



Water Rate Hearing

March 26, 2019

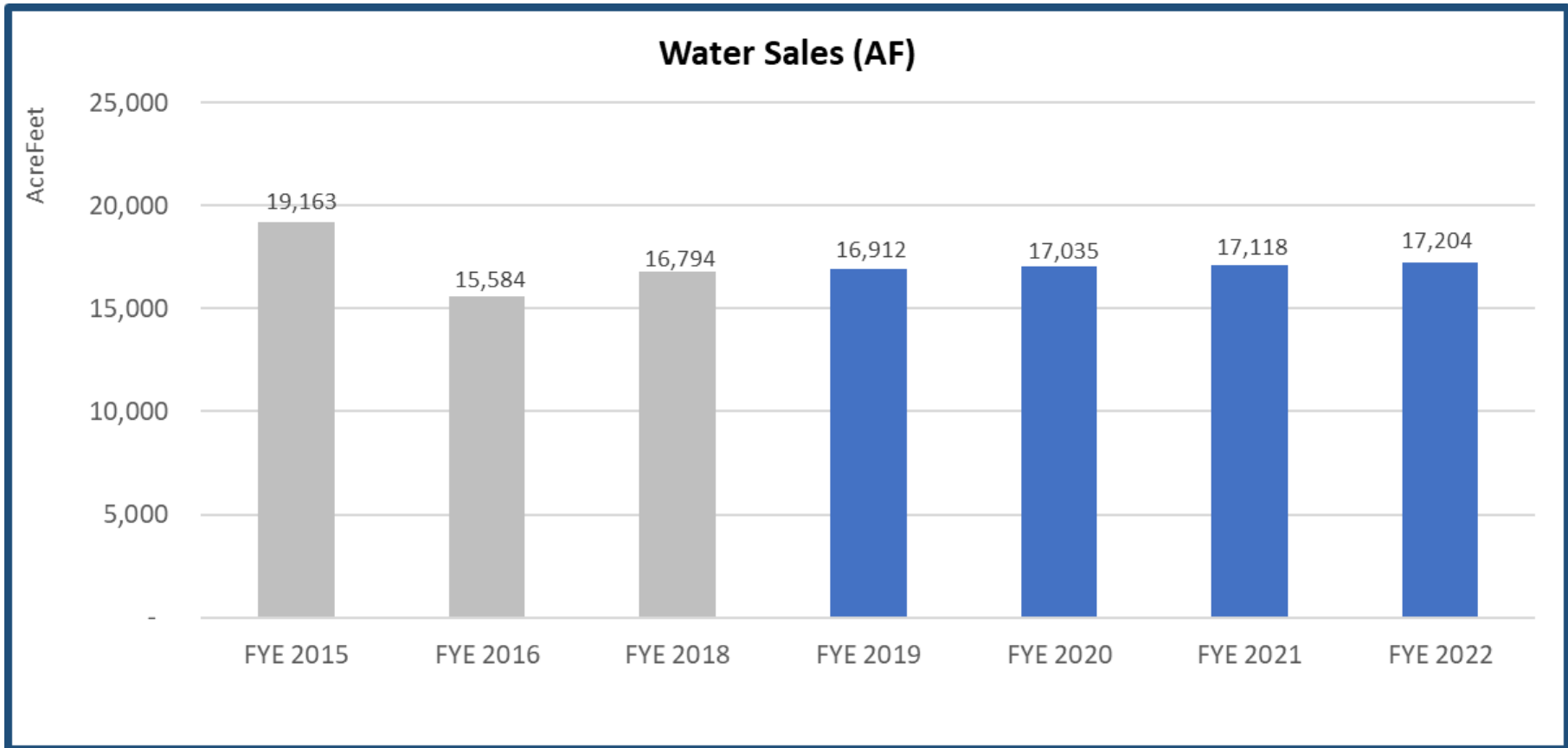
Water Rate Study



Key Assumptions

- » Account growth
 - 3% Residential growth in FY 2020
 - 2% Residential growth for remaining years
- » Reserve interest rate – 1.5%
- » Expense inflation factors
 - Benefits – 3%
 - Capital – 2%
 - Energy – 5%
 - General – 3%
 - Salaries – 5%

