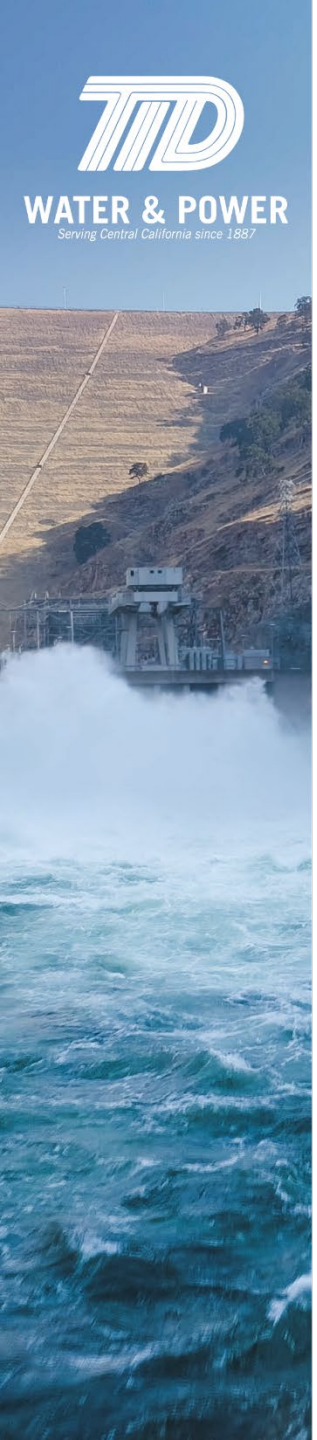


2025 WATER RATE HEARING

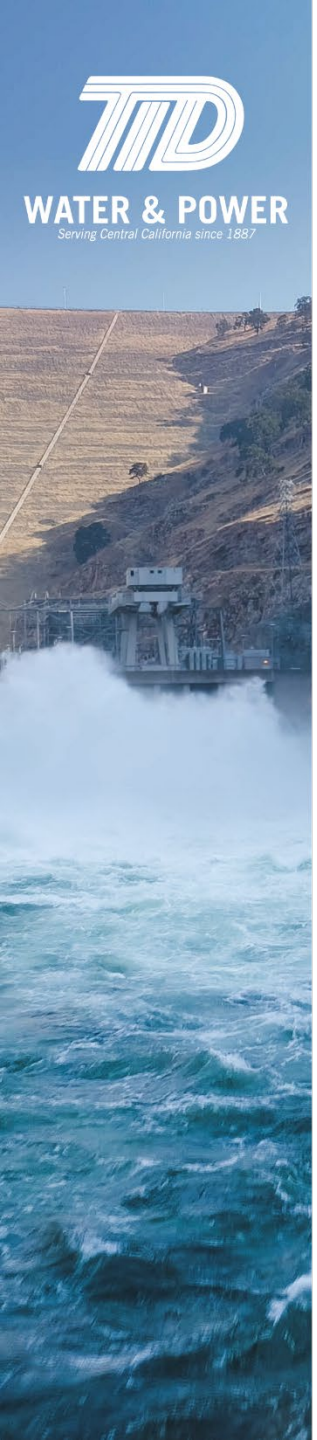
January 14, 2025

Agenda

- District Finances
- Rates Analysis
- Summary

Background

- When was the last water rate increase?
  - Last water rate increase was ten years ago
- What has the District done to maintain rates for 10 years?
  - Utilization of Reserves
  - Controlling Expenditures
- Where are we now?



