



REVISION

OCTOBER 23, 2015

BOARD AGENDA

Item 4.2 Rate Structure Update

Revisions to Summary and Additional Information:

Summary

- Wording in Summary are reflected in **red**.

Discussion

- Added Financial Impact and Analysis information to pages 3 - 5.
- Added Exhibit “B” and Exhibit “C”.

Santa Margarita Water District



MEMORANDUM

REVISED October 22, 2015 – See Pages 3 – 5, and Exhibits B and C.

TO: Board of Directors **DATE:** October 23, 2015
FROM: Nancy Trujillo
Dan Ferons
SUBJECT: Rate Structure Update

SUMMARY

Issue: The restructured water, recycled water and wastewater service **rates** adopted by the Board on March 4, 2015 focuses on aligning charges with the cost of service, including funding new capital infrastructure costs, repair and replacement reserves, and collecting fixed charges to adequately pay for fixed costs over the next **three** years. The water budget structure phase-in implementation that starts on January 1, 2016 will also help to enhance the District's water conservation efforts. The rates changes are not drought penalties or surcharges.

Fiscal Impact: The projected cash flow from the fixed and variable revenue sources for water, recycled and wastewater, along with reserves, fund fixed and variable expenses, capital expenditures, and debt coverage requirements. The restructure focuses on clearly aligning **rates** with expenses and in particular, in collecting fixed charges in an adequate amount to pay for fixed costs. **A detailed financial impact and analysis summary for the proposed 2016 rate increase is included.**

Previous Related Action: The Board adopted the new rate structure by Resolution 2015-03-01 on March 4, 2015. A summary was presented at the FA Committee meeting on September 24, 2015.

Future Action: The District has begun its outreach plan to inform customers of the change in the structure and impacts to customers' bills, including an online calculator. Customer notices will be mailed out 30 days prior to the January 1, 2016 effective date.

DISCUSSION:

The Board adopted a new rate structure and rates on March 4, 2015 by Resolution No. 2015-03-01 in conjunction with Gov. Code 53756. As part of the restructure, implementation of the water budget rates is scheduled to begin January 1, 2016, for the Single-Family Residential (SFR) and Irrigation account customers. Under this new rate structure, each SFR and Irrigation customer will be allocated a budgeted amount of water for their monthly water usage.

Potable Water Commodity Charges (Table 5)

SFR customers will be given an indoor and outdoor water budget. The indoor water budget is calculated based on four factors: (1) the number of persons in a household (standard of four); (2) a standard consumption of 55 gallons of water per person per day; (3) the number of dwelling units served by the water meter; and (4) the number of days in the billing cycle. The SFR and the Irrigation customers' outdoor water budget is calculated by using three factors: (1) the size of the irrigable landscape area per parcel; (2) actual daily plant water loss to the atmosphere over a given period of time ("evapotranspiration"); and (3) a "plant factor" that reflects the water needs of specific types of plants and irrigation efficiencies. Irrigation customers are only given an outdoor budget.

The outdoor water budget implementation will be done in phases. On January 1, 2016 all lot sizes that are over 15,000 square feet (SF) will be based on actual irrigable landscape area measurements. Lot sizes of 15,000 SF or smaller will be placed in "bins" as noted in Exhibit "A" Table 1 until the irrigable areas are measured over the next four years. Rate structures by customer class are included in Table 2. Tier definitions are noted in Table 3.

Recycled Commodity Charges (Table 6)

The recycled commodity rates for Irrigation accounts for non-domestic and blended water are also scheduled to change to implement the water budget tier rates on January 1, 2016. Tiers 1-3 non-domestic/blended water rates will change from a uniform charge to a per ccf charge and are scheduled to decrease on average \$0.03-\$0.23, and Tiers 4-5 are scheduled to increase on average \$0.04-\$0.91. Tier 1 non-domestic water rates will change from a uniform charge of \$1.85 to a per ccf charge and are scheduled to decrease \$0.02, and Tiers 2-5 are scheduled to increase on average \$0.16-\$1.12.

Wastewater Volumetric Charges (Table 9)

The adopted rate structure also included a change to the per ccf rates for volumetric wastewater service charges. In March 2015, those rates decreased across the board and will be unchanged for the remainder of the five year Prop 218 period until December 31, 2019 unless a lower cost justifies a lower rate.

Fixed Charges (Tables 4 and 8)

The adopted rate structure also included a fixed charge by meter size for potable and recycled water, and by usage type for wastewater customers. The potable and recycled water rates are scheduled to increase for most SFR customers by \$6.17, and for most irrigation accounts by \$17.81 on January 1, 2016. The uniform fixed charge for wastewater is scheduled to be \$20.30, an increase from the current \$12.92 per account. The fixed charge increases to cover the District fixed costs were approved by the Board to be smoothed out over a three year period from 2015-2017. The Board authorized \$4.9 million in 2015 and \$4.2 million in 2016 from the Rate Stabilization Fund to be used to soften the fixed rate increases.

Water Rate Pass Throughs (Table 7)

The Raftelis Rate Study included assumptions for the anticipated wholesale water rates related to the wholesale water service provided by MWD and MWDOC. Any other increases in charges will be passed through to the customer. In addition, the power surcharge is based on the District's

energy charges for usage in zones that require water to be pumped (Table 7). The Pass Through increases are based on the District’s cost of providing water service and can be charged to the customer with Board approval if the increases exceed 7.5% but shall not exceed 10%. For 2016, the proposed rates included the increases by MWD, therefore a wholesale water pass-through is not required.

Customer Notification

Exhibit “A” shows the rate schedules adopted by the Board that include the January 1, 2016 initial water budget implementation. District staff will send a 30 day notice to customers by December 1, 2015 advising of the annual increases adopted by the Prop 218 hearing. This rate change notice will be sent to the customers prior to the water consumed starting on January 1 that will be reflected on the February bills.

ADDITIONAL INFORMATION

Financial Impact and Analysis

District staff has completed analyses of the 2016 new rate structure and rates adopted on March 4, 2015 by Resolution No. 2015-03-01.

1. Net Operating Income (Table I):

The Net Operating Income comparison before the Rate Stabilization Fund offset shows that total revenues from fixed and commodity charges in 2016 are not sufficient to cover fixed and variable expenses. This is primarily due to the fixed rates not fully covering expenses yet and commodity charges are not helping to cover the shortfalls due to the reduced consumption in 2016. The Rate Stabilization Fund offset of \$4.2 million helps to offset this shortfall but still leaves a negative balance of \$3.3 million, all attributable to the Water. Recycled Water and Wastewater do not have negative shortfalls, and are consistent to the rate study after applying the Rate Stabilization Fund.

| | (in 000's) | | | |
|-------------------------|-------------------|----------------|---------------|-------------------|
| | Potable Water | Recycled Water | Wastewater | Total |
| Net Fixed Charges | \$ (7,210) | \$ (4,575) | \$ 204 | \$ (11,581) |
| Net Commodity Charges | (1,358) | 5,308 | 173 | 4,123 |
| Net Operating Income | (8,568) | 733 | 377 | (7,458) |
| Rate Stabilization Fund | 3,700 | - | 500 | 4,200 |
| | <u>\$ (4,868)</u> | <u>\$ 733</u> | <u>\$ 877</u> | <u>\$ (3,258)</u> |

2. Net Cashflow (Table II):

The Net Cashflow after Debt Service comparison after non-operating revenues and expenses, purchased assets, and the Rate Stabilization Fund and reserve additions, shows that the budgeted cashflow is breaking even for Recycled Water and Wastewater but still short for Water. This is specifically due to the fixed charges still not covering the fixed expenses, and commodity charges not being able to cover the fixed expense shortfall due to the lower consumption. While the combined total is in line with the rate study, the lower

consumption has a significant impact on the Water cashflow. The cashflow shortfall of \$3.8 million is after the \$4.2 million Rate Stabilization Fund. The \$3.8 million will come from other Operating Reserves, and is consistent with the Board approved budget.

