



One Water and Stewardship Committee

Report on Metropolitan's State Water Project 2025 Statement of Charges and Audit

Item 6b

February 10, 2025

Item 6b
Report on
State Water
Project
2025
Statement of
Charges and
Audit

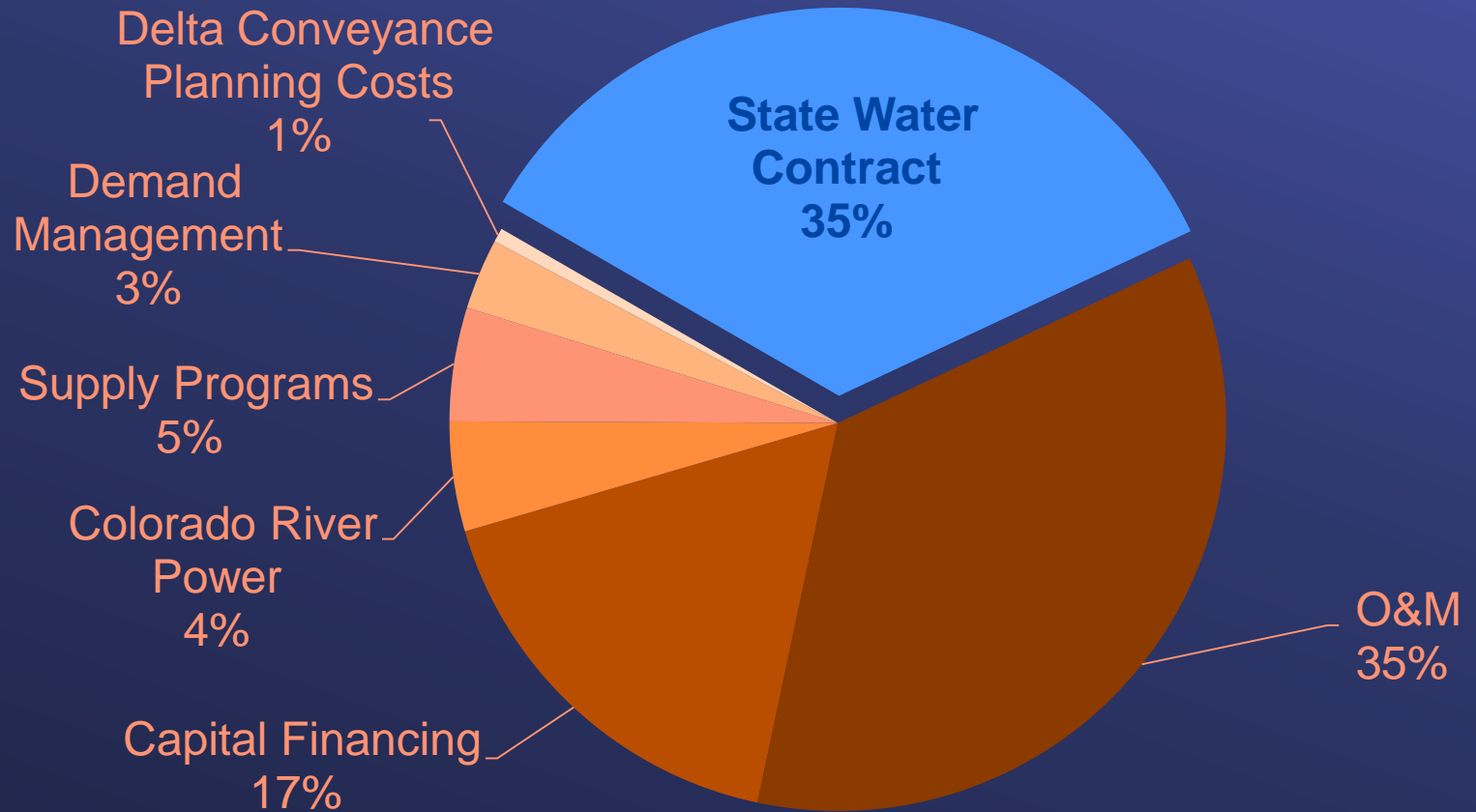
Subject

Report on State Water Project 2025 Statement of Charges and Audit

Purpose

Provide information on 2025 audit of State Water Project charges in advance of a future request to extend audit contract