2025
TID Budget

Historic Financials and Draft Budget: Current Rates

(x$1,000)	2023 Actual	2024 Projection	2024 Budget	2025 Budget	
District Operating Revenues:				*Current Rates*	
Retail Electric	$351,887	$325,200	$336,100	$ 325,000	
Wholesale Electric	84,394	59,250	87,000	81,300	
Wholesale Wind Revenue	5,781	7,200	8,800	11,100	
BABs Revenue	3,400	3,400	3,400	-	
Other Including Solar PPA Revenue	13,906	12,650	11,650	18,050	
Water Operating Revenues	18,016	14,500	14,500	14,500	
Total Operating Revenues	**477,383**	**422,200**	**461,450**	**449,950**	
Power Supply (Purchase Power & Fuel)	295,258	265,829	303,754	305,200	
O&M Expense	90,490	98,587	98,807	101,000	
Total PP&F and O&M	**385,748**	**364,416**	**402,561**	**406,200**	
Cash Generated from Operations	**91,636**	**57,784**	**58,889**	**43,750**	
Interest Income-Net	7,082	6,000	6,000	4,875	
Total Cash Available	**98,718**	**63,784**	**64,889**	**48,625**	**A**
Total TID Debt Serv.	**(34,700)**	**(34,800)**	**(34,800)**	**(34,500)**	**B**
Cash Available after Debt Service	64,018	28,984	30,089	14,125	
Capital Expenditures	**(86,459)**	**(84,374)**	**(85,074)**	**(101,432)**	
TID Debt/Service Coverage-(X)	**2.84**	**1.83**	**1.86**	**1.41**	**=A/(-B)**
Est. Days Cash On Hand (DCOH) 12/31		**224 – 237**		**190 - 202**	

