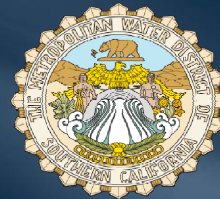


Proposed Biennial Budget, Revenue Requirements, and Water Rates and Charges Fiscal Years 2016/17 and 2017/18

MWDOC Board Workshop
February 3, 2016



Proposed Biennial Budget Workshop Presentation Overview

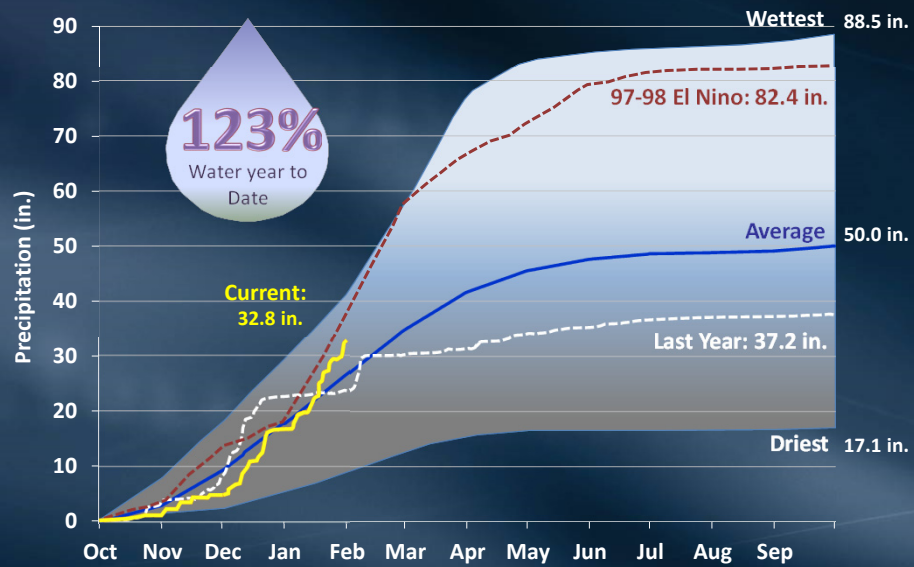
- Water supply update
- Proposed Biennial Budget and Rates
- Ten-Year Financial Forecast
- Next Steps

Current Year Update

3

February 3, 2016

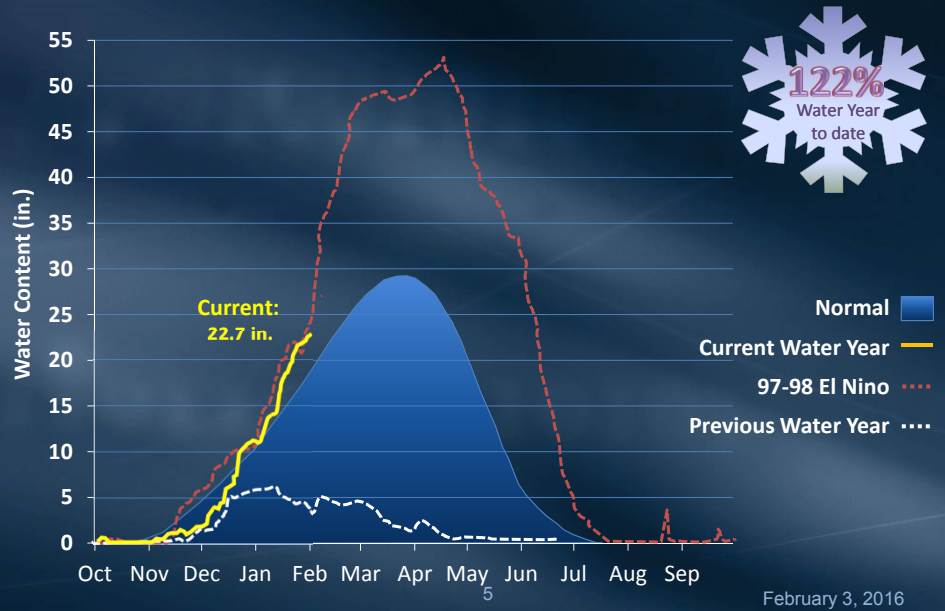
Northern Sierra Precipitation - Cumulative