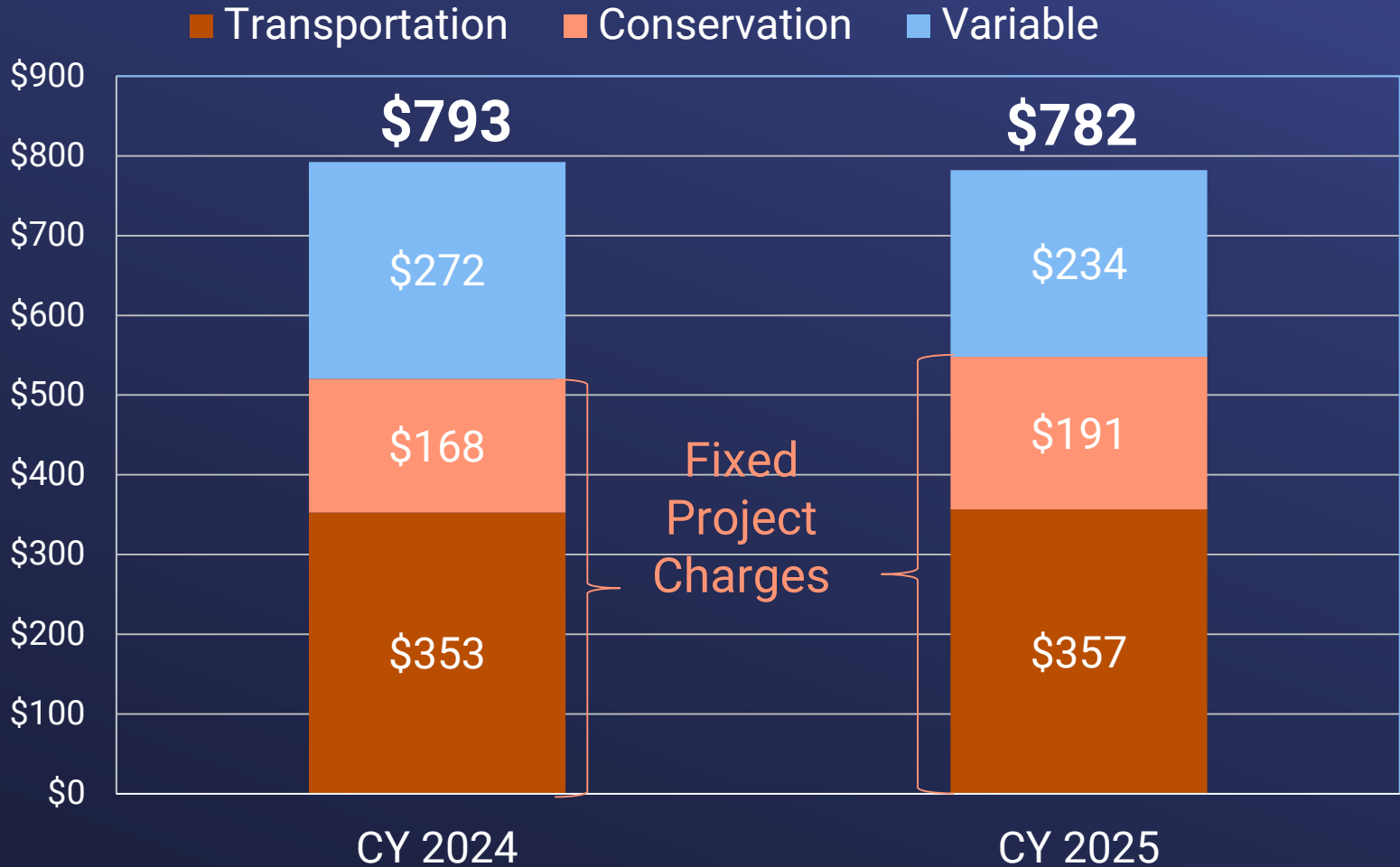
State Water
Project is
Metropolitan's
Second
Largest Budget
Expenditure at
\$689 Million
FY 2024/25



SWP Statement of Charges Comparison

Calendar Year

(\$'s in millions)



Decrease in Variable Charges:

- Assumed reduced service area deliveries

Increase in Conservation Charges:

- Administration of Incidental Take Permit
- Start of Environmental Compliance Tracking program

*Excludes Delta Conveyance Project

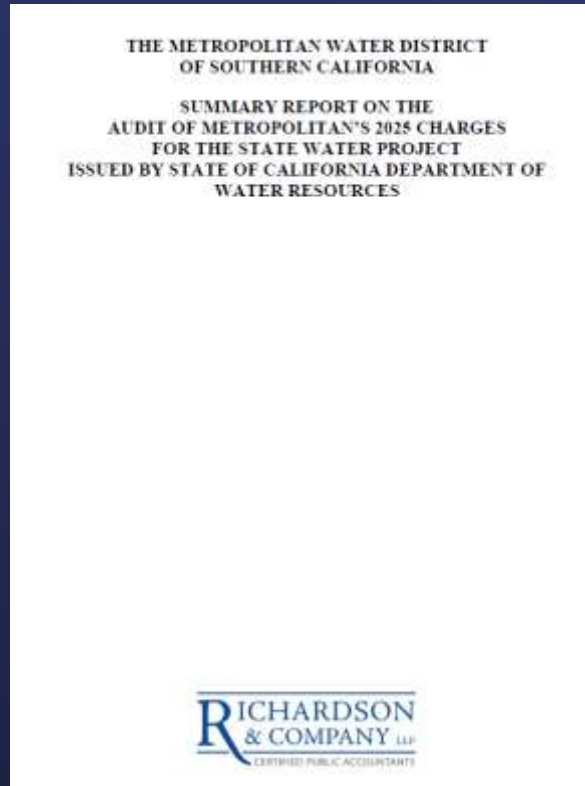
Background
Richardson
& Company



Richardson Contract Ensures Accuracy of our State Water Project Charges

- Audits annual charges for over 30 years
 - Specialized contractual audit
 - Summary and detailed audit reports
- Provides expert technical support
- Contract ends March 31, 2025

