

WATER & WASTEWATER RATE OPTIONS



March 8, 2022

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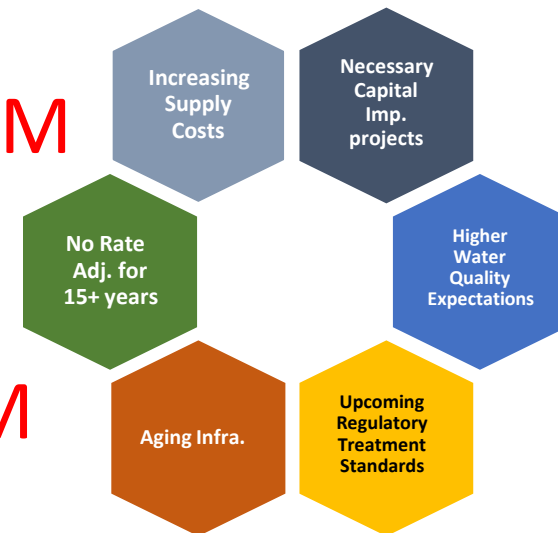
Issues Driving The Financial Plan

- Many years since last review
- Rising operating costs (electricity, supplies, equipment, etc.)
- Rising personnel costs (labor, benefits, etc.)
- Major capital expenditures

- Membrane Softening WTP **\$125M**

- Sewer Force Main 50 **\$9.5M**

- Water Meter Replacements **\$6M**



Existing Water Treatment Plant

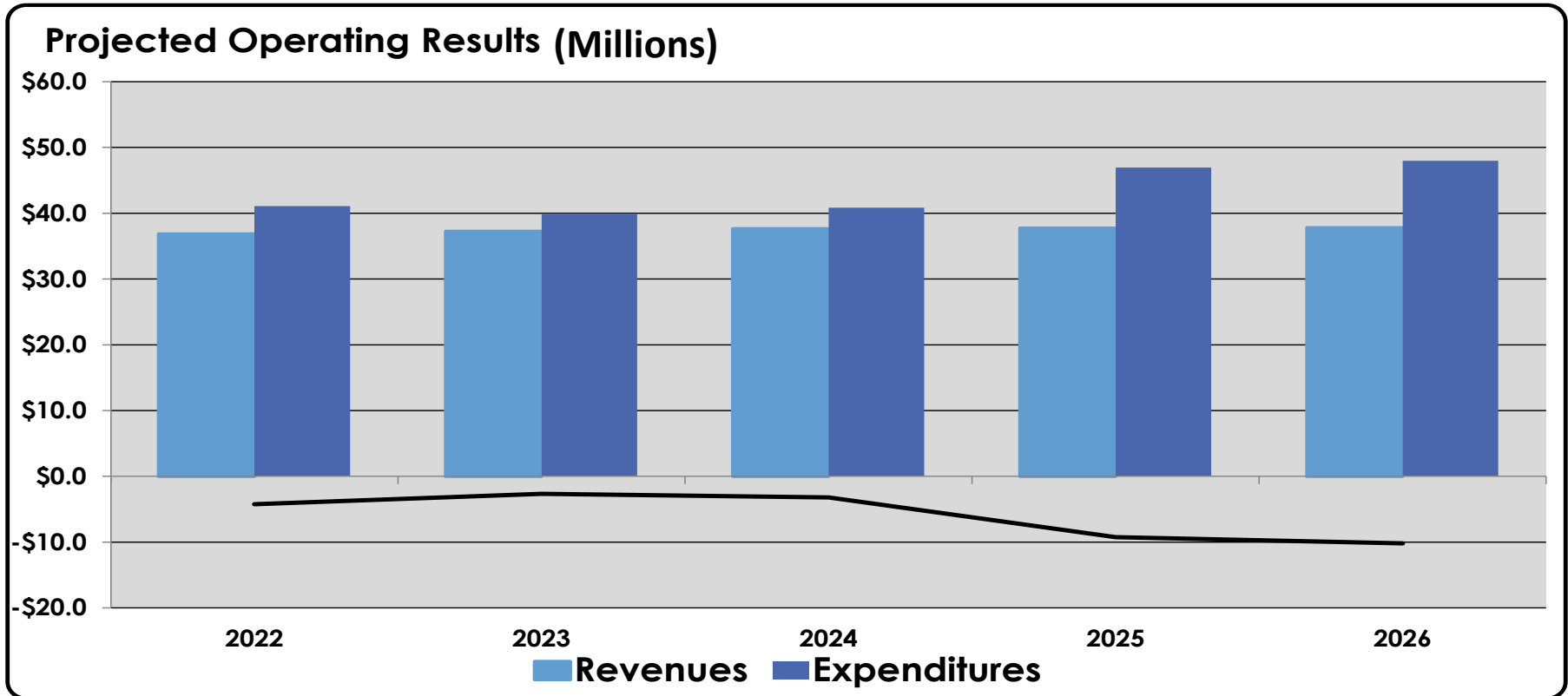
- Major components / structures over 50 years old
- Outdated monitoring and control system (SCADA)
- Upcoming EPA's treatment levels for emerging contaminants Requires newer technologies and more sophisticated treatment process
- Replacement parts not available / discontinued

