



San Diego County
Water Authority

Recommended CY 2012 Rates and Charges

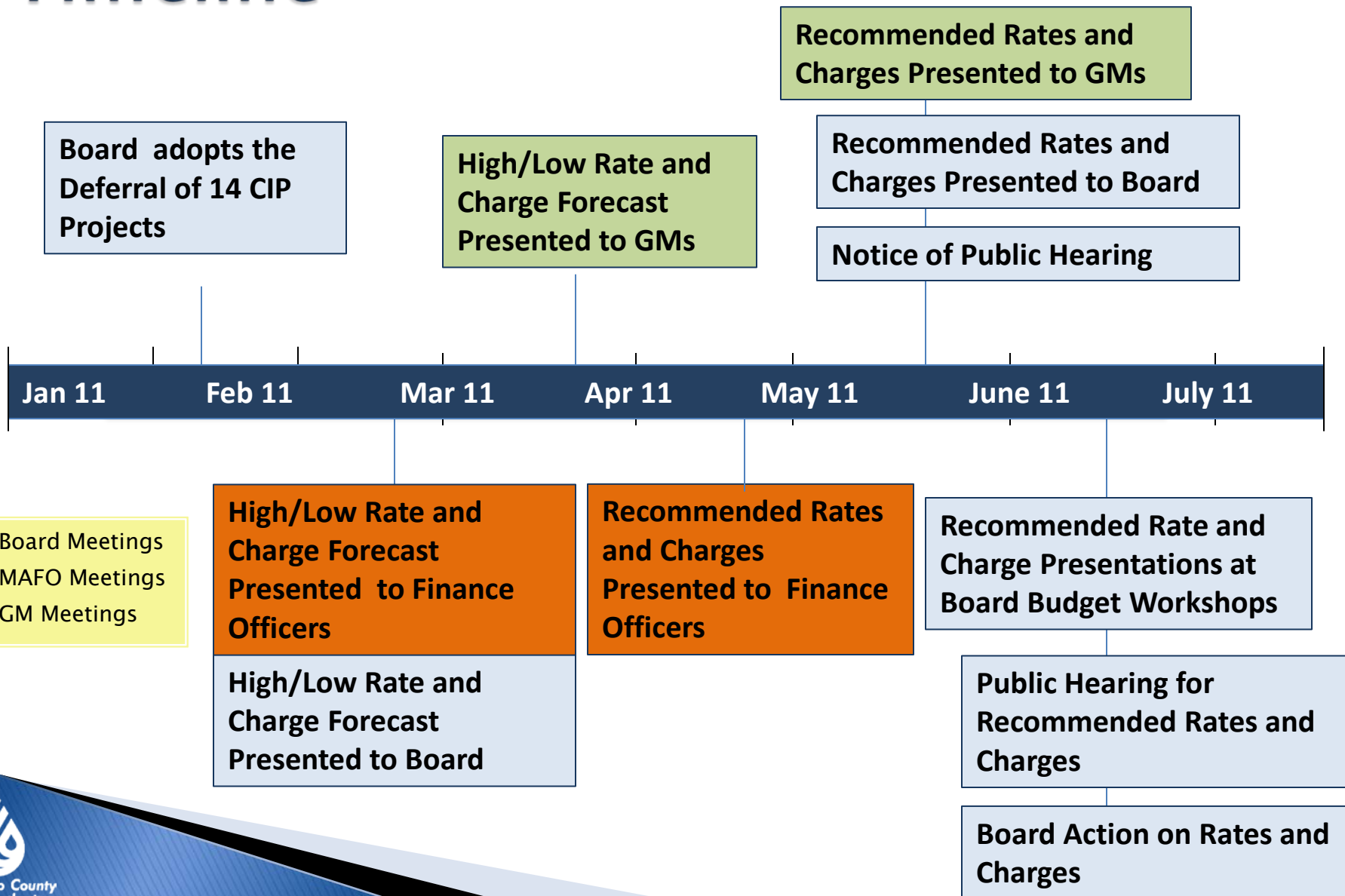
Administrative and Finance Committee
June 23, 2011

Agenda

- ▶ Timeline
- ▶ Rate and Charge Drivers
- ▶ Recommendation
- ▶ Financial Performance Metrics
- ▶ Estimated Impacts



