



Metropolitan Public Comment San Diego County Water Authority, March 23 Imported Water Committee

Good afternoon again. I am Meena Westford, special projects manager for the Metropolitan Water District of Southern California. I wish to provide feedback on staff's February 23 presentation used to support an enhanced outreach program and some graphic information that is misleading in how it is presented. This was a presentation to justify an expensive public relations campaign outside your service area that is now under way. The presentation contains much incorrect and misleading information. I am focusing at this time on just a few points.

The presentation contains visually misleading financial graphics because they deviated from the standard practice of using the number zero in the x-y axis. A graphic with an x-y axis other than zero can create a linear display with a far more dramatic slope. This misleading tactic was utilized with two financial graphics in the February 23 presentation that presented estimates of long-range rates at Metropolitan and long-term sales. I am submitting to you the Water Authority staff graphics along with alternate graphics that display the same information in a standard fashion so you can see the misleading nature of the staff presentation.

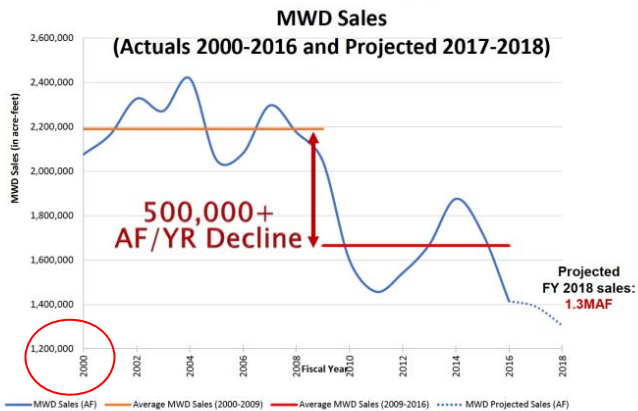
On rates, there are two important issues to note. One is that the rate increases over the past decade experienced by Metropolitan have been commonplace throughout the nation in the face of declining water use due to conservation and aging infrastructure. Metropolitan had years of no rate increases and then years of significant increases, which have averaged 4.4 percent over the last 20 years. Second is to note that the Water Authority's own rates and charges for treated water are about 60 percent HIGHER than that of Metropolitan, and the Water Authority's rates and charges for untreated water are about 90 percent higher than that of Metropolitan. The Water Authority's treated water rate is \$1,546 while Metropolitan's is \$979. The Water Authority's untreated water rate is \$1,256 while Metropolitan's is \$666.

On sales, the staff graphic on Metropolitan would suggest at a glance that we are heading to zero sales. As you can see the Water Authority has experienced a greater reduction in sales than Metropolitan. This is in part a tribute to our investments in conservation that permanently lower demand, which consumers within the Water Authority's service area strongly embraced, and which we should all be proud of.

The staff presentation on February 23 did not mention that Metropolitan continues to maintain its high financial ratings, higher in some instances than those of the Water Authority. We attribute these high ratings to our solid financials, particularly a debt load compared to equity that is far lower than that of the Water Authority. I appreciate the opportunity to speak before you today.

