

APPENDIX A

SPENDING AFFORDABILITY FORECASTS

FISCAL YEARS 2009-2014

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary
Modified Spending Affordability - (Scenario 15 - Public Hearing CIP Basecase with FY09 @ 8.0%): FY 2009 thru 2014

Estimated Revenues and Expenditures (\$'1,000)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	<u>Approved</u>	<u>Proposed</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
Revenue							
1 Water & Sewer Rate Revenue	\$353,385	\$372,742	\$403,749	\$438,663	\$458,531	\$487,114	\$511,000
2 All Other Sources	72,077	66,526	63,554	62,914	62,679	62,948	62,054
3 Total Revenue	425,462	439,268	467,303	501,577	521,210	550,062	573,054
Expenses							
4 Maintenance & Operating	251,533	266,838	274,245	289,807	307,823	322,533	337,966
5 Regional Sewage Disposal	38,627	40,558	42,010	43,527	45,534	47,628	49,809
6 Debt Service	156,772	166,749	183,174	185,269	193,515	200,800	209,833
7 PAYGO	-	-	-	-	-	-	-
8 Additional Operating Reserve Contribution	1,500	1,500	1,500	1,500	1,500	1,500	1,500
9 Unspecified reductions	-	(6,559)	-	-	-	-	-
10 Total Expenses	\$448,432	\$469,087	\$500,929	\$520,103	\$548,372	\$572,461	\$599,109
11 Revenue Gap (Revenue - Expenses)	(22,970)	(29,818)	(33,626)	(18,526)	(27,162)	(22,399)	(26,055)
Water Production (MGD)	169.0	169.5	170.0	170.5	171.0	171.5	172.0

12 **Debt Service Ratio (debt service / budget)** 35.0% 35.5% 36.6% 35.6% 35.3% 35.1% 35.0%

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
13 Rate Increase	6.5%	8.0%	8.3%	4.2%	5.9%	4.6%	5.1%
14 Operating Budget	\$448,432	\$469,087	\$500,929	\$520,103	\$548,372	\$572,461	\$599,109
15 Debt Service Expense	156,772	166,749	183,174	185,269	193,515	200,800	209,833
16 New Debt	145,414	191,274	202,091	167,694	166,253	154,754	155,473

NOTE:
 Impact of Rate Increase on Average Residential Monthly Bill

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	\$3.05	\$3.83	\$4.31	\$2.37	\$3.46	\$2.84	\$3.30

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary
Modified Spending Affordability - (Scenario 15 - Public Hearing CIP Basecase with FY09 @ 8.0%): FY 2009 thru 2014

Estimated Revenues and Expenditures (\$1,000)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	Approved	Proposed	Estimate	Estimate	Estimate	Estimate	Estimate
Revenue							
1	Water / Sewer Use Charges	\$353,385	\$372,742	\$403,749	\$438,663	\$458,531	\$487,114
2	Interest Income	5,500	5,500	5,500	5,500	5,500	5,500
3	Account Maintenance Fee (Service Charge)	22,650	22,850	23,050	23,250	23,450	23,650
4	Reconstruction Charge	-	-	-	-	-	-
	Miscellaneous	18,326	18,426	18,596	18,766	18,936	19,106
5	Total Revenue	399,861	419,518	450,895	486,179	506,417	535,370
6	SDC Debt Service Offset	2,711	2,612	2,498	2,398	2,293	2,192
7	Reconstruction Debt Service Offset	12,000	12,000	11,500	11,500	11,000	11,000
8	Use of Prior Year Net Revenue	10,890	5,138	2,410	1,500	1,500	1,500
9	Less Rate Stabilization	-	-	-	-	-	-
10	Adjustments to Total Revenue	25,601	19,750	16,408	15,398	14,793	14,692
11	Funds Available	425,462	439,268	467,303	501,577	521,210	550,062
	573,054						
Expenditures							
12	Salaries and Wages	87,943	92,341	96,959	101,808	106,899	112,244
13	Salaries and Wages based on Workyear Adjustment	-	-	-	-	-	-
14	Heat, Light and Power	22,271	24,212	24,507	25,813	28,957	30,149
15	All Other	141,319	150,285	159,600	169,281	179,345	187,813
16	All Other based on New & Expanded Programs	-	-	-	-	-	-
17	Reconstruction	-	-	-	-	-	-
18	Regional Sewage Disposal	38,627	40,558	42,010	43,527	45,534	47,628
19	Unspecified reductions	-	(6,559)	-	-	-	-
20	Unspecified reduction of future year's expenditure base	-	-	(6,821)	(7,094)	(7,378)	(7,673)
21	Additional Operating Reserve Contribution	1,500	1,500	1,500	1,500	1,500	1,500
22	Total Operating Expenses	291,660	302,338	317,755	334,834	354,857	371,661
23	Debt Service	156,772	166,749	183,174	185,269	193,515	200,800
24	Debt Reduction (PAYGO)	-	-	-	-	-	-
25	Total Financial Expenses	156,772	166,749	183,174	185,269	193,515	200,800
26	Total Expenditures	448,432	469,087	500,929	520,103	548,372	572,461
27	Revenue - Expenditure Gap before rate increase	(22,970)	(29,818)	(33,626)	(18,526)	(27,162)	(22,399)
28	Rate Increase	6.5%	8.0%	8.3%	4.2%	5.9%	4.6%
							5.1%

