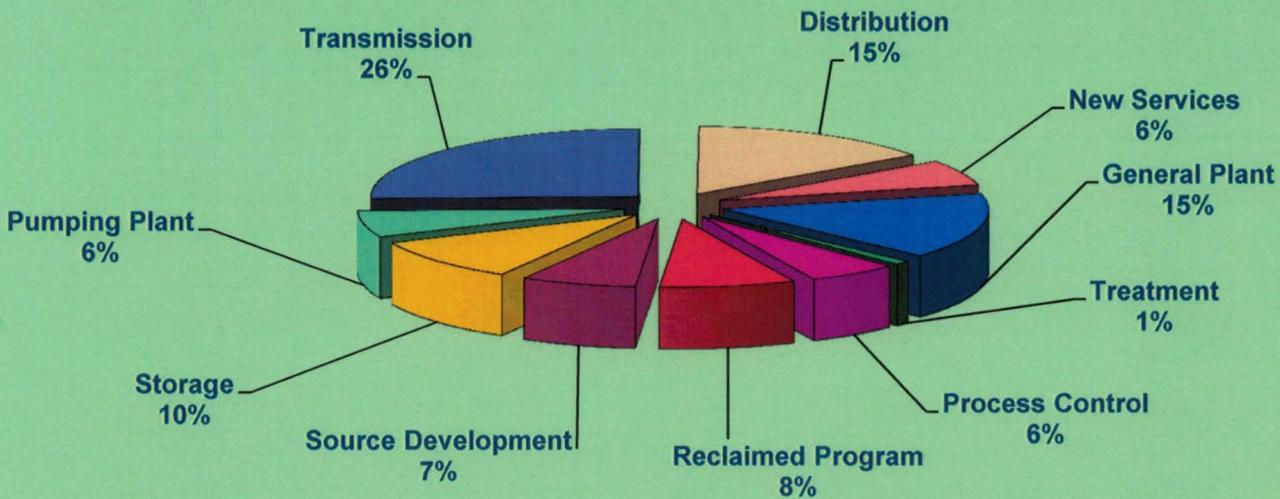


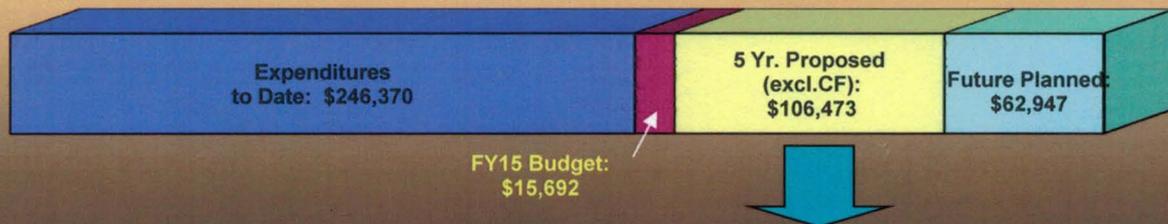
**FY2016 - FY2020
CAPITAL BUDGET \$324.8 Million**



**Major CIP Projects in FY2016 - FY2020
(\$000's)**

	<u>Total Project Budget</u>	<u>5-Year Budget</u>	<u>Complete</u>
Advanced Metering Infrastructure	\$4,531	\$4,236	2021
Avra Valley Program	\$128,054	\$81,064	2022
Control System Improvements, W782, W783	\$18,137	\$16,446	2020
Meter Replacement, W435, W716	Annual	\$33,036	Annual
Neighborhood Main Replacements (19 projects)	Annual	\$12,485	Annual
Reclaimed Plant Filtration System Modification, W774, W049	\$9,033	\$8,362	2016
Reservoir and Tank Rehab Program	Annual	\$33,960	Annual
Road Improvement Main Replacements, W111	Annual	\$22,926	Annual
Sahuarita Supply Slip Liner, W796	\$7,410	\$7,264	2016
Santa Cruz Wellfield, W759, W857, W039, W089	\$7,582	\$4,907	2016
Total		\$224,686	

Renewable Potable Water Supply Project Status (\$000's)



Renewable Potable Water Supply Projects in Proposed 5 Year CIP (\$000's)

<u>Project</u>	<u>5 Year Total</u>	<u>Project</u>	<u>5 Year Total</u>
Avra Valley Program	81,064	SAVSARP Recovery Well Drilling	2,643
Clearwell Reservoir Rehabilitation	12,759	SAVSARP Collector Lines	612
Sahuarita Supply Slipliner	5,614	SAVSARP Recovered Cathodic Protection	339
CAVSARP Well Equipping	3,442		
		Total (excluding Carryforward):	\$106,473



FIVE-YEAR CIP FY's 2016-2020 - Projects with Revised Carryforward

(1,000)

