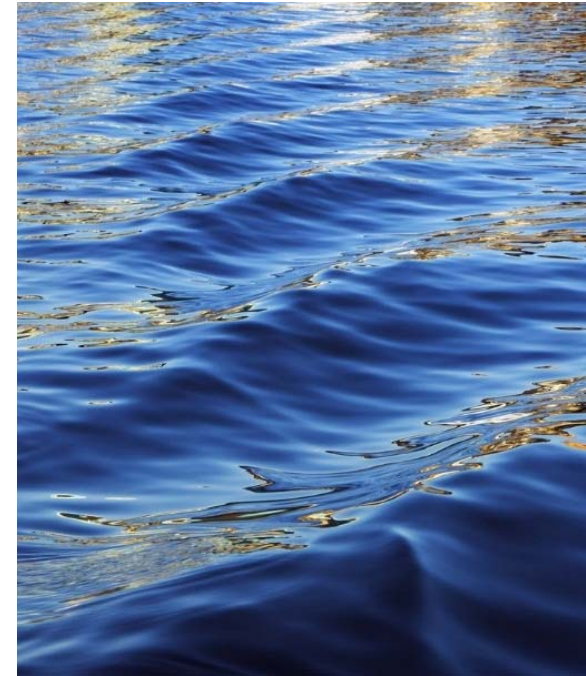




Planning for Our Water Supply Future

Strategizing a Cost-Effective, Sustainable,
and Reliable Water Future for our Customers

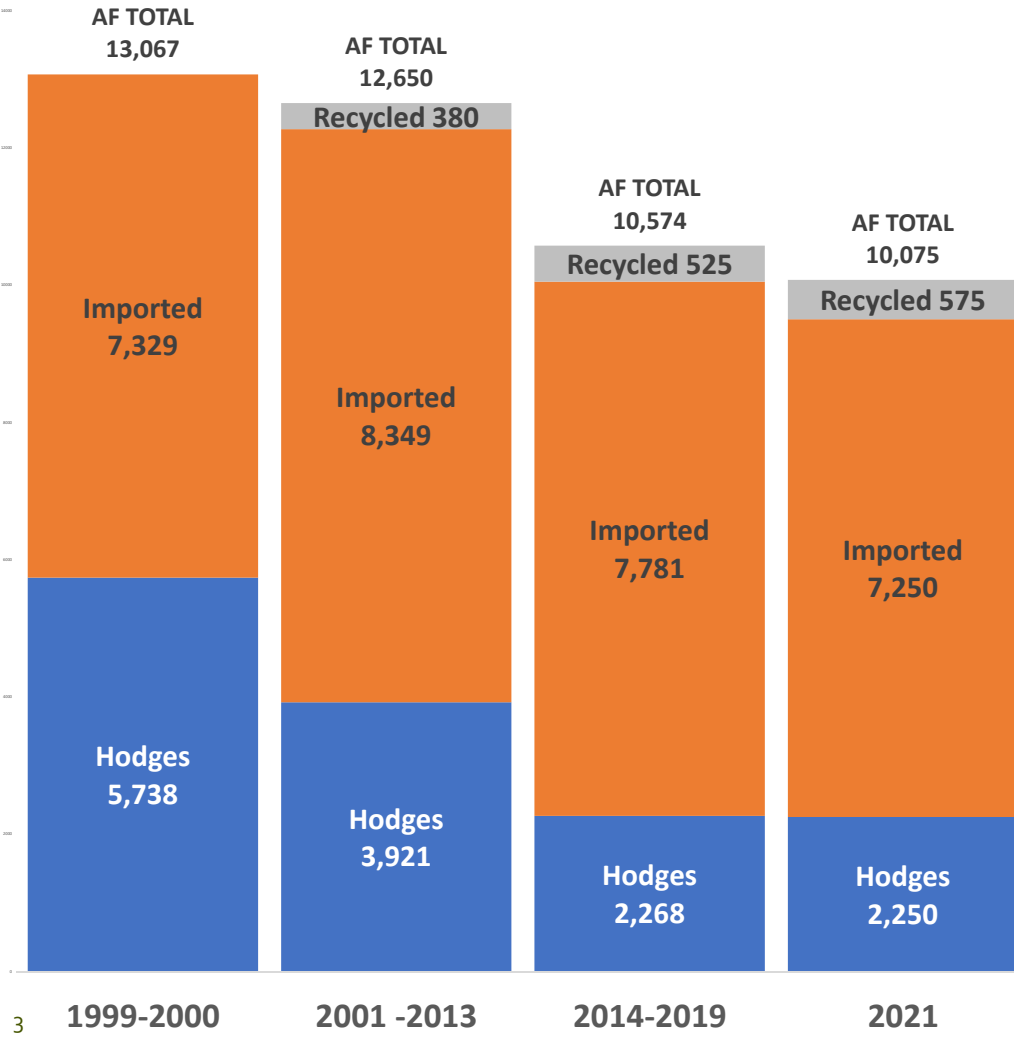




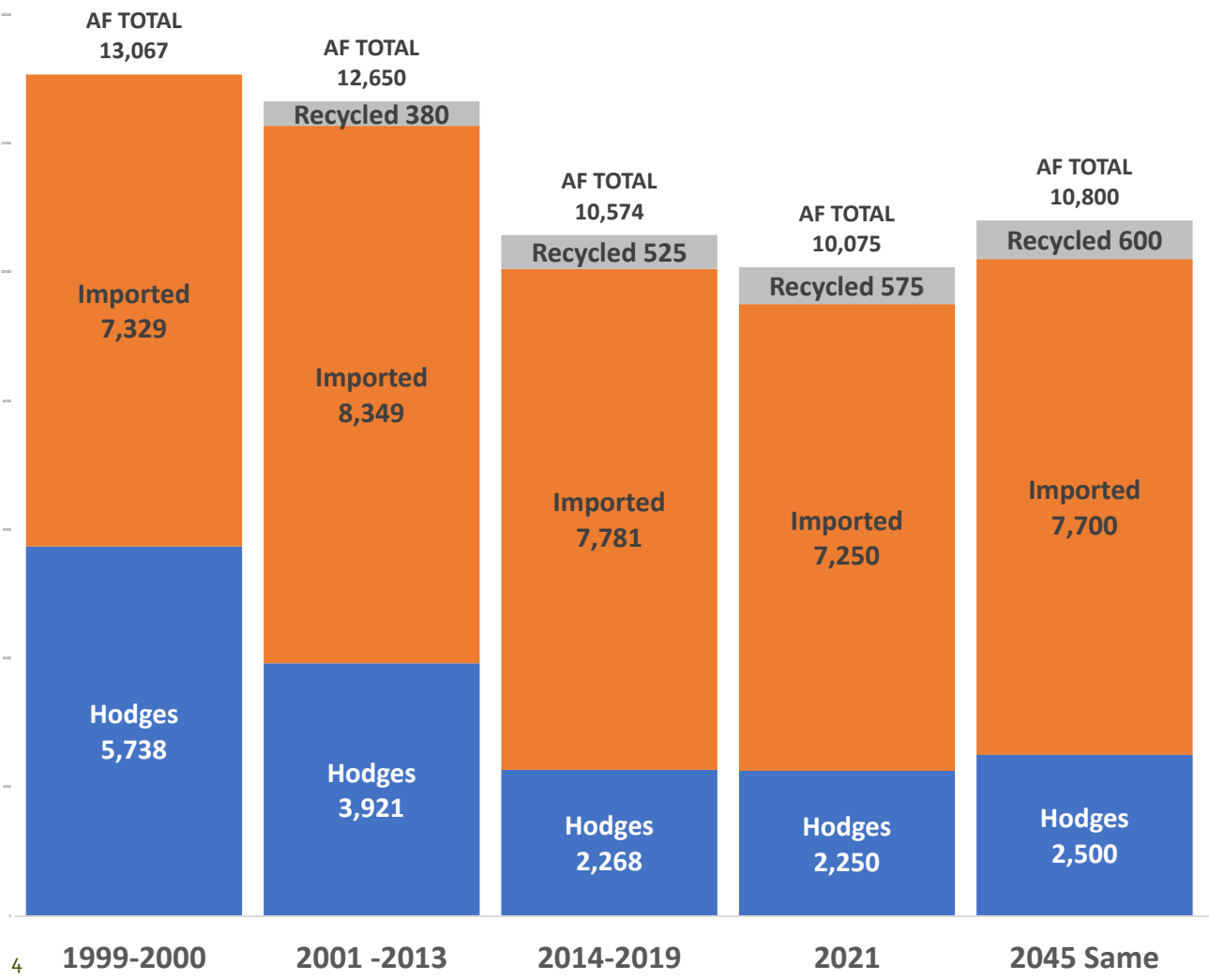
SFID's Current and Future Water Supplies



