



FY 2021-22 to FY 2030-31 10 Year Financial Plans

Rate Fairness Board
April 23, 2021

Erin Franks, Rates Administrator



10-Year Financial Plan Development

- Annual update consistent with City Charter requirements
- Balanced sources and uses
- FY 2021-22 operating/capital budget changes incorporated
- Adopted rate increases incorporated, with forecasted rates set to cover costs
- Full report includes sales volume sensitivity scenarios
- Financial policies met



10-Year Financial Plan Key Updates

- Sales Volume Reduction in Near-Term
 - COVID-19 sales volume reductions for non-residential customers
 - Economic recovery assumed generally by FY24 but longer for tourism reliant customers; consistent with City Economist
- Revised Capital Financing Assumptions
 - Reduced debt issuance sizing and timing informed by project delivery re-baselining reviews
 - Lower debt issuance costs and interest rate assumptions
- Reduced Future Rate Assumptions
 - Balancing operating/capital funding with fund balance levels allowed for reductions to future Water and Wastewater retail rate changes



Water Enterprise 10-Year Financial Plan

(\$M)	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Beginning Fund Balance	\$ 245.8	\$ 220.0	\$ 172.4	\$ 164.3	\$ 164.4	\$ 147.0	\$ 151.9	\$ 163.6	\$ 168.0	\$ 182.6
Sources										
Retail Water Sales	323.3	352.5	373.3	387.4	399.0	410.9	424.3	436.0	449.0	462.5
Wholesale Water Sales	270.4	272.1	308.5	320.9	346.1	348.0	371.1	375.7	376.4	387.1
Other Miscellaneous Income	63.4	60.7	60.9	61.3	61.6	62.1	62.8	63.3	63.8	64.6
Total Sources	\$ 657.1	\$ 685.3	\$ 742.6	\$ 769.6	\$ 806.7	\$ 821.0	\$ 858.1	\$ 875.0	\$ 889.2	\$ 914.2
Uses										
Operations & Maintenance	272.4	282.4	289.6	300.3	309.2	317.8	325.5	333.0	342.4	349.3
Hetchy Transfer	45.8	46.8	48.4	49.9	51.6	53.2	54.8	56.5	58.3	60.0
Debt Service	307.6	335.0	339.2	340.6	379.6	380.1	409.4	408.8	410.5	433.6
Revenue-Funded Projects	57.2	68.6	73.6	78.6	83.7	65.1	56.6	72.3	63.3	49.2
Total Uses	\$ 683.0	\$ 732.9	\$ 750.8	\$ 769.5	\$ 824.0	\$ 816.1	\$ 846.4	\$ 870.7	\$ 874.6	\$ 892.0
Net Revenues	\$ (25.8)	\$ (47.6)	\$ (8.1)	\$ 0.1	\$ (17.3)	\$ 4.8	\$ 11.7	\$ 4.4	\$ 14.6	\$ 22.2
Ending Fund Balance	\$ 220.0	\$ 172.4	\$ 164.3	\$ 164.4	\$ 147.0	\$ 151.9	\$ 163.6	\$ 168.0	\$ 182.6	\$ 204.8
Rate Increase - Retail	7.9%	7.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Rate Increase - Wholesale	0.0%	2.2%	16.2%	3.3%	8.3%	0.0%	7.0%	1.2%	0.0%	3.1%
Fund Balance as % of Op. Expenses	69%	52%	49%	47%	41%	41%	43%	43%	46%	50%
Debt Service Coverage (Current)	1.18	1.12	1.20	1.24	1.18	1.19	1.17	1.19	1.19	1.17
Debt Service Coverage (Indenture)	1.84	1.68	1.71	1.72	1.62	1.58	1.55	1.59	1.60	1.59
Revenue-Funded % of Capital	28%									
Water Sales - Retail (MGD)	56.3	57.6	58.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7
Water Sales - Wholesale (MGD)	133.0	131.3	129.2	129.2	129.2	129.2	129.2	129.2	129.2	129.2
Single Family Res. Monthly Avg (CCF)	5.4	5.3	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1



