

10-Year Financial Plan Update

FY 2022-23 through FY 2031-32

Rate Fairness Board Presentation
February 3, 2022



FY 2022-23 to FY 2031-32 10-Year Financial Plan Key Assumptions

- **Sales Volumes**

- FY23/FY24 drought modeling with customers meeting water conservation goals
- Economic recovery post pandemic consistent with City Economist Office view; FY24 return to new normal of commercial activity
- Power Sales Volumes 5.3% average annual increase, driven by redevelopment new load growth
- CleanPowerSF Sales Volumes 0.5% average annual increase

- **Projected Expenses**

- Average annual operating expenditure growth of 3%; base budget + FY23/FY24 New Proposals
- Capital Financing 4% average interest rate, with 6 years rate impact assumption from project and bond issuance timing; Low-cost loans included at 1%-3% for executed loans only



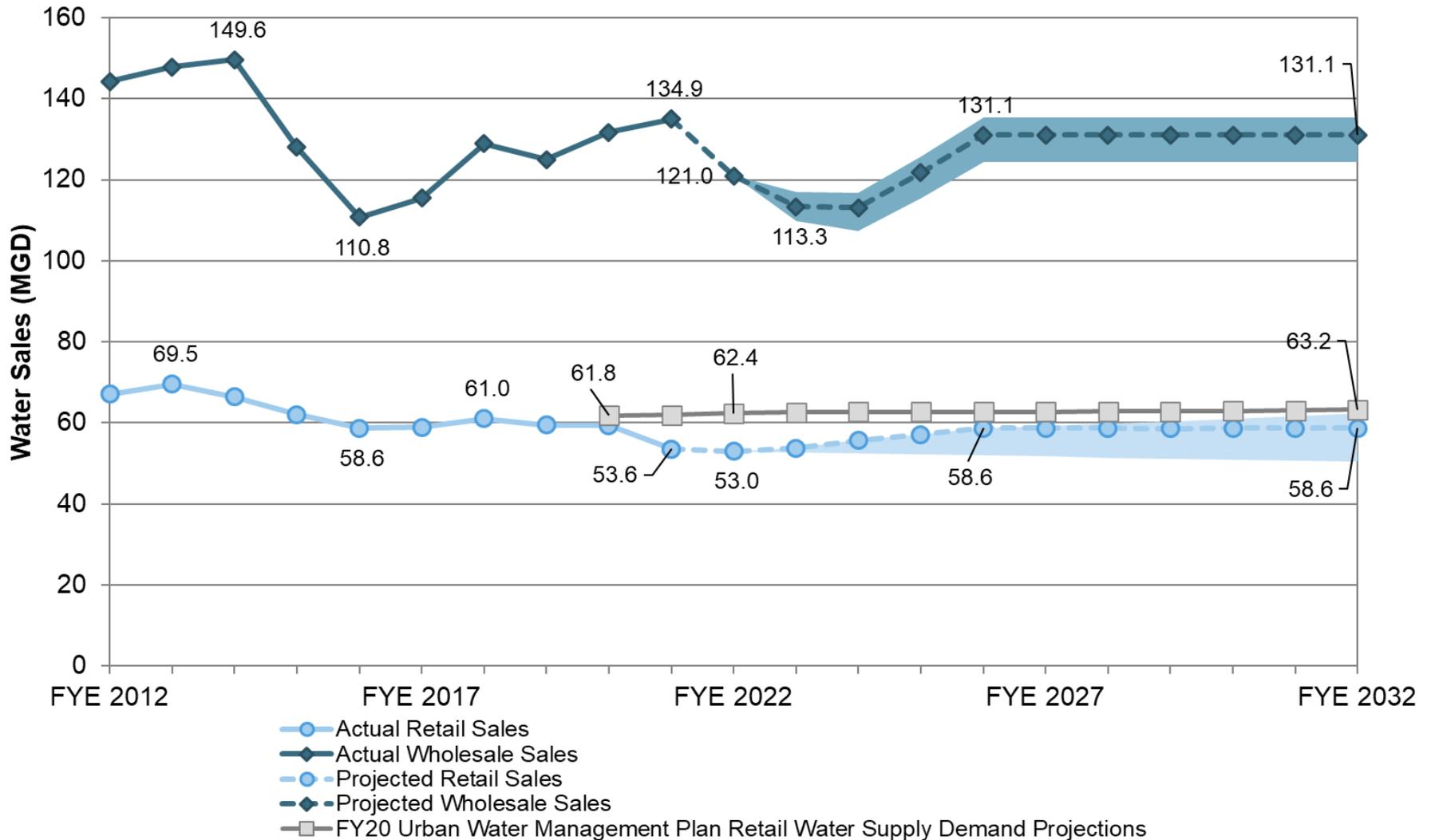
10-Year Financial Plans Meet Financial Policy Minimums

