



*THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA*

Executive Financial Report For the Five Months Ended November 30, 2009

Executive Financial Summary
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For the Five Months Ended November 30, 2009

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The Metropolitan Water District of Southern California

Statements of Operations - Accrual Basis (Dollars in millions)

| | For the Five Months Ended November 30, | | <i>Favorable/ (Unfavorable) Variance</i> |
|---|---|----------------|--|
| | 2009 | 2008 | |
| Operating Revenues: | | | |
| Water Sales | \$ 486.0 | \$ 469.3 | \$ 16.7 |
| Wheeling / Exchange | 18.7 | 8.7 | 10.0 |
| Readiness-to-Serve | 42.9 | 36.3 | 6.7 |
| Capacity Charge | 13.5 | 13.7 | (0.2) |
| Power Sales | 11.6 | 9.9 | 1.7 |
| Total Operating Revenues | 572.7 | 537.9 | 34.8 |
| Operating Expenses: | | | |
| Cost of Water | 205.5 | 184.5 | (21.0) |
| Operations & Maintenance | 146.8 | 147.1 | 0.3 |
| Demand Management Programs | 24.6 | 34.7 | 10.1 |
| Depreciation & Amortization | 97.3 | 93.5 | (3.7) |
| Total Operating Expenses | 474.1 | 459.8 | (14.3) |
| Net Operating Income | 98.6 | 78.0 | 20.5 |
| Other Income (Expense): | | | |
| Net Taxes/Annexations | 44.0 | 44.7 | (0.6) |
| Investment Income | 20.5 | 4.1 | 16.5 |
| Bond Interest Expense | (50.1) | (41.8) | (8.3) |
| Other | 1.4 | (0.5) | 2.0 |
| Total Other Income/(Expense) - Net | 15.9 | 6.4 | 9.5 |
| Net Income | \$ 114.5 | \$ 84.5 | \$ 30.0 |

Sales Statistics:

| | | | |
|-------------------------|-----------|-----------|-----------|
| Water Sales (TAF) | 856.2 | 1,043.5 | (187.3) |
| Wheeling/Exchange (TAF) | 58.4 | 31.2 | 27.2 |
| Power Sales (mWh) | 152.0 | 129.9 | 22.1 |
| Average Sales Price (1) | | | |
| Water Sales | \$ 567.61 | \$ 449.75 | \$ 117.86 |
| Wheeling/Exchange | \$ 320.10 | \$ 280.08 | \$ 40.02 |
| Power Sales | \$ 0.08 | \$ 0.08 | \$ (0.00) |

Ratios:

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

| | | |
|------------|----------|----------|
| Actual | 1.23 x | 1.08 x |
| Target (2) | ≥ 1.20 x | ≥ 1.20 x |

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

| | | |
|------------|----------|----------|
| Actual | 1.74 x | 1.50 x |
| Target (2) | > 2.00 x | > 2.00 x |

Notes:

- (1) Average prices calculated using exact rather than rounded dollar amounts.
- (2) Board adopted guideline.
- (3) Totals may not foot / cross foot due to rounding.

The Metropolitan Water District of Southern California

Balance Sheets - Accrual Basis (Dollars in millions)

| | November 30, | | <i>Increase/ (Decrease)</i> |
|--|--------------------|--------------------|---------------------------------|
| | 2009 | 2008 | |
| Assets: | | | |
| Cash and investments at book value (1) | \$ 1,196.3 | \$ 868.3 | \$ 328.0 |
| Fair Value Adjustment | 2.9 | (10.5) | 13.3 |
| Accounts Receivable | 400.0 | 427.2 | (27.2) |
| Property, Plant and Equipment, net | 7,883.6 | 7,589.4 | 294.2 |
| Prepaid State Water Project Costs, net | 1,632.6 | 1,633.5 | (1.0) |
| Participation Rights, net | 357.0 | 250.5 | 106.5 |
| Deferred Charges and Water Rights | 429.7 | 459.8 | (30.1) |
| Other | 196.3 | 155.4 | 40.9 |
| Total Assets | \$ 12,098.2 | \$ 11,373.6 | \$ 724.6 |
| Liabilities and Equity: | | | |
| Long-Term Debt | \$ 4,895.2 | \$ 4,468.8 | \$ 426.4 |
| Off-Aqueduct Power Facilities | 57.8 | 64.0 | (6.2) |
| Accounts Payable and Accrued Bond Interest | 216.7 | 178.5 | 38.2 |
| Deferred Income | 131.3 | 122.5 | 8.8 |
| State Water Project Obligations | 544.8 | 514.6 | 30.2 |
| Trust Funds and Other | 90.8 | 91.1 | (0.4) |
| Total Liabilities | 5,936.6 | 5,439.6 | 497.0 |
| Equity | 6,161.6 | 5,934.0 | 227.6 |
| Total Liabilities and Equity | \$ 12,098.2 | \$ 11,373.6 | \$ 724.6 |

| | | | |
|--|------------|-----------|-----------|
| Revenue Bond Debt as a percent of equity | Actual | 76.2 % | 71.1 % |
| | Target (2) | < 100.0 % | < 100.0 % |

Notes:

