

**Representative Policy Board  
Finance Committee  
South Central Connecticut Regional Water District  
Via Remote Access\*\***

**AGENDA**

**Regular Meeting of Monday, November 8, 2021 at 5:00 p.m.**

1. Safety Moment
2. Ten-Year Financial Model Presentation – R. Kowalski
3. Approval of Minutes of October 4, 2021 meeting
4. Set Calendar Year 2022 Regular Meeting Dates
5. New Business
6. Adjourn

**Note:** As a reminder, the next meeting of the Finance Committee will be held on Monday, December 13, 2021 at 5:00 p.m. (regular meeting).

<p><b>**</b>Members of the public may attend the meeting via remote access. For information on attending the meeting and to view meeting documents, please visit <a href="https://www.rwater.com/about-us/our-boards/board-meetings-minutes?year=2021&amp;category=1435&amp;meettype=&amp;page=">https://www.rwater.com/about-us/our-boards/board-meetings-minutes?year=2021&amp;category=1435&amp;meettype=&amp;page=</a>. For questions, contact the board office at 203-401-2515.</p>
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**Topic: RPB Finance Committee Meeting**

Time: Nov 8, 2021 05:00 PM Eastern Time (US and Canada)

Join Meeting (*via conference call*)

Dial by your location

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Meeting ID: 879 2640 3941

Passcode: 420670

For more information, contact the board office at 203-401-2515 or by email at [jslubowski@rwater.com](mailto:jslubowski@rwater.com)

# SAFETY MOMENT

## NOVEMBER – DROWSY DRIVING PREVENTION WEEK

**Drowsy Driving Prevention Week, November 1<sup>st</sup> – 8<sup>th</sup>, 2020, is a good time to remember that drowsy driving is impaired driving.**

According to the National Sleep Foundation, about half of U.S. adult drivers admit to consistently getting behind the wheel while feeling drowsy.

The following warning signs indicate that it's time to stop driving and find a safe place to pull over and address your condition:

- Difficulty focusing, frequent blinking and/or heavy eyelids
- Difficulty keeping reveries or daydreams at bay
- Trouble keeping your head up
- Drifting from your lane, swerving, tailgating and/or hitting rumble strips

What you can do to prevent a fall-asleep crash:

- Get a good night's sleep
- Don't be rushed to arrive at your destination
- Use the buddy system
- Take a break every 100 miles or 2 hours



**Tap Into  
Safety**



Regional Water Authority

Service – Teamwork – Accountability – Respect – Safety

Safety is a core company value at the Regional Water Authority .  
It is our goal to reduce workplace injuries to zero.

 Regional Water Authority

# **Ten Year Financial Model & Sensitivity Analysis**

**Representative Policy Board  
Finance Committee**

November 8, 2021



# Agenda

- Review Ten-Year Base Case Model
  - Underlying Assumptions
  - Issuance Test Summary Results
  - Components of Increases
  - Capital Planning Update
  - Leverage
- Review Ten-Year Target Model
  - Underlying Assumptions
  - Issuance Test Summary Results
  - Components of Increases
  - Leverage
- Opportunities /Vulnerabilities
- Additional Scenarios/Sensitivities
- Next Steps
- Appendix A – Sensitivity Tables

# Base Case Model



# Base Case Model Review

## Planning Ahead

### **Underlying Assumptions – Base Case:**

- **RSF at \$10m, General Fund at \$11.6m, and coverage at 114%**
  - RSF reimbursed to \$10m each year – despite draws
  - Growth Fund utilized to fund commercial billing capital project

### **Revenue**

- 1% Y/Y decline in consumption
- Net commercial revenue reflects organic growth, July transaction, and WellSafe

### **Financing**

- Reflects additional DWSRF project financing/reimbursement
- Updated Capital Improvement Plan
- Rate Applications – every eighteen months

### **Expenses**

- Congressional Budget Office (CBO) projections (published July 2021)
- Exceptions include pension, medical, and OPEB
  - Pension fully funded in FY 2025, consistent with prior discussion
  - Depreciation \$1m increase

# Base Case Model Review Planning Ahead (cont.)

## Issuance Test – Summary Results:

(in thousands of dollars)	Effective January 5, 2022 FY2022	Effective July 1, 2023 FY2024	Effective January 2, 2025 FY2025	Effective July 1, 2026 FY2027	Effective January 2, 2028 FY2028	Effective July 1, 2029 FY2030	Effective January 2, 2031 FY2031
<b>Percentage Increase:</b>							
Overall percentage increase	6.48%	7.94%	4.39%	6.88%	7.72%	6.16%	7.05%
Overall percentage increase (water only)	6.85%	8.41%	4.64%	7.27%	8.15%	6.49%	7.43%
<b>Customer Impact:</b>							
<u>Avg. Residential Cust. Bill: (in dollars)</u>	\$ 728.56	\$ 789.82	\$ 826.47	\$ 886.53	\$ 958.77	\$ 1,021.04	\$ 1,096.95
Annual increase	43.40	61.26	36.64	60.07	72.23	62.27	75.91
Cents per day	0.12	0.17	0.10	0.16	0.20	0.17	0.21
Price per Gallon	\$ 0.0097	\$ 0.0106	\$ 0.0110	\$ 0.0119	\$ 0.0128	\$ 0.0136	\$ 0.0147

