,085)		(198,249) 21.7%
<b>Total Budget Expenses</b>	<b>\$ 115,354,815</b>	<b>75.3%</b>	<b>\$ 112,835,396</b>	<b>76.2%</b>	<b>\$ 2,519,419 2.2%</b>

**Per the Budget Summary by Utility on the Previous Page**

Operating Expense	\$ 114,222,037	99.0%
Non-Operating Expenses	1,132,778	1.0%
<b>Total Budget Expenses</b>	<b>\$ 115,354,815</b>	<b>100.0%</b>

## REVENUES DETAIL

(specify if budget is fiscal or calendar year)

Actual  
2024

<b>Beginning Fund Balance</b>		390	122,970,941		119,266,610		104,269,445
<b>Use of Money &amp; Property</b>		398	3,689,400		5,172,681		5,370,132
<b>Charges for Services:</b>	Hospital	411					
	Water	404	7,923,849		7,380,602		6,770,872
	Sewer	405					
	Electric	406	81,993,589		82,399,238		64,859,576
	Gas	407	22,479,237		19,986,814		16,336,981
	Telecommunications	408	18,162,114		22,228,713		22,406,784
<b>Total Charges for Services</b>		414	130,558,789		131,995,367		110,374,213
<b>Miscellaneous</b>		416	3,471,960		2,923,155		6,435,401
<b>Other Financing Sources:</b>							
Operating Transfers In		417					
Proceeds of Long Term Debt		418					
Proceeds of Fixed Asset Sales		419					
<b>Total Revenues - All Sources</b>		421	260,691,090		259,357,813		226,449,191

## EXPENDITURES DETAIL

Actual  
2024

Expenditures:					
Hospital	338				
Water	360	8,017,773		7,931,285	7,571,000
Sewer	357				
Electric	361	88,526,916		88,920,032	59,460,747
Gas	362	24,238,963		19,820,526	16,252,697
Telecommunications	363	23,432,744		19,715,029	23,898,137
Total Expenditures:	386	144,216,396		136,386,872	107,182,581
Transfers Out	387				
Ending Fund Balance	388	116,474,694		122,970,941	119,266,610
Total Expenditures & Transfers Out	389	260,691,090		259,357,813	226,449,191

# ADOPTED BUDGET SUMMARY

Cedar Falls Municipal Utilities		Calendar		YEAR		2026	
NAME OF ENTERPRISE		(specify fiscal or calendar year budget)					
		Budget		Re-Estimated		Actual	
		2026		2025		2024	
REVENUES & OTHER FINANCING SOURCES		(specify budget years)					
Use of Money and Property	(line 398)	241	3,689,400	271	5,172,681	301	5,370,132
Charges for Services	(line 414)	243	130,558,789	273	131,995,367	303	110,374,213
Miscellaneous	(line 416)	245	3,471,960	275	2,923,155	305	6,435,401
Operating Transfers In	(line 417)	247	0	277	0	307	0
Proceeds of Long Term Debt	(line 418)	248	0	278	0	308	0
Proceeds of Fixed Asset Sales	(line 419)	249	0	279	0	309	0
Total Revenues & Other Financing Sources		250	137,720,149	280	140,091,203	310	122,179,746
EXPENDITURES & TRANSFERS OUT							
Expenditures	(line 386)	255	144,216,396	285	136,386,872	315	107,182,581
Transfers Out	(line 387)	259	0	289	0	319	0
Total Expenditures & Transfers Out		260	144,216,396	290	136,386,872	320	107,182,581
Excess of Revenues & Other Sources Over (Under) Expenditures & Transfers Out							
		261	-6,496,247	291	3,704,331	321	14,997,165
BEGINNING Fund Balance	(line 390)	262	122,970,941	292	119,266,610	322	104,269,445
ENDING Fund Balance	(line 388)	263	116,474,694	293	122,970,941	323	119,266,610

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Electric Utility**

**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.



**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Electric Utility**

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.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Electric Utility**

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 the 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 2018, CFU entered into a 5-year bi-lateral agreement to sell a portion of the excess ZRCs for \$2.67 million over the 5-year period from 2019 to 2024. 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. CFU netted \$997,041 from ZRC sales in 2022, \$1,214,912 in 2023, \$1,153,577 in 2024 and \$2,248,009 in 2025. 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, 2026, is:

SOURCE	YEAR INSTALLED	NAMEPLATE MW	FUEL SOURCE
STREETER UNIT 6	1963	16.5	NATURAL GAS-COAL
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) <sup>(1)</sup>	1985	15.0	COAL
COMBUSTION TURBINE 1	1968	19.6	NATURAL GAS-OIL
COMBUSTION TURBINE 2 <sup>(2)</sup>	2000	23.8	NATURAL GAS-OIL
<b>NAMEPLATE CAPACITY OWNED GENERATION</b>		<b>147.8</b>	
UNI COGENERATION (ASSIGNED BY CONTRACT)	1984	7.5	NATURAL GAS-COAL
CEDAR FALLS SOLAR FARM, LLC	2016	1.5	SOLAR
<b>TOTAL ELECTRIC NAMEPLATE GENERATION</b>		<b>156.8</b>	

(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 to add new generating resources as soon as possible to avoid having to pass burdensome cost increases on to its customers.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Electric Utility**

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 36 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 near \$78 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 \$4.5 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.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Electric Utility**

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 \$6.259 million over the next four years. CFU is also exploring ways to participate in Tranche 2.1 projects.

**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 undergrounding 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 2025 through 2035 is estimated to be \$10,325,000.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Electric Utility**

**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 36 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 2026 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):

	2024	2025	2026	2027	2028	2029	2030
Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.50
Year-End Bal.	\$ 15.05	\$ 15.69	\$ 16.21	\$ 11.58	\$ 1.68	\$ 1.70	\$ 4.21

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

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Electric Utility**

**Operating Expenses**

	2026 Budget		2025 Reforecast		2025 Original Budget	
ECA Expenses	\$ 32,826,864	46.5%	\$ 32,709,456	47.7%	\$ 31,297,646	46.8%
Other Expenses	\$ 37,706,199	53.5%	\$ 35,825,216	52.3%	\$ 35,618,638	53.2%
Total Op. Exps.	\$ 70,533,063	100.0%	\$ 68,534,672	100.0%	\$ 66,916,284	100.0%

	Change From 2025 Reforecast		Change From 2025 Original Budget	
ECA Expenses	\$ 117,408	0.4%	\$ 1,411,810	4.5%
Other Expenses	\$ 1,880,983	5.3%	\$ 206,578	0.6%
Total Op. Exps.	\$ 1,998,391	2.9%	\$ 1,618,388	2.4%

**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 40.1% of the total operating expenses budgeted for 2026.

	2026 Budget		2025 Reforecast		2025 Original Budget	
Purchased Power	\$ 28,269,273	40.1%	\$ 27,788,675	40.5%	\$ 26,481,419	39.6%

	Change From 2025 Reforecast		Change From 2025 Original Budget	
Purchased Power	\$ 480,598	1.7%	\$ 1,307,256	4.9%

Purchased power prices for 2025 have been higher than were anticipated in the 2025 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 2026 Budget increase, when compared to the 2025 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**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Electric Utility**

**Operating Revenue & Rates**

	2026 Budget		2025 Reforecast		2025 Original Budget	
Rev. From Rates	\$ 39,201,757	47.8%	\$ 37,628,891	45.7%	\$ 37,655,077	48.1%
ECA Recovery	\$ 32,913,064	40.1%	\$ 33,039,315	40.1%	\$ 31,374,829	40.0%
RGA	\$ (6,126,145)	-7.5%	\$ (7,090,766)	-8.6%	\$ (5,721,127)	-7.3%
Retail Revenue	\$ 65,988,676	80.5%	\$ 63,577,440	77.2%	\$ 63,308,779	80.8%
Sales for Resale	\$ 9,851,913	12.0%	\$ 12,452,006	15.1%	\$ 9,103,802	11.6%
Other	\$ 6,153,000	7.5%	\$ 6,369,792	7.7%	\$ 5,931,000	7.6%
Total Op. Revenue	\$ 81,993,589	100%	\$ 82,399,238	100%	\$ 78,343,581	100%

Rev. From Rates	\$ 39,201,757	59.4%	\$ 37,628,891	59.2%	\$ 37,655,077	59.5%
ECA + RGA	\$ 26,786,919	40.6%	\$ 25,948,549	40.8%	\$ 25,653,702	40.5%
Retail Revenue	\$ 65,988,676	100%	\$ 63,577,440	100%	\$ 63,308,779	100%

	Change From 2025 Reforecast		Change From 2025 Original Budget	
Rev. From Rates	\$ 1,572,866	4.2%	\$ (26,186)	-0.1%
ECA Recovery	\$ (126,251)	-0.4%	\$ 1,664,486	5.3%
RGA	\$ 964,621	-13.6%	\$ (1,369,639)	23.9%
Retail Revenue	\$ 2,411,236	3.8%	\$ 268,661	0.4%
Sales for Resale	\$ (2,600,093)	-20.9%	\$ 3,348,204	36.8%
Other	\$ (216,792)	-3.4%	\$ 438,792	7.4%
Total Op. Revenue	\$ (405,649)	-0.5%	\$ 4,055,657	5.2%

Rev. From Rates	\$ 1,572,866	4.2%	\$ (26,186)	-0.1%
ECA + RGA	\$ 838,370	3.2%	\$ 294,847	1.1%
Retail Revenue	\$ 2,411,236	3.8%	\$ 268,661	0.4%

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). 2025 purchased power prices have been higher than were anticipated in the 2025 Original Budget, but the higher prices have also resulted in higher Sales for Resale from the Western Units and in turn resulted in more being given back to customers.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Electric Utility**

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.

Electric Operating Revenue - MISO Sales - Western Units

	Amount	Increase (Decrease)	
2023	\$ 5,636,621	---	---
2024	\$ 5,707,101	\$ 70,480	1.3%
2025 Original Budget	\$ 6,765,350	\$ 1,058,249	18.5%
2025 Reforecast	\$ 8,891,775	\$ 3,184,674	55.8%
2026 Budget	\$ 7,451,538	\$ (1,440,237)	-16.2%
'25 Budget to '26 Budget		\$ 686,188	10.1%

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

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

The \$1,572,866 increase in revenue from rates in the table on the previous page reflects a 5.1% 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 3.5% would be predicted for our base customers.

	2026 Sales With 2025 Rates and 2025 Net ECA	2026 Sales With 2026 Rates and 2025 Net ECA	Change	
Base Customers				
Base Revenue	\$ 30,297,913 68.5%	\$ 31,842,703 69.5%	\$ 1,544,790	5.1%
ECA + RGA	\$ 13,962,316 31.5%	\$ 13,962,316 30.5%	\$ -	0.0%
Base Customers	\$ 44,260,229 100%	\$ 45,805,019 100%	\$ 1,544,790	3.5%

	2026 Sales With 2025 Rates and 2025 Net ECA	2026 Sales With 2026 Rates and 2026 Net ECA	Change	
Base Customers				
Base Revenue	\$ 30,297,913 68.5%	\$ 31,842,703 69.4%	\$ 1,544,790	5.1%
ECA + RGA	\$ 13,962,316 31.5%	\$ 14,030,040 30.6%	\$ 67,724	0.5%
Base Customers	\$ 44,260,229 100%	\$ 45,872,743 100%	\$ 1,612,514	3.6%



**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Electric Utility**

**Customers**

As of July 31, 2025, CFU serves 20,272 electric customers.

Customer information at December 31, 2023 & 2024:

	<b>2023</b>		
	<b>Customers</b>	<b>Sales (kWh)</b>	<b>Revenue</b>
Residential	17,568	172,086,138	\$ 17,226,802
Commercial & Industrial			
Small	2,290	203,419,298	\$ 15,605,164
Large	4	168,280,300	\$ 8,096,775
Other	155	49,701,945	\$ 3,470,118
<b>Total</b>	<b>20,017</b>	<b>593,487,681</b>	<b>\$ 44,398,859</b>

	<b>2024</b>		
	<b>Customers</b>	<b>Sales (kWh)</b>	<b>Revenue</b>
Residential	17,772	167,714,562	\$ 17,475,739
Commercial & Industrial			
Small	2,308	198,493,287	\$ 15,701,710
Large	4	305,847,990	\$ 13,369,567
Other	163	53,782,632	\$ 3,763,165
<b>Total</b>	<b>20,247</b>	<b>725,838,471</b>	<b>\$ 50,310,181</b>

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Electric Utility Revenue and Expense Summary**

	2023 ACTUAL	2024 ACTUAL	2025 REFORECAST	2026 BUDGET
<b>OPERATING REVENUE</b>				
Residential Sales	\$ 17,226,804	\$ 17,475,739	\$ 20,498,299	\$ 21,512,062
Commercial & Industrial Sales	\$ 23,701,938	\$ 29,071,278	\$ 38,751,313	\$ 39,844,525
Governmental Sales	\$ 3,247,687	\$ 3,539,350	\$ 4,028,493	\$ 4,234,182
Interdepartmental	\$ 222,430	\$ 223,814	\$ 299,335	\$ 397,907
<b>Retail Sales Subtotal</b>	<b>\$ 44,398,859</b>	<b>\$ 50,310,181</b>	<b>\$ 63,577,440</b>	<b>\$ 65,988,676</b>
Sales for Resale - DRR	\$ 177,173	\$ 433,057	\$ 981,232	\$ 0
Sales for Resale - FTR	\$ 2,021,232	\$ 2,039,966	\$ 1,641,155	\$ 1,639,500
Sales for Resale - MISO	\$ 2,165,232	\$ 611,700	\$ 937,844	\$ 760,875
Sales for Resale - Western Units	\$ 5,636,621	\$ 5,707,101	\$ 8,891,775	\$ 7,451,538
Transmission Revenues	\$ 4,084,278	\$ 3,406,847	\$ 4,156,512	\$ 3,993,000
Other Operating Revenue	\$ 2,566,680	\$ 2,350,724	\$ 2,213,280	\$ 2,160,000
<b>TOTAL</b>	<b>\$ 61,050,075</b>	<b>\$ 64,859,576</b>	<b>\$ 82,399,238</b>	<b>\$ 81,993,589</b>
<b>NET OPERATING EXPENSE</b>				
Fuel - Western Units	\$ 2,968,730	\$ 3,359,766	\$ 3,579,439	\$ 3,307,418
Fuel - Local	\$ 896,116	\$ 1,044,071	\$ 1,339,342	\$ 1,248,173
Purchased Power	\$ 18,668,321	\$ 18,143,484	\$ 28,042,572	\$ 28,530,690
MISO/NITS Transmission Costs	\$ 3,567,143	\$ 4,557,728	\$ 5,422,835	\$ 5,554,600
Other Production O&M	\$ 5,071,603	\$ 4,693,909	\$ 5,878,712	\$ 6,108,167
Other Operating Expense*	\$ 15,065,112	\$ 15,773,865	\$ 16,439,705	\$ 18,183,199
<b>TOTAL</b>	<b>\$ 46,237,025</b>	<b>\$ 47,572,823</b>	<b>\$ 60,702,605</b>	<b>\$ 62,932,247</b>
<b>CASH FLOW FROM OPERATIONS</b>	<b>\$ 14,813,050</b>	<b>\$ 17,286,753</b>	<b>\$ 21,696,633</b>	<b>\$ 19,061,342</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment Income	\$ 2,507,990	\$ 3,230,468	\$ 3,161,244	\$ 1,848,780
Interest Charges - Customer Deposits	\$ (87,562)	\$ (31,749)	\$ (2,440)	\$ (20,190)
TIF Reimbursements	\$ 248,556	\$ 745,431	\$ 489,622	\$ 489,622
Other Non-Op. Revenue (Expense)*	\$ 532,118	\$ 1,556,230	\$ 358,988	\$ 179,511
<b>TOTAL</b>	<b>\$ 3,201,102</b>	<b>\$ 5,500,380</b>	<b>\$ 4,007,414</b>	<b>\$ 2,497,723</b>
<b>REVENUE AVAILABLE FOR DEBT SERVICE</b>	<b>\$ 18,014,152</b>	<b>\$ 22,787,133</b>	<b>\$ 25,704,047</b>	<b>\$ 21,559,065</b>
*Does not include Depreciation, GASB Related IPERS & OPEB Expenses or AFUDC but does include				
Payment in Lieu of Taxes (PILOT) of...	\$ 2,346,200	\$ 1,536,800	\$ 1,952,500	\$ 2,024,400

