



April 6, 2016

Randy Record, Chair,
And Members of the Board of Directors
Metropolitan Water District
P.O. Box 54153
Los Angeles, CA 90054-0153

Dear Chair Record and Members of the Board of Directors,

As the official tourism agency for San Diego, our efforts have significant impact on the local residents of the destination. We are always mindful of how our sales and marketing initiatives affect the daily lives of San Diegan's and the neighborhoods in which we live. In that light, we have great concern over the MWD's proposal. MWD's recommended package of rates, charges and taxes for the next two years is deeply flawed and should be rejected by the Board.

- The new fixed charge for treated water uses a base period that cannot be supported based on cost of service. The charge also imposes a permanent, ex post facto tax on ratepayers without regard to which agencies have or may benefit from the water treatment facilities MWD chose to build without having any firm commitments from any member agency to use or pay for this service -- which MWD is not legally obligated to provide.
- At the same time it is creating this new fixed charge, claiming that fixed charges are needed by MWD, it is reducing two existing fixed charges without apparent justification.
- A Superior Court judge has already ruled that MWD's rates are illegal – but MWD is still using the same flawed methodology to misallocate costs among its rates and charges.
- MWD has refused to make its rate model public, claiming it is a "trade secret."
- At the same time MWD is raising all of these rates, it is also increasing property taxes. There is again, no apparent basis for doing so. This is especially concerning given MWD's history of collecting hundreds of millions more dollars than justified by its budgets or actual costs and its practice of spending that money rather than returning it to ratepayers or setting it aside for later years to avoid more rate increases. Over the past five years alone, MWD has collected \$847 million more than its budgeted costs and has spent even more -- as much as \$1.2 billion on unbudgeted expenses.

I ask that the MWD Board direct its staff to go back to the "drawing board," and produce lawful rates that are based on costs, as required by law.

Best regards,



Joe Terzi

President & CEO



750 B Street
Suite 1500
San Diego/CA 92101

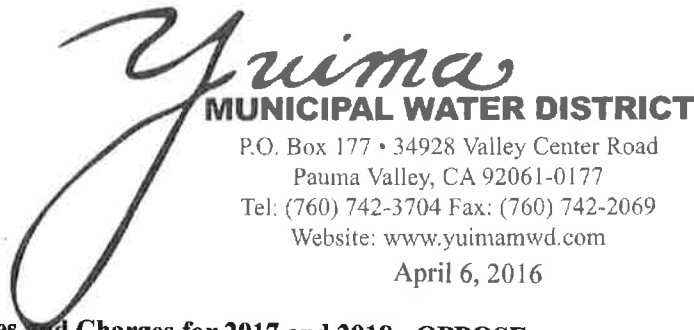
TEL 619.232.3101
FAX 619.696.9371

SANDIEGO.ORG

Board of Directors
W.D. "Bill" Knutson - President
Ron W. Watkins - Vice President
Terry Yasutake - Secretary/Treasurer
Roland Simpson - Director
Laney Villalobos - Director

General Manager
Lori A. Johnson

Counsel
Jeffery G. Scott



Subject: Proposed Rates and Charges for 2017 and 2018 - OPPOSE

Randy Record, Chair,
and Members of the Board of Directors
Metropolitan Water District
P.O. Box 54153
Los Angeles, CA 90054-0153

Dear Chair Record:

MWD's recommended package of rates, charges and taxes for the next two years is deeply flawed and should be rejected by its Board of Directors for these reasons:

- A Superior Court judge has already ruled that MWD's rates are illegal – but MWD is still using the same flawed methodology to misallocate costs among its rates and charges.
- There is no way to know if costs have been allocated legally because MWD has refused to make its rate model public, claiming it is a "trade secret."
- This is especially concerning given MWD's history of collecting hundreds of millions more dollars than justified by its budgets or actual costs and its practice of spending that money rather than returning it to ratepayers or setting it aside for later years to avoid more rate increases. Over the past five years alone, MWD has collected \$847 million more than its budgeted costs and has spent up to \$1.2 billion on unbudgeted expenses.
- At the same time it is increasing revenue by suspending the property tax rate, claiming that it is essential to the fiscal integrity of MWD, it is proposing to reduce two existing fixed charges, the Readiness to Serve Charge and the Capacity Charge.
- The Water Authority has long supported the concept of increasing fixed revenue sources at MWD. However, this new fixed charge was proposed AFTER the public hearing was held, and only 13 days before the board is scheduled to vote on rates. This type of rushed, ad hoc rate-making process does not provide the necessary transparency for public to be informed about the new and impending charge that would have significant impact to their pocketbook.

