



AGENDA ITEM

Public Utilities Commission

City and County of San Francisco



DEPARTMENT Financial Services AGENDA NO. 9
 MEETING DATE February 10, 2015

Public Hearing to consider the adoption of the 10-Year Financial Plan for FY 2015-16 through FY 2024-25

Project Manager: Charles Perl

Summary of Proposed Commission Action:	Public Hearing to consider and possible action to Adopt the San Francisco Public Utilities Commission ("SFPUC") 10-Year Financial Plan for FY 2015-16 through FY 2024-25.
Background:	<p>The SFPUC Financial Services staff seeks Commission adoption of the Financial Plan for the 10-year planning horizon FY 2015-16 through FY 2024-25. This rolling 10-year plan is required by Charter Section 8B.123 and is revised annually as a part of the budget process. It serves as a multi-year financial planning tool.</p> <p>The attached document includes a financial plan for each enterprise, consisting of 10-year projections for fund balances, sources, uses, revenue requirements and key financial reserve and debt coverage ratios. The purpose of the plan is to estimate revenue and expenditure data in the form of annual revenue requirements, which are indications of future average rate changes. The financial ratios are indications that each enterprise is projected to have sufficient resources to achieve adequate resources, coverage for debt service, fund balance and reserve requirements for both operating and capital needs over the period. The 10-year financial plan will also be used to meet the City's 5-year financial plan requirement.</p> <p>These financial plans conform to established Commission fund-balance-reserve policy. These plans reflect recent reductions in water sales, wherein average single-family residential customer sales are projected at 5.5 Ccf per month, and maintain the affordability threshold by keeping average single-family bills under 2.5% of average household income.</p>
Result of Inaction:	SFPUC would not be in compliance with Charter Section 8B.123.
Budget & Costs:	There are no direct budgetary impacts.
Recommendation:	SFPUC staff recommends that the Commission adopt the attached resolution.
Attachments:	<ol style="list-style-type: none"> 1. SFPUC Resolution 2. 10-Year Financial Plan, FY 2015-16 to FY 2024-25

PUBLIC UTILITIES COMMISSION
City and County of San Francisco

RESOLUTION NO. 15-0036

WHEREAS, The General Manager of the San Francisco Public Utilities Commission (SFPUC) and staff presented the proposed 10-Year Financial Plan for the period FY 2015-16 through FY 2024-25 to the Commission at a duly noticed public hearing held on February 10 of 2015 for the Water Enterprise, Wastewater Enterprise and Hetch Hetchy Water and Power including the Power Enterprise; and

WHEREAS, It is recommended that governmental entities maintain a multi-year financial plan to forecast future fiscal operations and revenue requirements for their customers and stakeholders; and

WHEREAS, It is further recommended that future year revenue requirement impacts be considered when making budgetary decisions; and

WHEREAS, The 10-Year Financial Plan is mandated by City Charter Section 8B.123 and is updated annually as a part of the budget process; and

WHEREAS, The 10-Year Financial Plan will also be used to meet the City requirement for a 5-Year Financial Plan; now, therefore, be it

RESOLVED, That this Commission adopts the attached SFPUC 10-Year Financial Plan for FY 2015-16 through FY 2024-25.

I hereby certify that the foregoing was adopted by the Public Utilities Commission at its meeting of February 10, 2015.



Secretary, Public Utilities Commission

**10-Year Financial Plan Update
&
Projected Revenue Requirement
FYE 2016 through FYE 2025**



Key Assumptions - Water Enterprise

New: Reduced water sales projections

- Retail – 62.3 MGD in FYE 2015, 64.1 MGD in FYE 2016 onward, compared to prior projection of 67.3 MGD
- Wholesale – 127.7 MGD in FYE 2015, 130 MGD in FYE 2016 onward, compares to prior projection of 143
- 10-year revenue loss of \$150M from lower sales; offset with cost savings and higher rates

New: Water Capital Plan increased \$124M relative to prior 10-year plan

- \$220M added for Regional Desalination in year 10 of plan

New: Hetchy-Water Capital Plan decreased \$55M relative to prior plan

New: \$53M projected savings from bond refunding (2006A, 2009A, 2009B)

