

SUPPLEMENTAL WATER RATES

STATUS AND IMPLEMENTATION PLAN

NIPOMO COMMUNITY SERVICES DISTRICT

Clayton Tuckfield, P.E.
Principal, Tuckfield & Associates

Presentation
September 4, 2014



Agenda

- Current Water Rates

- Supplemental Water Rates
 - How these new District charges affect your bill

- Status of Water Shortage Rates

- Proposed timeline to implementation

Current Rates

Tiers and Increases Remain

- Approved water rate changes
 - November 1, 2014: 9.5% increase
 - November 1, 2015: 9.5% increase

- Single-family residential bi-monthly volume rates
 - Tier 1: 0-24 Ccf.....**\$1.97 per Ccf**
 - Tier 2: 25-40 Ccf.....**\$2.46 per Ccf**
 - Tier 3: 40-100 Ccf.....**\$3.45 per Ccf**
 - Tier 4: Over 100 Ccf.....**\$5.91 per Ccf**

 - (Ccf is one hundred cubic feet or 748 gallons)

SUPPLEMENTAL WATER RATES

NIPOMO COMMUNITY SERVICES DISTRICT

Supplemental Water Rates

- Series of presentations and discussions were conducted with District Committees and District Board
- Conclusion is to have a small fixed charge and a volume charge for Supplemental Water
 - Fixed charge recovers project replacement, small portion of project debt service, and contribution to fund reserve
 - Volume charge recovers cost of Supplemental Water from Santa Maria and District Operation and Maintenance Expense related to Supplemental Water delivery

Supplemental Water Project

Fixed Costs

Bi-Monthly Fixed Costs

Supplemental Water Project Annual Replacement	\$40,456
Difference Between Prop Taxes Received and Debt Service	13,517
Contribution to Fund Reserve	10,000
Total Bi-Monthly Fixed Costs	\$63,973

Estimated FY 2015-16 Equivalent Meters	4,847
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Bi-monthly Fixed Charge per Equivalent 1 inch Meter	\$13.20
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Volume Charge for Supplemental Water

	July 1, 2015	July 1, 2016	July 1, 2017
Pass-Through Supplemental Water Costs			
Supplemental Water Cost (\$ per AF)	\$1,703	\$1,777	\$1,860
Supplemental Water O&M Cost (\$ per AF)	\$107	\$110	\$114
Pass-Through Cost of Supplemental Water (\$ per AF)	\$1,810	\$1,888	\$1,974
Minimum Annual Supplemental Water Contract Allocation (AF)	645	800	800
Nipomo CSD Share of Supplemental Water (AF)	430.09	533.44	533.44
Total Annual Cost of Supplemental Water	\$778,610	\$1,006,932	\$1,052,845
Projected Annual Water Sales with Demand Response (Ccf)	1,005,805	1,004,308	1,010,924
Supplemental Water Volume Charge per Ccf	\$0.774	\$1.003	\$1.041



Notes:

[1] AF is defined as acre-feet.

[2] Ccf is defined as hundred cubic feet.

Median SFR Bill with Supplemental Water Fixed and Volume Charges

	Without Project Nov 1, 2014	July 1, 2015 With Project ^[2]	Nov 1, 2015 With Project ^[2]	July 1, 2016 With Project ^[3]	July 1, 2017 With Project ^[3]
Median Use (ccf)	22	645 AFY	645 AFY	800 AFY	800 AFY
Water Rates ^[1]	\$82.77	\$113.00	\$120.97	\$126.01	\$126.84

Notes:

[1] No Supplemental Water.

[2] 645 AFY (acre-feet per year) total Supplemental Water delivered. District share is 430.09 AFY.

[3] 800 AFY (acre-feet per year) total Supplemental Water delivered. District share is 533.44 AFY.