Wastewater Enterprise 10-Year Financial Plan

(\$M)	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Beginning Fund Balance	\$ 203.0	\$ 201.1	\$ 185.7	\$ 178.4	\$ 165.0	\$ 165.2	\$ 168.6	\$ 172.9	\$ 161.1	\$ 133.8
Sources										
Sewer Charges	383.1	413.1	445.1	466.1	489.3	513.7	540.9	561.1	583.6	607.1
Interest Income	5.8	1.0	0.9	0.9	0.8	0.8	1.1	1.1	1.0	1.3
Federal Bond Interest Subsidy	4.0	4.0	3.9	3.7	3.6	3.4	3.2	3.1	2.9	2.7
Other Miscellaneous Income	14.7	15.3	15.5	15.8	16.0	16.3	16.6	16.8	17.1	17.5
Total Sources	\$ 407.7	\$ 433.4	\$ 465.4	\$ 486.5	\$ 509.7	\$ 534.3	\$ 561.8	\$ 582.1	\$ 604.7	\$ 628.5
Uses										
Operations & Maintenance	201.1	206.9	212.9	219.0	225.3	231.8	238.4	245.3	252.4	263.5
Debt Service	93.6	113.5	129.0	147.6	148.4	160.6	177.9	204.7	233.0	272.4
Revenue-Funded Projects	114.9	128.4	130.8	133.3	135.9	138.5	141.1	143.8	146.6	149.4
Total Uses	\$ 409.6	\$ 448.8	\$ 472.7	\$ 499.9	\$ 509.5	\$ 530.8	\$ 557.5	\$ 593.9	\$ 632.0	\$ 685.3
Net Revenues	\$ (1.9)	\$ (15.4)	\$ (7.3)	\$ (13.5)	\$ 0.2	\$ 3.4	\$ 4.3	\$ (11.8)	\$ (27.4)	\$ (56.8)
Ending Fund Balance	\$ 201.1	\$ 185.7	\$ 178.4	\$ 165.0	\$ 165.2	\$ 168.6	\$ 172.9	\$ 161.1	\$ 133.8	\$ 77.0
Retail Rate Increase	8.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%
Fund Balance as % of Op. Expenses	100%	90%	84%	75%	73%	73%	73%	66%	53%	29%
Debt Service Coverage (Current)	2.32	2.26	2.18	1.96	2.09	2.14	2.04	1.82	1.65	1.43
Debt Service Coverage (Indenture)	4.55	4.22	3.75	3.25	3.27	3.28	3.08	2.74	2.39	1.95
Revenue-Funded % of Capital	25%									



Combined Water & Wastewater Average Single Family Monthly Bill

	FYE 2022 Projection		
Fiscal Year	Water	Wastewater	FYE 2022 Combined
FYE 2021	\$64	\$77	\$142
FYE 2022	\$68	\$83	\$151
FYE 2023	\$73	\$87	\$160
FYE 2024	\$76	\$91	\$167
FYE 2025	\$79	\$96	\$175
FYE 2026	\$81	\$100	\$182
FYE 2027	\$84	\$106	\$189
FYE 2028	\$86	\$111	\$197
FYE 2029	\$89	\$115	\$204
FYE 2030	\$92	\$120	\$212
FYE 2031	\$94	\$125	\$219
FYE 2032	\$96	\$133	\$230
FYE 2033	\$98	\$140	\$238
FYE 2034	\$100	\$148	\$249
FYE 2035	\$103	\$156	\$259
FYE 2036	\$106	\$165	\$272