Bond Interest of 5% with 3 years CAPI

Operating expense growth of 3% per year

Debt coverage and financial policy requirements met

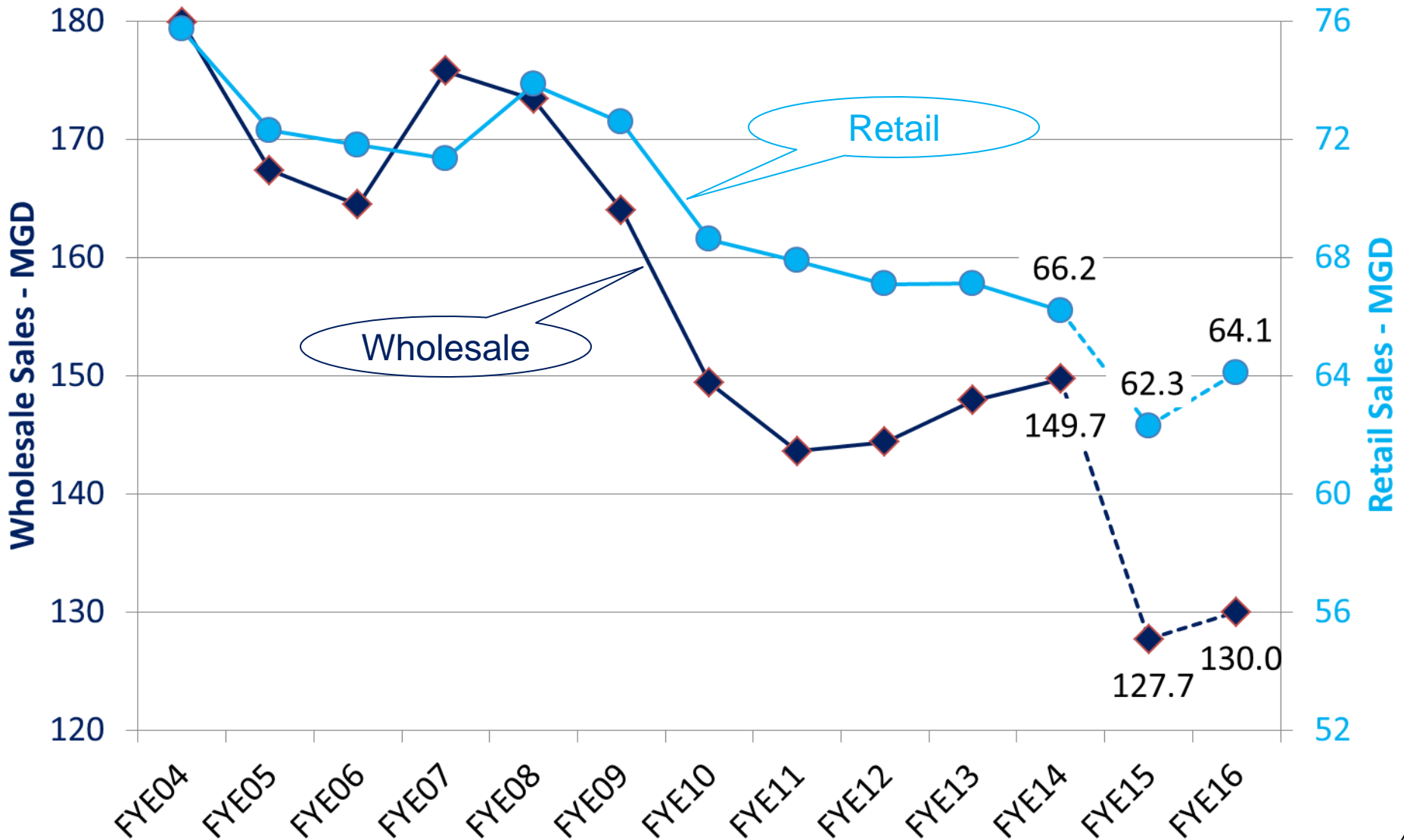


Water Enterprise 10 Year Financial Plan

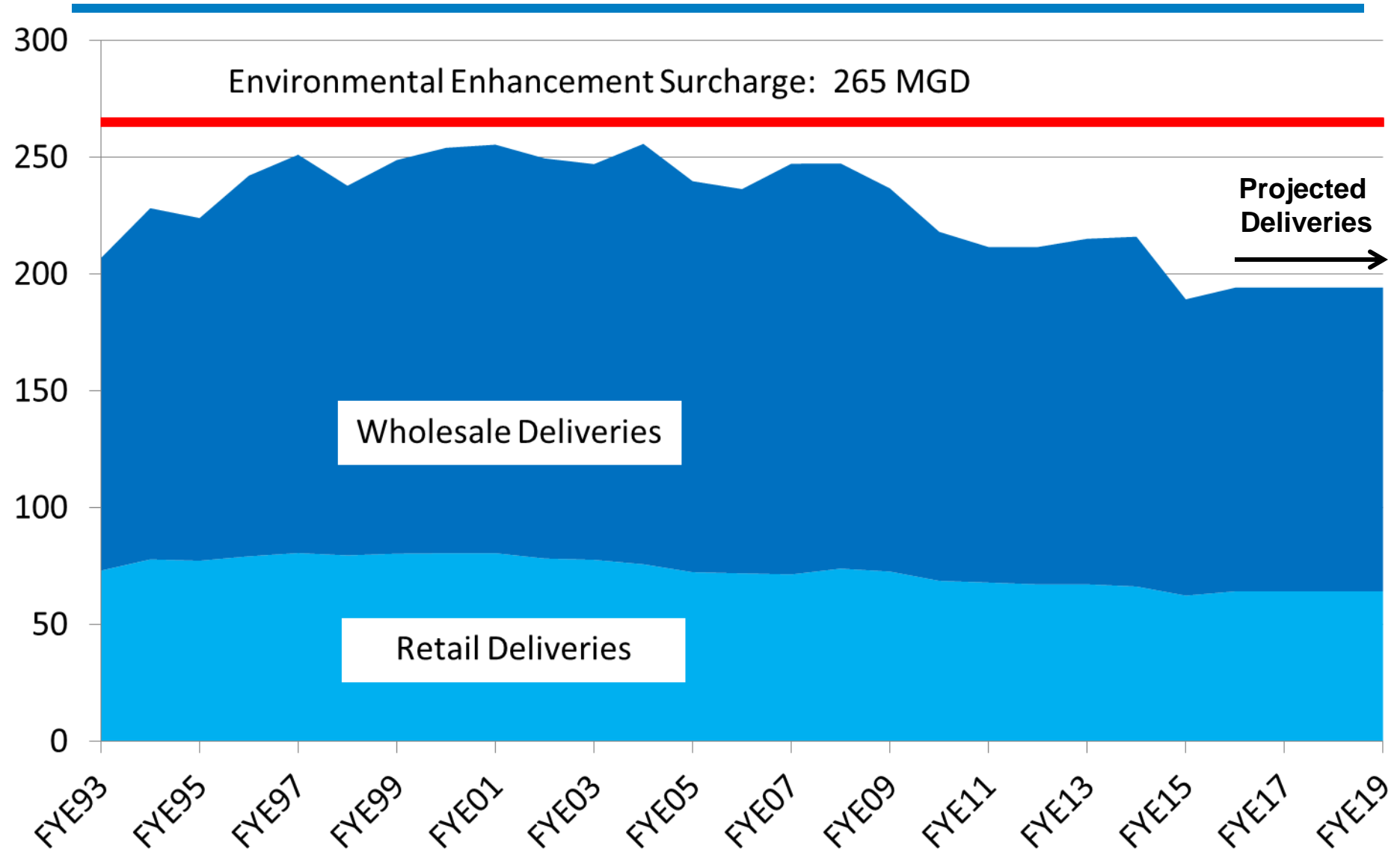
Description (\$mm)	FYE 2015 Forecast	FYE 2016 Budget	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Beginning Operating Fund Balance	228.4	145.6	119.8	112.5	105.0	63.9	37.7	39.4	40.7	39.6	36.0
Sources											
Retail											
Retail Sales - Base Rates	171.1	197.2	220.8	242.9	259.9	285.9	314.5	342.8	360.0	374.4	385.6
Retail Sales - Rate Increases	20.5	23.7	22.1	17.0	26.0	28.6	28.3	17.1	14.4	11.2	11.6
Retail Subtotal	191.7	220.8	242.9	259.9	285.9	314.5	342.8	360.0	374.4	385.6	397.2
Wholesale											
Wholesale Sales - Operating Costs	88.2	95.3	98.1	101.1	104.1	107.2	110.4	113.7	117.1	120.7	124.3
Wholesale Sales - Capital & Debt	99.7	152.2	144.1	154.9	191.8	210.1	191.5	191.5	206.4	211.8	212.1
Wholesale Subtotal	187.9	247.4	242.2	256.0	295.9	317.3	302.0	305.2	323.6	332.4	336.4
Other											
Interest Income	1.1	1.5	2.8	3.6	3.6	3.5	3.6	3.7	3.9	3.9	3.1
Other Income	26.1	26.9	27.4	28.2	29.1	29.9	30.8	31.8	32.7	33.7	34.7
Total Sources	406.8	496.7	515.3	547.8	614.4	665.3	679.2	700.7	734.5	755.6	771.3
Uses											
Operations & Maintenance	196.1	185.3	190.9	196.6	202.5	208.6	214.9	221.3	227.9	234.8	241.8
Hetchy Transfer	36.8	36.6	37.7	38.8	40.0	41.2	42.4	43.7	45.0	46.4	47.8
Debt Service	202.5	239.2	249.2	280.4	324.5	348.0	361.5	371.1	397.2	410.0	414.3
Retail Share - Rev Funded Capital/Prog	35.3	38.8	22.7	19.3	48.5	53.5	44.8	49.5	51.6	53.7	55.9
Wholesale Share - Rev Funded Capital/Prog	18.9	22.5	22.2	20.1	40.1	40.1	14.0	13.8	14.0	14.4	14.7
Total Uses	489.6	522.5	522.6	555.2	655.6	691.4	677.5	699.4	735.6	759.2	774.5
Net Revenues	(82.8)	(25.8)	(7.3)	(7.4)	(41.1)	(26.2)	1.7	1.3	(1.1)	(3.6)	(3.2)
Ending Fund Balance	145.6	119.8	112.5	105.0	63.9	37.7	39.4	40.7	39.6	36.0	32.8
Requirement - Retail	12.0%	12.0%	10.0%	7.0%	10.0%	10.0%	9.0%	5.0%	4.0%	3.0%	3.0%
Requirement - Wholesale	19.6%	30.7%	-2.1%	5.9%	15.9%	7.2%	-4.9%	1.1%	6.1%	2.8%	1.2%
Fund Balance as % of Revenue	36%	24%	22%	19%	10%	6%	6%	6%	5%	5%	4%
Fund Balance as % of Expense	30%	23%	22%	19%	10%	5%	6%	6%	5%	5%	4%
Fund Balance as % of Operating Expense	63%	54%	49%	45%	26%	15%	15%	15%	14%	13%	11%
Debt Service Coverage (Indenture)	1.96	1.76	1.63	1.52	1.47	1.38	1.27	1.28	1.26	1.25	1.25
Debt Service Coverage (Current)	1.03	1.06	1.05	1.04	1.10	1.15	1.12	1.13	1.12	1.12	1.12
Water Sales - Retail (MGD)	62.3	64.1	64.1	64.1	64.1	64.1	64.1	64.1	64.1	64.1	64.1
Water Sales - Wholesale (MGD)	127.7	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0
Water Sales - SFR Monthly Average (Ccf)	5.2	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5