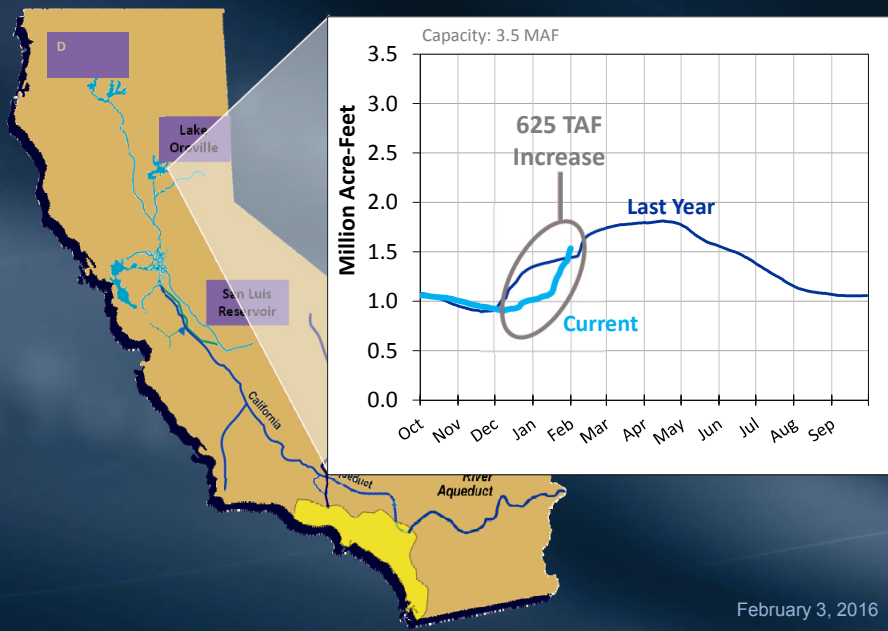
4

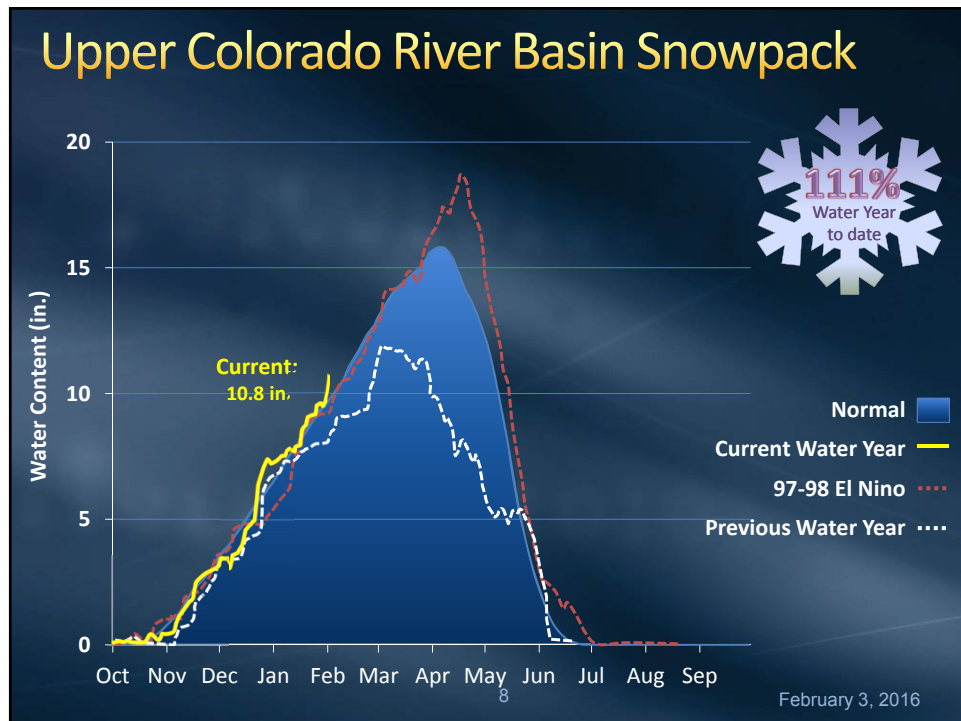
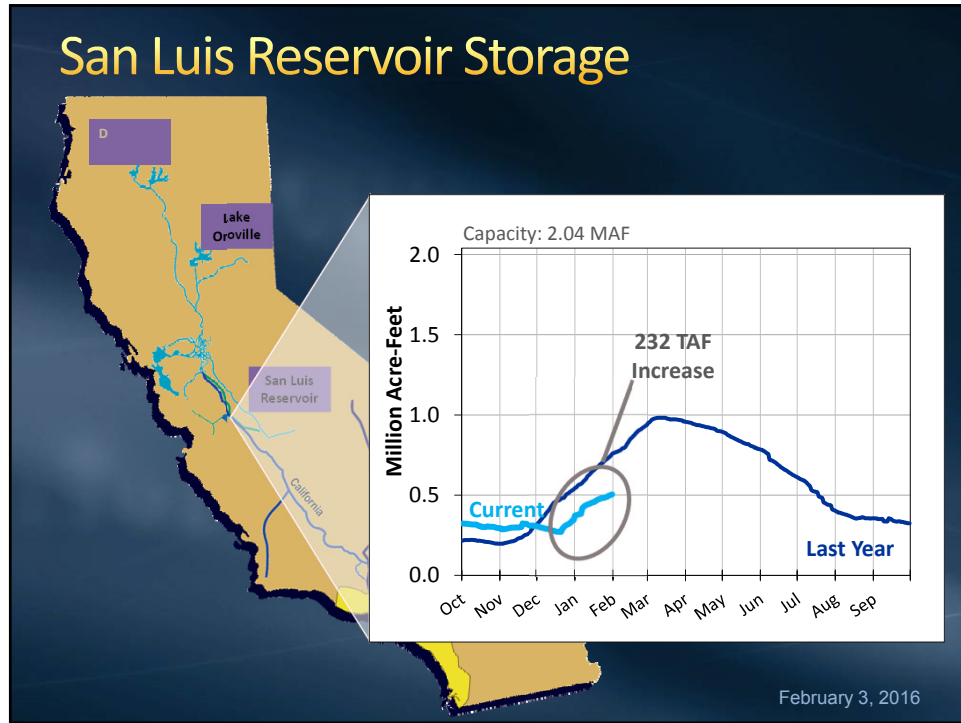
February 3, 2016

