

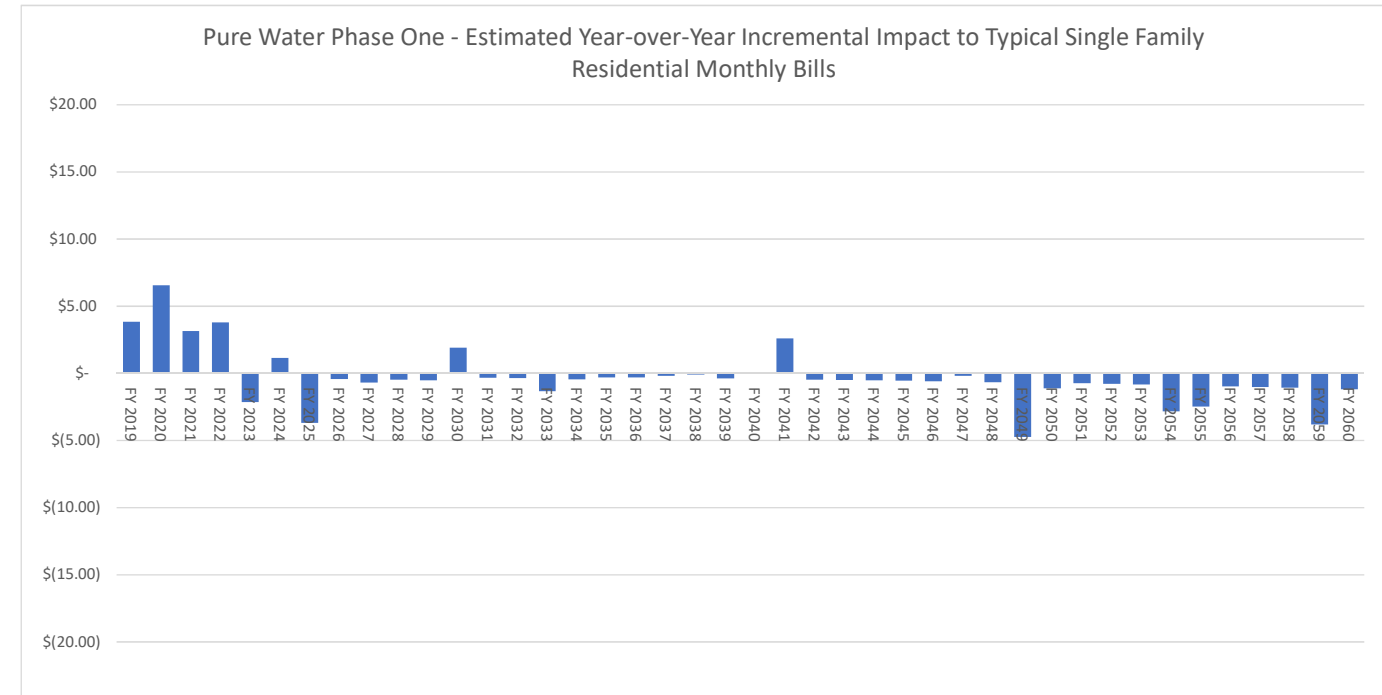
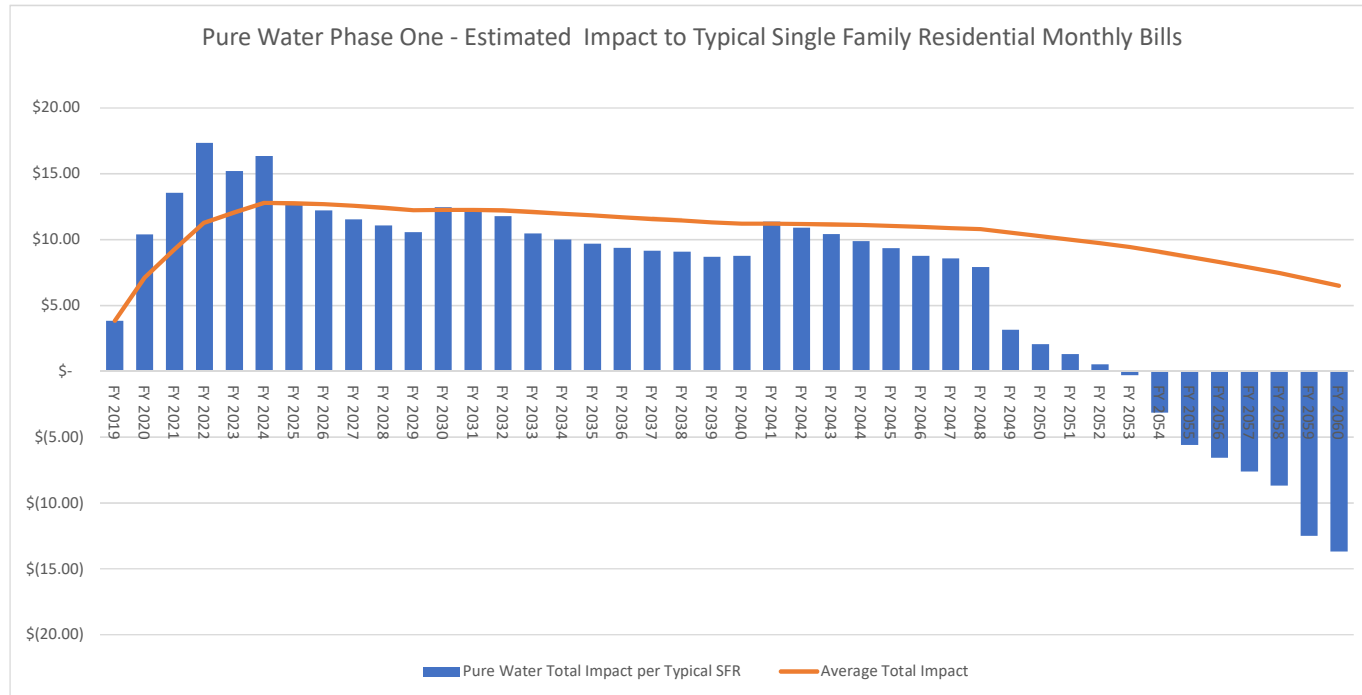
Pure Water Phase One - Estimated Impact to Typical Single Family Residential Customer Monthly Bills as of March 2019