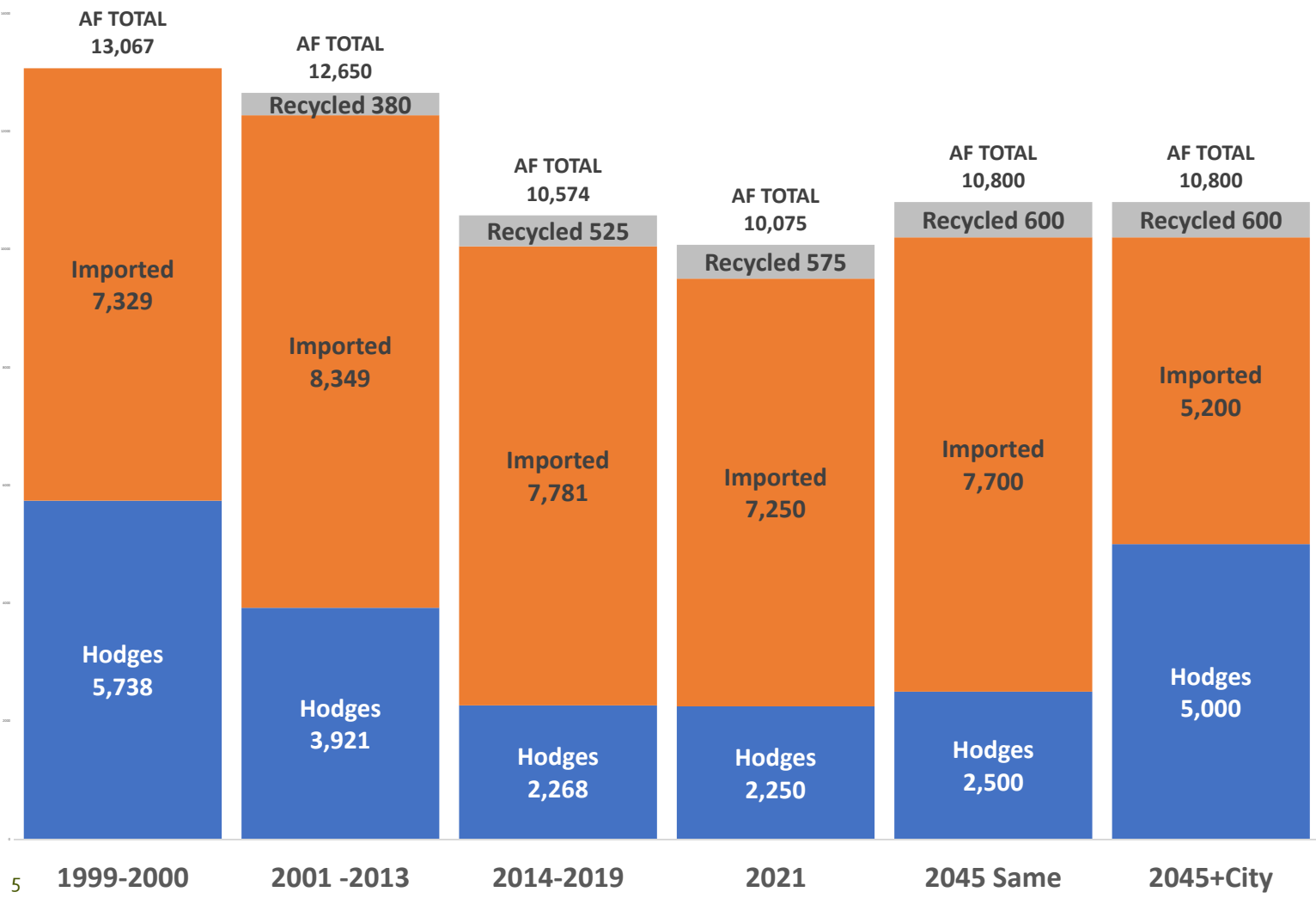
Water Use in Acre-Feet Over Time + Future Scenarios



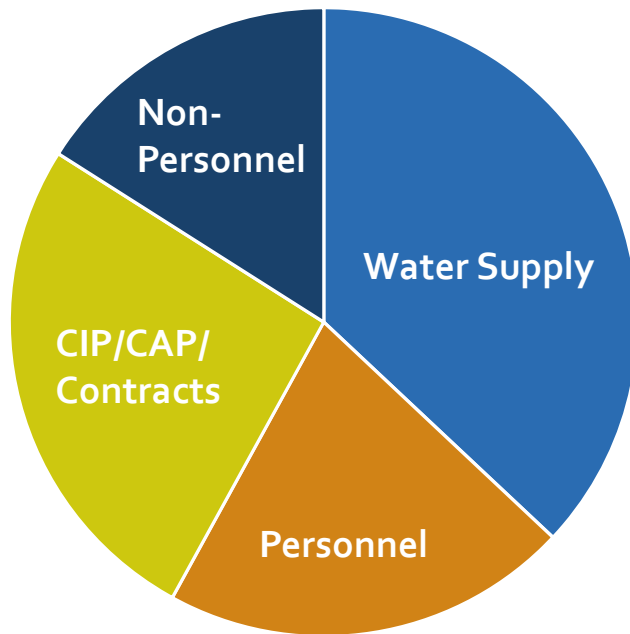
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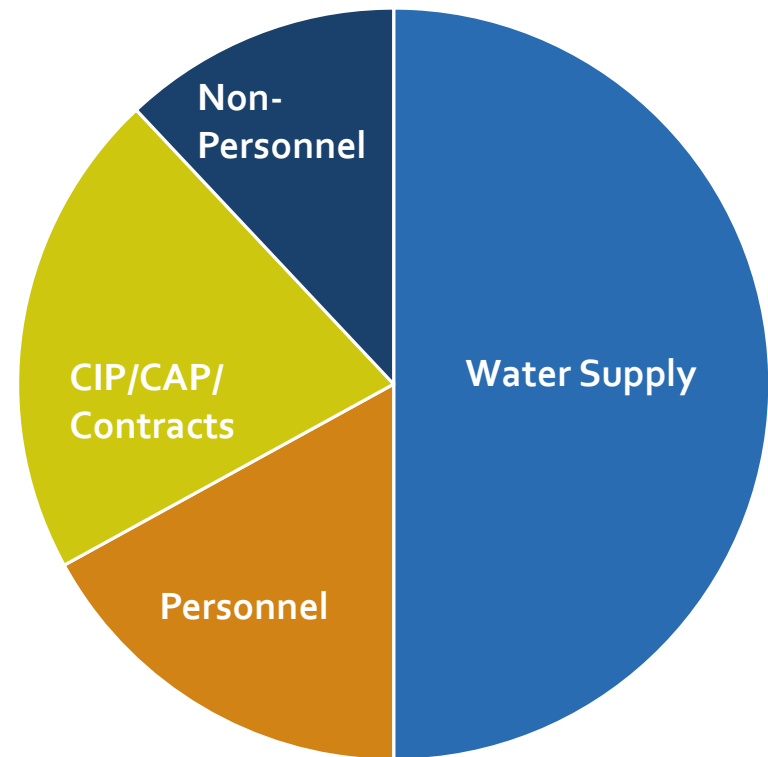
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SFID's current budget mix



