



*THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA*

# **Rate Structure Administrative Procedures Handbook**

**FY 2025/26**

# Table of Contents

<b>1</b>	<b>OVERVIEW .....</b>	<b>3</b>
<b>2</b>	<b>RATE STRUCTURE AT-A-GLANCE .....</b>	<b>4</b>
2.1	CURRENT RATES AND CHARGES.....	4
2.2	TYPICAL TWO-YEAR RATE CYCLE & BILLING CYCLE MILESTONES .....	5
2.3	WATER SERVICES AND PROGRAMS AND RATE COMPONENTS .....	6
2.3.1	<i>Metropolitan Services to Member Agencies and Rate Components .....</i>	<i>6</i>
2.3.2	<i>Programs and Rate Components .....</i>	<i>6</i>
2.4	BILLING MEASUREMENT BASIS .....	8
<b>3</b>	<b>PURCHASE ORDERS .....</b>	<b>8</b>
<b>4</b>	<b>CAPACITY CHARGE .....</b>	<b>8</b>
4.1	PURPOSE .....	8
4.2	ADMINISTRATION .....	8
4.3	TRANSACTION ADJUSTMENTS .....	9
4.4	ADJUSTMENT FOR CONJUNCTIVE USE PROGRAM .....	10
4.5	ADJUSTMENT FOR CYCLIC PROGRAM .....	10
4.6	ADJUSTMENT FOR REVERSE CYCLIC PROGRAM .....	10
4.7	ADJUSTMENT FOR H-CONSTANT METERS.....	10
4.8	BILLING .....	10
<b>5</b>	<b>READINESS-TO-SERVE CHARGE.....</b>	<b>10</b>
5.1	PURPOSE .....	10
5.2	ADMINISTRATION .....	11
5.3	RTS CHARGE ANNUAL CALCULATION AND APPLICATION TIMELINE .....	12
5.4	APPLICATION OF STANDBY CHARGE REVENUES .....	12
5.5	RTS CHARGE INVOICE SCHEDULE .....	12
5.6	ESTIMATED NET RTS CHARGE .....	13
<b>6</b>	<b>STANDBY CHARGE .....</b>	<b>13</b>
6.1	PURPOSE .....	13
6.2	STANDBY CHARGE PER PARCEL .....	13
6.3	COLLECTIONS .....	14
6.4	ESTIMATION OF NET STANDBY CHARGE REVENUES.....	15
6.5	ADMINISTRATIVE CHARGES .....	15
6.6	INVOICE ADJUSTMENTS .....	15
6.7	EXEMPTIONS .....	15
<b>7</b>	<b>LOCAL RESOURCES PROGRAM EFFECTIVE RATE .....</b>	<b>16</b>
7.1	FULL SERVICE TREATED RATE / TREATED NON-INTERRUPTIBLE WATER RATE .....	16
<b>8</b>	<b>ORGANIZATIONAL RESPONSIBILITY .....</b>	<b>17</b>

# 1 Overview

The Rate Structure Administrative Procedures Handbook (Handbook) is provided to inform Metropolitan's member agencies of Metropolitan's procedures for calculating, invoicing, collecting, and reconciling the components of Metropolitan's rate structure.

Metropolitan's current rate structure was adopted by its Board of Directors on October 16, 2001 through a lengthy and open process. The rate structure is designed in accordance with the Rate Structure Action Plan of December 12, 2000; the Composite Rate Structure framework of April 11, 2000; the Strategic Plan Policy Principles of December 14, 1999; and the Strategic Plan Steering Committee Guidelines of January 6, 2000. On August 18, 2020, the Board of Directors repealed the Administrative Code sections that established the wheeling service it previously made available to its member agencies (short-term wheeling service under one year) and the pre-set wheeling rate for that wheeling service. As a result of the Board's action, short-term wheeling to member agencies is now determined on a case-by-case basis and is set by contract, as has been done for wheeling service for member agencies lasting more than one year and wheeling for third parties. Additionally, on November 23, 2021, the Board acted to direct staff to incorporate all demand management costs into Metropolitan's supply rate elements for future rates and charges proposals, eliminating the Water Stewardship Rate element. The adopted FY 2024/25 and FY 2025/26 Biennial Budget did not assume that the purchase order contracts would be renewed. As a result, the Tier 1 and Tier 2 supply rates are not included in the proposed rates and charges for CYs 2025 and 2026; there is only a single supply rate.

The rate structure supports the strategic planning vision that Metropolitan is a regional provider of services, encourages the development of additional local supplies through programs such as recycling and conservation, and accommodates a water transfer market. Through its regional services, Metropolitan ensures a baseline of reliability and quality for imported water deliveries in its service area. The level of rate unbundling in Metropolitan's rate structure provides transparency to identify the costs of the operational functions corresponding to the particular rate elements and charges.

This document supersedes all previous Rate Structure Administrative Procedures Handbooks and is supplemental and secondary to the definitions and procedures contained in Metropolitan's Administrative Code and the Metropolitan Water District Act.