- Price per gallon remains approximately a penny over the 10-year planning horizon
- Increased capital expenditures
- Level of projected rate increases mitigated in target scenario

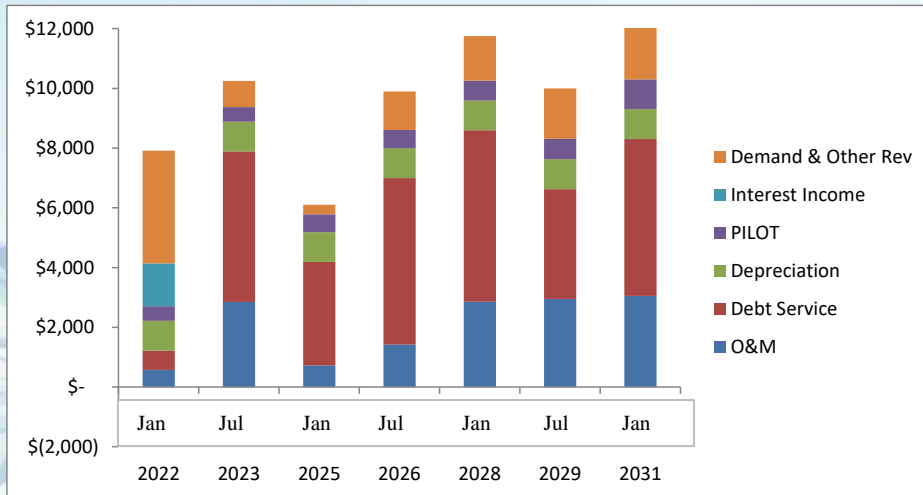


# Base Case Model Review Planning Ahead (cont.)

## Issuance Test – Components of Rate Increases/Key Takeaways:

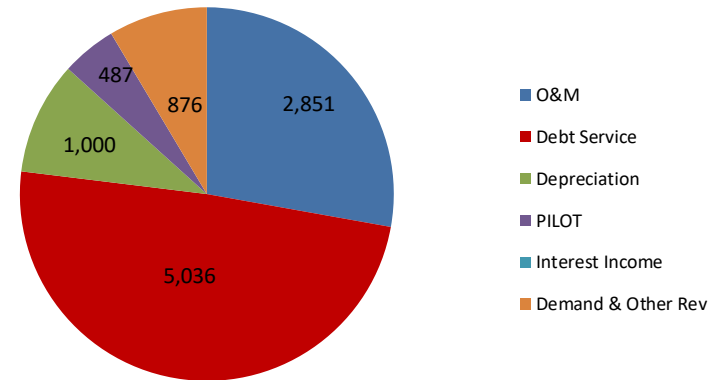
Capital improvement program/debt service is largest driver in subsequent rate applications

\$000 omitted



\$000 omitted

## Dollars by Component - July 2023



# Base Case Model – Capital Planning

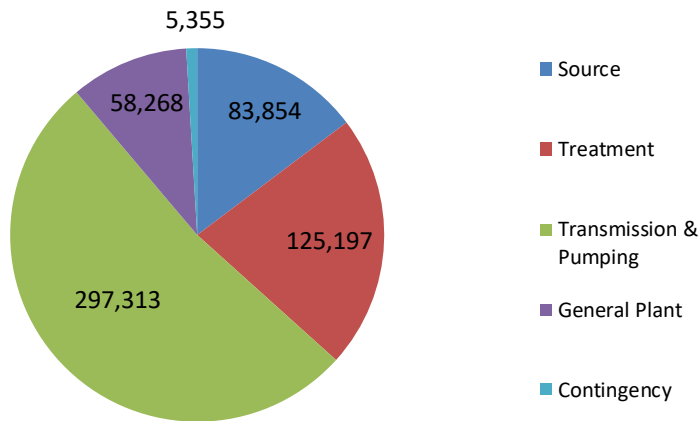
**Key Takeaway:** Thorough review of ten-year capital improvement plan

- Projects individually ranked against projects in same category
  - Incorporates risk ranking
  - Annual programs were not ranked – must be continued
- Total is \$570 million vs \$426 million in last year's model (fiscal 2022 thru fiscal 2032)
  - Includes higher estimate for Lead & Copper Rule compliance
  - Increased Lake Whitney Dam costs
  - Higher estimates for major WTP projects
  - Includes known project increases for Derby Tank & WRWTP Improvements
  - CIS replacement included
  - Reflects treatment projects for future regulatory compliance

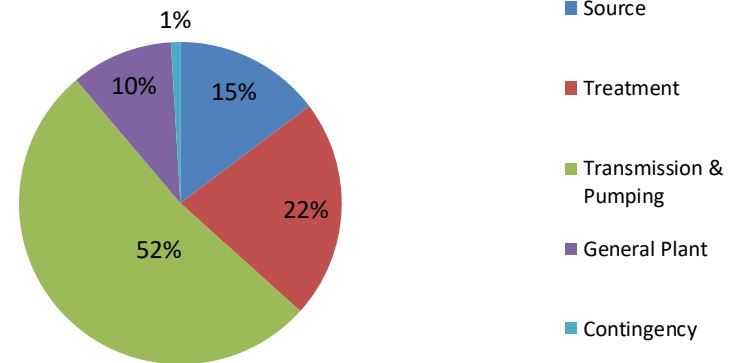
# Base Case Model – Capital Planning (cont.)

