

Policy Principles on Implementing Article 15(d) of Metropolitan's State Water Contract

Water Planning and Stewardship Committee

Item 9-4

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Policy Principles for SWP Supplies

- Delivery of non-Metropolitan SWP supplies
- Non-Project water – wheeling policy



State Water Project Contract

- State Water Project Contract – 1960
- 75 Year Term
- *“Take or Pay”* Contract



State Water Project Costs

- Costs to Date: \$8.9 billion
- State Water Project Deliveries: 32 million AF
- Budgeted Costs FY10/11: \$497 million



SWP Contract Article 15(d)

- Requires Metropolitan consent for project water entering Metropolitan's service area
- Protects Metropolitan financially
- Recognizes the regional investment



Proposed Policy Principles

- Preserve SWP contract rights
- Financial Protection
- Needs to provide a regional benefit



Proposed Policy Principles

Preserve SWP Contract Rights

- Metropolitan maintains SWP management and control
- Metropolitan prior consent required
- Member agency program must comply with DWR requirements



Proposed Policy Principles

Financial Protection

- Prevent cost shifting to non-participating member agencies
- Member agency pays costs to acquire supply
- Full cost recovery by Metropolitan
 - Member agency pays prevailing full service rate
 - Capacity Charge and Readiness-to-Serve Charges apply

Proposed Policy Principles Provide Regional Benefit

- Water Management
 - Example: storage and access to supply
- Water Supply
 - Example: unbalanced exchange
- Other



Summary

- Metropolitan manages SWP supply
- Member agency pays prevailing full service rate
- Region receives benefit from the program
- Member agency receives a benefit when the program is consistent with Board principles



