California WaterFix Costs to City Households: A Changing Waterscape

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Historical LADWP Reliance on MWD Supplies

Figure 1. MWD Share of City of LA Water Supply

Average MWD Share of City Supply
FY 2016-17: 43%
Past 5 Years: 65%
Past 10 Years: 58%
Past 15 Years: 54%
Cost Allocation of WaterFix to Los Angeles Single Family Resident Households

- WaterFix Project Cost
- State Water Project Cost
- Metropolitan Water District Cost
- MWD A/V Taxes in LA & DWP Water Cost
- Avg. Household Surcharge ($ per month)
Cost Allocation of WaterFix to Los Angeles Single Family Resident Households
## Los Angeles Household Monthly Costs of WaterFix with Two Tunnels (August 2017)

<table>
<thead>
<tr>
<th>Description ($ per month)</th>
<th>Best Case</th>
<th>Probable Average</th>
<th>Worst Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>DWP Water Charge</td>
<td>$0.09</td>
<td>$0.73</td>
<td>$3.05</td>
</tr>
<tr>
<td>MWD Property Tax Levy</td>
<td>$0.78</td>
<td>$1.00</td>
<td>$1.26</td>
</tr>
<tr>
<td>Total Monthly Surcharge</td>
<td>$0.87</td>
<td>$1.73</td>
<td>$4.31</td>
</tr>
</tbody>
</table>

*Standard Deviation (+/-)* $0.53

The MWD tax is for a household with median assessed value. DWP charge is for a median monthly water use of 10 HCF billing units. Current median single family residence bill is about $60 per month.
Los Angeles Household Monthly Costs of WaterFix with Two Tunnels & All Water Sold (August 2017)

Cumulative Probability for City of Los Angeles WaterFix Surcharges

Cumulative Probability of Surcharge Level

$0.00  $1.00  $2.00  $3.00  $4.00

Monthly WaterFix Surcharge to Single Family Residences (2017$)
Los Angeles Household Monthly Costs of WaterFix2 with Two Tunnels, **Baseline MWD at risk** (Mar 2018) -- Expected value: $2.52, range from $0.95 to $6.78
Los Angeles Household Monthly Costs of WaterFix2 with Two Tunnels, Alt 1 MWD Sells All (Mar 2018) -- Expected value: $1.79, range from $0.95 to $3.17
Los Angeles Household Monthly Costs of WaterFix2 w/ 2 Tunnels, Alt 2 MWD Absorbs Excess (Mar 2018) -- Expected value: $3.38, range from $1.32 to $6.78
Los Angeles Household Monthly Costs of WaterFix2
Stage 1 - One Tunnel & All Water Sold (April 2018)
-- Expected value: $1.90, range from $0.96 to $3.62
# Summary of Trend in Surcharges

## Table 2. OPA Trend in Expected WaterFix Surcharges

<table>
<thead>
<tr>
<th>Monthly Surcharge per Median Household</th>
<th>August 2017</th>
<th>February 2018</th>
<th>March 2018</th>
<th>April 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average</td>
<td>Stage 1 with One Tunnel (All SWP Contractors)</td>
<td>Stage 1 with MWD Financing the 2nd Tunnel 2018$</td>
<td>Stage 1 with One Tunnel (87% of SWP Contractors)</td>
</tr>
<tr>
<td></td>
<td>$1.73</td>
<td>$1.87</td>
<td>$2.52</td>
<td>$1.90</td>
</tr>
<tr>
<td>Median Household</td>
<td>$0.87 to $4.31</td>
<td>$0.90 to $4.07</td>
<td>$0.95 to $6.78</td>
<td>$0.96 to $3.62</td>
</tr>
<tr>
<td>Full Two Tunnels</td>
<td>2017$</td>
<td>2018$</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
OPA Findings for WaterFix Stage 1 (One Tunnel) Costs to City Ratepayers

- Wide Range of Assumptions: Least to Highest WaterFix Costs
  - 600 randomized modeling runs
  - WaterFix Stage 1 project costs: $9 to $13 billion (2017$)
  - Future Delta water exports: 3.4 to 4.8 million acre-feet per year
  - Scenarios for lower take and price
  - LA dependence on MWD water: 12% to 61% of DWP supply portfolio

- Issues not Included in Report
  - Total costs of water service (only the direct WaterFix costs are evaluated)
  - Alternatives to the WaterFix project (recycled water, stormwater capture)
  - Cost – Benefit analysis (reliability, quality, sustainability, environmental)

- Conclusion: The WaterFix2 Stage 1 (One tunnel) surcharges are reasonable for single residence households in the City
CALIFORNIA WATERFIX COSTS TO CITY RATEPAYERS

DISCUSSION