



San Diego County Water Authority

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April 10, 2017

Randy Record and
Members of the Board of Directors
Metropolitan Water District of Southern California
P. O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

- Carlsbad Municipal Water District
- City of Del Mar
- City of Escondido
- City of National City
- City of Oceanside
- City of Poway
- City of San Diego
- Fallbrook Public Utility District
- Helix Water District
- Lakeside Water District
- Olivenhain Municipal Water District
- Otay Water District
- Padre Dam Municipal Water District
- Camp Pendleton Marine Corps Base
- Rainbow Municipal Water District
- Ramona Municipal Water District
- Rincon del Diablo Municipal Water District
- San Dieguito Water District
- Santa Fe Irrigation District
- South Bay Irrigation District
- Vallejos Water District
- Valley Center Municipal Water District
- Vista Irrigation District
- Yuima Municipal Water District

RE: Board Memo 8-1: Adopt CEQA determination and adopt resolution approving Treatment Charge Workgroup’s proposed policy principles, recommended treatment capacity charge, and treatment capacity charge implementation – OPPOSE

Chair Record and Members of the Board:

We have reviewed Board Memo 8-1 and attachments in support of adoption of policy principles and a new fixed treatment charge to be implemented no sooner than 2021. While we agree in general MWD needs to increase its fixed revenues, we oppose this action for the reasons stated by Water Authority staff and board members during the course of the Workgroup process and briefly described below.ⁱ

The most fundamental problem is that MWD refuses to make its rate model availableⁱⁱ to its member agencies or the public. Without the rate model, it is not possible to know how MWD has allocated its costs, including the costs it has assigned to treatment. During the Workgroup process, MWD placed significant and arbitrary limitations on both the scope of the Workgroup’s assigned tasks and data and information provided to the Workgroup (described by the facilitator as needing to “stay within the sandbox”). We also objected to the manner in which the Workgroup reached its final recommendation, utilizing a subgroup process which excluded the Water Authority. In spite of this fact, after its announcement, our staff worked to improve the recommendation in an effort to ensure legal requirements would be met and that changes would only be made and implemented as part of a full cost of service process in 2018.

OTHER REPRESENTATIVE

- County of San Diego

Rates and charges must be grounded on engineering and cost data demonstrating that the rates and charges reflect the proportional cost of providing services to each of MWD's 26-customer member agencies. Thus far, MWD has not done so, and denies that it has any legal obligation to do so. We sincerely hope that this will be clarified as part of the appellate court ruling.

For these reasons, we must oppose this action.

Sincerely,



Michael T. Hogan
Director



Keith Lewinger
Director



Elsa Saxod
Director



Fern Steiner
Director

cc: Water Authority Board of Directors
Jeffrey Kightlinger, MWD General Manager

ⁱ We incorporate by reference all of our prior letters on the subject of the treated water fixed charge, and all submittals by Water Authority staff to the Workgroup process.

ⁱⁱ MWD claims its financial planning rate model is a trade secret. The Water Authority has filed a Public Records Act case to obtain a copy of the rate model.