



THE CITY OF SAN DIEGO
PUBLIC UTILITIES
DEPARTMENT



Presentation to NR&C Committee

MWD Rates and Charges for Fiscal Years 2012/13 and 2013/14

Update on MWD Rate Setting Process

March 21, 2012





Background on MWD



- Metropolitan Water District

- Act of California Legislature 1927

- Service Area

- About 5,200 square miles in Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura counties
- Current population of 19 million in service territories of 26 member agencies

- Facilities

- Colorado River Aqueduct (1933)
- SWP Contractor with 50% of Table A Allocation
- 5 Treatment Plants
- 9 Reservoirs (1,072,000 AF capacity)
- 16 Hydroelectric Plants with capacity of 131 MW

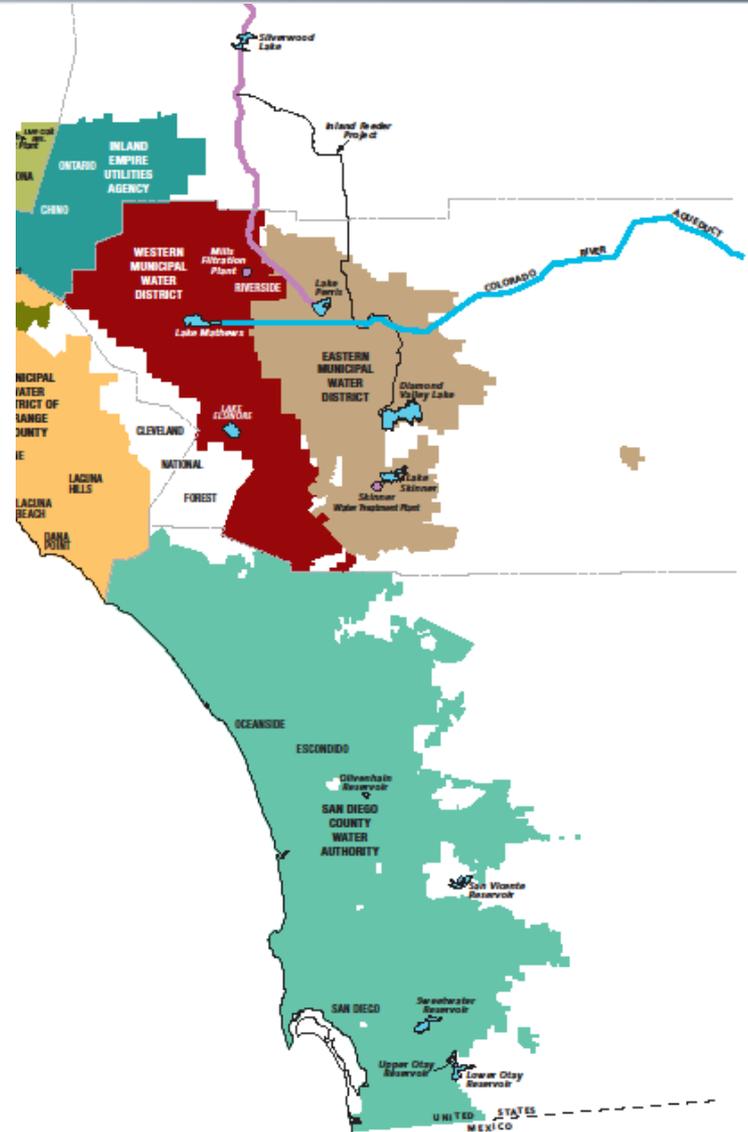
- Governance

- 37 member Board represents 26 agencies
- 4 Delegates represent the SDCWA (2 City)
- SDCWA has 17.89% of the weighted vote



Connection to San Diego

- **San Diego County Water Authority**
 - Act of California Legislature 1944
- **Terms of Annexation to MWD**
 - Paid annexation fees to MWD
 - City of San Diego assigned its fifth-priority Colorado River rights to MWD (112,000 AFY)
- **Facilities**
 - 2 Aqueducts
 - Twin Oaks Treatment Facility (100 mgd)
 - Reservoir storage at Olivenhain & San Vicente
 - Pumped Storage between Olivenhain and Hodges
- **Governance**
 - 36 member Board represents 24 agencies
 - 10 Delegates represent the City of San Diego
 - City of San Diego has 39.99% of the weighted vote with a supermajority voting threshold of 55%





