

Permanent Special Agricultural Water Rate Program Handbook

Calendar Year 2021



Our Region's Trusted Water Leader
San Diego County Water Authority

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Introduction

Permanent Special Agricultural Water Rate

The Permanent Special Agricultural Water Rate (PSAWR) is a water rate for eligible agricultural customers, offered by the San Diego County Water Authority (Water Authority) to its member agencies who then pass through the rate benefits to their eligible customers. The member agency customers that participate in the PSAWR Program receive a lower level of water service during water shortages or emergencies. In exchange, those member agency customers are exempt from paying storage and certain other Water Authority charges that fund programs that provide greater water supply reliability during shortages or emergencies.

The PSAWR class of service is implemented at the San Diego County Water Authority Board of Director's (Board's) discretion – with the PSAWR cost benefit components subject to annual review as part of the Water Authority's rate setting process. The PSAWR Program may be reevaluated and/or modified at any time at the Board's discretion.

PSAWR Program

Understanding the importance of the agricultural sector to the San Diego region, the Water Authority has provided a special agricultural water rate to certain farmer and grower member agency customers since 2008 through the Transitional Special Agricultural Water Rate (TSAWR) Program. As a separate class of service, TSAWR member agency customers receive a reduced level of water supply reliability in exchange for the lower agricultural water rates (compared to Municipal and Industrial full-service rates).

With the TSAWR Program set to expire on December 31, 2020, the Board, on November 21, 2019, authorized the Fiscal Sustainability Task Force to work with Water Authority staff to develop program-specific policies and procedures for the new PSAWR Program. PSAWR Program policies and procedures were modeled after the TSAWR Program requirements.

The PSAWR Program will continue to offer certain member agency farmer and grower customers, who voluntarily participate in the program, a lower agricultural water rate tied to a reduced level of water service during water shortages and emergencies. The PSAWR Program will begin on January 1, 2021.

PSAWR Program Handbook

The PSAWR Program Handbook (Handbook) was developed to provide stakeholders with information on eligibility, guidelines and procedures for administering the PSAWR Program. This version of the Handbook replaces all prior handbooks and will be used to administer the PSAWR Program for calendar year (CY) 2021.

Eligibility

To participate in the PSAWR Program, member agency agricultural customers must grow or raise – for commercial purposes – products of an agricultural, horticultural, or floricultural nature. Member agencies will be required to verify their customers' eligibility by confirming customers are on one of the four lists described below. The Water Authority will provide an assessor parcel number (APN) list annually, which will include all operators on the four eligible lists. The Water Authority will be responsible for updating and distributing the APN list on a yearly basis for member agencies' eligibility reverification process. Member agencies will be responsible for confirmation of eligibility through enrollment in one of the following San Diego Regional Water Quality Control Board (Regional Board) or County of San Diego program lists:

1 Regional Board General Agricultural Orders Enrollment List

In 2016, the Regional Board adopted General Waste Discharge Requirements for Discharges from Commercial Agricultural Operations (or General Agricultural Orders). The Regional Board requires all owners or operators of Commercial Agricultural Operations that intend to make a profit in the San Diego region to comply with the General Agricultural Orders and enroll in the Regional Board's program.

2 Grower's List

The Grower's List is an inventory of San Diego agricultural operators with a County of San Diego assigned operator identification number associated with pesticide use.

3 Active Certified Producers

A Certified Producer is a farmer who has been certified by the County of San Diego's Department of Agriculture Weights and Measures (AWM) to sell in Certified Farmers Markets (CFMs). This means that AWM inspectors have visited their farm to verify their agricultural production. AWM issues a Certified Producer's Certificate to the farmer, which lists the products they grow and may sell in a CFM.

4 Organic Producers

The United States Department of Agriculture's National Organic Program defines "organic agriculture" as an ecological production management system that promotes and enhances biodiversity, biological cycles, and soil biological activity. This means that organic operations must maintain or enhance soil and water quality, while also conserving wetlands, woodlands, and wildlife. This list can be obtained from AWM.

Inclusion on one of the four lists above does not automatically guarantee enrollment in the PSAWR Program. Compliance with additional eligibility requirements, if any, adopted by a participating member agency's governing board is also required.