Water Sales

Historical & Projected



SFPUC Water Deliveries





Water Enterprise 10 Year Financial Plan - Retail

			Financial Projection			
Fiscal Year	FY2012-13	FY2014-15	FY2015-16	Change vs prior year	Change vs 3 yrs ago	
Actual	2009-10		15.0%			
	2010-11		15.0%			
	2011-12		12.5%			
	2012-13		12.5%			
	2013-14		6.5%			
	2014-15		12.0%			
	2015-16		12.0%			
	2016-17		10.0%			
	2017-18		7.0%			
Projected	2018-19	8.0%	7.0%	10.0%	3%	2%
	2019-20	8.0%	7.0%	10.0%	3%	2%
	2020-21	8.0%	7.0%	9.0%	2%	1%
	2021-22	5.0%	5.0%	5.0%	0%	0%
	2022-23	5.0%	4.0%	4.0%	0%	-1%
	2023-24	0.0%	3.0%	3.0%	0%	3%
	2024-25	0.0%	3.0%	3.0%	0%	3%



Water Enterprise

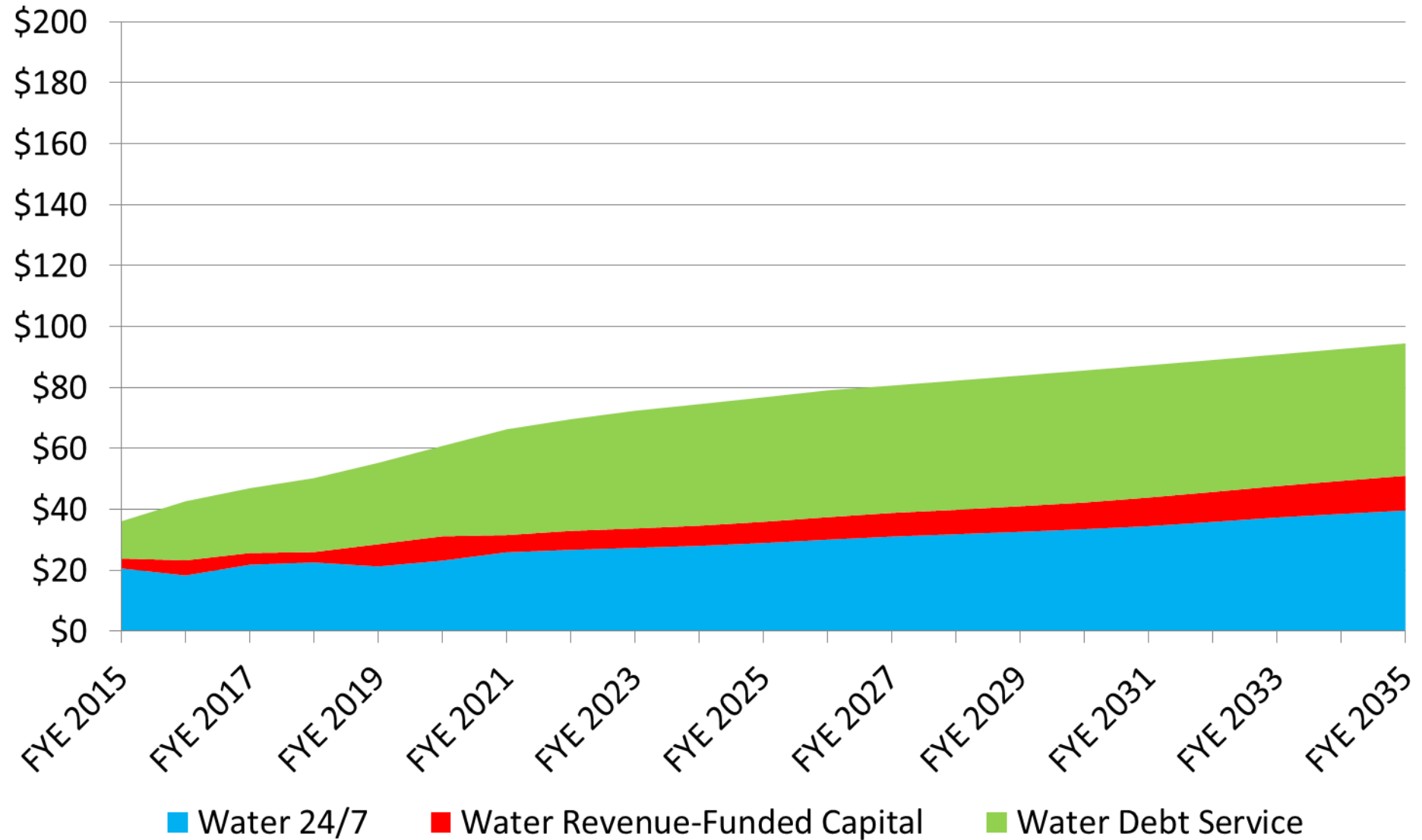
Average Monthly Water Bill - Retail

			Financial Projection			
Fiscal Year	FY2012-13	FY2014-15	FY2015-16	Change vs prior year	Change vs 3 yrs ago	
Actual	2009-10		\$24			
	2010-11		\$28			
	2011-12		\$31			
	2012-13		\$35			
	2013-14		\$38			
	2014-15		\$36			
	2015-16		\$43			
	2016-17		\$47			
	2017-18		\$50			
Projected	2018-19	\$64	\$59	\$55	(\$4)	(\$8)
	2019-20	\$69	\$63	\$61	(\$3)	(\$8)
	2020-21	\$74	\$68	\$66	(\$2)	(\$8)
	2021-22	\$78	\$71	\$70	(\$2)	(\$8)
	2022-23	\$82	\$74	\$72	(\$2)	(\$10)
	2023-24	\$82	\$76	\$75	(\$2)	(\$7)
	2024-25	\$82	\$79	\$77	(\$2)	(\$5)



