



Finance, Audit, Insurance, and Real Property  
Committee

# Historical Revenue and Expense Analysis

Item 6c  
February 12, 2024

Item 6c  
Historical  
Revenue and  
Expense  
Analysis

Subject

Historical Revenue and Expense Analysis

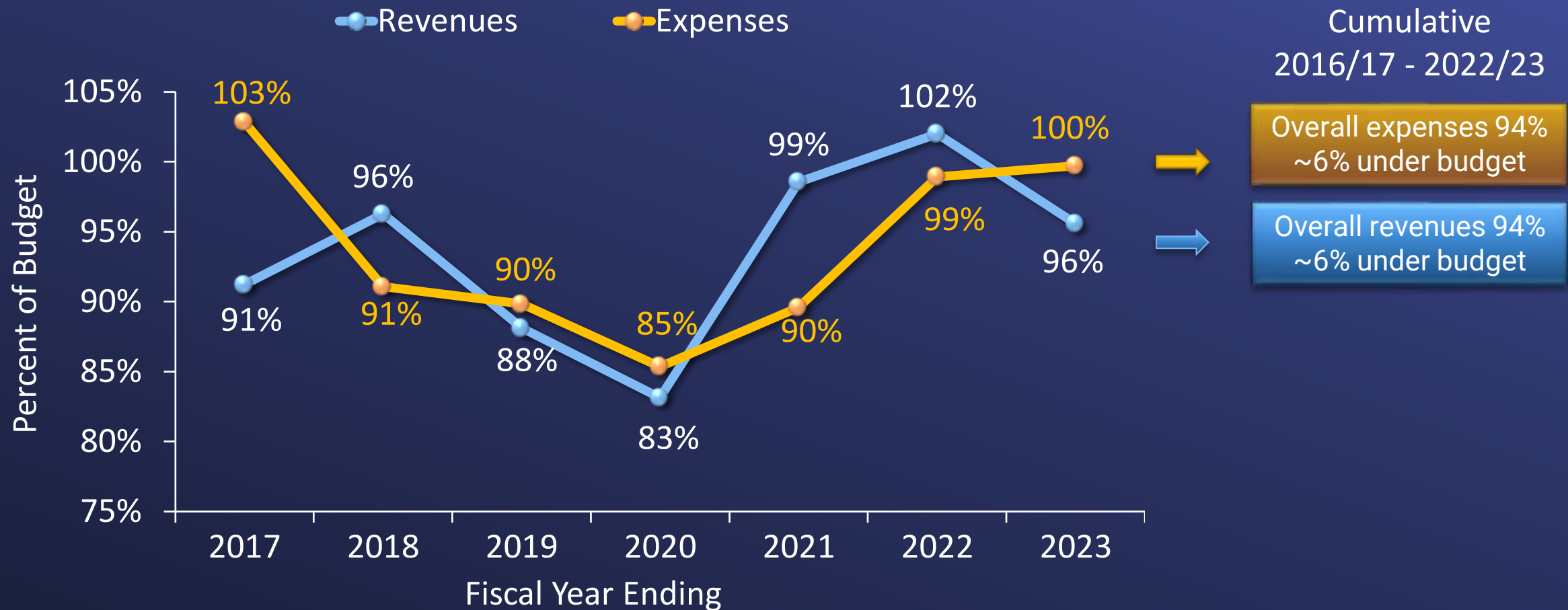
Purpose

Follow up item from August 15 FAIRP Request