To allow for a smooth transition between the TSAWR and PSAWR Programs, upon the end of the TSAWR Program on December 31, 2020, the Water Authority will allow existing TSAWR Program customers to temporarily migrate into the PSAWR Program on a conditional basis until their eligibility for the PSAWR Program is verified. Member agencies will be given a six-month extension, through June 30, 2021, to verify existing TSAWR Program customers are eligible. If existing TSAWR Program customers do not meet the new PSAWR Program eligibility criteria, listed above, they cannot participate in the new PSAWR Program and shall be removed immediately once ineligibility is determined. Member agencies will be required to re-verify customer eligibility for the PSAWR Program annually (by cross-checking PSAWR Program customers' Assessor Parcel Number (APN) against the San Diego Regional Board's General Agricultural Order list or the County of San Diego's Grower's List, Active Certified Producers and Organic Producers list). If a member agency determines a customer no longer meets the eligibility requirements, that customer will be deemed ineligible for the PSAWR Program and shall be removed.

PSAWR customers may also be subject to site visits as an additional eligibility criteria measure to visually inspect and affirm that the operation is producing commercial goods of an agricultural, horticultural, or floricultural nature.

Enrollment

All PSAWR Program participants must complete a PSAWR Program Enrollment Form (Appendix D) to be eligible to participate. Member agencies are required to obtain written approval from their retail customers of their intent to enter the PSAWR Program, and such consent must be made prior to entry into the program (excluding the temporary 6-month conditional transition period for existing TSAWR Program customers). This shall be achieved by the retail customer completing the PSAWR Program Enrollment Form, which includes a written consent clause, and submitting it to the member agency. Member agencies will be required to provide proof that an enrollment form was received, and that eligibility is verified annually by confirming the participant's enrollment in one of the four lists mentioned in the section above.



Member Agency Cost Benefits

The cost benefits that accrue to member agencies participating in the PSAWR Program apply to three components of the Water Authority's rates and charges:

Supply Rate Differential

Supply Rate Differential is the difference between the Water Authority's melded supply rate and Metropolitan Water District of Southern California's (Metropolitan's) full service untreated volumetric rate. For both treated and untreated deliveries, the differential for CY 2021 is \$163/AF.

Storage Charge Exemption

Storage Charge Exemption is the avoidance of a commodity-based fixed charge set to recover costs associated with the Emergency Storage Program (ESP) and Carryover Storage Program (CSP). For CY 2021, the estimated regional storage charge exemption is approximately \$189/AF

Supply Reliability Charge (SRC) Exemption

Supply Reliability Charge (SRC) Exemption is the avoidance of a commodity-based fixed charge that recovers the cost of the Water Authority's investment in long-term water supply reliability. For CY 2021, the SRC exemption is approximately \$122/AF.

The benefits currently defined are subject to change based on an annual rate setting analysis performed by the Water Authority. Exempt from the Water Authority's Storage Charge and SRC, PSAWR Program deliveries are not included in member agencies' three- and five-year rolling-average deliveries, respectively. These delivery volumes are used to calculate member agencies' proportional shares of these commodity-based fixed charges. A member agency's actual Storage Charge and SRC exemptions will vary based on historic purchases from the Water Authority. Member agencies are required to reasonably pass through these cost benefits directly to the PSAWR retail customer. A sample method to calculate a member agency's PSAWR Program cost benefit is included in the table below.



Table 1 – Sample Method to Calculate Member Agency CY 2021 PSAWR Cost Benefit

				CY 2021 Cost Benefit (\$/AF)¹ Estimated
Storage Charge Exemption				
Member Agency Annual Fixed Storage Charge	÷	Member Agency Annual Projected M&I Sales (AF)	=	Unit cost paid only by M&I customers (PSAWR avoided cost)
		(example calculation below)		
\$1,870,000	÷	10,000	=	\$187
Supply Reliability Charge (SRC) Exemption				
Member Agency Annual Fixed SRC Charge	÷	Member Agency Annual Projected M&I Sales (AF)	=	Unit cost paid only by M&I customers (PSAWR avoided cost)
		(example calculation below)		
\$1,200,000	÷	10,000	=	\$120
Supply Rate Differential				
Water Authority Melded Supply Rate	-	PSAWR Supply Rate (Metropolitan Full-Service Volumetric Rate)	=	PSAWR avoided supply cost
		(example calculation below)		
\$940	-	\$777	=	\$163
Total Estimated Cost Benefit				\$470

¹ - The cost benefit will vary by member agency.