CIP#	<i>Previous Carryforward</i>	Revision	REVISED Carryforward	YEAR 1 2015-16	YEAR 2 2016-17	YEAR 3 2017-18	YEAR 4 2018-19	YEAR 5 2019-20	5 Year Total
TOTAL POTABLE SOURCE DEVELOPMENT	600	1,340	1,940	1,016	-	-	-	-	2,956
TOTAL POTABLE STORAGE	450	180	630	113	-	-	-	-	743
TOTAL POTABLE PUMPING PLANT	510	(60)	450	677	-	-	-	-	1,127
TOTAL POTABLE TRANSMISSION	3,200	510	3,710	6,858	-	-	-	-	10,568
TOTAL POTABLE DISTRIBUTION	4,260	280	4,540	6,087	4,511	4,466	5,235	4,201	29,040
TOTAL POTABLE NEW SERVICES	-	-	-	-	-	-	-	-	-
TOTAL GENERAL PLANT	-	-	-	-	-	-	-	-	-
TOTAL POTABLE TREATMENT	500	2,475	2,975	-	-	-	-	-	2,975
TOTAL POTABLE PROCESS CONTROL	1,000	175	1,175	3,845	4,298	3,929	1,768	2,364	17,379
TOTAL POTABLE SYSTEM	10,520	4,900	15,420	18,596	8,809	8,395	7,003	6,565	64,788
TOTAL RECLAIMED SOURCE DEVELOPMENT	-	-	-	-	-	-	-	-	-
TOTAL RECLAIMED STORAGE	-	-	-	-	-	-	-	-	-
TOTAL RECLAIMED PUMPING PLANT	90	(40)	50	1,749	-	-	-	-	1,799
TOTAL RECLAIMED TRANSMISSION	-	-	-	-	-	-	-	-	-
TOTAL RECLAIMED DISTRIBUTION	-	-	-	-	-	-	-	-	-
TOTAL RECLAIMED NEW SERVICES	-	-	-	-	-	-	-	-	-
TOTAL RECLAIMED TREATMENT	250	1,850	2,100	4,513	-	-	-	-	6,613
TOTAL RECLAIMED PROCESS CONTROL	500	-	500	293	273	480	-	-	1,546
TOTAL RECLAIMED SYSTEM	840	1,810	2,650	6,555	273	480	-	-	9,958
TOTAL	11,360	6,710	18,070	25,151	9,082	8,875	7,003	6,565	74,746



FIVE-YEAR CIP FY's 2016-2020 - Projects with Revised Carryforward

(1,000)

CIP#	Previous Carryforward	Revision	REVISED Carryforward	YEAR 1 2015-16	YEAR 2 2016-17	YEAR 3 2017-18	YEAR 4 2018-19	YEAR 5 2019-20	5 Year Total
W081 AV-020B/SA-013A Recovery Well Drilling	350		350	-	-	-	-	-	350
W062 Equip Well W-006	50	20	70	339	-	-	-	-	409
W857 Santa Cruz Wells Re-Equipping	200	220	420	677	-	-	-	-	1,097
W090 TARP R-009A Replacement Well	-	1,100	1,100	-	-	-	-	-	1,100
TOTAL POTABLE SOURCE DEVELOPMENT	600	1,340	1,940	1,016	-	-	-	-	2,956
W091 Academy Reservoir	250	380	630	113	-	-	-	-	743
W053 Oakmont Tank Replacement	100	(100)	-	-	-	-	-	-	-
W059 Well E-025 Storage Tank Lining	100	(100)	-	-	-	-	-	-	-
TOTAL POTABLE STORAGE	450	180	630	113	-	-	-	-	743
W856 Bailey Sleeve Valve Replacement	300	-	300	677	-	-	-	-	977
W862 Camino de Oeste PRV at Thornydale and Ivory Rose Drive	210	(60)	150	-	-	-	-	-	150
TOTAL POTABLE PUMPING PLANT	510	(60)	450	677	-	-	-	-	1,127
W796 Sahuarita Supply Line Slip Liner	1,500	150	1,650	5,614	-	-	-	-	7,264
W039 Santa Cruz SC-008 Well Collector Line	250	(25)	225	-	-	-	-	-	225
W089 Santa Cruz Wellfield Pipelines	615	(5)	610	-	-	-	-	-	610
W768 Santa Rita Ranch Houghton Road 12-inch Main	520	30	550	-	-	-	-	-	550
W781 South Avra Valley Recovered Water Collector Lines Phase	-	500	500	612	-	-	-	-	1,112
W046 SAVSARP Raw Water Recovered Cathodic Protection	270	(120)	150	339	-	-	-	-	489
W074 Well W-006 Transmission Main	45	(20)	25	293	-	-	-	-	318
TOTAL POTABLE TRANSMISSION	3,200	510	3,710	6,858	-	-	-	-	10,568



FIVE-YEAR CIP FY's 2016-2020 - Projects with Revised Carryforward

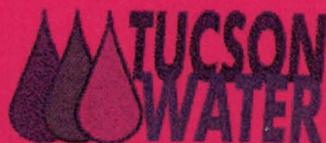
(1,000)

