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