



Pipeline crossing San Andreas Fault

Department of Water Resources Charges

The Department of Water Resources (DWR) section of the FY 2009/10 Budget provides information on the Authority's payments to DWR. This section includes information on the allocation of the fixed and variable DWR costs and other information regarding the FY 2009/10 DWR charges.

Highlights

Total FY 2009/10 DWR Charges **\$ 34,135,510**

- DWR Fixed Charges \$ 30,380,081
- DWR Variable Charges \$ 3,974,069
- Interest Income Credits \$ (218,639)

Fixed Charge Highlights

- Total fixed charge increase over FY 2008/09 of \$2,227,675.
- Decrease in Transportation Capital charges \$684,749.
- Decrease in Coastal Branch Phase II charges of \$590,238.
- Increase in Transportation Minimum OMP&R charges of \$2,971,569.
- Rate Management Funds Credits totaling \$2,141,729.
- DWR credits for release of excess revenue bond reserve fund credits totaling \$1,271,722.

Variable Charge Highlights

- Total variable charge decrease over FY 2008/09 of \$27,828.
- Estimated Variable OMP&R unit rate for 2009 and 2010: \$125.00.

Central Coast Water Authority
Department of Water Resources Charges
Fiscal Year 2009/10 Budget

Through the Santa Barbara County Flood Control and Water Conservation District (SBCFC&WCD), the Authority holds a contract with the Department of Water Resources (DWR) to purchase up to 45,486 acre-feet of water per year. The costs for this water are charged to the various Authority project participants.

The DWR charges include both fixed and variable components. The fixed costs represent costs that must be paid independent of the amount of water requested by the project participants. The variable costs vary based on delivery amounts and are comprised of power and power related costs.

DWR Billing Procedures

The DWR prepares its annual bill (“Statement of Charges”) on a calendar year basis and submits the bill to the Authority. The variable portion of the bill is based on the requested deliveries of the Authority’s project participants, which the Authority provides to DWR in October of the prior year. The fixed portion of the bill is based on the Authority’s State water Table A amount. The Delta Water Charge is billed by DWR net of Table A entitlement reductions (*see the sections entitled “Delta Water Charges” and “Table A Entitlement Reductions”*).

The Statement of Charges is allocated on a financial reach basis (*see the Distribution Department section of this budget for further information on financial reaches*). Invoices are then prepared by the Authority and forwarded to its project participants.

Summary of FY 2009/10 DWR Charges

The DWR charges for the first half of FY 2009/10 are based on the 2009 Statement of Charges. The DWR charges for the second half of FY 2009/10 are based on forecasts prepared by the DWR State Water Project Analysis Office. DWR transportation capital charges starting in 1998 are based on a Coastal Branch Phase II project cost of approximately \$481 million. Coastal Branch Extension capital charges are based on the allocation share of debt service principal and interest payments from the various DWR revenue bond debt issues allocated to repay the capital costs of the Coastal Branch Phase II.

The fixed DWR charges are allocated to the various project participants based on their State water Table A allocation. The variable DWR charges are allocated in proportion to the project participant requested deliveries. San Luis Obispo County pays DWR directly for its DWR costs. The table on page 76 shows fixed and variable DWR costs for each project participant.

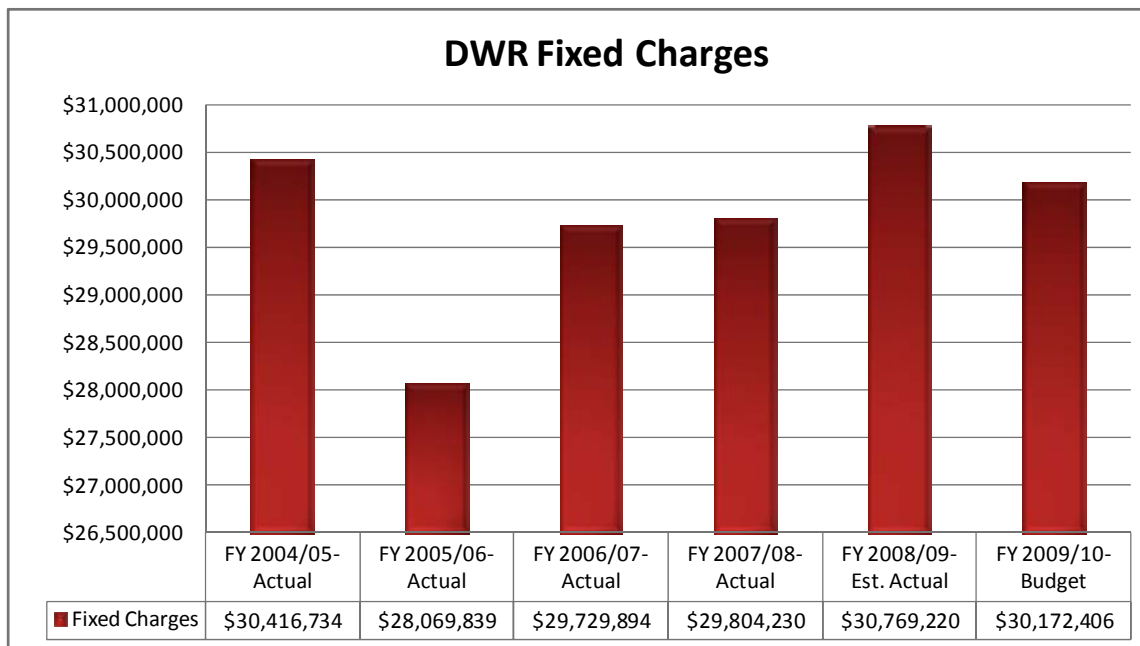
Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget

The following table provides a comparison of the FY 2008/09 and FY 2009/10 DWR charges.

DWR Fixed and Variable Cost Comparison					
Cost Component	FY 2007/08 Actual	FY 2008/09 Budget	FY 2008/09 Est. Actual	FY 2009/10 Budget	FY 2009/10 Budget to FY 2008/09 Budget Increase (Decrease)
Transportation Capital	\$ 20,898,228	\$ 20,578,007	\$ 20,932,404	\$ 19,893,258	\$ (684,749)
Coastal Branch Phase II	2,722,858	1,918,940	1,750,064	1,328,702	(590,238)
Transportation Minimum OMP&R	3,934,306	3,329,552	5,334,557	6,093,446	2,763,894
Water System Revenue Bond	1,107,796	1,084,415	1,462,925	1,551,883	467,468
Delta Water Charges	1,141,042	1,241,492	1,289,270	1,305,118	63,626
Subtotal Fixed DWR Charges	<u>29,804,230</u>	<u>28,152,406</u>	<u>30,769,220</u>	<u>30,172,406</u>	<u>2,020,000</u>
Off-Aqueduct Charges	1,135,701	1,586,010	1,087,196	1,458,433	(127,577)
Variable OMP&R	2,866,196	2,732,636	2,041,429	2,515,636	(217,000)
Subtotal Variable DWR Charges	<u>4,001,897</u>	<u>4,318,646</u>	<u>3,128,625</u>	<u>3,974,069</u>	<u>(344,577)</u>
DWR Account Investment Income	(1,105,805)	(282,045)	(367,088)	(218,639)	63,406
Total DWR Charges	<u>\$ 32,700,322</u>	<u>\$ 32,189,007</u>	<u>\$ 33,530,757</u>	<u>\$ 33,927,835</u>	<u>\$ 1,738,828</u>

The FY 2009/10 DWR fixed charges total \$30,172,406, which is \$2,020,000 more than the FY 2008/09 Budget. The reasons for the cost component variances are described later in this section.

