

SCHEDULE W-CA

COMMODITY ADJUSTMENT CLAUSE

A. APPLICABILITY

Applicable to all areas served by the Utility and to all rate schedule commodity charges.

B. PURPOSE

To provide for the automatic adjustment of the Utility's water rate schedule commodity charges per 100 cubic feet whenever the cost per acre foot (A.F.) of water is increased due to changes in the Orange County Water District (OCWD) pump tax and basin equity assessment, the Metropolitan Water District of Southern California (MWD) acre foot charge for treated and untreated water, and fixed charges such as a readiness charge, a connection charge, or a demand charge; and/or the costs of electricity associated with producing and distributing water.

To provide for the automatic adjustment of the Utility's water rate schedule commodity charges per 100 cubic feet to recover expenditures made or proposed within a designated time period, not to exceed one year, to accommodate Federal and/or State mandated rules and regulations pertaining to water quality.

To establish the method for determining the cost of water per acre foot and any resulting change (to the nearest mill) to the rate schedule commodity charges per 100 cubic feet.

C. COST OF PRODUCING AND DISTRIBUTING WATER

The cost of water shall be the sum of the percent of groundwater times its total cost per A.F. plus the percent of water purchased times its total costs per A.F. (including appropriate fixed charges). The total cost per A.F. of groundwater is the sum of the OCWD pump tax plus the cost of electricity to pump water per A.F. The total cost per A.F. of purchased water is the MWD price per A.F. for treated or untreated water (including appropriate fixed charges). The cost of distributing water shall include the cost of electricity for the booster pumps.

D. AMOUNT OF ADJUSTMENT

Previously, the commodity adjustment calculation included an adjustment for the base year 1971-72 cost of water. Effective September 1, 1996, the calculation methodology shall remain the same in all respects with the exception of the base-year calculation. The calculation shall not include a base-year adjustment.

Effective September 1, 1995, the Agricultural Customer Class is combined with the General Commercial/Industrial Customer Class, thereby, eliminating the Agricultural Commodity Adjustment.

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The percent of groundwater to be pumped and imported water to be purchased (including fixed charges) established as of July 1 each fiscal year shall apply in any commodity adjustment computation throughout that fiscal year.

The amount of the commodity adjustment and the data elements required to compute the commodity adjustment for the most recent changes shall be shown in the COMMODITY ADJUSTMENT SUMMARY Section.

E. COST OF WATER QUALITY ADJUSTMENT

The cost of the Water Quality Adjustment shall be calculated in accordance with the following formula.

The Formula is: $\frac{a + b + c}{d}$

d

(expressed to the nearest \$0.001 per 100 cubic feet)

- (a) The estimated expenditures for water quality improvements for a designated period.
- (b) An amount equal to five percent (5%) of (a) immediately above.
- (c) Water Quality Improvement Adjustment Account ending balance.
- (d) The total estimated water sales for a designated period.

A Water Quality Adjustment Account shall be maintained by the Department. Entries to this account shall include:

- (a) An amount equal to water quality expenditures as recorded during the month.
- (b) Less: An amount equal to revenue billed during the time period that is attributable to the Water Quality Adjustment.

F. APPLICATION OF COMMODITY ADJUSTMENT

The commodity charge for all rate schedules shall be adjusted as necessary by the Utilities General Manager to reflect the cost per A.F. of water at that time and to reflect mandated expenditures for water quality improvements. The increased cost of water shall be rounded to the nearest mill per 100 cubic feet and added to the commodity charge for each rate block of each water schedule rate charge.

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G. COMMODITY ADJUSTMENT SUMMARY

The amount of the commodity adjustment and the data elements required to compute the commodity adjustment for the five most recent changes shall be shown in this section. Note: The Agriculture commodity adjustment was eliminated. The Domestic commodity adjustment applies to all customers. (This Table has been simplified to reflect that change.)

Fiscal Year Effective Date:	2007/2008 8/1/2007	2008/2009 8/1/2008	2009/2010 7/7/2009	2010/2011 7/1/2010	2011/2012 7/1/2011
Percent of Source					
- Ground Water (a)	73.9%	68.87%	61.85%	61.84%	64.83%
- Imported Water	26.1%	31.13%	38.15%	38.16%	35.17%
OCWD Pumping Percentage Allowance	74.0%	69.00%	62.00%	62.00%	65.00%
OCWD Groundwater (Acre Feet)	54,756	50,015	43,565	43,534	40,325
Purchased Water (MWD)					
- Treated (Tier 1)					
Acre Feet	4,712	10,009	11,952	11,949	9,443
Percent	6.36%	13.78%	16.97%	16.97%	15.18%
- Treated (Tier 2)					
Acre Feet	-	164	2,492	2,485	-
Percent	0.00%	0.23%	3.54%	3.53%	0.00%
- Untreated (Tier 1)					
Acre Feet	12,432	12,231	10,288	10,291	12,432
Percent	16.78%	16.84%	14.61%	14.62%	19.99%
- Untreated (Tier 2)					
Acre Feet	-	201	2,144	2,141	-
Percent	0.00%	0.28%	3.04%	3.04%	0.00%
- GW Seasonal Shift					
Acre Feet	2,200	-	-	-	-
Percent	2.97%	0.00%	0.00%	0.00%	0.00%
Total Purchased Water (Acre Feet)	19,344	22,605	26,876	26,866	21,875
Total Water (Acre Feet)	74,100	72,620	70,441	70,400	62,200
OCWD Cost of Producing Water (\$/Acre Foot)					
- Replenishment Assessment	\$237.00	\$249.00	\$249.00	\$249.00	\$254.00
- Basin Equity Assessment	-	-	-	-	-

