



The Exchange Agreement and Benefits to the San Diego County Water Authority Region

Quick Facts

San Diego County Water Authority has sued Metropolitan, challenging its rate structure and the price for the parties' exchange of water.

A key issue is a 2003 agreement in which Metropolitan delivers its water to San Diego in exchange for water SDCWA provides to Metropolitan at the Colorado River.

SDCWA proposed the price term and negotiated for more than \$1 billion in assets from Metropolitan.

Their lawsuit seeks to change the agreed contract price and could shift costs owed by SDCWA to ratepayers in Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties.

METROPOLITAN'S OBJECTIVES:

Price water fairly in Southern California

Use a regional approach to water supply reliability

Continue the tradition of sound spending and fiscal integrity

Provide leadership to meet tomorrow's challenges

The Choice: Two Options for the Water Exchange

Metropolitan allowed SDCWA's board to choose the price term. One option was a fixed dollar price. This lower flat price per acre-foot of water would have limited yearly increases within the first 20 years of the contract and a reduction in price in later years. The second option was a higher price based on Metropolitan's transportation rates that apply to all customers, and in return Metropolitan would give SDCWA well over \$1 billion in assets. SDCWA approved option two. Now they say the price is unfair and illegal. SDCWA claims over \$7 billion in costs are at issue that would be shifted to other water agencies and cities across Southern California.

1

OPTION ONE

\$90 per acre-foot
(at the time negotiated)



Lower, Flat Rate



2

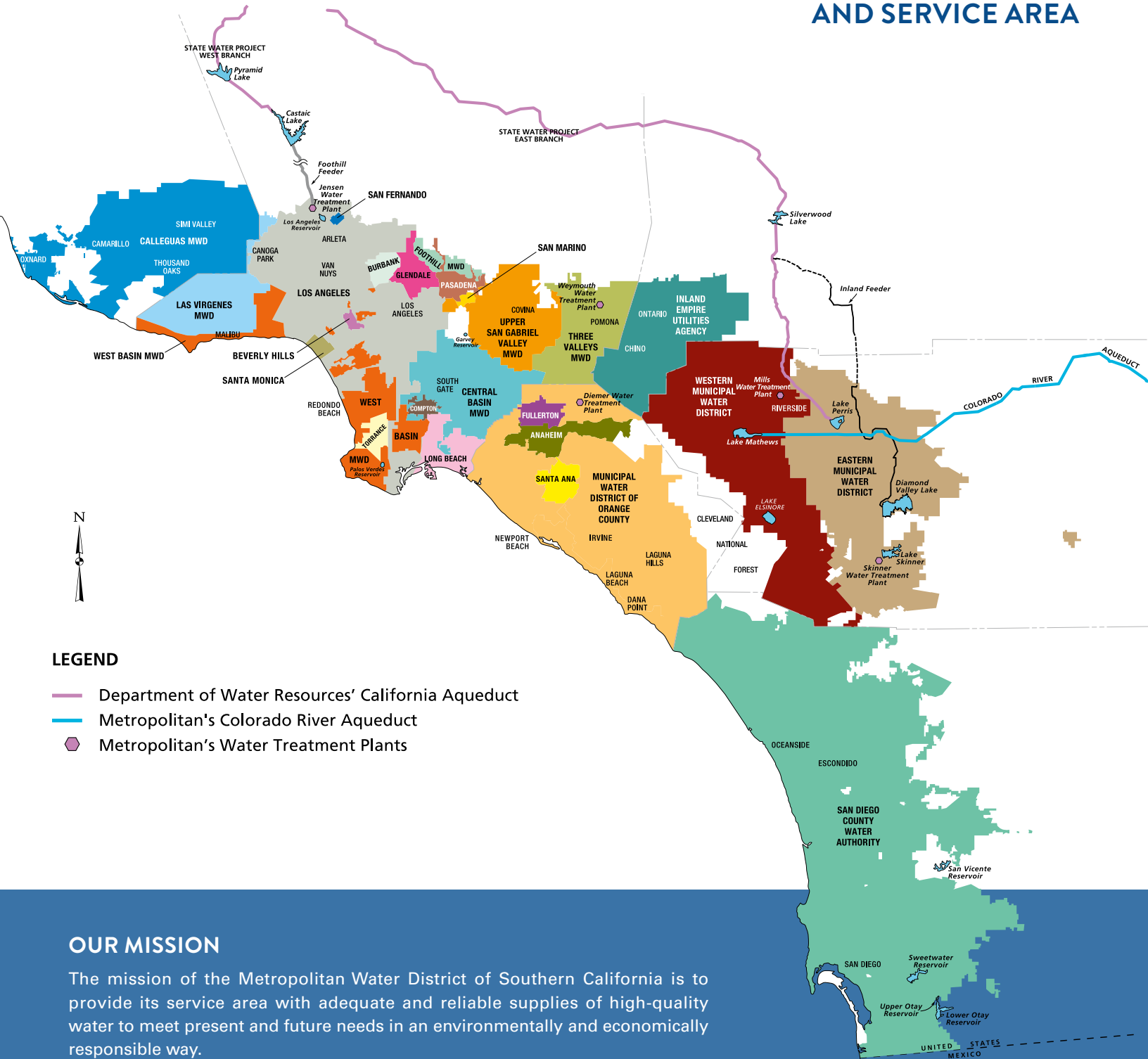
OPTION TWO

\$253 per acre-foot
(at the time negotiated)



Metropolitan's assignment to SDCWA of its \$235 million legislative appropriation for canal lining and other projects and Metropolitan's rights to 77,000 acre-feet of the resulting conserved canal lining water annually for 110 years.

METROPOLITAN MEMBER AGENCIES AND SERVICE AREA



LEGEND

- Department of Water Resources' California Aqueduct
- Metropolitan's Colorado River Aqueduct
- ⬡ Metropolitan's Water Treatment Plants

OUR MISSION

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

ABOUT METROPOLITAN

The Metropolitan Water District of Southern California is a state-established cooperative of 26 member agencies – cities and public water agencies – that serve nearly 19 million people in six counties. Metropolitan imports water from the Colorado River and Northern California to supplement local supplies and helps its members develop increased water conservation, recycling, storage and other resource management programs.

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