	SFPUC Policy Minimums	Water Enterprise	Wastewater Enterprise	Hetch Hetchy Power Enterprise	CleanPowerSF
10-Year Average Annual Projected Retail Rate Change		2.1%	5.2%	3.9%*	3%*
Fund Balance as a Percentage of Expenses	At least 25% and if >68% note why	49%-55%	31%-72%	37%-56%	37%-47%
Current Debt Service Coverage	1.10x	1.13x-1.24x	1.51x-2.17x	1.11x-6.24x	N/A
Indenture Debt Service Coverage	1.35x	1.54x-1.77x	1.81x-3.50x	4.09x-36.13x	N/A
Revenue Funded Capital	At least 15% - 30%	24%	20%	16%	100%

*Average annual projected rate change is derived from projected power revenue requirement and power loads and will change with completion of 2022 Power Rate Study



Water Sales Volumes Historical and Projected





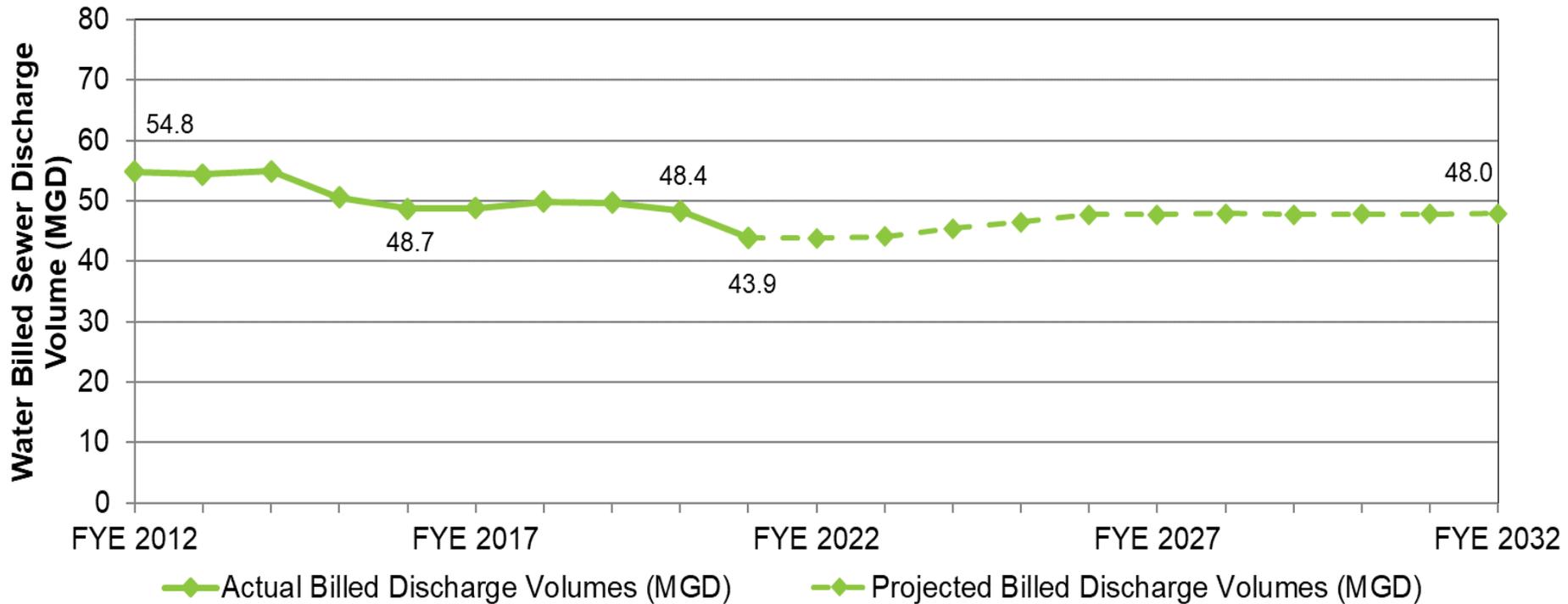
Water Enterprise FY 2022-23 10-Year Financial Plan