For these reasons, on behalf of YUIMA MUNICIPAL WATER DISTRICT, and its board of directors ask that the MWD Board direct its staff to go back to the "drawing board," and produce lawful rates that are based on costs, as required by law. We also ask that the board hold off on adopting a new fixed treated water charge until its next rate-setting cycle to allow more time for productive analysis and input by member agencies. Also, as MWD begins to implement its Integrated Resource Plan, the board should develop a parallel process for seeking firm, contractual commitments before investing in water supply projects or facilities.

I respectfully request that you enter this letter into the record opposing the proposed rate recommendation as I will not be able to attend the Board Meeting on April 12th.

Sincerely,

Lori A. Johnson,
General Manager



April 6, 2016

Randy Record, Chair, and Members of the Board of Directors
Metropolitan Water District
P.O. Box 54153
Los Angeles, CA 90054-0153

Dear Chair Record:

MWD's recommended package of rates, charges and taxes for the next two years is deeply flawed and should be rejected by the Board.

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I ask that the MWD Board direct its staff to go back to the "drawing board," and produce lawful rates that are based on costs, as required by law.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam Ross".

Sam Ross
Executive Director



April 6, 2016

Randy Record, Chair,
and Members of the Board of Directors
Metropolitan Water District
P.O. Box 54153
Los Angeles, CA 90054-0153

Subject: Proposed Rates & Charges for 2017 and 2018 – OPPOSE

Dear Chair Record:

As a Mayor that oversees a water utility that purchases water from MWD, I am deeply concerned about the proposed charges for treated water. Prior to MWD's April 12, 2016 rate hearing, I wish to express opposition to the various rate, charges and tax increases proposed by MWD staff. The recommended package of increases for the next two years is flawed and should be rejected by the Board.

First and foremost, MWD's rate setting process lacks transparency. A Superior Court judge recently ruled that MWD's rates are illegal. However, it appears that MWD continues to use the same flawed methodology to misallocate costs among its rates and charges. Perhaps out of fear of further lawsuits, MWD has refused to make its rate model public. As Escondido modifies its rates, we have never been able to hide behind a "trade secret" argument that MWD is making.

Second, MWD is calculating the new fees using a base period that cannot be supported by the cost to provide the service. The charges also imposes a permanent "ex post facto" tax on ratepayers without regard to which agencies have or may benefit from the water treatment facilities MWD chose to build prior to having a firm commitment from any member agency to pay for this service. At the same time, MWD is creating a new fixed charge, claiming that fixed charges are needed.

Lastly, while increasing rates, MWD is increasing property taxes. Again, there is no apparent basis for this proposal. This proposal is especially concerning given MWD's history of collecting massive amounts of dollars more than is justified based on its budgets or actual costs. Over the past five years, MWD has collected \$847 million more than its budget shows has been spent.

I respectfully request that the MWD Board direct its staff to produce a lawful rate that is based on costs, as required by law.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam", written over a horizontal line.

Sam Abed
Mayor
City of Escondido



Jeanne Beauchamp
16138 Oak Springs Dr
Ramona, CA 92065

4-7-16

PANOF RECORD, CHAIR
MWO

P.O. BOX 54153
LOS ANGELES, CA 90054-0153

DEAR MR. RECORD:

PLEASE PLEASE DO NOT INCREASE SAN DIEGO
COUNTY'S WATER RATES.

THE MIDDLE CLASS & POOR & FIXED-INCOME
SENIOR CITIZENS CANNOT AFFORD TO PAY
EVEN A FEW PENNIES MORE.

YOU ARE RUINING OUR QUALITY OF LIFE
& OUR ABILITY TO LIVE IN CA.
IS SD, CA ONLY GOING TO BE FOR
THE RICH?

PLEASE DEMONSTRATE KINDNESS &
HUMANITY TO YOUR FELLOW MEN & WOMEN
AND DO NOT RAISE OUR WATER RATES.
IT IS EXTREMELY CRUEL TO RAISE OUR
RATES → AND EVIL!

Jeanne J. Beauchamp
JEANNE J. BEAUCHAMP



April 7, 2016

Mr. Randy Record
Chairman
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

Also via e-mail to dchin@mwdh20.com

Subject: Proposed Changes to MWD Treatment Charges

Dear Chair Record:

On behalf of the Board of Directors of the Rainbow Municipal Water District, we want to thank you for the opportunity to comment on the proposed changes to the MWD rates and charges. We are well aware of the challenges all water agencies face when considering how to develop fair and equitable rate structures that both ensure fiscal sustainability and meet the needs of your member agencies.

Of particular concern in this most recent rate structure is how some of the various fixed and variable charges are changing. Further, the opacity and rushed nature of the process raise additional concerns. Along with MWD member agencies across the region, we feel that the rate structure, as proposed, has significant flaws that must be addressed.