Northern Sierra Snowpack



Oroville Storage





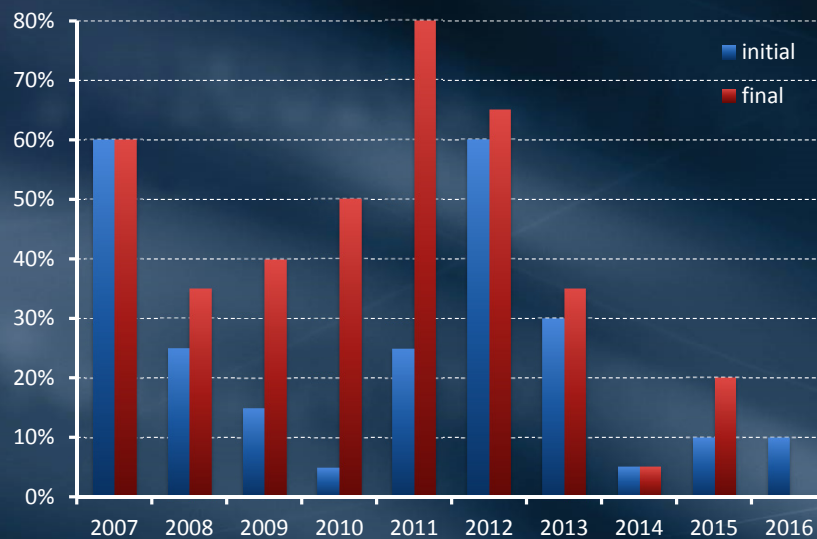
Metropolitan Current Operations

- 2016 SWP initial allocation of 10% increased to 15%
- December 2015 demands of 116 TAF were 17 TAF lower than December 2014
- Dry-year storage reserves ended 2015 at approximately 0.9 MAF

9

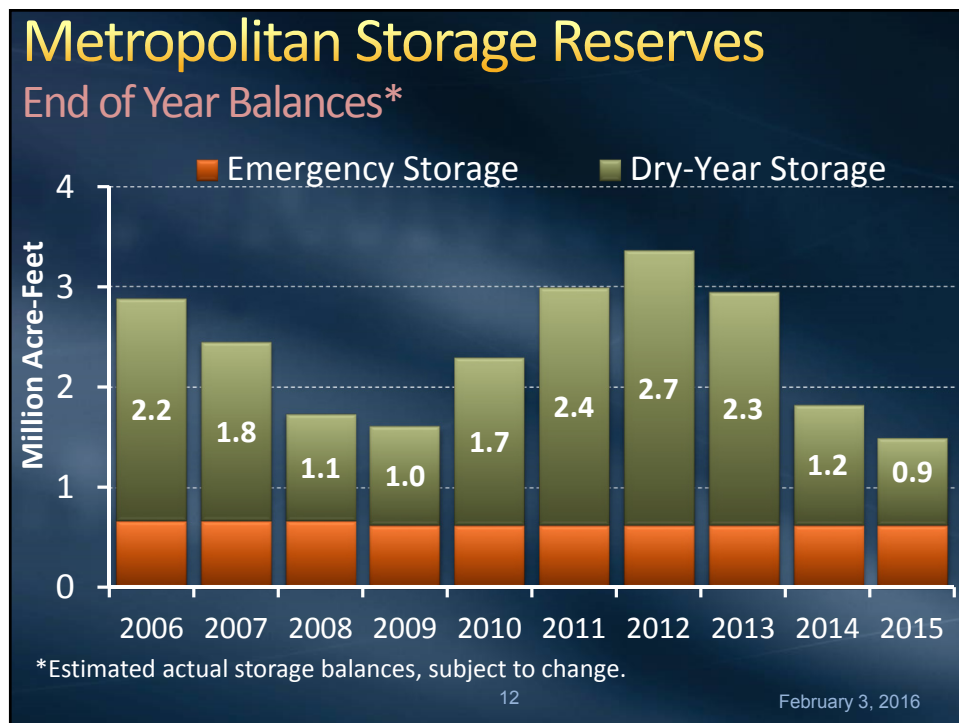
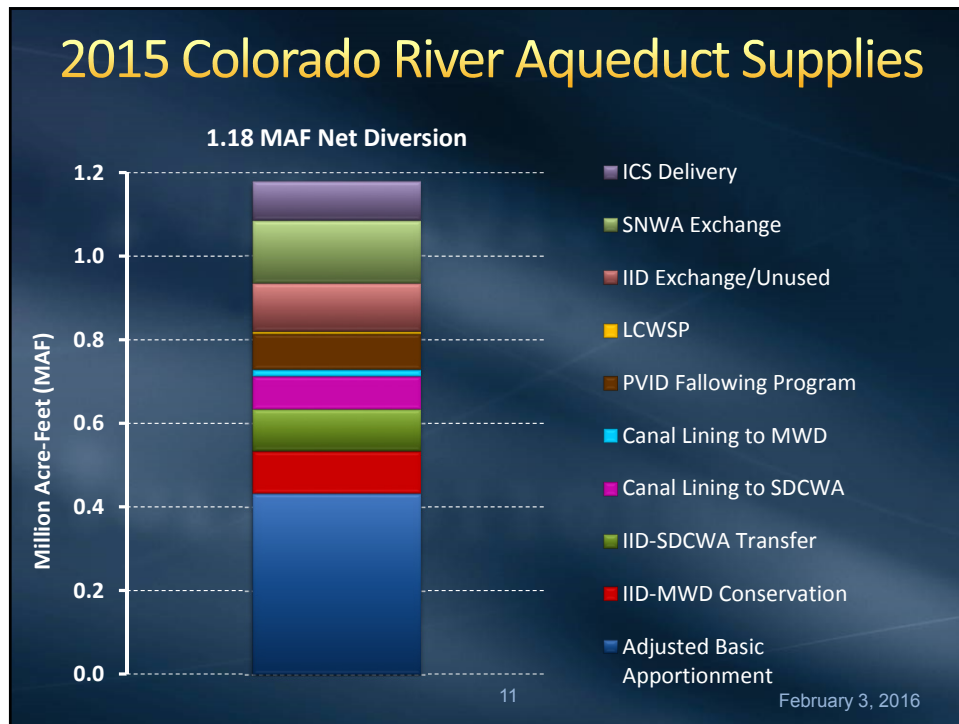
February 3, 2016