Historic Financials and Draft Budget: Current & Proposed Rates

(x$1,000)	2023 Actual	2024 Projection	2024 Budget	2025 Budget	2025 Budget	
District Operating Revenues:				*Current Rates*	*Proposed Rates*	
Retail Electric	$351,887	$325,200	$336,100	$ 325,000	$ 340,600	
Wholesale Electric	84,394	59,250	87,000	81,300	81,300	
Wholesale Wind Revenue	5,781	7,200	8,800	11,100	11,100	
BABs Revenue	3,400	3,400	3,400	-	-	
Other Including Solar PPA Revenue	13,906	12,650	11,650	18,050	18,050	
Water Operating Revenues	18,016	14,500	14,500	14,500	14,700	
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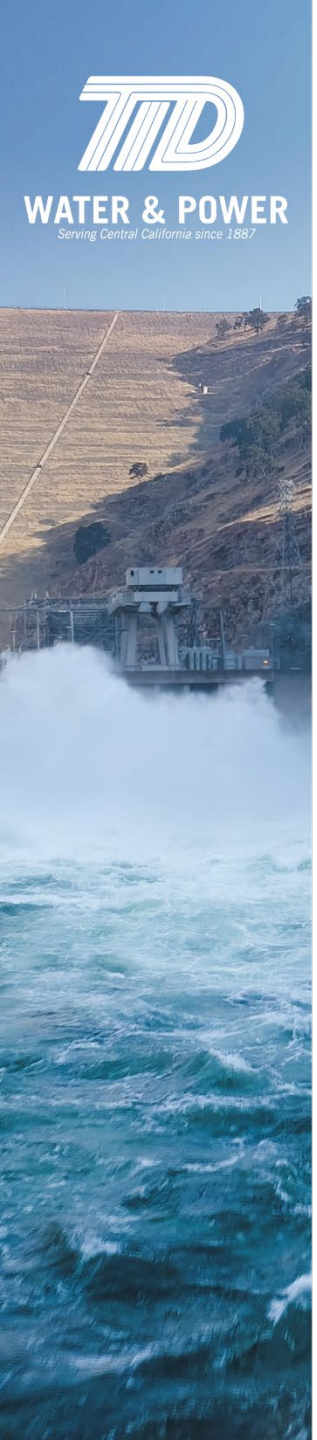
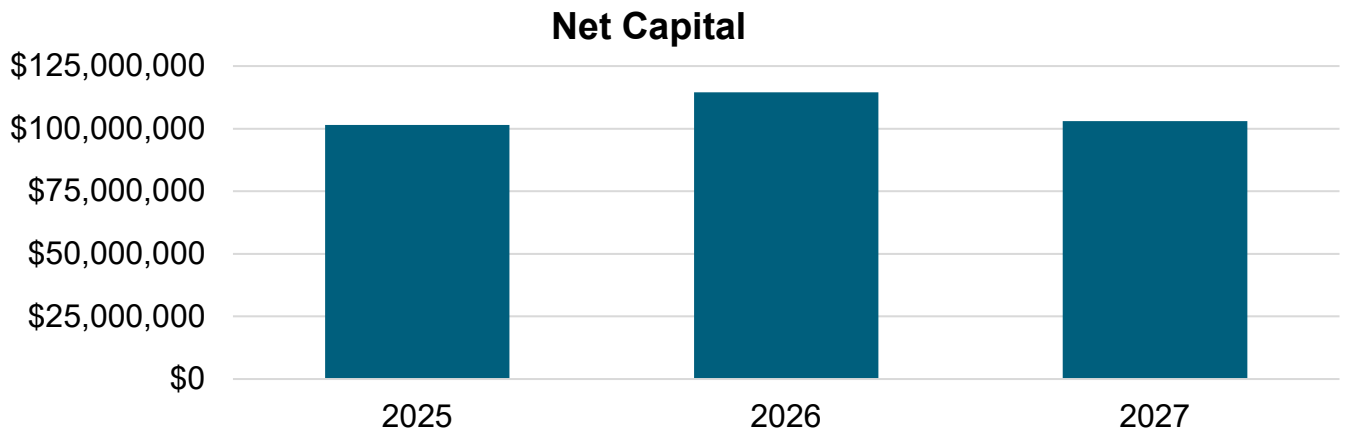
Cash Generated from Operations	**91,636**	**57,784**	**58,889**	**43,750**	**59,550**	
Interest Income-Net	7,082	6,000	6,000	4,875	4,875	
Total Cash Available	**98,718**	**63,784**	**64,889**	**48,625**	**64,425**	**A**
Total TID Debt Serv.	**(34,700)**	**(34,800)**	**(34,800)**	**(34,500)**	**(34,500)**	**B**
Cash Available after Debt Service	64,018	28,984	30,089	14,125	29,925	
Capital Expenditures	**(86,459)**	**(84,374)**	**(85,074)**	**(101,432)**	**(101,432)**	
TID Debt/Service Coverage-(X)	**2.84**	**1.83**	**1.86**	**1.41**	**1.87**	**=A/(-B)**
Est. Days Cash On Hand (DCOH) 12/31		**224 – 237**		**190 - 202**	**204 - 216**	

