



GOVERNMENT OF
**PUERTO
RICO**

Puerto Rico Aqueduct and Sewer Authority

Preliminary Financial Results for Fiscal Year 2022

August 15, 2022



Puerto Rico Aqueduct and Sewer Authority
GOVERNMENT OF PUERTO RICO

Disclaimer

The Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), the Puerto Rico Aqueduct and Sewer Authority (“PRASA” or the “Authority”), the Government of Puerto Rico (the “Government”), and each of their respective officers, directors, employees, agents, attorneys, advisors, members, partners or affiliates (collectively, with AAFAF, PRASA and the Government instrumentalities the “Parties”) make no representation or warranty, express or implied, to any third party with respect to the information contained herein and all Parties expressly disclaim any such representations or warranties. The Parties do not owe or accept any duty or responsibility to any reader or recipient of this presentation, whether in contract or tort, and shall not be liable for or in respect of any loss, damage (including without limitation consequential damages or lost profits) or expense of whatsoever nature of such third party that may be caused by, or alleged to be caused by, the use of this presentation or that is otherwise consequent upon the gaining of access to this document by such third party.

This document does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation or review services in accordance with standards established by the American Institute of Certified Public Accountants or any other organization. The projections set forth in this presentation were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the officers of the Government or its agencies or instrumentalities responsible for the preparation of such information, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of such officers’ knowledge and belief, the expected course of action and the expected future financial performance of the Government and/or its agencies and instrumentalities, as applicable. However, this information should not be relied upon as being necessarily indicative of future results, and readers of this presentation are cautioned not to place undue reliance on the prospective financial information. Future events and actual results may differ materially from any estimates, projections, or statements contained herein. Nothing in this document should be considered as an express or implied commitment to do or take, or to refrain from taking, any action by AAFAF, PRASA, the Government, or any government instrumentality in the Government or an admission of any fact or future event. Accordingly, the Parties do not express an opinion or any other form of assurance on the financial statements or any financial or other information or the internal controls of the Government and the information contained herein.

Any statements and assumptions contained in this document, whether forward-looking or historical, are not guarantees of future performance and involve certain risks, uncertainties, estimates and other assumptions made in this document. The information included in this presentation may contain certain “forward-looking” statements. These forward-looking statements may relate to the fiscal and economic condition, economic performance, plans and objectives of the Government of Puerto Rico and/or its agencies and instrumentalities. All statements contained herein that are not clearly historical in nature are forward-looking, and the words “anticipates,” “believes,” “continues,” “expects,” “estimates,” “intends,” “aims,” “projects,” and similar expressions, and future or conditional verbs such as “will,” “would,” “should,” “could,” “might,” “can,” “may,” or similar expressions, are generally intended to identify forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, estimates, and assumptions by the Government and/or its agencies and instrumentalities that are difficult to predict. The economic and financial condition of the Government and its agencies and instrumentalities is affected by various financial, social, economic, environmental, and political factors. These factors can be very complex, may vary from one fiscal year to the next, and are frequently the result of actions taken or not taken, not only by the Government and/or its agencies and instrumentalities, but also by entities such as the government of the United States of America or other nations that are not under the control of the Government. Because of the uncertainty and unpredictability of these factors, their impact cannot, as a practical matter, be included in the assumptions underlying the Government’s or its agencies and instrumentalities’ projections.

This presentation does not constitute, nor does it form part of, an offer to sell or purchase, or the solicitation of an offer to sell or purchase, any securities or an offer or recommendation to enter into any transaction. This presentation has been prepared for informational purposes only. Nothing in this document shall be considered a solicitation, recommendation or advice to any person to participate, pursue or support a particular course of action or transaction, to purchase or sell any security, or to make any investment decision. By accepting this document, the recipient shall be deemed to have acknowledged and agreed to the terms of these limitations. This document may contain capitalized terms that are not defined herein, or may contain terms that are discussed in other documents or that are commonly understood. You should make no assumptions about the meaning of capitalized terms that are not defined, and you should consult with advisors of PRASA should clarification be required.