Next Steps

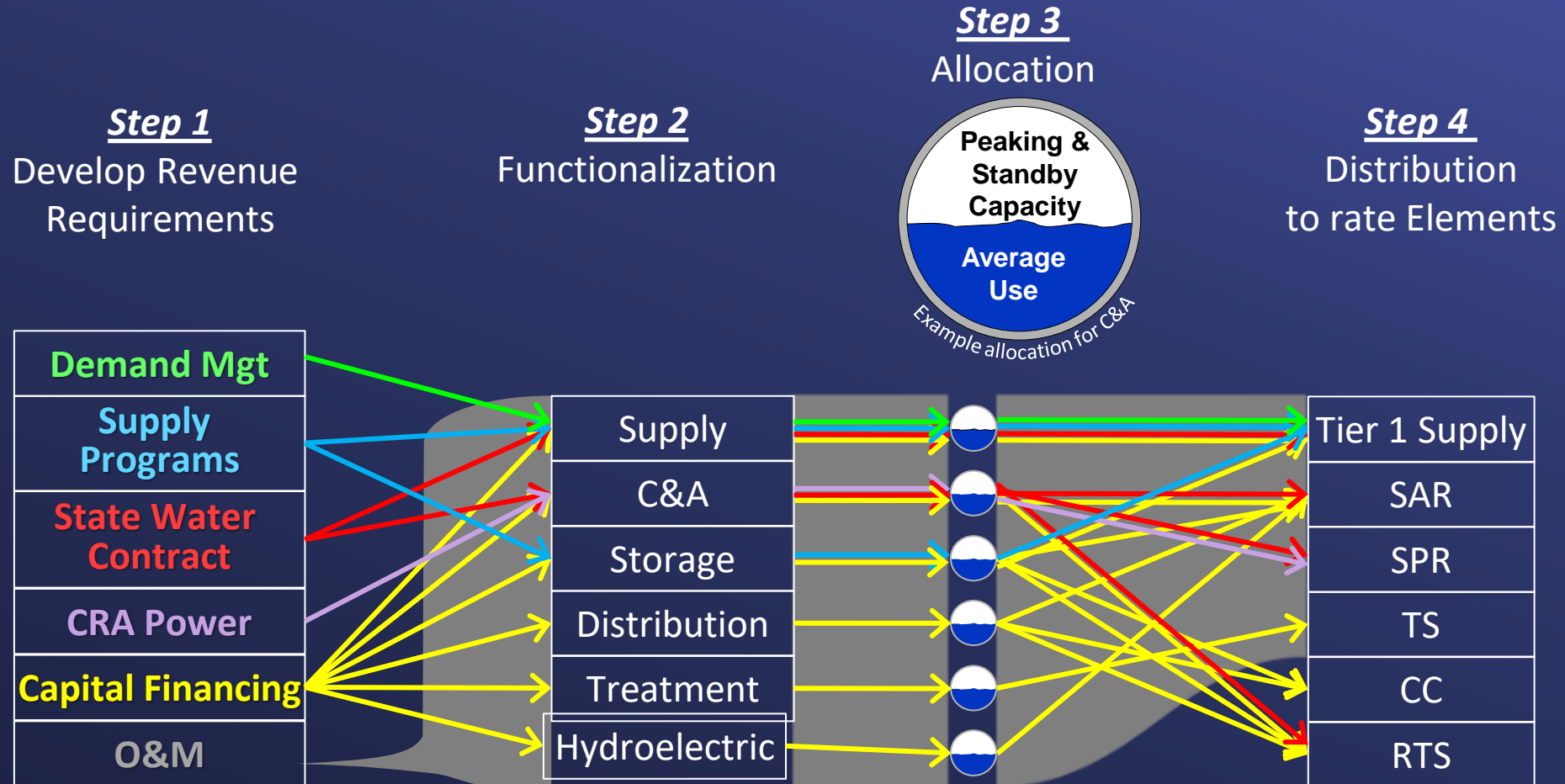
TBD

# Actuals vs. Budget



FY2023 actuals are unaudited

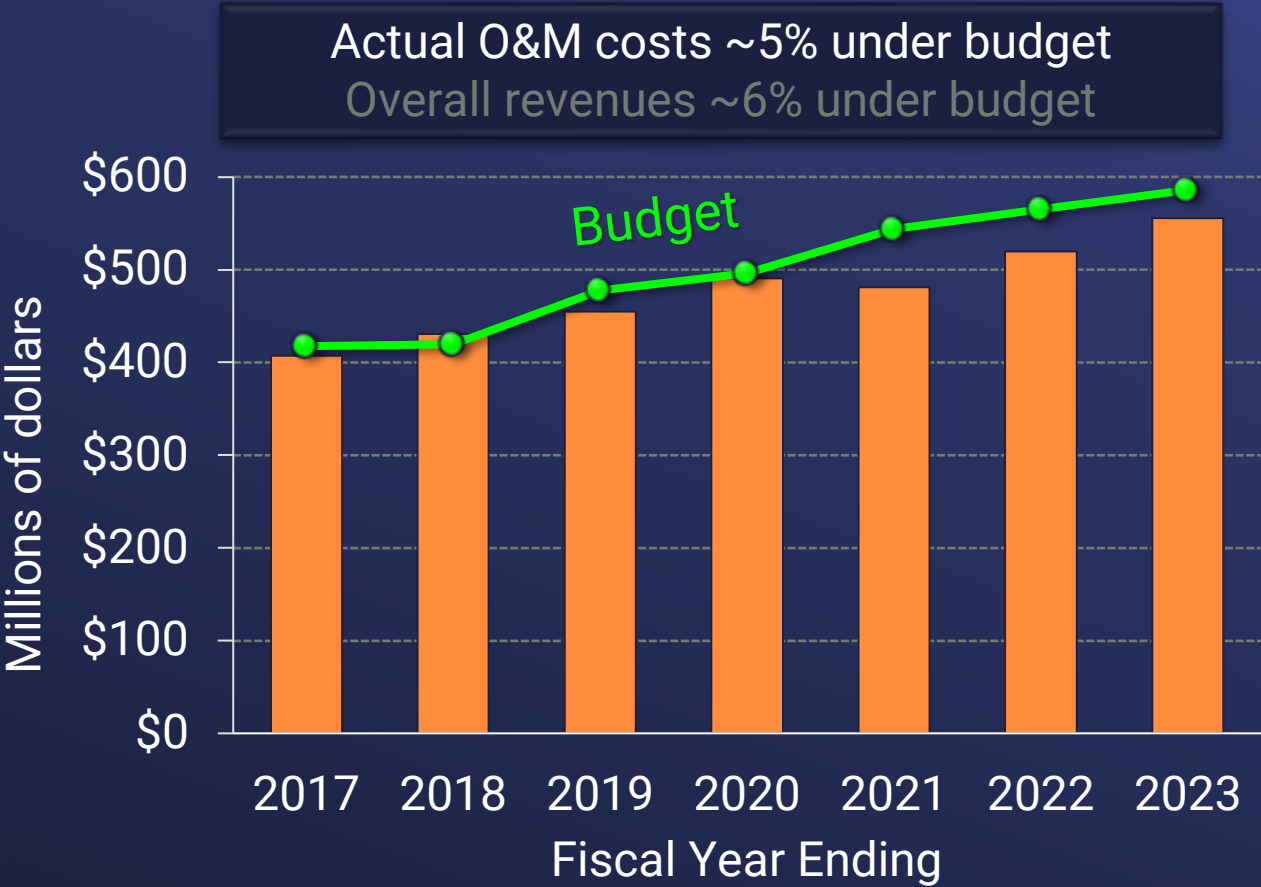
# Simplified Metropolitan COS Process



*Ignoring A&G and Revenue Offsets (property tax, etc)*

# Actuals vs. Budget (Departmental) O&M Costs

- (Departmental) O&M:
- **Salaries & Benefits, Operating Equipment**
  - **Outside Services** - professional services, security, vendor services
  - **Materials & Supplies** - includes software licensing & support
  - **Variable Treatment cost** - chemicals, sludge & power
  - **Other** - utilities, travel/training, insurance, taxes/permits, rents/leases and memberships/subscriptions