## 2 Rate Structure At-A-Glance

### 2.1 Current Rates and Charges

Table 1

	Effective January 1st	2025	2026
Supply Rate		\$290	\$313
System Access Rate (\$/AF)		\$463	\$492
System Power Rate (\$/AF)		\$159	\$179
Full Service Untreated Volumetric Cost (\$/AF)		\$912	\$984
Treatment Surcharge (\$/AF)		\$483	\$544
Full Service Treated Volumetric Cost (\$/AF)		\$1,395	\$1,528
Readiness-to-Serve Charge (\$M)		\$181	\$188
Capacity Charge (\$/cfs)		\$13,000	\$14,500

## 2.2 Typical Two-year Rate Cycle & Billing Cycle Milestones

SEP	
OCT	
NOV	
DEC	
JAN	Provide Revenue Requirements, Cost of Service Analysis, and Recommendations to Board
FEB	Present Revenue Requirements, Cost of Service Analysis, and Recommendations to Board
MAR	Provide Proposed Rates and Charges to Board Public Hearing on Proposed Rates, Charges, and Suspension of AV Tax Limit
APR	Board considers Rates, RTS and Capacity Charges
MAY	Board considers continuation of Standby Charge
JUN	Rates Notification Memo
JUL	
AUG	Board considers AV tax rate
SEP	
OCT	
NOV	
DEC	
JAN	New Rates and Charges Effective
FEB	
MAR	
APR	Board considers RTS and Capacity Charges
MAY	Board considers continuation of Standby Charge
JUN	Rates Notification Memo
JUL	
AUG	Board considers AV tax rate
SEP	Prior FY RTS is reconciled
OCT	
NOV	
DEC	
JAN	New Rates and Charges Effective

Every two years, the Board adopts a biennial budget for two fiscal years and water rates for two calendar years. Every year, including in mid-budget years, the Board adopts the Readiness-to-Serve (RTS) and Capacity Charges for one calendar year and determines whether to continue the Standby Charge for another fiscal year.

On April 9, 2024, the Board:

- Approved a Biennial Budget for fiscal year (FY) 2024/25 and FY 2025/26;
- Adopted rates for calendar year (CY) 2025 and CY 2026; and,
- Adopted RTS and Capacity Charges for CY 2025.
- On May 14, 2024, the Board voted to continue the Standby Charge for FY 2024/25.

On April 8, 2025, the Board adopted RTS and Capacity Charges for CY 2026.

On May 13, 2025, the Board voted to continue the Standby Charge for FY 2025/26 within the service area of member agencies that have elected since FY 1993/94 to have the charge collected to offset their RTS obligation.

The Board also sets the rates for ad valorem property taxes every August. The current biennial budget, rates, and charges adopted by the Board are based on setting a rate of .007 percent of assessed value.

## 2.3 Water Services and Programs and Rate Components

### 2.3.1 Metropolitan Services to Member Agencies and Rate Components

	Rates & Charges That Apply					
Service	System Access	System Power	Supply Rate	RTS	Capacity Charge	Treatment Surcharge
Full Service Untreated	Yes	Yes	Yes	Yes	Yes	No
Full Service Treated	Yes	Yes	Yes	Yes	Yes	Yes

#### Full Service

Full service water includes water sold for domestic and municipal uses.

#### Wheeling Service

As of January 1, 2021, any wheeling service for any member agency for transactions of up to one year will be provided at a price agreed upon by the parties, as was already the case for wheeling of over one year to member agencies and wheeling of any duration to third parties.

### 2.3.2 Programs and Rate Components

Program	Rates & Charges That Apply				
	Supply	System Access	System Power	RTS	Capacity Charge
Full Service	Yes	Yes	Yes	Yes	Yes
Conjunctive Use	Yes	Yes	Yes	Yes	No
Cyclic	Yes	Yes	Yes	Yes	No
Reverse-Cyclic	Yes	Yes	Yes	Yes	No
Emergency Storage	Yes	Yes	Yes	No	No
Operational Shift Cost-Offset	Yes	Yes	Yes	Yes	Yes

#### Conjunctive Use Program

The Conjunctive Use Program is operated through individual agreements with member and retail agencies for groundwater storage within Metropolitan's service area. Wet-year imported supplies are stored to enhance reliability during dry, drought, and emergency conditions. Metropolitan has the option to call water stored in the groundwater basins for the participating member agency under its contractual conjunctive use agreement. At the time of the call, the member agency pays the prevailing rate for that water, but the deliveries are excluded from the calculation of the Capacity Charge because Conjunctive Use Program

deliveries are made at Metropolitan's discretion. Conjunctive use programs may also contain cost-sharing terms related to operational costs.

### **Cyclic Program**

The Cyclic Program refers collectively to the existing Cyclic Storage Program agreements and the Pre-Deliveries Program. The Program is operated through individual agreements with member agencies for groundwater or surface water storage or pre-deliveries within Metropolitan's service area. Wet-year imported supplies are stored or delivered in advance of a scheduled sale to enhance reliability for Metropolitan during dry, drought, and emergency conditions. Deliveries to the cyclic accounts are at Metropolitan's discretion, while member agencies have discretion on whether they want to accept the water. At the time the water is purchased from the cyclic account, the prevailing full-service rate applies, and the purchases are counted towards the member agency's Readiness-to-Serve Charge. However, deliveries are excluded from the calculation of the Capacity Charge because Cyclic Program deliveries are made at Metropolitan's discretion. Cyclic agreements may also contain a credit payable to the member agencies pursuant to Board-approved programs, such as the Cyclic Cost Offset Program.

