

Rate Study Update

October 31, 2014



Moulton Niguel Water

Leading the Way in Service

Rate Study Team



District Staff



Financial Advisor



MWH®

BUILDING A BETTER WORLD

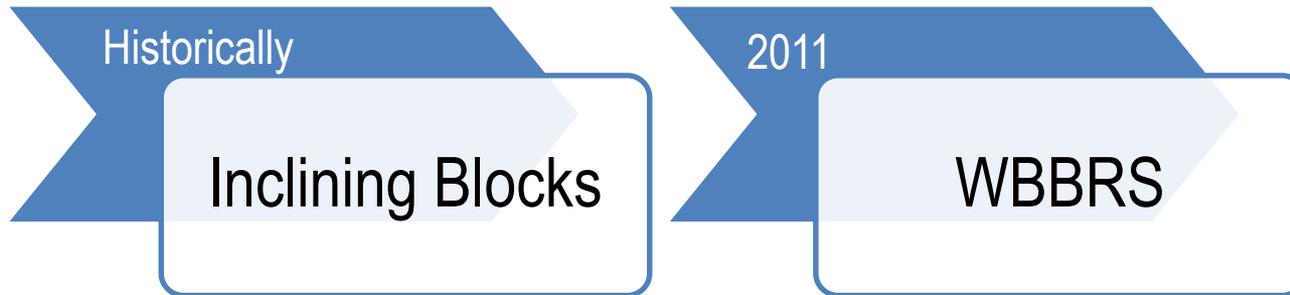
Rate Consultant



Legal Counsel



History

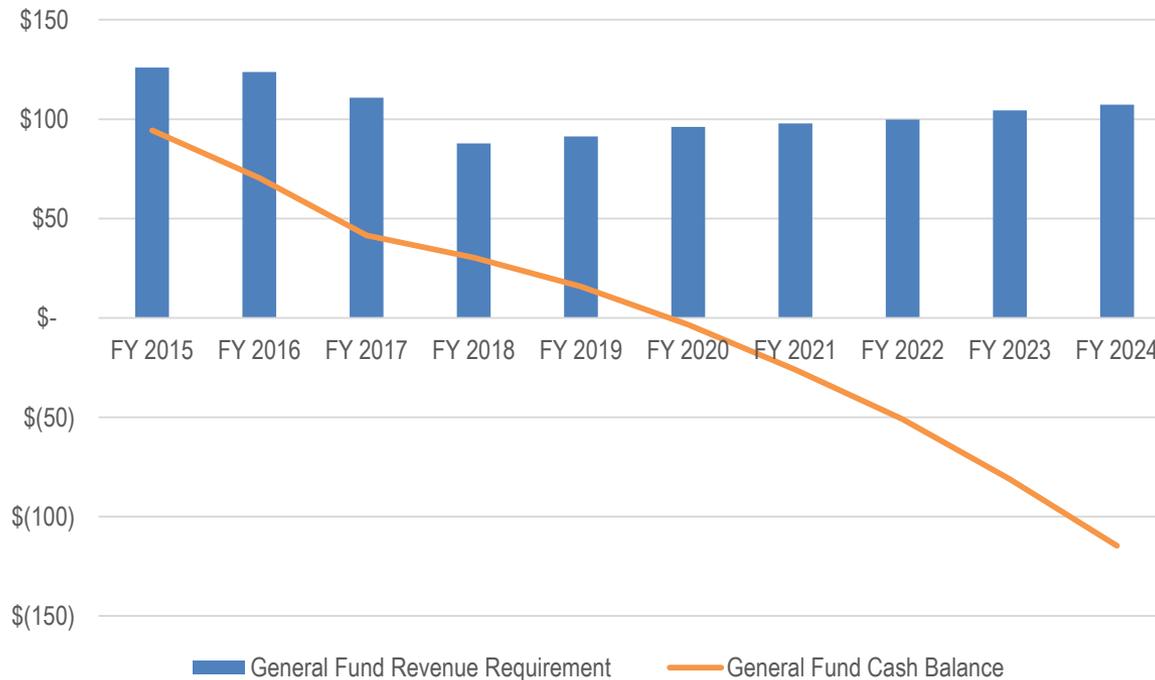


- Water Budget Based Rate Structure (WBBRS)
 - Unique customer water needs
 - Conserve region's limited water resources
 - Encourage water use efficiency
 - Price water more accurately based on cost
 - Stabilize District finances