The following graph shows the six-year trend in the DWR fixed costs.



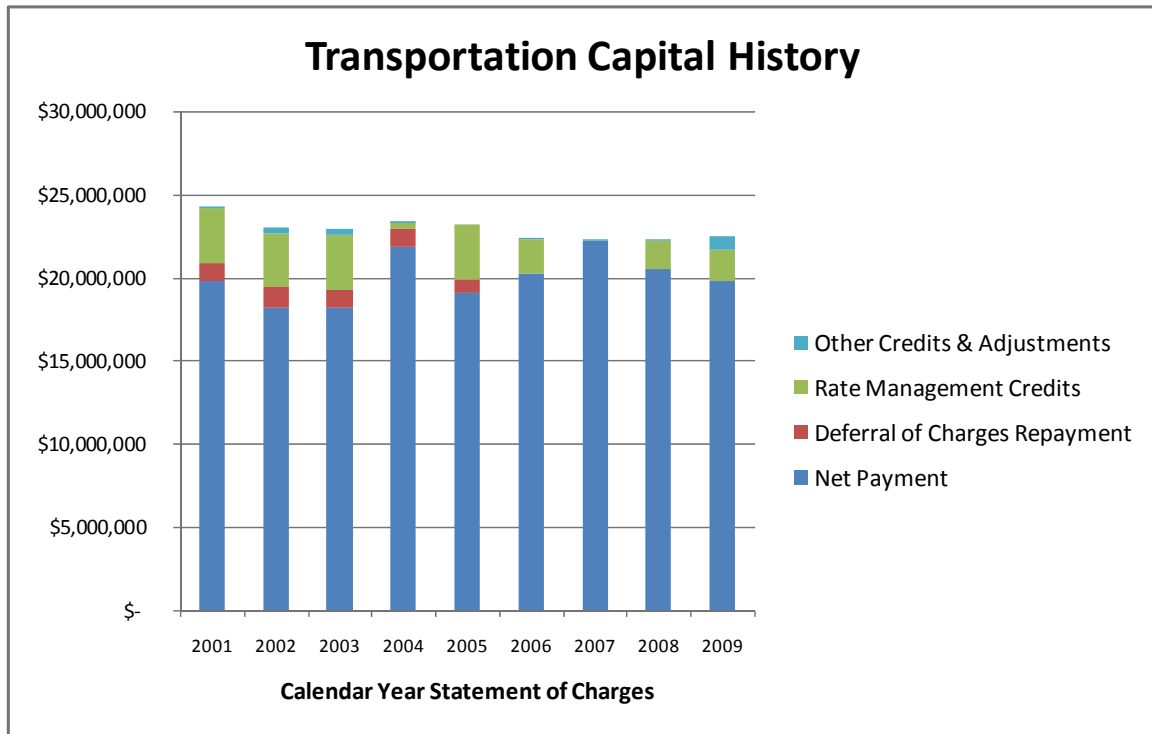
As the previous graph shows, there has been a significant increase in the DWR fixed costs over the past four years and a slight decrease for the calendar 2009 charges due to extraordinary credits, more fully explained later in this section.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget

The following discussion compares the changes between the FY 2008/09 DWR fixed cost budget and the FY 2009/10 budget.

- **Transportation Capital**

The following graph shows the history and breakdown of the various components for the DWR Transportation Capital charges to CCWA:



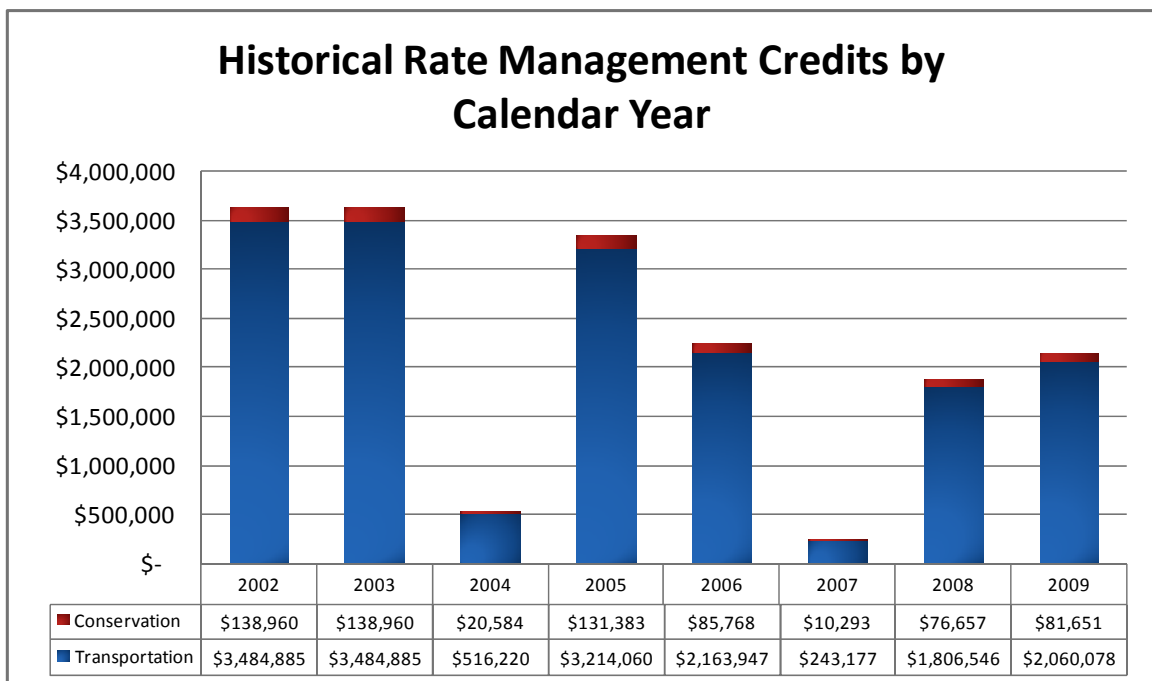
Transportation capital charges are decreasing by \$684,749 due to the following:

Rate Management Credits

One provision of the contract between CCWA and the Department of Water Resources provides for the reduction of capital charges based on excess revenues collected by DWR due to differences between collections from the State Water Project Contractors and the actual amounts paid for capital related charges. These credits are referred to as “rate management credits” and are allocated to each Contractor in proportion to their total repayment of capital charges to DWR. As such, CCWA receives a large portion of the annual rate management credits (currently about 9.00%) because our facilities were constructed in the 1990’s while most other Contractor’s facilities were constructed in the 1960’s so that CCWA’s capital repayments to DWR are quite high when compared to other Contractors.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget

Each year, DWR prepares a financial analysis to determine the revenues that are available to pay rate management credits. Pursuant to the Contract, the maximum amount of rate management credits in any one year does not exceed \$40.5 million to all Contractors. There are a number of factors that can impact the revenues available to pay rate management credits, and therefore, the actual credits provided by DWR have been somewhat volatile as can be seen in the following graph showing the actual historical calendar year rate management credits provided by DWR.