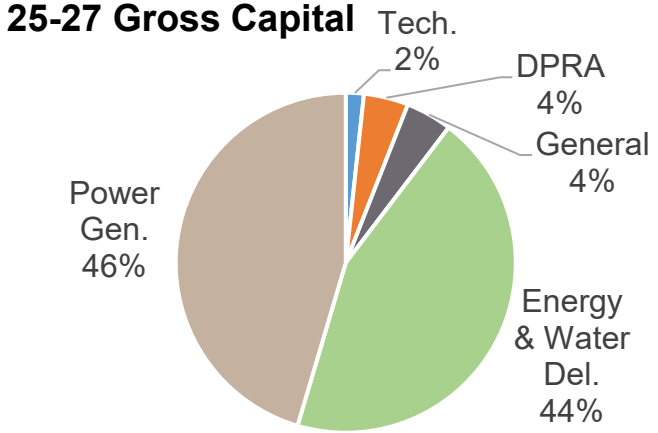


Capital Budget

Capital Budget Summary: Functional Area

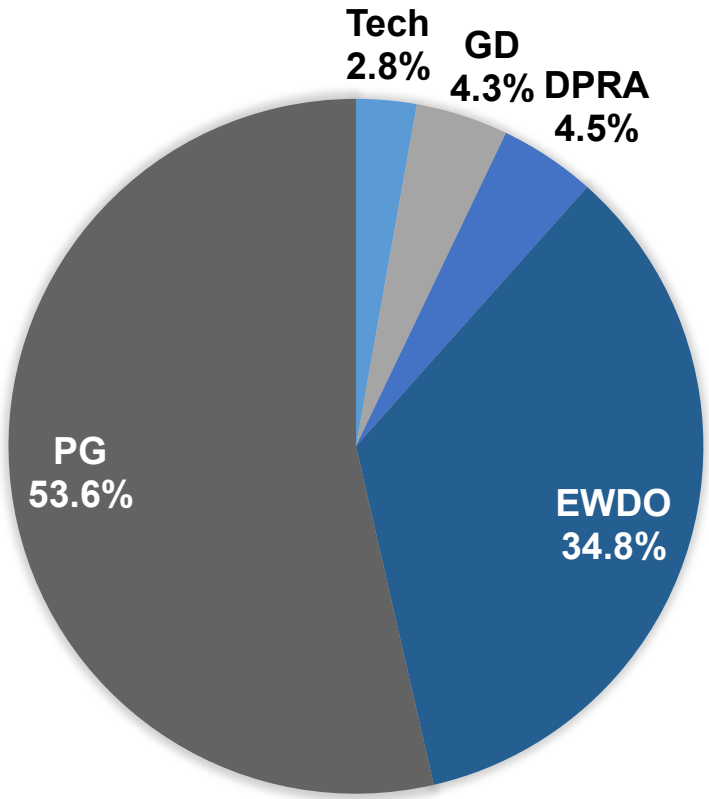
Description	2025	2026	2027	Total '25 – '27
Functional Area				
DPRA	$ 5,945,000	$ 7,061,000	$ 4,873,000	$ 17,879,000
Energy & Water Delivery	46,125,000	74,921,000	65,378,000	186,424,000
General District	5,695,000	7,850,000	4,985,000	18,530,000
Power Generation	71,012,000	62,959,000	57,477,000	191,448,000
Technology	3,720,000	2,237,000	1,282,000	7,239,000
Functional Area Gross	**132,497,000**	**155,028,000**	**140,995,000**	**421,520,000**
Total Contributions	*(31,065,000)*	*(40,518,000)*	*(30,955,000)*	*(102,538,000)*
Functional Area Net	**$101,432,000**	**$114,510,000**	**$103,040,000**	**$318,982,000**
Cont. in aid of Const.	**(4,250,000)**	**(4,250,000)**	**(4,250,000)**	**(12,750,000)**
Capital after CIAC	**97,182,000**	**110,260,000**	**98,790,000**	**$306,232,000**





2025 Draft Capital Budget

Description	Short Term	Long Term	Total Capital
Functional Area			
DPRA	$ 75,000	$ 5,870,000	$ 5,945,000
Energy & Water Delivery	10,538,000	35,587,000	46,125,000
General District	5,695,000	-	5,695,000
Power Generation	6,617,000	64,395,000	71,012,000
Technology	3,720,000	-	3,720,000
Functional Area Gross	**26,645,000**	**105,852,000**	**132,497,000**
Total Contributions	*(202,000)*	*(30,863,000)*	*(31,065,000)*
Functional Area Net	**$21,443,000**	**$ 74,989,000**	**$101,432,000**
Cont. in Aid of Const.	**(4,250,000)**	**-**	**(4,250,000)**
Capital after CIAC	**$22,193,000**	**$74,989,000**	**$97,182,000**
	22.8%	**77.2%**	**100%**

