

COST OF SERVICES STUDY WORKSHOP

September 26, 2011

AGENDA

- Board direction
- Cost of Services (COS) Study details
 - Summary of revisions
 - 50-50 fixed vs. variable cost recovery
 - 70-30 fixed vs. variable cost recovery
- Single Family Residential (SFR) average bill comparisons
- Response to recycled water inquiry
- Domestic Irrigation (DI) alternatives
- Revenue requirements draft model
- Next Steps

BOARD DIRECTION

- The District shall conduct, complete and implement the results of a COS Study as soon as possible to confirm whether the charges and differences in charges among various rate classifications are appropriate
- Board reviewed first and second drafts of COS Study on June 13 and August 23, 2011
 - Additional meeting requested by Board for further review and direction

SUMMARY OF REVISIONS - WATER

- Revisions - Completed
 - Usage data for all customer classes changed to 2009 as presented to the Board on April 25, 2011
 - Ag peaking factor changed from 0.5 to 1.0
 - Addressed duplicate customer allocation charge for Ag
 - Additional revisions necessary after adoption of CIP

CIP = Capital Improvement Plan

SUMMARY OF REVISIONS - WATER

- Revisions - Pending
 - New debt issuance delayed from 2012 to 2013
 - CIP reduced by over \$50 million for 2012-2016
 - Allocated future debt service to water and wastewater based on proposed 2012-2016 CIP
 - Debt schedule revised to reflect refinance opportunity

CIP = Capital Improvement Plan

REFINANCE OPPORTUNITY



Refunding Opportunity – Strategic Overview

EID can refund maturities of the 2003A COPs for savings in the current market. The District also has the opportunity to restructure debt service in order to allow rate increases to be phased in over several years

- The 2003A COPs are currently outstanding in the amount of \$53.8 million
 - A portion of the Certificates were used for a refunding and as a result, this refunding portion of approximately \$3.1 million cannot be refunded again until 2013
 - The greater portion (approximately \$50.7 million) is eligible to be refunded
- There are two primary goals to consider with this refunding:
 1. Generate present value cash flow savings
 2. Extend the amortization to enable needed rate adjustments to be phased in over Fiscal Years 2013 through 2016