Audit Findings



| Findings | Number of Findings | Net Dollar Value |
|--------------------|--------------------|------------------|
| Resolved this Year | 7 | (\$2.0M) |
| Unresolved | 78* | \$234M** |

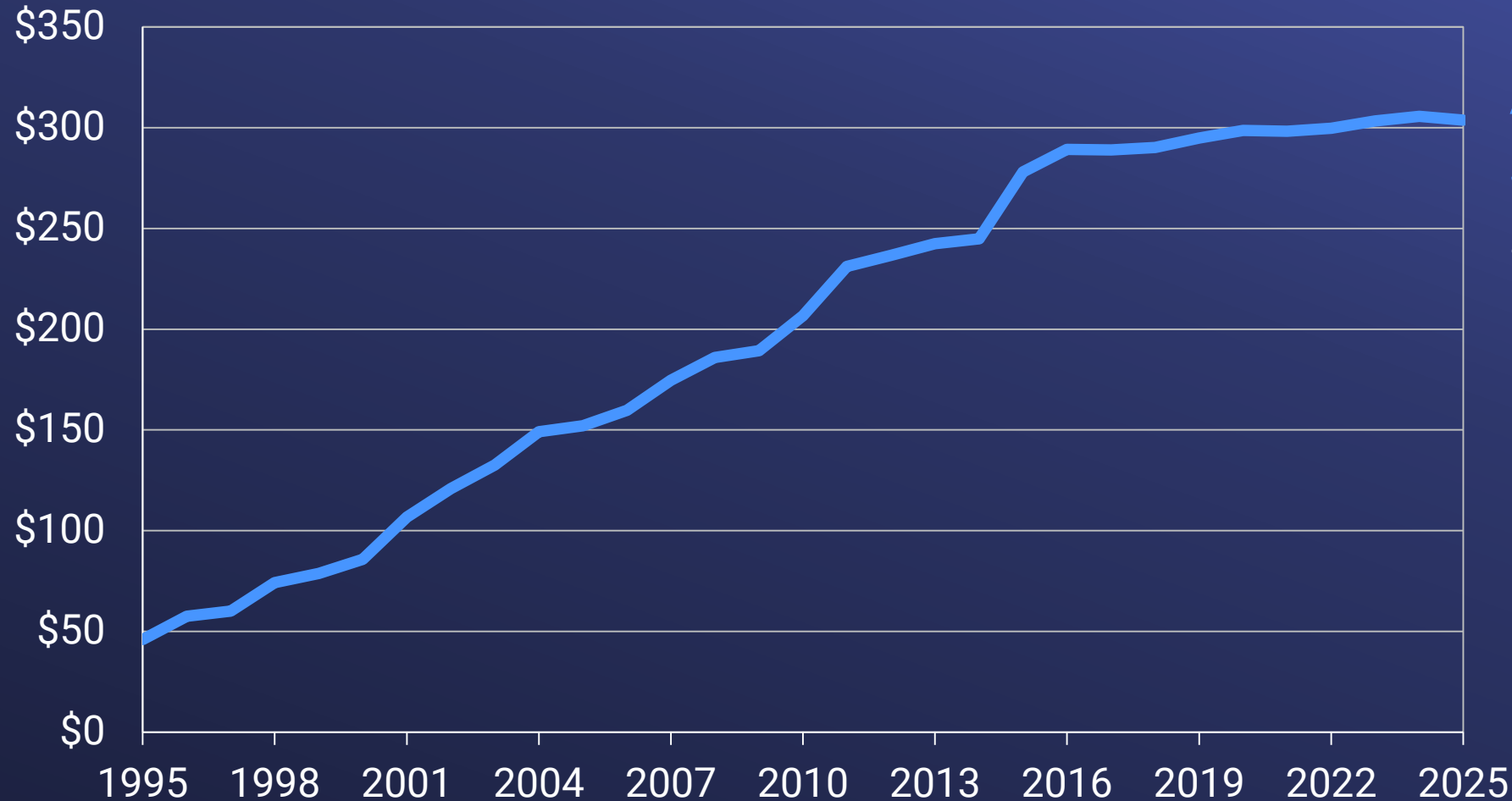
* Includes 6 new findings with a net value of (\$9.0M)

** Includes:

- Water System Revenue Bond Surcharge estimation under discussion with DWR
- Protest items that were referenced in the letter from DWR dated 10/29/24

Audit Results in Substantial Savings Over Time

(\$'s in millions)



Accumulated Savings:

- \$304 million since 1991

Next Steps

- March action item to increase maximum amount payable and extend Richardson & Company contract to March 31, 2028
- Return in the future years for periodic updates on the Statement of Charges