FY'09 Rate Increase Components

	Dollar Change	Rate Impact	Description
<u>Revenue Increase (Decrease)</u>			
Water & Sewer Rate Revenue	(3,883,000)	1.04%	Net decrease for billing factor reduction of 6 cents and increase in water production of 0.5 mgd.
Use of Prior Year Net Revenue	(5,752,000)	1.54%	FY'08 Use of Net Revenue included \$1.5 million for additional operating reserve contribution, \$1.09 million for SSO Consent Order costs, and \$8.3 million to fund operating expenses. FY'09 includes \$1.5 million for additional operating reserve contribution and \$3.64 million for SSO Consent Order costs.
Miscellaneous Revenue	201,000	-0.05%	Net Increase in misc revenues from \$200K increase in Acct Maint Fee for new customers added, \$100K assumed increase in misc revenues, and \$99K decrease in SDC Debt Service Offset.
Total Rate Impact from Revenue Changes		<u>2.53%</u>	
<u>Expense Increase</u>			
Debt Service	9,977,000	2.68%	Debt Service is increasing due to increased capital spending assumptions.
Heat, Light & Power	1,941,000	0.49%	Increase based on projection from WSSC Energy Manager.
Regional Sewage Disposal	1,931,000	0.52%	5% increase assumed for cost of treatment of WSSC wastewater at the Blue Plains Wastewater Treatment Plant based on estimates from DCWASA's 10 Year Fiscal Plan
Salaries & Wages	4,398,000	1.18%	Assumed 5% overall increase in Salaries & Wages
All Other	8,966,000	<u>2.41%</u>	Assumed 5% increase in All Other costs + required \$2 million additional GASB 45 funding.
Total Rate Impact from Expense Changes		<u>7.27%</u>	
Total Rate Impact		<u>9.80%</u>	

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary
FY 2009 thru 2014 Forecast : (Scenario 1 - Public Hearing CIP)
 Estimated Revenues and Expenditures (\$1,000)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenue							
1 Water & Sewer Rate Revenue	Approved	Proposed	Estimate	Estimate	Estimate	Estimate	Estimate
2 All Other Sources	72,077	66,526	63,554	62,914	62,679	62,948	62,054
3 Total Revenue	425,462	439,268	473,882	508,417	528,325	557,462	580,749
Expenses							
4 Maintenance & Operating	251,533	266,838	281,066	296,902	315,201	330,206	345,946
5 Regional Sewage Disposal	38,627	40,558	42,010	43,527	45,534	47,628	49,809
6 Debt Service	156,772	166,749	183,174	185,269	193,515	200,800	209,833
7 PAYGO	-	-	-	-	-	-	-
8 Additional Operating Reserve Contribution	1,500	1,500	1,500	1,500	1,500	1,500	1,500
9 Unspecified reductions	-	-	-	-	-	-	-
10 Total Expenses	\$446,432	\$475,646	\$507,750	\$527,197	\$555,750	\$580,134	\$607,089
11 Revenue Gap (Revenue - Expenses)	(22,970)	(36,377)	(33,868)	(18,780)	(27,425)	(22,672)	(26,340)
Water Production (MGD)	169.0	169.5	170.0	170.5	171.0	171.5	172.0

12 Debt Service Ratio (debt service / budget) 35.0% 35.1% 36.1% 35.1% 34.8% 34.6% 34.6%

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
13 Rate Increase	6.5%	9.8%	8.3%	4.2%	5.9%	4.6%	5.1%
14 Operating Budget	\$448,432	\$475,646	\$507,750	\$527,197	\$555,750	\$580,134	\$607,089
15 Debt Service Expense	156,772	166,749	183,174	185,269	193,515	200,800	209,833
16 New Debt	145,414	191,274	202,091	167,694	166,253	154,754	155,473

NOTE:
 Impact of Rate Increase on Average Residential Monthly Bill

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	\$3.05	\$4.67	\$4.34	\$2.40	\$3.49	\$2.88	\$3.34

