

## Exhibit A

### DRAFT - DISCUSSION OF COUNTY ACCEPTANCE OF MAINTENANCE / OWNERSHIP FOR REGIONAL DETENTION BASIN

#### Proposed Gobernadora Regional Multi-Use Detention Basin

##### Introduction & Background

The proposed 30.7 acre Gobernadora Multi-Use Flood Control Detention Basin Facility is located within an unincorporated portion of southeastern Orange County and situated along the Gobernadora Creek, just downstream of its confluence with Wagon Wheel Creek with a total tributary watershed area of 7.8 square miles (approximately 5,000 acres). The proposed basin drains a watershed that has been completely urbanized over the past two decades with development from Coto de Caza. The Santa Margarita Water District (SMWD), in partnership with RMV, is proposing to construct the Gobernadora Multipurpose Basin to capture and naturally treat urban runoff and storm flows to reduce downstream erosion and sedimentation, attenuate peak storm flows through temporary storage, address excessive surface and groundwater, and improve the water quality in the Gobernadora Creek that flows downstream to Gobernadora Ecological Restoration Area (GERA). **It is the intent of the project proponents to offer the constructed facility to the Orange County Flood Control District for ownership and maintenance.** The County would be responsible for the ownership and maintenance of only the flood control elements of the multi-purpose basin.

The proposed multi-use detention basin is an “off-line” facility located directly adjacent to the existing creek and is physically constrained or limited in surface area by physical and environmental constraints to a maximum of 30.7 acres. The facility is configured with two basins, an upper basin of 13.3 and a lower basin of 17.4 acres, that are slightly incised and with perimeter levees, interconnected by a spillway system. The maximum flood control storage combined from both the basins is a total of 140 acre-feet but has been designed so that it is not considered a DSOD facility. A side weir located in the upper basin and adjacent to the creek will allow peak storm inflows into the basin while bypassing sediment downstream to the natural alluvial channel. The upper basin also includes a low-flow diversion from the creek for nuisance flow and multiple interconnected water quality treatment cells that will provide improvement to urban nuisance flows generated from the upper watershed. The treated urban nuisance flows will be captured by SMWD and reclaimed into their non-potable water system using a pump station in the upper basin that will connect to an existing force main nearby. However, a portion of the treated nuisance flows will be bypassed downstream to ensure and maintain a continued irrigation source for GERA. In addition, two groundwater wells will be constructed within the perimeter embankment of the basin to capture part of the recharged groundwater in this area and will connect to the same force main. The flood control function will be provided by the available storage volume contained in the upper and lower basins. A low-level outlet in the lower basin attenuates the outflow to the downstream Gobernadora Creek for smaller events while larger events will be attenuated and released through the downstream overflow spillway to the creek. The proposed flood control detention benefits are intended to mitigate/offset the increase in runoff from the proposed Ranch development projects in The Ranch Plan.

The preliminary hydrologic routing analysis indicates that the 100-year Expected Value (EV) peak discharge would be attenuated from 3,629 cfs to 2,586 cfs (29% reduction), within the Gobernadora Creek just downstream of the basin. In addition, the 100-year EV peak flow downstream near the mouth of the Gobernadora Canyon at San Juan Creek would also be reduced from 4,057 cfs to 3,196 cfs (21% reduction). The effects of the Gobernadora detention basin on the mainstem of San Juan Creek result in decreasing the 100-year EV peak discharge at the downstream Ranch boundary from 23,362 cfs to 23,127 cfs (1% reduction).

It would be desirable for the project proponents, SMWD and RMV, that the Orange County Flood Control District (OCFCD) accept ownership and maintenance of this facility because of its regional significance as both a flood control and water quality facility. However, OCFCD has developed specific criteria related to the suitability for accepting ownership/maintenance of privately constructed flood control facilities. The primary issues that must be satisfied for OCFCD based on their published documents for acceptance of a "hydrologic mitigation detention basin" include the following:

- **Basin must have significant regional or sub-regional flood control benefits.**
- **Mitigation basins proposed for District ownership must demonstrate regional flood control benefits that outweigh the negative economic aspects of ownership.**
- **Acceptance of "mitigation basins" only when the primary use of the basin is for regional or sub-regional flood control. All other uses shall be secondary to its function as a flood control facility.**
- **Retarding basins shall not be proposed without considering its feasibility and impact on the entire watershed.**
- **A funding mechanism must be developed similar to a Maintenance Cost Annuity (MCA) for the long term maintenance of the facility.**

#### **Description of Proposed Facility**

There are a variety of different elements and facilities which are required as part of the configuration of the multi-purpose which relate to (1) flood control, (2) water quality treatment, (3) urban nuisance water recovery, and (4) groundwater recovery. The following provides a more detailed description of the different facilities in order to understand the overall operation and maintenance requirements.

