



The Metropolitan Water District of Southern California

NEWS RELEASE

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August 17, 2010

**METROPOLITAN BOARD ADOPTS
ENERGY MANAGEMENT POLICIES
Board also reduces property tax rate
for ninth time in past 10 years**

Policies that will help Southern California's primary water import agency contain costs, reduce its financial exposure to escalating electrical power markets, and continue establishing energy independence were adopted today by Metropolitan Water District's Board of Directors.

With Metropolitan forecasting up to a five-fold increase in electricity costs over the next 10 years to operate its 242-mile Colorado River Aqueduct and vast distribution system, the new energy management policies will guide the district as it moves forward with cost-effective and environmentally responsible programs, projects and initiatives in the future.

"The use and production of power are core costs to our operations and bottom line, comprising more than 25 percent of the district's \$870 million operations budget in fiscal year 2010-11," said Metropolitan board Chairman Timothy F. Brick.

"The specter of climate change creates the challenge of dealing with reduced hydropower along the Colorado River," Brick said. "As one of the larger energy users in the state, we have an obligation to pursue policies that are consistent with the district's goals to balance long-term reliability and control costs, with the added benefit of reducing greenhouse gas emissions."

The new policies cover a broad spectrum of power-related arenas, from the nexus between water and energy to potential regulatory and legislative challenges. The policies also call on Metropolitan to pursue cost-effective renewable energy projects and partnerships as a hedge against future power increases and regulatory risks, as well as identify revenue streams for renewable energy facilities to help contain future costs.

Along with providing strategic guidance, the policies set the stage for Metropolitan's board to consider several projects over the next several months, including the addition of up to 10 megawatts of new solar generation projects at four of the district's five water treatment plants.

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The board also is expected to consider a large-scale renewable energy project to provide supplemental power for the Colorado River Aqueduct and various renewable energy projects at Diamond Valley Lake as well as at other Metropolitan-owned properties.

In other business, for the ninth time in the past 10 years, Metropolitan's board voted to reduce the district's secured property tax rate. The board established the district's tax rate for the 2010-11 fiscal year at .0037 percent of assessed values, down from .0043 percent in 2009-10. The new rate equates to \$3.70 annually for a landowner with property assessed at \$100,000 within Metropolitan's six-county service area.

The levy is based upon total assessed valuations of \$2.049 trillion within Metropolitan's 5,200-square-mile service area, 1.6 percent lower than last year. Metropolitan's property tax revenues in 2010-11 account for about 5 percent of MWD's total estimated revenues of \$1.5 billion. The remainder will come primarily from water sales and charges.

Tax revenues are used to repay voter-approved general obligation bonds, which were sold to finance the construction of facilities that provide imported water to Southern California, including the district's Colorado River Aqueduct and the State Water Project.

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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.