2012 Rate and Charge Setting Timeline



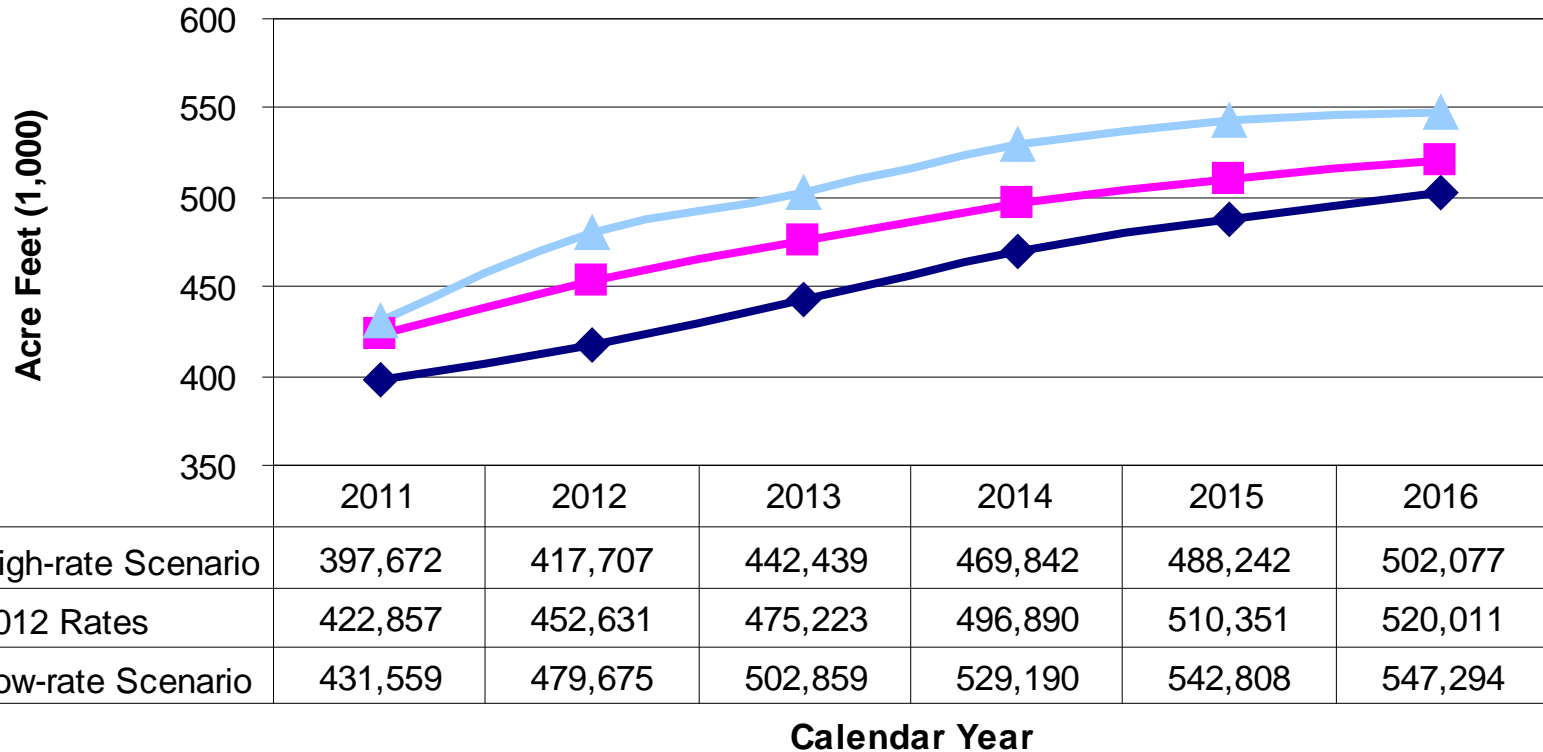
Key Rate Drivers

- ▶ Water sales volumes
- ▶ Increasing cost of water
- ▶ Planned debt service payments



Sales Forecast Between High & Low

Water Sales Forecast



- 7% increase over current CY 2011 estimated sales



MWD CY 2012 Rate Increases

Adopted MWD	CY 2011	CY 2012	% Change
Tier 1 Supply	\$155	\$164	5.8%
System Access	\$204	\$217	6.4%
Water Stewardship	\$41	\$43	4.9%
System Power	\$127	\$136	7.1%
Treatment	\$217	\$234	7.8%
Tier 1 Untreated	\$527	\$560	6.3%
Tier 1 Treated	\$744	\$794	6.7%

