

Public Hearing of Proposed MNWD Rates

February 11, 2015



Moulton Niguel Water
Leading the Way in Service

Public Hearing

- Legal requirement of Proposition 218
 - Notice published at least 45 days prior to hearing
 - Oral testimony from customers
 - Opportunity to protest proposed rate increases

- Final step in extensive rate study
 - Long Range Financial Plan
 - Cost of service
 - General Fund
 - Water Use Efficiency Fund
 - Rate design
 - Legal compliance
 - Customer outreach

Public Rate Meetings to Date

- Monthly Board Meetings
 - March
 - August
 - September
 - October
 - November
 - December
- Citizens Advisory Committee Meetings
 - September
 - December
- Special Board Meetings
 - October
 - February
- City Council Presentations
 - Laguna Niguel
 - Mission Viejo
 - Laguna Hills
 - Aliso Viejo

Financial Performance

- Strong Credit Ratings
 - Fitch “AAA”
 - S&P “AA+”

- Grant Funding
 - \$0.5 MM Prop. 84
 - \$3.5 MM Prop. 50
 - \$1.8 MM FEMA

- Bond Refundings → Save Ratepayers \$\$\$
 - 2003 Certificates of Participation
 - 2009 Certificates of Participation
 - 2014 General Obligation Bonds (Saved residents \$1.74 MM)

Budget Based Tiered Rates

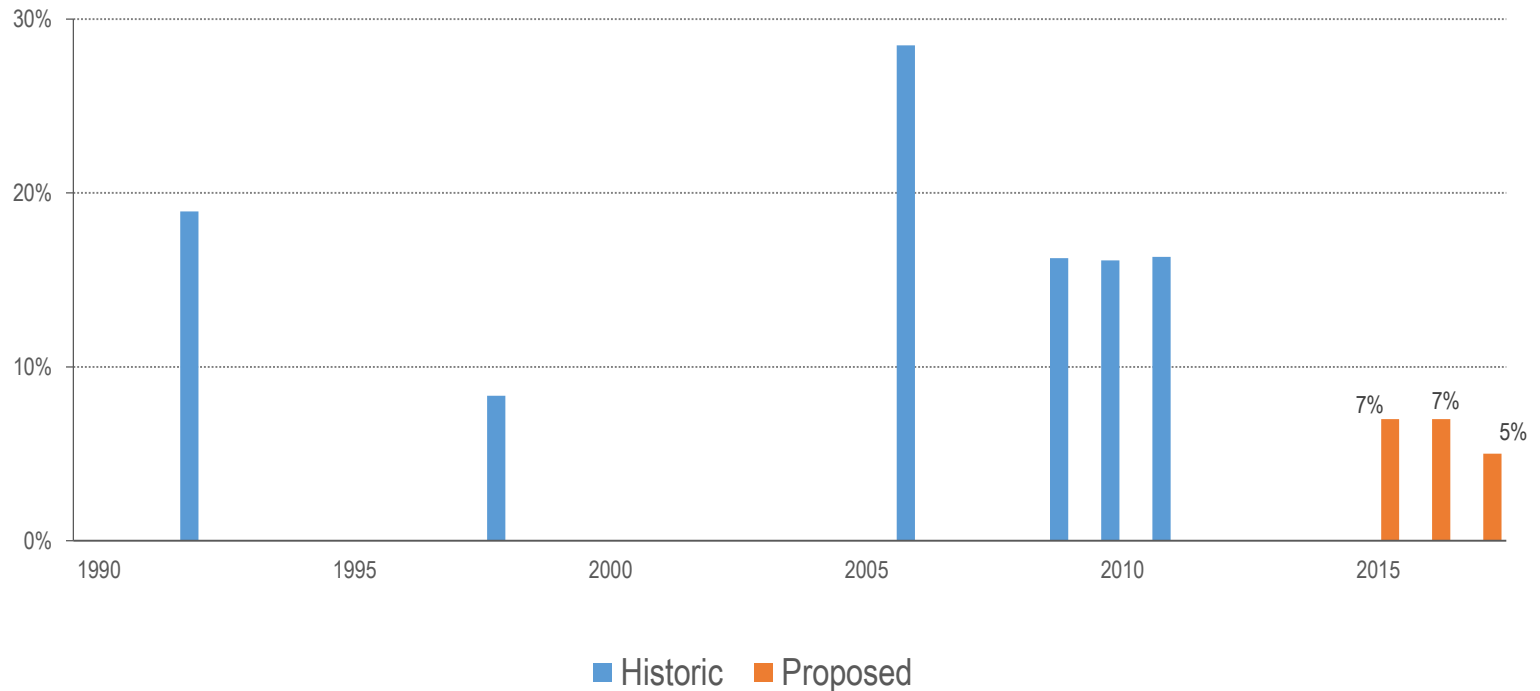
- Statewide recognition of budget based tiered rate structures
 - Rate structure workshops
 - State Water Resource Control Board

