



Report!

Board of Directors Summary for **November 3, 2000**

Report! is prepared by the Community Involvement Department for all interested individuals. This brief summary of selected items from Eastern Municipal Water District Board of Directors' meetings is distributed after each meeting. Please circulate it to others having an interest. For more information, call 909/928-3777, ext. 4226; or FAX: 909/928-6160.

Special Work Session

The Board of Directors conducted a special work session today to hear a presentation by officials of The Metropolitan Water District (MWD) on the proposed new MWD water rate structure. Making the presentation were **Gil Ivey**, Board Executive Officer; **Brian Thomas**, Chief Financial Officer; and **Shane Chapman**, Principal Resource Specialist in the Financial Planning branch. In addition to EMWD Board members, representatives from several agencies to which EMWD provides supplemental water were present.

The new rate structure is expected to take effect July 1, 2001. If approved by MWD's Board in its present form, as expected, the wholesale water rates would include three categories. In the first category, MWD member agencies would contract for specific amounts of water to be taken during the year and would be required to pay for contracted amounts they did not take; this is referred to as a "take or pay" contract. This encourages accurate forecasting, and the relationship between EMWD and its retail agencies that get supplemental water from Eastern is especially important in the forecasting process.

The second rate category, called "Tier 2", would provide supplemental water to member agencies who need more than their contracted amount. The total rate for this water would be about 12% higher than the total rate for contracted water. The water in this tier would come from agencies that might want to sell some of their contracted amount and from water MWD receives from the State Project or the Colorado River that is excess to what it needs to meet contracted demand for the year.

A third category is the "interruptible" water supply, which is to be used for certified groundwater replenishment projects and agriculture. While priced significantly below the contracted water rate, its customers would risk being the first to be "interrupted" if there is any kind of water shortage. This category is very similar to the current "AG" rate water.

Although actual dollar amounts paid for water in wholesale quantities are expected to change slightly from today's figures, the changes will be so slight that there is not likely be any change to retail water rates.

The next Board work session and formal meeting is scheduled for November 15, 2000.

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