



The Metropolitan Water District of Southern California

NEWS RELEASE

P. O. Box 54153, Los Angeles, California 90054-0153 • (213) 217-6485 • www.mwdh2o.com

Contact: Bob Muir, (213) 217-6930; (213) 324-5213, mobile

Feb. 12, 2008

**WATER SUPPLY ALLOCATION PLAN
ADOPTED BY METROPOLITAN BOARD
Although probably not needed in 2008, the plan
would allocate available supplies during shortages**

A water supply allocation plan calling for the equitable distribution of Metropolitan Water District's imported deliveries throughout Southern California in response to more challenging supply conditions was adopted today by the agency's board of directors.

Although it is unlikely the plan would be implemented this year, Metropolitan board Chairman Timothy F. Brick said it is prudent to have in place a region-wide, water-sharing plan in case it is necessary. If the region's supply situation worsens, Metropolitan would be better equipped to manage supply shortages through the allocation plan, he said.

"Making these tough decisions is the hardest thing we do as a water board," Brick said. "Because we work so hard to provide reliable supplies, to even consider the fact that we might not have adequate supplies is a very tough thing to contemplate. This, however, is the time to do it."

Metropolitan General Manager Jeff Kightlinger said the overall guiding principle of the tiered supply allocation plan is to alleviate disparate impacts at the retail level for its 26 member public agencies across Metropolitan's service area. The plan's formula includes mechanisms to balance many considerations and help ensure that no member agencies are disproportionately impacted, he said.

"This process was intended to be a prudent and responsible way to come up with a contingency plan should we face shortages in the future," Kightlinger said. "It's important to realize that this plan is being adopted, but not implemented. It ultimately will be a Metropolitan board decision as to whether we ever come back, declare a shortage and begin allocating supplies."

more

The plan incorporates considerations for impact on retail customers and the economy; changes and losses in local supplies; the investment in and development of local resources; and conservation achievements.

The Metropolitan board's adoption of the plan culminates more than seven months of discussion, collaboration and negotiation among Metropolitan, its member agencies and affected local agencies. The plan also serves as the final piece of Metropolitan's 1999 Water Surplus and Drought Management Plan, which originally did not include an allocation plan.

Under the plan, Metropolitan's member agencies and their retailers would be allocated supplies partly based on their dependency on MWD, while taking into account other local sources of supply.

The plan relies on pricing to encourage agencies to reach their targeted allocated supplies. These "penalty rates" are similar to drought pricing used in many cities during the 1987-92 drought, calling for agencies to pay up to four times Metropolitan's highest priced water, depending how far they exceed their allocation. Any funds collected through penalty rates will be applied toward investments in conservation and local resources development.

The Metropolitan Water District Act (Section 135) gives each member agency a "preferential right" to purchase a proportionate share of Metropolitan's available water supply. That right is determined by that member agency's financial contributions, other than water purchases, to Metropolitan over time.

"The plan doesn't eliminate preferential rights," Kightlinger said. "However, instead of implementing preferential rights, we believe the plan provides a more evenhanded manner to distribute water under today's circumstances."

###

The Metropolitan Water District of Southern California is a cooperative of 26 cities and water agencies serving 18 million people in six counties. The district imports water from the Colorado River and Northern California to supplement local supplies, and helps its members to develop increased water conservation, recycling, storage and other resource-management programs.