- Continuing project delivery method of larger 'system' projects to achieve multiple objectives
- Multiple RPB project applications submitted earlier, with larger budgets and contingencies
- Capital efficiencies: bundling, project administration and management, coordination

**Dollars Through Fiscal 2032**



**Category Percent Through Fiscal 2032**




# Base Model Review Planning Ahead (cont.)

## Leverage Trend Calculations:

Debt to Capital Ratio at par - adjusted for unspent proceeds

Projections									
2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
82.5%	83.8%	82.8%	82.5%	81.9%	81.2%	80.5%	79.2%	78.1%	76.6%

## Leverage Trend:

- 
- Debt to capital ratio trend
    - 2009**  
~100%
    - 2022**  
~ 82.5%
    - 2031**  
~ 76.6%
  - Ratio will be impacted by asset mix
  - Net utility plant increases by more than outstanding debt
  - Debt additions exceed principal payments
  - With capital improvement plan, FY 2022 projected debt is \$568m and FY 2031 is \$666m
  - Internally generated funds of approximately \$186m over the 10-year planning horizon

# Target Model



# Target Model Review

## Planning Ahead

### **Underlying Assumptions – Target Scenario:**

- **RSF at \$10m, General Fund at \$11.6m, and coverage at 114%**
  - RSF reimbursed to \$10m each year – despite draws, remainder to Construction Fund
  - Growth Fund utilized to fund commercial billing capital project & non-organic growth
  - Potential use of subordinate subsidiary debt to fund commercial growth

### **Revenue**

- 1% Y/Y decline in consumption
- Commercial net revenue meets \$9.2m target in FY 2025
- Net income from non-organic growth transferred into Construction Fund

### **Financing – Differences from Base**

- Assumes interim financing used to mitigate rate increase in next rate application (July 2023)
- Includes additional grants/subsidies
- Includes estimate for refinancing

### **Expenses**

- Congressional Budget Office (CBO) projections (published July 2021)
- Exceptions include pension, medical, and OPEB
  - Pension fully funded in FY 2025, consistent with prior discussions
  - Depreciation \$1.5m in Jan. 2025 and July 2026 cases, when pension is fully funded

# Target Case Model Review

## Issuance Test – Summary Results:

(in thousands of dollars)		Effective January 5, 2022 FY2022	Effective July 1, 2023 FY2024	Effective January 2, 2025 FY2025	Effective July 1, 2026 FY2027	Effective January 2, 2028 FY2028	Effective July 1, 2029 FY2030	Effective January 2, 2031 FY2031
Percentage Increase:								
Overall percentage increase	6.48%	6.10%	5.97%	6.89%	7.44%	5.71%	6.77%	
Overall percentage increase (water only)	6.85%	6.46%	6.32%	7.28%	7.85%	6.02%	7.14%	
Customer Impact:								
Avg. Residential Cust. Bill: (in dollars)	\$ 728.56	\$ 775.63	\$ 824.64	\$ 884.70	\$ 954.17	\$ 1,011.65	\$ 1,083.89	
Annual increase	43.40	47.07	49.01	60.07	69.47	57.48	72.24	
Cents per day	0.12	0.13	0.13	0.16	0.19	0.16	0.20	
Price per Gallon	\$ 0.0097	\$ 0.0104	\$ 0.0110	\$ 0.0118	\$ 0.0128	\$ 0.0135	\$ 0.0145	

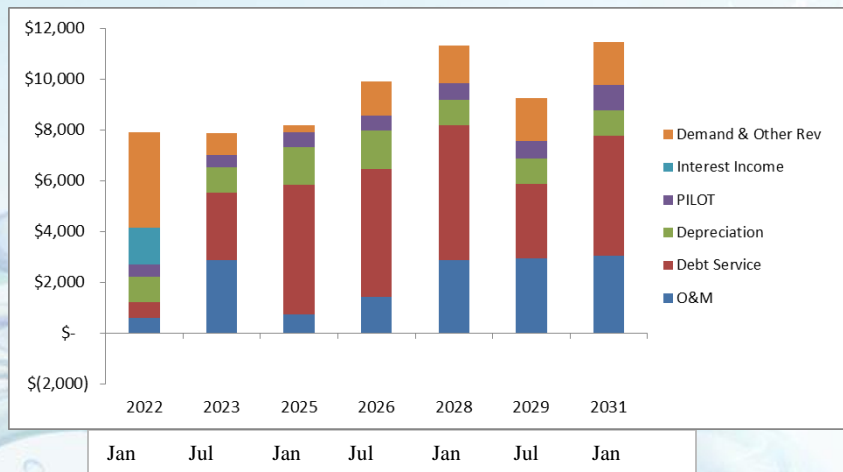
- Price per gallon remains approximately a penny over the 10-year planning horizon
- Overall percentage increase is lowest over the 10-year timeline
- Overall increases less than 7%, except FY 2028
- Adjust approach based on then current circumstances (depreciation, interim financing, etc.)

