

Date: 7/14/2020
 From: Vas Duggirala
 Re: Wastewater Consumption, Revenue, and DWF Aging Update

Wastewater Consumption and Revenue

Residential, Compared to Forecast*				Commercial, Compared to Forecast*			
	Consumption	Revenue			Consumption	Revenue	
January	+2%	-1%	\$ (111,083)	January	+10%	+5%	\$ 845,273
February	+2%	+3%	350,234	February	+2%	+2%	318,138
March	-1%	-1%	(75,979)	March	-7%	-7%	(1,077,853)
April	+12%	+16%	1,763,356	April	-10%	-9%	(1,556,225)
May	+13%	+11%	756,520	May	-21%	-20%	(3,256,888)
June	+11%	+15%	1,618,833	June	-15%	-15%	(2,669,699)

Combined, Compared to Forecast*			
	Consumption	Revenue	
January	8%	+3%	\$ 734,190
February	2%	+2%	668,372
March	-5%	-5%	(1,153,832)
April	-1%	-1%	207,131
May	-10%	-11%	(2,500,369)
June	-5%	-4%	(1,050,865)

June consumption was 5% below forecast; revenue was 4% below forecast*. Quarantine impacts began in March, ramped up in April, and reached a low of -10% in May before recovering to -5% in June. Residential billing, consisting of single-family homes, townhomes, and duplexes, is up +12% starting in April while Commercial billing is down -10% to -20% over the same time period. Commercial customers include multi-family customers, whose consumption is up +60% to +70% since quarantine started, and businesses, whose consumption is down -20% to -30%.

A continuation of June performance through the end of the year would result in combined demand of 19.8 million CCF, a 4% reduction from 20.6 million CCF forecasted. Gross wastewater revenue would miss the forecast of \$321 million by \$16 million (-5%) to end the year at \$305 million. The 2020 forecast pre-COVID expected the DWF to exceed all financial policy targets with enough margin to absorb a revenue shock of this size, and this remains true.

Drainage and Wastewater Fund Aging Report

Month	Total A/R	Current	1-30 Days	31-60 Days	61-90 Days	91-120 Days	120+ Days
June 2019	\$ 16,963,518	\$ 12,178,167	\$ 2,789,065	\$ 811,700	\$ 432,302	\$ 149,200	\$ 603,084
Dec 2019	16,180,041	12,227,023	2,404,717	484,494	290,657	165,858	607,292
January	\$ 15,452,036	\$ 10,783,001	\$ 2,841,676	\$ 648,801	\$ 279,837	\$ 187,253	711,468
February	18,878,299	14,580,237	2,591,741	687,737	263,046	179,093	576,445
March	14,586,096	9,137,256	2,524,707	698,757	408,306	285,488	1,531,582
April	\$ 18,460,413	\$ 12,171,616	\$ 3,116,060	\$ 1,758,192	\$ 444,612	\$ 279,607	690,326
May	16,048,575	7,547,165	4,312,924	1,632,260	1,337,013	320,979	898,234
June	19,028,895	12,123,202	2,817,643	1,406,589	846,625	823,737	1,011,109

*Forecast is referred to as "2020 Projection" in the MSUF report, and elsewhere as "COVID-19 Baseline."

Total accounts receivable has increased from \$16.2 million at the end of December 2019 to \$19.0 million at the end of June. Compared to June of 2019, total A/R balances are up 18%, but only 5% when adjusted for the 2020 rate increase. Short term balances (current, -7%; 1-30 days, -6%) are down, but the sum of all balances older than 30 days has doubled, even after adjusting for the rate increase, though long-term balances have declined slightly from May.