



NEWS RELEASE

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New Study Reveals High Cost of San Diego's Quest for Water Independence

*San Diego's Expensive Water Supply Decisions May Be
Motivating Its Litigation and Public Relations Campaigns*

Fountain Valley, CA (April 25, 2012) - An independent new study commissioned by seven Southern California water agencies reveals that from 2003 to 2010, San Diego County Water Authority (SDCWA) paid over \$100 million more for water it purchased from Imperial Irrigation District (IID) than it would have paid for the same amount of water from the Metropolitan Water District of Southern California (Metropolitan).

The study, which was completed by the Los Angeles Economic Development Corporation (LAEDC), found SDCWA paid \$278 million for 330,000 acre feet (Note: An acre foot of water is just under 326,000 gallons) of water purchased from IID between 2003 and 2010. During that period, an equivalent amount of water was available from Metropolitan and could have been purchased for over \$100 million less.

"While the study looks at numbers, not motivations, this price disparity of over \$100 million may well be what is behind SDCWA's recent lawsuit challenging Metropolitan's transportation charges, as well as its public relations campaign against MWDOC and other Metropolitan member agencies," said Jeffery M. Thomas, Board President of the Municipal Water District of Orange County, Metropolitan's third largest member agency. "We intend to vigorously defend our ratepayers in this matter. Establishing the facts, as the LAEDC study does, is an important first step in this effort."

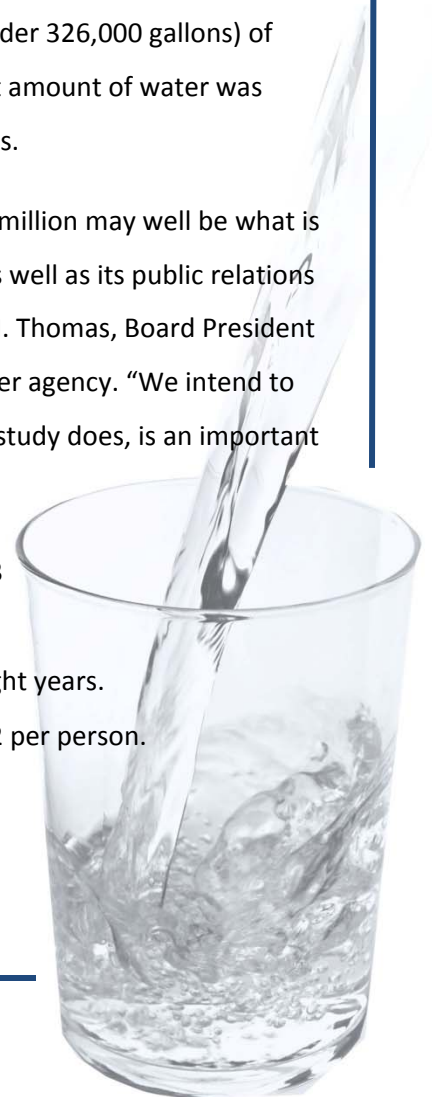
- The study also analyzed SDCWA's outstanding debt, which increased from 2003 to 2010 by \$1.7 billion.
- The total debt amount nearly tripled from \$864 million to \$2.4 billion in just eight years.
- Based on San Diego County's population, the debt increased from \$295 to \$762 per person.

This is particularly relevant given SDCWA's recent criticism of Metropolitan's cost containment efforts.

(Continued on page two...)

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“San Diego wants Orange County water ratepayers to subsidize its questionable decision to seek independence from Metropolitan by securing more expensive water elsewhere,” Thomas said. “San Diego is free to purchase water from any source of its choosing, but it shouldn’t expect residents of Orange County or elsewhere to help foot the bill.”

The Study and its Sponsors

LAEDC’s Economic and Policy Analysis Group conducts economic studies for government agencies and businesses, and water is one of its specialty areas.

Joining MWDOC in funding the \$50,000 study were Eastern Municipal Water District (Perris), Inland Empire Utilities Agency (Chino Hills), Los Angeles Department of Water and Power (Los Angeles), Three Valleys Municipal Water District (Claremont), West Basin Municipal Water District (Carson) and Western Municipal Water District (Riverside).

A copy of the study is available at MWDOC’s website, www.mwdoc.com.

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The Municipal Water District of Orange County is a water resource management and planning agency dedicated to ensuring water supply and system reliability for the 2.2 million residents we serve through our 28 member agencies.