# Target Case Model Review (cont.)

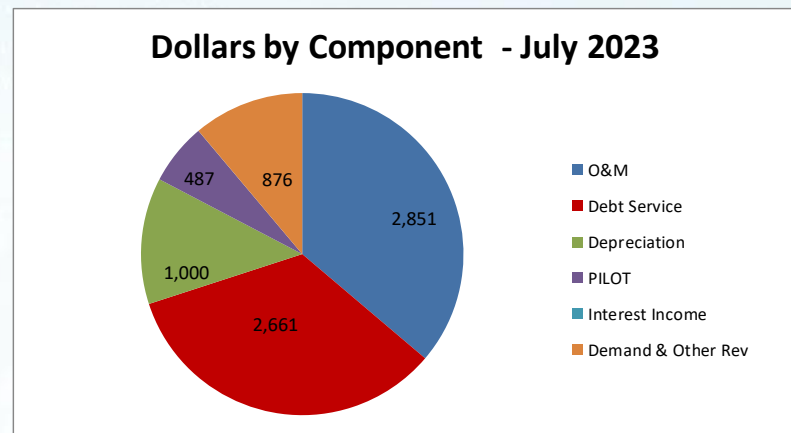
## Issuance Test – Components of Rate Increases/Key Takeaways:

- Interim financing mitigates next rate increase
- Long-term financing rolled into January 2025 case, with lower pension contribution

\$000 omitted



\$000 omitted




# Target Model Review (cont.)

Projections									
2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
82.5%	82.0%	78.3%	82.1%	81.0%	79.8%	78.6%	76.8%	75.1%	73.1%

## Leverage Trend Calculations:

Debt to Capital Ratio at par - adjusted for unspent proceeds

### Leverage Trend:



- 
- Debt to capital ratio trend  
- 3.5% lower than base case
  - Ratio will be impacted by asset mix
  - Net utility plant increases by more than outstanding debt
  - Debt additions exceed principal payments. However, outstanding debt considerably lower than base case model
  - With capital improvement plan, FY 2022 projected debt is \$568m and FY 2031 is \$632m
  - Internally generated funds of approximately \$211m and \$34m of transfers into the Construction Fund over the 10-year planning horizon

<b>2009</b>	<b>2022</b>	<b>2031</b>
<b>~100%</b>	<b>~ 82.5%</b>	<b>~ 73.1%</b>
		



# Opportunities & Vulnerabilities

**Key Takeaway:** Continued commitment to mitigate rate increases

- 
- 
- Capital Expenditures & Financing
    - Regulatory requirements
    - Supply Chain/Pricing
    - DWSRF (low cost loans and grants)
    - Lower interest rate environment
    - Refinancing (e.g., taxable advance, forward delivery, yield curve)
    - Grants/American Rescue Plan Act
    - Water Infrastructure Finance & Innovation Act (WIFIA)
  - Operating expenses
    - Multiple categories
  - Revenue
    - Conversion to monthly billing
    - Commercial net income growth and timing
    - Percentage of billings collected
    - Billed consumption
    - Wholesale/interconnection



# Additional Scenarios

**Key Takeaway:** Balance rate impacts with financial stability

## Capital Related Sensitivities:

**Scenario 3** - Target plus \$30m capital increase in FY 2024 and FY 2025

- Reflects impact of a one-time capital increase
- July 2023 rate increase over 7% and \$15 higher than target scenario in fiscal 2031
- Debt to capital ratio 1% higher than target scenario

**Scenario 4** - Target plus 10% capital increase beginning in FY 2024

- FY 2031 rate is approx. \$25 higher than target scenario
- Debt to capital ratio 1% higher than target scenario

**Scenario 5** – Base plus \$30m capital increase FY 2024 and FY 2025

- Results in 2<sup>nd</sup> highest rate and debt to capital ratio 5% above target scenario

**Scenario 6** - Base plus 10% capital increase beginning in FY 2024

- Results in highest rate and debt to capital ratio 5% above target scenario

# Additional Scenarios (cont.)

## **Scenario 7: Target scenario excluding new non-organic growth**

- Includes July transaction and estimated WellSafe net revenue
- Second lowest rate and debt to capital ratio 2% less than base case

