



May 16, 2018

Attention: Administrative and Finance Committee

Resolution setting a Public Hearing date for the Water Authority's proposed calendar year 2019 Rate and Charge increases (Action)

Purpose

The purpose of this report is to review the proposed rates and charges for calendar year 2019 and to adopt a resolution setting a time and place for a public hearing for the consideration and adoption of the proposed rate and charge increases for water, services and facilities.

Staff recommendation

1. Adopt Resolution Number 2018-__ setting the time and place for a public hearing on June 28, 2018, at or after 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding proposed rates and charges to be effective January 1, 2019.

Alternative

Direct staff to set a different time or date for the public hearing.

Fiscal Impact

The proposed water rates and charges, in combination with reserves, existing taxes, the System Capacity Charge, the Water Treatment Capacity Charge, the Infrastructure Access Charge (IAC), investment income, the Standby Availability Charge, and the Supply Reliability Charge (SRC), are expected to raise revenues sufficient to meet the Water Authority's revenue requirement, bond covenants and other key fiscal policy goals. The proposed M&I total cost of water increase for CY 2019 is \$38/AF or 2.9% for untreated water and \$14/AF or 0.9% for treated water. These increases are mitigated by a projected draw of approximately \$18.4 million from the Rate Stabilization Fund (RSF) in FY 2019.

Executive Summary

- Treated Water Cost increasing from the CY 2018 rate of \$1,603 to \$1,617 in CY 2019 rates, a \$14 or 0.9% increase.
- Untreated Water Cost increasing from the CY 2018 cost of \$1,303 to \$1,341 in CY 2019, rates a \$38 or 2.9% increase.
- Rate Stabilization Fund: \$18.4 Million (or about \$49/AF) drawdown to offset what would have been a higher rate increase.
- No MWD Water Fix costs in Water Authority CY 2019 rates and charges.

Background

Metropolitan Water Rate Increases

On April 10, 2018, MWD's Board of Directors adopted rate and charge increases for calendar years 2019 and 2020. This resulted in increases of 3.4% and 5.2% to volume-sensitive Treated and Untreated Full Service MWD supplies, respectively. MWD's non-volume sensitive Readiness-to-Serve and Capacity Charges, which are passed straight through to the Water Authority's member agencies, decreased by 5.0% and 1.1% respectively. Overall the cost of MWD supplies, inclusive of volumetric and non-volumetric rates and charges increased by 3.5% treated and 4.9% for untreated to the Water Authority and its member agencies for CY 2019. While the overall cost of MWD supplies experienced a modest increase, the costs of transporting the Quantification Settlement Agreement (QSA) water to the San Diego region will decrease by 6.8% in CY 2019 due to the lawsuit settlement outcome and MWD's corresponding decision to not collect the Water Stewardship Rate on such transported water.

Recommended Policy change to the Rates Stabilization Fund

The Water Authority is proposing to the Board to adjust its Rate Stabilization Fund reserve policy to account for a potential unforeseen 15% reduction in water sales over 2.5 consecutive years as a funding target and 3.5 years as a funding maximum. This potential reduction replaces the previous reserve policy that employed a potential 25% reduction in water sales to determine reserve levels. This change in the reserve policy is driven by improvements in water use efficiency. A 47% decline in per capita water use from 1990 to 2017 in the Water Authority's service area is an indicator of increasingly efficient water use practices throughout the region. As water use becomes more efficient, regional water demand "hardens," becoming less susceptible to significant demand reduction due to wet weather.

Prudent Financial Management and Long-Range Planning

The Water Authority has a long history of prudent financial planning. In 2006, the Board strengthened the Water Authority's key financial ratios by setting a Senior Lien Debt Service Coverage Ratio (DSCR) target of 1.50x and establishing a target funding level for the RSF that better protects the Water Authority against the financial impact of 2.5 years of wet weather (3.5 years max). These early actions reduced rate and charge volatility, increased protection against wet weather and mandatory water use restrictions, created a transparent and flexible RSF framework, and increased cash funding of the CIP just prior to the great recession of 2008. These early actions helped the Water Authority navigate the recession and continue to support the maintenance of the Water Authority's AAA/Aa2/AA+ credit ratings and access to lower interest rates.