Table 2 summarizes the estimated cost benefits of the PSAWR Program for CY 2021:

Table 2 – Components of Cost Benefit for CY 2021 PSAWR Program

PSAWR Cost Benefit	CY 2021 (\$/AF) Estimated
Supply Rate Differential	\$163
Estimated Storage Charge Exemption*	\$189
Estimated Reliability Charge Exemption*	\$122
Estimated Total Cost Benefit**	\$474
*- Fixed charge converted to \$/AF using regional Municipal and Industrial (M & I) sales forecast. Actual cost benefit from storage and reliability charge exemptions will vary by member agency. ** - Excludes any additional costs collected through other rates and charges associated with the Regional Conveyance Project.	

Water Rates

Member agencies with retail customers enrolled in the PSAWR Program are assessed a water rate that reflects a reduced level of service and supply reliability. This PSAWR “all-in” rate is comprised of the following components:

- Metropolitan Full-Service Tier 1 Untreated Supply Rate
 - Components are subject to change based on Metropolitan’s rate structure revisions
- Melded Treatment Rate
- Transportation Rate
- Customer Service Charge

Table 3 summarizes the charges associated with the Water Authority CY 2021 “all-in” PSAWR rate:

Table 3: CY 2021 “All-in” PSAWR Rate

Water Authority Rates ¹	CY 2021 (\$/AF)
PSAWR Supply Rate (Metropolitan Full-Service Untreated Volumetric Cost (Tier 1))	\$777
Melded Treatment Rate	\$295
Transportation	\$150
Customer Service [^]	\$73
Total Cost – PSAWR Treated Water	\$1,295
Total Cost – PSAWR Untreated Water	\$1,000
¹ - Infrastructure Access Charge is not included in this table because those charges are not based volumetrically [^] - Fixed charge converted to \$/AF using the Water Authority’s regional sales forecast	

Table 4 shows the PSAWR “all-in” rate and cost-benefit for CY 2021.

Table 4 – PSAWR “All-In” Rate by Water Type & Components of the PSAWR Cost-Benefit, Calendar Year 2021 (figures in dollars/acre-foot)

Calendar Year	PSAWR “All-In” Rate		PSAWR Cost-Benefit			
	Untreated	Treated	Supply	Reliability	Storage	Total
2021	\$1,000	\$1,295	\$163	\$122	\$189	\$474

Table 5 and Table 6 breakdown the costs PSAWR participants are assessed and not assessed.

Table 5: Rate Breakdown – Assessed

Metropolitan Full-Service Tier 1 Untreated Supply Rate ¹
-Melded Treatment Rate
-Transportation Rate
-Customer Service Charge
-Infrastructure Access Charge

¹- Components are subject to change based on Metropolitan rate updates

Table 6: Rate Breakdown- Not Assessed

Water Authority Melded Supply Rate ¹
-Storage Charge
-Supply Reliability Charge
-Any additional costs collected through other rates and charges associated with the Regional Conveyance Project

¹ - Composed of Metropolitan, QSA and Carlsbad desalination supply costs



Administrative Duties

Water Authority Responsibility

The Water Authority shall oversee administration of the PSAWR Program at the member agency level in conformance with Board approved PSAWR policies and procedures.

Member Agency Responsibility

Member agencies are responsible for administrating the PSAWR Program at the retail customer level – with activities including, but not limited to retail customer eligibility verification, program enrollment, reporting of program deliveries, and assistance with the year-end review processes described in the next section.

Reporting Process

Monthly Reporting

Member agencies participating in the PSAWR Program will provide monthly certification forms attesting to the total volume of Water Authority supplies used to meet their eligible customers' PSAWR agricultural water demands. All certification form values will be rounded to the nearest tenth of an acre-foot (0.1 AF). Appendix A contains a sample certification form showing required information. Member agencies must submit their certification forms by the third (3) business day, by 5 p.m., following the end of the reported month in order to receive the discount on the water sales invoice for the reported month. Certification forms submitted after the third business day of the month will be processed for inclusion on the monthly water sales invoice for the month following the reported month. Certification forms submitted 60 calendar days or more after the end of the reported month will be ineligible to receive the PSAWR rate.

Annual Reporting

The Water Authority will conduct fiscal year-end PSAWR Program processes that include:

- Annual Assessment
- Annual Reconciliation
- Annual Eligibility Reverification

The annual assessment process is intended to: 1) ensure accurate computation of certified monthly PSAWR Program water deliveries; 2) pass through any identified PSAWR delivery adjustments to member agencies; and 3) finalize fiscal year-end PSAWR deliveries. Member agencies will provide all necessary back-up data used to complete their monthly certification forms. An annual assessment shall be conducted at the end of each fiscal year. Additionally, as part of the annual assessment, Water Authority staff will conduct a PSAWR customer site visits intended to confirm adherence to PSAWR eligibility criteria. Site visits involve Water Authority staff selecting two PSAWR member agencies and working with these agencies to identify three representative retail customers from each service area to visit.