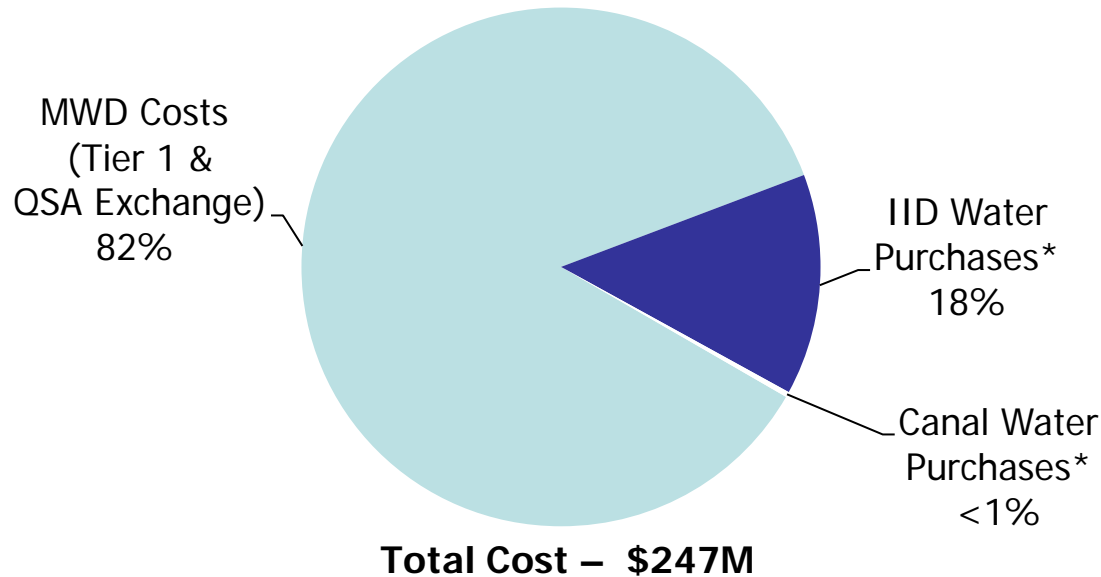
} Transportation increase of 6.5%

- ▶ MWD's rate increases are more uniform than past
- ▶ Average overall increase including RTS & CRC is 7.5%



MWD is Largest Share of Water Cost

Projected CY 2012 M&I Cost of Water Purchases/QSA Exchange



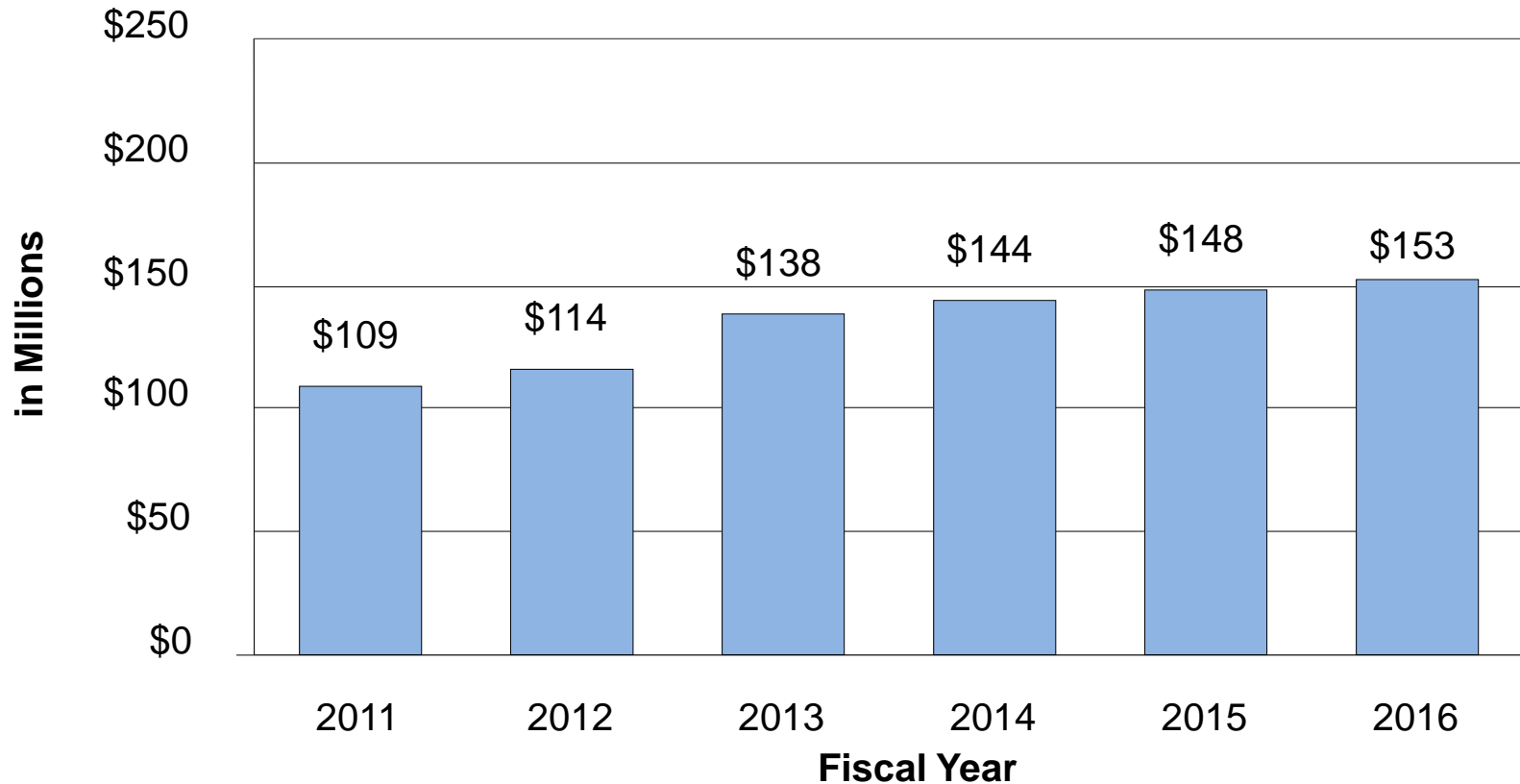
- ▶ MWD represents 82% of the Water Authority's cost of water purchased

* Excludes the debt service for capital projects and recovery of settlement expenditures.



