



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

**Executive Financial Report
For the Six Months Ended December 31, 2007**

Executive Financial Report
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For the Six Months Ended December 31, 2007

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Executive Financial Report for the Six Months Ended December 31, 2007

A summary of the accrual basis statement of operations activity for the six months ended December 31, 2007 as well as the changes in the balance sheet for December 2007 are discussed below.

Statements of Operations (page 2)

Net Income of \$184.3 million was \$27.7 million more than prior year's net income of \$156.6 million. Included in the variance were higher operating revenues of \$56.9 million, partially offset by higher operating expenses of \$26.6 million and lower other income-net of \$2.6 million. These items are further described below.

Operating revenues for the six months ended December 31, 2007 totaled \$606.6 million, which were \$56.9 million more than prior year operating revenues of \$549.7 million. The increase was primarily due to \$52.8 million higher water sales, of which \$34.9 million was due to higher prices and \$17.9 million to greater sales. Exchange sales were \$4.5 million greater than the prior year.

Operating expenses for the six months ended December 31, 2007 totaled \$456.5 million and were \$26.6 million higher than prior year operating expenses of \$429.9 million. Included in the increase was \$9.0 million higher O&M costs, \$8.3 million higher cost of water, and \$8.1 million more in depreciation and amortization expense. O&M's were higher due primarily to \$5.3 million more in personnel costs due to negotiated labor contracts and \$2.6 million higher advertising expense as the water conservation programs were more aggressively marketed. The increased cost of water resulted from higher water sales, partially offset by \$29.8 million more of credits from DWR for adjustments to prior year costs. Depreciation and amortization was \$8.1 million higher as depreciation on several of the Oxidation Retrofit Projects commenced.

Other income-net of \$34.2 million was \$2.6 million less than prior year other income-net of \$36.8 million. This decrease was due primarily to \$14.0 million higher bond interest expense as a result of new bond issues, partially offset by \$9.8 million more in investment income as the result of higher portfolio balances and yields.

Balance Sheets (page 3)

At December 31, 2007, assets totaled \$11.2 billion, which were \$723.1 million higher than December 31, 2006. This variance included \$441.8 million of higher property, plant and equipment, net (PP&E) and \$205.5 million more in cash and investments. Additionally, other assets were \$33.7 million higher and accounts receivable were \$22.7 million higher than the prior year. The higher PP&E was primarily due to construction progress on the oxidation retrofit projects, treatment plant improvement programs, Inland Feeder project, chlorine containment and handling facilities, Skinner Filtration Plant Expansion 4, and the Perris Valley Pipeline. The \$205.5 million increase in cash and investments was due to issuance of \$500.0 million in new debt, offset by increased capital investment plan expenditures. Included in the increase of other assets was \$19.0 million of higher water inventories due to higher water costs, \$8.3 million of grant-related projects, and \$2.2 million related to reimbursable projects. The increase in accounts receivable was due to \$11.7 million of higher water sales and \$9.6 million of other receivables, of which \$6.9 million was for Proposition 13 billings to the state.

Liabilities totaled \$5.4 billion at December 31, 2007, which were \$494.1 million more than December 31, 2006. This increase was due primarily to \$438.5 more in long-term debt, \$33.9 million more of accounts payable and accrued expenses, and \$24.6 million higher State Water Project (SWP) obligations. The increase in long-term debt was due to the issuance of revenue bonds of \$400.0 million in May 2007 and \$100.0 million in June 2007, partially offset by principal pay downs and refundings of debt. The increase in accounts payable and accrued expenses is mainly due to \$27.1 million more of postemployment benefits other than pensions (OPEB) and \$7.1 million more of accrued bond interest expense due to the new bond issues. The increase in State Water Project obligations was due to higher billings from the Department of Water Resources.

The Metropolitan Water District of Southern California

Statements of Operations - Accrual Basis (Dollars in millions)