### **Reverse-Cyclic Program**

The Reverse-Cyclic Program is operated through individual agreements with member agencies. These agreements allow member agencies to purchase water for delivery in a future wet year. Metropolitan will deliver the water within five years at its sole discretion. Under this program, the purchase and billing occurs at the full-service water rate, plus the treatment surcharge, if applicable, before delivery of water. The purchases are counted towards the member agency's Readiness-to-Serve Charge. However, deliveries are excluded from the calculation of the Capacity Charge because Reverse-Cyclic Program deliveries are made at Metropolitan's discretion.

### **Emergency Storage Program**

The Emergency Storage Program is used for delivering water for emergency storage in surface water reservoirs and storage tanks. Emergency Storage Program purposes include initially filling a newly constructed reservoir or storage tank and replacing water used during an emergency. Because Metropolitan could interrupt delivery of this water, Emergency Storage Program Deliveries are excluded from the calculation of the RTS Charge and the Capacity Charge.

### **Operational Cost Offset-Credit Program**

The Operational Cost Offset-Credit Program (OSCO) is operated through individual agreements with member agencies. Through these agreements, cost-offset credits are offered to member agencies to offset the estimated additional costs and risks incurred by an agency as a result of voluntary operational changes requested by Metropolitan for the purpose of maximizing Metropolitan's water resources. All water delivered under the OSCOP is billed at Metropolitan's applicable full-service rate. Credits are reported as budgeted supply program costs.

## 2.4 Billing Measurement Basis

Rate Component	Based on	Year Type	Notes
RTS Charge	Ten-Year Rolling Average Firm Demands	Calendar	18-month lag
Capacity Charge	3-Year Trailing Peak	Calendar	18-month lag; Only May-Sep flows

## 3 Purchase Orders

Purchase Orders, which expired December 31, 2024, were voluntary agreements that determined the amount of water a member agency could purchase at a lower rate, the Tier 1 Supply Rate. The Tier 1 Supply Rate was a volumetric rate element charged on Metropolitan water sales that were within a member agency's Tier 1 allocation. The Tier 2 Supply Rate was a volumetric rate element that reflected Metropolitan's cost of purchasing water transfers north of the Delta. Under the Purchase Orders, member agencies had the option to purchase a greater amount of water at the Tier 1 Supply Rate in exchange for a commitment to purchase a minimum amount of water (based on past purchase levels) over the term of the Purchase Order, 10 years. Such agreements were intended to allow member agencies to manage costs while also providing Metropolitan with a measure of revenue stability.

The Board adopted the FY 2024/25 and FY 2025/26 Biennial Budget assuming that the purchase order contracts, which were set to expire on December 31, 2024, would not be renewed. As a result, the Tier 1 and Tier 2 rates are not included in the rates and charges for CYs 2025 and 2026; there is only a single supply rate.

## 4 Capacity Charge

### 4.1 Purpose

The Capacity Charge recovers costs incurred to provide peaking capacity within Metropolitan's distribution system.

The Capacity Charge provides a price signal to encourage member agencies to reduce peak day demands on the system and to shift demands that occur during the May 1 through September 30 period into the October 1 through April 30 period. This results in more efficient utilization of Metropolitan's existing infrastructure and defers capacity expansion costs.

### 4.2 Administration

Each member agency will pay the Capacity Charge based on a three-year trailing maximum peak day flow. Due to accepted certifications and error corrections, peak day flows may change for up to three years after the month of delivery. Therefore, the Three-Year Trailing Max Peak Day is calculated with an 18-month lag.



**Table 4**

<b>Calendar Year 2025 Capacity Charge</b>					
	Peak Day Demand (cfs) (May 1 through September 30) Calendar Year				Rate (\$/cfs): \$13,000
AGENCY	2021	2022	2023	3-Year Peak	Calendar Year 2025 Capacity Charge
Anaheim	77.2	74.5	64.0	77.2	1,003,600
Beverly Hills	24.8	23.7	20.6	24.8	322,400
Burbank	15.5	8.4	16.3	16.3	211,900
Calleguas	189.6	138.8	159.6	189.6	2,464,800
Central Basin	54.1	47.1	53.7	54.1	703,300
Compton	-	-	3.2	3.2	41,600
Eastern	179.6	187.3	200.8	200.8	2,610,400
Foothill	22.8	16.1	14.9	22.8	296,400
Fullerton	20.0	15.1	13.8	20.0	260,000
Glendale	32.5	31.8	29.0	32.5	422,500
Inland Empire	101.4	95.2	99.5	101.4	1,318,200
Las Virgenes	42.9	34.8	37.9	42.9	557,700
Long Beach	45.7	44.1	41.4	45.7	594,100
Los Angeles	579.4	633.1	452.2	633.1	8,230,300
MWDOC	336.3	282.0	233.6	336.3	4,371,900
Pasadena	48.2	38.3	33.0	48.2	626,600
San Diego	672.5	841.9	543.9	841.9	10,944,700
San Fernando	-	5.3	5.0	5.3	68,900
San Marino	5.4	4.9	4.3	5.4	70,200
Santa Ana	18.3	18.0	6.2	18.3	237,900
Santa Monica	15.1	18.0	21.0	21.0	273,000
Three Valleys	138.3	86.6	110.4	138.3	1,797,900
Torrance	27.2	29.0	27.1	29.0	377,000
Upper San Gabriel	32.4	25.3	11.5	32.4	421,200
West Basin	218.2	173.7	171.7	218.2	2,836,600
Western	179.8	177.4	180.6	180.6	2,347,800
<b>Total</b>	<b>3,077.2</b>	<b>3,050.4</b>	<b>2,555.2</b>	<b>3,339.3</b>	<b>43,410,900</b>

