

NIPOMO COMMUNITY SERVICES DISTRICT





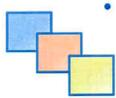
Principal, Tuckfield & Associates

Presentation



New Supplemental Water Op Fund

- Captures all revenue and obligations related to Supplemental Water
 - » Revenues from charges to Purveyors and District customers
 - » Supplemental Water cost from Santa Maria
 - » Annual Project replacement
 - » Portion of 2013 and 2013A COPs debt service
- Ensure all users pay their share of Supplemental Water Project
 - Purveyor's pay their Court mandated share
 - District customers pay their Court mandated share

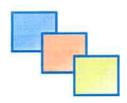




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Supplemental Water Charge Approach

- Assume Project Replacement amount is based on final Project Cost
 - Total Project cost with Phase 3 complete is \$33,651,640
 - Equals Bi-monthly Replacement recovery of \$37,342
 - Eliminates having different Replacement amount for each Project
 Phase
- Assume Normal Conditions
 - No Pumping Reductions



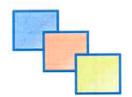


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Stabilize Recovery of Replacement and District Portion of Debt Service

Same charge for replacement and debt service for each
 Project Phase and delivery amount

Description	Fixed Charge
Supplemental Water Other Fixed Charge	
Supplemental Water Project Bi-monthly Replacement	\$37,342
Difference Between Prop Taxes Received and Debt Service	\$7,881
Total Other Bi-monthly Fixed Costs	\$45,223
Number of Equivalent Meters	4,939
Supplemental Water Other Bi-monthly Fixed Charge	\$9.16



\$37,342 = Round((\$33,651,640/100 years/12 months),-3)*2*66.68%

\$7,881 = ((\$750,000-\$250,000)/12 months)-\$16,893 from Purveyors)*2



Updated Cost of Supplemental Water

Description	Cost
Santa Maria July 1, 2014 Tier 1 water rate	\$3.27
Base Energy Component (\$206.85/AF as of May 7, 2013)	\$0.47
50% of Increase of CPI Energy Services Index	\$0.01
for LA-Riv-OC to March 1, 2014	
Total Cost of Supplemental Water (\$/Ccf)	\$3.75
Total Cost of Supplemental Water (\$/AF)	\$1,633.50
District Additional O&M (\$/Ccf)	\$0.24
District Additional O&M (\$/AF)	\$104.54
Total Cost of Supplemental Water (\$/Ccf) with Add'l O&M	\$3.99
Total Cost of Supplemental Water (\$/AF) with Add'l O&M	\$1,738.04
	Index
CPI Energy Services LA-RV-OC May 1, 2013	264.188
CPI Energy Services LA-RV-OC March 1, 2014	270.430



5 May 2014

Supplemental Water Variable Rates and Fixed Charge Alternatives

	Normal Conditions					
	Supplemental Water Contract Deliver					
	Minimum	Minimum	Minimum			
Description	800 AFY	1,000 AFY	2,500 AFY			
FY 2014-15 Water Volume Projection (Ccf)	1,036,400	1,036,400	1,036,400			
Supplemental Water						
Total Project Minimum Take-or-Pay (AFY)	800	1,000	2,500			
District Share (%)	66.68%	66.68%	66.68%			
District Share Minimum Take-or-Pay (AFY)	533.44	666.80	1,667.00			
Supplemental Water Sales Required (Ccf)	232,366	290,458	726,145			
Supplemental Water Cost (\$3.99/Ccf) or (\$1,738.04/AF)	\$927,140	\$1,158,927	\$2,897,319			
Supplemental Water Cost Recovered on Water Sales Volu	ıme					
Supplemental Water Variable Charge (\$/Ccf)	\$0.89	\$1.12	\$2.80			
Supplemental Water Other Bi-monthly Fixed Charge	\$9.16	\$9.16	\$9.16			
Supplemental Water Cost Recovered Through Fixed Charge						
Supplemental Water Bi-monthly Fixed Charge	\$31.29	\$39.11	\$97.77			
Supplemental Water Other Bi-monthly Fixed Charge	\$9.16	\$9.16	\$9.16			
Total Bi-monthly Fixed Charge	\$40.45	\$48.27	\$106.93			



SFR Bi-monthly Water Bills Variable Rates vs. Fixed Charges

 Differences show the impact of variable rates on bills at minimum take-or-pay amounts