**Upper Basin** - The Gobernadora Multipurpose Basin consists of two basins, an upper basin and a lower basin. The main purpose of the upper basin is to improve the water quality. However, it also provide the initial detention storage to maximize the effective storage volume combined with the Lower Basin. The upper basin is about 11 acres large and 6 feet deep. The basin is about two feet below the existing ground. A 20-foot wide access road is proposed surrounding the basin. The upper basin is mainly used as water quality basin during the dry season. The upper basin flood has five interconnected water quality treatment five cells. The small earthen embankments separate the cells which are 3-feet high, connected by 24-inch pipes. The 2-feet high access roads crossing the banks are also served as emergency spillway in case the 24-inch pipes are plugged. The flow meanders through the water quality basin with a flowpath length of about 2,000 feet and terminates at the surface water pump station which will also by-pass a portion of the return flow to the creek.

**In-channel Hydraulic Control Structures** - An in-channel hydraulic control structure may be required to influence the creek hydraulics for flood control purposes in order to optimize the performance of the side-weir. The initial design has illustrated the use of an inflatable rubber dam within the channel which can generate adjustments in the water surface of the creek the will maximize the diversion of flow with the lateral side weir. However, detailed hydraulic design of the side weir may be able to remove this requirement by adjusting the geometry of the side weir. However, since the creek is an alluvial channel at a minimum a grade control structure will be required at the downstream end of the side weir in order to ensure the creek geometry and hydraulics does not modify over time.

**Additional Upper Basin Facilities** – Surface water pump station is located at the end of the upper basin water quality treatment train. The concrete wet well for the nuisance surface water pump station will be within the embankment for the basin and all facilities below ground. The wet well will also have a slide gate to allow bypassing some return flows to the creek for the downstream riparian vegetation irrigation. The nuisance flow outlet structure is a component of water quality treatment facility. A 24-inch pipe is to convey the treated nuisance flow from the water quality basin back to Gobernadora Creek. Although the upper basin has enough storage to hold the nuisance flow, a minimum flow rate required by downstream habitat has to be released back to the Creek.

**Basin Interconnection Spillway** - This spillway is a component of the flood control system and will be constructed on the bank separating the upper basin and lower basin; it will function during the flow events when storage exceeds the available volume in the Upper Basin. Flood flows that are intercepted by the side weir and the resulting volume fills the upper detention basin available storage volume of 40 acre-feet, then the water will overtop this spillway to the lower detention basin.

**Lower Basin** - The lower basin is about 16 acres in size and 13 feet deep, with a storage volume of 100 acre-feet and serves as flood control system. The basin bottom is four feet below the existing ground and one foot below the existing groundwater table. The inboard side slope of bank is 3:1, and the outboard slope is 2:1. A 20-foot wide access road is proposed around the basin with two ramps that run into the bottom of the basin.

**Outlet Structure and Emergency Spillway** - The flood control outlet structure for the Upper Basin is a 36" RCP connecting the basin with the creek. A 36-inch pipe is to make sure the stored flood volume in this basin can be discharged back to the Creek in 48 hours. Flows which exceed the available storage volume in the lower basin will be discharged to the creek through an overflow spillway on the downstream side of the Lower Basin adjacent to the Creek.

**Channel Side Weir (Flood Control Inflow)** - The side weir is proposed along the embankment of Gobernadora Creek, on the side of Gobernadora Basin. The weir is about 200 feet long. The purpose of this side weir is to intercept peak flow rate to the upper detention basin. This weir has three components, a weir foundation with an access road on top, a one-foot thick sharp crest weir, and an energy dissipater and stilling basin.

**Nuisance Flow Diversion Structure** - To improve the water quality of the degraded nuisance urban flows from Coto de Caza, a diversion structure will be placed upstream of an in-creek hydraulic structure such as a grade control structure with flash boards to redirect the flow to the diversion intake. The diversion inlet will convey the nuisance flow to the water quality basin. An alternative in-creek diversion facility would be an inflatable rubber.

