




Finance and Insurance Committee Meeting

Consideration of Alternative Treatment Cost Recovery Mechanism

March 7, 2016

Objectives-Goals

- Objective – Fixed Charge Concept
 - Cost of Service
 - Align charges with service commitment/investment
 - Cost recovery – revenue stability



2

Proposed Treatment Rate Design: Volumetric + Fixed Revenue Recovery

Requests for other options:


1. Consider Option with 10-Year Rolling Average (TYRA) without minimum
2. Consider Option with 20-Year Rolling Average without minimum




FY 2016/2017 Member Agency Revenue Requirement Impacts (HYPOTHETICAL PRO FORMA - FOR EXAMPLE ONLY)				
Member Agency	Status Quo Treated Water Surcharge	Option #1 (Recommended)	Option #2	Option #3
		Minimum: 1998-2007 or 2006-2015 TYRA	10-Year Rolling Average (NO PEAKING AND NO MINIMUM)	20-Year Rolling Average (NO PEAKING AND NO MINIMUM)
Anaheim	\$1,236,208	\$1,722,775	\$2,786,746	\$2,495,432
Beverly Hills	3,198,735	2,932,602	2,616,652	2,629,901
Burbank	1,990,241	2,167,985	2,318,683	2,448,567
Calleguas	27,860,023	25,645,198	26,363,194	23,767,705
Central Basin	8,750,956	10,320,681	10,617,247	12,437,723
Compton	87	255,505	442,249	585,364
Eastern	16,679,159	15,698,345	16,851,081	14,829,949
Foothill	2,337,078	2,296,738	2,282,696	2,274,101
Fullerton	2,392,937	2,323,392	2,544,479	2,210,902
Glendale	4,915,618	4,877,732	4,501,063	4,879,318
Inland Empire	0	0	0	0
Las Virgenes	6,362,979	5,610,707	5,242,161	4,725,845
Long Beach	13,278,470	11,466,268	8,364,652	8,803,533
Los Angeles	19,137,588	18,281,589	20,212,754	17,529,276
MWDOC	44,255,500	45,243,652	47,107,360	47,182,284
Pasadena	5,399,667	4,937,373	4,867,711	4,461,015
San Diego CWA	30,467,286	37,201,045	35,957,147	42,941,871
San Fernando	28,723	45,976	47,357	52,031
San Marino	210,923	206,678	213,919	211,602
Santa Ana	1,543,796	2,106,774	3,063,695	2,946,052
Santa Monica	1,227,816	1,680,665	2,126,389	2,241,734
Three Valleys	11,477,206	10,725,505	9,614,021	9,755,570
Torrance	4,673,233	4,433,319	4,166,662	4,227,608
Upper San Gabriel	2,615,453	2,639,748	1,688,265	2,149,456
West Basin	32,556,355	30,794,944	28,880,956	29,031,907
Western MWD	14,883,317	13,864,158	14,602,217	12,660,604
Total	\$257,479,354	\$257,479,354	\$257,479,354	\$257,479,354

Recommended Approach

- Volume Rate and Fixed Charge Based on a Minimum
 - Appropriate assignment of demand and standby capacity costs




5




Status Quo

- Maintain Current 100% Volumetric Treatment Cost Recovery



6



Summary

- Recommended Fixed-Minimum and Volume Method
- Option – 10-Year Rolling Average
- Option – 20-Year Rolling Average



7



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8