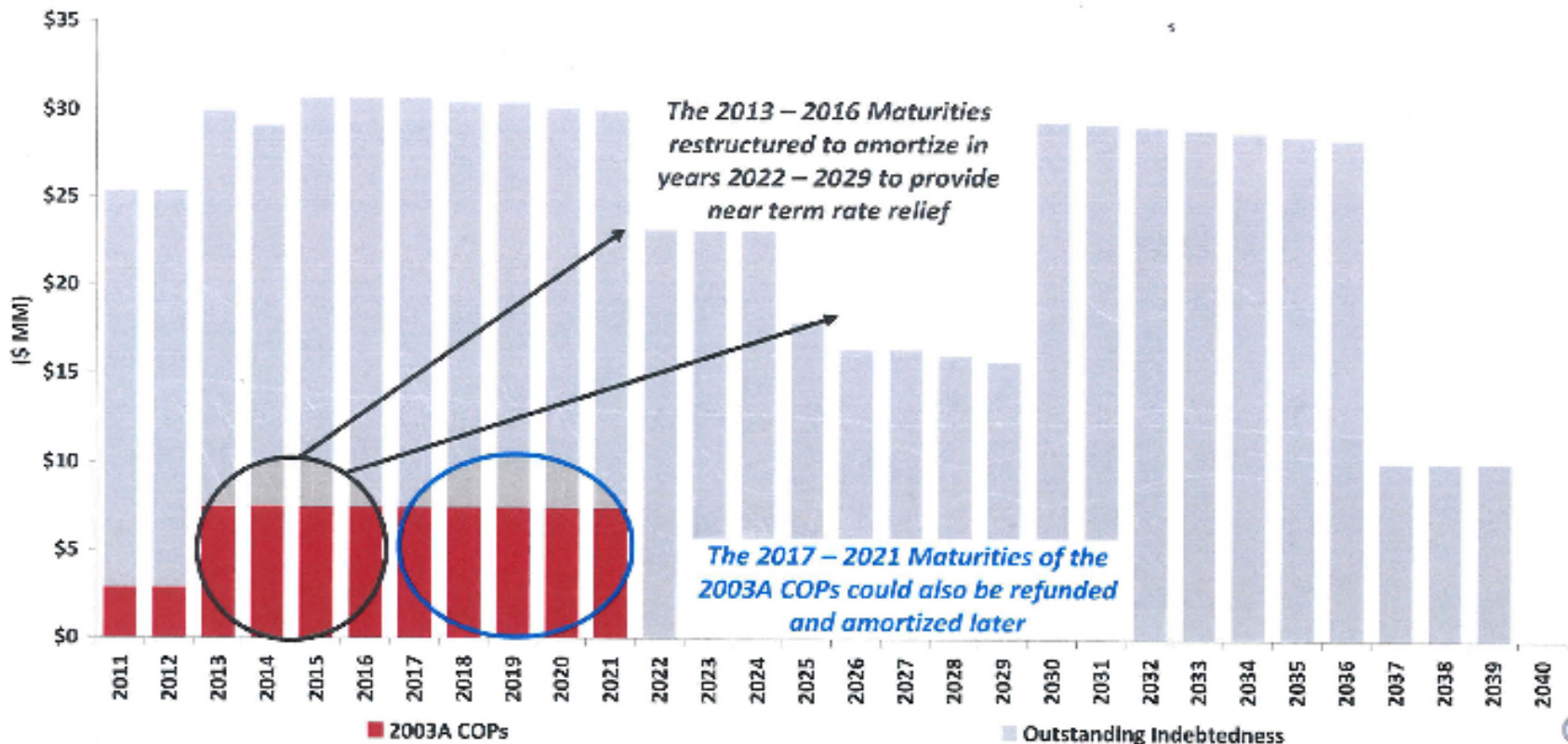
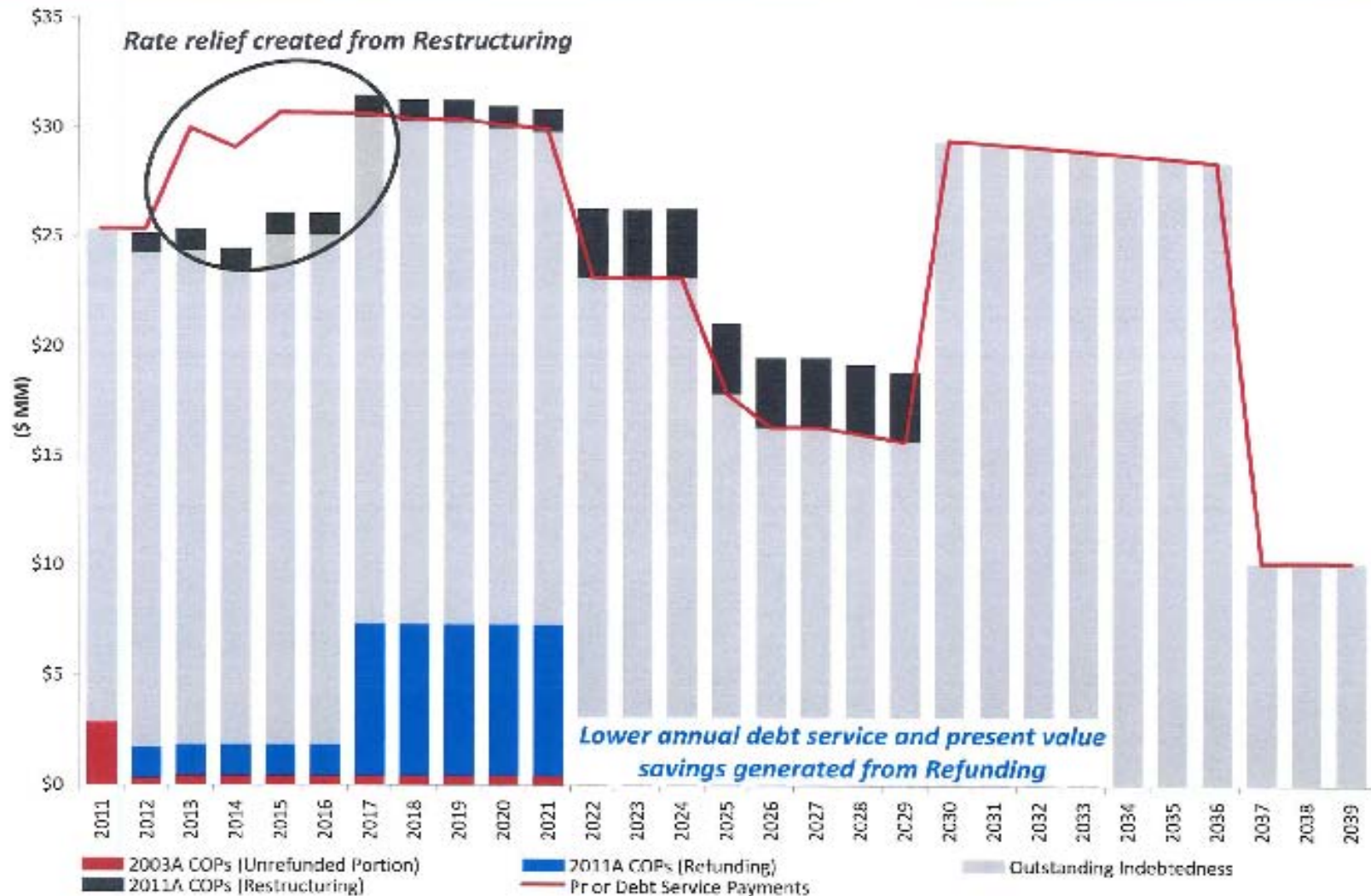