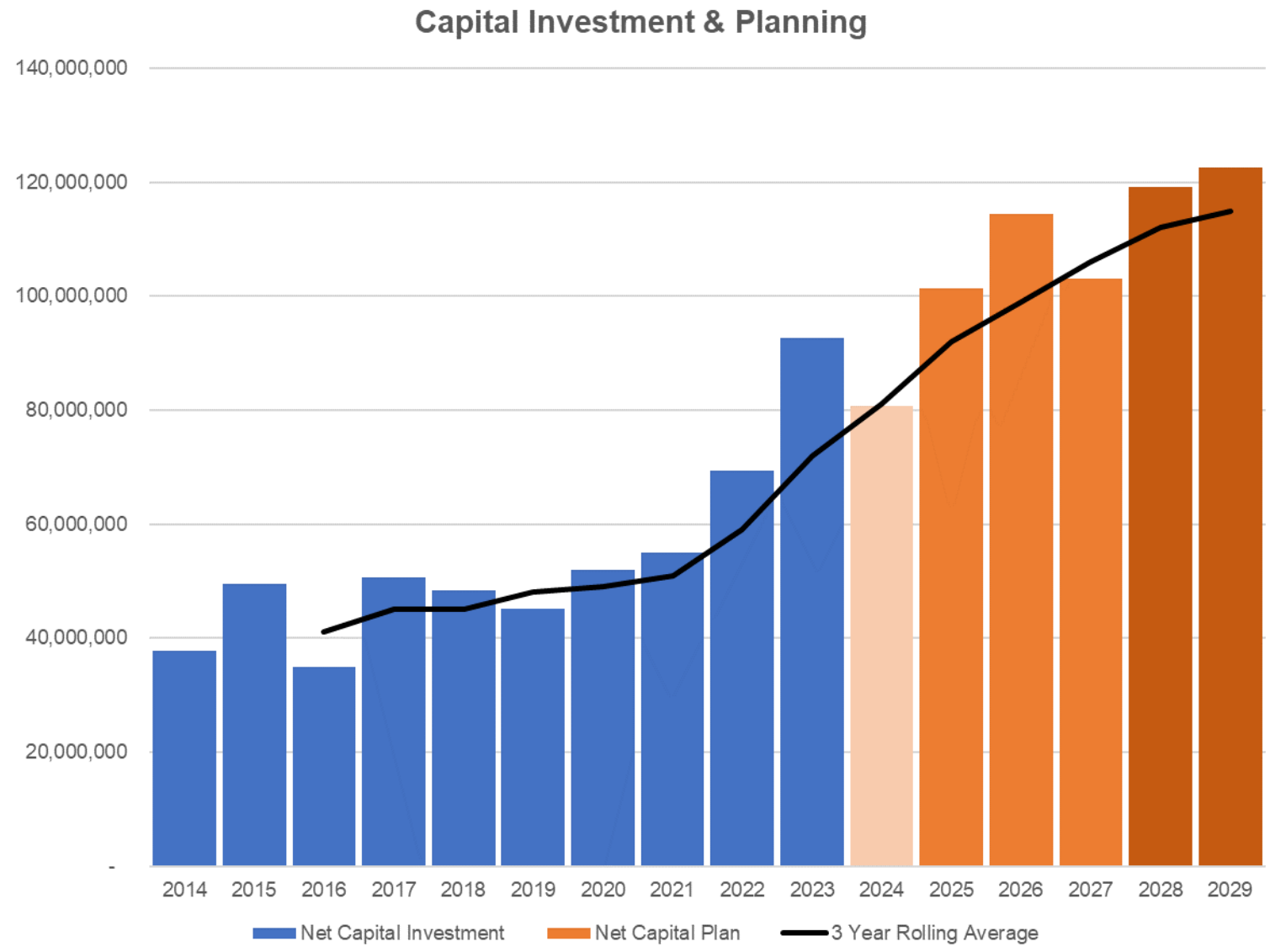


CAPITAL
(before contributions)

Note: Long-term for these purposes are assets with a useful life of 20 years or more

WATER & POWER
Serving Central California since 1887

Capital Investment Since 2014



Capital Projects – Key Areas of Focus

- **Reliability**
  - Regulating reservoirs
  - Main Canal Efficiency projects
  - Irrigation system modernization projects
- **Infrastructure**
  - Upper Main Canal rehabilitation
  - Turlock Lake Dam rehabilitation
- **Regulatory**
  - FERC Relicensing
  - Bay-Delta Plan (SED)
  - Sustainable Groundwater Management Act (SGMA)
  - Water Conservation Act (SBx7-7)