MWD Rate Hearing – March 12, 2012

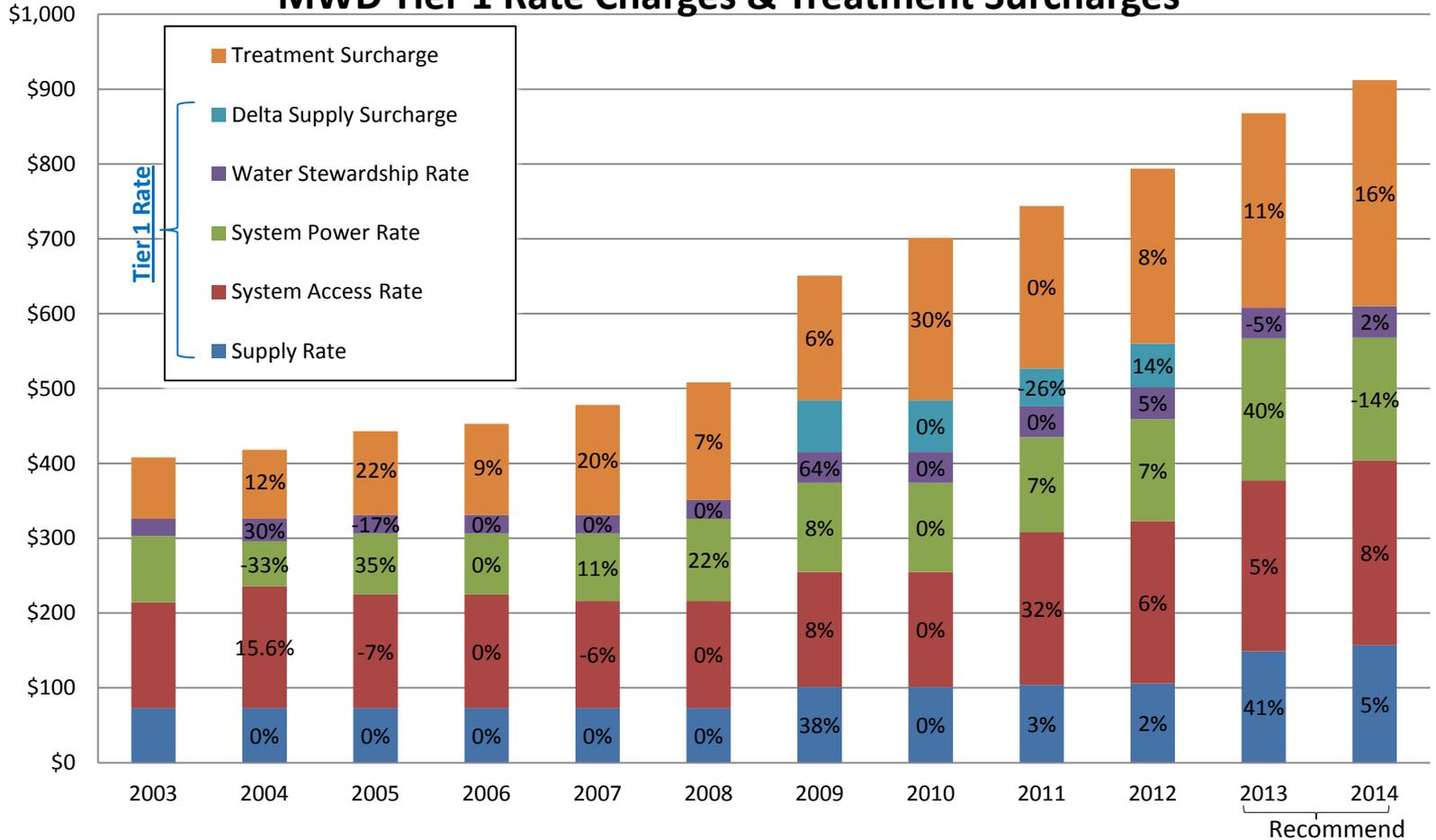
- MWD's proposed budget = \$1.8 billion
- Three rate options presented
 - All based on essentially same budget
 - Lower rate options relied on additional reserve withdrawals
 - City and Water Authority believe there is room for additional cost savings and rate relief without compromising water supply reliability
- Additional Issues:
 - Final Board Vote initially recommended for March instead of April
 - San Diego Delegates Letter (Feb 3, 2012) – questions received no response from MWD
 - Background issue: rate structure discrimination as alleged by Water Authority's lawsuit against MWD