## **Scenarios not shown but developed to build-up to target scenario**

- Adding interim financing
- Increasing depreciation in the January 2025 and July 2026 rate application
  - Timed with pension reaching fully funded level
- Incorporating assumption of additional grants to reduce debt service
- Reflecting a refinancing

# Summary of Scenarios



## Key Takeaways:

- Scenarios help inform decisions/recommendations
- Modify approach/recommendations based on the then current circumstances
- Adopt aspects of alternative scenarios
- Balance rate impact on customers with financial stability (e.g., reduced leverage)

# Next Steps

## **Continued focus and execution against of our Strategic Plan**

- Mitigate debt service with grants, refinancing, and alternative financing
- Revenue enhancement with commercial, cash collections, and wholesale
- Prudent cost management/process efficiencies/innovative approaches
- Asset management
- Continued evaluation of O&M and capital spending levels

## **FY 2022 Results, FY 2023 Budget, & Rate Application:**

- Begin FY 2023 budget process - operating budget and capital
- Monitor FY 2023 budget vs. pending rate application & model assumptions
- Incorporate FY 2022 results into FY 2023 budget process

## **Continued communication to all stakeholders**

# Appendix A



# Sensitivity Table

BASE	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
<b>Scenario 1 (Base)</b>											
GBR Coverage Requirement Assumption	114%	114%	114%	114%	114%	114%	114%	114%	114%	114%	
Actual Coverage (w/depreciation)	133%	128%	131%	128%	127%	130%	129%	128%	131%	129%	
Overall Percentage Increase	6.5%		7.9%	4.4%		6.9%	7.7%		6.2%	7.0%	
Overall percentage increase (water only)	6.85%		8.4%	4.6%		7.3%	8.1%		6.5%	7.4%	
Average Residential Customer Bill	\$ 728.56		\$ 789.82	\$ 826.47		\$ 886.53	\$ 958.77		\$1,021.04	\$ 1,096.95	
Annual increase	\$ 43.40		\$ 61.26	\$ 36.64		\$ 60.07	\$ 72.23		\$ 62.27	\$ 75.91	
Cents per day	\$ 0.12		\$ 0.17	\$ 0.10		\$ 0.16	\$ 0.20		\$ 0.17	\$ 0.21	
Price per Gallon	\$ 0.0097		\$ 0.0106	\$ 0.0110		\$ 0.0119	\$ 0.0128		\$ 0.0136	\$ 0.0147	
Realization of Target Fund Balances:(000's)											
RSF	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
General Fund	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	
Growth Fund	\$ 6,426	\$ 6,101	\$ 5,741	\$ 5,701	\$ 5,661	\$ 5,661	\$ 5,661	\$ 5,661	\$ 5,661	\$ 5,661	\$ 6,410
DWSRF Reimbursement & Transfers	\$ 3,397	\$ 205	\$ 11,499	\$ 388	\$ 26,338	\$ 9,108	\$ 880	\$ 1,004	\$ 1,130	\$ 1,233	\$ 48,772
Internal Funds used for utility plant	\$ 30,421	\$ 11,481	\$ 9,071	\$ 13,970	\$ 36,033	\$ 20,894	\$ 15,337	\$ 14,438	\$ 15,222	\$ 18,879	\$185,747
Debt/Capital Ratio	82%	84%	83%	83%	82%	81%	80%	79%	78%	77%	
Internal Funds & DWSRF	adjusted for unused proceeds										\$240,929

TARGET	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
<b>Scenario 2 (Target)</b>											
GBR Coverage Requirement Assumption	114%	114%	114%	114%	114%	114%	114%	114%	114%	114%	
Actual Coverage (w/depreciation)	133%	128%	130%	129%	128%	130%	130%	129%	132%	131%	
Overall Percentage Increase	6.5%		6.1%	6.0%		6.9%	7.4%		5.7%	6.8%	
Overall percentage increase (water only)	6.85%		6.46%	6.3%		7.3%	7.9%		6.0%	7.1%	
Average Residential Customer Bill	\$ 728.56		\$ 775.63	\$ 824.64		\$ 884.70	\$ 954.17		\$1,011.65	\$ 1,083.89	
Annual increase	\$ 43.39		\$ 47.07	\$ 49.01		\$ 60.07	\$ 69.47		\$ 57.48	\$ 72.24	
Cents per day	\$ 0.12		\$ 0.13	\$ 0.13		\$ 0.16	\$ 0.19		\$ 0.16	\$ 0.20	
Price per Gallon	\$ 0.0097		\$ 0.0104	\$ 0.0110		\$ 0.0118	\$ 0.0128		\$ 0.0135	\$ 0.0145	
Realization of Target Fund Balances:(000's)											
RSF	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
General Fund	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	
Growth Fund	\$ 6,426	\$ 3,601	\$ 241	\$ 201	\$ 161	\$ 161	\$ 161	\$ 161	\$ 161	\$ 161	\$ 34,440
DWSRF Reimbursement & Transfers	\$ 3,397	\$ 205	\$ 14,458	\$ 1,888	\$ 29,900	\$ 12,786	\$ 4,619	\$ 4,804	\$ 5,494	\$ 5,662	\$ 48,772
Internal Funds used for utility plant	\$ 30,421	\$ 11,481	\$ 9,071	\$ 13,746	\$ 40,315	\$ 24,441	\$ 19,229	\$ 18,980	\$ 20,242	\$ 23,503	\$ 211,428
Debt/Capital Ratio	82%	82%	78%	82%	81%	80%	79%	77%	75%	73%	
Internal Funds & DWSRF	adjusted for unused proceeds										\$ 294,640