In 2014, the Board, member agencies and Water Authority staff engaged in an 18-month collaborative process that identified issues related to the long-term fiscal sustainability of the Water Authority. Central to this effort was a detailed review of the Water Authority's revenue structure and evaluating potential enhancements that would further strengthen the Water Authority's future fiscal health. One of the key actions taken as part of the fiscal sustainability review was the creation of the Supply Reliability Charge (SRC). This charge, implemented in CY 2016, recognizes the importance of equitably recovering the cost of the Water Authority's investments in long-term water supply reliability in accordance with cost of service principles and California law. As adopted by the Board, the SRC recovers a portion of the water supply

costs associated with the Carlsbad Desalination Plant (the Plant) and the Imperial Irrigation District's (IID) water transfer. In addition to recovering a proportionate share of the cost of water supply reliability, the SRC also helps to reduce water sales revenue volatility by increasing the amount of fixed revenues.

In January 2016, the Board adopted the 2015 Long-Range Financing Plan (LRFP). The 2015 LRFP highlights the Water Authority's transition to an operations and asset management focused agency from a construction oriented agency. The baseline \$582 million ten-year CIP is a much more modest spending level when compared to the 2008 LRFP. The largest component of the CIP is Asset Management, which makes up more than 40% of the ten-year CIP. The Asset Management program includes the Relining and Pipe Replacement Program and other infrastructure rehabilitation.

The Water Authority's 2015 LRFP requires the revenues of the Water Authority be sufficient to; pay operating expenses, provide for maintenance and repair of facilities, provide for payment of principal and interest on debt, and provide reasonable reserves consistent with bond covenants and sound fiscal management. As a public agency enterprise, the Water Authority does not generate a profit. Revenues are set to meet the reasonably anticipated costs of providing service to the member agencies and do not generate revenues that are unrelated to the accomplishment of the Water Authority's purposes. While there are a large number of assumptions embedded in the 2015 LRFP, the core assumptions are those that have significant financial impacts and include water sales, local supplies, cost of imported water and transportation and the CIP. These assumptions are incorporated into the high and low rate and charge guidance provided in the document.

Comprehensive Cost of Service Reviews

The Water Authority engaged Carollo Engineers (Carollo) to perform a Cost of Service Study to review, calculate, and validate the Proposed Calendar Year (CY) 2019 water rates and charges. In addition to this scope, Carollo was working with the Water Authority to review and update its existing Financial Rate Modeling Program (FRMP). In meeting this scope, Carollo reviewed and updated the existing CY 2019 rate model and reviewed the Water Authority's existing cost of service methodology and financial model for continued compliance with California legal requirements, as described in the Cost of Service Study Section 2.4, American Water Works Association cost of service standards, industry best practices, and Water Authority Board Policies, as described in the Cost of Service Study Section 2.3. Together, these establish the cost of service standard that is referenced throughout the report. Following the completion of the CY 2019 rate setting process, Carollo will work with staff to design and implement a replacement to the existing Financial Rate Modeling Program.

Water Authority Staff participates with Member Agencies on Cost of Service Activities

Beginning in December 2017, Member Agency Managers, Water Authority staff and the Cost of Service Consultant have participated in meetings, presentations, and workshops in support of the CY 2019 cost of service and upcoming rates. The seven presentations included an overview of the cost of service process, a comprehensive review of water rate methodologies, board policies, and rate compliance with industry standards and law, as well as detailed discussion on rate assumptions that determine the net revenue requirement. Also in December, member agency managers and their staff received an electronic copy of the Water Authority rate model and in January 2018 the Water

Authority offered an extensive modeling workshop to address the rate model mechanics. Over 30 representatives from 17-member agencies were present during the workshop.

Special Agricultural Water Rate Program

On March 26, 2015, the Board approved the extension of the TSAWR program through December 31, 2020 based on the recommendation to continue the TSAWR program for the next five years and revisit the value of the program in conjunction with the review of the new Supply Reliability Charge. The recommendation recognized: 1) the benefits the M&I customers have been paying for by supporting the TSAWR program occur during supply shortages; 2) the new Supply Reliability Charge allocation methodology is impacted by the treatment of agricultural water demands; and 3) addressing the issue in one-year increments is not efficient and doesn't provide a sufficient planning window for customers. The five-year period will also provide a track record to ascertain what the frequency of shortage cutbacks would be over an extended time period (since the 2009 cutbacks) and allow for a better understanding of the cost and benefits of the program.