3. Fixed Charges covering Fixed Expenses (Tables III - VI):

Because the increase in fixed charges is being smoothed over three years starting partially in 2014/15, it was anticipated that the District would not start to fully cover fixed expenses until 2017/18. The shortfall was expected to be covered by commodity charges, as well as the Rate Stabilization Fund and other Operating Reserves. However the ability for the commodity charges to cover the fixed expenses is diminished due to the reduced consumption. Total fixed expenses are covered by fixed charges by 56% in FY 2016, and 69% after the Rate Stabilization Fund, and are forecasted to reach 100% in FY 2018/2019.

The Recycled Water Net Fixed Charges are low through FY 2017/18 and will require further research why the Net Commodity Charges continue to be higher. The Irrigation accounts (Domestic and Non-Domestic) may have to be reviewed as a separate sales type.

4. Consumption (Table VII):

Table VII depicts the monthly consumption trend from March 2015-June 2016. The budgeted consumption by month follows the trend line in the rate model, but is lower than the rate model due to the 24% consumption reduction which was not anticipated in the rate model. Further, the consumption appears to be trending slightly below the budget for July-August 2015. Staff will continue to monitor the monthly consumption against the budget as the year progresses, since this has a direct impact on the amount of the commodity charges that are available to cover the cashflow shortfalls.

5. Pass-Throughs (Table VIII):

The adopted rates included a provision to allow the District to pass through higher increases for the cost of MWD water rates that were not included in the rate study. This increase was limited to an additional increase up to 10%. In addition, the Prop 218 allows the District to pass through higher increases in the cost of power rates over the 7.5% annual power rate increase assumption, up to 10% annually.

The rate study cost of service study included pass through increases separate from the MWD rates that go into effect on January 1 of each year. The commodity rates did not include any MWD water rate increases. The 2016 MWD Full Service Treated Volumetric Cost per AF rate is \$942 (blended since the rate goes into effect mid- year). The 2015 MWD rate is \$923 blended, or a 3% increase from 2015 to 2016. The MWD water pass through is estimated to be \$0.04 per ccf per month. Annually this adjustment is estimated to be \$385,000.

Table VIII shows the estimated overall increases in the Edison and SDG&E power rates over the past year. The increase is 8.28%, and the additional increase over the 7.5% assumption included in the adopted rates is less than 1%. Therefore there will be no power pass-through expected in 2016.

6. Impact on customer bills (Tables A – D):

Tables A – D show the impact of the rate structure change on the total customer bills from 2015 to 2016. Below is a summary of the increases per month on the total bill for the average customer in each class:

| | | |
|----------|-------------------------------|-----------|
| Table A: | Single Family Residence (SFR) | \$ 9.92 |
| Table B: | Multi Family Residence (MFR) | \$12.47 |
| Table C: | Recycled Irrigation (IRR) | \$35.31 |
| Table D: | Domestic Irrigation (IRR) | (\$17.44) |

7. Consumption Ranges (Tables A – D):

Tables E – G show the average number accounts in various consumption ranges for SFR, MFR, and IRR accounts.

District staff is concluding that based on the analyses conducted, that there is no indication that rates should be lowered from the rates that were adopted in March 2015. District staff will continue to monitor how well the actual consumption and cashflows trend against the budget. Since the 2016 budget is in line with the rate study, except for Water due to the lower consumption experienced so far, any significant differences that persist will be evaluated in the first quarter 2016 to determine if a new cost of service and Prop 218 process is recommended for possible increased rates, or if a drought surcharge or penalty fee structure should be considered.

Exhibit “A” – Adopted Rates

TABLE 1

SINGLE-FAMILY RESIDENTIAL MULTI-YEAR PHASE-IN FOR OUTDOOR BUDGETS IRRIGABLE AREA BY LOT SIZE (IN SQ. FEET)

| Lot Size | # of Parcels | 1/1/2016 | 1/1/2017 | 1/1/2018 | 1/1/2019 |
|-----------------|---------------------|-----------------|-----------------|-----------------|-----------------|
| 0 – 4,000 | 6,554 | 1,100 | 1,100 | 1,100 | Individualized |
| 4,001 – 8,000 | 22,936 | 2,400 | 2,400 | Individualized | Individualized |
| 8,001 – 15,000 | 5,123 | 5,500 | Individualized | Individualized | Individualized |
| 15,001 – 50,000 | 822 | Individualized | Individualized | Individualized | Individualized |
| Above 50,000 | 222 | Individualized | Individualized | Individualized | Individualized |

TABLE 2

MULTI-YEAR WATER RATE STRUCTURES BY CUSTOMER CLASS*

| Customer Class | 3/10/2015 | 1/1/2016 | 1/1/2017 | 1/1/2018 | 1/1/2019 |
|-----------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Single-Family | Inclining Tiers | Water Budgets | Water Budgets | Water Budgets | Water Budgets |
| Multi-Family | Inclining Tiers | Inclining Tiers | Inclining Tiers | Inclining Tiers | Inclining Tiers |
| Irrigation | Uniform | Water Budgets | Water Budgets | Water Budgets | Water Budgets |
| Commercial | Uniform | Uniform | Uniform | Uniform | Uniform |
| All Others | Uniform | Uniform | Uniform | Uniform | Uniform |

*See preceding table for the phase-in of individualized water budgets based on outdoor irrigable area by lot size.

TABLE 3

TIER DEFINITIONS FOR SINGLE-FAMILY RESIDENTIAL AND IRRIGATION CUSTOMERS' WATER BUDGET RATE STRUCTURE

| Tiers | Single-Family Residential | | | Irrigation | | |
|-------|---------------------------|------|---------------------|--------------|------|--------------------|
| | From | To | Tier Widths | From | To | Tier Widths |
| 1 | 0% | 100% | 100% Indoor Budget | 0% | 50% | 50% Outdoor Budget |
| 2 | 0% | 100% | 100% Outdoor Budget | 50% | 100% | 50% Outdoor Budget |
| 3 | 100% | 150% | 50% Total Budget | 100% | 150% | 50% Outdoor Budget |
| 4 | 150% | 200% | 50% Total Budget | 150% | 200% | 50% Outdoor Budget |
| 5 | Above Tier 4 | | | Above Tier 4 | | |

TABLE 4

FIXED POTABLE AND RECYCLED WATER SERVICE CHARGE RATES (\$/METER SIZE)*

| Meter Size | # Accounts | 3/10/2015 | 1/1/2016 |
|---------------------|------------|-----------|----------|
| 3/4" | 41,202 | \$8.72 | \$14.89 |
| 1" | 7,419 | \$10.96 | \$20.59 |
| 1 1/2" | 864 | \$16.58 | \$29.01 |
| 2" | 2,323 | \$24.22 | \$42.03 |
| 2 1/2" | 77 | \$38.54 | \$72.94 |
| 3" | 41 | \$52.86 | \$103.84 |
| 4" | 90 | \$78.23 | \$150.96 |
| 6" | 110 | \$146.58 | \$274.90 |
| 8" | 185 | \$230.22 | \$428.94 |
| 10" | 14 | \$344.22 | \$642.46 |
| Total # of Accounts | | 52,325 | |

*Includes District reserve funds of \$1.9 million approved by the Board to help soften any potential hardship due to fixed meter charge increases in 2015 (reduction of approximately \$2.82 per meter) and \$1.2 million in 2016 (reduction of approximately \$1.77 per meter).

