

LONG-RANGE FINANCIAL PLAN FOR WATER AND SEWER OPERATING FUNDS

(\$ in thousands)	FY 2025 Approved	FY 2026 Proposed	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected
New Water and Sewer Debt Issues	\$ 390,262	\$ 494,441	\$ 611,109	\$ 532,360	\$ 588,064	\$ 556,029	\$ 554,797
Water and Sewer Combined Rate Increase (Average)	8.5 %	9.8 %	9.7 %	8.2 %	7.5 %	6.3 %	5.8 %
Operating Revenues							
Consumption Charges	\$ 809,105	\$ 894,985	\$ 981,799	\$ 1,062,306	\$ 1,141,979	\$ 1,213,924	\$ 1,284,332
Account Maintenance Fees (AMF)	59,964	69,684	76,443	82,712	88,915	94,516	99,998
Infrastructure Investment Fees (IIF)	74,839	86,016	94,360	102,098	109,755	116,670	123,435
Rockville Sewer Use	3,300	4,500	4,500	4,500	4,500	4,500	4,500
Plumbing and Inspection Fees	21,356	22,610	23,289	23,988	24,708	25,449	26,213
Grants Revenue	2,500	3,171	2,500	2,500	2,500	2,500	2,500
Miscellaneous	27,251	27,800	29,000	29,309	29,618	29,933	30,253
Cost Sharing Reimbursement/Natural Gas Sales	7,013	7,795	13,295	12,103	7,149	7,004	7,004
Interest Income	8,860	14,000	8,000	8,000	8,000	8,000	8,000
Uncollectible	(7,901)	(4,961)	(5,763)	(6,236)	(6,703)	(7,126)	(7,539)
Total Operating Revenues	\$ 1,006,287	\$ 1,125,600	\$ 1,227,423	\$ 1,321,280	\$ 1,410,421	\$ 1,495,370	\$ 1,578,696
Other Credits and Transfers							
SDC Debt Service Offset	5,772	5,772	5,748	5,748	5,748	5,748	5,748
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total Funds Available	\$ 1,014,059	\$ 1,133,372	\$ 1,235,171	\$ 1,329,028	\$ 1,418,169	\$ 1,503,118	\$ 1,586,444
Operating Expenses							
Salaries & Wages	158,146	199,283	208,250	217,622	227,415	237,648	248,342
Heat, Light & Power	27,278	29,200	30,079	30,985	31,914	34,620	35,832
Regional Sewage Disposal	76,908	83,661	85,334	87,041	88,782	90,558	92,369
All Other	339,158	354,427	365,458	394,224	434,106	463,104	505,553
Total Operating Expenses	\$ 601,490	\$ 666,571	\$ 689,121	\$ 729,872	\$ 782,217	\$ 825,930	\$ 882,096
Debt Service							
Bonds and Notes Principal and Interest	361,968	373,801	398,364	436,564	463,586	494,108	522,115
Other Transfers and Adjustments							
PAYGO	50,601	93,000	147,686	162,592	172,366	183,080	182,233
Total Expenses	\$ 1,014,059	\$ 1,133,372	\$ 1,235,171	\$ 1,329,028	\$ 1,418,169	\$ 1,503,118	\$ 1,586,444
Beginning Fund Balance - July 1							
Use of Fund Balance/Other Adjustments	26,166	-	-	-	-	-	-
Ending Fund Balance - June 30	\$ 395,088	\$ 395,088	\$ 395,088	\$ 395,088	\$ 395,088	\$ 395,088	\$ 395,088
Debt Service as a % of Total Expenses (< 40% Target)	35.7 %	33.0 %	32.3 %	32.8 %	32.7 %	32.9 %	32.9 %
Debt Service Coverage "Stress Case" (>=1.5 Target)	1.3	1.4	1.5	1.5	1.4	1.4	1.4
Leverage Ratio "Stress Case" (<8.0x)	8.8x	8.6x	8.3x	8.1x	8.3x	8.3x	8.5x
Days-Cash-on-Hand "Stress Case" (250 Days Target)	261	239	236	225	209	195	177
End Fund Balance as a % of Operating Revenue (min. 20%)	31.7 %	35.1 %	32.2 %	29.9 %	28.0 %	26.4 %	25.0 %
Total Workyears (All Funds)	1,963	2,040	2,040	2,040	2,040	2,040	2,040

- The FYs 2027-2031 projections reflect WSSC Water's multi-year forecast and assumptions. The projected expenditures, revenues and fund balances for these years may be influenced by changes to rates, fees, usage, inflation, future labor agreements and other factors not assumed in the FY 2026 Proposed Budget. Data excludes General Bond Debt Service
- Leverage ratio is calculated as net adjusted debt (total debt outstanding minus cash and cash equivalents) to adjusted funds available for debt service (Operating Revenues less Operating Expenses excluding depreciation plus adjustments for miscellaneous revenues and expenses). Other data used to calculate the leverage ratio is derived from the Audited Financial Statements
- Debt Service for bonds and notes includes Maryland Water Quality Bonds and interfund debt service transfers
- Adjustments to Consumption Charges, AMF and IIF for Water and Sewer Combined Rate Increase assumes rate increase is in effect for 12 months
- Debt Service Coverage is the amount of net operating and non-operating revenue available after operating expenses have been paid divided by the annual interest and principal payments on debt service.
- Days Cash-on-Hand is Unrestricted Cash and Investments divided by Total Operating Expenses (excluding Depreciation, PAYGO and Debt Service)

payable) per day

7. The FY 2025 mid-year adjustments resulted in an increase in Net Revenue
8. The "Stress Case" assumes an increase in capital costs of 10%. This is consistent with how Fitch Ratings, Inc. calculates the Leverage Ratio and Days-Cash-on-Hand as part of their annual surveillance review