Estimated Impact of Pure Water Program Phase One to Average SFR Monthly Bills																					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039
Pure Water Total Impact per Typical SFR¹	\$ 3.84	\$ 10.40	\$ 13.55	\$ 17.35	\$ 15.21	\$ 16.35	\$ 12.65	\$ 12.22	\$ 11.53	\$ 11.07	\$ 10.56	\$ 12.46	\$ 12.13	\$ 11.79	\$ 10.46	\$ 10.00	\$ 9.70	\$ 9.37	\$ 9.17	\$ 9.08	\$ 8.69
Average Total Impact²	\$ 3.84	\$ 7.12	\$ 9.26	\$ 11.28	\$ 12.07	\$ 12.78	\$ 12.76	\$ 12.70	\$ 12.57	\$ 12.42	\$ 12.25	\$ 12.27	\$ 12.26	\$ 12.22	\$ 12.10	\$ 11.97	\$ 11.84	\$ 11.70	\$ 11.57	\$ 11.44	\$ 11.31
Incremental Rate Impact (YoY)³	\$ 3.84	\$ 6.56	\$ 3.15	\$ 3.80	\$ (2.14)	\$ 1.14	\$ (3.70)	\$ (0.43)	\$ (0.69)	\$ (0.46)	\$ (0.51)	\$ 1.90	\$ (0.33)	\$ (0.34)	\$ (1.33)	\$ (0.46)	\$ (0.30)	\$ (0.32)	\$ (0.20)	\$ (0.10)	\$ (0.39)
	FY 2040	FY 2041	FY 2042	FY 2043	FY 2044	FY 2045	FY 2046	FY 2047	FY 2048	FY 2049	FY 2050	FY 2051	FY 2052	FY 2053	FY 2054	FY 2055	FY 2056	FY 2057	FY 2058	FY 2059	FY 2060
Pure Water Total Impact per Typical SFR¹	\$ 8.77	\$ 11.38	\$ 10.91	\$ 10.41	\$ 9.89	\$ 9.34	\$ 8.76	\$ 8.57	\$ 7.92	\$ 3.17	\$ 2.07	\$ 1.32	\$ 0.53	\$ (0.30)	\$ (3.13)	\$ (5.61)	\$ (6.57)	\$ (7.59)	\$ (8.67)	\$ (12.48)	\$ (13.68)
Average Total Impact²	\$ 11.20	\$ 11.21	\$ 11.19	\$ 11.16	\$ 11.11	\$ 11.05	\$ 10.97	\$ 10.88	\$ 10.78	\$ 10.54	\$ 10.27	\$ 10.00	\$ 9.72	\$ 9.44	\$ 9.09	\$ 8.69	\$ 8.29	\$ 7.88	\$ 7.47	\$ 6.98	\$ 6.49
Incremental Rate Impact (YoY)³	\$ 0.08	\$ 2.60	\$ (0.47)	\$ (0.49)	\$ (0.52)	\$ (0.55)	\$ (0.58)	\$ (0.19)	\$ (0.65)	\$ (4.75)	\$ (1.10)	\$ (0.74)	\$ (0.79)	\$ (0.83)	\$ (2.84)	\$ (2.47)	\$ (0.97)	\$ (1.02)	\$ (1.08)	\$ (3.81)	\$ (1.19)

