



FY 2022 CIP Commissioners' Worksession

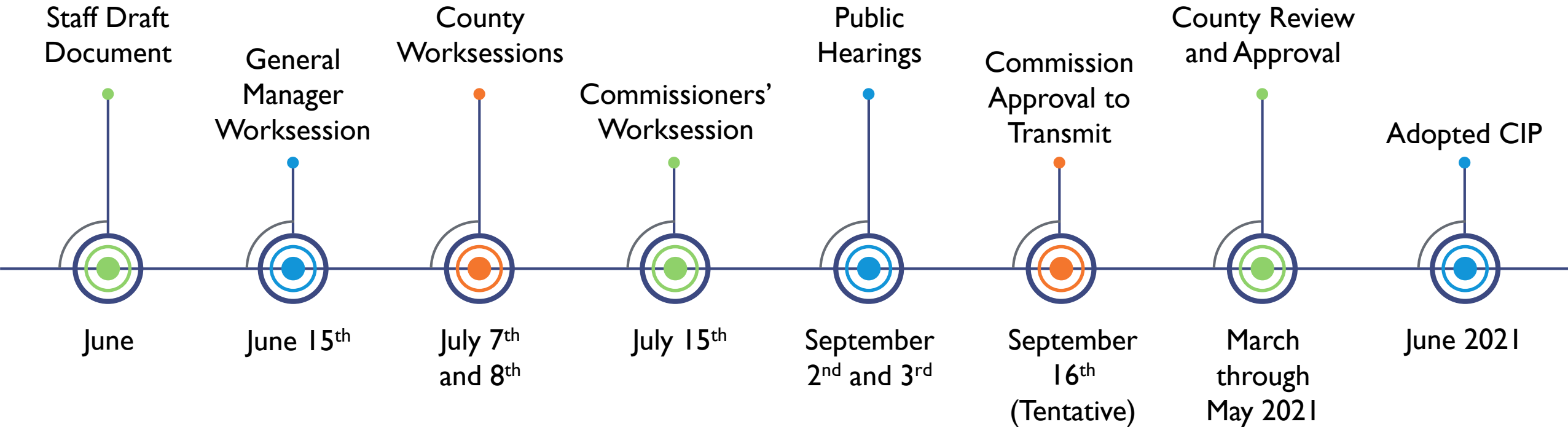
July 15, 2020

Agenda

- Capital Improvements Program (CIP) review process
- Strategic priorities
- Capital budget policy guidelines
- Capital budget affordability
- Cost saving efforts
- FY 2022 CIP overview and highlights
- Impacts of CIP reductions



CIP Review Process



Strategic Priorities

The CIP supports the following WSSC Water strategic priorities:



Optimize Infrastructure

- Achieve industry-leading reliability and asset integrity
- Expand resilience and balance risk



Spend Customer Dollars Wisely

- Improve operational efficiency
- Improve fixed asset utilization
- Improve financial process efficiency and fiscal sustainability



Enhance Customer Experience

- Deliver safe, reliable and consistent service
- Provide timely response to customer queries
- Be a good citizen within our communities



Protect Our Resources

- Resolve and learn from past incidents
- Maintain best-in-class operating environment safety for employees
- Plan proactively with community stakeholders
- Secure the commission's critical infrastructure

Capital Budget Policy Guidelines

Attain goal of a sustainable and affordable CIP through:

- Key financial metrics to assess debt service levels while balancing rate and operating growth
 - New debt issuance and related debt service expense must stay within the following Chief Financial Officer (CFO) guidelines:
 - Debt service coverage: 1.10 – 1.25
 - Debt service as a percentage of total expenditures: < 40%
- Leveraging multi-year financial planning to establish capital planning expectations for resource capacity and affordability
 - Bond issuance limits (\$350 million) set over the capital planning period to smooth out demands
 - Eliminate front loading of projects in CIP years
 - Greater attention on project prioritization
 - Scale down project bond funding to align with affordability

Capital Budget Policy Guidelines

- Maintain adequate liquidity and fund balance reserves
 - Total operating expenditure growth cannot outpace total revenue growth. This includes the impact of debt service expenses and Pay-As-You-Go (PAYGO) financing
 - Days operating reserves-on-hand: 75 – 105 days
 - Ending fund balance as a percentage of operating revenue: 15.0% minimum

| Metric | CFO Guideline |
|--|---------------|
| Debt Service Coverage: | |
| Debt Service Coverage | 1.10 - 1.25 |
| Debt Service as a Percentage of Total Expenditures | < 40.0% |
| Liquidity and Reserves: | |
| Days Operating Reserves-on-Hand | 75 - 105 |
| Ending Fund Balance as a Percentage of Operating Revenue | 15.0% |

Capital Budget Affordability

- Momentum of capital budget
 - FY 10 capital budget of \$371.1 million has grown to \$605.4 million in FY 21
- Outstanding debt growth of +146%, from \$1.36 billion in FY 10 to \$3.43 billion in FY 20
 - Higher borrowing costs due to interest rate risk
- Without constraints, debt service as a percentage of total expenditures could exceed 40% threshold
 - Restricts operating budget flexibility and program enhancements
 - Further refunding of outstanding debt is limited

Capital Budget Affordability

- Customer affordability pressure with a preliminary anticipated rate increase of more than 10.0% in FY 22 and increases between 5.0% and 7.5% for FY 23 – FY 27
 - Ready-to-serve charges should be reviewed in the near future
 - Fund balance and Reconstruction Debt Service Offset (REDO) phase-down and phase-out
 - Increased use of PAYGO and reduction to operating expenses

Capital Budget Affordability

A fiscally responsible CIP results in:

- Maintaining our AAA credit rating
 - Adhering to financial metrics and guidelines
- An affordable CIP
 - Fits within rate increases as proposed
 - Aligns anticipated bond issuance limits over the six-year program
 - Keeps project funding in line with what is affordable
- Increased importance on prioritization of projects for inclusion, elimination, scale-down, or deferral
- Increased use of PAYGO to lower debt service expense and improve metric results - especially with rate risk

Capital Budget Affordability

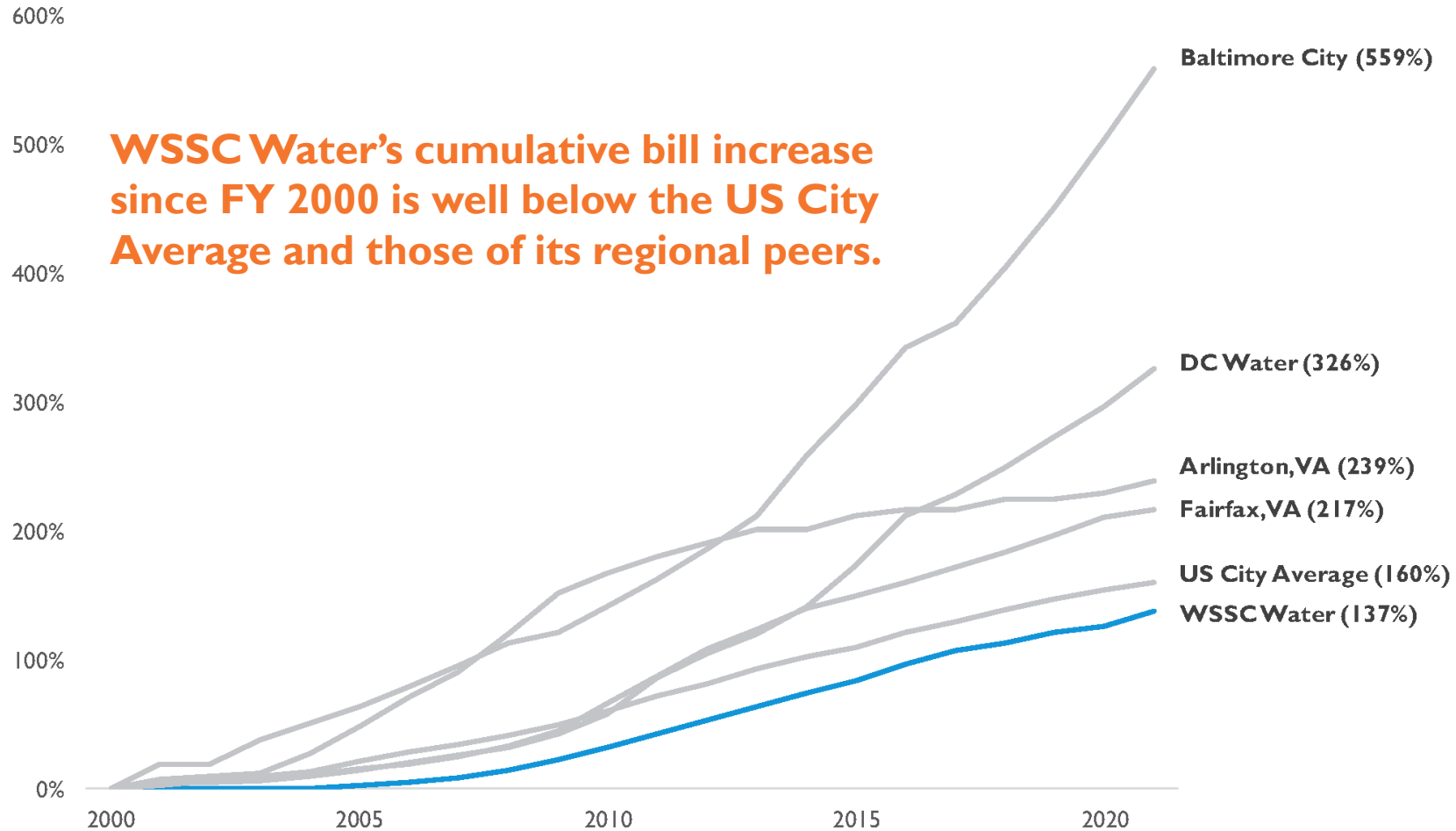
| A Financial Plan (Unconstrained) | | FY 2021 Approved | FY 2022 Preliminary | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected | |
|--|--|---------------------|------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| I Affordability: | | | | | | | | | |
| Rate Increase | | 6.0% | 10.5% | 7.5% | 6.5% | 6.0% | 6.0% | 5.0% | |
| II Capital Demands: | | | | | | | | | |
| New Debt Issues | | \$ 409,922 | \$ 427,880 | \$ 443,100 | \$ 383,600 | \$ 350,000 | \$ 350,000 | \$ 350,000 | |
| PAYGO | | 31,016 | 31,016 | 31,016 | 44,000 | 65,000 | 80,000 | 80,000 | |
| Total Funding for Bonded Projects | | 440,938 | 458,896 | 474,116 | 427,600 | 415,000 | 430,000 | 430,000 | |
| Capital Budget (Shortfall) v. Constraint | | - | 77,880 | 93,100 | 33,600 | - | - | - | |
| III Debt Service Coverage: | | | | | | | | | |
| Net Operating Revenue | | \$ 318,109 | \$ 345,421 | \$ 390,945 | \$ 432,365 | \$ 472,646 | \$ 499,904 | \$ 559,217 | |
| Debt Service | | 313,865 | 327,389 | 352,870 | 374,801 | 399,517 | 420,389 | 440,455 | |
| Net Revenue Strength | | 4,244 | 18,032 | 38,075 | 57,565 | 73,129 | 79,514 | 118,762 | |
| IV Liquidity and Reserves: | | | | | | | | | |
| Ending Fund Balance | | \$ 121,388 | \$ 145,872 | \$ 163,914 | \$ 186,461 | \$ 201,575 | \$ 208,074 | \$ 253,821 | |
| Net Increase/(Shortfall) | | - | - | 18,042 | 22,547 | 15,114 | 6,499 | 45,747 | |
| V Unspecified: | | | | | | | | | |
| (Savings Plan)/Additional | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,926 | \$ 16,245 | |
| B Metrics | | CFO Guideline | FY 2021 Approved | FY 2022 Preliminary | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
| I Debt Service Coverage: | | | | | | | | | |
| a | Debt Service Coverage | 1.10 - 1.25 | 1.01 | 1.06 | 1.11 | 1.15 | 1.18 | 1.19 | 1.27 |
| b | Debt Service as a Percentage of Total Expenditures | < 40.0% | 37.5% | 37.9% | 39.1% | 39.4% | 39.5% | 39.0% | 39.5% |
| II Liquidity and Reserves: | | | | | | | | | |
| a | Days Operating Reserves-on-Hand | 75 - 105 | 53.0 | 61.7 | 66.3 | 71.5 | 72.7 | 70.4 | 83.1 |
| b | Ending Fund Balance as a Percentage of Operating Revenue | 15.0% | 15.0% | 17.2% | 18.0% | 19.3% | 19.8% | 19.3% | 22.0% |
| III Workforce | | | | | | | | | |
| | Workyears | N/A | 1,776 | 1,776 | 1,776 | 1,776 | 1,776 | 1,776 | 1,776 |