Contents

- The Authority at a Glance
- Operating Data
- Preliminary Financial results
- Capital Improvement Program
- Liquidity
- Debt and Debt Service Coverage



The Authority at a Glance¹

The Puerto Rico Aqueduct and Sewer Authority (the “Authority” or “PRASA”) owns and operates the potable water supply and wastewater systems in Puerto and endeavors to provide high-quality water and wastewater services at an affordable cost



SERVING
1,264,321 CUSTOMERS
(96% WATER / 59% WASTEWATER)

IN A SERVICE AREA OF
3,535 SQUARE MILES

WITH
4,604 EMPLOYEES



8 DAMS
Owned by PRASA



112 FILTRATION PLANTS



51 SEWER PLANTS



AROUND 3,800 AUXILIARY FACILITIES, INCLUDING:
TANKS - 1,564
PUMP STATIONS – 1,966
WATER WELLS - 238



OVER 20,000 MILES OF PIPES
Water & wastewater

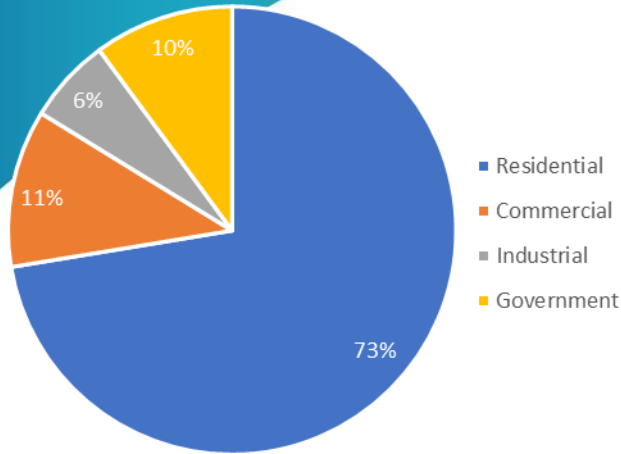
¹Preliminary data as of June 30, 2022



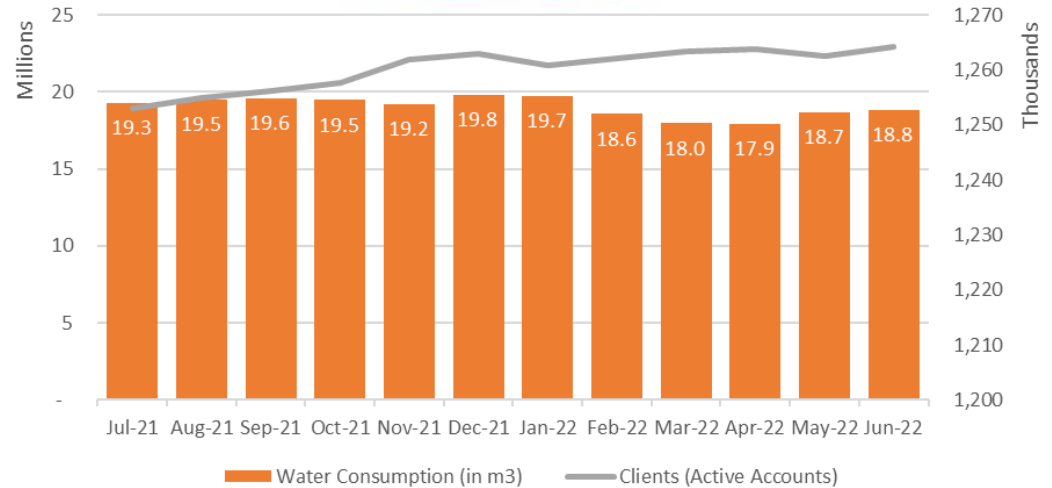
Operating Data

As of June 30, 2022

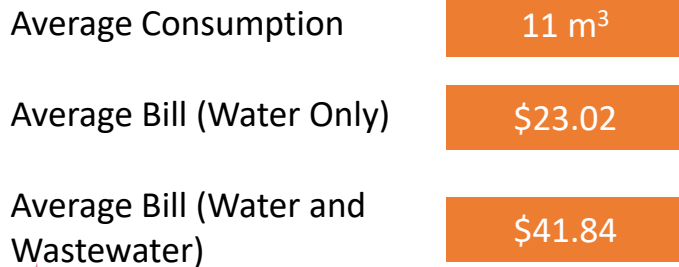
Consumption by Customer Type



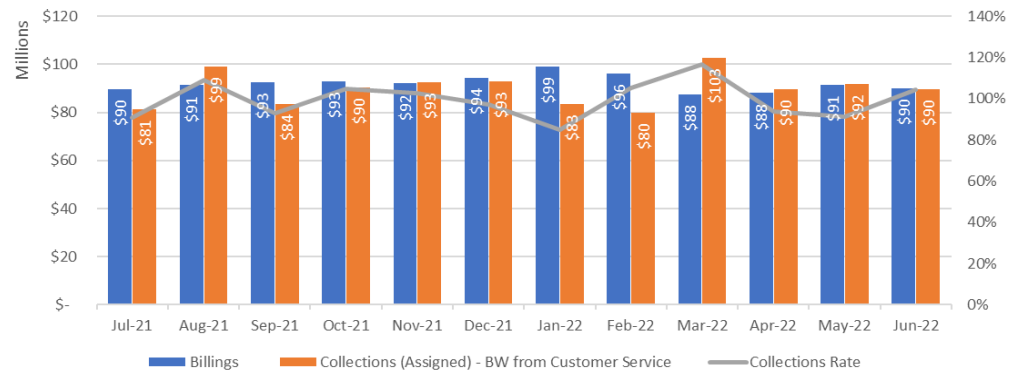
Consumption and Clients



Residential Accounts Statistics



Billings and Collections



GOVERNMENT OF
PUERTO RICO

Preliminary Financial Results

Fiscal Year 2022

(\$000's)

June 30, 2022 - YTD

	Budget	Actual	Variance (\$)	%
<u>Authority Revenues</u>				
1 Service Revenues - Regular	896,057	881,504	(14,553)	-2%
2 Service Revenues - Government	157,826	195,355	37,528	24%
3 Miscellaneous & Insurance (BI)	2,500	2,107	(393)	-16%
4 Total Authority Revenues	1,056,384	1,078,966	22,582	2%