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary
FY 2009 thru 2014 Forecast : (Scenario 1 - Public Hearing CIP)
 Estimated Revenues and Expenditures (\$1,000)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	Approved	Proposed	Estimate	Estimate	Estimate	Estimate	Estimate
Revenue							
1	Water / Sewer Use Charges	\$353,385	\$372,742	\$410,328	\$445,503	\$465,646	\$494,514
2	Interest Income	5,500	5,500	5,500	5,500	5,500	5,500
3	Account Maintenance Fee (Ready to Serve Charge)	22,650	22,850	23,050	23,250	23,450	23,650
4	Infrastructure Renewal Fee (Ready to Serve Charge)	-	-	-	-	-	-
5	Miscellaneous	18,326	18,426	18,596	18,766	18,936	19,106
6	Total Revenue	399,861	419,518	457,474	493,019	513,532	542,770
7	SDC Debt Service Offset	2,711	2,612	2,498	2,398	2,293	2,192
8	Reconstruction Debt Service Offset	12,000	12,000	11,500	11,500	11,000	11,000
9	Use of Fund Balance	10,890	5,138	2,410	1,500	1,500	1,500
10	Less Rate Stabilization	-	-	-	-	-	-
11	Adjustments to Total Revenue	25,601	19,750	16,408	15,398	14,793	14,692
12	Funds Available	425,462	439,268	473,882	508,417	528,325	557,462
Expenditures							
13	Salaries and Wages	87,943	92,341	96,959	101,808	106,899	112,244
14	Salaries and Wages based on Workyear Adjustment	22,271	24,212	24,507	25,813	28,957	30,149
15	Heat, Light and Power	141,319	150,285	159,600	169,281	179,345	187,813
16	All Other	-	-	-	-	-	-
17	All Other based on New & Expanded Programs	-	-	-	-	-	-
18	Reconstruction	-	-	-	-	-	-
19	Regional Sewage Disposal	38,627	40,558	42,010	43,527	45,534	47,628
20	Unspecified reductions	-	-	-	-	-	-
21	Unspecified reduction of future year's expenditure base	1,500	1,500	1,500	1,500	1,500	1,500
22	Additional Operating Reserve Contribution	291,660	308,897	324,576	341,928	362,235	379,334
23	Total Operating Expenses	156,772	166,749	183,174	185,269	193,515	200,800
24	Debt Service	-	-	-	-	-	-
25	Debt Reduction (PAYGO)	-	-	-	-	-	-
26	Total Financial Expenses	156,772	166,749	183,174	185,269	193,515	200,800
27	Total Expenditures	448,432	475,646	507,750	527,197	555,750	580,134
28	Revenue - Expenditure Gap before rate increase	(22,970)	(36,377)	(33,868)	(18,780)	(27,425)	(22,672)
29	Rate Increase	6.5%	9.8%	8.3%	4.2%	5.9%	4.6%

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary
 FY 2009 thru 2018 Forecast : (Scenario 2 - 30 Year Infrastructure Plan Full Requirement/Cannot Execute: Requires Increased Workload Resourcing (Ramp-up))
 Estimated Revenues and Expenditures (\$1,000)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenue											
1 Water & Sewer Rate Revenue	\$353,385	\$372,742	\$436,725	\$498,555	\$548,598	\$628,243	\$703,492	\$755,822	\$801,639	\$847,861	\$885,734
2 All Other Sources	72,077	66,526	63,554	62,914	62,679	62,948	62,054	62,163	61,594	61,443	61,606
3 Total Revenue	425,462	439,268	500,279	561,469	611,277	691,191	765,546	817,985	863,233	909,304	947,340
Expenses											
4 Maintenance & Operating	251,533	274,365	295,145	318,451	343,436	359,853	377,075	395,156	414,129	434,036	454,927
5 Regional Sewage Disposal	38,627	40,558	42,010	43,527	45,534	47,628	49,809	52,081	54,164	56,325	58,567
6 Debt Service	156,772	185,542	221,991	246,429	298,619	355,413	387,300	412,747	437,218	452,769	469,628
7 PAYGO											
8 Additional Operating Reserve Contribution	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
9 Unspecified reductions											
10 Total Expenses	\$448,432	\$501,966	\$560,646	\$609,907	\$689,089	\$764,394	\$815,684	\$861,484	\$907,011	\$944,630	\$984,621
11 Revenue Gap (Revenue - Expenses)	(22,970)	(62,697)	(60,367)	(48,438)	(77,812)	(73,203)	(50,138)	(43,499)	(43,778)	(35,326)	(37,281)
Water Production (MGD)	169.0	169.5	170.0	170.5	171.0	171.5	172.0	172.5	173.0	173.5	174.0
12 Debt Service Ratio (debt service / budget)	35.0%	37.0%	39.6%	40.4%	43.3%	46.5%	47.5%	47.9%	48.2%	47.9%	47.7%

NOTE:
 Impact of Rate Increase on Average Residential Monthly Bill

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
	\$3.05	\$8.06	\$7.74	\$6.19	\$9.91	\$9.20	\$6.35	\$5.49	\$5.51	\$4.44	\$4.67

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary
FY 2009 thru 2018 Forecast : (Scenario 2 - 30 Year Infrastructure Plan Full Requirement/Cannot Execute: Requires Increased Workload Resourcing (Ramp-up))
 Estimated Revenues and Expenditures (\$1,000)