Cedar Falls Utilities - Municipal Electric Utility  
Cash Flow History and Projections Summary

Audited 2023	Audited 2024	Budget 2025	Reforecast 2025	Budget 2026	Projection 2027	Projection 2028	Projection 2029	Projection 2030
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**Average Rate Adjustments**

Historical / Projected Rate Adjustments	3.0%	7.0%	7.0%	7.0%	5.1%	5.0%	4.0%	4.0%	4.0%
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**Revenue & Expense**

Total Retail Sales	593,487,681	725,838,471	835,000,000	829,815,504	850,500,000	850,500,000	470,500,000	472,719,510	472,719,510
Total MISO Sales	233,411,993	196,135,385	198,952,200	210,794,439	205,789,622	200,050,000	226,440,000	253,890,000	254,970,000
Total Electric Energy Sales (Units)	826,899,674	921,973,856	1,033,952,200	1,040,609,943	1,056,289,622	1,050,550,000	696,940,000	726,609,510	727,689,510
Total Operating Revenues	61,050,075	64,859,576	78,343,581	82,399,238	81,993,589	83,003,223	69,354,961	73,686,906	75,400,022
Total Operating Expenses	53,746,553	53,839,019	66,916,284	68,534,672	70,533,063	73,300,940	63,871,086	66,908,009	69,512,808
Net Operating Income (Loss)	7,303,522	11,020,557	11,427,297	13,864,566	11,460,526	9,702,283	5,483,875	6,778,897	5,887,214
Total Non-Operating Revenue or (Expense)	3,326,659	5,788,132	1,192,097	4,157,707	1,965,144	(2,337,109)	(1,200,977)	(469,891)	(30,386)
Net Income (Loss)	10,630,181	16,808,689	12,619,394	18,022,273	13,425,670	7,365,174	4,282,898	6,309,006	5,856,828
NOI as a Percent of Revenue	11.96%	16.99%	14.59%	16.83%	13.98%	11.69%	7.91%	9.20%	7.81%
NI as a Percent of Revenue	17.41%	25.92%	16.11%	21.87%	16.37%	8.87%	6.18%	8.56%	7.77%

**Cash Balance**

Adjust Net Income To Cash									
Capital									
Capital Outlays	(9,738,922)	(8,324,955)	(30,920,580)	(26,417,482)	(21,882,980)	(67,365,710)	(26,223,480)	(14,070,320)	(9,007,960)
Intercompany Asset Sale	0	2,653,418	0	0	0	0	0	0	0
Debt									
Bond or Note Proceeds	0	0	67,255,000	15,000,000	0	53,000,000	0	0	0
Debt Service Payments	(3,355,875)	(3,353,625)	(1,368,750)	(1,368,750)	(3,625,050)	(5,526,000)	(6,408,950)	(6,336,250)	(6,259,200)
Other Revenue & Expense Adjustments	8,936,341	4,404,516	8,104,189	7,681,774	6,262,435	7,733,198	11,722,174	12,676,891	13,568,284
Adjust To Cash	(4,158,456)	(4,620,646)	43,069,859	(5,104,458)	(19,245,595)	(12,158,512)	(20,910,256)	(7,729,679)	(1,698,876)
Annual Cashflow Surplus / (Deficit)	6,471,725	12,188,043	55,689,253	12,917,815	(5,819,925)	(4,793,338)	(16,627,358)	(1,420,673)	4,157,952
Total Cash & Investments									
Beginning Balance	53,455,980	59,927,705	71,358,434	72,115,748	85,033,563	79,213,638	74,420,300	57,792,942	56,372,269
Annual Cashflow Surplus / (Deficit)	6,471,725	12,188,043	55,689,253	12,917,815	(5,819,925)	(4,793,338)	(16,627,358)	(1,420,673)	4,157,952
Ending Balance	59,927,705	72,115,748	127,047,687	85,033,563	79,213,638	74,420,300	57,792,942	56,372,269	60,530,221

Cedar Falls Utilities - Municipal Electric Utility  
Cash Flow History and Projections Summary

Audited 2023	Audited 2024	Budget 2025	Reforecast 2025	Budget 2026	Projection 2027	Projection 2028	Projection 2029	Projection 2030
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**Breakout of Cash Balance**

<b>Unrestricted Cash &amp; Investments</b>	<b>36,767,362</b>	<b>49,253,149</b>	<b>54,288,561</b>	<b>61,358,664</b>	<b>58,731,027</b>	<b>54,078,089</b>	<b>47,584,960</b>	<b>46,106,958</b>	<b>46,906,988</b>
<b>Board Designated Restricted Cash &amp; Investments</b>									
Generation & Transmission Acquisition Fund	14,384,524	15,050,489	15,695,438	15,692,356	16,211,956	11,576,756	1,680,956	1,696,056	4,211,356
PILOT Surplus Reserve	2,346,200	1,536,800	1,323,400	1,952,500	2,024,400	2,120,000	1,522,300	1,564,700	2,407,272
Security Deposit Fund	374,213	396,907	383,789	407,583	407,583	407,583	407,583	407,583	407,583
Western Units Landfill Closure Fund	522,642	531,463	522,642	531,463	531,463	531,463	531,463	531,463	531,463
<b>Ending Balance</b>	<b>17,627,579</b>	<b>17,515,659</b>	<b>17,925,269</b>	<b>18,583,902</b>	<b>19,175,402</b>	<b>14,635,802</b>	<b>4,142,302</b>	<b>4,199,802</b>	<b>7,557,674</b>
<b>Legally Restricted Cash &amp; Investments</b>									
Bond & Interest Fund	339,155	184,749	114,063	114,588	0	0	359,271	359,100	359,150
Bond Reserve Fund	2,639,550	2,639,500	5,648,725	2,639,500	0	4,428,900	4,428,900	4,428,900	4,428,900
Construction Fund	0	0	46,597,000	0	0	0	0	0	0
Improvement & Extension Fund	1,000,000	1,000,000	1,000,000	1,000,000	0	0	0	0	0
Self-Funded Dental Insurance Plan	30,148	34,637	30,584	32,828	32,828	32,828	32,828	32,828	32,828
Self-Funded Health Insurance Plan	1,401,007	1,394,904	1,385,485	1,244,681	1,244,681	1,244,681	1,244,681	1,244,681	1,244,681
Streeter Landfill Closure Fund	122,904	93,150	58,000	59,400	29,700	0	0	0	0
<b>Ending Balance</b>	<b>5,532,764</b>	<b>5,346,940</b>	<b>54,833,857</b>	<b>5,090,997</b>	<b>1,307,209</b>	<b>5,706,409</b>	<b>6,065,680</b>	<b>6,065,509</b>	<b>6,065,559</b>
<b>Total Cash &amp; Investments</b>	<b>59,927,705</b>	<b>72,115,748</b>	<b>127,047,687</b>	<b>85,033,563</b>	<b>79,213,638</b>	<b>74,420,300</b>	<b>57,792,942</b>	<b>56,372,269</b>	<b>60,530,221</b>

**Board Designated Unrestricted Reserve Calculation**

<b>Unrestricted Cash &amp; Investments</b>	<b>36,767,362</b>	<b>49,253,149</b>	<b>54,288,561</b>	<b>61,358,664</b>	<b>58,731,027</b>	<b>54,078,089</b>	<b>47,584,960</b>	<b>46,106,958</b>	<b>46,906,988</b>
<b>Board Recommended Reserves</b>									
CIP Reserve (Five Year Average) [A]	14,884,264	12,966,023	13,467,270	13,359,574	12,867,690	13,344,846	12,717,102	12,549,606	11,988,370
Catastrophe Reserve	1,500,000	1,500,000	2,000,000	2,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Operating Expense Reserve (45 days) [B]	5,461,661	5,653,328	7,223,680	7,395,726	7,622,469	7,907,053	6,654,603	6,969,581	7,157,906
<b>Board Designated Unrestricted Reserves [C]</b>	<b>21,845,925</b>	<b>20,119,351</b>	<b>22,690,950</b>	<b>22,755,300</b>	<b>31,490,159</b>	<b>32,251,899</b>	<b>30,371,705</b>	<b>30,519,187</b>	<b>30,146,276</b>
<b>Reserves Surplus (Deficit)</b>	<b>14,921,437</b>	<b>29,133,798</b>	<b>31,597,611</b>	<b>38,603,364</b>	<b>27,240,868</b>	<b>21,826,190</b>	<b>17,213,255</b>	<b>15,587,771</b>	<b>16,760,712</b>

[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 2023	Audited 2024	Budget 2025	Reforecast 2025	Budget 2026	Projection 2027	Projection 2028	Projection 2029	Projection 2030
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Financial Ratios

	Goal									
Debt Service Coverage - Revenue Debt - Bond Covenant	1.25+	5.37	6.79	15.14	18.78	5.95	3.39	2.50	3.00	3.10
Debt Service Coverage - All Debt - Bond Covenant	1.75+	5.37	6.79	15.14	18.78	5.95	3.39	2.50	3.00	3.10
Unrestricted Cash Balances as % of Operating Expenses Without Depreciation, PILOT, & NPL/OPEB	50%+	83.77%	106.99%	94.19%	104.44%	96.43%	85.62%	88.39%	82.76%	83.14%
Net Operating Income (NOI) as a % of Revenue	6%+	11.96%	16.99%	14.59%	16.83%	13.98%	11.69%	7.91%	9.20%	7.81%
Net Income (NI) as a % of Revenue	6%+	17.41%	25.92%	16.11%	21.87%	16.37%	8.87%	6.18%	8.56%	7.77%
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	\$0	\$ 14,921,437	\$ 29,133,798	\$ 31,597,611	\$ 38,603,364	\$ 27,240,868	\$ 21,826,190	\$ 17,213,255	\$ 15,587,771	\$ 16,760,712

Assumptions Used in Cashflow

Sales (KWH) Growth					0.0%	0.0%	0.5%	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					5.0% - 5.0%	5.0% - 5.0%	5.0% - 5.0%	5.0% - 5.0%

**CEDAR FALLS UTILITIES**  
**2026 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%	4.0%	4.0%
2030									
4.0%									

**Notes:**

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

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Gas Utility**

**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 234 miles of pipe ranging in size from 1" in diameter to 12" in diameter. The system piping materials include 202 miles of high-density polyethylene and 32 miles of wrapped steel. The distribution system also includes 12,812 gas services, including 11,573 high-density polyethylene services and 1,239 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.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Gas Utility**

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 2026 include West Industrial Park, W. Viking Rd, West Fork Crossing Phase II, North Cedar Estates, Panther West, uprate of Lexington Heights, 1<sup>st</sup> and Walnut Condos, and Cedar West Apartment Complex Phase 1. Gas main replacements and relocations include W 1<sup>st</sup>/Union Roundabout, W. 23rd St, Oakland Ave, Picturesque Dr, and possible W 27th/Union Roundabout.

Total capital costs for these gas main replacement, relocation, and extension projects 2026 through 2030 are estimated at \$1,615,000.

We do project a major extension in 2026 & 2027 to serve natural gas to the proposed Viking Energy Center reciprocating engine generation plant. More information regarding the new plant can be found in the Electric Utility section of this book. The total extension is estimated to be \$6,027,000 but \$3,609,000 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**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**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 2025. The agreements include:

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

**Capital Replacement 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 in the next 10-20 years, at a cost of over \$50 million in 2024 dollars. Current research has indicated the polyethylene gas pipe may last substantially longer than the 10-20 year remaining theoretical life and a definitive cost-effective replacement program has not been determined.

The annual funding amount is determined in the budget process and subject to change annually based on the projected surplus or deficit. Current projections are shown in the table below.

