

Attachment 1

Water Rate Proposal Alternatives June 8, 2009

Description of Alternative	Fiscal Impact	Operation/CIP Impact																								
<p>1. Eliminate or suspend implementation of Blocks 4 and 5: (variations of this option may be considered, including implementation of only Block 4, alternate pricing for Blocks 4 and 5, etc.)</p>	<ul style="list-style-type: none"> • Expected revenues: \$2.0M • If no change in water consumption • Funds would be used to offset increased MWD water costs in "penalty" levels 	<ul style="list-style-type: none"> • Reduces conservation price signals to largest users • PWP will purchase MWD water at higher "penalty" rates if PWP exceeds 10% reduced allocation from MWD • Will need to increase PWAC to recover higher MWD costs if PWP exceeds 10% reduced allocation from MWD and Blocks 4 and 5 are suspended 																								
<p>2. Suspend General Fund Transfer (GFT) from incremental D&C revenues</p>	<p>Cumulative impact on D&C on operating revenues:</p> <ul style="list-style-type: none"> • \$528,000 cumulative two-year implementation (\$0.45/month for small residential customer) • \$594,000 cumulative three-year implementation (0.50/month for small residential customer) 	<p>Total GFT from water fund is about \$2.4M plus \$540K for Hahamongna maintenance costs.</p> <ul style="list-style-type: none"> • Revenues remain in Water Fund to support operations • Corresponding impact on General Fund revenues 																								
<p>3. Increase to Distribution and Customer Charge - 3 year implementation</p>	<p>Two Year vs. Three Year D&C Rate Impacts:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2"></td> <td style="text-align: center;"><u>Revenue</u></td> </tr> <tr> <td style="text-align: center;"><u>Two Year</u></td> <td style="text-align: center;">51%</td> <td style="text-align: center;">\$4.3M</td> </tr> <tr> <td style="text-align: center;">7/1/09</td> <td style="text-align: center;">34%</td> <td style="text-align: center;">\$4.5M</td> </tr> <tr> <td style="text-align: center;">7/1/10</td> <td></td> <td></td> </tr> <tr> <td colspan="2"></td> <td style="text-align: center;"><u>Three Year</u></td> </tr> <tr> <td style="text-align: center;">7/1/09</td> <td style="text-align: center;">35%</td> <td style="text-align: center;">\$3.0M</td> </tr> <tr> <td style="text-align: center;">7/1/10</td> <td style="text-align: center;">27%</td> <td style="text-align: center;">\$3.2M</td> </tr> <tr> <td style="text-align: center;">7/1/11</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">\$3.5M</td> </tr> </table>			<u>Revenue</u>	<u>Two Year</u>	51%	\$4.3M	7/1/09	34%	\$4.5M	7/1/10					<u>Three Year</u>	7/1/09	35%	\$3.0M	7/1/10	27%	\$3.2M	7/1/11	25%	\$3.5M	<p>Impact of prolonging increases over additional years:</p> <ul style="list-style-type: none"> • Cumulative impact higher on customers over three years • Each increase is smaller percentage • Prolongs structural deficit of Water fund by at least one year • Potentially insufficient net income to cover GFT in FY 2011 (based on FY 2010 operating results)
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