- 10-yr average annual rate change; 2.1% retail, 3.6% wholesale

(\$M)	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Beginning Fund Balance	\$ 236.1	\$ 177.9	\$ 181.5	\$ 179.0	\$ 174.5	\$ 187.8	\$ 202.1	\$ 203.2	\$ 196.6	\$ 206.0
Sources										
Retail Water Sales	326.0	368.6	383.4	399.8	407.8	416.9	424.2	432.8	441.5	451.4
Wholesale Water Sales	264.3	294.3	318.0	342.0	342.6	351.9	356.7	366.9	368.2	373.7
Other Miscellaneous Income	59.8	59.8	60.3	60.4	60.7	61.4	61.8	62.1	62.8	63.0
Total Sources	\$ 650.1	\$ 722.7	\$ 761.7	\$ 802.3	\$ 811.2	\$ 830.2	\$ 842.7	\$ 861.8	\$ 872.5	\$ 888.1
Uses										
Operations & Maintenance	276.6	282.7	293.1	301.8	310.1	317.4	324.9	333.8	342.8	352.4
Hetchy Transfer	49.5	49.1	52.6	54.2	55.8	57.4	59.1	61.0	62.7	64.7
Debt Service	335.0	339.2	339.9	367.1	366.8	384.5	385.4	410.2	408.4	409.1
Revenue-Funded Projects	47.1	48.1	78.6	83.6	65.1	56.6	72.3	63.3	49.2	57.2
Total Uses	\$ 708.2	\$ 719.1	\$ 764.3	\$ 806.7	\$ 797.9	\$ 815.9	\$ 841.7	\$ 868.3	\$ 863.1	\$ 883.3
Net Revenues	\$ (58.1)	\$ 3.6	\$ (2.6)	\$ (4.4)	\$ 13.3	\$ 14.3	\$ 1.0	\$ (6.5)	\$ 9.3	\$ 4.8
Ending Fund Balance	\$ 177.9	\$ 181.5	\$ 179.0	\$ 174.5	\$ 187.8	\$ 202.1	\$ 203.2	\$ 196.6	\$ 206.0	\$ 210.8
Rate Increase - Retail	0.0%	5.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rate Increase - Wholesale	15.9%	11.2%	0.0%	0.0%	0.2%	2.6%	1.7%	2.9%	0.2%	1.4%
Fund Balance as % of Op. Expenses	55%	55%	52%	49%	51%	54%	53%	50%	51%	51%
Debt Service Coverage (Current)	1.13	1.17	1.24	1.23	1.23	1.20	1.20	1.15	1.15	1.16
Debt Service Coverage (Indenture)	1.54	1.69	1.77	1.72	1.70	1.68	1.73	1.64	1.63	1.66
Revenue-Funded % of Capital	24%									
Water Sales - Retail (MGD)	53.8	55.7	57.1	58.6	58.6	58.6	58.6	58.6	58.6	58.6
Water Sales - Wholesale (MGD)	113.3	113.1	121.8	131.1	131.1	131.1	131.1	131.1	131.1	131.1
Single Family Res. Monthly Average (CCF)	4.8	4.7	4.8	4.9	4.9	4.8	4.8	4.8	4.8	4.8



Wastewater Sales Volumes Historical and Projected





Wastewater Enterprise FY 2022-23 10-Year Financial Plan

- 5.2% 10 yr average annual retail rate change

(\$M)	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Beginning Fund Balance	\$ 160.3	\$ 140.3	\$ 149.5	\$ 142.9	\$ 152.7	\$ 149.4	\$ 140.6	\$ 117.9	\$ 102.3	\$ 89.5
Sources										
Sewer Charges	368.2	420.6	454.9	494.3	524.2	558.7	589.3	624.8	656.3	693.0
Interest Income	0.8	0.7	0.7	0.7	0.8	1.0	0.9	0.8	1.0	0.8
Federal Bond Interest Subsidy	4.0	3.9	3.7	3.6	3.4	3.3	3.1	2.9	2.7	2.5
Other Miscellaneous Income	10.4	10.5	10.5	10.6	10.7	10.8	10.9	10.9	11.0	11.1
Total Sources	\$ 383.4	\$ 435.6	\$ 469.9	\$ 509.2	\$ 539.0	\$ 573.7	\$ 604.2	\$ 639.4	\$ 671.0	\$ 707.5
Uses										
Operations & Maintenance	201.2	207.8	212.6	218.7	225.1	231.6	238.3	245.2	252.4	259.8
Debt Service	113.5	119.8	135.6	149.9	184.0	215.0	250.1	268.7	287.6	311.2
Revenue-Funded Projects	88.7	98.7	128.4	130.8	133.3	135.9	138.5	141.1	143.8	146.6
Total Uses	\$ 403.4	\$ 426.3	\$ 476.5	\$ 499.4	\$ 542.3	\$ 582.5	\$ 626.9	\$ 655.1	\$ 683.8	\$ 717.6
Net Revenues	\$ (20.0)	\$ 9.3	\$ (6.7)	\$ 9.8	\$ (3.3)	\$ (8.7)	\$ (22.7)	\$ (15.6)	\$ (12.8)	\$ (10.1)
Ending Fund Balance	\$ 140.3	\$ 149.5	\$ 142.9	\$ 152.7	\$ 149.4	\$ 140.6	\$ 117.9	\$ 102.3	\$ 89.5	\$ 79.4
Retail Rate Increase	0.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	5.0%	5.0%
Fund Balance as % of Op. Expenses	70%	72%	67%	70%	66%	61%	49%	42%	35%	31%
Debt Service Coverage (Current)	1.79	2.17	2.13	2.15	1.86	1.73	1.57	1.57	1.55	1.51
Debt Service Coverage (Indenture)	3.35	3.50	3.36	3.21	2.77	2.48	2.17	2.03	1.92	1.81
Revenue-Funded % of Capital	20%									
Billed Discharge Volumes (MGD)	44.1	45.5	46.5	47.7	47.8	47.9	47.8	47.8	47.8	48.0