January 14, 2025 | Turlock Irrigation District | Water Rate Public Hearing

TURLOCK IRRIGATION DISTRICT
WATER RATE
PUBLIC HEARING

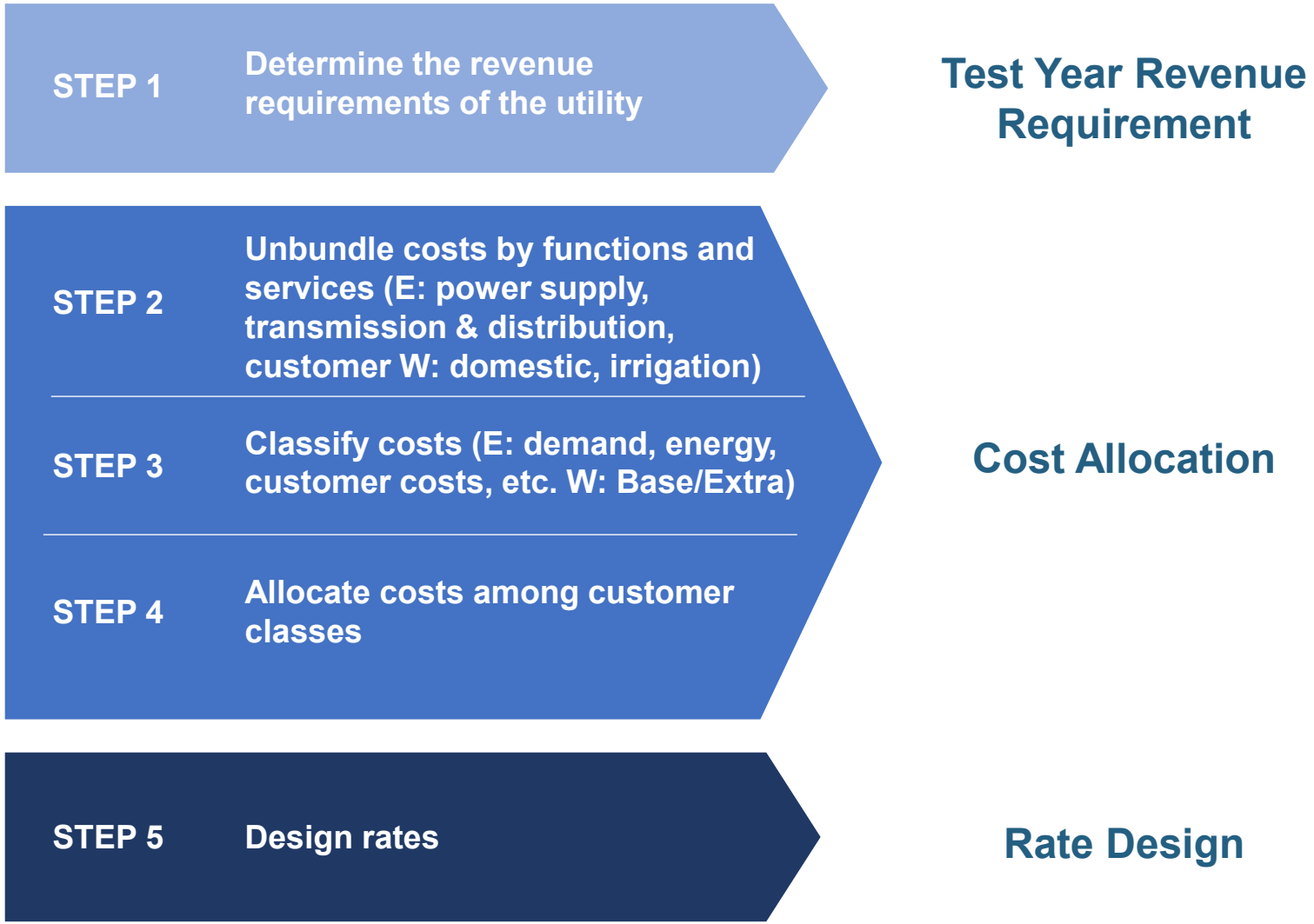
WATER & POWER
Serving Central California since 1887

NewGen Strategies & Solutions

WORKSHOP AGENDA

1. Rate Study Process Overview
2. Revenue Requirement
3. Water Cost of Service
4. Recommended Irrigation Rates
5. Customer Bill Impacts

RATE STUDY PROCESS: OVERVIEW



REVENUE REQUIREMENT

Turlock Irrigation District Water Rate Study Workshop

TEST YEAR REVENUE REQUIREMENT

- Revenue Requirement:
  - Total costs of providing service to customers.
  - Electric and water.
- Components:
  - Operating Expenses:
    - Fuel / Purchased Power (Power Supply).
    - Labor and Materials.
    - Transmission and Distribution.
    - Customer / Billing.
    - Adjustment for Don Pedro generation.
  - Debt Service/Capital Improvements.
  - Other Revenues/Expenses.
- Test Year Revenue Requirement:
  - Projected expenses for 2027.

