



Finance, Affordability, Asset Management and
Efficiency Committee

Approve Resolutions Fixing and
Adopting the Readiness-to-Serve
Charge and Capacity Charge for 2026

Item 7-7
April 8, 2025

Item 7-7

Approve Resolutions Fixing and Adopting the RTS Charge and Capacity Charge for 2026

Subject

- Approve Resolutions Fixing and Adopting the Readiness-to-Serve (RTS) Charge and Capacity Charge for Calendar Year (CY) 2026

Purpose

- Approve the Resolutions fixing and adopting the RTS charge and Capacity charge for CY 2026 at levels previously determined by the Board

Background

April 9, 2024:

- Board adopted charges for Calendar Year (CY) 2025
 - Readiness-to-Serve (RTS) charge set at \$181M
 - Capacity charge set at \$13,000 per cubic foot per second (CFS)
- Board approved biennial budget for Fiscal Years (FYs) 2024/25 and 2025/26, with revenue assumptions from charges for CY 2026, as follows:
 - RTS charge set at \$188M
 - Capacity charge set at \$14,500 per CFS
- FYs 2024/25 & 2025/26 Cost of Service Report Published April 2024 to support 2025 & 2026 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 2026 allocated to member agencies based on their ten-year rolling average firm demands for Fiscal Year (FY) 2014/15 to FY 2023/24
- Capacity charge recovers capital costs of the portion of Metropolitan's system for peaking capacity
 - Capacity charge for CY 2026 charged on the member agencies' peak day demand between May and September for 2022 to 2024

Requested Action

- Approve the Resolutions fixing and adopting the RTS charge and Capacity charge for CY 2026 at levels previously determined by the Board

Board Options

- Option # 1
 - Adopt CEQA determination
 - Approve resolutions fixing and adopting the RTS charge and Capacity charge, effective January 1, 2026
- Option # 2
 - Direct staff to revisit FY 2025/26 of the biennial budget and water rates and charges for CY 2026

Staff Recommendation

- Option # 1
 - Adopt CEQA determination
 - Approve resolutions fixing and adopting the RTS charge and Capacity charge, effective January 1, 2026

