



Proposal to eliminate the Replenishment Service program and adjust Member Agency Tier 1 limits

Water Planning and Stewardship Committee

Item 9-1

November 5, 2012

Background

- No Replenishment Rate in CY 2013/14 Rates
- Purchase Orders Extended
 - 1990-2002 period preserved for Base Firm Demand formula
 - Base Firm Demand does not include long-term replenishment demands
- Result: Purchases that used to be at the discounted Replenishment Rate are subject to Tier 2 rates
- Administrative Code still includes Replenishment Services Program and references other storage programs

Proposed Changes

- Historical long-term replenishment should be treated similarly to IAWP Phase-Out
 - Discounted program being eliminated
 - Adjustment made to Tier 1 limits
 - Administrative Code cleanup
- Adjustment to Tier 1 limits should be based on historical annual purchases of long-term replenishment related supplies

Proposed Changes

- Calculate annual amounts (1990-2002) of long-term replenishment or similar programs
 - Seasonal Storage Service (all or part) not included as firm (1990-1996)
 - Seasonal Storage Service classified as long-term (1997-2002)
 - Cyclic Storage Sales
- Add amounts to Firm Demands used to calculate Base Firm Demands
- Calculate revised Base Firm Demand and revised Tier 1 Limit

Historical Sales to be Included in Calculating Tier 1 Adjustment

Seasonal Storage Service - Unclassified

- 1990 through 1996
- No differentiation between Long-Term and Shift
- A portion of these deliveries were already included in Base Firm Demand
 - Agency-level audit
 - By year

Seasonal Storage Service – Long Term

- 1997 through 2003
- Annual certifications to differentiate between Long-Term and Shift
- Shift was included in Base Firm Demands

Cyclic Storage Sales

- Storage accounts within groundwater basins
- MWD delivered water into accounts when available at no cost to participating agency
- When participating agency requested deliveries of Long Term Seasonal Storage Service or Replenishment, stored water was transferred instead of a wet water delivery
- Participating agency paid the SSS/Replenishment rate in effect in the year of storage delivery

Estimated Tier 1 Adjustments for 2013

Agency	Current Tier 1 Limits*	Adjustment*
Anaheim	22,240	2,198
Beverly Hills	13,380	---
Burbank	16,336	440
Calleguas	110,248	---
Central Basin	72,360	35,295
Compton	3,372	---
Eastern	84,691	7,733
Foothill	10,997	776
Fullerton	11,298	---
Glendale	26,221	---
Inland Empire	59,792	33,491
Las Virgenes	20,699	---
Long Beach	39,471	12,333

*Assumes member agencies execute the Amended and Restated Purchase Order, except Compton, San Fernando, and San Marino.

Estimated Tier 1 Adjustments for 2013

Agency	Current Tier 1 Limits*	Adjustment*
Los Angeles	304,970	30,693
MWDOC	228,130	52,462
Pasadena	21,180	---
San Diego	587,901	2,411
San Fernando	630	---
San Marino	1,199	---
Santa Ana	12,129	7,489
Santa Monica	11,109	---
Three Valleys	70,474	4,450
Torrance	20,967	---
USGVMWD	17,128	50,100
West Basin	156,874	648
Western	85,110	---

*Assumes member agencies execute the Amended and Restated Purchase Order, except Compton, San Fernando, and San Marino.

Summary

- Eliminate Replenishment Service Program
- Adjustment of Tier 1 limits
 - Based on historical long-term replenishment
- Agencies can purchase water supplies for replenishment-related purposes at the Full Service Tier 1 rate
- All other charges (Capacity, RTS) apply to ongoing purchases
- Amended and Restated Purchase Orders are not affected

Next Steps

- Committee feedback
- December Action Item
 - Approve Tier 1 adjustment
 - Approve Administrative Code language and cleanup to eliminate Replenishment Service Program