**Groundwater and Nuisance Flow Recovery Facilities** - Two production wells will be constructed. The southerly well will produce 40 GPM. The northerly well will produce 5 GPM. The well pump station will be constructed at the northwest end of the Gobernadora Basin. This station includes a well pump and concrete utility vault housing the valves, discharge piping, instrumentation, and minute wet well. Vault dimensions are 7.2 ft long, 4.8 ft wide, and 4.2 ft in height. Water is discharged into the wet well and flows by gravity through an existing 12-inch pipeline, which has a capacity of 5 to 6 cfs, to the existing non-potable reservoir.

### **Summary of General County Requirements for Facility Acceptance**

The general criteria related to acceptance and ownership of flood control facilities, including detention basins, by the Orange County Flood Control District is discussed in several different documents prepared by the District which include: (1) *Local Drainage Manual* (January 1996), (2) *Draft Design Criteria for Retarding Basins* (Memo, June 2001), and (3) *Design Manual – Addendum No.2 Criteria for Retarding Basins* (December 1987)

**Regional OCFCD Drainage Facilities** – “Regional facilities” are usually owned, maintained and operated by the OCFCD. The facility can be roughly classified as regional dependent upon the number of acres in its watershed. The watershed must cover at least 1,000 acres. *(Local Drainage Manual, Page 3-1)*

**I. General** - The District should not be expected to automatically accept ownership and maintenance of retarding basins which meet or exceed the design criteria contained herein, especially in the case of multi-use / joint-use mitigation basins designed to offset the environmental impacts of urban development. The District may not be willing to accept the future maintenance costs associated with sediment removal, vector control, and weed abatement; potential liability associated with personal injury; and / or the future liability and maintenance constraints placed upon the developer (and transferred to the District) by the environmental regulatory agencies for maintaining or protecting mitigation habitat both in the basin and upstream, and downstream channel reaches. Some mitigation basins may have a much shorter than expected design life if regulatory permit constraints prohibit sediment removal and control of vegetation. *(Page 11, 2001 Memo)*

**II. Permitted Use** - When the construction of a basin is proposed by others, the feasibility and location of the proposed basin shall be supported / justified by a District approved master plan of drainage, project report, or other comparable regional watershed study or concept report. In the absence of such studies, the retarding basin system proponent shall enter into discussions with the District regarding the preparation of such a study. In all cases, retarding basins shall not be proposed without first considering its feasibility and impact on the entire watershed. *(Page 13, 2001 Memo)*

**III. Land Use and Right-of-Way** - Use of land for a retarding basin shall be consistent with the General Plan. Potential joint uses of the basin property shall be identified, and design shall be compatible with reasonable joint uses. Right-of-way for retarding basins shall be obtained / provided in fee (or fee simple) unless an easement is approved in writing by the Director, PFRD or his designee, prior to design, which suggests that a flood easement is more desirable. In all cases, joint uses shall be approved by the District and subordinate to District use as a flood control facility. Joint uses shall not interfere with District operation and maintenance activity of the basin as a flood control facility, and District shall have full discretion in deciding whether facilities may be used by others for recreational, lease, and/or other purposes.

Basin right-of-way to be dedicated by project proponents other than the District (either through voluntary or involuntary/exaction dedication) shall be submitted with all proposed tract maps and / or easement deeds for basin right-of-way, including legal descriptions, to District for conditioning and for review and approval through Planning and Development Services Department, Subdivision and Grading Services. Easement deed or tract map dedications to District or the County of Orange shall not include water quality, wetland mitigation, conservation, utility, recreational, or any other easements across or within right-of-way proposed to be conveyed to District or the County of Orange. *(Page 17, 2001 Memo)*

**IV. Mitigation Basins** - This criteria shall only apply to mitigation basins proposed for ownership and maintenance by the District and the County of Orange. In addition, it is the policy of the District to accept mitigation basins only when the basin proposed shall exist as a joint-use or multi-use basin for which the primary use of the basin is for regional or sub-regional flood control. Small local basins normally utilized as part of a Storm Water Pollution Prevention Plan (SWPPP) or permanent BMP, whether it also supports flood control benefits or not, will normally not be considered for ownership and maintenance by the District. Mitigation basins proposed for District ownership must demonstrate regional flood control benefits that outweigh the negative economic aspects of ownership.