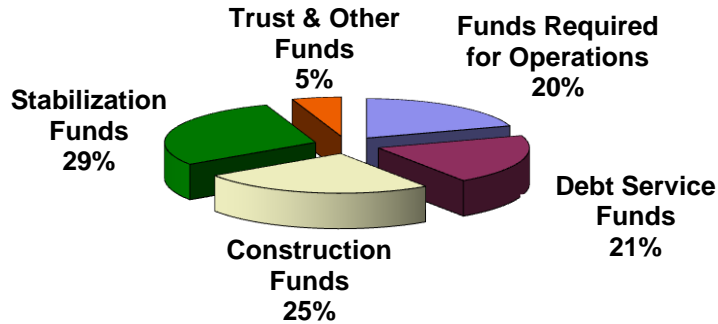
- (1) Fair value of cash and investments was \$1,199.2 million and \$857.8 million at November 30, 2009 and 2008, respectively.
- (2) Per Metropolitan Water District Act - Part 5, Chapter 1.6, Section 239.2.
- (3) Certain reclassifications of prior year amounts has been made to conform to current year presentation.
- (4) Totals may not foot / cross foot due to rounding.

The Metropolitan Water District of Southern California

Cash and Investments at Book Value As of November 30, 2009 (Dollars in millions)

| | Restricted | | Unrestricted | Total |
|-------------------------------|-----------------|----------------|-----------------|----------------------|
| | Contractual | Board | | |
| Funds Required for Operations | \$ 190.8 | \$ 47.1 | \$ 1.0 | \$ 238.9 |
| Debt Service Funds | 245.7 | - | - | 245.7 |
| Construction Funds | 276.7 | - | 23.6 | 300.3 |
| Stabilization Funds | - | - | 348.2 | 348.2 ⁽¹⁾ |
| Trust & Other Funds | 43.7 | 19.5 | - | 63.2 |
| Total | \$ 756.9 | \$ 66.6 | \$ 372.8 | \$ 1,196.3 |

(1) Includes \$6.7 million of investments posted as collateral with Morgan Stanley.



The Metropolitan Water District of Southern California

Actual vs. Estimate: Construction Activity - Accrual Basis
(Dollars in millions)

| | For the Five Months Ended November 30, 2009 | | | | Fiscal Year Ending June 30, 2010 | | | |
|--|---|-----------------|------------------------|------------|----------------------------------|--------------------------|------------------------|------------|
| | Estimate | Actual | Variance from Estimate | | Estimate | Projected ⁽¹⁾ | Variance from Estimate | |
| | | | \$ | % | | | \$ | % |
| Sources of Funds | | | | | | | | |
| Bond Construction Funds | \$ 166.2 | \$ 106.7 | \$ 59.4 | 36% | \$ 375.4 | \$ 334.4 | \$ 41.0 | 11% |
| R & R/General Funds | 16.2 | 14.1 | 2.1 | 13% | 36.7 | 36.7 | - | 0% |
| Total | \$ 182.4 | \$ 120.9 | \$ 61.6 | 34% | \$ 412.1 | \$ 371.1 | \$ 41.0 | 10% |
| Program Expenditures | | | | | | | | |
| Treatment Plant Improvement | \$ 38.6 | \$ 19.6 | \$ 19.0 | 49% | \$ 118.2 | \$ 103.5 | \$ 14.7 | 12% |
| Oxidation Retrofit Programs | 36.3 | 35.5 | 0.8 | 2% | 92.8 | 92.8 | - | 0% |
| Inland Feeder | 30.3 | 25.9 | 4.3 | 14% | 49.6 | 49.6 | - | 0% |
| Distribution System - Rehabilitation Program | 10.4 | 6.0 | 4.4 | 43% | 23.1 | 20.1 | 3.0 | 13% |
| Perris Valley Pipeline | 11.3 | 10.6 | 0.7 | 6% | 19.5 | 19.5 | - | 0% |
| CRA - Reliability/Containment Programs | 4.9 | 4.3 | 0.7 | 14% | 17.3 | 17.3 | - | 0% |
| Hayfield Ground Storage Program | 6.0 | 0.9 | 5.2 | 86% | 13.4 | 10.2 | 3.2 | 24% |
| Riverside Treatment Plant Land Acquisition | 11.9 | 0.0 | 11.9 | 100% | 11.9 | - | 11.9 | 100% |
| Power Reliability & Energy Conservation | 8.2 | 0.8 | 7.4 | 90% | 9.6 | 3.6 | 6.0 | 62% |
| Information Technology System - Infrastructure | 3.8 | 1.8 | 2.0 | 52% | 6.0 | 3.8 | 2.2 | 37% |
| Other | 20.7 | 15.5 | 5.2 | 25% | 50.7 | 50.7 | - | 0% |
| Total | \$ 182.4 | \$ 120.9 | \$ 61.6 | 34% | \$ 412.1 | \$ 371.1 | \$ 41.0 | 10% |

Notes:

- (1) Projected numbers are updated at quarter-end.
- (2) Totals may not foot / cross foot due to rounding.



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: December 8, 2009
To: Board of Directors
From: General Counsel
Subject: Review as to Eligibility of Securities Invested in by the
Treasurer for the Month of November 2009

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 November 2009 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. We note that the Investment Policy authorizes continued holding of the investments listed on Attachment 2a for orderly and systematic liquidation. 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