

June 10, 2013

Mr. Jack Foley, Chairman
and Members of the Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

RE: Opposition to Item 8-1 and 8-2

Dear Chairman Foley and Members of the Board of Directors:

We understand that Metropolitan's Board of Directors is prepared to take action on June 11, 2013 that would result in higher property taxes for San Diego County businesses and residents. Although we strongly support investments in ensuring a safe and reliable water supply, there are no details or findings which allow us to understand why these higher taxes are necessary at this time. The Chamber also is concerned that Metropolitan would consider adopting such policies that will have a direct impact on our business members at a time when the economy is beginning to recover and businesses are beginning to hire again.

Last year, the Chamber requested MWD not increase wholesale water rates by 7.5% for 2013 and an additional 5% for 2014. Although the MWD Board ended up adopting a 5% increase for 2013 and another 5% for 2014, we are concerned that the increases were higher than necessary. MWD financial reports also indicate that MWD collected from its ratepayers \$314 million more than was needed to pay 100% of budgeted expenditures since adopting these rates. With MWD \$75 million over its maximum reserve level, we respectfully ask that excess reserves be returned to ratepayers and back to the local economies, rather than shifted to additional, unbudgeted expenditures.

Businesses cannot compete if they do not justify to their customers why they are paying more for the same product or service. We believe MWD should provide businesses and residents an explanation for the increase before the MWD Board has a public hearing and takes action on the items.

We urge you to vote 'No' on increasing the ad valorem tax rate and to return the excess reserves to ratepayers.

Please include this letter in the public record for the June 11, 2013 rate hearing.

Sincerely,



Jerry Sanders
President/CEO