

# Water Forecast Assumptions

Line	B	C	I	J	K	L	M
<u>Assumptions in Income Statement</u>	Line		Adopted FY 24-25	Forecast FY 25-26	Forecast FY 26-27	Forecast FY 27-28	Forecast FY 28-29
1	Potable water Gallon per Capita		125	124	123	121	120
2	Population		114,934	117,605	120,967	124,329	127,691
3	Potable water sales (in CCF)		6,529,259	6,638,625	6,764,028	6,889,431	7,014,833
4	Recycled water sales (in CCF)		1,347,746	1,406,552	1,406,552	1,406,552	1,413,086
5	Burbank Operable Unit (BOU) operating capacity		76%	76%	76%	82%	82%
6	Water delivery to LADWP (in CCF)		322,344	322,344	322,344	322,344	322,344
7	BOU as % of total water supply	10	67%	65%	64%	68%	67%
8	Water loss	10	6.0%	6.0%	6.0%	6.0%	6.0%
9	Potable and recycled water rate increase effective July 1	10	9.0%	9.0%	9.0%	9.0%	3.0%
10	MWD's Full Service Treated Water Tier 1 rates, Jan 1 (\$ per AF) *	10	\$ 1,344	\$ 1,425	\$ 1,510	\$ 1,601	\$ 1,697
			107.0%	106.0%	106.0%	106.0%	106.0%
11	MWD's Untreated Water Tier 1 rates, Jan 1 (\$ per AF) *	10	\$ 966	\$ 1,024	\$ 1,086	\$ 1,151	\$ 1,220
			107.0%	106.0%	106.0%	106.0%	106.0%
12	MWD annual fixed charges ( in thousand \$) *	10	\$ 1,579	\$ 1,698	\$ 1,814	\$ 1,938	\$ 2,069
13	LA Recycled Water Exchange - Volume in A.F.		135	285	285	285	285
	Average MWD untreated volumetric rate/ A.F.		\$ 935	\$ 995	\$ 1,055	\$ 1,118	\$ 1,185
	LA Water Exchange - value in \$, used to offset WCAC expense (in thousand \$)	10	\$ 126	\$ 284	\$ 301	\$ 319	\$ 338
14	Water fund shared services	17	11.5%	11.5%	11.5%	11.5%	11.5%
15	Water public benefits spending as % potable sales (approximate)	17	2.00%	2.00%	2.00%	2.00%	2.00%
16	Interest income	26	3.0%	2.8%	2.5%	2.5%	2.5%
17	General inflation for unknown items	10, 15-18	3.0%	2.5%	2.0%	2.0%	2.0%
18	Utility's cost rising @ 2 -2.6x general inflation	10, 15-18	Best estimates	5.0%	4.0%	4.0%	4.0%
19	Staffing Full time equivalent (FTE)	15-17	54.0	54.0	54.0	54.0	54.0
20	Other Operating Income:						
	Recycled water credits from MWD up to \$250/AF	4	96	96	96	96	96
	Hydro gen at VPP 308 MWh @ \$75/MWh	4	18	18	18	18	18
	Connection fees	4	116	121	127	134	140
	Front footage fees/ Water mains replacement fees	4	294	309	324	340	357
	Fire protection services	4	796	867	945	1,030	1,061
	Reimbursement for water delivery to LADWP	4	66	68	69	70	71
			1,386	1,480	1,580	1,689	1,745
21	Other Income:						
	BABs interest subsidy from the federal government @5.7% sequestration rate	27	487	469	449	427	405
	Lease rental revenues	27	27	27	27	27	27
			514	496	476	454	432
	<b><u>Assumptions in Cash Statement ( in thousands \$)</u></b>						
22	Capital spending: 90% of budget or forecast		\$14,702	\$12,085	\$11,264	\$9,298	\$15,054
23	Voluntary pension payment		\$199				
24	Annual untreated or physical solution water purchases in AF		3,000	1,900	7,000	7,000	7,500
	Water groundwater inventory, ending balance in AF		19,525	14,923	15,480	15,202	15,488
	* Based on MWD proposed biennial budget FY22-23 and FY23-24 budget including ten-year financial forecast published in February 2022.						
	<u>Exclusions:</u>						
	MWD rate projections exclude water supply investments for the Delta conveyance project, desalination, direct potable re-use and alternative water supply by moving water from east to west						
	No additional pension liability payments post FY24-25						
	Revenue loss due to uncertain and highly variable climatic conditions						
	Future regulations and permit requirements to treat new and emerging contaminants						

