

# Alt #3B – Non-Functionalized Fixed Charge

Member agencies pay an annual fixed charge based on allocated Demand Management costs

- Considerations

- › Functionalization of DM costs is not necessary
- › All member agencies would be subject to the DM Fixed Charge
- › Demand Management costs are largely fixed in nature and this approach provides a fixed revenue source



# Alt #3B – Non-Functionalized Fixed Charge (hypothetical)

Function	% Rev Req	Total \$M
Supply		
Conveyance and Aqueduct		
Storage - Emergency		
Storage - Drought		
Storage - Regulatory		
Distribution		
Total		\$100

Allocate DM costs to member agencies based on: population, acreage, assessed value, or some combination thereof.



# Alt #3B – Non-Functionalized Fixed Charge

## Hypothetical Example

Member Agency A: has 5% of the selected metric, e.g., population, acreage, assessed valuation, etc.

Member Agency A – Total Demand Management  
Annual Fixed Charge:

$$5\% \text{ of } \$100\text{M} = \underline{\$5.0\text{M}}$$

