



## ● Water Supply Allocation Plan Appeals Notification

### Summary

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This report provides notification of recent outcomes of member agency appeals submitted under the Water Supply Allocation Plan (WSAP) Appeals Process. Per the WSAP Appeals Process, Metropolitan staff is directed to provide a report to the Board of Directors, through the Water Planning and Stewardship Committee, on submitted appeals including the basis for determination of the outcome of appeals. The Board previously received WSAP appeals notification reports in September 2009, March 2010, and July 2010.

The following small appeals were considered between July 2010 and September 2010:

- WSAP Appeal No. 0002 (Municipal Water District of Orange County) was approved by Metropolitan under the General Manager's authority. Final notice of decision was sent to the Municipal Water District of Orange County (MWDOC) on August 16, 2010. The approval decision resulted in an increase of approximately 13 acre-feet to MWDOC's water supply allocation for WSAP Allocation Year 2009/10.
- WSAP Appeals No. 0004 and No. 0005 (both by Calleguas Municipal Water District) were approved by Metropolitan under the General Manager's authority. Final notices of decision were sent to Calleguas Municipal Water District (Calleguas) on August 16, 2010. The appeals were implemented by adjusting the 2004-06 allocation Base Period local supply data. Based on updated data received for these appeals, Calleguas had a net change of 0 acre-feet in its 2004-2006 Base Period average local supplies. This was due to offsetting changes in the Base Period local supplies for Calleguas' subagencies.
- WSAP Appeal No. 0006 (Calleguas) was approved by Metropolitan under the General Manager's authority. Final notice of decision was sent to Calleguas on August 16, 2010. The appeal was implemented by adjusting the 2004-06 allocation Base Period local supply data. Based on updated data received for this appeal, Calleguas had a total net increase of 2,353 acre-feet in its 2004-2006 Base Period average local supplies.

### Attachments

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[Attachment 1: Allocation Appeals Process](#)

[Attachment 2: Status of Appeal Submittals 2009/10 Water Supply Allocation Plan](#)

[Attachment 3: Water Supply Allocation Plan Appeal No. 0002, Appeal No. 0004, Appeal No. 0005, and Appeal No. 0006](#)

### Detailed Report

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The Board approved implementation of Metropolitan's WSAP at a Level 2 for the 2009/10 Allocation Year at its April 14, 2009 meeting. The approved WSAP included a comprehensive "Appeals Process" for managing and processing any needed changes in member agency data and subsequent allocations ([Attachment 1](#)).

A total of fourteen appeals have been submitted to Metropolitan to date for the 2009/10 WSAP allocation period. Of these, thirteen appeals have been resolved and one is in progress. A summary table of appeals received so far is provided in [Attachment 2](#).

## Board Report (Water Supply Allocation Plan Appeals Notification)

The following small appeals were resolved between July 2010 and September 2010:

<b>Appeal No.</b>	<b>Member Agency</b>	<b>Subject of Appeal</b>	<b>Decision</b>
0002	Municipal Water District of Orange County	Additional Conservation Rate Structure Credit in recognition of study findings for Irvine Ranch Water District's allocation-based conservation rate structure.	Granted; Resulted in approximately 13 acre-foot increase in allocation for allocate year 2009/10
0004	Calleguas Municipal Water District	Adjustment in 2004-2006 Base Period local supplies due to annexation of Camarillo Airport and other connections subsequent to the Base Period	Granted; 147 acre-feet net decrease in Base Period Local Supply Average
0005	Calleguas Municipal Water District	Adjustment in 2004-2006 Base Period local supplies due to increased demand from its member purveyor Salon Verde Mutual Water Company since 2005	Granted; 147 acre-foot net increase in Base Period Local Supply Average
0006	Calleguas Municipal Water District	Adjustment for increased purchases by one of its retail agencies, Zone Mutual Water Company.	Granted; 2,353 acre-feet net increase for the Base Period Local Supply Average

Further details of these appeals and rationale for the final decisions are provided in [Attachment 3](#).

## **Allocation Appeals Process**

### **Step 1: Appeals Submittal:**

All appeals shall be submitted to the appeals liaison in the form of a written letter signed by the member agency general manager. Each appeal must be submitted as a separate request, submittals with more than one appeal will not be considered. The appeal request is to include:

- A designated member agency staff person to serve as point of contact.
- The type of appeal (erroneous baseline data, loss of local supply, etc.).
- The quantity (in acre-feet) of the appeal.
- A justification for the appeal which includes supporting documentation.