Discussion

There are four primary drivers behind the recommended CY 2019 rate and charge increases. The drivers are:

- **MWD Rate and Charge Increases** – The cost of purchasing Full Service Untreated and Treated water increased 5.2% (\$36/AF) and 3.4% (\$35/AF) respectively. Conversely, due to the lawsuit outcome, the cost to transport QSA water to the service area decreased 6.8% or \$33/AF. MWD's Readiness-to-Serve and Capacity Charges apportioned to the Water Authority decreased. These charges are passed through to Member Agencies and are not part of the Water Authority's net revenue requirement.
- **Scheduled Increase in IID Water Transfer Deliveries** –In CY 2019, the IID water transfer deliveries will increase by 30,000 AF, which results in a \$11.6M increase in the total cost of water. Deliveries will continue to ramp up through 2021 until the primary transfer volume is stabilized at 200,000 AF.
- **Reduced Water Sales Environment** – It is anticipated that, while the region will continue to experience modest recovery in total demand from the period of emergency water use regulations, water sales are expected to be flat due to member agency utilization of local supplies.
- **Utilization of the Rate Stabilization Fund** - CY 2019 rate and charge increases are being mitigated by a projected \$18.4M draw from the RSF in FY 2019, which results in approximately \$49/AF of rate relief. The draw helps offset the net impact of increases to MWD rates, the volumetric increase in the IID transfer and reduced water sales.

As part of the 2015 LRFP, staff developed a high/low rate and charge forecast to support member agency financial planning efforts. The high/low rate and charge forecasts were based upon scenarios varying the level of water sales, MWD rate and charge increases, and CIP expenditures. The CY 2019 proposed rates and charges are within that guidance. The Water

Authority’s total cost of untreated water is proposed to increase by 2.9% and the cost for treated water is proposed to increase by 0.9%. It should be noted that the actual cost of water will vary by member agency based upon each agency’s fixed charge allocations.

Setting Water Rates and Charges

On an annual basis, the Water Authority staff develops proposed water rates and charges, which it presents to the Board of Directors for adoption. Water rates and charges include the Melded Supply, Melded Treatment, Transportation rates and the Customer Service, Storage and Supply Reliability charges. Each year the Water Authority undertakes the following cost of service analysis to determine water rates and charges.

- Step 1. Establish the revenue requirement—determine the total amount of revenue needed to recover the Water Authority’s annual operating (operations and maintenance of facilities, cost of water, treatment costs, etc.) and capital expenditures (cash and short and long-term debt)
- Step 2. Allocate the revenue requirement and offsetting non-commodity revenues (i.e. investment income, property tax, IAC, etc.) to rate categories (Melded Supply, Melded Treatment, Transportation, Storage, Customer Service and SRC) to determine the net revenue requirement for each rate category
- Step 3. Determine rates and charges based upon the net revenue requirements, water sales projections and other key financial management metrics (i.e. senior lien debt service coverage, fund deposits and withdrawals)
- Step 4. Allocate fixed charges (Storage, Customer Service and SRC) to member agencies based on specified allocation methodologies

Consistent with best management practices, the Water Authority retained Carollo to perform a comprehensive and independent Cost of Service Study to determine proposed CY 2019 rates and charges to ensure that they are set in compliance with California legal requirements, cost of service standards, and Water Authority Board policies. The Carollo report is provided as Attachment B.

Description of Proposed Rates and Charges

Table 2 summarizes the Water Authority’s proposed CY 2019 rates and charges. A description of the Water Authority’s rates and charges is provided in subsequent sections. In addition to the Water Authority’s rates and charges shown in Table 2, MWD’s RTS and Capacity Charges are passed through to Water Authority member agencies.

Table 2 – Summary of Water Authority Rates and Charges			
Water Authority Rates and Charges	CY 2017 Previous	CY 2018 Current	CY 2019 Proposed
Melded Supply Rate (\$/AF)	\$855	\$894	\$909
Melded Treatment Rate (\$/AF)	\$290	\$300	\$276
Transportation Rate (\$/AF)	\$110	\$115	\$120
Untreated Transitional Special Agricultural Water Rate (\$/AF) ¹	\$666	\$695	\$731