Combined Water & Wastewater Average Single Family Residential Monthly Bill

Actual

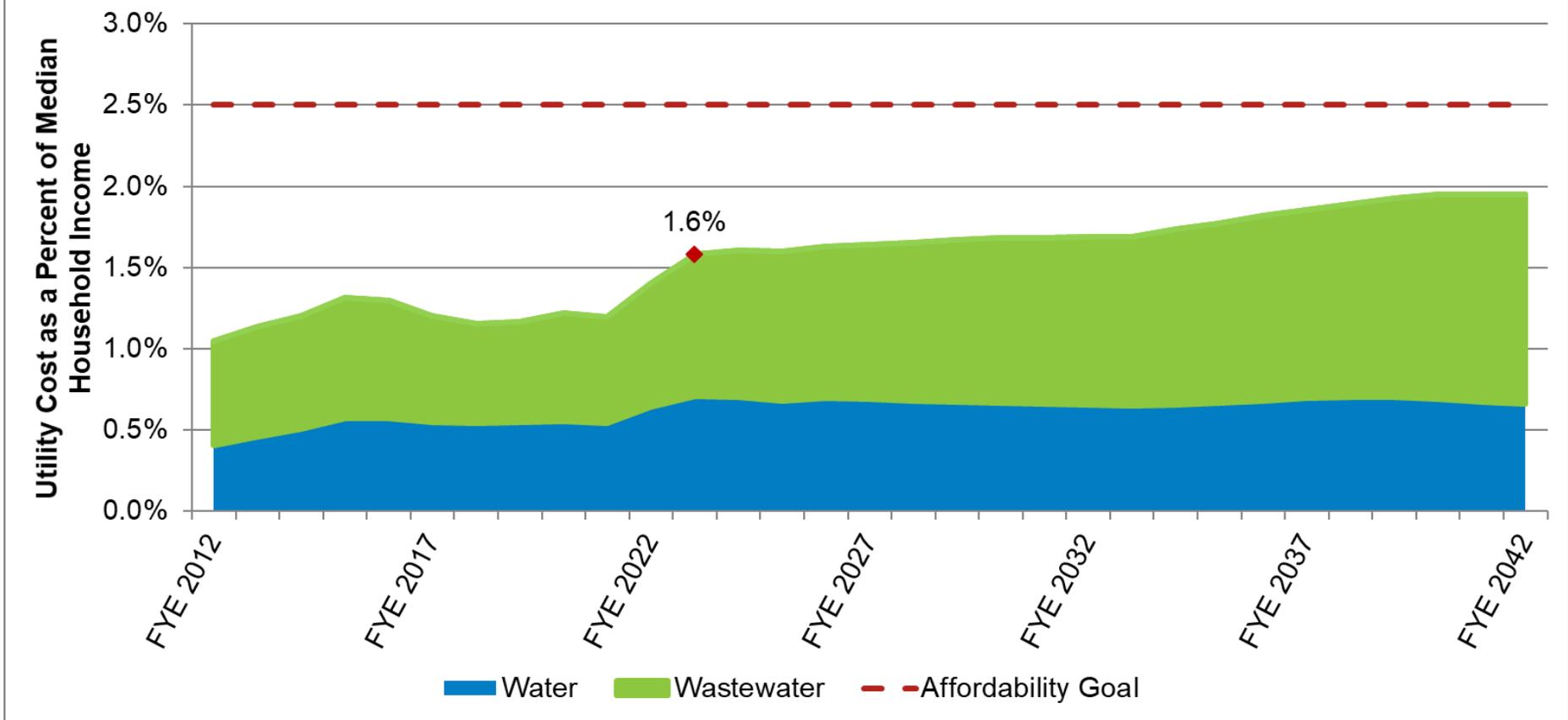
Fiscal Year	Water	Wastewater	FYE 2023 Combined
FYE 2021	\$63	\$75	\$138
FYE 2022	\$64	\$75	\$139
FYE 2023	\$64	\$75	\$139
FYE 2024	\$68	\$79	\$147
FYE 2025	\$69	\$84	\$153
FYE 2026	\$70	\$89	\$160
FYE 2027	\$72	\$95	\$166
FYE 2028	\$73	\$100	\$174
FYE 2029	\$75	\$106	\$181
FYE 2030	\$76	\$113	\$189
FYE 2031	\$78	\$118	\$196
FYE 2032	\$79	\$124	\$204
FYE 2033	\$83	\$129	\$212
FYE 2034	\$87	\$134	\$222
FYE 2035	\$92	\$140	\$232
FYE 2036	\$95	\$145	\$241
FYE 2037	\$98	\$151	\$249