SFID's likely budget mix with no change by 2045



The drivers of increasing water supply costs for SFID

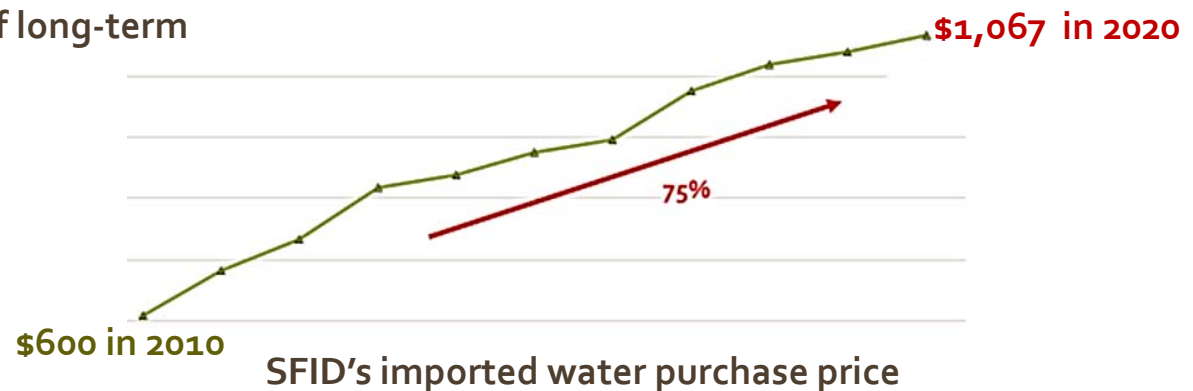
Lake Hodges Repair

- DSOD restriction
- Estimated long term repair costs (~\$150M to \$200M)
- Current local supply cost ~\$250/AF
- Include long term repair cost ~\$750/AF*

* Based on 2.5%, 35-year term and 10,000 AF of long-term average local yield

Increasing imported water supply costs

- Imported water costs increased by 75% over last 10 years
- Imported water continued increasing price pressures
 - Aging infrastructure
 - Delta fix commitment
 - Water use efficiency mandates/Reduced consumptions & sales
 - Local supply developments in SoCal
- Likely continued increase above inflation



Financial implications on Water Supply Budget from Hodges repair

Current: FY2022 budget	Current plus Hodges repair: FY 2022 budget implication
\$13.1M	\$14.3M
*Based on 2250 AF of local water. Long term yield for SFID over last 100 years ~ 3,000 AF	



Potential Option to Explore: Buy City Water Rights

Acquire City's storage and local water rights (75 to 150 years)

- Long term yield for SFID would double from 3,000 AF to ~6,000 AF
- Reduce SFID's purchases of imported water
- Potentially mitigate water supply budget increases
- Result in ~3% vs. ~10% increase in water supply budget



Current:
FY2022 budget

\$13.1M

*Based on 2250 AF of local water. Long term yield for SFID over last 100 years ~ 3,000 AF



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Current: FY2022 budget	Current + Purchase City Rights (+\$400K) FY 2022 budget
\$13.1M	\$13.5 M

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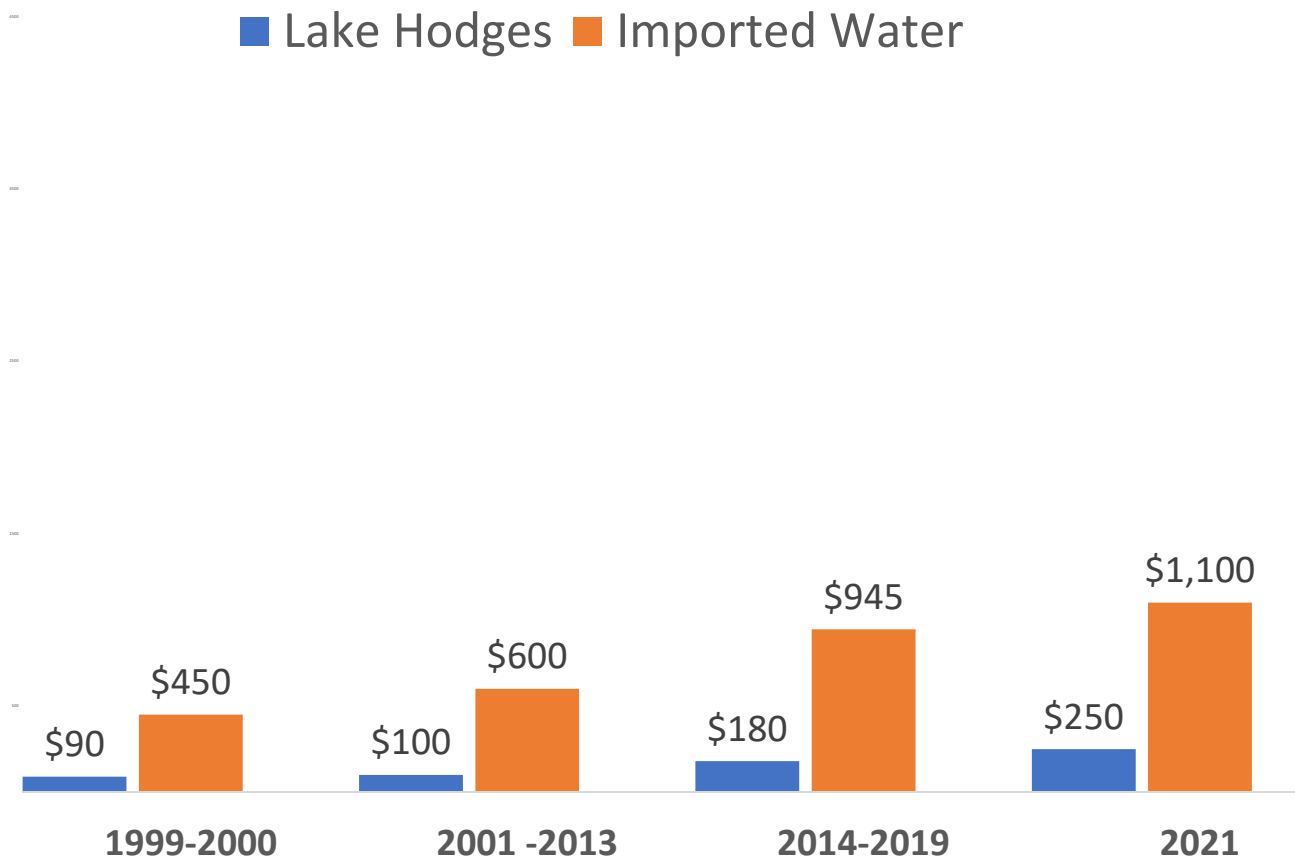


