Next Steps for the LRFP Work Group

Metropolitan Water District of Southern California
LRFP Rate Structure Group
June 30, 2008

What have we Accomplished?

- Tier 1 and Tier 2 Differential
  - Several workshops were held to discuss the methodology associated with the calculation of tiered rates
    - Outcome: Technical changes to methodology
- Replenishment
  - Workshop with groundwater basin agencies, discussion of different policy options and staff-prepared White Paper
    - Outcome: The Integrated Resource Plan process will be used to evaluate the benefits and cost of Replenishment
- Interim Agriculture Water Program (IAWP)
  - Metropolitan staff and California Avocado Commission representative 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 December 2008
What Remains?

- **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

- **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

Reaching the Finish Line On:

**Treated Water Peaking**

**Growth-related Infrastructure**

**Options:**

1. Staff to prepare Board Letters requesting direction and containing:
   - Options and Staff recommendation
   - Options, no recommendation
   - Meet again with LFFP Work Group to review Board Letter

2. Continue to meet and discuss to reach resolution/consensus
Other Factors That May Be Of Greater Priority To The LRFP Working Group

- Near-term Metropolitan rate increases
- Constraints to State Water Project deliveries
- Limited snow pack
- Declaration of drought in California
- Governor’s Emergency Declaration
- Preparing for potential drought allocation
- Working to develop conservation programs, including conservation rate structures