


District Financial & Rate Update

December 10, 2014



Moulton Niguel Water
Leading the Way in Service

Strong Track Record

- Credit Rating
 - Fitch “AAA”
 - S&P “AA+”
- Recent Grants
 - \$0.5 MM Prop. 84
 - \$1.3 MM Prop. 50
 - \$1.8 MM FEMA
- History of Bond Refunding  Save Ratepayers \$\$\$
 - 2003 Certificate of Participation
 - 2009 Certificate of Participation
 - 2014 General Obligation Bond
- Alternate Plan Approval (1 of 2 Agencies Statewide)

Evolving Times

- Demand side management
 - Demand hardening
- Growing infrastructure needs
 - \$230 million 10-year capital program
- Evolution of available data and information

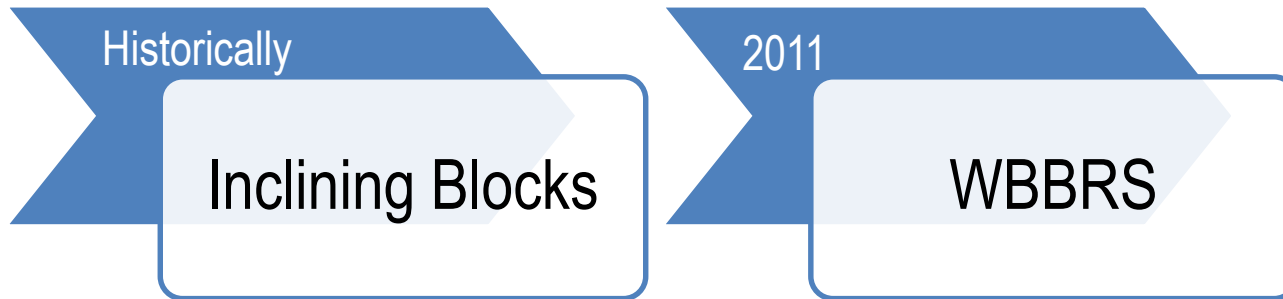
Importance of Planning

- Recent planning actions
 - Reserve Policy
 - Long Range Financial Plan (“LRFP”)
 - Long Range Water Reliability Plan (“LRWRP”)
- Integrated planning
- Anticipate future challenges

Financial Management Tools

- Financial policies
- Operational efficiencies
- Cooperative agreements
- Outside funding sources
- Rates and fees
- District owned property

History

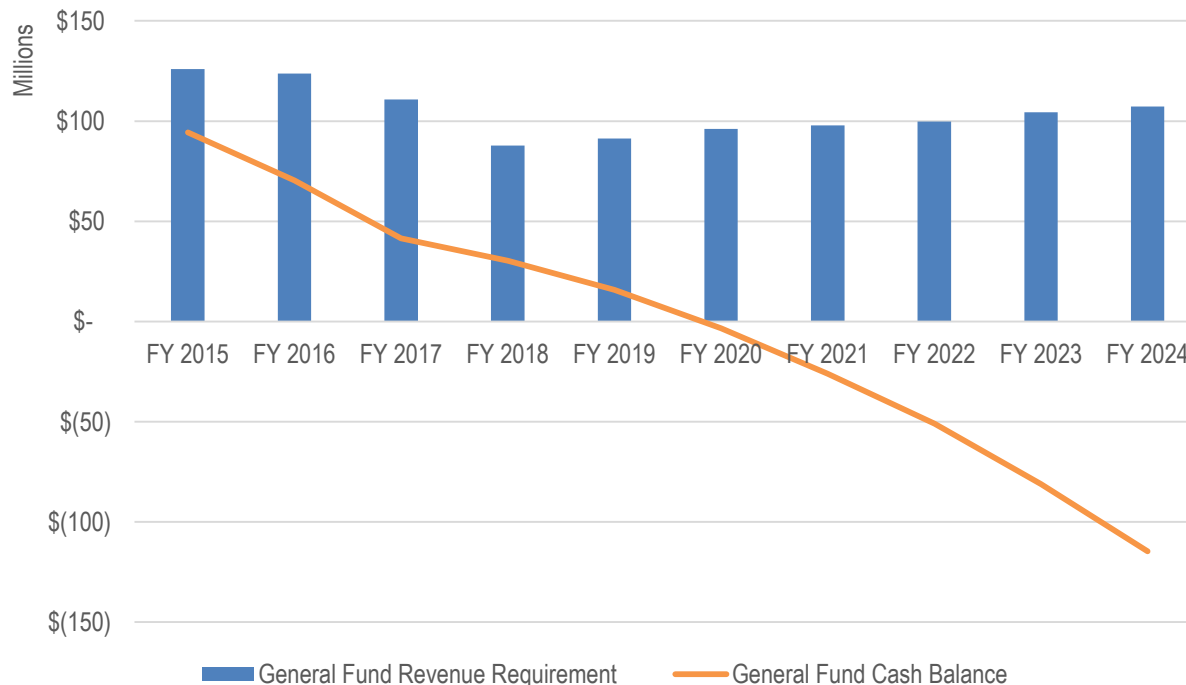


- Most recent rate increase in 2011
- Water Budget Based Rate Structure (WBBRS)
 - Unique customer water needs
 - Conserve region's limited water resources
 - Encourage water use efficiency
 - Price water more accurately based on cost
 - Stabilize District finances