New Water Treatment Plant is needed in 3-5 years



Status Quo Financial Projections

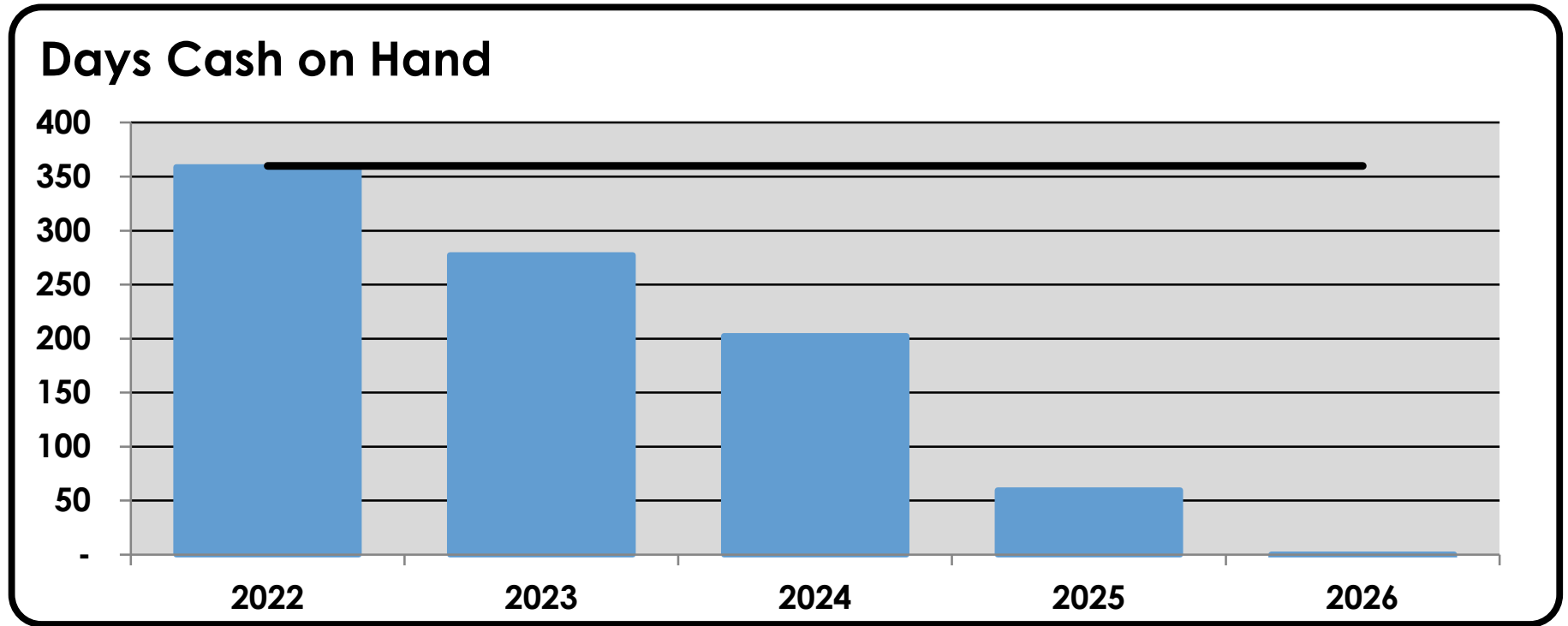
- Projected Operating Results



**Revenues insufficient to fund expenditures
(O&M, capital & new debt)**

Status Quo Financial Metrics