# Proforma Income Statement - Five Year Forecast

## 497 Water Fund

Line	(Amounts in thousands)	Actual FY 18-19	Actual FY 19-20	Actual FY 20-21	Actual FY 21-22	Actual FY 22-23	Adopted FY 23-24	Forecast FY 23-24 3/7/2024	Proposed FY 24-25 5/9/2023	Adopted FY 24-25 4/24/2024	Forecast FY 25-26	Forecast FY 26-27	Forecast FY 27-28	Forecast FY 28-29
	<b>CCF - Potable Sales</b>	6,477,809	6,537,086	6,732,899	6,912,668	5,813,953	6,419,893	6,211,799	6,529,259	6,529,259	6,638,625	6,764,028	6,889,431	7,014,833
	<b>CCF- Recycled Sales</b>	1,217,281	1,280,333	1,302,880	1,382,594	1,164,359	1,382,594	1,279,170	1,347,746	1,347,746	1,406,552	1,406,552	1,406,552	1,413,086
	<b>All Other Rates</b>	\$ 2,211	\$ 2,427	\$ 2,279	\$ 2,467	\$ 2,928	\$ 3,116	\$ 3,088	\$ 3,406	\$ 3,406	\$ 3,610	\$ 3,915	\$ 4,056	\$ 4,227
	<b>WCAC Rate</b>	\$ 1,813	\$ 1,904	\$ 1,904	\$ 2,018	\$ 2,018	\$ 2,203	\$ 2,203	\$ 2,269	\$ 2,269	\$ 2,337	\$ 2,407	\$ 2,480	\$ 2,554
	<b>Combined Rate</b>	\$ 4,024	\$ 4,330	\$ 4,183	\$ 4,485	\$ 4,946	\$ 5,319	\$ 5,291	\$ 5,675	\$ 5,675	\$ 5,948	\$ 6,323	\$ 6,536	\$ 6,781
	<b>Overall rate increase</b>	<b>4.90%</b>	<b>4.90%</b>	<b>0.00%</b>	<b>1.96% Oct,Jan,Ap</b>	<b>9.00%</b>	<b>9.0%</b>	<b>9.0%</b>	<b>9.0%</b>	<b>9.0%</b>	<b>9.0%</b>	<b>9.0%</b>	<b>9.0%</b>	<b>3.0%</b>
1	<b>Operating Revenues</b>													
2	Potable water revenues	26,212	28,445	29,036	28,592	28,182	34,003	31,889	37,562	37,562	41,501	45,915	50,789	53,076
3	Recycled water revenues	3,721	3,950	3,924	4,283	4,521	5,343	4,738	5,685	5,685	6,451	7,032	7,665	7,930
4	Other	1,347	955	1,065	1,104	1,280	1,522	1,622	1,615	1,386	1,480	1,580	1,689	1,745
5	Total Operating Revenues	31,280	33,349	34,025	33,979	33,983	40,868	38,248	44,861	44,633	49,431	54,528	60,143	62,750
6														
7	<b>Water Supply Expenses</b>													
8	Water Supply Expense	11,892	12,994	12,102	12,361	11,303	15,230	13,722	15,485	15,485	15,551	18,346	19,641	21,539
9														
10	Total Water Supply Expenses	11,892	12,994	12,102	12,361	11,303	15,230	13,722	15,485	15,485	15,551	18,346	19,641	21,539
11														
12	<b>Gross Margin</b>	19,388	20,355	21,924	21,618	22,681	25,639	24,527	29,376	29,148	33,880	36,181	40,502	41,211
13														
14	<b>Operating Expenses</b>													
15	Potable Operations and Maintenance	7,065	8,488	8,941	8,637	9,394	11,144	11,175	11,077	11,187	11,511	11,812	12,122	12,440
16	Recycled Operations and Maintenance	1,732	1,527	1,715	1,623	1,529	1,848	1,603	1,924	1,725	1,788	1,845	1,903	1,963
17	Allocated Expenses	1,986	2,062	1,751	2,190	3,123	4,582	3,794	4,812	4,945	4,752	4,897	5,046	5,200
18	Transfer to General Fund for Cost Allocation	1,999	2,070	2,101	1,720	1,775	1,648	1,633	1,698	1,497	1,732	1,767	1,802	1,838
19	Depreciation Recycled	953	967	954	997	996	904	906	907	913	917	924	930	936
20	Depreciation Potable	2,976	3,105	3,253	3,124	3,470	3,667	3,579	3,725	3,849	3,916	4,244	4,516	4,959
21	Total Operating Expenses	16,710	18,220	18,715	18,291	20,288	23,793	22,689	24,143	24,116	24,617	25,489	26,318	27,337
22														
23	<b>Operating Income (Loss)</b>	2,678	2,135	3,208	3,327	2,393	1,846	1,838	5,233	5,032	9,263	10,693	14,184	13,874
24														
25	<b>Other Income (Expenses)</b>													
26	Interest Income	546	492	127	81	586	462	1,008	400	400	516	534	564	760
27	Miscellaneous Income/ (Expenses)	542	534	1,012	1,551	1,453	531	642	514	514	496	476	454	432
28	Unfunded pension liability payments		(553)	(530)	(440)	(440)	(200)	(199)	(200)	(399)				
29	Gross Interest Expense	(1,921)	(1,934)	(1,819)	(2,336)	(2,581)	(2,844)	(2,681)	(2,749)	(2,749)	(2,338)	(2,261)	(2,179)	(2,093)
30		(833)	(1,461)	(1,211)	(1,144)	(982)	(2,051)	(1,230)	(2,035)	(2,234)	(1,325)	(1,251)	(1,161)	(901)
31														
32	<b>Net Income</b>	<b>1,845</b>	<b>673</b>	<b>1,998</b>	<b>2,183</b>	<b>1,411</b>	<b>(205)</b>	<b>608</b>	<b>3,198</b>	<b>2,798</b>	<b>7,938</b>	<b>9,441</b>	<b>13,023</b>	<b>12,974</b>
33														
34	Capital Contribution (AIC)	606	727	1,325	477	399	634	1,503	634	634	659	684	709	734
35														
36	<b>Change in Net Assets (Loss)-Potable &amp; Recycled</b>	<b>2,451</b>	<b>1,400</b>	<b>3,323</b>	<b>2,661</b>	<b>1,810</b>	<b>428</b>	<b>2,111</b>	<b>3,832</b>	<b>3,431</b>	<b>8,597</b>	<b>10,125</b>	<b>13,731</b>	<b>13,708</b>
37														
38	<b>Average cost of water \$/CCF</b>	<b>1.84</b>	<b>1.99</b>	<b>1.80</b>	<b>1.79</b>	<b>1.94</b>	<b>2.37</b>	<b>2.21</b>	<b>2.37</b>	<b>2.37</b>	<b>2.34</b>	<b>2.71</b>	<b>2.85</b>	<b>3.07</b>