Illustration of Option 3: Carve-out Restructuring

The 2003A COPs maturing in years 2013 – 2016 restructured into years 2022 – 2029 while the certificates maturing in 2017 – 2021 refunded/restructured to provide economic savings to the District but not restructured to provide rate relief



COST OF SERVICES STUDY
DRAFT MODEL
50-50 COST ALLOCATION
ALTERNATIVE 1



EXHIBIT 8

Table 9 - Allocation of 2011 Revenue Requirements by Customer Class

(Excludes all Directly Assigned costs)

Classification Components	Net Revenue Requirements (Canadian 50/50 Split)	Ag w/ Resid., SF/DI Costs Shifted to Potable/SFR	Adjusted Net Rev. Reqts. (Includes Ag w/ Resid., SF/DI Accts.)	Customer Classes							Basis of Classification
				Single Family Residential	Multi Family Residential	Comm. & Ind. (& potable landscape irrig.)	Agricultural Irrigation - w/ residence	Recreational Turf	Small Farm (& Domestic Irrig.)	Fire Hydrant/ Construction	
Commodity	\$10,694,658	\$12,972	\$ 10,707,629	\$ 8,196,477	\$ 802,400	\$ 913,978	\$ 32,896	\$ 528,768	\$ 233,110	\$ -	(COM)
Capacity	\$6,846,110	\$41,480	\$ 6,887,590	\$ 5,446,690	\$ 418,083	\$ 396,850	\$ 21,860	\$ 449,201	\$ 154,905	\$ -	(CAP)
Customer Related	\$3,163,592	\$60,229	\$ 3,223,820	\$ 2,868,431	\$ 64,488	\$ 140,015	\$ 17,097	\$ 9,379	\$ 124,411	\$ -	(CA)
Public Fire Protection	\$684,956	\$0	\$ 684,956	\$ 499,614	\$ 55,782	\$ 105,798	\$ 2,871	\$ -	\$ 20,891	\$ -	(FP)
Net Revenue Requirement	\$ 21,389,315	\$ 114,680	\$ 21,503,995	\$ 17,011,212	\$ 1,340,754	\$ 1,556,641	\$ 74,724	\$ 987,348	\$ 533,318	\$ -	

Customer Class	Cost of Service Allocated Costs - 2011				Total Revenue		
	(COM)	(CAP)	(CA)	(FP)	COS Req't	at Present Rates	Percent Difference
Single Family Residential	\$ 8,196,477	\$ 5,446,690	\$ 2,868,431	\$ 499,614	\$ 17,011,212	\$ 17,243,671	-1%
Multi Family Residential	\$ 802,400	\$ 418,083	\$ 64,488	\$ 55,782	\$ 1,340,754	\$ 1,190,543	13%
Comm. & Ind. (& potable landscape irrig.)	\$ 913,978	\$ 396,850	\$ 140,015	\$ 105,798	\$ 1,556,641	\$ 1,467,442	6%
Agricultural Irrigation - w/ residence	\$ 32,896	\$ 21,860	\$ 17,097	\$ 2,871	\$ 74,724	\$ 343,314	-78%
Recreational Turf	\$ 528,768	\$ 449,201	\$ 9,379	\$ -	\$ 987,348	\$ 483,259	104%
Small Farm (& Domestic Irrig.)	\$ 233,110	\$ 154,905	\$ 124,411	\$ 20,891	\$ 533,318	\$ 904,701	-41%
Fire Hydrant/ Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,103	-100%
Total	\$ 10,707,629	\$ 6,887,590	\$ 3,223,820	\$ 684,956	\$ 21,503,995	\$ 21,717,032	-1%