TABLE 5

POTABLE WATER COMMODITY CHARGE RATES (\$/CCF)

| <i>Single-Family</i> | | |
|----------------------|------------------|-----------------|
| | 3/10/2015 | 1/1/2016 |
| Tier 1 | \$2.04 | \$1.86 |
| Tier 2 | \$2.29 | \$2.11 |
| Tier 3 | \$2.77 | \$2.61 |
| Tier 4 | \$3.28 | \$3.12 |
| Tier 5 | \$4.50 | \$4.67 |

| <i>Irrigation (Domestic Water)*</i> | | |
|-------------------------------------|------------------|-----------------|
| | 3/10/2015 | 1/1/2016 |
| Tier 1 | \$2.51 | \$2.23 |
| Tier 2 | \$2.51 | \$2.32 |
| Tier 3 | \$2.51 | \$2.49 |
| Tier 4 | \$2.51 | \$2.66 |
| Tier 5 | \$2.51 | \$3.29 |

| <i>Multi-Family</i> | | |
|---------------------|------------------|-----------------|
| | 3/10/2015 | 1/1/2016 |
| Tier 1 | \$2.04 | \$1.86 |
| Tier 2 | \$2.29 | \$2.11 |
| Tier 3 | \$2.77 | \$2.61 |
| Tier 4 | \$3.28 | \$3.12 |
| Tier 5 | \$4.50 | \$4.67 |

| <i>Commercial and Lakefill (Domestic Water)</i> | | |
|---|------------------|-----------------|
| | 3/10/2015 | 1/1/2016 |
| | \$2.25 | \$2.00 |

*Tier rates for Irrigation start 1/1/2016.

TABLE 6

RECYCLED WATER COMMODITY CHARGE RATES (\$/CCF)

| <i>Irrigation (Non-Domestic/Blended Water)*</i> | | |
|---|------------------|-----------------|
| | 3/10/2015 | 1/1/2016 |
| Tier 1 | \$2.47 | \$2.24 |
| Tier 2 | \$2.47 | \$2.43 |
| Tier 3 | \$2.47 | \$2.44 |
| Tier 4 | \$2.47 | \$2.51 |
| Tier 5 | \$2.47 | \$3.38 |

| <i>Irrigation (Non-Domestic Water*)</i> | | |
|---|------------------|-----------------|
| | 3/10/2015 | 1/1/2016 |
| Tier 1 | \$1.85 | \$1.83 |
| Tier 2 | \$1.85 | \$2.01 |
| Tier 3 | \$1.85 | \$2.03 |
| Tier 4 | \$1.85 | \$2.10 |
| Tier 5 | \$1.85 | \$2.97 |

*Tier rates for Irrigation start 1/1/2016.

TABLE 7

POWER SURCHARGE RATES (\$/CCF)

| <i>Single-Family, Multi-Family, Commercial</i> | | |
|--|------------------|-----------------|
| | 3/10/2015 | 1/1/2016 |
| Zone 3 | \$0.20 | \$0.22 |
| Zone 4 | \$0.28 | \$0.31 |
| Zone 5 | \$0.40 | \$0.43 |

| <i>Irrigation (Non-Domestic/Blended Water)</i> | | |
|--|------------------|-----------------|
| | 3/10/2015 | 1/1/2016 |
| Zone B4 | \$0.28 | \$0.31 |
| Zone C4 | \$0.28 | \$0.31 |
| Zone C5 | \$0.40 | \$0.43 |

| <i>Irrigation (Non-Domestic Water)</i> | | |
|--|------------------|-----------------|
| | 3/10/2015 | 1/1/2016 |
| Zone C | \$0.13 | \$0.14 |
| Zone D | \$0.26 | \$0.28 |
| Zone E | \$0.38 | \$0.41 |

TABLE 8

**FIXED MONTHLY WASTEWATER SERVICE CHARGE RATES
(\$/ACCOUNT)***

| | 3/10/2015 | 1/1/2016 |
|----------------------|------------------|-----------------|
| SFR | \$12.92 | \$20.30 |
| MFR (Single Meter) | \$12.92 | \$20.30 |
| MFR (Common Meter) | \$12.92 | \$20.30 |
| C1- Med-Low Strength | \$12.92 | \$20.30 |
| C2- Med-Low Strength | \$12.92 | \$20.30 |
| C3-Med-High Strength | \$12.92 | \$20.30 |
| C4- High Strength | \$12.92 | \$20.30 |
| Recreational | \$12.92 | \$20.30 |

*Includes District reserve funds of \$6 million approved by the Board to help soften any potential hardship due to fixed charge increases in 2015 (reduction of approximately \$5.30 per account) and 2016 (reduction of approximately \$5.21 per account).

SFR and MFR single meters are 3/4". MFR common, Commercial, and Recreational meters are 2."

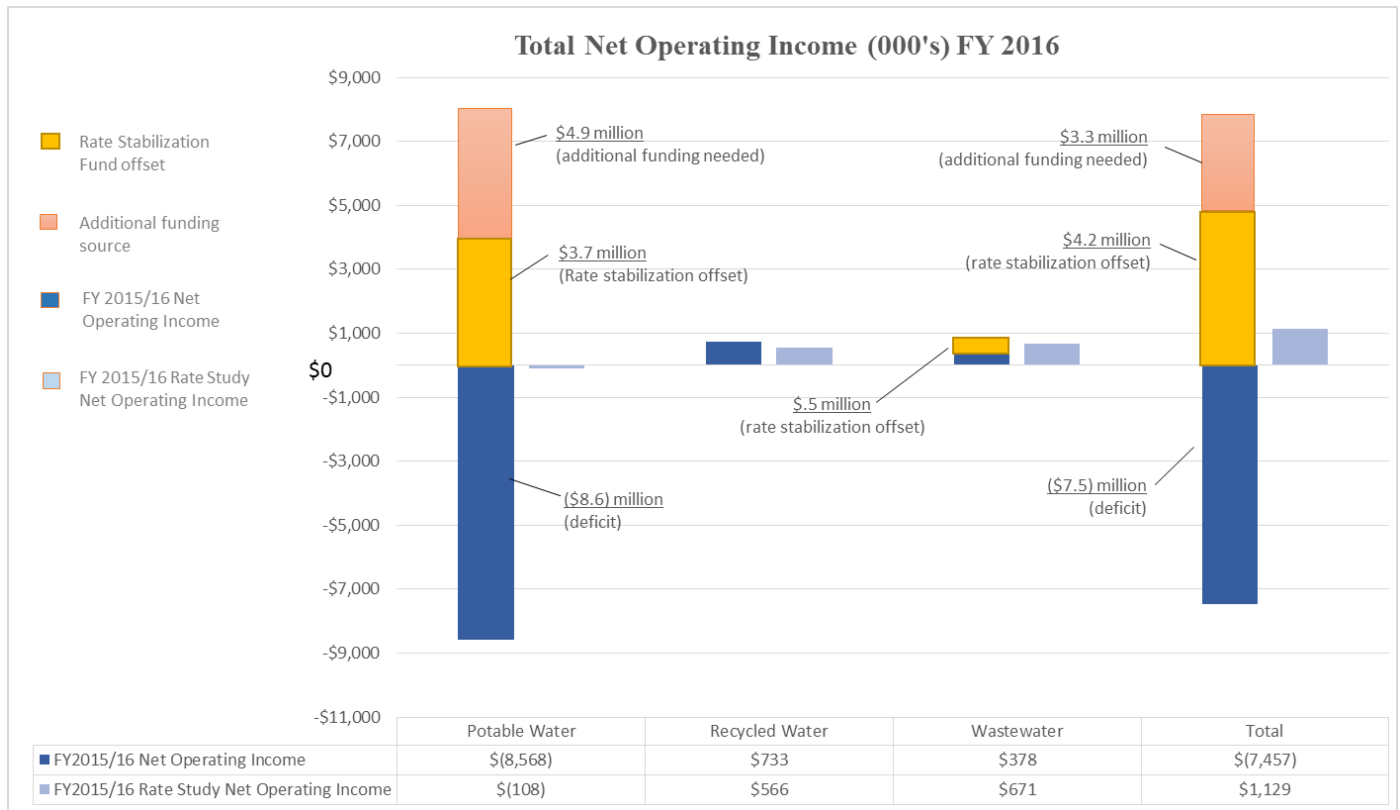
TABLE 9
VOLUMETRIC WASTEWATER SERVICE CHARGE RATES
(\$/CCF)*

| | 3/10/2015 | 1/1/2016 |
|----------------------|------------------|-----------------|
| SFR | \$1.03 | \$1.03 |
| MFR (Single Meter) | \$1.03 | \$1.03 |
| MFR (Common Meter) | \$1.03 | \$1.03 |
| C1- Med-Low Strength | \$0.87 | \$0.87 |
| C2- Med-Low Strength | \$1.03 | \$1.03 |
| C3-Med-High Strength | \$1.49 | \$1.49 |
| C4- High Strength | \$2.19 | \$2.19 |
| Recreational | \$0.84 | \$0.84 |

* SFR customers are billed up to a maximum 10 CCF; MFR common meter customers are billed up to a maximum of 9 HCF; and MFR single meter customers are billed up to a maximum of 7 CCF. Commercial customers' volumetric rates are based on 90% of total consumption.