Water Use Assumptions



Water sales are projected at the FY 18 levels and held flat

System Overview

Customer Class	Tier Width	Annual Usage (hcf)	Number of Bills
Single Family Residential			5,472
Tier 1	0 - 10 hcf	500,541	
Tier 2	11 - 26 hcf	448,566	
Tier 3	27 + hcf	778,055	
Multi-Family Residential		124,094	103
Commercial		368,616	217
Institutional		22,636	15
Agriculture w/o Residence		1,257,204	413
Agriculture w/ Residence			552
Tier 1	0 - 10 hcf	52,902	
Tier 2	11 - 26 hcf	63,836	
Tier 3	27 + hcf	218,225	
TSAWR - Domestic			1,088
Tier 1	0 - 10 hcf	114,827	
Tier 2	11 - 26 hcf	162,870	
Tier 3	27 + hcf	2,043,864	
TSAWR Commercial		1,635,474	296
Construction		69,122	
Totals		7,860,832	8,156

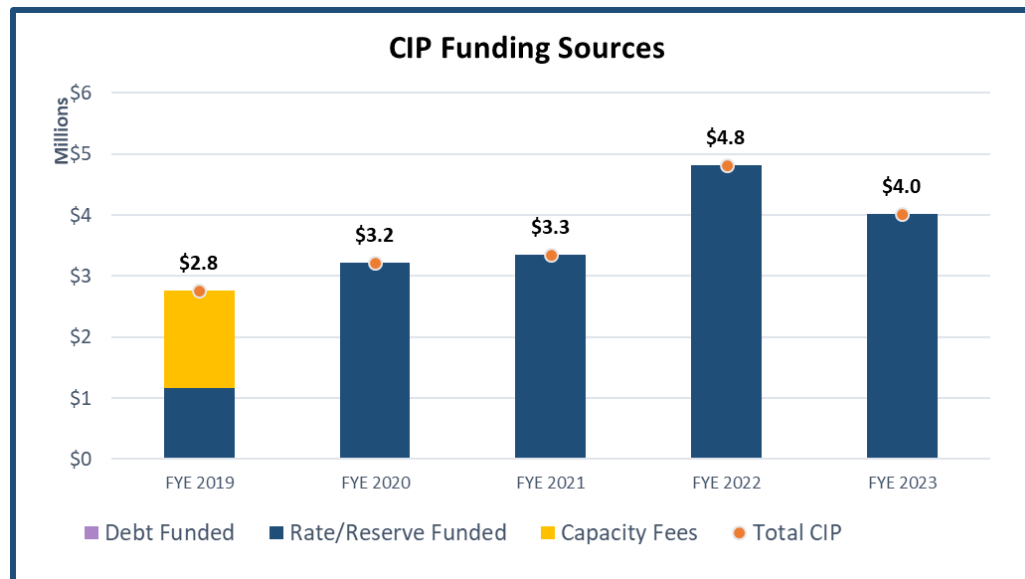
Operating Expenses

- » Purchased Water Costs are outside of the District's control and represent ~65% of costs
 - Increases will be automatically passed-through
 - Therefore, we separated "District" and "SDCWA Purchased Water" costs
- » SDCWA Purchased Water Costs
 - \$26.2M in Purchased Water Costs will be included in rates
 - Future increases will be automatically passed-through
- » District Costs represent ~35% of costs