	FY 2008 Approved	FY 2009 Proposed	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	
Revenue												
1	Water / Sewer Use Charges	\$353,385	\$372,742	\$436,725	\$498,555	\$548,598	\$628,243	\$703,492	\$755,822	\$801,639	\$847,861	\$885,734
2	Interest Income	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
3	Account Maintenance Fee (Ready to Serve Charge)	22,650	22,850	23,050	23,250	23,450	23,650	23,850	24,050	24,250	24,450	24,650
4	Infrastructure Renewal Fee (Ready to Serve Charge)	-	-	-	-	-	-	-	-	-	-	-
5	Miscellaneous	18,326	18,426	18,596	18,766	18,936	19,106	19,276	19,446	19,616	19,786	19,956
6	Total Revenue	399,861	419,518	483,871	546,071	596,484	676,499	752,118	804,818	851,005	897,597	935,840
7	SDC Debt Service Offset	2,711	2,612	2,498	2,398	2,293	2,192	1,428	1,167	728	207	-
8	Reconstruction Debt Service Offset	12,000	12,000	11,500	11,500	11,000	11,000	10,500	10,500	10,000	10,000	10,000
9	Use of Fund Balance	10,890	5,138	2,410	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
10	Less Rate Stabilization	-	-	-	-	-	-	-	-	-	-	-
11	Adjustments to Total Revenue	25,601	19,750	16,408	15,398	14,793	14,692	13,428	13,167	12,228	11,707	11,500
12	Funds Available	425,462	439,268	500,279	561,469	611,277	691,191	765,546	817,985	863,233	909,304	947,340
Expenditures												
13	Salaries and Wages	87,943	92,341	96,959	101,808	106,899	112,244	117,857	123,751	129,940	136,438	143,261
14	Salaries and Wages based on Workyear Adjustment	-	-	-	-	-	-	-	-	-	-	-
15	Heat, Light and Power	22,271	24,212	24,507	25,813	28,957	30,149	31,385	32,680	34,027	35,428	36,886
16	All Other	141,319	157,812	173,679	190,830	207,580	217,460	227,833	238,725	250,162	262,170	274,780
17	All Other based on New & Expanded Programs	-	-	-	-	-	-	-	-	-	-	-
18	Reconstruction	-	-	-	-	-	-	-	-	-	-	-
19	Regional Sewage Disposal	38,627	40,558	42,010	43,527	45,534	47,628	49,809	52,081	54,164	56,325	58,567
20	Unspecified reductions	-	-	-	-	-	-	-	-	-	-	-
21	Unspecified reduction of future year's expenditure base	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
22	Additional Operating Reserve Contribution	291,660	316,424	338,655	363,478	390,470	408,981	428,384	448,737	469,793	491,861	514,993
23	Total Operating Expenses	156,772	185,542	221,991	246,429	298,619	355,413	387,300	412,747	437,218	452,769	469,628
24	Debt Service	-	-	-	-	-	-	-	-	-	-	-
25	Debt Reduction (PAYGO)	-	-	-	-	-	-	-	-	-	-	-
26	Total Financial Expenses	156,772	185,542	221,991	246,429	298,619	355,413	387,300	412,747	437,218	452,769	469,628
27	Total Expenditures	448,432	501,966	560,646	609,907	689,089	764,394	815,684	861,484	907,011	944,630	984,621
28	Revenue - Expenditure Gap before rate increase	(22,970)	(62,697)	(60,367)	(48,438)	(77,812)	(73,203)	(50,138)	(43,499)	(43,778)	(35,326)	(37,281)
29	Rate Increase	6.5%	16.8%	13.8%	9.7%	14.2%	11.7%	7.1%	5.8%	5.5%	4.2%	4.2%

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary
FY 2009 thru 2018 Forecast : (Scenario 3 - 15 Year Smoothing/Ramp-up/Rate Supported)
 Estimated Revenues and Expenditures (\$1,000)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenue											
1 Water & Sewer Rate Revenue	Approved	Proposed	Estimate								
2 All Other Sources	\$353,385	\$372,742	\$424,800	\$471,488	\$511,176	\$555,678	\$609,151	\$664,373	\$719,698	\$774,553	\$828,337
3 Total Revenue	72,077	66,526	63,554	62,914	62,679	62,948	62,054	62,163	61,594	61,443	61,606
425,462	439,268	488,354	534,402	573,855	628,626	671,205	726,536	781,292	835,996	889,943	
Expenses											
4 Maintenance & Operating	251,533	274,366	288,243	303,670	320,809	330,206	345,946	362,471	379,810	398,002	417,089
5 Regional Sewage Disposal	38,627	40,558	42,010	43,527	45,534	47,628	49,809	52,081	54,164	56,325	58,567
6 Debt Service	156,772	173,651	201,905	223,897	258,863	290,993	327,245	363,728	398,440	431,573	465,343
7 PAYGO											
8 Additional Operating Reserve Contribution	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
9 Unspecified reductions											
10 Total Expenses	\$448,432	\$490,076	\$533,658	\$572,593	\$626,706	\$670,327	\$724,501	\$779,780	\$833,914	\$887,400	\$942,499
11 Revenue Gap (Revenue - Expenses)	(22,970)	(50,807)	(45,304)	(38,191)	(52,851)	(41,701)	(53,296)	(53,244)	(52,622)	(51,404)	(52,556)
Water Production (MGD)	169.0	169.5	170.0	170.5	171.0	171.5	172.0	172.5	173.0	173.5	174.0

12 Debt Service Ratio (debt service / budget) 35.0% 35.4% 37.8% 39.1% 41.3% 43.4% 45.2% 46.6% 47.8% 48.6% 49.4%

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Rate Increase	6.5%	13.6%	10.7%	8.1%	10.3%	7.4%	8.7%	8.0%	7.3%	6.6%	6.3%
Operating Budget	\$448,432	\$490,076	\$533,658	\$572,593	\$626,706	\$670,327	\$724,501	\$779,780	\$833,914	\$887,400	\$942,499
Debt Service Expense	156,772	173,651	201,905	223,897	258,863	290,993	327,245	363,728	398,440	431,573	465,343
New Debt	145,414	260,285	314,116	359,051	418,372	381,993	420,862	439,264	403,230	437,588	428,186