To streamline the member agency reporting processes, the annual assessment will be incorporated into the member agency annual reconciliation process that includes verification of other various datasets (such as, water deliveries and water use). Appendix B provides more information on the procedures for the annual assessment.

Member agencies will be expected to perform an eligibility reverification annually, on a fiscal year basis, to ensure compliance to the criteria established by the PSAWR Handbook (see Eligibility Section). This will be accomplished by ensuring that PSAWR Program participants are present on an Assessor Parcel Number (APN) list that the Water Authority will be responsible for updating and providing each year. The APN list will include the San Diego Regional Board's General Agricultural Order enrollees and the County of San Diego's Grower's List, Active Certified Producers and Organic Producers list.

Biennial Reporting

Every two years, the Water Authority will perform a member agency cost benefit passthrough verification process for PSAWR Program member agencies. Based on member agency feedback regarding the TSAWR Program, the verification process was changed from an annual to biennial reporting process. The verification process is designed to ensure member agencies make a reasonable effort to pass through the full PSAWR cost benefits to their retail customers through the agencies' respective rate structures, fees, and/or charges. Further, the biennial reporting requires member agencies to demonstrate the means and implementation procedures necessary to implement any potential required service limitations. As part of the biennial reporting requirement, member agencies participating in the PSAWR Program will provide the Water Authority with a written statement signed by the member agency's general manager or water utility department head confirming that the cost benefits and associated service limitations of the PSAWR Program are reasonably allocated by the member agency to its participating agricultural water users through the member agency's water rates, fees or charges. The written statement shall include:

- A description of the member agency's method for allocating the costs benefits and associated service limitations to participating agricultural water users;
- A copy of the member agency's applicable ordinance, resolution, or schedule of rates, charges, or fees;
- A sample billing statement or statements that demonstrates the differential in rate fees or charges for participating agricultural water users.

The member agency may include additional information demonstrating compliance with this ordinance. An example biennial reporting written statement can be found in Appendix C.

Entering and Exiting the PSAWR Program

New eligible customers may sign up to receive the PSAWR Program water rate at any time during non-service limitation periods. Non-service limitations periods are when there are no service limitations imposed to PSAWR member agencies such as a cutback from Metropolitan or emergency situations. Furthermore, participating customers may opt-out of the PSAWR Program at any time during non-service limitation periods. In other words, PSAWR customers are not allowed to opt-out during a cutback, emergency, shortage periods or when the Water Authority's Water Shortage Contingency Plan is activated. As part of the compliance obligations, member agencies must have a requirement to ensure service limitations (described below) are allocated to PSAWR

participants in the event of supply cutbacks from Metropolitan or emergency situations. When such events occur, the Water Authority will require each participating member agency to meet an established mandatory PSAWR supply reduction level based on all certified program participation for the most recently completed fiscal year in which allocations had not previously occurred. If a PSAWR Program account has opted out, the parcel number associated with that retail meter account will not be allowed to re-enter the PSAWR Program unless the parcel legally changes ownership in an arm's length commercial transaction verified by the member agency.

If an active PSAWR Program participant's parcel becomes ineligible for the PSAWR Program during a non-service limitation period by being removed or dropped from one of the four eligible lists maintained by the County or Regional Board, a member agency may appeal the participant's loss of eligibility provided that the member agency provides written notice and supporting documentation to the Water Authority. Within 30 days of receiving the appeal request from the member agency, the Water Authority shall review the appeal request and provide a written response supporting or opposing reinstatement of the participant's PSAWR Program eligibility. An appeal request will not be considered if the participant voluntarily requests in writing to opt-out of the PSAWR Program. Any decision of the Water Authority is final.

Allocation Procedures for Supply Shortages

In exchange for the cost benefits associated with the supply rate differential and exemptions from the Storage Charge and SRC, PSAWR member agency customers are subject to higher cutbacks compared to Municipal & Industrial (M&I) customers in the event of a supply allocation from Metropolitan, or other water shortages.