SFR Bills with Supplemental Water Fixed and Volume Charges

Description	Use	Without Project	July 1, 2015	Nov 1, 2015	July 1, 2016	July 1, 2017
		Nov 1, 2014	With Project ^[2]	With Project ^[2]	With Project ^[3]	With Project ^[3]
		Water Rates ^[1]	645 AFY	645 AFY	800 AFY	800 AFY
Very Low	10	\$56.85	\$77.79	\$83.24	\$85.53	\$85.91
Low	20	\$78.45	\$107.13	\$114.68	\$119.26	\$120.02
Median	22	\$82.77	\$113.00	\$120.97	\$126.01	\$126.84
Average	36	\$119.37	\$160.43	\$171.94	\$180.19	\$181.56
High	80	\$281.33	\$356.45	\$383.40	\$401.72	\$404.76
Very High	120	\$486.33	\$592.41	\$638.76	\$666.24	\$670.80

Notes:

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[3] 800 AFY (acre-feet per year) total Supplemental Water delivered. District share is 533.44 AFY.



SFR Bill % Change with Supplemental Water Fixed and Volume Charges

- Overall impacts including water rates and SW rates

Description	Use	Without Project	July 1, 2015	Nov 1, 2015	July 1, 2016	July 1, 2017
		Nov 1, 2014	With Project ^[2]	With Project ^[2]	With Project ^[3]	With Project ^[3]
		Water Rates ^[1]	645 AFY	645 AFY	800 AFY	800 AFY
Very Low	10	9.6%	37%	7.0%	2.8%	0.4%
Low	20	9.6%	37%	7.0%	4.0%	0.6%
Median	22	9.6%	37%	7.1%	4.2%	0.7%
Average	36	9.6%	34%	7.2%	4.8%	0.8%
High	80	9.6%	27%	7.6%	4.8%	0.8%
Very High	120	9.5%	22%	7.8%	4.3%	0.7%

Notes:

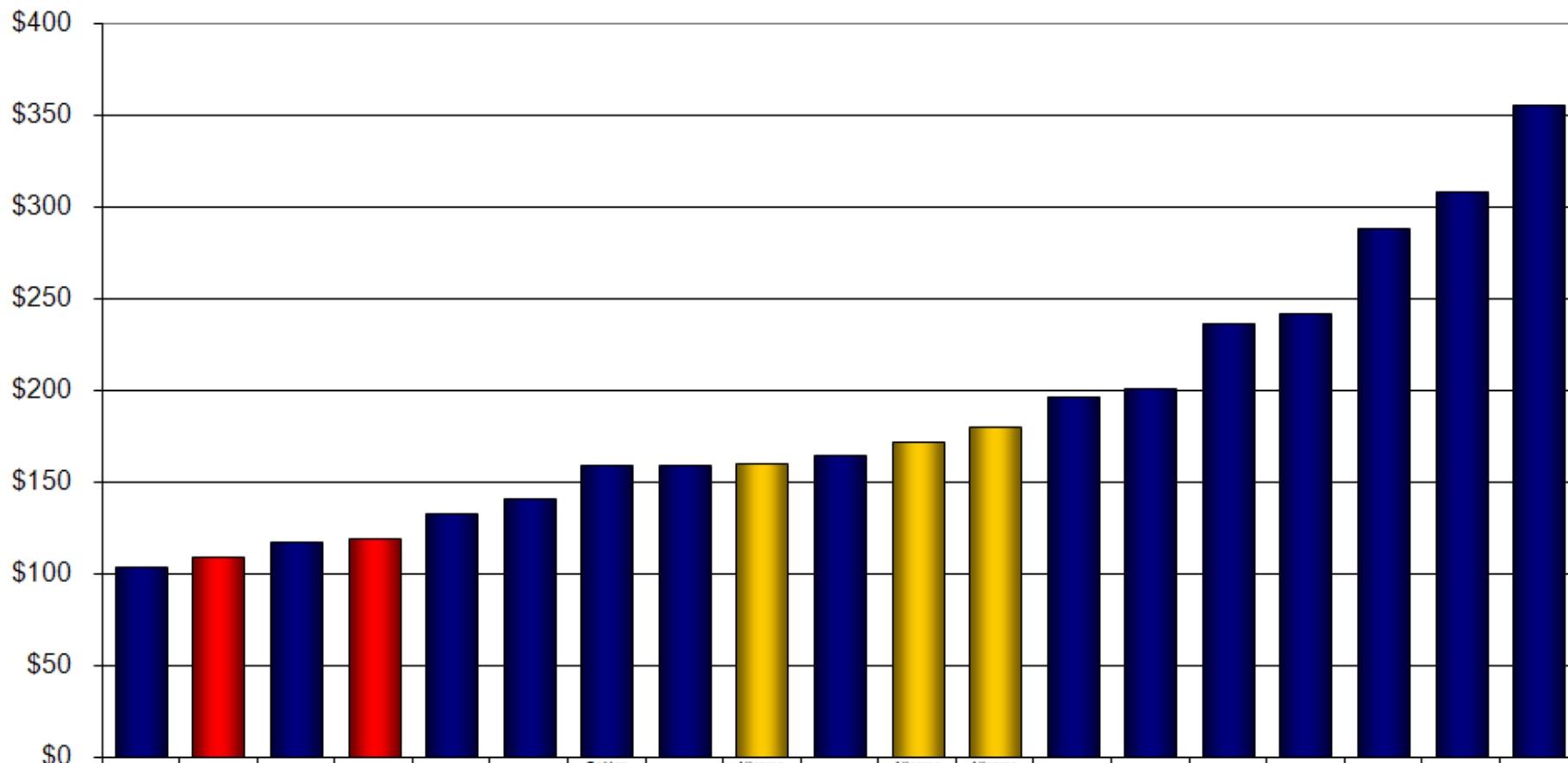
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Selected Local Water Agencies
Comparison of Single-family Residential Bi-monthly Water Bills [1]
 at 36 Ccf Bi-monthly