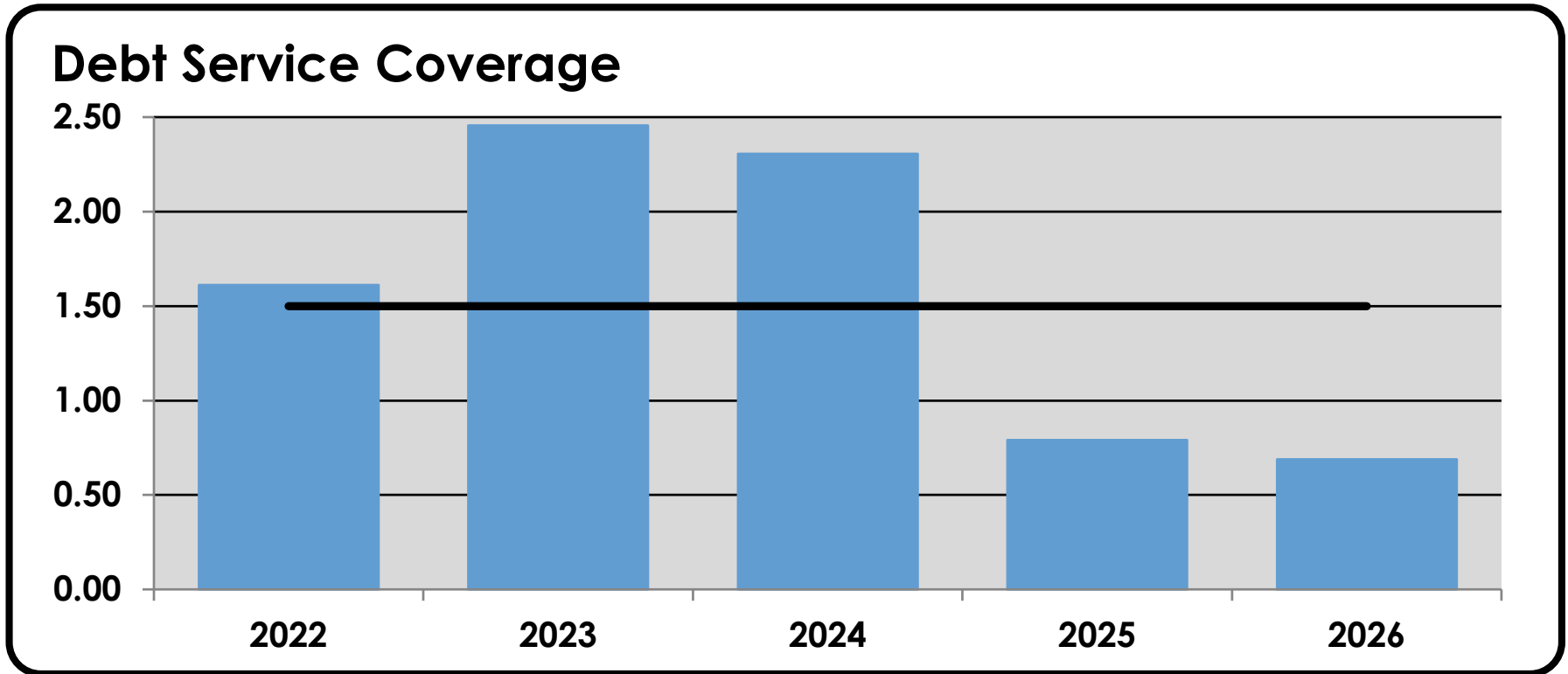
- Days Cash on Hand



**Revenue shortfall results in
depleted cash reserves**

Status Quo Financial Metrics

- Debt Service Coverage



Debt Service Coverage drops below target & covenant requirements

Status Quo Financial Metrics

In Summary...