SWP Allocation History



10

February 3, 2016



Proposed Biennial Budget and Rates

13

February 3, 2016

Biennial Budget and Rates Process Has Several Objectives

- Adopt a two-year budget, covering fiscal years 2016/17 and 2017/18
- Adopt rates and charges for calendar years 2017 and 2018
- Update ten-year forecast, including the biennial period
 - Water Sales
 - Expenditures
 - Revenues
 - Risks

14

February 3, 2016

Summary of Financial Policies

- Maintain AAA/AA+/Aa1 ratings
- Achieve/Maintain coverage ratios
 - Debt service coverage = 2.0
 - Fixed charge coverage = 1.2
- PAYGO funding
 - 60 percent per year
 - Integral to maintaining coverage targets
 - Provides financial flexibility
- Review Treatment cost recovery options

15

February 3, 2016

Overall Rate Increases Since 2007



16

February 3, 2016

Important Underlying Assumptions

Fiscal Year Ending	2017	2018
Overall increase January 2015 & 2016	4.0%	4.0%
Total Water Sales and Exchanges	1.70 MAF	1.70 MAF
State Water Project Allocation	50%	50%
Colorado River Aqueduct Deliveries	1.01 MAF	1.04 MAF
CIP	\$200 M	\$200 M
PAYGO	\$120M	\$120M

17

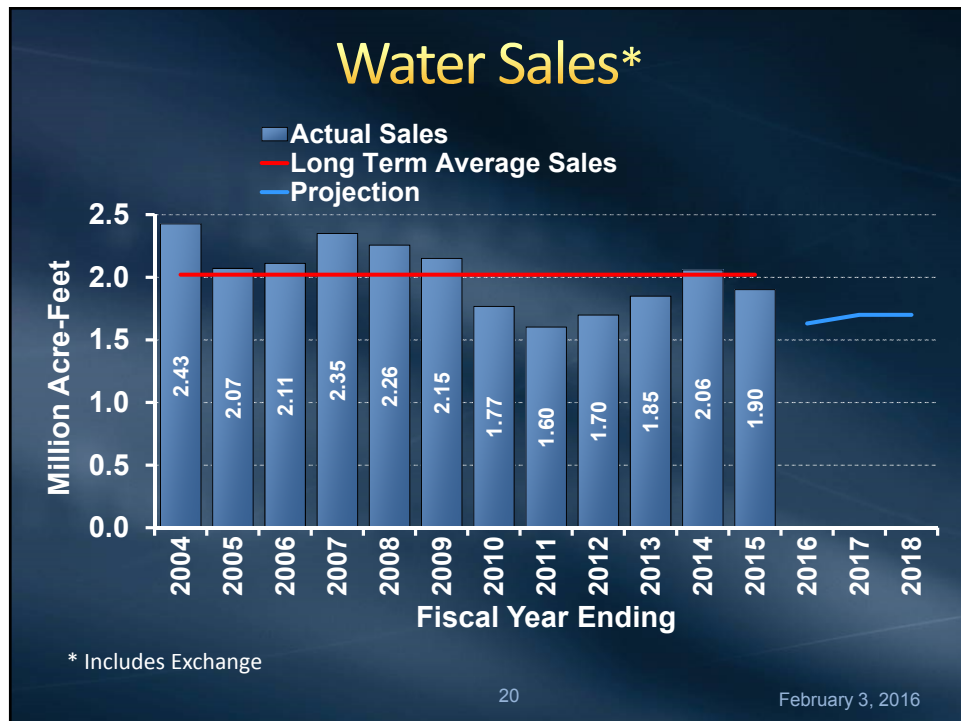
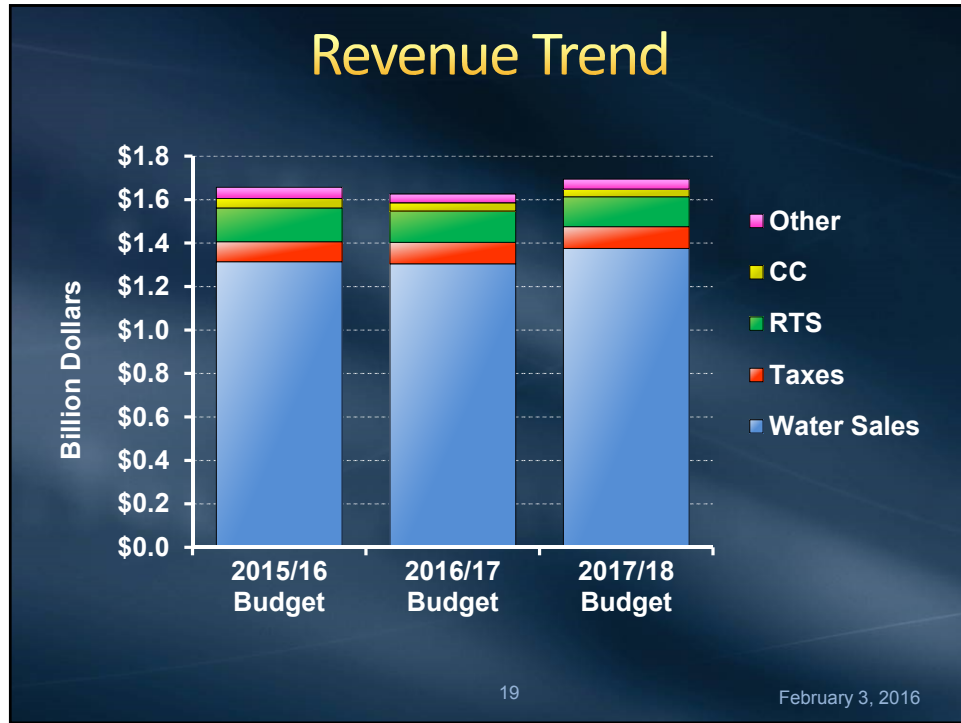
February 3, 2016