Criteria for mitigation basin ownership by the District shall include the following:

1. Basin must have significant regional or sub-regional flood control benefits.
2. Primary function and use of basin shall be for flood control. All other uses shall be secondary or subservient to its function as a flood control facility.
3. The design life of the basin and all appurtenant facilities shall be a minimum of 100-years.
4. Regulatory permits shall conform to the criteria as set forth in Section XVII below.
5. Mitigation basins with permanent or temporary retention pools (for capture of first flush runoff, recreation, wetlands, water recharge, etc.) shall have separate and distinct right of way and storage allocations for those purposes in addition to flood control storage (flood runoff storage required for the 100-year multiday design storm event). Storage for sediment and debris shall also be in addition to the above storage allocations, if required. Such storage for mitigation basins shall be treated as dead storage for flood control basin routing analyses.
6. Estimation of sediment and debris storage volume shall conform to Section X above.
7. Basin shall be designed to be maintenance free (except for very minor tasks) for 10-year periods.
8. The District will not accept basins used to trap sediment for mitigation as a part or portion of grading or mining operations.
9. (The following criteria has been adopted from the San Bernardino County Flood Control District, Detention Basin Design Criteria.)

When a basin is to be used to mitigate downstream impacts due to increased flows generated by a development, the basin capacity and outlet size shall be such that the post-development peak flowrate generated by the development site shall be less than or equal to 90% of the pre-development peak flowrate from the site for all frequency storms up to and including the 100-year event (i.e. – the peak 2-year post-development flowrate is equal to or less than 90% of the peak 2-year pre-development flowrate from the site and etc. for all frequency storm events through 100-year.)

- A. Only the 2-year Expected Value (50% CL) storm event and 2, 10, 25, and 100-year High Confidence (85% CL) storm events need to be analyzed. **(Page 42-43, 2001 Memo)**

**V. Maintenance Cost Annuity** – If a retarding basin is proposed by others to be dedicated to the Flood Control District, a maintenance cost analysis shall be performed for the retarding basin by the District. Based on the cost analysis, the District will make a recommendation to the project proponent to post a five (5) year bond. During the first five (5) years following the completion of construction and actual operation of the facility, annual maintenance costs incurred by the District will be recorded and used to calculate a Maintenance Cost Annuity (MCA), if any.

Upon calculation of the MCA, the District will enter into an agreement, fulfill the obligation of an existing basin agreement, with the project proponent for payment to the District of an MCA for the future maintenance and operation of the basin. All deposited funds in excess of the calculated MCA shall be refunded to the project proponent. If the project proponent does not agree with the MCA calculated by the District, the project proponent may (at their own option) retain or resume full operation, maintenance, and ownership of the basin. **(Page 45, 2001 Memo)**

## **Discussion of Key County Requirements for Facility Acceptance - Gobernadora Basin**

The following is a discussion of some of the more critical County requirements related to acceptance of Gobernadora Multi-use Detention Basin Facility for maintenance and ownership. These key issues are based on published documents from the County related to acceptance of flood control facilities and primarily focusing on the June 2001 memo prepared by Phil Jones, *Draft Design Criteria for Retarding Basins* which is a draft update of Addendum No.2 to the Orange County *Design Manual*.

### **1. Basin must have significant regional or sub-regional flood control benefits.**

Discussion: The proposed detention basin can be considered to be a regional facility based on the County's definition since it has a tributary watershed area of approximately 5,000 acres. The definition used by County is for facilities with a drainage area of 1,000 acres or more. The regional benefits to the watershed include: (1) peak flow reduction to both Gobernadora Canyon and mainstem San Juan Creek, (2) benefiting County water quality objectives and NPDES objective through treatment, (3) reduction of nuisance flows in the creek, (4) assisting to stabilize the streambank erosion/incision process of the natural channel, and (5) regional water conservation.

The upstream 7.8 square mile watershed is primarily the community of Coto de Caza which was developed over the last two decades without any detention basin and resulting in the common stormwater impacts from urbanization to the downstream natural alluvial channel system. Urbanization in the upper watershed has resulted in increased storm flows due to the development caused erosion downstream of the community. The Basin will reduce peak flows to the maximum extent possible based on the area size limitations of the basin and the fact the "flow-by" is more efficient at scalping the peak flowrate. The primary influence will be on the **3.2 miles** of natural alluvial channel in Gobernadora Canyon to the confluence with San Juan Creek. However, the basin will have a positive influence on the mainstem peak flowrate of San Juan Creek even the effect is reduced compared to the benefit to Gobernadora Canyon.

The Basin is designed to be a flow-by basin to intercept peak flows which will allow most of the sediment "bed-load" to be transported downstream in order to maintain the stream stability. A balance between water and sediment discharges will be achieved by retarding stormwater runoff and bypassing coarse sediment to prevent further degradation and erosion along the downstream alluvial reach. The reduced peak flowrates downstream will have a corresponding reduction in the stream velocity that effects the erosion potential.