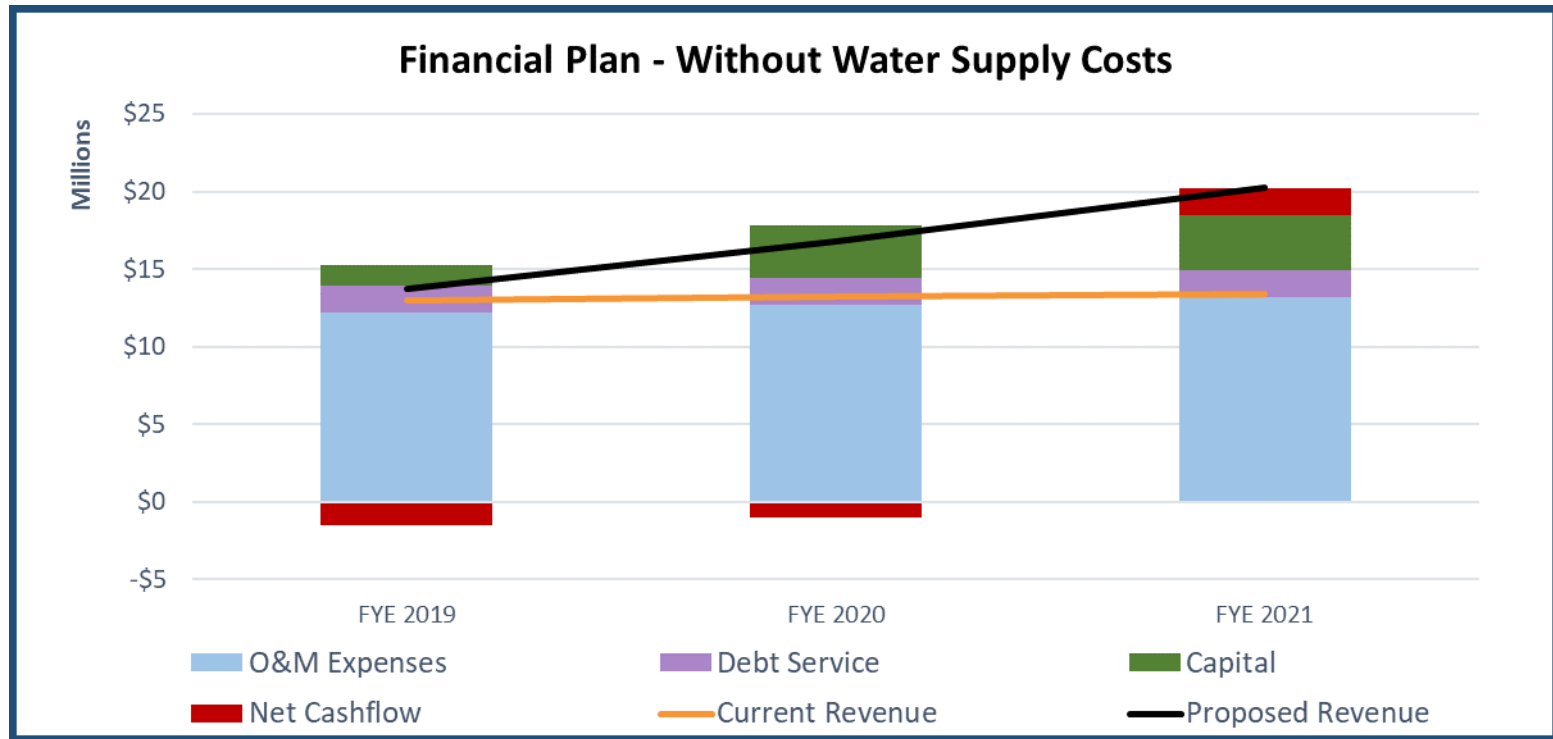
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
District O&M	\$12,182,636	\$12,692,112	\$13,223,364	\$13,778,715	\$14,359,314
Debt Service	\$1,719,889	\$1,719,889	\$1,719,889	\$1,719,889	\$1,719,889
Total District Expenses	\$13,902,525	\$14,412,001	\$14,943,253	\$15,498,604	\$16,079,203
<i>% Change from prior year</i>		4%	4%	4%	4%

Capital Projects

- » Approximately \$18.1M in planned projects over 5 years in addition to Meter Replacement/Service Upgrade Project
 - Pipeline Replacement phased in
 - Rate funded projects – \$16.5M
 - Capacity fee funded projects – \$1.6M