# Sensitivity Table (cont.)

Target - Capital \$30m	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
Scenario 3											
GBR Coverage Requirement Assumption	114%	114%	114%	114%	114%	114%	114%	114%	114%	114%	
Actual Coverage (w/depreciation)	133%	128%	131%	128%	127%	130%	130%	129%	131%	130%	
Overall Percentage Increase	6.5%		7.3%	6.4%		6.8%	7.4%		5.6%	6.8%	
Overall percentage increase (water only)	6.85%		7.70%	6.8%		7.2%	7.8%		5.9%	7.1%	
Average Residential Customer Bill	\$ 728.56		\$ 784.66	\$ 837.81		\$ 898.06	\$ 967.75		\$1,025.29	\$ 1,098.33	
Annual increase	\$ 43.40		\$ 56.10	\$ 53.15		\$ 60.25	\$ 69.69		\$ 57.54	\$ 73.05	
Cents per day	\$ 0.12		\$ 0.15	\$ 0.15		\$ 0.17	\$ 0.19		\$ 0.16	\$ 0.20	
Price per Gallon	\$ 0.0097		\$ 0.0105	\$ 0.0112		\$ 0.0120	\$ 0.0129		\$ 0.0137	\$ 0.0147	
Realization of Target Fund Balances:(000's)											
RSF	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
General Fund	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	
Growth Fund	\$ 6,426	\$ 3,601	\$ 241	\$ 201	\$ 161	\$ 161	\$ 161	\$ 161	\$ 161	\$ 161	\$ 34,440
DWSRF Reimbursement & Transfers	\$ 3,397	\$ 205	\$ 14,458	\$ 1,888	\$ 29,900	\$ 12,786	\$ 4,619	\$ 4,804	\$ 5,494	\$ 5,662	\$ 48,772
Internal Funds used for utility plant	\$ 30,421	\$ 11,481	\$ 9,071	\$ 14,670	\$ 40,140	\$ 24,508	\$ 19,398	\$ 19,128	\$ 20,445	\$ 23,669	\$ 212,932
Debt/Capital Ratio	82%	82%	79%	83%	82%	81%	80%	78%	76%	74%	
Internal Funds & DWSRF	adjusted for unused proceeds										\$ 296,143

Target - Capital 10%	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
Scenario 4											
GBR Coverage Requirement Assumption	114%	114%	114%	114%	114%	114%	114%	114%	114%	114%	
Actual Coverage (w/depreciation)	133%	128%	130%	129%	127%	130%	130%	129%	131%	130%	
Overall Percentage Increase	6.5%		6.6%	6.4%		7.2%	7.8%		6.1%	7.1%	
Overall percentage increase (water only)	6.85%		6.95%	6.8%		7.6%	8.3%		6.4%	7.5%	
Average Residential Customer Bill	\$ 728.56		\$ 779.22	\$ 832.04		\$ 895.56	\$ 969.48		\$1,031.95	\$ 1,108.96	
Annual increase	\$ 43.39		\$ 50.66	\$ 52.82		\$ 63.52	\$ 73.92		\$ 62.47	\$ 77.01	
Cents per day	\$ 0.12		\$ 0.14	\$ 0.14		\$ 0.17	\$ 0.20		\$ 0.17	\$ 0.21	
Price per Gallon	\$ 0.0097		\$ 0.0104	\$ 0.0111		\$ 0.0120	\$ 0.0130		\$ 0.0138	\$ 0.0148	
Realization of Target Fund Balances:(000's)											
RSF	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
General Fund	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	
Growth Fund	\$ 6,426	\$ 3,601	\$ 241	\$ 201	\$ 161	\$ 161	\$ 161	\$ 161	\$ 161	\$ 161	\$ 34,440
DWSRF Reimbursement & Transfers	\$ 3,397	\$ 205	\$ 14,458	\$ 1,888	\$ 29,900	\$ 12,786	\$ 4,619	\$ 4,804	\$ 5,494	\$ 5,662	\$ 48,772
Internal Funds used for utility plant	\$ 30,421	\$ 11,481	\$ 9,071	\$ 14,115	\$ 40,373	\$ 24,426	\$ 19,623	\$ 19,176	\$ 20,319	\$ 24,091	\$ 213,096
Debt/Capital Ratio	82%	81%	78%	82%	81%	80%	79%	78%	76%	74%	
Internal Funds & DWSRF	adjusted for unused proceeds										\$ 296,307