Totals may not foot due to rounding  
Data as of 3/2024

### 4.3 Transaction Adjustments

Because some water programs are not subject to the Capacity Charge, metered daily flows used to calculate the Three-Year Trailing Max Peak Day are reduced using the ratio of excluded certified water program deliveries to total monthly deliveries (see example below). This adjustment is performed annually in November.

Monthly volumetric delivery to member agency (acre-feet)	1,000
Monthly delivery certified as exempt from Capacity Charge	100
Ratio of exempt delivery to total delivery	10.0%
Unadjusted Peak Day Flow (cfs)	40.0
Reduction in peak day flow (cfs) = Peak Day Flow * Ratio	4.0
Adjusted Peak Day Flow (cfs)	36.0

#### **4.4 Adjustment for Conjunctive Use Program**

Conjunctive Use deliveries are excluded from the calculation of the Capacity Charge because Conjunctive Use Program deliveries are made at Metropolitan's discretion. Peak day flows are adjusted for Conjunctive Use Program deliveries as described in 5.3 above.

#### **4.5 Adjustment for Cyclic Program**

Cyclic deliveries are excluded from the calculation of the Capacity Charge because Cyclic deliveries are made at Metropolitan's discretion. Peak day flows are adjusted for Cyclic deliveries as described in 5.3 above.

#### **4.6 Adjustment for Reverse Cyclic Program**

Reverse cyclic deliveries are excluded from the calculation of the Capacity Charge because Reverse Cyclic deliveries are made at Metropolitan's discretion. Peak day flows are adjusted for Reverse Cyclic deliveries as described in 5.3 above.

#### **4.7 Adjustment for H-Constant Meters**

Beginning January 1, 2004, agencies that receive deliveries using connections with "H-Constant Meters" or non-AMR meters will have the daily average flow in cfs calculated for those meters included in the Capacity Charge. The daily average flow will only be calculated for the period that the meter was in operation.

Due to data constraints, the daily average flow for "H-Constant Meters" or non-AMR meters will be calculated using the entire month as a denominator for any period prior to January 1, 2004.

Except for adjustments described in Sections 5.3, 5.4, 5.5, and 5.6 above, in instances when a meter flow volume is certified on a monthly basis and daily flow readings are unavailable, Metropolitan will calculate a daily average flow in cfs for the applicable month and include the calculated average flow rate in the Capacity Charge peaking data.

#### **4.8 Billing**

Member agencies may elect to pay their Capacity Charge semiannually, quarterly, or monthly. Unless the member agency provides a written request to the Chief Financial Officer by July 31st to change its current billing preference, it will continue to be billed under its current preference.

Billing for the Capacity Charge will be based on the Resolution adopted by Metropolitan's Board at its April meeting. Certifications for water programs must be received by March 1<sup>st</sup> to be included in the billing determinants for the Capacity Charge.

For the purpose of assessing the Capacity Charge, the daily average flows by meter are calculated as the average of 96 meter reads recorded every 15-minute interval during the day, except as noted in 5.7 above. These daily average meter flows are aggregated for each member agency to develop the daily average flows for the agency. This calculation is repeated for each day in the applicable 15-month period (May through September, of last three years). The highest daily average flow establishes the peak day demand for the purpose of computing the Capacity Charge.

### **5 Readiness-to-Serve Charge**

#### **5.1 Purpose**

The Readiness-to-Serve ("RTS") Charge recovers the costs of providing emergency storage capacity and available capacity to meet outages and hydrologic variability.

## 5.2 Administration

The RTS Charge is a fixed charge that is allocated among the member agencies based on each agency's proportional share of a ten-fiscal year rolling average of all firm demands, which may include water exchanges and transfers that use Metropolitan system capacity.

Firm demands include:

- Tier 1 sales (historical)
- Tier 2 sales (historical)
- Supply Rate sales
- Seasonal Storage Service – Shift sales
- Conjunctive Use sales
- Cyclic Program sales
- Reverse Cyclic sales
- Operations Shift Cost-Offset sales

Table 5 below shows the final Total RTS Charge effective during Fiscal Year 2025/26.

