



Cadiz Water Conservation, Recovery and Storage Project

Stabilizing Rates

NEW SOUTHERN CALIFORNIA WATER SUPPLY WILL ENSURE RELIABILITY AND HELP STABILIZE PRICES FOR SMWD CUSTOMERS

At Santa Margarita Water District (SMWD), we are committed to providing our customers with an affordable, high quality and reliable supply of water.

Like many Southern California water agencies, SMWD relies almost entirely on imported water supplies that are increasingly unreliable and costly. We have worked with our customers to increase water-use efficiency and recycling, but we still need to explore innovative and diverse supplemental supply options to ensure we can continue to meet our customers' needs.

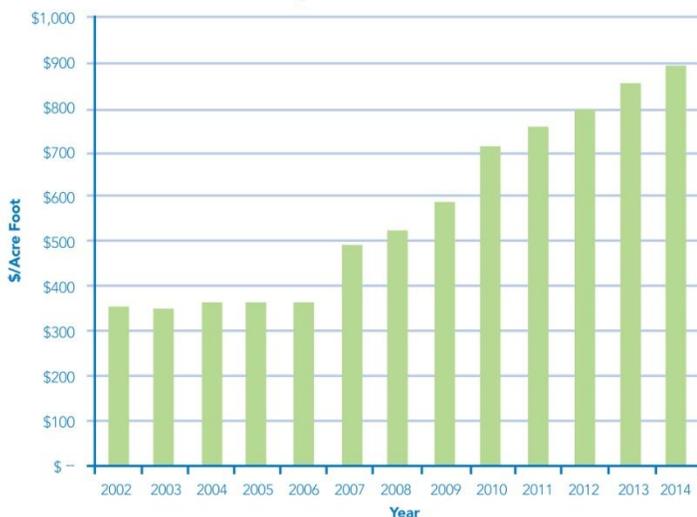
The Cadiz Project will provide SMWD and other Southern California water agencies with a new supply of water, increasing the reliability of our water supply and helping to stabilize our rates. The Cadiz Project involves very little public investment and no risk to our ratepayers. Rather than spending ratepayers' funds on infrastructure, private investment dollars are proposed to be used to build the project.

CADIZ PRICES COMPARABLE TO CURRENT SUPPLIER'S PRICES

SMWD is committed to purchasing 5,000 acre-feet of water from the Cadiz Project each year. The 5,000 acre-feet of water represents approximately 20 percent of the District's overall water sales and would help to diversify supply and increase reliability.

The price of the treated water is estimated to be between \$827 and \$1,127 per acre-foot, which would be comparable to the projected future price of the District's current imported water supply, provided by the Metropolitan Water District of Southern California (MWD).

MWD Imported Water Cost



MWD is a wholesale agency, selling water to 26 public agencies and cities throughout Southern California. Purchasing water from MWD will be substantially more expensive in the future. Buying water from the Cadiz Project will help stabilize costs to SMWD customers and ensure reliability.

At SMWD, we have a strong history of protecting our ratepayers and consistently delivering a reliable, high quality and cost effective water supply. Since 1994, the District has raised water rates just twice and actually decreased rates six times, despite cost increases from water wholesalers and energy providers.