A minimum of 60 days are required to coordinate the appeals process with Metropolitan's board process.

### **Step 2: Notification of Response and Start of Appeals Process**

The appeals liaison will phone the designated member agency staff contact within three business days of receiving the appeal to provide an initial receipt notification, and schedule an appeals conference. Subsequent to the phone call, the Liaison will send an e-mail to the general manager and designated staff contact documenting the conversation. An official notification letter confirming both receipt of the appeal submittal, and the date of the appeals conference, will be mailed within two business days following the phone contact

### **Step 3: Appeals Conference**

All practical efforts will be made to hold an appeals conference between Metropolitan staff and member agency staff at Metropolitan's Union Station Headquarters within 15 business days of receiving the appeal submittal. The appeals conference will serve as a forum to review the submittal materials, and ensure that there is consensus understanding as to the spirit of the appeal. Metropolitan staff will provide an initial determination of the size of the appeal (small or large), and review the corresponding steps and timeline for completing the appeals process.

### **Steps 4-7 of the appeals process differ depending upon the size of the appeal**

#### **Small Appeals**

Small appeals are defined as those that would change an agency's allocation by less than 10 percent, or are less than 5,000 acre-feet in quantity. Small appeals are evaluated and approved or denied by Metropolitan staff.

#### **Step 4: Preliminary Decision**

Metropolitan staff will provide a preliminary notice of decision to the member agency within 10 business days of the appeals conference. The appeals liaison will mail a written letter to the member agency staff contact and general manager, stating the preliminary decision and the rationale for approving or denying the appeal.

#### **Step 5: Clarification Conference**

Following the preliminary decision the appeals liaison will schedule a clarification conference. The member agency may choose to decline the clarification conference if they are satisfied with the preliminary decision. Declining the clarification conference serves as acceptance of the preliminary decision, and the decision becomes final pending approval by Metropolitan's executive management.

#### **Step 6: Final Decision**

Metropolitan staff will provide a final notice of decision to the member agency within 10 business days of the clarification conference. The appeals liaison will mail a written letter to the member agency staff contact and general manager, stating the final decision and the rationale for the decision. A copy of the letter will also be provided to Metropolitan executive staff.

**Step 6a: Board Resolution of Small Appeal Claims**

Member agencies may request to forward appeals that are denied by Metropolitan staff to the Board of Directors through the Water Planning and Stewardship Committee for final resolution. The request for Board resolution shall be submitted to the appeals liaison in the form of a written letter signed by the Member Agency general manager, this request will be administered according to Steps 6 and 7 of the large appeals process.

**Step 7: Board Notification**

Metropolitan staff will provide a report to the Board of Directors, through the Water Planning and Stewardship Committee, on all submitted appeals including the basis for determination of the outcome of the appeal.

**Large Appeals**

Large appeals are defined as those that would change an agency's allocation by more than 10 percent, and are larger than 5,000 acre-feet. Large appeals are evaluated and approved or denied by the Board of Directors.

**Step 4: Preliminary Recommendation**

Metropolitan staff will provide a preliminary notice of recommendation to the member agency within 10 business days of the appeals conference. The appeals liaison will mail a written letter to the member agency staff contact and general manager, stating the preliminary recommendation and the rationale for the recommendation. A copy of the draft recommendation will also be provided to Metropolitan executive staff.

**Step 5: Clarification Conference**

Following the preliminary recommendation the appeals liaison will schedule a clarification conference. The member agency may choose to decline the clarification conference if the satisfied with preliminary recommendation. Declining the clarification conference signifies acceptance of the preliminary recommendation, and the recommendation becomes final pending approval by Metropolitan's executive management.

**Step 6: Final recommendation**

Metropolitan staff will provide a final notice of recommendation to the member agency within 10 business days of the clarification conference. The appeals liaison will mail a written letter to the member agency staff contact and general manager, stating the final recommendation and the rationale for the recommendation. A copy of the final recommendation will also be provided for Metropolitan executive review.