**Capital Replacement Fund**

	2024	2025	2026	2027	2028	2029	2030
Funding	\$500K	\$500K	\$500K	\$500K	\$500K	\$500K	\$500K
Year-End Bal.	\$7.39M	\$8.22M	\$9.03M	\$9.76M	\$10.36M	\$10.97M	\$11.58M

**CEDAR FALLS UTILITIES**  
**2026 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.

	2026 Budget		2025 Reforecast		2025 Original Budget	
Recovered via PGA						
Natural Gas	\$	9,603,036 45.2%	\$	8,846,158 47.1%	\$	9,842,205 48.9%
Pipeline Fees	\$	5,216,530 24.6%	\$	3,893,830 20.7%	\$	3,893,830 19.4%
Recovered via PGA	\$	14,819,566 69.8%	\$	12,739,988 67.8%	\$	13,736,035 68.3%
Other	\$	6,408,597 30.2%	\$	6,042,827 32.2%	\$	6,371,143 31.7%
Total Op. Expense	\$	21,228,163 100%	\$	18,782,815 100%	\$	20,107,178 100%

	Change From 2025 Reforecast		Change From 2025 Original Budget	
Recovered via PGA				
Natural Gas	\$	756,878 8.6%	\$	(996,047) -10.1%
Pipeline Fees	\$	1,322,700 34.0%	\$	- 0.0%
Recovered via PGA	\$	2,079,578 16.3%	\$	(996,047) -7.3%
Other	\$	365,770 6.1%	\$	(328,316) -5.2%
Total Op. Expense	\$	2,445,348 13.0%	\$	(1,324,363) -6.6%

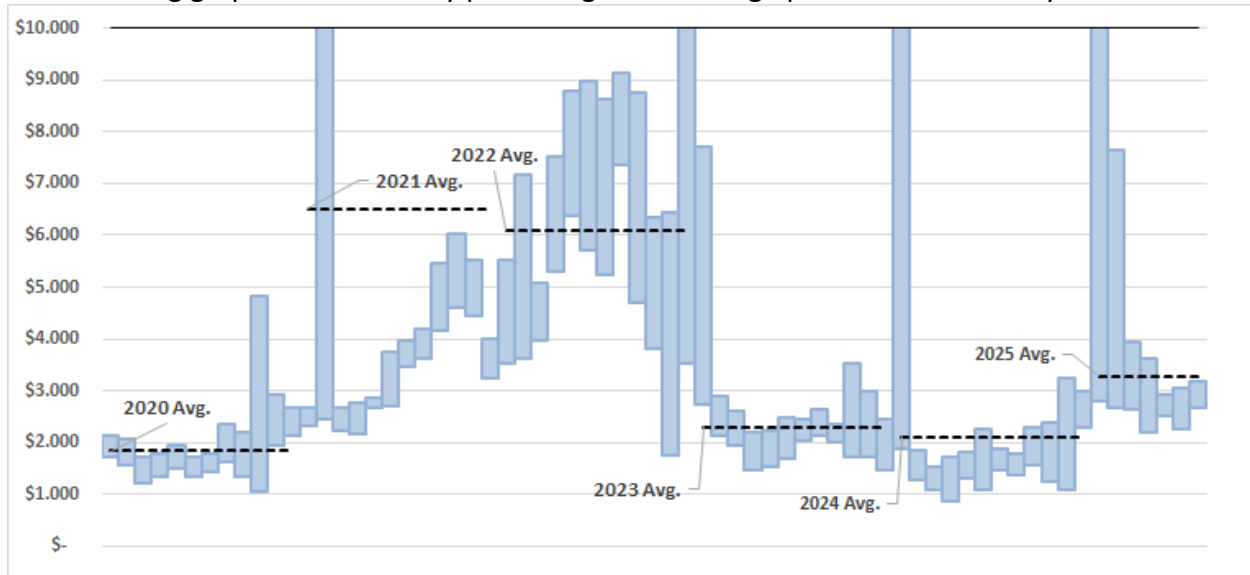
**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Gas Utility**

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

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.

In 2023 the average market price decreased significantly.

The following graph is the monthly price range and average price for 2020 to July 2025.



The 2026 budget anticipates higher prices compared to 2025.

Gas Expenses - Average Natural Gas Cost (\$ per MCF)

	2024 Cost	2025 Budget	2025 YTD	2025 RFCST	2026 Budget
Amount	\$ 2.116	\$ 3.619	\$ 3.279	\$ 3.168	\$ 3.957
Change %	---	71.0%	54.9%	49.7%	24.9%

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

**CEDAR FALLS UTILITIES**  
**2026 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 2025 have been lower than were anticipated when the 2025 Budget was set but the 2026 Budget projects that natural gas prices will increase. These changes are reflected in the PGA revenue.

	2026 Budget	2025 Reforecast	2025 Original Budget
Retail Revenue			
Rev. From Rates	\$ 7,509,673 33.4%	\$ 7,059,148 35.3%	\$ 7,361,079 34.9%
PGA Revenue	\$ 14,819,564 65.9%	\$ 12,739,986 63.7%	\$ 13,736,033 65.1%
Retail Revenue	\$ 22,329,237 99.3%	\$ 19,799,134 99.1%	\$ 21,097,112 99.9%
Other	\$ 150,000 0.7%	\$ 187,680 0.9%	\$ 17,280 0.1%
Total Op. Revenue	\$ 22,479,237 100%	\$ 19,986,814 100%	\$ 21,114,392 100%

	Change From 2025 Reforecast	Change From 2025 Original Budget
Retail Revenue		
Rev. From Rates	\$ 450,525 6.4%	\$ (301,931) -4.1%
PGA Revenue	\$ 2,079,578 16.3%	\$ (996,047) -7.3%
Retail Revenue	\$ 2,530,103 12.8%	\$ (1,297,978) -6.2%
Other	\$ (37,680)	\$ 170,400
Total Op. Revenue	\$ 2,492,423 12.5%	\$ (1,127,578) -5.3%

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

**Purchased Gas Supply Expenses & Revenue Compare**

	2026 Budget	2025 Reforecast	Change
PGA Expenses	\$ 14,819,566 69.8%	\$ 12,739,988 67.8%	\$ 2,079,578 16.3%
PGA Revenue	\$ 14,819,564 65.9%	\$ 12,739,986 63.7%	\$ 2,079,578 16.3%
Difference	\$ 2 3.9%	\$ 2 4.1%	\$ - 0.0%

**Notes:**

- The % is the % of total Operating Expenses or Revenue.
- Due to several factors including rounding the expenses may not be the same as the revenue.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Gas Utility**

The \$450,525 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 2.1% for our base customers would be predicted, but the 2026 Budget anticipates that both commodity costs and pipeline fees will be higher in 2026. This would result in a 11.8% projected increase for base customers.

	2026 Sales With 2025 Rates and 2025 PGA	2026 Sales With 2026 Rates and 2025 PGA	Change	
Base Customers				
Base Revenue	\$ 6,883,655 42.4%	\$ 7,230,631 43.6%	\$ 346,976	5.0%
Natural Gas	\$ 6,485,147 40.0%	\$ 6,485,147 39.1%	\$ -	0.0%
Pipeline Fees	\$ 2,854,580 17.6%	\$ 2,854,580 17.2%	\$ -	0.0%
Base Customers	\$ 16,223,382 100%	\$ 16,570,358 100%	\$ 346,976	2.1%

	2026 Sales With 2025 Rates and 2025 PGA	2026 Sales With 2026 Rates and 2026 PGA	Change	
Base Customers				
Base Revenue	\$ 6,883,655 42.4%	\$ 7,230,631 39.9%	\$ 346,976	5.0%
Natural Gas	\$ 6,485,147 40.0%	\$ 7,067,331 39.0%	\$ 582,184	9.0%
Pipeline Fees	\$ 2,854,580 17.6%	\$ 3,839,094 21.2%	\$ 984,514	34.5%
Base Customers	\$ 16,223,382 100%	\$ 18,137,056 100%	\$ 1,913,674	11.8%

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Gas Utility**

**Customers**

As of July 31, 2025, the CFU serves 15,058 natural gas customers.

Customer information at December 31, 2023 & 2024:

	<b>2023</b>		
	<b>Customers</b>	<b>Sales (MCFs)</b>	<b>Revenue</b>
Residential	13,568	823,886	\$ 8,980,040
Commercial & Industrial			
Small	1,194	456,996	\$ 3,928,524
Large	30	201,058	\$ 1,240,366
Other	86	971,696	\$ 3,615,249
<b>Total</b>	<b>14,878</b>	<b>2,453,635</b>	<b>\$ 17,764,179</b>

	<b>2024</b>		
	<b>Customers</b>	<b>Sales (MCFs)</b>	<b>Revenue</b>
Residential	13,624	737,021	\$ 8,375,340
Commercial & Industrial			
Small	1,187	414,476	\$ 3,716,479
Large	29	159,897	\$ 1,175,903
Other	85	900,545	\$ 3,053,577
<b>Total</b>	<b>14,925</b>	<b>2,211,939</b>	<b>\$ 16,321,299</b>

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Gas Utility Revenue and Expense Summary**

	2023 ACTUAL	2024 ACTUAL	2025 REFORECAST	2026 BUDGET
<b>OPERATING REVENUE</b>				
Residential Sales	\$ 8,980,040	\$ 8,375,340	\$ 9,666,208	\$ 10,624,910
Commercial & Industrial Sales	\$ 5,326,207	\$ 5,008,679	\$ 5,956,132	\$ 6,897,548
Governmental Sales	\$ 2,455,645	\$ 1,898,679	\$ 2,706,562	\$ 3,287,563
Interdepartmental	\$ 1,002,287	\$ 1,038,601	\$ 1,470,232	\$ 1,519,216
Other Operating Revenue	\$ 53,925	\$ 15,682	\$ 187,680	\$ 150,000
<b>TOTAL</b>	<b>\$ 17,818,104</b>	<b>\$ 16,336,981</b>	<b>\$ 19,986,814</b>	<b>\$ 22,479,237</b>
<b>NET OPERATING EXPENSE</b>				
Purchased Gas Supply	\$ 11,691,627	\$ 10,199,716	\$ 12,739,988	\$ 14,819,566
Other Operating Expense*	\$ 5,104,233	\$ 5,201,943	\$ 5,270,985	\$ 5,658,917
<b>TOTAL</b>	<b>\$ 16,795,860</b>	<b>\$ 15,401,659</b>	<b>\$ 18,010,973</b>	<b>\$ 20,478,483</b>
<b>CASH FLOW FROM OPERATIONS</b>	<b>\$ 1,022,244</b>	<b>\$ 935,322</b>	<b>\$ 1,975,841</b>	<b>\$ 2,000,754</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment Income	\$ 621,755	\$ 789,033	\$ 682,241	\$ 635,520
TIF Reimbursements	\$ 908	\$ 2,666	\$ 0	\$ 0
Other Non-Op. Revenue (Expense)*	\$ 116,223	\$ 388,966	\$ 62,651	\$ 1,933,458
<b>TOTAL</b>	<b>\$ 738,886</b>	<b>\$ 1,180,665</b>	<b>\$ 744,892</b>	<b>\$ 2,568,978</b>
<b>REVENUE AVAILABLE FOR DEBT SERVICE</b>	<b>\$ 1,761,130</b>	<b>\$ 2,115,987</b>	<b>\$ 2,720,733</b>	<b>\$ 4,569,732</b>

\*Does not include Depreciation, GASB Related IPERS & OPEB Expenses or AFUDC but does include

Payment in Lieu of Taxes (PILOT) of...	\$ 513,200	\$ 436,300	\$ 507,700	\$ 522,600
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Cedar Falls Utilities - Municipal Gas Utility  
Cash Flow History and Projections Summary

Audited 2023	Audited 2024	Budget 2025	Reforecast 2025	Budget 2026	Projection 2027	Projection 2028	Projection 2029	Projection 2030
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**Average Rate Adjustments**

Historical / Projected Rate Adjustments	8.0%	7.0%	7.0%	7.0%	5.0%	5.0%	5.0%	5.0%	4.0%
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**Revenue & Expense**

Total Gas Unit Sales (MCF)	2,453,635	2,211,939	2,610,024	2,478,376	2,423,846	2,423,846	2,607,487	2,798,473	2,805,965
Total Operating Revenues	17,818,104	16,336,981	21,114,392	19,986,814	22,479,237	23,433,554	25,543,398	27,656,993	28,689,215
Total Operating Expenses	17,457,398	15,843,309	20,107,178	18,782,815	21,228,163	22,264,970	24,284,272	26,212,105	27,270,405
Net Operating Income (Loss)	360,706	493,672	1,007,214	1,203,999	1,251,074	1,168,584	1,259,126	1,444,888	1,418,810
Total Non-Operating Revenue or (Expense)	744,435	1,182,913	709,040	747,892	2,572,978	3,671,498	62,498	62,498	62,498
Net Income (Loss)	1,105,141	1,676,585	1,716,254	1,951,891	3,824,052	4,840,082	1,321,624	1,507,386	1,481,308
NOI as a Percent of Revenue	2.02%	3.02%	4.77%	6.02%	5.57%	4.99%	4.93%	5.22%	4.95%
NI as a Percent of Revenue	6.20%	10.26%	8.13%	9.77%	17.01%	20.65%	5.17%	5.45%	5.16%

**Cash Balance**

Adjust Net Income To Cash									
Capital									
Capital Outlays	(1,293,971)	(847,031)	(2,033,150)	(1,575,490)	(2,852,080)	(6,063,840)	(1,404,760)	(1,480,400)	(1,403,220)
Intercompany Asset Sale	0	1,266,883	0	0	0	0	0	0	0
Debt									
Inter-Company Loan									
Other Revenue & Expense Adjustments	2,537,239	(661,645)	835,403	537,128	(160,218)	1,159,855	1,101,974	1,144,405	1,253,096
Adjust To Cash	1,243,268	(241,793)	(1,197,747)	(1,038,362)	(3,012,298)	(4,903,985)	(302,786)	(335,995)	(150,124)
Annual Cashflow Surplus / (Deficit)	2,348,409	1,434,792	518,507	913,529	811,754	(63,903)	1,018,838	1,171,391	1,331,184
Total Cash & Investments									
Beginning Balance	13,150,871	15,499,280	18,220,674	16,934,072	17,847,601	18,659,355	18,595,452	19,614,290	20,785,681
Annual Cashflow Surplus / (Deficit)	2,348,409	1,434,792	518,507	913,529	811,754	(63,903)	1,018,838	1,171,391	1,331,184
Ending Balance	15,499,280	16,934,072	18,739,181	17,847,601	18,659,355	18,595,452	19,614,290	20,785,681	22,116,865



Cedar Falls Utilities - Municipal Gas Utility  
Cash Flow History and Projections Summary

Audited 2023	Audited 2024	Budget 2025	Reforecast 2025	Budget 2026	Projection 2027	Projection 2028	Projection 2029	Projection 2030
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**Breakout of Cash Balance**

<b>Unrestricted Cash &amp; Investments</b>	<b>7,910,847</b>	<b>8,616,636</b>	<b>9,411,066</b>	<b>8,024,710</b>	<b>7,861,004</b>	<b>6,904,701</b>	<b>7,142,539</b>	<b>7,517,130</b>	<b>7,971,799</b>
<b>Board Designated Cash &amp; Investments</b>									
Capital Replacement Fund	6,571,453	7,388,801	8,311,357	8,223,347	9,029,107	9,761,007	10,361,107	10,967,207	11,579,307
PGA Contingency Fund	0	0	0	583,545	722,865	860,865	989,465	1,119,265	1,250,365
PILOT Surplus Reserve	513,200	436,300	499,200	507,700	522,600	532,100	579,100	634,700	762,615
<b>Ending Balance</b>	<b>7,084,653</b>	<b>7,825,101</b>	<b>8,810,557</b>	<b>9,314,592</b>	<b>10,274,572</b>	<b>11,153,972</b>	<b>11,929,672</b>	<b>12,721,172</b>	<b>13,592,287</b>
<b>Legally Restricted Cash &amp; Investments</b>									
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	10,511	11,842	9,699	12,177	12,477	12,777	12,877	12,977	13,077
Self-Funded Health Insurance Plan	493,269	480,493	507,859	496,122	511,302	524,002	529,202	534,402	539,702
<b>Ending Balance</b>	<b>503,780</b>	<b>492,335</b>	<b>517,558</b>	<b>508,299</b>	<b>523,779</b>	<b>536,779</b>	<b>542,079</b>	<b>547,379</b>	<b>552,779</b>
<b>Total Cash &amp; Investments</b>	<b>15,499,280</b>	<b>16,934,072</b>	<b>18,739,181</b>	<b>17,847,601</b>	<b>18,659,355</b>	<b>18,595,452</b>	<b>19,614,290</b>	<b>20,785,681</b>	<b>22,116,865</b>