The regional hydrologic benefits to the downstream channel system have been quantified for both the remaining portion of Gobernadora Canyon and the mainstem San Juan Creek. The preliminary hydrologic routing analysis indicates that the 100-year Expected Value (EV) peak discharge would be attenuated from 3,629 cfs to 2,586 cfs (29% reduction), within the Gobernadora Creek just downstream of the basin. In addition, the 100-year EV peak flow downstream near the mouth of the Gobernadora Canyon at San Juan Creek would also be reduced from 4,057 cfs to 3,196 cfs (21% reduction). The effects of the Gobernadora detention basin on the mainstem of San Juan Creek result in decreasing the 100-year EV peak discharge at the downstream Ranch boundary from 23,362 cfs to 23,127 cfs (1% reduction). It is impressive the influence that the basin has on the mainstem although this appears to be a small percentage reduction to the mainstem San Juan Creek, since the mainstem San Juan Creek has a significantly large watershed area of 95.8 square miles at this location.

### **2. Mitigation basins proposed for District ownership must demonstrate regional flood control benefits that outweigh the negative economic aspects of ownership.**

Discussion: There has been significant degradation of the natural channel system of Gobernadora Canyon from the impacts of urbanization and will continue to have issues without mitigation or correction. In addition, there is also significant degradation and removal of existing wetland systems, including impacts to GERA which has a cost associated with it. However, the floodplain within Gobernadora Canyon downstream of the proposed basin is undeveloped so there are not economic flood hazard removal benefits or elimination that would typical be available in an urbanized system (ie. downstream hydraulic deficiencies of existing improved channels or bridge/culvert crossing which would benefit from reduced peak discharges downstream and corresponding economics benefits if the facility does not have to be replaced). The primary regional flood control benefits result in (1) assisting to stabilize the downstream natural alluvial channel system of Gobernadora Canyon, (2) reduced discharges in Gobernadora Creek and mainstem San Juan Creek, (3) benefits County water quality objectives and NPDES objective through treatment of “existing” urban runoff, (5) reduction of nuisance flows in the creek, (4) assisting to preserve downstream ecological preserve and wetlands, and (6) regional water conservation.

The negative economic aspects of accepting this facility would be the long term annual and capital costs associated with maintenance of this facility. However, the primary day-to-day use of the basin will be associated with SMWD that will have continuous water reclamation and treatment operations occurring since this facility will provide an economic benefit through the reuse of the urban runoff. Issues such as (1) sediment accumulation in the basin, (2) operation of the diversion system in the creek and sedimentation/erosion, (3) vegetation removal in the basin, (4) maintenance of the access roadways, and (5) vector control are common daily maintenance items the would be addressed by SMWD since this influences their water recovery operations. The proposed urban water recovery program by SMWD will significantly reduce the long term operation costs of the basin and actually provide a better maintained system than the conventional County facilities.

**3. Acceptance of “mitigation basins” only when the primary use of the basin is for regional or sub-regional flood control. All other uses shall be secondary to its function as a flood control facility.**

Discussion: The proposed secondary uses for water reclamation would not interfere with the flood control operation. These additional uses have also been considered when evaluating the hydrologic operation of the basin for flood control purposes through dead storage. The proposed water conservation, groundwater recovery, and urban runoff reuse collection systems would not interfere or influence the flood control function of the basin. The secondary underlying function should assist in benefiting the daily operation and maintenance of the basin so that it is not neglected for periods of time between maintenance.

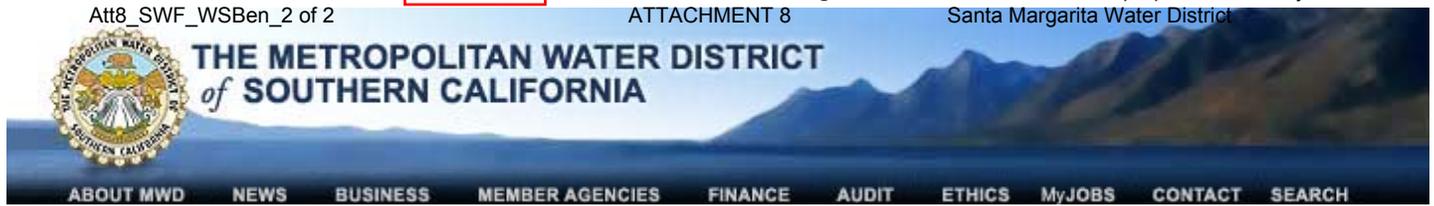
**4. Retarding basins shall not be proposed without considering its feasibility and impact on the entire watershed.**

Discussion: The hydrologic impacts on the watershed have been evaluated through complex watershed model in order to assess the impacts downstream of the RMV boundary. The modeling illustrates that there would be a positive benefit to the mainstem of San Juan Creek with the proposed detention basin.

