



Our Region's Trusted Water Leader
San Diego County Water Authority

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News Release

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Water Authority Offers Settlement to End MWD Litigation, Focus on Future
Proposal would protect ratepayers, promote transparency, give agencies fresh start in 2020

The San Diego County Water Authority's Board of Directors today made a comprehensive settlement offer to the Metropolitan Water District of Southern California that would conclude every rate case between the two agencies, improve the transparency of MWD's ratemaking process, and provide \$140 million in payments for San Diego County water ratepayers in addition to benefits already secured in court. It also would provide certainty about how much MWD charges to transport the San Diego region's independent water supplies.

"The Water Authority's proposal would benefit residents across San Diego County, enhance understanding of how MWD's rates are set, and provide more opportunities for our agencies to collaborate in ways that would benefit water management across the Southwest," said Water Authority Board Chair Jim Madaffer.

Settlement Offer Letter

To read the Water Authority's settlement offer letter, [click here](#).

"It reflects our Board's strong desire to work with MWD without being under a cloud of litigation, while protecting the interests of San Diego County residents," Madaffer said. "We recognize that in taking actions recently to approve significant funding for water reliability projects in San Diego County, the MWD Board also has demonstrated its desire to find a legal resolution. We also appreciate the efforts of MWD General Manager Jeff Kightlinger to discuss MWD's proposal with us today."

During today's special Board meeting, the Water Authority Board decided not to act on MWD's November settlement offer, after determining that it wasn't legally valid and that it contained provisions that could have negatively impacted San Diego ratepayers and the regional economy for decades.

Instead, the Water Authority's offer presented the following central provisions:

- MWD pays the Water Authority \$140 million to cover all claims in the rate cases for 2011 through 2020.
- The Water Authority will dismiss its remaining rate cases for 2015 through 2020.
- Both parties pay their own litigation costs.
- MWD agrees that its Board of Directors and all of its member agencies are entitled to see the functional rate model used to set its rates and charges well in advance of any public hearings or votes on rates or rate structures by the MWD Board.
- The parties agree to entry of judgment on the rulings issued in the cases for 2011-2014, and both sides give up the right to appeal.

In addition, the Water Authority Board offered to pay MWD a fixed price of \$450 per acre-foot (plus escalators over time) for transporting the Water Authority's independent supplies from the Colorado River, in line with MWD's proposal. The Water Authority included terms protecting San Diego ratepayers from future changes in cost allocation by MWD that could neutralize or reverse the potential financial benefits of the agreement.

"I hope that MWD's Board will seriously consider this good-faith proposal to conclude the litigation and move on," said Water Authority Board Secretary Christy Guerin, who is leading the agency's settlement efforts on behalf of the Board of Directors. "It would be ideal to start 2020 with a clean slate so we can roll up our sleeves and get to work on important water issues that will create benefits across the region."

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The San Diego County Water Authority sustains a \$231 billion regional economy and the quality of life for 3.3 million residents through a multi-decade water supply diversification plan, major infrastructure investments and forward-thinking policies that promote fiscal and environmental responsibility. A public agency created in 1944, the Water Authority delivers wholesale water supplies to 24 retail water providers, including cities, special districts and a military base.



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