



Shortage Rate Stabilization Roundtable

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Stakeholder Roundtable
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Background

Types of Rate Stabilization Reserves

- CAWCD has two types of rate stabilization programs
 - Shortage Stabilization Program
 - Voluntary Supplemental Shortage Stabilization Program



Shortage Stabilization Program

- The Program was established in 2011 as part of the 2012 water delivery rates.
 - Stabilization rate was \$5 in 2012, ranging between \$1 - \$3 from 2013 - 2018
 - Program funds are to be utilized when a shortage is declared
 - The program's intent is to soften Fixed OM&R rate impacts of a shortage by providing a rate reduction over 2-3 years
 - As of December 2020, the balance is at the target of \$30 million (including interest)



Voluntary Supplemental Shortage Stabilization Program

“2014 Program”

- CAWCD Board established this program in 2015 as a result of the significant energy rate refund due to customers from the 2014 rate reconciliation
 - CAWCD contributed a proportionate share of the reconciled amount from the contracts that did not have a settlement clause (excess contracts)
 - The program’s intent is to further reduce shortage rate impacts by providing an energy rate reduction over 2-3 years
 - 26 M&I subcontractors and federal contractors chose to opt-in the program
 - Per customer request, the Program had a termination date of 2020



Voluntary Supplemental Shortage Stabilization Program cont'd



“2020 Program”

- Customer roundtable was held where there was overwhelming support to extend the 2014 Program
- CAWCD Board of Directors approved the 2020 Program to be offered to participants in the 2014 Program
 - Same terms and conditions as the 2014 Program were used (excluding the termination date)
 - All 26 participants in the 2014 Program chose to opt-in to the 2020 Program
 - As of the end of December 2020, the balance in the fund is approximately \$7.3 million

Outlook



CAWCD is in preparation for the possibility of a Tier 1 Shortage in 2022 & 2023

- The recent January 24 Month Study indicates an increased likelihood that Lake Mead will be below elevation 1,075' at the end of calendar year 2021.
 - This would put the Lower Basin in a Tier 1 shortage for 2022, resulting in a reduction to CAP of 320,000 acre-feet as specified in the 2007 Interim Guidelines and an additional 192,000 acre-feet of required DCP contributions.
 - The following slides illustrate the impact to the rates as well as proposals

Rate Outlook

Water Delivery Rates	Provisional 2022	Advisory 2023	Advisory 2024	Advisory 2025	Advisory 2026
Tier Zero Fixed OM&R	\$109	\$114	\$121	\$127	\$128
Tier Zero Energy	\$56	\$57	\$61	\$61	\$63
Tier Zero Water Delivery	\$165	\$171	\$182	\$188	\$191
Tier 1 Fixed OM&R	\$136	\$143	\$153	\$161	\$162
Tier 1 Energy	\$56	\$57	\$61	\$61	\$63
Tier 1 Water Delivery	\$192	\$200	\$214	\$222	\$225

Proposals

Full Rate Stabilization balance	\$ 30,000,000
Estimated water volume	1,200,000
Full Rate Stabilization program \$/acre-foot available	\$ 25

Tier 1

Option 1

Year	2022	2023	2024
Fixed OM&R	\$ 136	\$ 143	\$ 153
Rate Stabilization	\$ (15)	\$ (10)	\$ -
Net Fixed OM&R	\$ 121	\$ 133	\$ 153
Energy	\$ 56	\$ 57	\$ 61
Water Delivery Rate	\$ 177	\$ 190	\$ 214

Option 2

Year	2022	2023	2024
Fixed OM&R	\$ 136	\$ 143	\$ 153
Rate Stabilization	\$ (13)	\$ (12)	\$ -
Net Fixed OM&R	\$ 123	\$ 131	\$ 153
Energy	\$ 56	\$ 57	\$ 61
Water Delivery Rate	\$ 179	\$ 188	\$ 214

Option 3

Year	2022	2023	2024
Fixed OM&R	\$ 136	\$ 143	\$ 153
Rate Stabilization	\$ (25)	\$ -	\$ -
Net Fixed OM&R	\$ 111	\$ 143	\$ 153
Energy	\$ 56	\$ 57	\$ 61
Water Delivery Rate	\$ 167	\$ 200	\$ 214

Note: The full rate stabilization program \$ shown exclude any reductions from the 2020 program. The last year of the proposed rates are approximate as the remaining balance will be applied.

Proposals

2020 Program balance	\$ 7,300,000
Estimated water volume 2020 Program	663,322
\$/acre-foot available	\$ 11.01

Tier 1

Option 1

Year	2022	2023	2024
Fixed OM&R	\$ 136	\$ 143	\$ 153
Energy	\$ 56	\$ 57	\$ 61
Rate Stabilization	\$ (6)	\$ (5)	\$ -
Net Energy	\$ 50	\$ 52	\$ 61
Water Delivery Rate	\$ 186	\$ 195	\$ 214

Option 2

Year	2022	2023	2024
Fixed OM&R	\$ 136	\$ 143	\$ 153
Energy	\$ 56	\$ 57	\$ 61
Rate Stabilization	\$ (5)	\$ (6)	\$ -
Net Energy	\$ 51	\$ 51	\$ 61
Water Delivery Rate	\$ 187	\$ 194	\$ 214

Option 3

Year	2022	2023	2024
Fixed OM&R	\$ 136	\$ 143	\$ 153
Energy	\$ 56	\$ 57	\$ 61
Rate Stabilization	\$ -	\$ (11)	\$ -
Net Energy	\$ 56	\$ 46	\$ 61
Water Delivery Rate	\$ 192	\$ 189	\$ 214

Note: The 2020 program \$ exclude any reductions from full rate stabilization program.
The last year of the proposed rates are approximate as the remaining balance will be applied.