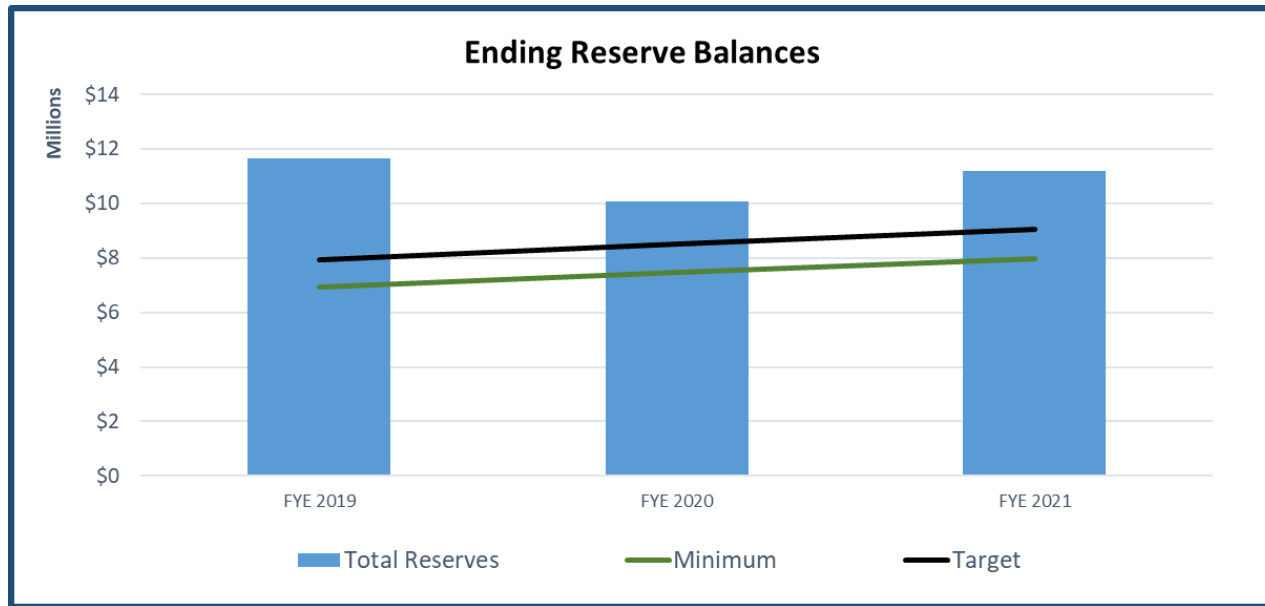


Operating Financial Plan



**Net Cashflows are needed to fund capital projects and reserves*

Projected Ending Balances



» Target Reserves:

- Operating - Between 60 & 90 days of **District** Operating expense
- Water Capital – 1 Year average CIP
- Rate Stabilization Reserve – 10% of **District** Rate Revenues
- New Water Sources – No additional funding or Target at this time