CIP#	Previous Carryforward	Revision	REVISED Carryforward	YEAR 1 2015-16	YEAR 2 2016-17	YEAR 3 2017-18	YEAR 4 2018-19	YEAR 5 2019-20	5 Year Total
W070 Cocio Road Main Replacement Phase I	-	100	100	-	-	-	-	-	100
W076 Cocio Road Main Replacement Phase II	100	100	200	339	-	-	-	-	539
W793 Craycroft Addition Subdivision, Phase I	300	980	1,280	-	-	-	-	-	1,280
W849 Golf Links Main Replacement Phase II	-	30	30	388	-	-	-	-	418
W791 Maryvale Manor Subdivision, Phase I	800	(250)	550	-	-	-	-	-	550
W792 Maryvale Manor Subdivision, Phase II	1,180		1,180	-	-	-	-	-	1,180
W789 Northgate Subdivision, Phase I	500	250	750	-	-	-	-	-	750
W790 Northgate Subdivision, Phase II	500	(150)	350	-	-	-	-	-	350
W111 Road Improvement Main Replacements	680	(680)	-	4,513	4,511	4,466	5,235	4,201	22,926
W861 Wilmot Main Replacement	200	(100)	100	847	-	-	-	-	947
TOTAL POTABLE DISTRIBUTION	4,260	280	4,540	6,087	4,511	4,466	5,235	4,201	29,040
W759 Santa Cruz Wellfield Upgrade	500	2,475	2,975	-	-	-	-	-	2,975
TOTAL POTABLE TREATMENT	500	2,475	2,975	-	-	-	-	-	2,975
W668 Arc Flash System Upgrades	-	175	175	282	282	558	582	600	2,479
W782 SCADA Potable Upgrades	1,000		1,000	3,563	4,016	3,371	1,186	1,764	14,900
TOTAL POTABLE PROCESS CONTROL	1,000	175	1,175	3,845	4,298	3,929	1,768	2,364	17,379
W049 Effluent Pump Station Expansion	10	(10)	-	1,749	-	-	-	-	1,749
W086 Potable MOV at Thornydale Reclaimed Reservoir	80	(30)	50	-	-	-	-	-	50
TOTAL RECLAIMED PUMPING PLANT	90	(40)	50	1,749	-	-	-	-	1,799
W774 Reclaimed Plant Filtration System Modifications	250	1,850	2,100	4,513	-	-	-	-	6,613
TOTAL RECLAIMED TREATMENT	250	1,850	2,100	4,513	-	-	-	-	6,613
W783 SCADA Reclaimed	500	-	500	293	273	480	-	-	1,546
TOTAL RECLAIMED PROCESS CONTROL	500	-	500	293	273	480	-	-	1,546

TUCSON WATER

FY 2015-FY 2020 Financial Plan Options

**December 22, 2014
CWAC
Finance Sub-Committee Meeting**



Preliminary 2015 Financial Plan vs. Adopted 2014 Financial Plan

Summary of Key Differences

Resources

1. Initial capital/working capital reserves higher by \$10 million
 - a. FY2014 CIP expenditures significantly lower (\$15 million) than prior estimate
 - b. More carry-forward bond proceeds may be applied to current year projects
2. Water sales revenue:
 - a. Revenue increases through FY2019 reduced slightly from prior plan
 - b. Growth and use per account assumptions are consistent with prior (12/16) presentation
 - i. Slightly more conservative use per account for residential and industrial classes; higher for commercial and multifamily
 - ii. Growth slightly higher than prior plan
 - iii. Higher nonpotable consumption and revenues
3. Other Fees and Sources
 - a. Overall higher driven by:
 - i. Significant increases in CAP water credits (\$9 million)
 - ii. Some increases in service charges (turn on's & delinquencies) and Pima Co. billing charges
 - b. Small reduction in development-related fees based on FY2014 actuals

Requirements

1. O&M Expenses are about the same overall as prior forecast, with some notable changes to individual components:
 - a. CAP water purchase costs are lower by \$8 million over the plan period
 - b. Increases in other units (customer service, director's office, planning & engineering, etc) offset decreases for CAP purchases
 - c. Decreased utility tax forecast to more accurately reflect actuals
 - d. Small increases in low income program and admin service charges
2. Capital Requirements
 - a. CIP expenditures about the same overall
 - b. More cash funding and less debt
 - i. Carryover bond proceeds
 - ii. Utilize some additional revenue from sales and other charges
 - c. Lower debt service due to reduced proceeds and slightly improved interest rate forecast (e.g., 4.5% instead of 4.8% in FY2015)

Performance Targets

1. Days of O&M in are generally increased (from 85-105 in 2014 plan to 95-100 days in 2015 plan).

2. Debt coverage increased

- a. Total coverage meets Council policy (175%) in last 4 years of plan final year
- b. Sr. Lien coverage exceeds minimum (185%) in all years of plan

TUCSON WATER
Comparison of 2015 Preliminary Plan to Adopted 2014 Plan
FY2015-FY2019

(\$1,000)