Average Monthly Water Bill

San Francisco Retail





Water Enterprise 10 Year Financial Plan - Wholesale

		Financial Projection					
Fiscal Year		FY2014-15		FY2015-16		Change vs prior year	
Actual	2009-10			15.7%	\$1.65		
	2010-11			15.2%	\$1.90		
	2011-12			38.4%	\$2.63		
	2012-13			11.4%	\$2.93		
	2013-14			-16.4%	\$2.45		
	2014-15			19.6%	\$2.93		
Projected	2015-16	17.7%	\$3.45	30.7%	\$3.83	13%	\$0.38
	2016-17	0.3%	\$3.46	-2.1%	\$3.75	-2%	\$0.29
	2017-18	5.8%	\$3.66	5.9%	\$3.97	0%	\$0.31
	2018-19	14.2%	\$4.18	15.9%	\$4.60	2%	\$0.42
	2019-20	5.5%	\$4.41	7.2%	\$4.93	2%	\$0.52
	2020-21	-4.5%	\$4.21	-4.9%	\$4.69	0%	\$0.48
	2021-22	1.2%	\$4.26	1.1%	\$4.74	0%	\$0.48
	2022-23	5.2%	\$4.48	6.1%	\$5.03	1%	\$0.55
	2023-24	3.1%	\$4.62	2.8%	\$5.17	0%	\$0.55
	2024-25	1.5%	\$4.69	1.2%	\$5.23	0%	\$0.54

*Excluding the BAWSCA surcharge for BAWSCA debt service



Key Assumptions - Wastewater Enterprise

New: Reduced water sales projections

- Treatment quantity based on water sales of 62.3 MGD in FYE 2015 and 64.1 MGD in FYE 2016 onward, compared to 67.3 MGD in prior plan
- 10-year revenue loss of \$215M from lower sales; offset with higher rates

New: Wastewater Capital Plan increased \$166M relative to prior 10-year period

- \$145M SSIP increase in year 10 of plan

All refunding savings locked in, next refunding opportunity in 2020

Bond interest of 5% with 2 years CAPI

Operating expense growth of 3% per year

Debt coverage and financial policy requirements met



Wastewater Enterprise

10 Year Financial Plan

Description (\$mm)	FYE 2015 Forecast	FYE 2016 Budget	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Beginning Operating Fund Balance	111.2	109.9	103.2	101.5	93.3	92.3	82.7	56.8	28.3	10.8	27.9
Sources											
Sewer Service Sales -Base Rates	229.7	248.3	260.7	279.0	309.7	353.0	402.5	458.8	527.6	585.7	650.1
Sewer Service Sales - Rate Increases	11.5	12.4	18.3	30.7	43.4	49.4	56.3	68.8	58.0	64.4	26.0
Interest Income on Fund Balances	1.0	1.4	1.2	1.2	1.3	1.4	1.4	1.4	1.5	1.7	1.9
Other Miscellaneous Income	4.1	4.1	3.4	3.5	3.5	3.6	3.6	3.7	3.7	3.8	3.8
Total Sources (less Bond Interest Subsidy)	246.2	266.2	283.6	314.4	357.9	407.4	463.8	532.7	590.9	655.6	681.8
Uses											
Operations & Maintenance	161.2	154.3	159.0	163.7	168.7	173.7	178.9	184.3	189.8	195.5	201.4
Debt Service (net of Bond Interest Subsidy)	48.3	70.8	77.7	108.1	136.4	187.4	252.8	315.9	354.7	376.1	397.1
Projects - Revenue Funded	45.7	47.7	48.7	50.8	53.8	55.9	58.0	61.1	63.9	66.8	69.9
Total Uses	255.2	272.9	285.3	322.6	358.9	417.0	489.7	561.2	608.4	638.4	668.4
Net Revenues	(9.0)	(6.7)	(1.7)	(8.2)	(1.0)	(9.6)	(25.9)	(28.5)	(17.6)	17.2	13.4
Ending Fund Balance	109.9	103.2	101.5	93.3	92.3	82.7	56.8	28.3	10.8	27.9	41.3
Revenue Requirement Impact	5.0%	5.0%	7.0%	11.0%	14.0%	14.0%	14.0%	15.0%	11.0%	11.0%	4.0%
Fund Balance as % of Revenue	45%	39%	36%	30%	26%	20%	12%	5%	2%	4%	6%
Fund Balance as % of Expense	43%	38%	36%	29%	26%	20%	12%	5%	2%	4%	6%
Fund Balance as % of Operating Expense	68%	67%	64%	57%	55%	48%	32%	15%	6%	14%	21%
Debt Service Coverage (Indenture)	4.22	3.13	2.93	2.33	2.07	1.74	1.45	1.28	1.21	1.25	1.28
Debt Service Coverage (Current)	1.76	1.58	1.60	1.39	1.39	1.25	1.13	1.10	1.13	1.22	1.21

Already approved rates.



Wastewater Enterprise 10 Year Financial Plan - Retail

			Financial Projection			
Fiscal Year	FY2012-13	FY2014-15	FY2015-16	Change vs prior year	Change vs 3 yrs ago	
Actual	2009-10		7.0%			
	2010-11		7.0%			
	2011-12		5.0%			
	2012-13		5.0%			
	2013-14		5.0%			
	2014-15		5.0%			
	2015-16		5.0%			
	2016-17		7.0%			
	2017-18		11.0%			
Projected	2018-19	12.0%	11.0%	14.0%	3.0%	2.0%
	2019-20	12.0%	12.0%	14.0%	2.0%	2.0%
	2020-21	14.0%	12.0%	14.0%	2.0%	0.0%
	2021-22	14.0%	12.0%	15.0%	3.0%	1.0%
	2022-23	14.0%	12.0%	11.0%	-1.0%	-3.0%
	2023-24	14.0%	12.0%	11.0%	-1.0%	-3.0%
	2024-25	12.0%	5.0%	4.0%	-1.0%	-8.0%



