



The Metropolitan Water District of Southern California

NEWS RELEASE

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**SOUTHLAND CONSUMERS, BUSINESSES FACE
SECOND YEAR OF MANDATORY CONSERVATION
Delta problems prevent Metropolitan from capturing traditional supplies,
continuing shortage conditions, contributing to rate increases**

For the first time in the history of the Metropolitan Water District of Southern California, Southland consumers and businesses face consecutive years of mandatory water supply reductions.

Continuing environmental restrictions in Metropolitan's Northern California supply are perpetuating shortage conditions and driving costs higher.

The district's Board of Directors today approved an allocation plan that will continue for a second year the water supply reductions to the agency's 26 member public agencies, effective July 1.

Metropolitan's imported deliveries are down about 20 percent from previous years, with programs to replenish groundwater basins and sustain limited agriculture operations accounting for the greatest cutbacks. The actual percentage reductions impacting specific local districts will continue to vary because of the differing availability of local supplies such as groundwater.

"The supply restrictions require us to continue saving water now and into the future," said board Chairman Timothy F. Brick. "Our water challenges today are not going to be solved by one or two wet winters."

Metropolitan General Manager Jeffrey Kightlinger said the continuing supply restrictions reflect the long-term nature of the problems in the Sacramento-San Joaquin Delta facing California and the need to stay on track to implement comprehensive solutions.

"This was once the kind of winter that would have allowed Metropolitan and other water districts to make modest improvements to water reserves while meeting the needs of the economy. That's no longer the case," Kightlinger said.

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“The historic pumping restrictions in the Delta because of endangered fish species are compromising the statewide water system’s ability to capture adequate supplies,” he said.

The approved allocation continues to offer local water providers the flexibility to choose among various conservation strategies, from tiered pricing to limits on outdoor water use, to help ensure that demands stay in balance with limited supplies. As the region’s primary wholesale supplier of water imported from Northern California and the Colorado River, Metropolitan provides water to its 26 member public agencies and helps supplement local supplies to meet the needs of 19 million Southern Californians in the district’s six-county service area.

Formed where the rivers of the Sierra Nevada merge before heading toward San Francisco Bay, the Delta is a critical component of the state’s water supply, helping sustain two-thirds of California’s residents and grow about half of the nation’s fruits and vegetables. About 30 percent of Southern California’s total supplies in an average year moves across the Delta to Metropolitan through the State Water Project’s pumps and aqueduct.

A final SWP allocation to Metropolitan is still weeks away. Yet, due to Delta pumping restrictions, the Southland has lost the equivalent supply to sustain the water needs of a city the size of Anaheim for more than three years, Kightlinger said.

“We will be living with one set of Delta restrictions or another until major improvements to the ecosystem and water system are under way,” said Kightlinger. “That is still many years away.”

Meanwhile, higher costs because of the Delta restrictions represent the primary factor behind consecutive 7.5 percent annual water rate increases approved in a separate action by Metropolitan’s board. The first rate increase will take effect Jan. 1, 2011.

In taking the action, the board directed staff to craft a 2010-11 fiscal year budget that will cover the full cost of water service by adopting significant budget cuts for the third consecutive year. The board is expected to consider the 2010-11 budget at its May 11 meeting.

Metropolitan’s SWP costs have increased by about \$100 million over the past four years, with higher power costs to transmit supplies a major factor, Kightlinger said.

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The effect of the rate adjustment on Southland consumers will depend on the amount of Metropolitan's imported water purchased by their local water agency to augment supplies, such as groundwater and recycled supplies.

For more information on Metropolitan, visit the district's Web site at www.mwdh2o.com.

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