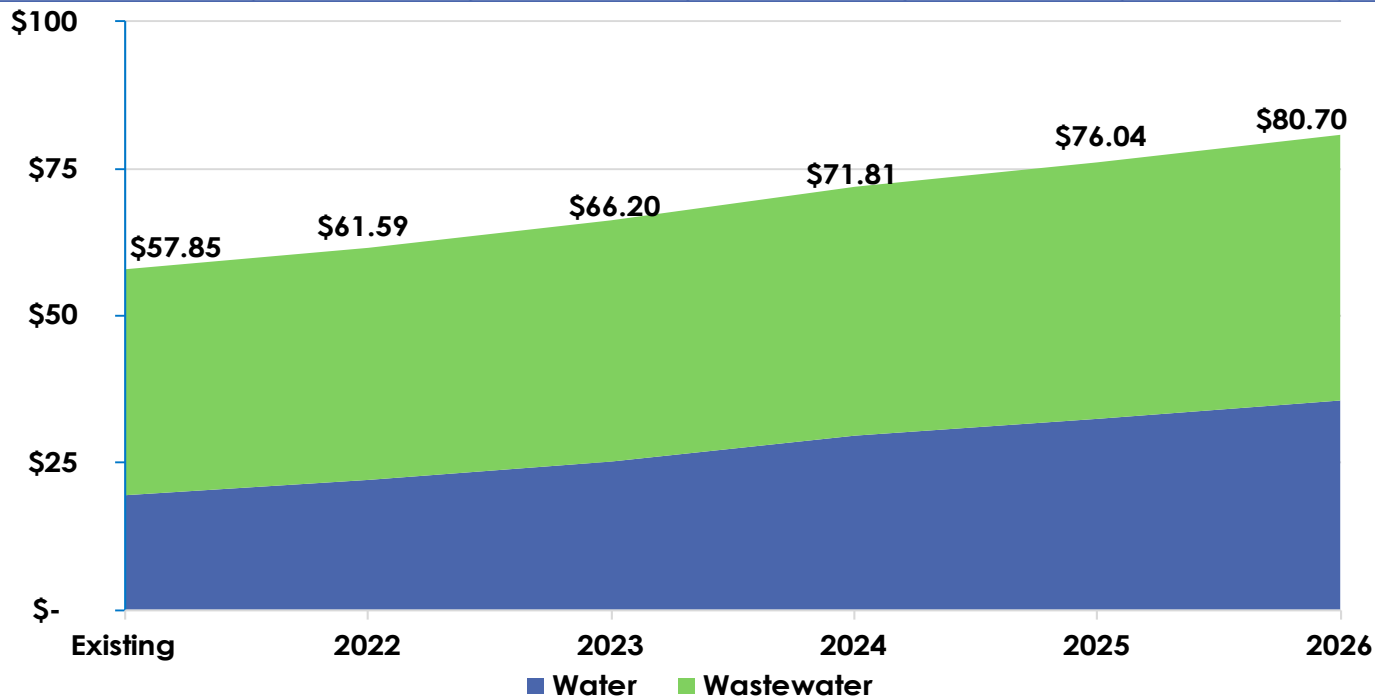
Doing nothing is
NOT
an option



- **RATE OPTIONS** -
BASED ON DCH GOALS

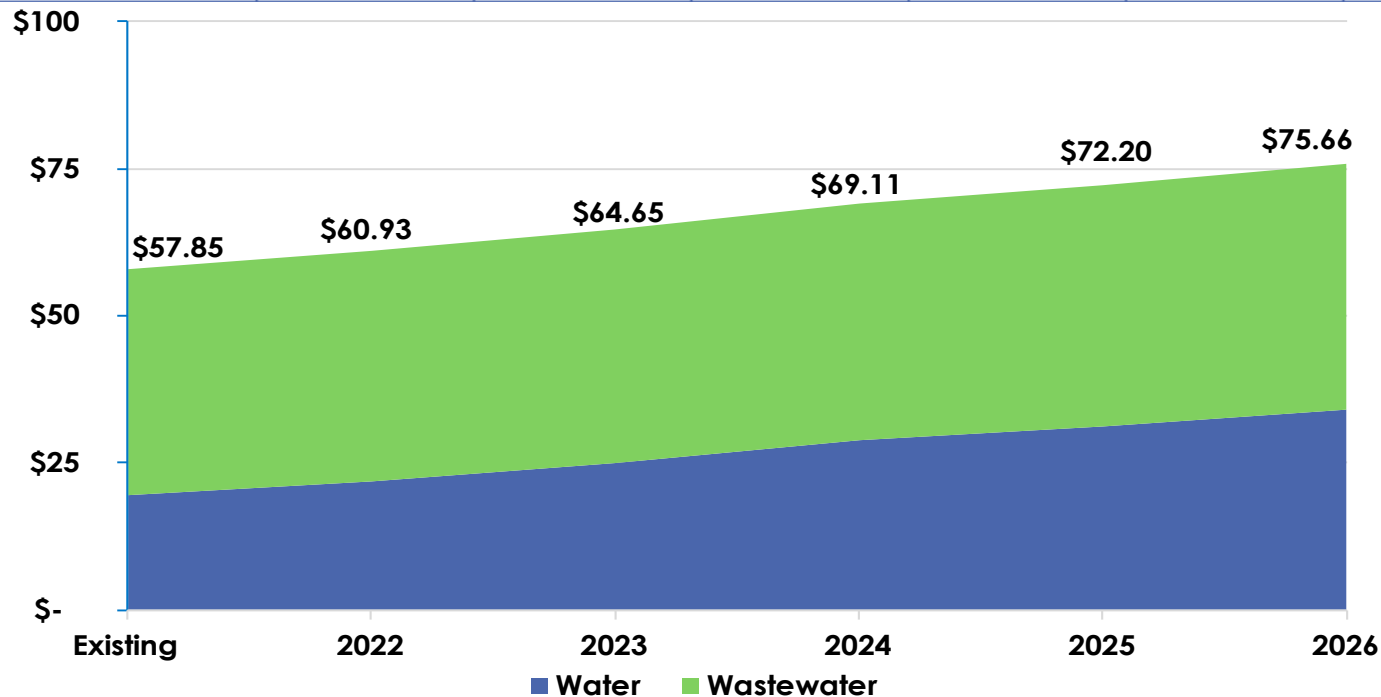
Scenario 1 – 360 Days Cash on Hand

Description	Existing Rates	Projected Bill @ 6,000 Gallons Per Month				
		2022	2023	2024	2025	2026
Water	\$ 19.47	\$ 22.01	\$ 25.30	\$ 29.53	\$ 32.38	\$ 35.66
Wastewater	\$ 38.38	\$ 39.58	\$ 40.90	\$ 42.28	\$ 43.66	\$ 45.04
Combined	\$ 57.85	\$ 61.59	\$ 66.20	\$ 71.81	\$ 76.04	\$ 80.70
Change from Prior		\$ 3.74	\$ 4.61	\$ 5.61	\$ 4.23	\$ 4.66



