

**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:	2016/2017 4/3/2017	2017/2018 4/3/2018	2018/2019 4/3/2019	2019/2020 2/1/2020	2020/2021 2/1/2021
Percent of Source					
- Ground Water (a)	74.87%	74.87%	76.89%	49.08%	22.01%
- Imported Water	25.13%	25.13%	23.11%	50.92%	77.99%
OCWD Pumping Percentage Allowance	75.00%	75.00%	77.00%	77.00%	77.00%
OCWD Groundwater (Acre Feet)	43,875	43,575	46,978	29,512	12,000
Purchased Water (MWD)					
- Treated (Tier 1)					
Acre Feet	1,844	3,060	7,000	20,550	29,092
Percent	3.15%	5.26%	11.45%	34.17%	53.34%
- Treated (Tier 2)					
Acre Feet	-	-	-	-	-
Percent	0.00%	0.00%	0.00%	0.00%	0.00%
- Untreated (Tier 1)					
Acre Feet	12,881	11,565	7,122	10,073	13,440
Percent	21.98%	19.87%	11.66%	16.75%	24.65%
- Untreated (Tier 2)					
Acre Feet	-	-	-	-	-
Percent	0.00%	0.00%	0.00%	0.00%	0.00%
Total Purchased Water (Acre Feet)	14,725	14,625	14,122	30,623	42,532
Total Water (Acre Feet)	58,600	58,200	61,100	60,135	54,532
OCWD Cost of Producing Water (\$/Acre Foot)					
- Replenishment Assessment	\$402.00	\$445.00	\$462.00	\$487.00	\$487.00
- Basin Equity Assessment	-	-	-	-	-

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Fiscal Year Effective Date:	2016/2017 4/3/2017	2017/2018 4/3/2018	2018/2019 4/3/2019	2019/2020 2/1/2020	2020/2021 2/1/2021
MWD - Water Supply (\$/Acre Foot)					
- Treated (Tier 1)	\$960.50	\$997.00	\$1,032.50	\$1,064.00	\$1,091.00
- Treated (Tier 2)	\$1,074.50	\$1,087.00	\$1,118.50	\$1,150.50	\$1,155.50
- Untreated (Tier 1)	\$630.00	\$680.50	\$713.00	\$743.00	\$766.00
- Untreated (Tier 2)	\$744.00	\$770.50	\$799.00	\$829.50	\$830.50
- MWD Connection and Readiness to Serve Charge (Flat \$ Cost for System)	\$1,723,450	\$1,415,168	\$1,618,100	\$1,387,200	\$1,738,500
Cost of Purchased Water (\$/Acre Foot)	\$499.10	\$545.14	\$583.10	\$750.13	\$909.87
Cost of Purchased Water (b) (\$/Hundred Cubic Feet)	\$1.15	\$1.25	\$1.34	\$1.72	\$2.09

**H. Electrical Pumping and Distribution Costs:**

Fiscal Year Effective Date:	2016/2017 4/3/2017	2017/2018 4/3/2018	2018/2019 4/3/2019	2019/2020 2/1/2020	2020/2021 2/1/2021
Electricity Cost of Local Wells					
- Kilowatt hour consumption (all wells)	21,519,843	20,518,579	21,180,821	13,065,166	7,053,215
- Total Electricity cost (all wells)	\$3,259,397	\$3,134,181	\$3,352,717	\$2,258,441	\$1,216,745
Electricity – Booster Pumps					
- Kilowatt hour consumption (all boosters)	12,129,117	11,497,921	13,189,199	9,832,221	4,986,785
- Total Electricity costs (all boosters)	\$1,859,309	\$1,768,694	\$2,095,742	\$1,662,234	\$823,349
Total Electricity Costs (distribution)	\$5,118,706	\$4,902,875	\$5,448,459	\$3,920,675	\$2,040,094
Electricity Cost per Acre Foot	\$116.67	\$112.52	\$115.98	\$132.85	\$170.01
Electricity Cost (\$/Hundred Cubic Feet) (c)	\$0.27	\$0.26	\$0.27	\$0.30	\$0.39

ISSUED BY:  
 Dukku Lee  
 General Manager

Effective: 02-01-21 by Resolution No.: N/A  
 Superseding Resolution No.: 2003R-239

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

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**COMMODITY ADJUSTMENT CLAUSE**

I. System Loss Factor:

Fiscal Year Effective Date:	2016/2017 4/3/2017	2017/2018 4/3/2018	2018/2019 4/3/2019	2019/2020 2/1/2020	2020/2021 2/1/2021
Water Distribution (Acre Feet)	58,600	58,200	61,100	60,135	54,532
Water Sales (Acre Feet)	55,377	54,999	57,678	56,509	51,914
Water Losses (Acre Feet)	3,223	3,201	3,421	3,626	2,617
Water System Loss Factor * (d)	94.50%	94.50%	94.40%	93.97%	95.20%
* Loss factor is 1.0 – water losses.					

J. Water Quality Adjustment:

Fiscal Year Effective Date:	2016/2017 4/3/2017	2017/2018 4/3/2018	2018/2019 4/3/2019	2019/2020 2/1/2020	2020/2021 2/1/2021
Mandated Quality Expenses	\$2,914,758	\$3,083,009	\$3,278,113	\$3,276,224	\$3,081,925
Water Sales (Hundred Cubic Feet)	24,122,221	23,957,564	25,124,711	24,615,259	22,613,941
Water Quality Adjustment (\$/Hundred Cubic Feet)	\$0.12	\$0.13	\$0.13	\$0.13	\$0.14

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Summary of the Water Commodity Adjustment:

Fiscal Year Effective Date:	2016/2017 4/3/2017	2017/2018 4/3/2018	2018/2019 4/3/2019	2019/2020 2/1/2020	2020/2021 2/1/2021
Cost of Purchased Water (b) / (d)	\$1.22	\$1.32	\$1.42	\$1.84	\$2.19
Cost of Electricity (a) * (c) / (d)	\$0.21	\$0.21	\$0.22	\$0.16	\$0.09
Cost for Quality Requirements	\$0.12	\$0.13	\$0.13	\$0.13	\$0.14
Total Calculated WCA	\$1.55	\$1.66	\$1.77	\$2.13	\$2.42
Mitigation	-	-	-	-	(\$0.15)
Water Commodity Adjustment	\$1.55	\$1.66	\$1.77	\$2.13	\$2.27

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