Purpose

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

Status quo



Rate Study Process

Long Range Financial Plan

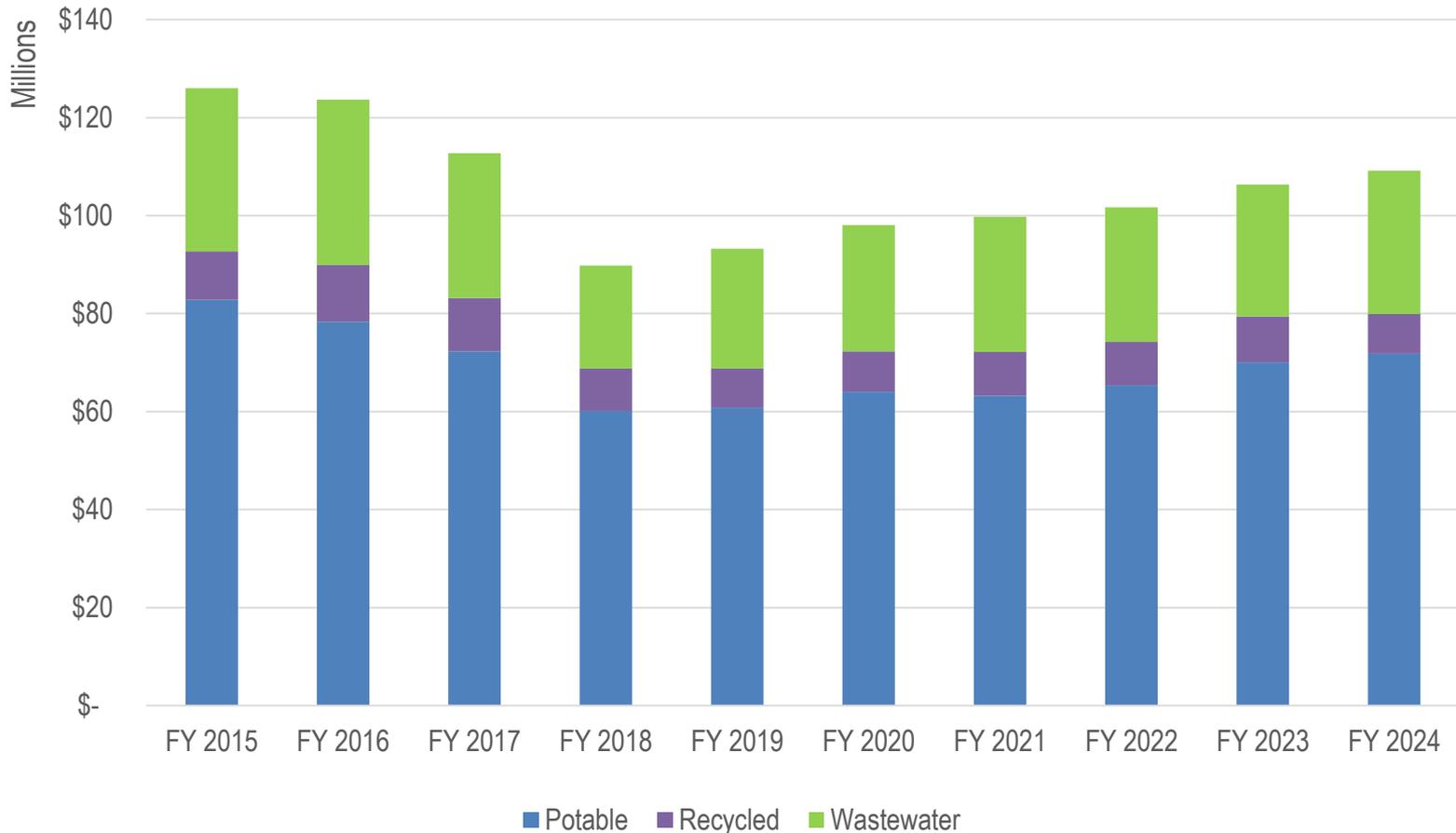


Cost-of-Service

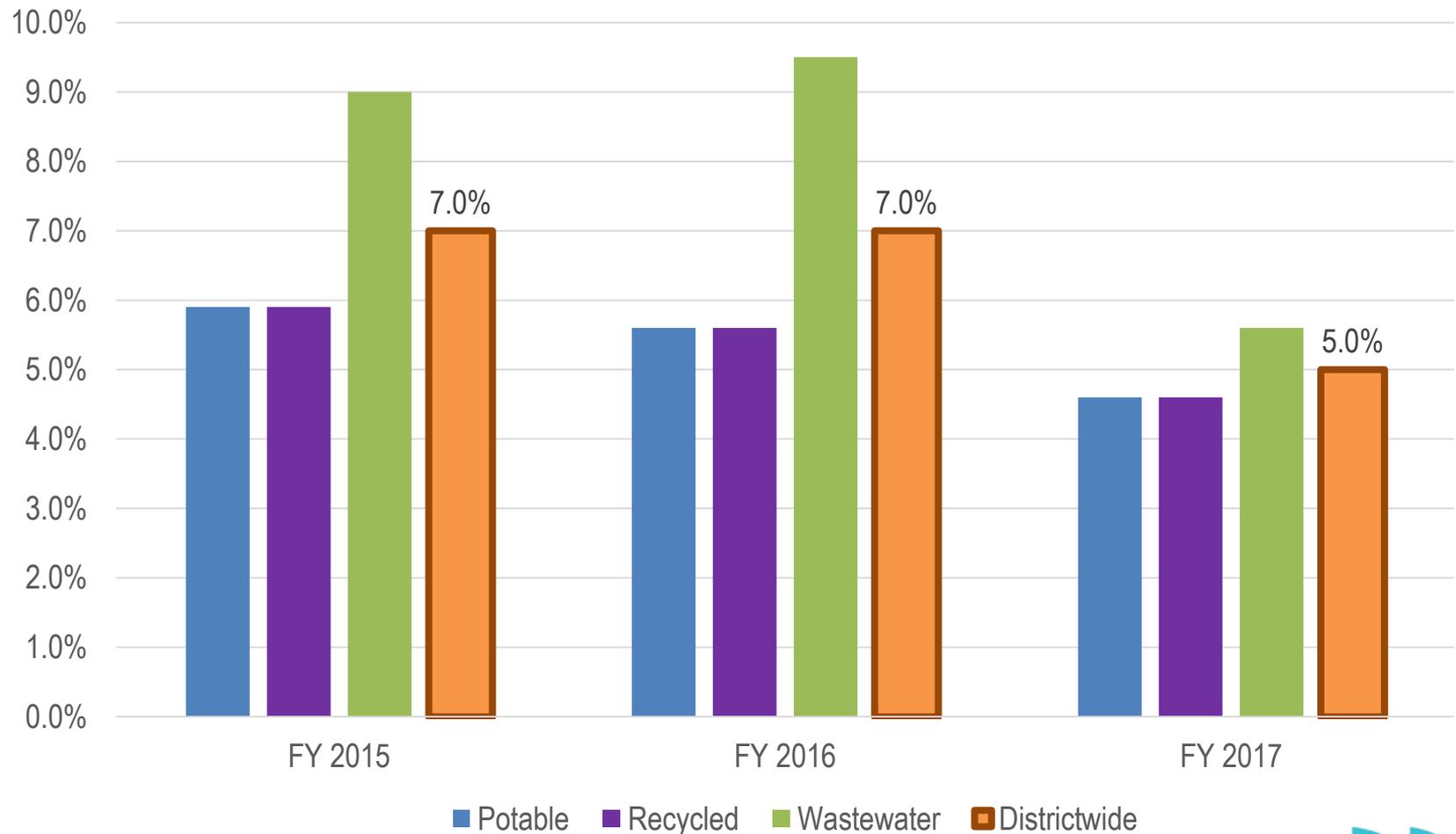


Rate Design

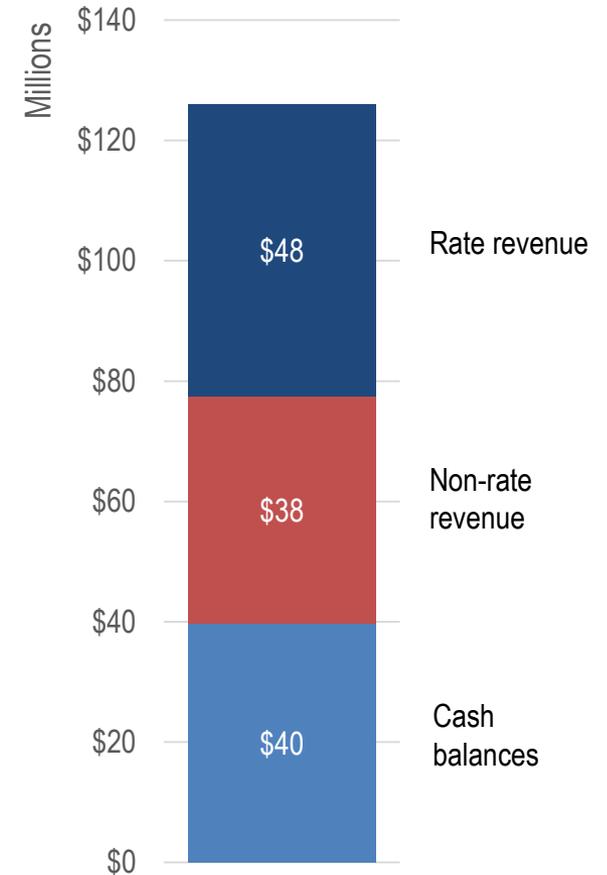
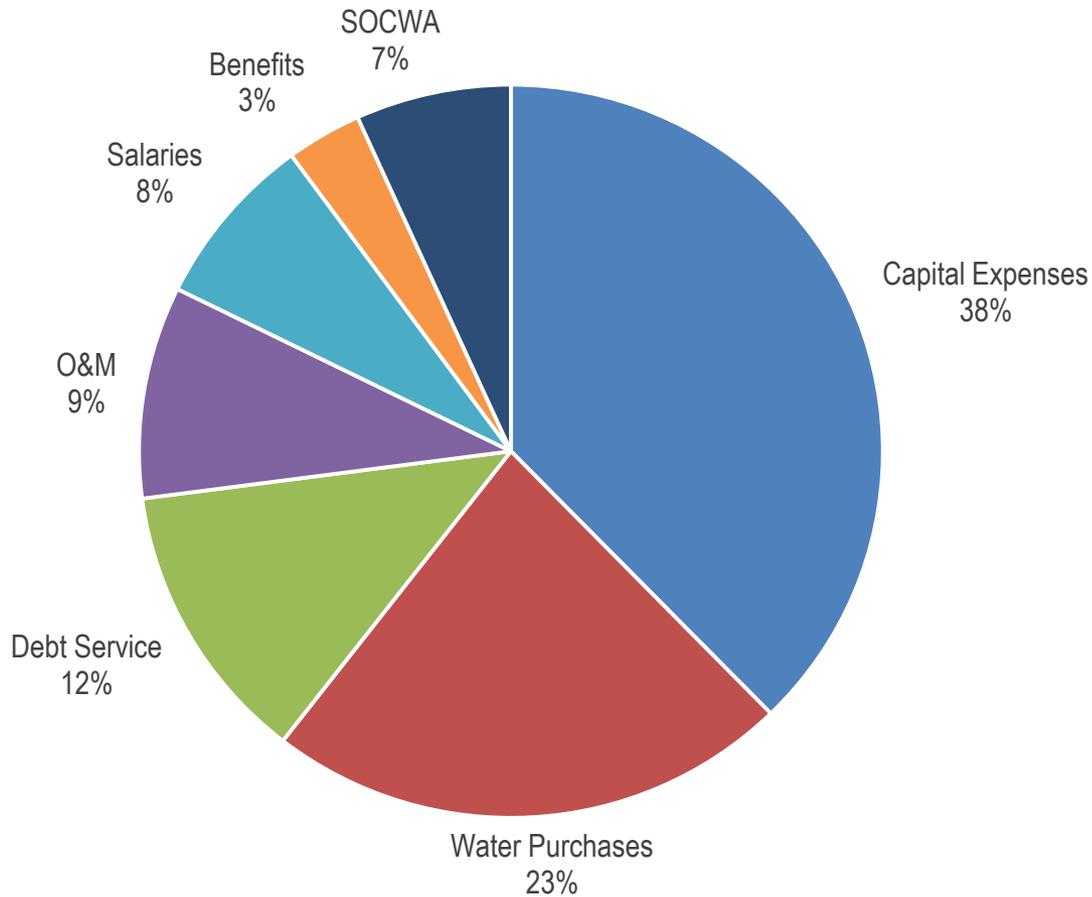
General Fund Revenue Requirements



General Fund Revenue Adjustments

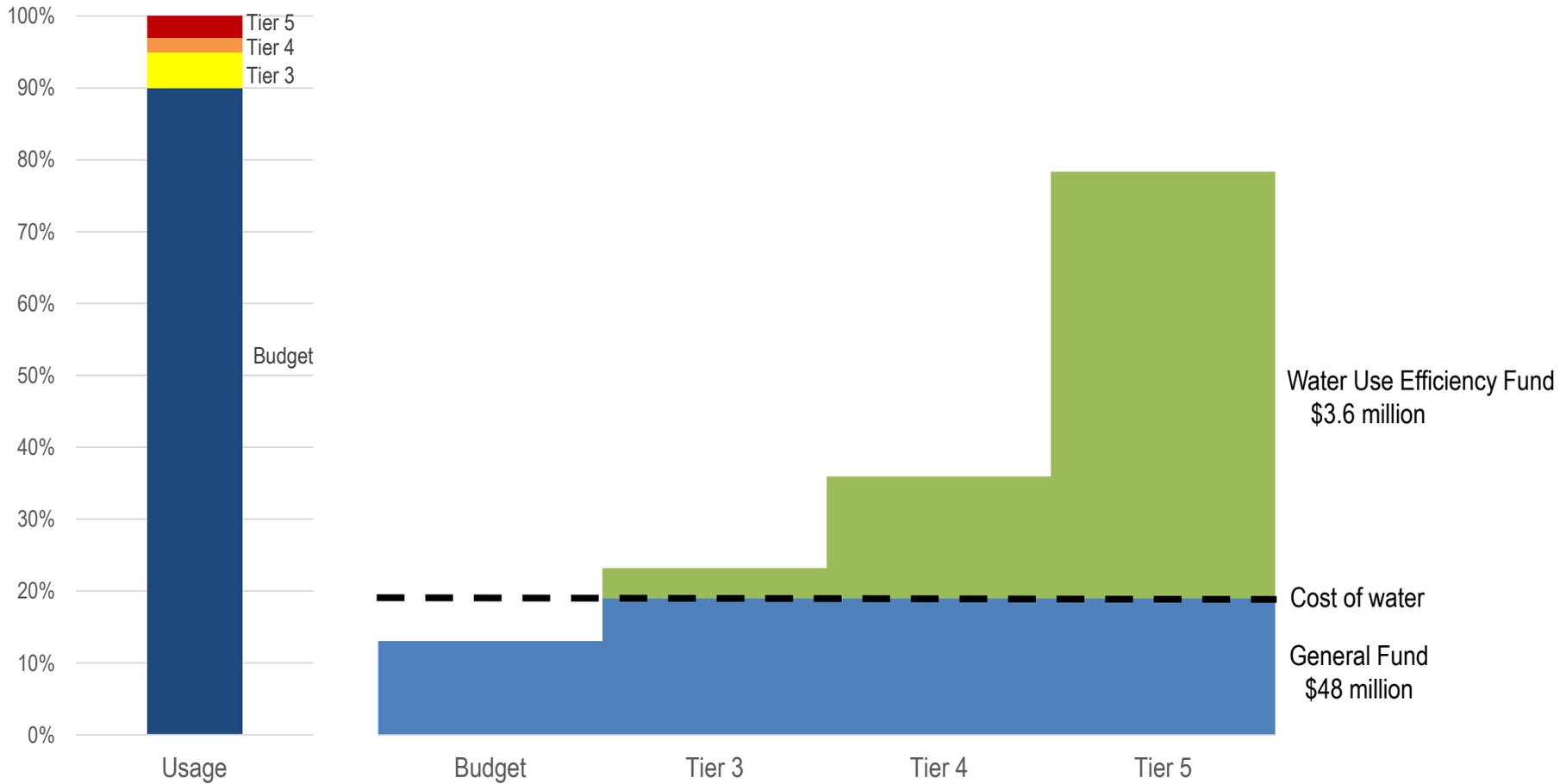


FY 14-15 General Fund Revenue Requirements



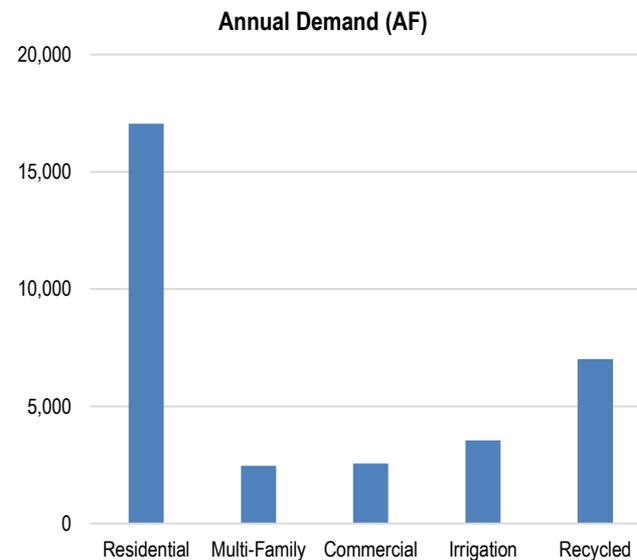
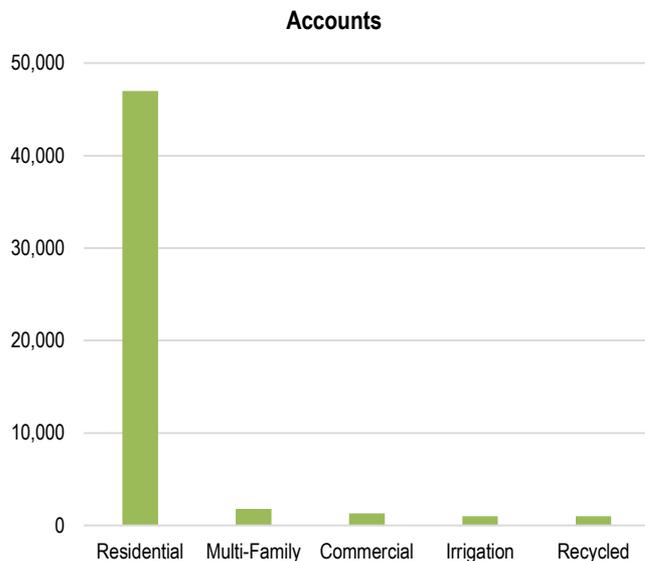
Total FY14-15 General Fund Revenue Requirement - \$126 million

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

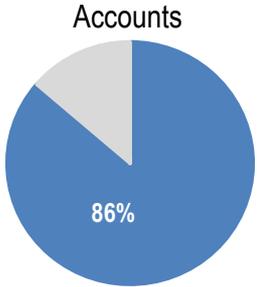
- Budget Allocations
 - GPCD: 60
 - Plant Factor: 0.7
- Tier Widths

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

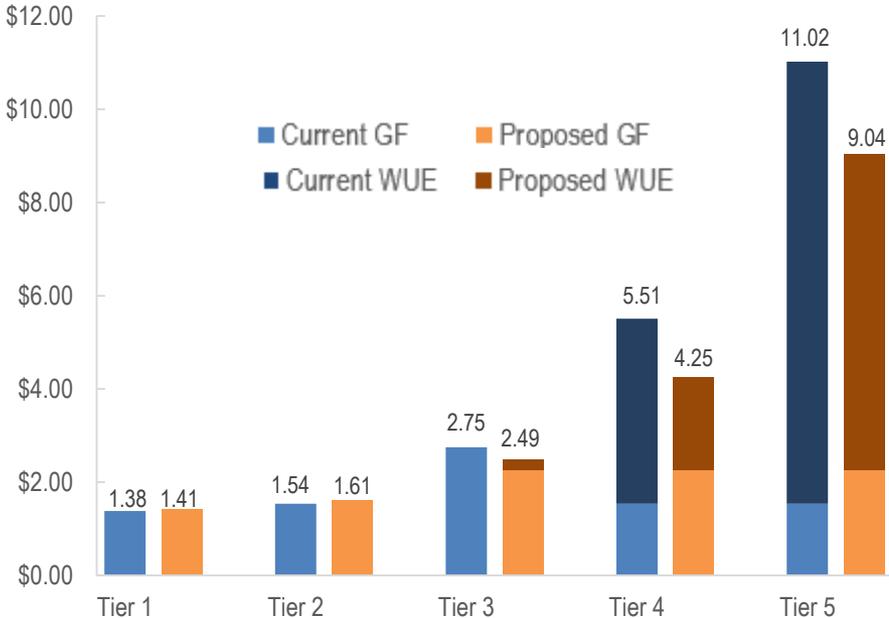
- Adopt 3 years of rate adjustments
- Integrate Water Shortage Contingency Plan
- Pass-through wholesale cost increases
- Fixed Wastewater Charge