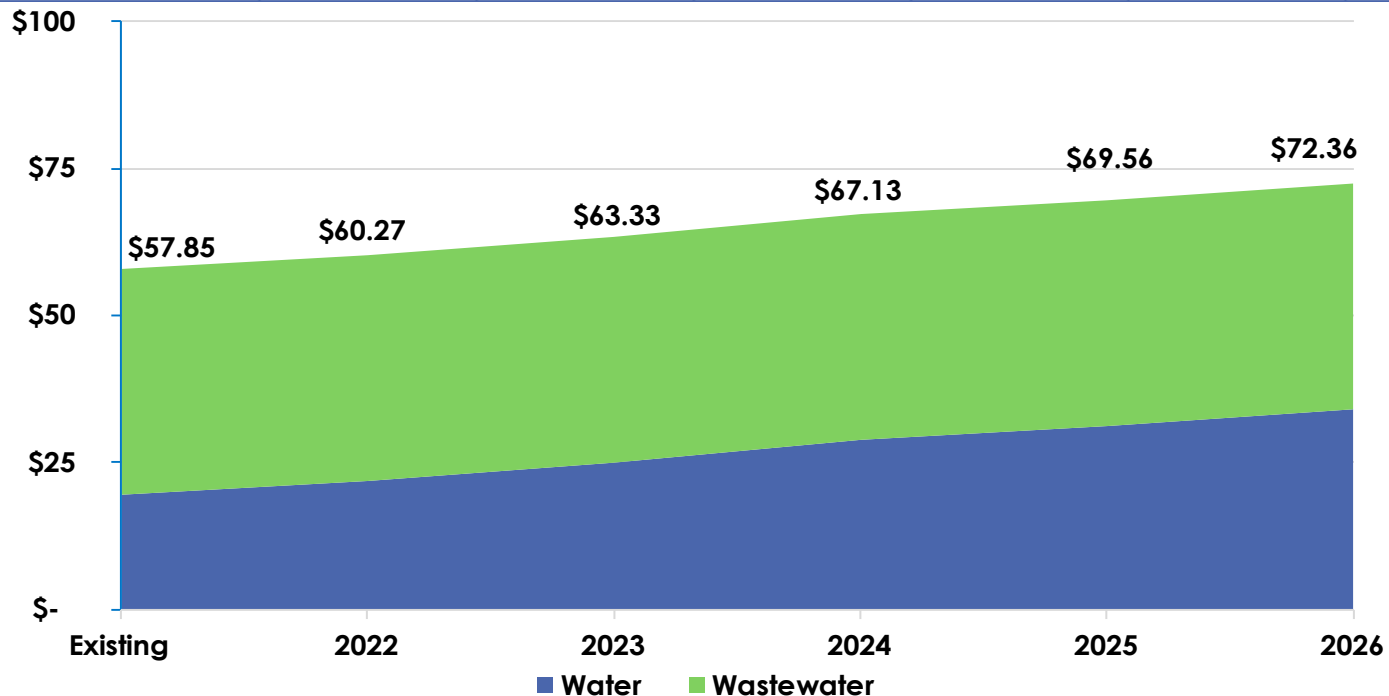
Scenario 2 – 300 Days Cash on Hand

Description	Existing Rates	Projected Bill @ 6,000 Gallons Per Month				
		2022	2023	2024	2025	2026
Water	\$ 19.47	\$ 21.89	\$ 24.95	\$ 28.75	\$ 31.18	\$ 33.98
Wastewater	\$ 38.38	\$ 39.04	\$ 39.70	\$ 40.36	\$ 41.02	\$ 41.68
Combined	\$ 57.85	\$ 60.93	\$ 64.65	\$ 69.11	\$ 72.20	\$ 75.66
Change from Prior		\$ 3.08	\$ 3.72	\$ 4.46	\$ 3.09	\$ 3.46