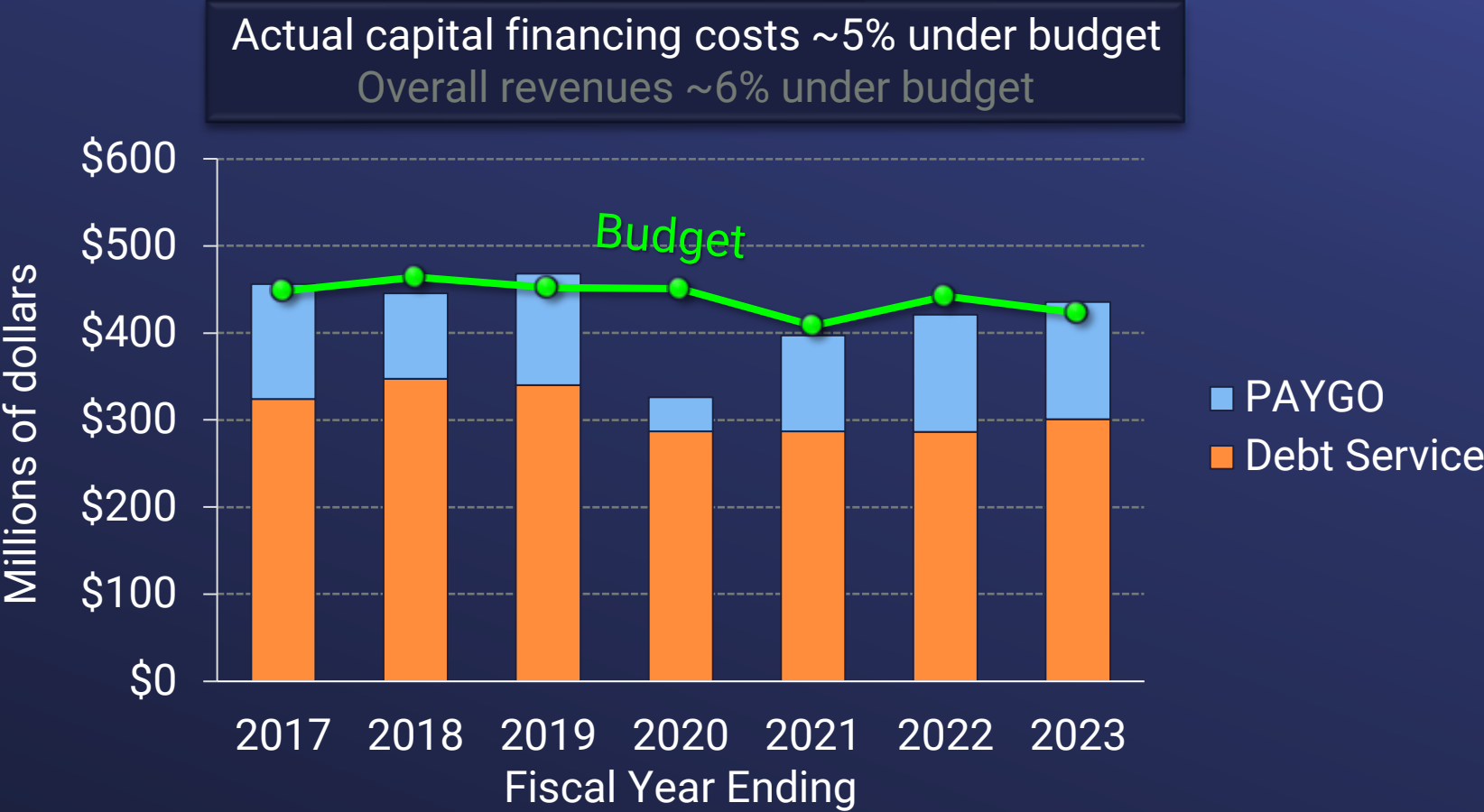
**Recovered by:**

Supply
SAR
SPR
TS
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RTS

FY2023 actuals are unaudited

