



# An Update of the Rate Refinement Process

Finance and Insurance Committee

Item 6a

February 8, 2021

# Rate Refinement Process

- Met on January 13 and February 4
- Topics of Discussion to-date:
  - Background on MWD rates & charges
  - Rate Structure Principles
  - List of potential rate refinement items

# Next Steps: Rate Structure Framework Review & Establish Guiding Principals



- Flexibility
- Certainty
- Public Stewardship

- Regional Provider
- Financial Integrity
- Local Resource Development
- Imported Water Services
- Choice and Competition
- Responsibility for Water Quality
- Cost Allocation and Rate Structure

- Fair
- Based on the stability of MWD's revenue and coverage of its costs
- Provide certainty and predictability
- Reasonably simple and easy to understand
- Any dry-year allocation should be based on need

# Other Rate Refinement Items to Prioritize

- Readiness to Serve Charge refinements
- Capacity Charge refinements
- Rate re-bundling
- Surplus year storage incentives
- Revenue generating rates (monetizing storage including groundwater management replenishment program)
- Purchase Orders commitments
- Availability of Service charge
- Delta Conveyance Project cost recovery
- Regional Recycled Water Project cost recovery
- Metropolitan Reserve Policy
- Property Tax Alternatives
- Others

# Rate Refinement Workgroup Process

For each rate refinement item:

- Define the issue(s) and identify the problem area(s)
- Prioritize items
- Develop solutions

# Meeting Schedule Discussion

Rate Refinement Working Group		DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL & Beyond
Meeting #1	✓ ✓		●						
Meeting #2	✓			●					
Meeting #3				●					
Meeting #4									
Meeting #5									
Meeting #6									
Further Meetings as needed									

- Updates will be provided as needed in the Member Agency Managers Meeting
- When items are ready, they will be brought to the Finance and Insurance Committee