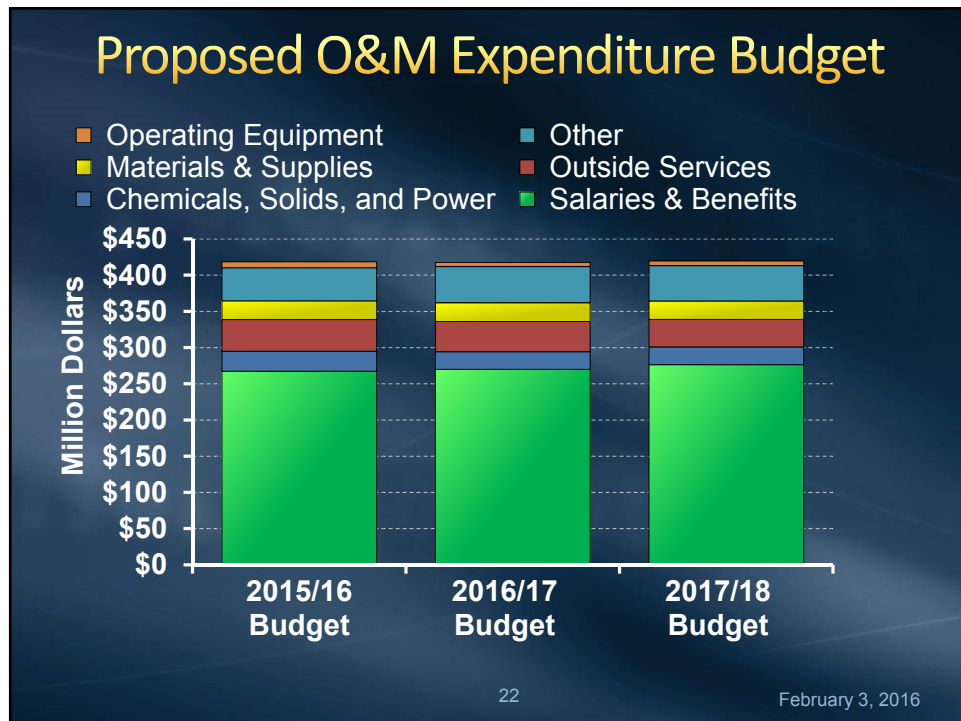
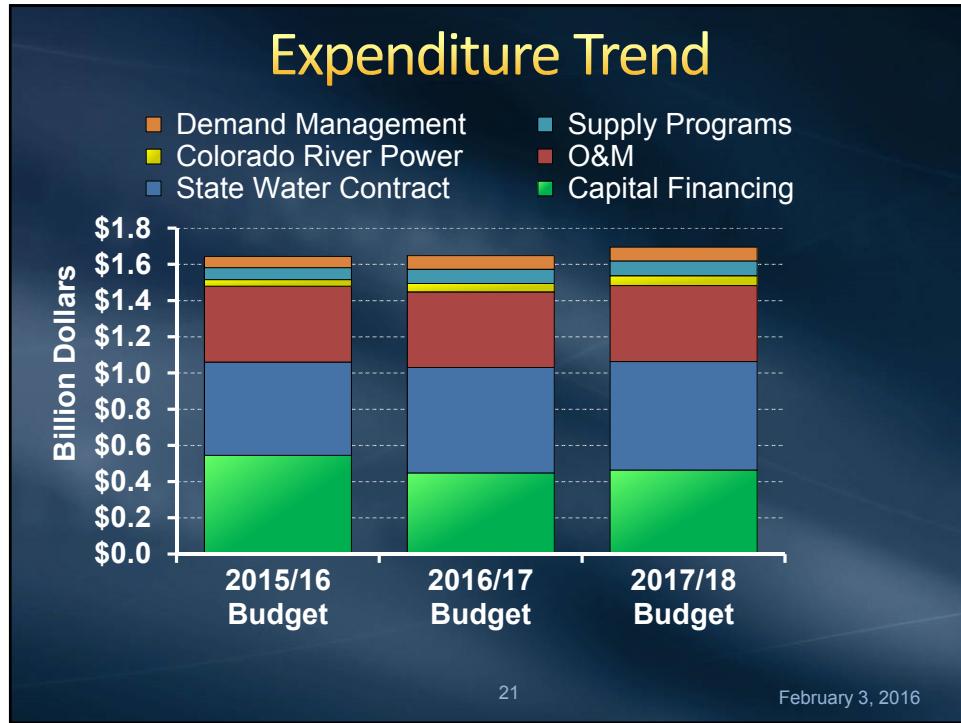
Full Service Costs and Charges