One potential PSAWR supply cutback is tied to Metropolitan's allocation to the Water Authority. To implement the allocation, a PSAWR Program base year is established using the most recently completed fiscal year, for which PSAWR Program data are available, and should represent a period in which allocations did not occur. Once the allocation cutback percentage is established, it is applied to the base year to calculate member agencies' allocations. Each member agency is responsible for staying within its PSAWR Program allocation regardless of whether the member agency allows customers to leave the PSAWR Program during the allocation.

Supply Rate Differential -Service Limitations

In exchange for receiving the supply rate differential, PSAWR member agency customers will receive a percent reduction in supplies that is equal to the percent reduction in supplies set by Metropolitan under its shortage action. The reduction will be in effect as long as Metropolitan's shortage action is in effect. For example, a required 10% reduction in supplies from Metropolitan for a period of 18 months would result in a 10% reduction in supplies to PSAWR customers for a period of 18 months. The reduction in PSAWR customer supplies is tied to Metropolitan's reduction level because PSAWR customers pay just the Metropolitan supply rate and are ineligible to receive the higher level of reliability associated with the Water Authority's Quantification Settlement Agreement (QSA) and seawater desalination supplies. M&I customers benefit from the availability of Water Authority QSA and seawater desalination supplies during such a shortage action, effectively reducing the impact of a Metropolitan reduction on M & I customers to a level that is less severe than the reduction experienced by PSAWR Program participants. The PSAWR service limitation is tied to the cost benefit associated with this class of service and subject to modification during the Water Authority's annual rate setting process. A minimum 5%

difference between the Water Authority's M&I cutback level and PSAWR customers is required to maintain the class of service supply reliability differential.

Storage Charge exemption – Service Limitations.

In addition to the potential MWD shortage reduction described above, in exchange for receiving the storage charge exemption, customers receiving the PSAWR rate forfeit some, and potentially all, of certain designated Water Authority storage supplies, including:

Emergency storage. Should Emergency Storage Project (ESP) supplies be utilized, the cutback rate for customers receiving the Water Authority's agricultural water rate would be twice the rate imposed on Water Authority member agency M&I customers, up to a 90% cutback. Reductions in deliveries that arise from such a cutback would be reallocated to M&I customers. For example, if the regional cutback level is 25%, PSAWR customers would take a 50% cutback, with the water "freed up" for allocation to M&I member agency customers.

Carryover storage. Based on the Water Authority's March 25, 2010 Board action, no Carryover Storage Program (CSP) supplies are available to member agency customers receiving the PSAWR rate. A summary of the methodology used to ensure CSP supplies are delivered solely to M&I customers during a shortage is included in Table 7.

SRC Exemption – Service Limitations.

In exchange for receiving the SRC charge exemption, PSAWR member agency customers forfeit the additional reliability of QSA and seawater desalination supplies.

Table 7 – Summary of Methodology to Ensure Carryover Storage Supplies are Allocated Solely to M&I Customers*

Potential Scenario	Proposed Method
Metropolitan allocating supplies (no Water Authority cutback to member agencies) Water Authority avoids M&I shortage through use of CSP supplies	Establish PSAWR allocation based on Water Authority cutback from Metropolitan without utilization of CSP supplies
Metropolitan and Water Authority are allocating supplies Water Authority lessens M&I shortage through use of CSP supplies	For M&I customers, establish allocation of CSP supplies Agency's total M&I wholesale allocation equal to supply allocation (Metropolitan and Water Authority supplies) + CSP allocation PSAWR allocation based on MWD cutback

*Methodology approved by Board on April 26, 2012.

If the Board were to activate any level in the Water Authority's Water Shortage Contingency Plan and withdraw carryover storage supplies to meet M&I demands, PSAWR member agency customers are not allowed to leave the program for the duration the level is implemented or for three years, whichever is a shorter period.

On December 8, 2016, the Water Authority Board approved policy guidelines for managing carryover storage supplies based on Metropolitan's cutback levels during both normal and shortage periods. A policy is included in the guidelines that restates the Board's previous action that no CSP supplies are available to customers receiving the special agricultural class of service.

Water Authority Board Actions

Below are Water Authority Board Actions associated with the PSAWR Program:

December 8, 2016

Board action approving Policy Guidelines for Managing Carryover Storage Supplies and Revisions to the Stored Water Fund Policy.

November 21, 2019

Board action regarding Fiscal Sustainability Task Force Special Agricultural Water Rate Recommendation.