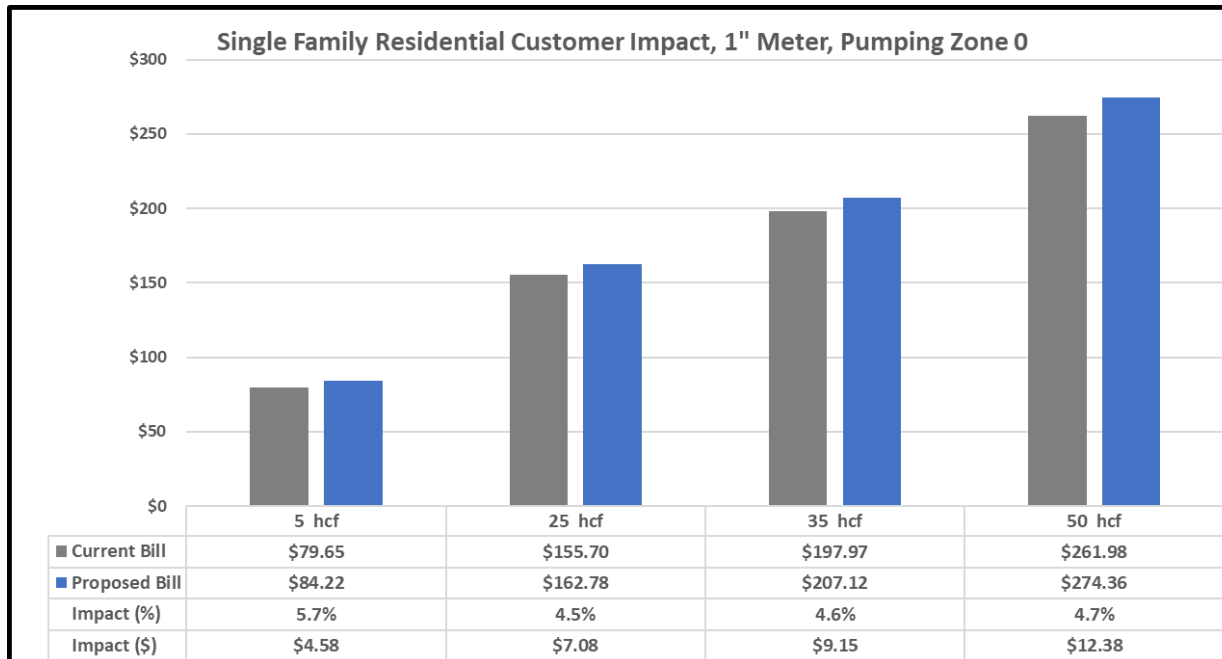
Proposed Charges

RMWD + SDCWA	Current	Proposed April 2019	Difference (\$)	Difference (%)
SFR, MFR, COM, INST				
5/8"	\$61.46	\$65.56	\$4.10	6.7%
3/4"	\$61.46	\$65.56	\$4.10	6.7%
1"	\$99.37	\$105.59	\$6.22	6.3%
1-1/2"	\$194.12	\$205.62	\$11.50	5.9%
2"	\$307.82	\$325.67	\$17.85	5.8%
3"	\$667.85	\$705.81	\$37.96	5.7%
4"	\$1,198.46	\$1,266.04	\$67.58	5.6%
6"	\$2,468.09	\$2,606.55	\$138.46	5.6%
AG				
5/8"	\$85.37	\$94.25	\$8.88	10.4%
3/4"	\$85.37	\$94.25	\$8.88	10.4%
1"	\$139.18	\$153.36	\$14.18	10.2%
1-1/2"	\$273.77	\$301.20	\$27.43	10.0%
2"	\$435.27	\$478.61	\$43.34	10.0%
3"	\$946.65	\$1,040.37	\$93.72	9.9%
4"	\$1,700.30	\$1,868.25	\$167.95	9.9%
6"	\$3,503.62	\$3,849.18	\$345.56	9.9%
TSAWR				
5/8"	\$68.01	\$77.36	\$9.35	13.7%
3/4"	\$68.01	\$77.36	\$9.35	13.7%
1"	\$110.25	\$125.21	\$14.96	13.6%
1-1/2"	\$215.89	\$244.89	\$29.00	13.4%
2"	\$342.67	\$388.52	\$45.85	13.4%
3"	\$744.10	\$843.30	\$99.20	13.3%
4"	\$1,335.70	\$1,513.53	\$177.83	13.3%
6"	\$2,751.27	\$3,117.21	\$365.94	13.3%

Proposed Variable Rates

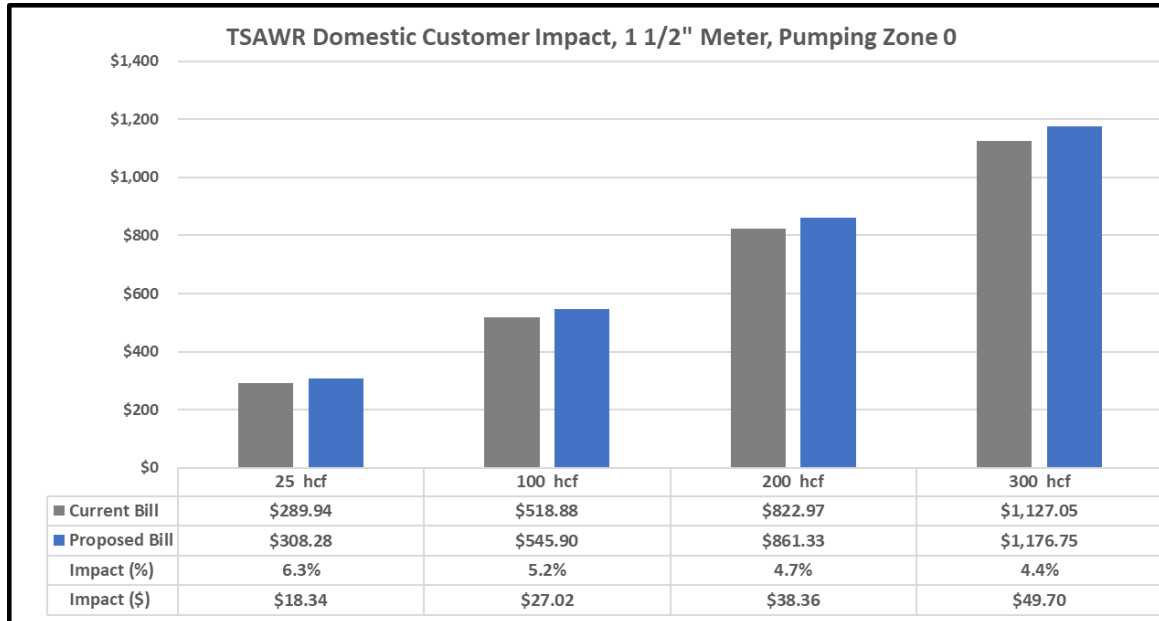
RMWD + SDCWA	Current Variable	Proposed April 2019	Difference (\$)	Difference (%)
Single Family Residential				
Tier 1	\$3.64	\$3.73	\$0.10	2.6%
Tier 2	\$3.86	\$3.99	\$0.14	3.5%
Tier 3	\$4.27	\$4.48	\$0.22	5.0%
Multi-Family Residential	\$3.76	\$3.87	\$0.12	3.1%
Commercial	\$3.89	\$4.03	\$0.15	3.7%
Institutional	\$3.98	\$4.14	\$0.17	4.2%
Agriculture w/o Residence	\$3.56	\$3.63	\$0.08	2.1%
Agriculture w/ Residence				
Tier 1	\$3.64	\$3.73	\$0.10	2.6%
Tier 2	\$3.86	\$3.99	\$0.14	3.5%
Tier 3	\$3.56	\$3.63	\$0.08	2.1%
TSAWR - Domestic				
Tier 1	\$3.70	\$3.94	\$0.24	6.6%
Tier 2	\$3.92	\$4.21	\$0.29	7.5%
Tier 3	\$3.04	\$3.15	\$0.11	3.7%
TSAWR Commercial	\$3.04	\$3.15	\$0.11	3.7%
Construction	\$4.87	\$5.20	\$0.34	6.9%