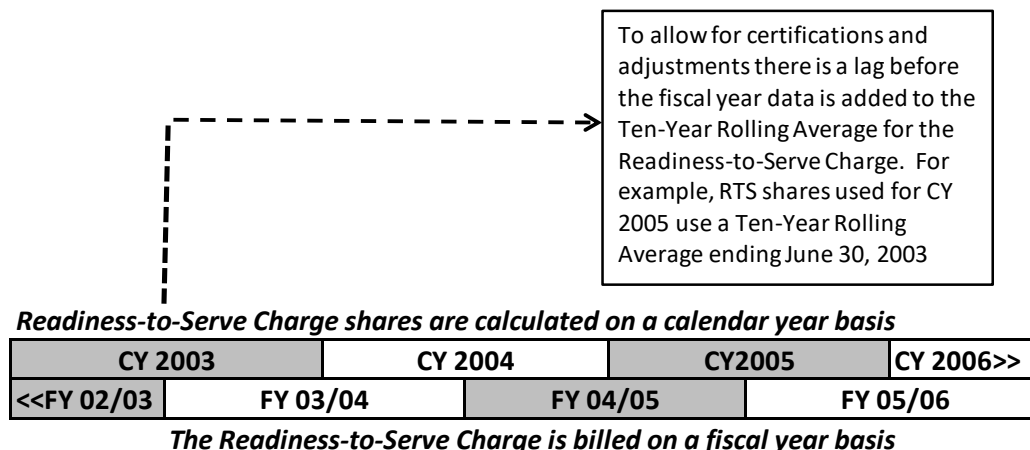
**Table 5**

<b>Fiscal Year 2025/26 READINESS-TO-SERVE (RTS) CHARGE</b>							
Member Agency	Rolling Ten-Year Average Firm Deliveries (Acre-Feet) FY2013/14 - FY2022/23	RTS Share	6 months @ \$181 million per year (7/25-12/25)	Rolling Ten-Year Average Firm Deliveries (Acre-Feet) FY2014/15 - FY2023/24	RTS Share	6 months @ \$188 million per year (1/26-6/26)	Total RTS Charge FY 2025/26
Anaheim	23,001.9	1.69%	\$ 1,526,826	23,328.3	1.84%	\$ 1,728,612	\$ 3,255,438
Beverly Hills	9,858.1	0.72%	654,364	9,458.6	0.75%	700,876	1,355,240
Burbank	11,540.0	0.85%	766,005	10,532.3	0.83%	780,436	1,546,442
Calleguas	90,313.9	6.62%	5,994,880	85,497.7	6.74%	6,335,323	12,330,203
Central Basin	31,768.2	2.33%	2,108,718	30,647.0	2.42%	2,270,922	4,379,640
Compton	12.0	0.00%	797	8.3	0.00%	615	1,412
Eastern	96,726.8	7.09%	6,420,557	96,954.0	7.64%	7,184,227	13,604,784
Foothill	8,399.5	0.62%	557,544	8,062.2	0.64%	597,404	1,154,948
Fullerton	6,528.4	0.48%	433,344	6,128.6	0.48%	454,125	887,469
Glendale	15,436.0	1.13%	1,024,615	14,676.3	1.16%	1,087,504	2,112,119
Inland Empire	57,672.1	4.23%	3,828,174	54,727.4	4.31%	4,055,264	7,883,438
Las Virgenes	19,302.4	1.42%	1,281,260	18,431.7	1.45%	1,365,777	2,647,037
Long Beach	27,777.5	2.04%	1,843,822	26,463.1	2.09%	1,960,898	3,804,720
Los Angeles	272,316.9	19.97%	18,075,923	242,114.6	19.09%	17,940,531	36,016,454
MWDOC	187,038.3	13.72%	12,415,278	172,537.1	13.60%	12,784,884	25,200,162
Pasadena	19,104.9	1.40%	1,268,150	18,267.3	1.44%	1,353,595	2,621,745
San Diego	175,570.9	12.88%	11,654,092	145,667.0	11.48%	10,793,828	22,447,919
San Fernando	312.4	0.02%	20,737	470.7	0.04%	34,879	55,615
San Marino	1,035.1	0.08%	68,708	990.4	0.08%	73,388	142,096
Santa Ana	8,648.2	0.63%	574,053	7,865.5	0.62%	582,828	1,156,881
Santa Monica	4,783.2	0.35%	317,501	5,039.7	0.40%	373,438	690,939
Three Valleys	62,674.4	4.60%	4,160,218	60,225.0	4.75%	4,462,632	8,622,850
Torrance	15,088.8	1.11%	1,001,568	14,683.8	1.16%	1,088,060	2,089,628
Upper San Gabriel	38,526.1	2.83%	2,557,296	40,189.6	3.17%	2,978,023	5,535,318
West Basin	111,549.0	8.18%	7,404,429	108,841.6	8.58%	8,065,090	15,469,519
Western	68,413.1	5.02%	4,541,143	66,759.6	5.26%	4,946,842	9,487,985
<b>MWD Total</b>	<b>1,363,398.1</b>	<b>100.00%</b>	<b>\$ 90,500,000</b>	<b>1,268,567.4</b>	<b>100.00%</b>	<b>\$ 94,000,000</b>	<b>\$ 184,500,000</b>

Totals may not foot due to rounding

Data as of 3/2025

### 5.3 RTS Charge Annual Calculation and Application Timeline



### 5.4 Application of Standby Charge Revenues

Twenty-two of the twenty-six member agencies have elected since FY 1993/94 to have Metropolitan collect the Standby Charge on property tax bills for parcels of land in the agency's service area to offset all or a portion of their RTS obligation.