Projected

4.7% average annual monthly bill change over 10- years

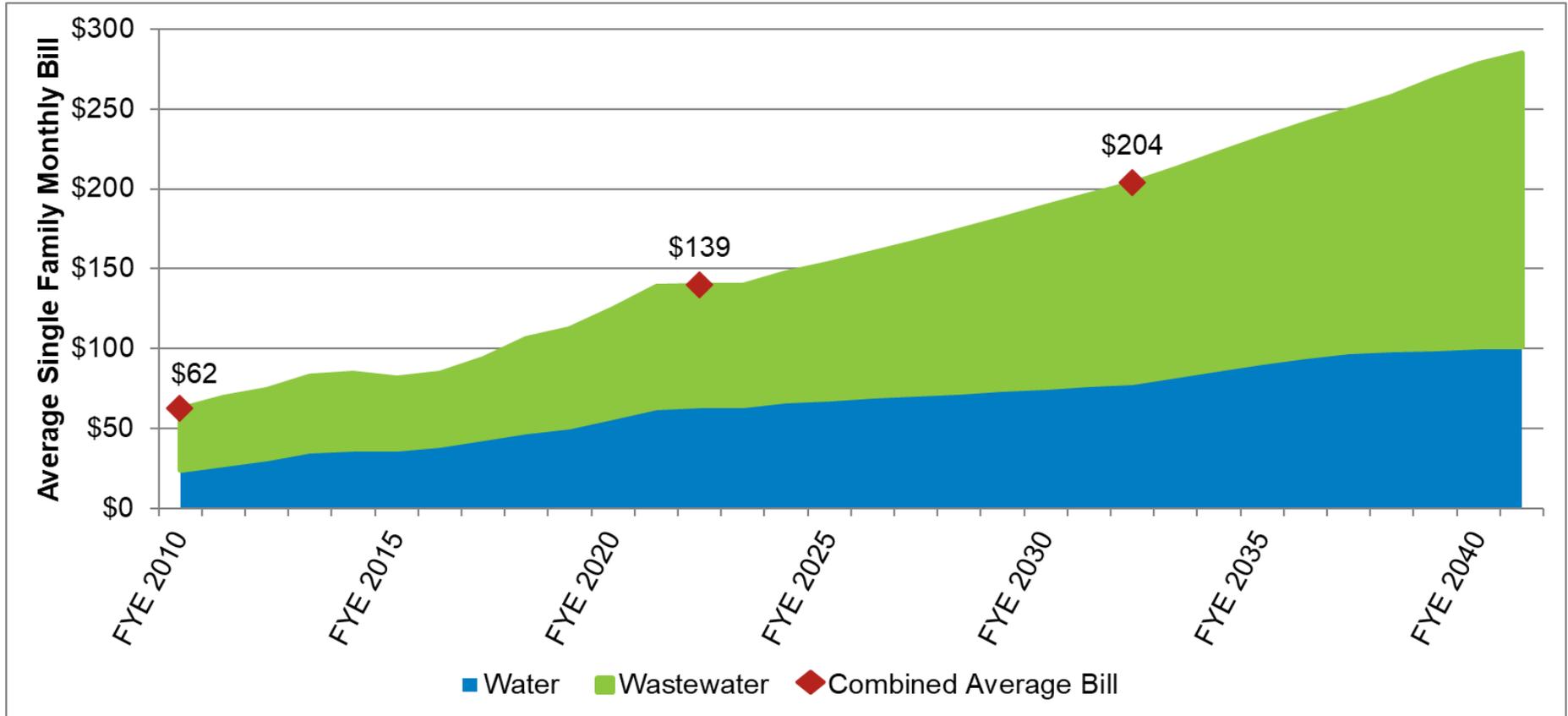


Projected Combined Water and Wastewater Utility Costs Within Current SFPUC Affordability Goals