Residential Water Rates

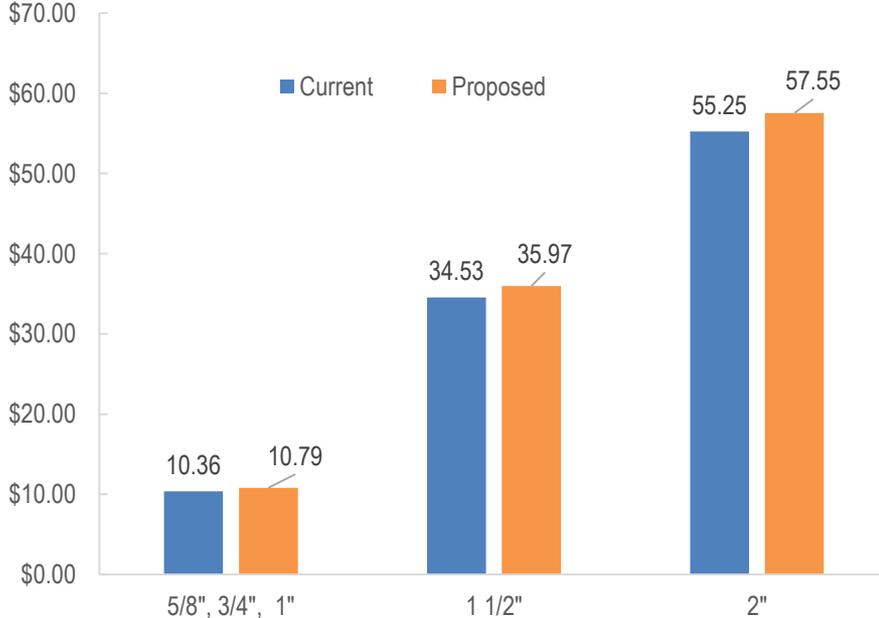


Revenue Requirement (\$M)	Current Allocation (\$M)	Difference (\$M)
\$19.5	\$18.6	\$0.9

Volumetric Rates



Monthly Meter Charge



Residential Wastewater Rates

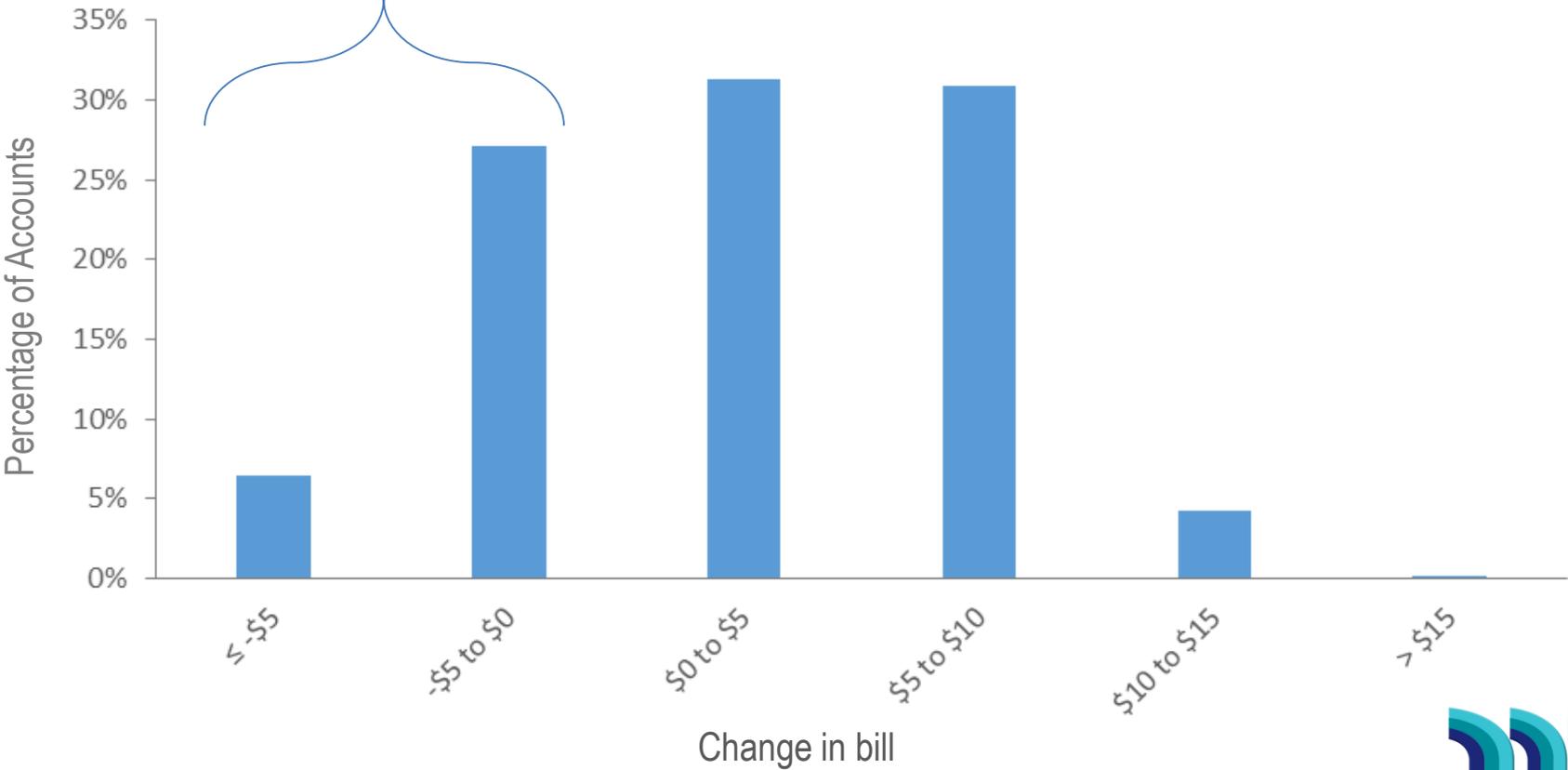
Revenue Requirement (\$M)	Current Allocation (\$M)	Difference (\$M)
\$12.7	\$11.9	\$0.8



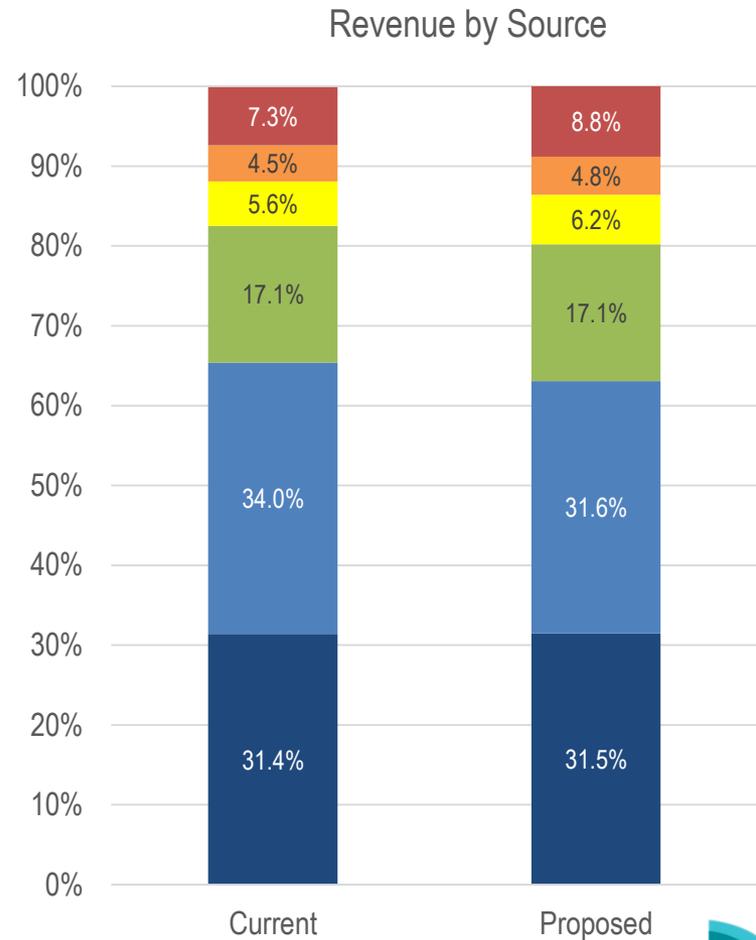
Residential Water & Wastewater Monthly Bill Impact

Current Average Bill = \$53.26

34% experience no change or bill decrease

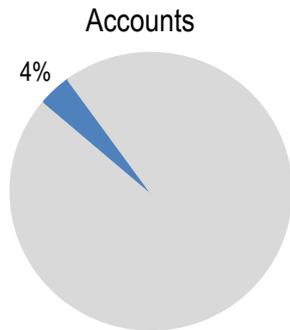


Residential Impacts



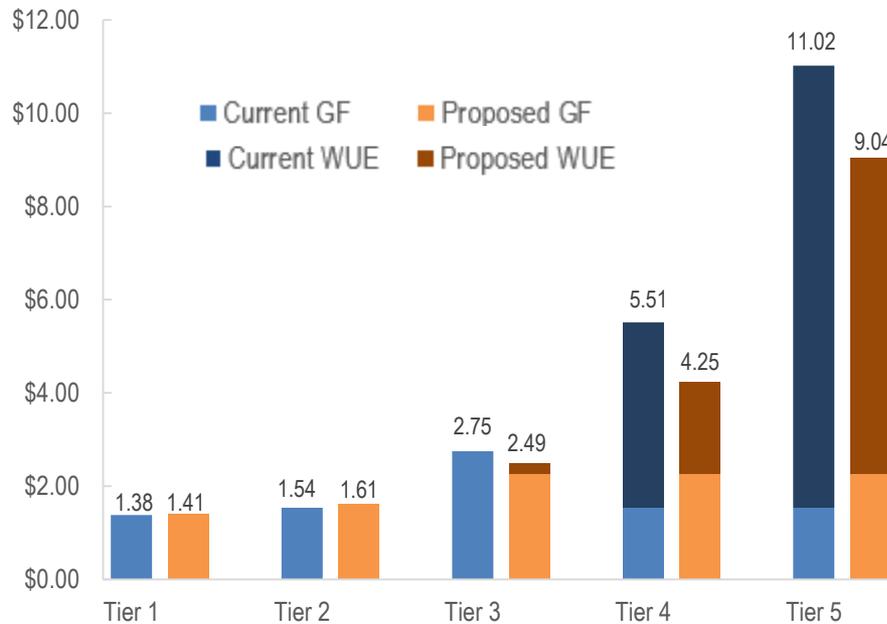
■ Meter ■ Tier 1 ■ Tier 2 ■ Tier 3 ■ Tier 4 ■ Tier 5

Multi-Family Water Rates



Revenue Requirement (\$M)	Current Allocation (\$M)	Difference (\$M)
\$2.5	\$2.9	\$(0.4)

Volumetric Rates



Monthly Meter Charge

Meter Size	Current	Proposed
5/8", 3/4", 1"	\$10.36	\$6.64
1 1/2"	\$34.53	\$22.14
2"	\$55.25	\$35.43
3"	\$120.87	\$77.50
4"	\$207.20	\$132.85
6"	\$431.67	\$276.98
8"	\$621.60	\$398.54

Multi-Family Wastewater Rates

Revenue Requirement (\$M)	Current Allocation (\$M)	Difference (\$M)
\$2.8	\$3.4	\$(0.6)

