

- **Board of Directors**
Executive Committee

March 13, 2001 Board Meeting

8-8

Subject

Authorize payment of the California Municipal Utilities Association Annual Supplemental Assessment of \$10,000 for activities regarding electric industry restructuring

Description

The California Municipal Utilities Association (CMUA) was formed about 68 years ago to protect the interests of consumer-owned water, electric, and gas utilities before the state Legislature. Metropolitan has been a member for over 50 years. CMUA has worked closely with Metropolitan and many of its member agencies on issues and policy forums related to water quality, water conservation, water reliability, energy conservation, and electric reliability.

Metropolitan pays annual CMUA membership dues of \$35,297 and has paid voluntary supplemental assessments of \$16,850 in Fiscal Year (FY) 1995-96, \$14,210 in FY96-97, \$8,750 in FY97-98, and \$9,000 in FY 98-99. Most of the assessments since FY1996 were related to electric industry restructuring.

CMUA's activities funded by the electric restructuring assessments have benefited Metropolitan by protecting governmental entities' interests in shaping the language in AB 1890, in developing policy at the California Independent System Operator, and in participating in litigation before the Federal Energy Regulatory Commission and the California Public Utilities Commission. CMUA provides a mechanism whereby Metropolitan can advocate positions on a trade group basis where it wishes to avoid active participation. Where Metropolitan directly participates in litigation or other proceedings, CMUA provides concurring support. CMUA's special assessment funds are used to pay for special counsel and similar expenses.

CEQA Compliance / Environmental Documentation

The proposed authorization of payment to CMUA is not defined as a project under the California Environmental Quality Act (CEQA), because the authorization involves organizational or administrative activities of governments, which are political or which are not physical changes in the environment (Section 15378(b)(5) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA (Section 15061(b)(3) of the state CEQA Guidelines).

Policy

Metropolitan Water District Administrative Code, Section 11202.

Board Options/Fiscal Impacts

Option #1

Determine that the authorizing of payment is not subject to CEQA per Sections 15378(b)(5) and 15061(b)(3) of the State CEQA Guidelines. Authorize payment of the \$10,000 CMUA supplemental assessment for electric restructuring activities.

Fiscal Impact: \$10,000 of unexpended FY 2000/01 O&M funds.

Option #2

Determine that the authorizing of payment is not subject to CEQA per Sections 15378(b)(5) and 15061(b)(3) of the State CEQA Guidelines. Authorize payment of an amount different from \$10,000. Payment of a lesser

amount may reduce CMUA's effectiveness in promoting municipal and governmental entities' interests regarding electric industry restructuring, resulting in adverse impacts to Metropolitan.

Fiscal Impact: Unknown.

Option #3

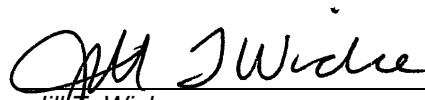

Do not approve payment of the special assessment.

Non-payment may reduce CMUA's effectiveness in promoting municipal and governmental entities' interests regarding electric industry restructuring, resulting in adverse impacts to Metropolitan.

Fiscal Impact: Unknown.

Staff Recommendation

Option #1

 Jill F. Wicke Manager, Water System Operations	2/15/2001 Date
 Ronald R. Jester General Manager	2/27/2001 Date