NOTE:
 Impact of Rate Increase on Average Residential Monthly Bill

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
	\$3.05	\$6.53	\$5.80	\$4.88	\$6.73	\$5.20	\$6.75	\$6.72	\$6.63	\$6.45	\$6.58

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary
FY 2009 thru 2018 Forecast : (Scenario 3 - 15 Year Smoothing/Ramp-up/Rate Supported)
 Estimated Revenues and Expenditures (\$1,000)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
	Approved	Proposed	Estimate								
Revenue											
1 Water / Sewer Use Charges	\$353,385	\$372,742	\$424,800	\$471,488	\$511,176	\$565,678	\$609,151	\$664,373	\$719,698	\$774,553	\$828,337
2 Interest Income	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
3 Account Maintenance Fee (Ready to Serve Charge)	22,650	22,850	23,050	23,250	23,450	23,650	23,850	24,050	24,250	24,450	24,650
4 Infrastructure Renewal Fee (Ready to Serve Charge)	-	-	-	-	-	-	-	-	-	-	-
5 Miscellaneous	18,326	18,426	18,596	18,766	18,936	19,106	19,276	19,446	19,616	19,786	19,956
6 Total Revenue	399,861	419,518	471,946	519,004	559,062	613,934	657,777	713,369	769,064	824,289	878,443
7 SDG Debt Service Offset	2,711	2,612	2,498	2,398	2,293	2,192	1,428	1,167	728	207	-
8 Reconstruction Debt Service Offset	12,000	12,000	11,500	11,500	11,000	11,000	10,500	10,500	10,000	10,000	10,000
9 Use of Fund Balance	10,890	5,138	2,410	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
10 Less Rate Stabilization	-	-	-	-	-	-	-	-	-	-	-
11 Adjustments to Total Revenue	25,601	19,750	16,408	15,398	14,793	14,692	13,428	13,167	12,228	11,707	11,500
12 Funds Available	425,462	439,268	488,354	534,402	573,855	628,626	671,205	726,536	781,292	835,996	889,943
Expenditures											
13 Salaries and Wages	87,943	92,341	96,959	101,808	106,899	112,244	117,857	123,751	129,940	136,438	143,261
14 Salaries and Wages based on Workyear Adjustment	22,271	24,212	24,507	25,813	28,957	30,149	31,385	32,680	34,027	35,428	36,866
15 Heat, Light and Power	141,319	157,813	166,777	176,049	184,953	187,813	196,704	206,040	215,843	226,136	236,942
16 All Other	-	-	-	-	-	-	-	-	-	-	-
17 All Other based on New & Expanded Programs	-	-	-	-	-	-	-	-	-	-	-
18 Reconstruction	-	-	-	-	-	-	-	-	-	-	-
19 Regional Sewage Disposal	38,627	40,558	42,010	43,527	45,534	47,628	49,809	52,081	54,164	56,325	58,567
20 Unspecified reductions	-	-	-	-	-	-	-	-	-	-	-
21 Unspecified reduction of future year's expenditure base	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
22 Additional Operating Reserve Contribution	291,660	316,425	331,753	348,696	367,843	379,334	397,256	416,052	435,474	455,827	477,156
23 Total Operating Expenses	156,772	173,651	201,905	223,897	258,863	290,993	327,245	363,728	398,440	431,573	465,343
24 Debt Service	-	-	-	-	-	-	-	-	-	-	-
25 Debt Reduction (PAYGO)	156,772	173,651	201,905	223,897	258,863	290,993	327,245	363,728	398,440	431,573	465,343
26 Total Financial Expenses	156,772	173,651	201,905	223,897	258,863	290,993	327,245	363,728	398,440	431,573	465,343
27 Total Expenditures	448,432	490,076	533,658	572,593	626,706	670,327	724,501	779,780	833,914	887,400	942,499
28 Revenue - Expenditure Gap before rate increase	(22,970)	(50,807)	(45,304)	(38,191)	(52,851)	(41,701)	(53,296)	(53,244)	(52,622)	(51,404)	(52,556)
29 Rate Increase	6.5%	13.6%	10.7%	8.1%	10.3%	7.4%	8.7%	8.0%	7.3%	6.6%	6.3%

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary
 FY 2009 thru 2018 Forecast : (Scenario 4c - 15 Year Leveling/Ramp-up/Infrastructure Renewal Fee (Ready to Serve Charge)/Level @ 6.0% FY11-14)
 Estimated Revenues and Expenditures (\$1,000)