For the calendar year 2009 Statement of Charges, DWR included all of the 2009 rate management credits against the July 2009 invoice. Normally, the rate management credits would be allocated ½ to the January capital payments and ½ to the July capital payments. However, the final credit amounts were not available until after the January 2009 capital payments were already made, and so DWR credited 100% of the credits against the July 2009 payments, thereby pushing all the credits into the FY 2009/10 budget.

Total calendar year 2009 credits are \$2,141,729 (both Transportation Capital and Conservation Capital components). Consistent with the CCWA Board policy adopted in FY 2008/09, the fiscal year budget does not include projections for the second half of the fiscal year rate management credits, but only includes the credits that are actually provided by DWR.

Central Coast Water Authority
Department of Water Resources Charges
Fiscal Year 2009/10 Budget

DWR Revenue Bond “Springing Amendment Credits”

DWR adopted an amendment to its general bond resolution that decreases the revenue bond reserve requirements to about half of the previous requirement. As such, DWR is able to offset future capital payments from the State Water Project Contractors with the revenue bond reserve funds released.

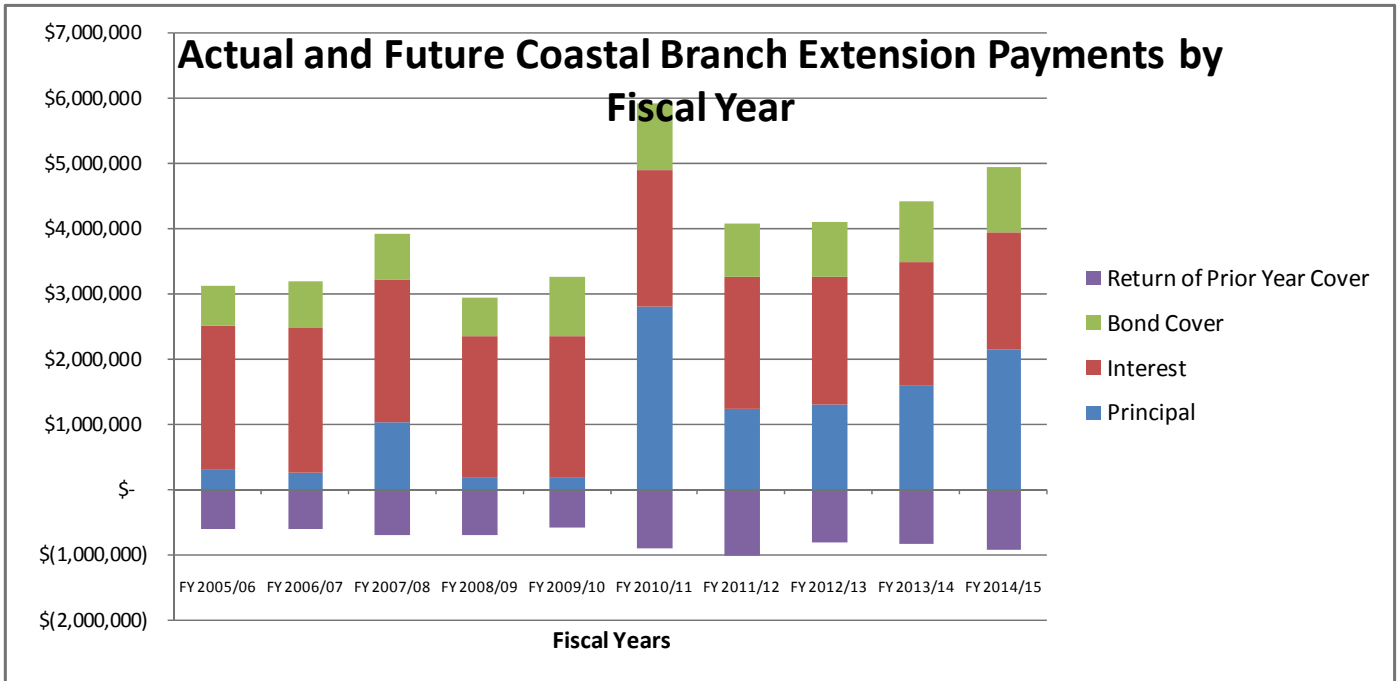
The total revenue bond reserve fund credits allocated to CCWA are approximately \$2,295,000, with about \$996,000 allocated to the Coastal Branch Extension payments and \$1.3 million allocated as a credit against the Transportation Capital payments.

DWR allocated a portion of the revenue bond reserve fund credits against the 2008 and first half of 2009 Transportation Capital payments. The estimated remaining balance of \$1.27 million is to be credited against the July 2009 capital payments with \$552,000 allocated to the Coastal Branch Extension and \$720,000 allocated to the Transportation Capital payments.

- **Coastal Branch Extension Phase II** When the Coastal Branch Extension Phase I facilities were constructed, DWR issued revenue bonds to finance the coastal facilities. CCWA is solely responsible for repayment of the debt service on these bonds to DWR.

Over the years, DWR has refinanced some of the original bonds used to finance these facilities and the resulting debt service repayment fluctuates significantly between years as can be seen in the following graph.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget

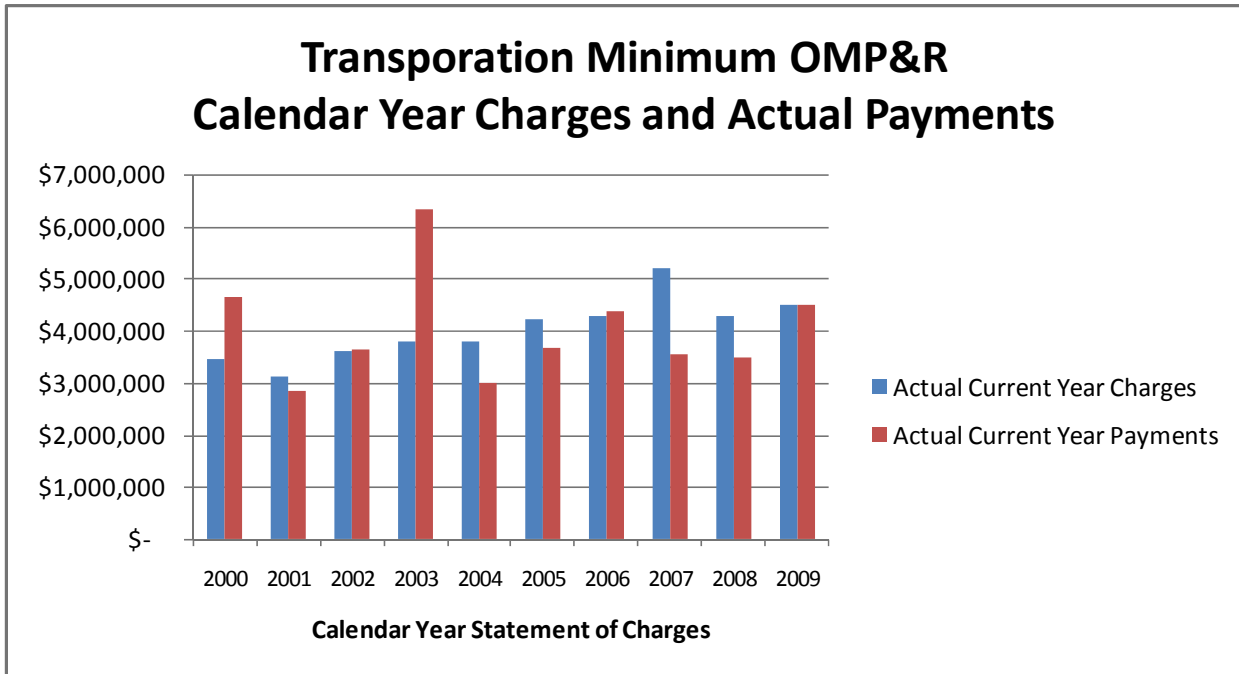


In addition to the revenue bond principal and interest, DWR also collects bond cover or an additional 25% of revenue bond payments as an additional security for the bond holders. DWR holds one year of bond cover and then returns the prior year bond cover payments as credits.