First, the proposed rate structure includes reductions in two fixed charges (Readiness to Serve and Capacity) and yet extends the suspension of the property tax limitations including in the MWD Act. It was clear that the Legislature intended MWD to wean itself off of the tax rolls and fund its operations through rates and charges. The RTS and Capacity charges are perfectly viable ways to raise fixed revenues through rates and charges, so we are troubled by the prospect of suspending the legislative limits on property taxation in order to preserve the "fiscal integrity" of the District. To reduce fixed fees while extending property taxation runs counter to your principal act which allows for suspension of the property tax limitations *only* if the MWD Board determines that these taxes are "**..essential to the fiscal integrity of the district.**" (MWD Act Section 124.5) How can MWD claim that extending these property taxes is "essential" when you are reducing fixed charges at the same time? In order to comply with your principal act, you should set the property taxation levels to be within the limits established by the legislature, and set your rates and charges, including fixed charges such as the RTS and Capacity charges, to ensure fiscal integrity. We feel that any action by the Board to approve both the suspension of property tax limits while reducing fixed rates could be unlawful.

Second, a review of recent financial statements from MWD reveal that over the last several years the District has collected over \$800 Million more than was required to cover expenses. This alone should suggest that a review of rates and charges is in order. More troubling are the large unbudgeted expenses that total well over \$1 Billion during the same period. When considering the "fiscal integrity" of the District, we feel that the first step should be to limit unbudgeted expenses to a de minimis level. Surely an agency of MWD's size and administrative capacity should be able to forecast expenses with a much higher degree of accuracy such that large unbudgeted expenses are an exception rather than the rule. It is difficult to explain to our ratepayers that large increases in water costs are justified when the agency that is a major contributor to these costs fails to follow its own budgets. We strongly urge that the District immediately adopt new fiscal controls within your own Administrative Codes that limit

*Chair Randy Record
Metropolitan Water District
April 7, 2016
Page 2*

spending of unbudgeted funds to specific levels or to certain well defined and limited emergency conditions. We think it would be best to be handled by MWD itself rather than at the legislative level, but this sort of activity needs to be prevented from recurring in the future.


Finally, the new fixed water treatment rate could represent a significant change in water costs for many agencies, some positive and some negative. We fully support the concept of a fixed charge for this service as the year-to-year variability of demand makes such a charge appropriate. However, in this current rate setting cycle, relative to the large impacts that will be the result of this change, very little information about this rate was provided to member agencies for review and very little deliberation by the Board has been undertaken. The Cost of Service study was not even released until AFTER the public hearings on the subject and the new fixed treatment charge was only alluded to in PowerPoint presentations just weeks ago. We want to reiterate that we do not oppose the imposition of a fixed charge per se, but we strongly object to the opaque manner in which this charge was developed and the rush to push this new charge through without appropriate review by all parties. As a public agency, your actions should be as transparent as possible, and yet certain aspects of the rate study are being withheld as a "trade secret". We urge you to hold off on adopting a new fixed charge for treatment until the next rate setting cycle so that all member agencies can have a chance to both analyze the impact of the change and provide meaningful input to MWD.

As members of the San Diego Water Authority, we would like to work on ways to end the years long battles over water rates. Even though the courts have decided in our favor on multiple occasions, the use of the courts to resolve issues is not the preferred method to work through those issues. We can only succeed by working together to serve the millions of people that rely on us to do our jobs well. Part of public service is a requirement for transparency and the rate setting process that MWD has undertaken in recent months falls well short of our expectations, and the basic expectations of the public in this regard.

Again, we urge you to both begin a process of increasing the access to information related to the cost of service study as well as delaying the imposition of the fixed treatment charge so that all parties, including the public, can have a chance to review the details and provide substantive input for your consideration.

Sincerely,

RAINBOW MUNICIPAL WATER DISTRICT



Tom Kennedy
General Manager

cc: Rainbow MWD Board of Directors



City of Del Mar



April 7, 2016

Randy Record, Chair,
and Members of the Board of Directors
Metropolitan Water District
P.O. Box 54153
Los Angeles, CA 90054-0153

Re: Letter of Opposition to Proposed MWD Rates, Charges and Taxes

Dear Chair Record:

The City of Del Mar would like to express its strong opposition to MWD's proposed water rates, charges and taxes for the next two years. It is presented without any cost-of-service justification and should be rejected by the Board. While MWD states that its overall rate of increase is four percent, San Diego County ratepayers will pay 6.2 percent higher wheeling costs, and 12.1 percent higher costs for raw water, and an amazing 62 percent higher cost for treated water despite significantly reducing its treated water demand from MWD. The new fixed charge for treated water apportions this charge on an obsolete base period that does not reflect current treated water demands, and penalizes those member agencies such as the San Diego County Water Authority (SDCWA) which have invested heavily water treatment facilities.