Customer Bill Impact



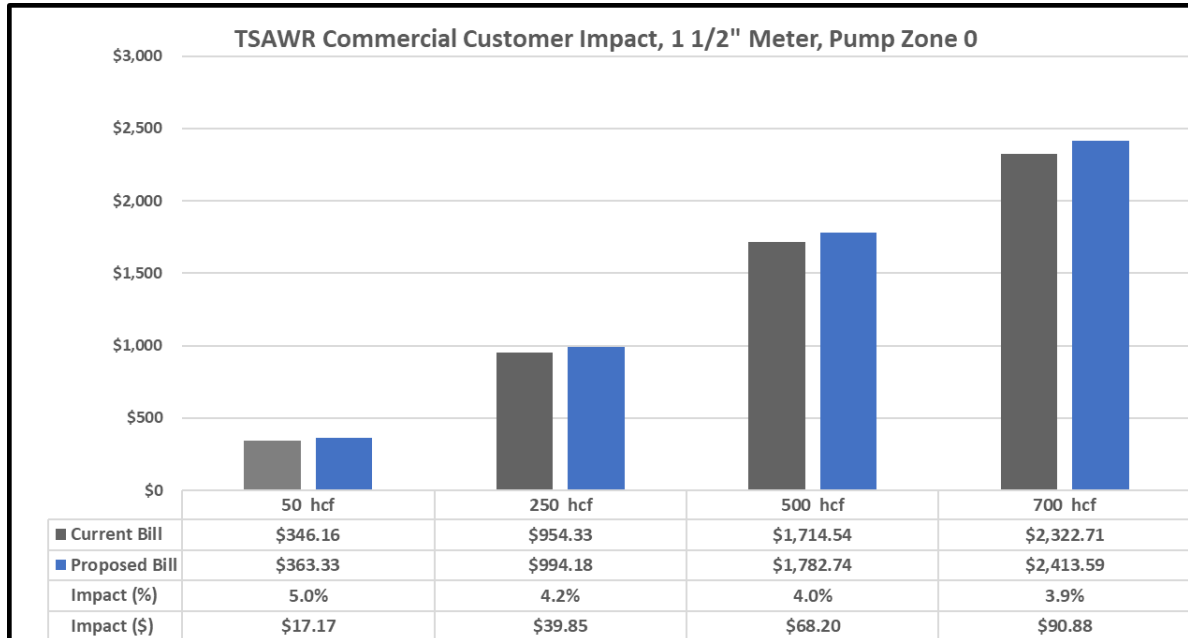
84% of SFR accounts fall within pumping zone 0 and do not pay a pumping charge