Existing Debt Service Payments (2011–2016)

Net Debt Service¹



¹ Excludes capitalized interest and commercial paper program related fees

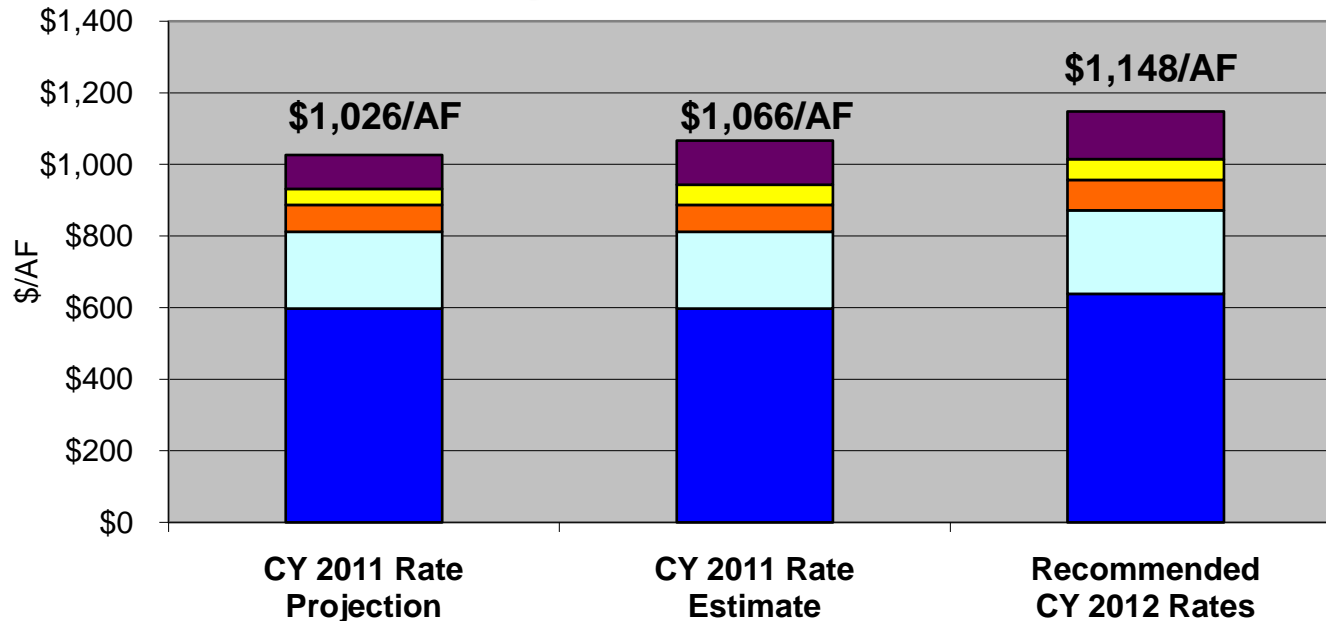


Recommended Rates & Charges

Water Authority Rates and Charges	CY 2010 Previous	CY 2011 Current	CY 2012 Recommended
<i>Variable Rates</i>			
Melded M&I Supply Rate (\$/AF)	\$532	\$597	\$638
Melded M&I Treatment Rate (\$/AF)	\$215	\$215	\$234
Transportation Rate (\$/AF)	\$67	\$75	\$85
<i>Fixed Charges</i>			
Storage Charge (million)	\$34.0	\$44.3	\$54.2
Customer Service Charge (million)	\$18.0	\$23.2	\$26.4
<i>Other Rates and Charges</i>			
Untreated Special Agricultural Water Rate(\$/AF)	\$484	\$527	\$560
Treated Special Agricultural Water Rate (\$/AF)	\$699	\$742	\$794
IAC	\$2.02/ME	\$2.49/ME	\$2.60/ME
Standby Availability Charge per parcel or acre, whichever is greater ¹	\$10	\$10	\$10
¹ Fiscal Year Charge. ² ME means meter equivalent as defined in the resolution establishing the Infrastructure Access charge.			