See Section 7 of this Handbook for more detail on Standby Charge revenues.

### 5.5 RTS Charge Invoice Schedule

Member agencies may elect to pay their RTS obligation (net of estimated Standby Charge revenues, if applicable) semiannually, quarterly, or monthly. Each year, member agencies will be notified of the amount payable under each alternative payment schedule for the fiscal year. Member agencies will notify Metropolitan prior to July 31 of their choice for their RTS Charge payment schedule for fiscal year invoices.

Semi-annual payments will be invoiced with the October and April water invoices, due in December and June, respectively. Quarterly charges will be invoiced with the July, October, January, and April water invoices, due September, December, March, and June, respectively. Monthly charges paid in twelve (12) equal installments will be invoiced beginning with the July water invoice, which is due in September, and ending with the June water invoice, which is due in August.

In the event that actual net Standby Charge revenues collected in an agency's service area exceed the member agency's RTS obligation, the excess revenues may (1) be credited to other outstanding obligations of such member agency to Metropolitan that may be paid by the Standby Charge, or (2) carried forward to offset future RTS obligations.

Billing for the RTS Charge is based on the Resolution, as adopted by the Board at its April meeting. Billing determinants for the RTS Charge will be determined based on billing data around March 1<sup>st</sup> of the year the new charge is adopted. Certifications for water programs must be received by this date to be included in the billing determinants for the RTS Charge.

If any member agency believes there is a miscalculation of its RTS Charge, we ask that member agency staff notify the Chief Financial Officer's Budget and Financial Planning contacts identified in this Handbook. Staff will work with member agency representatives to resolve any miscalculations in a timely manner.

## 5.6 Estimated Net RTS Charge

Table 6 indicates the estimated net RTS Charge obligation for FY 2025/26, after application of estimated standby charge collections.

**Table 6**

<b>ESTIMATED NET FY 2025/26 READINESS-TO-SERVE (RTS) CHARGE</b>					
Member Agency	Total RTS Charge	ESTIMATED STANDBY CHARGES			Estimated Net RTS Charge
		Gross Standby Charge Revenues	Delinquencies & Administrative	Net Standby Charge	
Anaheim	\$ 3,255,438	\$ 598,036	\$ 4,679	\$ 593,357	\$ 2,662,081
Beverly Hills	1,355,240	-	-	-	1,355,240
Burbank	1,546,442	412,549	2,764	409,785	1,136,657
Calleguas MWD	12,330,203	2,492,922	18,749	2,474,173	9,856,030
Central Basin MWD	4,379,640	3,568,972	26,101	3,542,872	836,769
Compton	1,412	1,805	445	1,360	51
Eastern MWD	13,604,784	3,355,251	28,452	3,326,799	10,277,985
Foothill MWD	1,154,948	311,668	2,291	309,377	845,571
Fullerton	887,469	378,024	2,743	375,282	512,187
Glendale	2,112,119	549,677	3,834	545,843	1,566,276
Inland Empire Utilities Agency	7,883,438	2,022,284	16,546	2,005,738	5,877,700
Las Virgenes MWD	2,647,037	417,741	3,345	414,396	2,232,641
Long Beach	3,804,720	1,124,111	7,853	1,116,258	2,688,462
Los Angeles	36,016,454	-	-	-	36,016,454
Municipal Water District of Orange County	25,200,162	7,599,954	54,140	7,545,814	17,654,348
Pasadena	2,621,745	467,747	3,302	464,446	2,157,299
San Diego County Water Authority	22,447,919	12,046,979	85,512	11,961,467	10,486,452
San Fernando	55,615	-	-	-	55,615
San Marino	142,096	40,955	325	40,630	101,466
Santa Ana	1,156,881	513,151	4,138	509,013	647,868
Santa Monica	690,939	-	-	-	690,939
Three Valleys MWD	8,622,850	1,860,003	12,979	1,847,024	6,775,826
Torrance	2,089,628	497,484	3,470	494,014	1,595,614
Upper San Gabriel Valley MWD	5,535,318	2,001,594	15,223	1,986,372	3,548,947
West Basin MWD	15,469,519	-	-	-	15,469,519
Western MWD	9,487,985	3,598,384	27,407	3,570,977	5,917,007
<b>MWD Total</b>	<b>\$ 184,500,000</b>	<b>\$ 43,859,293</b>	<b>\$ 324,296</b>	<b>\$ 43,534,997</b>	<b>\$ 140,965,003</b>

Totals may not foot due to rounding

Data as of 3/2025

## 6 Standby Charge

### 6.1 Purpose

Metropolitan's Standby Charge is collected from parcels within the service areas of 22 member agencies that have elected since FY 1993/94 to pay all or a portion of their RTS Charge obligation through the Standby Charge. Each year, the Board considers the continuation of the Standby Charge for the participating member agencies at amounts not to exceed the rates in place in FY 1996/97, when Proposition 218 was approved by the voters. The Standby Charge rates for the participating member agencies have not exceeded the rates since FY 1993/94.

### 6.2 Standby Charge Per Parcel

The Standby Charge for each acre or parcel of less than an acre will vary from member agency to member agency, as shown in Table 7. The Standby Charge has been collected at rates that do not exceed the rates set in FY 1993/94.