Capital Budget Affordability

| A Financial Plan (Constrained) | | FY 2021 Approved | FY 2022 Preliminary | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected | |
|--|--|---------------------|------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| I Affordability: | | | | | | | | | |
| Rate Increase | | 6.0% | 10.1% | 7.5% | 6.5% | 6.0% | 6.0% | 5.0% | |
| II Capital Demands: | | | | | | | | | |
| New Debt Issues | | \$ 409,922 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | |
| PAYGO | | 31,016 | 31,016 | 31,016 | 44,000 | 65,000 | 80,000 | 80,000 | |
| Total Funding for Bonded Projects | | 440,938 | 381,016 | 381,016 | 394,000 | 415,000 | 430,000 | 430,000 | |
| Capital Budget (Shortfall) v. Constraint | | - | (77,880) | (93,100) | (33,600) | - | - | - | |
| III Debt Service Coverage: | | | | | | | | | |
| Net Operating Revenue | | \$ 318,109 | \$ 342,302 | \$ 387,592 | \$ 428,788 | \$ 468,847 | \$ 495,870 | \$ 531,974 | |
| Debt Service | | 313,865 | 324,270 | 344,075 | 362,333 | 386,209 | 407,081 | 427,147 | |
| Net Revenue Strength | | 4,244 | 18,032 | 43,517 | 66,456 | 82,639 | 88,789 | 104,828 | |
| IV Liquidity and Reserves: | | | | | | | | | |
| Ending Fund Balance | | \$ 121,388 | \$ 145,872 | \$ 169,356 | \$ 200,794 | \$ 225,417 | \$ 241,190 | \$ 273,003 | |
| Net Increase/(Shortfall) | | - | - | 23,484 | 31,438 | 24,623 | 15,773 | 31,812 | |
| V Unspecified: | | | | | | | | | |
| (Savings Plan)/Additional | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,926 | \$ 16,245 | |
| B Metrics | | CFO Guideline | FY 2021 Approved | FY 2022 Preliminary | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
| I Debt Service Coverage: | | | | | | | | | |
| a | Debt Service Coverage | 1.10 - 1.25 | 1.01 | 1.06 | 1.13 | 1.18 | 1.21 | 1.22 | 1.25 |
| b | Debt Service as a Percentage of Total Expenditures | < 40.0% | 37.5% | 37.7% | 38.5% | 38.6% | 38.7% | 38.2% | 38.8% |
| II Liquidity and Reserves: | | | | | | | | | |
| a | Days Operating Reserves-on-Hand | 75 - 105 | 53.0 | 61.9 | 69.2 | 78.0 | 82.4 | 82.6 | 90.5 |
| b | Ending Fund Balance as a Percentage of Operating Revenue | 15.0% | 15.0% | 17.2% | 18.7% | 20.9% | 22.2% | 22.4% | 24.2% |
| III Workforce | | | | | | | | | |
| | Workyears | N/A | 1,776 | 1,776 | 1,776 | 1,776 | 1,776 | 1,776 | 1,776 |

Capital Budget Affordability

FY 2000 to 2021 Bill Increase Comparison @ 165 Gallons per Day



WSSC Water's cumulative bill increase since FY 2000 is well below the US City Average and those of its regional peers.