Table 10b				
Proposed POTABLE Water Basic Charges (\$/Bi-Mo.) for 2011				
<i>Meter Size</i>	Current Basic Charges (\$/bi-mo.)	Proposed Basic Charges (\$/bi-mo.)^a		
		Single-Family^b	Multi-Family & Commercial	Rec. Turf
5/8"	\$25.89	\$43.72	\$46.04	\$41.40
3/4"	\$25.89	\$43.72	\$46.04	\$41.40
1"	\$30.06	\$64.61	\$68.56	\$60.66
1.5"	\$34.90	\$112.35	\$120.02	\$104.69
1.5" T	\$40.51	\$133.24	\$142.53	\$123.95
2"	\$47.04	\$172.03	\$184.34	\$159.72
2" T	\$54.60	\$172.03	\$184.34	\$159.72
3"	\$63.39	<i>N.A.</i>	\$358.01	\$308.30
3" T	\$73.60	\$363.00	\$390.17	\$335.82
4"	\$85.45	\$512.19	\$550.98	\$473.40
4" T	\$99.20	\$640.50	\$689.27	\$591.72
6"	\$115.16	<i>N.A.</i>	\$1,084.86	\$930.16
6" T	\$133.70	\$1,407.35	\$1,298.88	\$1,298.88
8" T	\$155.22	<i>N.A.</i>	\$2,586.80	\$2,215.16
12" T	\$209.20	<i>N.A.</i>	\$5,375.20	\$4,600.79

a. Note: Charges include fire protection costs for all classes except Recreational Turf.

b. Applies to Ag.Irrigation w/ Residence, Small Farm/DI meters ≤ 3/4".

Table 12 - Proposed Consumptive Uniform & SFR Tiered Rates for 2011							
Potable Water Customer Class	Number of Accounts	Water Consumption (ccf/yr) ¹	Commodity Rates (\$/ccf)	Target Rev. Req't	Rate Structure		
Single Family Residential	34,424	6,116,762	\$ 1.3400	\$ 8,196,477	Tiered		
Multi Family Residential	777	598,805	\$ 1.3400	\$ 802,400	Uniform		
Comm. & Ind. (& potable landscape irrig.)	1,687	682,072	\$ 1.3400	\$ 913,978	Uniform		
Agricultural Irrigation - w/ residence ²	206	24,549	\$ 1.3400	\$ 32,896	Tiered		
Recreational Turf	109	394,603	\$ 1.3400	\$ 528,768	Uniform		
Small Farm (& Domestic Irrig.) ²	1,499	<u>173,962</u>	\$ 1.3400	\$ 233,110	Tiered		
Total		7,990,753		\$ 10,707,629			
Proposed Residential Tiered Rates for 2011							
Potable Water Customer Class		Upper Tier Breakpoint ³	Water Consumption (ccf/yr) ⁴	Commodity Rates		Target Rev. Req't	
				(\$/ccf)	(\$/cf)		
Single Family Residential		Tier 1	1,800 cf/bi-mo.	2,496,990	\$1.1254	\$0.01125	\$2,810,196
		Tier 2	4,500 cf/bi-mo.	1,613,954	\$1.3584	\$0.01358	\$2,192,443
		Tier 3	-	<u>2,005,818</u>	\$1.5923	\$0.01592	<u>\$3,193,837</u>
Total				6,116,762			\$8,196,477
1. 2009 consumption less reductions to account for conservation in 2011. Recreational Turf is assumed to be 25% lower.							
2. Includes only consumption occurring in Tier 1. Consumption above Tier 1 are Ag rates.							
3. Same as current potable residential tiers.							
4. Based on 2009 consumption by Tier for single-family residential consumption data less the estimated 2011 conservation of 10%.							

COST OF SERVICES STUDY
DRAFT MODEL
70-30 COST ALLOCATION
ALTERNATIVE 2



EXHIBIT 8

Table 9 - Allocation of 2011 Revenue Requirements by Customer Class

(Excludes all Directly Assigned costs)