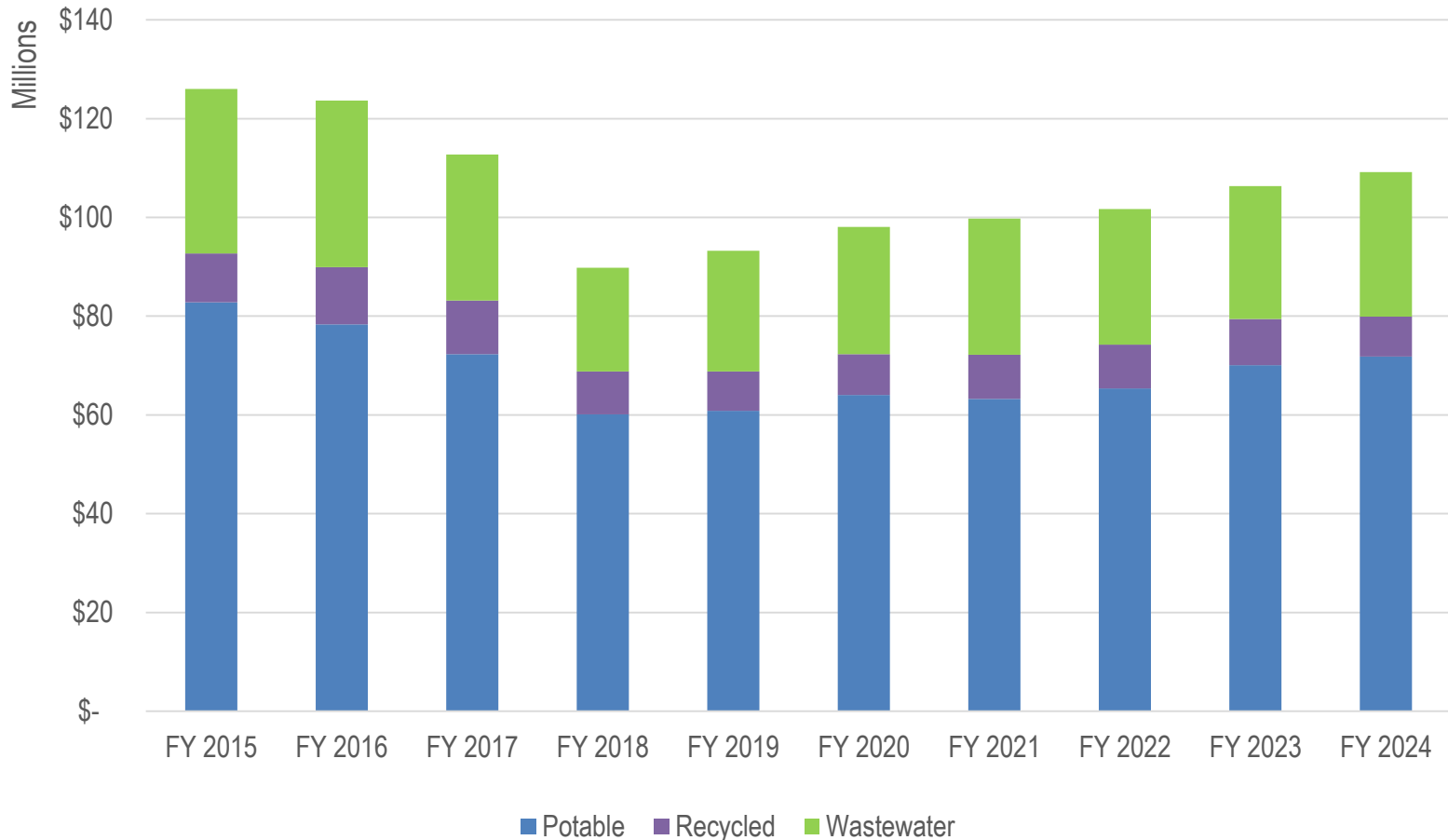
Purpose of LRFP

- Update cost of service
 - Combined system need
- Refined cost assignment and recovery

