



Supplemental Guidance to CAWCD Rate Setting Policy: Collection of Fixed OM&R for System Conservation Projects with CAP Project Water

As part of the implementation of the Lower Basin Drought Contingency Plan and related agreements, there is potential for new system conservation projects within the CAP system. This Supplemental Guidance is intended to provide transparency in Fixed OM&R rate-setting by providing a process consistent with current water ordering procedures to enable CAP rate payers to better understand water supply and Fixed OM&R rate impacts stemming from system conservation projects in the CAP system. In January 2020, CAWCD engaged in a public process to obtain input from CAP contractors and subcontractors regarding Fixed OM&R costs associated with system conservation projects. Consistent with the input received by CAP ratepayers, the Supplemental Guidance will facilitate the sharing of Fixed OM&R rate impacts among all CAP rate payers for system conservation projects in the CAP System through 2026. Each year through 2026 CAWCD will:

1. June CAWCD Board Meeting – the Board will request that entities considering new system conservation projects with CAP Project Water for the coming year share their intent with CAWCD staff.¹
2. August CAWCD Board Meeting - staff will present to the Board an overview of any proposed system conservation projects for the coming year.
3. August CAWCD Annual Water Users Meeting - staff will provide an analysis of the rate and water supply impacts of any proposed system conservation projects in the coming year, and seek water user input on system conservation projects for subsequent years.
4. September CAWCD Board Meeting – the Board will consider action² regarding the proposed system conservation project through forgoing its authorities to remarket conserved water recognizing that in so doing Fixed OM&R rates will incrementally increase to CAP rate payers.
5. October – Entities with approved system conservation projects involving CAP Project Water will submit water orders that include the quantity of water intended to be conserved through the system conservation project.
6. January – CAP water users with approved system conservation projects will reduce their CAP Project Water order to reflect the appropriate system conservation volume, CAWCD will provide notice to Reclamation that CAWCD is reducing its diversion schedule to accommodate the system conservation project, resulting in conservation to Lake Mead. CAWCD's calculation of the Fixed OM&R Charge for that year will be adjusted to reflect the reduced water order associated with approved system conservation projects.

¹ Nothing in this Supplemental Guidance precludes entities from engaging with CAWCD staff prior to the June CAWCD Board Meeting.

² For System Conservation Projects that are a part of the United States' commitments under the Lower Basin Drought Contingency Plan, CAWCD's commitment to forego remarketing conserved water is as set forth in the Lower Basin Drought Contingency Plan Agreement (May 20, 2019) and the Agreement Regarding Lower Basin Drought Contingency Plan Obligations (May 20, 2019).