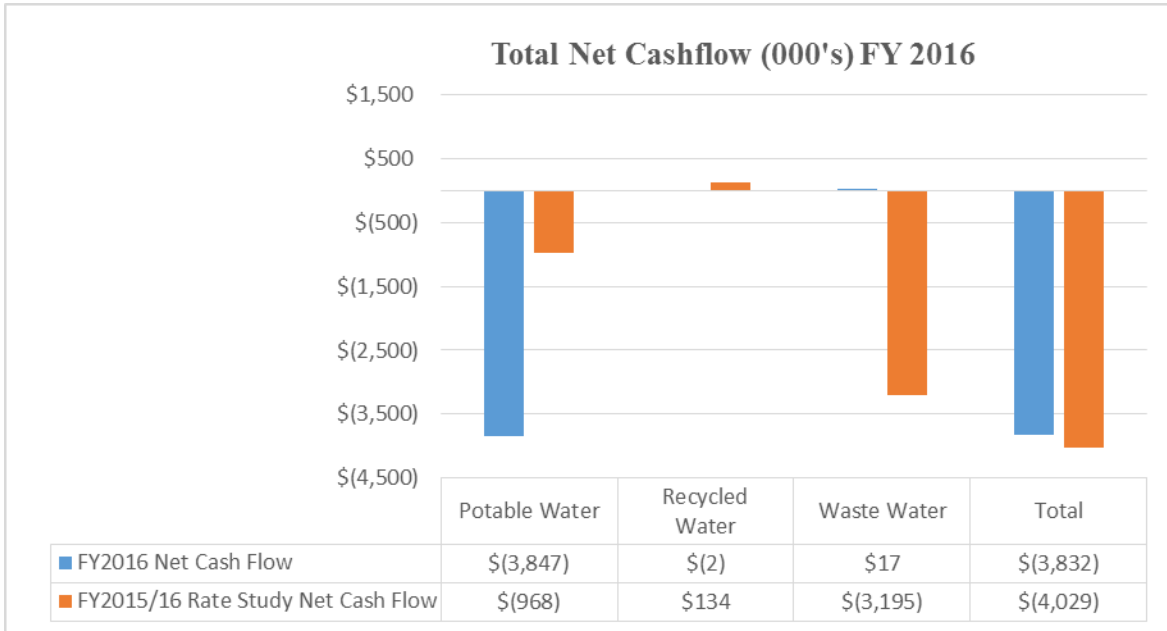
*****ADDITIONAL INFORMATION*****

Exhibit “B”
Table I



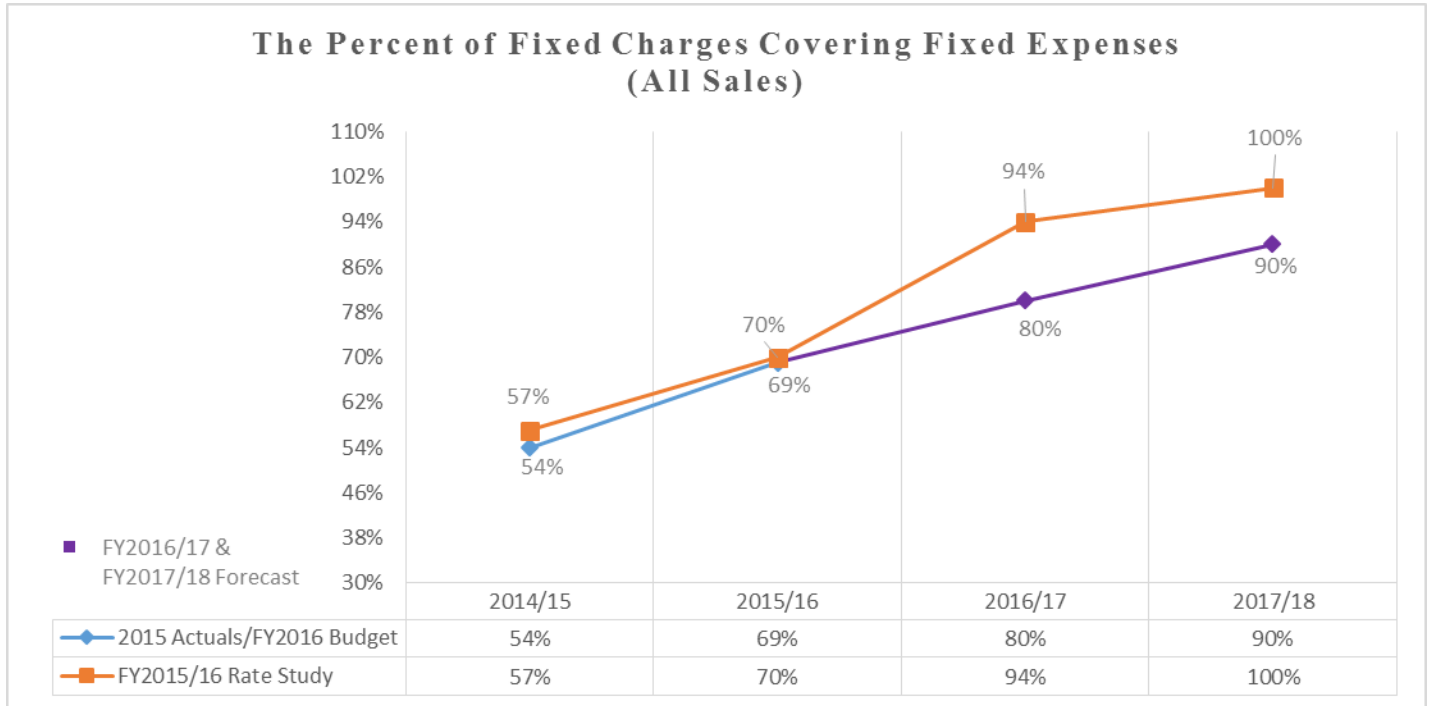
- Total FY 2015/16 net operating income for the District is a loss of \$7.5 million compared with a loss of \$4.3 million projected in FY 2015/16 Rate Study. This difference is due to the 24% mandatory reduction in consumption for Potable Water resulting in lower commodity revenues.
- The Rate Stabilization Fund approved by the Board to be applied towards fixed expenses, helps to offset the Potable Water shortfall by \$3.7 million and \$.5 million for Wastewater.
- The Potable Water shortfall of \$4.9 million after the Rate Stabilization Fund is anticipated to be funded from non-operating revenues (\$1.1 million in AMP taxes received in 2016 on the paid off debt). The remaining amount of \$3.8 million is funded by other Operating Reserves.
- The FY 2015/16 Budget includes \$4.1 million in Net Commodity Revenues from Recycled Water (\$5.3 million) and Wastewater (\$.2 million) and the shortfall for Water of negative (\$1.4) million.

Table II



- FY 2015/16 budgeted net cashflow of negative (\$3.8) million is comparable to negative (\$4.0) million in the FY 2015/16 Rate Study. This \$.2 million difference was due to lower water sales offset by reducing FY 2015/16 budgeted expenditures.
- The net cashflow is after applying the \$4.2 million Rate Stabilization Fund.
- Potable Water consumption reduction is the largest factor contributing to the negative net cashflow for FY 2015/16 compared with the FY 2015/2016 Rate Study. There is not much change in Recycled Water expectations compared to the FY 2015/16 Rate Study. Wastewater cashflow is better than the FY 2015/16 Rate Study due to increased sales and is breaking even.