**Board Designated Unrestricted Reserves Calculation**

<b>Unrestricted Cash &amp; Investments</b>	<b>7,910,847</b>	<b>8,616,636</b>	<b>9,411,066</b>	<b>8,024,710</b>	<b>7,861,004</b>	<b>6,904,701</b>	<b>7,142,539</b>	<b>7,517,130</b>	<b>7,971,799</b>
<b>Board Recommended Reserves</b>									
CIP (Five Year Average) [A]	2,331,148	2,589,836	2,772,898	1,579,322	1,544,868	1,608,248	1,417,824	1,444,436	1,479,520
Catastrophe Reserve	600,000	600,000	600,000	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Operating Expense Reserve [B]	2,023,930	1,861,058	2,356,234	2,196,835	2,496,348	2,617,952	2,850,013	3,080,687	3,193,452
<b>Board Designated Unrestricted Reserves [C]</b>	<b>4,955,078</b>	<b>5,050,894</b>	<b>5,729,132</b>	<b>4,776,157</b>	<b>6,041,216</b>	<b>6,226,200</b>	<b>6,267,837</b>	<b>6,525,123</b>	<b>6,672,972</b>
<b>Reserves Surplus (Deficit)</b>	<b>2,955,769</b>	<b>3,565,742</b>	<b>3,681,934</b>	<b>3,248,553</b>	<b>1,819,788</b>	<b>678,501</b>	<b>874,702</b>	<b>992,007</b>	<b>1,298,827</b>

[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 2023	Audited 2024	Budget 2025	Reforecast 2025	Budget 2026	Projection 2027	Projection 2028	Projection 2029	Projection 2030
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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%+	48.58%	57.58%	50.14%	45.85%	39.39%	32.98%	31.39%	30.57%	31.36%
Net Operating Income (NOI) as a % of Revenue	6%+	2.02%	3.02%	4.77%	6.02%	5.57%	4.99%	4.93%	5.22%	4.95%
Net Income (NI) as a % of Revenue	6%+	6.20%	10.26%	8.13%	9.77%	17.01%	20.65%	5.17%	5.45%	5.16%
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	Zero	\$ 2,955,769	\$ 3,565,742	\$ 3,681,934	\$ 3,248,553	\$ 1,819,788	\$ 678,501	\$ 874,702	\$ 992,007	\$ 1,298,827

Assumptions Used in Cashflow

Projected Sales (MCFs) 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					N/A	N/A	N/A	N/A

**CEDAR FALLS UTILITIES**  
**2026 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									
4.0%									

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Water Utility**

**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 Electric and Gas 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 2,735 fire hydrants throughout the distribution system.

The Water Utility is committed to providing quality water to the customers of CFU. As reported in our 2025 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 2026. 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 2026 include Oakland Ave, Picturesque Dr, West 22<sup>nd</sup> St. alley between West 22<sup>nd</sup> and Seerley Blvd, Huntington Dr and a Tremont Street box culvert. New water main extensions by developers in 2026 are likely to occur in West Fork Crossing, Arbors 7<sup>th</sup>, West Viking Industrial Park, Panther West, Wild Horse 7<sup>th</sup>, W 12<sup>th</sup> St Extension, and the roundabout at W. 1<sup>st</sup> and Union Rd. Total capital costs of these water main replacement, relocation, and extension projects 2026 through 2035 are estimated at \$7,474,000.

**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. 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 2026 is \$200,000.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Water Utility**

**Operating Expenses**

	2026 Budget		2025 Reforecast		2025 Original Budget	
Labor & Benefits	\$	3,238,668 51.1%	\$	2,917,565 46.3%	\$	3,045,860 50.5%
Other Expenses	\$	3,104,984 48.9%	\$	3,379,848 53.7%	\$	2,987,963 49.5%
Total Op. Expense	\$	6,343,652 100%	\$	6,297,413 100%	\$	6,033,823 100%

	Change From 2025 Reforecast		Change From 2025 Original Budget	
Labor & Benefits	\$	321,103 11.0%	\$	(128,295) -4.2%
Other Expenses	\$	(274,864) -8.1%	\$	391,885 13.1%
Total Op. Expense	\$	46,239 0.7%	\$	263,590 4.4%

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.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Water Utility**

**Operating Revenue & Rates**

Water Operating Revenue & CCF Sales

	2026 Budget	2025 Reforecast	2025 Original Budget
Total Op. Revenue	\$ 7,923,849	\$ 7,380,602	\$ 7,372,893
Retail Sales - CCFs	1,578,261	1,539,967	1,603,175

	Change From 2025 Reforecast		Change From 2025 Original Budget	
Total Op. Revenue	\$ 543,247	7.4%	\$ 7,709	0.1%
Retail Sales - CCFs	38,294	2.5%	(63,208)	-3.9%

2026's budgeted revenue reflects a 7.2% increase to base rates and anticipated changes in the customer base and sales.

	2026 Budget	2026 Sales With 2025 Rates
Total Retail Sales	\$ 7,438,089	\$ 6,938,096
Retail Sales - CCFs	1,578,261	1,578,261

	Change From Rate Change	
Total Retail Sales	\$ 499,993	7.2%

Note that usage for the Water Utility is heavily dependent on rainfall and budgeted sales are based on normalized rainfall. In 2026 57% of Water's budgeted retail revenue is from service/meter charges and not CCF sales.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Water Utility**

**Customers**

As of July 31, 2025, the Water Utility serves 15,149 customers.

Customer information at December 31, 2023 & 2024:

	2023			
	Customers	Sales CCFs	Sales Gallons	Revenue
Residential	13,083	1,025,029	766,721,692	\$ 4,302,777
Commercial	1,545	478,732	358,091,536	\$ 1,317,564
Industrial	36	33,153	24,798,444	\$ 68,657
Governmental	190	170,606	127,613,288	\$ 318,134
Other	3	15,542	11,625,416	\$ 27,055
<b>Total</b>	<b>14,857</b>	<b>1,723,063</b>	<b>1,288,850,376</b>	<b>\$ 6,034,187</b>

	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
<b>Total</b>	<b>14,983</b>	<b>1,532,943</b>	<b>1,146,640,616</b>	<b>\$ 6,310,986</b>

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Water Utility Revenue and Expense Summary**

	2023 ACTUAL	2024 ACTUAL	2025 REFORECAST	2026 BUDGET
<b>OPERATING REVENUE</b>				
Residential Sales	\$ 4,302,777	\$ 4,466,090	\$ 4,945,826	\$ 5,294,336
Commercial & Industrial Sales	\$ 1,386,221	\$ 1,498,856	\$ 1,558,653	\$ 1,720,463
Governmental Sales	\$ 318,134	\$ 315,235	\$ 357,424	\$ 384,629
Interdepartmental	\$ 27,055	\$ 30,805	\$ 32,939	\$ 38,661
Other Operating Revenue	\$ 512,869	\$ 459,886	\$ 485,760	\$ 485,760
<b>TOTAL</b>	<b>\$ 6,547,056</b>	<b>\$ 6,770,872</b>	<b>\$ 7,380,602</b>	<b>\$ 7,923,849</b>
<b>NET OPERATING EXPENSE</b>				
Other Operating Expense*	\$ 4,716,216	\$ 4,444,440	\$ 5,266,853	\$ 5,209,615
<b>TOTAL</b>	<b>\$ 4,716,216</b>	<b>\$ 4,444,440</b>	<b>\$ 5,266,853</b>	<b>\$ 5,209,615</b>
<b>CASH FLOW FROM OPERATIONS</b>	<b>\$ 1,830,840</b>	<b>\$ 2,326,432</b>	<b>\$ 2,113,749</b>	<b>\$ 2,714,234</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment Income	\$ 322,201	\$ 344,557	\$ 301,164	\$ 245,100
TIF Reimbursements	\$ 0	\$ 326	\$ 10,378	\$ 10,378
Other Non-Op. Revenue (Expense)*	\$ 286,298	\$ 221,795	\$ 294,958	\$ 294,982
<b>TOTAL</b>	<b>\$ 608,499</b>	<b>\$ 566,678</b>	<b>\$ 606,500</b>	<b>\$ 550,460</b>
<b>REVENUE AVAILABLE FOR DEBT SERVICE</b>	<b>\$ 2,439,339</b>	<b>\$ 2,893,110</b>	<b>\$ 2,720,249</b>	<b>\$ 3,264,694</b>

\*Does not include Depreciation, GASB Related IPERS & OPEB Expenses, AFUDC or Noncash Contributions in Aid of Construction



Cedar Falls Utilities - Municipal Water Utility  
Cash Flow History and Projections Summary

Audited 2023	Audited 2024	Budget 2025	Reforecast 2025	Budget 2026	Projection 2027	Projection 2028	Projection 2029	Projection 2030
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**Average Rate Adjustments**

Historical / Projected Rate Adjustments	9.5%	9.6%	9.9%	9.9%	7.2%	6.0%	5.0%	5.0%	5.0%
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**Revenue & Expense**

Total Water Unit Sales (CCF)	1,723,063	1,532,943	1,603,175	1,539,967	1,578,261	1,578,261	1,578,261	1,578,261	1,578,261
Total Operating Revenues	6,547,056	6,770,872	7,372,893	7,380,602	7,923,849	8,370,135	8,764,353	9,178,283	9,612,910
Total Operating Expenses	5,659,746	5,257,937	6,032,823	6,295,371	6,341,634	6,772,002	7,008,897	7,255,862	7,511,169
<b>Net Operating Income (Loss)</b>	<b>887,310</b>	<b>1,512,935</b>	<b>1,340,070</b>	<b>1,085,231</b>	<b>1,582,215</b>	<b>1,598,133</b>	<b>1,755,456</b>	<b>1,922,421</b>	<b>2,101,741</b>
Total Non-Operating Revenue or (Expense)	1,304,929	2,120,138	563,658	627,260	571,460	444,102	383,453	404,505	417,761
<b>Net Income (Loss)</b>	<b>2,192,239</b>	<b>3,633,073</b>	<b>1,903,728</b>	<b>1,712,491</b>	<b>2,153,675</b>	<b>2,042,235</b>	<b>2,138,909</b>	<b>2,326,926</b>	<b>2,519,502</b>
NOI as a Percent of Revenue	13.55%	22.34%	18.18%	14.70%	19.97%	19.09%	20.03%	20.95%	21.86%
NI as a Percent of Revenue	33.48%	53.66%	25.82%	23.20%	27.18%	24.40%	24.40%	25.35%	26.21%

**Cash Balance**

<b>Adjust Net Income To Cash</b>									
<b>Capital</b>									
Capital Outlays	(3,000,727)	(2,971,912)	(3,107,150)	(2,662,390)	(2,806,140)	(2,407,880)	(2,596,240)	(2,669,360)	(2,659,230)
Intercompany Asset Sale	0	(83,014)	0	0	0	0	0	0	0
<b>Debt</b>									
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
<b>Other Revenue &amp; Expense Adjustments</b>	500,459	438,962	981,375	(171,167)	1,111,019	1,180,004	1,221,179	1,265,574	1,311,221
<b>Adjust To Cash</b>	<b>(2,500,268)</b>	<b>(2,615,964)</b>	<b>(2,125,775)</b>	<b>(2,833,557)</b>	<b>(1,695,121)</b>	<b>(1,227,876)</b>	<b>(1,375,061)</b>	<b>(1,403,786)</b>	<b>(1,348,009)</b>
<b>Annual Cashflow Surplus / (Deficit)</b>	<b>(308,029)</b>	<b>1,017,109</b>	<b>(222,047)</b>	<b>(1,121,066)</b>	<b>458,554</b>	<b>814,359</b>	<b>763,848</b>	<b>923,140</b>	<b>1,171,493</b>
<b>Total Cash &amp; Investments</b>									
Beginning Balance	7,208,396	6,900,367	6,278,709	7,917,476	6,796,410	7,254,964	8,069,323	8,833,171	9,756,311
Annual Cashflow Surplus / (Deficit)	(308,029)	1,017,109	(222,047)	(1,121,066)	458,554	814,359	763,848	923,140	1,171,493
<b>Ending Balance</b>	<b>6,900,367</b>	<b>7,917,476</b>	<b>6,056,662</b>	<b>6,796,410</b>	<b>7,254,964</b>	<b>8,069,323</b>	<b>8,833,171</b>	<b>9,756,311</b>	<b>10,927,804</b>

Cedar Falls Utilities - Municipal Water Utility  
Cash Flow History and Projections Summary

Audited 2023	Audited 2024	Budget 2025	Reforecast 2025	Budget 2026	Projection 2027	Projection 2028	Projection 2029	Projection 2030
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**Breakout of Cash Balance**

Unrestricted Cash & Investments	6,504,960	7,520,392	5,455,690	6,230,746	6,482,722	7,087,781	7,646,029	8,361,669	9,323,862
Board Designated Restricted Cash & Investments									
Water Reserve Fund	0	0	205,040	208,242	414,842	624,142	829,742	1,037,242	1,246,542
Ending Balance	0	0	205,040	208,242	414,842	624,142	829,742	1,037,242	1,246,542
Legally Restricted Cash & Investments									
Debt & Construction	0	0	0	0	0	0	0	0	0
Self-Funded Dental Insurance Plan	8,247	9,547	7,547	8,294	8,300	8,300	8,300	8,300	8,300
Self-Funded Health Insurance Plan	387,160	387,537	388,385	349,128	349,100	349,100	349,100	349,100	349,100
Ending Balance	395,407	397,084	395,932	357,422	357,400	357,400	357,400	357,400	357,400
Total Cash & Investments	6,900,367	7,917,476	6,056,662	6,796,410	7,254,964	8,069,323	8,833,171	9,756,311	10,927,804

**Board Designated Unrestricted Reserve Calculation**

Unrestricted Cash & Investments		6,504,960	7,520,392	5,455,690	6,230,746	6,482,722	7,087,781	7,646,029	8,361,669	9,323,862
Board Recommended Reserves										
CIP (Five Year Average) [A]		3,001,473	2,599,792	2,543,576	2,628,402	2,627,770	2,480,168	2,460,776	2,403,858	2,391,860
Catastrophe Reserve		200,000	200,000	250,000	250,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Operating Expense Reserve [B]		589,528	555,555	629,226	658,358	651,203	699,000	723,465	748,786	774,994
Board Designated Unrestricted Reserves [C]		3,791,001	3,355,347	3,422,802	3,536,760	5,278,973	5,179,168	5,184,241	5,152,644	5,166,854
Reserves Surplus (Deficit)		2,713,959	4,165,045	2,032,888	2,693,986	1,203,749	1,908,613	2,461,788	3,209,025	4,157,008

[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 2023	Audited 2024	Budget 2025	Reforecast 2025	Budget 2026	Projection 2027	Projection 2028	Projection 2029	Projection 2030
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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
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
Unrestricted Cash Balances as % of Operating Expenses Without Depreciation, PILOT, & NPL/OPEB	50%+	137.93%	169.21%	108.38%	118.30%	124.44%	126.75%	132.11%	139.59%
Net Operating Income (NOI) as a % of Revenue	6%+	13.55%	22.34%	18.18%	14.70%	19.97%	19.09%	20.03%	20.95%
Net Income (NI) as a % of Revenue	6%+	33.48%	53.66%	25.82%	23.20%	27.18%	24.40%	24.40%	25.35%
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	Zero	\$ 2,713,959	\$ 4,165,045	\$ 2,032,888	\$ 2,693,986	\$ 1,203,749	\$ 1,908,613	\$ 2,461,788	\$ 3,209,025
							\$ 4,157,008		

63 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**  
**2026 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%	6.0%	5.0%	5.0%
2030									
5.0%									

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Communications Utility**

**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 (HFC) system consisting of 21 service areas or nodes providing a range of communications and entertainment services. There were approximately 310 miles of coaxial cable and 97 miles of fiber in the distribution system.