MWD's Proposed Rates and Charges

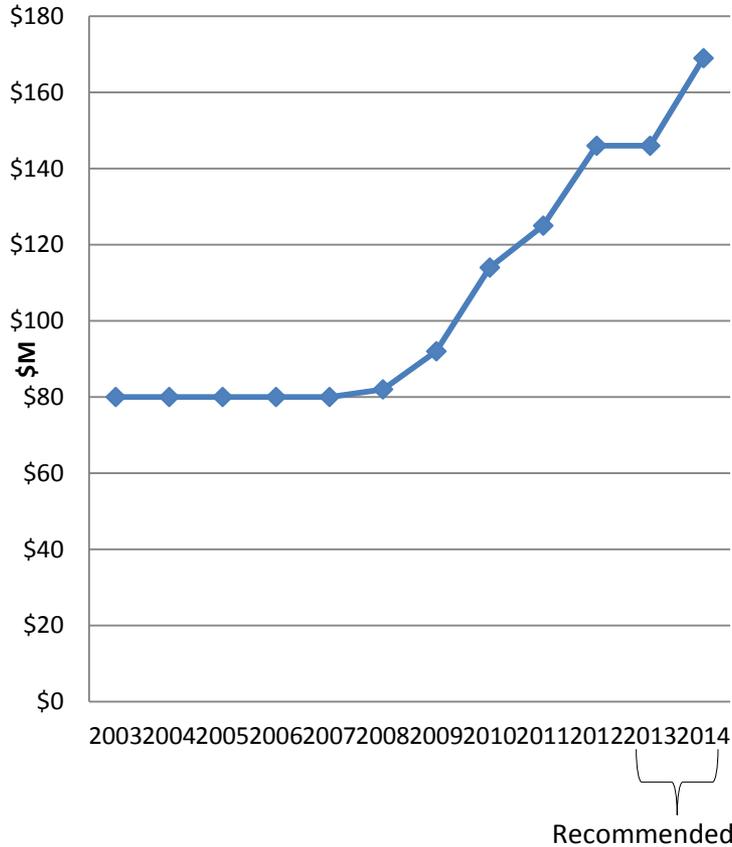
MWD Tier 1 Rate Charges & Treatment Surcharges





MWD Fixed Charges

MWD Readiness-to-Service Charge (\$M)



MWD Capacity Charge (\$/cfs)





MWD Rate Hearing Results

- Approximately 40 speakers
 - Half in support of proposed rates, half opposed
 - All those in opposition were from San Diego
- Those speaking in opposition to MWD rate increases included Councilmember Lorie Zapf and Public Utilities Assistant Director Alex Ruiz
- Mayor Sanders submitted a letter of opposition that was recorded into the record
- Board voted to return final Board Vote on rates to April instead of March
- San Diego made the motion to have another workshop and ask staff to present other options to reduce expenses and costs
 - Motion was defeated with a vote of 37.38% in support, 57.51% opposed and 4.23 abstaining



Questions?



Imported Water Rates and Charges Overview of Biennial Process



- January (even years)** • MWD presents its proposed budget, revenue requirements, and water rates and charges for next 2 fiscal years to its Board for consideration.
- March** • MWD holds its public hearing on the most recent version of the proposed rates and charges. SDCWA presents preliminary rate and charge guidance and budget status update to its Board.
- April** • MWD Board votes on final proposed rates and charges
- May** • SDCWA presents its budget status update (it's biennial budget process occurs on odd years) and recommended water rates and charges. The proposal includes the cost of MWD water and transportation services.
- June** • SDCWA holds mid-month Board workshops and then the Public Hearing is held at the end of the month. The Board will act upon the proposed rates and charges the same day.
- January** • Public Utilities presents wholesale rate pass-throughs to City Council for consideration.