- Alternate Plan approval
 - 1 of 2 agencies statewide
 - No mandatory watering days
 - Historical efforts and future plans

- Build on current structure
 - Continue to incentivize water use efficiency
 - Integrate Water Shortage Contingency Plan

Rate Setting

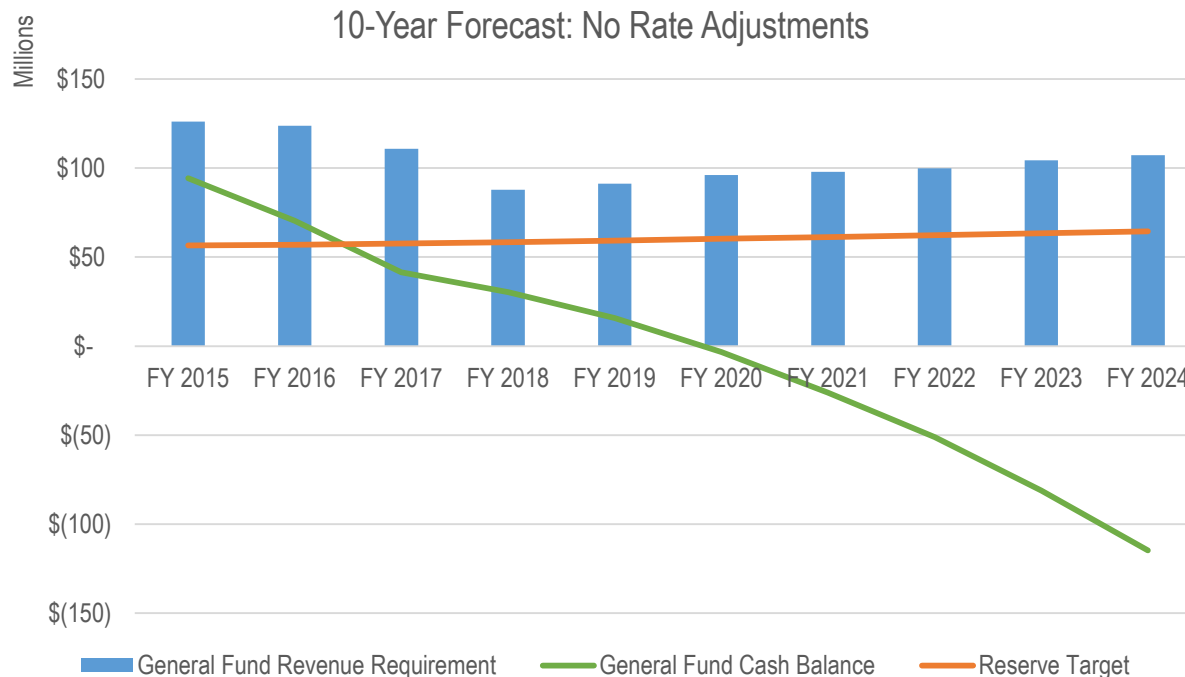
Residential Rate Increases



Regular and incremental future increases

Drivers

- Growing infrastructure needs
 - \$230 million 10-year Capital Improvement Plan (i.e. pipes, pumps & other infrastructure)
- Increase in data availability and detail
- Water purchases (100% from regional wholesale agency- MWD)



