



San Diego County Water Authority

A Public Agency

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January 8, 1996

Chairman John V. Foley
Board of Directors
Metropolitan Water District of
Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

Dear Chairman Foley:

MWD's Integrated Resources Plan

The San Diego Delegation has always and will continue to support the concept of regional planning to evaluate how to meet the future water needs of southern California, but regrettably cannot support approval of MWD's proposed Integrated Resources Plan (IRP) in its present form. The IRP does not address several key issues which the Authority and others have raised which, if left unresolved, will result in inequities among MWD's member agencies' obligations to pay for its implementation.

Very importantly, we believe that approval of the IRP at this time is premature because of the ongoing negotiations on Colorado River issues. These negotiations could result in the need for major revisions to the IRP within the next few weeks or months. We believe that it is a mistake to adopt this Plan now to serve as "the policy guideline for future resource and capital development", when it is known that some of the most fundamental elements of the IRP are in jeopardy and the IRP also does not reflect the likely outcome of decision-making by your largest customer.

The San Diego Delegation believes the following items must be addressed in the Plan in order for its implementation to be equitable for all of Metropolitan's member agencies:

- First and foremost, demonstrate that the Plan results in an economical resources mix for MWD. MWD changed its reliability goal after receiving input from the member agencies and the public. The certainty that MWD can meet this new goal has not sufficiently been demonstrated nor has the incremental cost of providing for the changed goal been determined.

MEMBER AGENCIES

CITIES

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• San Diego
• San Diego County Water Authority

COUNTY

• San Diego

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• San Diego
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WATER DISTRICTS

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FEDERAL AGENCY

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• Poway Dam
• Rainbow
• Ramona
• San Juan del Obispo
• Valley Center
• Vista

- Demonstrate that implementation of the IRP preferred resource mix is a true regional plan which provides benefits and incentives for investment by the individual member agency. For example, under present programs and projections, the IRP does not provide sufficient regional benefit to establish that further investments in the MWD are San Diego's least cost alternative. We are obliged as fiduciaries to ensure the best investment for San Diego ratepayers. After all, our circumstances are perhaps the most different of your member agencies, i.e., high volume and high degree of reliance on MWD.
- Provide evidence that implementation of the IRP will result in a clear and proportionate relationship between incentive program levels and the value of benefits realized. The IRP provides no evidence that this will occur. For example, MWD determined that the regional benefits of seasonal storage operations are much less than the discount currently provided. Yet, implementation of program changes to correct this inequity has been delayed and disconnected from other Local Resource Program incentive program revisions.
- Include in the IRP mix of water resources the potential for Colorado River water transfers, along with transfers from the Central Valley. Core water transfers are a water supply option which can provide more certainty at a lesser cost than some of the "local" projects currently included in the Plan.
- Address the great uncertainty and risks associated with MWD's Colorado River Reliability Program.
- Address a long-term solution for water pricing and reliability for agricultural water customers within Metropolitan's service area. MWD is currently annexing areas into the service area which will increase demands, providing incentive to other users to reduce demands on MWD, relinquishing Colorado River entitlements to Nevada, while at the same time issuing a notice of possible interruption of water service to agriculture.
- Define the process of how and when changes to the IRP will be made, so that the Plan is truly flexible. This process needs to be able to accommodate significant changes in MWD demands or member agency supplies such as would result from the proposed IID/Authority water transfer. Based upon experience, the IRP is not being corrected on a very flexible basis.

In closing we would like to reiterate our support of the planning concept , but urge the Board to delay approval of the draft IRP until the above concerns are addressed, and a conclusion reached in the Colorado River negotiations.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Watton", with a long horizontal stroke extending to the right.

Mark Watton
Chairman, Board of Directors

cc: MWD Board of Directors
CWA Board of Directors