Current: FY2022 budget	Current + Purchase City Rights (+\$400K) FY 2022 budget	Current + Purchase City Rights + Hodges repair (+\$1.2 M) FY 2022 budget implication
\$13.1M	\$13.5 M	\$14.7M

*Based on 2250 AF of local water. Long term yield for SFID over last 100 years ~ 3,000 AF

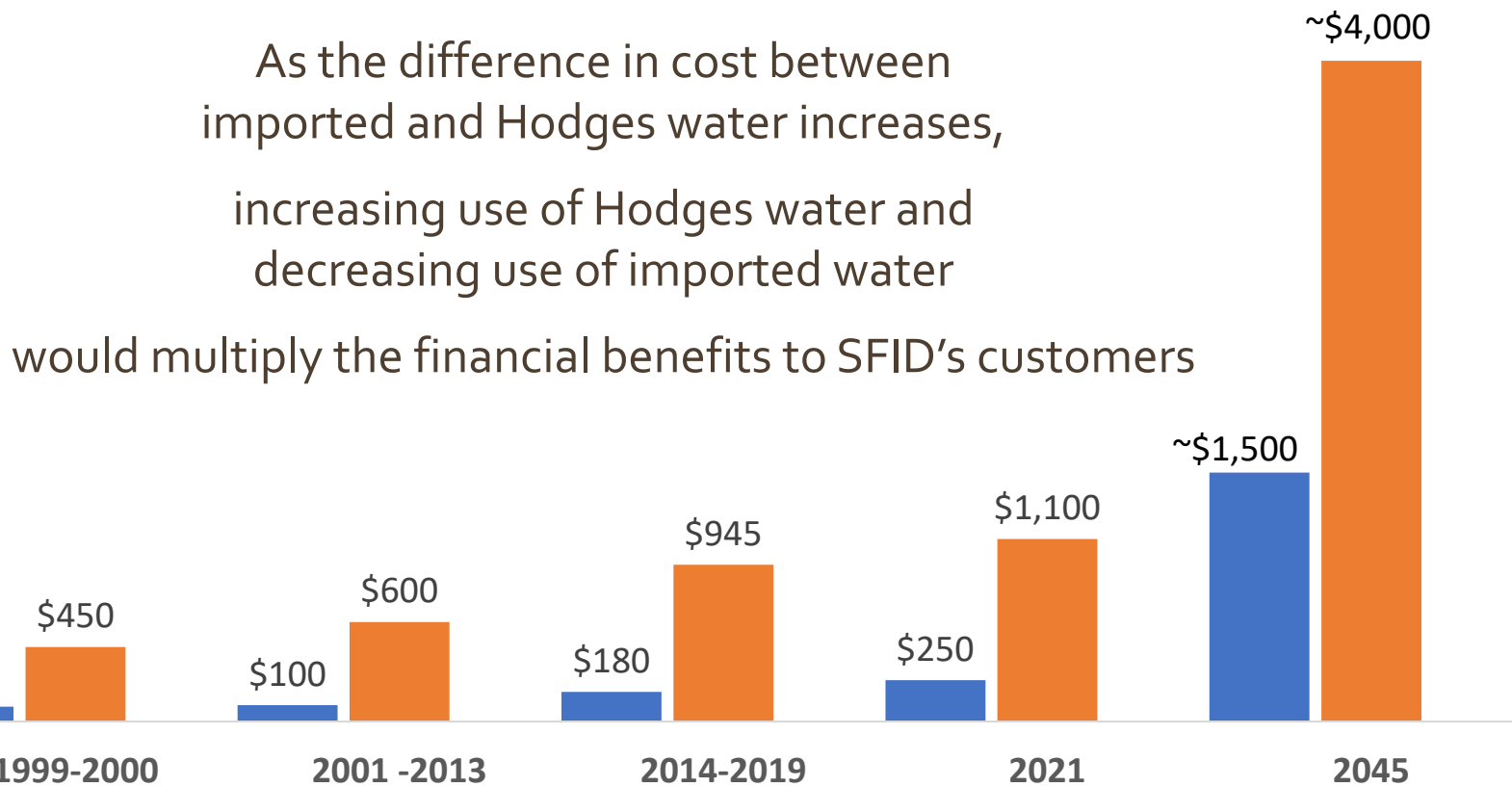


Cost Per Acre-Foot of Water Source and Estimated Future Costs



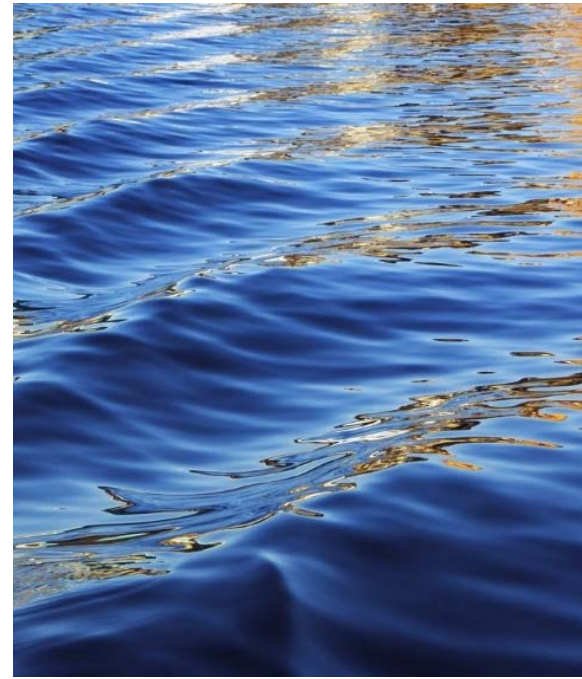
Cost Per Acre-Foot of Water Source and Estimated Future Costs

■ Lake Hodges ■ Imported Water





Our Region's Future Water Supplies



Next Increment of Local & Sustainable Supply: Potable Reuse

Agency	2035 Estimated Yield (AF/YR)
Pure Water – City of San Diego	100,000
East County AWP	12,500
Pure Water - Oceanside	3,000
One Water – North County	20,000 to 25,000?