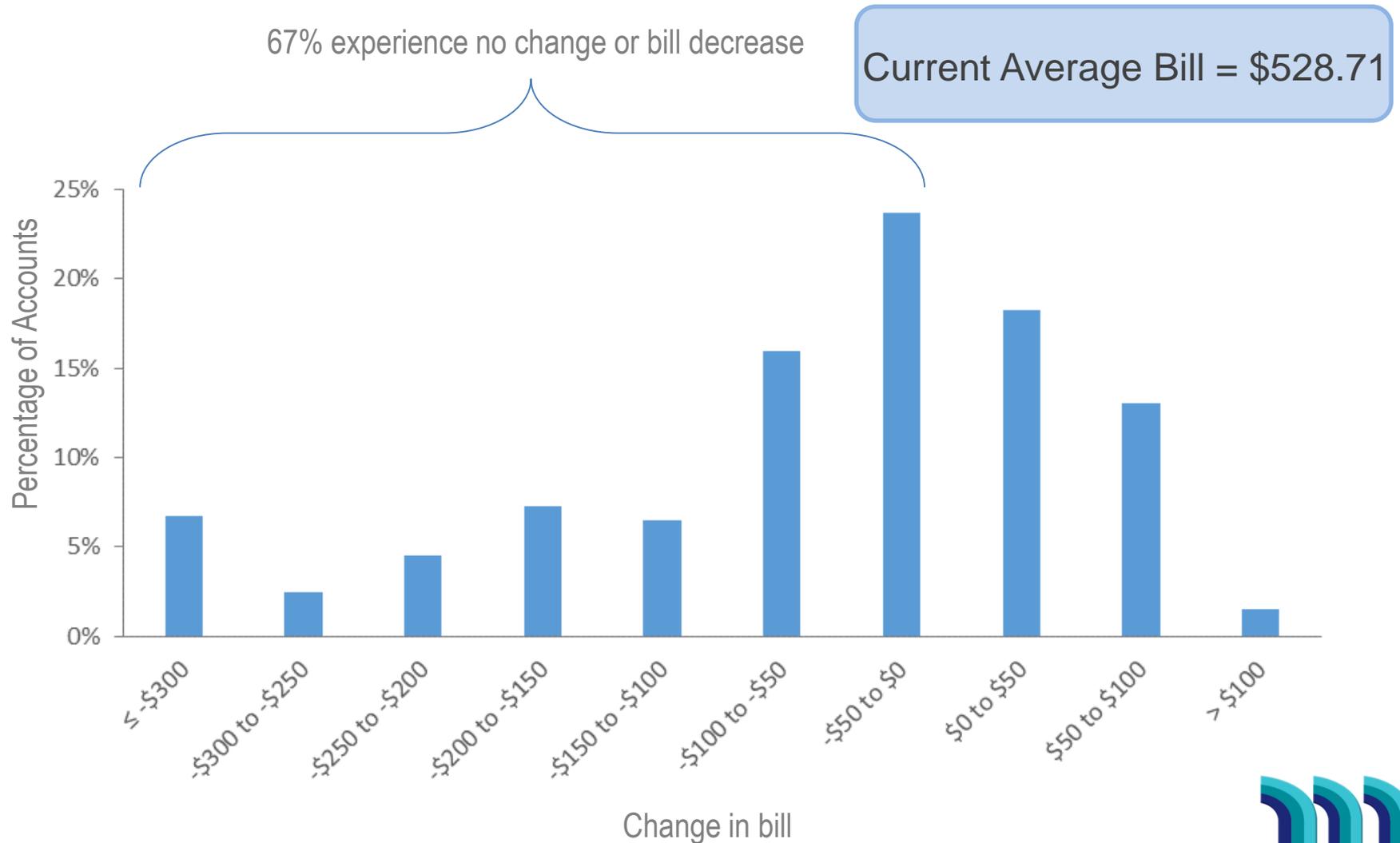
Monthly Service Charge

Meter Size	Count	Current Average	Proposed Fixed Rate
5/8", 3/4", 1"	113	\$48.44	\$24.72
1 1/2"	220	\$79.20	\$75.90
2"	1,688	\$133.88	\$119.77
3"	18	\$387.94	\$258.72
4"	10	\$376.04	\$441.52
6"	-	N/A	\$916.83
8"	2	\$1,017.14	\$1,319.01

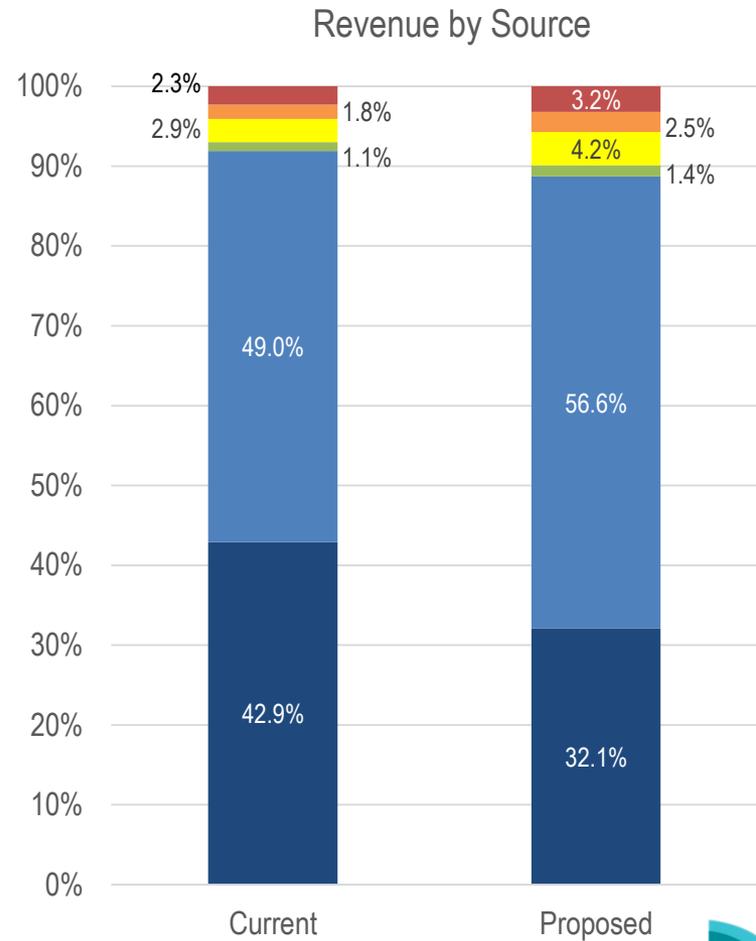
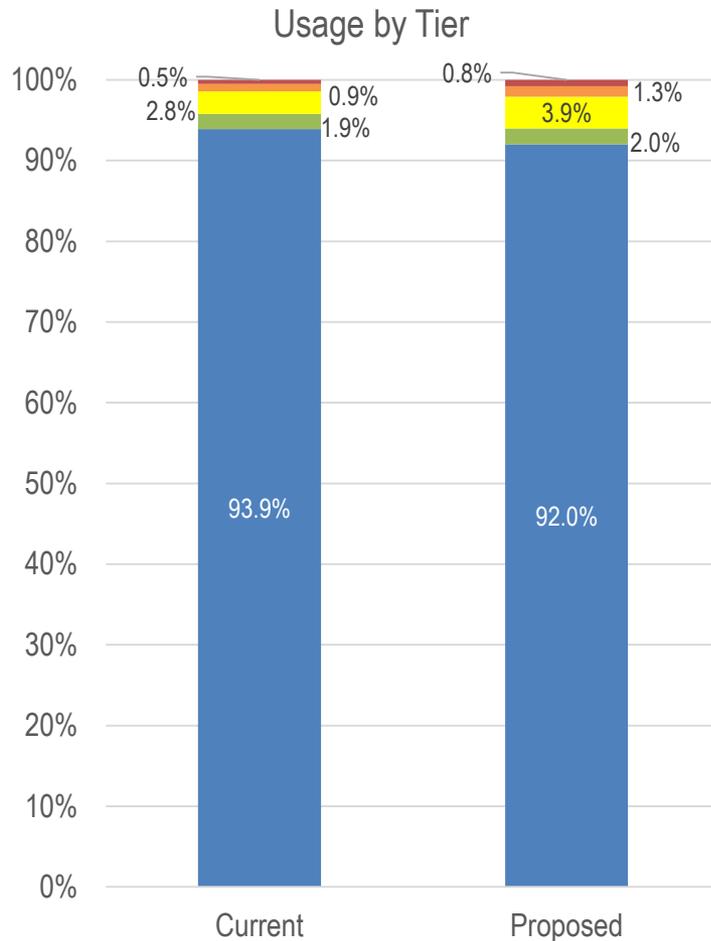
Current

- **Monthly Service charge:**
\$11.14 per dwelling unit
- **Volumetric charge:**
\$0.88 per HCF

Multi-Family Water & Wastewater Bi-Monthly Bill Impact

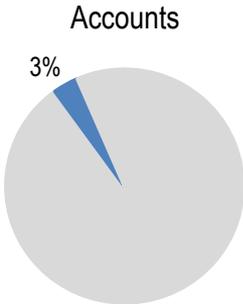


Multi-Family Impacts



■ Meter ■ Tier 1 ■ Tier 2 ■ Tier 3 ■ Tier 4 ■ Tier 5

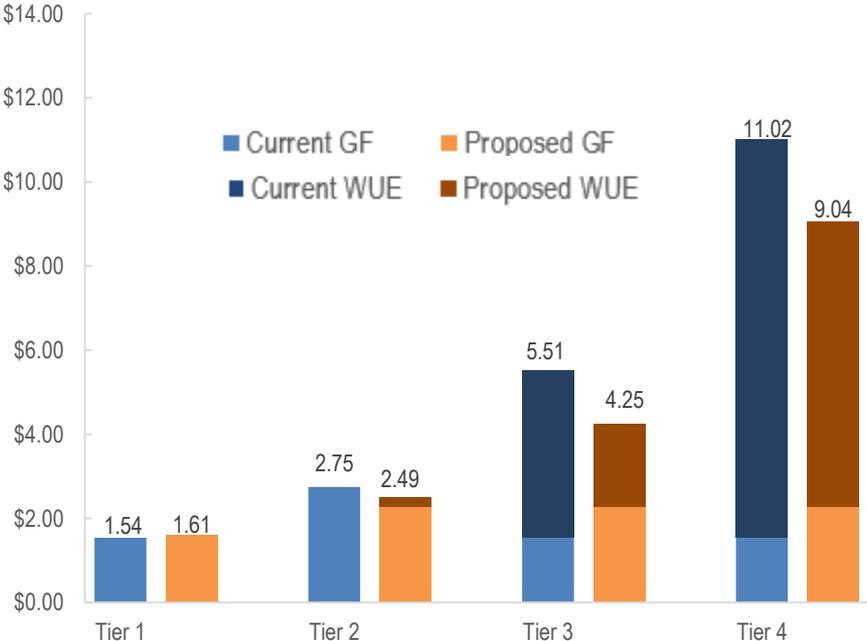
Commercial Water Rates



Revenue Requirement (\$M)	Current Allocation (\$M)	Difference (\$M)
\$2.9	\$3.0	\$(0.1)

Volumetric Rates

Monthly Meter Charge



Meter Size	Current	Proposed
5/8", 3/4", 1"	\$10.36	\$5.93
1 1/2"	\$34.53	\$19.78
2"	\$55.25	\$31.64
3"	\$120.87	\$69.21
4"	\$207.20	\$118.65
6"	\$431.67	\$247.39
8"	\$621.60	\$355.95
10"	\$1,001.47	\$573.67

Commercial Wastewater Rates

Revenue Requirement (\$M)	Current Allocation (\$M)	Difference (\$M)
\$2.5	\$1.4	\$1.1

Proposed Monthly Service Charge

Meter Size	Count	Comm. 1	Comm. 2	Comm. 3	Comm. 4
5/8", 3/4", 1"	631	\$17.87	\$38.07	\$78.32	\$84.49
1 1/2"	292	\$53.05	\$120.39	\$254.54	\$275.11
2"	808	\$83.22	\$190.96	\$405.60	\$438.53
3"	27	\$178.75	\$414.46	\$884.04	\$956.06
4"	42	\$304.43	\$708.50	\$1,513.46	\$1,636.92
6"	8	\$631.22	\$1,473.04	\$3,150.05	\$3,407.27
8"	3	\$907.72	\$2,119.93	\$4,534.81	\$4,905.21
10"	1	\$1,460.74	\$3,413.76	\$7,304.41	\$7,901.16

Current

Monthly Service charge:

\$11.14 per dwelling unit

Volumetric charge:

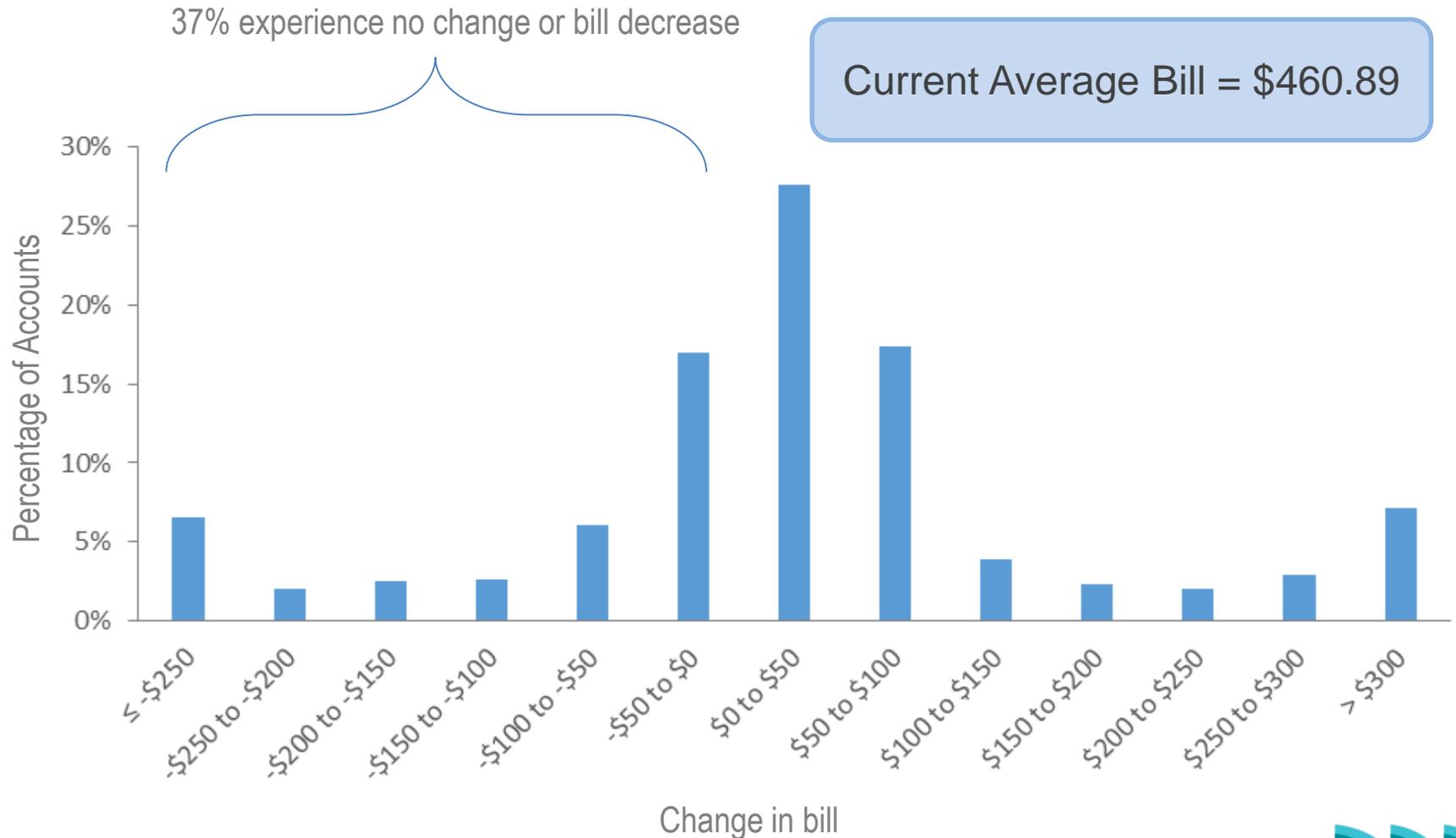
Commercial 1 = \$0.88 per CCF

Commercial 2 = \$1.19 per CCF

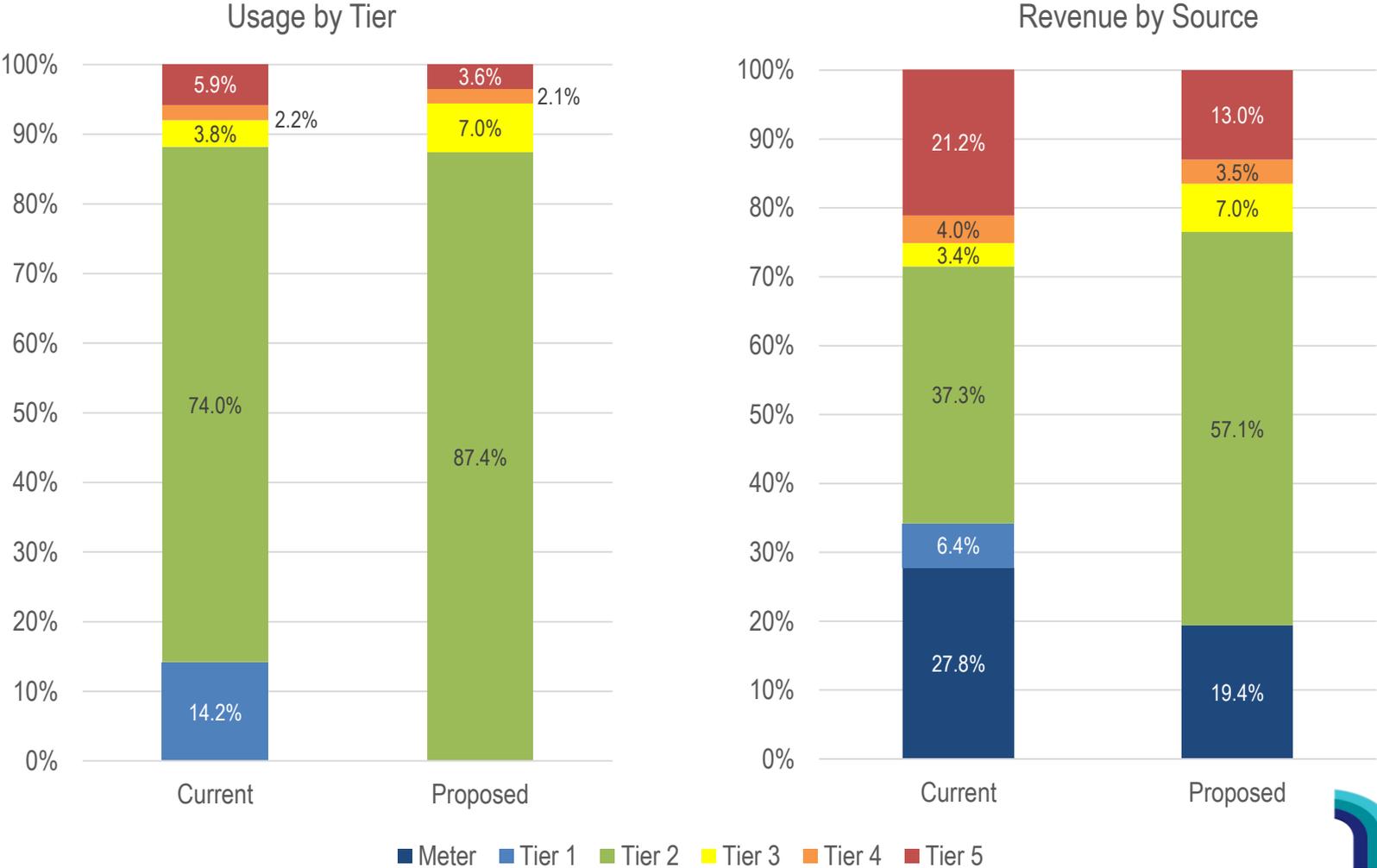
Commercial 3 = \$1.51 per CCF

Commercial 4 = \$1.82 per CCF

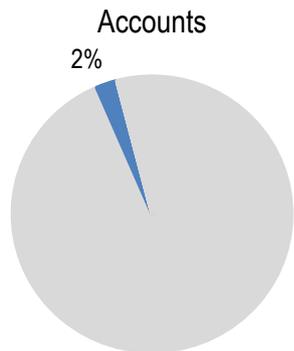
Commercial Water & Wastewater Bi-Monthly Bill Impact



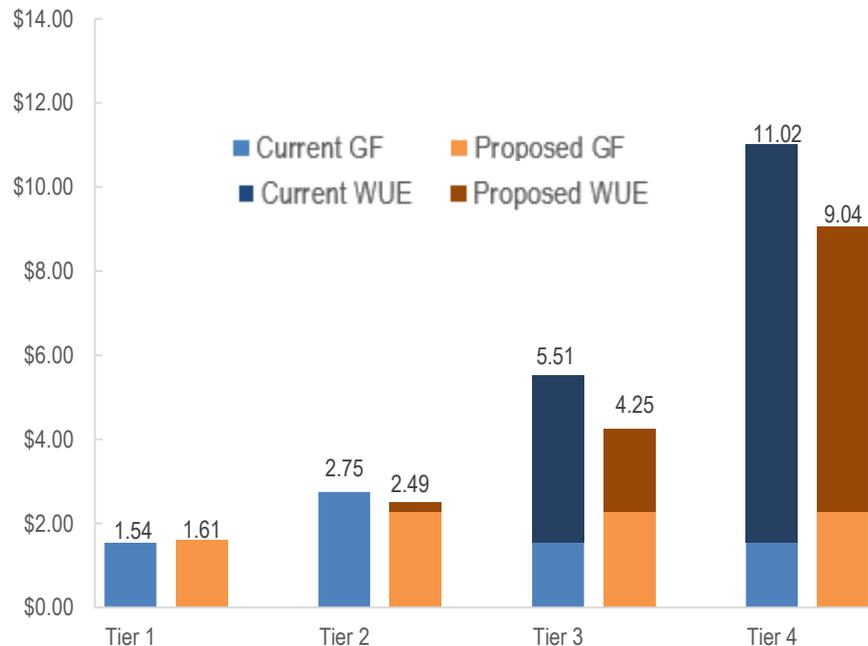
Commercial Impacts



Potable Irrigation Water Rates



Volumetric Rates



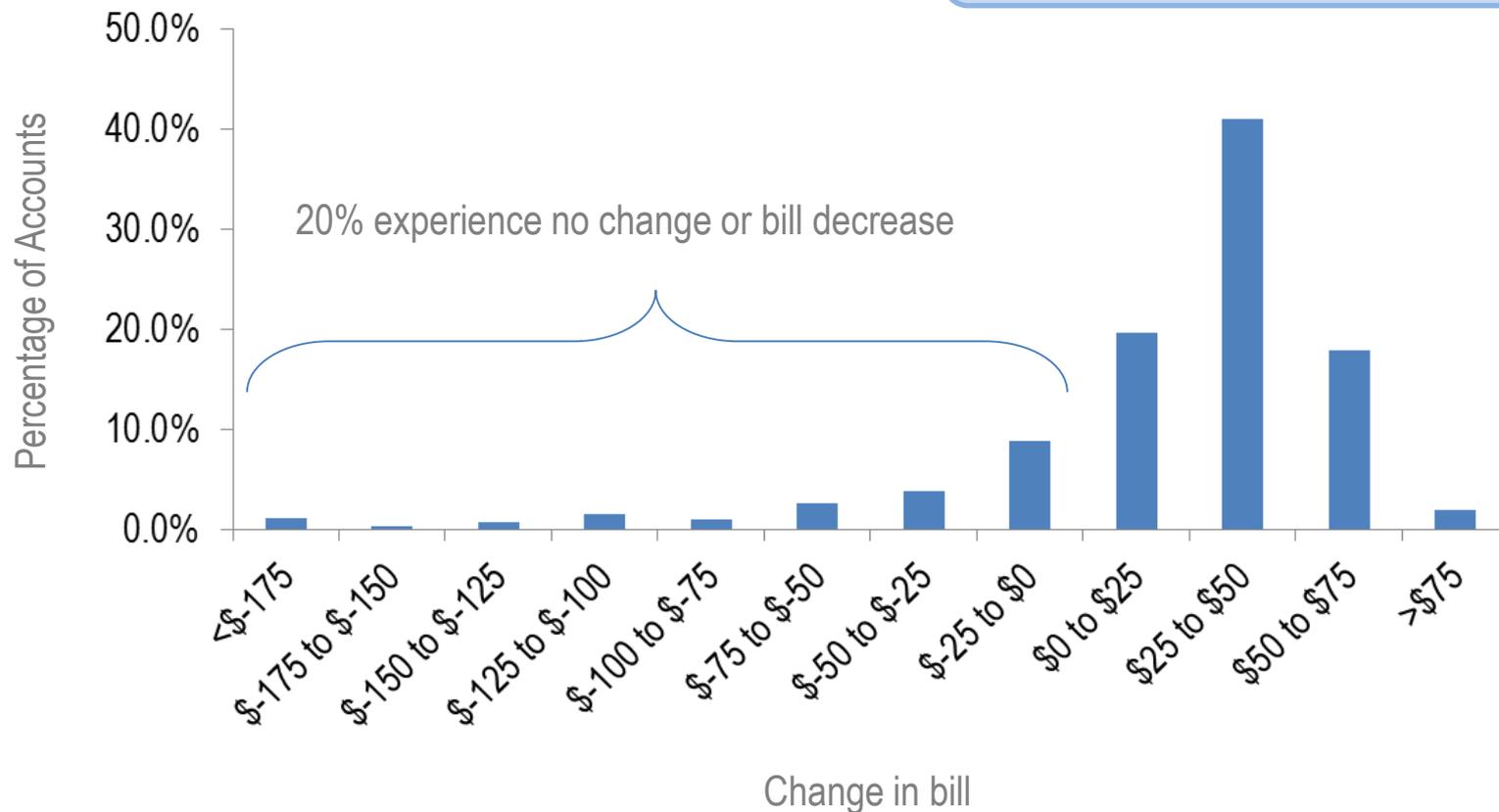
Revenue Requirement (\$M)	Current Allocation (\$M)	Difference (\$M)
\$4.7	\$4.3	\$0.4

Monthly Meter Charge

Meter Size	Count	Current	Proposed
5/8", 3/4" & 1"	-	\$10.36	\$16.88
1 1/2"	192	\$34.53	\$56.25
2"	1,007	\$55.25	\$90.00
3"	7	\$120.87	\$196.88
4"	7	\$207.20	\$337.50
6"	1	\$431.67	\$703.69
8"	-	\$621.60	\$1,012.50
10"	-	\$1,001.47	\$1,631.82