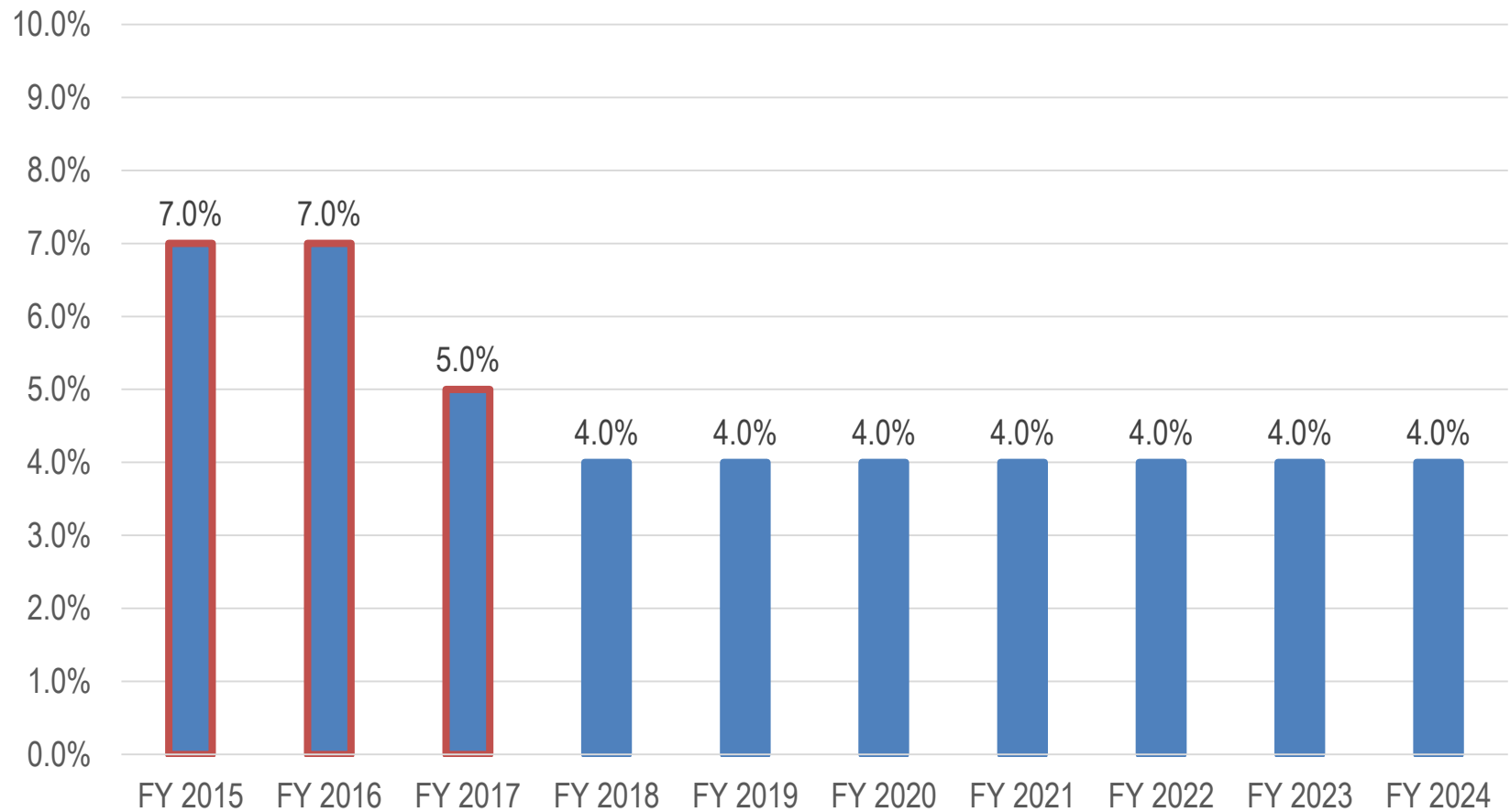
Status quo



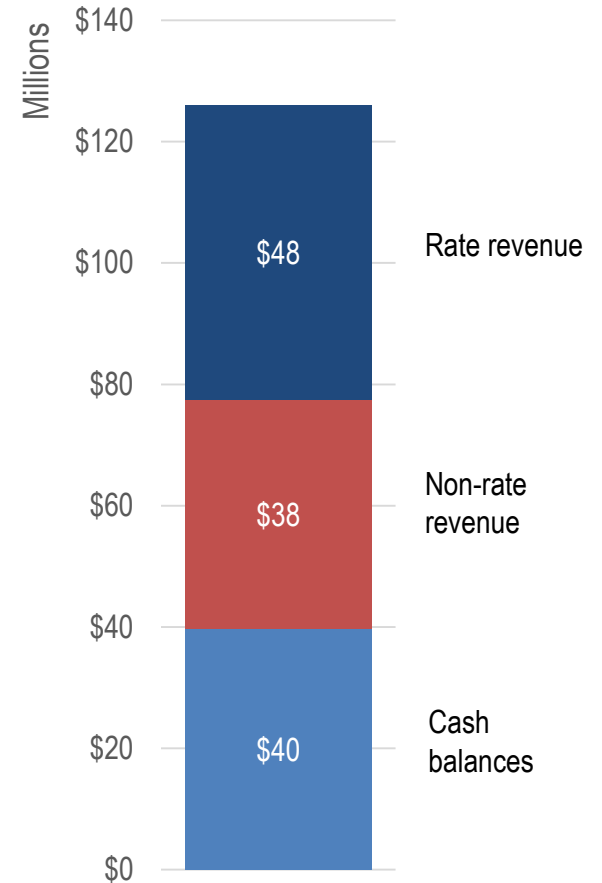
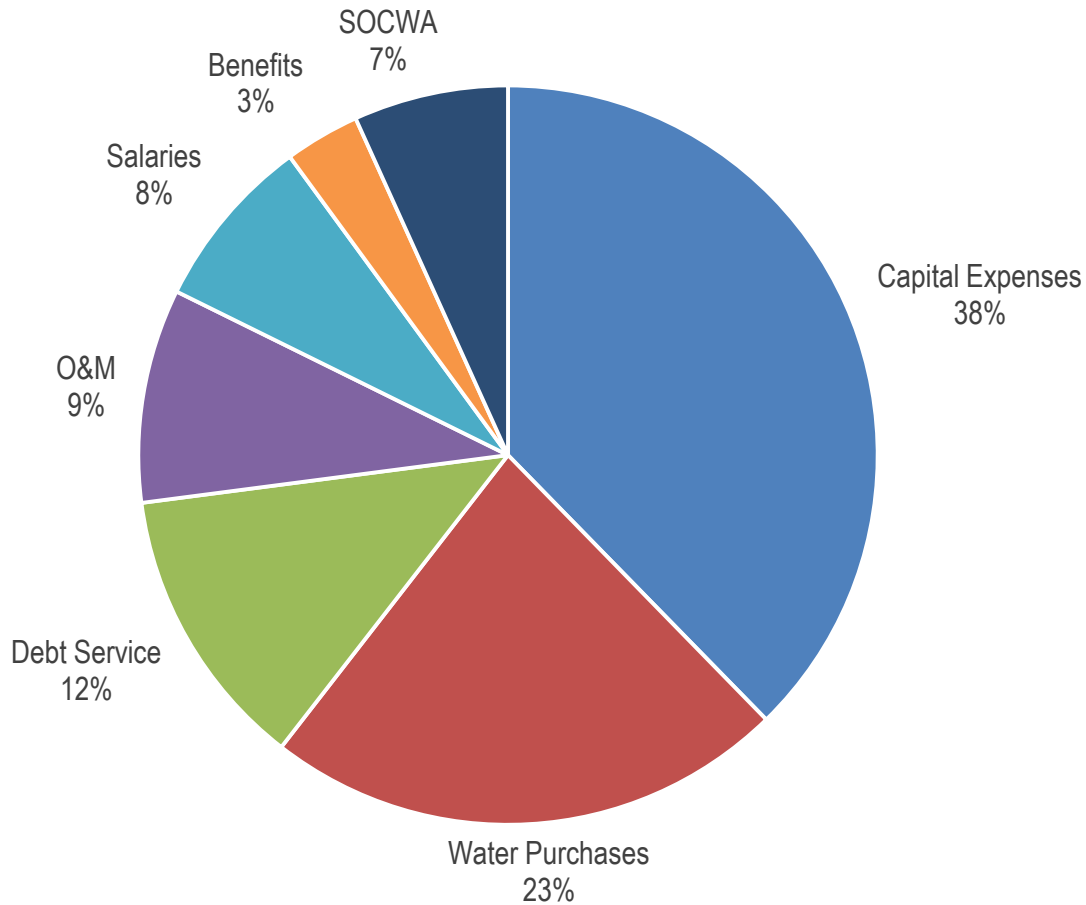
General Fund Revenue Requirements