| | For the Six Months Ended December 31, | | Favorable/ (Unfavorable) Variance |
|----------------------------------|--|----------|---|
| | 2007 | 2006 | |
| Operating Revenues: | | | |
| Water Sales | \$ 526.2 | \$ 473.3 | \$ 52.8 |
| Wheeling / Exchange | 9.7 | 5.2 | 4.5 |
| Readiness-to-Serve | 41.1 | 40.0 | 1.1 |
| Capacity Charge | 16.2 | 16.1 | 0.0 |
| Power Sales | 13.4 | 15.0 | (1.6) |
| Total Operating Revenues | 606.6 | 549.7 | 56.9 |
| Operating Expenses: | | | |
| Cost of Water | 157.0 ⁽¹⁾ | 148.7 | (8.3) |
| Operations & Maintenance | 166.4 | 157.4 | (9.0) |
| Water Management Programs, Net | 22.0 | 20.7 | (1.2) |
| Depreciation & Amortization | 111.2 | 103.1 | (8.1) |
| Total Operating Expenses | 456.5 | 429.9 | (26.6) |
| Net Operating Income | 150.0 | 119.8 | 30.3 |
| Other Income (Expense): | | | |
| Net Taxes/Annexations | 51.5 | 49.5 | 2.0 |
| Investment Income ⁽²⁾ | 43.7 | 33.9 | 9.8 |
| Bond Interest Expense | (59.3) | (45.3) | (14.0) |
| Other | (1.7) | (1.2) | (0.5) |
| Total Other Income - Net | 34.2 | 36.8 | (2.6) |
| Net Income | \$ 184.3 | \$ 156.6 | \$ 27.7 |

Sales Statistics (average prices calculated using exact rather than rounded dollar amounts):

| | | | |
|-------------------------|-----------|-----------|----------|
| Water Sales (TAF) | 1,229.5 | 1,208.2 | 21.2 |
| Wheeling/Exchange (TAF) | 37.4 | 20.0 | 17.3 |
| Power Sales (mWh) | 236.5 | 291.0 | (54.5) |
| Average Sales Price | | | |
| Water Sales | \$ 427.98 | \$ 391.76 | \$ 36.22 |
| Wheeling/Exchange | \$ 259.29 | \$ 258.08 | \$ 1.21 |
| Power Sales | \$ 0.06 | \$ 0.05 | \$ 0.01 |

Ratios:

Fixed Charge Coverage (rolling 12 months) - Cash Basis:

| | | |
|--------|----------|----------|
| Actual | 1.69 x | 1.19 x |
| Target | ≥ 1.20 x | ≥ 1.20 x |

Revenue Bond Debt Service Coverage (rolling 12 months) - Cash Basis:

| | | |
|--------|----------|----------|
| Actual | 2.25 x | 1.77 x |
| Target | > 2.00 x | > 2.00 x |

Notes:

- (1) Includes \$47.7 million in credits from DWR related to prior year variable costs.
- (2) Includes fair value adjustment of \$10.0 million and \$10.3 million at December 31, 2007 and 2006, respectively.

Totals may not foot / cross foot due to rounding.

Certain reclassifications have been made to conform to current year presentation.

The Metropolitan Water District of Southern California

Balance Sheets - Accrual Basis (Dollars in millions)

| | December 31, | | <i>Increase/ (Decrease)</i> |
|---|--------------------|--------------------|---------------------------------|
| | 2007 | 2006 | |
| Assets: | | | |
| Cash and investments at book value ⁽¹⁾ | \$ 1,287.5 | \$ 1,082.0 | \$ 205.5 |
| Fair Value Adjustment | 9.1 | 2.2 | 7.0 |
| Accounts Receivable | 291.2 | 268.5 | 22.7 |
| Property, Plant and Equipment, net | 7,324.5 | 6,882.8 | 441.8 |
| Prepaid State Water Project Costs, net | 1,596.3 | 1,589.9 | 6.4 |
| Participation Rights, net | 257.0 | 264.3 | (7.3) |
| Deferred Charges and Water Rights | 341.7 | 328.2 | 13.5 |
| Other | 140.1 | 106.5 | 33.7 |
| Total Assets | \$ 11,247.6 | \$ 10,524.4 | \$ 723.1 |
| Liabilities and Equity: | | | |
| Long-Term Debt | \$ 4,568.2 | \$ 4,129.6 | \$ 438.5 |
| Off-Aqueduct Power Facilities | 69.5 | 76.6 | (7.1) |
| Accounts Payable and Accrued Bond Interest | 168.5 | 134.6 | 33.9 |
| Deferred Income | 99.3 | 102.6 | (3.3) |
| State Water Project Obligations | 395.8 | 371.3 | 24.6 |
| Trust Funds and Other | 87.9 | 80.5 | 7.4 |
| Total Liabilities | 5,389.2 | 4,895.1 | 494.1 |
| Equity | 5,858.4 | 5,629.3 | 229.1 |
| Total Liabilities and Equity | \$ 11,247.6 | \$ 10,524.4 | \$ 723.1 |