Rate Type	2016 Approved	2017 Estimated	% Increase (Decrease)	2018 Estimated	% Increase (Decrease)
Full Service Untreated Volumetric Cost (\$/AF)					
Tier 1	\$594	\$666	12.1%	\$695	4.4%
Tier 2	\$728	\$760	4.4%	\$781	2.8%
Full Service Treated Volumetric Cost (\$/AF)					
Tier 1	\$942	\$979	3.9%	\$1,015	3.7%
Tier 2	\$1,076	\$1,073	(0.3%)	\$1,101	2.6%
RTS Charge (\$M)	\$153	\$135	(11.8%)	\$140	3.7%
Capacity Charge (\$/cfs)	\$10,900	\$8,000	(26.6%)	\$8,700	8.8%

18

February 3, 2016



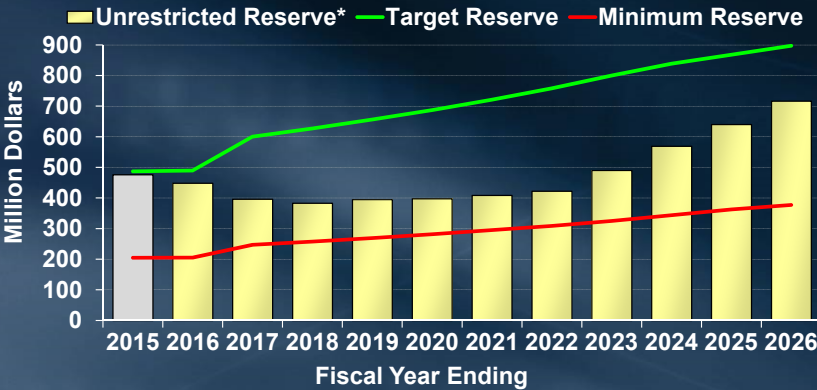


Ten-Year Financial Forecast

23

February 3, 2016

Projected Rate Increases & Financial Metrics



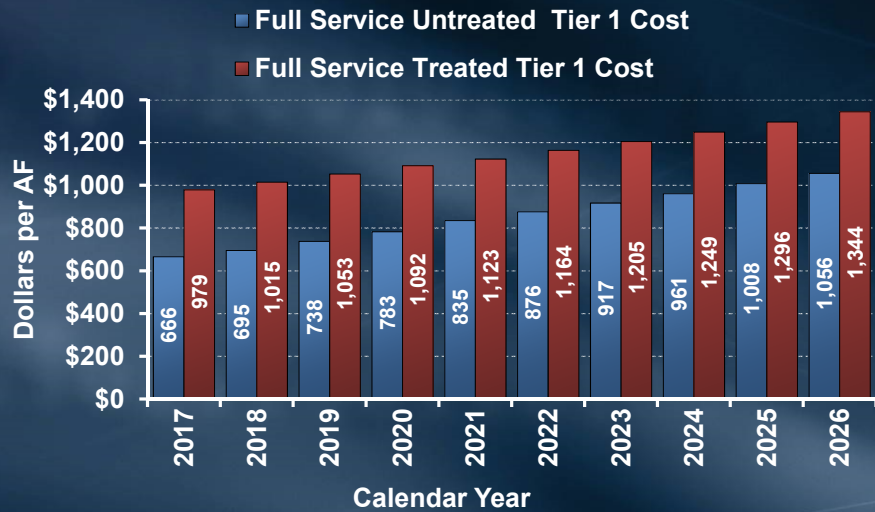
Ave Rate Increase	1.5%	1.5%	4.0%	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Sales, MAF	1.90	1.63	1.70	1.70	1.75	1.75	1.75	1.75	1.80	1.80	1.80	1.80
Rev. Bond Cvg	2.7	1.5	1.6	1.6	1.7	1.8	1.9	2.0	2.3	2.4	2.6	2.7
Fixed Chg Cvg	2.4	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5
PAYGO, \$M	210	99	120	120	120	120	120	123	127	130	133	137