As a member agency of SDCWA, the City of Del Mar receives a detailed cost of service report as a part of every proposed rate adjustment, and the SDCWA Long-Range Financing Plan describes the rate setting methodology in considerable detail. In contrast, the opacity of the MWD rate-setting process, and its obvious unfairness is appalling. As MWD ratepayers, we have virtually no information on how MWD creates its rates, or how it will spend our ratepayer money. Similarly, we find that without cost-of-service justification, the proposed increase in property taxes is without basis.

We are dismayed to learn that despite the Superior Court ruling that MWD's rates are illegal, that MWD is still using the same flawed methodology to misallocate costs among its rates and charges, overcharging San Diego's ratepayers with transportation rates which include supply components which should be charged on the supply rate.

We request that MWD Board defer action on rates and charges until it produces a cost-of-service study, and creates rates which are based upon costs, as required by law.

Sincerely,

Sherryl Parks
Mayor

Randy Record, Chair,
and Members of the Board of Directors
Metropolitan Water District
P.O. Box 54153
Los Angeles, CA 90054-01 53

April 7, 2016


Dear Chair Record:

MWD's recommended package of rates, charges and taxes for the next two years is deeply flawed and should be rejected by the Board.

- The new fixed charge for treated water uses a base period that cannot be supported based on cost of service.
The charge also imposes a permanent, ex post facto tax on ratepayers without regard to which agencies have or may benefit from the water treatment facilities MWD chose to build without having any firm commitments from any member agency to use or pay for this service -- which MWD is not legally obligated to provide.
- At the same time it is creating this new fixed charge, claiming that fixed charges are needed by MWD, it is reducing two existing fixed charges without apparent justification.
- A Superior Court judge has already ruled that MWD's rates are illegal – but MWD is still using the same flawed methodology to misallocate costs among its rates and charges.
- MWD has refused to make its rate model public, claiming it is a "trade secret."
- At the same time MWD is raising all of these rates, it is also increasing property taxes. There is again, no apparent basis for doing so. This is especially concerning given MWD's history of collecting hundreds of millions more dollars than justified by its budgets or actual costs and its practice of spending that money rather than returning it to ratepayers or setting it aside for later years to avoid more rate increases. Over the past five years alone, MWD has collected \$847 million more than its budgeted costs and has spent even more -- as much as \$1.2 billion on unbudgeted expenses.

I ask that the MWD Board direct its staff to go back to the "drawing board," and produce lawful rates that are based on costs, as required by law.

Sincerely,



Harkishan Parekh
9404 Genesee Avenue
Suite 330
La Jolla, CA 92037
(858) 260-6041

MWD 2017/2018 Rate Proposal - Key Points

- MWD's rate increases are a lot higher than MWD says they are
 - Met says its "overall" rate increase is 4%, but that is highly misleading
 - In fact, every individual MWD member agency pays different rates and costs, depending on the MWD services it uses
 - San Diego ratepayers will pay 6.2% higher wheeling rates
 - San Diego ratepayers will pay 12.1% higher cost for raw water
 - San Diego ratepayers could be forced to pay 62% more for treated water bought from MWD -- at the very same time it is buying less treated water from MWD
- MWD claims that the manner in which it sets its rates is a trade secret
 - It has refused to make available to the public or even its own board of directors the financial planning model that shows how it allocates its costs
 - The Water Authority has been forced to file a Public Records Act request in order to obtain this information
 - MWD also refused to provide the public and board members a level of budget detail that would allow them to understand exactly how MWD is proposing to spend money
- MWD has a history of collecting a lot more money than it needs to pay its costs
 - Over the past five years alone, MWD has collected and spent \$847 million more than 100% its actual costs
 - Altogether, MWD has spent more than \$1 billion on unbudgeted expenses
- MWD's proposed rates and charges for 2017 and 2018 are illegal
 - A Superior Court judge has already ruled that MWD's rates are illegal - but MWD is still using the same flawed methodology
 - MWD's methodology forces San Diego residents and businesses to pay water supply costs that should be paid by others
 - MWD is also raising taxes again, even though the California Legislature passed a law intended to limit MWD's ability to impose higher property taxes to situations where its "fiscal integrity" is at stake
 - Having collected \$800 million more than necessary over the past five years, MD can hardly claim that its fiscal integrity is threatened if it doesn't also collect higher taxes
- The Water Authority continues to seek fair and legal rates at MWD
 - After winning two lawsuits challenging MWD rates for the 2011-2014 calendar years, MWD owes the Water Authority and its member agencies more than \$235,000,000 -- which increases by \$45,000 per day or \$16.4 million annually -- until paid
 - The judge also issued a writ of mandate requiring MWD to set lawful rates, but MWD claims it doesn't apply to them until after its appeal is decided
 - See MWDfacts.com for more information on this and other key subjects
- MWD will vote on the illegal rates at its board meeting on April 12



the sofia hotel

correspondence:
ONE-FIFTY WEST BROADWAY
SAN DIEGO CALIFORNIA 92101

telephone & facsimile:
T: 619.234.9200
F: 619.544.9879

online at:
www.thesofiahotel.com

April 7, 2016

To: dchin@mwdh2o.com

Subject: Proposed Rate and Charges for 2017 and 2015 – OPPOSE

Randy Record, Chair
And Members of the Board of Directors
Metropolitan Water District
PO Box 54153
Los Angeles, CA 90054-0153

Dear Chair Record:

MWD's recommended package of rates, charges and taxes for the next two years is deeply flawed and should be rejected by the Board.