# Actuals vs. Budget

## Capital Financing Costs



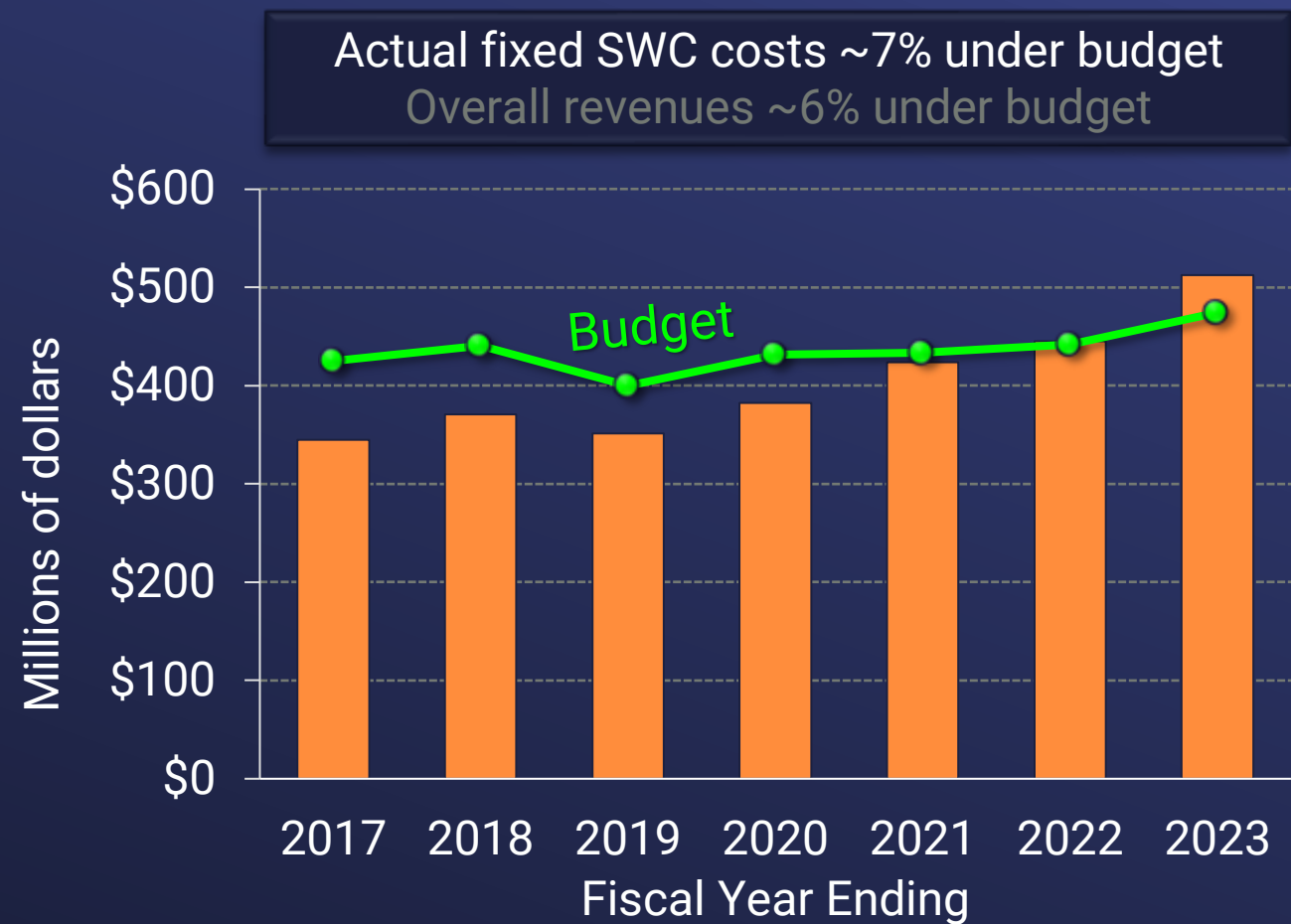
Recovered by:

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FY2023 actuals are unaudited