June 25, 2020

Board action regarding the adoption of the Water Authority's rates and charges for calendar year 2021.



Frequently Asked Questions (FAQs)¹

What is the minimum planted acreage requirement to be eligible for the PSAWR Program?

The Water Authority's PSAWR Program eligibility criteria do not include a minimum planted acreage, but eligibility requirements from San Diego Regional Water Quality Control Board (Regional Board) or County of San Diego programs may have such requirements. However, customers are encouraged to check with their local retail water purveyors regarding their eligibility requirements.

Are customers who request to receive the PSAWR rate automatically enrolled in PSAWR program if they are on one of the four lists?

Inclusion on one of the four lists does not automatically guarantee enrollment in the PSAWR Program. Compliance with additional eligibility requirements adopted by a participating member agency's governing board is also required.

How much of the customer's crop needs to be sold to qualify as a commercial operation?

A minimum threshold for crop sales is not part of the PSAWR eligibility requirements, but eligibility requirements from San Diego Regional Water Quality Control Board (Regional Board) or County of San Diego programs may have such requirements.

Will customers be eligible in the event of crop production changes?

If an agricultural operation is stopped due to unforeseen events such as insect/bug infestation or less sales, so long as water is being used for qualified agricultural purposes, customers will still be eligible.

Will customers be eligible in the event of property meter changes?

If a water meter is changed from an agricultural meter to a residential meter, and the property no longer utilizes water for agricultural production, the customer will no longer be eligible to participate in the PSAWR Program.

If a customer splits their lot and sells one lot to a new owner, can both continue to participate in the PSAWR Program?

Both lots may participate but will do so as two distinct participants. Each lot will need to meet the eligibility requirements and complete the required enrollment form(s) to participate in the program.

Where can forms related to the PSAWR Program be found?

Member agencies are responsible for the administration of the PSAWR Program at the customer level and will provide the necessary forms for enrollment.

¹ All customers are encouraged to check with their local retail water purveyors regarding their eligibility requirements.

APPENDIX A
Sample Certification
Form

CERTIFICATION FORM - PERMANENT SPECIAL AGRICULTURAL WATER RATE (PSAWR) PROGRAM Calendar Year 2021

(Figures in AF and rounded to nearest 0.1 AF)

Member Agency: _____

Certification Month/Year: _____

I. Water Production & Sales:

(1) Full service purchased from County Water Authority (Net Deliveries)		566.8	
(2) Change in water system storage (+ for withdrawals, - for storage)		(5.4)	
(3) Total full service supply to system	(1) + (2) =	561.4	
(4) Local production of other sources		0.0	
(5) Total water supplied to system	(3) + (4) =	561.4	
(6) Total sales		509.8	

II. Water Used for Agricultural Purposes (Complete for SAWR accounts only):

(7) Agricultural use only		2.0	
(8) Agriculture with incidental domestic use ¹			

Metered Quantity	No. of Single Family Dwellings		Metered Quantity - (No. of Single Family Dwellings * .05) =
1	2		0.9

(9) Total agricultural use		2.9	
(10) PSAWR water used for agriculture	(9) * [(3) / (5)] =	2.9	

III. Gain, Loss and Differences Due to Timing of Meter Readings Calculation:

(11) Total gains/losses & timing differences (losses are negative)		(51.6)	
(12) Agricultural gains/losses & timing differences	(9) * [(11) / (6)] =	(0.3)	
(13) Gains/losses & timing differences	(12) * [(3) / (5)] =	(0.3)	

IV. Total Agricultural Credit:

(14) Total agricultural credit (losses increase, gains decrease credit)		3.2	
(15) Qualifying credit	Lesser of (3) or (14) =	3.2	

V. Signature:

Member Agency	Name	Title	Date
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¹ The single-family residential use factor (0.05 acre-feet/month) is based on data collected in Summer 2020 from four large agricultural member agencies that account for 45% of the current special agricultural water rate program.

APPENDIX B

**PSAWR Annual Assessment
Procedures**

PSAWR Annual Assessment Procedures

Background

The purpose of this document is to provide information on the procedures and member agency data collection required for the Water Authority's annual assessment of the Permanent Special Agricultural Water Rate (PSAWR) program.

An annual assessment for the PSAWR program shall be conducted at the end of each fiscal year and coincide, approximately, with efforts to complete the annual reconciliation process performed each year between the Water Authority and member agencies on total deliveries and water use. Linking PSAWR assessment with the annual reconciliation will streamline member agency reporting requirements.