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I ask that the MWD Board direct its staff to go back to the "drawing board," and produce lawful rates that are based on costs, as required by law.

Sincerely,

Andrea Winslow
General Manager



9924 Vine Street
Lakeside, CA 92040
chamber@lakesideca.com
www.lakesideca.com
Phone (619) 561-1031
Fax: (619) 561-7951

Chairman
Frank Hilliker
Hilliker's Egg Ranch

1st Chair
Mike Anderson
Keller Williams Realty

Chair of Finance
Kelly Baker
Barona Resort &
Casino

Past Chair
Robert Davila
Lakeside Equipment
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Bonnie LaChappa
Barona Band of
Mission Indians

Steve Menefee
7-11 Food Store

Milt Cyphert
Cyphert Mechanical

David Dailey
Harvest Church

Lisa Grote
Be Carb Compliant

4-7-16

**Randy Record, Chair
Board of Directors
Metropolitan Water District
P.O. Box 54153
Los Angeles, CA 90054-0153**

**Re: Comment Letter – Rates and Charges for 2017 and 2018 and
Suspension of the Ad Valorem Property Tax Rate."**

Dear Randy Record & Board of Directors,

On behalf of the businesses in our community, we are asking you to please reconsider any water rate increases. Small businesses are struggling as it is during this economic climate in California. It is time for public agencies to look within themselves to find ways to cut prices and to stop relying on the hard working Californians to supplement their coffers. We are urging you to look for other alternatives than increasing property taxes & water rates.

There is no rational basis for increasing cost to San Diego County, while lowering cost in other areas. Proposing to increase property taxes without a detailed plan for how these monies will be spent or why it is necessary, is irresponsible & quite frankly, we believe illegal.

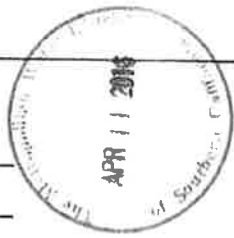
Lakeside businesses & the Lakeside Chamber of Commerce need you to support our efforts in creating sustainable local economies, and not fuel the ongoing exodus of business from California, due to regulations & taxation. California agencies, political powers & businesses need to work together to create environments that support small business, which are creating jobs & employment for those who live, work & play in their communities.

We urge you to do the right thing!

Respectfully,

**Kathy Kassel
President/CEO**

4/8/2016



David Valino
926 Heritage Ranch Rd.
Ramona, CA 92065

TO: Randy Record, Chair,
AND members of the Board of Directors
METROPOLITAN WATER DISTRICT
PO BOX 54153
Los Angeles, CA
90054-0153

Please clearly and openly make known your
PLANS TO IMPOSE ~~RATES AND CHARGES THAT~~
APPEAR TO GO CONTRARY TO WHAT WAS STIPULATED
IN A RECENT COURT ACTION. MAKE PUBLIC YOUR
RATE MODEL, YOUR COST-OF-SERVICE STUDY,
AND HOW THESE RATES AND CHARGES CONFORM
WITH STATE LAW.

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I AM OPPOSED TO ANY RATE INCREASE,
UNLESS IT IS EVENLY DISTRIBUTED TO EACH
WATER DISTRICT AND NOT PENALIZING ANY
ONE DISTRICT.

I ALREADY PAY SOME OF THE HIGHEST FEES
IN THE NATION. THANK YOU.

DR Valino

-----Original Message-----

From: BOB MYCKA [<mailto:bobmycka@aol.com>]

Sent: Monday, April 11, 2016 4:57 PM

To: Chin,Dawn

Subject: Comment Letter Rates And Charges for 2017 and 2018

MWD Board Chair Randy Record:

I am requesting the MWD make its rate model public and produce a cost of service study and rates and charges that conform with state law.

Thank you,
Robert Mycka concerned rate payer.
San Diego

Sent from my iPad

This communication, together with any attachments or embedded links, is for the sole use of the intended recipient(s) and may contain information that is confidential or legally protected. If you are not the intended recipient, you are hereby notified that any review, disclosure, copying, dissemination, distribution or use of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return e-mail message and delete the original and all copies of the communication, along with any attachments or embedded links, from your system.