In 2009 the Communications Utility began an overbuild of the entire communications plant to a fiber-to-the-premises (FTTP) infrastructure which was completed in 2013. The Passive Optical Network (PON) architecture used provides the ability to continually increase bandwidth delivered to homes and businesses without changes to the outside plant compared to copper-based technologies used by other competing cable TV or traditional telephone service providers. Services are delivered to homes and businesses through an optical network terminal (ONT) driven by an optical line terminal (OLT) at eight different locations. The FTTP infrastructure offers flexibility to offer reliable services such as internet connectivity, television, phone, point-to-point (PTP) business connections, cellular backhaul, and automated metering infrastructure (AMI) backhaul without the maintenance issues and asymmetric bandwidth of copper-based systems. As the International Telecommunications Union (ITU) standards have progressed, available bandwidth on a PON has increased from Broadband Passive Optical Network (BPON) downstream speed of 622 Mbps (megabits per second) and Gigabit Passive Optical Network (GPON) downstream speed of 2,500 Mbps (2.5 gigabits per second (Gbps)), to our current 10 Gigabit Symmetrical Passive Optical Network (XGS-PON) standard of a symmetrical 10 Gbps. Future standards are planned with support for 50 Gbps and 100 Gbps. Remote work, distance learning, and tele-health use cases require high upstream bandwidth provided by the symmetrical bandwidth capability of the newer PON standards, something even the latest Data Over Cable Service Interface Specifications (DOCSIS) standards cannot provide. Fifth-generation cellular data service (5G) or newer fixed-wireless technologies can compete with older GPON (Gigabit PON) technology but struggle on reliability, latency, and suffer variability in delivered bandwidth due to issues with location, obstructions, distance, and the number of connections to aggregation points in the system.

In August 2010, CFU received notice that Rural Utilities Service (RUS), an arm of United States Department of Agriculture (USDA), approved our application to extend high speed internet services to rural Cedar Falls customers. The design was a combination of FTTP and fixed wireless with FTTP being built to areas with higher customer density and the remaining being served with fixed wireless. The fiber system made available both cable and high-speed internet whereas the wireless system provides internet only. FTTP is a far superior service providing the highest bandwidth options and high reliability. Fixed wireless is price competitive with rural customers' satellite options and provides higher speeds compared to digital subscriber line (DSL) technology. Construction began in the fall of 2012 and was completed in 2015. Upgrades to the fixed wireless transmitting and receiving equipment was completed in 2019 providing higher bandwidth.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Communications Utility**

The multi-year project to replace the two legacy core routers installed in 2010 has been completed and migrated to three devices each with multiple 100 Gbps interfaces and a total throughput of 64 Tbps (Terabits per second). The features and functionality of our core network is now more important than ever as more services become IP-enabled. All customer data, video, and voice traffic flows through our core routers, as well as PTP business connections and other services. The three core routers provide 100 Gbps connections throughout the metro area, as well as to edge routers in Des Moines and Chicago. Work has started on upgrading our Minneapolis link to 100 Gbps with future support for 400 Gbps. These core routers increase the resiliency of the network compared to the previous equipment, and the increased capacity is there to keep up with bandwidth usage of our customers.

We began a multi-year project in 2020 to replace our aging, unsupported Motorola GPON system of over 10,000 Motorola ONT's and completed it in 2023. Most customers got a cost-saving compact XGS-PON ONT capable of a maximum 2.5 gigabit data connection and one plain old telephone line (POTS). Other ONT models will be used for customers subscribing to the 10-gigabit service, or locations where the ONT had to be mounted outside, or where multiple services need to be delivered such as businesses or multiple dwelling units. We have been moving outside mounted ONTs to indoors whenever possible as they are less expensive, provide greater reliability and stay in service longer. New Calix modular OLTs in our fiber hut sites support the XGS-PON standard in addition to the legacy GPON standard used by the original Calix equipment. The equipment allows us to mix and match 1 Gbps and 10 Gbps services seamlessly across our network and migrate off the Calix equipment installed in 2012. Our PON network serves 32 customers now and can support up to 128 when needed.

### **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 November 2001 and high-definition cable service in November 2003. Then in 2006, introduced FTTP technology using the BPON standard in several 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.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Communications Utility**

In May 2013, CFU became the first provider in Iowa to offer internet service at 1 gigabit per second as a standard product available community wide. The service is available to 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 we were 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 the second quarter of 2016. CFU selected ImOn from Cedar Rapids, Iowa as the wholesale telephone-switching provider for this new service.

Our partnership with Waverly Utilities in a new 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 a Managed Wireless service providing customers with hassle-free connectivity using the WiFi 5 standard. The Calix RGs (Residential Gateways) can be managed remotely, allowing changes or most problems to be resolved without a technician visit. Upgrades using equipment capable of the WiFi 6 standard started being deployed in 2022, with WiFi 7 equipment upgrades expected in 2026.

In 2021, we began switching all video customers to IPTV while converting to Calix ONTs as part of the plan to discontinue traditional radio frequency (RF) cable TV service. Customers who had RF set top boxes (STB) received new IP-based STBs which have a video guide driven by rich metadata and advanced video features.

In 2022, we migrated to a new adaptive bit rate (ABR) delivery system for IPTV which allows us to provide our video service through an application which runs on the popular Android TV and Fire TV platforms. This system is similar to technology used by streaming services such as Netflix or Hulu. Delivery through the CFU TV App will match the way customers are consuming video content on streaming devices and can be used with adjunct streaming services. The range of recommended devices was introduced to the public in September 2023.

In September of 2025, CFU announced the cable TV service will be discontinued in October of 2026. This was a difficult decision however it was evident CFU can no longer provide a video service that brings value to customers. The IPTV head end partnership will be dissolved, as a result of this decision.

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Communications Utility**

**Rural Grant**

In 2021, the State of Iowa opened a new broadband grant opportunity. The Empower Rural Iowa Broadband Program was developed to provide high speed internet service, with a minimum of 100 Mbps upload and download, in rural unserved and underserved areas of the state. CFU was awarded a grant for over \$2.3 million to extend fiber to over 700 rural customers west, northwest, north and northeast of Cedar Falls. The grant covers 44% of the original 3-year project estimated costs to extend fiber to the premise in these areas. Conduit installation began in June of 2022 and finished in January 2024 using new to CFU duct technology that allows longer conduit and fiber runs between vaults and pedestals. Fiber jetting into the conduit ducts started in October of 2022, and fiber splicing began in November of 2023. The first customer install occurred in December of 2023 with the entire project completed in the Spring of 2025 with a total of 882 customers added to our system.

**Customers**

As of July 31, 2025, the Communications Utility serves 4,789 retail TV customers, 16,971 internet customers, and 2,684 phone lines.



**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
**Communications Utility Revenue and Expense Summary**

	2023 ACTUAL	2024 ACTUAL	2025 REFORECAST	2026 BUDGET
<b>OPERATING REVENUE</b>				
Cable Services	\$ 7,849,291	\$ 7,764,755	\$ 7,555,590	\$ 3,850,852
Data/Phone Services	\$ 13,379,370	\$ 13,928,733	\$ 14,018,466	\$ 13,824,726
Other Cable Operating Revenue	\$ 623,435	\$ 436,919	\$ 427,147	\$ 259,788
Other Data Operating Revenue	\$ 312,848	\$ 276,377	\$ 227,510	\$ 226,748
<b>TOTAL</b>	<b>\$ 22,164,944</b>	<b>\$ 22,406,784</b>	<b>\$ 22,228,713</b>	<b>\$ 18,162,114</b>
<b>NET OPERATING EXPENSE</b>				
Programming Expenses	\$ 6,078,894	\$ 6,010,712	\$ 5,771,071	\$ 2,745,491
Data/Phone Bandwidth Access Expenses	\$ 866,755	\$ 841,106	\$ 988,783	\$ 931,454
Other Operating Expense*	\$ 7,601,035	\$ 7,694,070	\$ 8,896,937	\$ 9,333,999
<b>TOTAL</b>	<b>\$ 14,546,684</b>	<b>\$ 14,545,888</b>	<b>\$ 15,656,791</b>	<b>\$ 13,010,944</b>
<b>CASH FLOW FROM OPERATIONS</b>	<b>\$ 7,618,260</b>	<b>\$ 7,860,896</b>	<b>\$ 6,571,922</b>	<b>\$ 5,151,170</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment Income	\$ 895,323	\$ 1,006,074	\$ 1,028,032	\$ 960,000
Contributions In Aid of Construction	\$ 33,068	\$ 75,541	\$ -	\$ -
TIF Reimbursements	\$ 537	\$ 1,576	\$ -	\$ -
Other Non-Op. Revenue (Expense)*	\$ 687,296	\$ 188,459	\$ 114,000	\$ 864,000
<b>TOTAL</b>	<b>\$ 1,616,224</b>	<b>\$ 1,271,650</b>	<b>\$ 1,142,032</b>	<b>\$ 1,824,000</b>
<b>REVENUE AVAILABLE FOR DEBT SERVICE</b>	<b>\$ 9,234,484</b>	<b>\$ 9,132,546</b>	<b>\$ 7,713,954</b>	<b>\$ 6,975,170</b>

\*Does not include Depreciation, GASB Related IPERS & OPEB Expenses or AFUDC

Payment in Lieu of Taxes (PILOT) of...	\$	-	\$	-	\$	-	\$	-
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CFU - Municipal Communications Utility  
Cash Flow History and Projections Summary

Audited 2023	Audited 2024	Budget 2025	Reforecast 2025	Budget 2026	Projection 2027	Projection 2028	Projection 2029	Projection 2030
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**Revenue & Expense**

Cable Operating Revenues	8,472,726	8,201,674	8,114,114	7,982,737	4,110,640	0	0	0	0
Data Operating Revenues	13,692,218	14,205,110	14,245,554	14,245,976	14,051,474	14,566,167	14,837,910	15,123,316	15,419,795
<b>Total Operating Revenues</b>	<b>22,164,944</b>	<b>22,406,784</b>	<b>22,359,668</b>	<b>22,228,713</b>	<b>18,162,114</b>	<b>14,566,167</b>	<b>14,837,910</b>	<b>15,123,316</b>	<b>15,419,795</b>
Cable Operating Expenses	11,327,799	9,431,646	10,090,471	9,603,432	5,935,383	0	0	0	0
Data Operating Expenses	7,310,743	7,450,195	8,677,743	9,206,733	10,183,794	11,946,068	12,449,759	12,954,410	13,436,552
<b>Total Operating Expenses</b>	<b>18,638,542</b>	<b>16,881,841</b>	<b>18,768,214</b>	<b>18,810,165</b>	<b>16,119,177</b>	<b>11,946,068</b>	<b>12,449,759</b>	<b>12,954,410</b>	<b>13,436,552</b>
<b>Net Operating Income (Loss)</b>	<b>3,526,402</b>	<b>5,524,943</b>	<b>3,591,454</b>	<b>3,418,548</b>	<b>2,042,937</b>	<b>2,620,099</b>	<b>2,388,151</b>	<b>2,168,906</b>	<b>1,983,243</b>
<b>Total Non-Operating Revenue or (Expense)</b>	<b>1,783,037</b>	<b>1,338,923</b>	<b>967,825</b>	<b>1,174,328</b>	<b>1,985,042</b>	<b>969,872</b>	<b>819,106</b>	<b>745,074</b>	<b>696,666</b>
<b>Net Income (Loss)</b>	<b>5,309,439</b>	<b>6,863,866</b>	<b>4,559,279</b>	<b>4,592,876</b>	<b>4,027,979</b>	<b>3,589,971</b>	<b>3,207,257</b>	<b>2,913,980</b>	<b>2,679,909</b>
NOI as a Percent of Revenue	15.91%	24.66%	16.06%	15.38%	11.25%	17.99%	16.09%	14.34%	12.86%
NI as a Percent of Revenue	23.95%	30.63%	20.39%	20.66%	22.18%	24.65%	21.62%	19.27%	17.38%