Current Conditions

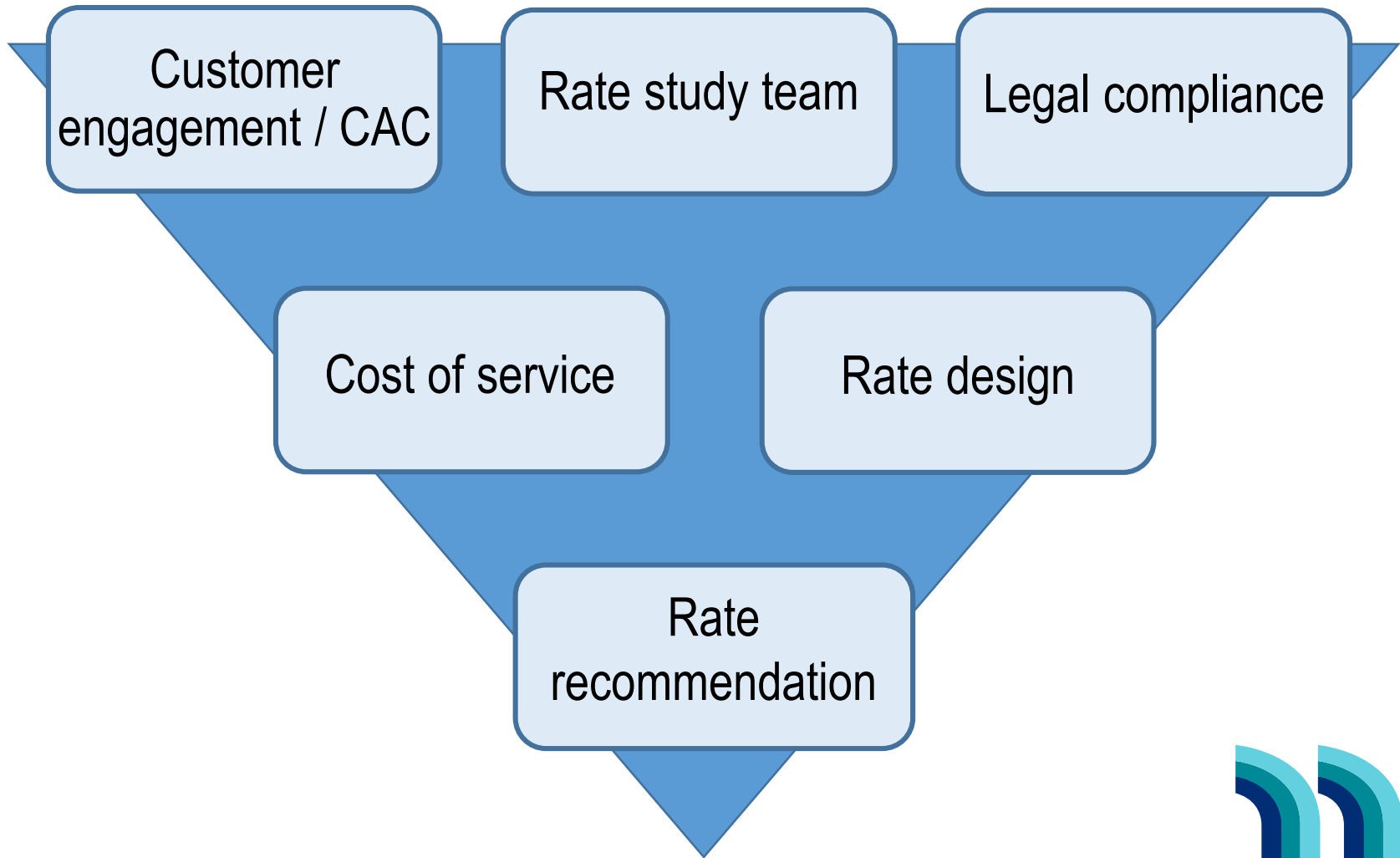
- Prolonged drought



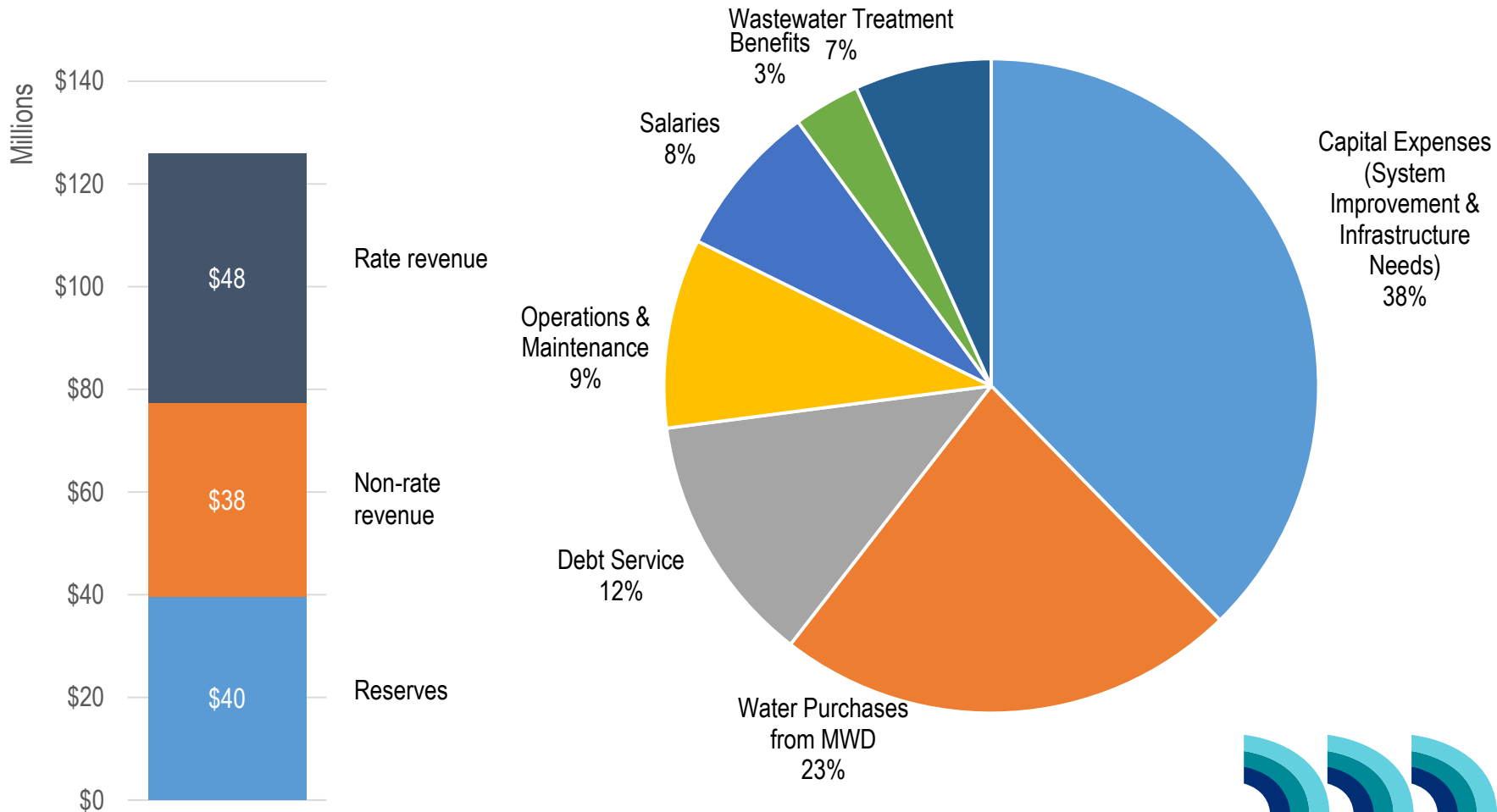
- Growing infrastructure repair and replacement needs



Process



Revenues & Expenses



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



Rate Structure

Component	Current	Proposed
GPCD	65	60
Plant Factor ¹	0.8	0.7
Tier Widths ²	10% for over allocation tiers	25% for over allocation tiers
Wastewater Rates	Service charge + volumetric	100% service charge

- Integrated Water Shortage Contingency Plan
- Pass through wholesale cost increases above assumptions

1. Only applies to potable accounts
2. Applies to commercial, irrigations and recycled accounts

Volumetric Rates

- Potable Water - Drinking Water (Residential & Commercial Uses)

Residential, Multi-Family	Commercial, Irrigation	Current	Proposed
Tier 1		\$1.38	\$1.41
Tier 2	Tier 1	\$1.54	\$1.61
Tier 3	Tier 2	\$2.75	\$2.49
Tier 4	Tier 3	\$5.51	\$4.25
Tier 5	Tier 4	\$11.02	\$9.04

Average residential bill:

Current = \$32.85

Proposed = \$34.43

- Recycled Water - Commercial, Landscape, Irrigation

Recycled	Current	Proposed
Tier 1	\$1.23	\$1.17
Tier 2	\$2.20	\$1.66
Tier 3	\$4.41	\$3.42
Tier 4	\$8.81	\$8.21

Water Monthly Service Charge

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

Wastewater Monthly Service Charge

- Proposed

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

Current

Service Charge - \$11.14

Volumetric Charge - \$0.88

Average current residential
monthly charge - \$22.58



Policy Objectives in Rate Setting

- Financial Stability
- Analytical Support
- Equity
- Customer Considerations
- Legal Compliance
- Outreach & Ongoing Communication
- Affordability
- Water Use Efficiency