LINE #		Fiscal Years Ending June 30:					Total
		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	
1	Projected Beginning Operating Working Capital	\$1,344	\$10,294	\$5,349	\$5,045	\$3,644	
2	Infrastructure Reserve Balance	(\$0)	\$15,000	\$299	\$2,439	\$3,790	
2a	Carryover Bond Proceeds	\$9,026	\$0	\$0	\$0	\$0	\$9,026
5	Water Sales (including Rate Adjustments)	(\$578)	(\$932)	(\$1,131)	(\$1,045)	(\$790)	(\$4,475)
6	Other Water Revenues/Sources	\$3,904	\$2,369	\$3,525	\$265	\$185	\$10,248
6A	System Equity Fee	(\$223)	(\$200)	(\$200)	(\$100)	\$79	(\$644)
6B	CAP Water Resource Fee	(\$31)	(\$25)	(\$25)	\$0	\$25	(\$56)
7	Total Revenues/Sources	\$3,072	\$1,211	\$2,169	(\$880)	(\$500)	\$5,073
PROJECTED REQUIREMENTS:							
8	O & M Expense	(\$635)	\$2,795	\$1,146	(\$279)	(\$2,239)	\$787
9	Utility Tax Embedded in Water Sales Revenues	(\$347)	(\$374)	(\$400)	(\$420)	(\$437)	(\$1,978)
10	Debt Service	\$38	(\$819)	(\$1,802)	(\$1,700)	(\$900)	(\$5,184)
11	Other Requirements	\$423	(\$213)	(\$36)	\$162	(\$83)	\$254
12	In Lieu of Tax	0	0	0	0	0	\$0
13	Low Income Program	0	25	15	30	46	\$117
14	Transfer to Infrastructure Reserve	0	300	6,140	(10,998)	8,670	\$4,111
15	Capital from Water Revenues	(5,531)	4,213	(2,801)	13,567	(4,776)	\$4,672
16	Administrative Service Charge(direct/indirect)	\$174	\$231	\$211	\$159	\$110	\$885
17	Total Requirements	(\$5,878)	\$6,157	\$2,472	\$522	\$392	\$3,665
18	Projected Ending Operating Working Capital/Reserve	\$10,294	\$5,349	\$5,045	\$3,644	\$2,752	
23	Total Capital Improvement Program	(21,070)	14,739	(15,415)	14,475	8,267	\$996
Debt Sales:							
24	Water System Revenue Obligations/Bonds	(15,691)	(11,758)	1,309	11,329	(810)	(\$15,622)
25	WIFA Loan	3,735	-	-	-	-	\$3,735

TUCSON WATER FINANCIAL PLAN

FY2015-FY2020

**Minimum Rate Increase
(\$1,000)**

LINE #		Fiscal Years Ending June 30:					
		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
1	Projected Beginning Operating Working Capital	\$30,042	\$35,019	\$30,921	\$31,507	\$30,413	\$32,658
2	Beginning Infrastructure Fund Carryover Bond Proceeds	\$15,091	\$15,091	\$1,205	\$2,747	\$2,747	\$8,503
		\$9,026					
	PROJECTED REVENUES:						
3	Water Sales (existing rates)	\$168,958	\$166,505	\$164,920	\$164,122	\$163,835	\$163,601
4	Water Sales Increases from Rate Adjustments:						
	FY 2016 7.00%		\$11,655	\$11,544	\$11,489	\$11,468	\$11,452
	FY 2017 7.00%			\$11,706	\$11,649	\$11,629	\$11,612
	FY 2018 7.00%				\$11,812	\$11,792	\$11,775
	FY 2019 7.00%					\$11,957	\$11,940
	FY 2020 7.00%						\$12,107
	Total from Rate Adjustments		\$11,655	\$23,250	\$34,950	\$46,846	\$58,886
5	Water Sales (including Rate Adjustments)	\$168,958	\$178,161	\$188,171	\$199,072	\$210,681	\$222,487
6	Other Water Revenues/Sources	\$17,432	\$17,135	\$18,368	\$15,265	\$15,344	\$15,422
6A	System Equity Fee	\$2,277	\$2,300	\$2,300	\$2,400	\$2,450	\$2,500
6B	CAP Water Resource Fee	\$344	\$350	\$350	\$375	\$375	\$375
7	Total Revenues/Sources	\$189,012	\$197,945	\$209,189	\$217,112	\$228,850	\$240,784
	PROJECTED REQUIREMENTS:						
8	O & M Expense	\$94,041	\$100,808	\$102,876	\$105,176	\$106,949	\$110,430
9	Utility Tax Embedded in Water Sales Reven	\$4,055	\$4,265	\$4,495	\$4,745	\$5,013	\$5,285
10	Debt Service	\$50,843	\$53,511	\$56,249	\$58,900	\$62,801	\$64,608
11	Other Requirements	\$2,970	\$2,464	\$2,556	\$2,584	\$2,391	\$2,491
12	In Lieu of Tax	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
13	Low Income Program	\$525	\$550	\$540	\$555	\$571	\$591
14	Transfer to Infrastructure Fund	\$0	\$1,114	\$5,542	\$0	\$5,755	\$4,671
15	Capital from Water Revenues	\$20,250	\$27,827	\$24,762	\$34,613	\$31,440	\$40,033
16	Administrative Service Charge(direct/indirect)	\$9,750	\$9,906	\$9,983	\$10,031	\$10,083	\$10,108
17	Total Requirements	\$184,035	\$202,043	\$208,603	\$218,206	\$226,604	\$239,818
18	Projected Ending Operating Working Capital/Reserve	\$35,019	\$30,921	\$31,507	\$30,413	\$32,658	\$33,625
19	Estimated Reserves As % of Sales Reven.	20.7%	17.4%	16.7%	15.3%	15.5%	15.1%
20	Estimated Reserves as Days of O&M	121	100	100	95	100	100
	OTHER SIGNIFICANT DATA/PROJECTIONS:						
21	% Increases: Water Sales Rates/Revenue	N/A	7.0%	7.0%	7.0%	7.0%	7.0%
22	Debt Service Coverage (All Debt)	173.0%	168.0%	175.0%	177.0%	181.0%	188.0%
22a	Coverage: Senior Lien Debt	200.0%	193.0%	200.0%	198.0%	202.0%	209.0%
23	Total Capital Improvement Program (CIP)	\$58,219	\$76,705	\$58,894	\$76,786	\$62,771	\$57,144
	Debt Sales:						
24	Water System Revenue Obligations/Bonds	\$22,723	\$31,631	\$37,357	\$35,668	\$22,799	\$24,429
25	WIFA Loan	\$3,735	\$0	\$0	\$0	\$0	\$0
26	% of CIP from Current Revenue				52%		