**Cash Balance**

Adjust Net Income To Cash									
Net Income (Loss)	5,309,439	6,863,866	4,559,279	4,592,876	4,027,979	3,589,971	3,207,257	2,913,980	2,679,909
Capital Outlays	(6,899,761)	(9,352,249)	(5,474,120)	(4,058,238)	(10,421,800)	(4,870,570)	(4,282,520)	(3,004,920)	(3,183,590)
Other Revenue & Expense Adjustments	4,199,338	2,845,604	5,166,334	(9,540,585)	4,447,191	4,194,233	4,355,182	4,505,513	4,595,576
<b>Adjust To Cash</b>	<b>(2,700,423)</b>	<b>(6,506,645)</b>	<b>(307,786)</b>	<b>(13,598,823)</b>	<b>(5,974,609)</b>	<b>(676,337)</b>	<b>72,662</b>	<b>1,500,593</b>	<b>1,411,986</b>
<b>Annual Cashflow Surplus / (Deficit)</b>	<b>2,609,016</b>	<b>357,221</b>	<b>4,251,493</b>	<b>(9,005,947)</b>	<b>(1,946,630)</b>	<b>2,913,634</b>	<b>3,279,919</b>	<b>4,414,573</b>	<b>4,091,895</b>
Total Cash & Investments									
Beginning Balance	19,333,077	21,942,093	19,146,762	22,299,314	13,293,367	11,346,737	14,260,371	17,540,290	21,954,863
Annual Cashflow Surplus / (Deficit)	2,609,016	357,221	4,251,493	(9,005,947)	(1,946,630)	2,913,634	3,279,919	4,414,573	4,091,895
<b>Ending Balance</b>	<b>21,942,093</b>	<b>22,299,314</b>	<b>23,398,255</b>	<b>13,293,367</b>	<b>11,346,737</b>	<b>14,260,371</b>	<b>17,540,290</b>	<b>21,954,863</b>	<b>26,046,758</b>

CFU - Municipal Communications Utility  
Cash Flow History and Projections Summary

Audited 2023	Audited 2024	Budget 2025	Reforecast 2025	Budget 2026	Projection 2027	Projection 2028	Projection 2029	Projection 2030
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**Breakout of Cash Balance**

Unrestricted Cash & Investments	21,204,937	21,568,704	22,666,258	12,626,303	10,679,673	13,593,307	16,873,226	21,287,799	25,379,694
<b>Board Designated Restricted Cash &amp; Investments</b>									
PILOT Surplus Reserve	0	0	0	0	0	0	0	0	0
<b>Ending Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Legally Restricted Cash &amp; Investments</b>									
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	15,168	17,741	13,702	14,184	14,184	14,184	14,184	14,184	14,184
Self-Funded Health Insurance Plan	721,988	712,869	718,295	652,880	652,880	652,880	652,880	652,880	652,880
Construction Fund	0	0	0	0	0	0	0	0	0
<b>Ending Balance</b>	<b>737,156</b>	<b>730,610</b>	<b>731,997</b>	<b>667,064</b>	<b>667,064</b>	<b>667,064</b>	<b>667,064</b>	<b>667,064</b>	<b>667,064</b>
<b>Total Cash &amp; Investments</b>	<b>21,942,093</b>	<b>22,299,314</b>	<b>23,398,255</b>	<b>13,293,367</b>	<b>11,346,737</b>	<b>14,260,371</b>	<b>17,540,290</b>	<b>21,954,863</b>	<b>26,046,758</b>

**Board Designated Unrestricted Reserves Calculation**

Unrestricted Cash & Investments	21,204,937	21,568,704	22,666,258	12,626,303	10,679,673	13,593,307	16,873,226	21,287,799	25,379,694
<b>Board Recommended Reserves</b>									
CIP Reserve (Five Year Average) [A]	7,167,300	5,767,178	4,673,456	5,327,610	5,152,680	3,780,138	3,605,898	3,531,700	3,807,450
Catastrophe Reserve	200,000	200,000	250,000	250,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Operating Expense Reserve (45 days) [B]	1,818,336	1,818,236	1,975,049	1,957,099	1,626,368	1,150,558	1,194,684	1,240,903	1,289,339
<b>Board Designated Unrestricted Reserves [C]</b>	<b>9,185,636</b>	<b>7,785,414</b>	<b>6,898,505</b>	<b>7,534,709</b>	<b>8,779,048</b>	<b>6,930,696</b>	<b>6,800,582</b>	<b>6,772,603</b>	<b>7,096,789</b>
<b>Reserves Surplus (Deficit)</b>	<b>12,019,301</b>	<b>13,783,290</b>	<b>15,767,753</b>	<b>5,091,594</b>	<b>1,900,625</b>	<b>6,662,611</b>	<b>10,072,644</b>	<b>14,515,196</b>	<b>18,282,905</b>

[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 2023	Audited 2024	Budget 2025	Reforecast 2025	Budget 2026	Projection 2027	Projection 2028	Projection 2029	Projection 2030
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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%+	145.77%	148.28%	143.45%	80.64%	82.08%	147.68%	176.54%	214.44%	246.05%
Net Operating Income (NOI) as a % of Revenue	6%+	15.91%	24.66%	16.06%	15.38%	11.25%	17.99%	16.09%	14.34%	12.86%
Net Income (NI) as a % of Revenue	6%+	23.95%	30.63%	20.39%	20.66%	22.18%	24.65%	21.62%	19.27%	17.38%
Cash Surplus (Deficit) after Legal & Board Recommended Reserves	\$0	\$12,019,301	\$13,783,290	\$15,767,753	\$5,091,594	\$1,900,625	\$6,662,611	\$10,072,644	\$14,515,196	\$18,282,905

Assumptions Used in Cashflow

Projected Operating Expenses (If NOT Specifically Projected)					3.5%	3.5%	3.5%	3.5%
Interest Rate for Cash & Investments					2.5%	1.0%	1.0%	1.0%
Debt Interest Rate					N/A	N/A	N/A	N/A

**CEDAR FALLS UTILITIES**  
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**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 six business units.

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

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 actuals for 2021-2024 reflect the employee count in the 3<sup>rd</sup> quarter each year. Current counts include all positions filled or in the recruitment process as part of the reforecast budget and are as follows:

<b>EMPLOYEES</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025 Budget</b>	<b>2025 Current</b>	<b>2026 Budget</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
<b>SEASONAL</b>	6	10	10	12	13	10	11	9	9	9	9	9
<b>TEMPORARY PT</b>	1	2	0	2	2	2	2	2	2	2	2	2
<b>TEMPORARY FT</b>	1	1	0	0	0	0	0	0	0	0	0	0
<b>PART TIME</b>	12	12	12	12	12	12	12	12	12	12	12	12
<b>FULL TIME</b>	181	178	186	187	191	188	190	194	192	192	192	192
<b>TOTALS</b>	<b>201</b>	<b>203</b>	<b>208</b>	<b>213</b>	<b>218</b>	<b>212</b>	<b>215</b>	<b>217</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>

**CEDAR FALLS UTILITIES**  
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Our current 2025 full-time staffing of 188 employees is less than we budgeted for 2025, in part because of changes in hiring decisions and impacts from a company reorganization that added a business unit and changed department reporting structures throughout the organization.

The 2026 increase of two in full time staffing from 188 to 190 and the increase of one for seasonal staffing from 10 to 11 are described here:

- In Electric Distribution, there were significant changes in employee counts during 2025 that resulted in filling the vacant Electric Line Supervisor position with a Line Crew Leader combined with a retirement and a couple of resignations have left one position open. This position will be recruited for the 2026 budget.
- In Transportation Services, there have been changes in the last five years that have reduced the employee count for the Garage Technicians to three with a Transportation Supervisor. In 2026, the plan is to get them back to full staff with an additional Garage Technician hire.
- In Water & Gas Operations, they are planning on adding an additional seasonal laborer to work on backlog tasks related to GIS and curb stops.

**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 2025 Reforecast:

<b>BOARD OF TRUSTEES</b>		
MaraBeth Soneson, Nick Evens, Jeff Engel, Richard McAlister, Deb lehl		
<b>General Manager (CEO)</b> Susan Abernathy	<b>Executive Assistant</b>	Renee Weber
	<b>Director of Customer Service &amp; Business Development (CRO)</b>	Kent Halder
	<b>Director of Technology (CTO)</b>	Charles Dostale
	<b>Director of Operations (COO)</b>	Lane Peters
	<b>Director of Energy Resources</b>	William Skubal
	<b>Director of Employee &amp; Legal Services (General Counsel)</b>	Missy Timmermans
	<b>Director of Finance &amp; Organizational Services (CFO)</b>	Wynette Froehner

**CEDAR FALLS UTILITIES**  
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**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 Coordinator 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 business unit has the following staffing in the 2025 Reforecast:

<b>Director of Employee &amp; Legal Services</b>	
- <b>Human Resources Manager</b>	<b>Compensation &amp; Benefits Specialist</b>
	<b>Employee Services Specialist (2)</b>
- <b>Health &amp; Safety Coordinator</b>	

**Customer Service and Business Development (CSBD) Business Unit**

The Customer Services and Business Development business unit provides the business platform for CFU as based upon customer needs and development of the CFU Vision. The Director of this business unit functions as the Chief Relationship Officer.

The Customer Service department is charged with customer relations services and billing. This department is the main sources 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.

**CEDAR FALLS UTILITIES**  
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The Sales & Business Development 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 business unit has the following staffing in the 2025 Reforecast:

<b>Director of Customer Service &amp; Business Development</b>		
<ul style="list-style-type: none"> <li>- <b>Meter Data Specialist</b></li> <li>- <b>Meter Reader (5)</b></li> </ul>		
- <b>Marketing &amp; Sales Manager</b>	<b>Marketing Specialist</b> <b>Lead Communications Services Specialist</b> <b>Communications Services Specialist</b> <b>Communications Sales Specialist</b> <b>Lead Help Desk Specialist</b> <b>Help Desk Services Specialist (2)</b> <b>Help Desk Services Assistant (6)</b>	
- <b>Customer Service Manager</b>	<b>Customer Service Supervisor</b>  <b>Customer Service Analyst</b> <b>Billing Systems Specialist</b> <b>Credit Services Specialist (2)</b>	<b>Lead Customer Service Specialist</b> <b>Customer Service Assistant (3)</b> <b>Customer Service Specialist (4)</b>

### **Technology Business Unit**

The Technology organization, through its three 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.



**CEDAR FALLS UTILITIES**  
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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 business unit has the following staffing in the 2025 Reforecast:

<b>Director of Technology</b>	
- <b>Network Engineering Manager</b>	<b>Network Engineer II (2)</b> <b>Network Engineer I (2)</b> <b>Network Technician</b> <b>Headend Communications Technician</b>
- <b>Information Systems Manager</b>	<b>Senior Software Engineer</b> <b>Software Engineer II</b> <b>Software Engineer I (3)</b> <b>Senior Systems Analyst</b> <b>Systems Analyst II (2)</b>
- <b>Information Technology &amp; Security Manager</b>	<b>Security Analyst I</b> <b>Systems Administrator II</b> <b>Systems Administrator I (3)</b> <b>IT Support Technician</b>

**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,

**CEDAR FALLS UTILITIES**  
**2026 Annual Operating Budget and Capital Improvement Plan**  
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treatment, testing, and delivery of high-quality water meeting all federal and state regulations. The department also provides the 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.

The business unit has the following staffing in the 2025 Reforecast:

Director of Operations		
- Construction Services Manager	Electric Construction & Line Supervisor (2)	Line Crew Leader (2) Electric Line Worker (8)
	Electric Planning Supervisor	Electric Distribution Planner (2)
	Gas & Water Construction Supervisor	Water & Gas Crew Leader (3) Construction Specialist II Construction Specialist I (7)
	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 (4) Gas & Water Administrative Specialist
	GIS Supervisor	GIS Analyst GIS Technician Right of Way & GIS Specialist
	Gas & Water Administrative Specialist	
- Communications Field Operations Manager	Communications Supervisor	Lead Communications Technician (2) Communications Technician (9)
	Senior Communication Planner Communications Planner Communications Administrative Specialist	

**CEDAR FALLS UTILITIES**  
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**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.

**CEDAR FALLS UTILITIES**  
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The business unit has the following staffing in the 2025 Reforecast:

<b>Director of Energy Resources</b>		
<ul style="list-style-type: none"> <li>- Principal Transmission Engineer</li> <li>- Viking Energy Center Project Manager</li> </ul>		
- <b>Electric Production &amp; Substation Manager</b>	<b>Power Plant Superintendent</b>	
	<b>Control Room Operator Supervisor</b>	Control Room Operator (4) Assistant Control Room Operator (5) Relief Control Room Operator (4)
	<b>Power Plant Maintenance Supervisor</b>	Instrument Control Technician Power Plant Electrician Maintenance Mechanic (5)
	Distribution Systems Engineer II Distribution Systems Engineer I Electric Production Engineer I Electric Engineering Technician Electric Meter Technician (2) Environmental Compliance Specialist Power Plant Administrative Specialist	
- <b>Energy Services Manager</b>	Energy Services Engineer I Energy Services Specialist Energy Services Administrative Specialist	
- <b>Operational Technology Supervisor</b>	Operational Technology Systems Engineer Compliance Specialist	

**Finance and Organizational Services (FOS) Business Unit**

The Finance and Organizational Services business unit consists of four departments and provides the 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.

**CEDAR FALLS UTILITIES**  
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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 business unit has the following staffing in the 2025 Reforecast:

<b>Director of Finance &amp; Organizational Services</b>		
- <b>Finance &amp; Rates Coordinator</b>		
- <b>Internal Audit Specialist</b>		
- <b>Finance Manager</b>	Senior Finance Specialist (2) Finance Specialist Finance Assistant	
- <b>Purchasing &amp; Warehousing Manager</b>	Warehouse Supervisor Purchasing Specialist	Warehouse Worker (2)
- <b>Maintenance Support Services Manager</b>	Transportation Services Supervisor Lead Facilities Maintenance Worker Facilities Maintenance Worker (2) Seasonal Laborer (2)	Garage Technician II Garage Technician I (2) Vehicle Washer