Classification Components	Net Revenue Requirements (70/30 Split)	Ag w/ Resid., SF/DI Costs Shifted to Potable/SFR	Adjusted Net Rev. Reqts. (Includes Ag w/ Resid., SF/DI Accts.)	Customer Classes							Basis of Classification
				Single Family Residential	Multi Family Residential	Comm. & Ind. (& potable landscape irrig.)	Agricultural Irrigation - w/ residence	Recreational Turf	Small Farm (& Domestic Irrig.)	Fire Hydrant/ Construction	
Commodity	\$14,972,521	\$80,276	\$ 15,052,797	\$ 11,522,616	\$ 1,128,015	\$ 1,284,872	\$ 46,245	\$ 743,343	\$ 327,706	\$ -	(COM)
Capacity	\$4,107,666	\$34,228	\$ 4,141,894	\$ 3,275,400	\$ 251,417	\$ 238,648	\$ 13,145	\$ 270,130	\$ 93,153	\$ -	(CAP)
Customer Related	\$1,898,155	\$176	\$ 1,898,331	\$ 1,689,061	\$ 37,973	\$ 82,447	\$ 10,068	\$ 5,523	\$ 73,259	\$ -	(CA)
Public Fire Protection	\$410,973	\$0	\$ 410,973	\$ 299,768	\$ 33,469	\$ 63,479	\$ 1,723	\$ -	\$ 12,534	\$ -	(FP)
Net Revenue Requirement	\$ 21,389,315	\$ 114,680	\$ 21,503,995	\$ 16,786,846	\$ 1,450,875	\$ 1,669,445	\$ 71,181	\$ 1,018,995	\$ 506,653	\$ -	

Customer Class	Cost of Service Allocated Costs - 2011				Total Revenue		
	(COM)	(CAP)	(CA)	(FP)	COS Req't	at Present Rates	Percent Difference
Single Family Residential	\$ 11,522,616	\$ 3,275,400	\$ 1,689,061	\$ 299,768	\$ 16,786,846	\$ 17,243,671	-3%
Multi Family Residential	\$ 1,128,015	\$ 251,417	\$ 37,973	\$ 33,469	\$ 1,450,875	\$ 1,190,543	22%
Comm. & Ind. (& potable landscape irrig.)	\$ 1,284,872	\$ 238,648	\$ 82,447	\$ 63,479	\$ 1,669,445	\$ 1,467,442	14%
Agricultural Irrigation - w/ residence	\$ 46,245	\$ 13,145	\$ 10,068	\$ 1,723	\$ 71,181	\$ 343,314	-79%
Recreational Turf	\$ 743,343	\$ 270,130	\$ 5,523	\$ -	\$ 1,018,995	\$ 483,259	111%
Small Farm (& Domestic Irrig.)	\$ 327,706	\$ 93,153	\$ 73,259	\$ 12,534	\$ 506,653	\$ 904,701	-44%
Fire Hydrant/ Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,103	-100%
Total	\$ 15,052,797	\$ 4,141,894	\$ 1,898,331	\$ 410,973	\$ 21,503,995	\$ 21,717,032	-1%

Table 10b				
Proposed POTABLE Water Basic Charges (\$/Bi-Mo.) for 2011				
<i>Meter Size</i>	Current Basic Charges (\$/bi-mo.)	Proposed Basic Charges (\$/bi-mo.)^a		
		Single-Family^b	Multi-Family & Commercial	Rec. Turf
5/8"	\$25.89	\$26.72	\$28.12	\$25.33
3/4"	\$25.89	\$26.72	\$28.12	\$25.33
1"	\$30.06	\$39.71	\$42.07	\$37.34
1.5"	\$34.90	\$69.38	\$73.98	\$64.78
1.5" T	\$40.51	\$82.36	\$87.94	\$76.79
2"	\$47.04	\$106.47	\$113.86	\$99.09
2" T	\$54.60	\$106.47	\$113.86	\$99.09
3"	\$63.39	<i>N.A.</i>	\$221.54	\$191.72
3" T	\$73.60	\$225.18	\$241.48	\$208.87
4"	\$85.45	\$317.91	\$341.19	\$294.64
4" T	\$99.20	\$397.67	\$426.93	\$368.40
6"	\$115.16	<i>N.A.</i>	\$672.20	\$579.39
6" T	\$133.70	\$874.33	\$809.24	\$809.24
8" T	\$155.22	<i>N.A.</i>	\$1,603.44	\$1,380.46
12" T	\$209.20	<i>N.A.</i>	\$3,332.31	\$2,867.66

a. Note: Charges include fire protection costs for all classes except Recreational Turf.

b. Applies to Ag.Irrigation w/ Residence, Small Farm/DI meters ≤ 3/4".

