



Metropolitan Water District of Southern California

LRFP Rate Structure Group

September 8, 2008

- Review Cost-of-Service Methodology and Develop Rate Structure Options and Alternatives for Board Consideration
- Use a Structured Process or Framework: Background, Analysis, Impacts, Options- Decisions
- Inform Board
- Unanimous Consent not Required; Alternative Views and Perspectives Adequately Described and Presented

- Tier 1/Tier 2 Differential
- Replenishment Rate
- Interim Agricultural Water Program
- Treated Water Peaking Cost Recovery
- Growth-related Infrastructure Cost Recovery

■ Tier 1 and Tier 2 Differential

- Several workshops were held to discuss the methodology associated with the calculation of tiered rates
 - *Outcome:* Changes to rate level of Tier 2

■ Replenishment

- Workshop with groundwater basin agencies, discussion of different policy options and staff-prepared White Paper
 - *Outcome:* The Integrated Water Resources Plan Update process will be used to evaluate the benefits and costs of Replenishment

■ Interim Agriculture Water Program (IAWP)

- Metropolitan staff and California Avocado Commission representatives provided information and staff prepared a White Paper on policy options
 - *Outcome:* Board direction to develop a long-term plan for IAWP; to be completed by October 2008

■ Treated Water Peaking Cost Recovery

- Several workshops discussed the options regarding peaking costs and cost recovery
- *Possible Outcomes:* “Do Nothing”
 - Recommend set of options or an option to the Board
 - Continue to Discuss/Study and bring back in 2009

■ Growth-related Infrastructure Cost Recovery

- Workshops on options, identification and ranking of criteria
- Preparation of a White Paper discussing options and criteria.
- *Possible Outcomes:* “Do Nothing”
 - Recommend set of options or an option to the Board
 - Continue to Discuss/Study and bring back in 2009

- Near-term Metropolitan rate increases
- Constraints to State Water Project deliveries due to ESA
- Declaration of drought in California
- Governor's Emergency Declaration for 9 Central Valley counties
- Preparing for potential supply allocation in 2009
- Five-year Water Supply Reliability Plan