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Fiscal Year Effective Date:	2007/2008 8/1/2007	2008/2009 8/1/2008	2009/2010 7/7/2009	2010/2011 7/1/2010	2011/2012 7/1/2011
MWD - Water Supply (\$/Acre Foot)					
- Treated (Tier 1)	\$493.00	\$543.50	\$681.00	\$722.50	\$761.00
- Treated (Tier 2)	\$590.00	\$650.50	\$792.00	\$840.00	\$886.00
- Untreated (Tier 1)	\$338.50	\$381.50	\$472.00	\$505.50	\$538.00
- Untreated (Tier 2)	\$438.00	\$488.50	\$583.00	\$623.00	\$663.00
- GW Seasonal Shift	\$352.00	-	-	-	-
- MWD Connection and Readiness to Serve Charge (Flat \$ Cost for System)	\$817,200	\$733,100	\$804,900	\$722,400	\$690,000
Cost of Purchased Water (\$/Acre Foot)	\$284.75	\$323.57	\$395.67	\$409.36	\$398.83
Cost of Purchased Water (b) (\$/Hundred Cubic Feet)	\$0.654	\$0.743	\$0.908	\$0.940	\$0.916

H. Electrical Pumping and Distribution Costs:

Fiscal Year Effective Date:	2007/2008 8/1/2007	2008/2009 8/1/2008	2009/2010 7/7/2009	2010/2011 7/1/2010	2011/2012 7/1/2011
Electricity Cost of Local Wells					
- Kilowatt hour consumption (all wells)	25,168,000	23,499,983	21,703,760	23,499,352	20,251,343
- Total Electricity cost (all wells)	\$2,396,727	\$2,361,333	\$2,128,739	\$2,660,097	\$2,438,295
Electricity – Booster Pumps					
- Kilowatt hour consumption (all boosters)	13,914,280	12,595,467	13,909,133	14,100,636	15,255,137
- Total Electricity costs (all boosters)	\$1,423,172	\$1,368,001	\$1,474,725	\$1,639,016	\$1,958,263
Total Electricity Costs (distribution)	\$3,819,899	\$3,729,334	\$3,603,464	\$4,299,113	\$4,396,558
Electricity Cost per Acre Foot	\$69.76	\$74.56	\$82.71	\$98.75	\$109.03
Electricity Cost (\$/Hundred Cubic Feet) (c)	\$0.160	\$0.171	\$0.190	\$0.227	\$0.250

ISSUED BY:
 Marcie L. Edwards
 General Manager

Effective: 07-01-11 by Resolution No.: N/A
 Superseding Resolution No.: 2003R-239

Dated: N/A
 Dated: 12-16-03

SCHEDULE W-CA

COMMODITY ADJUSTMENT CLAUSE

I. System Loss Factor:

Fiscal Year	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Effective Date:	8/1/2007	8/1/2008	7/7/2009	7/1/2010	7/1/2011
Water Distribution (Acre Feet)	74,100	72,620	70,441	70,400	62,200
Water Sales (Acre Feet)	70,069	69,171	67,201	68,499	59,028
Water Losses (Acre Feet)	4,031	3,449	3,240	1,901	3,172
Water System Loss Factor * (d)	94.56%	95.25%	95.40%	97.30%	94.90%
* Loss factor is 1.0 – water losses.					

J. Water Quality Adjustment:

Fiscal Year	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Effective Date:	8/1/2007	8/1/2008	7/7/2009	7/1/2010	7/1/2011
Mandated Quality Expenses	\$1,244,174	\$2,609,174	\$3,705,597	\$3,270,800	\$2,248,873
Water Sales (Hundred Cubic Feet)	30,522,039	30,130,692	29,272,631	29,838,252	25,712,510
Water Quality Adjustment (\$/Hundred Cubic Feet)	\$0.04	\$0.09	\$0.13	\$0.11	\$0.09

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Summary of the Water Commodity Adjustment:

Fiscal Year	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Effective Date:	8/1/2007	8/1/2008	7/7/2009	7/1/2010	7/1/2011
Cost of Purchased Water (b) / (d)	\$0.69	\$0.78	\$0.95	\$0.97	\$0.96
Cost of Electricity (a) * (c) / (d)	\$0.13	\$0.12	\$0.12	\$0.14	\$0.17
Cost for Quality Requirements	\$0.04	\$0.09	\$0.13	\$0.11	\$0.09
Total Calculated WCA	\$0.86	\$0.99	\$1.20	\$1.22	\$1.22
Mitigation	-	-	-	-	-
Water Commodity Adjustment	\$0.86	\$0.99	\$1.20	\$1.22	\$1.22

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