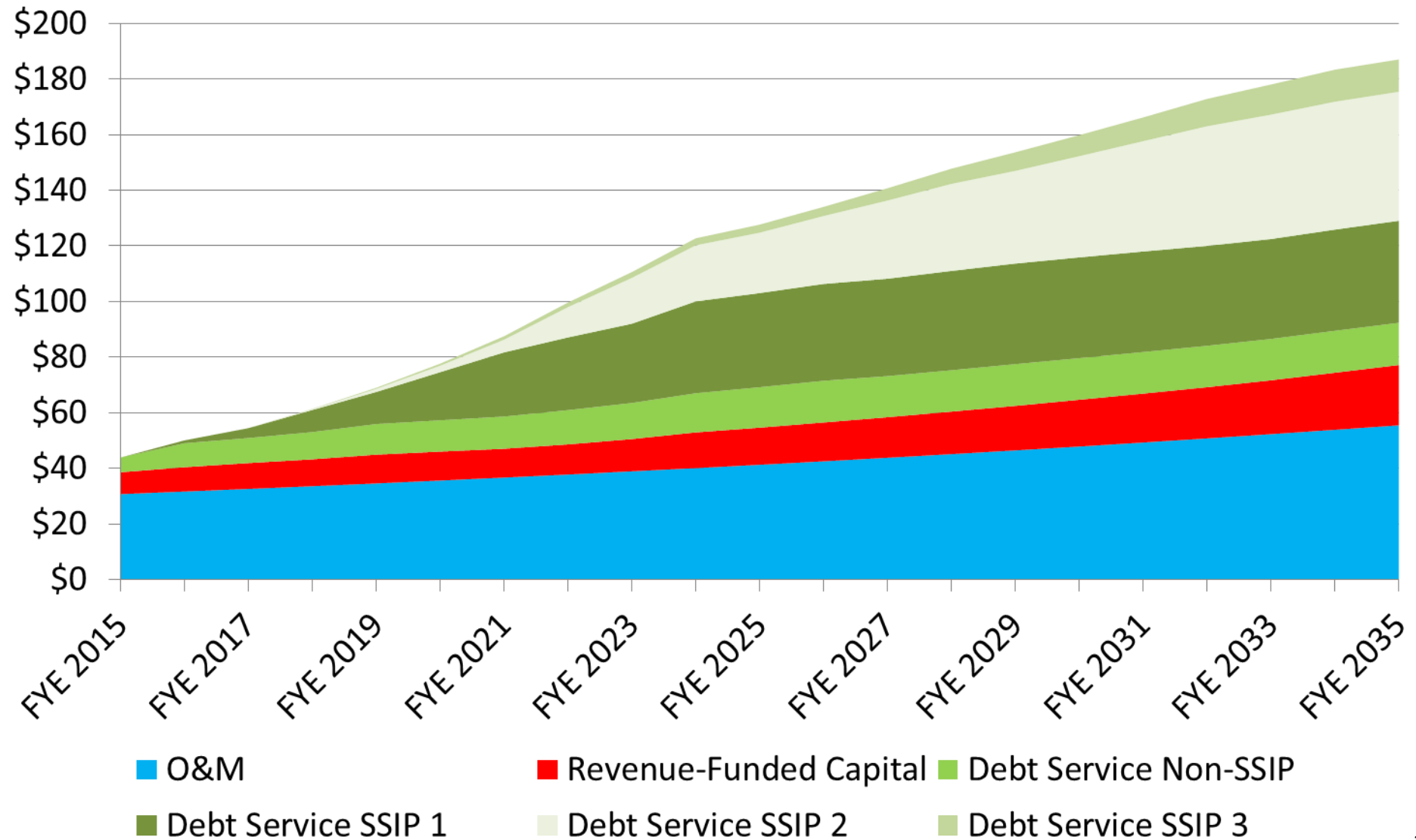
Wastewater Enterprise Average Monthly Sewer Bill

			Financial Projection			
Fiscal Year	FY2012-13	FY2014-15	FY2015-16	Change vs prior year	Change vs 3 yrs ago	
Actual	2009-10		\$38			
	2010-11		\$43			
	2011-12		\$44			
	2012-13		\$47			
	2013-14		\$49			
	2014-15		\$44			
	2015-16		\$50			
	2016-17		\$54			
	2017-18		\$61			
Projected	2018-19	\$66	\$71	\$70	-\$1	\$4
	2019-20	\$74	\$79	\$80	\$1	\$5
	2020-21	\$85	\$89	\$91	\$2	\$6
	2021-22	\$97	\$99	\$105	\$5	\$8
	2022-23	\$110	\$111	\$116	\$5	\$6
	2023-24	\$126	\$124	\$129	\$4	\$3
	2024-25	\$141	\$131	\$134	\$3	-\$7



Average Monthly Sewer Bill

San Francisco Retail





Combined Water & Wastewater Revenue Requirement

			Financial Projection					
Fiscal Year	FY2012-13 Combined	FY2014-15 Combined	Water	Sewer	FY2015-16 Combined	Change vs prior year	Change vs 3 yrs ago	
Actual	2009-10		15.0%	7.0%	9.7%			
	2010-11		15.0%	7.0%	9.7%			
	2011-12		12.5%	5.0%	7.5%			
	2012-13		12.5%	5.0%	7.5%			
	2013-14		6.5%	5.0%	5.5%			
	2014-15		12.0%	5.0%	8.0%			
	2015-16		12.0%	5.0%	8.1%			
	2016-17		10.0%	7.0%	8.4%			
	2017-18		7.0%	11.0%	9.1%			
Projected	2018-19	10.0%	9.1%	10.0%	14.0%	12.2%	3%	2%
	2019-20	10.0%	9.7%	10.0%	14.0%	12.2%	3%	2%
	2020-21	11.1%	9.8%	9.0%	14.0%	11.8%	2%	1%
	2021-22	9.8%	9.0%	5.0%	15.0%	10.8%	2%	1%
	2022-23	10.0%	8.7%	4.0%	11.0%	8.2%	-1%	-2%
	2023-24	8.0%	8.4%	3.0%	11.0%	7.9%	-1%	0%
	2024-25	7.3%	4.2%	3.0%	4.0%	3.6%	-1%	-4%
	2025-26	3.2%	4.3%	3.0%	5.0%	4.3%	0%	1%
	2026-27	3.2%	3.5%	2.0%	5.0%	3.9%	0%	1%
	2027-28	3.3%	3.6%	2.0%	5.0%	3.9%	0%	1%
	2028-29	2.0%	2.9%	2.0%	4.0%	3.3%	0%	1%
	2029-30	2.0%	3.0%	2.0%	4.0%	3.3%	0%	1%
	2030-31	2.0%	3.0%	2.0%	4.0%	3.3%	0%	1%
	2031-32	1.4%	3.0%	2.0%	4.0%	3.3%	0%	2%
	2032-33	6.4%	3.0%	2.0%	3.0%	2.7%	0%	-4%
	2033-34	6.4%	2.0%	2.0%	3.0%	2.7%	1%	-4%
	2034-35	6.4%	2.0%	2.0%	2.0%	2.0%	0%	-4%