# Actuals vs. Budget

## Fixed State Water Contract (SWC) Costs



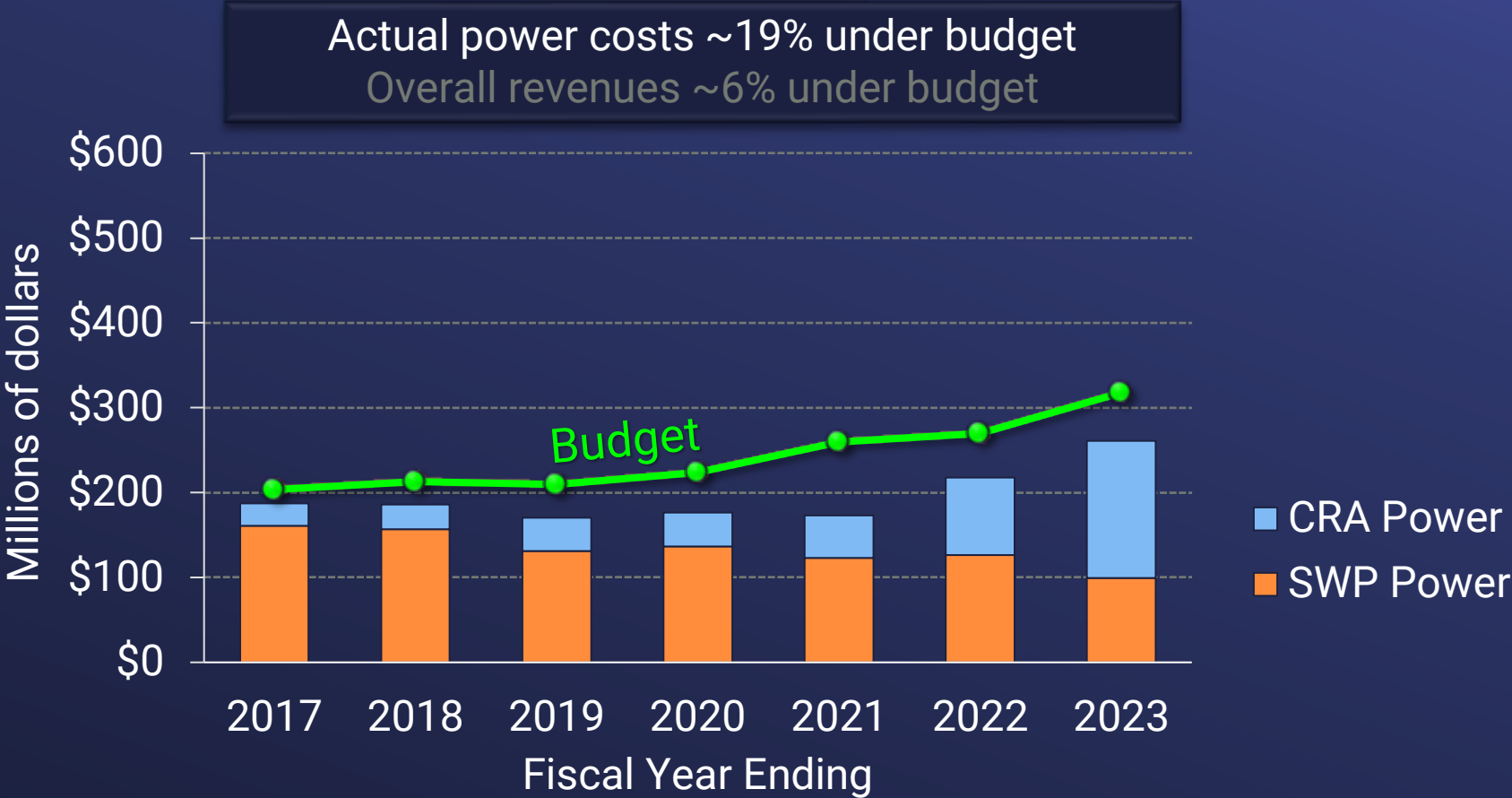
FY2023 actuals are unaudited

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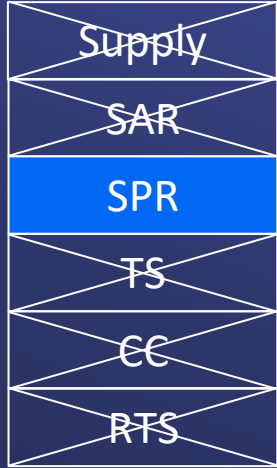
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RTS

# Actuals vs. Budget

## Power Costs



Recovered by:



FY2023 actuals are unaudited

# Actuals vs. Budget

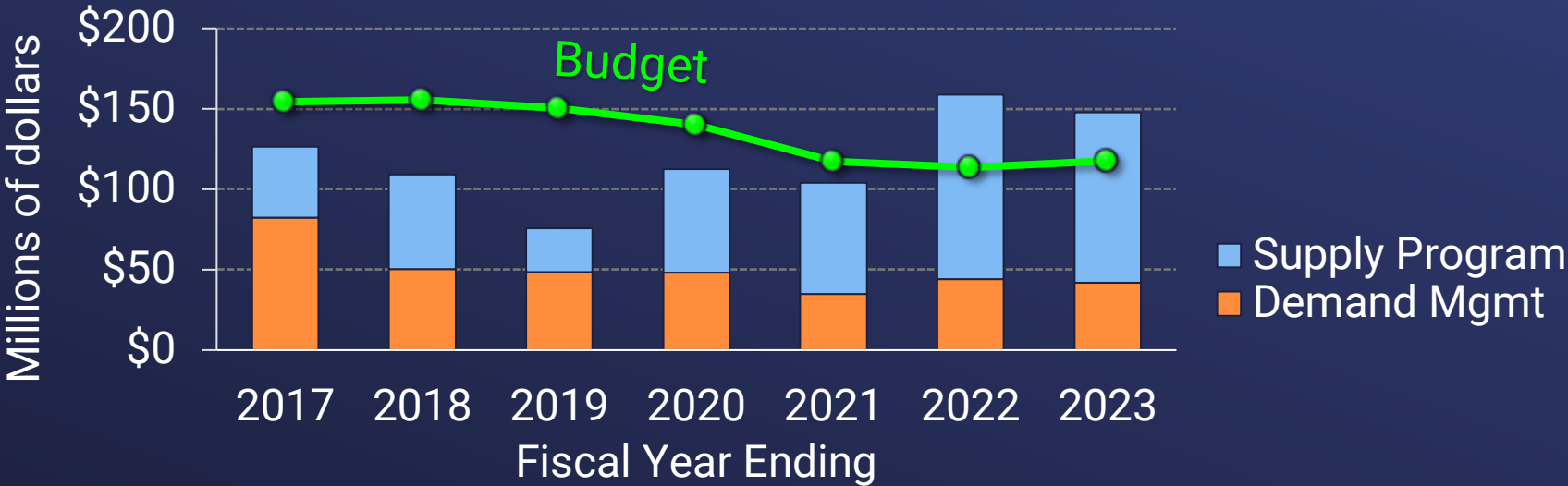
## Supply Programs and Demand Management

**Supply programs:** supplement Metropolitan’s principal sources of supply – SWP and Colorado River. Ex. PVID, AVEK High Desert Water Bank, dry Year transfers, etc.

**Demand management:** Conservation Program, Local Resources Program, Future Supply Actions & Stormwater Pilot

Cumulative actual supply program & DM costs from FY2017 to FY2023 were ~12% under budget.

Overall expenditures were ~6% under budget  
Overall revenues were ~6% under budget



Recovered by:

Supply
SAR
SPR
TS
CC
RTS

This slide shows some of the costs that are recover by the Tier-1 Supply rate element. Other costs include Sate Water Contract, O&M, capital financing costs.

FY2023 actuals are unaudited

# Supply Revenue Requirement

Example from 2022/23 Budget/COS

**SWC Delta:** State Water Contract Delta  
Capital and Delta OMP&R Charges

**Supply programs:** supplement Metropolitan's  
principal sources of supply – SWP and  
Colorado River. Ex. PVID, AVEK High Desert  
Water Bank, dry Year transfers, etc.