Table III



This combined chart (potable, recycled, and wastewater) shows that fixed charges are trending towards covering fixed expenses.

- The FY 2015/16 budget includes fixed expenses being covered 69% and forecasting 80% in FY 2016/17 and 90% in FY 2017/18.
- The adopted rates included a three year phase-in for the fixed rates to cover fixed expenses by FY 2017/18, but the Recycled Water is taking longer and will need to be researched.
- Expenses not being covered by fixed charges are covered by the Commodity Revenue. However, when consumption is lower the Commodity Revenues decrease which leaves less to cover fixed expenses. The amount of Net Commodity Revenues available to cover the fixed charges is \$4.1 million. See Table I.
- The Rate Stabilization Fund of \$4.2 million helps to offset the Fixed expense shortfall in FY 2016.

Table IV

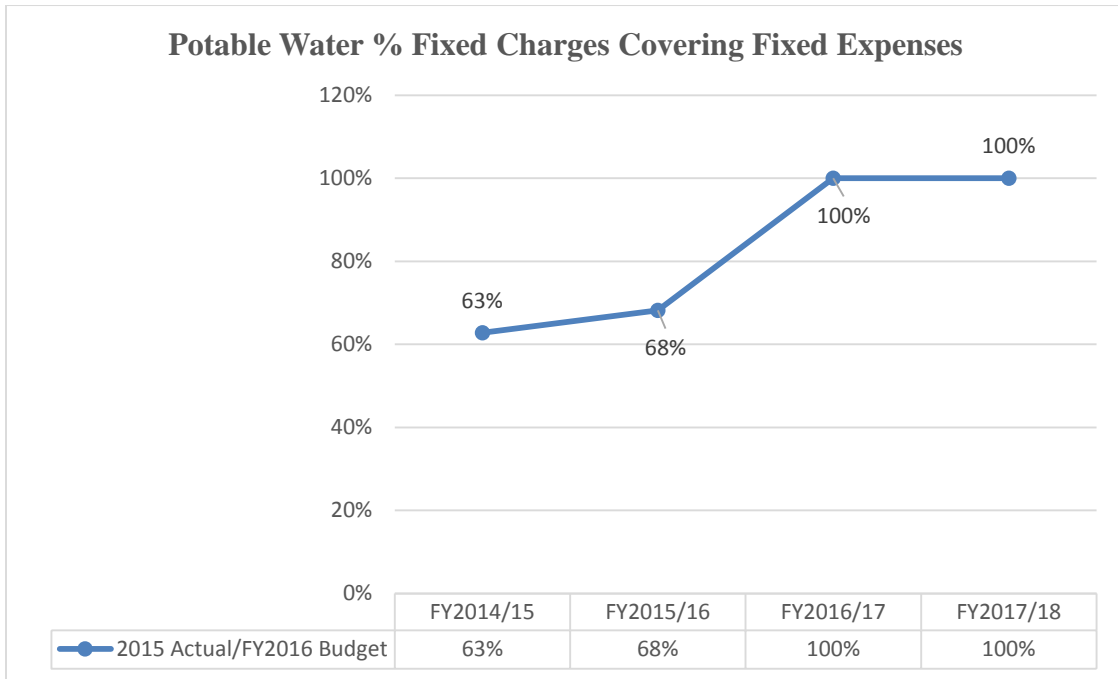


Table V

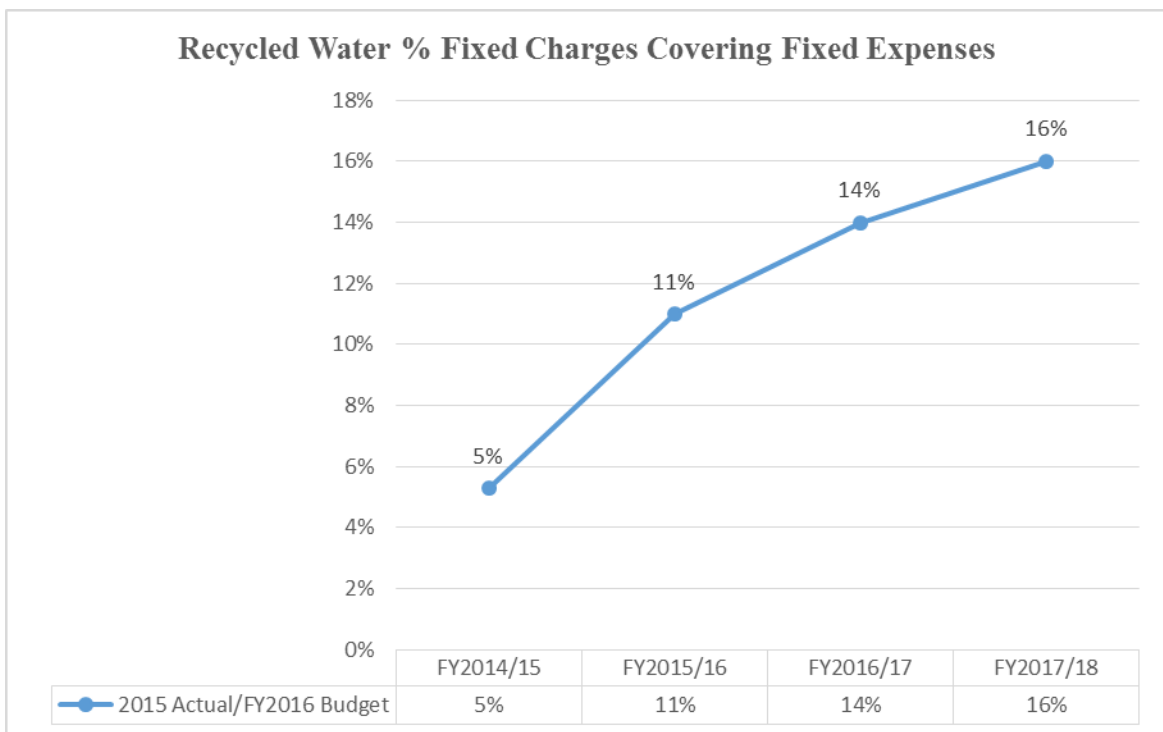
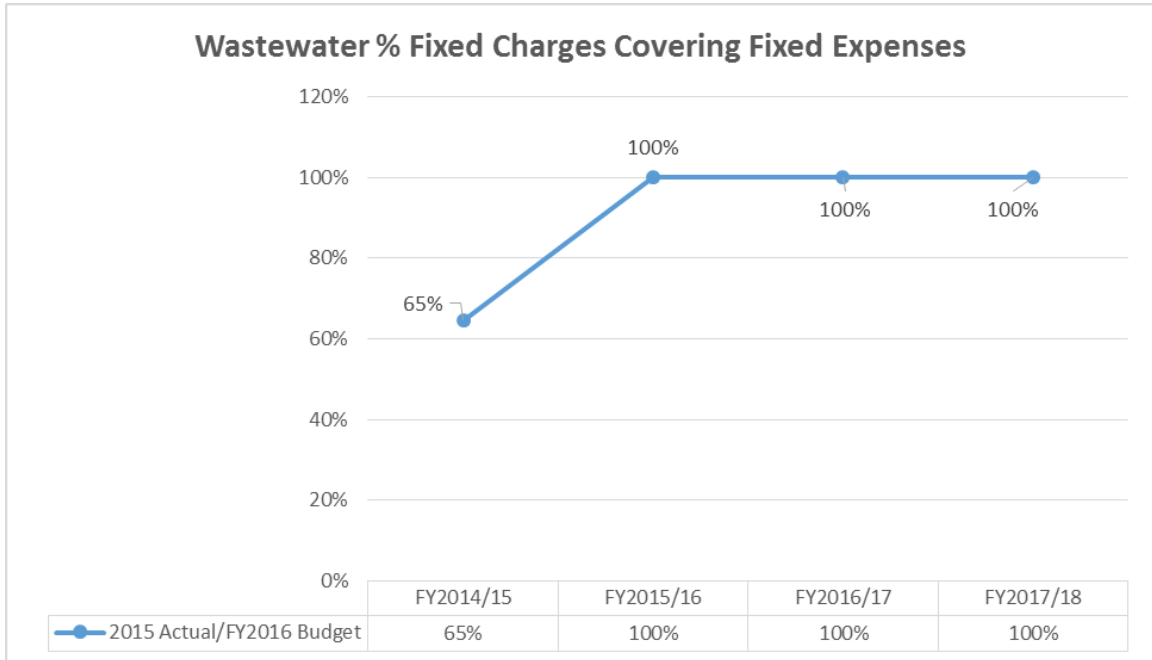
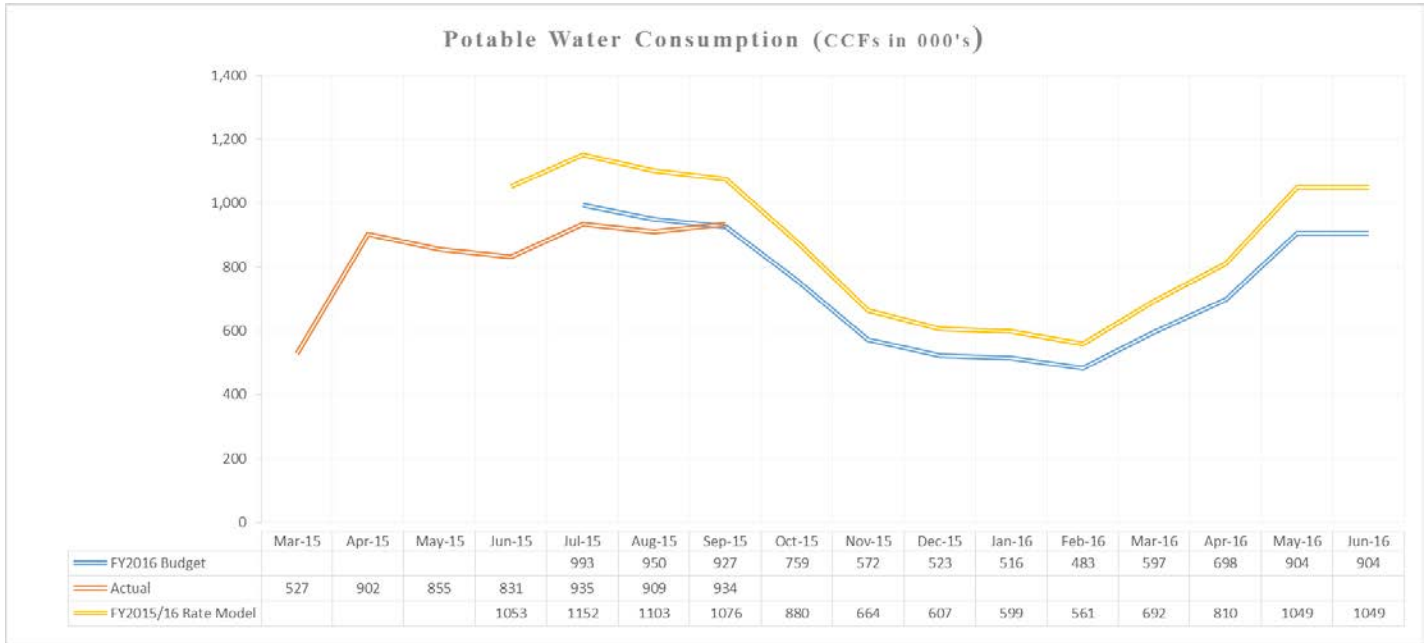