General Fund Revenue Adjustments

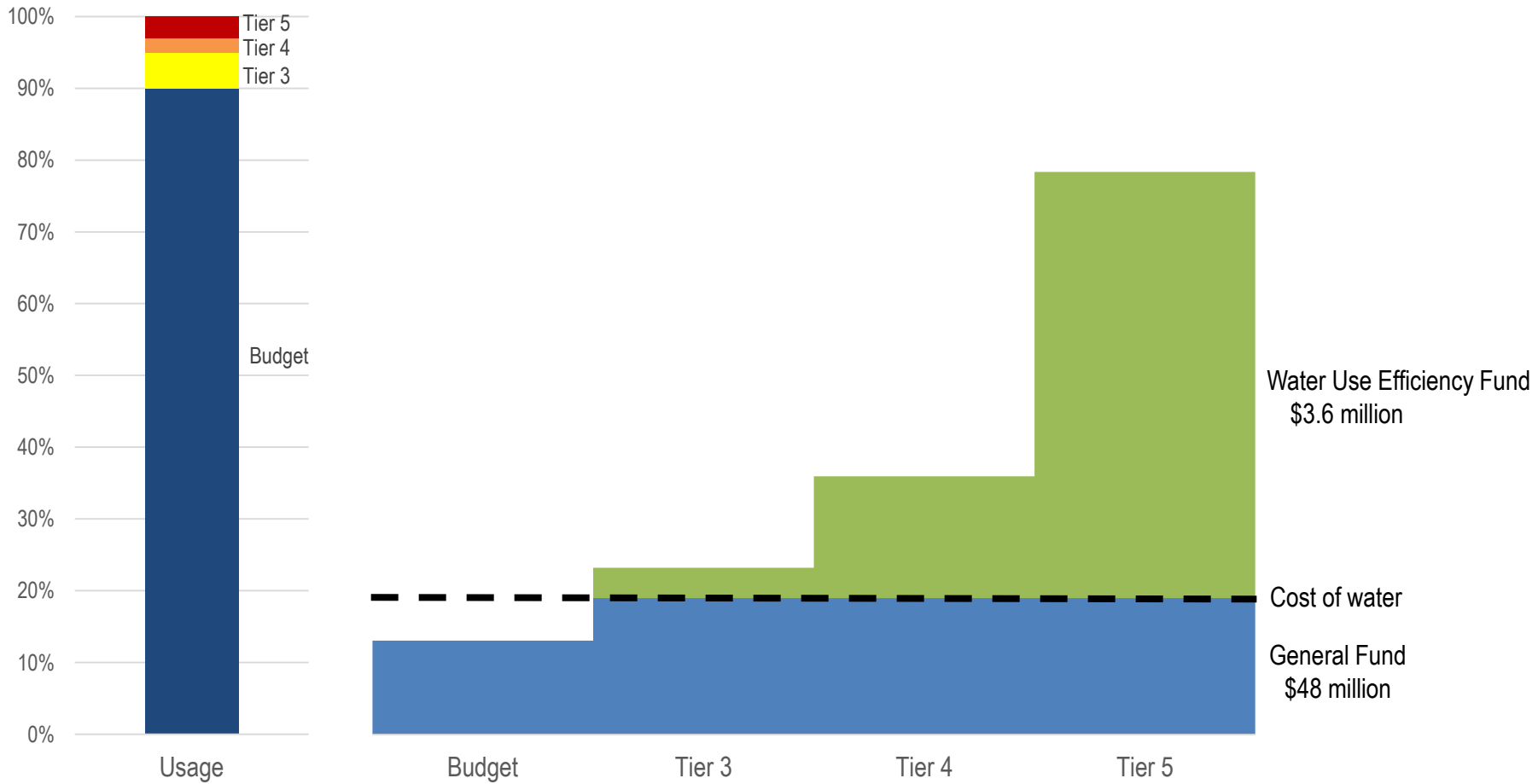


FY 14-15 General Fund Revenues and Expenses



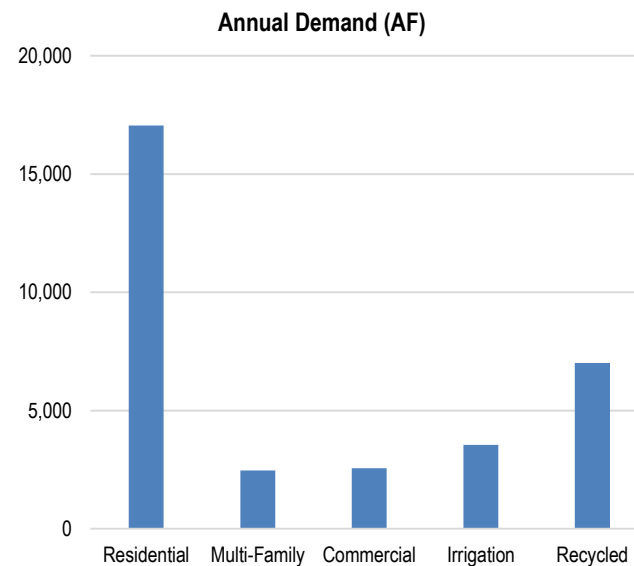
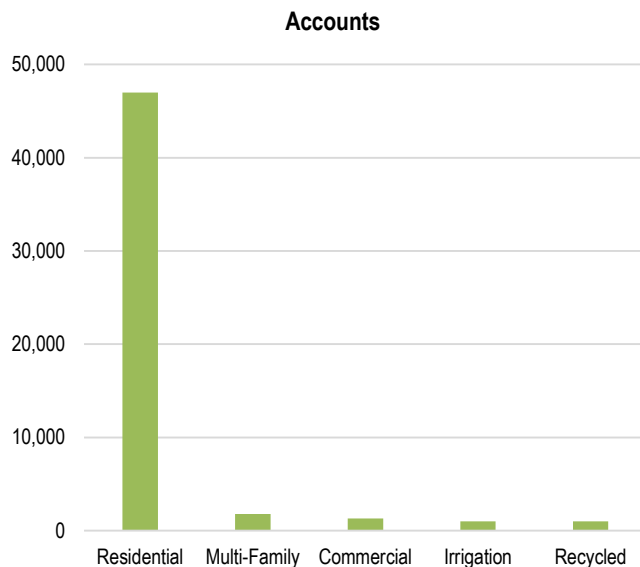
Total FY14-15 General Fund Revenue Requirement - \$126 million

Rate Revenue



Cost of Service

- Why?
 - Equitable allocation of revenue requirements between customer classes
 - Makes rates **proportional** on basis of actual cost to serve
- How?
 - Extensive review of each District operating and capital cost
 - Attribute each cost by allocation methods



Rate Structure Assumptions

- Budget Allocations
 - GPCD: 60
 - Plant Factor: 0.7 (0.8 for recycled)

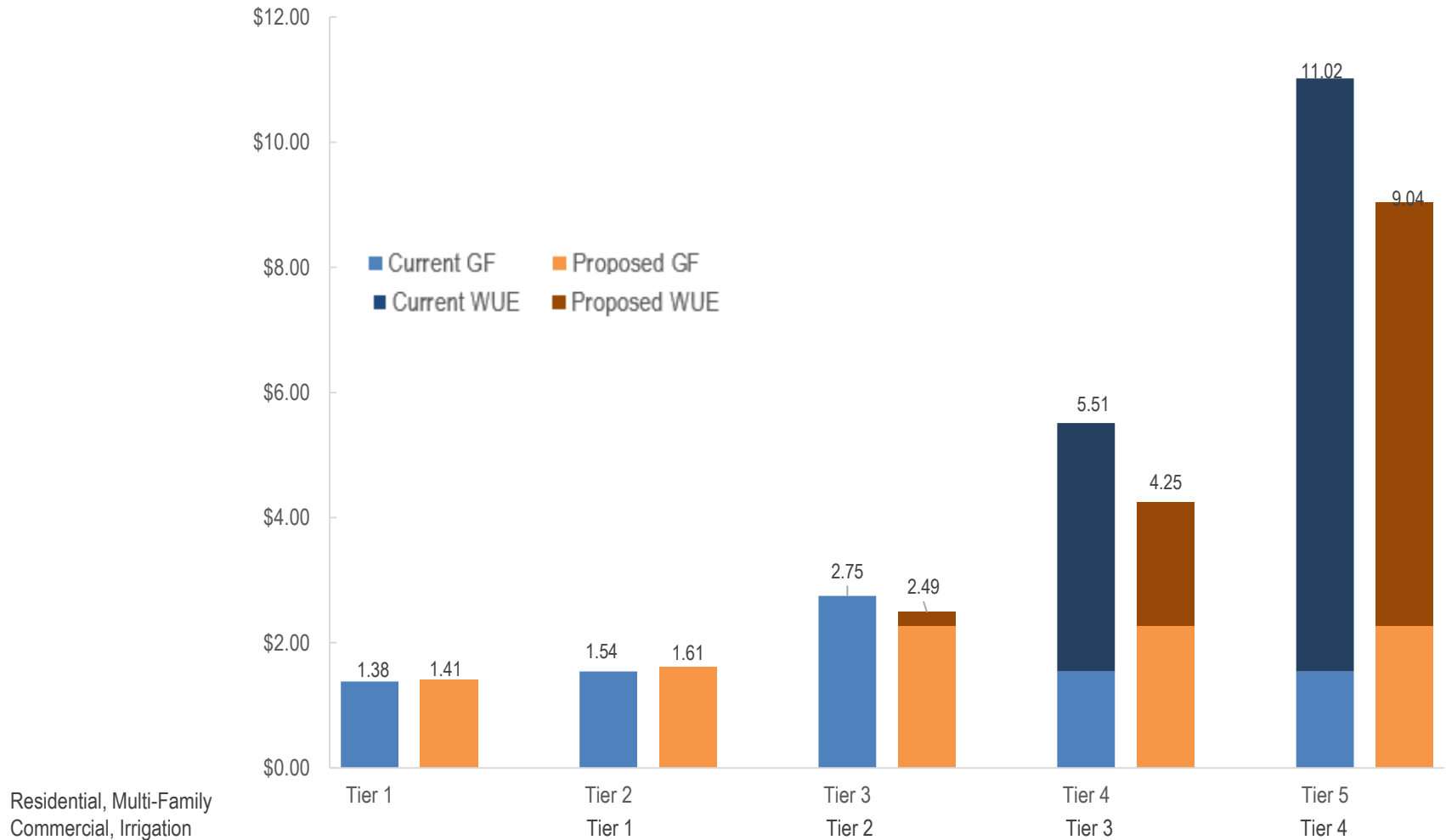
- Tier Widths

Residential, Multi-Family
Tier 1: Indoor allocation
Tier 2: Outdoor allocation
Tier 3: 100% - 125% total allocation
Tier 4: 125% - 150% total allocation
Tier 5: >150% total allocation

Commercial, Irrigation, Recycled
Tier 1: Allocation
Tier 2: 100% - 125% total allocation
Tier 3: 125% - 150% total allocation
Tier 4: >150% total allocation

- Adopt 3 years of rate adjustments
- Integrate Water Shortage Contingency Plan
- Pass-through wholesale cost increases
- Fixed Wastewater Charge

