

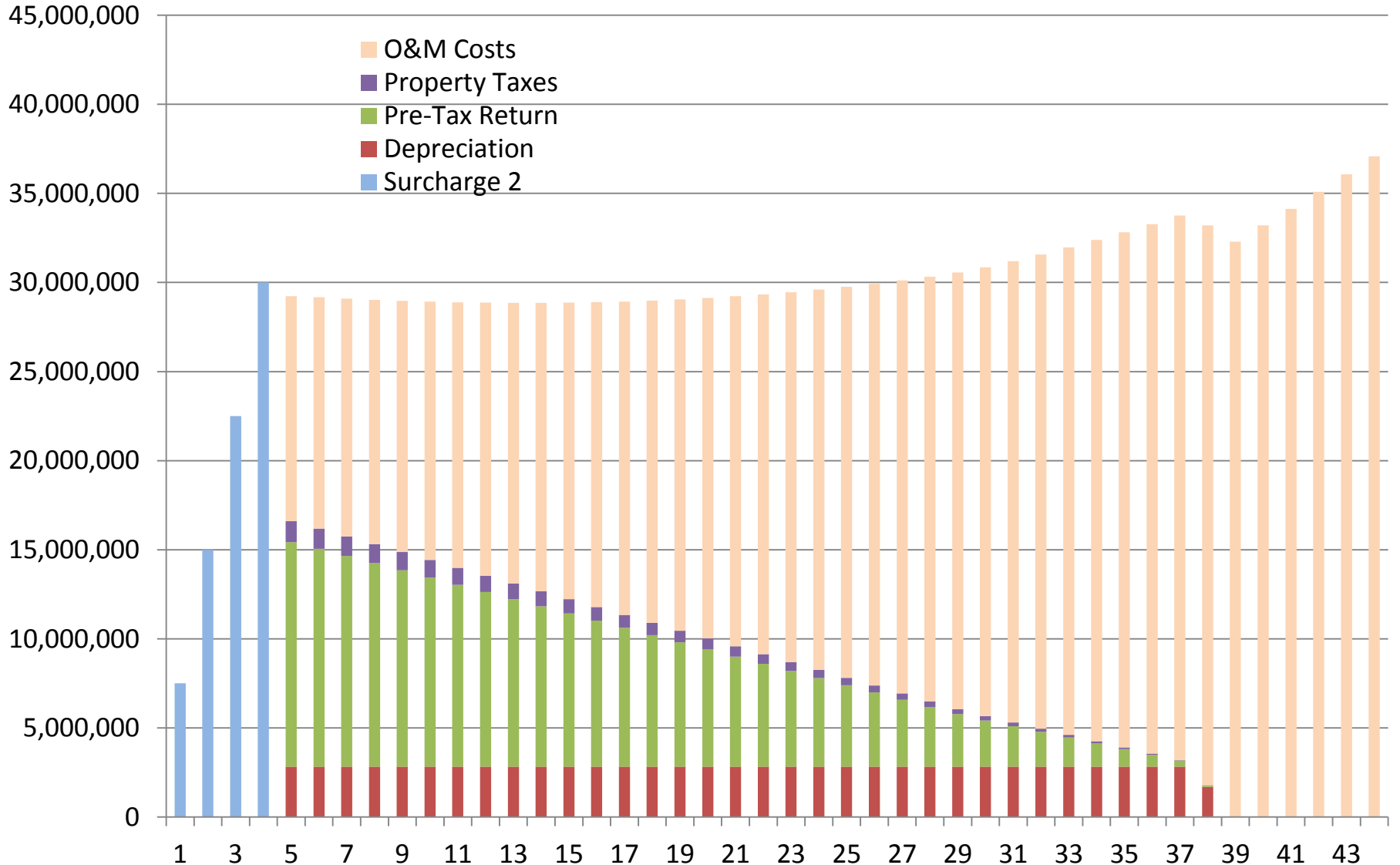


Action Item 4

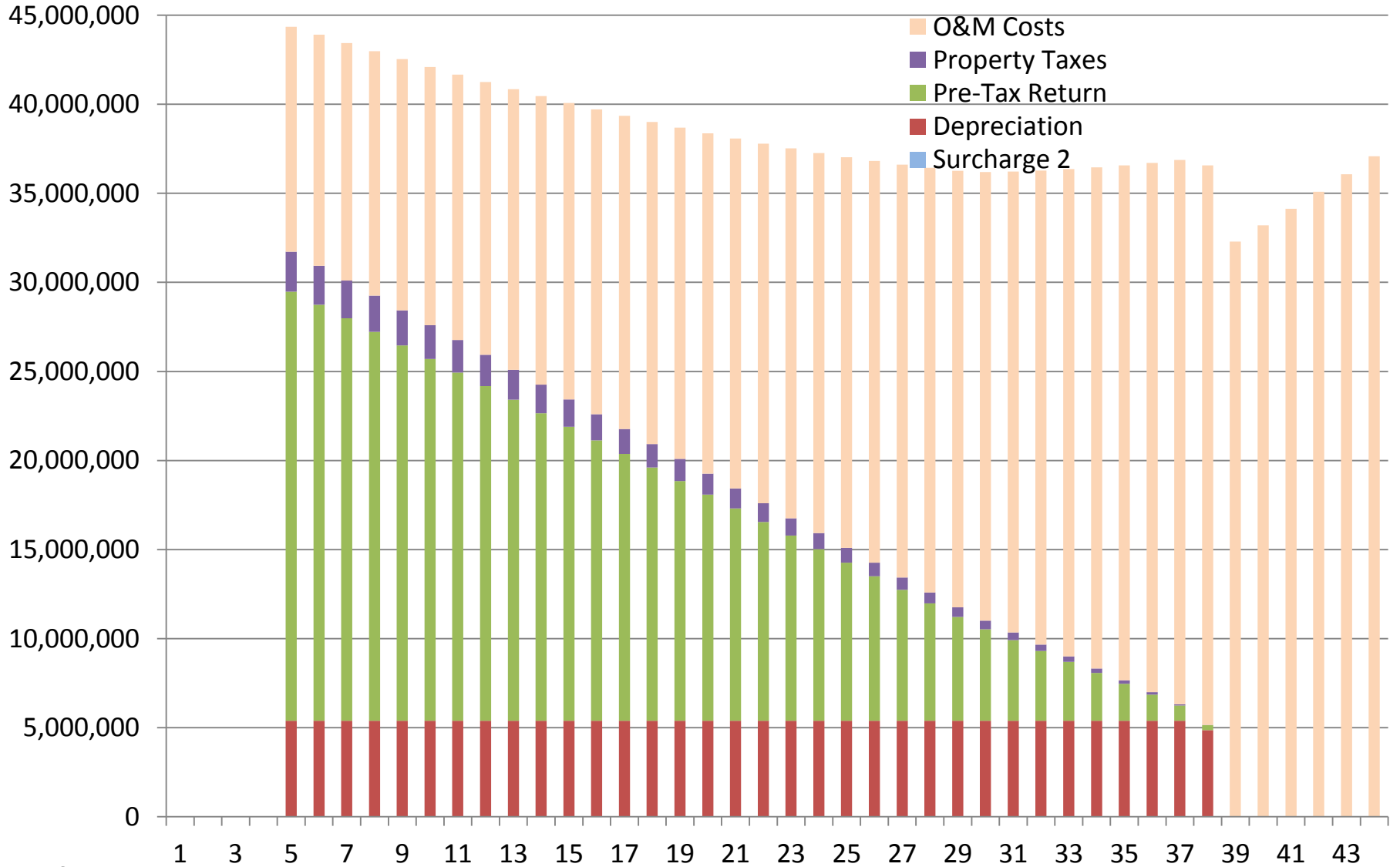
Overview of Surcharge 2:
9,000 AF / \$207 million Example
(December 2012 SPI Report)

February 12, 2013 Special Meeting
David Stoldt, General Manager

With Surcharge 2



Without Surcharge 2



Impact of Surcharge 2

Financial Measure	Cal-Am	
	9kAFY w/Surcharge 2	9kAFY w/o Surcharge 2
Construction Proceeds	\$207.0	\$207.0
O & M Cost (2012 \$)	\$11.0	\$11.0
First Year of Operations	2017	2017
Total Ratepayer Cost over Lifecycle	\$1,331.3	\$1,528.7
Net Present Value of Ratepayer Cost in 2012 \$	\$508.1	\$560.7
Ratepayer Cost in Common Year, 2019	\$29.2	\$43.4
Amount of Surcharge 2 Proceeds	\$99.15	\$0

Key Issues

- Which approach is least expensive?
- Easing “rate shock.”
- Are early dollars riskier dollars?
- Do ratepayers get anything for their investment?
- Who pays versus when they pay.