Table VI



- The trend for fixed charges covering SMWD fixed expenses is increasing year over year for Potable Water, Recycled Water, and Wastewater.
- The net fixed deficit of negative (\$14.5) million is partially covered by the Rate Stabilization Fund (\$4.2 million), Net Commodity Revenues (\$4.1 million), other Operating Revenues (\$2.4 million), and Other Operating Reserves (\$3.8 million).
- The rate stabilization fund offset in FY 2014/15 was \$3 million for Wastewater and \$1.9 million for Water. The Rate Stabilization Fund offset in FY 2015/16 was \$3.7 million for Water and \$.5 million for Wastewater.

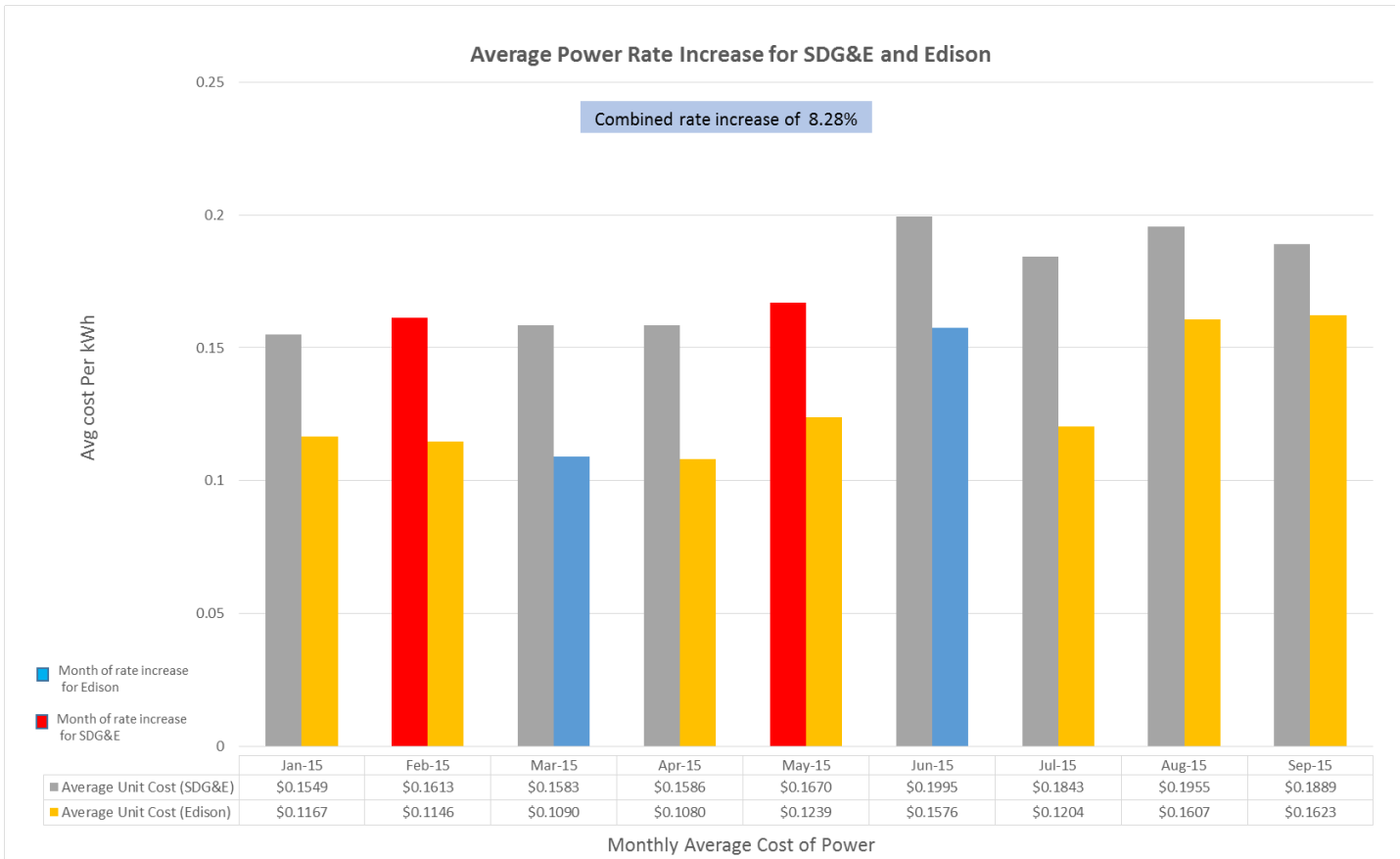
Table VII



- Actual consumption for July-September 2015 is down 20% compared to the FY 2015/16 Rate Study.
- The District budgeted the FY 2015/16 budget to reflect the 24% drought mandated consumption reduction.
- Less consumption of water results in lower commodity revenue for the District's net operating income and net cashflow.