Potable Water Customer Class	Number of Accounts	Water Consumption (ccf/yr)¹	Commodity Rates (\$/ccf)	Target Rev. Req't	Rate Structure
Single Family Residential	34,424	6,116,762	\$ 1.8838	\$ 11,522,616	Tiered
Multi Family Residential	777	598,805	\$ 1.8838	\$ 1,128,015	Uniform
Comm. & Ind. (& potable landscape irrig.)	1,687	682,072	\$ 1.8838	\$ 1,284,872	Uniform
Agricultural Irrigation - w/ residence ²	206	24,549	\$ 1.8838	\$ 46,245	Tiered
Recreational Turf	109	394,603	\$ 1.8838	\$ 743,343	Uniform
Small Farm (& Domestic Irrig.) ²	1,499	<u>173,962</u>	\$ 1.8838	\$ 327,706	Tiered
Total		7,990,753		\$ 15,052,797	

Potable Water Customer Class		Upper Tier Breakpoint³	Water Consumption (ccf/yr)⁴	Commodity Rates		Target Rev. Req't
				<i>(\$/ccf)</i>	<i>(\$/cf)</i>	
Single Family Residential	<i>Tier 1</i>	<i>1,800 cf/bi-mo.</i>	<i>2,496,990</i>	<i>\$1.5821</i>	<i>\$0.01582</i>	<i>\$3,950,577</i>
	<i>Tier 2</i>	<i>4,500 cf/bi-mo.</i>	<i>1,613,954</i>	<i>\$1.9097</i>	<i>\$0.01910</i>	<i>\$3,082,139</i>
	<i>Tier 3</i>	<i>-</i>	<u><i>2,005,818</i></u>	<i>\$2.2384</i>	<i>\$0.02238</i>	<u><i>\$4,489,900</i></u>
<i>Total</i>			<i>6,116,762</i>			<i>\$11,522,616</i>

1. 2009 consumption less reductions to account for conservation in 2011. Recreational Turf is assumed to be 25% lower.
2. Includes only consumption occurring in Tier 1. Consumption above Tier 1 are Ag rates.
3. Same as current potable residential tiers.
4. Based on 2009 consumption by Tier for single-family residential consumption data less the estimated 2011 conservation of 10%.

AVERAGE BILL COMPARISONS



SINGLE FAMILY WATER* 50-50

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Estimated Difference	
					Bi-monthly Cost	Monthly Cost
Low	1,053 cf	\$ 39.67	\$ 41.66	\$ 61.68	\$20.02	\$10.01
Medium	3,057 cf	\$ 70.13	\$ 73.63	\$ 89.95	\$16.32	\$ 8.16
High	7,686 cf	\$151.93	\$159.53	\$168.01	\$ 8.48	\$ 4.24

*Domestic Irrigation transferred to Small Farm

CF = Cubic Feet

SINGLE FAMILY WATER AND WASTEWATER* 50-50

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Estimated Difference	
					Bi-monthly Cost	Monthly Cost
Low	1,053 cf	\$140.19	\$147.20	\$155.15	\$ 7.96	\$3.98
Medium	3,057 cf	\$199.62	\$209.60	\$218.64	\$9.04	\$4.52
High	7,686 cf	\$330.69	\$347.22	\$356.54	\$9.31	\$4.66

*Domestic Irrigation transferred to Small Farm
 CF = Cubic Feet

SINGLE FAMILY WATER* 70-30

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Estimated Difference	
					Bi-monthly Cost	Monthly Cost
Low	1,053 cf	\$ 39.67	\$ 41.66	\$ 48.15	\$ 6.49	\$ 3.25
Medium	3,057 cf	\$ 70.13	\$ 73.63	\$ 87.92	\$14.29	\$ 7.15
High	7,686 cf	\$151.93	\$159.53	\$197.66	\$38.13	\$19.07

*Domestic Irrigation transferred to Small Farm

CF = Cubic Feet

SINGLE FAMILY WATER AND WASTEWATER* 70-30

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Estimated Difference	
					Bi-monthly Cost	Monthly Cost
Low	1,053 cf	\$140.19	\$147.20	\$141.63	(\$ 5.57)	(\$ 2.79)
Medium	3,057 cf	\$199.62	\$209.60	\$216.60	\$ 7.00	\$ 3.50
High	7,686 cf	\$330.69	\$347.22	\$386.19	\$38.96	\$19.48