**Step 7: Board Action**

Metropolitan staff shall refer the appeal to the Board of Directors through the Water Planning and Stewardship Committee for approval.

**Status of Appeal Submittals  
2009/10 Water Supply Allocation Plan**

<b>Case #</b>	<b>Agency</b>	<b>Appeal Size</b>	<b>Subject of Appeal</b>	<b>Status</b>
0001	City of Long Beach	Small	Loss of local recycled supply Alamitos Seawater Barrier	Granted; reported to Board in September 2009
0002	Municipal Water District of Orange County	Small	Additional tiered rate structure credit Irvine Ranch Water District	Granted; reported to Board in November 2010
0003	Foothill Municipal Water District	Small	Exclusion of physically isolated area Kinneloa Irrigation District	Granted; reported to Board in March 2010
0004	Calleguas Municipal Water District	Small	Annexation after WSAP base period Camarillo Airport	Granted; reported to Board in November 2010
0005	Calleguas Municipal Water District	Small	WSAP Base Period supply adjustment Solano Verde Water Company	Granted; reported to Board in November 2010
0006	Calleguas Municipal Water District	Small	Loss of local supply Zone Mutual Water Company	Granted; reported to Board in November 2010
0007	Calleguas Municipal Water District	Small	Qualifying conservation rate credit	No appeal necessary; reported to Board in March 2010

Case #	Agency	Appeal Size	Subject of Appeal	Status
0008	Foothill Municipal Water District	Small	Adjustment for calculation of local supplies for injection/extraction operation to mitigate perchlorate plume in the Raymond Basin	Granted; reported to Board in July 2010
0009	City of San Marino	Small	Adjustment for calculation of local supplies for injection/extraction operation to mitigate perchlorate plume in the Raymond Basin	Granted; reported to Board in July 2010
0010	City of San Marino	Small	Reduction in allocation year local supply: Raymond Basin groundwater extraction	No appeal necessary; reported to Board in March 2010
0011	City of San Marino	Small	Reduction in allocation year local supply: Main San Gabriel Basin Watermaster replenishment deliveries	No appeal necessary; reported to Board in March 2010
0012	City of San Marino	Small	Increase in Base Period Local Supply data: Longden boosters	Granted; reported to Board in July 2010
0013	Central Basin Municipal Water District	Large	WSAP Base Period supply adjustment: San Gabriel Main Basin groundwater transported to Central Basin Municipal Water District's service area	In progress
0014	San Diego County Water Authority	Small	Extraordinary supplies: Placer County Water Authority transfer	Granted; reported to Board in July 2010

## **Water Supply Allocation Plan Appeal No. 0002 (MWDOC, Small Appeal)**

### **Basis for Appeal:**

The Municipal Water District of Orange County (MWDOC) requested additional Conservation Rate Structure Credit in the Water Supply Allocation Plan (WSAP) in recognition of Irvine Ranch Water District's (IRWD) allocation-based conservation rate structure

In accordance with the Allocation Appeals Process, WSAP Appeal No. 0008 was defined as a "small appeal" because it is less than 5,000 acre-feet in quantity. Small appeals are evaluated and approved or denied by Metropolitan executive staff, but may be forwarded to the Board for final resolution at the member agency's request. Metropolitan staff decisions are reported to the Board for transparency and informational purposes.

### **Metropolitan Staff Decision:**

Metropolitan staff evaluated the appeal documentation provided by MWDOC and approved parts of the appeal, with modifications to the appeal amounts as described below. The appeal will be implemented in the WSAP formula as an increase in the Conservation Rate Structure Credit Percentage for the portion of MWDOC's Base Period Retail Demand that was attributed to IRWD. In order to prevent double-counting of credit already given for conservation in the WSAP formula, the Conservation Rate Structure Credit will be reduced by IRWD's estimated residential device and code-based savings, as well as the default 0.5 percent Conservation Rate Structure Credit that had already been given for IRWD's service area. Finally, the remaining increase in Conservation Rate Structure Credit will then be adjusted by MWDOC's Demand Hardening Factor per the WSAP formula. These calculations resulted in a 13 acre-foot net increase in MWDOC's water supply allocation for WSAP Allocation Year 2009/10.