Potable Irrigation Bi-Monthly Bill Impact

Current Average bill = \$583.93

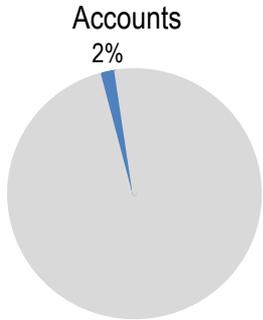


Potable Irrigation Impacts



■ Meter ■ Tier 1 ■ Tier 2 ■ Tier 3 ■ Tier 4 ■ Tier 5

Fire Protection & Construction

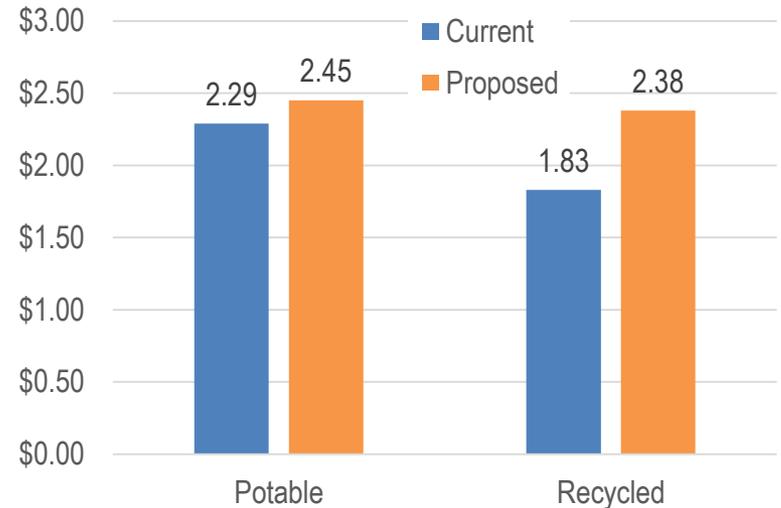


Meter Type	Revenue Requirement (\$M)	Current Allocation (\$M)	Difference (\$M)
Fire Protection	\$1.2	\$0.3	\$0.9
Construction	\$0.1	\$0.1	\$0.0

Fire Protection Monthly Meter Charge

Meter Size	Number of Meters	Current	Proposed
5/8", 3/4", 1"	64	\$6.28	\$3.58
1 1/2"	57	\$9.42	\$11.94
2"	160	\$12.56	\$19.11
2 1/2"	28	\$15.70	\$30.45
3"	51	\$18.84	\$41.80
4"	93	\$25.12	\$71.65
6"	303	\$37.68	\$149.27
8"	181	\$50.24	\$214.95
10"	17	\$62.80	\$346.31

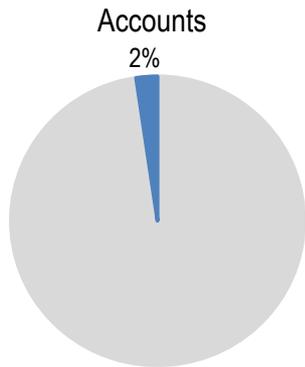
Construction Volumetric Rates



Construction Monthly Meter Charge

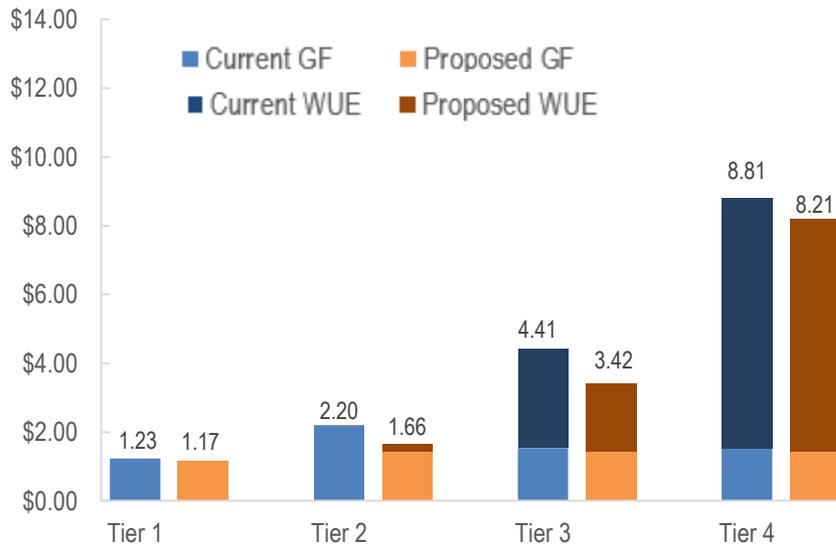
Current: \$78.45
Proposed: \$114.78

Recycled Water Rates



Revenue Requirement (\$M)	Current Allocation (\$M)	Difference (\$M)
\$5.7	\$5.4	\$0.3

Recycled Volumetric Rates

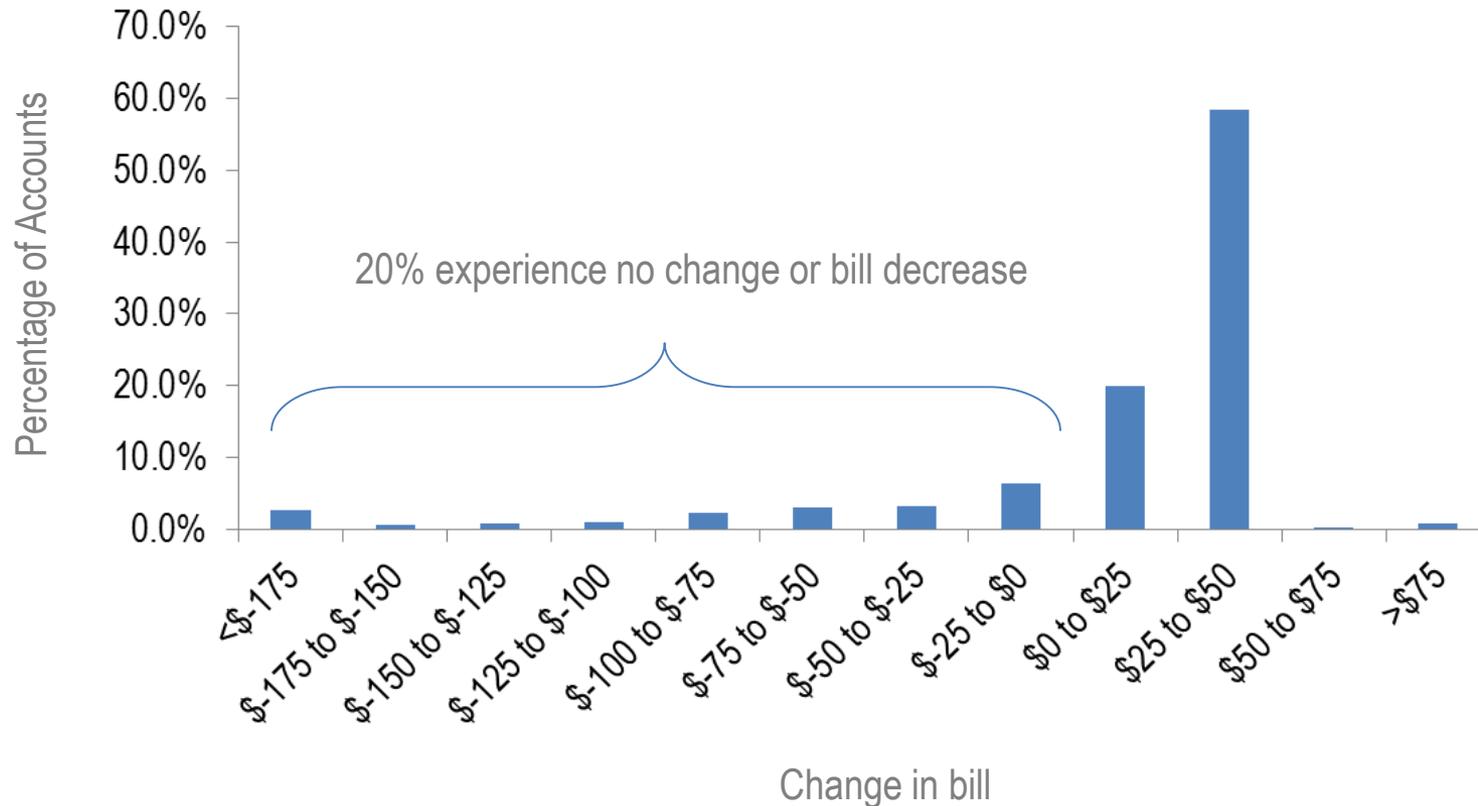


Monthly Meter Charge

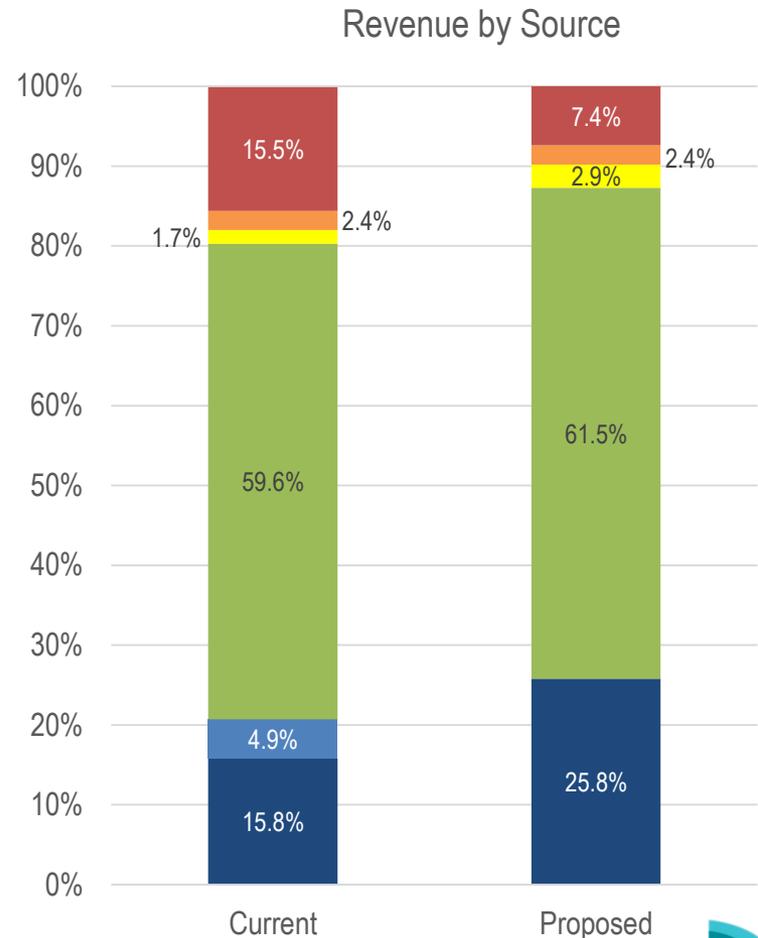
Meter Size	Current	Proposed
5/8", 3/4" & 1"	\$10.36	\$16.88
1 1/2"	\$34.53	\$56.25
2"	\$55.25	\$90.00
3"	\$120.87	\$196.88
4"	\$207.20	\$337.50
6"	\$431.67	\$703.69
8"	\$621.60	\$1,012.50
10"	\$1,001.47	\$1,631.82