**Table 7**

<b>Estimated Standby Charge Revenues FY2025/26</b>				
<b>Member Agencies</b>	<b>Total Parcel Charge</b>	<b>Number of Parcels or Acres</b>	<b>Gross Revenues <sup>(1)</sup></b>	
Anaheim	\$ 8.55	69,946	\$	598,036
Beverly Hills	-	-	\$	-
Burbank	14.20	29,053	\$	412,549
Calleguas MWD	9.58	260,221	\$	2,492,922
Central Basin MWD	10.44	341,856	\$	3,568,972
Compton	0.10	18,052	\$	1,805
Eastern MWD <sup>(1)</sup>	6.94	483,466	\$	3,355,251
Foothill MWD	10.28	30,318	\$	311,668
Fullerton	10.71	35,296	\$	378,024
Glendale	12.23	44,945	\$	549,677
Inland Empire Utilities Agency	7.59	266,441	\$	2,022,284
Las Virgenes MWD	8.03	52,023	\$	417,741
Long Beach	12.16	92,443	\$	1,124,111
Los Angeles	-	-	\$	-
MWD of Orange <sup>(2)</sup>	10.09	668,317.54	\$	7,599,954
Pasadena	11.73	39,876	\$	467,747
San Diego CWA <sup>(1)</sup>	11.51	1,046,653	\$	12,046,979
San Fernando	0	5,102	\$	-
San Marino	8.24	4,970	\$	40,955
Santa Ana	7.88	65,121	\$	513,151
Santa Monica	-	-	\$	-
Three Valleys MWD	12.21	152,334	\$	1,860,003
Torrance	12.23	40,677	\$	497,484
Upper San Gabriel Valley MWD	9.27	215,922	\$	2,001,594
West Basin MWD	-	-	\$	-
Western MWD of Riverside Co.	9.23	389,857	\$	3,598,384
<b>MWD Total</b>		4,352,890	\$	43,859,293
<p>(1) Estimates per FY 2024/25 applied amounts and Adjusted due to reorganization of Rainbow Municipal Water District parcels out from San Diego County Water Authority to Eastern MWD.</p> <p>(2) Adjusted for inclusion of Coastal MWD</p> <p>Note: Totals may not foot due to rounding</p>				

### 6.3 Collections

The Standby Charge is collected on the tax rolls, together with *ad valorem* property taxes. Any Standby Charge amounts so collected will be applied as a credit against the participating member agency's RTS Charge obligation. Delinquent payments collected on behalf of a member agency will be credited to the member agency in the year of collection. Copies of reports and/or statements from county tax collectors showing standby charges collected on behalf of a member agency are available for inspection at Metropolitan's headquarters and will be provided to member agencies upon request.

If a participating member agency's Standby Charge collections exceed that agency's RTS Charge obligation, those additional collections shall be credited to other outstanding obligations of that agency that fund the capital costs or maintenance and operation expenses for Metropolitan's water system, or future RTS Charge obligations of such agency. If a participating member agency's Standby Charge collections are not sufficient to meet that agency's RTS Charge obligation, that agency shall pay Metropolitan within fifty days after Metropolitan issues an invoice for any remaining RTS Charge obligation.

## **6.4 Estimation of Net Standby Charge Revenues**

Metropolitan estimates net Standby Charge revenues that would be available as a credit against a member agency's RTS obligation for the following fiscal year. The estimate of gross Standby Charge revenue is based on the most recent estimate of the number of parcels or acres (billing units) in each member agency's service area.

The Standby Charge revenues estimate also includes a reduction for Standby Charges that will not be collected by Metropolitan during the current fiscal year. Actual Standby Charge revenue received by Metropolitan on behalf of member agencies may be less than projected collections due to:

- Delinquent collections
- Unbilled charges
- County charges for collection services
- Exempted properties.

## **6.5 Administrative Charges**

Metropolitan uses third-party services to administer the Standby Charge. The estimated costs for this service (data management, the acquisition of county assessor's tax rolls, and revenue collections) are allocated to member agencies from which Standby Charges are collected according to each agency's proportional share of total billed parcels (billing units). Metropolitan will determine the amount of actual Standby Charge revenues collected on behalf of member agencies for the previous fiscal year ending June 30. Actual administrative charges will then be allocated to member agencies in proportion to the number of billing units associated with actual Standby Charge revenues received from county tax collectors for the fiscal year to determine actual net Standby Charge revenues.

## **6.6 Invoice Adjustments**

Metropolitan will prepare a statement by September 30 reconciling estimated and actual net Standby Charge revenues for the previous fiscal year ending June 30. Copies of all documentation supporting the accounting review are available at Metropolitan headquarters. Metropolitan is responsible for making the adjustments on the next regularly scheduled water invoice. Credits or additional charges are shown on a separate line noted "Readiness-to-Serve Adjustment" for the previous fiscal year. If a member agency's actual net Standby Charge revenues in the fiscal year are higher than its estimated net Standby Charge revenues, the difference will be credited to the agency in the manner set forth in the Resolution and in Section 7.3 above. If a member agency's actual net Standby Charge revenues in the fiscal year are less than its estimated net Standby Charge revenues, the difference will be invoiced as an adjustment to RTS charges.