Potable Volumetric Water Rates



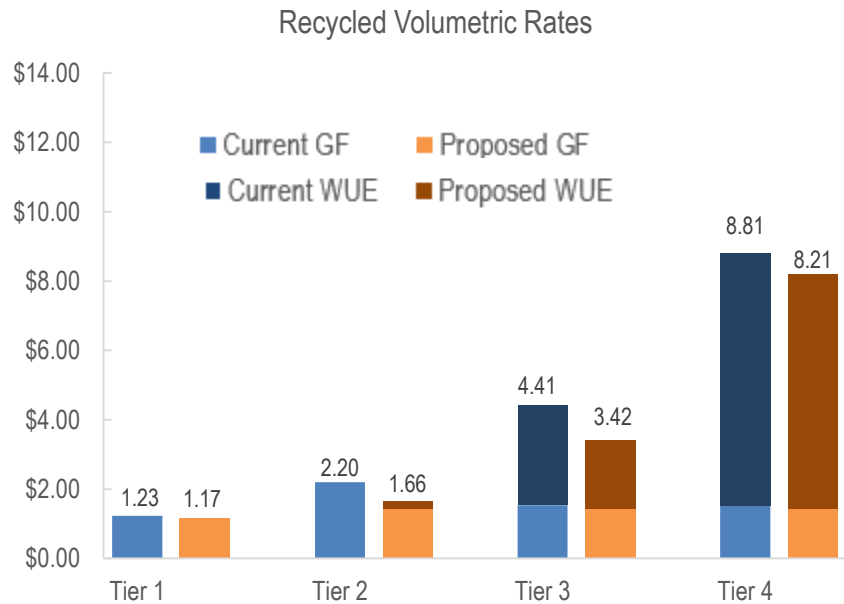
Potable Monthly Water Meter Charge

Meter Size	Current	Proposed			
		Residential	Multi-Family	Commercial	Irrigation
5/8", 3/4", 1"	\$10.36	\$10.79	\$6.64	\$5.93	\$16.88
1 1/2"	\$34.53	\$35.97	\$22.14	\$19.78	\$56.25
2"	\$55.25	\$57.55	\$35.43	\$31.64	\$90.00
3"	\$120.87	-	\$77.50	\$69.21	\$196.88
4"	\$207.20	-	\$132.85	\$118.65	\$337.50
6"	\$431.67	-	\$276.98	\$247.39	\$703.69
8"	\$621.60	-	\$398.54	\$355.95	\$1,012.50
10"	\$1,001.47	-	-	\$573.67	\$1,631.82

Potable Monthly Wastewater Service Charge

Meter Size	Residential	Multi-Family	Commercial			
			1	2	3	4
5/8", 3/4", 1"	\$22.68	\$24.72	\$17.87	\$38.07	\$78.32	\$84.49
1 1/2"	\$22.68	\$75.90	\$53.05	\$120.39	\$254.54	\$275.11
2"	\$22.68	\$119.77	\$83.22	\$190.96	\$405.60	\$438.53
3"	-	\$258.72	\$178.75	\$414.46	\$884.04	\$956.06
4"	-	\$441.52	\$304.43	\$708.50	\$1,513.46	\$1,636.92
6"	-	\$916.83	\$631.22	\$1,473.04	\$3,150.05	\$3,407.27
8"	-	\$1,319.01	\$907.72	\$2,119.93	\$4,534.81	\$4,905.21
10"	-	-	\$1,460.74	\$3,413.76	\$7,304.41	\$7,901.16

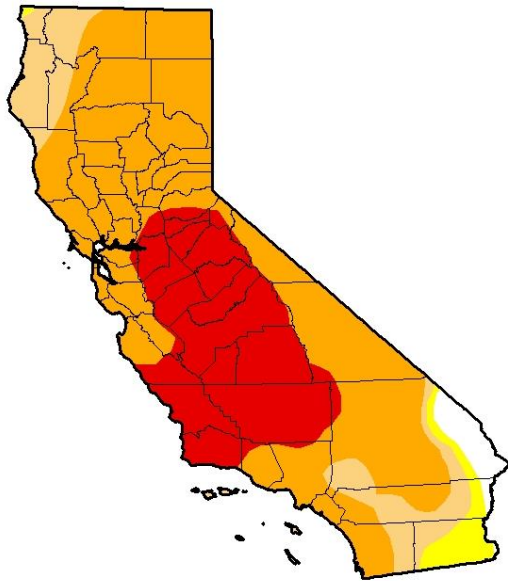
Recycled Water Rates



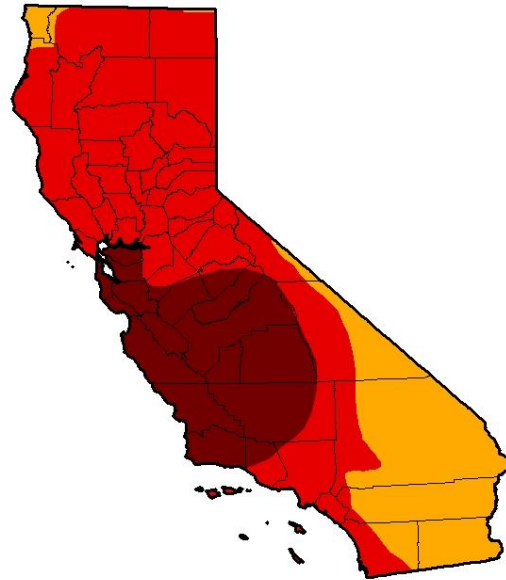
Monthly Meter Charge

Meter Size	Current	Proposed
5/8", 3/4" & 1"	\$10.36	\$16.88
1 1/2"	\$34.53	\$56.25
2"	\$55.25	\$90.00
3"	\$120.87	\$196.88
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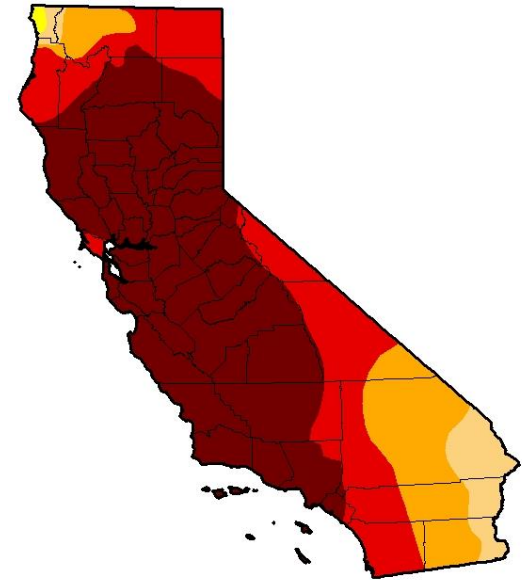
Drought Outlook



Dec. 3, 2013



June 3, 2014



Dec. 2, 2014

Intensity:

-  D0 Abnormally Dry
-  D1 Moderate Drought
-  D2 Severe Drought
-  D3 Extreme Drought
-  D4 Exceptional Drought

Author:

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NCDC/NOAA



<http://droughtmonitor.unl.edu/>

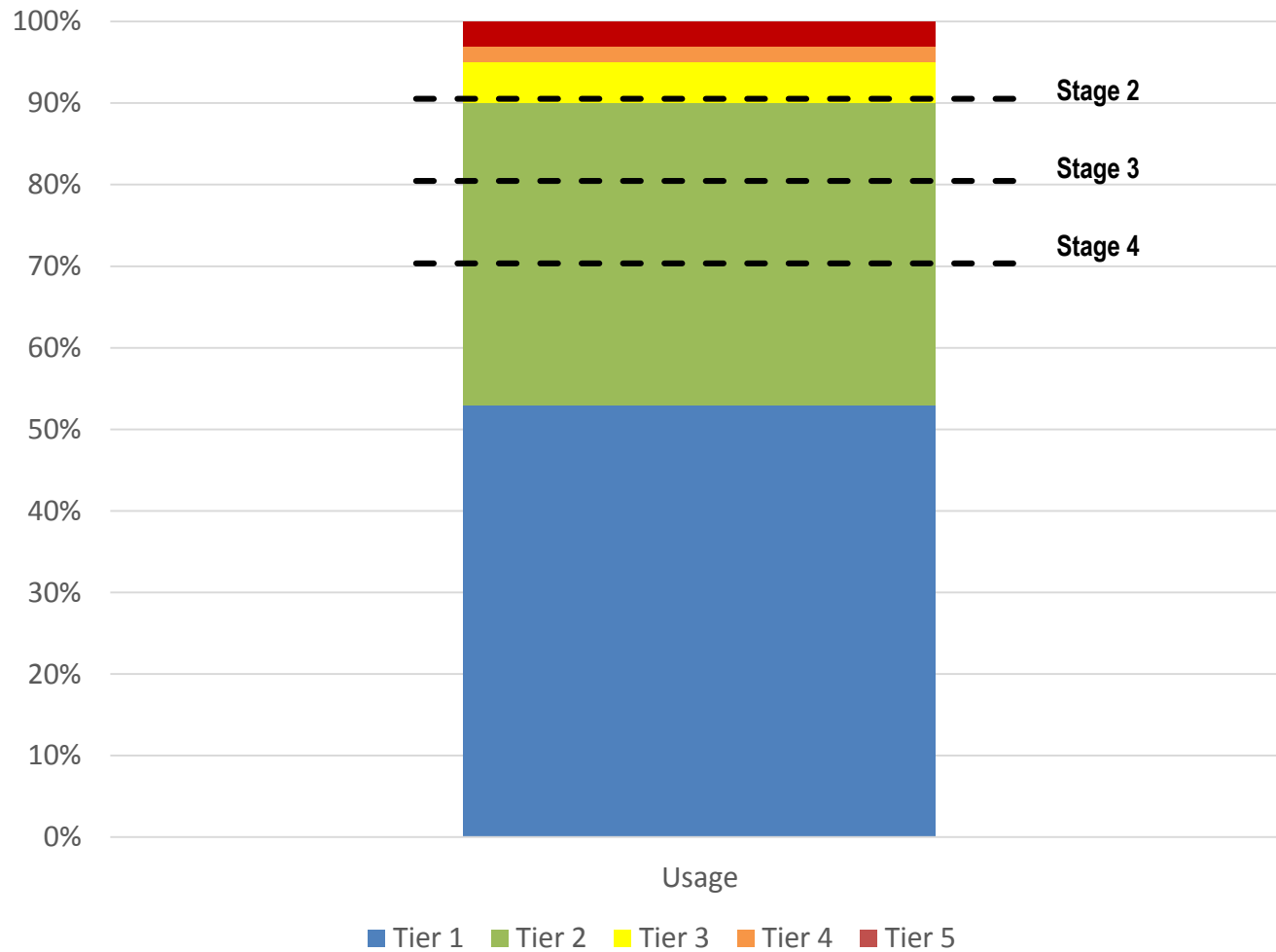
Foundation for Water Shortage Stages

- Target customers over allocation first
- Further incentivize conservation
- Penalize customers violating water use ordinance
- Ensure timely and appropriate responses to future water shortage events
- Possible stage implementation triggers
 - State calls to actions
 - Regulatory mandated actions
 - Supply allocations
 - System/supply emergency
 - Natural disaster
- Outreach for implementing stages

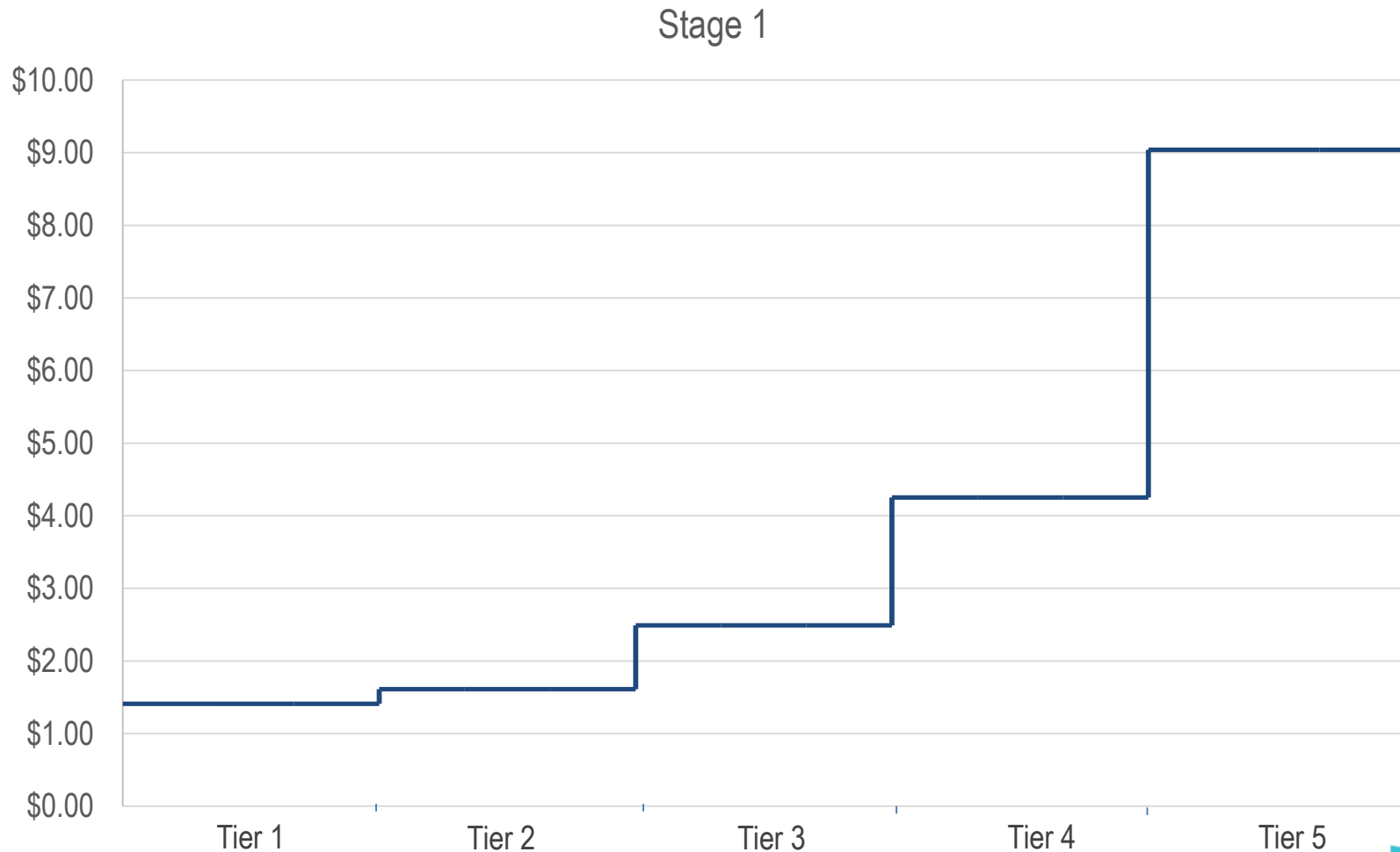
Potable Water Shortage Stages

Water Shortage Stage	Residential	Multi-Family	Irrigation	Commercial	Recycled
Stage 1	Voluntary with variance reductions				
Stage 2	Remain within allocation				
Stage 3	Remain within indoor and 60% of outdoor allocation		Remain within 60% of allocation	Remain within budget allocation	Remain within 90% of allocation
Stage 4	Remain within indoor and 30% of outdoor allocation		Remain within 30% of allocation	Remain within budget allocation	Remain within 80% of allocation
Stage 5	Remain within indoor allocation at 40 GPCD		No potable water use	Remain within budget allocation	Remain within 70% of allocation

