



Proposed amendment to the Water Supply Allocation Plan

Water Planning and Stewardship Committee

8-6

April 13, 2009

Income-Based Rate Penalty Adjustment

- Member Agencies would receive a WSAP penalty adjustment to address impacts to qualifying income-based rate customers
- The penalty adjustment is based on the expected water use reductions under the WSAP
- The final WSAP penalty for a member agency is calculated by subtracting implied penalties associated with the qualifying income-based rate customers
- Appropriate documentation and certification will be required

Income-Based Rate Penalty Adjustment

- Assume the member agency has total WSAP overuse of 5,000 acre-feet and associated penalties
- Calculate the expected total retail-level use reduction that was required to meet the WSAP allocation
- Calculate expected reduction from qualifying income-based rate customers

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| Qualifying Income-Based Rate Demand | 20,000 AF |
| Total Retail-Level Use Reduction | 7.5% |
| Expected Income-Based Rate Use Reduction | 1,500 AF |

Income-Based Rate Penalty Adjustment

- Assume the member agency has total WSAP overuse of 5,000 acre-feet and associated penalties
- Calculate the expected total retail-level use reduction that was required to meet the WSAP allocation
- Calculate expected reduction from qualifying income-based rate customers
- Calculate the penalty adjustment

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| Income-Based Rate Reduction | 1,500 AF |
| Standard Penalty Rate at 100-115% of WSAP | \$1,056 (2009 Rate) |
| Income-Based Rate Penalty Adjustment | \$1,584,000 |

Income-Based Rate Penalty Adjustment

- Assume the member agency has total WSAP overuse of 5,000 acre-feet and associated penalties
- Calculate the expected total retail-level use reduction that was required to meet the WSAP allocation
- Calculate expected reduction from qualifying income-based rate customers
- Calculate the penalty adjustment
- Subtract the adjustment from the original penalty

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| Original WSAP Penalty | \$5,280,000 |
| Income-Based Rate Penalty Adjustment | \$1,584,000 |
| Final WSAP Penalty | \$3,696,000 |

Summary

- Adjustment addresses impacts to low-income retail customers
- Adjustment is only in effect if penalties are incurred
- Penalty-adjustment only – does not increase a member agency's allocation

Board Options

- Option 1
 - Adopt the CEQA Determination
 - Amend the WSAP to include the Qualifying Income-Based Rate adjustment
- Option 2
 - Do not amend the WSAP

Staff Recommendation

- Option 1