TUCSON WATER FINANCIAL PLAN

FY2015-FY2020

Minimum Rate Increase; No ILT
(\$1,000)

LINE #		Fiscal Years Ending June 30:					
		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
1	Projected Beginning Operating Working Capital	\$30,042	\$35,019	\$30,921	\$31,068	\$30,585	\$32,220
2	Beginning Infrastructure Fund Carryover Bond Proceeds	\$15,091	\$15,091	\$880	\$3,807	\$3,807	\$10,439
		\$9,026					
	PROJECTED REVENUES:						
3	Water Sales (existing rates)	\$168,958	\$166,505	\$164,920	\$164,122	\$163,835	\$163,601
4	Water Sales Increases from Rate Adjustments:						
	FY 2016 6.80%		\$11,322	\$11,215	\$11,160	\$11,141	\$11,125
	FY 2017 6.80%			\$11,367	\$11,312	\$11,292	\$11,276
	FY 2018 6.80%				\$11,466	\$11,446	\$11,430
	FY 2019 6.80%					\$11,602	\$11,585
	FY 2020 6.80%						\$11,743
	Total from Rate Adjustments		\$11,322	\$22,582	\$33,938	\$45,481	\$57,158
5	Water Sales (including Rate Adjustments)	\$168,958	\$177,828	\$187,502	\$198,060	\$209,316	\$220,759
6	Other Water Revenues/Sources	\$17,432	\$17,135	\$18,368	\$15,265	\$15,343	\$15,422
6A	System Equity Fee	\$2,277	\$2,300	\$2,300	\$2,400	\$2,450	\$2,500
6B	CAP Water Resource Fee	\$344	\$350	\$350	\$375	\$375	\$375
7	Total Revenues/Sources	\$189,012	\$197,612	\$208,520	\$216,100	\$227,484	\$239,056
	PROJECTED REQUIREMENTS:						
8	O & M Expense	\$94,041	\$100,808	\$102,876	\$105,176	\$106,949	\$110,430
9	Utility Tax Embedded in Water Sales Reven	\$4,055	\$4,257	\$4,479	\$4,722	\$4,982	\$5,245
10	Debt Service	\$50,843	\$53,511	\$56,249	\$58,900	\$62,801	\$64,608
11	Other Requirements	\$2,970	\$2,464	\$2,556	\$2,584	\$2,391	\$2,491
12	In Lieu of Tax	\$1,600	\$0	\$0	\$0	\$0	\$0
13	Low Income Program	\$525	\$550	\$540	\$555	\$571	\$591
14	Transfer to Infrastructure Fund	\$0	\$789	\$6,927	\$0	\$6,632	\$4,582
15	Capital from Water Revenues	\$20,250	\$27,827	\$24,762	\$34,613	\$31,440	\$40,033
16	Administrative Service Charge(direct/indirect)	\$9,750	\$11,506	\$9,983	\$10,031	\$10,083	\$10,108
17	Total Requirements	\$184,035	\$201,710	\$208,373	\$216,583	\$225,849	\$238,090
18	Projected Ending Operating Working Capital/Reserve	\$35,019	\$30,921	\$31,068	\$30,585	\$32,220	\$33,186
19	Estimated Reserves As % of Sales Reven.	20.7%	17.4%	16.6%	15.4%	15.4%	15.0%
20	Estimated Reserves as Days of O&M	121	100	100	96	100	100
	OTHER SIGNIFICANT DATA/PROJECTIONS:						
21	% Increases: Water Sales Rates/Revenue	N/A	6.8%	6.8%	6.8%	6.8%	6.8%
22	Debt Service Coverage (All Debt)	173.0%	167.0%	174.0%	175.0%	179.0%	186.0%
22a	Coverage: Senior Lien Debt	200.0%	192.0%	199.0%	197.0%	199.0%	207.0%
23	Total Capital Improvement Program (CIP)	\$58,219	\$76,705	\$58,894	\$76,786	\$62,771	\$57,144
	Debt Sales:						
24	Water System Revenue Obligations/Bonds	\$22,723	\$31,631	\$37,357	\$35,668	\$22,799	\$24,429
25	WIFA Loan	\$3,735	\$0	\$0	\$0	\$0	\$0
26	% of CIP from Current Revenue				52%		