Revenue Bond Debt as a percent of equity:

| | | |
|--------|-----------|-----------|
| Actual | 72.6 % | 66.9 % |
| Target | < 100.0 % | < 100.0 % |

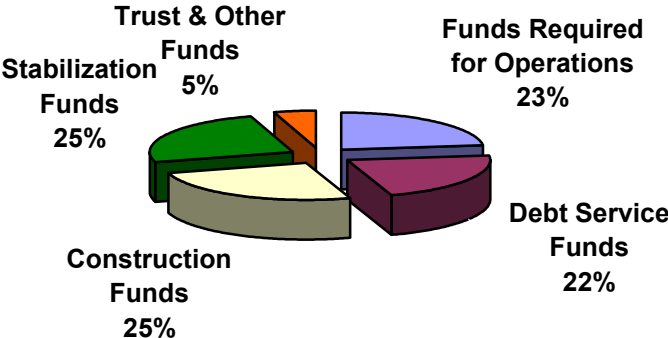
(1) Fair value of cash and investments was \$1,296.6 million and \$1,084.2 million at December 31, 2007 and 2006, respectively.

Certain reclassifications of prior year amounts have been made to conform to current year presentation.
Totals may not foot / cross foot due to rounding.

The Metropolitan Water District of Southern California

Cash and Investments at Book Value As of December 31, 2007 (Dollars in millions)

| | Restricted | | Unrestricted | Total |
|-------------------------------|-----------------|-----------------|-----------------|-------------------|
| | Contractual | Board | | |
| Funds Required for Operations | \$ 182.1 | \$ 113.9 | \$ 0.1 | \$ 296.1 |
| Debt Service Funds | 282.7 | - | - | 282.7 |
| Construction Funds | 313.5 | - | 17.0 | 330.5 |
| Stabilization Funds | - | - | 318.7 | 318.7 |
| Trust & Other Funds | 40.6 | 18.9 | - | 59.5 |
| Total | \$ 818.9 | \$ 132.8 | \$ 335.8 | \$ 1,287.5 |



Executive Financial Report for the Six Months Ended December 31, 2007 Actual to Estimate

A summary of the accrual basis operations and construction activity for the six months ended December 31, 2007 compared to estimate for the same period is discussed below.

Actual vs. Estimate (page 6)

Net income of \$184.3 million was \$54.4 million higher than the \$129.9 million estimate. Included in this variance was \$20.6 million of higher than estimated operating revenues, \$7.5 million of higher than estimated other income-net, and \$26.3 million of lower than estimated operating expenses. These items are further described below.

Operating revenues of \$606.6 million were \$20.6 million higher than the \$586.0 million estimate, due primarily to \$30.6 million of higher than estimated water sales, partially offset by \$10.4 million less in power sales. Of the higher water sales, \$16.4 million was due to higher volumes and \$14.2 million due to higher prices. Water sales volumes totaled 1,229.5 thousand acre-feet (TAF), or 39.4 TAF more than the estimate of 1,190.1 TAF. The power sales estimate included estimated revenues for CRA power sales; these sales are recorded as a reduction of water inventory costs for accrual basis accounting.

Operating expenses of \$456.5 million were \$26.3 million less than the \$482.8 million estimate due primarily to \$18.0 million lower cost of water and \$11.8 million lower O&M costs. The lower cost of water was due to additional State Water Contract credits of \$42.9 million for prior year adjustments, partially offset by \$15.1 million of costs for water drawn from the Coachella Valley, Semitropic, Arvin-Edison, Kern, and Mojave programs and \$13.4 million higher variable and OMP&R costs. O&M was lower due to \$4.7 million less of chemical and sludge removal costs resulting from favorable water quality and lower water flows. Outside services non-professional and materials and supplies were \$2.9 million less than estimate due to timing of charges and are expected to be on budget by year-end.

Other income-net totaling \$34.2 million was \$7.5 million more than the \$26.7 million estimate, which included \$17.6 million of higher than anticipated investment income, partially offset by \$10.6 million of higher bond interest expense. The favorable variance for investment income was due to higher than anticipated yields and higher than expected portfolio balances and \$10.0 million of fair value adjustment, which was not part of the estimated amount. The higher bond interest expense was due primarily to lower than expected capitalization of interest on construction, which is expected to increase as the year progresses.