* Revenue Remainder & WRSF

24

February 3, 2016

Projected Volumetric Costs



25

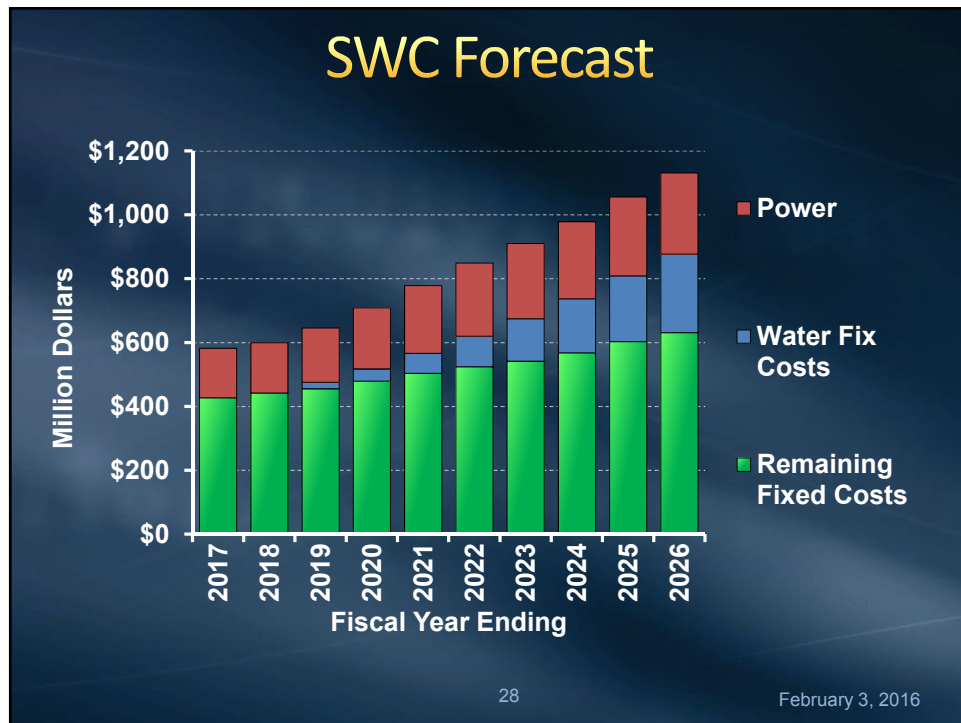
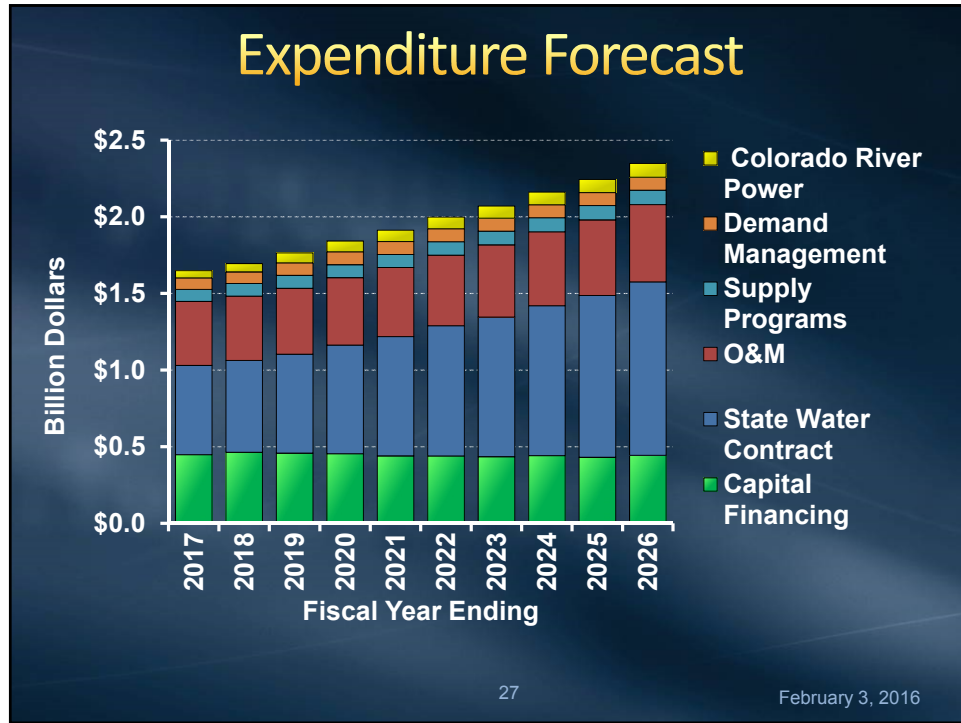
February 3, 2016