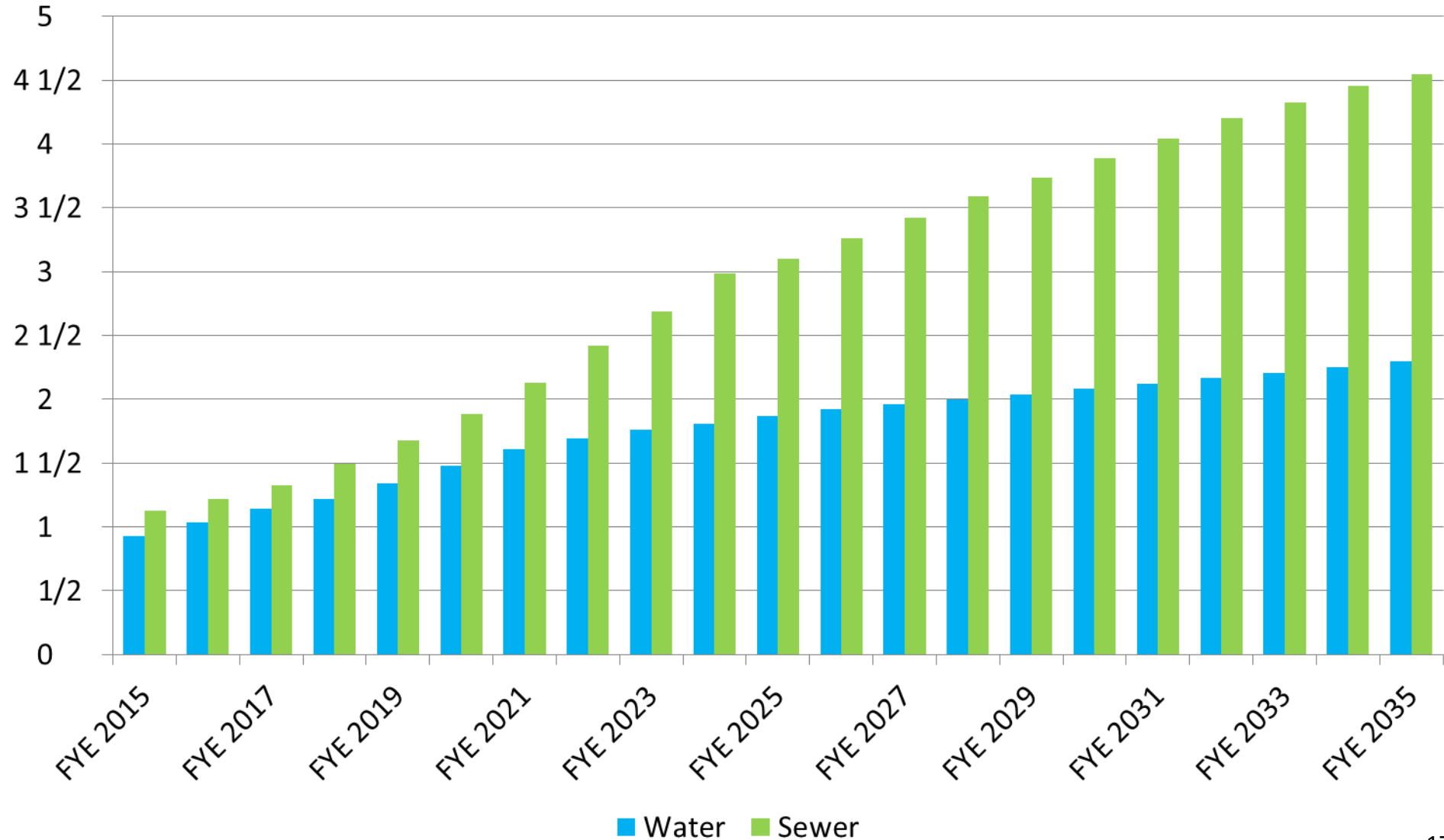
Combined Water & Wastewater Average Monthly Bill

			Financial Projection				
Fiscal Year	FY2012-13 Combined	FY2014-15 Combined	Water	Sewer	FY2015-16 Combined	Change vs prior year	Change vs 3 yrs ago
Actual	2009-10		\$24	\$38	\$62		
	2010-11		\$28	\$43	\$71		
	2011-12		\$31	\$44	\$76		
	2012-13		\$35	\$47	\$82		
	2013-14		\$38	\$49	\$86		
	2014-15		\$36	\$44	\$80		
	2015-16		\$43	\$50	\$93		
	2016-17		\$47	\$54	\$101		
2017-18		\$50	\$61	\$112			
Projected	2018-19	\$130	\$55	\$70	\$125	-\$5	-\$5
	2019-20	\$143	\$61	\$80	\$141	-\$3	-\$3
	2020-21	\$159	\$66	\$91	\$157	\$0	-\$2
	2021-22	\$175	\$70	\$105	\$174	\$3	-\$1
	2022-23	\$192	\$72	\$116	\$188	\$2	-\$4
	2023-24	\$208	\$75	\$129	\$203	\$2	-\$4
	2024-25	\$223	\$77	\$134	\$211	\$0	-\$12
	2025-26	\$230	\$79	\$141	\$220	\$1	-\$10
	2026-27	\$237	\$81	\$148	\$228	\$1	-\$9
	2027-28	\$245	\$82	\$155	\$237	\$2	-\$7
	2028-29	\$250	\$84	\$161	\$245	\$3	-\$4
	2029-30	\$255	\$86	\$168	\$253	\$4	-\$1
	2030-31	\$260	\$87	\$175	\$262	\$5	\$2
	2031-32	\$263	\$89	\$181	\$271	\$6	\$7
	2032-33	\$280	\$91	\$187	\$278	\$5	-\$3
	2033-34	\$298	\$93	\$193	\$285	\$7	-\$13
	2034-35	\$317	\$94	\$196	\$291	\$7	-\$26



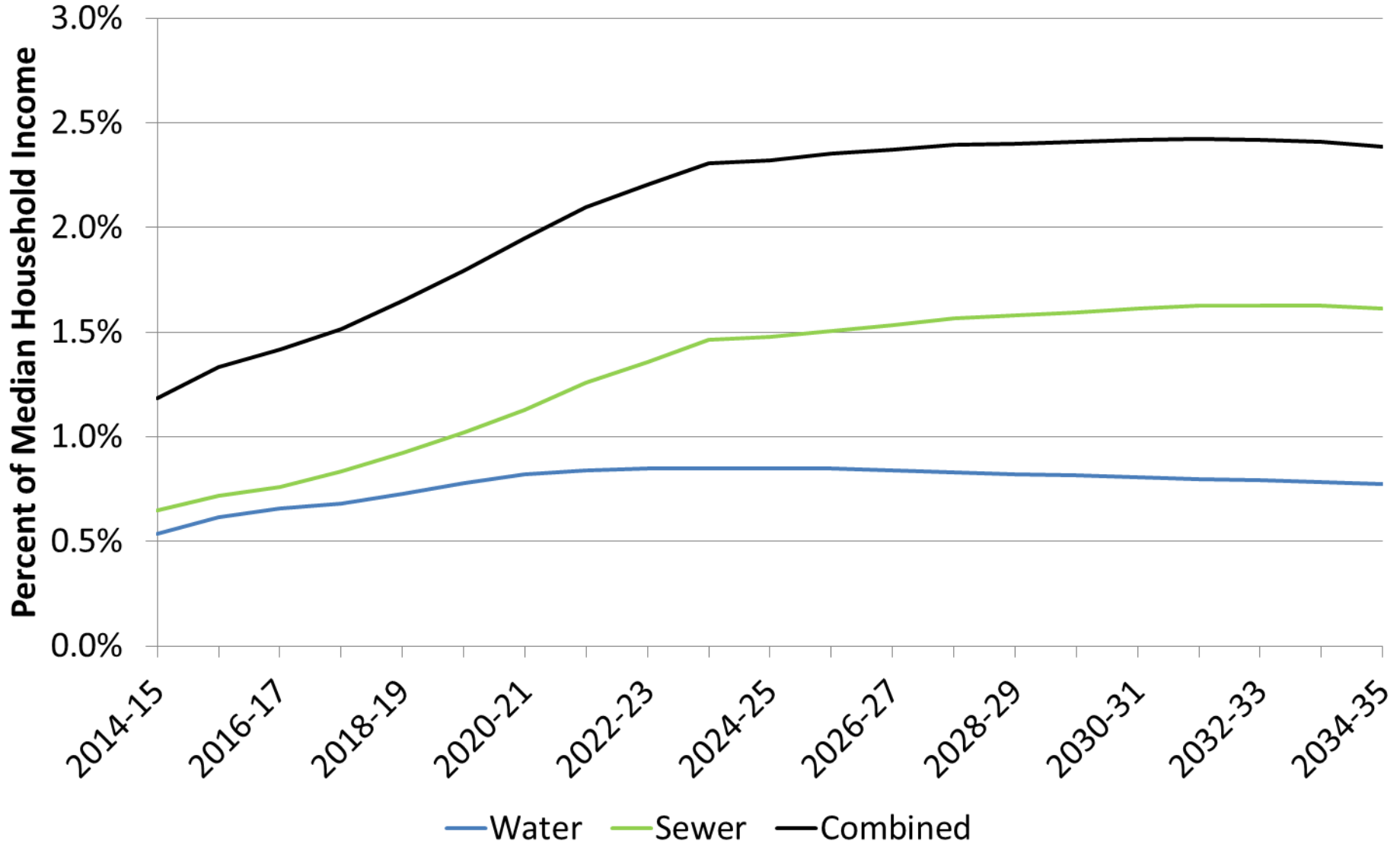
Water & Wastewater – Retail

Pennies Per Gallon Delivered / Treated





Utility Affordability: San Francisco Retail Cost as a Percent of Median Household Income



Based on 2014 median household income of \$78,641 inflated 3% per year, with 5.5 Ccf monthly water consumption from FYE 2016 forward.



