Agenda

Cost to Public Water Agencies

Benefits of BDCP

Cost-Benefit Comparisons

BDCP and Water Supply Alternatives
Cost to Public Water Agencies

BDCP will be paid for by state and federal contractors, federal government and State of California
- Contractors will pay 68.4% of total project costs
- 100% of conveyance facility costs

At this stage, the BDCP is generally silent about the allocation of costs among contractors
- Financing plan is under development
- Essential to understanding the “business case” for individual agencies
## Incremental Cost of BDCP

<table>
<thead>
<tr>
<th></th>
<th>Total Delta Exports (MAF)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SWP</td>
</tr>
<tr>
<td>ECHO</td>
<td>1.87</td>
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<tr>
<td>ECLO</td>
<td>2.17</td>
</tr>
<tr>
<td>PA HOS</td>
<td>2.60</td>
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<tr>
<td>PA LOS</td>
<td>3.32</td>
</tr>
</tbody>
</table>

PA HOS increases mean deliveries by 1.3 MAF relative to ECHO

PA LOS increases mean deliveries by 1.7 MAF relative to ECLO

With a present value cost of $13.4 billion, the implicit water supply cost of the BDCP ranges from ~$300 to ~$400 per acre-foot at the Delta

Then add costs of conveyance and treatment.
## Cost-Benefit Comparisons

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Relative To</th>
<th>Facility Size (cfs)</th>
<th>Deliveries (maf)</th>
<th>Total Benefits ($)</th>
<th>Total Costs ($)</th>
<th>Net Benefits ($)</th>
<th>Benefit-Cost Ratio</th>
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<tbody>
<tr>
<td>PA HOS</td>
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<td>9000</td>
<td>4.705</td>
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<td>3.889</td>
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</table>

### Benefits:

- Water supply
- Improved water quality (reduced salinity)
- Reduced seismic risk
- Improved water supply reliability
## Take Alternatives Considered

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Relative To</th>
<th>Facility Size (cfs)</th>
<th>Deliveries (maf)</th>
<th>Total Benefits ($millions)</th>
<th>Total Costs ($millions)</th>
<th>Net Benefits ($millions)</th>
<th>Benefit-Cost Ratio</th>
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<tbody>
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</table>

Alternatives differ by size of conveyance facility, amount of restoration, and operating criteria.
BDCP and Water Supply Alternatives

With BDCP, So Cal to invest in ~500,000 af of alternatives
- State/federal deliveries between 4.7 - 5.6 MAF

Without BDCP, So Cal would need to invest in ~800,000 af of additional alternatives
- Deliveries between 3.5 – 3.9 MAF
- Best projects have been used up to meet growth needs
- Forced to turn to the most expensive, most speculative projects
Alternative Supply Project Costs

Representative Alternative Supply Projects

- Recycling:
  - Yield: 1,200 – 72,000 AF/yr
  - Cost: $850 - $8,200/AF

- Seawater Desalination
  - Yield: 20,000 – 56,000 AF/yr
  - Cost: $1,750 - $2,300/AF

- Groundwater Desalination
  - Yield: 1,500 – 3,500 AF/yr
  - Cost: $750 - $1,250/AF

Without BDCP, MWD would have to spend about $13.9 billion in alternative supply projects (3x more than with BDCP).
Ratepayers benefit when all potential water supply investments are subjected to cost-benefit analysis

- Additional investments in water supply alternatives will be required to satisfy future demands
- If the BDCP is not implemented and SWP deliveries are reduced, these agencies will need to spend about $20 billion to achieve the same level of reliability
- If cost benefit principles are evenly applied, few water supply alternatives would “crowd out” the BDCP
- Rather, the BDCP is a foundational investment to shore up SWP deliveries. Many alternative investments will be needed on top of the BDCP to meet growth needs.