From: La Mesa Chamber of Commerce [<mailto:chamber@lamesachamber.com>]
Sent: Monday, April 11, 2016 5:11 PM
To: Chin,Dawn
Subject: Comment Letter - Rates and Charges for 2017 and 2018.



Subject: Proposed Rates and Charges for 2017 and 2018 - OPPOSE

Randy Record, Chair,
and Members of the Board of Directors
Metropolitan Water District
P.O. Box 54153
Los Angeles, CA 90054-

0153 Dear Chair Record:

MWD's recommended package of rates, charges and taxes for the next two years is deeply flawed and should be rejected by the Board.

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I ask that the MWD Board direct its staff to go back to the "drawing board," and produce lawful rates that are based on costs, as required by law.

Sincerely,



Mary England
President & CEO
La Mesa Chamber of Commerce
8080 La Mesa Blvd. #212
La Mesa, CA 91942
619-251-7730
619-465-3851 fax
maryengland@lamesachamber.com
www.lamesachamber.com

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From: Carol Legg [<mailto:CLegg@poway.org>]

Sent: Monday, April 11, 2016 5:19 PM

To: Chin,Dawn

Cc: Tina White; Troy Bankston; Michael Obermiller; Annette Gonzalez; Barry Leonard; Dave Grosch; Jim Cunningham; John Mullin; Steve Vaus

Subject: City of Poway - Opposition to Proposed Rates and Charges

Dan Singer, City Manager of Poway, respectfully submits the attached letter to Randy Record, Chair, and to Members of the MWD Board.

Thank you,

Carol Legg

Executive Assistant to the City Manager

City of Poway

858-668-4504 voice

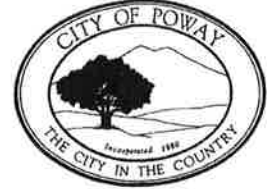
858-668-1205 fax

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CITY OF POWAY



STEVE VAUS, Mayor
JIM CUNNINGHAM, Deputy Mayor
DAVE GROSCH, Councilmember
BARRY LEONARD, Councilmember
JOHN MULLIN, Councilmember

April 11, 2016

Randy Record, Chair,
and Members of the Board of Directors
Metropolitan Water District
P.O. Box 54153
Los Angeles, CA 90054-0153

Subject: Proposed Rates and Charges for 2017 and 2018 - OPPOSE

Dear Chair Record:

The City of Poway is hereby submitting its opposition to the MWD's recommended package of rates, charges and taxes for the next two years and requests that it be rejected by its Board of Directors for the following reasons:

- A Superior Court judge already ruled that MWD's allocation of costs among its rates and charges are illegal, but the MWD is still using the same methodology.
- There is no way to know if the costs have been allocated legally. We request complete and timely transparency from MWD, which includes information about the rate model used to determine the proposed rates and charges.
- This is especially concerning given MWD's history of collecting hundreds of millions more dollars than justified by its budgets or actual costs and its practice of spending that money rather than returning it to ratepayers or setting it aside for later years to avoid more rate increases. Over the past five years alone, MWD has collected \$847 million more than its budgeted costs and has spent up to \$1.2 billion on unbudgeted expenses.
- At the same time it is increasing revenue by suspending the property tax rate, claiming that it is essential to the fiscal integrity of MWD, it is proposing to reduce two existing fixed charges, the Readiness to Serve Charge and the Capacity Charge.
- The new fixed charge was proposed AFTER the public hearing was held, and only 13 days before the board is scheduled to vote on rates. This type of rushed, ad hoc rate-making process does not provide the necessary transparency for the public to be informed about the new and impending charge that would have significant impact to their pocketbook.

For these reasons, on behalf of the City of Poway, I ask that the MWD Board direct its staff to go back and produce rates that are based on costs, as required by law. We also ask that the board hold off on adopting a new fixed treated water charge until its next rate-setting cycle to allow more time for productive analysis and input by member agencies. Also, as MWD begins to implement its Integrated Resource Plan, the board should develop a parallel process for seeking firm, contractual commitments before investing in water supply projects or facilities.

Sincerely,

Daniel Singer
City Manager

City Hall Located at 13325 Civic Center Drive
Mailing Address: P.O. Box 789, Poway, California 92074-0789
www.poway.org

From: gmastalcup [mailto:gmastalcup@gmail.com]
Sent: Monday, April 11, 2016 7:45 PM
To: Chin,Dawn
Subject: Comment letter -Rates and charges for 2017 and 2018

Ms. Chin,

Please follow the mandate issued by the courts that the MWD "enact only legal transportation and wheeling rates". That is: to charge for its services based ONLY on what it costs to provide them. Please make your rate model public and produce a cost of service study and rates and charges that conform with state law.