5 Senior and Senior Sub Debt	(248,537)	(254,001)	(5,464)	2%
<u>Operating Expenses</u>				
6 Payroll & Related	(310,073)	(294,369)	15,704	-5%
7 Electricity	(149,381)	(157,912)	(8,531)	6%
8 Maintenance & Repair	(60,859)	(57,473)	3,386	-6%
9 Chemicals	(56,845)	(53,281)	3,564	-6%
10 Other Expenses	(181,760)	(173,238)	8,522	-5%
11 Total Net Operating Expenses	(758,918)	(736,272)	22,646	-3%
12 FEMA / Insurance Reimb.	20,000	20,310	310	2%
13 Operating Reserve Fund	(14,644)	(11,129)	3,515	-24%
14 Capital Improvement Fund	(54,170)	(54,169)	1	0%
15 Balance	115	43,705	43,590	

Budget for FY2022 is presented as amended and certified by the Oversight Board

Electricity expense impacted by increase in cost of electricity provided by the Puerto Rico Electric Power Authority



GOVERNMENT OF
PUERTO RICO

Source: SAP for operating expenses (accrual basis) and cash flow for other line items (cash basis).
Notes: Information presented based on the Master Agreement of Trust ("MAT") flow of funds.
Information is preliminary and subject to material change.

Capital Improvement Program (“CIP”)

Fiscal Year 2022

Actual CIP costs are lower than projected as most projects are in planning or design stages and project management support contracts were recently formalized. Additionally, the process for approval and fund disbursement for Reconstruction & Recovery projects are under development and the COVID-19 pandemic continues to affect the coordination and procurement process as well as resources availability.