# Sensitivity Table (cont.)

Base Plus \$30m Capital	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
<b>Scenario 5</b>											
GBR Coverage Requirement Assumption	114%	114%	114%	114%	114%	114%	114%	114%	114%	114%	
Actual Coverage (w/depreciation)	133%	128%	132%	128%	127%	129%	128%	128%	130%	129%	
Overall Percentage Increase	6.5%		9.1%	4.8%		6.8%	7.6%		6.1%	7.0%	
Overall percentage increase (water only)	6.85%		9.7%	5.1%		7.2%	8.0%		6.4%	7.4%	
Average Residential Customer Bill	\$ 728.56		\$ 799.03	\$ 839.57		\$ 899.80	\$ 972.23		\$1,034.56	\$ 1,110.73	
Annual increase	\$ 43.40		\$ 70.47	\$ 40.53		\$ 60.23	\$ 72.42		\$ 62.34	\$ 76.17	
Cents per day	\$ 0.12		\$ 0.19	\$ 0.11		\$ 0.17	\$ 0.20		\$ 0.17	\$ 0.21	
Price per Gallon	\$ 0.0097		\$ 0.0107	\$ 0.0112		\$ 0.0120	\$ 0.0130		\$ 0.0138	\$ 0.0148	
Realization of Target Fund Balances:(000's)											
RSF	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
General Fund	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	
Growth Fund	\$ 6,426	\$ 6,101	\$ 5,741	\$ 5,701	\$ 5,661	\$ 5,661	\$ 5,661	\$ 5,661	\$ 5,661	\$ 5,661	\$ 6,410
DWSRF Reimbursement & Transfers	\$ 3,397	\$ 205	\$ 11,499	\$ 388	\$ 26,338	\$ 9,108	\$ 880	\$ 1,004	\$ 1,130	\$ 1,233	\$ 48,772
Internal Funds used for utility plant	\$ 30,421	\$ 11,481	\$ 9,071	\$ 14,508	\$ 36,293	\$ 20,965	\$ 15,521	\$ 14,605	\$ 15,411	\$ 19,034	\$ 187,309
Debt/Capital Ratio	82%	84%	83%	84%	83%	82%	81%	80%	79%	78%	
Internal Funds & DWSRF	adjusted for unused proceeds										\$ 242,491
Base Plus Capital 10%	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
<b>Scenario 6</b>											
GBR Coverage Requirement Assumption	114%	114%	114%	114%	114%	114%	114%	114%	114%	114%	
Actual Coverage (w/depreciation)	133%	128%	132%	128%	127%	129%	129%	127%	130%	129%	
Overall Percentage Increase	6.5%		8.4%	4.8%		7.2%	8.1%		6.5%	7.4%	
Overall percentage increase (water only)	6.85%		8.9%	5.1%		7.6%	8.5%		6.8%	7.8%	
Average Residential Customer Bill	\$ 728.56		\$ 793.46	\$ 833.84		\$ 897.34	\$ 973.96		\$1,040.30	\$ 1,121.00	
Annual increase	\$ 43.40		\$ 64.90	\$ 40.38		\$ 63.50	\$ 76.63		\$ 66.33	\$ 80.70	
Cents per day	\$ 0.12		\$ 0.18	\$ 0.11		\$ 0.17	\$ 0.21		\$ 0.18	\$ 0.22	
Price per Gallon	\$ 0.0097		\$ 0.0106	\$ 0.0111		\$ 0.0120	\$ 0.0130		\$ 0.0139	\$ 0.0150	
Realization of Target Fund Balances:(000's)											
RSF	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
General Fund	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	
Growth Fund	\$ 6,426	\$ 6,101	\$ 5,741	\$ 5,701	\$ 5,661	\$ 5,661	\$ 5,661	\$ 5,661	\$ 5,661	\$ 5,661	\$ 6,410
DWSRF Reimbursement & Transfers	\$ 3,397	\$ 205	\$ 11,499	\$ 388	\$ 26,338	\$ 9,108	\$ 880	\$ 1,004	\$ 1,130	\$ 1,233	\$ 48,772
Internal Funds used for utility plant	\$ 30,421	\$ 11,481	\$ 9,071	\$ 14,194	\$ 36,241	\$ 20,884	\$ 15,761	\$ 14,635	\$ 15,292	\$ 19,390	\$ 187,369
Debt/Capital Ratio	82%	84%	83%	83%	83%	82%	81%	80%	79%	78%	
Internal Funds & DWSRF	adjusted for unused proceeds										\$ 242,551