*Domestic Irrigation transferred to Small Farm

CF = Cubic Feet

SUMMARY OF REVISIONS - WASTEWATER AND RECYCLED WATER

- Revisions
 - No revisions
 - Response to recycled water query

Table 14 - Proposed Dual-Plumbed RECYCLED Rates for 2011

Recycled Water Customer Class	Customers	Dual-Plumbed Basic Charge (\$/mo)	Water Consumption (ccf/yr) ²	Commodity Rates (Tied to Potable Rates) ³		Rate Revenue
				(\$/ccf)	(\$/cf)	
<i>Dual-Plumbed - Basic Charges</i>	3,360	\$20.00	--	--	--	\$403,200
<hr/>						
<i>Tiered Dual-Plumbed Recycled Rates</i>	<u>Breakpoint</u>			<u>Dual-Plumbed Tiered Rates</u>		
<i>Tier 1 (50% of Potable Water -Tier 1)</i>	3,000 c.f./mo.	--	272,000	\$0.5096	\$0.00510	\$138,606
<i>Tier 2 (70% of Potable Water -Tier 2)</i>	4,500 c.f./mo.	--	69,000	\$0.8611	\$0.00861	\$59,417
<i>Tier 3 (90% of Potable Water -Tier 3)</i>	-	--	122,000	\$1.4419	\$0.01442	\$175,916
<i>Total - Commodity Rates</i>	--		463,000	--	--	\$373,938
<i>Total Dual-Plumbed</i>						\$777,138

DOMESTIC IRRIGATION SUMMARY

- Consideration to integrate Domestic Irrigation into the Small Farm customer class or other customer class as directed by the Board
- Domestic Irrigation rate is unique to the District
- Domestic Irrigation rate has been a topic of debate for decades
- In *Bighorn-Desert View Water Agency v. Beringson, et al.*, the Court of Appeals ruled in 2006 that water rates are subject to Prop. 218

DOMESTIC IRRIGATION SUMMARY

- The Domestic Irrigation rate class in its current form does not allow new service applications
- Domestic Irrigation rate customers need to be moved into an existing rate class (open to all qualifying customers)

DOMESTIC IRRIGATION OPTIONS

- Option A
 - Eliminate the Domestic Irrigation rate class and “grandfather” the customers into the Small Farm class until a change of ownership occurs. At change of ownership, the rate would default to Single Family Residential unless the new owner meets the Small Farm class criteria.

DOMESTIC IRRIGATION OPTIONS

- Option B
 - Maintain the Domestic Irrigation rate class for a period of 3 years to allow time for the customer to meet the Small Farm class criteria. At the end of that time, the rate would convert to Single Family Residential unless the customer meets the Small Farm class criteria.
- Option C
 - Eliminate the Domestic Irrigation rate class and convert all customers immediately to Single Family Residential unless they presently meet the Small Farm class criteria.

DOMESTIC IRRIGATION OPTIONS

- Option D
 - Defer Board decision until after public outreach workshops on the COS Study results

DOMESTIC IRRIGATION OPTIONS

- Options B and C are both reasonable approaches to resolve the Domestic Irrigation rate class issue
- The most conservative approach is to transfer existing Domestic Irrigation customers to the Single Family Residential customer class upon adoption of the new rates
 - Small positive financial impact to Single Family Residential and other classes
 - Large financial impact to Domestic Irrigation customers

SINGLE FAMILY RESIDENTIAL AVERAGE BILL COMPARISONS



SINGLE FAMILY RESIDENTIAL WATER*

50-50

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Estimated Difference	
					Bi-monthly Cost	Monthly Cost
Low	1,053 cf	\$ 39.67	\$ 41.66	\$ 60.34	\$18.67	\$9.34
Medium	3,057 cf	\$ 70.13	\$ 73.63	\$ 86.76	\$13.12	\$6.56
High	7,686 cf	\$151.93	\$159.53	\$159.67	\$ 0.14	\$0.07

*Domestic Irrigation transferred to Single Family Residential

CF = Cubic Feet

SINGLE FAMILY RESIDENTIAL WATER AND WASTEWATER* 50-50

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Estimated Difference	
					Bi-monthly Cost	Monthly Cost
Low	1,053 cf	\$140.19	\$147.20	\$153.81	\$6.61	\$3.31
Medium	3,057 cf	\$199.62	\$209.60	\$215.44	\$5.84	\$2.92
High	7,686 cf	\$330.69	\$347.22	\$348.20	\$0.98	\$0.49

*Domestic Irrigation transferred to Single Family Residential

CF = Cubic Feet

SINGLE FAMILY RESIDENTIAL WATER*

70-30

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Estimated Difference	
					Bi-monthly Cost	Monthly Cost
Low	1,053 cf	\$ 39.67	\$ 41.66	\$ 46.65	\$ 4.99	\$ 2.50
Medium	3,057 cf	\$ 70.13	\$ 73.63	\$ 83.79	\$10.16	\$ 5.08
High	7,686 cf	\$151.93	\$159.53	\$186.31	\$26.79	\$13.40