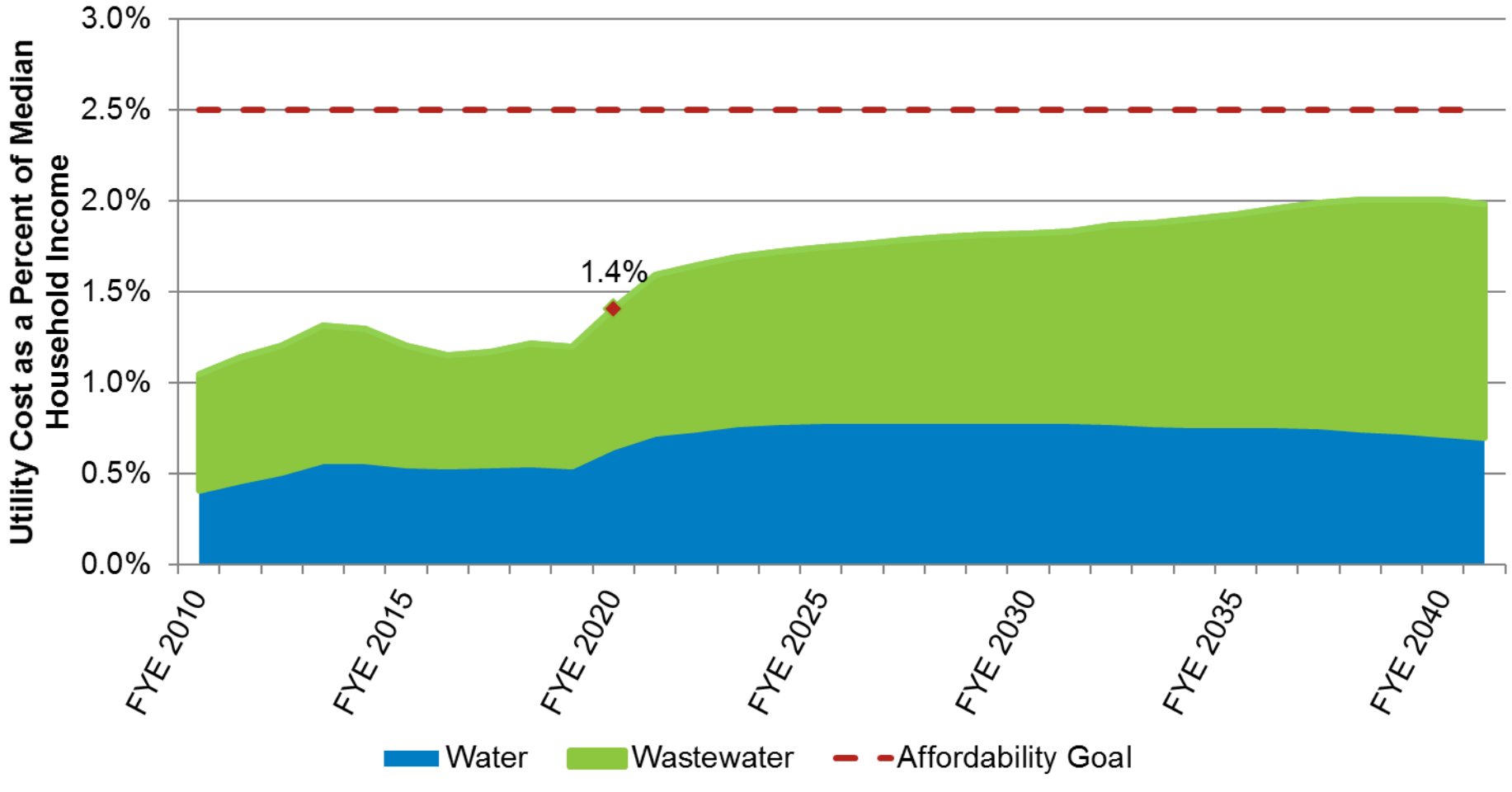
Actual

Projected

Projected 2031 Combined Bill is 12% lower than in previous Plan



Affordability: Utility Cost as a Percent of Median Household Income



Projections assume 3% annual growth rate from 2019 median household income



Hetch Hetchy Water and Power 10-Year Financial Plan

(\$M)	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Beginning Fund Balance	\$ 77.3	\$ 78.0	\$ 74.3	\$ 67.9	\$ 66.7	\$ 72.2	\$ 72.9	\$ 84.0	\$ 91.5	\$ 88.8
Sources										
Power Sales - Municipal General Fund Rates	30.7	37.0	43.2	46.8	50.5	54.1	57.8	61.4	65.0	68.7
Power Sales - Municipal Enterprise Rates	90.6	98.0	109.4	116.7	124.0	132.3	138.8	143.8	149.4	157.3
Power Sales - Retail	12.8	14.9	21.1	23.8	36.5	50.6	62.6	72.0	80.3	82.7
Power Sales - Wholesale	18.2	14.5	12.0	10.9	10.5	9.3	8.8	8.8	8.8	8.9
Gas & Steam Sales	14.7	15.1	15.5	16.0	16.5	17.0	17.5	18.0	18.6	19.1
Water Sales	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Hetchy Transfer	45.8	46.8	48.4	49.9	51.6	53.2	54.8	56.5	58.3	60.0
Other Misc Income	13.6	9.7	10.6	11.0	11.2	11.4	11.8	12.1	12.4	12.9
Total Sources	\$ 226.6	\$ 236.4	\$ 260.3	\$ 275.4	\$ 300.9	\$ 328.1	\$ 352.4	\$ 372.8	\$ 393.1	\$ 410.0
Uses										
Operations & Maintenance	224.1	230.9	248.9	258.6	271.4	282.0	296.3	309.5	322.6	335.5
Debt Service	3.9	4.3	10.2	10.2	11.0	24.8	24.5	25.2	41.5	41.5
Revenue-Funded Projects	(2.2)	4.9	7.6	7.8	13.1	20.7	20.7	30.7	31.7	32.7
Total Uses	\$ 225.9	\$ 240.1	\$ 266.7	\$ 276.6	\$ 295.4	\$ 327.4	\$ 341.4	\$ 365.4	\$ 395.8	\$ 409.6
Net Revenues	\$ 0.7	\$ (3.7)	\$ (6.4)	\$ (1.2)	\$ 5.5	\$ 0.7	\$ 11.0	\$ 7.5	\$ (2.7)	\$ 0.4
Ending Fund Balance	\$ 78.0	\$ 74.3	\$ 67.9	\$ 66.7	\$ 72.2	\$ 72.9	\$ 84.0	\$ 91.5	\$ 88.8	\$ 89.1
Fund Balance as % of Power Op. Expenses	45%	41%	34%	32%	33%	32%	35%	36%	34%	33%
