



Next Steps for the LRF Rate Structure Group

Metropolitan Water District of Southern California

LRF Rate Structure Group

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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

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Pathways to Lasting Solutions



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

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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

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Other Factors That May Be Of Greater Priority To The LRF 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

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