HYDRO COST TRANSFER – DON PEDRO GENERATION VALUE

- Don Pedro Hydropower facility provides power to serve some of TID's electric load.
- The value of the hydropower provided by Water to Electric is detailed below.
- $8.5M is paid by Electric to Water for the use of the hydropower.
  - Increases Electric revenue requirement, decreases Water revenue requirement.

Year	Hydro Generation (MWh)	Energy Value ($M) (1)	Hydro Costs Paid by Electric ($M)	Net Hydro Value Received by Electric ($M)
Test Year 2027	392,000	$24.5	$16.0	$8.5
Net Hydro Applied to Electric ($M)				**$8.5**

(1) Average NP15 Energy Prices.

REVENUE REQUIREMENT AND OPERATIONAL ALLOCATION

Account	Test Year (2027)	Electric	Water	% Electric	% Water
Power Supply	$295.7	$295.5	$0.2	100%	0%
Non-Power Supply O&M	$107.3	$82.5	$24.8	77%	23%
Total O&M	**$403.0**	**$378.0**	**$25.0**	**94%**	**6%**
Existing Debt Service	$30.1	$28.5	$1.6	95%	5%
New Debt Service	$10.6	$9.9	$0.7	93%	7%
Capital Funded by Cash	$29.1	$27.4	$1.7	94%	6%
Hydro-Related Cost Transfer (Water for Fuel Study)	$0	$8.5	($8.5)	0%	0%
Subtotal Revenue Requirement	**$472.8**	**$452.2**	**$20.6**	**96%**	**4%**
Deposit to Reserves for Metrics	$12.4	$11.4	$1.0	92%	8%
Discretionary Revenues	($102.2)	($91.4)	($10.8)	89%	11%
Net Revenue Requirement	**$382.9**	**$372.2**	**$10.7**	**97%**	**3%**

*Notes: Values shown in millions of dollars. Totals may not add due to rounding.

WATER COST OF SERVICE

Turlock Irrigation District Water Rate Study Workshop

WATER FY 2027 TEST YEAR REV. REQ. (000'S)

Category	Irrigation	Domestic	Total
Don Pedro O&M Costs	$171	$ -	$171
TID Expenses	$24,295	$414	$24,709
La Grange Water System	$ -	$102	$102
Water For Fuel Transfer	($8,496)	$ -	($8,496)
Debt Service	$2,352	$ -	$2,352
Cash Funded Capital	$1,723	$ -	$1,723
Reserves to Meet Financial Metrics	$988	$ -	$988
Total Revenue Requirement	**$21,033**	**$515**	**$21,549**
Less:			
Other Revenues	($10,068)	($480)	($10,548)
Interest Income	($280)	$ -	($280)
Net Revenue Requirement	**$10,685**	**$35**	**$10,721**

*Numbers may not sum due to rounding.

- Other Revenues includes revenues from Side Agreement with SFPUC ($3.4 MM) and the Water Accounting Structure Agreement with East Turlock GSA ($5.7 MM).
- Discretionary revenue assigned to Domestic water to maintain current Domestic water rates.

WATER SYSTEM REVENUE INCREASE FORECAST (000's)

System	Irrigation	Domestic	Total
FY 2027 Test Year Net Rev. Req.	$10,685	$35	$10,721
FY 2027 Revenue at Current Rates	$10,065	$35	$10,100
Indicated Revenue Increase (3 yr.)	**6.2%**	**0.0%**	**6.1%**

Revenue Increase Plan	FY 2025	FY 2026	FY 2027
Domestic	0.0%	0.0%	0.0%
Irrigation	2.0%	2.0%	2.0%
Total Water Revenue Increase	**2.0%**	**2.0%**	**2.0%**

- No increase to Domestic water rates.
  - Note: TID serves approximately 60 domestic water customers. (La Grange)
- System revenue increase generated solely from irrigation rates.