	San Miguel CSD	Nipomo CSD	Templeton CSD	Nipomo CSD (11/1/14)	Paso Robles	Heritage Ranch CSD	Golden State Water Company	Oceano CSD	Nipomo CSD (645 AFY 7/1/15)	Grover Beach	Nipomo CSD (645 AFY 11/1/15)	Nipomo CSD (800 AFY 7/1/15)	Arroyo Grande	Pismo Beach	Los Osos CSD	City of Santa Maria	Avila Beach CSD	San Luis Obispo	Cambria CSD	
With Supp Water									\$160.43		\$171.94	\$180.19								
No Supp Water		\$108.99		\$119.37																
Bi-monthly Bill	\$103.35		\$117.60		\$133.20	\$141.56	\$159.59	\$159.68		\$164.40			\$196.60	\$201.25	\$236.76	\$241.90	\$288.92	\$308.47	\$355.81	

[1] For rates in effect July 2014.

WATER SHORTAGE RATES

NIPOMO COMMUNITY SERVICES DISTRICT

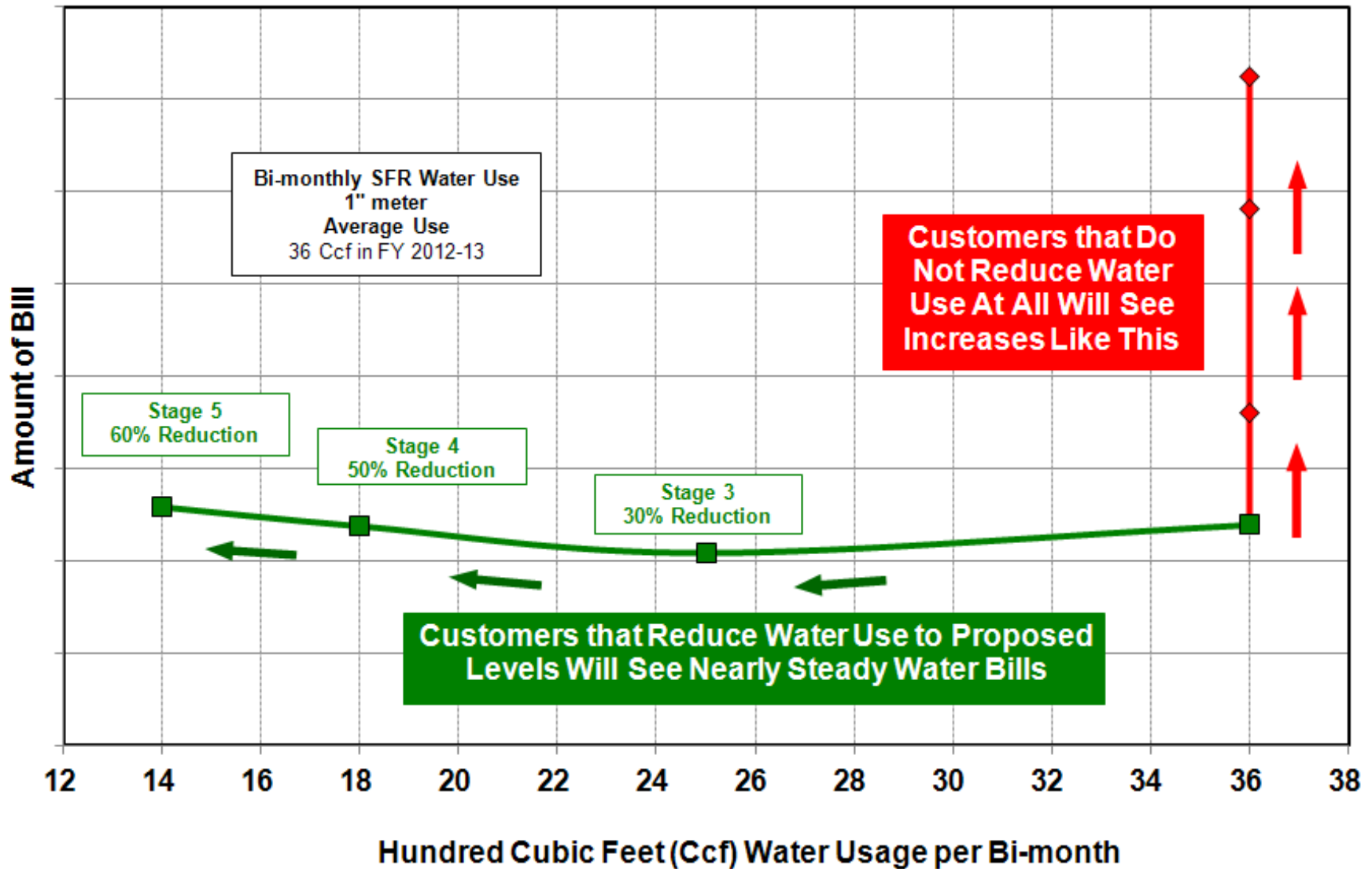
Water Shortage Rates

- Water shortage rates presented at public workshop on May 5 and at Board meeting May 15
 - Public comment received, Board direction provided
- Approach consisted of....
 - Estimating water sales volume targets for each Drought Stage
 - Including additional District costs expected with each stage
 - Estimating customer reaction through Price Elasticity Factors
 - Setting rates to recover same revenue
- Water shortage rates rely on customer reaction to higher pricing with voluntary reductions in consumption

Water Shortage Rates Approach

No Reduction versus Assumed Customer Stage Reductions

(Does Not Include Supplemental Water)



Water Shortage Rates Deferred

- Calculation of water shortage rates is complicated by scheduled rate changes and proposed Supplemental Water rates
- District does not meet court requirements for water shortage rates yet
- District is increasing reserves to cover loss of revenue from conservation
- District is deferring consideration of water shortage rates until future need

STATUS AND TIMELINE

NIPOMO COMMUNITY SERVICES DISTRICT

Current Status

- Draft rate study report by September 10, 2014
 - Review of current Water Rates to ensure adequate revenue
 - Review of adequate Capacity Charges for new connections
 - Proposed Supplemental Water rates

- Final rate study report scheduled for presentation September 24, 2014



Proposed Timeline

September 4	Conduct public workshops
September 10	Draft Rate Study Report before the Board
September 24	Board to approve draft Rate Study Report Direct staff to prepare Prop 218 Notices for Supplemental Water Rates
November 19	Public Water Rate Hearing for Supplemental Water
Winter/Spring 2015	Water Shortage Rate Consideration if Necessary

DISCUSSION

NIPOMO COMMUNITY SERVICES DISTRICT

Clayton Tuckfield, P.E.
Principal, Tuckfield & Associates

Presentation

September 2014