Recycled Monthly Bill Impact

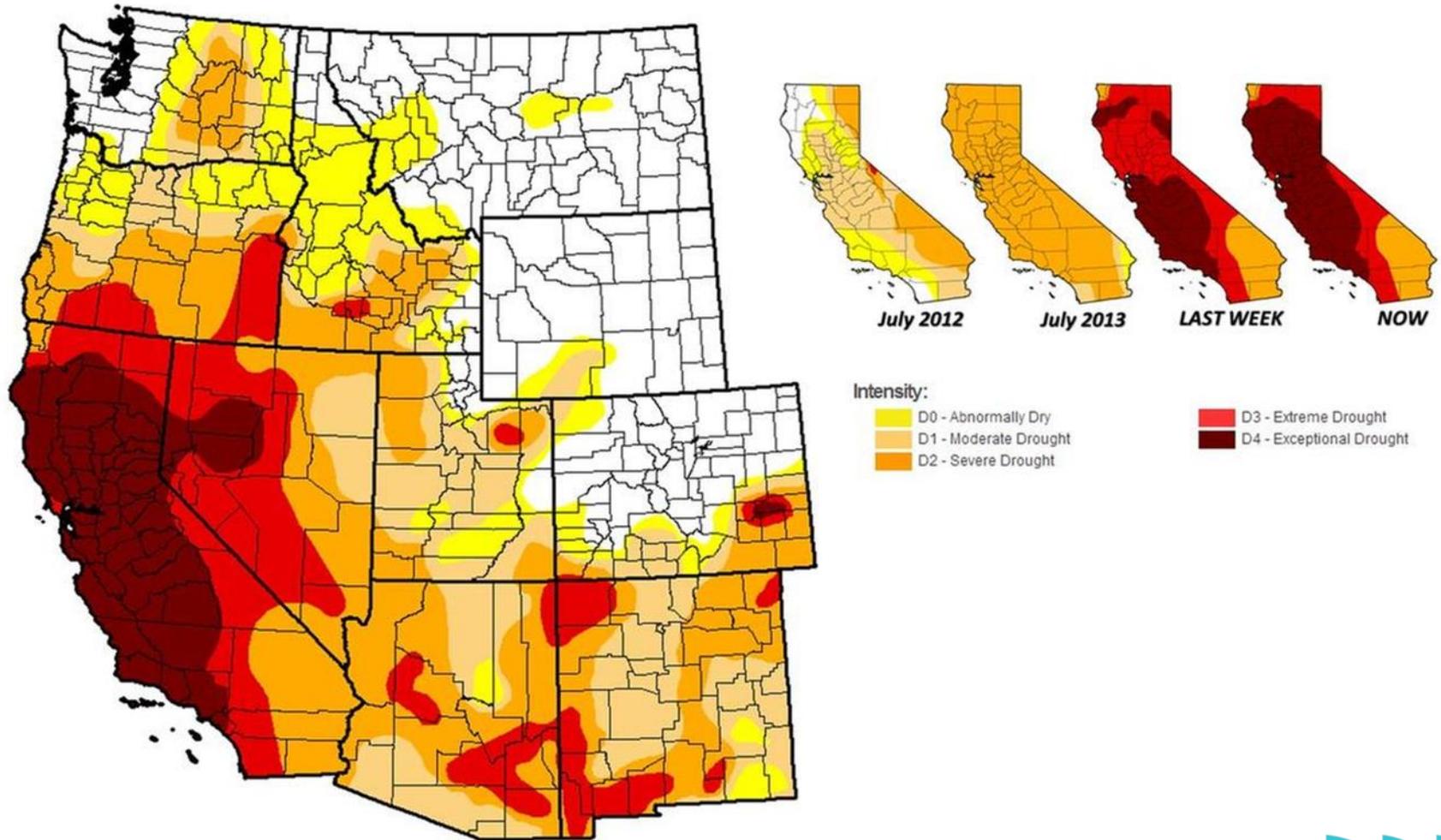
Current Average bill = \$346.10



Recycled Impacts



Prolonged Drought



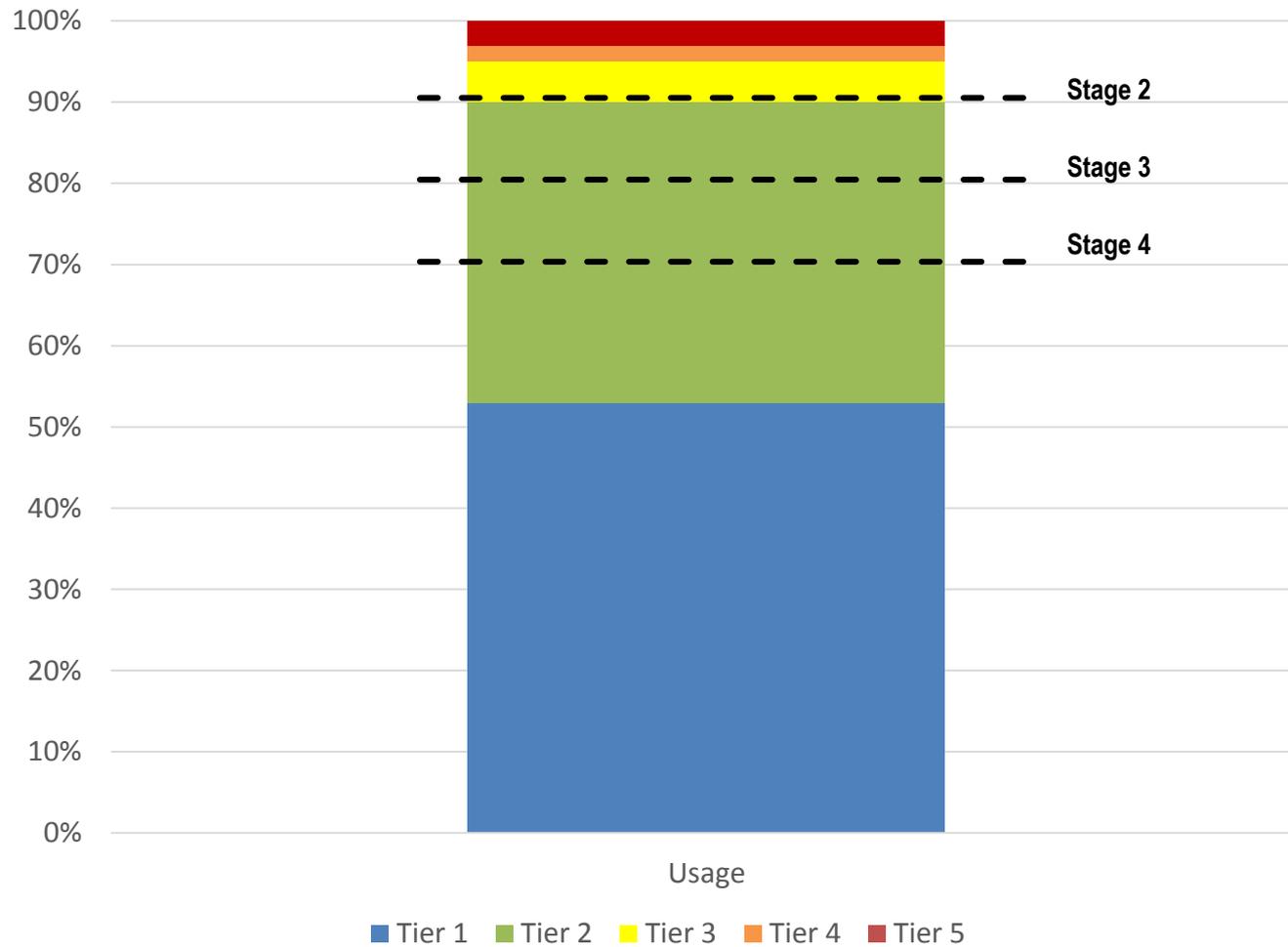
Foundation for Water Shortage Stages

- 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

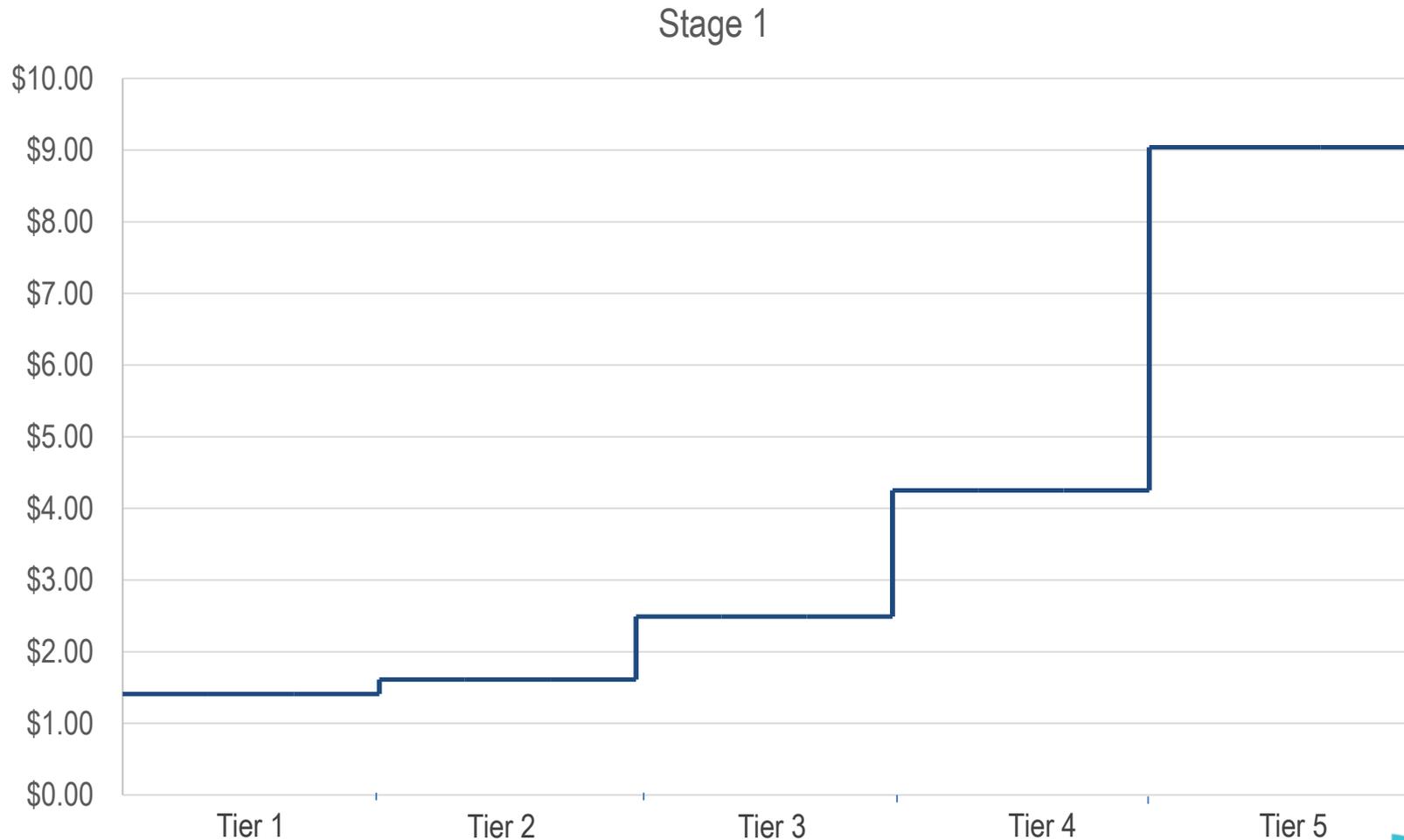
Potable Water Shortage Stages

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

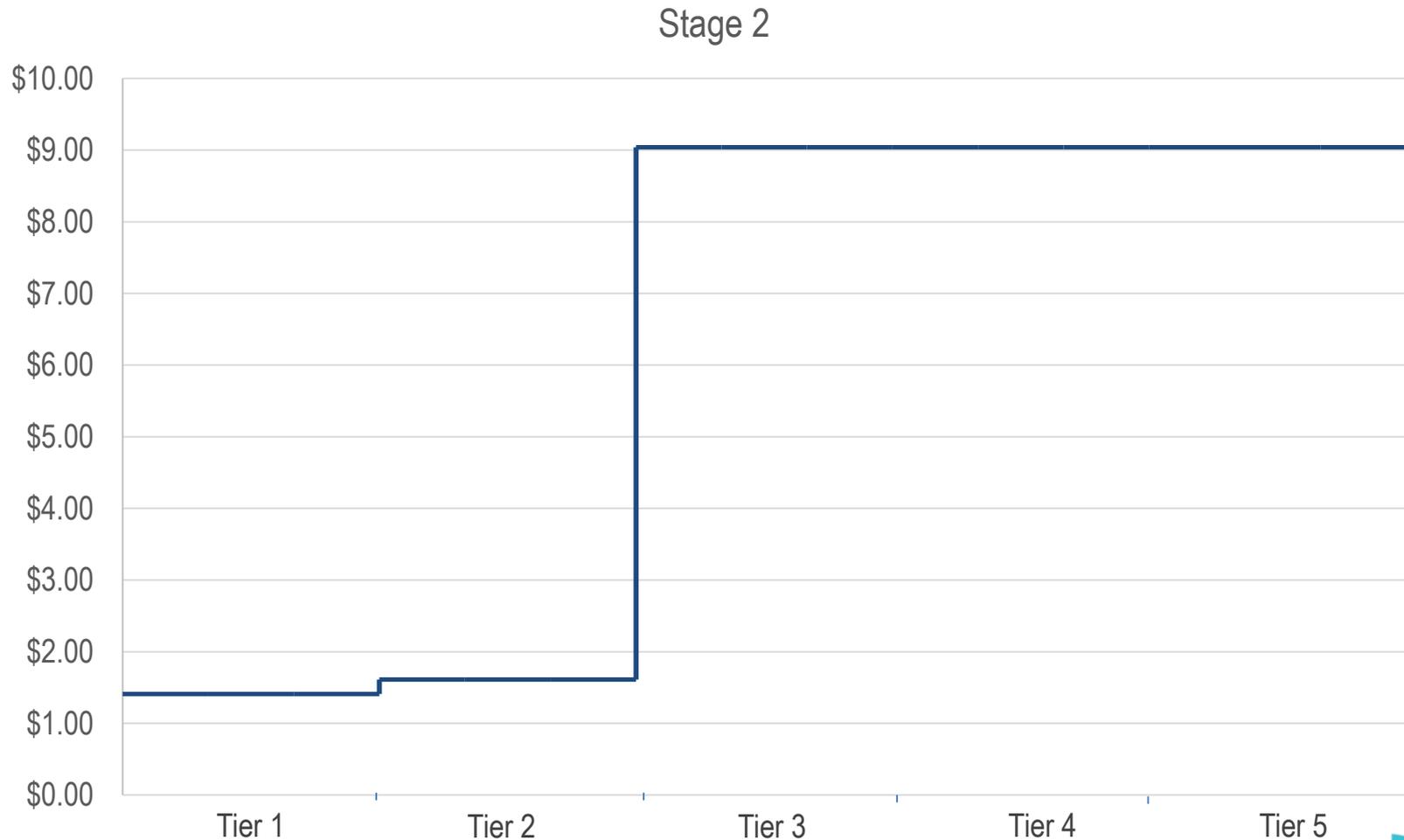