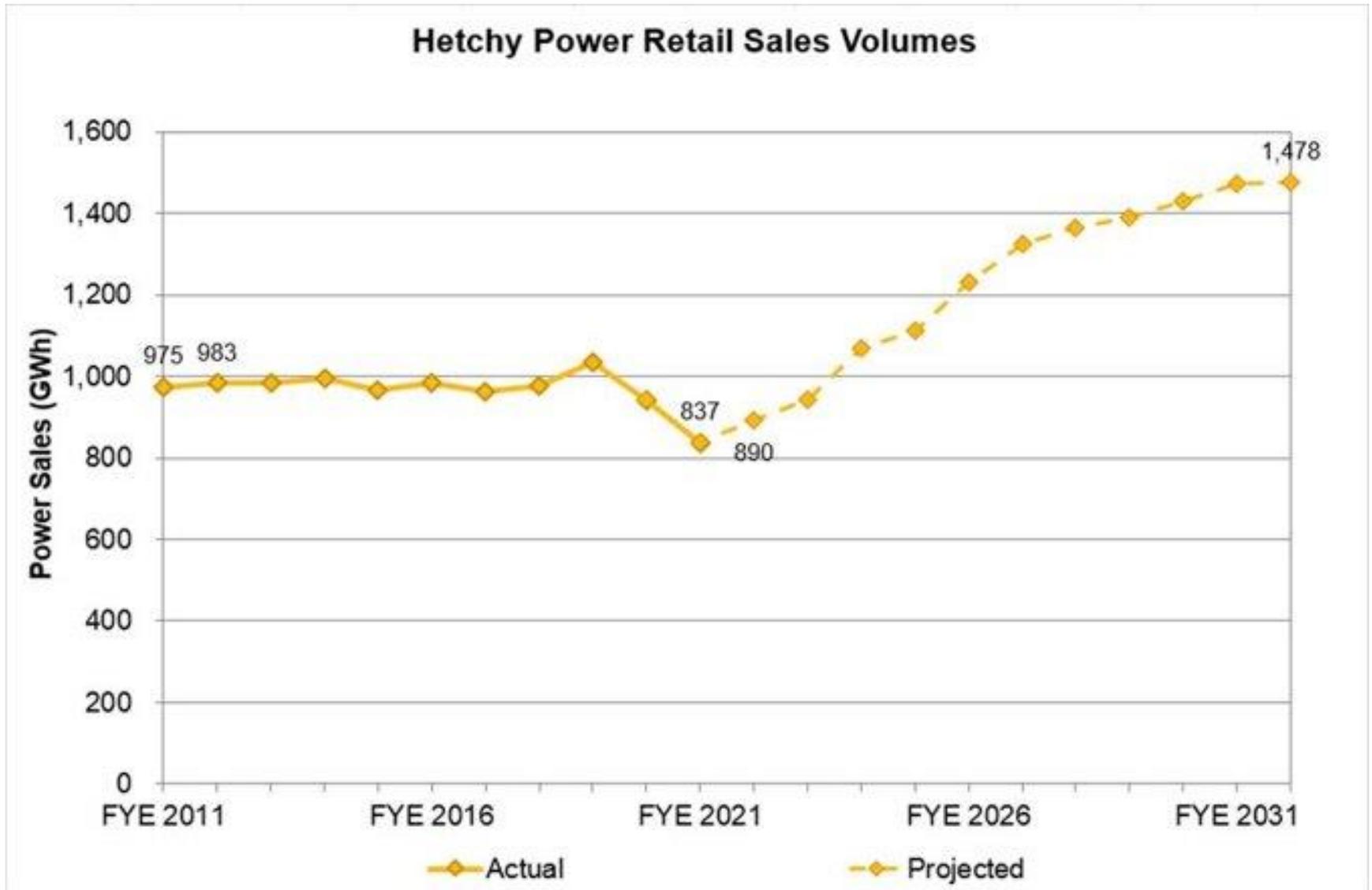




Projected Combined Water & Wastewater Bill Growth Significant



Hetch Hetchy Power Sales Volumes Historical and Projected



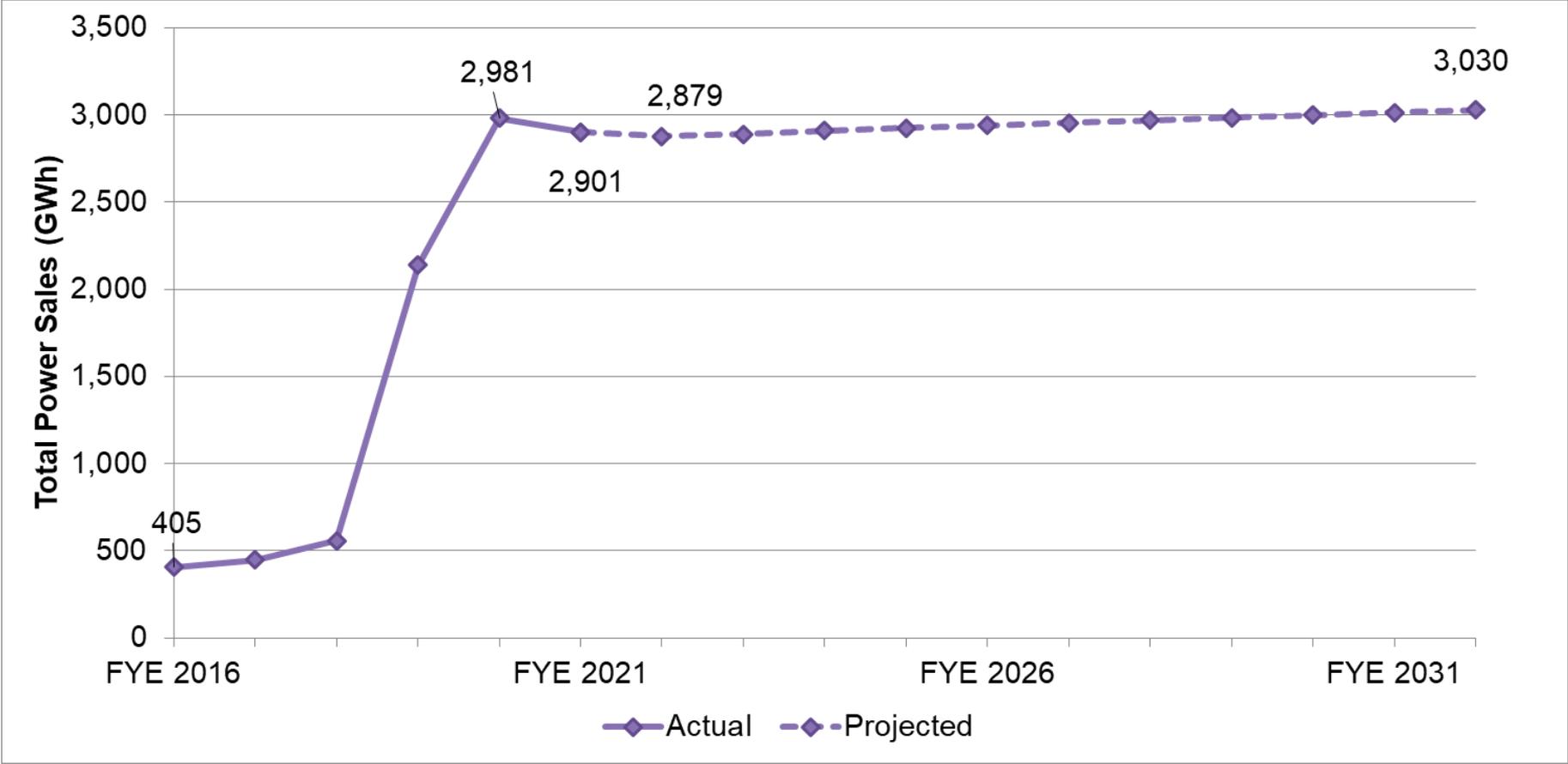


Hetch Hetchy Water & Power FY 2022-23 10-Year Financial Plan

(\$M)	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Beginning Fund Balance	\$ 75.1	\$ 71.1	\$ 82.2	\$ 97.3	\$ 111.2	\$ 127.8	\$ 143.1	\$ 138.5	\$ 136.1	\$ 136.2
Sources										
Power Sales - Retail	155.8	192.1	206.1	235.4	259.1	271.0	280.3	294.9	312.3	324.1
Power Sales - Wholesale	18.3	15.1	15.9	13.1	11.2	10.6	10.1	10.0	9.7	10.0
Gas & Steam Sales	13.3	13.7	14.1	14.6	15.0	15.4	15.9	16.4	16.9	17.4
Water Sales	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Hetchy Transfer	49.5	49.1	52.6	54.2	55.8	57.4	59.1	61.0	62.7	64.7
Other Misc Income	9.1	9.7	10.0	10.3	10.6	11.0	11.3	11.6	12.2	12.3
Total Sources	\$ 246.3	\$ 279.9	\$ 298.9	\$ 327.7	\$ 352.0	\$ 365.7	\$ 377.1	\$ 394.2	\$ 414.1	\$ 428.7
Uses										
Operations & Maintenance	241.4	257.8	265.5	283.8	297.8	313.2	325.8	340.4	355.7	371.9
Debt Service	3.9	3.5	10.5	17.0	16.9	16.6	31.9	31.8	31.8	47.2
Revenue-Funded Projects	4.9	7.6	7.8	13.0	20.7	20.7	24.1	24.3	26.4	26.4