(Amounts expressed in \$000's)

	June 30, 2022 - YTD		
	Budget	Actual	Variance (\$)
Reconstruction & Recovery	\$ 204,694	26,201	178,493
Renewal & Replacement	92,643	58,136	34,507
Mandatory Compliance	68,246	26,830	41,416
Non Mandatory Compliance	37,449	13,435	24,014
Optimization & Emergencies	10,000	-	10,000
Fleet & IT	29,216	3,654	25,562
Quality	26,805	8,827	17,978
Electric Generators	15,602	2,614	12,988
Meter Replacement	5,000	4,005	995
Safety, Growth & Others	26,191	10,510	15,681
Total CIP Incurred	\$ 515,846	\$ 154,210	\$ 361,636

Source: CIP Budget as included in the FY2022 Budget certified by the Oversight Board and actual based on CIP incurred costs recorded in SAP, prior to overhead charges and other fiscal year end adjustments.
Preliminary, subject to change.



Liquidity

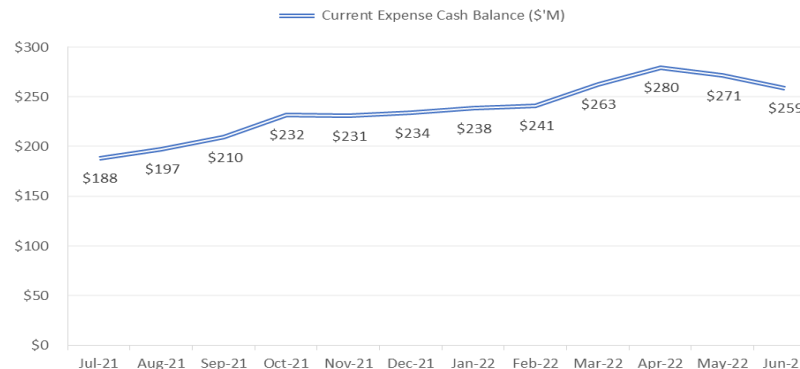
Cash Balances

Group of Funds	June 30, 2022 (\$'000)
Debt Service Account	126,715
Debt Service Reserve	90,645
Restricted for Debt Service	217,360
Capital Improvement	70,977
Construction Fund	175,602
Disaster Recovery (FEMA/Insurance)	79,722
Compliance Escrow Accounts	3,307
Restricted for CIP and Compliance	329,608
Operating Reserve	197,284
Operating Reserve Fund	197,284
Current Expense and Petty Cash	215,350
Revenue Fund	5,334
Other Funds	220,684
Total	\$ 964,936

Debt Service Reserve Fund for the benefit of outstanding 2008A Bonds only

The Authority has an operating reserve fund (“ORF”) with a balance of **90 days of operating expenses per MAT**. The ORF is available for operating expenses, if and as needed.

Current Expense Fund



In addition to the ORF, the Current Expense Fund as of June 30, 2022 had over **120 days of cash on hand**



Debt and Debt Service Coverage

Outstanding Senior Debt

(in \$000s)

30-Jun-22

Senior Bonds

2008 Series A Bonds (CAB)	67,315
2020 Series A Bonds	1,318,020
2020 Series B Bonds	18,050
2021 Series A Bonds	92,330
2021 Series B Bonds	842,410
2021 Series C Bonds	155,090
2022 Series A Bonds	565,180
	3,058,395

Other Senior Indebtedness

2019 State Revolving Fund Loans	570,677
2020 State Revolving Fund Loans	25,555
2019 Rural Development Loans	397,475
	993,707

Total Senior Debt

\$ 4,052,102

Debt Service Coverage (FY2022 Preliminary)

Senior Debt Service Coverage Ratio (Over Authority Revenues – Current MAT)

4.25

Senior Debt Service Coverage Ratio (Over Net Revenues – Proposed MAT Amendment)

1.43

All Obligations Coverage Ratio

1.04



**For questions or additional information
please contact:**

Omar Rivera Rolón – Finance Director
omar.rivera@acueductospr.com



GOVERNMENT OF
**PUERTO
RICO**