The objective of the PSAWR annual assessment is to confirm agencies' computations and source documents. Monthly back-up documentation obtained from agencies is used to verify line-item calculations listed on each agency's monthly PSAWR certifications.

Any reconciled variances of five (5) acre-feet or more for any line item on the PSAWR certification form relating to a calculated credit (Appendix A) shall require a revision for that month. Any variance smaller than five acre-feet shall be noted, and may not be adjusted, based on immateriality.

Data Collection

In addition to the standard annual reconciliation data, the Water Authority shall request back-up operational data from those agencies participating in the PSAWR program at the end of each fiscal year. This operational data shall include the following data sets for each month of the assessment period:

1. Total monthly retail sales report (to validate Line 6 of the PSAWR certification form)
2. For PSAWR accounts only, total monthly retail sales to dedicated agriculture meters and total monthly retail sales to agriculture-with-incident-domestic-use meters (to validate Lines 7 and 8 of the PSAWR certification form).

Site Visits

As part of the annual assessment, the Water Authority will select a subset of participating PSAWR member agencies to conduct site visits. Water Authority staff will then work with member agency staff to coordinate selection of a sample set of PSAWR customer accounts for annual site visits. Selection of potential PSAWR accounts shall be done through random sampling of a cross-

section of large and small scale growers and include a minimum of three (3) sample accounts per agency. Additional documentation for selected accounts may be required (such as verification of acreage in production or retail customer PSAWR enrollment documentation).

Site visits would be closely coordinated with the member agency staff and would be conducted on the identified accounts to confirm compliance with the PSAWR participation requirements after review of the PSAWR assessment documentation.

Final PSAWR Deliveries

Once the certification review process is complete and all revisions are confirmed with member agency staff, the Water Authority will send a final reconciliation letter to each participating PSAWR agency that will attest to the final certified volume for each month of the fiscal year. The letter shall include a summary explanation of any revisions, together with tables showing initial and final monthly PSAWR delivery volumes for the assessment period.

Annual Assessment Timeline

To facilitate timely completion of the assessment process, the Water Authority has established the following approximate timeline to implement the PSAWR annual assessment on a fiscal year basis:

Activity	Target completion month
Data request for supporting PSAWR documentation	August
PSAWR data request due date	September
PSAWR site visits	December
PSAWR certification assessment	December
Final PSAWR assessment letter	December

Program Contacts

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APPENDIX C

Example Biennial Statement of Verification

[SAMPLE WRITTEN STATEMENT]

[Date]

Melinda Nelson
Clerk of the Board
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123

Dear Ms. Nelson,

Per San Diego County Water Authority Ordinance No. 2020-04, this letter serves as a written statement confirming that [AGENCY] is reasonably allocating the cost benefits of the Water Authority's Permanent Special Agricultural Water Rate (PSAWR) to its participating agricultural water users through [AGENCY'S] water rates and charges. The cost benefits allocated by [AGENCY] include the supply rate differential provided by the Water Authority along with the cost benefits associated with PSAWR deliveries not being included in the calculation of [AGENCY'S] proportional share of the Water Authority's fixed storage and supply reliability charges. This letter also serves as written statement that [AGENCY] has a method in place to pass through the PSAWR service limitations, imposed on [AGENCY] by the Water Authority to its participating agricultural water users.

Pursuant to Ordinance No. 2020-XX, the following attached documentation demonstrates compliance with the ordinance:

[THE TYPE OF DOCUMENTS TO BE SUBMITTED INCLUDE: THE WATER AUTHORITY'S SUMMARY COMPLIANCE FORM; CURRENT ADOPTED RATE SCHEDULE DEMONSTRATING COST BENEFIT; SAMPLE CUSTOMER BILLING STATEMENT DEMONSTRATING RATE DIFFERENTIAL FOR TSAWR CUSTOMERS; AND COPY OF RESOLUTION OR AGRICULTURAL REDUCTION PLAN SECTION DOCUMENTING HOW PSAWR SERVICE LIMITATIONS ARE IMPOSED. REFER TO ORDINANCE 2020-XX OR COMPLETE LIST OF POTENTIAL DOCUMENTS THAT CAN BE SUBMITTED]

Please contact _____ at _____ should you have any questions or need additional information.