Treated Transitional Special Agricultural Water Rate (\$/AF) ¹	\$956	\$995	\$1,007
Infrastructure Access Charge	\$2.87/ME	\$3.01/ME	\$3.01/ME
Customer Service Charge	\$26,400,000	\$26,400,000	\$25,600,000
Storage Charge	\$65,000,000	\$65,000,000	\$65,000,000
Supply Reliability Charge ²	\$24,800,000	\$28,600,000	\$30,200,000
Standby Availability Charge per parcel or acre, whichever is greater ³	\$10	\$10	\$10
System Capacity Charge	\$5,029/ME	\$5,099/ME	\$5,267/ME
Treatment Capacity Charge	\$128/ME	\$141/ME	\$146/ME
Annexation Application Fee (Per Application)	\$3,000	\$10,340	\$10,681
¹ Per current Board Policy, TSAWR is set to end December 31, 2020. ² The Supply Reliability Charge was effective January 1, 2016. ³ Fiscal Year Charge. ⁴ ME means meter equivalent as defined in the resolution establishing the Infrastructure Access Charge.			

Table 3 summarizes MWD’s rates and charges that the Water Authority passes through to its member agencies.

Table 3 – Summary of Water Authority Pass Through Rates and Charges			
MWD Rates and Charges	CY 2017 Previous	CY 2018 Current	CY 2019 Proposed
Untreated Tier 2 Supply Rate \$/AF ¹	\$760	\$781	\$817
Replenishment Water Rate Untreated (\$/AF) ²	NA	NA	NA
Replenishment Water Rate Treated (\$/AF) ²	NA	NA	NA
MWD Capacity Charge	\$9,105,600	\$9,902,340	\$8,262,020
Readiness-to-Serve Charge ³	\$18,623,577	\$16,291,858	\$14,870,729
¹ Agencies exceeding their Tier 1 allocation are subject to the MWD Tier 2 Supply Rate. ² Discussions on the future of the replenishment program are continuing. ³ Fiscal Year Charge. Net of Stand-by-Charge			

The following rates and charges will be effective July 1, 2018:

Standby Availability Charge. The County Water Authority Act limits the maximum annual Standby Availability Charge to \$10 per acre or parcel, whichever is greater. Beginning before November 6, 1996, the Water Authority has determined that the maximum annual Standby Availability Charge should be levied on property within the Water Authority’s service area. To provide necessary funding for the CIP, the General Manager recommends that the charge continue at the \$10 maximum for fiscal year 2018-2019. The recommended Standby Availability Charge rate would be effective July 1, 2018.

Annexation Application Fee. The Annexation Application Fee recovers the full administrative cost of service associated with an application for annexation and recovers the costs incurred throughout the annexation process. The updated Annexation Processing Fee of \$10,681 per application would be effective July 1, 2018.

The following rates and charges are being proposed effective on January 1, 2019:

Melded Untreated Supply Rate (exclusive of TSAWR deliveries). The Melded Untreated Supply Rate (Melded Supply Rate) will be set to recover the costs of purchasing Tier 1 water from MWD, water purchases from IID, payments in connection with the All-American and Coachella Canal lining projects, payments to MWD under the 2003 Exchange Agreement for conveyance of IID and Canal Lining water, desalinated water and the portion of the Water Authority’s revenue requirement allocated to the supply rate. The revenue requirement may include other costs specifically associated with the acquisition of the IID supply source, cost recovery for supply costs previously incurred but not charged, reserve withdrawals/deposits and coverage requirements. Table 4 on the following page shows the calculation of the Melded Supply Rate.

Table 4 – Untreated Melded Supply Rate Calculation

	<u>CY 2019</u>
Acre-Foot Sales (000's)	
MWD Tier I Deliveries	89.1
IID Deliveries	160.0
Canal Water Deliveries	78.7
Operational Storage Utilization	10.0
Carlsbad Desalination Production	42.0
TOTAL A/F SALES	<u>379.8</u>
Water Purchase Cost (in Millions)	
MWD Tier 1 Water Purchases*	\$66.6
IID Water Purchases	178.7
Canal Water Purchases	36.7
Operational Storage Utilization	5.9
Desalinated Water Supply Costs	92.5
Subtotal Water Purchases	<u>\$380.3</u>
Additional Costs (in Millions)	
Supply Revenue Requirement	\$13.6
QSA Environmental**	0.0
Canal Cost Differential	0.2
Subtotal Other Costs	<u>\$13.8</u>
Offsetting Revenues (in Millions)	
Supply Reliability Charge Revenues	(\$30.2)
IID Socioeconomic Credit	(1.0)
Cash and Reserves	(17.5)
Total Net Supply Costs**	<u>\$345.4</u>
A/F RATE (Total Net Supply Cost /Total AF Sales)	\$909/AF

*Includes system losses due to meter inaccuracies of +/-0.5 percent.