Construction Activity (page 9)

Construction costs for the six months ended December 31, 2007 totaled \$200.6 million, which was \$41.3 million, or seventeen percent, under estimate. Included in the variance were the Treatment Plant Improvement programs, which were \$13.7 million less than estimate; the Chlorine Containment and Handling Facilities program, which was \$9.5 million less than estimate; and \$10.8 million of other which included the Rialto Pipeline, Lake Perris Flexible Storage program, the Control System Enhancement program, and water billing system and Human Resources system upgrades. The Treatment Plant and other programs are less than estimate due to timing delays and timing of expenditures. The Chlorine Containment and Handling Facilities program was less than estimate due to timing of work at the Jensen and Mills plants. Work at the Jensen and Mills plants is expected to be caught-up by year-end. Construction costs are expected to be \$76.1 million or fifteen percent, under estimate by year-end.

The Metropolitan Water District of Southern California

Statement of Operations
 Estimate vs. Actual - Accrual Basis
 For the Six Months Ended December 31, 2007
 (Dollars in millions)

| | Estimate to Date | Actual to Date | Favorable/ (Unfavorable) Variance | | Fiscal Year End | | | | |
|------------------------------------|---------------------|---------------------|--------------------------------------|------------|--------------------|-----------------------|--------------------------------------|--------------|--|
| | | | \$ | % | Annual Estimate | Projected Year-End | Favorable/ (Unfavorable) Variance | | |
| | | | | | | | \$ | % | |
| Operating Revenues | | | | | | | | | |
| Water Sales | \$ 495.6 | \$ 526.2 | \$ 30.6 | 6% | \$ 915.0 | \$ 954.0 | \$ 39.0 | 4% | |
| Wheeling/Exchange | 9.2 | 9.7 | 0.5 | 5% | 19.8 | 20.2 | 0.4 | 2% | |
| RTS | 41.0 | 41.1 | 0.1 | 0% | 82.0 | 82.0 | - | 0% | |
| Capacity Charge | 16.4 | 16.2 | (0.2) | (1%) | 32.7 | 32.7 | - | 0% | |
| Power Sales | 23.9 | 13.4 | (10.4) | (44%) | 45.1 | 27.0 | (18.1) | (40%) | |
| Total Operating Revenues | 586.0 | 606.6 | 20.6 | 4% | 1,094.6 | 1,115.9 | 21.3 | 2% | |
| Operating Expenses | | | | | | | | | |
| Operations & Maintenance | 178.2 | 166.4 | 11.8 | 7% | 355.9 | 362.4 | (6.5) | (2%) | |
| Cost of Water | 174.9 | 157.0 | 18.0 | 10% | 335.7 | 339.8 | (4.1) | (1%) | |
| Water Mgt. Programs | 22.5 | 22.0 | 0.6 | 2% | 42.9 | 45.9 | (3.0) | (7%) | |
| Depreciation & Amortization | 107.1 | 111.2 | (4.1) | (4%) | 214.2 | 218.3 | (4.1) | (2%) | |
| Total Operating Expenses | 482.8 | 456.5 | 26.3 | 5% | 948.7 | 966.4 | (17.7) | (2%) | |
| Operating Income | 103.2 | 150.0 | 46.8 | 45% | 145.9 | 149.5 | 3.6 | 2% | |
| Other Income/(Expense) | | | | | | | | | |
| Net Taxes/Annexations | 51.1 | 51.5 | 0.5 | 1% | 102.1 | 102.1 | - | 0% | |
| Investment Income | 26.1 | 43.7 ⁽¹⁾ | 17.6 | 67% | 52.2 | 49.5 | (2.7) | (5%) | |
| Bond Interest Expense | (48.8) | (59.3) | (10.6) | (22%) | (97.5) | (108.0) | (10.5) | (11%) | |
| Other | (1.7) | (1.7) | 0.0 | (1%) | (3.4) | (3.4) | - | 0% | |
| Total Other Income(Expense) | 26.7 | 34.2 | 7.5 | 28% | 53.4 | 40.2 | (13.2) | (25%) | |
| Net Income | \$ 129.9 | \$ 184.3 | \$ 54.4 | 42% | \$ 199.3 | \$ 189.7 | \$ (9.6) | (5%) | |
| Sales Statistics: | | | | | | | | | |
| Water Sales (TAF) | 1,190.1 | 1,229.5 | 39.4 | 3% | 2,155.4 | 2,200.4 | 45.0 | 2% | |
| Wheeling Sales (TAF) | 35.7 | 37.4 | 1.6 | 5% | 73.7 | 75.2 | 1.4 | 2% | |

Notes:

(1) Includes fair value adjustment of \$10.0 million not included in estimate.