Cost Saving Efforts

- Supply management project savings since FY 2013
 - Cost reductions in excess of \$47.0 million
 - Cost avoidance savings of nearly \$45.0 million
- Group insurance plan revision savings of \$4.3 million since FY 2017
- 66 frozen positions
- Reduced overtime expenses of \$3.0 million since FY 2017
- Workers' compensation claim totals reduced by 50% (\$425,000)
- Cost savings to offset COVID-19 impacts
 - FY 2020: \$61.1 million
 - FY 2021: \$72.7 million

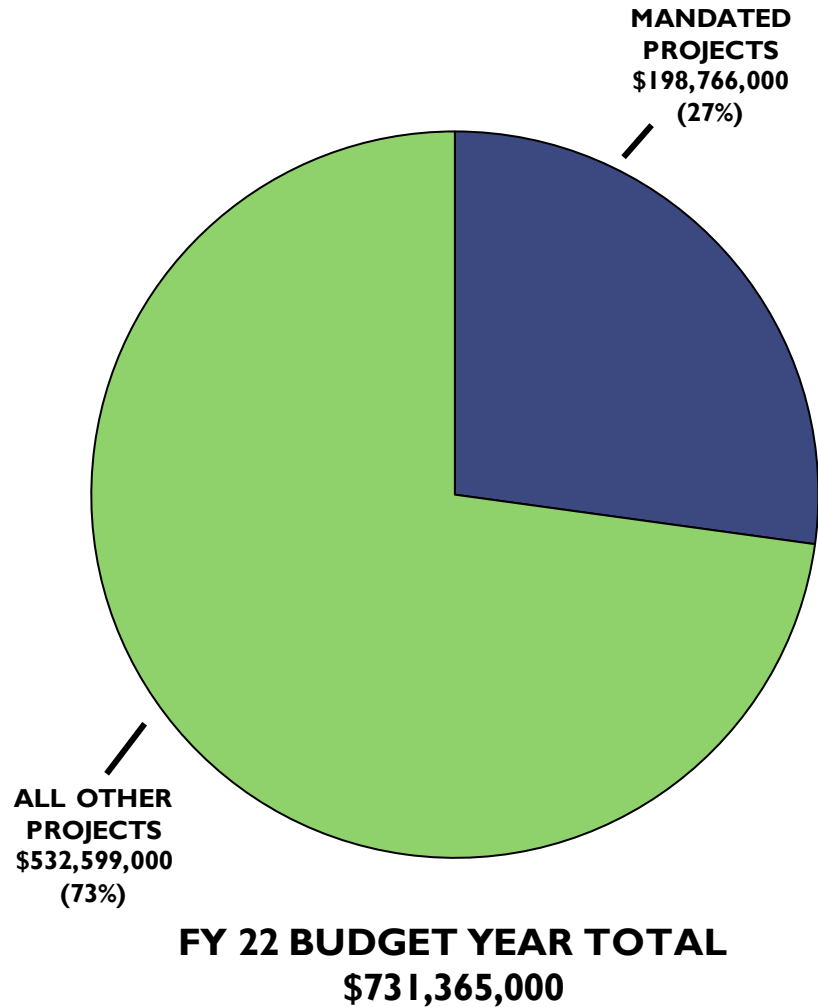
FY 2022 CIP Overview and Highlights

FY 2022 – FY 2027 CIP

- Six-year program cost of \$3.9 billion
 - Bond funded \$3.3 billion (plus PAYGO of \$331.0 million)
 - Mandated projects \$1.3 billion (33.3%)
 - Blue Plains \$392.1 million
 - Consent Decree \$892.6 million
 - Other Regulatory & Agreement \$14.7 million
- FY 22 budget year cost of \$731.4 million
 - Bond funded \$625.6 million (plus PAYGO of \$31.0 million)
 - Mandated projects \$198.8 million (27.2%)



FY 2022 CIP Overview and Highlights

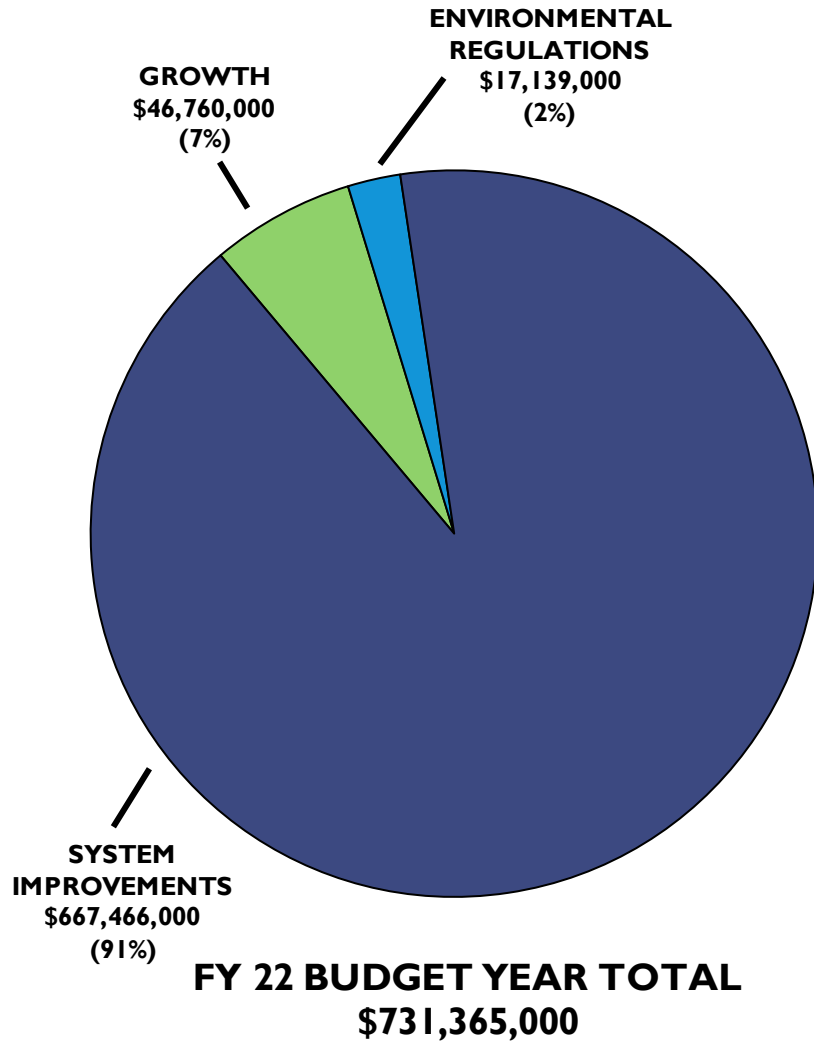


27%

of the planned spending in the FY 22 combined program is mandated by existing multi-jurisdictional agreements or by consent decrees.

