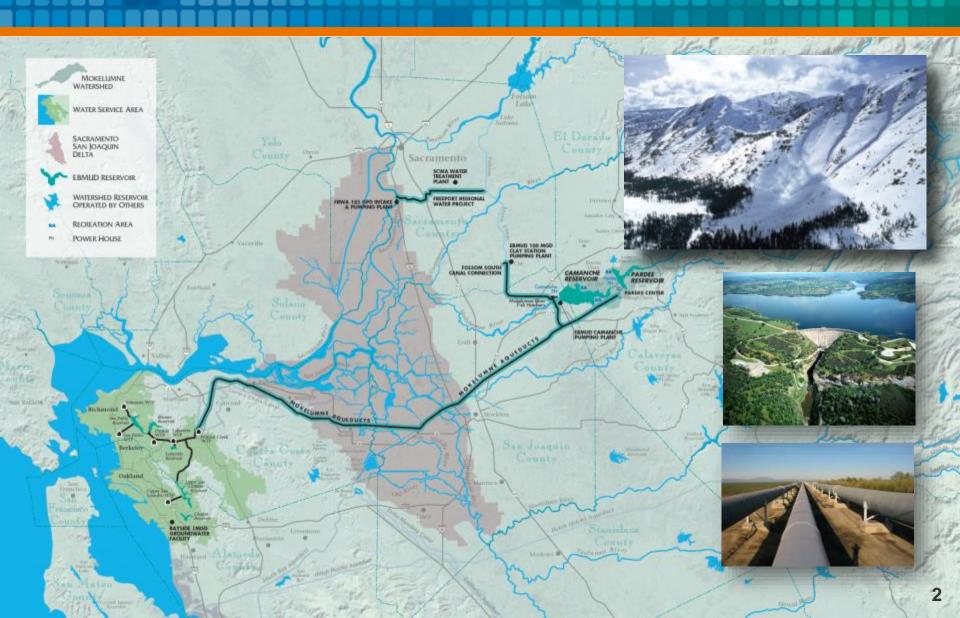
Managing the Tension Between Infrastructure Investment and Rates

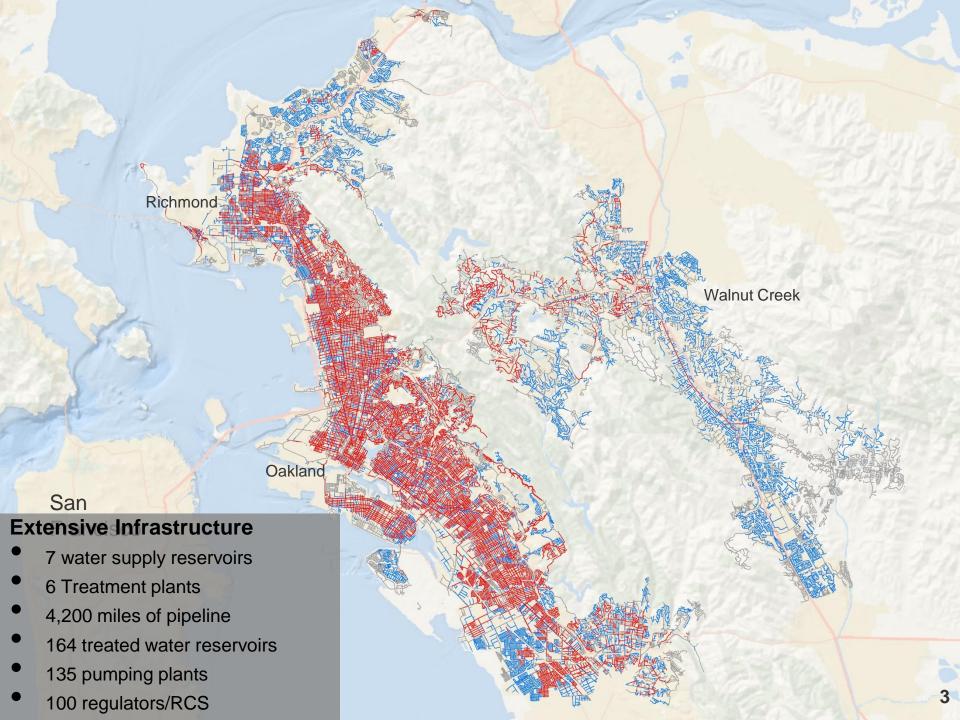
California Water Association May 17, 2018