Recommended "All-in" CY 2012 Water Authority Water Rate



Rates and Charges (\$/AF)	CY 2011 Rate Projection	CY 2011 Rate Estimate	Recommended CY 2012 Rates	Proposed CY 2012 Increase	Proposed CY 2012 Increase (in %)
Melded Supply Rate	\$597	\$597	\$638	\$41	6.9%
Melded Treatment Rate	215	215	234	19	8.8%
Transportation	75	75	85	10	13.3%
Storage *	95	123	133	10	8.1%
Customer Service *	44	56	58	2	3.6%
Total Cost of Treated Water	\$1,026	\$1,066	\$1,148	\$82	7.7%
Total Cost of Untreated Water	\$811	\$851	\$915	\$64	7.5%

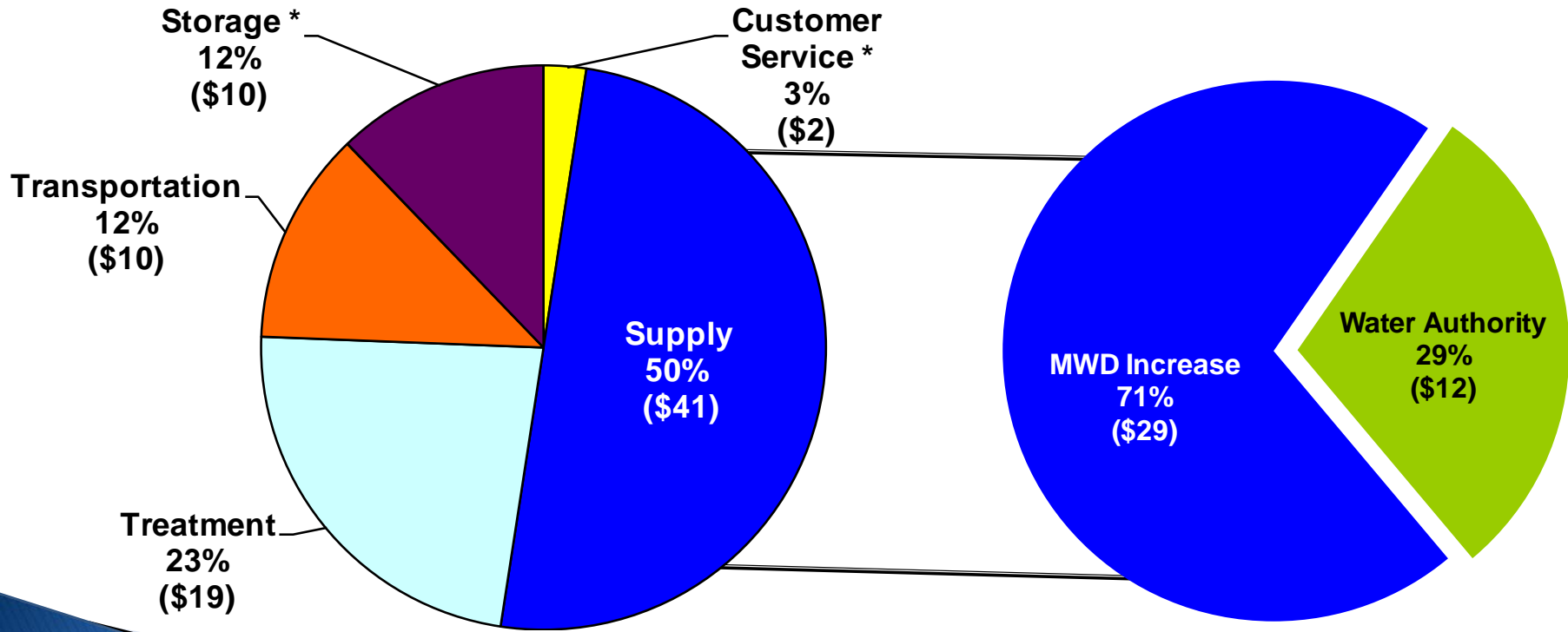
•Fixed charges converted to \$/AF and may not foot due to rounding