My husband and I were state employees and are now retired. Obviously we are on a fixed income. We struggle everyday with conserving water and are water bill is a big chunk of our income.

Pat and Joe Stalcup
1058 Olive Ave
Ramona, CA 92065

Sent from my Galaxy Tab® E

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OFFICE OF THE MAYOR

Mary Casillas Salas

April 11, 2016

Randy Record
Chair
Metropolitan Water District
P.O. Box 54153
Los Angeles, CA. 90054-0153

Dear Chair Record:

I am writing to you to express my opposition to Metropolitan Water District's (MWD) recommended package of rates, charges and taxes for the next two years. I feel that it is deeply flawed and should be rejected by the Board of Directors for the following reasons:

- A Superior Court judge has already ruled that MWD's rates are illegal but MWD is still using the same flawed methodology to misallocate costs among its rate and charges.
- There is no way to know if the costs have been allocated legally because MWD has refused to make its rate model public, claiming that it's a "trade secret."
- This is very concerning given MWD's past history of collecting hundreds of millions more dollars than justified by its budgets or actual costs and its practice of spending money rather than returning it to ratepayers or setting it aside for later years to avoid more rate increases. Over the past five years alone, MWD collected \$847 million more than its budget and has spent up to \$1.2 billion on unbudgeted expenses.
- At the same time it is increasing revenue by suspending the property tax rate, claiming that it is essential to the fiscal integrity of MWD, it is proposing to reduce two existing fixed charges, the Readiness to Serve Charge and the Capacity Charge.
- The San Diego County Water Authority has long supported the concept of increasing fixed revenue sources at the MWD. However, this new fixed charge was proposed after the public hearing was held, and only 13 days before the board was scheduled to vote on rates. This rushed, ad-hoc ratemaking process does not provide the necessary transparency for the public to be informed about the new and impending charge that would significantly impact them.

For these reasons, I ask that the MWD Board of Directors direct staff to go back to the drawing board and produce lawful rates that are based on costs, as required by law. I also ask that the Board hold off on adopting a new fixed treated water charge until its next rate-setting cycle to allow more time for productive analysis and input by member agencies. In addition, as the MWD begins implementation of its Integrated Resource Plan, the Board should develop a parallel process for seeking firm, contractual commitments before investing in water supply projects or facilities.

Sincerely,

MARY CASILLAS SALAS
Mayor
City of Chula Vista

276 Fourth Avenue • Chula Vista • California 91910 • (619) 691-5044 • Fax (619) 476-5379
msalas@chulavistaca.gov

From: Pfingst, Stephen [<mailto:spfingst@ucsd.edu>]
Sent: Tuesday, April 12, 2016 8:55 AM
To: Office of the General Manager
Subject: Op ed in UT San Diego

When MWD resorts to “lies, damn lies and statistics” to build its case I see nothing but red flags indicating truth is being hidden. San Diego’s rate increase will not be 4% and you know that. San Diego rates will be higher and you had an obligation to mention that, if truth was your objective. Clearly it was not. Basing future decisions and rates on the hope you win at the appellate court is weak.

I have tried not to assign negative motives to the MWD, and ignore the history, but when I see someone hiding and obfuscating the simple facts it is difficult to believe what they are saying. I can only conclude the SDCWD cannot get a fair deal from the MWD and the MWD likes it that way.

Stephen Pfingst
UC San Diego
IPPS Strategic Procurement
Administrative Specialist
P: (858) 534-4475 F: (858) 534-7307
Email: spfingst@ucsd.edu

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From: Bambi Merryweather [<mailto:merryweatherb@aol.com>]
Sent: Tuesday, April 12, 2016 9:14 AM
To: Chin,Dawn
Subject: Fwd: Tomorrows 4/12/16 vote on rate increases

Somehow I missed the D. Thank you! Bambi

Begin forwarded message:

From: Bambi Merryweather <sai108@aol.com>
Subject: **Tomorrows 4/12/16 vote on rate increases**
Date: April 11, 2016 at 4:33:57 PM PDT
To: chin@mwdh2o.com

It was a pleasure speaking with you about an hour ago. Thank you!

I am writing in opposition to the proposed water rate increases, which will be voted on tomorrow. I am certain there must have been some announcements, but for what ever reason, I was not aware of this until I read a letter to the editor, dated April 7, in the La Jolla Light, a few hours ago.

We have all restricted our water use. So a rate increase obviously is about the money and not the water. San Diego a few months ago dumped over a billion gallons of water into the reservoirs. Water is a resource that belongs to the people and beings on this planet.

Not a commodity that is traded to the highest bidder. This is true, not only for Southern California, but for all of California, the United States and the World. What happens tomorrow on this vote, especially if the proposed increase prevails, will definitely be the beginning of new dialogs on this subject, the water board and the people behind it. I want to know. I know I am not the only one...