As the above graph shows, there is a slight increase in the revenue bond principal, interest, and bond cover payments between FY 2008/09 and FY 2009/10. In total, Coastal Branch Extension Phase II charges are decreasing by \$590,000 due to the DWR revenue bond reserve fund credits and rate management credits discussed above, net of this increase in the revenue bond debt service payments.

Transportation Minimum OMP&R Transportation Minimum OMP&R charges are the operations and maintenance costs incurred by DWR to operating the State Water Project. DWR estimates the calendar year charges for each Contractor and then reconciles and “true’s-up” the actual charges incurred in the following year(s) resulting in either an over or under-payment of charges. The following graph shows the actual charges by calendar year and the actual payments from CCWA in that year, with the difference being either the over or under-collection.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget



As the above graph shows, both the calendar year 2007 and 2008 payments by CCWA were less than the actual costs incurred by DWR in those years. This under-collection totals \$2.46 million, of which ½ is included in the FY 2009/10 CCWA Budget on a fiscal year basis. The other half of the under-collection was paid out of the FY 2008/09 CCWA Budget through a combination of credits from other DWR cost components.

DWR has also entered into agreements with many of the State Water Project Contractors for fund costs associated with the “Delta Habitat Conservation and Conveyance Project” (DHCCP). Basically, these are costs associated with the initial planning and design for alternative conveyance facilities in the Sacramento-San Joaquin delta. The CCWA Board of Directors voted to participate in this program. For FY 2009/10, the DHCCP costs are about \$319,000 allocated among the CCWA Project Participants as follows:

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget

FY 2009/10 DHCCP & Monterey Litigation Cost Allocation

Project Participant	Table A & Drought Buffer	Percentage	DHCCP Costs	Monterey Litigation Costs	TOTAL
Guadalupe	605	1.33%	\$ 4,239	\$ 145	\$ 4,384
Santa Maria	17,820	39.18%	124,859	4,271	129,129
Golden State Water Co.	550	1.21%	3,854	132	3,985
VAFB	6,050	13.30%	42,390	1,450	43,840
Buellton	636	1.40%	4,456	152	4,609
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.30%	10,510	359	10,869
Santa Ynez ⁽¹⁾	700	1.54%	4,905	168	5,072
Goleta	7,450	16.38%	52,200	1,785	53,985
Morehart	220	0.48%	1,541	53	1,594
La Cumbre	1,100	2.42%	7,707	264	7,971
Raytheon	55	0.12%	385	13	399
Santa Barbara	3,300	7.25%	23,122	791	23,913
Montecito	3,300	7.25%	23,122	791	23,913
Carpinteria	2,200	4.84%	15,415	527	15,942
	45,486	100.00%	\$ 318,705	\$ 10,901	\$ 329,606

In total, the Transportation Minimum OMP&R charges are increasing by about \$2.76 million for the reasons discussed above.

- **Water System Revenue Bond Surcharge** The Water System Revenue Bond Surcharge (WSRB) represents the difference between the capital payments to DWR from the Contractors and the actual bond debt service payments paid by DWR. For FY 2009/10, the WSRB is increasing by about \$467,000 due to DWR's issuance of the Series AE revenue bonds.

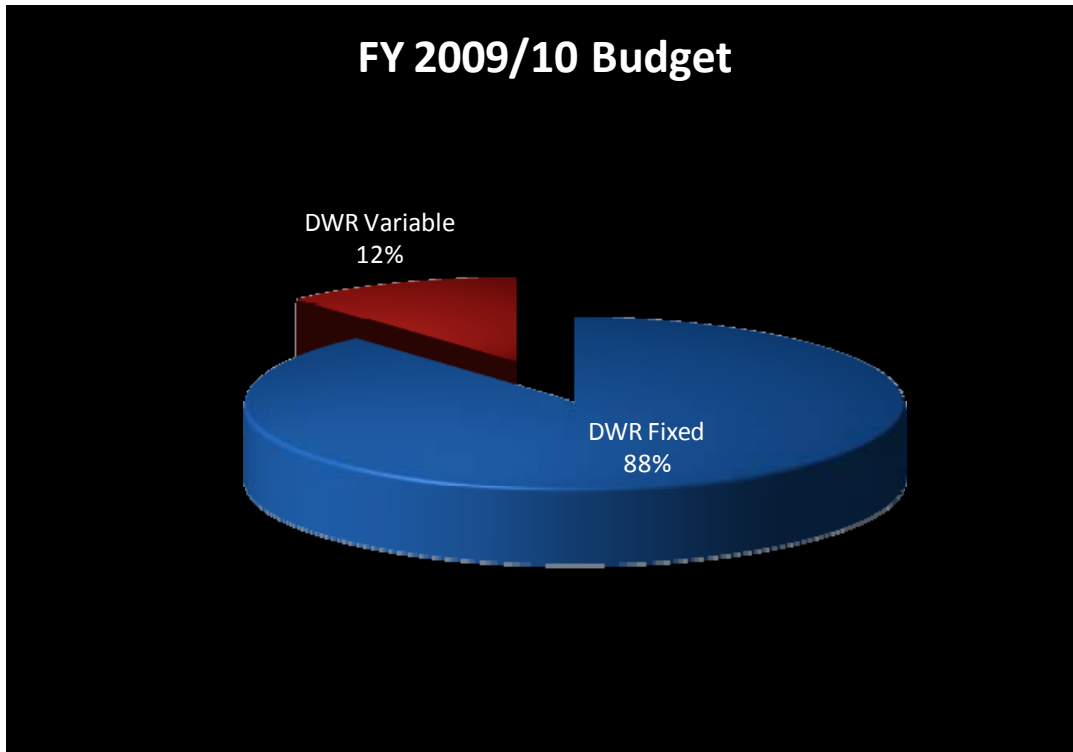
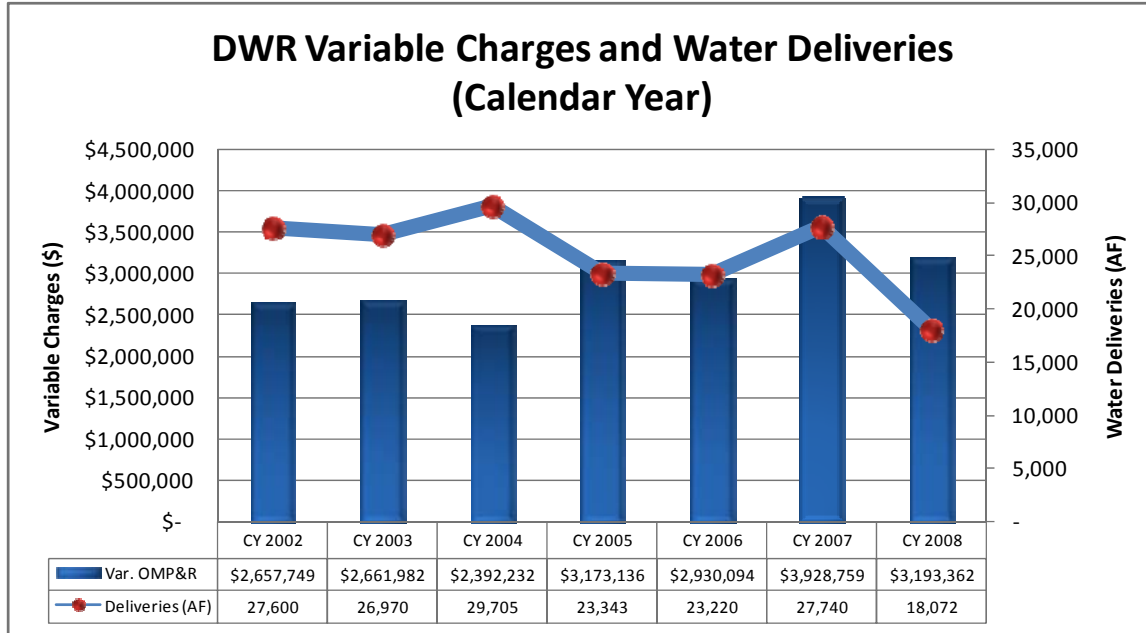
DWR Variable Costs

