



## Finance & Insurance Committee

Approve the proposed biennial budget for fiscal years 2022/23 and 2023/24, which includes the Capital Investment Plan and revenue requirements for fiscal years 2022/23 and 2023/24, and ten-year forecast; adopt resolutions fixing and adopting the water rates and charges for calendar years 2023 and 2024

Item 7-3  
April 12, 2022

# Option 4

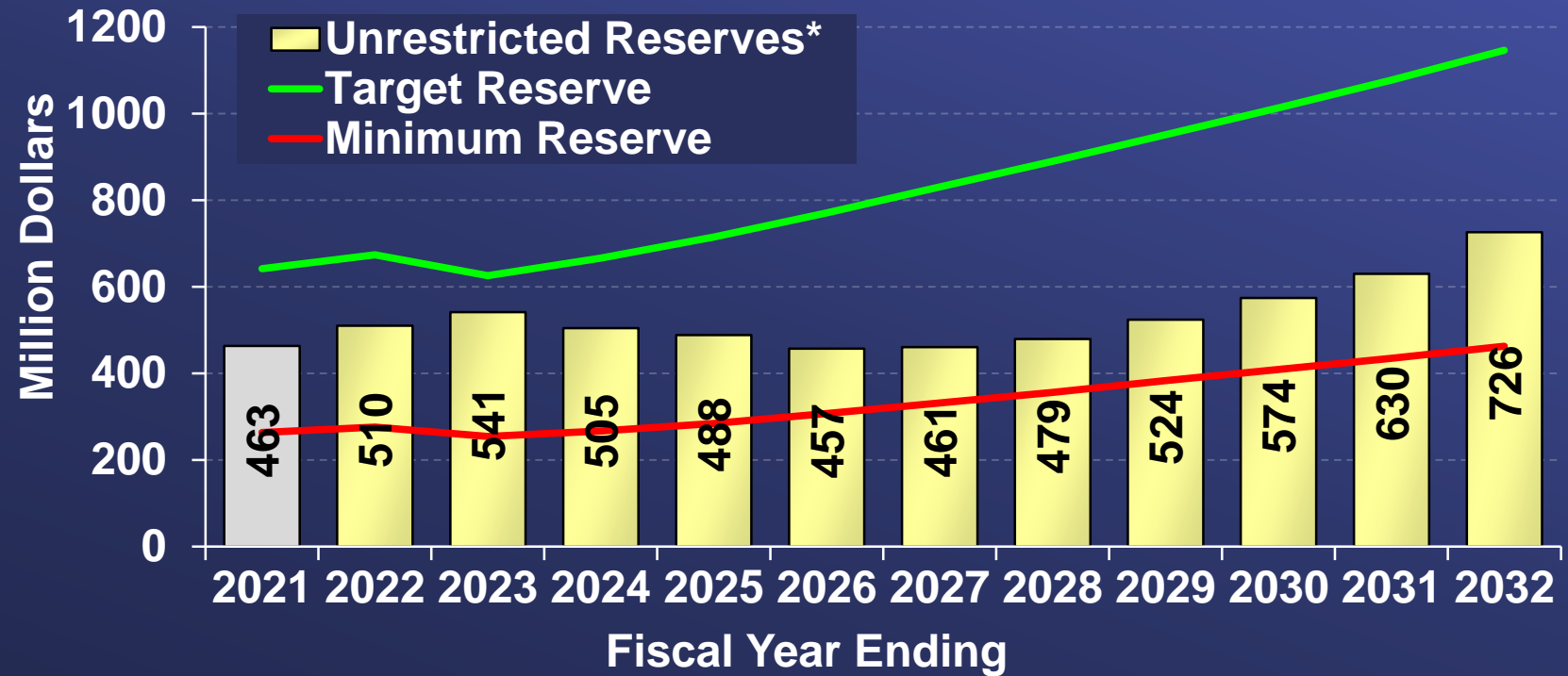
- Overall rate increase of 5% for CY2023 and 5% for CY2024
- Changes as compared to Option 3
  - Assume MWD obtains \$3M/yr in misc. revenues through FY 2031/32
  - Reduce the Departmental O&M budget another \$3M/yr through FY 2031/32
    - Additional impacts not yet evaluated
  - Increases CY2025 rate to 7%
- Additional risks as compared to Option 3
  - New revenue sources must be realized
  - Increased risk of large reserves draws over the biennium that necessitate unplanned rate increases or higher future rates
- Assumes no elimination or limitation of demand management programs and no projected increased use of reserves over the biennium from Option 1