Sincerely,
[General Manager or Water Utility Department Head]
Attachments

APPENDIX D

**PSAWR Program Enrollment
Form**

**PERMANENT SPECIAL AGRICULTURAL WATER RATE (PSAWR)
ENROLLMENT FORM**

To receive the PSAWR water rate as established by the San Diego County Water Authority, and administered by {INSERT MEMBER AGENCY}, a Property Owner or Authorized Agent is required to provide the following information, provide written consent, certification and acknowledgement as indicated on this form. Failure to complete all sections and/or provide requested documentation may result in ineligibility for the PSAWR water rate.

OWNER/AUTHORIZED AGENT’S BILLING INFORMATION:

Account Number: _____ Single Meter – Agricultural Use Only
 Owner Name: _____ Single Meter – Agricultural/Residential (share)
 Operator/Agent (If applicable) _____
 Service Address: _____
 Owner’s Mailing Address (If different than above) _____
 Owner/Agent’s Phone Number _____ Owner/Agent’s Email _____

SECTION 1 – QUALIFICATIONS FOR PSAWR Water Rate (Required):

In accordance with the San Diego County Water Authority policies, {INSERT MEMBER AGENCY} and Owner acknowledge that to participate in the PSAWR water rate, agricultural customers must:

“Grow or raise – for commercial purposes – products of an agricultural, horticultural, or floricultural nature.”

SECTION 2 – PROPERTY INFORMATION (Required): Information in table below to be provided by Owner regarding the real property covered by the PSAWR water rate for Calendar Year 2021 (add more lines, as needed, for additional APN’s):

Assessor’s Parcel Number (APN)	Acreage of Parcel	Acreage Dedicated to Agricultural Product	Is there a residence on the Parcel	Type of crop	Percentage of crop/product types
EXAMPLE...125-125-10104YESAvocados50% Avocados; 50% Citrus

SECTION 3 – VERIFICATION OF COMMERCIAL AGRICULTURAL SALES (Required):

Concurrent with the completion of this Enrollment Form, {INSERT MEMBER AGENCY} will determine if the Commercial Agricultural Operation is included on one of the following lists (**ONLY 1 REQUIRED**):

- Grower’s List
- Active Certified Producers List
- Organic Producers List
- Regional Board General Agricultural Order Enrollment List

SECTION 4 – CONSENT TO PARTICIPATE AND ACKNOWLEDGMENT(Required):

I hereby certify that:

- I, < Owner/Agent’s Name>, am the owner or authorized agent of the owner, of the above referenced property and consent to participate in the PSAWR water rate.
- The information provided herein is true and correct.
- Water purchased under the PSAWR water rate will be used for agricultural purposes in accordance with the rules of the San Diego County Water Authority PSAWR Handbook.

I hereby acknowledge that:

- Water received under the PSAWR water rate is a non-firm, interruptible supply, subject to early and accelerated mandatory supply reduction, based upon water supply conditions as determined by the San Diego County Water Authority.
- Water use under the PSAWR water rate is subject to periodic examination , and I agree to respond in a timely manner to requests for information and access to properties.
- Failure to provide a reasonable response and access will result in automatic termination of the PSAWR water rate.
- I will not be allowed to opt out of the PSAWR water rate during or under substantial threat of a mandatory water supply reduction.
- Water purchased under the PASWR water rate, but done so on the basis of **incorrect information** supplied by the applicant, or water utilized for uses **other than commercial agricultural purposes** as defined by the San Diego County Water Authority, may result in the assessment by {INSERT MEMBER AGENCY} of water rates, penalties and charges as required by the San Diego County Water Authority, which I hereby agree to pay.
- If at any time the status of my eligibility changes, I am responsible for notifying {INSERT MEMBER AGENCY} within 30 days. Failure to notify the San Diego County Water Authority of a change in eligibility within 30 days will result in retroactive assessment of the San Diego County Water Authority’s M&I water rates and charges for the period of ineligibility in which the PSAWR water rate was received, which I hereby agree to pay.

Owner/Agent’s Name _____ Title _____
(Please Print) (Owner/Authorized Agent)

Owner/Agent’s Signature _____ Date _____

For {INSERT MEMBER AGENCY} to complete:	
This property qualifies under one of the following: <input type="checkbox"/> Grower’s List <input type="checkbox"/> Active Certified Producers <input type="checkbox"/> Organic Producers <input type="checkbox"/> Agricultural Order Enrollment List	<input type="checkbox"/> This property does not qualify. Note Reason:
Backflow requirements met (IF APPLICABLE): Yes ___ No ___.	
Comments _____	