

November 25, 2009

Mr. Tim Brick, Chairman
Metropolitan Water District
of Southern California
P. O. Box 54153
Los Angeles, CA 90054

Mr. Jeffrey Kightlinger, General Manager
Metropolitan Water District
of Southern California
P. O. Box 54153
Los Angeles, CA 90054

Dear Chairman Brick:

ADAPTIVE INTEGRATED RESOURCES PLAN POSITION STATEMENT

The signatories below would like to share with the Board of Directors of the Metropolitan Water District of Southern California (Metropolitan) their perspective on Metropolitan's Integrated Resources Plan (IRP), which is scheduled for further discussion at your November 30, 2009 Board workshop. We believe that the appropriate role for Metropolitan regarding water reliability for Southern California is one that allows maximum flexibility for the region and the development of water supply projects. The role must leverage local expertise and recognize local authority. To this end, we believe that any role that limits Metropolitan to a "set of pipes" or only an imported water provider is unworkable and against the interests of the region as a whole. We believe further work on this option would detract from achieving regional reliability.

There are a variety of uncertainties that exist that argue for the flexibility provided by an "adaptive" IRP approach including:

- Uncertainty and timing of completion of proposed State Water Project (SWP) improvements;
- Regulatory uncertainty;
- Climate change effects on supply and demand;
- Economic uncertainty affecting water demands;
- Level of penetration of conservation ethic within Southern California;
- Litigation risk; and
- Cost escalation on project implementation.

We further believe that the appropriate array of projects and programs to provide for reliability should be developed first, followed by a determination of the appropriate role for Metropolitan and Member Agencies to ensure that those projects and programs are accomplished.

Specifically, Metropolitan should adopt an IRP that provides for the regional good and contains the following elements:

- Hedges against uncertainty – the IRP must consider the effects of future loss of SWP and Colorado River Aqueduct supplies, failure/delay in completing planned SWP facilities, climate change, hurdles in local supply development, and regulatory actions;
- Provides Metropolitan the maximum flexibility to react to changing conditions and future uncertainty – the IRP should not constrain actions of Metropolitan to any particular "role";
- Allows Metropolitan to consider all local and regional options and partnerships;
- Provides for local flexibility and encourages local solutions where they are politically, technically or institutionally appropriate;

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- Develops resources and achieves reliability using a mix of resources that will meet multiple regional objectives (e.g., storage, reliability, water quality);
- Provides for project and program phasing that ensures flexibility in decision making;
- Empowers appropriate agencies to implement projects;
- Aggressively addresses short- to medium term reliability challenges; and
- Incorporates an historical approach that identifies reliability needs prior to consideration of agencies' roles.

Our agencies are committed to working closely with Metropolitan Staff in a series of technical workshops to explore the appropriate programs and projects to achieve reliability in the face of great future uncertainty and are committed to completing the IRP by May 2010.

Sincerely,



Shana Epstein
City of Beverly Hills



Rich Hansen
Three Valleys MWD




John Rossi
Western MWD



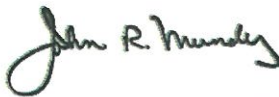
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Inland Empire Utilities Agency



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City of Torrance



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