Xavier J. Irias
Director of Engineering and Construction

EBMUD Water System

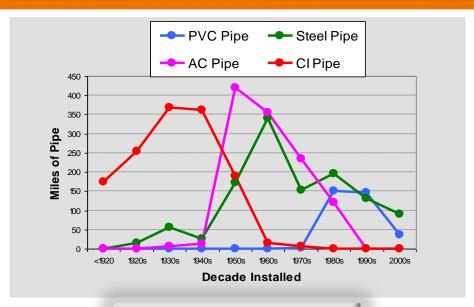




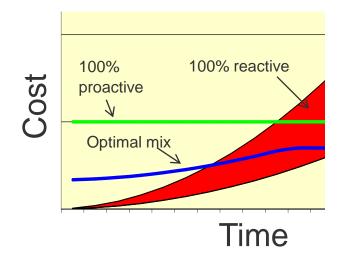


Infrastructure Demographics & Strategy



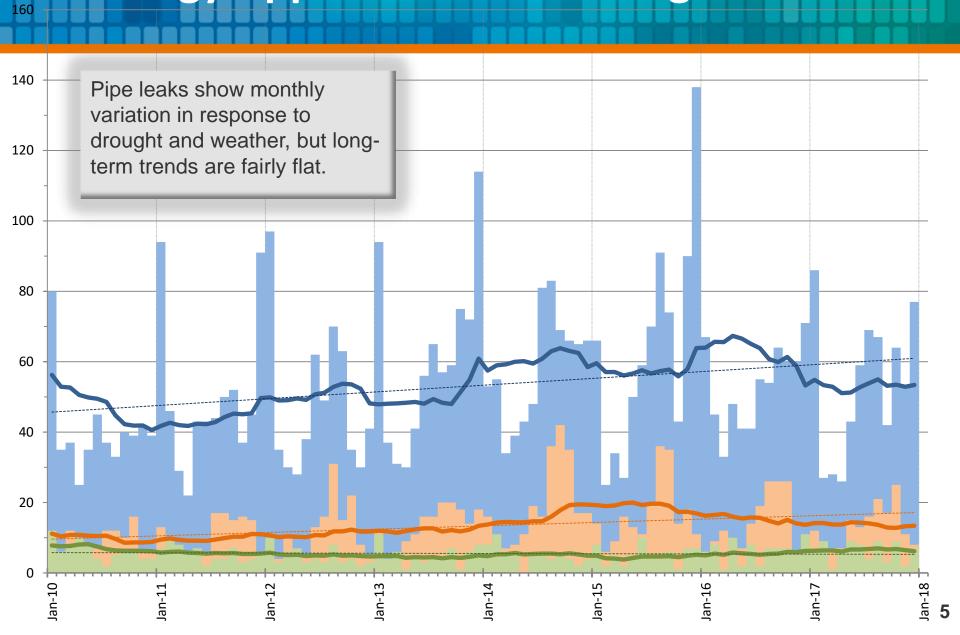


As system ages it requires more renewal and-or repair.



Strategy is to maximize reliability, minimize total cost by staying on the blue line.

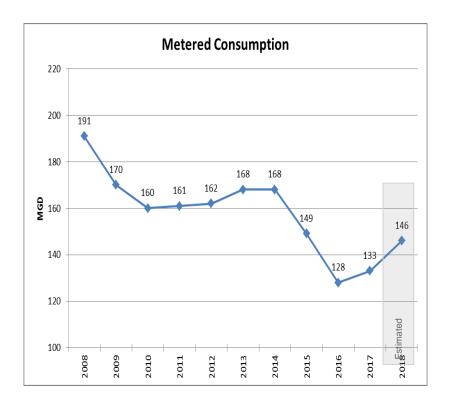
Strategy Appears to be Working



Rate Increases Have Multiple Drivers

- 1. Aging system requires more renewal activity
- 2. Increasing costs for labor, construction have risen
- 3. Declining consumption, coupled with conservation-oriented rate structure

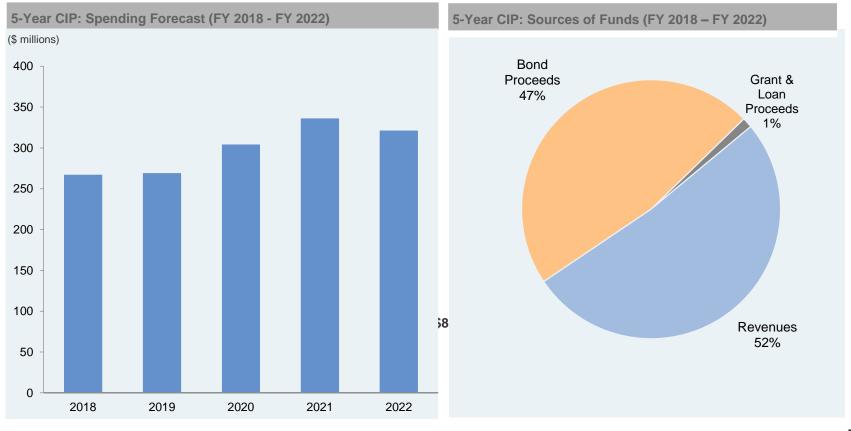
Rate increases overstate financial impact because declining consumption blunts impact of any increase.



Fiscal Year	Rate Increase
2010	8.70%
2011	7.50%
2012	6.00%
2013	6.00%
2014	9.75%
2015	9.50%
2016	8.00%
2017	7.00%
2018	9.25%
2019	9.00%

Continuing Investment Proposed

- Over 60% of the \$1.4 billion 5-year CIP dedicated to system improvements or R&R
- CIP also includes water quality and supply, regulatory compliance, and other projects
- Target is to hold debt funding of the CIP to below 65%



Source: The District Source: The District