| Total Consumption (CCFs in 000's) | |
|-----------------------------------|--------|
| FY 2015/16 Budget | 8,826 |
| January – June 2016 | 4,102 |
| FY 2015/16 Rate Study Model | 11,294 |

Table VIII



- SDG&E and Edison make up 50% of the Districts power usage respectively.
- SDG&E had 2 rate changes that were effective February 1st and May 1st of 2015 with the overall impact being an average cost increase of 7.43%.
- Edison had 2 rate changes that were effective March 1st and June 1st of 2015 with the overall impact of a cost increase of 9.13%.
- The SDG&E and Edison combined rate increases average 8.28%.
- Currently, any additional incremental increases in energy rates imposed on the District by energy providers that are greater than the 7.5% shall be passed through to the customer as an ‘Energy Pass-Through Adjustment’ not exceeding 10%.
- The .78% additional rate increase equates to \$16,604 in costs that could be passed through to the customer.

*****ADDITIONAL INFORMATION*****

Exhibit "C"
Table A

SINGLE FAMILY RESIDENCE (SFR)

| Sample Comparison of SFR Bill with 2015 Rate versus 2016 Water Budget Rate Using Bin #2 | Billed ccf | 2015 | 2016 | \$ Change in Bill |
|--|------------|----------|----------|-------------------|
| | 2 ccf | \$ 27.78 | \$ 40.97 | \$ 13.19 |
| | 5 ccf | \$ 36.99 | \$ 49.64 | \$ 12.65 |
| | 10 ccf | \$ 53.34 | \$ 64.34 | \$ 11.00 |
| | 16 ccf * | \$ 67.08 | \$ 77.00 | \$ 9.92 |
| | 20 ccf | \$ 76.24 | \$ 87.44 | \$ 11.20 |

* Average Single Family Monthly Consumption

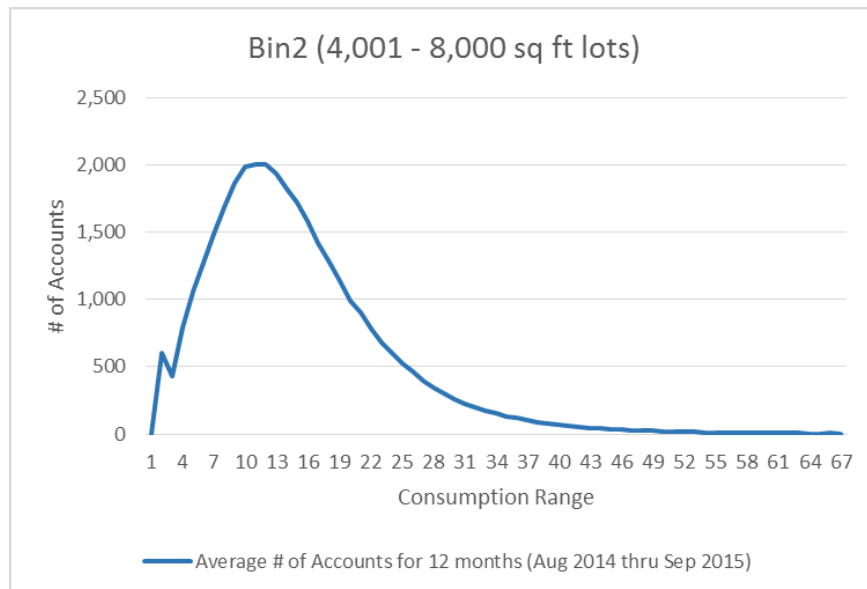
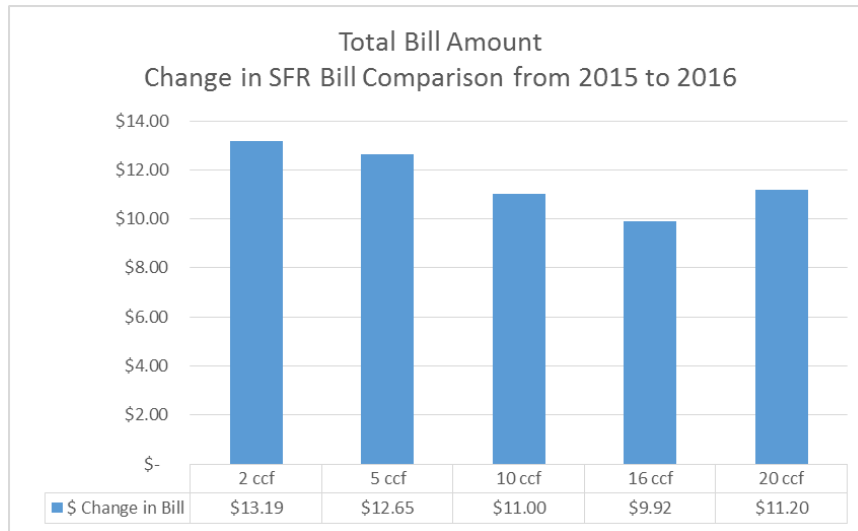


Table B
MULTI-FAMILY RESIDENCE (MFR)

| | Billed ccf | 2015 | 2016 | \$ Change in Bill |
|---|------------|----------|----------|-------------------|
| Sample Comparison of MFR Bill with 2015 Rate versus 2016 using 3/4" meter | 2 ccf | \$ 27.78 | \$ 40.97 | \$ 13.19 |
| | 6 ccf * | \$ 40.81 | \$ 53.28 | \$ 12.47 |
| | 10 ccf | \$ 54.98 | \$ 66.81 | \$ 11.83 |
| | 16 ccf | \$ 73.64 | \$ 84.51 | \$ 10.87 |
| | 20 ccf | \$ 86.76 | \$ 96.99 | \$ 10.23 |