Padre Dam’s East County Advanced Water Purification Program

City of San Diego’s Pure Water Program



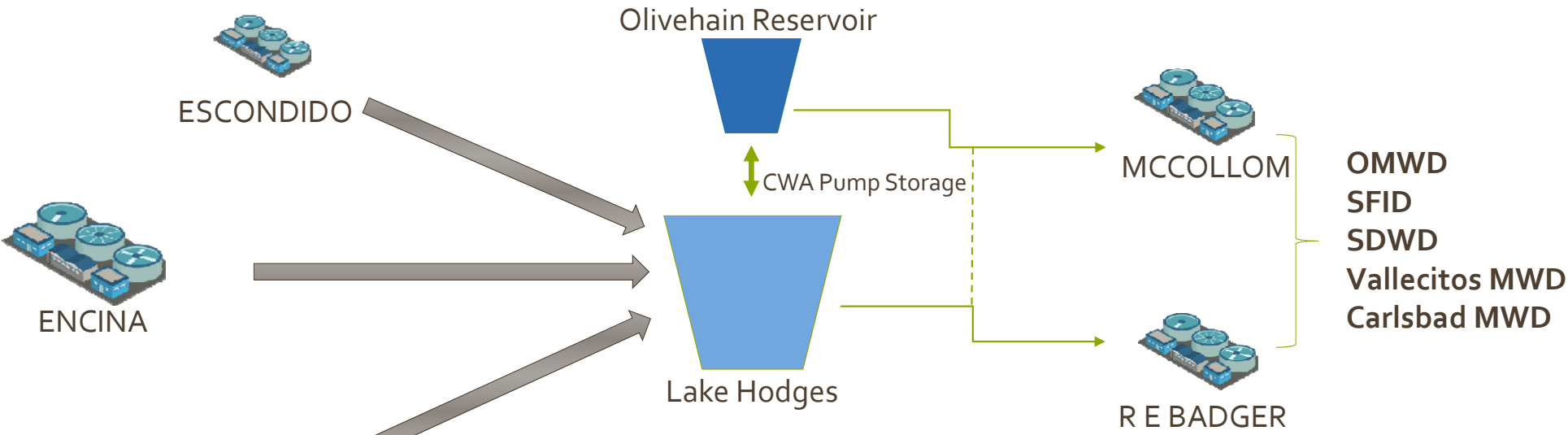


Re-imagining & maximizing existing assets



Option #2: Maximizing Value from SFID's and Neighbors Assets

North County One Water Concept



Total 20 – 25 MGD reuse is 20% to 30% of total imported demands for identified agencies

- Could join as well**
- Escondido
 - Rincon
 - VID
 - Poway



It's all about the Financial Benefits to Ratepayers(ECAWP example)

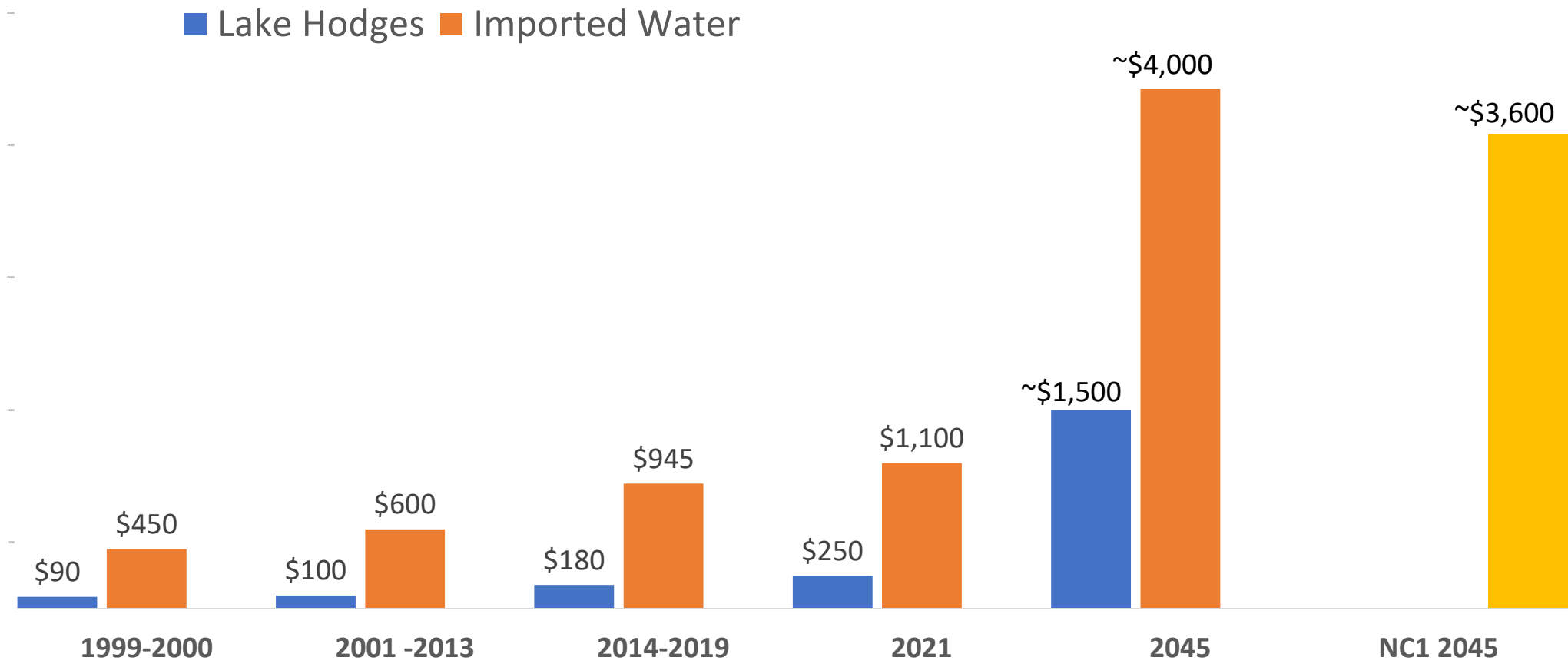
ECAWP JPA serves as a proof of concept:

They sell water to Helix and Padre Dam at 91% of all-in CWA price over the next 30 years.

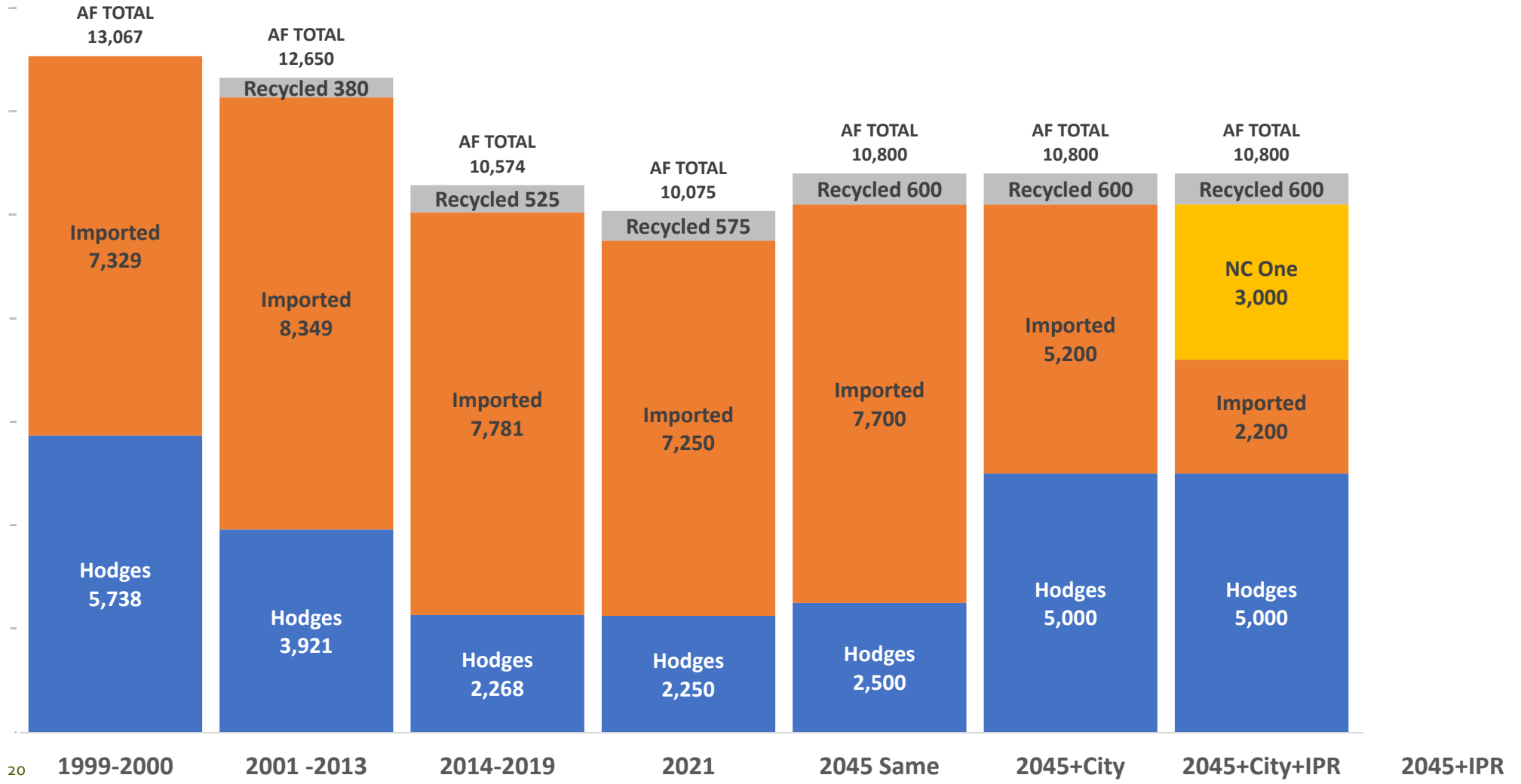
Similar economics are likely to be possible in a project in our region