### **Rationale for Final Metropolitan Staff Decision:**

MWDOC, on behalf of IRWD, sought an increased allocation in recognition of additional demand hardening effects from its allocation-based conservation rate structure. The 2009/10 WSAP allows retail agencies that have a qualifying rate structure a credit of 0.5 percent of the qualified Base Period Residential Demand to be added to its Base Period Conservation estimate. Metropolitan's criteria for the Conservation Rate Structure Credit requires that the rate have at least two tiers of volumetric rates, with a price differential between the bottom and top tier of at least 10 percent. IRWD adopted a budget-based tiered rate structure in 1991 that exceeds the WSAP criteria. IRWD's water is allocated to individual customers, with a five-tiered system for residential customers and a four-tiered system for non-residential customers and a top-to-bottom price differential of 840 percent.

In 2008, IRWD hired Kennedy/Jenks Consultants to conduct a statistical evaluation of the impact of its tiered rate structure. The study was structured to compare pre- and post-rate structure water usage within IRWD's service area. The Kennedy/Jenks Study found an estimated 7.2 percent reduction in average monthly residential water use and a 31.5 percent reduction in average monthly dedicated landscape water use between the pre- and post-rate structure time periods, when calibrated to measure customers with statistically-significant changes in use.

On the basis of the 2008 Kennedy/Jenks Consultants study findings, MWDOC, on behalf of IRWD, requested the following Conservation Rate Structure Credit adjustments for IRWD's portion of MWDOC's allocation:

**Appeal Request**

Account Type	Requested Credit	Granted Credit
Residential	7.2%	5.12% (7.2% adjusted for active conservation and default 0.5% Qualifying Rate Structure Credit)
Large Landscape	31.5%	31.0% (31.5% adjusted for default 0.5% Qualifying Rate Structure Credit)
Commercial/Industrial	4.0%	No new credit (insufficient documentation)
Public Authority	4.0%	No new credit (insufficient documentation)

Upon review of the documentation provided for this appeal, Metropolitan staff granted MWDOC additional Conservation Rate Structure Credit Percentage for IRWD’s Residential and Large Landscape demands. In order to prevent double-counting of credit already given for conservation in the WSAP formula, the Conservation Rate Structure Credit will be reduced by IRWD’s estimated residential device and code-based savings, as well as the default 0.5 percent Conservation Rate Structure Credit that had already been given for IRWD’s service area. To estimate IRWD’s demand reductions that were attributable to device-based and code-based conservation, Metropolitan staff prorated MWDOC’s conservation savings in the WSAP formula by taking the ratio of IRWD and MWDOC’s respective service area populations.

Metropolitan staff did not grant additional Conservation Rate Structure Credit for IRWD’s commercial/industrial or public authority use because there was insufficient documentation to quantify savings from those sectors.

**Conclusion of Appeal No. 0002:**

On May 17, 2010, Metropolitan mailed a Preliminary Notice of Decision with the decision and rationale as stated above. On June 29, 2010, MWDOC declined the optional clarification conference and accepted the preliminary decision on behalf of IRWD. The preliminary decision became final upon approval by Metropolitan executive staff. A Final Notice of Decision was mailed to MWDOC on August 16. Ongoing requests by the different parties to allow opportunities for analysis and evaluation of the technical aspects of this appeal resulted in an extended process for reaching a final decision.

This report to the Board signifies the conclusion of the formal appeals process for Appeal No. 0002.



## **Water Supply Allocation Plan Appeal No. 0004 (Calleguas, Small Appeal)**

### **Basis for Appeal:**

Calleguas Municipal Water District (Calleguas) requested an increase in its 2004-06 allocation Base Period Retail Demand due to annexation of territory into its service area subsequent to the 2004-06 allocation Base Period.

In accordance with the Allocation Appeals Process, Water Supply Allocation Plan (WSAP) Appeal No. 0004 was defined as a “small appeal” because it was less than 5,000 acre-feet in quantity. Small appeals are evaluated and approved or denied by Metropolitan executive staff, but may be forwarded to the Board for final resolution at the member agency’s request. Metropolitan staff decisions are reported to the Board for transparency and informational purposes.

### **Metropolitan Staff Decision:**

Metropolitan staff approved the appeal by adjusting Calleguas’ 2004-06 Base Period Retail Demand data. Based upon available 2002-03 pumping records, Metropolitan staff used two-year running averages for 2004-06. This resulted in an increase in groundwater production attributed to the Camarillo Airport by 136 acre-feet in 2004, 132 acre-feet in 2005, and 134 acre-feet in 2006, or an average increase of 134 acre-feet for the 2004-06 Base Period.