** Cost recovery deferred to provide CY 2019 rate relief.

Based upon these options, the Melded Supply Rate would increase from its current level of \$894/AF to \$909/AF in CY 2019.

Transitional Special Agricultural Water Program Rates.

With the extension of the TSAWR program through December 31, 2020, the untreated TSAWR will be set to MWD’s Tier 1 rate and increase from its current level of \$695/AF to \$731/AF in CY 2019. In addition, the treated TSAWR will increase from \$995/AF in CY 2018 to \$1,007/AF in CY 2019. The TSAWR program rates correspond to a lower level of water supply reliability for its participants.

Melded Treatment Rate. The Melded Treatment Rate will be set to recover the costs of treating water for the Water Authority and may include costs of purchasing treated water from MWD, the Levy and Olivenhain treatment plants, the Water Authority’s Twin Oaks Valley Water Treatment Plant, desalinated water costs allocated to this rate and may recover certain other costs associated with the delivery of treated water. For CY 2019, the Melded Treatment Rate will decrease from its current level of \$300/AF to \$276/AF. This decrease is largely driven by the Water Authority’s economies of scale gained through Twin Oaks. In CY 2019, the Water Authority is forecasting an increase in treated production from 51,800 AF in CY 2018 to 66,400 AF. This represents a 28% increase in AF, while Water Authority related treatment costs only increased 9.3%. At these Water Authority treatment levels, Twin Oaks represents a discount to the treatment surcharge of \$319/AF levied by MWD (versus the proposed melded rate of \$276/AF). Table 5 shows the calculation of the Melded Treatment Rate.

Table 5 – Melded Treatment Rate Calculation

	<u>CY 2019</u>
Acre-Foot Sales (A/F) (000's)*	
MWD	41.5
Water Authority	66.4
Helix	16.0
Carlsbad Desalination Production	42.0
TOTAL A/F SALES	<u>165.9</u>
Cost (in Millions)	
MWD	\$13.2
Water Authority	18.0
Helix	3.3
Desalinated Water**	11.6
TOTAL TREATMENT COSTS	<u>\$45.7</u>
A/F RATE (Total Treatment Costs/Total A/F Sales)	\$276/AF

* Includes treated water deliveries intended for agriculture

**Based on proposed cost of treated water (42,000AF*\$276 = \$11.6M)

Transportation Rate. The Transportation rate is set to recover capital, operating, and maintenance costs of Water Authority-owned water delivery facilities, including facilities used to physically transport the water to member agency meters. The Transportation Rate is charged to each acre-foot of water delivered by the Authority as it occurs. For CY 2019, the Transportation Rate will increase from its current level of \$115/AF to \$120/AF.

Infrastructure Access Charge. The infrastructure access charge is imposed on member agencies as a condition of maintaining connections to Water Authority facilities. It is apportioned based

on water meters within each member agency. For CY 2019, the infrastructure access charge will remain at its current level of \$3.01/ME.

Customer Service Charge. The Customer Service Charge is set to recover costs that are necessary to support the functioning of the Water Authority. The Customer Service Charge will be allocated among the member agencies on the basis of each agency's three-year rolling average of member agency supply purchases from the Water Authority. For CY 2019, the Customer Service Charge will decrease from \$26.4M to \$25.6M.

Storage Charge. The Storage Charge is set to recover costs associated with the Emergency Storage Program and the Carryover Storage Program. Because agricultural users that participate in the SAWR program agree to reduced or interrupted service during times of water emergencies, they will not receive benefit from the storage program; therefore, the Storage Charge is based on all non-SAWR water deliveries and will be allocated among the member agencies using a pro rata share of each agency's three-year rolling average deliveries. For CY 2019, the Storage Charge will remain constant at its CY 2018 level of \$65.0M.

Supply Reliability Charge. The Supply Reliability Charge (SRC) is a fixed charge established in 2016 to recover a portion of the costs associated with the Water Authority's highly reliable water supplies, which includes desalinated and IID transfer waters. The charge is allocated to member agencies based upon their pro rata share of the Water Authority's 5-year rolling M&I deliveries (agricultural deliveries are not included). For CY 2019, the SRC will increase from its current level of \$28.6M to \$30.2M.