Thanking you for this opportunity to express my thoughts on this...

Dr. Bambi Merryweather

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From: Albert Velasquez [<mailto:avelasquez@chulavistaca.gov>]
Sent: Tuesday, April 12, 2016 9:31 AM
To: Chin,Dawn
Cc: 'Catherine Hill'
Subject: Communication for today's Board Meeting

Good Morning Ms. Chin,

Attached is Mayor Casillas Salas' letter of opposition to the proposed package of rates that is to be discussed in today's Metropolitan Water District's Board meeting.

Thank you,

Alberto Velasquez
Senior Policy Advisor
Office of Mayor Mary Casillas Salas
City of Chula Vista
Phone: (619) 409-5931
Cell: (619) 778-3626

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From: andreask.cf@gmail.com [<mailto:andreask.cf@gmail.com>] **On Behalf Of** Andrea Skorepa
Sent: Tuesday, April 12, 2016 12:02 PM
To: Chin,Dawn
Subject: "Subject: Proposed Rates and Charges for 2017 and 2018"

To: - OPPOSE Randy Record, Chair, and Members of the Board of Directors Metropolitan Water District P.O. Box 54153 Los Angeles, CA 90054-0153

Dear Chair Record: MWD's recommended package of rates, charges and taxes for the next two years is deeply flawed and should be rejected by the Board.

The new fixed charge for treated water uses a base period that cannot be supported based on cost of service. The charge also imposes a permanent, ex post facto tax on ratepayers without regard to which agencies have or may benefit from the water treatment facilities MWD chose to build without having any firm commitments from any member agency to use or pay for this service -- which MWD is not legally obligated to provide.

At the same time it is creating this new fixed charge, claiming that fixed charges are needed by MWD, it is reducing two existing fixed charges without apparent justification. A Superior Court judge has already ruled that MWD's rates are illegal – but MWD is still using the same flawed methodology to misallocate costs among its rates and charges. MWD has refused to make its rate model public, claiming it is a “trade secret.” How can this be? At the same time MWD is raising all of these rates, it is also increasing property taxes. There is again, no apparent basis for doing so. This is especially concerning given MWD's history of collecting hundreds of millions more dollars than justified by its budgets or actual costs and its practice of spending that money rather than returning it to ratepayers or setting it aside for later years to avoid more rate increases. We represent very poor people who can ill afford more charges for basic living costs of which water is utmost importance from and health and safety aspect.

Over the past five years alone, MWD has collected \$847 million more than its budgeted costs and has spent even more -- as much as \$1.2 billion on non budgeted expenses. I ask that the MWD Board direct its staff to go back to the "drawing board," and produce lawful rates that are based on costs, as required by law.

Sincerely,
Andrea Skorepa
President/CEO
Casa Familiar Inc.
119 W. Hall Ave.
San Ysidro, Ca.92173

(619) 428-1115 ph.
(619) 428-2802 fax
andreas@casafamiliar.org

www.casafamiliar.org

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F: 619.544.9879



online at:
www.thesofiahotel.com

Subject: Proposed Rates and Charges for 2017 and 2018 - OPPOSE

Randy Record, Chair,
and Members of the Board of Directors
Metropolitan Water District
P.O. Box 54153
Los Angeles, CA 90054-0153

Dear Chair Record:

MWD's recommended package of rates, charges and taxes for the next two years is deeply flawed and should be rejected by the Board.

- The new fixed charge for treated water uses a base period that cannot be supported based on cost of service. The charge also imposes a permanent, ex post facto tax on ratepayers without regard to which agencies have or may benefit from the water treatment facilities MWD chose to build without having any firm commitments from any member agency to use or pay for this service -- which MWD is not legally obligated to provide.
- At the same time it is creating this new fixed charge, claiming that fixed charges are needed by MWD, it is reducing two existing fixed charges without apparent justification.
- A Superior Court judge has already ruled that MWD's rates are illegal – but MWD is still using the same flawed methodology to misallocate costs among its rates and charges.
- MWD has refused to make its rate model public, claiming it is a “trade secret.”
- At the same time MWD is raising all of these rates, it is also increasing property taxes. There is again, no apparent basis for doing so. This is especially concerning given MWD's history of collecting hundreds of millions more dollars than justified by its budgets or actual costs and its practice of spending that money rather than returning it to ratepayers or setting it aside for later years to avoid more rate increases. Over the past five years alone, MWD has collected \$847 million more than its budgeted costs and has spent even more -- as much as \$1.2 billion on unbudgeted expenses.

I ask that the MWD Board direct its staff to go back to the "drawing board," and produce lawful rates that are based on costs, as required by law.

Sincerely,

John Maclean

Assistant General Manager