Sales Graphics

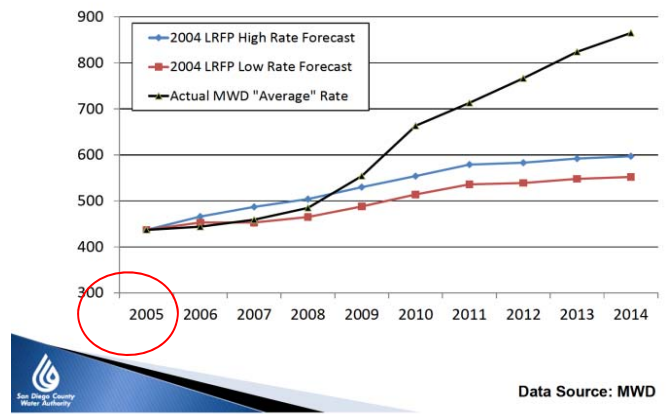
MWD's Sales have Sharply Declined



Misleading SDCWA Graphic

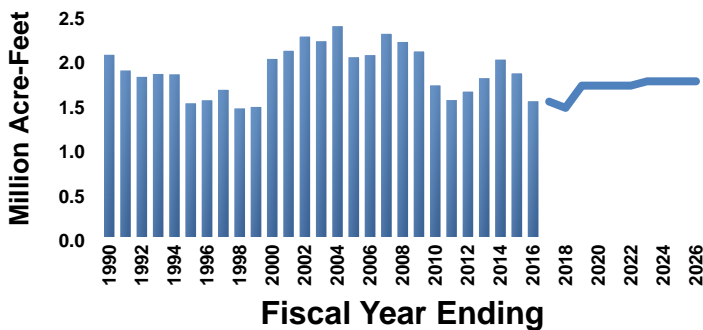
Rate Graphics

MWD's Last Long-Range Financial Plan was 2004

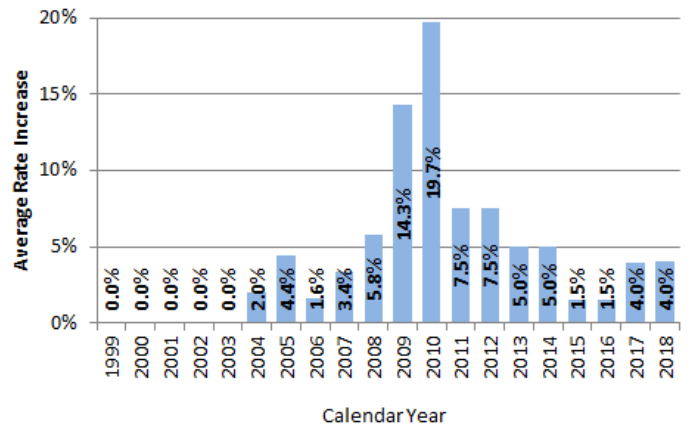


Misleading SDCWA Graphic

Actual Sales Projection

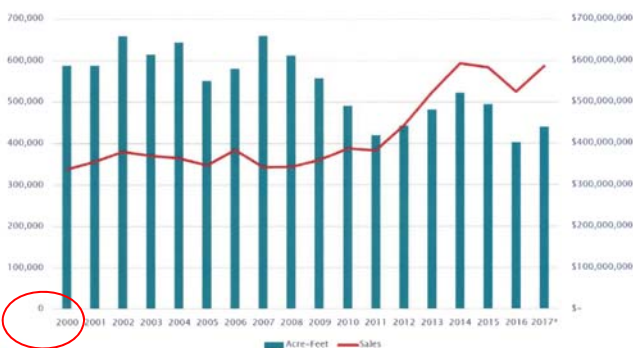


MWD Graphic



MWD Graphic

Historical Water Sales



SDCWA's Own Declining Acre-Foot Sales

Trends in consumer prices (CPI) for utilities with forecasts

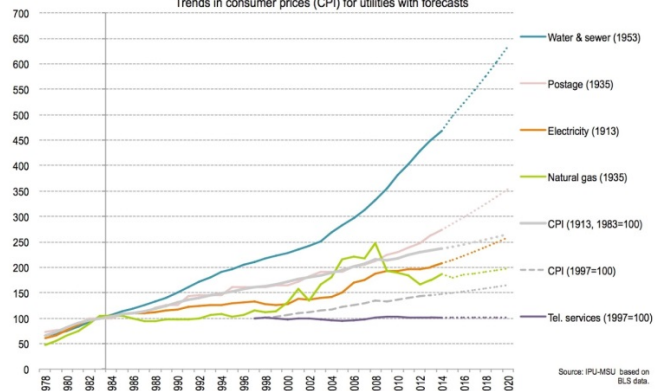


Exhibit 3. Trends in the Consumer Price Index for utilities (1978-2014, with forecasts). The index is set to 100 for 1982-1984 except for telephone services, where the index is set to 100 for 1997. Year (*) indicates start of series. Heuristic forecasts are based on auto-regressive, integrated, moving average (ARIMA) methodologies.

National Water Rate Graphic