*Domestic Irrigation transferred to Single Family Residential

CF = Cubic Feet

SINGLE FAMILY RESIDENTIAL WATER AND WASTEWATER* 70-30

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Estimated Difference	
					Bi-monthly Cost	Monthly Cost
Low	1,053 cf	\$140.19	\$147.20	\$140.12	(\$ 7.08)	(\$ 3.54)
Medium	3,057 cf	\$199.62	\$209.60	\$212.47	\$ 2.87	\$ 1.44
High	7,686 cf	\$330.69	\$347.22	\$374.85	\$27.62	\$13.81

*Domestic Irrigation transferred to Single Family Residential

CF = Cubic Feet

DOMESTIC IRRIGATION AVERAGE BILL ALTERNATIVES



DOMESTIC IRRIGATION TO SINGLE FAMILY RESIDENTIAL WATER* 50-50

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Estimated Difference	
					Bi-monthly Cost	Monthly Cost
Low	3,366 cf	\$ 76.59	\$ 80.42	\$ 91.11	\$ 10.69	\$ 5.35
Medium	8,635 cf	\$ 85.56	\$ 89.84	\$175.33	\$ 85.50	\$ 42.75
High	24,991 cf	\$115.16	\$120.92	\$445.30	\$324.38	\$162.19

*Impact to Domestic Irrigation customers

CF = Cubic Feet

DOMESTIC IRRIGATION TO SINGLE FAMILY RESIDENTIAL WATER* 70-30

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Estimated Difference	
					Bi-monthly Cost	Monthly Cost
Low	3,366 cf	\$ 76.59	\$ 80.42	\$ 89.91	\$ 9.50	\$ 4.75
Medium	8,635 cf	\$ 85.56	\$ 89.84	\$208.34	\$118.50	\$ 59.25
High	24,991 cf	\$115.16	\$120.92	\$587.97	\$467.04	\$233.52

*Impact to Domestic Irrigation customers

CF = Cubic Feet

DOMESTIC IRRIGATION TO SMALL FARM*

50-50

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Estimated Difference	
					Bi-monthly Cost	Monthly Cost
Low	3,366 cf	\$ 76.59	\$ 80.42	\$71.06	(\$ 9.36)	(\$ 4.68)
Medium	8,635 cf	\$ 85.56	\$ 89.84	\$76.20	(\$13.63)	(\$ 6.82)
High	24,991 cf	\$115.16	\$120.92	\$92.18	(\$28.74)	(\$14.37)

*Impact to Domestic Irrigation customers

CF = Cubic Feet

DOMESTIC IRRIGATION TO SMALL FARM*

70-30

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Estimated Difference	
					Bi-monthly Cost	Monthly Cost
Low	3,366 cf	\$ 76.59	\$ 80.42	\$60.84	(\$19.57)	(\$ 9.79)
Medium	8,635 cf	\$ 85.56	\$ 89.84	\$66.40	(\$23.44)	(\$11.72)
High	24,991 cf	\$115.16	\$120.92	\$83.64	(\$37.28)	(\$18.64)

*Impact to Domestic Irrigation customers

CF = Cubic Feet

REVENUE REQUIREMENTS DRAFT MODEL

- Water
 - Overall water revenue may require an increase in addition to the previously Board adopted 5% rate increase based on several contingencies
 - District Capital Improvement Plan (CIP) - Pending
 - District Budget - In process
 - Domestic Irrigation customer class results - Policy decision
 - Debt service coverage targets - Policy decision
 - Potential refinancing opportunity - Pending
 - Potential prepayment of debt - Pending
 - Fixed vs. variable cost allocation revision - Policy decision

REVENUE REQUIREMENTS DRAFT MODEL

- Water
 - The proposed cost of services allocation methodology will have a different effect on each customer class

REVENUE REQUIREMENTS DRAFT MODEL

- Wastewater
 - The previously Board adopted 5% rate increase in overall wastewater revenue appears to be adequate
 - Single Family Residence rates may not require the previously adopted 5% increase in 2012 based on several contingencies
 - District Capital Improvement Plan (CIP) - Pending
 - District Budget - In process
 - Debt service coverage targets - Policy decision
 - Potential refinancing opportunity - Pending
 - Potential prepayment of debt - Pending

REVENUE REQUIREMENTS DRAFT MODEL

- Wastewater
 - The proposed cost of services allocation methodology will have a different effect on each customer class

NEXT STEPS

- Board direction
 - Cost recovery of fixed vs. variable
 - Domestic Irrigation customer class
 - Adoption of reduced CIP
 - Budget adoption - October/November
 - Debt restructure proposal - October/November
 - Debt prepayment option - October/November
 - Establish debt service goals - October/November
 - Public workshops
 - Pending Board direction on schedule

DISCUSSION