Revenue Forecast

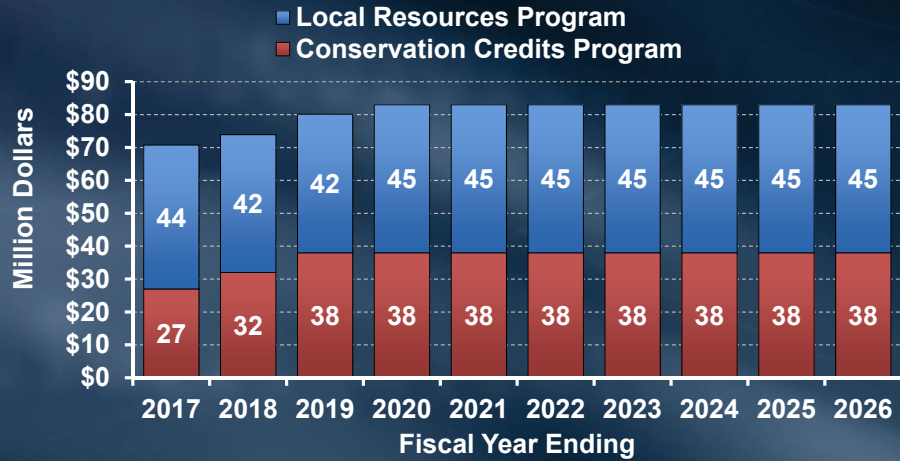


26

February 3, 2016



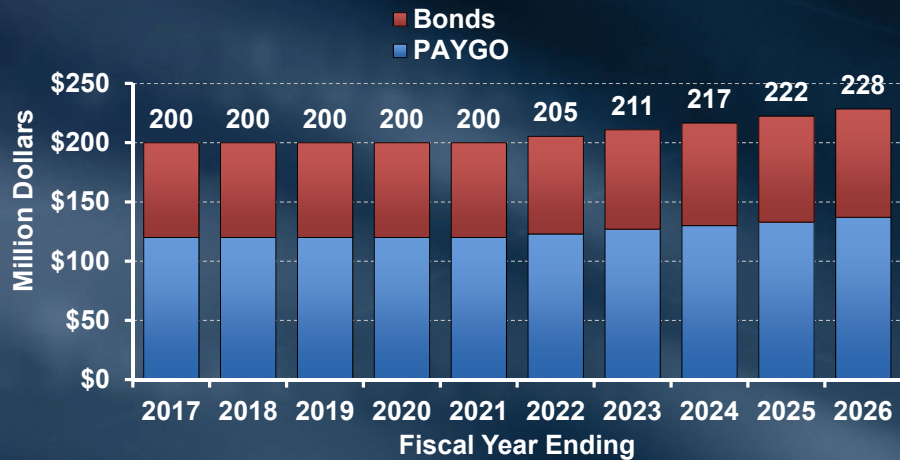
Demand Management



29

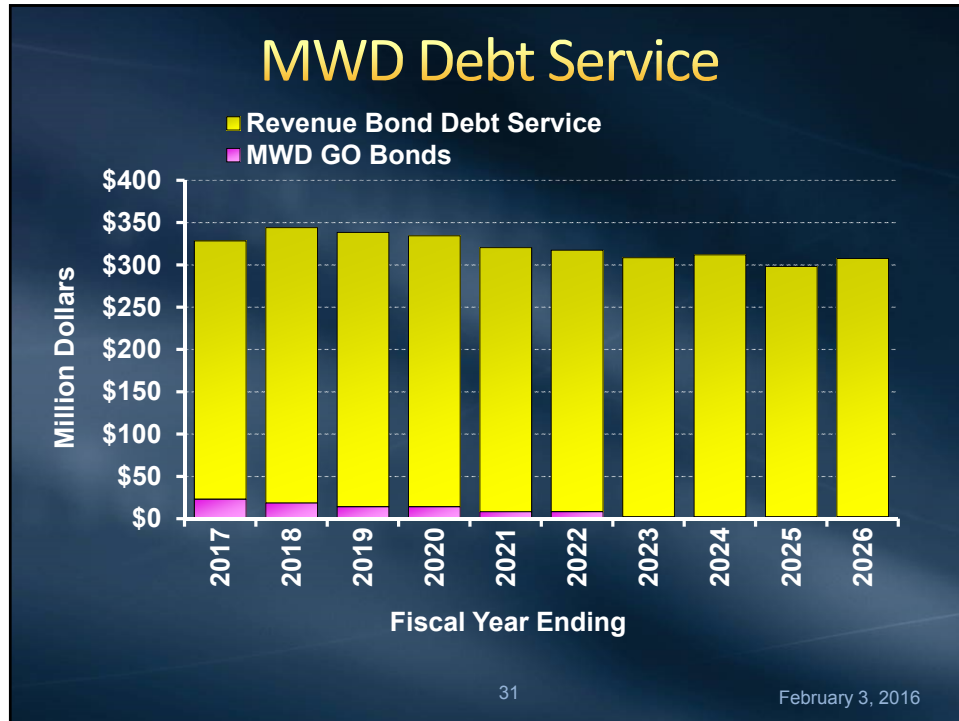
February 3, 2016

Capital Investment Plan Funding



30

February 3, 2016



Next Steps

February 8, 2016	F&I Committee, Workshop #1
February 9, 2016	Board Action, set public hearings
February 23, 2016	Workshop #2
February 26, 2016	Notice to Legislature
March 7, 2016	F&I Committee, Workshop #3
March 8, 2016	Public Hearings
March 22, 2016	Workshop #4
April 11, 2016	F&I Committee, Approve Biennial Budget and Water Rates and Charges
April 12, 2016	Board, Approve Biennial Budget and Water Rates and Charges

32

February 3, 2016