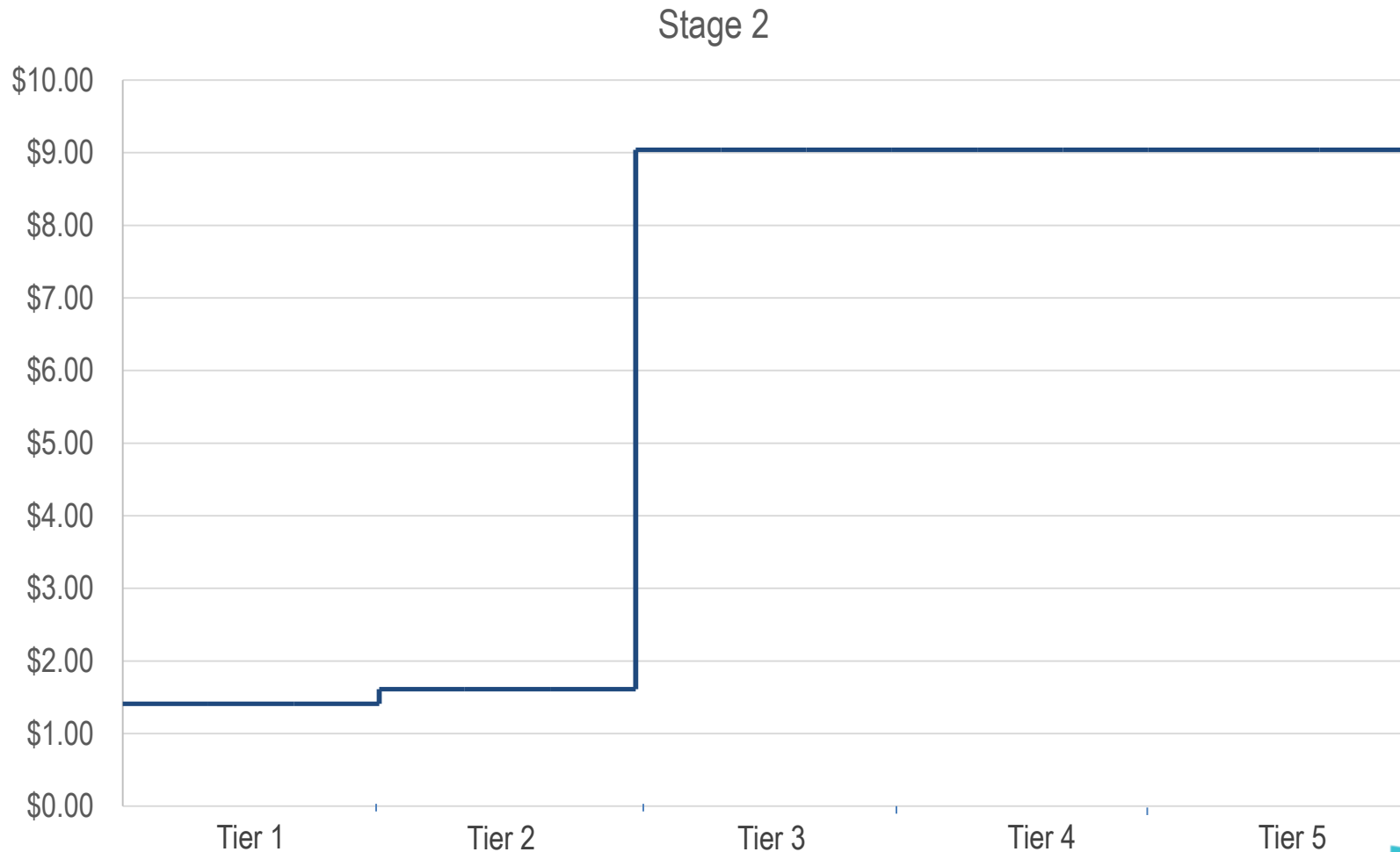
Tier Usage



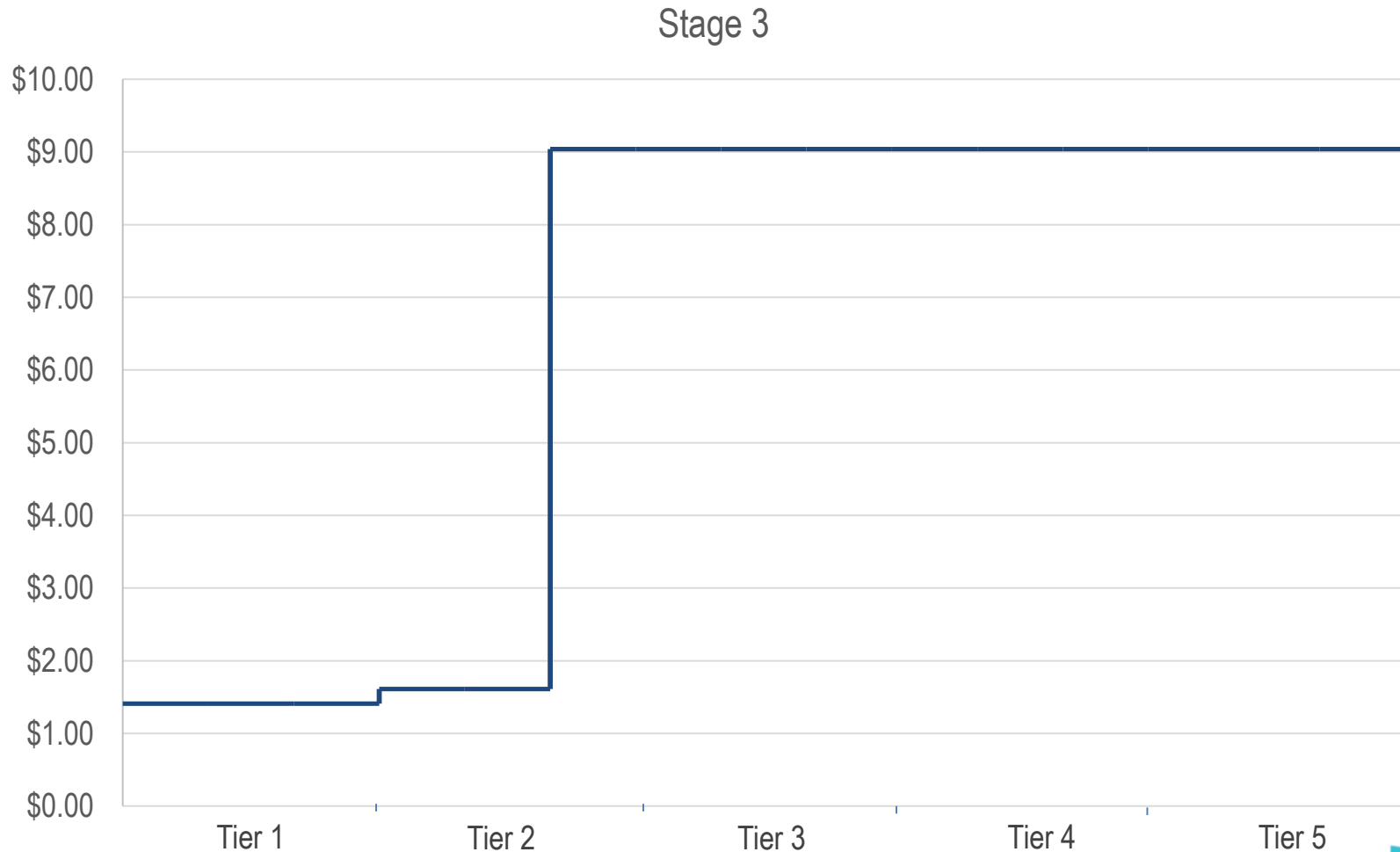
Water Shortage Rates



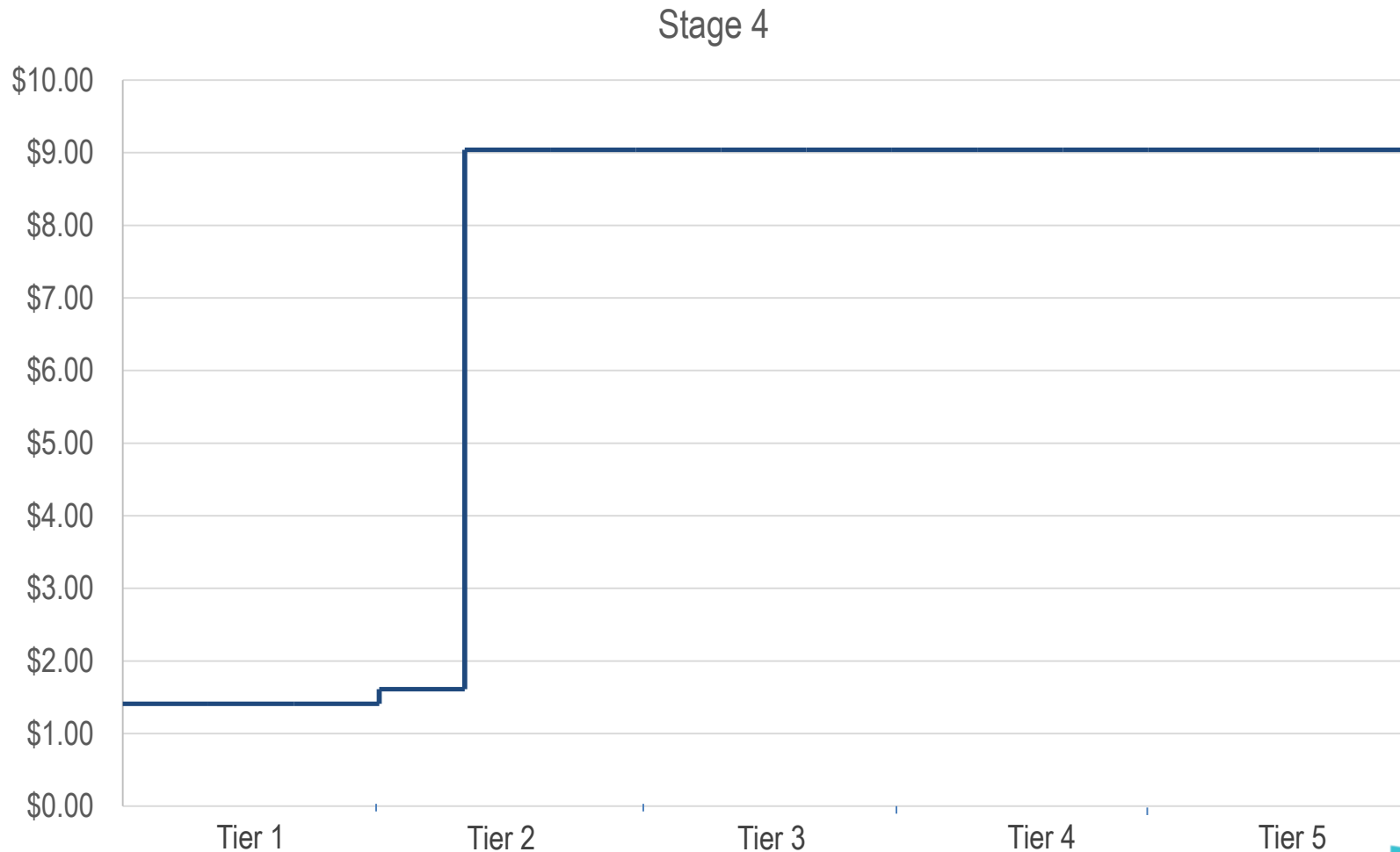