# CEDAR FALLS UTILITIES CAPITAL IMPROVEMENT PLAN

## SUMMARY BY UTILITY (INCLUDING INFLATION)

Item	2023 Actual	2024 Actual	2025 Published	2025 Reforecast	2026 Budget	2027	2028	2029	2030	2026-2030 TOTALS
Electric Production	\$ 3,108,031	\$ 1,661,700	\$ 20,656,000	\$ 17,981,800	\$ 8,472,000	\$ 50,697,000	\$ 15,628,000	\$ 6,248,000	\$ 851,000	\$ 81,896,000
Electric Transmission	404,936	986,757	601,000	768,000	1,776,000	4,237,000	980,000	494,000	447,000	7,934,000
Electric Distribution	4,579,663	4,043,319	6,518,000	5,139,300	8,482,000	10,448,000	7,027,000	5,394,000	5,529,000	36,880,000
General Plant and Vehicles	1,646,291	1,633,178	3,145,580	2,528,382	3,152,980	1,983,710	2,588,480	1,934,320	2,180,960	11,840,450
ELECTRIC UTILITY Totals	\$ 9,738,922	\$ 8,324,955	\$ 30,920,580	\$ 26,417,482	\$ 21,882,980	\$ 67,365,710	\$ 26,223,480	\$ 14,070,320	\$ 9,007,960	\$ 138,550,450
Gas	\$ 1,236,575	\$ 701,882	\$ 1,652,000	\$ 1,305,700	\$ 2,421,000	\$ 5,814,000	\$ 1,067,000	\$ 1,266,000	\$ 1,155,000	\$ 11,723,000
General Plant	57,397	145,150	381,150	269,790	431,080	249,840	337,760	214,400	248,220	1,481,300
GAS UTILITY Totals	\$ 1,293,972	\$ 847,032	\$ 2,033,150	\$ 1,575,490	\$ 2,852,080	\$ 6,063,840	\$ 1,404,760	\$ 1,480,400	\$ 1,403,220	\$ 13,204,300
Water	\$ 2,811,085	\$ 2,693,603	\$ 2,726,000	\$ 2,392,600	\$ 2,358,000	\$ 2,170,000	\$ 2,262,000	\$ 2,472,000	\$ 2,426,000	\$ 11,688,000
General Plant	189,642	278,308	381,150	269,790	448,140	237,880	334,240	197,360	233,230	1,450,850
WATER UTILITY Totals	\$ 3,000,727	\$ 2,971,912	\$ 3,107,150	\$ 2,662,390	\$ 2,806,140	\$ 2,407,880	\$ 2,596,240	\$ 2,669,360	\$ 2,659,230	\$ 13,138,850
Communications	\$ 6,830,069	\$ 4,464,840	\$ 4,654,000	\$ 3,464,700	\$ 9,566,000	\$ 4,478,000	\$ 3,672,000	\$ 2,670,000	\$ 2,779,000	\$ 23,165,000
General Plant	69,689	4,887,407	820,120	593,538	855,800	392,570	610,520	334,920	404,590	\$ 2,598,400
COMMUNICATIONS UTILITY Totals	\$ 6,899,759	\$ 9,352,248	\$ 5,474,120	\$ 4,058,238	\$ 10,421,800	\$ 4,870,570	\$ 4,282,520	\$ 3,004,920	\$ 3,183,590	\$ 25,763,400
TOTAL UTILITY PLANT	\$ 18,970,360	\$ 14,552,102	\$ 36,807,000	\$ 31,052,100	\$ 33,075,000	\$ 77,844,000	\$ 30,636,000	\$ 18,544,000	\$ 13,187,000	\$ 173,286,000
TOTAL GENERAL PLANT	\$ 1,963,020	\$ 6,944,044	\$ 4,728,000	\$ 3,661,500	\$ 4,888,000	\$ 2,864,000	\$ 3,871,000	\$ 2,681,000	\$ 3,067,000	\$ 17,371,000
TOTAL CIP PLAN	\$ 20,933,379	\$ 21,496,146	\$ 41,535,000	\$ 34,713,600	\$ 37,963,000	\$ 80,708,000	\$ 34,507,000	\$ 21,225,000	\$ 16,254,000	\$ 190,657,000

**CAPITAL BUDGET REQUEST FY 2026  
CIP BUDGET ITEM SUMMARY  
ELECTRIC PRODUCTION**

Budget Item	Project Title or Asset Name	2023 Actual	2024 Actual
102	WS #4 Generation (CFU Share 2.14%)	187,366	370,748
103	WS #3 Generation (CFU Share 3.1%)	2,111,186	681,792
104	Neal #4 Generation (CFU Share 2.5%)	559,703	225,896
112	Streeter Station Upgrades	60,064	245,343
114	Combustion Turbine Upgrades	12,434	21,258
115	Unit #6 Turbine Inspection		
116	Reciprocating Engine Generation	95,371	127,744
117	Purchase Prairie Lakes Solar Farm		
118	Solar Equipment at CF High School	393	(11,080)
119	Production Environmental	81,514	
130	Gas Turbines and Streeter Station Fire Protection		
138	Power Plant DCS Replacement		
139	Unit #7 Turbine Inspection	-	
	Budget Year 2026 CIP Budget	3,108,031	1,661,700
	2025 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2025 Published Budget	2025 Reforecast Budget	2026	2027	2028	2029	2030	2026-2030 TOTAL
1,682,000	1,687,700	409,000	118,000	690,000	1,565,000	143,000	2,925,000
306,000	306,900	102,000	409,000	1,739,000	471,000	133,000	2,854,000
764,000	767,100	1,023,000	256,000	235,000	153,000	220,000	1,887,000
218,000	264,600	285,000	291,000	302,000	312,000	323,000	1,513,000
82,000	79,400	144,000	146,000	151,000	3,747,000	32,000	4,220,000
655,000	635,100	-	350,000	-	-	-	350,000
16,403,000	14,126,400	5,548,000	49,127,000	12,089,000	-	-	66,764,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	114,600	60,000	-	422,000	-	-	482,000
-	-	-	-	-	-	-	-
546,000	-	563,000	-	-	-	-	563,000
-	-	338,000	-	-	-	-	338,000
20,656,000	17,981,800	8,472,000	50,697,000	15,628,000	6,248,000	851,000	81,896,000
	20,656,000	23,199,000	36,888,000	5,735,000	2,143,000	5,467,000	73,432,000
	(2,674,200)	(14,727,000)	13,809,000	9,893,000	4,105,000	(4,616,000)	8,464,000

**CEDAR FALLS UTILITIES  
CAPITAL IMPROVEMENTS PLAN (CIP)**

**ELECTRIC PRODUCTION – 2026**

**Budget Item 102: Walter J. Scott Jr. Energy Center Unit 4 (WS4) Generation - \$409,000**

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 - \$102,000**

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 - \$1,023,000**

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 - \$285,000**

This budget item reflects the cost of upgrades to the Streeter Station generating facility. Upgrades to #7 coal hopper, precipitator controls, flame scanners and air registers.

**Budget Item 114: Combustion Turbine Upgrades - \$144,000**

This budget item reflects the cost of upgrades to the combustion turbine generating facility. New bearings and flame scanners on gas turbine #2.

**Budget Item 116: Reciprocating Engine Generation - \$5,548,000**

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 - \$60,000**

This budget item reflects the cost of new stack probe and CEMS updates.



**CEDAR FALLS UTILITIES  
CAPITAL IMPROVEMENTS PLAN (CIP)**

**ELECTRIC PRODUCTION – 2026**

**Budget Item 138: Power Plant DCS Replacement - \$563,000**

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.

**Budget Item 139: Unit #7 Turbine Inspection - \$338,000**

This budget item reflects the cost of generator repairs following a major generator inspection on Unit #7.

**CAPITAL BUDGET REQUEST FY 2026**  
**CIP BUDGET ITEM SUMMARY**  
**ELECTRIC TRANSMISSION**

Budget Item Number	Project Title or Asset Name	2023 Actual	2024 Actual
151	Network Transmission Upgrades	72,570	209,185
152	Network Transmission GT 69kV	141,381	753,554
153	TIF		
154	CIP Medium Impact Control Center Software	41,049	
192	WS #4 Transmission (CFU Share 2.140%)	66,747	6,454
193	WS #3 Transmission (CFU Share 3.1%)	4,208	829
194	Neal #4 Transmission (CFU Share 2.5%)	78,981	16,734
195	Webster - N. Franklin 345 Transmission Line and Substation	-	
196	Lehigh Substation Upgrade LRTP 39		
	Budget Year 2026 CIP Budget	404,936	986,757
	2025 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2025 Published Budget	2025 Reforecast Budget	2026	2027	2028	2029	2030	2026-2030 TOTAL
99,000	99,000	244,000	238,000	292,000	198,000	70,000	1,042,000
-	-	-	-	-	-	-	-
-	-	-	-	155,000	-	-	155,000
106,000	-	-	110,000	-	-	-	110,000
51,000	30,700	51,000	51,000	51,000	51,000	51,000	255,000
51,000	51,100	51,000	51,000	51,000	51,000	51,000	255,000
51,000	20,500	51,000	51,000	51,000	51,000	51,000	255,000
243,000	566,700	1,379,000	3,736,000	324,000	-	-	5,439,000
-	-	-	-	56,000	143,000	224,000	423,000
601,000	768,000	1,776,000	4,237,000	980,000	494,000	447,000	7,934,000
	601,000	3,278,000	3,312,000	224,000	390,000	229,000	7,433,000
	167,000	(1,502,000)	925,000	756,000	104,000	218,000	501,000

**CEDAR FALLS UTILITIES  
CAPITAL IMPROVEMENTS PLAN (CIP)**

**ELECTRIC TRANSMISSION – 2026**

**Budget Item 151: Network Transmission Upgrades - \$244,000**

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.

**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 - \$1,379,000**

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.

CAPITAL BUDGET REQUEST FY 2026  
CIP BUDGET ITEM SUMMARY  
ELECTRIC DISTRIBUTION

Budget Item	Project Title or Asset Name	2023 Actual	2024 Actual
111	SCADA System Upgrades	125,329	42,706
144	Distribution Substation Upgrades	49,497	215,720
145	Gas Turbine 69kV Substation Rebuild		162,226
150	12 kV Protective Relay Replacement		30,733
161	Viking Road Substation - Distribution	2,929	58,724
204	UG Cable Replacement	360,016	61,136
206	UG Electric Facilities - New Residential	222,181	198,435
210	OH Line Ext, Upgrades and Removals	413,201	388,539
213	TIF	64,446	127,084
305	UG Line Extensions	544,251	708,582
306	OH to UG Conversions	308,348	288,357
320	Underground Services	222,918	291,815
360	New Distribution Transformers	1,295,416	563,301
370	New Electric Meters	516,776	620,739
381	Street Light Facilities	425,248	257,767
390	Security Lighting	29,105	27,455
	Budget Year 2026 CIP Budget	4,579,663	4,043,319
	2025 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2025 Published Budget	2025 Reforecast Budget	2026	2027	2028	2029	2030	2026-2030 TOTAL
53,000	128,500	53,000	55,000	188,000	59,000	61,000	416,000
502,000	701,800	527,000	69,000	157,000	74,000	76,000	903,000
304,000	295,300	-	-	-	-	-	-
59,000	59,600	-	-	-	-	-	-
902,000	823,700	1,962,000	4,078,000	1,408,000	-	-	7,448,000
257,000	248,800	226,000	234,000	242,000	250,000	259,000	1,211,000
458,000	273,100	471,000	487,000	246,000	255,000	264,000	1,723,000
346,000	379,900	356,000	376,000	389,000	403,000	363,000	1,887,000
780,000	354,300	666,000	925,000	713,000	738,000	764,000	3,806,000
326,000	154,700	323,000	335,000	346,000	358,000	371,000	1,733,000
459,000	458,300	1,062,000	1,099,000	1,137,000	1,177,000	1,218,000	5,693,000
271,000	197,100	506,000	524,000	542,000	561,000	581,000	2,714,000
842,000	68,500	605,000	971,000	1,005,000	1,040,000	1,076,000	4,697,000
728,000	771,800	1,373,000	929,000	276,000	88,000	91,000	2,757,000
198,000	192,200	319,000	331,000	342,000	354,000	367,000	1,713,000
33,000	31,700	33,000	35,000	36,000	37,000	38,000	179,000
6,518,000	5,139,300	8,482,000	10,448,000	7,027,000	5,394,000	5,529,000	36,880,000
	6,518,000	6,095,000	3,822,000	4,501,000	4,561,000	3,035,000	22,014,000
	(1,378,700)	2,387,000	6,626,000	2,526,000	833,000	2,494,000	14,866,000

**CEDAR FALLS UTILITIES  
CAPITAL IMPROVEMENTS PLAN (CIP)**

**ELECTRIC DISTRIBUTION – 2026**

**Budget Item 111: Status Control and Data Acquisition System Upgrades (SCADA) - \$53,000**

This budget item includes upgrading SCADA server software and hardware.

**Budget Item 144: Substation Upgrades - \$527,000**

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 - \$1,962,000**

This budget item reflects the cost of engineering and planning the replacement of a new circuit breaker, buswork, switches, transformer, relay panel, switchgear, and building for supplying distribution circuits out of the Viking Substation.

**Budget Item 204: Underground Cable Replacement - \$226,000**

This budget item reflects the cost of replacing underground facilities in areas that have 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 - \$471,000**

This budget item provides funding for the installation of underground electric facilities to residential lots in new developments. Anticipated projects include Panther West, Hidden Pines, Arbors 6<sup>th</sup>, 2/3rds of Sands Addition, and Wild Horse 7<sup>th</sup>.

**Budget Item 210: Overhead Line Extension, Upgrades, and Removals - \$356,000**

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 - \$666,000**

This budget item reflects the cost of new extensions in the TIF areas.

**Budget Item 305: Underground Line Extensions - \$323,000**

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 - \$1,062,000**

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.

**CEDAR FALLS UTILITIES  
CAPITAL IMPROVEMENTS PLAN (CIP)**

**ELECTRIC DISTRIBUTION – 2026**

**Budget Item 320: Underground Services - \$506,000**

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 - \$605,000**

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 - \$1,373,000**

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 - \$319,000**

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 23<sup>rd</sup> & Hudson 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 2026**  
**CIP BUDGET ITEM SUMMARY**  
**GAS OPERATIONS**

Budget Item	Project Title or Asset Name	2023 Actual	2024 Actual
480	New Gas Service	173,428	159,699
498	Gas Main Relocate, Replace and Abandon	101,817	174,820
501	TIF	108,282	
530	Gas Main Extensions	414,216	90,506
540	Gas Services Relocate, Replace and Abandon	70,321	66,683
560	New Gas Meters	326,177	145,465
570	New Gas Regulators	42,333	64,708
580	New 300 PSI Gas Distribution System		
	Budget Year 2026 CIP Budget	1,236,575	701,882
	2025 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2025 Published Budget	2025 Reforecast Budget	2026	2027	2028	2029	2030	2026-2030 TOTAL
229,000	79,800	146,000	215,000	222,000	230,000	238,000	1,051,000
182,000	152,500	215,000	132,000	137,000	142,000	147,000	773,000
193,000	338,400	192,000	-	-	267,000	-	459,000
159,000	59,700	170,000	194,000	154,000	159,000	165,000	842,000
93,000	74,600	79,000	90,000	93,000	96,000	99,000	457,000
481,000	443,400	376,000	326,000	410,000	341,000	452,000	1,905,000
49,000	15,300	28,000	45,000	51,000	31,000	54,000	209,000
266,000	142,000	1,215,000	4,812,000	-	-	-	6,027,000
1,652,000	1,305,700	2,421,000	5,814,000	1,067,000	1,266,000	1,155,000	11,723,000
	1,652,000	6,837,000	985,000	1,108,000	1,333,000	1,194,000	11,457,000
	(346,300)	(4,416,000)	4,829,000	(41,000)	(67,000)	(39,000)	266,000

**CEDAR FALLS UTILITIES  
CAPITAL IMPROVEMENTS PLAN (CIP)**

**GAS UTILITY – 2026**

**Budget Item 480: New Gas Service - \$146,000**

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 - \$215,000**

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 501: TIF - \$192,000**

The budget item covers the cost of the gas main extension in the TIF areas.