	FY 2008 Approved	FY 2009 Proposed	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate
Revenue											
1 Water & Sewer Rate Revenue	\$353,385	\$372,742	\$416,980	\$453,280	\$481,887	\$512,299	\$544,622	\$578,983	\$612,110	\$647,752	\$682,072
2 All Other Sources	72,077	148,590	246,453	269,429	275,008	249,929	246,009	288,183	272,909	273,632	283,421
3 Total Revenue	425,462	521,332	663,433	722,709	756,895	762,228	790,631	867,166	885,019	921,384	965,493
Expenses											
4 Maintenance & Operating	251,533	274,366	288,243	303,670	320,809	330,206	345,946	362,471	379,810	398,002	417,089
5 Regional Sewage Disposal	38,627	40,558	42,010	43,527	45,534	47,628	49,809	52,081	54,184	56,325	58,567
6 Debt Service	156,772	165,854	183,749	191,723	209,025	221,912	240,116	256,448	272,001	285,724	299,804
7 PAYGO	-	82,064	182,900	209,487	208,940	191,812	185,936	226,020	211,316	212,190	221,817
8 Additional Operating Reserve Contribution	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
9 Unspecified reductions	-	-	-	-	-	-	-	-	-	-	-
10 Total Expenses	\$448,432	\$564,343	\$698,402	\$749,906	\$785,808	\$793,058	\$823,308	\$898,520	\$918,791	\$953,741	\$998,777
11 Revenue Gap (Revenue - Expenses)	(22,970)	(43,010)	(34,969)	(27,197)	(28,913)	(30,830)	(32,677)	(31,354)	(33,772)	(32,357)	(33,284)
Water Production (MGD)	169.0	169.5	170.0	170.5	171.0	171.5	172.0	172.5	173.0	173.5	174.0

12 Debt Service Ratio (debt service / budget) 35.0% 29.4% 26.3% 25.6% 26.6% 28.0% 29.2% 28.5% 29.6% 30.0% 30.0%

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Rate Increase	6.5%	11.5%	8.4%	6.0%	6.0%	6.0%	6.0%	5.4%	5.5%	5.0%	4.9%
Operating Budget	\$448,432	\$564,343	\$698,402	\$749,906	\$785,808	\$793,058	\$823,308	\$898,520	\$918,791	\$953,741	\$998,777
Debt Service Expense	156,772	165,854	183,749	191,723	209,025	221,912	240,116	256,448	272,001	285,724	299,804
New Debt	145,414	182,326	219,274	226,176	251,036	200,078	248,724	237,028	210,149	236,010	217,461

NOTE:
Impact of Rate Increase on Average Residential Monthly Bill

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
	\$3.05	\$5.53	\$4.48	\$3.47	\$3.68	\$3.92	\$4.14	\$3.96	\$4.25	\$4.06	\$4.17

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary
FY 2009 thru 2018 Forecast : (Scenario 4c - 15 Year Leveling/Ramp-up/Infrastructure Renewal Fee (Ready to Serve Charge)/Level @ 6.0% FY11-14)
 Estimated Revenues and Expenditures (\$1,000)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	
	Approved	Proposed	Estimate									
Revenue												
1	Water / Sewer Use Charges	\$353,385	\$372,742	\$416,980	\$453,280	\$481,887	\$512,299	\$544,622	\$578,983	\$612,110	\$647,752	\$682,072
2	Interest Income	5,500	7,328	10,687	12,942	13,626	13,217	12,722	11,767	10,134	8,487	6,573
3	Account Maintenance Fee (Ready to Serve Charge)	22,650	22,850	23,050	23,250	23,450	23,650	23,850	24,050	24,250	24,450	24,650
4	Infrastructure Renewal Fee (Ready to Serve Charge)	-	163,303	164,264	165,226	166,188	167,151	168,113	169,075	170,036	170,999	171,960
5	Miscellaneous	18,326	18,426	18,596	18,766	18,936	19,106	19,276	19,446	19,616	19,786	19,956
6	Total Revenue	399,861	584,649	633,577	673,464	704,087	735,423	768,583	803,321	836,146	871,474	905,211
7	SDC Debt Service Offset	2,711	2,612	2,498	2,398	2,293	2,513	1,428	1,167	728	207	-
8	Reconstruction Debt Service Offset	12,000	12,000	11,500	11,500	11,000	18,032	10,500	15,061	10,000	10,000	10,000
9	Use of Fund Balance	10,890	5,138	85,477	71,119	39,423	17,681	47,617	47,617	38,145	39,703	50,282
10	Less Rate Stabilization	-	(83,067)	(69,619)	(35,772)	92	(4,740)	(7,561)	-	-	-	-
11	Adjustments to Total Revenue	25,601	(63,317)	29,856	49,245	52,808	26,805	22,048	63,845	48,873	49,910	60,282
12	Funds Available	425,462	521,332	663,433	722,709	756,895	782,228	790,631	867,166	885,019	921,384	985,493
Expenditures												
13	Salaries and Wages	87,943	92,341	96,959	101,808	106,899	112,244	117,857	123,751	129,940	136,438	143,261
14	Salaries and Wages based on Workyear Adjustment	22,271	24,212	24,507	25,813	26,957	30,149	31,385	32,680	34,027	35,428	36,886
15	Heat, Light and Power	141,319	157,813	166,777	176,049	184,953	187,813	196,704	206,040	215,843	226,136	236,942
16	All Other	-	-	-	-	-	-	-	-	-	-	-
17	All Other based on New & Expanded Programs	-	-	-	-	-	-	-	-	-	-	-
18	Reconstruction	-	-	-	-	-	-	-	-	-	-	-
19	Regional Sewage Disposal	38,627	40,558	42,010	43,527	45,534	47,628	49,809	52,081	54,164	56,325	58,567
20	Unspecified reductions	-	-	-	-	-	-	-	-	-	-	-
21	Unspecified reduction of future year's expenditure base	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
22	Additional Operating Reserve Contribution	291,660	316,425	331,753	348,696	367,843	379,334	397,256	416,052	435,474	455,827	477,156
23	Total Operating Expenses	291,660	316,425	331,753	348,696	367,843	379,334	397,256	416,052	435,474	455,827	477,156
24	Debt Service	156,772	165,854	183,749	191,723	209,025	221,912	240,116	256,448	272,001	286,724	299,804
25	Debt Reduction (PAYGO)	-	82,064	182,900	209,487	208,940	191,812	185,936	226,020	211,316	212,190	221,817
26	Total Financial Expenses	156,772	247,918	366,649	401,210	417,965	413,724	426,052	482,468	483,317	497,914	521,621
27	Total Expenditures	448,432	564,343	698,402	749,906	785,808	793,058	823,308	898,520	918,791	953,741	998,777
28	Revenue - Expenditure Gap before rate increase	(22,970)	(43,010)	(34,969)	(27,197)	(28,913)	(30,830)	(32,677)	(31,354)	(33,772)	(32,357)	(33,284)
29	Rate Increase	6.5%	11.5%	8.4%	6.0%	6.0%	6.0%	6.0%	5.4%	5.5%	5.0%	4.9%