| Mandated Projects | FY 22 Amount |
|-------------------|--------------------|
| Consent Decrees | 140,148,000 |
| Blue Plains | 54,635,000 |
| Other Agreements | 3,983,000 |
| Total | 198,766,000 |

FY 2022 CIP Overview and Highlights

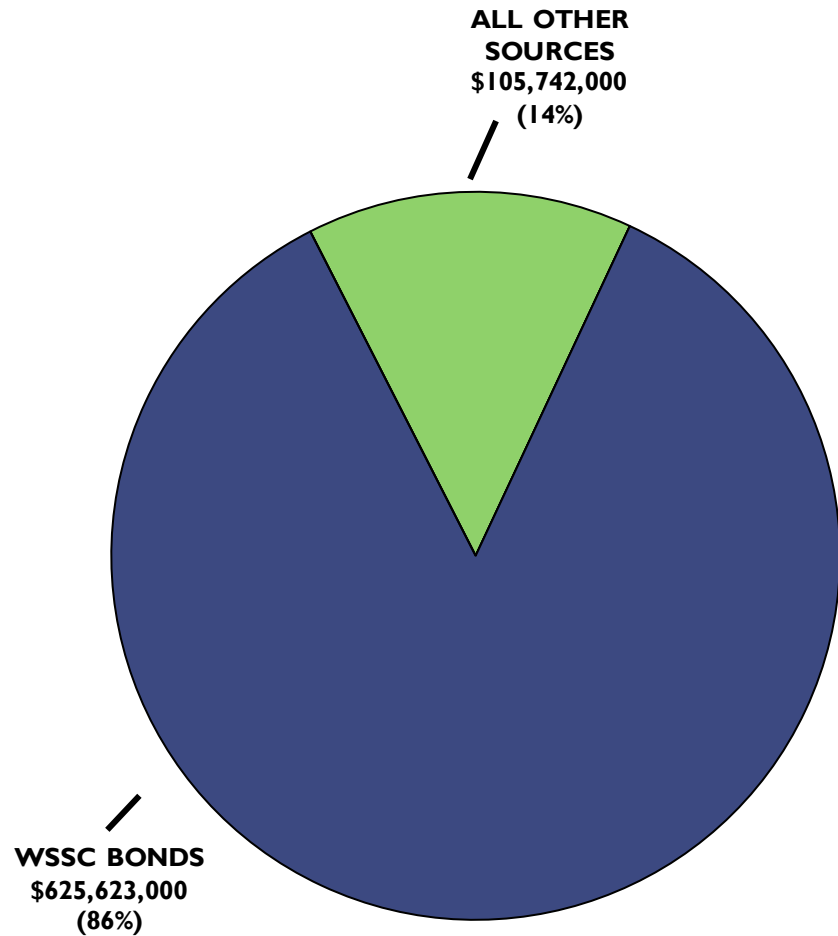


91%

of the FY 22 combined program is for reinvestment in our system infrastructure.

| Major Category | FY 22 Amount |
|---------------------------|--------------------|
| Growth | 46,760,000 |
| System Improvements | 667,466,000 |
| Environmental Regulations | 17,139,000 |
| Total | 731,365,000 |

FY 2022 CIP Overview and Highlights



FY 22 BUDGET YEAR TOTAL
\$731,365,000

86%

of the FY 22 combined program is funded through long-term debt.

| Funding Source | FY 22 Amount |
|--------------------------------|--------------------|
| Federal & State Grants | 24,471,000 |
| SDC & Others | 46,912,000 |
| Local Government Contributions | 3,343,000 |
| WSSC Bonds | 625,623,000 |
| PAYGO | 31,016,000 |
| Total | 731,365,000 |

FY 2022 CIP Overview and Highlights

Water Reconstruction Program

(WV-1.00; p. 7-2)

- Program scope: over 4,500 miles of water main and associated water house connections
- Rehabilitated on average more than 50 miles per year over the past 10 years
- Investing in new technology and tools to develop a more efficient and effective program
- FY 22 program: 31 miles
- FY 22 budget: \$83.6 million



FY 2022 CIP Overview and Highlights

Large Diameter Water Pipe & Large Valve Rehabilitation Program

(W-161.01; p. 3-7)

- Program scope: over 1,000 miles of water pipe and over 1,400 large water valves
- Over 100 miles of Pre-stressed Concrete Cylinder Pipe (PCCP) inspected and monitored 24/7; avoided 30 imminent pipe failures
- Over 7,900 pipe joints repaired
- Over 550 pipe segments repaired/replaced
- Over 1,300 valves inspected and repaired
- FY 22 budget: \$61.7 million



FY 2022 CIP Overview and Highlights

Sewer Reconstruction Program

(S-1.01; p. 7-3)

- Program scope: nearly 5,000 miles of sewer main and associated sewer house connections
- Rehabilitate 20 miles per year
- Consent Decree: all 131.4 miles awarded for construction; 131.1 miles completed as of April 2020
- Funding via Maryland Department of the Environment (MDE) low-interest loans and Bay grants
- FY 22 program: 20 miles sewer mains; 6 miles lateral lines and house connections
- FY 22 budget: \$71.1 million