## Water Fund Cash Balance and Financial Ratios

	Actual FY 19-20	Actual FY 20-21	Actual FY 21-22	Actual FY 22-23	Forecast FY 23-24	Adopted FY 24-25	Forecast FY 25-26	Forecast FY 26-27	Forecast FY 27-28	Forecast FY 28-29
Cash balance	\$ 10,615	\$ 14,379	\$ 38,223	\$ 40,365	\$ 22,963	\$ 17,650	\$ 20,475	\$ 21,900	\$ 29,968	\$ 32,265
Bond proceeds dedicated for capital projects	\$ -	\$ -	\$ (23,141)	\$ (18,769)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cash balance after commitments</b>	<b>\$ 10,615</b>	<b>\$ 14,379</b>	<b>\$ 15,081</b>	<b>\$ 21,596</b>	<b>\$ 22,963</b>	<b>\$ 17,650</b>	<b>\$ 20,475</b>	<b>\$ 21,900</b>	<b>\$ 29,968</b>	<b>\$ 32,265</b>
Budgetary savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cash balance after budgetary savings</b>	<b>\$ 10,615</b>	<b>\$ 14,379</b>	<b>\$ 15,081</b>	<b>\$ 21,596</b>	<b>\$ 22,963</b>	<b>\$ 17,650</b>	<b>\$ 20,475</b>	<b>\$ 21,900</b>	<b>\$ 29,968</b>	<b>\$ 32,265</b>

### Financial Ratios

Days Cash on Hand	143	197	193	291	263	185	211	207	270	274
Rate covenant	2.30x	4.36x	2.57x	2.30x	1.99x	2.51x	4.02x	4.47x	5.45x	5.51x
S&P fixed charge	1.53x	2.05x	1.66x	1.66x	1.46x	1.71x	2.35x	2.41x	2.74x	2.67x
Debt to Capitalization	28%	27%	41%	39%	33%	30%	25%	22%	20%	17%
Total Debt To Net PPE	36%	36%	55%	52%	44%	39%	34%	31%	29%	26%

Notes

	Minimum	Recommended
1	120	200-300
2	1.20x	2.37x
3		2.38x
4		22%
5		26%

Notes:

- 1). Minimum DCOH are based on the 2023 Financial Reserves Policy
- 2). Minimum rate covenant as required by water bond indenture. The recommended level is a median for AAA rating by S&P published in 2019
- 3). Minimum rate covenant is required by water bond indenture. The recommended level is a median for AAA rating by S&P published in 2019
- 4). No minimum requirement. The recommended level is a median for AAA rating by S&P published in 2019
- 5). No minimum requirement. The recommended level is a median for AAA rating by Fitch rating published in 2019