

SEP 13 1994



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
EXECUTIVE SECRETARY

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August 23, 1994

To: Board of Directors (Finance and Insurance Committee--Information)
(Water Problems committee--Information)
From: General Manger
Subject: Transmittal of Second Draft Nexus Study Supporting New Demand Charge

Report

The new rate structure approved by your Board at its December 1993 meeting consists of the current noninterruptible water rate structure with seasonal storage service, a readiness-to-serve charge, a new demand charge, a treated water peaking charge, and a connection maintenance charge. The attached draft nexus report only addresses the new demand charge. The new demand charge is intended to recover the capital costs associated with accommodating new demands on Metropolitan.

The first draft of the Nexus Study was distributed at the July Board meeting. Since that time, a number of agencies have provided comments, most of which have been incorporated in this draft.

Comments from several member agencies resulted in the following changes:

- Clarification of the service area and benefits associated with the Central Pool Augmentation Project;
- Reallocation of the costs of Inland Feeder to more accurately reflect the benefits of the project;
- Clarification of choice of appropriate base demands upon which new demand charges will be assessed;
- Clarification of the Discharge Elimination project; and
- More detailed discussion of the calculations, assessment, and collection of the new demand charge.

August 23, 1994

As with the first draft, this second draft will be circulated to general managers of member agencies for their comments. This second draft is forwarded for further review of the methodology for calculating and applying the New Demand Charge. The final version of this Nexus Study will be revised to reflect any changes to water demand projections and the Capital Improvement Program resulting from the next phase of the Integrated Resource Planning process and is scheduled for completion in January 1995. Metropolitan will be contacting each member agency to discuss the Nexus Study and ways to best implement the new demand charge before the study is finalized.

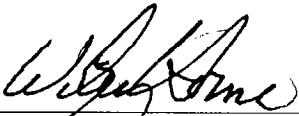
Recommendation

For information only.

John R. Wodraska
General Manager

By Debra C. Man
Debra C. Man
Chief of Planning and Resources

Concur:



John R. Wodraska
General Manager

PLJ:meg

Attachment