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October 25, 2021

Dr. Michael Hanemann
C/O San Diego LAFCO
2550 5th Ave, Suite 725
San Diego, CA 93103

RE: Comments on the "Draft October 11, 2021 Report to the Ad Hoc Advisory Committee - Fallbrook PUD and Rainbow MWD Wholesaler Reorganization"

Dear Dr. Hanemann,

Thank you for the opportunity to comment on the "Draft October 11, 2021 Report to the Ad Hoc Advisory Committee – Fallbrook PUD and Rainbow MWD Wholesaler Reorganization." As you are aware, I am a member of the Ad Hoc Committee representing the Special Districts Advisory Committee (SDAC) of San Diego Local Agency Formation Commission. I am commenting in my role representing the SDAC on the Advisory Committee. For sake of clarity, I am also the General Manager of Olivenhain Municipal Water District (OMWD) and am on the Board of Directors of San Diego County Water Authority (SDCWA), however I am **not** commenting on behalf of either SDCWA or OMWD.

At our October 4, 2021 Ad Hoc Advisory Committee meeting, you orally presented that Eastern Municipal Water District (EMWD) was less reliable than San Diego County Water Authority (SDCWA), but that you could not quantify the reliability difference. I noted that no other statements were similarly contained in this matter in the written report. An analysis of the reliability of the sources for both EMWD and SDCWA was undertaken in your draft report, but no concluding observations were made relative to reliability similar to the statements made at the October 4th meeting. Some type of conclusory observations on reliability would be beneficial in the final report for future readers of this report who were not in attendance at the October 4th meeting.


As I stated in my oral comments at the October 4, 2021 Ad Hoc Advisory Committee meeting, I am concerned about a statement in the report about past major infrastructure investments by SDCWA and that these infrastructure "commitments are long-term in nature, and **they impose a fixed and ongoing financial burden on SDCWA and its member agencies**". (Emphasis added) I believe that this statement is not accurate as it applies to member agencies and current practices. No member agency has an ongoing fixed financial commitment to SDCWA to take a certain volume of water or pay a fixed sum for SDCWA's past investments in infrastructure, other than through payment of fixed costs as allocated in SDCWA's rate structure. Likewise, SDCWA does not have an ongoing fixed financial commitment to MWD to take a certain volume of water or pay a fixed sum for its past investments in infrastructure other than through payment of fixed costs as allocated in MWD's rate structure. My concern is that this statement as written could set dangerous precedent for water agencies that have developed or are developing local water supplies or conservation efforts. Your statement infers that there is some commitment, outside of paying the rates set by the wholesaler, for past infrastructure investments by wholesale water agencies that is fixed and ongoing in nature. I concur that past investment in infrastructure is an ongoing burden for both SDCWA and its member agencies, however the nature of that burden is not



fixed on member agencies. It varies, based on numerous factors in the SDCWA rate allocation process, such as the number of meter equivalents in any given year or the past three, five or seven year average of water purchased by the member agency. The volume of water purchased can vary based on the conservation level at the member agency in a given year or local supply projects yield in a given year. If your intent was to say the amount of the investment is fixed, I concur with that statement. As the statement currently reads in the draft report, it infers that the financial burden on the member agencies is fixed and I do not agree with that that statement.

Thank you for the opportunity to comment and I look forward to concluding this process in December.

Very Truly Yours,

A handwritten signature in black ink that reads "Kimberly A. Thorner". The signature is written in a cursive, flowing style.

Kimberly A. Thorner, Esq.

General Manager, Olivenhain Municipal Water District

*Written in capacity as Special District's Advisory Committee Representative to the Ad Hoc Advisory Committee