**5. A funding mechanism must be developed similar to a Maintenance Cost Annuity (MCA) for the long term maintenance of the facility.**

Discussion: A funding mechanism would be provided for the long term operation of the basin to compensate for anticipated long term maintenance of the facility. However, the maintenance costs for this facility should be greatly reduced compared to conventional detention basins operated by the County because of the daily operations occurring with SMWD for the water quality treatment and urban water recovery within the basin. The

treatment cells within the basin will require continual maintenance for proper functioning and this would require SMWD to provide continual maintenance to ensure correct operation for maximum recovery of the urban flows. In addition, there would be more inspection and observation occurring at this basin than compared to other County facilities which would benefit the County long term.



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# Water Rates and Charges

## Historical Water Rates

	Effective 1/1/2010	Effective 1/1/2011	Effective 1/1/2012
<u>Tier 1 Supply Rate</u> (dollars per acre-foot)	\$101	\$104	\$106
<u>Delta Supply Surcharge</u> (dollars per acre-foot)	\$69	\$51	\$58
<u>Tier 2 Supply Rate</u> (dollars per acre-foot)	\$280	\$280	\$290
<u>System Access Rate</u> (dollars per acre-foot)	\$154	\$204	\$217
<u>Water Stewardship Rate</u> (dollars per acre-foot)	\$41	\$41	\$43
<u>System Power Rate</u> (dollars per acre-foot)	\$119	\$127	\$136
Full Service Untreated Volumetric Cost (\$/AF)			
Tier 1	\$484	\$527	\$560
Tier 2	\$594	\$652	\$686
<u>Replenishment Water Rate: untreated</u> (dollars per acre-foot)	\$366	\$409	\$442
<u>Interim Agricultural Water Program: untreated</u> (dollars per acre-foot)	\$416	\$482	\$537
<u>Treatment Surcharge</u> (dollars per acre-foot)	\$217	\$217	\$234
Full Service Treated Volumetric Cost (\$/AF)			
Tier 1	\$701	\$744	\$794
Tier 2	\$811	\$869	\$920
<u>Treated Replenishment Water Rate</u> (treated dollars per acre-foot)	\$558	\$601	\$651
<u>Treated Interim Agricultural Water Program</u> (dollars per acre-foot)	\$615	\$687	\$765
<u>Readiness-to-Serve Charge</u> (millions of dollars)	\$114	\$125	\$146
<u>Capacity Charge</u> (dollars per cubic foot second)	\$7,200	\$7,200	\$7,400

## Definitions

**Tier 1 Supply Rate** - recovers the of cost of maintaining a reliable amount of supply.

**Delta Supply Surcharge** - reflects the additional supply costs that Metropolitan faces along with other costs due to the pumping restrictions on the State Water Project. The Delta Supply Surcharge will replace the Water Supply Surcharge effective with the 2009/10 rates.

**Tier 2 Supply Rate** - set at Metropolitan's cost of developing additional supply to encourage efficient use of local resources.

**System Access Rate** – recovers a portion of the costs associated with the delivery of supplies.

**System Power Rate** – recovers Metropolitan's power costs for pumping supplies to Southern California.

**Water Stewardship Rate** – recovers the cost of Metropolitan's financial commitment to conservation, water recycling, groundwater clean-up and other local resource management programs.

**Replenishment Water Rate** – a discounted rate for surplus system supplies available for the purpose of replenishing local storage.

**Treated Replenishment Water Rate** – a discounted rate for surplus system supplies available for the purpose of replenishing local storage.

**Interim Agricultural Water Rate** – discounted rate for surplus system supplies available for the purpose of growing agricultural, horticultural, or floricultural products.

**Treated Interim Agricultural Water Program Rate** – discounted rate for surplus system supplies available for the purpose of growing agricultural, horticultural, or floricultural products.

**Treatment Surcharge** – recovers the costs of treating imported water.

**Readiness-to-Serve Charge** - a fixed charge that recovers the cost of the portion of system capacity that is on standby to provide emergency service and operational flexibility.

**Capacity Charge** – the capacity charge recovers the cost of providing peak capacity within the distribution system.

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