¹Note, this is the full estimated monthly impact of Pure Water Phase One costs across both Water and Sewer Funds in each Fiscal Year. They are *not* additive. As an example, the *full* monthly impact of Pure Water Phase One for a Single Family Residence anticipated in FY 2030 is \$12.46; impacts from prior years should not be added to this amount.

²This row shows the average monthly impact of Pure Water Phase One costs beginning in FY 2019. i.e. FY 2021 shows the average monthly impact from FY 2019 through FY 2021; FY 2030 shows the average impact from FY 2019 through FY 2030.

³This row shows the year-over-year change for monthly rates to display the incremental impact to monthly bills from one year to the next attributable to Pure Water Phase One.



Notes:

Based on completed design and a thorough constructability review, Phase One of the Pure Water Program is anticipated to cost \$1.477 billion, and to begin generating 30 MGD of potable water upon its completion in February 2024. Completion of Phase One of the program is anticipated to lead to a \$45 million/year reduction in water purchase costs due to PUD purchasing less water from the CWA.

Estimated impacts above assume a typical Single Family Residential customer receives 12 HCF of water and discharges 9 HCF to the sewer system on a monthly basis. The current monthly bill for this amount of use is \$136.55.

The estimated impacts above are preliminary, are based on a large number assumptions, and are subject to change in a full Cost of Service Study and review. Assumptions that may change in that review include:

- The financing plan for Phase One. Currently a combination of debt (bonds, loans, etc) and cash is anticipated to provide funding for Phase One. Should the proportion of debt and cash used change, an impact to bills could result.
- The interest rates on debt assumed for Phase One are subject to change based on overall market conditions.
- The allocation of Pure Water Costs within customer bills is subject to change. Figures above assume that Pure Water costs will be recovered entirely through volumetric rates. It is possible a portion of costs will be recovered through fixed meter fees. It is also possible that the current tier structure will change during the next rate case, and the actual tiers in which Pure Water costs are recovered could also change.
- The potential for changes in project cost and schedule exists and will depend on actual experience and overall market and economic conditions.
- Pure Water allows the City to reduce its purchase of water from the CWA, and savings associated with reduced purchases are included in the figures above. These projections rely on assumptions about CWA's own water charges, which are subject to change.
- Not included above are savings associated with avoiding the need to upgrade the Point Loma Wastewater Treatment Plant to full secondary treatment, which would be required if the City does not move forward with Pure Water. Costs for such an upgrade have been estimated at \$1.8 to \$2.0 billion, and those upgrades would not result in a new source of drinking water.