PROPOSED RATE RESULTS

Turlock Irrigation District Rate Study Workshop

IRRIGATION WATER RATE DESIGN

- Maintain fixed annual fee of $60 per acre (Normal Year) and $68 (Dry Year).
- Consolidate irrigation usage Tiers 1 – 3 into a single rate.
- Cost justified Tier 4 rate.
- Transition Garden Heads from fixed fee per Garden Head to the Irrigation rate structure (i.e., per acre fee + volumetric rate per AF).
- Establish a minimum fee of $200 per year per parcel.

IRRIGATION VOLUMETRIC RATE DESIGN

- Tiers 1, 2, and 3 cover costs up to annual Available Water (Base Demand Costs)
- Tier 4 covers costs related to demand over Available Water (Extra Demand Costs):
  - Portion of water recharge operating and maintenance costs.
  - Portion of Sustainable Groundwater Management Act (SGMA) compliance capital costs.

	FY 2027 Test Year (000's)
Net Irrigation Revenue Requirement	$10,685
Less: Fixed Charge Revenue	$8,908
Net Volumetric Rate Costs	$1,777
Base Demand Volumetric Costs	**$1,392**
Extra Demand Volumetric Costs	**$385**

IRRIGATION VOLUMETRIC RATES CALCULATION

- Base Demand Rate Calculation:

Volumetric Tier	Irrigation Demand	Cost Allocation %	TY 2027 Cost	TY 2027 Rate per AF
Tier 1 – Tier 3 (Up to Available Water)	363,757	100%	$1,392,000	$3.83

- Extra Demand Rate Calculation:

Volumetric Tier	Irrigation Demand	Cost Allocation %	TY 2027 Cost	TY 2027 Rate per AF
Tier 4 (Over Available Water)	19,175	100.00%	$385,000	$20.08

PROPOSED IRRIGATION RATE DESIGN

- Current tiers vary with Normal Year and Dry Year rates:

	Current
Normal Year Fixed Fee per Acre	$60.00
Dry Year Fixed Fee per Acre	$68.00
Volumetric Rates (AF per Acre):	
Tier 1	$2.00
Tier 2	$3.00
Tier 3	$15.00
Tier 4	$20.00

- Recommended tiers vary with annual Available Water:

	FY 2025	FY 2026	TY 2027
Normal Year Fixed Fee per Acre	$60.00	$60.00	$60.00
Dry Year Fixed Fee per Acre	$68.00	$68.00	$68.00
Volumetric Rates:			
Tier 1 – Tier 3 (Up to Available Water)	$2.70	$3.23	$3.83
Tier 4 (Over Available Water)	$20.00	$20.00	$20.00

CUSTOMER BILL IMPACTS: GARDEN HEADS

	FY 2024	FY 2025	FY 2026	TY 2027
Garden Head – 1 AC, 4 AF	$350	$200	$200	$200
$ Difference		($150)	$0	$0
% Difference		(42.9%)	0.0%	0.0%
Garden Head – 3 AC, 12 AF	$350	$212	$219	$226
$ Difference		($138)	$6	$7
% Difference		(39.3%)	3.0%	3.3%
Garden Head – 5 AC, 20 AF	$350	$354	$365	$377
$ Difference		$4	$11	$12
% Difference		1.1%	3.0%	3.3%

CUSTOMER BILL IMPACTS: IRRIGATION PARCELS

	FY 2024	FY 2025	FY 2026	TY 2027
Irrigator – 40 AC, 60 AF	$2,520	$2,562	$2,594	$2,630
$ Difference		$42	$32	$36
% Difference		1.7%	1.2%	1.4%
Irrigator – 40 AC, 110 AF	$2,650	$2,697	$2,755	$2,821
$ Difference		$47	$58	$66
% Difference		1.8%	2.2%	2.4%
Irrigator – 40 AC, 240 AF	$4,200	$4,432	$4,517	$4,612
$ Difference		$232	$85	$96
% Difference		5.5%	1.9%	2.1%

Summary Slide

- Keeping the normal and dry year water rates
- Keeping the fixed charges the same
- Adjusting the volumetric rate
- Consolidating the tiers
- Transitioning garden heads from fixed fee to irrigation rate structure
- Establishing a minimum charge

Staff Recommendation

- Staff recommends adopting the Water Cost of Service and Rate Study and adjusting the Irrigation Water Rates