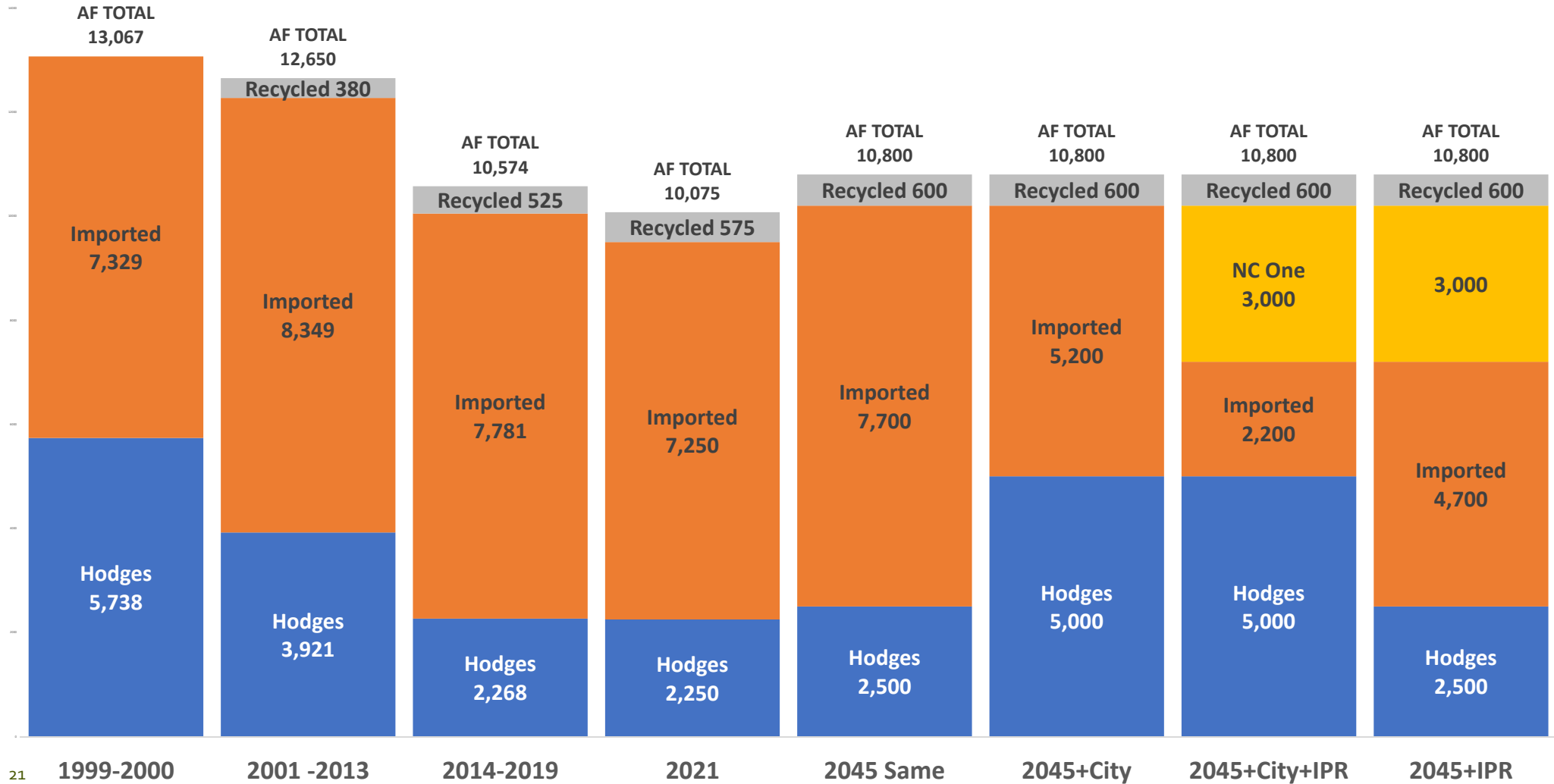
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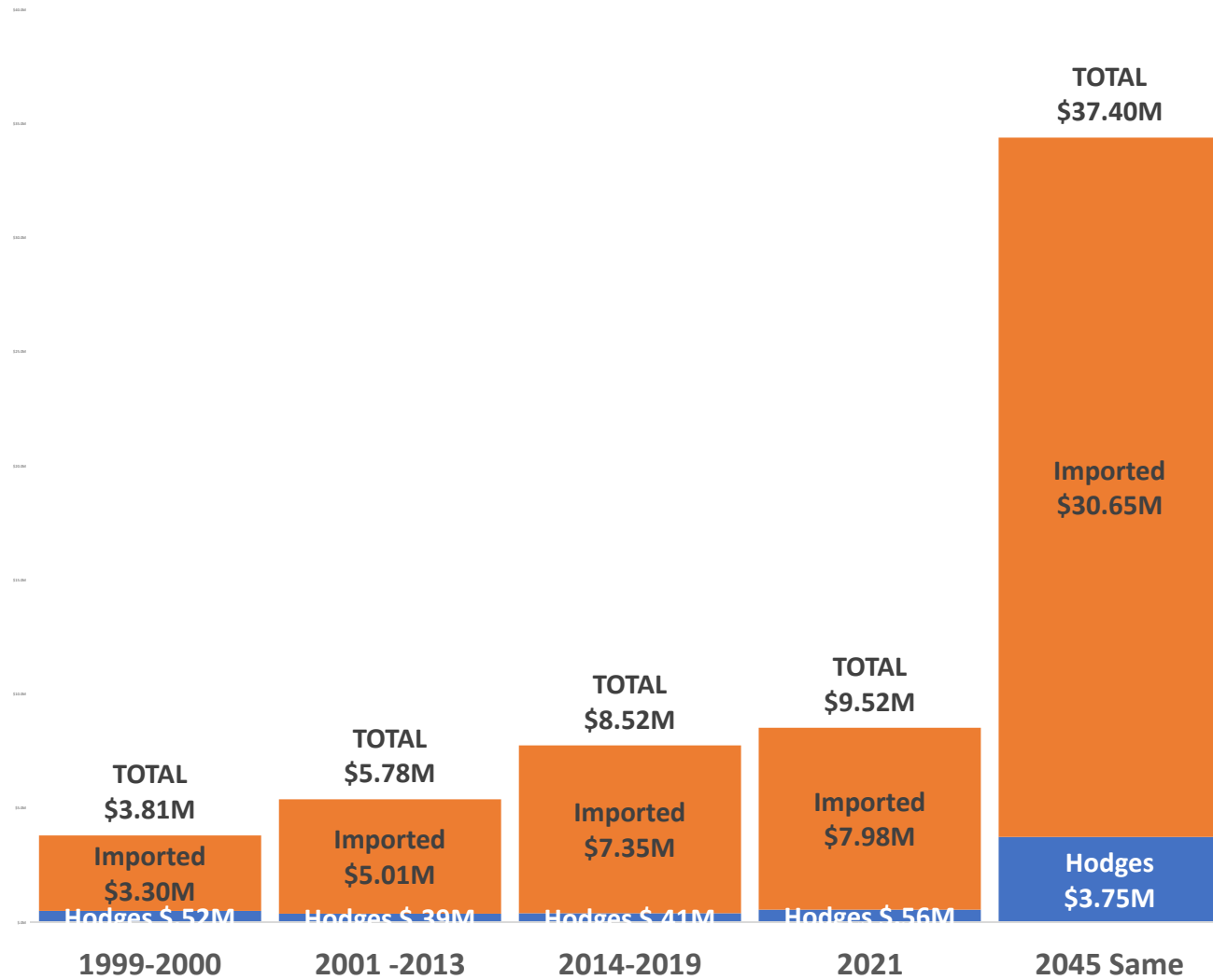
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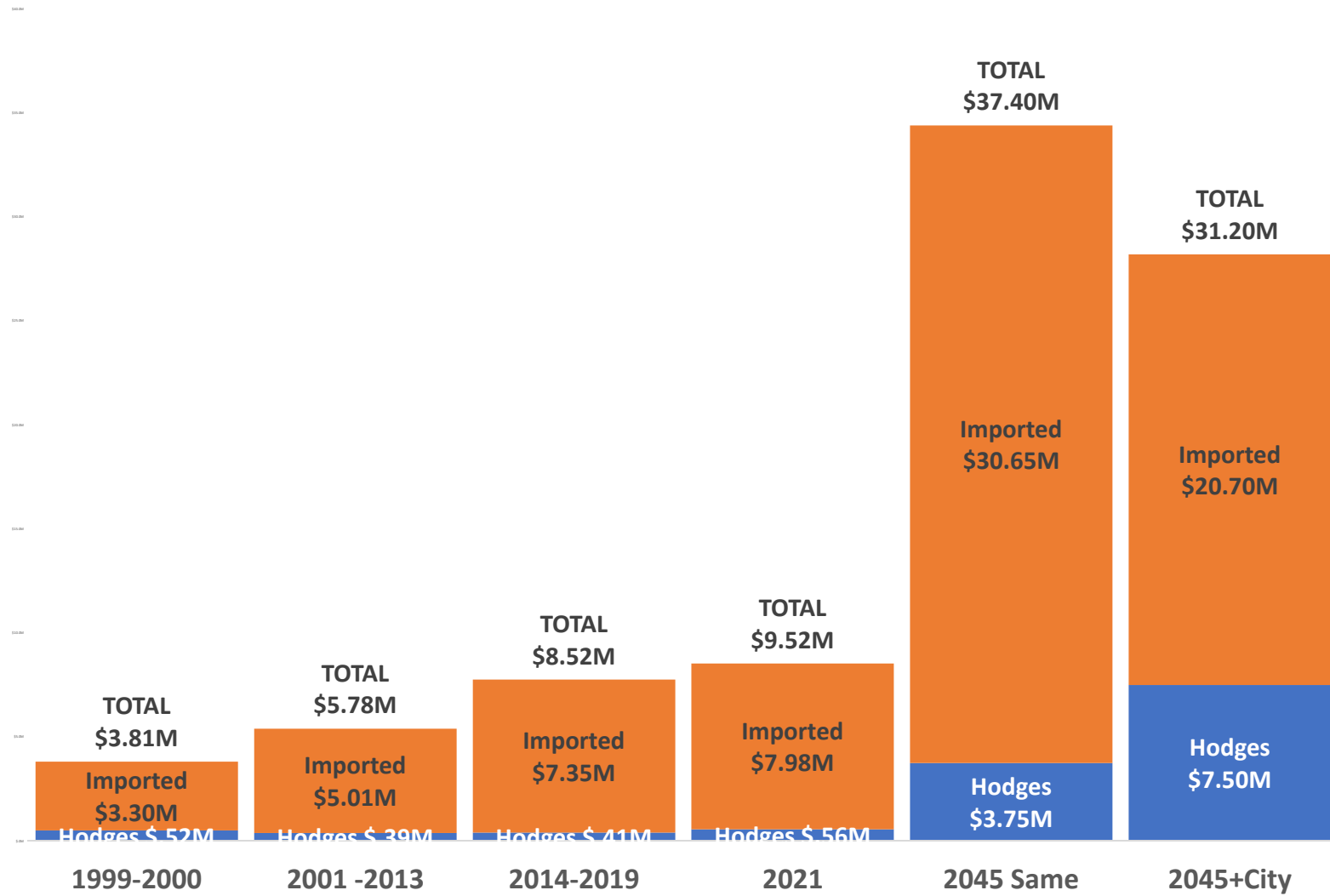
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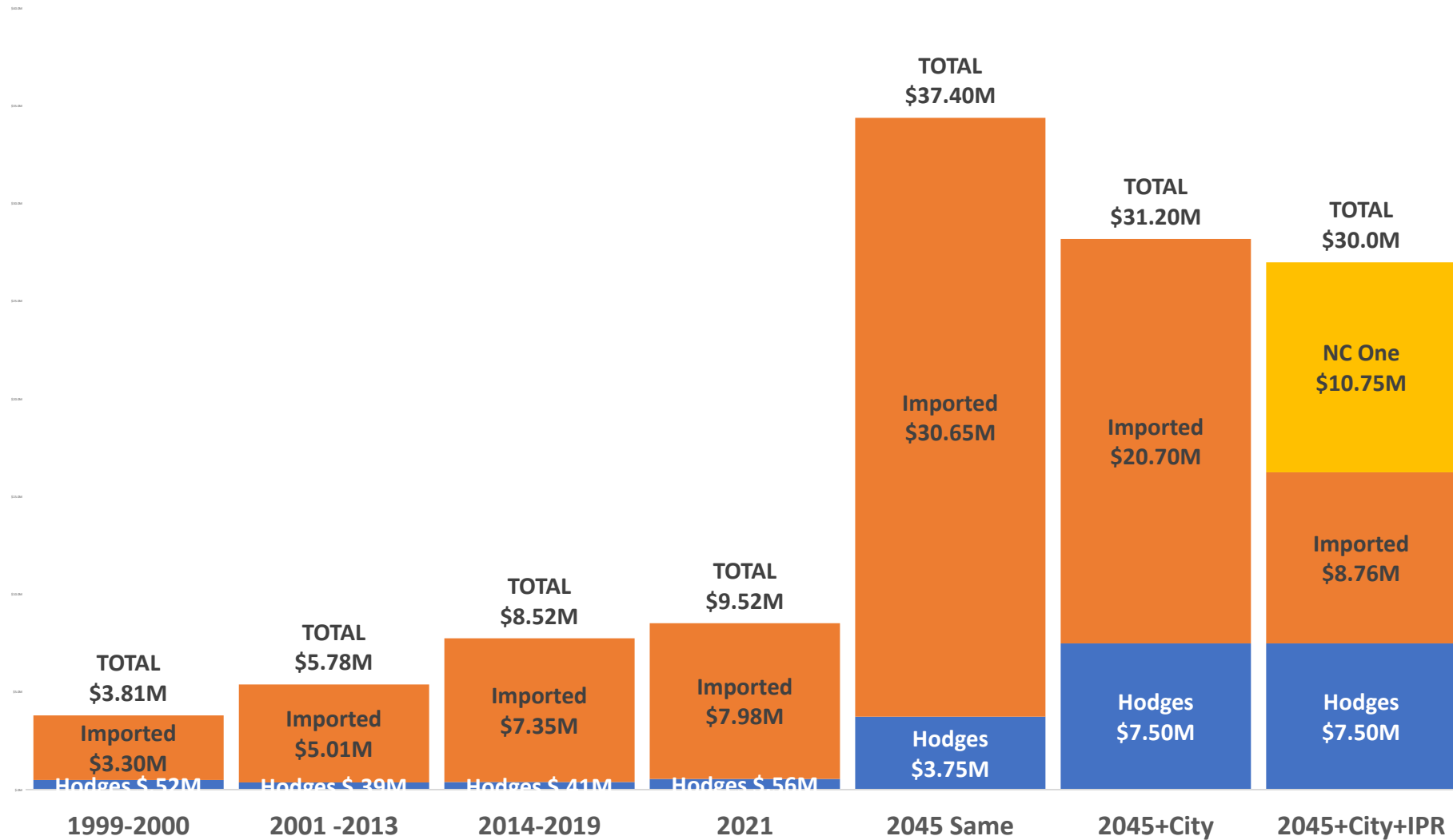
Current Water Costs and Estimated Costs for Scenarios