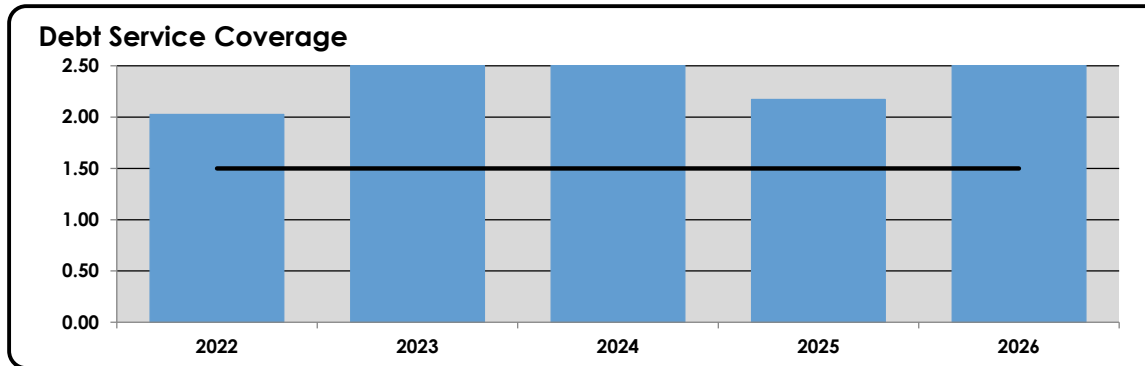


Scenario 3 – 250 Days Cash on Hand

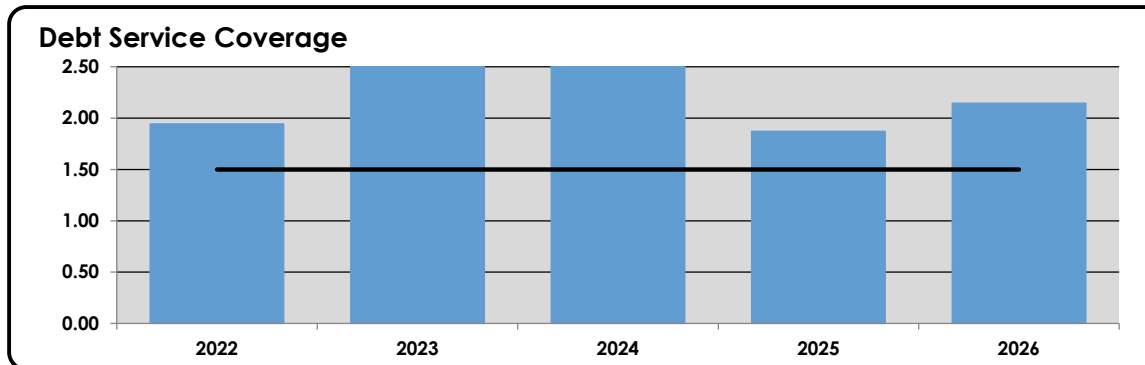
Description	Existing Rates	Projected Bill @ 6,000 Gallons Per Month				
		2022	2023	2024	2025	2026
Water	\$ 19.47	\$ 21.89	\$ 24.95	\$ 28.75	\$ 31.18	\$ 33.98
Wastewater	\$ 38.38	\$ 38.38	\$ 38.38	\$ 38.38	\$ 38.38	\$ 38.38
Combined	\$ 57.85	\$ 60.27	\$ 63.33	\$ 67.13	\$ 69.56	\$ 72.36
Change from Prior		\$ 2.42	\$ 3.06	\$ 3.80	\$ 2.43	\$ 2.80