Calculation of Ready to Serve Charge

Scenario Description

This scenario calculates the flat rate Ready to Serve Charge utilizing the fifteen year leveling @80% with ramp-up Utility Master Plan scenario. This sheet shows the cost per customer account optimized for any interest earnings. Total 10 Year Cost was adjusted down until the cash flow analysis came as close to zero as possible.

Ready to Serve Charge (Water)

	Total 10 Year <u>Cost</u>	Total <u>Accounts</u>	Annual <u>Rate</u>	Quarterly <u>Rate</u>	Monthly <u>Rate</u>
Flat Rate	1,006,429,747	4,536,840	221.83	55.46	18.49

Cash Flow - Flat Rate

Assumed Interest Rate 0.045

	Beginning Fund <u>Balance</u> (a)	Anticipated <u>Revenue</u> (b)	Estimated <u>Cost</u> (c)	Fund <u>Balance</u> (a)+(b)-(c)=(d)	Interest <u>Income</u> (e)	Adjusted Fund <u>Balance</u> (d)+(e)
FY'09	0	96,649,945	62,522,890	34,127,055	767,859	34,894,914
FY'10	34,894,914	97,537,285	69,854,847	62,577,352	2,193,126	64,770,478
FY'11	64,770,478	98,424,625	96,211,567	66,983,536	2,964,465	69,948,002
FY'12	69,948,002	99,311,965	104,573,308	64,686,659	3,029,280	67,715,939
FY'13	67,715,939	100,199,305	109,317,772	58,597,471	2,842,052	61,439,523
FY'14	61,439,523	101,086,645	99,326,465	63,199,702	2,804,383	66,004,085
FY'15	66,004,085	101,973,985	122,848,034	45,130,035	2,500,518	47,630,553
FY'16	47,630,553	102,861,324	119,699,084	30,792,793	1,764,525	32,557,319
FY'17	32,557,319	103,748,664	118,423,739	17,882,244	1,134,890	19,017,134
FY'18	19,017,134	<u>104,636,004</u>	<u>124,071,608</u>	-418,470	<u>418,470</u>	0
		1,006,429,747	1,026,849,314		20,419,567	

Calculation of Ready to Serve Charge

Scenario Description

This scenario calculates the flat rate Ready to Serve Charge utilizing the fifteen year leveling @80% with ramp-up Utility Master Plan scenario. This sheet shows the cost per customer account optimized for any interest earnings. Total 10 Year Cost was adjusted down until the cash flow analysis came as close to zero as possible.

Ready to Serve Charge (Sewer)

	<u>Total 10 Year Cost</u>	<u>Total Accounts</u>	<u>Annual Rate</u>	<u>Quarterly Rate</u>	<u>Monthly Rate</u>
Flat Rate	336,146,468	4,435,710	75.78	18.95	6.32

Cash Flow - Flat Rate

Assumed Interest Rate 0.045

	<u>Beginning Fund Balance (a)</u>	<u>Anticipated Revenue (b)</u>	<u>Estimated Cost (c)</u>	<u>Fund Balance (a)+(b)-(c)=(d)</u>	<u>Interest Income (e)</u>	<u>Adjusted Fund Balance (d)+(e)</u>
FY'09	0	32,250,573	3,128,096	29,122,477	655,256	29,777,733
FY'10	29,777,733	32,553,700	10,011,622	52,319,811	1,847,195	54,167,005
FY'11	54,167,005	32,856,828	15,683,633	71,340,201	2,823,912	74,164,113
FY'12	74,164,113	33,159,955	36,340,069	70,983,999	3,265,833	74,249,832
FY'13	74,249,832	33,463,083	43,875,498	63,837,416	3,106,963	66,944,379
FY'14	66,944,379	33,766,211	45,630,518	55,080,071	2,745,550	57,825,622
FY'15	57,825,622	34,069,338	47,455,739	44,439,221	2,300,959	46,740,180
FY'16	46,740,180	34,372,466	49,353,969	31,758,676	1,766,224	33,524,901
FY'17	33,524,901	34,675,593	51,328,127	16,872,366	1,133,939	18,006,305
FY'18	18,006,305	<u>34,978,721</u>	<u>53,381,253</u>	-396,227	<u>396,227</u>	0
		336,146,468	356,188,525		20,042,057	

Calculation of Ready to Serve Charge

Scenario Description

This scenario calculates the Ready to Serve Charge by meter size utilizing the fifteen year leveling @80% with ramp-up Utility Master Plan scenario. This sheet shows the cost per customer account optimized for any interest earnings. Total 10 Year Cost was adjusted down until the cash flow analysis came as close to zero as possible.