Water Shortage Rates



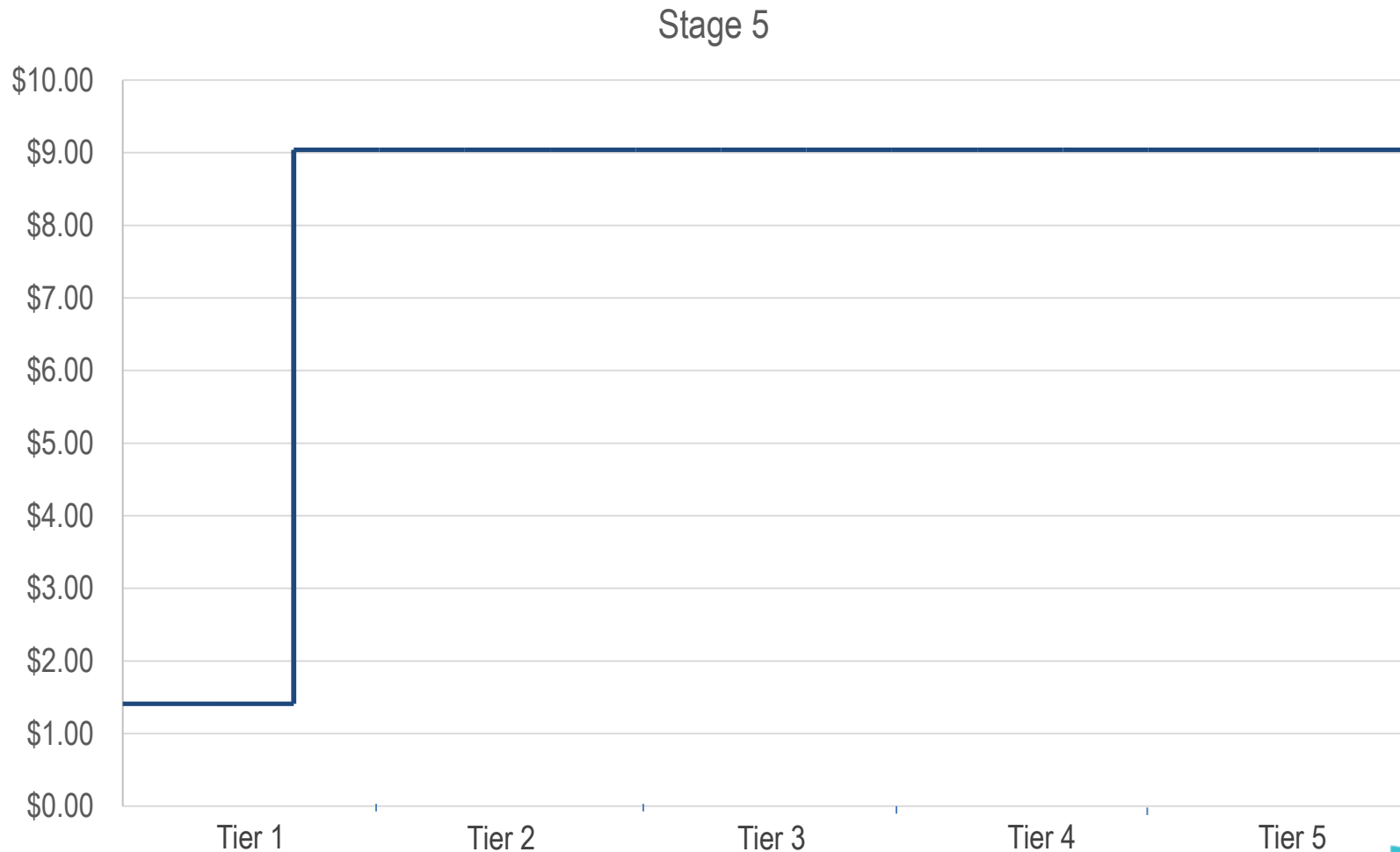
Water Shortage Rates



Water Shortage Rates



Water Shortage Rates



Timeline

