



GOVERNMENT OF PUERTO RICO  
PUERTO RICO AQUEDUCT AND SEWER AUTHORITY | FINANCE DEPARTMENT

August 19, 2024

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**ANNUAL FINANCIAL INFORMATION SUBMITTAL  
CONSENT DECREE - UNITED STATES OF AMERICA V. PUERTO RICO AQUEDUCT AND  
SEWER AUTHORITY, CIVIL ACTION 3:15-CV-02283-JAG**

Dear Sirs:

As required per Section XIII Modification/Prioritization of Remedial Measures, Paragraph #45 of the Consent Decree approved by the District Court on May 23, 2016, the Puerto Rico Aqueduct and Sewer Authority (PRASA or the Authority) shall provide to EPA certain financial information no later than August 31, 2016, and **annually each year thereafter**. The requested financial information submitted herein is detailed as follows:

**PRESIDENCY:** #604 Barbosa Avenue, Hato Rey - PO Box 7066, San Juan, PR 00916-7066



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## 1. Projected budget for next fiscal year

PRASA's Fiscal Year ("FY") 2025 Budget as certified by the Financial Oversight and Management Board for Puerto Rico's (the "Oversight Board") on June 14, 2024 is included below:

| In \$'000                             | FY2025           |
|---------------------------------------|------------------|
| Operating Revenues                    | 1,141,097        |
| Miscellaneous Income                  | 4,500            |
| Transfer from the RSA                 | 35,000           |
| <b>Authority Revenues (+)</b>         | <b>1,180,597</b> |
| <b>Senior and Senior Sub Debt (-)</b> | <b>249,374</b>   |
| Payroll and Related                   | 356,545          |
| Electricity                           | 185,220          |
| Maintenance & Repair                  | 88,903           |
| Chemicals                             | 76,062           |
| Other Expenses                        | 222,447          |
| Capitalized Expenses                  | (25,061)         |
| <b>Net Operating Expenses (-)</b>     | <b>904,116</b>   |
| <b>FEMA/Other Funds for OPEX (+)</b>  | <b>1,000</b>     |
| Operating Reserve Fund                | 8,519            |
| Capital Improvement Fund, Net         | 19,426           |
| <b>Deposits (-)</b>                   | <b>27,946</b>    |
| <b>Net Balance</b>                    | <b>162</b>       |

*Note: Numbers may not add due to rounding*

## 2. Debt service coverage ratio, senior lien coverage ratio and liquidity ratios:

Below are included the current and quick ratio, based on the preliminary numbers for FY 2023:

### FY2023 Ratios

|   |       |
|---|-------|
| Senior and Senior Sub Debt Coverage Ratio | 4.56x |
|---|-------|

|  |      |
|--|------|
| Current Ratio (Current Assets/Current Liabilities)             | 136% |
| Quick ratio (Current Assets - Inventory) / Current Liabilities | 131% |

**3. Any approved future rate increases**

On July 1, 2022, after following the process required by Act 21-1985, the Authority implemented a new rate structure and charges, simplifying its rate to only two charges – base charge and consumption charge. The new rate reflected an increase of 4.95% in base charge revenues and 2% in consumption charge revenues. As recommended by the Officer Examiner appointed to run the public hearing process required by Act 21-1985, the revised rate also incorporates an annual increase for subsequent years of at least 2% but not more than 5% annually, up to a cap of 30% cumulative. On July 1, 2023 and 2024, a 2% rate increase was implemented for each year. The most recent Fiscal Plan as certified by the Financial Oversight and Management Board for Puerto Rico on June 11, 2024, incorporate the minimum annual 2% rate increase for subsequent fiscal years.

**4. Status of debt to plant ratio, key financial ratios monitored internally and for lender(s)**

For fiscal year 2023 debt to plant ratio, calculated dividing the long-term financial debt outstanding by the total capital assets was 0.73.

Some of the key financial ratios monitored internally by the Authority are presented below:

| STRATEGIC INITIATIVE | PERFORMANCE INDICATOR                      | FY 2023* |
|----------------------|--|----------|
| Fiscal Health        | Employees per 1,000 connections            | 3.20     |
|                      | Overtime (as % of payroll costs excl OT)** | 11.1%    |
|                      | Actual Expenses/Budgeted Expenses          | 98.5%    |
|                      | Actual Collections versus Billings         | 98.9%    |

(\*) Preliminary numbers, subject to change.

(\*\*) FY2023 overtime was affected by the passage of Hurricane Fiona in September 2022.

PRASA also measures on a monthly basis the level of compliance with its projected cash collections and budgeted expenses and internally report financial results to each Region/Department Director to allow the management to take any corrective action as soon as possible. Additionally, PRASA publish its preliminary financial results in its webpage on a quarterly basis. Please refer to [Información financiera y de inversionistas \(pr.gov\)](http://www.pr.gov/informacion-financiera-y-de-inversionistas).

**5. Bond ratio and bonds ratings**

**BONDS RATIO FOR FY2022**

(Preliminary not audited, and subject to material change)

|  |      |
|--|------|
| Bonds Ratio = Bonds due after one year<br>/ (Bonds due after one year + Net<br>Assets) | 0.87 |
|--|------|

As of July 31, 2024, the Authority’s outstanding debt was not rated by any of the nationally recognized rating agencies (i.e., Moody’s Investors Service, S&P Global Ratings and Fitch Ratings).

**6. Number of customers by service pipe diameter as of June 30, 2024:**

| Meter Diameter | # of Clients     |
|----------------|------------------|
| 1/2" & 5/8"    | 1,249,201        |
| 3/4"           | 4,185            |
| 1"             | 5,761            |
| 1-1/2"         | 1,266            |
| 2"             | 4,866            |
| 3"             | 95               |
| 4"             | 479              |
| 6"             | 90               |
| 8"             | 18               |
| 10"            | 2                |
| <b>Total</b>   | <b>1,265,963</b> |

Additionally, the following information is included herein, as required by the Consent Decree:

- 1. Most recent annual financial report:** The Audited Financial Statements for fiscal year 2022 and 2023 are included as **Appendix A** and **Appendix B**, respectively. The issued Audited Financial Statements of the Authority are published and available in PRASA’s website at [www.acueductos.pr.gov](http://www.acueductos.pr.gov)

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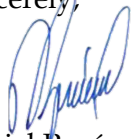
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2. **Bond prospectus issued during prior year:** PRASA did not issue any bond prospectus during fiscal year 2024.
3. **Rating agency reports received during the previous year.** The reports issued by rating agencies since July 2023 are included as **Appendix C**.

In addition, the latest PRASA's Fiscal Plan as certified by the Oversight Board on June 11, 2024 is included as **Appendix D**.

If additional information is needed, please contact us at your convenience.

Sincerely,



Doriel Pagán Crespo  
Executive President