## **6.7 Exemptions**

The Standby Charge resolution provides that the following lands are exempt from the Standby Charge: (1) lands owned by the Government of the United States, the State of California, or by any political subdivisions thereof or any entity of local government; (2) lands permanently committed to open space and maintained in their natural state that are not now and will not in the future be supplied water; (3) lands, not included in (1) or (2) above, that the General Manager finds do not now and cannot reasonably be expected to derive a benefit from the projects to which the proceeds of the Standby Charge will be applied; and (4) lands within any member public agency, subagency, or city if the governing body of such public entity elects and commits to pay out of funds available for that purpose, in installments at the time and in the amounts established by Metropolitan, the entire amount of the Standby Charge which would otherwise be imposed upon lands within those public entities.

Each year, Metropolitan makes available to interested parties procedures for filing an Application to be Exempt from the Standby Charge. Metropolitan reviews any such applications for exemption and determines whether the lands are eligible for exemption. If it is determined that the lands are eligible for exemption, an Exemption Agreement is signed by both parties and recorded at the respective county. If the exemption

request is denied, there is an appeal process by which the Finance, Audit, Insurance, & Real Property Committee shall consider such appeal and make recommendations to the Board to affirm or reverse the General Manager's determinations. The Board acts upon such recommendations and its decision as to such appeals is final.

No exemption from the Standby Charge shall reduce the applicable member agency's RTS Charge obligation, nor shall any failure to collect, or any delay in collecting, any portion of the Standby Charge excuse or delay payment of any portion of the RTS Charge when due.

## **7 Local Resources Program Effective Rate**

Metropolitan provides financial incentives through its Local Resources Program (LRP) for the development of local water supplies, including recycled water and recovered water. The incentive is based on the difference between the LRP Effective Rate (referenced in the LRP agreements as Metropolitan's "Full Service Treated Water Rate" or "Treated Non-Interruptible Water Rate") and the project's per unit (\$/AF) cost. For new projects, member agencies can choose instead from three alternative incentive payment structures: up to \$340/AF sliding scale incentive over 25 years, up to \$475/AF sliding scale incentive over 15 years, and up to \$305/AF fixed incentive over 25 years.

### **7.1 Full Service Treated Rate / Treated Non-Interruptible Water Rate**

Since the current rate structure utilizes a tiered pricing system, the LRP Effective Rate is determined using the weighted average of the tiered "Full Service Treated Water Rate" or "Treated Non-Interruptible Water Rate." Therefore, for purposes of agreements existing under the Local Resources Program, the "Full Service Treated Water Rate" or "Treated Non-Interruptible Water Rate" is now defined as being equal to the sum of the System Access Rate, System Power Rate, Treatment Surcharge and Supply Rate effective in the relevant calendar year, and the Capacity Charge expressed in dollars per acre-foot. Metropolitan staff calculates this LRP effective rate annually.



**Table 8**

**Local Resources Program Effective Rate**

Effective date	\$/AF
1/1/06	\$479
1/1/07	\$503
1/1/08	\$530
1/1/09	\$603
9/1/09	\$721
1/1/10	\$724
1/1/11	\$767
1/1/12	\$817
1/1/13	\$862
1/1/14	\$908
1/1/15	\$948
1/1/16	\$967
1/1/17	\$999
1/1/18	\$1,036
1/1/19	\$1,068
1/1/20	\$1,096
1/1/21	\$1,128
1/1/22	\$1,170
1/1/23	\$1,231
1/1/24	\$1,279
1/1/25	\$1,427
1/1/26	\$1,564

## 8 Organizational Responsibility

			Contact		
Administrative Procedure	Group	Section	Name	Email	Phone
Rate Cycle (setting rates & charges)					
	Chief Financial Officer	Budget & Financial Planning	Khanh Phan	<a href="mailto:kphan@mw dh2o.com">kphan@mw dh2o.com</a>	213-217-7533
Billing (Invoices)					
	Chief Financial Officer	Controller	Joy Mayor	<a href="mailto:mwdwaterbilling@mw dh2o.com">mwdwaterbilling@mw dh2o.com</a>	213-217-7547
		Controller	Maria Galvan	<a href="mailto:mwdwaterbilling@mw dh2o.com">mwdwaterbilling@mw dh2o.com</a>	213-217-7892
		Controller	Melissa Tang	<a href="mailto:mwdwaterbilling@mw dh2o.com">mwdwaterbilling@mw dh2o.com</a>	213-217-76542
Special Program Certifications					
Cyclic Programs/Conjunctive Use Program/Emergency Storage Program	Water System Operations	Water Operations & Planning	Keith Nobriga	<a href="mailto:knobriga@mw dh2o.com">knobriga@mw dh2o.com</a>	213-217-6540
Local Resources Program	Water Resource Management	Resource Implementation	Kira Alonzo	<a href="mailto:kalonzo@mw dh2o.com">kalonzo@mw dh2o.com</a>	213-217-6489
Conservation Credits Program	Water Resource Management	Resource Implementation	Kira Alonzo	<a href="mailto:kalonzo@mw dh2o.com">kalonzo@mw dh2o.com</a>	213-217-7693