Total Uses	\$ 250.2	\$ 268.8	\$ 283.8	\$ 313.8	\$ 335.4	\$ 350.4	\$ 381.8	\$ 396.5	\$ 413.9	\$ 445.5
Net Revenues	\$ (3.9)	\$ 11.1	\$ 15.1	\$ 13.9	\$ 16.6	\$ 15.3	\$ (4.7)	\$ (2.4)	\$ 0.2	\$ (16.8)
Ending Fund Balance	\$ 71.1	\$ 82.2	\$ 97.3	\$ 111.2	\$ 127.8	\$ 143.1	\$ 138.5	\$ 136.1	\$ 136.2	\$ 119.4
Fund Balance as % of Power Op. Expense	37%	40%	46%	49%	53%	56%	52%	49%	47%	39%
Debt Service Coverage (Current)	1.11	6.24	3.13	2.55	3.17	3.14	1.59	1.67	1.82	1.19
Debt Service Coverage (Indenture)	30.94	36.13	11.97	8.73	10.24	11.17	6.12	6.05	6.12	4.09
Revenue-Funded % of Capital	16%									



CleanPowerSF Power Sales Volumes Historical and Projections





CleanPowerSF

FY 2022-23 10-Year Financial Plan

(\$M)	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Beginning Fund Balance	\$ 68.2	\$ 102.7	\$ 113.8	\$ 121.3	\$ 120.4	\$ 122.3	\$ 124.9	\$ 128.5	\$ 132.1	\$ 110.9
Sources										
Power Sales	315.2	279.6	281.0	282.4	283.9	285.3	286.7	288.1	289.6	291.0
Interest Earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Sources	\$ 315.2	\$ 279.6	\$ 281.0	\$ 282.4	\$ 283.9	\$ 285.3	\$ 286.7	\$ 288.1	\$ 289.6	\$ 291.0
Uses										
Supply	251.1	237.8	242.3	251.5	249.5	249.5	249.1	249.5	256.6	236.8
Operating Costs	28.0	28.6	29.3	30.0	30.8	31.6	32.4	33.3	34.2	34.9