* Average Multi Family Monthly Consumption

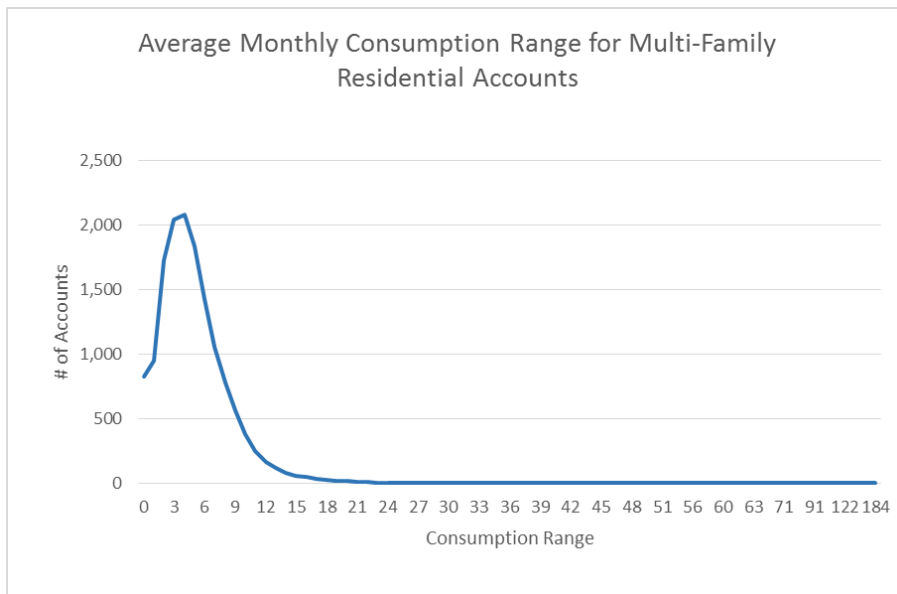
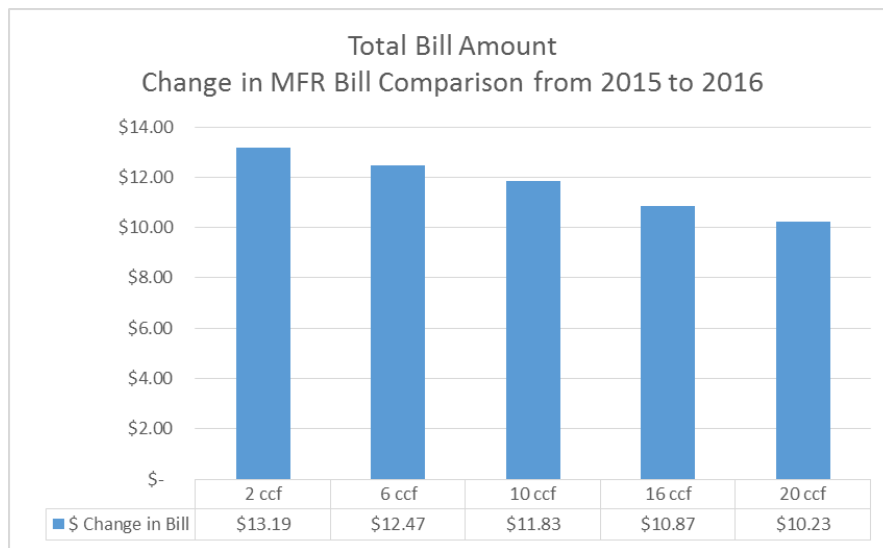


Table C
RECYCLED IRRIGATION

| Sample Comparison of Recycled Irrigation Bill with 2015 Rate versus 2016 Water Budget Rate. Assuming a 2" meter and consumption is 100% of total allocated budget | Billed ccf | 2015 | | 2016 | | \$ Change in Bill |
|---|------------|--------|-------|--------|-------|-------------------|
| | 25 ccf | \$ | 70.47 | \$ | 90.03 | \$ |
| 50 ccf | \$ | 116.72 | \$ | 138.03 | \$ | 21.31 |
| 100 ccf | \$ | 209.22 | \$ | 234.03 | \$ | 24.81 |
| 150 ccf | \$ | 301.72 | \$ | 330.03 | \$ | 28.31 |
| 200 ccf | \$ | 394.22 | \$ | 426.03 | \$ | 31.81 |
| 250 ccf | * \$ | 486.72 | \$ | 522.03 | \$ | 35.31 |

* Average Recycled Irrigation Monthly Consumption

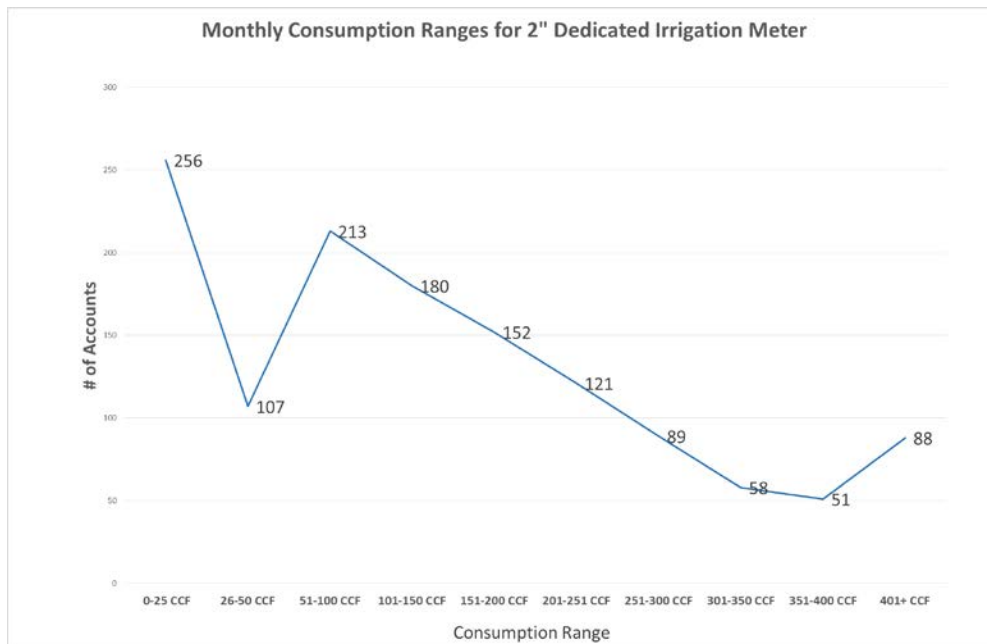
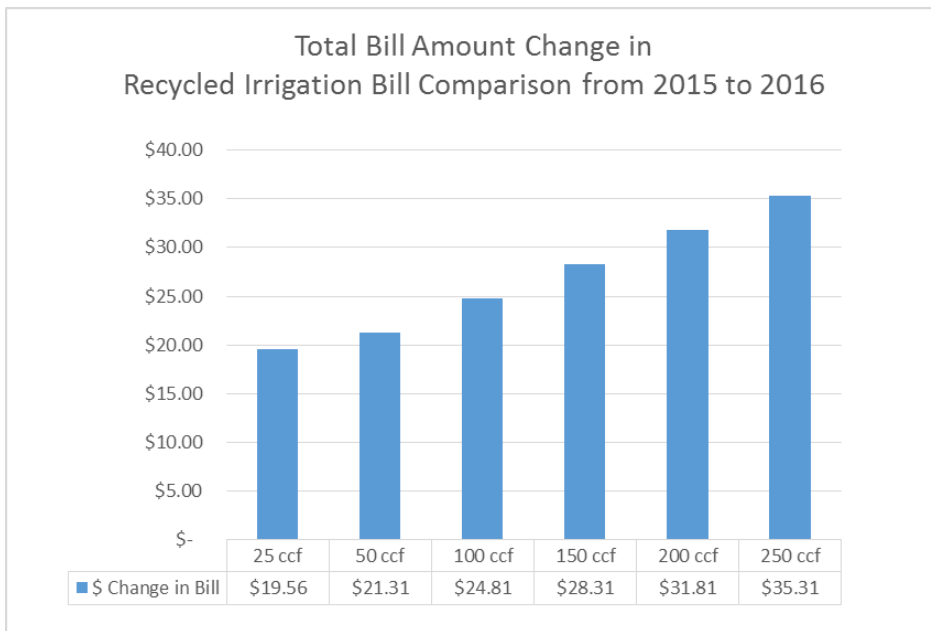


Table D
DOMESTIC IRRIGATION

| Sample Comparison of Domestic Irrigation Bill with 2015 Rate versus 2016 Water Budget Rate. Assuming a 2" meter and consumption is 100% of total allocated budget | Billed ccf | 2015 | | 2016 | | \$ Change in Bill |
|---|------------|-----------|----------|--------|-------|-------------------|
| | | 25 ccf | \$ 86.97 | \$ | 98.91 | \$ |
| | 50 ccf | \$ 149.72 | \$ | 155.78 | \$ | 6.06 |
| | 100 ccf | \$ 275.22 | \$ | 269.53 | \$ | (5.69) |
| | 150 ccf * | \$ 400.72 | \$ | 383.28 | \$ | (17.44) |
| | 200 ccf | \$ 526.22 | \$ | 497.03 | \$ | (29.19) |
| | 250 ccf | \$ 651.72 | \$ | 610.78 | \$ | (40.94) |

* Average Domestic Irrigation Monthly Consumption