The DWR variable charges for FY 2009/10 total \$3,974,069, which is \$344,577 lower than the budgeted FY 2008/09 variable payments.

- Off-aqueduct charges total \$1,458,433, which is \$127,577 lower than the prior year amount.
- Variable OMP&R charges total \$2,515,636 which is \$217,000 less than the prior year amount. The decrease is due to significantly lower water deliveries in the later part of FY 2008/09 than was used for the FY 2008/09 budget, thereby creating a large credit of \$2.13 million to off-set the FY 2009/10 charges. The cost per acre-foot for all water deliveries in FY 2009/10 is estimated to be \$125/AF.

The following graph shows the six-year history of the budgeted DWR variable costs and water deliveries for each calendar year.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget



Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget

Detail of DWR Fixed Costs

The DWR fixed costs are comprised of the following cost components. (All amounts presented for the Santa Ynez River Water Conservation District, Improvement District #1 (Santa Ynez) and the City of Solvang have been adjusted for the portion of costs associated with the Solvang drought buffer Table A which has been transferred to and is being paid for by Santa Ynez.)

Transportation Capital Costs The Transportation Capital Cost component covers the use of facilities to transport water to the vicinity of each State water contractor's turnout. Generally, the charge represents each contractor's proportionate share of the reimbursable capital costs and fixed operating costs.

The following table shows the Transportation Capital Costs for Reaches 1 through 35 for FY 2009/10 by project participant.

TRANSPORTATION CAPITAL CHARGES

Project Participant	Table A	Percentage	Reaches 1 to 35 ⁽¹⁾	One-Shot Adjustment	Rate Management Funds Credit	DWR Excess Reserve Fund Credits ⁽²⁾	FY 2009/10 Transportation Capital Charges
Guadalupe	550	1.41%	\$ 317,677	\$ (645)	\$ (27,202)	\$ (10,121)	\$ 279,709
Santa Maria	16,200	41.46%	9,357,037	(19,007)	(801,216)	(298,115)	8,238,700
Golden State Water Co.	500	1.28%	288,797	(587)	(24,729)	(9,201)	254,281
VAFB	5,500	14.07%	3,176,772	(6,453)	(272,018)	(101,212)	2,797,089
Buellton	578	1.48%	333,850	(678)	(28,587)	(10,636)	293,949
Santa Ynez (Solvang) ⁽³⁾	1,500	3.84%	858,876	(1,760)	(73,503)	(27,364)	756,249
Santa Ynez ⁽³⁾	500	1.28%	296,314	(587)	(25,413)	(9,441)	260,874
Goleta	4,500	11.52%	2,599,177	(5,280)	(222,560)	(82,810)	2,288,528
Morehart	200	0.51%	115,519	(235)	(9,892)	(3,680)	101,712
La Cumbre	1,000	2.56%	577,595	(1,173)	(49,458)	(18,402)	508,562
Raytheon	50	0.13%	28,880	(59)	(2,473)	(920)	25,428
Santa Barbara	3,000	7.68%	1,732,785	(3,520)	(148,373)	(55,207)	1,525,685
Montecito	3,000	7.68%	1,732,785	(3,520)	(148,373)	(55,207)	1,525,685
Carpinteria	2,000	5.12%	1,155,190	(2,347)	(98,916)	(36,804)	1,017,123
Subtotal:	39,078	100.00%	\$ 22,571,253	\$ (45,849)	\$ (1,932,710)	\$ (719,120)	\$ 19,873,575
Goleta Additional Table A	2,500	5.50%	22,783	-	(2,374)	(726)	19,683
CCWA Drought Buffer	3,908	-	-	-	-	-	-
TOTAL:	45,486		\$ 22,594,037	\$ (45,849)	\$ (1,935,084)	\$ (719,846)	\$ 19,893,258

- (1) Reach 36 was deleted during project design. DWR Reaches to the end of Coastal Branch Phase II consist of Reaches 1 to 35. The Coastal Branch extension consists of Reaches 37 and 38.
 (2) Credits or additional amount due from FY 2008/09 transportation capital reconciliation.
 (3) Adjusted for transfer of the Solvang 150 acre foot drought buffer Table A to Santa Ynez.
 (4) DWR release of excess revenue bond reserve funds. Includes allocation for total water system, off-aqueduct and Tehachapi East Afterbay.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget

Coastal Branch Extension-Transportation Charges - Reaches 37 and 38 This represents the debt service for the Coastal Branch Extension bonds issued by DWR for the Coastal Branch Extension facilities in Santa Barbara County south of the Santa Maria River. The following table shows the Coastal Branch Extension Transportation Capital charges for Reaches 37 and 38. The charges are allocated according to DWR's actual construction costs for the project with 51.84% allocated to Reach 37 and 48.16% allocated to Reach 38.