However, based on updated data received for this appeal, allocation base year municipal and industrial water production from the Camarillo Region for 2004 was revised from 10,094 acre-feet to 9,250 acre-feet, or a decrease of 844 acre-feet for 2004. Combined with the 136 acre-feet increase in groundwater production described above, there was a net decrease of 708 acre-feet from Camarillo Region production in 2004. As a result, the Camarillo Region had a total net decrease of 147 acre-feet per year for the 2004-06 Base Period average. The Base Period data adjustments are summarized in the following table.

### **Base Period Local Supply Data Adjustments (acre-feet)**

	<b>Camarillo Airport</b>		<b>Camarillo Region</b>	
	Original Base Period Data	Appeal Adjusted	Original Base Period Data	Appeal Adjusted
2004	0	136	10,094	9,250
2005	0	132	9,308	9,308
2006	0	134	7,951	7,951
3-Year Average	0	134	9,118	8,836
<b>Net Change, 3- Year Average</b>		<b>+134</b>		<b>-281</b>

Total Net Change for Appeal 0004: 134 acre-feet – 281 acre-feet = **-147 acre-feet**

These changes were implemented in the WSAP formula as a net decrease in Calleguas’ Allocation Base Year Average Retail Demand.

### **Rationale for Metropolitan Staff Decision:**

Calleguas requested an additional 136 acre-feet per year to be included in the 2004-06 historical allocation Base Period Average Retail Demand figures used in the WSAP formula. In 2008, Calleguas annexed Camarillo Airport and more than 100 service area connections formerly serviced outside of Calleguas by the Camarillo Utility Enterprise.

Calleguas provided documentation to quantify the historical demand from the annexed territory and to establish to Metropolitan staff that Calleguas had not supplied those customers during the Base Period.

**Conclusion of Appeal No. 0004:**

Staff provided Calleguas with written notification of the preliminary decision on March 24, 2010. On March 26, 2010, Calleguas confirmed receipt of the Preliminary Notice of Decision. A Clarification Conference between Metropolitan and Calleguas staff was held on April 29, 2010 to address and resolve questions. On June 28, 2010 Calleguas accepted the preliminary decision. The preliminary decision became final upon approval by Metropolitan executive staff. The Final Notice of Decision was mailed to Calleguas on August 16, 2010.

This report to the Board signifies the conclusion of the formal appeals process for Appeal No. 0004.

## **Water Supply Allocation Plan Appeal No. 0005 (Calleguas, Small Appeal)**

### **Basis for Appeal:**

Calleguas Municipal Water District (Calleguas) requested an adjustment to its 2004-06 allocation Base Year Retail Demand due to increased demand from its member purveyor Solano Verde Mutual Water Company (Solano Verde) since 2005.

In accordance with the Allocation Appeals Process, WSAP Appeal No. 0005 was defined as a “small appeal” because it was less than 5,000 acre-feet in quantity. Small appeals are evaluated and approved or denied by Metropolitan executive staff, but may be forwarded to the Board for final resolution at the member agency’s request. Metropolitan staff decisions are reported to the Board for transparency and informational purposes.

### **Metropolitan Staff Decision:**

Metropolitan staff made the decision to approve the appeal by adjusting the 2004/06 allocation Base Period Retail Demand data. Water purchased by Solano Verde between May 2005 and December 2006 was counted in the allocation Base Period data for the Moorpark Region. This resulted in an increase of 190 acre-feet in 2005 and 252 acre-feet in 2006 to the Moorpark Region groundwater that was reported in the Base Period data. The changes were implemented in the Water Supply Allocation Plan calculation as a 147 acre-foot net increase in Calleguas’ Allocation Base Period Average Retail Demand.

### **Rationale for Final Metropolitan Staff Decision:**

Calleguas requested an increase in the 2004/06 allocation Base Period Average Retail Demand figures used to calculate its 2009/10 water supply allocation to reflect the demands of Solano Verde. In 2005, Solano Verde became a Calleguas member purveyor and in 2007 became 100 percent dependent on Calleguas for water supply. Solano Verde used 305 acre-feet from its own wells in 2004, 25 acre-feet in 2005 and purchased 190 acre-feet in 2005 and 252 acre-feet under enforced rationing in 2006. The Base Period Local Supply data adjustments for Solano Verde in this appeal are summarized in the following table.