Ready to Serve Charge (Water)

	Total 10 Year Cost	Annual Rate	Quarterly Rate	Monthly Rate
	1,005,288,824			
By Meter Size				
<u>Small Meters</u>				
5/8" to 1-1/2" (Residential)		143.03	35.76	11.92
<u>Large Meters</u>				
1-1/2" (Commercial)		500.62	125.15	41.72
2"		715.17	178.79	59.60
3"		2,145.50	536.37	178.79
4"		5,721.33	1,430.33	476.78
6"		11,442.66	2,860.67	953.56
8"		27,176.33	6,794.08	2,264.69
10" & 12"		42,909.99	10,727.50	3,575.83

Cash Flow - By Meter Size

	Assumed Interest Rate 0.045					
	Beginning Fund Balance (a)	Anticipated Revenue (b)	Estimated Cost (c)	Fund Balance (a)+(b)-(c)=(d)	Interest Income (e)	Adjusted Fund Balance (d)+(e)
FY'09	0	97,954,283	62,522,890	35,431,393	797,206	36,228,599
FY'10	36,228,599	98,526,416	69,854,847	64,900,169	2,275,397	67,175,566
FY'11	67,175,566	99,098,549	96,211,567	70,062,548	3,087,858	73,150,406
FY'12	73,150,406	99,670,683	104,573,308	68,247,781	3,181,459	71,429,240
FY'13	71,429,240	100,242,816	109,317,772	62,354,283	3,010,129	65,364,412
FY'14	65,364,412	100,814,949	99,326,465	66,852,896	2,974,889	69,827,786
FY'15	69,827,786	101,387,082	122,848,034	48,366,834	2,659,379	51,026,213
FY'16	51,026,213	101,959,215	119,699,084	33,286,344	1,897,033	35,183,377
FY'17	35,183,377	102,531,349	118,423,739	19,290,987	1,225,673	20,516,660
FY'18	20,516,660	<u>103,103,482</u>	<u>124,071,608</u>	-451,466	<u>451,467</u>	1
		1,005,288,824	1,026,849,314		21,560,491	

Calculation of Ready to Serve Charge

Scenario Description

This scenario calculates the Ready to Serve Charge by meter size utilizing the fifteen year leveling @80% with ramp-up Utility Master Plan scenario. This sheet shows the cost per customer account optimized for any interest earnings. Total 10 Year Cost was adjusted down until the cash flow analysis came as close to zero as possible.

Ready to Serve Charge (Sewer)

Total 10 Year <u>Cost</u>	Annual <u>Rate</u>	Quarterly <u>Rate</u>	Monthly <u>Rate</u>
335,764,117			

By Meter Size

Small Meters

5/8" to 1-1/2" (Residential)	49.37	12.34	4.11
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Large Meters

1-1/2" (Commercial)	172.81	43.20	14.40
2"	246.87	61.72	20.57
3"	740.60	185.15	61.72
4"	1,974.94	493.74	164.58
6"	3,949.88	987.47	329.16
8"	9,380.98	2,345.24	781.75
10" & 12"	14,812.07	3,703.02	1,234.34

Cash Flow - By Meter Size

Assumed Interest Rate 0.045

	Beginning Fund <u>Balance</u> (a)	Anticipated <u>Revenue</u> (b)	Estimated <u>Cost</u> (c)	Fund <u>Balance</u> (a)+(b)-(c)=(d)	Interest <u>Income</u> (e)	Adjusted Fund <u>Balance</u> (d)+(e)
FY'09	0	32,687,688	3,128,096	29,559,592	665,091	30,224,683
FY'10	30,224,683	32,885,182	10,011,622	53,098,242	1,874,766	54,973,008
FY'11	54,973,008	33,082,676	15,683,633	72,372,051	2,865,264	75,237,315
FY'12	75,237,315	33,280,170	36,340,069	72,177,417	3,316,831	75,494,248
FY'13	75,494,248	33,477,665	43,875,498	65,096,414	3,163,290	68,259,704
FY'14	68,259,704	33,675,159	45,630,518	56,304,344	2,802,691	59,107,036
FY'15	59,107,036	33,872,653	47,455,739	45,523,949	2,354,197	47,878,147
FY'16	47,878,147	34,070,147	49,353,969	32,594,325	1,810,631	34,404,956
FY'17	34,404,956	34,267,641	51,328,127	17,344,470	1,164,362	18,508,832
FY'18	18,508,832	<u>34,465,136</u>	<u>53,381,253</u>	-407,285	<u>407,285</u>	0
		335,764,117	356,188,525		20,424,408	