Rate Impact of Revenue-Funded O&M Expense FYE 2016 Sensitivity Analysis

	Average Bill	Impact of \$1m Additional O&M Cost		Impact of \$10m Additional O&M Cost	
		\$	%	\$	%
Water Retail ¹	\$43	\$0.20/Month	0.5%	\$2.00/Month	4.7%
Sewer Retail	\$50	\$0.20/Month	0.4%	\$2.00/Month	4.0%
Combined Water/Sewer	\$93	\$0.20/Month	0.2%	\$2.00/Month	2.2%

	Average Rate	Impact of \$1m Additional O&M Cost		Impact of \$10m Additional O&M Cost	
		\$	%	\$	%
Power General Fund	6.75¢/kWh	0.22¢/kWh	3.3%	2.22¢/kWh	33%

*1¢/kWh increase in General Fund Rate results in \$4.5M additional revenue annually

*As of Jan 1, 2014, PG&E Baseline E-1 Rate projected at 13.5¢/kWh

¹A Regional Water project of \$30M would result in ~\$10M retail share of that project



Rate Impact of Capital Investments

FYE 2016 Sensitivity Analysis

	Average Bill	Impact of \$100m Cash-Funded CIP		Impact of \$100m ¹ 30-Year Debt-Funded CIP	
		\$	%	\$	%
Water Retail ²	\$43	\$20/Month for 1 Year	47%	\$1.50/Month for 30 Years	3%
Sewer Retail	\$50	\$20/Month for 1 Year	40%	\$1.50/Month for 30 Years	3%
Combined Water/Sewer	\$93	\$20/Month for 1 Year	22%	\$1.50/Month for 30 Years	2%

	Average Rate	Impact of \$100m Cash-Funded CIP		Impact of \$100m 30-Year Debt-Funded CIP	
		\$	%	\$	%
Power General Fund	6.75¢/kWh	22.2¢/kWh	329%	1.67¢/kWh	25%

*1¢/kWh increase in General Fund Rate results in \$4.5M additional revenue annually

*As of Jan 1, 2014, PG&E Baseline E-1 Rate projected at 13.5¢/kWh

¹Debt Service on a 30-year bond funds \$100M of capital project is approximately \$7.5M annually for 30 years

²A Regional Water project of \$300M would result in ~\$100M retail share of that project



Combined Water & Wastewater Bill

Average Monthly Bill	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Water 24/7	\$21	\$18	\$22	\$23	\$21	\$23	\$26	\$27	\$27	\$28	\$29
Water Revenue-Funded Capital	\$3	\$5	\$4	\$3	\$7	\$8	\$6	\$6	\$6	\$7	\$7
Water Debt Service	\$12	\$19	\$21	\$24	\$27	\$30	\$35	\$37	\$39	\$40	\$41
Sewer 24/7	\$31	\$32	\$33	\$34	\$35	\$36	\$37	\$38	\$39	\$40	\$41
Sewer Revenue-Funded Capital	\$8	\$9	\$9	\$10	\$10	\$10	\$10	\$11	\$12	\$13	\$13
Non-SSIP Debt Service	\$5	\$9	\$9	\$10	\$11	\$11	\$12	\$12	\$13	\$14	\$15
SSIP Phase 1 Debt Service	\$0	\$1	\$4	\$8	\$12	\$17	\$23	\$26	\$29	\$33	\$34
SSIP Phase 2 Debt Service	\$0	\$0	\$0	\$0	\$1	\$2	\$5	\$11	\$16	\$20	\$22
SSIP Phase 3 Debt Service	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$2	\$2	\$3	\$3
Total Combined Bill	\$80	\$93	\$101	\$112	\$124	\$138	\$154	\$169	\$183	\$197	\$204

Average Annual Increase	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Water 24/7		0.0%	2.4%	0.7%	0.0%	1.6%	2.1%	0.6%	0.4%	0.4%	0.5%
Water Revenue-Funded Capital		2.1%	0.0%	0.0%	2.7%	0.6%	0.0%	0.4%	0.1%	0.1%	0.2%
Water Debt Service		7.9%	2.1%	3.0%	2.4%	2.5%	2.9%	1.3%	1.2%	0.7%	0.5%
Sewer 24/7		1.1%	1.0%	1.0%	1.0%	0.9%	0.8%	0.8%	0.7%	0.6%	0.6%
Sewer Revenue-Funded Capital		1.1%	0.6%	0.4%	0.7%	0.1%	0.0%	0.3%	0.5%	0.7%	0.2%
Non-SSIP Debt Service		4.1%	0.4%	0.8%	1.2%	0.2%	0.3%	0.5%	0.4%	0.6%	0.2%
SSIP Phase 1 Debt Service		1.3%	2.7%	3.9%	2.5%	4.5%	3.2%	2.2%	1.4%	2.5%	0.4%
SSIP Phase 2 Debt Service		0.0%	0.0%	0.3%	0.8%	1.0%	1.7%	4.4%	3.3%	2.0%	0.8%
SSIP Phase 3 Debt Service		0.0%	0.0%	0.1%	0.3%	0.3%	0.4%	0.3%	0.3%	0.2%	0.2%
Total Combined Bill		15.9%	9.4%	10.1%	12.2%	12.2%	11.8%	10.8%	8.2%	7.9%	3.6%

Percent of Household Income	1.2%	1.3%	1.4%	1.5%	1.6%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%
Pennies Per Gallon - Water	0.9	1.0	1.1	1.2	1.3	1.5	1.6	1.7	1.8	1.8	1.9
Pennies Per Gallon - Sewer	1.1	1.2	1.3	1.5	1.7	1.9	2.1	2.4	2.7	3.0	3.1
Cost Per Person Per Day	\$0.88	\$1.02	\$1.11	\$1.22	\$1.36	\$1.52	\$1.69	\$1.85	\$2.00	\$2.16	\$2.24



Key Assumptions – Hetch Hetchy Enterprise

New: Hetchy FY2016-25 Capital Plan decreased \$43M relative to FY2015-24

- Hetchy Power capital plan increased by \$11M relative to FY2015-24
- Hetchy Water capital plan decreased by \$54M relative to FY2015-24

Reflects latest projections for PG&E proposed tariffs & charges

Bond Interest of: 5% with 3 years CAPI (Water), 5% with 2 years CAPI (Power)

Includes latest Redevelopment revenues & costs:

- Transbay, Alice Griffith
- Candlestick
- Hunters Point Phase 1
- Treasure Island
- Riverbank

Enterprise Rate \$0.138/kWh in FY2015-16, inflated 3% annually

1.0¢/kWh per year General Fund / Subsidy rate increase in FY2015-16, 0.5¢/kWh annual increase thereafter

GoSolarSF funded at \$5M in FY2015-16

Operating expense growth of 3%, following 2-Year Proposed Budget

Cap & Trade revenue through 2020



Hetch Hetchy Water & Power 10 Year Financial Plan

Description (\$mm)	FYE 2015 Projected	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Beginning Operating Fund Balance	33.4	31.4	33.2	43.2	36.8	37.0	21.6	29.1	41.5	62.6	83.6
CCA Reserve Reprogrammed	17.3										
Sources											
Power Sales - GF Departments	15.3	18.1	19.2	20.7	22.3	24.0	25.7	27.3	29.0	30.8	32.5
Power Sales - Enterprise Departments	64.3	67.2	69.2	71.4	74.0	76.7	79.8	82.7	85.8	89.1	92.3
Power Sales - Retail/Direct (SFUSD, City College)	19.0	19.5	21.7	22.6	23.7	24.8	26.0	27.1	28.4	29.6	30.9
Power Sales - Redevelopment/TI	2.5	3.3	3.6	4.5	5.3	6.7	8.6	9.8	10.8	13.4	18.8
Power Sales - Districts & WSPP	8.7	20.3	27.7	27.7	27.7	27.7	27.2	27.1	27.3	27.4	27.6
Water Sales - Upcountry	1.8	2.8	2.9	2.9	3.0	3.1	3.1	3.2	3.2	3.3	3.4
Water Transfer In	36.8	38.3	39.5	40.7	41.9	43.2	44.6	45.9	47.3	48.8	50.3
Natural Gas & Steam	10.7	12.9	13.3	13.7	14.1	14.5	14.9	15.4	15.8	16.3	16.8
Interest Income	0.6	0.5	0.9	1.4	1.3	1.3	1.0	1.1	1.4	1.8	2.3
Other Misc Income	5.6	6.9	5.4	5.7	6.1	6.3	1.3	1.2	1.2	1.2	1.2
Total Sources	165.2	189.8	203.3	211.4	219.4	228.3	232.0	241.0	250.4	261.8	276.0
Uses											
Operations & Maintenance	132.2	150.6	150.8	156.3	162.2	168.3	175.2	183.2	189.5	196.1	204.9
Water Programmatic Projects	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Power Programmatic Projects	17.7	15.7	14.9	12.4	12.5	12.6	12.8	10.9	11.0	11.2	11.2
Debt Service - Power Only	1.9	1.9	5.6	9.7	13.1	16.4	19.7	24.2	29.2	34.0	37.8
Subtotal	152.6	168.9	172.0	179.2	188.5	198.1	208.4	219.0	230.4	242.0	254.7
Net Revenues Before Capital	12.6	20.8	31.3	32.2	30.9	30.2	23.6	22.0	19.9	19.8	21.3
Power Projects	76.5	74.9	66.7	84.5	76.7	106.7	84.2	80.7	57.1	59.4	68.8
Power Bonds	(46.2)	(55.9)	(45.0)	(45.0)	(45.0)	(60.0)	(67.0)	(70.0)	(57.1)	(59.4)	(45.6)
Net Power - Revenue Funded	30.3	19.1	21.7	39.5	31.7	46.7	17.2	10.7	0.0	0.0	23.3
Hetchy Water Projects	31.1	18.0	26.6	39.8	36.9	74.4	62.5	62.2	48.2	48.2	22.6
Water Bonds - Through Water Enterprise	(31.1)	(18.0)	(26.6)	(39.8)	(36.9)	(74.4)	(62.5)	(62.2)	(48.2)	(48.2)	(22.6)
Net Hetchy Water - Revenue Funded	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Uses, Net of Debt Proceeds	182.9	188.0	193.7	218.7	220.2	244.8	225.7	229.7	230.4	242.0	277.9
Net Revenues After Capital	(17.7)	1.8	9.6	(7.3)	(0.8)	(16.5)	6.4	11.3	19.9	19.8	(1.9)
Ending Fund Balance	31.4	33.2	43.2	36.8	37.0	21.6	29.1	41.5	62.6	83.6	82.9
Fund Balance as % of Revenue	19%	17%	21%	17%	17%	9%	13%	17%	25%	32%	30%
Debt Service Coverage (Indenture)	30.66	35.10	16.31	9.56	6.28	5.01	3.02	2.85	2.87	3.18	3.54
Debt Service Coverage (Current)	5.20	10.21	7.36	4.08	3.01	2.48	1.81	1.56	1.36	1.27	1.26



Hetch Hetchy Water & Power

Assumed Average Power Rate (\$/kWh)

Assumed Average Power Rate (\$/kWh)	FYE 2015 Projected	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Key Subsidized Rates											
Streetlights	0.0200	0.0300	0.0350	0.0400	0.0450	0.0500	0.0550	0.0600	0.0650	0.0700	0.0750
City Hall	0.0200	0.0300	0.0350	0.0400	0.0450	0.0500	0.0550	0.0600	0.0650	0.0700	0.0750
GF Departments	0.0575	0.0675	0.0725	0.0775	0.0825	0.0875	0.0925	0.0975	0.1025	0.1075	0.1125
Moscone Center	0.0780	0.0880	0.0930	0.0980	0.1030	0.1080	0.1130	0.1180	0.1230	0.1280	0.1330
Other Rates											
Enterprise Departments (Airport) ¹	0.1273	0.1297	0.1336	0.1376	0.1418	0.1460	0.1504	0.1549	0.1595	0.1643	0.1693
Enterprise Departments (all other) ¹	0.1449	0.1550	0.1596	0.1644	0.1693	0.1744	0.1796	0.1850	0.1906	0.1963	0.2022
Modesto/Turlock Irrigation Districts	0.0415	0.0419	0.0418	0.0422	0.0426	0.0431	0.0435	0.0439	0.0444	0.0448	0.0453
Western Systems Power Pool	0.0353	0.0361	0.0398	0.0406	0.0414	0.0422	0.0431	0.0439	0.0448	0.0457	0.0466
Shoreside Power	0.1583	0.1583	0.1630	0.1679	0.1730	0.1782	0.1835	0.1890	0.1947	0.2005	0.2065
Retail-Redevelopment-Residential¹											
Tier 1	0.1145	0.1171	0.1206	0.1242	0.1279	0.1317	0.1357	0.1398	0.1440	0.1483	0.1527
Tier 2	0.1302	0.1331	0.1371	0.1412	0.1454	0.1498	0.1543	0.1589	0.1636	0.1686	0.1736
Tier 3	0.2665	0.2724	0.2806	0.2890	0.2976	0.3066	0.3158	0.3252	0.3350	0.3450	0.3554
Retail-Redevelopment-Commercial¹											
Winter	0.1405	0.1436	0.1479	0.1523	0.1569	0.1616	0.1665	0.1715	0.1766	0.1819	0.1874
Summer	0.1963	0.2007	0.2067	0.2129	0.2193	0.2258	0.2326	0.2396	0.2468	0.2542	0.2618

¹ 3% Annual Growth Assumption

Questions?