Tier Usage



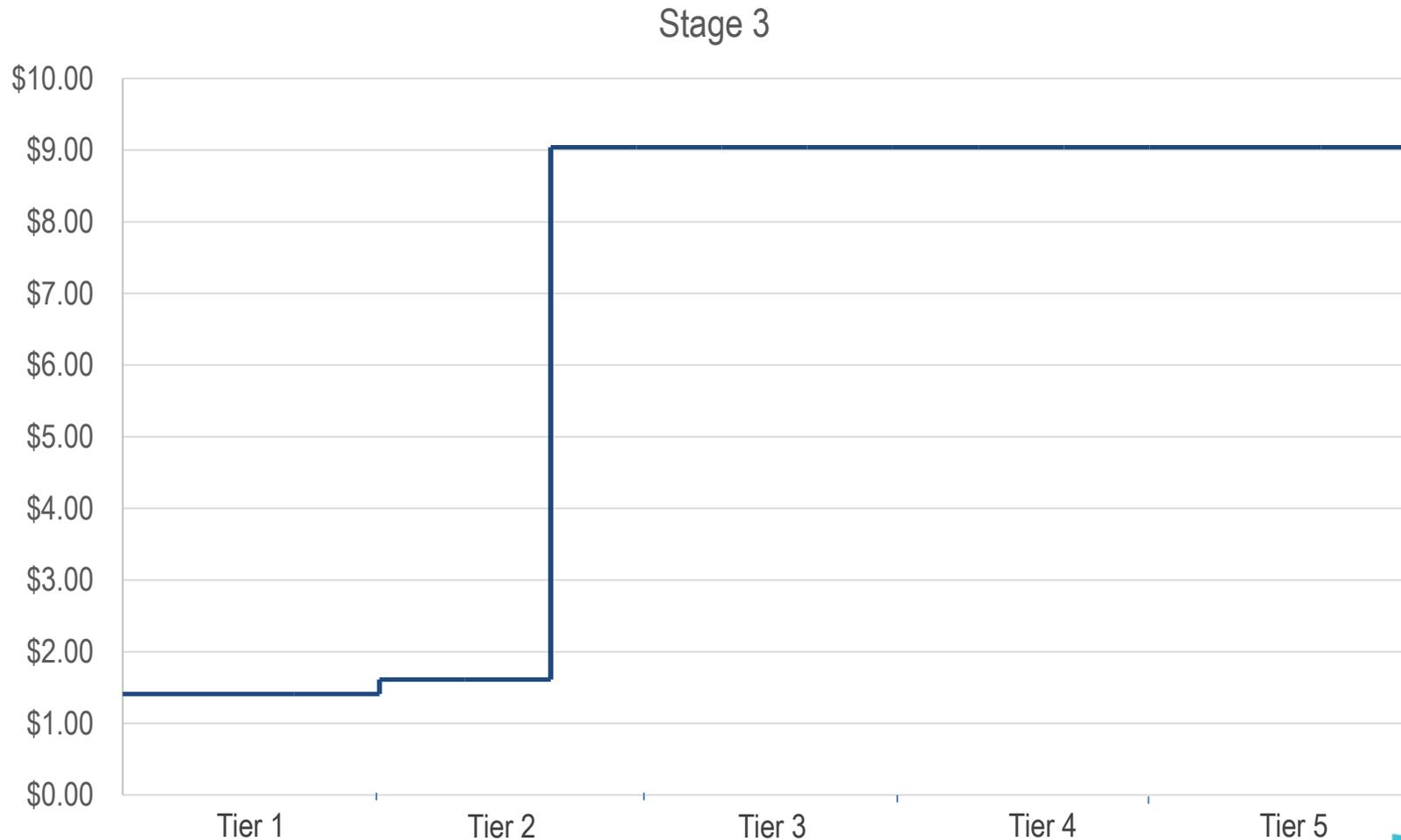
Water Shortage Rates



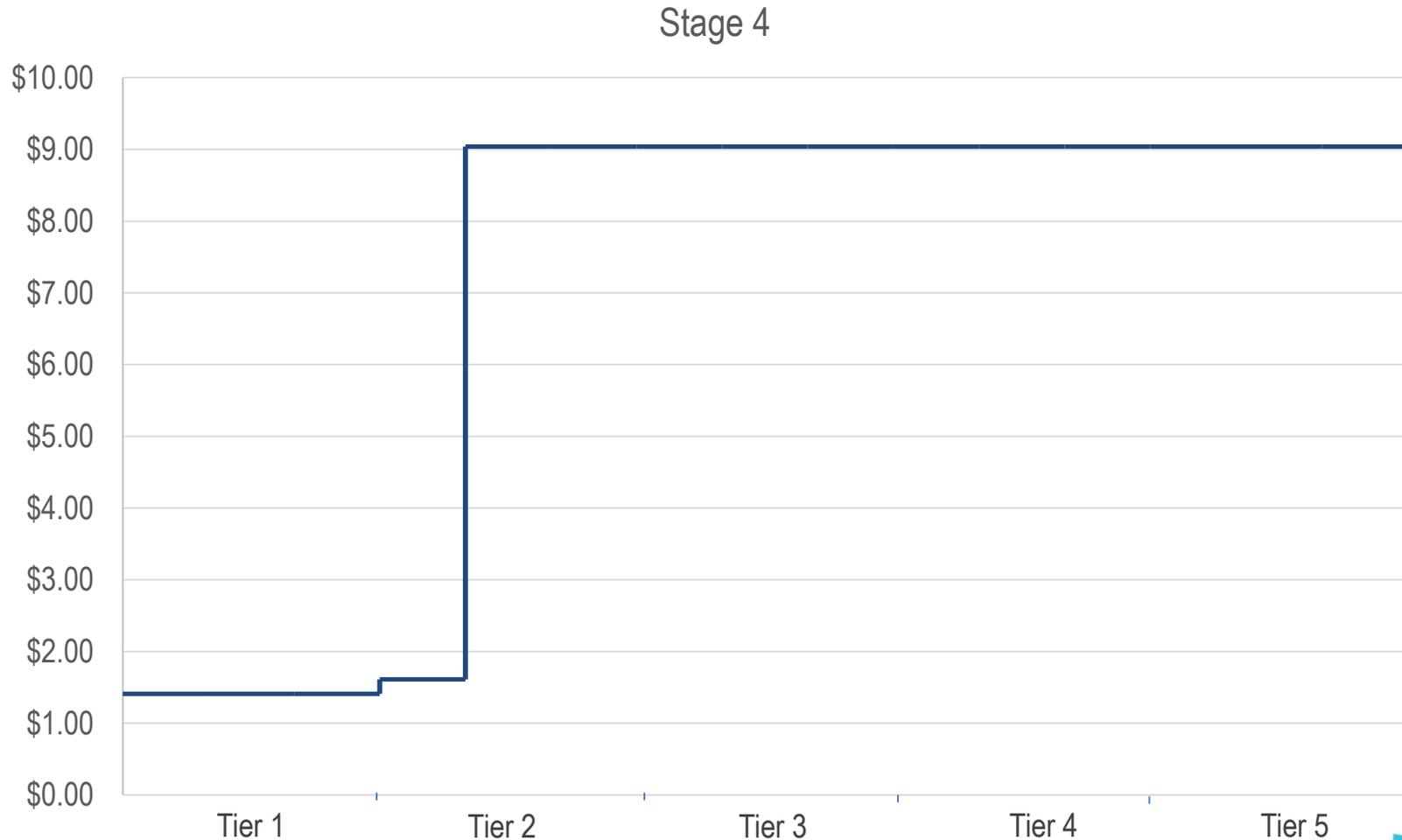
Water Shortage Rates



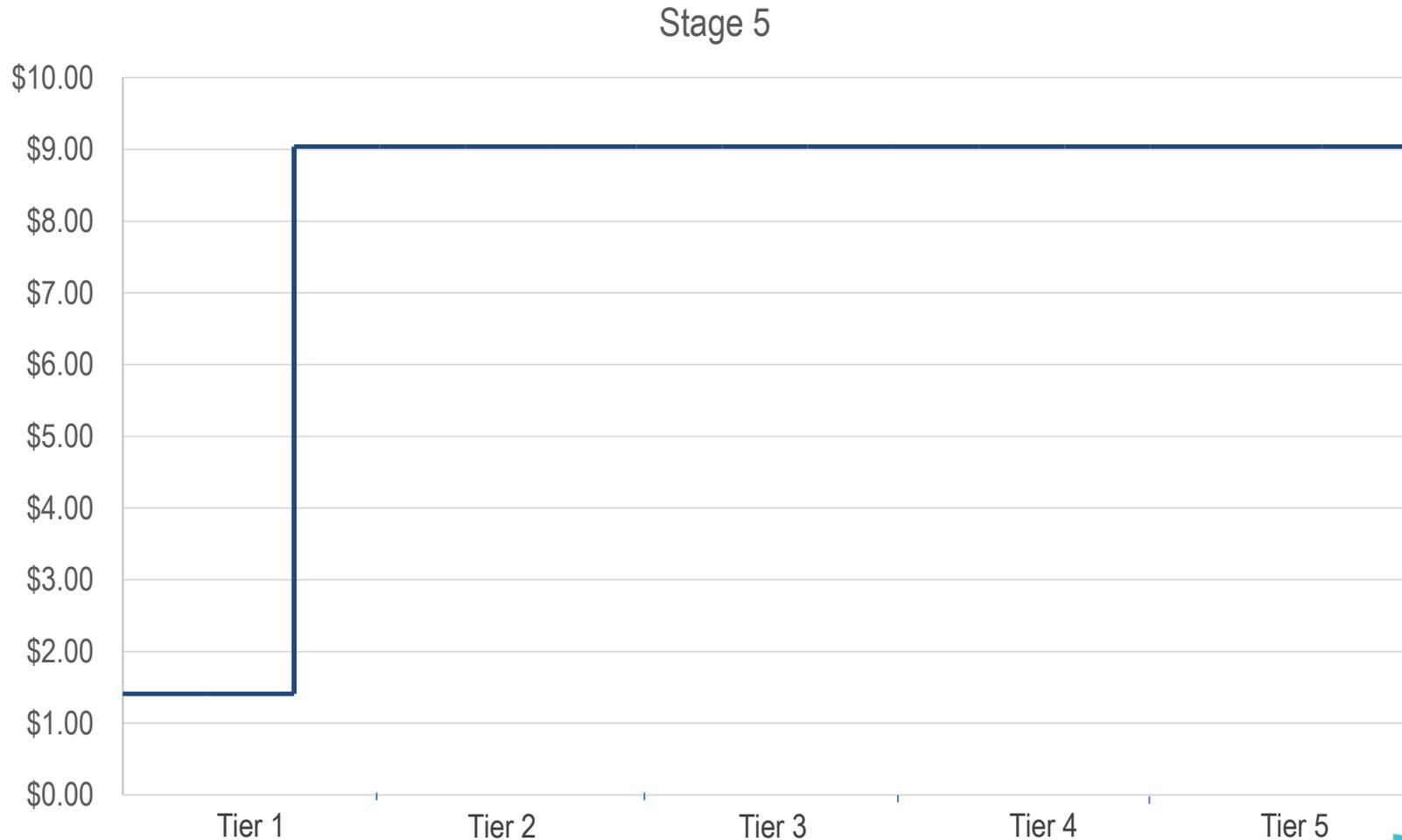
Water Shortage Rates



Water Shortage Rates



Water Shortage Rates



Outreach

- Board of Directors
- City Council and Staff
- Chambers
- Community Groups
- Citizen's Advisory Committee
- Extensive Public Communication

Timeline