TRANSPORTATION CAPITAL-COASTAL BRANCH EXTENSION

Project Participant	Reach 37				
	Table A	Percentage	Transportation Capital	Reach 37 Credits ⁽¹⁾	Net Reach 37 Transp. Costs
Guadalupe	-	0.00%	-	-	\$ -
Santa Maria	16,200	42.05%	708,402	(275,404)	432,998
Golden State Water Co.	500	1.30%	21,864	(8,500)	13,364
VAFB	5,500	14.28%	240,507	(93,501)	147,005
Buellton	578	1.50%	25,275	(9,826)	15,449
Santa Ynez (Solvang)	1,500	3.89%	65,593	(25,500)	40,092
Santa Ynez	500	1.30%	21,864	(8,500)	13,364
Goleta	4,500	11.68%	196,778	(76,501)	120,277
Morehart	200	0.52%	8,746	(3,400)	5,346
La Cumbre	1,000	2.60%	43,728	(17,000)	26,728
Raytheon	50	0.13%	2,186	(850)	1,336
Santa Barbara	3,000	7.79%	131,185	(51,001)	80,185
Montecito	3,000	7.79%	131,185	(51,001)	80,185
Carpinteria	2,000	5.19%	87,457	(34,000)	53,456
Total:	38,528	100.00%	1,684,771	(654,985)	\$ 1,029,786

Project Participant	Reach 38					FY 2008/09 Credits	FY 2009/10 Transportation Capital Charges
	Table A	Percentage	Transportation Capital	Reach 38 Credits ⁽¹⁾	Net Reach 38 Transp. Costs		
Guadalupe	-	0.00%	-	-	\$ -	\$ -	\$ -
Santa Maria	-	0.00%	-	-	-	(119,479)	313,519
Golden State Water Co.	-	0.00%	-	-	-	(3,217)	10,147
VAFB	5,500	25.20%	394,377	(153,321)	241,056	(138,284)	249,777
Buellton	578	2.65%	41,445	(16,113)	25,333	(14,284)	26,498
Santa Ynez (Solvang)	1,500	6.87%	107,557	(41,815)	65,742	(38,900)	66,935
Santa Ynez	500	2.29%	35,852	(13,938)	21,914	(12,033)	23,245
Goleta	4,500	20.62%	322,672	(125,444)	197,227	(100,072)	217,432
Morehart	200	0.92%	14,341	(5,575)	8,766	(5,516)	8,596
La Cumbre	1,000	4.58%	71,705	(27,877)	43,828	(24,195)	46,362
Raytheon	50	0.23%	3,585	(1,394)	2,191	(523)	3,005
Santa Barbara	3,000	13.74%	215,115	(83,630)	131,485	(75,125)	136,545
Montecito	3,000	13.74%	215,115	(83,630)	131,485	(75,125)	136,545
Carpinteria	2,000	9.16%	143,410	(55,753)	87,657	(51,016)	90,097
Total:	21,828	100.00%	1,565,173	(608,489)	\$ 956,684	\$ (657,768)	\$ 1,328,702

(1) Includes credits for the return of bond cover of \$586,605 and Rate Management Funds Credits of \$124,994 and \$551,876 for the DWR release of excess revenue bond reserve funds.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget

Transportation Charge-Minimum Operation, Maintenance, Power, and Replacement (OMP&R) Costs These are operating costs incurred by DWR that do not depend on or vary with quantities of water delivered to the Authority.

The following table shows the Transportation Charge-Minimum OMP&R charges for FY 2009/10.

TRANSPORTATION MINIMUM OMP&R

Project Participant	Table A	Percentage	Calendar Year		DHCCP Costs and Litigation Costs ⁽²⁾	FY 2008/09 Credit Amount	FY 2009/10 Transportation Minimum OMP&R
			2009 Estimated Costs	Prior Year(s) Undercollections			
Guadalupe	550	1.41%	\$ 62,916	\$ 17,078	\$ 4,384	\$ -	\$ 84,378
Santa Maria	16,200	41.46%	1,853,156	503,027	129,129	-	2,485,313
Golden State Water Co.	500	1.28%	57,196	15,526	3,985	-	76,707
VAFB	5,500	14.07%	629,158	170,781	43,840	-	843,779
Buellton	578	1.48%	66,119	17,948	4,609	-	88,675
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.84%	166,682	45,245	10,869	-	222,796
Santa Ynez ⁽¹⁾	500	1.28%	62,103	16,857	5,072	-	84,032
Goleta	4,500	11.52%	514,766	139,730	53,985	-	708,480
Morehart	200	0.51%	22,878	6,210	1,594	-	30,683
La Cumbre	1,000	2.56%	114,392	31,051	7,971	-	153,414
Raytheon	50	0.13%	5,720	1,553	399	-	7,671
Santa Barbara	3,000	7.68%	343,177	93,153	23,913	-	460,243
Montecito	3,000	7.68%	343,177	93,153	23,913	-	460,243
Carpinteria	2,000	5.12%	228,785	62,102	15,942	-	306,829
Subtotal:	39,078	100.00%	\$ 4,470,225	\$ 1,213,414	\$ 329,606	\$ -	\$ 6,013,244
Goleta Additional Table A	2,500	-	63,079	17,122	-	-	\$ 80,201
CCWA Drought Buffer	3,908	-	-	-	-	-	-
TOTAL:	45,486		\$ 4,533,304	\$ 1,230,536	\$ 329,606	\$ -	\$ 6,093,446

(1) Adjusted for the transfer of 150 acre feet drought buffer Table A from Solvang to Santa Ynez.
 (2) DHCCP and Monterey litigation costs allocated in proportion to Table A amounts and drought buffer amounts.
 See the following table for a breakdown of the allocation by project participant.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget

Water System Revenue Bond Surcharge The surcharge is the difference between the total project charges collected at the project interest rate for a project and the annual financing costs of the water system revenue bonds issued for that project. The project interest rate is the melded financing cost for projects not financed with water system revenue bonds.

The following table shows the Water System Revenue Bond Surcharge for FY 2009/10.

WATER SYSTEM REVENUE BOND SURCHARGE

Project Participant	Table A	Percentage	Gross WSRB Charges	Return of Bond Cover ⁽²⁾	FY 2009/10 WSRB Charges
Guadalupe	550	1.41%	\$ 35,992	\$ (14,442)	\$ 21,550
Santa Maria	16,200	41.46%	1,060,140	(425,385)	634,754
Golden State Water Co.	500	1.28%	32,720	(13,129)	19,591
VAFB	5,500	14.07%	359,924	(144,421)	215,503
Buellton	578	1.48%	37,825	(15,177)	22,647
Santa Ynez (Solvang) ⁽¹⁾	1,500	3.84%	95,539	(38,334)	57,205
Santa Ynez ⁽¹⁾	500	1.28%	35,342	(14,182)	21,160
Goleta	4,500	11.52%	294,483	(118,163)	176,321
Morehart	200	0.51%	13,088	(5,252)	7,836
La Cumbre	1,000	2.56%	65,441	(26,258)	39,182
Raytheon	50	0.13%	3,272	(1,313)	1,959
Santa Barbara	3,000	7.68%	196,322	(78,775)	117,547
Montecito	3,000	7.68%	196,322	(78,775)	117,547
Carpinteria	2,000	5.12%	130,881	(52,517)	78,365
Subtotal	<u>39,078</u>	<u>100.00%</u>	<u>\$ 2,557,292</u>	<u>\$ (1,026,124)</u>	<u>\$ 1,531,169</u>
Goleta Additional Table A	2,500	-	\$ 34,633	(13,918)	\$ 20,714
CCWA Drought Buffer	3,908	-	-	-	-
TOTAL:	<u>45,486</u>		<u>\$ 2,591,925</u>	<u>\$ (1,040,042)</u>	<u>\$ 1,551,883</u>

(1) Adjusted for the transfer of Solvang 150 acre foot drought buffer Table A to Santa Ynez.
 (2) WSRB return of bond cover for July 2008 and January 2009 payments.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget

Delta Water Charges This is a unit charge applied to each acre-foot of State water Table A amount net of Table A reductions (*see "Table A Reductions" in the section discussing "Other DWR Charges and Credits"*). The unit charge covers repayment of all outstanding reimbursable costs of the DWR Project Conservation Facilities, with appropriate interest, by the end of the State water contract repayment period in 2035.

