## Alt #1 – Existing COS Methodology

<table>
<thead>
<tr>
<th>Cost Recovery Component</th>
<th>Approx. % of DM Costs (1)</th>
<th>Charge / Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alt #1 T1 Supply</td>
<td>25%</td>
<td>$/AF</td>
</tr>
<tr>
<td>System Access Rate</td>
<td>75%</td>
<td>$/AF</td>
</tr>
</tbody>
</table>

Demand Management Costs recovered under two volumetric rates.

(1) Using hypothetical revenue requirement share
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Functionalized DM costs recovered from only the Supply Rate and the System Access Rate

- **Considerations**
  - Consistent with existing Metropolitan cost of service methodology – DM costs allocated like other fixed O&M costs and recouped through the Supply Rate and the System Access Rate
  - Can be consistently repeated using a standardized process
  - Minimal administrative burden
  - Consistent with WaterDM recommendation, i.e., functionalization of DM costs
  - DM costs are only recouped via rates associated with average system demands; not peak or standby