THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

RESOLUTION 9278

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING A CAPACITY CHARGE EFFECTIVE JANUARY 1, 2022

The Board of Directors of The Metropolitan Water District of Southern California (the "Board") hereby finds that:

1. The Board of The Metropolitan Water District of Southern California ("Metropolitan"), pursuant to Sections 133, 134 and 134.5 of the Metropolitan Water District Act (the "Act"), is authorized to fix such rate or rates for water as will result in revenue which, together with revenue from any water standby or availability of service charge or assessment, will pay the operating expenses of Metropolitan, provide for repairs and maintenance, provide for payment of the purchase price or other charges for property or services or other rights acquired by Metropolitan, and provide for the payment of the interest and principal of its bonded debt; and

2. The amount of revenue to be raised by the Capacity Charge shall be as determined by the Board and allocation of such charges among member agencies shall be in accordance with the method established by the Board; and

3. The Capacity Charge is a charge fixed and adopted by Metropolitan and charged to its member agencies, and is not a fee or charge imposed upon real property or upon persons as an incident of property ownership; and

4. The Capacity Charge is intended to recover the debt service and other appropriately allocated costs to construct, operate and maintain projects needed to meet peak demands on Metropolitan's distribution system, as shown in the FYs 2020/21 and 2021/22 Cost of Service Report for Proposed Water Rates and Charges (the "2020 Cost of Service Report"); and

5. Pursuant to Resolution 8329, adopted by the Board on July 9, 1991, Resolution 9199, adopted by the Board on March 8, 2016, and Resolution 9201, adopted by the Board on March 8, 2016, as each is thereafter amended and supplemented, proceeds of the RTS Charge, Capacity Charge, and other revenues from the sale or availability of water are pledged to the payment of Metropolitan's outstanding revenue bonds, subordinate revenue bonds and short-term certificates, and to revenue bonds, subordinate revenue bonds and short-term certificates to be issued pursuant to Resolution 8329, Resolution 9199, and Resolution 9201; and

6. The Capacity Charge is charged (on a dollar per cubic-foot-per-second basis) to member public agencies ("member agencies"), based upon the amount of capacity used by such member agency that is designed to recover the cost of providing peaking capacity within the distribution system; and

7. In *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.*, San Francisco Superior Court Case No. CPF-18-516389 (the "2018 Case"), the San Diego County Water

Authority challenged Metropolitan's water charges adopted on April 10, 2018 and also challenged Metropolitan's rates. Metropolitan is defending such challenges; and

8. Metropolitan maintains that its rates and charges are appropriate. There is no final judgment in the identified case and Metropolitan does not anticipate a final judgement in CY 2022; and

9. On April 14, 2020, the Board considered the rates and charges presented by the General Manager and approved the biennial budget for fiscal years 2020/21 and 2021/22 and adopted recommended water rates for calendar years 2021 and 2022 and charges for calendar year 2021, and received information and documents available at http://mwdh2o.com/WhoWeAre/Pages/FY-2020-21-and-2021-22-CY-2021-22.aspx and http://mwdh2o.com/WhoWeAre/Mission/Pages/review-applicability-of-property-tax-limit.aspx; and

10. In approving the biennial budget and adopting the rates and charges on April 14, 2020, the Board determined the amount of revenue to be raised by the Capacity Charge in calendar year 2022 to be based on a Capacity Charge in such year of $12,200 per cubic-feet-per-second, based on information and documents available at http://mwdh2o.com/WhoWeAre/Pages/FY-2020-21-and-2021-22-CY-2021-22.aspx and http://mwdh2o.com/WhoWeAre/Mission/Pages/review-applicability-of-property-tax-limit.aspx; and

11. Each of the meetings of the Board were conducted in accordance with the Brown Act (commencing at Section 54950 of the Government Code), for which due notice was provided and at which quorums were present and acting throughout;

NOW, THEREFORE, the Board does hereby resolve, determine and order as follows:

Section 1. That the Board hereby fixes and adopts a Capacity Charge, as described below, to be effective January 1, 2022.

Section 2. That said Capacity Charge shall be in an amount sufficient to provide for payment of the capital financing costs not paid from *ad valorem* property taxes, as well as other appropriately allocated costs, incurred to provide peaking capacity within Metropolitan's distribution system.