FY 2022 CIP Overview and Highlights

Trunk Sewer Reconstruction Program

(S-170.09; p. 4-13)

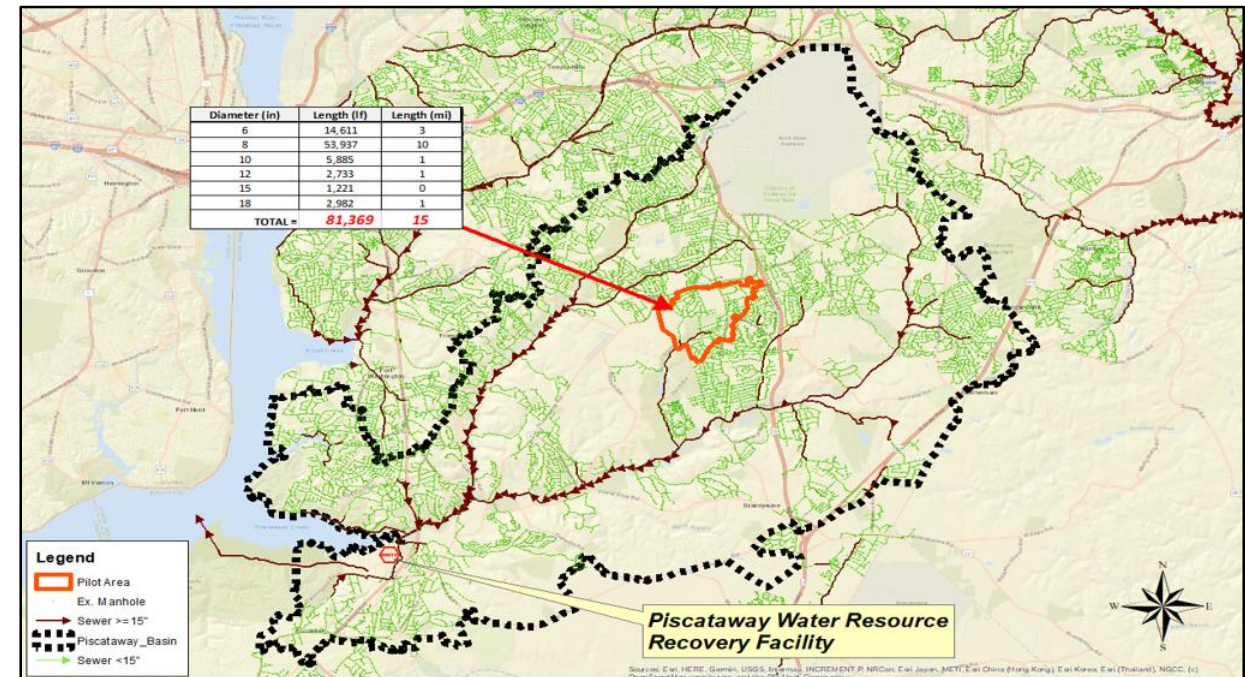
- Inspection and evaluation of all 24 sewer basins complete (over 1,300 miles inspected)
- Comprehensive rehabilitation of sewer pipes in Environmentally Sensitive Areas (ESAs) currently underway to reduce infiltration and inflow
- Replacement of pipe, relining of pipe, pipeline protection, and rehabilitation of manholes and force mains
- Consent Decree: 158.3 of 158.5 miles awarded for construction; 124.5 miles completed as of April 2020
- Sanitary Sewer Overflow (SSO) Consent Decree deadline extended to 2022
- FY 22 budget: \$58.6 million



FY 2022 CIP Overview and Highlights

Piscataway Rehabilitation Program

- Rehabilitation work for the Piscataway Basin was added to the Sewer and Trunk Sewer reconstruction programs in FY 22
- The work includes capital activities (pipe replacement and pipe lining) and operating activities (pipe grouting and manhole repairs)
- FY 22 budget:
 - \$31.1 million in capital
 - \$9.9 million in operating
- Total budget estimate:
 - \$100.7 million in capital
 - \$26.8 million in operating



FY 2022 CIP Overview and Highlights

Potomac Water Filtration Plant (WFP)

- The Potomac WFP produced an average of 112.9 million gallons of water per day (MGD) in FY 20

Potomac WFP Consent Decree Program

(W-73.33, p. 3-6)

- Short-term capital projects substantial completion expected in November 2020 (delayed due to COVID-19)
- Long-term Upgrade Plan approved by MDE currently in design
- Total cost estimate: \$203.0 million
- FY 22 budget: \$10.5 million



FY 2022 CIP Overview and Highlights

Patuxent WFP

- The Patuxent WFP produced an average of 49.7 MGD in FY 20

Patuxent Raw Water Pipeline

(W-172.07, p. 3-9)

- New raw water pipeline to plant to increase capacity up to 110 MGD
- FY 22 budget: \$9.5 million

Rocky Gorge Pump Station Upgrade

(W-172.08, p. 3)

- Upgrades to expand capacity of pumps to send up to 110 MGD of raw water up to plant
- On close-out list for FY 22



FY 2022 CIP Overview and Highlights

Blue Plains Wastewater Treatment Plant (WWTP)

(S-22.series, p. 4-4 to 4-8)

- The Blue Plains WWTP is owned and operated by DC Water
- WSSC Water's share of the capital costs of the plant is approximately 46%
- Blue Plains treats approximately 65% of WSSC Water's wastewater
- The largest projects include the long-term control plan tunnels
- At \$392.1 million, Blue Plains projects represent 19% of the six-year CIP program
- The FY 22 budget, at \$54.6 million, represents 12% of the CIP budget year



FY 2022 CIP Overview and Highlights

Broad Creek Wastewater Pumping Station (WWPS) Augmentation

(S-43.02, p. 3)