No Table A reductions are assumed for FY 2009/10.

The following table shows the Delta Water Charges for FY 2009/10.

DELTA WATER CHARGE

Project Participant	Table A Including Drought Buffer	Percentage	Gross Delta Water Charges	Rate Management Funds Credit	FY 2009/10 Delta Water Charges
Guadalupe	605	1.41%	\$ 18,442	(1,082)	\$ 17,359
Santa Maria	17,820	41.46%	543,187	(31,877)	511,311
Golden State Water Co.	550	1.28%	16,765	(984)	15,781
VAFB	6,050	14.07%	184,415	(10,822)	173,593
Buellton	636	1.48%	19,386	(1,138)	18,249
Santa Ynez (Solvang)	1,500	3.49%	45,723	(2,414)	43,309
Santa Ynez	700	1.63%	21,337	(1,521)	19,816
Goleta	4,950	11.52%	150,885	(8,855)	142,031
Morehart	220	0.51%	6,706	(394)	6,312
La Cumbre	1,100	2.56%	33,530	(1,968)	31,562
Raytheon	55	0.13%	1,677	(98)	1,578
Santa Barbara	3,300	7.68%	100,590	(5,903)	94,687
Montecito	3,300	7.68%	100,590	(5,903)	94,687
Carpinteria	2,200	5.12%	67,060	(3,935)	63,125
Subtotal	42,986	100.00%	\$ 1,310,295	\$ (76,894)	\$ 1,233,401
Goleta Additional Table A	2,500	5.50%	\$ 76,205	(4,488)	\$ 71,717
	-	-	-	-	-
TOTAL:	45,486		\$ 1,386,500	\$ (81,382)	\$ 1,305,118

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget

DWR Variable Costs The DWR variable costs are comprised of the following types of charges:

Off Aqueduct Charges This is bond debt service, cover, and reserves for transmission costs allocated to off-aqueduct power facilities (power cost that includes both fixed and variable cost elements).

The following table shows the Off-Aqueduct charges for FY 2009/10.

Project Participant	Table A Allocation		OFF-AQUEDUCT CHARGES				FY 2008/09	TOTAL
	Table A	Allocation Percentage	2009	One-Half	2010	One-Half	(Credits)	FY 2009/10
			Off-Aqueduct ^(1 & 2)	Year	Off-Aqueduct ⁽³⁾	Year	Charges ⁽⁴⁾	Off-Aqueduct
Guadalupe	605	1.33%	\$ 24,000	\$ 12,000	\$ 24,346	\$ 12,173	\$ 1,732	\$ 25,905
Santa Maria	17,820	39.18%	706,923	353,462	717,106	358,553	(99,279)	612,735
Golden State Water Co.	550	1.21%	21,819	10,909	22,133	11,066	(3,179)	18,796
VAFB	6,050	13.30%	240,005	120,002	243,462	121,731	(79,183)	162,551
Buellton	636	1.40%	25,230	12,615	25,594	12,797	7,623	33,035
Santa Ynez (Solvang) ⁽⁵⁾	1,500	3.30%	59,505	29,753	60,362	30,181	22,914	82,848
Santa Ynez ⁽⁶⁾	700	1.54%	27,769	13,885	28,169	14,085	(10,255)	17,714
Goleta	7,450	16.38%	295,543	147,772	299,800	149,900	(136,916)	160,756
Morehart	220	0.48%	8,727	4,364	8,853	4,427	(7,022)	1,768
La Cumbre	1,100	2.42%	43,637	21,819	44,266	22,133	12,367	56,318
Raytheon	55	0.12%	2,182	1,091	2,213	1,107	(609)	1,589
Santa Barbara	3,300	7.25%	130,912	65,456	132,797	66,399	(66,093)	65,762
Montecito	3,300	7.25%	130,912	65,456	132,797	66,399	40,074	171,928
Carpinteria	2,200	4.84%	87,275	43,637	88,532	44,266	(41,175)	46,728
	45,486	100.00%	\$ 1,804,440	\$ 902,220	\$ 1,830,431	\$ 915,216	\$ (359,002)	\$ 1,458,433

- (1) Off-aqueduct charges are billed to the project participants in four equal installments based on the calendar year DWR charges.
- (2) Source: DWR invoice dated July 1, 2009.
- (3) Source: Attachment #3, December 24, 2008 DWR Invoice.
- (4) Credits for reconciliation of 2008 off-aqueduct charges, return of bond cover and SMIF interest.
- (5) Adjusted for the transfer of Solvang 150 acre foot drought buffer Table A to Santa Ynez.
- (6) Pursuant to the Exchange Agreement, Santa Ynez only pays Off-Aqueduct charges on its Table A deliveries. The South Coast project participants which participate in the Exchange Agreement pay the Off-Aqueduct charges for exchange water they accept.

DWR calculates the Off-Aqueduct charges based on the requested deliveries submitted by the Authority on a calendar year basis. The resulting total is paid by the Authority in twelve equal payments throughout the calendar year. Additionally, in May of each year, DWR provides an amended Off-Aqueduct bill based on the actual water deliveries and power costs for the first six months of the year.

The total calendar year Off-Aqueduct bill to the CCWA project participants is divided into four equal payments to match the cash flow requirements of the payments to DWR. Off-aqueduct charges are allocated to the CCWA project participants on a Table A proportional basis, including the drought buffer, because DWR bills - and CCWA pays - the off-aqueduct payments on the full 45,486 acre-feet Table A amount rather than on the requested deliveries for the year. Reconciliation of actual off-aqueduct expenses after the close of each calendar year are based on the actual deliveries for the calendar year.

Central Coast Water Authority
Department of Water Resources Charges
 Fiscal Year 2009/10 Budget

Variable OMP&R These charges by DWR are for the costs that are based on and vary with the amount of State water deliveries (i.e., power costs).

The following table shows the Variable OMP&R charges for FY 2009/10.