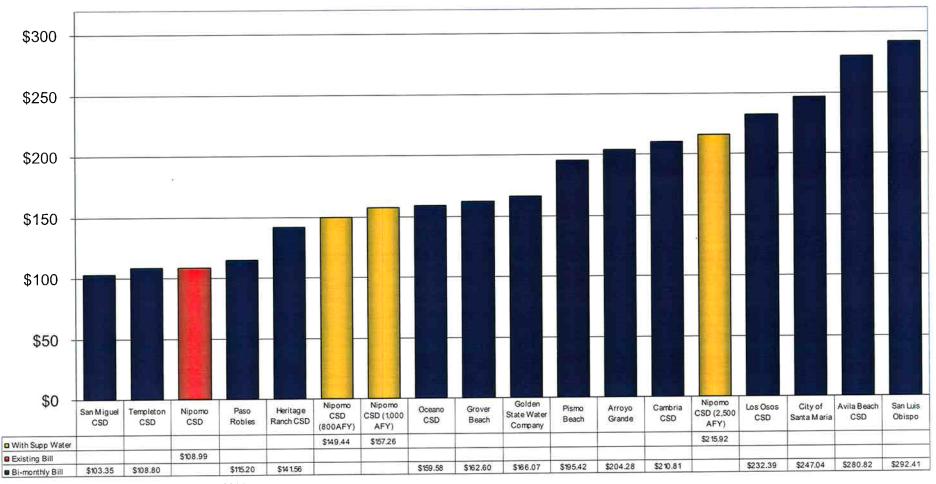
		<u>Difference</u>			
		Minimum	Minimum	Minimum	
Description	<u>Use</u>	800 AFY	1,000 AFY	2,500 AFY	
Very Low	10	(\$22.34)	(\$27.93)	(\$69.81)	
Low	20	(\$13.40)	(\$16.75)	(\$41.86)	
Average	36	\$0.91	\$1.15	\$2.87	
High	80	\$40.28	\$50.35	\$125.87	
Very High	120	\$76.06	\$95.08	\$237.70	



Selected Local Water Agencies

Comparison of Single-family Residential Bi-monthly Water Bills [1]

at 36 Ccf Bi-monthly



[1] For rates in effect January 2014.

Assumes fixed charges for Supplemental Water and a 1 inch meter



Water Rate Study

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Summary

- Fixed charges collect the revenue required to offset
 Supplemental Water costs
 - Only if District uses its planned amount of Supplemental Water and pumps the rest
 - Fixed charges assist in creating revenue stability for District, especially needed during Project start-up
- Variable charges introduces revenue uncertainty and very high water bills in upper tiers
 - <u>Key point:</u> If water sales are less than forecast, District will not collect the revenue necessary to pay Santa Maria
 - A 5% decrease in water sales volume with a 2,500 minimum take-or-pay results in a loss of \$145,000 annually



What's Next and Timeline for Water Shortage Response Plan

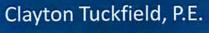
March - May	Public Outreach			
May	Learn and Report Basin Status Board to discus feedback from workshops and define rate setting schedule			
June	Possible 30% Conservation Cutbacks			
May-October	Coordinate with Neighbors for Shared Conservation and Supplemental Water Responsibilities			





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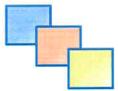
Principal, Tuckfield & Associates

Presentation

April 2014

SFR Bills with Variable Rates

		Without	Supplemental Water Contract Delivery		
	Project		Minimum	Minimum	Minimum
Description	Use	Current Rates [1]	800 AFY	1,000 AFY	2,500 AFY
Variable Supp Charge (\$/Ccf) [2]			\$0.89	\$1.12	\$2.80
Other Fixed Charge (\$/bi-month) [2]		\$9.16	\$9.16	\$9.16	
Very Low	10	\$51.89	\$70.00	\$72.23	\$89.01
Low	20	\$71.59	\$98.64	\$103.11	\$136.66
Average	36	\$108.99	\$150.35	\$158.41	\$218.79
High	80	\$256.83	\$337.56	\$355.45	\$489.63
Very High	120	\$444.03	\$560.54	\$587.38	\$788.66





SFR Bills with Fixed Charges

		Without	Supplemental Water Contract Delivery		
		Project	Minimum	Minimum	Minimum
Description	Use	Current Rates [1]	800 AFY	1,000 AFY	2,500 AFY
Fixed Charge (\$/bi-month) ^[2]		\$40.45	\$48.27	\$106.93	
Very Low	10	\$51.89	\$92.34	\$100.16	\$158.82
Low	20	\$71.59	\$112.04	\$119.86	\$178.52
Average	36	\$108.99	\$149.44	\$157.26	\$215.92
High	80	\$256.83	\$297.28	\$305.10	\$363.76
Very High	120	\$444.03	\$484.48	\$492.30	\$550.96