- Substantial completion on January 31, 2020
- Punchlist items being addressed
- On close-out list for FY 22
- Total estimated cost is \$183.2 million



FY 2022 CIP Overview and Highlights

Piscataway Bioenergy

(S-103.02; p. 4-10)

- Innovative project that will transform sewage into renewable energy
- Recover 2-3 megawatts of renewable energy
- Treat biosolids from 5 Water Resource Recovery Facilities (WRRFs)
- Reduce greenhouse gas emissions
- Protect the Chesapeake Bay
- Projected economic benefit of \$3.7 million per year
- Construction started May 2019
- Phase 2 contract approved April 2020
- FY 22 budget is \$97.9 million



FY 2022 CIP Overview and Highlights

Advanced Metering Infrastructure (AMI)

(A-109.00; p. 7-9)

- Implementation of a system-wide fully automated meter reading infrastructure system and new comprehensive customer billing and data analysis integration software
- AMI will improve both customer service and operational efficiency including:
 - Allows for monthly billing
 - Provides customers near real-time water usage information to help them save money
 - Reduced customer calls and reduced field investigation visits
 - Opportunities to employ more sophisticated rate structures
 - Analysis of individual consumption patterns to detect meters wearing out and perform meter sizing analysis
 - Monitoring of individual consumption to perform precise, targeted conservation enforcement during droughts
 - Opportunities to improve the monitoring and operation of the distribution system and reduce non-revenue water
- Estimated total cost of \$102.6 million (order of magnitude estimate based on March 2011 study plus inflation; expected to change based upon actual bids)

FY 2022 CIP Overview and Highlights

- There are 11 new projects in the FY 22 CIP with a total cost of \$109.0 million

Prince George's County

- S - 28.20 Pumpkin Hill WWPS & FM
- S - 77.21 Parkway WRRF Electrical Upgrades
- S - 87.19 Horsepen WWPS & FM
- S - 89.25 Little Anacostia WWPS & FM
- S - 118.10 Viva White Oak Sewer Augmentation*
- S - 131.11 Calm Retreat Sewer Main*
- S - 131.12 Swan Creek WWPS & FM

Bi-County

- S - 89.24 Anacostia #2 WWPS Upgrades

Montgomery County

- S - 118.09 Viva White Oak Sewer Main*
- W - 46.26 Pleasant's Property Water Main Extension*†
- W - 113.21 Viva White Oak Water Main*

*Developer-built

†Cost information still pending

FY 2022 CIP Overview and Highlights

- There are 10 projects pending close-out in the FY 22 CIP with a total cost of \$299.2 million

Prince George's County

- S - 43.02 Broad Creek WWPS Augmentation
- S - 131.10 Fort Washington Forest No. 1 WWPS Augmentation
- W - 84.02 Ritchie Marlboro Road Transmission Main & PRV
- W - 111.05 Hillmeade Road Water Main

Bi-County

- W - 139.02 Duckett & Brighton Dam Upgrades
- W - 172.08 Rocky Gorge Pump Station Upgrade

Montgomery County

- S - 84.68 Clarksburg Wastewater Pumping Station & Sewer Improvements
- W - 46.24 Clarksburg Area Stage 3 Water Main, Part 4
- W - 46.25 Clarksburg Area Stage 3 Water Main, Part 5
- W - 90.04 Brink Zone Reliability Improvements

