

From: Kennedy, John
Sent: Friday, May 04, 2018 10:13 AM
To: Brice Soucy; David M. Moore - Clean Energy Capital (dmoore@cleanenergycap.com)
Cc: Scott Maloni; Peter MacLaggan; Scott-Roberts, Sandy
Subject: RE: Confidential Model
Attachments: Copy of Direct Distribution Options 2017.xlsx

Hi Brice,
Here is Sandy's spreadsheet showing \$320/af for the distribution unit cost in 2017. See cell C35
If you inflate this at 2.5% for 5 years you get \$362/af for 2022 but I just rounded it down to \$350/af given the uncertainty of the distribution plan.
Regarding increasing \$350/af at 1% a year see the green shaded cells starting at cell J44. I have a high and a low number and just averaged it to 1%

John Kennedy
Executive Director of Engineering and Water Resources
Orange County Water District
18700 Ward Street, Fountain Valley, CA 92708
tel: (714) 378-3304
fax: (714) 378-3373
email: jkennedy@ocwd.com

From: Brice Soucy <bsoucy@poseidonwater.com>
Sent: Thursday, May 03, 2018 10:01 AM
To: Kennedy, John <jkennedy@ocwd.com>; David M. Moore - Clean Energy Capital (dmoore@cleanenergycap.com) <dmoore@cleanenergycap.com>
Cc: Scott Maloni <smaloni@poseidonwater.com>; Peter MacLaggan <pmaclaggan@poseidonwater.com>
Subject: RE: Confidential Model

John,

The analysis looks fine from my perspective except seeing the assumptions behind the new assumption on the Delivery Contribution level and the escalation of it- we noted the gross pricing provided is consistent with the model we provided in January.

Things to note:

1. The MWD adopted rates in 2019 and 2020 that are lower than the forecast (are 3.4% and 3.1% increases respectively), this sets a lower starting point for comparison to MWD than our original analysis but looks consistent
2. Using \$350 per AF for Delivery Contribution (in 2022\$) and 1% escalation are new assumptions, instead of a flat charge that we had used previously, which was \$300 per AF for the 35 year case and \$320 per AF for the 30 year case
 - a. Can you provide the updated costs supporting \$350 per AF and the 1% escalation?
3. We noted the result of the MWD change and Delivery Contribution changes shows a breakeven (including Delivery and Subsidy) at MWD@6% in Year 15 on the 35 Year deal (Case A) and Year 16 on the 30 Year deal (Case B)
 - a. Even though the Delivery Contribution costs are higher, the subsidy lasts ~1 year longer in these cases

-Brice

Brice P. Soucy
Poseidon Water

Direct: 617-XXX-XXXX

Email: bsoucy@poseidonwater.com

From: Kennedy, John [<mailto:jkennedy@ocwd.com>]

Sent: Tuesday, April 24, 2018 6:22 PM

To: David M. Moore - Clean Energy Capital (dmoore@cleanenergycap.com) <dmoore@cleanenergycap.com>; Andrew Kingman <akingman@poseidonwater.com>; Brice Soucy <bsoucy@poseidonwater.com>

Subject: Confidential Model

David, Andy and Brice

Here is what I have for the 30 and 35 year cross over graph. I made adjustments to the Poseidon model.

I put in the approved MWD rates for 2019 and 2020. I added \$80/af for the RTS and CC to the MWD volumetric rate. Beginning in 2021 I have MWD rates increasing at 3%, 4.1% and 6%

I put \$350/af in the year 2022 for distribution cost. And I inflated that at 1% going into the future.

Sandy's latest distribution cost was \$320/af in 2017 dollars. I inflated it for 5 years to 2022 and just rounded up to \$350/af.

Any concerns?

John Kennedy

Executive Director of Engineering and Water Resources



Orange County Water District

18700 Ward Street, Fountain Valley, CA 92708

tel: (714) 378-3304

fax: (714) 378-3373

email: jkennedy@ocwd.com



Confidential Communication

OCWD Confidential Communication: This electronic transmission, and any documents attached hereto, (a) are protected by the Electronic Communications Privacy Act (18 USC §§ 2510-2521), (b) may contain confidential information, and (c) are for the sole use of the intended recipient named above. If you have received this electronic message in error, please notify the sender and delete the electronic message. Any disclosure, copying, distribution, or use of the contents of the information received in error is strictly prohibited.