**Budget Item 530: Gas Main Extensions - \$170,000**

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 II, North Cedar Estates, Panther West, uprate of Lexington Heights, 1<sup>st</sup> and Walnut Condos, and Cedar West Apartment Complex Phase 1.

**Budget Item 540: Gas Service Relocate, Replace, and Abandon - \$79,000**

This budget item is for the relocation, replacement or abandonment of existing services required 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 - \$376,000**

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 - \$28,000**

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 - \$1,215,000**

This budget item covers the material purchases for new odorant building and new odorizer and estimated costs of procuring easements.



**CAPITAL BUDGET REQUEST FY 2026**  
**CIP BUDGET ITEM SUMMARY**  
**WATER OPERATIONS**

Budget Item Number	Project Title or Asset Name	2023 Actual	2024 Actual
601	TIF		
630	Water Main Extensions	14,504	28,521
640	Water Tower Coating System Replacement	543,204	553,284
647	Well House Improvements	27,717	46,861
655	Water Main Relocate, Replace and Abandon	2,005,168	1,695,317
680	New Water Meters	132,958	227,450
690	Hydrants - New Installs and Replacements	87,534	142,171
	Budget Year 2026 CIP Budget	2,811,085	2,693,603
	2025 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2025 Published Budget	2025 Reforecast Budget	2026	2027	2028	2029	2030	2026-2030 TOTAL
-	-	-	-	-	458,000	-	458,000
29,000	32,600	34,000	34,000	36,000	37,000	38,000	179,000
11,000	38,600	-	-	-	-	-	-
29,000	57,700	85,000	30,000	31,000	32,000	472,000	650,000
2,200,000	1,861,900	1,662,000	1,471,000	1,523,000	1,405,000	1,234,000	7,295,000
310,000	369,600	416,000	482,000	514,000	376,000	512,000	2,300,000
147,000	32,200	161,000	153,000	158,000	164,000	170,000	806,000
2,726,000	2,392,600	2,358,000	2,170,000	2,262,000	2,472,000	2,426,000	11,688,000
	2,726,000	1,898,000	1,953,000	1,991,000	2,283,000	2,475,000	10,600,000
	(333,400)	460,000	217,000	271,000	189,000	(49,000)	1,088,000

**CEDAR FALLS UTILITIES  
CAPITAL IMPROVEMENTS PLAN (CIP)**

**WATER UTILITY – 2026**

**Budget Item 630: Water Main Extensions - \$34,000**

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, Wild Horse 7<sup>th</sup>, West 12<sup>th</sup> Street Extension, and the roundabout at West 1<sup>st</sup> and Union.

**Budget Item 647: Well House Improvements - \$85,000**

This budget item is for various well house and water treatment improvements including upgrading the CL-17 monitoring equipment at Well #3.

**Budget Item 655: Water Main Relocate, Replace and Abandon - \$1,662,000**

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 Oakland Ave, Picturesque Dr, West 22<sup>nd</sup> St Alley, alley between West 22<sup>nd</sup> and Seerley Blvd, Huntington Dr, and the replacement of the Tremont Street Box culvert.

**Budget Item 680: New Water Meters - \$416,000**

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 - \$161,000**

This budget item covers the cost of installation, relocation, or replacement of an estimated 16 hydrants. These improvements are generally done in connection with other construction projects, replacement of damaged hydrants, or replacement of the old-style Mathews hydrants.

**CAPITAL BUDGET REQUEST FY 2026**  
**CIP BUDGET ITEM SUMMARY**  
**COMMUNICATIONS OPERATIONS**

Budget Item Number	Project Title or Asset Name	2023 Actual	2024 Actual
703	Special Telecommunications Services (STS)	67,597	43,307
801	Optical Network & Line Terminals ONTs and OLTs	1,152,774	378,608
802	Communications Facilities Improvements		
805	Digital Set-Top Boxes	82,344	47,142
806	Headend Data Equipment	410,043	300,183
820	Customer Service drops for CATV and Data	106,637	224,703
828	28E CFU IPTV Assets from Joint Ownership agreements	72,289	118,000
851	TIF	18,213	39,192
852	Overhead to Underground Conversions	170,754	119,193
854	FTTP infrastructure for New Developments	187,450	144,518
856	New Rural Broad Band (Non-Grant)	868,970	343,836
857	Rural Broad Band (Grant)	3,158,336	1,959,742
858	Special Telecom Build-Out (Outside City Limits)	97,919	160,352
860	Headend Video Transmission Equipment	12,863	142,655
864	Phone Equipment		
865	Managed Wireless Routers	252,350	359,718
870	Fiber Replacement		83,692
875	Rural Expansion Opportunities		
	Budget Year 2026 CIP Budget	6,830,069	4,464,840
	2025 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2025 Published Budget	2025 Reforecast Budget	2026	2027	2028	2029	2030	2026-2030 TOTAL
93,000	89,600	72,000	77,000	80,000	82,000	85,000	396,000
907,000	695,600	828,000	857,000	575,000	595,000	485,000	3,340,000
228,000	176,800	189,000	274,000	271,000	158,000	44,000	936,000
194,000	11,700	-	-	-	-	-	-
747,000	445,000	1,987,000	331,000	120,000	224,000	397,000	3,059,000
219,000	275,400	468,000	492,000	509,000	270,000	280,000	2,019,000
137,000	60,700	62,000	65,000	-	-	-	127,000
-	16,900	136,000	-	-	-	-	136,000
181,000	325,600	996,000	1,060,000	1,097,000	258,000	267,000	3,678,000
217,000	210,000	284,000	563,000	257,000	237,000	245,000	1,586,000
266,000	257,400	359,000	150,000	156,000	161,000	167,000	993,000
532,000	92,600	-	-	-	-	-	-
212,000	199,400	110,000	114,000	118,000	122,000	127,000	591,000
213,000	103,500	107,000	22,000	-	-	-	129,000
3,000	1,000	-	-	-	-	-	-
423,000	430,300	424,000	386,000	399,000	470,000	585,000	2,264,000
82,000	73,200	81,000	87,000	90,000	93,000	97,000	448,000
-	-	3,463,000	-	-	-	-	3,463,000
4,654,000	3,464,700	9,566,000	4,478,000	3,672,000	2,670,000	2,779,000	23,165,000
	4,654,000	4,613,000	3,791,000	3,376,000	3,028,000	4,392,000	19,200,000
	(1,189,300)	4,953,000	687,000	296,000	(358,000)	(1,613,000)	3,965,000

**CEDAR FALLS UTILITIES  
CAPITAL IMPROVEMENTS PLAN (CIP)**

**COMMUNICATIONS UTILITY – 2026**

**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 and Line Terminals ONT and OLT - \$828,000**

This budget item is for optical network terminals (ONTs) used at houses, businesses, or apartments. Optical line terminals (OLTs) are installed at each fiber hut and will serve up to 2,500 customers. Replacement of End-of-Life ONTs, migration to XGS-PON, plus NID (Network Interface Device) equipment used for STS circuit delivery.

**Budget Item 802: Communications Facilities Improvements - \$189,000**

This budget item is for HVAC (Heating, Ventilation, Air Conditioning) systems, as well as electrical power delivery such as UPS (Uninterruptible Power Supply) systems, rectifiers, and inverters.

**Budget Item 806: Headend Data Equipment - \$1,987,000**

This budget item includes replacements and upgrades of servers, routers, switches, and OTN (Optical Transport Network) equipment that are necessary to maintain the growth and stability of the communications data network.

**Budget Item 820: Customer Service drops for CATV and Data - \$468,000**

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 828: 28E Jointly Owned IPTV Assets - \$62,000**

This budget item is for the jointly owned IPTV assets, the budget item only includes CFU's share of the ownership. Additional storage and licenses are needed due to growth in jointly owned IPTV assets. Also includes the replacement of EOL equipment by the vendor, or equipment to add capacity.

**Budget Item 851: TIF - \$136,000**

This budget item is for projects in the Unified Highway 58 and South Cedar Falls TIF districts.

**Budget Item 852: Overhead to Underground Conversions - \$996,000**

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 Round-a-bout's, North Cedar, Veralta, Horseshoe Dr, and Big Woods Rd.

**CEDAR FALLS UTILITIES  
CAPITAL IMPROVEMENTS PLAN (CIP)  
  
COMMUNICATIONS UTILITY – 2026**

**Budget Item 854: Fiber-to-the-Premise infrastructure for new developments - \$284,000**

This budget item enables CFU to provide fiber to new subdivisions, retail, and business areas. Projects include Cedar West Apartments, Panther West, Sands North Cedar Estates, and Meadow Ridge Apartments.

**Budget Item 856: Rural Broad Band (Non-Grant) - \$359,000**

This budget covers mainline fiber, drops, and ONTs in rural areas. Projects include Wagner Rd and New Hartford backbone.

**Budget Item 858: Special Telecom Build-Out (Outside City Limits) - \$110,000**

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 860: Headend and Transmission System Equipment - \$107,000**

This budget item is for replacements to the Headend and Hut RF video transmission equipment.

**Budget Item 865: Managed Wireless Routers - \$424,000**

This budget item is for new wireless routers or RGs (Residential Gateways) and replacing End-of-Life devices. CFU provides customer-premise routers that are manageable and supported by CFU.

**Budget Item 870: Fiber Replacement - \$81,000**

This budget item is to replace broken or damaged infrastructure.

**Budget Item 875: Rural Expansion Opportunities - \$3,463,000**

This budget item is for the rural building of fiber and installation of services for new customers.

**CAPITAL BUDGET REQUEST FY 2026**  
**CIP BUDGET ITEM SUMMARY**  
**GENERAL PLANT - TECHNOLOGY**

Budget Item Number	Project Title or Asset Name	2023 Actual	2024 Actual
905	Meter Reading System Upgrade		
906	Enterprise Systems Software (All Depts)		96,952
910	Shared Computer System Infrastructure	33,041	
911	General Computer Equipment (All Depts)	403,332	153,171
971	New Phone System		56,358
	Budget Year 2026 CIP Budget	436,373	306,481
	2025 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2025 Published Budget	2025 Reforecast Budget	2026	2027	2028	2029	2030	2026-2030 TOTAL
-	-	-	35,000	-	-	-	35,000
1,613,000	1,178,500	2,110,000	373,000	78,000	58,000	913,000	3,532,000
629,000	79,400	626,000	178,000	833,000	700,000	66,000	2,403,000
369,000	345,800	323,000	323,000	782,000	186,000	119,000	1,733,000
-	92,500	2,000	1,000	22,000	1,000	1,000	27,000
2,611,000	1,696,200	3,061,000	910,000	1,715,000	945,000	1,099,000	7,730,000
	2,611,000	1,585,000	1,362,000	1,273,000	1,547,000	235,000	6,002,000
	(914,800)	1,476,000	(452,000)	442,000	(602,000)	864,000	1,728,000

**CEDAR FALLS UTILITIES  
CAPITAL IMPROVEMENTS PLAN (CIP)**

**GENERAL PLANT – TECHNOLOGY - 2026**

**Budget Item 906: Enterprise Systems/Software (All Depts.) - \$2,110,000**

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 billing system 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 a Cloud Infrastructure:** Transitioning from on-premises hosting to cloud infrastructure improves system scalability, reliability, and security while reducing on-premise infrastructure costs. This cloud migration is foundational to enabling future enhancements and integrations.
- **Billing system conversion:** Migrating to a more modern billing system supports accurate billing, service management, and customer services capabilities.
- **Meter Data Management System (MDMS):** Implementing MDM capabilities will improve the accuracy and granularity of usage data and enables trigger-based capabilities between the billing system and meters. These are critical for supporting TOU billing and future smart grid initiatives.
- **Financial system upgrade:** The financial platforms remain central to financial operations, reporting and auditing. Migrating to these systems to a cloud infrastructure will improve performance, reduce maintenance complexity, and support integration with other enterprise systems.
- **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 910: Shared Computer System Infrastructure - \$626,000**

This budget item includes all backend server and storage hardware, backup systems, and other infrastructure to complete the virtualization environment.

**Budget Item 911: General Computer Equipment - \$323,000**

This budget item provides for the end point computer equipment needs for employees, VDI infrastructure, equipment and software for the wired and wireless networks, mobile devices, printers, systems security, and disaster recovery.

**Budget Item 971: New Phone System - \$2,000**

This budget item provides for the replacement or updates to the phone system.

CAPITAL BUDGET REQUEST FY 2026  
CIP BUDGET ITEM SUMMARY  
GENERAL PLANT - FACILITIES AND EQUIPMENT

Budget Item	Project Title or Asset Name	2023 Actual	2024 Actual
915	Facilities and Security	518,660	349,481
916	Office Furniture And Equipment	46,544	133,252
917	Heavy-Duty Shelving for General Use	-	27,866
919	Technical And Educational Equipment	-	
920	Tools And Equipment	121,281	286,848
970	Fleet Replacement	840,162	1,062,841
904	Intercompany Transfers		4,777,275
	Budget Year 2026 CIP Budget	1,526,646	6,637,563
	2025 CIP Budget - As Amended		
	Current Year Increase / (Decrease) Prior Year		

2025 Published Budget	2025 Reforecast Budget	2026	2027	2028	2029	2030	2026-2030 TOTAL
666,000	639,300	584,000	675,000	794,000	417,000	539,000	3,009,000
26,000	40,200	63,000	32,000	67,000	35,000	72,000	269,000
10,000	8,000	27,000	17,000	7,000	7,000	7,000	65,000
104,000	60,300	83,000	86,000	89,000	12,000	12,000	282,000
263,000	253,900	176,000	243,000	252,000	260,000	269,000	1,200,000
1,048,000	963,600	894,000	901,000	947,000	1,005,000	1,069,000	4,816,000
-	-						-
2,117,000	1,965,300	1,827,000	1,954,000	2,156,000	1,736,000	1,968,000	9,641,000
	2,117,000	2,859,000	3,797,000	4,310,000	3,883,000	4,228,000	19,077,000
	(151,700)	(1,032,000)	(1,843,000)	(2,154,000)	(2,147,000)	(2,260,000)	(9,436,000)



**CEDAR FALLS UTILITIES  
CAPITAL IMPROVEMENTS PLAN (CIP)**

**GENERAL PLANT – FACILITIES AND EQUIPMENT - 2026**

**Budget Item 915: Facilities and Security - \$584,000**

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 - \$63,000**

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 - \$27,000**

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 unanticipated requests for technical and educational equipment, to facilitate employee and customer training and development. Planned upgrades include updating equipment in training rooms and conference rooms.

**Budget Item 920: Tools and Equipment (All Depts.) - \$176,000**

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 - \$894,000**

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.