

# Vista Ridge Water Supply Project

**Robert R. Puente**

President - CEO

October 30, 2014

San Antonio City Council A Session



# Three Uncompromising Tenets

## We Need to ...

- Protect the Edwards Aquifer
- Continue Nationwide Leadership in Conservation
- Ensure Lifeline Supply of Water for Ratepayers

# Planning our Water Future Today

## Long Term Non-Edwards Supply for San Antonio

- Planning for increasing historic droughts
  - Edwards currently under Stage 4 reduction of 40%
- Jobs for Children & Grandchildren
  - Support vibrant local & regional economy
- Water security for decades
- Tomorrow's needed water at today's price



# Win - Win for Community

## Abundant Supply for our Children & Grandchildren

- Up to 50,000 acre-feet of water at fixed cost for 30 years
- Biggest non-Edwards Supply in San Antonio History
- Environmental Benefits and Vast Water Supply
- Additional ASR Storage
- Transfer of Regulatory Risk from SAWS ratepayers
- Transfer all infrastructure & assets to SAWS
- Operational Efficiency and Flexibility across entire City
- Regional Pipeline

# Financial Impacts

- Fixed Cost *est.* \$1,694 - \$1,959 (*interest rate dependent*)
  - Further delay likely to increase costs within range
- Potential rate impact to the average residential bill
  - 16% by 2020
- Mitigation of Rate impacts dependent on:
  - Rates Advisory Committee
  - Stair-step rates vs. single rate increase
  - Opportunities for new wholesale customers
  - Lifeline Rate and Affordability Programs



# Enhanced Affordability

## Low Income and Low Water Use Customers

- Create focused SAWS Affordability Team
  - Outreach
    - Proactively working on Census Tracts & Neighborhoods
      - Direct mail, Door-to-Door, Phone, ReNewSA, etc
  - Water Conservation
    - Target neighborhoods for leaks, and above-average usage to reduce bills
  - Customer Care
    - Guide customers to programs
  - Administer and Evaluate Affordability Programs

# Bill Payment and Program Assistance

Over 100,000 customers served through 10 separate programs

Affordability Programs	Assistance/Benefit
<i>Affordability Discount Program (ADP)</i>	<i>Monthly bill discount of 10% - 25% per month</i>
Project Agua (Payment Assistance)	One time credit every 12 months for \$115, flexibility for extenuating circumstances
Senior Citizen Billing	Waives late fees and additional 10 days to pay for all seniors
Disability Billing	Additional 10 days to pay for customers receiving Supplemental Security Income (SSI).
Plumbers to People	Home water leak repairs
Laterals to People	Plumbing assistance outside the property line
Sewer Laterals Reimbursement	Provides reimbursement of plumbing charges related to electronically locating the problem.
Payment Arrangements	Extends terms of payment and can reduce/waive late fees
Conservation Makeover	Provide water efficient toilet and home fixtures
Leak Adjustments	Bill adjustments resulting from leaks

# Enhanced Affordability

## Low Income and Low Water Use Customers

- Increase Affordability Budget by more than 20% over next 5 years
  - Additional participants and/or larger discounts
    - Budget increased 75% since 2011
  - Increase in one-time hardship discounts
- Lifeline Supply Rate
  - Significantly reduce rate impact on qualifying customers
  - Rates Advisory Committee with Council-appointed members
    - New structure will be in place before any rate increase for project



# San Antonio's Innovative Success



- **Largest** Recycled System in the Nation
- **First** in Nation conversion from gas to energy
- **Largest** storage of groundwater in nation
- **Largest** inland desalination plant under construction
- International recognition for water conservation

# What are Local Environmental Benefits

- Supports Edwards Aquifer Habitat Conservation Plan
- Allows for more ASR storage
  - Effectively creates new water supply project
- More reliability for spring flows

# Should Council delay?

- RFCSP has been 3-5 Year Process
- Part 2012 Water Management Plan
- Cost of Project may increase with delay
- No identified goal for delay
- Potential of losing project
- Exit Ramps built into contract

# Is Project too Expensive and Risky?

- Not the same proposal as earlier this year
- SAWS only pays for water made available
- Cheaper Water already developed or unreliable
- Ability in Contract to purchase Vista Ridge Bonds
- Interest Rate exposure is capped

# Is This Too Much Water?

- 2012 Water Management Plan:
  - Large 50,000 ac-ft Project, AND
  - Conservation, AND
  - Several other water supply projects
- Population growth
- Ability to develop regional wholesale customers

# Is Abengoa a solid company with good credit rating?

- Vista Ridge contract debt issued based on contract and SAWS, not on Abengoa credit rating
- TX Attorney General to approve bond issuance
- Publically traded on Nasdaq
- 26,000 employees
- Scrutinized by Securities and Exchange Commission

# Is this adverse to our regional neighbors?

- Allows Local Groundwater District to protect local aquifer
- Permits already issued by local District
- Local landowner support through 3,400 leases
- Royalty Payment increased to 50% at end of term

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# Why not do a desalination project?

- Water Management Plan calls for desal, conservation, Vista Ridge and other projects
  - Current Brackish project under construction
- Expansion of Brackish project will have similar costs
- State regulatory structure of brackish not yet favorable and risks permit uncertainty
- Vista Ridge accepts regulatory risk

# Will this create unchecked growth?

- Land Use governed through Cities and State
- SAWS working with COSA to follow growth patterns
  - COSA Comprehensive Planning
- COSA Enforcement of Water Quality ordinance
- Bexar County Recharge Zone already 90% developed, master-planned or conserved

# Annualized Project Costs

**SAWS Project Cost: \$/acre foot**