Project Participant	July 1, 2009 to Dec 31, 2009 ⁽¹⁾			\$125.00/AF ⁽²⁾	Jan 1, 2010 to June 30, 2010 ⁽³⁾			\$125.00/AF ⁽⁴⁾		TOTAL
	Requested Delivery	SYID#1 Exchanges	Net Deliveries	2009 Var OMP&R	Requested Delivery	SYID#1 Exchanges	Net Deliveries	2010 Var OMP&R	FY 2008/09 Credits ⁽⁵⁾	FY 2009/10 Var. OMP&R
	Guadalupe	266	-	266	\$ 33,250	304	-	304	\$ 38,000	\$ (38,079)
Santa Maria	8,020	-	8,020	1,002,500	8,300	-	8,300	1,037,500	(741,502)	1,298,498
Golden State Water Co.	262	-	262	32,750	253	-	253	31,625	(39,228)	25,147
VAFB	2,735	-	2,735	341,875	2,895	-	2,895	361,875	(359,419)	344,331
Buellton	322	-	322	40,250	310	-	310	38,750	(32,429)	46,571
Santa Ynez (Solvang)	660	-	660	82,500	705	-	705	88,125	(86,734)	83,891
Santa Ynez ⁽⁶⁾	390	1,496	1,886	48,750	310	974	1,284	38,750	(49,418)	38,082
Goleta	2,365	(539)	1,826	295,625	2,585	(351)	2,234	323,125	(237,130)	381,620
Morehart	109	-	109	13,625	111	-	111	13,875	(17,036)	10,464
La Cumbre	561	-	561	70,125	539	-	539	67,375	(39,742)	97,758
Raytheon	38	-	38	4,750	17	-	17	2,125	(5,101)	1,774
Santa Barbara	359	(359)	(0)	44,875	234	(234)	0	29,250	(140,779)	-
Montecito	1,650	(359)	1,291	206,250	1,650	(234)	1,416	206,250	(258,171)	154,329
Carpinteria	239	(239)	(0)	29,875	156	(156)	0	19,500	(84,743)	-
Total	17,976	-	17,976	\$ 2,247,000	18,369	-	18,369	\$ 2,296,125	\$ (2,129,511)	\$ 2,515,636

(1) 2008 Requested Deliveries based on anticipated actual demand by each project participant without regard to the current DWR delivery allocation percentage.

(2) Source: Estimate of initial invoice rate for 2009.

(3) 2009 Requested Deliveries based on a 100% delivery allocation.

(4) Source: Estimate of invoice rate for 2010.

(5) Credits for FY 2008/09 actual deliveries compared to budgeted deliveries and DWR Variable OMP&R credits.

(6) Pursuant to the Exchange Agreement, Santa Ynez only pays Variable OMP&R charges on its entitlement deliveries. The South Coast project participants which participate in the Exchange Agreement pay the Variable OMP&R charges for exchange water they accept.

Other DWR Charges and Credits

Table A Entitlement Reductions These reductions are the result of elections by certain project participants to temporarily decrease their Table A allocation. This election eliminates the Delta Water Charge associated with the amount of State water Table A that has been reduced. No Table A reductions are assumed for calendar years 2008 or 2009.

Turnback Pool Sales This represents elections by project participants to “turnback” a portion of their State water in a given year. The initial amount of the turnback water, designated as Pool A, must be submitted for sale by February 15 of each year. The water is then sold by DWR to other State water contractors by March 1. The sellers receive half the Delta Water Rate (about \$13.00 per AF) for each acre-foot of water sold in Pool A. Any water that is not sold in Pool A is placed in Pool B for possible sale, unless the sellers indicate otherwise.

The second “pool” of water to be sold, designated as Pool B, must be submitted for sale by March 15 of each year, and is sold by DWR by April 1. The sellers receive one-fourth of the Delta Water Rate (about \$6.50 per AF) for each acre-foot sold in Pool B. Any water that is not sold in Pool B to other State water contractors or purchased by DWR is sold by DWR to the highest bidder.

Central Coast Water Authority
Department of Water Resources Charges
Fiscal Year 2009/10 Budget

Rate Management Funds Credit This is a credit given to project participants by DWR and represents a return of excess transportation capital charges and other credits from DWR as provided in the Monterey Amendments to the State Water Contracts (Amendment No. 16 to the Santa Barbara County Flood Control and Water Conservation District State Water Contract).

CCWA Turnback Pool

In January 1998, the Authority implemented an internal turnback pool program similar to the DWR program. The Authority's pool is utilized during those years when (1) less than 100% of State water allocation is available and (2) filling the Authority's project participant delivery requests is only possible by acquiring unused Table A amounts from other project participants.

Any water that is not sold in the Authority's turnback pool is sold in the DWR turnback pool. The price for water sold in the Authority's turnback pool is the same as that sold in the DWR pool.

Central Coast Water Authority
DWR Charges
 Fiscal Year 2009/10 Budget

Project Participant	DWR FIXED CHARGES							DWR VARIABLE CHARGES			DWR Account Interest	Total DWR Charges
	Transportation Capital Through Reach 35 ⁽¹⁾	Transportation Capital Reach 37	Transportation Capital Reach 38	Transportation Minimum OMP&R	Water System Revenue Bond	Delta Water Charges	Total Fixed	Off-Aqueduct Charges	Variable OMP&R	Total Variable		
Guadalupe	\$ 279,709	\$ -	\$ -	\$ 84,378	\$ 21,550	\$ 17,359	\$ 402,996	\$ 25,905	\$ 33,171	\$ 59,076	\$ (5,647)	\$ 456,425
Santa Maria	8,238,700	289,622	-	2,485,313	634,754	511,311	12,159,699	612,735	1,298,498	1,911,233	(56,999)	14,013,933
Golden State Water Co.	254,281	8,939	-	76,707	19,591	15,781	375,299	18,796	25,147	43,943	(6,259)	412,984
Vandenberg AFB	2,797,089	98,328	161,236	843,779	215,503	173,593	4,289,529	162,551	344,331	506,881	-	4,796,411
Buellton	293,949	10,333	16,944	88,675	22,647	18,249	450,798	33,035	46,571	79,606	(4,112)	526,292
Santa Ynez (Solvang)	756,249	26,817	43,974	222,796	57,205	43,309	1,150,350	82,848	83,891	166,739	(5,510)	1,311,578
Santa Ynez	260,874	8,939	14,658	84,032	21,160	19,816	409,479	17,714	38,082	55,796	(6,661)	458,614
Goleta	2,288,528	80,450	131,921	708,480	176,321	142,031	3,527,731	160,756	381,620	542,376	(59,136)	4,010,971
Morehart Land	101,712	3,576	5,863	30,683	7,836	6,312	155,983	1,768	10,464	12,232	(2,625)	165,590
La Cumbre	508,562	17,878	29,316	153,414	39,182	31,562	779,914	56,318	97,758	154,077	(3,689)	930,302
Raytheon	25,428	894	1,466	7,671	1,959	1,578	38,996	1,589	1,774	3,363	(705)	41,653
Santa Barbara	1,525,685	53,634	87,947	460,243	117,547	94,687	2,339,743	65,762	-	65,762	(33,975)	2,371,530
Montecito	1,525,685	53,634	87,947	460,243	117,547	94,687	2,339,743	171,928	154,329	326,257	(11,393)	2,654,607
Carpinteria	1,017,123	35,756	58,631	306,829	78,365	63,125	1,559,829	46,728	-	46,728	(21,928)	1,584,629
Goleta 2500 AF	19,683	-	-	80,201	20,714	71,717	192,316	-	-	-	-	192,316
Total	\$ 19,893,258	\$ 688,799	\$ 639,903	\$ 6,093,446	\$ 1,551,883	\$ 1,305,118	\$ 30,172,406	\$ 1,458,433	\$ 2,515,636	\$ 3,974,069	\$ (218,639)	\$ 33,927,835

(1) Reach 36 was deleted during project design.