



The Metropolitan Water District of Southern California

NEWS RELEASE

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LAWSUIT CHALLENGING METROPOLITAN'S WATER RATE STRUCTURE MOVES AHEAD

Continuing a hearing that began two days ago, the Superior Court for the County of San Francisco today considered the remaining motions in the San Diego County Water Authority's lawsuit challenging Metropolitan Water District's rate structure.

The court granted Imperial Irrigation District's motion to obtain discovery relating to the validation action challenging the rates. The court declined to address the scope of the discovery that would be allowed at this time and recommended that the parties engage a discovery master.

"Unfortunately, engaging in discovery will be costly and time consuming," said Metropolitan interim General Counsel Marcia Scully.

The court deferred a decision at this time on separating the initial rate challenge from the remaining causes of action in San Diego's first amended complaint filed in October. The motion was denied without prejudice, meaning it can be refiled in the future. The court noted that it prefers to address bifurcation after the scope of the case is clarified by the discovery process.

On Wednesday, the court sustained without leave to amend Metropolitan's demurrer to the Water Authority's breach of fiduciary duty cause of action. This ruling determined that Metropolitan does not have a fiduciary duty to San Diego in adopting rates or taking other board actions. A demurrer is a request for dismissal because the allegations are not sufficient to state a claim.

The parties will return to court Feb. 17 at 10 a.m. to report on the progress made on the discovery process and other matters.

More information on the lawsuit is available on Metropolitan's website, www.mwdh2o.com.

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The Metropolitan Water District of Southern California is a cooperative of 26 cities and water agencies serving nearly 19 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.