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue-Funded Projects	1.6	2.2	1.9	1.9	1.6	1.6	1.6	1.8	20.0	28.3
Total Uses	\$ 280.7	\$ 268.6	\$ 273.5	\$ 283.4	\$ 281.9	\$ 282.7	\$ 283.1	\$ 284.6	\$ 310.8	\$ 300.0
Net Revenues	\$ 34.5	\$ 11.1	\$ 7.6	\$ (1.0)	\$ 1.9	\$ 2.6	\$ 3.6	\$ 3.6	\$ (21.2)	\$ (9.0)
General Reserve and Operating Fund Transfer										
Ending Fund Balance	\$ 102.7	\$ 113.8	\$ 121.3	\$ 120.4	\$ 122.3	\$ 124.9	\$ 128.5	\$ 132.1	\$ 110.9	\$ 101.9
Fund Balance as % of Operating Expenses	37%	43%	45%	43%	44%	44%	46%	47%	38%	38%
Revenue-Funded % of Capital	100%									



FY 2022-23 10-Year Financial Plan Sensitivities

- Fully Funded 10-Year Capital Plan sensitivity modeling results in higher 10-Year average annual rate changes

	Base Plan Ave Annual Rate Change	Fully Funded 10-Year Capital Plan Ave Annual Rate Change
Water	2.1%	2.7%
Wastewater	5.2%	5.7%
Hetch Hetchy Power	3.9%	4.6%

- Drought Sensitivity modeling examined lifting emergency declaration; results in lower revenues of \$10.6M in Water and \$19M in Wastewater during budget years
- Retail water volumes sensitivity modeled 0.6% water demand growth resulting in slight reductions to average annual rate change

Questions?