Customer Bill Impact



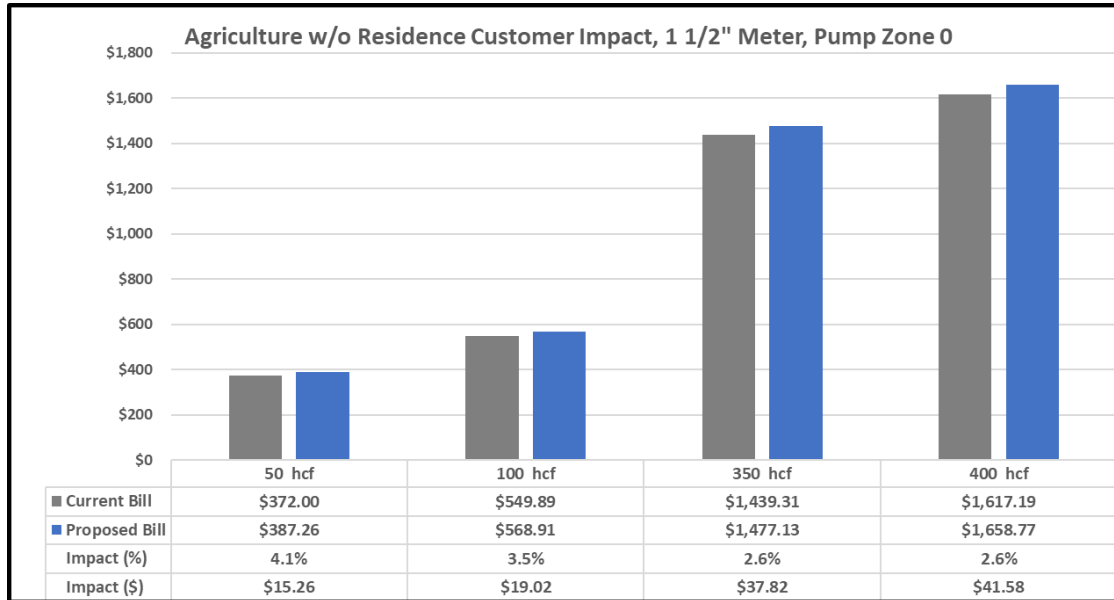
78% of TSAWR Domestic accounts fall within pumping zone 0 and do not pay a pumping charge

Customer Bill Impact



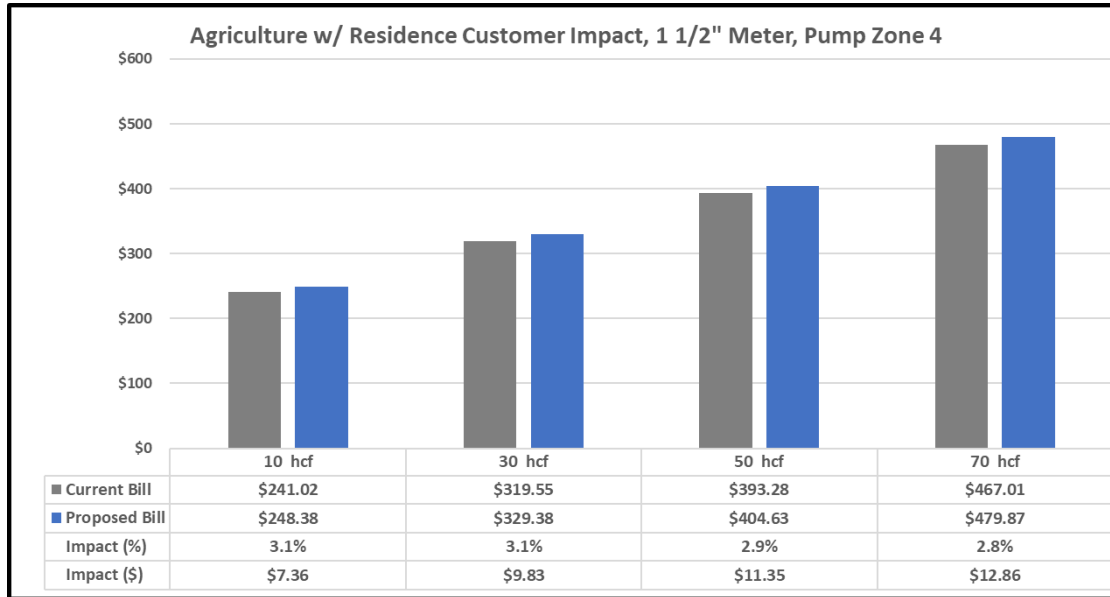
77% of TSAWR Commercial accounts fall within pumping zone 0 and do not pay a pumping charge

Customer Bill Impact



83% of Ag w/o Res. accounts fall within pumping zone 0 and do not pay a pumping charge

Customer Bill Impact



80% of Ag w Res. accounts fall within pumping zone 0 and do not pay a pumping charge

Questions