**TUCSON WATER
FINANCIAL PLAN**

FY2015-FY2020

**Alternative Plan
(\$1,000)**

LINE #		Fiscal Years Ending June 30:					
		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
1	Projected Beginning Operating Working Capital	\$30,042	\$35,019	\$30,921	\$31,507	\$31,961	\$32,658
2	Beginning Infrastructure Fund	\$15,091	\$15,091	\$1,693	\$4,216	\$4,216	\$9,763
2a	Carryover Bond Proceeds	\$9,026					
PROJECTED REVENUES:							
3	Water Sales (existing rates)	\$168,958	\$166,505	\$164,920	\$164,122	\$163,835	\$163,601
4	Water Sales Increases from Rate Adjustments:						
	FY 2016 7.30%		\$12,155	\$12,039	\$11,981	\$11,960	\$11,943
	FY 2017 7.30%			\$12,215	\$12,156	\$12,135	\$12,117
	FY 2018 7.30%				\$12,333	\$12,312	\$12,294
	FY 2019 7.30%					\$12,492	\$12,474
	FY 2020 7.30%						\$12,656
	Total from Rate Adjustments		\$12,155	\$24,254	\$36,470	\$48,898	\$61,484
5	Water Sales (including Rate Adjustments)	\$168,958	\$178,660	\$189,174	\$200,592	\$212,733	\$225,084
6	Other Water Revenues/Sources	\$17,432	\$17,135	\$18,368	\$15,265	\$15,344	\$15,423
6A	System Equity Fee	\$2,277	\$2,300	\$2,300	\$2,400	\$2,450	\$2,500
6B	CAP Water Resource Fee	\$344	\$350	\$350	\$375	\$375	\$375
7	Total Revenues/Sources	\$189,012	\$198,445	\$210,192	\$218,632	\$230,902	\$243,383
PROJECTED REQUIREMENTS:							
8	O & M Expense	\$94,041	\$100,808	\$102,876	\$105,176	\$106,949	\$110,430
9	Utility Tax Embedded in Water Sales Reven	\$4,055	\$4,277	\$4,518	\$4,781	\$5,060	\$5,345
10	Debt Service	\$50,843	\$53,511	\$56,249	\$58,884	\$62,595	\$64,281
11	Other Requirements	\$2,970	\$2,464	\$2,556	\$2,536	\$2,359	\$2,491
12	In Lieu of Tax	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
13	Low Income Program	\$525	\$550	\$540	\$555	\$571	\$591
14	Transfer to Infrastructure Fund	\$0	\$1,602	\$6,523	\$0	\$13,547	\$7,537
15	Capital from Water Revenues	\$20,250	\$27,827	\$24,762	\$34,613	\$27,440	\$40,033
16	Administrative Service Charge(direct/indirect)	\$9,750	\$9,906	\$9,983	\$10,031	\$10,083	\$10,108
17	Total Requirements	\$184,035	\$202,543	\$209,607	\$218,177	\$230,205	\$242,417
18	Projected Ending Operating Working Capital/Reserve	\$35,019	\$30,921	\$31,507	\$31,961	\$32,658	\$33,625
19	Estimated Reserves As % of Sales Reven.	20.7%	17.3%	16.7%	15.9%	15.4%	14.9%
20	Estimated Reserves as Days of O&M	121	100	100	99	100	100
OTHER SIGNIFICANT DATA/PROJECTIONS:							
21	% Increases: Water Sales Rates/Revenue	N/A	7.3%	7.3%	7.3%	7.3%	7.3%
22	Debt Service Coverage (All Debt)	173.0%	169.0%	177.0%	179.0%	185.0%	193.0%
22a	Coverage: Senior Lien Debt	200.0%	194.0%	202.0%	201.0%	206.0%	215.0%
23	Total Capital Improvement Program (CIP)	\$58,219	\$76,705	\$58,894	\$76,786	\$62,771	\$57,144
Debt Sales:							
24	Water System Revenue Obligations/Bonds	\$22,723	\$31,631	\$37,357	\$33,268	\$21,199	\$24,429
25	WIFA Loan	\$3,735	\$0	\$0	\$0	\$0	\$0
26	% of CIP from Current Revenue	53%					