### **Base Period Local Supply Data for Solano Verde (acre-feet)**

	Solano Verde Retail Demands	
	Groundwater Pumping	Purchases from Calleguas
2004	305	0
2005	25	190
2006	0	252
<b>Net Change, 3- Year Average</b>		<b>+147</b>

Calleguas provided documentation to quantify the historical demand from Solano Verde to establish Calleguas’ production for the Solano Verde service area during the Base Period. These changes resulted in a 147 acre-foot per year net increase in the Base Period average

### **Conclusion of Appeal No. 0005:**

Staff provided Calleguas with written notification of the preliminary decision on March 24, 2010. On March 26, Calleguas confirmed receipt of the Preliminary Notice of Decision. A Clarification Conference between

Metropolitan and Calleguas staff was held on April 29 to address and resolve questions. On June 28, Calleguas accepted the preliminary decision. The preliminary decision became final upon approval by Metropolitan executive staff. The Final Notice of Decision was mailed to Calleguas on August 16.

This report to the Board signifies the conclusion of the formal appeals process for Appeal No. 0005.

## Water Supply Allocation Plan Appeal No. 0006 (Calleguas, Small Appeal)

### **Basis for Appeal:**

Calleguas Municipal Water District (Calleguas) requested an increase water supply allocation to reflect increased retail demands by one of its retail agencies, Zone Municipal Water District (Zone) since 2008, due to loss of local supply driven by regulatory constraints.

In accordance with the Allocation Appeals Process, WSAP Appeal No. 0006 was defined as a “small appeal” because it was less than 5,000 acre-feet in quantity. Small appeals are evaluated and approved or denied by Metropolitan executive staff, but may be forwarded to the Board for final resolution at the member agency’s request. Metropolitan staff decisions are reported to the Board for transparency and informational purposes.

### **Metropolitan Staff Decision:**

Metropolitan staff evaluated the appeal documentation and approved the appeal by adjusting the 2004-06 Base Period Local Supply data with an overall net increase of 2,353 acre-feet for the Base Period average.

### **Rationale for Final Metropolitan Staff Decision:**

Zone’s groundwater production is classified as part of the Moorpark region in Calleguas’ allocation Base Period data. However, according to updated data received as a result of the appeals documentation process, it was discovered that Zone’s production had been omitted in the Base Period data for 2004. The WSAP Base Period data had originally reported only 8 acre-feet in 2004 from the Moorpark region. The updated data showed that the Moorpark region had produced 6,626 acre-feet in 2004. This revision will result in a net increase of 6,618 acre-feet in the Base Period for 2004 and an overall net increase of 2,353 acre-feet for the Base Period average. The adjustments to the Base Period Local Supply data are shown in the table below.

### **Base Period Local Supply Data Adjustments for Moorpark Region (acre-feet)**

	Original Base Period Data			Appeal Adjusted		
	M&I	Agricultural	Total	M&I	Agricultural	Total
2004	6	2	8	453*	6,173	6,626
2005	471	5,008	5,479	660	5,008	5,668
2006	215	5,513	5,728	467	5,513	5,980
3-Year Average	231	3,508	3,738	527	5,564	6,091
<b>Net Change, 3- Year Average</b>				+296	+2,057	<b>+2,353</b>

\*Includes 305 acre-feet of groundwater pumping by Solano Verde Municipal Water Company in 2004. See WSAP Appeal No. 0005.

### **Conclusion of Appeal No. 0006:**

Staff provided Calleguas with a written notification of the preliminary decision on March 24, 2010. On March 26, Calleguas confirmed receipt of the Preliminary Notice of Decision. A Clarification Conference between Metropolitan and Calleguas staff was held on April 29 to address and resolve questions. On June 28, Calleguas accepted the preliminary decision. The preliminary decision became final upon approval by Metropolitan executive staff. The Final Notice of Decision was mailed to Calleguas on August 16.

This report to the Board signifies the conclusion of the formal appeals process for Appeal No. 0006.