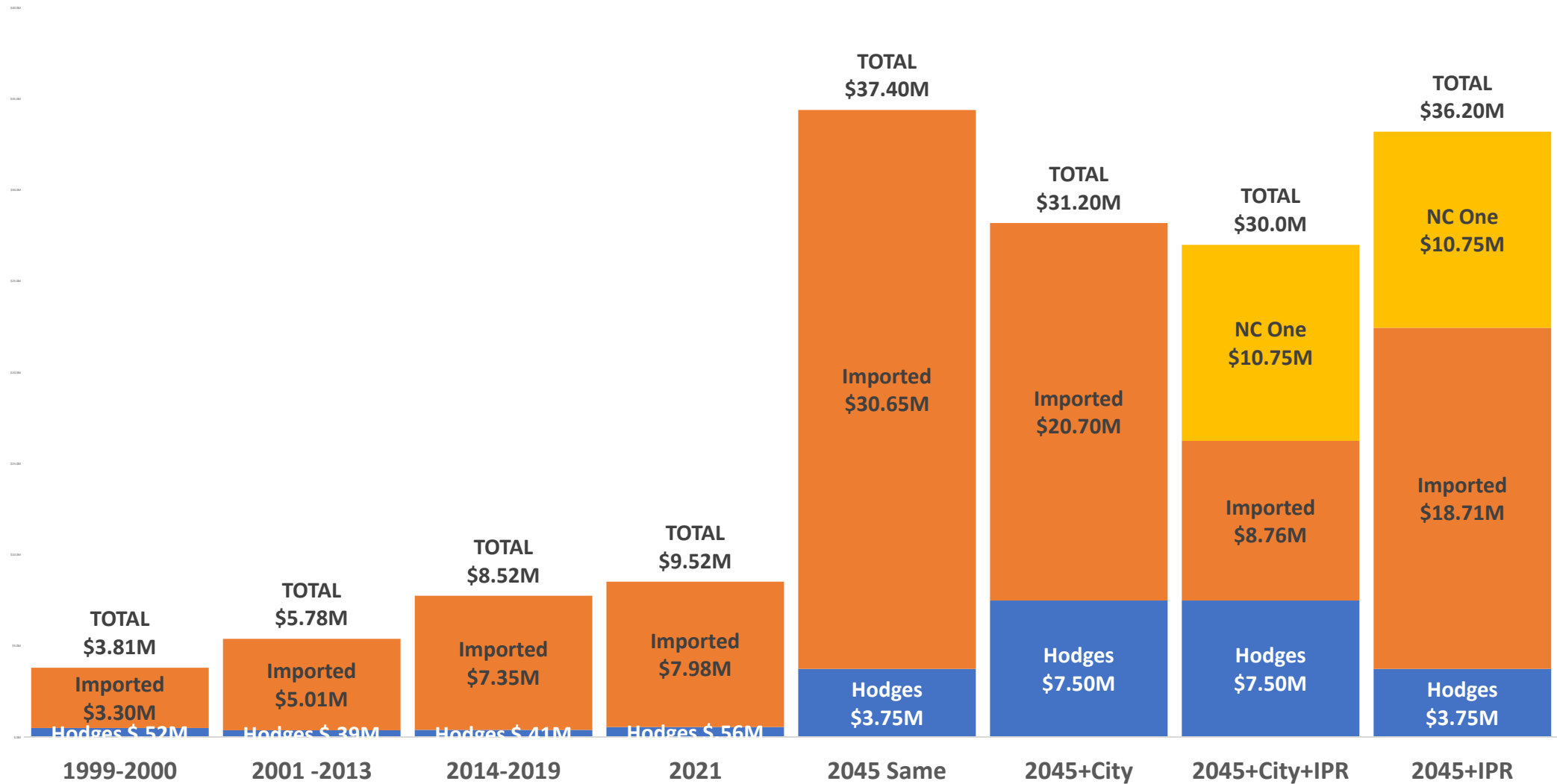
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How Potential Local Water Supply Opportunities Fit Within the Strategic Environment