# Sensitivity Table (cont.)

Interim - Depreciation - Grants, Refinancing	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
<b>Scenario 7</b>											
GBR Coverage Requirement Assumption	114%	114%	114%	114%	114%	114%	114%	114%	114%	114%	
Actual Coverage (w/depreciation)	133%	128%	130%	129%	128%	131%	130%	129%	132%	131%	
Overall Percentage Increase	6.5%		6.2%	6.1%		7.1%	7.5%		6.0%	6.9%	
Overall percentage increase (water only)	6.85%		6.58%	6.4%		7.5%	8.0%		6.3%	7.2%	
Average Residential Customer Bill	\$ 728.56		\$ 776.51	\$ 826.56		\$ 888.95	\$ 959.81		\$1,020.07	\$ 1,093.99	
Annual increase	\$ 43.41		\$ 47.95	\$ 50.05		\$ 62.39	\$ 70.86		\$ 60.26	\$ 73.92	
Cents per day	\$ 0.12		\$ 0.13	\$ 0.14		\$ 0.17	\$ 0.19		\$ 0.17	\$ 0.20	
Price per Gallon	\$ 0.0097		\$ 0.0104	\$ 0.0110		\$ 0.0119	\$ 0.0128		\$ 0.0136	\$ 0.0146	
Realization of Target Fund Balances:(000's)											
RSF	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
General Fund	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	\$ 11,648	
Growth Fund	\$ 6,426	\$ 6,101	\$ 5,741	\$ 5,701	\$ 5,661	\$ 5,661	\$ 5,661	\$ 5,661	\$ 5,661	\$ 5,661	\$ 17,269
DWSRF Reimbursement & Transfers	\$ 3,397	\$ 205	\$ 13,858	\$ 388	\$ 27,588	\$ 10,358	\$ 2,130	\$ 2,254	\$ 2,880	\$ 2,983	\$ 48,772
Internal Funds used for utility plant	\$ 30,421	\$ 11,481	\$ 9,071	\$ 12,339	\$ 38,030	\$ 22,010	\$ 16,961	\$ 16,437	\$ 17,673	\$ 21,128	\$ 195,551
Debt/Capital Ratio	82%	82%	78%	82%	82%	81%	80%	78%	77%	75%	
Internal Funds & DWSRF											\$ 261,591

**Representative Policy Board  
Finance Committee  
South Central Connecticut Regional Water District  
Via Remote Access**

**MINUTES**

**Regular Meeting of Monday, October 4, 2021 at 5:00 p.m.**

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**ATTENDEES:**   **Finance Committee Members:** Tom Clifford, Charles Havrda, Jay Jaser, Vincent Marino, Michelle Verderame and Jamie Mowat Young  
**RPB Members:** Mario Ricoszi, Chair  
**FMA Member:** Suzanne Sack  
**Management:** Larry Bingaman and Rochelle Kowalski  
**CliftonLarsonAllen (CLA):** David Flint  
**OCA:** Jeffrey Donofrio  
**Staff:** Jennifer Slubowski

In Chair Slocum's absence, Mr. Ricoszi, Chair of the Representative Policy Board, called the meeting to order at 5:04 p.m. He reviewed the Safety Moment distributed to members.

Ms. Kowalski, the RWA's Vice President of Financial Reporting and Analysis, introduced Mr. Flint, of CLA, RWA's external auditor, who provided a summary of the results of the RWA's audit and financial statements for the fiscal year ended May 31, 2021, which included:

- Audit scope
- Reporting results
- Financial highlights and variances
- Required communications

At 5:15 p.m., Mr. Flint withdrew from the meeting.

Ms. Sack, Authority member and Chair of the Authority's Pension & Benefit Committee, stated that the Authority was pleased with the exceptional audit and the financial statements were found to be well-organized and in good order.

Committee members and the OCA commented on the RWA's consistency between the FY 21 and prior year audits and complimented the management team's diligence.

On motion made by Mr. Clifford, seconded by Mr. Marino, and unanimously carried, the committee approved the minutes of its September 13, 2021 meeting.

Ms. Kowalski, RWA's Vice President of Financial Reporting and Analysis, reviewed the quarterly financial reports for FY 2022, which included:

- Balance Sheet
- Revenues, expenses, and changes in net position
- Operating and maintenance expenses and key variances



- FY 2022 capital expenditures and projections
- Investment earnings report

Ms. Kowalski reviewed the RPB Dashboard Metrics for the FY 2022 first quarter.

The committee discussed options for changes to the monthly RPB meeting dates for 2022. Mr. Ricozzi stated that the meeting dates would take place on the fourth Thursday of each month and the change would be consistent with the meeting date changes for Authority meetings. Meeting times would remain the same, with Authority meetings starting at 12:30 p.m. and RPB meetings starting at 6:30 p.m. The new meeting dates would not affect the months of November and December, which would still be held on the third Thursday of both months.

The topic will be included on the agenda for the October RPB meeting.

At 5:53 p.m. on motion made by Mr. Marino, seconded by Mr. Jaser, and unanimously carried, the meeting adjourned.

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Mario Ricozzi, Acting Chairman

Representative Policy Board

**Finance Committee**

Calendar of 2022 Proposed Meeting Dates

*(Meeting dates are the second Monday of each month at 5:00 p.m., unless otherwise indicated below\*)*

<b>Finance</b>
January 10
February 14
March 14
April 11
May 9
June 13
July 11
August 8
September 12
October 3*
November 14
December 12

*\*Moved due to Columbus Day*