



Finance, Audit, Insurance, and Real Property Committee

Approve Resolutions Fixing and Adopting the Readiness-to-Serve (RTS) Charge and Capacity Charge for 2024

Item 7-9
April 11, 2023

Background

- April 11, 2022:
 - Board adopted charges for Calendar Year (CY) 2023
 - Readiness-to-Serve (RTS) charge set at \$154M
 - Capacity charge set at \$10,600 per cubic foot per second (CFS)
 - Board approved biennial budget for Fiscal Years (FYs) 2022/23 and 2023/24, with revenue assumptions from charges for CY 2024, as follows:
 - RTS charge set at \$167M
 - Capacity charge set at \$11,200 per CFS
- FYs 2022/23 & 2023/24 Cost of Service Report Published May 2022 to support 2023 & 2024 RTS & Capacity Charge.

Fixed Charges Determinations

RTS charge recovers capital costs of the portion of Metropolitan's system available for emergency service and available capacity during outages and hydrologic variability

- RTS charge for CY 2024 allocated to member agencies based on their ten-year rolling average firm demands for Fiscal Year (FY) 2012/13 to FY 2021/22

Capacity charge recovers capital costs of the portion of Metropolitan's system for peaking capacity

- Capacity charge for CY 2024 charged on the member agencies' peak day demand between May and September for 2020 to 2022

Requested Action

- Approve the Resolutions fixing and adopting the RTS charge and Capacity charge for CY 2024 at levels previously determined by the Board

Board Options

- Option # 1
 - Adopt CEQA determination
 - Adopt resolutions fixing and adopting a Readiness-to-Serve Charge and a Capacity Charge for calendar year 2024
- Option # 2
 - Direct staff to set a process to revisit FY 2023/24 of the biennial budget and water rates for CY 2024

Staff Recommendation

- Option # 1
 - Adopt CEQA determination
 - Approve resolutions fixing and adopting the RTS charge and Capacity charge, effective January 1, 2024

