



The following question has been posed by Commissioners prior to the scheduled Board Meeting on December 3, 2019. Staff's response is included below.

2020 Proposed Budgets and Prices (FAHEY) - We've been using 7.8 billion gallons for budgeting purposes for several years, but the 2020 budget says we deliver 8.2 billion gallons each year. Can you explain the difference?

RESPONSE: *The consumption difference is the Water Utility's version of the Electric Utility budgeting a contribution margin risk tolerance based on 90% of expected generation. The difference between 7.8 and 8.2 billion gallons represents an approximately \$1 million contribution margin risk tolerance in the 2020 Water Utility budget.*