



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

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## News Release

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### **Water Authority's Ratepayer Protection Case Secures Additional \$36 Million Recovery** *Water agencies working to settle remaining issues*

Sept. 30, 2021 – The San Diego County Water Authority's Chair today announced a decision by the Metropolitan Water District of Southern California's Board of Directors to pay damages and statutory interest for illegal water charges from 2015-2017, totaling about \$36 million. The vote followed a California Court of Appeal decision upholding earlier rulings in favor of San Diego.

This payment will bring the Water Authority's cash recovery on behalf of San Diego County water agencies and ratepayers to more than \$80 million. An additional award of attorneys' fees to the Water Authority, still on appeal, is expected to bring the cash recovery to almost \$94 million for rates and charges set by the Los Angeles-based wholesaler over an 8-year period from 2010-2017. Adding in avoided rate increases when MWD stopped imposing the illegal rate, brings the total savings for San Diego County ratepayers to almost \$140 million over the 10-year period at issue in the cases.

"I want to thank General Manager Adel Hagekhalil, Chairwoman Gloria Gray and the entire MWD Board for taking this important step toward a more collaborative future," said Water Authority Board Chair Gary Croucher. "This provides exactly the kind of catalyst we need to resolve the remaining issues between our two agencies."

"I also want to acknowledge the collaboration with our peers at MWD over the past several months, working together on the challenges we face including the severe drought conditions across California and how to maintain an affordable and reliable water supply for all of our collective member agencies and ratepayers."

Croucher said the recovery aligns with the Water Authority's focus on taking all actions necessary to protect our ratepayers and ensure affordable water rates for future generations. "Litigation is never welcome or easy and it wasn't in this case," said Croucher. "But our Board felt there was too much at stake and that an independent tribunal was needed to address and resolve our respective concerns."

Announcement of these ratepayer benefits follows the Water Authority's distribution seven months ago of a \$44 million recovery from MWD for damages and interest in earlier 2011-2014 cases. The money – refunded to the Water Authority's member agencies in proportion to their overpayments – also resulted from the Water Authority's ratepayer protection litigation in state Superior Court and positioned its member agencies to reduce future regional water rate increases.

Importantly, the court rulings and guidance are also expected to help avoid future potential taxation of San Diego County ratepayers and minimize future disputes over MWD's rates.

In February 2020, after the Court of Appeal ruled MWD's "rate structure integrity" clause unconstitutional, MWD changed its rules to allow Water Authority member agencies to apply for benefits. As a result, the Water Authority's Board of Directors voted to dismiss these issues from the litigation. Since then, the Water Authority has assisted its member agencies in obtaining nearly \$500 million in MWD funding agreements including the City of San Diego's Pure Water project, which is funded by rates paid by all MWD member agencies including the Water Authority.

The Water Authority is currently working collaboratively with MWD and its member agencies across Southern California to update MWD's long-term water resource and financial plans. MWD's Integrated Resources Plan, known as the IRP, will be supplemented by a new "One Water" plan intended to represent the agency's roadmap for the future and focusing on enhanced collaboration with its member agencies.

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*The San Diego County Water Authority sustains a \$253 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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