Impacts of CIP Reductions

| Project/Program | Phase | FY 22 | FY 23 | FY 24 | FY 25 | FY 26 | FY 27 |
|--|----------|----------------|----------------|---------------|-----------------|-----------------|-----------------|
| Combined Program Bond Fundable Only | | 656,639 | 678,346 | 611,793 | 554,018 | 550,379 | 561,770 |
| Less Mandated Projects | | (175,423) | (207,637) | (188,148) | (185,848) | (196,943) | (201,269) |
| Less Projects in Construction | | (200,231) | (152,336) | (92,852) | (78,581) | (80,200) | (82,466) |
| Remaining Projects Eligible to be Cut | | 280,985 | 318,373 | 330,793 | 289,589 | 273,236 | 278,035 |
| Target Reduction Amounts ----> | | 111,331 | 133,037 | 47,936 | (39,839) | (64,906) | (53,516) |
| Prince George's County Project Cuts | | | | | | | |
| W - 000012.02 - Prince George's County HG415 Zone Water Main | D-90 | 2,267 | 9 | - | - | - | - |
| W - 000034.02 - Old Branch Avenue Water Main | D-100 | 2,778 | 2,778 | 1,111 | - | - | - |
| W - 000034.05 - Marlboro Zone Reinforcement Main | D-99 | 1,946 | 1,179 | - | - | - | - |
| W - 000084.05 - Prince George's County 450A Zone Water Main | D-90 | 13,805 | 13,217 | 8,817 | 4,417 | 561 | 11 |
| W - 000137.03 - South Potomac Supply Improvement, Phase 2 | D-70 | 14,312 | 14,312 | 14,312 | - | - | - |
| S - 000028.20 - Pumpkin Hill WWPS & FM | D-0 | 1,725 | 1,656 | 288 | - | - | - |
| S - 000077.21 - Parkway WRRF Electrical Upgrades | P-0 | 1,760 | 803 | 2,453 | 2,453 | 2,453 | 704 |
| S - 000087.19 - Horsepen WWPS & FM | P-15 | 415 | 1,493 | 858 | 561 | - | - |
| S - 000157.02 - Western Branch WRRF Process Train Improvements | D-2 | 7,216 | 18,211 | 17,765 | 9,150 | 4,895 | 924 |
| Subtotal | | 46,224 | 53,658 | 45,604 | 16,581 | 7,909 | 1,639 |
| Montgomery County Projects Cuts | | | | | | | |
| S - 000094.13 - Damascus Town Center WWPS Replacement | P-80 | 470 | 2,092 | 3,699 | 172 | - | - |
| S - 000094.14 - Spring Gardens WWPS Replacement | P-5 | 37 | 231 | 605 | 1,647 | 792 | - |
| Subtotal | | 507 | 2,323 | 4,304 | 1,819 | 792 | - |
| Bi-County Projects & Program Cuts | | | | | | | |
| W - 000073.32 - Potomac WFP Main Zone Pipeline | P-25 | 913 | 506 | 17,618 | 14,193 | 3,513 | - |
| W - 000161.01 - Large Diameter Water Pipe & Large Valve Rehabilitation Program | On-going | 61,681 | 71,374 | 80,320 | 83,665 | 86,560 | 89,355 |
| W - 000172.07 - Patuxent Raw Water Pipeline | D-100 | 9,515 | 3,509 | 2,888 | - | - | - |
| S - 000089.24 - Anacostia #2 WWPS Upgrades | D-0 | 8,523 | 6,788 | 2,910 | - | - | - |
| S - 000170.08 - Septage Discharge Facility Planning & Implementation | D-100 | 12,461 | 12,461 | 2,769 | 3,643 | 3,643 | - |
| W - 000001.00 - Water Reconstruction Program | On-going | 83,563 | 98,645 | 112,801 | 128,392 | 143,484 | 159,641 |
| A - 000101.04 - Laboratory Division Building Expansion | D-0 | 9,482 | 9,680 | 722 | - | - | - |
| A - 000102.00 - Engineering Support Program | On-going | 18,000 | 18,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| A - 000103.00 - Energy Performance Program | On-going | 3,576 | 4,376 | 2,750 | 1,375 | - | - |
| W - 000105.00 - Water Storage Facility Rehabilitation Program | On-going | 3,000 | 4,000 | 5,000 | 6,000 | 7,000 | 7,000 |
| W - 000107.00 - Specialty Valve Vault Rehabilitation Program | On-going | 2,252 | 1,248 | 1,302 | 457 | 335 | 400 |
| A - 000109.00 - Advanced Metering Infrastructure | P-80 | 21,288 | 31,805 | 31,805 | 13,464 | - | - |
| Subtotal | | 234,254 | 262,392 | 280,885 | 271,189 | 264,535 | 276,396 |

Required Reduction = 1.0% rate decrease: **151,355**



Impacts of CIP Reductions



Optimize Infrastructure

- Delays to the risk reduction at the Potomac WFP
- Delays to the risk reduction and operational benefits of an expanded Patuxent WFP
- Increased backlog of water tanks needing rehabilitation
- Deferred corrections of water deficiencies in the Clinton Zone



Spend Customer Dollars Wisely

- Possible fines for failing to meet Consent Decree deadlines
- Delays to the benefits of AMI, including monthly billing
- Delays to the benefits of energy efficiency improvements



Enhance Customer Experience

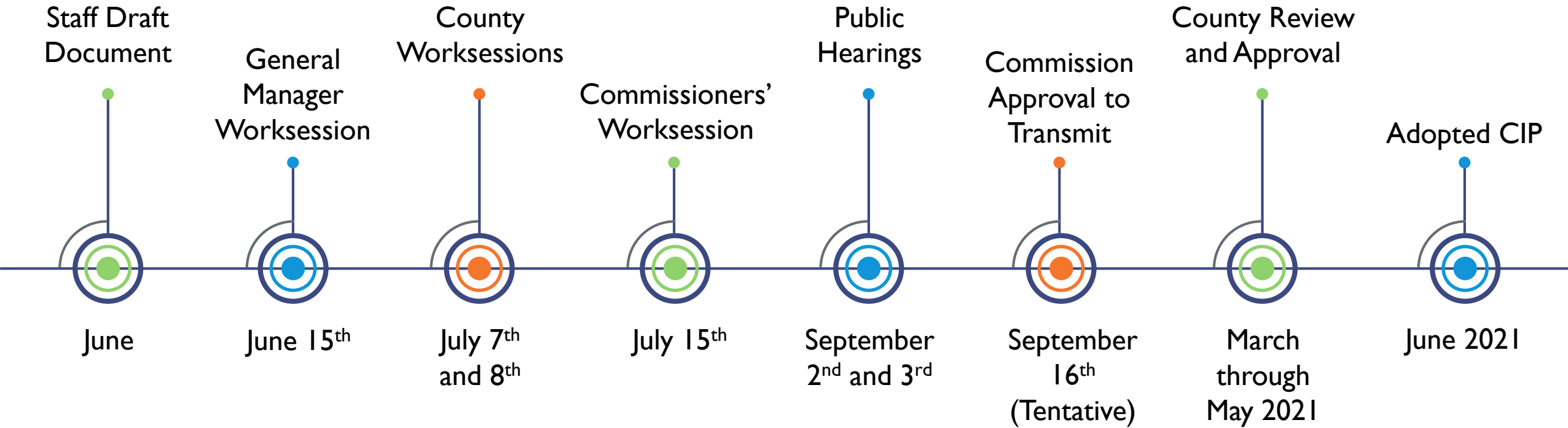
- Increased frequency of breaks and leaks
- Delayed response times to breaks and leaks
- Loss of water service to residents and businesses
- Possible water quality violations at the Consolidated Laboratory
- Reduced access to recreation areas due to increased SSOs



Protect Our Resources

- Increased frequency of SSOs
- Delays to security and safety improvements

CIP Review Process



Questions?