**Capital Financing:** The portion of capital  
financing costs that is attributed to Supply. Ex.  
drought storage portion of DVL and PVID land  
purchases

**Demand management:** Conservation  
Program, Local Resources Program, Future  
Supply Actions & Stormwater Pilot

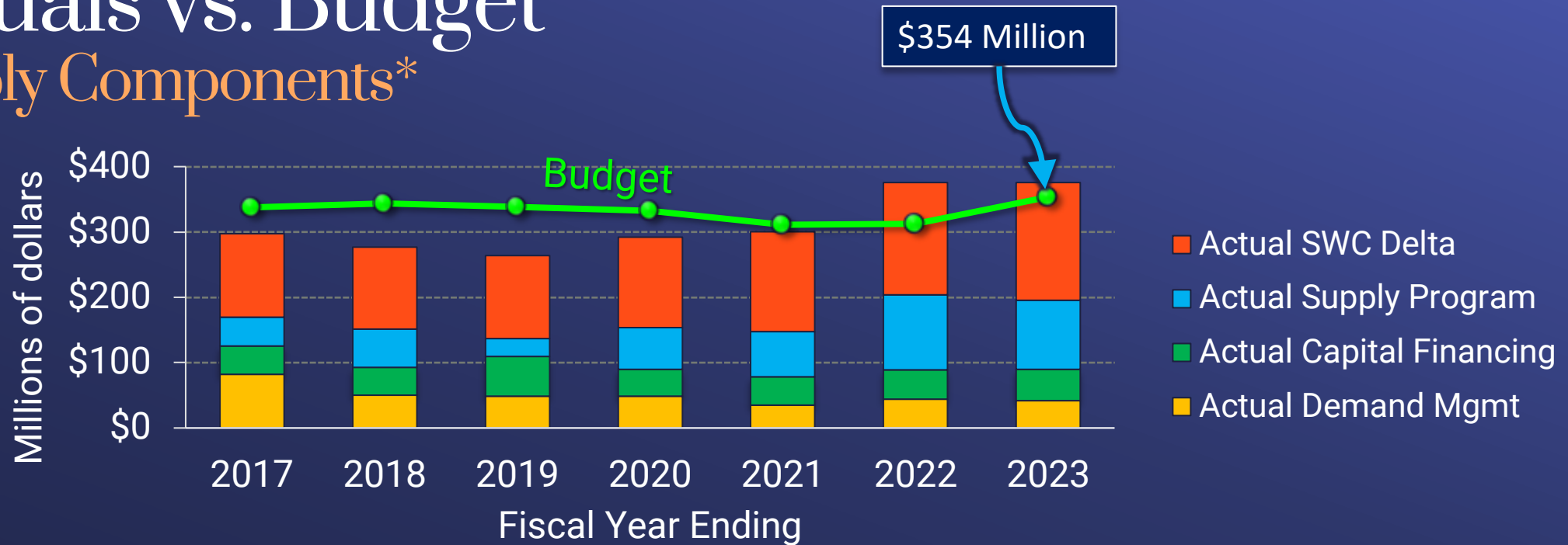
2023 Supply Revenue Requirement  
in Million of dollars

SWC Delta	\$191
Supply Programs	67
Capital Financing	46
Demand Management	51
Departmental O&M	108
<b>Total Supply Costs</b>	<b>462</b>
Revenue offsets	(55)
<b>Supply Revenue Requirement</b>	<b>\$407</b>

\$354 Million  
77% of the supply  
expenditures.

# Actuals vs. Budget

## Supply Components\*



Cumulative actual SWC delta, supply programs, capital financing, and demand mgmt costs from FY2017 to FY2023 were approximately 6% under budget

Overall expenditures were approximal 6% under budget  
Overall revenues were approximately 6% under budget

### Findings:

- Cost allocated to the supply rate element is in-line with the over/under collection for the overall expenditures and revenues
- The current COS process is reasonable at assigning costs to rate elements

\*This slide shows most of the costs that are recover by the Tier-1 Supply rate element. It does not include departmental O&M costs.  
FY2023 actuals are unaudited

# Metropolitan Water Transactions

	Full-Service Water Service		SDCWA Exchange - Set by agreement
	Treated	Untreated	
Tier 1 Supply	✓	✓	
SAR	✓	✓	✓
SPR	✓	✓	✓
TS	✓		
CC	✓	✓	✓
RTS	✓	✓	

Wheeling and Exchanges set by agreement