The Metropolitan Water District of Southern California

Operations & Maintenance, Cost of Water, and Capital Investment Plan Estimate vs. Actual - Accrual Basis (Dollars in millions) For the Six Months Ended December 31, 2007

| | Estimate to Date | Actual to Date | Favorable/ (Unfavorable) Variance | |
|--|---------------------|-------------------|--------------------------------------|------------|
| | | | \$ | % |
| <u>Operations & Maintenance</u> | | | | |
| Fixed: | | | | |
| Personnel | \$ 120.8 | \$ 119.5 | \$ 1.3 | 1% |
| Materials & Supplies | 8.2 | 6.8 | 1.4 | 17% |
| Professional Services | 8.3 | 8.9 | (0.6) | (7%) |
| Outside Non-Professional Services | 9.4 | 6.5 | 2.9 | 31% |
| Other | 6.9 | 6.0 | 0.9 | 13% |
| Total Fixed | 153.6 | 147.6 | 6.0 | 4% |
| Variable: | | | | |
| Water Treatment Chemicals | 16.0 | 12.2 | 3.8 | 24% |
| Utility Costs | 8.6 | 6.6 | 2.0 | 24% |
| Total Variable | 24.6 | 18.8 | 5.8 | 24% |
| Total Operations & Maintenance | \$ 178.2 | \$ 166.4 | \$ 11.8 | 7% |
| <u>Cost of Water</u> | | | | |
| Cost of Water | \$ 179.7 | \$ 204.6 | (24.9) | (14%) |
| SWP Prior Year Adjustments | (4.8) | (47.7) | 42.9 | (894%) |
| Total Cost of Water | \$ 174.9 | \$ 157.0 | \$ 18.0 | 10% |
| Capital Investment Plan | \$ 242.0 | \$ 200.6 | \$ 41.3 | 17% |

Totals may not foot / cross foot due to rounding.

The Metropolitan Water District of Southern California

Operations and Maintenance Fixed and Variable Components Estimate vs. Actual - Accrual Basis Six Months Ended December 31, 2007 (Dollars in millions)

| Component | Estimate to Date | Actual to Date | <i>Favorable/ (Unfavorable)</i> <i>Variance</i> | |
|---|---------------------|-------------------|--|------------|
| | | | \$ | % |
| Fixed: | | | | |
| Personnel | \$120.8 | \$119.5 | \$1.3 | 1% |
| Professional Services | 8.3 | 8.9 | (0.6) | (7%) |
| Outside Non-Professional Services | 9.4 | 6.5 | 2.9 | 31% |
| Materials & Supplies | 8.2 | 6.8 | 1.4 | 17% |
| Communications Expense | 1.9 | 1.6 | 0.3 | 14% |
| Travel Expense | 1.1 | 1.0 | 0.1 | 7% |
| Training | 0.5 | 0.2 | 0.2 | 49% |
| Memberships & Subscriptions | 1.3 | 0.8 | 0.6 | 43% |
| Equipment Expensed | 0.5 | 0.1 | 0.4 | 74% |
| Equipment Rents/Leases | 0.6 | 0.5 | 0.0 | 5% |
| Insurance | 3.4 | 3.2 | 0.3 | 8% |
| Agency Dues | 2.2 | 1.7 | 0.5 | 21% |
| Rents/Leases | 0.2 | 0.2 | (0.0) | (11%) |
| Overhead Credit from Construction | (9.7) | (9.8) | 0.0 | (0%) |
| Other | 5.0 | 6.2 | (1.2) | (24%) |
| Total Fixed Costs | 153.6 | 147.6 | 6.0 | 4% |
| Variable: | | | | |
| Water Treatment Chemicals | 16.0 | 12.2 | 3.8 | 24% |
| Utility Costs: | | | | |
| Utilities | 6.0 | 4.9 | 1.1 | 18% |
| Sludge Removal | 1.7 | 0.8 | 0.9 | 55% |
| Permits | 1.0 | 0.9 | 0.1 | 6% |
| Total Variable Costs | 24.6 | 18.8 | 5.8 | 24% |
| Total O&M | \$178.2 | \$166.4 | \$11.8 | 7% |
| Water Sales - Thousand Acre-Feet | 1,190.1 | 1,229.5 | 39.4 | 3% |

Totals may not foot / cross foot due to rounding.