**TUCSON WATER
FINANCIAL PLAN
FY2015-FY2020**

**Alternative Plan; No ILT
(\$1,000)**

LINE #	Fiscal Years Ending June 30:					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
1	Projected Beginning Operating Working Capital					
	\$30,042	\$35,019	\$30,921	\$31,068	\$30,130	\$32,220
2	Beginning Infrastructure Fund Carryover Bond Proceeds					
	\$15,091	\$15,091	\$1,368	\$5,275	\$7,278	\$11,695
	\$9,026					
	PROJECTED REVENUES:					
3	Water Sales (existing rates)					
	\$168,958	\$166,505	\$164,920	\$164,122	\$163,835	\$163,601
4	Water Sales Increases from Rate Adjustments:					
	<i>FY 2016</i>	7.10%	<i>\$11,822</i>	<i>\$11,709</i>	<i>\$11,653</i>	<i>\$11,632</i>
	<i>FY 2017</i>	7.10%		<i>\$11,876</i>	<i>\$11,818</i>	<i>\$11,797</i>
	<i>FY 2018</i>	7.10%			<i>\$11,986</i>	<i>\$11,965</i>
	<i>FY 2019</i>	7.10%				<i>\$12,135</i>
	<i>FY 2020</i>	7.10%				<i>\$12,290</i>
	Total from Rate Adjustments		\$11,822	\$23,585	\$35,457	\$47,530
5	Water Sales (including Rate Adjustments)		\$178,327	\$188,505	\$199,579	\$211,365
6	Other Water Revenues/Sources					
	\$17,432	\$17,135	\$18,368	\$15,265	\$15,343	\$15,421
6A	System Equity Fee					
	\$2,277	\$2,300	\$2,300	\$2,400	\$2,450	\$2,500
6B	CAP Water Resource Fee					
	\$344	\$350	\$350	\$375	\$375	\$375
7	Total Revenues/Sources		\$189,012	\$198,112	\$209,523	\$217,618
			\$229,533			\$241,648
	PROJECTED REQUIREMENTS:					
8	O & M Expense					
	\$94,041	\$100,808	\$102,876	\$105,176	\$106,949	\$110,430
9	Utility Tax Embedded in Water Sales Reven					
	\$4,055	\$4,269	\$4,502	\$4,757	\$5,029	\$5,305
10	Debt Service					
	\$50,843	\$53,511	\$56,249	\$58,884	\$62,595	\$64,281
11	Other Requirements					
	\$2,970	\$2,464	\$2,556	\$2,536	\$2,359	\$2,491
12	In Lieu of Tax					
	\$1,600	\$0	\$0	\$0	\$0	\$0
13	Low Income Program					
	\$525	\$550	\$540	\$555	\$571	\$591
14	Transfer to Infrastructure Fund					
	\$0	\$1,277	\$7,907	\$2,003	\$12,418	\$7,443
15	Capital from Water Revenues					
	\$20,250	\$27,827	\$24,762	\$34,613	\$27,440	\$40,033
16	Administrative Service Charge(direct/indirect)					
	\$9,750	\$11,506	\$9,983	\$10,031	\$10,083	\$10,108
17	Total Requirements		\$184,035	\$202,210	\$209,376	\$218,556
			\$227,443			\$240,682
18	Projected Ending Operating Working Capital/Reserve					
	\$35,019	\$30,921	\$31,068	\$30,130	\$32,220	\$33,186
19	Estimated Reserves As % of Sales Reven.	20.7%	17.3%	16.5%	15.1%	14.9%
20	Estimated Reserves as Days of O&M	121	100	100	95	100
	OTHER SIGNIFICANT DATA/PROJECTIONS:					
21	% Increases: Water Sales Rates/Revenue	N/A	7.1%	7.1%	7.1%	7.1%
22	Debt Service Coverage (All Debt)	173.0%	168.0%	176.0%	177.0%	183.0%
22a	Coverage: Senior Lien Debt	200.0%	193.0%	201.0%	199.0%	212.0%
23	Total Capital Improvement Program (CIP)					
	\$58,219	\$76,705	\$58,894	\$76,786	\$62,771	\$57,144
	Debt Sales:					
24	Water System Revenue Obligations/Bonds					
	\$22,723	\$31,631	\$37,357	\$33,268	\$21,199	\$24,429
25	WIFA Loan					
	\$3,735	\$0	\$0	\$0	\$0	\$0
26	% of CIP from Current Revenue					
			53%			

**TUCSON WATER
FINANCIAL PLAN**

FY2014-FY2019

Prior Plan

(\$1,000)