Breakdown of the CY 2012 Water Rate and Charge increases

**“All-in” Increase
Distribution
\$82 /AF**

**Melded Supply
Rate Increase
\$41 /AF**

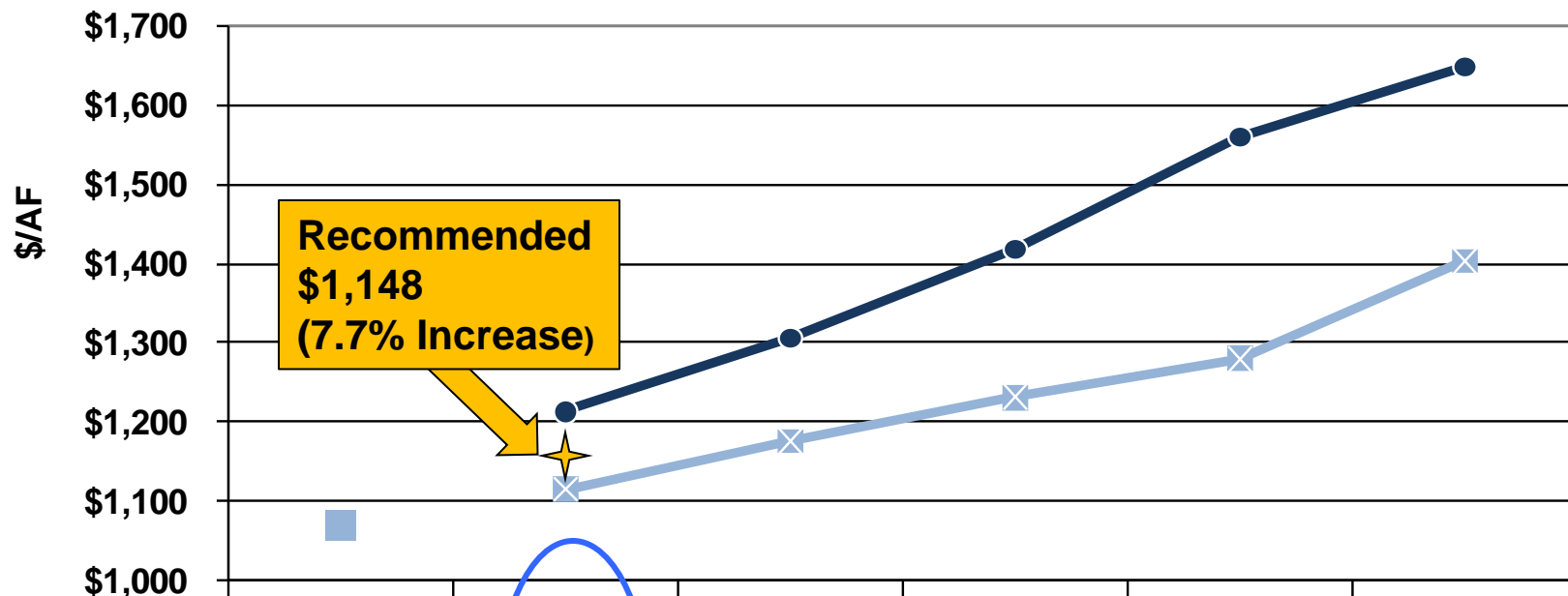


*Converted to \$/AF based on sales forecast



2011 Rate Forecasts

“All-in” Treated Water Rate



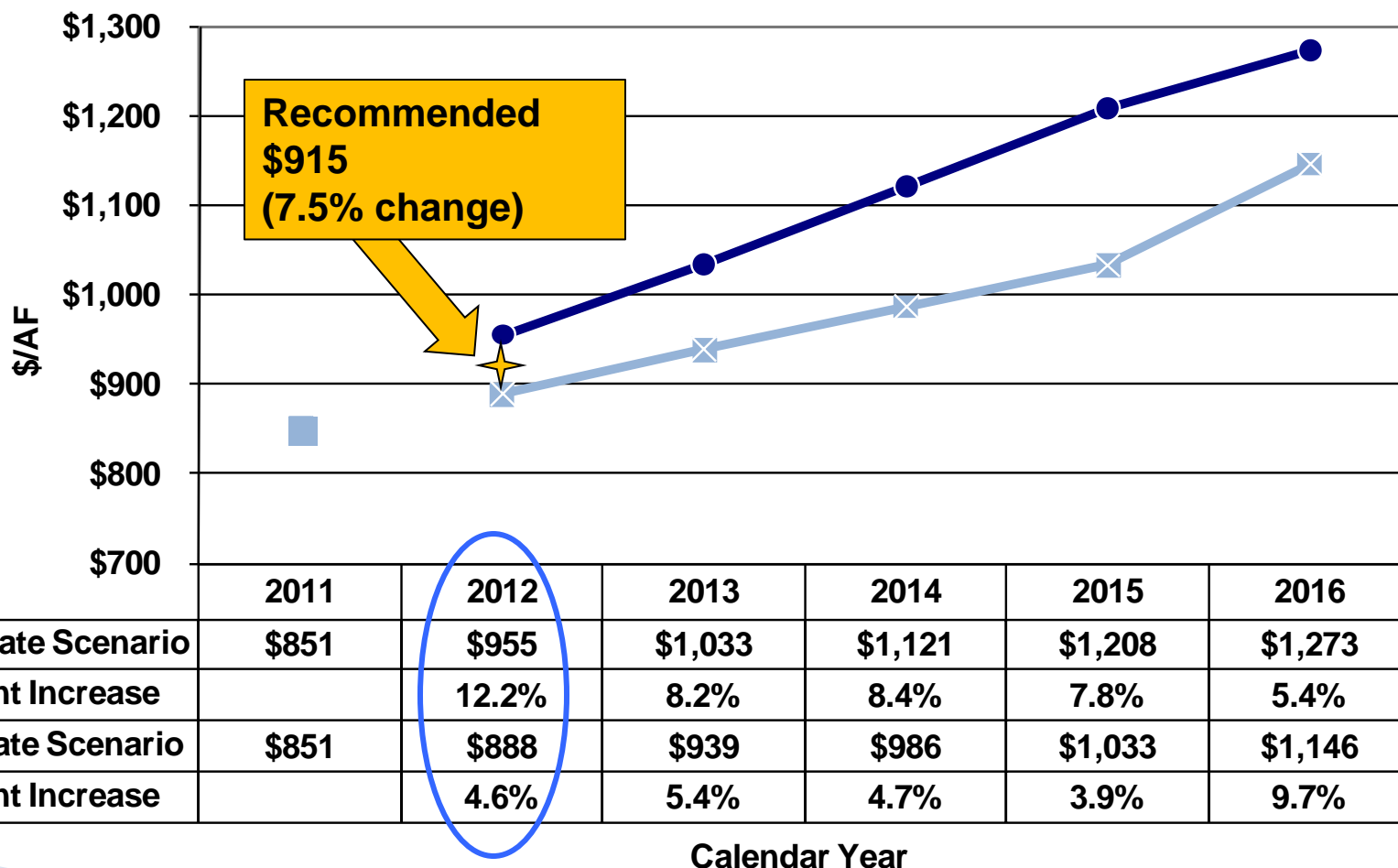
	2011	2012	2013	2014	2015	2016
● High-rate Scenario	\$1,066	\$1,213	\$1,305	\$1,418	\$1,559	\$1,648
Percent Increase		13.8%	7.6%	8.6%	9.9%	5.7%
× Low-rate Scenario	\$1,066	\$1,115	\$1,176	\$1,231	\$1,280	\$1,404
Percent Increase		4.6%	5.4%	4.7%	3.9%	9.7%