Section 3. That such Capacity Charge effective January 1, 2022 shall be a charge as specified in Section 5 (set in dollars per cubic-feet-per-second of the peak day capacity) for capacity provided to a member agency, based on the maximum summer day demand placed on the system between May 1 and September 30 for the three-calendar year period ending December 31, 2002, and thereafter for a rolling three-calendar year period.

Section 4. The allocation of the Capacity Charge among member agencies is based on data recorded by Metropolitan and shall be conclusive in the absence of manifest error. Corrections may be made by staff for any incorrect recording or calculation, upon verification by the member agency.

Section 5. That the Capacity Charge shall be a fixed charge as shown in the following table and collected from each member agency monthly, quarterly or semiannually as agreed to by Metropolitan and the member agency.

Table 1. Calendar Year 2022 Capacity Charge

Calendar Year 2022 Capacity Charge					
	Peak Day Demand (cfs) (May 1 through September 30) Calendar Year				Rate ($/cfs): $12,200
Member Agency	2018	2019	2020	3-Year Peak	Calendar Year 2022 Capacity Charge
Anaheim	37.2	37.1	84.1	84.1	$1,026,020
Beverly Hills	27.8	23.5	23.2	27.8	$339,160
Burbank	17.1	17.3	16.6	17.3	$211,060
Calleguas	184.7	168.9	178.2	184.7	$2,253,340
Central Basin	39.2	48.6	51.9	51.9	$633,180
Compton	6.9	2.9	0.0	6.9	$84,180
Eastern	225.1	196.8	215.8	225.1	$2,746,220
Foothill	19.9	16.0	19.3	19.9	$242,780
Fullerton	13.3	13.1	14.1	14.1	$172,020
Glendale	33.5	32.2	37.9	37.9	$462,380
Inland Empire	147.8	118.7	98.4	147.8	$1,803,160
Las Virgenes	45.9	39.4	41.7	45.9	$559,980
Long Beach	80.4	51.8	67.3	80.4	$980,880
Los Angeles	284.6	283.2	339.0	339.0	$4,135,800
MWDOC	442.3	263.2	272.2	442.3	$5,396,060
Pasadena	43.0	39.9	46.4	46.4	$566,080
San Diego CWA	855.5	672.1	723.4	855.5	$10,437,100
San Fernando	0.0	0.0	0.0	0.0	$0
San Marino	4.5	2.3	7.3	7.3	$89,060
Santa Ana	19.3	19.4	21.7	21.7	$264,740
Santa Monica	16.7	20.7	17.0	20.7	$252,540
Three Valleys	142.9	128.1	134.3	142.9	$1,743,380
Torrance	32.6	27.8	28.9	32.6	$397,720
Upper San Gabriel	23.3	29.1	21.1	29.1	$355,020
West Basin	197.9	211.8	196.0	211.8	$2,583,960
Western MWD	194.7	186.1	178.3	194.7	$2,375,340
Total	**3,136.1**	**2,650.0**	**2,834.1**	**3,287.8**	**$40,111,160**
Totals may not foot due to rounding					

Section 6. That the Capacity Charge for each member agency, the method of its calculation, cost allocations and other data used in its determination are as specified in the adopted rates and charges to be effective January 1, 2022, which forms the basis of the Capacity Charge, and the corresponding 2020 Cost of Service Report. The adopted rates and charges and cost of service reports are on file and available for review by interested parties at Metropolitan's headquarters.

Section 7. That the Capacity Charge specified in Section 5, together with other revenues from Metropolitan's water rates, other charges, ad valorem property taxes, and other miscellaneous revenue, does not exceed the reasonable and necessary cost of providing Metropolitan's water service for which the rates and

charges are made, or conferring the benefit provided, and is fairly apportioned to each member agency in proportion to the peak day capacity utilized by each member agency.

Section 8. That if any provision of this Resolution or the application to any member agency, property or person whatsoever is held invalid, that invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid portion or application, and to that end the provisions of this Resolution are severable.

Section 9. That the General Manager and the General Counsel are hereby authorized to do all things necessary and desirable to accomplish the purposes of this Resolution, including, without limitation, the commencement or defense of litigation and taking all necessary action to satisfy relevant statutes requiring notice by publication.

Section 10. That the Board Executive Secretary is hereby directed to transmit a certified copy of this Resolution to the presiding officer of the governing body of each member agency.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on April 13, 2021.

Secretary of the Board of Directors
of The Metropolitan Water District
of Southern California