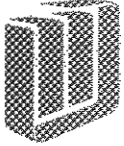
The Metropolitan Water District of Southern California

Estimate vs. Actual: Construction Activities - Accrual Basis
For the Six Months Ended December 31, 2007
(Dollars in millions)

| | Estimate | Actual | Variance from Estimate | | Fiscal Year | Projected | Variance from Estimate | | |
|--|-----------------|-----------------|------------------------|------------|-----------------|-----------------|------------------------|------------|--|
| | to Date | to Date | \$ | % | Estimate | Year-End | \$ | % | |
| Sources of Funds | | | | | | | | | |
| Bond Construction Funds | \$ 188.7 | \$ 151.5 | \$ 37.2 | 20% | \$ 388.6 | \$ 312.5 | \$ 76.1 | 20% | |
| R & R/General Funds | 53.3 | 49.2 | 4.1 | 8% | 109.8 | 109.8 | - | 0% | |
| Total | \$ 242.0 | \$ 200.6 | \$ 41.3 | 17% | \$ 498.4 | \$ 422.3 | \$ 76.1 | 15% | |
| Program Expenditures | | | | | | | | | |
| Oxidation Retrofit Programs | \$ 69.5 | \$ 71.8 | \$ (2.3) | (3%) | \$ 155.5 | \$ 111.2 | \$ 44.3 | 28% | |
| Treatment Plant Improvement | 38.4 | 24.7 | 13.7 | 36% | 83.2 | 60.7 | 22.5 | 27% | |
| Inland Feeder | 35.0 | 33.4 | 1.6 | 5% | 69.3 | 69.3 | (0.0) | (0%) | |
| Chlorine Containment and Handling Facilities | 18.5 | 8.9 | 9.5 | 52% | 28.5 | 28.5 | (0.0) | (0%) | |
| Perris Valley Pipeline | 9.1 | 11.9 | (2.8) | (31%) | 25.1 | 43.6 | (18.5) | (73%) | |
| Distribution System - Rehabilitation Program | 10.9 | 8.7 | 2.1 | 20% | 18.3 | 18.3 | (0.0) | (0%) | |
| Mills Capacity Upgrade | 5.5 | 4.8 | 0.7 | 12% | 17.1 | 17.1 | (0.0) | (0%) | |
| CRA - Reliability/Containment Programs | 7.0 | 3.5 | 3.4 | 49% | 11.4 | 11.4 | (0.0) | (0%) | |
| Local Groundwater Storage | 4.7 | 5.1 | (0.4) | (8%) | 9.6 | 9.6 | 0.0 | 0% | |
| Diamond Valley Lake Recreation | 5.6 | 0.7 | 4.9 | 88% | 9.6 | 1.6 | 8.0 | 83% | |
| Other | 37.9 | 27.2 | 10.8 | 28% | 70.9 | 51.0 | 19.9 | 28% | |
| Total | \$ 242.0 | \$ 200.6 | \$ 41.3 | 17% | \$ 498.4 | \$ 422.3 | \$ 76.1 | 15% | |

Major Program Statistics

| | Current | Project- | | |
|--|------------|----------|-------|----------|
| | Program | to-Date | % | % |
| | Estimate | Dec. 07 | Spent | Complete |
| Inland Feeder | \$ 1,186.5 | \$ 977.1 | 82% | 85% |
| Oxidation Retrofit Program | 998.2 | 553.2 | 61% | 58% |
| Treatment Plant Improvement Projects | 439.9 | 214.0 | 42% | 54% |
| Chlorine Containment and Handling Facilities | 135.8 | 85.1 | 52% | 65% |
| CRA - Reliability/Containment Programs | 148.5 | 82.2 | 51% | 71% |
| Skinner Expansion No. 4 | 147.0 | 142.7 | 97% | 99% |
| Diamond Valley Lake Recreation | 92.8 | 62.8 | 64% | 68% |

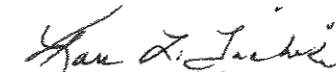


MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: January 8, 2007
To: Board of Directors
From: General Counsel
Subject: Review as to Eligibility of Securities Invested in by the
Treasurer for the Month of December 2007

Pursuant to Sections 2741(a) and 5101(b)(5) of the Administrative Code, this office has examined the Treasurer's Monthly Report to the Board for the month of December 2007 covering the investment of securities for that period. The reported forms of investment are within the eligible group of securities authorized by Section 5101(b)(2) of the Administrative Code, and as of the end of the month are within the percentage constraints specified in that section. For purposes of this letter, we have not undertaken to independently verify the accuracy of the information submitted by the Treasurer to this office.


Karen L. Tachiki

cc: T. E. DeBacker
J. Kightlinger
R. N. Marumoto
B. G. Thomas