# Option 4: Water Rates and Charges

Rates & Charges Effective January 1st	2022	2023	% Increase (Decrease)	2024	% Increase (Decrease)
Tier 1 Supply Rate (\$/AF)	\$243	\$321	32%	\$332	3%
Tier 2 Supply Rate (\$/AF)	\$285	\$530	86%	\$531	0%
System Access Rate (\$/AF)	\$389	\$368	(5%)	\$389	6%
System Power Rate (\$/AF)	\$167	\$166	(1%)	\$182	10%
Treatment Surcharge (\$/AF)	\$344	\$354	3%	\$353	(0%)
<b>Full Service Untreated Volumetric Cost (\$/AF)</b>					
Tier 1	\$799	\$855	7%	\$903	6%
Tier 2	\$841	\$1,064	27%	\$1,102	4%
<b>Full Service Treated Volumetric Cost (\$/AF)</b>					
Tier 1	\$1,143	\$1,209	6%	\$1,256	4%
Tier 2	\$1,185	\$1,418	20%	\$1,455	3%
<b>RTS Charge (\$M)</b>	\$140	\$154	10%	\$167	8%
<b>Capacity Charge (\$/cfs)</b>	\$12,200	\$10,600	(13%)	\$11,200	6%
<b>Overall Rate Increase</b>			<b>5.0%</b>		<b>5.0%</b>

Full Service Cost means the Full Service Rate, consisting of the following rate components: the applicable Supply Rate, the System Access Rate, the System Power Rate, and if applicable the Treatment Surcharge for treated water service.

# Option 4



Overall Rate Inc.	3.0%	4.0%	5.0%	5.0%	7.0%	6.0%	6.0%	6.0%	6.0%	5.0%	5.0%	5.0%
Water Transactions (MAF)**	1.52	1.60	1.59	1.54	1.54	1.51	1.53	1.53	1.54	1.55	1.55	1.57
Rev. Bond Cvg	2.0	1.6	1.5	1.4	1.6	1.6	1.7	1.7	1.8	1.8	1.8	1.8
Fixed Chg Cvg	2.0	1.6	1.5	1.4	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7
PAYGO, \$M	110	135	135	135	175	175	175	175	200	200	200	200

\* Revenue Remainder and Water Rate Stabilization Fund

\*\* Includes water sales, exchanges and wheeling

# Biennial Budget Recommendation

## ● Option 4

- Approve the FY 2022/23 and FY 2023/24 Proposed Biennial Budget with overall rate increases of 5 percent in CY 2023 and 5 percent in CY 2024, which includes \$3,794.5M in appropriations for ongoing operations, bond-financed conservation and supply programs, and debt service obligations;
- Authorize the use of \$270M in operating revenues to fund the Capital Investment Plan for FYs 2022/23 and 2023/24;
- Determine the revenue requirements to be \$1,670.9M in FY 2022/23 and \$1,763.6M in FY 2023/24;
- Approve the Ten-Year Financial Forecast
- Adopt resolutions fixing and adopting the Readiness-To-Serve Charge, Capacity Charge, and Water Rates
- Authorize a change in the method of installing, keeping, and rendering all accounts from a modified-accrual basis method of accounting to a cash-basis method of accounting for the purpose of budgeting.