Debt Service Coverage (Current)	1.18	1.25	1.12	1.59	2.64	1.84	2.27	2.49	1.68	1.78
Debt Service Coverage (Indenture)	30.38	28.43	9.11	9.05	9.46	4.91	5.36	5.87	3.91	3.94
Revenue-Funded % of Capital	17%									



CleanPowerSF 10-Year Financial Plan

(\$M)	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Beginning Fund Balance	\$ 62.1	\$ 62.6	\$ 59.8	\$ 54.8	\$ 59.1	\$ 69.3	\$ 87.1	\$ 112.6	\$ 127.2	\$ 127.2
Sources										
Power Sales	224.1	218.1	214.8	222.3	230.1	238.2	246.6	255.2	264.1	273.4
Interest Earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Sources	\$ 224.1	\$ 218.1	\$ 214.8	\$ 222.3	\$ 230.1	\$ 238.2	\$ 246.6	\$ 255.2	\$ 264.1	\$ 273.4
Uses										
Supply	193.1	192.5	191.4	189.4	191.1	191.9	192.3	193.9	194.1	194.4
Operating Costs	28.1	27.0	27.0	27.0	27.1	27.1	27.2	27.2	27.3	27.3
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	2.4	1.5	1.4	1.6	1.7	1.5	1.6	19.5	42.7	42.7
Total Uses	\$ 223.6	\$ 220.9	\$ 219.8	\$ 218.0	\$ 219.9	\$ 220.5	\$ 221.1	\$ 240.6	\$ 264.1	\$ 264.4
Net Revenues	\$ 0.6	\$ (2.8)	\$ (5.0)	\$ 4.3	\$ 10.3	\$ 17.8	\$ 25.5	\$ 14.6	\$ 0.1	\$ 9.0
General Reserve										
Ending Fund Balance	\$ 62.6	\$ 59.8	\$ 54.8	\$ 59.1	\$ 69.3	\$ 87.1	\$ 112.6	\$ 127.2	\$ 127.2	\$ 136.2
Fund Balance as % of Operating Expenses	28%	27%	25%	27%	32%	40%	51%	58%	57%	61%
Revenue-Funded % of Capital	100%									

Average Annual Rates

(\$/kWh)	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Retail/Redevelopment Rates (Average Annual Rates)										
Residential	0.0779	0.0753	0.0740	0.0762	0.0785	0.0809	0.0833	0.0858	0.0884	0.0910
Medium Commercial, Secondary Voltage	0.0767	0.0746	0.0728	0.0750	0.0773	0.0796	0.0820	0.0844	0.0870	0.0896
Industrial, Primary Voltage	0.0634	0.0616	0.0601	0.0619	0.0637	0.0656	0.0676	0.0696	0.0717	0.0739

Discussion