LINE #		Fiscal Years Ending June 30:					
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
1	Projected Beginning Operating Working Capital	\$23,471	\$28,698	\$24,725	\$25,573	\$26,461	\$28,317
2	Designated for Infrastructure	\$17,922	\$15,091	\$91	\$1,394	\$1,777	\$425
PROJECTED REVENUES:							
3	Water Sales (existing rates)	\$160,775	\$156,544	\$154,024	\$152,366	\$151,379	\$150,899
4	Water Sales Increases from Rate Adjustments:						
	FY 2015		\$12,993	\$12,784	\$12,646	\$12,564	\$12,525
	FY 2016			\$12,784	\$12,646	\$12,564	\$12,525
	FY 2017				\$12,646	\$12,564	\$12,525
	FY 2018					\$12,564	\$12,525
	FY 2019						\$12,525
	Total from Rate Adjustments		\$12,993	\$25,568	\$37,939	\$50,258	\$62,623
5	Water Sales (including Rate Adjustments)	\$160,775	\$169,537	\$179,592	\$190,305	\$201,636	\$213,523
6	Other Water Revenues/Sources	\$14,912	\$13,528	\$14,766	\$14,843	\$15,000	\$15,158
6A	System Equity Fee	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,371
6B	CAP Water Resource Fee	\$375	\$375	\$375	\$375	\$375	\$350
7	Total Revenues/Sources	\$178,562	\$185,940	\$197,233	\$208,023	\$219,511	\$231,402
PROJECTED REQUIREMENTS:							
8	O & M Expense	\$88,058	\$94,676	\$98,013	\$101,730	\$105,455	\$109,188
9	Utility Tax Embedded in Water Sales Revenues	\$4,187	\$4,402	\$4,651	\$4,918	\$5,200	\$5,497
10	Debt Service	\$43,180	\$50,806	\$54,330	\$58,052	\$60,583	\$63,494
11	Other Requirements	\$2,538	\$2,547	\$2,677	\$2,592	\$2,374	\$2,442
12	In Lieu of Tax	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
13	Low Income Program	\$525	\$525	\$525	\$525	\$525	\$525
14	Transfer to Infrastructure Reserve	\$5,919	\$0	\$1,302	\$383	\$10,998	\$4,878
15	Capital from Water Revenues	\$17,751	\$25,780	\$23,614	\$27,562	\$21,046	\$32,215
16	Administrative Service Charge(direct/indirect)	\$9,576	\$9,576	\$9,674	\$9,773	\$9,872	\$9,973
17	Total Requirements	\$173,335	\$189,913	\$196,386	\$207,135	\$217,655	\$229,813
18	Projected Ending Operating Working Capital/Reserve	\$28,698	\$24,725	\$25,573	\$26,461	\$28,317	\$29,906
19	Estimated Reserves As % of Sales Revenue	17.8%	14.6%	14.2%	13.9%	14.0%	14.0%
20	Estimated Reserves as Days of O&M	105	85	85	85	88	90
OTHER SIGNIFICANT DATA/PROJECTIONS:							
21	% Increases: Water Sales Rates/Revenue	N/A	8.3%	8.3%	8.3%	8.3%	8.3%
22	Debt Service Coverage (All Debt)	183.0%	160.0%	164.0%	165.0%	170.0%	175.0%
22a	Coverage: Senior Lien Debt	216.0%	185.0%	187.0%	187.0%	190.0%	194.0%
23	Total Capital Improvement Program (CIP)	\$67,382	\$79,289	\$61,966	\$74,309	\$62,311	\$54,504
Debt Sales:							
24	Water System Revenue Obligations/Bonds	\$37,964	\$38,415	\$43,389	\$36,047	\$21,939	\$22,010
25	WIFA Loan	\$3,735	\$0	\$0	\$0	\$0	\$0

Used to FY16 budget

Approved
June 5, 2014

**CENTRAL ARIZONA PROJECT
FINAL 2015-2016 RATE SCHEDULE**

DELIVERY RATES FOR VARIOUS CLASSES OF WATER SERVICE

Units = \$/ acre-foot

(The Letter Designations in the Formulas Refer to the Rate Components Shown Below)

	2014	Firm 2015	Provi- sional 2016	Advisory			
				2017	2018	2019	2020
Municipal and Industrial							
Long Term Subcontract (B+C) ¹	\$ 146	\$ 157	\$ 161	\$ 166	\$ 171	\$ 174	\$ 196
Non-Subcontract (A+B+C) ²	166	179	184	190	196	199	221
Recharge (A+B+C) ³	166	179	184	190	196	199	221
AWBA Interstate Recharge (A+B+C+D) ⁴	189	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Federal (B+C) ⁵	\$ 146	\$ 157	\$ 161	\$ 166	\$ 171	\$ 174	\$ 196
Agricultural							
Settlement Pool (C) ⁶	\$ 67	\$ 75	\$ 76	\$ 79	\$ 81	\$ 82	\$ 99
Agricultural Incentives ⁶							
Meet Settlement Pool Goals	(14)	(18)	(15)	(14)	(12)	(9)	(22)
Meet AWBA/CAGR D GSF Goals	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Meet Recovery Goals	(2)	(2)	(2)	(2)	(2)	(2)	(2)

RATE COMPONENTS

Units = \$/acre-foot

	2014	Firm 2015	Provi- sional 2016	Advisory			
				2017	2018	2019	2020
Capital Charges							
(A) Municipal and Industrial - Long Term Subcontract ⁷	\$ 20	\$ 22	\$ 23	\$ 24	\$ 25	\$ 25	\$ 25
Delivery Charges							
(B) Fixed OM&R ⁸	\$ 79	\$ 82	\$ 85	\$ 87	\$ 90	\$ 92	\$ 97
(C) Pumping Energy Rate ¹ ⁹	67	75	76	79	81	82	99
(D) Property Tax Equivalency ¹⁰	23	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.

DIRECT UNDERGROUND WATER STORAGE

Units = \$/acre-foot

	2014	Firm 2015	Provi- sional 2016	Advisory			
				2017	2018	2019	2020
Underground Water Storage O&M ¹¹							
Phoenix AMA	\$ 8	\$ 9	\$ 10	\$ 12	\$ 13	\$ 14	\$ 15
Tucson AMA	15	15	15	15	15	15	15
Underground Water Storage Capital Charge ¹²							
Phoenix AMA	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Tucson AMA	9	9	9	9	9	9	9