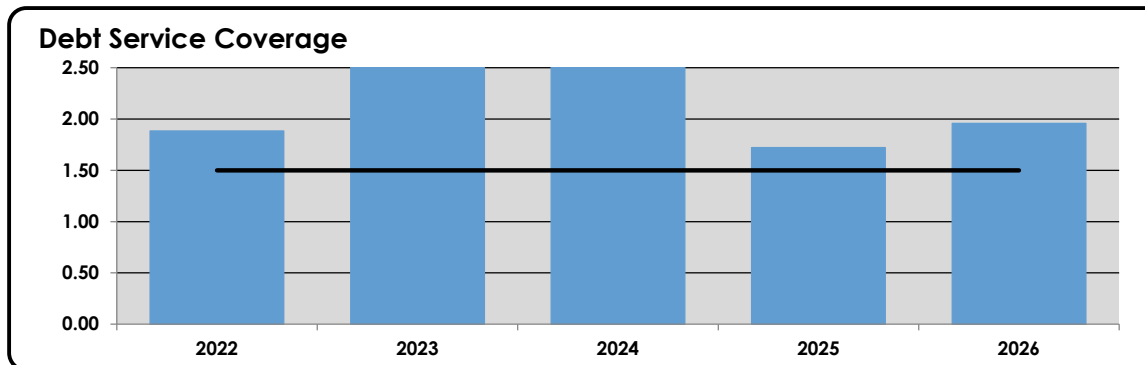
Debt Service Coverage Comparison



Scenario 1
360 DCH



Scenario 2
300 DCH

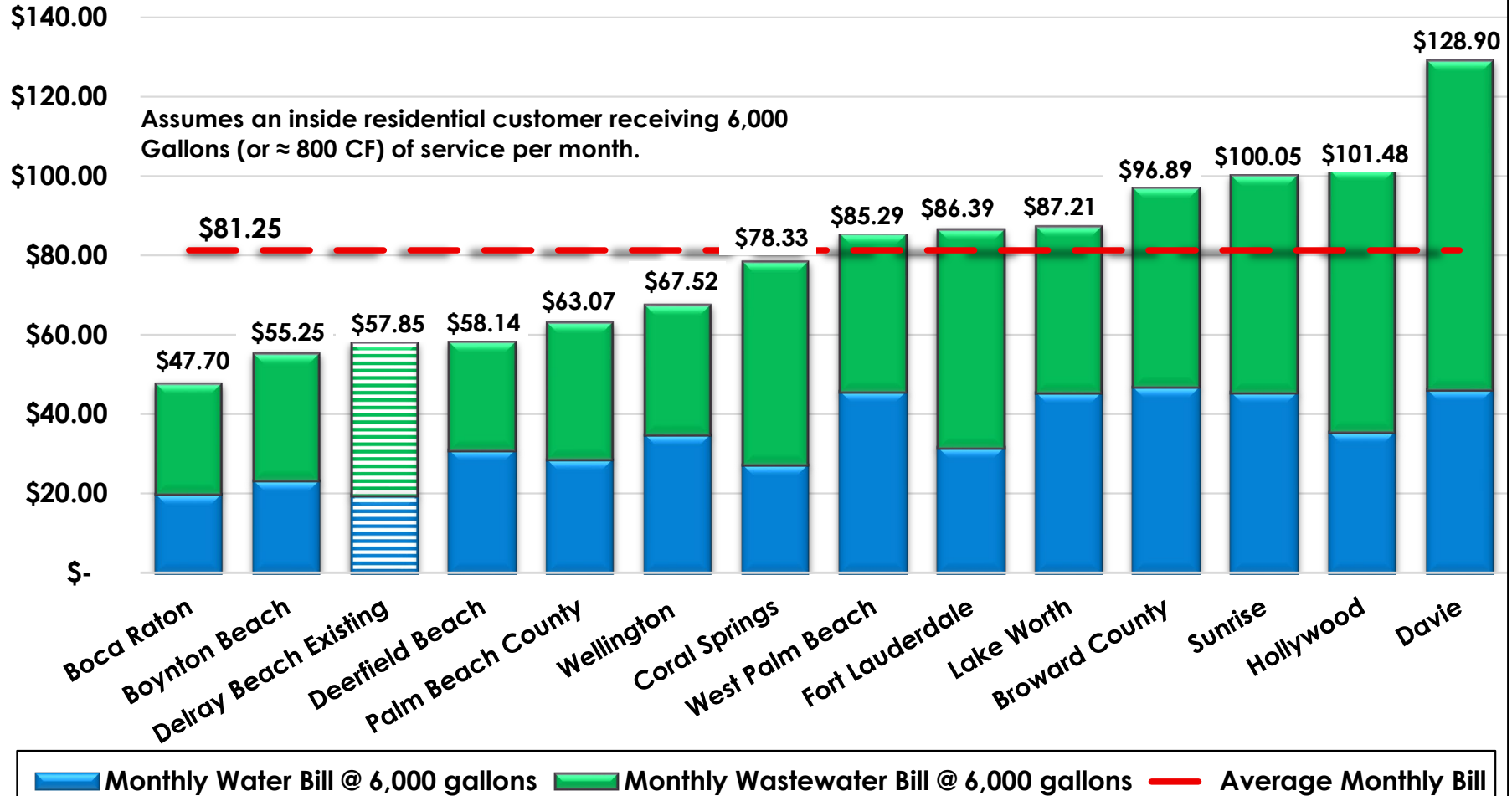


Scenario 3
250 DCH

Neighboring Utility Comparison

Combined Water & Wastewater Bill

Assumes an inside residential customer receiving 6,000 Gallons (or ≈ 800 CF) of service per month.



Questions or Comments from the Commission