SFID's financial strength

Makes feasible the potential opportunity of acquiring San Diego's Lake Hodges water rights

And to minimize the threat of climate change

And to minimize the impact of rising imported water costs

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to avoid the threat of state regulations and legislation that impact imported water supplies, conservation mandates, etc.

to avoid the threat caused by lack of control over cost and availability of imported water from Northern California

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Overcome the weakness of costly Hodges repairs

by taking advantage of the opportunity to potentially share the costs with IPR partners

Benefits of Potential Local Supply SFID and the Region

WATER SUPPLY BENEFITS

- Increase water to customers by 10% due to SB606/AB 1668
- Additional Water Management Flexibility
 - Flood control, Storage Pool Water supply management opportunities to creatively buy, sell, move water within the region
 - Improves Water Quality
- Assist the region in developing an additional, new, local, sustainable water supply
- Consistent with State's Water Resilience Portfolio
 - Decreases dependence on less reliable, increasingly costly imported water
 - More resilient in emergencies



Benefits of Potential Local Supply SFID and the Region

FINANCIAL BENEFITS

Long-term saving in the range of up to ~\$7 million per year.

Increased access to state grants and low interest loans

Share costs with neighbors

Economy of scale by utilizing excess capacity in treatment plant (no need to add staff for more water)

REGULATORY RELIEF

Stay ahead of potential legislation Herzberg bill may require wastewater to not discharge into ocean which IPR would support