Capacity Charges. Capacity charges are one-time fees charged to new system connections. The fee is set to recover the proportionate cost of the system necessary to serve that connection.

System Capacity Charge. This charge recovers a portion of the capital costs for the conveyance and storage facilities necessary to operate the delivery system. The current charge of \$5,099/ME for each new meter equivalent will be administratively adjusted to \$5,267/ME effective January 1, 2019.

Water Treatment Capacity Charge. This charge recovers a portion of the regional water treatment facility to be collected from all future users of the facility. In keeping with the Water Authority's policy of exempting agencies that cannot benefit from a service, the Water Treatment Capacity Charge excludes customers from the City of Del Mar, City of Escondido, and City of Poway. The current charge of \$141/ME for each new meter equivalent will be administratively adjusted to \$146/ME effective January 1, 2019.

Table 6 presents a summary of the CY 2019 Capacity Charge schedule that will be go in effect January 1, 2019.

Table 6 CY 2019 Water Authority Capacity Charges			
Meter Size (Inches)	Factor	System Capacity Charge	Water Treatment Capacity Charge
Under 1"	1	\$ 5,267	\$ 146
1"	1.6	8,427	233
1.5"	3	15,802	437
2"	5.2	27,390	757
3"	9.6	50,565	1,399
4"	16.4	86,384	2,388
6"	30	158,018	4,370
8"	52	273,898	7,574
10"	78	410,847	11,361
12"	132	695,279	19,226

The following MWD rates and charges are passed on directly or allocated to the Water Authority's member agencies in the same manner as MWD applies them to the Water Authority.¹

MWD Capacity Charge. For CY 2019, the Capacity Charge is \$8,600 per cubic foot second (cfs) of maximum daily flow requested by a MWD member agency. The Capacity Charge is a fixed charge levied on an agency's maximum daily flows over the three previous fiscal years. It recovers the cost of providing peak capacity within the distribution system, and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. Daily flow measured between May 1 and September 30 for purposes of billing the Capacity Charge will include deliveries (except long-term seasonal storage deliveries) made by MWD to a member agency or member agency customer including water transfers, exchanges and agricultural deliveries. As part of a separate surface storage operating agreement to manage seasonal peaking, the Authority is expected to reserve its full available capacity. The Capacity Charge will be set at \$8,262,020. The Authority's Board has directed that the Capacity Charge will be recovered proportionally based on a five-year rolling average of member agency flows during coincident peak weeks. The \$/AF equivalent of the Capacity Charge to the San Diego region is \$63 /AF.

Readiness-to-Serve Charge. MWD's Readiness-to-Serve Charge differs from the other MWD charges in that it is set on a Fiscal Year basis. The total Readiness-to-Serve Charge will increase from its current level of \$135 million to \$136.5 million. The Authority's share is set at \$27,551,658 for Fiscal Year 2018-2019. After credits from the MWD Standby Charge, and administrative costs, the net Water Authority share is \$14,870,729. MWD's Readiness-to-Serve Charge will recover costs associated with standby and peak conveyance capacity and system emergency storage capacity. The Readiness-to-Serve Charge will be allocated among MWD member agencies on the basis of each agency's ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity). This allocation will be revised each year. Revenues

¹ The Water Authority has challenged MWD's cost of service methodology associated with these charges.

equal to the amount of MWD Standby Charges will continue to be credited against the member agency's Readiness-to-Serve Charge obligation unless a change is requested by the member agency. The Board has directed that the Authority's Readiness-to-Serve Charge will be passed through proportionally to member agencies on the basis of each agency's ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity). The \$/AF equivalent of the RTS Charge to the San Diego region is \$102/AF.

Summary

Staff is seeking Board direction for which rate and charge increases should be considered at the Public Hearing on June 28, 2018.

Prepared by: Steven B. Williams, Rate and Debt Manager
Reviewed by: Lisa Marie Harris, Director of Finance/Treasurer
Approved by: Dan Denham, Assistant General Manager

Attachments:

- A) Resolution of the Board of Directors of the San Diego County Water Authority fixing the time and place for a public hearing to consider: (1) Changes to the rates and charges for delivery and supply of water; (2) Continuing the existing Standby Availability Charge; (3) Changes to the system and treatment capacity charges; and (4) Changes to the Rates Stabilization Fund Policy.

- B) Carollo's Cost of Service Study for Calendar Year 2019 Rates and Charges