Calendar Year



2011 Rate Forecasts

“All-in” Untreated Water Rate

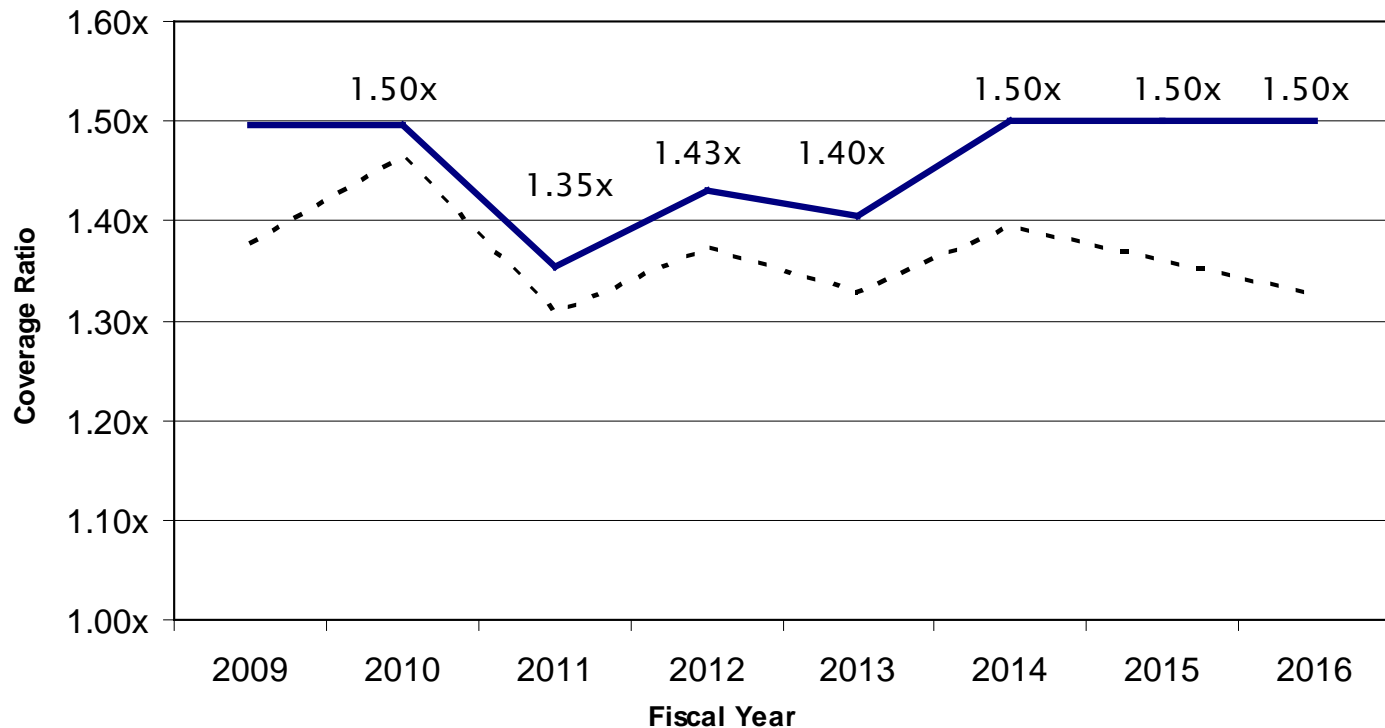


Calendar Year



Financial Performance Metrics – Debt Service Coverage Ratios

Projected Debt Service Coverage Ratios

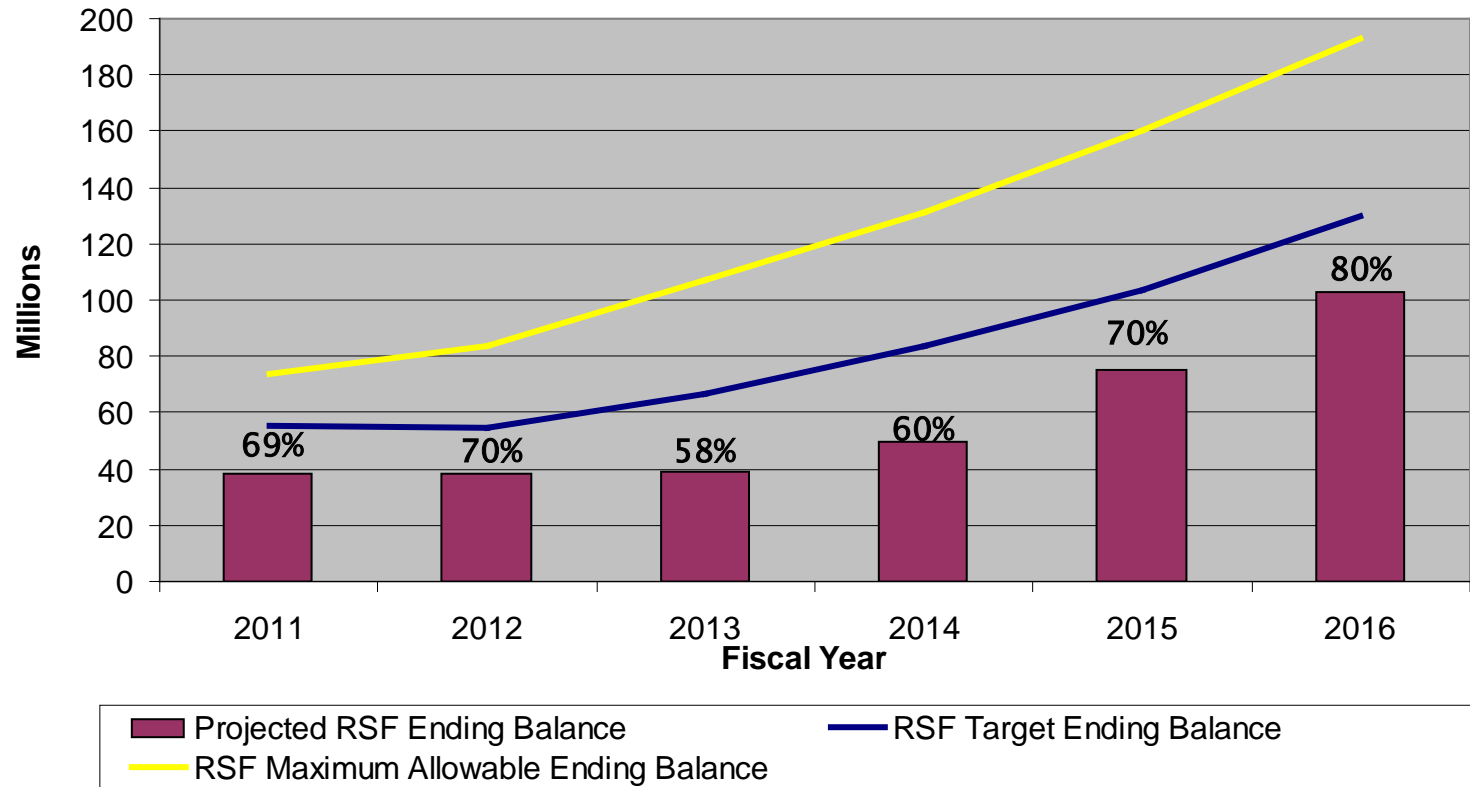


- ▶ Coverage projected to fall slightly below Board target level of 1.50x



Financial Performance Metrics

Year-end RSF Fund Balance



▶ Projected FY 2011: \$5.4M draw from the RSF



Impact of CY 2012 Rate Increase on Composite Monthly Residential Bill

- ▶ 5 Retail Agency Average Composite Cost
 - Fixed Charge: \$19.50 monthly
 - Commodity Charge: \$50.25
 - Composite Monthly Residential Bill: \$69.75

Wholesale Charges	Recommended Rates Monthly Retail Cost	Percent Retail Impact
Untreated	\$2.37	3.4%
Treated	\$3.01	4.3%

Actual rate impact will vary by member agency



Recommended Rates and Charges

- ▶ All-in treated water rates—\$1,148/acre-foot
- ▶ Increase in overall water rates & charges of:
 - 7.7% treated
 - 7.5% untreated
- ▶ Overall rate and charge increase will vary by member agency depending upon the fixed charge allocations
- ▶ Fiscal Sustainability project
 - Cost of service report



Today's Action

- ▶ Adopt the Water Authority's rates and charges for calendar year 2012 and continue the annual Standby Availability Charge for fiscal year 2011–2012 as currently imposed (Action).

